

Irish Property Returns Slow in Third Quarter

Property returns moderating following period of strong growth

Dublin – October 27, 2016 – MSCI Inc. (NYSE: MSCI), a leading provider of research-based indexes and analytics, recorded a 2.1% total return on Irish property in the third quarter of 2016 as per the [IPD/SCSI Ireland Quarterly Property Index](#).

The total return of 2.1% showed a slowdown from the total return of 3.1% in the second quarter of 2016, and a significant fall from 5.9% recorded in the last quarter of 2015. The results reflect the fact that the Irish commercial property market, the world's top performer in the last two years, continues to moderate.

Industrial properties remained the top performing sector in the index with a total return of 3.0%, income return of 1.7% and capital value growth of 1.3%, supported by rental value growth.

Office investments recorded a total return of 2.1%, as income stood at 1.0%, and capital value grew by 1.1%. The Dublin office market was the strongest with a total return of 2.3%, with central Dublin offices posting a total return of 2.1%, with suburban Dublin offices strongest at 2.6%.

Retail is only marginally behind with a total return of 1.9%. Standard Shops returned 2.3%, compared to Shopping Centres and Retail Warehouses which both saw a return of 1.4%. Central Dublin retail continues to perform well, but shops outside Dublin are also beginning to see stronger returns.

Despite the cooling in headline performance, Irish property investments continue to outperform other Irish investment asset classes: its 14.9% total return for 12-months to Q3 was markedly better than equities, which stood at -1.0% (source: MSCI Equity Indexes); and bonds at 8.3% (source: JP Morgan 7-10yr).

Helene Demay, Vice President, MSCI, said: "The gradual moderation in the Irish commercial property continues with capital value growth slowing and yields stabilising. While rental value growth is continuing, investor sentiment has begun to show signs of cooling."

Claire Solon, President, SCSI, said: "The Q3 results show that whilst returns are showing some moderation across the board, we believe that Ireland's investment performance of late is at the cornerstone of our improved economic activity. We can see that the office sector is still the main driver of investment returns and as supply now begins to come available, especially large floor plate offices in our cities, this will hopefully be a significant draw to international companies considering Ireland as an alternative location base following UK's exit of the EU."

[IPD/SCSI Ireland Quarterly Property Index](#) tracks the performance of 434 property investments, with a total capital value of EUR 8.0 billion as at September 2016.

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