

# SCSI Residential and Commercial Property Review & Outlook **2016**



Report 2016

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**ANNUAL  
RESIDENTIAL  
AND COMMERCIAL  
PROPERTY REVIEW  
& OUTLOOK**

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**THE 2016 REPORT**

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# FOREWORD



THIS SCSI ANNUAL RESIDENTIAL AND COMMERCIAL PROPERTY REVIEW AND OUTLOOK 2016 PROVIDES AN EXPERT ANALYSIS OF KEY IRISH PROPERTY MARKET TRENDS AND ASSESSES THE OUTLOOK FOR 2016, IN TERMS OF SALES AND RENTAL CHANGES AND SUPPLY NEEDS ACROSS A RANGE OF RESIDENTIAL AND COMMERCIAL PROPERTY SECTORS.

The latest Annual Survey of SCSI members shows that there was a continued improvement in property market activity levels in 2015.

Following record levels of economic growth in 2014, the Irish economy succeeded in delivering another outstanding economic performance in 2015. For a second consecutive year, Ireland's economy has emerged as the strongest performing European economy with the ESRI projecting a 2015 year-end GDP growth rate of 6.7%, signifying a rise of 1.5% on 2014 levels. This phenomenal performance has supported more activity in the residential and commercial property markets.

According to the SCSI survey, residential property values increased by an average of 8.8% nationally during 2015. Property values on a regional basis have produced some interesting trends in 2015. The Central Bank's macro prudential measures, which were introduced 12 months ago, have had a profound effect on the Dublin market. In contrast to the 19.5% growth in values that was recorded in 2014, property values in the Dublin Region grew by only 4.8% in 2015. According to the SCSI survey, Dublin based members estimated that the implementation of the Central Bank Guidelines have reduced the rate of property value growth by 5-10% overall in the Dublin Region. Consequently, in a scenario where the Central Bank guidelines were not implemented, Chartered Surveyors estimated that property values in the Dublin Region would have increased by between 9.8-14.8%. In contrast to the Dublin market, regional markets saw significant increases in values in 2015, albeit from a low base, due to improving economic performance. Average values increased by 9.4% in the

Leinster Region, by 8.8% in the Connaught/ Ulster Region and by 10.4% in the Munster Region, despite the Central Bank rules.

In its latest economic commentary, the ESRI have predicted that 25,000 residential units will be required on an annual basis up to 2029 to meet demand. According to the Department of Environment, Community & Local Government, as of Q3 2015, 8,914 units were constructed, which is an increase of 14% on the same period on 2014. However despite this increase, it is clear that this figure is insufficient to meet our ongoing requirements which will put further pressure on the sales and rental markets. SCSI members expect national property values to increase in 2016 by between 4-8% for second hand homes and by between 5-8% for new units, depending on location.

Residential rental values also demonstrated a strong performance in 2015, outperforming sales values across all regions with growth of 12% nationally. This strong performance will continue in 2016, as the rental market will come under further pressure due to the lack of supply and increasing demand. The value of three bed semi-detached properties is expected to increase by a further 5-7%, depending on location.

Investment remained strong in 2015, as Ireland retained its attractiveness as a prime location for foreign direct investment (FDI). IDA Ireland figures for the first six months of 2015 have shown that there were 247 IDA Ireland sponsored site visits by potential investors. Interestingly, outside of the more central locations such as Dublin and Cork, the counties of Waterford and Westmeath have seen an almost two-fold increase in the proportion of site visits in 2015.

Office rents experienced a strong increase in 2015. Prime grade 'A' office rents have experienced a significant rise of 22% in the Dublin Region, with rents now averaging €561 per sq. m. in the region, compared to 2014 levels of €452 per sq. m. In terms of retail,

# FOREWORD



Dublin Region based SCSI members reported an average rental price increase of 16.8% in prime retail rents in 2015, as rental prices reached €5,247 per sq. m., recording a net yield of 4.5%.

In terms of the commercial property market, the lack of capacity in the construction sector will be a key factor in the delayed delivery of new office space and therefore it is likely that the supply response will be pushed out towards the end of the decade. Consequently, a shortage of modern office space will continue to be a key issue in 2016 and will continue to put upward pressure on rents. SCSI members in the Dublin Region predict continued strong activity within the office sector in 2016, with rents for prime grade 'A' offices expected to increase by a further 11.7%.

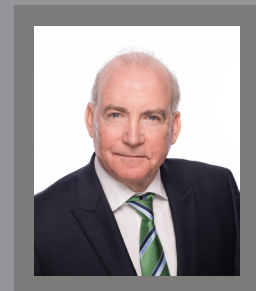
Throughout 2015, the SCSI has remained active in the areas of research, particularly in the areas of housing supply and demand forecasting, commissioning a number of studies including the 'Quarterly Housing Development Monitor', 'Impact of Dublin City Council Apartment Development Design Standards on Apartment Viability' and 'Policy Options for Supporting the Provision of Housing at Affordable Prices', in addition to the quarterly SCSI/IPD Ireland Property Indices released throughout the year.

The SCSI have advocated a number of long term and short term measures to facilitate an increase in housing supply and office space.

In September 2015, the SCSI published its 'Policy Options for the Provision of Housing at Affordable Prices' report which called for the implementation of a National Housing Authority to be responsible for ensuring the implementation, direction and co-ordination of housing policy and strategy. This new body would provide a missing element of official national coordination and assessment of the overall housing market. It would be a strategy design and implementation body as opposed to a housing executive or programme implementation body. In terms of short term measures, the SCSI have called for the reduction of VAT to 9%, increased provision of development finance and the streamlining of the planning process. Similarly, in terms of the commercial property market, the SCSI have called for the provision of development finance and reforms to the planning system to be at the forefront of government policy ahead of the 32nd Dáil. The SCSI have also called for the introduction of measures designed to support the renovation of older commercial buildings, including the extension of the Living Cities Initiative to incorporate vacant properties built after 1915 and the granting of 100% relief from rates to vacant properties for 1 year.



**John O'Sullivan**  
SCSI Residential Agency Chair



**Brian Meldon**  
SCSI Commercial Agency Chair

# OVERVIEW

## OF THE IRISH ECONOMY IN 2015

### NATIONAL PERFORMANCE

Following record levels of economic growth in 2014, the Irish economy succeeded in delivering another outstanding economic performance in 2015. For a second consecutive year, Ireland's economy has emerged as the strongest performing European economy. At the time of writing, the year-end GDP growth rate had not been determined, however, the ESRI projected 2015 year-end GDP growth of 6.7%, signifying a rise of 1.5% on 2014 levels. Similarly, GNP has performed strongly, with the ESRI forecasting end-of-year growth of 5.2%. Investment and net exports have continued to be significant drivers within the economy in 2015, similar to 2014. However, other key factors contributing to the Irish economic performance over the past year have been the strengthening British and US economies, while the weakening Euro and falling oil prices over the past twelve months have also been influential.

In 2015, the Irish commercial property market recorded a total investment return of 25%, according to the SCSi/IPD Ireland Quarterly Property Index data. The 2015 property market has seen investment spread more broadly through the regions compared to 2014, when investment was largely focused on the Dublin Region. Investment remains strong, as Ireland retains its attractiveness as a prime location for foreign direct investment (FDI). IDA Ireland figures for the first six months of 2015, noted that there were 247 IDA Ireland sponsored site visits by potential investors. Dublin remained the most sought after location for potential investors, acquiring 39% of site visits, while Cork, Galway, Limerick, Waterford and Westmeath each drew approximately 7% of site visits respectively. While the proportion of site visits for Cork, Galway and Limerick remained similar to 2014 levels, counties Waterford and Westmeath experienced nearly a two-fold increase in the proportion of site visits year-on-year in 2015.

### INVESTMENT

Irish property market investment sales reached €3.7 billion (excluding loan sales) in 2015. While this figure is below the record investment level of €4.5 billion achieved in 2014, it nevertheless represents an exceptionally buoyant year for Irish property investment, as all sectors of the market recorded marked increases in activity.

The shortage of residential properties, strong demand and rising rental growth continued to attract institutional investors to the residential market in 2015, with the Dublin market remaining the primary investment location. SCSi members believe that the removal of the capital gains tax (CGT) relief scheme at the end of December 2014 reduced the number of small scale buy-to-let investors within the sector and also influenced the rate of property value growth regionally.

#### 2015 TOTAL RETURNS FOR THE IRISH COMMERCIAL PROPERTY MARKET

SOURCE: SCSi / IPD Ireland 2016

#### NATIONAL

**+25%**

Annualised Total Returns

#### OFFICE

**+27%**

Annualised Total Returns

#### RETAIL

**+21%**

Annualised Total Returns

#### INDUSTRIAL

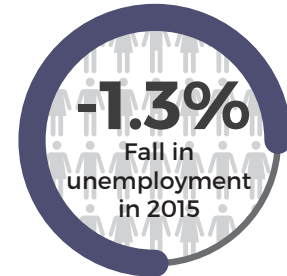
**+21%**

Annualised Total Returns

# EMPLOYMENT

National employment figures continued to increase throughout 2015. The Central Statistics Office (CSO) reported an end-of-year national unemployment rate of 8.8%, representing the lowest unemployment figure since December 2008. The youth unemployment rate for December 2015 was 19.2%, representing a year-on-year reduction of 2.7%.

**8.8%**  
2015  
Unemployment  
Rate



## CONSUMER SENTIMENT INDEX

The KBC Ireland/ESRI Consumer Sentiment Index for December 2015 represented a ten year high in consumer sentiment. The Index for December 2015 revealed that over 60% of respondents anticipate the economy to improve over the next year, while 33% of consumers anticipate an improvement in their personal finances, signifying anticipation of a broadening of the economic recovery nationally.

## BUSINESS CONFIDENCE

The Irish Small and Medium Enterprises Association (ISME) Quarterly Trends Survey measures the level of optimism amongst members from across all sectors of the economy. The latest quarterly data from ISME indicates growing business confidence in Ireland, with confidence at 49% in the third quarter of 2015, representing growth of 4% on the second quarter and showing year-on-year stability from 12 months previously (Fig. 1). As evident, 2014 and 2015 have reported positive business confidence levels with an average of 43% confidence level.

### Business Confidence in Ireland, 2011-2015

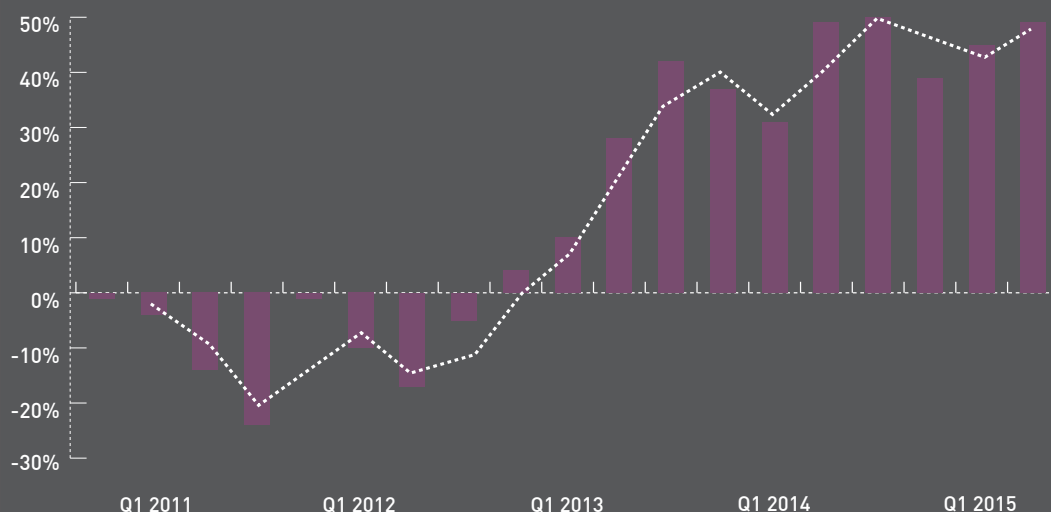


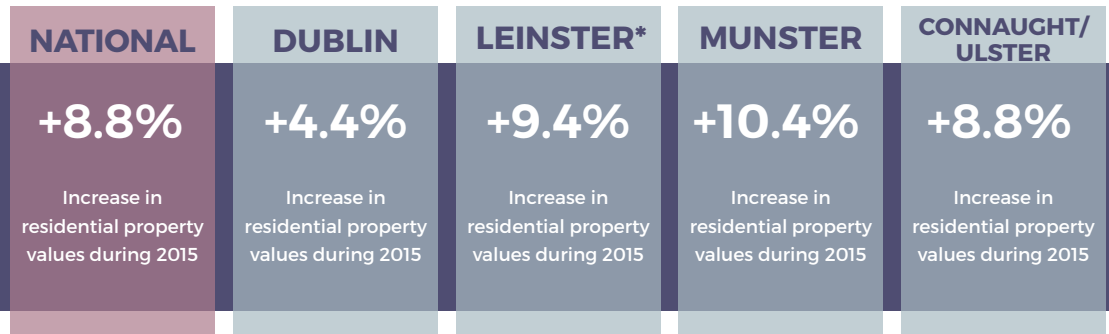
Figure 1: Business Confidence in Ireland 2011 to 2015. Source: [www.tradingeconomics.com](http://www.tradingeconomics.com) | ISME, 2015



# RESIDENTIAL PROPERTY

## RESIDENTIAL PROPERTY VALUES IN 2015

Source: SCSI Members Survey, Dec 2015



\* For the purpose of this report the Leinster Region excludes the Dublin Region

### Market Activity

The number of transactions for 2015 was up 7% on 2014, with the greatest increase experienced in the Munster Region (11.7%), followed by the Connaught/Ulster Region (8.3%). At just under 5%, both the Dublin and Rest of Leinster regions experienced more moderate increases in the number of transactions. The total number of transactions, at 46,372, amounted to nearly €10.3 billion worth of sales. These figures indicate a year-on-year slowdown in the rate of growth. The number of transactions grew by 7% in 2015, compared with 45% in 2014.

Similarly, the total value of transactions grew by just 10% in 2015 when compared with 52% growth during 2014. Whilst the average transaction was €222,059, sales in Dublin averaged over €351,000 or 58.4% more than the average. Transaction values in the Rest of Leinster, Munster and Connaught/ Ulster regions were 17.5%, 26.5% and 42.7% lower than the State average. These disparities are also reflected in the fact that whilst only 32% of the total number of transactions took place in Dublin, they accounted for 50% of the total value of transactions.

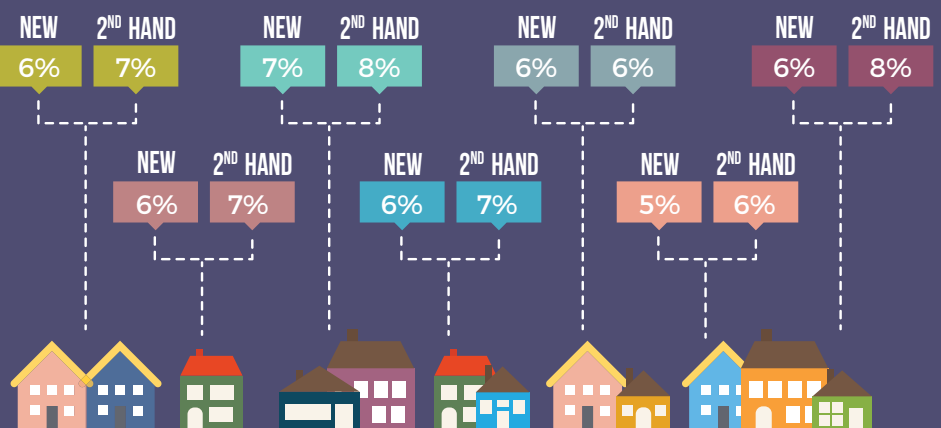
Mortgage drawdowns for the first three-quarters of 2015 were up by 16% on the same period in 2014, while drawdowns increased by 32% for the period, to nearly €3.4 billion. Interestingly, the percentage of mortgage approvals that were subsequently drawdown increased from 75% in 2014 to 86% in 2015. While approvals are generally granted for a 6 month period, these percentages do suggest greater market activity in 2015.

## KEY SCSI MEMBER'S SURVEY FINDINGS

### NATIONAL - VALUES IN NEW HOMES & 2<sup>ND</sup> HAND HOMES

Average percentage change in values for new and second hand homes during 2015 (Dec '14-Dec '15)

- 2 bed townhouse
- 3 bed townhouse
- 3 bed semi-detached
- 4 bed semi-detached
- 4/5 bed detached
- 1 bed apartment
- 2 bed apartment



Source: SCSI Members Survey, Dec 2015

# RESIDENTIAL PROPERTY

## Residential Sales

Prices in the residential property market experienced continued increases during 2015, albeit at a more moderate rate than those experienced in 2013 and 2014. SCSI members reported a national property value increase of 8.8% in 2015. The Dublin Region market experienced the smallest year-on-year increase in sale values at 4.8%, a considerable change from the 2014 increase of 19.5%. Property values in the Rest of Leinster Region increased by 9.4%, showing a moderation in value changes compared to 2014 when values increased by 15.8%. Values in the Connaught/Ulster Region increased by 8.8%, a marginally lower rate

of increase than that recorded in 2015. The Munster Region was the only region to see an increase on 2014 property value growth, with a rise of 10.4% in 2015.

The Central Bank lending restrictions have impacted the residential value growth rates in the Dublin Region market, as indicated by the significantly reduced rate at which residential property value growth rates have increased in the region. It has also resulted in an increasing demand for housing in commuter counties, as indicated by the 9.4% year-on-year growth reported in the Rest of Leinster Region.

**+8.8%**

increase in residential property values in 2015

Change in values (%) for new homes by region  
December 2014 to December 2015

	Dublin	Leinster (excl. Dublin)	Munster	Connaught/ Ulster
2 Bed Town House	3.4%	9.0%	6.8%	6.8%
3 Bed Town House	3.7%	9.5%	7.0%	7.5%
3 Bed Semi-Detached	3.8%	9.7%	7.9%	8.3%
4 Bed Semi-Detached	3.8%	8.7%	7.2%	8.3%
4/5 Bed Detached	2.9%	7.2%	7.4%	7.4%
1 Bed Apartment	3.8%	7.3%	5.8%	6.0%
2 Bed Apartment	4.3%	7.9%	6.6%	6.2%

Source: SCSI Members Survey, Dec 2015

Change in values (%) for second-hand homes by region  
December 2014 to December 2015

	Dublin	Leinster (excl. Dublin)	Munster	Connaught/ Ulster
2 Bed Town House	3.4%	9.8%	10.1%	8.4%
3 Bed Town House	3.6%	9.9%	10.8%	8.4%
3 Bed Semi-detached	4.0%	10.3%	11.6%	9.3%
4 Bed Semi-detached	3.6%	9.1%	10.4%	9.2%
4/5 Bed Detached	2.9%	7.2%	9.0%	8.0%
1 Bed Apartment	3.6%	9.1%	8.0%	7.1%
2 Bed Apartment	4.4%	9.7%	10.0%	9.0%

Source: SCSI Members Survey, Dec 2015

Second-hand properties experienced a higher rate of value growth than new homes in 2015. In all regions, 3-bed houses and apartments experienced the greatest increases in value during the year. In the Munster Region, 3-bed semi-detached houses increased by 11.6%, while an increase of 10.3% was reported in the Rest of Leinster Region. 2-bed apartments also demonstrated strong growth, with increases of 10.0% in the Munster Region, and 9.7% in the Rest of Leinster Region. 2-bed apartments experienced the highest increase in property values in the Dublin Region, with growth of 4.4%. Conversely, larger 4- and 5-bed properties experienced the slowest growth rate in the Dublin Region (2.9%) and the Rest of Leinster Region (7.2%) during 2015.

## Residential Sales Outlook 2016

In 2016, SCSI members envisage property values to continue increasing, however, at a more moderate level of growth than that experienced in 2015. SCSI members in all regions expect to see 3-bed semi-detached

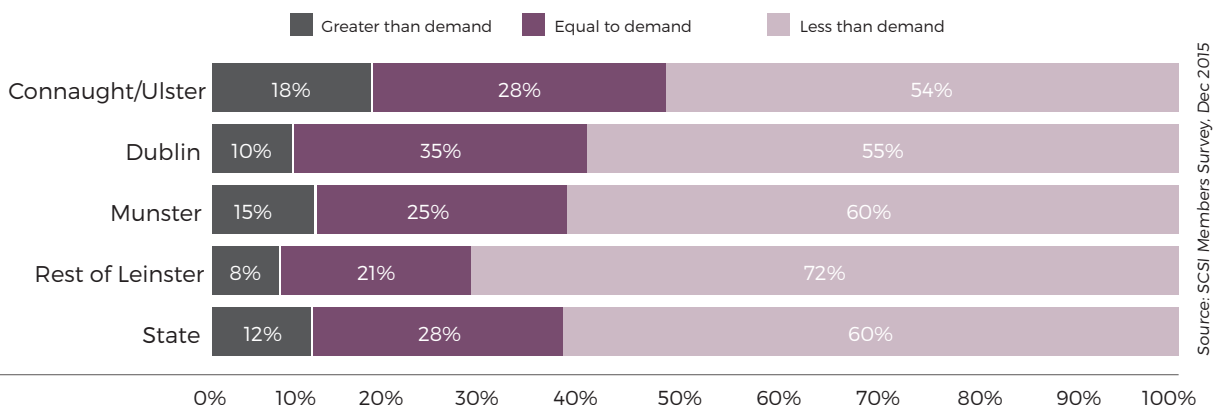
properties as experiencing the highest levels of value growth in 2016.

New residences in Dublin are expected to increase in value by a greater percentage than second-hand homes, although this is not the case in the three other regions. This may be as a result of the higher value of second-hand homes, as well as the potential renovation and/or refurbishment costs associated with second-hand properties.

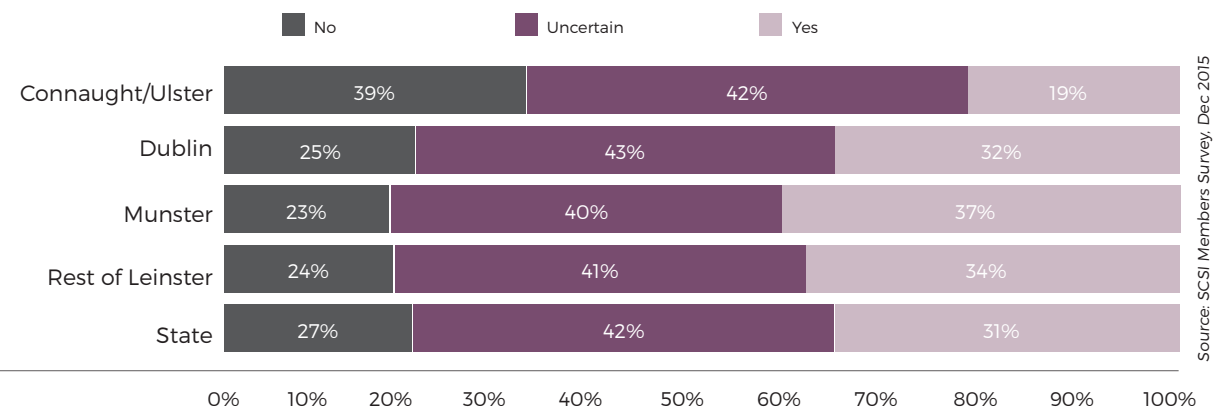
For nearly all house types and sizes, both second-hand and new builds, the majority (generally over 50%) of SCSI members indicated that supply in 2016 would continue to fail to meet demand. This is aligned with the fact that only 50% of the housing requirement for 2015 is expected to have been completed. Accordingly, output would have to double between 2015 and 2016.

Continued market confidence, increased availability of finance and reduced construction costs have been identified as three of the most important factors to boost the supply of new homes in 2016. Relating to the last of these, the changes to the Part V social housing requirements are intended to increase the viability of housing construction for developers. However, whether or not this revision will have the desired impact is yet to be determined.

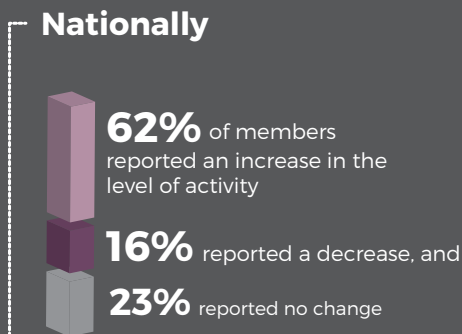
In the SCSI survey 2015, members were asked how they anticipated the relationship between supply and demand for second-hand housing units to develop in the coming 12 months. The majority of respondents expect demand to exceed supply, with the Rest of Leinster Region returning the highest proportion in this category.



In the SCSI survey 2015, members were asked if the revised Part V social and affordable housing requirements would encourage increased residential development in their respective region. The largest proportion of respondents in each region were uncertain if the revised Part V requirements would in fact increase the number of new residential developments.

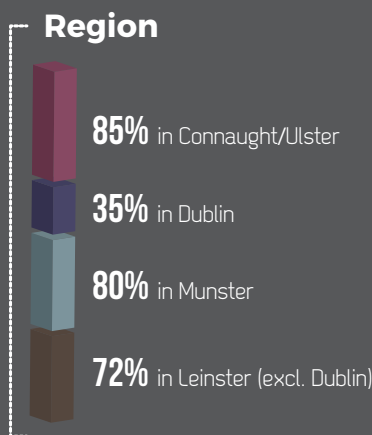


**Level of Activity**  
In the residential property market during the period December 2014 to December 2015



Source: SCSl Members Survey, Dec 2015

**Reported increase in level of activity by region**



# RESIDENTIAL RENTAL ACTIVITY

Rental values saw an increase of 12% nationally in 2015, with the Rest of Leinster Region experiencing the greatest increase in rental values at 14.2%, followed by the Dublin Region (12.1%). The Munster and Connaught/Ulster regions had rental growth of 11.1% and 9.4% respectively. Upon closer assessment of specific property types, there were no consistent trends between the regions. Smaller apartments in Dublin performed strongly with growth in excess of 12.8%. Both the Munster and Rest of Leinster regions experienced strong growth in 3- and 4-bed semi-detached houses of between 11.4% and 14.8%. For the Rest of Leinster Region, this is argued to be as a result of the affordability and shortage of supply issues in the Dublin Region. Whilst the rent freeze measures introduced in the final quarter of 2015 will prevent landlords increasing rents more than once every two years during a tenancy, it does not preclude the

landlord increasing the rent more frequently, between tenancies. As a result, it is likely that growth will not be completely stymied by the measures.

## Residential Rents Outlook 2016

The Dublin Region has been identified as the region likely to experience the greatest levels of year-on-year growth in the cost of renting in 2016, with members expecting increases of 7% to 8%. The vast majority of those surveyed in each region believe that there would not be adequate rental supply to meet demand for the various property types in 2016. Consequently, SCSl members across all regions expect to see an increase in rental prices in 2016, however, members anticipate more moderate levels of rental growth than those recorded in 2015.

## RESIDENTIAL RENTAL VALUES IN 2015

NATIONAL	DUBLIN	LEINSTER	MUNSTER	CONNAUGHT/ULSTER
+12%	+12.1%	+14.2%	+11.1%	+9.4%
Increase in residential rental values during 2015	Increase in residential rental values during 2015	Increase in residential rental values during 2015	Increase in residential rental values during 2015	Increase in residential rental values during 2015

Source: SCSl Members Survey, Dec 2015

Average percentage change in rental prices during 2015 by region  
December 2014 to December 2015

	Dublin	Leinster (excl. Dublin)	Munster	Connaught/ Ulster
1 Bed Apartment	13.0%	14.4%	10.4%	9.0%
2 Bed Apartment	12.8%	14.0%	10.8%	9.7%
3 Bed Semi-Detached	12.1%	14.8%	11.9%	9.5%
4 Bed Semi-Detached	10.6%	13.5%	11.4%	9.2%

Source: SCSI Members Survey, Dec 2015

Expected change in values (%) for new homes by region  
December 2015 to December 2016

	Dublin	Leinster (excl. Dublin)	Munster	Connaught/ Ulster
2 Bed Town House	4.4%	7.2%	7.2%	6.1%
3 Bed Town House	4.6%	7.9%	7.9%	5.9%
3 Bed Semi-Detached	5.1%	7.3%	8.4%	6.9%
4 Bed Semi-Detached	5.0%	7.0%	8.7%	7.0%
4/5 Bed Detached	4.1%	6.0%	7.7%	6.7%
1 Bed Apartment	4.3%	6.2%	7.1%	6.0%
2 Bed Apartment	5.2%	6.5%	7.4%	6.3%

Source: SCSI Members Survey, Dec 2015

Change in values (%) for second-hand homes by region  
December 2015 to December 2016

	Dublin	Leinster (excl. Dublin)	Munster	Connaught/ Ulster
2 Bed Town House	3.6%	7.6%	7.1%	6.2%
3 Bed Town House	4.0%	7.8%	7.4%	7.1%
3 Bed Semi-Detached	4.6%	8.4%	8.5%	7.5%
4 Bed Semi-Detached	4.2%	7.4%	7.8%	7.2%
4/5 Bed Detached	3.9%	6.4%	7.5%	6.4%
1 Bed Apartment	4.0%	6.7%	6.4%	6.0%
2 Bed Apartment	4.0%	7.4%	6.6%	6.9%

Source: SCSI Members Survey, Dec 2015

Expected average percentage change in rental prices during 2016 by region  
December 2015 to December 2016

	Dublin	Leinster (excl. Dublin)	Munster	Connaught/ Ulster
1 Bed Apartment	7.9%	6.3%	6.4%	5.5%
2 Bed Apartment	7.8%	6.8%	6.7%	5.8%
3 Bed Semi-Detached	7.2%	7.3%	6.7%	5.7%
4 Bed Semi-Detached	6.9%	6.8%	7.0%	5.5%

Source: SCSI Members Survey, Dec 2015

# COMMERCIAL PROPERTY

FOLLOWING AN EXCEPTIONAL YEAR IN 2014 FOR THE COMMERCIAL PROPERTY MARKET, 2015 PRODUCED CONTINUED LEVELS OF STRONG GROWTH NATIONALLY, REFLECTING THE IMPROVED ECONOMIC STABILITY AND INVESTOR CONFIDENCE. SCSI MEMBERS REPORTED A MARKED INCREASE IN COMMERCIAL MARKET ACTIVITY IN THEIR RESPECTIVE REGIONS, WITH DUBLIN REMAINING THE MOST ACTIVE LOCATION, WITH STRONGEST INVESTMENT RETURNS.

## OFFICE

SCSI members report that investment activity was strongest in the office sector, as 2014 growth continued through 2015, albeit at more moderate levels. The SCSI/IPD Ireland property Index reported that the office sector recorded year-on-year capital returns of 27.1% in 2015, while office sector rents increased by 17.4%. Fig. 2 presents the office sector quarterly performance from Q1 2014 to Q4 2015. Research from the ESRI finds that “close to 70% of the take-up of office space in the first half of 2015 was by new and existing FDI, primarily technology-based companies”.

Dublin City centre remains the most in demand location for office investment as reported by SCSI Valuation Chair, George Saurin, however, 2015 saw companies locate in suburban areas, enticed by lower rental prices and newly renovated facilities. In Dublin, the SCSI/IPD Ireland property Index reported that capital value growth within the office sector in central Dublin saw increases of approximately 22.4% in 2015, while rental growth increased by 18.2%. The suburban Dublin office sector also performed strongly as capital values increased by 14.7% and rental growth rose by 15.5%.

Regional cities, including Cork and Galway, also experienced an increase in office sector demand as the economic recovery sees an increase in new company formations and expansions. International researchers, MSCI,

reported that investors saw total annual returns of 14.9% in Cork City, representing a significant increase on 2014 total return levels.

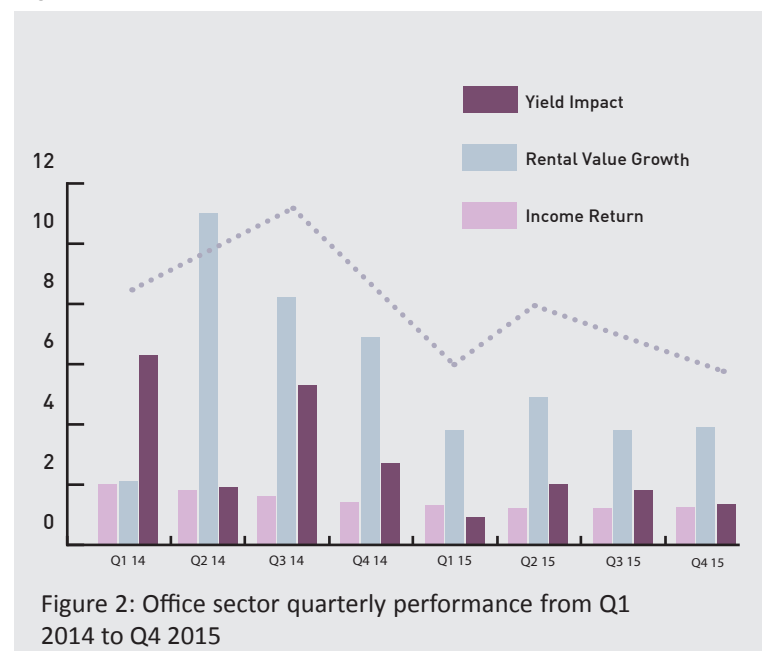


Figure 2: Office sector quarterly performance from Q1 2014 to Q4 2015

SCSI members reported a marked increase in activity and demand regionally for office space. Furthermore, members reported improved rates in cities and the larger urban centres, with a large availability of suitably zoned and serviced land in many areas.

In the Dublin Region, office rents have experienced an increase across all unit types

1 Duffy, D., Dwyer, H. (2015) ESRI Research Note: FDI and the Availability of Dublin Office Space. ESRI

in 2015. In the Dublin Region, prime grade 'A' rents rose by 24.1%, with rents now averaging €561 per sq. m., compared to 2014 levels of €452 per sq. m. Net yields of 4.8% reflect these rent increases. Other office unit types in the region have also seen rises in rent values, with prime 3rd generation, older central offices and Georgian offices increasing by 17.7%, 24.9% and 35.8% respectively on 2014 levels. These upward trends reflect the continued demand for city centre office locations. Positively, SCSI members reported that 2015 also saw a rise in occupiers locating to suburban areas, enticed by lower rental prices and newly renovated facilities.

Regional comparisons identify a growing gap between office rents in the Dublin Region compared to all other regions, with the Rest of Leinster and Connaught/Ulster regions experiencing a decrease in rental values across many office unit types. The Rest of Leinster Region saw year-on-year prime grade 'A' office unit rents remain generally unchanged in 2015, while prime 3rd generation units in the region fell by an average of 8.7% to €116 per sq. m.

One significant development in the northeast in 2015 was the opening of a 10,000 sq. ft. office development by Monaghan Local Enterprise Office in Carrickmacross, County Monaghan. This development incorporated a mix of 250 sq. ft., 500 sq. ft. and 1,000 sq. ft. office units. SCSI North Eastern Region Chair, Shane O'Hanlon, reported that demand for units proved strong and almost all units are occupied by new and expanding service providers.

SCSI members in the Connaught/Ulster Region reported a decrease of 7.2% in prime grade 'A' units, with average rents now at €142 per sq. m., while prime 3rd generation offices fell by 5% on 2014 levels to €134 per sq. m. Patricia Staunton, Director and Head of DTZ Galway, and SCSI Western Chair, reported that the take-up in Galway City reached approximately 17,100 sq. m. in 2015, representing an increase

of 24% on 2014 levels. Leasing activity in the year was buoyed by take-up of 12,150 sq. m. in the first half of the year, while activity in the second half was more subdued. By year-end 2015, availability levels stood at 13,600 sq. m., relatively unchanged from the previous quarter, while it was down one-third compared to 2014. The vacancy rate recorded a marked decrease, standing at 4.5% at the end of 2015, down from 6.7% at year-end 2014.

In the Munster Region, average rent prices for prime grade 'A' and prime 3rd generation units remained relatively unchanged at €220 per sq. m. and €172 per sq. m. respectively, while older central offices saw increases of 7%. SCSI members reported that yields remained relatively unchanged in the Munster Region, while the category of peripheral 3rd generation office units experienced an increase in yields of 13.5%.

## Office Outlook 2016

SCSI members in the Dublin Region expect continued strong activity within the office sector in 2016, with rental growth of between 10.0% and 11.7% forecast across all office types, with prime grade 'A' units remaining highest in demand. Dublin based SCSI members also expect an increase in the supply of office units over this period. SCSI members across the three remaining regions of Connaught/Ulster, Munster and Rest of Leinster also predict rental growth over the course of 2016, albeit more moderate compared to that forecast in the Dublin Region. SCSI members in all regions, excluding the Dublin Region, expect rental growth in prime grade 'A' office units of between 5% to 6%, while similar rental growth of 5.1% to 5.8% is also forecast across these regions for prime 3rd generation office units. Nationally, SCSI members expect an increase in take-up levels and reduction in vacancy rates, as the economy recovers.

### OFFICE RENTS PER SQUARE METRE PER ANNUM AT YEAR-END

	DUBLIN				REST OF LEINSTER				MUNSTER				CONNAUGHT / ULSTER			
	CHANGE 14/15	2015	2014	2013	CHANGE 14/15	2015	2014	2013	CHANGE 14/15	2015	2014	2013	CHANGE 14/15	2015	2014	2013
Prime 'Grade A' Offices	24.1%	€561	€452	N/A	~	€132	€132	N/A	1.4%	€220	€217	N/A	-7.2%	€142	€153	N/A
Prime 3rd Generation	17.7%	€458	€389	€342	-8.7%	€116	€127	€136	~	€172	€172	€144	5.0%	€134	€141	€99
Peripheral 3rd Generation	23.3%	€243	€197	€150	-6.3%	€90	€96	€107	3.1%	€134	€130	€113	~	€108	€107	€69
Older Central Offices	24.9%	€291	€233	€171	-6.4%	€73	€78	€83	7.0%	€107	€100	€79	-5.8%	€97	€103	€56
Georgian Offices	35.8%	€254	€187	€163	N/A	€83	N/A	N/A	9.1%	€96	€88	€76	13.8%	€33	€29	N/A

Source: SCSI Members Survey, Dec 2015.

# RETAIL

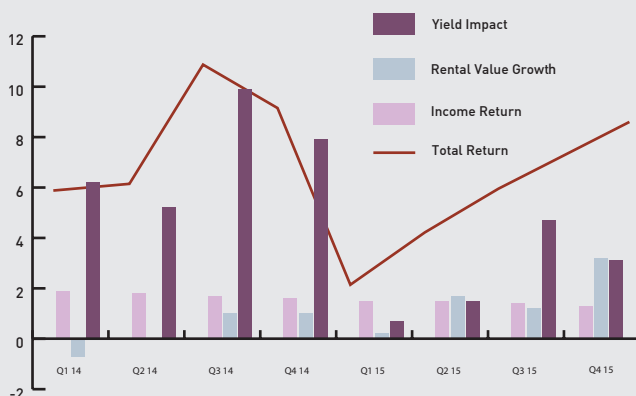
Increased levels of activity within the retail sector were also welcomed by SCSI members in 2015. The retail sector was one of the slowest sectors to respond to the recovering economy with rental value growth resuming from Q3 2014 onwards. Data derived from international researcher, MSCI, presents the retail property sector quarterly performance from Q1 2014 to Q4 2015 (Fig. 3).

The Dublin Region retail sector was the strongest performing nationally. Significantly, MSCI reported that Dublin's primary retail thoroughfare, Grafton Street, outperformed all other segments of the commercial market in 2015 with total investment returns of 28.1%, marginally outperforming the investment returns of 27.9% for central Dublin offices. The SCSI/IPD Ireland Property Index reported that retail rents in Grafton Street increased by 17.9% in 2015, while rents on Henry Street saw a more modest rental growth of 7.7%.

SCSI members reported that prime retail units achieved rental prices of €5,247 per sq. m., in 2015, representing an increase of 16.8% on 2014 rents. Prime retail net yields fell to 4.5%. Major town centre style malls also performed strongly with reported increases of 14.3% in rents, to €2,813 per sq. m., while city centre developments achieved €2,068 per sq. m., increasing by 11.8% in 2015. Rents, particularly in Dublin City, have experienced marked

changes compared to 12 to 18 months previous, as demand for prime retail streets continues and vacancy rates diminish. One of the most significant retail sector transactions in 2015 was the sale of Project Jewel for €1.8 billion, which comprised a portfolio of loans that include dDundrum Town Centre, the Ilac Centre and the Pavilions in Swords, in addition to a 5.3 acre development site bordering O'Connell Street and Moore Street. Other significant retail developments included the commencement of the West End extension at Liffey Valley and the €50 million extension to the Kildare Village outlet, while the Arnotts department store was acquired by the Selfridges Group.

Retail rents in the Munster Region also experienced strong growth in 2015, with prime retail units increasing by 25.5% to €1,009 per sq. m. Prime net yields are reported to stand at 7.9%. Town high streets also performed strongly with the average rent at €375 per sq. m., an increase of 23% on 2014 levels. However, despite the improved consumer sentiment emerging, SCSI Commercial Agency Professional Group Chair, Brian Meldon, advises that the retail property market remains challenged, particularly in regional town centres. Despite prime retail areas showing continued strength and demand, less demand and higher vacancy rates remain key issues within town centres, suburban areas and neighbourhood shopping centres.



## DUBLIN RETAIL - AVERAGE RENTS AND YIELDS

Rents per square metre per annum at year-end	RENTS			YIELDS	
	CHANGE 14/15	2015	2014	CHANGE 14/15	2015
Prime Retail	+16.8%	€5,247	€4,491	-1.1%	4.5%
Major Town Centre Style Malls	+14.3%	€2,813	€2,462	-1.1%	5.7%
City Centre Developments	+11.8%	€2,068	€1,849	-0.9%	5.9%
Other Centres	+12.0%	€1,293	€1,155	-0.9%	7.2%
Secondary City Centre Streets	+13.6%	€929	€818	-0.9%	7.4%
Neighbourhood Shopping Centre	+14.2%	€361	€316	-0.9%	7.8%
Retail Warehouses	+13.8%	€280	€246	-1.1%	7.2%

Source: SCSI Members Survey, Dec 2015

Figure 3: Retail sector quarterly performance from Q1 2014 to Q4 2015. Source: IPD Ireland, 2015



This sentiment is reflected in the Connaught/ Ulster and Rest of Leinster regions, which experienced declines in rental growth in 2015. Prime retail units in the Connaught/Ulster Region achieved €1,013 per sq. m., representing a decline of 35.9%, while town high streets fell by 13.4% to €246 per sq. m. Rents in the region's shopping centres also saw a fall of 16.9% in rental prices. Similar trends were reported in the Rest of Leinster Region, with prime retail experiencing a 16% decline in rents to €274 per sq. m., while town high streets saw a similar decline of 15% to €193 per sq. m. However, positively, shopping centres experienced a small increase of 3.6% in rents to €257 per sq. m.

## Retail Outlook 2016

In Dublin, SCSi members anticipate more moderate levels of retail rental growth in 2016, compared to 2015. Dublin based SCSi members anticipate growth of 11.5% in prime retail, 10.1% in major town centre style malls and 9% rise in city centre developments. Regionally, prime retail is also expected to rise over the coming 12 months, with Munster based SCSi members expecting a rise of 8% and Rest of Leinster members forecasting a 7.2% increase. SCSi members in Connaught/ Ulster expect more moderate growth with a rise of 4.5% in prime retail. The Rest of Leinster Region is expected to be the only region in which anticipated shopping centre rent rates (+8.2%) exceed prime retail rents in 2016.

The positive growth values forecast regionally by SCSi members, reflects the continued economic growth and improving consumer sentiment that is anticipated amongst members.

### RETAIL RENTS PER SQUARE METRE PER ANNUM AT YEAR-END

	REST OF LEINSTER				MUNSTER				CONNAUGHT / ULSTER			
	CHANGE 14/15	2015	2014	2013	CHANGE 14/15	2015	2014	2013	CHANGE 14/15	2015	2014	2013
Prime City Rents	-16.0%	€273	€325	€325	+25.5%	€1,008	€803	€779	-35.9%	€1,013	€1,580	€1,507
Town High Street Rents	-15.0%	€193	€227	€197	+23.0%	€375	€305	€240	-13.4%	€246	€284	€216
Shopping Centre Rents	+3.6%	€257	€248	€276	+5.1%	€328	€312	€289	-16.9%	€340	€409	€379
Other Retail Rents	+1.7%	€121	€119	€125	-1.3%	€155	€157	€141	-13.8%	€181	€210	€168

Source: SCSi Members Survey, Dec 2015.

### RETAIL YIELDS

	REST OF LEINSTER				MUNSTER				CONNAUGHT / ULSTER			
	CHANGE 14/15	2015	2014	2013	CHANGE 14/15	2015	2014	2013	CHANGE 14/15	2015	2014	2013
Prime City Rents <sup>6</sup>	0%	8.0%	8.0%	6.9%	-0.2%	7.5%	7.7%	8.0%	+0.1%	6.8%	6.7%	8.2%
Town High Street Rents <sup>8</sup>	0%	9.3%	9.3%	8.9%	-0.2%	8.6%	8.8%	9.0%	+0.8%	8.7%	7.9%	9.4%
Shopping Centre Rents <sup>6</sup>	-0.1%	8.3%	8.4%	6.8%	-0.4%	8.7%	9.1%	9.9%	-0.7%	7.7%	8.4%	9.7%
Other Retail Rents	-0.1%	10.7%	10.8%	10.0%	-0.7%	10.7%	11.4%	11.5%	+0.8%	8.9%	8.1%	8.8%

Source: SCSi Members Survey, Dec 2015.

# INDUSTRIAL

The industrial sector experienced a marked increase in activity, with strong rental value growth recorded during 2015, most notably in Q2 2015. SCSI members also reported an increase in sale transactions, take-ups and prime industrial rents. MSCI reported that nationally, the industrial sector recorded total returns of 21.2%, an increase of 12.4% on 2014, while industrial sector rental prices increased by 8% (Fig. 4).

SCSI members in the Dublin Region reported an increase in both activity and rental values, with prime rents under 500m<sup>2</sup> achieving €84 per sq. m., while prime units over 500m<sup>2</sup> achieved €76 per sq. m. These rental prices represent small increases of approximately 2.5% on 2014 rents, with net yields of 7.0% and 6.9% respectively. Secondary rents in the region experienced the largest rise; 34.2% with rents reported to be €55 per sq. m. SCSI members based in the Rest of Leinster reported strong growth in rents, in particular for prime rents over 500m<sup>2</sup>, which saw a rise of 10.3% to €32 per sq. m., while the net yield for this category was 10.0%.

SCSI members in the Munster Region reported the most significant changes in rents, with increases of over 80% reported for all unit types. Prime rents over 500m<sup>2</sup> experienced an increase of 106.7% to €62 per sq. m., while units

under 500m<sup>2</sup> increased by 82.1%, achieving €71 per sq. m. SCSI members in the region reported a two-fold increase in secondary rents also. In the Connaught/Ulster Region, industrial rents experienced more moderate increases, with prime rents in units under 500m<sup>2</sup> achieving an average increase of 6.5% to €49 per sq. m., while net yields were 9.5%.

SCSI members report continuing value within the sector as sale prices are still below the replacement cost for industrial properties.<sup>2</sup> CBRE reports in its Marketview, Q3 2015, strong transactional activity in the Dublin southwest corridors (N7, N81) and Dublin north and northeast corridors (M1/N1, N2). Although much of the focus remains on Dublin, other Irish cities are seeing an increase in activity, as demonstrated by the increases in rent prices in the Munster Region. The increase in demand, particularly within the logistics sector, is being driven by strong export markets and increasing domestic consumer demand. Total returns performed strongly during the year with levels above those noted in 2014, as reported by MSCI. Notwithstanding the positive growth within the industrial sector, over-supply of industrial units in certain locations exists, particularly of older unit types. SCSI members reported that the main source of demand remains in the large floor

<sup>2</sup> CBRE Marketview: Dublin Industrial and Logistics Marketview, Q3 2015, CBRE Research, 2015

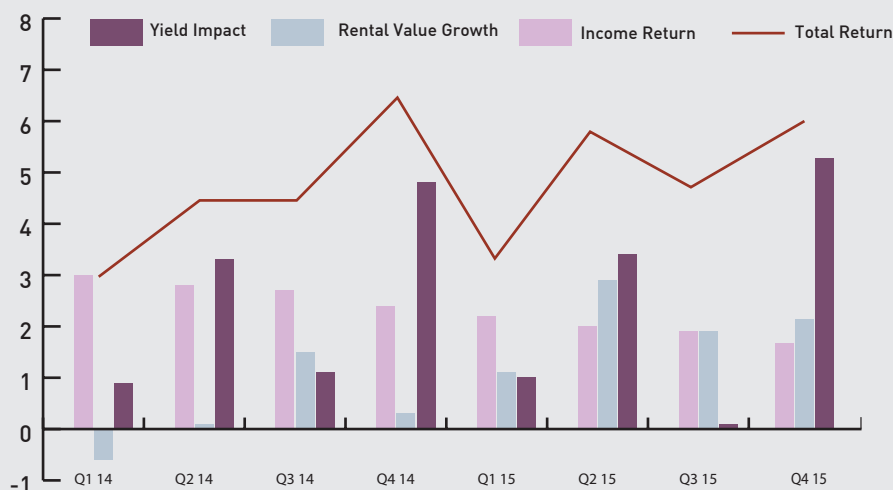
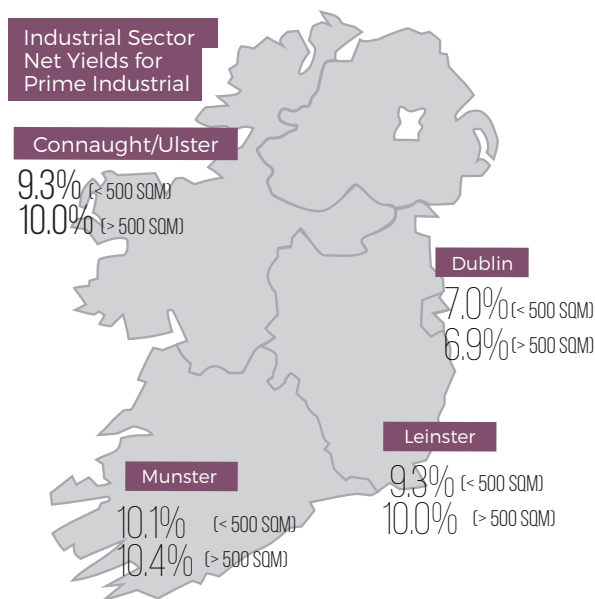


Figure 4: Industrial sector quarterly performance from Q1 2014 to Q3 2015. Source: IPD Ireland, 2015

space modern logistic-type properties, as the logistics networks expand to meet the growing online retail phenomenon. SCSi Valuation Chair, George Saurin, advised that there is an undersupply of these large-scale, modern logistic-style units, and reported that build costs for such units remains disproportionately high, undermining the financial viability of any speculative development. As demand for prime located, modern stock continues and stock levels decrease, Mr. Saurin has noted increased interest amongst occupiers and prospective occupiers in design and build options.

## Industry Outlook 2016

Rents for all industrial types and sizes are expected to increase in all regions according to respondents, with the highest anticipated growth rates occurring in prime rents across all regions. Growth in the Dublin Region is anticipated to be strongest, particularly for prime industrial units. In the Dublin Region, rents for prime unit sizes of over 500m<sup>2</sup> and under 500m<sup>2</sup> are expected to increase by 9.7% and 9.1% respectively. In both Munster and the Rest of Leinster regions, the growth rate is expected to be higher for prime rents under 500m<sup>2</sup>, compared to prime units over 500m<sup>2</sup>. In the Rest of Leinster Region, SCSi members expect rents for prime unit sizes of under 500m<sup>2</sup> to rise by 8.8%, while members in the Munster Region expect rents to increase by 7.9% for prime units under 500m<sup>2</sup>. Growth rates will be lowest in the Connaught/Ulster Region in 2016, with members anticipating a greater rise in prime rents over 500m<sup>2</sup> (4.2%) compared to units under 500m<sup>2</sup> (3.3%).



Source: SCSi Members Survey, Dec 2015.

### INDUSTRIAL RENTS PER SQAURE METRE PER ANNUM AT YEAR-END

	DUBLIN				REST OF LEINSTER				MUNSTER				CONNAUGHT / ULSTER			
	CHANGE 14/15	2015	2014	2013	CHANGE 14/15	2015	2014	2013	CHANGE 14/15	2015	2014	2013	CHANGE 14/15	2015	2014	2013
Prime Rents under 500m <sup>2</sup>	2.4%	€84	€82	€61	5.6%	€38	€36	€36	82.1	€71	€39	€41	6.5%	€49	€46	€46
Prime Rents over 500m <sup>2</sup>	2.7%	€76	€74	€52	10.3%	€32	€29	€29	106.7%	€62	€30	€32	2.9%	€36	€35	€35
Secondary Rents under 500m <sup>2</sup>	50%	€50	€46	€37	4%	€26	€25	€27	91.7%	€46	€24	€26	3.7%	€28	€27	€28
Secondary Rents over 500m <sup>2</sup>	55%	€55	€41	€30	0%	€21	€21	€21	135%	€47	€20	€21	9.1%	€24	€22	€24

Source: SCSi Members Survey, Dec 2015.

	2015 Yields (%)		Projected Yields (%) for 2016	
	Prime Rents (under 500m <sup>2</sup> )	Prime Rents (over 500m <sup>2</sup> )	Prime Rents (under 500m <sup>2</sup> )	Prime Rents (over 500m <sup>2</sup> )
Dublin	7.0%	6.9%	9.1%	9.7%
Leinster (excl. Dublin)	9.3%	10.0%	8.8%	6.4%
Munster	10.1%	10.4%	7.9%	7.4%
Connaught/ Ulster	9.5%	10.0%	3.3%	4.2%

Source: SCSi Members Survey, Dec 2015.

# HOTEL AND LICENSED PREMISES

## Hotel Sector

SCSI Commercial Agency Chair, Brian Meldon, noted that investor demand in the hotels sector continued to perform strongly in 2015, particularly in Dublin City centre where the undersupply of hotels and bed spaces continues.

Activity within the hotel market was strong throughout 2015, with fifty-four hotel sale transactions worth an estimated €650 million recorded in the first nine months of the year, according to DTZ Sherry Fitzgerald Research. Purchasers included both Irish and international investors. However, DTZ Sherry Fitzgerald reports that 78% of hotel sales were below €10 million in value between Q1 to Q3 2015.

While new hotel development projects are planned in Dublin to meet the growing demand, commercial property advisors within this sector also report a growth in hotel refurbishment and extension projects. SCSI members reported a significant increase in hotel capital values in the Dublin and Rest of Leinster regions in 2015. In the Dublin Region, hotel capital values increased by 12.5%, representing a similar rate of increase as 2014. The biggest increase in hotel capital values was reported in the Rest of Leinster Region, as capital values increased by 13.7%, a significant rise from the 1.3% year-on-year growth in 2014. Capital values remained almost unchanged in the Munster Region, with a marginal rise of 1.3% reported, while values remained unchanged in the Connaught/Ulster Region.

The increase in investment and activity within the hotel sector in the Dublin and Rest of Leinster regions reflects the increase in tourism numbers and the undersupply of beds within the Dublin Region at present.

## Licensed Premises

There was also an increase in activity within the licensed premises sector. This sector has been very challenged in recent years, impacted by changes in public behaviour, regulations, consumer sentiment and a move away from the traditional pub towards the gastro-style pub, as reported by SCSI Commercial Agency Chair, Brian Meldon. Increased activity in this market and an increase in average sale prices, particularly in the Dublin area, reflect the improved employment rates, consumer sentiment and disposable income. In the Dublin Region, prime pubs in principal towns experienced the greatest increase in capital values, with a rise of 8.1%, while capital values for restaurants in the region increased by 4.7%. In the Rest of Leinster Region, licensed premises and restaurants experienced similar, positive trends to the Dublin Region in terms of capital value growth, with increases of 6% reported for prime pubs in principal towns and 3.3% increases for restaurants.

However, in the Connaught/Ulster Region, prime pubs was the only category of licensed premises to report an increase in capital values, with a 1.3% increase. All other licensed premises categories and restaurants in both the Connaught/Ulster and Munster regions reported either no change or a decrease in capital values, compared to 2014 rates.

## Hotel and Licensed Premises Outlook 2016

The SCSI survey results highlight a clear divide in activity levels within the hotel and licensed premises sector between the Dublin and Rest of Leinster regions, and the Munster and Connaught/Ulster regions in 2015.

The outlook for 2016 is for improvements in the capital values across the majority of categories in most regions. Capital values within the hotel sector will continue to increase over the coming 12 months in all regions. SCSI members anticipate the largest rise in capital values to occur in the Dublin and Rest of Leinster regions, with growth of 9.3% and 11.7% respectively.

SCSI members expect rural pubs and roadhouses to continue to experience negative capital value change on their capital values in both the Munster and Connaught/Ulster regions, however, it should be noted that the rate will be less than that predicted by SCSI members in the 2014/2015 SCSI survey. In contrast with trends in Munster and Connaught/Ulster, capital values are expected to increase for prime rural pubs and roadhouses in Dublin and the Rest of Leinster regions. SCSI members expect a 12.8% rise in the capital values of prime rural roadhouses, while in the Rest of Leinster Region, respondents expect a 8.3% rise for prime rural roadhouses. Notably, respondents in the Rest of Leinster Region expect a 8.8% increase in prime pubs in principal towns, the highest rate of all regions for this category and a positive reflection of increased consumer sentiment in principal towns in the region.

LICENSED PREMISES % CHANGE IN CAPITAL VALUES AT YEAR-END																
	DUBLIN				REST OF LEINSTER				MUNSTER				CONNAUGHT / ULSTER			
	2016 FORECAST	2015	2014	2013	2016 FORECAST	2015	2014	2013	2016 FORECAST	2015	2014	2013	2016 FORECAST	2015	2014	2013
Prime Pubs in Principal Towns	+5.2	+8.1	+9.3	-6.6	+8.8	+6.0	+5.0	-13.3	+3.0	+0.0	+1.0	-10.5	+7.5	+1.3	+2.2	-8.3
Secondary Pubs in Principal Towns	+2.2	+1.9	+2.1	-10.3	+2.0	+1.9	-1.6	-15.0	+2.0	-3.0	-4.3	-13.6	+2.5	+0.0	-12.0	-10.0
Prime Rural Roadhouses	+12.8	+0.1	+1.1	-7.5	+8.3	+1.7	-4.0	-15.0	-2.0	-6.0	-6.4	-13.9	-3.3	-15.0	-14.0	-15.0
Prime Village Pubs	+1.5	+0.8	+1.7	-5.3	+5.0	+2.5	+0.6	-16.3	-1.3	-6.5	-6.4	-13.7	+4.5	-6.3	-16.7	-16.0
Prime Rural Pubs	+1.0	+0.5	+1.0	-7.2	+4.5	+0.0	-1.4	-16.3	-1.3	-7.5	-6.4	-15.0	-4.5	-12.0	-7.5	-8.8
Hotels	+9.3	+12.5	+12.8	+5.5	+11.7	+13.7	+1.3	-22.5	+5.0	+1.3	+3.3	-11.9	+2.5	+0.0	-5.0	-12.5
Restaurants	+3.8	+4.7	+4.6	+1.4	+5.0	+3.3	+2.5	-21.6	+2.5	-3.8	-2.5	-13.0	+4.9	+0.0	-4.0	-7.6

Source: SCSI Members Survey, Dec 2015.

# DEVELOPMENT LAND

The national economic recovery is fuelling increasing activity within the residential and commercial development land sectors. While the year commenced slowly, industrial land saw momentum in activity levels grow in Q2 2015. Dublin remains the focus of attention for investors in the development land sector, however, Cork and Limerick experienced a marked increase in transactions also, albeit with a much smaller proportion of transactions compared to Dublin. The increasing demand for housing and office units has strongly contributed to a growth in development land activity, with high profile Dublin locations the main focus of investment. SCSi Valuation Chair, George Saurin, states that smaller prime development sites also remain in high demand. SCSi members report an increase in the supply of development land, and this is supported with data from DTZ Sherry Fitzgerald reporting that in the first half of 2015, residential land accounted for 53% of total land sales, totalling €117 million. However, activity and demand within this sector remains strongly Dublin focused, with Karol O'Shea, SCSi South Eastern Region Chair, reporting a very inactive sector in the southeast area, coupled with no investment activity. In Munster, the Port of Cork was granted planning permission for a €100 million redevelopment at Ringaskiddy in May 2015, which is anticipated to commence in 2018. This will release new development land in the city's quays for additional development.

While the increase in residential development land sales is welcomed, Mr. Saurin, states that development finance remains the biggest single issue in ensuring additional new residential units are built over the short-term. Many contractors are experiencing very limited access to finance, with lending of only 30% to 50% being offered by financial institutions, coupled with high interests rates and other charges adding further to development costs. Patricia Staunton, SCSi Western Chair, reports that the major focus for 2015 in the western region was the development land sector and in particular the ability to secure strong residential sites. Ms. Staunton anticipates that this trend will continue throughout 2016 as there is strong demand for prime residential sites in the well-established residential locations in the region.

New regulations to stimulate the availability of lands and increase activity within the development land sector include the Urban Regeneration and Housing Act 2015. The Act introduced an annual charge of 3% of the market value of any vacant site registered on a vacant site register, which is to be maintained by planning authorities.

Although the levy does not apply to State-owned lands, it will apply to sites in excess of 0.05 hectares that are zoned for residential purposes or are sites designated

## CHANGE IN DEVELOPMENT LAND VALUES

Change in Percentage (%)	DUBLIN		REST OF LEINSTER		MUNSTER		CONNAUGHT / ULSTER	
	2016 (expected)	2015	2016 (expected)	2015	2016 (expected)	2015	2016 (expected)	2015
Residential Development Land	12.1%	12.1%	13.3%	12.1%	12.1%	12.1%	10.8%	12.1%
Office Development Land	16.0%	16.0%	11.3%	16.0%	8.5%	16.0%	7.0%	16.0%
Retail Development Land	12.7%	12.7%	7.7%	12.7%	7.4%	12.7%	8.6%	12.7%
Industrial Development Land	11.3%	11.3%	10.2%	11.3%	5.2%	11.3%	6.0%	11.3%

Source: SCSi Members Survey, Dec 2015.

as “Regeneration Land” that adversely impacts surrounding amenities and the character of the area. The new Act also makes revisions to social housing provisions, reducing the volume of land and number of units required to be reserved for social and affordable housing by developers of schemes of ten units or more.

## Development Land Outlook 2016

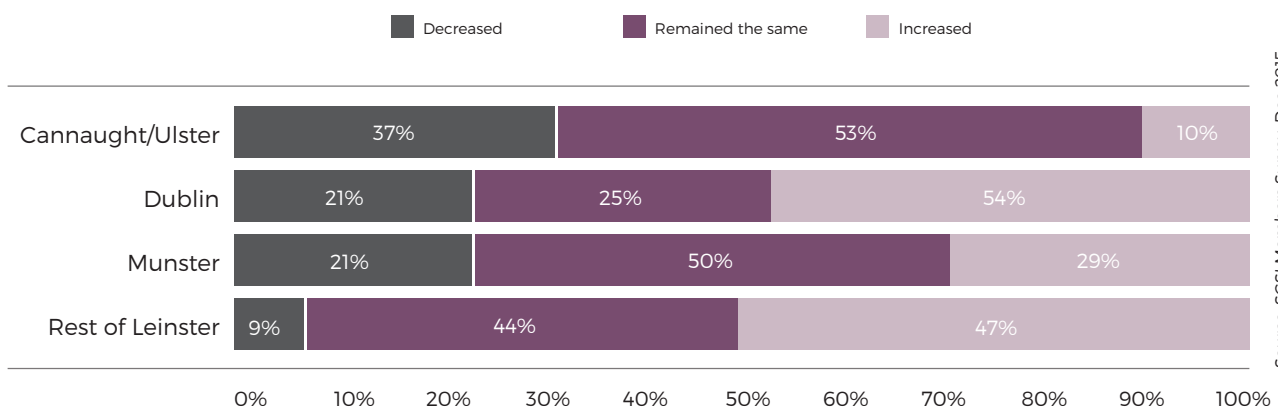
In the 12 months from December 2014 to December 2015 office development land in the Dublin Region experienced the greatest change in values of 26.7%; greater than residential development land which increased by 19.7% according to respondents. Comparatively, residential development land was the strongest performing category in the other three regions, equalling or exceeding 10.0% in all cases. Of note is the superior growth in the value of industrial development land in the Dublin and the Rest of Leinster regions (12.1% and 11.6% respectively), over Connaught/Ulster and Munster regions.

Dublin Region based SCSI members expect office development land to continue to be

the category with the greatest level of value growth, with an increase of 16.0% expected in the 12 months to December 2016. At 11.3%, SCSI members in the Rest of Leinster Region also anticipate a strong increase in the value of office development land with an average.

Residential land will continue to perform strongly across all regions with SCSI members in the Rest of Leinster Region expecting the highest value growth of 13.3%. In both the Dublin and Munster regions, respondents anticipate an increase of 12.1% in residential land, while respondents in the Connaught/Ulster Region expect residential land values to rise by 10.8%. Retail development land is also expected to perform strongly in 2016 across the regions, with the highest expected value increases of 12.7% in the Dublin Region. At 8.6%, SCSI members in the Connaught/Ulster Region anticipate the second highest increase in development values to occur in the retail development land sector.

IN THE SCSI SURVEY 2015, MEMBERS WERE ASKED IF THE SUPPLY OF DEVELOPMENT LAND HAD INCREASED, DECREASED OR REMAINED THE SAME OVER THE PERIOD DECEMBER 2014 TO DECEMBER 2015, IN THEIR RESPECTIVE REGIONS. A HIGHER PROPORTION OF RESPONDENTS IN THE DUBLIN AND LEINSTER REGIONS REPORTED AN INCREASE IN DEVELOPMENT LAND IN THEIR REGION, COMPARED TO CONNAUGHT/ULSTER AND MUNSTER REGIONS.



## About this research

This report has been informed and guided by the views, perceptions and opinions of Chartered Surveyors (members of the Society of Chartered Surveyors Ireland) and a number of leading experts in the property industry.

An online survey was conducted amongst relevant members to determine average sales prices, expectations of price changes and supply/demand issues. 489 responses to the survey were received across the four SCSI regions.

Future Analytics Consulting (FAC) conducted interviews with SCSI Chairs to ascertain their views on the opportunities and challenges in the property market. In addition, FAC conducted interviews with leading industry experts to establish their views on the opportunities and challenges in the property market.

FAC is a leading planning, research and economic consultancy based in Dublin. FAC advocate an evidence-based approach to projects, and specialise in data analysis.

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Dating back to 1895, the Society of Chartered Surveyors Ireland (SCSI) is the independent professional body for Chartered Surveyors working and practicing in Ireland.

Working in partnership with the Royal Institute of Chartered Surveyors (RICS), the pre-eminent Chartered professional body for the construction, land and property sectors around the world, the SCSI and RICS act in the public interest: setting and maintaining the highest standards of competence and integrity among the profession; and providing impartial, authoritative advice on key issues for business, society and governments worldwide.

Advancing standards in construction, land and property, the Chartered Surveyor professional qualification is the world's leading qualification when it comes to professional standards. In a world where more and more people, governments, banks and commercial organisations demand greater certainty of professional standards and ethics, attaining the Chartered Surveyor qualification is the recognised mark of property professionalism.

Members of the profession are typically employed in the construction, land and property markets through private practice, in central and local government, in state agencies, in academic institutions, in business organisations and in non-governmental organisations.

Members' services are diverse and can include offering strategic advice on the economics, valuation, law, technology, finance and management in all aspects of the construction, land and property industry.

All aspects of the profession, from education through to qualification and the continuing maintenance of the highest professional standards are regulated and overseen through the partnership of the SCSI and RICS, in the public interest.

This valuable partnership with RICS enables access to a worldwide network of research, experience and advice.

Future Analytics Consulting (FAC) is a dynamic SME specialising in strategic spatial planning, research and economic development.

FAC advocates an 'evidence based' ethos, where enhanced decision-making is facilitated through the identification, collection, collation, analysis and visualisation of a broad range of spatial and socio-economic data.

As such, the Company provides credible and robust evidence-based planning and development solutions to inform the formulation of planning policy, strategy, operational plans and development proposals.

With a keen interest in innovation and creativity, FAC also prides itself on a strong awareness of emerging best practice in relation to data analysis and research methodologies, balanced with a comprehensive understanding of their relationship with social and economic development activities.

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# ANNUAL RESIDENTIAL AND COMMERCIAL PROPERTY REVIEW & OUTLOOK

THE 2016 REPORT