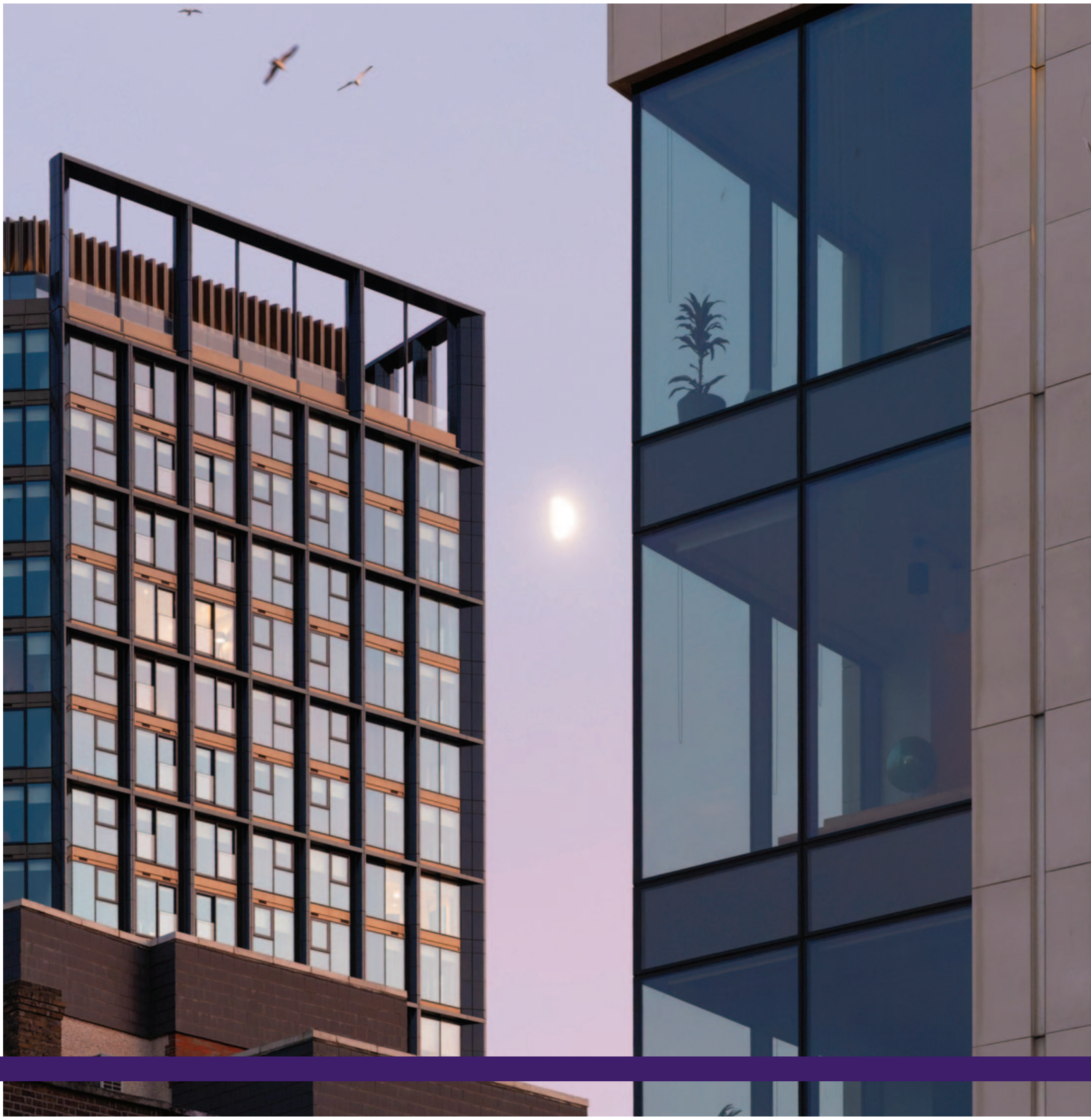
COMMERCIAL PROPERTY

MID-YEAR MARKET MONITOR 2026

SCSI Chartered property, land and construction surveyors



AUGUST 2026

Chartered property, land and construction surveyors

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KEY FINDINGS

National occupier demand remains strong, with positive sentiment across the office, industrial and retail sectors (+23% net balance).

National investor confidence has improved, with increased interest in office, retail and industrial assets despite ongoing geopolitical uncertainty.

Prime offices are expected to lead market performance, with rents forecast to grow by an average of 6% and capital values by 4% over the next 12 months.

Rent	Capital
+6%	+4%

Industrial assets continue to perform strongly, with rents projected to increase by an average of 4% and capital values by 3%.

Rent	Capital
+4%	+3%

Supply of commercial property generally remains constrained, as available space continues to decline and development activity remains subdued across major cities.

Environmental, social and governance (ESG) and workplace quality are now key drivers of demand, with occupiers increasingly seeking sustainable, healthy and amenity-rich buildings.

Tenants are willing to pay more for quality, with three-quarters of commercial and valuation surveyors reporting a premium for buildings that offer strong ESG and workplace credentials.

The market is becoming increasingly quality driven, creating a widening performance gap between prime and secondary assets.

OVERVIEW OF THE COMMERCIAL PROPERTY MARKET

The Irish commercial property market entered the second half of 2026 against a backdrop of resilient domestic economic activity, supported by continued employment growth, investment and household spending, although heightened geopolitical uncertainty continues to influence the outlook. The ongoing Middle East conflict and associated pressures on energy markets and global supply chains have introduced renewed uncertainty into the economic environment; however, the Irish domestic economy has remained comparatively resilient.[1] The Central Bank of Ireland continues to project positive growth in Modified Domestic Demand (MDD)[2] despite revising its inflation outlook upward in response to higher energy prices. Although financing conditions remain selective, expectations of greater stability in borrowing costs have contributed to improving confidence across property investment markets.

Across the commercial property market, the first half of 2026 has been characterised by improving occupier confidence and a

Horizon Logistics Park, Dublin Airport. 1.8m sq. ft. and 260 acres of development land. Sold for a reported approximate €500m. Selling agent: JLL and Eastdil for Henderson Park (Ireland).

1 Central Bank of Ireland Quarterly Bulletin 26:2 – domestic resilience even as inflation rises, but effects of Middle East conflict hang over the outlook.

2 Central Bank of Ireland Quarterly Bulletin No. 2. Consumption forecast to grow by 1.8% in 2026 and 1.9% in 2027. Quarterly Bulletin Q2 2026 | Central Bank of Ireland.

gradual recovery in investment activity following the market adjustment experienced during 2022 and 2023. Nevertheless, supply constraints remain evident across a number of sectors. As per the Central Statistics Office (CSO), annual construction volume declined by 4.1% year on year in the first quarter of 2026,[3] highlighting continued challenges in bringing forward new commercial development. At the same time, market participants continue to differentiate increasingly between prime and secondary assets, with occupier demand and investment activity concentrated in properties that offer strong sustainability credentials, modern specifications, and secure long-term income.

Against this backdrop, the SCSI Commercial Property Mid-Year Market Monitor report provides an insight into the views of Chartered Commercial and Valuation Surveyors regarding current market conditions and expectations for the year ahead. The findings point to a market that is gradually stabilising following recent adjustments. Occupier and investor demand remain positive across the office, industrial and retail sectors, while survey respondents continue to identify constrained supply and subdued development activity as important features of the current market. Although respondents expect further growth in rental values and capital values over the coming year, the survey indicates that this recovery is likely to remain selective, with prime assets expected to outperform secondary stock.

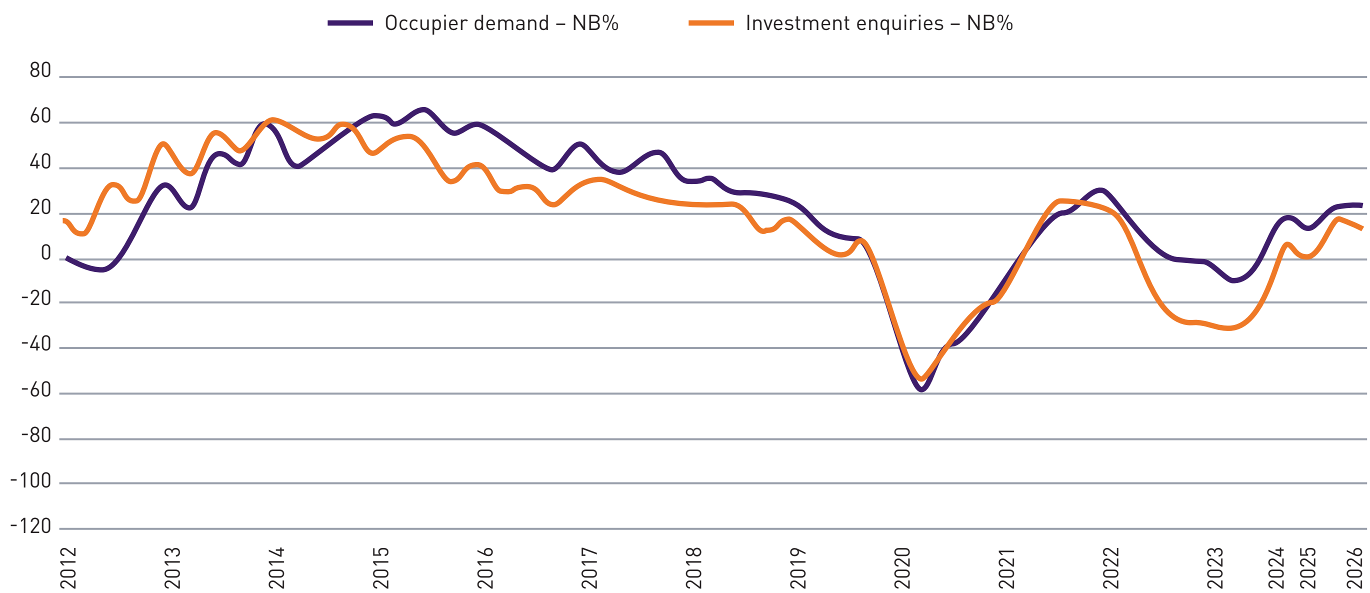
3 Production in Building and Construction Index Q1 2026 (Provisional) and Q4 2025 (Final) - Central Statistics Office.

STEADY OCCUPIER AND INVESTOR DEMAND

The Commercial Property Mid-Year Market Monitor report tracks Chartered Commercial and Valuation Surveyors' sentiments in relation to national office, retail, and industrial property market activity levels. **Figure 1** tracks national occupier demand and investor enquiries sentiment across these three property sectors. As can be seen in **Figure 1**, more SCSI agents are experiencing an increase in occupier demand activity (+23% net balance in the index) in 2026 than those reporting a decrease. This is a consistent improvement compared to the same time last year, when the index was reported at +13% net balance in H1 2025. The survey findings point to a resilient commercial property market despite an uncertain international backdrop, as strong employment and resilient domestic demand[4] have continued to underpin business confidence. The Q2 2026 RICS Global Commercial Property Monitor similarly found that occupier demand remained positive worldwide, with leasing activity demonstrating resilience despite broader economic challenges.[5]

Investor sentiment remains positive despite a slight easing in the index from +16% in H2 2025 to +13% in H1 2026. Sentiment has now remained in positive territory for several consecutive surveys, signalling continued investor confidence underpinned by favourable interest rates and improved pricing following the market correction of recent years. As also highlighted by the Central

FIGURE 1: National occupier and investor demand sentiment indices
– % net balance.



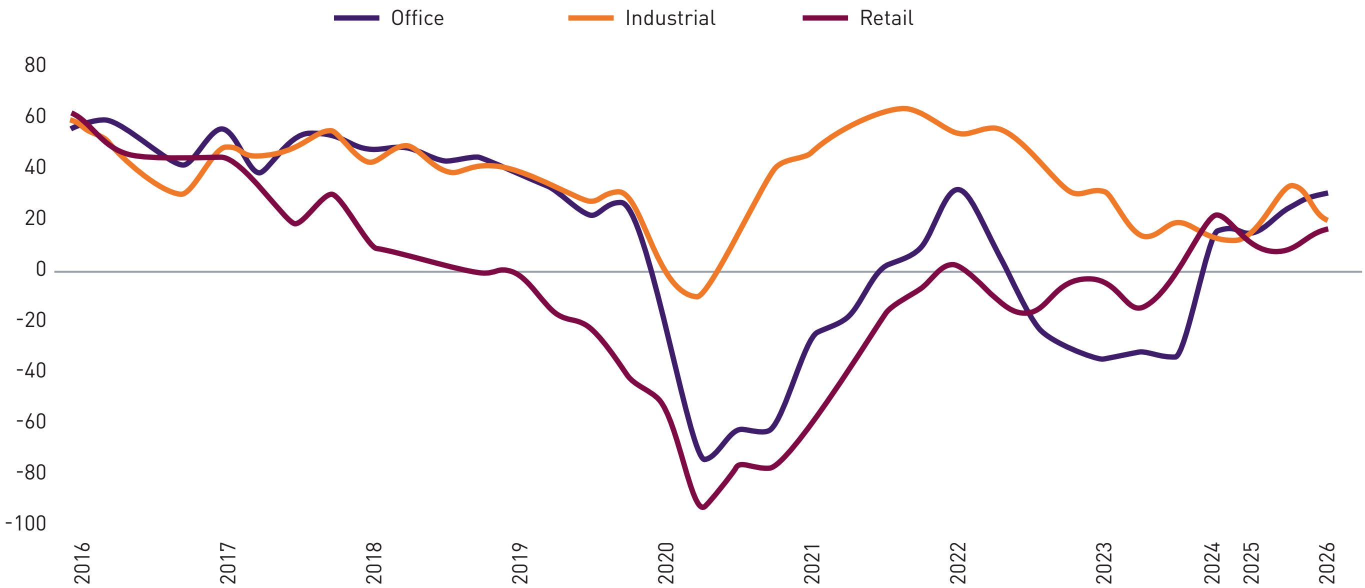
Source: SCSI research.

4 Quarterly Bulletin Q1 2026 | Central Bank of Ireland
5 https://www.rics.org/news-insights/market-surveys/global-commercial-property-monitors

Bank of Ireland, although the Irish domestic economy remains resilient, further escalation in the Middle East conflict or prolonged supply chain disruption could hamper this equilibrium.[6]

Figure 2 examines mid-year occupier demand sentiment within the retail, office and industrial sectors. The H1 2026 survey findings indicate continued resilience across Ireland's commercial property market, with respondents reporting positive occupier demand across all sectors. Office demand (+15% in H1 2025 to +31% in H1 2026) recorded the strongest net balance among the three sectors, suggesting that occupier requirements for high-quality workplace accommodation remain active despite the longer-term structural changes associated with hybrid working. An SCSI agent explained that: "The improvement in office demand is being driven less by widespread business expansion and more by occupiers upgrading, consolidating and improving the quality of their accommodation. Many companies are taking the opportunity to relocate from older stock into best-in-class accommodation, often using relocation events to optimise the amount of space they occupy". The demand for industrial properties is consistent, at +20% net balance (+15% in H1 2025), reflecting continued requirements from logistics, manufacturing and distribution occupiers. While industrial has historically been one of the strongest-performing commercial sectors, the survey suggests that demand is becoming more balanced rather than concentrated in one asset class. Similarly, the demand for retail has moved from +10% in H1 2025 to +17% in H1 2026, indicating continued occupier activity despite a more selective expansion approach among retailers.

FIGURE 2: National occupier sentiment index – retail, office, industrial – % net balance.



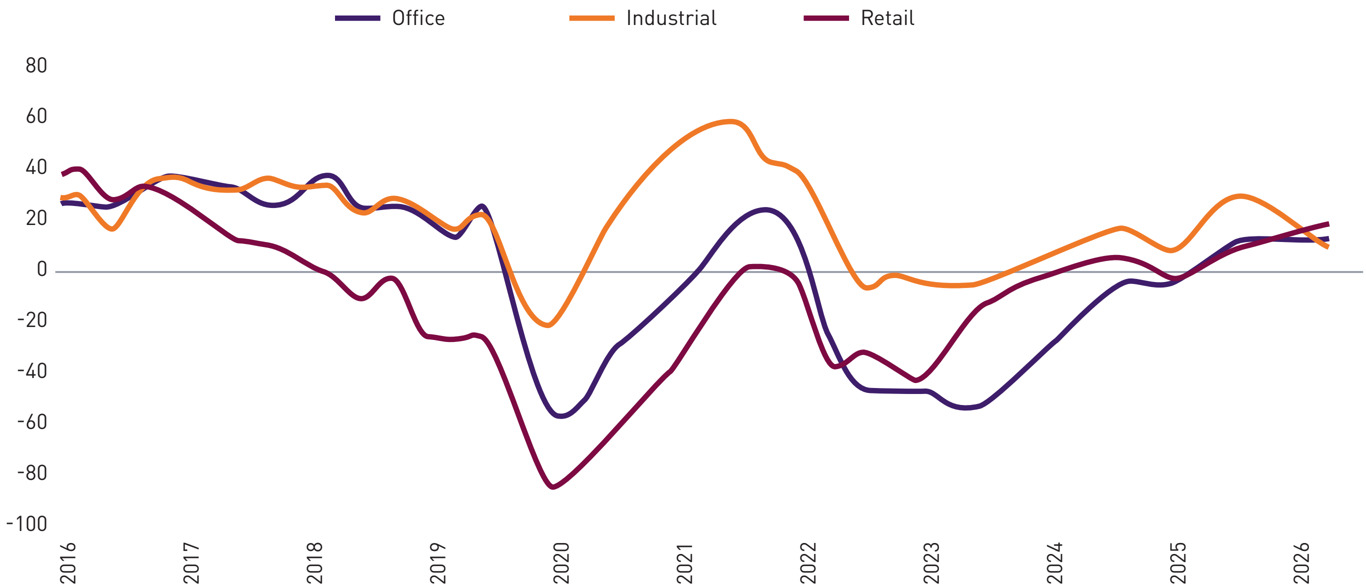
Source: SCSI research.

6 Financial Stability Review 2026: I

RESILIENT INVESTOR SENTIMENT AS SUPPLY REMAINS CONSTRAINED

General investor sentiment across the commercial property market remains positive so far in the first half of 2026 (**Figure 3**), despite ongoing global uncertainty. This sentiment is expressed despite the European Central Bank hiking its interest rate[7] in June 2026 for the first time since 2023 as the Middle East conflict continues to impact energy costs and global supply chains. Sentiment for investment in

FIGURE 3: National investment sentiment index – retail, office, industrial – % net balance.



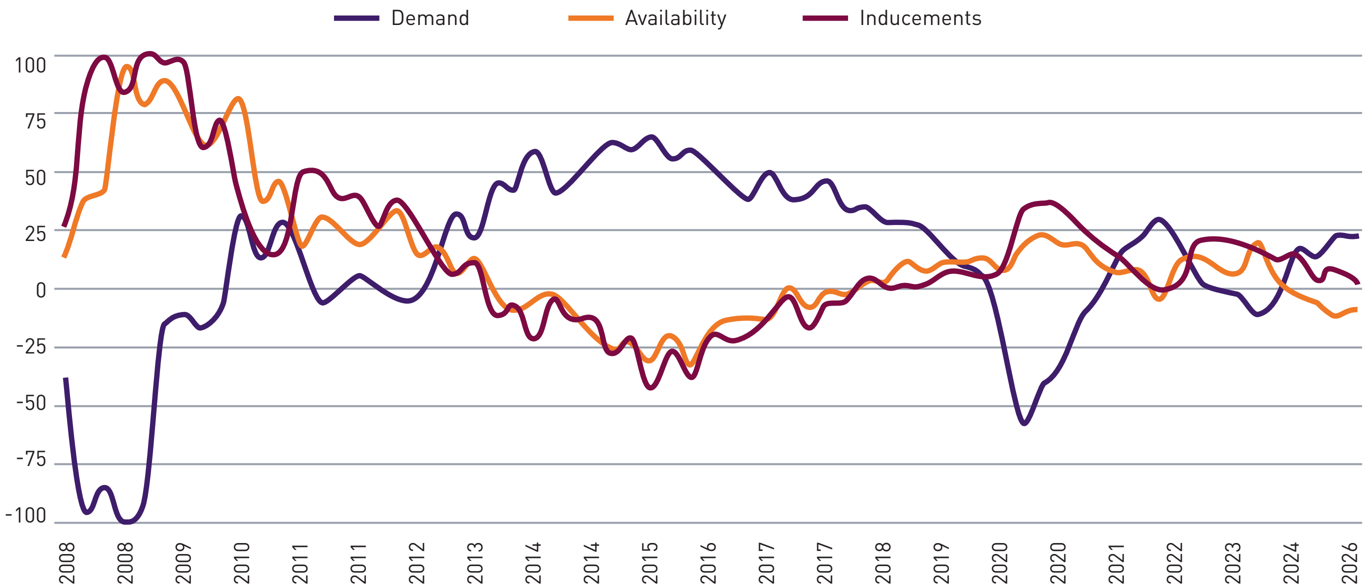
Source: SCSI research.

7 ECB Interest Rates | Central Bank of Ireland

office has recovered from -5% in H1 2025 to +12% in H1 2026. Similarly, the retail sector has also bounced back from negative sentiment in H1 2025 (-3%) to +18% this half. The industrial sector continues in the positive territory at +9%. While investor sentiment remains positive, the survey findings highlight supply constraints as one of the defining challenges facing the commercial property market.

As can be observed in **Figure 4**, for H1 2025, occupier demand has remained in positive territory at +23% net balance (+22% in H2 2025, +13% in H1 2025), while availability continues to worsen at -9% (-11% in H2 2025, -5% in H1 2025). Respondents continue to report negative net balances for development starts across all three sectors, suggesting that new supply remains constrained. This reflects wider challenges facing the construction and

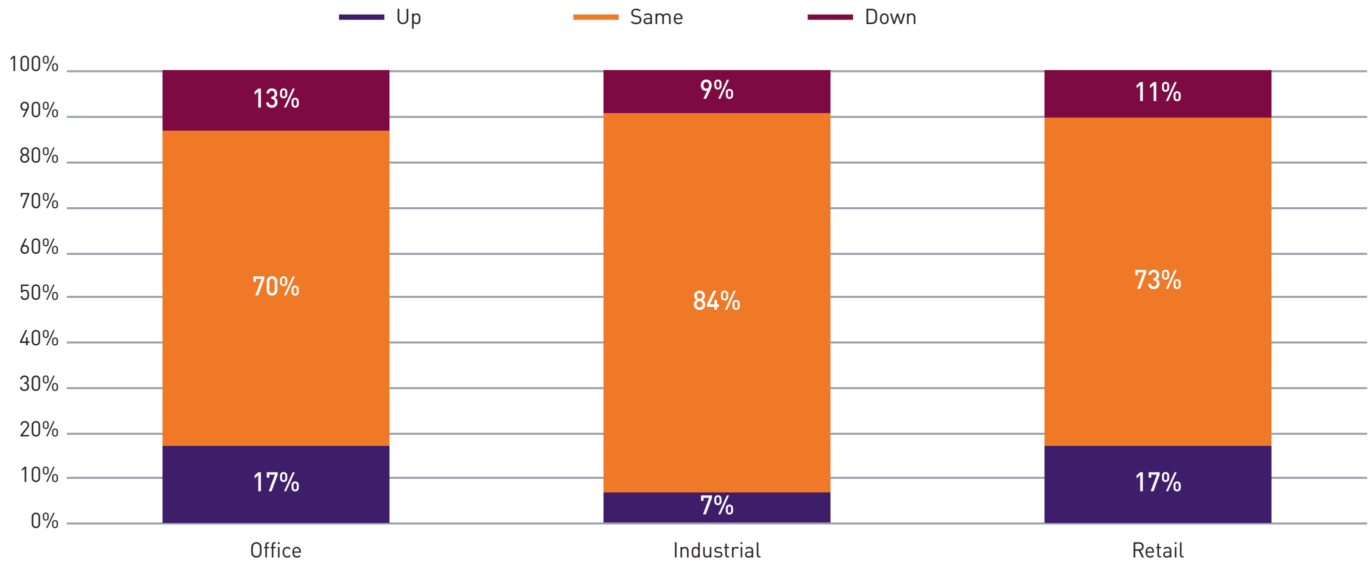
FIGURE 4: National occupier demand, availability and inducements index – % net balance.



Source: SCSI research.

development environment, including elevated construction costs and planning timelines. An SCSI agent added: "The most significant constraint is development viability. Elevated construction costs, financing costs and ongoing uncertainty around delivery economics have slowed the commencement of new projects. While some schemes are progressing, the development pipeline remains relatively shallow, particularly in the industrial sector". Consequently, as leasing activity continues to increase and availability is declining, inducements fell at +2% net balance (+9% in H2 2025), indicating that they are at moderate levels. **Figure 5** further charts the value of inducements across different sectors as reported by SCSI agents. While the wider majority of respondents have reported that the level of inducements is unchanged from the previous half (70-84% reporting same across all segments), the sentiment for office is at +4% net balance (from +11% in H1 2025), industrial is at -3% (from -6% in H1 2025), and sentiment is the same as last year in the retail sector at +6% net balance.The survey highlights supply constraints as one of the defining features of the current commercial property market. Respondents reported reduced availability of commercial property, particularly within the industrial sector, where the net balance

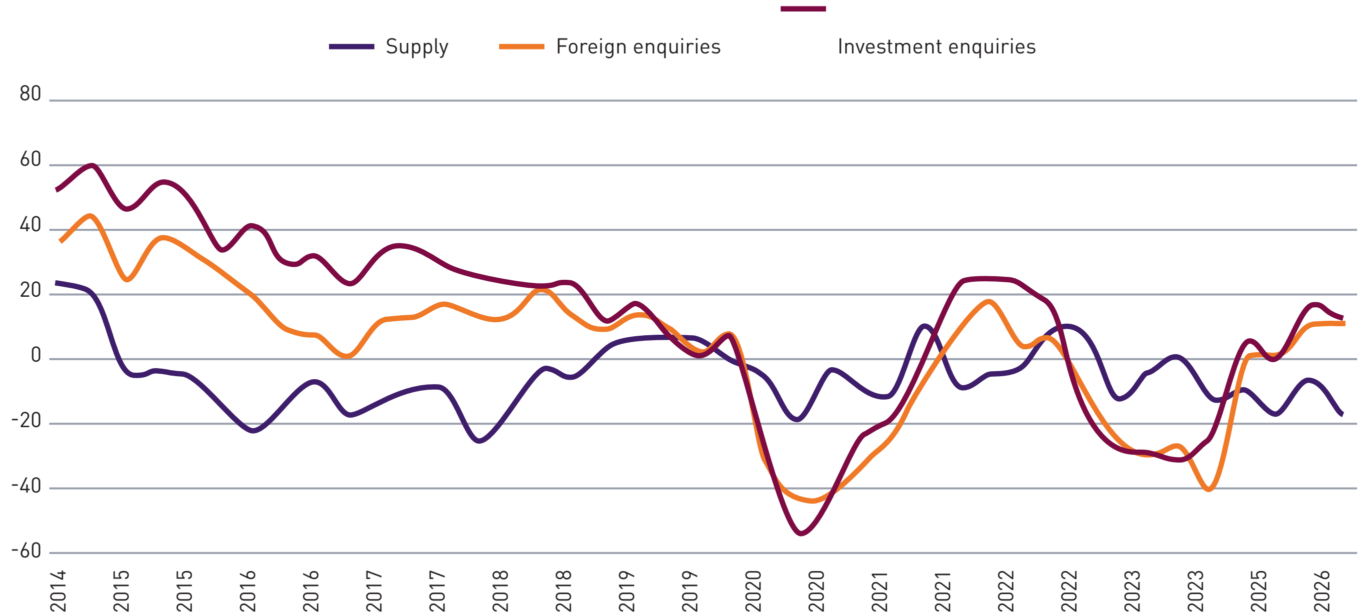
FIGURE 5: Value of inducements to new tenants during H1 2026.



Source: SCSI research. Figures are rounded off and may not add up to 100%.

indicates a tightening in available stock. Continuing its negative trajectory since 2022, supply, as seen in **Figure 6**, is at -17% in H1 2026 (from -7% in H2 2025, and -17% in H1 2025). Also noted by the CSO, non-residential building output volume fell by 12% year on year in Q1 2026,[8] showing a decline in non-residential construction output, while the Central Bank of Ireland in its 2026 financial review has highlighted the continued importance of monitoring commercial property market vulnerabilities and financing conditions.[9] Consequently, while domestic investment enquiries have improved from 0% in H1 2025 to +13% in H1 2026, international enquiries too have improved from +1% net balance to +11% net balance, indicating that more agents are reporting an increase than those reporting a decline. The combination of positive investment enquiries and limited availability suggests that investors remain interested in opportunities where asset fundamentals are strong. However, constrained supply may also be contributing to a more selective market environment, with greater differentiation between assets that meet evolving occupier and sustainability requirements and properties requiring further investment or repositioning.

FIGURE 6: Investment enquiries, supply, and foreign investment enquiries across office, retail and industrial.



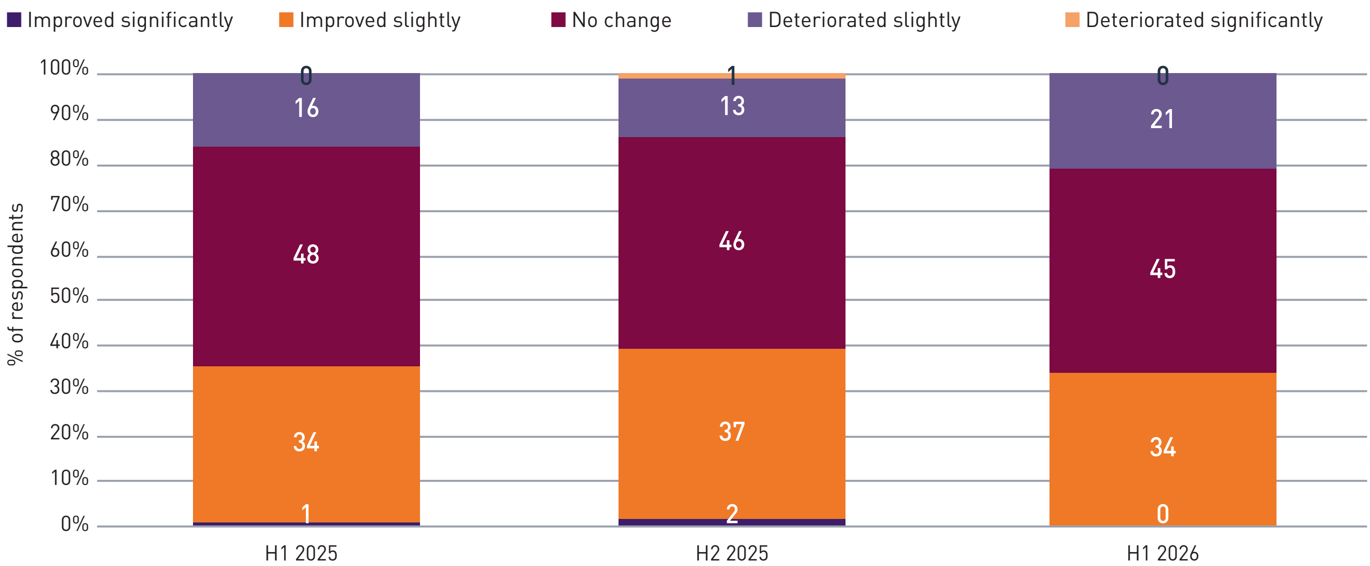
Source: SCSI research.

8 https://www.cso.ie/en/releasesandpublications/ep/p-pbci/productioninbuildingandconstructionindexq12026provisionalandq42025final/.
9 https://www.centralbank.ie/publication/financial-stability-review.

CREDIT CONDITIONS STABILISE BUT REMAIN SELECTIVE

Credit conditions have shown a marked improvement since 2023. Further noted in the Central Bank of Ireland's July 2026 Bank Lending Survey report, Irish banks expect to make no change to credit standards on loans to firms and concurrently expect firms' demand for loans to increase.[10] This is mirrored in the sentiments of SCSI agents, as 34% of total respondents have reported slightly improved credit conditions in H1 2026 (**Figure 7**). However, respondents also noted that lending remains selective, as financial institutions continue to assess commercial property lending carefully against asset quality, income security, and broader economic risks.

FIGURE 7: Views on credit conditions H1 2025, H2 2025, and H1 2026.



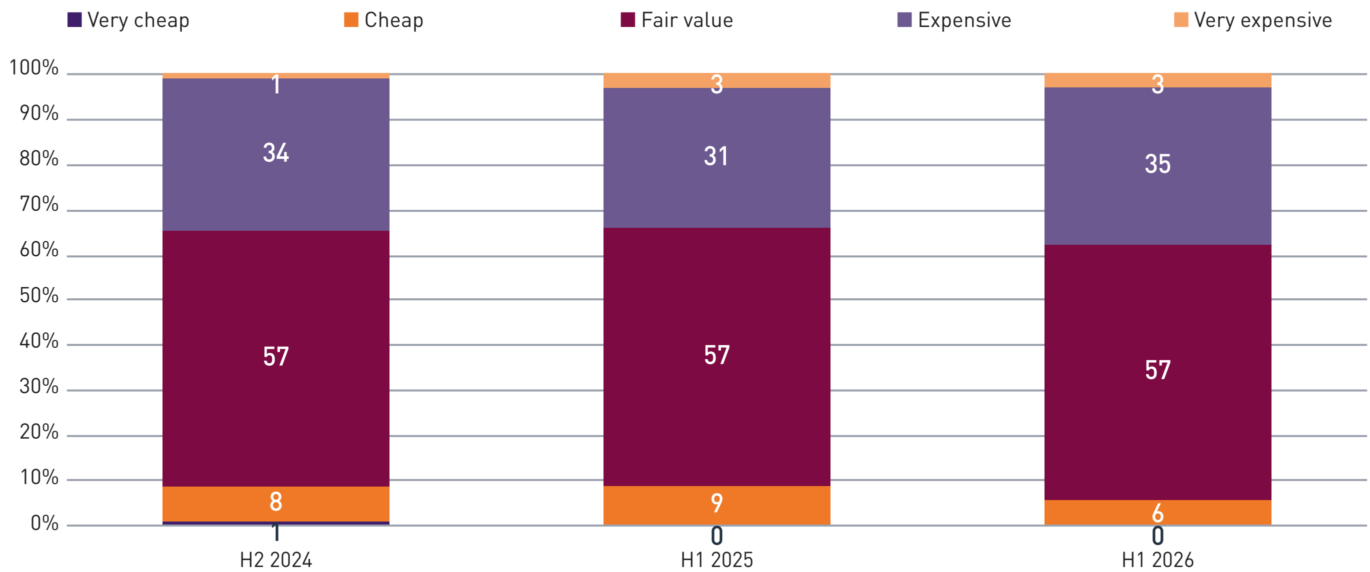
Source: SCSI research. Figures are rounded off and may not add up to 100%.

10 bank-lending-survey-comment-on-results---april-2026.pdf

MAJORITY CONSIDER MARKET VALUATIONS TO BE AT FAIR VALUE

The data in **Figure 8** shows a clear shift in market valuations towards a more balanced perception over time, as price corrections and adjustments in market expectations have brought valuations closer to perceived fundamentals. The majority of respondents (57%) regard market prices as being at fair value, and this trend has stayed consistent since H2 2024. However, one-third of respondents still view the market as expensive/very expensive (38%), and this may highlight that caution may persist across some regions for investment enquiries.

FIGURE 8: Views on current market valuation levels H2 2024, H1 2025, and H1 2026.

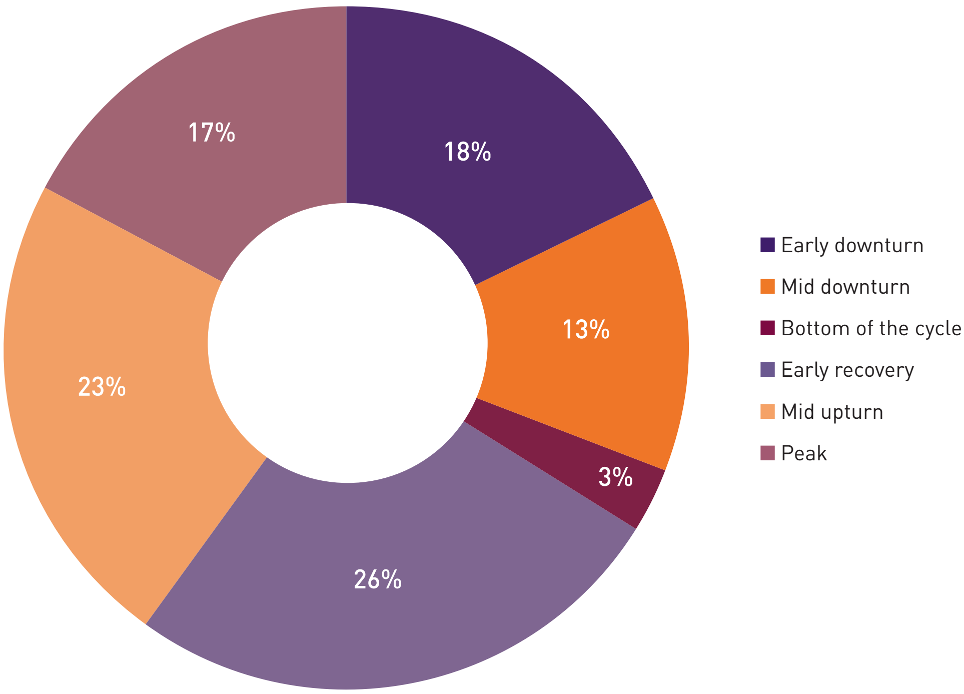


Source: SCSI research. Figures are rounded off and may not add up to 100%.

COMMERCIAL PROPERTY MARKET ENTERS RECOVERY PHASE

A cautious recovery in the domestic commercial property market had been underway before the outbreak of the Middle East conflict, characterised by a stabilisation of values and improving sentiment among investors and occupiers.[11] In **Figure 9**, approximately 26% of respondents believe the market to be in an early upturn phase currently, and 23% consider it to be in a mid-upturn phase. The recent MSCI/SCSI IPD index highlights this cautious optimism, as it points to improving sentiment and stabilising valuations while noting continued differentiation between prime and secondary assets.[12]

FIGURE 9: Overall average perception of the property cycle at the end of H1 2026.



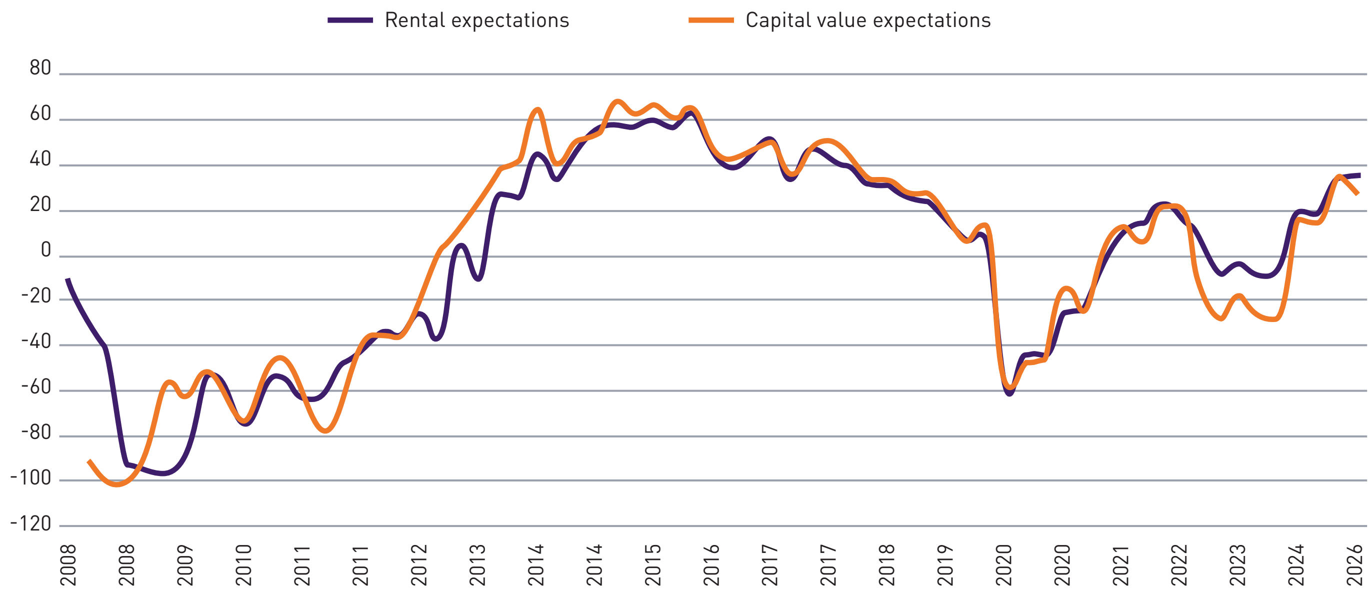
Source: SCSI research. Figures are rounded off and may not add up to 100%.

11 Financial Stability Review 2026: I CBOI
12 MSCI/SCSI IPD Ireland Quarterly Property Index

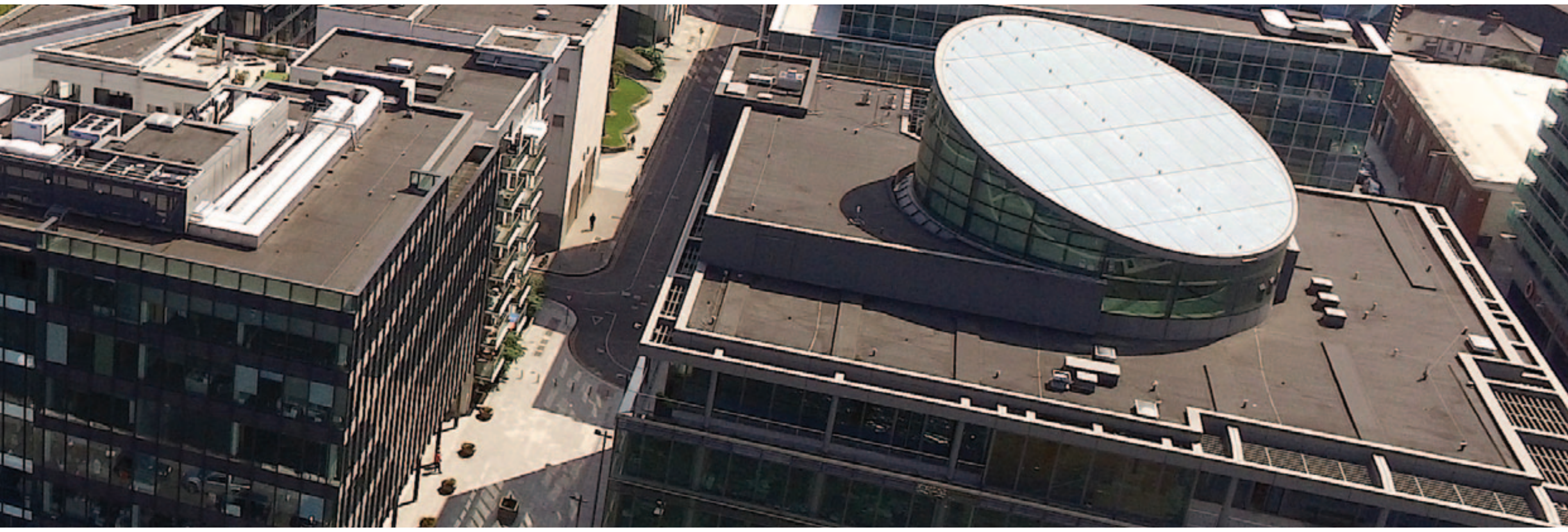
SCSI respondents' short-term expectations indicate continued improvement in sentiment towards both rental growth (+35%) and capital values (+27%), with positive net balances recorded for both indicators. The upward trend in expectations suggests that market participants increasingly view the recent period of adjustment as having passed, with pricing and rental expectations becoming more stable (**Figure 10**). While the recovery remains gradual since 2025, respondents' outlook indicates growing confidence that commercial property markets are moving towards a more stable phase.

SCSI respondents anticipate modest growth in both rental values and capital values over the next 12 months, although expectations vary significantly depending on asset quality and location. Prime office assets are expected to perform relatively strongly, as 63% of respondents expect positive change in capital values and 75% expect positive change in rental values, reflecting continued demand for high-quality, sustainable and well-located accommodation. Expectations for secondary offices remain more cautious, as nearly half the respondents foresee no change in

FIGURE 10: Anticipated percentage change in capital values and rental expectations (+3 months) – office, industrial and retail – % net balance.

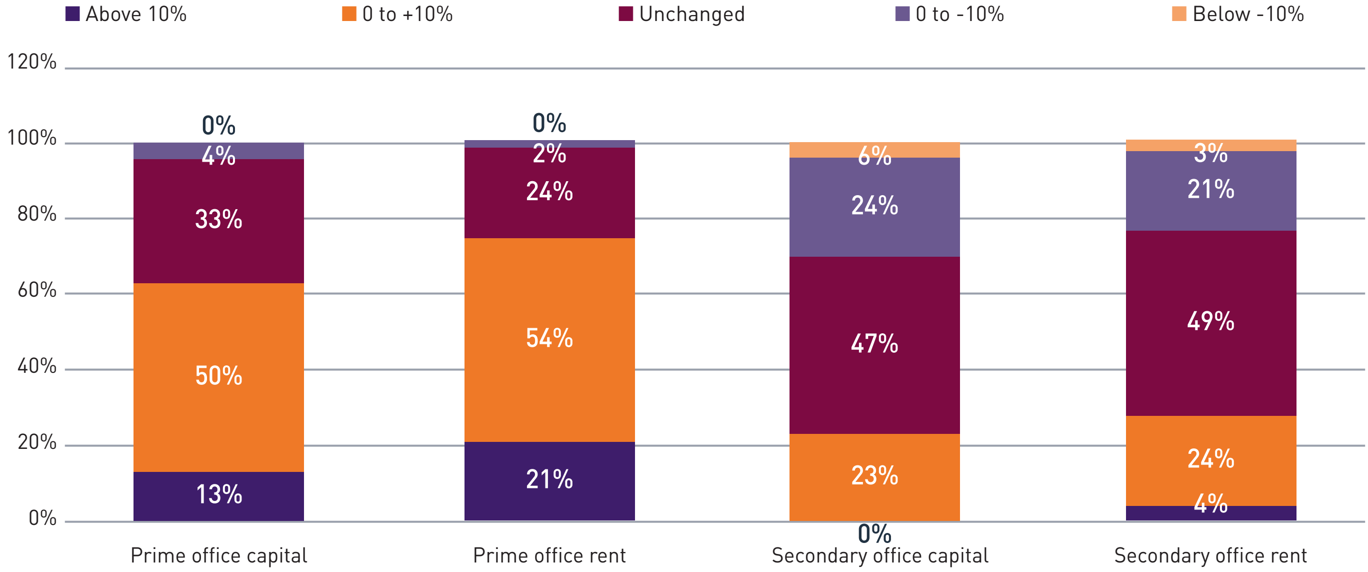


Source: SCSI research.



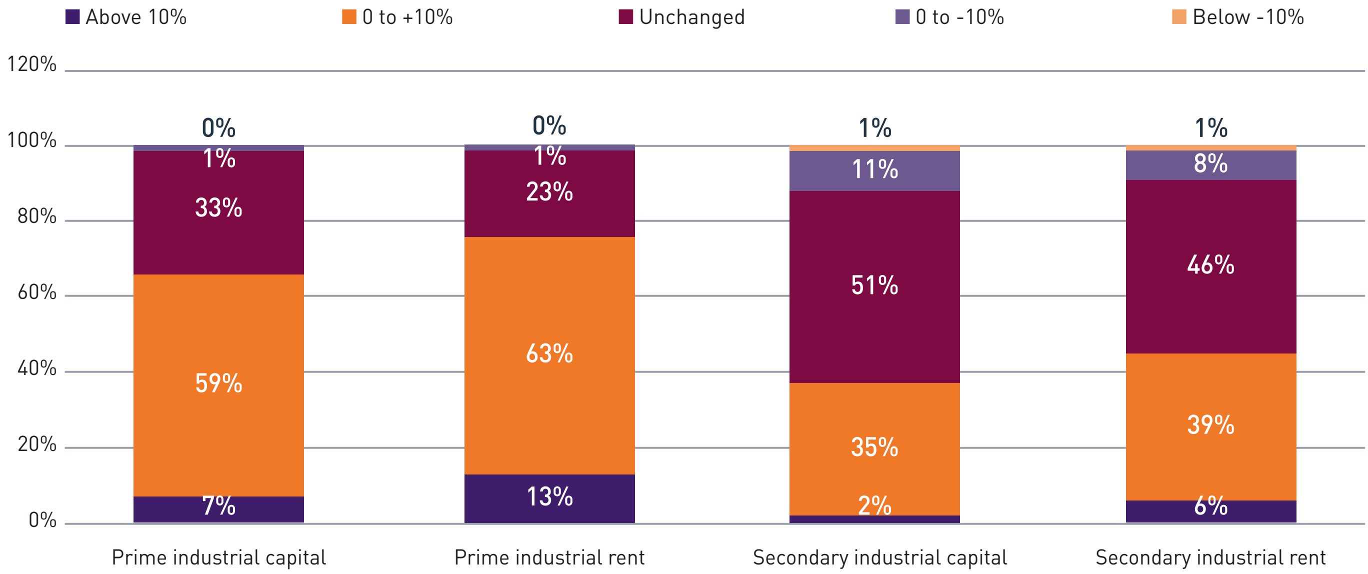
rental or capital values for secondary offices, highlighting the continued polarisation within the office market (**Figure 11**). A similar pattern is evident across industrial and retail assets, where respondents anticipate stronger performance from prime properties compared with secondary stock. For industrial, 66% of respondents expect positive change in percentage capital value and 76% for percentage rental values (**Figure 12**). This reflects wider market trends, where occupiers and investors continue to prioritise assets with strong fundamentals, including modern specifications, sustainability credentials and reliable income streams. The outlook for prime retail is also positive, with 64% of respondents expecting positive rental and 46% expecting positive

FIGURE 11: Anticipated percentage change in office capital and rent values in 2026-27 (% of respondents).



Source: SCSI research. Figures are rounded off and may not add up to 100%.

FIGURE 12: Anticipated percentage change in industrial rents and capital values in 2026-27 (% of respondents).

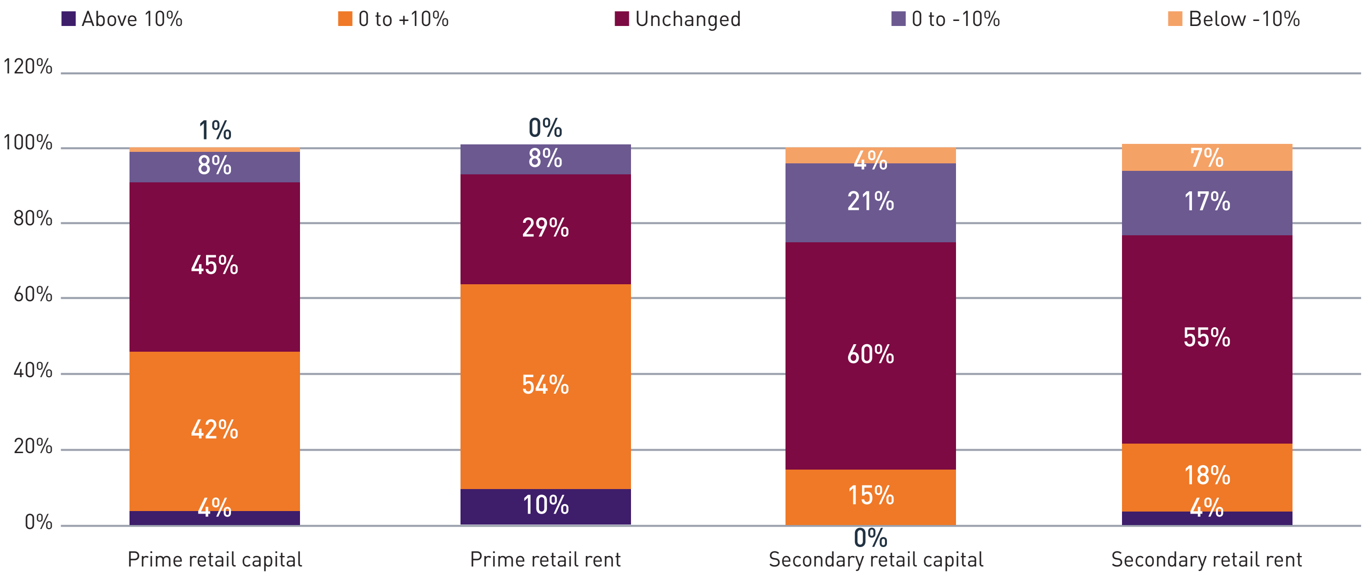


Source: SCSI research.

capital value growth for prime retail assets (**Figure 13**). Survey responses also indicated improving performance across parts of the retail sector, particularly stronger-performing formats such as convenience stores and retail parks, and prime locations. Overall, the survey findings suggest expectations of a gradual recovery rather than a broad-based upswing. SCSI agents anticipate improving market conditions, but the recovery is expected to remain selective, with asset quality becoming an increasingly important determinant of performance.

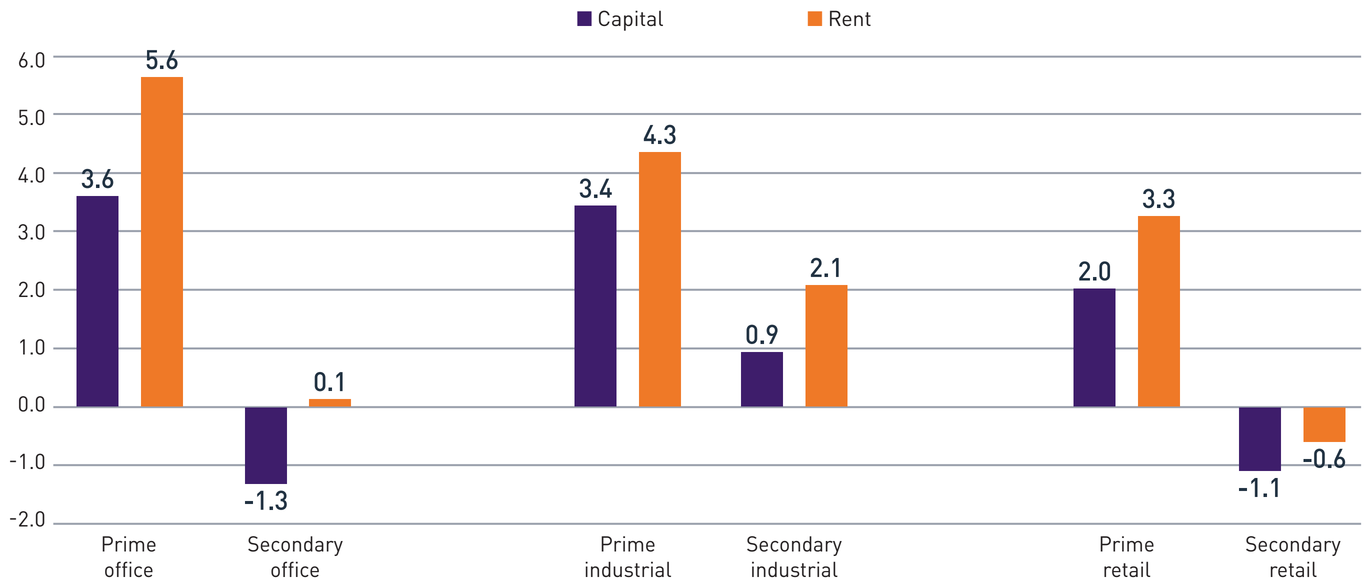
As seen in **Figure 14**, survey respondents expect moderate growth in commercial property values and rents over the next 12 months, although expectations continue to highlight a clear divergence

FIGURE 13: Anticipated percentage change in retail rents and capital values in 2026-27 (% of respondents).



Source: SCSI research. Figures are rounded off and may not add up to 100%.

FIGURE 14: National average capital and rental value expectations (% forecast +12 months).



Source: SCSI research.

between prime and secondary assets. The strongest outlook is concentrated among higher-quality assets, reflecting the continued importance of location, sustainability credentials, occupier demand and income resilience. The office sector demonstrates the clearest distinction between prime and secondary stock. Respondents anticipate growth in both rents and capital values for prime offices, supported by continued demand for high-quality, sustainable workplaces. This aligns with the wider market trend of occupiers increasingly prioritising buildings that support employee experience, well-being and operational efficiency. In contrast, expectations for secondary offices remain subdued, with respondents anticipating limited rental growth and modest capital value decline. This reflects ongoing challenges facing older office stock, including higher refurbishment requirements, changing occupier expectations, and the need to meet evolving sustainability standards.

Industrial and logistics assets continue to attract positive expectations, supported by strong occupier fundamentals and investor demand. Respondents anticipate rental and capital growth across both prime and secondary industrial assets, although prime assets are expected to outperform. The outlook reflects continued demand for logistics, distribution and modern industrial accommodation, alongside limited availability of suitable space in key locations. However, the more moderate expectations compared with our previous reports suggest that the market has moved towards a more sustainable level of growth following the exceptional demand experienced in recent years.

The retail outlook has improved, with respondents anticipating

1 Molesworth Street, Dublin 2. 90,000 sq. ft. CBRE acted for MEAG in acquiring, and JLL acted for Henderson Park in disposing, with purchase price of €100m (approximate).

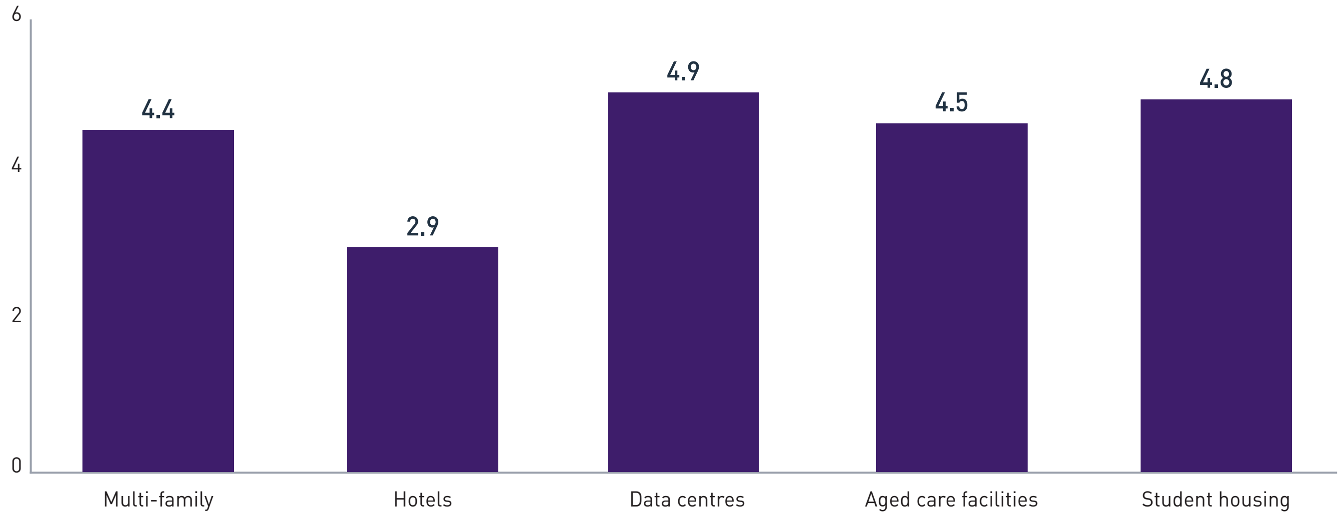
positive rental and capital value growth for prime retail assets. This reflects improving sentiment towards selected retail formats and locations, supported by stronger occupier performance and renewed investor interest. However, secondary retail assets continue to face challenges, with respondents expecting limited rental growth and modest capital value decline.

Additionally, respondents continue to identify strong growth prospects across alternative real estate sectors, with positive expectations for both rental and capital value performance over the next 12 months (**Figures 15** and **16**). The outlook is particularly positive for data centres, aged care facilities, and student housing, reflecting structural demand drivers and long-term investment themes supporting these sectors. The expectation of rental growth across these sectors may be influenced by continued demand

FIGURE 15: National average capital value (+12 months) percentage change for 2026-27.

Source: SCSI research.

FIGURE 16: Expected national average rent change in 2026-27.

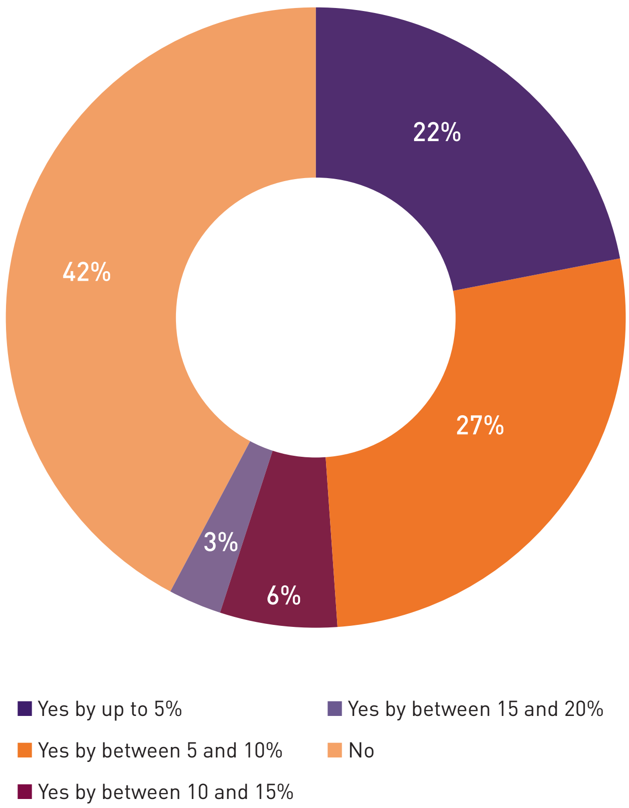


Source: SCSI research.

pressures arising from demographic change, housing requirements, digital infrastructure needs, and changing patterns of service provision. Data centres continue to benefit from strong underlying demand for digital infrastructure, but the development outlook is increasingly shaped by Ireland's energy infrastructure and policy environment.[13] This may make access to suitable power generation, storage and grid infrastructure an increasingly important consideration in the location, development, and viability of future data-centre schemes. Care facilities and student accommodations continue to benefit from strong underlying demand, while data centres remain supported by the growth of digital services and increased requirements for technological infrastructure. The positive outlook for alternative assets also reflects their increasing importance within institutional investment strategies, as investors seek assets offering long-term income stability and diversification beyond traditional commercial property sectors. Survey responses indicate that office occupier requirements are likely to continue evolving over the next two years. While 58% of respondents anticipate some reduction in businesses' office real estate footprints, the expected reductions are generally modest. Additionally, 42% do not anticipate any reduction in office footprints, indicating that occupiers continue to recognise the importance of physical workplaces (**Figure 17**). This suggests that businesses are more likely to optimise and consolidate office space rather than undertake significant reductions in their real estate requirements.

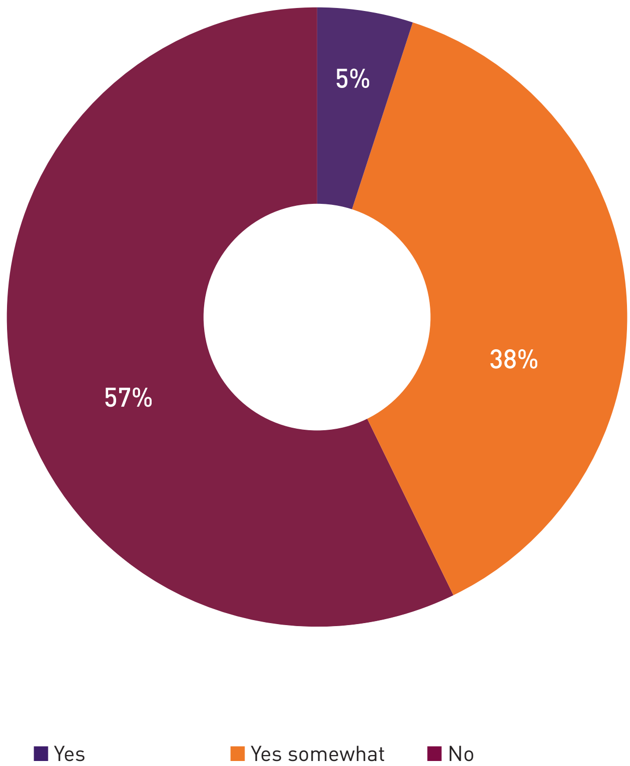
The survey also indicates limited evidence of a broad shift towards suburban office locations. While some respondents anticipate increased demand for suburban offices, the majority (57%) do not expect a significant move away from urban locations (**Figure 18**).

FIGURE 17: Do you envisage that within the next two years, businesses will scale back their office real estate footprint?



Source: SCSI research.

FIGURE 18: Do you envisage demand rising over the next two years for suburban offices in place of urban locations?



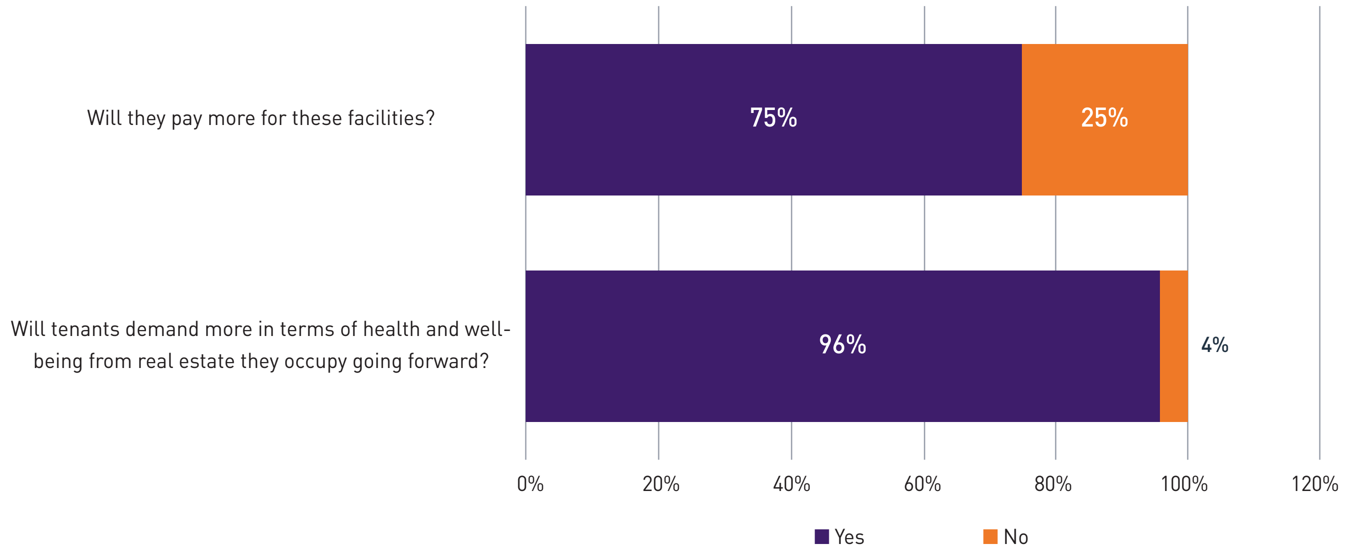
Source: SCSI research.

13 Department of Enterprise, Tourism and Employment. Government publishes Large Energy User Action Plan (LEAP), laying the foundation for future investments in energy intensive sectors

This suggests that central locations continue to retain importance due to accessibility, amenities, transport connections, and their role in supporting collaboration and employee engagement.

Occupier expectations around workplace quality continue to evolve, with most respondents (96%) anticipating increased tenant demand for health and well-being features in commercial buildings. Furthermore, 75% expect occupiers to be willing to pay more for these facilities, highlighting the growing importance of workplace experience, sustainability and employee well-being in occupier decision-making (**Figure 19**). This trend has been the most profound development in recent surveys, as it further broadens the market divide between primary and secondary assets on the Irish commercial market. The findings reinforce the growing divergence between prime and secondary assets, with properties offering strong occupational fundamentals, sustainability credentials and long-term income security expected to outperform.

FIGURE 19: Demand for better health and well-being facilities and willingness to pay more for these facilities.



Source: SCSI research.

METHODOLOGY

The Commercial Property Mid-Year Market Monitor 2026 is informed by the surveys completed in June and July 2026 by Chartered Commercial and Valuation Surveyors. The report provides net balance index charts illustrating surveyor sentiment on market trends. Net balance (NB%) is calculated by subtracting the total number of "increase" responses from the total number of "decrease" responses and displaying the result. The index charts provided are unweighted composite measures capturing overall market momentum, encompassing variables on supply, demand, and expectations. A total of 180 responses informed the latest figures within this report.

ABOUT THE SCSI

The Society of Chartered Surveyors Ireland (SCSI) is the independent professional body representing Chartered Surveyors across Ireland. Its core mission is to deliver impartial, authoritative guidance to consumers, businesses, and policymakers, while upholding and advancing professional standards within the property, land, and construction sectors. 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 Society of Chartered Surveyors Ireland and the Royal Institution of Chartered Surveyors, in the public interest.

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