

# IRISH COMMERCIAL PROPERTY PRIME RENTS & YIELDS MONITOR, 2017



## OVERVIEW

The following report monitors rental and yield movements in the core Irish commercial property sectors of offices, industrial and retail.

Based on prime property, this analysis provides current and forward looking estimated movements in rental and yield variables. Five-year forecasts for each property sector in Dublin are produced using a rigorous econometric model and qualitative analysis, based on local market expertise. Reflecting market dynamics, a similar analysis is carried out for the regional centres of Cork, Limerick and Galway.

Irish commercial property saw another positive year in 2016, with moderate growth in rental levels across all sectors, combined with slight yield compression.

Despite uncertainty within the market stemming from the UK's political and economic prospects following the triggering of Article 50, Irish property looks resilient and poised for a positive outlook.

Strong demand from both occupiers and investors sees forecasted prime rental values trending upwards, and further compression on yields across all sectors in the short-term.

## OFFICE SECTOR

A combination of rising demand and limited supply of prime modern office space resulted in upward pressure, albeit relatively modest, in office rents in Dublin's Central Business District (CBD) during 2016, rising by 4.6% in the year to stand at €619 per sq m. The econometric model forecasts a similar growth rate for 2017, with rents expected to reach €646 per sq m per annum by year end. However, with a large volume of office space under construction, and assuming delivery of this much-needed new stock to the market, it is anticipated that rents will stabilise and remain competitive over the medium term. In tandem with the increase in supply levels, no more than 9% growth in this variable, in total, is forecast through to 2021.

## OFFICES

# €646

DUBLIN PRIME OFFICE RENTS ARE FORECAST TO REACH €646 PER SQ M PER ANNUM BY END 2017.



## RETAIL

# €7,000

HEADLINE ZONE A RENTS ON GRAFTON STREET ARE EXPECTED TO INCREASE TO €7,000 PER SQ M PER ANNUM THIS YEAR.



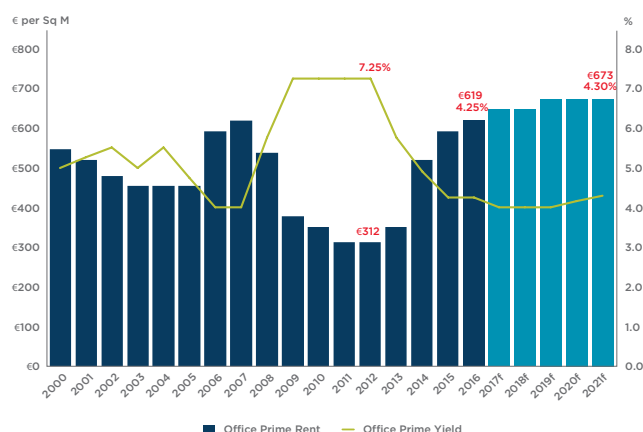
## INDUSTRIAL

# €88

2017 FORECASTS SHOW DUBLIN PRIME INDUSTRIAL RENTS INCREASING TO €88 PER SQ M PER ANNUM.



Dublin Prime Office Headline Rents & Yields



Source: Cushman & Wakefield Research

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