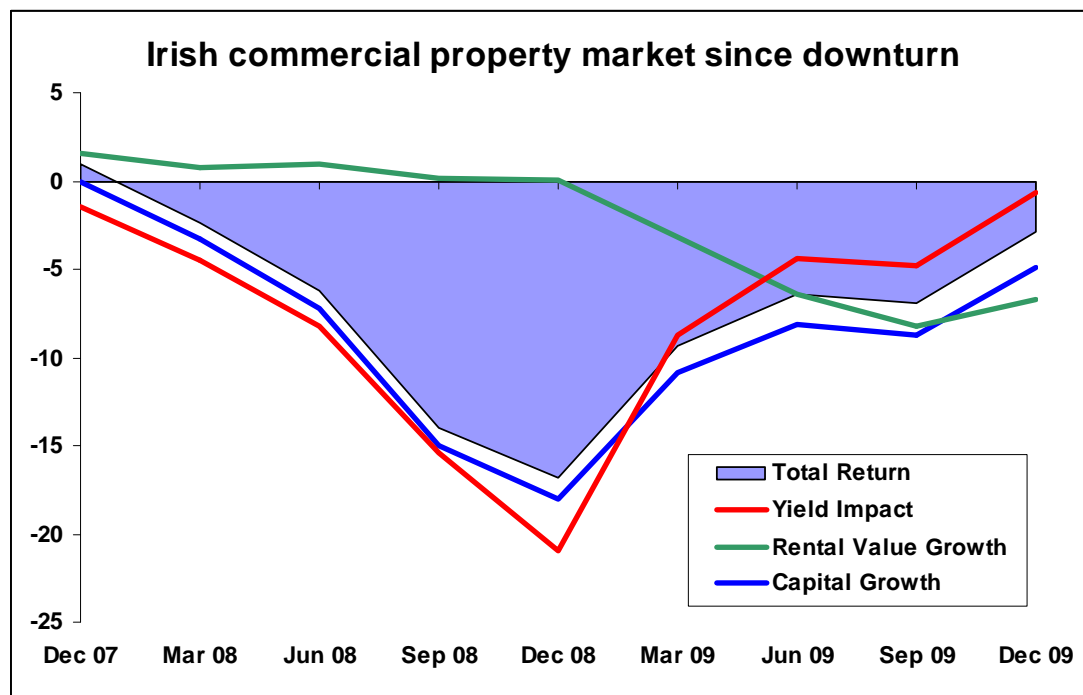


Shallowest quarterly capital decline in nearly two years, says IPD

London, 26th January 2010: Capital depreciation in Ireland's commercial property market began to ease in Q4 delivering the lowest quarterly decline in almost two years, at -4.9%, according to the [SCS / IPD Ireland Quarterly Property Index](#).

Last year's annual capital depreciation, at -28.9%, was shallower than 2008's record fall of -37.5%, bringing the cumulative capital growth peak-to-trough decline since September 2007 to -55.6%. Income returns for 2009 were 7.7%, contributing to an annual total return of -23.3% – again shallower than 2008's -34.5%.



Source: SCS / IPD Ireland Quarterly Property Index

Analysing the twin drivers of capital growth – yield movements and rental growth – over the last two years reveals a similar pattern to the UK experience, albeit with differing turning points. As with the UK, yield pressure was the overriding influence on capital depreciation in the early part of the downturn. Over 2008 yield impact, which measures the influence of yields on movements in capital values, was a substantial -41.4%, while over 2009 this fell to -34.8%.

Over the same period, rental growth held positive in the first year following the property crash, at 2.0% in 2008, but substantially fell quarter-on-quarter throughout 2009. Rental pressure peaked in Q3 last year, at -8.2%, before easing to -6.7% in the final quarter. Annual rental value growth for 2009 was -22.4%, confirming that the exclusively yield-driven capital depreciation in 2008 flipped last year, with pressure split between slightly softer yield pressure but increased rental weakening, driven by recessionary pressures in the wider economy.

The spread in capital growth over 2009 between the three main sectors was slight – marginally above three percentage points – relative to the annual declines. The Retail sector fell the furthest, by -30.3%, driven by sharp declines in the combined Henry and Mary Street as well as Grafton Street, which fell by -31.6% and -31.3%, respectively. Initial yields for the two districts have risen to 6.1% and 6.8%, respectively, up from 3.6% and 3.5% at the end of 2008.

In comparison with other asset classes for the year, returns on Irish commercial property underperformed both equity markets, which delivered 29.9% as measured by ISEQ Equity Index, and bonds which returned 3.6%, according to the JPM GBI 7-10 Years Index.

Sofia Underabi, Ireland Country Manager, said: “Ireland’s commercial property market continued on a downward trend at the end of last year. Crucially, the pace of capital depreciation has started to ease – with the lowest quarterly decline over Q4 since the first quarter of 2008. In addition, the pace of rental pressure over the final quarter eased, adding further to the confidence in the market.”

-----ENDS-----

Notes to editors:

A more detailed sector and segment analysis of the Irish commercial property market will be delivered at the [SCS/IPD Annual Results Presentation 2010](#), please email juliet.butcher@ipd.com to register.



IPD is a global information business, dedicated to the objective measurement of commercial real estate performance. As the world's number one provider of real estate performance analysis for funds, investors, managers and occupiers, IPD offers a full range of services including research, reporting, benchmarking, conferences and indices. IPD operates in more than 20 countries including most of Europe, the US, Canada, South Africa, Australia, New Zealand and Japan. IPD's indices are the basis for the developing commercial property derivatives market, and the most authoritative measures of real estate returns worldwide. For further information visit www.ipd.com and for IPD's News Centre visit www.ipd.com/news

The SCS / IPD Ireland Quarterly Property Index captures €2.7bn worth of properties at the end of December 2009.

For further information contact:

Sofia Underabi, Ireland Country Manager,
+44 20 7336 4785,
sofia.underabi@ipd.com

James Wallace, Global Press Officer,
+44 (0)20 7336 4778,
james.wallace@ipd.com