



Society of Actuaries in Ireland

Property Market Update and Outlook

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26th March 2024

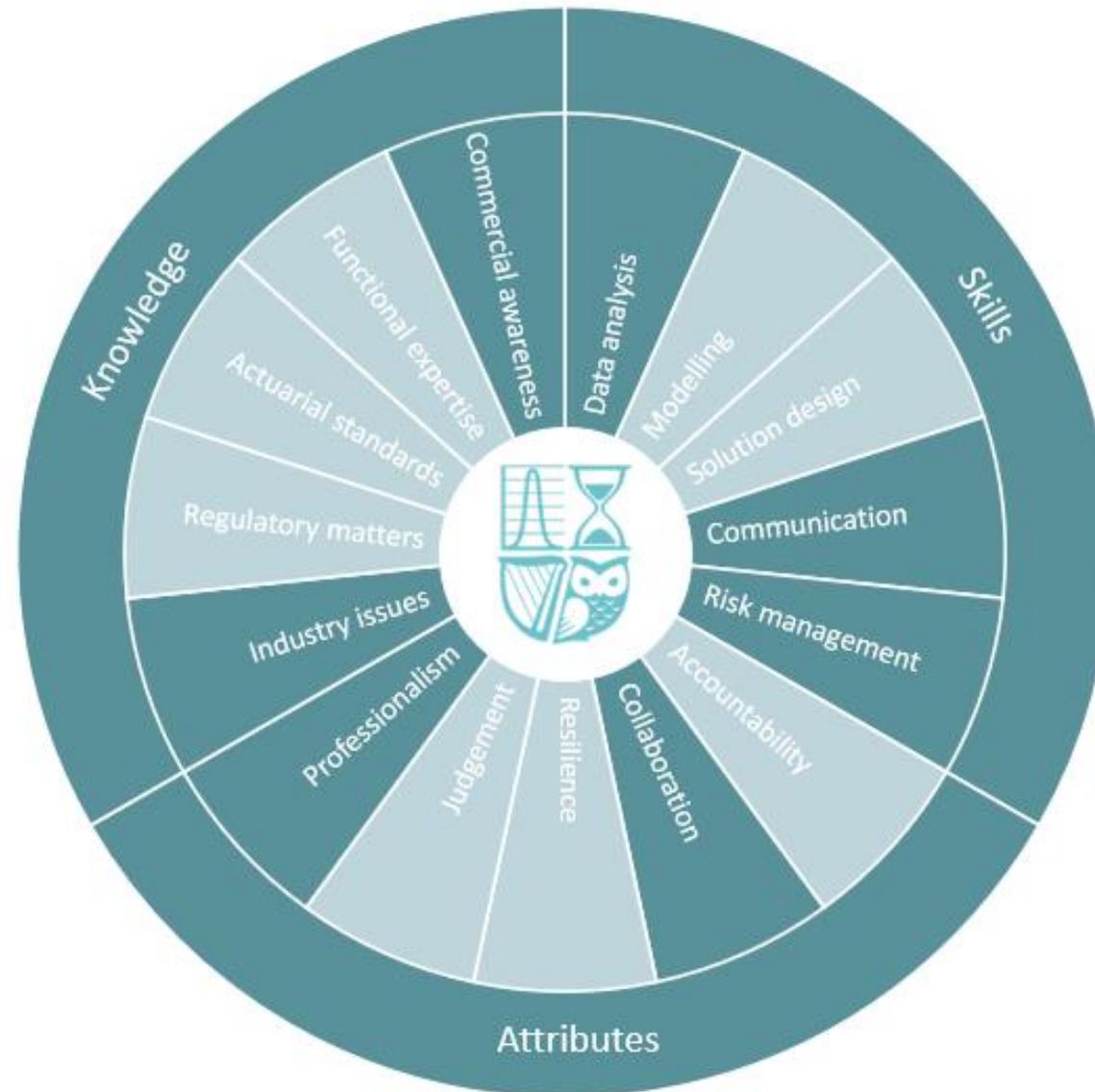


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Competency Framework Wheel





Q&A

Please click on the **'Raise Hand'** icon
to ask a question aloud
and
wait to be unmuted

or

Use the **Q&A function** to ask a question

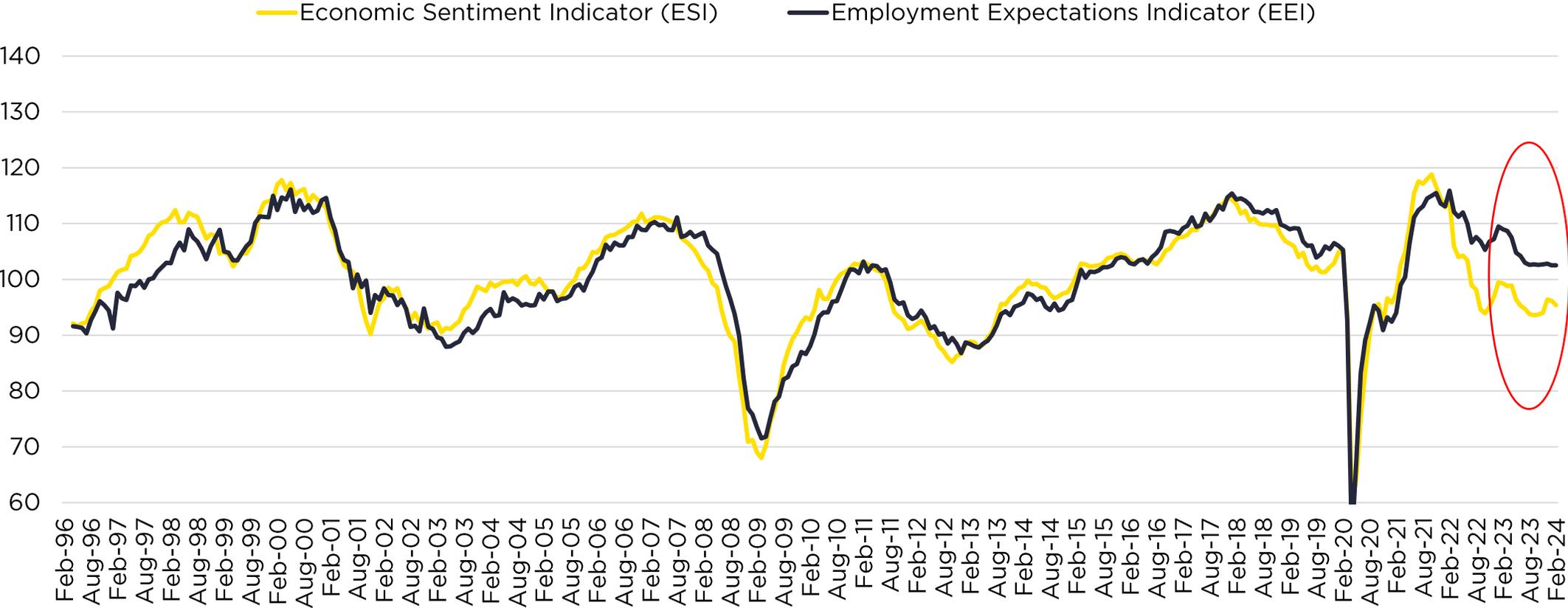
The Savills logo, consisting of the word "savills" in a lowercase, sans-serif font, is positioned in the top right corner of the image. It is set against a solid yellow rectangular background.

2024

European real estate outlook - a turning point?

Euro area employer expectations are still positive, although overall economic sentiment has significantly weakened.

Euro area economic sentiment and employment expectations



Source: European Commission

Headline European office market stats



Take-up

- 7.8m sq m
- -17% y/y

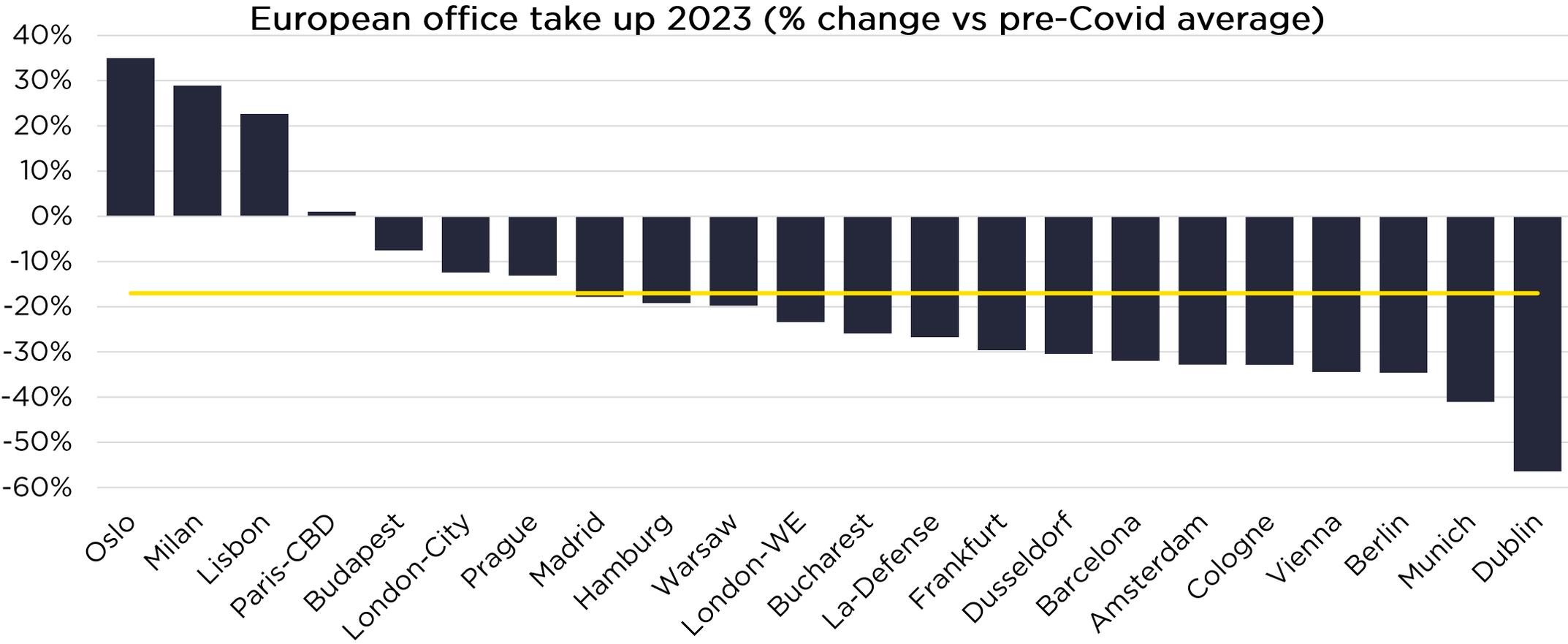
Vacancy

- 8.4%
- +60bps y/y

Rents

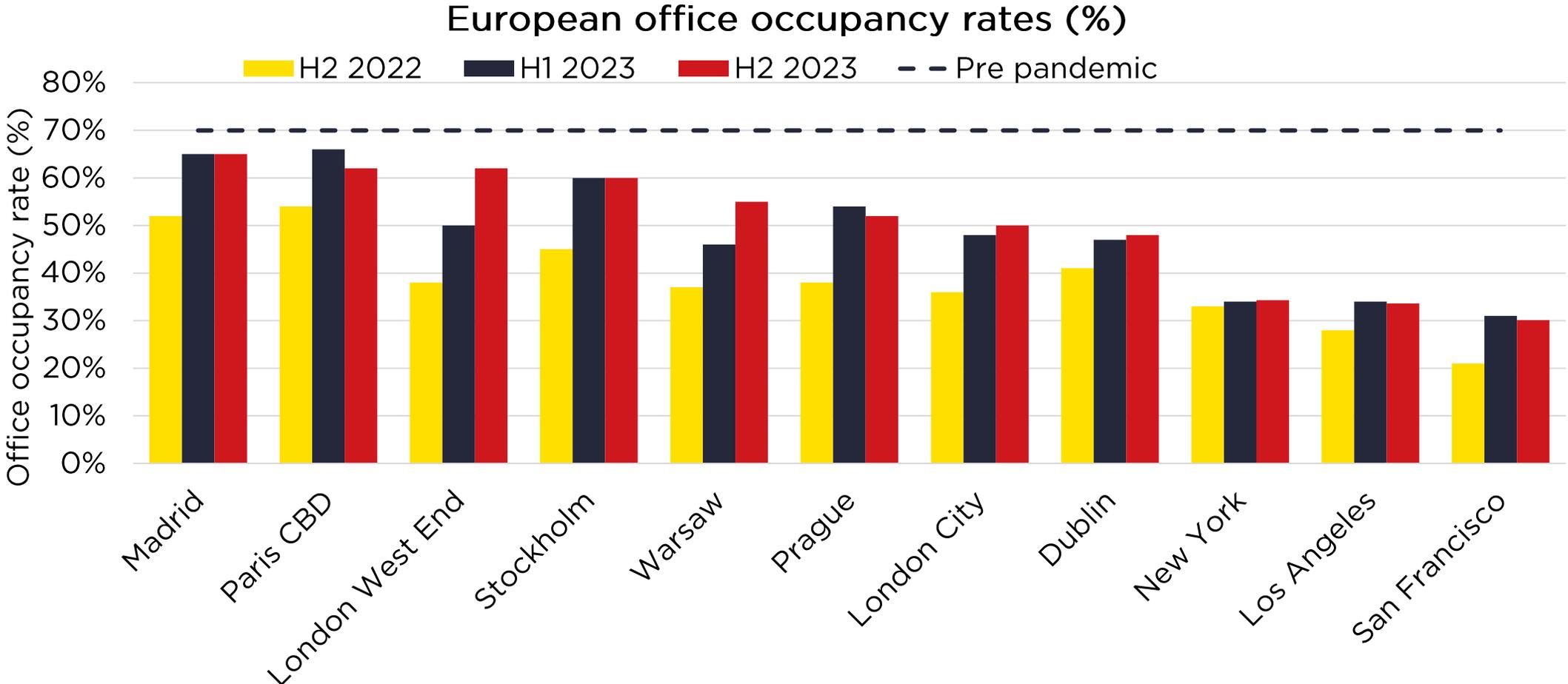
- +4.1% y/y

Southern Europe office demand remains solid, but German/ tech cities report falls.



Source: Savills

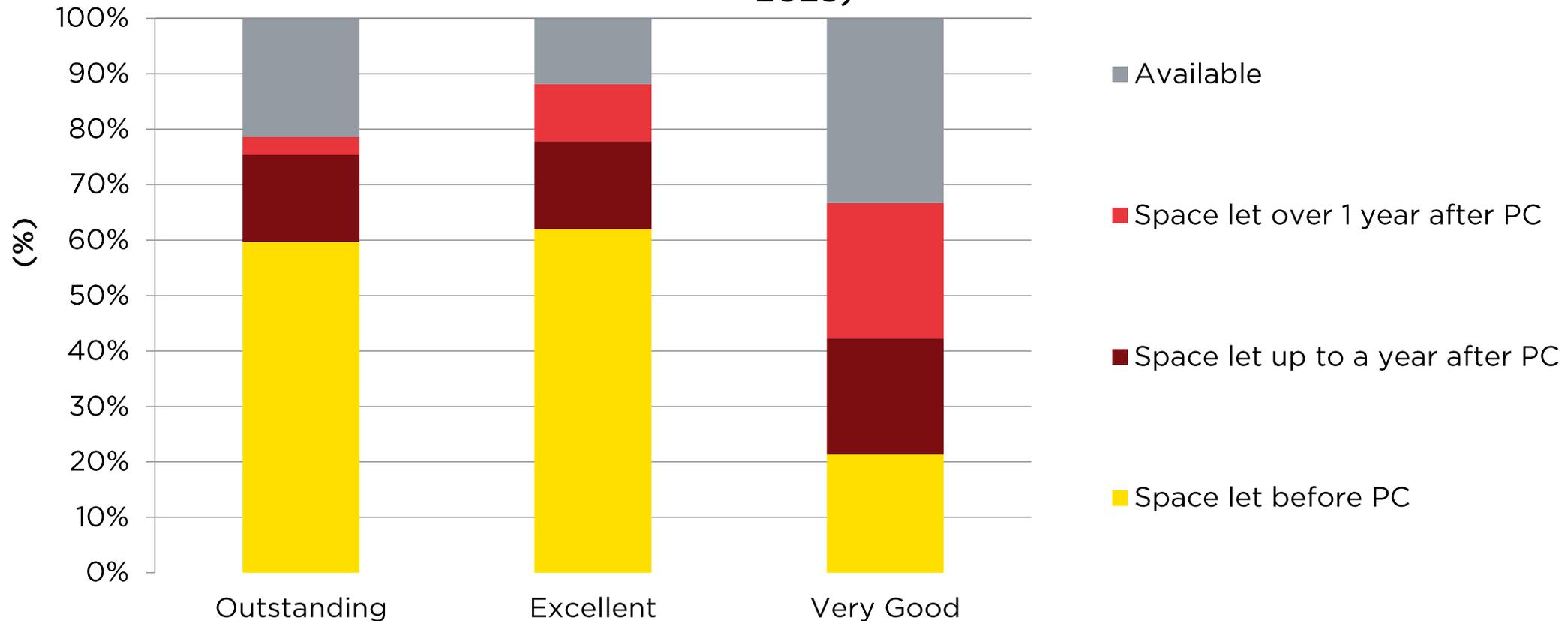
Europe's average office occupancy rate has risen from 55% to 57% over the last six months, but the US still lags.



Source: Savills, Kastle Systems

More energy-efficient office space lets faster, as BREEAM 'Very Good' is no longer enough.

London City letting velocity by BREEAM rating for new developments (2018-2023)



Headline European logistics market stats



Take-up

- 29m sq m
- -24% y/y

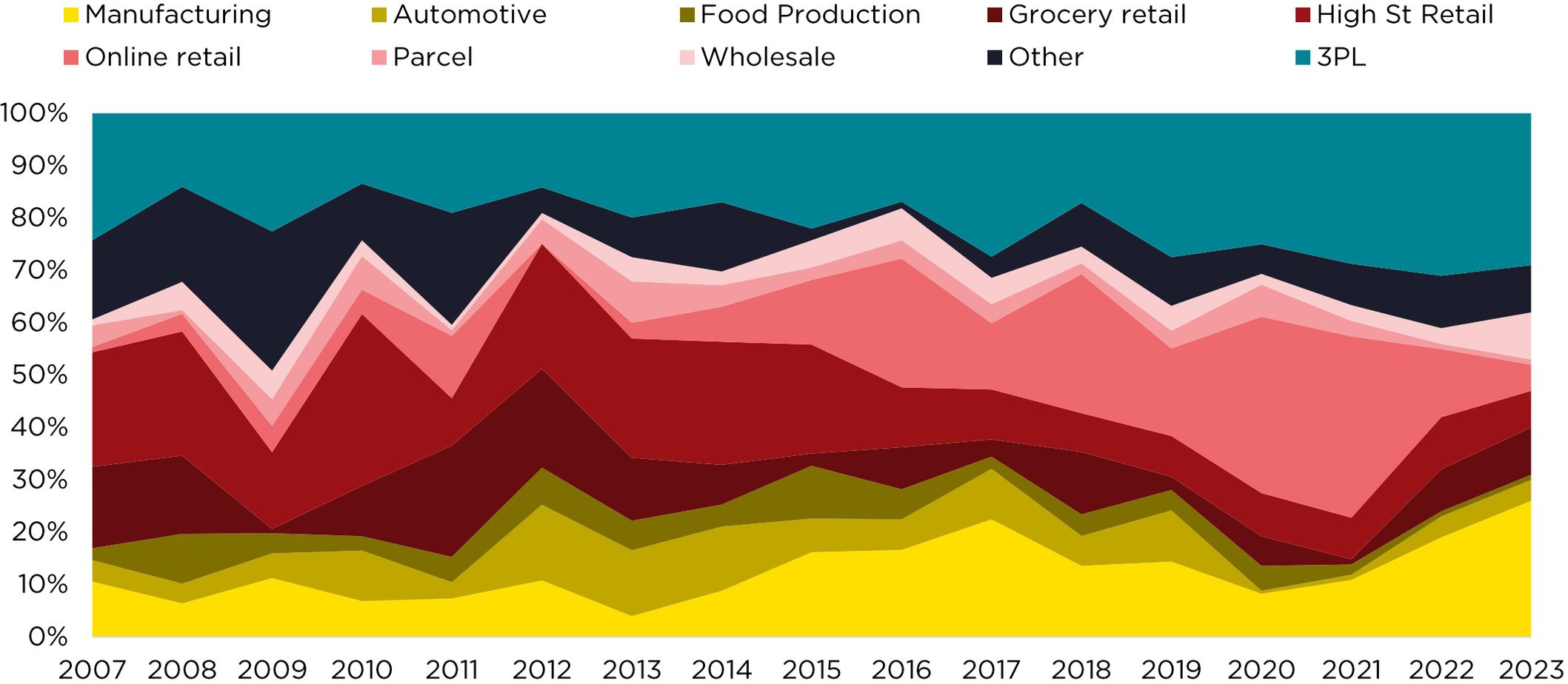
Vacancy

- 5.4%
- +210bps y/y

Rents

- +11% y/y

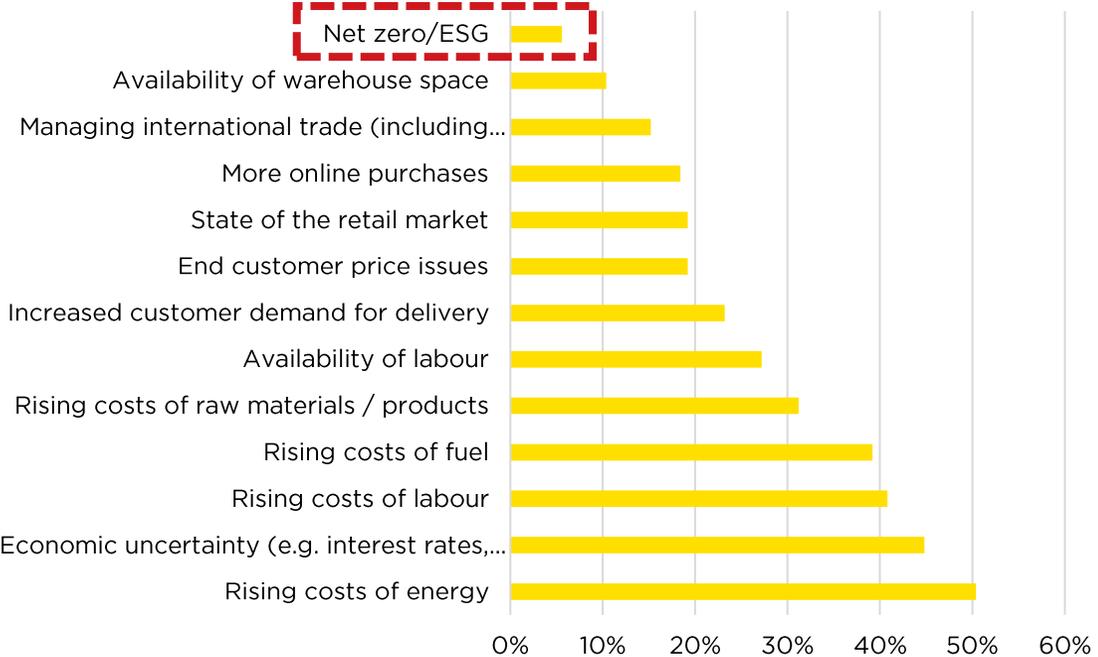
UK: Who's taking space?



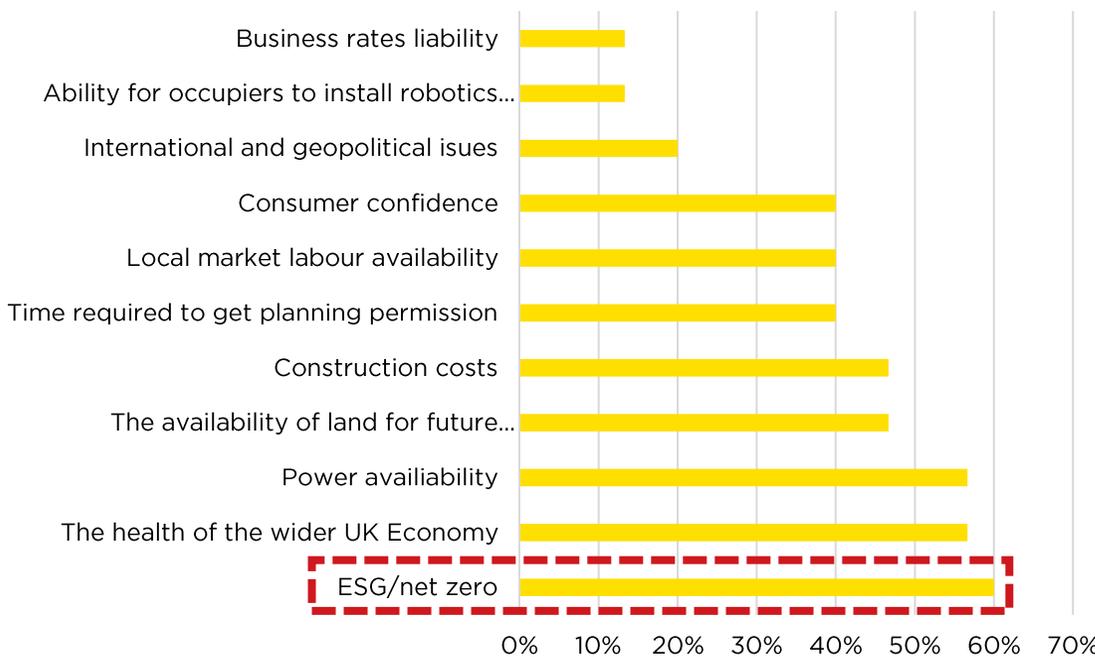
Source: Savills

What are logistics occupiers' and investors' main concerns?

Occupiers are worried about costs



But investors are worried about ESG



Source: Savills



Investment

What next for interest rates?



Eurozone
core
inflation to
average
2.8% in
2024

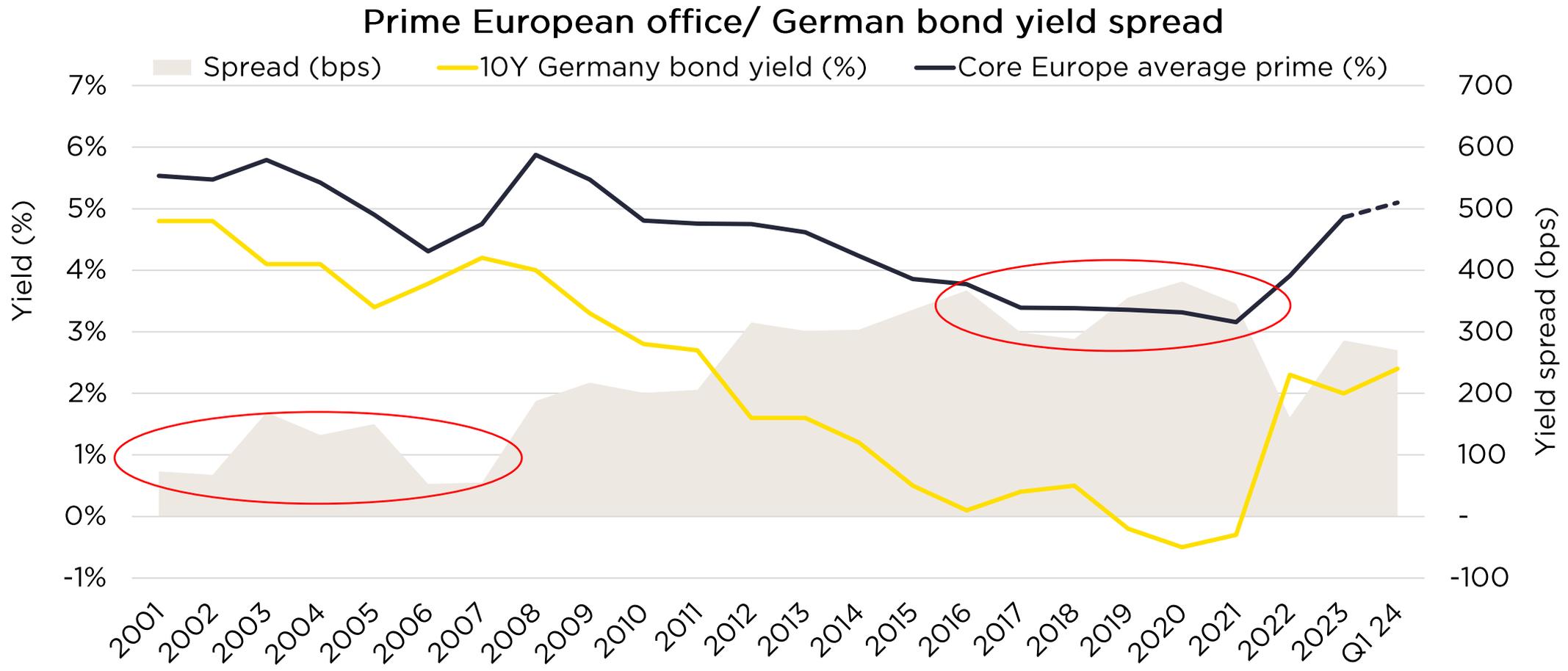
First ECB
rate cut in
June, with
rates to fall
by 75 bps in
2024

Beds and sheds remain top of Europe’s investment agenda. Offices have dropped off significantly.



Source: Savills

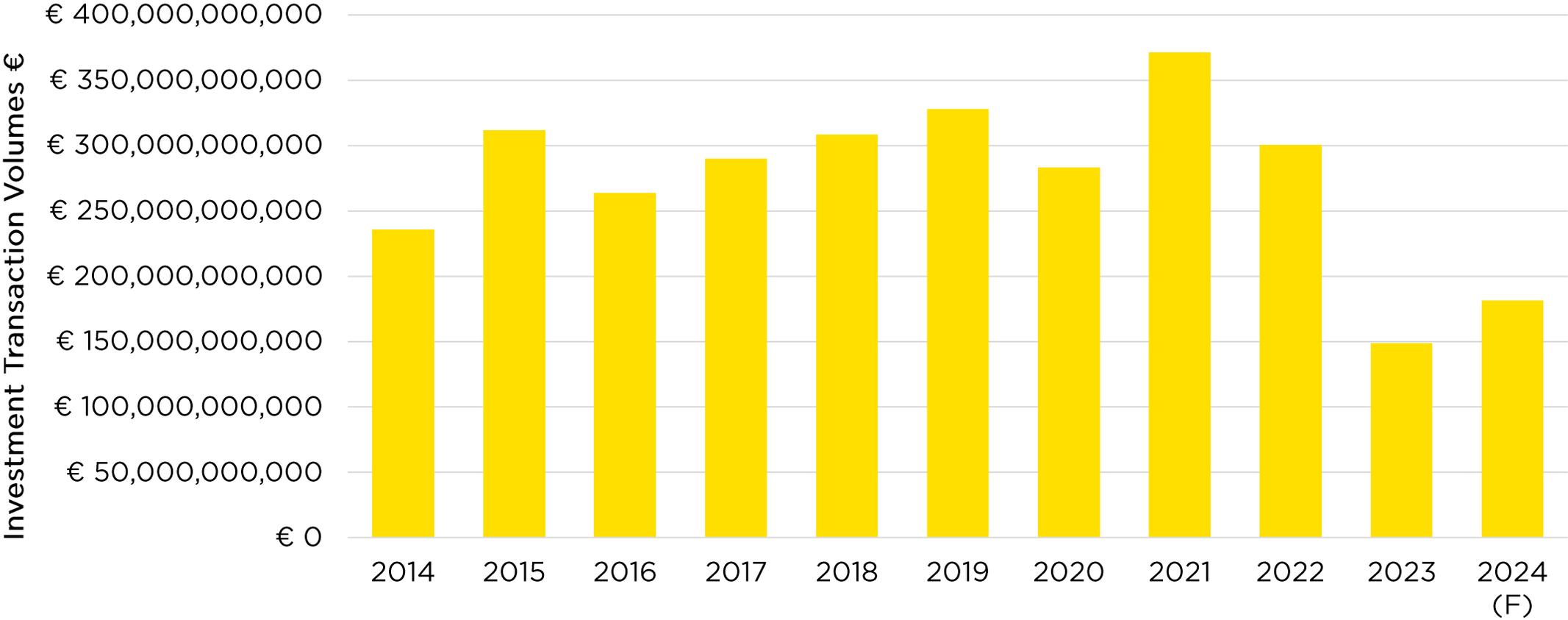
Risk adjusted returns will be lower than pre-pandemic.



Source: Oxford Economics, Savills- covers France, Germany, UK

Total European investment volumes are expected to rise by 22% YoY in **2024** with a H2 recovery.

European total investment volumes €

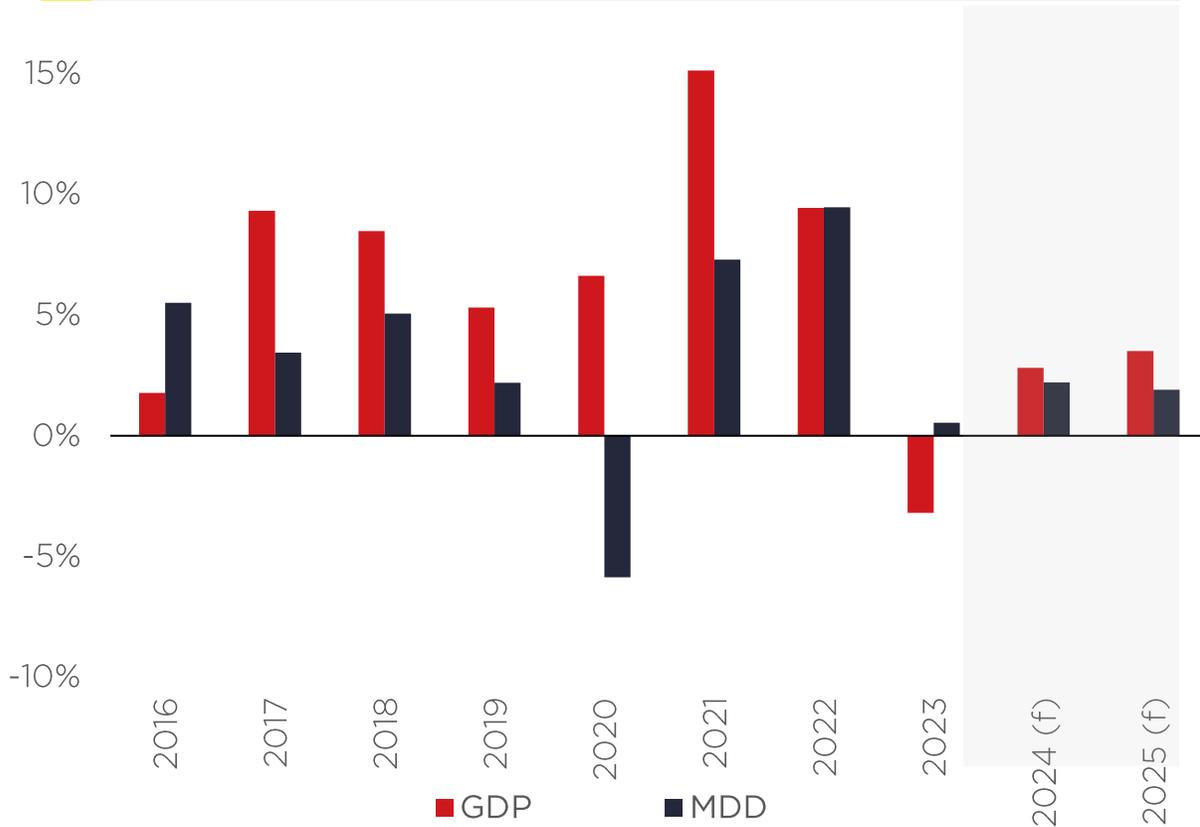


Source: Savills

Overview of Irish Property Market

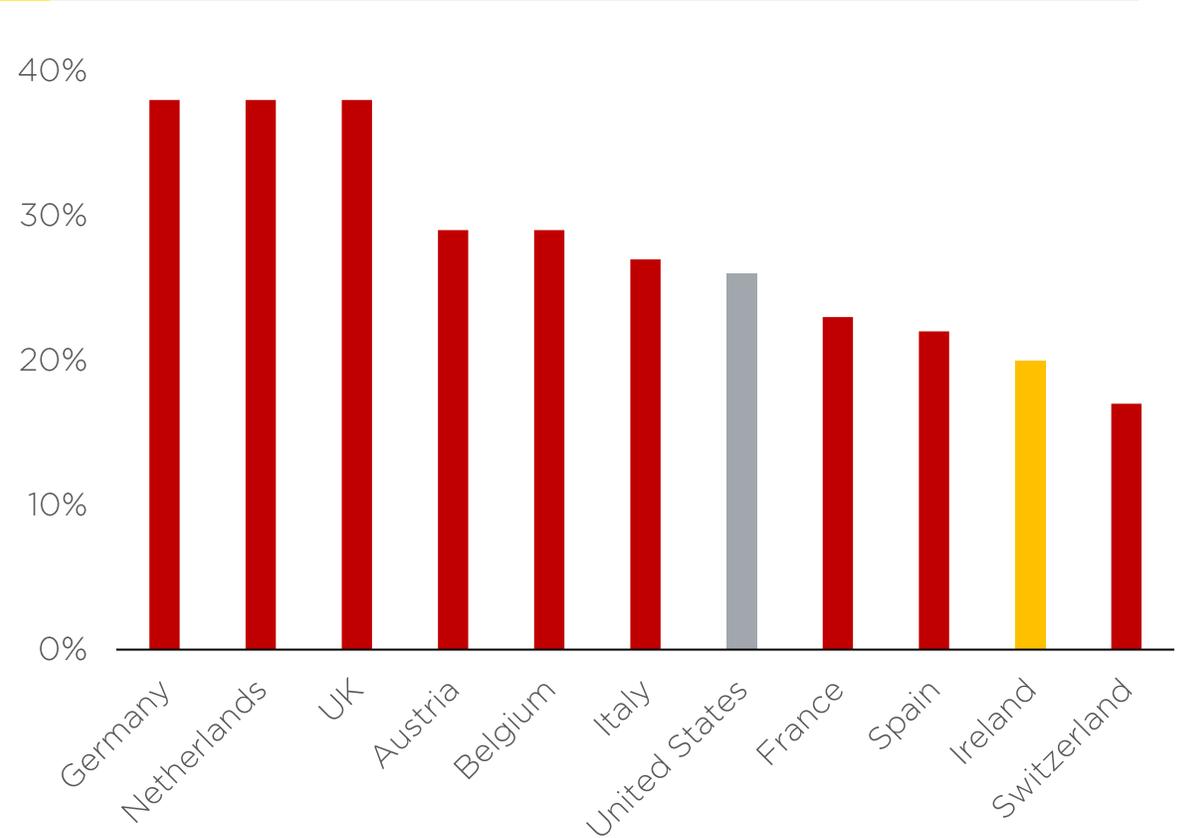
Wider **macroeconomic context** is strong

Irish economic growth



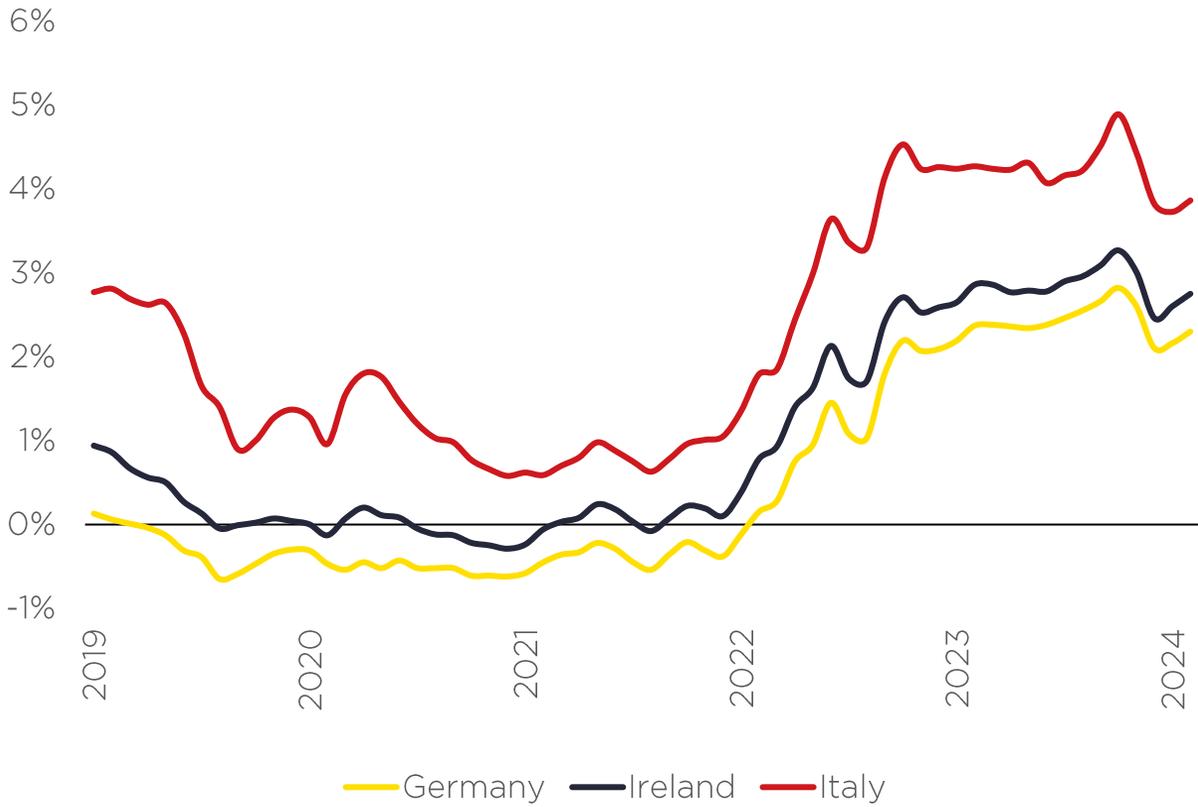
Source: CSO, Central Bank of Ireland, ifo Institute

Probability of recession in 12 months

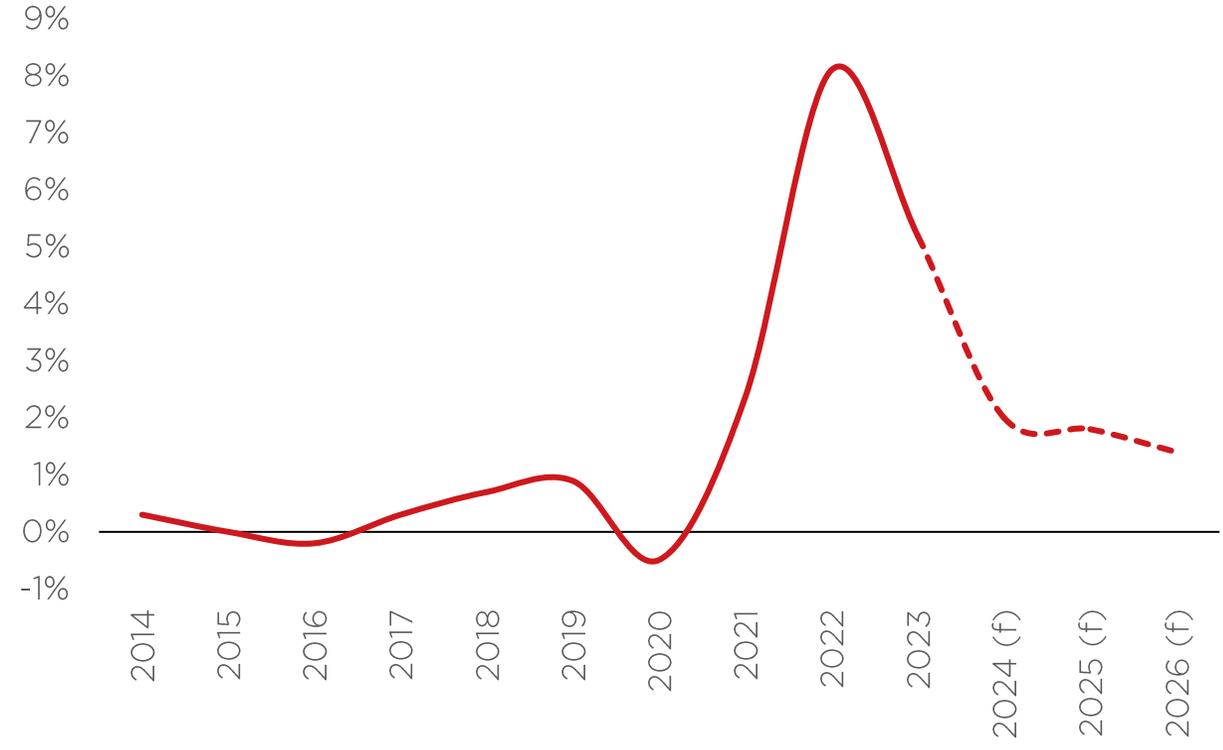


Ireland sovereign risk ranked with **core** European

10-year bond yields



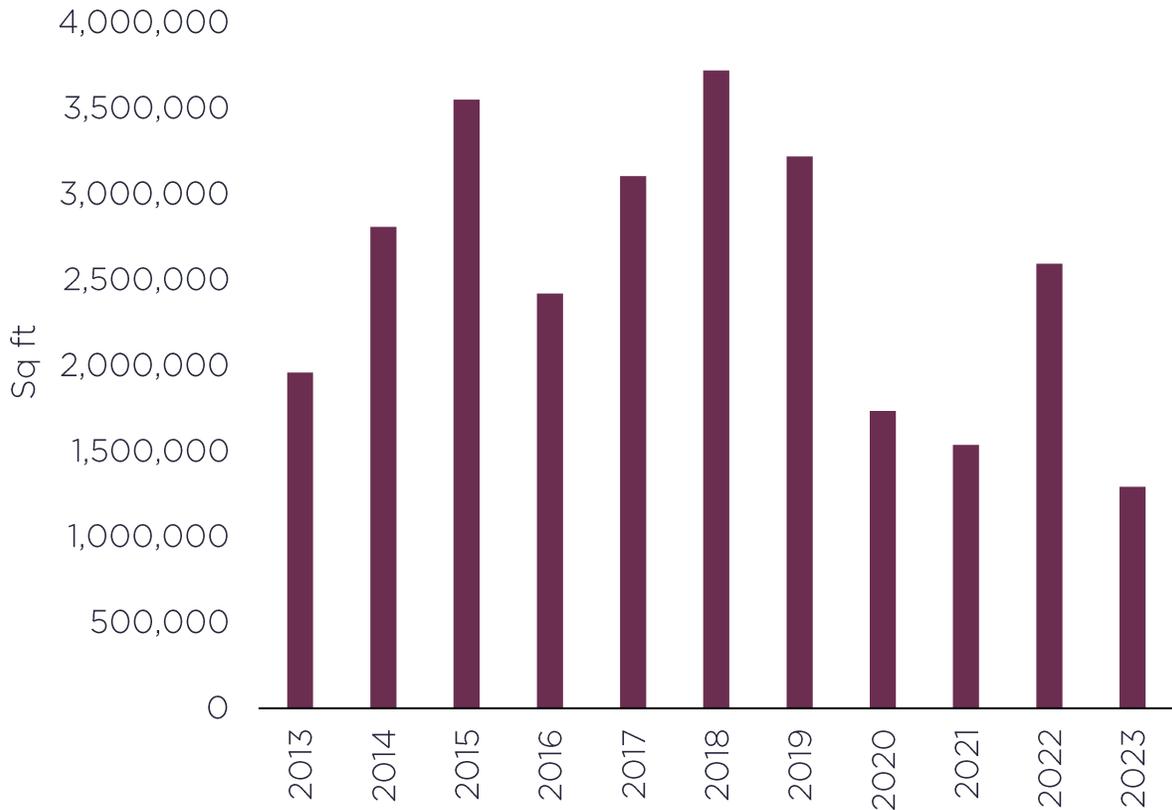
Irish inflation falling



Source: IMF, CSO

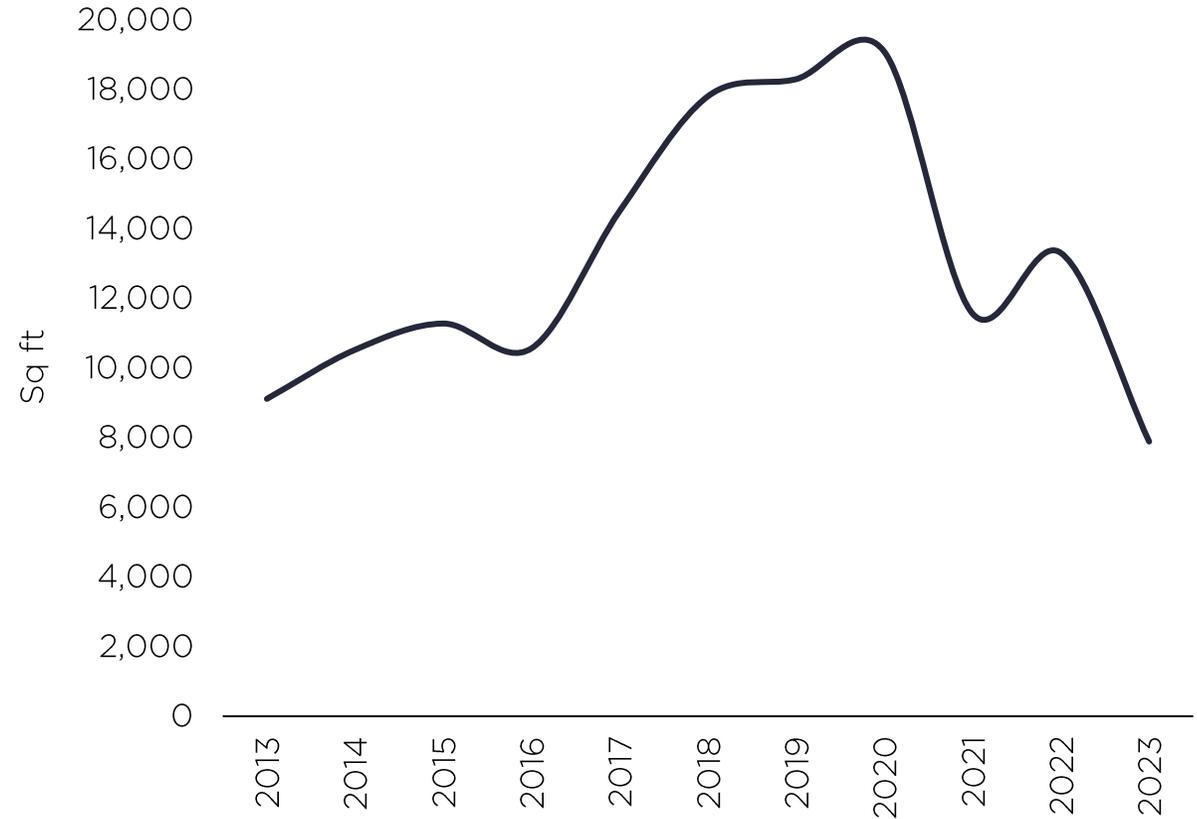
Offices buffeted by structural shocks of ESG and flexible working

Take-up by year



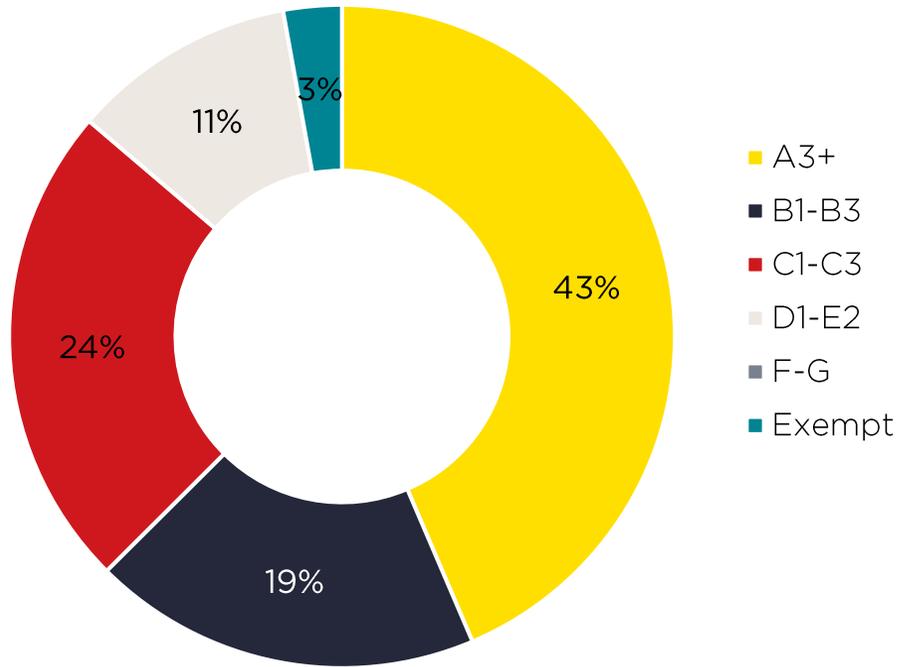
Source: Savills Research

Average deal size



Quarter of office take-up was **BER A space in CBD**

CBD take-up by BER



Dublin vacancy rate at 15.7%

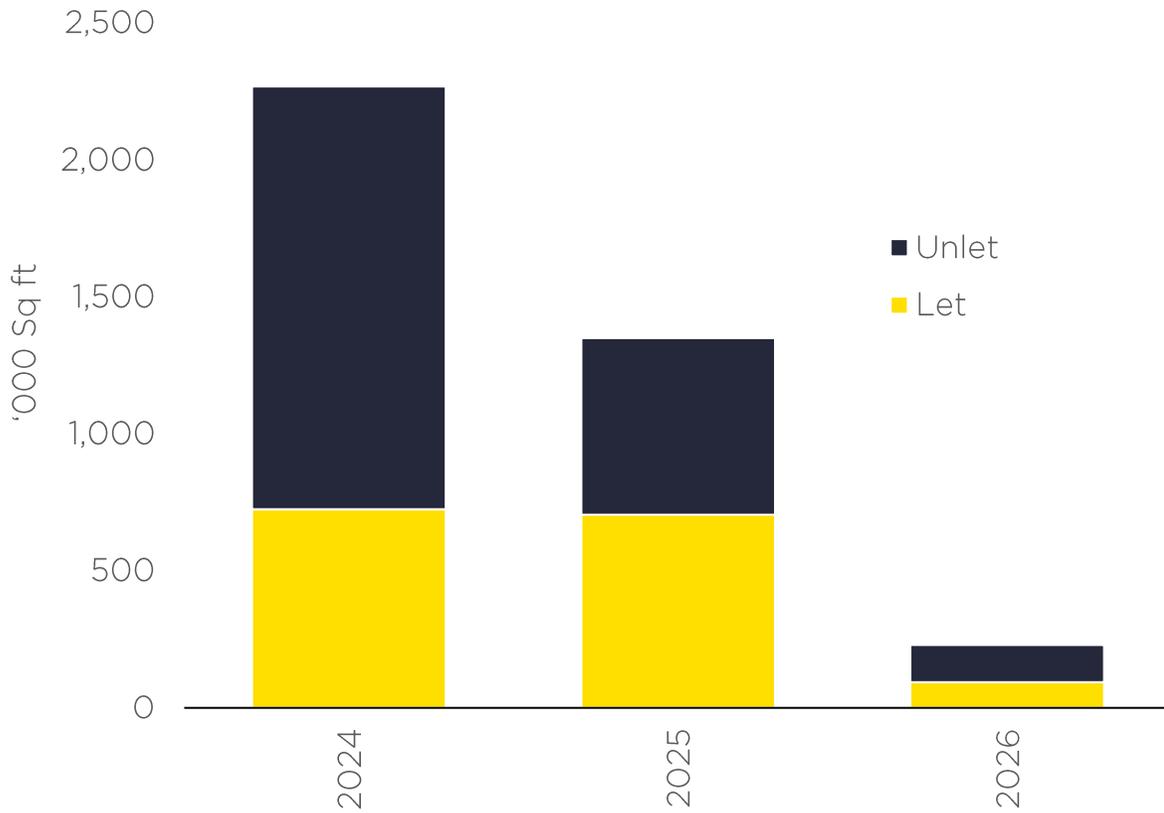


Source: Savills Research

Over two million sq ft of **office space** due this year



Supply and pipeline forecast



Prime CBD office rents

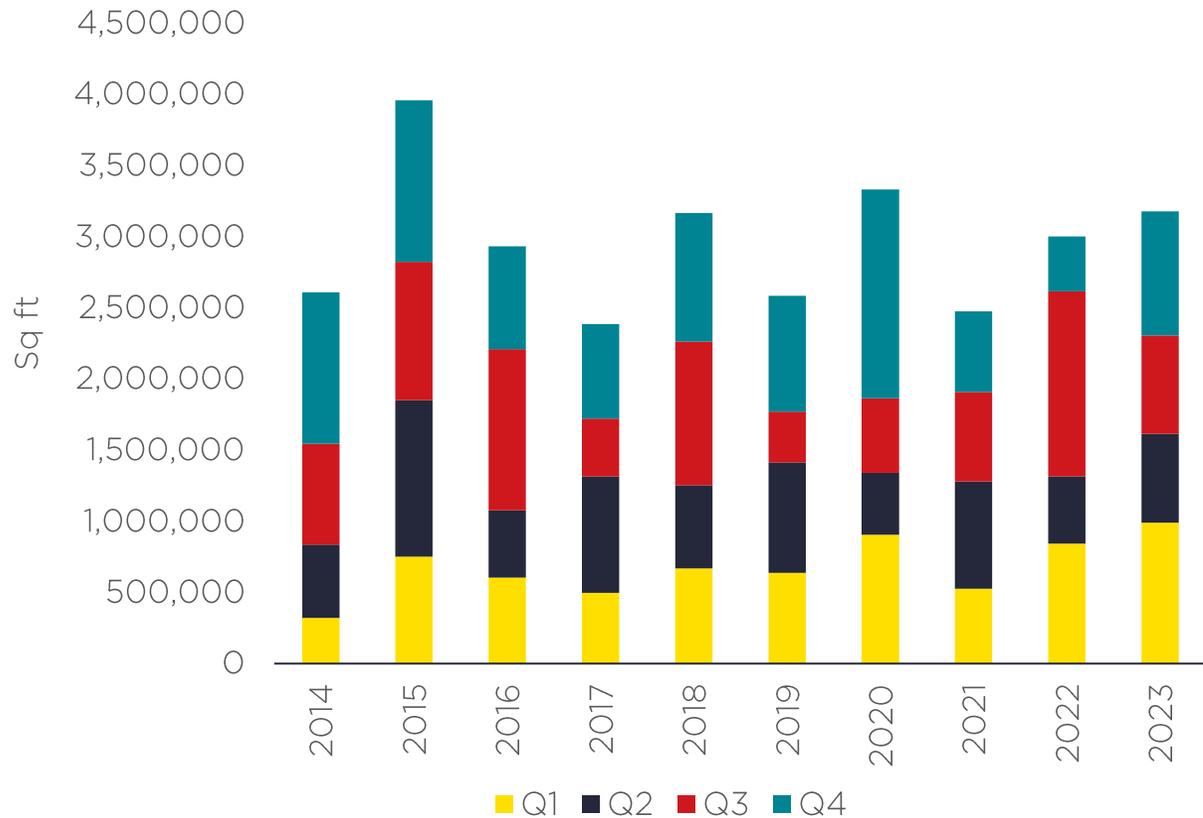


Source: Savills Research

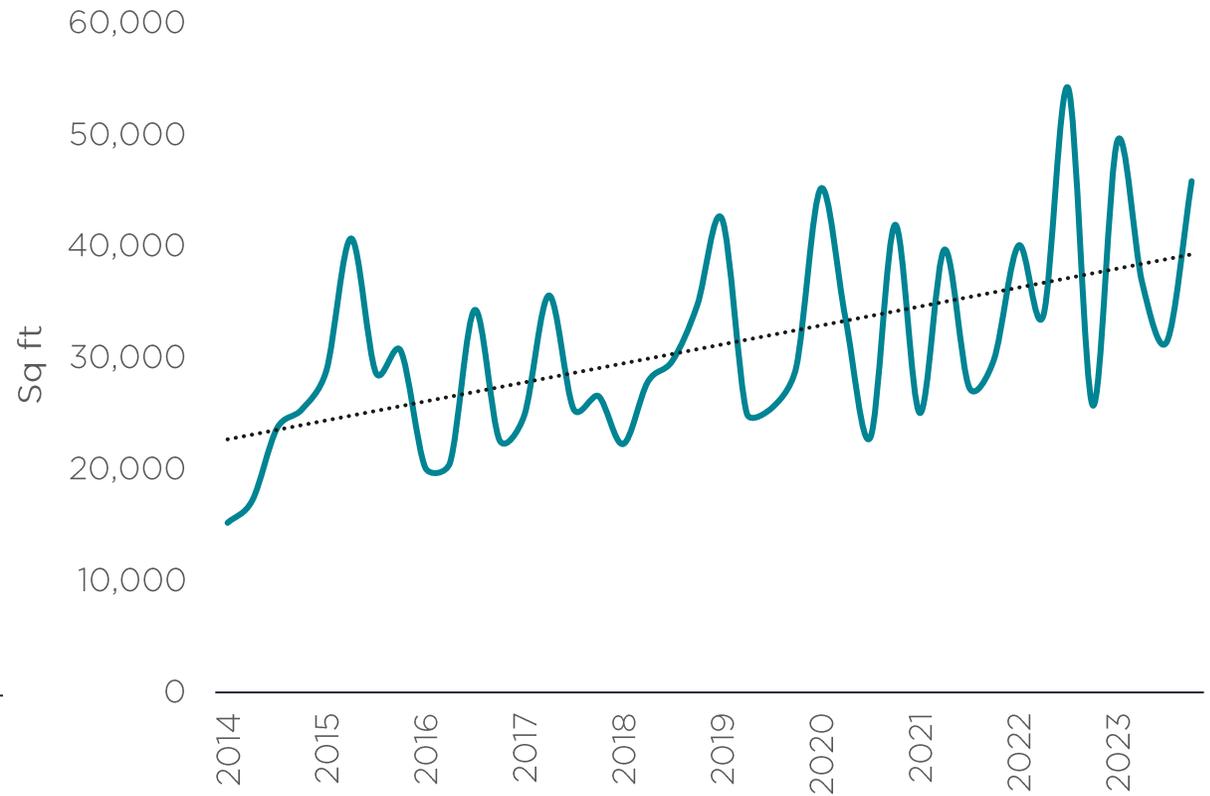
Industrial and Logistics take-up rises 10% y/y



Take-up by quarter



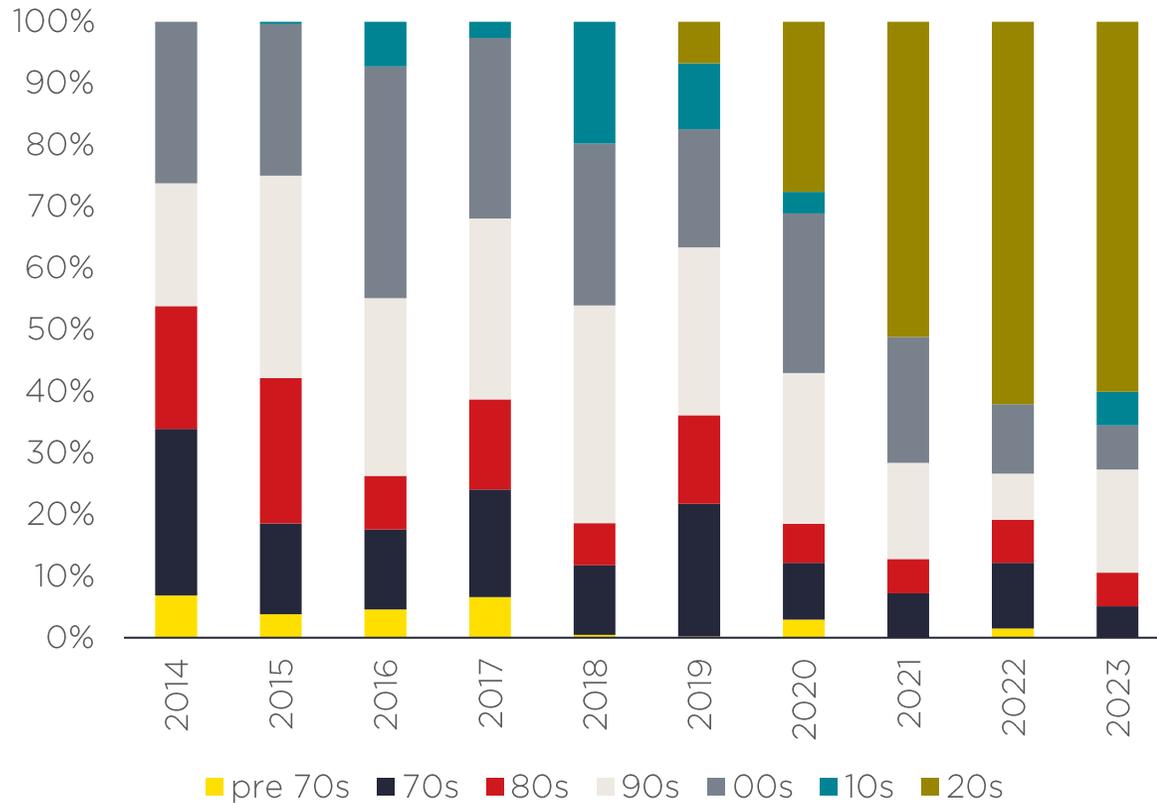
Average deal size



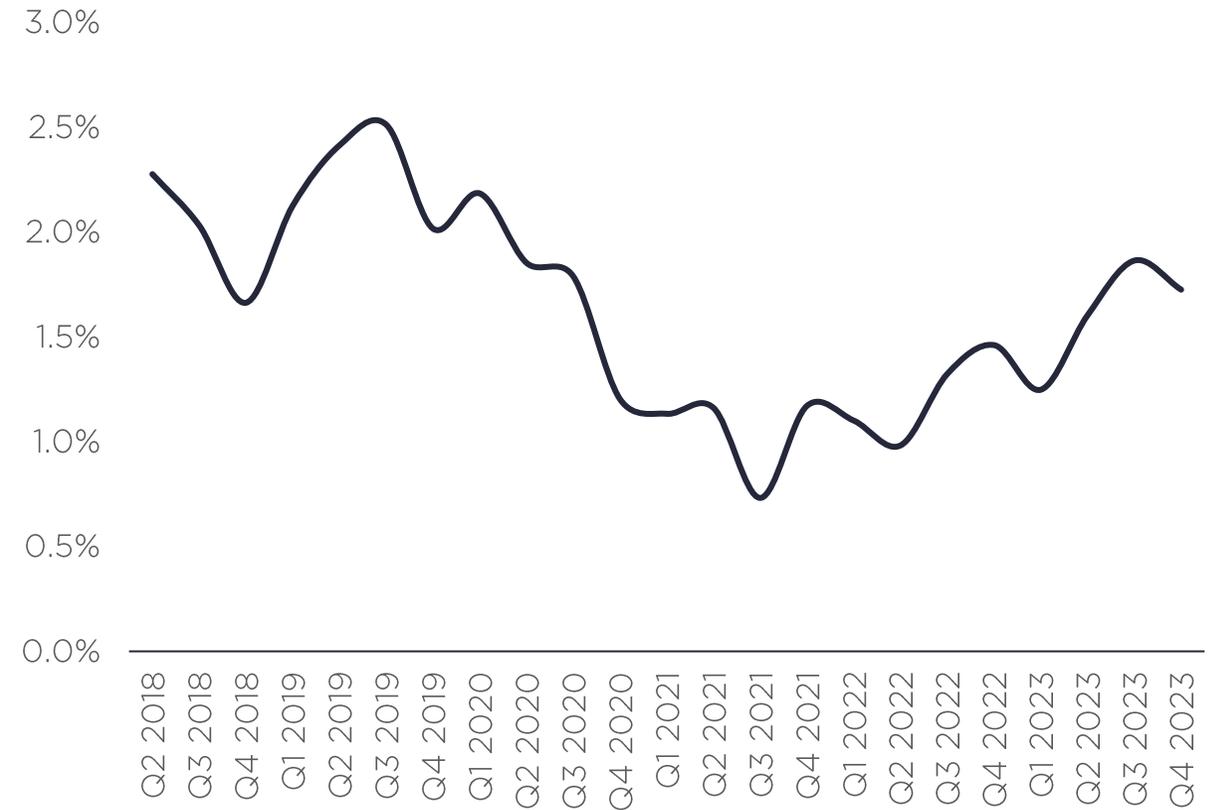
Majority of take-up was for **new builds**



Industrial and logistics take-up by age



Dublin vacancy rate stands at 1.7%

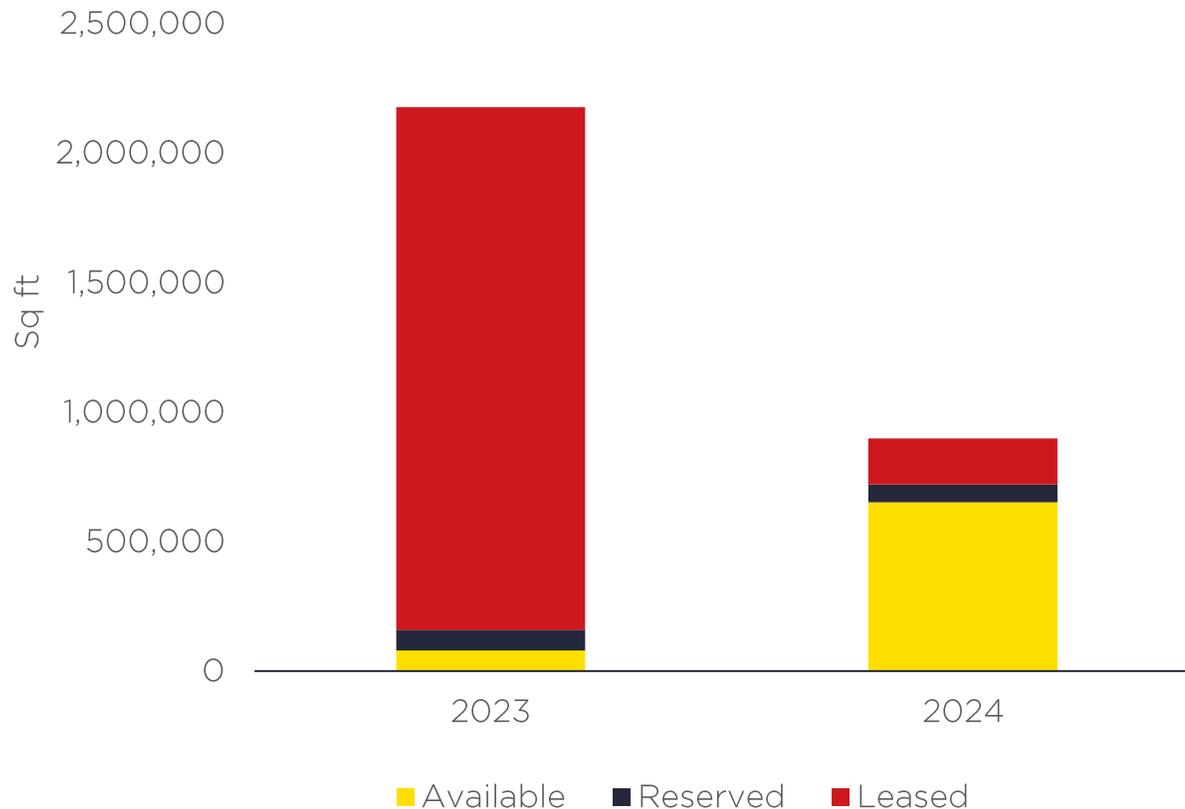


Industrial and Logistics pipeline to slow in 2024



Pipeline: < 900,000 sq ft due in 2024

Prime rents expected to exceed €14.00 psf in 2024

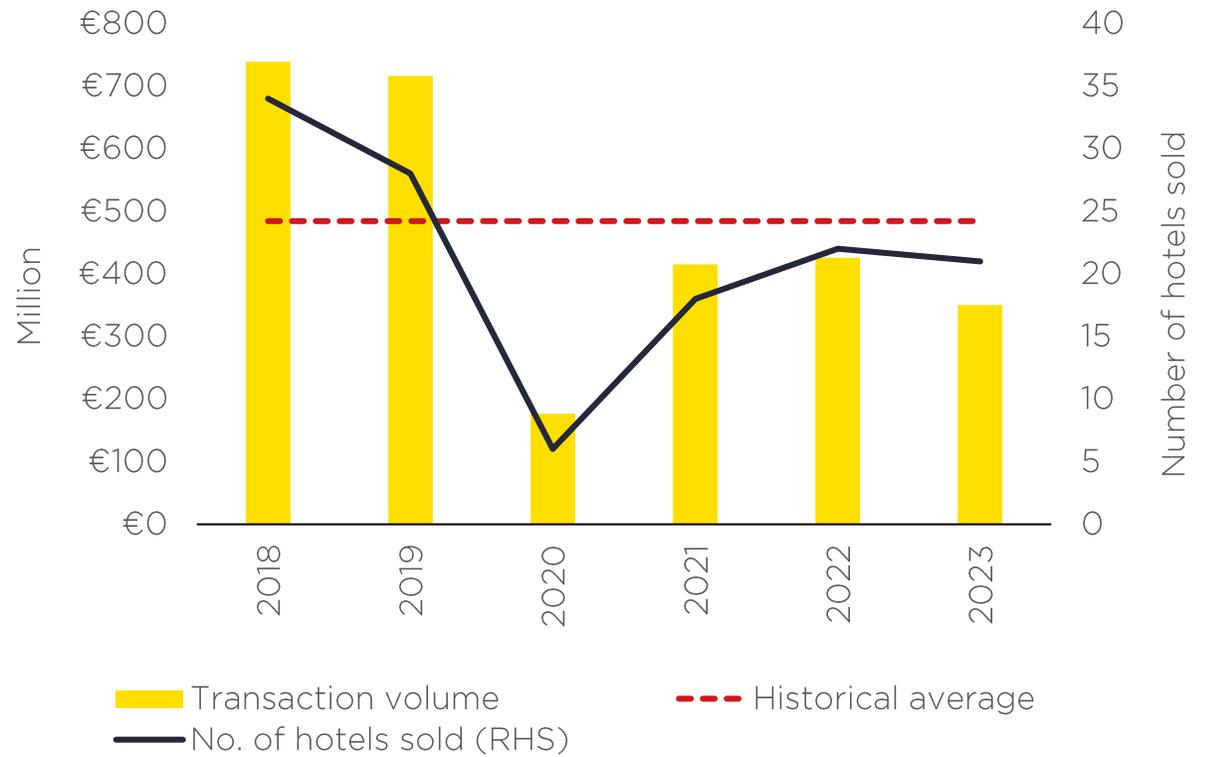


Hotels saw €350m worth of sales in 2023



	2019	2022	2023
Value of deals	€700m	€400m	€350m
Number of deals	28	22	20
Dublin occupancy rate	82%	78%	82%
Dublin ADR	€142	€170	€180
Dublin new rooms	1,600	2,200	1,200
Dublin airport passengers	33m	28m	33m

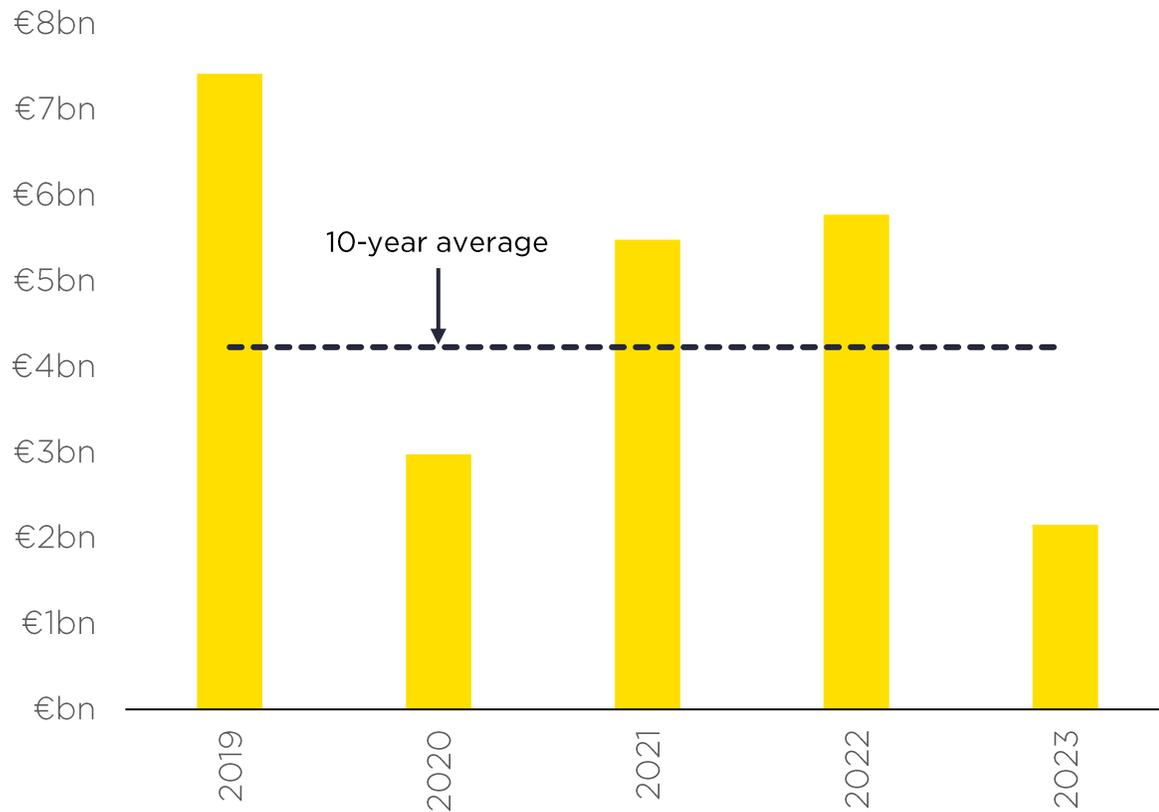
Source: STR, DAA, Savills



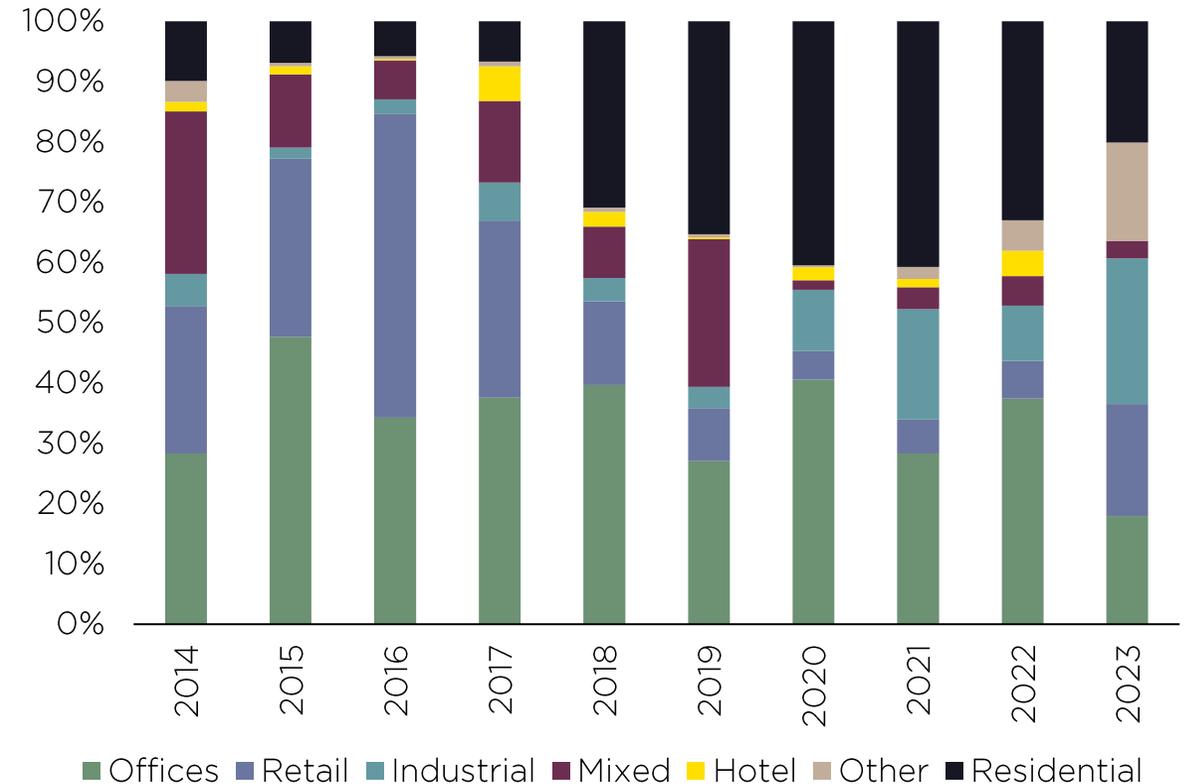
Source: Savills Research

Investment volumes fall amid high interest rates

Annual investment volumes



Sectoral share was relatively evenly spread



Thank you

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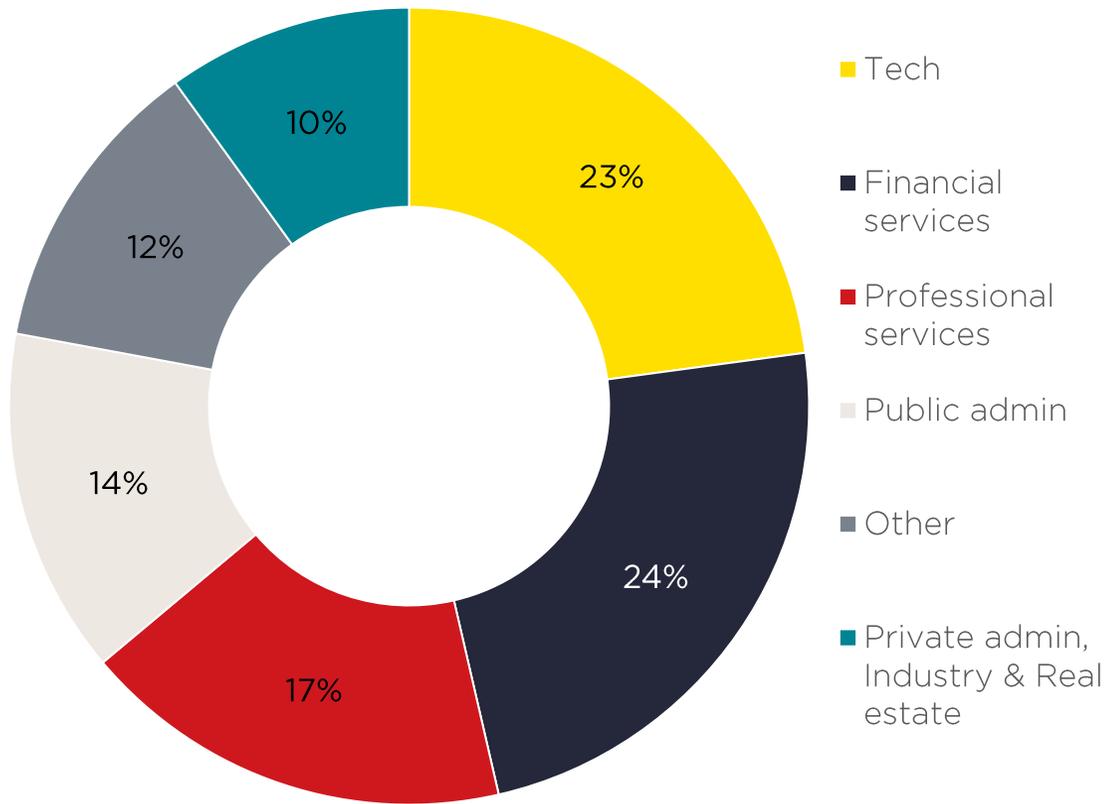
Appendix

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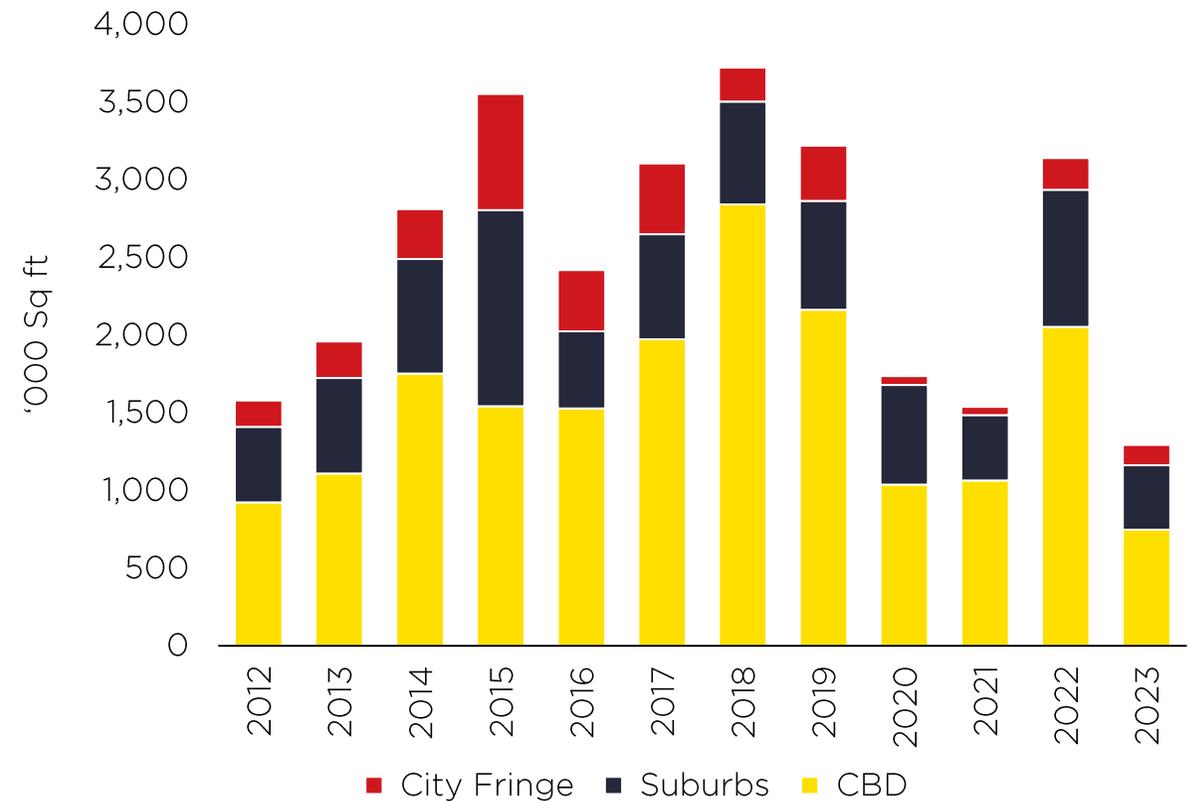
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Financial services led office take-up

Share of take-up by sector



Take-up by location



Dublin office vacancy is at 15.7%



Vacancy - All Dublin



Vacancy - CBD

