

# DUBLIN OFFICE MARKET

2019 REVIEW  
2020 OUTLOOK



# 2019 AT A GLANCE

## TRANSACTIONS SIGNED

**3.29M SQ. FT.**

TAKE-UP 2019



**52%**

PRE-LET



**6.4%**

OVERALL DUBLIN  
VACANCY RATE



**72%**

CBD



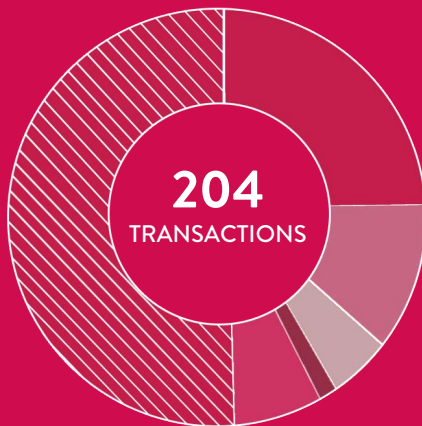
**8%**

CITY FRINGE



**14%**

SOUTH SUBURBS



- 107 TRANSACTIONS UNDER 5,000 SQ. FT.
- 51 TRANSACTIONS FROM 5,000 – 9,999 SQ. FT.
- 25 TRANSACTIONS FROM 10,000 – 19,999 SQ. FT.
- 11 TRANSACTIONS FROM 20,000 – 49,999 SQ. FT.
- 3 TRANSACTIONS FROM 50,000 – 99,999 SQ. FT.
- 7 TRANSACTIONS OVER 100,000 SQ. FT.

## TRANSACTIONS BY SECTOR 2019



**55%**

TMT



**18%**

STATE



**7%**

PROFESSIONAL  
SERVICES

**1.6M SQ. FT.**

RESERVED GOING INTO Q1 2020



CONSTRUCTION

**1.19M SQ. FT.**

DELIVERED 2019

**5.35M**  
**SQ. FT.**

UNDER CONSTRUCTION

**7.73M**  
**SQ. FT.**

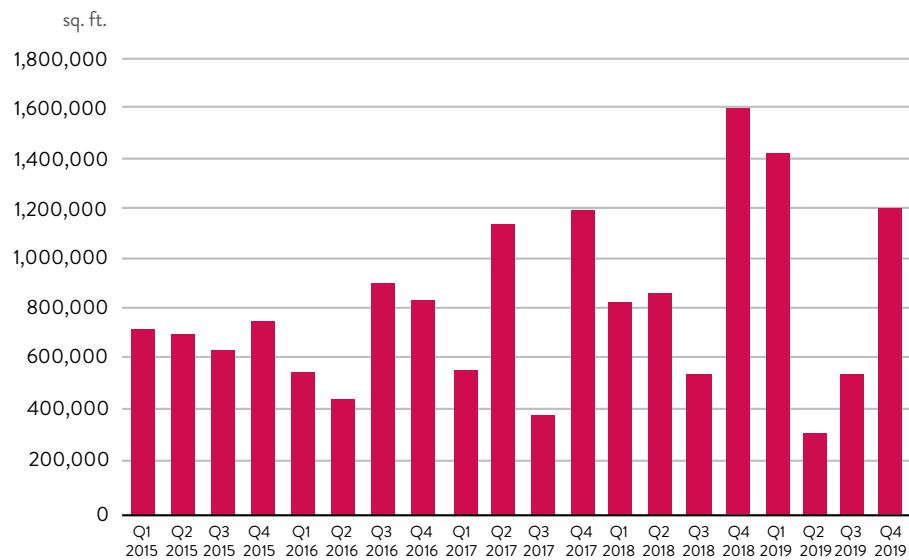
PLANNING GRANTED



TAKE-UP

2019 was another strong year for the Dublin Office Market with take up in the final quarter reaching 1.2m sq. ft., bringing the year total to 3.29m sq. ft. Whilst this does represent a 15% decrease on last year’s record-breaking figure of 3.85m sq. ft. it is worth noting that last year’s figure was boosted in the final quarter by Facebook acquiring 870,000 sq. ft. at Fibonacci Square (Former AIB Campus – Ballsbridge). Take-up for 2019 again exceeded the the **10-year moving average which is now at 2.4m sq. ft.**

OFFICE TAKE UP BY QUARTER (SQ.FT)



Source: Bannon Research

**7 transactions exceeded the 100,000 sq. ft.** size bracket this year, accounting for 1,737,000 sq. ft. or 53% of the total take up this year. Unsurprisingly, 5 of these deals were to tech sector occupiers with Salesforce, Facebook, Amazon, Intercom and LinkedIn all scaling up operations across the capital. Following the announcement this month of Slacks acquisition of 134,656 sq. ft. at Fitzwilliam 28, we expect a sustained demand from the sector in 2020 as Dublin’s prominence as a leading EMEA Headquarter location continues.

One feature of the market over the last 18 months (and indeed this development cycle) has been the emergence of the single occupier campus, with large tech companies clustering their business functions across multiple adjacent buildings, primarily via pre-lets.

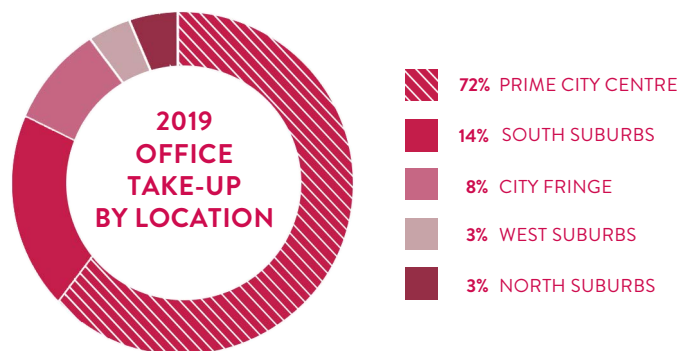
With large active requirements in the market and following the recent announcement that LinkedIn will be leasing all of IPUT’s Wilton Park development (430,000 sq. ft.), this expansion pattern is set to continue into 2020.

**52% of floor space leased in 2019 related to pre-lets**, again this figure is heavily influenced by tech sector take-up and demonstrates the continued shortage of available CBD stock (of scale) for immediate occupation.

With over 1,600,000 sq. ft. reserved as we enter Q1, the outlook remains strong for 2020.

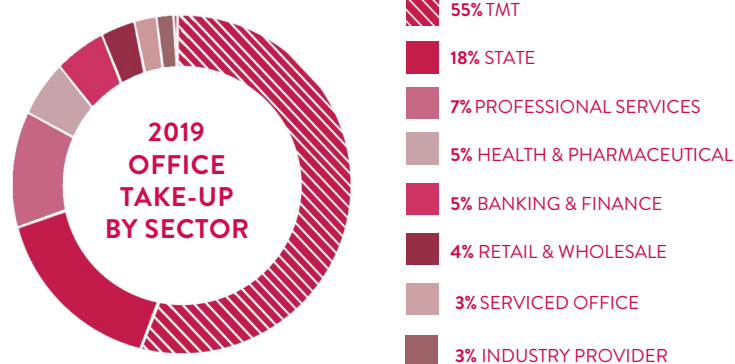
### BY LOCATION

The CBD remained the most active location, accounting for **72% of total take up across 120 transactions in 2019**. The South Suburbs performed well accounting for 14% of take up, enhanced in Q1 by the letting of Nova Atria South in Sandymount to Facebook. This transaction alone accounted for 38% of South Suburban take up at 174,000 sq. ft. It is interesting to see Facebook, following Google's lead with a move outside their traditional city centre locations. Take up in City fringe locations reached 8% this year mainly attributable to The OPW's letting of The Distillers Building in Smithfield which extends to 180,000 sq. ft.



### BY SECTOR

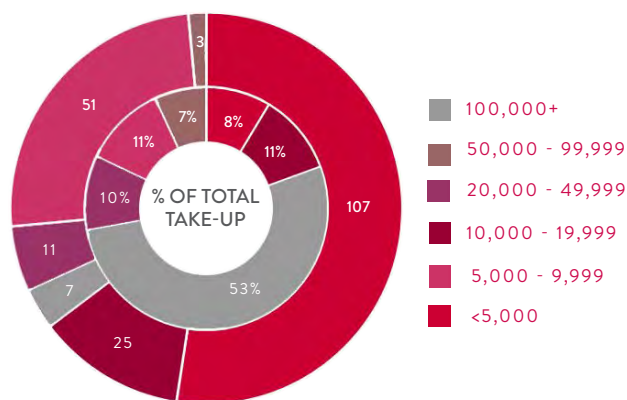
Technology, Multimedia and Telecommunications (TMT) continued to be the top performing sector with 55% of overall take up this year. The State were particularly active in 2019 with the OPW acquiring over 290,000 sq. ft. across various locations in the capital, as well as the Central Bank's acquisition of 4 and 5 Dublin Landings. Overall the State represented 18% of take-up followed by Professional Services sector at 7%.



Following the emergence of a relatively new sector in 2017 and continued expansion in 2018, Serviced Offices represented just 3% of overall take-up in 2019, down from 11% in 2018, and just 1% of take-up in Q4.

### BY SIZE

The most active size bracket once again was sub 5,000 sq. ft. with 107 transactions throughout 2019. Whilst this accounts for over half of the number of transactions signed, it only represents 8% of the overall floor space leased. There were **7 transactions above 100,000 sq. ft.** in 2019 which accounted for 53% of the overall floor space leased.



TOP 5 TRANSACTIONS IN Q4 2019

LOCATION	SIZE (SQ. M.)	SIZE (SQ. FT.)	COMPANY
WILTON PARK	39,948	430,000	LinkedIn
2 CHARLEMONT SQUARE	15,805	170,125	Amazon
CADENZA, EARLSFORT TERRACE	10,476	112,760	Intercom
70 ST. STEPHENS GREEN	5,760	62,000	Horizon Pharmaceuticals
NUMBER ONE BALLSBRIDGE	3,853	41,473	MongoDB

Source: Bannan Research



TOP 5 OCCUPIERS IN 2019

TENANT	SIZE (SQ. M.)	SIZE (SQ. FT.)	PROPERTY
SALESFORCE	43,664	470,000	Spencer Place
LINKEDIN	39,948	430,000	Wilton Park
OPW	27,127	292,000	Various
CENTRAL BANK *	18,674	201,000	Blocks 4 & 5 Dublin Landings
FACEBOOK	16,165	174,000	Nova Atria South

\*Owner occupier

NO. OF TRANSACTIONS >100,000 SQ.FT

YEAR	NO. TRANSACTIONS >100,000 SQ.FT	% OF OVERALL TAKE-UP
2019	7	53%
2018	5	37%
2017	6	25%
2016	2	11%

Source: Bannan Research

VACANCY

The overall Dublin vacancy rate stands at 6.4%. The CBD vacancy is at 4.1%

RENTS

Prime rents have remained steady with levels in the region of €60 - €62.50 per sq. ft. Offices in the city fringe locations including Dublin 8 are achieving rents in the order of €35 - €40 per sq. ft. Prime suburban rents for Grade A accommodation are achieving rents in the order of €32 per sq. ft.



## CONSTRUCTION

1.19m sq. ft. was delivered in 2019 with 45% of this space pre committed prior to completion.

Of the stock under construction over 100,000 sq. ft. and due for completion in 2020, 82% of this space is pre-let or reserved, leaving restricted supply for large immediate requirements.

There is currently 5.35m sq. ft. of grade A accommodation under construction, **55% of which is pre-let or reserved.**

Having said that, we currently have planning permission across the capital for 7.73m sq. ft. albeit with an approximate 2-year minimum construction timeline. Additionally, whether all of these developments will proceed to the construction phase is dependent on continued demand in the sector and availability of funding.



Fitzwilliam 28

## SAMPLE OF PLANNING GRANTED

ADDRESS	SIZE (SQ. M.)	SIZE (SQ. FT.)	STATUS
TWO, THREE ,FOUR WILTON PARK*	39,948	430,000	Construction due to commence 2020
LEOPARDSTOWN WEST	36,604	394,000	Planning Granted Q4 2018
CITY BLOCK 9, NORTH WALL QUAY	30,890	332,497	Planning Granted Q4 2017
HARCOURT SQUARE	29,264	315,000	Planning Granted Q4 2018
2 & 3 CHARLEMONT STREET	26,012	280,000	Planning Granted Q2 2019

\*Pre-let to LinkedIn

Source: Bannan Research



Fitzwilliam 28



## OUTLOOK



Continued strong demand with 1.6m sq. ft. reserved going into Q1 2020



Rents to remain steady in Q1



Potential lack of supply for large immediate requirements



Construction pipeline - continuation of controlled delivery of supply restricted by limited speculative finance



Pre-lets / mid-lets to continue to dominate pipeline activity



With the UK now expected to meet the Brexit date of the 31st January, the impact on the Dublin office market will finally be apparent in 2020.



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