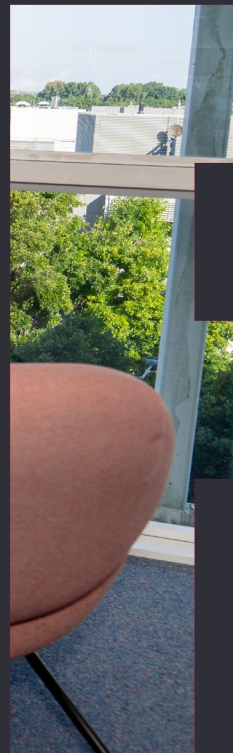
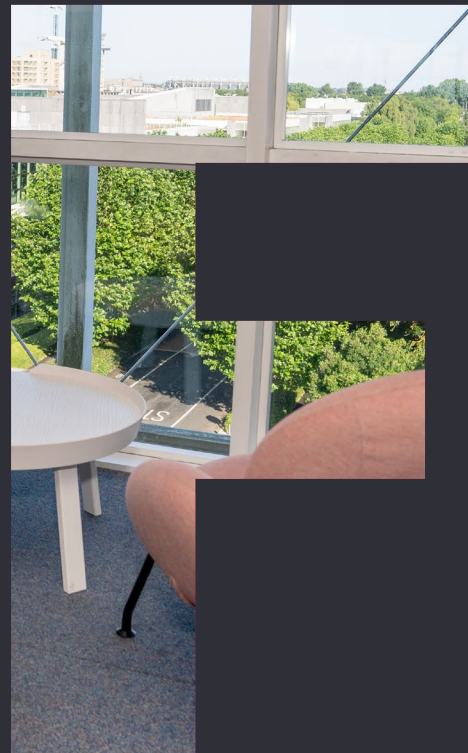


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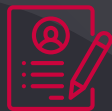
# Bannon **Office Pulse**




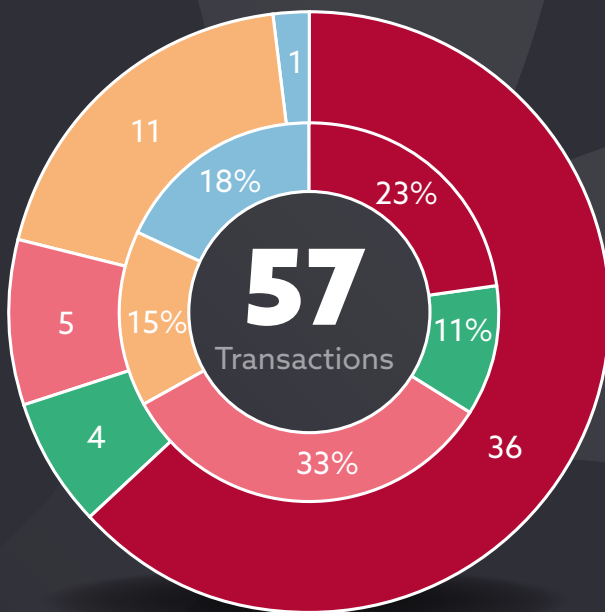
# Q2 2023 At A Glance

 Transactions Signed (Sq.ft.)  
**443,100**






 By Size  
**33%** of take-up attributable to 5 deals in the 20,000 - 49,999 Sq.ft. bracket

 Reserved (Sq.ft.)  
**665,932**  
(79 Transactions)

 Largest Transaction (Sq.ft.)  
**79,600**  
Haymarket House, Smithfield. NTA



No. of Deals by Size Band, & of Total Take-Up

-  Under 5,000 Sq.ft.
-  5,000 - 9,999 Sq.ft.
-  10,000 - 19,999 Sq.ft.
-  20,000 - 49,999 Sq.ft.
-  50,000 - 99,999 Sq.ft.

### Transactions By Location

**40%** CBD      **60%** City Fringe and Suburbs

### Tenant Profile

**45%** Domestic      **55%** International

### Transactions By Sector

**25%** Professional Services      **15%** Banking and Finance      **21%** State

### Transaction by Type

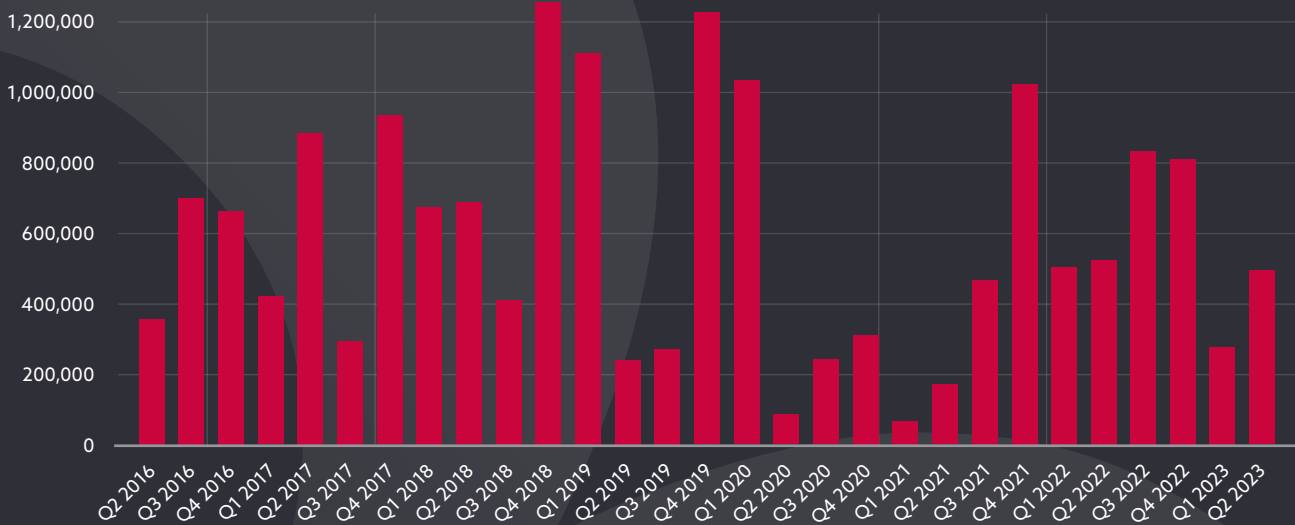
**70%** New Lease      **30%** Sub-Lease/Assignment

# Dublin office market

Following a subdued first quarter, office take up in Q2 has reached in excess of 443,000 Sq.ft. across 57 transactions, representing an increase of 53% on Q1 2023 and a H1 decrease of 28% versus the same period in 2022. Deal sizes remain similar to last

quarter with 63% of transactions falling into the sub 5,000 Sq.ft. bracket resulting in an average deal size of 7,774 Sq.ft. Moving into Q3, there is currently 655,932 sq.ft. reserved in the Dublin market.

## Office Take Up By Quarter (Sq.ft.)



## Top 5 Transactions

| Property                                     | Occupier | Size (Sq.ft.) |
|--|----------|---------------|
| Haymarket House, Dublin 7                    | NTA      | 79,600        |
| Cadenza, Earlsfort Terrace, Dublin 2         | KKR      | 39,236        |
| Termini, Sandyford, Dublin 18                | Jacobs   | 30,500        |
| Harcourt Square, Dublin 2                    | KPMG     | 27,105        |
| 2 Semple Exchange, Blanchardstown, Dublin 15 | Synopsis | 22,892        |

## Other Notable Transactions

### Central Business District (CBD)



1WML,  
D2  
14,377 Sq.ft.



Irish Life  
Centre, D1  
11,205 Sq.ft.



45 Mespil  
Road, D2  
8,000 Sq.ft.



The Loft,  
Dundrum, D16  
11,302 Sq.ft.



Lake Drive,  
Citywest, D24  
11,240 Sq.ft.

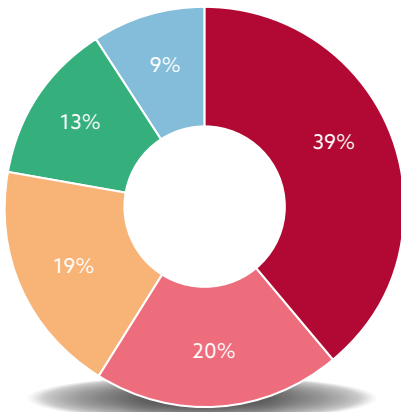







Westland House,  
Westland BP, D12  
22,892 Sq.ft.

### Suburbs and City Fringe

# Office Take Up

## By Location



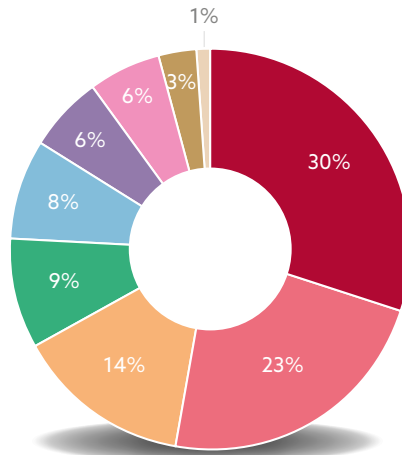
-  Prime City Centre
-  City Fringe
-  South Suburbs
-  North Suburbs
-  West Suburbs












### Location

Suburban and City Fringe locations performed particularly well this quarter, accounting for 60% of all take-up. This was mainly attributable to 3 of the top 5 deals of the quarter, namely; NTA's acquisition of Haymarket House, Smithfield, Jacob's leasing of over 30,500 sq.ft. at Termini, Sandyford and Synopsis leasing of 22,892 sq.ft. at Semple Exchange, Blanchardstown. By comparison, prime CBD fell to 39% of all transactions in the second quarter of the year. This represents a further decrease on previous quarters locational activity, with CBD traditionally accounting for 60-70% of all take-up.

## By Sector



-  Professional Services
-  State
-  Banking & Finance
-  Industry
-  Retail & Warehousing
-  Other / Unknown
-  TMT
-  Health & Pharmaceutical
-  Serviced Office Provider

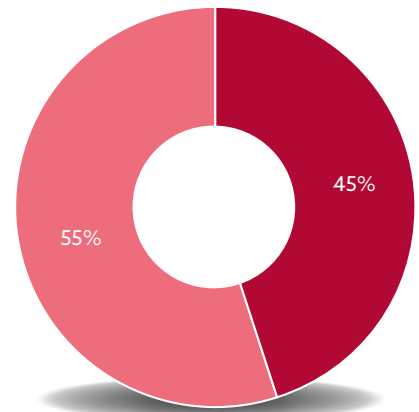





### Sector

In contrast to the previous quarter, professional services had a strong presence in Q2, accounting for 30% of total take up, while state agencies and financial services activity made up 37% of take up. Most notably, activity in the TMT market decreased significantly to 6% this quarter, from 35% in the same quarter of 2022.

As was the case in Q1, high quality accommodation continues to be a core factor in the decision-making process in real estate.

## Tenant Profile



-  Domestic
-  International
-  Unknown



### Tenant Profile

International occupiers accounted for 55% of take-up this quarter, a decrease of 31% on Q1. However, by number of deals signed the International market accounted for 57% of transactions. The domestic market increased its share this quarter with a notable upsurge in activity from state agencies, retail and professional services firms such as; Applegreen, TCP, Legal Aid Board, Clearspace and Ecoplex.

## Prime Quoting Rents

(Per Sq.ft.)



## Vacancy Rate



## Construction



**4.3m Sq.ft.**  
Under Construction



**34%**  
Pre-Let or Reserved



**46%**  
Due for completion in 2023



**92%**  
Located in the CBD

| Property                          | Size (Sq.ft.) | Status                     |
|-----------------------------------|---------------|----------------------------|
| Glencar House, Dublin 4           | 74,700        | Due for completion Q3 2023 |
| Camden Yard, Dublin 2             | 402,600       | Due for completion Q2 2025 |
| Coopers Cross, Dublin 1 (Bldg. 2) | 293,000       | Due for completion Q4 2023 |
| 12 Dawson Street, Dublin 2        | 60,000        | Due for completion Q3 2023 |
| Block N1, Central Park, Dublin 18 | 201,000       | Due for completion Q3 2023 |



## Expert Insight

By Lucy Connolly



### Are offices part of the solution to the housing shortage in Dublin?

The Irish government has been grappling with a housing shortage for several years. As the demand for housing continues to outstrip supply, creative solutions are needed to address this pressing issue. One potential solution that is gaining traction is the conversion of office spaces to residential units. This has come to the fore over the last number of weeks as the government faces unyielding pressure to tackle the accommodation shortfall. Minister for Housing, Local Government and Heritage Darragh O'Brien is reportedly considering making planning exemptions to rules which would apply to repurposing office space to housing. In an article in The Irish Times on the 22nd May, it was reported that the minister has "lobbied his cabinet colleagues Simon Coveney, the Minister for Enterprise, Trade and Employment on the issue, seeking his support for a plan that would convert offices built during the recent construction boom but are now underutilised". The question is, is it feasible to repurpose a recently constructed Dublin office building into residential use?

The assumption here is that there is an oversupply of recently built office accommodation in Dublin City Centre and that is simply not the case. Offices built in the recent construction boom are in the main ESG-compliant, sustainable buildings. As has been widely reported by many in the property industry, these are and will be the buildings that are in demand for OFFICE use. The location of these buildings further enhances their desirability as we are seeing increased demand for well-located, city centre office buildings due to the availability of employee amenities and unrivalled transport links.

Where we do see an opportunity for such conversion is in older office buildings or so-called brown buildings. Occupier demand has shifted towards real estate that helps achieve ESG goals and policies, therefore there is an acceleration in demand for ESG-compliant office accommodation from many organisations. This movement in the market provides vacant possession to the owner to allow for redevelopment or refurbishment of these brown buildings into ESG-compliant offices or alternative uses. This is where the question of residential conversion is most relevant...residential conversion will be most practical where the office value is lowest and the conversion costs to residential use are more sensible

than the cost of 'greening' the building for office use. Ultimately, It is about sorting the 'wheat from the chaff'.

Working with our sister company Evia Sustainability consultants, the Bannon Office Team is assessing the cost and practicality of bringing older buildings up to standard from a green perspective and what that entails. If the maths don't add up, that is if the cost of greening an office asset exceeds the end value, then the owner is looking at a stranded building which is then a candidate for residential conversion.

Without a doubt, Dublin's housing shortage necessitates innovative solutions. Converting offices into residential units presents an opportunity to address this but there are challenges and as we have seen from other countries caution is advised for such projects. Consideration must be given to zoning, building and planning guidelines and regulations. This consideration must relate to the practicality and ability to convert but also having regard to the social aspect with access to amenities, transport, employment opportunities and social connections fundamental for the residents of the schemes and the successful transformation of same.

Embracing this potential solution and implementing it correctly may hold the key to not only helping to solve a housing shortage but also providing options to owners of potentially obsolete office buildings.



July 2023

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# Bannon Office Pulse

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