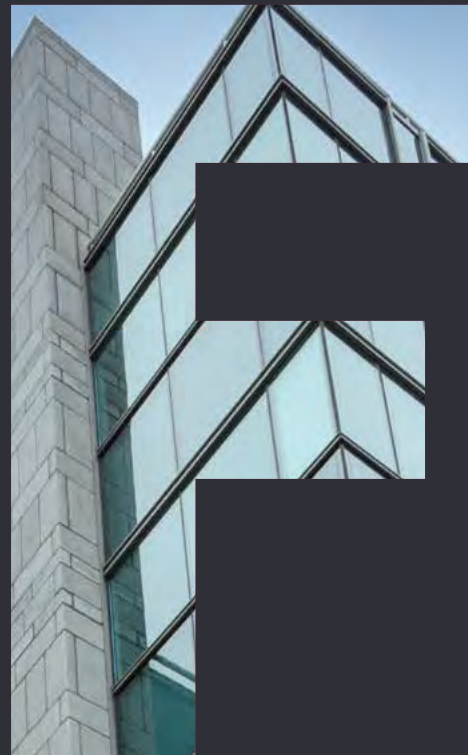


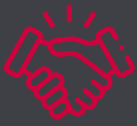
Q3 2023
Edition no. 5



Bannon **Office Pulse**



Q3 2023 At A Glance



Transactions Signed (Sq.ft.)

358,809

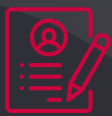
YTD **1,083,396**



By Size

62% of take-up

attributable to 34 deals in the < 5,000 Sq.ft. bracket



Reserved (Sq.ft.)

716,017

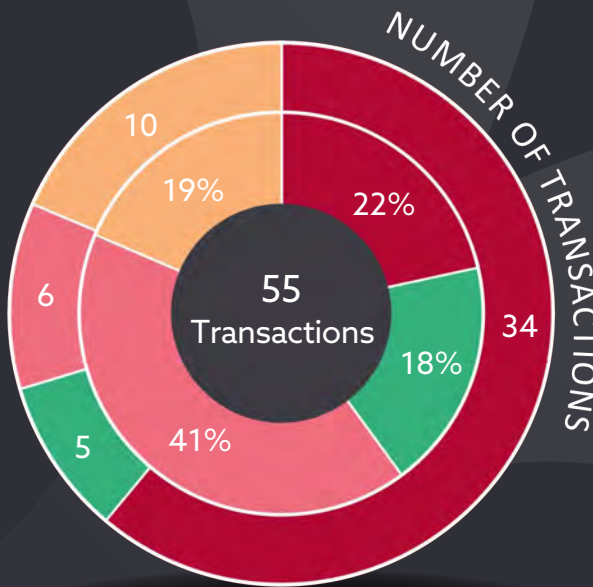
(75 Transactions)







Largest Transaction (Sq.ft.)

35,219

3007 Lake Drive, City West. Sale to Sisk / Capwell for owner occupation



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.

Transactions By Location

72%

CBD

28%

City Fringe and Suburbs

Tenant Profile

51%

Domestic

49%

International

Transactions By Sector

24%

Professional Services

21%

Industry

12%

Health

Transaction by Type

66%

New Lease

24%

Sub-Lease/Assignment

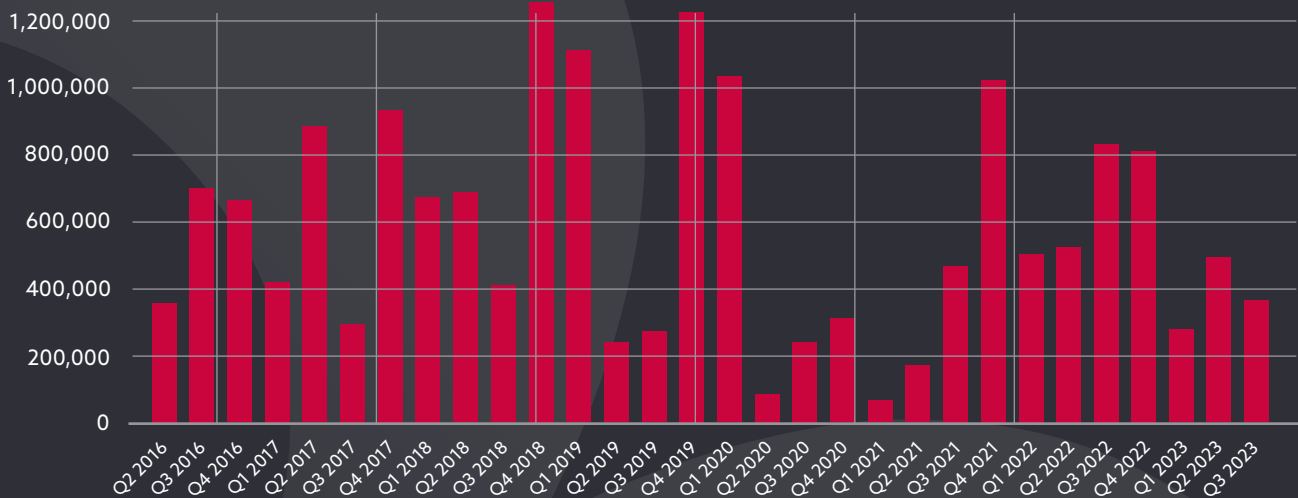
10%

Sale to Owner Occupier

Dublin office market

Typically a quiet quarter, Q3 take-up was reasonably busy by number of transactions, with 55 deals completing this quarter. However, overall take-up decreased with just over 358,000 Sq.ft. recorded, representing a decline of 25% from Q2, a 56% decrease on Q3 2022 and a 1.5% decrease on Q3 2019 (pre-COVID-19). Deal sizes have continued to contract with 62% of deals falling into the <5,000 Sq. ft. bracket, representing an average deal size of 6,524 Sq. ft. Moving into the next quarter, there is currently 716,017 Sq. ft. of space reserved in the capital.

Office Take Up By Quarter (Sq.ft.)



Top 5 Transactions


Property	Occupier	Size (Sq.ft.)
3007 Lake Drive, Citywest, Dublin 24	Sale to Sisk / Capwell - owner occupier	35,219
8 St. Stephen's Green, Dublin 2	Sale to owner occupier	28,400
Unit 9, Swords Business Campus, Co. Dublin	Pharma - Confidential	22,500
55 Charlemont, Dublin 2	Carne Group	21,779
1 Grand Canal Square	Procore	21,205

Other Notable Transactions

Central Business District (CBD)


 40 Mespil Road,
 D2
 16,103 Sq.ft.


 One Molesworth,
 D1
 13,144 Sq.ft.


 1 Cumberland,
 D2 (6th Floor)
 10,390 Sq.ft.


 One Shelbourne
 Buildings, D4
 20,519 Sq.ft.

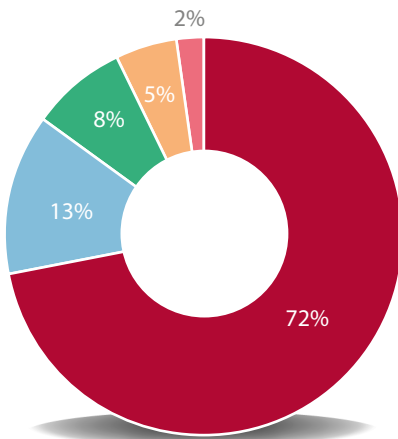
Suburbs and City Fringe







 G8 Calmount,
 Dublin 12
 9,030 Sq.ft.


 1 Tuansgate,
 Tallaght, D24
 5,410 Sq.ft.

Office Take Up

By Location



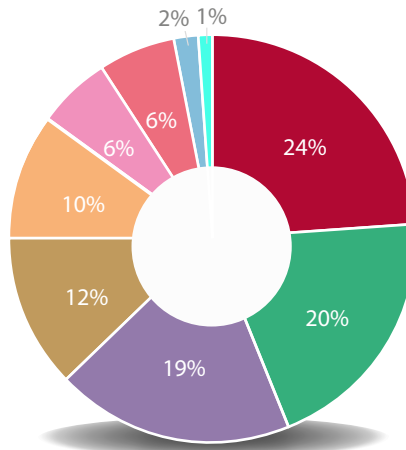
-  Prime City Centre
-  City Fringe
-  South Suburbs
-  North Suburbs
-  West Suburbs












Location

Demand for prime city centre office space continued with 72% of take-up attributable to transactions in the CBD. Suburban and city fringe activity accounted for 28% of all transactions, a notable shift on Q2 figures where 60% of take-up was recorded in those regions. The West suburbs performed particularly well, largely due to a sale for owner occupation of Building 3007 Lake Drive, Citywest to Sisk/ Capwell.

By Sector



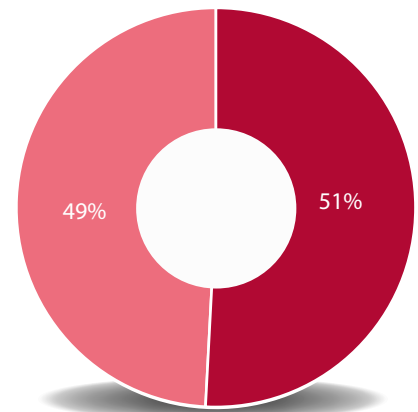
-  Professional Services
-  Industry
-  Other / Unknown
-  Health & Pharmaceutical
-  Banking & Finance
-  TMT
-  State
-  Education
-  Human Resources





Sector

Professional Services continued to have a strong presence this quarter, accounting for 24% of all take-up, while industry and health made up 20% & 12% of transactions respectively. Similar to last quarter, TMT activity in the office market tapered, accounting for just 6% of total take up. This represents a significant decrease from 35% in the same quarter of 2022.

Tenant Profile



-  Domestic
-  International



Tenant Profile

International occupiers accounted for 49% of take-up this quarter, a slight decrease from Q2. The number of transactions by international occupiers is down this quarter to 34%, a sizable drop from 57% in Q2. The domestic market fell to 34% of take-up this quarter, however by number of deals signed, the domestic market made up 51% of transactions this quarter.

Prime Quoting Rents

(Per Sq.ft. - Headline)



Vacancy Rate



Construction



4.32m 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
College Square, Dublin 1	416,000	Due for completion Q1 2024
2&3 Wilton Park, Dublin 2	386,792	Due for completion Q4 2023
Coopers Cross, Dublin 1 (Bldg. 2)	293,000	Due for completion Q4 2023
Block N Central Park, Dublin 18	204,428	Due for completion Q4 2023



Expert Insight

By Lucy Connolly



As we enter the final quarter of 2023, we examine the ever evolving landscape of the office sector in Dublin.

While the persistent impact of the COVID-19 pandemic cannot be denied, it is not the only component affecting the Dublin office market in 2023. Several factors are at play, some of which are momentarily redefining traditional demand and leasing patterns and in some cases stalling decision making when it comes to real estate choices for companies. Numerous factors are relevant;

The ongoing influence of COVID-19: The pandemic has fundamentally altered the way we work. Hybrid and remote working have become the new standard for the majority of office based workers. How this translates to the office floorplate and day to day working practices has been slow to resolve itself. Many companies are still grappling with how much space they require to accommodate a hybrid workforce and how to futureproof these quantum decisions.

Inflation and increased fit-out costs: Traditional lease transactions over the course of this cycle have been for accommodation finished to owner CAT A specification, with the occupier completing the CAT B works to their own specification and requirements, usually over a +10 year term certain. A substantial increase in material and labour costs has led to some businesses postponing these capital expenditure projects.

Greyspace: The Dublin vacancy rate has increased to 15.6%, largely due to an increase in so called 'greyspace' (fully fitted and available via Sub-Lease/Assignment) office accommodation available in the market. This increase is as a result of companies seeking to downsize their floorplates as a consequence of a decrease in employee presence in the office. This accommodation is challenging the traditional owner model and is providing short term Sub-Leases of fitted and 'plug & play' offices to the market.

ESG: Following the implementation of EU Taxonomy Regulation companies are increasingly prioritising sustainability. This focus is affecting the types of accommodation they seek to lease which in turn is influencing market take up.

Average Deal size: Given the factors above, perhaps unsurprisingly size requirements have decreased. Quarter 3 statistics highlight average deal size shrinkage,

with the average deal size currently standing at 6,523 Sq.ft. (down from a high of 16,155 Sq.ft. in 2019).

The above market dynamics collectively represent a period of adjustment in the office market, ultimately manifesting itself into a notable increase in demand in the market for short term, fully fitted office accommodation. This model is appealing to companies at present as they opt for solutions to bridge the gap whilst the adjustment continues.

Despite these current trends, Ireland's economy remains robust, with high rates of employment, wage growth, and healthy GDP figures, all of which bode well for the office sector. Furthermore, the correction of material costs is gradually stabilising which should have a bearing on fit-out projects in 2024. Reports of increased employee attendance in the office is also palpable on core days (Tuesday, Wednesday and Thursday), this too is reflected in traffic statistics, with weekly average traffic and public transport numbers on par with 2019 figures (pre-COVID-19) (Source: CSO).

Bannon data indicates that end of year take up will reach c. 1,500,000 Sq.ft. which is a decrease on previous years' activity. However, we would note that we are seeing an increase in demand and requirements for office accommodation with timelines for 2024 occupation. This coupled with a heightened demand for sustainable options, and an increase in employee presence in the office (albeit on a hybrid basis) should result in a stabilisation and take up growth by the second half of 2024.



Bannon Office Pulse

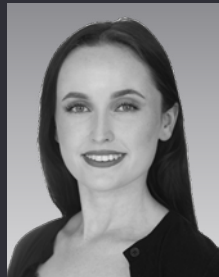
Contact The Office Team



Rod Nowlan
Director
rnowlan@bannon.ie



Lucy Connolly
Divisional Director
lconnolly@bannon.ie



Julia Halpenny
Surveyor
jhalpenny@bannon.ie



Cillian O'Reilly
Sustainability Manager
coreilly@bannon.ie



Hambleden House
19-26 Lower Pembroke Street
Dublin 2

 +353 1 6477900

 www.bannon.ie

 [linkedin.com/company/bannon](https://www.linkedin.com/company/bannon)

 twitter.com/bannon

PSRA: 001830

Disclaimer: This report is published for general information and is not to be relied upon. It is based on material that we believe to be reliable. Whilst every effort has been made to ensure its accuracy, we cannot offer any warranty or guarantee of same. Reproduction of any part of this publication is not permitted in any form without prior written consent from Bannon