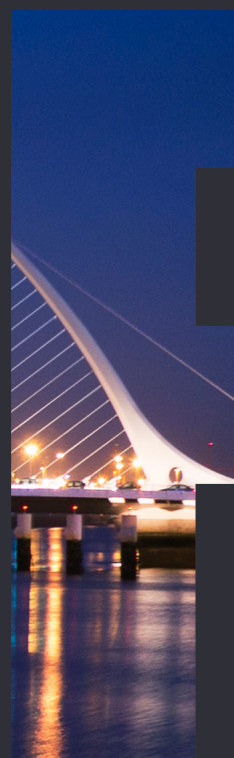
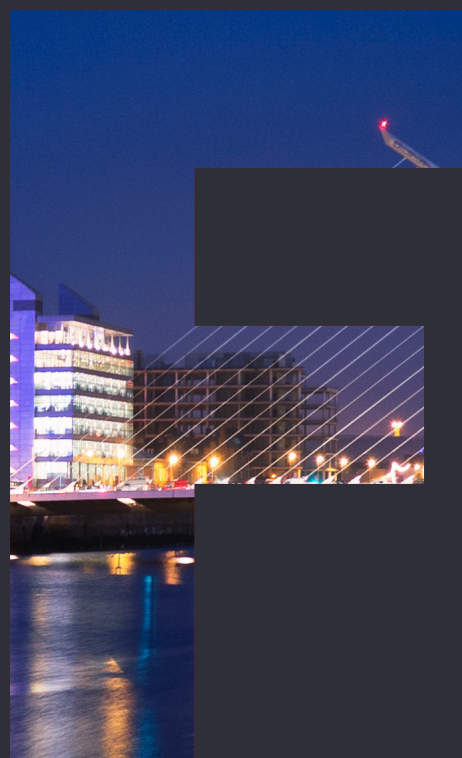


Dublin Office Market



Q3 2021 At A Glance



Transactions Signed (Sq. Ft.)

462,520

Take-Up Q3 2021
YTD 695,047 sq.ft.



Largest Transaction (Sq. Ft.)

43,767

BNP Paribas
(Termini, Sandyford)



By Size

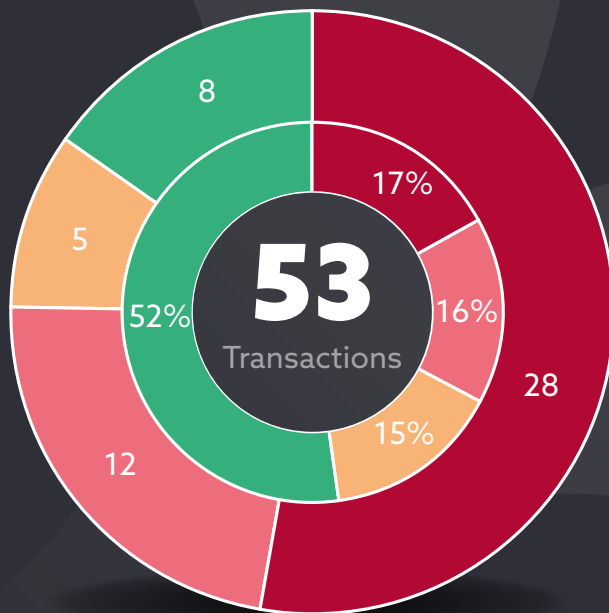
53%

Transactions 20,000 - 49,999
sq.ft. (8 transactions)



Overall Dublin Vacancy Rate

11.7%



Transactions

- Under 5,000 Sq. Ft.
- 5,000 - 9,999 Sq. Ft.
- 10,000 - 19,999 Sq. Ft.
- 20,000 - 49,999 Sq. Ft.
- Over 50,000 Sq. Ft.

Transactions By Location

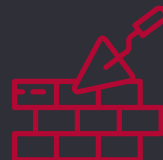
48%

Dublin City
Centre

52%

Suburban and
City Fringe

Construction



6.4m
sq.ft.

Under
Construction

39%

Pre-Let/
Reserved

36%

Pre-Let

Transactions By Sector

31%

Professional
Services

28%

TMT

13%

State



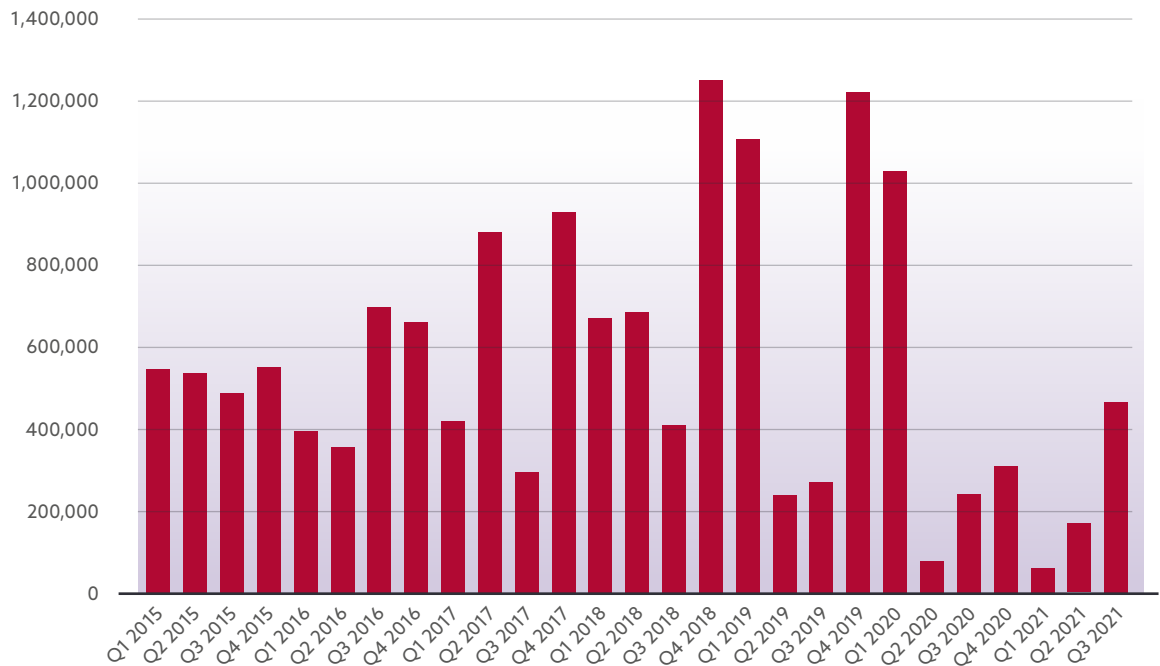
Office Take Up

The impact of Covid-19 on the Dublin office market has undoubtedly caused a tumultuous eighteen months for the sector, resulting in some of the lowest levels of take up recorded over the period. As we moved forward towards a further easing of restrictions in Q3, an increase in market activity and sentiment was evident with take up for the quarter exceeding 460,000 sq.ft. across 53 transactions. This represents a 92% increase on Q3 2020 take up but more importantly a 26% increase on Q3 2019 (pre covid).

The year to date figure now stands at 685,047 sq.ft. which is -47% on the same period of 2020 (Q1 2020 was an exceptional quarter prior to Covid with over 1,000,000 sq.ft. transacting). The year to date figure remains -66% on the same period of 2019.

As we enter Q4 there is over 1,000,000 sq.ft. of accommodation reserved.

Office Take Up By Quarter (Sq. Ft.)



Source: Bannon Research

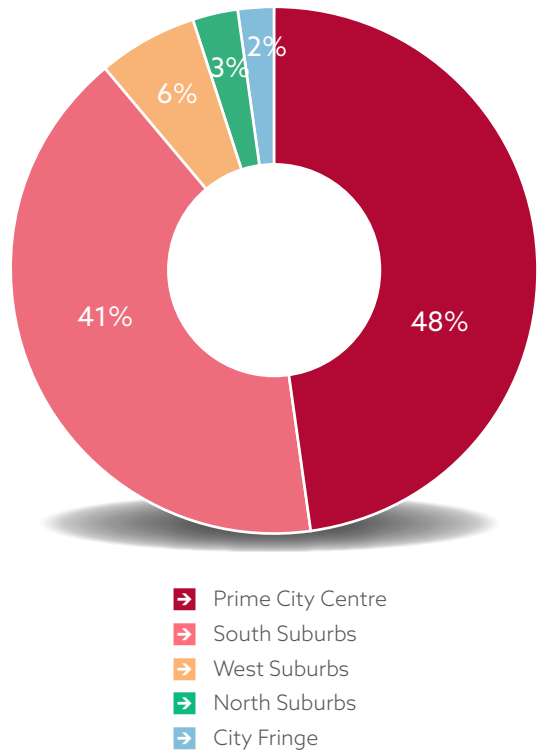
By Location

Traditionally the CBD accounts for 60% + of transactions in a quarter, however, this quarter we have seen a notable increase in activity in the suburban market, particularly in the South Suburbs which accounted for 41% of all transactions. In total 48% of transactions occurred in the city centre with 52% recorded in the Suburban and City Fringe markets.

Whilst the increase in activity in the suburbs could be interpreted as a move by companies towards accommodating a more flexible working environment with a reduced commute for employees or with a view to realigning costs, the reality is that the majority of the occupiers who have taken space this quarter already have an office presence in the locality.

Notable deals include a letting to BNP Paribas of 43,767 sq.ft. in Termini, Sandyford (this was the largest transaction of the quarter), closely followed by Accentures acquisition of 36,525 sq.ft at Building 10 Cherrywood. MarketStar, ResMed and Ericsson also acquired space this quarter.

DLA Pipers letting of 40 Molesworth Street was the largest transaction in the CBD, followed by Bord Bia who have taken the entire of 140 Pembroke Road (27,000 sq.ft.)



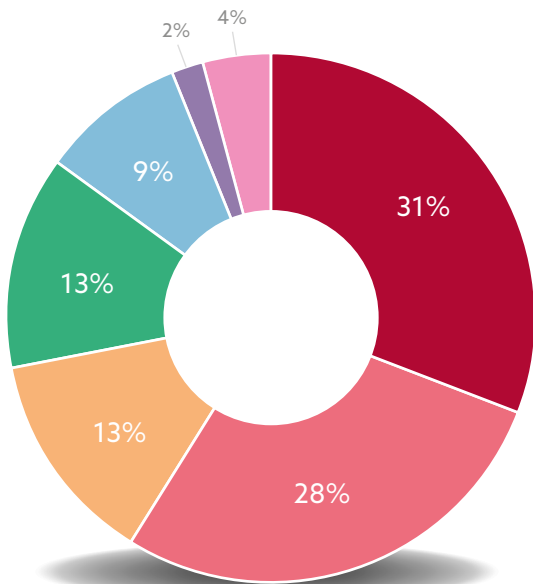
Top 5 Transactions

Property	Tenant	Size (Sq.ft.)
Termini, Sandyford	BNP Paribas	43,767
Building 10, Cherrywood	Accenture	36,525
40 Molesworth Street	DLA Piper	29,773
140 Pembroke Road, Ballsbridge	Bord Bia	27,588
6-13 Pembroke Row	OPW	27,557



By Sector

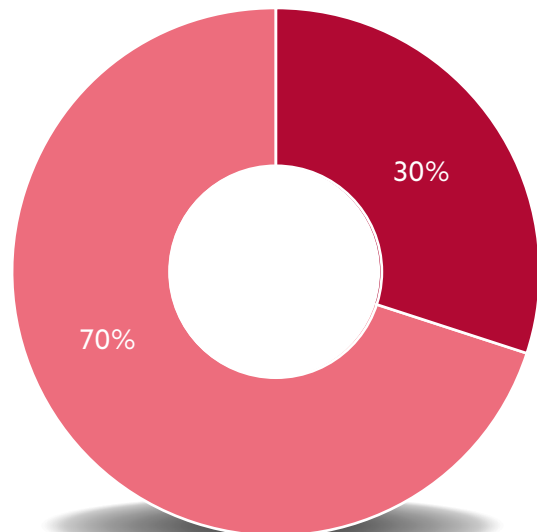
In a break from the norm professional services was the top performing sector this quarter at 31% of take up, pushing the TMT sector into second position accounting for 28% of take up this quarter. The state were also active this quarter accounting for 13% of take up following transactions at 140 Pembroke Road and 6-13 Pembroke Row at 27,588 sq.ft. & 27,557 sq.ft. respectively.



- ➔ Professional Services
- ➔ TMT
- ➔ State
- ➔ Banking & Finance
- ➔ Health & Pharmaceutical
- ➔ Education
- ➔ Other

Tenant Profile

Despite travel restrictions, tenant profile remains consistent with previous quarters with 70% of take up from International occupiers and 30% from domestic companies.



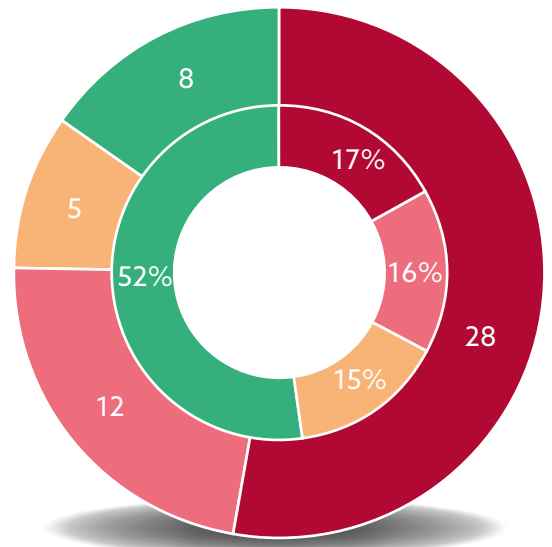
- ➔ Domestic
- ➔ International








By Size

The most active size bracket in terms of transactions completed was the sub 5,000 sq.ft. bracket with 28 transactions recorded, however, this only accounts for 17% of total take up. 8 transactions were recorded in the 20,000 - 49,999 sq.ft. bracket accounting for 52% of take up which was dominated by the banking & finance and professional services sector. There were no transactions recorded in excess of 50,000 sq.ft. this quarter.

There is over 1,000,000 sq.ft. of accommodation reserved across the capital, 4 deals are in excess of 50,000 sq.ft. including 216,000 sq.ft. of accommodation reserved at the Sorting Office and 105,000 sq.ft. reserved at Exo, if they both transact by year end this will boost the year end take up figure by 320,000 sq.ft.



-  Under 5, 000 Sq. Ft.
-  5,000 - 9, 999 Sq. Ft.
-  10, 000 - 19, 999 Sq. Ft.
-  20, 000 - 49, 999 Sq. Ft.
-  Over 50, 000 Sq. Ft.





Rents /Terms

Prime quoting rents for Grade A offices have remained steady, with City Centre schemes quoting levels between €57.50 - €62.50 per sq.ft. and suburban schemes quoting levels of €25 - €34 per sq.ft.

Whilst headline rents are in the large being sustained, we are seeing an increase in lease flexibility with earlier break options being introduced and an increase in incentives agreed.



Construction

Currently there is in excess of 6,400,000 sq.ft. (39% pre-let/reserved) of office accommodation under construction across the capital, 1,750,000 sq.ft of which is forecasted to complete by year end. Given delays in construction due to covid 19, practical completion of some of these projects will inevitably be pushed into 2022.

With planning permission granted for over 8,000,000 sq.ft. and a further 1,500,000 sq.ft. going through the planning system, construction pipeline remains steady. Commencements will depend on continued demand and availability of funding.

Property	Size (Sq.Ft.)	Status
Exo, Dublin 1	168,993	Due for completion Q4 2021
Tropical Fruit Warehouse, Dublin 2	80,234	Due for completion Q1 2022
Ten Hanover Quay, Dublin 2	69,000	Due for completion Q1 2022
Fitzwilliam 28, Dublin 2	135,000	Due for completion Q4 2021
The Shipping Office, Dublin 2	177,000	Due for completion Q4 2022



Outlook

Q3 has exceeded expectation and has provided a much needed boost to the office sector as we enter the final quarter of the year.

As the return to the office continues, albeit on a phased basis, it remains to be seen how changes in work practises such as a hybrid model will impact on the office market. Will a move towards hybrid and perhaps hot desking reduce a company's floorplate? Will the need for more circulation and collaboration space negate any decrease in floorplate? The answer is unknown for now but should become apparent over the next 2 quarters in particular. We do expect to see an increase in 'greyspace' in the short term, this has already been witnessed over the last 3 quarters with sub-lease/assignments steadily increasing as a percentage of take up from 12% in Q1 to 21% in Q2 and 23% in Q3.

There is currently over 1,000,000 sq.ft. of office space reserved and in recent months there has been a notable increase in active requirements and reactivation of previous requirements. However, with the recent announcement from the government advising a work from home policy where possible, it is likely that some decision making will be postponed in the short term with market growth expected from Q1 2022.

Key Predictions For Q4



Prime Rents to remain steady

Increased demand for lease flexibility

Increase in availability of 'grey space' in the short term

As ESG agendas come into sharp focus, demand for Grade A 'green buildings' to continue

Q3 | 2021

Dublin

Office Market

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