

DUBLIN OFFICE MARKET

Q3 | 2019



Q3 2019 AT A GLANCE

TRANSACTIONS SIGNED

349,000 SQ. FT.

TAKE-UP Q3 2019



45%
CBD



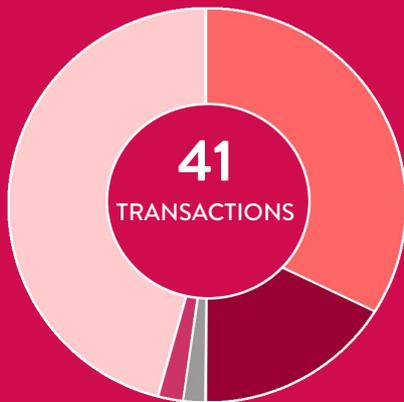
19%
PRE-LET



34%
SOUTH SUBURBS



6.1%
OVERALL DUBLIN
VACANCY RATE



- 15 TRANSACTIONS UNDER 5, 000 SQ. FT.
- 17 TRANSACTIONS FROM 5, 000 – 9, 999 SQ. FT.
- 7 TRANSACTIONS FROM 10, 000 – 19, 999 SQ. FT.
- 1 TRANSACTIONS FROM 20, 000 – 49, 999 SQ.FT.
- 1 TRANSACTIONS FROM 50, 000 – 99, 999 SQ.FT.

TRANSACTIONS BY SECTOR



24%
BANKING &
FINANCE



20%
TMT



14%
SERVICED OFFICE
PROVIDER

1.45M SQ. FT.

RESERVED GOING INTO Q4



CONSTRUCTION

215,000 SQ. FT.

DELIVERED Q3 2019

5.6M
SQ. FT.

UNDER CONSTRUCTION

1.26M
SQ. FT.

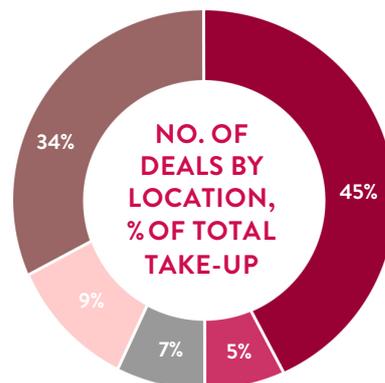
DUE FOR COMPLETION Q4



TAKE-UP

Transactions signed in quarter 3 reached **349,000 sq. ft. across 41 deals**. Whilst this represents a decrease of 33% on the same period of 2018, year to date take up is currently standing at 2.2m sq.ft. which is only 1.5% less than the same period last year. Pre-lets represented just 19% of the overall floor space leased in Q3.

We commence Q4 with over 1.45m sq.ft. of accommodation reserved. Of this reserved accommodation 63% represents pre-lets across 10 transactions. We expect to see an acceleration of take up in Q4, thus boosting the end of year figure. Whilst we do not expect to exceed last year's record-breaking final take up figure which was boosted by Facebook's 870,000 sq.ft. letting in Ballsbridge, the market remains strong and we will exceed the ten year moving average figure for the 6th consecutive year (adjusted to 2.25m sq.ft.). Excluding Facebook take-up last year reached 2.98m sq.ft.; we expect to see close to 3m sq.ft. for 2019.



BY LOCATION

The central business district remains the location of choice for occupiers, albeit transactions have been relatively more subdued in the city centre compared to previous quarters, accounting for 45% of transactions across 21 deals. Correspondingly fringe and suburban markets have increased their share this quarter, with the south suburbs performing particularly well accounting for 33% of take up. This was enhanced by the letting of 67,700 sq.ft to Elavon at Cherrywood Business Park, which was also the largest transaction this quarter across all the regions. The north and west suburbs accounted for 5% and 7% of take up respectively.

- PRIME CITY CENTRE
- SOUTH SUBURBS
- CITY FRINGE
- WEST SUBURBS
- NORTH SUBURBS

TOP 5 TRANSACTIONS Q3 2019

LOCATION	SIZE (SQ. M.)	SIZE (SQ. FT.)	COMPANY
FI CHERRYWOOD	6,292	67,727	Elavon
THE OVAL, BALLSBRIDGE	2,137	23,000	WeWork
GEORGES QUAY HOUSE	1,687	18,158	WeWork
RED OAK NORTH	1,647	17,727	Eurofins
THE REFLECTOR	1,231	13,250	Airbnb

Source: Bannon Research



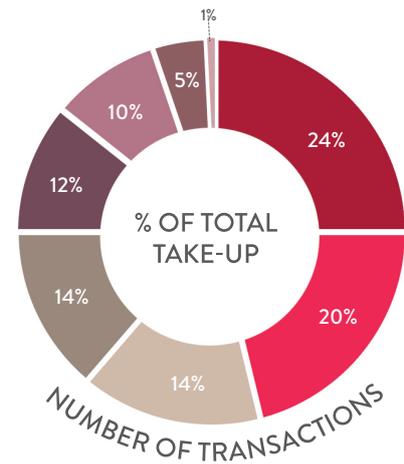
BY SECTOR

The Banking and Financial services sector was the best performing sector this quarter representing 24% of total take up, the largest letting in this category being the Elavon letting. Other deals in the sector included lettings to First Derivatives, Carne Group and the Institute of Banking. The TMT sector accounted for 20% of take up across 11 transactions, including deals to Airbnb at The Reflector and Udemu at 2WML, in Dublin's South Docks.

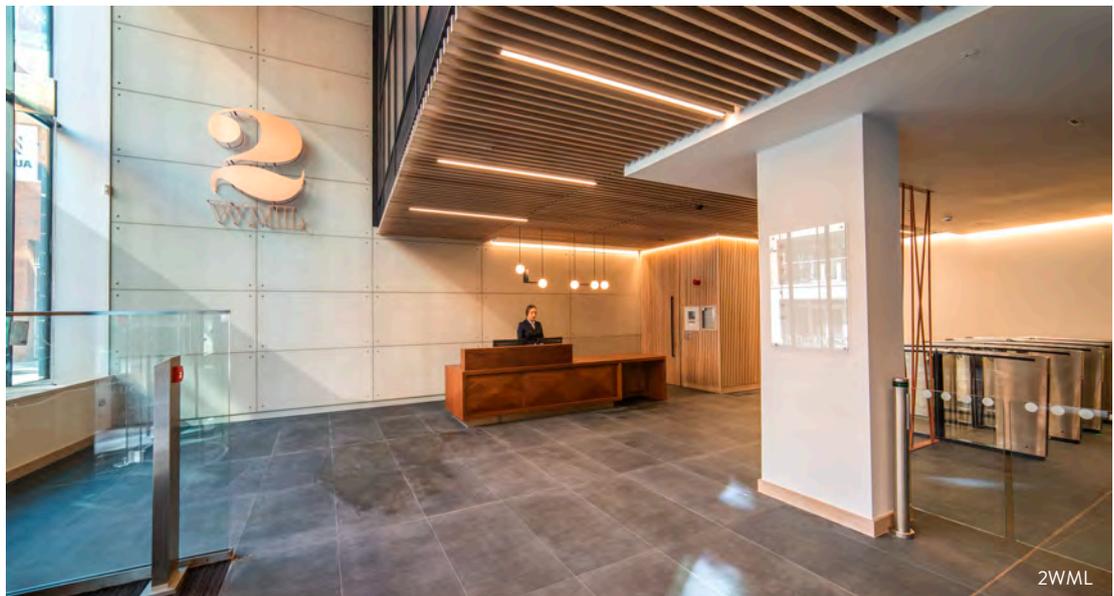
Despite recent press coverage in relation to serviced offices, the sector continues to feature in figures, accounting for 14% of take up this quarter across 4 transactions, 3 of which were agreed to WeWork.

The serviced office sector also accounts for 6% of the accommodation currently reserved.

NO. OF DEALS BY SECTOR, % OF TOTAL TAKE-UP



- BANKING & FINANCE
- TMT
- SERVICED OFFICE PROVIDER
- PROFESSIONAL SERVICES
- STATE
- HEALTH & PHARMACEUTICAL
- RETAIL & WHOLESALE
- OTHER/UNKNOWN

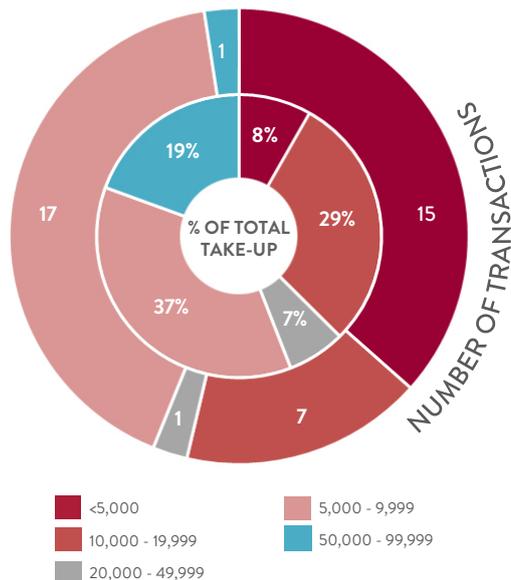


BY SIZE

The 5,000 - 10,000 sq.ft. size bracket was the most active by number of deals this quarter (with 17 out of 41 deals falling within this bracket). This represents 37% of the 349,000 sq.ft. signed this quarter. The sub 5,000 sq.ft. bracket accounted for 15 transactions, but this only represents 8% of total take up. There was one deal in excess of 50,000 sq.ft. equating to 19% of total take up.

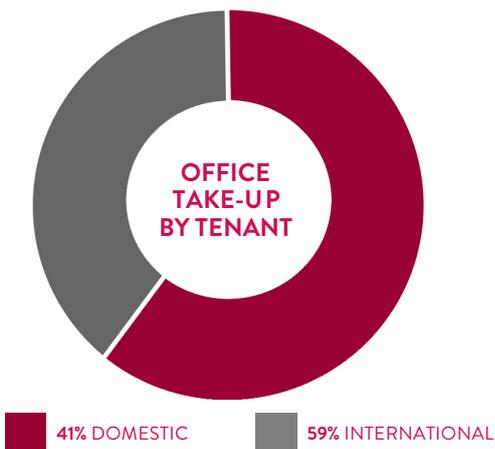
Unusually for the Dublin Market, there were no deals in excess of 100,000 sq.ft. this quarter, however of the reserved accommodation 4 transactions fall into this category, which if executed by year end will have an impact on total take up this year.

NO. OF DEALS BY SIZE BAND



TENANT PROFILE

Overseas occupiers continue to outperform the domestic market accounting for 67 % of total take up or 227,631 sq.ft. across 19 transactions this quarter. This brings the ytd tenant profile to 59% International versus 41% Domestic.



VACANCY

Overall Dublin vacancy has remained steady at 6.1% for Q3 2019.



RENTS

The highest headline rent achieved this quarter for a small penthouse suite in Ballsbridge was €100 per sq.ft. however this level is not reflective of market norm. Typical prime headline rents achieved this quarter are in the region of €60 - €62 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

There is currently 5.56m sq.ft. of grade A accommodation under construction, 45% of which is pre-let.

636,000 sq.ft. has been delivered to date this year, with a further 1m sq.ft. due for completion by the end of the year, however, some of these projects will inevitably run into 2020.

Construction starts have slowed down in the second half of the year with only 3 schemes commencing on site in Q3. We currently have planning permission across the capital for 6.5m sq.ft. of office accommodation.

Having regard to the level of speculative development in the Dublin market and the increased level of pre-lets/mid-lets in this cycle prior to project completion, it is interesting to look at the project timeline versus the timing of take up of the space. Whilst we normally see a correlation forming at the mid to late construction phase, the below table indicates a move towards agreeing deals at an earlier stage. This is largely due to larger requirements commencing their searches at an earlier stage in order to secure the right option for their business.

YEAR OF DELIVERY	COMMENCED & DUE FOR COMPLETION	PRE-LET	PRE-LET & RESERVED
2019 TO BE DELIVERED	1,264,276	54%	79%
2020	2,769,432	39%	49%
2021 & BEYOND	1,526,134	51%	58%
TOTAL UNDER CONST.	5,559,842	45%	55%

Source: Bannan Research

SAMPLE OF SUPPLY PIPELINE

ADDRESS	SIZE (SQ. M.)	SIZE (SQ. FT.)	STATUS
DUBLIN AIRPORT CENTRAL PHASE I	19,324	208,000	Due for completion Q4 2019
76 JOHN ROGERSON'S QUAY	9,492	102,170	Due for completion Q4 2019
BLOCK I CENTRAL PARK	7,618	82,000	Due for completion Q4 2019
ONE CENTRAL PLAZA	6,791	73,100	Due for completion Q4 2019
KILDRESS HOUSE, PEMBROKE ROW	2,991	32,193	Due for completion Q4 2019

Source: Bannan Research



Dublin Airport Central



OUTLOOK



Strong continued demand



Pre-lets continue to dominate pipeline



1.45m sq.ft. reserved heading into Q4



Construction Pipeline – continuation of controlled but more subdued commencements on site



Prime rents remain steady



Increase in sub-lets of new Grade A accommodation as occupiers take larger than required buildings to allow for future expansion



Brexit uncertainty to remain with extension to January 2020



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