

# DUBLIN OFFICE MARKET

Q3 | 2018



# Q3 2018 AT A GLANCE

TRANSACTION SIGNED Q3 2018

## 524,019 SQ. FT.

(48,683 SQ. M.)

40% INCREASE FROM Q3 2017

YTD TAKE-UP SQ.FT

## 2.25M

(209,000 SQ. M.)

PRE-LET

## 15%

OF TOTAL TAKE UP



## 3.8%

D2/D4  
VACANCY



## 7.3%

OVERALL DUBLIN  
VACANCY RATE



UNDER CONSTRUCTION

## 4.5 MILLION SQ. FT.

80% CITY CENTRE

## 1.7M SQ. FT.

RESERVED GOING INTO Q4

### TAKE-UP BY SECTOR



## 42%

TMT



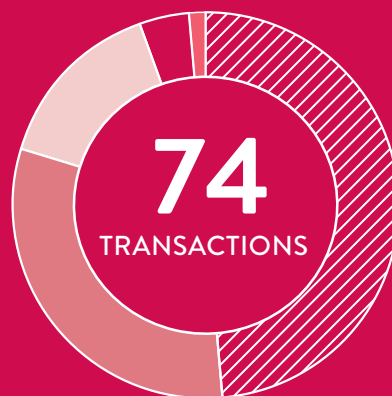
## 16%

BANKING &  
FINANCE



## 14%

HEALTH &  
PHARMACEUTICAL



- 36 TRANSACTIONS UNDER 5,000 SQ. FT.
- 23 TRANSACTIONS FROM 5,000 - 9,999 SQ. FT.
- 11 TRANSACTIONS FROM 10,000 - 19,999 SQ. FT.
- 3 TRANSACTIONS FROM 20,000 - 49,999 SQ. FT.
- 1 TRANSACTION FROM 50,000 - 99,999 SQ. FT.



TAKE-UP

Transactions in the third quarter exceeded expectations with **524,000 sq.ft. transacted across 74 deals**. With over 1,700,000 sq.ft. of accommodation reserved going into Q4, we are on track to surpass the 2017 record take up level of 3,100,000 sq.ft.

Of the 524,000 sq.ft. leased in Q3, 15% or 81,800 sq.ft. related to pre-lets. Interestingly **of the 1,700,000 sq.ft. of accommodation reserved, a staggering 63% represents pre-lets**, however this is only attributable to 6 transactions, which suggest continued employment growth in the sectors and highlights a move towards companies taking larger offices to accommodate future growth.

Indeed, if we look a little closer to transactions in 2017/2018 versus previous years, we see that whilst the volume of take up has increased, the number of actual deals has remained steady, further highlighting the larger unit on unit transaction.

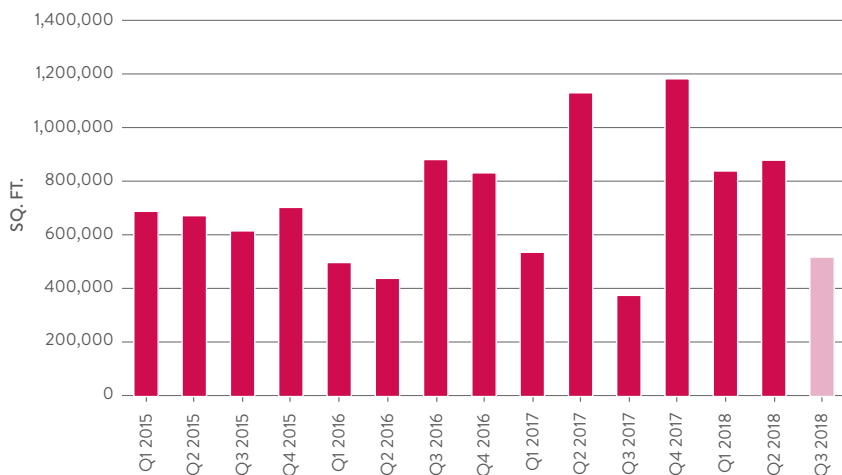
BY LOCATION

**CBD remains the most active location with 53% of take up across 42 transactions**, city fringe locations only accounted for 4% of take up, with suburban market performing above average this quarter.

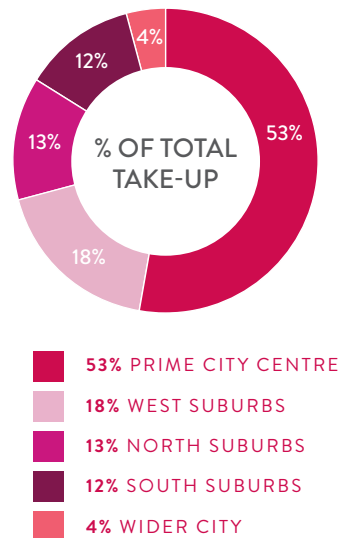
The suburban market accounted for 43% of the total take up this quarter. The West suburbs performed particularly well with 12 transactions totalling 95,000 sq. ft. signing. The south suburbs hasn't performed as well as previous quarters with just 12% of transactions in this location.

**Kellogg's** pre-letting of over 38,000 sq.ft. at **Three Dublin Airport Central** was the **largest suburban deal this quarter**, bolstering the North Suburban take up figure to 13%.

OFFICE TAKE-UP BY QUARTER



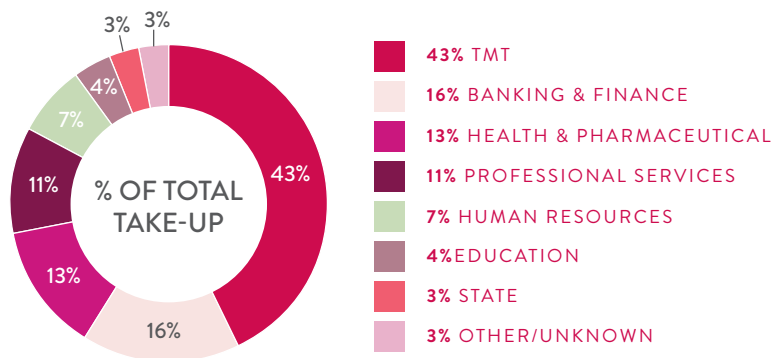
OFFICE TAKE-UP BY LOCATION



OFFICE TAKE-UP BY SECTOR

BY SECTOR

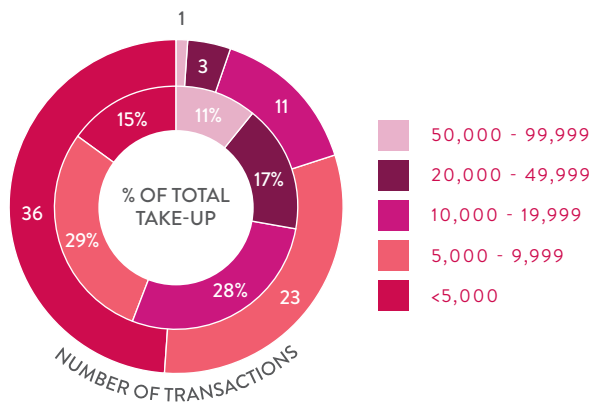
TMT (technology, media and telecommunication) sector continues to be the most active sector this quarter accounting for **43% of overall take up**, with Google topping the list again, leasing a further 58,000 sq.ft. in Grand Canal Quay, adding to their already significant presence in the immediate area. The Banking & Financial and Health & Pharma sectors performed well this quarter accounting for 16% and 13% respectively.



NO. OF DEALS BY SIZE BAND, % OF TOTAL TAKE-UP

BY SIZE

The sub 10,000 sq.ft. size bracket remains the most dominant by number of deals, with 80% of all deals (59 out of 74 deals) falling within this bracket. This however only represents 44% of total take up this quarter. There were **no transactions above 100,000 sq. ft. this quarter** and just four deals of more than 20,000 sq.ft. These four transactions represented 28% of the total floor area taken up.



TOP 5 TRANSACTIONS Q3 2018

PROPERTY	OCCUPIER	SIZE (SQ. M.)	SIZE (SQ. FT.)
ONE GRAND CANAL QUAY	Google	5,388	58,000
THREE DUBLIN AIRPORT CENTRAL	Kellogg's	3,624	39,008
5 & 6 EARLSFORT TERRACE	Biomarin	2,403	25,863
LAKE DRIVE CITYWEST	DPS Engineering	2,088	22,480
RED OAK, SOUTH COUNTY BUSINESS PARK	PLR Worldwide Sales	1,632	17,562

Source: Bannan Research





VACANCY

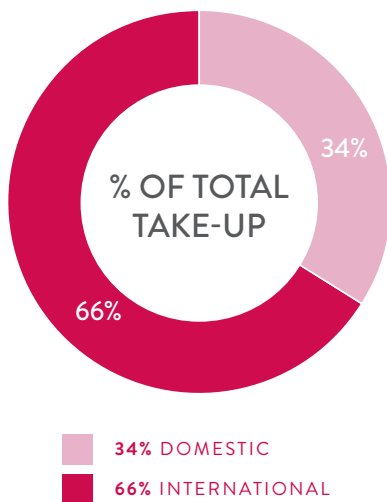
The overall **Dublin vacancy now stands at 7.3%** compared with 7.7% in Q2, while the overall Dublin 2/4 vacancy rate stands at 3.8%



TENANT PROFILE

Overseas occupiers continue to dominate take up with 66% attributable to non-Irish companies bringing the YTD tenant profile to 72% international.

OFFICE TAKE-UP BY TENANT PROFILE



RENTS

Prime rents have increased slightly with levels in the region €57.50 - €62.50. However, the majority of transactions for Grade A accommodation remained close to the €60 per sq. ft. mark with the higher rate this quarter recorded at €65 per sq. ft. for a sub-lease at Three Park Place.

Offices in wider city centre / fringe locations including Dublin 8 are achieving rents of €35-€40 per sq.ft. Grade A offices in suburban locations are performing well, with the **highest suburban rent achieved this quarter being in the region of €33 per sq.ft. in North Dublin.**



**DEVELOPMENT  
ACTIVITY**

Q3 has seen a number of developments, totalling 1,330,000 sq ft reach or approach completion.

The flurry of activity this quarter has led to **87%** of the stock deliverable by year end now **pre-let or reserved**.

For a third quarter running, we have seen a **slowdown in construction project commencement** with just 2 new developments starting onsite this quarter.

There is currently 4.5m sq ft under construction and due for completion between quarter 4 through to the end of 2020. 44% of this stock is already pre-let or reserved showing a strong take up of space once construction is underway. At the same point in 2017, 21% of under construction was let or pre-let.



**SAMPLE OF SUPPLY PIPELINE**

ADDRESS	SIZE (SQ. M.)	SIZE (SQ. FT.)	STATUS
THE WYTHE BUILDING	2,440	26,263	Due for completion Q4 2018
2WML, DUBLIN 2	5,677	61,107	Due for completion Q4 2018
10 PEMBROKE PLACE	2,752	29,622	Due for completion Q1 2019
76 SIR JOHN ROGERSON'S QUAY	9,492	102,170	Due for completion Q1 2019
TWO & THREE DUBLIN AIRPORT CENTRAL	19,322	207,980	Due for completion Q2 2019

Source: Bannan Research



2WML



## OUTLOOK

With over 1,700,000 sq.ft. of office accommodation reserved moving into the final quarter, **the end of year figure is set to break records once again** and surpass the 3,100,000 sq.ft. of take up recorded at the end of 2017 and thus exceeding the ten year moving average figure for a 5th consecutive year.

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**The largest single deal to ever transact is likely to complete in Q4, further boosting end of year projections**

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With the March 2019 deadline looming for Brexit negotiations, the uncertainty regarding 'passporting rights' and the impact on financial services firms is set to continue in the short term, as negotiations continue. Whilst we are

seeing signs of expansion of firms already based in Ireland and it has been reported that more than 150 financial services firms have applied for authorisations from the Central Bank to operate in Ireland in the wake of Brexit, we are yet to see a significant influx of new firms entering the market, as perhaps was expected at the outset of Brexit talks.

The anticipated entry of US and Non-European Financial services providers reportedly 'eyeing up' and potentially moving lock, stock and barrel to Dublin (or other European Cities) may be slightly exaggerated or at the least reasonably undetermined for the moment. However, we are seeing evidence on the ground of **new companies taking a small presence in Ireland with a view to further expansion**, with a particular concentration on serviced offices. As negotiations advance and Brexit continues to evolve, we should start to see a more defined impact on the Dublin Office market in Q1 next year.



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