

DUBLIN OFFICE MARKET

Q1 | 2018

FITZWILLIAM | 28

ESB

888,500 SQ. FT.

TAKE-UP Q1 2018

PRE-LET

27%

OF Q1 TAKE UP



3.3%

GRADE A D2/D4
VACANCY



8%

OVERALL DUBLIN
VACANCY RATE

UNDER CONSTRUCTION

4.4 MILLION SQ. FT.

DUE FOR COMPLETION 2018

1.6 MILLION SQ. FT.

(51% PRE-LET OR RESERVED)

945,000 SQ. FT.

RESERVED GOING INTO Q2

TAKE UP
BY SECTOR



40%

TMT



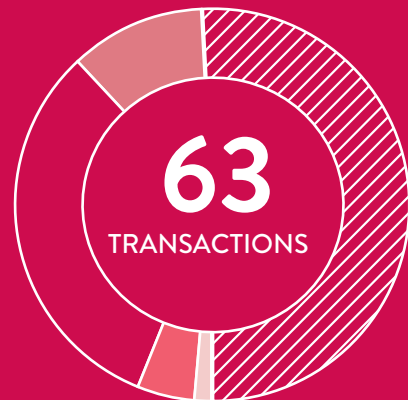
17%

BANKING &
FINANCE



17%

CO-WORKING



- 32 TRANSACTIONS UNDER 5,000 SQ. FT.
- 7 TRANSACTIONS FROM 5,000 – 9,999 SQ. FT.
- 20 TRANSACTIONS FROM 10,000 – 49,999 SQ. FT.
- 3 TRANSACTIONS FROM 50,000 – 99,999 SQ. FT.
- 1 TRANSACTION OVER 100,000 SQ. FT.



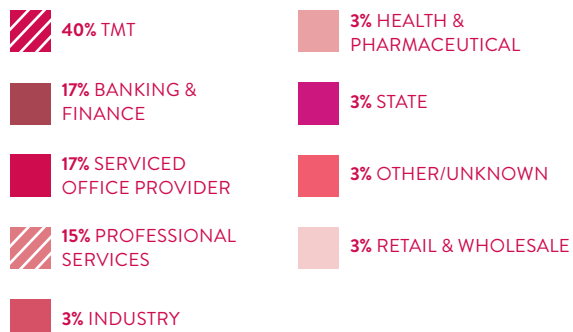
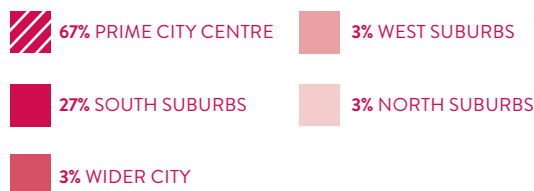
TAKE-UP

The opening quarter of 2018 saw a continuation of strong performance in the Dublin office market following a record breaking year for take up in 2017. Whilst a more subdued quarter was expected, take up reached an impressive 888,500 sq. ft. this quarter, representing an increase of 70% on the same quarter last year.

The 10-year moving average figure has now been adjusted to 2,100,000 sq. ft. (formerly 1,900,000 sq. ft.) following several years of strong growth. Given the bumper start to the year and the number of unfulfilled requirements still present, we expect 2018 to be another strong year with take up expected to exceed this 10-year average for the fifth consecutive year.

The Central Business District remains the most active location accounting for 67% of take up. This market is currently characterised by a tightening of availability of Grade A stock for immediate occupation, this will be particularly prevalent in the coming year as take up of pipeline stock prior to completion continues to be a dominant feature of the market.

The south suburbs were particularly active this quarter, with take up increasing from 14% in Q4 to 27% in Q1. This is largely attributable to 3 major deals, namely two lettings to Google in Sandyford (Blackthorn and The Chase Building) and Accenture (Building 11 Cherrywood). Having traditionally opted for city centre locations, it was interesting to see Google move outside of the so-called ‘Silicon Docks’ to account for 42% of total take up in the south suburbs this quarter.



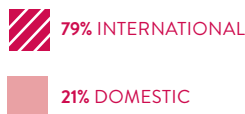
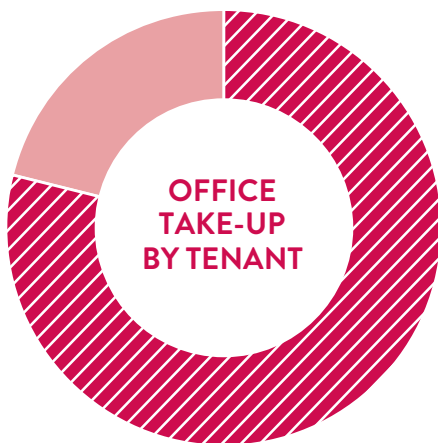
TMT remained the top performing sector this quarter leasing **more than 352,000 sq. ft. or 40% of overall take up.** This was followed by the **banking and finance** sector which accounted for **17% of take up.**

Serviced office providers continue to grow their presence in the market with almost 150,000 sq. ft. let this quarter accounting for 17% of take up – a jump from 10% of take up last quarter. Many of these are now reportedly nearing full capacity, with this space increasingly being let to larger tech companies who are already active in the Dublin market and enticed by the flexibility offered by these providers. The continued growth of these providers is making it more difficult to gauge take up on a sector by sector basis, with the market share derived from TMT companies in particular being artificially deflated as a result.



TENANT PROFILE

We are now seeing a decline in the proportion of Irish occupiers, with just 21% of take up being attributable to Irish companies this quarter. This compares with 43% in the final quarter of 2017 or 44% for 2017 overall.



RENTS

Prime rents once again remained steady with the majority of deals transacting at €55-€60 per sq. ft. The highest headline rent achieved this quarter was €70 per sq. ft. for TD Securities at One Molesworth Street, however once again this level was achieved for a penthouse floor in a Prime Dublin 2 location and is therefore not representative of the norm.



DEMAND/REQUIREMENTS

Requirements for office accommodation have remained strong throughout the quarter, no doubt driven by steadily increasing employment levels and FDI investment.

Landlords remain aggressive on lease terms opting for no less than 10 years term certain with rent free periods in some prime areas retracting to 6-9 months.



VACANCY

Overall Dublin vacancy now stands at 8%, down from 8.65% in Q4 2017, while Prime Grade A Dublin 2/4 vacancy has remained stable at 3.3%.

TOP 5 TRANSACTIONS Q1 2018

PROPERTY	OCCUPIER	SIZE (SQ. M.)	SIZE (SQ. FT.)
WILTON TERRACE	LinkedIn	12,077	130,000
NO.2 DUBLIN LANDINGS, NORTH WALL QUAY	WeWork	9,244	99,500
THE CHASE, SANDYFORD	Google	4,917	52,925
BLACKTHORN BUILDING, SANDYFORD	Google	4,508	48,522
1WML	Autodesk	4,504	48,484

Source: Bannon Research



CONSTRUCTION

There are currently 33 office schemes under construction in Dublin, equating to over 4.2 million sq. ft. of accommodation. Of this, 1.6 million sq. ft. is due for completion before year-end with 51% of this currently pre-let or reserved.

With planning permission granted for a further 6.1 million sq. ft. and 1.75 million sq. ft. in the planning system the office construction pipeline remains robust. However, it should be noted that not all planned schemes will progress to construction. This will depend on continued demand and availability of funding.





SAMPLE OF SUPPLY PIPELINE


ADDRESS	SIZE (SQ. M.)	SIZE (SQ. FT.)	STATUS
FITZWILLIAM 28, DUBLIN 2	12,510	134,656	Due for completion Spring 2020
2WML, DUBLIN 2	5,677	61,107	Due for completion Q4 2018
70 ST. STEPHEN'S GREEN, DUBLIN 2	6,887	74,130	Due for completion Q1 2020
THE EXO, DUBLIN 1	15,828	170,371	Due for completion Q1 2020
SOUTH MILLS, DUBLIN 8	4,035	43,435	Due for completion Q4 2019


Source: Bannan Research


 | **OUTLOOK**


 Strong continued demand with over 2 million sq. ft. of active requirements

 Construction pipeline - continuation of controlled delivery of supply

 940,000 sq. ft. reserved heading into Q2

 Pre-lets continue to dominate pipeline

 Prime rents to remain steady in Q2

 Serviced office providers to continue ambitious expansion programme.





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