

DUBLIN OFFICE MARKET

2018 REVIEW &
2019 OUTLOOK



2018 AT A GLANCE



TAKE UP FOR 2018
HIGHEST LEVEL
ON RECORD

TOTAL TAKE UP 2018
3.85M SQ.FT.
(358,250 SQ.M.)

TRANSACTIONS SIGNED Q4 2018
1.59M SQ.FT.
(148,500 SQ. M.)

VACANCY



3.85%

PRIME
CBD



6.41%

OVERALL DUBLIN
VACANCY RATE

TRANSACTIONS BY SECTOR



53%

TMT



9%

BANKING &
FINANCE



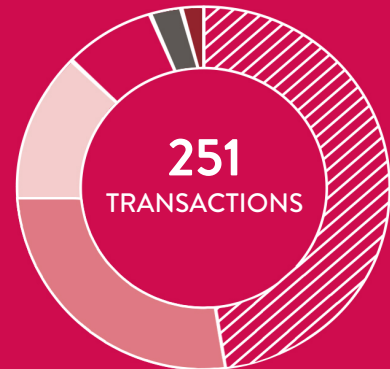
11%

SERVICED OFFICE
PROVIDER

PRE-LET

51%

OF TRANSACTIONS SIGNED IN 2018



- 123 TRANSACTIONS UNDER 5,000 SQ. FT.
- 56 TRANSACTIONS FROM 5,000 – 9,999 SQ. FT.
- 40 TRANSACTIONS FROM 10,000 – 19,999 SQ. FT.
- 20 TRANSACTIONS FROM 20,000 – 49,999 SQ. FT.
- 7 TRANSACTIONS FROM 50,000 – 99,999 SQ. FT.
- 5 TRANSACTIONS OVER 100,000 SQ. FT.

1.3M SQ.FT.

RESERVED GOING INTO Q1 2019

DEVELOPMENT

1.8M SQ.FT.

DELIVERED IN 2018

(167,000 SQ.M.)

PRE-LET

77%

LET OR RESERVED
PRIOR TO PC

4.7M SQ.FT.

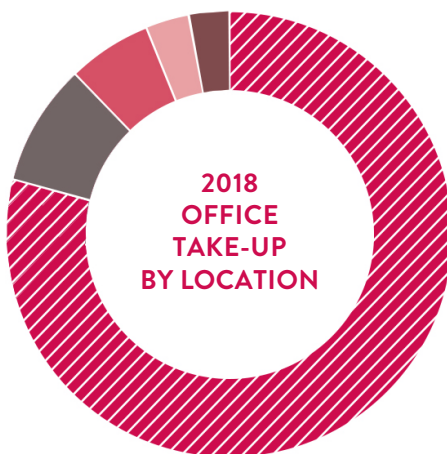
UNDER CONSTRUCTION

79%

CITY CENTRE



- 53% TMT
- 11% SERVICED OFFICE PROVIDER
- 9% BANKING & FINANCE
- 8% PROFESSIONAL SERVICES
- 7% STATE
- 4% HEALTH & PHARMACEUTICAL
- 2% INDUSTRY
- 2% RETAIL & WHOLESALE
- 2% EDUCATION
- 1% HUMAN RESOURCES
- 1% OTHER/ UNKNOWN



- 75% PRIME CITY CENTRE
- 11% SOUTH SUBURBS
- 6% WIDER CITY
- 5% WEST SUBURBS
- 3% NORTH SUBURBS

2018 saw another record breaking year for office take up with Q4 lettings attributing a further 1.59m sq.ft bringing the **total for the year to 3.85m sq.ft.**, outdoing the previous record in 2017 of 3.2m sq.ft. and thus adjusting the ten year moving average to 2.2m sq.ft.

With Facebook securing a deal to lease the 14 acre site at AIB's former HQ in Ballsbridge, the 870,000 sq.ft letting of the new Fibonacci Square has made history as **not only the largest deal of 2018 but the largest single office lease transaction in the history of the state.** Removing the Facebook transaction from the recorded figures, 2018 was still a strong year with 2.98m sq.ft. absorbed from the market, just slightly behind 2017's total and significantly above the 10 year moving average of 2.2m sq.ft.

OFFICE TAKE UP BY QUARTER (SQ.FT)



51% of floor space leased in 2018 related to pre-lets, again this figure is heavily influenced by the Facebook deal. Moving into the first quarter of 2019 there is a further 1.8m sq.ft. of stock reserved, indicating that 2019 is likely to be another strong year for take-up. This has been further enhanced by the **recent announcement that Salesforce are to locate to Spencer Place on the North Wall Quay.** Salesforce Tower as it is to be known, will house over 2,900 employees (1,400 existing and 1,500 new additions) across a 430,000 sq.ft. campus

BY LOCATION

The CBD remained the preferred location for business, accounting for a **staggering 75% of take-up across 251 transactions in 2018.** The South Suburbs remained the preferred location outside of the city centre with 11% of overall take-up in 2018. Notable transactions in the south suburbs include two buildings in Sandyford leased to Google in quarter 1 amounting to 101,000 sq. ft. in the tech giant's first move outside the city centre. In Q4 city fringe locations accounted for a larger than average apportionment of take-up in with Iconic Offices leasing 70,000 sq. ft. on Thomas Street and AIB's lease of 56,000 sq. ft. at Heuston South Quarter. These 2 lettings in Dublin 8 were the 4th and 5th largest deals respectively in the final quarter of 2018.

BY SECTOR

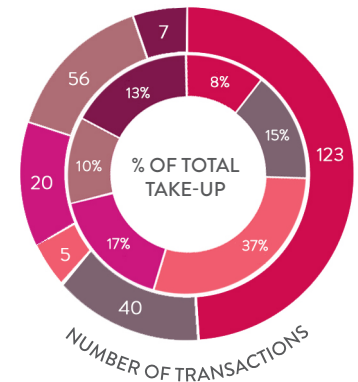
TMT (technology, media and telecommunication) was once again the most active sector in 2018 accounting for 53% of overall take up, followed by Serviced Office Providers and Banking & Finance who accounted for 11% and 9% respectively. **Take-up by Serviced Office Providers increased 62% year on year with and represented 2 of the top 5 largest deals in Q4** (Iconic at 151 Thomas Street and WeWork at Charlemont Exchange).



BY SIZE

Despite the huge take-up figures for the year, the most active size bracket was again sub 5,000 sq. ft., accounting for 123 transactions or 49% of the total number of transactions. This however only represents 8% of the overall floor space leased. **There were 5 lettings of above 100,000 sq.ft. in 2018 representing 37% of floor space leased.**

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



- 100,000+
- 50,000 - 99,999
- 20,000 - 49,999
- 10,000 - 19,999
- 5,000 - 9,999
- <5,000

TOP 5 TRANSACTIONS Q4 2018

PROPERTY	SIZE (SQ. M.)	SIZE (SQ. FT.)	TENANT
BANKCENTRE, BALLSBRIDGE	80,826	870,000	Facebook
1 SJRQ	10,501	113,034	Hubspot
CHARLEMONT EXCHANGE	8,279	89,118	WeWork
151 THOMAS STREET	6,469	69,636	Iconic
2 HSQ, HEUSTON SOUTH QUARTER	5,225	56,245	AIB



TOP 5 OCCUPIERS IN 2018

TENANT	SIZE (SQ. M.)	SIZE (SQ. FT.)	PROPERTY
FACEBOOK	80,826	870,000	Ballsbridge Campus
GOOGLE	35,320	380,179	Various
WEWORK	28,979	311,923	Various
LINKEDIN	12,077	130,000	Wilton Plaza
HUBSPOT	11,707	126,013	1SJRQ



VACANCY

Overall Dublin vacancy now stands at 6.4% down from 7.2% in Q3, while the overall CBD vacancy rate stands at 3.85%



RENTS

Prime rents have increased slightly with levels in the region €60 - €62.50, **with the highest rates per sq.ft. recorded at €65 per sq.ft.** for a letting at 10 Pembroke Place in Ballsbridge.

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 achieving rents in the region of €25 - €33 per square foot.



**DEVELOPMENT
ACTIVITY**

1.8m sq. ft. of office accommodation was delivered over the course of 2018 with 77% of this pre-committed prior to completion. **As we move into 2019 4.7m sq. ft. of office space is under construction with approximately 2m sq. ft. of this due to be delivered in 2019.** The majority of this stock is located in the CBD (1.5m sq. ft.) and 50% of this stock is already pre-let or reserved, showing that there is still strong demand in the market.

A further 6.5m sq. ft. has been granted planning across the city and suburbs, however whether all of these developments will proceed to the construction phase is dependent on continued demand in the sector and availability of funding.



SAMPLE OF SUPPLY PIPELINE

ADDRESS	SIZE (SQ. M.)	SIZE (SQ. FT.)	STATUS
TWO & THREE DUBLIN AIRPORT CENTRAL	19,322	207,980	Due for completion Q2 2019
2WML	5,786	62,287	Due for completion Q1 2019
10 PEMBROKE PLACE	2,204	23,732	Due for completion Q1 2019
NORTH DOCK	18,679	201,058	Due for completion Q1 2020
76 SIR JOHN ROGERSON'S QUAY	7,014	75,498	Due for completion Q2 2019



**OUTLOOK**

Continued strong demand with 1.3m sq.ft. reserved going in to Q1 2019, including the recently announced 430,000 sq.ft. at Spencer Place agreed with Salesforce



Serviced office providers to continue expansion plans with new entrants to the market expected



Rents to remain steady in Q1



Increase in banking and finance requirements ahead of Brexit in March



Tech companies to continue to dominate take-up with many taking more space than required to allow for expansion



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