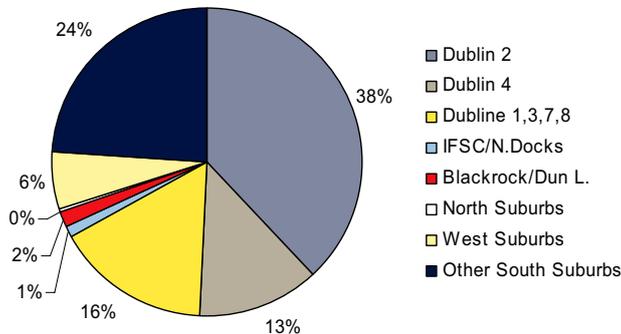


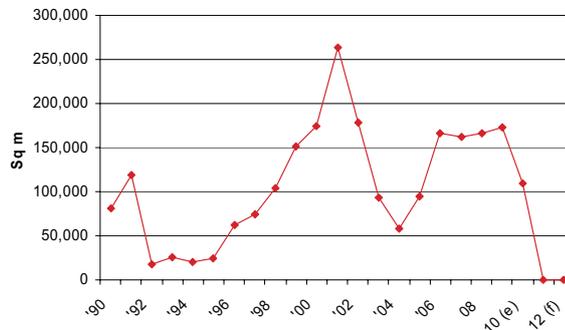
Dublin Office Market in Minutes Q1 2010

Location of Take Up, Q1 2010



Source: Savills Research Unit

Completions 1990 - 2012 (f)



Source: Savills Research Unit

The take-up of office space in Q1 shows cautious optimism for the rest of 2010. The vacancy rate has stabilised at close to 21% with Dublin 2 holding it's position.

- The New Year has brought some cautious optimism to the Dublin office market, with an increase in letting activity during the first three months of 2010 compared to the same period last year. There were 37 individual office lettings in Q1 in Dublin and over 40% of them were over 450 sq m in size. There were three lettings for space over 1,000 sq m in quarter one.
- The total amount of office space taken up in the first quarter was approx 21,000 sq m, compared to approx 10,000 sq m let in the same period the year previous.
- The majority of the take-up in the first quarter was in Dublin 2, followed by the south suburbs mainly due to the Dun and Bradstreet letting of just under 4,000 sq.m at "The Chase" in Sandyford (Dublin 18). 50% of all lettings were located in Dublin 2 and Dublin 4. Activity in the north and west suburbs remained weak with less than 2,000 sq m taken up.
- In line with the second half of 2009 all transactions were lettings, with no sales taking place. The terms of leases continue to be more favourable to tenants with a number and range of incentives. Rent-free periods are now at least 12 months in most leases for five years or more.
- Prime office headline quoting rents have remained steady at €375 per sq m for the first three months of 2010, having fallen to this level in the middle of 2009. Overall rents have fallen by about 40-50% since the peak depending on location.
- The amount of space to be completed in 2010 is expected to be around 110,000 sq m. No new space was completed in the first quarter of the year, with a number of developments due to completed in the early part of Q2.
- It is expected that the supply of new stock to the market will cease in 2011 with no new developments due to be completed in 2011 or 2012.
- The low level of completions expected in 2010 and the lack of new supply in the pipeline for 2011 and 2012 combined with the gradual take up of floors within developments will, we forecast, result in a shortage of headquarter type accommodation in Dublin city centre by year end. In particular we expect this trend to emerge in Dublin 2 and in the IFSC.
- Overall at the end of the first quarter, the vacancy rate remains close to the December 2009 level of just over 21% for the Dublin area as a whole. As we have been forecasting for the last 18 months the profile of vacant stock is also changing in Dublin.

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- The proportion of vacant stock that could be classed as older or obsolete is increasing. This is because as occupiers exercise breaks-options, they are moving from older office accommodation to new, which is considered to be Grade A accommodation on more favourable terms.
- As the quality of the vacant stock dis-improves, the number of niche gaps in the market will grow surprisingly quickly. Initially this will be more noticeable at the larger end of the market.
- Falling wage and living costs, together with a proven ability to attract an international workforce are making Dublin an attractive location for FDI. It is likely that the IT, e-commerce and pharmaceutical sectors will be the main drivers in the market this year.
- In summary we expect the slow gradual improvement in office demand to continue but without any rental growth in the short term.

Summary of Key deals done in Q1 2010

8-10 Chancery Lane	1,222 sq m	Let to Gala
"The Chase", Sandyford	3,958 sq m	Let to Dun & Bradstreet
East Point, 2 lettings	956 sq m each	Let to Ergo & Pace Metrics
Clonskeagh	794 sq m	Let to Maxim
Simmonscourt House, Simmonscourt Rd	636 sq m	Let to Marcus Evans
Parkwest	939 sq m	Let to Globoforce

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