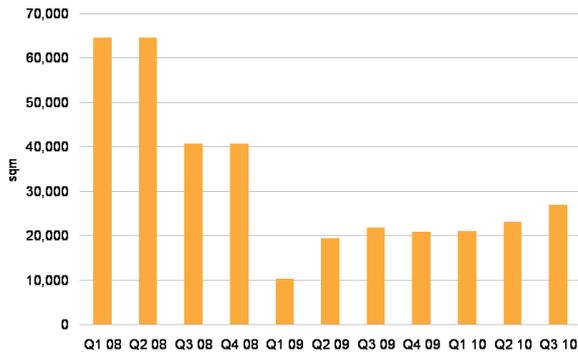


Dublin office market in minutes

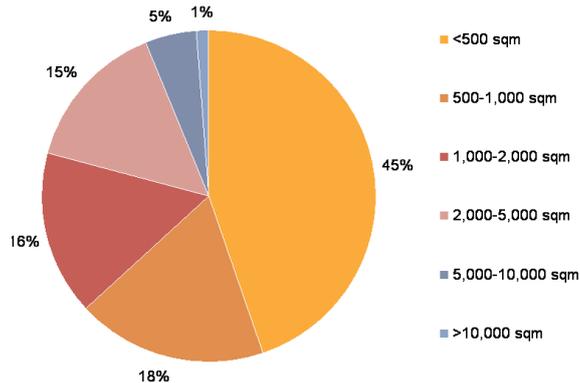
Q3 2010

Take up



Source: Savills Research

Vacant stock by floor plate size (sqm)



Source: Savills Research

“Q3 continued the improvement in take-up seen in each quarter since the low point in Q1 2009. We now expect that take-up for 2010 will show an improvement of over 40% on the level achieved in 2009. FDI companies, both those already located here and those setting up for the first time, are the main driver of activity.”

Joan Henry (Head of Research)



- Q3 was another active period for the Dublin office market in terms of lettings with 26,900 sqm of space being taken up in the third quarter, an increase of 17% compared to Q2.
- The total amount of space taken up between January and September 2010 was 71,000 sqm and we expect total take-up for 2010 to reach 100,000 sqm.
- There were over 55 deals completed in Q3, an increase in activity of over 48% compared to Q2.
- The IT and communications/media sectors are the most active occupiers taking space within the city centre. Continued activity from these sectors highlights Dublin's continued attractiveness to international firms as a base for their European operations.
- Dublin 2 remains the location where take-up is strongest with 33% of total floor space taken up in Q3 being in Dublin 2. The north city centre areas of Dublin 1, 3, 7 & 8 accounted for 28%.
- The vacancy rate for the Dublin area has increased from 21% at the end of 2009 to its current rate, which is estimated to be 23.6%.
- Over 45% of the vacant units are less than 500 sqm in size, while only 1% of the vacant units available are greater than 10,000sqm in size.
- Rents in Q3 have continued to stabilize with prime city centre rents in the region of €375/sqm/year.

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Dublin office market in minutes

Market trends

Q3 continued the improvement in take-up seen in the Dublin office market, with 26,900 sqm of space being taken up in the third quarter, an increase of 17% compared to Q2 and bringing the total amount of space taken up so far in 2010 to approx 71,000 sqm. There were over 55 deals completed in Q3, an increase in activity of over 48% compared to Q2 and with a number of deals expected to be completed in the early part of Q4 2010 it is likely that the market will remain active for the remainder of the year.

Dublin 2 again remains the location where take-up is strongest with 33% of total floor space taken up in Q3 being in Dublin 2. Unlike Q2 where take up in Dublin 4 was strong, in Q3 only 6% of total floor space taken up was in Dublin 4. The north city centre areas of Dublin 1, 3, 7 & 8, recorded strong take-up accounting for 28% of floor space taken during the quarter.

The IT and communications/media sectors were the most active occupiers in taking space within the city centre, with Facebook taking an extra 1106 sqm in Dublin 2 and Google taking an extra 3,340 sqm of space at Easpoint in Dublin 3, further highlighting Dublin's continued attraction to international firms to base their European operations in Dublin.

Rents in Q3 continued to stabilize with prime city centre rents in the region of €375/sqm/year, while

rents for secondary office units and locations are in the region of €215/sqm/year depending on the size, quality and location of the office space.

The vacancy rate for the Dublin area has increased from 21% at the end of 2009 to its current rate, estimated to be 23.6%. This is largely due to tenants offering parts of their premises for sub-letting and also as a result of completions that came to the market this year (approx 48,000 sqm). An analysis of the type of space that is vacant shows that over 45% of the vacant units are less than 500 sq m in size. On the other hand, only 1% of the vacant units available are greater than 10,000sqm in size. Vacant units between 500 – 1,000 sqm in size account for 18% of the vacant stock, with units between 1,000 and 2,000 sq m accounting for 16% of the vacant stock and 15% of all vacant units are between 2,000 and 5,000 sq m in size.

Outlook

The outlook for the remainder of 2010 looks relatively positive, particularly compared to 2009, with a number of deals likely to be completed in early Q4 we expect take-up to be over 100,000 sq m for the year as a whole. Looking ahead to 2011 with few completions coming online, it is expected that the supply of high quality space will diminish and could increase demand and rents for the remaining vacant Grade A stock available to the market in the prime city centre areas.

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