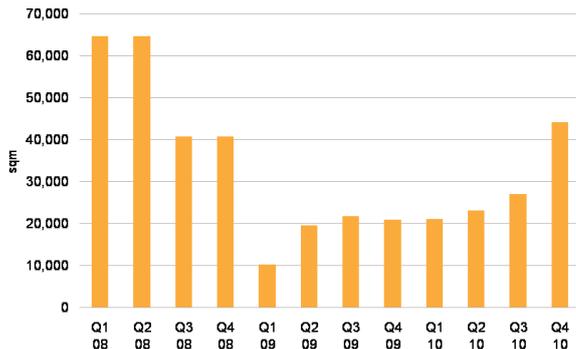


Dublin office market in minutes

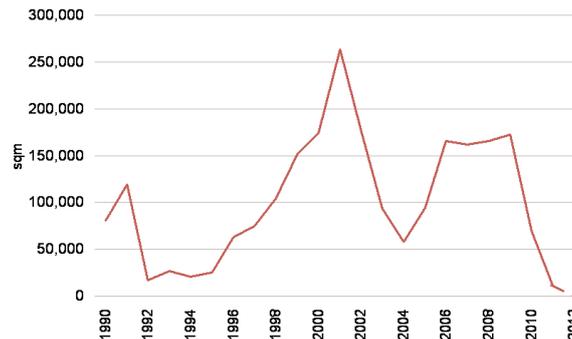
Q4 2010

Take up



Source: Savills Research

Completions



Source: Savills Research

“2010 saw an increase of 60% in the amount of space taken-up in the Dublin office market. The pace of activity picked up in Q4 with a total of 115,000 sqm of space taken-up in 2010. We expect that the market will be able to sustain this level of take-up in 2011, as cost competitiveness continues to improve across the economy.”

Joan Henry (Head of Research)



- Q4 was another active period for the Dublin office market in terms of lettings with 44,000 sqm of space being taken compared to 27,000 sqm the previous quarter.
- The total amount of space taken up in 2010 was 115,000 sqm, an increase of 60% compared to 2009.
- There were 67 deals completed in Q4, an increase in the number of deals of almost 80% compared to Q1, when 37 deals were completed.
- Lettings in Dublin 2 dominated activity in Q4, with 38% of space let located there. Dublin 2 and Dublin 4 dominated take-up in 2010, together accounting for over 64% of total space taken-up.
- The vacancy rate for the Dublin area has increased from 21% at the end of 2009 to 23.6% at the end of 2010.
- There was almost 69,000 sqm of new office space completed in 2010, a drop of over 60% from 2009. Completions in 2011 are expected to fall to 12,000 sqm, the lowest level in over 20 years.
- Rents for the very best office space remained stable throughout 2010 and have settled at €375/sqm/year. Rents for secondary space continue to fall.
- We expect that take-up in the office market in 2011 will at least match that of 2010, with limited downward movement in rents in prime locations.

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Dublin office market in minutes

Market trends

A total of 115,000 sqm of office space was let in 2010, compared to 72,000 sqm in 2009, an increase of 60%. The pace of activity picked up significantly in the fourth quarter with 44,000 sqm of space let compared to 27,000 sqm the previous quarter.

Lettings in Dublin 2 dominated activity in Q4, with 38% of space let located there. Dublin 2 and Dublin 4 dominated take-up in 2010 as whole, together accounting for over 64% of space taken-up. Overall in 2010 there were 180 deals completed.

The financial services sector took 29% of the total space let in Q4 followed by the ICT sector, which has been very active throughout 2010, with both Facebook and Google taking prime Dublin office space. The public sector took 18% of the total space let in Q4. Three of the most significant deals in 2010 include, the Dell lease renewal of 10,000 sqm in Cherrywood (western suburbs), the letting of 6,800 sqm to Bank of Ireland at Burlington Plaza (Dublin 4) and the letting to the Central Bank of 5,480 sqm at Iveagh Court (Dublin 2).

The vacancy rate for the Dublin area has increased from 21% at the end of 2009 to 23.6% at the end of 2010. The vacancy rate stabilized in the latter part of 2010 as the rate remained unchanged from the end of Q3 to the end of Q4. The rate of vacancy varies by location, with the IFSC/North docks area having a vacancy rate of 12%, in Dublin 2 it is 16.3%, while it is

31% in Dublin 4.

There was almost 69,000 sqm of new office space completed in 2010, a drop of over 60% from 2009. Completions in 2011 are expected to drop to 12,000 sqm which will limit the availability of Grade A stock in the prime city centre areas. The quality of vacant space continues to decline as the better space gets let first.

Rents for the very best office space remained stable throughout 2010 and have settled at €375/sqm/year. Whereas rents in all other categories fell during the year, we are of the view that they are now bottoming out. Incentives remain generous but will decline in the second half of 2011.

Outlook

The performance of the office market will be heavily dependent on our ability to expand existing FDI companies and to attract new ones to Ireland. While we have become more competitive, we need to continue to work on this and also fight any attempts to alter our attractive corporation tax rate.

We expect that take-up in the office market in 2011 will at least match that of 2010, with limited downward movement in rents in prime locations. With the completion of new space in 2011 to reach only 12,000 sqm in 2011. This in turn could increase competition and rents for the remaining vacant Grade A stock available to the market in the prime city centre areas.

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