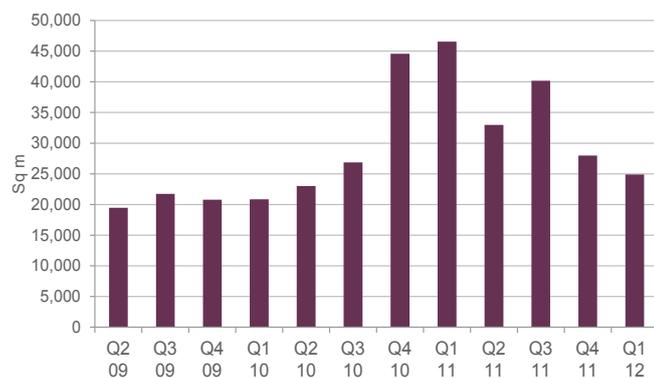


# Market in Minutes

## Dublin office market

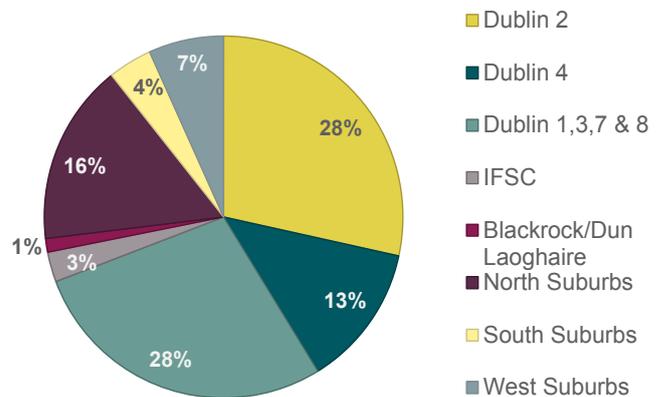
Q1 2012

GRAPH 1  
Quarterly office take-up



Graph Source: Savills

GRAPH 2  
Office take-up in Q1 by location



Graph Source: Savills

## SUMMARY

### Dublin office market

■ Just over 24,000 sq m of office space was occupied in the first quarter of 2012. While this is 50% lower than the total of 46,500 sq m taken up in the same quarter in 2011, the take-up in Q1 2011 was somewhat distorted by the fact a very large single deal made up 20,000 sq m of that total, (the purchase and occupation by Google of the Montevetro building). Excluding this deal from Q1 2011 data, the amount of space occupied in Q1 2012 was very similar to that of Q1 2011

■ The dominance of prime locations continues, with 41% of the space taken up in Q1 located in Dublin 2 and 4 combined. Of the 39 deals signed in

the first quarter, eleven were in Dublin 2 (making up 28% of total take-up) while two were located in Dublin 4

■ Demand for space in Dublin 1,3,7 & 8 was strong (at 28% of the total). There were five deals completed in Dublin 1,3,7&8 and two in Dublin 4. Four deals were completed in the IFSC. Overall the city locations of Dublin 2, 4, 1, 3, 7 & 8, along with the IFSC made up 72% of the total amount of space occupied

■ The overall vacancy rate for the Dublin market has dropped again, from 21.6% at the end of 2011 to 21.2% at the end of Q1 2012

■ There have been no new completions in Q1 (only 12,000 sq m in 2011) and there is none in the pipeline for 2012 or 2013. With occupier preferences remaining dominated by space in prime locations, the vacancy rates in these locations have also fallen.

.....  
 "Dublin city locations dominated activity in Q1 2012, with just over 70% of total take-up in the city locations. The vacancy rate has fallen to 21.2% compared to 23% in the middle of 2011." Joan Henry, Director of Research, Savills Ireland  
 .....

TABLE 1  
**Dublin vacancy by grade and location**

|                | Total | Grade A | Grade B | Grade C | Refurbishment |
|----------------|-------|---------|---------|---------|---------------|
| Dublin 2       | 12.7% | 5.3%    | 2.3%    | 5.1%    | 0.0%          |
| Dublin 4       | 20.0% | 8.3%    | 4.4%    | 5.5%    | 1.7%          |
| IFSC           | 11.3% | 0.2%    | 10.8%   | 0.3%    | 0.0%          |
| D 1, 3, 7 & 8  | 32.9% | 7.4%    | 13.1%   | 12.4%   | 0.0%          |
| Overall Dublin | 21.2% | 3.9%    | 8.3%    | 8.8%    | 0.2%          |

Source: Savills

→ In particular the amount of Grade A space available as a proportion of total stock continues to diminish. The vacancy rate for Grade A space in Dublin 2 is now 5.3% compared to over 6% this time last year, while the total vacancy rate for Dublin 2 has fallen from 16% to 12.7% in the last year.

Prime rents are between €290-310 per sq m/year and have bottomed out. We expect prime rents will stabilise in this range throughout 2012. It is possible that there could be a spike in prime rents towards year end as available stock continues to diminish. Secondary rents are expected to remain under pressure.

## Market Trends

The trend in terms of demand continues to be led by a preference from occupiers for space in prime locations—namely Dublin 2 and Dublin 4. Dublin 1,3,7 & 8 made up 28% of take-up in Q1 with the two largest deals of the quarter in this area. Both deals were for Grade C space, with Google taking 2,500sq m of space in East Point and another occupier taking 3,500 sq m of space, also in East Point.

Of the eleven deals signed in Dublin 2, one was greater than 2,000 sq m (LinkedIn's occupation of space at Wilton Plaza) and two were over 1,000 sq m (both in the Observatory on Sir John Rogerson's Quay). The remaining eight deals in Dublin 2 were all for space of less than 1,000 sq m each. Demand for space in the North suburbs was relatively strong in Q1, the strongest of the suburban locations.

16% of the total space taken up in Q1 was in the North suburbs with occupiers availing of favourable deals on Grade B and Grade C space. There was less than 1,000 sq m in total taken up in the South suburbs, made up of five small deals. Demand for space in the West suburbs was also weak with four deals making up less than 2,000 sq m in total. There was only 300 sq m of space taken up in Blackrock/DunLaoighre. ■

## OUTLOOK

- The level of interest in the Dublin office market that was evident in 2011 is expected to continue this year although it could be a struggle to match the actual level of take-up achieved in 2011 (148,000 sq m).
- Take-up of 130,000 sq m is achievable this year depending on the level of pressure on businesses to postpone office relocation decisions due to cost pressures in 2012
- International telecoms, media and technology companies are expected to continue to look to both enter and expand their existing operations in Dublin. This in turn is being led by the ongoing increase in competitiveness, the corporation tax rate and a highly skilled workforce
- A relatively high, albeit falling overall vacancy level however, is expected to keep market terms and conditions tight with landlords to remain under continued competitive pressure, certainly in the first half of 2012
- We expect the vacancy rate to remain in a range of between 21-22% in 2012 with the upside potential coming from existing space potentially being vacated by existing financial services companies, for example Bank of Ireland, AIB and Aviva.

## Savills Office & Research teams

Please contact us for further information



**Roland O'Connell**  
 Director, Offices  
 Savills Ireland  
 +353 (0)1 618 1315  
 roland.oconnell@savills.ie



**Michael Healy**  
 Associate  
 Savills Ireland  
 +353 (0)1 618 1367  
 michael.healy@savills.ie



**Bryan Garry**  
 Graduate  
 Savills Ireland  
 +353 (0)1 618 1342  
 bryan.garry@savills.ie



**Joan Henry**  
 Director of Research  
 Savills Ireland  
 +353 (0)1 618 1487  
 joan.henry@savills.ie



**Laura O' Donovan**  
 Research Analyst  
 Savills Ireland  
 +353 (0)1 618 1488  
 laura.odonovan@savills.ie

### Savills plc

Savills is a leading global real estate service provider listed on the London Stock Exchange. The company established in 1855, has a rich heritage with unrivalled growth. It is a company that leads rather than follows, and now has over 200 offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

This report is for general informative purposes only. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent. Whilst every effort has been made to ensure its accuracy, Savills accepts no liability whatsoever for any direct or consequential loss arising from its use. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without written permission from Savills Research.