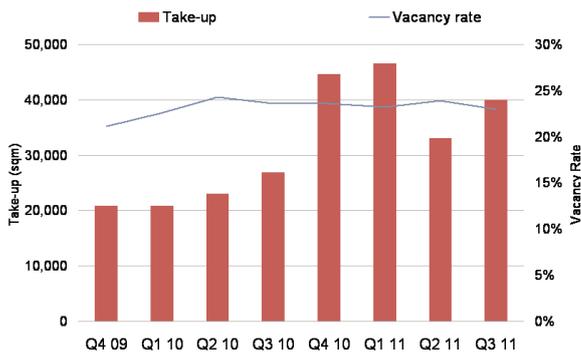


Dublin office market in minutes

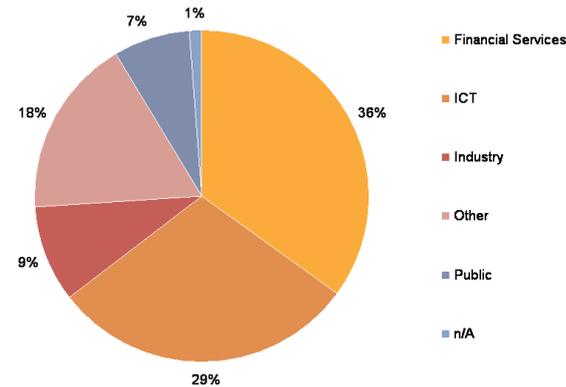
Q3 2011

Take up and vacancy rate



Source: Savills Research

Occupier demand Q3 2011 (sqm)



Source: Savills Research

“The Dublin office market is maintaining a strong level of occupier activity. Take-up for the year to date has been 120,000 sqm, with the prime locations of Dublin 2 & 4 accounting for 60% of that total. The ICT sector in particular is very active, as Dublin is increasingly recognised as a hub for international companies.”

Joan Henry (Director of Research)



- Office take-up remained strong in the third quarter with just over 40,000 sqm of space occupied. At the end of Q3, total office space taken-up was 120,000 sqm, exceeding what was achieved for the whole of 2010.
- The prime locations of Dublin 2 and 4 continue to dominate occupier demand, accounting for over half of office space taken-up in quarter three.
- Over 20% of the space taken-up in Q3 was of Grade A quality. The financial services and ICT sectors were the most active, accounting for 35% and 30% respectively.
- The overall Dublin office vacancy rate has fallen from 23.9% at the end of Q2 to 23%. The vacancy rates for the prime city centre locations of Dublin 2 and Dublin 4 are 16.1% and 23.5%.
- In terms of the vacant stock on the market, 18% is defined as Grade A – we forecast that this rate will diminish as demand is expected to remain consistent. There are also no new office developments in the pipeline for the remainder of 2011, 2012 or beyond.
- Having shown signs of stabilising at €350/sqm/year in 2010, prime rents have fallen to €300/sqm/year. Secondary rents have also fallen – estimated at €190-€200/sqm/year - dependent on location and building type.
- The outlook for the rest of 2011 remains positive in terms of occupier demand. We are forecasting that take-up will reach 150,000 sqm or better for the year and a further decline in the overall vacancy rate. Rents however, are expected to remain competitive.

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Dublin office market in minutes

Market trends

Office take-up in the third quarter of the year has remained strong with just over 40,000 sqm of office space being taken-up, bringing the total since the beginning of the year to 120,000 sqm. Office take-up for the first three quarters of 2011 was 70% higher than the same period in 2010. Take-up to date in 2011 has already exceeded total take-up in 2010.

The prime office locations of Dublin 2 & 4 continue to dominate in terms of occupier demand, with 50% of total space taken-up in Q3 being located in these areas. For the first three quarters of 2011, 60% of total take-up has been located in Dublin 2 and Dublin 4. Of the 51 deals completed in Q3, 26 of these were located in Dublin 2 and Dublin 4 combined. The size of the space being taken was relatively small in Dublin 2 (where there were 20 deals completed). The largest deal in Dublin 2 was SEB Life's occupation of 1,617 sqm of Grade A space in the Bloodstone building. In Dublin 4, the largest deal in terms of size was the occupation by AIB Capital Markets of just over 5,000 sqm of space at the AIB Bank Centre.

In terms of the quality of the space let in Q3, 21% was of Grade A quality while 38% was Grade B. The financial and ICT sectors were the most active occupier sectors in Q3 accounting for 35% and 30% of total letting volume respectively.

The overall vacancy rate in Dublin fell in the third quarter and now stands at 23%, down from 23.9%.

The drop in the vacancy has been driven by no new stock being completed and take-up for office stock remaining strong. In terms of the quality of vacant stock available on the market over 18% is of Grade A quality with the remaining vacant space being divided into Grades B and C, or in need of refurbishment.

Prime rents had stabilised in 2010 at close to €350/sqm/year, but prime deals completed so far this year indicate that €300/sqm/year is where the market is currently. Rents for secondary office space or locations continue to be under pressure with market activity indicating that non-prime rents are in the region of €190 - €200/sqm/year.

Outlook

2011 is on track to show the strongest level of take-up since the credit crisis emerged in 2008. The level of interest in the Dublin market from international telecoms, media and technology companies is a reflection of the very significant improvement in competitiveness that has taken place in the Irish economy. We expect demand from large ICT and financial services companies to dominate and lead occupier demand for the rest of 2011 and into 2012. We have revised upwards our forecast for take-up in 2011 to 150,000 sqm. Demand will remain focused on prime locations with occupiers availing of deals on Grade A space which will see the volume of Grade A space diminish over the next twelve months.

For further information please contact:



Roland O'Connell
Director
+353 1 618 1315
roland.oconnell@savills.ie



Michael Healy
Associate
+353 1 618 1367
michael.healy@savills.ie



Bryan Garry
Graduate
+353 1 618 1342
bryan.garry@savills.ie



Joan Henry
Director of Research
+353 1 618 1487
joan.henry@savills.ie



Davina Gray
Research Analyst
+353 1 618 1483
davina.gray@savills.ie

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