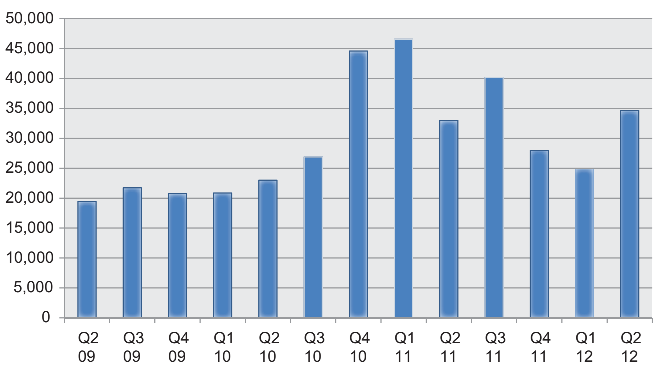
Market in Minutes
Dublin office market

Q2 2012

GRAPH 1

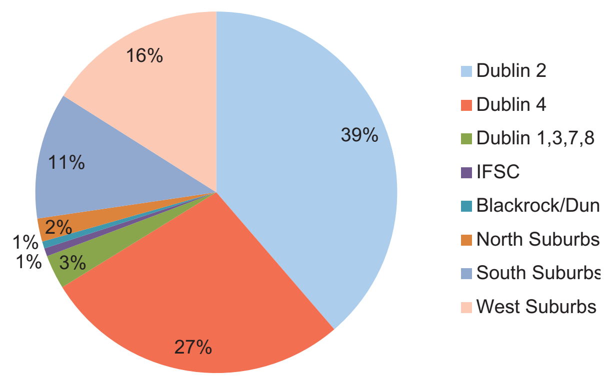
Quarterly office take-up (sq m)



Graph Source: Savills

GRAPH 2

Office take-up Q2 by location



Graph Source: Savills

SUMMARY

Dublin office market

- Just over 35,000 sq m of office space was occupied in Q2, bringing the total for the first half of 2012 to 59,500 sq m. While demand in Q2 was stronger than the level achieved in Q1 (24,000 sq m) it remains lower than that for the same period in 2011 when 80,000 sq m of space was occupied.
- The dominance of prime locations continues, with 66% of the amount of space taken up in Q2 located in Dublin 2 and 4 combined. Of the 46 deals signed in Q2, 18 were in Dublin 2 (making up 39% of total take-up) while seven were in Dublin 4. The city locations of Dublin 2, 4, 1, 3, 7 & 8, along with the IFSC made up 70% of the total amount of space occupied in Q2.
- Eleven of the eighteen deals completed in Dublin 2 were for Grade A space, confirming that the current preference of occupiers is to avail of the best space in prime locations. This factor adds weight to our view that prime rents have bottomed out in the current range of between €290-310/sqm/per annum.
- Demand in Dublin 4 also remains strong with over 3,200 sq m of Grade A space occupied in Burlington Plaza, Burlington Road.
- In relation to vacancy, there has been another drop in the overall vacancy rate for the Dublin market - from 21.2% at the end of Q1 to 21% at the end of Q2.

“Dublin city dominated activity in Q2 2012, with 70% of total take-up in the city locations. The vacancy rate has fallen to 21% from 21.2%. This compares to a vacancy rate of 23.9% this time last year. " Joan Henry, Director of Research, Savills Ireland

Market Trends

Demand for space in Dublin 1,3,7&8 was less than in the first quarter – there were five small deals in these locations which made up just over 1,000 sq m of total take-up. There was only one small deal (250 sq m) in the IFSC compared to four in Q1.

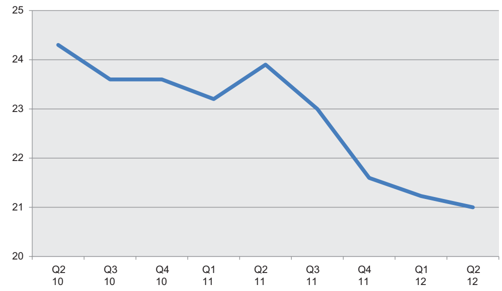
Dubin 2 & 4 dominate activity, with 66% of space occupied in Q2 in these two locations. Two large deals in Dublin 2 made up between 4,000-4,500 sq m of take-up. Over 4,000 sqm was occupied on Burlington Road, (3,200 sq m in Burlington Plaza and 1,000 sq m in Connaught House).

Demand for space in the West suburbs was dominated by the take-up of space in Citywest. IT Company, SAP took just over 2,600 sq m in the Citywest Business Campus. Six of the eight deals completed in the West suburbs were for space in the Campus. The largest deal in the South suburbs was the letting of just over 2,600 sq m in the South County Business Park.

Less than 10,000 sq m of additional space came to the market in the second quarter. This along with relatively strong take-up accounts in part for the drop in the overall vacancy rate which has declined from 21.2% at the end of Q1 to 21%. Vacancy rates in prime locations continue to fall and in particular the amount of Grade A space is diminishing.

GRAPH 3

Dublin office market vacancy rate (%)



Graph source: Savills

"Take-up for 2012 was forecast to be a little lower than the total for 2011 and while transactions are holding up relatively well, take-up for this year will be less than previously expected due to caution on the part of businesses to re-locate and expand in the current economic climate." Roland O'Connell, Director, Offices Savills Ireland.

OUTLOOK

■ The fact that there continues to be no new office space in the pipeline for 2012 or 2013, is limiting prime options for occupiers and also reducing the vacancy rate. This has been particularly evident in the prime city locations. This trend is expected to continue.

■ 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 4.8% compared to 5.3% at end Q1 and over 6% this time last year. The total vacancy rate for Dublin 2 fell from 16% to 12.7% between Q1 2011 and Q1 2012 and has fallen again to 12.1%.

■ The outlook for 2012 is for demand to remain strong for prime Grade A space and for well-located space of Grade B standard. Well located Grade C space is also attractive given the value on rental terms and condition. The risks are on the downside for overall take-up to reach the same level achieved in 2011, but a level of 110,000-120,000sqm is possible depending on the level of pressure on businesses to postpone office re-location decisions due to cost pressures for the remainder of 2012.

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
rmichael.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

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.