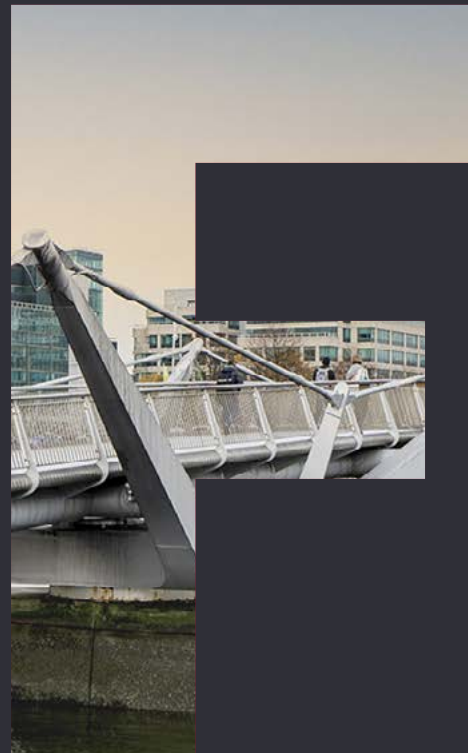


Q3 2022



Q3 2022

Office Market Commentary



Q3 2022 At A Glance



Transactions Signed (Sq.ft.)

819,337

YTD TAKE-UP 1,821,736 (Sq.ft.)



By Size

42%

5 deals In excess of 50,000 Sq.ft.



Reserved (Sq.ft.)

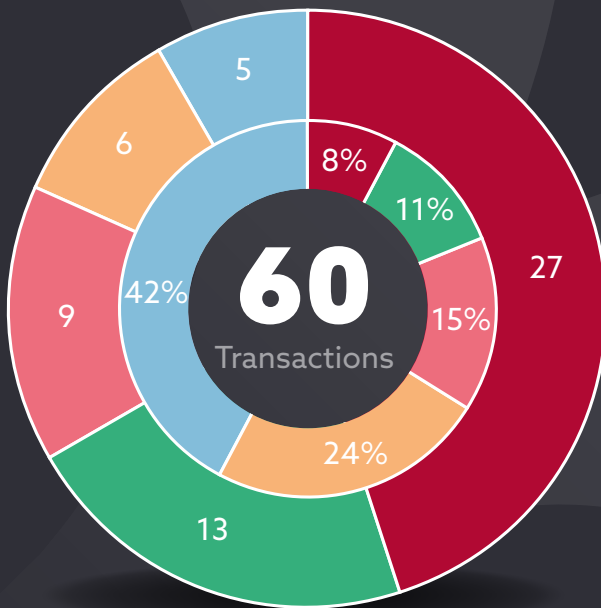
773,000



Largest Transaction (Sq.ft.)

83,183

Tropical Fruit Warehouse – Tik Tok



Transactions

- Under 5,000 Sq.ft.
- 5,000 – 9,999 Sq.ft.
- 10,000 – 19,999 Sq.ft.
- 20,000 – 49,999 Sq.ft.
- Over 50,000 Sq.ft.

Transactions By Location

65%

CBD

35%

City Fringe and Suburbs

Tenant Profile

36%

Domestic

64%

International

Transactions By Sector

25%

TMT

23%

Professional Services

19%

Banking and Finance

Construction

5.4m Sq.ft. 40%

Under Construction

Pre-Let/Reserved



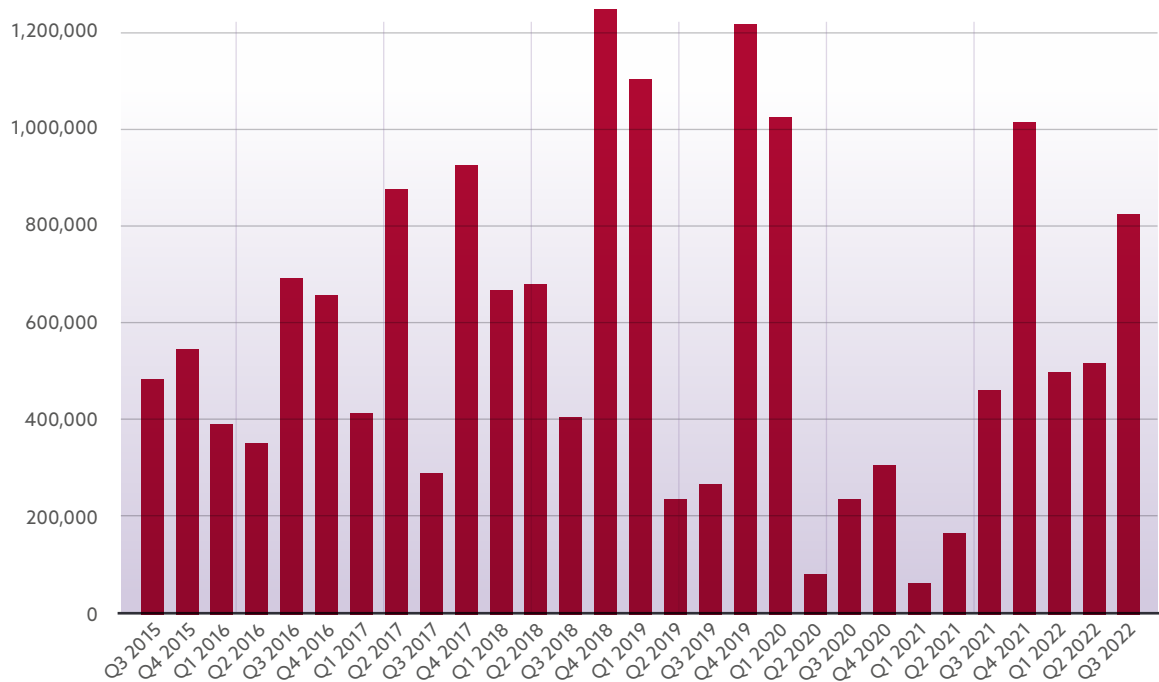
Office Take Up

Dublin office market take up exceeded expectations in Q3 with 60 deals transacting, equating to just over 819,000 Sq.ft. of office space leased across the Dublin market. This brings the year to date figure to 1,821,736 Sq.ft. To put this figure into context, it represents a 60 % increase on Q2, a 77% increase on Q3 2021 and a 134% increase on Q3 2019 levels (pre pandemic).

With over 773,000 Sq.ft. of office accommodation currently reserved and over 3,000,000 Sq.ft. of active demand, take up is on target to exceed the 10 year moving average figure of 2,000,000 Sq.ft. by year end.

ESG and sustainability is continuously coming to the fore in decision making with some issued requirements stipulating a requisite for new grade A or highly sustainable options only in their search criteria. With both the professional services and banking and financial sectors increasing activity, many of whom are coming to the end of long leases and will need to satisfy ESG agendas in terms of their real estate decisions, this will inevitably lead to a further increase in demand for Grade A product going forward.

Office Take Up By Quarter (Sq.ft.)

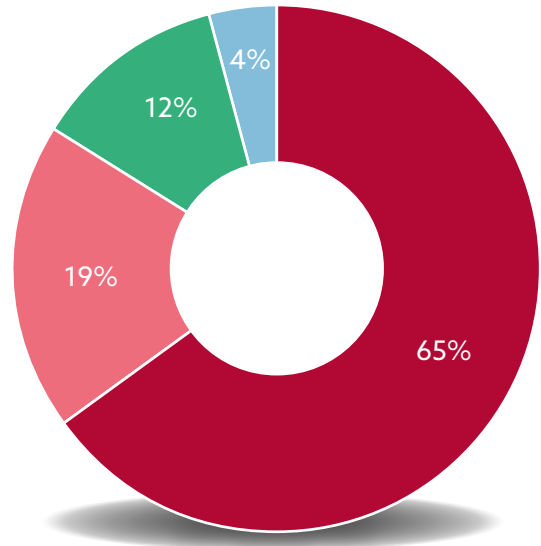






Source: Bannon Research

By Location

The Central Business District remains the location of choice for occupiers, accounting for 65% of transactions across 35 deals. Correspondingly fringe and suburban markets increased their share this quarter, with the North-west suburbs performing particularly well at 19% of take up. This was enhanced by the sale of Building 1, Ballycoolin Business Park to Xerox and the part letting of Clyde House, IDA Blanchardstown Business and Technology Park to the State, extending to 78,556 Sq.ft. and 44,000 Sq.ft. respectively.

Take up in the South Suburbs reached over 95,000 Sq.ft. or 12% of take up, mainly attributable to the HSE acquiring over 32,000 Sq.ft. at the Iveagh Building, Carrickmines and 2 lettings at Termini, Sandyford to Dalata and RBK Chartered Accountants.



-  Prime City Centre
-  North Suburbs
-  South Suburbs
-  West Suburbs

Top 5 Transactions

Property	Tenant	Size (Sq.ft.)
Tropical Fruit Warehouse	Tik Tok	83,183
Building 1, Ballycoolin Business Park (Xerox)	K2 Data Centre	78,556
3 Dublin Landings	A&L Goodbody	62,674
12 Dawson Street	Goodbody's/AIB	60,000
East Wing, Block R, Spencer Dock	NCI	58,000



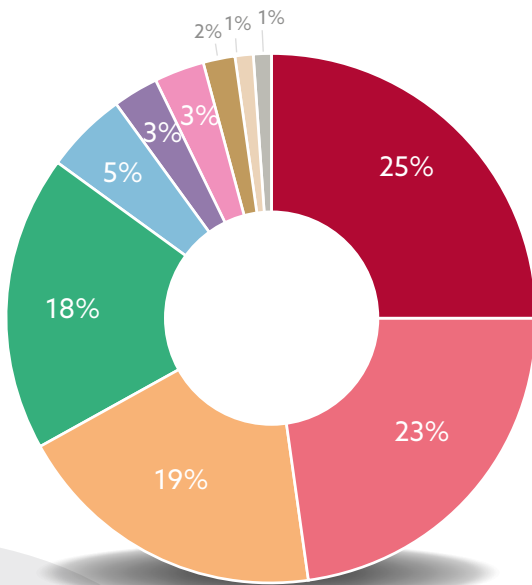
A&L Goodbody














By Sector

The Technology, Multimedia and Telecommunications (TMT) sector accounted for the largest portion of take up at 25% overall. This figure was boosted by two of the largest transactions of the quarter. TikTok have agreed to lease over 83,000 Sq.ft. at IPUT's Tropical Fruit Warehouse, a prime Grade A building in the South Docklands, whilst K2 Data Centre have purchased Xerox's Building 1, Ballycoolin Business Park, extending to 78,556 Sq.ft.

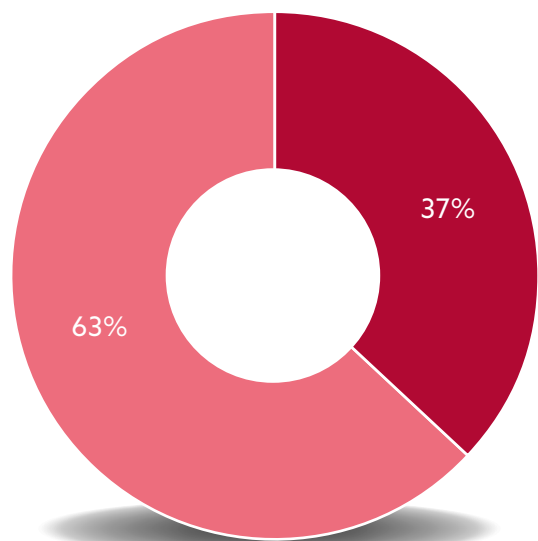
Whilst there has been reports of the tech sector slowing down acquisitions, the Professional services and banking and finance sectors have increased activity accounting for 23% & 19% of take up respectively, with companies such as A&L Goodbody, Goodbody's/AIB, Davidson Kempner, Brewin Dolphin and AON active this quarter.



-  TMT
-  Professional Services
-  Banking & Finance
-  State
-  Health & Pharmaceutical
-  Other / Unknown
-  Industry
-  Real Estate
-  IT/Comm
-  Education
-  Retail & Warehousing

Tenant Profile

Occupier profile has shifted slightly this quarter with Domestic companies increasing activity to 37% of take-up (previously consistent at c. 30%). International occupiers accounted for 63% of take up.

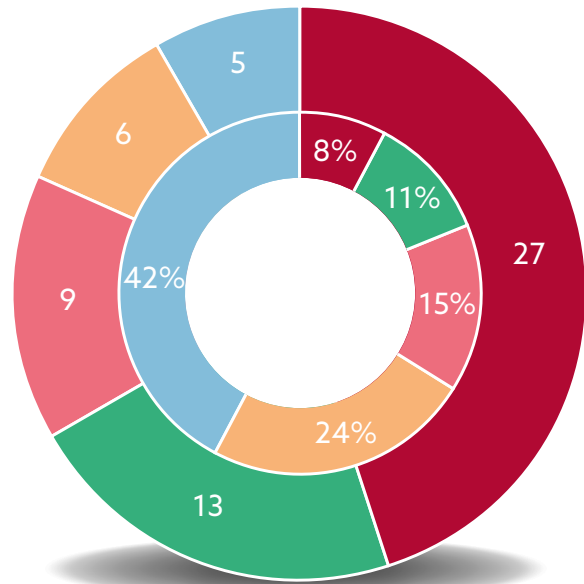


-  Domestic
-  International

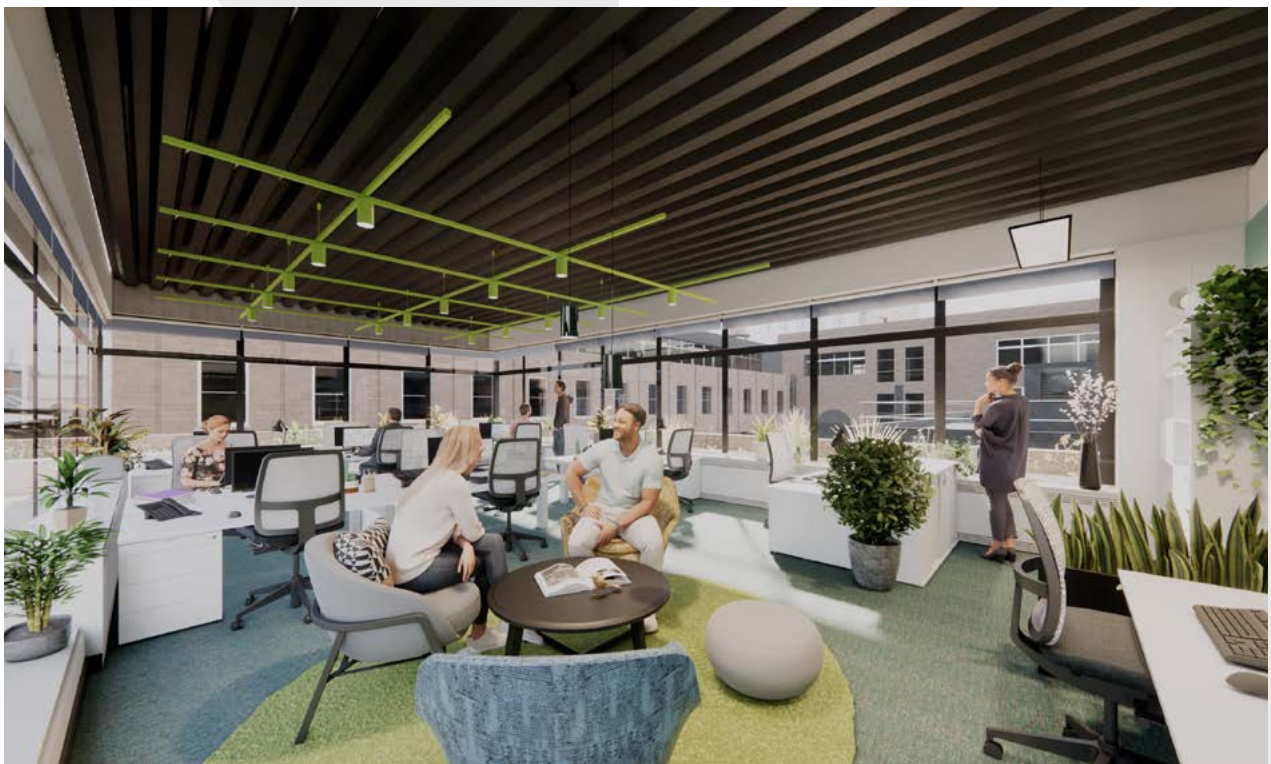
By Size

The most active size bracket in terms of number of deals completed was once again sub 5,000 Sq.ft. with 27 transactions in Q3. Whilst this accounts for 45% of all transactions signed, it only represents 8% of the overall floor space leased. There were 5 transactions in Q3 which exceeded the 50,000 Sq.ft. bracket and represented 42% of overall floorspace leased. There were 6 transactions in the 20,000 - 49,999 Sq.ft. bracket accounting for 24% or 91,612 Sq.ft. of floor space leased. The average deal size for Q3 is 13,655 Sq.ft.

No. Deals By Size | % Of Total Take-Up



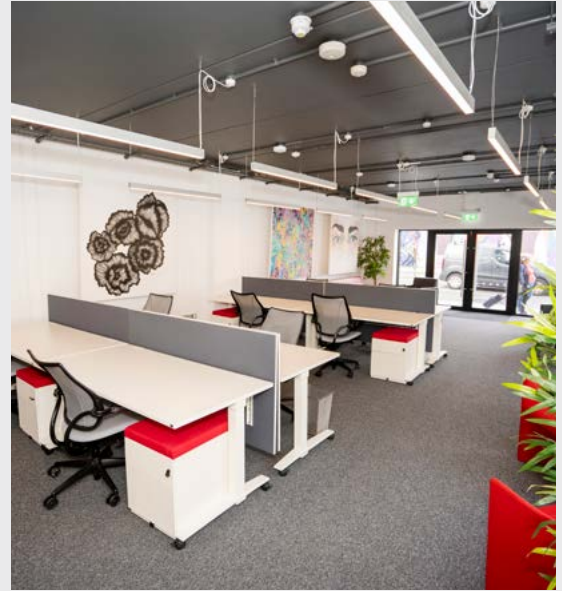
- ➔ Under 5, 000 Sq.ft.
- ➔ 5,000 - 9, 999 Sq.ft.
- ➔ 10, 000 - 19, 999 Sq.ft.
- ➔ 20, 000 - 49, 999 Sq.ft.
- ➔ Over 50, 000 Sq.ft.





Rents /Terms

Prime quoting rents for Grade A offices have remained steady, with City Centre schemes quoting levels between €57.50 - €65.00 per Sq.ft. and suburban schemes quoting levels of €32.50 - €35.00 per Sq.ft. With the increased demand for Grade A offices that meet sustainability and ESG policies, we do expect rents to increase for prime CBD offices that meet these requirements with some recent deals reportedly agreed at levels in excess of €65 per Sq.ft. Owners continue to seek long term leases, particularly for Grade A stock with a typical term certain of 10 - 12 years. Lease flexibility continues to be sought by occupiers in the short term as they continue to grapple with how much space to acquire due to the introduction of Hybrid/remote working models going forward. This has also resulted in an increase in demand for serviced office space.



Construction

There is currently 5,400,000 Sq.ft. of office accommodation under construction/refurbishment across the capital, of which 40% is pre-committed. Of the 3,000,000 Sq.ft. of space due for completion in 2022 70% is pre-committed.

There are over 8,400,000 Sq.ft. of schemes with planning permission granted. Construction commencements remain steady and will be commensurate with continued demand in the market and having regard to on-going construction cost inflation and other economic considerations.

Property	Size (Sq.ft.)	Status
60 Dawson Street	145,176	Due for completion Q4 2022
Clery's Quarter, Dublin 1	92,100	Due for completion Q4 2022
Glencar House, Dublin 4	74,764	Due for completion Q2 2023
The Shipping Office, Dublin 2	177,000	Due for completion Q4 2022



Outlook

One of the biggest challenges facing companies post pandemic is how much office accommodation they physically require going forward. This is culminating in a prolonged decision-making process when acquiring space but also an increase in availability of grey space from a leasing perspective, that being space available via sub-lease or assignment.

As companies downsize within their current footprints via sub-lease they are essentially providing short term fitted options to the market. There is currently a demand for grey space, particularly for higher quality sustainable options due largely to the flexibility offered and the reduction in capital expenditure on fit-out required. This is further evidenced by an increased demand for serviced office space, with most firms reporting high occupancy levels.

The availability of grey space is increasing quarter on quarter and presently accounts for 17% of available stock. We expect this to continue in the short term as companies continue to assess their office requirements as remote and hybrid models are fully determined.

With many headlines reporting on tech sector redundancies in recent weeks, there are concerns with the implications of same on the Dublin office market. However, it must be noted that the professional and financial services sectors are performing well and have increased activity in the market. Furthermore, with over 773,000 Sq.ft. currently reserved, take up is on target to exceed the 10 year moving average figure of 2,000,000 Sq.ft. by year end.

Key Predictions for 2022



Demand for flexible fitted space to continue in the short term

Increased demand for Grade A CBD options

Decrease in activity from the TMT sector

Sustainability to further augment as a determining factor in decision-making

Q3 2022

Office Market Commentary

Contact The Office Team



Rod Nowlan
Director
rnowlan@bannon.ie



Lucy Connolly
Divisional Director
lconnolly@bannon.ie



Hambleden House
19-26 Lower Pembroke Street
Dublin 2

 +353 1 6477900

 www.bannon.ie

 [linkedin.com/company/bannon](https://www.linkedin.com/company/bannon)

 twitter.com/bannon

PSRA: 001830

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