



At A Glance Q4 2016

Dublin Office Market

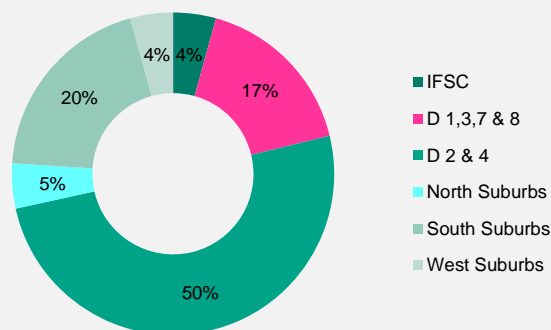
Demand in Q4 brings take-up to 250,000sqm for 2016, as new & refurbished space dominates occupier preferences. 5 deals make up 47% of Q4 take-up...

DEMAND

76,000sqm of office space was signed in Q4, a strong performance and just short of the 78,000sqm achieved in Q4 2015. As 2016 progressed there was a clear shift in occupier preferences to avail of the new and refurbished space coming to the market. Dublin 2 & 4 have further enhanced their position as the most preferred locations for financial services and TMT sector companies. 50% of total space taken in 2016 was in Dublin 2 & 4 (compared to 32% in 2015). The two largest deals in Q4 made up 31% of total take-up in Q4 (Amazon signed to take 16,000sqm in the new Vertium Building in Dublin 4, while 7,600sqm of space was pre-let to the NTMA at Dublin Landings which is currently under construction in the North Docks, Dublin 1).

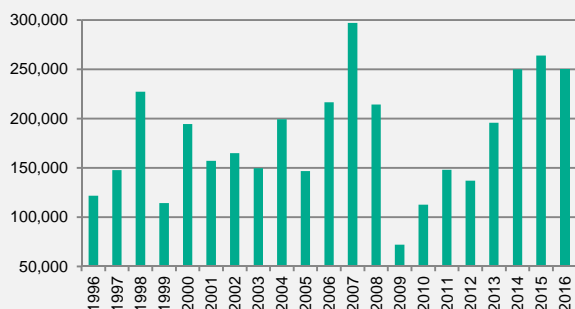
The next three largest deals make up 16% of Q4 take-up (Zurich's deal to occupy 6,300sqm at Enterprise House in Blackrock which will be refurbished while Docusign and Maples FS have taken 3,000sqm each at Cumberland House and 32 Molesworth St, both being refurbished in Dublin 2).

Dublin Office Market Take-up, by location Q4 2016



Source: BNP Paribas Real Estate Research

Annual take-up, sqm



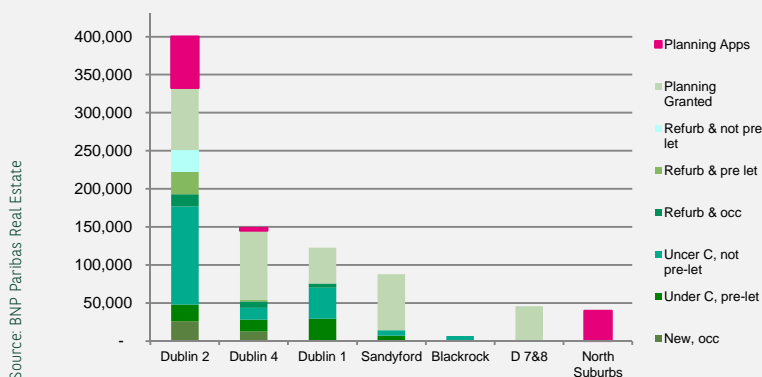
Source: BNP Paribas Real Estate Research

SUPPLY

Occupier preference for new office stock became particularly clear in the second half of 2016. Development in Dublin's office market is being led by construction and refurbishment in Dublin 2 & 4, which in turn are the locations benefiting the most as new supply becomes available.

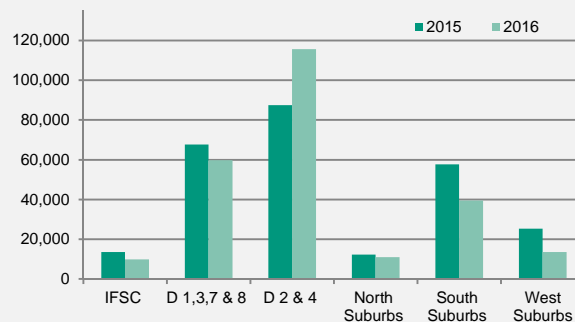
The active supply pipeline was the biggest factor driving the market in 2016 and this will continue to be the case in 2017. With over 300,000sqm of space under construction and being refurbished and due to complete by 2019/2020, occupier options, even allowing for current pre-lets, have increased, allowing for more competition in the market. Landmark new schemes such as on Hatch St (c.12,000sqm), developments on Molesworth St (totalling c.20,000sqm), schemes in the South Docks at Windmill Lane and Capital Dock (totally c.41,000sqm) and refurbishments such as on George's Quay (c.11,000sqm) offer more options and will continue to test the upside for prime rents in 2017.

New supply, sqm – summary pipeline overview



Source: BNP Paribas Real Estate

Total Take-up, sqm 2015 & 2016 by location



RENTS

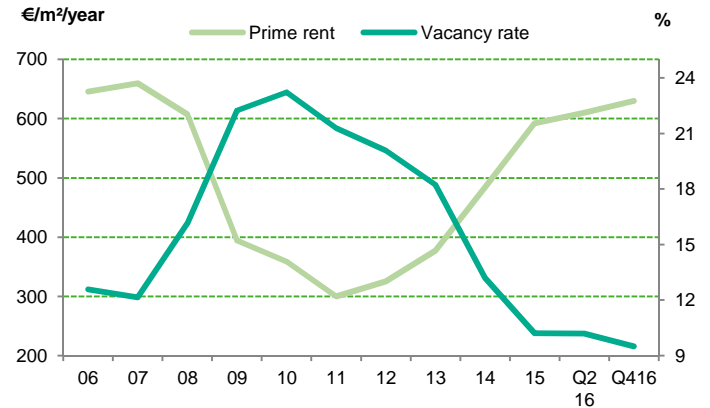
Prime rental growth remained positive in 2016, but at a much steadier pace than the 22% increase in 2015. Starting the year at €592 per sqm, rental growth of 5-6% has seen prime rents end the year in the region of €625-€630 per sqm per annum. There have been some deals signed at €645 per sqm but not enough to clearly position rents at this level across all prime locations.

The letting of just under 700sqm in the One Building on Grand Canal St in Dublin 2 to Rapid 7 achieved €645 while Docusign took just under 3,000sqm in Cumberland House in Dublin 2 at €635 per sqm. The highest rent achieved in 2016 was the letting of 1,750sqm to Zalando for in the region of €700 per sqm per annum—a unique renovated warehouse in Dublin's South Docks with a short lease.

The trend in 2017 will be more towards landlords looking to secure well established tenants of good covenant with long leases and break options 10 years plus.

BNP Paribas Real Estate takes into account a wide range of economic and market variables in giving a view and forecasting in relation to prime office rents.

Rental Growth & Vacancy



Source: BNP Paribas Real Estate Research

VACANCY

The vacancy rate has fallen from over 20% in 2010 to the current rate of 9% driven by strong economic growth, consistent demand and a lack of supply. The pace of decline has steadied given the active supply pipeline and is expected to ease marginally, depending on location, with the vacancy rate for prime CBD remaining sub 5%.

LARGEST OFFICE LETTINGS, by Quarter in 2016

Building	Size, sqm	Location	Type
Q1			
One Park Place, 4 th floor	2,790	Dublin 2	Existing
One Park Place, 1 st floor	1,750	Dublin 2	Existing
Q2			
Spencer Dock, Block C	4,000	Dublin 1	Existing
George's Quay House	2,460	Dublin 2	Existing
Q3			
13-18 City Quay	11,000	Dublin 2	New, under construction
Miesian Plaza, Blocks 2 & 3	7,000	Dublin 2	Refurbishment/redevelopment
Q4			
Vertium Building	16,000	Dublin 4	New, under construction
Dublin Landings, North Docks	7,600	Dublin 1	New, under construction
Enterprise House	6,270	Blackrock	Redevelopment/new build

SUMMARY



€625-€635
sqm per
annum

Prime Rents



Under
construction &
Refurbishment

>300,000 sqm



9%

Vacancy
rate



Take-up Q4
76,000 sq m

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A 360° vision

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