

2020

DUBLIN OFFICE MARKET



**BNP PARIBAS
REAL ESTATE**

OFFICE
RESEARCH

2020 KEY TRENDS

NO 1 DEAL
MASTERCARD
ONE & TWO SOUTH COUNTY
DUBLIN 18

4 MEGA DEALS
37% OF TAKE-UP

TMT
72% OF TAKE-UP

**AVERAGE
LEASE LENGTH**
9.5 YEARS

**OVERSEAS
COMPANIES**
81% OF TAKE-UP

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2020 OFFICE OCCUPIER MARKET AT A GLANCE



KATE RYAN
Associate Director & Head of Research
BNP Paribas Real Estate

“ Despite significant challenges presented by the ongoing COVID-19 pandemic, 107 office deals were completed in Dublin in 2020, with more than half of these transacting in the latter half of the year. ”

A total of 26,413 sq.m was leased during the final three months of 2020, bringing full-year take-up to 161,538 sq.m, a 48% decline on the 2019 total. After a bumper Q1, office leasing activity fell to the lowest level on record during Q2 as the full impact of the lockdown was felt. Encouragingly, however, take-up has been increasing steadily each quarter since then with a number of large deals in progress as we move into 2021.

The largest letting of the year saw Mastercard agree to lease 23,148 sq.m at One and Two South County, Sandyford, Dublin 18, in a deal negotiated by BNP Paribas Real Estate. Overall, the TMT sector was again the top performer, accounting for 72% of total take-up across 31 deals. This includes lettings to Microsoft and Amazon in the last six months, with both clearly in expansion mode and committed to the Dublin office market longer-term despite the pandemic.

Flexibility has become increasingly important to occupiers as they seek to protect themselves and their staff from future unexpected shocks. Despite this, lease lengths held firm in 2020, averag-

ing 9.5 years which is a slight contraction relative to the average of 9.9 years recorded in 2019. The average break option also contracted, but again only marginally, from 6.2 years in 2019 to 6 years in 2020.

At present demand is primarily coming from occupiers in the sub-1,000 sq.m size bracket which accounted for 75% of all deals in 2020. There has also been an increase in so-called ‘grey space’ as existing occupiers offer surplus office space to the market for assignment or sub-lease. We are noting a preference for this fully fitted space, particularly among smaller occupiers who may be seeking to minimise potential fit-out costs from the outset. With the economic fundamentals for Ireland relatively strong, and Brexit continuing to drive activity towards Ireland, the likelihood is that smaller companies will take the best space as it becomes available.

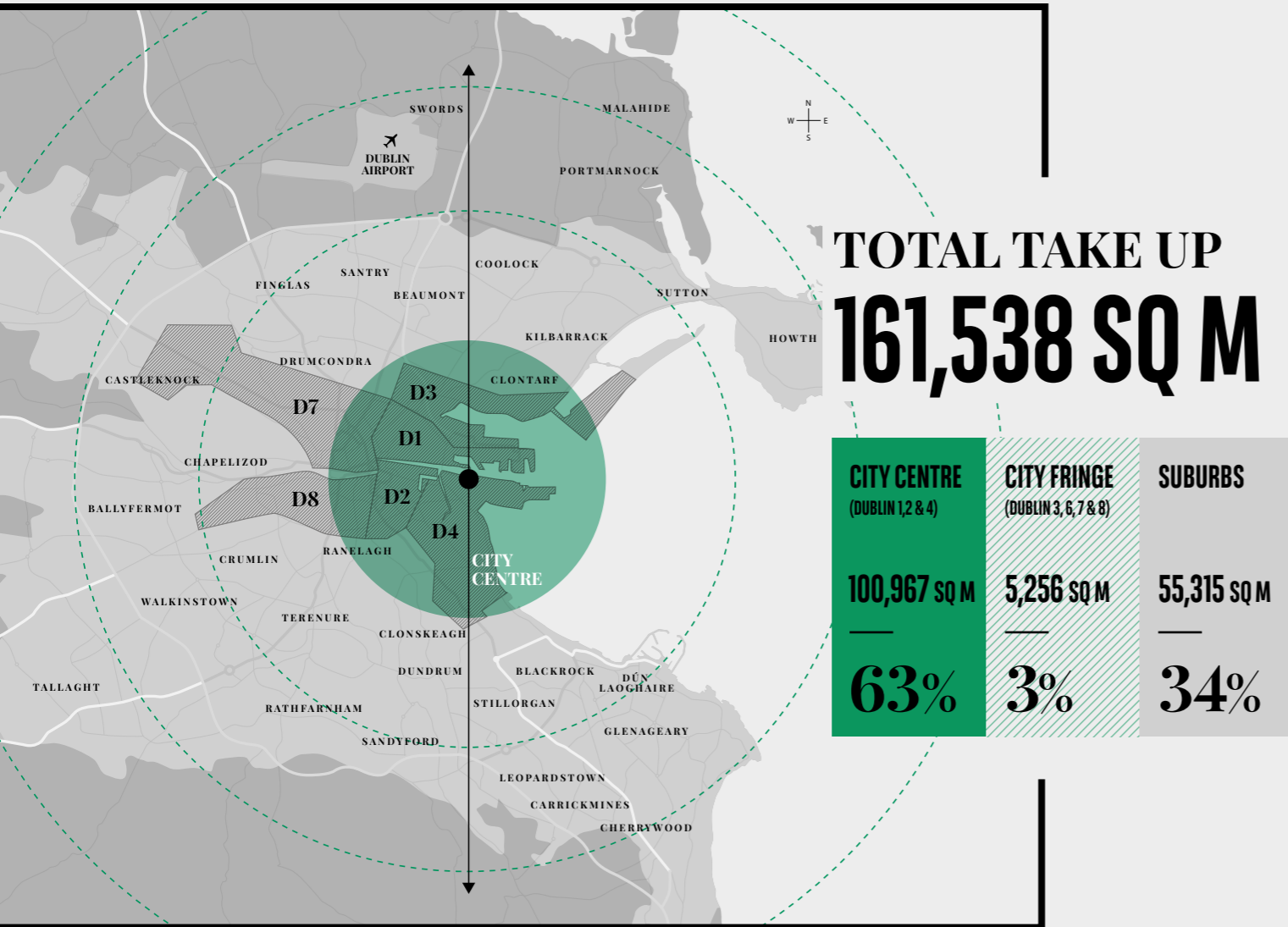
Working from home was necessitated by the pandemic and has been widely adopted and tested by companies during 2020. In most cases it was found to work just fine, with trust between management and employees strengthened and a greater work / life balance provided for some. Despite this, the benefits of a physical workspace separate to home were missed, with many employees opting to return to the office as restrictions were eased during the summer months. The recent increase in lettings and enquiries also indicates that companies still recognise the benefit of having a physical office location.

While it is too soon to say how this will balance out, we expect that the future of the office market will see a combination

of remote and office-based work as opposed to one or the other. Remote working full time can lead to isolation and communication issues, which can negatively affect mental health, productivity and innovation. The office provides a place for employees to meet and work together, so the design of offices has been increasingly focused on community, collaboration and culture. These elements are difficult to recreate or support remotely, so we expect the physical office will continue to be a driver of business success in the post-pandemic world.

On a positive note, Ireland has continued to punch above its weight in terms of attracting foreign direct investment, with IDA Ireland recently reporting that more than 20,000 new jobs were created by IDA-supported companies in 2020. In the Dublin office market, overseas companies accounted for 81% of total take-up with global TMT and Health & Pharma companies predominating. This demonstrates the resilience of the FDI sector during an otherwise challenging year for business. As vaccination programmes are now being rolled out in Ireland and across the globe, we expect that larger FDI requirements may emerge in H2 creating a more buoyant market for 2021 and beyond.

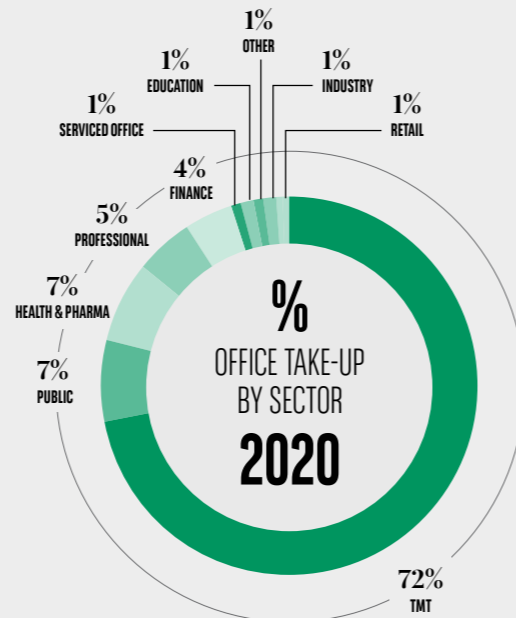
**SUB-1,000 SQ.M SIZE
BRACKET ACCOUNTED FOR
75%
OF ALL DEALS**



	CITY CENTRE (DUBLIN 1, 2 & 4)	SUBURBS
HIGHEST RENTS	€657 PER SQ M ONE WARRINGTON PLACE, DUBLIN 2	€328 PER SQ M ONE & TWO SOUTH COUNTY, SANDYFORD, DUBLIN 18
NUMBER OF DEALS	66	36
AVERAGE DEAL SIZE	1,530 SQ M	1,537 SQ M
OFFICE STOCK RESERVED	16,568 SQ M	9,215 SQ M
TYPICAL LEASE BREAK	10 YEARS	5 YEARS
UNDER CONSTRUCTION	521,873 SQ M	140,350 SQ M

“While COVID-19 presented significant challenges for the Dublin office market during 2020, we noted strong activity among smaller occupiers who may be seeking to open offices in Dublin as a direct result of Brexit. Fully fitted space which became available was leased quickly during the year and we expect this to continue into 2021 with a number of larger FDI requirements also re-emerging as the vaccine rollout programme continues.”

KEITH O'NEILL
Executive Director, Head of Office Agency, BNP Paribas Real Estate



Source: BNP Paribas Real Estate Research

BREAKDOWN OF DEALS PER SIZE CATEGORY:

	UNDER 500 SQ M	500 / 1,000 SQ M	1,000 / 2,000 SQ M	2,000 / 5,000 SQ M	5,000 / 10,000 SQ M	10,000 SQ M AND ABOVE
CITY CENTRE	35	13	6	7	2	3
CITY FRINGE	3	1	-	1	-	-
SUBURBS	20	9	3	1	2	1
% OF TOTAL TAKE-UP	9%	9%	7%	19%	19%	37%

Source: BNP Paribas Real Estate Research



TOP DEALS CITY CENTRE

	BUILDING	LOCATION	TENANT	QUANTITY SIGNED SQ FT	QUANTITY SIGNED SQ M
1	Fitzwilliam 28	Dublin 2	Slack	134,656	12,510
2	124-127 St. Stephen's Green	Dublin 2	Indeed	126,771	11,777
3	The Treasury Building	Dublin 2	Google	125,000	11,613
4	Ground, 4th, 5th & 6th Floors, One Park Place	Dublin 2	Dropbox	102,893	9,559
5	2 Burlington Plaza	Dublin 4	Amazon	75,731	7,036
6	Lwr. Ground, Ground & 1st Floors, No. 3 Dublin Landings	Dublin 1	Microsoft	43,918	4,080
7	Part 2nd & 3rd Floors, 1GQ	Dublin 2	OPW	42,060	3,908
8	2nd & Part 3rd Floors, 78 Sir John Rogerson's Quay	Dublin 2	Salesforce	36,954	3,433
9	5th & 6th Floors, North Dock 2	Dublin 1	Gilead Sciences	31,301	2,908
10	4th, 5th & 6th Floors, 2 Cumberland Place	Dublin 2	3M	23,928	2,223
11	6th, 7th & 8th Floors, 76 Sir John Rogerson's Quay	Dublin 2	Rabobank	23,500	2,183
12	1st Floor, 78 Sir John Rogerson's Quay	Dublin 2	Twilio	20,493	1,904
13	4th Floor, North Dock 2	Dublin 1	BlueFace	15,714	1,460
14	4th & 5th Floors, Harcourt Building	Dublin 2	Nuance Communications	14,236	1,323
15	4th & 5th Floors, One Warrington Place	Dublin 2	Regeneron	13,637	1,267

TOP DEALS DUBLIN 1

	BUILDING	LOCATION	TENANT	QUANTITY SIGNED SQ FT	QUANTITY SIGNED SQ M
1	Lwr. Ground, Ground & 1st Floors, No. 3 Dublin Landings	Dublin 1	Microsoft	43,918	4,080
2	5th & 6th Floors, North Dock 2	Dublin 1	Gilead Sciences	31,301	2,908
3	4th Floor, North Dock 2	Dublin 1	BlueFace	15,714	1,460
4	1st Floor, Block B, Joyce's Court	Dublin 1	Creditsafe Services	6,017	559
5	Level 5, Custom House Plaza, IFSC	Dublin 1	Companjon	4,880	453

TOP DEALS DUBLIN 2

	BUILDING	LOCATION	TENANT	QUANTITY SIGNED SQ FT	QUANTITY SIGNED SQ M
1	Fitzwilliam 28	Dublin 2	Slack	134,656	12,510
2	124-127 St. Stephen's Green	Dublin 2	Indeed	126,771	11,777
3	The Treasury Building	Dublin 2	Google	125,000	11,613
4	Ground, 4th, 5th & 6th Floors, One Park Place	Dublin 2	Dropbox	102,893	9,559
5	Part 2nd & 3rd Floors, 1GQ	Dublin 2	OPW	42,060	3,908

TOP DEALS DUBLIN 4

	BUILDING	LOCATION	TENANT	QUANTITY SIGNED SQ FT	QUANTITY SIGNED SQ M
1	2 Burlington Plaza	Dublin 4	Amazon	75,731	7,036
2	1st Floor, 45 Mespil Road	Dublin 4	Amryt Pharma	8,200	762
3	2nd Floor, 45 Mespil Road	Dublin 4	Ellucian	8,041	747
4	Part 1st Floor, Embassy House	Dublin 4	NBC Global Finance	4,413	410
5	60 Northumberland Road	Dublin 4	John Scotus	4,144	385

TOP DEALS SUBURBS

	BUILDING	LOCATION	TENANT	QUANTITY SIGNED SQ FT	QUANTITY SIGNED SQ M
1	One & Two South County	Dublin 18	Mastercard	249,164	23,148
2	Stemple Exchange, Blanchardstown Corporate Park	Dublin 15	Guidewire	85,000	7,897
3	Ground to 5th Floors, Block I Central Park	Dublin 18	Google	75,294	6,995
4	1st & 2nd Floors, 3009 Lake Drive, Citywest	Dublin 24	NBI	35,951	3,340
5	Plaza 211, Blanchardstown Corporate Park	Dublin 15	BHP Insurance	13,631	1,266
6	Part Level 5, Building 4, Dundrum Town Centre	Dublin 14	BAE Systems	11,435	1,062
7	Block 5/6A, Swords Business Campus	Co. Dublin	Rotunda	11,237	1,044
8	3rd Floor, The Liberty Building, Blanchardstown	Dublin 15	West Pharma	10,336	960
9	Orchard House, Churchtown	Dublin 14	An Post	9,007	837
10	4th Floor, The Concourse Building, Beacon Court, Sandycroft	Dublin 18	Beacon Hospital	8,553	795

PLANS SUBMITTED

BUILDING	LOCATION	DEVELOPER	SIZE SQ FT	SIZE SQ M
84-93 Mount Street Lower	Dublin 2	Henderson Park	117,240	10,892
Treasury Building, Grand Canal Street Lower and Macken Street (Extension)	Dublin 2	Google	106,799	9,922
Waterloo Exchange (Site to Rear)	Dublin 4	Davy	42,948	3,990
Mespil Court, Mespil Road and Burlington Road	Dublin 4	Esprit Investments	26,304	2,444
Block C, 5-8 Magennis Place (Change of Use)	Dublin 2	I PUT	16,415	1,525
Phibsborough Shopping Centre	Dublin 7	MM Capital	14,639	1,360
23 Liberty Lane	Dublin 8	Zermatt Property Ltd.	5,490	510

PERMISSION GRANTED

BUILDING	LOCATION	DEVELOPER	SIZE SQ FT	SIZE SQ M
DIT / TUD Site, Kevin Street Lower	Dublin 8	Westridge Real Estate	571,671	53,110
25-28 North Wall Quay (Refurbishment & Extension)	Dublin 1	I PUT	226,742	21,065
73-83 Mount Street Lower	Dublin 2	I PUT	138,779	12,893
Project Royal, Long Mile Road	Dublin 12	Shorevale Investments	127,940	11,886
Glencar House, 20 Merrion Road (Amendments)	Dublin 4	Knockanore Properties	77,500	7,200
3-8 Hume Street & 16 Ely Place (Revised Plans)	Dublin 2	Green Sea Property Ltd.	63,087	5,861
2-5 Warrington Place	Dublin 2	Davy	45,725	4,248
Columbia Mills, 14-15 Sir John Rogerson's Quay	Dublin 2	MKN Properties	25,726	2,390
The Forge (Block G), Smithfield Market (Change of Use)	Dublin 7	Rocca Ventures Real Estate Ltd.	16,630	1,545

ON SITE

BUILDING	LOCATION	DEVELOPER	SIZE SQ FT	SIZE SQ M
Hawkins House	Dublin 2	OPW	193,976	18,021
Greenside Building, 45-47 Cuffe Street	Dublin 2	KC Capital Property Group	36,417	3,383
73 North Wall Quay	Dublin 2	Oakmount	22,314	2,073
62 Fitzwilliam Square (Change of Use)	Dublin 2	Laragon Catering Ltd.	7,093	659
140 Pembroke Road (Extension)	Dublin 4	October Investments	2,530	235

Source: Property brochures and/or relevant planning authorities.



SOME OF OUR CURRENT PROJECTS



#1 South County Office Campus, Sandyford, Dublin 18

BNP Paribas Real Estate acted on behalf of developer Infinity Capital in securing Mastercard as a tenant at the South County Office Campus, Dublin 18. The letting, which was completed during Q1, saw Mastercard signing to lease One and Two South County (23,148 sq.m) with an option to lease the planned Three South County building (4,200 sq.m) at a later date. One South County reached completion in Q3 2019. Construction has commenced on Two South County, which will be completed mid-2021. This high-profile suburban campus-style development will be home to Mastercard's Technology Hub for Europe, providing a 'Campus of the Future' for the global payments giant.



#5 Custom House Plaza, IFSC, Dublin 1

BNP Paribas Real Estate have acquired the 5th Floor, Custom House Plaza 2, IFSC, Dublin 1 on behalf of insurtech firm Companjon. The space, which extends to 454 sq.m, was acquired on a 5-year lease assignment from WeTrade. Companjon are an expanding company in Dublin and have outgrown their serviced office space in Iconic Offices' Lennox Building location.



#6 Hambleden House, Dublin 2

BNP Paribas Real Estate on behalf of Pepper Group agreed terms to sublet 4th Floor, Hambleden House, Dublin 2, solar development company Elgin Energy. Hambleden House is a fully refurbished office building behind a Georgian terrace with the modern 4th floor penthouse at roof level. The floor extends to 388 sq. m of fully fitted, Grade A accommodation and has been let on a 5-year sublease.



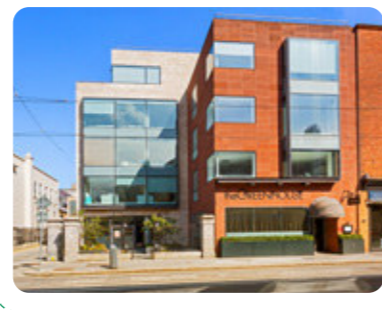
#2 One Warrington Place, Dublin 2

BNP Paribas Real Estate leased the 4th & 5th floors of One Warrington Place, Dublin 2 to global pharmaceutical company Regeneron, who have taken a 6-year sublease on both floors. The floors extend to 1,267 sq.m of fully fitted Grade A office space. The Henry J Lyons designed building occupies a prominent position overlooking the Grand Canal at the junction of Mount Street Lower and Warrington Place.



#3 Harcourt Building, Dublin 2

BNP Paribas Real Estate were delighted to secure the subletting of three floors at the Harcourt Building during 2020. The 4th and 5th floors (1,323 sq.m) were leased to global speech technology business Nuance Communications, while the 3rd floor (1,028 sq.m) will be occupied by investment giant PIMCO Global Advisors. Both deals involve 8-year sublease agreements. Constructed in 2003, the Harcourt Building is a landmark building at the corner of Harcourt Street and Adelaide Road, in the heart of Dublin 2.



#4 Joshua House, Dawson St, Dublin 2

BNP Paribas Real Estate secured the subletting of second floor, Joshua House to Dentons, the world's largest law firm in Q2 2020. Dentons committed to the second floor, which extends to 391 sq.m, on a 2 year sublease. Following the successful letting of this floor, BNP Paribas Real Estate are now offering the third floor of this building (328 sq.m) to the market for lease. It comprises a fully fitted, Grade A office suite with a mix of open plan space, executive offices and boardrooms in the heart of Dublin 2.



#7 The Anchorage, Sir John Rogerson's Quay, Dublin 2

BNP Paribas Real Estate on behalf of d'Amico Shipping have agreed terms with an international occupier for Part 3rd Floor, The Anchorage, Dublin 2. The Anchorage is a striking landmark office building located in an unrivalled position on Sir John Rogerson's Quay in Dublin City Centre. The space extends to 231 sq.m of fully fitted, Grade A accommodation which has been let on a 7-year sublease.



#8 Building 2600, Cork Airport Business Park, Co. Cork

BNP Paribas Real Estate acquired the 1st Floor, Building 2600, Cork Airport Business Park on behalf of global investment management company Alter Domus. The space, which extends to 1,900 sq.m and includes 80 car spaces, was acquired on a new 10-year lease assignment from Yew Grove REIT.



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