



## UCEM Institutional Research Repository

<b>Title</b>	A series of bite size webinars on office investment
<b>Author(s)</b>	David Hourihan, David Hourihan, David Hourihan and David Hourihan
<b>ORCID</b>	<a href="https://orcid.org/0000-0003-1405-3130">https://orcid.org/0000-0003-1405-3130</a> ; <a href="https://orcid.org/0000-0003-1405-3130">https://orcid.org/0000-0003-1405-3130</a> ; <a href="https://orcid.org/0000-0003-1405-3130">https://orcid.org/0000-0003-1405-3130</a> ; <a href="https://orcid.org/0000-0003-1405-3130">https://orcid.org/0000-0003-1405-3130</a>
<b>Type</b>	Conference or Workshop Item
<b>Publication title</b>	
<b>Publisher</b>	
<b>ISSN/ ISBN</b>	
<b>Publication Date</b>	1 January 2019
<b>Version</b>	
<b>DOI</b>	
<b>Repository link</b>	<a href="https://ube.repository.guildhe.ac.uk/id/eprint/202/">https://ube.repository.guildhe.ac.uk/id/eprint/202/</a>
<b>Link to publication</b>	

### Copyright:

UCEM aims to make research outputs available to a broader audience via its digital [Repository](#). Where copyright permits, full text material held in the Repository is made freely available. URLs from GuildHE Research Repositories may be freely distributed and linked to. Please refer to each manuscript for any further copyright restrictions.

### Reuse:

Copies of full items can be used for personal research or study, educational, or not-for-profit purposes without prior permission or charge provided that the authors, title and full bibliographic details are credited, a hyperlink and/or URL is given for the original metadata page, and the content is not changed in any way.



GUEST WEBINARS

# An Introduction to Commercial Office Markets Dublin

In partnership with:



# An Introduction to Office Investment Markets: Dublin



**Lucy Connolly**  
BSc MSCSI MRICS

- Divisional Director, Head of Office Agency, Bannon Commercial Property Consultants, Dublin.
  - 16 Years of commercial real estate experience in Ireland.
  - Specialist in office agency.
  - Notable recent transactions include:
    - » Fitzwilliam 28.
    - » Cadenza.
    - » 2WML.
    - » Dublin Airport Central.
- Represented a wide variety of private clients, investors and institutions including:
- » Irish Life.
  - » Dublin Airport Authority.
  - » ESB Networks.
  - » Hibernia Reit.
  - » Bank of Ireland.
  - » Hammerson.
  - » Aviva.



**David Hourihan**  
MSc FSCSI FRICS FHEA

## Academia

- Graduated from UCEM MSc in Property Investment in 2008.
- UCEM Programmes Leader for the BSc Real Estate Management and MSc Real Estate.

## Industry

- 17 years of commercial real estate experience across the UK and Ireland.
- Specialist in investment, office agency, retail asset management and valuation.
- Previous positions with international firms including JLL and Colliers International.
- Acquisition and asset management instructions for clients including Société Générale, Metzler Bank, Mobil Oil, Scottish Widows, Aviva and British Land.
- Member of the Investment Property Forum (IPF).

## SCSI/ RICS APC

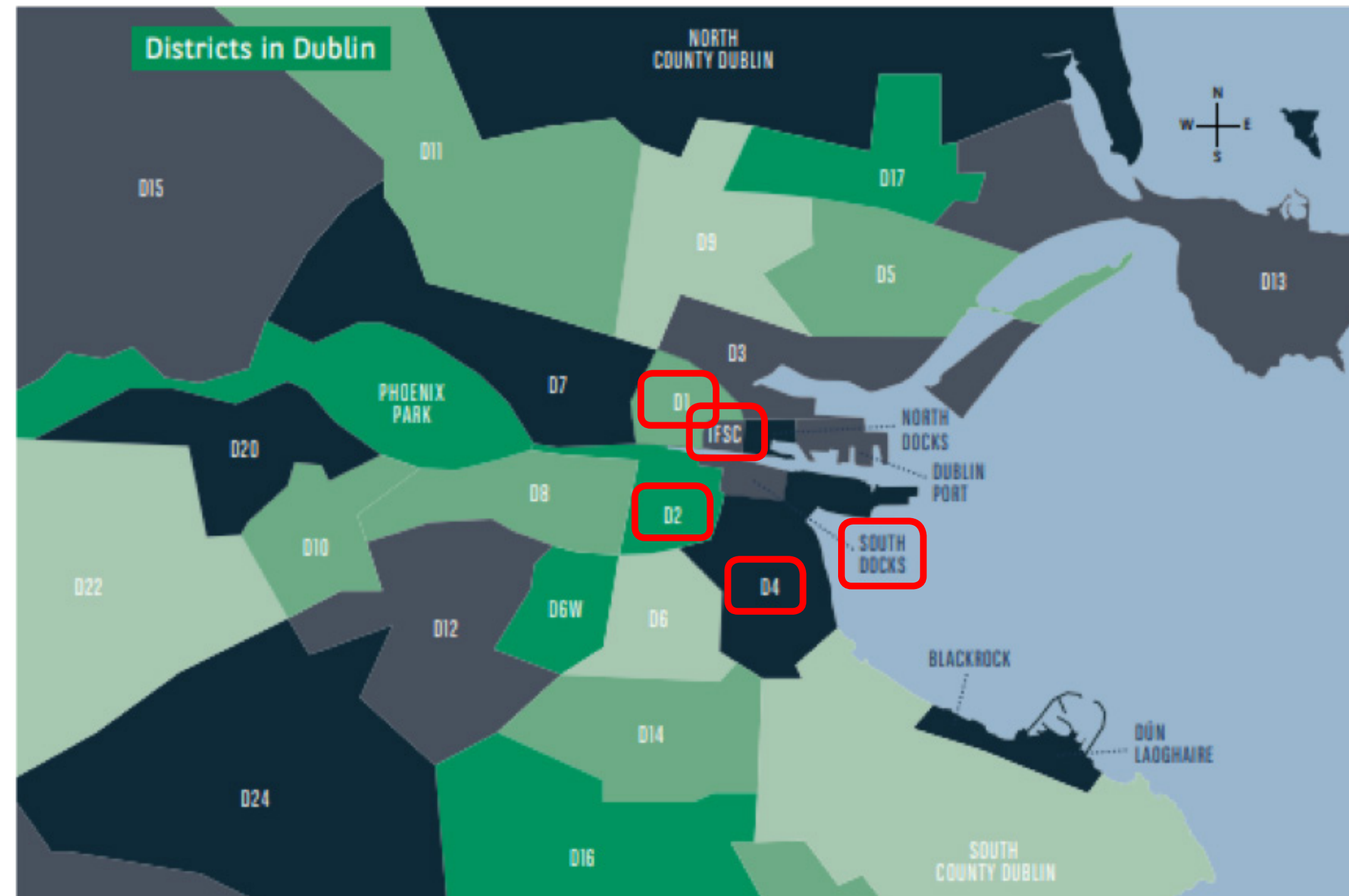
- APC Chairman.

# 1. The Dublin Office Investment Market: Structure

## Dublin Office Lettings Market

- Prime rents: €619 per sq m (€57.50 per sq ft).
- Demand picked up in H2 as lockdown restrictions eased.
- Main focus was on D2 and D4 post codes in Q4.
- Greater divergence between 'green rental premium' and 'brown rental discount'.
- Occupier demand for sustainability, wellness, placemaking, communal facilities and a focus on the public realm.
- Landlord's will continue to adopt flexible multi-let strategies for larger buildings as the main focus of demand is currently on small-to-medium lettings.
- Changing work patterns will lead to greater:
  - » Diversity in the flex market with sectors such as law and finance increasing their use of flex accommodation.
  - » Differentiation of offerings in flex accommodation.
  - » Consolidation and innovation by occupiers in their use of space.
- Take-up reached over 153,000 sq m in 2021, however, annual leasing volumes remained well below the long-term average.
- Vacancy rate: 8.5% including 'Grey Space'.
- Leasing levels won't return to pre-pandemic levels until 2023.
- Upward pressure on rental levels.
- Break options moving out from 5 to 10 years.

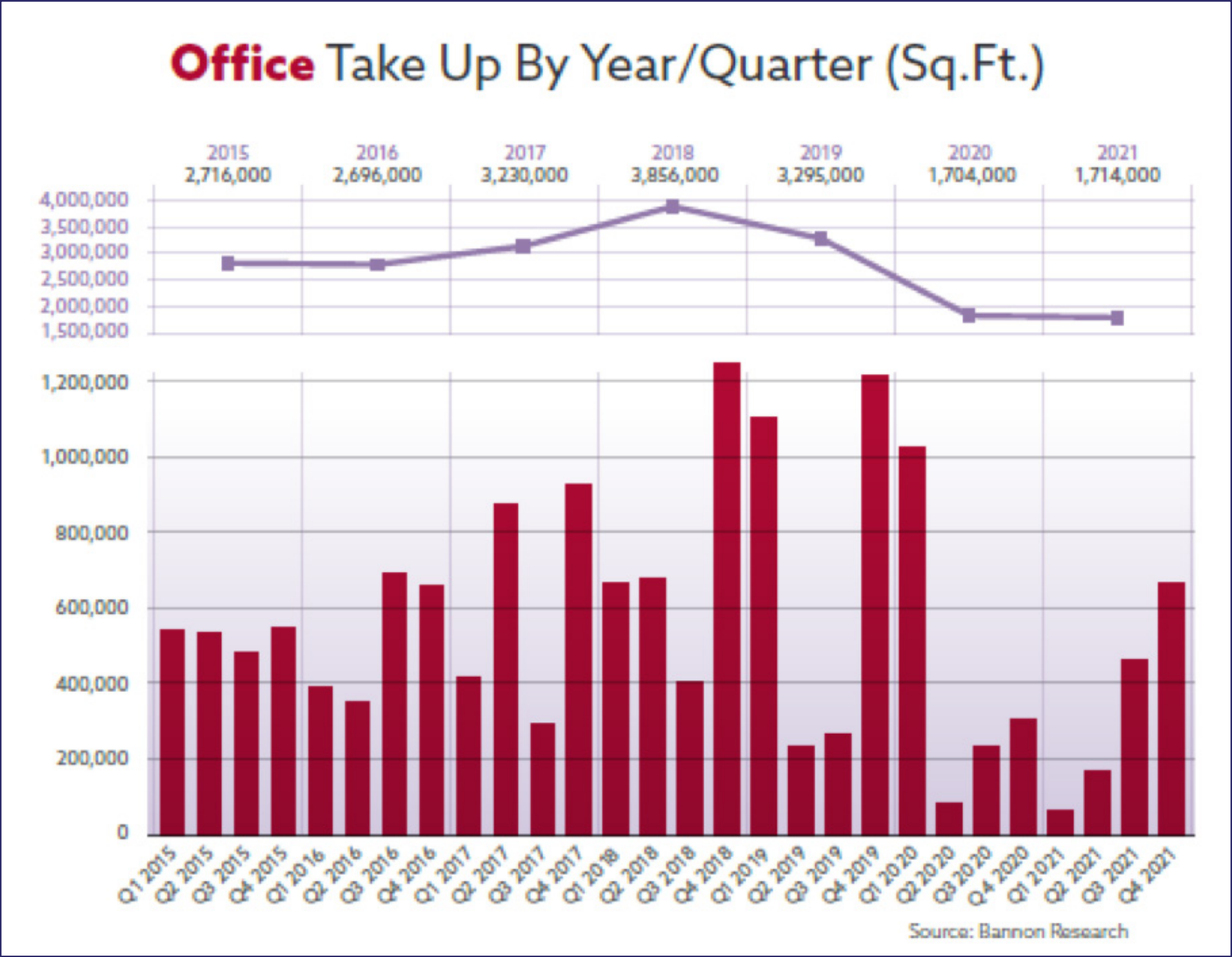
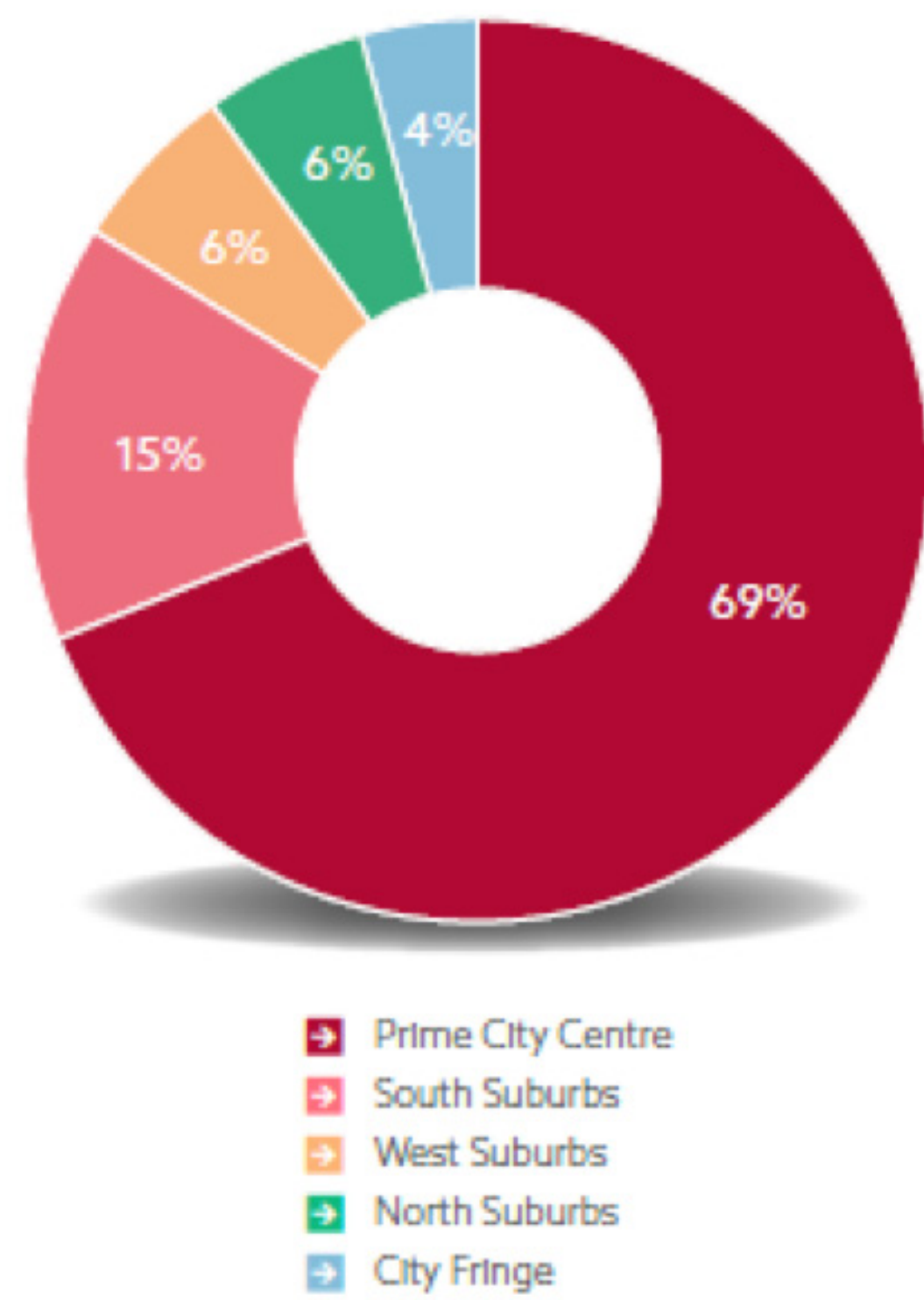
## Dublin and its sub markets:



Source: BNPPRE Research

# 1. The Dublin Office Investment Market: Structure

## Dublin Office Lettings Market



Source: Bannan '2021/22 Office Market Review and Outlook'

## 2. The Dublin Office Investment Market: Origin and Turnover

### Dublin Office Investment Market

#### Recent Investment Transactions

- Serpentine Portfolio, Dublin 4 - €395 m.
- One and Two Docklands Central - €152 m.
- 8 Hanover Quay - €46.59 m.
- 84-93 Mount Street, Dublin 2 - €35 m.
- Donnybrook House, Dublin 4 - €25 m.

#### Investor Origin

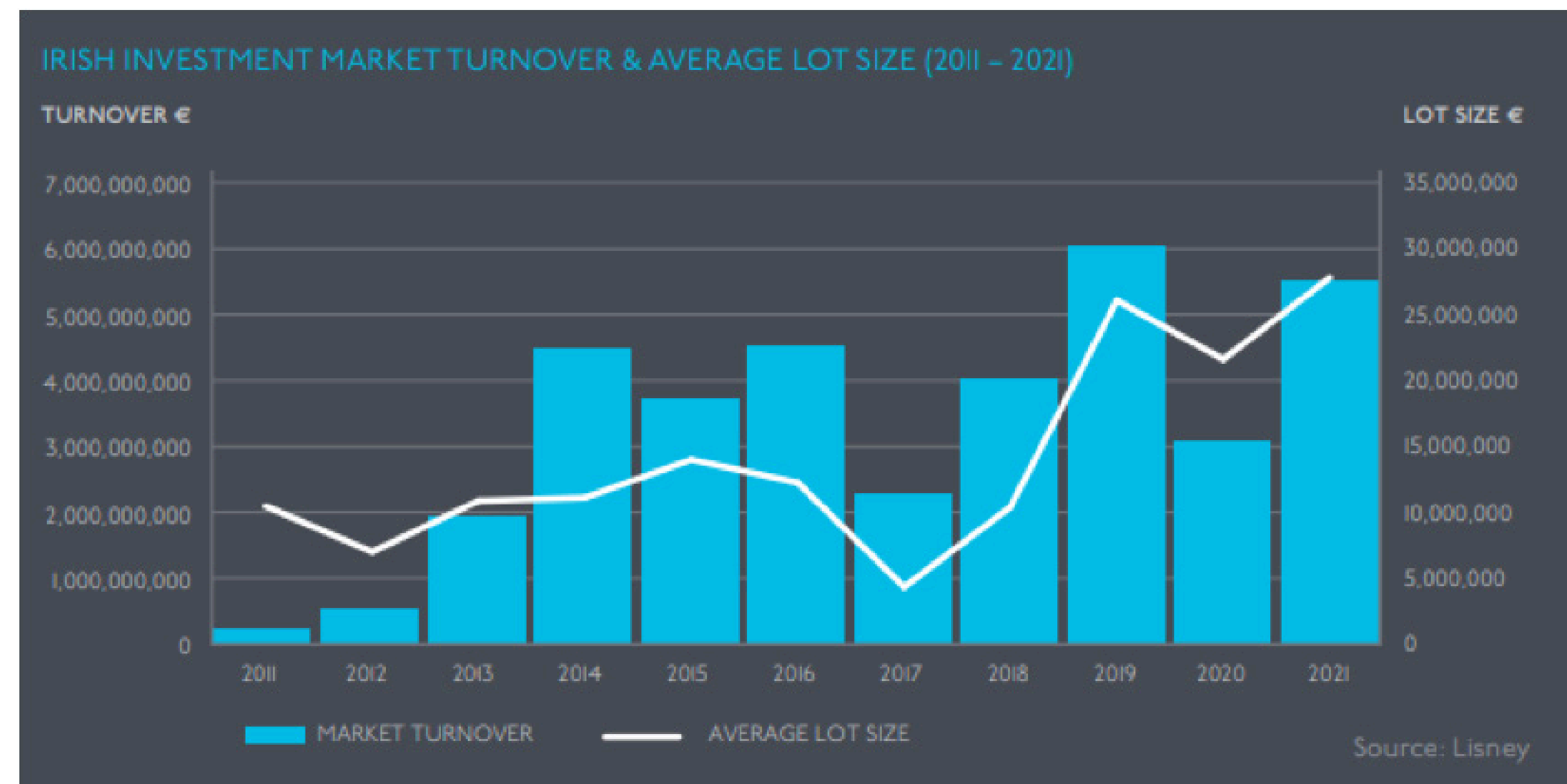
- 70% of turnover was from overseas investors, particularly US funds.
- German funds still active in the Dublin market.



Source: CBRE

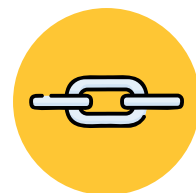
### Turnover & Lot size

- Annual total: €5.5bn.
- Prime Yield: 4%.
- Main focus was on Core office in D2 / D4.
- Investors increasingly focused on the BER and LEED ratings and achieving the standards in the 'Net Zero Asset Managers Initiative'.



### 3. The Dublin Office Investment Market: SWOT, Sentiment and Trends

#### Strengths



- GRETI 2020 – Ireland ranked no 8 out of 99 countries and territories.
- Mature economic structure.
- 12th most competitive economy in the world (IMD World Competitiveness Yearbook 2020)
- No oversupply of new office developments.
- Post Brexit - Now only English speaking capital city within the EU.
- Strong interest from legal firms – common law and English language legal system.
- Greater diversity of investor type.

#### Weaknesses



- Open Economy.
- Loss of low corporation tax rate (12.5%). Now at 15%.
- Stamp Duty at 7.5%.
- Rent Reviews (cap/collar, index linked) v Upward Only.
- Dominance of tech companies as occupiers.
- Lengthy process in conveyancing.

#### Opportunities



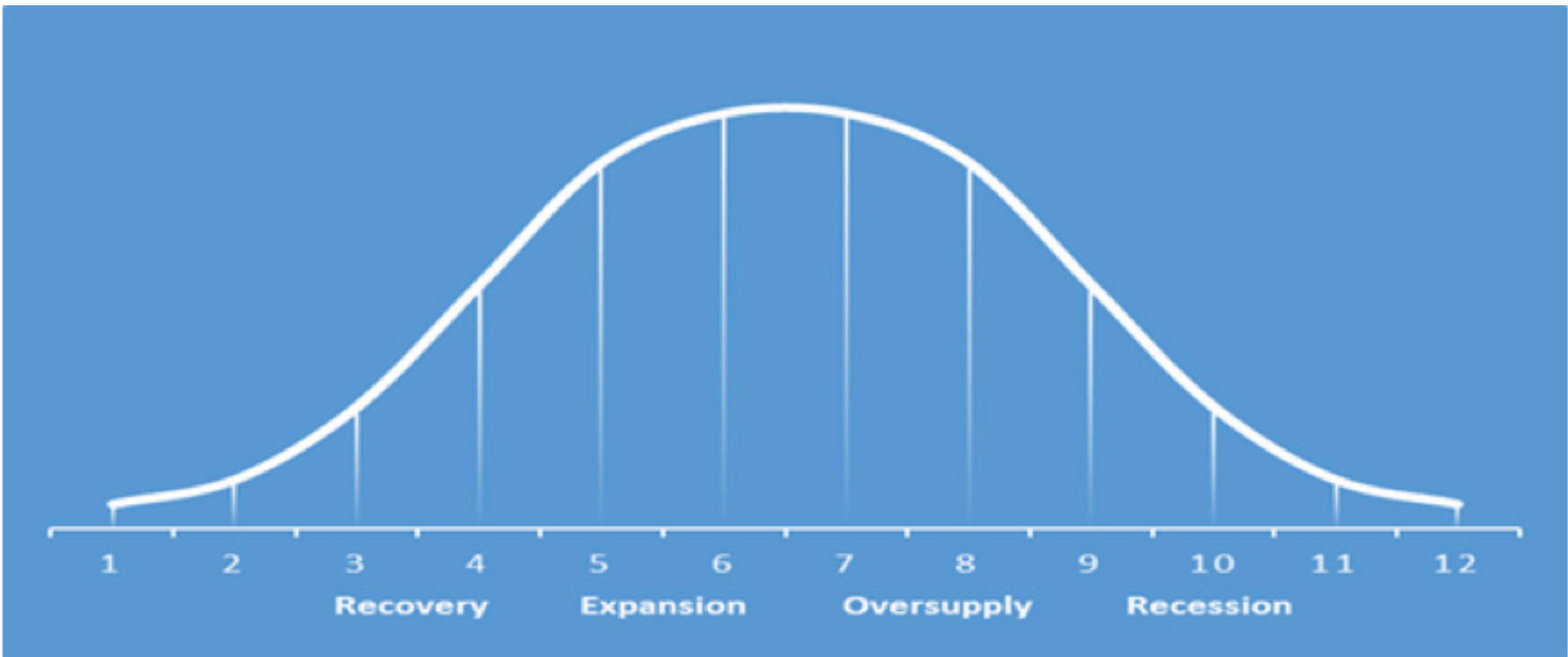
- Lockdown restrictions easing / Economic growth in the UK.
- Changing work patterns.
- Repurposing of older office buildings.
- Sustainability.

#### Threats



- Difficult trading environment continues for tenants.
- Widening gap between primary and secondary stock.
- Climate Change – Did COP26 deliver?
- European economies and supply lines affected by political tensions post Brexit.
- UK economic constraints in 2022: tight labour markets and high consumer price pressures.

#### Where is the Dublin Office Investment Market in its life cycle?



#### Key Predictions for 2022

- Increase in market activity, resulting in a stabilization and return to quarterly market norms by year end.
- Prime rent to remain steady.
- Retraction of lease flexibility offered.
- ESG agendas continuing to shift focus to Grade A 'green buildings'.

Source: Bannan '2021/22 Office Market Review and Outlook'



**Thank you for attending our webinar.**

## Upcoming webinars

- An Introduction to Commercial Office Markets - Paris

16<sup>th</sup> February 2022 | 11:00am GMT

- An Introduction to Commercial Office Markets - Hamburg

23<sup>rd</sup> February 2022 | 11:00am GMT

- Interview: Andrea Carpernter, Founder | Diversity Talks Real Estate

2<sup>nd</sup> March 2022 | 11:30am GMT



## Exclusive discounted offer

ANY OF OUR PUBLIC COURSES IN 2022

Simply attend any 5 of our webinars this year to receive this offer

**Follow us on social media:**

