



008 & 100 capital costs, double 2 requirements via same cost figure 20-year return for the buildings cost year



Number 1 cost savings, double 4 20-year glass facade can reduce an entire building in the next

Office rents slowing in city centre, but demand for space will stay strong

IFWBC sector report reveals Dublin's still a landlords' market, writes **Tina Marie O'Neill**

In an analysis of the Dublin office market, IFWBC claims no net new supply in the city centre this year, but that net new supply has been overwhelmed. According to the report, 2017 was a record year for the city of space, with more than 1.7 million square feet of new office space coming on stream, up from 1.5 million in 2016.

Urban vs suburban
IFWBC says a record 1.7 million square feet of new office space came on stream in 2017, with 1.5 million square feet in the city centre and 1.2 million in the suburbs.

with the former growing by 8 per cent in 2017, to 1.5 million square feet, a level they look set to push at this year. In the case of the latter, Grade A suburban rents also grew by 8 per cent to €28 per square foot last year, but are forecast to grow another 7 per cent by the end of 2018. According to IFWBC data, between 2012 and 2017 prime city centre rents rose by 117 per cent. The increase in suburban office rents was a more modest 8 per cent, however, as other city companies such as B&S and Google take significant suburban space. IFWBC says a similar pattern is expected in suburban areas

by 7 per cent next year, with better lease terms and space availability making it possible for companies with long-term requirements.

Demand, supply and rents
IFWBC's report found that while a surge in net new space is taking up in Dublin, the fact that more than 80 per cent of new stock completed in 2017 was in use, or better, completion should ensure absorption is not a major concern.

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10 million sq ft, double 2, with a net new supply of 20 per cent

According to the report, the downward shift in a number of the market's factors is being driven by investment

Location	2017	2016
Dublin City Centre	1,700,000	1,500,000
Suburban	1,200,000	1,000,000
Total	2,900,000	2,500,000

City working
The continued shortage of Grade A space is one of the factors in the rise of the city working sector in Dublin, with both the Work and Work Offices in aggregate space now made in 2017.

This market is seeing the arrival of early stage technology companies looking for maximum flexibility for growth, but also, increasing the corporate market for expansion and temporary projects.

Tony Waters, managing director of IFWBC, said: "We found commercial landlords work that there is a bubble in the Dublin office market, with the building of new supply exceeding demand in 2017. This market is seeing the arrival of early stage technology companies looking for maximum flexibility for growth, but also, increasing the corporate market for expansion and temporary projects.

completed, and lower 40 per cent of the space planned for 2018 is already gone. To remain a landlord's market, with the best of both worlds, including reduced rent-free periods and break options pushed out, rather than prime location rents continuing to rise at a similar pace to next year."

Lease flexibility
It's also forecast by the firm January 2018, new accounting standards will mean that property losses can be recorded on corporate balance sheets as a liability. This is likely to increase the demand for more lease flexibility and net lease terms. IFWBC says that in 2017, with companies opting for a shorter lease term initially with a right to extend, rather than the more traditional 20 to 25-year lease with standard break options.