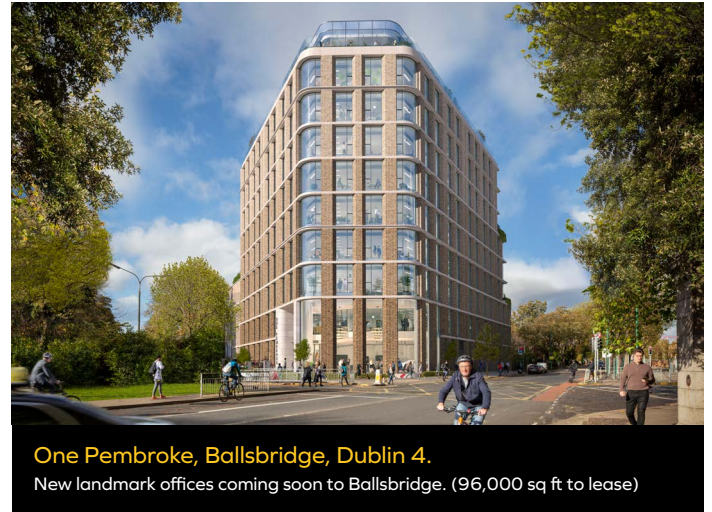


LOOMING SHORTAGE OF A RATED SPACE TO ALTER MARKET DYNAMIC FOR PRIME CBD OFFICES

The Dublin office market has been correcting since 2020 with a tapering of new supply and speculative construction starts in recent years. We are coming to the end of a 10 year construction cycle and 2025 will see the last of the significant office completions for new speculative space. Without any new starts on site, this will lead to a supply gap for BER A Rated CBD space as the available standing stock gets absorbed over the next 18 months. Any shortage will particularly effect larger occupiers with a lease event from 2027 as the choice of locations to accommodate requirements over 50k sq ft will be limited. The demand from corporate occupiers is overwhelmingly for BER A rated space within the CBD and this is where the shortage of standing stock will be felt by the end of 2026.

- Take up in the first half of 2025 reached 1.05m sq ft, similar to the same period in 2024. There is over 1m sq ft of reserved space and we expect FY take up will exceed 2m sq ft with a number of larger transactions to complete by year end.
- The take up figures are somewhat skewed by the stand out deal of the decade with Workday signing for 416,000 sq ft in Q2 at the newly completed Marlet scheme at College Square, near Trinity College in Dublin 2. This was a hugely significant transaction for the Dublin market and the largest office leasing transaction in Europe post Covid.
- Leasing demand continues to favour city locations with over 80% of deals in H1 for city space. This is a growing trend in the market as companies switch focus to city buildings to attract more staff back to the office. In one of the larger deals in H1 Vodafone chose 70 St Stephens Green (63k sq ft) and took an assignment from Amgen for fully fitted offices. More high profile occupiers are in advanced discussions to relocate staff back to the city with deals expected to complete this year.
- Prime headline rents have held at around €60 - €65.00 psf range for the best space, however we expect some hardening of lease terms and tenant incentives as the best standing stock gets absorbed over the coming quarters. Tenant incentives principally in the form of rent free are still at an elevated level, especially for longer term commitments, and the next 12 months will likely see the balance shift back to the landlord side with a tighter market.
- Occupiers of scale with a lease event from 2027 will need to consider early engagement on market options with only a limited number of sites capable of providing new space to the end of the decade.



OFFICE SUPPLY / NEW CONSTRUCTION

- The supply of new speculative office space is due to come to a virtual halt this year as we enter the final phase of this construction cycle. There is currently around 1.39m sq ft under construction in Dublin with approx. 67% of this space reserved for large corporate occupiers such as KPMG (337k sq ft), Citi (294k sq ft) and Deloitte (151k sq ft).
- There is approx. 450k sq ft of new office space under construction and still available to the market including 2 Grand Canal Quay (145k sq ft) in the south docks and 160 Townsend Street (102k sq ft) in Dublin 2. However this new supply will be offset by the ongoing leasing activity with no impact on the overall vacancy rate which will peak this year.
- There are a number of well-located CBD sites primed to kick off the next construction cycle including Harcourt Square where Clancourt have planning for 260k sq ft. On Lower Mount Street Hibernia Real Estate are demolishing the old Clanwilliam complex to make way for a new 255k sq ft office development. On Earlsfort Terrace IPUT have permission for a new development of 190k sq ft to replace the existing Deloitte headquarters from 2027.
- In Dublin 4 Orion Capital have plans for a new 96k sq ft office headquarters directly across the road from the new US Embassy.
- Construction at the mixed-use Camden Yard scheme, which includes 400k sq ft of prime offices for letting, was paused due to the appointment of a receiver. Following a sale process, market expectation is for the scheme to be back on site in the short term to provide the city's largest single phase construction project.
- There is still no speculative office space under construction in the suburbs as over supply continues to feature for the majority of locations.

OFFICE STATS H1 2025

Take Up H1 2025	1.05m sq ft
Vacancy Rate (entire market)	16.0%
New Completions H1 2025	350,000 sq ft
% Pre-committed on completion	90%
Under Construction CBD	1.39m sq ft (67% Reserved)
Suburbs	0

SUBURBS

- There was a noticeable pick up in tenant activity and interest in the suburbs marking a change in market sentiment from previous quarters. Locations such as Sandyford, Citywest and Blanchardstown have good availability of BER A rated stock which is starting to attract interest and more viewing activity.
- In Sandyford two A rated buildings at Termini and The Hive have secured new tenants with the majority of the available space now reserved. There has also been positive interest in Central Park in Leopardstown, which is well placed to benefit with any uptick in leasing activity in neighbouring Sandyford.
- Rents in the suburbs have remained stable over the first half of the year for prime space, but there is still pressure on secondary space with poor energy credentials and attractive terms available for occupiers.

OUTLOOK

The office market has dealt with several headwinds since 2020, the latest of which is uncertainty over US tariffs on Eurozone trade with the United States. This has affected some corporate decision making in H1 which is reflected on the ground with potential slowdown in leasing activity and deal completion. The Workday expansion has contributed to the market maintained take up levels in H1.

Despite the headwinds, the market is in good shape to deal with any increased volatility as there is no oversupply of BER A rated space in the city where most of corporate demand is focused. There is over 1m sq ft of space reserved heading into the final months of the year and with an increasing push from large corporates for a return to office, the downsizing of office footprints and WFH trends may have peaked. We expect the absorption of the best quality, most sustainable space will remain measured over the next 12 months, but the shortage will become increasingly obvious by the end of 2026.

The overhang of older stock remains a problem for the market and a familiar trend in most European capitals. The retro fit / refurb

HEADLINE OFFICE RENTS (JUNE 2025)

CBD (Grade A)	€60.00 - €65.00 per sq. ft.
Suburban (Grade A)	€28.00 - €34.00 per sq. ft.
Car spaces; City Suburbs	€4,000 pa per car space €1,750 - €2,000 pa per car space

TOP 5 OFFICE DEALS (H1 2025)

	Size (sq.ft)	Tenant	Sector
College Square, D2	416,000	Workday	Technology
Wilton Park, Wilton Place, D2	151,000	EY	Finance
70 St Stephens Green, D2	63,000	Vodafone	Technology
Park Place, D2	38,000	Apple	Technology
110 Amiens Street, D1	31,000	HSE	State

cost to improve energy credentials and tenant amenities can be unviable with some of the 'brown buildings' now considered stranded assets. Converting empty offices in fringe locations to apartments and hospitality uses is the solution but difficult to achieve with the smaller scale of some buildings in Dublin.

The Dublin market is more nuanced post Covid with numerous sub-markets operating. Relying on overall vacancy rates and rents across the entire market is of limited use for stakeholders and decision makers. Principal focus is the markets direction and trends over the next 18-24 months to inform decisions to commit capital. The market is heading for a shortage of prime space from 2027, unless there are new starts on site over the next 12 months. There is a general expectation prime CBD office rents will rise, and we expect headline rents to increase to €70.00 psf next year as the top slice shortage begins to bite.

Although nothing like the supply issues in the housing sector, a lack of quality office space of scale is not good for the city with potential knock-on effects for investment from existing companies looking to expand and the IDA attracting new FDI to Dublin.



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