

**ENCLOSURE 4: LETTER REGARDING OFFICE MARKET PREPARED BY KNIGHT  
FRANK**



**8 January 2024**

**An Bord Pleanála  
64 Marlborough Street  
Dublin 1**

**Re: Planning reference 467422  
Applicant: Ventaway**

**To whom it may concern,**

Against the challenging global backdrop, Ireland has continued to outperform its main trading partners. While a dip in exports and more cautious domestic demand are expected to result in a fall in GDP for 2023, overall expectations are that the economy will return to growth in 2024, which will then accelerate in 2025.

The Irish labour market performed extremely well in 2023, despite the requirement of global TMT companies to reduce head count. There remains the highest number of people ever employed in Ireland and in each of the high value adding sectors; TMT, Professional Services, Financial Services and the MedTech sector.

The cumulative impact of the recent global shocks has been to create a one-off anomaly in the Dublin office market, where there has been an increase in the amount of new space that is currently available on the grey market (largely from TMT companies). It remains to be seen however, if they will in fact sub-let some of these larger spaces or take them back for their own use, as share prices recover and cost cutting measures put in place in 2022, along with clarity on hybrid/back to the office policies, start to have a positive impact.

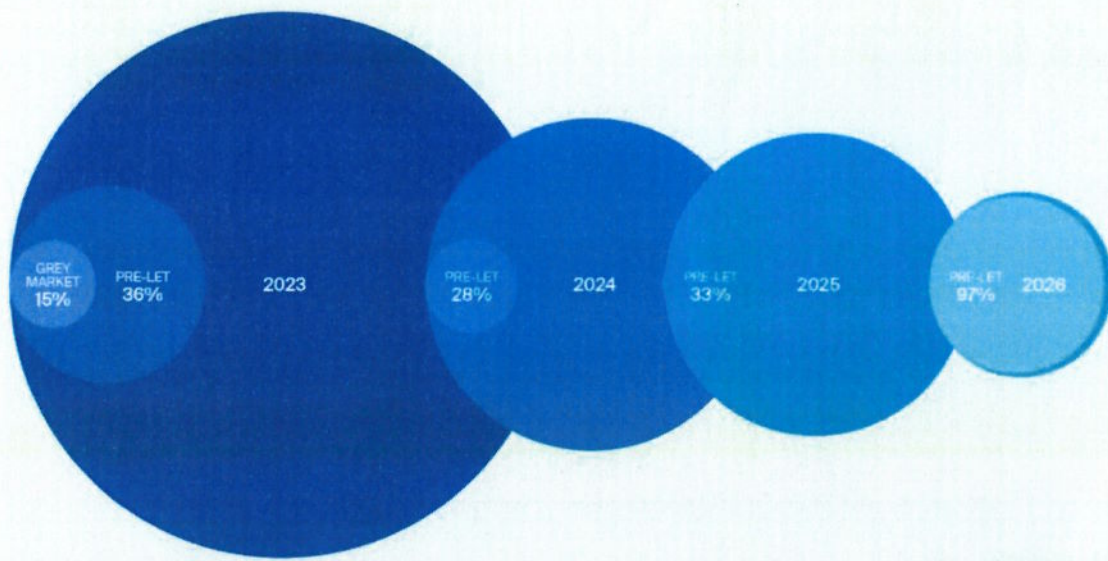
Large spaces on the grey market along with a one-off increase in completions in 2023/2024, many which have been delayed, combine to show a jump in overall vacancy. However, the reality is that approximately one third of this available space does not meet the sustainable credentials required, therefore reducing the vacancy considerably.

Add to that the fact that the increased cost of funding has put a brake on the commencement of many developments in the Dublin office market, reducing the delivery pipeline very considerably.

Looking ahead post 2025, the completions pipeline has tightened to an extent that it will pose a problem in the medium terms. For example, 97% of the space due to complete in the city in 2026 is already pre-let.



## Office space due to be delivered in the City Centre between 2023 - 2026 % of the total sq ft



Source: Knight Frank Research

Moving onto occupier preferences and demand. Knight Frank Global research has clearly identified that occupiers have identified strategic preferences for the type of flagship office space that they require, with ESG at the top of the agenda.

The requirement to have a component of flexible space, along with meeting sustainable credentials and the provision of multiple amenities, are set to drive demand from global occupiers, allowing them to retain the best talent and the value of their global brands.

## Flights to the following for Future Occupiers...

### 1 To Flex

Q - What proportion of your portfolio will be in serviced / managed / co-working space 3 years from now?



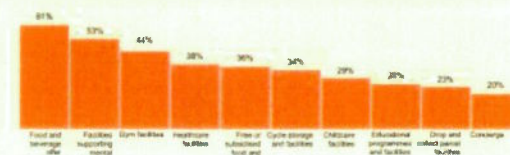
### 2 To Sustainable Real Estate

Q - To what extent does your company's ESG strategy / commitments influence the real estate decisions you make over the next 3 years?



### 3 To the Extension of Amenities

Q - What services / amenities do you think your staff will demand from their workplace over the next 3 years?



Source: Knight Frank Research | Cresa 2023



Knight Frank Research has also found that Commercial Real Estate has become an increasingly important part of overall Corporate decision making, reflecting the values of the company and ultimately shareholder value.

The proposed development at City Quay remains a perfect example of a scheme that meets these evolving corporate requirements, and its development needs to be supported if Dublin is to maintain its position as a leading global hub for attracting and retaining international business going forward.

The *provision of amenities* at the proposed development will be unrivalled in the Dublin office market, with the inclusion of a new Arts Centre a unique component of the amenities proposed. The *smart technology* of the development would also put it at the forefront compared to competing schemes.

The proximity of the proposed development to key public transport networks puts it in a particularly unique position.

Adjacent to Tara Street DART Station, the proposed development would be on the doorstep of what is set to become the most accessible location in the City Centre; with Tara Street to be the only City Centre interchange between the proposed Metrolink system and DART network. The location is also served by the Green and Red Luas Lines and a comprehensive network of bus services.

In terms of demand for office space in the Dublin market, preference for city centre space continues to dominate. Almost 60% of space taken up in the market was located in the city centre in 2023 with Dublin 2 representing 35% of total take-up. Large requirements from Professional Services companies will lead demand in 2024, most if not all of whom are focusing their searches on city centre locations, looking for be-spoke new space that they can align with their Corporate Objectives.

Prime Dublin office rents edged lower in 2023, as expected given the more challenging global and financial market backdrop. Knight Frank's view remains that occupier preference for the best space, beside the best transport network, offering the most sought-after amenities and sustainable credentials, will keep a floor on prime rents in 2024. Thereafter, rental growth is forecast driven by a combination of higher funding costs and increased costs across the board, along with stronger economic growth and increased demand, at a time when the supply pipeline tightens.

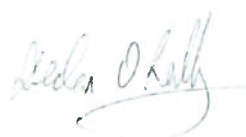
City Quay remains a unique proposition to bring Dublin's office market to the next level in terms of the evolution of the Irish economy as an attractive location for global occupiers.

Its development is essential in terms of planning ahead to meet the requirements of large future global occupiers.

This proposed scheme is without doubt economically viable and implementable within the lifetime of the Dublin City Development Plan 2022-2028.

The case in favour of this development remains as strategically important as ever before.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Declan O'Reilly", written over a horizontal line.

Declan O'Reilly  
Knight Frank

