AI Impact a Key Theme; Rents Increase and Yields Tighten as Evidence Firms

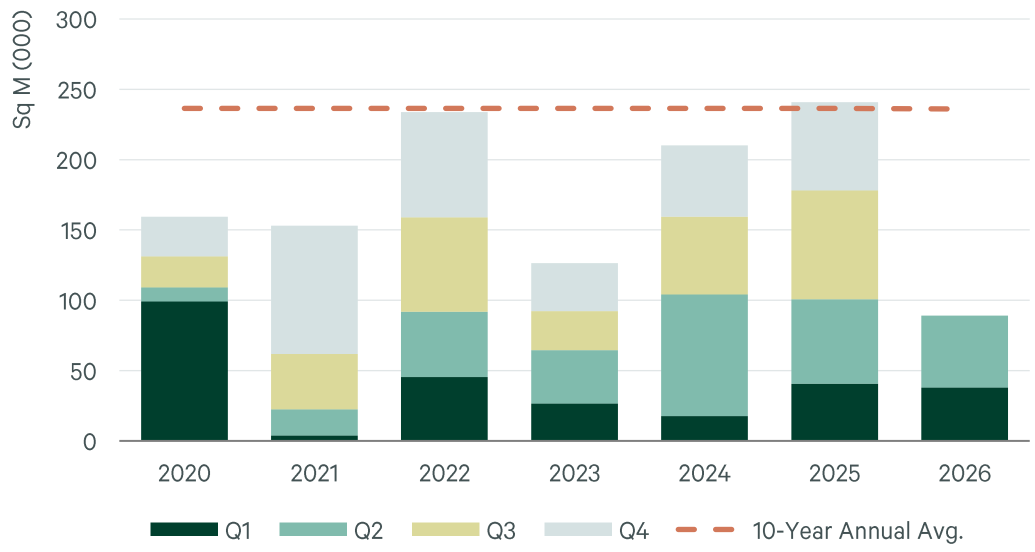
▲ 50,096 sq m	▲ 107,488 sq m	▲ 1,050 sq m	▲ €727 psm	▲ €183m	▼ 4.75%
Take-Up	Reserved Stock	Average Deal Size	Prime Rents	Investment	Prime Yield

Note: Arrows indicate change from previous period.

Q2 Highlights

- The AI economy is emerging as a meaningful demand driver for Dublin's office market. While technology layoffs have sharpened questions around AI's net employment impact.
- Intel's post-quarter announcement of a €5bn investment at its Leixlip semiconductor plant reinforces the city's long-term positioning as a hub for the infrastructure that AI runs on.
- Q2 office take-up reached 50,096 sq m across 55 deals, H1 take-up totalled 88,131 sq m, c. 12% below H1 2025. We maintain a full-year forecast of over 200,000 sq m for 2026.
- The standout deal of the quarter was State Street's lease at 2 Grand Canal Quay (c. 7,200 sq m), one of the largest lettings in the Dublin market since 2022.
- Reserved stock now stands at 107,488 sq m, with three deals exceeding 8,000 sq m each expected to convert in H2.
- Prime headline rents rose to €727 psm (€67.50 psf) in Q2, with CBRE's forecast pointing to €753 psm (€70.00 psf) this year.
- 2 Grand Canal Quay (c. 13,470 sq m), The Heysham (c. 2,311 sq m) and Irish Life's redeveloped Abbey Street headquarters all reached practical completion in Q2.

FIGURE 1: Dublin Office Take-Up



Source: CBRE Research

Market Comment

AI's impact on employment has become a recurring theme in client conversations over recent weeks. Layoffs among the largest global technology companies, many with significant Dublin operations, have sharpened that focus, with some explicitly attributed to AI-driven efficiencies.

The more significant theme for Dublin's office market, however, points in the other direction. CBRE's UK research team identified the potential for up to 320,000 sq m of London take-up by 2033 from AI-related companies alone. The pattern applies to Dublin also: AI will displace some process-driven roles, but the net effect on office demand in Dublin is likely to be positive, as new companies, new functions and new headcount follow. Dublin, with its established technology hub, is well placed to attract a share of that growth. OpenAI, Anthropic and Harvey AI are all active in recent months.

Intel's post-quarter announcement of a €5bn investment to upgrade and expand its Leixlip semiconductor plant reinforces that view. Building chip capacity at scale in Ireland for the infrastructure that AI runs on is as strong a statement of long-term conviction as any.

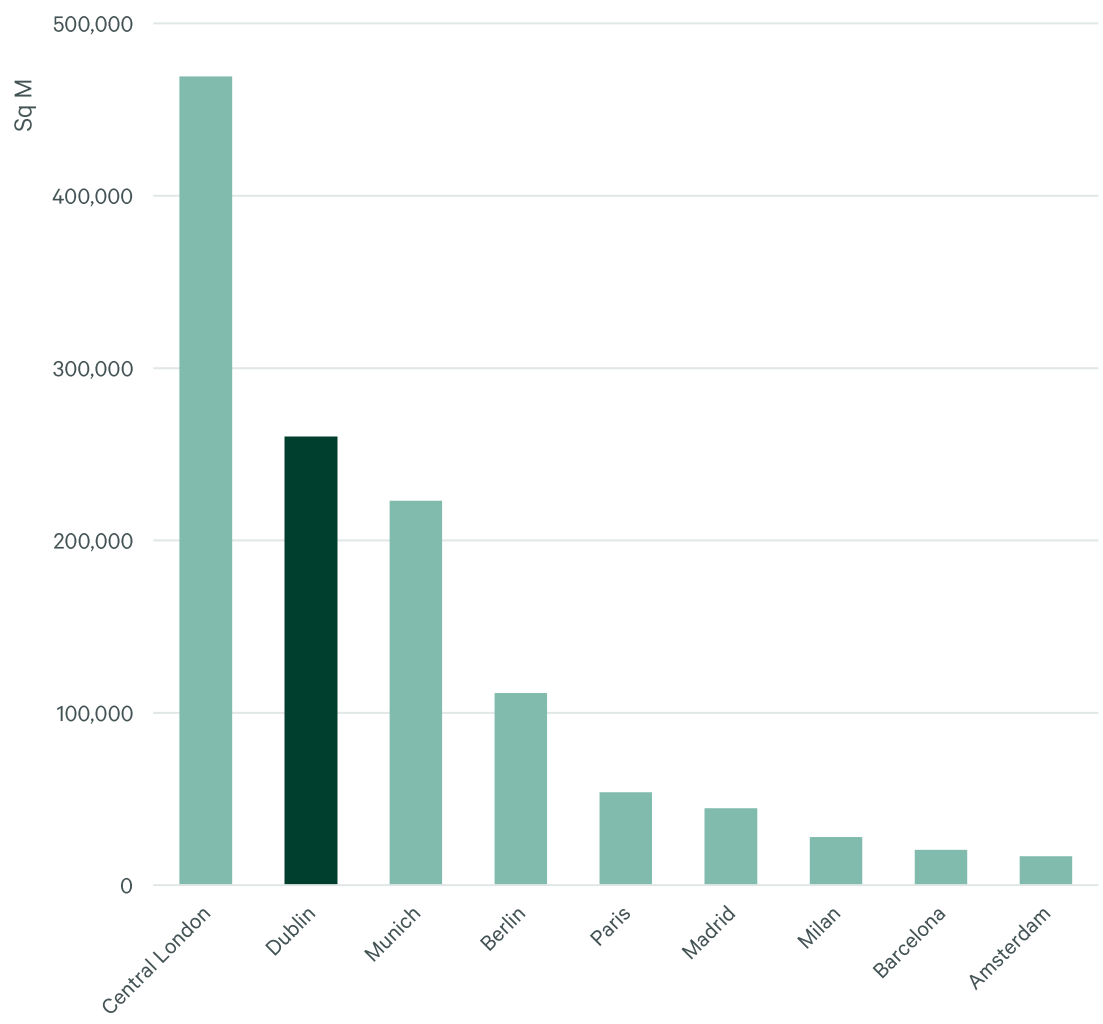
Prime Rents Revised Upward as Deal Evidence Firms

Dublin's office market recovery is gaining tangible momentum and Q2 office take-up reached 50,096 sq m across 55 deals. H1 take-up was 88,131 sq m, c. 12% below H1 2025. We maintain a full-year forecast of over 200,000 sq m for 2026.

State Street's lease at the just-completed 2 Grand Canal Quay was the standout transaction of the quarter, and the volume of deals now completed at or above previous prime levels has prompted us to revise our headline rent upward to €67.50 psf (€727 psm). Construction cost pressures persist and energy market volatility remains a consideration, but the development pipeline is beginning to move towards a new cycle. Florian at Adelaide Road and Stephen Court look set to commence this year, a meaningful signal that confidence in new supply is returning.

On the investment side, MEAG's €110m acquisition of One Molesworth Street, the largest office transaction since 2022, has provided the deal evidence needed to move our guideline yield by 25 bps to 4.75%, a positive for viability and investor sentiment alike.

Figure 2: Take-up by a Sample of Major Technology Companies* by City, 2010-2025



Source: CBRE Research; Selection of Major Mobile-App era Technology Companies*

Market Activity

State Street's lease at 2 Grand Canal Quay was the standout transaction of Q2, securing approximately 7,200 sq m across eight floors, one of the largest single lettings in the Dublin market since 2022. State Street, which is rolling out a four-day office week across its EMEA operations, is vacating its larger previous headquarters at 78 SJRQ.

Beyond the headline transaction, a number of smaller but notable deals were concluded in prime Grade A space across the city. Cantor Fitzgerald's 1,840 sq m letting at the newly repositioned Bindery House on Frederick Street South is a compelling example of asset management in action. The building came to market with a hotel feasibility study attached, but its new owner elected to refurbish it to BER A3 and LEED Gold standard and has now let on a long-term basis.

Virtu Financial, a high-frequency trading firm with a compact but highly profitable Dublin operation, took 1,235 sq m at North Dock. Azorra committed to 483 sq m at 2 Grand Parade on a 10-year lease, while a technology company committed to 1,255 sq m at Styne House on a short lease, deliberately short term reflecting its expectation of further expansion.

Demand remained broad-based, with Asana signing for 2,579 sq m at The Sidings on Macken Street and Bloomberg agreeing terms on 2,358 sq m at One Charlemont. The mix of occupier types, from global financial institutions to AI companies and aviation finance specialists, points to structural rather than cyclical demand underpinning the market.

Over 107,000 Sq M Reserved; Flex Operators Expanding

Grade A+ buildings accounted for 39% of take-up in the quarter, below the recent trend, though the average deal size of 1,050 sq m (just over 11,000 sq ft) remained well above the longer-term quarterly average. With over 90,000 sq m now reserved across core city centre locations, CBRE's full-year forecast of over 200,000 sq m remains well within reach. 160 Townsend, the Tropical Fruit Warehouse and a pre-let of Stephen Court are all likely to close in H2.

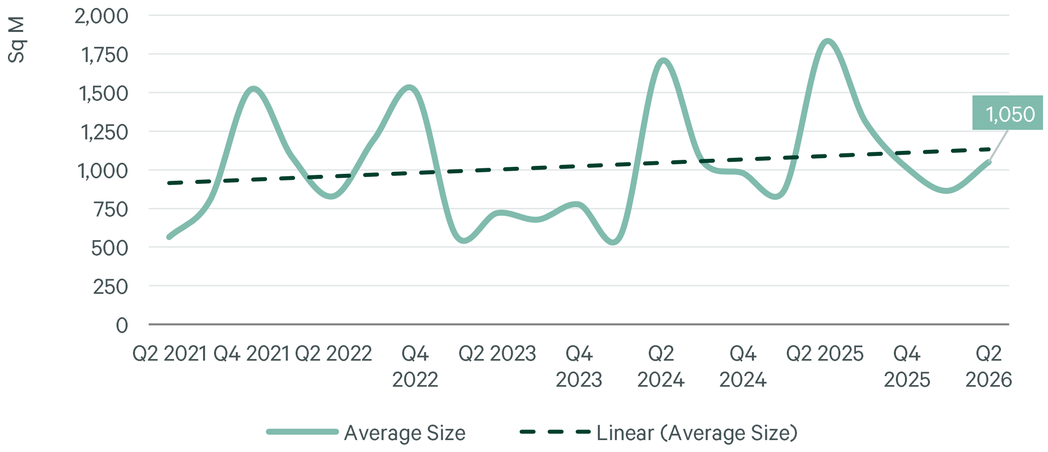
Flex office operators were also active in Q2. Iconic Offices signed for 6,039 sq m at Sandwith Court on Fenian Street (a building owned by the O'Callaghan family). IPUT has meanwhile been quietly growing its own flex operation with a number of acquisitions.

FIGURE 3: Notable Dublin Office Take-Up Q2 2026

Property	District	Size Sq M	Tenant	Transaction Type
2 Grand Canal Quay	Dublin 2	7,246	State Street	Letting
Sandwith Court	Dublin 2	6,039	Iconic Offices	Letting
Building 1 Cherrywood	Dublin 18	5,574	HSE	Sale
The Sidings	Dublin 2	2,579	Asana	Letting
One Charlemont Square	Dublin 2	2,358	Bloomberg	Letting

Source: CBRE Research

FIGURE 4: Dublin Office Take-Up Average Deal Size



Source: CBRE Research

Market Activity

Financial Services Leads Q2 Activity

Financial services occupiers were the dominant force in Q2, accounting for approximately 31% of total take-up, the highest share of any sector in recent quarters. Business services (c. 15%) and technology (c. 12%) were the next largest contributors, with AI-related occupiers continuing to represent an emerging demand driver.

Other categories like consumer services and leisure occupiers accounted for around 10% of activity, while professional services, manufacturing and public sector occupiers made up the balance. The sectoral mix in Q2 reflects a broad and diverse demand base. The growing role of financial services is a positive indicator for the market, given the long lease terms and large footprints typically associated with this occupier type.

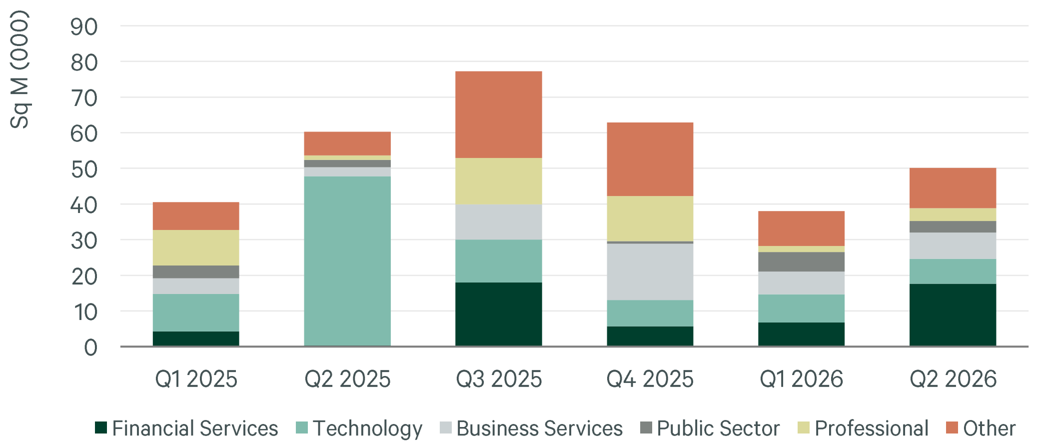
Demand Robust, Supply Pipeline Nearing Completion

Active demand requirements in Dublin stand at just under 210,000 sq m, with one of Ireland's leading law firms now actively seeking space, a further signal that occupier confidence in the city centre market remains robust.

2 Grand Canal Quay (c. 13,470 sq m), developed by Denis O'Brien, reached practical completion in Q2. The Heysham (c. 2,311 sq m) at 73 North Wall Quay also completed — a boutique north docklands scheme which has been acquired by the Brennan Family, and has attracted Ecclesiastical Insurance as an early occupier (signing in Q2). Irish Life's redeveloped Lower Abbey Street headquarters also reached practical completion following a close to €200m investment programme, totalling c. 19,400 sq m of owner-occupied stock.

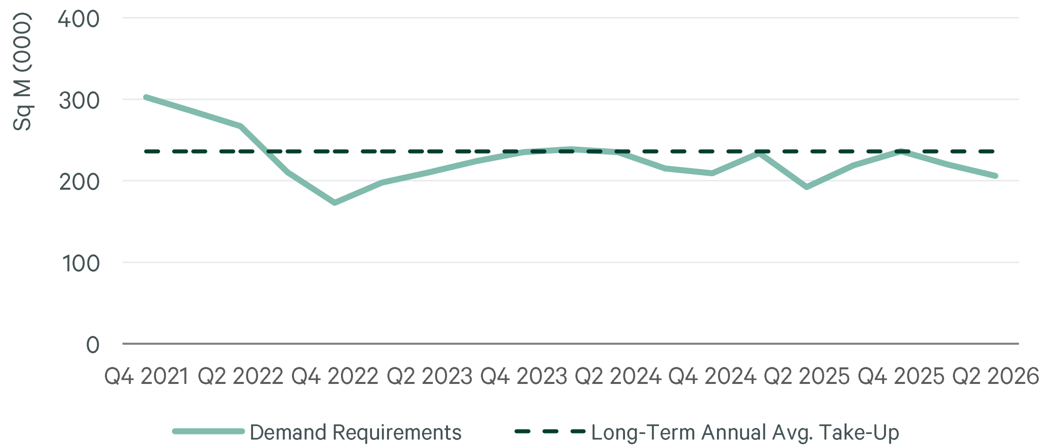
The Greenside Building (c. 4,310 sq m) on Cuffe Street, adjacent to St Stephen's Green, is expected to reach practical completion before year end. Following the developer's examinership, the project has returned to progress under the stewardship of its capital backer, with the building's prime location making it well-placed to attract occupier interest on delivery. The remaining buildings in the pipeline, Harcourt Square, Waterfront South Central and One Adelaide are all pre-let.

FIGURE 5: Dublin Office Take-Up by Sector



Source: CBRE Research

FIGURE 6: Dublin Office Demand Requirements



Source: CBRE Research

Rents & Investment

Prime rents in Dublin have moved to €67.50 psf (€727 psm) from €65.00 psf (€700 psm) with a growing cluster of transactions now providing direct evidence at or above this level. State Street's letting at 2 Grand Canal Quay was agreed at headline close to prime, providing one of the clearest data points of the quarter. Deals at The Malt House, Four and Five Park Place and The Merrion Buildings have been agreed at or above our guide price, reflecting occupier willingness to commit to top-tier space at new benchmark levels.

CBRE's forecast points to rents reaching €70 psf (€753 psm) before year end, with €75 psf (€807 psm) increasingly emerging as a credible medium-term outcome as the supply of true prime, well-specified space remains limited relative to active requirements.

Yield Compression Following Sale of Trophy Office

MEAG's €110m acquisition of One Molesworth Street at a prime yield of 4.75% was the largest single office sale in Dublin since 2022, and a clear expression of institutional confidence in core office fundamentals. On the back of this transaction, CBRE has moved prime office yields in by 25 basis points to 4.75%, reflecting the weight of evidence now supporting tighter pricing at the top of the market.

Sale of George’s Court Launched at €76m

With rental growth now established and occupier demand broad-based, investors are once again underwriting Dublin's prime office market with conviction. Henderson Park's launch of George's Court at 54-62 Townsend Street at a guide price of €76m (6.3% NIY) adds further momentum. The building is leased to Northern Trust, the Land Development Agency and Huawei, generating €5.2m in annual income, offers buyers diversified income alongside rent reversion potential.

Henderson Park is selling the asset as part of its ongoing disposal of the Green REIT portfolio acquired in 2019. If it transacts close to guide, it will provide further yield evidence and signal a broadening of investment activity beyond trophy single-let assets.

FIGURE 7: Dublin Office Guideline Rents

Prime Headline Office Rents	Euro Per Sq M	Euro Per Sq Ft
City Centre	€727	€67.50
South Suburbs	€318	€29.50
North Suburbs	€221	€20.50
West Suburbs	€194	€18.00

Source: CBRE Research

FIGURE 8: Dublin Office Investment Deals Q2 2026

Property	Location	Sale Price (Approx.)	Purchaser	Vendor
One Molesworth Street	Dublin 2	€110m	MEAG	Henderson Park
One Haddington Buildings	Dublin 4	€27.15m	Mapfre	Deutsche Bank
Block A & B, Lake Drive, Citywest	Dublin 24	€19.86m	Arkéa	Bartra Capital
Clonmel House, Clonmel Street	Dublin 2	P&C	P&C	P&C

Source: CBRE Research

Figure 9: The Sidings, Dublin 2; Asana Let 2,579 sq m in Q2

CBRE Ireland Contacts

Alan Moran
Executive Director
Head of Office Leasing
alan.moran@cbre.com

Daniel Shannon
Executive Director
Head of Tenant Advisory
daniel.shannon@cbre.com

Paddy Conlon
Executive Director
Head of Offices
paddy.conlon@cbre.com

Sam Daunt
Director
Office Leasing
sam.daunt@cbre.com

Rob Mulcair
Director
Office Leasing
robert.mulcair@cbre.com

Michelle Farrell
Associate Director
Tenant Advisory
michelle.farrell@cbre.com

Kyle Rothwell
Executive Director
Head of Capital Markets
kyle.rothwell@cbre.com

Dave Lawlor
Director
Head of Capital Advisory
dave.lawlor@cbre.com

Fiona Kennedy
Director
Investment Properties
fiona.kennedy@cbre.com

Colin Richardson
Director
Head of Research & Consultancy
colin.richardson@cbre.com

Cara McDowell
Senior Analyst
Research & Consultancy
cara.mcdowell@cbre.com