

Q4

DUBLIN INDUSTRIAL



The Difference

The Market in Numbers

Take-Up



91.3k^{sqm}

Strong level of activity with over 90,000 sqm transacting

Largest Deal



17k^{sqm}

Letting of Units 1 & 3 in Cloverhill industrial estate was largest deal in the quarter

Deal Type



18%

Sales accounted for just 18% of the number of transactions in Q4



Overview



Activity

Transaction activity was exceptionally strong again in the final quarter of the year, resulting in an annual take up level of almost 311,000 sqm in 2018. Lettings dominated activity with 82% of the number of transactions in the three months while the southwest region accounted for 60% of total take-up. Rents were static in the quarter.

Take-up in Q4 was over 91,000 sqm. This is an 8% decrease when compared to the previous three month period as Q3 was a particularly strong quarter. The 91,300 sqm comprised 33 individual transactions. The average size per deal was approximately 2,750 sqm, which is bigger than the previous quarters in 2018.

Similar to Q3, there were a number of significant transactions in the three months. All of the top five deals in the quarter were lettings. The largest deal in the quarter was the letting of Units 1 & 3 in Cloverhill industrial estate (17,000 sqm). This letting alone accounted for 18% of total take-up.



Other notable deals in Q4 comprised the lettings of Unit B MountPark Baldonnell, Dublin 22 (15,550 sqm), let on a long lease to Home Store + More and Unit F Kilcarbery Business Park, Clondalkin, Dublin 22 (10,200 sqm). Other sizable lettings included Unit 18 Park West Industrial Park, Dublin 12 (6,700 sqm) and Unit 37 Fonthill Business Park, Dublin 22 (5,200 sqm).

Top Five Deals, Q4 2018

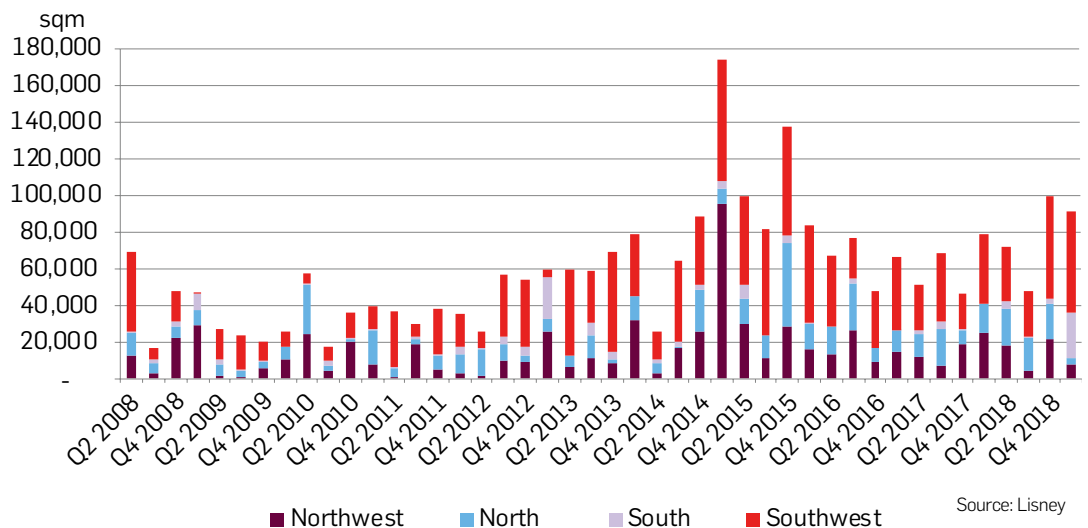
Address	Region	sqm	Transaction
Units 1 & 3 Cloverhill Business Park, Clondalkin, Dublin 22	S	17,000	Letting
Unit B MountPark Baldonnell Dublin 22	SW	15,550	Letting
Unit F Kilcarbery Business Park, Clondalkin, Dublin 22	SW	10,200	Letting
Unit 18 Park West Industrial Park Dublin 12	S	6,700	Letting
Unit 37 Fonthill Business Park, Dublin 22	SW	5,200	Letting

Source: Lisney

Lettings continued to drive demand in Q4 and dominated activity in terms of the number of transactions (82%) and in terms of the amount of space taken up (89%). This was the case also for the overall year with lettings accounting for 71% in terms of the number of transactions and 76% in terms of the amount of space taken up.

The southwest region was the busiest in the quarter, continuing to account for the largest share of space either leased or sold in the quarter (60%). This was followed by the south (28%) northwest (8%), and the north (4%).

Take-Up by Region, Q1 2008 – Q4 2018



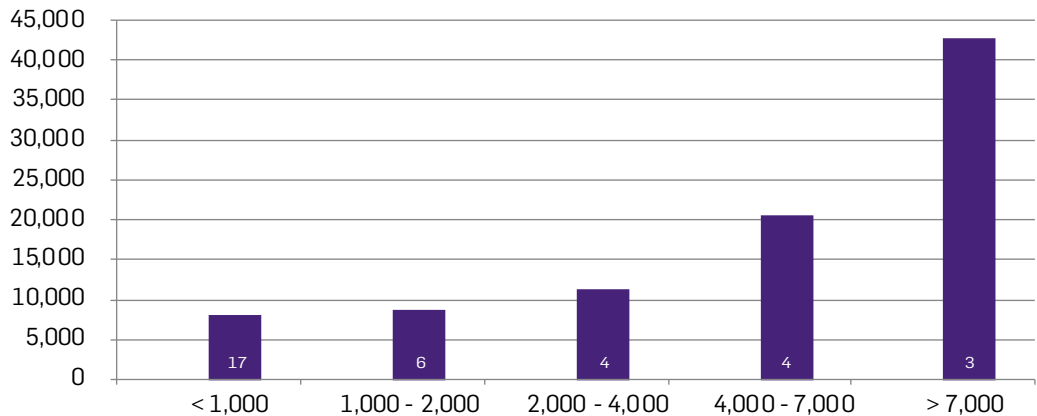
SIZE ANALYSIS

Transactions of less than 1,000 sqm accounted for 48% of all deals (16) in Q4; however the volume of space amounted to a much lower 9%. In terms of the mid-sized market, buildings ranging from 1,000 to 4,000 sqm accounted for 30% of the number of transactions (or 22% of the volume of space). There were seven deals in excess of 4,000 sqm in Q4. Combined,

these made up 69% of space transacted, but only 21% of the total number of sales.

The trend of smaller sized deals dominating activity levels was evident in each quarter of 2018 and 78% of the number of deals over the year were accounted for by transactions of less than 2,000 sqm.

Take-Up by Size & Number of Transactions, Q4 2018



Source: Lisney



Dublin Industrial Rents

The Lisney industrial rental index was unchanged in Q4. The overall index shows growth of 3.3% in 2018.

A breakdown of regions reveals that all locations experienced increases in the year. The largest annual increase was recorded in the southwest region (3.8%). This was followed by the north region (3.4%) and the

northwest region (3.1%). The south region grew by 1.8% over the year. At the end of Q4 2018, the Dublin industrial rental index had increased by 69.3% since the cycle low in Q1 2013 and now stands just 15.3% behind its cycle peak in 2007.



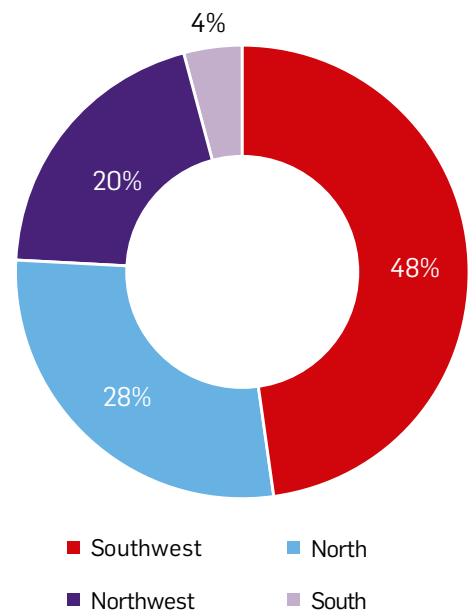
Supply

Supply levels were 10.0% lower than in Q4 2017. As a result, the Dublin vacancy rate stood at 8.2% at the end of December.

Supply remained largest in the southwest region, accounting for 48% of all available space; however this area has the largest stock of industrial buildings in Dublin. The northwest and north regions made up 28% and 20% respectively, while the remaining 4% was in the south region.

The supply of small to medium-sized industrial buildings remains healthy with good opportunities available. For larger units, the choice is more limited. At the end of Q4 there were just 13 units greater than 10,000 sqm in size available in the Dublin market. Nine of these units are located in the southwest region, two in the northwest, one in the south and one in the north.

Availability by Region, Q4 2018



Source: Lisney



Construction

Good quality modern stock is at low levels, which is enticing the construction of new premises. At the end of the year, there was 60,000 sqm of new industrial property under construction in Dublin, all of which is due to be completed in 2019.

The majority of accommodation under construction is located in the southwest region. This is largely due to Mount Park developing two units at Baldonnell Business Park (approximately 22,250 sqm), one of which is pre-let to Home Store + More while the other has lease terms agreed. In Greenogue Business Park, an additional 10,150 sqm is pre-let at 665 Grants Crescent.

The remaining space is being constructed on the north side of the city. Rohan Holdings is developing three separate units in Dublin AirPort Logistics Park (12,000 sqm) and two in North City Business Park (3,750 sqm) which are all nearing completion. And in Horizon Business Park, Green REIT is developing space.

In terms of the construction pipeline, Park Developments has secured planning permission for six units and is seeking to engage in pre-lets or sales in Northwest Business Park. Full planning permission has also been received for three units (ranging from 6,500 sqm to 12,650 sqm) in The Hub Logistics Park in Clonee, which is close to the new Shire and Facebook facilities. Planning permission has been granted and site works have commenced in Vantage Business Park by Erigo Developments for 9,745 sqm across two buildings, just off the N2/M50 at Coldwinters.



Outlook

- Brexit remains very much on the minds of occupiers and logistics companies. Many businesses are adopting a wait-and-see approach. Depending on how matters progress, the industrial market may get a kick-start again in Q2 2019.
- While demand will remain strong in 2019 (despite Brexit looming) the level of activity may be held back by a lack of available modern accommodation. A strong 2019 take-up will need to come from design-and-build pre-lets or sales.
- In the year ahead, large retailer requirements will need to be fulfilled through design-and-build schemes as the accommodation currently on offer will not meet their demand.

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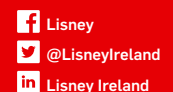
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