



We Know Property



2nd Quarter 2016

Take-Up

50,100 sqm in 40 transactions

Lettings

For the first time since 2012 more space was leased than sold

Availability

Stands at approximately 1.02m sqm, 2.5 times 2015 take-up

- Rents
- Values
- Supply
- Demand

Dublin Industrial Update



9/10 Broomhill Road, Tallaght, Dublin 24

Overview

The strong activity witnessed over the past two years in the Dublin industrial market continued into the first half of 2016 with almost 111,000 sqm taken-up. Rental pressure continued with the Lisney index of industrial rents rising by 2.8% over the period. Supply increased by 5.7% in Q2 but this was due to some larger buildings coming to the market.

Activity

A healthy level of activity was recorded in Q2 with take-up reaching 50,100 sqm, spread across 40 individual deals. In volume terms, this represented a reduction in take-up when compared with the same period last year (-39%) and with the previous quarter (-33%). However, in terms of the number of deals, the same amount concluded.

An analysis of all transactions in Q2 reveals that 58% of the number of deals done was for buildings less than 1,000 sqm. In terms of the quantum of space, deals measuring

less than 1,000 sqm accounted for a lower 17%. Accommodation between 1,000 and 4,000 sqm accounts for 38% of the number of transactions (63% of the size), while buildings greater than 4,000 sqm totalled just 5% of all deals (20% of the size).

The north region was the location of preference in Q2, accounting for 45% of all space transacted. This is due to larger sized deals occurring in the region, including two of the top five. This was followed by the southwest region at 26% and the northwest at 25%. There was just one deal in the south region over the three months, in Loughlinstown Industrial Estate. For the first time since 2012, there was more space leased than sold. In terms of the quantum of space, this was split 60 / 40 in Q2. The majority of sales were of small buildings (less than 1,000 sqm) and were in the southwest region. This shows a trend whereby occupiers requiring smaller buildings can still benefit from the good value on offer in this traditional industrial part of Dublin. Sales prices are still generally below replacement cost but the gap is continuously narrowing.

While seven of the ten largest deals were lettings, the largest deal in Q2 was a sale and comprised the sale of the former JJN Transport unit (6,050 sqm) in Damastown Industrial Park. Other notable sales included a 2,800 sqm unit in Cookstown Industrial Estate and a 2,000 sqm unit on North Wall Quay.

In terms of lettings, Unit D in Furry Park, formally occupied by DHL, (4,040 sqm) was the largest. This was followed by the lease of Unit E in North Dublin Corporate Park (3,040 sqm).

New Construction

Green REIT is continuing with its building works on a speculative warehouse on the site adjacent to Fynes Logistics in Horizon Logistics Park. This building will be approximately 4,150 sqm and is due to be completed shortly.

The impending Rohan Holdings development programme, will deliver in excess of 27,870 sqm (300,000 sqft) of speculative warehouse space across Dublin in 2016 and 2017 and will be over ten units ranging from 930 sqm to 5,570 sqm (10,000 sq ft to 60,000 sq ft). These will comprise four buildings in Dublin AirPort Logistics Park ranging

from 2,790 sqm to 5,570 sqm (30,000 sq ft to 60,000 sq ft), three in North City Business Park (located between the M50 and N2) extending to 1,580 sqm (17,000 sq ft), 1,860 sqm (20,000 sq ft) and 3,720 sqm (40,000 sq ft) respectively. A further three buildings will be delivered on a newly acquired site just off the N7 at Cheeverstown, which will be between 1,860 sqm and 4,650 sqm (20,000 sqft to 50,000 sqft).

The buildings are expected to seek rents from €96 psm (€9 psf) for some of the larger units at Dublin AirPort Logistics Park, while some of the buildings at North City Business Park will be priced from €108 psm (€10 psf)

Availability

There was a 5.7% increase in supply levels in Q2 as a result of some larger second-hand buildings coming to the market. These included Dunboyne Business Park which is 7,540 sqm of industrial and office accommodation (that are part occupied/part vacant) and 9/10 Broomhill Road in Tallaght, a detached warehouse facility extending to approximately 2,300 sqm.

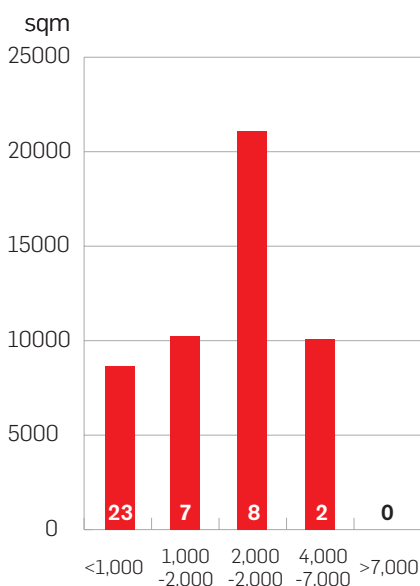
However, in the year the volume of available space is down by 3% and

stood at approximately 1.02m sqm at the end of June. This represents an overall Dublin vacancy rate of close to 15.7%, which is equivalent to 2.5 years supply.

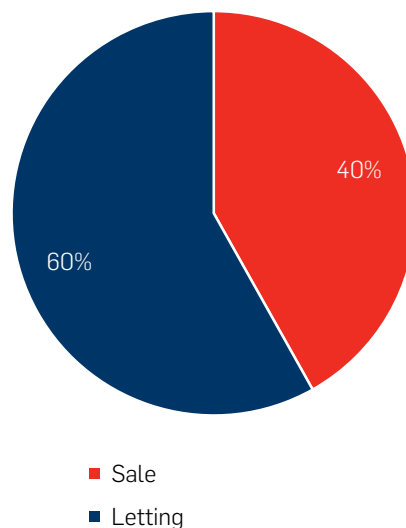
Supply levels remain largest in the southwest region, accounting for almost half of all available space. Conversely, the south region accounts for the lowest amount of available space, at 3%. This is due to the low level of building stock in this area.

The supply of small to medium size industrial accommodation is still relatively healthy with good opportunities on offer. However, for larger units, availability is more limited. In the south region there are no available units measuring greater than 10,000 sqm.

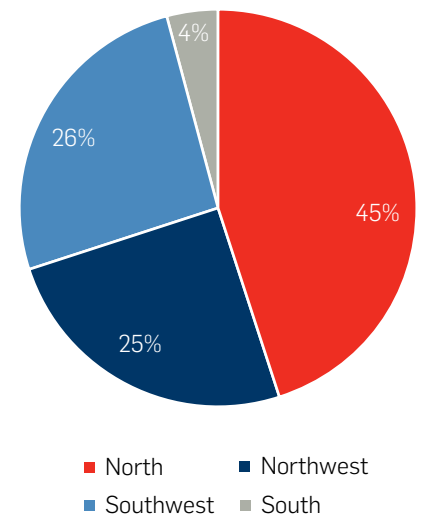
TAKE-UP: SIZE & NUMBER OF TRANSACTIONS Q2 2016



SALES VS LETTINGS (QUANTUM OF SPACE) Q2 2016



TAKE-UP: BY REGION Q2 2016



Source: Lisney

Outlook

- Rental and capital values will increase further before year end. This will be for all types of quality, size and location of stock, not just prime buildings.
 - Planning applications for industrial buildings will increase as demand for pre-letting, pre-sale and speculative development rises in the medium-term.
 - Sale prices on second-hand buildings are likely to stay below the cost of replacement in the medium- term but this gap will tighten significantly over the second half of the year.
 - Instability may be caused by Britain's exit from the European Union and may shake regional supply chains in Britain as it renegotiates new trading relationships and rules.
- Some logistics companies in the UK have commented that the "Brexit" vote could have a two-pronged impact in the short term, potentially cutting into the movement of goods but also fuelling more demand for services to help retailers and manufacturers navigate changing regulations and trade rules.

Top 5 deals Q2 2016

Property	Region	Size (sqm)	Transaction
Damastown Industrial Park, Dublin 15	NW	6,061	Sale
Unit D, Furry Park, Santry, Dublin 9	N	4,035	Letting
Unit E, North Dublin Corporate Park, Swords, Co. Dublin	N	3,039	Letting
Unit S3A, Parkwest Business Park, Dublin 12	SW	2,915	Letting
Unit 5A-C, Cookstown Ind. Est., Dublin 24	SW	2,805	Sale

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