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1st Quarter 2016

Take-Up

Almost 61,000 sqm in 40 transactions

Availability

The first major pre-let in almost nine years to Uniphar

Supply

Stands at approximately 964,000 sqm (2.4 times 2015 take-up)

- Rents**
- Values**
- Supply**
- Demand**

Dublin Industrial Update



Horizon Logistics Park - first presale in seven years under construction.

Overview

The strong activity witnessed over the past two years in the Dublin industrial market continued into the first three months of 2016 with 60,900 sqm taken-up. Following rental pressure in the closing quarter of 2015, rents were generally stable in Q1. The amount of available stock continued to diminish and constraints were evident in some areas and size brackets. Consequently, the vacancy rate fell and some occupiers are now once again considering design-and-build options.

Activity

A healthy level of activity was recorded in Q1 with take-up reaching 60,900 sqm, spread across 40 individual deals. However, in volume terms, this did represent a reduction in take-up when compared with the same record period last year (-39%) and with the previous quarter (-33%). However, it must be noted that 2015 was a remarkably strong year for transactions, the strongest since 2006.

An examination of all transactions in Q1 reveals that 65% of the number of deals done, was for buildings less than 1,000 sqm. In terms of the quantum of space, this figure falls to just 22%. Accommodation between 1,000 and 4,000 sqm accounts for 25% of the number of transactions (and 40% of the size), while buildings greater than 4,000 sqm totalled 10% (or 38% of the size). As is the norm, the southwest region remained the location of preference in Q1, accounting for 56% of all space transacted. This was followed by the north region at 23% and the northwest at 21%. There were no deals of note in the south region over the three months.

In Q1, sales and lettings were split almost 50/50, both in terms of the number of transactions and in terms of the quantum of space taken-up. With sales, it was notably that a large number of them were for smaller amounts of space. Of the 19 deals that were sales, almost two-thirds were of units less than 1,000 sqm and of these, all bar one were in the southwest region. This shows a key 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 in this area.

At the opposite end of the scale, the largest sale in Q1 was of a 5,600 sqm unit on Ballymount Road Lower in Walkinstown. This was followed by the sale of a building in The Ward (4,030 sqm); Unit 8 North Park in Finglas (3,710 sqm) and Unit 3, Rosemount Business Park in Ballycoolin (3,590 sqm).

The largest deal over the three months was a pre-let to Uniphar in Greenogue Business Park (9,300 sqm) for Sandymark Construction Limited. Once constructed, this building will be used by Uniphar as a central medication distribution centre. The reported rent is at €97 psm (€9 psf), which is approximately 15% ahead of top market headline rates for existing space. This is the economic rent required to justify a new build and is one of the first pre-lets to be agreed since the height of the market in 2007.

Other lettings of note include Unit 600, also in Greenogue Business Park (4,300 sqm); and Unit R in North Ring Business Park (2,780 sqm), which was taken by Holland & Barrett.

Top 5 deals Q1 2016

Property	Region	Size (sqm)	Transaction
Uniphar, Greenogue Business Park	SW	9,300	Letting
Lower Ballymount Road, Walkinstown	SW	5,600	Sale
Unit 600, Greenogue Business Park	SW	4,300	Letting
The Ward, Broughan, Co. Dublin	N	4,000	Sale
Unit 8, North Park, Finglas	NW	3,700	Sale

New Construction

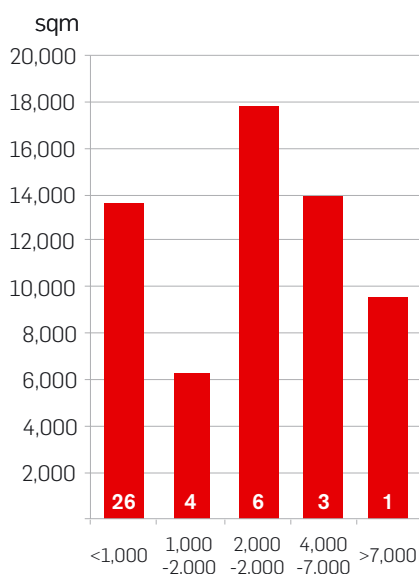
As a result of the limited supply of modern units, design-and-build options were being considered by some owner-occupiers and tenants in recent months. As mentioned previously, Uniphar took the first pre-lease in a number of years in Q1 in Greenogue Business Park and towards the end of 2015, Fynes Logistics agreed the first pre-sale in seven years of a new warehouse facility in Horizon Logistics Park, close to Dublin Airport for around €1,615 psm (€150 psf).

Also under construction, Green REIT is continuing with its building works of a speculative warehouse on the site

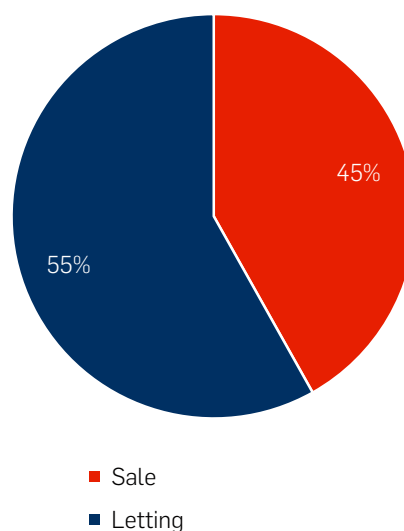
adjacent to Fynes Logistics in Horizon Logistics Park. This building will be approximately 4,150 sqm and is due to be completed by next quarter.

The leading developer of industrial and logistics building facilities, Rohan Holdings, has embarked on a development programme that will deliver in excess of 27,870 sqm (300,000 sqft) of speculative warehouse space across Dublin in 2016 and 2017. Rohan is to build ten units in total ranging from 930 sqm to 5,570 sqm (10,000 sqft to 60,000 sqft). These will comprise four buildings in Dublin AirPort Logistics Park ranging from 2,790 sqm to 5,570 sqm (30,000 sqft to 60,000 sqft),

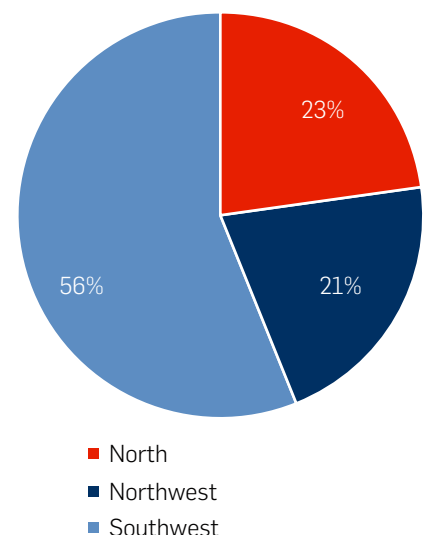
TAKE-UP: SIZE & NUMBER OF TRANSACTIONS Q1 2016



SALES VS LETTINGS (QUANTUM OF SPACE) Q1 2016



TAKE-UP: BY REGION Q1 2016



Source: Lisney

three in North City Business Park (located between the M50 and N2) extending to 1,580 sqm (17,000 sqft), 1,860 sqm (20,000 sqft) and 3,720 sqm (40,000 sqft) 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).

While Rohan Holdings has yet to launch the planned buildings on the market, the developer is expected to set rents from €96 psm (€8.95 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

Supply levels began to fall mid-2015 after three years of record highs. There is currently approximately 964,000 sqm of vacant industrial accommodation on the market. This represents an overall Dublin vacancy rate of approximately 14.8% and about 2.5 years supply.

Supply levels remain largest in the southwest region, accounting for 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.

Outlook

- Rental and capital values will increase further and possibly more rapidly in 2016. This will be for all types of quality, size and location of stock and 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 of second-hand buildings are likely to stay below the cost of replacement in the medium-term but this gap will tighten significantly over the year.



4N & 5N, Greenogue Business Park, sold in Q1.

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