

The Lisney logo consists of the word "Lisney" in a white, sans-serif font, enclosed within a white rectangular border. This logo is set against a solid red rectangular background.

Lisney

**DUBLIN
INDUSTRIAL
REPORT**

Q1 2020



INDUSTRIAL IN NUMBERS

ACTIVITY

86,900
SQM

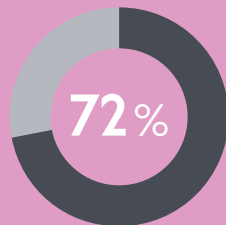
STRONG LEVEL
OF ACTIVITY
IN Q1

LARGEST DEAL

30,000
SQM

LETTING IN
DAMASTOWN
INDUSTRIAL PARK
TO DUNNES STORES

DEAL TYPE



LETTINGS
ACCOUNTED FOR
72% OF ALL DEALS

CONSTRUCTION

15,850
SQM

COMPLETED
CONSTRUCTION
IN Q1



OVERVIEW

Take-up in the Dublin industrial market totalled a very strong 86,900 sqm in Q1. Supply remained at a low level with limited options of quality second-hand stock available. 15,850 sqm of new industrial stock completed in the three months.

ACTIVITY

Industrial take-up was strong in Q1 totalling 86,900 sqm. Although a reduction on the Q4 take-up level (-19%), it was an active three months as has been the general trend for the past five years. Notably, there have only been five quarters over the past five years where quarterly take-up was below 60,000 sqm.

Some of the Brexit uncertainty that prevented many commercial decisions being made in 2019 eased in Q1. This meant many companies took the opportunity to acquire further industrial accommodation or upgrade existing facilities. The average deal size was 2,700 sqm in Q1 and this was across 32 transactions. Of the 32 industrial transactions, 23 were lettings and 9 were sales. As such, lettings accounted for 72% of activity based on the number of deals, a trend we expect to intensify as the year progresses.

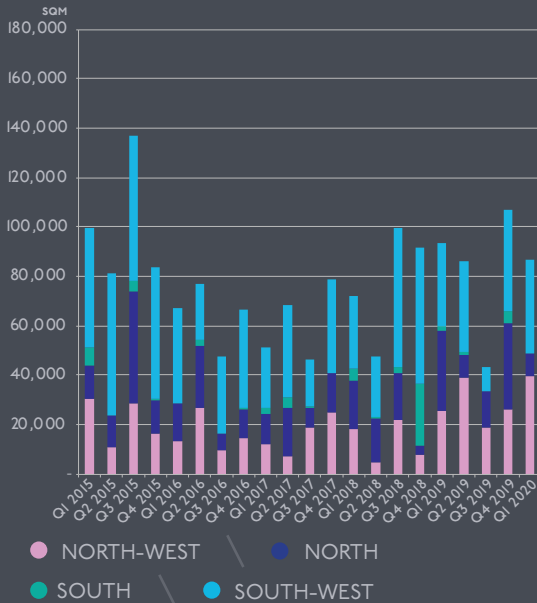
The three-month period recorded several large transactions, which boosted the overall take-up level. The largest deal was a letting in Damastown Industrial Park, Dublin 15 to Dunnes Stores on a 20-year lease (30,000 sqm). This building was previously occupied by logistics company Geodis, which relocated to I Dublin AirPort Logistics Park (17,200 sqm) at the end of 2019. Another significant deal was the letting of the recently completed 527 Greenogue Business Park, Rathcoole, Co Dublin to Amazon (6,800 sqm).

ACTIVITY (CONTINUED)

In the north region, two units in Horizon Logistics Park were leased; Unit D7 (3,200 sqm) and Unit D6 (2,250 sqm) were both let on a 15-year term. Additionally, the newly complete Harrier House in Dublin AirPort Logistics Park (3,600 sqm) was also let in the quarter.

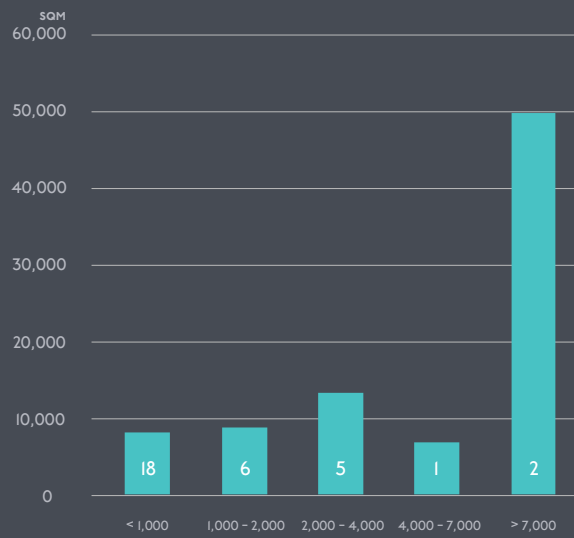
The northwest and southwest regions accounted for most of activity in Q1; 45% and 44% respectively. The remaining 11% was in the north region. In Q1, transactions of less than 1,000 sqm made up 56% of all deals (18) but accounted for 9% of the total volume of space transacted. Activity in the mid-sized market was strong with 11 deals ranging from 1,000 sqm to 4,000 sqm. Mid-sized deals accounted for 25% of the total volume of space. Deals for larger buildings (over 4,000 sqm) were most active accounting for 9% of the total number of deals and 65% of the total volume of space transacted.

TAKE-UP BY REGION
Q1 2015 - Q1 2020



Source: Lisney

TAKE-UP BY SIZE & NUMBER OF TRANSACTIONS Q1 2020



Source: Lisney

SUPPLY

Supply remained at a historically low level at the end of March 2020, at approximately 324,550 sqm. This was despite the addition of new stock to the market in recent months. That said, supply of smaller units was healthy with available space under 1,000 sqm accounting for over half of all units available. Choice was much more limited for larger-sized units with just one unit on the market that would satisfy an occupier requirement of 10,000 sqm.

The northwest and southwest regions accounted for most of the available stock, a combined 80%. The north region accounted for 19.5% and the south just 0.5%. A lack of supply of quality second-hand stock remains of concern. Particularly for businesses that require flexible lease terms and / or are financially unable to commit to a design-and-build opportunity. At the end of March, there were several active requirements in the market seeking second-hand accommodation. However due to supply constraints, many will have to reconsider design-and-build solution or site purchases to construct their own buildings as the market moves forward into the latter half of 2020 and in to 2021. Some of these decisions will possibly be delayed due to Covid-19.



72%

15,850
SQM

LETTINGS
Q1

CONSTRUCTION
COMPLETED
Q1

13 WHITESTOWN DRIVE
TALLAGHT BUSINESS PARK
DUBLIN 24

CONSTRUCTION

15,850 sqm completed construction in Q1, 57% in the north region and the remainder in the southwest region. Rohan Holdings completed Harrier House at Dublin AirPort Logistics Park and the premises has been occupied (3,600 sqm). Erigo Developments completed one of its units under construction (5,500 sqm), which has been sold to Irish packaging company NPP for a reported price of close to €8.88m (€1,614 psm / €150psf). North Dublin continues to be the area of choice for occupiers that can commit to new buildings on long-term leases or that have the capital reserves to purchase a new building. Proximity to Dublin Port and Dublin Airport is the driving force behind this. In the southwest region, Unit 527 Greenogue Business Park, Rathcoole, Co Dublin (6,800 sqm) completed and has now been occupied.

At the end of March 2020, about 71,000 sqm of new industrial space was under construction in Dublin with almost two-thirds of this is in the southwest region. Palm Capital commenced construction on two large units in Greenogue Business Park (42,300 sqm combined) in Q1, which is positive news for this region. In the northwest region, Park Developments is currently constructing five units (17,000 sqm combined) at Northwest Business Park, Ballycoolin, Dublin 15. Amazon is understood to be in advanced discussions with Park Developments for two of these units; Unit 628 (7,250 sqm) and Unit 633 (3,700 sqm). The online retailer is reportedly seeking its first warehouses to fulfil orders currently shipped from the UK.

In the north region, construction continues on a unit in Vantage Business Park by Erigo Developments (4,250 sqm). In addition, Unit D2 Horizon Logistics Park is currently undergoing an extension, expanding by 7,450 sqm.

There is an additional 73,750 sqm of space in the pipeline (in the north, northwest and southwest regions) where planning permission has been granted but no construction has commenced.



KARKRAFT HOUSE,
KILBARRACK INDUSTRIAL ESTATE,
DUBLIN 5

OUTLOOK

- 1 The Covid-19 pandemic will have a negative impact in the coming quarters, particularly on buildings for sale. Many businesses will be seeking the additional flexibility that leasing provides during this time.
- 2 Some developers and occupiers in discussions for design-and-build deals may decide to push commitments out until Q4 2020 but in the interim, short-term leases will be required.
- 3 Owner-occupiers will become more active for buildings smaller than 1,000 sqm.
- 4 With nearly all leisure and retail-related outlets closed for the foreseeable future, the demand for warehouse from these sectors will decrease. This will be particularly the case for those that do not provide a good online offering or those suffering from supply chain constraints. In contrast, supermarkets and pharmacies have struggled to maintain necessary inventory levels to cope with current demand. Large operators in the grocery sector, such as Dunnes Stores, SuperValu, Tesco, Lidl and Aldi, generally have their own distribution facilities and networks. However, others in the sector may not be able to source suitably located warehouse facilities at short notice and under flexible lease terms. This will lead to further growth within the serviced / on-demand warehouse sector.

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