

# Q<sup>2</sup>

## DUBLIN INDUSTRIAL



The Difference

## The Market in Numbers

### Take-Up



# 50.9k<sup>sqm</sup>

Strong level of activity

### Deal Type



# 58%

Lettings accounted for over half of the number of transactions

### Vacancy Rate



# 11.8%

Overall Dublin vacancy rate increased to 11.8%

### Availability



# 4.7%

Supply increased by 4.7% on an annual basis



## Overview

Transaction activity remained strong in the opening six months of the year. Lettings dominated activity, while the southwest and north regions combined accounted for 90% of total take-up. Overall supply levels in Dublin increased by 2.7% in Q2, with the vacancy rate

at 11.8%. Rents rose further in the quarter with the Lisney index for Dublin increasing by 0.6% and by 9.0% in the year.

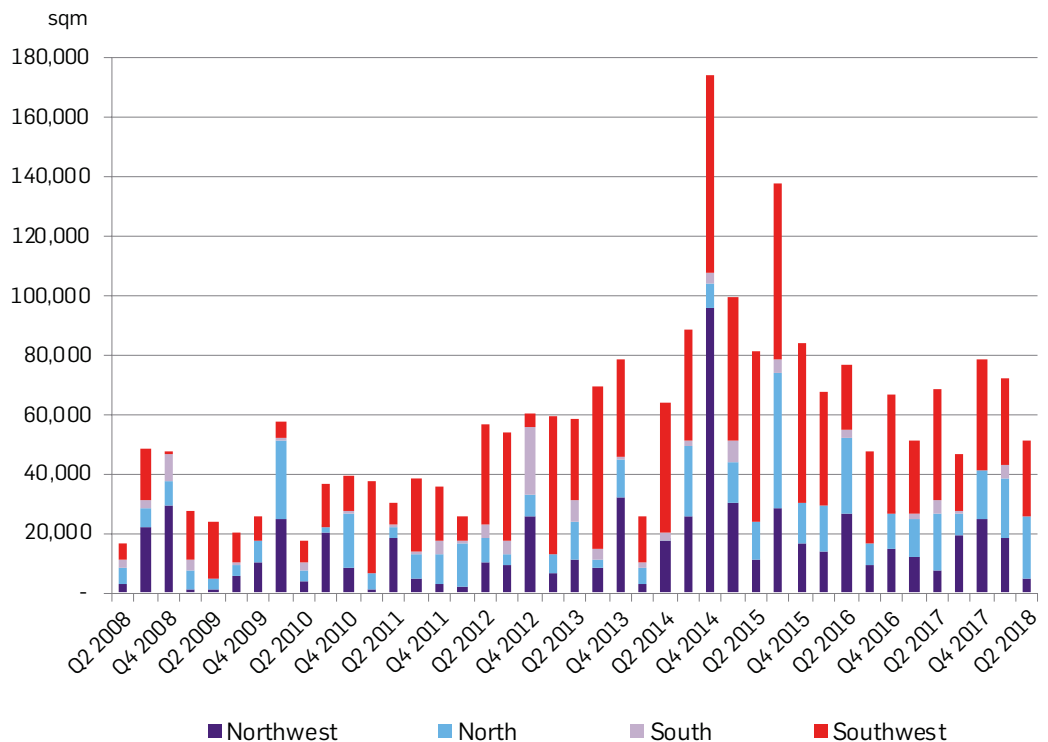


## Activity

Q2 take-up was just under 51,000 sqm; a decrease of 29% compared to the previous three month period and (-26%) on Q2 last year. The 51,000 sqm comprised 45 individual transactions with the average size per deal approximately 1,150 sqm. Lettings drove demand in the quarter in terms of the number of transactions (58%) and in terms of the amount of space taken up (77%). This indicates companies are still drawn towards letting rather than taking on debt for new design-and-build purchases.

The southwest region was the busiest in Q2, continuing to account for the largest share of space either leased or sold in the quarter (49%). This was followed by the north (41%) northwest (9%), and the south (1%).

Take Up by Region, Q2 2008 - Q2 2018



Source: Lisney

## SIZE ANALYSIS

Transactions of less than 1,000 sqm accounted for 71% of all deals (32) in Q2, however the volume of space amounted to a lower 22%. In terms of the mid-sized market, buildings ranging from 1,000 to 4,000 sqm accounted for 22% of the number of transactions (or 37%

of the volume of space). There were just three deals in excess of 4,000 sqm in Q2. Combined, these made up 42% of space transacted, but only 6% of the total number of sales.

## LARGEST DEALS

The largest deal in Q2 was the letting of unit 2007/2008 in Citywest Business Campus (9,450 sqm). The top five deals in the quarter were lettings. Other notable deals in Q2 comprised the lettings of Unit D2 and D5, Horizon Logistics Park, Swords (7,650 sqm and 3,200 sqm) which were design and build premises; Unit 38 Fonthill Industrial Park, Dublin 22 (4,250 sqm) to Sabavo Motor Parts; and Unit R, North Ring Business Park, Santry (2,800 sqm) occupied by pharmaceutical company Iterum Therapeutics.



Unit R North Ring Business Park, Santry, Dublin 9

## Top Five Deals, Q2 2018

Address	Area	Sqm	Transaction
Unit 2007/2008 Citywest Business Park, Dublin 24	SW	9,450	Letting
Unit D2, Horizon Logistics Park, Swords, County Dublin	N	7,650	Letting
Unit 38 Fonthill Industrial Park, Dublin 22	SW	4,250	Letting
Unit D5, Horizon Logistics Park, Swords, County Dublin	N	3,200	Letting
Unit R, North Ring Business Park, Santry, Dublin 9	N	2,800	Letting

Source: Lisney



## Dublin Industrial Rents

The Lisney industrial index increased by 0.6% in Q2, while the index shows growth of 9.0% in the year to Q2. A breakdown of regions reveals that all locations experienced increases in the first three months of the year apart from the southwest region. The largest quarterly increase was recorded in the south region (1.8%).

At the end of Q2 2018, the Dublin industrial index had increased by 67.9% since the cycle low in Q1 2013 and now stands just 16.0% behind its cycle peak.



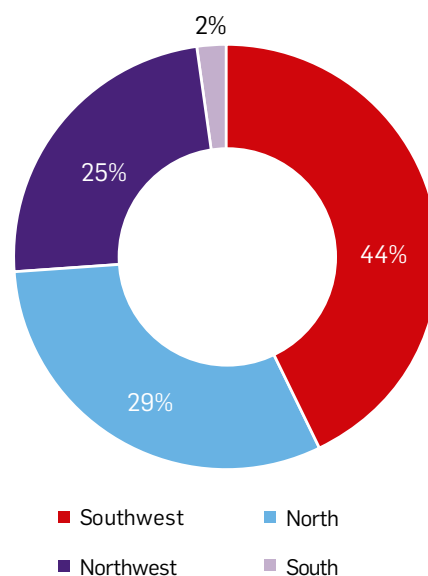
## Supply

Supply levels increased by 2.7% in Q2 and 4.7% in the year to Q2. As a result, the Dublin vacancy rate stood at 11.8% at the end of June.

Supply remained largest in the southwest region, accounting for 44% of all available space; however this area has the largest stock of industrial buildings in Dublin. The north and northwest regions made up 29% and 25% respectively, while the remaining 2% 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 Q2 there were just 12 units greater than 10,000 sqm in size available, one of these was previously a data centre. Half of these units are located in the southwest region, four in the northwest and two in the north.

## Availability by Region, Q2 2018



Source: Lisney



## Construction

Construction of new industrial buildings is increasing in response to the lack of supply of modern good quality stock. The majority of accommodation under construction (76%) is located in the south west region. This is largely due to Mount Park developing three units at Baldonnell Business Park (approximately 33,400 sqm); two of which are pre-let to a major home furnishings occupier. Approximately 10,150 sqm is pre-let in 665 Grants Crescent in Greenogue Business Park in Rathcoole.

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); all due for completion by September 2018. Green REIT is also developing space at Horizon Business Park.

With regard to 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 been received for three units ranging from 6,500–12,650 sqm in The Hub Logistics Park in Clonee (N3) close to the new Shire and Facebook facilities.

Additionally, planning permission has been granted to Rohan Holdings for a further 5,500 sqm in Osprey House, Dublin AirPort Logistics Park

Meanwhile, planning has been submitted by Erigo Developments for 9,745 sqm across two buildings at the newly planned Vantage Business Park just off the N2/M50 at Coldwinters.



## Outlook

- As demand for pre-letting, pre-sale and speculative development continues to grow, planning applications for industrial buildings is increasing.
- Secondary rents will continue to grow and present opportunities.
- The changes to the CGT waiver hold period last year will continue to present opportunities for investors and occupiers as more product is brought to the market as 2018 progresses and in to 2019.

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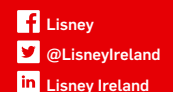
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