

Q3

DUBLIN INDUSTRIAL



The Difference

The Market in Numbers

Q3 Take-Up



49.2k^{sqm}

Total take-up year to date,
170,000 sqm

Demand



60%

Lettings accounted for the majority
of the space taken up in Q3

Vacancy Rate



11.5%

The vacancy rate increased marginally
during Q3

Availability



-22%

Availability reduced by 22% on an
annual basis



Overview

Activity levels reached 49,200 sqm in Q3, a decrease of 29% on the previous quarter. Mirroring the trend of recent quarters, the majority of transactions in Q3 were lettings rather than sales, at 60% of the total.

Overall supply levels in Dublin increased by 1.5% in Q3, with the vacancy rate up marginally to 11.5%. Rents rose further, with the Lisney index for Dublin increasing by 2.5%.



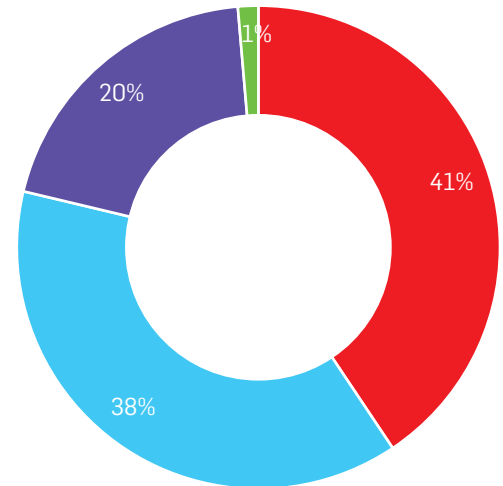
Activity

Q3 take-up reached 49,200 sqm; a decrease of 29% compared to the previous three month period, but was up 4% on an annual basis. In the year to the end of Q3, transaction levels were just over 170,000 sqm. Although this is a healthy level of activity, the total is 11% less than the corresponding period in 2016. 40 individual transactions comprised the 49,200 sqm, with the average size per deal approximately 1,200 sqm.

Lettings drove demand in Q3 in terms of the number of transactions (65%) and in terms of the quantum (60%) of space taken up. This is mainly due to limited purchaser choice and diminishing supply levels.

The southwest region continued to account for the largest share of space either leased or sold (41%), followed by the northwest (38%), north (20%) and the south (1%). Activity increased considerably in the northwest, where two of the top three deals of the quarter took place. 9,400 sqm was taken by DB Schenker at Northwest Business Park; while a further 3,300 sqm was leased at the former Gateway Facility, Clonsaugh.

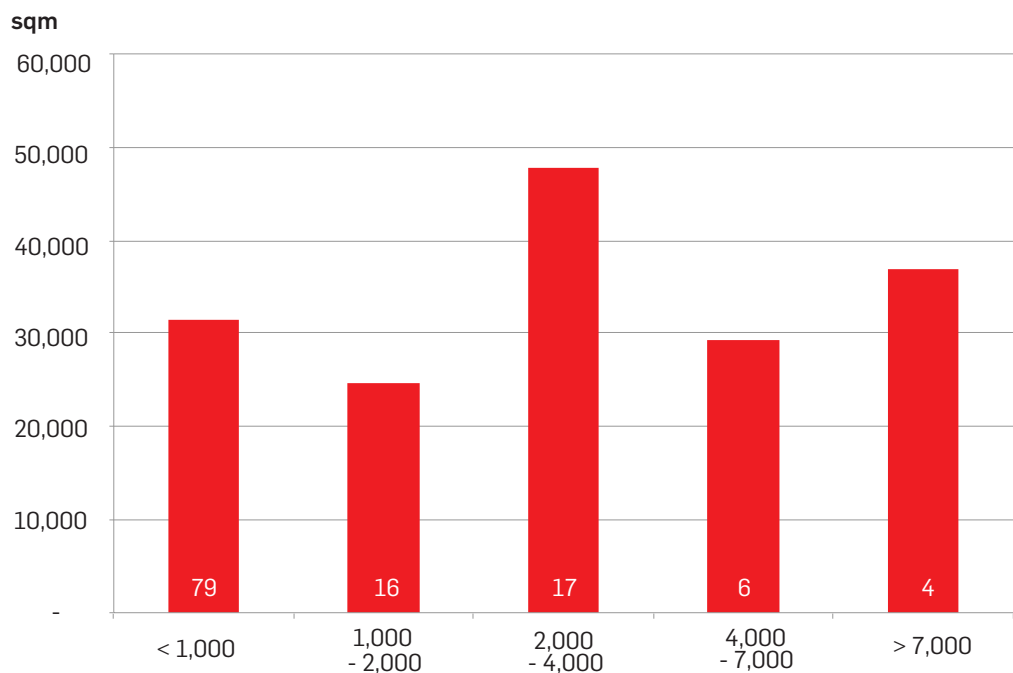
Take-Up by Region, Q3 2017



- Southwest
- Northwest
- North
- South

Source: Lisney

Take Up: Size & Number of Transactions (YTD 2017)



Source: Lisney

Top Five Deals, Q3 2017

Address	Area	Sqm	Transaction
Unit 624 Northwest Business Park, Ballycoolin, Blanchardstown, Dublin 15	NW	9,400	Letting
Phase 2, Airton Road, Tallaght, Dublin 24	SW	4,600	Sale
Former Gateway Facility, Clonsaugh, Dublin 17	NW	3,300	Letting
Motor Showroom, Grange Road, Baldoyle, Dublin 13	N	2,800	Sale
649 Greenogue Business Park, Rathcoole, Co. Dublin	SW	2,700	Letting

Source: Lisney

LARGEST DEALS

The largest deal in Q3 was the letting of Unit 624 Northwest Business Park (9,400 sqm) to DB Schenker. The building is owned by IPUT. The largest sale of the quarter (4,600 sqm) was at Phase 2, Airton Road, Tallaght. In the north, a motor showroom at Grange Road, Baldoyle totalling 2,800 sqm was sold. In the southwest suburbs a 2,700 sqm facility at 649 Greenogue Business Park was leased by Charles River, a medical research company. Unit 4/5 Knockmitten Lane (2,125 sqm) was sold for just under €1m to an Irish investor; part-vacant part-investment.

SIZE ANALYSIS

Similar to the opening half of 2017, transactions of less than 1,000 sqm made up approximately two-thirds of all deals during the quarter. 27 deals were spread across the four suburbs, accounting for 68% of the total number of transactions in Q3. The overall quantum of

space apportioned to smaller sized units was 25%, up from 18% in Q2. Lettings dominated activity in this market, making up 19 out of the 27 deals.

In terms of the mid-sized market, buildings ranging in size between 1,000 and 4,000 sqm accounted for 28% of the number of transactions (or 46% of the volume of space). The most notable deal in this category was the previously mentioned letting of part of the former Gateway Facility in Clonsaugh.

There were two deals in excess of 4,000 sqm; one sale and one letting. Combined, these comprised 28% of all space transacted, but only 6% of the total number of sales.

The Lisney index of industrial rents in Dublin rose by 2.5% in Q3. This follows growth of 4.8% in the previous quarter. On an annual basis, the index shows year-on-year growth of 22.7%. Focusing on the individual regions all locations recorded quarterly increases; southwest (1.7%), north (3.6%), northwest (1.9%) and

south (4.8%). The index for the south region recorded a notable 26.5% increase in the year to September 2017. This was followed by the southwest (24.8%), the northwest (22.2%) and north (15.9%).



Dublin Industrial Rents



Availability

Supply levels increased by 1.5% from Q2, with the amount of available accommodation standing at approximately 760,000 sqm at the end of September. As a result, the Dublin vacancy rate also edged up and stood at 11.5%.

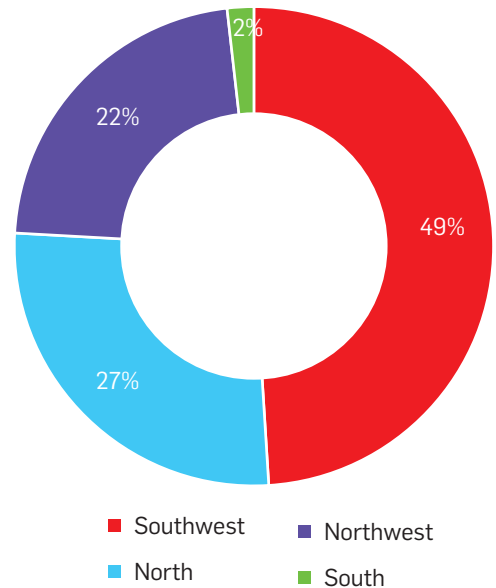
However, on an annual basis, supply has reduced by 22% and the vacancy rate has declined by three and a half percentage points.

Supply levels remained largest in the southwest region, accounting for almost half of all available space (372,000 sqm); however this area does have the largest stock of industrial buildings in Dublin. The north and northwest regions made up 27% and 22% respectively, while the remaining 2% was in the south region.

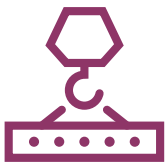
The supply of small to medium-sized industrial buildings remains relatively healthy with good opportunities available. For larger units, the choice is more limited. At the end of Q3 there were just 12 units greater than 10,000 sqm in size available, some of which were sale agreed and one that was a data centre. The overall

supply level of 760,000 sqm drops to about 424,000 sqm, if units with eaves heights of six metres or less are excluded.

Availability by Region, Q3 2017



Source: Lisney



Construction

Construction of new industrial buildings is increasing in response to the lack of supply of modern good quality stock in key locations. The majority of this stock is being built on the north side of the city by Rohan Holdings and Green REIT. Rohan is the leading developers of top quality industrial space and are building out a number of pre-lets in Dublin Airport Logistics Park along with two buildings speculatively. It is also looking at commencing construction in North City Business Park in the near future.

Green REIT is developing space at Horizon Business Park. Some other developers have secured planning permission and are looking

to do pre-lets or sales in locations such as Northwest Business Park. On the south side there are possible design-and-build options on one-off sites in Ballymount and within Greenogue and Baldonnell Business Parks. Southwest Business Park offers the best design and build opportunities, adjacent to Citywest Business Campus on the outer relief road opposite the Cheveerstown LUAS stop. Units from 2,000 sqm could be provided here to meet occupier demand; the site is owned by Rohan Holdings.



Industrial Land

There have been a number of industrial land transactions this year with some large prices achieved. 6 acres at Northwest Business Park achieved a reported €220,000 per acre, while a 4 acre site in Greenogue Business Park achieved over €300,000 per acre. A number of "heavy industrial" zoned sites in Huntstown have sale agreed, just off the M2/M50 junction. One of the

sites had the benefit of planning permission for an anaerobic digester plant for the generation of 2MW of power. Industrial zoned land around the country, outside the main urban centre, are still considerably below these levels.

Our Offices



Contract Flooring Supplies Ltd, Western Industrial Estate, Naas Road, Dublin 12

DUBLIN

St. Stephen's Green House,
Earlsfort Terrace, Dublin 2
D02 PH42
T: +353 1 638 2700
E: dublin@lisney.com

CORK

1 South Mall,
Cork
T12 CCN3
T: +353 21 427 5079
E: cork@lisney.com

BELFAST

Montgomery House, 29-33
Montgomery Street, Belfast,
BT1 4NX
T: +44-2890-501501
E: belfast@lisney.com

LONDON

33 Cavendish Square,
Marylebone, London
United Kingdom, W1G 0PW
T: +44-203-714-9055
E: london@lisney.com



Outlook

- Rental and capital values will increase further for the remainder of 2017. This should be evident across all types of quality, size and location of stock.
- As demand for pre-letting, pre-sale and speculative development continues to grow, planning applications for industrial buildings will increase.
- With prime industrial yields currently at 5.50%, combined with the lack of available quality modern units, some speculative development has commenced.
- Sale prices on some second-hand buildings have remained just below the cost of replacement, but we expect this trend to die out heading into 2018.

The Lisney Industrial Team



Cathal Daughton
Director



John McIntyre
Chartered Surveyor



James Kearney
Chartered Surveyor

The Lisney Research Team



Aoife Brennan
Director of Research



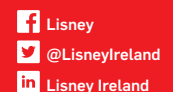
Tanya Duffy
Property Analyst



David Walls
Property Analyst



Barry Blake
Property Analyst



Lisney

@LisneyIreland

Lisney Ireland

lisney.com