

The Market in Numbers

Q3

DUBLIN INDUSTRIAL



The Difference

Take-Up



100k^{sqm}

Strong level of activity with almost 100,000 sqm transacting

Largest Deal



20.5k^{sqm}

Former Lufthansa premises, Naas Road was largest deal in the quarter

Deal Type



69%

Lettings accounted for over two thirds of the number of transactions



Overview



Activity

Transaction activity was exceptionally strong in the third quarter of the year. Lettings dominated activity, while the southwest and north regions combined accounted for 90% of total take-up. Rents rose further in the quarter with the Lisney index for Dublin increasing by 0.8%.

Take-up in Q3 was particularly sizeable reaching almost 100,000 sqm. This is a 100% increase when compared to the previous three month period. The 99,650 sqm comprised 39 individual transactions, which is lower than Q2 with 45. However the average size per deal was approximately 2,550 sqm, which is bigger than recent quarters due to some significant transactions taking place.

LARGEST DEALS

The largest deal in Q3 was the sale of former Lufthansa premises on the Naas road (20,400 sqm). This was the only sale in the top five deals in the quarter, the remaining four were



Former Lufthansa premises, Naas Road Co. Dublin

lettings. This sale alone accounted for 20% of total take-up.

Other notable deals in Q3 comprised the lettings of Unit 103 Northwest Business Park Dublin 15 and Unit 665 Greenogue Business Park, Rathcoole, Co. Dublin (12,500 sqm and 10,150 sqm). Other lettings included Unit 56 Park West Industrial Park, Nangor Road (9,400 sqm) and D3 Horizon Logistics Park, Swords, Co. Dublin (5,350 sqm).

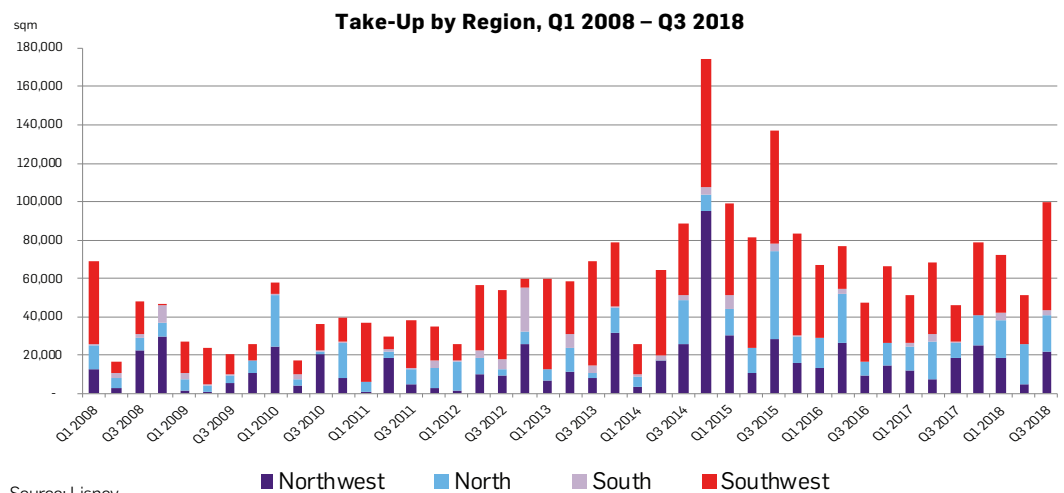
Top Five Deals, Q3 2018

Address	Region	sqm	Transaction
Former Lufthansa premises, Naas Road Co. Dublin	SW	20,450	Sale
Unit 103 Northwest Business Park Dublin 15	NW	12,500	Letting
Unit 665 Greenogue Business Park, Rathcoole, Co. Dublin	SW	10,150	Letting
Unit 56 Park West Industrial Park, Nangor Road, Dublin 12	N	9,400	Letting
D3 Horizon Logistics Park, Swords, Co. Dublin	N	5,350	Letting

Source: Lisney

Lettings continue to drive demand and dominated activity in terms of the number of transactions (69%) and in terms of the amount of space taken up (69%). The southwest region was the busiest

in Q3, continuing to account for the largest share of space either leased or sold in the quarter (56%). This was followed by the north (22%) northwest (20%), and the south (2%).

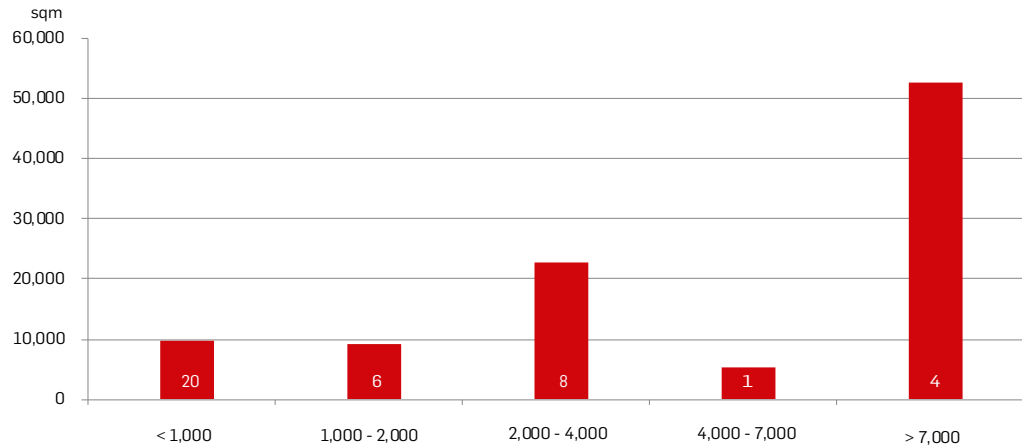


SIZE ANALYSIS

Transactions of less than 1,000 sqm accounted for 51% of all deals (20) in Q3; however the volume of space amounted to a much lower 10%. In terms of the mid-sized market, buildings ranging from 1,000 to 4,000 sqm accounted for 36% of the number of

transactions (or 32% of the volume of space). There were five deals in excess of 4,000 sqm in Q3. Combined, these made up 38% of space transacted, but only 13% of the total number of sales.

Take-Up by Size & Number of Transactions, Q3 2018



Source: Lisney



Dublin Industrial Rents

The Lisney industrial rental index increased by 0.8% in Q3. The index shows growth of 7.3% in the year to September 2018.

A breakdown of regions reveals that all locations experienced increases in the third quarter of the year apart from the south region, which remained static. The largest quarterly

increase was recorded in the southwest region (1.0%).

At the end of Q3 2018, the Dublin industrial rental index had increased by 69.3% since the cycle low in Q1 2013 and now stands just 15.3% behind its cycle peak in 2007.



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 (73%) 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 9,750 sqm across two buildings at the newly planned Vantage Business Park just off the N2/M50 at Coldwinters.



Outlook

- Brexit remains very much on the minds of occupiers and logistics companies. Many businesses are adopting a wait-and-see approach. Depending on how matters progress, the industrial market may get a boost in Q2 2019.
- Dublin Port is continuing its considerable investment in the exiting port infrastructure and in the new Inland Port in north Dublin. This will provide further opportunities.
- As demand for pre-letting, pre-sale and speculative development continues to grow, planning applications for industrial buildings is increasing. There is also demand from occupiers for serviced sites.
- Secondary rents will continue to grow.
- Regards industrial land, interestingly, much of the Z6 zoned lands in Dublin City Council is under pressure to be redeveloped for residential purposes and we will see higher prices for this type of land in areas such as the Naas Road, Longmile Road and in parts of north Dublin in areas such as Baldoyle and Finglas/Glasnevin.

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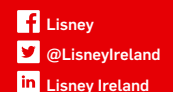
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