Quarter 4, 2016

Q4

THE LISNEY INDUSTRIAL REPORT

The Market in Numbers

Take-Up

259,700 sqm

In Q4 2016, approximately 66,600 sqm transacted in the Dublin industrial market. In 2016 overall, take-up levels reached 259,700 sqm. Although this figure is 35% lower than transaction levels in 2015, it is still a healthy result.

Supply

977,000 sqm

There was approximately 977,000 sqm of available accommodation at the end of Q4 2016. This is relatively on a par with supply levels in Q3. On an annual basis, supply levels have increased by 2.8%.

Vacancy Rate

15%

The overall Dublin vacancy rate stood at 15.0% at the end of the year.

Industrial Rents

12%

In Q4 2016, the Lisney industrial index climbed by 9.5%. As such, the index reveals a considerable 12.0% increase in annual terms.

Under Construction

21,350 sqm

At the end of 2016, there was approximately 21,350 sqm of accommodation under construction in the Dublin region.

Lisney

The Difference

The Lisney Industrial Team

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Take-Up

The strong activity over the previous two years in the industrial market continued into 2016. Activity levels in Q4 were strong (66,600 sqm). The overall level of take-up for 2016 (259,700 sqm) is down on 2015 levels; however it is still a healthy level.

In previous years, sales dominated the profile of transactions. However, lettings have gained ground and now account for over half of all deals; due to choice being limited in many size brackets.

An examination of all transactions in the year reveals that buildings greater than 7,000 sqm accounted for 25% of the total. Accommodation between 1,000 and 4,000 sqm accounts for 45% of the transactions, while buildings less than 1,000 sqm accounted for 15% of the total.

The southwest region remained the location of preference in 2016, accounting for 51% of all space transacted. This was followed by the northwest region with 25% and the north at 14%. The south region accounted for just 1% of take-up.

Supply

In Q4, the volume of available industrial accommodation was on a par with supply levels in Q3, however on an annual basis, supply levels have increased by 2.8%. At the end of 2016, there was approximately 977,000 sqm of vacant industrial accommodation on the market. This represented an overall Dublin vacancy rate of 15.0%.

When the volume of stock is examined, there is just 380,000 sqm of accommodation available with 8m eaves and above. For stock with 7m eaves and above, the figure is 470,000 sqm. Therefore, approximately 50% of total supply has eaves height of less than 7m.

Supply levels remain largest in the southwest region, accounting for almost half of all available space. Conversely, the south region accounts for the lowest amount of available space (3%). This is due to the low level of building stock in this area.

Under Construction

At the end of 2016, there was approximately 21,350 sqm of accommodation under construction in the Dublin region.

Occupiers are continuing to examine design and build options, as a result of the limited supply of modern units.

Leading developer of industrial and logistics building facilities, Rohan Holdings, has embarked on a substantial development programme that will deliver in excess of 27,870 sqm (300,000 sqft) of speculative warehouse space across Dublin over the next few years. Rohans two main Parks in north Dublin are Dublin Airport Logistics Park and North City. In south Dublin, Rohan is planning to deliver three industrial buildings ranging in size from 1,858 sqm to 4,645 sqm (20,000 sqft to 50,000 sqft) in a newly acquired site just off the N7 at Cheeverstown; which will be known as Southwest Business Park.

Furthermore, Green REIT is continuing with its building works in Horizon Logistics Park.

Rents

In Q4 2016, the Lisney industrial index climbed by 9.5%. As such, the index reveals a considerable 12.0% increase in annual terms. Notably, the index has increased by 40.9% since the cycle low in Q1 2013.

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