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INDUSTRIAL

PROPERTY REPORT

Lisney

Q1

2019

Industrial in numbers



TAKE-UP

99,000sqm

Very strong activity at almost 100,000 sqm

LARGEST DEAL



17,200sqm

The sale of Unit I, Dublin Airport Logistics Park was the largest deal

DEAL TYPE



31%

Sales accounted for almost a third of the number of transactions

“ The
strongest
quarterly
take-up since
Q3 2015 ”

OVERVIEW

Industrial take-up totalled 99,000 sqm in the opening quarter of 2019. However, 55% of this was made up of five large deals and 45% was made up of 30 smaller deals; highlighting that big space is still in good demand. There are good levels of demand to purchase up to €1m and to lease up to €100,000 per annum. Requirements also remain strong for industrial lands, but supply is very tight.

ACTIVITY

Industrial take-up totalled 99,000 sqm in the opening quarter of 2019, the strongest quarterly take-up level since Q3 2015. While Q4 2018 was a very strong quarter, Q1 saw an increase of 8%. Taking an annual perspective, growth was significant at

37%. This activity comprised 35 individual transactions. Average deal size increased again in this quarter to 2,800 sqm, greatly exceeding that of previous recent quarters.

Sales comprised a greater proportion of total activity in Q1. For the top five deals, there was one sale and four lettings. The largest deal of Q1 was the sale of Unit I in Dublin Airport Logistics Park at 17,200 sqm, accounting for 17% of total activity. The next largest deal was the letting of over 11,000 sqm in Mountpark, Baldonnell Business Park to Homestore & More.

Other large deals include the letting of Unit D9 Horizon Logistics Park at almost 10,700 sqm and the letting of a large facility in Clonshaugh Industrial Estate.

TOP 5 DEALS Q1 2019



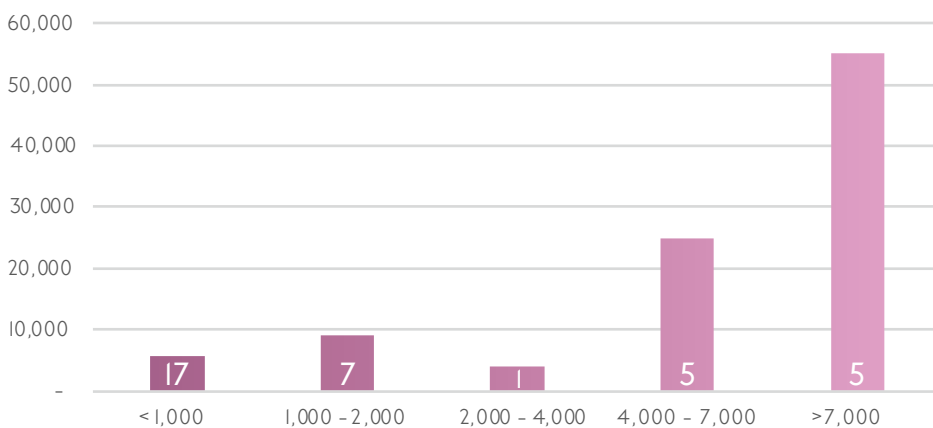
ADDRESS	REGION	SQM	TRANSACTION
Unit I, Dublin Airport Logistics Park, Co. Dublin	N	17,200	Sale
Unit A, Mountpark, Baldonnell Business Park, Dublin 22	S	11,000	Letting
Unit D9, Horizon Logistics Park, Co. Dublin	NW	10,700	Letting
Naas Road (Former Electrolux Facility), Dublin 12	SW	8,900	Letting
Large facility in Clonshaugh Business & Technology Park, Dublin 17	N	7,250	Letting

Source: Lisney

Transactions of less than 1,000 sqm made up almost half of all deals (17) in Q1; but only accounted for 5% of the total volume of space. Activity in the mid-sized market was moderate with eight deals ranging from 1,000 sqm to 4,000 sqm. Mid-sized deals

accounted for just 13% of the total volume of sales. Deals for a larger volume of space were active accounting for almost a third of the total number of deals. There were 10 deals over 4,000 sqm and accounting for 81% of the total volume of activity.

TAKE-UP BY SIZE & NUMBER OF TRANSACTIONS Q1 2019



Source: Lisney

“ The vacancy rate grew to 8.7% from 8.2% the previous quarter ”

DUBLIN INDUSTRIAL RENTS

There was moderate growth in the Lisney Industrial Rental Index, growing 1.2% in the quarter and 2.7% annually.

Looking at the industrial index across Dublin regions, there was significant growth in rents in the North with Dublin AirPort Logistics Park leading this change. The rental index in the north grew 3.3% in the quarter. Looking at annual growth rates, increases were strongest in the north at 4.6%. There was also strong growth in the northwest at 3.0%. In the south and southwest growth was more moderate at 1.8% and 1.6% respectively.

SUPPLY

Supply levels grew 6.8% in the quarter. This is due to a number of larger sized units coming back to the market, such as unit 1 in Dublin Airport Logistics Park. There was a minor fall in supply of 1% on an annual basis.

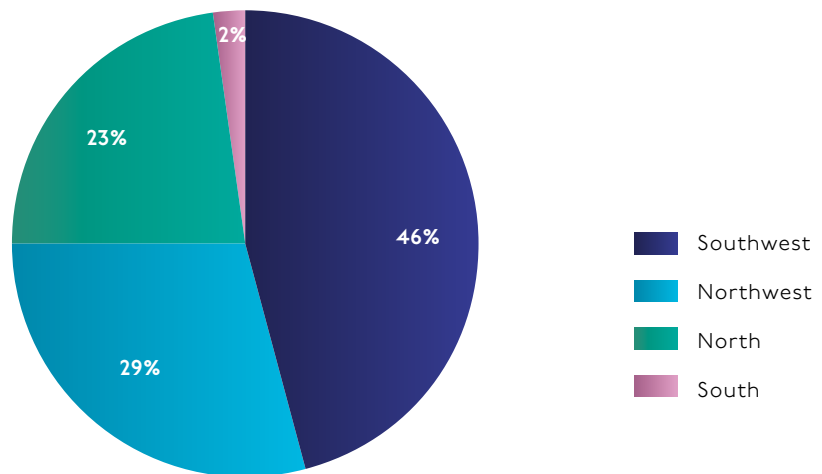
The vacancy rate grew to 8.7% from 8.2% the previous quarter. There was variation

across the regions of Dublin with respect to vacancy with the highest vacancy in the north and northwest at 10.5% and 11.1% respectively. Vacancy was somewhat lower at 7.5% in the southwest, while the lowest rate of vacancy of 3.7% was in the south.

The largest supply remains in the southwest region of Dublin where the stock of office buildings are largest, accounting for 46% of the total available space. Supply in the northwest and north region accounted for at 29% and 22% respectively. Supply in the south fell again in Q1 to just 2%.

Availability of smaller units is healthy, with available space under 1,000sqm accounting for almost half of the overall units available. There is a more limited choice for larger-sized units with only 12 buildings available over 10,000sqm, nine of which are located in the southwest. While no units of this size are located in south Dublin, in the north and northwest there are one and two units above 10,000sqm available respectively.

AVAILABILITY BY REGION Q1 2019



Source: Lisney

“ 8,300 sqm
of space
completed
construction
in the three
months ”

CONSTRUCTION

The stock of modern high-quality industrial buildings remains at a low level. Positively, about 8,300 sqm of space completed construction in the three months. Rohan Holdings completed two separate units in North City Business Park (3,750 sqm) and Heron House, Dublin AirPort Logistics Park (4,550 sqm) also completed.

At the end of March 2019, 78,800 sqm of new industrial space was under construction in Dublin, with 44% due to complete in the next year.

The majority of accommodation under construction is located in the southwest region (74%). This is largely due to Mount Park developing two units at Baldonnell Business Park (approximately 22,250 sqm), one of which is pre-let to Home Store + More while the other has lease terms agreed. In Greenogue Business Park, 10,150 sqm is pre-let at 665 Grants Crescent. In addition, about 2,550 sqm is under

construction at Ballymount Cross Industrial Estate, while Park Developments has begun construction on 1,750 sqm at Northwest Business Park, Ballycoolin, Dublin 15. It has secured planning permission for six units in total.

LAND

Demand remains for industrial land which is in limited supply. Lands at Huntstown just off the N2 were recently sold. These lands (about 22 acres) were zoned specifically for heavy industry. Large land banks that are on the market include Abbottstown Business Park, Cappagh Road (67 acres) asking €11.9m. Industrial zoned land in more urban areas continue to attract interest for higher use values. These existing industrial areas include Coolock, Finglas and Longmile/Naas Road areas. Some of these lands have been re-zoned for regeneration and are attracting interest from PRS investors.



OUTLOOK

- Demand for large sheds above 7,000 sqm will continue with further consolidation in the logistics industry.
- The lack of supply above 7000sqm will lead to design and build being the only option.
- The cost of construction continues to rise leading to more leasing than purchase for design and builds.
- Demand for serviced industrial land will remain and many urban industrial brownfield sites will be sold for higher use and mainly residential schemes in areas such as Mailahide Rd Ind Pk, Dublin Ind Est and Longmile Road.
- With Brexit pushed out, more occupiers may look at some short-term space but many have already sourced suppliers through alternative routes from the EU bypassing the UK landbridge.

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