

WE INFORM  
YOUR  
FUTURE

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# INDUSTRIAL

PROPERTY REPORT

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The Lisney logo consists of a red square with a white border. Inside the square, the word "Lisney" is written in a white, bold, sans-serif font.

Lisney

Q2

2019

# Industrial in numbers



## TAKE-UP

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90,800sqm

Very strong activity in Q2  
at almost 91,000 sqm

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## LARGEST DEAL



8,000sqm

The largest deal was  
the sale of Unit BC2 in  
Ballycoolin IDA Business  
& Technology Park  
(in call centre use)

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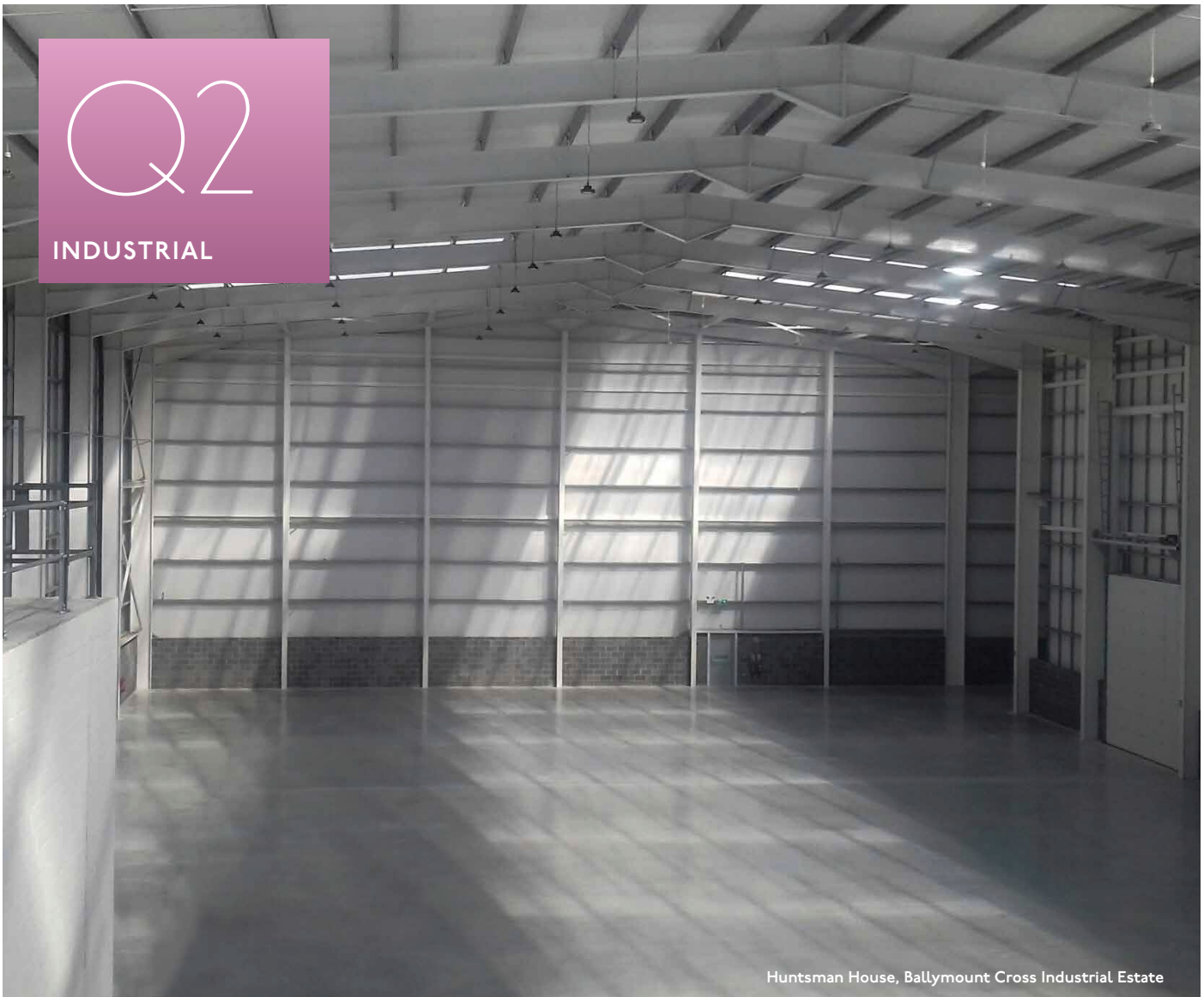
## DEAL TYPE



68%

Lettings accounted  
for over two-thirds  
of activity

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Huntsman House, Ballymount Cross Industrial Estate

## “ Lettings dominated activity in Q2 ”

### OVERVIEW

Take-up in the Dublin industrial market totaled 90,800 sqm in the second quarter of the year. This was the fourth consecutive quarter where the quarterly take-up level exceeded 90,000 sqm. Supply levels decreased in Q2, remaining largest in the southwest region where the stock of industrial buildings is greatest. Demand for industrial land also remained strong, particularly for serviced sites suitable for immediate development.

### ACTIVITY

Industrial take-up totaled 90,800 sqm in Q2. Although slightly down on Q1, this was the fourth consecutive quarter where take-up exceeded 90,000 sqm and on a 12-month rolling basis meant activity was

380,000 sqm. In Q2 there were 49 transactions, which was an increase on the 35 recorded in Q1, showing a greater spread of deals throughout the size brackets. The average lot size was 1,850 sqm.

Lettings dominated activity in Q2, accounting for over two-thirds of the total. However, the largest deal of the quarter was a sale and comprised that of Unit BC2 in Ballycoolin IDA Business & Technology Park. This was a fully fitted call centre of 8,000 sqm. In terms of notable lettings, Irish logistic provider Securispeed took 6,500 sqm at Lyncon Court in Blanchardstown Business & Technology Park while in the same park, DB Schenker leased 5,650 sqm at Clyde House. BWG Foods took 5,550 sqm at Unit 2 Baldonnell Business Park.

## TOP 5 DEALS Q2 2019



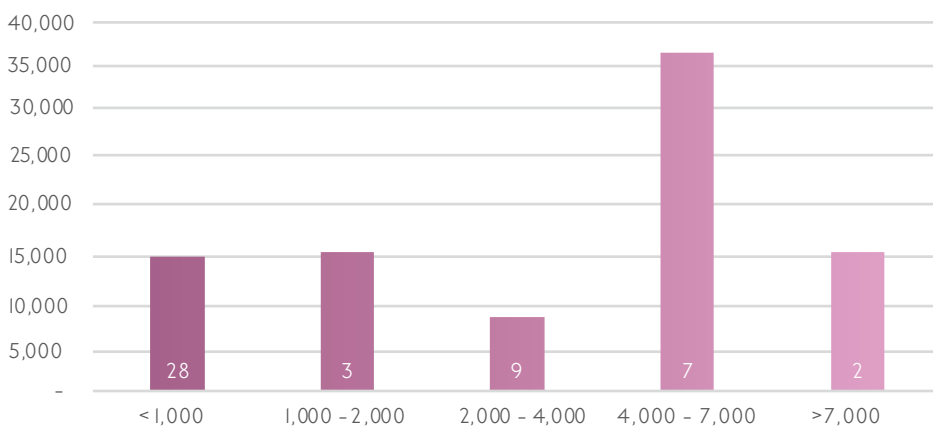
ADDRESS	TYPE	SQM
BC2 Ballycoolin Business Park, Dublin 15	Sale	8,000
D2 Horizon Logistics Park (Extension) Co. Dublin	Letting	7,450
Lyncon Court Blanchardstown Business & Technology Park, Snugborough Road, Dublin 15	Letting	6,500
Clyde House, Blanchardstown Business & Technology Park, Dublin 15	Letting	5,650
Unit 2 Baldonnell Business Park, Clonlara Avenue, Baldonnell, Dublin 22.	Letting	5,550

Source: Lisney

There remains a good level of demand to purchase industrial buildings up to €1m. For lettings, demand is fixed at two levels; below 1,500 sqm and above 4,000 sqm, with the middle market less active. In Q2, transactions of less than 1,000 sqm made up almost 60% of all deals (28), but accounted for 17% of the total volume of space.

Activity in the mid-sized market was moderate with 12 deals ranging from 1,000 sqm to 4,000 sqm. Mid-sized deals accounted for 26% of the total volume of transactions. Deals for larger buildings (over 4,000 sqm) were active accounting for 18% of the total number of deals and 57% of the total volume of space.

## TAKE-UP BY SIZE & NUMBER OF TRANSACTIONS Q2 2019



Source: Lisney

“ The rental index increased by 4.5% to the end of June ”

**DUBLIN INDUSTRIAL RENTS**

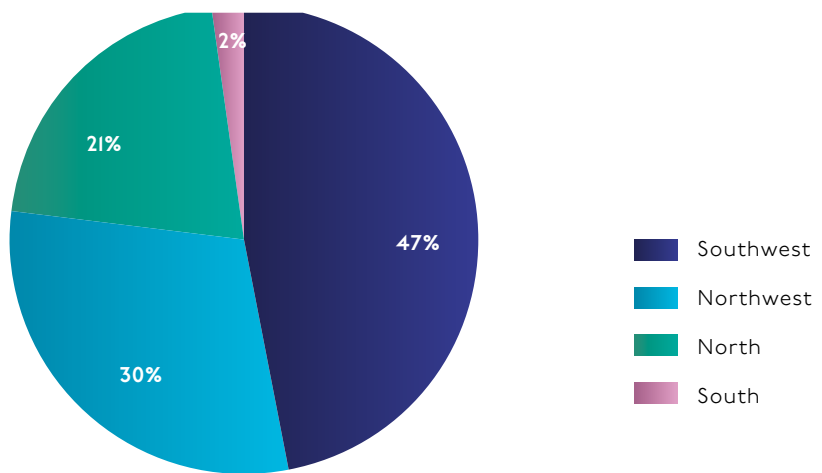
There was growth in the Lisney Industrial Rental Index in Q2, increasing by 2.4% in the three months and by 3.6% in the first six months of the year. In annual terms, the rental index increased by 4.5% to the end of June. In terms of regional variations in the industrial index, there was notable growth in rental levels in all regions apart from the south. The north region grew by 1.3% in the quarter and 5.6% in the year. The southwest region increased by 3.6% in the three months and 5.3% annually, while the northwest region saw growth of 2.5% in the quarter and 4.3% in the year.

Supply levels remained largest in the southwest region where the stock of industrial buildings is the greatest, accounting for almost 50% of the total available space. Supply in the northwest and north region accounted for at 30% and 23% respectively. The available supply in the south fell further in Q2 to just 2%.

**SUPPLY**

Supply levels dropped further in Q2, by 10.6%, and were 24% lower on an annual basis. This was due to the significant activity recorded over the last 12 months. Consequently, the vacancy rate fell to 6.4% from 7.1% in March. Vacancy rates across the regions vary with the highest in the northwest region, standing at 8.2% at the end of June. The southern region had the lowest rate of vacancy, at 2.3%.

**AVAILABILITY BY REGION**  
Q2 2019

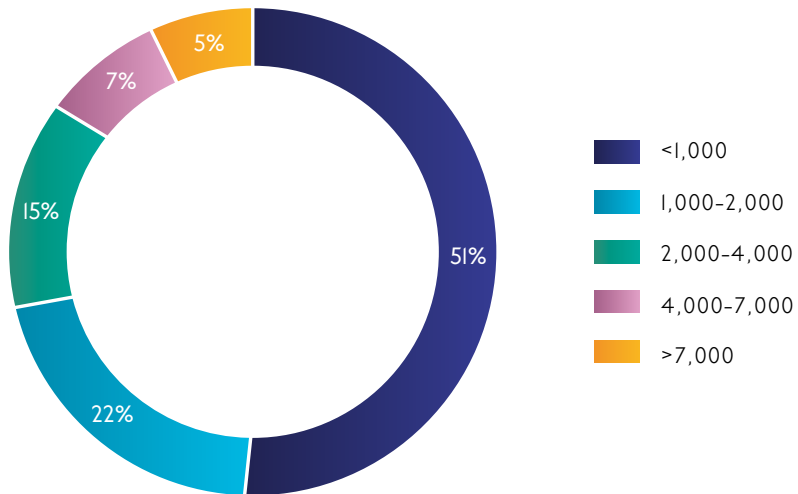


Source: Lisney

At the end of June, the supply of smaller units was healthy with available space under 1,000 sqm accounting for over half of all units available. Choice was more limited for larger-sized units with only seven buildings

available over 10,000 sqm, six of which were in the southwest region. While no units of this size were in the south or north regions, the northwest region had one unit above 10,000 sqm available.

**AVAILABILITY  
BY SIZE  
Q2 2019**



Source: Lisney

“ Almost 70,000 sqm of new industrial space was under construction in Dublin ”

**CONSTRUCTION**

Approximately 17,000 sqm of industrial space was completed in Q2, bringing the total new build in Dublin for the first half of the year to 25,600 sqm. In Q2, over 2,500 sqm was completed in Ballymount Cross Industrial Estate, which was purchased by a trade-counter owner-occupier taking advantage of the M50 profile. Construction also completed on Park Development’s 10,150 sqm at 665 Grants Crescent in Greenogue Business Park and is now occupied by Zeus Packaging. In Northwest Logistics Park, Unit 629 was finished with the HSE taking up occupation.

At the end of June 2019, almost 70,000 sqm of new industrial space was under construction in Dublin. 43% of the accommodation was in the north region. Rohan Holdings is progressing with its delivery of four new units, measuring a combined 20,000 sqm, with all due to be completed by 2020. With build cost inflation currently running at 8 - 9% per annum in Dublin, rents for the newly built units are expected to range from €97 - €108 psm (€9 - €10 psf) depending on size.

In the southwest region, Mountpark is nearing completion of two units at Baldonnell Business Park (approximately 22,250 sqm), both of which are pre-let, to Home Store + More and United Drug. In addition, Park Developments is currently constructing five units (17,000 sqm combined) at Northwest Business Park, Ballycoolin, Dublin 15.

In addition, construction remains underway in Vantage Business Park (just off the M50 at St Margaret’s) by Erigo Developments. This comprises 9,750 sqm across two buildings at the N2/M50 interchange at Coldwinters. One of the units (5,500 sqm) has been sold to Irish packaging company NPP for a reported price of €1,614 psm.

**LAND**

Demand for industrially zoned land remained strong in Q2, with enquiries particularly strong for serviced sites. Land zoned for heavy industrial use recently sold at Huntstown, Dublin 11 having attracted several potential buyers. Large land banks that were sale agreed at the end of June included 67 acres at Abbottstown Business Park, Cappagh Road (guiding €11.9m); and approximately 10 acres at the Naas Road/ Citywest junction (guiding €5m). In addition, we understand that significant off-market sales of large land banks are occurring.

Industrial zoned land in more established areas continued to attract interest in Q2 for higher order uses, including locations such as Coolock, Finglas and the Longmile/Naas Road areas. Some of these areas have been re-zoned for regeneration and are attracting interest from PRS investors. An example of this is a 4.4 acre site on Jamestown Road in Finglas.



## OUTLOOK

- The lack of larger sized industrial units (greater than 7,000 sqm) will lead to design-and-build being the only option open to occupier's requiring units of this size.
- The cost of construction continues to rise and the 'Nearly Zero Energy Building' (NZEB) requirements will impact all new buildings occupied after 31st December 2020. This will lead to a greater volume of leasing than purchasing design-and-builds.
- Many occupiers are still examining what Brexit and the October 31st deadline may mean for them and have already invested significant time and money to get Brexit-ready. As such, businesses will continue to consider all options available to them.

## OUR OFFICES

### 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

91 Wimpole Street,  
Marylebone, London,  
W1G 0EF, UK  
T: +44-203-714-9055  
E: london@lisney.com

PSRA 001848

[lisney.com](http://lisney.com)

## THE LISNEY INDUSTRIAL TEAM



**Cathal Daughton**  
Director



**Stephen McDonogh**  
Surveyor



**Ben Fitzgerald**  
Surveyor

## THE LISNEY RESEARCH TEAM



**Aoife Brennan**  
Director



**Tanya Duffy**  
Research Analyst



**Cliona Ní Mhógáin**  
Research Analyst

Lisney