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FUTURE

INDUSTRIAL

PROPERTY REPORT

Lisney

Q4

2019

Industrial in numbers

TAKE-UP



106,850 sqm

A high level of activity
in Q4

CONSTRUCTION



27,850 sqm

27,850 sqm completed
construction in Q4

LARGEST DEAL



23,300 sqm

The largest deal was the
letting of Building 2 & 3 in
Harris Industrial Complex,
Dublin 12 to DHL

DEAL TYPE



70%

Lettings accounted for
70% of number of deals



Unit I Dublin Airport Logistics Park, St. Margaret's, Co. Dublin

“ Strong activity in the quarter ”

OVERVIEW

Take-up in the Dublin industrial market totalled a very large 106,850 sqm in the final quarter of the year. This was a significant increase on the Q3 quarterly take-up level of 43,250 sqm. Supply levels remain largest in the southwest region where the stock of industrial buildings is greatest. Positively, almost 28,000 sqm of new industrial stock completed in the three months.

ACTIVITY

Industrial take-up totalled 106,850 sqm in Q4, which was the highest volume of quarterly take-up achieved since Q3 2015. In total, there were 47 industrial transactions signed in Q4 of which 33 comprised lettings and 14 comprised sales. As such, lettings accounted for 70% of activity based on the number of deals.

The three-month period recorded several large transactions, which boosted the overall take-up level. The largest deal was the letting of Building 2/3 in the Harris Industrial Complex on the Naas Road, Dublin 12, which measured 23,300 sqm in total, to German logistics company DHL. Another significant deal was the lease of recently refurbished Unit I in Dublin AirPort Logistics Park, bought by IPUT in the opening quarter of the year, to Jones Engineering (17,200 sqm). Also, in the northwest region was the sale of an 8,950 sqm manufacturing

facility in Kilbride, Mulhuddart, Dublin 15. In the north region the former Glen Dimplex headquarters (9,400 sqm) on the Airport Road in Cloghran was sold in an off-market transaction.

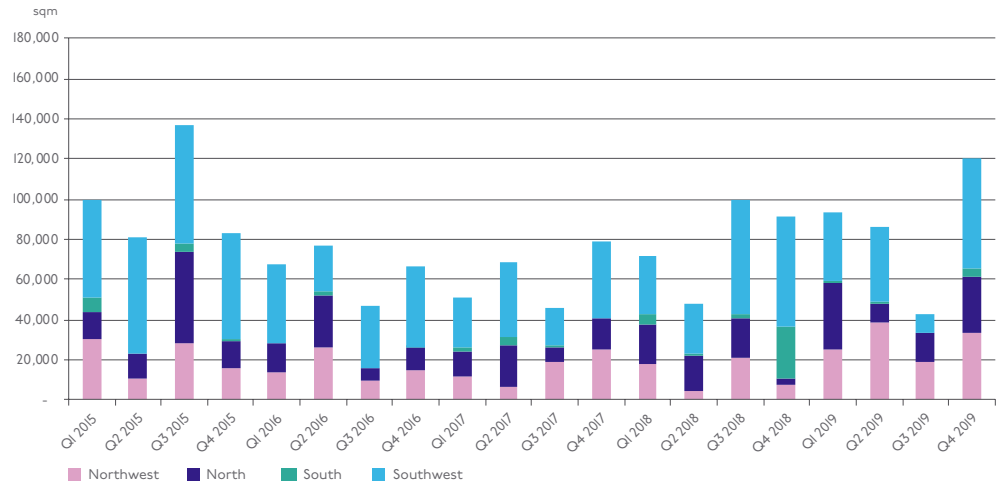
The southwest region accounted for almost 40% of activity, closely followed by the northwest region at 33%. A further 24% was in the north region, while the south region accounted for just 4%.

In Q4, transactions of less than 1,000 sqm made up 62% of all deals (29) but accounted for 11% of the total volume of space transacted. Activity in the mid-sized market was strong with 10 deals ranging from 1,000 sqm to 4,000 sqm. Mid-sized deals accounted for 16% of the total volume of space. Deals for larger buildings (over 4,000 sqm) were most active accounting for 18% of the total number of deals and 72% of the total volume of space.

DUBLIN INDUSTRIAL RENTS

The Lisney Industrial Rental Index in Q4 was unchanged. In annual terms, the rental index increased by 4.2% to the end of December. In terms of regional variations in the industrial index, the northwest region saw the largest annual growth at 5.5%, while the north region grew by 4.6% and the southwest by 4.2%. The south region rental rate was unchanged over the year.

TAKE-UP BY REGION Q1 2015 - Q4 2019



Source: Lisney

SUPPLY & DEVELOPMENT

Supply levels remain at historically low levels, despite the addition of new stock to the market. At the end of December, the supply of smaller units was healthy with available space under 1,000 sqm accounting for over half of all units available, however choice was more limited for larger-sized units.

Almost 28,000 sqm completed construction in Q4. Mountpark completed two units at Baldonnell Business Park (approximately 22,250 sqm) in the southwest region, both of which are pre-let, to Home Store + More and United Drug. In the north, Rohan Holdings completed Osprey House at Dublin AirPort Logistics Park (5,500 sqm).

At the end of December 2019, almost 37,800 sqm of new industrial space was under construction in Dublin. 55% of the accommodation was in the north region and 45% in the northwest region.

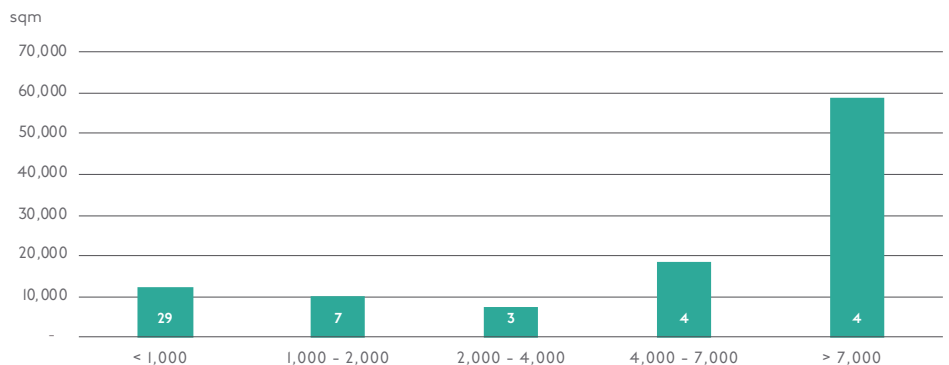
In the north region, Rohan Holdings is progressing with its construction of Harrier House, measuring 3,600 sqm, while construction is underway in Vantage Business

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 (€150psf). In addition, Unit D2 Horizon Logistics Park is currently undergoing an extension, expanding by 5,400 sqm. In the north west region, Park Developments is currently constructing five units (17,000 sqm combined) at Northwest Business Park, Ballycoolin, Dublin 15.

Despite this new development, Dublin industrial supply is still not enough. There is an additional 115,000 sqm of space in the pipeline (in the north, northwest and southwest regions) where planning permission has been granted but no construction has commenced. However, some will commence in early 2020. Overall, this equates to about four-months market take-up and is not enough to meet occupier demands in the short to medium-term.

We expect rents for the newly built units to range from €97 - €118 psm (€9 - €11 psf) depending on size. Furthermore, there are additional energy related criteria that must now be delivered to achieve 'Nearly Zero

TAKE-UP BY SIZE & NUMBER OF TRANSACTIONS Q4 2019



Source: Lisney



OUTLOOK

- 2020 will be a good year for both smaller and larger industrial buildings, but perhaps more difficult for the mid-market.
- For buildings less than 1,000 sqm, we may start to see owner-occupiers becoming more active.
- The cost of construction continues to rise and the 'Nearly Zero Energy Building' (NZEB) requirements will impact all new buildings completed after 31st December 2020. This will lead to a greater volume of leasing than purchasing design-and-build accommodation due to its cost.

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