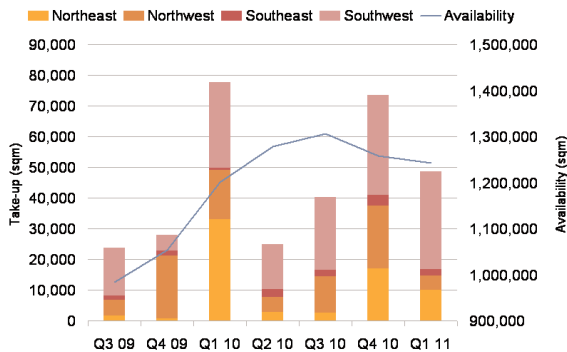


Dublin industrial market in minutes

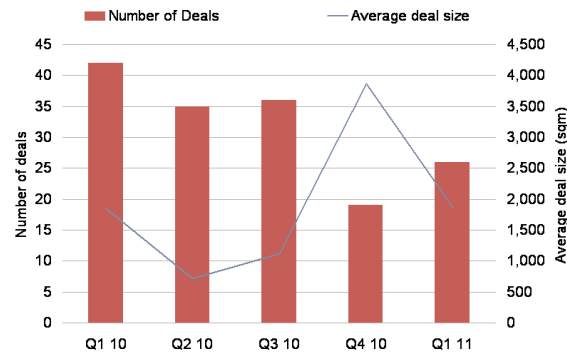
Q1 2011

Take-up and availability



Source: Savills Research

Number of deals and average deal size



Source: Savills Research

“Savills latest research shows that activity in the Dublin industrial market has been relatively strong in the first quarter of 2011. An increasing proportion of properties coming to the market in recent months have been via receivers which reflects the wider difficulties being experienced across the economy and we expect this to remain a key trend in 2011.”

Davina Gray (Research Analyst)



- 48,600 sqm of space was taken-up in Q1 2011, which is relatively strong given the current economic conditions.
- In total there were 26 deals completed in Q1 2011, compared to 19 deals in Q4 2010.
- The average size of a deal completed in Q1 fell significantly compared to Q4 2010, dropping from 3,800 sqm to 1,800 sqm.
- Over 10,000 sqm of space was let to Lidl in Belgard Road (Southwest). Demand for space was strongest in the Southwest which accounted for 32,000 sqm of space taken-up.
- In the Northwest, take-up was restricted to three locations; North City, Plato Business Park and Dunboyne Industrial Estate.
- The amount of available space on the market fell marginally in Q1 2011, compared to Q4 2010 and is currently in the region of 1,243,000 sqm.
- Rents for prime industrial units are now in the region of €55-€75/sqm/year depending on the quality and location of space being let. Secondary rents are in the region of €40-€55/sqm/year.
- A significant proportion of industrial properties coming to the market are now through receivers and we expect this to continue for the rest of the year.
- We expect take-up in 2011 to be in the region of 150,000 – 200,000 sqm, with demand increasing from the pharmaceutical and IT based sectors.

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Dublin industrial market in minutes

Market trends

In the first quarter of 2011, 48,600 sqm of industrial space was taken-up in Dublin. This reflects a sizeable drop in demand - a fall of 34% compared to Q4 2010 and 37% down when compared to Q1 2010. In total there were 26 deals completed in Q1 2011, compared to 19 deals in the previous quarter. The number of deals completed is down 38% in Q1 2011 when compared to Q1 2010. The average size of a deal completed in Q1 fell significantly compared to Q4 2010, dropping from 3,800 sqm to 1,800 sqm.

However, there were a number of transactions in excess of 10,000 sqm in Q4 2010, which significantly brings up the average deal size for that period.

There were some significant letting deals done in Q1 which include, over 10,000 sqm of space let to Lidl in Belgard Road (Southwest). Demand for space was strongest in the Southwest with almost 32,000 sqm of the total space taken-up in that region. Other notable deals in that area include the letting of the former Nissan HQ on the Naas Road (5,674 sqm) and unit S4 in Parkwest (4,370 sqm). In the Northwest region, take-up was restricted to three locations; North City (1,515 sqm), Plato Business Park (1,865 sqm) and Dunboyne Industrial Estate (1,199 sqm).

The amount of available space on the market fell slightly in Q1 2011, compared to Q4 2010 and is now 1,243,000 sqm. We had previously forecast that this would begin to happen as there have been no new

completions of industrial stock since 2009.

The Dublin industrial market has been driven by an increasing acknowledgement by landlords of the need to re-align their expectations in order to attract and retain occupiers. Rent-free periods and flexible lease terms have become commonplace in the deals being completed.

Rents for prime industrial units are now in the region of €55-€75/sqm/year depending on the quality and location of space being let. Secondary rents are in the region of €40-€55/sqm/year.

Outlook

A significant proportion of industrial properties coming to the market are now through appointed receivers. This reflects the difficulties many companies are experiencing and has resulted in the banks appointing receivers to dispose of properties and mitigate their losses. We expect this trend to continue for the remainder of the year and into 2012.

It is possible that rents could fall by another 5-10% this year, as landlords and receivers continue to re-align their expectations in the current economic climate. We expect take-up for the year to be in the region of 150,000 sqm – 200,000 sqm and we expect the amount of vacant stock available on the market to decrease. A key issue going forward will be the quality of this available stock, as modern facilities in good condition will let quicker than older more dilapidated stock.

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