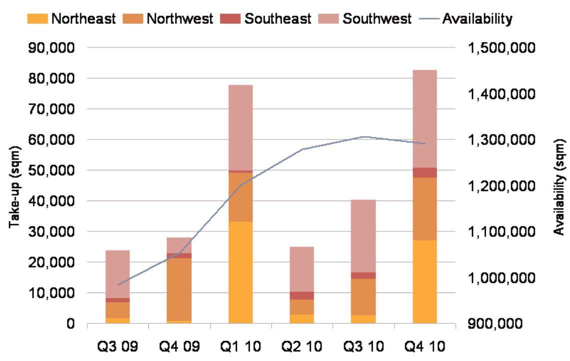
Dublin industrial market in minutes

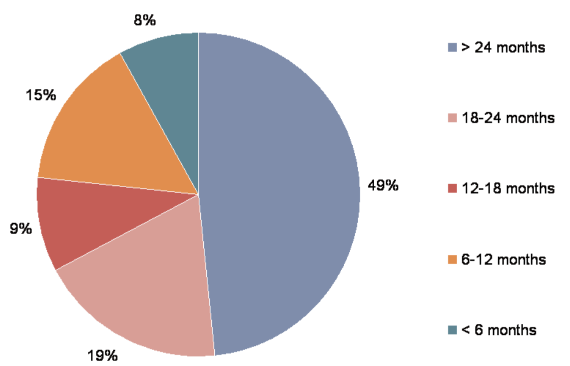
Q4 2010

Take-up and availability



Source: Savills Research

Length of availability of stock



Source: Savills Research

"Take-up in the final quarter of 2010 was double that of the previous quarter, continuing the improvement seen in the industrial market throughout 2010. In 2011 we expect to see stabilisation in the level of vacant space available on the market as the development pipeline ceases combined with continued strong levels of take-up."

Davina Gray (Research Analyst)

- Take-up levels in Q4 remained strong with 73,500 sqm of space being taken-up in the greater Dublin area, more than 82% higher than the previous quarter.
- The total amount of space taken-up in 2010 was 216,450 sqm, nearly double the amount taken-up in 2009.
- The southwest region dominated take-up in 2010 accounting for over 46%, with the northeast and northwest each accounting for 25%.
- The amount of vacant space available in the greater Dublin area fell by 3.7% in Q4 to 1,258,000 sqm.
- Over 49% of the floor space currently available has been on the market for more than two years.
- Prime industrial rents are now currently in the region of €55 - €75/sqm/year.
- We forecast that take-up for 2011 will be in the region of 150,000 - 200,000 sqm, with the market being dominated by letting activity.
- With the development pipeline ceasing - no new industrial developments are expected to come to the market in 2011. We expect to see the continued stabilisation in the amount of vacant space available in 2011.

Savills Research

savills.com/research

savills

Dublin industrial market in minutes

Market trends

Take-up levels were strong in the final quarter of 2010, with 73,500 sqm of space being taken-up in the final quarter. Overall in 2010 216,450 sqm of industrial space was taken-up, nearly double that of 2009 and above our initial 2010 forecast of 175,000 sqm.

Landlords have re-aligned their expectations and are now offering attractive terms to entice or retain tenants, which has resulted in increased transactional activity in the market.

In terms of deals there were only 21 deals transacted in Q4 compared to 36 completed in Q3, with 134 deals completed for the year as whole representing an increase of 45% compared to 2009. The average size of industrial unit let in 2010 was 1,460 sqm, with seven deals for space over 10,000 sqm.

There were eight sales of industrial units in 2010 compared to 12 sales in 2009. The fall in the number of sales reflects the continued difficulty that many potential occupiers have in securing finance. The largest sale in 2010 was to Amazon for more than 22,000 sqm of space in the southwest.

The amount of vacant space available on the market fell slightly in Q4 to 1,258,000 sqm (a drop of 3.7%), compared to the end of Q3. This drop is a result of the low volume of new stock coming to the market combined with the strong levels of take-up for the quarter. There was an increase of 22% in the amount of industrial space available on the market since the start of 2010, following significant increases in vacant stock in the first half of the year.

As we have mentioned previously, obsolescence is a major factor affecting the potential sale or letting of a significant proportion of the vacant stock currently available. Over 49% of the stock currently available has been on the market for more than two years, while only 8% has been on the market for less than six months. Of the number of units that have been on the market for more than two years 60% are less than 500 sqm in size.

Prime rents are currently in the region of €55 - €75/sqm/year depending on the size and location.

Outlook

With the significant improvement in the industrial market in 2010 compared to 2009, we are forecasting that take-up in 2011 is likely to be in the region of 150,000 – 200,000 sqm.

The market again in 2011 is likely to be dominated by letting activity as occupiers increasingly find it difficult to obtain credit to fund the purchase of industrial units.

With the development pipeline ceasing, no new developments are expected to come to the market in 2011. This combined with the increased levels of take-up, will see the continued stabilisation in the amount of vacant space available on the market.

For further information please contact:

Gavin Butler
Director
+353 1 618 1340
gavin.butler@savills.ie

David O'Malley
Surveyor
+353 1 618 1458
david.omalley@savills.ie

Catherine Noble
Graduate Surveyor
+353 1 618 1365
catherine.noble@savills.ie

Joan Henry
Head of Research
+353 1 618 1300
joan.henry@savills.ie

Davina Gray
Research Analyst
+353 1 618 1483
davina.gray@savills.ie