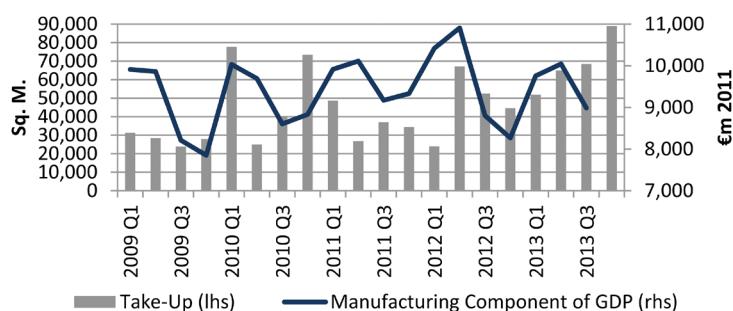


Market in Minutes Dublin industrial market

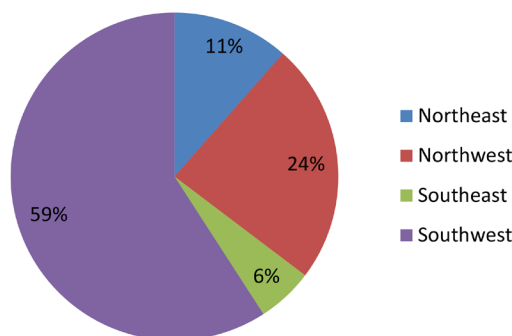
Q4 2013

GRAPH 1
Quarterly take-up and manufacturing output



Source: Savills Research, CSO

GRAPH 2
Take-up by region 2013



Source: Savills Research

Dublin industrial market

Introduction

There is now a growing sense that we are beginning to see a real turnaround in Ireland's economic fortunes. The latest national accounts show that overall GDP increased by 1.7% in Q3 2013. The manufacturing component of GDP, which is a critical driver of the demand for industrial space, rebounded even more strongly with annual growth of 2.1% (see Graph 1 above). This led to the market for industrial property strengthening throughout 2013, and culminated in a take-up figure of 274,000 sq. m. for the year – a new record for the Dublin market. ■

Market Trends Q4 2013

- Total take up in Q4 2013 was approx. 89,000 sq. m., the highest quarterly take-up recorded in Dublin over the last five years.
- Four of the top 10 deals of the year were transacted in Q4.
- The Southwest corridor remained dominant, with this location accounting for just under half of Q4 take-up.
- Transport and storage operators accounted for just over 30% of take-up in Q4.
- Take-up outstripped supply coming onto the market, leading to a fall in the vacancy rate for the third quarter in succession.

Sample of deals by Savills – Q4, 2013

Address	Size (sq.m) Approx.	Transaction Type
Former Omega Teknika Facility, Farnham Drive, Finglas	5,854	Sale
Former Olhausen facility, Blanchardstown Business & Technology Park, Ballycoolin, Dublin 15	4,976	Sale
Unit 801 Northwest Business Park, Ballycoolin, Dublin 15	4,807	Letting
Unit 10, North Park, Finglas, Dublin 11	3,535	Letting
Units 7 & 8 Holly Avenue, Stillorgan Industrial Estate, Stillorgan, Co. Dublin	1,767	Investment Sale

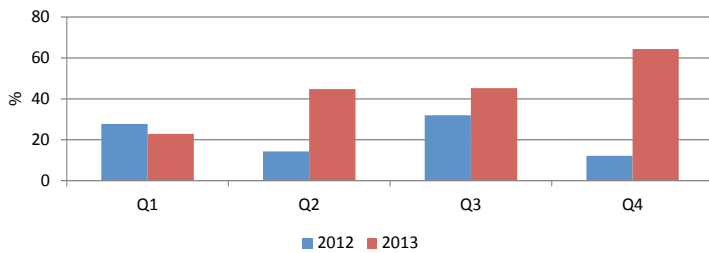
Market Trends 2013

- Cumulative take up for the year was approx. 274,000 sq. m. This is a new record for the Dublin market and is 45% higher than the 2012 total and 87% up on the figure for 2011.
- Take-up strengthened continuously during the year in line with a recovery in the national economy.
- Take-up throughout the year was concentrated in the Dublin

Southwest corridor, although significant space was also taken in the Northwest region.

- Sales accounted for 47% of transactions during 2013, up from 20% in 2012. This reflects the value that is currently available in the market. With market prices currently running at around half the cost of developing buildings, it has simply never been cheaper to buy industrial property in Dublin.

GRAPH 3 **Sales as percentage of all transactions 2012- 2013**



Source: Savills Research

GRAPH 4 **Top Transactions 2013**

Property	Region	Size (sq.m)	Transaction Type	Qtr
Former Brooks Thomas, Old Naas Rd.	SW	9,575	Sale	Q4
Unit A Aerodrome Business Park	SW	9,031	Sale	Q3
Manvik Facility, Lower Ballymount Rd	SW	8,388	Sale	Q3
21 Fonthill Industrial Park	SW	8,009	Letting	Q2
Acco Rexel, Clonshaugh Industrial Estate	NE	7,277	Sale	Q2
Former Amcor Facility, Jamestown Rd	NE	6,968	Letting	Q1
18 Parkwest Industrial Park	SW	6,715	Letting	Q1
1 & 2 JFK Park, Ballyfermot	SW	6,280	Sale	Q4
Former Omega Teknika Facility, Farnham Drive, Finglas	NW	5,854	Sale	Q4
200 Northwest Business Park	NW	5,490	Letting	Q4
Cahill Printers, Clonshaugh Industrial Estate	NE	5,007	Letting	Q2
Former Olhausen facility, Blanchardstown Business & Technology Park, Ballycoolin,	NW	4,976	Sale	Q4
Unit 801 Northwest Business Park	NW	4,807	Letting	Q4

OUTLOOK 2014

■ The industrial sector has remained strong over the new year with the manufacturing PMI growing for the 8th successive month in January. In addition, the labour market has improved very significantly with 5,000 net additional jobs now being created each month by the private sector. This is driving a recovery in retail sales which, in turn, will underpin the demand for logistics space.

■ The prospects of a short-term return to speculative industrial development are non-existent. Overall development costs of €1,000 - €1,100 per sq.m. (including land, construction costs, planning levies, professional fees and profit) are well above prime capital values which are currently around €450 - €550 per sq.m. As such, prices will have to double before speculative development is viable, while higher increases

will be needed to trigger development in secondary locations.

■ With demand increasing and no new supply in the pipeline, we expect vacancy rates to continue falling in the medium term. In particular we are likely to see a shortage of good quality accommodation over 1,000 sq.m. in prime locations which should lead to an up-tick in values for this type of product as the year progresses.

Savills Industrial

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