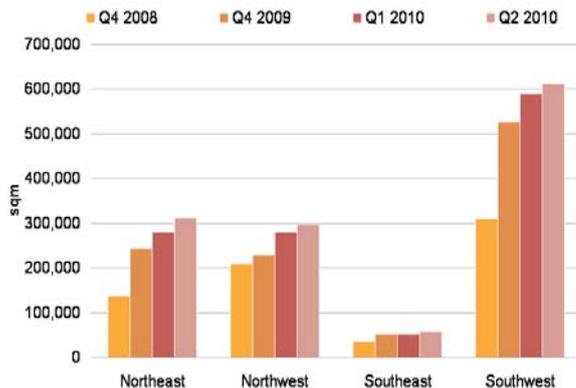


Dublin industrial market in minutes

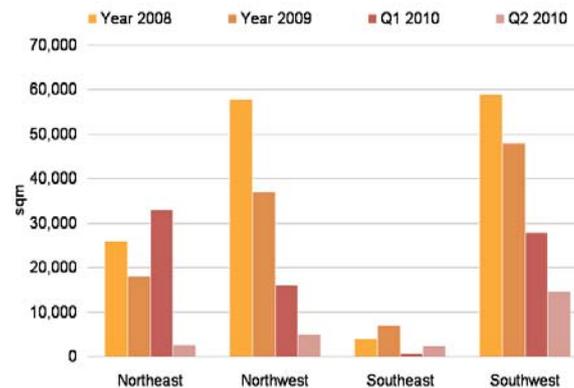
Q2 2010

Available space



Source: Savills Research

Take-up



Source: Savills Research

“Take-up slowed in quarter two, as had been expected following a strong quarter one performance. Q2 saw the sale of two industrial units, the first since Q3 09. There has also been an increased demand for enterprise type units.”

Joan Henry (Head of Research)

- Take-up in the greater Dublin area in quarter two was 25,000 sqm, compared to 77,750 sqm in quarter one.
- Almost twice the amount of space has been taken-up in the first half of 2010 compared to the same period in 2009 – with over 102,750 sqm of space taken-up so far in 2010, compared to approx 60,000 sqm for the corresponding period in 2009.
- For the first time since quarter three 2009 the industrial market has witnessed sales activity.
- Vacant space in the greater Dublin area rose to approx 1,279,000 sqm from 1,053,000 sqm at the beginning of the year (+21.5%). However, the rate of increase has declined significantly from 14% to 6.5% quarter on quarter.
- In quarter two all of the deals completed were for space less than 3,500 sqm - demand has been strong for smaller enterprise units, as over 55% of all deals completed in the quarter two were for this type of unit.
- Prime industrial rents are now in the region of €65-€80/sqm/year, with yields between ranging 8.50% and 9.00%.
- We expect the preference to rent rather than buy will prevail for the remainder of the year until such time as the banks' ability to lend improves and/or cash buyers come back to the market.

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Research

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Dublin industrial market in minutes

Market trends

Take-up in the greater Dublin area in quarter two was, as expected, lower than in quarter one with approx 25,000 sqm of industrial space being taken-up compared to approx 77,750 sqm taken-up in quarter one of 2010 – when three large deals dominated the market.

The southwest recorded the highest level of take-up with approx 14,700 sqm accounting for 59% of the total take-up. Again, the southeast recorded the lowest letting volume with approx 2,600 sqm of space being taken-up. The northeast also recorded a low take-up level of 2,700 sqm. The northwest accounted for 20% of the total space taken-up, with 5,000 sqm.

The amount of vacant space in the greater Dublin area increased in quarter two to approx 1,279,000 sqm up from approx 1,200,500 sqm at the end of the first quarter.

The southeast recorded the largest increase in vacancy up by 12.6% to approx 58,000 sqm. The southwest has the largest amount of vacant stock with approximately 611,000 sqm, although it recorded the smallest quarterly increase in vacant space at approx 3.6%. Over the same period the amount of vacant stock in the northeast increased by 11.2% to approx 312,000 sqm and the northwest by 6.8% to approx 298,000 sqm.

The completion of the two sales in quarter two represented the first sales of industrial space since the third quarter of 2009. The prices achieved from the two sales ranged between €612/sqm for an older/larger

asbestos roofed units in the southwest region and €1,263/sqm for a modern enterprise unit located in the southwest region.

In quarter two all of the lettings completed were for space less than 3,500 sqm. In total there were only four deals for space greater than 2,000 sqm, 12 deals were completed for space between 500 -2,000 sqm and 20 deals were completed for units that were less than 500 sqm in size.

A continuing trend in the industrial sector is the length of time required to complete deals which can average between six to twelve months. This trend is not just confined to the large deals with many smaller deals also taking longer to complete in the current climate.

Rents in quarter two remained stable ranging from €65/sqm/year to €80/sqm/year for prime industrial stock whilst secondary rents are in the region of €35-€65/sqm/year dependent on location, condition and lease terms.

Outlook

The vacancy rate is likely to continue to increase in the short term but the rate of increase is showing signs of slowing. Our prediction is that between 150,000 – 175,000 sqm of space will be taken-up in 2010. We expect rents to remain stable for the remainder of the year. Lease terms are expected to remain attractive to tenants with more regular break options, shorter lease terms and rent reductions being granted by landlords to retain tenants.

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