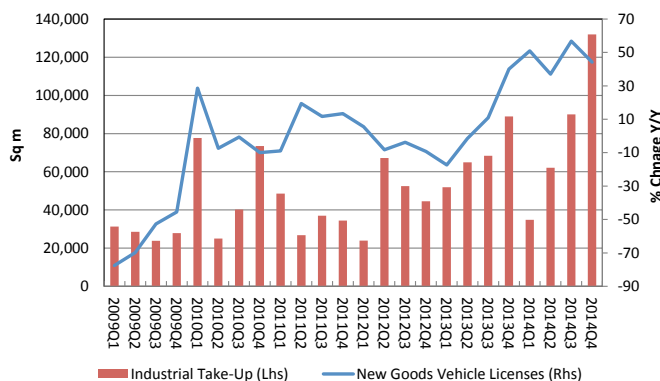


# Market in Minutes Dublin Industrial Market

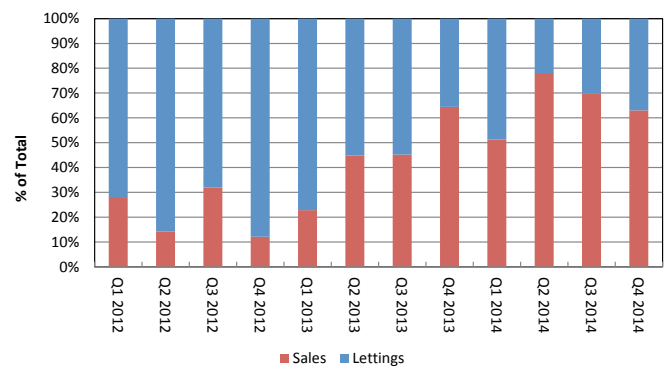
Q4 2014

GRAPH 1  
**Industrial Take-Up and New Goods Vehicle Licenses**



Source: Savills Research

GRAPH 2  
**Sales Versus Lettings Activity**



Source: Savills Research

## Dublin Industrial Market

### Introduction

Ireland's economy expanded by almost 5% in the first three quarters of 2014 and GDP is now only 1.7% below the pre-recession peak in 2007. The recovery has had two distinct phases. Firstly, driven by improved competitiveness, the initial phase was led by exports growth. More recently, fuelled by strong jobs growth, domestic demand has also begun to contribute. As a result, aggregate disposable incomes are now rising again, and this trend will gather momentum as the tightening labour market drives earnings growth and provides more scope for fiscal easing.

Net employment growth of over 100,000 since Q1 2012 has contributed to 14 consecutive months of positive retail sales figures, and this had had beneficial effects

for the wider economy. A more rapid flow of goods has led to a big increase in commercial vehicles being licenced for the first time – 16,254 in 2014 up from 11,024 in 2013. Likewise it has driven the demand for logistics space. Total take up of industrial space in Q4 2014 was over 130,000 sq m – 40,000 sq m higher than the previous quarterly record. Although some of this activity reflects a rush to complete sales before the Capital Gains Tax incentives expired in December, more than one third of deals were lettings and the underlying trend has been positive throughout all quarters of the year; approximately 320,000 sq m of industrial space was contracted in the full year – again a new record for the Dublin market. ■

### Market Trends Q4 2014

- Driven by the CGT waiver deadline in December, activity in the second half of 2014 was particularly strong. In Q4 alone, take up was over 130,000 sq m, a new record for a single quarter.
- With industrial values still significantly below reinstatement cost there was strong demand from both owner occupiers and investors. As a result we saw a welcome return of competitive bidding in the market during 2014.
- This led to capital and rental values increasing for the first time in over 6 years. Prime values are now in the region of €550 per sq m and rents are in the region €57.50 per sq m per annum.



- Sales accounted for approximately two thirds of all transactions during the year.
- The strongest levels of demand were for modern facilities between 1,000 – 5,000 sq m with good access to main national primary routes and close to the M50.
- The availability of starter / enterprise units below 1,000 sq m also began to tighten in 2014. The demand for these units is being driven by a 14% increase in the number of new business start-ups in Ireland in the year with sectors such as logistics (+14%) and manufacturing (+5.2%) growing strongly. In total, nearly 18,000 new companies were formed last year.
- Linked to this, the overall vacancy rate continues to contract and there is an emerging shortage of 1,000 – 5,000 sq m units in prime locations. With no new supply in the pipeline and the number of assets coming to the market through receiverships likely to decline as the economy improves, capital and rental values for prime industrial space are set to rise by more than 10% in 2015. This means that the gap between values and the cost of building will narrow and there may be opportunities for pre-sales / pre-lets as the market continues to improve moving through the year and into 2016. ■

TABLE1  
Top Deals – Q4 2014

Address	Sq M	General Area	Status
Creative Labs, Ballycoolin Business Park, Dublin 15	11,830	Sold	Northwest
Building 1, Orion Business Campus	11,427	Sold	Northwest
Unit D, Greenhills Industrial Estate, Greenhills Road, Tallaght, Dublin 24	8,563	Sold	Southwest
45-48 Robinhood Industrial Estate	5,576	Sold	Southwest
Former McArthur Steel Facility, M50 Business Park, Ballymount*	5,104	Sold	Southwest
Hibernian Industrial Estate, Greenhills Road, Tallaght, Dublin 24	4,738	Sold	Southwest
Butterly Business Park, Artane, Dublin 5*	4,649	Sold	Northeast
16 Cherry Orchard Industrial Estate	4,517	Sold	Southwest
JFK Park	4,290	Let	Southwest

Source: Savills Research \*Denotes Savills involvement in deal

## OUTLOOK

- Demand for industrial space will continue to build. This will largely be driven by the logistics sector which is benefiting from a recovery in the consumer economy.
- Rental growth of more than 10% is expected in 2015 as demand increases in the face of fixed supply.
- The ratio of sales to lettings may ease off as the removal of the CGT incentive begins to wash through.
- However, with capital values recovering from a very low base, and with interest rates guaranteed to remain low following the announcement of quantitative easing (QE), there will continue to be strong sales activity.

## Savills Industrial

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