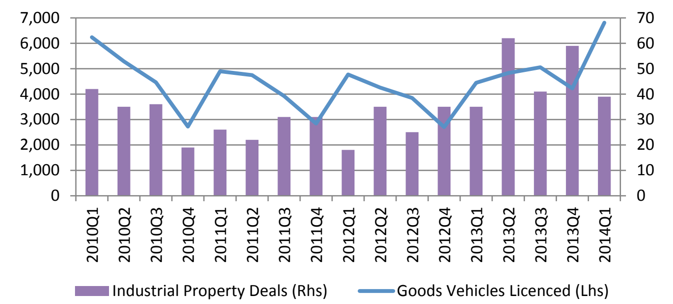
Market in Minutes
Dublin industrial market

Q1 2014

GRAPH 1

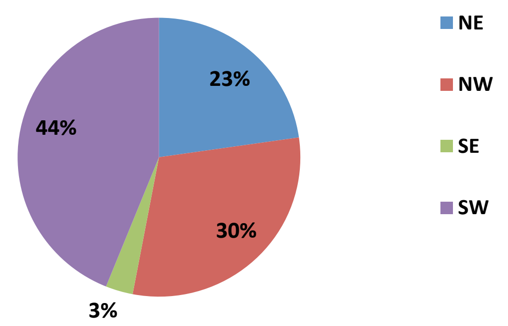
Industrial Transactions and Goods Vehicles Licenced



Source: Savills Research

GRAPH 2

Availability by region Q1 2014



Source: Savills Research

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Introduction

Ireland is now firmly established on the path to economic recovery. Growth has been recorded in seven of the last eight quarters, and recent data show that GNP expanded by 4.6% in the second half of 2013. This momentum appears to have continued into the first quarter of 2014 - The number of social welfare claimants fell by 7% in the year to March, and in turn this has led to an 8.9% rebound in retail sales.

Approximately 35,000 sq.m. of industrial space was taken-up during Q1. This is about one third lower than in the same period of 2013 and reflects the fact that very few deals were carried over from Q4 when a new record for industrial take-up in Dublin was set. It also reflects the fact that the average deal size was well down on previous quarters with only one transaction of over 2,000 sq m. This notwithstanding, the total number of industrial transactions actually increased by 11.4% year-on-year in Q1, while total take-up was 45% higher than in Q1 2012.

The improvement in Ireland's retail economy is now impacting strongly on the logistics sector. Illustrating this, the number of commercial vehicles licenced for the first time increased by 53% year-on-year in Q1, while transport and storage operators accounted for 29% of industrial space taken-up. We expect continued strong demand for logistics space throughout the remainder of 2014 as the consumer recovery becomes more deeply embedded.

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John McCartney, Director of Research, Savills Ireland

Market Trends Q4 2013

- Sales accounted for 51% of all industrial property transactions in Q1 2014. This compares with 23% for the same period in 2013 and reflects the value currently on offer and growing confidence in the market.
- Total vacancy levels increased by approximately 40,000 sq m in Q1 – the first increase in vacancy for 12 months.
- Southwest Dublin continues to dominate activity, accounting for approximately 46% of total take-up in Q1.
- Despite strong activity, there has been significant 'churn' in the Southwest region with vacancy increasing by over 35,000 sq m in this location during Q1. The Southwest region currently accounts for around 44% of all vacant space in the Dublin market.

Key Deals Q1 2014

The largest transaction so far this year was the sale of a 3,000 sq.m. facility in Airton Road, Tallaght, Dublin 24. The largest letting was a 2,000 sq.m. modern logistics facility at North Dublin Corporate Park, Swords, Co. Dublin.

GRAPH 4

Savills Key Deals Q1 2014

Property	Region	Size (ha / sq.m)	Transaction Type
Yard, Cloghran	NE	1 ha	LET
Unit 10a, Airways Industrial Estate, Santry, Dublin 9	NE	1,033	LET
Unit 18b, Newtown Avenue, Malahide Road Industrial Estate, Dublin 17	NE	983	SALE
Unit 6, Airton Close, Tallaght, Dublin 24	SW	702	LET
Unit 95, Newtown Avenue, Malahide Road Industrial Estate, Dublin 17	NE	671	SALE
Unit 5b, Richmond Hill, Rathmines, Dublin 6	SE	133	SALE

OUTLOOK 2014

- Despite relatively modest take-up in Q1 2014 there is significant activity in progress with a number of properties currently under offer.
- Competitive bidding is becoming a feature of the market once again.
- There is significant demand from occupiers seeking to expand from smaller facilities as short-term leases begin to expire.
- Occupiers are now putting in place their property plans for the longer term as Ireland's economy improves. Therefore we expect take-up to increase significantly in Q2 2014 and for the remainder of the year.
- The logistics sector will continue to drive the market as domestic demand improves.
- Investors are beginning to look at the industrial sector once again – this should add to competitive tension and drive pricing.
- With the CGT waiver likely to be abolished at the end of 2014, there is an added incentive for occupiers to buy this year, particularly with current values running at around half the cost of developing industrial space.
- Prime rental values range from €45 - €60 per sq.m. per annum, with prime capital values ranging from €450 - €550 per sq.m.. We expect both rental and capital values to increase towards the end of 2014 for prime properties over 1,000 sq.m.

Savills Industrial

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