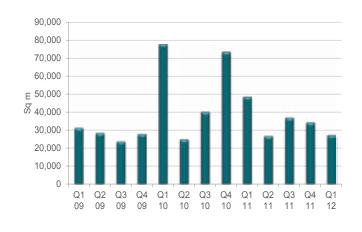


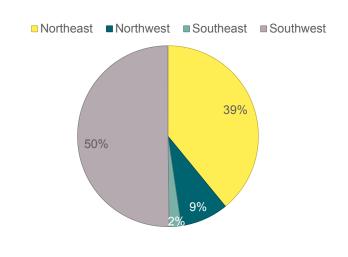
Market in Minutes **Dublin industrial market**

Q1 2012

GRAPH 1 Quarterly take-up



Take-up in floor space in Q1 by location



Graph source: Savills

Graph source: Savills

SUMMARY

Dublin industrial market

- Total take-up of industrial space in Dublin was just over 27,000 sq m in the first quarter of 2012
- There were 20 deals completed in Q1, 12 of which were in the southwest. There were five sales of industrial properties in Q1 and four of these were in the southwest. Overall market activity continues to be dominated by demand for space in this area as was the trend throughout 2011
- Only one deal was completed in the southeast, but this area typically has a very low number of deals each quarter which reflects the low level of industrial space available in southeast Dublin
- Five deals were completed in northeast Dublin in Q1, totaling 9,352 sq m of space (35% of overall Q1 take-up). The largest of these was the letting of 7,945 sq m of space in Furry Park, Dublin 9. This was the largest deal in Q1 2012
- Prime rents have adjusted considerably over the last 24 months as tenants successfully negotiate better deals. Prime rents are now not far ahead of secondary rents, at between €40-60 per sq m/year annum. The risk for prime rents remains marginally on the downside, given the amount of space available on the market.

"Q1 2012 has seen the sharpest increase in the amount of industrial space coming to the Dublin market in the last number of years, with a record total of 1.4m sq m of space now available. The increase is being driven by overall market conditions and an increasing number of banks and receivers putting properties on the market." Joan Henry, Director of Research, Savills Ireland

→ Market Trends

Managing and minimising void costs is going to be a key issue in 2012 as rents for tertiary premises are now being negotiated on a case by case basis – as low as €10 per sq m/year.

There has been a sharp increase in the amount of space coming to the market in the past three to four months. This is particularly evident in Dublin southwest which has the highest proportion of industrial stock. For example, the southwest has had an increase of almost 60,000 sq m of space on the market in the last two quarters.

The former Unidare facility on Jamestown Rd, Finglas was the largest building to come to the market over the past 24 months. In total 51 properties were brought to the market in the first quarter in Dublin.

There were five sales in the first quarter – four in Dublin southwest and one in northwest. All of the five sales were of older stock with the prices ranging from €110 per sq m for 1,268 sq m in Chapelizod Industrial Estate, Dublin 20 to €506 per sq m for 1,086 sq m at Northwest Business Park, Ballycoolin, Dublin 15.

Southwest was the most active in terms of the number of deals and in relation to the amount of new stock which has come to the market. The largest deal in the southwest was the letting of Unit 7 in Westgate to TV3 who also renewed their existing lease on Unit 5 in Westgate.

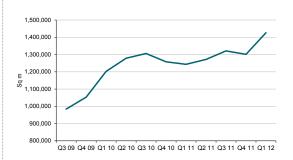
(Total space of approx. 6,039 sq m and a total rent roll of €432,000/year). Rents have adjusted considerably with landlords continuing to realign their expectations in order to attract occupiers. Rent free periods and flexible lease terms have become commonplace in deals to entice or retain tenants. As a result the gap between prime and secondary rents has narrowed and rents for tertiary premises are now being negotiated on a case by case basis.

Void costs is expected to remain a major issue for landlords who now need to weigh up the opportunity cost of leaving premises empty versus taking nominal rents and covering the annual property management, security and maintenance costs.

"Market conditions are expected to remain challenging in 2012 with take-up forecasted to be in the region of 125,000-175,000 sq m. Total take-up for 2011 was 141,000 sq m". Gavin Butler, Director, Industrial, Savills Ireland

GRAPH 3

Total vacant space



Graph source: Savills

OUTLOOK

- Increasing levels of stock coming to the market will continue to be a key trend in 2012
- Banks are appointing an increasing number of receivers to dispose of properties and mitigate their losses. The debt serving requirements of many businesses which are exposed to the property sector will continue to bring properties to the market for the foreseeable future. This will continue to put upward pressure on the vacancy levels in each of the Dublin areas covered in this report
- Take-up is expected to be in the region of 125,000-175,000 sq m in 2012. Demand in 2011 was driven by the ICT sector as Ireland has become a hub for data centres and cloud computing operations. Other sectors expected to drive demand throughout 2012 include distribution/logistics, retail, motor sales and recycling.

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