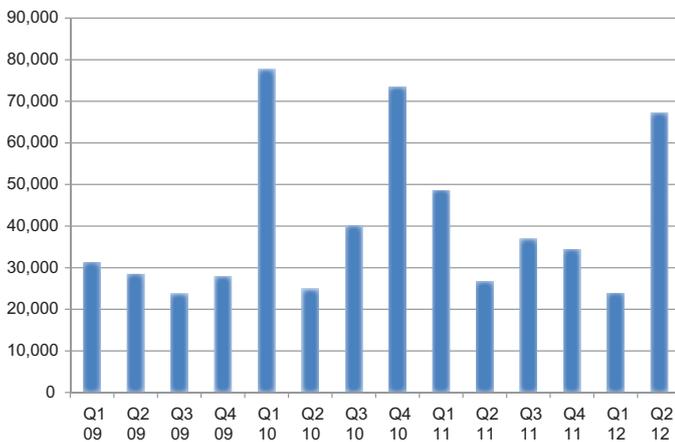


# Market in Minutes

## Dublin industrial market

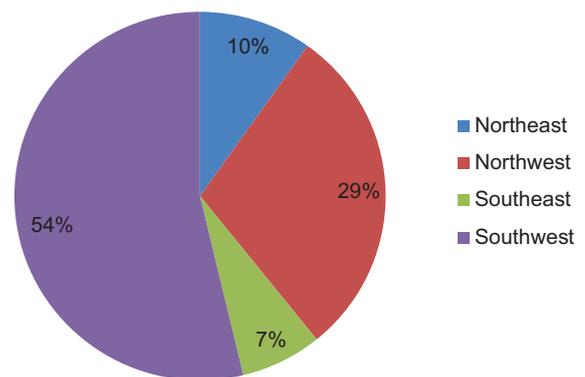
Q2 2012

GRAPH 1  
Quarterly take-up



Graph source: Savills

GRAPH 2  
Take-up in Q2 by location



Graph source: Savills

## SUMMARY

### Dublin industrial market

■ Just under 91,000sqm of space has been occupied in the first half of 2012 – with Q2 take-up significantly higher than in Q1. Take-up of industrial space in Dublin was just over 24,000 sq m in Q1 and 67,000 sq m in Q2. 60% of the total take-up for 2011 has been achieved in the first half of 2012.

■ There were 20 deals completed in Q1 and 37 in Q2, a considerable increase. The average deal size increased only marginally with all deals except one, for space of less than 5,000 sq m in size. 15 of the 37 deals were for space of less than 1,000 sq m.

■ Market activity continues to be dominated by demand for space in the southwest with 54% of total take-up in the second quarter in this area. The letting of approx. 23,000 sq m in Kilcarbery Business Park made up 60% of the take-up in the southwest. This was the largest deal in Q2.

■ There was a sharp increase in the amount of space that came to the market in the final quarter of 2011 and the first quarter of 2012. While additional space came to the market in Q2 the increase in the overall amount of space has not been as significant as in previous quarters.

“The level of take-up of space in the Dublin industrial market surprised on the upside in Q2 with just under 67,000sqm occupied. This is the highest quarterly take-up in two years. Just over 60% of the total take-up for 2011 has been achieved in the first half of 2012.” Joan Henry, Director of Research, Savills Ireland

→ **Market Trends**

Overall market activity continues to be dominated by demand for space in the southwest with 54% of total take-up in the second quarter in this area. The letting of approx. 23,000 sq m in Kilcarbery Business Park made up 60% of the take-up in the southwest. There were two sales in the southwest in Q2 – of just less than 3,000 sq m each, one in JFK Industrial Estate on the Naas Road and the other in Cookstown Industrial Estate in Tallaght.

There were four deals completed in Dublin southeast, but they were small, making up a total of only 7% of overall take-up. There were six deals completed in northeast Dublin in Q2, totaling 6,615 sq m of space (10% of overall Q1 take-up).

There were 13 deals completed in the northwest (29% of total take-up) – the largest of these was the letting of approx. 4,200sqm at Northern Cross Business Park in Dublin 11. Just over 4,000 sq m was let at The Ward in County Dublin also. Three of the deals completed in the northwest were sales – each for units less than 1,000 sq m in size. Overall activity in Q2 was dominated by lettings - only five of the 37 deals completed were sales.

Dublin southwest continues to have the highest proportion of industrial stock available to the market, (46% of the total). The southeast has only 5% of the total amount of space available but this reflects the low overall amount of

industrial space located in this area.

Northeast and northwest Dublin have almost the same proportion of stock available on the market at the end of Q2 (at 24% and 25% respectively).

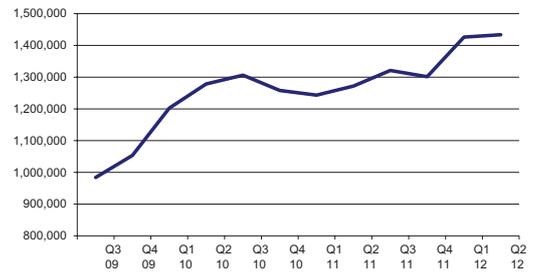
Prime rents have adjusted considerably over the last 24 months as tenants successfully negotiate better deals. Prime rents are now not far ahead of secondary rents, at between €€40-60/sqm/per annum. The risk for prime rents remains marginally on the downside, given the amount of space available on the market.

Capital values remain under pressure with costs in the current market context making any speculative building uneconomical. Prime capital values are estimated to be in the region of €430-€600 per sq m ■

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 "In terms of the outlook for the rest of 2012, managing and minimizing void costs is set to remain a key issue as rents for tertiary premises are being negotiated on a case by case basis – as low as €20/sqm/per annum."  
 Gavin Butler, Director, Industrial, Savills. Ireland.  
 .....

GRAPH 3

**Total vacant space (sqm)**



Graph source: Savills

**OUTLOOK**

- The trend of an increase in stock to the market which was evident in 2011 is expected to continue but at a slower pace.
- Overall the absolute amount of space available on the market is set to remain high for the next number of years, with certain categories of unit sizes (such as enterprise units below 500 sq m) oversupplied, depending on location etc.
- Banks are expected to continue to appoint 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.
- Take-up is expected to be in the region of 150,000-175,000 sq m in 2012, a slightly higher forecast than at the end of Q1.

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