

# Market Watch

- “Take-up of industrial space exceeds 70,000 sq.m for first six months of 2007”.
- “Take-up levels in Northwest Dublin up 56% on same period in 2006”.
- “Prime industrial yields remain strong at 5% as lack of supply underpins investment market”.

### A snap-shot of some of the larger deals done by Savills

#### Hamilton Osborne King so far in 2007

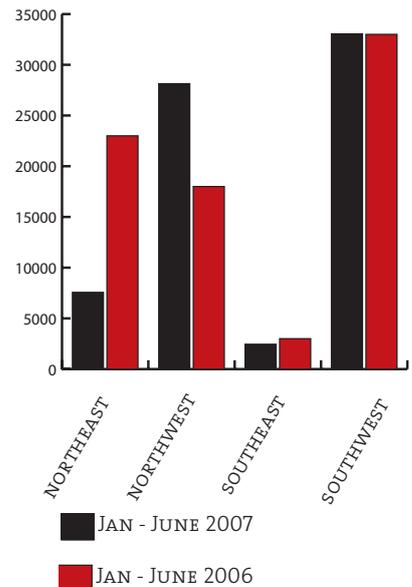
- \* Citywest Business Campus, Dublin 24, approx. 4 hectares sold in March 2007 for €15 million.
- \* Design and build facility at Northwest Business Park, Ballycoolin, Dublin 15, approx. 3,108 sq.m sold in April 2007 for €5 million.
- \* Unit 4036 Citywest Business Campus, Dublin 24, approx. 3,000 sq.m sold excess €6 million in May 2007.
- \* Unit C1 NorthCity Business Park, North Road, Dublin 11, approx. 2,291 sq.m sold in June 2007 for €4.9 million.

#### Deals done...

Southwest and Northwest Dublin account for 85% of take-up ...

**Our research shows that the overall vacancy rate** has increased to 15% at the end of June 2007. This is primarily due to an increase in the levels of speculative development and the arrival of a number of large hi-bay warehouses to the market since the beginning of this year. The bulk of this construction activity has been focused on starter/enterprise unit developments, most of which are expected to be sold out before the end of the year. Take-up in the first half of 2007 was approx. 71,300 sq.m for the greater Dublin area with over 85% of the take-up occurring in southwest and northwest Dublin.

Take-Up by Area (per sq.m.)



SOURCE: SAVILLS HAMILTON OSBORNE KING

Take-up	Northeast	Northwest	Southeast	Southwest	Total
Approx. Take-up Jan - June 2007	7,500sq.m.	28,000sq.m.	2,700sq.m.	33,000sq.m.	71,200sq.m.

Availability	Northeast	Northwest	Southeast	Southwest	Total
Approx. availability at end of June 2007	99,000sq.m.	173,500sq.m.	18,000sq.m.	207,000sq.m.	497,500sq.m.

**Rents and  
Yields ...**

**Industrial Yields**

Prime industrial yields remain at 5% despite a ninth successive interest rate hike in April. This is underpinned by the lack of product on the market during the first six months of 2007 together with the continued strong levels of demand from investors. Prime rents have remained steady at €125 per sq.m per annum however further successive interest rate rises later this year may lead to rental growth over the coming months as more occupiers opt to rent rather than buy. Capital values have remained steady so far this year across the starter/enterprise units sector however values have increased by between 5 - 10% in some areas for larger buildings in prime locations.

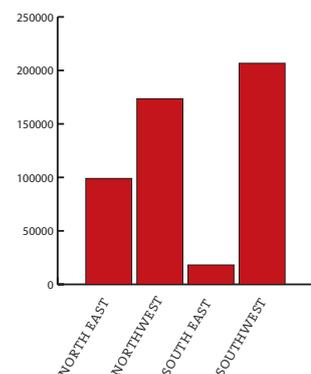
	January 2006	Mid 2006	January 2007	Mid 2007
Prime Yields	5.75%	5.25%	5%	5%
Prime Rents	€125 per sq.m.	€125 per sq.m.	€125 per sq.m.	€125 per sq.m.
Prime Capital Values	€2,500 per sq.m.	€2,800 per sq.m.	€3,000 per sq.m.	€3,230 per sq.m.

**Lack of Supply  
in Northeast  
Dublin ...**

**Lack of modern accommodation in Northeast Dublin**

There has been a significant reduction in the take-up levels in northeast Dublin from approx. 33,400 sq.m in the second half of 2006 to just 7,500 sq.m for the first half of 2007. This is largely due to the lack of supply of new/modern industrial accommodation currently on the market and to the severe lack of serviced "ready to go" industrial sites in the region. The vacancy rate has increased to approx. 99,000 sq.m however almost 40% of this vacant space is located at the IDA Clonsaugh Industrial Estate which restricts users to manufacturing companies or companies involved in internationally traded services.

Availability by Area (per sq.m.)  
at end of June 2007



September 2007  
Issue four

## Industrial MarketWatch

savills

Hamilton  
Osborne  
King

Savills Hamilton Osborne King  
32 Molesworth Street  
Dublin 2, Ireland

[savills.ie](http://savills.ie)

With the exception of M1 Business Park in Balbriggan, there are no other major business park developments currently underway in northeast Dublin and thus the take-up levels for the region in the short term will be limited to the number of existing properties which come to the market. A new business park is planned for a 32 hectare site at Turvey on the N1 and this will help address the lack of supply in the region over the coming years.

### **Northwest Dublin accounts for almost 40% of take-up**

Northwest Dublin has established itself as the city's second largest industrial hub and strong take-up levels continued in the first half of 2007 at approx. 28,000 sq.m. This is a 56% increase on the same period in 2006 and is a reflection of the surge in building activity in the region so far this year. Some of the bigger deals in the first half of 2007 include the sale of the former Whelan's facility totalling approx. 7,271 sq.m at Stadium Business Park for excess €13 million in May 2007 and the sale of an approx. 6,036 sq.m unit at Orion Business Campus for €8,125,000. A number of design and build deals totalling over 10,000 sq.m were signed at Northwest Business Park during the first six months of the year.

The vacancy rate for the region increased to approx. 173,500 sq.m at the end of June 2007. This increase is primarily due to a small number of large facilities which have come on the market in recent months including 103 Northwest Business Park comprising approx. 12,655 sq.m of hi-bay warehouse accommodation. These buildings are likely to be taken-up before the end of 2007 and thus will reduce the vacancy rate accordingly. Space available on the IDA estates in the area including the former Ampherol Facility comprising approx. 4,380 sq.m are also contributing to the increased vacancy rate.

### **Highest levels of take-up recorded in Southwest Dublin**

Take-up in southwest Dublin for the first six months of 2007 was approx. 33,000 sq.m with the sale of the United Beverages Facility of approx. 7,706 sq.m on the Longmile Road for excess €10 million representing one of the largest deals in the area for that period.

The vacancy level stood at approx. 207,000 sq.m at the end of June 2007 with two large facilities at Parkwest totalling 18,065 sq.m adding significantly to the overall vacancy figure since coming to the market in the first half of the year. Slow to move in the region are buildings on IDA estates, most notably the former Sercom and Zomax facilities at Cloverhill Industrial Estate which total approx. 29,204 sq.m. With traditional manufacturing companies continuing to consolidate their operations and relocate to the lower cost economies of eastern Europe, southeast Asia and India, there is little demand from occupiers for buildings on IDA estates at present.

*Take-up in  
Northwest  
Dublin up  
56% ...*

*Take-up slow  
on IDA Estates*

September 2007  
Issue four

## Industrial MarketWatch

savills

Hamilton  
Osborne  
King

Savills Hamilton Osborne King  
32 Molesworth Street  
Dublin 2, Ireland

savills.ie

### **Redevelopment reducing supply in Southeast Dublin ...**

#### **Activity severely restricted in Southeast Dublin**

Take-up for southeast Dublin over the first six months of 2007 was just 2,719 sq.m, the lowest level of take-up across the greater Dublin area. The vacancy level is also the lowest in Dublin at just approx. 18,000 sq.m. The majority of units available in Sandyford Industrial Estate are "to let" only for up to 4 years and 9 months as landlords are reluctant to give statutory rights to tenants in view of the redevelopment potential of their properties for higher value uses.

An urban framework plan for the Sandyford area was recently commissioned by Dun Laoghaire Rathdown County Council with the purpose of setting out a clear vision for the future development of the area. This plan, if and when adopted, will accelerate the rate of development in the area over the coming years.



### **Industrial Team**

#### **Gavin Butler**

Associate

☎ + 353 1 618 1340 [direct line](#)

✉ [gavin.butler@savills.ie](mailto:gavin.butler@savills.ie)



#### **David O'Malley**

Negotiator

☎ + 353 1 618 1458 [direct line](#)

✉ [david.omalley@savills.ie](mailto:david.omalley@savills.ie)



#### **Patrick Cusack**

Negotiator

☎ + 353 1 618 1332 [direct line](#)

✉ [patrick.cusack@savills.ie](mailto:patrick.cusack@savills.ie)



#### **Paddy Jordan**

Negotiator

☎ + 353 1 618 1453 [direct line](#)

✉ [paddy.jordan@savills.ie](mailto:paddy.jordan@savills.ie)



#### **Richard Stuart**

Negotiator

☎ + 353 1 618 1493 [direct line](#)

✉ [richard.stuart@savills.ie](mailto:richard.stuart@savills.ie)

