

Research Report
Jones Lang LaSalle Limited

Dublin Industrial Market Report – Q1 2018

25th April 2018

Industrial

Key Trends

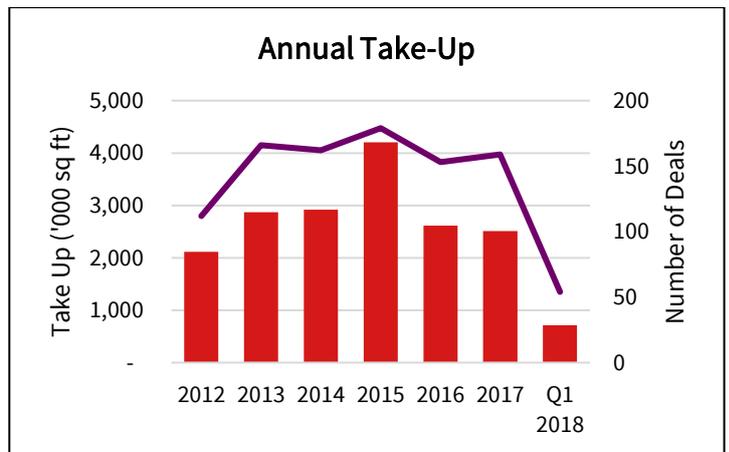
Take-up for Q1 totalled 713,830 sq ft across 54 deals. This level of take up is 20% lower than take-up for last quarter of 887,417 sq ft across 45 deals, but is a 40% increase on take up in Q1 2017 (509,350 sq ft).

Take-up this quarter was dominated by smaller sized deals. 61% of transactions this quarter were for spaces smaller than 10,000 sq ft. A further 19% of transactions were for spaces between 10,000 sq ft and 20,000 sq ft. The average deal size this quarter was 13,219 sq ft compared to 19,720 sq ft last quarter.

Take-up was led primarily by lettings this quarter, totalling 67% of transactions. The largest deal in Q1 was a 101,536 sq ft sale at Clonshaugh Business and Technology Park in Dublin 17.

In terms of location, the North West was the most dominant sub-geography this quarter with 28% of take up. This was closely followed by the North East (25%) and the South (24%).

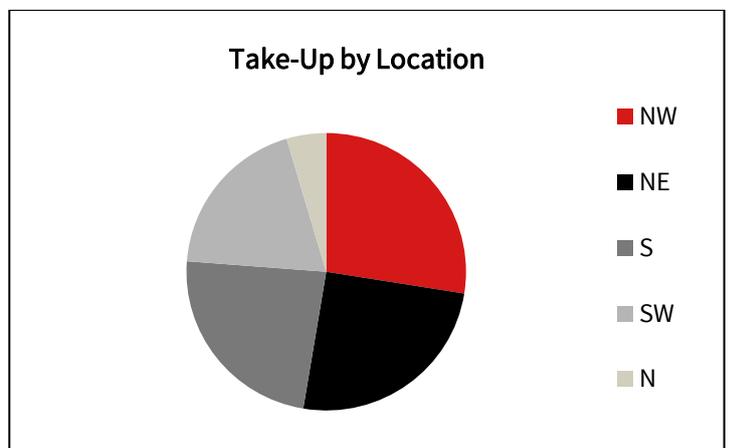
Secondary quality spaces dominated take-up this quarter, accounting for 77% of take-up. Prime take-up accounted for 17% of take up. There were 2 tertiary deals this quarter.



Take-Up by Type

Type	Take Up ('000 sq ft)	Number of Deals	Average Deal Size (sq ft)
Letting	422,819	36	11,745
Sale	291,011	18	16,167
Grand Total	713,830	54	13,219

Take-Up by Location



Rents and Lease Terms

Prime rents have remained steady this quarter at €8.75 per sq. ft. However headline rents, particularly on pre-let agreements are greater. Secondary rents have also remained steady ranging from €6.50 to €6.75 per sq. ft. this quarter. There is forecast rental growth for 2018, which could see prime rents rise to €9.20 per sq. ft.

Lease terms remain unchanged, with average lengths of 10 years with a break at year 5. Longer leases are being achieved where there is competition for prime space. Rent free periods are consistent at 3 months.

Outlook – Top 3 Themes

1. After a steady start to the year, demand for space is forecast to continue throughout 2018. This increased demand is attributable to number of factors including increased levels of online retailing and lease expiry on functionally obsolete buildings.
2. Rents are set to continue to increase in the coming year due to an absence of supply and continued growth in demand. Prime rents are forecast to reach €9.10 psf by the end of 2018. Forecast rental growth has led to a considerable weight of capital targeting the Industrial sector.
3. Supply remains tight across the market. This coupled with heightened demand will continue to stimulate speculative development. However with fewer developers than heretofore, supply will be controlled. Notable industrial developments planned for completion in 2018 include Greenogue, Baldonnel, Dublin Airport Logistics Park and No. 1 Horizon Logistics Park. In addition construction on a number of bespoke facilities has commenced as occupiers opt for new builds in the absence of suitable second hand stock.

Top 5 Transactions by Size – Q1 2018

Area	Property	Size (sq ft)	Term
NE	Clonsaugh Business & Technology Park, Dublin 17	101,536	Sale
NE	Unit K, Furry Park, Swords Road	65,445	Letting
SW	Unit 526 Greenogue Business Park, Rathcole	42,270	Sale
SW	Ballymount Road Lower	41,807	Letting
NW	Finch House, Dublin Airport Logistics Park, St. Margaret's	38,632	Letting

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NB: JLL industrial take-up records the letting and sales activity by occupiers of industrial space that has been released onto the market. We do not include land sales, investment transactions or lease re-gears in our figures.

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