

In what represented a sluggish quarter for the industrial property market, just 43,854 sq m of space transacted - a decrease of 37% in comparison with the same quarter last year - bringing take-up for the first six months of 2018 to 111,754 sq m. This is despite the fact that occupier demand for industrial property remains strong as evidenced by the fact that the volume of exports rose by 19% in the year to May 2018. With a number of large transactions currently in the pipeline, we anticipate that volumes in Q3 and Q4 will represent a more accurate reflection of underlying activity levels. Lettings accounted for 75% of transactions in Q2 compared to 25% for sales.



Unit R, North Ring Business Park, Santry, Dublin 9 which Knight Frank acquired in Q2 2018.

FIGURE 1
Take-up by type

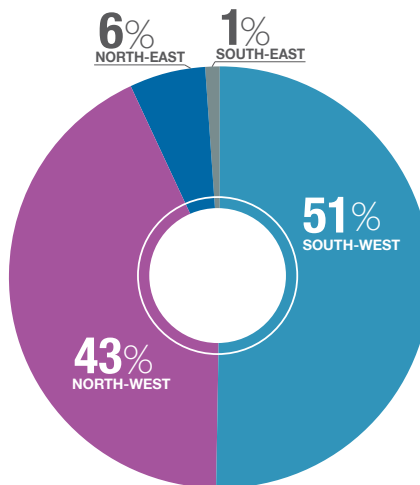


Source: Knight Frank Research

Looking at the geographical spread of activity within Dublin, demand for space was the highest in the South-West with the area accounting for 51% of take-up. This was primarily due to global access solutions provider Instant UpRight's taking of 9,423 sq m in 2007/2008 Orchard Avenue in the Citywest Business Campus.

This deal accounted for approximately 21% of the entire take-up for Q2 and was more than double the size of the next biggest transaction, significantly raising the South-West's share of take-up. The North-West comprised the next largest share with 43% of take-up and the remaining four of the top five deals.

FIGURE 2
Take-up by location

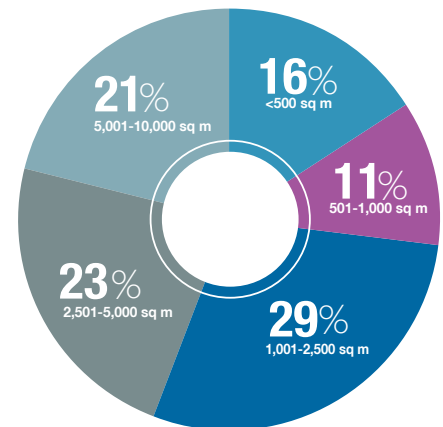


Source: Knight Frank Research

Delving into take-up by deal size illustrates the extent to which the lack of larger transactions is holding back the overall volume of take-up. Deals of less than 2,500 sq m encompassed 55% of total space let, 23% of deals were between 2,501 sq m and 5,000 sq m, 21% were between 5,001 sq m and 10,000 sq m, while there were no deals in excess of 10,000 sq m.

The lack of larger transactions in the market can be attributed to a shortage of good quality, modern facilities. This has put upward pressure on secondary rents which now stand at €60-€70 per sq m, an increase of 9% in comparison to last quarter.

FIGURE 3
Deal size share of market in sq m



Source: Knight Frank Research

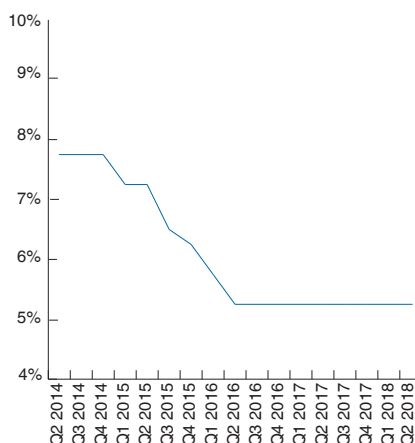
Efforts are underway to ease the shortage of space with the most notable new delivery of stock being Units D4 (4,157 sq m) and D5 (3,178 sq m) at Green REIT's Horizon Logistics Park.

43,854
sq m of take-up transacted in Q2 2018

Rohan Holdings also completed the construction of Condor House (2,718 sq m) at the Dublin Airport Logistics Park. The market is also awaiting speculative completions at Mountpark Baldonnell, Greenogue Business Park and North City Business Park.

In terms of investment activity, no industrial assets transacted in Q2 reflecting a lack of investable grade stock. Prime yields remain unchanged at 5.25%.

FIGURE 4
Industrial yields



Source: Knight Frank Research

FIGURE 5
Top 10 industrial transactions

Property	District	Size (Sq m)	Type
2007/2008 Orchard Avenue, Citywest Business Campus, Dublin 24	South-West	9,423	Letting
Unit 38 Fonthill Industrial Park, Clondalkin, Dublin 22	North-West	4,230	Letting
D5 Horizon Logistics Park, Swords, Co. Dublin	North-West	3,178	Letting
Unit R, North Ring Business Park, Santry, Dublin 9	North-West	2,783	Letting
Swords Business Park, Swords, Co. Dublin	North-West	2,459	Letting
Unit 14A Airways Industrial Estate, Santry, Dublin 9	North-West	1,948	Letting
86 Broomhill Business Park, Tallaght, Dublin 24	South-West	1,568	Sale
Former Universal Business Park, Old Naas Rd, Dublin 12	South-West	1,512	Sale
Unit 34 Rosemount Business Park, Ballycoolin, Dublin 15	North-West	1,336	Letting
Unit 77, Cookstown Industrial Estate, Tallaght, Dublin 24	South-West	1,279	Sale

Source: Knight Frank Research

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