

The industrial market continued to be driven by a positive economic backdrop in Q2, as Investec's Manufacturing Purchasing Managers' Index reached 56.0 in June representing the highest output growth since July 2015. This increased output saw the volume of exports increase by 9% in the year to May according to the Central Statistics Office.

Industrial take-up increased by 27% in Q2, with 69,974 sq m let across 45 transactions, bringing activity for the first six months of the year to 125,032 sq m. Two of the largest three deals of the quarter were the sales of 11,362 sq m at Belgard Square and 9,183 sq m at Belgard House, both of which are located in Tallaght and were acquired by the Marlet Property Group. Sales accounted for 55% of transactions compared to 45% for lettings.

FIGURE 1  
**Take-up by type**

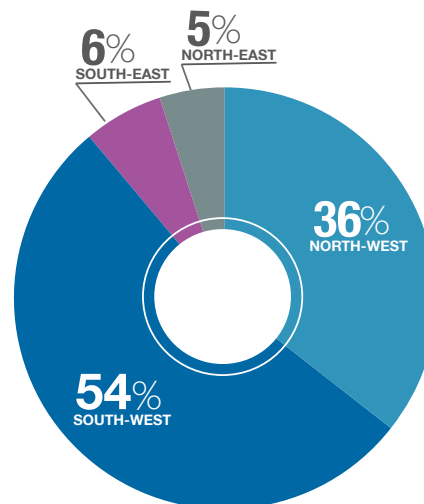


Source: Knight Frank Research

Demand for space was highest in Dublin South-West with the area accounting for 54% of take-up, followed by Dublin North-West which accounted for 36%. Delving into take-up by deal size, deals less than 2,500 sq m accounted for 39% of total space let, 23% of deals were between 2,500 sq m and 5,000 sq m, 22% between 5,000 sq m and 10,000 sq m with 16% of deals in excess of 10,000 sq m. Prime and secondary rents remain unchanged at €98 per sq m and €54-€65 per sq m respectively.



FIGURE 2  
**Take-up by location**

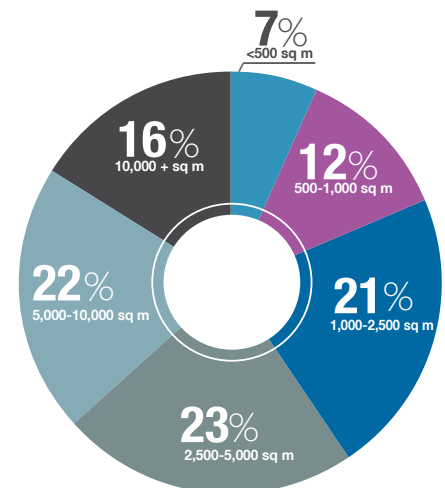


Source: Knight Frank Research

In a sign of confidence in the sector, Mountpark Logistics EU are expected to commence construction on a €40 million logistics hub at Baldonnel in South Dublin in what will be the largest speculative industrial build in the country.

The new hub will comprise of three detached units of 11,000 sq m. Meanwhile, the Liffey Park Technology Campus located just outside Leixip has come to the market and follows on from February's announcement by owner Hewlett-Packard to exit the print business it has been operating from the site.

FIGURE 3  
**Deal size share of market in sq m**



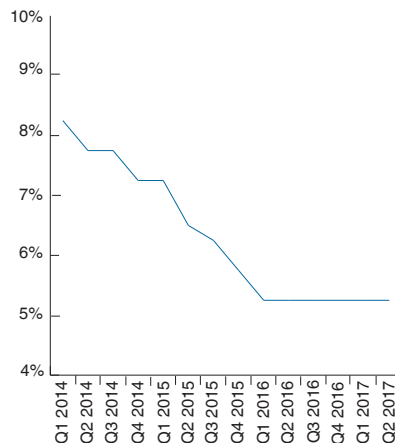
Source: Knight Frank Research

The overall facility covers 136,000 sq m with 28.4 hectares of undeveloped land, providing scope for future development. This will be one of the largest industrial sales of recent years and will provide a benchmark of the strength of the industrial market recovery.

**69,974**  
sq m of take-up  
transacted in Q2 2017

Looking at investment transactions in Q2, industrial investments accounted for 6% (or €18.5 million) of total investment market spend, while prime yields remained stable at 5.25%. The industrial market continued to perform favourably compared to other property sectors in Q2 according to the latest IPD/ MSCI Index, achieving total returns of 3.0% compared to the 2.0% realised in both the retail and office sectors.

FIGURE 4  
Industrial yields



Source: Knight Frank Research

FIGURE 5  
Top 10 industrial transactions

Property	District	Size (Sq m)	Type
Belgard Square, Tallaght, Dublin 24	South West	11,362	Sale
Belgard House, Tallaght, Dublin 24	South West	9,183	Sale
Kingfisher & Swift House, Dublin Airport Logistics Park, St Margaret's Rd, Swords, Co. Dublin	North West	6,100	Letting
Units D2, Airport Business Park, Cloghran, Co. Dublin	North West	4,874	Letting
Part of the Johnson Brothers Facility, Ballymount, Dublin 12	South West	4,498	Letting
Pottery Road Business Centre, Dun Laoghaire, Co. Dublin	South East	4,234	Sale
Unit 15, Rosemount Business Park, Ballycoolin, Dublin 11	North West	2,601	Sale
4051 Kingswood Drive, Citywest Business Campus, Citywest, Dublin 24	South West	2,187	Letting
9 North Park, Finglas, Dublin 11	North West	2,128	Sale
Unit C4, Airport Business Park, Cloghran, Co. Dublin	North West	1,973	Letting

Source: Knight Frank Research

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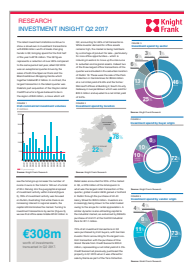
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