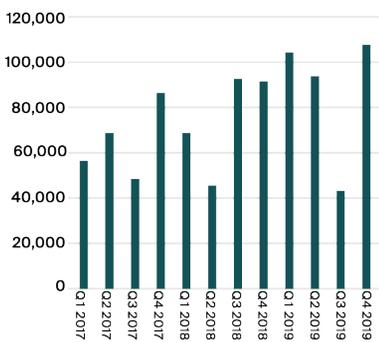


2019 was a strong year for Dublin's industrial market as 347,699 sq m transacted, an 18% increase on the 295,480 sq m taken in 2018. Lettings accounted for 66% of activity with sales comprising the remaining 34%. On a geographical basis, the North-West accounted for the vast majority of take-up with a 55% market share, followed by the South-West with 36%.

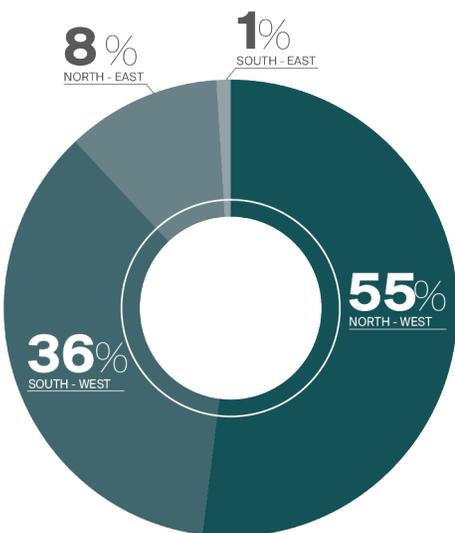
FIGURE 1
Industrial take-up sq m



Source: Knight Frank Research

There was good demand for space in excess of 10,000 sq m which accounted for 23% of the market, however the highest demand was for the 5,001-10,000 sq m range which had a 31% market share. The 2,501-5,000 sq m and the less than 2,500 sq m segments

FIGURE 2
Transactions by location



Source: Knight Frank Research



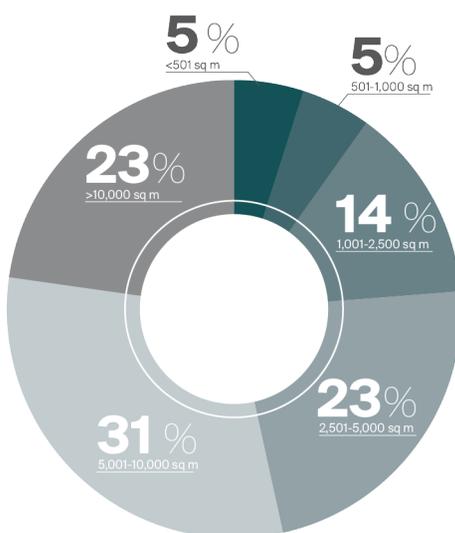
Primeside Park, Ballycoolin, Dublin 15 which was acquired by Knight Frank in Q4 2019.

accounted for 23% and 24% respectively. Prime rents remained stable in 2019 at €105 psm.

The largest transaction of the year was DHL's taking of 23,304 sq m at the former Harris Group premises on the Naas Road followed by Geodis's letting of 17,176 sq m at Unit 1 Dublin Airport Logistics Park. Third-party logistics (3PL) providers, such as these, were an important driver of demand and are closely intertwined with the growth in e-commerce.

Market research agency, IBIS World, have estimated that e-commerce sales expanded by 12.9% in Ireland in 2019 to reach €2.2 billion, double the €1.0 billion that was achieved in 2010.

FIGURE 3
Transactions by deal size



Source: Knight Frank Research

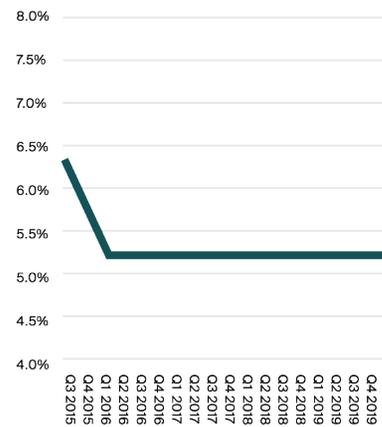
347,699
sq m transacted in
2019

As e-commerce grows, retailers are outsourcing order fulfilment to 3PL providers who are taking up vast quantities of industrial space in the process. E-commerce is a very logistics real estate intensive activity - requiring three times the space of bricks and mortar retailers - due to the need to cater for a wider product availability compared to stores, greater inventory levels and increased reverse logistics (order returns). With e-commerce sales due to rise to €3.8 billion by 2024, 3PL providers will continue to have a strong influence on the market.

The outlook for new supply in 2020 is positive but likely to remain constrained. Notable completions will include Exeter Property Group's Unit 527 (7,792 sq m) at Greenogue Business Park, while Rohan Holdings will deliver Harrier House (3,591 sq m) at Dublin Airport Logistics Park. Park Developments will also complete Unit 633 (3,716 sq m) at Northwest Logistics Park.

On the investment side, the Tesco Distribution Centre in Donabate was purchased for €160.0 million by South Korean investors KTB Investments & Securities and KTB Asset Management for a net initial yield of 4.60%, the largest transaction ever recorded in the Irish market. Elsewhere, Henderson Park acquired the Horizon Logistics Park through its acquisition of the Green REIT Portfolio. Altogether, €389 million worth of industrial assets changed hands - over three times the €120 million that transacted in 2018 - while yields remained stable throughout the year at 5.25%.

FIGURE 4
Prime industrial yields



Source: Knight Frank Research

Top 10 industrial transactions 2019

Property	District	(Sq m)	Type
Buildings 2 & 3, Former Harris Group premises, Naas Road, Dublin 12	South-West	23,304	Letting
Unit 1, Dublin Airport Logistics Park, St Margaret's, Co. Dublin	North-West	17,176	Letting
Unit 1, Dublin Airport Logistics Park, St Margaret's, Co. Dublin	North-West	17,176	Sale
Unit A, Mountpark Baldonnell, Baldonnell, Dublin 22	South-West	11,045	Letting
Unit D9, Horizon Logistics Park, St Margaret's, Co. Dublin	North-West	10,684	Letting
Unit at Cloghran, Co. Dublin	North-West	9,420	Sale
Former Rennicks facility, Kilbride, Mulhuddart, Dublin 15	North-West	8,933	Sale
Former Electrolux facility, Naas Road, Dublin 12	South-West	8,866	Letting
Unit 407, Northwest Business Park, Ballycoolin, Dublin 15	North-West	8,612	Letting
Unit BC2, Ballycoolin Business Park, Ballycoolin, Dublin 15	North-West	7,978	Sale

Source: Knight Frank Research

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