

The economic fundamentals underpinning the industrial and logistics market remained strong during Q1, supporting occupier demand. Following on from a record setting year for exports in 2017, January saw the highest ever monthly level for outbound trade as €12.4 billion worth of goods were exported (on a seasonally adjusted basis), which represented a 15% increase on the same month last year. While exports fell back to €10.9 billion in February, exports were still 6.5% ahead of the same period last year putting 2018 on a good footing to exceed the 2017 record.

67,899 sq m of take-up transacted in Dublin in Q1 in what was a strong start to the year. This figure represents a 23% increase on the volume of activity that was recorded during the same quarter of last year. Of this, lettings accounted for 61% while 39% was comprised of sales.

Looking at the geographical spread of activity across the county, Dublin South-West and Dublin North-West continue to be the most dominant locations, accounting for 85% of take-up in Q1.

FIGURE 1
Take-up by type



Source: Knight Frank Research

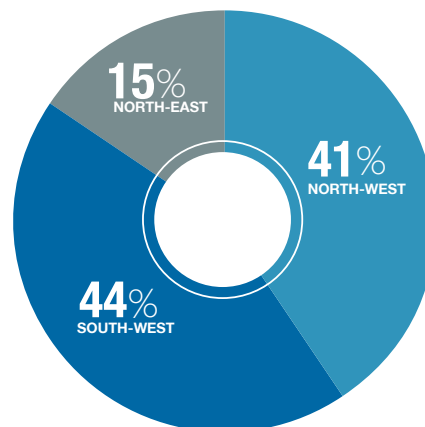
Activity in the North-East, which comprised 15% of take-up, was supported by the sale of 9,456 sq m at the Clonshaugh Business and Technology Park in what was the largest transaction of Q1.

Take-up was dominated by smaller sized transaction with 52% of take-up comprising less than 2,500 sq m. Furthermore, 25% of take-up was between 2,501 and 5,000 sq m, while 23% was between 5,001 and 10,000 sq m. Prime and secondary rents remain unchanged at €100 per sq m and €54-€65 per sq m respectively.



Mountpark Baldonnell which Knight Frank brought to the market in Q1.

FIGURE 2
Take-up by location

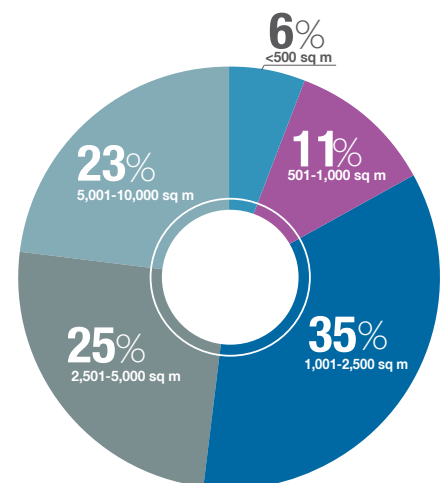


Source: Knight Frank Research

The continuing shortage of modern units is driving expectations of further rental increases in 2018 which will ensure that speculative development will gather pace in a significant way this year. Early signs are encouraging, with construction beginning on a number of new developments in Q1.

These included the commencement of the first phase of Mountpark Baldonnell where 11,148 sq m of logistics space is expected to be delivered by the end of the year, making it the largest speculative development currently under construction. In addition, Exeter Property Group began construction on a new 10,219 sq m logistics facility at the Greenogue Business Park, while Rohan Holdings are developing units at North City Business Park and Dublin Airport Logistics Park.

FIGURE 3
Deal size share of market in sq m



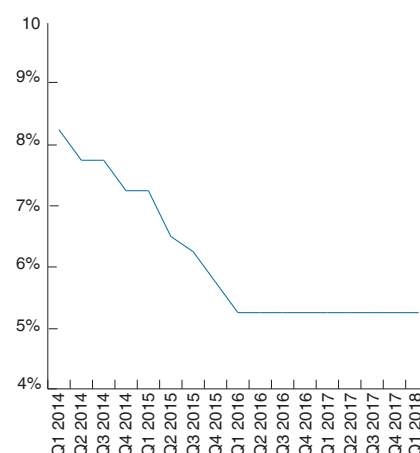
Source: Knight Frank Research

Presently, there is a strong investor appetite for industrial assets as investors seek to re-balance their portfolios. This is occurring, firstly, because of the strong aforementioned economic fundamentals supporting the industrial market. Secondly, the sector is at an earlier stage of the cycle compared to other sectors.

67,899
sq m of take-up
transacted in Q1 2018

Finally, investors are looking to benefit from the growth in e-commerce or to hedge against the latter's impact on high street retail. However, the supply of prime industrial investment opportunities remain constrained. Of the €933 million invested in Irish commercial property in Q1, just 2% was comprised of industrial assets with the largest being the sale of 2050 Orchard Avenue, Citywest which sold for €6.5 million at a net initial yield of 7.87%. Prime industrial 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
Clonsaugh Business and Technology Park, Dublin 17	North East	9,456	Sale
Unit K, Furry Park, Dublin 9	North West	6,080	Letting
Unit 526, Greenogue Business Park, Co. Dublin	South West	3,927	Sale
Ballymount Cross Industrial Estate, Dublin 12	South West	3,884	Letting
Finch House, Dublin Airport Logistics Park, Co. Dublin	North West	3,589	Letting
23-25 The Hub Logistics Park, Dublin 15	North West	2,764	Letting
Unit 1, Crosslands Business Park, Dublin 12	South West	2,772	Letting
Unit C, Airport Business Campus, Dublin 9	North West	2,033	Letting
Units T & U, Ballymount Road Lower, Dublin 12	South West	1,997	Letting
Units 17 & 18 Bracetown Business Park, Dublin 15	North West	1,955	Letting

Source: Knight Frank Research

RECENT MARKET-LEADING RESEARCH PUBLICATIONS



[Dublin Residential Market Analysis for International Investors 2018](#)



[2018 New Homes Construction Survey](#)



[The Wealth Report 2018](#)



[Dublin Office Market Review and Outlook 2018](#)

Knight Frank Research Reports are available at [KnightFrank.com/Research](https://www.knightfrank.com/research)

INDUSTRIAL

JP McDonagh, Divisional Director
jp.mcdonagh@ie.knightfrank.com

Evan Lonergan, Director
evan.lonergan@ie.knightfrank.com

RESEARCH

John Ring, Head of Research
john.ring@ie.knightfrank.com

Robert O'Connor, Research Analyst
robert.oconnor@ie.knightfrank.com



© HT Meagher O'Reilly trading as Knight Frank

This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by HT Meagher O'Reilly trading as Knight Frank for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of HT Meagher O'Reilly trading as Knight Frank in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of HT Meagher O'Reilly trading as Knight Frank to the form and content within which it appears. HT Meagher O'Reilly trading as Knight Frank, Registered in Ireland No. 385044, PSR Reg. No. 001266. HT Meagher O'Reilly New Homes Limited trading as Knight Frank, Registered in Ireland No. 428289, PSR Reg. No. 001880. Registered Office – 20-21 Upper Pembroke Street, Dublin 2.

