

The latest data from the Central Statistics Office shows that the volume of exports grew by 27% in the year to August. Meanwhile, the latest Investec Manufacturing Purchasing Managers' Index indicates that activity has increased to 57.5 in August, up from 56.1 in comparison to the same period last year.

Occupier activity rebounded strongly in Q3 following a sluggish Q2 with 92,366 sq m transacting – more than double the 43,854 sq m recorded in Q2. This brings take-up for the year to 204,120 sq m, 18% ahead of the corresponding period in 2017. Lettings accounted for 66% of take-up compared to 34% for sales.

FIGURE 1
Take-up by type



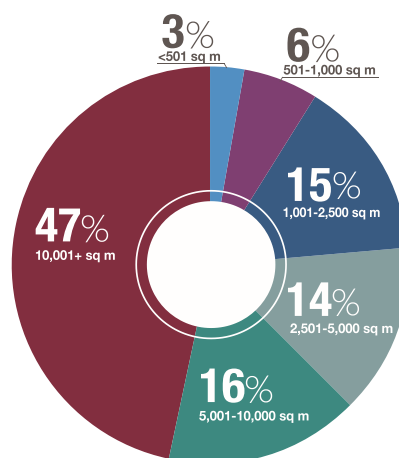
Source: Knight Frank Research

The increase can be explained by the completion of a number of large transactions, reflected in the fact that there were three deals greater than 10,000 sq m (or 47 % of take-up) – there were no deals in excess of this in Q2. The largest transaction of Q3 was the sale of the 20,425 sq m Former Lufthansa Technik site on the Naas Road which had been on the market since 2014.

Another significant deal was the letting of the entirety of 103 Northwest Business Park to Sonas Bathrooms – a property which extends to 12,494 sq m and which was purchased by IPUT in



FIGURE 2
Take-up by deal size

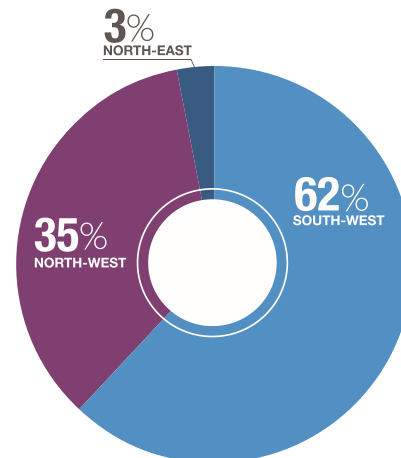


Source: Knight Frank Research

2017 for €12.3 million. Looking at the remainder of deals, 24% of take-up comprised of less than 2,501 sq m, 14% of take-up was between 2,501 and 5,000 sq m, while 16% was between 5,001 and 10,000 sq m.

The South-West accounted for the majority of occupier activity with a 62% market share, while the North-West comprised 35% followed by the North-East with the remaining 3%. The continuing shortage of space has seen prime rents increase to €105 psm, up from €100 psm in Q2 while secondary rents remain unchanged at €60-€70 psm.

FIGURE 3
Take-up by location



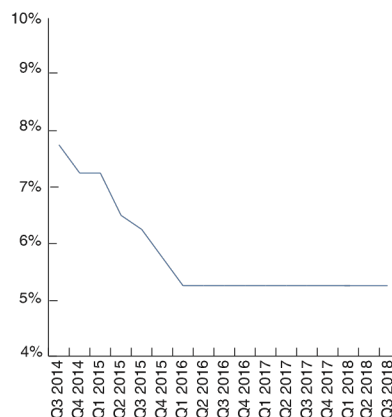
Source: Knight Frank Research

From a development perspective, Green REIT continued its expansion of the Horizon Logistics Park. The company commenced construction on two new units – D6 and D7 – which will total 5,400 sq m upon completion in Q3 2019.

92,366
sq m of take-up
transacted in Q3 2018

Planning was also granted for Unit D9 - a purpose built unit for Bunzl Ireland which will extend to 10,700 sq m, with delivery expected in late 2019. Elsewhere, Park Developments began construction on Unit 629 at the Northwest Business Park, with the 4,646 sq m premises due for completion in Summer 2019. In terms of investor activity, of the €631.0 million invested in commercial property in Q3, 5% was comprised of industrial assets. The largest of these was the sale of a number of units at Dublin Airport Logistics Park which sold to DWS, the asset management arm of Deutsche Bank. 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
Former Lufthansa Technik Site, Naas Road, Co. Dublin	South-West	20,425	Sale
103 Northwest Business Park, Ballycoolin, Dublin 15	North-West	12,494	Letting
665 Greenogue Business Park, Rathcoole, Co. Dublin	South-West	10,149	Letting
Unit 56, Park West Industrial Park, Dublin 12	South-West	9,383	Letting
D3 Horizon Logistics Park, Swords, Co. Dublin	North-West	5,372	Letting
Unit A, Furry Park, Santry, Dublin 9	North-West	4,162	Letting
2005 Citywest Business Campus, Citywest, Dublin 24	South-West	2,916	Letting
Unit C, Aerodrome Business Park, Rathcoole, Co. Dublin	South-West	2,817	Letting
Unit 7, Swords Business Park, Co. Dublin	North-East	2,579	Letting
802 Northwest Business Park, Ballycoolin, Dublin 15	North-West	2,449	Sale

Source: Knight Frank Research

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