

# IRISH INDUSTRIAL MARKET

Q4 2016



## OVERVIEW

**In the wake of increasing demand, 2016 saw the Irish industrial occupier market considerably hampered by a lack of good quality product. Transaction activity in total stood at approximately 321,350 sq m across the four regional markets of Dublin, Cork, Limerick and Galway, a decline of 48% on 2015.**

However, despite lower transaction activity, sentiment in the market place is positive. As rental value growth drives strong returns, investors continue to play an increasingly larger role in the market. The latest IPD index results highlight the industrial market as the best performing of the three core sectors in 2016, with total returns of 19%.

- Occupier activity in the Dublin industrial market totalled approximately 276,700 sq m in 2016, reflecting a decrease of 42% on the previous year. Demand was driven by smaller sized leasehold transactions, with the N7 corridor absorbing the largest proportion of activity.
- Outside of Dublin, the story was similar; the average sized transaction declined, as smaller deals dominated activity. Collectively, activity in Cork, Limerick and Galway stood at 44,650 sq m, a decline of 69% on 2015.
- Supply constraints are a key theme across all four markets. In particular, availability of large Grade A units, in the most sought after locations, remains critically low.
- In direct response to the limited choices available to potential occupiers, design and build development activity has become a notable feature of the Dublin industrial market. This trend is anticipated to continue in 2017, as pipeline speculative builds remain limited.

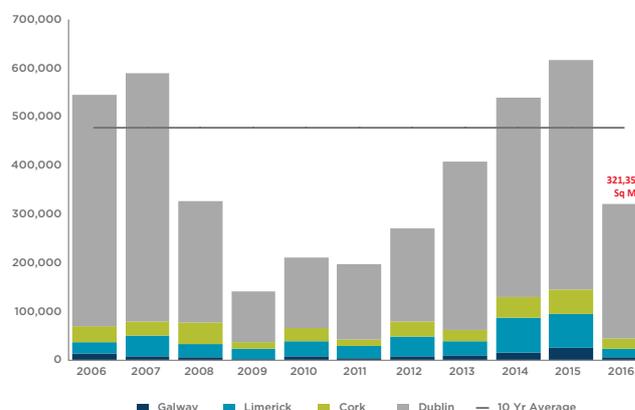
# 321,350 sq m

APPROXIMATELY 321,350 SQ M OF INDUSTRIAL SPACE TRANSACTED ACROSS THE FOUR REGIONAL CENTRES IN 2016.



- Prime headline industrial rents rose across all four industrial markets in 2016. Further upward pressure in each of the markets is expected in 2017, driven by tight supply in key locations and growing occupier demand.
- Total investment in the industrial market in 2016 reached approximately €90.7 million, a notable increase of 44% on the previous year. On the back of high returns and favourable rental value growth, the industrial investment market is poised for significant growth over the coming year.

Irish Industrial Market Take Up (Sq M)



Source: Cushman & Wakefield Research

## Irish Industrial Occupier Market, 2016

	Dublin	Galway	Cork	Limerick
Market Stock	4,064,600 sq m	480,500 sq m	1,040,250 sq m	913,350 sq m
Take Up 2016	276,700 sq m	4,750 sq m	21,400 sq m	18,500 sq m
Availability Q4 2016	553,750 sq m	54,550 sq m	167,750 sq m	171,650 sq m
Vacancy Rate	13.6%	11.3%	13.0%	18.7%
Under Construction	121,150 sq m	0 sq m	650 sq m	0 sq m
Pre-let/Pre-sold/DB	97%	0%	100%	0%

Source: Cushman & Wakefield Research

### CONFIDENTIALITY CLAUSE

This information is to be regarded as confidential to the party to whom it is addressed and is intended for the use of that party only. Consequently and in accordance with current practice, no responsibility is accepted to any third party in respect of the whole or any part of its contents. Before any part of it is reproduced, or referred to, in any document, circular or statement, our written approval as to the form and context of such publication must be obtained.

Marian Finnegan  
Chief Economist,  
Director Research  
+353 (0)1 237 6341  
marian.finnegan@cushwake.ie