

*Occupier and investment market trends in  
the Dublin logistics and industrial sector.*



# Dublin Logistics & Industrial Market Review 2022

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**Research, March 2023**



Primark Distribution Facility, Newbridge, Co. Kildare acquired by Knight Frank Ireland for Union Investment

# MARKET OVERVIEW

*Take-up in 2022 was characterised by a number of large pre-lets as occupier activity reached its highest level in five years.*

**355,966 sq m**

Take up in 2022

**€458.3 million**

Investment spend in 2022

**€124 - €129 psm**

Prime rents at the end of 2022

## Take-up in 2022 reached its highest level in five years

The Dublin logistics and industrial market experienced strong levels of take-up in 2022. **355,966 sq m transacted in 2022** – the highest level of take-up recorded over the last five years. Lettings accounted for 88% of take-up while sales comprised 12%.

**Activity remained concentrated in Dublin North-West (53%) and Dublin South-West (43%).** Developers of logistics and industrial space are increasingly in competition with multinationals and data centres for development land. Given the shortage of land zoned for enterprise and employment, particularly in Dublin South-West, take-up may become increasingly constrained in this region. Dublin North-East and Dublin South-East comprised the remaining 4% of take-up.

## Large units firmly in demand in 2022

**35% of activity in 2022 was for space in excess of 10,001 sq m.** This was followed by space between 5,001-10,000 sq m on 30% and space between 2,501-5,000 sq m on 19%. 16% of activity was for space less than 2,501 sq m.

**Third-party logistics (3PL) providers were an important driver of demand in 2022** and are closely intertwined with the rapid growth in e-commerce. The most notable deals included lettings to DHL (Unit One – 19,138 sq m) and Maersk (Unit Three – 16,550 sq m & Unit Four – 6,855 sq m) at the Quantum Distribution Park, Co. Dublin as well as DB Schenker at Mountpark II Baldonnell, Dublin 22 (Unit D – 12,431 sq m).

Retailers were also very active in 2022. Amazon took 18,580 sq m at Unit 902, Northwest Logistics Park, Dublin 15 while **Knight Frank Ireland acquired 8,207 sq m on behalf of Asian e-commerce company MH Star at Unit 605, Greenogue Business Park, Co. Dublin.** Other notable deals included the letting of 15,022 sq m to Iron Mountain at Unit Q, Aerodrome Business Park, Co. Dublin.

## Pre-lets continue to lead occupier activity in 2022

The market continues to witness a high volume of pre-lets owing to the continuing mismatch between the demand for large, high-quality units by 3PLs and retailers and the supply of such units on the market which is being held back by record low vacancy rates and a shortage of speculative development.

## Continued rental growth in 2022

As such, rental growth was evident across the logistics and industrial market in 2022. **Rents for prime units finished the year between €124 - €129 psm**, while rents for modern units and first generation units finished the year between €97 - €118 psm and €86 - €97 psm respectively.

## Overseas buyers accounted for 93% of investment in logistics and industrial assets in Ireland in 2022

The first half of the year saw significant investment in logistics and industrial assets with over **€354.9 million transacting across 15 deals.**

Notable transactions during this period included the largest deal of the year which was the **forward-fund of Primark's new distribution facility in Newbridge, Co. Kildare for €128.7 million by Union Investment who were advised by Knight Frank Ireland.**

This was followed by M&G's forward-fund of Unipharm, Greenogue Logistics Park, Co. Dublin for €68.0 million.

Forward funds were becoming an increasingly popular option last year for sourcing opportunities given the lack of stock on the market. However, monetary policy tightening across the globe in the second half of the year, in response to rapidly rising inflation, resulted in a sharp increase in the cost of debt. This prompted some investors to put their purchase plans on hold, while others looked to reduce or renegotiate offers.

This resulted in **lower transaction volumes during this period with. €103.3 million transacting across eight deals** Prime yields also softened throughout the second half of the year, moving out to 4.75%.

M7 Real Estate were particularly active in the second half of the year and were involved in the top two transactions. These included the sale of Unit A02, The Hub Logistics Park, Co. Meath for €24.0 million and the purchase of the Johnson Brothers Facility, Dublin 12 for €20.4 million.

In total, **€458.3 million worth of logistics and industrial assets transacted in 2022, comprising 8% of the overall investment spend last year.** Overseas buyers accounted for 93% of the investment spend in logistics and industrial assets in 2022. Of this, UK buyers accounted for 49% followed by Europe and US buyers with 33% and 10% respectively. Other countries comprised the remaining 1%.

# OCCUPIER MARKET

**355,966 sq m**

Take-up in 2022

**53%**

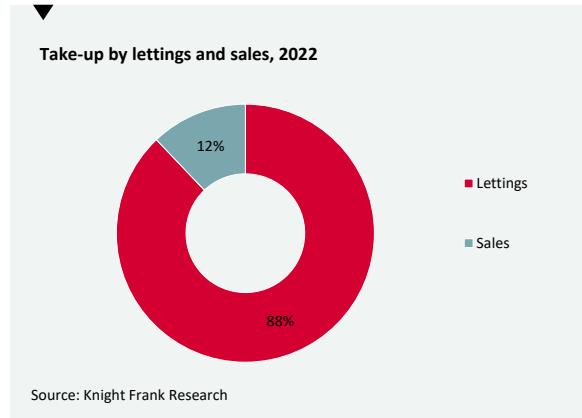
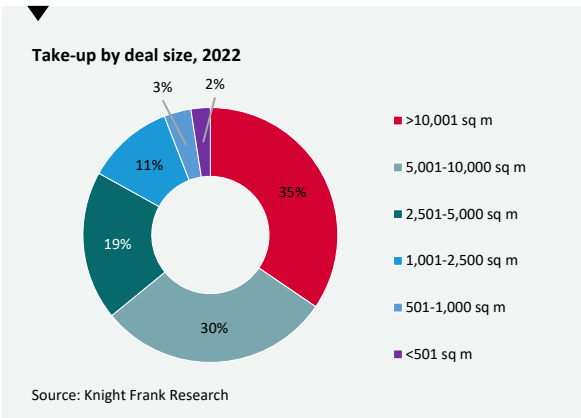
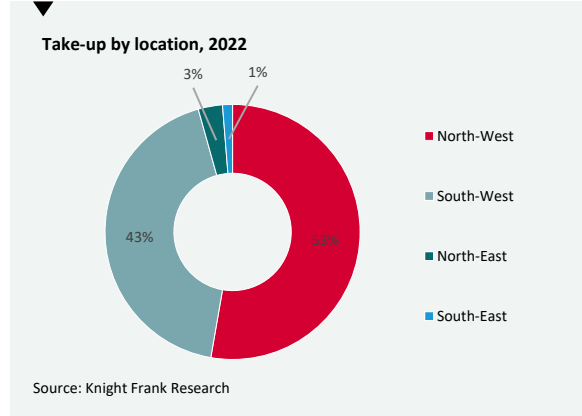
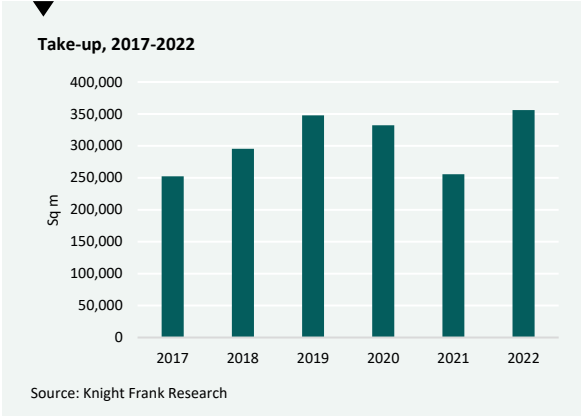
Of take-up in 2022 was in Dublin-North West

**35%**

Of take-up in 2022 was for space >10,001 sq m

**€124 - €129 psm**

Prime rents at the end of 2022



## RENTAL ANALYSIS 2022

TYPE	RENTAL RANGE (PSM)	SPECIFICATION	BER	EXAMPLES
Prime Logistics	€124 - €129	12m+ clear internal height. Soft landscaping to parks.	A	Horizon Logistics Park Quantum Distribution Park Mountpark, Baldonnell South-West Business Park
Modern Industrial/Logistics	€97 - €118	8m clear internal height. Metal deck roof.	C	Rosemount Business Park Fonthill Business Park Greenogue Business Park
First Generation Industrial	€86 - €97	6m eave height. Cement fibre roof.	D	Airways Industrial Estate Dublin Industrial Estate Western Industrial Estate

## INVESTMENT MARKET

**€458.3 million**

Investment spend in  
2022

**€19.9 million**

Average lot size in 2022

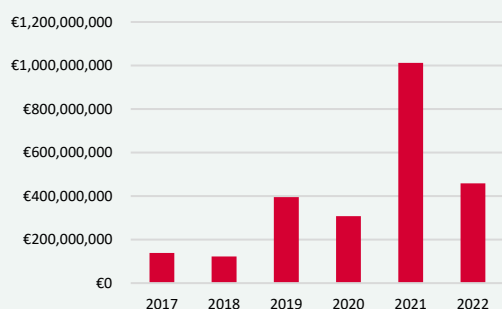
**93%**

Overseas capital in 2022

**4.75%**

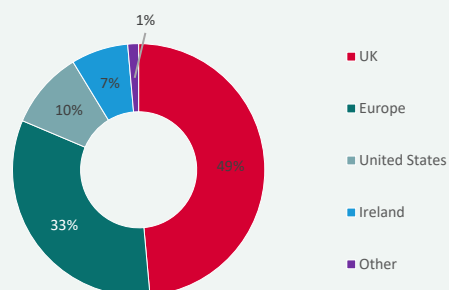
Prime yields at the  
end of 2022

Investment spend, 2017-2022



Source: Knight Frank Research

Investment spend by purchaser, 2022



Source: Knight Frank Research

## KEY DEALS 2022

OCCUPIER DEALS	DISTRICT	TENANT	SIZE (SQ M)	TYPE
Unit C, Greenogue Logistics Park, Co. Dublin	South-West	Uniphar	29,930	Letting
Unit 1, Quantum Distribution Park, Co. Dublin	North-West	DHL	19,138	Letting
Unit 902, Northwest Logistics Park, Dublin 15	North-West	Amazon	18,580	Letting
Unit 3, Quantum Distribution Park, Co. Dublin	North-West	Maersk	16,550	Letting
Unit Q, Aerodrome Business Park, Co. Dublin	South-West	Iron Mountain	15,022	Letting

INVESTMENT DEALS	PRICE	PURCHASER	VENDOR
Primark Distribution Facility, Newbridge, Co. Kildare*	€128,700,000	Union Investment	Barola
Uniphar, Greenogue Logistics Park, Co. Dublin	€68,000,000	M&G	Sandymark Investments
North Ring Business Park, Dublin 9	€49,999,000	M7 Real Estate	Rohan Holdings
Greenogue Portfolio, Co. Dublin	€39,000,000	Kennedy Wilson	Confidential
Off-Market Cork Portfolio	€30,000,000	Confidential	Confidential

Source: Knight Frank Research  
\*Acquired by Knight Frank

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