

# Dublin Logistics and Industrial Market

Q3 2023

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

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Take-up in the Dublin industrial and logistics market totalled approximately 60,000 sq m for the second consecutive quarter.

**Take-up for the year so far now stands at 205,412 sq m, 33% lower than the 307,729 sq m that transacted during the same period last year**, as more cautious market sentiment, driven by macroeconomic headwinds and geopolitical uncertainty, has moderated occupier decision making.

Against this backdrop, it is unsurprising that there are less transactions at the larger end of the spectrum. Of the 27 deals that signed in Q3, none were in excess of 10,001 sq m. There were seven deals within the 2,501-5,000 sq m category which accounted for 45% of take-up. There were three deals between 5,001-10,000 sq m and 17 deals under 2,500 sq m, with these categories comprising 32% and 23% of take-up

respectively. The average deal size has trended lower throughout the year, standing at 2,214 sq m at the end of Q3.

**That said, there is a healthy level of reserved stock (in excess of 50,194 sq m) and a significant quantum of active requirements (one in particular extends to 37,161 sq m while another ranges between 36,697-48,310 sq m) which suggest that demand remains robust despite the more challenging business environment.**

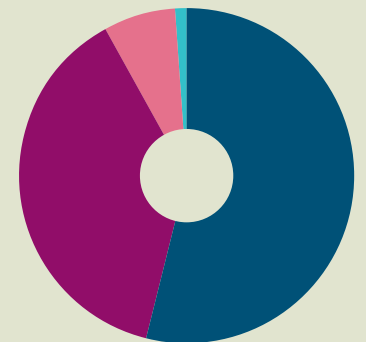
If a substantial portion of this was to transact in Q4, it could propel take-up for the year to within the 5-year average of 314,144 sq m.

The South-West region was the most preferred location for occupiers accounting for 54% of take-up in Q3. The largest transaction of Q3 involved the leasing of 7,413 sq m at 20 Magna

Drive, Magna Business Park, Dublin 24. This was followed by the letting of 6,133 sq m to Silent Aire, manufacturers of data centre solutions, at Unit S2, Park West Industrial Park, Dublin 12.

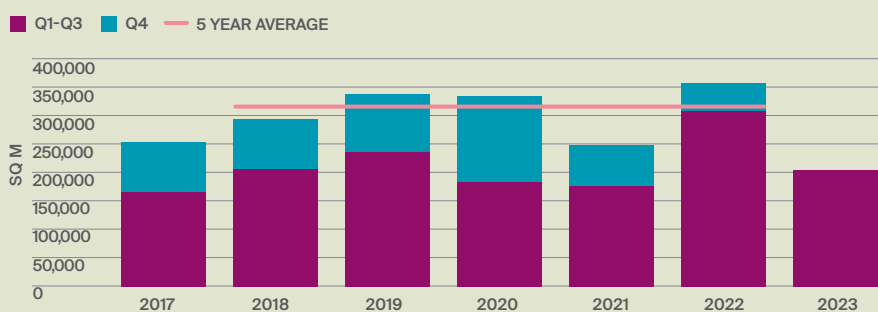
The North-West region comprised 38% of take-up in Q3. Two of the largest deals in this region consisted of pre-lets at the Horizon Logistics Park, Co. Dublin, highlighting that occupiers remain focused on acquiring best-in-class buildings despite the more challenging business environment. BCS Xpress, a

Take-up by location, Q3 2023



Source: Knight Frank Research

Take-up, 2017 - 2023



Source: Knight Frank Research

## Top 5 take-up deals, Q3 2023

Ranking	Property	District	Size (Sq m)	Tenant	Type
1	20 Magna Drive, Magna Business Park, Dublin 24	South-West	7,413	Confidential	Letting
2	Unit S2, Park West Industrial Park, Dublin 12	South-West	6,133	Silent Aire	Letting
3	Unit N5, Horizon Logistics Park, Co. Dublin	North-West	5,647	BCS Xpress	Letting
4	Unit G1, Horizon Logistics Park, Co. Dublin	North-West	4,401	Excellence	Letting
5	Unit 1, Vantage Business Park, Dublin 11	North-West	4,275	Heathcare 21	Letting

Source: Knight Frank Research

3PL, took 5,647 sq m at Unit N5 while Excellence, a distributor of food and drink products, took 4,401 sq m at Unit G1. The North-East accounted for 7% while the South-East comprised 1%.

**The vacancy rate remains remarkably low despite edging closer to 2.0% in Q3.** Given that there were no completions recorded this quarter, this was entirely driven by an increase in second-hand stock being returned to the market.

Looking ahead, build and financing cost pressures continue to restrict

development activity - just 103,000 sq m is under construction of which 48% is now either let or reserved. The constrained development pipeline, combined with the steady outlook for take-up, which despite the more challenging business environment is expected to continue to benefit from a number of long-term trends including e-commerce growth, greater operational efficiency, supply chain reconfiguration and the ESG agenda, is expected to limit the upside in the vacancy rate over the coming year.

**Prime rents, which rose to €140 psm in Q3, are likely to experience continued, but more moderate, growth over the coming year under this scenario.**

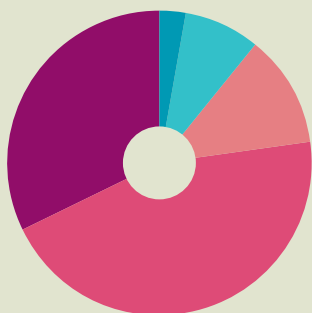
€86.6m worth of logistics and industrial assets transacted across eight deals in the

Dublin market in Q3, accounting for 19% of overall investment activity. Spend for the year so far stands at €249.9m, just over half of the €445.3m that transacted during the same period in 2022 as high inflation and increased borrowing costs continue to weigh on investment volumes.

M7 Real Estate were, once again, very active during the quarter, acquiring €53.0 million worth of assets across three deals. This brings their total spend for the year so far to €78.1m which accounts for 31% of all logistics and industrial investment at this point in 2023. French fund Pictet were also active, acquiring Unit 35, Rosemount Business Park, Dublin 15 for in excess of €14.0m. Knight Frank represented Pictet in this transaction.

**Prime yields stood at 5.00% at the end of Q3.**

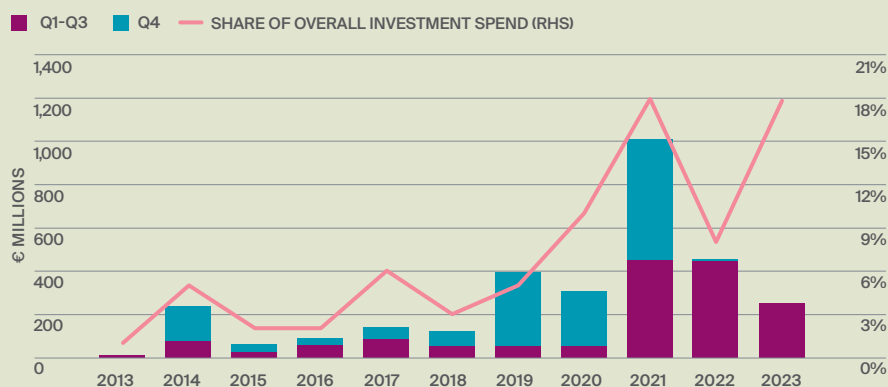
Take-up by deal size, Q3 2023



<501 sq m	3%
501-1,000 sq m	8%
1,001-2,500 sq m	12%
2,501-5,000 sq m	45%
5,001-10,000 sq m	32%
10,001+ sq m	0%

Source: Knight Frank Research

Industrial and logistics investment, 2013 - 2023



Source: Knight Frank Research

## Rental analysis, Q3 2023

Type	Rental range (psm)	Specification	BER	Examples
Prime Logistics	€135-€140	12m+ clear internal height. Soft landscaping to parks.	A	Horizon Logistics Park, Quantum Distribution Park, Mountpark Baldonnell, South-West Business Park, Dublin Airport logistics Park.
Modern Industrial/Logistics	€113-€124	8m clear internal height. Metal deck roof.	C	Rosemount Business Park, Fonthill Business Park, Greenogue Business Park.
First Generation Industrial	€86-€108	6m eave height. Cement fibre roof.	D	Airways Industrial Estate, Dublin Industrial Estate, Western Industrial Estate.

Source: Knight Frank Research

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

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