

# Dublin Logistics and Industrial Market

Q2 2023

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

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## OCCUPIER MARKET

### Another healthy quarter of activity

60,254 sq m of logistics and industrial space transacted in Q2. While this was behind the 85,376 sq m that was recorded in Q1, the H1 total of 145,630 sq m is 6% ahead of the same period last year.

26 deals transacted in Q2. Just one deal completed in the 10,001+ sq m category, accounting for 17% of take-up. The majority of activity in Q2 occurred within the 5,001-10,000 sq m category where four deals signed, comprising 48% of take-up. In terms of the other categories, there were two deals between 2,501-5,000 sq m and 19 deals under 2,500 sq m with these brackets accounting for 10% and 25% of take-up respectively. The average deal size in Q2 was 2,317 sq m.

### Wholesale & Distribution and 3PL sectors particularly active

Notable deals included the letting of 9,005 sq m to the Rexel Group (distributors of electrical products) at Unit G, Mountpark. This is the final building at the Dublin 22 development which means that the 124,450 sq m campus is now fully let. In addition, Uppercross Enterprises (distributors of plumbing and heating products) let 8,385 sq m at the former Cuisine De France Building in Dublin 24. Both deals occurred in the South-West which accounted for 64% of take-up in Q2.

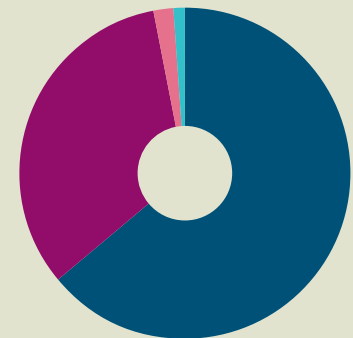
3PLs were also active. Having let 19,138 sq m at the Quantum Distribution Park last year, DHL continued its expansion in North Dublin by

sub-letting 6,073 sq m at Unit 5, Dublin Airport Logistics Park, Co. Dublin from Holland & Barrett. Elsewhere, DFDS let 5,593 sq m at Unit D, Greenogue Logistics Park, Co. Dublin.

The largest deal of Q2 occurred in the manufacturing sector and consisted of the pre-let of Unit P2, Horizon Logistics Park, Co. Dublin – a 10,510 sq m design and build warehouse – by WestRock (Packaging products).

The WestRock deal brought the North-West's share of take-up to 33% in

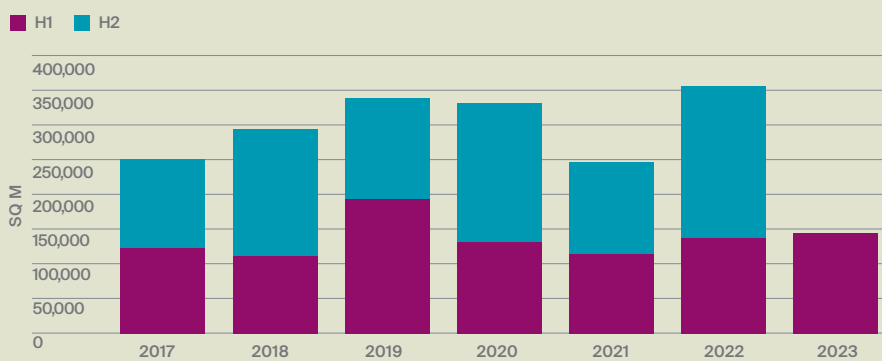
Take-up by location, Q2 2023



South-West	64%
North-West	33%
North-East	2%
South-East	1%

Source: Knight Frank Research

Take-up, 2017 – H1 2023



Source: Knight Frank Research

### Top 5 take-up deals, Q2 2023

Ranking	Property	District	Size (Sq m)	Tenant	Type
1	Unit P2, Horizon Logistics Park, Co. Dublin	North-West	10,510	WestRock	Letting
2	Unit G, Mountpark Baldonnell, Dublin 22	South-West	9,005	Rexel Group	Letting
3	Former Cuisine De France Building, Dublin 24	South-West	8,385	Uppercross Enterprises	Letting
4	Unit 5, Dublin Airport Logistics Park, Co. Dublin	North-West	6,073	DHL	Letting
5	Block D, Greenogue Logistics Park, Co. Dublin	South-West	5,593	DFDS	Letting

Source: Knight Frank Research

Q2. The North-East and the South-East comprised the remaining 3%.

### Constrained supply pipeline persists

90,000 sq m of logistics and industrial space completed in Q2 including the remaining buildings (Units 3 & 4) at IPUT's Quantum Distribution Park, Co. Dublin as well as Exeter Group's Block R, Aerodrome Business Park, Co. Dublin which totalled 23,405 sq m and 22,290 sq m respectively.

67% of the space that completed in Q2 was already pre-let. As such, the amount

of available space remains restricted with the vacancy rate hovering around the 1.5% mark at the end of Q2. There is unlikely to be much change over the coming quarters as the supply pipeline remains constrained, with new development considered challenging in the current funding environment – just 80,500 sq m of space is under construction currently of which 49% is let or reserved.

While prime rents remained stable within the €129-€135 sq m range, given the healthy outlook for demand and the constrained nature of the supply pipeline, further upward pressure is likely before year-end.

### INVESTMENT MARKET

€48.6 million worth of logistics and industrial assets transacted in Q2, equating

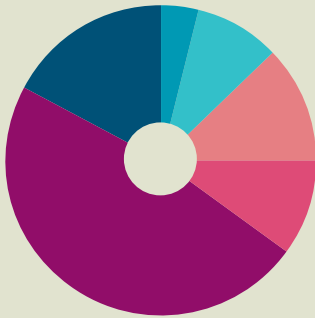
to 15% of the total investment spend in Ireland in Q2. This brings the total for H1 to €163.3 million, less than half of the €355.0 million that transacted during the same period last year.

The largest transaction of Q2 was the sale of the Davy Portfolio, a collection of assets based in West Dublin, to M7 Real Estate for €22.3 million, representing a net initial yield of 5.97%.

This was followed by the acquisition of Unit 2, Vantage Business Park, Co. Dublin by Ario for €13.0 million, representing a net initial yield of 5.00%. Prime yields stood at 4.75% at the end of Q2.

Investment activity is likely to be constrained into H2 due to tougher lending conditions but also due to a lack of opportunities.

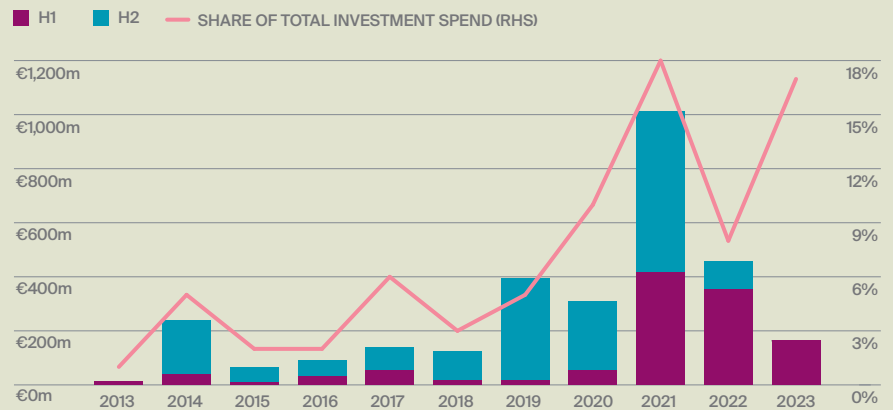
Take-up by deal size, Q2 2023



<501 sq m	4%
501-1,000 sq m	9%
1,001-2,500 sq m	12%
2,501-5,000 sq m	10%
5,001-10,000 sq m	48%
10,001+ sq m	17%

Source: Knight Frank Research

Investment spend, 2013 - H1 2023



Source: Knight Frank Research

### Rental analysis, Q2 2023

Type	Rental range (psm)	Specification	BER	Examples
Prime Logistics	€129-€135	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	€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

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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