

Figures

Dublin Industrial & Logistics

Q4 2023

Take-Up Remained Firm in 2023; I&L the Most Invested Sector for the First Time on Record

CBRE RESEARCH
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FIGURES | DUBLIN INDUSTRIAL & LOGISTICS (I&L) | Q4 2023

Take-Up Remained Firm in 2023; I&L the Most Invested Sector for the First Time on Record

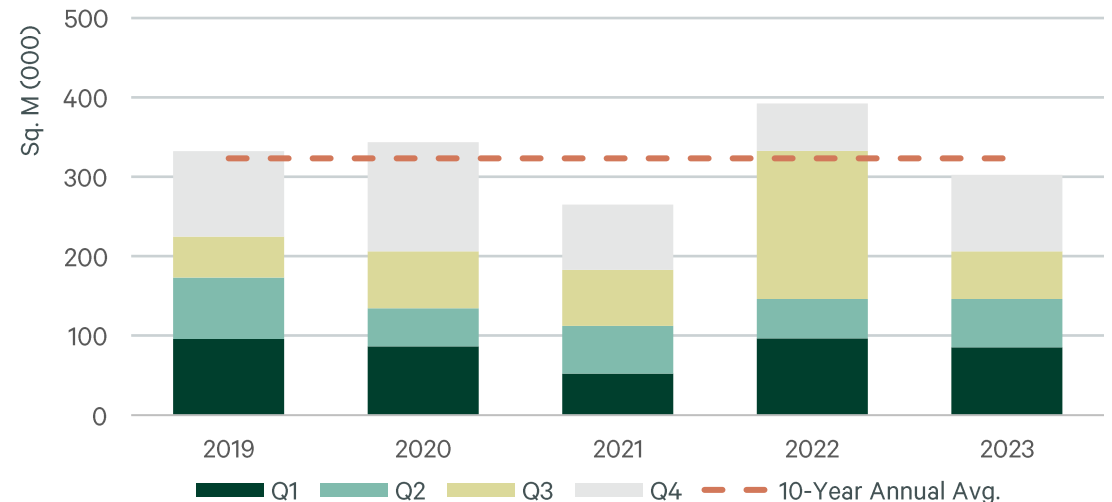
▲ 96,299 sq m ▲ 3,852 sq m ▼ 1.2% ▲ €139.9 psm ▲ €258m ▶ 4.75%
Take-Up Q4 Average Deal Size Vacancy Rate Prime Rents Investment Q4 Prime Yield

Note: Arrows indicate change from previous quarter.

Q4 Highlights

- Take-up in Dublin in the final quarter was the strongest of the year, totalling 96,299 sq m, nearly 20% above the long-term quarterly average for the market
- Full-year take-up totalled just over 302,000 sq m, 6.5% below the 10-year market average
- The largest deal of Q4 saw PRL Group agree a long-term lease with Exeter Property Group for a new 22,340 sq m facility at Aerodrome Business Park
- Prime Dublin rents increased for the fourth successive quarter. Rents rose 2% to €139.9 per sq m (€13 per sq ft) over the last three months, a 13% increase year-on-year
- At the end of Q4, the vacancy rate at the top I&L parks in Dublin was just 1.2%
- The largest Irish investment deal of the year closed in Q4, Phase II at Mountpark Baldonnell was acquired by Pontegadea for €225m
- Q4 investment in the I&L sector was €258m, and totalled €520m for the full year 2023
- It was the first year on record that the sector accounted for the highest proportion of annual investment spend in the Irish market
- Prime Dublin yields are now stable at 4.75% for the best-in-class stock

Figure 1: Dublin Industrial & Logistics Take-Up 2019 – 2023



Source: CBRE Research

Take-Up

Dublin I&L take-up in the final quarter was the strongest of the year, totalling 96,299 sq m, nearly 20% above the long-term quarterly average for the market. Three of the top five transactions of the year closed in the final quarter.

This took overall take-up in 2023 to just over 302,000 sq m, 6.5% below the ten-year average of 323,000 sq m but ahead of the 15-year average of 276,000 sq m.

Take-up in 2023 was nearly 25% lower than in 2022, which was the second strongest year on record for the market. CBRE expects activity to continue to normalise in 2024, with the market having enjoyed exceptional levels of activity in recent years.

Notable Transactions & Tenant Profile

The largest deal of Q4 saw domestic logistics solutions group PRL Group agree a long-term lease with Exeter Property Group for a newly developed, 22,340 sq m, distribution facility at Aerodrome Business Park on the N7 road corridor in south west Dublin

Global third-party logistics providers continued their growth in Ireland, with FedEx agreeing to pre-let Unit F1 at Horizon Logistics Park on the M1. The facility is being developed to Nearly Zero Energy Building standards and is expected to reach practical completion in Q1 2025.

CBRE Ireland’s recent commentary on the Dublin I&L sector has detailed the prevalence of international corporate occupiers who are active in the Dublin market. Examples include IKEA/Wincanton, FedEx, DSV, DFDS, Rhenus Logistics, Westrock, and Rexel Group, all blue-chip international groups with strong covenants who have signed long-term leases in Dublin in the last year.

Heading into 2024, occupiers in a wide range of sectors have requirements that will likely be fulfilled in the coming months. These include tenants in third-party logistics, manufacturing, biotechnology/pharmaceuticals, and a broad range of retailers.

Figure 2: Top 5 Dublin Industrial & Logistics Transactions in Q4 2023

Property	Road Corridor	Transaction Type	Size Sq M	Tenant/Purchaser
Unit R, Aerodrome Business Park	Dublin South West (N7)	Letting	22,340	PRL Group
Unit F1, Horizon Logistics Park	Dublin North East (M1)	Pre-Letting	15,160	FedEx
4065 Kingswood Road, Citywest Business Campus	Dublin South West (N7)	Pre-Letting	11,897	Richmond Marketing
1 Cloverhill Industrial Estate	Dublin West (N4)	Freehold Sale	10,516	Polonez
CEL Facility, Jamestown Business Park	Dublin North (M2)	Letting	8,046	Undisclosed

Source: CBRE Research

Figure 3: Top 5 Dublin Industrial & Logistics Transactions in 2023

Property	Road Corridor	Transaction Type	Size Sq M	Tenant/Purchaser
Building 2, Greenogue Logistics Park	Dublin South West (N7)	Letting	26,674	IKEA / Wincanton
Unit R, Aerodrome Business Park	Dublin South West (N7)	Letting	22,342	PRL Group
Unit F1, Horizon Logistics Park	Dublin North East (M1)	Pre-Letting	15,160	FedEx
4065 Kingswood Road, Citywest Business Campus	Dublin South West (N7)	Pre-Letting	11,897	Richmond Marketing
Unit 637, Northwest Logistics Park	Dublin North (M2)	Freehold Sale	11,077	Rhenus Logistics

Source: CBRE Research

Market Activity

In total, 25 transactions were signed in the I&L sector in Q4, of which 19 comprised lettings and 6 comprised sales. This was a slight decrease from the 28 transactions completed in Q3 and was below the average for the market in 2022, which is 30 deals per quarter.

Take-Up by Road Corridor

Like Q3, the South West (N7) Dublin road corridor saw the largest proportion of take-up this quarter, accounting for nearly 40% of total take-up. The North East (M1) and North (M2) corridors accounted for 24% and 21%, respectively. Notably, Dublin West (N4) accounted for a considerably larger share in Q4 than in previous quarters.

In 2023, the South West (N7) corridor accounted for the largest share of take-up activity, just over 46%, while Dublin North East (M1) accounted for 21%.

Take-Up by Size

Approximately 62% of take-up in Q4 comprised of transactions for buildings greater than 9,290 sq m (greater than 100,000 sq ft) in size, across four deals. A total of three deals in the 4,646-9,290 sq m (50,000-100,000 sq ft) bracket completed in Q4, accounting for 23% of take-up.

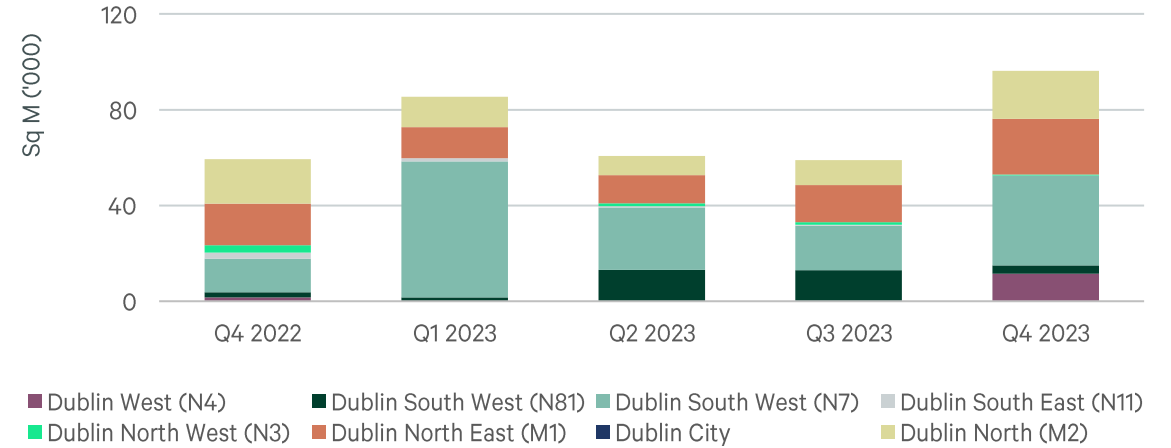
The average deal size in Q4 was 3,852 sq m (41,462 sq ft), compared to an average of 2,145 sq m (23,090 sq ft) in Q3. The average deal size in the year 2023 was 3,191, sq m.

Demand & Vacancy

New demand requirements recorded in Q4 totalled 125,382 sq m (1.35 million sq ft), with strong demand evident across all unit sizes.

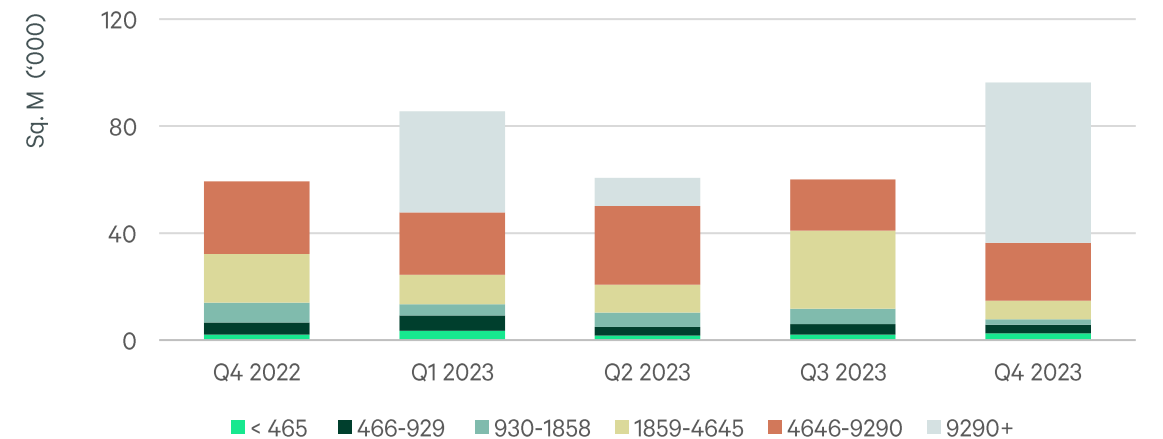
At the end of Q4, the vacancy rate across standing stock at the top I&L parks in Dublin was 1.2%, trending lower quarter-on-quarter.

Figure 4: Dublin Industrial & Logistics Share of Take-Up By Road Corridor



Source: CBRE Research

Figure 5: Dublin Industrial & Logistics Share of Take-Up By Size Bracket (Sq. M.)



Source: CBRE Research

Supply Pipeline

Practical Completions (PC)

There were no practical completions of new I&L stock in Q4. Total stock at the largest I&L parks in Dublin remains approximately 3.9 million sq m (41.7 million sq ft).

Over the course of 2023, a total of 17 new units were completed in the Dublin market, totalling approximately 146,000 sq m (1.6m sq ft). This was a marked slowdown compared to 2022, when over 300,000 sq m (3.2m sq ft) of new stock was completed.

Under Construction

Approximately 132,000 sq m (1.4m sq ft) of new Dublin I&L stock is under construction and due for delivery over the next 12-18 months. Approximately 50% of this stock is pre-let or reserved.

The largest building under construction is Unit C at Greenogue Logistics Park, which is fully pre-leased to ISEQ-listed pharmaceutical manufacturer Uniphar. Developed by Jordantown Properties, the facility will total over 30,000 sq m (322,000 sq ft) in size.

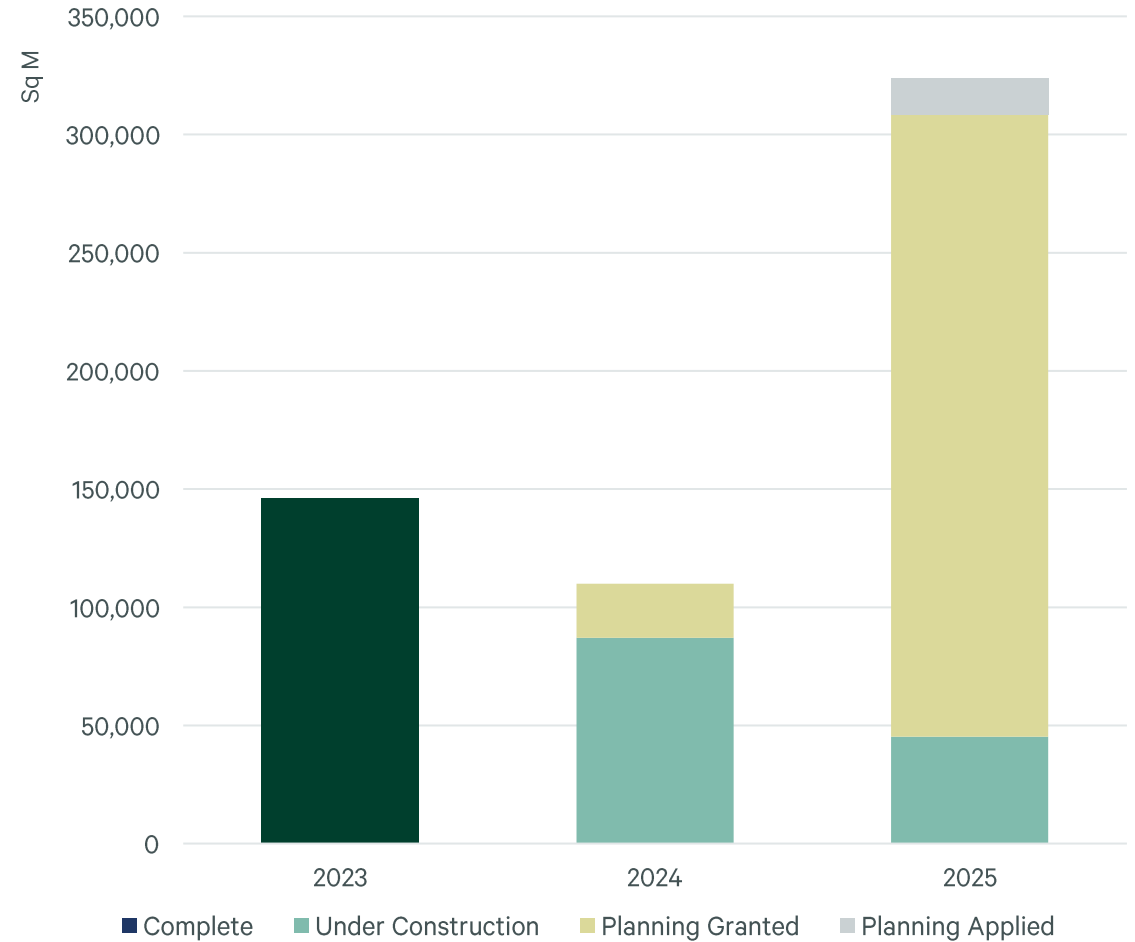
Continuing the trend of an increased sustainability focus within the sector, several new I&L buildings are currently under construction in north Dublin using glue-laminated timber frames as opposed to a steel structure.

Planned Development

Approximately 332,550 sq m (3.6 million sq ft) of Dublin stock has received a grant of planning and is yet to commence construction. Some developers are now more focused on securing a commitment from occupiers before pushing ahead with construction. Nevertheless, some speculative development will commence this year, which can be the key to encouraging potential tenants to engage.

Much of the planned development, which had initially been indicated as likely to be completed in 2025, will likely fall into 2026 and beyond.

Figure 6: Dublin Industrial & Logistics Development Supply Pipeline



Source: CBRE Research

Rents

Prime Dublin rents increased for the fourth successive quarter in Q4. Rents rose by 2% to €139.9 per sq m (€13 per sq ft). Year-on-year in 2023, prime rents increased by 13%, the highest annual rate of growth since 2015. Guideline rents for modern secondhand stock in Dublin remained stable at €118.40 per sq m (€11.00 per sq ft) in Q4 but have increased by 10% year-on-year.

Dublin vs. European Markets

Dublin's rental performance in a European context is worth noting. Of the 40 markets and submarkets that CBRE Research monitors, Dublin featured in the top 10 jurisdictions for rental growth in 2023, with many of the other locations in the top 10 largely considered non-core markets.

Forecasts for 2024 again place Dublin as one of the top-performing cities for expected rental growth. CBRE Ireland forecasts that prime Dublin rents will increase a further 5.8% in 2024.

FIGURE 7: European Prime I&L Rental Growth 2023

Location	Annual % Change
Berlin	+25%
UK - North West	+24%
Dusseldorf	+18%
Bratislava	+17%
Rotterdam, greater region	+17%
Silesia	+13%
Dublin	+13%
Marseille	+13%
Lisbon	+13%
Munich	+12%

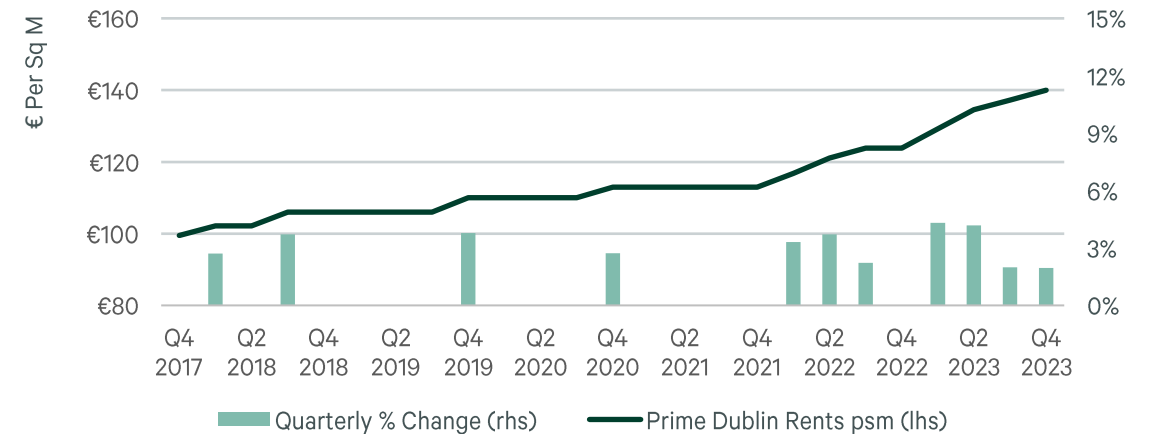
Source: CBRE Research

Figure 8: Industrial & Logistics Rents Q4 2023

Category	Rent Per Sq M	Rent Per Sq Ft	Annual % Change
Prime Dublin (New Stock)	€139.9	€13.00	+13%
Prime Dublin (Second-Hand Stock)	€118.40	€11.00	+10%
Secondary Dublin	€102.25	€9.50	+5%
Prime Cork	€124.00	€11.50	+12%
Prime Provincial	€75.35	€7.00	-

Source: CBRE Research

Figure 9: Prime Dublin Industrial & Logistics Rents 2017 - 2023



Source: CBRE Research

Investment Activity

Irish I&L investment spend in Q4 was largely driven by one transaction (sale price €225m), which brought total investment for the quarter to €258m. The acquisition of Phase II at Mountpark Baldonnell was the largest overall Irish investment deal of the year in Ireland. The pricing and yield profile paid by the acquirer, Pontegadea, are indicative of the strong investment case for the sector at present.

Total I&L investment in 2023 was nearly €520m, marginally higher (+3%) compared to 2022 and considerably higher (+60%) than the 10-year average of €320m. For the first year on record the sector accounted for the highest proportion of spend in the Irish investment market (28%), ahead of the residential sector (23%) albeit it was a weak year for investment overall.

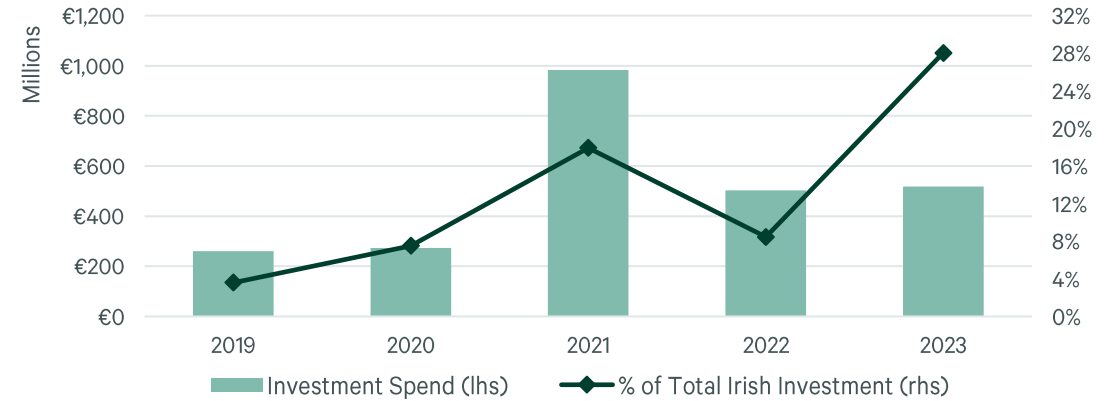
Prime Dublin I&L yields remained steady at 4.75% in Q4. Secondary yields (6%) were also unchanged. Valuations for I&L properties are now largely stabilising, unlike much of the rest of the market, where valuations are still feeling the impact of higher interest rates.

FIGURE 10: Top 5 Irish Industrial & Logistics Investment Transactions 2023

Quarter	Property	Purchaser	Sale Price
Q4	Phase II, Mountpark Baldonnell Business Park	Pontegadea	€225m
Q1	Building 1 & 2, Greenogue Logistics Park	Ingka Investment	€110m
Q3	Dunnes Stores Logistics Facility, Rosemount Business Park & Unit D1 at Airport Business Park	Palm Capital/KKR	€41m
Q2	'The West Portfolio'	M7 Real Estate	€22.25m
Q4	Undisclosed Building in Dublin 24	Undisclosed	€20.6m

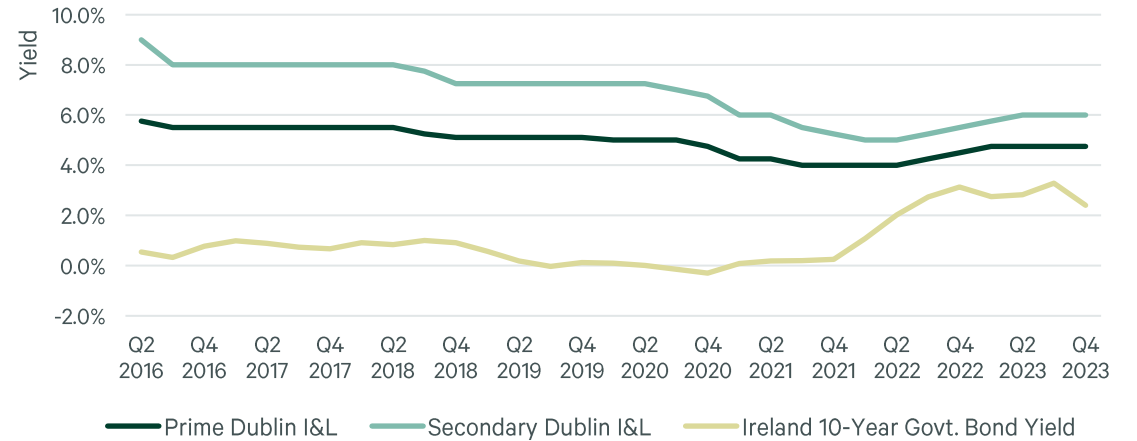
Source: CBRE Research

Figure 11: Ireland Industrial & Logistics Investment Volumes 2019 – 2023



Source: CBRE Research

Figure 12: Dublin Industrial & Logistics Yields (EY) 2017 - 2023



Source: CBRE Research



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