Lisney
COMMERCIAL REAL ESTATE

INDUSTRIAL REPORT

Q4 2024

Q4 2024

Dublin's industrial market saw a strong recovery in Q4 2024, with increased activity and renewed momentum in larger transactions. Sales activity picked up, suggesting a slight shift toward ownership in a historically lease-dominated market. Despite a slight improvement in supply, availability remained tight, particularly for larger units, keeping vacancy rates low.

▲ 69,670 sqm

Activity

▲ 28

No of Deals

▲ 26,940 sqm

Sale of Drake House, Dublin Airport Logistics Park

Largest Letting

▼ 51%

Lettings

▼ 2,490 sqm

Average Lot Size

▲ 2.0%

Vacancy Rate

▲ 59%

North

Busiest Region

▶ €140 psm

(€13.00 psf)

Prime Headline Rent

▲ 112,000 sqm

Under Construction

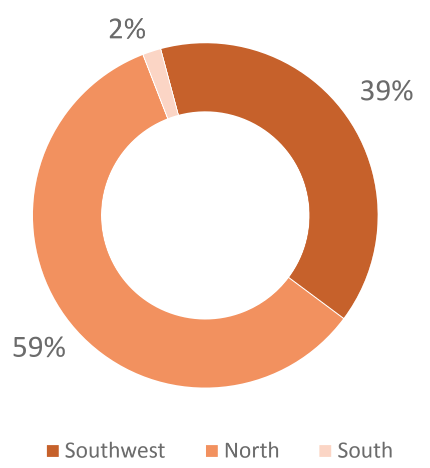
* Arrows represent quarterly trends unless otherwise stated.

Top 10 Transactions

PREMISES	SQM	REGION	DEAL TYPE
Drake House, Dublin Airport Logistics Park, Co Dublin	26,940	North	Sale
Belgard House, Belgard Road, Dublin 24	9,640	Southwest	Letting
Unit 1-3, Site 39, Park West Industrial Park, Dublin 12	4,860	Southwest	Letting
Unit AF8, Clonshaugh Business & Technology Park, Dublin 17	3,940	North	Sale
Glan Aris Facility, Food Central, St. Margarets, Co Dublin	3,840	North	Letting
Unit K North Ring Business Park, Santry, Dublin 9	3,330	North	Letting
Unit 35 Fonthill Industrial Park, Fonthill Road, Dublin 22	2,510	Southwest	Letting
1C & 1D Broomhill Business Complex, Dublin 24	2,110	Southwest	Sale
Unit 502C, Greenogue Business Park, Rathcoole, Co Dublin	1,980	Southwest	Letting
2A Newtown Road, Malahide Road Industrial Estate, Dublin 17	1,170	North	Letting

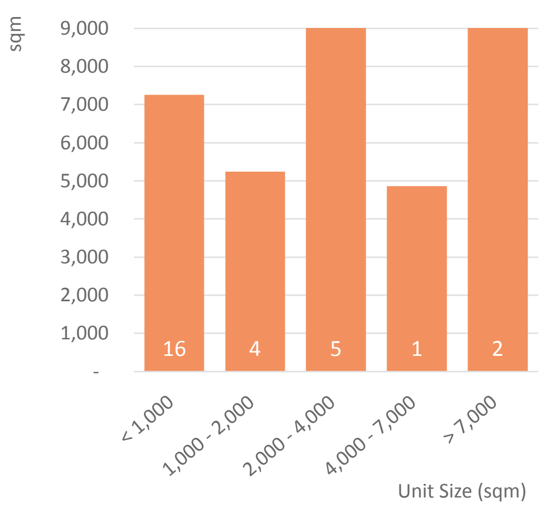
Source: Lisney

Take-Up by Region (Q4 2024)



Source: Lisney

Take-Up and No of Deals by Size (Q4 2024)



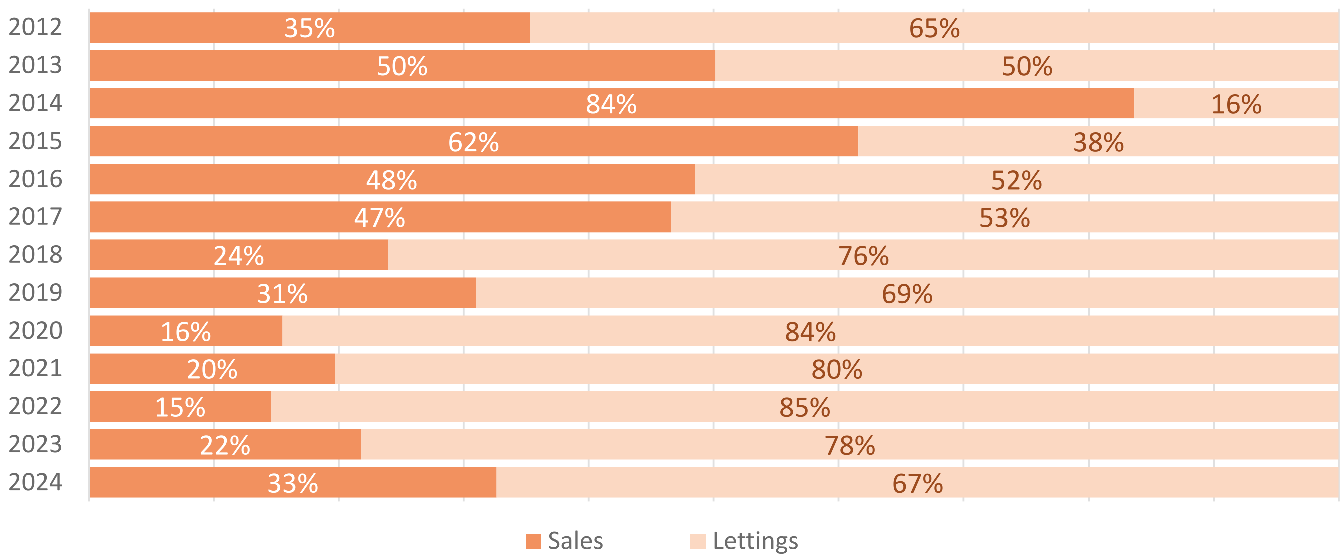
Source: Lisney

Activity

Activity in Dublin's industrial market recovered in Q4 2024 reaching 69,670 sqm across 29 deals, above the long-term quarterly average of 63,820 sqm. This marked a near-doubling from Q3 2024 (35,590 sqm) and brought the total for 2024 to 181,820 sqm. Analysis based on a quarterly take-up of highlights the following:

- The take-up was driven largely by a substantial jump in the north region from 11,370 sqm in Q3 2024 up to 41,050 sqm in Q4 2024, accounting for 59% of quarters activity. This was followed by the southwest region at 39% and the south region at only 2%. The northwest region saw no activity in Q4 for the first time on Lisney record.
- The top 10 deals combined made up 87% of the total activity, averaging 6,000 sqm. Seven of these were lettings. All of the top ten deals were in excess of 1,000 sqm each with two deals in excess of 9,000 sqm.
- Five out of the top 10 deals were in the southwest region and combined accounted for 30% of the overall activity and 77% of the region's activity. The remaining five deals in the top 10 were in the north region accounting for 56% of the total take-up and 96% of the region's activity.
- The largest deal accounted for 39% of the quarter's activity and comprised the sale of Drake House in Dublin Airport Logistics Park, extending to 26,940 sqm. This design-and-build development was agreed between Sports Direct and Rohan Holdings and will serve as a distribution centre. The building is due to commence construction in 2025.
- The average deal size in Q4 increased substantially to 2,490 sqm, up from 1,550 sqm in Q3, surpassing the average for 2024 (2,040 sqm) and the long term average of 2,050 sqm. However, this was heavily driven by the largest transaction and if excluded, the average lot size falls to 1,530 sqm.
- The greatest number of transactions (16) related to units with floor areas of less than 1,000 sqm, of which 12 were smaller than 500 sqm. The mid-size market was reasonably active in Q4 with nine deals in the 1,000 to 4,000 sqm bracket and three deals each larger than 4,000 sqm.
- Lettings continued to dominate the market accounting for 51% of all space transacted. However, if the largest transaction of the quarter is excluded, lettings accounted for 83%. There were five sales in total in Q4 2024, three of which made it into the top ten transactions. On an annual basis, in 2024, sales accounted for 33% of the total activity, an increase from 22% in 2023 and the highest since 2017 when sales accounted for 47%.

Annual Take-Up by Deal Type (2012 – 2024)



Source: Lisney

Supply

At the end of September 2024, Dublin industrial supply stood at 140,500 sqm, a decrease of 23% in three months from 181,500 sqm. Supply continues to remain unsustainably low with the vacancy rate at 1.7%. While there were variations across regions, by the end of Q3 all areas had a vacancy rate of 2.2% or below. The southwest region had the lowest vacancy rate at 1.4%.

At the end of December 2024, Dublin industrial supply stood at 162,200 sqm, an increase of 15% in three months from 140,500 sqm. Consequently, the vacancy rate also rose slightly from 1.7% to 2.0%, remaining unsustainably low. While there were variations across regions, by the end of Q4 all areas had a vacancy rate below 3%. Notably, the southwest region accounted for approximately 45% of Dublin's supply yet also had the lowest vacancy rate at 1.6%. Options remained very limited for occupiers requiring larger-sized units with only two premises available that are more than 10,000 sqm in size, making up 13% of all supply in Dublin. As has been the case for the last few years, smaller units (< 1,000 sqm) make up the bulk of supply, accounting for approximately 70% of all units available for occupation. However, most are dated in terms of specification.
Given robust demand and tight supply, UK developer Chancerygate, having entered the Irish market in 2022, is set to begin on-site work in early 2025 to develop Airport Trade Park scheme on the Old Swords Road. The Park will comprise 13 units, ranging from 330 sqm to 2,100 sqm. Notably, this will be the first multi-let, smaller-unit scheme to be built since 2007. It will provide sustainable (LEED Gold) modern accommodation and will help address the market's shortage of smaller-size offerings

DEMAND

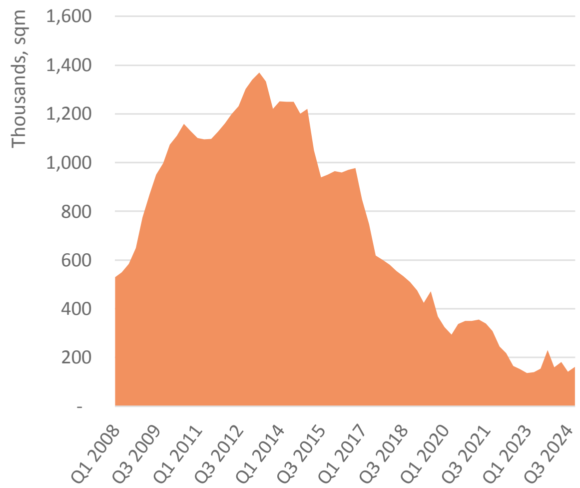
Industrial market demand softened in 2024 especially when compared to the post-pandemic and post-Brexit boom of 2020-2023. Many businesses are delaying relocation or expansion decisions and are weighing the benefits of upgrading to a more efficient building versus remaining at their existing premises and benefiting from a lower rent. High-profile occupiers continue to seek good quality, modern space, however, many of the active requirements are 3PL contract-led and therefore they will not commit to long-term deals. Most of these occupiers require lease terms of less than 5 years.
Tenants across the entire size spectrum are becoming increasingly aware of the cost benefit of occupying buildings with superior BER ratings of B3 or better. Also, in an increasingly competitive labour market, occupiers will prefer to be located closer to chimney pots and potential staff.

TERMS

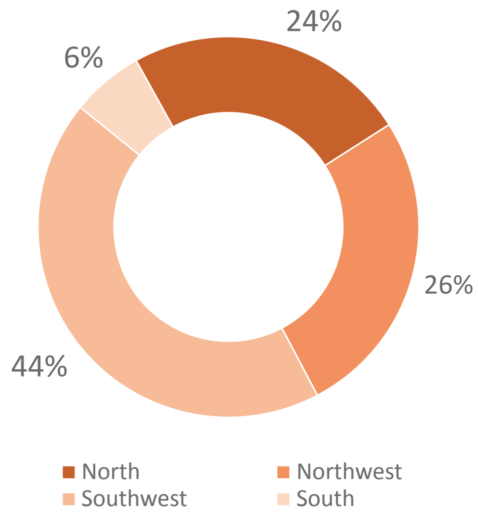
Overall industrial / logistics rents increased in Q4, however the prime headline rate remained steady at €140 psm (€13.00 psf). For large new build units, most landlords continue to secure 10 to 15-year leases with break options at years 5 or 10, rent-free periods of 3 or 4 months and headline rents at €134 - €140 psm (€12.50 - €13.00 psf). Rents for smaller enterprise units of sub 1,500 sqm have increased to €183 psm (€17.00 psf) - €1194 psm (€18.00 psf) for refurbished secondary stock. Lisney's index of industrial property rents in Dublin (prime and secondary buildings of varying sizes across the four regions) grew by 2.3% in 12 months to the end of December and 1.8% in three months.

AVAILABLE	162,200 sqm
LARGEST SUPPLY	44% Southwest Region
LARGE UNITS (>10,000 SQM)	Only 2 available 13% of Supply
SMALL UNITS (<1,000 SQM)	≈ 96
VACANCY RATE	≈ 2.0%

Dublin Industrial Supply (Q1 2008 – Q4 2024)



Industrial Supply by Region (Q4 2024)



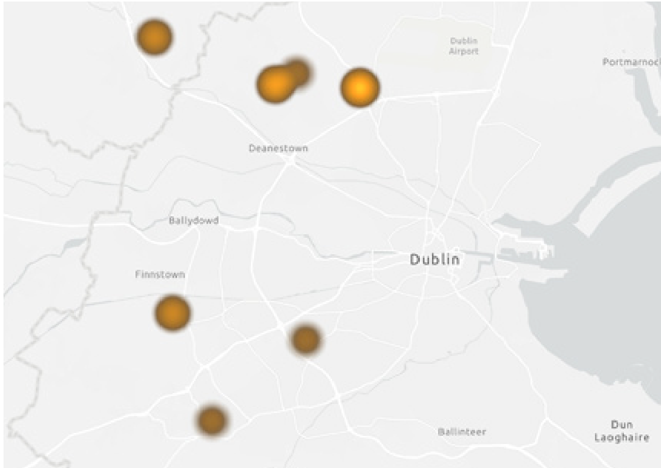
Source: Lisney

New Stock

In Q4, Henderson Park completed Unit C (7,320 sqm) and Unit E1 (12,900 sqm) in Horizon Logistics Park, both of which are still vacant. This brought the total completions for the year to just under 35,000 sqm.

Under Construction	112,000 sqm
Busiest Region	57% Southwest
Largest Scheme Under Construction	18,400 sqm
	Unit 2 Grange Castle, Dublin 22
Average Unit Size	8,000 sqm
Design-&-Build / Taken Mid-Construction	0%

Under Construction Activity (End-December 2024)



Source: Lisney

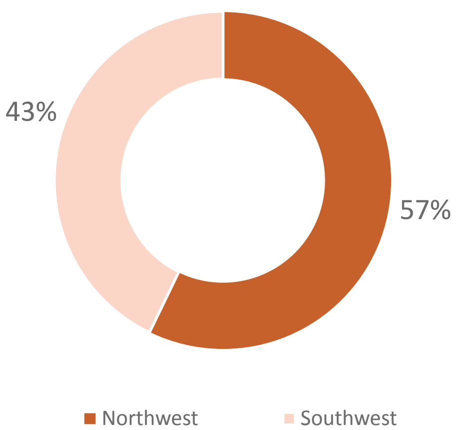
Approximately 112,000 sqm of accommodation was under construction at the end of December. 57% of this is in the southwest region and the remaining 43% in the northwest region. The average new building size is 8,000 sqm with eaves height ranging between 9m to 14.6m.

Most of this accommodation is being built speculatively, with no commitments secured through design-and-build or mid-construction agreements. This contrasts sharply with Q1 2023 when 48% of the space under construction had already been spoken for. However, there are indications that some of these new builds are either reserved or in active negotiations. With elevated building costs and softening yields, developers continue to focus on achieving an agreement for lease or purchase to be signed in advance or in early stages of construction.

The largest building under construction was Unit 2 Grange Castle West Business Park in Dublin 22, extending to 18,400 sqm. Unit 5 in Grange Castle West also commenced construction in Q4. These units form part of a wider development by Mountpark, which will comprise five buildings ranging from 6,500 sqm to 18,400 sqm. The scheme is being built to high sustainability standards, targeting BREEAM Outstanding and BER A1 ratings. In Q4, Channor commenced site works on Units 271, 272, and 273 Blanchardstown Corporate Park, and on completion, these will comprise a total of 4,600 sqm. Erigo is progressing with Phase II at Vantage Business Park near the M2/M50 junction, where four buildings with a combined floor area of 35,000 sqm will be built. 34 Magna Business Park (13,900 sqm) which commenced construction in Q3 is being developed by Sandymark, while Denis Coakley advances with AO3 (12,700 sqm) and Unit AO1 (6,800 sqm) at Hub Logistics Park.

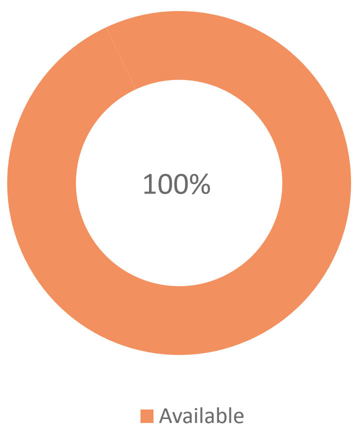
In terms of pipeline, approximately 280,000 sqm of industrial space had planning permission granted but had not yet started construction at the end of December 2024. 46% of this is in the north region with the remainder spread across the northwest (28%) and southwest (26%) regions.

Accommodation Under Construction by Region (Q4 2024)



Source: Lisney

Accommodation Under Construction by Status (Q4 2024)



Source: Lisney

Unit 1 South West Business Park, Citywest, Dublin 24

In Focus:

Artificial Intelligence In Manufacturing, Logistics & Supply Chain

As part of an in-focus series, Lisney has been reviewing some of the trends in AI as it relates to manufacturing, logistics and supply chain, and how it is transforming these industries by enhancing efficiency, accuracy and decision-making capabilities. In Q2, we provided a brief overview of robotics in logistics, followed by optimised transportation and logistics in Q3. Our final piece focuses on intelligent quality control.

AI-powered quality control systems are transforming manufacturing by using machine vision and deep learning to detect defects with greater accuracy than human inspectors. These systems can scan thousands of products per minute, identifying miniscule flaws that might go unnoticed by the human eye. By integrating AI into production lines, manufacturers can reduce waste, improve efficiency, and enhance overall product consistency, leading to higher customer satisfaction and lower recall rates.

One notable example is BMW's AI-powered image recognition system which uses deep learning models to inspect vehicle components, achieving a 90% defect detection accuracy, which significantly reduced production waste. Defect reduction implementing AI-powered cameras at one of BMW's European plants reduced the defect rate by 30% within the first year. The system identified patterns in recurring issues, enabling engineers to address root causes and enhance production processes.

McKinsey's 2023 report (The State of AI in 2023: Generative AI's Breakout Year) highlighted that while AI adoption was surging across sectors, its impact in industrial, logistics, and manufacturing was still developing compared to more knowledge-intensive industries such as marketing and sales. However, it acknowledged AI's potential to optimise supply chain management, predictive maintenance, and process automation, particularly in improving demand forecasting and reducing downtime. However, McKinsey's 2024 report (The State of AI in Early 2024: Gen AI Adoption Spikes and Starts to Generate Value) showed a significant increase in AI adoption, with many companies already experiencing tangible benefits. It specifically noted that supply chain and inventory management functions were among the top areas where AI-driven efficiencies were generating meaningful revenue growth.

Looking ahead, AI adoption in supply chain, manufacturing, and logistics is expected to accelerate. According to PwC's Global AI Study, AI could add $15.7 trillion to the global economy by 2030. Meanwhile, Statista (2022) reported that over a third of executives expected their companies to achieve widescale AI adoption in supply chain and manufacturing by 2025. As AI capabilities continue to evolve, companies that effectively integrate these technologies will be better positioned to drive innovation, enhance efficiency, and maintain a competitive edge in a rapidly changing market.

Lettings will continue to dominate the market in 2025 but with interest rates trending downwards, smaller scale owner-occupiers may consider buying as repaying a mortgage is likely to be less than rent.


30 Rathfriland Road, Banbridge

Outlook

The industrial and logistics market will remain active in 2025, albeit with demand and activity levels more in line with longer-term trends. The heightened level of requirements that prevailed during the pandemic and as a result of Brexit, diminished in 2024 and the market has reverted to more normal levels of demand.

Strongest demand will continue to come from 3PL operators and individual retailers as well as pharma and medical. A lasting trend into 2025 will be certain 3PL operators with contracts in Ireland and the UK continuing to review the Irish market as a hub for both locations. In 2025 there will continue to be demand for space along the M1 corridor towards Northern Ireland from such operators.

It is expected that throughout 2025 several larger requirements will become active as occupiers become more confident in their decision-making processes. There will be extremely limited supply in the south west corridor with the majority of buildings currently 'under construction' being located on the north side.

Lettings will continue to dominate the market in 2025 but with interest rates trending downwards, smaller scale owner-occupiers may consider buying as repaying a mortgage is likely to be less than rent. They will have a strong preference for buildings that are in good condition and do not need substantial refurbishment as costs are still high and timelines for programmes of work uncertain.

For good quality accommodation, there will be little change in other lease terms, Landlords will continue to seek 10 to 15 year terms with break options at years 5 or 10 and rent free periods between 3 and 4 months.

Speculative new buildings will remain slow to start in the months ahead. As development finance improves and investment yields harden, the risk profile will be less, and greater volumes of new building and refurbishment should occur. It will remain important for developers to have planning grants in place and be ready to move on-site quickly.

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