Lisney
COMMERCIAL REAL ESTATE

INDUSTRIAL REPORT

Q1 2025

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While demand and activity in the Dublin industrial market normalised in 2024 following the post-pandemic and Brexit-driven highs, activity was reasonably strong in Q1 2025, exceeding levels recorded in three of the four quarters of 2024. Lettings continued to dominate, while vacancy rates remained unsustainably low, especially for larger modern units. Demand was focused on well-located, energy-efficient buildings.

54,300 sqm

Activity

24

No of Deals

16,000 sqm

Unit Q1, Aerodrome Business Park, Co Dublin

Largest Transaction

97%

Lettings

2,260 sqm

Average Lot Size

1.7%

Vacancy Rate

55%

Southwest

Busiest Region

€140 psm

(€13.00 psf)

Prime Headline Rent

113,000

Under Construction

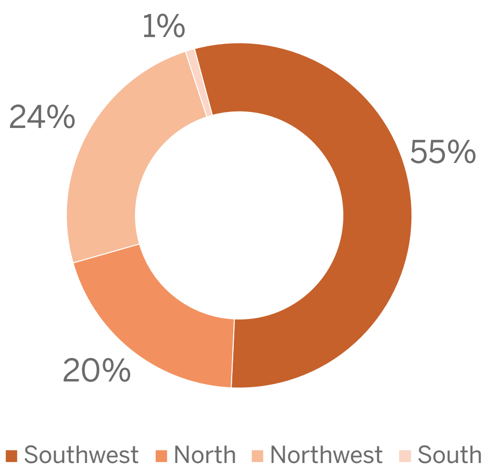
Arrows represent quarterly trends unless otherwise stated.

Top 10 Transactions

PREMISES	SQM	REGION	DEAL TYPE
Unit Q1, Aerodrome Business Park, Co Dublin	16,000	Southwest	Letting
Unit 900A, Northwest Logistics Park, Dublin 15	9,300	Northwest	Letting
Unit C, Horizon Logistics Park, Swords, Co Dublin	6,900	North	Letting
Unit 3, Mountpark, Grange Castle West, Dublin 22	4,550	Southwest	Letting
Damastown Road, Damastown Industrial Estate, Dublin 15	3,560	Northwest	Letting
Unit 81A&B, Cookstown Industrial Estate, Dublin 24	2,570	Southwest	Letting
Unit 502B, Greenogue Business Park, Rathcoole, Dublin 24	2,070	Southwest	Letting
53 Dakota Avenue, Airways Industrial Estate, Dublin 17	1,250	North	Letting
Units A&B Orchard Avenue, 2004 Citywest Business Campus, Dublin 24	1,240	Southwest	Letting
180 Oak Road, Western Industrial Estate, Dublin 12	1,160	Southwest	Sale

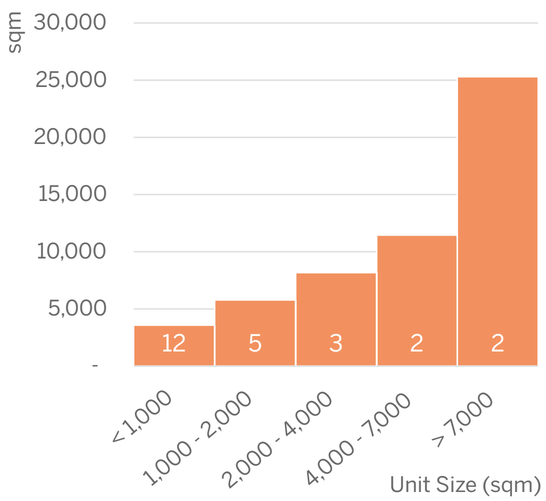
Source: Lisney

Take-Up by Region (Q1 2025)



Source: Lisney

Take-Up and No of Deals by Size (Q1 2025))



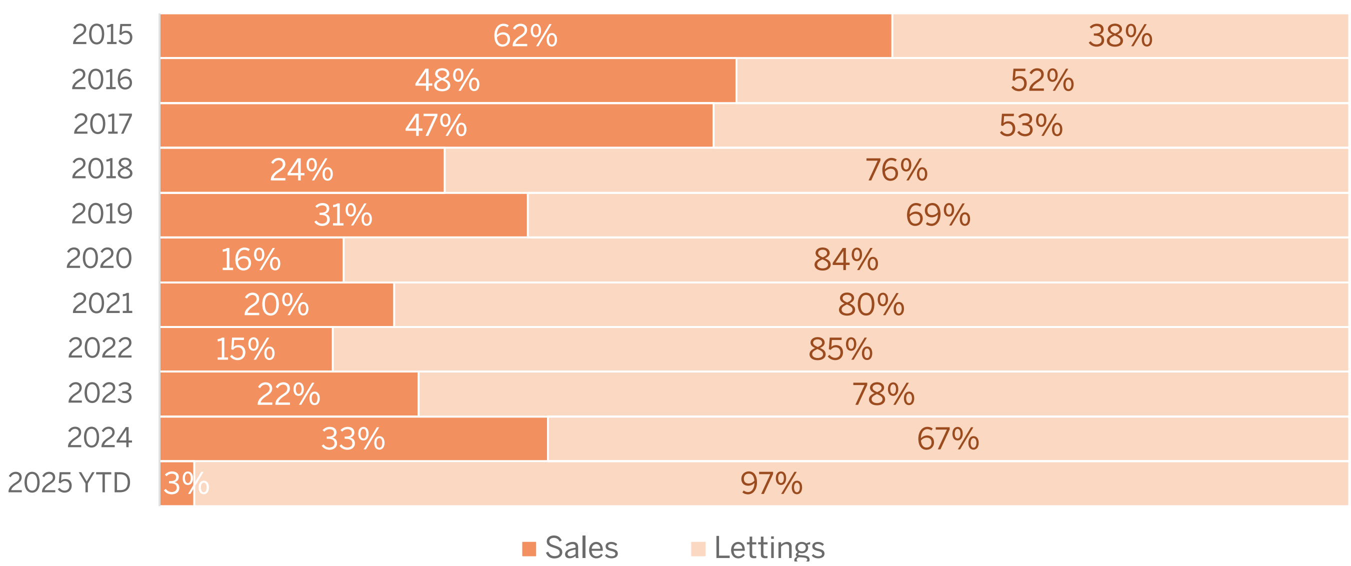
Source: Lisney

Activity

The Dublin industrial market had a good start to 2025, with Q1 take-up reaching 54,300 sqm across 24 deals. While this was down from 69,700 sqm in Q4 2024, it outperformed the first three quarters of last year, though still remained below the long-term quarterly average of 63,700 sqm.

- Activity was led by the southwest region, which accounted for 55% of the quarter's take-up, followed by the northwest (24%), north (20%), and south (1%) regions. The average deal size remained reasonably stable at 2,260 sqm, in line with the previous quarter (2,490 sqm), and above the long-term average of 2,060 sqm.
- Larger transactions drove the market, with four deals over 4,000 sqm accounting for over two-thirds of the total volume of take-up (68%). There were 12 transactions with lot sizes under 500 sqm, accounting for only 7% of quarter's activity. The mid-size bracket (1,000 to 4,000 sqm) was reasonably active, with eight deals completed, representing 26% of activity.
- The top 10 deals combined made up 89% of the total activity. Nine of these were lettings and each exceeded 1,000 sqm with two deals in excess of 9,000 sqm. Six out of the top ten deals were in the southwest region and combined accounted for 51% of the overall activity and 93% of the region's activity. The north and northwest each had two top ten deals, accounting for 15% and 24% of total take-up respectively.
- The largest transaction was the letting of Unit Q1 in Aerodrome Business Park (16,000 sqm) to PRL, an Irish and UK based logistics company. This deal accounted for 29% of quarter's activity.
- Lettings accounted for 97% of all space transacted in Q1, a sharp reversal of recent trends. Sales had been steadily rising over the past few years, representing 15% of activity in 2022, 22% in 2023, and 33% in 2024. There were only two sales in Q1 2025, one of which made it into the top ten transactions.

Annual Take-Up by Deal Type (2012 – 2025 YTD)



Source: Lisney

Supply

At the end of March 2025, Dublin industrial supply stood at 135,600 sqm, a decrease of 16% in three months from 162,200 sqm. Consequently, the vacancy rate also declined to 1.7% from 2.0%, remaining unsustainably low. While there were variations across regions, all areas had vacancy rates below 3%. The southwest region, which accounted for 28% of total supply, recorded the lowest vacancy rate at just 0.9%.

Availability of larger units remains severely restricted, with only one unit over 10,000 sqm available on the market. 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, though much of it is dated in terms of specification.

Driven by strong demand and tight supply of modern good quality smaller units, UK developer Chancerygate (in the Irish market since 2022) commenced construction of Airport Trade Park, located on Old Swords Road in February 2025. The Park will deliver 13 units ranging from 330 sqm to 2,100 sqm and will be the first multi-let, smaller-unit scheme built in Ireland since 2007. Designed to LEED Gold standard, it will provide modern, sustainable industrial accommodation and help address the undersupply of smaller-sized units in the market.

DEMAND

Following on from the latter part of 2024, demand in the industrial market was softer in Q1 2025, particularly when compared to the elevated activity levels seen in the post-pandemic and post-Brexit boom of 2020-2023. Many businesses continue to delay relocation or expansion decisions, weighing the benefits of moving to more efficient buildings against the lower rents available in their existing premises. They are also conscious of the lack of supply and the general need to progress through a design-and-build process for alternative accommodation.

High-profile occupiers seek good quality, modern space, however, many of the active requirements are 3PL contract-led, which limits commitment to long-term deals. Most of these occupiers are seeking lease terms of less than five years.

Tenants across all size ranges are becoming increasingly aware of the cost advantages of occupying buildings with BER ratings of B3 and better. At the same time, in an increasingly competitive labour market, the proximity to residential catchments and access to staff remains a key location driver.

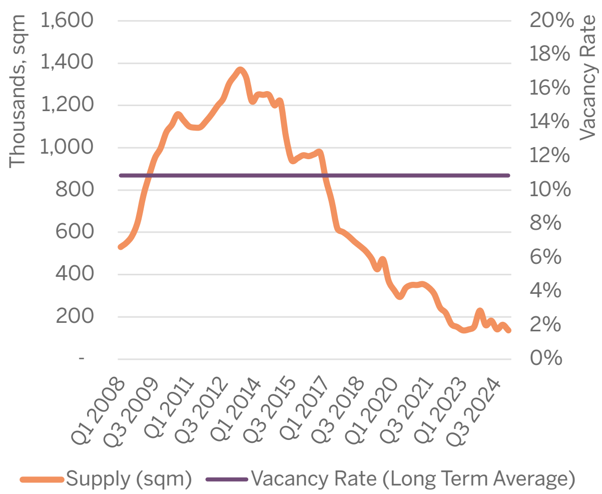
TERMS

Overall industrial and logistics rents increased in Q1 2025, although the prime headline rate remained steady at €140 psm (€13.00 psf). It is noteworthy that several deals currently in legals are reported to exceed this level.

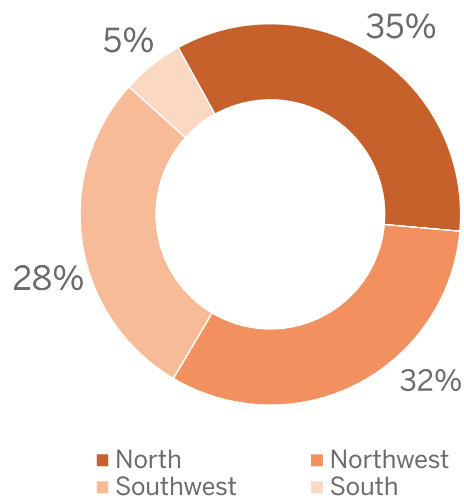
For large new build units, most landlords continue to secure 10 to 15-year leases with break options at years 5 or 10, rent-free periods of 3 or 4 months and headline rents at €134 - €140 psm (€12.50 - €13.00 psf). Rents for smaller enterprise units of sub 1,500 sqm remained stable at €183 psm (€17.00 psf) - €1,194 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 3.5% in 12 months to the end of March 2025 and 1.7% in three months.

Dublin Industrial Supply (Q1 2008 – Q1 2025)



Industrial Supply by Region (Q1 2025)



Source: Lisney

New Stock

In Q1 2025, there was just one industrial building completed. This comprised Denis Coakley's AO3, The Hub Logistics Park in Clonee, Dublin 15 (12,700 sqm) which remains available.

Approximately 113,000 sqm of accommodation was under construction at the end of March. 48% of this was in the northwest region, and the remaining 42% in the southwest region. The average new building size is 7,500 sqm with eaves height ranging between 9m to 14.6m.

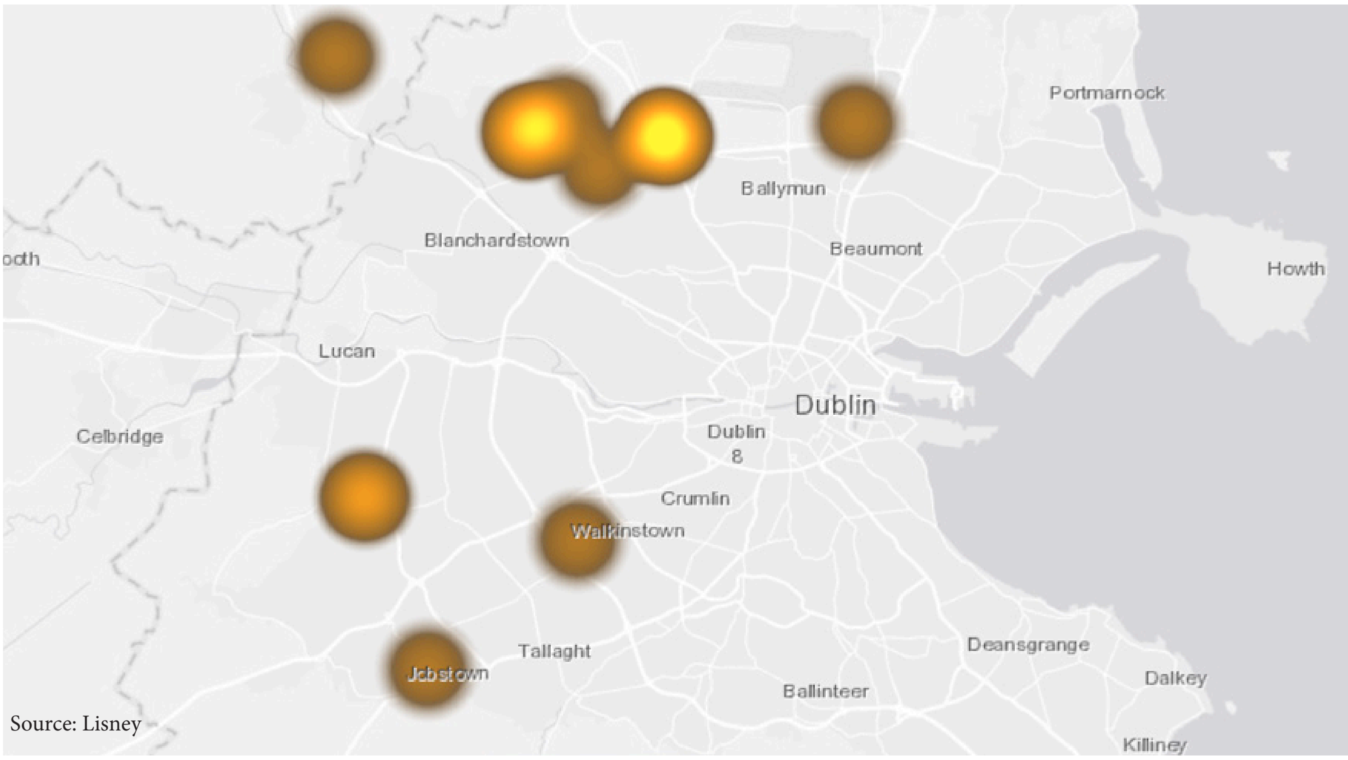
ABOVE:
South West Business Park, Citywest, Dublin 24

Most of this accommodation is being built speculatively, with no commitments secured through design-and-build or mid-construction agreements. This contrasts sharply with the trend just a couple of years ago when up to 50% 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. Construction also continued on Unit 5 in Grange Castle West. 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. Two units commenced construction in Q1 2025 - Airport Trade Park in Swords, Co Dublin extending to 11,100 sqm and Unit B in Huntstown Business Park extending to 2,800 sqm. Channor continued works on Units 271, 272, and 273 Blanchardstown Corporate Park, and on completion, these will comprise a total of 4,600 sqm. Erigo progressed with Phase II at Vantage Business Park near the M2/M50 junction, where four units with a combined floor area of 35,000 sqm will be built. 34 Magna Business Park (13,900 sqm) is being developed by Sandymark, while Denis Coakley advanced with Unit AO1 (6,800 sqm) at Hub Logistics Park.

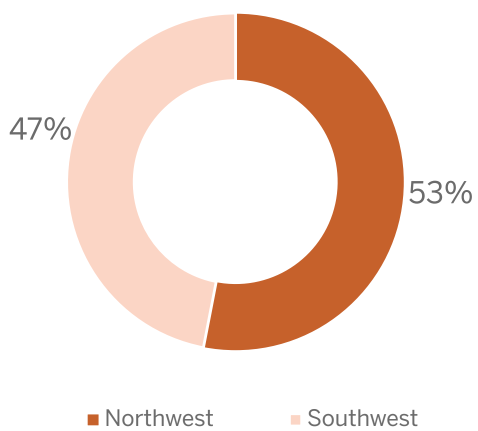
In terms of pipeline, approximately 280,000 sqm of industrial space had planning permission granted but had not yet started construction at the end of December 2024. 46% of this is in the north region with the remainder spread across the northwest (28%) and southwest (26%) regions.

Under Construction Activity (End-March 2025)



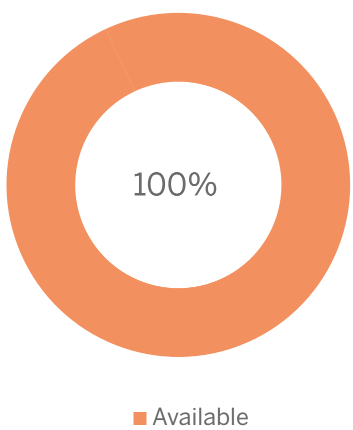
ABOVE:
South West Business Park,
Citywest, Dublin 24

Accommodation Under Construction by Region (Q1 2024)



Source: Lisney

Accommodation Under Construction by Status (Q1 2024)



Source: Lisney

It is expected that throughout 2025 several larger requirements will become active as occupiers become more confident in their decision-making processes

ABOVE:
Unit 02 North Ring Business Park, Santry, Dublin 9

Outlook

The industrial and logistics market will remain active for the remainder of the year, 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.

The US tariffs will weight on certain occupiers, and they will be seeking greater certainty in the 90-day pause period. The potential for pharma-related tariffs will also cause uncertainty and worry and investment plans are likely to be on hold in the short-term.

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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