Savills Research – Review and Outlook 2025

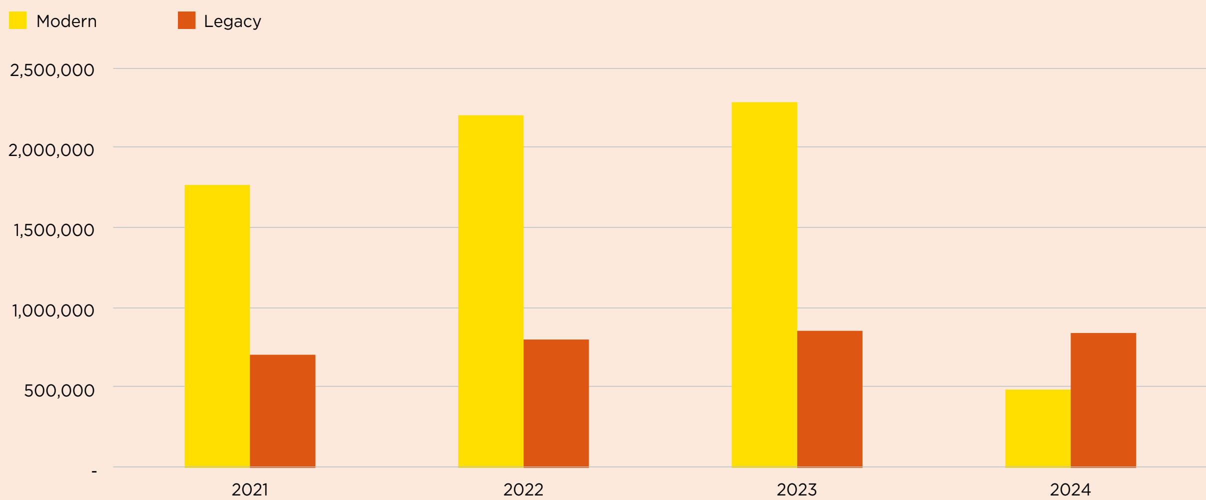
Dublin Industrial and Logistics Market

Outlook for 2025

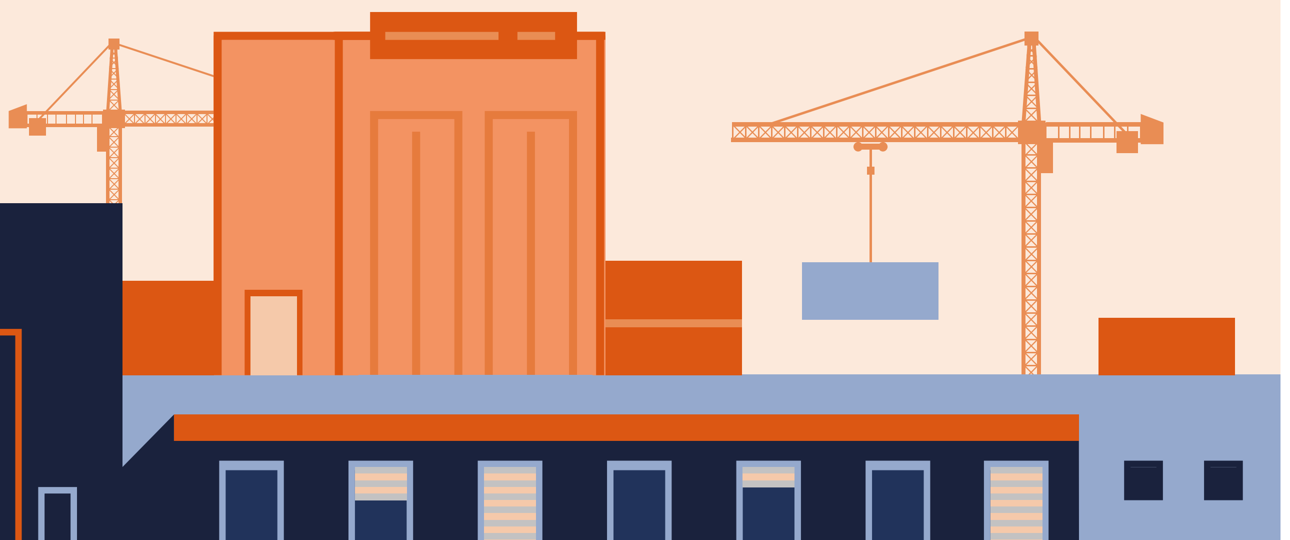
1 Take-up to improve as new supply enters the market

Take-up in 2024 fell to just 1.3 million sq ft, the lowest since the series began in 2014. This is largely driven by transactions of modern stock (units completed in the 00s or later) declining by 79% compared to the previous year. Comparably, take-up of legacy stock has remained notably consistent over recent years with a three-year average of 787,000 sq ft. The decrease in modern take-up is driven by a decline in new stock with just 384,00 sq ft completed across 2024. Looking ahead, 1.7 million sq ft is scheduled to complete across 2025 which would mark a more than four-fold increase on the previous year. Additionally, only 28% of this pipeline is currently committed with over 1.2 million sq ft available. Consequently, we expect take-up to improve across the next 12 months, driven by occupier demand for modern stock and the significant increase in supply. This will see a return to previous trends of modern stock comprising the majority of annual take-up.

Figure 1: Take-up by age of stock, sq ft



Source: Savills Research



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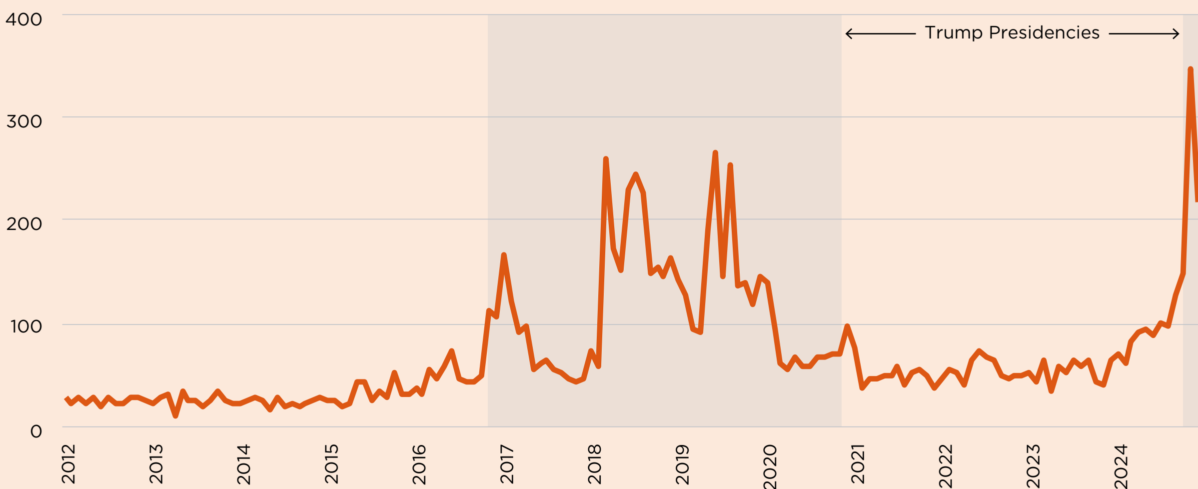
Trade policy uncertainty to slow decision-making

Uncertainty about trade policies will likely have a greater impact on investment, consumption and GDP across the next twelve months than the implementation of tariffs themselves. At the height of the trade war in Trump's first term, the monthly trade policy uncertainty (TPU) index rose to 266. Figure 1 illustrates that the TPU index increased to a record high of 346 in November, coinciding with the American election. This is a significant deviation from low historical trends during the period of globalisation. It should be noted that TPU indices are based on newspaper articles which may be inflated in the wake of an election. Also, Oxford Economics' trade volatility model, which does not rely on newspapers, expects volatility to rise to a 50 year high during the second Trump administration. Increased uncertainty will continue to weigh-on occupier decisions in the market. If the Trump administration uses tariffs as a negotiating tactic, it is likely that many trade policies are not implemented until the second year of his presidency. This uncertainty will result in continued downside pressure on take-up in the Dublin market, and slow corporate decision-making. Elsewhere, take-up by domestic companies will be less affected by trade policies but will be buoyed by high employment rates.

Figure 2: Trade Policy Uncertainty Index



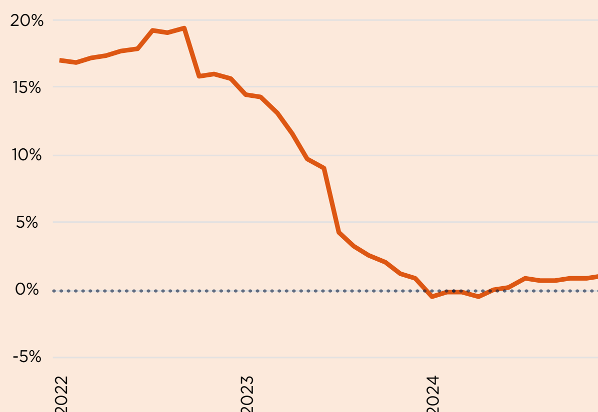
Source: Caldara et al. (2020), "The Economic Effects of Trade Policy Uncertainty," Journal of Monetary Economics, 109, pp.38-59.

3

Prime rents to rise as cost pressures evolve

The inflation rate for building materials slowed to 1.0% y/y in 2024. This sustained low rate of inflation will support project development. However, the costs from cumulative inflation will remain. Additionally, new regulations for fire risk assessments in industrial and logistics buildings will be implemented in May which are expected to see a requirement for the provision of sprinkler tanks in new buildings. This will result in a further increase in construction costs and more significantly, lengthen build times. The new requirements will potentially increase rents by up to €1.00 per sq ft. While prime rents remained unchanged in 2024 at €13.00 per sq ft, guiding prices on new developments indicate that prime rents will likely rise to €13.75 - €14.00 over the course of 2025.

Figure 3: Building materials inflation



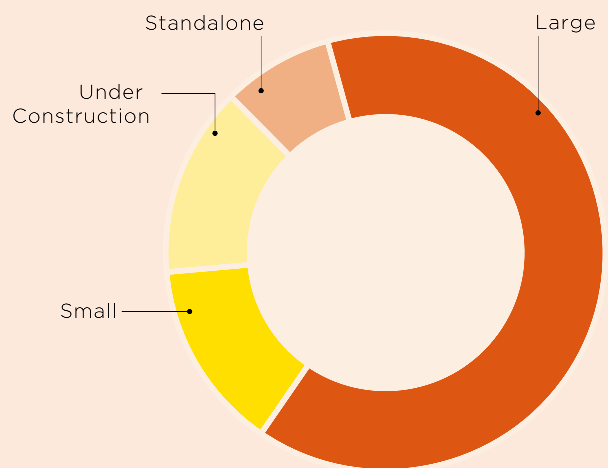
Source: CSO

4 A new outlook on data centres

The 'Programme for Government' ratified in early January signifies a shift in government policy on data centres. It acknowledges the "central role" that data centres hold in the Irish economy. The current moratorium on new data centres in Dublin poses a constraint on occupier demand through discouragement of foreign investment and expansion of existing businesses. The new policy will allow data centre development that contributes to economic growth and utilises the electrical grid efficiently. This includes a focus on renewable energy sources and waste heat capture.

Data centres have increased in importance due to the acceleration of artificial intelligence (AI). Data centres for AI require higher levels of power, and consequently larger footprints, than the previous generation of data centres. This is due to the increased computing power necessary to run AI. This results in a focus on power availability when establishing new data centres, rather than proximity to markets. This creates an opportunity to regionalise development, visible in the collaboration between Bord na Móna and Amazon Web Services to build renewable energy powered data centres in the Midlands.

Figure 4: Number of Irish data centres by type



Source: Bitpower

5 ESG requirements continue to underscore decision making

ESG requirements remain a core component of corporate decision making, despite ongoing concerns that it is increasingly difficult to monitor what exactly is best-in-class from an ESG perspective. Ireland implemented the EU Corporate Sustainability Reporting Directive (CSRD) in 2024, with large public interest entities required to report on key ESG measures for financial years beginning in 2024. In 2025, it will expand to companies with at least two of the following: a balance sheet greater than €25 million, turnover greater than €50 million or more than 250 employees. However, it may also affect smaller occupiers as CSRD requires reporting on the impact of the company's value chain. The CSRD is helping to drive occupiers, and their suppliers, towards new build Grade A stock. Amongst companies preparing to report under CSRD, 76% are factoring sustainability into their decision-making process. Similarly, tighter regulations, including the previously mentioned fire assessment regulations, may exacerbate the flight to quality. Despite low take-up throughout 2024, ESG requirements continues to generate structural demand for high quality industrial and logistics units.

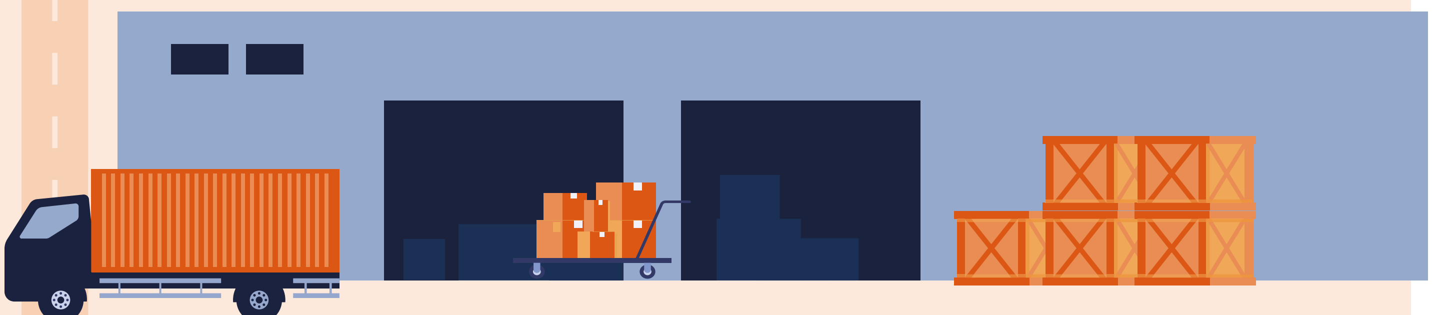
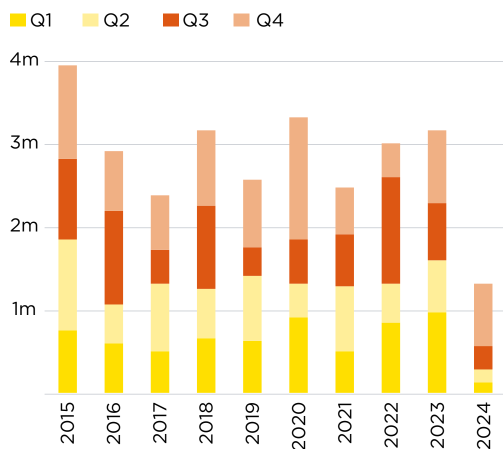


Table 1: Key statistics, sq ft

	2023	2024	y/y
Take-up	3,177,000	1,324,000	-1,853,000
Completions	2,177,000	384,000	-1,793,000
Vacancy rate	1.7%	1.8%	+10bps
Prime rent, psf	€13.00	€13.00	€0.00

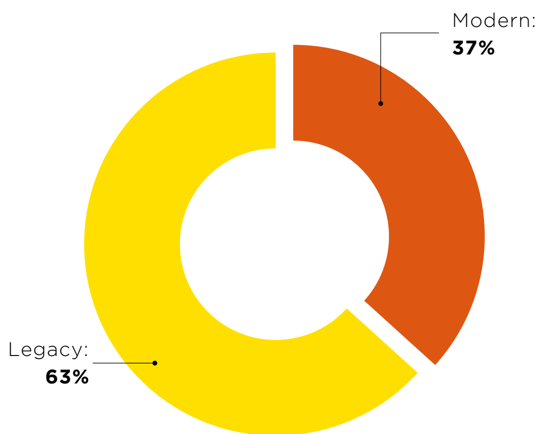
Source: Savills Research

Figure 5: Take-up, sq ft



Source: Savills Research

Figure 6: Take-up by age of stock, sq ft



Source: Savills Research

Dublin industrial and logistics market

Weak take-up and few completions in an uncertain market.

Take-up reached 745,000 sq ft in Q4, representing the strongest quarter of 2024. However, this is a 14% y/y decline on the same quarter in 2023 and 8% below the five-year average Q4 take-up. There were 18 deals signed in the quarter, resulting in an average deal size of 41,000 sq ft. However, this is distorted by a single take-up of 290,000 sq ft in Dublin AirPort Logistics Park. Comparably, the median deal size in Q4 was 17,000 sq ft.

Overall, take-up for the year amounted to just 1.3 million sq ft which is the lowest take-up since the series began in 2014. This represents a 58% decline compared to 2023 and less than half the five-year average of 2.7 million sq ft. Furthermore, the number of deals fell by 60% from the previous year to just 31 in 2024.

LACK OF BIG, MODERN UNITS UNDERPINS LOW TAKE-UP

Recent years in the industrial and logistics market have been defined by the take up of big-box units which are larger than 50,000 sq ft, representing 63% of sq ft transacted in the last five years. The number of big-box deals declined by 71% in 2024, representing a decrease of 1.5 million sq ft in comparison to 2023. Across the year, there were just six big-box deals, of which four occurred in Q4. The largest deal of the year was the pre-construction purchase of 290,000 sq ft at Drake House in Dublin AirPort Logistics Park. This was followed by the letting of 103,800 sq ft at Belgard House to Chemist Warehouse and the 96,500 sq ft letting of Building 1 in the M50 Logistics Hub to Jysk.

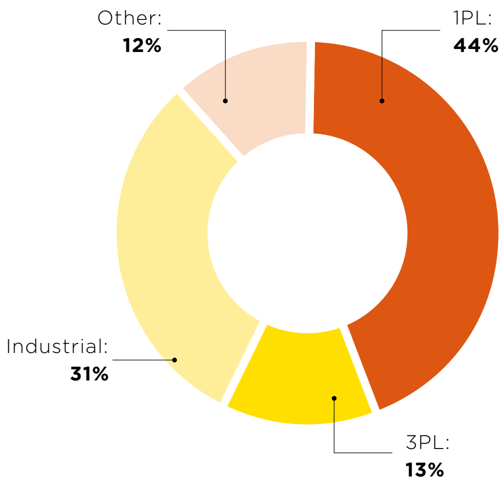
The size and age of units are largely correlated with modern stock tending towards big-box units. Thus, the decline in big-box transactions is also reflected in the age of the units that transacted in 2024. Modern stock, units built since the 00s, comprised just 24% of transactions across the year, down from 47% in 2023. While the sq ft of deals for modern stock fell from 2.3 million in 2023 to 486,000 in 2024, legacy stock transactions declined by only 20,000 sq ft in total compared to the previous year. The fall in transactions of modern stock is partially due to the lack of new supply, given that there were only three big-box completions in 2024 compared to 18 in the previous year.

Table 2: Top five deals

Property	Q	Sq ft	Tenant	Sector
Drake House, Dublin AirPort Logistics Park, Co.Dublin	Q4	290,000	P&C	1PL
Belgard House, Belgard Road, D24	Q4	103,800	Chemist Warehouse	1PL
Building 1, M50 Logistics Hub, D11	Q3	96,500	Jysk	1PL
Uniphar House, Monarch Industrial Estate, D24	Q2	72,300	Caulfield Transport	3PL
Kore Development Park, John F. Kennedy Industrial Estate, D12	Q4	53,500	An Post	3PL

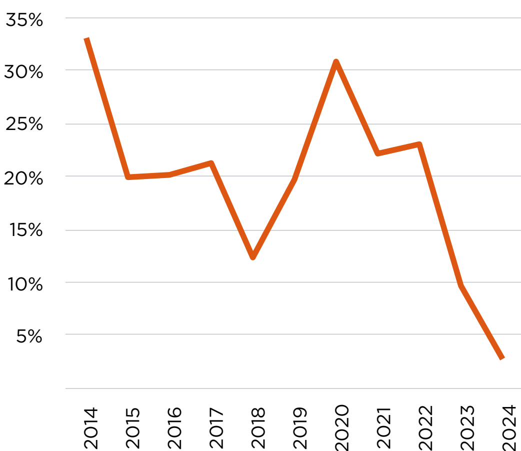
Source: Savills Research

Figure 7: Take-up by sector



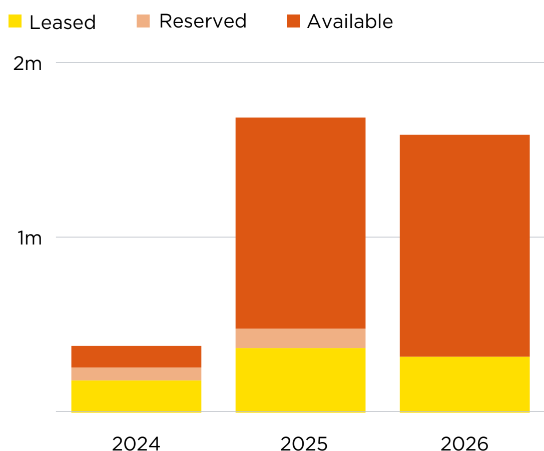
Source: Savills Research

Figure 8: North-west take-up, market share



Source: Savills Research

Figure 9: Pipeline, sq ft



Source: Savills Research

AS 3PL DECLINES, 1PL GROWS

For the last three years, third party logistics (3PL) has driven take-up. However, an 88% decline in sq ft taken by 3PL providers in comparison to 2023 resulted in 3PL's falling behind first party logistics (1PL) and industrial occupiers for total take-up.
The contraction of the 3PL market has coincided with a recovery and growth in the 1PL sector which represented 44% of sq ft taken across 2024, including the three largest deals of the year

In terms of industrial take-up rather than logistics, industrial transactions do not feature in the top five deals of the year. However, it accounted for 31% of sq ft taken in 2024. The largest industrial deal occurred in Q4 and concerned the letting of 52,300 sq ft at Unit 1-3, Site 39 in Park West Industrial Estate to the American engineering and manufacturing firm Silent Aire.

DECLINE IN NORTH-WEST TAKE-UP DUE TO LACK OF SUPPLY

The proportion of total take-up located in the North-west of Dublin dwindled to just 2.8% in 2024, significantly below the five-year average of 21%. Notably, this trend also coincided with vacancy in the North-west reaching a new high of 2.7%. However, only three of the vacant units in the North-west are modern stock, of which two only became available in the final quarter of 2024. The fall in take-up is likely due to a lack of suitable units brought to market.

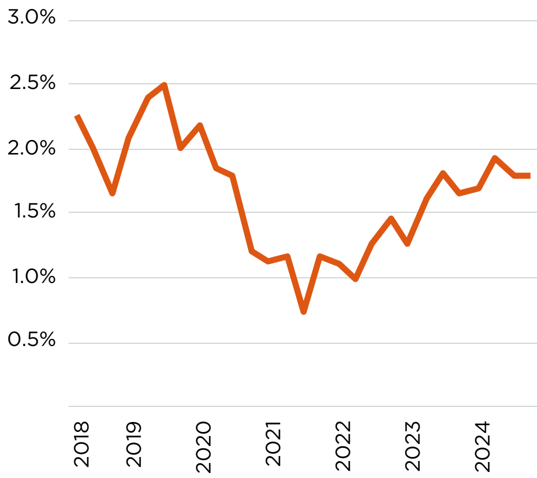
The North-east accounted for 41% of take-up, representing its largest share in the series. The most popular location for transactional activity continues to be the South-west, which accounted for 53% of take-up in 2024. In terms of sq ft transacted, there was a 61% decline in this region in comparison to the previous year which resulted in the take-up falling below 1.0 million sq ft for the first time in this series.

LOW SUPPLY DEFINES 2024

At the beginning of last year, 898,000 sq ft was scheduled to be completed in 2024. However, multiple developments were pushed into 2025 and consequently, there were only five completions totalling 384,000 sq ft, representing a decline in sq ft completed of 82% compared to the previous year. Supply continued to be depressed towards the end of 2024 with only one unit of 128,000 sq ft completing in Q4. This was 4065 Kingswood Road in Citywest Business Campus which was prelet to Richmond Marketing, the Irish brand developer and distributer. This was also the largest completion of the year, closely followed by 127,000 sq ft in Unit E2 in Horizon Logistics Park which remains vacant. The third largest development was 71,000 sq ft at Unit C, Horizon Logistics Park which was reserved in the final quarter of 2024.

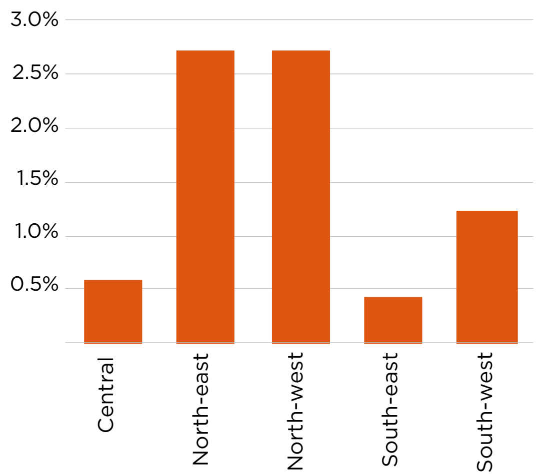
Falling interest rates and reduced cost inflation will support an improvement in industrial and logistics delivery in 2025. This year, we expect 1.7 million sq ft to be delivered in Dublin across 25 units, with an average size of 67,400 sq ft. The prevalence of design and builds will continue to expand in 2025, representing 22% of sq ft scheduled completions. While recent years have been characterised by a tendency towards 'big-box' units of greater than 50,000 sq ft, delivery in 2025 includes several smaller units, under 20,000 sq ft, in Airport Trade Park. Meanwhile, 550,000 sq ft is expected to be delivered across Kildare and Meath, highlighting industrial sprawl into the Greater Dublin Area.

Figure 10: Vacancy rate



Source: Savills Research

Figure 11: Vacancy by submarket



Source: Savills Research

VACANCY

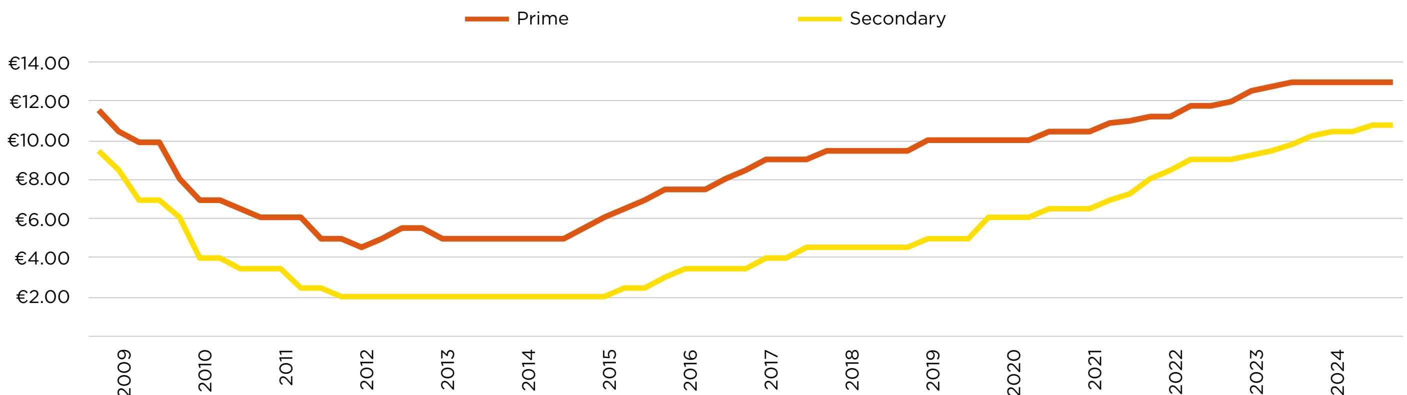
The Dublin vacancy rate remained at 1.8% in Q4. Over the past year, the vacancy rate has fluctuated between 1.7% and 1.9%. This was driven by existing stock becoming vacant rather than the introduction of new supply, with the majority of available space built before the turn of the millennium. Additionally, 17% of vacant sq ft is reserved. While Q4 represented the strongest take-up in 2024 and no vacant completions entered the market, the introduction of 235,000 net sq ft of space available through sublet or assignment pushed the vacancy rate up to 1.8%. Without the sublet space, the vacancy rate is 1.5%. The largest addition to vacant stock was 178,000 sq ft at Unit 3, Quantum Distribution Park, which is available through sublease or assignment. This is one of six vacant units constructed since 2020, as 83% of vacant units are legacy stock built in the 90s or earlier. Notably, the average size of these modern vacancies is 84,000 sq ft. Comparably, the average size of legacy vacant stock is just 21,000 sq ft.

On a locational basis, the vacancy rate is highest in the North-east suburbs and North-west suburbs which both stand at 2.7%. By contrast, the vacancy rate in the South-west suburbs fell to its lowest point since 2021 at just 1.2%. Additionally, vacant sq ft in the South-west suburbs has fallen to a record low as a proportion of total vacant stock. Looking ahead, there is potential for vacancy growth with 1.3 million sq ft scheduled for vacant completion in 2025, of which 60% is located in the South-west suburbs. There is a possibility that these units will be leased before completion due to the current limited supply of big-box Grade A stock and current strong levels of demand.

RENTS AND OUTLOOK

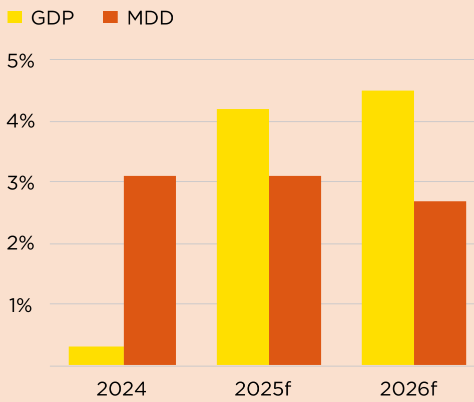
The lack of transactions of prime industrial and logistics units has resulted in stagnation in prime rents. Rents on prime stock remained unchanged over the course of 2024, standing at €13.00 psf in Q4 2024. This was primarily driven by a lack of new supply to the market above 50,000 sq ft with just two units of this size delivered vacant in the last 12 months. In contrast, secondary rents grew from €10.25 to €10.75 psf in Q3 but remained unchanged in Q4. There is currently 1.5 million sq ft available in the market, with a further 1.2 million sq ft to be delivered vacant in 2025 at an average size of 60,000 sq ft. Guiding prices for these units indicate upwards pressure on market rents. We expect prime rents to rise over the course of 2025, reaching €14.00 psf by the end of Q4. Furthermore, improving economic conditions will support consumer confidence and consequently drive demand for warehouse space.

Figure 12: Rents, psf



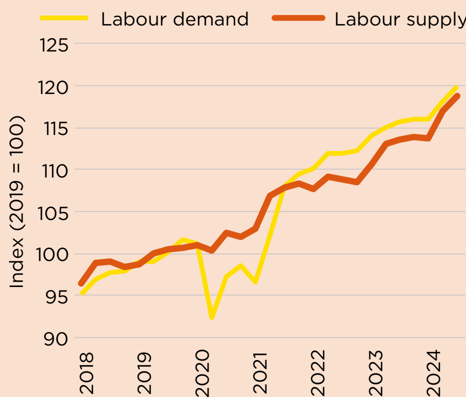
Source: Savills Research

Figure 13: Ireland economic indicators



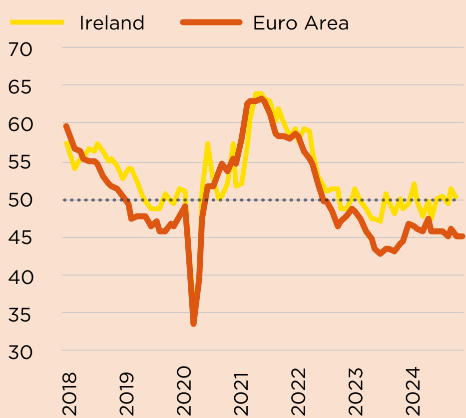
Source: Central Bank of Ireland

Figure 14: Labour market dynamics



Source: Central Bank of Ireland

Figure 15: Manufacturing PMI



Source: S&P PMI

Macro View

Inflation has abated but risks remain.

The Irish industrial and logistics market leaves 2024 in a much-improved economic environment than it started. Inflation has moderated close to the target 2%, resulting in an easing of cost-of-living pressures when combined with wage growth. The European Central Bank (ECB) has entered a cycle of interest rates cuts with the deposit rate currently standing at 2.75%, down from 4.00% in June, resulting in a reduced cost of debt. Meanwhile, recovery in the pharmaceutical sector led to ballooning growth in exports. GDP entered positive territory in Q3 following six successive quarters of contraction. While modified domestic demand (MDD) has demonstrated moderate strength and is expected to grow by 3.1% in 2024.

However, there are significant risks to the Irish economy and within the industrial and logistics sector. Geopolitical unrest remains a critical factor across the global supply chain, although businesses have proven a remarkable ability to adapt. Rising trade tensions threaten to reignite inflation and stifle growth in several sectors of the economy. Despite these concerns, the Central Bank of Ireland is anticipating GDP and MDD growth of 4.2% and 3.1% respectively in 2025.

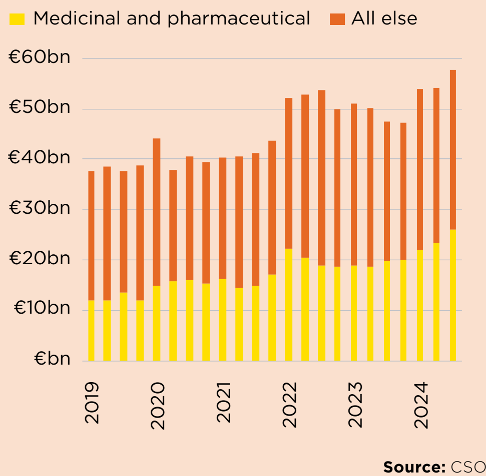
CONSUMPTION

Irish consumption is forecast to grow 3.2% in 2025, according to the ESRI. This will be driven by real wage growth of 4.0% in 2025. It is unclear if households will choose to spend their increased earnings, save them or some combination of both. At current savings rates of 14.1%, households spend six euro for every one euro they save. The Central Bank forecasts a gradual rise in the savings rate to 15.6% by the end of 2026. Real wage growth is driven by falling inflation as HICP declined to 1.0% y/y at the end of 2024, compared to 3.2% at the end of 2023. The change to taxation bands in Budget 2025 will also support positive gross disposable income. However, nominal wage growth is expected to begin to moderate in 2025 and 2026 as labour demand weakens. Labour supply has trailed demand since 2021 but is now converging, as illustrated in Figure 14. Similarly, the rate at which jobs are added to the economy is slowing. In September 2023, 68,300 additional employees were recorded y/y; this slowed to an increase of 33,900 people y/y in September 2024.

WEAKNESS IN EUROPE

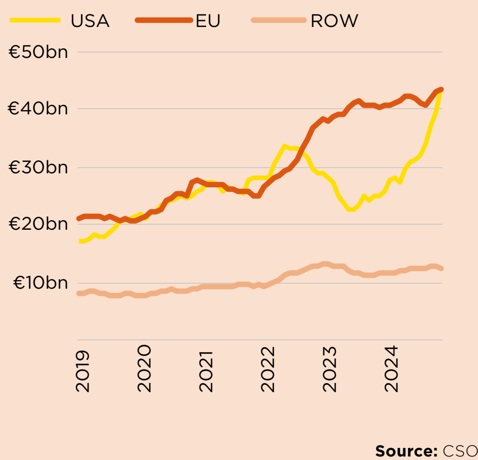
New export orders for Irish manufacturing have consistently declined since February due to weakness in global demand and particularly European demand. There is growing divergence in the poor performance of the French-German axis and the rest of the euro bloc. At the end of 2024, factory output in France fell at the sharpest rate since pandemic lockdowns in 2020. While the ECB is in a rate reduction cycle, rates are expected to remain elevated above pre-pandemic trends over the medium term. Manufacturing is a capital-intensive industry that is highly exposed to monetary conditions. The market currently expects interest rates to fall by 100 bps in 2025 to reach 2.00% by the end of the year. Despite significant declines, energy prices in Europe remain elevated compared to international competitors. Energy-intensive industries, such as auto-manufacturing, are particularly vulnerable. These issues will compound cost pressures on European industrial markets, making it more difficult to compete with cheaper Chinese imports.

Figure 16: Value of exports by type



Source: CSO

Figure 17: Location of medicinal and pharmaceutical exports



Source: CSO

Future of Pharma

Mixed outlook for Irish pharmaceutical manufacturing.

Medical and pharmaceutical products are the single largest goods exports in Ireland. They account for nearly 45% of all goods exports worth a value of €99 billion in the twelve months to November. The EU imported 44% of all Irish pharmaceutical and medical exports in the same period. Demand for medical and pharmaceutical products will continue to rise in Europe due to ageing populations. Established manufacturing infrastructure in Ireland and an ongoing focus on supply chain resilience will ensure that pharmaceutical manufacturing will remain a key component of Irish industry into the future. This is supported by investments by pharmaceutical multinationals including AstraZeneca's new Dublin manufacturing facility that will complete construction in 2026.

RISKS IN A CHANGING TRADE ENVIRONMENT

The international nature of Ireland's pharmaceutical market is highly exposed to the changing global trade environment accelerated by the election of Donald Trump, ushering in a more protectionist administration in the US. 44% of Irish pharmaceutical and medical exports go to the US. Tariffs can take many forms, as illustrated in Table 3. An increasingly protectionist global trade environment will likely implement a variety of tariffs. The Trump administration is indicating an intention to pass ad valorem tariffs across all imports from specific countries. This charges tariffs based on a proportion of the value of the imports.

Trump's economic policy also focuses on reshoring American manufacturing. Irish manufacturing, including pharma, is increasingly exposed to foreign multinationals. In 2013, foreign owned firms operating in manufacturing accounted for 5% of Net National Product (NNP) and domestic owned manufacturing firms accounted for 6% of NNP (NNP is the total value of a country's annual output minus the depreciation of existing stock). By 2023, foreign manufacturing firms accounted for 9% of NNP and domestic firms' contribution fell to just 3% of NNP.

Table 3: Types of barriers to trade

	SPECIFIC TARIFFS	AD VALOREM TARIFFS	TARIFF- RATE QUOTA	LICENSES
DESCRIPTION	A fixed fee levied on imported goods.	A proportional fee levied on an imported good, based on the value of the good.	Applies (higher) tariffs on imported goods after a specific quantity of that good has been imported.	The government can restrict the number of import or export licenses granted and control the businesses that receive them.
EXAMPLE	For example, given a hypothetical tariff of 5 cents per kg of steel, an import of 1,000kg of steel valued at $100 would incur an import tariff of $50.	For example, given a hypothetical tariff of 50% per kg of steel, an import of 1,000 kg of steel valued at $100 would incur an import tariff of $50.	The first million kgs of steel imported at a tariff rate of 5%. Any further steel imports in the same year charged at a tariff rate of 10%.	Restrict the number of export licenses of iron ore, the key input to steel, to limit steel production by foreign competitors.

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