CUSHMAN & WAKEFIELD

MARKETBEAT

IRELAND INDUSTRIAL AND LOGISTICS

Q2 2025

Better never settles

LOGISTICS & INDUSTRIAL

Q2 2025

CUSHMAN & WAKEFIELD

SUPPLY DEMAND BALANCE SHOULD HELP CUSHION AGAINST A MORE VOLATILE TRADE ENVIRONMENT

The US government's announcement of reciprocal tariffs against countries in early April was a key development for the industrial sector in Q2. In recent weeks risks have risen that EU countries will face a tariff rate of around 30% although we are conscious that the background to negotiations is an extremely fluid one.

So from a macro perspective downside risks exist for the industrial market but from an occupier demand perspective the Irish market has already been at something of a low ebb over the past year as broader economic uncertainty and lack of availability in particular have negatively impacted take-up. National take-up in 2024 perfectly summed this low ebb up, falling by 58% compared to 2023 levels.

Somewhat ironically, we saw take-up improve in the first half of 2025, which has coincided with some apparent front running of exports in advance of tariffs. However, on the whole we expect the occupier outlook to remain an uncertain one with the negative impact of tariffs likely to weigh on sentiment, particularly in the pharmaceutical sector.

The potentially more challenged occupier outlook underscores how important it is to have a balanced market from a supply demand perspective. We certainly still had this at the end of Q2 – although availability rose in the quarter (largely due to completions of new stock mainly in the Dublin market), the national availability rate still only stood at 4.5% with a continued dearth of A grade space.

To our mind the new availability in Q2 (together with a growing under construction pipeline) provides the sector with some headroom to grow into in 2025 and 2026 while preserving the positive supply demand backdrop which has allowed prime rents to grow.

From the investment side, transaction volumes have been weak in recent quarters. Demand for high quality industrial assets in Ireland is still strong given the current rent and yield backdrop, especially with benchmark interest rates continuing to ease so far this year. However, in the near-term investment volumes may remain subdued until a clearer picture emerges on the impacts of trade uncertainty.

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KEY TAKEAWAYS

Despite the more uncertain trade backdrop, national industrial take-up hit approximately 98,200 sq. m in Q2, the best quarterly performance since Q4 2023

Q2 occupier demand was well spread across the retail, 3PL/Transport and manufacturing sectors while we also saw the return of larger deals (over 3,000 sq. m) in the period.

Prime rents have edged higher to approximately €145 per square metre in the first half of the year and we forecast them to rise modestly towards year end.

Investment activity reached just €22.7m in Q2 and €64m for the first half of 2025

The prospect of tariffs represent a downside risk to Irish economic growth over the medium term. In the short term however economic growth and cargo volumes have strengthened as business frontload exports in advance of tariffs.

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ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
+7.4% GDP, Q1 2025	▲	▲
53.7 IRELAND MANUFACTURING PMI	▲	–
+1.6% YoY RETAIL SALES VOLUMES, MAY 2025	▲	▲

SUPPLY CHAIN INDICATORS

	YOY Chg
0 GLOBAL SC PRESSURE INDEX, JUNE 2025	▲
103.5 GOODS TRADE BAROMETER, MARCH 2025	▲
1,521 BALTIC EXCH. DRY INDEX JUNE 2025	▼

Source: MOODYS, NY FED, WTO

ECONOMY : TRADE UNCERTAINTY COULD MEAN LESS GROWTH BUT NOT NO GROWTH

Despite uncertainty surrounding the outlook for trade globally, the Irish economy has continued to perform well in 2025. Modified domestic demand, grew by 2% in the first quarter of the year while GDP rocketed higher by 7.4% in Q1, with investment and exports volumes sharply up as firms presumably attempted to front run looming tariffs. Unemployment remains low while retail sales and Purchasing Manager Index (PMI data) are still consistent with a growing economy.

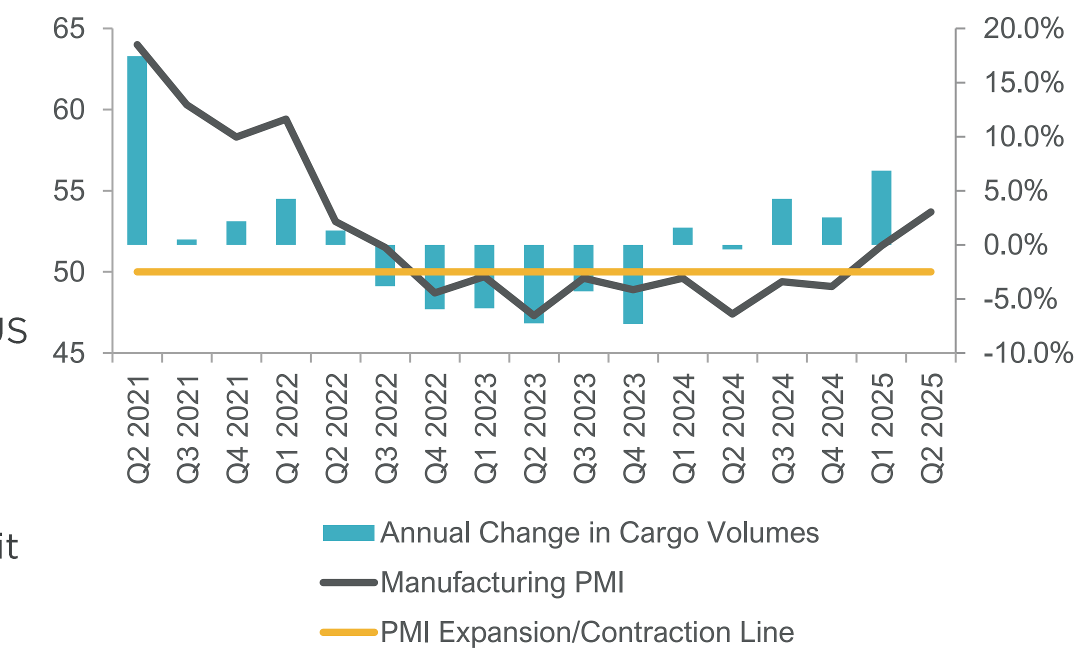
Given Ireland's outsized exposure to trade, any long-term imposition of US tariffs represents a downside risk for medium term economic growth. As an example, we estimate that Irish GDP would be approximately 2-3% lower over the next decade under an assumed tariff rate of 10% on Irish exports versus a scenario of no tariffs. However, the Irish economy has also shown itself to be resilient in the face of previous trade shocks, Brexit being a perfect example. Consequently, we remain optimistic that the economy could still consistently grow even in an era of greater trade and economic uncertainty.

FRONT RUNNING OF GLOBAL TRADE APPARENT IN H1 DATA

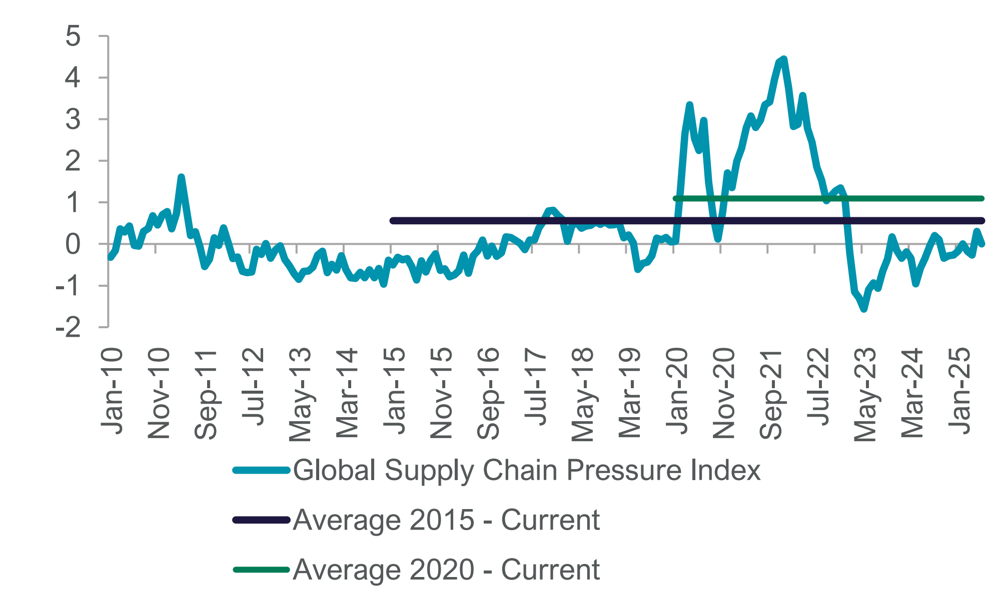
Global supply chain pressures (incorporating factors like shipping costs, manufacturing data and inventory levels) in the first half of 2025 were below the elevated levels we saw in 2021 and 2022 although they have notably picked up since the middle of 2023 and the geopolitical situation particularly in the Middle East close to key shipping routes remains unpredictable.

The WTO's world trade barometer (a composite leading indicator of global trade) rose to 103.5 in April, indicating an improving short-term outlook for global trade volumes. This appears consistent with frontloading of global trade ahead of US tariffs which was also a key factor in Ireland's Q1 GDP performance and cargo volume growth. So, in the very short-term trade appears to be strengthening but this could give way to more difficult trade conditions in the second half of the year, particularly since the forward-looking new export orders component of the WTO index has now dropped into contractionary territory (97.9).

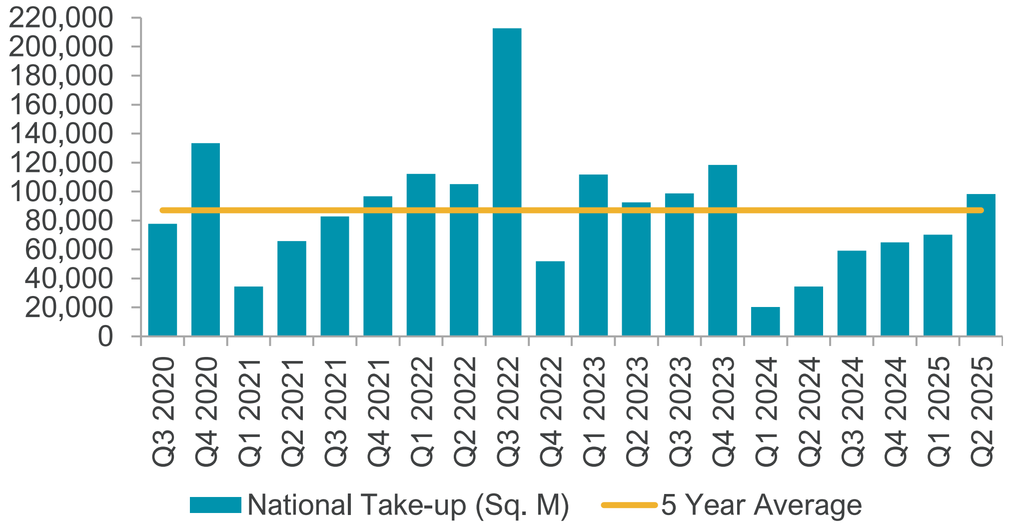
CARGO VOLUMES (YOY CHANGE) AND MANUFACTURING PMI



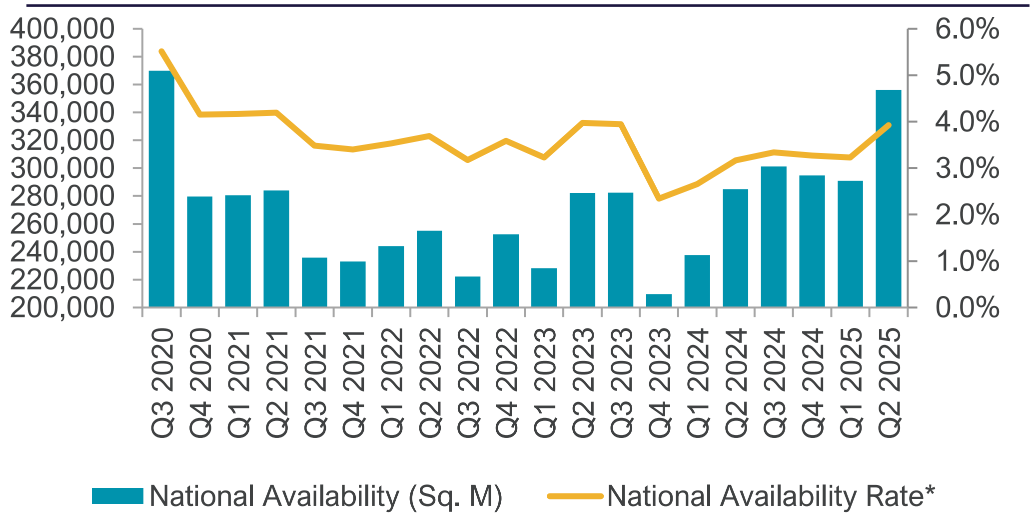
SUPPLY CHAIN PRESSURE INDEX



TAKE-UP



AVAILABILITY



PRIME RENTS AND YIELDS

TAKE-UP:

National industrial take-up totalled approximately 98,200 square metres for the second quarter of 2025, the best quarterly performance since Q4 2023 and above the most recent five-year take-up average. For the first half of 2025 national take-up hit approximately 168,300 square metres, a big increase on H1 2024.

The improved second quarter performance was underpinned by a stronger tone in the Dublin market where Q2 take-up hit approximately 76,200 square metres – again the strongest since late 2023. Some of the larger deals in Dublin in Q2 included those at the IBM campus and at Cloverhill Industrial Estate while Unit 6 at Vantage Business Park was also occupied in the quarter.

In Cork and Limerick-Shannon take-up was also stronger compared to last year in particular – the largest deals in these markets involved Silverstream Packaging which moved into Little Island while most of the space taken in Limerick-Shannon was in the Shannon Free Zone.

SUPPLY:

From a longer-term perspective, national industrial supply is still constrained and stood at approximately 356,100 square metres at the end of Q2 2025, around 25% below the ten-year average. In the shorter term though we have seen a pick-up in availability, particularly in the Dublin market.

The increase in Dublin was led by completions at Vantage Business Park (Units 3-5) and 34 Magna Avenue in Citywest which together have added nearly 39,000 square metres to Dublin availability in Q2. Outside of Dublin, Cork also saw a slight increase in availability as did Limerick-Shannon.

Despite greater recent uncertainty around the impact of trade tariffs, the increase in supply is a helpful development given the consistent drift lower in availability rates in recent years. Even with the rise in availability in Q2, we estimate that the national industrial availability rate still only stands at 4.5%. In addition, the completions in the Dublin market in particular provide much needed A grade stock (A grade stock only comprised 27% and 22% of availability in Dublin and Cork in Q2) which allows headroom for occupiers in that market to grow in forthcoming quarters.

DEVELOPMENT:

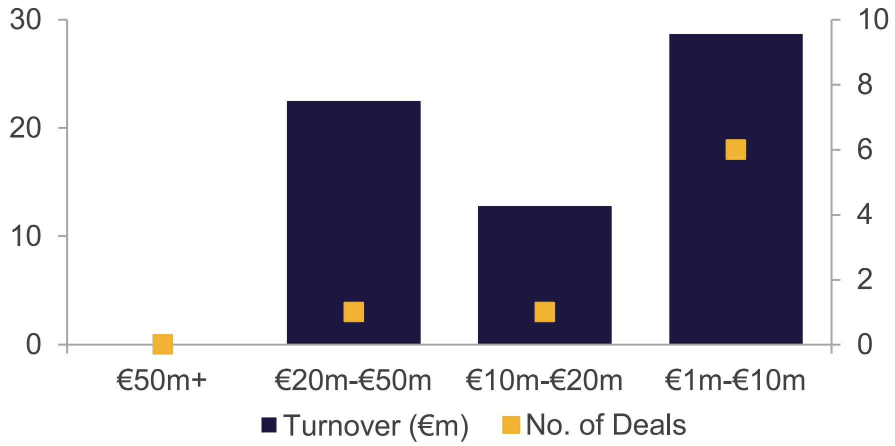
On the development side we also saw the total national industrial space under construction grow in Q2 to approximately 175,500 square metres compared with 151,000 square metres in Q1 with around 39% of the Q2 total already pre-let. Not surprisingly the majority of units under construction are to be found in Dublin. Within the Dublin market construction is now underway on a number of units at Grange Castle which again should add further needed A rated stock to the market later this year. Q2 was also noteworthy as ground was broken on IPUT's Nexus Logistics Park – an investment which represents a vote of confidence in the outlook for occupier demand.

RENTAL GROWTH:

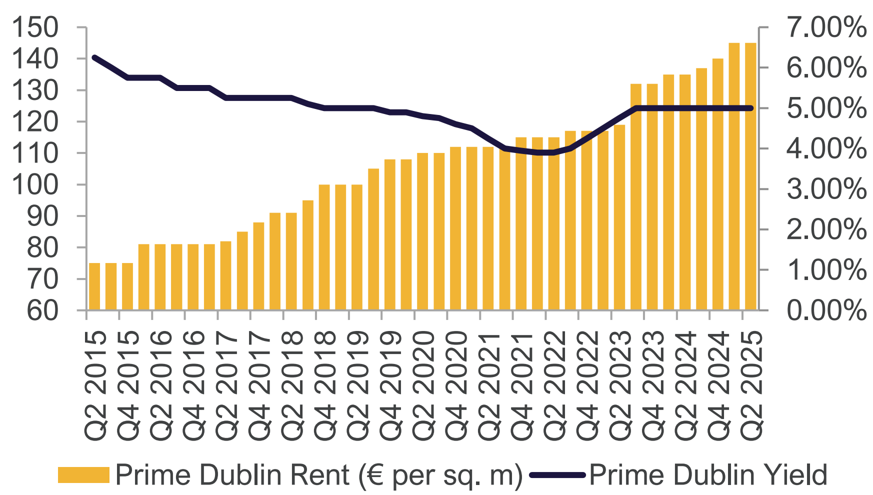
Growth in prime industrial rents nationwide has been strong in the last number of years – ranging from 6% per annum in Dublin to 12% per annum in Limerick-Shannon over the past five years. Our forecasts indicate a slowing of rental growth over the medium term but overall, we expect prime Dublin rents to reach €146 per square metre by year end while prime rents in Cork are also close to these levels.

*Dublin Availability Rate restated from Q4 2023 onwards following review of market stock

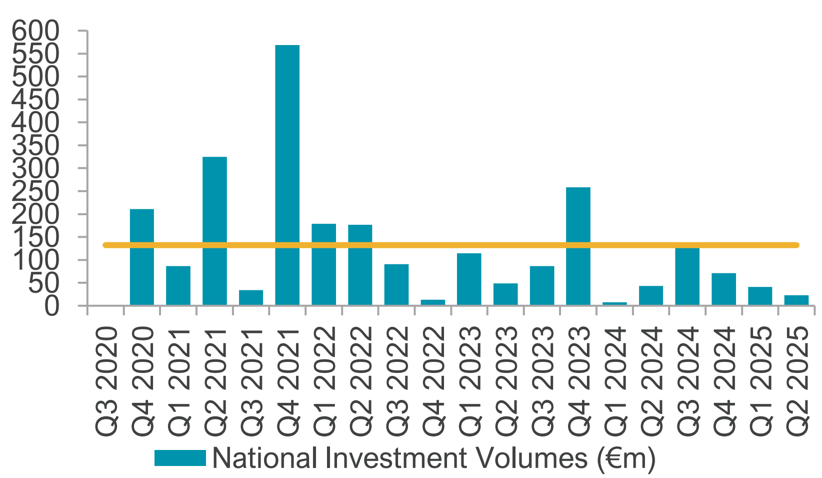
INVESTMENT BY LOT SIZE, H1 2025



PRIME RENTS AND YIELDS (DUBLIN)



INVESTMENT VOLUMES (€M)



INVESTMENT VOLUMES:

Investment volumes in the industrial sector in Q2 were muted, continuing a pattern we have seen over the past year in particular. Volumes totalled only approximately €23 million, well below the most recent five year quarterly average of around €132 million with only three transactions in Q2 and eight for the entire first half of 2025. The lack of available high-quality product for investment over the past year has been a big factor dragging down investment volumes over this period.

The main transactions of note in the first half of the year were all in Dublin and included IPUT's sale of 103 Northwest Business Park for a consideration of approximately €22.5 million and 1 Stadium Business Park which was sold for €12.8 million.

Despite the greater short-term uncertainty created by the newsflow on trade tariffs, overall there is still strong interest in high quality industrial assets given the relatively attractive yields on offer and gradually growing rental picture. The sector also continues to generate consistent positive returns – for example, the MSCI Industrial sector in Ireland returned 2.1% in total return terms in Q2 2025.

YIELDS & PRICING:

Prime yields in industrial markets were unchanged in the second quarter of the year. Dublin yields have held steady at 5% although we still anticipate some modest tightening in yields to 4.85% by the end of 2025. Regionally yields also remain stable at 5.75% in Cork while they stand also unchanged at 7% and 7.5% respectively in Limerick-Shannon and Galway. In the manufacturing sector we have seen some yield tightening in the regions since the start of 2025 based on transactions in the Galway market in particular.

Although the pace of growth in prime rents have slowed somewhat in recent quarters, we still see rents moving higher and continuing to do so over the medium term. Prime rents in Dublin stood at €145 per square metre at the end of Q2 (up 3.6% so far this year) with only a modest gap to the Cork market (€140 per square metres) while rents in Limerick-Shannon and Galway stood at €124 per square metre. We are forecasting that prime rents in Dublin will rise to €146 and €148 per square metre for end 2025 and 2026 respectively. Generally, the backdrop is strong however with strong rents being achieved for older stock while rents for manufacturing units have also been on the rise.

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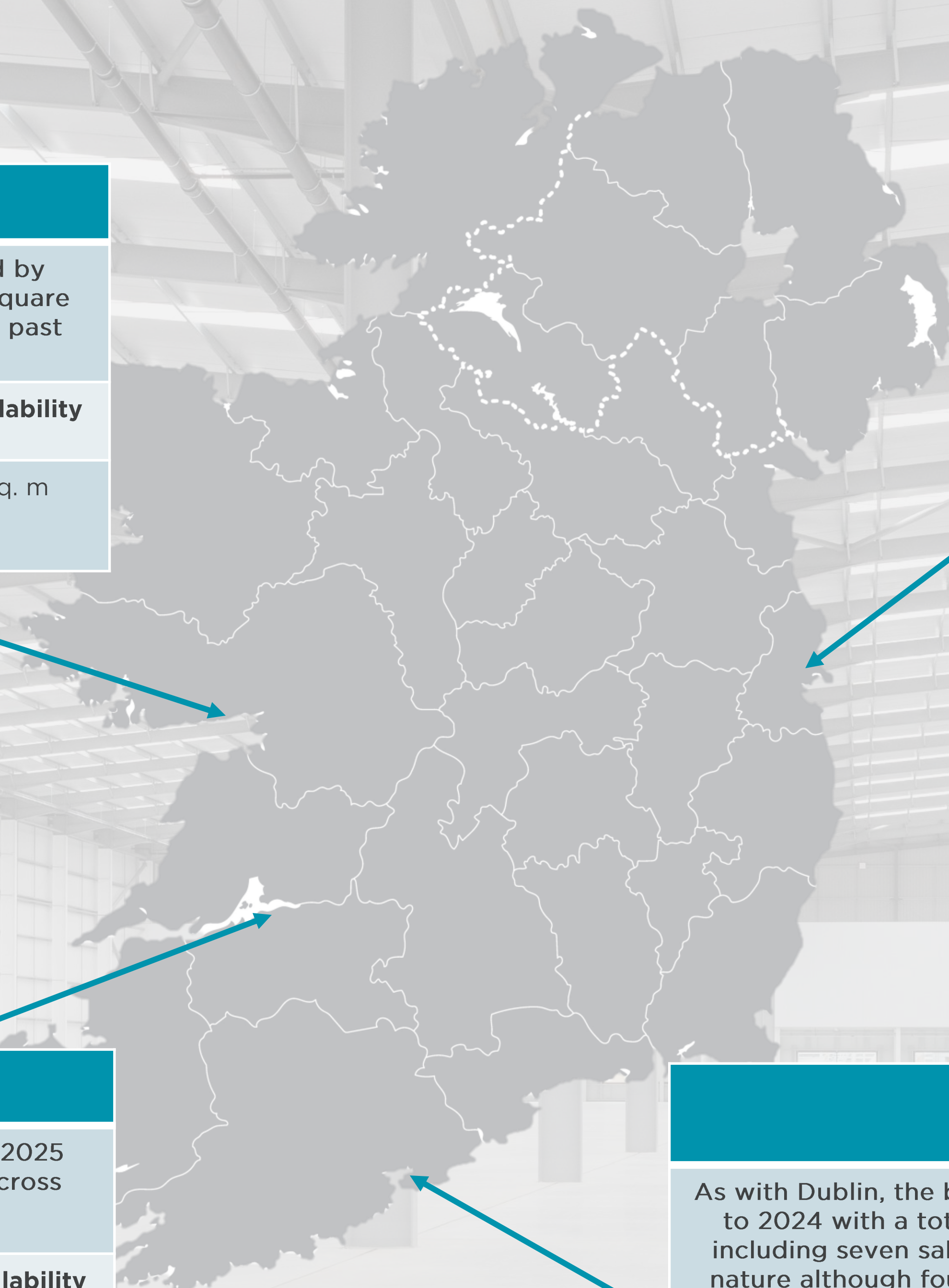

Galway

The Galway market is the smallest industrial market in Ireland tracked by Cushman & Wakefield. Take-up in Q2 only reached approximately 351 square metres and activity levels in the market have been generally low in the past couple of years, not helped by the lack of available stock.

Prime Rent	5 Year CAGR	Q2 2025 Take-up	Total Availability
€124 per sq. m	7.8%	351 Sq. m (change on year not meaningful)	5,027 Sq. m

Dublin

Q2 was a much busier period for the Dublin region and surrounds with a total of approximately 76,000 square metres taken up across 24 deals. It was notable that we saw the return of a number of larger deals with eight deals of over 3,000 square metres and a good spread of demand across the manufacturing, retail and transportation sectors.

Prime Rent	5 Year CAGR	Q2 2025 Take-Up	Total Availability
€145 per sq. m	5.6%	76,927 Sq. m (+186% yoy)	292,542 Sq. m

Limerick-Shannon

The Limerick-Shannon market saw a welcome pick up in take-up in Q2 2025 compared to a year earlier. Take-up in the quarter was concentrated across three deals in the Shannon Free Zone and Raheen.

Prime Rent	5 Year CAGR	Q2 2025 Take-up	Total Availability
€124 per sq. m	12.1%	6,517 Sq. m (+513% yoy)	16,616 Sq. m

Cork

As with Dublin, the backdrop for Cork take-up in Q2 was much firmer compared to 2024 with a total of approximately 14,000 square metres across 14 deals including seven sales of properties. Generally, the deals in Q2 were smaller in nature although four were over 1,000 square metres. Not surprisingly most of the take-up in Q2 centred around Little Island, the primary location for industrial units in Cork.

Prime Rent	5 Year CAGR	Q2 2025 Take-up	Total Availability
€140 per sq. m	9.2%	14,412 Sq. m (+178% yoy)	41,956 Sq. m

MARKET STATISTICS Q2 2025

Availability (Sq. M)		Current Quarter Take-up (Sq. M)	12 Month Rolling Take-up (Sq. M)	Prime Rent (€ / Sq. M)	Prime Yield
Dublin	292,542	76,927	208,947	145	5.00%
Cork	41,956	14,412	60,832	140	5.75%
Limerick – Shannon	16,611	6,517	21,723	124	7.00%
Galway	5,027	351	908	124	7.50%

KEY LEASE TRANSACTIONS Q2 2025*

Property/Business Park	Sub Market	Tenant	Approx Sq. M
Buildings 1&2, IBM Campus	Dublin	P&C	14,320
Unit 1, Cloverhill Industrial Estate	Dublin	Primeline	10,240
Unit 6, Vantage Business Park	Dublin	P&C	10,070
Unit E100 Evergreen Business Park	Cork	Silverstream	6,000
Block L, Shannon Free Zone	Limerick-Shannon	Unknown	3,300

**Cushman & Wakefield was advisor for two of the top three transactions in Q2 2025*

KEY INVESTMENT TRANSACTIONS H1 2025

Property Name	Region	Buyer/Seller	Price (€)
1 Stadium Business Park	Dublin	Pictet / Private Irish	12.8m
Ballymount Corporate Park, Dublin 12	Dublin	Iroko Zen / Private Irish	6.8m
103 Northwest Business Park	Dublin	Exeter Property Group / IPUT	22.5m
IDA Business Park, Carrigtwohill	Cork	MNK Partners / Private	4.5m
Cookstown Industrial Estate, Dublin 24	Dublin	Iroko Zen / Unknown	3.1m

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