Iput pays €17.8m for distribution centre

Property fund Iput has acquired the Dunnes Stores logistics facility at Rosemount Business Park in Dublin 15 for €17.8 million.

The purchase will provide the fund with an initial income yield of 6.5 per cent.

The vendor is Green Property, which was reported to have paid £20 million (about €25 million) for the property when acquiring it in 1998.

Dunnes occupies the facility, one of Ireland’s first purpose-built distribution centres, on a 20-year lease from September 2008.

Annual rent

It is paying an annual rent of €1.15 million, which equates to €4.41 per sq ft – a good deal below the going rate in the area, as recent research by agent JLL suggests logistics rents stand at €7.80 per sq ft and it forecasts they will rise to €8.75 per sq ft by the end of 2016.

A rent review is outstanding, with a further review due in 2018, so there may be potential for Iput to increase the rent roll. There is also a tenant break option in September 2019, subject to 12 months notice.

Built for Irish Express Cargo in the late 1990s, the newly-acquired high-spec logistics facility extends to 25,083 sq m (270,000 sq ft), with cross-docking facilities for freight forwarding.

It sits on a site of 5.2 hectares (12.84 acres), which includes a large yard with 34 trailer-parking spaces and 184 car-parking spaces.

The purchase price reflects a capital value of €65 per sq ft, which is significantly below the estimated replacement cost of €120 per sq ft.

Rosemount Business Park is 2km from the M3 and 3.5km from the M50, which provides easy access to Dublin Airport and Dublin Port.

Acquisition trail

Iput has been busy snapping up investment properties over the past 24 months. It has acquired over 116,129 sq m (1.25 million sq ft) of prime logistics buildings in Dublin and these are producing a blended income yield of 7.15 per cent for the fund’s investors.

Recent acquisitions have seen Iput’s logistics portfolio grow to 32 properties, with over 185,806 sq m (two million sq ft) of space.

These are situated at strategic logistics locations across Dublin and are rented by high-profile tenants, including DHL, BWG, Geodis, Musgrave, Unipharm and Nightline Logistics.

The completion of this acquisition increases Iput’s assets under management to almost €2 billion.

Industrial specialist Philip Harvey of William Harvey & Co advised Iput on its latest acquisition, which went on the market in February through Patrick Curran of BNP Paribas Real Estate at €18 million.