

GALWAY INDUSTRIAL MARKET

Q4 2017

Transaction Activity

The Galway industrial market is the smallest of the four Irish regional centres analysed by Cushman & Wakefield Research. Transaction activity in 2017 totaled 8,250 sq m, and although a notable uplift from 2016, the volume of deals taking place declined.

The average transaction size in 2017 was 1,200 sq m. This compares to 530 sq m in 2016. A significant rise in the average-sized deal illustrates why take up rose despite the lower volume of activity.

The largest transaction of the year was the letting of a unit at Ballybrit Industrial Estate Upper. The Grade A unit, which measured approximately 3,350 sq m, was let to Clada Medical Devices in quarter three. Other transactions above 1,000 sq m in size include the letting of 1,370 sq m to Cass Furniture at Whitegate Ballybane and the purchase of the Former Tom Hogan Unit, Ballybane Industrial Estate by Advance Drive.

Leasehold transactions continue to dominate the market at present. Lettings accounting for 86% of activity in 2017, compared to 83% in 2016.

Availability

Availability in the Galway industrial market stood at 63,450 sq m at the end of 2017. Despite the release of second hand space to the market being slow through out the year, the launch of two reasonably large units in the final quarter led to an annual increase of 16%.

Net available space stood lower at 41,750 sq m. The significant difference between total and net availability is explained through the sale of the former APC premises in Ballybrit at the beginning of 2017. The unit, which measures approximately 19,250 sq m of space, has yet to be occupied.

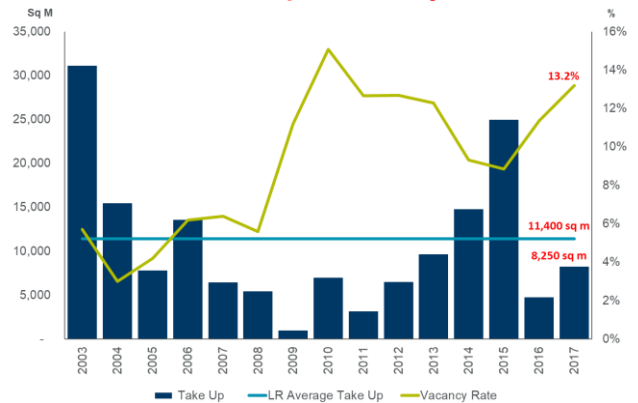
The majority of net available space is Grade B, accounting for 56%. In terms of size, just two units above 5,000 sq m are net available with all remaining units measuring below this.

Market Commentary

"The Galway industrial market is still somewhat hampered by a lack of modern product. Much of what is available in the city is older stock and is increasingly becoming unfit for modern warehouse/logistic uses. Unfortunately, current rental levels do not support speculative new builds at this time".

Seán Coyne, Associate Director, Cushman & Wakefield, Galway

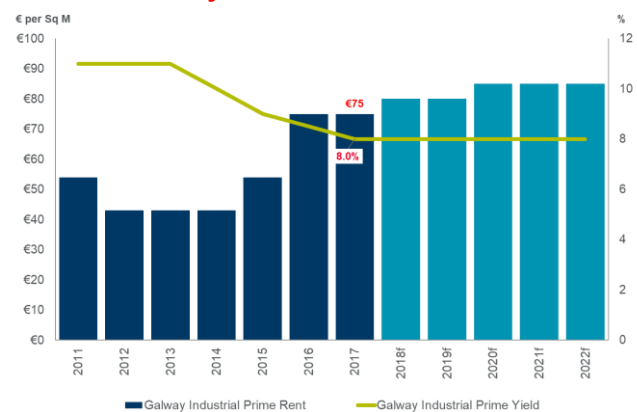
Annual Take Up & Vacancy Rate



Net Availability by Grade, Q4 2017

	No. of Units	Sum of Net Availability (Sq M)	%
A Stock			
< 1,000 sq m	3	1,450	4%
≥ 1,000 – 5,000 sq m	6	11,300	27%
≥ 5,000 sq m	-	-	-
Sub-total	9	12,750	31%
B Stock			
< 1,000 sq m	3	1,100	3%
≥ 1,000 – 5,000 sq m	3	6,500	15%
≥ 5,000 sq m	2	15,850	38%
Sub-total	8	23,450	56%
C Stock			
< 1,000 sq m	5	1,950	5%
≥ 1,000 – 5,000 sq m	2	3,600	8%
≥ 5,000 sq m	0	0	-%
Sub-total	7	5,500	13%
Total	24	41,750	100%

Galway Prime Rents & Yields



Market Summary – 2016 v. 2017

Indicator	2016	2017
Take Up Q4	2,100 sq m	1,550 sq m
Annual Take Up	4,750 sq m	8,250 sq m
Availability Q4	54,550 sq m	63,450 sq m
Vacancy Rate Q4	11.4%	13.2%
Under Construction Q4	0 sq m	0 sq m



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