

GALWAY OFFICE MARKET

Q4 2017

Occupier Activity

Leasing activity in the Galway office market reached 7,400 sq m in 2017. Performance expanded on 2016 levels, particularly in terms of the volume of deals taking place, with 25 deals occurring in the twelve months, compared to just nine in 2016. This increase was in part due to slightly improved supply levels observed during the year. However, annual take up remains well below the long-run average for Galway of 13,350 sq m.

Following a sluggish opening six months to the year, take up in the latter half was significantly stronger. Of the 25 deals transacting, 19 were in the second half of the year, accounting for 71% of total activity.

Despite the increase in the volume of deals in 2017, all were below 1,000 sq m in size. The largest of the year was the occupation by Metlife at the Hynes Building, Augustine Street, in Q3. The final quarter's most sizeable deal was Mazars' taking of the ground floor at Mayoralty House, Flood Street, in the city.

The city centre accounted for 62% of activity in the year, with take up in the suburbs comprising 38%.

Availability

Galway continues to have the lowest supply of office space of all the regional centres. Just 26,000 sq m of space was available for letting in Q4 2017, a fall of 2% over the previous quarter. This is in spite of a gradual improvement in second hand space released to the market over the past year. Galway also continues to have the lowest vacancy rate (VR) of all the regions, at 8.6%. Net of signed and reserved space, the VR falls to 7.8%.

The availability gap between the city centre and suburbs continues to widen. 2017 saw the city centre VR fall from 7.9% to 6.4%, while the suburban VR rose from 8.3% to 9.9%. Acutely, just one Grade A office, greater than 1,000 sq m in size, was available in the city centre at year end.

Under Construction

The refurbishment of No.1 CityEast (former Citilimits building) is ongoing, which upon completion will measure 6,500 sq m. Parkmore East Block 5 is also due for delivery this year. While nothing is pre-let or reserved in either building, both are located in the suburbs, and thus will do little to address the scarcity of large office space in the city centre.

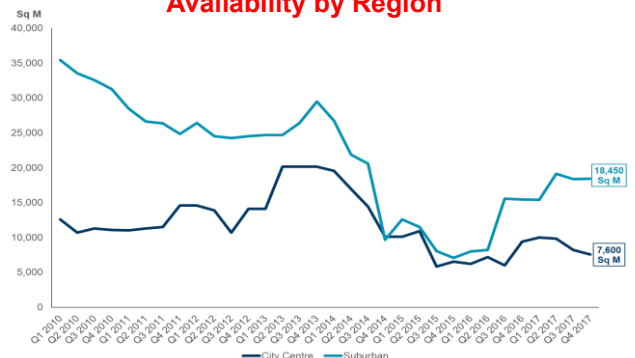
Positively, planning permission for a €104 million development in the docklands has been approved, which would provide over 26,000 sq m of much needed office space in the city. It is currently being appealed to An Bord Pleanála.

	2017	2016
Market Stock	304,000 Sq M	304,000 Sq M
Take Up	7,400 Sq M	5,750 Sq M
Availability Q4	26,000 Sq M	24,850 Sq M
Vacancy Rate Q4	8.6%	8.2%
Under Construction Q4	10,800 Sq M	0 Sq M

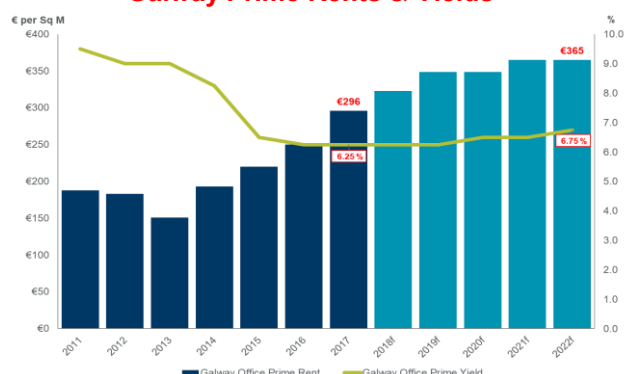
Annual Take Up & Vacancy Rate



Availability by Region



Galway Prime Rents & Yields





Marian Finnegan

Chief Economist,
Director Research

+353 (0) 1 237 6341
marian.finnegan@cushwake.ie

Deirdre O'Reilly

Senior Economist,
Researcher

+353(0) 1 237 6365
deirdre.oreilly@cushwake.ie

Patricia Staunton

Director,
Galway

+353 (0) 91 865 525
patricia.staunton@cushwake.ie

Seán Coyne

Associate Director,
Galway

+353 (0) 91 865 522
sean.coyne@cushwake.ie

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