

GALWAY OFFICE MARKET

Q1 2018

Occupier Activity

It was a subdued quarter in the Galway office leasing market, with just 950 sq m taken up in quarter one, in just three deals. This low take up is attributable to the prolonged shortage of large, good quality office space to meet demand. Notable deals included 450 sq m taken up by Galway2020, and 350 sq m by Quidel, both on Merchant's Road in the city centre.

Annual take up for the twelve months to quarter one stood at 7,050 sq m. While this is over double the comparable period last year, it remains 48% below the long-run annual average.

The city centre saw the majority of leasing activity in the year to quarter one, accounting for 78% of take up, with the remaining 22% in the suburbs.

Availability

Galway continues to have by far the lowest supply of office space of all the regional centres. Availability declined by 31% during the first quarter of 2018 to stand at just 17,850 sq m.

This has resulted in the corresponding vacancy rate falling from 8.6% to 5.9% in the three month period. Moreover, when signed and reserved space is excluded, the vacancy rate declines to 5.4%.

When examining the supply of Grade A space in Galway, approximately 7,750 sq m was available at the end of March, while just 6,850 sq m was net available. This represents a decline of 7.1% on the comparable quarter last year.

There were just three Grade A units net available at quarter end, only one of which was greater than 1,000 sq m in size, severely illustrating the shortage of Grade A space available in the city centre.

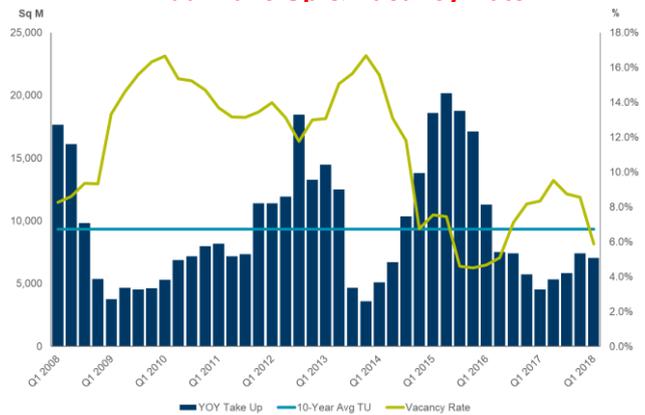
Under Construction

Two schemes remain under construction in Galway, measuring a combined 10,800 sq m. With both located in the suburbs, namely the refurbishment of No.1 CityEast (former Citilimits building) and Block 5, Parkmore East, there remains no office development activity in the city centre.

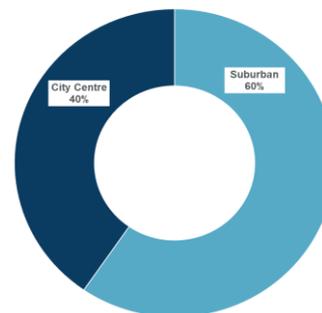
Rental Levels

Prime rents remained unchanged in Galway during the first quarter, at €296 per sq m, with too few transactions taking place to warrant any deviation from this. Similarly in the suburbs, there is no transactional evidence to move from €194 per sq m, however, a new level for suburban rents could be set once Block 5, Parkmore East completes construction.

Annual Take Up & Vacancy Rate



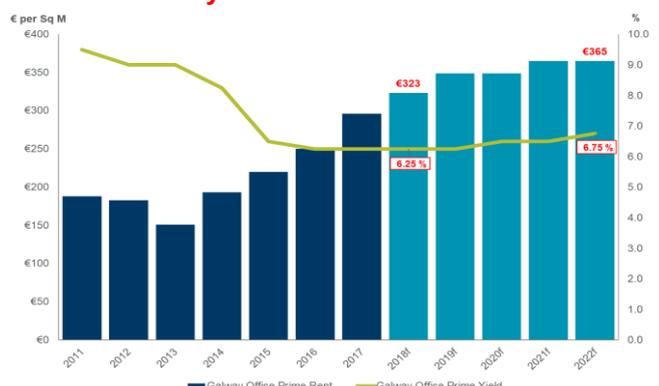
Availability by Region (%)



Net Availability by Grade A

A Stock	No. of Offices	Sum of Net Availability (Sq M)	%
City Centre			
< 1,000 sq m	2	1,000	14%
≥ 1,000 – 5,000 sq m	1	1,700	25%
≥ 5,000 sq m	-	-	-
Sub-total	3	2,700	39%
Suburbs			
< 1,000 sq m	8	4,150	61%
≥ 1,000 – 5,000 sq m	-	-	-
≥ 5,000 sq m	-	-	-
Sub-total	8	4,150	61%
Total	11	6,850	100%

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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