

CORK OFFICE MARKET

Q1 2018



Occupier Activity

A strong start to 2018 was seen in the Cork office market, following a somewhat disappointing year for take up in 2017. A total of 7,300 sq m of space was taken up in the three months to March. This compares to just 1,450 sq m in the comparable quarter last year and positively, is 10% ahead of the long-run quarterly average.

Quarter one take up was boosted by three deals over 1,000 sq m in size. The largest of these was 1,700 sq m occupied by Oculus on the third floor of The Capitol, completing the letting of the newly redeveloped building.

While the Cork market has witnessed a shortage of large, Grade A office space, hampering leasing activity, new development has led to an improvement of this trend. In the twelve months to quarter one, take up reach 19,850 sq m, with 72% of this space being Grade A, and 34%, Grade A1.

However, while year on year activity is 51% higher than the comparable period last year, it sits 26% below the long-run rolling annual average for Cork, due to lack of available product hindering take up performance.

Availability

Supply levels in Cork declined by 4.6% in the first quarter, to stand at 64,750 sq m, much of which is older stock. This results in the vacancy rate (VR) in Cork falling to 11.4%, from 11.9% at year end 2017.

The fall in available space is more clearly visible in the city centre, where supply is becoming increasingly restricted. Compared to quarter one of last year, city centre availability fell by 14.6%, to stand at 27,600 sq m. Furthermore, net of signed and reserved space, just 13,800 sq m of this is Grade A.

The city centre supply squeeze combined with strong demand has fuelled rental inflation of 9.2% in Q1.

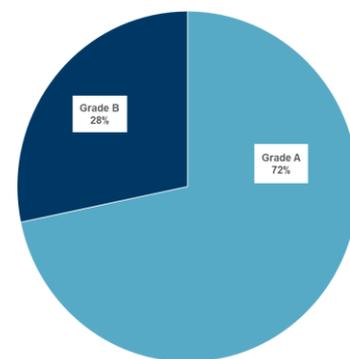
Under Construction

Development schemes ongoing in Cork at end March include the first phase at Navigation Square on Albert Quay, 85 South Mall and Island Hall in Eastgate Business Park. Combined these measure 21,800 sq m. Demand for all schemes is very strong, with Island Hall already contracted to Eli Lilly, while negotiations are at advanced stages for the majority of the other two.

A number of other schemes are in the pipeline. These include HQ on Horgan's Quay, which is due for an imminent decision from Cork City Council, while Phase 2 of Navigation Square is due to commence in Q2 2018. There is little doubt that this momentum in the Cork market is creating a new CBD at the western end of Cork Docklands.



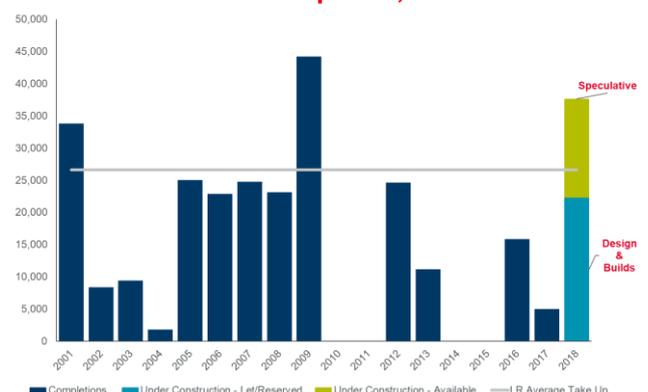
YOY Take Up by Grade, Q1 2018



Availability by Region



Cork Office Development, 2001 - 2018





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