

CORK OFFICE MARKET

Q2 2018

Occupier Activity

The Cork office leasing market recorded a very strong opening half to 2018. Following a positive first quarter, activity gathered pace in the second quarter with 26 occupiers taking up space, amounting to 26,150 sq m. A large portion of this was made up of Apple's occupation of its own 15,800 sq m expansion at its premises in Hollyhill. This has brought take up in the year to date to 35,550 sq m, compared to just 8,250 sq m recorded in H1 2017, during which time supply constrains seriously hampered take up activity.

In addition to Apple, there was another notable occupancy in Q2 at the former ACC Bank unit at The Elysian, where the OPW have taken 1,250 sq m. H1 2018 take up largely comprised of Grade A floorplates, accounting for 84% of occupied space, and of which 75% was in the city centre.

Expanding development activity in Cork is driving growth in new leasing activity. The three months to June saw 8,350 sq m pre-let to Clearstream at the first phase of Navigation Square in the city centre, while 85 South Mall is now fully pre-let to KMPG and Forcepoint, measuring a combined 4,300 sq m.

Availability

The past twelve months have seen supply levels in Cork decline by 4.3%, to stand at 55,600 sq m at the end of June. This resulted in the vacancy rate simultaneously falling to single digits for the first time in a decade, to 9.5%, from 10.2% at the mid-point of 2017.

When signed and reserved space is excluded, the net vacancy rate falls to 6.7%. Notably, a key deal signed in Q2 was that of 850 sq m at City Quarter, Lapps Quay, by Glandore. A co-working office space provider, Glandore who also operate in Dublin and Belfast, signed the 4th floor in City Quarter to expand into the Cork market and increase the co-working space offering in Cork.

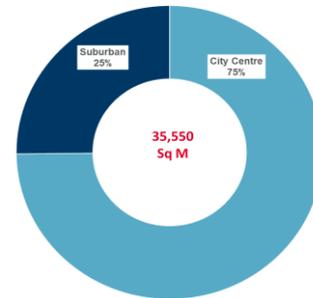
The fall in supply combined with strong demand has led to prime rental growth of 8% in H1, to €350 per sq m.

Under Construction

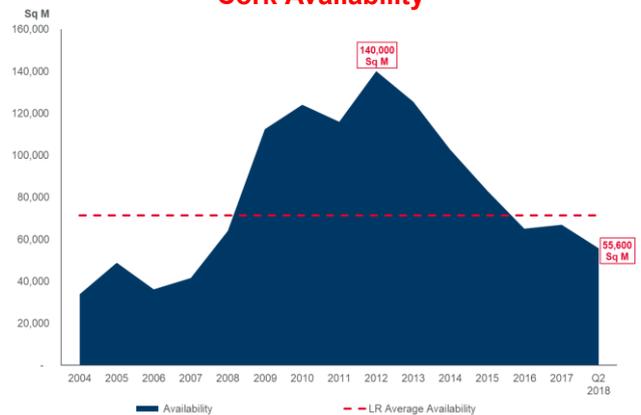
As a result of pre-let deals closing in Q2 2018, 87% of the space currently under construction in Cork is now pre-committed. In addition, Island Hall at Eastgate in Little Island is fully contracted to Eli Lily and development is well underway in the site adjoining their existing premises. A combination of these pre-lets will lead to continued strengthening in Cork office take up activity for 2019.

Approximately 212,500 sq m of accommodation is in the planning process, across 14 schemes in Cork city and suburbs, for example Penrose Dock on Penrose Quay. Construction on a number of these is likely to commence in the coming quarters, with many occupiers willing to pre-commit, particularly to Grade A space in key city centre locations, which is most in demand.

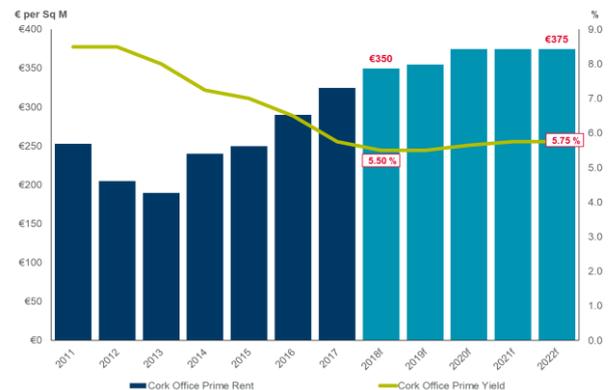
Cork Take Up by Location, H1 2018



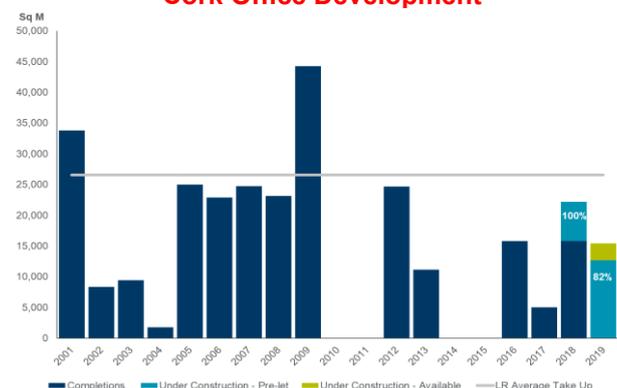
Cork Availability



Cork Prime Rents & Yields



Cork Office Development





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