

GALWAY OFFICE MARKET

Q2 2018

Occupier Activity

A subdued opening half to 2018 in the Galway office market saw just six deals occurring. On par with that recorded in H1 2017, just 2,250 sq m of space was occupied in Galway in the six month period.

The most notable letting of the second quarter was 450 sq m to Wipro Ireland at the PMC Sierra Building at Dangan Business Park. This was the only suburban take up deal of H1 2018. Demand is strongest in the city centre, accounting for 77% of take up in the six month period, with the majority of requirements for 500-600 sq m sized floorplates.

Take up in the twelve months to quarter two totalled 7,300 sq m, and while 37% higher annually, remains notably below the long-run average, attributable to the lack of product available in Galway.

Availability

The smallest of the four Irish regional office markets, Galway continues to have by far the lowest supply. The volume of space available in Galway was 37% lower in June annually, at 18,100 sq m. Furthermore, availability, net of signed and reserved space, declined by 17.4% in Q2, to stand at just 14,000 sq m. Correspondingly, the net vacancy rate fell to an acute 4.6%, from 7.9% in the same period last year.

Net availability in both Galway city and suburbs tightened during the second quarter, to 5,200 sq m and 8,800 sq m respectively. This reflects annual declines of 32% and 46% respectively.

Of the available space in Galway, 19% is of shell and core specification, however, tenants are not overly keen to fit-out this accommodation, due to the significant associated upfront capital expenditure.

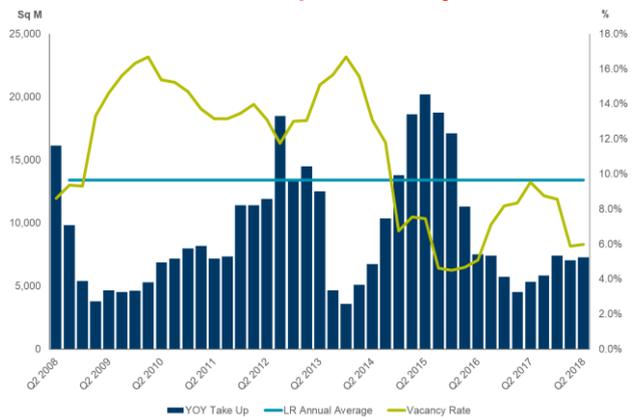
Under Construction

One new scheme commenced construction in Galway city centre in Q2, the former Piscatorial School in Claddagh, which is being redeveloped into 500 sq m of modern office space. This brings the total volume of development activity to 11,300 sq m. Two other major schemes are under construction in the suburbs, totalling 10,800 sq m, and are due for delivery this year. Nothing is pre-let in any of these as of yet.

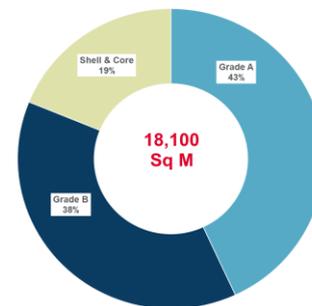
Rental Levels

Prime rents in Galway city remained stable during quarter two, at €296 per sq m, with too few deals taking place to merit any deviation from this. Similarly in the suburbs, there is no transactional evidence to cause further rental growth from €194 per sq m, however, a new level for suburban rents could be set once Block 5, Parkmore East completes this year.

Annual Take Up & Vacancy Rate



Availability by Grade, Q2 2018



Net Availability by Grade A, Q2 2018

A Stock	No. of Offices	Sum of Net Availability (Sq M)	%
City Centre			
< 1,000 sq m	3	1,150	18%
≥ 1,000 – 5,000 sq m	1	1,100	17%
≥ 5,000 sq m	-	-	-
Sub-total	4	2,250	35%
Suburbs			
< 1,000 sq m	9	4,150	65%
≥ 1,000 – 5,000 sq m	-	-	-
≥ 5,000 sq m	-	-	-
Sub-total	9	4,150	65%
Total	13	6,400	100%

*Net of signed and reserved

Regional Office Rents





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