

GALWAY MARKET

Office Q1 2021

	YoY Chg	12-Mo. Outlook
5.5% Vacancy Rate	▲	▲
0 Sq M Take Up	▼	▲
€301 Prime Rents (Standing Stock), PSM	▼	▼
€375 Prime Rents (New Build), PSM	▲	▲

ECONOMIC INDICATORS Q4 2020

	YoY Chg	12-Mo. Forecast
1.9M Ireland Employment*	▼	▲
19.4% Ireland Unemployment Rate*	▲	▼
+3.4% Ireland GDP Growth	▲	▲

Source: CSO
*COVID-19 Adjusted Measure

Occupier Activity

Galway's activity levels can often struggle due to a lack of suitable office accommodation for existing occupiers and new entrants into the market. This, coupled with the pause created by COVID-19 further impacted 2020. Just 2,650 sq m was taken up in the twelve-month period. 2021 has started on similar limited scale, with no space occupied in the opening quarter. However, outside of take up, the market displays stronger levels of activity and highlights demand exists, with new stock leading this. For example, 4,700 sq m of space was signed across two significant deals in Q1, while a further 3,300 sq m signed in Q4 2020 and is yet to be occupied.

Availability

Supply remains incredibly low in the Galway office market compared to other regional centres. At the end of March, availability stood at just 16,850 sq m, unchanged on an annual basis. Correspondingly, the vacancy rate sat at 5.5%, suggesting a real pinch point in the market. Supply remains low as market churn has been almost none existent over the past twelve months, with the release of second-hand stock slowed to one of its lowest levels on record. A number of units did become available in Q1 2021 however, it has not had any significant bearings on overall vacancy levels. Grade A availability stood at 9,750 sq m at the end of March, while the city centre accounted for 55% of space available

Development Activity

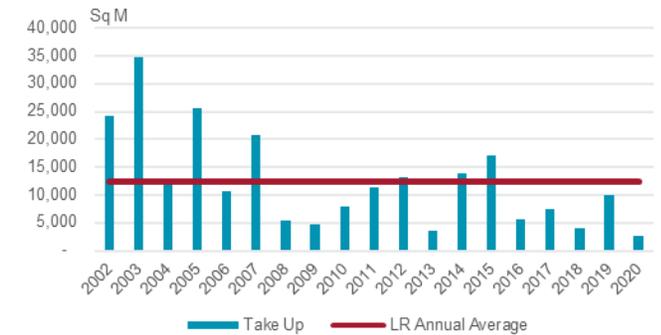
With availability lacking, development activity is providing much welcomed new stock to the Galway market. At the end of March, construction continued on approximately 23,650 sq m of space across two schemes. Approximately 12,000 sq m of this is located at the Bonham Quay development, of which 6,850 sq m is now pre-let to the expanding cloud technology group, Genesys and new entrant to the market, Diligent. The remaining 11,700 sq m is under construction at the Crown Square development. All space is due to complete construction in 2021.

Market Commentary

"Although take-up has slowed due to the current pandemic, there is optimism as companies continue to indicate they will need expansion space. However, it will be after the current strict government restrictions have been lifted before most occupiers re-engage. Galway has performed extremely well in a challenged environment, illustrated best by two deals in excess of 3,300 sq m, both of which were secured within Bonham Quay"

Seán Coyne, Divisional Director, Cushman & Wakefield

Take Up (Sq M), 2020



Availability (Sq M) and Vacancy Rate (%), Q1 2010 – Q1 2021



Availability by Region (Sq M), Q1 2010 – Q1 2021



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