MARKETBEAT

CORK MARKET

Industrial Q1 2023

	YoY Chg	12-Mo. Outlook
2.3% Vacancy Rate	▲	▼
15,625 Sq M Take Up Q1 2023	▲	▼
€113 Prime Rent, PSM	▲	▲

Annual % Change

	2022 (A)	2023F	2024F
GDP	12.0	4.7	3.3
Personal Consumption	6.6	1.8	4.6
Modified Domestic Demand	8.2	1.2	3.3
Unemployment Rate	4.4	5.1	5.0
HICP	8.2	7.1	2.4

Source: CSO, Department of Finance Forecasts for 2023 and 2024

Occupier Activity

The first quarter of the year was a busy one in the Cork Industrial market with a total of 15,625 square metres of space taken up. This was well up on Q4 (2,152 square metres) and capped a strong recent period for occupancy with over 61,000 square metres taken up in the twelve months to the end of the quarter. Like many other locations, the industrial market in Cork is benefitting from a number of secular shifts such as the growth of e-commerce and the trend towards 'onshoring' to reduce supply chain disruption, both of which are supporting demand.

While the quarter saw a healthy volume of seventeen deals, two in particular stood out with Zeus Packaging taking almost 6,300 square metres at Watergrasshill and Seabridge taking over 3,700 square metres at Little Island. Rent increases have been a prominent feature of the Irish industrial market in the past year thanks to the backdrop of strong demand and limited supply. This theme has also been visible in the Cork market with rents for some deals coming in at over €120 per square metre.

Availability & Development Activity

Stock levels in the Cork market remained very low in the first quarter of the year. The headline vacancy rate stood at only 2.3%, off the lows seen in 2021 but still well below the five-year average quarterly rate of 4.3%. Once we strip out reserved and signed stock that headline rate actually drops further to only 2%. The total available space in Q1 comprises twenty-three units which are generally at the smaller end of the scale in terms of size with only six units over 1,000 square metres, the largest of which (11,700 square metres) is at Harbour Gate Business Park in Little Island.

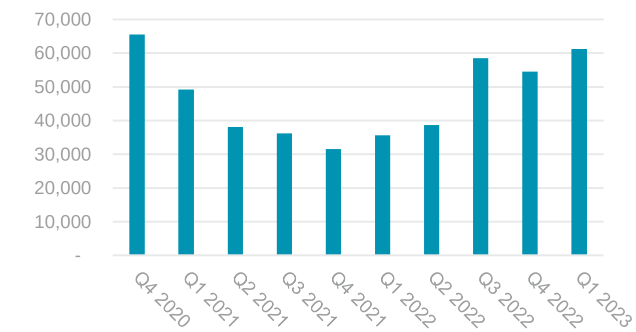
Thankfully the near-term development pipeline for stock is reasonably healthy for the remainder of 2023. Approximately 38,000 square metres is under construction in Cork and due for delivery between now and early 2024 although such is the demand for modern stock over half of that is already pre-let.

Market Commentary

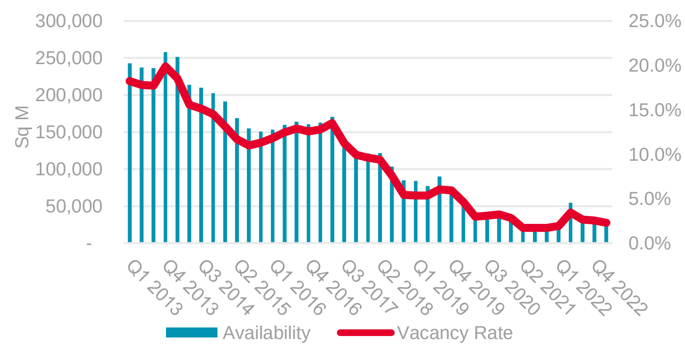
"The combination of strong occupier demand and low levels of vacant stock continues to put upward pressure on rents in the industrial sector. Supply is responding to this even as construction costs increase, although on the whole vacancy rates look set to remain low over the next few quarters."

Philip Horgan, Senior Surveyor, Cushman & Wakefield Cork

Rolling 12m Take Up (Sq M), Q4 2020-Q1 2023



Availability (Sq M) and Vacancy Rate (%), Q1 2013 – Q1 2023



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