



2nd Quarter 2013

**Activity**




238% increase on Q1.

**Availability**

70% located in the city and south suburbs regions.

**Outlook**

Steady demand continuing.

-  **Rents**
-  **Yields**
-  **Supply**
-  **Demand**

# Cork Office Update

**Activity**

Take-up in the Cork office market was approximately 7,900 sqm in Q2. This represents a 238% increase on the previous quarter and a staggering 620% increase on the same quarter of 2012. In spite of this, there were only six transactions and results were skewed by two large lettings in the newly completed City Gate Park development in Mahon.

In City Gate Park, the largest deal comprised a 4,650 sqm letting to EMC, an IT storage provider from the US. This company has had a presence in Cork since 1988 when it opened its first manufacturing plant outside the US in Ovens. Also in City Gate Park, Ronan Daly Jermyn Solicitors took 2,790 sqm. Combined, these transactions represented almost 94% of the total office space taken in Cork in Q2 and all of the activity in the south suburbs region. All of the accommodation taken was Grade A.

The remaining four transactions were in the city centre region. These were all less than 500 sqm and all were for older grade stock. This total city centre take is small in comparison to the norm. Examples from Q2 included Savills taking 42 sqm at 11 South Mall and Total Fundraising taking 76 sqm in Lawley House on Monaghan Road.

With the two large deals in the south suburbs region greatly distorting take-up figures for Q2, the various analysis statistics based on size are relatively meaningless. However, if the results from Q1 and Q2 are combined, then the average amount of space taken per transaction was approximately 643 sqm. This is significantly larger than that seen in 2012, when it was 274 sqm per transaction.

**Availability**

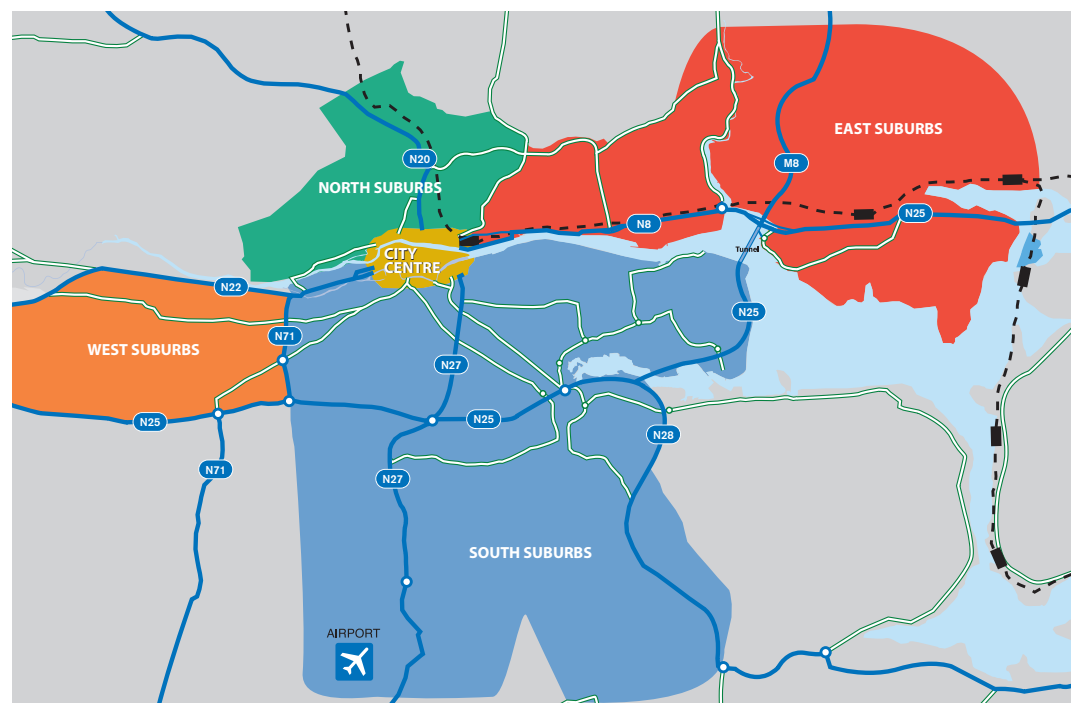
Office availability increased by 2% in Q2 and at the end of June stood at approximately 114,900 sqm. Over 70% of this was located in the city centre and south suburbs regions, which corresponds to where the majority of building stock is located.

As a result of increasing supply, the overall vacancy rate for Cork increased to 23.6%. At this level, it is currently about twice the optimal rate, a trend that we are also experiencing in other markets, including Dublin.

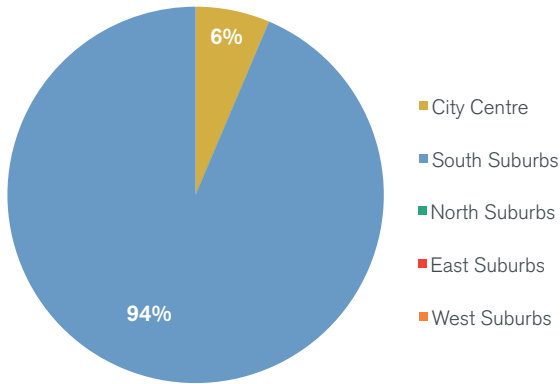
As with other markets, there are variations in vacancy rates among regions. The east suburbs region continues to have the highest rate at 32.2%. This is followed by the city centre at 26.6% and the south suburbs at 22.3%. The west and north suburbs, whilst still suffering from high vacancy levels, are the least affected regions at 18.1% and 16.0% respectively.

**Outlook**

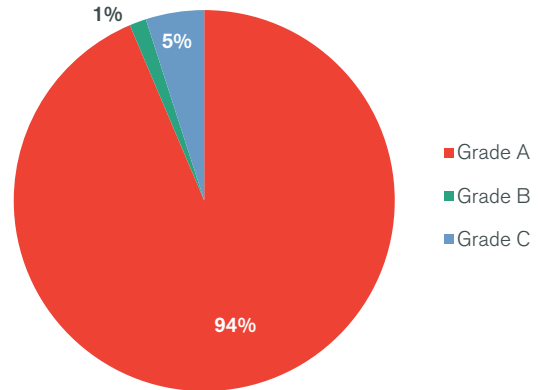
Office rental levels appear to have stabilised and the outlook for the next quarter is positive. There is steady demand for office space, particularly for Grade A accommodation. Negotiations are currently underway on various occupier requirements, which when combined total approximately 12,000 sqm. This is spread across all Cork regions and many are in advanced negotiations and should complete in Q3.



TAKE-UP: REGION (Q2 2013)

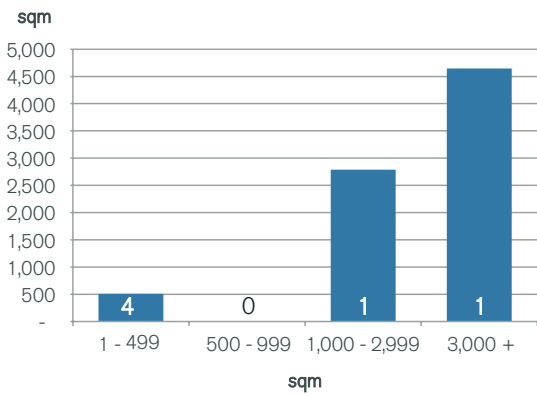


TAKE-UP: BUILDING GRADE (Q2 2013)

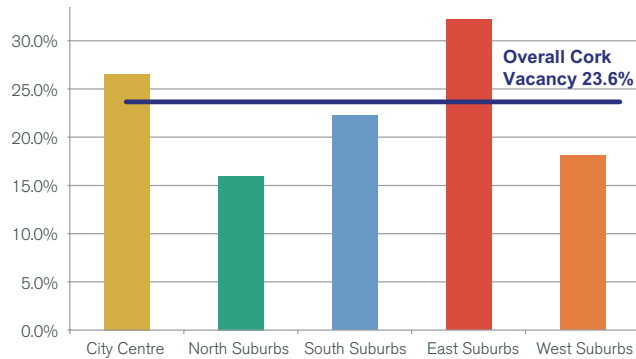


Source: Lisney Research

TAKE-UP: SIZE & NO. OF TRANSACTIONS (Q2 2013)



VACANCY RATE: REGION (Q2 2013)



Source: Lisney Research

Lisney Research



Aoife Brennan  
Divisional Director  
Head of Research  
T: +353-1-638 2700  
E: abrennan@lisney.com

Cork Office Team



Margaret Kelleher  
Director  
E: mkelleher@lisney.com



Edward Hanafin  
Director  
E: ehanafin@lisney.com



Paul Hannon  
Surveyor  
E: phannon@lisney.com



David McCarthy  
Surveyor  
E: dmccarthy@lisney.com



1 South Mall, Cork T: +353 121 427 5079 E: cork@lisney.com

24 St. Stephen's Green, Dublin 2 T: +353 1 638 2700 E: dublin@lisney.com

1st Floor, Montgomery House, 29-33 Montgomery St., Belfast, BT1 4NX T: +44 2890 501 501 E: property@lisney-belfast.com

