Lisney
COMMERCIAL REAL ESTATE

CORK REPORT

H2 2024

H2 2024

The Irish property investment market remained reasonably stable in H2 2024. In the occupational markets, there was a gradual increase in demand for city centre offices, while supply constraints persisted at historically low rates in the industrial sector.

€52.9 m
Cork Investment
Turnover

2
Cork Investment
Deals

€48 m
Blackpool Shopping Centre and Retail Park
Largest Investment Deal

13,300 sqm
Cork Office
Take Up

24
Cork Office
Deals

11.5%
Cork Office
Vacancy Rate

31,300 sqm
Cork Industrial
Take Up

20
Cork Industrial
Deals

1.7%
Cork Industrial
Vacancy Rate

Arrows represent quarterly trends unless otherwise stated.

Investment

ECONOMIC BACKDROP

The global economy continues to face challenges as geopolitical tensions remain in focus and the new administration in the US creates uncertainty around trade and corporate taxation policies. In spite of this, global economic growth is anticipated in 2025 (+3.3% according to the IMF), albeit uneven across sectors and regions. Held back by larger economies like Germany, France and Italy, growth in the Eurozone is forecast at +1%, while the UK is at 1.6%. In Ireland, GDP growth is forecast at 3.3% and MDD (modified domestic demand) at 3%.

With inflation easing, both the European Central Bank (ECB) and the US Federal Reserve continue to lower interest rates. ECB rates fell by 135 bps in H2 2024 and are projected to decline by a further 115 bps to 2% in 2025, providing a more favourable borrowing environment. The formation of a stable Irish government will further support market recovery. However, headwinds remain domestically, including the potential tax changes in the US, ongoing EU sustainability directives, and a global shift toward protectionist policies amongst newly elected governments around the world. Despite these uncertainties, the outlook for Ireland's property investment market in 2025 remains optimistic, with improving conditions expected to drive a stronger performance.

Cork Investment Transactions H2 2024

PROPERTY	SECTOR	PRICE
Blackpool Shopping Centre and Retail Park	Retail	€48,000,000
26-27 South Mall, Cork	Office	€4,900,000

Source: Lisney

BELOW:
Block 9005 Blarney Business Park

ACTIVITY

Nationwide in H2 2024, Irish investment market turnover reached €1.78bn across 60 transactions (each greater than €1m), a significant rebound from H1 2024 (€676m). Only two H2 deals were in Cork (combined €56.13m) accounting for 3% of the overall market. This compares to €59.68m spent in H1 2024. H2 transactions comprised the substantial off-market sale of Blackpool Shopping Centre and Retail Park for a reported €48m, as well as an office building at 26/27 South Mall, which was sold for €4.9m.

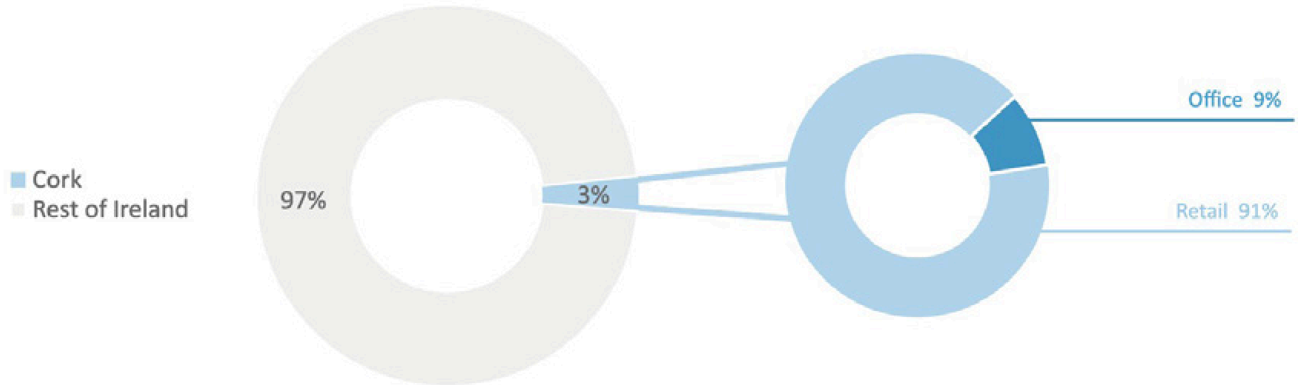
In 2024, €111.68m was invested in the Cork market, which accounted for 4.5% of the nationwide turnover and represented a 15.4% increase on the €97.6m completed in 2023. However, this comprised two notable retail assets; Mahon Point (€50m) and Blackpool Shopping Centre & Retail Park (reported €48m).

SUPPLY

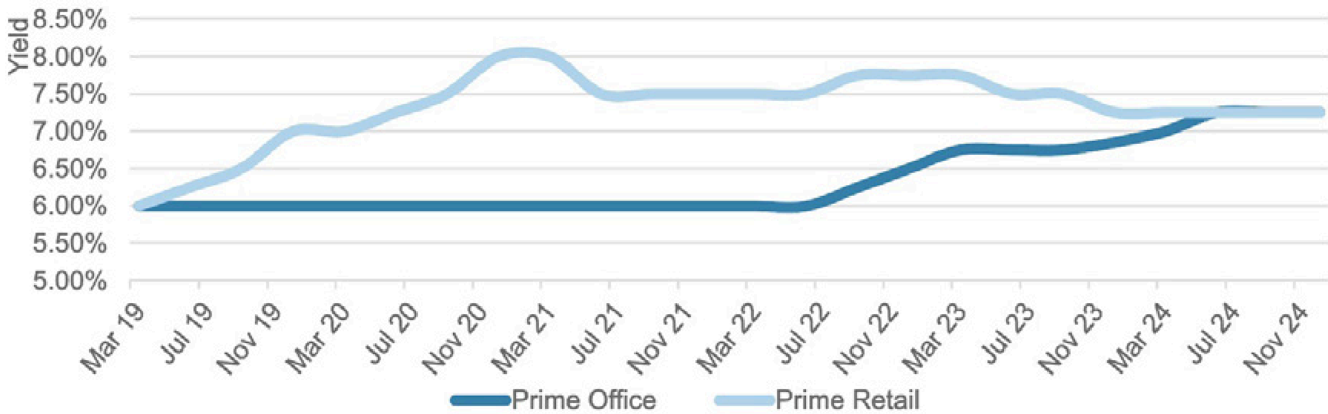
At the end of 2024, a limited number of on-market investment opportunities were available in Cork. However, the supply is likely to be healthier given the continued activity occurring off-market.

PRICING

Prime and secondary yields were largely unchanged in H2, reflecting both the wider global economic, financial and geopolitical factors as well as the improvements in market sentiment. In Cork, we estimate that the prime office and retail yields remained stable at 7.25% each.



Prime Cork Yields (Q1 2019 – Q4 2024)



Source: Lisney

INVESTMENT OUTLOOK

ECB interest rates are forecast to fall to 2% over the course of 2025, which will further assist the recovery of the Irish investment market.

With improved investor sentiment, we expect turnover in the Cork market to grow in 2025, but this will be contingent on what comes to the market, particularly larger lot sizes.

There is likely to be greater activity from international capital, particularly French investors. They will be sector agnostic and instead will be focused on yield target and length of guaranteed income.

Office

ACTIVITY

Take-up in the Cork office market in H2 2024 reached 13,300 sqm across 24 deals, up from 11,650 sqm in H1 2024 (28 transactions). There were six deals in excess of 1,000 sqm, accounting for 69% of the take-up. Out of these, one was in excess of 2,000 sqm, accounting for 21% of the take-up. The average deal size in H2 was 560 sqm, up from 420 sqm in H1. Total office take-up in 2024 reached 25,000 sqm across 52 transactions, with an average deal size of 480 sqm. This represents a decline from 2023 (29,300 sqm) and 2022 (28,700 sqm).

The city centre region remained the busiest in H2 2024, accounting for 60% of total activity with five deals out of top six located in this region. This was followed by the south suburbs at 28%, north suburbs at 9% and east suburbs at 3%.

Lettings dominated the market in H2 accounting for 88% of the take-up with four (out of 24) transactions comprising sales. The largest transaction was a letting of 2,790 sqm at Building 2000, City Gate in Mahon. The OPW leased a total of 3,770 sqm in Block B Navigation Square on Albert Quay across two transactions (1,300 sqm and 470 sqm). Block B is now fully let and there are ongoing negotiations for the remaining space in Block A. Additionally, Cohesity, an American privately held information technology company, took 1,040 sqm at 97 South Mall. Other notable lettings included 1,860 sqm at Penrose Two on Penrose Dock, and 1,160 sqm at Unit 1003 on One Albert Quay. The largest sale included Hexagon House in Little Island extending to 1,000 sqm. The remaining transactions were each sub 700 sqm.

DEMAND

Office demand for office space remained limited in 2024, however, enquiries for city centre accommodation were picking up in the second half of the year. The suburban office did not see the same as evident at the Cork Airport Business Park which still has high vacancy rates with very little to no interest from occupiers.

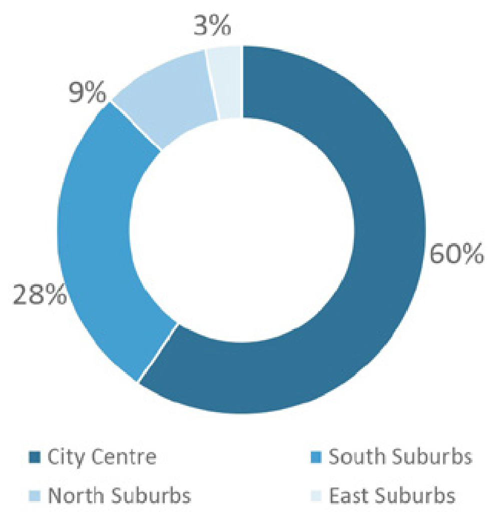
Most demand comes from indigenous professional service firms and State bodies. There are some active requirements for accommodation of between 1,000 sqm and 1,500 sqm in the city centre. Sustainability and ESG remains a consideration for tenants seeking office accommodation and owners of older office buildings will need to consider strategies to improve the energy efficiency and building ratings of their properties.

RENTAL VALUES

Prime city centre headline rents increased to €350 psm (€32.50 psf) from €325 psm (€30 psf) in H2 2024 having fallen at the beginning of 2023 for the first time since the end of 2020. Prime headline rates in the suburbs remained stable at €230 psm (€21 psf) as did the rents on South Mall, which remained at €225 psm (€21 psf).

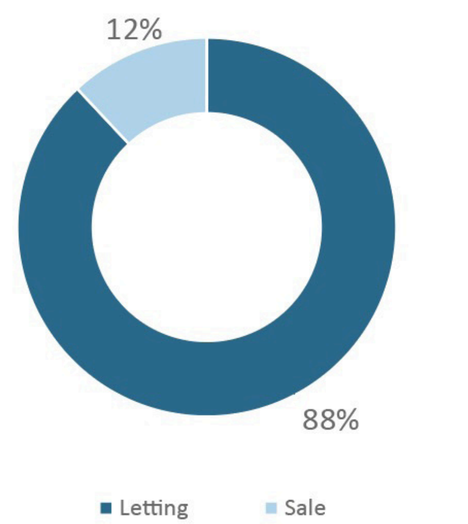
TAKE-UP	13,300 sqm
DEALS	24
LARGEST DEAL	2,790 sqm Building 2000, City Gate Central, Mahon
AVERAGE DEAL SIZE	560 sqm
BUSIEST REGION	60% City Centre
PRIME HEADLINE RENT	€350 psm €32.5 psf

Office Take-Up by Region (H2 2024)



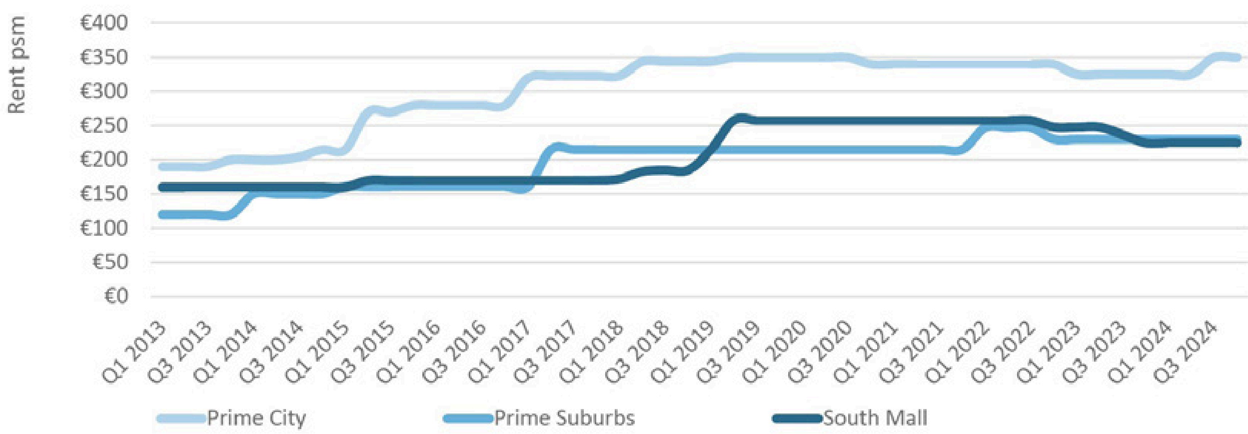
Source: Lisney

Office Take-Up by Deal Type (H2 2024)



Source: Lisney

Prime Headline Office Rents (Q1 2013 – Q4 2024)



Source: Lisney

AVAILABILITY

At the end of December 2024, there was 73,200 sqm of available office accommodation in Cork, down from 79,600 sqm in H1. Nearly half of all vacant stock was in the city centre (48%). This was followed by the south suburbs (43%), the west suburbs (5%), the north suburbs (4% each), and the east suburbs (0.4%).

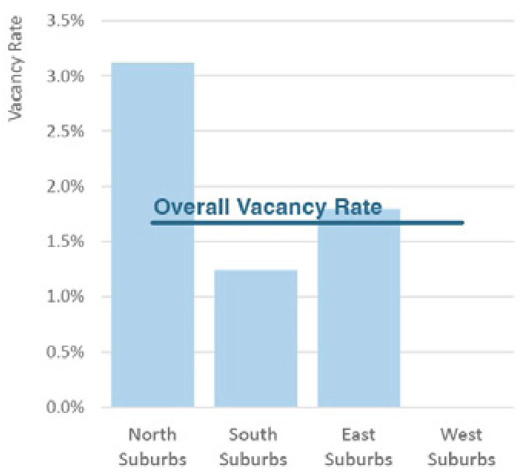
The overall Cork vacancy rate decreased in H2 to 11.5% from 12.6% six months previous. Focusing on the city centre region, the vacancy rate was 15.4%, down from 17.3% in H1 2024. The suburbs overall vacancy rate was at 9.4%, down from 9.9% in H1 2024.

CONSTRUCTION

While there were no new schemes completed in H2 2024, construction continued on Apple's new office building at its campus in Hollyhill in the northern suburbs. When completed, the building will extend to approximately 21,600 sqm and will accommodate 1,300 staff. Additionally, Building Two on Horgan's Quay was brought to a shell standard.

In terms of the construction pipeline, approximately 131,500 sqm of accommodation (15 schemes) had planning permission at the end of 2024 but had not commenced construction. 38% of this is in the city centre and 62% in the suburbs. No new office developments are expected to commence in 2025. It is likely that developers will focus more on residential with apartment developments to commence on Horgan's Quay and in Docklands.

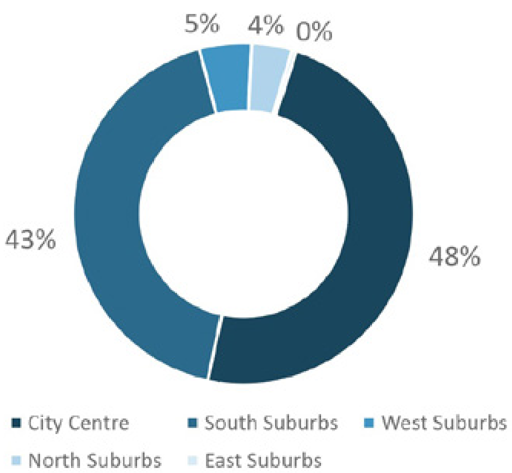
Office Vacancy Rate by Region (H2 2024)



Source: Lisney

ABOVE: Unit 7A and 7B Anchor Business Park

Office Availability by Region (H2 2024)



Source: Lisney

OFFICE OUTLOOK

The Cork market has been relatively immune to the global trend of grey space (accommodation available to sub-let from existing occupiers). There is very little of this type of space available in the Cork market (less than 5,000 sqm), and we do not expect this to change dramatically in 2025.

We do expect some improvements in activity in 2025 and this will be focused on the city centre as employers seek to provide wider amenities to their staff. Some suburban locations will do better than others.

Headline rents are likely to hold steady in most regions in 2025. Incentive packages may become more landlord-favourable as the year progresses.

In terms of construction activity, unless pre-lets are secured, it is very unlikely any of the new schemes will progress speculatively in the short-term.

Industrial

ACTIVITY

Take-up in the Cork industrial market in H2 2024 reached 31,300 sqm across 20 deals - a significant recovery from 5,900 sqm in H1. The average deal size in H2 was 1,570 sqm, up from 450 sqm six months prior. The east suburbs region was the busiest accounting for 78% of all activity. This was followed by the north and south suburbs at 12% and 10% respectively. There was no activity in the west suburbs. Despite the rebound in H2, total industrial take-up for 2024 (37,200 sqm) remained lower than 2023 (59,700 sqm) but was an improvement from 2022 (32,000 sqm).

In H2, three out of 20 transactions were sales, and the remainder were lettings. Seven transactions were in excess of 1,000 sqm with three in excess of 4,000 sqm. The top three transactions combined accounted for 51.2% of activity.

The largest lettings included newly completed Unit 7A and Unit 7B in Anchor Business Park, each extending to 5,575 sqm. Both units were let to Munters, a Swedish company specialising in climate control solutions for mission-critical processes, on individual leases. This was followed by Stericycle, a healthcare waste management company, taking Building 8003 in Blarney Business Park (4,900 sqm). Building 9005 in Blarney Business Park (2,600 sqm) completed in H2 2024, was let to Paardekooper, a reusable packaging supplier. Additionally, Silverstream Packaging leased the newly completed E400 in the Evergreen Business Park (3,100 sqm), while Bus Éireann took a 1,870 sqm unit in Tivoli Docks Industrial Estate. The largest sale included Unit 6 in Anchor Business Park, which was also completed in H2 2024 and extends to 2,900 sqm. The remaining lettings ranged from 90 sqm to 900 sqm.

DEMAND

Occupier demand for industrial premises in Cork remained high in H2 2024. Current requirements are mainly for units close to the main road networks particularly on the south and west sides of the city. In addition, development land and sites suitable for industrial development are in high demand, but there is very limited availability.

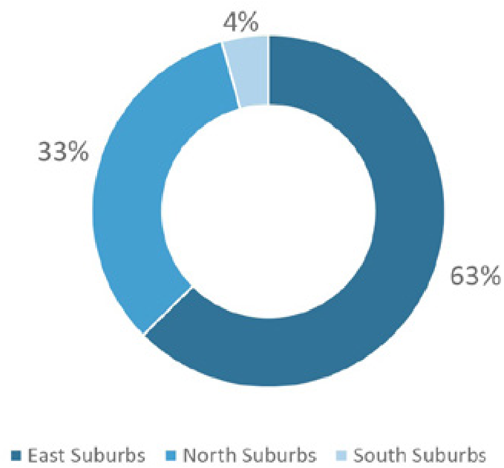
Little Island's appeal as a location for industrial, warehousing and logistics operators was enhanced with the completion of the upgraded Dunkettle Interchange, which now allows free-flow traffic in all directions.

RENTAL VALUES

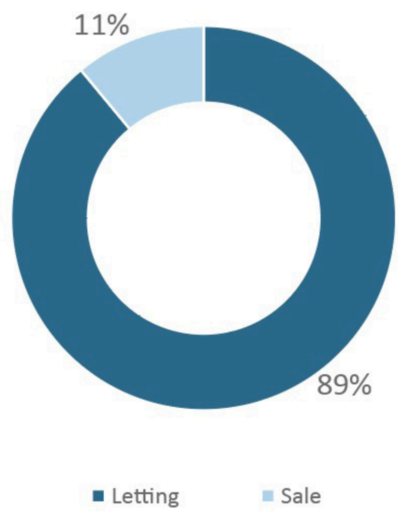
The prime rent for high bay accommodation increased to a new record level of €1,145 psm (€13.50 psf) in H2 2024, up from €123 psm (€11.40 psf) six months prior. The limited available stock and the elevated construction costs continue to put rental values under upward pressure, particularly for new developments.

TAKE-UP	31,300 sqm
DEALS	20
LARGEST DEAL	2x 5,575 sqm Unit 7A and Unit 7B, Anchor Business Park
BUSIEST REGION	63% East Suburbs
DEAL TYPE	89% Letting
PRIME HEADLINE RENT	€145 psm €13.5 psf

Industrial Take-Up by Region (H2 2024)

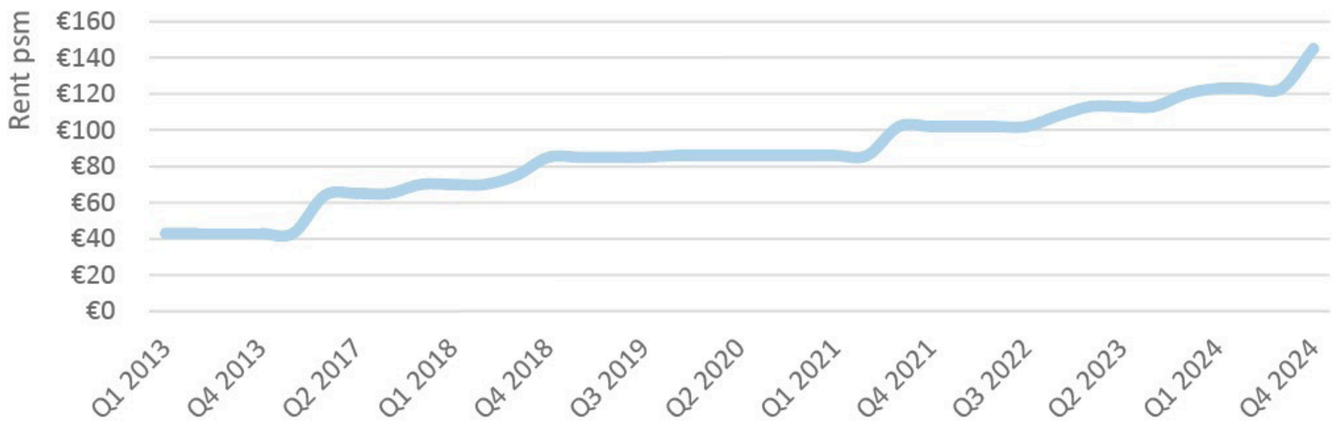


Industrial Take-Up by Deal Type (H2 2024)



Source: Lisney

Prime Headline Industrial Rent (Q1 2013 – Q4 2024)



Source: Lisney

AVAILABILITY

Despite ongoing construction activity, industrial supply in Cork remains tight as newly built warehouses are generally let prior to completion. At the end of 2024, there was 24,100 sqm of industrial space available across Cork, not much change from 24,500 sqm available six months prior. As a result, the overall vacancy rate across Cork remained stable at 1.7%, in H2 2024, which is unsustainably low. In terms of regions, the north suburbs had the highest vacancy rate (3.1%). This was followed by the east suburbs at 1.8% and the south suburbs at 1.2%. The west region had no availability.

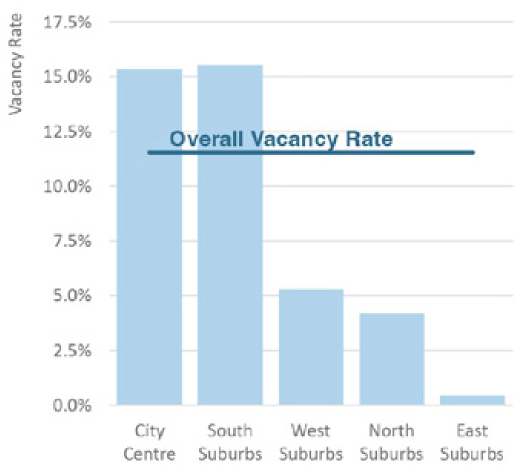
CONSTRUCTION

There was just under 20,000 sqm of industrial accommodation completed in H2 2024, bringing total completions for 2024 to 24,700 sqm. The five buildings completed in H2 2024, were all let in advance of finishing.

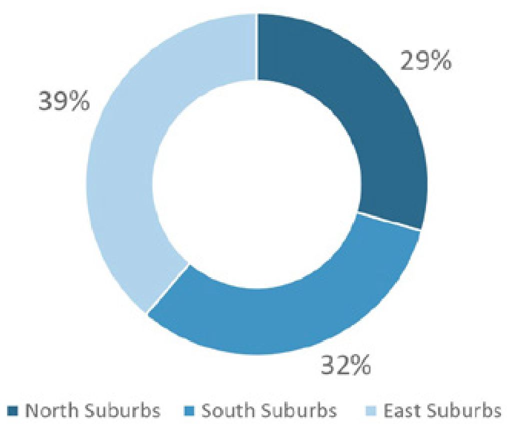
As of the end of 2024, there was 35,200 sqm of industrial accommodation under construction, down from 47,700 sqm six months prior. Little Island accounted for 75% of the space under development, with the remainder across the south suburbs (17%) and the north suburbs (8%).

In H2 2024, construction commenced on Block 8008 (1,900 sqm) and Block 8009 (910 sqm) in Blarney Business Park. Construction also commenced on a 4,500 sqm unit at Blackash Road, Curraghconway at the Kinsale Road Roundabout. This will be the new HQ for EPH Controls which was founded in 1997 and to date is run by the Casey family from Macroom, Co Cork. Construction of the remaining four units in Evergreen Business Park, Little Island continued. On completion, these units combined will provide 18,700 sqm of industrial accommodation. Construction on a 7,800 sqm data centre also continued as did the works on Unit 7 in Westgate Business Park (1,500 sqm). Additionally, nearly 58,000 sqm of accommodation was in the pipeline having been granted planning permission but not commenced construction.

Industrial Vacancy Rate by Region (H2 2024)



IIndustrial Availability by Region (H2 2024)



Source: Lisney

ABOVE:
Site 4 Harbour Point Business Park,
Little Island, Cork

INDUSTRIAL OUTLOOK

The industrial sector will continue to experience steady levels of demand but fulfilling these requirements will be hindered by the low vacancy rate and supply constraints within Cork and its environs will remain.

Supply will remain very limited in the short-term, albeit with some slight fluctuations around the current level.

Rents are likely to continue to increase, which will be required to justify new developments. Speculative building will remain limited given the elevated costs and softer investment yields. This will mean certain occupiers with active demand may need to agree terms on a design-and-build basis.

ABOVE:
Unit 12 Southside Industrial Estate,
Cork

Retail

The retail sector continues to adapt to a rapidly evolving landscape, not just in terms of accelerated technological change but also economic, geopolitical and ecological impacts.

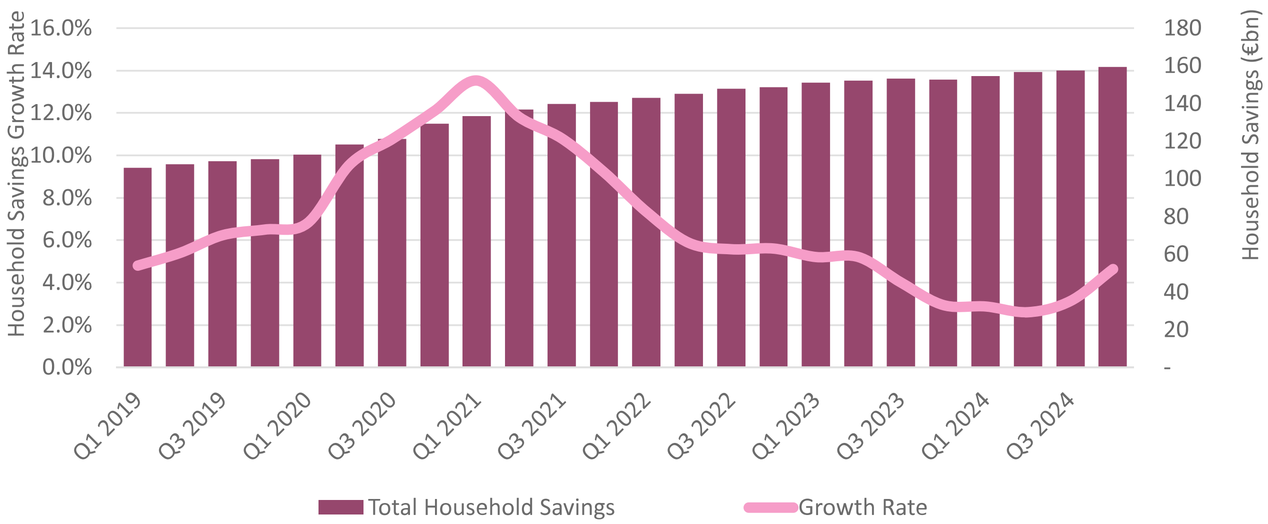
Nearly all traditional brick-and-mortar retailers now embrace e-commerce and omni-channel strategies.

SAVINGS

Household deposits in Ireland stood at €159.34bn in December 2024. According to the Central Bank of Ireland, the December figure represented a decrease of €0.25bn in the month and an increase of €10.65bn in 2024 as a whole. This trend in significantly increased savings began during the pandemic with savings growing by 18.2% annually in February 2021, the highest growth rate since 2007. As consumer activity recovered, this annual growth rate moderated to 5.4% in 2022, and 2.9% in 2023. In the first quarter of 2024, the savings growth rate reduced, standing at 1.8% in April, the lowest since August 2015. Since then, the savings growth rate increased to 3% and in December it was 4.5%.

Despite the slower pace of growth, practically every month in the last few years has set a new all-time high in terms of savings. This may seem surprising at a time when the cost of living remains elevated and there are economic headwinds. On one hand, it may well indicate precautionary savings by some and also a reluctance to spend given the higher costs of goods and services, but on the other hand, there is a cohort of the population in strong, well-paid employment.

Household Deposits – Annual Rate of Change (January 2019 – December 2024)



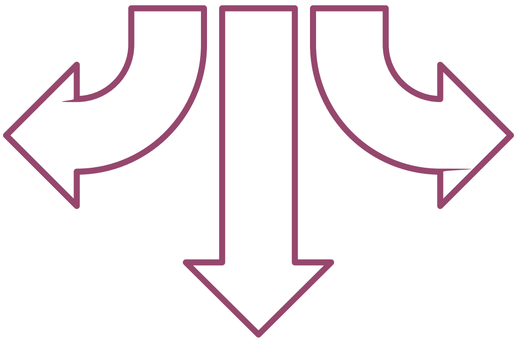
Source: Central Bank of Ireland, Lisney analysis

CONSUMER SENTIMENT

The Credit Union Consumer Sentiment Index stood at 73.9 in December, marginally down from 74.1 in November, but up from 71.9 in September. The index is still well below the long-term average of 84.3 and as such, signals that Irish consumer sentiment is more subdued at present. However, it also represents a significant improvement on the December 2023 reading of 62.4 and is also slightly higher than the average figure of 71.6 recorded in 2024. It appears that Irish consumers' concerns have eased somewhat through the past year.

> “According to the Central Bank of Ireland, the December figure represented a decrease of €0.25bn in the month and an increase of €10.65bn in 2024 as a whole.”

How did Consumer Sentiment elements change in the month of December?



Decreased Sentiment

Current Conditions
90.8 down from 91.4

Unemployment Outlook
63.9 down from 65.9

Unchanged Expectations

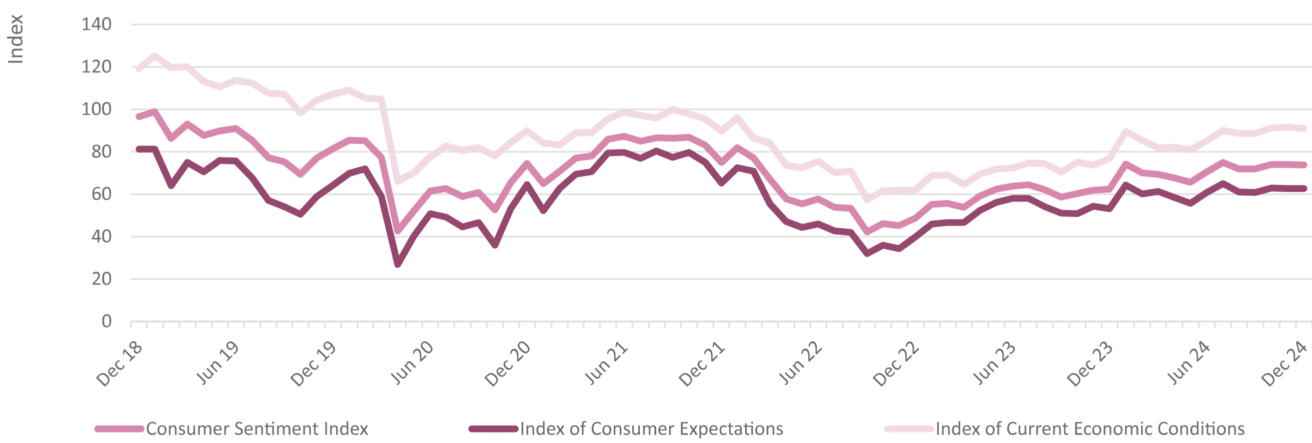
Consumer expectations
remained stable at 62.6

Increased Sentiment

Major Purchases
100.3 up from 98.7

Economic Outlook
33.9 up from 33.5

Consumer Sentiment Index (December 2018 – December 2024)

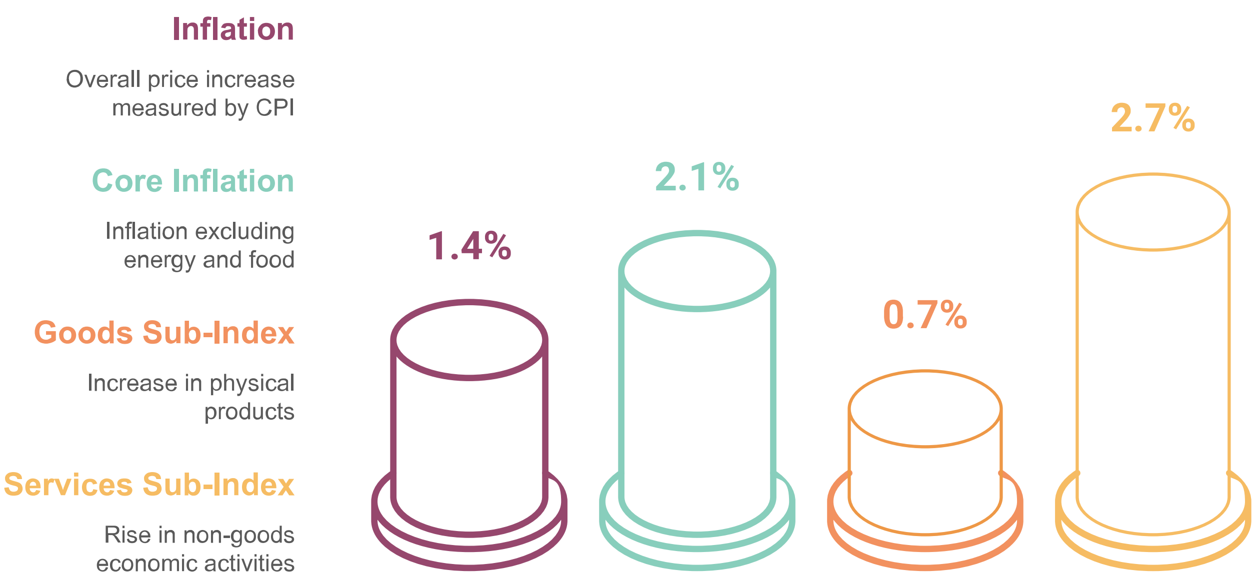


Source: Irish League of Credit Unions, Lisney analysis

INFLATION

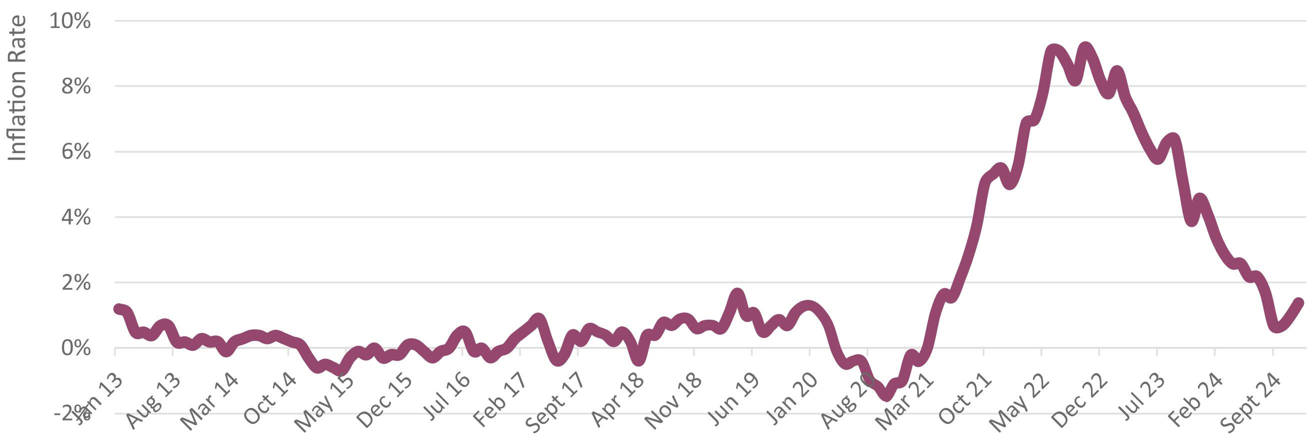
The Irish annual rate of inflation (measured by CPI) stood at 1.4% in December 2024, up from 1% in the previous month and 0.7% in September. Despite the slowdown in inflation (disinflation – growth but at a reduced rate), prices remain significantly higher than pre-crisis levels, standing approximately 18.8% above pre-COVID levels and 13.4% above pre-Ukraine war levels. While disinflation offers some relief, the affordability of goods and services remain a concern, as consumers are still dealing with elevated prices reflecting the lasting impact of global supply chain disruptions and energy price shocks.

Irish Inflation annual Change (December 2024)



Source: CSO, Lisney analysis

Annualised Rate of Irish Inflation (January 2013 – December 2024)



Source: CSO, Lisney analysis

RETAIL SALES

Based on CSO data, there continued to be a slight divergence in the scale of change in the volume and value of retail sales. In Q4 2024, the value of core retail sales increased by 1.5% while the volume of core sales rose by 1.6% over the same period. On an annualised basis, the value and volume increased by 0.3% and 0.8% respectively.

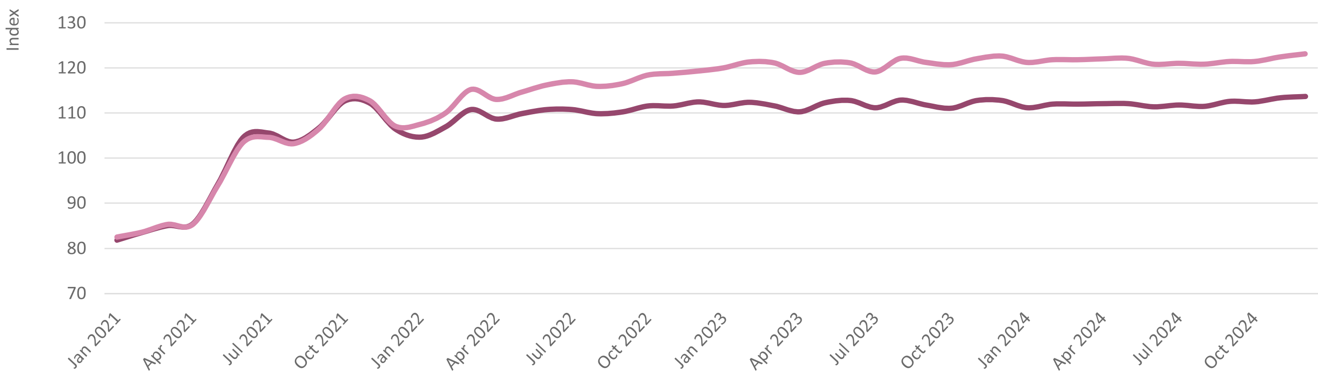
In terms of business sectors, those that showed the greatest annual volume growth in December 2024 were 'textiles, clothing and footwear' (7.7%), 'department stores' (4.2%) and 'hardware, paints and glass' (3.3%). The largest annual volume declines in December 2024 were in 'automotive fuel' (-6.7%) and 'bars' (-4.5%).

In terms of business sectors, those that showed the greatest annual volume growth in December 2024 were textiles, clothing and footwear (7.7%), department stores (4.2%) and hardware, paints and glass (3.3%). The largest annual volume declines in December 2024 were in automotive fuel (-6.7%) and bars (-4.5%).

Data from the CSO for December 2024 shows that 6% of turnover from Irish registered companies was generated from online sales in the month, unchanged from November and up from 5.1% in September. However, this only relates to Irish companies and consequently, the proportion of money spent online is significantly higher.

Data from Statista (an independent specialist in surveys and data gathering) show that online purchases in Ireland accounted for 14% of all transactions in 2024, totalling US$5.37bn, up from 12.9% (US$4.75bn) in 2023 with expectations that 2025 will reach 15.6% (US$6.22bn). By 2029, online purchases are expected to exceed US$8.69bn.

Volume and Value of Retail Sales (excluding Motor Trades) (January 2021 – December 2024)



Source: CSO, Lisney analysis

RETAIL PROPERTY MARKET TRENDS

The retail market in Cork experienced good levels of retailer occupancy on prime high streets and in key shopping centres and retail parks. Retail parks have been performing very well in terms of footfall and trading levels and have attracted significant investor interest in recent times.

The vacancy rate on Patrick Street was 17% at the end of 2024 and 9% on Oliver Plunkett Street – a reduction from 20% and 10% respectively in December 2023. However, some of these unoccupied units have deals agreed with new occupiers. Some of the new openings include jewellers Austen & Blakes new flagship store at the corner of Winthrop Street & Patrick Street and fashion retailer Lovisa now occupying the former Gamestop unit on the corner of Princes Street & Patrick Street.

Penneys' is due to commence its €60m expansion on Patrick Street in April 2025. With the former Debenhams store still lying vacant, this redevelopment by Primark is very positive for Patrick Street and the city centre as a whole. The redevelopment will see Penney's increase its retail area on Patrick Street by over 50%.

Opera Lane has reached full occupancy for the first time since 2019 with Victoria Secret and Bath & Body Works opening prior to Christmas and Mountain Warehouse signing a deal for 1,400 sqm unit 14.

RETAIL OUTLOOK

Demand will remain healthy in 2025 with new and expanding retailers active on prime high streets, as well as in some shopping centres and retail parks.

A lack of supply in certain key areas will be noticeable. Indeed, practically no new retail accommodation has been built in almost two decades and despite the requirement for new space in a limited number of specific locations, this is unlikely to materialise in the medium-term.

We do not expect any increases in prime rental values in 2025 and the rents achieved will very much depend on the nature of the landlord and individual building / location specifics. Rents in retail parks are reasonably stable, given the lack of available supply.

Retailers, restaurateurs, coffee shop and leisure operators will continue to analyse the ongoing viability of their business, focusing on income generation and the prevailing challenges of the increased cost of goods, fluctuating consumer sentiment, elevated energy costs, labour shortages and supply chain issues.

BELOW:
Horgans Quay

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