

WE INFORM
YOUR
FUTURE

BELFAST

COMMERCIAL
PROPERTY REPORT

The Lisney logo consists of a red square with a white border. Inside the square, the word "Lisney" is written in white, bold, sans-serif capital letters.

Lisney

Q1

2019

Belfast market in numbers

INVESTMENT



£41⁺m

Investment transactions
during the first 3 months
of the year

RETAIL



£150^{psf}_{za}
PRIME
RENTS

in Belfast city centre

OFFICES



c.107k^{sq}_{ft}

106,779 sqft of office
take up across belfast in
quarter 1, 2019

INDUSTRIAL & LOGISTICS



532 jobs

532 proposed new jobs in
the industrial & logistics
sector announced in
quarter 1, 2019



PFS on Mill Road, Crumlin was part of the portfolio sold by Lisney in QI

“The uncertain political climate makes for a difficult backdrop for inward investors”

OVERVIEW

The first quarter saw a modest start to the year for the Northern Irish commercial real estate market, albeit a significant improvement on the £10m transacted in the same quarter last year.

ACTIVITY

A variety of sectors were included in the £41m transacted during the first 3 months of the year, and in the context of local political stalemate and wider uncertainty as the UK misses the Brexit deadline it is perhaps unsurprising that the majority of this activity comes from local investors.

Our larger transactions of £20m+ generally see investors from GB (or further afield) travel in search of yield, or a compelling occupational story. In the case of the latter, our office sector locally continues to deliver on that front.

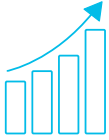
The uncertain political climate makes for a difficult backdrop for inward investors,

however it is important to note that the tentative nature of the market is mirrored across the UK. The noticeable trend is the drop off in retail activity, with the weakest UK volumes in the sector for 10 years.

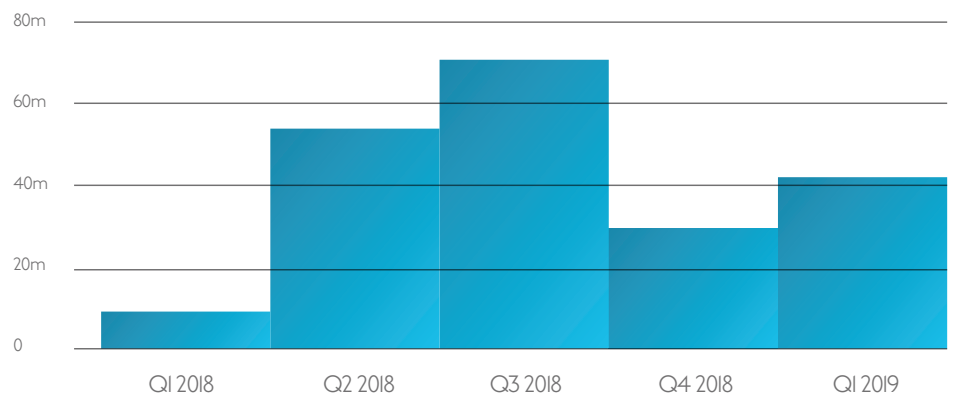
The effects of this are somewhat amplified in our traditionally retail dominant investment market, however our occupational narrative, whilst challenged is undoubtedly more positive when compared with wider GB. It is this occupational narrative, across a variety of sectors in NI which we would point to as a key fundamental which underpins the relative robustness of our investment market despite the muted activity levels.

It is with this in mind that we do see the potential for increased transaction levels given the assets either on market, agreed or quietly available. We just need practical compromise in both Westminster and Stormont over the coming months to allow some long overdue investment decisions to advance.

INVESTMENT VOLUMES, Q1 2018 - Q1 2019



Million £
(Sterling)



ON THE MARKET Q1 2019



PROPERTY	DETAILS	PRICING
Gateway Offices, Titanic Quarter, Belfast*	133,000 sq.ft. Office Building	£34m/5.5%
Great Northern Tower, Great Victoria Street, Belfast	108,000 Office Building	£24.5m/6.75%
Timber Quay, 110 Strand Rd, Derry*	56,000 Office Building	£5.25m/11.5%
Antrim Business Park, Kilbegg Road, Antrim*	580,000 Sq.ft. Business Park	£12.5m/14.5% (+ land)

*Agreed for sale

NOTABLE TRANSACTIONS Q1 2019



PROPERTY	SECTOR	PURCHASE PRICE
James House, The Gasworks, Belfast	Office	£14m
Bunzl Facility, Moy Road, Armagh	Industrial	£6.25m
Donegal House, Donegal Square North, Belfast	Office	£9.6m
Petrol Filling Station Portfolio (5 Stations) Co. Down	Convenience Retail	Undisclosed



Chichester House, Chichester Street, Belfast

“It is noteworthy that this take up is in line with the 5 year average.”

OVERVIEW

The office market through Q1 2019 has showed, not surprisingly, a dip in activity compared to the record breaking figures of 2018. The trend of Tech and Digital sector domination however continues to be a real positive for the Belfast market whilst co-working space operators continue to seek additional space as it appears some of these operators are close to full capacity and are starting to take over-flow space.

ACTIVITY

To supplement supply a new entrant (the brand of which is to be announced) is scheduled to arrive in this market in the near future having acquired 30,000 sqft at the former Eagle Star House on Upper Queen Street. A key question for

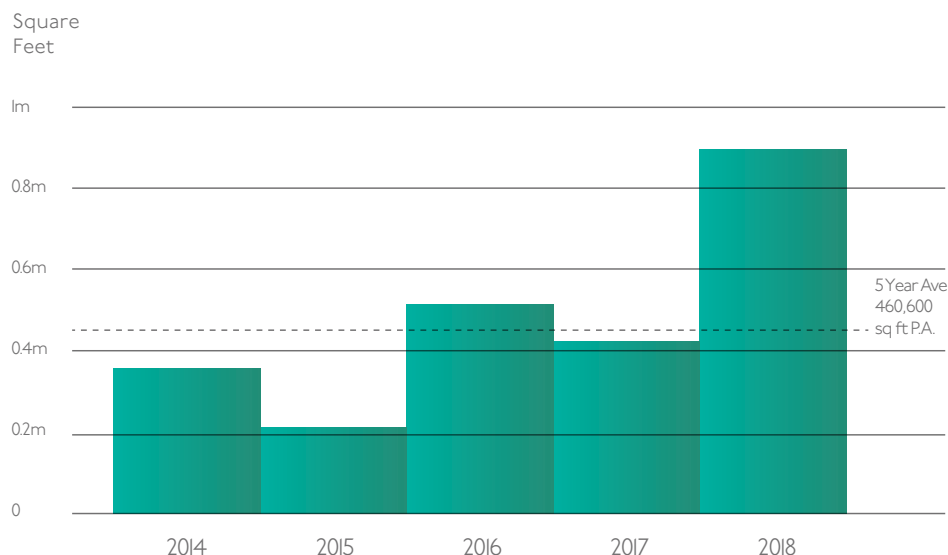
the wider market is whether the growing supply of co-working/serviced office space will have a negative effect on demand for 'traditional' floors plates of less than 5,000 sqft as has been reported in other regional cities throughout the UK. The flexibility afforded in serviced offices is particularly appealing to fast growing tech companies.

The total take up for the quarter was 106,779 sqft across 14 separate transactions. It is noteworthy that this take up is in line with the 5 year average. The most notable letting of QI was to NEUEDA who have acquired approximately 30,000 sqft at the West Tower, Lanyon Plaza. This space was originally designed to be residential apartments.

Immediate availability of Grade A space within Belfast CBD for the remainder of

2019 continues to be restricted to less than 200,000 sqft (which is spread across a number of buildings in small floor plate sizes). Chichester House is due for completion in Q4 2019 and will provide 46,000 sqft of much needed Grade A office space in the City Centre whilst there is also a strong pipeline of new stock to be delivered throughout 2020-2021.

OFFICE TAKE UP 2014 - 2018



NOTABLE TRANSACTIONS Q1 2019



LANDLORD	TENANT	SIZE	LOCATION
Magell Ltd	TBC	31,969	Eagle Star House, 5-7 Upper Queen Street
Ulster Estates	Cowen	7,900	Part 1st Floor, Bedford House, Bedford Street
Oxford Street Capital	Neueda	29,220	West Tower, Lanyon Plaza, 7 Lanyon Place
S M Millennium Ltd	Alexander Mann Solutions	4,923	Ground Floor, Millennium House, Great Victoria Street
Capital London	Confidential	6,600	2nd Floor, 2-10 East Bridge Street



106,779
SQUARE FEET

TAKE UP THROUGHOUT
BELFAST
IN QUARTER 1, 2019



House of Fraser, Victoria Square, Belfast

“ Belfast City Centre continues its bounce back in the aftermath of the Primark fire ”

OVERVIEW

Following 12 months where we saw established household names disappearing from our High Streets and Retail Parks, little was expected from Q1, especially with the Brexit 'D-day' looming large in the near future.

ACTIVITY

As we now know, 'D-day' has been postponed, but this has done little to help the sector, with CVAs and administrations continuing to be amongst the headlines. Furthermore compared with previous quarters we have noticed a slowdown in the number of new store openings. But all is not lost...

Belfast City Centre continues its bounce back in the aftermath of the Primark fire, with the retailer confirming plans to open their 2nd city centre store in April. Also with House of Fraser announcing a new 'long-term' lease in Victoria Square there are reasons to be optimistic.

Discount retailers continue to be amongst those most active, B&M and Home Bargains have unveiled plans for new stores at Belfast's Park Centre totalling c. 40,000 sqft, with both retailers having further acquisitions in the pipeline for 2019 and beyond.

Further underlining the demand in the sector, the Range have two new stores in their sights. A new opening at Northcott Shopping Centre, Newtownabbey is expected at Easter time, and a c. 65,000 sqft store at the former B&Q on Boucher Road will follow later in the year.

Northern Ireland's outlet parks continued on from a strong Q4 2018, with openings of Radley and Suit Direct at the Boulevard, Banbridge and Lidl opening a new c. 30,000 sqft store at The Junction in Antrim.

The food/grocery sector also remains buoyant. As mentioned Lidl remain acquisitive, as do Iceland Food Warehouse and Marks and Spencer, who despite announcing that they will close their outlet

store at the Junction, are due to add a new store in Carrickfergus to those acquired in 2018.

The food and beverage sector experienced a slow quarter comparatively. Greggs opened in Omagh at Showgrounds Retail Park, their 16th store in the province since making an entrance in 2016. We do however anticipate a busier second quarter for this sector.

With a number of transactions in the pipeline we expect to see an increased

number of openings in Q2, again spearheaded by discount and food/grocery retailers.

With the backdrop of continued level of economic and political uncertainty, and the squeeze on margins, Q2 could also bring further CVAs, administrations and business failures. We would however remain hopeful, that as we have experienced in the past, there will be sufficient demand to backfill any newly available units.

NOTABLE TRANSACTIONS Q1 2019



TRADER	TYPE	LOCATION	TOWN/CITY	AREA (SQ FT)
Lidl	Out of Town	The Junction	Antrim	26,000
O2	High Street/ Shopping Centre	High Street	Antrim	850
Suit Direct	Out of Town	The Boulevard	Banbridge	2,608
Radley	Out of Town	The Boulevard	Banbridge	1,500
Toy Town	High Street/ Shopping Centre	Fairhill	Ballymena	5,372
Superdrug	High Street/ Shopping Centre	Forestside	Belfast	3,668
Greggs	Food & Beverage	Showgrounds Retail Park	Omagh	1,500
Card Factory	High Street/ Shopping Centre	Erneside Shopping Centre	Enniskillen	2,130

Greggs continue to expand across the province





“ Demand is still very much from owner occupiers looking to purchase for their own requirements ”

OVERVIEW

Quarter I continues with a mix of letting and sales taking place however the majority of demand is still very much from owner occupiers looking to purchase for their own requirements, with no specific sector particularly standing out.

ACTIVITY

Several companies have announced a total of 532 new jobs to include CDE Global, Terex Corporation, Edge Innovate, Finnebrouge Artisan & Boyce Precision Engineering and are either extending their facilities or purchasing new premises.

Bombardier is once again in the news with the recent announcement that they are to sell their Northern Irish business. We trust a suitable buyer can be found and no jobs are lost.

Trade only fitted kitchen supplier Howdens has also recently entered the Northern Ireland market with the opening of a number of branches, the most recent being a double bay unit in the Meadows Business park fronting onto the Boucher Road, Belfast.

The unit comprises 14,705 sq ft and is an excellent addition to their NI branch network. This is in addition to another recent letting of c. 10,000 sq ft to Howdens in Duncrue Industrial Estate, Belfast. Both of the lettings to Howdens are on a long term leasehold basis.

As mentioned Terex Corporation have started work on a 105,000 sq ft facility in Campsie, Londonderry (due to open later this year) and Boyce Precision Engineering recently opened a new build facility of 18,000 sq ft in Portadown.

Edge Innovate and Finnebrogue, in Dungannon and Downpatrick respectively, are also due to construct new facilities adjacent to their current premises in major multi-million-pound investments.

Further transactions include the sale of an industrial facility on Alexander Road, Belfast extending to c. 26,000 sq ft on a site of 1.2 acres.

On the supply front Enkalon Business Park in Antrim came to the market for sale and

comprised c. 95,246 sqft on a site of 4.5 acres.

On the letting front a fantastic facility at Lisdoart Road in Ballygawley came to the market in Quarter 1. The property extends to c. 115,000 sq ft on a shared site with excellent circulation areas and 14 external roller shutters making it ideal for storage and distribution occupiers.

NOTABLE TRANSACTIONS Q1 2019



LOCATION	AREA (SQ FT)	TYPE
Alexander Road, Belfast	26,000	Sale
Building I, Unit I, Central Park, Mallusk	22,421	Letting
Charlestown Road, Portadown	18,000	New Build
2 Rathdown Road, Lisburn	15,941	Letting
Meadows Business Park, Belfast	14,705	Letting
Duncrue Industrial Estate, Belfast	9,789	Letting

Duncrue Industrial Estate, Belfast

Recent Letting of 9,789 sqft to Howdens who supply trade only fitted kitchens.



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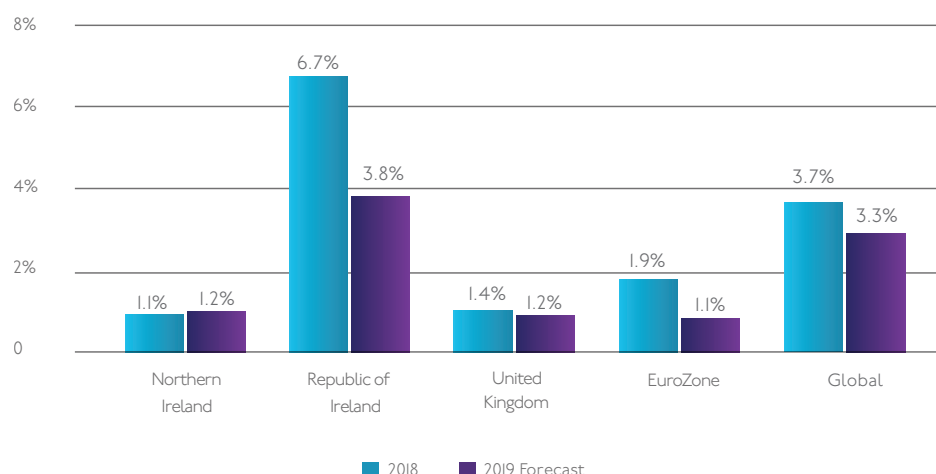


OUTLOOK

- Office - Prime office rents in best locations rising.
- Retail - Repositioning of this market ongoing.
- Industrial/Logistics - Strong demand for well located large space with 8m+ eave heights.
- Investment - Yields steady. Volumes falling due to lack of large retail transactions.

GLOBAL VIEW

2018 Growth Vs 2019 Forecast



* Please note that the values used will not be confirmed until the end of Q1 2019 and are estimates.

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