

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

Q2

2019

Belfast market in numbers

INVESTMENT



£60_m

Investment transactions
during quarter 2, 2019

RETAIL



50,000sqft
NEW
SPACE

taken by Primark
in quarter 2, 2019

OFFICES



c.75k_{sq ft}

75,171 sqft of office take up
across belfast in quarter 2,
2019

INDUSTRIAL & LOGISTICS



HARLAND &
WOLFF

Belfast's iconic shipyard up
for sale in quarter 2, 2019



Citi bought their own offices in Titanic Quarter in Q2

“ We continue to see robust levels of local activity at a lower lot size with pricing remaining resilient ”

OVERVIEW

The quarter has arguably performed better than expected transacting £60m, bringing our HI total to just over £101m, but this doesn't necessarily disguise the relative pausing in the investment market, right across the UK.

ACTIVITY

The largest transaction of the quarter saw Citi buy their own offices in Titanic Quarter, followed by the receiver sale of Antrim Business Park to a local investor. Lisney acquired Timber Quay, one of Londonderry's best office buildings at the start of the quarter, again for a local investor.

We continue to see robust levels of local activity at a lower lot size with pricing remaining resilient but the appetite of external investors is undoubtedly hampered in the current climate.

This is understandable as the capital markets reflect the risk associated with Brexit. The retail sector is the big talking point as it remains in the midst of a correction, given how our volumes have been traditionally dominated by retail this is a particularly pertinent discussion for NI.

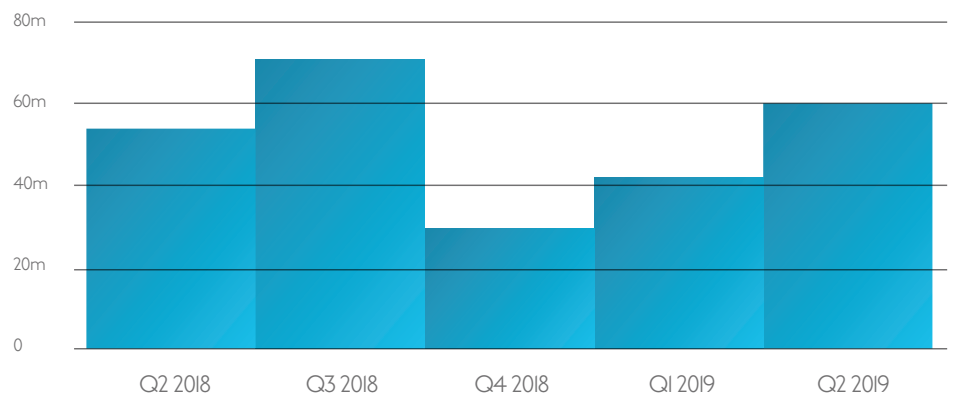
The stabilising of the position will be helped by increased consumer confidence, which will be linked to a more settled political backdrop.

A key consideration however is the strong performance of the occupational markets which will underpin investment value. It is likely that it will be next year before we see the outworking of this strong performance assuming politics doesn't, once again, get in the way.

INVESTMENT VOLUMES, Q2 2018 - Q2 2019



Million £
(Sterling)



ON THE MARKET Q2 2019



PROPERTY	DETAILS	PRICING
Great Northern Tower, Great Victoria Street, Belfast	108,000 sq.ft. Office Building	£24.5m/6.75%
Clandeboyne Retail Park, Bangor	112,000 sq.ft. Retail Park	£12.43/9.5%
The Boat, Queens Square, Belfast	35,500 sq.ft. Multi Let Office Building	£5.25m/11.5%
36/38 Boucher Road, Belfast	2x Standalone Retail Units	£3m/5.25%

NOTABLE TRANSACTIONS Q2 2019



PROPERTY	SECTOR	PURCHASE PRICE
Gateway Offices, Titanic Quarter, Belfast	Office	£34m
Antrim Business Park, Antrim	Industrial	£12.5m
Timber Quay, Strand Road, L'Derry	Office	£5.25m
15-17 Chichester Street, Belfast	Office	£1.4m



Work has continued at Merchant Square throughout Q2

“ The trend of Tech and Digital sector domination continues to be a real positive for the Belfast market ”

OVERVIEW

A drop in the 'take up' figures assessed within Belfast's CBD for Q2 2019 is a reflection of the shortage of Grade A stock rather than a slackening of activity. Availability will continue to be a challenge for the market until new stock is built and comes on line later in 2019 and early 2020. The 'take up' calculated represents a significant drop in the volume of space transacted compared to the same time last year.

ACTIVITY

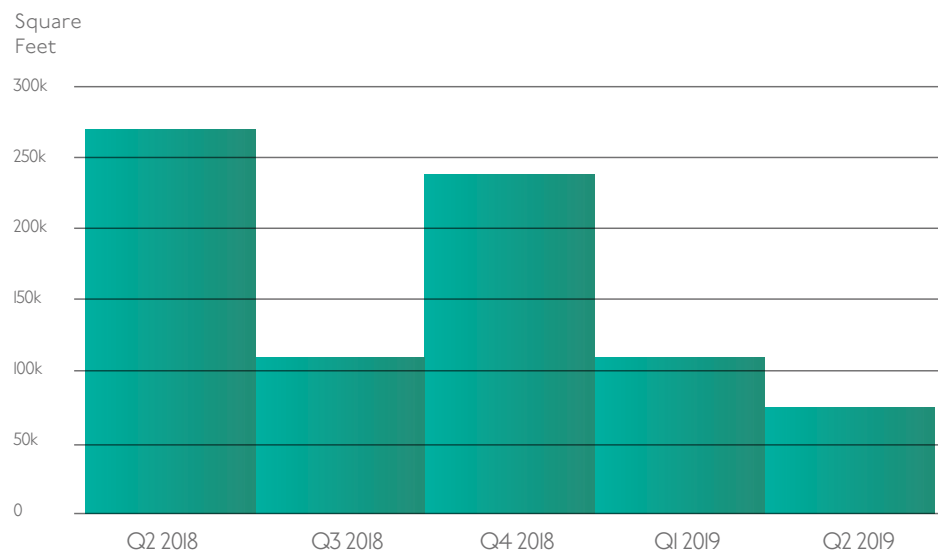
The trend of Tech and Digital sector domination continues to be a real positive for the Belfast market and as revealed in new research released by the government's Digital Economy Council - Belfast is in the top four locations for high-paying digital jobs within the UK and with over 16,000 new

posts created in the past 12 months. Some co-working space operators/landlords are reaping the rewards of these entering the market or rapidly expanding before seeking their own space. An example of this was Smashfly Technologies moving from serviced office space within River House to their own self-contained suite of 5,811 sqft on the 11th floor this quarter.

The total take up for Q2 2019 was 75,171 sq ft and was transacted across 13 separate transactions. The most notable deal of the quarter was PWC's decision to take a further 46,000 sq ft beyond their original acquisition of 155,000 sq ft to secure the entirety of Merchant Square, which is being developed by Oakland Holdings. This city centre building which is being refurbished is located at the junction of Wellington Place and Upper Queen Street, combining the former Oyster House and Royston House.

It is anticipated that 'take up' throughout the remainder of 2019 will continue to be subdued for the aforementioned reason as any occupiers seeking space in excess of 30,000 sqft will have to consider pre-let/ mid let opportunities. With this comes an extended waiting period of between 12-30 months.

OFFICE TAKE UP Q2 2018 - Q2 2019



NOTABLE TRANSACTIONS Q2 2019



LANDLORD	TENANT	SIZE	LOCATION
Oaktree	PWC	46,000	1st & 2nd floor, Merchant Square, Wellington Place
Flaherty Investment Holdings Ltd	Smashfly Technologies	5,815	11th Floor, River House, High Street
GTT (Assignor)	Novosco (Assignee)	4,800	3rd Floor Concourse 2, NI Science Park' 15 Queens Road
Private Client	Reed	3,490	1st Floor, 14 Great Victoria Street
CPL	Equiis	2,858	3rd floor, 1-3 Arthur Street



75,171 TAKE UP IN BELFAST
CITY CENTRE
SQUARE FEET IN QUARTER 2, 2019



In Q2 Primark opened their second city centre store at Fountain House, Donegal Place.

“ Arcadia Group hit the headlines as they announced CVA proposals. ”

OVERVIEW

Q2 saw yet another high profile casualty. Arcadia Group whose brands include the likes of; Topshop, Burton and Dorothy Perkins hit the headlines as they announced CVA proposals. However, as we observed with House Fraser's CVA, this was met with considerable opposition from some of the UK's leading landlords, before eventually gaining approval. In a similar suit, Monsoon Accessorize have proposed a CVA which like Arcadia's, has and continues to be subject to significant landlord scrutiny.

ACTIVITY

At a Northern Ireland level, Belfast City Centre continues to be amongst the headlines as it attempts to recover from the chaos caused by the Primark fire. With works to secure the Bank Buildings structure progressing the protective cordon has been scaled back, allowing the welcomed reopening of Zara and Tesco Metro.

Q2 saw a further boost to the city centre as Primark opened what is now their second city centre store at the 27,000 sqft Fountain House, Donegal Place formerly occupied by New Look.

Beyond Belfast, we saw activity spread throughout the province's towns and cities. In Newry, Next joined M&S and Pure Gym in The Quays 'Phase 5' extension, opening a new 27,000 sqft outlet store and doubling their footprint versus the previous store.

Yet again Primark were in the headlines as they opened an upsized store at The Abbey Centre in Newtownabbey, taking the unit vacated by failed retailer BHS.

Newtownabbey also saw The Range open their fifth NI outlet, neighbouring Tesco at Northcott Shopping Centre, in a demonstration of the continued demand from within this sector.

Elsewhere we continue to see acquisitive retailers in the supermarket/grocery sector, with the likes of M&S, Lidl and Iceland seeking opportunities, with the latter opening a new 10,000 sqft store at Rushmere Shopping Centre.

Q2 saw further activity at NI's outlet parks, with the opening Samsonite and Jack N Jones Junior at The Boulevard, Banbridge and The Entertainer opening their second NI store at The Junction in Antrim.

Looking forward, we are aware of a considerable pipeline of completed

transactions, spearheaded by operators from the discount, supermarket and coffee sectors which should come to fruition throughout the second half of 2019.

With continued political and economic headwinds the pressure on retailer's bottom line is unlikely to abate, thus we could see further restructuring and failures. That said, as we have seen over the course of the last 12 - 18 months we are optimistic that sufficient demand exists to backfill any newly available opportunities.

NOTABLE TRANSACTIONS Q2 2019



TRADER	TYPE	LOCATION	TOWN/CITY	AREA (SQ FT)
The Range	Out of Town	Northcott Shopping Centre	Newtownabbey	40,000
Next	Shopping Centre	The Quays	Newry	27,000
Primark	Shopping Centre	Abbey Centre	Newtownabbey	26,100
Primark	High Street	Donegall Place	Belfast	24,000
Iceland	Shopping Centre	Rushmere Shopping Centre	Craigavon	10,000
The Entertainer	Out of Town	The Junction	Antrim	4,000
Samsonite	Out of Town	The Boulevard	Banbridge	1,270
Amen Footwear	Shopping Centre	Fairhill Shopping Centre	Ballymena	1,260
Bob & Berts	Food & Beverage	The Promenade	Portstewart	1,110
Jack N Jones Junior	Out of Town	The Boulevard	Banbridge	900

Q2

INDUSTRIAL
& LOGISTICS

36B Lisdoart Road, Ballygawley transacted in Q2 at 113,550 sq ft

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

OVERVIEW

Quarter 2 was relatively quiet in the industrial market in terms of the number of deals transacting, however, the size of each is vastly higher. The largest letting of the year, so far, transacted at 113,550 sq ft in Ballygawley and continued the theme of storage and distribution demand for good quality units with dock levellers seen over the last 6+ months. However there was also disappointing news that the parent company owner of Belfast's famous Harland & Wolff shipyard announced that it would file for bankruptcy and that the Belfast yard was up for sale. We are hopeful that a purchaser can be found for the business.

ACTIVITY

In Quarter we mentioned a fantastic facility at Lisdoart Road in Ballygawley was coming to the market on a letting basis.

The property extended to c. 113,500sq ft and we have now leased the property as the largest warehouse letting of the year, so far.

Huhtamaki also officially opened their new factory on Kilbegs Road in Antrim comprising c. 57,000 sq ft in order to produce paper straws for McDonalds restaurants in the UK and Ireland.

A letting in Lissue Industrial Estate, Lisburn of 33,000 sq ft to a local firm completed with the new build unit to the front of the same development, comprising an additional 28,800 sq ft, also agreed.

From an industrial investment perspective, Antrim Business Park, a 580,038 sq ft business park on c. 30 acres plus an additional c. 44 acres of additional lands, currently let to a number of occupiers with

the anchor tenant being Sports Direct / Heatons, has been sold around the asking price of £12.5m.

On the supply front a unit on Sentry Lane, Mallusk comprising a Trade Counter / Warehouse totalling 12,472 sq ft on a self-contained site of 1.3 acres and also a

similar unit on Duncrue Crescent, Belfast comprising 11,175 sq ft both came to the market.

In addition 32 acres of zoned industrial land in Knockmore Industrial Estate, Lisburn came to the market with an asking price of £2.75m, equating to c. £86,000 per acre.

NOTABLE TRANSACTIONS Q2 2019



LOCATION	AREA* (SQ FT)	TYPE
Antrim Business Park, Antrim	580,038	Sale
36B Lisdoart Road, Ballygawley	113,550	Letting
Unit 2, 1 Lissue Industrial Estate, Lisburn	33,000	New Build
Portview House, Edgewater Road, Belfast	24,478	Sale

*Approximate Sizes



Harland & Wolff Shipyard

In Q2 the parent company owner of Belfast's famous Harland & Wolff shipyard announced that it would file for bankruptcy and that the Belfast yard was up for sale.

OUR OFFICES

BELFAST

Montgomery House, 29-33
Montgomery Street, Belfast,
BT1 4NX
T: +44-2890-501501
E: belfast@lisney.com

DUBLIN

St. Stephen's Green House,
Earlsfort Terrace, Dublin 2
D02 PH42
T: +353 1 638 2700
E: dublin@lisney.com

CORK

1 South Mall,
Cork
T12 CCN3
T: +353 21 427 5079
E: cork@lisney.com

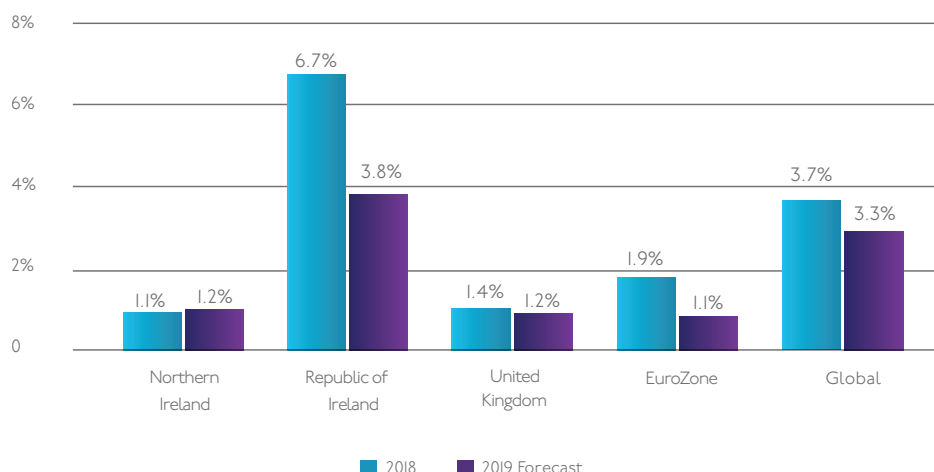


OUTLOOK

- Office - Continued strong demand for Grade A offices. Supply constraints easing 2019/2020.
- Retail - Respositioning of this market ongoing.
- Industrial/Logistics - Strong demand remains for well located large space with 8m+ eave heights.
- Investment - Uncertainty in retail markets softening retail yields.

GLOBAL VIEW

2018 Growth Vs 2019 Forecast



* Please note that the values used will not be confirmed until the end of Q2 2019 and are estimates.

LISNEY BELFAST TEAM



Declan Flynn
Managing Director



David McNellis
Director (Agency)



Gareth Johnston
Director (Professional Services)



Nicky Finnieston
Director (Retail & Investment)



Andrew Gawley
Director (Industrial Agency)



Stephen Chambers
Associate Director (Investment)