

WE INFORM  
YOUR  
FUTURE

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# BELFAST

COMMERCIAL  
PROPERTY REPORT

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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**

Q3

2019

# Belfast market headlines

## INVESTMENT



£18<sub>m</sub>

Investment transactions during quarter 3, 2019

## RETAIL



ACTIVITY  
IN TOWN  
SUBDUED

but there are a number of active out of town requirements

## OFFICES



c.63k<sub>sq ft</sub>

63,444 sqft of office 'take up' across belfast in quarter 3, 2019

## INDUSTRIAL & LOGISTICS



HARLAND &  
WOLFF

Belfast's iconic shipyard sold in Q3, 2019



Clandeboyne Retail Park, Bangor

“Where  
quality product  
is available  
we have  
seen investor  
appetite  
”

## OVERVIEW

With NI being the UK's only land border with Europe it has been catapulted into the headlines ever more frequently in recent months, which has resulted in the uncertainty associated with Brexit being amplified in the region.

## ACTIVITY

Regardless of the industry, this backdrop makes investment decisions very difficult, but particularly in commercial real estate. In an investment sector weighted so heavily towards larger property transactions, often involving investors from outside of the region it's not surprising to see the effect this has had in the last quarter, muting activity levels to just £18m.

This illiquidity has created opportunity for some investors however, who can take a

longer term view and when combined with softening pricing it has compelled them to look seriously at the region in the hunt for yield.

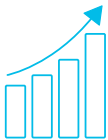
It would be unreasonable to blame it all on Brexit, Northern Ireland is traditionally dominated by retail led transactions and given slowing consumer confidence, cost price inflation and a structural shift in how we shop the sector has seen a significant pausing in the last 12 months.

This sentiment is mirrored right across the UK as occupier Administrations continue to worry investors. We have said before though that if investors scratch the surface there is, in many cases a more resilient occupational narrative vs. comparable product in GB which should give the retail investment sector the spring board to attract capital following the emergence of some political certainty in the coming months.

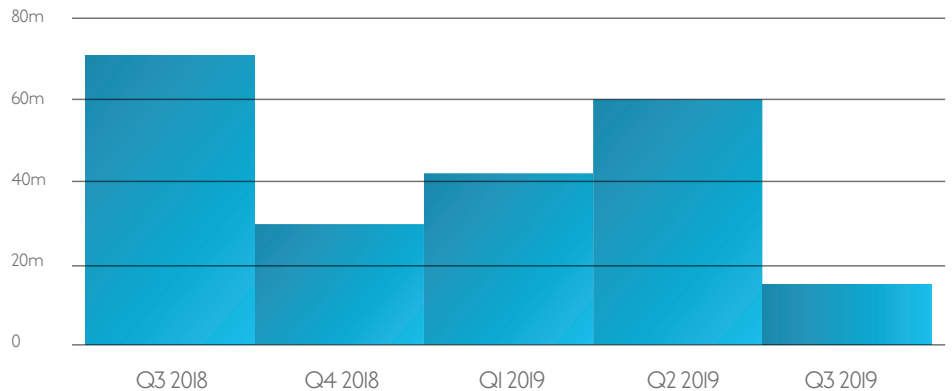
Where quality product is available we have seen investor appetite. Our office occupational market continues to provide growth and healthy levels of demand.

The alternative sector, a favourite for institutions in GB continues to grow market share and the challenge for NI is to harness some of that capital and deliver the product to facilitate investment.

## INVESTMENT VOLUMES, Q3 2018 - Q3 2019



Million £  
(Sterling)



## ON THE MARKET Q3 2019



PROPERTY	DETAILS	PRICING
Sprucefield Retail Park, Lisburn	230,000 sq.ft. Retail Warehouse Park	£45.6m/7.64%
Crescent Link Retail Park, L'Derry	320,000 sq.ft. Retail Warehouse Park	£40m/8.5%
Great Northern Tower, Great Victoria Street, Belfast	108,000 sq.ft. Office Building	£24.5m/6.75%
36/38 Boucher Road, Belfast	2x Standalone Retail Units	£3m/5.25%

## NOTABLE TRANSACTIONS Q3 2019



PROPERTY	SECTOR	PURCHASE PRICE
Clandeboyne Retail Park, Bangor	Retail	£9,000,000
Revolution De Cuba, Arthur Street, Belfast	F&B	£3,300,000



Q3

OFFICES



Chichester House on Chichester Street is nearing completion

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

## OVERVIEW

A further recorded drop in the 'take up' figures assessed within Belfast's CBD for Q3 2019 is a reflection of both the shortage of Grade A office availability and the continuing uncertainty in some sectors over Brexit with some business' unable / unwilling to make commercial decisions with the October 31st deadline looming. In support of this view, according to research conducted by AIB, half of small businesses in Northern Ireland are already suffering in some way due to Brexit. It is notable however that some sectors are still investing and in particular the Tech and Digital domination of the market seems to be robust. An example of this is the recent acquisition by Signifyd securing 5,815 sqft in River House.

## ACTIVITY

The total take up for Q3 2019 was 63,444 take up sqft and was transacted across 11 separate transactions, bringing the total take up across the first three quarters of 2019 to just over 245,000 sqft. This assessed

'take up' represents a significant drop of 62% in space transacted compared to the same time last year, however with ongoing market activity it is anticipated that the annual 'take up' by the end of Q4 will demonstrate a figure close to , if not exceeding, the 5 year annual average (c. 450,000 sqft).

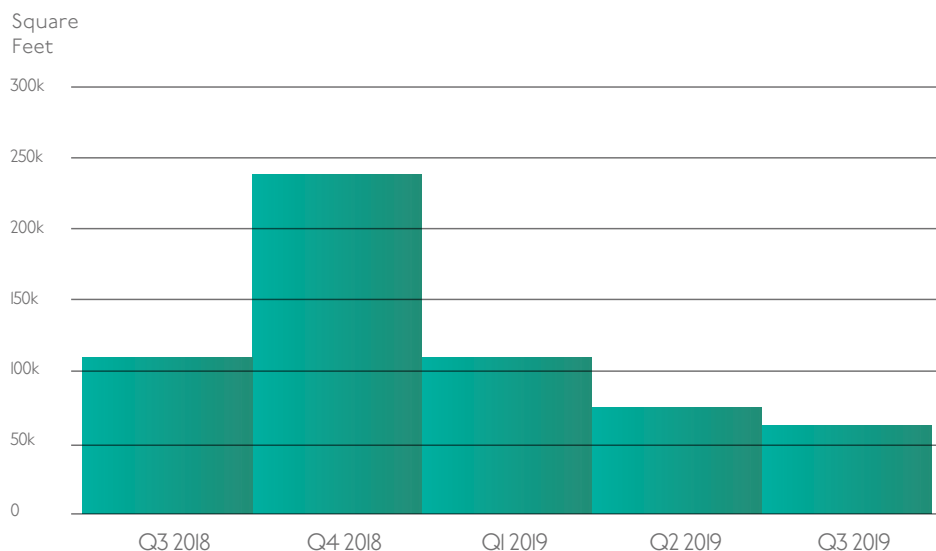
The size of transactions recorded throughout the quarter ranged from 1,844 sqft – 13,500 sqft, highlighting the lack of supply of larger floor plates and the resulting limitations imposed on the wider economy, especially in an FDI context, where many such requirements can be in excess of 20,000 sqft. The largest floor plate currently available is 9,875 sqft (the Lighthouse at Cromac Place). This lack of supply will only be relieved once new stock becomes available post construction as a lead in period of 18-24 months would be typical . It is anticipated that pre let or mid let activity will heighten as occupiers compete for space.

There have been a number of positive news stories in Q3 within the 'services'

sector with several new job announcements' including US insurance giant Aflac which has announced plans to open a new technology centre in Belfast, creating 150 jobs over the next five years.

We look forward to Q4 as the number of expected deals to be concluded will mean a positive end to 2019.

## OFFICE TAKE UP Q3 2018 - Q3 2019



## NOTABLE TRANSACTIONS Q3 2019



LANDLORD	TENANT	SIZE	LOCATION
Danske Bank	PWC	13,500	2nd Floor, DSW Donegall Square West, Belfast
Euroauctions	VenYou	12,000	Lesley Buildings, 1 - 5 Wellington Place, Belfast
Euroauctions	VenYou	6,895	Northern Court, Gloucester Street, Belfast
Oxford Street Capital	Slice Life	6,020	4th floor, McAuley House, Castle Street, Belfast
Flaherty Investment Holdings Ltd	Signifyd	5,815	6th Floor, River House, High Street, Belfast



63,444 'TAKE UP' IN BELFAST  
CITY CENTRE  
SQUARE FEET IN QUARTER 3, 2019



Q3

RETAIL



M&S opened their newest store at Shore Road, Carrickfergus in a deal brokered by Lisney.

“ Whilst activity is slightly subdued in town, there are a high number of active requirements for out of town locations. ”

## OVERVIEW

With Brexit and political uncertainty affecting consumer confidence and retailers decision making, Q3 has been relatively subdued in terms of new store openings throughout Northern Ireland.

## ACTIVITY

American fashion and lifestyle retailer Anthropologie, chose Belfast for it's first store in Ireland, opening in August within the newly developed Erskine House, further underlining Arthur Street's credentials as one of Belfast's most sought after retail destinations.

Elsewhere in Belfast, Victoria Square saw the opening of BTY Cosmetics and the long anticipated Tony Macaroni, O2 relocated in Castlecourt doubling the size of their unit and Centra opened in the newly refurbished River House. Beyond Belfast, Sara Boutique

opened in Bangor's Bloomfield and The Boulevard, Banbridge announced a deal for Levi's to open its only store in NI and the opening of Moes Grill, Jack and Jones took space in Ards Shopping Centre and Tiger are due to open their doors in Abbeycentre.

Whilst activity is slightly subdued in town, there are a high number of active requirements for out of town locations. New entrants, Food Warehouse, Wren Kitchens, Jysk and Hobbeycraft are all running the rule over opportunities for their first stores in NI with the latter due to open their first Irish store on Longwood Retail Park, Newtownabbey next month. That added to the continued activity of retailers such as Home Bargains, B&M, M&S and Lidl, all of whom have a pipeline of stores due to open over the coming months, highlights the health of our out of town locations.

On the leisure front Lisney are due to launch the marketing of the long awaited

Odyssey complex redevelopment which will be Northern Ireland's dominant leisure scheme. The main anchors will be announced in early October with works starting in January.

We expect to see increased activity levels in Q4 and into next year, but landlords will need to continue to offer affordable deals on flexible terms to fill vacant space.

## NOTABLE TRANSACTIONS Q2 2019



TRADER	TYPE	LOCATION	TOWN/CITY	AREA (SQ FT)
B&M Bargains	Out of Town	Park Centre	Belfast	20,000
M&S Simply Food	Out of Town	Belfast Road	Carrickfergus	11,500
Homesense	Out of Town	Longwood Retail Park	Newtownabbey	10,000
Moe's Grill	Food & Beverage	The Boulevard	Banbridge	6,000
Tony Macaroni	High Street/ Shopping Centre	Victoria Square	Belfast	6,000
Anthropologie	High Street/ Shopping Centre	Erskine House	Belfast	5,000
McGuirks Golf	Out of Town	Boucher Crescent	Belfast	4,690
Centra	High Street/ Shopping Centre	River House, High Street	Belfast	4,000
Bob & Berts	Food & Beverage	Main Street	Portrush	2,655
Jack & Jones	High Street/ Shopping Centre	Ards Shopping Centre	Newtownards	2,100
Card Factory	High Street/ Shopping Centre	Main Street	Cookstown	2,000
BTY Cosmetics	High Street/ Shopping Centre	Victoria Square	Belfast	1,000



### Anthropologie

Anthropologie opened their first store in Ireland in Erskine House, Arthur Street/ Chichester Street, Belfast.



Q3

INDUSTRIAL  
& LOGISTICS

Greenwood Business Park, Ballinderry Road, Lisburn

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

### OVERVIEW

Quarter 3 is traditionally quiet with the summer months and this was certainly the case however a few deals did complete and a number of large buildings came to the market.

The largest occupation of the quarter was Terex officially opening their building in Campsie. The manufacturing facility, comprising c. 105,000 sq ft, was part of a £12m investment by the company which is great news for the sector.

While we reported on the demise of Harland & Wolff in our last update a purchaser has been secured which is positive news. We cannot ignore the news concerning Wrightbus however going into Administration and the loss of so many jobs. As at the time of writing the situation changes on a daily basis and we certainly hope a buyer can be found soon.

### ACTIVITY

A sale of a warehouse facility on Balloo Crescent, Bangor also completed. Comprising 56,258 sq ft on a self contained site of 2.49 acres, the property was sold on behalf of Phoenix Natural Gas.

A refurbished unit in Greenwood Business Park, Ballinderry Road, Lisburn was also let, comprising 33,012 sq ft of space with ancillary offices and excellent circulation areas.

Another existing tenant within Kilroot Business Park has continued with their expansion plans and has taken an additional unit within the scheme comprising c. 9,000 sq ft.

On the supply front a number of properties have been brought to the market to include a large unit at Shore Business Park, Carrickfergus comprising 202,115 sq



ft, another facility in Ballygawley comprising 52,723 sq ft and two buildings in Ballymena comprising 55,078 sq ft and 36,806 sq ft.

38.43 acres of zoned industrial land in Omagh came to the market with an asking price of £3.885m, equating to c. £100,000 per acre.

Modern Tyres have submitted a planning application for an 83,000 sq ft manufacturing facility at Carnbane Business Park in Newry in what is understood to be a project costing over £5m. Armstrong Medical in Coleraine also received planning approval for a 26,000 sq ft extension to their existing 90,000 sq ft factory, a project costing £1.2m.

# NOTABLE TRANSACTIONS Q3 2019



LOCATION	AREA* (SQ FT)	TYPE
Campsie, Derry/Londonderry	105,000	Letting
7 Balloo Crescent, Bangor	56,258	Sale
Greenwood Business Park, Lisburn	33,012	Letting
Building 5, 2-10 Duncrue Road, Belfast	9,363	Letting
Unit 14F, Kilroot Business Park, Carrickfergus	8,900	Letting

\*Approximate Sizes



## Harland & Wolff Shipyard

InterStrata, has been identified as the purchaser.

## OUR OFFICES

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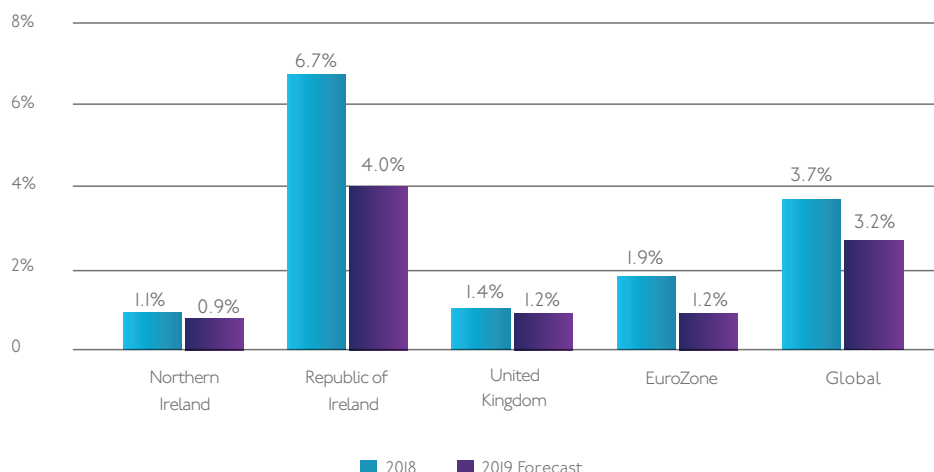


## OUTLOOK

- Investment – Property Investment levels subdued but we expect significant improvement once the political outlook becomes clearing.
- Office – Demand levels revert to medium term average 350,000/400,000 sq ft per annum.
- Retail – In town transactions active.
- Industrial – Demand remains strong for well positioned highbay facilities.

## GLOBAL VIEW

2018 Growth Vs 2019 Forecast



## 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)