

BELFAST COMMERCIAL REPORT

Q2 2021



BELFAST MARKET IN NUMBERS

INVESTMENT



£46 MILLION
TRANSACTIONS
COMPLETED Q2

OFFICES



44,160 SQ FT TAKE UP
DEMAND CONTINUES
TO BE MUTED

RETAIL



CONTINUED STRONG
ACTIVITY FROM FOOD STORES

LOGISTICS /WAREHOUSING



OCCUPATIONAL DEMAND
STRONG
CAPITAL VALUES & RENTS
INCREASING



OVERVIEW

After a robust start to the year with investment volumes hitting £133m for the first quarter of the year activity slipped back to just over £46m for Q2. Bringing the total for the year so far to £179m. Unsurprisingly, Q2 2021 performed significantly better than Q2 2020 when our markets were effectively closed.

ACTIVITY

The main transactions in the quarter came from a variety of sectors including Offices, Life Sciences, Retail and Industrial. The largest transaction was an off market sale of an office building in the central core which accounted for over 40% of the value of all transactions in the quarter.

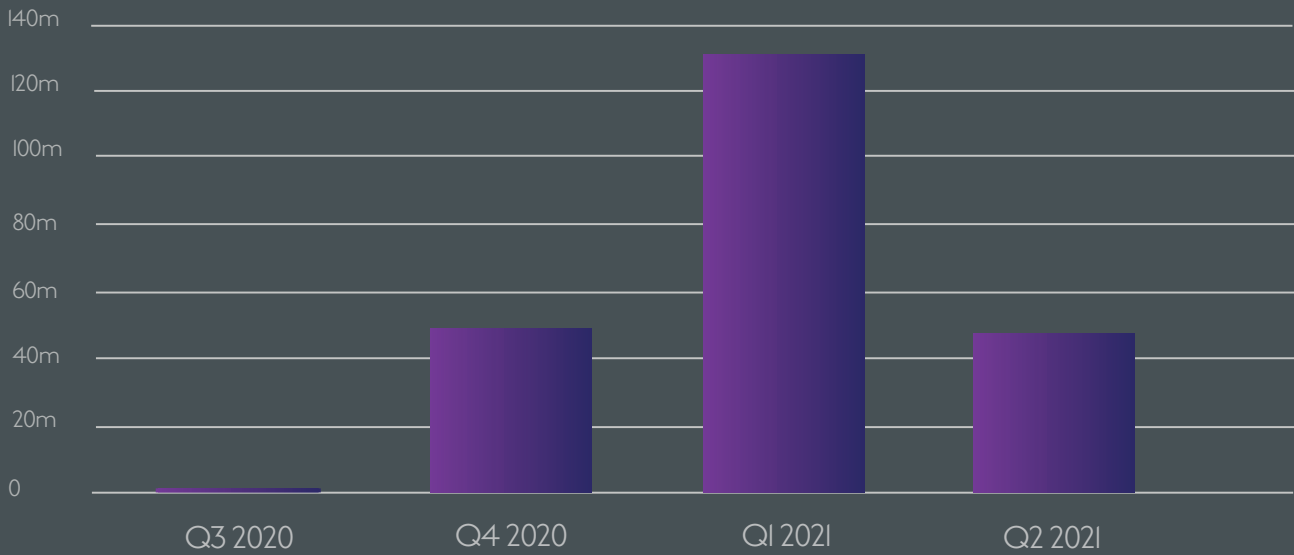
It is notable that despite the difficulties in the retail market that two significant properties transacted in the quarter, Lisnagelvin Retail Park in Derry and 2/4 Donegal Place in Belfast. Lisnagelvin Retail Park anchored by Next and Matalan was purchased by DS Properties for £9.75m at a yield of 11.7% and McDonalds at 2/4 Donegal place in Belfast, was purchased by a local investor for £3.83m at a yield of 6.1%.

In the Life Sciences sector, Benmore Octopus sold the Data Works at the Kings Hall for £4.7m and in an off market transaction the 285,000 sq ft Knockmore Industrial Estate in Lisburn was acquired by a group of local investors for £8.25m. The interest in Industrial investment stock has been growing at pace for both vacant or tenanted buildings and we understand that there is considerable interest in the £7m Antrim Technology Park being sold by Invest Northern Ireland.

In relation to supply, we are aware of a number of retail assets set to come to or already on the market including Tesco in Royal Avenue, Fairhill and Connswater Shopping Centres, Shane Retail Park and The Linen Green in Dungannon. The significant number of assets being brought to the market will see the value of transactions considerably exceed the 5 year average of £204m per annum.

INVESTMENT VOLUMES

Million £
(Sterling)



NOTABLE TRANSACTIONS Q2 2021

PROPERTY	PRICE	YIELD	VENDOR
LISNAGELVIN RETAIL PARK	9.75m	11.60%	M&G REAL ESTATE
KNOCKMORE INDUSTRIAL ESTATE	8.25m	9%	LOCAL PROP CO
DATA WORKS KINGS HALL	4.70m	N/A	BENMORE OCTOPUS
2/4 DONEGALL PLACE & 28/36 CASTLE PLACE	3.83m	6.10%	DAVID SAMMUEL PROPERTIES LTD



WATER'S EDGE, CLARENDON DOCK

OVERVIEW

The Demand for offices remains subdued as the “stay at home” message remains despite the lifting of some restriction.

ACTIVITY

Take up for Q2 amounted to 44,160 sq ft bringing the total for the year so far to 81,360 sq ft. Of the 10 transactions that completed in the quarter it is notable that only the letting to Radius Connect at Waters Edge Clarendon Dock was above 10,000 sq ft. this notable reduction in average transaction size has particularly striking through out the pandemic as the average letting is now only just over 4,000 sq ft.

It is encouraging to note that a number of firms in Belfast continued to recruit staff despite continued calls to work from home, and with such a large Public Sector we expect demand to gradually rise once restrictions are fully lifted. The emerging hybrid model of working will be employee-led and business specific and in many cases will lead to a reduction in physical footprints, however the need for a central office as a place to work and communicate with fellow employees will always remain.

RENTS

As a direct result of the limited number of transactions it is difficult to ascertain if there has been a noticeable shift in rents and incentives being offered to potential tenants. Headline rents have in the main remained at their pre pandemic levels of c.£23 psf for new Grade A Stock and £17/£20 psf for refurbished accommodation. If we emerge from the lockdowns without significant redundancies and providing public sector workers are encouraged to return to their offices we expect rental levels to remain at their pre pandemic levels.

OFFICE TAKE UP

Square
Feet

100k

50k

0

Q3 2020

Q4 2020

Q1 2021

Q2 2021

SIGNIFICANT TRANSACTIONS Q2 2021

PROPERTY	SQ FT	TENANT
WATERS EDGE CLARENDON DOCK	11,000	RADIUS CONNECT
5TH FLOOR THE VANTAGE GREAT VICTORIA STREET	6,195	ATKINS LIMITED
VICTORIA HOUSE GLOUCESTER STREET	5,790	RQIA

THE VANTAGE, GREAT VICTORIA STREET



CENTRA, COOKSTOWN

OVERVIEW

The non-essential retail sector continued its enforced hiatus at the beginning of Q2 before roaring back to life as restrictions were lifted on 30th April. As was the case during the short opening window at Christmas, while there has been significant growth in online shopping, which has only been accelerated by the pandemic, there is no doubt that bricks and mortar retail still has an important part to play. Shoppers returned to the high streets in their droves with large queues outside the likes of Primark, Zara and Stradivarius, a clear sign of continued pent-up demand. While this is positive for retailers, the food and beverage sector also benefitted with many restaurants experiencing a significant uptick in midweek trade.

This positive start to what will be an extremely important period of trading is very much welcomed but government assistance is required if it is to be sustained. With this in mind, the Executive outlined its ambitious high street voucher scheme which will see every adult in Northern Ireland given a £100 prepaid card which cannot be spent online and represents an investment into the retail sector of £140m. With the retail rates holiday ongoing and over 1 million people now fully vaccinated, while challenges will remain in the sector in the medium to long term, there are certainly reasons to be positive.

ACTIVITY

As expected during a quarter when non-essential retailers were unable to trade for a large portion, activity in the sector was limited to the supermarkets, convenience stores and discounters that could. Lidl continued their rapid expansion in the region with a relocation and significant upsize by closing their Armagh Road location and moving to a new 26,000 sq ft premises in High Street Mall, a £6m store which will create an additional 20 permanent jobs. Henders Retail continued its investment in the region with the £3.7m Eurospar a welcome addition to Doagh on the outskirts of Ballyclare. Musgrave were also on the expansion trail, with a £1.4m Centra in Cookstown marking their 100th NI store. Cookstown's retail offering was further improved by Poundland's new store in Orritor Retail Park, which is their second in the town, adding to the James Street store. A summary of the more significant deals can be found opposite.

While the easing of non-essential retail restrictions has been well received by consumers, it is imperative that measures are put in place to ensure that this can be maintained. It is clear that retailers need to adapt to changing dynamics within the sector and evolving customer expectations, however they will require ongoing support. The vaccine scheme will be at the heart of this and in order to prevent further lockdowns, further intervention from The Executive may be required. In England, people are no longer being asked to work from home, which is in turn impacting positively on city centre retail, f&b and service sectors by increasing levels of footfall. The NI Executive's advice to work from home if you can is not conducive to economic recovery and pressure is building on this to be reviewed.

TRADER	TYPE	LOCATION	TOWN/CITY	AREA SQ FT.	COMMENTS
LIDL	HIGH STREET /SHOPPING CENTRE	HIGH STREET MALL	PORTADOWN	26,329	OPENED 3RD JUNE
EUROSPAR	OUT OF TOWN	STATION ROAD	DOAGH	7,500	OPENED 15TH APRIL
CENTRA	OUT OF TOWN	MONEYMORE ROAD	COOKSTOWN	2,000	OPENED 17TH APRIL
POUNDLAND	OUT OF TOWN	ORRITOR RETAIL PARK	COOKSTOWN	14,000	OPENED 1ST MAY



LIDL, PORTADOWN



OVERVIEW

The Northern Ireland logistics and warehousing sector continues to grow at pace with demand outstripping supply across all areas of the market.

Occupier demand is still extremely strong with rise in online shopping contributing to this. We expect to see various large retailers seeking further warehouse space in the latter half of the year. As there is now evidence of heightened demand, improving capital values and rents, there are a number of speculative logistic projects being considered.

On the supply side there are a number of developments due to come to the market in Quarter 3, which will be welcome boost to the market. Given current levels of demand we would expect these projects will all have deals agreed before the building works are completed.

ACTIVITY

We are noticing a significant increase in demand from investors in this sector, however there have been limited opportunities on offer in recent years. Kilroot Business Park, Carrickfergus completed earlier in the year and now Knockmore Industrial Park, Lisburn, comprising a multi let investment of c. 285,000 sq ft has been sold to local investors.

In addition to this Antrim Technology Park, Antrim came to the market, a significant investment / development asset, on a For Sale basis. This comprises 131,243 sq ft of existing buildings and additional development opportunities (STPP) on a total of 76 landscaped acres.

STL Logistics took occupation of c. 66,000 sq ft in Central Park, Mallusk and Bathshack, a local bathroom retailer, took occupation of a c. 25,000 sq ft warehouse in Antrim, both on a letting basis which is the main activity of the quarter, mainly because of the supply of stock available on a for sale basis is limited.

A number of vacant properties that came to the market on a For Sale basis included a large manufacturing facility of 62,800 sq ft on 5.5 acres on Trooperslane Industrial Estate, Carrickfergus and a distribution warehouse on Ballycorr Road, Ballyclare comprising 51,548 sq ft on a self contained site of 12.3 acres. We expect strong demand from owner occupiers for both of these buildings.

A speculative new build at Quillyburn, Dromore is close to completion comprising 11,625 sq ft of space with a number of leasing offers already received. As mentioned previously this is only the beginning of speculative builds in 2021.

LOCATION	SIZE (SQFT)	TYPE
KNOCKMORE INDUSTRIAL ESTATE, LISBURN	285,125	SALE
UNITS 5&6 CENTRAL PARK, MALLUSK	66,000	LETTING
ANTRIM BUSINESS PARK, ANTRIM	25,000	LETTING
HAWTHORN BUSINESS CENTRE, WILDFLOWER WAY, BELFAST	11,846	LETTING
SILVERWOOD INDUSTRIAL ESTATE, LURGAN	9,331	LETTING
*APPROXIMATE SIZES		



BALLYCORR ROAD, BALLYCLARE - 51,548 SQ FT - FOR SALE

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The Lisney logo consists of the word "Lisney" in a white, sans-serif font, centered within a white rectangular border. This border is set against a solid red square background.