

# BELFAST COMMERCIAL REPORT

Q4 2020



# BELFAST MARKET IN NUMBERS

## INVESTMENT



**£49,000,000**  
TRADED ACROSS  
THREE DEALS

## RETAIL



**RETAIL**  
ACTIVITY AND  
OPTIMISM ON THE UP

## OFFICES

**35,000**  
SQFT

UP SIGNIFICANTLY ON Q3

## INDUSTRIAL

**Increasing**  
DEMAND

/LIMITED SUPPLY



HOLYWOOD EXCHANGE  
SOLD FOR £18,000,000

## OVERVIEW

The Q4 investment market saw a significant increase in activity despite the challenges around lockdown with £49m traded across three deals.

## ACTIVITY

The largest transaction of the Quarter was the sale of the new Amazon Distribution Centre in Titanic Quarter. The combination of a much sought after covenant in one of the few sectors benefiting from the practical impacts of Covid meant the asset was well received. Pricing was strong in an NI context at £27m and a yield of 5.2%

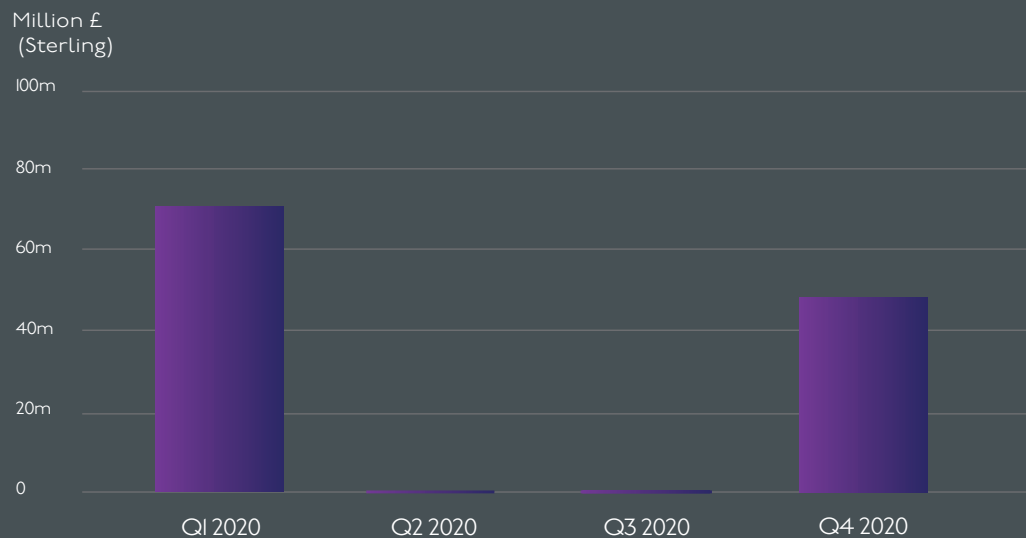
Hollywood Exchange also sold during the quarter to David Samuel Properties for £18m. The 168,000 sq ft bulky goods retail park is anchored by Harvey Norman, Next Home and Decathlon have recently seen the opening of a 20,000 sq ft Lidl on the park. Other notable transactions during the quarter included the sale of Custom House in Belfast City Centre to Stridorn properties for £4,350,000.

The annual volumes totalled just over £116m across 9 deals which is down 45% on last years total, unsurprisingly £67m of that total was in the first 3 months of the year, prior to the full impact of the lockdowns. There is a sense of anticipation that recovery will be relatively quick once the vaccination programme is sufficiently advanced, and markets will look to much of the government support pledged over the last year to help stimulate the economy and grow confidence.

A new obstacle has emerged in the NI protocol which will require both a political and practical will to resolve, but a resolution will be critical to a bounce back in 2021, especially when it comes to larger investment transactions. Northern Ireland in the headlines for anything other than the potential benefits of the protocol arrangement means attracting capital from the UK, Europe or further afield will become more challenging.



## INVESTMENT VOLUMES



## NOTABLE TRANSACTIONS Q4

AMAZON DISTRIBUTION CENTRE TITANIC QUARTER	DISTRIBUTION	£27,000,000
HOLYWOOD EXCHANGE RETAIL PARK	RETAIL	£18,000,000
CUSTOM HOUSE, CUSTOMS HOUSE SQUARE, BELFAST	OFFICE	£4,350,000



CUSTOM HOUSE, CUSTOMS HOUSE SQUARE, BELFAST -  
SOLD £4,350,000





42 FOUNTAIN STREET BELFAST  
- ESO TAKE 16,156 SQ FT

## OVERVIEW

Office take up in the fourth quarter has been particularly muted with a total of just over 35,000 sq ft across nine deals.

## ACTIVITY

The total take up for the year amounted to just over 140,000 sq ft which is significantly down on the long term average. The lack of take up is not unexpected given the ongoing requirement to work from home if possible and delays in decision making caused by the lockdown.

There is still considerable debate in many offices about what the office environment will look like post pandemic, with most occupiers sitting on the fence at the moment.

The expected surge in sub letting additional space has not emerged so far but again this may be revisited once occupiers have a clearer view of the requirements of their staff and the business that they work for.

The most significant deal of the quarter was the 16,156 sq ft letting to ESO Solutions inc of part 2nd and the 3rd floor of Fountain House on Fountain Street in Belfast. ESO Solutions along with other significant lettings earlier in the year to Imperva, CME and Fintru provide a further indication that one of the main drivers of the office market in Belfast continues to be the tech sector, a sector which in the main has been less affected by the pandemic than others.

## SUPPLY / DEMAND

Throughout the lockdown work has continued at pace at some of the most significant office developments in Northern Ireland including Mc Aleer & Rushe's 210,000 sq ft The Ewart on Bedford Street, the 200,000 sq ft Wirefox development on Chichester Street, the 146,000 sq ft Olympic House Development in Titanic Quarter and the 250,000 sq ft City Quays 3 Development by the Harbour Commissioners in the Harbour Estate.

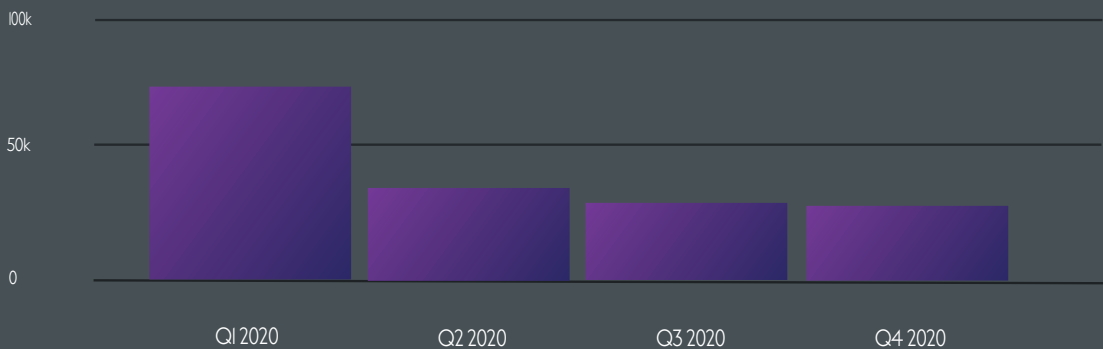
In these four developments alone there are just over 800,000 sq ft of supply coming to the market over the next two years. As we have noted demand is currently muted but as we release from lockdown we expect to see this demand increase significantly and for take up to return to their long term average of between 400/500,000 sq ft per annum

## RENTS

Once again, in the context of a 'thin' market it is difficult to provide commentary around any perceived softening of rental levels however it is probably fair to say that any impact could affect viability in new schemes so landlords may be forced to consider incentive packages/flexibility as opposed to adjusting the rental tone.

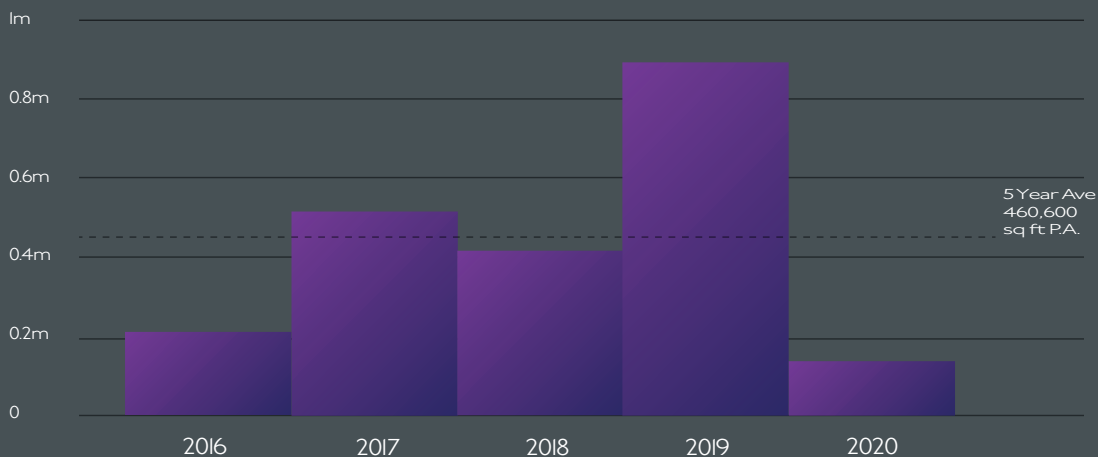
## OFFICE TAKE-UP

Square  
Feet



## 5 YEAR AVERAGE OFFICE TAKE UP

Square  
Feet







THE RANGE BOUCHER ROAD

## OVERVIEW

In what has been a stop-start quarter for retailers, a sense of optimism returned with news of the approval or pending approval of various Covid-19 vaccines and ambitious plans for their roll-out. There is growing confidence that as these vaccines are rolled out, restrictions can be eased and the retail sector can continue its trajectory towards recovery.

## ACTIVITY

In previous quarters this year, the focus of most retailers was understandably on consolidation; and having done so, the end of the year saw an emphasis on further expansion for many.

As has been the recent trend, leasing activity was dominated by retailers who already have a presence in the region and are looking beyond the current challenges with a longer term vision. On that note, Lidl continued their roll out of stores, with 22,000 sq ft at Hollywood Exchange marking their 40th in NI. Following an investment of £3m, the store is expected to create 30 jobs and forms part of a planned £32m investment by the German supermarket chain which would see 5 new NI stores opening in the next 2 years.

The Range have been a hugely popular addition to NI occupier market in the last 5 years and added another Belfast store, taking 65,000 sq ft at the former B&Q site. It was also positive to see indigenous retailers moving to expand their operations with DV8's new 6,500 sq ft store at Bloomfield Shopping Centre opening prior to Christmas and House Proud adding a 10th NI store with 8,000 sq ft at Connswater Retail Park.

As we move into 2021, we expect the number of acquisitive retailers to slowly increase in line with the vaccine roll out and growing consumer confidence. That said, there are still a number of challenges to be navigated, including the supply of large amounts of retail space from failed retailers including Debenhams and the Arcadia brands. Innovative solutions are required and much of this space will need to be repurposed to provide alternative uses, with leisure options likely to be at the forefront. This will be a challenge but also an opportunity for a pivot in how retail has been traditionally used and how consumers interact with retailers.



TRADER	TYPE	LOCATION	TOWN/CITY	AREA SQ FT.
THE RANGE	Out of Town	Boucher Road	Belfast	65,000
DV8	Main Street / Shopping Centre	Bloomfield Shopping Centre	Bangor	6,500
SPORTS DIRECT	Out of Town	Crescent Link	Derry/ Londonderry	22,000
LIDL	Out of Town	Hollywood Exchange	Belfast	22,000
HOUSEPROUD	High Street / Shopping Centre	Connswater Retail Park	Belfast	8,000
POUNDLAND	Out of Town	Braidwater Retail Park	Ballymena	8,500
POUNDLAND	High Street / Shopping Centre	The Oaks Shopping Centre	Dungannon	8,750
DUNE	Out of Town	The Boulevard	Banbridge	1,100



93,350 SQ FT BALLYNAKILLY ROAD, COALISLAND SOLD

## OVERVIEW

Quarter 4 saw a number of larger deals completing, including the practical completion of the new Amazon distribution depot in Titanic Quarter, Belfast. Demand in the earlier part of the year focused on transactions associated to the health industry and the pandemic however we are now seeing growing demand from a more general spread of tenants and owner occupiers in the sector as businesses start to look forward to an end of the Pandemic.

## ACTIVITY

In addition to the Amazon letting in the Harbour Estate a letting at the Loop Studios on Castlereagh Road, Belfast also completed. The facility incorporated 89,575 sq ft of studio / warehouse adding significantly to the space occupied by the local Film and TV industry which is going from strength to strength. In the same location a 42,800 sq ft storage and distribution facility at 6 Prince Regent Road, Belfast was sold to another local company.

Local companies were also active throughout Northern Ireland as evidenced by the sale of a 91,350 sq ft industrial / warehousing complex with a dedicated office block on Ballynakilly Road, Coalisland on a site of 10.43 acres. Demand was strong for this asset and there were a number of underbidders.

## SUPPLY

On the supply front, properties new to the market on a For Sale basis include a prominent warehouse on Nicholson Drive, Mallusk comprising c. 27,000 sq ft on a 1.1 acre site, and on a Letting basis an excellent warehouse with ancillary offices located in Knockmore Industrial estate, Lisburn came to the market comprising a total of 24,412 sq ft.

Warehousing/Industrial properties have been the least affected by the pandemic and the slowdown in the economy and outlook for 2021 is for positive growth in both rents and capital values for the best in class Industrial /warehousing.

## TRANSACTIONS Q4 2020

LOCATION	SIZE (SQFT)	TYPE
76 BALLYNAKILLY ROAD, COALISLAND	91,350	Sale
QUEENS ROAD, BELFAST	90,836	Letting
6 PRINCE REGENT ROAD, BELFAST	42,800	Sale
BROOKFIELD INDUSTRIAL ESTATE, BANBRIDGE	11,232	Sale
BUILDING 14, UNIT 4, CENTRAL PARK, MALLUSK	11,033	Letting
78 DERRYLORAN INDUSTRIAL ESTATE, COOKSTOWN	3,665	Letting
BUILDING 5, CENTRAL PARK, MALLUSK	4,356	Letting
*APPROXIMATE SIZES		



## THE BELFAST COMMERCIAL TEAM



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## THE LISNEY RESEARCH TEAM



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MEET OUR TEAM

# BELFAST COMMERCIAL REPORT

Q4 2020

## OUR OFFICES

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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.

**Lisney**