

BELFAST COMMERCIAL REPORT

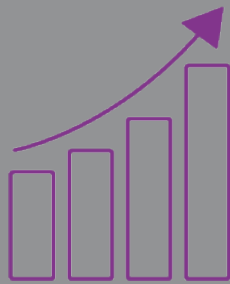
Q3 2021

The Lisney logo consists of the word "Lisney" in a white, sans-serif font, enclosed within a white rectangular border. This logo is positioned in the top right corner of the page, which has a solid purple background. In the background of the entire page, there are large, faint, stylized letters "Q1", "Q3", and "Q4" in a lighter shade of purple, suggesting a quarterly report format.

Lisney

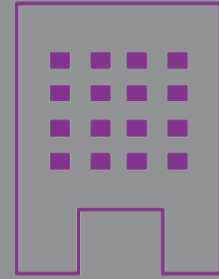
BELFAST MARKET IN NUMBERS

INVESTMENT



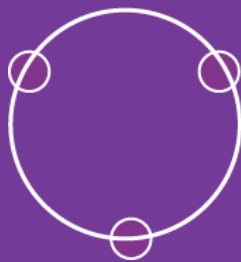
£31.5 MILLION
TRANSACTIONS
COMPLETED Q3

OFFICES



49,520 SQ. FT. TAKE UP
DEMAND CONTINUES
TO BE MUTED

RETAIL



ALL RETAIL REOPENS
30TH APRIL 2021

INDUSTRIAL/ LOGISTICS



OCCUPATIONAL DEMAND **STRONG**
CAPITAL VALUES
& RENTS **INCREASING**



OVERVIEW

The number of investment properties that completed in Q3 slowed markedly but the volume of new properties to come to the market rebounded strongly in line with the economy opening as Covid restrictions were removed.

Just over £31.5 m of Investment transactions completed in the quarter bringing the total for the year to date to £210.5 m. The total volume for the first three quarters of the year exceeds the five year average of just over £200 m p.a. and given the number of new properties that have been brought to the market we expect volumes to be closer to £250 m at the year end.

The largest transaction to complete was the sale of Shane Retail Park in the south of the city. The 170,000 sq. ft. retail park came to the market with an asking price of £19.5 m, with competitive bidding driving the price to £23 m, reflecting a yield of 9.7%. DS Properties were once again the purchaser following on from their purchases of Crescent Link and Lisnagelvin Retail Park in Derry and Hollywood Exchange in Belfast.

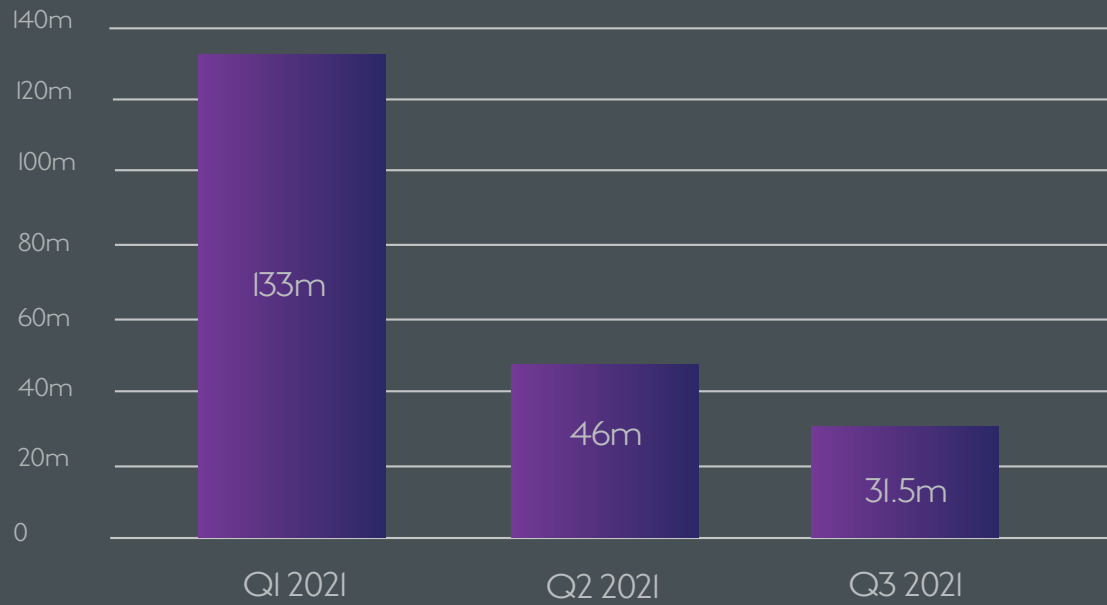
Fairhill Shopping Centre also sold during the quarter to local property company Magell Ltd. The 270,000 sq. ft. Shopping Centre anchored by M&S was brought to the market with an asking price of £10 m, however the price achieved of £6.8 m reflected the level of vacancy in the scheme and the sentiment towards Shopping Centres dominated by smaller units.

ACTIVITY

The outlook for the remainder of the year looks strong with a number of property transactions due to complete in Q4 and a significant number of new investment properties being brought to the market. As you would expect, the majority of the new properties are retail and even though the leases in many of these assets are short, there are no lack of buyers. A list of these properties can be found below.

INVESTMENT VOLUMES

Million £
(Sterling)



NOTABLE TRANSACTIONS Q3 2021

PROPERTY	PRICE	VENDOR
SHANE RETAIL PARK	23m	DS PROPERTIES
FAIRHILL SHOPPING CENTRE	6.8m	MAGELL LIMITED
CITY BUSINESS PARK DUNMURRY	1.7m	LOCAL CO.

DUE FOR COMPLETION OR ON THE MARKET Q4 2021

PROPERTY	QUOTING PRICE
CONNSWATER SHOPPING CENTRE AND RETAIL PARK	15.5m
CITYSIDE RETAIL AND LEISURE PARK	13m
MONTGOMERY HOUSE BELFAST	9m
ABBAY TRADING CENTRE NEWTOWNABBAY	4.5m
BRAIDWATER RETAIL PARK BALLYMENA	4.5m
MERCHANTS QUAY RETAIL PARK NEWRY	5m



ADELAIDE EXCHANGE

OVERVIEW

Q3 activity levels remained sluggish with 49,520 sq. ft. of lettings completing in the quarter bringing the total for the year to just over 130,000 sq. ft. The largest of the 12 transactions in the quarter was the 9,500 sq. ft. letting to Hinduja Global Solutions for the 3rd floor of Adelaide Exchange.

ACTIVITY

Demand has remained stubbornly muted as the outtake from the pandemic is still not clear. Many organisations, particularly the Government and banking sectors, have still not required their staff to return to the office and where we are discussing new lettings, occupiers are unclear on what their requirements for space will be. Many commentators have been suggesting that the era of the open plan office is coming to an end as a result of the need for social distancing. Given that a lot of office based workers can work from home and will work from home in the future, it is thought that the function of the office will change to that of bookable meeting room space for meetings and team collaborating.

Given the subdued levels of demand our estimate of take up for the year is likely to fall short of 200,000 sq. ft. This is considerably less than the annual average over the past five years of close to 500,000 sq ft per annum..

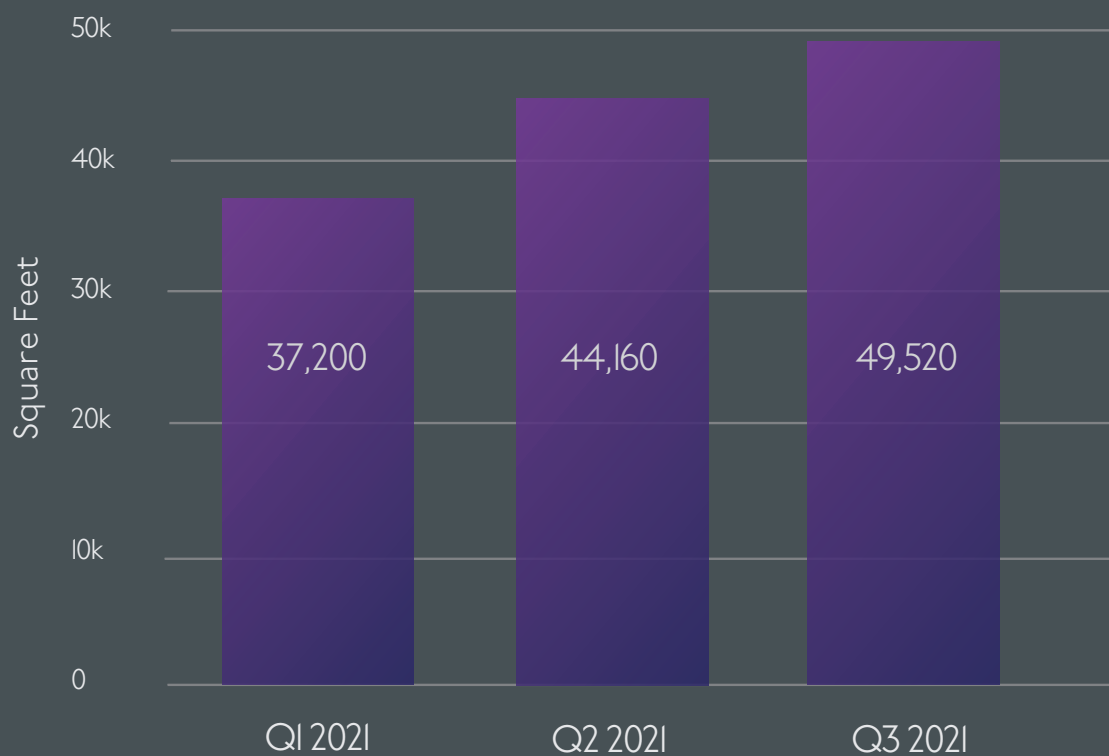
SUPPLY

The supply of new office space continues at pace with just over 760,000 sq. ft. of space under construction including the 210,000 sq. ft. MRP Ewart building which is due for completion Q4 2021 and the 155,000 sq. ft. Paper Exchange on Chichester Street. Offices under construction due to complete 2021/2022 are listed opposite.

In addition, Grade A space is available in a number of buildings including The Vantage, Kelvin, Metro and 35DP totalling just over 175,000 sq. ft.

Notwithstanding the current levels of supply, we should still be conscious that with Grade A rents between £20 and £23 psf, Belfast still represents value and is competitively priced against similar sized cities throughout the UK and the Republic of Ireland.

OFFICE TAKE UP



OFFICES UNDER CONSTRUCTION DUE TO COMPLETE 2021/2022

PROPERTY	SQ. FT.
MRP EWART	210,000
CQ3	250,000
OLYMPIC HOUSE	146,000
PAPER EXCHANGE	155,000
TOTAL	761,000



TK MAXX, BLOOMFIELD SHOPPING CENTRE, BANGOR
22,000 SQ FT

OVERVIEW

Following the re-opening of non essential retail at the tail end of Q2, the post lockdown release of demand continued into Q3 with sales volumes for many retailers up 40 – 70% on the same quarter in 2019. While this includes online sales, which will be responsible for the majority of the surge, it is nonetheless encouraging to see persistent strong demand from consumers.

Footfall levels continued to recover and although they are still some way short of 2019 levels, over 20% down across the board, it is important to consider how spending habits have changed during the pandemic, with consumers making less trips but spending more, which has resulted in a marked increase in average basket size.

While demand remained strong throughout the quarter, the shortage of HGV drivers in September and beyond has been well reported, which has had a significant impact on the supply chain of many retailers as we move towards a vital Christmas trading period.

The fashion sector, which had experienced a mini resurgence as many workers returned to their offices and hospitality venues continued to reopen, has been particularly impacted by supply chain issues. With the UK Government taking steps to resolve the issue, which is a result of Covid, Brexit and a myriad of other factors, by issuing 5,000 temporary visas to lorry drivers, there is hope that the pressure on the supply chain can be relieved.

ACTIVITY

Leasing activity in Q2 was dominated by essential retailers and this trend largely continued into Q3. Lidl continued with their expansion plans at pace with their new Buncrana Road store in Derry, which was a relocation and upsize to 23,864 sq. ft. representing one of three new stores in the north west which would see a total investment of £26 million in the region.

In a similar vein, Lidl's new 23,500 sq. ft. Buttercrane Shopping Centre store is another relocation and significant improvement on their Abbey Way store in Newry. Newry's retail offering was further improved by the opening of B&M's Damolly Retail Park store, which is expected to create 55 jobs in the city.

While essential retailers continue to thrive, it was encouraging to see activity outside of this sector. None more so than the opening of TK Maxx's highly anticipated Bloomfield Shopping Centre store, which has been extremely well received. Soho Fashion also took the opportunity to expand their brand by opening a 3rd NI store at Richmond Centre Derry. A summary of the more significant deals can be found below.

While there are certainly reasons to be positive, continued government support is essential throughout what will be a prolonged recovery period for the retail sector.

In the short term, the high street voucher scheme which was announced in April is a welcome and important investment within the sector, however it remains to be seen what impact this will have. Looking longer term, the upcoming commercial rates revaluation is crucial in the continued viability of bricks and mortar retail and must reflect the challenges it faces, including lower levels of footfall and rebased rents.

Beyond this, a repositioning of the sector in general is required to keep up with an everchanging landscape. Strong retail line ups will need to be complemented by engaging leisure offerings, f&b and additional service sector uses in order to increase dwell times, bring consumers back to retail schemes and provide a shopping experience that can't be replicated online.

TRADER	TYPE	LOCATION	TOWN/CITY	AREA SQ. FT.	COMMENTS
LIDL	OUT OF TOWN	BUNCRANA ROAD	LONDONDERRY	23,864	OPENED 29 JULY
B&M BARGAINS	HIGH STREET/ SHOPPING CENTRE	DAMOLLY RETAIL PARK	NEWRY	19,992	OPENED 31 JULY
LIDL	HIGH STREET/ SHOPPING CENTRE	BUTTERCRANE SHOPPING CENTRE	NEWRY	23,500	OPENED 26 AUG
TK MAXX	HIGH STREET/ SHOPPING CENTRE	BLOOMFIELD SHOPPING CENTRE	BANGOR	22,000	OPENED 9 SEPT
SOHO FASHION	HIGH STREET/ SHOPPING CENTRE	RICHMOND CENTRE	LONDONDERRY	6,672	OPENED 16 SEPT
CRAGHOPPERS	HIGH STREET/ SHOPPING CENTRE	VICTORIA SQUARE	BELFAST	2,387	OPENED 30 SEPT



BALLYCORR ROAD, BALLYCLARE

OVERVIEW

The logistics and warehousing sector continues to experience high demand from both owner occupiers and tenants.

The limited supply of product is now causing capital values and rents to continue to increase across the province, with the majority of new stock coming to the market at quoting rental levels of £5+ per sq ft.

Last quarter we mentioned a number of speculative new build developments currently being costed by landowners, two of which have now come to the market at Quarry Business Park, Lurgan and Seagoe Road, Portadown.

While they are more than likely 9 – 12 months away from completion there is good interest and we expect to have deals agreed before the building works are completed.

ACTIVITY

A number of properties that came to the market earlier in the year on a for sale basis have now transacted.

A large distribution warehouse on Ballycorr Road, Ballyclare comprising 51,548 sq. ft. on a self-contained site of 12.3 acres completed with good interest and bidding being received.

Antrim Technology Park, Antrim, a significant investment / development asset, was also sale agreed. This comprised 131,243 sq. ft. of existing buildings with additional development opportunities on a total of 76 acres.

On a letting basis Channel Commercial Park in Titanic Quarter Belfast has performed particularly well over the quarter with four units totalling 27,000 sq. ft. completing. There are a number of other lettings in the same park in legals and due to complete in Quarter 4. Significant lettings were not just limited to Greater Belfast with 16,000 sq. ft. completing in Derryloran industrial Estate in Cookstown.

In addition a speculative new build at Quillyburn, Dromore has also been agreed on a to let basis comprising 11,625 sq. ft. The property is close to practical completion and shows that tenants are now beginning to look further into the future and strategically plan for taking space in the next 12 – 18 months.

TRANSACTIONS Q3 2021

LOCATION	SIZE (SQ. FT.)	TYPE
BALLYCORR ROAD, BALLYCLARE	51,548	SALE
2 LONGLANDS, NEWTOWNABBEY	10,960	SALE
7A DERRYLORAN INDUSTRIAL ESTATE, COOKSTOWN	16,800	LETTING
UNIT II PINEBANK, CCP, BELFAST	9,000	LETTING
BUILDING 14, UNIT I, CENTRAL PARK, MALLUSK	8,740	LETTING
UNIT 2B OAKBANK, CCP, BELFAST	8,000	LETTING
UNIT 3 OAKBANK, CCP, BELFAST	5,000	LETTING
UNIT 4 OAKBANK, CCP, BELFAST	5,000	LETTING
*APPROXIMATE SIZES		

INDUSTRIAL/LOGISTICS



QUARRY BUSINESS PARK, LURGAN

THE BELFAST COMMERCIAL TEAM



DECLAN FLYNN
Managing Director



DAVID MCNELLIS
Director
Agency



GARETH JOHNSTON
Director
Professional Services



ANDREW GAWLEY
Director
Agency



JONATHAN HAUGHEY
Chartered Surveyor

THE LISNEY RESEARCH TEAM



AOIFE BRENNAN
Director

BELFAST COMMERCIAL REPORT

Q3 2021

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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