

NORTHERN IRELAND COMMERCIAL PROPERTY REPORT

Q1 2022

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, set against a solid red square background.

Lisney

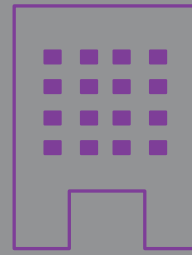
NI COMMERCIAL PROPERTY MARKET IN NUMBERS

INVESTMENT



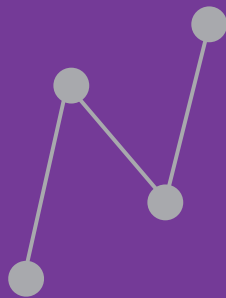
£100 MILLION
TRANSACTIONED IN Q1

OFFICES



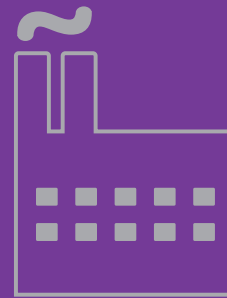
24,697 SQ. FT.
TAKE UP Q1

RETAIL



NEW ENTRANTS
TO THE MARKET

INDUSTRIAL/ LOGISTICS



300,000+ SQ. FT.
TAKE UP



OVERVIEW

Despite the headwinds of inflationary pressure and increasing bank base rates, Commercial Property investment in Q1 continued its brisk pace with an estimated £100m of transactions in the period.

ACTIVITY

The most notable transaction was the sale of the 180,000 Boucher Retail Park for an undisclosed sum to Sports Direct. This followed hot on the heels of the delayed completion of both Connswater Shopping Centre and Retail Park for £16.25m and Cityside Retail and Leisure Park for £13.5m.

There has been considerable interest from investors in Retail Warehousing with excess demand compressing yields in a sector which has been least affected by the pandemic.

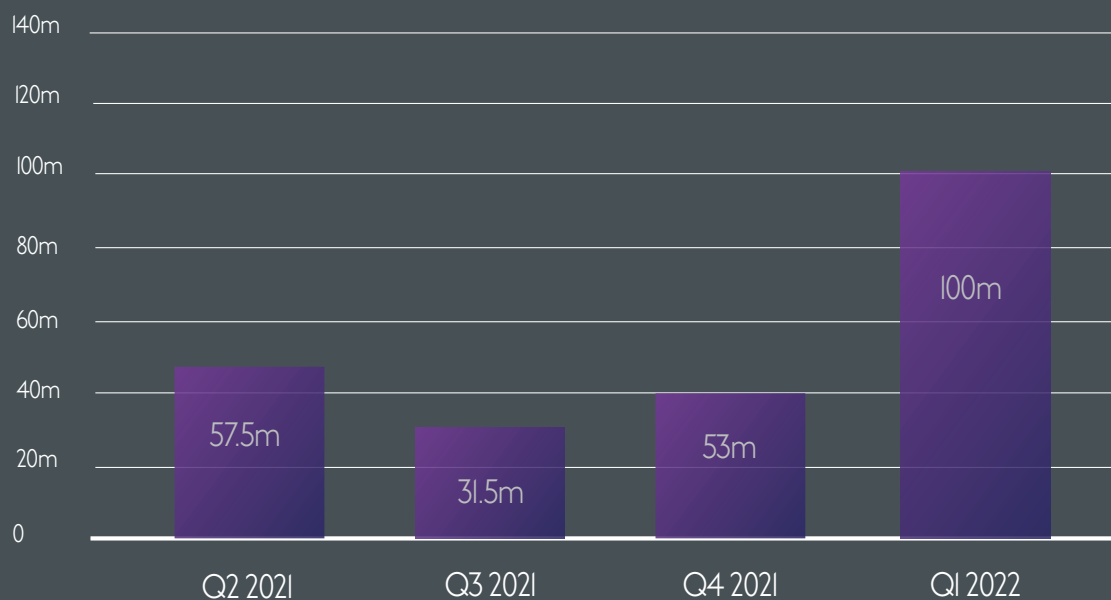
Retail transactions have once again dominated the market with over 80% of the transactions in the quarter coming from this sector. One notable exception was the sale of the Bunzl's Northern Ireland Head Quarters for £9.16m.

OUTLOOK

We have visibility of over £50m of commercial property investments currently in the market and despite the recent air of caution surrounding inflation and energy price rises, there is still a considerable weight of money chasing investments, particularly in the Logistics and Retail Warehousing sectors. We expect to see strong continued activity in Q2.

INVESTMENT VOLUMES 2021/2022

Million £
(Sterling)



SIGNIFICANT TRANSACTIONS Q1 2022

PROPERTY	QUOTING PRICE
BOUCHER RETAIL PARK	Undisclosed Price
CONNSWATER SHOPPING CENTRE & RETAIL PARK	16.25m
CITYSIDE RETAIL AND LEISURE PARK	13.5m
BUNZL	9.16m



THE EWART, BEDFORD STREET, BELFAST

OVERVIEW

The take up in the office sector has continued to be sluggish with only five reported deals and a total take up for the quarter of 24,679 Sq. Ft.

There is no doubt that office occupiers are still taking stock after the pandemic and are continually reviewing their office needs.

ACTIVITY

The majority of the office take up in Q1 took place in the McAleer & Rushe developed 210,000 Sq. Ft. office building on Bedford Street, The Ewart. New leases totalling 18,650 Sq. Ft. were taken by both AXA and financial services firm, Tilney Smith & Williamson.

Whilst uptake was limited in Q1, we are aware of significant lettings that are agreed which should bring activity levels for Q2 back closer to the five year average of 100,000 Sq. Ft. per quarter.

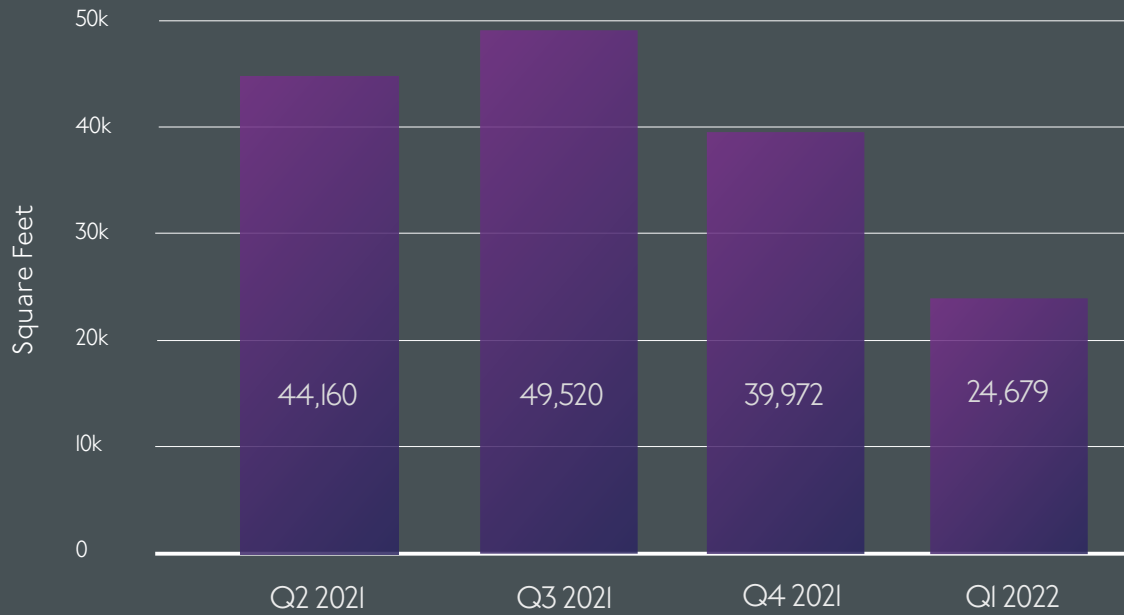
OUTLOOK

The availability of best in class offices has never been better in Belfast, with the recent completion of Olympic House in Titanic Quarter, The Ewart on Bedford Street, and the impending completion of the Paper Exchange on Chichester Street.

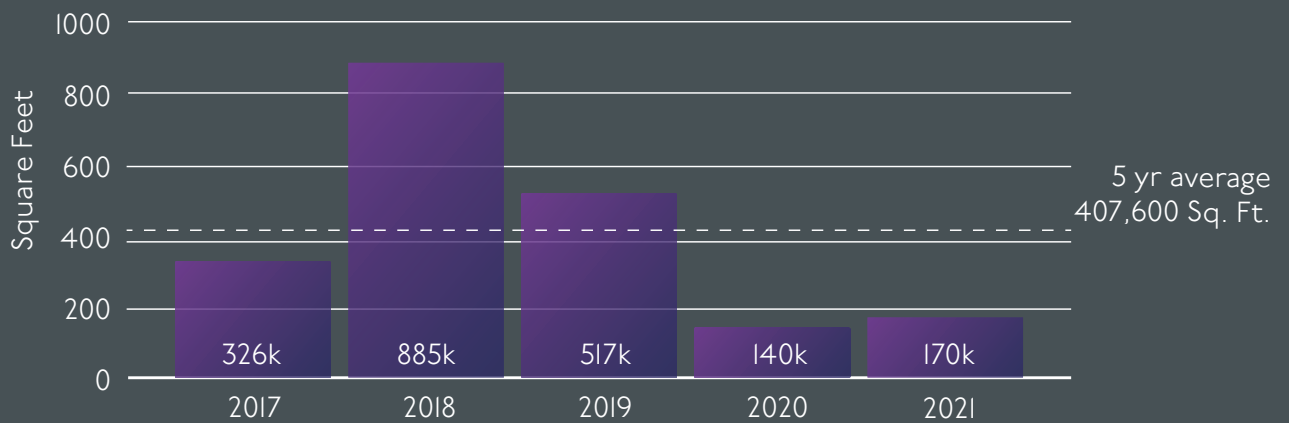
This increase in supply will start to put pressure on the deals that Landlords can achieve, however, given the limited amount of transactions in the market we have seen little evidence of this at the moment, with headline rents for best in class space remaining at £23 psf.

Flexibility for occupiers is key and take up of Serviced Office space has been strong since the end of the pandemic, a fact noted by new Serviced Office providers who are now entering our market.

OFFICE TAKE UP 2021/2022



OFFICE ANNUAL TAKE UP 2017 - 2021



SIGNIFICANT OFFICE TRANSACTIONS Q1 2022

PROPERTY	SQ. FT.	TENANT
THE EWART BUILDING BEDFORD STREET	11,250	AXA
THE EWART BUILDING BEDFORD STREET	7,400	Tilney Smith & Williamson
HARVESTER HOUSE, ADELAIDE STREET	2,936	Calnew Solicitors
TOTAL	21,586	



QUEENS ARCADE, BELFAST, BT1 5FF

OVERVIEW

In what is traditionally a quiet period for the retail market following the busy Christmas rush and an early flurry of activity during the January sales, the steady recovery continued, and Northern Ireland again punched above its weight when compared to its GB counterparts. Shopping centres, which have felt the greatest impact of Covid-19, saw significant improvement in levels of footfall as consumers browsed multiple stores ahead of the summer season. Quarter 1 also saw detailed data released on the impact of the Spend Local Scheme, which ended on 19th December and appears to have been a resounding success. With take-up levels of 99.6% or 1,393,043 cards, the scheme injected £136.6m into the local economy across 3.7m transactions and provided a much needed boost to local businesses across multiple sectors.

ACTIVITY

In what is a significant departure from the trends experienced in previous quarters, discounters took a back seat while there was considerable activity outside of this sector, particularly in Belfast City Centre. Queens Arcade saw dedicated showrooms opened by luxury brands Gucci and Montblanc, with Breitling and Omega expected to follow suit in Q2. These new stores will form part of a £2.5m investment by Lunns, who have owned the property since 2002 and represents a huge nod of confidence in Belfast's last remaining Victorian shopping arcade.

There was also a flurry of activity around Arthur Square with Mint Velvet, who are a new entrant to our market, opening on Arthur Street, Burger King relocating to Victoria Square to make way for The Ivy, while Dermalogica and Ernest Jones opened new stores on Arthur Square itself. Elsewhere in the region Screwfix continued their expansion plans with new openings in Armagh and Portadown while Tim Hortons drive thrus in Ballymena and Antrim increased their NI offering to 9 locations.

A summary of the more significant deals can be found overleaf.

TRADER	TYPE	LOCATION	TOWN/CITY	AREA SQ. FT.	COMMENTS
MINT VELVET	HIGH STREET/ SHOPPING CENTRE	ARTHUR STREET	BELFAST	1,776	OPENED - 15TH JANUARY
TIM HORTONS	FOOD & BEVERAGE	LARNE ROAD LINK	BALLYMENA	2,800	OPENED - 31ST JANUARY
GUCCI	HIGH STREET/ SHOPPING CENTRE	QUEENS ARCADE	BELFAST	657	OPENED - 7TH FEBRUARY
MONTBLANC	HIGH STREET/ SHOPPING CENTRE	QUEENS ARCADE	BELFAST	426	OPENED - 7TH FEBRUARY
NEW LOOK	OUT OF TOWN	THE BOULEVARD	BANBRIDGE	2,406	OPENED - 25TH FEBRUARY
TIM HORTONS	OUT OF TOWN	THE JUNCTION	ANTRIM	2,800	OPENED - 1ST MARCH
DERMALOGICA	HIGH STREET/ SHOPPING CENTRE	ARTHUR SQUARE	BELFAST	603	OPENED - 3RD MARCH
POLONEZ	OUT OF TOWN	PENTAGON RETAIL PARK	BALLYMENA	4,950	OPENED - 5TH MARCH
JOLLYES	OUT OF TOWN	SWEEP ROAD RETAIL PARK	COOKSTOWN	5,000	OPENED - 12TH MARCH
BURGER KING	HIGH STREET/ SHOPPING CENTRE	VICTORIA SQUARE	BELFAST	2,734	OPENED - 31ST MARCH
ERNEST JONES	HIGH STREET/ SHOPPING CENTRE	ARTHUR SQUARE	BELFAST	2,000	OPENED - Q1
SCREWFIX	OUT OF TOWN	SPIRES RETAIL PARK	ARMAGH	4,000	OPENED - Q1
SCREWFIX	HIGH STREET/ SHOPPING CENTRE	MEADOW LANE	PORTADOWN	4,400	OPENED - Q1



UNITS 6/8 MARYLAND INDUSTRIAL ESTATE, BALLYGOWAN ROAD, BELFAST - SOLD

OVERVIEW

The first quarter of the year was marked by continued strong demand in the logistics and warehousing sector with a number of large deals completing and take up of over 300,000 Sq. Ft.

With limited new build options available occupiers are looking at existing stock with a view to modernising / adapting it to suit their needs. High eaves, as can be seen in the activity section below, is of great importance to the majority of occupiers.

Supply of properties, particularly on a for sale basis, remains limited, and with strong demand, occupiers who would have traditionally only purchased property, are being pushed towards leasing instead.

ACTIVITY

Units 6&8 Maryland Industrial Estate, Ballygowan Road, in Belfast was the largest sale of quarter I. Comprising 72,094 Sq. Ft. of existing good quality buildings with part investment income, the sale offered an excellent purchase for a local NI company. The two units were on a site of c. 2.5 acres and had an eaves height of c. 8.7m, which is difficult to obtain within the NI market.

The sale of 17 Ferguson Drive, Lisburn also completed. The property comprised 42,830 Sq. Ft. of space on a site of c. 2.7 acres. Again this was a good quality building in a highly sought after location that attracted a lot of interest.

On a letting basis Artemis Technologies opened their new facility at Unit I, Oakbank, Channel Commercial Park in Titanic Quarter, Belfast. The unit provides 42,199 Sq. Ft. of high bay space for their manufacturing and engineering teams. There are a number of other lettings in the same park also agreed and in legals.

A significant letting of building 3, Cloughfern Avenue in Newtownabbey also completed to a local occupier. Comprising warehouse accommodation of 32,518 Sq. Ft. plus 5,716 Sq. Ft. of office space on a secure site of 5.78 Acres and again with part high eaves.

OUTLOOK

Speculative development is certainly being widely discussed and investigated in the market by a number of developers and is going to be required this year to satisfy current demand. The high cost of materials and construction is a negative, but we expect to see speculative builds beginning later this year.

The sector has been experiencing rents and capital values increasing and we expect this to continue for the remainder of the year in line with changing consumer behaviour and increased activity in the manufacturing sector.

SIGNIFICANT TRANSACTIONS Q1 2022

LOCATION	SIZE (SQ. FT.)	TYPE
UNITS 6 & 8 BALLYGOWAN ROAD, BELFAST	72,094	SALE
17 FERGUSON DRIVE, LISBURN	42,830	SALE
UNIT I, OAKBANK, CHANNEL COMMERCIAL PARK, BELFAST	42,199	LETTING
BUILDING 2, CLOUGHFERN AVENUE, NEWTOWNABBIEY	38,324	LETTING
*APPROXIMATE SIZES		

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MEET OUR TEAM

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Q1 2022

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