

**NORTHERN IRELAND  
COMMERCIAL PROPERTY  
REPORT**

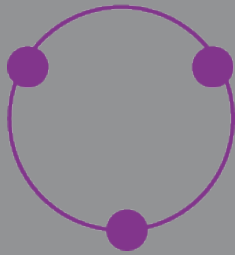
Q2 2022

**Lisney**



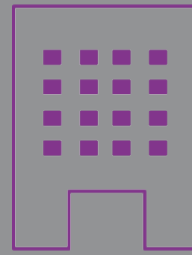
# NI COMMERCIAL PROPERTY MARKET IN NUMBERS

## INVESTMENT



£44 MILLION  
TRANSACTIONED IN Q2

## OFFICES



77,601 SQ. FT.  
TAKE UP Q2

## RETAIL



18 NEW OPENINGS  
Q2

## INDUSTRIAL/ LOGISTICS



DEMAND OUTSTRIPS  
SUPPLY



LONGWOOD RETAIL PARK - SOLD TO LOCAL PRIVATE INVESTOR

## OVERVIEW

Completed investment sales in the second quarter were somewhat subdued compared to Q1 with £44m of transactions bringing the total for the first half of the year to £144m. The most notable transaction was the sale of Longwood Retail Park in Newtownabbey.

## ACTIVITY

Activity in Q2 was dominated by local investors. In terms of levels of activity, the Martin Group were once again active purchasing Rosses Court, the city centre base for Argos and Marlborough House, the current home of law firm Tughans. Both properties are strategically located and given the short tenant leases, represent significant redevelopment opportunities in the heart of Belfast.

The 193,000 sq ft Longwood Retail Park attracted the most attention during the quarter with a significant number of bidders pushing the eventual sales price well above the £22m asking price. The office market also saw two transactions with the sale of Montgomery House for just over £7.5m and the sale of Killymeal House for £6.1m.

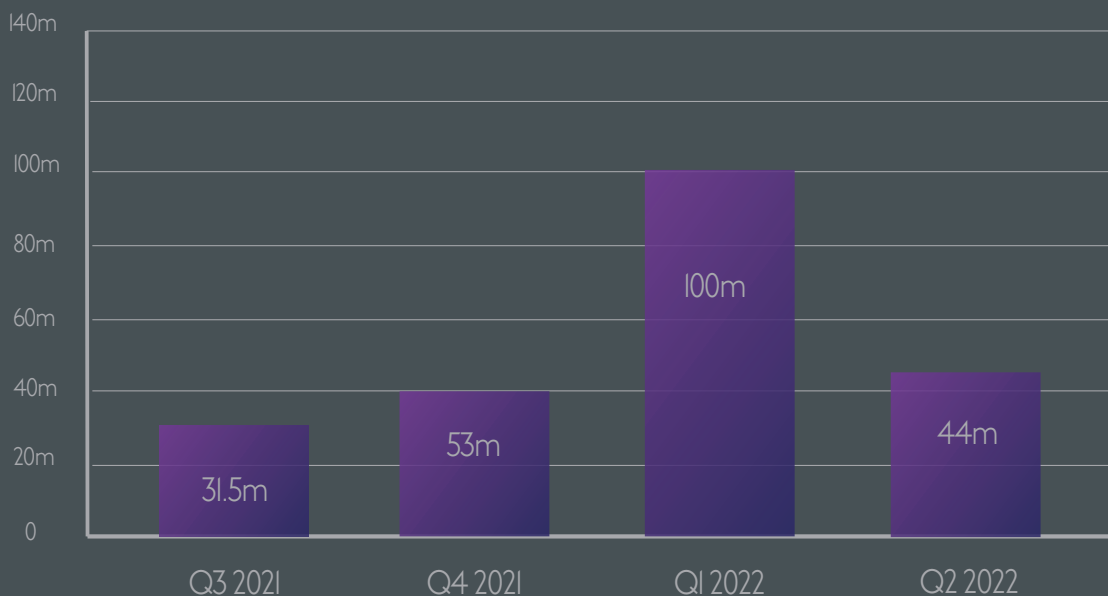
## OUTLOOK

Although there has been limited activity in Q2, we are aware of a significant number of properties that are being prepared for sale and expect c. £150m to be brought to the market in Q2/Q3.

We are confident that investment volumes for 2022 will significantly exceed the transaction levels for 2021, although we are conscious of the increasing finance and construction costs which will have to be priced into transactions later in the year.

## INVESTMENT VOLUMES 2021/2022

Million £  
(Sterling)



## SIGNIFICANT TRANSACTIONS Q2 2022

PROPERTY	QUOTING PRICE
LONGWOOD RETAIL PARK	22m
MONTGOMERY HOUSE	7.5m
KILLYMEAL HOUSE	6.1m
ROSSES COURT	5.7m



CUSTOMS HOUSE BELFAST 40,000 SQ FT  
LET TO SERVICED OFFICE OPERATOR BESPOKE

## OVERVIEW

Q2 saw a significant improvement in the volume of take up with just over 77,000 sq ft having completed during the quarter.

The most significant transaction was the letting to Serviced Office provider Bespoke of 40,000 sq ft in Customs House. Total take up for the first six months of the year has just exceeded the 100,000 sq ft mark.

## ACTIVITY

Apart from the letting to Bespoke the majority of lettings during the quarter have been to local companies with the average letting being just over 3,500 sq ft.

It is understandable that levels of activity remain muted given that the Work from Home rules were only relaxed in June, which has not given enough time for occupiers to re-evaluate their occupational requirements. Significant positives for this market include the continued number of job announcements from the likes of Wolfspeed (40 Jobs) and WANdisco (33 Jobs).

New entrants in the market will require best in class offices as they attempt to recruit and retain staff and we expect to see a widening in the difference between grade A and secondary rents.

## OUTLOOK

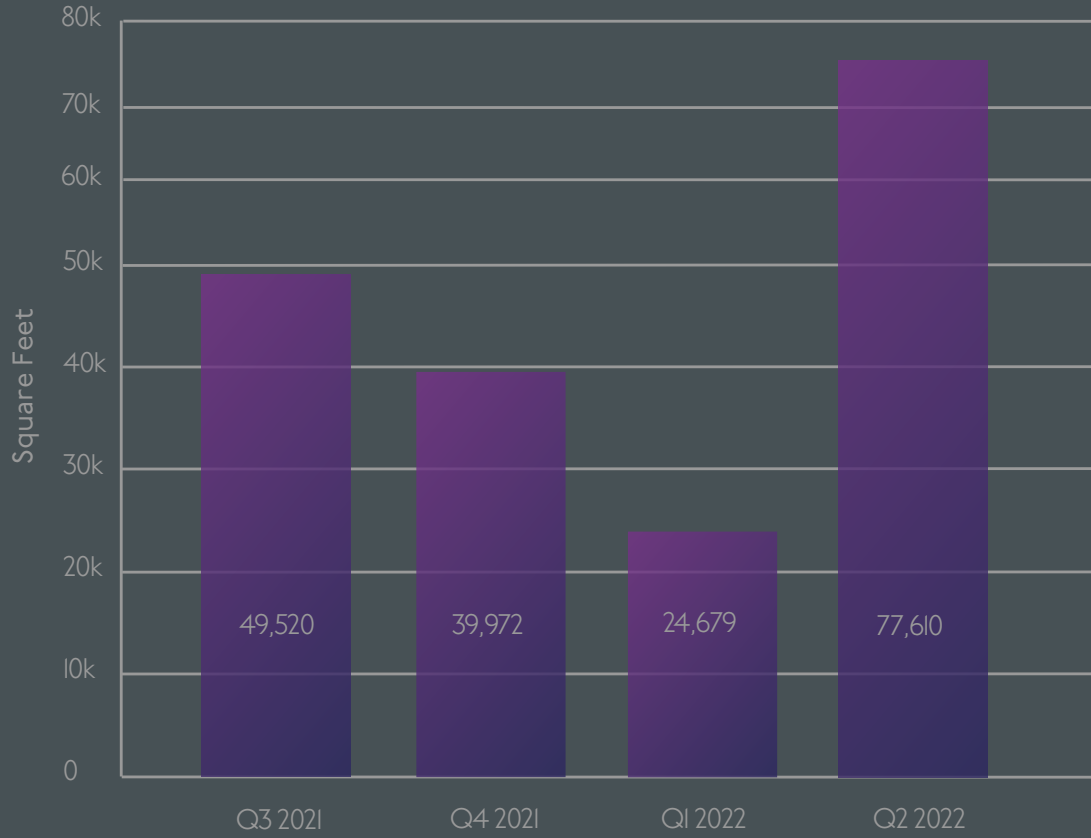
In the short term we expect there to be continued pressure on grade A headline rents which are currently £24psf.

At a time when demand is muted and when there is significant new supply, landlords will have to adjust their headline rents or incentives provided to attract tenants.

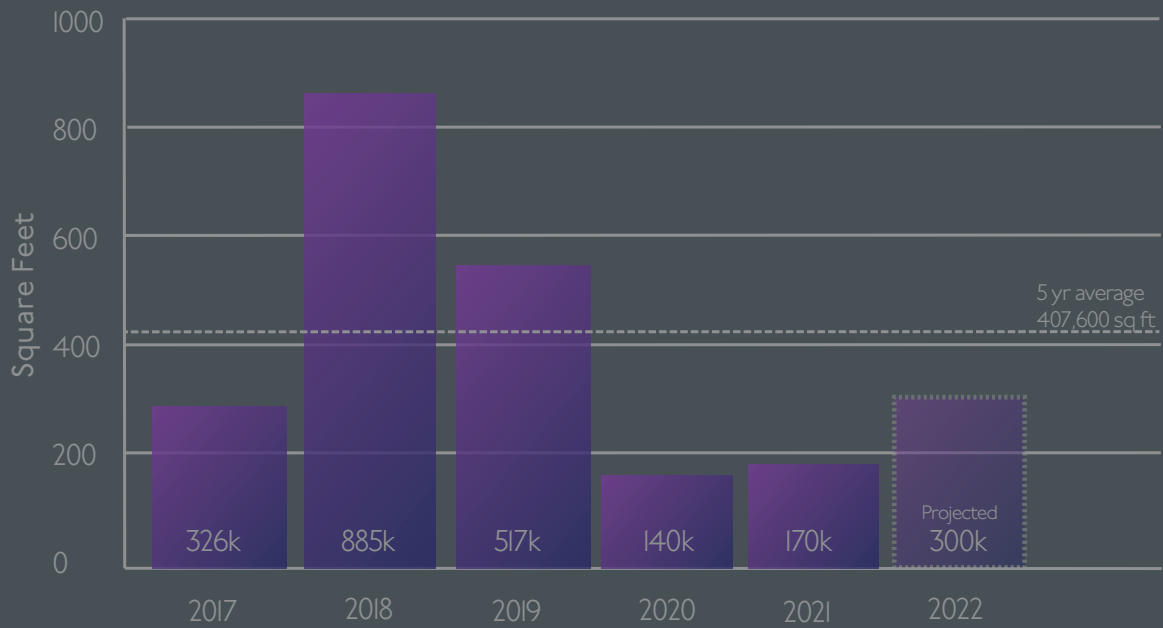
The four main schemes which are now available, The Ewart, Olympic House, City Quays and Paper Exchange have an availability of 489,000 sq ft and until these properties are significantly let, there will continue to be pressure on headline rents and incentives in the short term.

However, given the improving occupier sentiment and the levels of transactions that we are aware of, we do expect these significant new properties to be substantially let within the next 18/24 months.

## OFFICE TAKE UP 2021/2022



## OFFICE ANNUAL TAKE UP 2017 - 2021



## SIGNIFICANT NEW OFFICE DEVELOPMENTS

PROPERTY	SQ FT AVAILABLE
THE EWART	103,000
OLYMPIC HOUSE	150,000
CITY QUAYS	181,000
PAPER EXCHANGE	155,000

# Austen & Blake

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## OVERVIEW

The second quarter of 2022 was a particularly busy period for the retail market with a number of significant store openings pointing to continued improving sentiment within the sector. Maintaining the recent trend of new entrants to Northern Ireland, Austen & Blake opened their first store in the province on Donegall Square while Breitling and Omega further improved the line-up of luxury brands in Queens Arcade, with their first boutiques on the island.

On a similar note, Jamaica Blue opened their first NI coffee shop at Forestside Shopping Centre and plan to open another 5 locations before expanding south of the border. There were also a number of retailers who built upon an already well established presence, with significant deals including B&M's High Street Mall store in Portadown, a 5x up-size to 27,092 sq ft which makes it one of the largest in the country; M&S Food's 31,000 sq ft store at Bridgewater Retail Park in Banbridge, representing a £6m investment and The Range's 50,000 sq ft store at the same location.

## ACTIVITY

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

## OUTLOOK

There is no doubt that traditional bricks and mortar continues to play an important role in the retail landscape, with consumer sentiment consistently improving despite an ever increasing myriad of challenges, including a cost of living crisis which is likely to worsen before it improves. A recent UK consumer survey reported that key metrics are trending positively with just 20% of consumers working from home full time, while 50% are in the office 5 days per week.

It is also notable that 56% of those working from home have not changed how often they visit high streets, shopping centres or retail parks compared to pre covid, an improvement from 51% at the end of quarter I. If this trend is to continue, it is important that retailers are provided with adequate support and it is encouraging to see grants being made available to new businesses occupying previously vacant shops, with additional rates relief also being offered for these properties.

TRADER	TYPE	LOCATION	TOWN/CITY	AREA SQ FT	COMMENTS
BREITLING	HIGH STREET/ SHOPPING CENTRE	QUEENS ARCADE	BELFAST	646	OPENED APRIL
OMEGA	HIGH STREET/ SHOPPING CENTRE	QUEENS ARCADE	BELFAST	786	OPENED APRIL
AUSTEN & BLAKE	HIGH STREET/ SHOPPING CENTRE	DONEGALL SQUARE NORTH	BELFAST	889	OPENED APRIL
POLENEZ	HIGH STREET/ SHOPPING CENTRE	WINDSOR AVENUE	LURGAN	4,000	OPENED - 9TH APRIL
SCHUH	HIGH STREET/ SHOPPING CENTRE	CASTLECOURT	BELFAST	2,917	OPENED - 12TH APRIL
B&M	HIGH STREET/ SHOPPING CENTRE	HIGH STREET MALL	PORTADOWN	27,092	OPENED - 15TH APRIL
KATE SPADE	OUT OF TOWN	THE BOULEVARD	BANBRIDGE	1,458	OPENED - 22ND APRIL
DV8	HIGH STREET/ SHOPPING CENTRE	DONEGALL PLACE	BELFAST	6,143	OPENED - 6TH MAY
M&S FOOD	OUT OF TOWN	BRIDGEWATER RETAIL PARK	BANBRIDGE	31,000	OPENED 10TH MAY
EATAO ASIAN FUSION	OUT OF TOWN	RUSHMERE SHOPPING CENTRE	CRAIGAVON	7,000	OPENED - 11TH MAY
JAMAICA BLUE	HIGH STREET/ SHOPPING CENTRE	FORESTSIDE	BELFAST	2,465	OPENED - 20TH MAY
THE RANGE	OUT OF TOWN	BRIDGEWATER RETAIL PARK	BANBRIDGE	50,000	OPENED - 27TH MAY
MENARYS	HIGH STREET/ SHOPPING CENTRE	QUEEN STREET	COLERAINE	2,492	OPENED - 2ND JUNE
ANIMAL/ MOUNTAIN WAREHOUSE	OUT OF TOWN	THE BOULEVARD	BANBRIDGE	5,602	OPENED - 10TH JUNE
NANDOS	OUT OF TOWN	RIVERSIDE RETAIL PARK	COLERAINE	3,700	OPENED - 12TH JUNE
PANDORA	HIGH STREET/ SHOPPING CENTRE	CORNMARKET	BELFAST	1,079	OPENED - 16TH JUNE
O'NEILLS	OUT OF TOWN	DROMORE ROAD	OMAGH	11,000	OPENED - 24TH JUNE
TIM HORTONS	HIGH STREET/ SHOPPING CENTRE	MEADOWS	PORTADOWN	2,800	OPENED - 30TH JUNE



SITE AT 11-15 VICARAGE ROAD PORTADOWN

## OVERVIEW

Quarter 2 continued to experience strong demand with a similar number of transactions occurring, but the take up was considerably down on Q1, with all the deals, bar one, being under 20,000 sq ft.

The quarter was also characterised with all the transactions, again bar one, being lettings with a lot of the take up comprising local companies taking additional space.

Occupiers are in the main still focusing on existing properties on a leasehold basis and are prepared to adapt buildings to suit their needs. The logistics sector, as can be seen in the activity section overleaf, is still strong.

## ACTIVITY

11-15 Vicarage Road in Portadown was the largest, and only, reported sale of quarter 2. Comprising c. 65,000 sq ft of existing good quality distribution warehouse, the sale provided a great facility for a local NI company. The property was on a site of c. 8.16 acres and comprised 10+ dock levellers and an abundance of lorry parking / yard space.

On the letting side, Warehouse B, 2 – 10 Duncrue Road, Belfast provided 19,253 sq ft of space on a shared site and was again a local storage company taking additional space, which is great to see in the market.

Another local distribution company has also leased additional space in Shore Commercial Park, Carrickfergus. The unit provides c. 20,000 sq ft on a large secure multi tenanted site with good access to the greater Belfast area.

Two further notable lettings in the quarter were both in the greater Lisburn / Belfast area, located in Knockmore Industrial Estate, Lisburn and City Business Park, Dunmurry, comprising 16,077 sq ft and 17,223 sq ft respectively.

## OUTLOOK

Speculative development has begun, with a site at Quarry Business Park, Lurgan comprising 3 units totalling 22,184 sq ft.

There is already good interest now occupiers can see activity and have comfort the units will actually be available to occupy within the next 6 months.

Going forward the lack of stock is starting to show, and we would expect more D&B projects to be announced over the next 6 months.

## SIGNIFICANT TRANSACTIONS Q2 2022

LOCATION	SIZE (SQ FT)	TYPE
VICARAGE ROAD, PORTADOWN	65,000	SALE
SHORE COMMERCIAL PARK, CARRICKFERGUS	20,000	LETTING
2-10 DUNCRUE ROAD, BELFAST	19,253	LETTING
CITY BUSINESS PARK, DUNMURRY	17,223	LETTING
H1 & H2, KNOCKMORE INDUSTRIAL ESTATE, LISBURN	16,077	LETTING
*APPROXIMATE SIZES		

## THE NORTHERN IRELAND COMMERCIAL PROPERTY TEAM



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## THE LISNEY RESEARCH TEAM



**AOIFE BRENNAN**  
Director

MEET OUR TEAM

# NORTHERN IRELAND COMMERCIAL PROPERTY REPORT

Q2 2022



# NORTHERN IRELAND COMMERCIAL PROPERTY REPORT

Q2 2022

## OUR OFFICES

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