

2020 REVIEW







2020
REVIEW

INTRODUCTION

2020 was a year most want to forget as a global pandemic indiscriminately attacked the health and wealth of nations. Despite the various challenges of adapting to remote working and virtual interaction, Cushman and Wakefield in Belfast has been busier than ever advising and guiding our clients through the unique property challenges caused by social distancing and lockdown rules while exploiting the opportunities created by the sudden change in business activity.

So as we start a new year with new hope of an eventual return to normality, opportunity to repair economic damage and rebuild confidence in the property market, we want to pause for a moment and reflect on some of our success of 2020.

Our business spans every aspect of commercial property advice. Whilst our asset services, dispute resolution, valuation and landlord and tenant teams have been hard at work maximising the value of clients' assets and minimising risk against unprecedented challenges, the confidential nature of this work means it cannot be included in this review which is limited to transactional activity.



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LEASING MARKETS

RETAIL

Retail became the first obvious casualty of lockdown when non essential retail was ordered to close across the UK on 23 March 2020 and again later on 27 November in Northern Ireland. This dramatic event accelerated the shift to online shopping which has been growing over recent years. Retailers were forced to reconsider their property requirements both short and long term and whilst this increased the reliance on internet shopping for some, others exploited the opportunity to expand their property representation.



Through the course of the year we were heavily involved in advising retailers on adjustment strategies to profitably navigate the restrictions and challenges which included new acquisitions and lettings.

We were retained by B&M to advise and implement their expansion strategy and throughout the year we successfully secured a number of major new lettings including the following:

Unit 2 Sprucefield Retail Park, Lisburn 28,604 sq ft

Unit 4 Bloomfield Retail Park, Bangor 25,000 sq ft

2/6 Lisburn Street, Ballynahinch 23,000 sq ft

5 Castle Street, Lurgan 13,750 sq ft

Top to bottom:
Ballynahinch, Sprucefield

Similarly we advised Yours Clothing as part of their all Ireland retail representation with notable new stores opened at:

U21 Ilac Centre, Dublin

U52 Wilton SC, Cork

69 Galway SC, Galway

We helped cement the success of **Marlborough Retail Park, Craigavon** with a major letting to **Home Bargains**.

In Belfast City Centre we were involved with a number of retailers establishing new flagship stores:

23/29 Castle Place, Belfast new flagship store for JD

55/57 Castle Court, Belfast acquired additional space for new flagship store for Superdrug

Guiney Department Store, Castle Place, Belfast



Clockwise from top:
JD Castle Place, Guineys Castle Place, Superdrug Castle Court

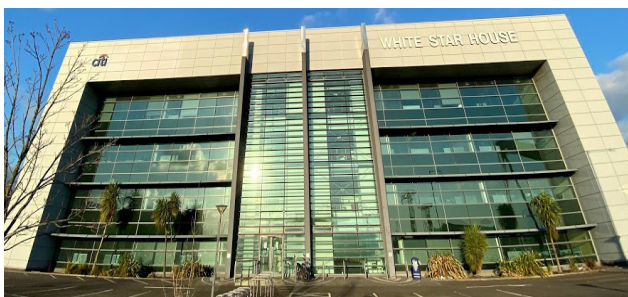
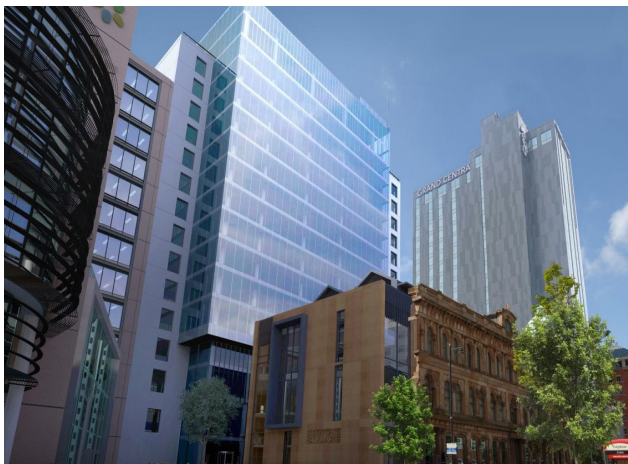


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LEASING MARKETS

OFFICES

The Belfast office market experienced considerable activity throughout 2018 and 2019 with c1.40 million sq ft transacted over this 24 month period. Covid-19 restrictions crushed activity over the year when restrictions effectively paused the market and occupiers respected the work from home advice creating a pattern of home and hybrid working for the year. This lack of activity has not resulted in a glut of stock on the market as stock levels were already low and the pandemic has interrupted and delayed supply.



Top to bottom:
The Ewart Building,
39 Corporation
Street, Adelaide
Exchange, White
Star House,
Concourse One



Belfast enjoyed a period of considerable rental growth in recent years as supply struggled to keep pace with a growing demand. The pattern of limited supply and growing demand against a backdrop of record take up has doubled rents in the ten years since the financial crash to current headline levels up to £23 psf for Grade A space.

Whilst the pandemic has led to a dramatic drop in activity in the market by the general restrictions applied to the wider business environment and work from home advice, we were nonetheless busy during the year securing new lettings including the following:

The Ewart Building Bedford Street, Belfast

Deloitte | £22/sqft | 70,000sqft
with option for further 35,000sqft

39 Corporation Street, Belfast

Private Landlord | £18/sqft | 38,804sqft

2nd and 3rd floors Adelaide Exchange, Belfast

Applied Systems |
£22/sqft | 19000sqft

Whitestar House

40,000sqft

Concourse One

10,000sqft

Donegall Square North

28,000sqft

Citi Group | Acquisition advice



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CAPITAL MARKETS

RETAIL

On a positive note, the Northern Ireland commercial property investment market started 2020 in a healthy state with strong demand which was further underpinned when local Government at Stormont was reinstated and the UK left the EU in January 2020, offering a welcome sense of political stability. The Coronavirus crisis interrupted this momentum with activity delayed until later in the year.

Despite these challenges we have secured a number of important capital transactions both before and during the pandemic including:

Lisnagelvin Retail Park, Londonderry

62,000 sq ft open use retail park in a prominent suburban location with tenants including Next, Matalan, TK Maxx and Homesense.

Agreed Q4.



Phase B, Orritor Road Retail Park, Cookstown

29,816 sq ft bulky good retail park adjacent to Tesco Superstore and Homebase.

Tenant line up includes Next, New Look, Tempest and Lynas. Site extends to 2.22 acres with 134 car park spaces.

Sold Q1 2020 for £2,950,000.



Sprucefield Centre, Lisburn

230,000 sq ft prime bulky goods retail park anchored by Sainsbury and B&Q with 17.5 acres of retail development land.

Sold Q1 2020 for £40,000,000.



Top to bottom: Lisnagelvin Retail Park, Orritor Road Retail Park, Sprucefield Centre



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CAPITAL MARKETS

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The strong fundamentals in the leasing markets have fostered a healthy investment demand which experienced tightening yields as investors priced in rental growth against a backdrop of low vacancy over the last number of years. 2020 experienced a dramatic change as a result of the restrictions imposed by the Covid-19 pandemic. As the year progressed, the continued uncertainty of the length of restrictions and their economic impact undermined confidence and postponed new assets coming to the market reducing stock levels.



Whilst the pandemic significantly reduced transactional activity, investors, owner occupiers and developers have still been busy securing assets for the medium and longer term.

Dorchester House Great Victoria Street, Belfast

Andras House | 58,000sqft
Andras built it and sold it to HMRC 30 years ago and bought it back.



Former Tillie and Henderson Shirt Factory Site, Derry

Andras House | £1.5m | 0.6 acres.
Site has planning for a hotel.
Purchaser plans to submit planning for high density residential scheme.



Eyden House Westbank Drive, Belfast

Border Force | standalone HQ
13,000sqft plus parking.
Relocation to purpose built HQ built by BHC to Border Force spec.

Fintru Offices at 74/76 Dublin Road, Belfast

Private off-shore investor | 2 floors at 3,500sqft
Fintru acquired the last remaining floors within this prominent building on the vacation of the EU Commission. Fintru now control the building.



Create_Lab Bruce Street, Belfast

Andras | 12,000sqft
Launch of a new quirky office building.



11 Talbot Street, Belfast

Mcauley Ritchie Solicitor | £850,000 | 5,790sqft
Sold to owner occupier (Willis Insurance) after frantic bidding by a number of well known property investors.

Top to bottom: Dorchester House,
Eyden House, Fintru Offices,
Create_Lab, 11 Talbot Street



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