

# SPRINT FINISH

### ON THE UP

At £215.1m, investment volume in 2019 was 19% above 2018 and 4% below the ten-year average. Despite an outstanding final quarter with volume of almost £91.0m, the uncertain local and national political climate continued to weigh on volume with 2019 annual volume the second lowest since 2013.

Accounting for 43% of volume, retail retained its place as the dominant asset class in Northern Ireland, with £92.5m of transactions. This was, however, due to two large Q4 retail park transactions. Throughout the first three quarters of the year, the highest proportion of volume had been in the office sector with Belfast city centre office investments remaining the most in demand asset class.

### SPRUCED UP

Despite a challenging retail market, three retail parks transacted in the latter half of 2019. In the largest deal of the year, Sprucefield Retail Park, Lisburn was purchased by New River Retail for £40.0m (NIY 8.71%). Crescent Link Retail Park, Londonderry was purchased by David Samuel Properties for £30.0m (NIY 11.50%) and Clondeboye Retail Park by Harry Corry Pension Fund for £8.7m (NIY 13.50%).

Office transactions this year totalled £69.8m, the highest volume in the office sector on record, boosted by Citibank's purchase of the Gateway Office for c.£34m (NIY 5.48%). Other notable office transactions included a local government department's £16.0m purchase of James House and Vanrath Recruitment's £12.5m purchase of Victoria House.

### OWNER OCCUPIERS

2019 saw a number of office assets purchased by owner occupiers, including the aforementioned Gateway Office, James House and Victoria House.

As usual, local investors were the most active investor type, although activity was subdued. That said, there were a number of higher value assets purchased by private investors including Antrim Business Park for c.£12.5m (NIY 14.50%) and Timber Quay in Londonderry for £5.3m (NIY 11.50%).

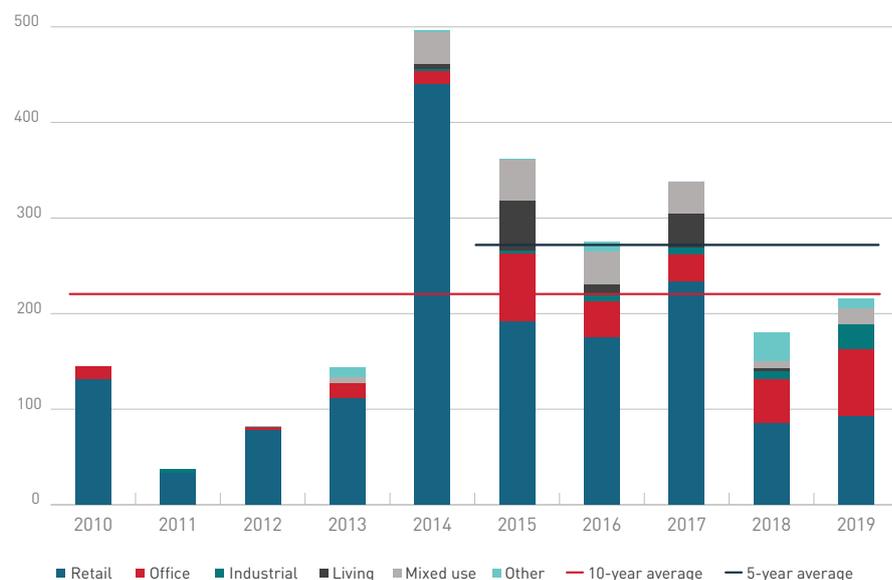
At £26.2m industrial volume was at its highest for the decade, with both propcos and private investors purchasing in this sector. David Samuel Properties purchased 35 Moy Road, Armagh for £6.3m (NIY 7.28%) and Alterity Investments purchased CD Group, Mallusk for £2.6m (NIY 7.23%).

### VOLUME BY INVESTOR TYPE 2019 (%)



Institutions	23%
Private NI investor	21%
Propcos	19%
Private UK/ROI investor	<1%
Other/undisclosed	37%

### ANNUAL INVESTMENT VOLUME BY SECTOR (£M)



Source: LSH Research, Property Data

## TOP TEN DEALS 2019

	Date	Sector	Price £M	NIY	Purchaser	Vendor
Sprucefield Retail Park, Lisburn	Nov-19	Retail	40.0	8.71%	New River Retail	Intu Properties
Gateway Office, Belfast	Apr-19	Office	c.34.0	5.48%	Citibank	Titanic Quarter
Crescent Link Retail Park, Londonderry	Oct-19	Retail	30.0	11.50%	David Samuel Properties	Lotus Group
James House, Gasworks	Feb-19	Office	16.0	-	Government	Columbia Threadneedle
Antrim Business Park, Antrim	May-19	Industrial	c.12.5	14.50%	Private NI investor	Private NI investor
Victoria House, Belfast	Oct-19	Office	12.5	-	Vanrath Recruitment	Aviva Investors
Donegall House, Belfast	Mar-19	Mixed use	9.6	5.63%	Private NI investor	Danske Bank Pension Fund
Clandeboyne Retail Park, Bangor	Aug-19	Retail	8.7	13.50%	Harry Corry Pension Fund	Columbia Threadneedle
Portfolio Petrol Stations	Mar-19	Other	7.6	6.82%	Henderson Group	Receivers
Moy Road, Armagh	Feb-19	Industrial	6.3	7.28%	David Samuel Properties	Silverwood Group

Source: LSH Research, Property Data

## Q4 2019 PRIME YIELDS

SECTOR	Prime yields			YIELD SENTIMENT
	Q4 2019	3 MONTH MOVEMENT (BPS)	12 MONTH MOVEMENT (BPS)	
Prime shops	5.75%	◀▶	◀▶	◀▶
Prime shopping centres	6.25%	◀▶	◀▶	◀▶
Office	6.00%	◀▶	◀▶	◀▶
Industrial	6.00%	◀▶	◀▶	◀▶

Source: LSH Research

## OUTLOOK

The extension of the Brexit deadline, the lack of a Stormont executive and the prolonged uncertainty delayed investment decisions in 2019. While retail was again the dominant asset class by volume, this should not be interpreted as a signal of renewed attractiveness and investors remain cautious on this sector. Potential investors in NI are generally seeking secure long-term income or high quality office investments.

Elsewhere the living sectors (student accommodation, PRS, hotels, healthcare) are an established sector. While a more subdued sector in NI due to a lack of product, assets in

this category are continuing to be sought after and, should they be brought to market, would attract significant investor interest.

Key to 2020, however, is the Conservative majority in the 2019 general election and the passing of the EU withdrawal agreement leaving the UK on course to leave the EU by 31st January. It is anticipated that the ending of political uncertainty and increased clarity on the Brexit process will boost investor confidence, translating into a substantial release of pent-up demand and a busier 2020.

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