

BRICKS-AND-MORTAR BACK IN FASHION

BETTER THAN EXPECTED

The investment market underwent a positive change in performance in 2025 with stronger than expected volume. At £308.2m 2025's investment volume was 8% above the five-year average, and more than double 2024's total.

At £150.1m investment volume in the second half of 2025 was on par with H1, underpinned by a number of larger deals.

LESLEY LEADS

Annual retail investment of £215.2m stood 48% above the five-year average, accounting for 70% of 2025 volume and the highest retail investment volume since 2017.

The largest deal of 2025 was the Herbert Group's £58.8m acquisition of Lesley Abbeycentre, Newtownabbey from NewRiver REIT.

Two of the three shopping centre deals were purchased by local investors, continuing a trend seen in recent years. The yield profiles of these schemes demonstrate the gap between core, stabilised and reversionary shopping centre assets, such as Lesley

Abbeycentre, and those that are considered non-core, with occupational and asset management challenges, such as Tower Centre, Ballymena and Erneside Shopping Centre, Enniskillen.

GET OUT OF TOWN

The retail warehouse market continues to perform strongly with a large buyer pool competing to acquire assets. The largest deal in this sector was Realty Income's £51.2m acquisition of Sprucefield Retail Park, Lisburn from PIMCO/NewRiver REIT. Kelvin Properties Ltd sold Riverside Retail Park, Coleraine to Magmel Ltd for £30m, bringing the entire retail park under Magmel's ownership after their previous 2023 acquisition of the Sainsbury's anchored part of the scheme.

The first large single-let supermarket deal since 2017 also occurred in 2025. Supermarket Income REIT purchased Tesco, Craigavon for £25.6m from a UK propco and Tesco acquired their food store in Limavady from CBRE Investment Management.

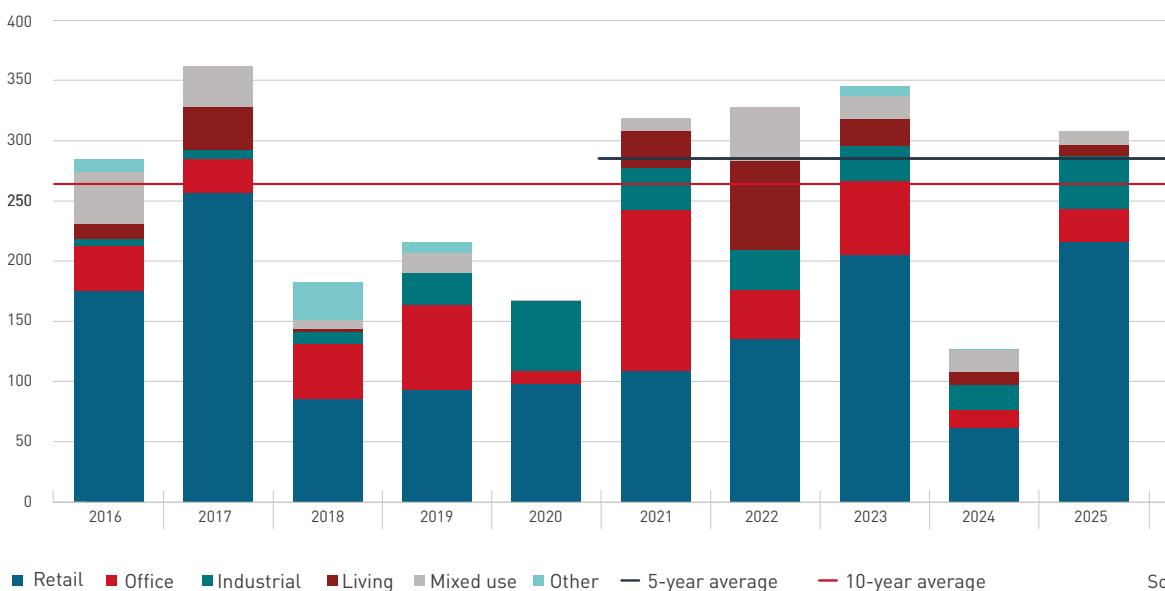
SHEDS AND BEDS

Industrial also performed well in 2025 with volume of £44.1m, standing 36% above the five-year average. This was primarily due an off market sale and leaseback which transacted at the start of 2025.

Most of the other core sectors remained below trend throughout 2025. At £27.5m office volume was 51% below the five-year average, but nevertheless this was a year-on-year improvement. This was largely due to the off-market sale of The Paper Exchange in Belfast city centre.

Notable deals in other sectors included Beannchor Group's purchase of The Premier Inn, Alfred Street, Belfast for circa £8.5m from an institutional investor and Manfreight's purchase of a part-let industrial warehouse on Duncrue Street, Belfast for £9m.

ANNUAL INVESTMENT VOLUME BY SECTOR (£M)



■ Retail ■ Office ■ Industrial ■ Living ■ Mixed use ■ Other — 5-year average — 10-year average

Source: LSH Research

ACTIVITY ACCELERATING

Investment activity was strong in 2025, with 63 deals completed, 27% above trend and the highest transactional total since 2017. As is characteristic, local private investors were most active and responsible for 81% of deals. Note, our volume and activity figures are derived from a comprehensive dataset that captures all transactions, regardless of lot size.

Homegrown propcos invested £126.4m during 2025, primarily in retail but also in the office sector. In addition to aforementioned deals of Lesley Abbeycentre and Riverside Retail Park, Muntermellan Ltd purchased Erneside Shopping Centre, Enniskillen for £12.4m.

2025 saw the return of Supermarket Income REIT with their acquisition of Tesco, Craigavon, their first acquisition in Northern Ireland since 2021. Realty Income's purchase of Sprucefield Retail Park was the single institutional deal in 2025, the lowest number on record.

VOLUME BY INVESTOR

TYPE 2025



Propcos	41%
Private NI Investor	18%
Institutions	17%
Quoted Propco/REIT	8%
Overseas	7%
Retail Property Group	3%
Other	6%

Source: LSH Research

KEY DEALS 2025

	Date	Sector	Price (£M)	Purchaser	Vendor
Lesley Abbeycentre, Newtownabbey	Jun-25	Retail	58.8	Herbert Property Company	NewRiver REIT
Sprucefield Retail Park, Lisburn	Nov-25	Retail	51.2	Realty Income Corporation	PIMCO / NewRiver REIT
Riverside Retail Park, Coleraine	Dec-25	Retail	30.0	Magmel Ltd	Kelvin Properties Ltd
Tesco, Craigavon	Nov-25	Retail	25.6	Supermarket Income REIT	UK Propco
Erneside Shopping Centre, Enniskillen	Dec-25	Retail	12.4	Muntermellan Ltd	Fixed Charge Receiver

Source: LSH Research

OUTLOOK

The commercial property market experienced stronger than expected volume in 2025, largely driven by two £50m+ deals. Retail emerged again as the standout sector with attractive returns, occupational stability, the plateauing of online retail sales and rental growth all culminating in improving investor sentiment towards retail assets. While we expect this trend to continue, most of the dominant shopping centres in NI have traded in recent years, and we forecast that overall retail volume will reduce, however, transactional volume in the retail warehouse sector could increase if landlords decide to capitalise on strong levels of investor demand and sell assets. Robust demand will also remain for smaller lot sizes amongst local investors, further driven by the reduction in interest rates.

Conversely, the office market continues to face challenges, both in terms of investment and occupational demand. The lack of prime, well let, grade A stock launched in recent times makes investor appetite difficult to gauge, but looking more widely sentiment towards office assets in other regional UK cities is undoubtedly improving, especially for premium assets with strong ESG credentials.

The Amazon distribution centre at Channel Commercial Park, Belfast is expected to exchange in Q1 2026. While the price has not yet been disclosed, it is agreed at a level that will demonstrate underlying investor appetite for well-located incoming producing industrial assets. Although this is another sector constrained by supply of assets.

Despite the challenges of the macroeconomic and political headwinds of the last decade, investor sentiment has remained resilient and investor's primarily focus on the underlying fundamentals of individual assets. Encouragingly, the gradual easing of interest rates should help sustain investment appetite, although it is unlikely to resolve the persistent supply issues that have long characterised the Northern Ireland market.

Overall, while retail offers a bright spot and renewed confidence, the market outlook remains nuanced. Investors will continue to balance optimism in certain sectors alongside structural challenges and limited supply. It is unlikely 2026 will be a record year of volume, but this is primarily due to supply constraints, as opposed to investor appetite or caution.

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