

RETAIL REIGNS

QUIET QUARTER

At €57.1m investment volume in Northern Ireland was subdued during the first quarter, standing 18% below the five-year quarterly average. While investment volume was muted, there was depth of activity with 16 transactions recorded, 57% above the five-year quarterly average and the highest number since Q1 2023

SPRING BLOOM

Following on from a number of high profile deals in 2023, the retail sector continues to be attractive to investors and accounted for 50% of Q1 investment volume, underpinned by Tristain Capital Partners sale of Bloomfield Shopping Centre and Retail Park, Bangor for circa €22m to a local propco.

OLIM Property sold two retail assets at Orritor Retail Park, Cookstown. A private investor purchased Homebase for €3m (NIY 8.32%) and Nano Development Limited purchased the M&S Simply Food for €1.95m (NIY 6.77%). The Linen Green Shopping Village, Moygashel was also acquired by a local private investor for €4m.

WELCOME HOME

Investment in the living sector returned in Q1 after an absence of deals for three consecutive quarters. At €10.9m volume stood 43% above the five-year quarterly average for this sector. Key deals included CBRE Global Investor's sale of the ETAP Hotel, Belfast for €7.35m (NIY 6.88%) to Andras House and OLIM Property's sale of Bannatyne Health Club and Spa, Holywood for €3.5m (NIY 11.78%) to a local private investor.

In keeping with recent form, the office sector was subdued. The key deal in this sector was Elkstone Partner's purchase of Murray's Exchange, Belfast for an undisclosed sum from a local property company.

BUSY LOCALLY

Propcos accounted for over half of investment in Q1, with the purchase of Bloomfield Shopping Centre and Retail Park, Bangor and Murray's Exchange, Belfast. However, local private investors were responsible for the depth of activity accounting for over 80% of deals and 30% of investment volume.

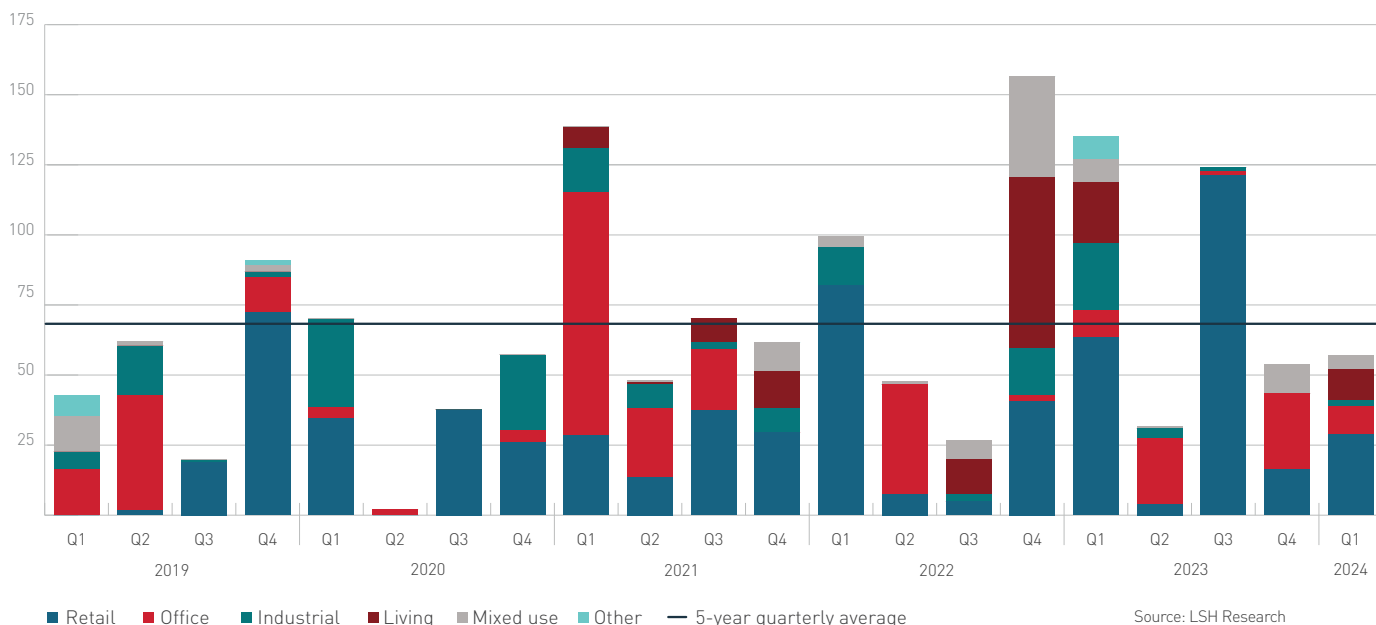
Local private investors purchased industrial assets including the Royal Mail delivery office at Balteagh Road, Craigavon for €1.625m (NIY 6.62%) and Nella House, Dargan Crescent, Belfast for €600k (NIY 7.62%).

VOLUME BY INVESTOR TYPE YTD (%)



Propcos	57%
Private NI Investors	30%
Institutional	13%

QUARTERLY INVESTMENT VOLUME BY SECTOR (£M)



KEY DEALS Q1 2024

	Date	Sector	Price (£M)	NIY	Purchaser	Vendor
Bloomfield Shopping Centre & Retail Park, Bangor	Mar-24	Retail	~22.0	-	Local propco	Tristain Capital Partners
ETAP Hotel, Belfast	Mar-24	Living	7.35	6.88%	Andras House	CBRE Global Investors
The Linen Green, Moygashel	Jan-24	Mixed	4.0	-	Private investor	Private investor
Murray's Exchange, Belfast	Feb-24	Office	Undisclosed	-	Elkstone Partners	Local propco

Source: LSH Research

OUTLOOK

After the subdued first quarter, Q2 is also expected to be muted with circa £20m of deals currently agreed or in legal. This includes the sale of The Quays Shopping Centre, Newry expected to complete in May.

The limited flow of assets coming to market in the second half of 2023 has continued into 2024. Supply is now at its tightest since the height of the pandemic and the impact will be felt as we move through 2024. That said, investor appetite remains robust for prime assets with strong underlying fundamentals, and we expect 'flight to quality' to be the continuing trend. Whilst purchasers are active

and keen to deploy capital, both on and off market, vendor and purchaser aspirations on pricing have still not fully aligned in some sub sectors.

While we are currently experiencing a depletion of stock, there are clear improvements in macro factors. Inflation has fallen to its lowest level since late 2022, utility costs are easing, interest rate cuts are expected in the second half of the year and the Northern Ireland Executive was restored in February. Overall, these factors should enhance investor and vendor confidence and should help unlock current supply issues.

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