

Belfast Retail

Report 2004



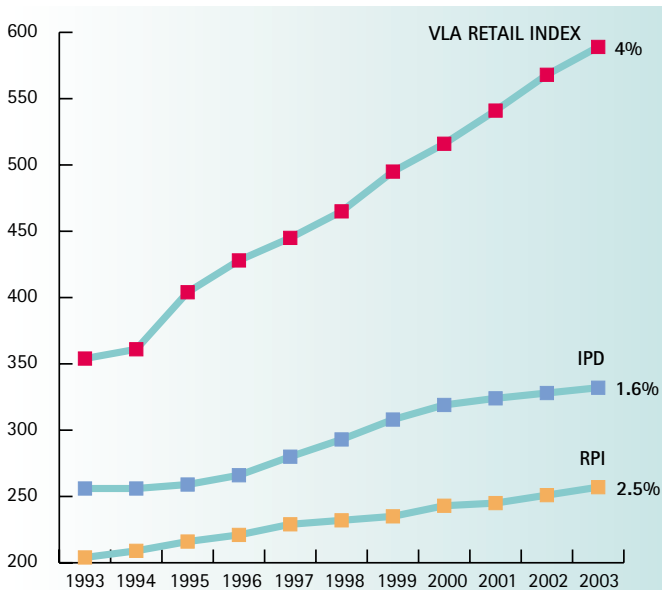
Rental Index

Continued Rental Growth in Belfast Retail is sustained for another year. The index shows an increase of 4% for the last year. This reflects a prime zone A rental of £2,600/m² as at November 2003. Comparison with the Retail Rental Growth Index prepared by Investment Property Databank indicates that Belfast is outperforming the rest of the UK. Over the nine years since November 1994 rental growth has averaged 5%.

The Belfast retail rental index, updated every year by Valuation and Lands Agency, tracks the rental changes of a sample of prime properties in the city centre. These properties are predominately located on Donegall Place with a few situated on Castle Lane and Cornmarket.

By using market evidence to estimate zone A levels against these properties, an index is created that monitors the growth within the sample. Treated with the appropriate caution the index provides a useful marker against which other investment alternatives can be compared.

Belfast Retail Rental Index



Rental Deals

51-53 Donegall Place to be occupied by Mango, with the zone A price quoted by agent as achieving £2,900/m² in February 2004.

The Eye Clinic have taken on a new lease at 32 Donegall Place with a zone A of £3,000/m² from March 2004, based on the agents' analysis.

Golden Discs assigned their lease at 24 Donegall Place to The Carphone Warehouse. The rent passing was £124,000pa with a premium of £50,000 being paid.

Vodafone and The Body Shop swapped units on Donegall Place with six figure premiums being paid for each assignment.

Occupier Changes

New entrants to Belfast City Centre are Dunnes, Mango, Starbucks, and Habitat. Also recently located in Castle Court are La Senza, Quiksilver and Dune.

Changing location within the city centre are The Carphone Warehouse to Donegall Place, Lifestyle Sports to a different unit on Castle Lane and United Colours of Benetton moving to Arthur Street from Castle Court. As already mentioned above Vodafone and The Body Shop swapped units on Donegall Place.

Leaving the City centre was Woolworths who preferred to consolidate at Yorkgate Centre. Tammy Girl and Racing Green also vacated their units.

AM Developments' £300M scheme at Victoria Square, providing 63,000m² of new retail space due to open in Spring 2007, has already impacted on the office market with the relocation of many government offices. It appears also, from the recent location of Habitat and Benetton close to the new development, that existing retailers are wishing to take advantage of any future footfall generated by Victoria Square and its new competitors.



Use Categories

As a comparison the chart shows the breakdown of retail uses between 1994 and the most current detail collated in September 2004.

Total increase in floorspace amounts to almost 13% since 1994. However, the total number of units has decreased – this is mainly due to the impending Victoria Square Development that required some shop units to be demolished. There are also a high number of vacant units, but many of these are being refurbished and, therefore, the vacancy situation is a temporary one only.

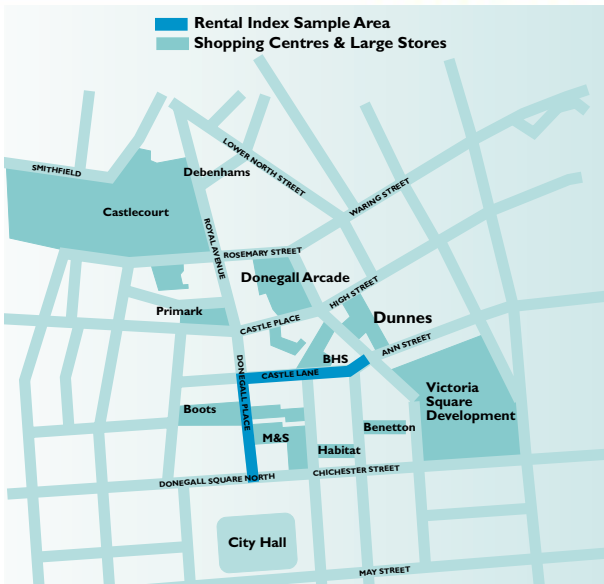
The mainstay of High Street retail is the fashion industry. A comparison of the two years shows a reduction in the number of units but an increase of 16% in the amount of floorspace devoted to this user type.

Whilst the unit numbers of shops devoted solely to women's fashion have decreased and floorspace quantity has remained fairly static, there has been an increase in the number providing clothing for both men and women with a major increase in floorspace of 127%.

The recent relocation of Dunnes stores and Habitat back into the City centre has redressed to some extent dwindling numbers of household/electrical and Department stores. Mobile phone outlets are now well established in the City centre; in order to track this trend a new category has been established this year.

Use Categories

Type	Unit Numbers 1994 and 2004	Gross Area M2	1994	2004
Vacant	33 27	2879 8958		
Wm and M Fashions	32 36	10312 23489		
Wm Fashions	53 44	10497 10879		
Mens Fashions	20 11	2879 2881		
Shoes	15 15	4273 4658		
Household/Electrical	37 18	10776 10836		
Department	9 6	64102 46912		
Books/Stationery	23 16	6038 7834		
Leisure/Sport	16 22	2229 6856		
Food	37 29	4645 6685		
Health and Beauty	17 19	2322 4087		
Jewellery	13 17	2136 2432		
Records and Videos	7 3	2229 2176		
ICT (mobile phone shops)	0 14	0 1263		
Miscellaneous	25 24	2136 3666		



Investment Deals

Several major retail deals have taken place within the centre of Belfast some of which are listed below :

The block occupied by Woolworths on the corner of High Street and Cornmarket sold for £17.9M in April 2003.

Property at 36/38 Donegall Place sold in July 2003 for a seven figure sum and produces an initial yield of 4.83%.

26-34 Donegall Place inc 18-24 Castle Lane sold in December 2003 for £35.35M. This equates to a yield of 5.1%

10-22 Castle Place sold for £7.7M also producing a yield of 5.1% in May 2004. The latter two deals involved Wm Ewart Properties, a local investor, as the purchaser.

A block of property occupied by MacDonalds and The Original Shoe Co on the corner of Castle Place and Donegall Place is reported to have sold for £11.25M in 2004. This produces a keen reported initial yield of 4.85%. This property was also acquired by a local investor.

All the above are evidence of the strong investment market currently being experienced in Belfast.

ACKNOWLEDGEMENTS.

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