

BELFAST AN EVOLUTION OF THE RETAIL LANDSCAPE

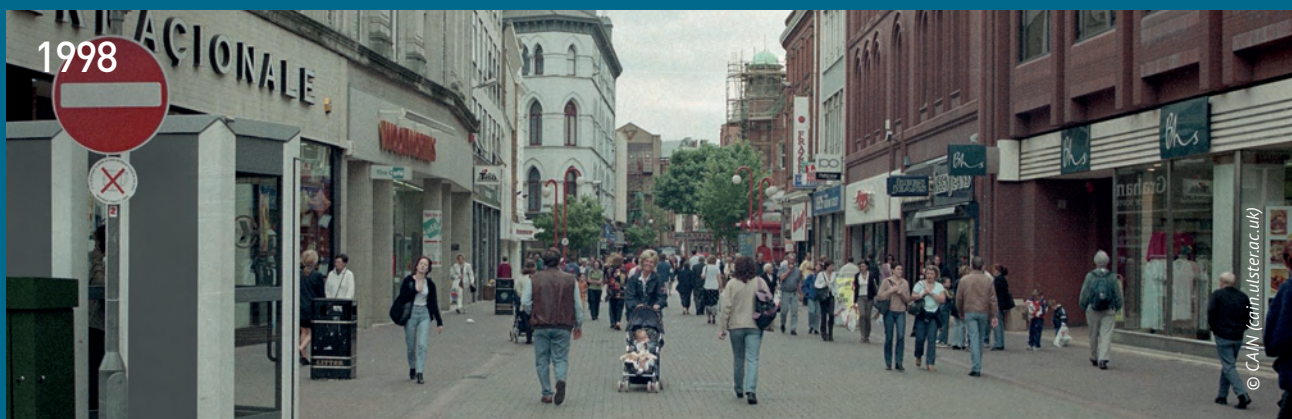
Lambert
Smith
Hampton

THE NEXT CHAPTER
FEBRUARY 2017





DONEGALL PLACE, BELFAST



CORNMARKET, BELFAST

The authors would like to express their thanks to Donal McCann, CAIN at Ulster University and Press Eye for photographs, to House of Fraser at Victoria Square for permission to photograph our retail team instore and to Patrick Welnhöfer for his valuable research assistance.

WELCOME



CRIONA COLLINS
Head of Retail Agency,
Belfast

The City of Belfast has changed beyond recognition since the signing of the Good Friday Agreement in 1998.

In the years that preceded the Agreement, Belfast was emerging from its turbulent past and much needed development was taking place. Between 1995 and 1998 the Waterfront Hall opened, construction began on the Belfast Hilton Hotel and multinational supermarket chains, Tesco and Sainsbury's, opened their first Northern Irish stores.

Belfast is no longer known for its conflict, but as a dynamic, vibrant, welcoming city with a retail core to rival similar cities, one of Europe's cosmopolitan short break destinations and one of the most desirable locations to host a conference. Annually, we welcome over seven million tourists to the city who spend more than £400 million. These include local residents, curious tourists, food connoisseurs, business travellers and serious shoppers.

Political stability has contributed to economic growth and until 2007 Belfast experienced one of its most economically prosperous periods in recent history. But like many other cities, Belfast was negatively impacted by the global financial crash in 2008. Despite this, the city weathered the storm, continuing to attract increasing numbers of tourists across this period. The opening of Victoria Square Shopping Centre provided Belfast with its first purpose built, truly mixed use development and over the years it has grown into a phenomenal success. More recently, the local economy has once again shown positive signs of growth and the reappearance of cranes on Belfast's skyline is a welcome sign of activity.

Our city centre retail offering has benefited from various schemes targeted to support business through the economic downturn, physical regeneration projects and improvements in infrastructure. In addition, there is also a high-quality food and beverage offering and an expanding hotel choice across the city. These enhancements also attract new brands and we have witnessed significant growth over the last number of years with the arrival of Patisserie Valerie, Five Guys, Zizzi, Greggs the Baker, Yo Sushi, Mango, Hugo Boss, Michael Kors, Boux Avenue, Kiehl's, KIKO Milano, Stradivarius, Skechers and Søstrene Grene.

However, Belfast ranks only 15th out of the top 20 UK shopping venues. Notwithstanding the significant achievements of the city since 1998, and that Belfast is home to the region's top two shopping centres, we are still under performing in comparison to other UK cities and demonstrating that there is always room for improvement.

This report looks back to the Good Friday Agreement charting the events and key drivers of change. This is only part of the story and we can look forward to the future and undoubtedly much more exciting times for retail in Belfast.



INTRODUCTION

Belfast, the capital city of Northern Ireland (NI), is the pre-eminent industrial city in Ireland with an extensive maritime and manufacturing history. Today, post-conflict Belfast is a compact metropolitan city rich in culture, history and character.

More than that, Belfast is an attractive place to live, work and invest. The city benefits from a flourishing business environment, digital super-connectivity, a young, educated population and a thriving city centre.

The retail market in Belfast combines national and international high street brands with independent locally-grown traders, and modern shopping centres with restored Victorian buildings and markets.

The scale and quality of the change in the city centre shopping district since the signing of the Good Friday Agreement in 1998 has been significant, and played an important role in the attractiveness of the city to local and international visitors alike.

This report explores that change, looking at the retail, technological, cultural, business and investment, infrastructure and, political and economic factors that have driven retail market change in Belfast City Centre since the 1998 Agreement, and highlighting future drivers of change.

KEY DRIVERS OF CHANGE



KEY STATISTICAL COMPARISONS, THEN AND NOW

| | 1998 | 2016 |
|--|-----------|-----------|
| Population in NI | 1,677,800 | 1,851,600 |
| Population in Belfast | 286,735 | 338,900 |
| Unemployment rate | 7.1% | 5.6% |
| Visitor generated revenue in NI | £217m | £438m |
| Overnight external visitors to NI annually | 1.49m | 2.35m |
| Overnight trips to Belfast | 984,181* | 1,361,193 |
| Average house price in NI | £59,000 | £124,093 |
| GVA per head population in Belfast | £18,189 | £35,023 |

SOURCE: NISRA, ONS, TOURISM NI

*This figure refers to 2011. Earlier data is not available.

THE RETAIL MARKET

The retail landscape and offering in Belfast has radically changed since 1998.

Positive changes occurred after the Good Friday Agreement and the retail market in Belfast benefited from economic growth and the normalisation of the city's physical characteristics.

Prime pitch rents steadily grew from 1998 until the economic crisis in 2008. Since 2013 recovery has been observed in prime rents although rents have not yet recovered to their 1998 level. The most significant developments in the retail market occurred from 2008 with the opening of Victoria Square, a rationalisation in financial sector premises and a significant physical shift in the location of the city's retail core. Corresponding to this other city centre areas that were traditionally retail, such as the Linen Quarter, have experienced an increase in hotels and high-quality independent restaurants and cafés.

PRIME ZONE A RENTS (PER SQ FT)



SOURCE: LAMBERT SMITH HAMPTON

KEY RETAIL EVENTS

FROM 1998 – NEW BRANDS

New brands including Zara, H&M, Molton Brown, Space NK and Mango are attracted to the city after the Good Friday Agreement.

2008 – VICTORIA SQUARE OPENS

£400 million regeneration that increased retail units by a third in the city centre. The centre attracted 70,000 visitors on opening day and has an annual footfall of 12 million visitors.

FROM 2009 – INCREASED POPULARITY OF ARTHUR STREET AND ANN STREET

This area benefits from increased footfall due to proximity to Victoria Square, an absence of service charges, lower rates, an attractive streetscape and an improving retail mix.

FROM 2013 – SIGNIFICANT GROWTH IN BRANDS ENTERING THE MARKET

Economic recovery and Belfast's attractiveness has enticed new brands in recent years, including Bravissimo, Patisserie Valerie, Five Guys, Greggs the Baker, Pepperberry, Stradivarius, Skechers and Søstrene Grene.

2015 – BUSINESS RATES REVALUATION

This had a mixed outcome for the city centre, but significant rate decreases occurred in prime pitches of Donegall Place and Victoria Square. This led to a decrease in vacancy rates.

2016 – PRIMARK EXPANSION BEGINS

The 32,100 sq ft expansion is underway at the flagship Bank Buildings store taking the total floorspace to almost 85,000 sq ft; the largest retail development in the city centre since Victoria Square.

THE RETAIL MARKET MACRO CHANGES

Belfast, like other cities, has not been immune to the macro changes in the retail market over the past two decades. Belfast has, however, shown resilience to these challenges with regeneration, development and growth of brands entering the market.

The digital evolution has offered customers new options on how they shop. Customers typically research, compare, purchase and evaluate goods and services in an integrated online/offline world.

Today we stream and download digital media including books, games, music and movies. This has resulted in a significant decrease in traditional bricks and mortar stores such as HMV and Game.

The online and offline retail markets continue to integrate, with customers regularly online while physically instore. Retailers are encouraging this integration through availability of free Wi-Fi and devices instore.

Customer's time is precious and they want a leisure experience in addition to shopping. This has led to a significant growth in food and beverage in towns and cities, and Belfast is no exception to this with significant growth in chain food and beverage establishments.

MACRO DRIVERS OF CHANGE



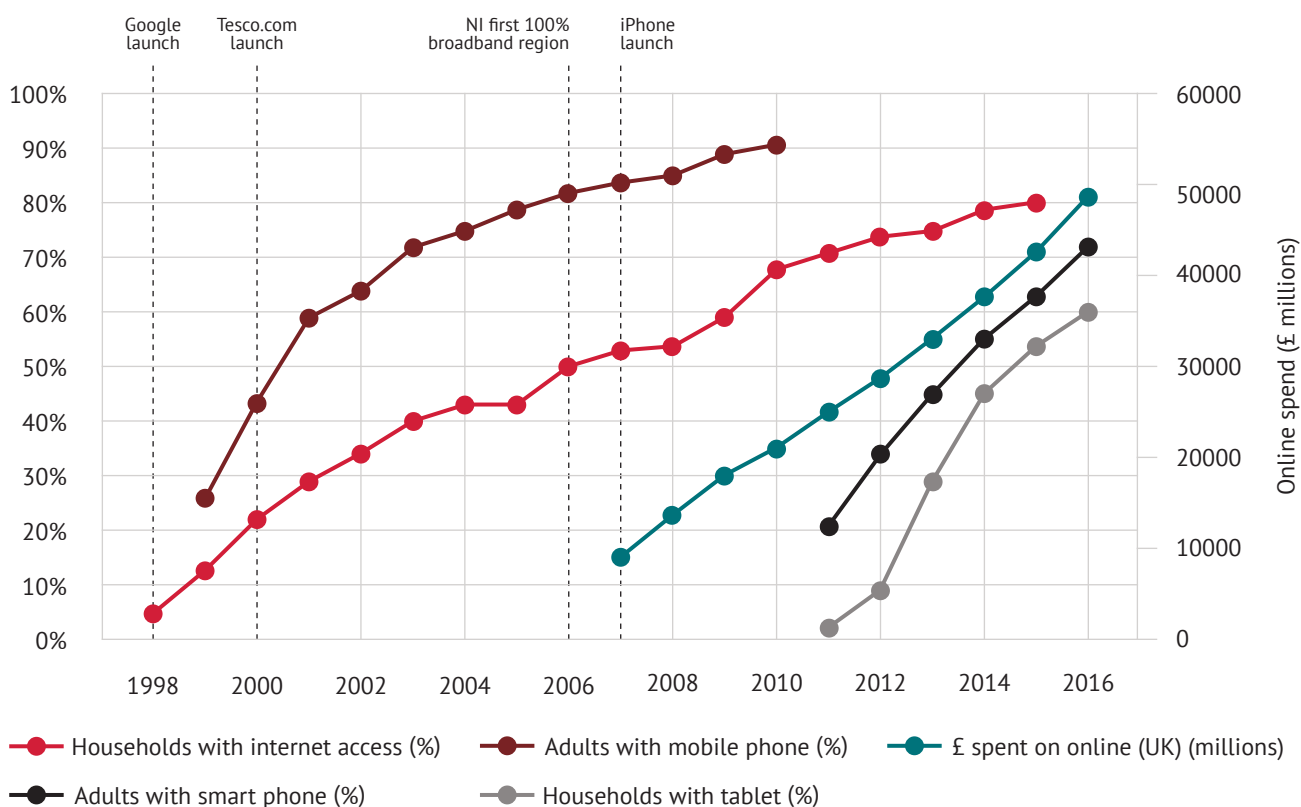
TECHNOLOGY

1998 was not only significant because of the Good Friday Agreement, but was also the year that Google launched, forever changing how information is accessed. The traditional bricks and mortar retail market now faces a global competitor in the palm of every hand.

This technological change is not unique to Belfast, and as online retailing took off businesses had to take notice and embrace the changes. Today customers expect retailers to provide multiple channels to satisfy pre-purchase research, actual sale and customer service.

Despite the technological advancements, footfall in Belfast City Centre and Victoria Square remains strong. Annually about 9 million people are recorded in Donegall Place and 12 million at Victoria Square, suggesting that despite technological advancements shopping in Belfast City Centre remains popular.

TECHNOLOGY TRENDS IN NI



SOURCE: OFCOM, ONS

SUPER-CONNECTED BELFAST

Recent developments have been made to improve digital access in Belfast for both consumers and retailers. Public Wi-Fi throughout Belfast City Centre allows customers to be online while physically present in the city, and conduct research as they shop. 'Super-connected Belfast' brought next-generation fibre broadband to the whole city in 2015 providing high-quality digital access for all businesses.

LEISURE, TOURISM & CULTURE

The Good Friday Agreement kindled Belfast's tourism potential, showcasing the rich cultural heritage and the city's suitability as a venue for big events. The retail market has benefited from the influx of visitors from both home and abroad.

Tourism in Belfast has quadrupled since 2000 and the city is now one of Europe's hottest short-break destinations with an estimated 7.5 million visitors annually.

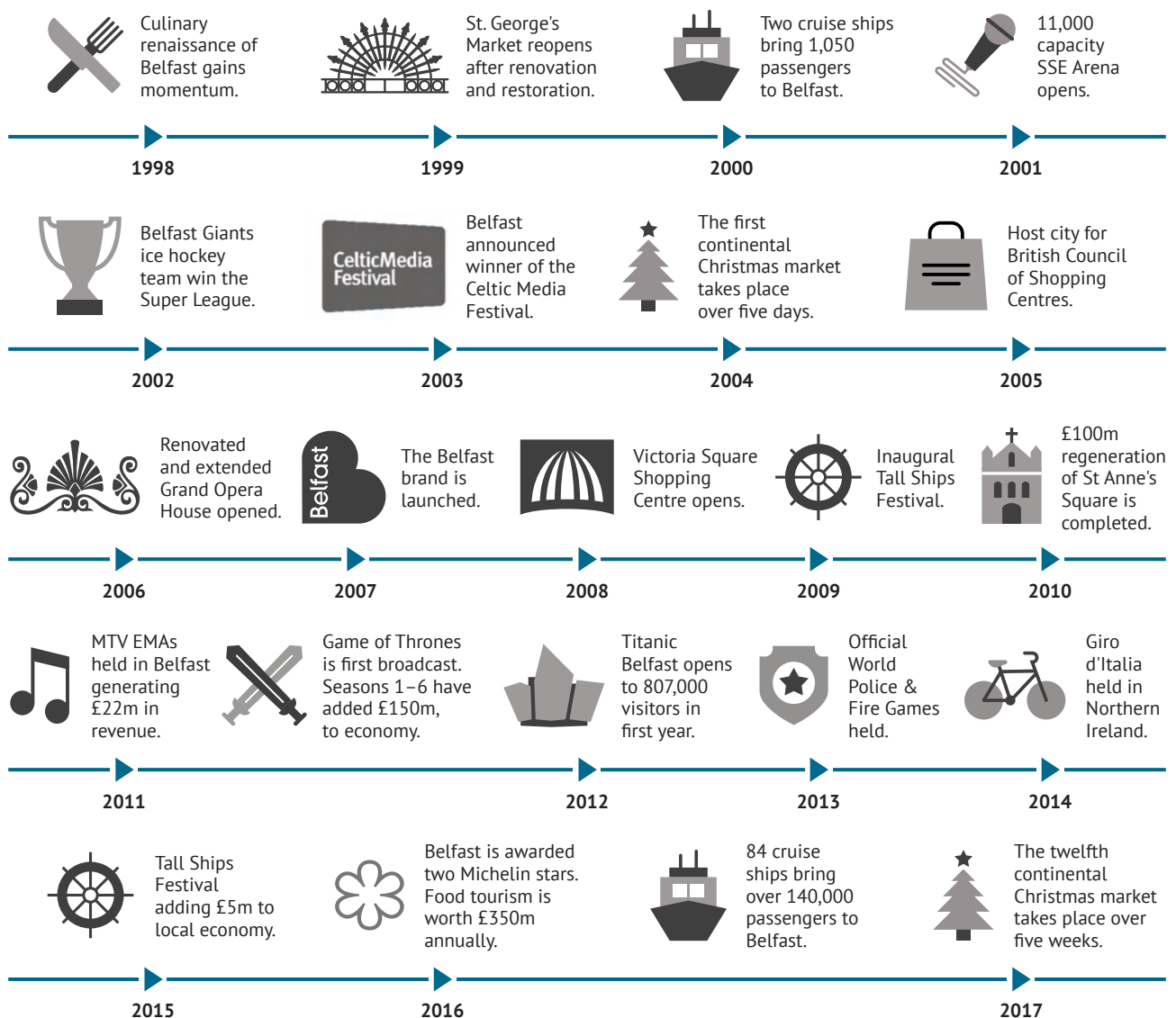
Designated cultural 'quarters' define the various city centre areas showcasing their distinctive characteristics and history. The city has been a successful host for international events including the Tall Ships Festival, the MTV European Music Awards and the Giro d'Italia.

At the World Travel Awards in 2016, Titanic Belfast was named world's best tourist attraction.

FOODIE BELFAST

Since the Good Friday Agreement, Belfast has experienced a culinary renaissance. The city is now home to some of Northern Ireland's finest restaurants, most of which are independent home-grown establishments, and is a playground for the culinary minded. For food lovers there are two Michelin starred restaurants and many more included in the 2017 guide, cookery schools, food tours, and a showcase of local produce on offer every week at St George's Market.

The growth of Belfast (and Northern Ireland) as a foodie city has not been limited to restaurants, but has been accompanied by an increase in local artisan producers who are showcasing the premium quality of local products in Belfast stores, restaurants and markets.



BUSINESS, DEVELOPMENT & INVESTMENT

Stability in Northern Ireland was a catalyst for inward investment, attracting new businesses and development in Belfast. Invest NI was established in 2002 to support this and Belfast has generated over £2 billion of investment in the last decade.

Belfast is the number one destination globally for financial technology investment, and is Europe's leading destination for new software development, with companies such as Allstate and Citi located in the city.

The local film industry was stimulated with the development of Titanic Studios and as the primary filming location for the international smash hit Game of Thrones.

The young well educated Belfast population and confidence amongst investors attracted foreign direct investment (FDI) and created new jobs. However, the city now has a shortage of prime office stock and a time lag before the 500,000 sq ft of office space currently under construction is complete.

For the retail market, new business, city development and investment has contributed to improvements in retail performance. Where economic conditions have been difficult, local businesses (including retail) have been boosted by rate relief schemes and the generally positive effect of the 2015 rates revaluation.



2002

Invest NI established to support business development and foreign direct investment to NI.



2005

Titanic Quarter urban waterfront development framework launched. It is estimated that 18,000 people now live, work and study in the area.

2005

One of Europe's largest film studios, the Titanic Studios, opens. Location of filming for The Fall and Dracula Untold.



2007

Laganside Corporation winds up after spending £1 billion on development to re-establish the link between city and river Lagan.



From 2011

The impact of the popularity of television show Game of Thrones boosts the NI film industry and tourism sector.



From 2012

Increase in conference tourism follows development of world class facilities. Estimated economic benefit of £45.1m in 2015.

2014

Redevelopment began at Ulster University Belfast campus. Accordingly, there has been a significant rise in the development of Purpose Built Managed Student Accommodation in the city.



2015

Planning powers and local planning policy are the responsibility of Belfast City Council. This will enhance the city's commercial ambitions.



2015

Revaluation of all non-domestic properties had mixed outcomes for Belfast City Centre. Prime pitches and Victoria Square saw a significant decrease in rates.



2015

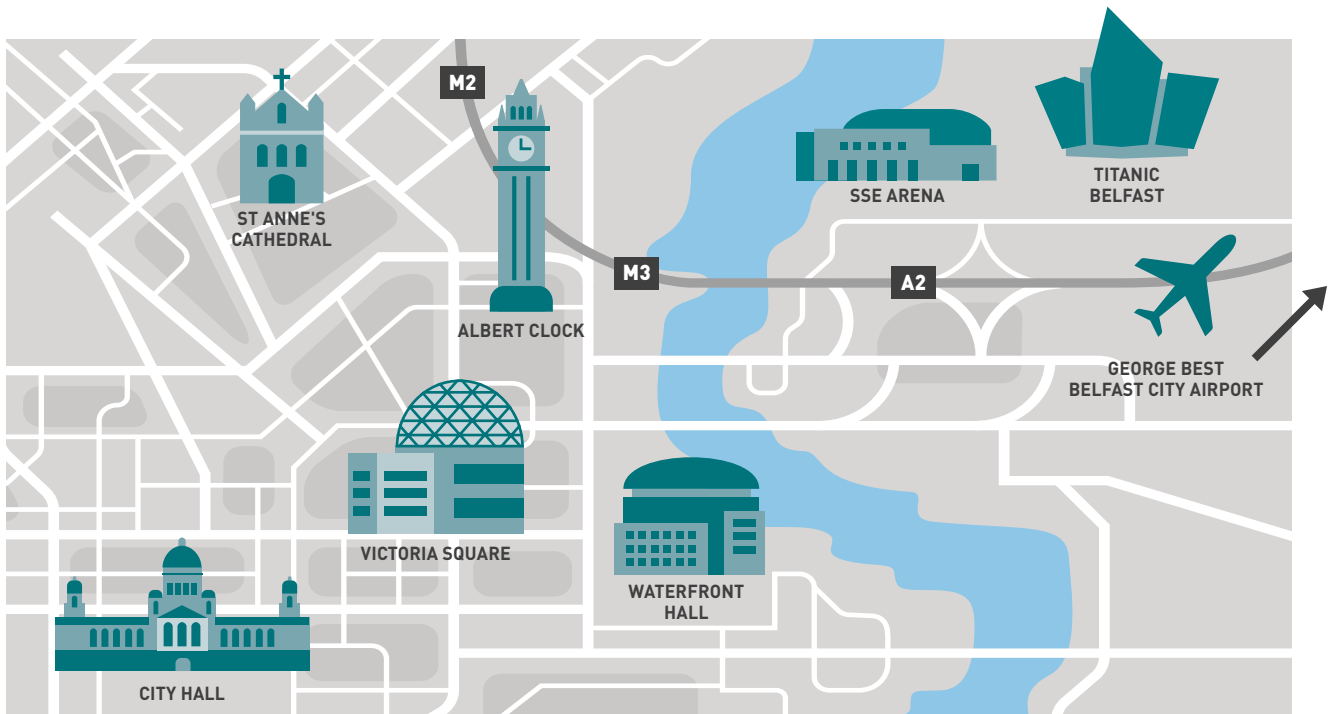
The establishment of a Business Improvement District, named Belfast One, will promote, enhance and support the commercial city centre.

INFRASTRUCTURE

The establishment of a devolved Executive has enhanced investment in infrastructure and completion of major projects since the signing of the Good Friday Agreement.

Belfast has an excellent infrastructure with two airports, expansive arterial road access, the island's principal maritime gateway, high-speed internet access and advanced, secure digital hubs.

This infrastructure enhances the city's access to shoppers from the Republic of Ireland, short-break tourists, global markets and investment, and brings in new business and brands.



2001 NEW AIRPORT TERMINAL AT GEORGE BEST BELFAST CITY AIRPORT

The new terminal building aided the expansion of this airport attracting both business and leisure tourists. Passenger numbers have doubled from 1.3 million in 1998 to 2.6 million in 2015.

2008 MOTORWAY EXPANSION

Widening J1 to J2 on M1 and construction of the underpass at Broadway improved access to Belfast from the south.

2009 EXTENSION TO STORMONT WHARF AT BELFAST HARBOUR

The £10 million extension to docking facilities accommodated larger berth ships and created Ireland's longest deep-water-berth.

2010 COMPLETION OF IMPROVEMENTS TO A1 BETWEEN BELFAST AND DUBLIN

Improvements significantly reduced the journey time from Dublin to Belfast to around 90 minutes. The development on this economic corridor has encouraged shoppers and visitors from the south to Belfast, and made access for international visitors easier via Dublin airport.

2011 PHASE ONE OF 'BELFAST: STREETS AHEAD' COMPLETED

The first phase of this long-term regeneration initiative provided improvement to the public realm in the 'Civic Spine' and main shopping streets of Donegall Square, Donegall Place and Royal Avenue enhancing the flow between Victoria Square and Castle Court shopping centres.

2013 SUPER-CONNECTED BELFAST

This major investment in the city's broadband infrastructure brought next-generation fibre broadband to the whole city (in 2015) and public Wi-Fi in city areas of high footfall. The scheme also provided grants for businesses, charities and social enterprises to upgrade their digital access and improve their ability to compete in the online environment.

2014 BELFAST RAPID TRANSPORT SYSTEM

This £100 million infrastructure project is nearing completion (due 2018) and will significantly improve the public transport system in Belfast providing services that connect east Belfast, west Belfast and the Titanic Quarter using modern, efficient buses.

POLITICS & ECONOMICS



The Good Friday Agreement was a turning point for Northern Ireland, and Belfast city. In addition to establishing an agreement for peace, it was also a catalyst for urban regeneration in the city and for public and private investment.

Political stability has been crucial for economic growth, and Belfast has weathered the storms of the recession and flag protests. The impact of Brexit remains to be seen, but Belfast has a history of resilience in uncertain times.

The political history of Belfast, and Northern Ireland, is distinctive and has become an important aspect of the region's unique selling point for visitors.

1998

The Good Friday Agreement was reached on Friday 10th April, and ratified in a May referendum.



1998

Changes in the Pound / Euro exchange rate impacts shopper behaviour in Belfast and Northern Ireland. Whilst a weakening pound may drive up inflation, retailers in Belfast generally find that some of this impact is offset in a change in consumers' behaviour.



2008

The global economic crisis halted Belfast's economic resurgence. Despite this Belfast showed resilience, implemented strategies to reduce the impact of the recession and continued to attract increasing numbers of tourists.



2012

The flag protests had a significant negative impact upon city centre business.



2016

On 23rd June 2016 the United Kingdom voted to leave the European Union. The short-term effects have not been as catastrophic as expected, but the impact of the medium to long-term remains uncertain.



2006

The St. Andrews Agreement restored the NI Executive and the devolved administrations.



FUTURE DRIVERS OF CHANGE

Looking back enhances our understanding of how the retail market in Belfast has developed since the Agreement and reveals important trends. But, we need to plan and prepare for the future by assessing the future drivers of change.

We expect that Belfast will continue to grow and flourish in the future, with the likely influences of future drivers of change largely positive. Uncertainties in relation to Brexit and a Trump-led USA remain, but are not unique to Belfast.

LEISURE, CULTURE & TOURISM

- Development of hotel offer with an additional 1,100 beds currently approved.
- Development of new cruise ship dock at D3 Belfast Lough.
- Increasing trend of 'staycations'.

INFRASTRUCTURE

- Belfast Streets Ahead: Phase Three – Castle Place to Ulster University.
- Completion of Belfast Rapid Transport System.
- Development of Great Victoria Street Interchange.
- Proposed Yorkgate Interchange.
- Proposed A6 development improving access to Belfast from the north.



The diagram features several interlocking gears of different sizes. The largest gear on the right contains the text 'FUTURE DRIVERS'. Other gears contain icons: an airplane (top left), a house with a road (bottom left), and a gear with a road (bottom right). A line connects the 'LEISURE, CULTURE & TOURISM' box to the airplane gear, and another line connects the 'INFRASTRUCTURE' box to the house gear.

FUTURE DRIVERS



RETAIL

- Review of Sunday trading hours.
- Review of city centre car park offer.
- Significant increases in city centre student population.
- Expansion of Primark's flagship Bank Buildings store.
- Proposed 800,000 sq ft mixed use development at Royal Exchange.
- Competing demand for space between retail and food and beverage.

BUSINESS, DEVELOPMENT & INVESTMENT

- Development of new Grade A office space.
- Completion of £20m film studios at Giant's Park.
- Completion of new Ulster University campus.
- Continued development of Titanic Quarter.
- Development of Linen Quarter as central business district.

POLITICS & ECONOMICS

- Proposed reduction in Corporation Tax to 12.5% from 2018.
- Brexit.
- Trump-led USA.
- Pound / Euro exchange rate.
- Anticipated increase in cost of goods and services due to sterling depreciation.
- 2017 Assembly election.

BELFAST CITY CENTRE RETAIL MARKET OUTLOOK

The Retail Industry has always been dynamic, with retailers seeking innovative ways to satisfy the needs and aspirations of their increasingly sophisticated customers. In the coming years retailers will continue to strive to find new ways to connect with their customers in order to obtain a competitive advantage and drive sales. Store location is now just the first element in an increasingly complex brand proposition which must include meticulous customer service, engaging store environment and, of course, cutting edge technology. Those retailers that fail in this regard, will ultimately be left in the wake of their competitors.

The Retail Market in Belfast will continue to be influenced by both local and macro drivers of change, in the same manner as experienced since the Good Friday Agreement. Despite the uncertainties created by Brexit, we are looking forward to further development of the retail offer in Belfast City Centre along with rental growth, sound investment opportunities and the arrival of new European and international brands.

Here we summarise how we expect the retail landscape in Belfast City Centre to continue to evolve.



CONNECTING WITH CUSTOMERS

Retailers are seeking to be more agile in the way they connect with consumers, leveraging customer analytics and investing in ever more sophisticated digital platforms. Whilst many retailers are forecasting a reduction in store numbers in 2017 as they realign their portfolios to reflect the growth in e-commerce, there is also an impact on the physical characteristics of brick-and-mortar stores and floorplate requirements.

Better connections with customers means merging the online and offline experience seamlessly to adjust to new consumer habits and expectations. Many retailers now offer free Wi-Fi in-store to encourage this and in 2017 we expect further developments to ensure unique in-store experiences for customers. This will include further personalisation of goods and offers, smart dressing rooms and access to a brand's online presence in-store. Retailers will also continue to connect with customers through social media platforms and in collaboration with popular culture websites.



INTERNATIONAL BRANDS

The past 18 months have witnessed a significant progression of the retail market in Belfast City Centre but Northern Ireland is still virgin territory for many brands already well established in the rest of the UK. The influx of new brands such as Stradivarius, Søstrene Grene, Skechers and KIKO Milano has refreshed the retail offer and we expect this to continue over the next 12 months with a number of new national and international brands currently seeking opportunities, such as Smiggle, Lovisa and Victoria's Secret.

SHOPPING AS A LEISURE AND ENTERTAINMENT EXPERIENCE

Combining shopping with other experiences, such as casual dining, cinemas and other forms of entertainment, is a trend that has emerged in the last decade. Modern shopping centres are developed with this in mind to increase footfall, dwell time and spend.

Another strategy retailers are employing encourages customers into stores by providing fun and unique experiences. Retailers fuse shopping and entertainment through special in-store events with discounted prices and entertainment/food provided. Within the industry this is becoming known as 'Retailtainment', and we anticipate that this will increase in the coming years.

The location of food and beverage establishments inside department stores is not a new concept, but the inclusion of a café as an afterthought or tucked away in the upper reaches of the store is becoming a thing of the past.

Alliances with food and beverage chains is now actively sought by retailers, and they are placed prominently on the department store floor within easy reach of goods significantly increasing customer dwell time and spend. There are a number of eateries inside House of Fraser at Victoria Square, but smaller stores in Belfast City Centre have also established alliances, with Ground located inside both Next and Waterstones. We expect that these alliances will continue to grow in the future.

FOOD AND BEVERAGE

The contraction in supply of available space in prime locations has seen a rejuvenation of secondary pitches and in particular new food and beverage operators are likely to continue driving this trend, as the likes of Patisserie Valerie and Greggs extend their presence. The past availability of space has also provided opportunities for local independents such as Boojum, Slim's Healthy Kitchen and Ground to grow their chains in pursuit of market share.

With leisure now an established mainstay of retail destinations and taking an increasing proportion of consumers' discretionary spend, we expect further activity in this sector in 2017. Victoria Square is continuing to attract branded casual dining operators and is seeking to add to the recent arrivals of Zizzi and Five Guys restaurants. Carluccio's and Byron are likely to enter the Belfast market in 2017.

RATES AND TAX

We anticipate that the positive impact of the rates revaluation and the proposed reduction in corporation tax will continue to drive the retail market in Belfast in 2017.

The burden of business rates is high on the list of concerns for retailers, particularly following this year's revaluations across the remainder of the UK. There are some exceptionally high increases due in London and the South East and for areas where reductions have been forthcoming, the positive impact has been reduced due to restrictive transitional relief arrangements. As transitional relief does not apply in Northern Ireland, retailers here have benefited from 100% of any saving, which provides Belfast with a competitive advantage going forward.



RETAIL INVESTMENT

Building on recent momentum and retailer confidence we expect investment in the retail sector to remain resilient despite the uncertainties created by Brexit and challenging market conditions.

The continuing availability of investment/development finance at competitive rates of borrowing is also imperative, enabling landlords to actively create the space that retailers require. The emerging appetite to lend amongst local, more traditional sources of finance, such as major high street banks is continuing to build and now complements the international alternative lenders already well established in the market from 2014.

THE CITY CENTRE ENVIRONMENT

Critical for future development of the city is the ability to create an attractive environment. Public realm initiatives have significantly developed the streetscape and will continue until 2019.

There is a requirement, however, to regenerate and redevelop the city centre buildings to meet the demands for new retailers' requirements in relation to floorplates and technology which they may otherwise find in out-of-town locations.

Away from the two main shopping centres in Belfast, the ownership of high street property is fragmented which can obstruct new development and is an obstacle which requires addressing. If more can be done to strengthen vesting powers, then we believe a more coherent regeneration and redevelopment of the city centre is possible.

RETAILER CONFIDENCE AND RENTAL GROWTH

Retailer confidence in Belfast City Centre has been demonstrated not only by the recent new entrants but also from established retailers, with store up-sizes for Zara (including brand expansion with Stradivarius), Primark, Pandora and by Sports Direct who purchased Donegall Arcade in order to develop their mega store concept.

With the arrival of new brands and expansion of established retailers there will continue to be demand for retail space in Belfast City Centre. We expect Zone A rents to reach £125 per sq ft by the end of 2017 with gradual and sustainable growth in the medium term thereafter despite the uncertainties around Brexit.

BEYOND SHOPPING

There is little doubt that the continued resurgence of the Belfast City Centre retail property market is intrinsically linked to the wider economic and political environment. Whilst the full impact of Brexit remains unclear, the rebalancing of the local economy from a historic reliance on the public sector towards the private sector will continue.

The ongoing development of Grade A office space within the city centre should attract further 'fintech' employers. During 2017, approximately 250,000 sq ft of Grade A space will be completed via new build or refurbishment of existing stock.

The resultant influx of new employees, combined with the consistently increasing level of tourism and the impending arrival of an additional 15,000 students over the next 24 months, will increase the market spend potential and is anticipated to further reinforce the attraction of Belfast City Centre to retailers and food and beverage operators alike.

The retail industry also plays an important role in the region's employment market, with more than one in ten jobs in the local economy being in this sector. Belfast City Centre is the primary retail location in Northern Ireland and a key driver of economic growth

There is a need to increase urbanisation and the residential population in the city centre, contributing to its active 24 hour environment and liveliness. A partnership between developers and policy makers is required to create residential development of various types and tenures, creating a high-quality and safe urban environment that is attractive to families and young professionals.





SPRUCEFIELD SHOPPING CENTRE AND JOHN LEWIS

In 2004 plans were first submitted for a 500,000 sq ft development at Sprucefield Shopping Centre, which included space for a 220,000 sq ft John Lewis anchor department store. Under the Belfast Metropolitan Area Plan (BMAP), planning policy restricted further expansion at Sprucefield to 'bulky comparison goods' only and precluded John Lewis as an anchor tenant. The planning application was withdrawn shortly after.

More recently a legal challenge overturned the BMAP planning policy, opening the door for a new planning application for a large department store at Sprucefield. Belfast City Council argue that would be damaging to the role of Belfast City Centre as the primary retail destination in Northern Ireland and intend to appeal this decision.

Whilst John Lewis and the owners of Sprucefield have yet to comment, Belfast City Council have announced that if John Lewis is to locate in Northern Ireland it should be within Belfast City Centre. The planned redevelopment at Royal Exchange is potentially a suitable site for John Lewis as the anchor retail tenant.

In these circumstances, it is unlikely that this long running debate will be resolved quickly.

THE FUTURE

Belfast City Centre has significantly improved since the signing of the Good Friday Agreement in 1998. The city showed resilience in the face of economic hardships and since the recent recession we have built significant momentum in terms of the retail offer, new brands, consumer spend, hotels, eateries and leisure.

The future drivers of change that we have identified will influence market evolution along with natural organic change. We anticipate that the gradual growth of the retail sector along Royal Avenue to meet the new Ulster University campus will continue.

Without any further intervention this evolution will continue at a gradual pace, and we believe that it is possible to accelerate and enhance Belfast City Centre's retail offer.

The key to this is in collaborative effort, and we believe that if commercial property experts, retailers, investors, developers, local businesses and policy makers all work together we can drive Belfast up the rankings of UK shopping venues.

OUR OUTLOOK – SUMMARY

- Retailers will continue to develop their modes of connecting with customers and embrace multichannel retailing.
- Retail and technology will continue to merge and realign.
- New European and international brands will arrive in Belfast City Centre.
- Food and beverage in Belfast City Centre will continue to grow.
- Rents in Belfast City Centre will grow gradually and sustainably in the medium term.
- 'Retailtainment' will become increasingly prevalent.
- Prime space in Belfast City Centre will become limited without redevelopment of substandard buildings in the retail core.
- Belfast City Centre will continue to provide a competitive advantage in terms of business rates.
- The proposed reduction in corporation tax from 2018 will attract new firms and foreign direct investment to Northern Ireland.
- There will be an influx of students and new employees to the city increasing the market spend potential.

At the time of writing the Northern Ireland Executive is suspended and Northern Ireland will go to the polls on 2nd March 2017 to elect a new Assembly.

RETAIL TEAM

At Lambert Smith Hampton, we recognise that Retail is arguably the most dynamic sector of the property market, constantly evolving to keep up with changing consumer demands.



In the last three years, our Retail Team in Belfast has completed more than 460 transactions, covering in excess of 1.2 million sq ft.

Whether you're a retailer, developer, investor, local authority or lender, we are here to help identify the most appropriate retail property solutions for you. Our retail agency team understands the nuances of the various market sectors, has in-depth insight into local markets and the latest retail trends across both UK and Irish Markets.

Whether you're thinking of a major town centre regeneration project, an out-of-town retail park or the leasing of a single shop, our experienced team of specialists can provide bespoke retail advice, tailored to your needs. We also act on behalf of retailers, providing advice on acquisition and disposal programmes and can offer a one-stop service that includes business rates, building consultancy and lease advisory.



RANKED NO.1 2017

Ranked No.1 Retail Letting Agent and Management Agent for Shopping Centres in Northern Ireland, Going Shopping - The Definitive Guide to Shopping Centres 2017, Published by Trevor Wood Associates.



OVERALL REGIONAL WINNER

Lambert Smith Hampton named as Northern Ireland's most active property agent and overall regional winner in the prestigious EGi Deals Competition for 2015.

VICTORIA SQUARE SHOPPING CENTRE

The development of Victoria Square Shopping Centre was one of the most extensive and expensive property developments ever undertaken in Northern Ireland. The £400m regeneration development increased the number of retail units in Belfast City Centre by a third and significantly improved the retail offer of the city. At approximately 800,000 sq ft it includes 98 units, 1,000 parking spaces, a multi-screen cinema, restaurants and an iconic glass viewing dome.



JANUARY 2004: AERIAL VIEW BEFORE CONSTRUCTION



MARCH 2008: AERIAL VIEW ON OPENING DAY

Criona Collins
Head of Retail Agency - Belfast
ccollins@lsh.ie
+44 (0)28 9026 9222

Ian Henton
Director, Retail Agency - Belfast
ihenton@lsh.ie
+44 (0)28 9026 9234

Claire Cole
Research Analyst - Ireland
ccole@lsh.ie
+44 (0)28 9026 9235

© Lambert Smith Hampton February 2017.

Details of Lambert Smith Hampton can be viewed on our website www.lsh.ie

Due to space constraints within the report, it has not been possible to include both imperial and metric measurements. This document is for general informative purposes only. The information in it is believed to be correct, but no express or implied representation or warranty is made by Lambert Smith Hampton as to its accuracy or completeness, and the opinions in it constitute our judgement as of this date but are subject to change. Reliance should not be placed upon the information, forecasts and opinions set out herein for the purpose of any particular transaction, and no responsibility or liability, whether in negligence or otherwise, is accepted by Lambert Smith Hampton or by any of its directors, officers, employees, agents or representatives for any direct, indirect or consequential loss or damage which may result from any such reliance or other use thereof. All rights reserved. No part of this publication may be transmitted or reproduced in any material form by any means, electronic, recording, mechanical, photocopying or otherwise, or stored in any information storage or retrieval system of any nature, without the prior written permission of the copyright holder, except in accordance with the provisions of the Copyright Designs and Patents Act 1988. Warning: the doing of an unauthorised act in relation to a copyright work may result in both a civil claim for damages and criminal prosecution.

**Lambert
Smith
Hampton**

