

LET'S GO SHOPPING

ON TREND

Investment volume hit £131.1m in the first half of 2025, 3% below the five-year half year average. After a subdued Q1, volume in Q2 picked up substantially and exceeded £100m for the first quarter since Q3 2023.

At the halfway point of 2025, volume has already surpassed the 2024 annual total of £127.1m. The number of deals in H1 was 49% above the five-year half year average, with higher value deals driving the welcomed boost in volume. Properties sold by auction contributed to the increased activity, but even when excluded the number of deals remained above trend.

MIDPOINT HIGHLIGHT

At £88.9m, H1 retail volume stood 34% above the five-year half year average, and accounted for approximately two-thirds of H1 volume. The Herbert Group's £58.8m acquisition of Abbeycentre, Newtownabbey from NewRiver REIT was the biggest deal since 2022 and the largest retail transaction since 2017.

Other retail investment deals of note included Frasers Group's purchase of Tower Centre,

Ballymena for an undisclosed price from a local private vendor and a private investor's purchase of Shore Road Retail Park, Newtownabbey for £5.4m from an institutional investor.

BIGGER DEALS

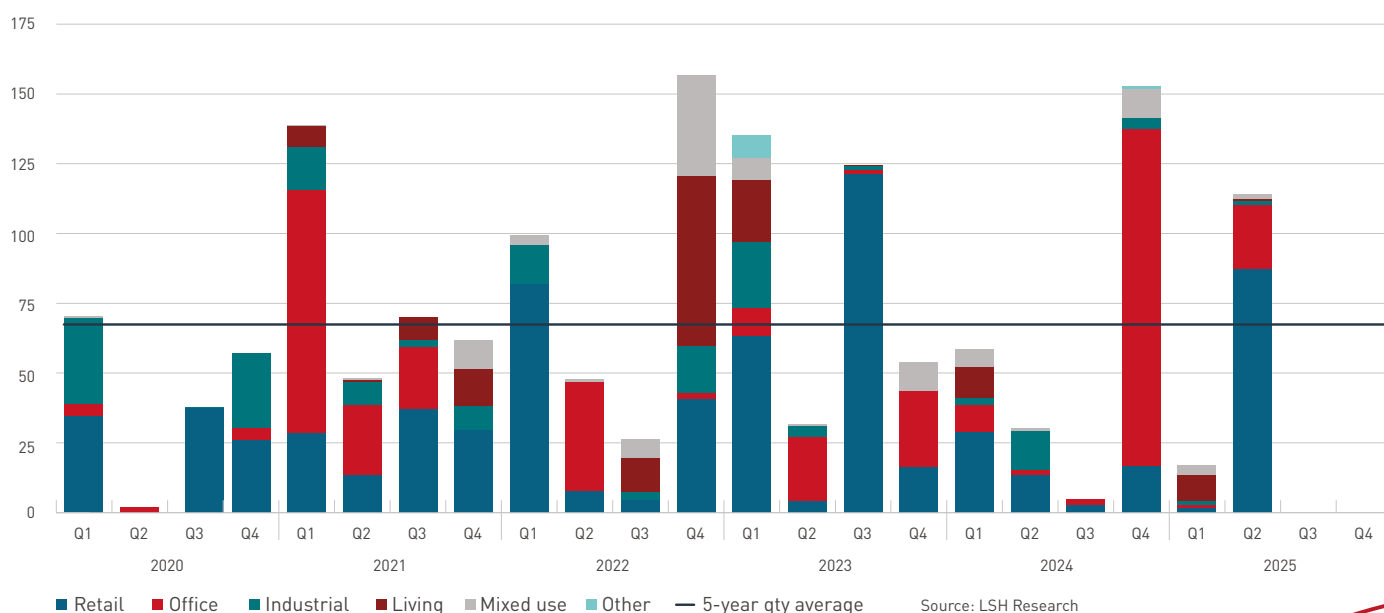
While all of the other core sectors performed below trend, on a positive note, there were also larger ticket purchases in these sectors. The beleaguered office sector was boosted by the off-market sale of a large part let Prime Grade A city centre office building, for an undisclosed price, the largest deal in this sector since 2021.

Lindsay House, Belfast was purchased by The Ringland Group for £2.05m and they have since announced plans to further expand their city centre hospitality portfolio by converting the vacant office space into a hotel.

The Premier Inn, Alfred Street, Belfast was purchased by local hospitality company Beannchor Group for circa £8.5m from an institutional investor.



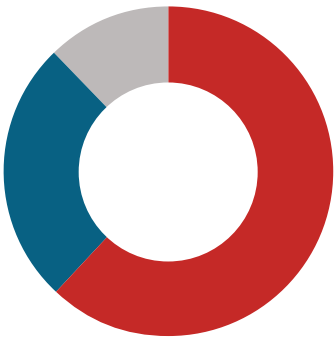
QUARTERLY INVESTMENT VOLUME BY SECTOR (£M)



HOMEGROWN

Local investors accounted for the majority of H1 deals. As usual, local private investors were the most active, responsible for 85% of deals, and they were the sole buyer type of the auctioned assets where the average deal price was circa £0.5m. Overall local private investors accounted for approximately one quarter of total volume.

Local propcos completed three deals which totaled £81m and accounted for 62% of volume. The Herbert Group's purchase of Abbeycentre, Newtownabbey was its third shopping centre purchase in less than two years, following Bloomfield Centre & Retail Park, Bangor and Forestside Shopping Centre, Belfast, with a total combined investment in excess £120m, which highlights confidence in the retail sector.



VOLUME BY INVESTOR TYPE YTD

Propcos	62%
Private NI Investors	26%
Other	12%

Source: LSH Research

KEY DEALS H1 2025

	Date	Sector	Price (£M)	Purchaser	Vendor
Abbeycentre, Newtownabbey	Jun-25	Retail	58.8	Herbert Property Company	NewRiver REIT
Premier inn, Alfred Street, Belfast	Mar-25	Living	c.8.5	Beannchor Group	Institutional
Shore Road Retail Park, Newtownabbey	May-25	Retail	5.4	Private NI	Institutional
Tower Centre, Ballymena	May-25	Retail	Undisclosed	Fraser Group Plc	Private NI

Source: LSH Research

OUTLOOK

After the weak performance of 2024, H1 saw a welcome and marked improvement in both investment volume and market activity. While Q1 volume was subdued, there has been a clear demonstration of the readiness of investors to deploy capital even for those larger lot size purchases, for good quality assets with strong fundamentals, which are fairly priced. Off market deals are occurring more regularly as vendors discreetly test the appetite for an asset with a select group of well capitalised investors, and this has proven to be a successful strategy when seeking to align the aspirations of both purchaser and vendor.

The retail comeback continues and activity is underpinning volume in a way that would have seemed unlikely five years ago. Investors are increasingly returning to this core sector across all pricing levels. In addition to shopping centres, suburban retail parades have attracted attention with local private investors completing or agreeing deals in Newtownabbey, Lisburn, Strabane and greater Belfast in the last 12 months. The recent wave of shopping centres deals will subdue activity

in this sub-sector for forthcoming years, but with the renewed appeal of the retail sector, investor focus will likely turn to retail parks as an alternative if vendors are prepared to sell.

Looking ahead, we expect a reduction in volume for the second half of the year. Global geopolitical events and macroeconomic factors remain influential on investor sentiment and vendor decision making. Recent increases in UK unemployment and inflation, along with the potential for further tax rises in autumn 2025, may further stilt activity, however the recent reduction in the BoE base rate to 4% will be a welcome boost to the market as a whole.

While the value of assets brought to market in H1 reached the highest total since the first half of 2023, at just over £100m, it remained below trend, and over four-fifths have been sold in H1. As a result supply will continue to be the key challenge in H2 with limited stock to fuel activity.

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