Savills Research
Ireland

Northern Ireland Market

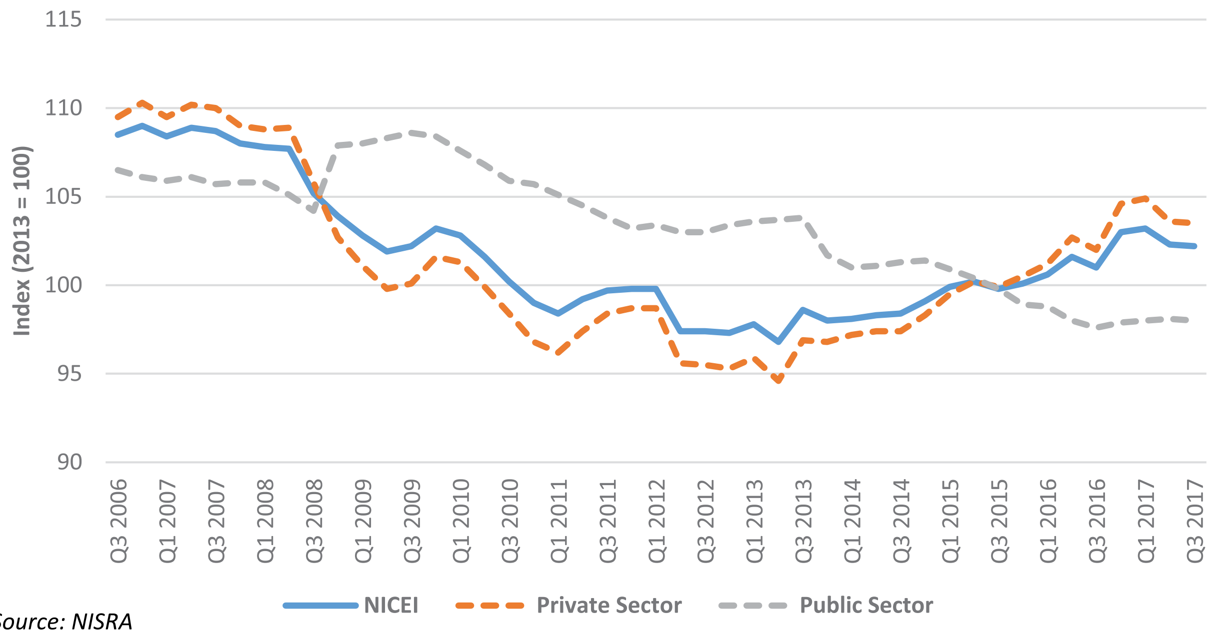
January 2018

Economic Overview

The global economy continues to perform strongly with the IMF pencilling in GDP growth of 3.7% in 2017 and 3.9% in 2018 and 2019. Inevitably this is having an influence on monetary policy. The US Federal Reserve raised interest rates for the fifth time at its December meeting. Meanwhile the ECB halved its monthly bond-buying programme in January 2018 and the Bank of England raised rates for the first time in 10 years in October. Nonetheless monetary policy remains very accommodative by historical standards and, at a global level, low interest rates are continuing to drive a weight of money into equities and property.

Shaking off Brexit worries and the failure to form a power sharing agreement in Stormont, the Northern Irish economy expanded by 1.2% year-on-year in real terms in Q3 2017 according to the latest Northern Ireland Composite Economic Index (NICEI). The private sector continues to drive growth with the private sector sub-index expanding by 1.5% yoy, while the public sector jobs index expanded by just 0.3% yoy.

Chart 1:
Northern Ireland Composite Economic Index



Source: NISRA

A weaker Pound has benefited the export economy, with the Ulster Bank Northern Ireland PMI for December ticking up to 56.9 from 54.3 in November. Output increased for the 15th consecutive month and at a faster rate than the UK average. New business orders from abroad were the strongest recorded in 2017. At the same time weak Sterling has led to imported inflation, currently 3.0% in December, undermining the benefit of a 1.5% per annum increase in nominal earnings.

Unemployment of 3.8% in November, its lowest level since 2007, was below that in the UK (4.3%), RoI (6.2%) and the EU (7.3%). Just under 11,600 jobs were added in the year to September, led by the private sector (11,200). Construction led the way, increasing 6.7% but services and manufacturing also saw substantial jobs growth. Interestingly, participation rates fell to 71.8% well below the UK average of 78.8%.

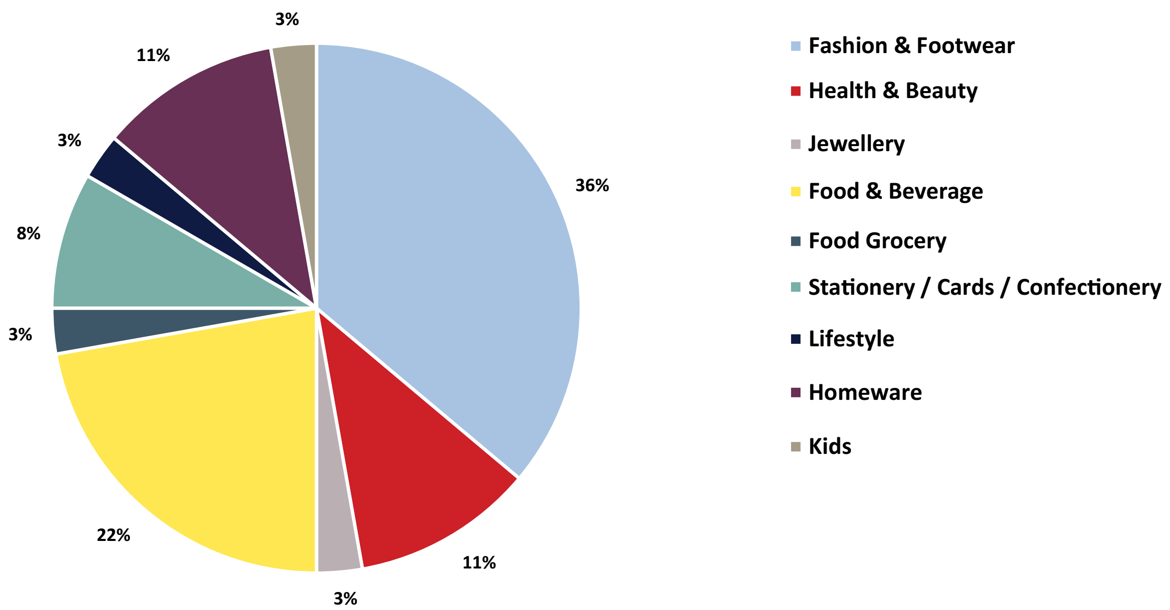
While some risks do remain in the economy – for example an uncertain Brexit outcome, the on-going stand-off in Stormont and increasing interest rates – the outlook for the Northern Irish economy remains positive, with the EY Economic Eye predicting GDP growth of 1.4% for 2017. Weaker Sterling should continue to boost exports and sustain the current surge in cross border shopping. While the monetary cycle is slowly starting to turn, interest rates are expected to remain low for the foreseeable future.

Retail Market

Market Outlook

Despite the political uncertainty and online competition, Northern Ireland's retail market remained buoyant throughout 2017. Expansion by existing, and to a lesser extent, new retail brands continued with particularly healthy letting activity in the border towns, where the effect of Sterling weakness is magnified. Research by EY estimates that cross border shopping, which is valued at an estimated £371m in 2017, has increased by 8.6% since the Brexit vote. Given continued expansion outside Belfast from established brands such as Superdry, Sostrene Grene, Skechers, Smiggle, Trespass, Specsavers and Starbucks, we continue to expect downward pressure on vacancy rates outside of the Capital.

Chart 2:
Prime Retail Take-Up by Sector – 2017



Source: Savills Research

Belfast City Centre

Belfast City Centre continues to be the main focus for new retail entrants (see table 1) and a supply/demand imbalance in prime locations is maintaining upward pressure on rents. There are numerous unsatisfied occupier requirements for Belfast City Centre in the 5,000 – 10,000 sq ft size bracket which will require redevelopment or reconfiguration by landlords due to the lack of suitable sized floor plates on prime and secondary pitches.

TABLE 1

New retailer entrants to Northern Ireland in 2017

Tim Hortons
Pretty Green
Neptune Kitchens
Smiggle
Chopped
Bunsen Burger
Pizza Punks
Tony Macaroni
Kukoon

In spite of competition from new entrants, the bulk of city centre transactions in 2017 was accounted for by existing occupiers expanding or relocating. Noteworthy transactions include:

- Remus Uomo – Victoria Square*
- Rio Brazil – Victoria Square*
- Oliver Bonas – Arthur Street
- Hotel Chocolat – Donegall Square
- Trespass – Ann Street
- Lush – Castle Lane
- The Works – Castle Lane

Savills involved

Savills acquired new stores for Rio Brazil and Remus Uomo in Victoria Square, Belfast.

Shopping Centres

There has been steady activity in shopping centres across Northern Ireland over the past year. In Belfast, Victoria Square has welcomed new tenants such as Rio Brazil, Boojum and Pretty Green. Remus Uomo also relocated and upsized within the centre and Ground Espresso Bars are due to open their doors in early 2018.

Following the opening of the 43,000 sq ft large format Next in the Abbey Centre in 2016, Dunnes Stores significantly redeveloped and extended its unit to 32,000 sq ft. Primark will relocate to the former BHS unit within the Abbey Centre in early 2018, doubling its trading area which will total approximately 40,000 sq ft.

Border town shopping centres continue to benefit from cross border spend. In Derry/Londonderry, Smiggle selected Foyleside Shopping Centre as the location for its first store in Northern Ireland while Inglot also opened its first in-line unit in the province. The Quays in Newry secured a number of new lettings to Sketchers, Smiggle, Bodyshop and Sostrene Grene while the neighbouring Buttercrane Shopping Centre also experienced lettings to Greggs, Burger King and Superdrug.

Superdry and Starbucks have opened in Fairhill Shopping Centre in Ballymena adding to the tenant mix of the centre.

Rushmere Shopping Centre in Craigavon is now fully let following the opening of Intersport which selected the centre for its first new concept superstore in the UK. To enhance and expand the centre's tenant mix, the landlord will commence construction of restaurant units to accommodate pre-lets to Nandos and Five Guys.

Bloomfield Shopping Centre in Bangor witnessed strong letting activity with new store openings to include Superdrug, JD Sports, The Works, Yankee Candle, Holland & Barrett, The Perfume Shop and Belleek Living. Asset manager Ellandi is actively working on further scheme enhancement initiatives to include shop reconfigurations, development of food & beverage pods and modernisation of the car parks.

Out of Town

The out of town sector has generally performed well over the last year. The vacancy rate both in NI and in the UK continues to fall and in time we would expect to see upward pressure on rents. However, where space is available to let there are often a limited number of potential occupiers and this issue is more prevalent in NI where many mainstream UK occupiers are not yet represented.

The most positive story over the last 12 months is undoubtedly The Range. Having opened two new stores in the former B&Q units in Derry/Londonderry and Ballymena, it opened in the former Tesco unit in Connswater and is set to open a number of new stores including Antrim and Portadown amongst other locations. Also in the furniture sector, EZ Living acquired its second and largest store at Holywood Exchange Retail Park, leasing 28,000 sq ft. Following its positive experience at Shane Retail Park in Belfast, Oak Furnitureland has recently opened at Crescent Link in Derry/Londonderry. Other retailers who are considering first stores include soft furnishings retailer Homesense and DFS owned Sofology.

Value retailers such as Home Bargains and B&M continue to acquire new stores. Notably, Home Bargains acquired two freehold properties at both Strand Road, Derry/Londonderry and Railway Street, Armagh.

PureGym remains the most active out of town leisure operator and this year acquired new gyms at Laganbank, Lisburn and The Quays, Newry.

The grocery sector has been relatively inactive over the past 12 months. Without Aldi in the market, Lidl has the value grocery market to itself and is actively expanding and enhancing its portfolio by seeking larger stores of 25,000 sq ft. Lidl opened new stores in Lurgan and Connswater and will soon open in Magherafelt. Marks & Spencer is actively acquiring space and opened a convenience format in Aldergrove, with further planned new locations at the Quays in Newry, Craigavon, and Carrickfergus.

In the fashion sector the principal occupier of new out of town space in the last 12 months was TK Maxx. Having recently opened a store at Laganbank Retail Park in Lisburn, it plans to open another in Drumkeen Retail Park in south Belfast.

Food and Beverage

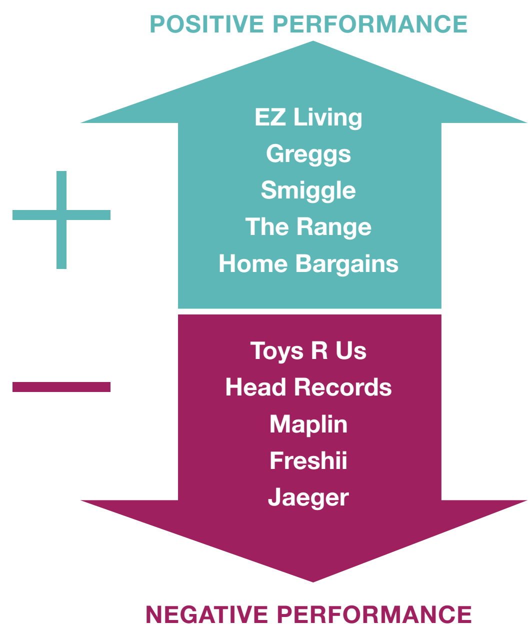
The Northern Ireland food and beverage sector continued to grow in 2017 but there was a notable reduction in the level of demand for new sites from retailers. Existing operators Hotel Chocolat, Greggs, Camile, Starbucks, Caffé Nero and Costa have all been acquisitive. Hotel Chocolat opened its first café format on Donegall Square, its second outlet in the city. Greggs continued to roll out with five new openings taking its store number to 15. Camile acquired its second restaurant in Ballyhackamore and chains Caffé Nero, Costa and Starbucks all opened new provincial outlets. The most notable of these was Costa's new flagship property in Castle Place which it acquired freehold and redeveloped. Expansion is expected to continue in 2018 but it's understood there will be increased emphasis on drive-thru and drive-to sites.

New entrants to the local market this year include:

- Tim Horton's – Wellington Place/Fountain Street
- Toni Macaroni – Victoria Square
- Bunsen Burger – Cathedral Quarter
- Pizza Punks – Cathedral Quarter
- Chopped – Quays, Newry

On a local level, Ground Espresso Bars acquired four new outlets in 2017 and has plans for further new openings in 2018. Boojum acquired two new outlets including a unit in Victoria Square and Lisburn Road taking its NI store tally to five stores.

Retailer Performance



RETAIL OUTLOOK

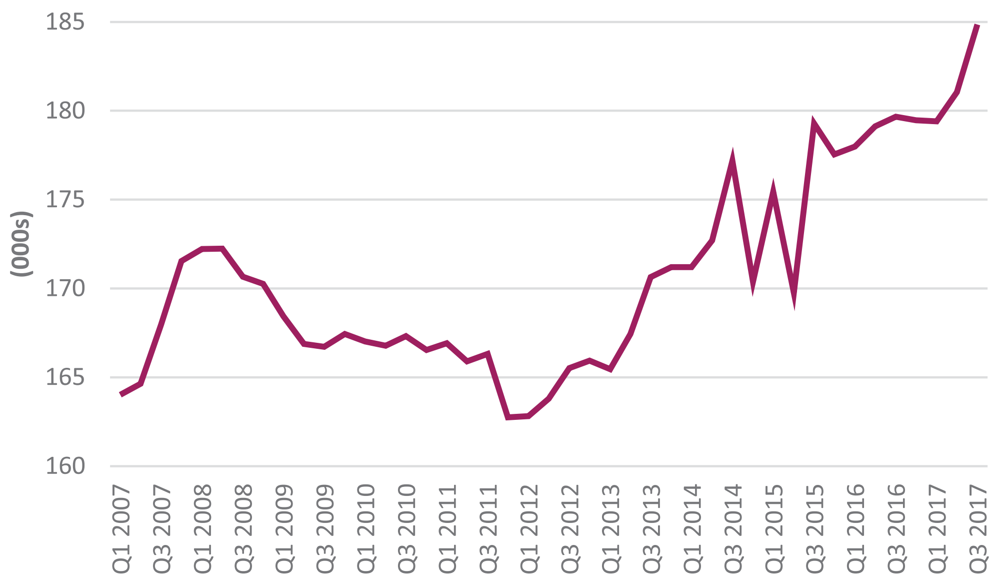
- Primary focus remains on Belfast, however 2017 has experienced strong provincial town performance with an emphasis on border towns.
- For as long as Sterling remains weak relative to the Euro the NI retail sector will continue to benefit from ROI shoppers coming across the border.
- Refurbishments and extensions of existing shopping centre and high street stock, which was a feature in 2016/17, is expected to continue in 2018 to meet retailer requirements.
- Limited supply and reducing vacancy rates are expected to support rental growth as retailers continue to compete for prime space on high streets and within popular shopping centres and retail parks.

Office Market

Market Overview

Employment across Northern Ireland rose by a robust 1.6% in the 12 months to September 2017 and employment in the office dominated sectors of the economy rose even more strongly – by 2.9%. Indeed office workers accounted for 45% of the 11,600 new jobs created in Northern Ireland. This has fed through to an increased demand for business space in Belfast.

Chart 3:
Office Based Employment in Northern Ireland



Source: NISRA and Savills Research

Market Activity

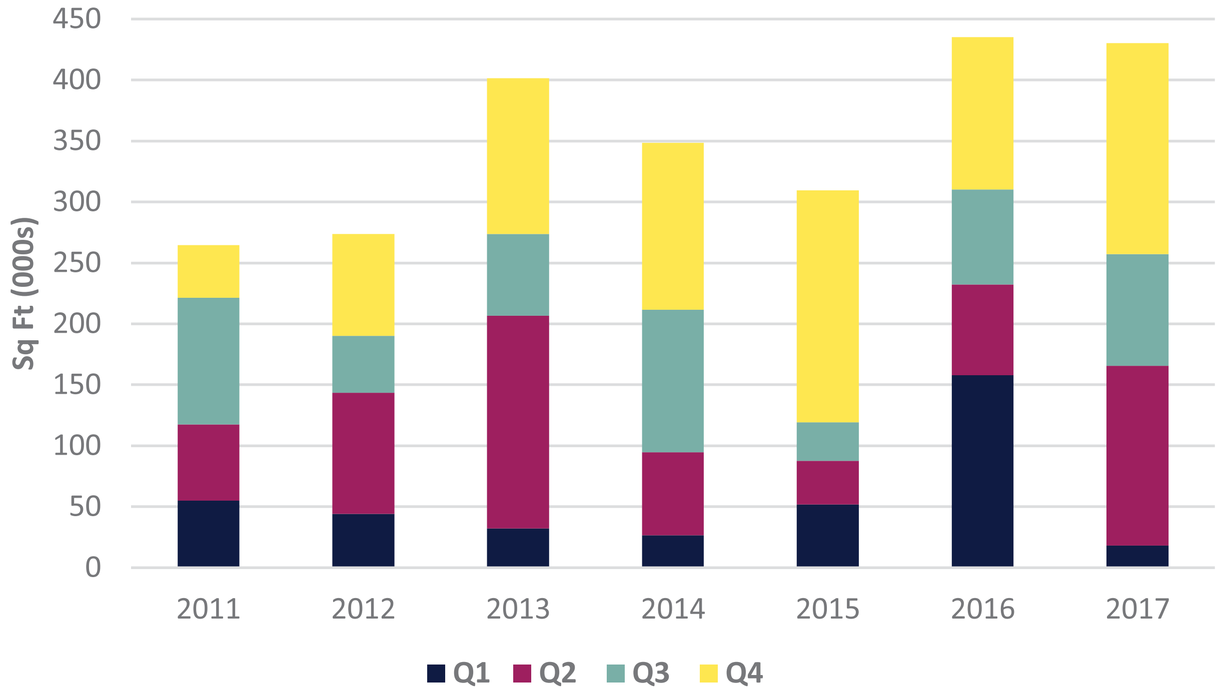
Belfast office take up enjoyed a strong second half of 2017 to reach 430,290 sq ft by year end. This is closely in line with the 2016 total and 22% above the five-year average of 353,701 sq ft. There were two deals of over 50,000 sq ft during the year. In Q2 Savills pre-let 104,220 sq ft to HMRC at Erskine House – an eight story grade A office block that is currently being developed on Chichester Street. Later in the year US business services company Concentrix moved into its own 72,000 sq ft building on East Bridge Street. In total there were nine deals of over 10,000 sq ft and a further nine of between 5,000 and 10,000 sq ft during the year.

TABLE 2
Top 5 Office Deals 2017

Occupier	Location	Size	Quarter
HMRC*	Erskine House, Chichester Street	104,220	2
Concentrix	49 East Bridge Street	72,000	4
Tullett Prebon	CQ2, City Quays	34,692	4
First Derivatives plc	The Weaving Works, Ormeau Avenue, Belfast	25,038	3
Grant Thornton*	Donegall Square West	13,377	2

Savills involved

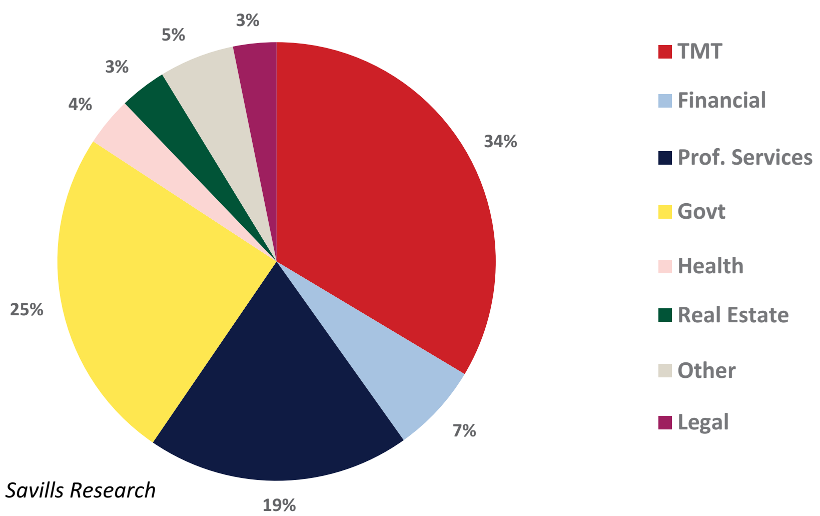
Chart 4:
Belfast Office Take-Up per Annum



Source: Savills Research

Technology, media and telecoms (TMT) companies accounted for two-fifths of all transactions and 34% of the total space taken during the year. Of this, more than two-thirds was taken by new entrants and expanding operations rather than occupiers moving within the market. These figures illustrate that TMT is now established as a key driver of net absorption in the Belfast market. The two large deals noted above led to the Government and professional services sectors being the second and third biggest takers of space respectively in 2017. But market demand in Belfast remains broadly based with almost one quarter of take-up coming from outside the top three sectors.

Chart 5:
Belfast Office Take-Up by Sector 2017



Source: Savills Research

Development

Approximately 380,000 sq ft of office space was developed in Belfast during 2017. The majority of this was new-build space – three properties incorporating 292,500 sq ft were brought to practical completion during the year. However only one of these, City Quays, was brought to the open market for lease. The continued lack of speculative development coming to the market has resulted in larger occupiers such as Allstate and Concentrix developing their own premises for occupation. A further five buildings were refurbished during the year, although the average size of these properties was considerably smaller than the new-builds (17,126 sq ft compared with 97,500 sq ft). While such refurbs improve the quality of the city's office stock they do not add meaningfully in net terms to the quantum of supply.

Availability

Forty-five percent of the deals transacted and 81% of the space taken during 2017 involved new entrants and expansions. This resulted in strong net absorption which, combined with limited development activity, precipitated a further decline in the vacancy rate during the year; the overhang of vacant grade A space now stands at approximately 3.1% of stock. There are currently only six buildings in Belfast with availability of 20,000 sq ft or more. Further emphasising the limited choice for larger occupiers seeking contiguous space, only three of these could be described as offering grade A stock.

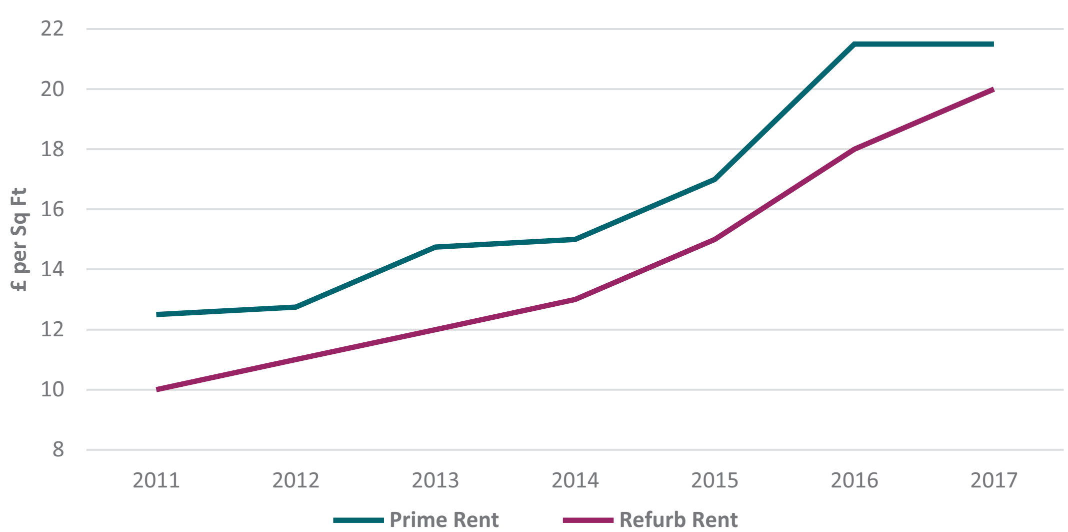
Rents and Lease Terms

With the vacancy rate contracting due to economic growth and subdued development, headline rents for the best refurbished buildings have moved up from approximately £18 per sq ft per annum in 2016 to £20 per sq ft in December 2017 – a rise of over 10%. Although a small number of brand-new buildings have been completed in the last 12 months, the fact they were pre-let or owner occupied means that there is little direct evidence of current headline rents for new grade A stock in prime city centre locations. However, with headline rents of up to £20 per sq ft per annum being achieved for better quality refurbished buildings in the best locations we believe that rents for brand new stock in prime locations must be in the order of £24-£25 per sq ft per annum.

Erskine House, 104,000 sq ft Pre-Let by Savills to HMRC in Q2.

One Bankmore Square, Planning Granted for 257,500 sq ft Grade A Office Development.

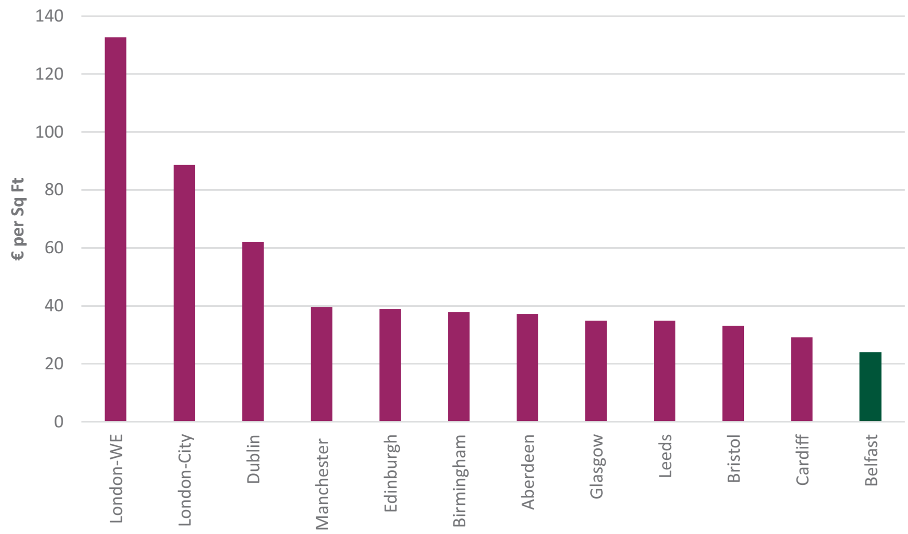
Chart 6:
Prime Headline Office Rents in Belfast



Source: Savills Research

As with headline rents, lease terms for prime buildings are largely untested. However, they are anticipated to be a minimum 10 years. Refurbished properties and good grade B options are still offering five year terms. Rent frees range between 3-6 months for a five year term depending on condition at handover.

Chart 7:
Prime Headline Rents in Belfast and Other Locations Q2 2017



Source: Savills Research

Supply

Looking at the supply side of the market there are currently no new speculative developments coming to the market and only five refurbishments comprising 198,000 sq ft. Demand will continue to outstrip supply in 2018 with vacancy rates being driven lower and rents being driven higher. Given the lack of existing and potential grade A stock in prime city centre locations, and given recent pre-lets of Erskine House, and mid-lets at the Flax Building, Weaving Works and City Quays, more occupiers are now considering pre-lets. This should help purely speculative office development to break ground in the city in 2018. There are currently 20 potential office schemes with planning approval but that have not yet commenced. The triggering of a portion of these projects would benefit the market and improve the limited choice that is available to occupiers. Further down the line, if the demand is supported by continued economic growth, an additional 35 projects are in the planning or pre-planning stages and could be activated.

The Paper Exchange, Chichester Street
- Proposed New 155,000 sq ft Grade A Office Development

OFFICE OUTLOOK

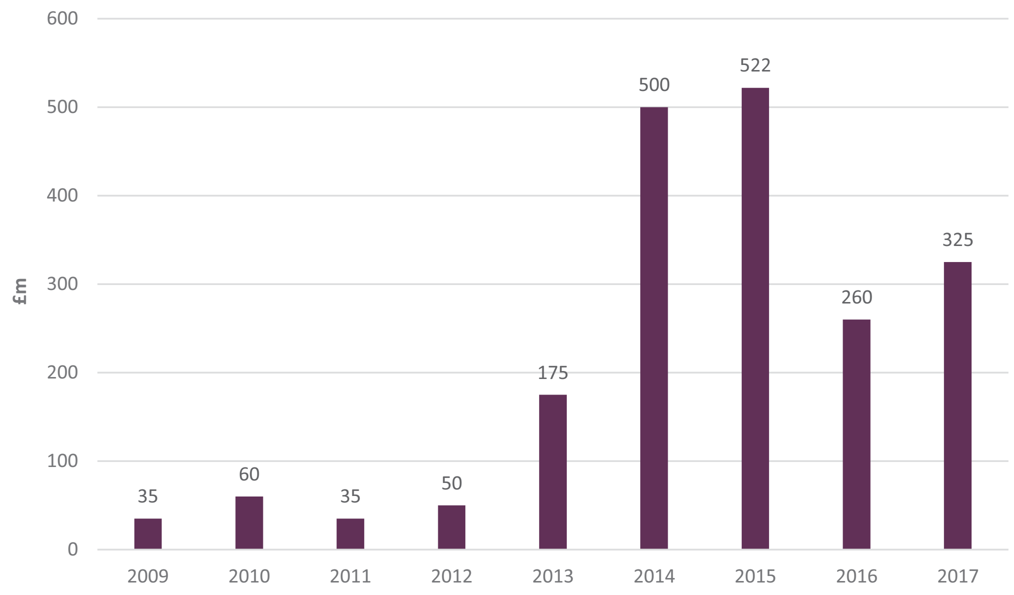
- There is still considerable uncertainty at the political and macro-economic level of the ultimate ramifications of Brexit for Northern Ireland and the effect on the office market which is further compounded by the continued suspension of devolved Government.
- However, as we approach the Brexit deadline of March 2019 greater clarity will emerge and, despite some undoubted headwinds, there are signs that robust demand for Belfast office space will continue in 2018.
- Latent demand entering 2018 remains very strong at over 750,000 sq ft buoyed by a number of larger occupiers from the professional services, financial and legal sectors with upcoming lease events in unsuitable buildings and additionally given the relative value of office space in Belfast, there is also continuing demand from the TMT seeking to expand and from new entrants.
- Due to lack of existing Grade A stock and the absence of city centre speculative development to satisfy larger requirements there will be further pre-letting activity which in turn should facilitate speculative office development to break ground in the city in 2018

Investment Market

Market Overview

Total property investment in NI was approximately £325m in 2017 – a 25% increase on 2016 (see chart 8). The purchase of the Castlecourt Shopping Centre in Belfast by Wirefox in July for £123m accounted for almost 40% of the annual total (see chart 9). While investment was up on 2016 levels, it was still below 2014 and 2015 when £500m and £522m traded hands respectively.

Chart 8:
Investment Market Turnover



Source: Savills Research

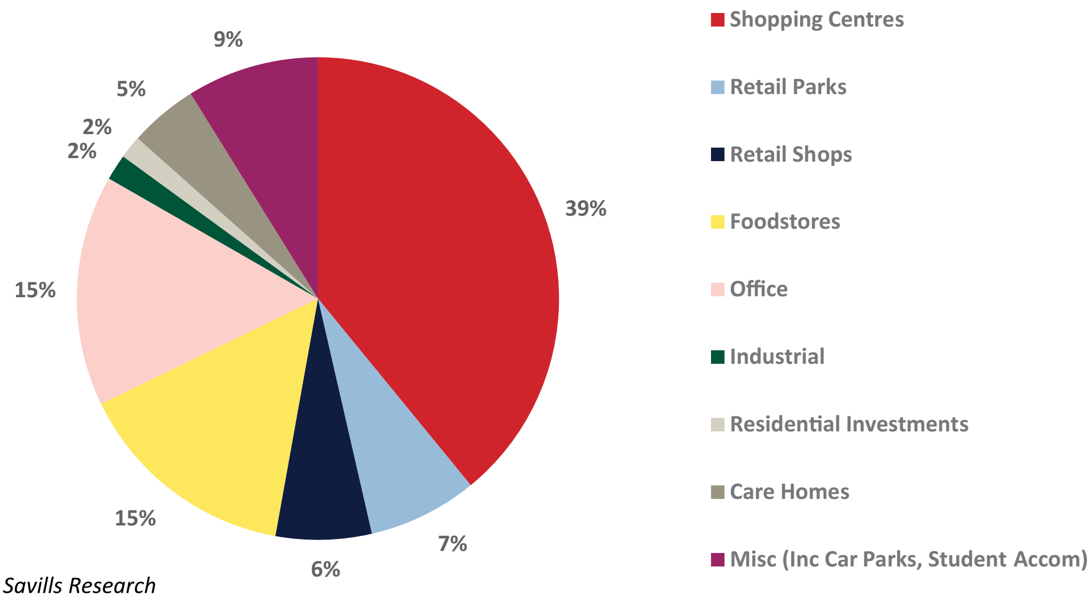
Savills NI disposed of the 93,788 sq ft Tesco Extra Foodstore in Newry Co. Down for in excess of £27m

Retail saw the highest churn, accounting for 27 transactions completed or agreed during the year, and almost three quarters of total spend. The increase, in spite of pre-existing uncertainties, reflects the fact that the consumer economy remains resilient. This is partly due to the robust labour market. As noted above unemployment currently stands at 3.8%, below the UK at 4.3% and Ireland at 6.2%. Weaker Sterling is also aiding cross border shoppers (see retail section above).

Offices were the second largest sector of investment with 14 deals involving £50.3m of sales completed or agreed during the year. The sale of Cleaver House on Donegall Square for £15.25m accounted for over 30% of total office sales with the remaining amount spread over smaller deals. Although offices represented 15% of total spend for the year, turnover was somewhat down on the £75m traded in 2016. This reflects two factors; a lack of large scale development activity in the cycle to date and a degree of illiquidity given that many assets have recently traded and investors are tending to hold onto less risky office investments given the prevailing economic climate.

Savills NI Acted on Behalf of Wirefox in the Acquisition of Castlecourt Shopping Centre in July 2017.

Chart 9:
Investment Turnover by Sector



Source: Savills Research

TABLE 3

Investment Market Turnover – Top Deals in 2017

Asset	Sold Price £	Sector
Castlecourt Shopping Centre, Belfast*	123,000,000	Shopping Centre
Tesco, Newry*	27,250,000	Foodstore
Tesco Craigavon*	21,440,000	Foodstore
Cleaver House, Belfast	15,250,000	Office
Priory Group	14,875,000	Care Home
Dublin Road Student Accommodation	14,800,000	Student Housing
Valley Retail Park, Newtownabbey	11,250,000	Retail Park
Confidential	11,000,000	Not Disclosed
Great Northern Retail Park, Omagh	9,175,000	Retail Park
DW/Sports/Lesley Tower, Donegall Place, Belfast	8,600,000	Office
Hillview House, Newtownabbey*	6,000,000	Office
Lesley Exchange, Belfast	5,300,000	Office

Savills Involved

Investment Potential

Commercial real estate in Belfast continues to offer investors an attractive return on investment when compared to other regional cities around the UK (See table 4 below). Given the competitive yields on offer, Northern Ireland offers an attractive opportunity for further investment.

TABLE 4

Net Initial Yields – Prime Assets

	Belfast	Liverpool	Leeds	Glasgow	Manchester
High Street Retail	5.75%	4.75%	4.75%	4.25%	4.00%
Offices (Grade A)	6.25%	7.25%	5.25%	5.50%	4.75%
Industrial	8.50%	5.00%	4.75%	5.50%	4.50%

INVESTMENT OUTLOOK

- The fact that Brexit negotiations have now advanced to phase two discussions on wider ranging trade arrangements is a positive development. While there is a long way to go in the negotiations the UK's pledge to preserve the frictionless border between NI and the Republic also arguably nudges the overall outcome towards a softer Brexit which would be economically beneficial to all the home nations.
- Although the era of ultra-low interest rates is slowly coming to an end monetary policy will remain accommodative for the foreseeable future. At a global level this will continue to drive capital into real estate assets.
- The NI investment market remains competitively priced relative to other regional cities in the UK.
- Further investment will depend on resolving the political impasse that has resulted in the Stormont assembly being suspended for over a year and, of course, Brexit.

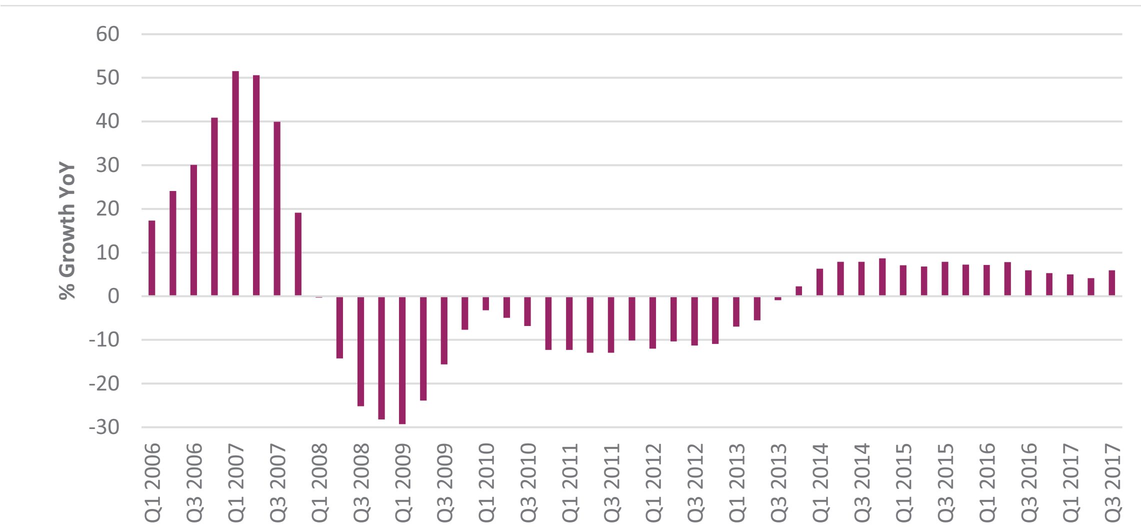
Housing

Market Overview

Northern Ireland house prices have risen for 16 consecutive quarters. In the year to September 2017 house price inflation was 6% and prices are now 36% higher than the Q1 2013 trough. With house price inflation outstripping earnings growth, the ratio of median house prices to annual earnings has risen from 4.1 times in 2013 to 4.8x in 2017. However, this remains well below the 2007 peak of 9.2 times. To date, wider headwinds to house price growth such as Brexit, and the suspension of devolved Government are being offset by the abolition of stamp duty on the first £300,000 for first time buyers and continued low interest rates.

The recovery in house prices has been country wide, with standardised house prices increasing in all District Council areas in the last 12 months. Growth has been particularly strong in the Causeway Coast & Glens and Derry City & Strabane Councils, with yoy increases of 9.1% each. In Contrast, Belfast Council saw price growth of 3.9%, the second slowest after Mid & East Antrim Council (+3.6%) (see table 5).

Chart 10:
Northern Ireland House Price Index



Source: NI Statistics & Research and Land & Property Services

TABLE 5
Standardised Prices by District Council Area

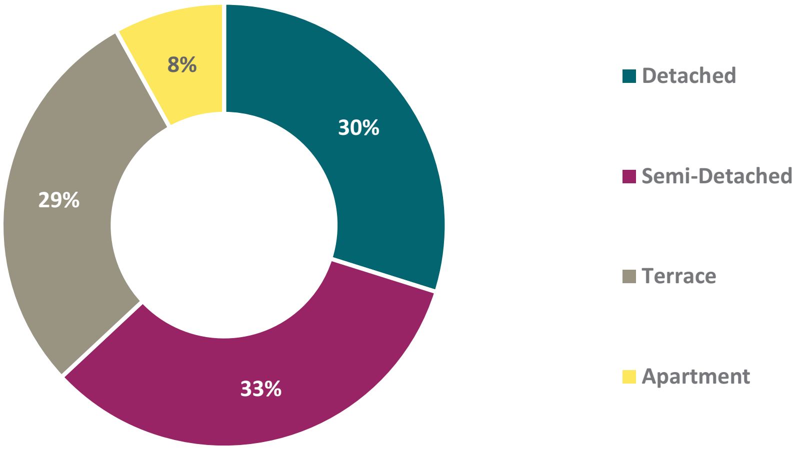
	(Quarter 3 2017) Index	Percentage Change on Previous Quarter	Percentage Change over 12 months	Standardised Price (Quarter 3 2017)
Derry City and Strabane	121.8	4.6%	9.1%	£115,339
Armagh City, Banbridge and Craigavon	119.3	2.2%	6.7%	£117,637
Fermanagh and Omagh	127.1	3.1%	8.1%	£121,851
Mid and East Antrim	119.0	2.2%	3.6%	£123,234
Belfast	116.8	2.6%	3.9%	£123,409
Mid Ulster	118.3	2.7%	6.6%	£132,366
Newry, Mourne and Down	121.5	3.5%	6.5%	£136,648
Antrim and Newtownabbey	119.4	2.0%	4.9%	£137,242
Causeway Coast and Glens	127.7	4.8%	9.1%	£137,877
Ards and North Down	112.3	2.4%	5.9%	£150,773
Lisburn and Castlereagh	119.2	4.2%	6.4%	£159,966
Northern Ireland	119.1	3.0%	6.0%	£132,169

Source: Q3 Northern Ireland House Price Index

Transaction Activity

There were just over 16,000 housing transactions in NI in the first three quarters of 2017, down 4.1% on last year. Semi-detached properties made up 33% of all property sales in the first three quarters with 5,409 transactions taking place, down 4.6% on the same period in 2016. Sales of detached properties which made up 30% of transactions (4,869) were down 5.8%. Terraced properties, which accounted for 29% of total transactions (4,713), only saw a decline of 0.9% in the first 3 quarters, and lastly, apartment transactions made up the final 8% of the market which saw the largest decline in transactions (-6.41%), with only 1,315 transactions in the first 3 quarters.

Chart 11:
Transactions by Property Type



Source: NI Statistics & Research Agency and Land & Property Services

Lacuna Developments/Watkins Jones Proposed PRS Development on Academy Street.

Private Rental Sector

According to the Ulster University/Housing Executive half year report on the private rental market, rental transactions in the first 6 months of 2017 were down 13.2% on the same period in 2016. However, rents continue to rise. The Northern Ireland Rental Index produced by Home Let showed average rents increasing by 3.3% in the year to November, rising to £621 per month from £601 in 2016. Compared to the rest of the UK, Northern Ireland represents good value for renters with average rent being 21% cheaper than the UK average (£904 per month).

A 3% increase in stamp duty on buy-to-let properties that came into effect in April 2016 and the phasing out of mortgage interest relief from April 2017 likely weighed on investment decisions in the latter half of 2016 and first half of 2017.

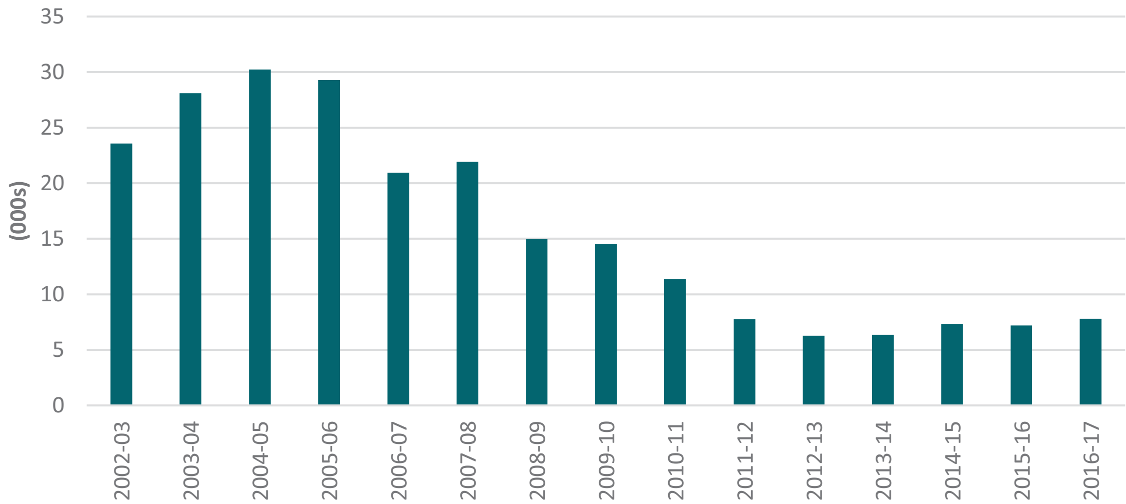
Currently the city centre is undersupplied with high quality residential developments that meet millennials' expectations. The student housing sector is maturing with developers now focusing on Build-to-Rent and private residential development with the knowledge that Belfast City Council is currently aiming to grow the Belfast population by 70,000 by 2035.

Supply

Spurred by improving prices and increasing demand, housing completions rose by 12% in the 12 months to March 2017 with 6,467 units built. A total of 7,795 planning applications were lodged in 2016/2017, an increase of 8% on the previous year (see chart 12). This figure still falls some way short of the 11,200 annual requirement estimated by the Department for Regional Development. The Social Housing Development Programme (SHDP) delivered 1,387 (+15% yoy) units against a target of 1,500-2,000 units per annum.

The Arc, Titanic Quarter, Belfast.

Chart 12:
Residential Planning Applications



Source: Planning DFI

HOUSING OUTLOOK

- House price growth is expected to continue over the short to medium term given pent up demand and the lag in supply.
- The abolition of stamp duty for first time buyers on the first £300,000 of a property purchase is likely to add to prices as first time buyers use the extra funds to bid up prices.
- Buy-to-Let transactions are likely to be impacted over the medium term as investors begin to feel the bite of the 3% additional stamp duty and the winding down of mortgage interest relief.
- Currently only one PRS scheme is in planning, a joint venture proposal between Lacuna Developments and Watkin Jones for a 19 storey, 108 apartment development on Academy Street. This is anticipated to be the first in a wave of new PRS applications in 2018.
- Price growth is likely to continue to entice more construction activity over the next year.

Flat Iron, Upper Church Lane - Refurbished Office Accommodation of 5,500 sq ft Available in 2018.

SUMMARY AND OUTLOOK

- Current forecasts predict the Northern Irish economy will expand by between 0.8% and 1.2% in 2018. However, looking past 2018, growth is expected to accelerate through to 2021.
- Retail operators in border areas will continue to benefit from weak Sterling in 2018. As seen in previous years, lack of supply of larger floor plates in prime locations will support out of town locations. Refurbishments and extensions of existing stock are expected to remain a feature of the sector throughout 2018.
- Potential occupiers are now demanding modern, technologically advanced office space. Robust demand in Belfast is expected to continue in 2018 as both existing occupiers and new entrants compete for limited new supply. Competition and tight supply will drive rents of prime office space past their current range. We also expect TMT to remain a prominent taker of office space in Belfast.
- House price growth is expected to continue in 2018 as continued demand, the abolition of stamp duty for first time buyers and insufficient new housing units coming online put upward pressure on values and rents. Improving values could have the effect of stimulating supply as prices surpass developer break-even thresholds.

Savills acquired EZ Living's Northern Ireland Flagship Store at Holywood Exchange in Belfast.

Savills Research

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