

# Online shopping trend bolsters demand for Northern Ireland warehouse space

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The sea of demand for warehousing prompted by a sharp rise in online deliveries has shown no sign of easing, according to a survey of estate agents.

The RICS (Royal Institution of Chartered Surveyors) and Ulster Bank Commercial Property Market Survey found that occupier demand for industrial property in Northern Ireland remained strong in the second quarter of the year, while demand for retail space continues to fall.

The rush for industrial property is said to be a direct result of a shift to online shopping by consumers, one which was hastened by the lockdowns experienced during the Covid-19 pandemic.

Online companies have taken up warehouse space to act as distribution hubs throughout Northern Ireland, putting pressure on an already tight market and driving up rental values.

The consumer shift has, in turn, prompted a dip in demand for retail space as the reimagination of the high street continues.

The office market, another which had suffered due to a shift to home working as a result of the pandemic, perked up in the second quarter with agents reporting the best demand for the sector since December 2019.

A gradual move back to the office by companies of all sizes – led by some of the larger corporates – has helped that market with demand for social distancing helping negate an expected need for less space by some companies which adopt hybrid working practises.

Unsurprisingly, most agents surveyed expected both rents and capital values for industrial space to continue to grow in the coming months while retail rates are likely to continue falling, the survey said.

“Unsurprisingly, demand for industrial space continues to be positive as some of the structural changes in the economy continue to happen,” Gary Barr, Relationship Director, Commercial Real Estate, Ulster Bank said. “This continues to impact on the retail sector on the other end, but it is encouraging to note some improvements regarding office demand.

“And as more companies move back to some level of office working, this trend may well continue.”