

May 2023
Edition no. 17



Bannon **Retail Pulse**



Transactional Analysis

Irish Retailers – 2023 Activity to Date

The roll out of stores by Irish retailers is continuing in 2023 with a number of brands starting to look at new openings following the emergence from the pandemic years. Activity continues across all sectors and asset classes with Irish occupiers making up a large proportion of new

take up which is especially evident in the regional market. Irish franchise/partner operators are also continuing their entrepreneurial tradition agreeing to bring new brands into the market through this route.

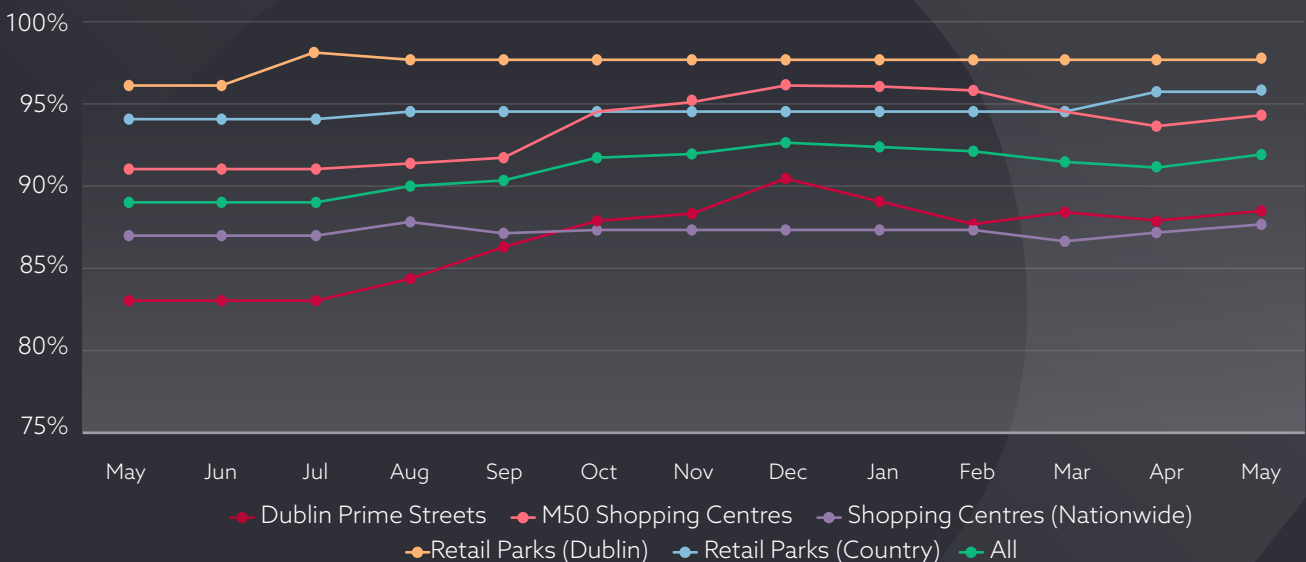
Activity To Date



Franchise/Partner Roll Out



Bannon Retail Occupancy Tracker



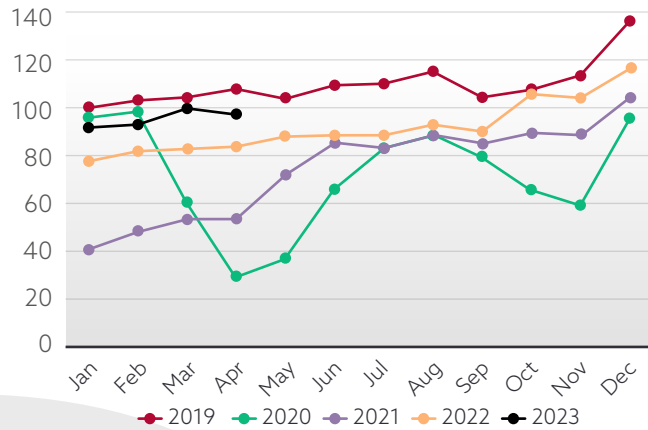
Bannon Trading Analysis

As at 30th April 2023



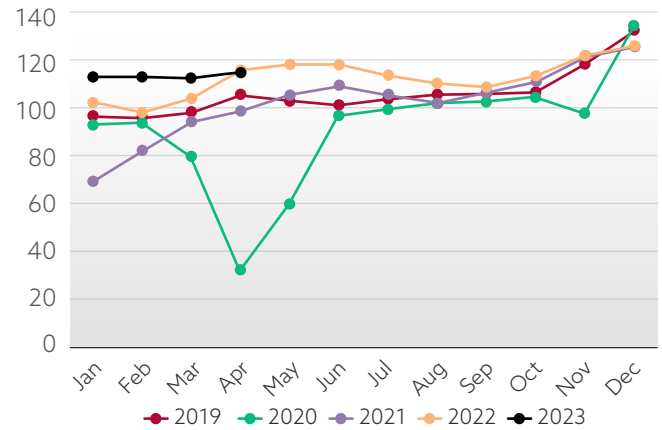
Shopping Centre Footfall

(Indexed: Based = Jan '19)



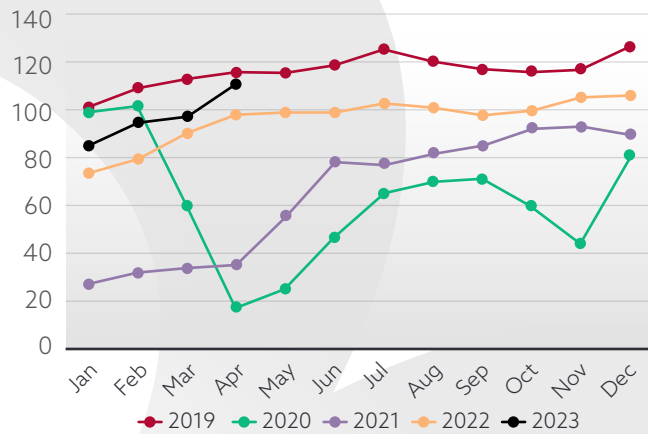
Retail Park Footfall

(Indexed: Based = Jan '19)



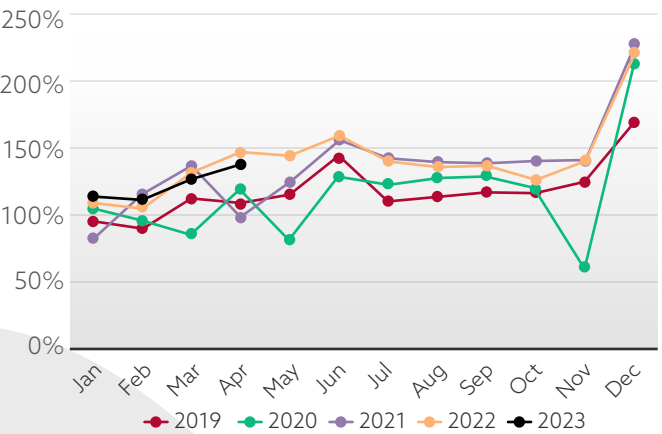
High Street Footfall

(Indexed: Based = Jan '19)



Ratio - Sales : Footfall

(Indexed: Based = Jan '19)



The footfall trend across our Shopping Centre Portfolio remained consistent in April 2023 at 13% ahead of 2022 and 10% below pre-COVID levels (April 2019). Shopping centre sales for the month were 5% ahead of April 2022.



High street footfall in April 2023 was 12% ahead of April 2022 and 5% behind pre-COVID levels (April 2019).



April 2023 was another consistent month for our retail park portfolio with footfall 2% behind April 2022.

Data is preliminary in nature and subject to revision.

Expert Insight

By Neil Bannon



What does 500,000 more homes mean for the retail sector?

The need and demand for housing dominates political and economic discourse when it comes to the Irish property market. There is little analysis however about what impact the massive, proposed increase in housing will have on other sectors more specifically the retail sector.

To put this in context there are just over 2.0m households in Ireland. Housing for All is targeting 300,000 new homes by the end of the decade and there seems collective agreement that we need about 500,000 more homes to satisfy current, pent up and future demand. It's easy to get lost in the big numbers but when you stand back this is a new home for every four that we currently have in Ireland, a 25% increase. That's a staggering addition to housing stock by any metric especially in such a short space of time.

We have been considering what this means for the Retail warehouse sector specifically. There are 73 retail parks in Ireland almost all of which opened between 1997 and 2007. No more have been built in the last 16 years and no new ones are currently planned. These retail parks are the conduits through which the overwhelming majority of spend associated with housing is funnelled; couches,

TV's, washing-machines, floor coverings and cutlery, 85% of these sales take place in store (CSO). Apparently even online diehards prefer to sit on a couch before buying it.

If every existing house in Ireland spends an average of €2,500 annually on household goods from paint to lawn mowers to potted plants that adds up to €5bn of spend. If 500,000 new homes are built and the average costs to kit them out is €25,000 that's an additional €12.5bn of spend. Once completed these homes add to the ongoing spend on upkeep and improvement which will largely be funnelled through these 73 locations.

There is no debate about the need for housing and rare political consensus that it will be delivered (politicians only seem to argue about by whom, how and where). A good value way of investing in the sector is to buy a retail park. Higher yield, more legibility on the sustainability of rent and little risk of oversupply.

Bannon manages 20% of Ireland's retail parks and if you are interested in discussing them further contact nbannon@bannon.ie or rnowlan@bannon.ie.



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