



RETAIL MARKET SNAPSHOT

Q2 2023

IRELAND ECONOMIC & RETAIL MARKET OVERVIEW

Q2 2023

RETAIL SALES

The Retail Sales monthly indices for value and volume decreased by 1.7% and 1.6% respectively in May, when compared with the month previous. The largest monthly volume increases were recorded in Electrical Goods (+4.1%), Other Retail Sales (+3.2%), and Pharmaceuticals, Medical & Cosmetic Articles (+2.2%).

ECONOMIC FORECAST

Economic forecasts for 2023 remain positive, and have recently been revised upwards from previous projections. Personal consumption and modified domestic demand are forecasted to increase by 3.9% and 2.1% respectively,

EMPLOYMENT

In Q1 2023 total employment stood at 2,608,500 representing an increase of 102,700 (4.1%) persons from Q1 2022. The unemployment rate was also down to 4.1% in the quarter.

CARD SPENDING

Total card spending increased by 14%, or €1.1 billion, in March 2023 compared to February, reaching €8.5 billion. When compared with March 2022, total card spending had increased by 9%.

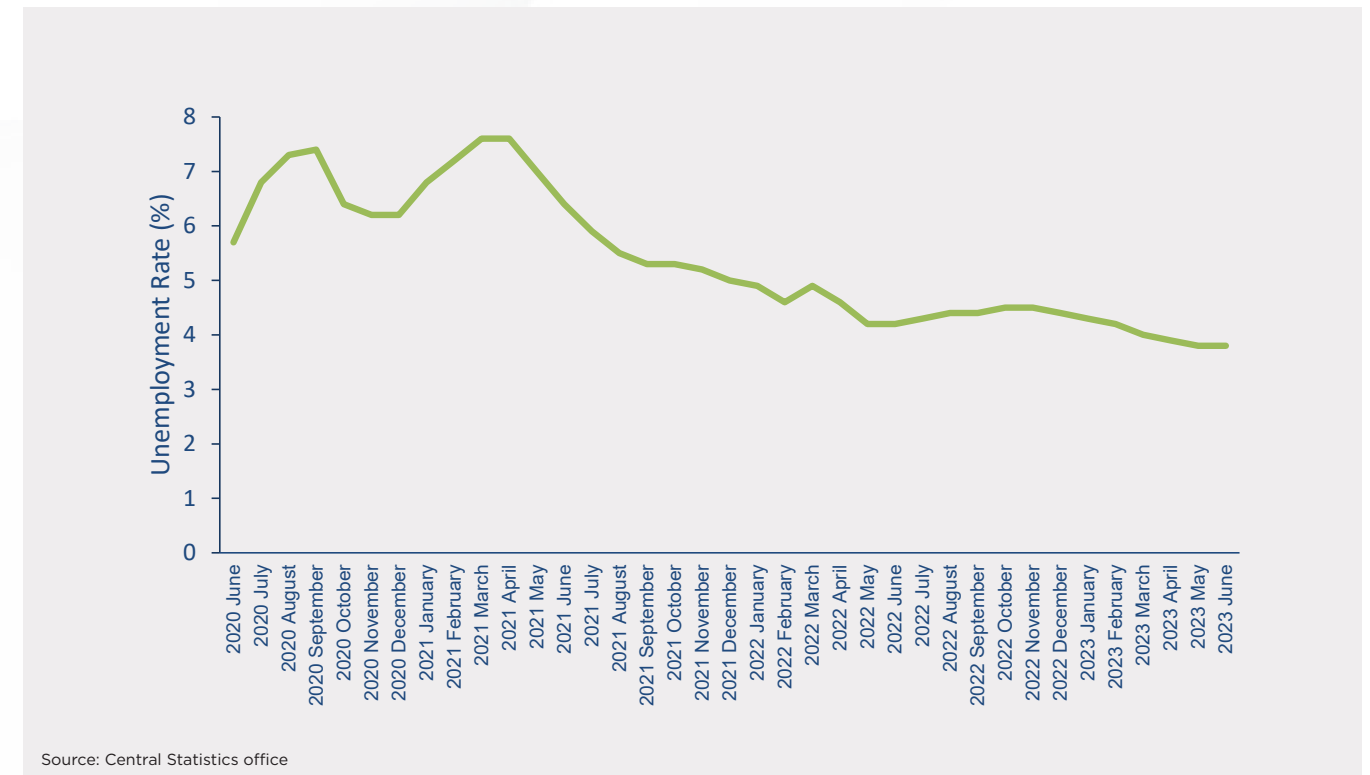
CONSUMER PRICE INDEX

The Consumer Price Index (CPI) rose by 6.6% between May 2022 and May 2023, down from an annual increase of 7.2% in the 12 months to April 2023. This is the twentieth straight month where the annual increase for the CPI has been at least 5%

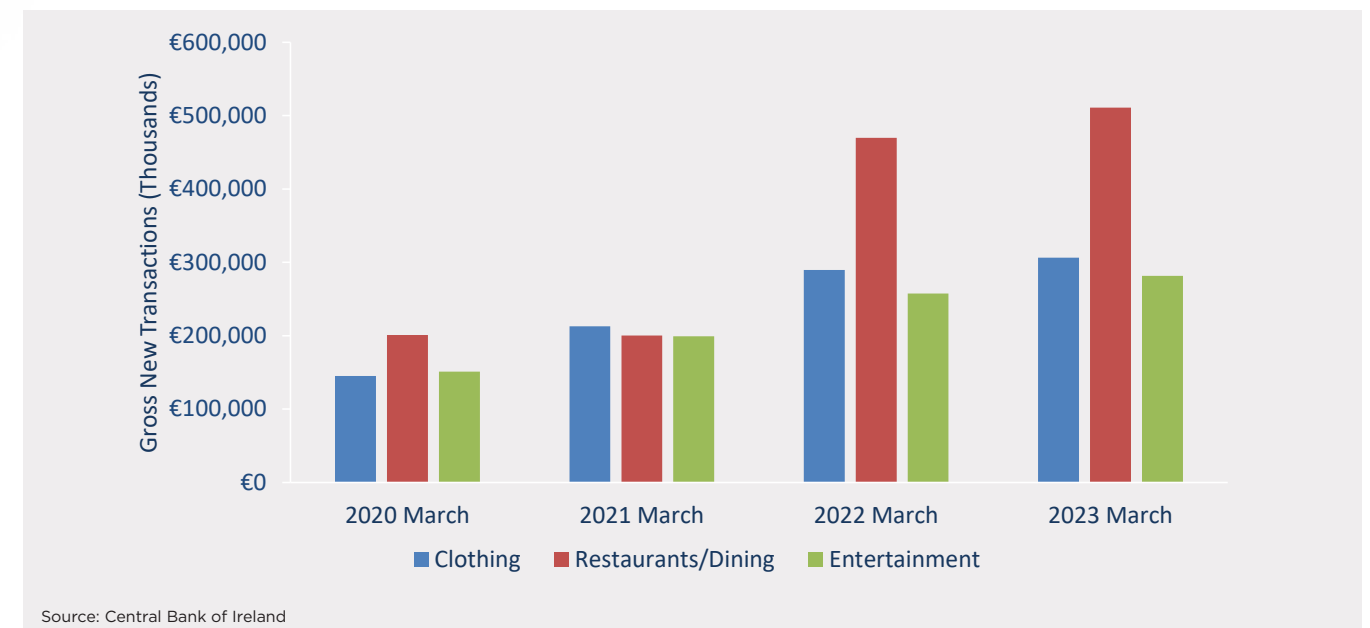
AVERAGE WEEKLY EARNINGS

According to estimates by the CSO, average weekly earnings in Ireland were just over €907 in Q1 2023, an increase of 4.3% from €870 in Q1 2022.

MONTHLY UNEMPLOYMENT RATE, JUNE 2020 - JUNE 2023



MONTHLY CARD SPENDING STATISTICS MARCH 2020 - MARCH 2023

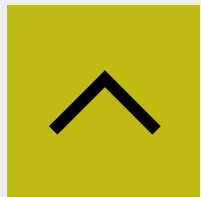


RETAIL MARKET ECONOMIC INDICATORS



CUSTOMER SENTIMENT

JUNE 2023



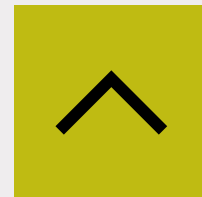
10.4%

Annual % change



RETAIL SALES VALUE

MAY 2023



9.2%

Annual % change



RETAIL SALES VOLUME

MAY 2023



5.1%

Annual % change



EMPLOYMENT

Q1 2023



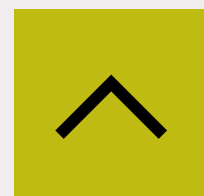
4.1%

Annual % change



AVERAGE WEEKLY EARNINGS

Q1 2023



4.3%

Annual % change



ONLINE EXPENDITURE

MARCH 2023



19%

Annual % change



INFLATION

MAY 2023



6.6%

Annual % change

Q2 RETAIL INVESTMENT MARKET ACTIVITY & ECONOMIC OUTLOOK

Retail Warehousing was the most sought-after sub-sector due to a very strong occupier market where very low void rates are driving rental growth across the sector.

Cushman & Wakefield were involved in over 36% of retail transactions over the quarter with the most prominent being the off-market sale of two regional retail parks on behalf of a private investor. Namely Blackwater Retail Park, Navan and City East Retail Park, Limerick for a combined €45.9m.

Another notable transaction was the sale of a B&Q solus unit in West Dublin to InterGestion REIM for €26.6 million reflecting a net initial yield of 6.91%. This asset had 4 years remaining on the lease and attracted a number of investors. The quarter also saw the off-market sale of a Tesco and Woodies unit in Newbridge, Co Kildare to a German Investor for €18.25 million. Overall retail accounted for 39% of Q2's turnover.

The retail market is gaining momentum with investors seeking opportunities due to a very robust leasing market. As we enter Q3 we expect that a number of investors will start preparing their asset for sale to take advantage of the current strong investor appetite for this sector. As previously noted, we expect that retail investment volumes in 2023 return to the same levels as previous years as it continues to see strong occupier demand and trading thus attracting new investors to the sector.

The macroeconomic landscape overall has proven far more resilient this first half of 2023 than initially predicted. China's reopening at the beginning of 2023 has improved supply chain delays as well as slowed the disinflationary trajectory across the board. Furthermore, global energy and food prices are finally beginning to stabilise. Despite this, growth remains slow across major economies as Europe is in the midst of a recession following two consecutive quarters of declining GDP.

Focusing on the Irish context, results released by the CSO demonstrate that the domestic economy is performing well irrespective of the macro-economic challenges. Growth in personal consumption and discretionary expenditure signals a relatively strong positioning of Irish households in spite of cost-of-living pressures. To add to this, consumer sentiment has risen for the fourth consecutive month to 63.7 in June 2023, reaching the highest level in 15 months (The Credit Union Consumer Sentiment Index).

KEY DEALS Q2 2023

PROPERTY	PRICE	PURCHASER
CITY EAST RETAIL PARK LIMERICK BLACKWATER RETAIL PARK NAVAN	€45.9 MILLION	CONFIDENTIAL
B&Q LIFFEY VALLEY	€26.6 MILLION	INTER GESTION REIM
CARLOW RETAIL PARK	€15.4 MILLION	MELCORPO

Strong investment activity during quarter 2 saw over €128.8 million transacted in the sector over 9 deals with strong interest from both overseas and local investors.

IRISH RETAIL MARKET OVERVIEW

With tourism on the rise coupled with the beautiful seasonal weather, it comes as no surprise that Dublin City Centre was bustling this quarter. Footfall levels between Grafton Street and College Green were up by 123% when compared to Q1 2023 (data.gov.ie).

The revitalization of Henry Street is well underway as retailers shuffle to make room for new brands set to enter the street and surrounding area in the coming months. A hive of high profile brand activity took place so far this year; including Footlocker's new flagship in the ILAC Centre, Dubray Books opening on Mary Street, Tessuti to enter the Irish market through Jervis Centre, HMV re-launched in its former Henry Street flagship, H&M and Flannels are due to open shortly in Clerys Quarter, Levi's to join the Henry Street line-up with their first Irish flagship, and the most notable being the Sports Direct Group's acquisition of the former Debenhams. Henry Street is now 93.5% occupied or set to be occupied with only three stores remaining to let.

Across the river, Grafton Street continues to attract the high end / luxury customer base with many international market entrants hoping to capitalise on this catchment through profile on its neighbouring counterparts, particularly Wicklow Street, Exchequer Street, South Anne Street, and Duke Street.

There is activity also in the regions. Ritual's recent launch in Athlone Town Centre marks their first store to open in the midlands with further expansion plans to come. Additionally, Penney's have invested €5.6 million in a significant revamp of their Clonmel store. Finally, Phase 1 of the former Ulster Bank branches was brought to the market this quarter. Positioned in many major towns and cities across the country, the branches have reaped significant initial interest from brands and investors alike.

Retail parks remain one of the most resilient shopping medians in the sector in terms of sales consistency. Demand for large scale retail space across the country remains high and supply rather low with many major parks at or reaching full capacity. As Argos officially bid farewell to

the Irish market this quarter, an array of active retailers are facing significant competition to secure occupancy of its former units.

We are also seeing a significant rise in local Irish eateries expanding into new units across Dublin City Centre signaling F&B sector recovery on a national level. Shaka Poké and Griolladh have announced new locations on Baggot Street and Dame Street respectively, whilst Mad Yolks, 3fe, Akaka Poke, Pickle, Zakura, Sano Pizza, Mister Magpie and CocoBrew are all actively searching.

Convenience stores continued to perform well throughout this quarter as we see grocery leaders Tesco, Dunnes Stores, Supervalu, Lidl and Aldi all in expansion mode.

Take up across secondary and neighbourhood schemes remain slow, as smaller retailers struggle with Ireland's economic climate. Many retailers who were previously forced out of the market have since failed to return.

Footfall across prime shopping centres are reportedly back to or exceeding pre pandemic levels. According to Blanchardstown Centre, April was the strongest month of footfall recorded in the past 5 years. As to be expected given the traction Zara and Flannels has brought in addition to the most recent store openings of Nike UNITE and Bershka's flagship.

Dundrum Town Centre's co-owner Hammerson reported footfall up 7% and sales up 2% across their Ireland retail centres in the first six months of 2023. A positive outlook for Dundrum overall, as retailers Penney's and Brown Thomas invest a significant €14.8 million and €12 million respectively in upscaling their existing footprint indicating prosperity in the centre and the intention to commit long term.

As shoppers return instore growth in spending via online platforms has slowed immensely, increasing at a rate of 5.2%, having equaled or exceeded 8% year-on-year every quarter of 2022 (Dublin City Council, April 2023).



The key takeaway this quarter is undoubtedly the significant decline in retail vacancy rates across the board indicating a positive outlook for the retail sector heading into Q3 2023.

IN THE NEWS...



Ulster Bank Portfolio Launches:

Ulster Bank's portfolio has officially launched with a press release on the 14th of June outlining the rollout of these properties. Phase one is underway and with it 19 properties have come to the market. The portfolio will be brought to market in three separate phases that will span over the course of the summer.

Argos' Final Departure:

As of June 24th 2023, Argos locked the doors of their remaining 30 Irish branches for the last time. This date was announced in January of this year. Argos stated that the decision to depart was made after a long period of deliberation and an in-depth examination of the business operations across the Republic of Ireland. They had reported an operating loss of €12.6 million in March of 2022 which is the latest financial statements filed by the company. There is a large sentiment of remorse felt across Ireland as Argos departs after being a staple in the Irish market since the 90's.

Frascati Centre Nearing Full Occupancy:

Space in the Frascati Shopping Centre in Blackrock is becoming scarce as a mixture of new tenants and existing tenants begin to fill vacant units throughout the centre. The most significant opening has been that of Homestore and More who have taken the basement area of the former Debenhams. This also marks the first Homestore and More to move away from their usual placement in retail parks. Other notable activity across the centre include Musashi Sushi, Shield's Dental and Tresspass taking occupation with GNC (former The Health Store) renewing their lease in addition to Pamela Scott upsizing to a larger unit.

Former Debenhams in Cork:

The former Debenhams building at 12-17 St. Patrick Street in Cork has been bought for approximately €12 million. The building was bought by a group of private investors and among them was John Staunton whose family are majority shareholders in the sports brand Elvery's. It is evident that Elvery's will occupy some of the former Debenhams premises, however there is much speculation as to how much and which other potential brands might be seen taking up residence in the remaining space in the 14,214 square meter building with frontage onto the pinnacle of shopping streets in Cork.

B&Q Liffey Valley:

The B&Q flagship store in Liffey Valley has been purchased by a French Investor - Geiston REIM for in excess of €26 million. The rent for the property is €2.02 million per annum providing a Net Initial Yield of approximately 7% after standard purchasers' costs, marking this a significant transaction in the Irish Retail Market. The site measures approximately 9.26 acres and the subject property comprises of a 11,075 square meter building with an ancillary garden that extends to around 2,694 square meters. There is also a carpark with the property which has 552 spaces.

High Profile Brand Openings on Henry Street:

Henry Street has finally found it's feet in the post pandemic leasing world. 2023 marks a significant take-up in rentals on the street and the levels of vacancy are mirroring those seen on Grafton Street which has dominated occupier demand since the pandemic has ended. There are a number of significant openings that will be seen such as the opening of H&M's flagship store and Flannels flagship store. The most significant however is that of the Sports Direct store that is set to take the former Debenhams flagship building on Henry Street. Following these significant deals and many more to come, as little as 3 vacancies along the street remain. This marks an extremely impressive turnaround in just two years since the height of the pandemic when vacancy rates had peaked.

ELSEWHERE...

IKEA

Ikea is looking to fill the gap created by the current economic downturn and take the market share as the largest furniture retailer in the world through its €2 billion push into the US market. This marks its biggest investment into any single country since the company's inception. It has a plan to open 17 stores over the next three years, 8 large stores and 9 smaller stores.

LVMH

LVMH aims high for Tiffany after lavish revamp of New York store: The iconic Tiffany's store on Fifth Avenue made famous in the Audrey Hepburn film "Breakfast at Tiffany's" has received a large revamp. This is LVMH's move to revive the staple brand which had been losing momentum up until its acquisition by LVMH for \$15.8 billion in 2021

ASDA

Asda have spent in excess of £2 billion to take over the majority of the EG group's UK and Ireland operations. The supermarket will acquire most of the group's fuel, foodservice, grocery and merchandise business. Asda are confident in their ability to grow this newly acquired retail space and are encouraged that the UK&I market will go from strength to strength.

Nike

Nike has made a deal with Epic Games the creators of the popular videogame Fortnite. Nike created a limited-edition range of products featured within the game, enabling Fortnite enthusiasts the opportunity to wear the apparel in real life. This demonstrates how Nike are prepared to move into the virtual space and embrace the metaverse. They have also in November of 2022 released the beta version of 'Swoosh' which is a platform where consumers design and customize products in a virtual space prior to buying.

Primark

Primark has officially opened its first store in Slovakia in Bratislava in the Eurovea Shopping Centre. This €10 million investment will provide around 200 jobs for the local area. The store has reportedly been highly anticipated by locals and will span across 39,400 square feet over two floors. Primark have also said that they have plans to invest further in the Central and Eastern European market with ambitious growth plans for each.

Dealz

Dealz has opened in its 20th European territory launching their very first store in Portugal. They already have followed up this initial opening in Coimbra with two further stores opening in Albufeira and Olhão. The discount retailer announced further expansion plans within the course of the year across Lisbon, Porto, Elvas, Tavira, Averoio, and Braga.

Bed, Bath and Beyond

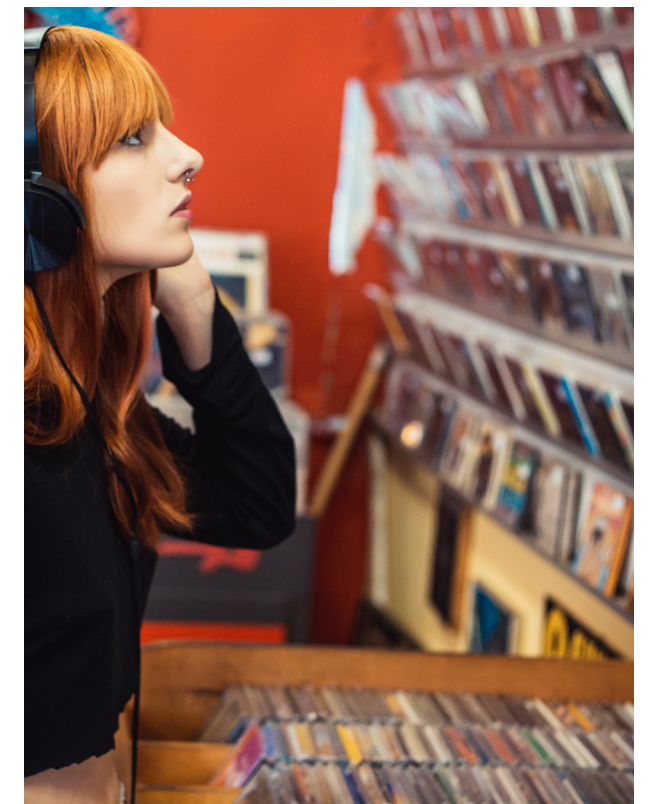
Burlington has become the primary successor of Bed, Bath and Beyond. 109 leases came up for auction in June and 44 of these locations were taken by Burlington, sporting a price tag of \$12 million. Burlington purchased a further 6 leases for \$1.53 million. Several of the Bed, Bath and Beyond premises acquired are considered to be in prime, desirable locations.

J. Crew

J. Crew have launched a new kind of shopping experience. The virtual space is designed as a beach house with a boathouse and lighthouse all of which are used to highlight the history of the company and also use to promote some of the more popular apparel from the company. It operates with e-commerce platform Obsess, which creates 3D, virtual stores for retailers that customers can access from their phones or laptops. Obsess is rising in popularity providing over 200 virtual stores for a multitude of recognized brands such as American Girl, Elizabeth Arden, Dior, Ralph Lauren, Corona, Laneige, Crocs as well as many more.

JD Sports

JD Sports has announced a franchise agreement which will allow them to expand their presence to the Middle East. This is being done as part of the company's five-year global growth strategy. The franchise deal is a 10-year partnership which has been made with the Dubai centered wellbeing company GMG. Through this deal 50 stores with JD Sports fit outs will be opened in the United Arab Emirates, the Kingdom of Saudi Arabia, Kuwait and Egypt all by 2028. JD have made the observation that GMG have an unparalleled knowledge of the consumer in the region and as a result believed they would give them the perfect introduction.



RECENT RETAILER ACTIVITY

HMV

HMV has re-entered the Irish market as of the 30th of June 2023. The large retailer, once prominent in Dublin is hoping to capitalize on the resurgence of interest in vinyl by returning to the Irish market opening up a new flagship store in Dublin City Centre on Henry Street in the same premises they occupied previously. They are optimistic that the revival of vinyl will allow them to return to the market with great success.

Footlocker

Foot Locker has had a very active period with the announcement of the opening of a new flagship store in the ILAC Centre and a new location in the Pavillions Shopping Centre in Swords. It's ILAC Centre flagship store will span over 1,184 square meters across ground and first floor with frontage onto Henry Street. In the Pavillions Shopping Centre they have agreed a long-term lease on unit G19 which is set to open at the same time as the ILAC Centre store.

Castore

Castore are the official kit sponsor of both the men and women Irish football teams as well as the Leinster rugby team. The sports retailer is considered to be the fastest-growing global retail brands with a reported value in 2022 of £750 million. Castore has announced its first ever city centre premises on the high-profile junction of Grafton Street and South Anne Street in No.34. The property extends to 200 square meters and is spread over two trading floors and boasts 17 square meters of retail frontage.

Rituals

Rituals have opened a new store in Athlone Town Centre in June of 2023 spanning over 220 square meters. This marks the first Rituals boutique store to open in the midlands. The retailer has taken over the space located beside Born and adjacent to River Island. The Athlone location marks the 12th store to open in the Republic of Ireland.

Penneys

Penney's has officially opened a larger 60,000 square feet store in Dundrum Town Centre which has reportedly created 130 new jobs. This new store came at an investment of €16 million from the retailer which makes up a part of the €250 million Penney's have said they intend to invest in Ireland in the next 10 years. This is not the only movement made by Penney's with the opening of their newly renovated and extended Clonmel store spanning over 18,800 square feet spread across two floors.

Tesco

Tesco Ireland has announced the opening of a new Superstore in Adamstown, Dublin creating 76 new jobs. The new store is set to spread over 26,000 square feet and is equipped with many energy efficient measures such as a zero-carbon HVAC system powered solely with green electricity and dimmable LED lighting and doors on the chilled and milk fridges.

Pepco

Pepco has opened a new store format in the Square in Tallaght on the 10th of June 2023. This store will mark the 6th pilot store that has opened in Ireland. The refurbishment of 5 Dealz' stores and the opening of the Tallaght store will create 60 new jobs. The new store also marks the 4,000th store they have opened over 19 European countries.

Aldi

Aldi Ireland has announced that it will invest 7.2 million in the upgrading of six of it's stores throughout the country in 2023. The project is to be part of the supermarket's Project Fresh which commits to promoting more energy efficient behaviors in stores and their features. The 6 stores have gotten new chillers doors, set to reduce energy consumption by 20%, the latest CO2 refrigeration packs said to make energy savings of 18% per year and new LED lights to reduce energy consumption by 60%.



ACTIVE RETAILER REQUIREMENTS / RETAIL



ace & tate

ARKET



SuperValu



Calvin Klein

Dealz

Card
Factory

LUSH
FRESH
HANDMADE
COSMETICS

TESCO

FRASERS
GROUP

fresh
THE GOOD FOOD MARKET

Hale



MOUNTAIN
WAREHOUSE



L'Ombré
HAIR | BEAUTY

OLIVER
BONAS

PULL&BEAR



PartyDelights

RAINS



SPORTS
DIRECT.COM

WEEKDAY

ACTIVE RETAILER REQUIREMENTS

LEISURE



FOOD & BEVERAGES



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