



RETAIL MARKET SNAPSHOT

Q4 2023

IRELAND ECONOMIC & RETAIL MARKET OVERVIEW

Q4 2023

RETAIL SALES

The Retail Sales monthly value and volume indices decreased by 0.2% and 0.4% respectively in October, when compared with the month previous. The largest monthly volume increases were recorded in Fuel (+4.5%), Electrical Goods (+1.6%), Bars (+1.3%), and Food, Beverages & Tobacco (Specialised Stores) (+1.2%).

ECONOMIC FORECAST

Ireland's economy is still performing well but GDP readings are buffeted by weaker exports. Budget 2024 has added €14bn into the economy to help underpin Ireland's economic outlook. Further progress on inflation has meant that central banks are likely to pause their rate hiking cycles.

EMPLOYMENT

In Q3 2023 total employment stood at 2,655,900 representing an increase of 101,600 (4.0%) persons from Q3 2022. The unemployment rate increase to 4.6% in the quarter.

CARD SPENDING

The total value of domestic card payments decreased by 3.7 per cent, or €237 million in September and returned €6.15 billion.

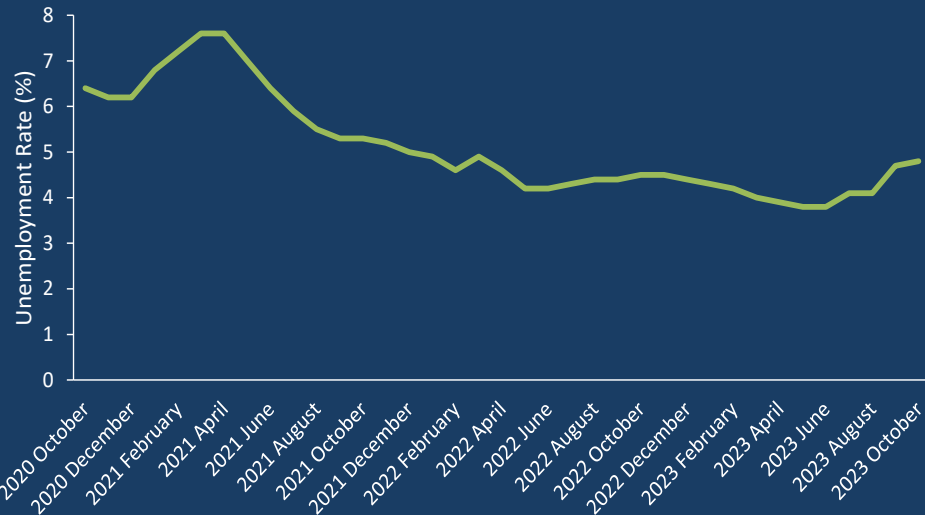
CONSUMER PRICE INDEX

The Consumer Price Index (CPI) rose by 3.9% between November 2022 and November 2023, down from an annual increase of 5.1% in the 12 months to October 2023. This is the twenty fifth 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 v in Ireland were just under €908 in Q3 2023, an increase of 4.6% from €868 in Q3 2022

MONTHLY UNEMPLOYMENT RATE, OCTOBER 2020 - OCTOBER 2023



Source: Central Statistics Office

MONTHLY CARD SPENDING STATISTICS 2022-2023



Source: Central Bank of Ireland

RETAIL MARKET ECONOMIC INDICATORS



CUSTOMER SENTIMENT

DECEMBER 2023



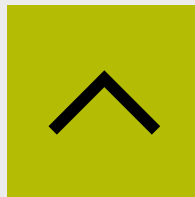
28.1%

Annual % change



RETAIL SALES VALUE

OCTOBER 2023



3.0%

Annual % change



RETAIL SALES VOLUME

OCTOBER 2023



-0.2%

Annual % change



EMPLOYMENT

Q4 2023



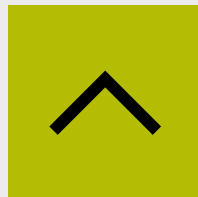
4.0%

Annual % change



AVERAGE WEEKLY EARNINGS

Q3 2023



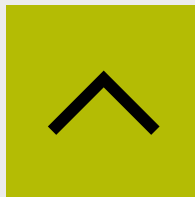
4.6%

Annual % change



ONLINE EXPENDITURE

SEPTEMBER 2023



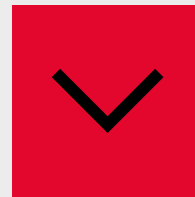
28%

Annual % change



INFLATION

NOVEMBER 2023



3.9%

Annual % change

In the infographic supplied, these arrows show the potential impact on the market (i.e. whether a fall in consumer sentiment has a potential positive or negative impact on the market).

Q4 RETAIL INVESTMENT MARKET ACTIVITY

Although investment volume turnover was at its lowest point in over 10 years at €1.83 bn, investment into retail assets was robust accounting for 22% of the overall market (€404 million) in 2023.

This trend is set to continue with several high-profile sales currently in the market which could see 2023 volume surpassed by the 1st half of 2024.

Retail Warehousing remains flavour of the day with both overseas and domestic capital chasing very limited stock. With debt costs forecast to fall from their current peak this may encourage some vendors to seek more aggressive pricing, however headwinds remain such as stubborn high inflation and a softening in customer spending which continues to influence investor decision making.

KEY RETAIL INVESTMENT TRANSACTIONS Q4 2023

Property	Location	Purchaser	Price
Douglas Court Shopping Centre	Cork	Private Irish	€21.5m
The Grafton Port Collection	Dublin 2	Private Irish	€13.5m
Griffeen Centre Lucan	Co. Dublin	Private Irish	€7m
Bank of Ireland, Shamrock Plaza, Dublin Road	Carlow	Private Irish	€6.4m
22/23 Dawson Street	Dublin 2	Confidential	€5.25m
4, 5 & 6 Winthrop Street	Cork City	Confidential	€4.375m
18-19 College Green	Dublin 2	Confidential	€4.185m
4 St Stephen's Green	Dublin 2	Stand Fast Property Ltd.	€2.5m
McDonald's, Balbriggan	Co. Dublin	McDonald's	€2.1m



IRISH RETAIL MARKET OVERVIEW

Often referred to as the 'Golden Quarter', quarter 4 is a vibrant time for the Irish retail sector, with some retailers making up to 40% of their annual turnover within this period alone (Retail Ireland). Consumer sentiment rose steadily throughout the quarter for the first time all year signalling an ease in cost-of-living pressures albeit remains well below the long-term average. This is also evidenced within the convenience sector where the latest Kantar market share figures show that market share of discounters, Aldi and Lidl, are on the decline since October, while market share of top grocers, Dunnes Stores and Tesco, are on the rise reaching an annual peak of 24.5% and 23.7% respectively in December.

From a take up perspective, 2023 welcomed several new market entrants to the Irish retail scene from North America, Asia, Europe and Australia. These new additions demonstrate attractive local market conditions and are undoubtedly positive from both an Irish consumer and landlord perspective. With renewed demand we are starting to see rent expectations move upwards. A recent study by PwC concluded that in 2023 the retail sector saw the highest number of business failures, soaring 50% from the previous year to 144. There remains challenges in some parts of the retail sector but overall, 2023 has been another positive one for the sector.

Leasing activity across retail parks remained low this quarter as many parks are at or reaching full capacity. The waiting list seeking space encompass a range of gym, convenience, drive thru, café, car valeting, athleisure, and pet store requirements as retail parks move away from the traditional warehouse type stores incorporating a wider range of tenants offering a more diverse shopping destination for shoppers.

Across the food sector, there's been increasing uptake of smaller F&B units (<600 sq. ft.) this quarter both nationally and throughout Europe primarily driven by poké bowl, açai bowl, smoothie, and bubble tea operators as consumer habits continue to shift towards healthier alternatives. Larger F&B requirements were quiet overall in 2023 likely coinciding with staff shortages, ongoing fit out challenges, in addition to the perception that footfall is still down in city centres. Instead, these large restaurateurs are opting for food courts or trialling smaller 'to go' models to serve customers to combat risk and minimise costs.

Throughout the year, Ireland witnessed development of some well needed supply of retail/mixed-use schemes. Grafton Place, Cherrywood, Charlemont Square, Bray Central and the Crossings to name a few provided just over 120,000 sq m (1.3 million sq ft) of new retail space in total. Although, there's been slower uptake than expected, likely coinciding with significant fit-out costs for shell and core units coupled with the current labour shortages. Plans for the redevelopment of existing stock is also underway, the most notable being St. Stephens Green Shopping Centre which received planning permission in early December.

As we conclude 2023, it is fascinating to observe some emerging trends to look out for heading into the new year. Electric vehicle (EV) brands are becoming more prominent resulting in growing demand among these brands for sales and experience space across Irish shopping centres. Padel tennis operators are expanding rapidly into leisure units throughout Europe, which we anticipate will transfer to the domestic market in 2024. Retailers will continue to invest in major store fit-out and revamps as they recognise consumer experience and exceptional standards play a pivotal role in attracting customers instore irrespective of today's multi-channel environment. It will also be interesting to observe what plans lie ahead for the several Irish retail assets that secured new ownership in 2023.

From an economic outlook, Ireland is positioned well going into the new year with record employment levels and inflation starting to ease. Although, it is predicted that interest rates for the first half of 2024 will remain at current levels, with possible decreases in the latter half of the year. Overall, we remain optimistic that leasing activity in Ireland will remain resilient in 2024 as active requirements prevail in spite of ongoing market uncertainty on the backdrop of increasing geopolitical tensions.



IN THE NEWS...



Reconfiguration and Repositioning within Dundrum Town Centre

Dundrum Town Centre is currently undergoing major developments with the introduction of several new additions. This first began with the opening of Brown Thomas in 2022 which was followed by a brand-new Nike store in May, and the repositioning of Penney's who took the opportunity to increase their occupied space by moving into a new 80,000 sq. ft store. More recently, Hammerson announced the addition of Dunnes Stores who have taken 54,000 sq. ft in a prime location within the Centre and will offer an extensive fashion and homeware range. Also, this quarter was the opening of Superdrug on Level 2 of the Centre.

Record Breaking Sales on Cyber Monday

The retail promotional days, Black Friday and Cyber Monday, have become staples of the shopping season and are becoming increasingly important to Irish retailers to boost sales in the run up to the Christmas season. This Christmas, online spending across 100 U.S. retailer websites reached a record breaking \$12.4 billion (€11.3 billion) on Cyber Monday with Cyber Week overall accumulating \$38 billion (€34.75 billion) of sales up 7.8% year on year according to recent data by Adobe Analytics. Top performers were fashion, health and beauty, home and garden, electronics and entertainment.

Pitch to Open in Grafton Place

The UK's leading indoor golf club, Pitch is expanding into Ireland. The Pitch brand has grown in popularity with its venues offering resident DJs, lounges, catering, social spaces and virtual golf bays which operate on cutting edge technology. It is estimated to open in Q2 of 2024 with the brand signing a long-term lease to take up 9,000 sq. ft of space at Grafton Place.

Sale of Vaping Products to Under 18's Banned by Government

The Minister for Health, Stephen Donnelly announced the banning of nicotine based inhaling products from being sold to people under the age of 18 this quarter. Under the new law it is now an offence to sell these products to a minor and carries a fine of up to €4,000 and a prison sentence of up to six months.

Douglas Court Shopping Centre Secured New Ownership

Cork's Douglas Court Shopping Centre has been sold off market for more than €21.5 million to the O'Leary family, formerly of Cork-based O'Leary Insurances. The sale of the 160,000 sq ft (14,865 sq m) 59-unit centre to a well-known local family marks a departure from a wider trend of foreign funds buying up landmark retail properties. This is further evidenced in the sale of the nearby Douglas Village shopping centre to Cork local Tom Coughlan-led Urban Green Private for €23m in Q2 2023.

Influx of New Brands to Prime Dublin Shopping Centres

Fashion brands Tommy Hilfiger and Calvin Klein have both opened new stores in Blanchardstown Shopping Centre this quarter. The globally recognised brands follow a host of other brands joining the scheme in recent months including Nike Unite, Flannels and Lego. Within Liffey Valley Shopping Centre, leading domestic appliances brand Miele opened its newest experience centre this quarter while H&M complete works on its revamp which now includes a H&M Home section.

Green Light for St. Stephen's Green Shopping Centre Redevelopment

Dublin City Council has granted planning permission to DTDL Ltd, controlled by a fund operated by stockbroker and wealth manager Davy, for the €100 million redevelopment of the landmark St Stephen's Green Shopping Centre. Davy paid a reported €175 million for the centre on behalf of its clients in 2019. The largest component of the proposed new development will be office use, but revised plans added additional retail, food and beverage uses along with a two screen cinema to the development after the Council expressed concerns.

RECENT RETAILER ACTIVITY

Deliveroo

Deliveroo have launched 'Deliveroo Shopping' allowing users to shop a range of non-food categories such as toys, electricals, beauty, and DIY. Following the launch, the food delivery group announced a partnership with Screwfix, giving users access to 500 of the DIY retailer's products.

Hotel Chocolat

Luxury chocolate maker Hotel Chocolat have been bought by US food company Mars for £534 million. Although Hotel Chocolat has been through a turbulent time in recent years as the brand looked to expand abroad the brand has been purchased at a big premium to the UK firms market value.

Pepco

Following eight successful openings in the last 12 months, including in Limerick, Tallaght and Tralee, Pepco celebrated the opening of its's latest store in Artane in early November. The recent store openings come after Dealz completely revamped eight of its Irish stores, converting them to the Pepco brand. The brand now operates over 4,000 stores across 21 European countries.

LEGO

Iconic retailer Lego opened its second Irish store in Blanchardstown Shopping Centre in Dublin in October. The new 2,150 sq. ft store offers an extensive range of brand-new products including Disney Castle and the PAC-MAN Arcade. The store opens following the success of Lego's first Irish store in Grafton Street in August 2022.

Next

British clothing group Next have agreed to buy FatFace in a deal valuing the fashion brand at £115 million. Next operates around 460 stores between the UK and Ireland and recently has been acquiring smaller retailers as part of its expansion plans. The deal agreed in October will see Next hold 97% of FatFace's equity.

Chupi

Irish owned jeweller Chupi have opened a new flagship store on Claredon Street in Dublin this quarter. The new store is a 4,500 sq. ft space located in the Powerscourt building in the former French Connection unit. The move comes as owner Chupi Sweetman secured €3.75 million in funding to help grow the Chupi brand.

LIDL

German owned grocer LIDL have reported a record-breaking Christmas trading period. The discounter who operates over 160 stores across Ireland reported a 12% increase in overall sales during the festive period and an 11% spike in sales of its own brand products.

Chemist Warehouse

Global pharmacy retailer, Chemist Warehouse, opened a ninth Irish store this quarter in Westend Shopping Park in Blanchardstown. The company previously launched its first Irish store in Westend Shopping Park back in 2020 and the new store will expand the brand's presence in the area.

Boots

Boots have opened a new flagship store at the Crescent Centre in Limerick as it celebrates 20 years operating in the shopping centre. The new store boasts a new beauty hall which will offer a range of premium brands such as Estée Lauder, Clinique and Lancôme while a huge fragrance selection is also offered.

Rains

The Scandinavian outerwear and lifestyle brand, Rains , are set to join the Grafton Street area in its first ever Irish store. Currently fitting out the former Fly London along Wicklow Street, their new store is due to open within H1 2024, marking their 25th store globally

Applegreen / M&S

Fuel provider Applegreen and retailer M&S have announced a deal to open up to 60 new M&S food locations at Applegreen outlets over the next 10 years. It is expected that 15 of the new outlets will be operating by the end of 2024 with the first stores to be opened in Louth, Limerick, and Meath.

Amazon

The e-commerce giant announced in November a partnership with South Korean car brand Hyundai and that in the second half of 2024 it will begin selling vehicles on the website. Hyundai vehicles will be the first brand sold on Amazon's US store with other car brands to follow later in the year.



ELSEWHERE...

Dr Martens

Dr Martens have issued a profit warning as the increasingly difficult economic conditions in the US market are taking a toll on the popular fashion retailer. For the six months to September 30, 2023, Dr Martens reported a 55% drop in profit before tax to £25.8m.

HOKA

TikTok viral running brand Hoka has opened its first UK store this quarter. The new 2,648 sq. ft. London flagship in Covent Garden will be the latest addition to its retail portfolio with ten existing stores across the US, Canada and Japan.

Miniso

Chinese retailer Miniso opened a new flagship UK store on Oxford Street this quarter. The new location is a 3,200 sq. ft store and opened in early November. The opening comes as the brand accelerates its expansion across the U.K with several more stores set to open in 2024.

Boots

Boots have opened its first ever standalone beauty store 'Boots Beauty' at Battersea Power Station in London. The new 11,200 sq ft store houses 250 curated beauty brands across skin care, cosmetics, body care, hair care and fragrance catering to all budgets.

Wilco

Wilco have announced that that five new standalone stores are set to open before Christmas in several locations across the U.K marking the return of the iconic discount retailer. The brand had previously closed its doors earlier this year and was bought by rival outlet The Range for £5 million.

Macy's

Macy's have announced plans to hire more than 38,000 full and part-time workers in the lead up to the festive season, which is the lowest number since 2008. The pace of hiring slows at a time when US retailers are facing weakening consumer sentiment coupled with increased labour costs, while US holiday sales this year are expected to grow at their slowest pace in five years.

Nike

Nike have opened its second 'Nike Rise' concept store in Birmingham's Bullring & Grand Central shopping centre. This follows the retailing giant's Rise concepts' success across Asia, the US and a debut store in London. Amounting to 13,000 sq. ft, the store features several data-driven elements that are specifically unique to its location.

Frasers Group

Frasers Group, which own popular brands including Sports Direct, House of Fraser, Flannels, USC and GAME UK have reported an increase in sales and profit across its portfolio, reflecting the success of a plan to take the group upmarket. The group is utilizing an "elevation strategy" with significant investment in flagship stores and online operations.

Jollyes

Pet care brand Jollyes have announced sales growth of 19% in 2023 as the brand looks towards the expected opening of its 100th store ahead of schedule early next year. The retailer also completed a £25m, three-year deal with United Petfood to grow its own-label pet food ranges.

Flannels

British fashion retailer Flannels have opened a new 18,000 sq. ft flagship store on London's Oxford Street. The store will house four floors comprising of men's and women's luxury clothing brands including Burberry, Gucci, Off-White, Versace and Vetements. The opening is part of the business expansion strategy as they look to open an additional 16 stores over the next year alone.



ACTIVE RETAILER REQUIREMENTS

RETAIL



SCULPTED
BY AIMEE



ARKET

Elverys



Calvin Klein



LUSH
FRESH
HANDMADE
COSMETICS



DV8

Carraig Donn



L'Ombré
HAIR | BEAUTY

OLIVER
BONAS



Party Delights

RAINS



SPORTS
DIRECT.com

ACTIVE RETAILER REQUIREMENTS

CONVENIENCE



CUSHMAN & WAKEFIELD

FOOD & BEVERAGES



LEISURE



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