

IRELAND

Retail Market Snapshot

Second Quarter | 2019



MARKET INDICATORS

Market Outlook

Prime Rents:	Rents remain stable on Grafton Street and Henry Street at present, with a moderate rise expected in 2020.	▼
Prime Yields:	Prime high street yields on Grafton St are anticipated to witness slight movement outwards as the year progresses.	►
Supply:	City centre, mixed-use, development ongoing at present, with a number of pipeline schemes on site and due for completion in 2020 / 2021.	▼
Demand:	Demand remains steady from retailers looking for prime space. Landlords are working to deliver further supply.	▼

Prime Retail Rents – June 2019

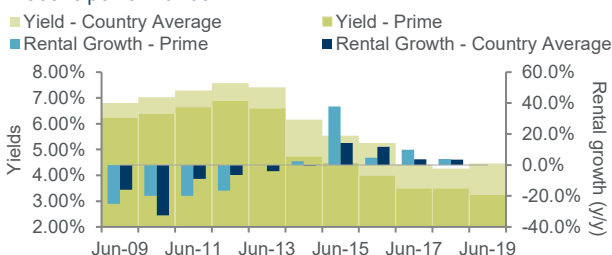
HIGH STREET SHOPS	ZONE A €	€	US\$	GROWTH %	
	SQ.M YR	SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Dublin	6,750	3,794	426	0.0	10.5
Cork	2,350	1,321	148	0.0	4.3
Limerick	1,000	562	63	0.0	4.3
Galway	2,400	1,349	151	0.0	5.0
OUT OF TOWN RETAIL (RETAIL PARKS)		€	US\$	GROWTH %	
		SQ.M YR	SQ.FT YR	1YR	5YR CAGR
Dublin		430	48.3	0.0	n/a

Prime Retail Yields – June 2019

HIGH STREET SHOPS (FIGURES ARE NET, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Dublin	3.25	3.25	3.50	6.90	3.25
Cork	5.50	5.50	5.50	8.10	5.50
Limerick	6.25	6.25	6.00	8.50	6.00
Galway	5.50	5.50	5.75	8.15	5.50
OUT OF TOWN RETAIL (RETAIL PARKS) (FIGURES ARE NET, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Dublin	5.25	5.00	5.00	8.10	5.00
SHOPPING CENTRES (FIGURES ARE NET, %)	CURRENT	LAST	LAST	10 YEAR	
	Q	Q	Y	HIGH	LOW
Country prime	5.25	5.00	5.00	8.00	5.00

With respect to the yield data provided, in light of the changing nature of the market and the costs implicit in any transaction, such as financing, these are very much a guide only to indicate the approximate trend and direction of prime initial yield levels and should not be used as a comparable for any particular property or transaction without regard to the specifics of the property.

Recent performance



Overview

Much of the activity in the first half of the year has been Dublin centric, combined with this the majority of openings have been Food & Beverage (F&B) focused across the major shopping centres and on prime high streets. There is no doubt the impact of ongoing Brexit negotiations is certainly being felt in the Dublin and Irish market. However, there remains a healthy demand for retail requirements, including fashion, food & beverage and leisure. This is particularly noticeable looking at the Dublin market.

Occupier focus

The first half of 2019 witnessed the continued emerging trend of 'Leisure focus' evolving further, with several UK and European operators seeking space in Dublin. In tandem with this the F&B market is still experiencing growth, albeit, at less aggressive levels than in previous years.

Key deals in Dublin City Centre during the second quarter of 2019 include the leasing of the rooftop restaurant venue at Central Plaza, Dublin 2, to restaurateur Zafar Shah. Along with this, the letting to fashion retailer, Next, who are expected to open their 40,000 sq ft flagship store on Henry Street late summer. Other retailers who remain active in the market include, Rituals, JD Sports, Sports Direct, Asics, Mango, Card Factory, Mountain Warehouse, Dealz and The Works.

Much of the news in the second quarter has been dominated by retailers in difficulty, with Monsoon and Arcadia as the main focus. There remains considerable noise from other retailers of the potential to utilise the CVA process to reduce store numbers and work towards a leaner cost base, thus developing a more multi-channel approach.

There are a number of developments either under construction or planned in Dublin City Centre. Some of these include Central Plaza, Clerys, Chatham and King, The Point Square and Grafton Place. They all seek to deliver mixed use retail, leisure and office space, in hope of helping to deliver the right sized floor plates matching outstanding retail requirements.

Investment focus

Q2 has seen little investment actively in the retail market. A number of assets remain available however, market sentiment suggest that vendors are starting to soften on the pricing expectations which will hopefully pique investor interest in the sector over the coming months.

Outlook

There is no doubt the retail market is going through a seismic change and the challenge for the market is adapting to this change.

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