

# Retail Market Snapshot

First Quarter | 2019



## MARKET INDICATORS

### Market Outlook

- Prime Rents: Rents remain stable on Grafton Street and Henry Street at present, with a moderate rise expected by year end.
- Prime Yields: Little movement is anticipated for prime high street yields on Grafton St. over the coming quarters.
- Supply: City centre, mixed-use, development is present, with a number of pipeline schemes on site.
- Demand: Demand remains steady from retailers looking for prime space. Landlords are working to deliver further supply.

### Prime Retail Rents – December 2018

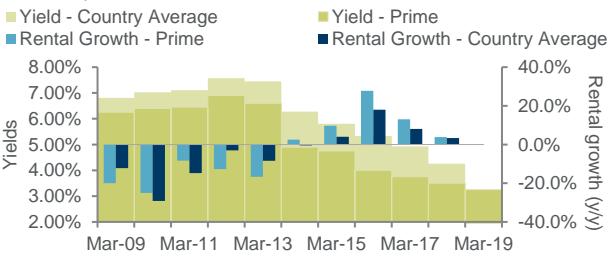
HIGH STREET SHOPS	ZONE A €		€		US\$		GROWTH %	
	SQ.M	YR	SQ.M	YR	SQ.FT	YR	1YR	5YR
Dublin	6,750	3,794	402	0.0	10.5			
Cork	2,350	1,321	140	0.0	4.3			
Limerick	1,000	562	60	0.0	4.3			
Galway	2,400	1,349	143	0.0	5.0			
OUT OF TOWN RETAIL (RETAIL PARKS)			€	US\$			GROWTH %	
			SQ.M	SQ.FT			1YR	5YR
Dublin	430	45.5					n/a	

### Prime Retail Yields – December 2018

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			
Dublin	5.00	5.00	5.25	8.10	5.00			
SHOPPING CENTRES (FIGURES ARE NET, %)	CURRENT	LAST	LAST		10 YEAR			
Country prime	5.00	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

Following on from a steady 2018, the opening three months of the year have seen modest levels of activity in the prime shopping malls and high streets. Much of the activity in the first quarter has been Dublin centric, with a number of new brands and openings planned across the major shopping centres and prime high streets.

Whilst the uncertainty created by Brexit continues to have an adverse effect on the market, those retailers who have opened new stores experienced robust trading conditions.

### Occupier focus

Some of the larger retail groups have reported strong sales for 2018, such as the Inditex Group, H&M Group and DFS. However, ambiguity remains for the future of department stores; House of Fraser, Debenhams and Arcadia Group have all indicated they are to close a substantial amount of their stores across the UK and Ireland.

Key deals/openings in Dublin during the first quarter of 2019 include the leasing of the former St. Andrews Church to Marquette, this will be Ireland's first European style food hall, Kurt Geiger who opened their first standalone store in Ireland in Dundrum Town Centre, and TK Maxx have committed to 30,000 sq ft in Liffey Valley shopping centre. Other retailers who remain active in the market include, Rituals, JD Sports, Sports Direct, Asics, Mango, Card Factory, Mountain Warehouse, Dealz and The Works.

The Food and Beverage (F&B) sector continues to experience strong growth in Ireland. Looking at Dublin, Five Guys have opened four new restaurants, P.F. Changs and Leon have recently committed to Dundrum, while Pita Pit have opened in the Blanchardstown Centre. In the regional centers outside of Dublin, Nandos and Milanos have opened in the Crescent shopping centre, Limerick. Additionally, Press Up Group and all coffee chains remain very active.

### Investment focus

Meanwhile, the opening months of 2019 have seen a continued decline in retail investment volumes, coinciding with a falloff in the number of assets being brought to market. The retail sector is undergoing an unprecedented period of uncertainty and as a consequence investment sentiment in the sector has softened. To date, there remains a difference between vendors and purchasers pricing expectations. However, in the coming year there are a number of planned retail sales which should act as good barometer to where market sentiment and pricing lies.

### 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.