

August 2023

Edition no. 20



Bannon Retail Pulse



New Developments

Following a long fallow period of any meaningful retail development, a number of new retail and mixed-use schemes are currently in the process of opening. These are mainly in the Greater Dublin area and letting progress in general is proceeding well, however the pace has been

slower than expected due to the higher level of fit out costs and some cost of living concerns. There remains a strong level of demand from a broad spectrum of retailers, predominantly from Irish brands. Several examples of recent new retail developments include those set out below.



The Crossings @ Adamstown

- ▶ 92,000 sq.ft. of retail space
- ▶ 20 Retail & F&B units
- ▶ 400 car spaces
- ▶ Anchors – Tesco and Aldi
- ▶ New Tenants include; McCabes, Grafton Barber, Kerrigan Butchers, Dublin Bay Vets



Bray Town Centre

- ▶ 270,000 sq.ft mixed use scheme
- ▶ 2 Anchors – Penneys & Sports Direct, Stella Cinema and Bray Bowl
- ▶ 12 Retail & F&B Units
- ▶ 250 Car Spaces
- ▶ New Tenants include; Holland & Barrett, Butlers, Card Factory, Elephant & Castle



Phase 1, Lusk Village Quarter

- ▶ 33,500 sq. ft. of retail space
- ▶ Anchor - Lidl
- ▶ 128 Car Spaces
- ▶ 8 Retail Units
- ▶ New Tenants include; Polonez, McCabes, League Barbers, The Belfry



Grafton Place

- ▶ 43,000 sq. ft. retail space
- ▶ 3 to 7 Retail Units
- ▶ Under construction
- ▶ 2 Units under offer



Boland's Mill

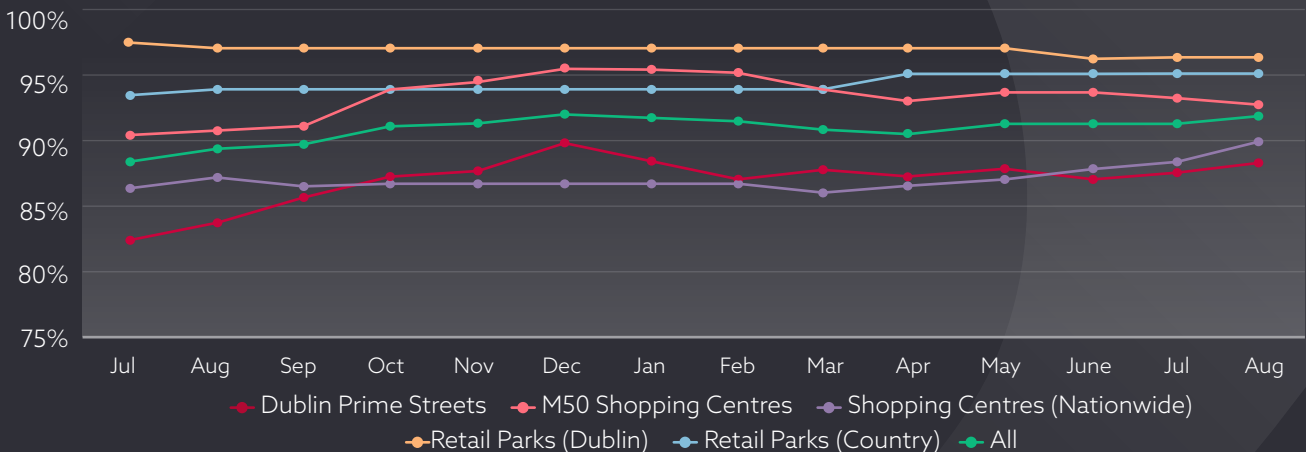
- ▶ 29,000 sq. ft. of retail space
- ▶ 9 F&B units
- ▶ Community Space



Charlemont Square

- ▶ 30,000 sq. ft. of retail and F&B units
- ▶ 11 F&B units
- ▶ Part of larger Office and Residential scheme
- ▶ New Tenants include; Tesco Express and Sam McCauley

Bannon Retail Occupancy Tracker



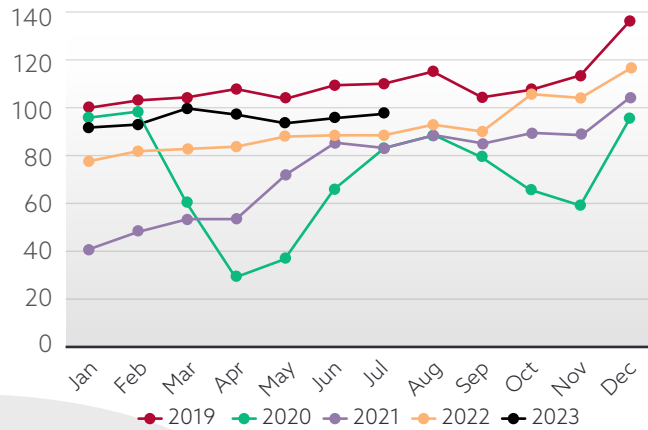
Bannon Trading Analysis

As at 31st July 2023



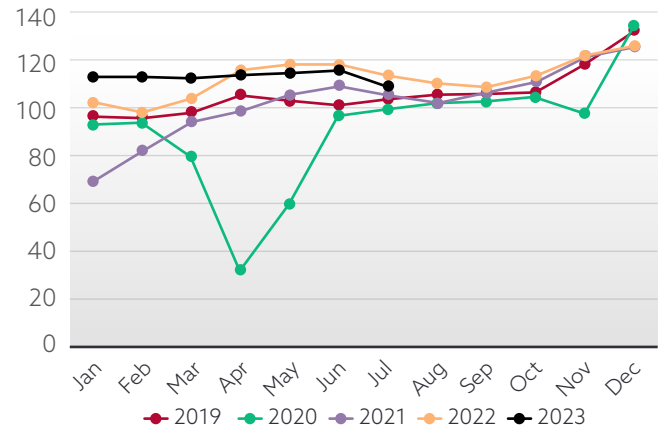
Shopping Centre Footfall

(Indexed: Based = Jan '19)



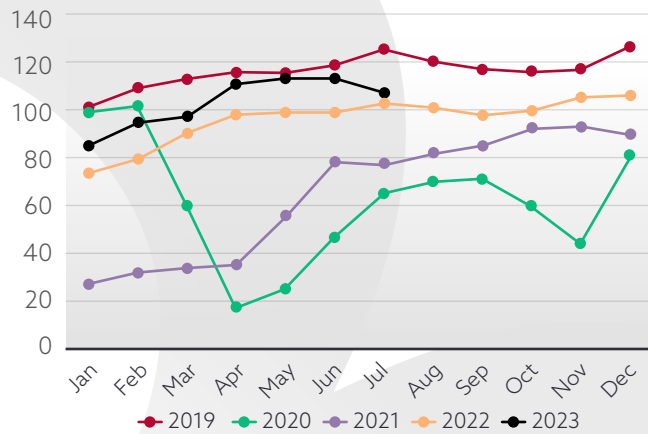
Retail Park Footfall

(Indexed: Based = Jan '19)



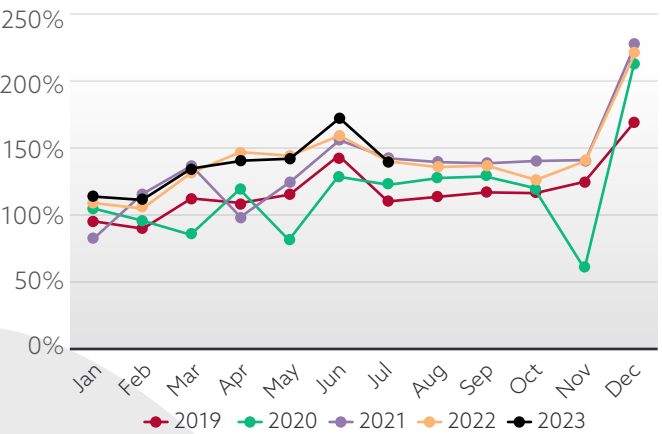
High Street Footfall

(Indexed: Based = Jan '19)



Ratio - Sales : Footfall

(Indexed: Based = Jan '19)



Footfall levels across our Shopping Centre Portfolio in July 2023 were 7.95% ahead of July 2022. Shopping centre sales for July 2023 were ahead of July 2022 by 16.5%.



High street footfall in July 2023 was 14.2% ahead of July 2022 and 5.2% behind pre-COVID levels (July 2019).



Footfall across our retail park portfolio in July 2023 was marginally behind July 2022 (-2.7%).

Data is preliminary in nature and subject to revision.

Expert Insight

By Neil Bannon



The European Opportunity

As the Summer comes to an end and we reflect on our various travels, it is interesting to note the contrast between the retail scene in Ireland and in various other European destinations. This is most relevant to Dublin where we can draw more direct comparison between it and other major cities across Europe. Dublin has the highest GDP per capita in Europe given the presence of so many high value tech and pharma operations within and around the city. The City generates similar GDP to cities like Brussels, Amsterdam, Madrid and Berlin despite having a much smaller population. GDP per capita does not directly translate into consumer wealth but the number of well-paid consumers available to retailers within Dublin and beyond is clear to those that trade here already.



Despite this, the absence of brands that are prolific across Europe is notable. The traditional reliance of the Irish retail market on brands expanding from the UK needs to be replaced by a much wider international focus, especially from Europe.



The question is, why aren't more of them here already?

The expansion of UK retailers into Ireland was relatively simple; same language, legal system and to a large degree, lease structures. For European retailers there is a much sharper learning curve.

Accommodating their interest will require a rethink in the way we look at lease arrangements and how we value centres. On the lease front we have already moved to a shorter lease model, 35-year lease terms were standard when I started in the 1990's. Despite this, we still rely heavily on Zone A rents and ERV tones as a means of valuation placing considerable focus on rent reviews despite their diminishing frequency (there were six reviews in leases we agreed in the 1990's, now there might be one).

In addition, the traditional UK and Irish approach to zoning shops (to assist in rent reviews) has led to different designs (longer narrower shops) and a restricted approach to user mix. A more sustainable rent approach which aligns the retailer and owner interests in maximising turnover can dovetail with a discounted cashflow valuation methodology to better predict future income streams, which ultimately is what investors and funders are interested in.

If we want to attract the brands that we see in the High Streets and Shopping Centres of Europe we may need to start speaking their language.

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