

February 2023

Edition no. 14



Bannon **Retail Pulse**



Encouraging start

An encouraging start to 2023 with new deals and openings continuing from a very active 2022. While there are some concerns on the F&B front, we still are seeing new requirements in this sector. In terms of occupancy, this remains high across all asset classes with an obvious

change from pre-Christmas short term fillers in shopping centres and high streets. We expect the occupancy rate to increase on the high streets with a number of new lettings announced and in negotiation.

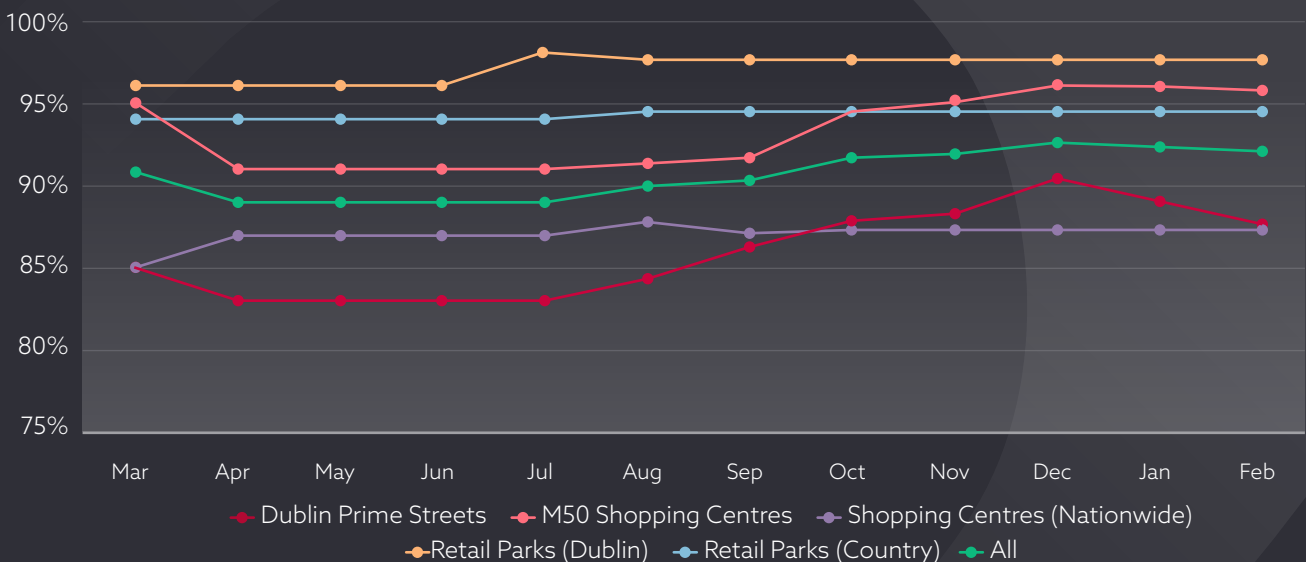
Deals so far



Active Requirements



Bannon Retail Occupancy Tracker



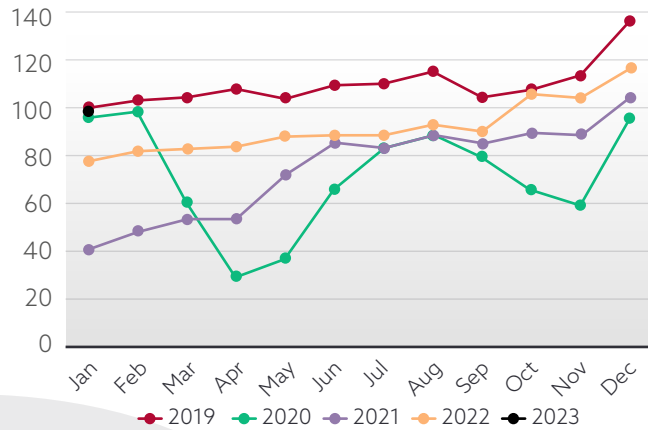
Bannon Trading Analysis

As at 31st January 2023



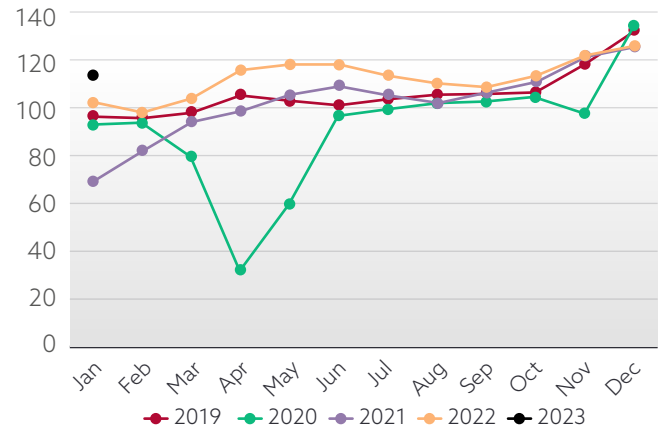
Shopping Centre Footfall

(Indexed: Based = Jan '19)



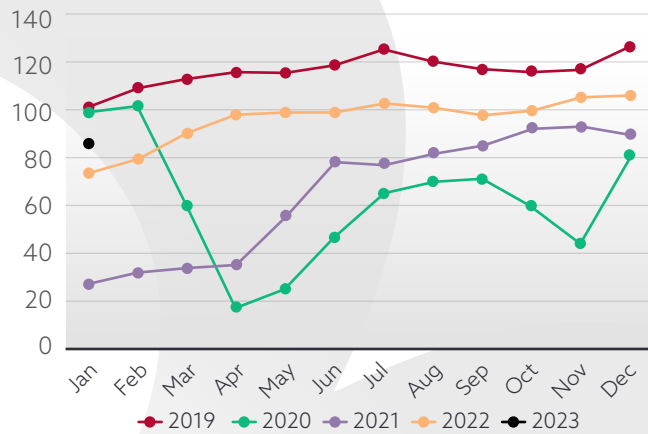
Retail Park Footfall

(Indexed: Based = Jan '19)



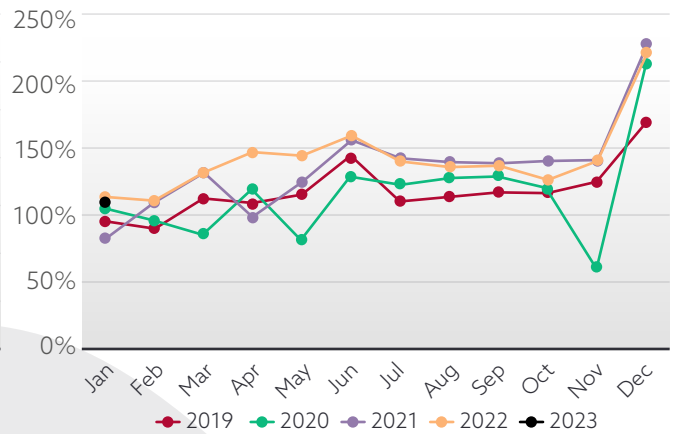
High Street Footfall

(Indexed: Based = Jan '19)



Ratio - Sales : Footfall

(Indexed: Based = Jan '19)



Across our Shopping Centre Portfolio footfall levels in January 2023 were almost in line with footfall levels seen in January 2019 and 29% ahead of same period in 2022. This represents the strongest month on month performance since February 2020 (pre-COVID lockdowns).



High street footfall in January 2023 was 19% ahead of January 2022 and was just 13% behind January 2019 levels.



January 2023 was another consistent month for our retail park portfolio with footfall growth of 10% for the month versus January 2022.



Expert Insight

By Neil Bannon

What will happen when the hoarding stops?

There has been much recent coverage of how the latest crisis, cost of living this time, will impact on the retail sector as consumers make stark decisions about where to spend their limited resources. So far the retail sales data doesn't indicate a reduction in spend. So, what's happening? One of the most interesting and informative pieces of data on the Irish consumer is highlighted in the below chart.

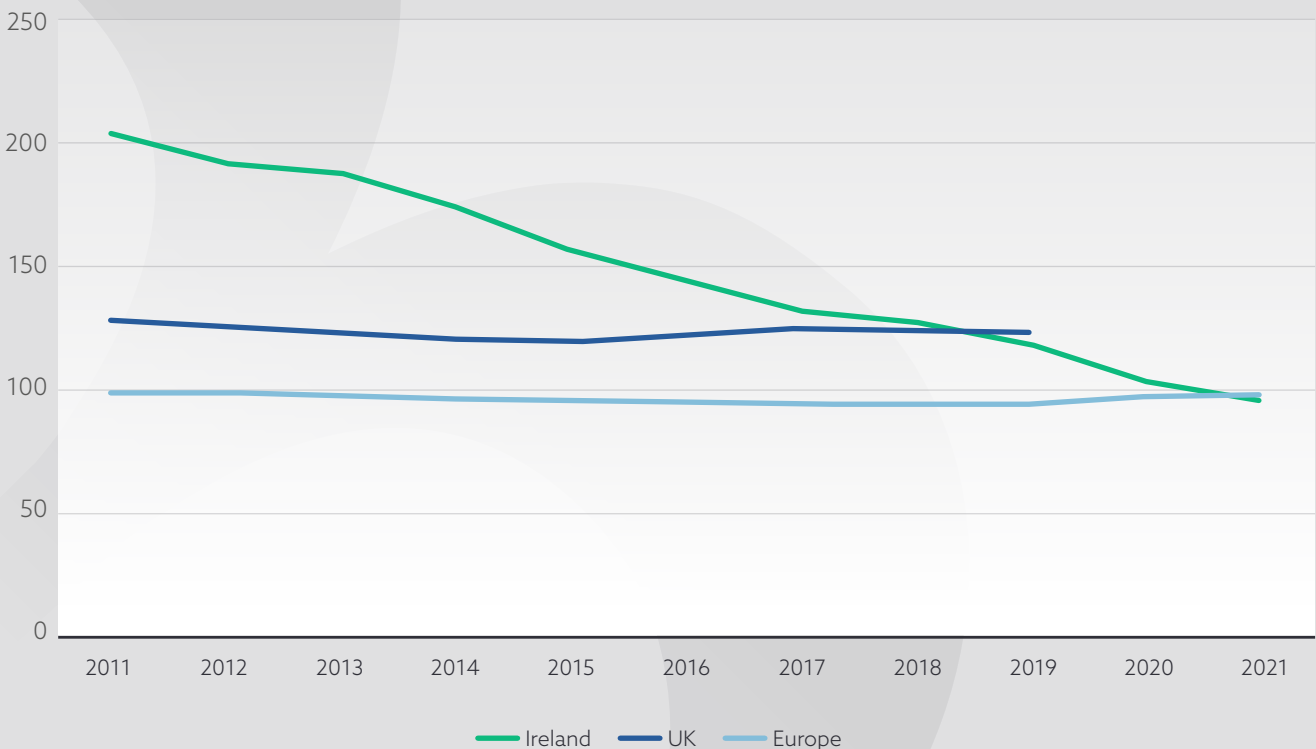
Ten years ago, Irish consumers were the most indebted in the world carrying a debt burden that was double household income. Since then, despite ultra-low interest rates which were intended to inspire people to spend, the Irish have paid down billions of debt. The contrast to the UK & Euro zone is stark where the debt to household income ratio stayed static during the same period. In fact, Irish consumers now owe less than the European average despite relatively high although falling home

ownership rates (with homes come mortgages which drives up debt). At the same time as reducing debt the Irish consumer has squirrelled away almost €500bn, an increase of almost €200bn in the same period.

This healthy domestic balance sheet may go some way in explaining why the recent increase in prices has not yet had the dramatically negative impact on Retail sales that many predicted. The more interesting long-term question is what happens when the hoarding stops. At its current trajectory Irish households will be virtually debt free by the end of the decade. It is not logical that Irish households would be debt free that would imply nobody having a mortgage, a car loan or a credit card bill. When debt reduction stabilises and the piggy bank is sufficiently stuffed there is potential for an enormous spill over into the retail sector where the supply of shops has been stagnant during the same period.

Gross Debt to Income Household Ratio

Source: Trading Economics (2023)



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Bannon Retail Pulse

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