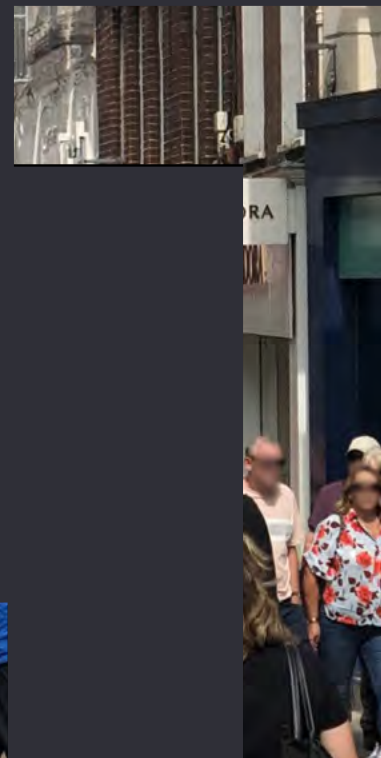
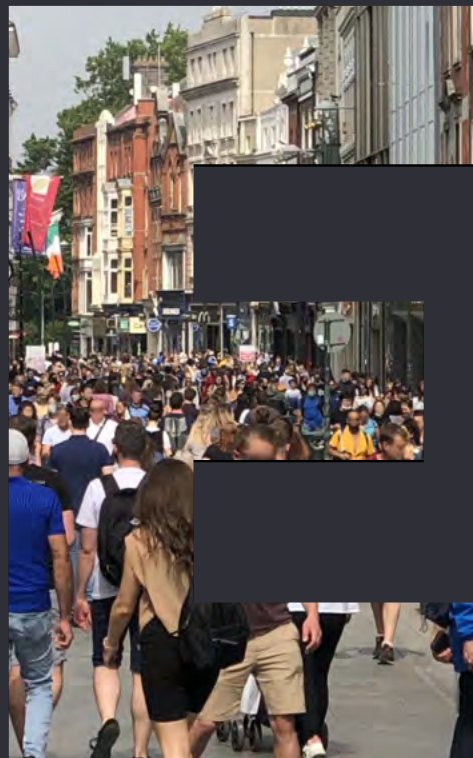


February 2024

Edition no. 26



# Bannon Retail Pulse



# Encouraging start

Activity at the start of 2024 has been encouraging, with continued activity across the retail market and some exciting new signings and openings. The Food and Beverage sector is seeing some volatility with a number of store closures and business failures, with some favourites

closing their doors. On a positive note, we are seeing a strong demand from both existing traders and new entrants for F&B space and we expect to see a lot of activity in this sector over the next 12 months.

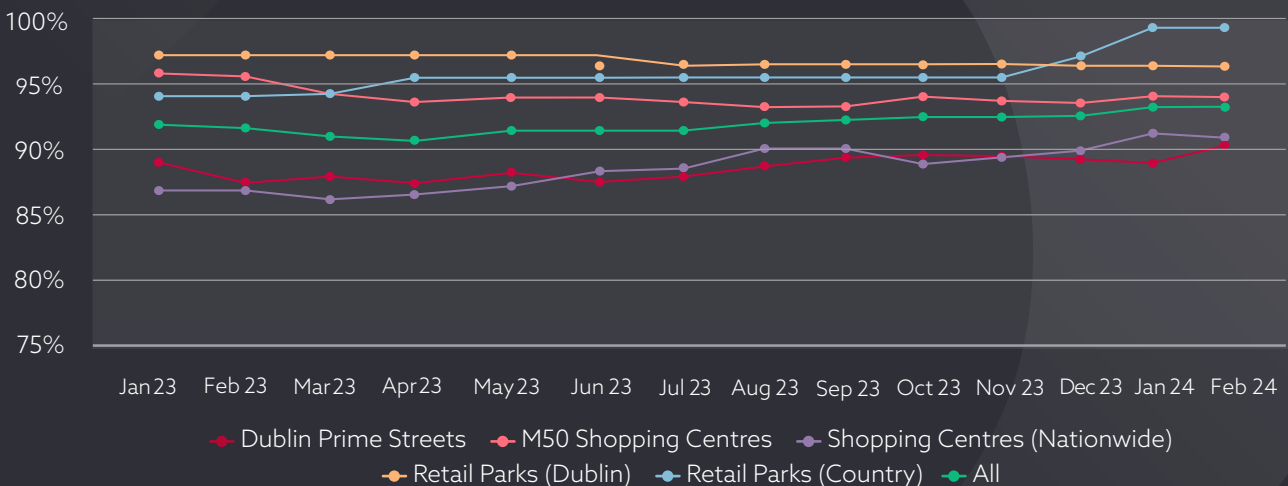
## Deals so far



## Active Requirements



## Bannon Retail Occupancy Tracker



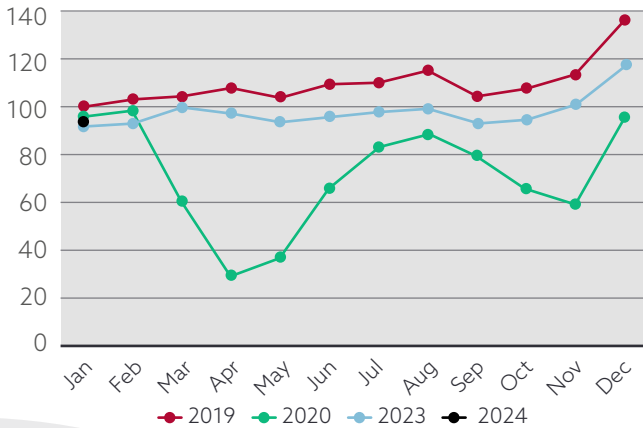
# Bannon Trading Analysis

## As at 31st January 2024



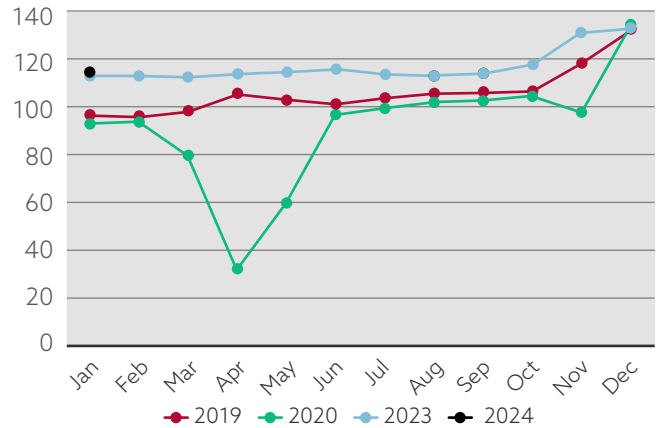
### Shopping Centre Footfall

(Indexed: Based = Jan '19)



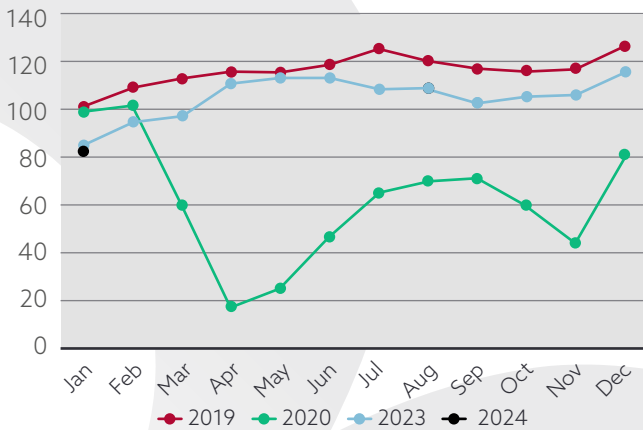
### Retail Park Footfall

(Indexed: Based = Jan '19)



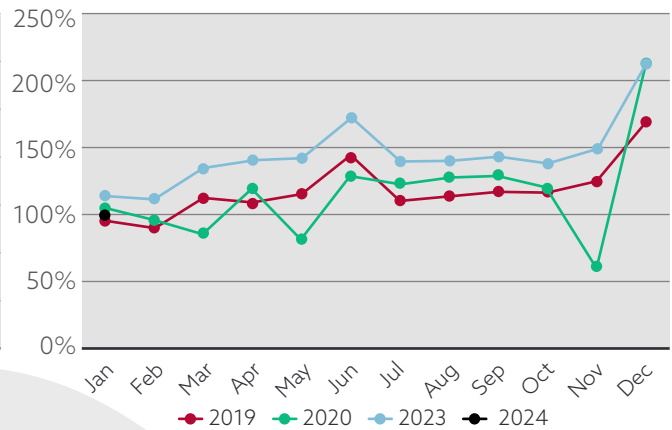
### High Street Footfall

(Indexed: Based = Jan '19)



### Ratio - Sales : Footfall

(Indexed: Based = Jan '19)



High street footfall in January 2024 was 3.45% behind January 2023 and 16% behind pre-COVID levels (January 2019).



Footfall levels across our Shopping Centre Portfolio in January 2024 were 3.2% ahead of January 2023. Shopping centre sales on the other hand were 6.7% behind January 2023.

The drop in shopping centre sales for January can be almost entirely attributed to a poor month for fashion retailers as a result of the very poor weather conditions. Storm Isha & Storm Jocelyn caused widespread disruption across the country at the end of January.



Footfall levels across our retail park portfolio in January 2024 were 0.8% ahead of January 2023.

Data is preliminary in nature and subject to revision.

# Expert Insight

By Neil Bannon



## Vibecession

There has been some recent commentary on the concept of the 'vibecession'. I'm not sure about the name but the concept is worth analysing. The traditional analysis of consumer trends was to consider how well-off consumers were, this would feed their confidence and dictate their spending habits. People have more cash, feel more confident about their finances and consequently spend more. We saw this in spades during the Celtic Tiger era when house prices increased, we referred to them as house values back then, people felt wealthier and spent with free abandon. The 2008-2013 recession that followed displayed a similar logic, people had less money, felt less secure and spent less as a consequence.

For the last decade however that causal link between wealth, confidence and spending has become frayed. By any measure the Irish consumer became wealthier from 2013 onwards. Lower interest rates, which disincentivise saving and makes borrowing cheaper, growth in houses values, wages, employment, and general good economic news should have led to an explosion of retail spending. The economic performance of Ireland from 2013 to now can only be described as a boom which has seen Irish consumer wealth surpass the heights of the 'Celtic Tiger' by hundreds of billions.

Irish consumers however, still scarred by the Great Financial Crisis (GFC) did not borrow, instead they saved. Despite interest rates reaching a point where banks were charging to hold savings, debt fell by €60bn whilst savings increased by €62bn from the Celtic Tiger peaks and troughs, respectively.

One would expect the effects of the GFC to have dissipated over time. There is a generation of consumers who may have bought a house 10 years ago that are sitting on significant equity in their homes, have less debt and are paid more to whom stories of the recession are only childhood memories.

So, what explains this newfound and somewhat illogical financial conservatism in Irish consumers? One potential explanation could be the growth of social media and a general onslaught of negative media coverage. Every event is now a crisis, and Irish consumers seem particularly sensitive to macro and geopolitical events even if they have little or no immediate direct impact on their day-to-day life. Consumer sentiment this week was



reported to have dropped to 70.2 this February (CSO). This is the same week where we learn that employment has reached a new all-time high of over 2.7m in Q4 2023 (CSO).

Consider the big numbers, Irish households are collectively €624bn wealthier than they were 10 years ago (Central Bank of Ireland) and despite consumers saying there are more depressed retail sales for January 2024 are up 5.4% year on year (CSO).

Perhaps the take away is that despite or perhaps because of their downbeat outlook, Irish consumers are well insulated to events that impact on their pockets as evidenced by the robust natures of consumer spending over the last 2 years. Despite many predictions that the 2-year bout of inflation (sic Costs of Living Crisis) would lead to a collapse of retail sales.

A well informed and globally aware Irish consumer may be cautious but recent evidence tells us that they are willing to dip into their significant accrued resources of wealth to maintain their lifestyles.

February 2024

# Bannon Retail Pulse

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