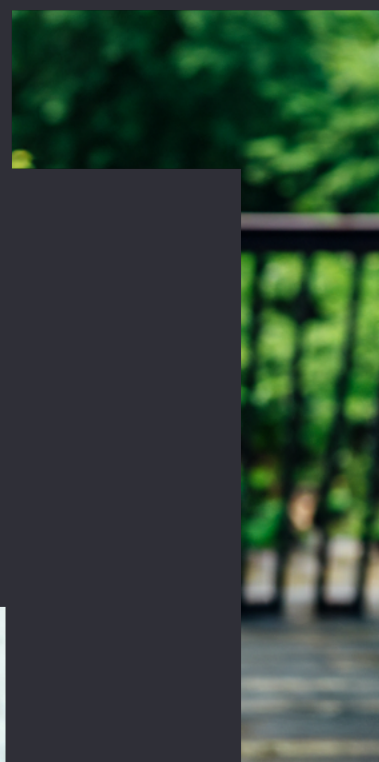


May 2024
Edition no. 29



Bannon **Retail Pulse**



Transactional Analysis

Irish Retailers/ Franchisees – 2024 Activity so far

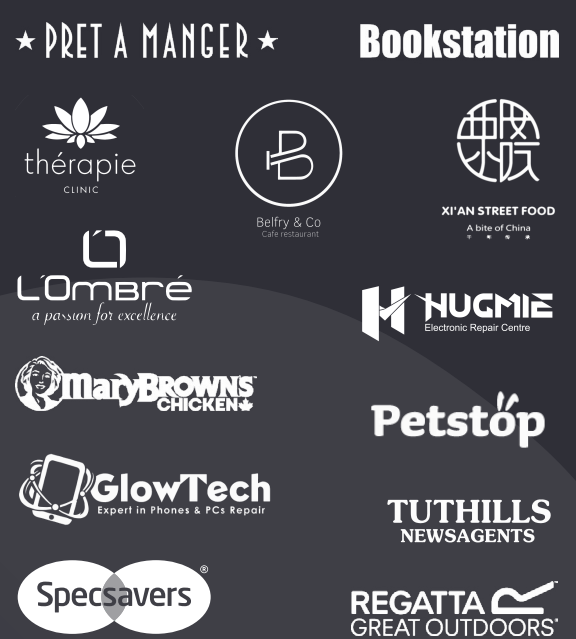
There has been a slight decrease in activity from Irish retailers and Irish Franchisee brands in 2024. This is partly due to high occupancy rates across the schemes and some trepidation from occupiers around trade levels and fit out costs.

While slightly back on last year, there are still requirements from multiple Irish brands and Irish operators with international franchises.

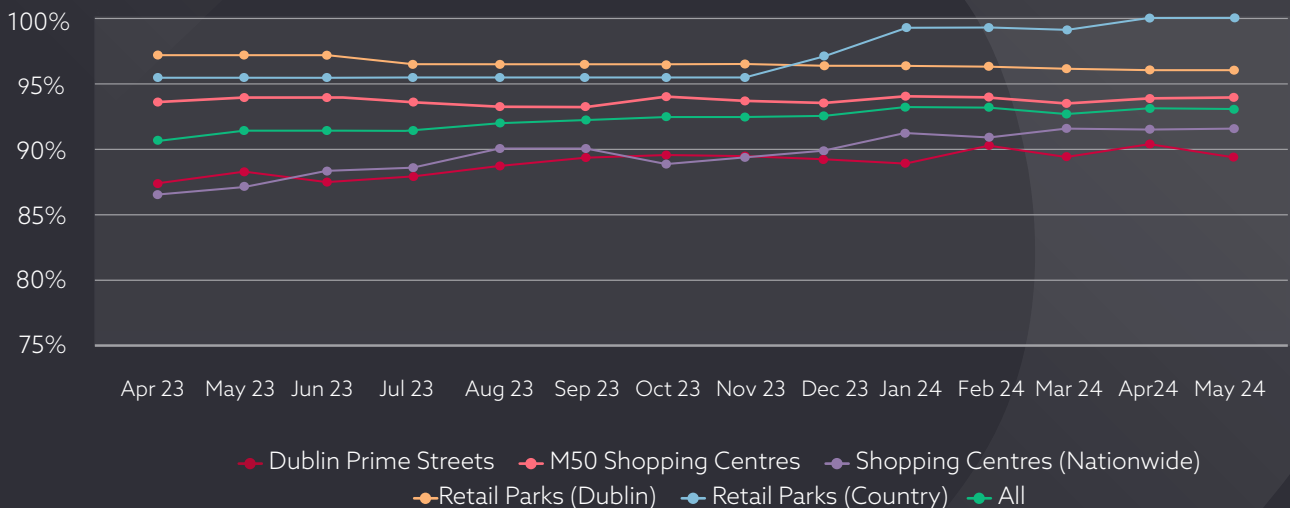
Activity so far



Requirements



Bannon Retail Occupancy Tracker



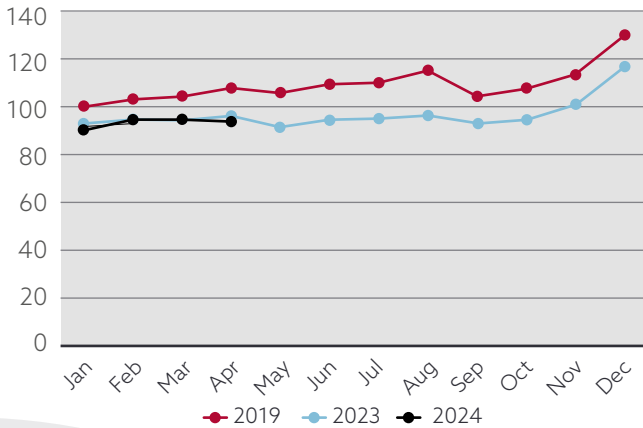
Bannon Trading Analysis

As at 30th April 2024



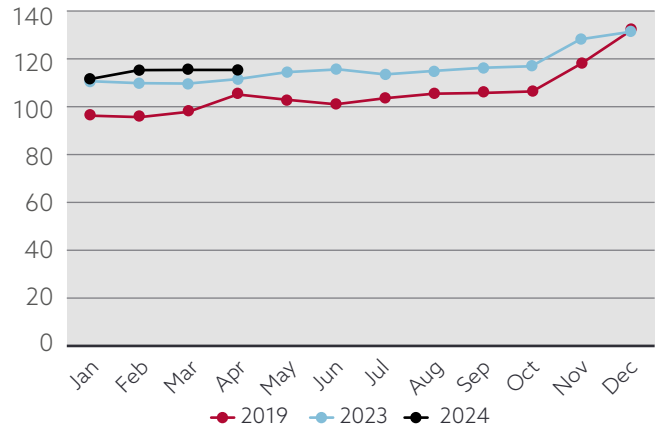
Shopping Centre Footfall

(Indexed: Based = Jan '19)



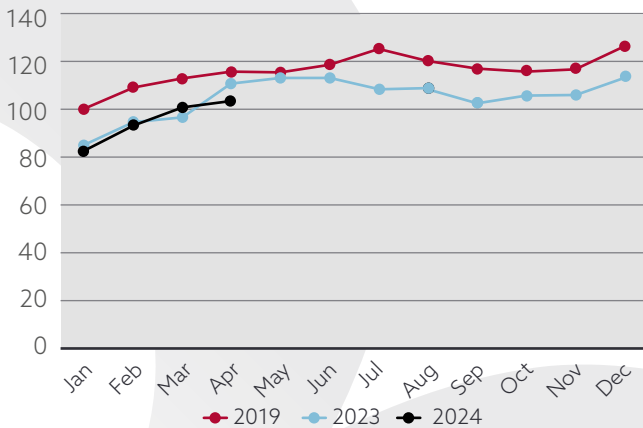
Retail Park Footfall

(Indexed: Based = Jan '19)



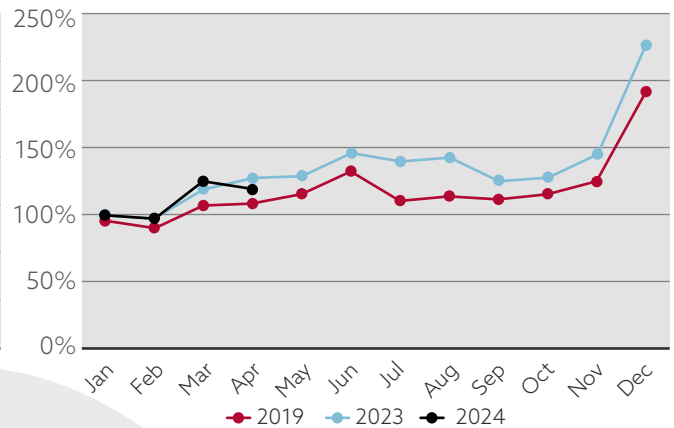
High Street Footfall

(Indexed: Based = Jan '19)



Ratio - Sales : Footfall

(Indexed: Based = Jan '19)



Footfall across our shopping centre portfolio in April 2024 was 2.06% behind April 2023 while sales were down by 9.13% for the same period (April 2024 vs April 2023).



High street footfall in April 2024 was 6.42% behind April 2023. Some of this drop in footfall can be attributed to Easter falling in March in 2024 versus April in 2023.



Footfall across our retail park portfolio in April 2024 was 2.43% ahead of April 2023, and 9.40% ahead of pre-COVID levels (April 2019).

Data is preliminary in nature and subject to revision.

Expert Insight

By Neil Bannon



Household Wealth turns up the heat on retail sales



A consistent theme of our Retail Pulse is to look at consumer wealth as an indicator of the current & future potential of retail sales. One of the key sources of this analysis is the Central Bank's Household Net Worth data which is released each quarter. This tracks assets such as savings, stocks, pension pots, etc. to which they add the value of homes and then deduct the debt that households have to give an overall picture of Household Net Worth. This now exceeds €1trn, a milestone passed in late 2021, and has been steadily increasing for over a decade. In fact, Irish households, are now three times wealthier than they were at the start of the century.

The growth in Net Worth is a combination of Irish consumers saving more, paying down debt and the value of their homes recovering post-GFC, although it took 14 years for homes to recover to their 2007 levels. This month we look at the data from a slightly different angle, the gearing ratio.

If we take the debt held by Irish households and divide it by their assets we get an insight into their gearing, the loan to value in banking parlance. If we look at the data

back to the start of the century we see the gearing ratio in Irish households hovering around 15% and reaching about 20% at the peak of the Celtic Tiger era, from Q1 2006 to Q4 2007 it ranged from 20-22%.

Then as asset values drop it jumps as high as 30% reaching its high point in early 2012 before commencing its steady improvement. By the start of 2019, we are back to 2002 levels, and we are now around 12% where it has held since Q3 2022. In summary, this is 3% lower than recorded at any point this century. When every 1% shift is worth more than €11bn that's relevant to the retail sector.

There are three possible scenarios: Firstly, Irish households continue to deleverage but as the gearing ratio has been steady for the last 2 years this looks unlikely. Secondly, they maintain this level which means that they save less and spend more, or thirdly, they return to the levels seen at the start of the century which means they spend a lot more. That's a lot of firepower to support retail. That's a lot of Barbeques.

May 2024

Bannon Retail Pulse

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