

September 2022

Edition no. 9



Bannon **Retail Pulse**



Footfall rebounds in Dublin City Centre

Dublin Town (an initiative between “We are DublinTown” formally known as Dublin City BID, local creative talent and city centre business owners) produce footfall data for its members across Dublin City Centre. As we all know footfall effectively came to a halt in March/April 2020 with the advent of the Covid-19 Pandemic and has fluctuated dramatically over the following 2.5 years. Week 15 (06-12 Apr 2020) for example was down 87% on its 2019 comparison. Every week since has varied but from Jan-June 2022 footfall has generally recovered to 80% of its pre COVID 2019 level compared to its 2019 equivalent.

Footfall in the City Centre is made up of 3 main categories 1. Dublin City shopper/F&B footfall 2. Office occupier footfall and 3. Tourist and student related footfall.

Footfall derived from Dublin based shoppers has all but returned now that the shops have re-opened and the restaurants and leisure uses in the city are back up and

running. Tourism has also recovered significantly as evidenced by the narrowing of the gap between 2019 and 2022 weekend footfall in the city centre. What is clear is that the disparity between footfall in 2019 versus 2022 (-19.3% YTD) is predominately down to the reduction in Monday-Friday office-based shopper footfall coming into the City.

This is a factor that will likely continue for the medium term as employers offer more flexible working arrangements to their staff with an increasing number of employees working at home for at least 2 days a week. The impact of these missing office workers on retailers will be very dependent on their business model e.g. low impact on jewellers but a high impact on pubs and coffee shops. That said, the reduction in footfall has not dampened retailer interest in the Prime High Streets. Grafton Street for example has seen a significant uptake and interest in space from leading international retailers.

New entrants to Dublin City Centre



Bannon Retail Occupancy Tracker

Scheme Type	Occupancy	+/- (month on month)
Dublin Prime Streets	86.30%	↑ 2.38%
M50 Shopping Centres	91.62%	↑ 0.29%
Shopping Centres (Nationwide)	87.06%	↓ -0.74%
Retail Parks (Dublin)	97.53%	⇒ 0.00%
Retail Parks (Country)	94.44%	⇒ 0.00%
All	90.18%	↑ 0.22%

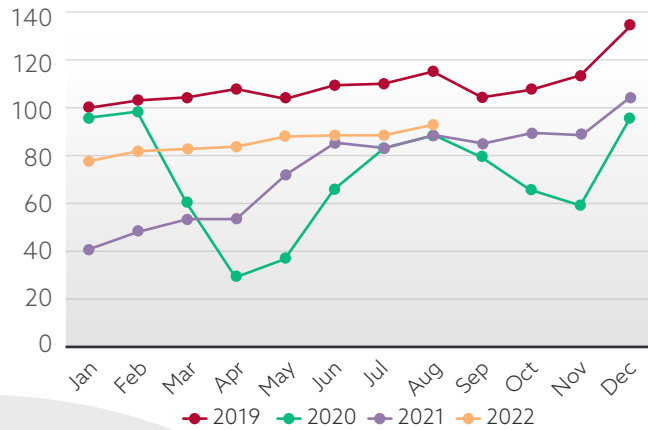
Bannon Trading Analysis

As at 31st August 2022



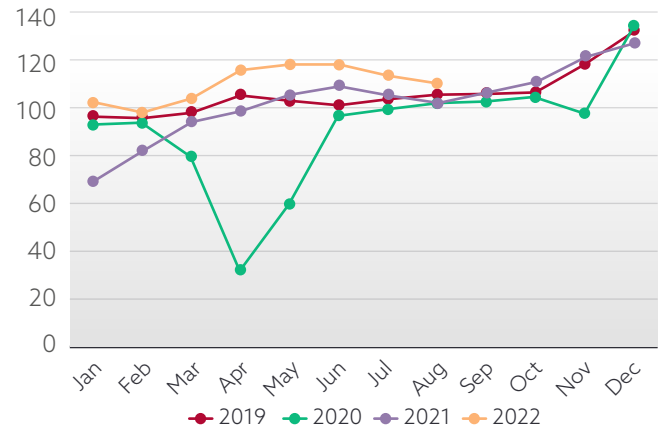
Shopping Centre Footfall

(Indexed: Based = Jan '19)



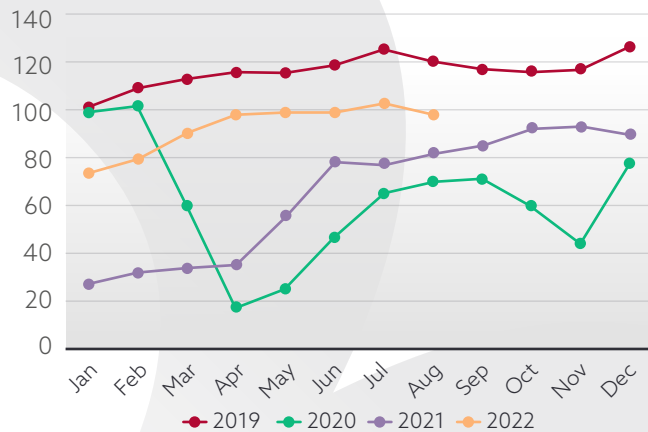
Retail Park Footfall

(Indexed: Based = Jan '19)



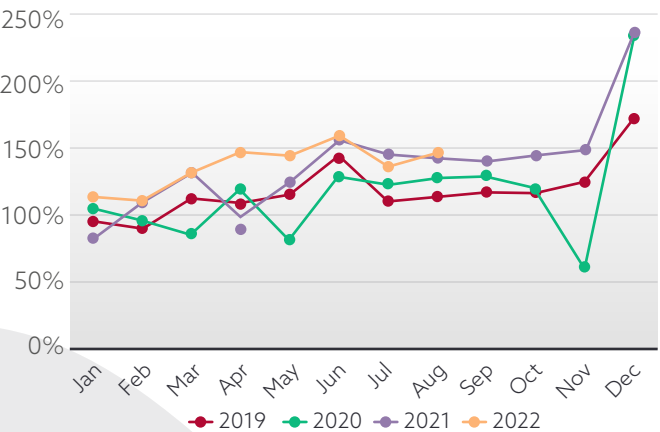
High Street Footfall

(Indexed: Based = Jan '19)



Ratio - Sales : Footfall

(Indexed: Based = Jan '19)



The established footfall trend for our shopping centre portfolio remained consistent for August, tracking just ahead of footfall levels seen in 2021. This increase in footfall translated into an improvement in spend as can be seen from the "Ratio - Sales : Footfall" above.



High street footfall for August was well ahead of August 2021 at +19.7%, which is indicative of the renewed activity being seen across the capital.



August was another strong month for our retail park portfolio with footfall growth of 7.9% for the month (Aug 2022 vs Aug 2021).



Expert Insight

By Neil Bannon

Challenges facing Online Retailing

The seemingly unstoppable growth of online fast fashion appears to have hit a speedbump. The concerns created by a combination of a low margin high volume business model which is highly sensitive to transport costs, environmental concerns about the sustainability of disposable fashion and a consumer that is becoming more focussed on need based shopping than discretionary spend are reflected in the share price of some of the most prominent payers in the sector.

Asos share price is down 80% this year, Boohoo down 84%, Zalando down 77% and Misguided who in 2021 were taking the US by storm and projecting sales growth of 50% went into administration at the beginning of 2022. The drop in share price is a factor of stunted sales growth or even declines (Boohoo recorded their first ever decline in UK sales with an 8% decline in revenue in Q1 2022) and the fact that the market had priced in the assumption that the growth in online sales of fast fashion would be never

ending. A lot of the coverage of the growth on online retailing focussed on sales rather than profit. This ignores the fact that established retailers such as Next and Zara, who are both pumping out stellar profits, set out a clear model of the sales / profit relationship and many do it across multiple sales channels including online and physical stores.

Relying exclusively upon a delivery to door from a manufacturing base located on the other side of the globe model has been sorely exposed by the increased cost of energy. Online sales models that don't make profit are ultimately short term competition for profitable omni-channel retailers as eventually investors run out of patience in the elusive promise of future profitability. As the share price demonstrates if faith in the model dissipates the investors jump ship. By contrast as Penney's opening in The Square demonstrates people do still shop in store.



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