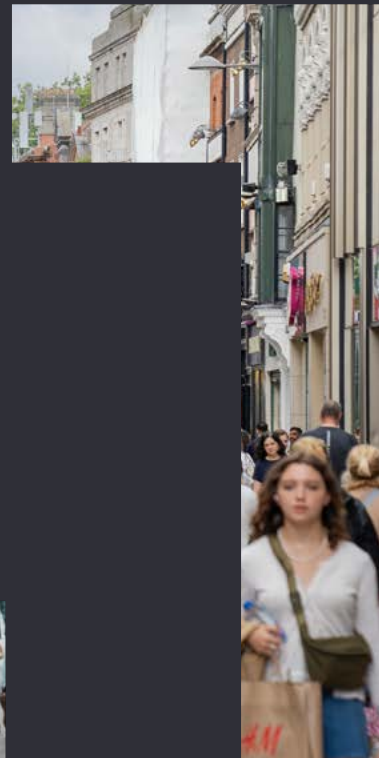
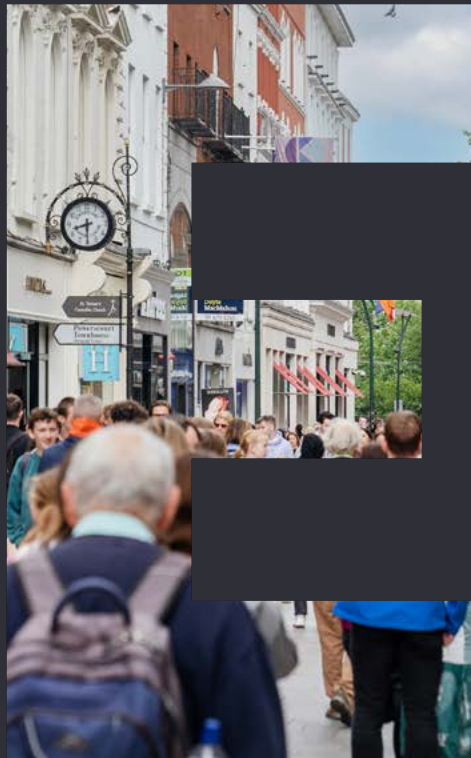


September 2023

Edition no. 21



Bannon **Retail Pulse**



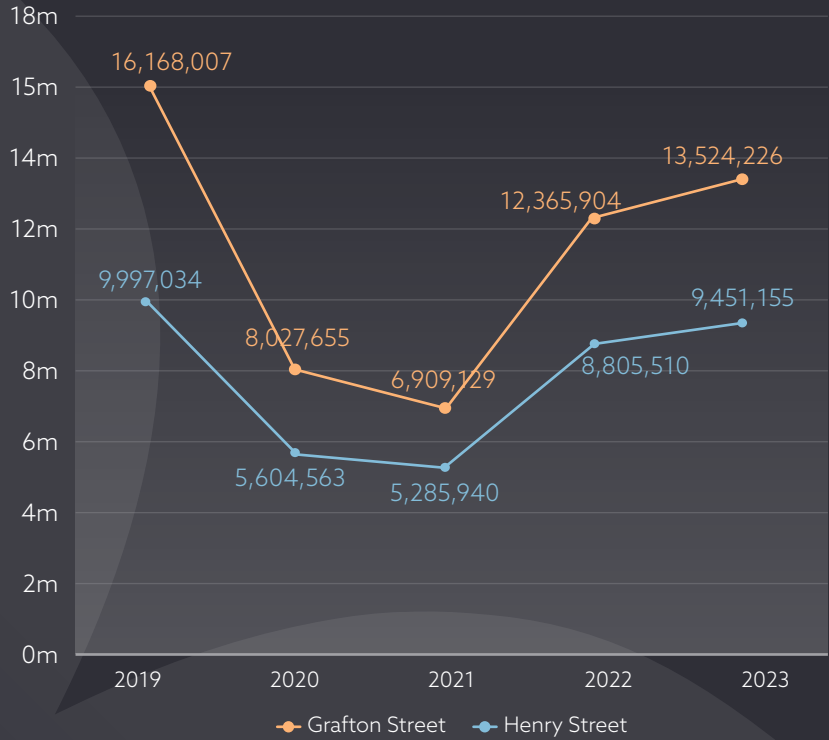
Footfall and Occupancy rates continue to improve

Dublin City Centre has experienced an 8.5% increase in the year to date with Henry Street footfall close to returning to 2019 levels. Grafton Street is still 16% below 2019 levels, the decrease could be attributed to factors such as the continued effect from hybrid working and reduced requirement for city centre-based office space.

Leasing activity has remained high on the prime shopping streets and M50 super regional schemes with vacancy rates falling year on year to 10.36% in the city centre and 6.65% across the super regionals.

With increasing interest rates continuing to feature we are forecasting a slight softening of demand in the first 2 quarters of 2024 with an improvement in demand following in Q3 and 4 once interest rate increases ceased and rates have been stable for a period.

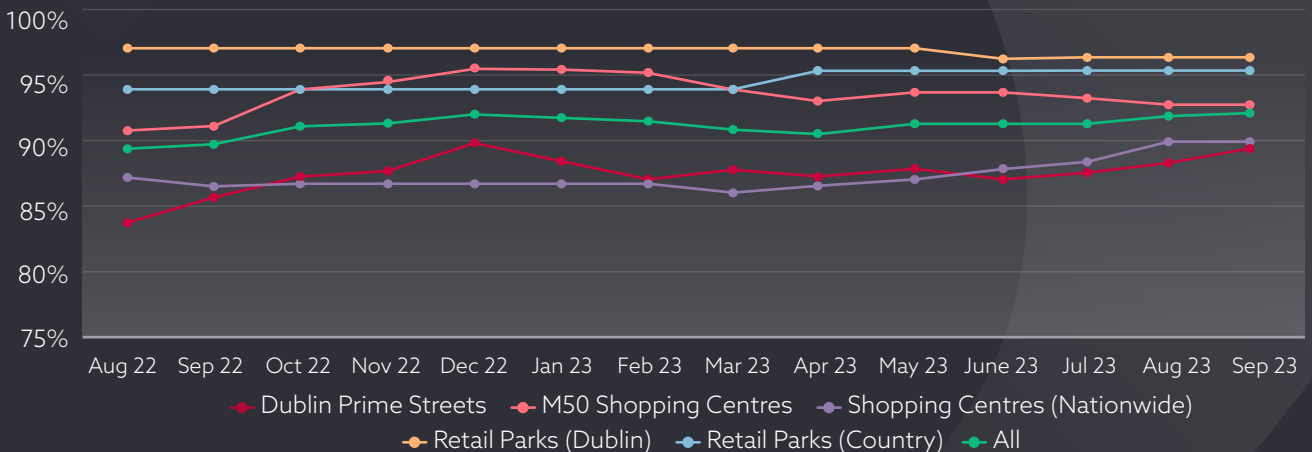
Dublin City Centre Footfall Like for Like Year to end August



Dublin City Centre Leasing Activity



Bannon Retail Occupancy Tracker



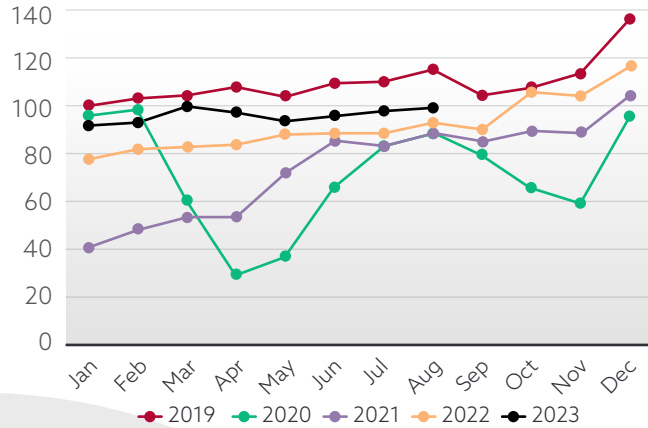
Bannon Trading Analysis

As at 31st August 2023



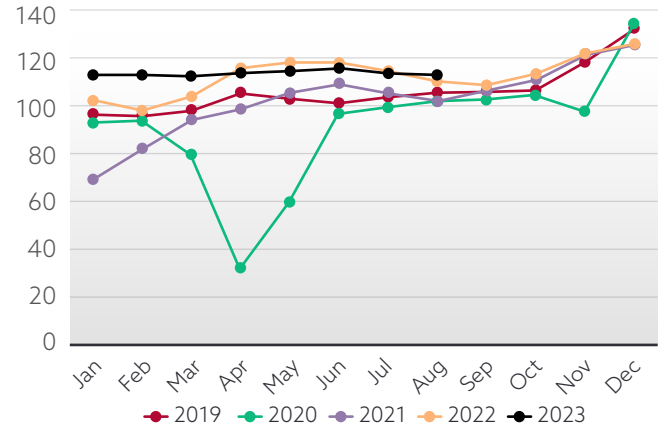
Shopping Centre Footfall

(Indexed: Based = Jan '19)



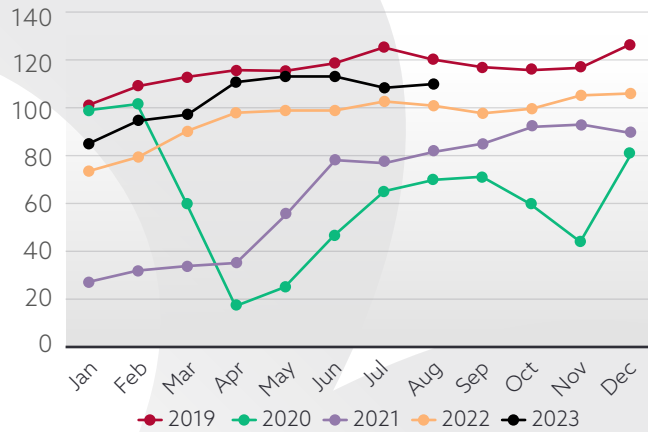
Retail Park Footfall

(Indexed: Based = Jan '19)



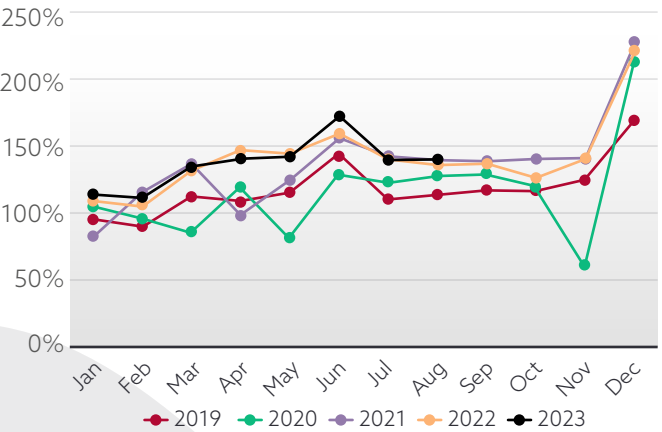
High Street Footfall

(Indexed: Based = Jan '19)



Ratio - Sales : Footfall

(Indexed: Based = Jan '19)



Footfall levels across our Shopping Centre Portfolio in August 2023 were 6.52% ahead of August 2022. Shopping centre sales for August 2023 were ahead of August 2022 by 8.25%.



High Street footfall in August 2023 was 6.86% ahead of August 2022 and 9.17% behind pre-COVID levels (August 2019).



Footfall across our retail park portfolio in August 2023 was marginally ahead of August 2022 (+2.28%).

Data is preliminary in nature and subject to revision.



Expert Insight

By Neil Bannon

What does inflation mean for retail rents?

Given the return of inflation over the last 2 years we thought it would be useful to consider its potential impact on retail rents. We have become used to a prolonged period of zero inflation so it is worth looking back on how retail rents performed when we last had inflation. Historically real estate and retail investments specifically were seen as a good inflation hedge as the underlying source of the rent, retail sales, is by definition calibrated to the Consumer Price Index. Between 2000 and 2008 inflation increased by 40%. During the same period retail rents increased by 220%, although this includes the peak of the Celtic Tiger.

From 2008-2021 inflation was effectively zero and rents initially halved as the GFC recession took its toll and then started a steady recovery from 2014 until the COVID lockdowns in 2020.

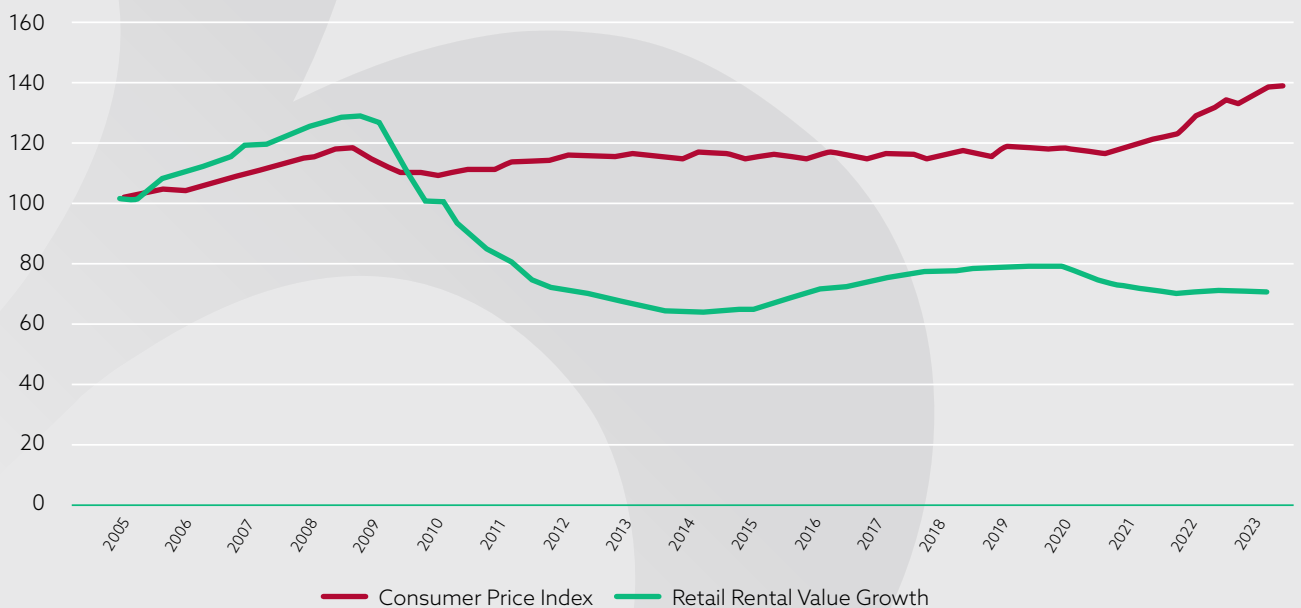
The CSO rebased retail sales data in 2005 so this is as far back as we can go whilst comparing like with like. Retail prices as measured by the CPI are now about 40% higher than they were in 2005, whereas retail rents are about

28% lower. During the same period the value of retail sales grew 32%. So, importantly to note; retail sales in real terms are now marginally below where they were in 2005 (retail value relative to retail prices), whereas retail rents are dramatically lower.

The media narrative is that the increase in inflation hits consumers meaning they have less money to spend, damaging retail sales and consequently rent. The evidence to date is that consumers have continued to spend, increasing in both value and volume terms since the start of 2021 when inflation reared its head. The footfall to sales ratio recorded in this edition of Retail Pulse indicates a spend per customer that is well above the pre-COVID 2019 levels.

A combination of rents, that have lagged both inflation and retail sales performance over a protracted period, as well as an Irish consumer who is still spending and is wealthier than ever, collectively bode well for retail investment performance.

Inflation and Retail Rents



September 2023

Bannon Retail Pulse

Contact The Retail Team



Neil Bannon
Executive Chairman &
Head of Consultancy
nbannon@bannon.ie



Darren Peavoy
Director - Retail Agency
dpeavoy@bannon.ie



James Quinlan
Director - Retail Agency
jquinlan@bannon.ie



Jennifer Mulholland
Director - Retail Agency
jmulholland@bannon.ie



Ray Geraghty
Director - Property
Management
rgeraghty@bannon.ie



Hambleden House
19-26 Lower Pembroke Street
Dublin 2



+353 1 6477900



twitter.com/bannon



www.bannon.ie



[linkedin.com/company/bannon](https://www.linkedin.com/company/bannon)

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