CUSHMAN & WAKEFIELD

RETAIL MARKET SNAPSHOT

Q1 2024

IRELAND ECONOMIC & RETAIL MARKET OVERVIEW

Q1 2024

RETAIL SALES

The Retail Sales monthly value and volume indices decreased by 0.7% and 2.0% respectively in February, when compared with the month previous. The largest monthly volume increases were recorded in Bars (+11.8%), Hardware, Paints & Glass (+10.5%) and Non-Specialised Stores (incl. Supermarkets) (+0.3%).

ECONOMIC FORECAST

Ireland's economy performed solidly in 2023 with domestic economic indicators still painting a positive picture. The economy is forecast to see GDP growth of 1.2% and 3.2% in 2024 and 2025 respectively, which will see it outperform that of the Euro area where GDP is expected to grow by 0.8% and 1.5% in 2024 and 2025.

RETAIL SALES

In Q4 2023 total employment stood at 2,706,400 representing an increase of 89,700 (3.4%) persons from Q4 2022. The overall unemployment rate was unchanged at 4.5% in the quarter.

CARD SPENDING

The total value of domestic card expenditure during January 2024 in the retail sector, increased by 20 per cent on an annual basis.

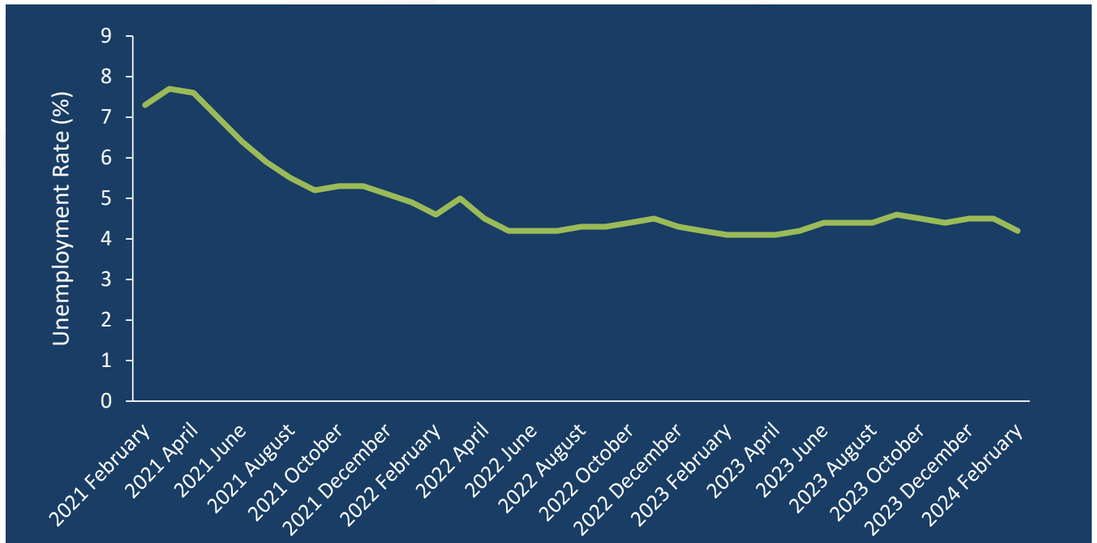
CONSUMER PRICE INDEX

Rose by 3.4% between February 2023 and February 2024, down from an annual increase of 4.1% in the 12 months to January 2024. This is the fourth consecutive month where the inflation rate was lower than 5%.

EVERAGE WEEKLY EARNINGS

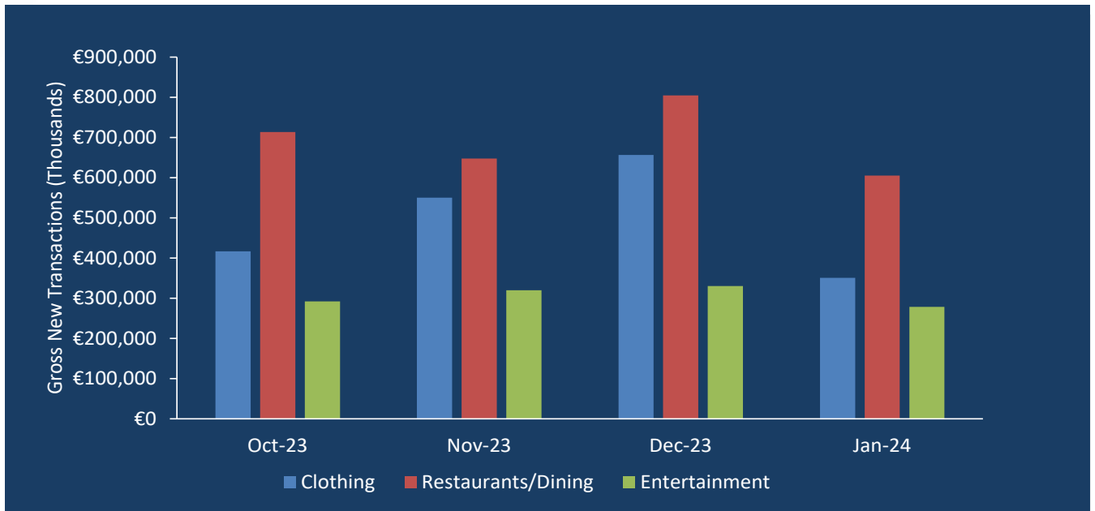
According to estimates by the CSO, average weekly earnings in Ireland were just over €921 in Q4 2023, an increase of 2.1% from €902 in Q4 2022.

MONTHLY UNEMPLOYMENT RATE, FEBRUARY 2021 – FEBRUARY 2024



Source: Central Statistics Office

MONTHLY CARD SPENDING STATISTICS 2023-2024



Source: Central Bank of Ireland

RETAIL MARKET ECONOMIC INDICATORS

CUSTOMER SENTIMENT

MARCH 2024

28.9%

Annual % change

RETAIL SALES VALUE

FEBRUARY 2024

3.0%

Annual % change

RETAIL SALES VOLUME

FEBRUARY 2024

1.1%

Annual % change

EMPLOYMENT

Q4 2023

3.4%

Annual % change

AVERAGE WEEKLY EARNINGS

Q4 2023

2.1%

Annual % change

CARD EXPEDITURE IN RETAIL SECTOR

JANUARY 2024

20%

Annual % change

INFLATION

FEBRUARY 2024

3.4%

Annual % change

In the infographic supplied, these arrows show the potential impact on the market (i.e. whether a fall in consumer sentiment has a potential positive or negative impact on the market).

Q1 RETAIL INVESTMENT MARKET ACTIVITY

Quarter 1 of 2024 has seen the lowest investment volumes in Ireland since 2013 standing at just over €160 million. Typically, Quarter 1 would see volumes of circa €500 million with Quarter 2 being higher. Average investment volumes across the Irish market hit a high of over €6 billion in 2019 but on average €4 billion has been the norm. 2023 saw lower investment volumes of around €2 billion and we expect that 2024 should improve this figure to say €2.5 billion as the market slowly recovers.

From a Retail perspective, the quarter accounted for approximately €70 million. Two sizeable deals made up the majority of the Quarter 1 total with Gulliver's Retail Park in Santry Dublin selling for approximately €30 million (7.75% NIY) acquired by Minuan Capital and Kilkenny Retail Park, Kilkenny acquired for €25 million reflecting a NIY of 8.10% by French Fund Iroko Zen. These purchases continue to be examples of investor interest in this specific market. Elsewhere a number of other smaller deals transacted such as Park Pointe in Glenageary Dublin which changed hands for €4.3 million, 1-2 College Green (purchased by Altixia REIM) for €2.5 million and 18 Wicklow Street for €2.4 million.

Property	Location	Purchaser	Price
Gullivers Retail Park, Santry	Dublin	Minaun Capital	€30m
Kilkenny Retail Park	Kilkenny	IROKO Zen	€25m
Park Pointe	Dublin	Private	€4.3m

IRISH RETAIL MARKET OVERVIEW

Inflation has been a key feature of the Irish economy over the past two years with rising prices impacting retailers and consumers alike. We also experienced a surge in interest rates during 2023 and with these factors still at play, one may have expected to see a slowdown in the retail market. However, consumer sentiment has continued to rise despite inflationary pressures with the latest CSO figure highlighting a 28.9% increase compared to last year.

It is also interesting to note how the continued increase in consumer spending seems to be mirroring the pace of inflation. As prices gradually increase across various sectors, consumers are adapting their spending habits to accommodate these changes. The latest stats for retail sales value of purchases increased by 3% compared with last year while inflation has risen by 3.4% in the 12 months to February. Retailers are also attuned to this trend, adjusting their pricing strategies and offerings to remain competitive in a market where consumer spending is resilient in the face of inflationary pressures.

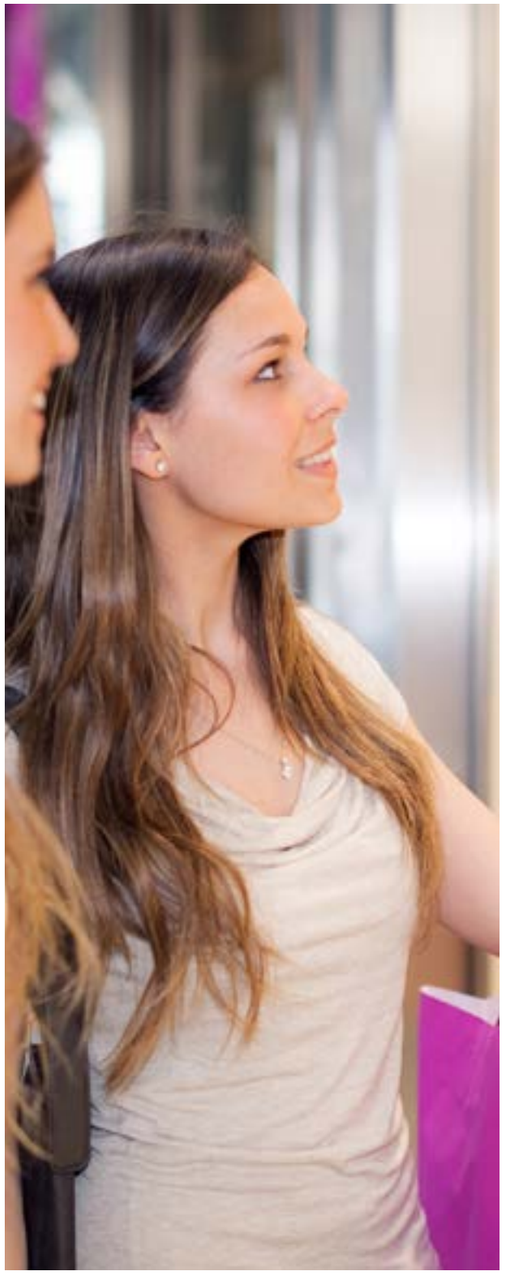
Leasing activity across retail parks and shopping centres was minimal this quarter as many parks and centres remain at or close to, full capacity. There remains steady demand for retail space within many key retail parks and shopping centres and in some cases, demand now outweighs available space.

The food and beverage sector has come under increased scrutiny more recently with many challenges such as the increase in the minimum wage and higher overall operating costs. Staffing also remains a challenge for the sector demonstrated by a very low unemployment rate of 4.3% as of March. F&B requirements remained quieter overall in Quarter 1, likely coinciding with post-Christmas and New Year period. Regardless of these ongoing challenges the sector is continuing to adapt, but the expectation is for a quiet level of activity this year.

As we move into the Spring, it will be fascinating to observe some emerging trends to look out for the rest of the year. The concept of Artificial Intelligence (AI) took the world by storm last year and with the pace of new technology development and consumer adoption accelerating at speed, it will be interesting to see how retailers will look to implement this technology to explore its potential and increase consumer satisfaction. Retailers will also continue to invest in major store fitouts and revamps despite increasing costs as they recognise consumer experience and high standards play a pivotal role in attracting customers instore.

The importance of retailer's sustainability credentials also cannot be overstated looking ahead to the rest of the year. Brands that prioritize and demonstrate a regard for ESG will continue to have a competitive edge with consumers increasingly environmentally aware. Embracing eco-friendly practices differentiates retailers and attracts conscious consumers who continue to actively choose eco-friendly options.

From an economic outlook, in summary, while challenges persist, positive indicators such as household savings and low unemployment levels bode well for the Irish economy. Although interest rates for the first half of the year remain at current levels, possible decreases in the latter half of the year will hopefully further increase confidence in the market. Overall, we continue to take an optimistic view on the market and remain confident that leasing activity in Ireland will continue to be robust throughout the remainder of 2024. We have continued to see further retailers enter the market with the likes of Dreams, Cotswold, Snap Fitness and Optical Express amongst some of the brands actively looking for space in the Irish Market and in some cases have already opened.



IN THE NEWS...

Arket to open in Grafton Place

Swedish fashion retailer Arket is expanding into Ireland. The clothing and homeware brand has proved to be a hugely popular draw for shoppers since opening in London's Covent Garden in 2017 and the mixed-use scheme at Grafton Place has been chosen for their first store in Ireland. The brand is set to open later this year signing a long-term lease to take up 11,000 sq. ft of space across the ground and first floor levels.

Ulster Bank College Green Acquired

Ulster Bank's premises at 33 College Green in Dublin, is sale agreed for around €17 million. The property, which briefly comprises a six-storey over-basement office building, enjoys a prime location opposite Trinity College Dublin and the former Irish houses of parliament. The building's facade is listed under Dublin City Council's Record of Protected Structures. Zoned for city centre development, the property offers potential for various uses including hotels, offices, residential, and retail.

Rise in minimum wage

In January 2024, there was a €1.40 increase in the minimum wage, posing a threat to the survival of small businesses. Such a significant raise within the past year has pushed minimum costs to an unsustainable level, discouraging retailers from hiring younger staff.

Deposit Return Scheme for Cans and Bottles

Ireland's new deposit return scheme has seen over 21 million bottles and cans returned by March 29th since its launch on February 1st. Customers can return containers to participating shops or reverse vending machines for deposit refunds. The scheme aims to boost recycling rates and has already surpassed expectations, with high participation and positive consumer support.

Dublin Airport Revamp

Dublin Airport is revamping its food and beverage offering with over 20 new and improved bars, cafes, and restaurants across both terminals. The upgrades will introduce popular brands like Supermac's, Papa John's, and Pret A Manger. Terminal 1 will feature a new food hall, while Terminal 2 will see the addition of Fitzgerald's Restaurant and Bar. These changes aim to offer passengers a wider array of retail choices and highlight Irish produce.

H&M & Decathlon for Clery's Quarter

Renowned fashion retailer H&M has opened in the historic Cleary's Quarter on O'Connell Street in Dublin. The Swedish brand has opened its latest store taking up 30,000 sq. ft across two floors within the new look Clery's and will undoubtedly breathe life into what was historically Dublin's premier shopping destination. H & M will also be followed by French retailer Decathlon later this Summer when they open their 30,000 sq. ft new store.

The Body Shop

The Body Shop UK was recently bought out by a German private equity firm and put into administration, with most of its European operations sold to Alma24. The Irish operations were put into liquidation in March with the brands popular Grafton Street store one of the 7 stores which are now closed in Ireland.

Eir Brand Refresh

Eir has launched a new brand identity, "Eir for all," marking its first refresh since 2015. The telecom company's €2 million campaign signals a major transformation, supported by a €1.2 billion investment in infrastructure.

Tesco Ireland

Tesco Ireland continues its expansion in Ireland with recent new store openings in Blanchardstown, Townsend Street in Dublin and Portlaoise. It is spending approximately €80 million this year on new store openings, extensive store refit and refurbishment upgrade programmes, and ongoing maintenance of its growing property portfolio.

RECENT RETAILER ACTIVITY

Smyths Toys

Smyths Toys are to open a new distribution centre in Dundalk North Business Park which is one of the largest logistics units to have been developed in Ireland in recent times. The single warehouse extends to around 400,000 sq. ft and has capacity for parking for 50 heavy goods vehicles.

Hobbs London

Hobbs London, the luxury women's clothing, footwear, and accessories retailer has opened a new store in Units 4 & 5, Mahon Point, Cork.

JD Sports

JD Sports, the sportwear giant continued its portfolio consolidation by opening its latest upsized store in Crescent Shopping Centre, Limerick. The new store comprises almost 12,000 sq. ft.

RAINS

Danish outwear lifestyle brand RAINS, opened their first Irish store on Wicklow Street in March. The 650 sq. ft store will showcase their waterproof outerwear and accessories.

Mango

In Dundrum Town Centre there has been more activity with both Mango and Space NK fitting out new stores. Mango will open a new 5,000 sq. ft store on Level 2 of the Centre.

Sprout

F & B operator Sprout have opened on Camden Street. It is the brands 7th store in Ireland with their offering of healthy, locally sourced food continuing to prove popular with consumers.

Castore

U.K based sports apparel retailer Castore has opened its first store in Ireland along Grafton Street. Following on from their partnership with the Irish men's and women's football teams, the new store aims to increase the brands presence in Ireland. The store extends to a total of 1,690 sq. ft and joins the growing list of fashion retailers located on Grafton Street.

JYSK

Danish retailer JYSK have opened their new flagship store in Liffey Valley Retail Park. The new store will bring the total number of JYSK stores in Ireland to 23.

Zara

Zara is set to double the size of its South King Street store near Dublin's Grafton Street by expanding into the adjacent former H&M space. The rejuvenated store, opening this summer, will grow from 14,000 sq. ft to 33,000 sq. ft, making it the largest fashion store in the Grafton Street area, excluding department stores.

Icicle

Shanghai based fashion group Icicle have opened their first Irish store on Grafton Street in January. The space spans approximately 4,500 sq. ft and blends modern design with sustainability. The fashion group was founded in 1997 with a strong focus on sustainable production, and the brands continuing expansion to prestigious locations highlights the global embrace of conscious fashion.

The Works

Discount retailer The Works is set to occupy the former Select outlet on O'Connell Street in Limerick. The brand offers a wide range of products, and the new store will add to the 526 outlets trading across the UK and Ireland.

New Balance

New Balance plans to open a new store at 104 Grafton Street. The expansion aligns with New Balance's strategy to open 90 new stores in the coming year, following a successful sales increase of 23% to $6.5 billion in 2023.

ELSEWHERE...

Zara

Inditex, the parent company of Zara, experienced an 11% sales surge in the first half of its spring season, surpassing H&M. Despite inflationary pressures, the fashion retailer-maintained profitability and increased dividends by 28%.

Decathlon

Decathlon is rolling out a new strategy focusing on digital innovation, sustainability, and inclusivity. With a refreshed brand identity and logo, the company aims to enhance customer experience, prioritize sustainability, and modernize its business model. This includes initiatives such as circular business models, digital shopping experiences, and immersive store layouts.

Lidl

Lidl is expanding in Northern Ireland with a new flagship store in south Belfast, creating 40 jobs. The £7 million development on Boucher Road is part of Lidl's plan to open 50 stores in the region by the end of the decade.

Shein

Online fashion giant Shein more than doubled its profits in 2023 reaching $2 Billion outperforming competitors such as H &M and Primark. It is reported that the company are now considering an IPO following exponential growth in the past few years.

Wilko

Discount retailer Wilko is continuing to return to the UK high street after the company went into administration last summer. Five new stores have opened since late December of last year offering a wide range of home and garden ware.

Centra

Centra plans to open 20 new stores this year creating 500 jobs. The news comes as part of a €27 million expansion program. The franchise currently operates 496 stores nationwide and saw a 6% increase in sales last year, reaching €2.1 billion.

Lululemon

Popular Canadian athleisure retailer Lululemon has announced it is relocating its flagship Covent Garden London store to a new, larger unit within The Yards development. The store is set to open in the Summer of this year and will occupy 8,364 sq. ft.

WHSmith

WHSmith announced a soar in sales this quarter driven by strong growth in its travel division. The retailer operates stores in more than 120 airports globally.

ACTIVE RETAILER REQUIREMENTS

RETAIL

The Works

Village Vets
A family practice since 1980

HOBBS

cardfactory

B&Q

Specsavers

COTSWOLD outdoor

hmv

SKECHERS

MOUNTAIN WAREHOUSE

CHEMIST WAREHOUSE

JD

Petstop

OFFICE

Bookstation

Dreams

Bath & Body Works

RAINS

RITUALS COSMETICS

Elverys

ACTIVE RETAILER REQUIREMENTS

CONVENIENCE

LIDL

fresh
THE GOOD FOOD MARKET

TESCO

POLONEZ
taste of home

SPAR

Centra

FOOD & BEVERAGES

3FE

Musashi

SPROUT & CO
HEALTHY, SEASONAL & LOCAL

PRET A MANGER

Thindi
Indian Food Joy

boojum

ZAKURA

INSOMNIA

Camile

OAK BERRY

LEISURE

énergie Fitness

snap FITNESS 24-7

PLATINUMpilates

UNIT I

UBX
BOXING + STRENGTH

ANYTIME FITNESS

TRIB3

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