



3rd Quarter 2016

Activity

Focus remains on prime retail units

Demand

Driven largely by food & beverage sector

Shutter Count

Number of unoccupied units remained at a low level

➔ Rents

➔ Yields

➔ Supply

➔ Demand

Dublin Retail Update



Five Guys, Dundrum Town Centre

Overview

There has been continued activity in the Irish retail sector over the summer months despite a shortage of stock in some prime streets and schemes. In the aftermath of Brexit, the main statistics are generally pointing in a positive direction. However, in reality, the full impact of the UK leaving the EU will be unclear for some time.

The latest retail sales reveal the volume and value of retail sales rose by 4.1% and 1.8% respectively in the 12 months to August (motor trades excluded). However, on a quarterly basis both the volume and value of headline declined; -0.5% and -1.4% respectively. Notably, the gap between volume and value remains as the volume of sales is now 0.7% behind peak levels while the value of sales remain 14% behind peak levels, suggesting that retailers are suffering.

Interestingly, the consumer confidence index not only increased in August 2016 (102.7), but recovered most of the decline recorded following the announcement of the Brexit vote. However, the index dropped marginally to 102 in September in anticipation of Budget 2017. Rising business costs are still a major cause of concern for retailers. The budget will be an opportunity for the Government to provide a boost to the retail sector; a possible measure speculated is a reduction in employers' PRSI for lower-income workers.

Activity

There was a healthy level of demand from retailers during the normally quieter summer months. The focus remains on prime retail units in Dublin city centre and in the key shopping centres.

The market continues to be driven largely by the food & beverage sector. There is competition amongst national and international restaurants trying to secure locations in Dublin city centre and across the prime shopping centres along the M50 corridor.

CITY CENTRE

On Grafton Street, the BT2 store (28/29 Grafton Street) has now closed making way for a Brown Thomas pop-up shop (The Brand Store). This store will operate until the end of January 2017 and will be followed by Victoria's Secret in their first Irish store.

US make-up specialist Benefit Cosmetics has opened a 197 sqm (2,124 sqft) store in part of the redeveloped former headquarters of The Irish Times on D'Olier Street, in Dublin 2.

On Henry Street, GNC recently acquired 21 Henry Street for a rent of €210,000 per annum (€3,930 per sqm Zone A). While this rate is below that of the Ann Summers letting at €4,575 psm Zone A; the letting to GNC is on the basis of a short term lease with a landlord break. Furthermore, the unit was considerably smaller at 84 sqm on the ground floor.

The former Ann Summers unit on O'Connell Street will be coming to the market to let with a quoting rent in excess of €300,000 per annum.

SHOPPING CENTRES

Five Guys, the US burger chain, opened in Dundrum Town Centre. They are reportedly paying a rent in the region of €300,000 per annum.

Sostrene Grene's second Dublin store opened in the Blanchardstown Centre. The unit comprises 280 sqm and has been let on a 15-year lease.

Fallon & Byrne is reportedly opening a new flagship food hall (929 sqm) in the Swan shopping centre in Rathmines.

The four remaining HMV stores in the Republic of Ireland closed their doors; Henry Street, Dublin; Liffey Valley Shopping Centre; Dundrum Town Centre and The Crescent in Limerick. The landlords in Dundrum Town Centre, Liffey Valley and Henry Street are all in the process of agreeing short term agreements while waiting to find longer-term tenants.

Development

OCS Properties has applied for planning permission to redevelop the former Clerys site on O'Connell Street. It plans to redevelop the former department store as a hotel, offices, bars and shops. It believes the redevelopment will 'regenerate' the area, however has come up against objections from councillors and neighbouring businesses.

Planning is due to be lodged for about 7,432 sqm (80,000 sqft) of retail space on the corner of Nassau Street and Dawson Street. The reported plan is to replace nine relatively small outlets with a number of larger sized stores.

In addition, planning has also been granted for the redevelopment of Dun Laoghaire shopping centre.

Lisney's Shutter Count

The Lisney shutter count at the end of September indicates the number of unoccupied units in prime Dublin areas remained at low levels.

On the south side of the city centre, there were four units unoccupied on Grafton Street - & Other Stories, Bewleys, the former Karen Millen unit & Calendar club unit. However, all but one of these were undergoing fit-out at the time and as such, are not available.

On the north side of the city centre on Henry Street/Mary Street, there were three stores unoccupied. HMV store

is now vacant. Meanwhile, the Health Store is now trading from No. 21. Nearby in the Jervis Centre, there were three units vacant with B Cool Gadget store taking a unit on the first floor. There were two units unoccupied in the Ilac Centre as the former 4 Seasons store is now vacant.

Of the four regional scale shopping centres; in the Pavilions in Swords, the former Currys PC World unit is the only unoccupied unit. Dundrum Town Centre had no unoccupied units, while Liffey Valley had one and the Blanchardstown Centre had just two. Notably, the Blanchardstown centre had five unoccupied units in Q3 2015.

Outlook

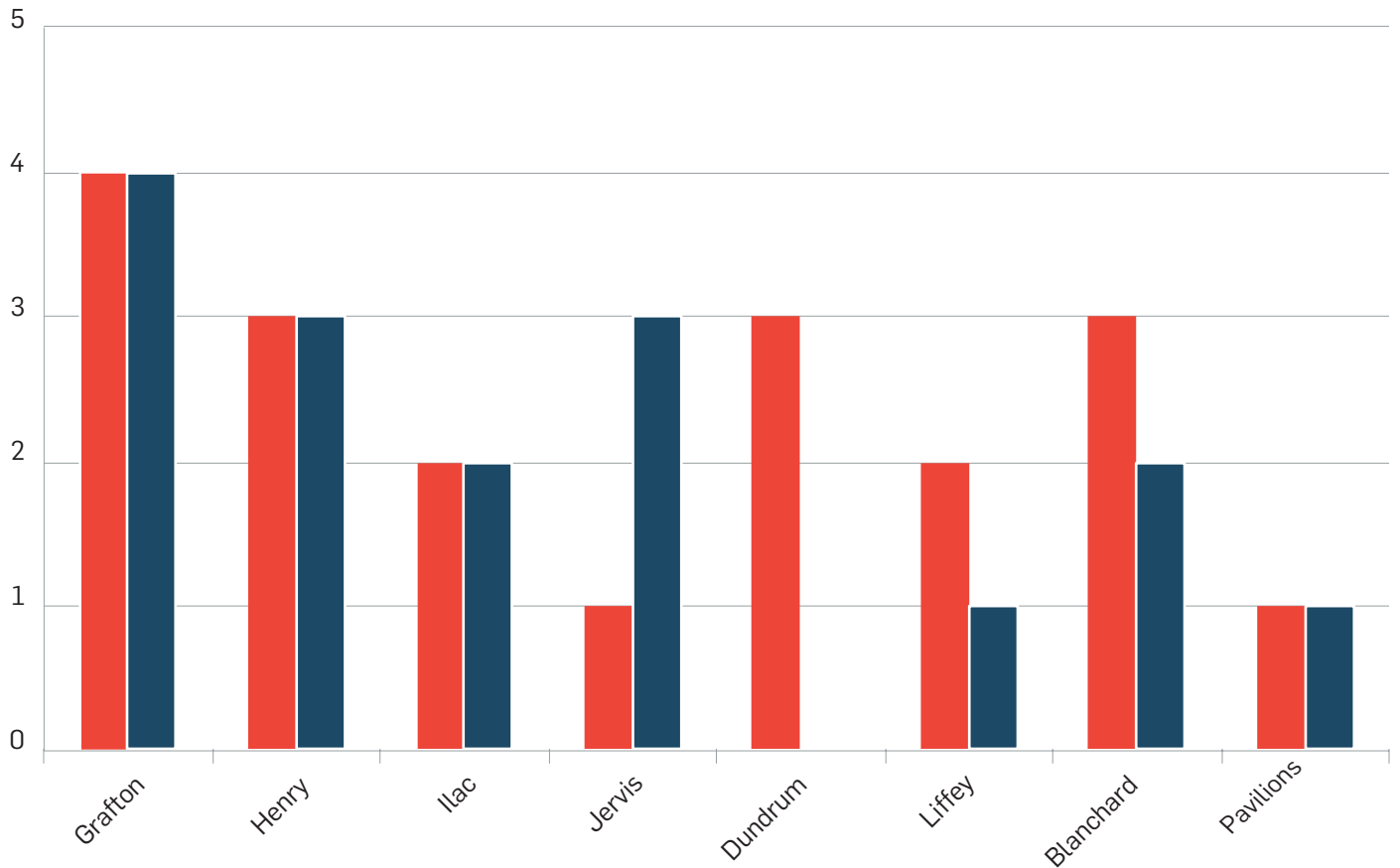
There is no major supply of retail stock in the pipeline and therefore the low vacancy rates and limited availability of retail property is going to be of concern for retailers looking to expand their business.

The uncertainty related to the Brexit vote both before and after, has reduced the level of demand from UK retailers, in particular. However, as time moves on and the level of uncertainty is alleviated, UK retailers are likely to refocus their attention on the Irish market; further driving demand and rents.

SHUTTER COUNT, Q3 2016

No. of Units
Unoccupied

■ Q3 2015 ■ Q3 2016



Source: Lisney

The Lisney Shutter Count comprises an analysis of closed and non-trading retail units. We have relied solely on what is visible on-site and have not made any further enquiries as to the units' status. Units are registered as unoccupied even if a lease is in place or if undergoing fit-out / refurbishment. The analysis does not include external units that form part of shopping centres. Temporary lettings, such as those for Christmas are excluded. Pop-up stores (which appear on-site to be more than just temporary lettings) are included in the analysis, which may distort the figures given that certain centres do not utilise such arrangements.

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