

**RETAIL
REPORT**

Q3 2020

Lisney



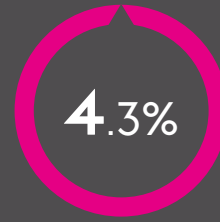
RETAIL SECTOR IN NUMBERS

CONSUMER SENTIMENT



KBC
CONSUMER
SENTIMENT INDEX

ONLINE SALES



4.3% OF ALL SALES
WERE ONLINE
IN SEPTEMBER

RETAIL SALES



VOLUME OF
RETAIL SALES HAS
INCREASED SINCE
APRIL LOW POINT

SHUTTER COUNT



INCREASE IN
UNOCCUPIED UNITS ON
GRAFTON STREET SINCE
Q4 2019

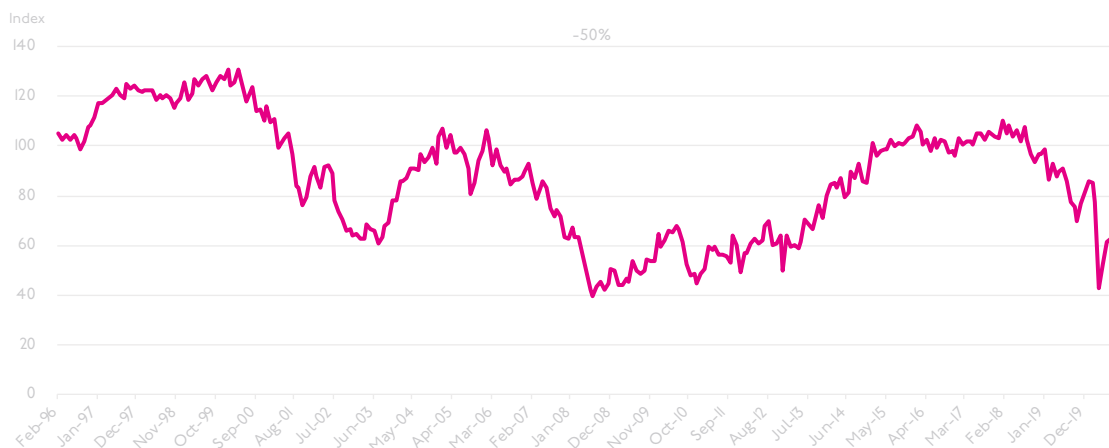


DEALZ, KILDARE

CONSUMER SENTIMENT

Heading into Q3 2020, consumer sentiment, as measured by the KBC Consumer Sentiment Index, had experienced two successive months of recovery. This followed the largest monthly drop in the survey's history in April, reflecting both the dramatic change in the Irish economy and also consumer's individual financial circumstances as a result of COVID-19. July brought further increases in sentiment, however, the index fell back again in August as virus-related concerns were renewed. This likely reflected mixed reports on the strength and speed of economic recovery and employment, in addition to the local lockdowns in several counties. Continuing with the fluctuation, gains were made in September, recovering half of August's losses but remaining well below pre-COVID levels.

KBC CONSUMER SENTIMENT INDEX
FEBRUARY 1996 – AUGUST 2020

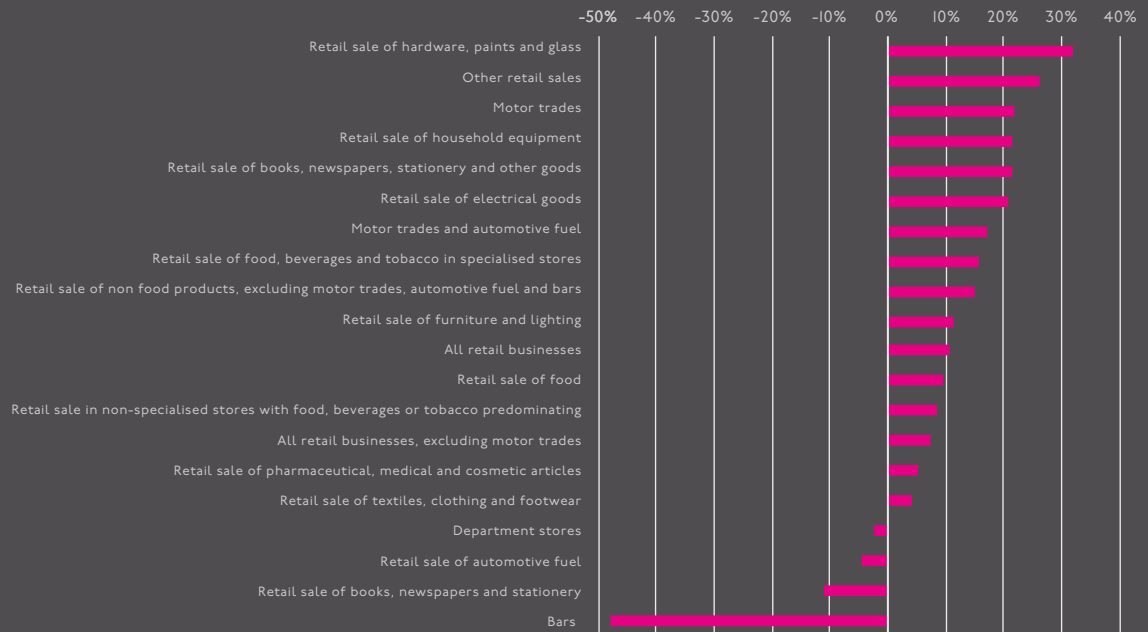


Source: KBC

RETAIL SALES

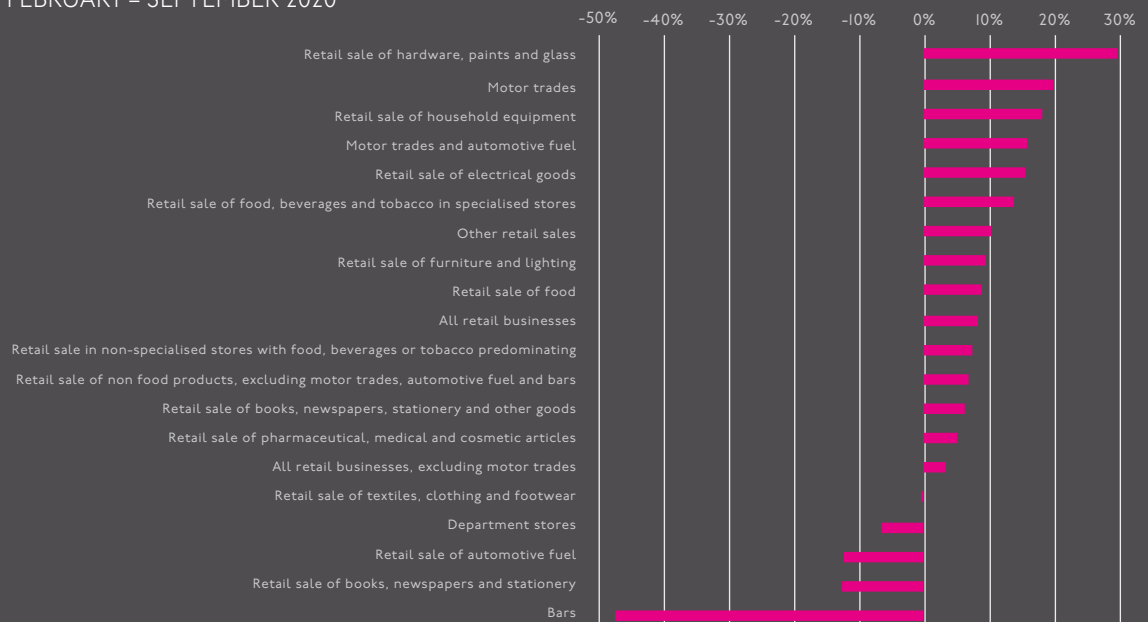
The indices tracking the volume and value of retail sales have improved significantly since the reopening of most non-essential stores in June. Excluding motor trades, since a low point in April, the volume of retail sales had increased by 43% (to end-September) and the value of sales by 39%. The declines in April were at 23.8% for both indices. Consequently, the indices are now in fact ahead of where they were prior to the onset of COVID-19 at the end of February (+7% volume and +4% value). However, there are variations between sectors as evidenced in the charts below.

RETAIL SALES INDEX - VOLUME OF SALES FEBRUARY - SEPTEMBER 2020



Source: : CSO

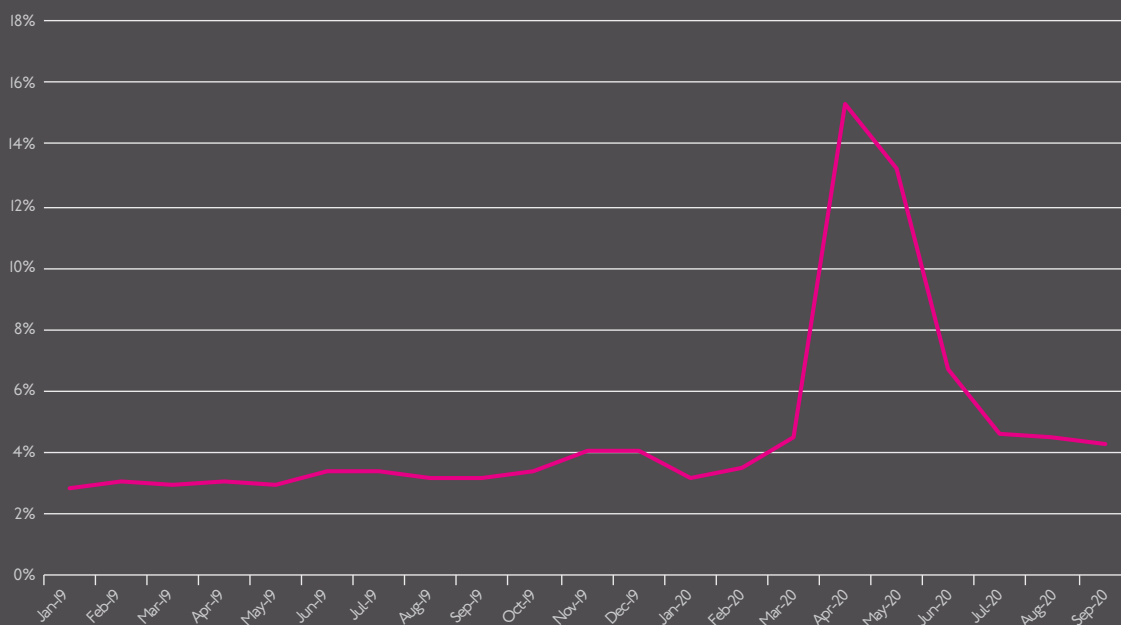
RETAIL SALES INDEX FEBRUARY - SEPTEMBER 2020



Source: : CSO

Interestingly, the CSO noted that online shopping as a proportion of the total turnover of all businesses fell in July as businesses reopened and in-person shopping increased. In September the proportion of shopping online was 4.3% compared to an all-time high of 15.3% in April 2020.

PERCENTAGE OF TOTAL RETAIL SALES TURNOVER GENERATED BY ONLINE SALES JANUARY 2019 – SEPTEMBER 2020



Source: : CSO

CONSUMER BEHAVIOUR

Just after the end of Q3, it was announced that non-essential retail would be closing physical stores once again on the 22nd October. This will significantly negatively impact the sector once again following some recovery in Q3. Additionally, general consumer purchasing power will be affected in the months ahead as the numbers unemployed will increase, as well as the numbers on the Pandemic Unemployment Payment and other Government supports.

Similar to the last recession, it is clear that there will be a structural shift in consumer behaviours and how the retail market operates. An omni-channel presence (physical store plus an online sales platform) will become even more important for all types of retailers. Consumers have become more accustomed to shopping online for groceries and for other items that they would not have regularly shopped for online previously and may continue to do so. Technology, including advances in virtual showrooms will progress further.

PERMANENT CLOSURES

The closure of non-essential retail for at least eight weeks from the end of March and the subsequent closure in October has and will continue to have a serious impact on certain businesses ability to survive. However for many retailers, difficulties were already present in their trading model pre-March and COVID-19 just accelerated the inevitable.

There have been several high-profile permanent closures (in Ireland), including Debenhams and Mothercare. Other retailers have closed or are in the process of closing physical stores but will continue to trade online. Cath Kidston and Monsoon / Accessorize both closed their physical stores. The Laura Ashley name and online business has been purchased by Gordon Brothers but closed all stores in Ireland, while Boohoo.com purchased the trading names of Warehouse and Oasis and will continue online on Boohoo's platform. The fashion sector has suffered further with trends changing quickly from formal work and occasion wear towards leisure, active and athleisure wear.

To date the closures in Ireland have been driven by UK brands situated on prime shopping streets such as Grafton Street and Henry Street or in the larger shopping centres around the country. These brands were already in difficulty in the UK and many had already entered the CVA process in the past. The smaller independent and national brands are working hard to get their businesses online, improve on their online presence in order to try and make it through to Christmas to see if they can see an uplift in turnover over this period in the run into Christmas.

Examples of retailers who sought to restructure or closed during Q3 include:

- New Look – the Irish arm sought examinership in August
- Go Outdoors – a JD Sports owned brand in the UK
- All Saints – entered a CVA and is seeking to reduce its rental outgoings
- Monsoon / Accessorize – closed several stores
- Victoria's Secret – the UK arm is in administration and is seeking a buyer, there has been no confirmation of plans for the Irish business
- Aldo – the UK arm has gone into administration, there has been no confirmation of plans for the Irish business

LISNEY SHUTTER COUNT

Q3 2020 V Q4 2019



Source: : CSO

LISNEY SHUTTER COUNT

Given the level of retail businesses closing or consolidating, the number of unoccupied retail premises increased significantly over 2020. On Dublin's prime shopping streets, Grafton Street and Henry Street / Mary Street, Lisney's Shutter Count shows that the number of units vacant at the end of September 2020 compared to the end of December 2019 grew by nine on each. Grafton Street had 14 unoccupied units while Henry Street / Mary Street had 12. Both of these Q3 2020 figures are the highest noted since Lisney began the Shutter Count survey in 2011.

PERFORMING SECTORS

Retail parks fared well in Q3 after the first lockdown restrictions were lifted. They offer consumers free surface parking, plenty of outdoor space for social distance queuing and large open plan stores. Whilst in lock down, consumers were focused on their homes. Since then there has been a surge in home redecoration and refurbishments benefitting retailers across the hardware, DIY, furniture, tiles, paints, bathroom and kitchen sectors. This trend is set to continue over the coming months as people continue to work from home and adapt their living environments to suit their new needs.

The other sector that has benefitted during this period is electrical retailers. With children returning to school in September there was a further uplift in sales of laptops and tablets. This follows the initial surge in sales before and during the first lockdown as employers grappled with getting staff set up remotely. The fact that people are working from home has also resulted in an increase in demand for general electrical appliances which are being used more frequently in the home such as washing machines, dryers, vacuum cleaners, TV's and kettles.

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