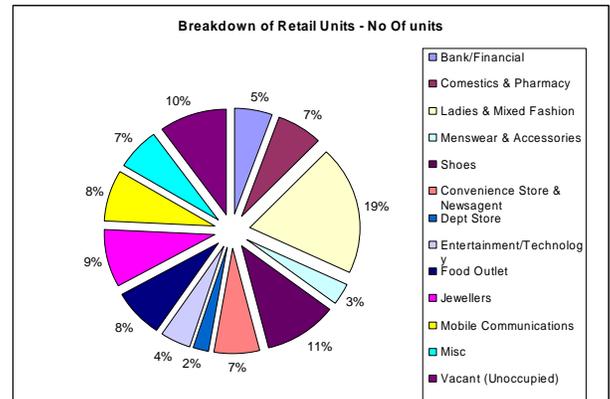


Dublin Retail Market in Minutes – Focus on Grafton Street Q2 2010

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Source: Savills Research

“Our latest retail market research report shows that Grafton Street is withstanding the current tough economic climate well, with only 2.8% of the total retail space on the street vacant”.

Joan Henry, Head of Research

Summary

- Only 2.8% of the total retail space on Grafton Street, Dublin’s main shopping street is vacant, which equates to 9.9% of the units on the street.
- There are a number of units, which are occupied, but the leases on which are available and taking these into account, there is a total of 7.9% of total retail space in terms of square metres on the street that can be categorised as available.
- In terms of retail floor area the street is dominated by two department stores, M&S and Brown Thomas and these stores account for over 45% of the total retail space on Grafton Street.
- If the two department stores are removed from the analysis, then the total amount of unoccupied vacant space on the street increases to 5% but the number of retail units vacant remains the same.
- Prime Fashion retailers occupy eight of the 12 units that have a total retail area of more than 5,000 sq ft.
- Rents on Grafton Street have adjusted considerably with rental levels currently in the region of €400 - €600 per sq ft, having peaked at €900 - €1,000 per sq ft at the top of the market in 2006/2007.
- The outlook for Grafton Street in 2010 is positive, with a number of retailers still keen to have a presence on one of the main shopping streets in Dublin, with the lack of larger stores being really the only impediment for a number of the larger retailers.
- Grafton Street is dominated by a large number of small units, due to the layout and design of the street

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Grafton Street

Grafton Street has been the premier retail street in the south side of the city since the 1880's. It has a rich mix of retail outlets, including department stores, men's and women's fashions, accessories, jewellery and specialised food outlets.

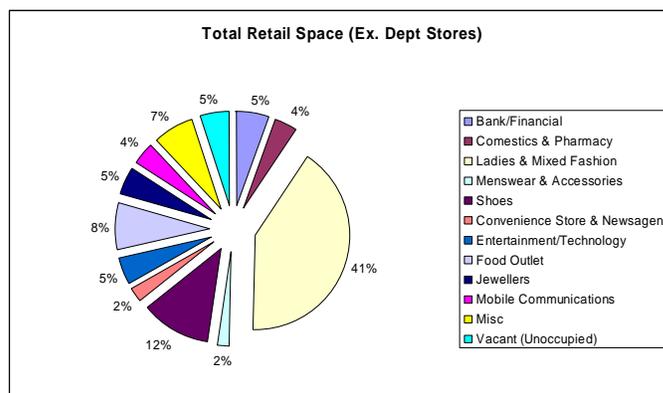
Retailer Demand

There are a number of different retailer groups represented on Grafton Street, with Ladies and Mixed Fashions dominating the retail mix on the street, accounting for 19% of all units and 22% of total retail space. Shoe shops account for 11% of all units on the street. In total, over one-third of the units on Grafton Street are occupied by fashion and shoe retailers, which account for over 30% of total retail space available on the street. If the two department stores are excluded from the analysis, then the over 54% of the total retail floor space is occupied by fashion and shoe retailers.

With Grafton Street being the prime retail-shopping street in the capital, there are as expected a large number of jewellers on the street (9% of units and 2.7% of total retail floor space). However, in contrast to this, there are also seven mobile phone shops on Grafton Street, accounting for 8% of all units but only 2% of total retail floor space on Grafton Street.

There are only four individual retailers on Grafton Street –Barnardos, R&C McCormack Jewellers, Thomas Patrick Shoes and Loft Cafe, with the remaining units being occupied by retailers that operate more than one retail outlet in Ireland or elsewhere. For example Irish retailers in this category include; Pamela Scott, A-Wear and Fitzpatrick shoes. The UK and other international retailers that have a presence on the street include; Next, River Island, Barratts, Karen Millen, Tommy Hilfiger and Swatch.

Analysis of the retailers on Grafton Street, has shown that 47% of the retailers trading on the street are Irish retailers and a further 37% are UK based retailers. Grafton Street has also drawn a large number of international retailers, who account for 16% of the retailers trading on the street.



Source: Savills Research

Stock and Vacancy

Just under 10% of units on Grafton Street are vacant (unoccupied), but these account for only 2.8% of the total retail space on the street.

Along with the 9.9% of the units on Grafton street which are vacant, a further 7 units (7.7%) are trading, but the leases on these units are available. However, these units are not actually vacant as the current retailers are still trading.

These units account for over 5% of the total retail floor space on Grafton Street. In total over 7.9% of the total retail floor space on Grafton Street is available (Vacant and trading but lease available).

In terms of retail floor area the street is dominated by two department stores, M&S and Brown Thomas, which account for over 45% of the total retail space on Grafton Street.

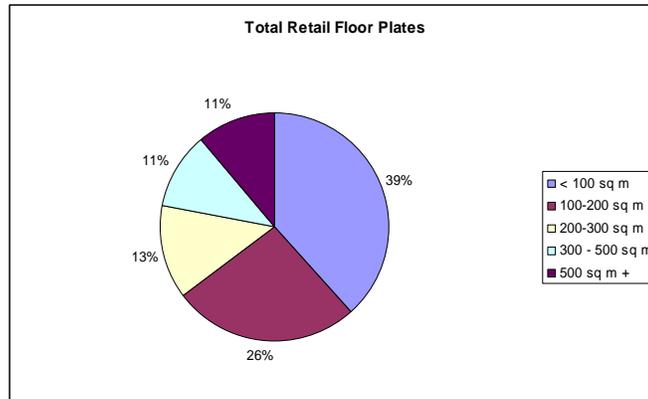
If the two department stores are removed from the analysis, then the total amount of unoccupied vacant space on the street increases to 5% but the number of retail units vacant remains the same.

| | % Units | % Total Retail Space |
|-------------------------------------|----------------|-----------------------------|
| Vacant (Unoccupied) | 9.9% | 2.8% |
| Trading (Occupied)- lease available | 7.7% | 5.1% |
| Occupied (Trading) | 82.4% | 92.1% |

Grafton Street is dominated by a large number of small units, due to the layout and design of the street. As a result of this 39% of all the units on the street have a total retail floor area of less than 100 sq m; 65% of all units on the street have a total retail floor area of less than 200 sq m.

Only ten units on the street have a total retail floor area of greater than 500 sq m and two of these are department stores. Of the units with less than 100 sq m six of them are jewellers and fashion retailers occupy eight of the units.

Mobile phone shops account for five of the units that have a retail area of less than 100 sq m, whilst fashion retailers occupy seven of the ten units that have a total retail area of greater than 500 sq m. An analysis of the type of space on Grafton Street does highlight a potential problem that many retailers have with locating to Grafton Street – the trade off between the prime shopping area and suitable floor plates to trade from.



Source: Savills Research

Rents

Rents on Grafton Street have adjusted considerably in the last eighteen months. Rents on the Street are currently in the region of €400 - €600 per sq ft, having peaked at €900 - €1,000 per sq ft at the top of the market in 2006/2007.

| Year | Rent (Zone A) (per sq ft) |
|------|---------------------------|
| 2006 | €900 - €1000 |
| 2010 | €400 - €600 |

Investments and Yields

In line with the rising rents and the peak of the boom in 2006/2007, yields fell to as low as 2.25% during the boom and have since then have begun to be pushed out. Yields are currently in the region of 6.0% - 6.5% for the street, though the lack of investment property on the street in the last 6-12 months has made it more difficult to predict and forecast the market. Recent transactions include the sale of 71 Grafton Street for approximately €8 Million reflecting a net initial yield of approximately 6.30%. This property is occupied by Boodles and has over 20 years remaining on the lease.

Outlook

The outlook for Grafton Street in 2010 is positive, with a number of retailers still keen to have a presence on one of the main shopping streets in Dublin, with the lack of larger stores being the main impediment for a number of retailers. A number of new international retailers to Ireland have opened stores on the street in the past 18 months, including Apple (Compu B) and American Apparel.

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Dublin City Council has established a special control for the Grafton Street area, to ensure that certain planning criteria are met in the future. One of its main objectives is to 'promote higher order comparison retail outlets on Grafton Street, to provide for a high quality shopping area'. This in turn means that the council, through special planning regulations will be restricting/not granting permission for a number of uses on the street, including the fast food outlets, off-licences, newsagents, mobile phone shops and catalogue shops. This will help to create a high-end retail shopping street/experience. The planning regulations will also have an impact on the merging of units/buildings on the street possibly restricting the floor plate sizes available to retailers on the street. The Council is aiming to 'retain and complement the fine grain of the established streetscape in any new development'

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