

2015

Q2

2015

Consumer

Market Monitor



UCD Michael Smurfit
Graduate Business School



The
Marketing
Institute

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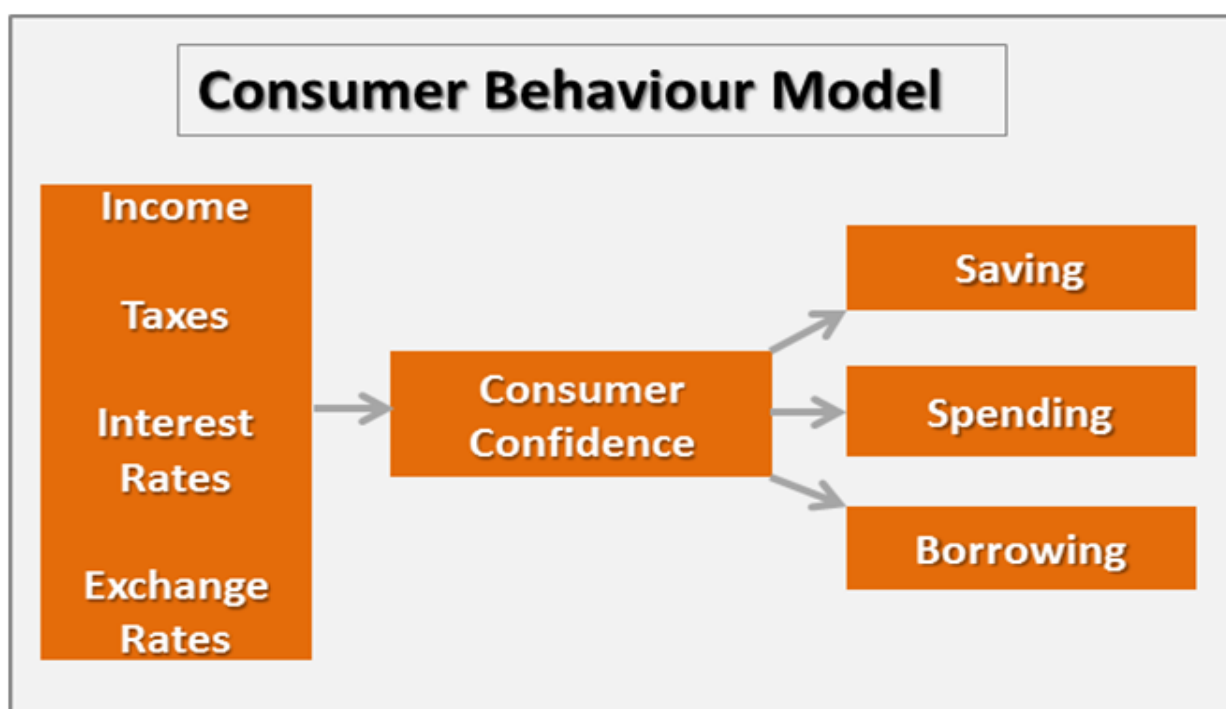
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CONSUMER MARKET MONITOR

The Consumer Market Monitor is a publication provided by the Marketing Institute of Ireland in collaboration with the UCD Michael Smurfit Graduate Business School.

It is designed to track key indicators of confidence and activity in the Irish consumer market as a resource for marketers and the wider business community. The consumer market accounts for 54% of GNP so it is an important indicator of the health of the overall economy.

It relies on a model of consumer behaviour which sees economic variables such as income levels, taxes, interest rates and exchange rates influencing consumer confidence which, in turn, influences consumer behaviour including spending, saving and borrowing. Consumer spending is split between goods and services. The main categories of spending are: retail goods (40%) and services (40%), while housing accounts for the remaining 20%.



It is based on data from the Central Statistics Office (CSO), the Central Bank, the European Commission, and other secondary sources. The added value rests in the fact that the information is brought together in a single location and presented in a way that is easy to use for market analysis and sales planning. The accompanying editorial also highlights important trends and linkages that point to emerging opportunities and threats.

It is published on the MII website and the UCD Smurfit School website and is updated every quarter. This edition covers quarter two of 2015 and also provides a review of last year.

EXECUTIVE SUMMARY

Economic recovery is building rapidly in Ireland and one of the most noteworthy features is that consumer spending is now making a significant contribution to economic growth, for the first time since the start of the recession in 2008. Total consumer spending was up by 2% last year in real terms, and has risen by 3.8% in the first quarter of 2015, year-on-year. This suggests growth of at least 3% for this year as a whole, and by similar or higher rates in future years.

Why is this so important? Well, the fact is that the consumer economy accounts for 54% of GNP and 46% of GDP, and therefore its state of health fundamentally affects the state of the national economy.

What does the consumer economy cover? In summary, it includes consumer spending under three main headings: goods, services and housing. Goods account for about 40% and include everything sold through retailers; services of all kinds account for another 40%; and housing makes up the balance of 20%.

All three of these categories are now back in growth and each is contributing to the positive trend that we are seeing in the overall consumer economy:

- Retail sales up 3.7% for 2014 and by 5.7% for the first half of 2015 in real terms.
- Services up 4.1% for 2014, and up 9.3% for the first quarter of 2015.
- 40,000 houses sold in 2014, up 38%, and 21,300 in the first half of 2015, up 47%.

These data show that the growth rate is accelerating, which is why it looks like the results for this year and onwards will be at the higher end of expectations, i.e. over 3%.

A number of things are contributing to this positive trend. Regular increases in employment are having a positive effect on consumer sentiment, and are now of a magnitude to make a real difference to the amount of disposable income circulating in the economy. There were 93,000 jobs added from the low point in 2012 to the first quarter of this year, a 5% increase in the total number of people employed. Disposable income began to pick up in 2013 and registered an increase of 3% in that year and again in 2014. It is expected to increase again this year, possibly by a higher rate if pay increases begin to become more widespread.

Consumer confidence began to recover in 2013 and this positive trend continued through 2014, reaching a record level in Q4 2014, higher even than the boom years of 2006-2007. The feel good factor is continuing into this year, with the latest consumer confidence figures showing the first half of 2015 to be up again, to a level significantly above that of neighbouring countries.

This strong consumer confidence has begun to feed through into consumer spending. Sales of new cars experienced a major turnaround in 2014, with 92,361 units sold, a 30% increase on 2013. This buoyancy is continuing this year, with 78,660 new private cars licensed in the first half of the year, an increase of 26% year-on-year.

Retail sales are also improving; sales volume rose by 3.7% in 2014 while value increased by 1.6% indicating a significant upturn in activity. This upward trend has continued into 2015, with sales volume up by 6.6% in Q2, year-on-year, following 4.8% in Q1. Value was up 3.4%, also an improvement of the increase of 1% in Q1.

Sales of household goods were particularly strong, with electrical goods up 9.5% in volume in Q2, hardware, paints and glass up 6.2%, and furniture and lighting up 5.9%. This reflects the increasing number of property transactions and demonstrates the interdependence of these sectors.

All other retail categories also got a boost in recent quarters, and the evidence suggests that 2015 is delivering sales growth for most retailers. Sales of services have also been strengthening, up 4.1% for the year 2014, and up by a further 9.3% for the first quarter of 2015, year-on-year.

Reflecting the increasing consumer spending, VAT receipts were up 7.9% for the year 2014, and this growth is continuing; VAT receipts for the first six months of this year stood at of €6 billion, up by 7.9% compared to the first half of 2014.

All in all, the indicators are that the consumer economy is recovering rapidly, with all types of spending increasing significantly. It must be remembered, however, that there is still a considerable way to go for the consumer economy to get back to the level seen at the peak of the boom in 2007. Personal consumption in total is still 10% below that level and so there is still plenty room for improvement.

There is also to some regional variation in the rate of recovery, with the greater Dublin area recovering more quickly than the rest of the country. The other regions are catching up, however, with the recovery gradually spreading to all areas.

Consumer Confidence

Consumer confidence began to recover in 2013 after five years in the doldrums, reaching a seven year high in December, attributed to Ireland's exit from the bailout programme and an easing of fears about the austerity measures.

Confidence increased steadily through 2014 due to a steady flow of good news on employment, increasing tax receipts, and strong services and manufacturing growth.

This upward trend has continued into 2015, reaching a record high of +14 in May. Consumer confidence in Ireland is now at a significantly higher level than in the UK and the rest of Europe.

Consumer confidence in the UK also rose steadily through 2014 and this has continued into 2015. This reflects a more positive economic outlook and rising disposable incomes. Confidence in the rest of the EU is lagging behind although it is on a marginally positive trajectory.

Consumer Incomes and Spending

Household disposable income rose by 3% in 2013 -- the first increase since 2008. Disposable income rose by a further 3% in 2014 and is forecast to increase again this year and next, in response to continuing improvements in employment numbers, and other factors such as falling oil prices and possible tax reductions.

Household spending closely mirrors income, and recorded growth in 2014 for the first time since 2008. Personal consumption expenditure was up 2% for the year. Personal consumer spending is growing at an increasing rate this year, up 3.8% in the first quarter, and this is likely to be closely matched by household spending.¹ Spending on services was also up by 4.1% for the year 2014, and by an even higher 9.1% for the first quarter of 2015.

¹ Central Bank Quarterly Bulletin Q2 2015

Looking ahead, consumer expenditure is expected to continue to grow due to improving labour market conditions and stronger consumer confidence. The Central Bank is predicting an increase of 2.3% in personal spending for 2015 as a whole, and a similar growth of 2.3% for 2016. Other forecasters are more optimistic, however, forecasting growth in consumer spending of closer to 3% for this year and onwards.

Consumer Borrowing

Borrowing by Irish consumers grew at a record level from 2000 onwards and peaked in March 2008 at €150 billion, but has declined steadily since then, down -37% from 2008 to €93 billion in Q2 2015.

Total lending to Irish households continued to fall in 2014, decreasing by -8.2% for the year to the end of Q4 2014, as households tried to get their borrowing down. Loans outstanding to Irish households decreased by -3.2%.

Loans for house purchase, which account for 82% of household loans, peaked in May 2008 at €127 billion. Since then, we have seen a continued decrease to €77 Billion in June 2015, a cumulative decline of -39%.

Lending for other consumption accounts for approximately 18% of total borrowing. This category peaked in Q1 2008 at €30 billion but declined to €19 billion by year-end 2014, a reduction of -38%. This category continued to decrease through the first half of 2015, standing at €16 billion in June 2015.

The rate at which Irish households have reduced their debt is quite remarkable, surpassing most other countries except for the US. Household debt as a percentage of income has decreased 33 percentage points in Ireland and 26 points in the US from 2007 to 2014. However, household debt levels in Ireland remain relatively high by international standards, at 177% of disposable income, and remains a constraint on recovery in the consumer economy.

Retail Spending

Following four years of decline, retail sales stabilised in 2012 and increased very slightly in 2013, up by 0.8% in volume terms. This represented a turning point in the economic cycle, with sales growth continuing to accelerate in 2014. Retail sales volume (excluding motor vehicles) rose by 3.7% in 2014, while value increased by 1.6%.

This upward trend has continued into 2015, with sales volume up by 4.8% in Q1, year-on-year, and 6.6% in Q2, an average of 5.5% for the first half of the year. Value was up 3.4%, also an improvement of the increase of 1% in Q1.

Sales of household goods were particularly strong in Q2, with electrical goods up 9.5% in volume, hardware, paints and glass up 6.2%, and furniture and lighting up 5.9%. All other retail categories also got a boost in recent quarters, and the evidence suggests that 2015 is delivering sales growth for most retailers.

Recent Trends

Sales of new cars experienced a major turnaround in 2014, with 92,361 units sold in the full year, a 30% increase on the previous year. This buoyancy is continuing this year, with 78,660 new private cars licensed in the first half of 2015, a rise of 26% compared with the 62,280 sold in the first half of last year. Industry expectations are that new car sales could reach

120,000 by the end of 2015, a 25% increase for the year. Sales of second hand cars are also doing well, up 20% on 2014.

Retail sales excluding the motor trade are also improving; sales volume rose by 3.7% in 2014 while value increased by 1.6% indicating a significant upturn in activity. Retail sales have continued this upward trend in the first half of 2015, with volume up by 6.6% in Q2, year-on-year, and value up 3.4%.

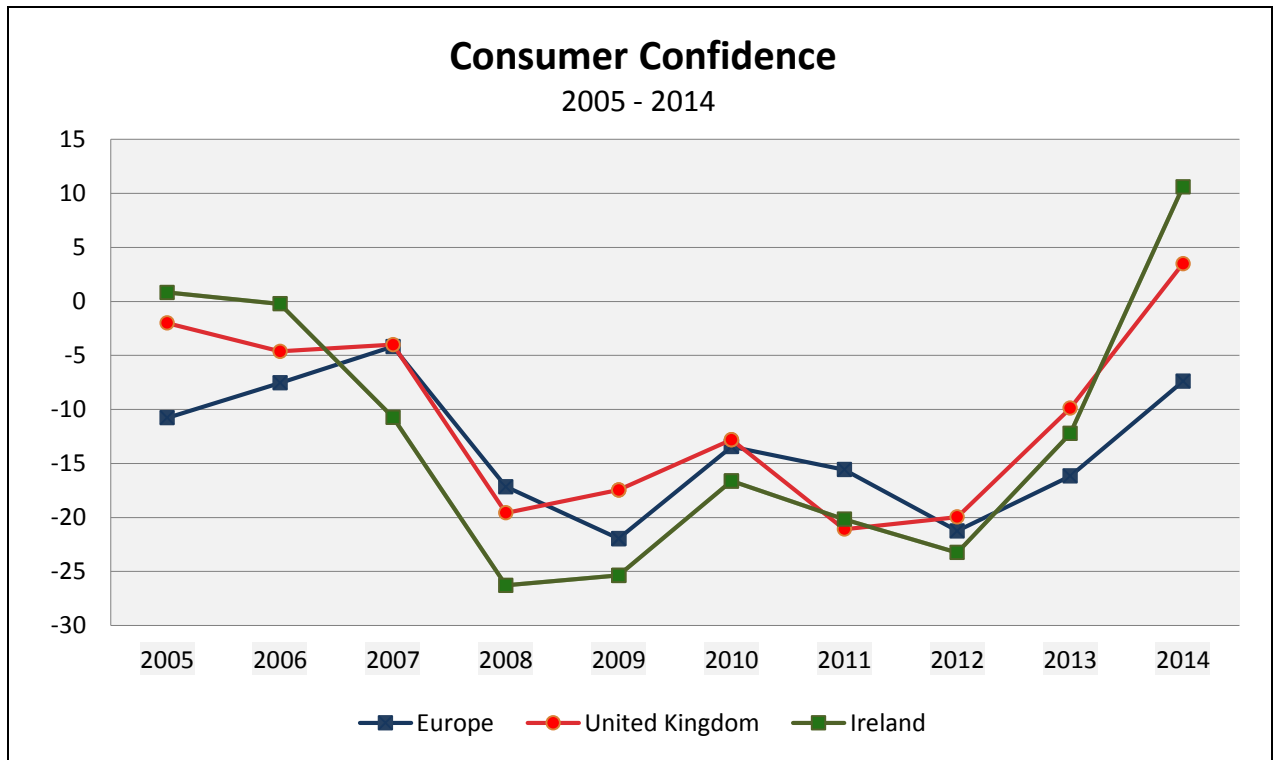
All product categories experienced growth in Q2 2015, with clothing and footwear up the most at 10.3%, followed by household equipment at 8.3%, year-on-year. More remarkable, however, is the significant growth displayed by sectors that have been particularly weak throughout the recession, such as bars and newsagents. In summary:

- Food sales up 5.3% in volume and up 3.6% in value;
- Non-specialised stores (supermarkets) up 5.7% in volume and 4% in value;
- Fuel up 2.1% in volume but down -4.1% in value;
- Clothing, footwear & textiles up 10.3% in volume and 6.8% in value;
- Household equipment up 8.3% in volume and 4.5% in value;
- Department stores up 7.6% in volume and 4.4% in value;
- Pharmaceuticals and cosmetics up 3.2% in volume and flat in value;
- Bar sales up 5.1% in volume and up 5.3% in value.
- Books, newspapers, stationery up 3.3% in volume and 5.3% in value;

Overall, we can conclude that retail sales are back on a strong growth path, accelerating from Q1 to Q2 of this year. This positive momentum augurs well for continuing growth through the rest of 2015 and into future years, reflecting the broad-based strengthening of the economic fundamentals in the Irish consumer market.

CONSUMER CONFIDENCE

ANNUAL



Consumer confidence reached an all-time low in Ireland in 2008, following the financial crisis, and this was mirrored in the UK and the rest of the EU. Confidence remained low in 2009 and 2010, particularly around the time of the IMF bailout. The downward trend continued in 2011, and confidence remained low throughout 2012.

This trend reversed in 2013 and confidence increased steadily through 2014, rising by 187% over the year, due to a steady flow of good news on employment, increasing tax receipts, and strong services and manufacturing growth.²

Confidence levels in the UK reached an all-time low in 2011, and remained low in 2012, due to a combination of higher living costs and a weak jobs market. Confidence in the rest of Europe also fell in 2011 and remained low in 2012 due to anxiety about the Eurozone crisis.

These trends reversed in 2013, and this improvement continued throughout 2014. All countries in this index have now surpassed the confidence levels experienced in the years preceding 2007. For example, the UK averaged 3.5 in 2014 compared to -4.6 in 2006.

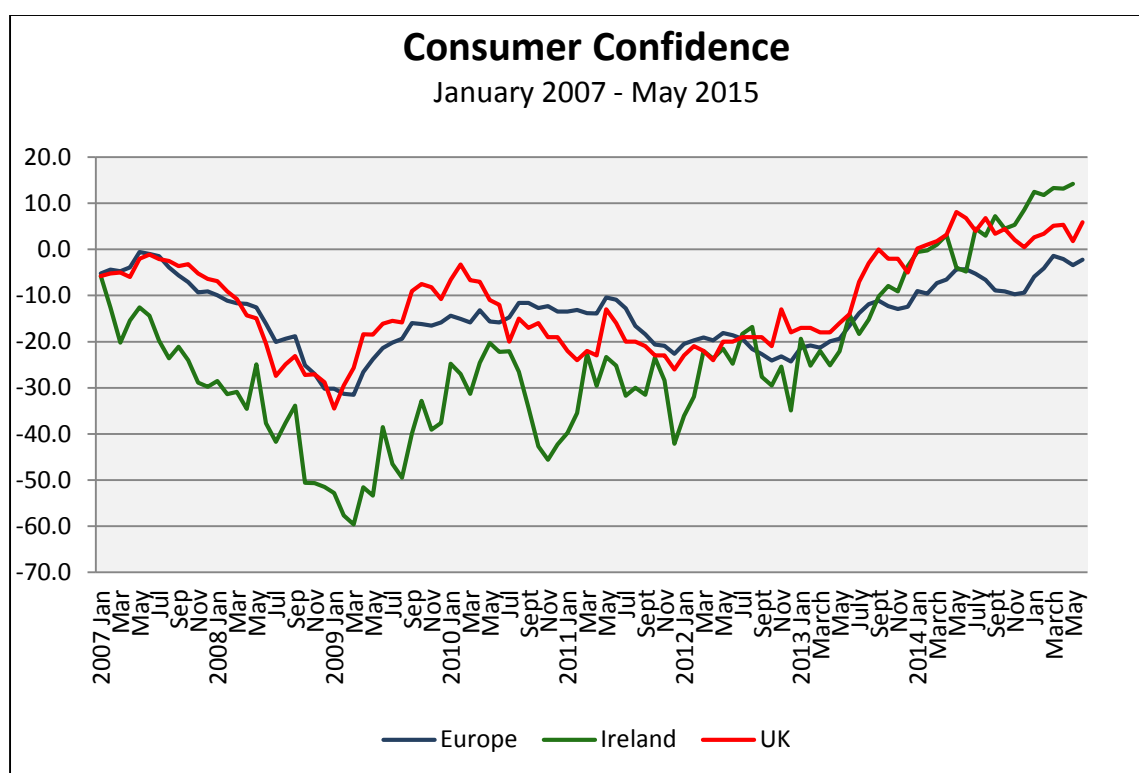
US consumer confidence reached an all-time high of 145 in January 2000 and a record low of 25 in February 2009.³ The US index averaged 84 in 2014 compared to 78 in 2013.

² www.independent.ie/business/irish/irish-consumer-sentiment-nears-eightyyear-high-in-december-30892291.html

³ www.tradingeconomics.com/united-states/consumer-confidence

CONSUMER CONFIDENCE

MONTHLY



Consumer confidence in Ireland fell dramatically after the economic crisis in 2008, and remained low through 2009, the bailout in 2010, and the Eurozone crisis of 2011-2012. Confidence recovered somewhat in 2013, reaching a seven-year high in December, attributed to Ireland's exit from the bailout programme and strong employment growth.⁴

Confidence increased steadily through 2014 due to a steady flow of good news on employment, increasing tax receipts, and strong services and manufacturing growth.⁵ This upward trend has continued into 2015, reaching a record high of +14 in May 2015. This most likely reflects the prospect of tax cuts and public spending increases in the upcoming budget.⁶ Consumer confidence in Ireland is now higher than in the UK and the rest of Europe.

Consumer confidence in the UK rose steadily through 2014 and this has continued into 2015, reaching a high of +6 in June. Consumer confidence in the UK correlates with the cost of utility bills falling and discretionary incomes rising.⁷

Consumer confidence in the US also improved in 2014, reaching 95 in December, the best since January 2007.⁸ It has faltered slightly in 2015, dropping to 91 in June.⁹

⁴ EU Business and Consumer Surveys, Monthly. ec.europa.eu/economy.../db.../index_en.htm

⁵ www.independent.ie/business/irish/irish-consumer-sentiment-nears-eightyear-high-in-december-30892291.html

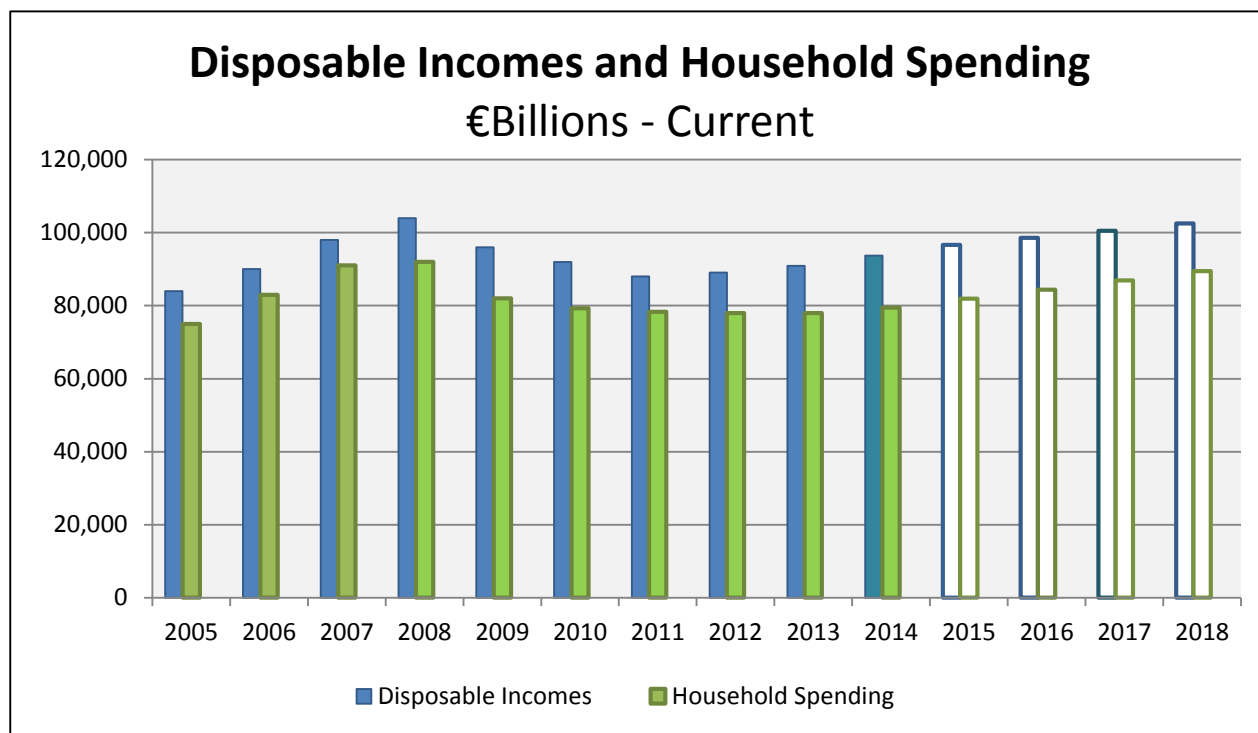
⁶ <http://www.irishtimes.com/business/economy/consumer-sentiment-at-highest-since-early-2006-1.2267992>

⁷ <http://www.thisismoney.co.uk/money/markets/article-3175763/UK-consumer-confidence-hits-highest-level-4-1-2-years-younger-generation-optimistic-finances.html>

⁸ <http://www.usatoday.com/story/money/business/2015/04/28/consumer-confidence-april/26475567/>

⁹ <http://www.wsj.com/articles/u-s-consumer-confidence-falls-back-sharply-in-july-1438093315>

CONSUMER INCOMES AND SPENDING



Disposable income in Ireland increased by 60% from 2002 to 2008--from €65bn to €104bn, due to the combined effects of more people in employment and rising income levels.¹⁰ This trend reversed in 2009, and continued downwards until 2013. National disposable income fell by -12% in real terms between 2008 and 2012 as a result of rising unemployment, falling wages, higher taxes and lower social payments.¹¹

This trend turned in 2013, when household disposable income rose by 3% in real terms, the first increase since 2008. Disposable income continued to rise in 2014 as a result of increasing employment (up by 40,000 jobs for the year), and ended the year up by 7% in real terms. The evidence suggests that disposable income is rising significantly again this year.

Household spending closely mirrors income, increasing by a record 48% from 2002 and 2008, from €62bn to €92bn. Spending has since declined in line with income, to a low of €80 billion in 2011, resulting in five consecutive years of decline, which saw net consumption contract by -13% in current terms and by -7.5% in real terms.

Household spending was more or less static from 2011 to 2013, hovering around €80bn over the three years. It is estimated to have increased by 2% for the full year 2014.

Personal consumer spending is growing at an increasing rate this year, up 3.8% in the first quarter, and this is likely to be closely matched by household spending which accounts for 96% of personal consumption.¹²

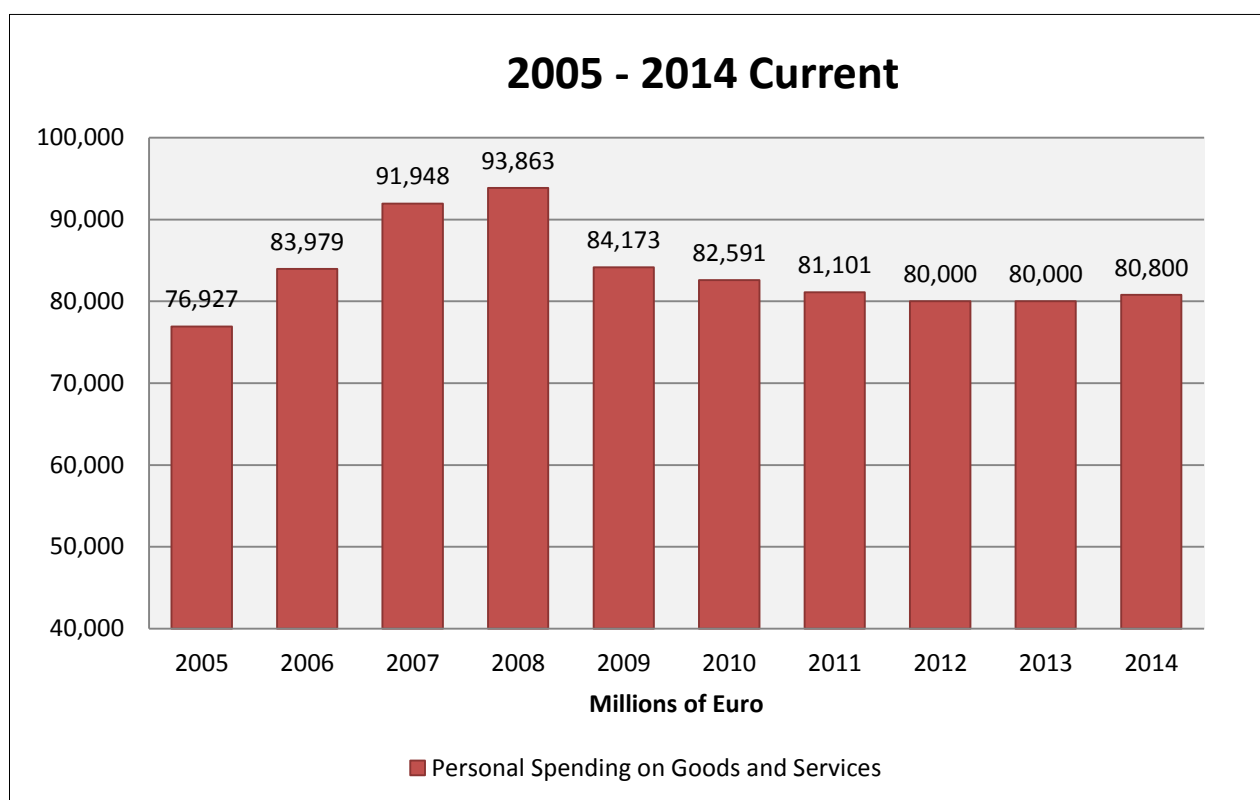
¹⁰ CSO Institutional Sector Accounts, Q1, 2015.

¹¹ www.irishexaminer.com/ireland/household-disposable-income-down-20-since-2008-302696.html

¹² Central Bank Quarterly Bulletin Q2 2015

PERSONAL SPENDING ON GOODS/SERVICES

ANNUAL



Personal spending in Ireland rose rapidly from 2000 to 2007, by 43% in total, or an average of 6% per year. Spending growth slowed in 2008, and declined steadily over the next four years; there was a record decline of -7.2% in 2009. In sum, personal consumption fell by -14% in current terms (-7% in real terms) over the six years from 2007 to the end of 2013.

Following these several years of decline, consumption expenditure grew by 1% in real terms in 2014.¹³ As further evidence of this, VAT receipts were up 7.9% in 2014, compared with 2013.¹⁴ Similarly, retail sales increased by 6.3% in volume terms (3.7% when motor trades are excluded), and activity in the services sector was 3.5% higher in 2014.

Consumer spending in the UK has also been weak in the years since the financial crisis, but not as negative as in Ireland; it fell -4% from the 2007 peak to the trough in 2011, from £955 to £916 billion. However, spending rallied between 2012 and 2014, rising approximately 2% per year, and is now back at about the same level as in 2007.¹⁵

US consumer spending continues to be in recovery mode, with U.S. households increasing spending in the final quarter of 2014 by the most in nine years. Personal spending rose by 3.9% for 2014 as a whole, similar to the 3.6% growth in 2013, largely due to cheaper oil and employment gains.¹⁶

¹³ Central Bank of Ireland, Quarterly Economic Bulletin, Quarter 2, 2015

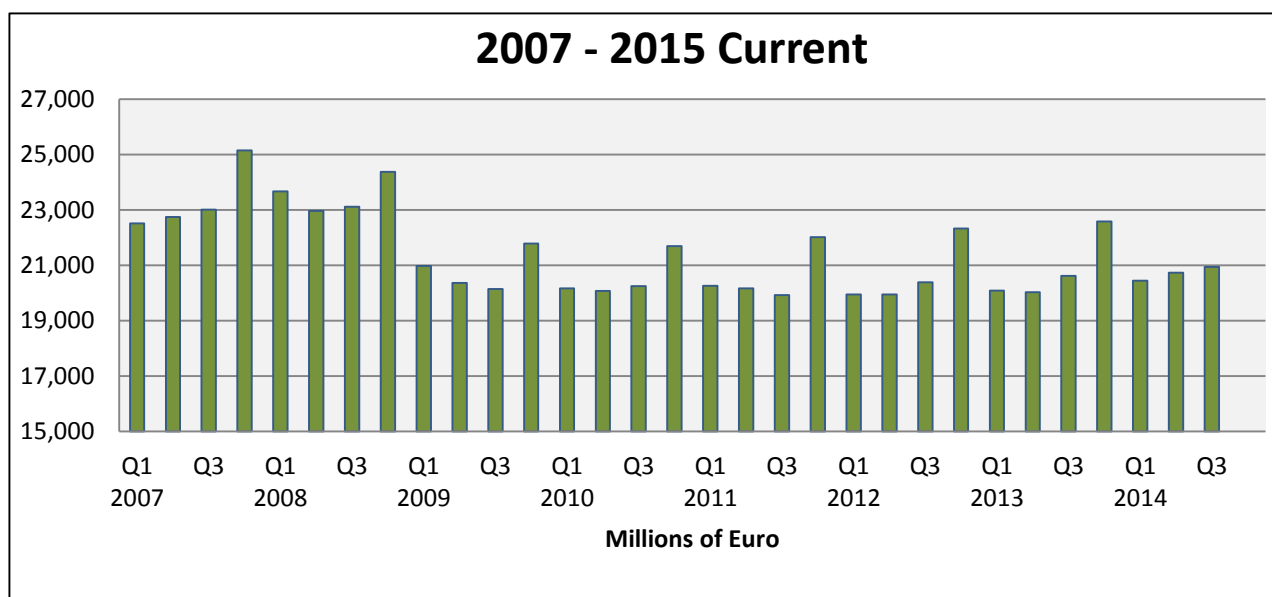
¹⁴ www.finance.gov.ie/sites/default/files/Irish%20Monthly%20Economic%20Bulletin%20-%20December%202014.pdf

¹⁵ www.ons.gov.uk/ons/dcp171778_357940.pdf

¹⁶ www.wsj.com/articles/u-s-consumer-spending-down-0-3-in-december-1422883888

PERSONAL SPENDING ON GOODS/SERVICES

QUARTERLY



Personal spending peaks each year in the fourth quarter, in the run up to Christmas. This peak reached an all-time high in the final quarter of 2007 but has been on a steady downward trend since then. The volume of personal consumption in Ireland declined in real terms by -7% from the peak in 2007 to the end of 2013.

Following successive quarter-on-quarter increases in 2014, consumer spending grew by 2% for the year as a whole, the first since 2008.¹⁷ As further evidence of this, VAT receipts were up 7.9% in 2014, compared with 2013.¹⁸ Similarly, retail sales increased by 3.7% in volume terms (excluding the motor trade), and activity in the services sector was 3.5% higher in 2014.

The Central Bank is projecting an increase of 2.3% in the volume of personal consumption for 2015 as a whole, and a similar level of growth of 2.3% for 2016.¹⁹ This is now looking a bit conservative, however, and other forecasters are more optimistic, suggesting growth in consumer spending of closer to 3% for the next two years.²⁰

Consumer spending in the UK has been rising each quarter since Q3 2011, growing by 1% in Q4 2014. Spending is expected to grow by 2% for the next two years, a bit less than Ireland.

Consumer spending accounts for almost 70% of the U.S. economy and has climbed an average 2% per annum in the recovery that's now in its sixth year. Consumer spending advanced by 4.3% in the fourth quarter of 2014 up from the third quarter's 3.2%.²¹

¹⁷ Central Bank of Ireland, Quarterly Economic Bulletin, Quarter 2, 2015

¹⁸ www.finance.gov.ie/sites/default/files/Irish%20Monthly%20Economic%20Bulletin%20-%20December%202014.pdf

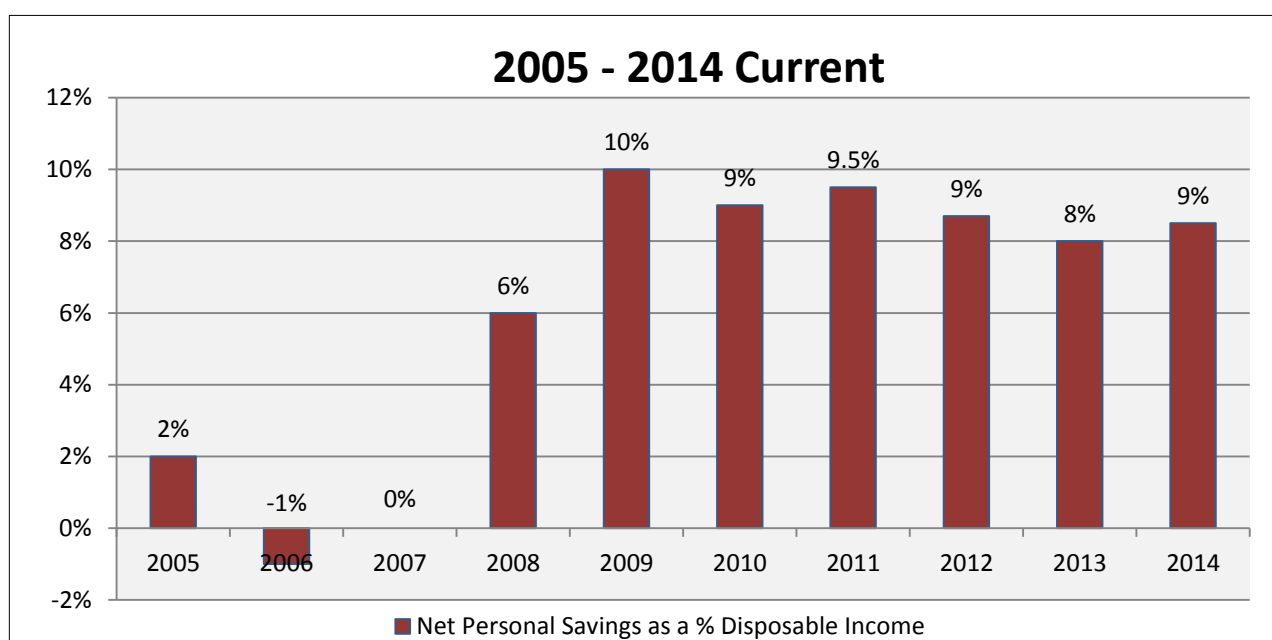
¹⁹ Central Bank of Ireland Quarterly bulletin, Q1, 2015

²⁰ www.ibec.ie/IBEC/Press/PressPublicationsdoelib3.nsf/vPages/Newsroom

²¹ www.reuters.com/article/2015/01/30/us-usa-economy-idUSKBN0L30BC20150130

PERSONAL SAVINGS

ANNUAL



The level of net personal saving in Ireland increased dramatically during the recession, from a low of -1% of disposable income in 2006 to a high of 10% in 2009.²² The net savings ratio has remained very high since 2009, as consumers tried to pay down debt to restore their finances. Over 80% of this saving represents repayment of loans.²³

2012 was the first year in which savings fell slightly, and this decline continued in 2013. The net savings ratio decreased from 9% in 2012 to 8% in 2013.²⁴ As expected, the ratio declined when the labour market started to improve, with a fall to around 8% by the end of 2013. That trend has come to a halt, however, with an upward drift of late, to 8.5% in 2014.

This was influenced by the fact that household wealth is rising again as property values rise. The net wealth of Irish households rose to €601 billion, or €130,331 per capita, during the fourth quarter of 2014, up by 4.3%. Household wealth has now risen by 33% from its lowest level in Q2 2012 to the end of 2014.²⁵ During Q4 2014, households largely used their savings to reduce debt (€ 1.4 billion) and to invest in home renovations (€ 1.5bn).

The UK net savings ratio declined from the mid-1990s until 2007 when it reached 1.4%. It rose again following the financial crisis and reached a peak of 8.6% in Q2 2009 but has since fallen back to a more normal level of 7% in August 2014.²⁶

Personal savings in the US averaged 6.8% from 1959 through 2014, reaching an all-time high of 14.6% in May of 1975 and a record low of 0.8% in 2005.²⁷ The net personal saving rate was 4.9% in December 2014.²⁸

²² CSO Quarterly Institutional Sector Accounts, Q4, 2014

²³ www.irishtimes.com/business/personal-finance/household-wealth-at-highest-level-since-2008-1.2203542

²⁴ CSO Institutional Sector Accounts, Q3 2013

²⁵ www.centralbank.ie/press-area/press-releases/Pages/QuarterlyFinancialAccountsQ32014.aspx

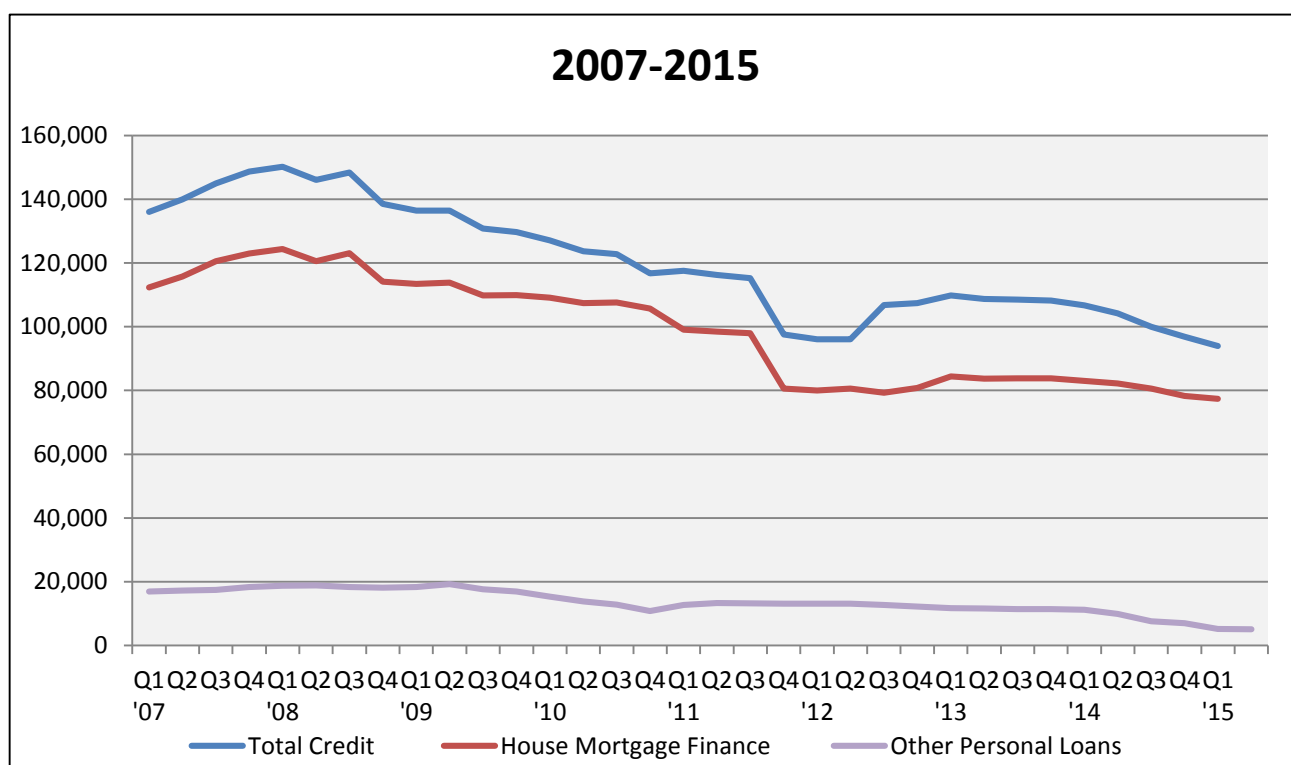
²⁶ www.tradingeconomics.com/united-kingdom/personal-savings

²⁷ US Bureau of Economic Analysis

²⁸ www.bea.gov/newsreleases/national/pi/pinewsrelease.htm

PERSONAL BORROWING

QUARTERLY



Borrowing by Irish consumers grew at a record level from 2000 onwards and peaked in March 2008 at €150 billion, but has declined steadily since then, down -37% from 2008 to €93 billion in Q2 2015.²⁹

Loans for house purchase, which account for 82% of household loans, peaked in May 2008 at €127 billion. Since then, we have seen a continued decrease to €77 Billion in June 2015, a cumulative decline of -39%.

Lending for other consumption accounts for approximately 18% of total borrowing. This category peaked in Q1 2008 at €30 billion but declined to €19 billion by year-end 2014, a reduction of -38%. This category continued to decrease through the first half of 2015, standing at €16 billion in June 2015.

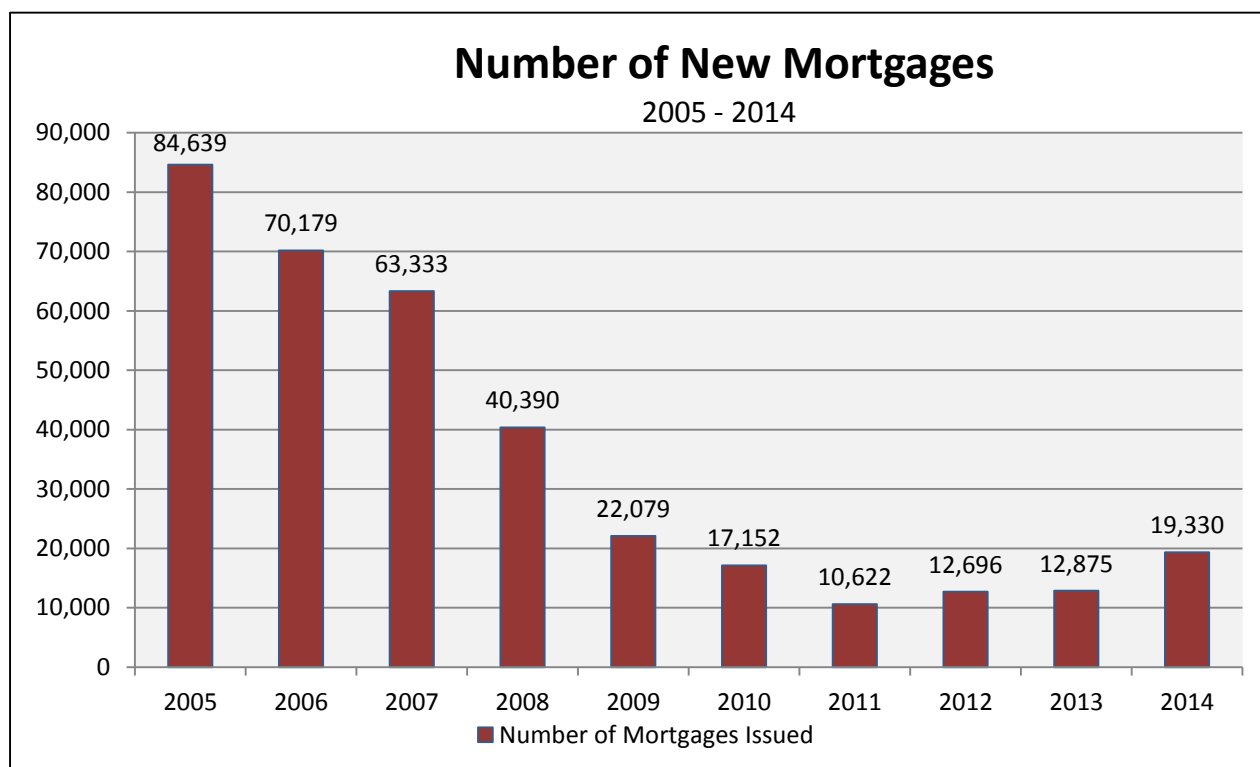
The rate at which Irish households have reduced their debt is quite remarkable, surpassing most other countries except for the US. Household debt as a percentage of income has decreased 33 percentage points in Ireland and 26 points in the US from 2007 to 2014.³⁰ However, household debt levels in Ireland remain relatively high by international standards, at 177% of disposable income.

²⁹http://www.centralbank.ie/polstats/stats/cmab/Documents/ie_table_a.1_summary_irish_private_sector_credit_and_deposits.xls

³⁰ <http://www.irishtimes.com/business/economy/growth-easing-irish-debt-burden-study-finds-1.2093279>

MORTGAGES ISSUED FOR HOME PURCHASE

ANNUAL



The number of new loans paid out for house purchases is a good indicator of the number of homes being bought and sold in the market. This number peaked in 2005 with a total of almost 85,000 new loans issued, but fell dramatically since then, to a low of 10,622 in 2011.

This reflected the number of new house completions, which reached almost 137,000 in 2006, the peak of the property bubble. In contrast, there were 26,820 house completions in 2009, 21,772 in 2010, 15,800 in 2011, 8,500 in 2012 and 7,500 in 2013. The downward trend reversed in 2014, however, when the number of new house completions increased to 11,000, and planning applications are up by almost 100% suggesting a further increase this year.³¹

2014 was the first year to see a major lift in the housing market, with 19,330 mortgages issued for house purchase, an increase of 50% over the prior year. In total, 26,576 mortgages for house purchase were approved in 2014, with a value of €4.7bn.

There were 1.1 million residential properties sold in the UK in 2014, a 22% increase on the previous year.³² Outstanding mortgage lending stood at £1.3 trillion at the end of February 2015, up from £1.282 trillion at the end of February 2014.³³

Sales of residential property in the US were relatively weak in 2014, totalling 5.3 million units, a reduction of -2.7% on 2013.³⁴

³¹ AIB Housing Bulletin, Q4, 2014

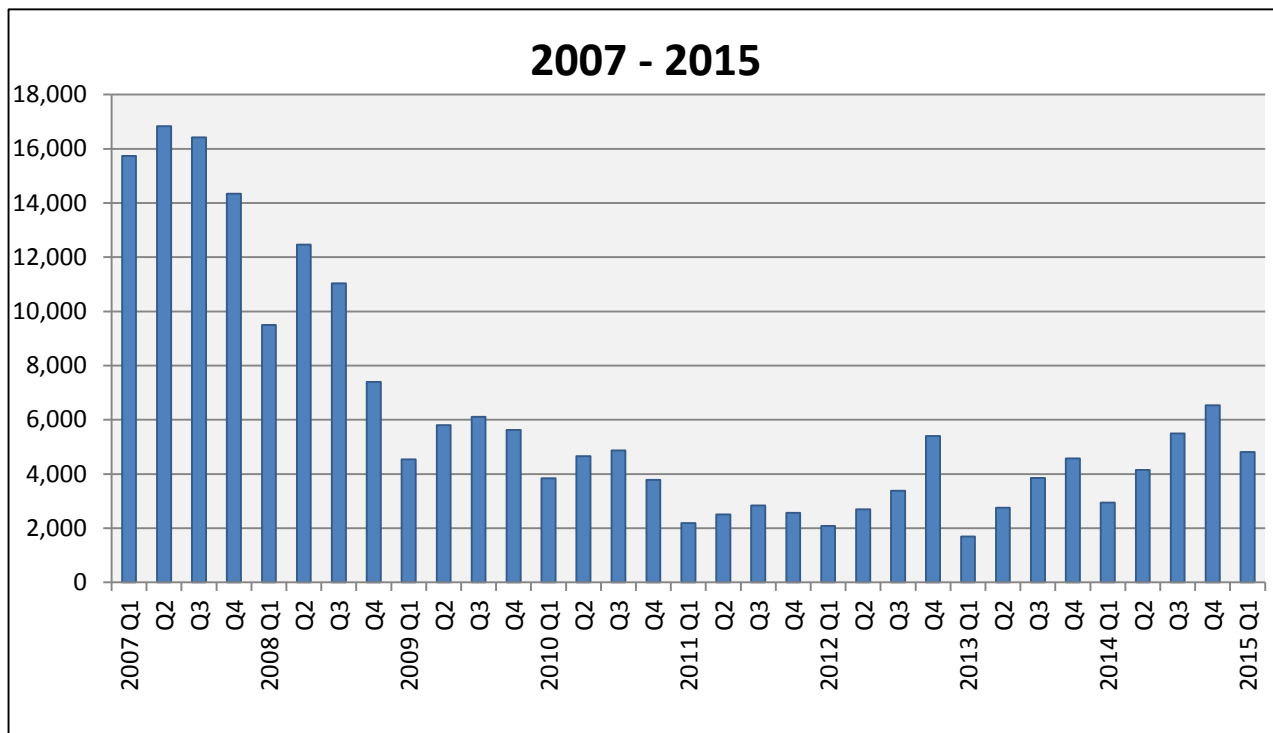
³² www.gov.uk/government/uploads/system/uploads/attachment_data/file/395763/UK_Tables_Jan_2014__cir_.pdf

³³ <http://themoneycharity.org.uk/money-statistics/>

³⁴ <http://www.worldpropertyjournal.com/real-estate-news/united-states/freddie-mac-mortgage-refinance-data-2015-refi-rates-len-kiefer-best-mortgage-rates-home-affordable-refinance-program-harp-refinance-loans-9058.php>

NUMBER OF NEW MORTGAGES ISSUED

QUARTERLY



The slump in property sales in the recession began to reverse in 2012, with a 19% rise in the number of new mortgages issued, for a total of 12,696. This growth stalled in 2013, although the number of sales transactions increased from 21,000 to 28,500 year on year (up 36%).

There were 40,000 transactions in 2014, an increase of 38% over the prior year.³⁵ This was caused by an increase in the number of properties coming on the market and the wider availability of finance.³⁶ 19,330 mortgages were issued in 2014, up 50% on 2013.

The number of transactions is continuing to grow in 2015; Q1 saw 10,100 sales, the 14th consecutive quarter of growth and also the fastest pace of growth, at over 50%. There were 21,300 sales to the end of June, up 44% year-on-year.³⁷ There were 10,954 mortgage approvals in the first half of 2015, up 55% year-on-year.³⁸

There were 1.1 million residential properties sold in the UK in 2014, a 22% increase.³⁹ Property transactions have slowed in 2015, down 4.5% for the first half of the year, possibly as a result of tighter lending rules⁴⁰.

The US housing market remained fragile in 2014, with 5.3 million units sold, a reduction of -2.7% on 2013.⁴¹ However, sales are recovering in 2015, up 6.6% in the first half.

³⁵ MyHome.ie Property Barometer Q4, 2014

³⁶ www.bpfi.ie/wp-content/uploads/2014/10/IBF-PwC_Mortgage_Market_Profile_Q2_2014_FINAL.pdf

³⁷ <http://media.myhome.ie/content/propertyreport/MyHome-Property-Report-Q2-2015.pdf>

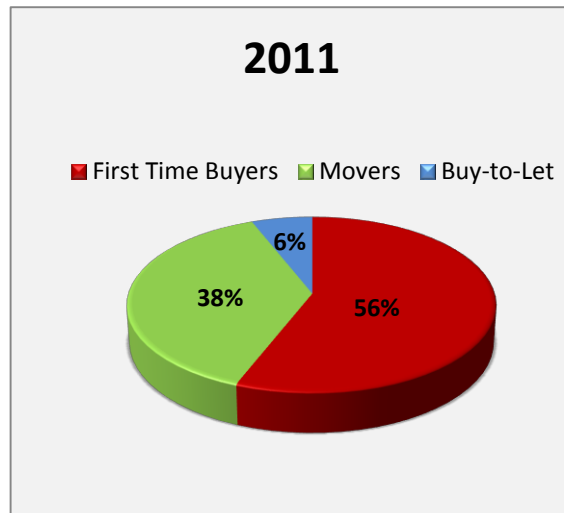
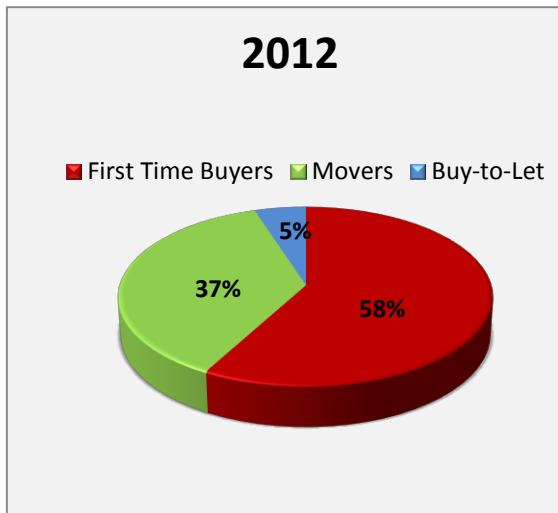
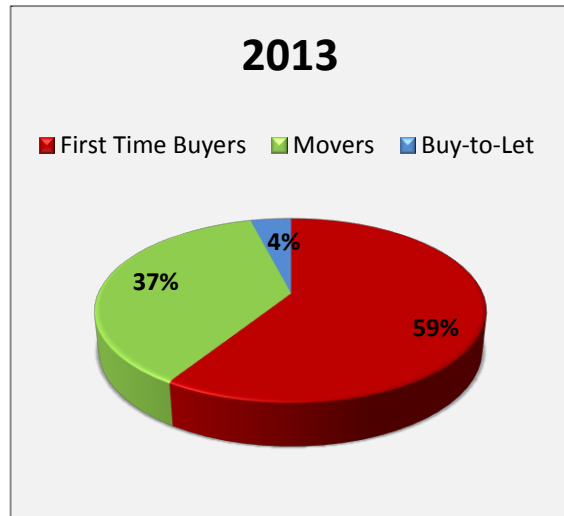
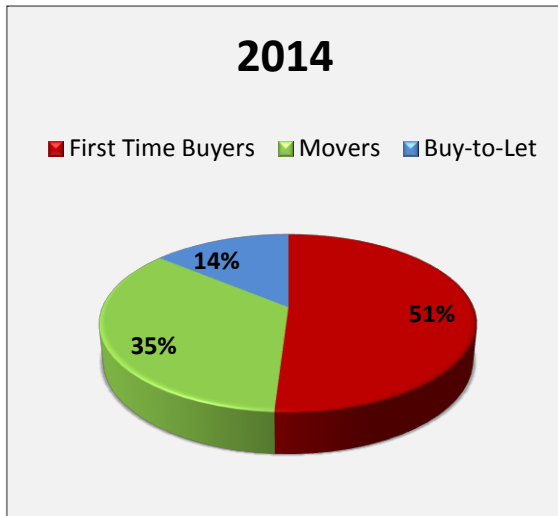
³⁸ <http://www.bpfi.ie/wp-content/uploads/2015/07/BPFI-Mortgage-Approvals-publication-Jun-2015-FINAL.pdf>

³⁹ www.gov.uk/government/uploads/system/uploads/attachment_data/file/395763/UK_Tables_Jan_2014__cir_.pdf

⁴⁰ <http://www.theweek.co.uk/house-prices/61987/house-prices-pre-boom-peak-passed-amid-sales-slide>

⁴¹ <http://www.worldpropertyjournal.com/real-estate-news/united-states/freddie-mac-mortgage-refinance-data-2015-refs-rates-len-kiefer-best-mortgage-rates-home-affordable-refinance-program-harp-refinance-loans-9058.php>

OWNERSHIP STATUS OF BORROWERS



The most notable change in the composition of mortgage lending has been the reduction in buy-to-let lending, from 25% in 2008 to 4% in 2013.⁴² However, this decline reversed in 2014, with buy-to-let jumping 10 percentage points to 14%.

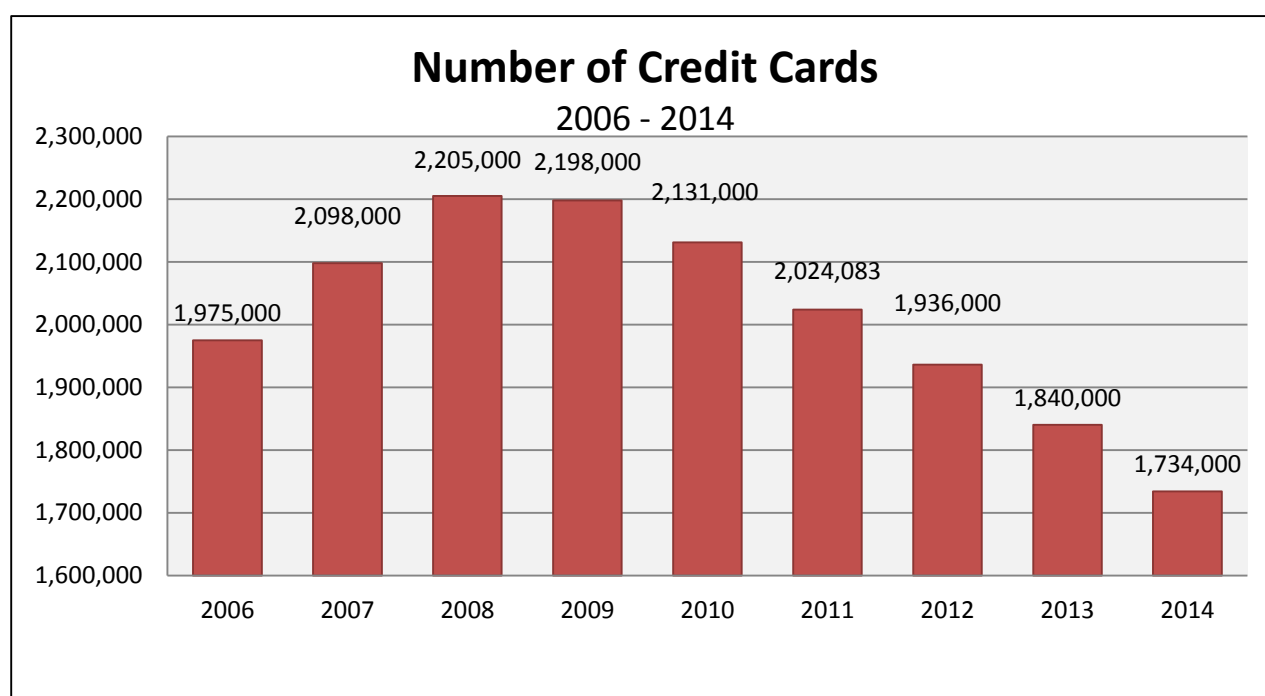
The sector which has shown the most buoyancy is first-time-buyers. First-time buyers remain the single largest segment of the market, accounting for almost 60% of the total in terms of number of transactions, and 55% in terms of monetary value.

The mover market has held relatively steady in percentage terms from 2007 to 2014, but this conceals a dramatic reduction in the number of transactions, from 32,864 in 2007 to 11,668 in 2014, a 64% decrease overall.

⁴² IBF/PWC Mortgage Report Q4, 2014

NUMBER OF CREDIT CARDS IN CIRCULATION

ANNUAL



There was a steady rise in the number of credit cards in circulation in Ireland from 2003 to 2008, peaking at 2.2 million, an increase of 22%. The number of personal credit cards in circulation has declined steadily since then. The number on issue at year-end 2014 was 1.734 million, which represents a decline of 23% from the peak.⁴³

Some of this decline is due to people abandoning cards, but the changeover to debit cards by the banks may also be contributing. As of 2013, there were over 4.3 million debit cards in Ireland, more than twice as many as credit cards.⁴⁴ A total of €27.6 billion was spent on payment cards in 2013 (debit cards €17.6 billion and credit cards €10 billion). Debit card usage figures are expected to increase over the coming year, as credit unions begin rolling out debit cards in January 2015.⁴⁵

The number of credit cards in the UK has also fallen by 5 million between 2012 and 2014, with 58 million cards in circulation in February 2014. Of those, only 66% were active (had an outstanding balance).⁴⁶

There were 413 million credit card accounts in the US in Q4 2014, a 3.5% increase over the same period in the prior year.⁴⁷

⁴³ Central Bank of Ireland, Money, Credit and Banking Statistics, November 2014

⁴⁴ Irish Payment Services Organisation (IPSO)

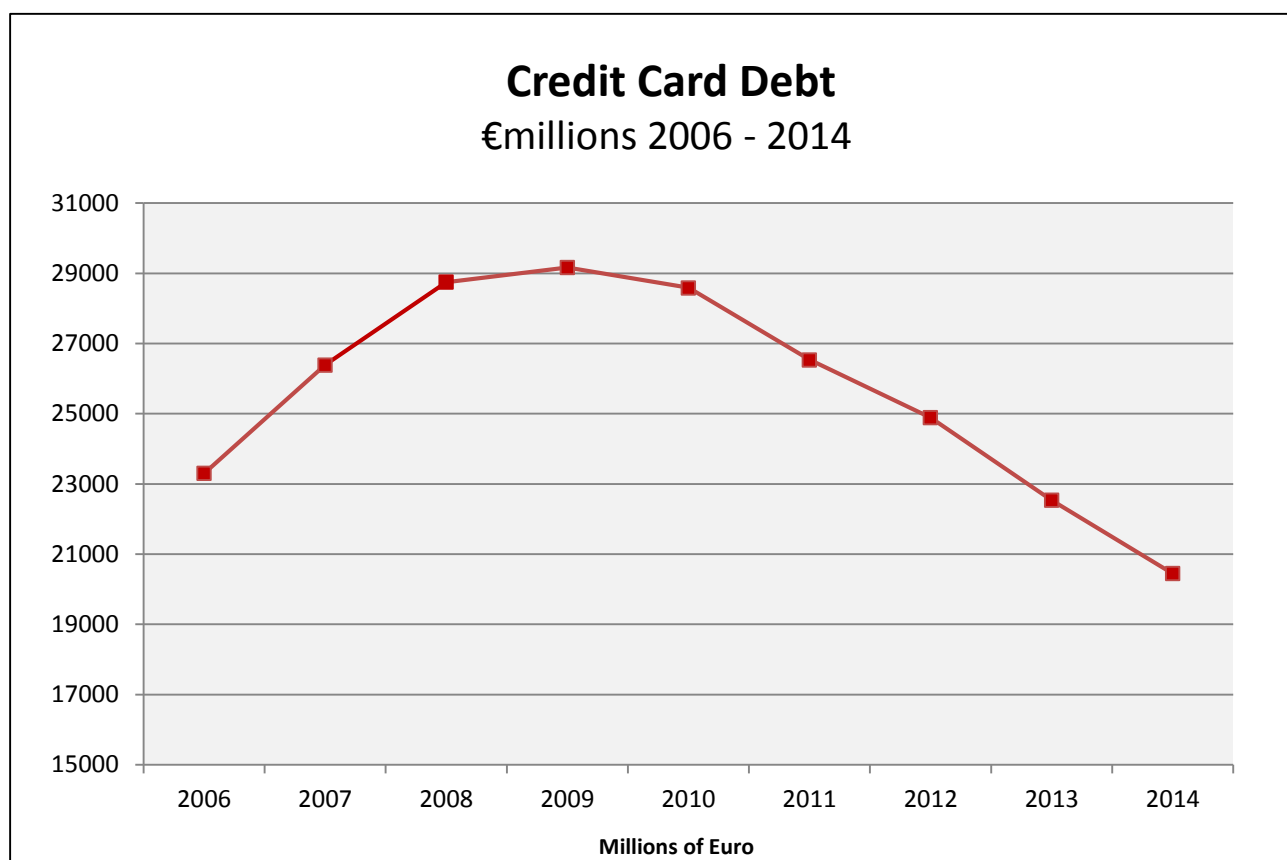
⁴⁵ www.thejournal.ie/credit-union-debit-cards-1419687-Apr2014/

⁴⁶ www.uk.creditcards.com/credit-card-news/uk-britain-credit-debit-card-statistics-international.php

⁴⁷ <http://www.statista.com/statistics/245431/number-of-credit-card-accounts-in-the-united-states-2012/>

CREDIT CARD DEBT

ANNUAL



There was an increase of 31% in credit card debt from 2005 to 2008, or approximately 10% per annum. Growth continued into 2008 but at a slower rate of 8.2%, and reversed altogether in 2009 with a decline of -1% for the year.

Total outstanding debt on personal credit cards peaked at €3 billion in December 2008, but has fallen steadily since then. It was down to €2.25 billion by December 2013, and fell 9% further to a total of €2.04 billion by December 2014.

Credit card spending in the UK was also down; average unsecured credit (credit cards and personal loans) fell by -6% in 2010 and 2011, with a small recovery of 4% in 2013, the first rise for five years. This recovery continued in 2014, which was up 4%; the average credit card debt in the UK was £3,340 (€4,770) per capita in 2014.⁴⁸

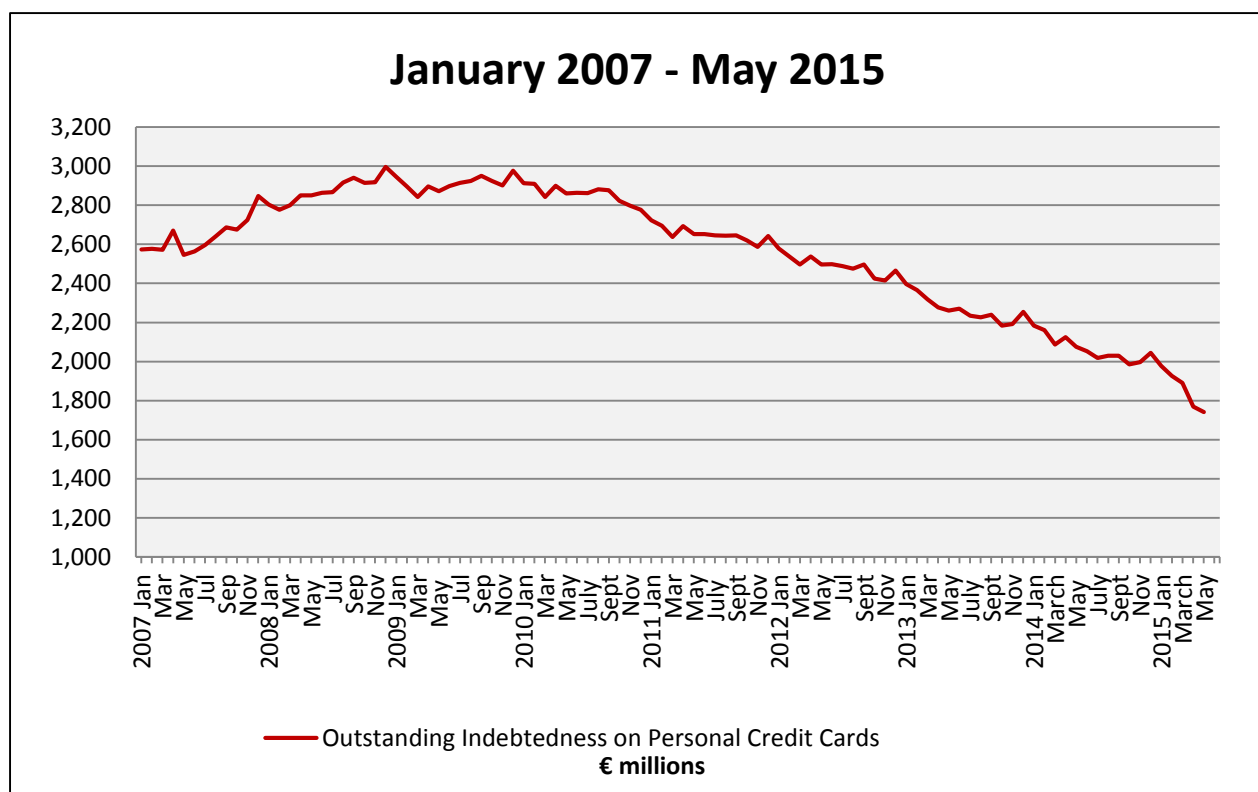
American credit card debt fell from a high of \$6,276 per person in mid-2008 to \$5,164 in Q1 of 2014, the lowest point in the six-year period. However, this began to creep up again in 2014, reaching \$5,363 in Q4.⁴⁹

⁴⁸ www.everyinvestor.co.uk/2015/02/02/britains-household-debt-higher-just-financial-crisis/

⁴⁹ www.creditcards.com/credit-card-news/credit-card-debt-statistics-1276.php#source8

CREDIT CARD DEBT

MONTHLY



Credit card debt spikes each year in the pre-Christmas season. Having grown at a dramatic rate for several years, the level of debt levelled off in 2009 and began a steady decline from 2010 to 2014, with repayments exceeding spending every month for those four years.

Credit card debt on personal cards has continued to decline through the first half of 2015, reflecting reduced consumer spending. Outstanding indebtedness on credit cards fell to €1.74 billion in May 2015, down -16% year-on-year, and down -42% from the peak of €3 billion in 2008. Given that 1.72 billion cards were on issue over the past year, the average balance per card was €1,100.⁵⁰

The UK is the biggest card payment market in the EU and accounts for 75% of all retail purchases. Consumer credit in the UK grew by 7.6% in the year to June 2015, the highest rise since April 2006.⁵¹ The average credit card borrowing per consumer was £3,340 (€4,770) per consumer in the UK in November 2014.

US consumer credit has been increasing steadily since 2010, up 4% in 2011, 6% in 2012, 6% in 2013, and 7% in 2014.⁵² The average US adult has an outstanding balance of \$5,500 on his/her credit card as of January 2015.⁵³

⁵⁰http://www.centralbank.ie/polstats/stats/cmab/Documents/ie_table_a.13_credit_card_statistics.xls

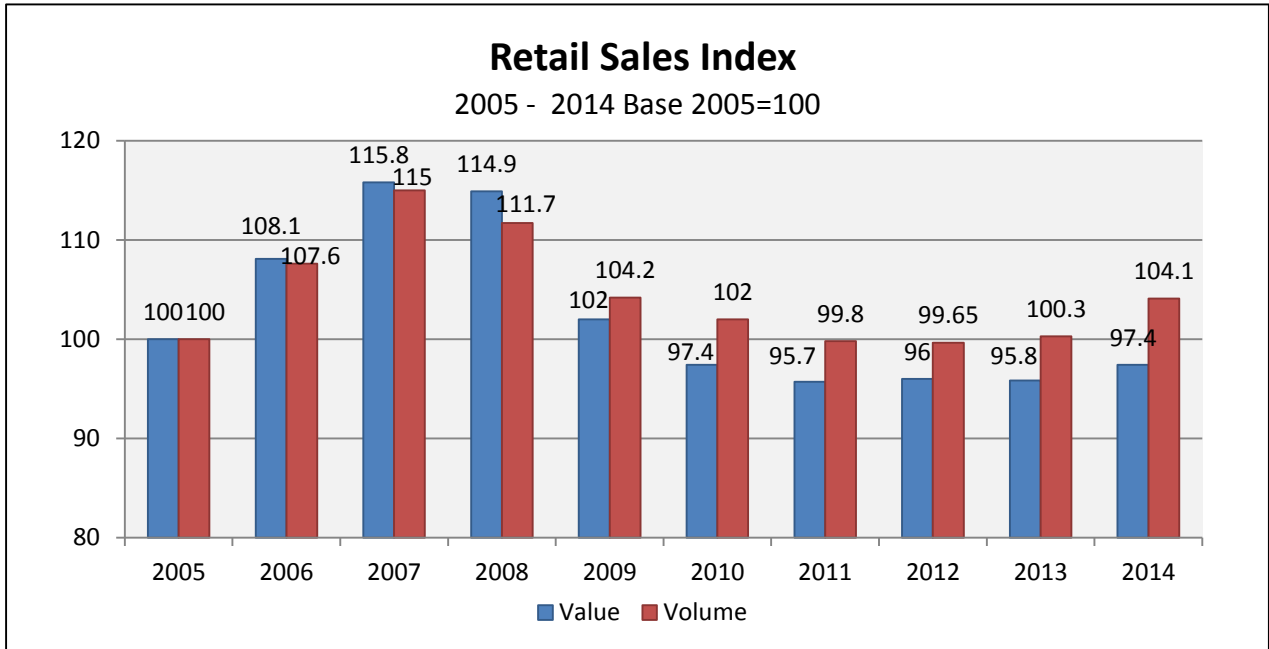
⁵¹ <http://www.telegraph.co.uk/finance/economics/11770654/Is-the-UK-economy-on-another-credit-fuelled-binge.html>

⁵²www.federalreserve.gov/releases/q19/current/

⁵³<http://www.creditcards.com/credit-card-news/credit-card-debt-statistics-1276.ph>

RETAIL SALES

ANNUAL



Retail sales, excluding the motor trade, grew exceptionally strongly from 2000 to 2007, with volume increasing by 32% and value by 52%. This was stimulated by increases in income and spending power, and facilitated by increases in shopping space from 2000 onwards, from 500,000 square metres to a current level of 3.3 million square metres.

Retail sales fell each year from 2007 to 2012. Retail sales stabilised in 2012, with volume decreasing by just -0.2% for the full year, and value increasing by 0.4%. 2013 saw a very slight increase of 0.8% in volume, with value steady at -0.1%.

This negative trend reversed in 2014, with volume increasing by 3.7% and value by 1.6%. By this time, the retail sector was still 10% lower than the peak in volume terms and 16% in value terms. Online retailing accounts for as much as 15% of business for many retailers. It is currently worth €4.1bn and is predicted to grow to €21bn by 2017.⁵⁴

Retail sales in the UK remained broadly flat from 2008 until 2012 during the economic downturn. Sales picked up in 2013, by 1.6% in volume and by 2.6% in value and increased further in 2014, with both volume and value increasing, by 4.1% and 3.7% respectively. Online retailing accounted for 12% of the total and grew by 12% in 2013.

Retail sales in the US have been on an upward trend since 2011, when spending grew by 8%. Sales were up by a further 5% in 2012 and by 4% in 2013.⁵⁵ This momentum slowed slightly in 2014, to 3%.

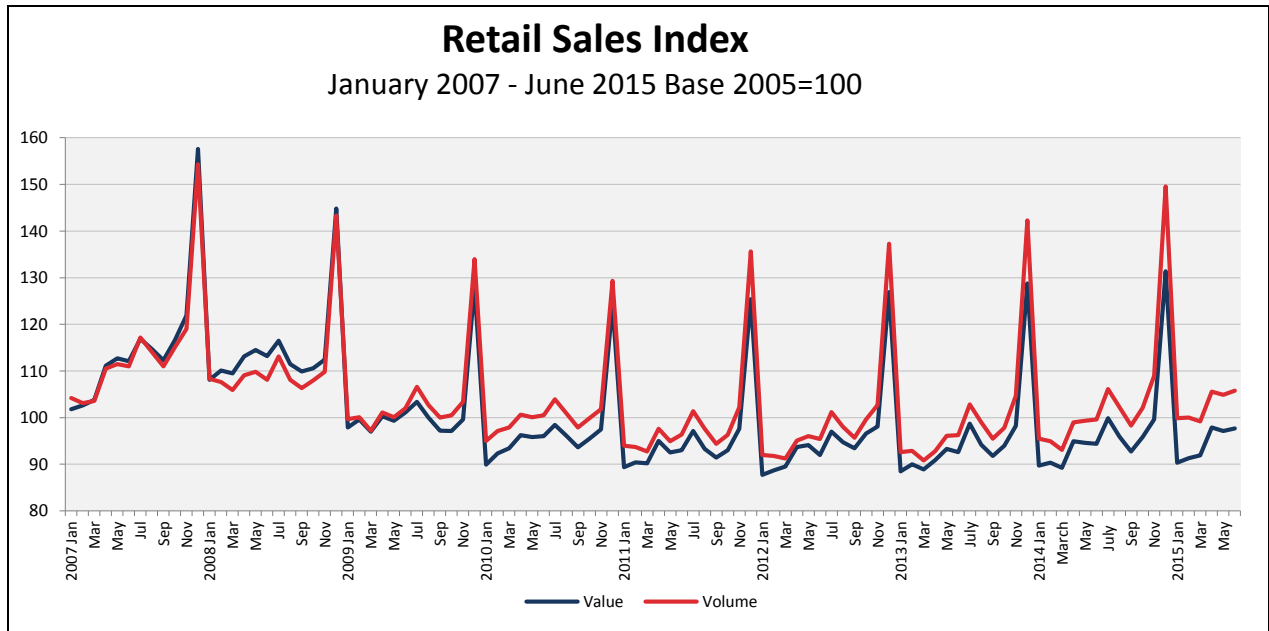
⁵⁴ Retail Ireland, IBEC 2014

⁵⁵ All Businesses Excluding Motor Trade 2005 - 2011, Retail Sales Index Value and Volume Unadjusted (Base 2005=100), www.cso.ie

CBRE Richard Ellis Retail Reports

RETAIL SALES INDEX

MONTHLY



Retail sales have a major seasonal peak in November and December, averaging 50% above the monthly average for the rest of the year. Following four years of decline, retail sales stabilised in 2012, with volume down by just -0.2% for the year. Sales volume increased by a very slight 0.8% in 2013, while value decreased by -0.1%.

For the year 2014 as a whole, retail sales volume increased by 3.7% while value increased by 1.6%. This improvement was reflected in VAT receipts which were 7.9% ahead of 2013.⁵⁶

Sales volume increased by 5.2% in Q1 of 2015, and by 6.6% in Q2, year-on-year, suggesting that growth is actually accelerating. Sales value only increased by 1.3% and 3.4% indicating a continuing trend of price discounting to attract footfall into Irish stores.

Retail sales in the UK have also been strong this year, increasing by 5% in Q1 and by 4% in Q2 in volume terms. Value grew at a lower rate of 3% and 1% in comparison to last year. Growth is predicted to continue in the coming months following with low inflation and a strong labour market.⁵⁷

Retail sales in the US have been relatively flat this year so far, up by just 0.8% in Q1 and 0.2% in Q2, year on year. Despite cheaper gasoline and rising confidence, consumers are staying cautious and sales are expected to grow 3.5% for the year as a whole.^{58 59}

⁵⁶ www.finance.gov.ie/sites/default/files/Exchequer%20Returns%20end%20October%202014%20information%20note.pdf

⁵⁷ <http://www.ft.com/intl/cms/s/0/10a188ec-e99a-11e4-a687-00144feab7de.html#axzz3ZCT7brvf>

⁵⁸ <http://www.wsj.com/articles/u-s-retail-sales-up-0-9-in-march-1429014730>

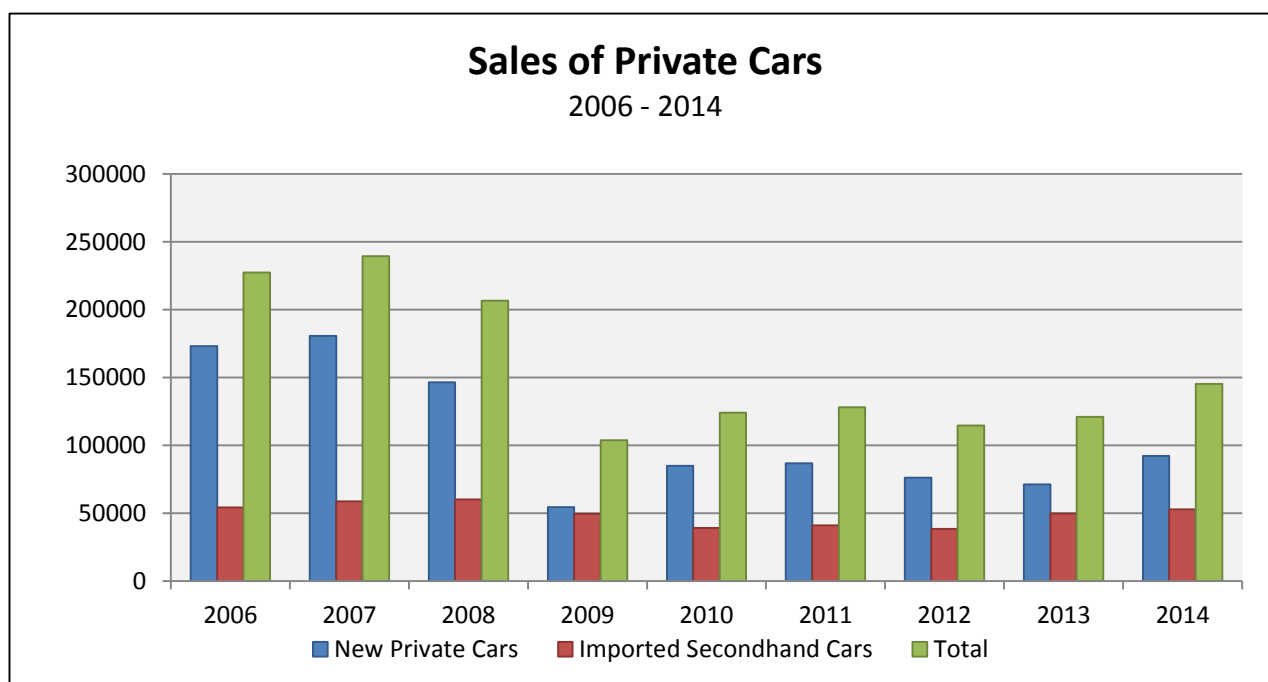
⁵⁹ www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf

ONS Retail Statistics December 2014

www.marcumcronus.com/bulletin/February2013/RetailTechSectorBulletin2-2013.pdf

SALES OF PRIVATE CARS

ANNUAL



Car sales in Ireland grew strongly during the economic boom, peaking in 2007 with 180,754 new cars sold. Sales have dropped steadily since then, with the largest fall from 2008 to 2009, when just 54,432 new cars were sold, a drop of -63%. There was a small revival in 2010 and 2011, but sales dropped again in 2012, with 76,256 new cars sold, a -12% decrease, and this trend continued in 2013 with 71,348 cars sold, a further reduction of -6.4%.

This downward trend reversed in 2014 as new car sales reached their highest level since 2008 with 92,361 new private cars licensed, an increase of 30%.

In contrast, second hand cars increased in popularity during the recession, with 850,000 sold in 2013, up 29% from 660,000 in 2012. This seems to reflect the reduced spending power of consumers, who opted to update their cars rather than buying new ones. Sales of used cars were up again in 2014 at 840,000 (+7%).⁶⁰

New car sales in the UK reached a 10-year high in 2014, with 2.5 million new cars registered, a year on year growth of 9.3%. This was a result of pent-up demand from the recession years combined with confidence in the economy.⁶¹ New car registrations in the EU remained steady at about 12 million in 2012 and 2013, about 20% below where it was before the economic crisis, when there were about 15.6 million cars sold annually in the EU.

US car sales peaked in 2005 at 17.4 million, and bottomed out in 2009 at 10.6 million vehicles. Growth resumed in 2010, averaging 4% a year for the past four years, reaching 16.8 million vehicles in 2014, the first time sales approached pre-2007 levels.⁶²

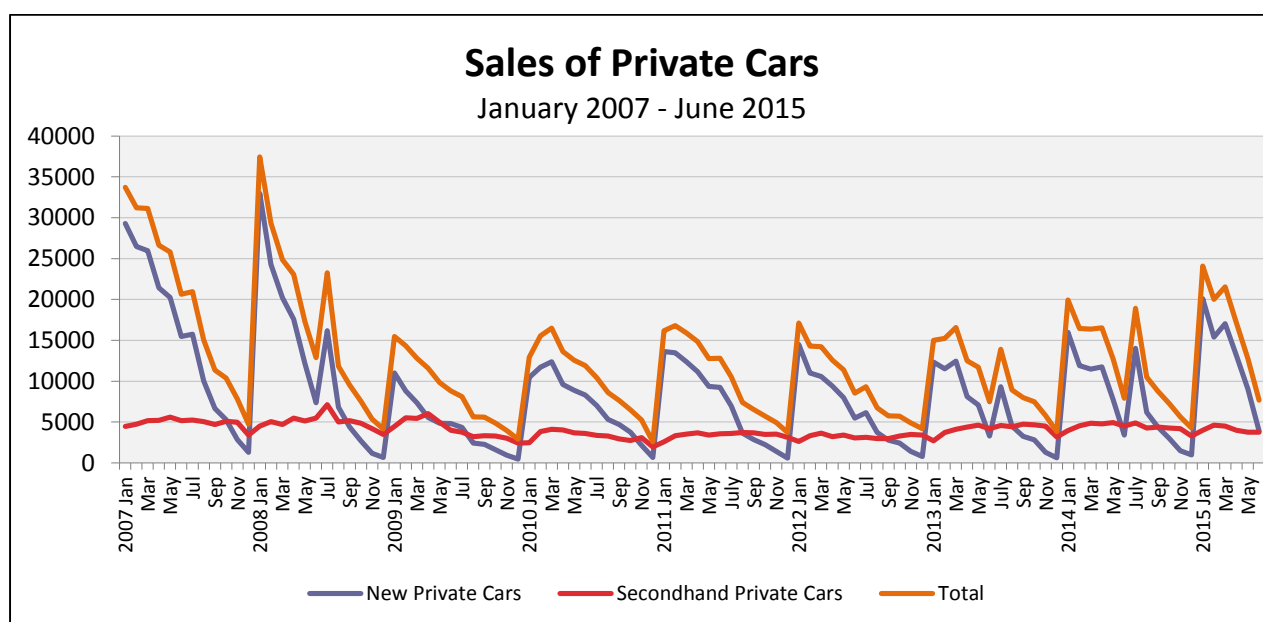
⁶⁰ www.motorcheck.ie/blog/new-car-sales-2014-up-30-percent/

⁶¹ www.smm.co.uk/2015/01/uk-new-car-registrations-december-2014/

⁶² www.thedailystar.net/business/carmakers-rack-up-big-gains-in-2013-us-sales-5461?archive=2014-01-06

SALES OF PRIVATE CARS

MONTHLY



The variance in car sales over each year is due to seasonality, with new car sales traditionally concentrated in January and February. The recent introduction of a dual registration system is helping to even out sales across the year. From the peak of 180,754 new cars sold in 2007, sales dropped by 60% to 71,348 cars in 2013.

There was a major turnaround in sales of new cars in 2014, with 92,361 units sold in the full year, a 30% increase. This strong recovery is continuing this year, with 78,660 new private cars licensed in the first half of 2015, a rise of 26% compared with the 62,280 sold in the first half of last year. Industry expectations are that new car sales could reach 120,000 by the end of 2015, a 25% increase for the year.

There were 841,000 used cars sold last year, up 7% from 785,000 the previous year and from 660,000 in 2012.⁶³ In contrast, sales of used cars sales have actually decreased this year, down 8% in Q1 and down 19% in Q2⁶⁴. The strength of the Sterling and high second hand values are factors influencing this trend⁶⁵.

The number of new cars sold in the UK reached a record 1.3 million in the first six months of the year, 7% higher than the same period last year. June marked the 40th consecutive month of growth with a 12.9% increase over last year to 257,817 vehicles.

The US auto industry sold nearly 8.5 million cars for the first half of this year, a 4% jump over 2014⁶⁶. Total sales of 17.1 million cars are forecast, almost back to the peak level experienced in 2005.

⁶³ www.motorcheck.ie/blog/new-car-sales-2014-up-30-percent/

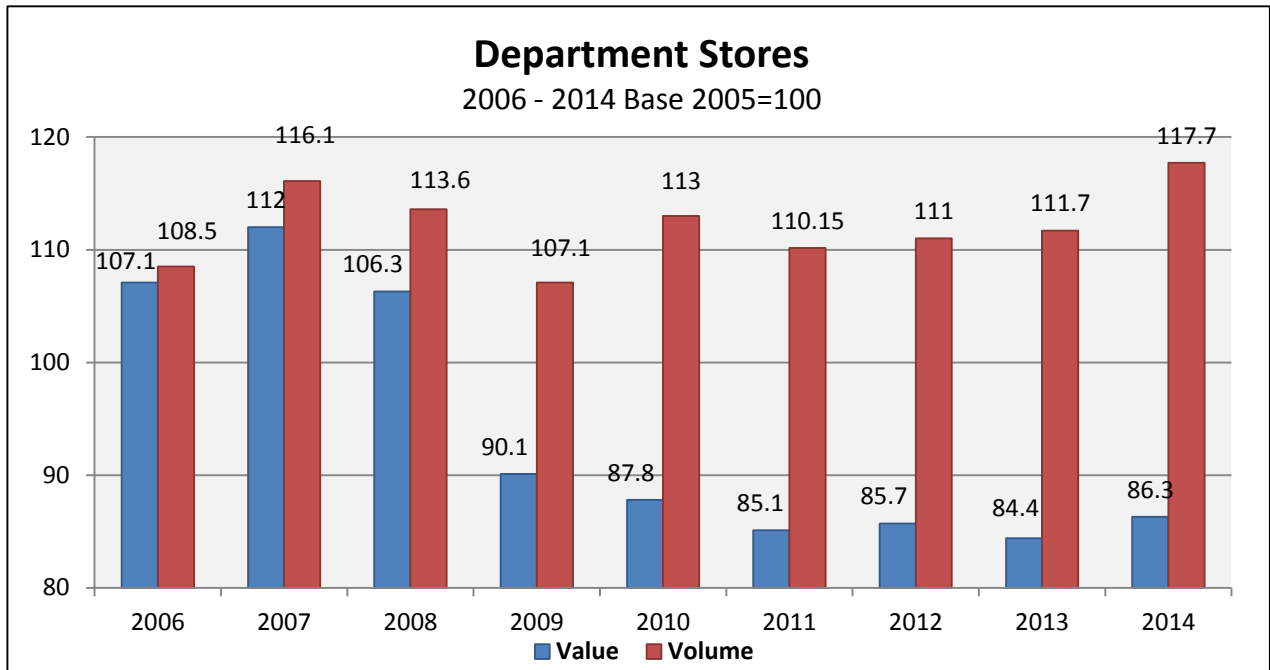
⁶⁴ <http://www.motorcheck.ie/blog/used-car-sales-decrease/>

⁶⁵ <http://www.irishtimes.com/life-and-style/motors/ongoing-strength-of-sterling-is-choking-ireland-s-supply-of-used-cars-1.2145892>

⁶⁶ http://www.autonews.com/section/us_monthly_sales

RETAIL SALES – DEPARTMENT STORES

ANNUAL



Retail Sales Index – Department Stores, Base 2005 = 100⁶⁷

Department store sales increased continuously from 2000 to 2007, with an overall growth of 42% in volume and 49% in value.

Sales revenues declined every year from then to the end of 2012, down -23% in value over five years, reflecting price discounting used to stimulate sales. Sales volumes held up much better, down by just -4% over the five year period.

Sales through department stores saw a marginal increase in volume in 2013, of 0.5%, while value continued to drop, decreasing by -1.6% year-on-year. Sales volume recovered significantly in 2014, up by 5.5% for the year as a whole, while value saw a smaller increase of 2.3%.

Department store sales were also weak in the UK for several years, with a large drop in 2012, down -8.4% in volume and -6.6% in value. This reversed in 2013, however, when sales rose by 5.3% in volume and 4.4% in value,⁶⁸ and accelerated in 2014 as sales increased 10% in volume and 5.9% in value year-on-year. Department stores in the UK have benefited particularly from internet sales, which now account for 11% of their total sales⁶⁹.

In the US, department store sales have been weak in recent times, down -4.7% in 2013, partly due to the unexpectedly bad weather, and continuing flat in 2014.⁷⁰

⁶⁷ Department Stores 2006 - 2014, Retail Sales Index, Value and Volume Unadjusted (Base 2005=100), www.cso.ie

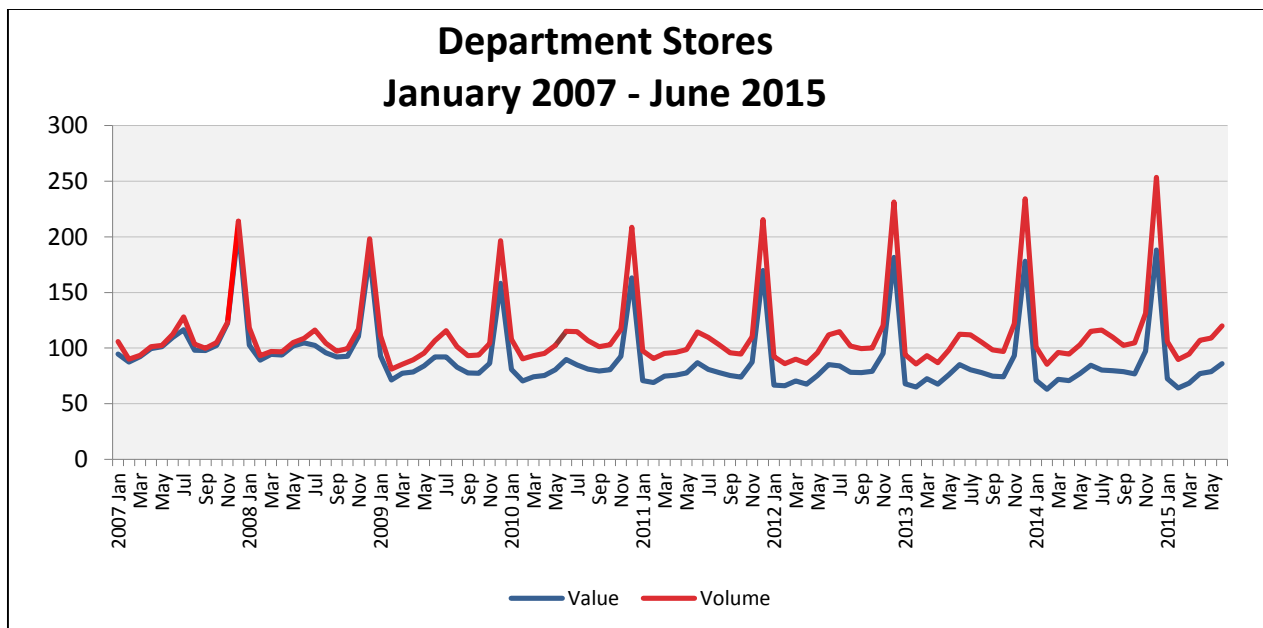
⁶⁸ www.proactiveinvestors.co.uk/columns/beaufort-securities/15139/beaufort-securities-breakfast-today-nostra-terra-oil-gas-alecto-minerals-ithaca-energy-firstgroup-and-others-15139.html

⁶⁹ <http://www.ons.gov.uk/ons/rel/rsi/retail-sales/december-2014/sty-overview-of-internet-retail-sales-in-2014.html>

⁷⁰ <http://www.statista.com/statistics/293195/revenue-of-department-stores-in-the-us/>

RETAIL SALES – DEPARTMENT STORES

MONTHLY



Retail Sales – Department Stores, Base 2005 = 100⁷¹

Department stores have a marked seasonal pattern, which peaks in the pre-Christmas period and to a lesser extent in July coinciding with summer sales. This peak was somewhat subdued during the recession years but recovered in 2012, with new, higher peaks being reached since then.

Sales increased significantly in 2014, with volume up by 4% for the year, and value up by 2%, year-on-year. The rate of growth accelerated through the year with volume up 8% and value up 5% in Q4.

Sales in Q1 2015 were slightly disappointing, with volume increasing by just 2.5%, while value actually decreased by -0.6%. Growth resumed in Q2, however, with sales volume up by 4.1%, and value by 7.5%.

Sales through UK department stores have followed a similar trend, increasing in 2013 by 5.3% in volume and 4.4% in value, and accelerating in 2014, with volume up by 8% and value by 7%.⁷² This trend is continuing in 2015 with sales volume up 5% and value up 7% in Q1, and sales volume up 5.3% and value up 3% in Q2.

Department stores have been weaker in the US, with no growth in 2014, following modest declines in each of the previous six years.⁷³ Q1 2015 showed optimistic signs with sales increasing by 1.1%, but sales for Q2 did not fare so well with a decline of 3.5%.⁷⁴

⁷¹ Department Stores 2005 - 2014, Retail Sales Index Value and volume Unadjusted (Base 2005=100), www.cso.ie

*Visible data labels refer to value of sales

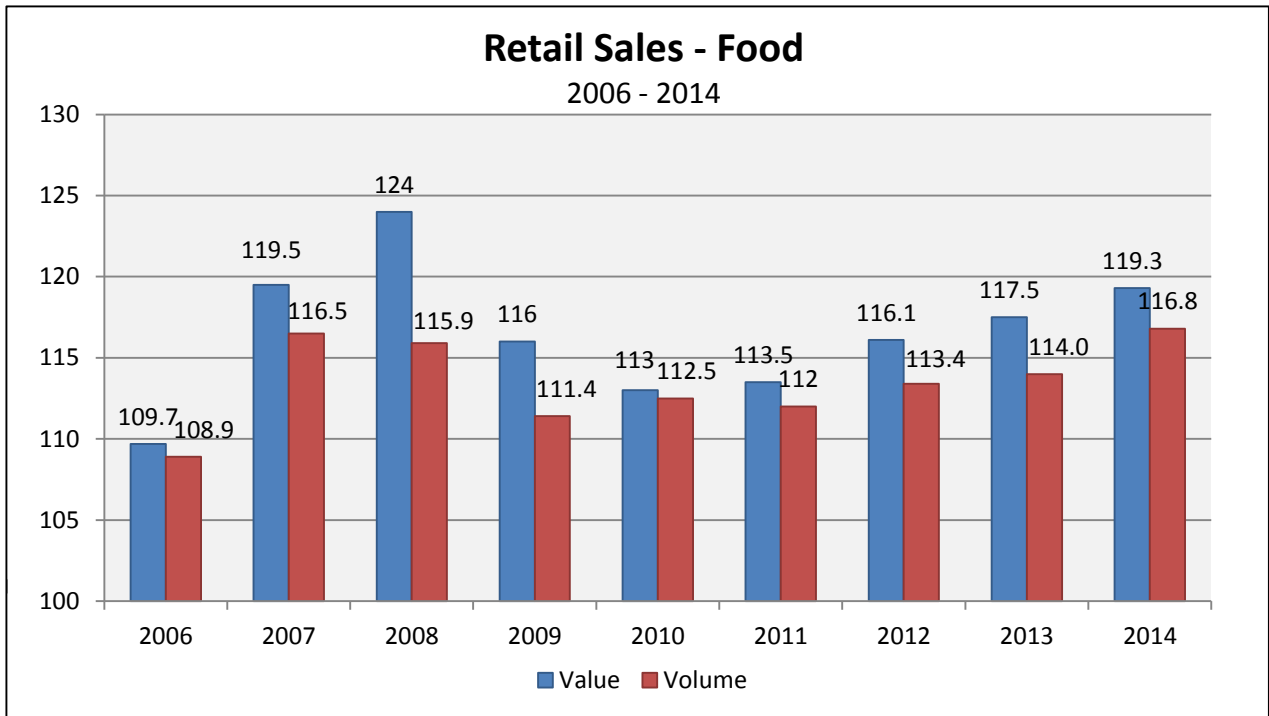
⁷² <http://www.theguardian.com/business/2014/sep/25/department-stores-john-lewis-house-of-fraser-record-september-sales-surge>

⁷³ www.statista.com/statistics/197712/annual-department-store-sales-in-the-us-since-1992/

⁷⁴ <http://www.reuters.com/article/2015/05/13/us-usa-economy-idUSKBN0NY1HC20150513>

RETAIL SALES – FOOD

ANNUAL



Retail Sales Index – Food, Base 2005 = 100⁷⁵

Food sales increased steadily between 2005 and 2008 along with most other retail categories, up by 16% in volume, an average annual growth rate of 5.3%. Sales value increased even more, by 24%, an average annual rate of growth of 7.9%.

As an essential item, sales of food have held up relatively well in the current recession. From the peak in 2007 to the end of 2012, volume declined by just -0.3%, and value by -4%.

Food sales stabilised in 2013, up slightly both in volume and value, by 0.6% and 1.2% respectively. Sales of food increased significantly in 2014 with volume up by 2.6% and value up 1.4%.

There has been considerable upheaval in the Irish grocery market in recent years with significant swings in market share. The discount chains, Lidl and Aldi, are continuing to grow their share of the market, reaching a combined share of 17.2% in 2015.⁷⁶ SuperValu have also increased their share to 24.7% due to their acquisition of SuperQuinn.⁷⁷

UK food sales have also been fairly stable overall, with volume increasing by just 1% in 2014 while value remained unchanged from 2013.

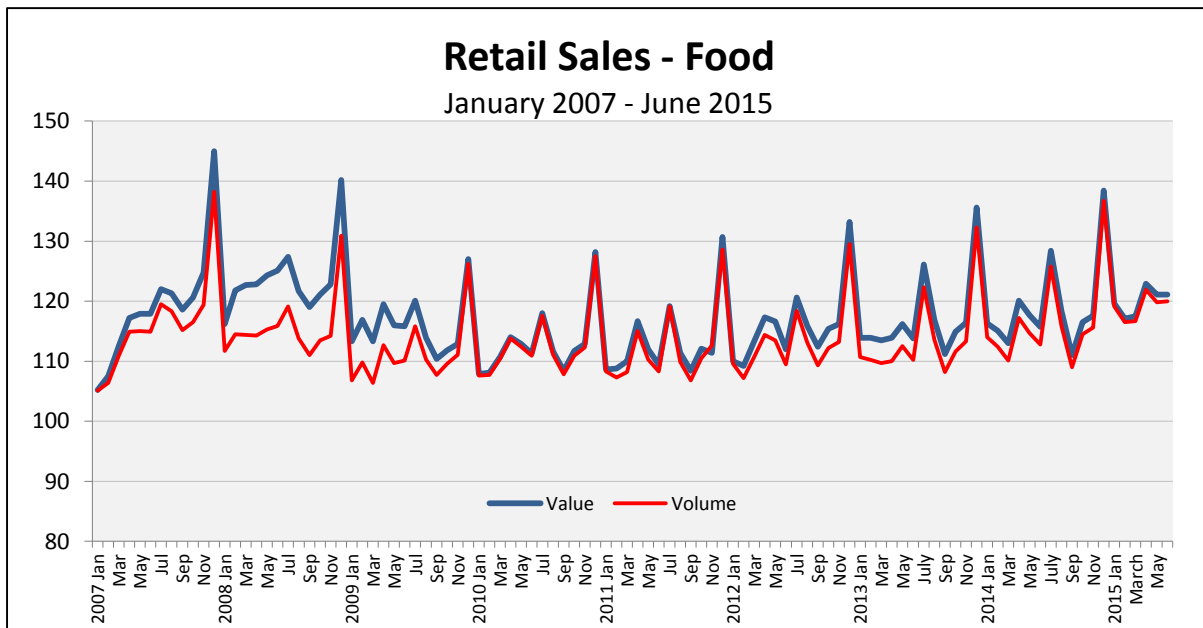
⁷⁵ CSO Retail Sales Index Value and Volume Unadjusted (Base 2005=100).

⁷⁶ www.shelflife.ie/wp-content/uploads/2014/11/KWGH.png

⁷⁷ <http://www.kantarworldpanel.com/ie/Press-Releases/SuperValu-New-Number-One-Supermarket>

RETAIL SALES – FOOD

MONTHLY



Retail Sales Index – Food, Base 2005 = 100⁷⁸

Sales of food are normally steady throughout the year with a small peak in the pre-Christmas period, followed by a return to trend in January.

Food sales grew steadily throughout 2014, reflecting the general recovery in the economy. For the year as a whole, food sales grew by about 2% in volume and by 1% in value. For Q4 volume up by 2.6% and value increased by 1.4%.

This upward trajectory continued into the first quarter of 2015, with Irish food sales growing by 4.2% in volume and 2.3% in value compared with last year. This trend continued in Q2 2015 with a 4.4% increase in volume and a 2.8% increase in value.

Food sales in the UK have also been strong, increasing by 3% in volume for the year 2014, and 1% in value. Food sales have remained flat in Q2 with just a 0.4% increase in volume, and a decrease of 1.5% in value.

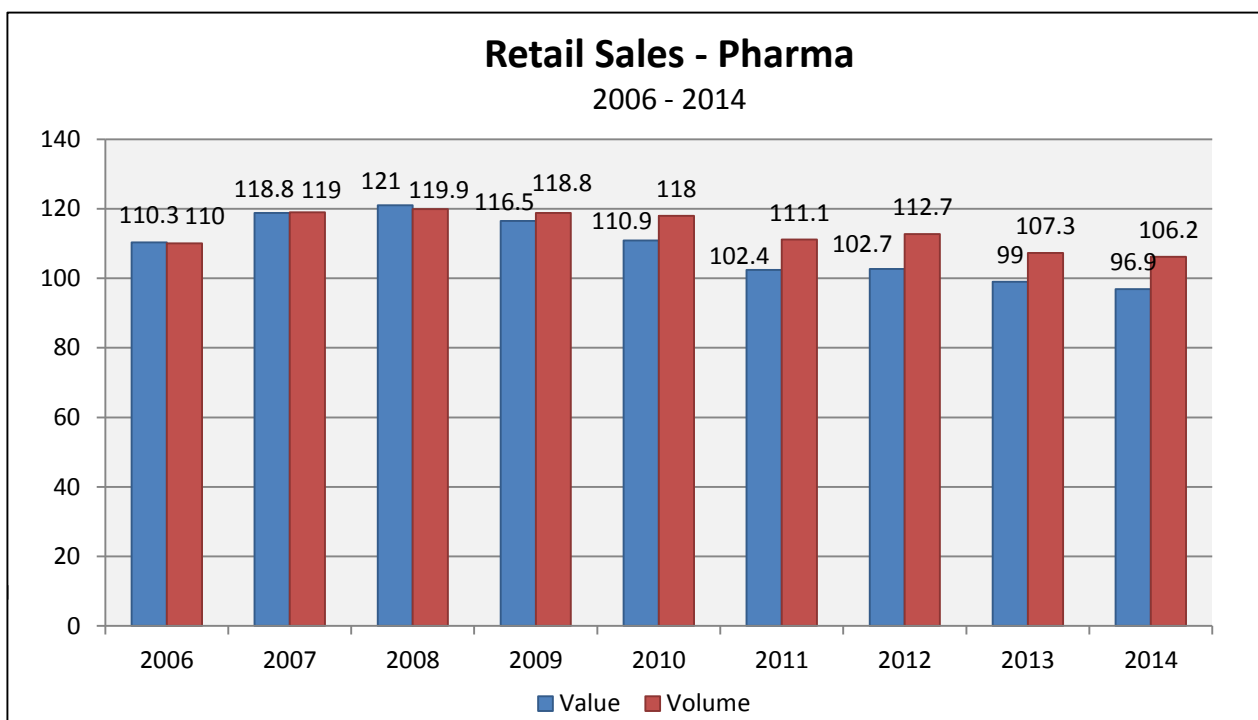
US food retail sales were up 3.5% in 2014 and up by 3.1% in Q1 2015.⁷⁹ Similarly, food sales were up 2.6% in Q2 2015.

⁷⁸ Food 2006 - 2014, Retail Sales Index Value and Volume Unadjusted (Base 2005=100), www.cso.ie

⁷⁹http://www.census.gov/retail/marts/www/marts_current.pdf

RETAIL SALES - PHARMACEUTICAL, MEDICAL & COSMETICS

ANNUAL



Retail Sales Index – Pharmaceutical, Medical and Cosmetic Articles Base 2005 = 100⁸⁰

Sales of pharmaceutical, medical and cosmetic goods increased substantially between 2000 and 2008, with sales volume up by 50%, an annual growth rate of 6%. The value of sales increased even more, by 79%, or an annual growth rate of 10%.

This sector suffered a decline in the recession years from 2008, although it suffered less than some others. Sales volume fell by -10% from 2007 to 2013, an average annual drop of -2%. Value declined by -18% from peak to the end of 2013, an annual drop of -3.5%.

Sales stabilised in 2012, up by 1.4% in volume and 0.3% in value. However, this trend reversed again in 2013, with sales decreasing by -4.5% and -3.3% respectively.

Sales improved slightly in 2014 but remained in negative figures with volume at -2% and value at -0.9%.

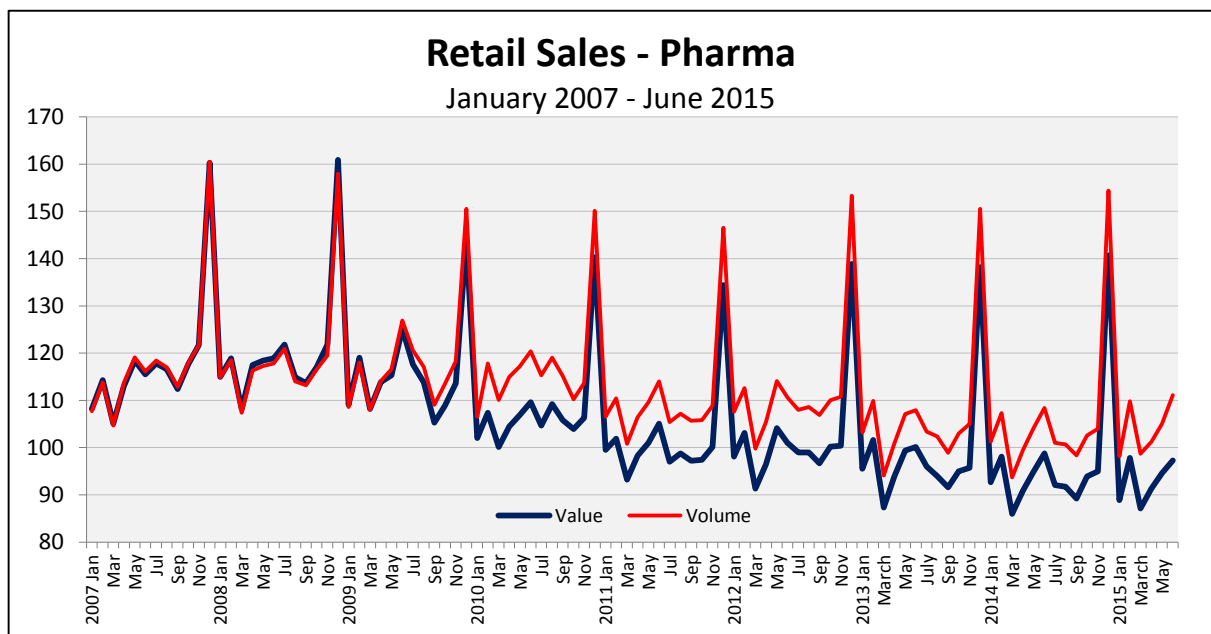
Pharmacies in the UK have also been under pressure, due to falling consumer spending and government cutbacks. 2013 saw a turnaround with an increase in volume and value of 9.8% and 9.4% respectively. Sales in this sector continued to increase in 2014 with volume up by 4.8% and value by 4.6%.

Pharmacies in the US have also performed well as sales increased by 6.1% in 2014.

⁷⁴ Pharmaceutical, Medical and Cosmetic Articles 2006 - 2014, Retail Sales Index Value and Volume Unadjusted (Base 2005=100), www.cso.ie

RETAIL SALES – PHARMACEUTICAL, MEDICAL, AND COSMETICS

MONTHLY



Retail Sales Index – Pharmaceutical, Medical and Cosmetic Articles Base 2005 = 100⁸¹

Sales of Pharmaceutical, Medical and Cosmetic products are normally steady throughout the year with a significant increase in December, reflecting gift buying. This peak was much reduced in the three years from 2009 to 2012, but re-established itself in 2013.

There was a significant drop in sales in 2013, with a decrease of -4.4% in volume and -3.3% in value, year-on-year. Sales through pharmacies saw a further decrease in 2014, with volume down -1% and value down -2% year on year, reflecting continuing price pressure. Sales stabilised in Q4, however, with volume up 0.6% and value up 0.1%, respectively.

Sales for Q1 2015 recovered slightly this year, up by 1.4% in volume although down by -1.2% in value. Sales picked up further in Q2, with sales volume up 3.2% year-on-year while value remained flat.

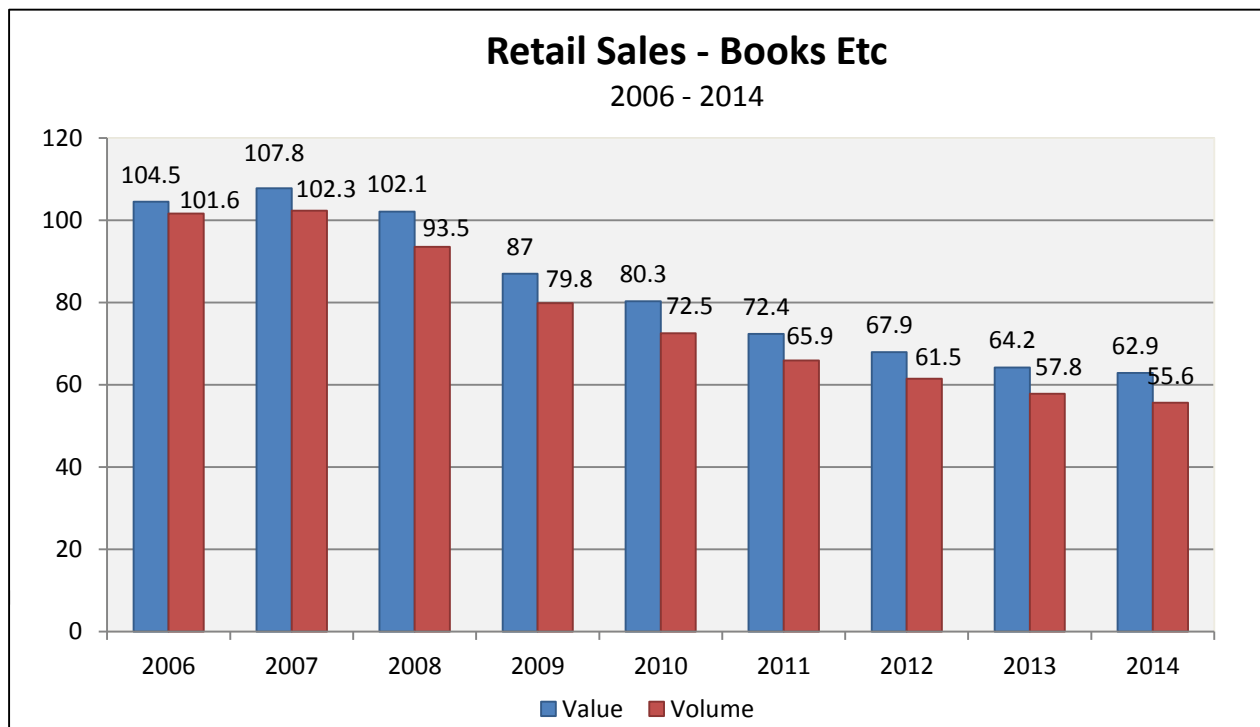
In contrast, pharmaceutical sales have grown strongly in the UK in 2015, with an increase of 7% in volume and 6% value for Q1. Growth slowed down slightly in Q2, with volume recording a 3.7% increase on last year, and value a 2.9% increase.

In the US, sales value in the pharmaceutical retailing industry has increased by 5.7% for Q1 2015. Q2 also experienced growth in value with a 2.7% increase.

⁸¹ Food 2006 - 2014, Retail Sales Index Value and Volume Unadjusted (Base 2005=100), www.cso.ie

RETAIL SALES – BOOKS, NEWSPAPERS AND STATIONERY

ANNUAL



Retail Sales Index – Books, Newspapers and Stationery Base 2005 = 100⁸²

The books, newspapers and stationery sector, which includes specialist book stores as well as newsagents, has been one of the hardest hit sectors during the past seven years. Sales volume declined by -43% from the peak in 2007 to the end of 2013, an annual decline of -8%, and value declined by -40%. This was partly due to the recession, but also because of a fundamental shift towards digital media.

The negative trend continued in 2014 with volume of sales down -3.7% and value down -1.8% for the year.

Book sales in the UK continued to fall in 2014 also, due to the ever increasing popularity of e-books.⁸³ A review of printed book sales for 2014 shows volume sales down -1.9% to 180 million, with value sales down -1.3% to £1.39bn.⁸⁴

Unlike the UK, US book sales increased by 4.1% in 2013 because e-book retailers become subject to more stringent pricing controls.⁸⁵ However, this positive trend was not sustained in 2014 as US book sales decreased by -0.1% year-on-year.

⁸² CSO Retail Sales Index Value and Volume Unadjusted (Base 2005=100).

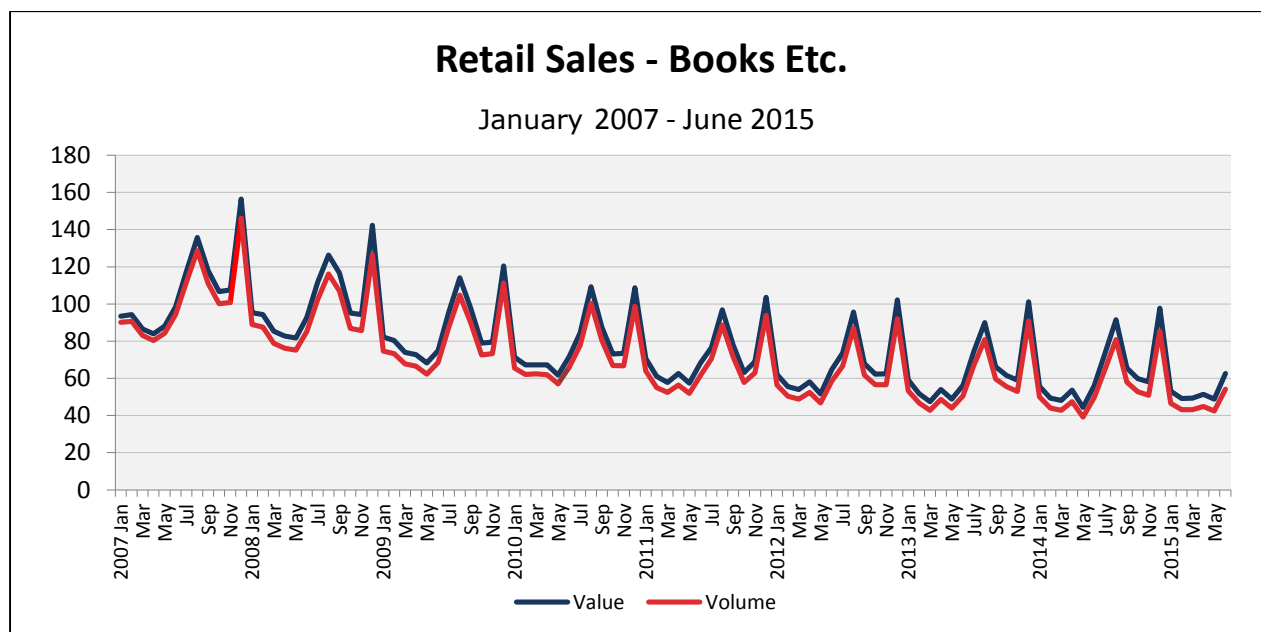
⁸³ www.theguardian.com/books/2015/jan/13/sales-printed-books-fell-150m--five-years

⁸⁴ Nielsen BookScan

⁸⁵ www.digitalbookworld.com/2013/ten-bold-predictions-for-ebooks-and-digital-publishing-in-2014/

RETAIL SALES – BOOKS, NEWSPAPERS & STATIONERY

MONTHLY



Retail Sales – Books, Newspapers and Stationery Base 2005 = 100⁸⁶

Sales of books and stationery have two peaks in the average year, one in August/September coinciding with back to school time, and a second in the pre-Christmas period. These peaks have been on a steady downward trend since the end of the peak in 2007.

Sales of books, stationery and newspapers continued to fall in 2014, with a decrease of -3.6% in sales volume and -2% in sales value.

Sales have continued on a downward trend for Q1 of 2015, with decreases of -2.9% and -1% for volume and value respectively, reflecting the on-going migration of books, news and magazines to online and digital formats.⁸⁷

However, Q2 saw a welcome increase of 3.3% in volume and 5.3% in value, reflecting the overall trend of growing retail sales⁸⁸.

Sales of books and newspapers in the UK have been undergoing a similar pattern but saw a large increase for Q1 2015, up 9% in both volume and value, with this trend continuing in Q2, recording an increase of 3.3% in volume and 2.8% in value.

US books and newspaper sales also saw an increase in value for Q1 2015, up 5.3%, and up 6.8% in Q2 2015 when compared to 2014.

⁸⁶ Books, Newspapers and Stationery 2005 - 2011, Retail Sales Index Value and volume Unadjusted (Base 2005=100), www.cso.ie

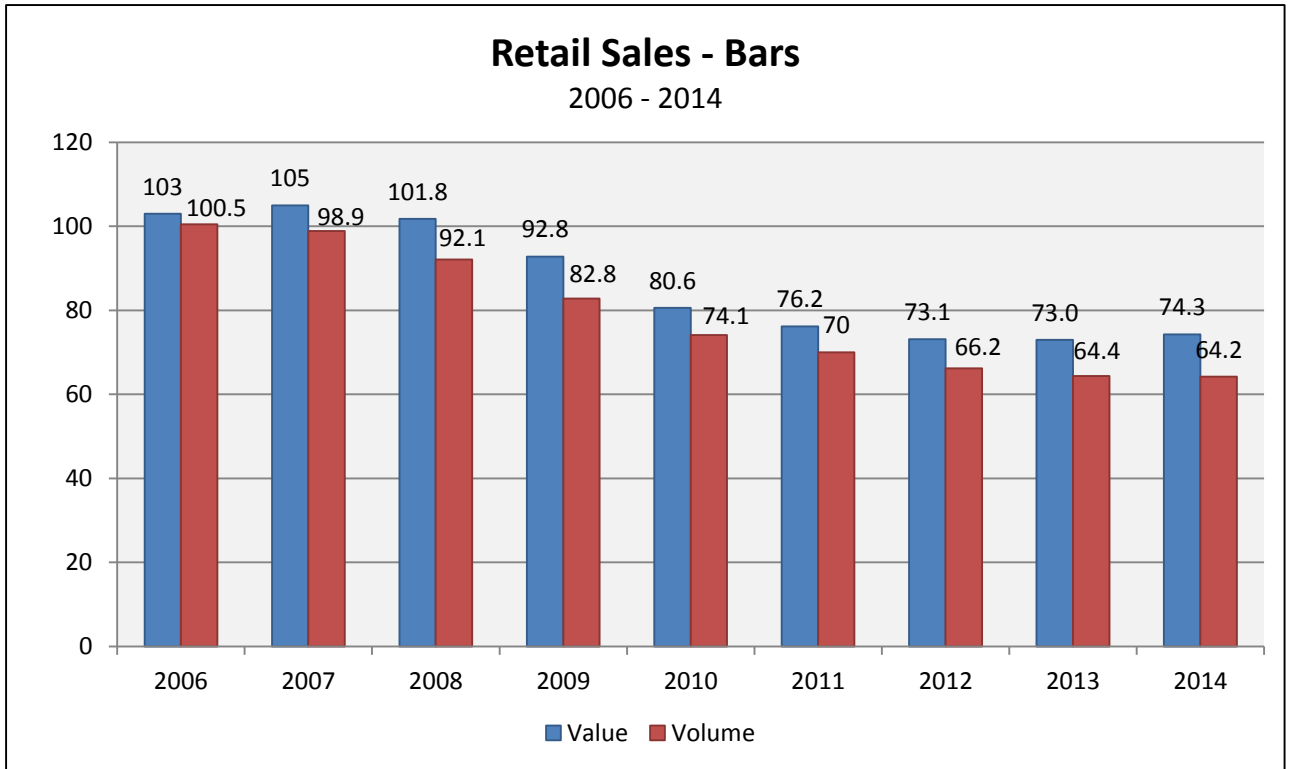
*Visible data labels refer to value of sales

⁸⁷ [http://www.retailireland.ie/IBEC/Press/PressPublicationsdoclib3.nsf/wvRINewsByTitle/indicators-point-to-further-retail-recovery-in-2015-09-02-2015/\\$file/Retail%20Ireland%20Monitor%20-%20Issue%201%20-%20Press.pdf](http://www.retailireland.ie/IBEC/Press/PressPublicationsdoclib3.nsf/wvRINewsByTitle/indicators-point-to-further-retail-recovery-in-2015-09-02-2015/$file/Retail%20Ireland%20Monitor%20-%20Issue%201%20-%20Press.pdf)

⁸⁸ <http://www.irishtimes.com/business/retail-and-services/retail-sales-surge-5-4-per-cent-on-an-annual-basis-1.2299634>

RETAIL SALES – BARS

ANNUAL



Retail Sales Index – Bars, Base 2005 = 100⁸⁹

The bar trade in Ireland has been in decline for more than a decade as a result of a combination of factors including the introduction of the smoking ban and random breath testing, and changing consumer lifestyles.

From the peak in 2007 to the end of 2013, volume sales through bars decreased by -35% and value by -30%. Over the same period, the number of pub licences reduced from 9,500 to 8,300, a drop of -13%.⁹⁰

Sales in 2014 saw a small reversal with volume steady and value up by 1.8%. This marked the first time since 2007 that the value of sales did not decrease from the previous year.

Beer sales in the UK were also up 1.3% in 2014, ending a decade of decline⁹¹. Beer sales in pubs have begun to stabilise, showing a small decline of -0.8% in 2014, the least since 1996. In contrast, off-trade sales grew by 3.5%, exceeding on-trade sales for the first time on record.

The number of bars in the UK has also been experiencing a steady downward trend over the past decade; the number of pubs in the UK is now down to 49,500 compared with 60,100 in 2002.

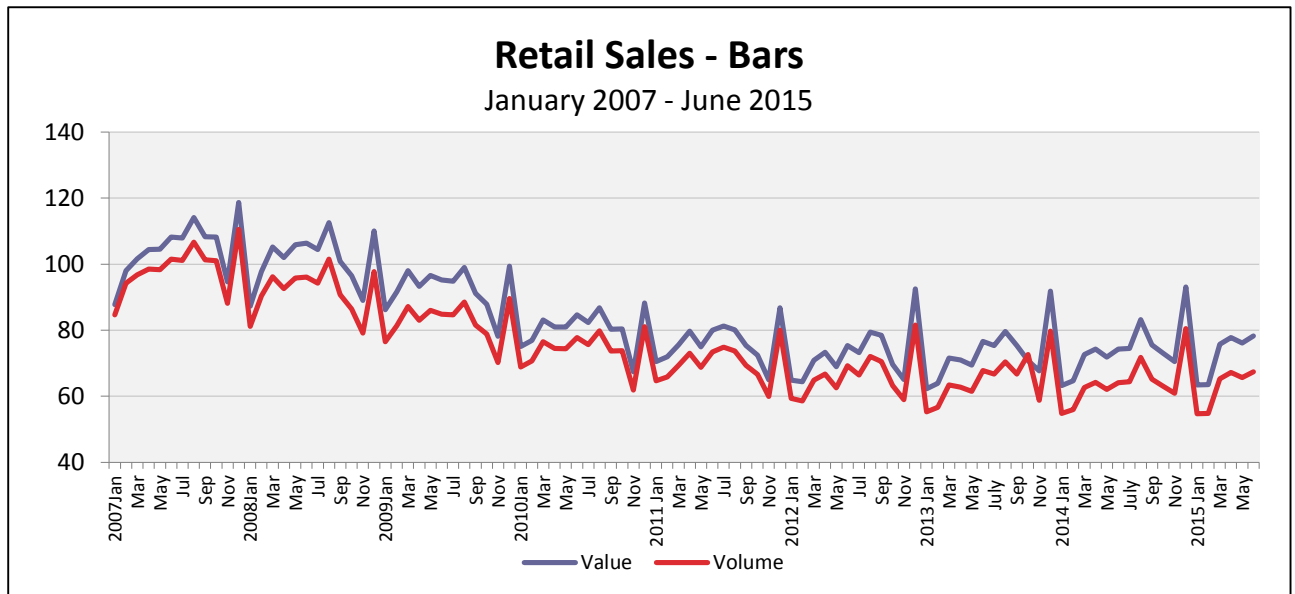
⁸⁹ Bars 2005 - 2014, Retail Sales Index Value and Volume Unadjusted (Base 2005=100), www.cso.ie, All figures relate to on-trade sales

⁹⁰ Drinks Industry Ireland, 2014

⁹¹ <http://www.beerandpub.com/news/british-beer-sales-up-for-the-first-time-in-ten-years>

RETAIL SALES – BARS

MONTHLY



Retail sales Index – Bars, Base 2005 = 100⁹²

Irish bar sales follow a seasonal pattern with a peak in the run up to Christmas followed by a trough in January each year. This conceals a long-term decline in the pub trade which is showing little sign of abating.

Bar sales in Q4 2014 grew by 1.4% in volume and increased in value by 2.6% year-on-year. The seasonal effect in December lifted sales, with volume up 0.4% and value up 0.9% compared to the same time in 2013.

Bar sales were relatively positive in Q1 2015, with sales volume steady and sales value up by 1.3%, year-on-year. Q2 2015 has seen a more significant increase with volume up by 5.1% and 5.2% for value. It is too soon to label this a recovery but it does seem to show the sensitivity of the food and beverage sector to the state of the economy.

Beer sales in the UK were also up 1.3% in 2014, ending a decade of decline⁹³. Beer sales in pubs have begun to stabilise, showing a small decline of -0.8% in 2014, the smallest decline since 1996. In contrast, off-trade sales grew by 3.5%, exceeding on-trade sales for the first time on record.

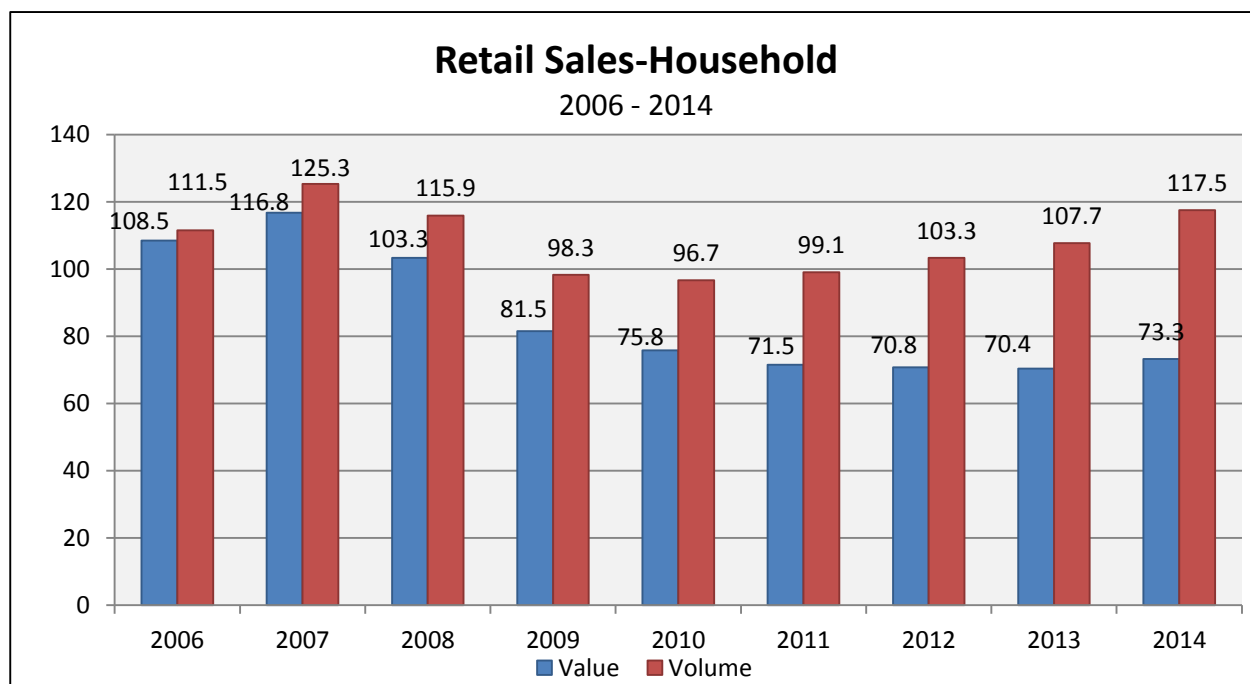
In the US, restaurants and drinking places reported an increase of 3.3% in sales value in Q4 of 2014. Sales saw a further substantial increase of 9.0% in Q1 2015, year-on-year, however slowing down to of growth of only 0.2% in Q2 2015.

⁹² Bars 2006 - 2015, Retail Sales Index Value and volume Unadjusted (Base 2005=100), www.cso.ie/all figures relate to on-trade sales

⁹³ <http://www.beerandpub.com/news/british-beer-sales-up-for-the-first-time-in-ten-years>

RETAIL SALES- HOUSEHOLD EQUIPMENT

ANNUAL



Retail Sales Index – Household Equipment, Base 2005 = 100⁹⁴

Household equipment is the sum of three sub-categories: furniture and lighting; hardware, paints and glass; and electrical goods. All of these items are highly dependent on the housing market, particularly on the number of new homes built. Sales of household equipment grew rapidly in line with the boom in housing construction, reaching a peak in 2007. However, sales declined just as rapidly, falling by -18% in volume and by -40% in value from the peak in 2007 to the end of 2012.

Sales of household equipment saw a slight recovery in 2013, with an increase of 4.3% in volume, although value decreased by -0.5%. The recovery accelerated in 2014 with a 4.1% increase in overall sales of household equipment, while value rose by a much larger 9.1%. The largest increases were in furniture and lighting (up 20.6% in volume and 14.1% in value), followed by electrical goods (up 8.3% and 2.5%), and hardware (up 5.2 and 4%).

Despite the improvement in the UK property market in 2013, sales decreased both in volume and value, by -2.4% and -2.7% respectively.⁹⁵ This trend reversed in 2014 with sales up by 7.1% in volume and 6% in value.

In the US, sales of household goods increased by 8% in value in 2012, with a slightly lower rate of increase of 3% in both 2013 and 2014.⁹⁶

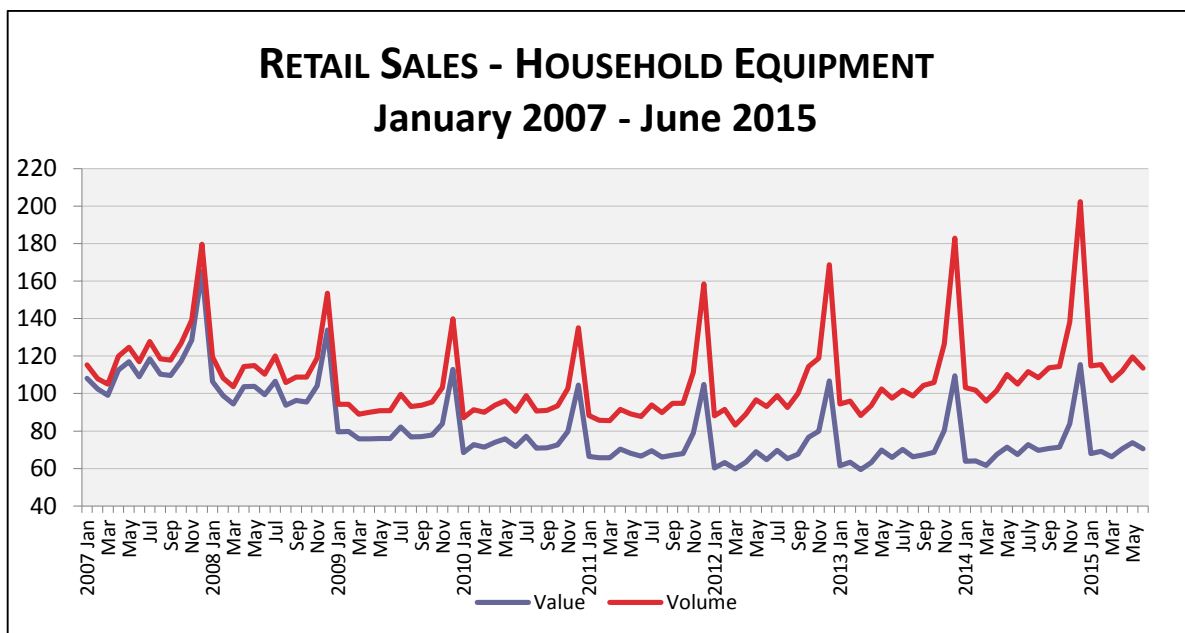
⁹⁴ Household Equipment 2006 - 2014, Retail Sales Index Value and volume Unadjusted (Base 2005=100), www.cso.ie

⁹⁵ www.bbc.co.uk/news/business-25745468

⁹⁶ www.postandcourier.com/article/20140124/PC05/140129750/1010/us-home-sales-in-2013-best-in-seven-years

RETAIL SALES - HOUSEHOLD EQUIPMENT

MONTHLY



Retail Sales Index - Household Equipment, Base 2005 = 100⁹⁷

Sales of household goods are quite seasonal with a small peak in June/July each year, and a bigger peak in the pre-Christmas period. The annual peak in sales volume reached the highest level in December 2014, surpassing its previous peak in 2008.

Sales of household equipment began to recover in 2013, with an increase in volume of 4.3%, although value was flat (-0.5%). Sales continued to increase in 2014, up by 9.9% in volume and 5.2% in value in the fourth quarter, year-on-year.

Sales increased further in Q1 2015, up by 11.9% in volume and 6.9% in value, compared to the previous year. Growth has continued into Q2, with volume up 7.4% when compared to 2014, and value up 3.6%. This average conceals considerable variation, however, with the sub-categories showing varying increases: furniture and lighting up 5.9% in volume and 2.2% in value; electrical goods up 9.5% in volume and 4.4% in value, and hardware, paints and glass up 6.2% in volume and 4.8% in value.⁹⁸

UK sales of household equipment have also been strengthening, up by 6% in volume and 9% for value for the first three months of 2015. This continued into Q2 with an increase of 9% in volume and 6.1% in value.⁹⁹

US sales of household equipment increased by just 2.7% in Q1 2015 and by 1.8% in Q2.

⁹⁷ Household Equipment 2006 - 2015, Retail Sales Index Value and volume Unadjusted (Base 2005=100), www.cso.ie

⁹⁸ <http://www.irishexaminer.com/business/bank-of-ireland-ups-sme-loan-approvals-by-24-328710.html>

⁹⁹ <http://www.forbes.com/sites/carlapassino/2015/05/08/why-the-british-real-estate-market-will-rise-now-the-election-is-over/>

RETAIL SALES - CLOTHING, FOOTWEAR AND TEXTILES

ANNUAL



Retail Sales Index – Clothing, Footwear and Textiles, Base 2005 = 100¹⁰⁰

Sales of clothing and footwear grew strongly during the boom years. Sales volume grew by 89% from 2000 to 2007 which is equivalent to 13% per annum, while value increased by 46%, or 7% per annum.

Sales volume held up quite well during the recession, down by just -5% from peak to the end of 2013, but value fell by far more, down -29%, due to price discounting.

Sales of clothing and footwear stabilised in 2013, with a small increase in volume, of 1.9% for the year, although there was a decline of -1.1% in value year-on-year.

Sales levels increased more significantly in 2014, with volume up by 5.2% in Q4 year-on-year, and value up by slightly less, at 2.3%. The volume index for 2014 suggests that the level of sales is now back to the peak level experienced in 2007.

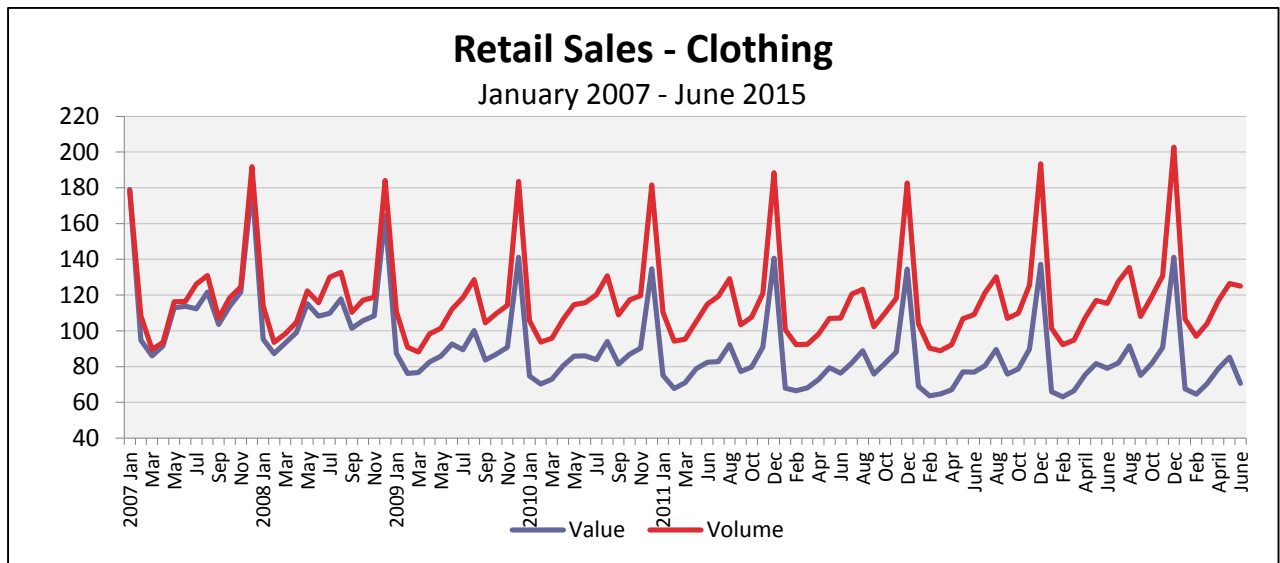
UK sales also recovered slightly in 2013, with volume and value increasing by 1% and 2.4% respectively. In 2014, sales increased a bit more, by 2.7% in volume and 2.9% in value. Online sales account for 11% of this category and were up 10% year-on-year, in 2014.

Sales of clothing in the US increased by 5.5% in 2012 and this trend continued through 2013 and 2014 with further increases of 3.8% and 2.2% respectively.

¹⁰⁰ Textiles and Clothing 2005 - 2014, Retail Sales Index Value and volume Unadjusted (Base 2005=100), www.cso.ie

RETAIL SALES - CLOTHING, FOOTWEAR AND TEXTILES

MONTHLY



Retail Sales Index – Clothing, Footwear and Textiles, Base 2005 = 100¹⁰¹

Sales of clothing, footwear and textiles have a marked seasonal pattern with a large peak in the pre-Christmas period. Typically, sales volume increased by 50%+ from November to December each year, compared to the monthly average for the rest of the year.

Following a marked decline in 2009, sales of clothing and footwear declined very slightly for the next three years. Sales volume held up relatively well during the recession, down by just -4% from peak to the end of 2012, although value fell by far more, down 26%, due to price discounting

Sales of clothing and footwear showed signs of recovery in 2013, up 3.9% in Q4, with value steady, year-on-year. This recovery continued into 2014, and in quarter Q4 volume increased by 5.6% and value by 2.6%.

Quarter one in 2015 saw this upward trend continuing, with a further increase in sales volume of 5.6% and value increasing by 2.8%, compared to last year. Sales continued to rise in Q2, up by 10.3% in volume and 6.8% in value, a very major boost.

Sales of clothing etc. are growing steadily in the UK, with an increase of 4% both in volume and in value in Q1 2015. There was a further increase in Q2, of 5.8% in volume and 4.9% in value.

Sales of clothing and footwear are also growing steadily in the US, up 3% for Q1 2015 and 1.8% for Q2, year-on-year.

¹⁰¹ Textiles and Clothing 2006 - 2015, Retail Sales Index Value and Volume Unadjusted (Base 2005=100), www.cso.ie

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