

2015

Q4

2015

# Consumer

Market Monitor



UCD Michael Smurfit  
Graduate Business School



The  
Marketing  
Institute

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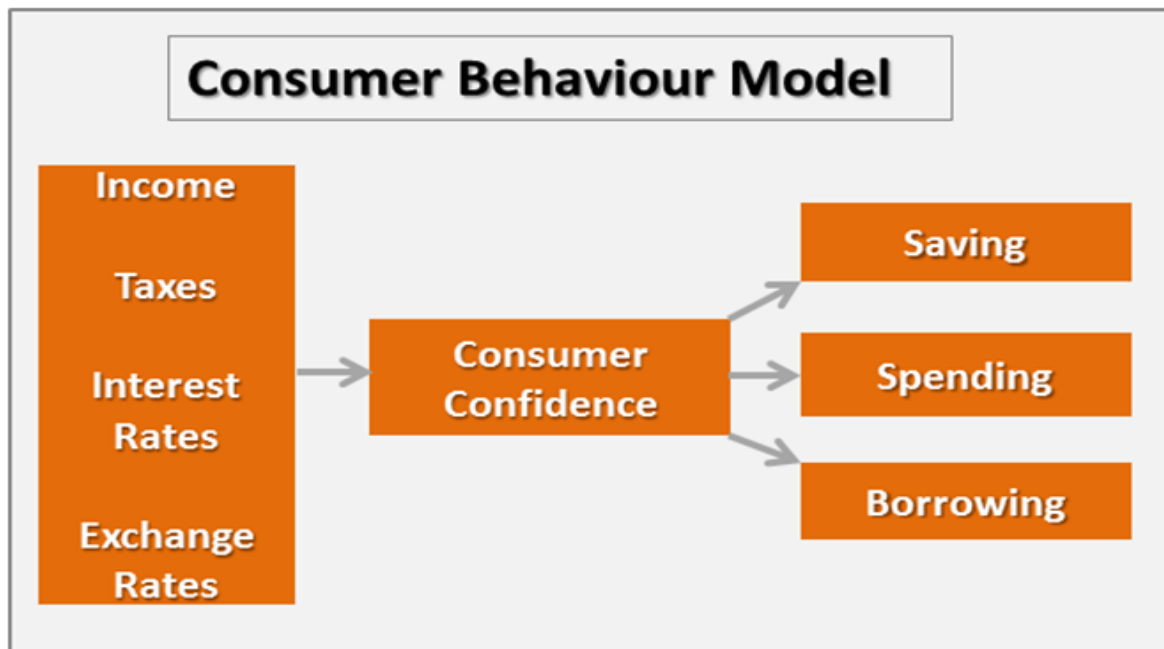
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# CONSUMER MARKET MONITOR

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 over 60% of GNP so it is an important indicator of the health of the 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.



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 four of 2015 and also provides a review of the full year.

# EXECUTIVE SUMMARY

The recovery in consumer spending that began in 2014, accelerated significantly in 2015, and looks set to keep an upward trajectory this year and for the foreseeable future. Consumer spending was up by 3% last year, and is on track to rise by 4% for this year and next year.

This is driven by various factors but, principally, by the fact that there are more people at work, and incomes are rising. There are now 1.98 million people at work, up by 158,000 since the low point in 2012, and the evidence suggests that pay increases of about 2% were common in 2015, and likely to happen again in 2016.

These factors led to a remarkable increase in the amount of disposable income that is circulating in the economy. Gross disposable income increased by 9% in 2015, a kind of increase not seen since the heady days of the Celtic Tiger. Lower fuel prices have also helped, as will the reductions in tax and social charges coming through in January 2016.

Another relevant fact is that Irish consumers are making great strides in paying down debt and, as a result, many people are reaching a point where they have some surplus money available to spend.

All of these positive signals are influencing consumer confidence which has been on a steady upward trend since 2013, and which is now at the highest level in a decade. This strong consumer confidence is now driving consumer spending which is accelerating at a rapid rate.

Much of this reflects "pent up demand" in the economy following a long period of stagnation, and this can be seen most clearly in growing sales of "big ticket" items -- homes and home furnishings, new cars, clothing and other consumer durables--all of which are up very strongly in recent quarters.

Sales of new cars are always a bell weather of economic recovery, and Ireland is no exception. Following several lean years, sales of new cars were up over 30% last year, to 121,110, and 2016 has started very well, with indications of further strong growth. However, the 2015 sales figure is still 25% below the annual rate of 160,000 achieved in the boom years from 2001-2007 so there is room for further growth.

Retail sales are also improving significantly; sales volume rose by 3.7% in 2014 and this upward trend accelerated in 2015, with sales volume up by 6.2%. All retail categories got a boost in recent quarters, and the evidence suggests that 2016 is delivering sales growth for most retailers.

Sales of services have also been strengthening, up 4.1% for the year 2014, and up by 5.8% for 2015. Reflecting the increasing consumer spending, VAT receipts were up 7.9% for the year 2014, and by 7.1% in 2015.

Sales of household goods have been particularly remarkable, with furniture and lighting up by 18.7%, electrical goods up 10%, and hardware, paints and glass up 5%. This reflects the increasing number of property transactions and demonstrates the interdependence of these sectors.

Property sales are also buoyant, with 40,000 residential property sales transactions in 2014, an increase of 38% over the prior year. There were approximately 42,400 private residential properties sold in 2015, up by just 6% on 2014, suggesting that the tighter lending rules are holding back house purchases. There were 22,767 new mortgages issued in 2015, up 19% year-on-year, but indicating that cash buyers still account for more than 50% of transactions

All in all, the indicators are that the consumer economy is now growing strongly, with all types of spending increasing, apart from fuel.

## **Consumer Confidence**

Following a trough in the recession years, consumer confidence in Ireland recovered slightly in 2013, and rose further through 2014 due to a steady flow of good news on employment, tax receipts, and growth in services and manufacturing.

This upward trend continued in 2015, reaching a record high of +16.7 in June 2015. Consumer confidence faltered slightly in Q3, fuelled by the negative economic outlook abroad, but recovered strongly in the final quarter. Consumer confidence in Ireland is now well ahead of the last peak in 2007, and also well ahead of our European neighbours.

Consumer confidence in the UK also rose steadily through 2014 and this continued in 2015, reaching a high of +6 in June. Confidence dropped slightly in Q3 and Q4, driven by the uncertainty about Brexit as well as international issues.

## **Consumer Incomes and Spending**

Household disposable income rose by 3% in 2013, the first increase since 2008, and continued to grow in 2014, up by a similar rate of 3%. This growth continued in 2015, but at a faster rate, with disposable incomes up by a far larger 9%, due to a combination of expanding employment and increasing pay rates. This increase exceeded the growth rates of the Celtic Tiger era; the previous record was 9.8% growth in 2005.

Household spending closely mirrors income, increasing by a record 48% from 2002 to 2008, followed by five consecutive years of decline, which saw net consumption contract by -15% in current terms and by -7.5% in real terms.

Household spending was more or less static from 2011 to 2013, increased by 2% for the full year 2014, and by 3% for 2015. Looking ahead, all analysts agree that consumer spending is on a strong growth curve now with future forecasts ranging from 3.5% to 4.5% growth.

## **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 -39% from 2008 to €92 billion in Q3 2015. Household debt is reducing at a rate of about 2.8% per annum. The figures show that lending to Irish households fell again in Q4, while deposits rose sharply.

Loans for house purchase, which accounts for 82% of household loans, peaked in Q1 2008 at €124 billion. It has decreased steadily to €77 Billion by December 2015, a cumulative decline of 38%. This category is reducing by 2.6% per annum, with €2 billion paid back in 2015.

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 in 2015, down by 4% to the end of Q4, when the total outstanding amounted to €15 billion.

The rate at which Irish households have reduced their debt is quite remarkable, surpassing most other countries apart from the US. Household debt as a percentage of income has decreased by 33 percentage points in Ireland and by 26 points in the US from 2007 to 2014. Household debt levels in Ireland remain relatively high by international standards, however, at 167% of disposable income. This compares with a Eurozone average of just over 90%. This suggests that Irish households still have some work to do to bring their debt burden down to international norms.

## **Retail Spending**

Following four years of decline, retail sales stabilised in 2012, and increased by a very slight 0.8% in volume in 2013.

A significant turnaround occurred in 2014, with retail sales volume up by 3.7% and value up by 1.6%. The recovery accelerated further in 2015, with sales volume up by a very impressive 6.2% and value up by 2.8% for the year.

Noteworthy is the fact that this growth in sales exceeded the growth in footfall (up 1.6%) providing evidence of a real uplift in spending. Strong Vat returns also provide evidence of growth; up by 7.9% in 2014, and by 7.1% in 2015.

Sales in individual retail categories showed considerable variation around the average. Sales of household goods were particularly strong, with furniture and lighting up 18.7% for Q4, and electrical goods up 10.7%, year-on-year. Clothing and footwear were also strong, and all other retail categories also got a boost in recent quarters. The evidence suggests that 2016 is continuing to deliver strong sales growth for most retailers with January spending very buoyant.

## **Recent Trends**

Sales of new cars experienced a major turnaround in 2014, with 92,361 units sold, a 30% increase on the previous year. This buoyancy continuing through 2015, with 121,110 new private cars licensed, a rise of 31% for the year. Sales of second hand cars are also thriving, with almost 950,000 transactions in 2015, which was up 8% on 2014.

Retail sales excluding the motor trade are also improving; sales volume rose by 3.7% in 2014 while value increased by 1.5% indicating a significant upturn in activity. Retail sales growth accelerated further in 2015, with volume up by 6.7% in Q4, year-on-year, and value up 3.3%.

All product categories except fuel experienced growth in Q4 2015. Most remarkable is the significant growth displayed by sectors that have been particularly weak throughout the recession, such as bars and newsagents. In summary:

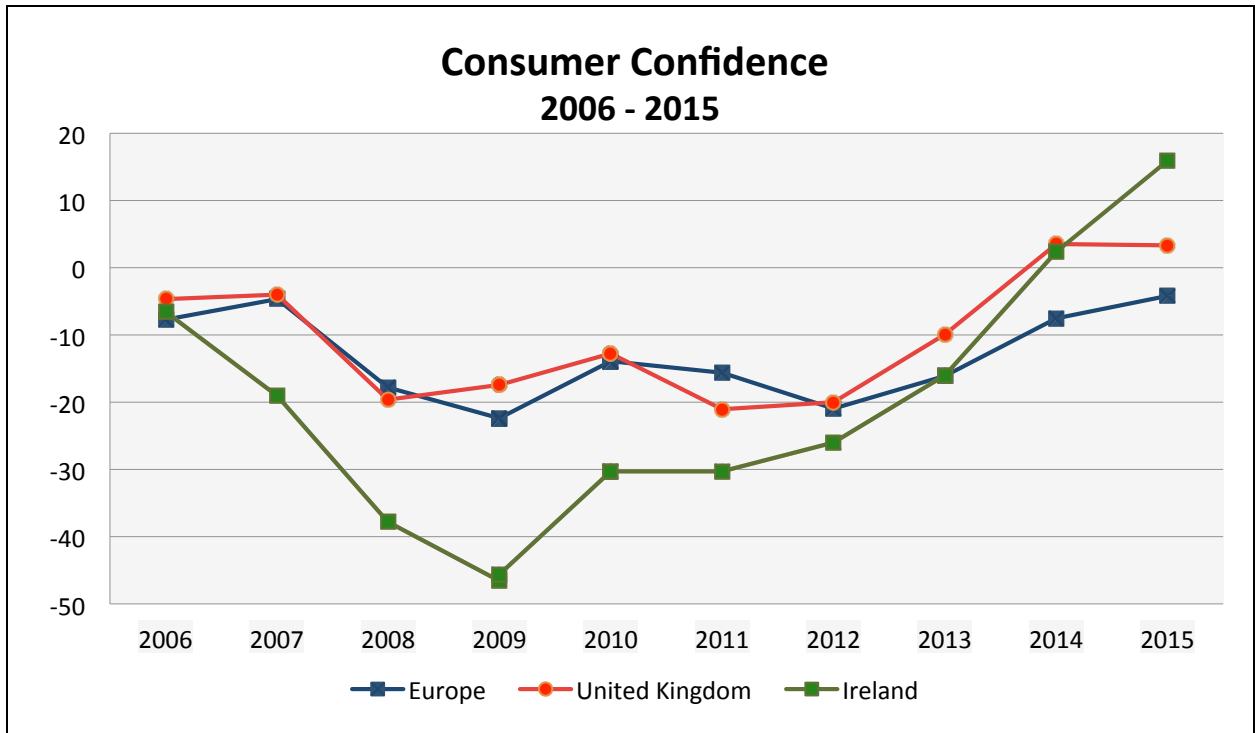
- Food sales up 4.5% in volume and up 3.3% in value;
- Non-specialised stores (supermarkets) up 4.8% in volume and 3.6% in value;
- Fuel down -2.0% in volume and down -10.8% in value;
- Clothing, footwear & textiles up 7.4% in volume and 4.1% in value;
- Household equipment up 10.1% in volume and 6.1% in value;
- Department stores up 8.8% in volume and 5.6% in value;
- Pharmaceuticals and cosmetics up 7.4% in volume and 3.7% in value;
- Bar sales up 5.8% in volume and up 6.4% in value.

- Books, newspapers, stationery up 1.3% in volume and 2.8% in value;

Overall, we can conclude that retail sales are back on a strong growth path, getting stronger in each successive quarter of this year. This positive momentum augurs well for continuing growth through the rest of 2016 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 2009, following the financial crisis, 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, and 2015, due to a steady flow of good news on employment, increasing tax receipts, and strong services and manufacturing growth.<sup>1</sup>

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 up to 2007. For example, the UK averaged +4 in 2015 compared to -4 in 2006.

US consumer confidence reached an all-time high of 145 in January 2000 and a record low of 25 in February 2009.<sup>2</sup> The US index averaged 78 in 2013, 84 in 2014 and 98 in 2015, indicating a steady recovery<sup>3</sup>.

<sup>1</sup> [www.independent.ie/business/irish/irish-consumer-sentiment-nears-eightyear-high-in-december-30892291.html](http://www.independent.ie/business/irish/irish-consumer-sentiment-nears-eightyear-high-in-december-30892291.html)

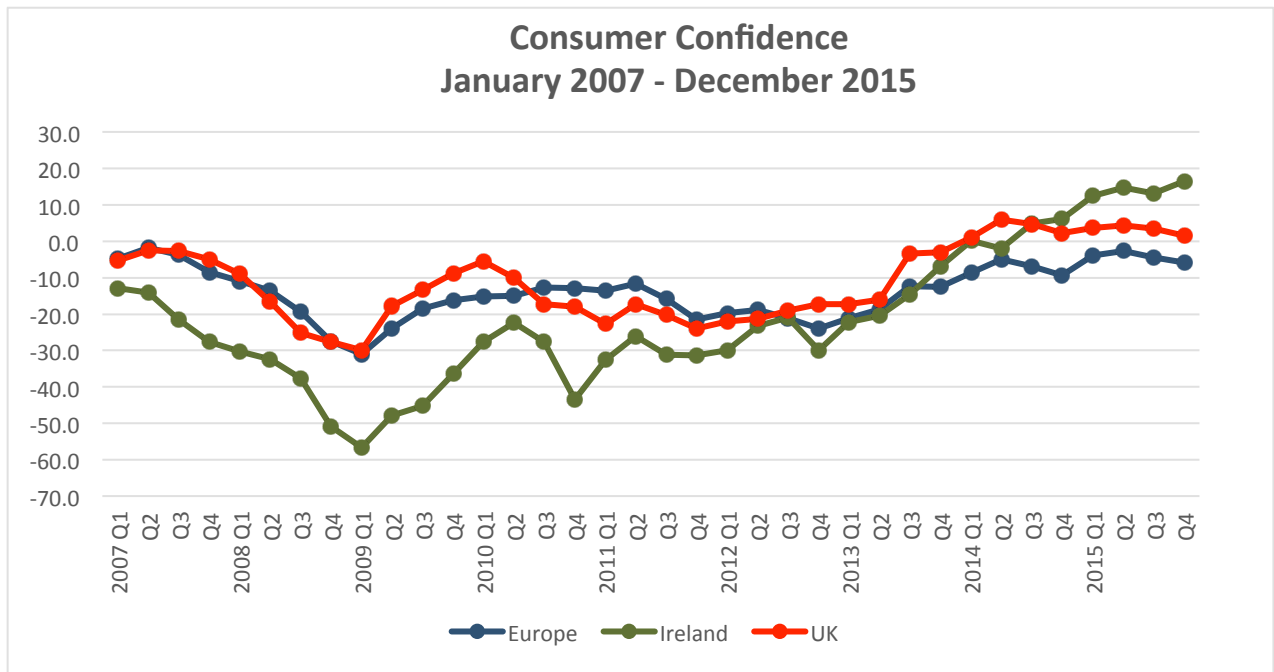
<sup>2</sup> [www.tradingeconomics.com/united-states/consumer-confidence](http://www.tradingeconomics.com/united-states/consumer-confidence)

<sup>3</sup> US Conference Board, monthly press releases.



# CONSUMER CONFIDENCE

## QUARTERLY



Consumer confidence in Ireland fell dramatically in 2008 as the financial crisis unfolded, and remained low through 2009, the bailout in 2010, and the Eurozone crisis of 2011-2012.

Confidence recovered slightly in 2013 due to strong employment growth and our exit from the bailout programme.<sup>4</sup> It rose further through 2014 due to a steady flow of good news on employment, tax receipts, and growth in services and manufacturing.<sup>5</sup>

This upward trend continued in 2015, reaching a record high of +16.7 in June. Consumer confidence faltered slightly in Q3, fuelled by the negative global economic outlook, but recovered strongly in the final quarter.<sup>6</sup> Consumer confidence in Ireland is now well ahead of the last peak in 2007, and also well ahead of our European neighbours.

Consumer confidence in the UK rose steadily through 2015, reaching a high of +6 in June. Confidence dropped slightly in Q3 and Q4, driven by the uncertainty about Brexit as well as global issues.<sup>7</sup>

Consumer confidence in the US has been recovering for several years, reaching 95 in December 2014, the best since January 2007 when it reached 106.<sup>8</sup> It fluctuated through 2015, dropping to 91 in June but rising to 93 in December, suggesting a degree of caution.<sup>9</sup>

<sup>4</sup> EU Business and Consumer Surveys, Monthly. [ec.europa.eu/economy.../db.../index\\_en.htm](http://ec.europa.eu/economy.../db.../index_en.htm)

<sup>5</sup> [www.independent.ie/business/irish/irish-consumer-sentiment-nears-eightyear-high-in-december-30892291.html](http://www.independent.ie/business/irish/irish-consumer-sentiment-nears-eightyear-high-in-december-30892291.html)

<sup>6</sup> <http://www.rte.ie/news/business/2015/1001/731686-consumer-sentiment/>

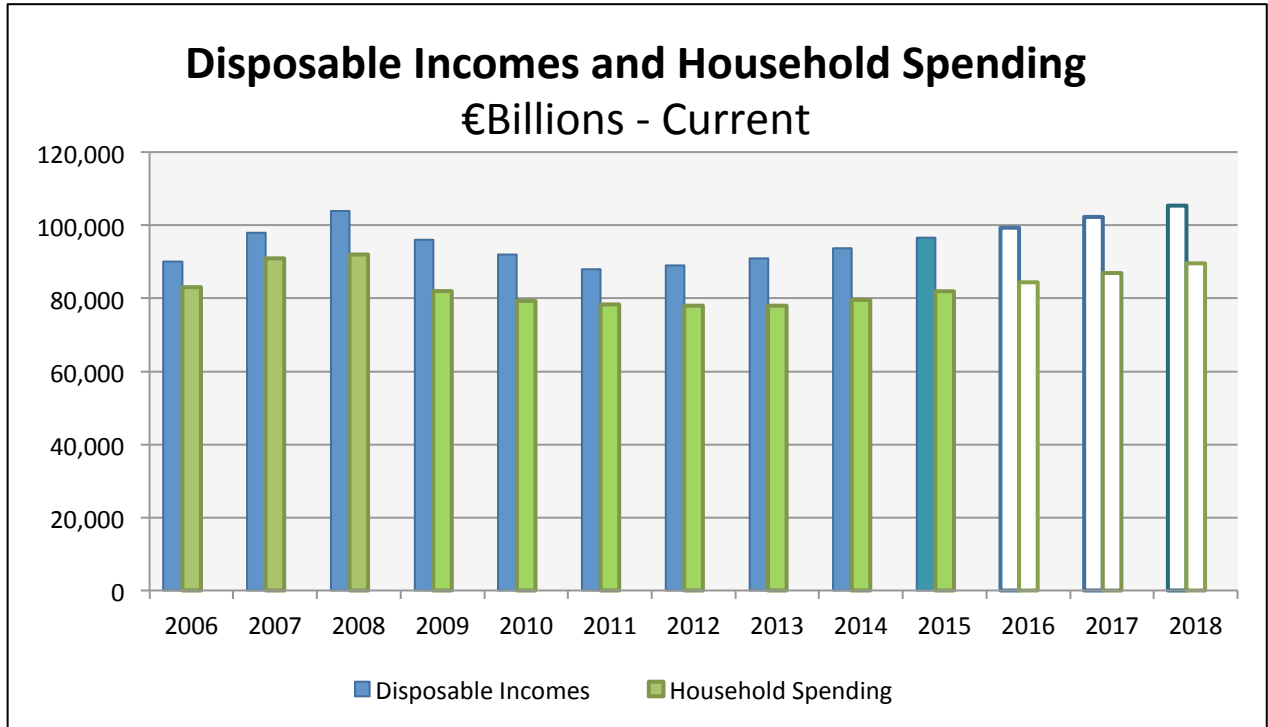
<sup>7</sup> <http://www.bloomberg.com/news/articles/2015-09-29/u-k-consumer-confidence-falls-as-economic-expectations-darken>

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

<sup>9</sup> <http://www.wsj.com/articles/u-s-consumer-confidence-index-falls-1445955164>

# CONSUMER INCOMES AND SPENDING

## ANNUAL



Disposable income in Ireland increased by 60% from 2002 to 2008--from €65bn to €104bn, due to growth in employment and rising incomes.<sup>10</sup> This trend reversed in 2009, and continued downwards until 2013. Disposable income fell by -15% in real terms between 2008 and 2012 as a result of rising unemployment, falling wages and higher taxes<sup>11</sup>.

This trend reversed in 2013, when disposable income rose by 3%, the first increase since 2008. Disposable income continued to rise in 2014, up by 3%, and this trend continued in 2015, with an increase of 9%, from €86 billion to €92 billion for the year. This recent rise outstripped anything seen in the Celtic Tiger era; the previous record was 9.8% in 2005<sup>12</sup>.

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 €78 billion in 2011, resulting in five consecutive years of decline, which saw net consumption contract by -15% in current terms and by -7.5% in real terms.

Household spending was more or less static from 2011 to 2013, averaging €78bn over the three years. It is estimated to have increased by 2% for the full year 2014 and by 3% for 2015. Household spending amounts of about 90% of personal spending, and both are expected to continue growing in 2016, with estimates ranging from 3-4.5%.<sup>13, 14</sup>

<sup>10</sup> CSO Institutional Sector Accounts, Q4, 2015.

<sup>11</sup> <http://danmclaughlin.ie/blog/record-rise-in-irish-household-real-incomes-in-2015/>

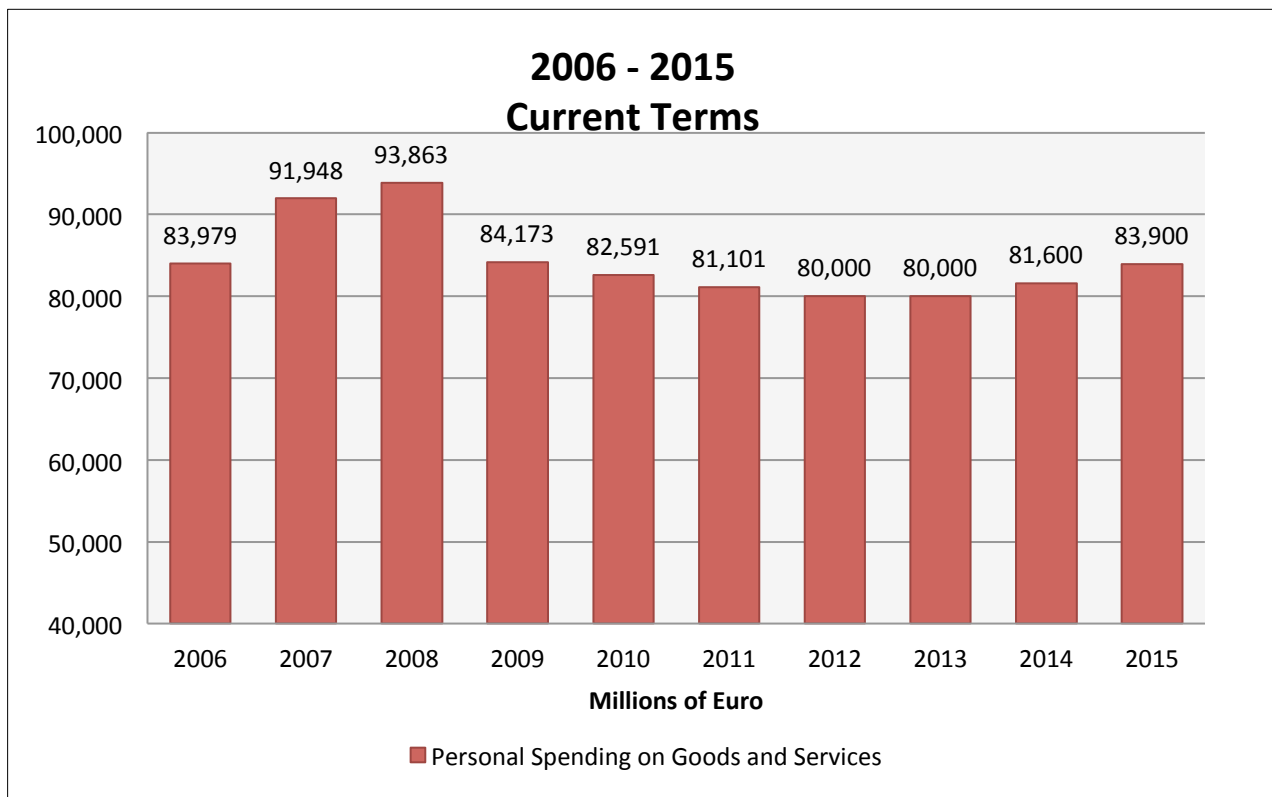
<sup>12</sup> Ibid.

<sup>13</sup> [www.ibec.ie/IBEC/Press/PressPublicationsdoclib3.nsf/vPages/Newsroom](http://www.ibec.ie/IBEC/Press/PressPublicationsdoclib3.nsf/vPages/Newsroom)

<sup>14</sup> Central Bank Quarterly Bulletin Q1 2016.

# 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; with a record decline in 2009 of -7.2%. 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 2% in real terms in 2014 and by 2.8% in 2015.<sup>15</sup> As further evidence of this, VAT receipts were up by 7.9% in 2014, and by 7.1% in 2015.<sup>16</sup> Similarly, retail sales (excluding motor trades) increased by 3.7% in 2014, and by 6.2% in 2015 in volume terms. Activity in the services sector was also higher, up 4.1% in 2014 and 5.8% in 2015<sup>17</sup>.

Consumer spending in the UK fell -4% from the 2007 peak to the trough in 2011, from £955 to £916 billion. Spending rallied again between 2012 and 2014, rising about 2% per year, and is now back at the same level as in 2007.<sup>18</sup>

US consumer spending continues to be in recovery mode, with personal spending increasing by 3.6% for 2013, 3.1% in 2014, and 3% in 2015, due to cheaper oil and employment gains.<sup>19</sup>

<sup>15</sup> Central Bank of Ireland, Quarterly Economic Bulletin, Quarter 1, 2016.

<sup>16</sup> [www.finance.gov.ie/sites/default/files/Irish%20Monthly%20Economic%20Bulletin%20-%20December%202014.pdf](http://www.finance.gov.ie/sites/default/files/Irish%20Monthly%20Economic%20Bulletin%20-%20December%202014.pdf)

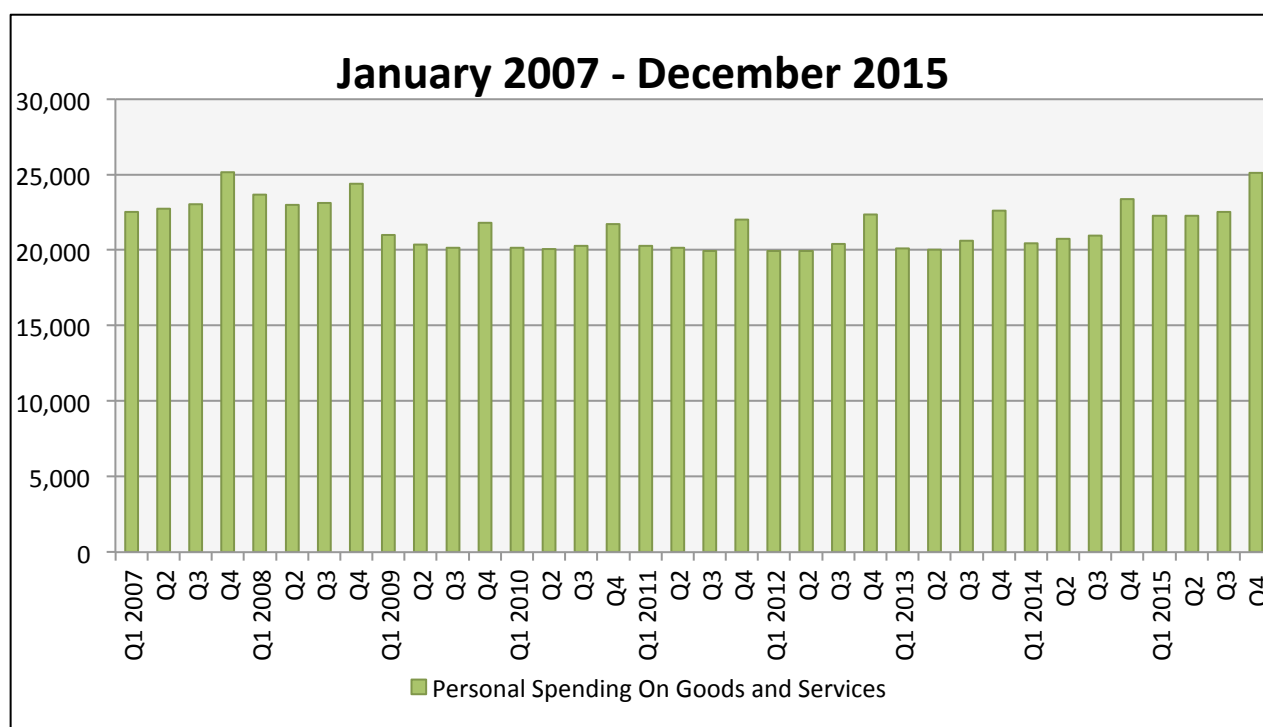
<sup>17</sup> <http://www.cso.ie/en/releasesandpublications/er/si/monthlyservicesindexdecember2015/>

<sup>18</sup> [www.ons.gov.uk/ons/dcp171778\\_357940.pdf](http://www.ons.gov.uk/ons/dcp171778_357940.pdf)

<sup>19</sup> [www.wsj.com/articles/u-s-consumer-spending-down-0-3-in-december-1422883888](http://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 declined steadily since then. Personal consumption declined in real terms by -7% from the peak to the end of 2013.

Following these several years of decline, consumption expenditure grew by 2% in real terms in 2014 and by 2.8% in 2015.<sup>20</sup> As further evidence of this, VAT receipts were up by 7.9% in 2014, and by 7.1% in 2015.<sup>21</sup> Similarly, retail sales (excluding motor trades) increased by 3.7% in 2014, and by 6.2% in 2015 in volume terms. Activity in the services sector was also higher, up 4.1% in 2014 and 5.8% in 2015<sup>22</sup>.

The Central Bank is projecting an increase of 3% in the volume of personal consumption for 2015 as a whole, and growth of 2.5% for 2016.<sup>23</sup> Other forecasters are more optimistic, suggesting growth in consumer spending of closer to 3.5% for the next two years.<sup>24</sup>

Personal spending in the UK has grown each quarter since Q4 2011, at an average annual rate of 2%. This increased to 3% in 2015, suggesting further improvement<sup>25</sup>.

Consumer spending accounts in the US has climbed an average 2% per annum in the recovery that's now in its sixth year. It advanced by 2.2% in Q4 of 2015, which was relatively weak, but growth for the year was actually 3%.<sup>26</sup>

<sup>20</sup> Central Bank of Ireland, Quarterly Economic Bulletin, Quarter 1, 2016.

<sup>21</sup> [www.finance.gov.ie/sites/default/files/Irish%20Monthly%20Economic%20Bulletin%20-%20December%202014.pdf](http://www.finance.gov.ie/sites/default/files/Irish%20Monthly%20Economic%20Bulletin%20-%20December%202014.pdf)

<sup>22</sup> <http://www.cso.ie/en/releasesandpublications/er/si/monthlyservicesindexdecember2015/>

<sup>23</sup> Central Bank of Ireland Quarterly bulletin, Q4, 2015

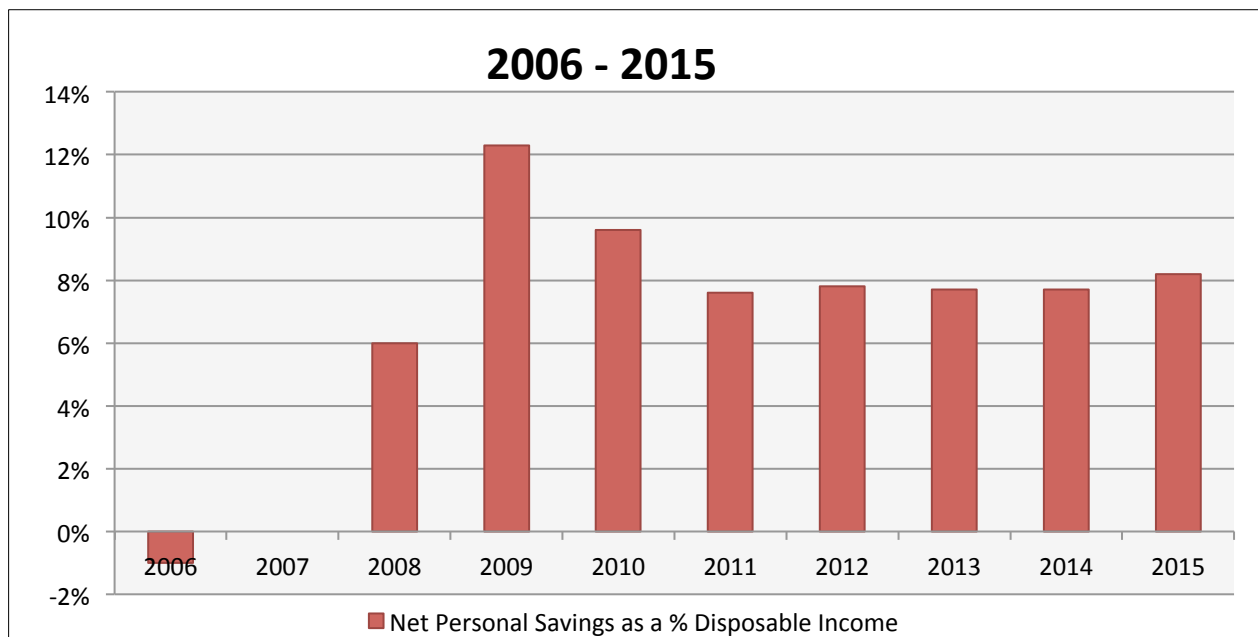
<sup>24</sup> [www.ibec.ie/IBEC/Press/PressPublicationsdoelib3.nsf/vPages/Newsroom](http://www.ibec.ie/IBEC/Press/PressPublicationsdoelib3.nsf/vPages/Newsroom)

<sup>25</sup> [ons.gov.uk/ons/rel/consumer-trends/consumer-trends/q2-2015/stb--consumer-trends--q2--april-to-june--2015.html](http://ons.gov.uk/ons/rel/consumer-trends/consumer-trends/q2-2015/stb--consumer-trends--q2--april-to-june--2015.html)

<sup>26</sup> [www.bloomberg.com/news/articles/2015-09-25/economy-in-u-s-picked-up-on-consumer-spending-construction](http://www.bloomberg.com/news/articles/2015-09-25/economy-in-u-s-picked-up-on-consumer-spending-construction)

# 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 12% in 2009.<sup>27</sup> The net savings ratio has remained high since 2009, as consumers tried to pay down debt to restore their finances. Over 80% of this saving represents repayment of loans.<sup>28</sup>

2010 was the first year in which savings fell slightly and this decline continued in 2011. The net savings ratio stayed more or less static in 2012 and 2013 at just under 8%.<sup>29</sup>

That trend reversed, however, in 2015, with an upward drift to 8.2%. This was influenced by the fact that household wealth is rising again as property values rise. The net wealth of Irish households rose to €601bn, or €130,331 per capita, during the fourth quarter of 2014, a rise of 4.3%. Household wealth rose by 33% from its lowest level in Q2 2012 to the end of 2014.<sup>30</sup>

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 4.7% in September 2015.<sup>31</sup>

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.<sup>32</sup> The saving ratio was 5.5% in November 2015, down from a three-year high of 5.6% in October<sup>33</sup>.

<sup>27</sup> CSO Quarterly Institutional Sector Accounts, Q4, 2015.

<sup>28</sup> [www.irishtimes.com/business/personal-finance/household-wealth-at-highest-level-since-2008-1.2203542](http://www.irishtimes.com/business/personal-finance/household-wealth-at-highest-level-since-2008-1.2203542)

<sup>29</sup> CSO Quarterly Institutional Sector Accounts, Q4 2015.

<sup>30</sup> [www.centralbank.ie/press-area/press-releases/Pages/QuarterlyFinancialAccountsQ32014.aspx](http://www.centralbank.ie/press-area/press-releases/Pages/QuarterlyFinancialAccountsQ32014.aspx)

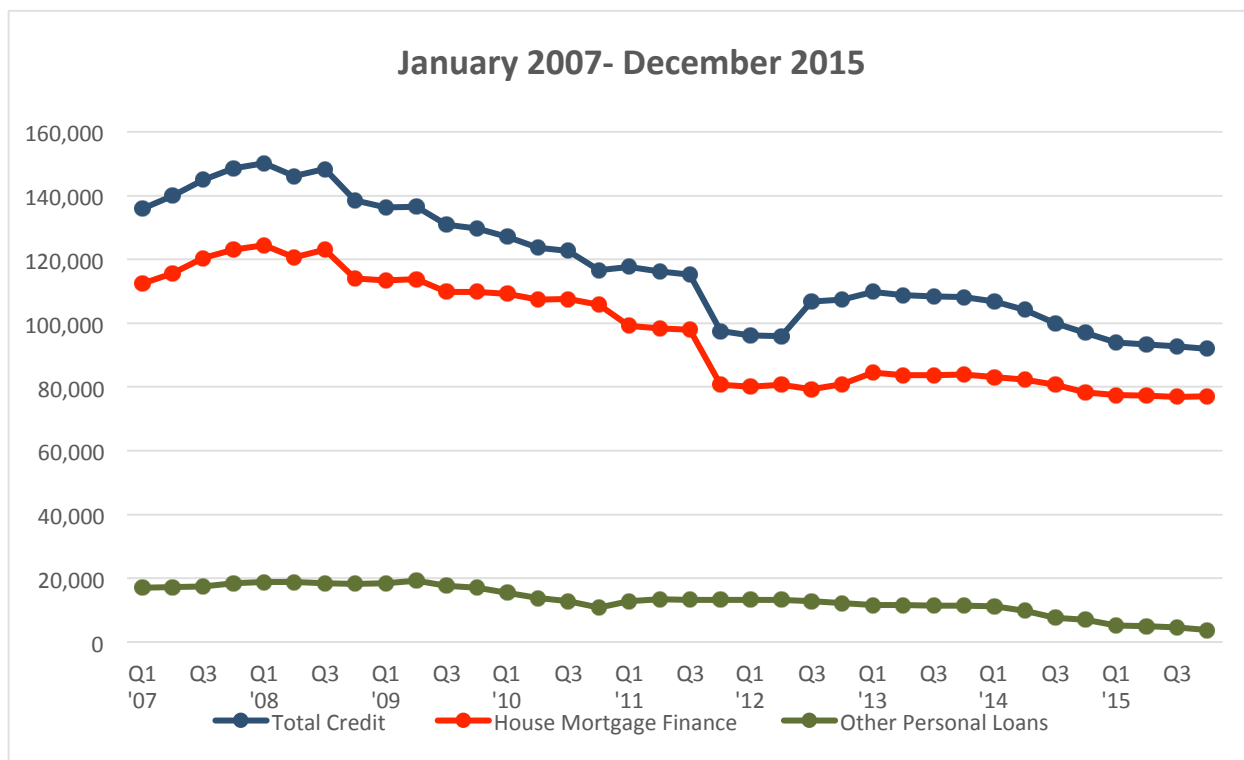
<sup>31</sup> [www.tradingeconomics.com/united-kingdom/personal-savings](http://www.tradingeconomics.com/united-kingdom/personal-savings)

<sup>32</sup> US Bureau of Economic Analysis

<sup>33</sup> <http://www.bloomberg.com/news/articles/2015-12-23/u-s-consumer-spending-rose-in-november-by-most-in-three-months>

# 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 -39% from 2008 to €92 billion in Q3 2015.<sup>34</sup> Household debt is reducing at a rate of about 2.8% per annum. The figures show that lending to Irish households fell again in Q4, as deposits rose sharply.

Loans for house purchase, which accounts for 82% of household loans, peaked in Q1 2008 at €124 billion. Since then, we have seen a net decrease to €77 Billion by September 2015, a cumulative decline of 38%. This type of lending is declining at an annual rate of 2.6%.

Lending for other consumption accounts for approximately 18% of total borrowing. This category peaked in Q1 2008 at €30 billion but declined to just over €15 billion in December 2015, a reduction of 50%. It is continuing to reduce at an annual rate of 4%.

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.<sup>35</sup> However, household debt in Ireland remain relatively high by international standards, at 167% of disposable income<sup>36</sup>. This compares with a Eurozone average of just over 90%.

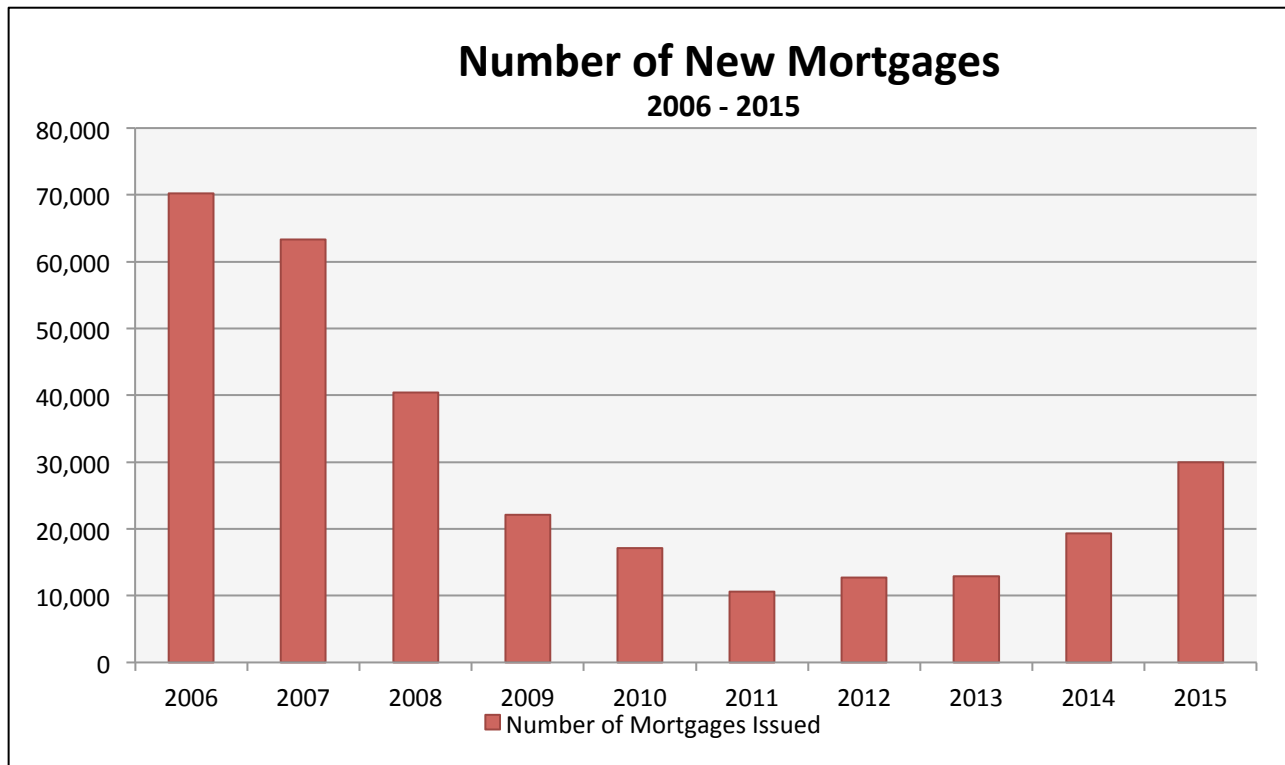
<sup>34</sup>[http://www.centralbank.ie/polstats/stats/cmab/Documents/ie\\_table\\_a.1\\_summary\\_irish\\_private\\_sector\\_credit\\_and\\_deposits.xls](http://www.centralbank.ie/polstats/stats/cmab/Documents/ie_table_a.1_summary_irish_private_sector_credit_and_deposits.xls)

<sup>35</sup> <http://www.irishtimes.com/business/economy/growth-easing-irish-debt-burden-study-finds-1.2093279>

<sup>36</sup> <http://trueeconomics.blogspot.ie/2015/03/25315-imf-on-irish-household-debt-crisis.html>

# MORTGAGES ISSUED FOR HOME PURCHASE

## ANNUAL



The number of new loans issued for house purchase 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<sup>37</sup> issued, but fell dramatically since then, to a low of 10,622 in 2011.

2014 was the first year to see a major lift in the housing market, with 19,125 new mortgages issued for private house purchase, an increase of 50% over the prior year. Including top-ups and buy-to-lets, a total of 22,119 mortgages were issued in 2014, with a value of €3.9bn.

This upward trend continued in 2015, with 22,767 new mortgages issued for home purchase, up 19% on 2014. 27,263 mortgages were issued in total in 2015 for a value of €4.8 bn.

There were 1.223 million residential properties sold in the UK in 2014, up 15% on the previous year.<sup>38</sup> This rose to 1.228 million in 2015, an increase of 4.5%. Mortgage lending amounted to £220bn in 2015, an 8% increase on 2014, and the highest level since 2008.<sup>39</sup>

Sales of residential property in the US were strong in 2015, at 5.8 million units, up 14.5% on 2013.<sup>40</sup>

<sup>37</sup> New loans for purchase of private homes. Excludes top-ups and buy-to-let.

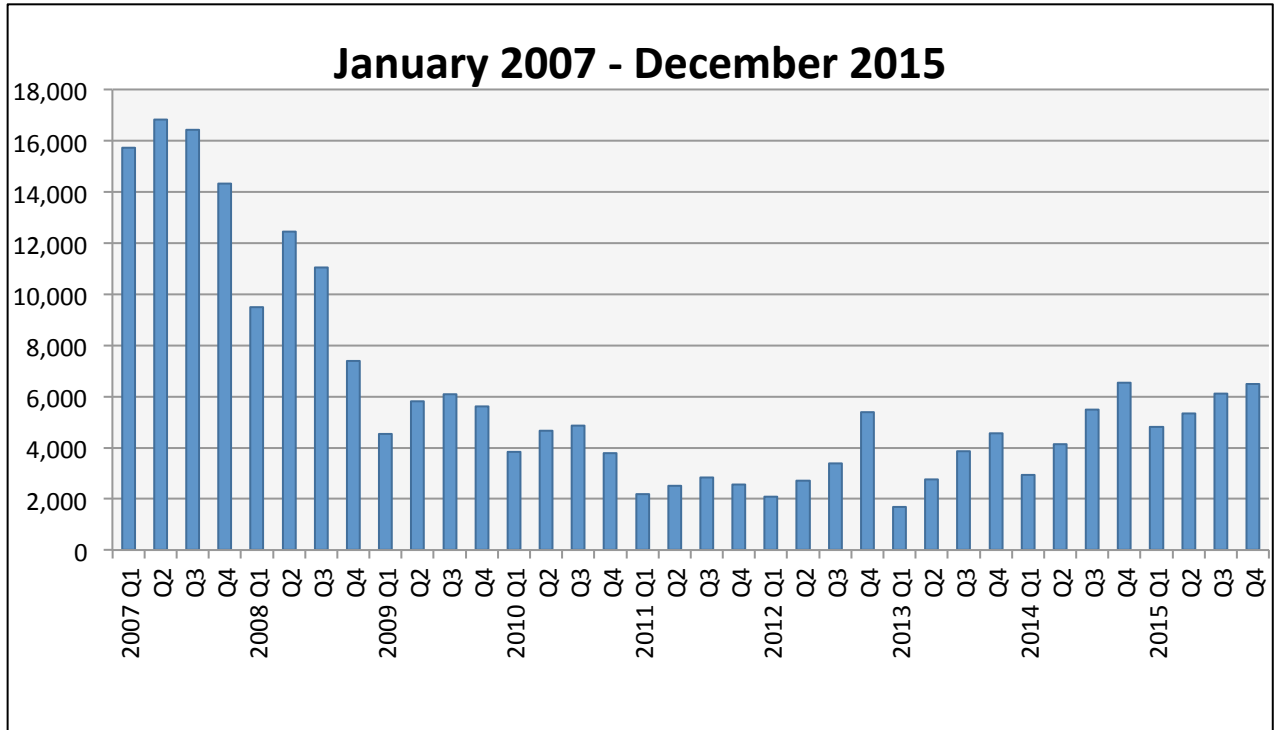
<sup>38</sup> [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/395763/UK\\_Tables\\_Jan\\_2014\\_\\_cir\\_.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/395763/UK_Tables_Jan_2014__cir_.pdf)

<sup>39</sup> <http://www.theguardian.com/money/2016/jan/21/uk-housing-market-strong-december-mortgage-lending>

<sup>40</sup> <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 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 increased from 21,000 to 28,500 year-on-year.

There were 29,000 sales in 2013, and 40,000 sales in 2014, an increase of 38%.<sup>41</sup> 19,125 mortgages were issued in 2014, suggesting that about half of all sales were cash sales.

There were approximately 42,400 private residential properties sold in 2015, up by just 6% on 2014, suggesting that the tighter lending rules are holding back house purchases. There were 22,767 new mortgages issued in 2015, up 19% year-on-year, but indicating that cash buyers still account for more than 50% of transactions.<sup>42</sup>

There were 1.223 million residential properties sold in the UK in 2014, up 15% on the previous year.<sup>43</sup> This rose to 1.228 million in 2015, an increase of 4.5%. Mortgage lending amounted to £220bn in 2015, an 8% increase on 2014, and the highest level since 2008.<sup>44</sup>

The US housing market remained fragile in 2014, with 5.3 million units sold, a reduction of -2.7% on 2013.<sup>45</sup> However, sales recovered strongly in 2015, up 7.7% for a total of 6 million units.

<sup>41</sup> MyHome.ie Property Barometer Q4, 2015.

<sup>42</sup> <http://media.myhome.ie/content/propertyreport/MyHome-Property-Report-Q4-2015.pdf>

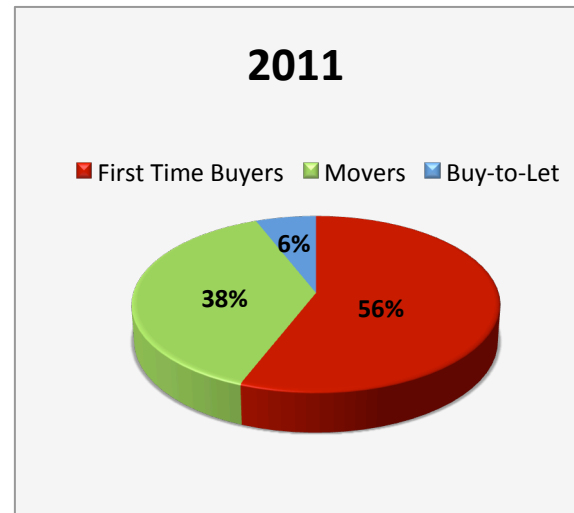
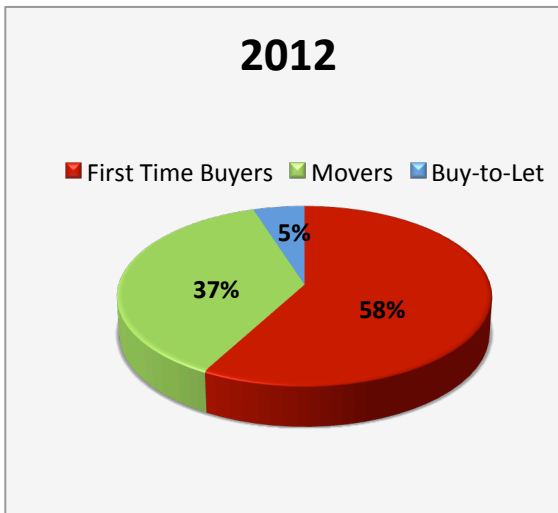
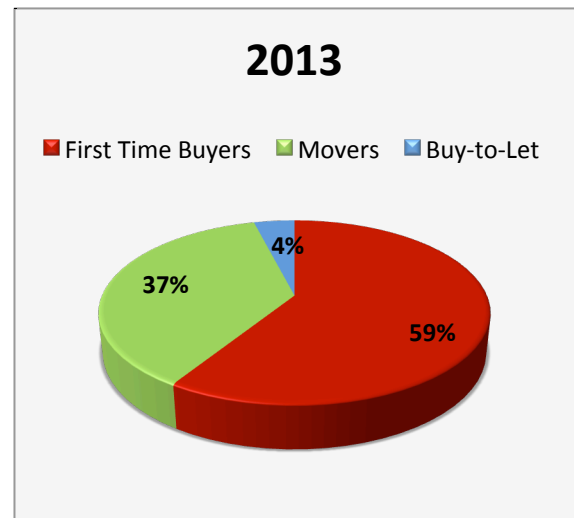
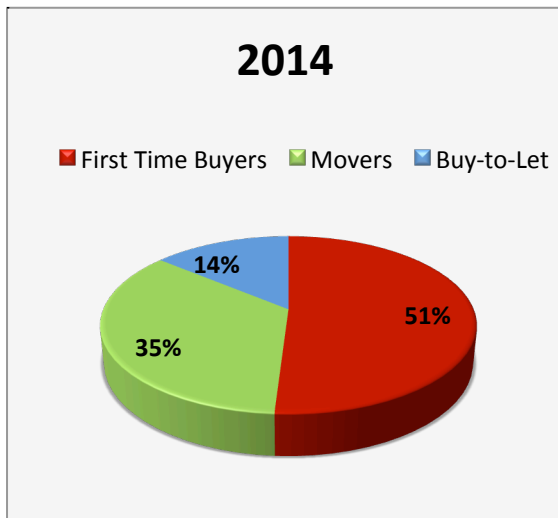
<sup>43</sup> [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/395763/UK\\_Tables\\_Jan\\_2014\\_\\_cir\\_.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/395763/UK_Tables_Jan_2014__cir_.pdf)

<sup>44</sup> <http://www.theguardian.com/money/2016/jan/21/uk-housing-market-strong-december-mortgage-lending>

<sup>45</sup> <http://www.worldpropertyjournal.com/real-estate-news/united-states/freddie-mac-mortgage-refinance-data-2015-refs-rates-lender-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.<sup>46</sup> This trend reversed somewhat in 2014, with buy-to-let jumping 10 percentage points to 14%.

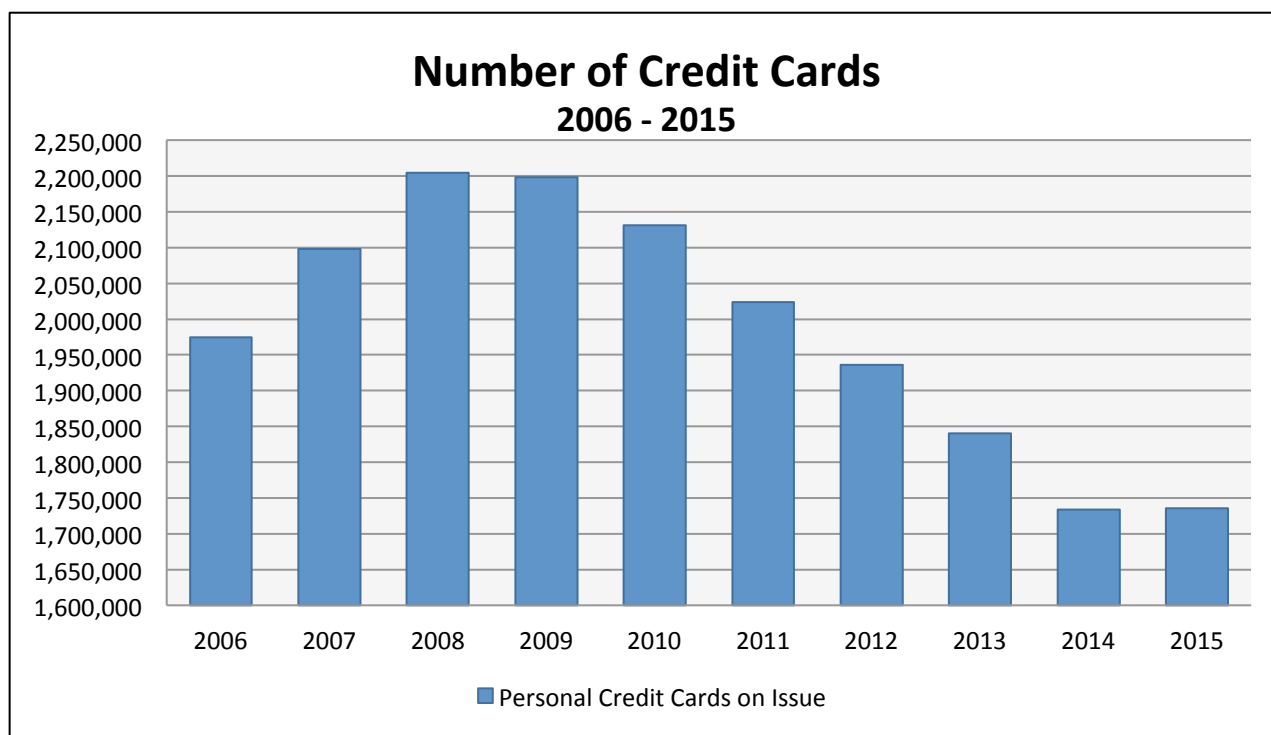
The sector which has shown the most buoyancy is first-time-buyers. First-time buyers remain the single largest segment of the market, accounting for almost 60% of the total in terms of number of transactions, and 55% in terms of monetary value.

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.

<sup>46</sup> IBF/PWC Mortgage Report Q4, 2014

# NUMBER OF CREDIT CARDS IN CIRCULATION

ANNUAL



There was a steady rise in the number of personal credit cards in circulation in Ireland from 2003 to 2008, peaking at 2.2 million, an increase of 22%. The number has declined steadily since then, with 1.7 million cards on issue at the end of 2014, down 23% from the peak.<sup>47</sup>

Some of this decline is due to people abandoning cards, but the changeover to debit cards by the banks is also contributing. €1 in every €3 of Irish consumer spending is now on a plastic card<sup>48</sup>.

There are over 4.3 million debit cards in Ireland, more than twice as many as credit cards. The number of debit card payments increased by 13.4% during 2014, amounting to 386 million transactions, with a value of €20 billion. Debit card usage increased further in 2015, as credit unions began distributing out debit cards.

There were 60 million credit cards in the UK in November 2015 with a transaction volume of £13.2 billion which was up 14% year-on-year.<sup>49</sup>

There were 422 million credit card accounts in the US in 2015, a 3.5% increase over the same period in the prior year.<sup>50</sup>

<sup>47</sup> Central Bank of Ireland, Money, Credit and Banking Statistics, November 2015

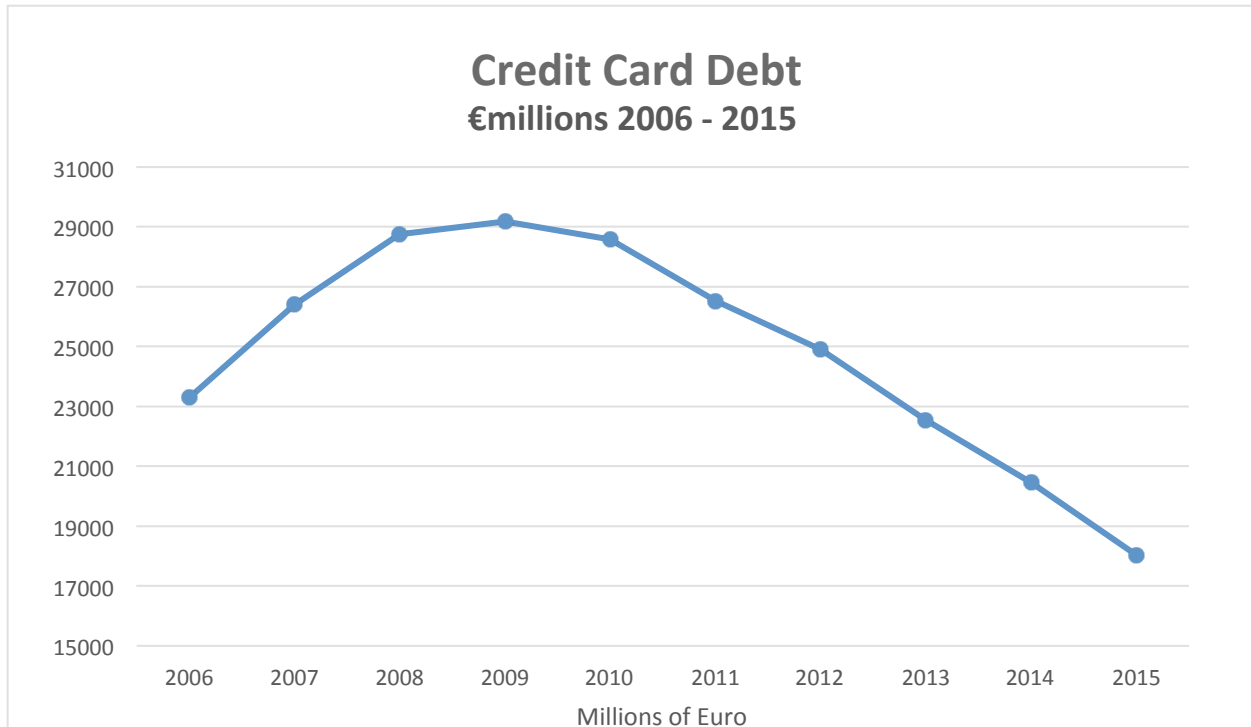
<sup>48</sup> <http://www.bpfi.ie/news/increasing-trend-towards-card-cash-continues/>

<sup>49</sup> <http://uk.creditcards.com/credit-card-news/uk-britain-credit-debit-card-statistics-international.php>

<sup>50</sup> <http://www.statista.com/statistics/245431/number-of-credit-card-accounts-in-the-united-states-2015/>

# 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%, 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 20% further to €1.8 billion by December 2015. In contrast, spending on debit cards has grown from €5 billion in 2005 to €20 billion in 2014. The value of all card payments combined has doubled from 2005 to 2014, from €15bn to €30bn.<sup>51</sup>

Credit card spending in the UK was also down during the recession years; there was a small recovery in 2013, of 4%, the first rise for five years. This turnaround continued in 2014, which was up 9%, and grew rapidly in 2015<sup>52</sup>. The average unsecured credit balance of British consumers is now £10,000, with credit card balances averaging £1,021.<sup>53</sup>

US consumer credit has been increasing steadily since 2010, up 4% in 2011, 6% in 2012, 6% in 2013, and 7% in 2014.<sup>54</sup> Outstanding consumer credit stood at \$16 billion in 2015, up by 5.6% for the year.

<sup>51</sup> <http://www.bpfi.ie/wp-content/uploads/2015/05/BPFI-Payment-Statistics-2014-Data-Report.pdf>

<sup>52</sup> [http://pwc.blogs.com/press\\_room/2015/03/pwc-uk-unsecured-debt-set-to-rise-to-nearly-10000-per-household-by-the-end-of-2016.html](http://pwc.blogs.com/press_room/2015/03/pwc-uk-unsecured-debt-set-to-rise-to-nearly-10000-per-household-by-the-end-of-2016.html)

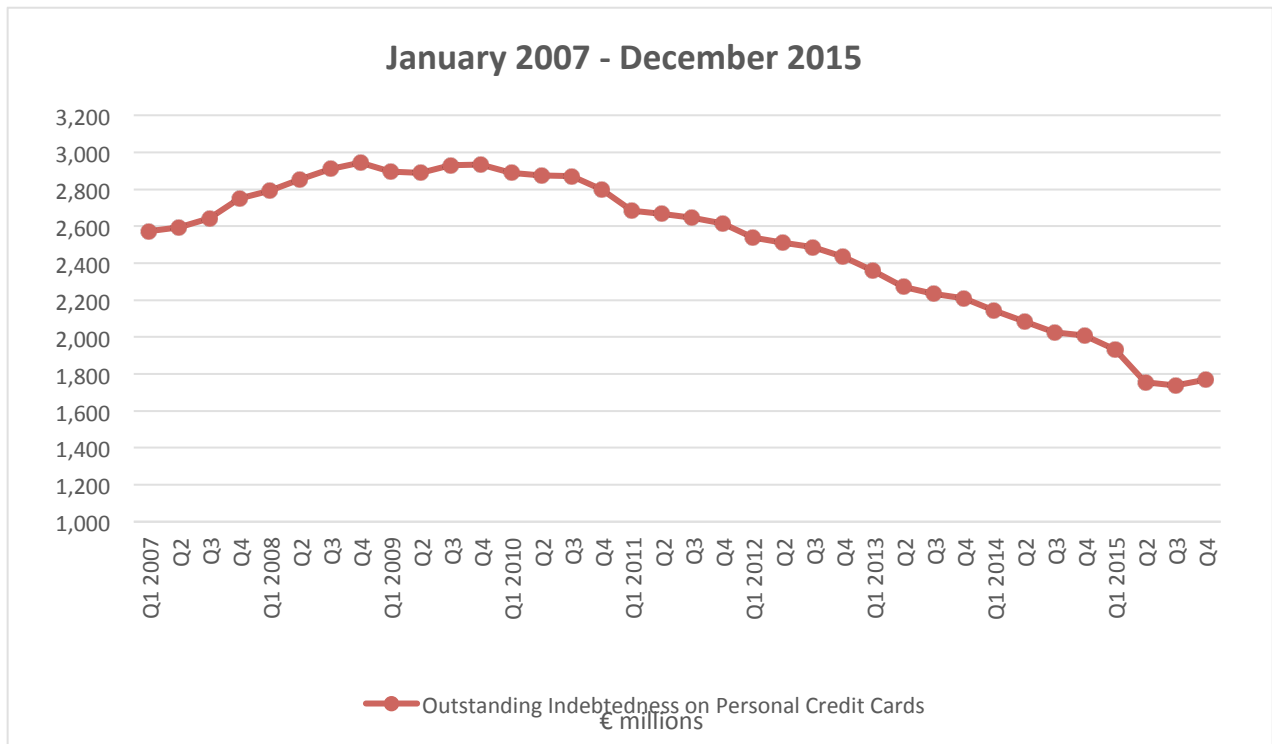
<sup>53</sup> <http://www.theguardian.com/money/2015/mar/23/average-uk-household-owe-10000-debt-by-end-2016>

<sup>54</sup> [www.federalreserve.gov/releases/g19/current/](http://www.federalreserve.gov/releases/g19/current/)

<sup>24</sup> <http://www.creditcards.com/credit-card-news/credit-card-debt-statistics-1276.ph>

# CREDIT CARD DEBT

## QUARTERLY



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.

Debt on personal credit cards continued to decline through 2015, reflecting reduced consumer spending. Outstanding indebtedness on credit cards was down to €1.8 billion by the end of the year. This figure is 22% lower than the same period the previous year, and down -38% from the peak of €2.8 billion in 2008. Given that there were 1.7 million cards in circulation throughout Q3, the average balance per card was €1,058.<sup>55</sup>

The UK is the biggest card payment market in the EU; cards account for 75% of all retail purchases. Consumer credit in the UK grew by 8% in 2014, the highest rise since 2006, and continued to grow through 2015.<sup>56</sup> This is attributed to increasing levels of disposable income, rising employment and wages, as well as ongoing migration from cash payments.

American credit card debt reached a high of \$6,276 per person in mid-2008. It dropped to \$5,164 in Q1 of 2014, the lowest point in the six-year period. However, this began to creep up again in 2015, reaching \$5,500 in Q4.<sup>57</sup>

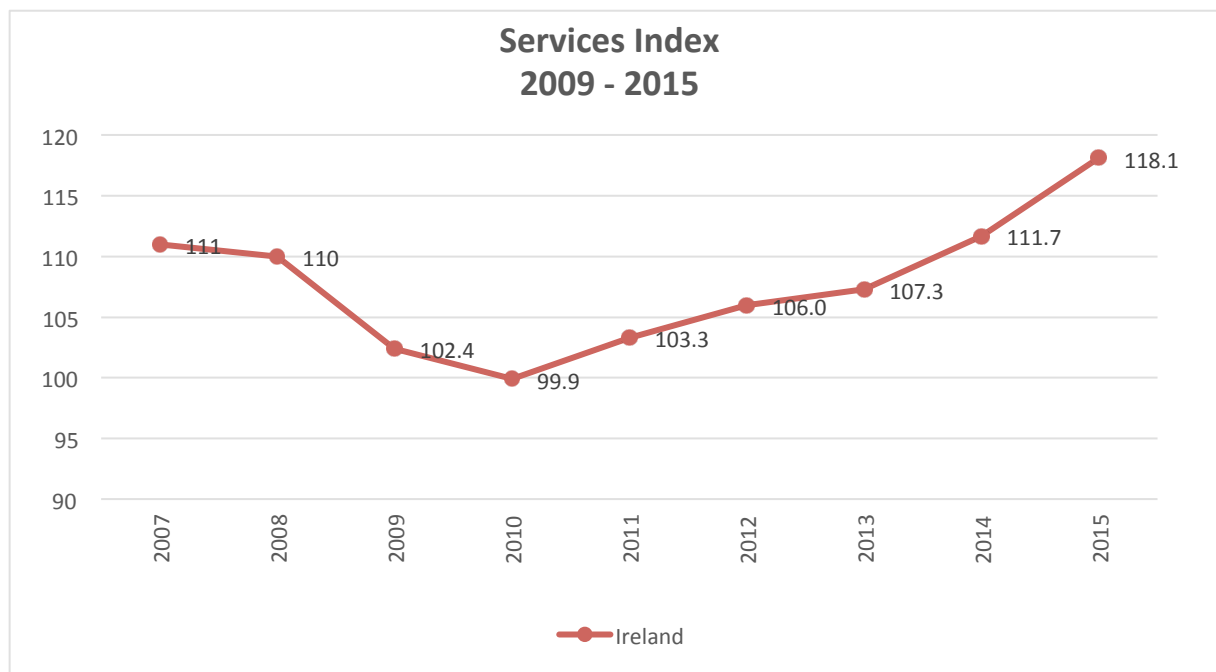
<sup>55</sup>[http://www.centralbank.ie/polstats/stats/cmab/Documents/ie\\_table\\_a.13\\_credit\\_card\\_statistics.xls](http://www.centralbank.ie/polstats/stats/cmab/Documents/ie_table_a.13_credit_card_statistics.xls)

<sup>56</sup> <http://www.telegraph.co.uk/finance/economics/11770654/Is-the-UK-economy-on-another-credit-fuelled-binge.html>

<sup>57</sup> [www.creditcards.com/credit-card-news/credit-card-debt-statistics-1276.php#source8](http://www.creditcards.com/credit-card-news/credit-card-debt-statistics-1276.php#source8)

# SERVICES INDEX

## ANNUAL



The services sector accounts for about half of all personal consumer spending, with retailing accounting for the other half. This sector includes accommodation and food service, professional services, information and communication, and transportation.

The services sector recovered more quickly from the recent recession than the retail sector, showing modest growth from 2011 onwards, and recovering more rapidly in the last two years. The index overtook the 2007 peak in 2014, and made further gains in 2015, up by 5.8% for the year as a whole.

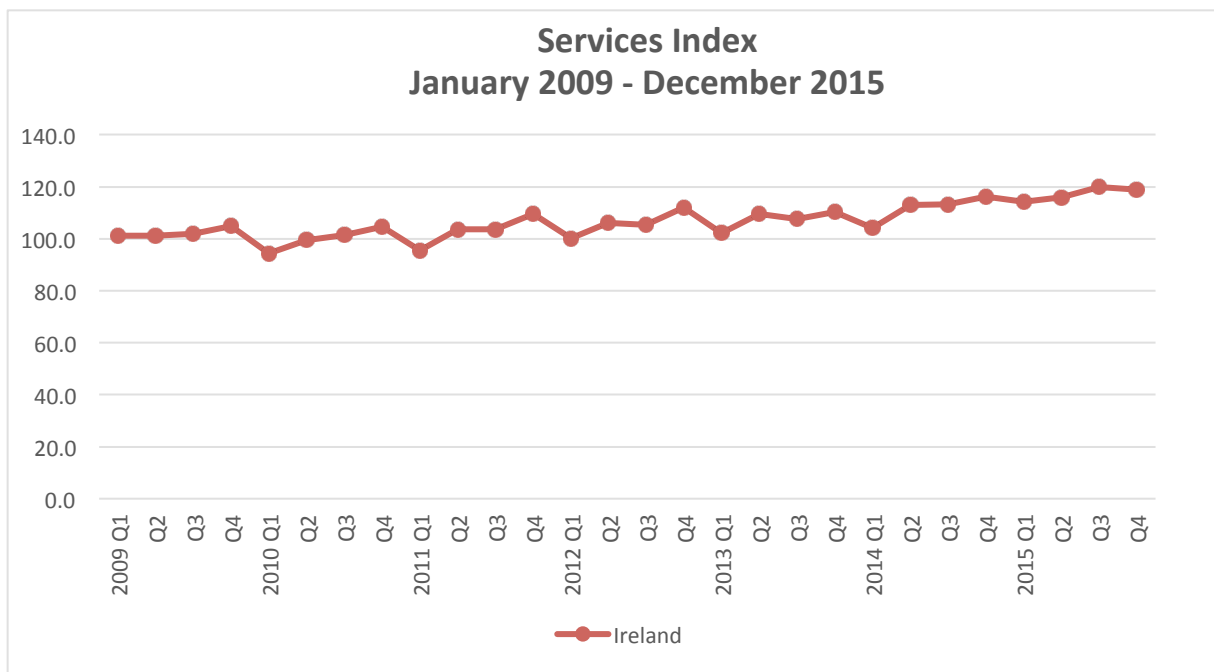
There was considerable variation, however, within the sub-categories, with some performing above the average and others below. Food service and wholesaling did best, with their indices reaching 134 in 2015, 14% better than the service sector as a whole. Accommodation and information/communication fared next best, at around 130. Professional, scientific and technical services did least well at 92, with transportation also slightly behind the average at 116.

When compared to the UK, the services sector in Ireland is performing very well. The services sector in the UK, which accounts for 75% of GDP, reached a 17 month low in 2014, although it picked up in 2015, rising by 2.3% year-on-year.<sup>58</sup>

<sup>58</sup> [http://www.ons.gov.uk/ons/dcp171778\\_431487.pdf](http://www.ons.gov.uk/ons/dcp171778_431487.pdf)

# SERVICES INDEX

## QUARTERLY



The services sector has a marked seasonal trend, with the highest sales occurring in Q4 each year. This reflects the spending in the run up to Christmas and New Year.

Following a drop of 7% in 2009, the services index recovered steadily from 2010 onwards, culminating in a high of 118.1 in Q4 2015. The sector grew by 5.8% in 2015, following growth of 4.1% in 2014.

Accommodation grew by 13.8%, the motor trade by 10%, professional, scientific and technical by 8.9%, and food/ beverages by 7.8%. Less impressive were information/communication which grew by 2%, administration/support up by 1.4% and transport/storage down -0.3%.

The UK Index of Services is estimated to have increased by 2.3% in 2015 compared to 2014.<sup>59</sup> All of the 4 main components of the services industries increased compared with the same month a year ago.

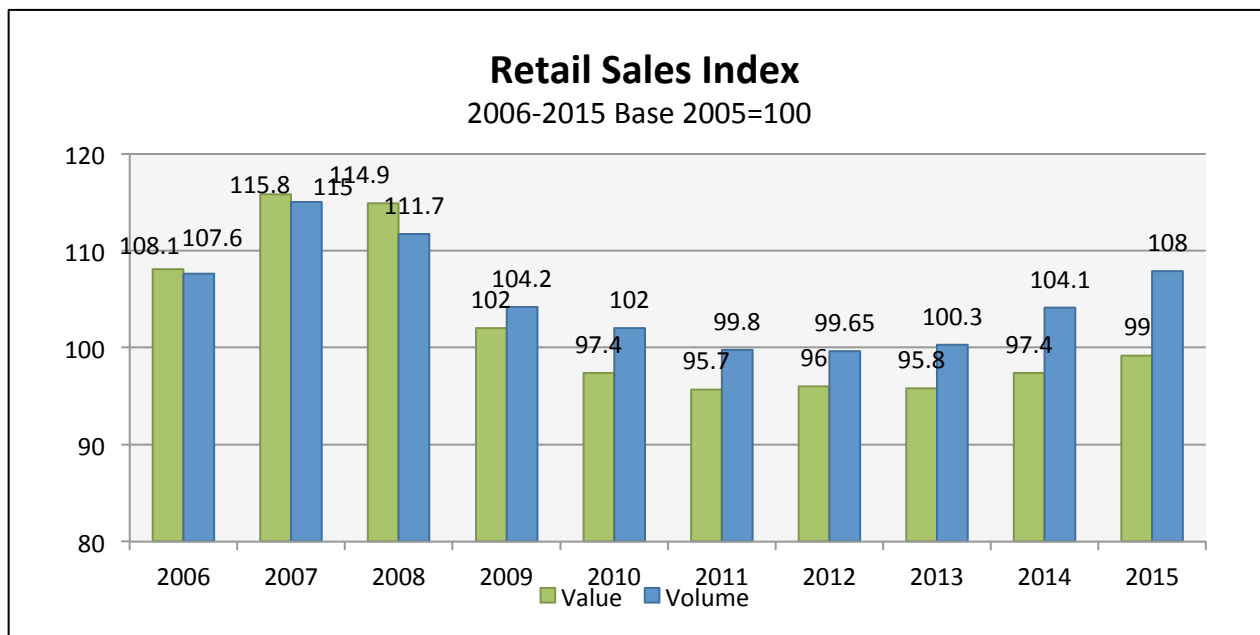
Europe continues to lag behind in terms of growth in the services sector, reporting just 1.4% growth in 2015, and less than 1% in the two previous years.<sup>60</sup>

<sup>59</sup> [http://www.ons.gov.uk/ons/dcp171778\\_431487.pdf](http://www.ons.gov.uk/ons/dcp171778_431487.pdf)

<sup>60</sup> [http://ec.europa.eu/eurostat/statistics-explained/index.php/Services\\_statistics\\_-\\_short-term\\_indicators](http://ec.europa.eu/eurostat/statistics-explained/index.php/Services_statistics_-_short-term_indicators)

# RETAIL SALES

## ANNUAL



Retail sales, excluding the motor trade, grew exceptionally strongly from 2000 to 2007, with volume up by 32% and value by 52%. This was stimulated by increases in employment and income, as well as low interest rates and high levels of borrowing.

Retail sales fell each year from 2007 to 2012, down -10% in volume, while value declined by -16%. Retail sales stabilised in 2012, with volume and value more or less static. 2013 saw a very slight increase of 0.8% in volume, with value steady at -0.1%.

This trend reversed in 2014, with volume increasing by 3.7% and value by 1.6%. 2015 saw sales accelerate further, with increases of 6.2% in volume and 2.8% in value.

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. As in Ireland, retail sales growth accelerated in 2015, up by 5.0% in volume and 1% in value<sup>61</sup>.

Retail sales in the US recovered sooner than Europe, and were on an upward trend from 2011, when spending grew by 8%. Sales were up by 5% in 2012 and by 4% in 2013. This momentum slowed, however, in 2014, to 3%, and slowed further again in 2015 to 1.4%<sup>62</sup>.

<sup>61</sup> <http://www.ons.gov.uk/ons/rel/rsi/retail-sales/november-2015/stb-rsi-nov-15.html>

<sup>62</sup> <http://www.census.gov/retail/index.html>

# RETAIL SALES INDEX

## QUARTERLY



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, and increased by a very slight 0.8% in volume in 2013.

A significant turnaround occurred in 2014, with retail sales volume up by 3.7% and value up by 1.6%. The recovery accelerated further in 2015, with sales volume up by 6.2% and value up by 2.8% for the year. This growth in sales exceeded the growth in footfall (up 1.6%) providing evidence of a real uplift in spending<sup>63</sup>.

Sales in individual retail categories showed considerable variation around the average, with far higher growth in the case of household goods, to relatively low rates in newsagents. These variations will be examined in subsequent sections of this report.

Like Ireland, retail sales in the UK have been accelerating in recent times, up by 3% in volume and 1% in value in Q4 2015 year-on-year. This strength is expected to continue in 2016, driven by low inflation and a strong labour market.<sup>64</sup>

Retail sales in the US were relatively weak in 2015, up by 2% for the year as a whole, but down by -1% in Q4. This was the weakest year since 2009, and is raising concern about the momentum in consumer spending for 2016<sup>65</sup>.

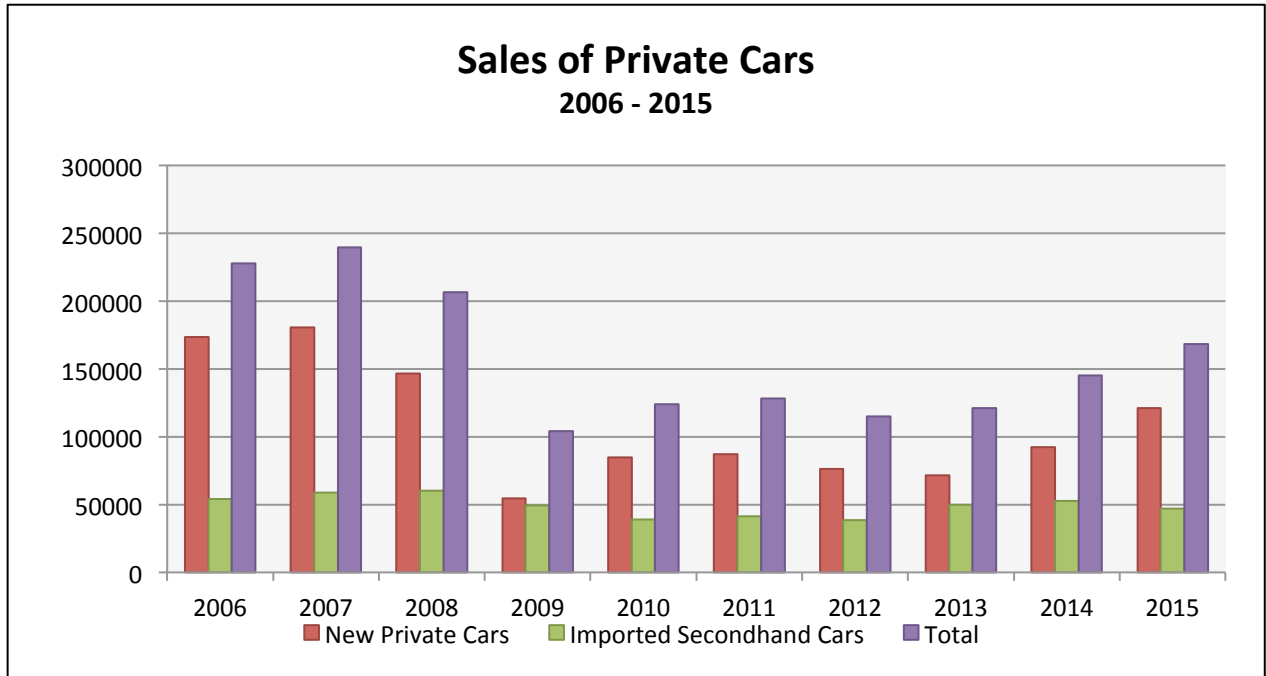
<sup>63</sup> <http://www.irishtimes.com/business/commercial-property/retail-sales-outstrip-footfall-1.2519597>  
<sup>64</sup> <http://www.ft.com/intl/cms/s/0/10a188ec-e99a-11e4-a687-00144feab7de.html#axzz3ZCT7brvf>

<sup>65</sup> [http://www.census.gov/retail/marts/www/marts\\_current.pdf](http://www.census.gov/retail/marts/www/marts_current.pdf)



# SALES OF PRIVATE CARS

## ANNUAL



The motor industry grew strongly during the economic boom, peaking in 2007 with 180,754 new cars sold. Sales of new cars dropped steadily since then, with the largest fall from 2008 to 2009, when just 54,432 new cars were sold. There was a small revival in 2010 and 2011, but sales dropped again in 2012, with 76,256 new cars sold, and 2013, with 71,348 cars sold.

This downward trend reversed in 2014 with 92,361 new private cars licensed, an increase of 30%. There was a further increase in 2015, with 121,110 new cars sold, an increase of 31%.

Sales of second hand cars actually benefitted in the recession. A total of 515,000 were sold in 2011, 660,000 in 2012 (up 22%), 785,000 in 2013 (up 19%) 874,000 in 2014 (up 11%), and 950,000 in 2015 (up 8%)<sup>66</sup>

New car sales in the UK reached a 10-year high in 2014, with 2.5 million new car sold, a growth of 9.3%. This was bettered in 2015, with 2.63 million cars sold, up more than 6% on the previous year and better than the record set in 2003 when 2.58m cars were sold.

New car registrations in the EU reached 12.6 million in 2015, up 8.7% on 2014, but still 20% below where it was before the economic crisis, when 5.6 million cars were sold annually in the EU<sup>67</sup>.

US car sales peaked in 2005 at 17.4 million, and bottomed out in 2009 at 10.6 million. Growth resumed in 2010, averaging 4% a year for the next four years, reaching 16.8 million in 2014. 2015 saw 5.2% growth to a total of 17.7million vehicles, exceeding pre-2007 levels.<sup>68</sup>

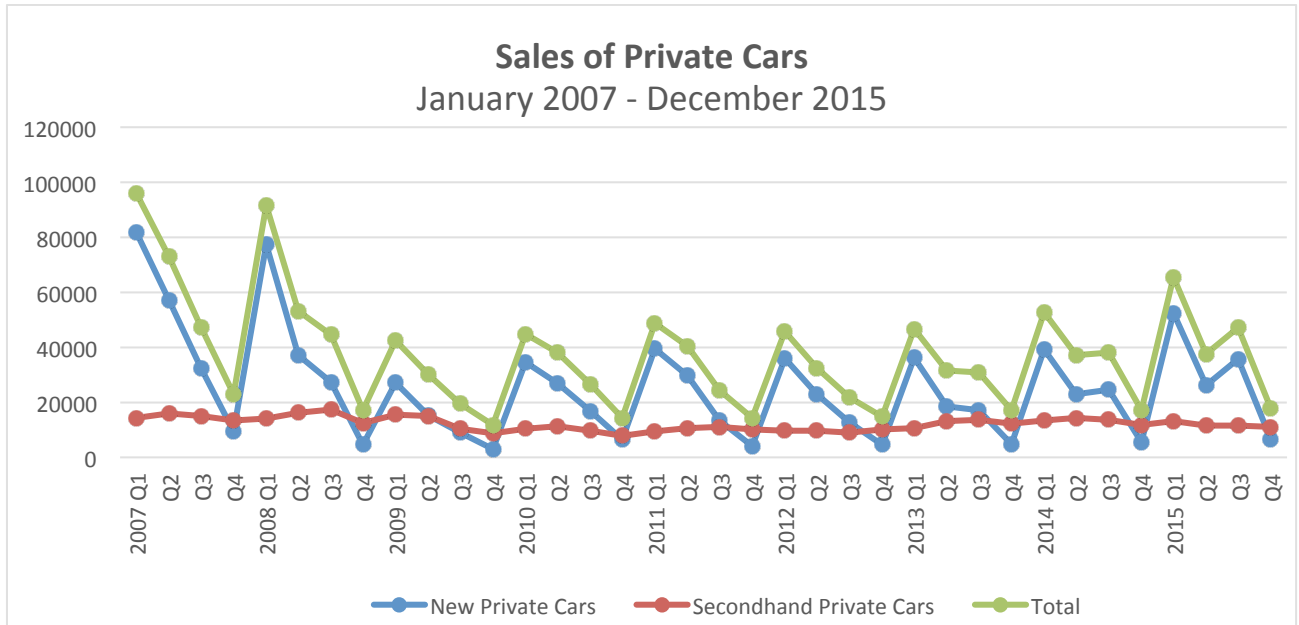
<sup>66</sup> [www.motorcheck.ie/blog/new-car-sales-2014-up-30-percent/](http://www.motorcheck.ie/blog/new-car-sales-2014-up-30-percent/)

<sup>67</sup> <http://www.wsj.com/articles/european-union-new-car-sales-grow-13-7-in-november-acea-1450162833>

<sup>68</sup> [www.thedailystar.net/business/carmakers-rack-up-big-gains-in-2013-us-sales-5461?archive=2014-01-06](http://www.thedailystar.net/business/carmakers-rack-up-big-gains-in-2013-us-sales-5461?archive=2014-01-06)

# SALES OF PRIVATE CARS

## QUARTERLY



The variance in car sales over each year is due to seasonality, with new car sales traditionally concentrated in January and February. The new dual registration system is helping to even out sales across the year, but 65% are still occurring in the first half of the year<sup>69</sup>.

There was a major turnaround in sales of new cars in 2014, with 92,361 units sold, a 30% increase. This strong recovery continued in 2015 with 121,110 sales of new private cars, up 31%. Scrapage schemes and attractive finance packages have contributed to the demand.<sup>70</sup>

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<sup>69</sup><http://www.rte.ie/news/2015/0811/720529-new-cars-licensed-in-july-up-over-50-on-last-year/>  
<sup>70</sup> <http://www.rte.ie/news/business/2015/1016/735186-european-car-sales/>

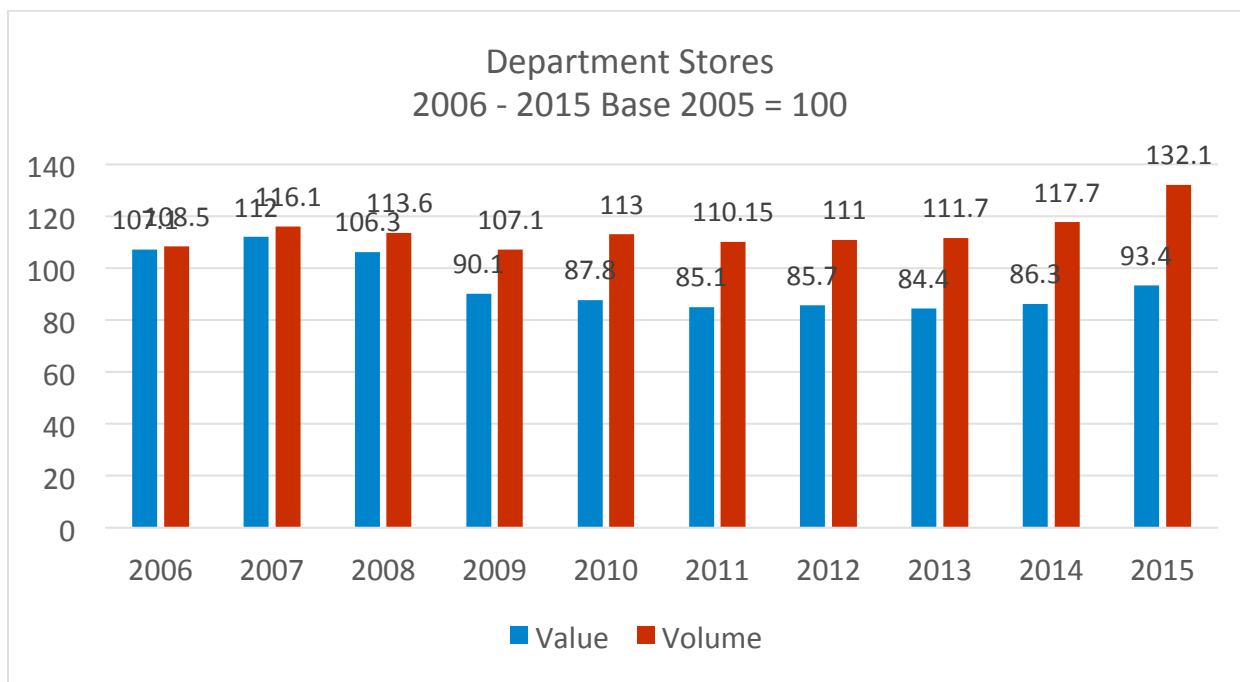
<sup>71</sup> [www.motorcheck.ie/blog/new-car-sales-2014-up-30-percent/](http://www.motorcheck.ie/blog/new-car-sales-2014-up-30-percent/)

<sup>72</sup><http://www.wsj.com/articles/european-union-new-car-sales-grow-13-7-in-november-acea-1450162833>

<sup>73</sup> [www.thedailystar.net/business/carmakers-rack-up-big-gains-in-2013-us-sales-5461?archive=2014-01-06](http://www.thedailystar.net/business/carmakers-rack-up-big-gains-in-2013-us-sales-5461?archive=2014-01-06)

# RETAIL SALES – DEPARTMENT STORES

## ANNUAL



Retail Sales Index – Department Stores, Base 2005 = 100<sup>74</sup>

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 2013, of 0.5%, while value continued to drop, decreasing by -1.6% year-on-year. Volume increased by 5.5% for 2014 as a whole, while value saw a smaller increase of 2.3%. 2015 saw a further increase of 8.8% in volume and 5.6% in value. The volume sales index now comfortably exceeds the 2007 peak, although sales value remains well below that.

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, and accelerated in 2014 as sales increased 10% in volume and 5.9% in value year-on-year. This growth continued into 2015 with sales volume increasing by 5.8% and sales value by 4.75%.

Department stores in the UK have benefited particularly from internet sales, which now account for 11% of their total sales and which grew at a rate of 8% in 2014<sup>75</sup>.

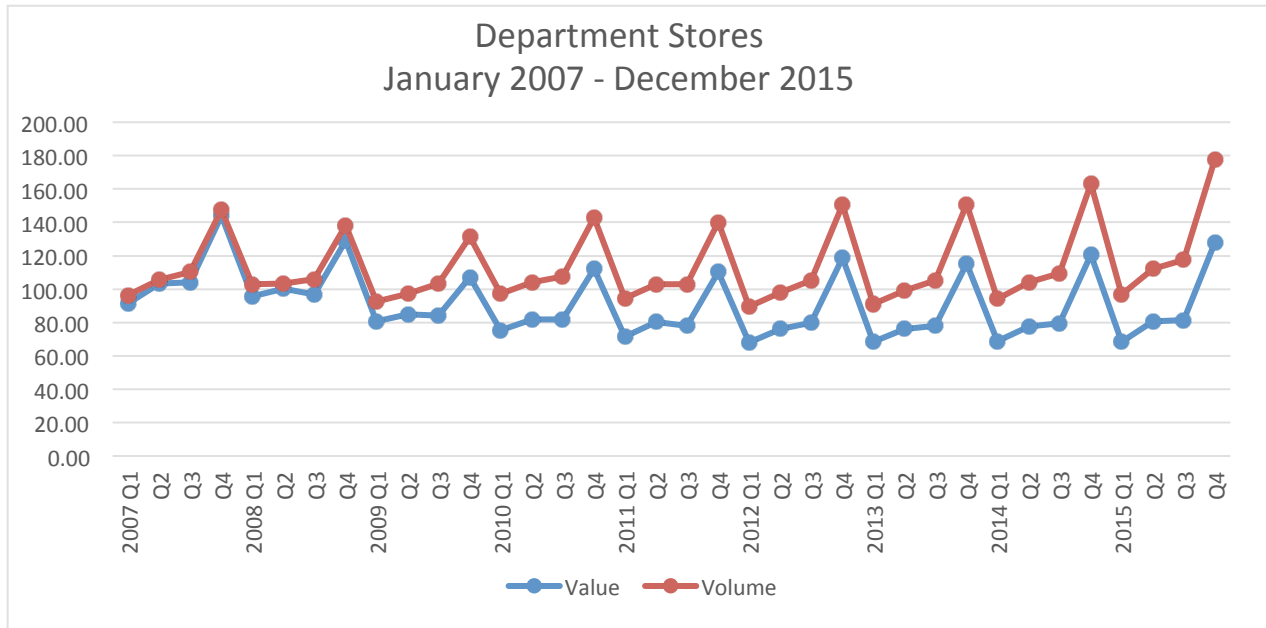
In the US, department store sales have been weak, down -4.7% in 2013 and continuing flat in 2014.<sup>76</sup> This downward trend continued into 2015 with sales decreasing -2.06%.

<sup>74</sup> Department Stores 2006 - 2015, Retail Sales Index, Value and Volume Unadjusted (Base 2005=100), www.cso.ie  
<sup>75</sup> <http://www.ons.gov.uk/ons/rel/rsi/retail-sales/december-2014/sty-overview-of-internet-retail-sales-in-2014.html>

<sup>76</sup> <http://www.statista.com/statistics/293195/revenue-of-department-stores-in-the-us/>

# RETAIL SALES – DEPARTMENT STORES

## QUARTERLY



*Retail Sales – Department Stores, Base 2005 = 100<sup>77</sup>*

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 subdued during the recession years but has recovered recently, with 2012 and 2013 reaching new peaks.

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

Sales in Q2 2015 have reflected this growth, with volume increasing by 4.1%, and value increasing by 7.5%. Similarly sales for Q3 rose in volume by 7.7% and value by 3.9% year-on-year. While in Q4, sales rose in volume by 9.1% and value by 5.9%.

Sales through UK department stores have followed a similar trend, increasing in 2013, and accelerating in 2014, with sales volume up by 8% and value by 7%.<sup>78</sup> This trend continued in 2015 with sales volume up 7% and value up 5% year-on-year<sup>79</sup>.

Department stores have been weaker in the US, with no growth in 2014, following modest declines in each of the previous six years.<sup>80</sup> 2015 began positively, with sales increasing by 1.1%, but ended the year down by -2.06%.

<sup>77</sup> Department Stores 2005 - 2015, Retail Sales Index Value and volume Unadjusted (Base 2005=100), www.cso.ie

\*Visible data labels refer to value of sales

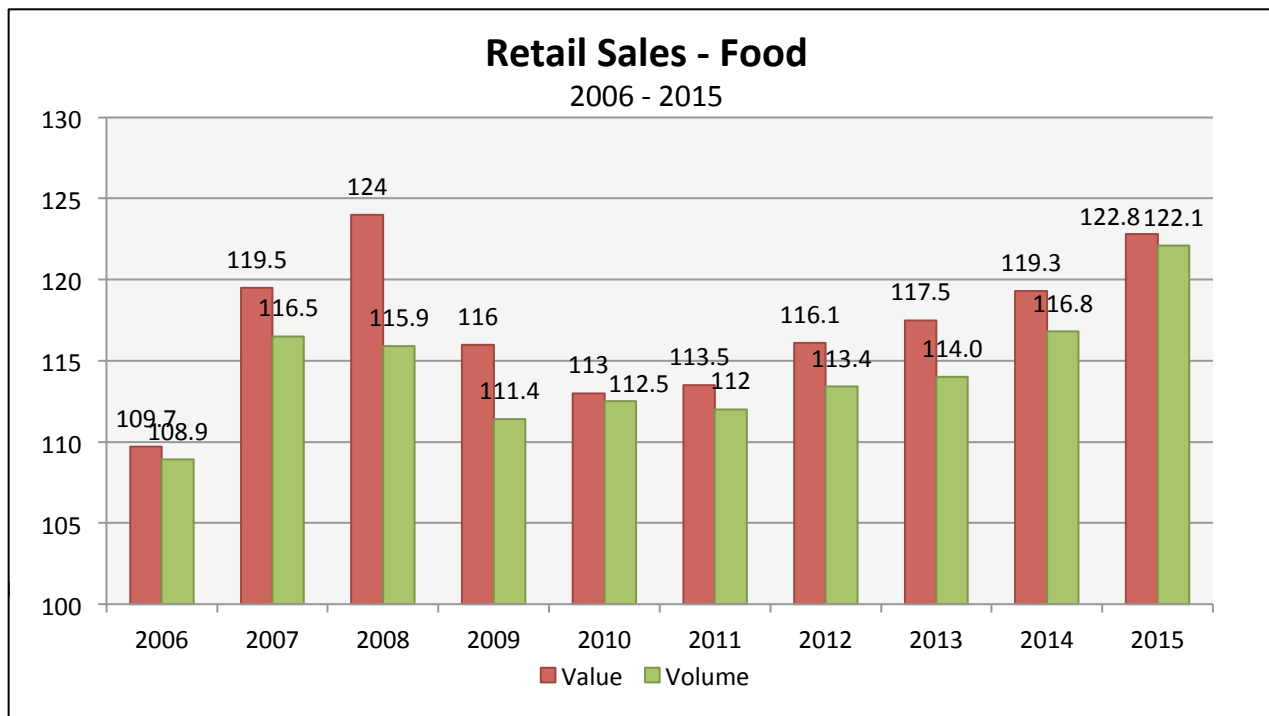
<sup>78</sup> <http://www.theguardian.com/business/2014/sep/25/department-stores-john-lewis-house-of-fraser-record-september-sales-surge>

<sup>79</sup> [http://www.ons.gov.uk/ons/dcp171778\\_428415.pdf](http://www.ons.gov.uk/ons/dcp171778_428415.pdf)

<sup>80</sup> [www.statista.com/statistics/197712/annual-department-store-sales-in-the-us-since-1992/](http://www.statista.com/statistics/197712/annual-department-store-sales-in-the-us-since-1992/)

# RETAIL SALES – FOOD

ANNUAL



*Retail Sales Index – Food, Base 2005 = 100<sup>81</sup>*

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 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 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%. This upward trend increased further in 2015, with sales volume increasing by 4.5% and sales value increasing by 3.3%.

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, reaching a combined share of 17.2% of the grocery market.<sup>82</sup> SuperValu have also increased their share to 24.7%, overtaking Tesco which has 24.1%, and Dunnes with 23.8%.<sup>83</sup>

UK food sales have also been fairly stable overall, with volume increasing by just 1% in 2014 while value remained unchanged from 2013. 2015 sales remained fairly constant also.

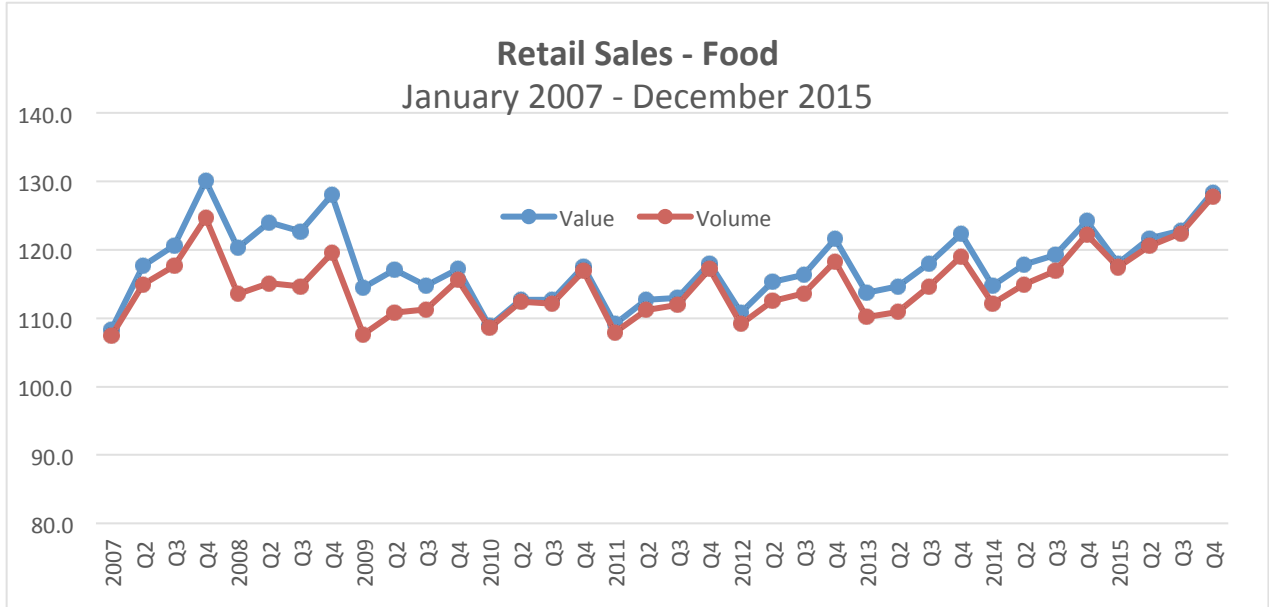
<sup>81</sup> CSO Retail Sales Index Value and Volume Unadjusted (Base 2005=100).

<sup>82</sup> [www.shelflife.ie/wp-content/uploads/2014/11/KWGH.png](http://www.shelflife.ie/wp-content/uploads/2014/11/KWGH.png)

<sup>83</sup> <http://www.kantarworldpanel.com/ie>

# RETAIL SALES – FOOD

## QUARTERLY



*Retail Sales Index – Food, Base 2005 = 100<sup>84</sup>*

Sales of food are normally steady throughout the year with a modest 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 2% in volume and by 1% in value.

This upward trajectory continued into 2015, with food sales growing by 4.5% in volume, and 3.4% in value compared with last year.

Food sales in the UK have also been strong, increasing by 3% in volume for the year 2014, and 1% in value. In contrast, sales were less buoyant in 2015, with sales volume increasing by 2% year-on-year, while value was constant. This reflects the effect of price competition which has intensified as the major supermarket chains have battled to retain market share.

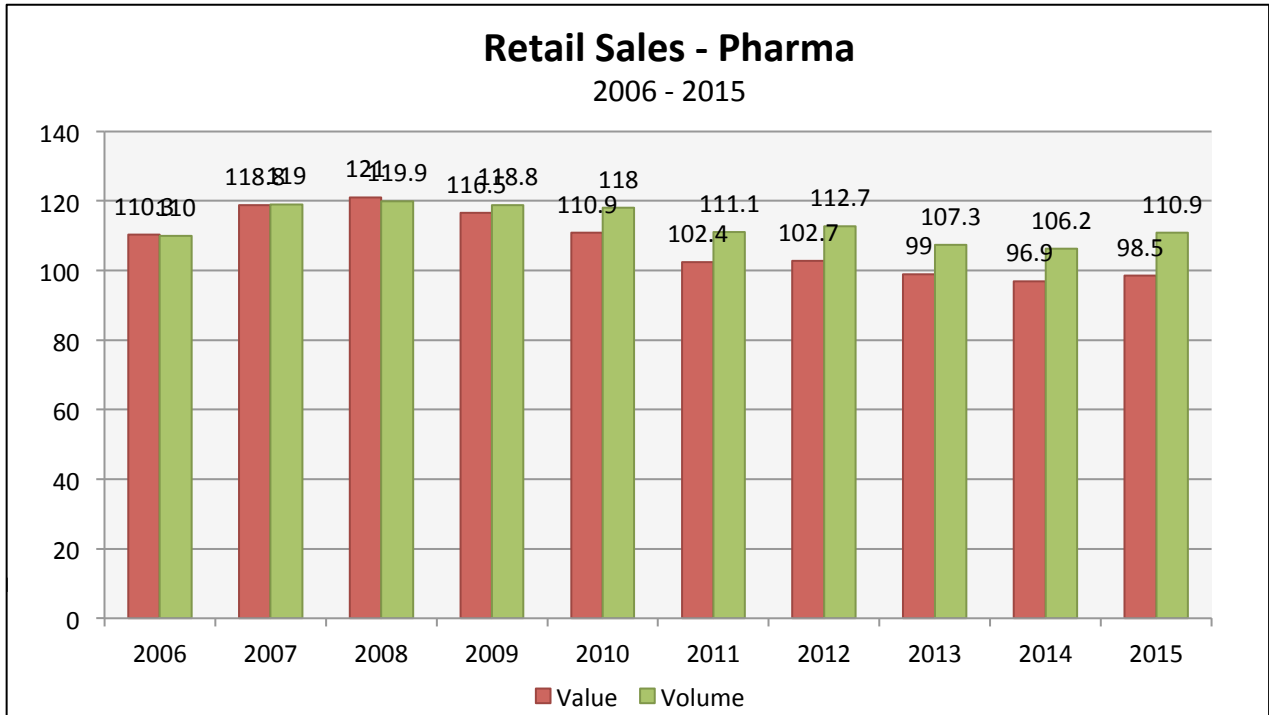
US food retail sales were up 3.5% in 2014 and up by a slightly lower 2.4% in 2015.<sup>85</sup>

<sup>84</sup> Food 2006 - 2014, Retail Sales Index Value and Volume Unadjusted (Base 2005=100), [www.cso.ie](http://www.cso.ie)

<sup>85</sup>[http://www.census.gov/retail/marts/www/marts\\_current.pdf](http://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 = 100<sup>86</sup>

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

This sector declined in the recession years, although it suffered less than some others. Sales volume fell by -10% from 2007 to the end of 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. This trend reversed in 2013, however, with sales down by -4.5% and -3.3% respectively. Sales remained negative in 2014, with volume down -2% and value down -1%.

Fortunately, this negative trend reversed in 2015, with sales volume increasing by 4.4% year-on-year, and sales value up 1.7%.

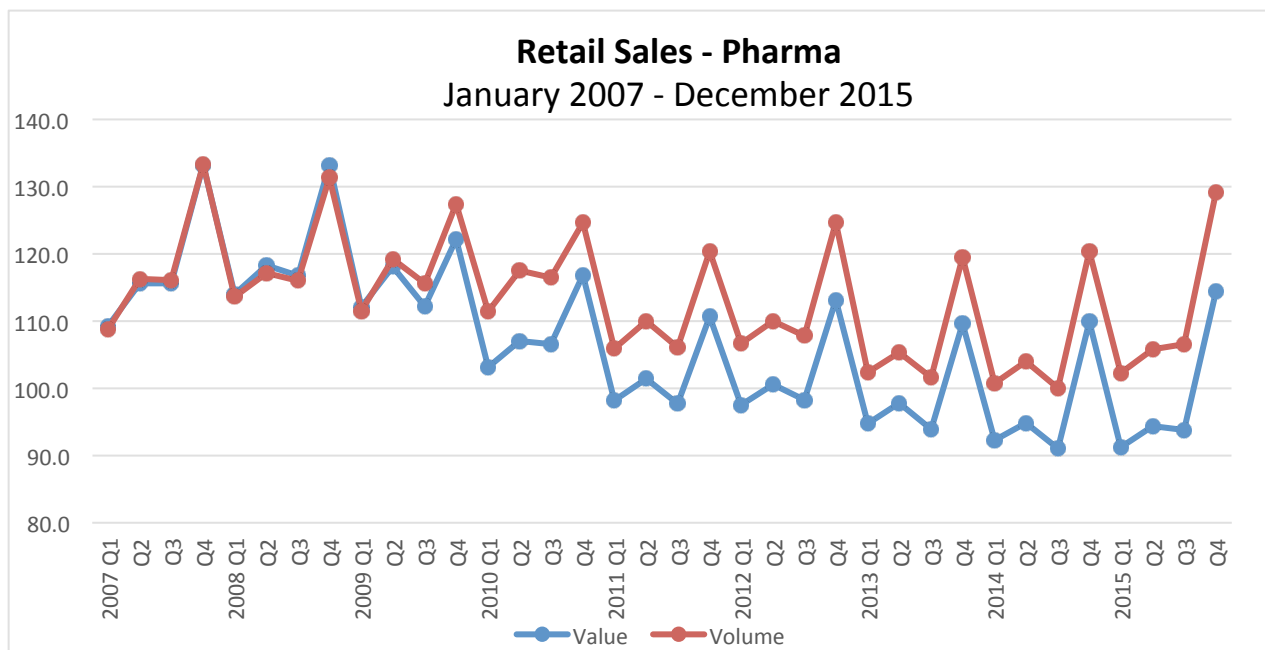
Pharmacies in the UK have done better in recent years, with an increase in volume and value of 9.8% and 9.4% in 2013. Sales continued to improve in 2014, with volume up by 4.8% and value by 4.6%. 2015 saw sales volume increase by 5.6% and value by 4.7% year-on-year.

Pharmacies in the US have also performed well as sales increased by 6.1% in 2014. This growth slowed down to 4.2% in 2015.

<sup>74</sup> 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

QUARTERLY



*Retail Sales Index – Pharmaceutical, Medical and Cosmetic Articles Base 2005 = 100<sup>87</sup>*

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 -4.5% in volume and -3.3% in value, year-on-year. Sales saw a further decrease in 2014, with volume down -2% and value down -1% year-on-year, reflecting continuing price pressure.

Sales were positive in 2015, and getting stronger in each quarter. Q1 and Q2 saw volume increase by just 1% with value down by -1%. Sales picked up considerably in Q3, increasing by 6.5% in volume and 3% in value. This growth accelerated in Q4, with volume up by 7.3% and value by 4.1%.

Sales of pharmaceuticals have also grown strongly in the UK in 2015, with an increase of 5.7% in volume and 4.76% in value.

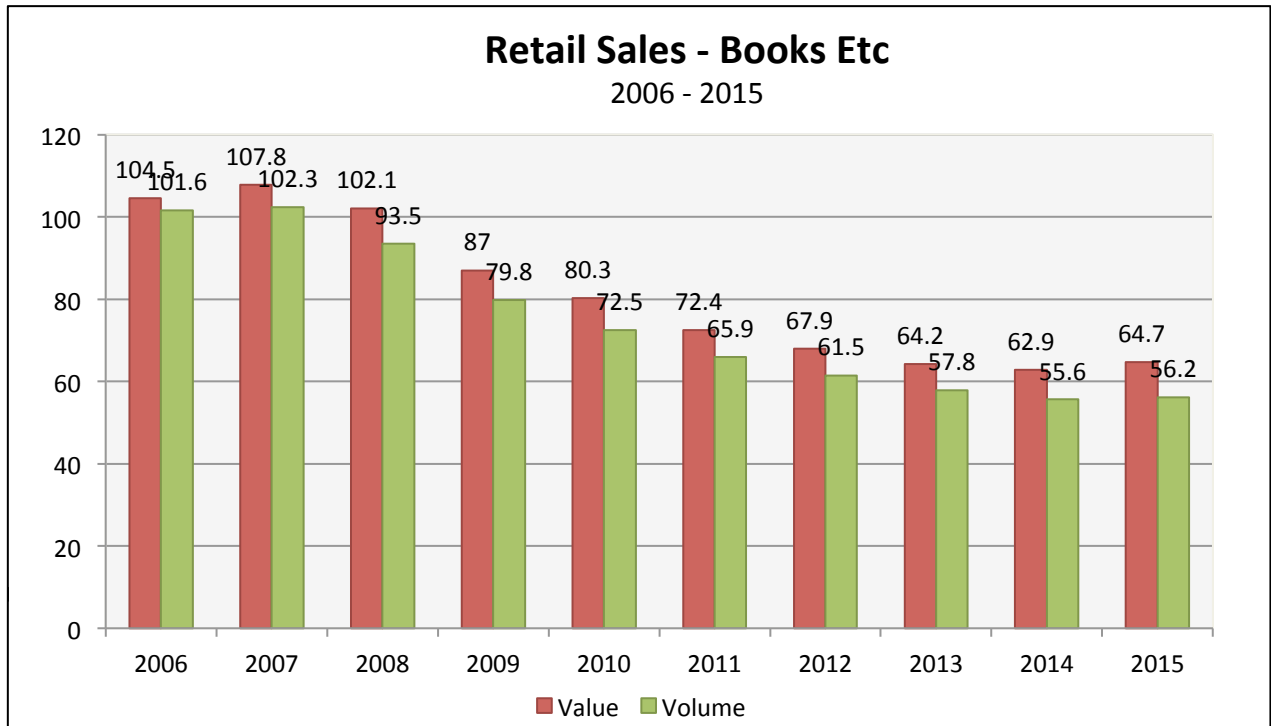
In the US, sales value in the pharmaceutical retailing industry has increased by 5.7% for 2015 Q1. Q2 also experienced growth in value with a 2.7% increase, whilst Q3 saw sales grow by 3.9% year-on-year and in Q4 sales increased again 4.3% for the quarter year-on-year.

<sup>87</sup> 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 = 100<sup>88</sup>*

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 six 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. Fortunately, this trend reversed in 2015, with sales volume increasing by 1.1% and sales value by 2.9% year-on-year.

Book sales in the UK continued to fall in 2014 also, due to the ever increasing popularity of e-books.<sup>89</sup> Volume sales were down -1.9%, with value sales down -1.3%.<sup>90</sup> 2015 was more positive for book sales in the UK with sales volume increasing by 5% and sales value by 4.7%. This may be due to an increase in printed book sales, as Waterstones remove Amazon's Kindle e-books from its stores due to pitiful sales.

Unlike the UK, US book sales increased by 4.1% in 2013, and held steady in 2014.<sup>91</sup> Book sales increased by 4.4% in 2015.

<sup>88</sup> CSO Retail Sales Index Value and Volume Unadjusted (Base 2005=100).

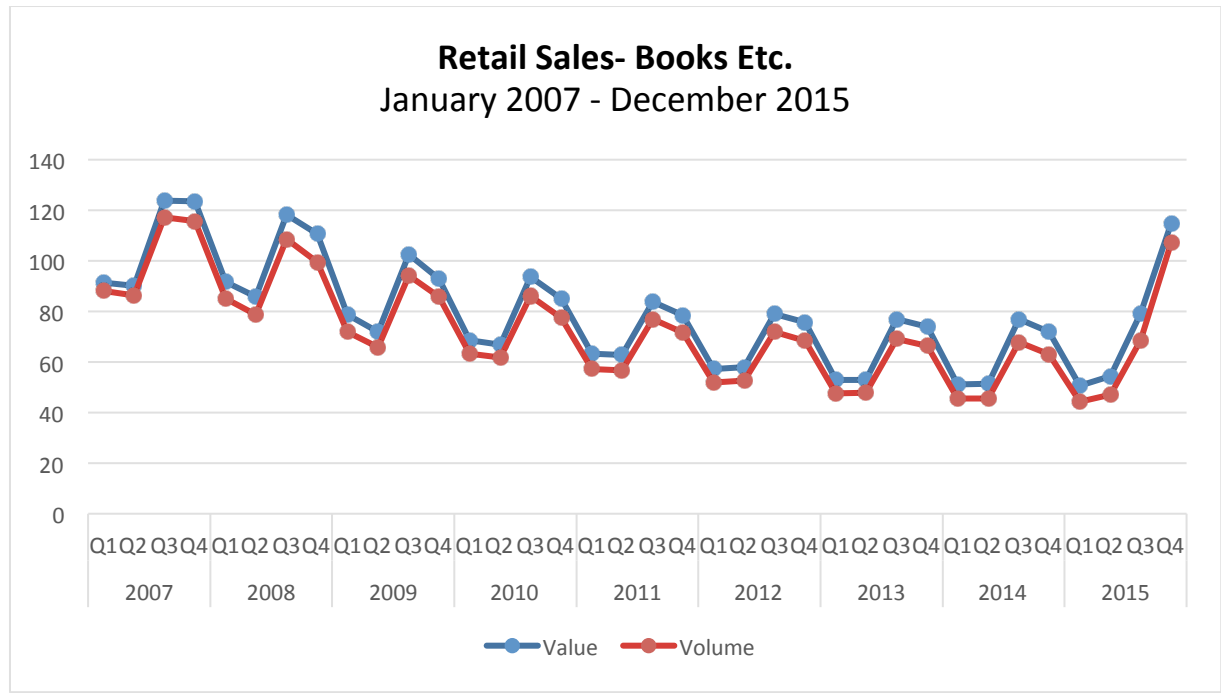
<sup>89</sup> [www.theguardian.com/books/2015/jan/13/sales-printed-books-fell-150m--five-years](http://www.theguardian.com/books/2015/jan/13/sales-printed-books-fell-150m--five-years)

<sup>90</sup> Nielsen BookScan

<sup>91</sup> [www.digitalbookworld.com/2013/ten-bold-predictions-for-ebooks-and-digital-publishing-in-2014/](http://www.digitalbookworld.com/2013/ten-bold-predictions-for-ebooks-and-digital-publishing-in-2014/)

# RETAIL SALES – BOOKS, NEWSPAPERS & STATIONERY

QUARTERLY



Retail Sales – Books, Newspapers and Stationery Base 2005 = 100<sup>92</sup>

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 were on a steady downward trend from the peak in 2007 until the end of 2014.

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

Sales continued on a downward trend for Q1 of 2015, with decreases of -2.9% and -1% for volume and value respectively. Q2 saw an increase in volume at 2.6% and value of 4.6%, reflecting the overall trend of surging retail sales<sup>93</sup>. Q3 saw growth slow slightly to a 1.1% increase in volume and 2.9% increase in value, while sales picked up again in Q4, up by 2.6% in volume and 4.1% in value, reflecting the sales peak in the Christmas period.

Sales of books and newspapers in the UK have undergone a similar pattern but saw a large increase for Q1 2015, up 9% both in volume and value. This trend continued in Q2, with an increase of 3.3% in volume and 2.8% in value. Q3 saw volume up by 7% and value by 5%, but this was not maintained in Q4, up by just 1% and 2%, respectively.

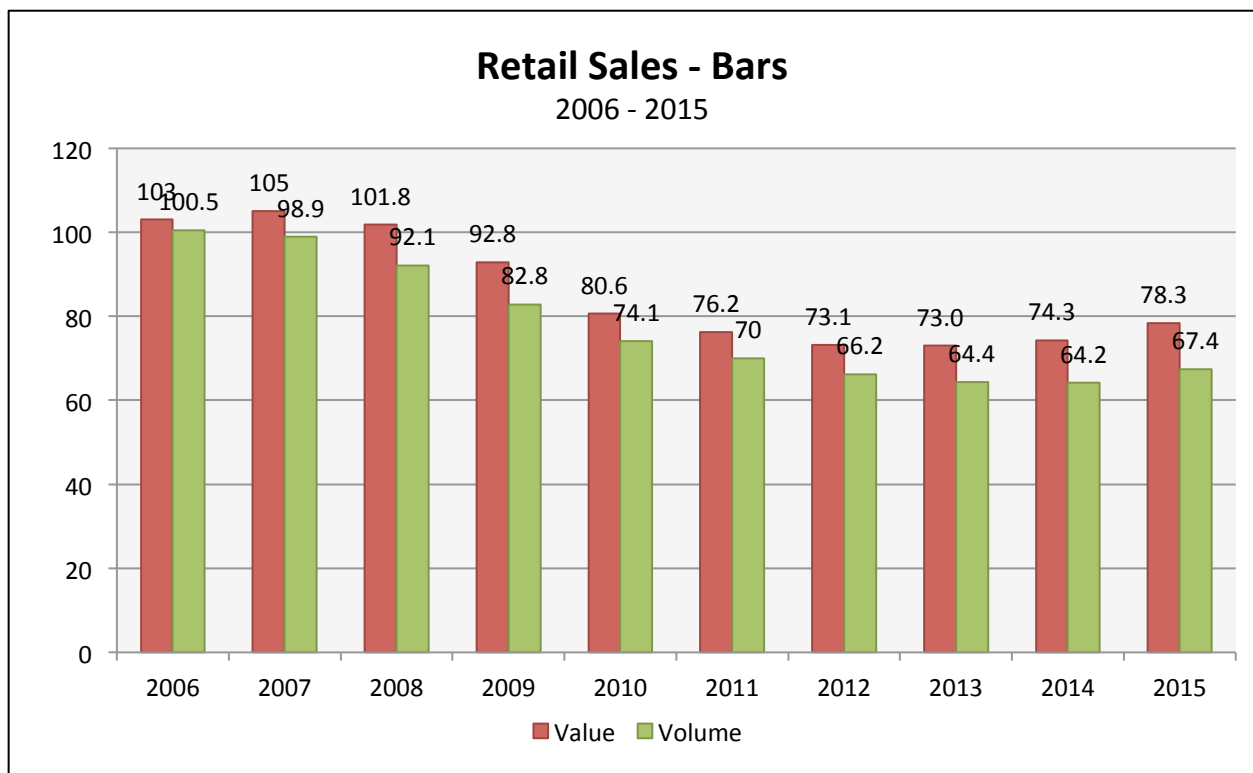
Sales of books and newspaper in the US also saw an increase in 2015, of 4.5%.

<sup>92</sup> Books, Newspapers and Stationery 2005 - 2015, Retail Sales Index Value and volume Unadjusted (Base 2005=100), www.cso.ie  
 \*Visible data labels refer to value of sales

<sup>93</sup> <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 = 100<sup>94</sup>*

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%.<sup>95</sup>

2014 was the first year since 2007 in which sales did not fall; volume sales were steady and value up by 1.8%. This was the beginning of a positive trend which continued in 2015, with sales volume up by 5% and sales value by 5.4%.

Beer sales in the UK also stabilised in 2014, after a decade of decline<sup>96</sup>. Beer sales in pubs dropped by just -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.

The number of bars in the UK has also been declining over the past decade; the number of pubs is now down to 51,900 compared with 60,100 in 2002<sup>97</sup>.

<sup>94</sup> Bars 2005 - 2015, Retail Sales Index Value and Volume Unadjusted (Base 2005=100), [www.cso.ie](http://www.cso.ie), All figures relate to on-trade sales

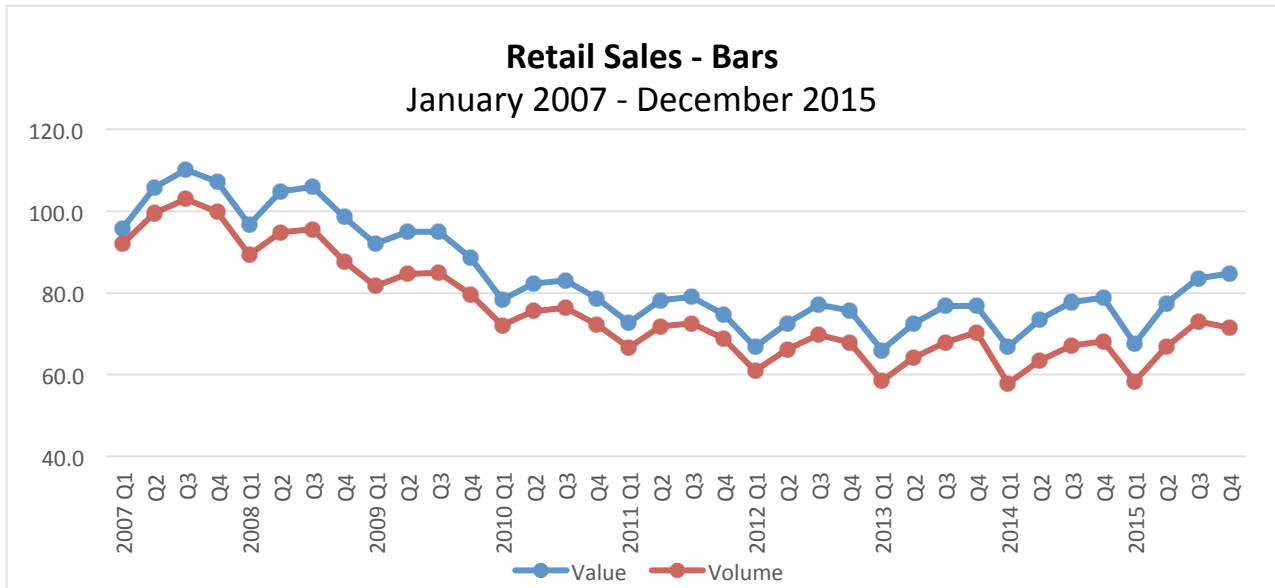
<sup>95</sup> Drinks Industry Ireland, 2015

<sup>96</sup> <http://www.beerandpub.com/news/british-beer-sales-up-for-the-first-time-in-ten-years>

<sup>97</sup> <http://www.beerandpub.com/statistics>

# RETAIL SALES – BARS

## QUARTERLY



*Retail sales Index – Bars, Base 2005 = 100<sup>98</sup>*

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 has only recently shown signs of abating.

2014 was the first year since 2007 in which sales did not fall; volume sales were steady and value up by 1.8%. This was the beginning of a positive trend which continued in 2015, with sales volume up by 5% and sales value by 5.4% for the year.

Sales growth increased through the four quarters of 2015. In Q1 2015, sales volume was up by just 0.1%, and sales value up by 1.3%, year-on-year. Q2 2015 saw sales volume up by 5.1% and value by 5.2%. This growth accelerated in Q3, with sales volume up 7.4% and value up 7.7%. Q4 saw sales volume up by 6.9% and sales value by 7.5%.

Following a decade of decline, beer sales through bars (the on-trade) were almost stable in 2014, down by just -0.8%.<sup>99</sup> In contrast, off-trade sales grew by 3.5%, exceeding on-trade sales for the first time on record. Sales returning to pattern in 2015, down by -2.4%.<sup>100</sup>

In the US, restaurants and drinking places reported an increase of 3.3% in sales value in 2014, and this growth increased further in 2015 which saw sales value increase by 5.8%.

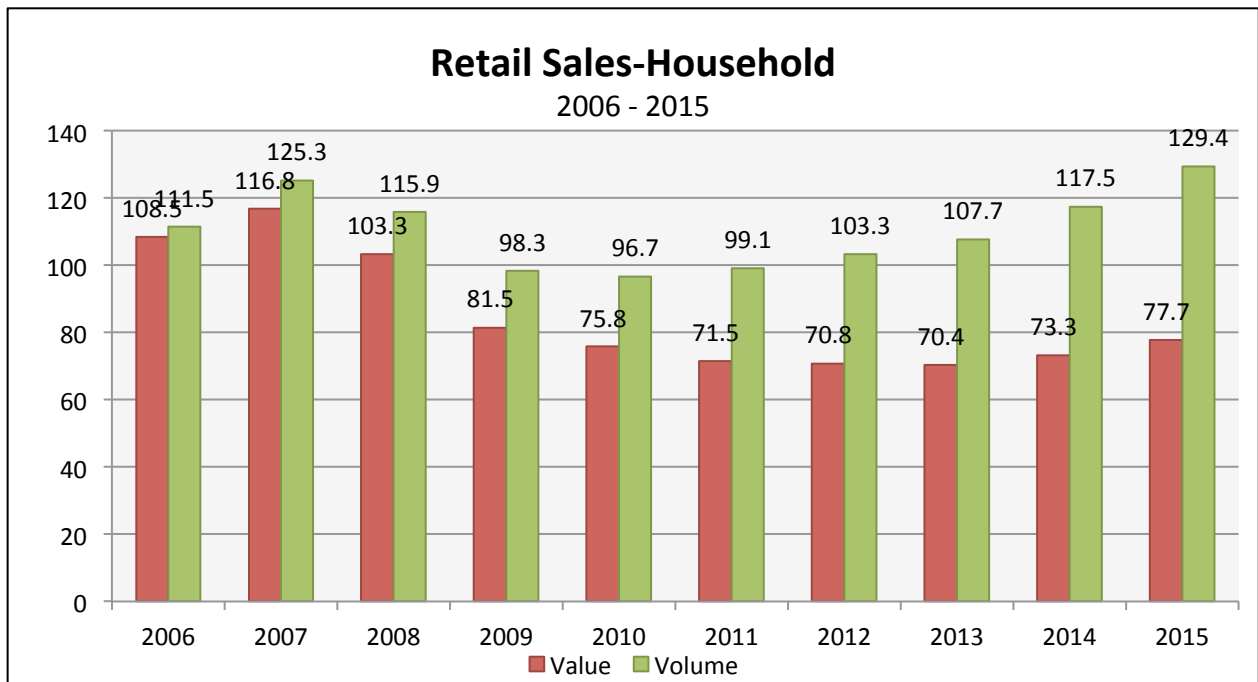
<sup>98</sup> Bars 2006 - 2015, Retail Sales Index Value and volume Unadjusted (Base 2005=100), www.cso.ie all figures relate to on-trade sales

<sup>99</sup> <http://www.beerandpub.com/news/british-beer-sales-up-for-the-first-time-in-ten-years>

<sup>100</sup> <http://www.beerandpub.com/statistics>

# RETAIL SALES- HOUSEHOLD EQUIPMENT

## ANNUAL



*Retail Sales Index - Household Equipment, Base 2005 = 100<sup>101</sup>*

Household equipment is the sum of three sub-categories: furniture and lighting; hardware, paints and glass; and electrical goods. Sales grew rapidly 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.

There was a slight recovery in 2013, with an increase of 4.3% in sales volume, although value decreased by -0.5%. The recovery accelerated in 2014 with a 4.1% increase in volume sales, while value rose by a much larger 9.1%.

This growth went further again in 2015, with sales volume up by 10% and value by 6%. At this point, the volume of sales is back to the peak level of 2007, but value is 22% lower.

Despite the improvement in the UK property market in 2013, sales decreased both in volume and value, by -2.4% and -2.7% respectively.<sup>102</sup> This trend reversed in 2014 with sales up by 7.1% in volume and 6% in value. 2015 saw this positivity further increase with sales volume growing by 7.7% and sales value by 6.5%.

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.<sup>103</sup> This lowered again in 2015, which saw only a 1% increase.

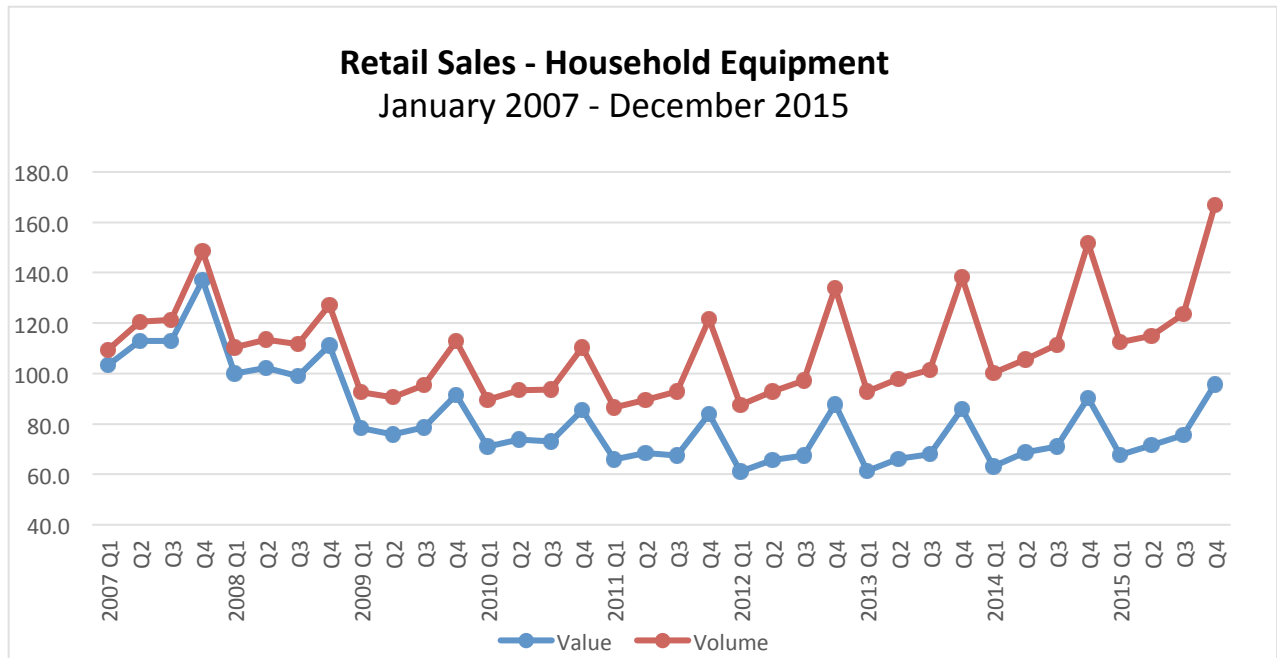
<sup>101</sup> Household Equipment 2006 - 2015, Retail Sales Index Value and volume Unadjusted (Base 2005=100), [www.cso.ie](http://www.cso.ie)

<sup>102</sup> [www.bbc.co.uk/news/business-25745468](http://www.bbc.co.uk/news/business-25745468)

<sup>103</sup> [www.postandcourier.com/article/20140124/PC05/140129750/1010/us-home-sales-in-2013-best-in-seven-years](http://www.postandcourier.com/article/20140124/PC05/140129750/1010/us-home-sales-in-2013-best-in-seven-years)

# RETAIL SALES - HOUSEHOLD EQUIPMENT

## QUARTERLY



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 reached its highest level in December 2015, surpassing its previous peak in 2007.

Sales of household equipment began to recover in 2013, with an increase in volume of 4.3%, although value decreased -0.5%. The recovery accelerated in 2014 with a 4.1% increase in volume, while value rose by a much larger 9.1%.

This growth really took hold in 2015, with sales volume up by 10% and value by 6%. At this point, the volume of sales is back to the peak level of 2007, although value is still 22% lower.

The combined index of household equipment conceals considerable variation, with some of the sub-categories showing even larger increases. In Q4 2015, furniture and lighting were up by 18.7% in volume and 13.2% in value year-on-year, electrical goods were up 10.1% in volume and 6.8% in value, while hardware, paints and glass were up by 4% and 2.6%.

UK sales of household equipment have also been strengthening, up by 8% in volume and value up by 7% for 2015<sup>105</sup>.

US sales of household equipment have been much more sluggish, up by just 1.6% for 2015..

<sup>104</sup> Household Equipment 2006 - 2015, Retail Sales Index Value and volume Unadjusted (Base 2005=100), [www.cso.ie](http://www.cso.ie)

<sup>105</sup> [http://www.ons.gov.uk/ons/dcp171778\\_428415.pdf](http://www.ons.gov.uk/ons/dcp171778_428415.pdf)

# RETAIL SALES - CLOTHING, FOOTWEAR AND TEXTILES

## ANNUAL



*Retail Sales Index - Clothing, Footwear and Textiles, Base 2005 = 100<sup>106</sup>*

Sales of clothing and footwear grew strongly during the boom years. Sales volume grew by 89% from 2000 to 2007, 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%, although there was a decline of -1.1% in value year-on-year.

Sales increased more significantly in 2014, with volume up by 5.2% year-on-year, and value up by 2.3%. 2015 saw sales of clothing, footwear and textiles increase significantly. Sales volume increased by 10.6% and sales value by 6.2%.

UK sales showed a similar pattern, up by just 1% in 2013, up more substantially in 2014 by 3%, and growing dramatically in 2015, up by 12.2% in sales volume and 3% in sales value.

Sales of clothing in the US increased by 5.5% in 2012, and further increases of 3.8% and 2.2% respectively, in 2013 and 2014.. This growth slowed to 1.5% in 2015.

<sup>106</sup> Textiles and Clothing 2005 - 2014, Retail Sales Index Value and volume Unadjusted (Base 2005=100), www.cso.ie

# RETAIL SALES - CLOTHING, FOOTWEAR AND TEXTILES

## QUARTERLY



Retail Sales Index – Clothing, Footwear and Textiles, Base 2005 = 100<sup>107</sup>

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 significant decline in 2009, sales of clothing and footwear fell only 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 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 in 2014, with volume increasing by 5.6% and value by 2.6%.

Sales fluctuated through 2015 with some quarters stronger than others, but averaged a very healthy increase of 8.5% in volume and 5.1% in value. An improving labour market and fresh tax cuts mean the textile sector should continue to make solid gains in 2016.

Clothing sales in the UK showed a similar pattern in recent times, with an increasing rate of sales growth. The average for the year 2015 was 3.5% growth in volume, while value grew by 2.5%<sup>108</sup>.

US clothing sales were more muted, up by about 2% for the full year 2015.

<sup>107</sup> Textiles and Clothing 2006 - 2015, Retail Sales Index Value and Volume Unadjusted (Base 2005=100), [www.cso.ie](http://www.cso.ie)

<sup>108</sup> [http://www.ons.gov.uk/ons/dcp171778\\_428415.pdf](http://www.ons.gov.uk/ons/dcp171778_428415.pdf)



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