

Q4

2016

Consumer

Market Monitor



UCD Michael Smurfit
Graduate Business School



Consumer Market Monitor

The Consumer Market Monitor is a publication provided by the Marketing Institute of Ireland in collaboration with 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

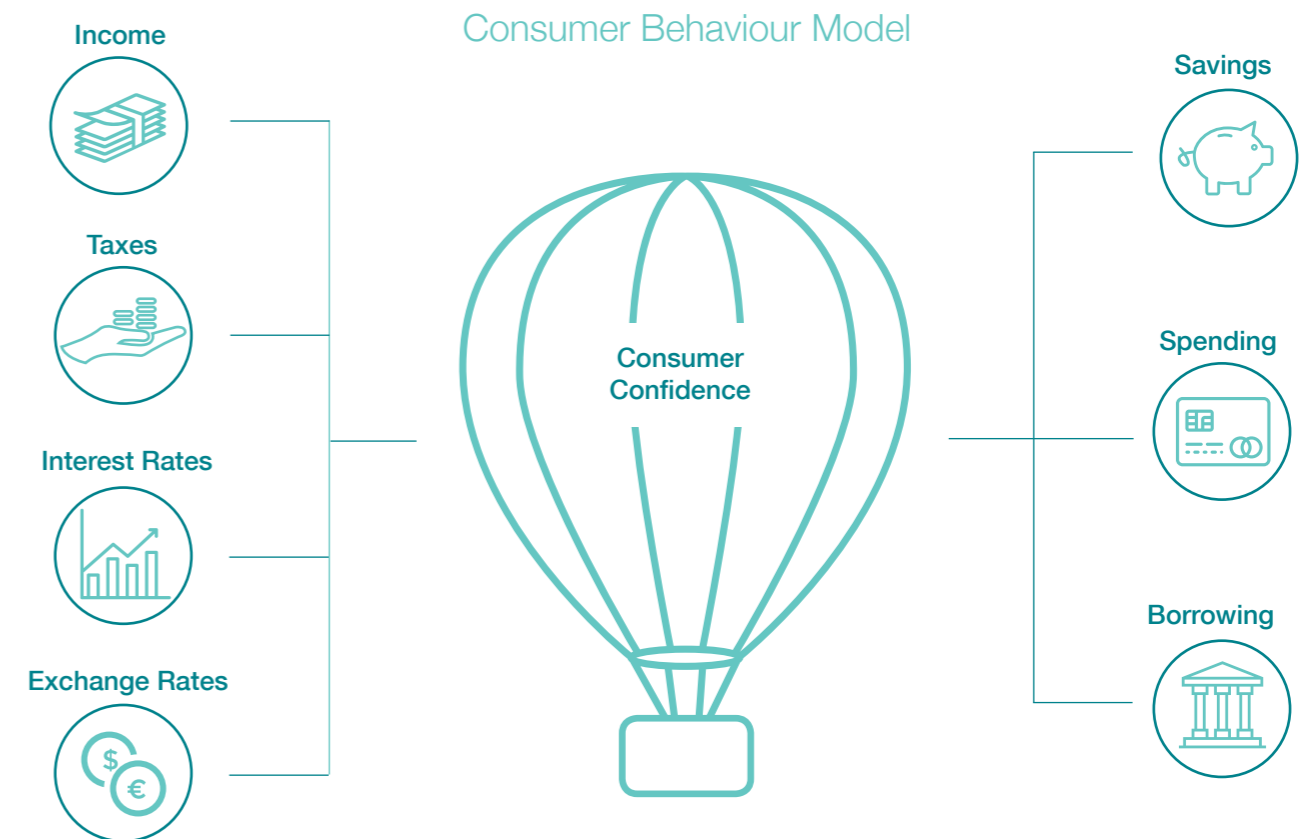
consumer behaviour including spending, saving and borrowing.

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 Marketing Institute website and UCD Smurfit School website. This edition covers Q4 of 2016 and also reviews the full year.

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Executive Summary

2016 was a year of two halves in the Irish consumer economy—the first half showed very strong growth but this slowed down across all sectors in the second half. This probably owes something to the Brexit vote in the UK, as well as the drama surrounding the US Presidential election.

Consumer spending growth rose by 4.2% in the first three quarters of 2016, year-on-year, but it is expected that the final figure for the year will come in at 3.5%. This is one percent lower than the 4.5% growth achieved in 2015, but it is still a solid performance, which is better than any of our EU peers. To put it into context, the growth in consumer spending in the UK averaged 2.8% in 2016, and Germany which averaged 1.9%.

The signs are also positive for 2017 although there are two competing forces affecting growth. On the one hand, consumer fundamentals remain very strong- the population is growing quickly, employment is still increasing, inflation is low and the majority of firms expect to give pay increases next year. On the other hand, the uncertainties surrounding the implementation of Brexit imply some downside risk.

On balance, however, the Irish consumer economy is in a positive state and consumer spending growth in the range of 2.5-3.5% is forecast for 2017.

The improvement in the labour market has been a critically important factor driving the consumer economy and this remains very positive. There are now 2.04 million people at work, up 57,500 year-on-year, and up by 204,000 or 11% since

the low point in 2012. Pay increases have also contributed, up 2% on average in 2015, and up by a similar percentage in 2016.

This increasingly healthy employment situation drives the amount of disposable income circulating in the economy, and spending closely matches income. The total amount of disposable income circulating in the economy peaked in 2008 at €102 billion. It dropped to a low of €85 billion in 2010, but was back up to about €98 billion in 2016, not far off the peak. In fact, there has been a remarkable increase in disposable income in recent times -- it increased by 5% in 2015, and by a similar amount in 2016.

Another important influence on consumer spending is household wealth, which comes mainly from the value of our homes, as well as other savings and investments. After a long slump, Irish household wealth is increasing again as property values recover and progress is being made in paying down debt. Under normal circumstances, perceptions of increasing wealth raise consumer confidence, encouraging people to release funds for spending on various things.

Consumer confidence is still relatively strong here, even though it fell a little bit in the second half of 2016 due to worries about Brexit. However, the confidence barometer is still in positive territory and has got a boost in January of this year. This is driving a steady increase in consumer spending that is producing sales growth in most retail and service sectors. This is especially seen in sales of “big ticket” items -- new cars, home furnishings, clothing and other consumer durables--all of which are continuing to grow well.



3.5%

Consumer spending growth rose by 4.2% in the first three quarters of 2016, but it is expected that the final figure for the year will come in at 3.5%. This is one percent lower than the 4.5% growth achieved in 2015, but it is still a solid performance, which is better than any of our EU peers.



+5.9

Consumer confidence in Ireland is well ahead of our European neighbours. Unfortunately, consumer confidence fell steadily throughout 2016, with Q4 at 5.9, (compared to 16.6 in Q4 2015) reflecting uncertainly about Brexit, and industrial unrest.

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% in 2015, to 121,110 units. New car registrations were up by a further 30% in the first half of 2016, but this slowed in the second half of the year, reaching a total of 142,688 cars for the year, an increase of 18%. Sales of imported second hand cars were particularly strong, up 47% for the year 2016, for a total of 69,371. This possibly reflects the weakening of sterling making imports more affordable.

Retail sales excluding the motor trade grew strongly in 2015, with volume up 6.1% and value up 2.7%. This rate of growth continued in the first half of 2016, with volume up by 5.5% and value by 2.7%. Growth slowed significantly in the second half of the year, to about half that rate, with volume up by 3.2% and value by 1.3%. For the year as a whole, retail sales were up by 4.3% in volume and 2.1% in value which is still reasonably strong.

Sales of services have also shown a bit of volatility in 2016, but ended the year up by 5.5% which is very close to the level of growth in 2015. The fourth quarter was particularly strong, up by 6.9% year-on-year. Information and communications were up by a whopping 17.5% for the year, following spectacular growth in several quarters. Accommodation and food services were also up by a strong 8.6% for the year.

Residential property is the sector under most pressure, and this has been the case ever before Brexit came into sight. There were 45,342 homes sold in 2016 and 23,589 mortgages issued, accounting for about 50% of sales transactions. This was actually lower than the 47,313 homes sold in 2015.

There were just 21,700 properties on the market 1% of the total housing stock. in December 2016, which compares to an EU average of 4%.

Consumer Confidence

Consumer confidence in Ireland reached a record high of +16.7 in June 2015, and remained strong through the rest of the year. At this point, consumer confidence here was well ahead of the last peak in 2007, and well ahead of our European neighbours.

Unfortunately, consumer confidence fell steadily throughout 2016, with Q4 at 5.9, (compared to 16.6 in Q4 2015) reflecting uncertainly about Brexit, and industrial unrest. However, the figures are still in positive territory, above the long-run average, and have got a lift in January of this year which should continue to underpin a solid consumer economy.

Consumer confidence in the UK has also seen a significant drop in Q4 2016, as consumers are still worrying about implications of the Brexit referendum. This continuing downward trend is forecast to have a major impact on consumer spending in the coming quarters.

Consumer Incomes and Spending

Household disposable income rose by 5.5% in 2015 and by 4% in 2016 bringing it to a total of €98 billion, due to a combination of expanding employment and increasing pay rates. There are now 2.04 million people at work, up 204,000 or 11% from the lowest point in 2012. Pay increases of 2% were common in 2015 and 2016, also influencing the amount of money circulating.

Consumer spending began to recover in 2014, when it grew by 2%; it grew by a very strong 4.5% in 2015, and is estimated to have finished the year 2016 up by a further 3.5%. Of the main components of spending, retail sales (excluding motor trades) increased by 3.7% in 2014, by 6.1% in 2015 and by 4.3% in 2016. Activity in the services sector was also higher, up 4.1% in 2014, 5.7% in 2015 and 5.5% in 2016.

In sum, personal consumption is continuing to grow, but the rate of growth weakened in the latter half of 2016. Latest estimates suggest a final outturn for 2016 of 3.5% growth, and 2.5-3.5% is forecast for 2017. Vat receipts have followed a similar path, up by 7.9% in 2014, 7.1% in 2015, but falling to 4.4% in 2016.

Personal spending in the UK has grown each quarter since 2011, at an average annual rate of 2%. This increased to 3% in 2015, and continued at this rate in 2016, suggesting that Brexit had little impact as yet.

Consumer Borrowing

Borrowing by Irish consumers grew at a record level from 2000 onwards and peaked in March 2008 at €150 billion, but declined steadily since then, down -39% to €90 billion in Q4 2016. Household debt is now at its lowest level since Q1 2006, at €31,216 per capita, and is continuing to decrease by about 2% per annum.

Loans for house purchase, which account for 84% of household loans, peaked in Q1 2008 at €124 billion. They decreased to €73 Billion by end Q4 2016, a cumulative decline of 40%, or an annual rate of -2.4%.

Lending for other consumption accounts for approximately 18% of total borrowing. This category peaked in Q1 2008 at €30 billion but declined to €12 billion by December 2016, a reduction of 60%. It is continuing to reduce at an annual rate of 2.6%.

Overall, the ratio of household debt to disposable income has fallen by 60% since its peak of 215% in mid-2011. This rate of debt reduction has surpassed most other countries. However, household debt in Ireland remains relatively high by international standards, at 153% of disposable income, making Irish households the fourth most indebted in Europe.

Retail Spending

Following five years of decline, retail sales achieved a significant turnaround in 2014, with volume up by 3.7% and value by 1.6%.

The recovery accelerated in 2015, with sales volume up by an impressive 6.1% and value up by 2.7% for the year. This growth in sales exceeded the growth in footfall (up 1.6%) providing evidence of a real uplift in spending.

The first half of 2016 delivered strong sales growth for most retailers, up by a very strong 5.6% in volume and 2.7% in value year-on-year. Retail sales continued to grow in Q3 and Q4, but at a slower rate of 3.3% in volume and 1.1% in value. For the year as a whole, volume sales were up by 4.3% and value by 2.1%.

2.04 million people at work



There are now 2.04 million people at work, up 57,500 year-on-year, and up by 204,000 or 11% since the low point in 2012. Pay increases have also contributed, up 2% on average in 2015, and up by a similar percentage in 2016.

Recent Trends

The final figures for 2016 show a year of two halves. Spending in all categories increased strongly in the first half of the year, but the rate of growth slowed by nearly half of the previous rate in the second half of the year.

New car registrations in the first half of 2016 were up 30%, but this slowed in the second half of the year. A final figure of 142,688 cars were sold in 2016 up 18% on the 121,110 cars sold in 2015. The 2016 figure is approaching the average sales level of the early 2000s.

Retail sales excluding the motor trade grew strongly in 2015, with volume up 6.1% for the year, and value up 2.7%. This rate of growth continued in the first half of 2016, with volume up by 5.5% and value by 2.7%. Growth slowed to about half that rate, however, in Q3 and Q4, with volume up by 4.3% and value by 2.1% for the full year.

All product categories except books/newsagents experienced growth in Q4 2016, but at a significantly lower rate than previous quarters. Household equipment which combines furnishings, electrical goods, hardware, paints and glass, was the only category to show continuing strong growth in Q4.

The Q4 trade which covers the pre-Christmas period was particularly disappointing, up by 3.3% year-on-year, which compares to growth of 6.4% for Q4 2015. The month of December was even weaker, up by just 2% year-on-year, compared to an increase of 5.4% in December 2015.



Fuel up 3.7% in volume and up 3.9% in value



Bar sales up 2.6% in volume and up 3.5% in value



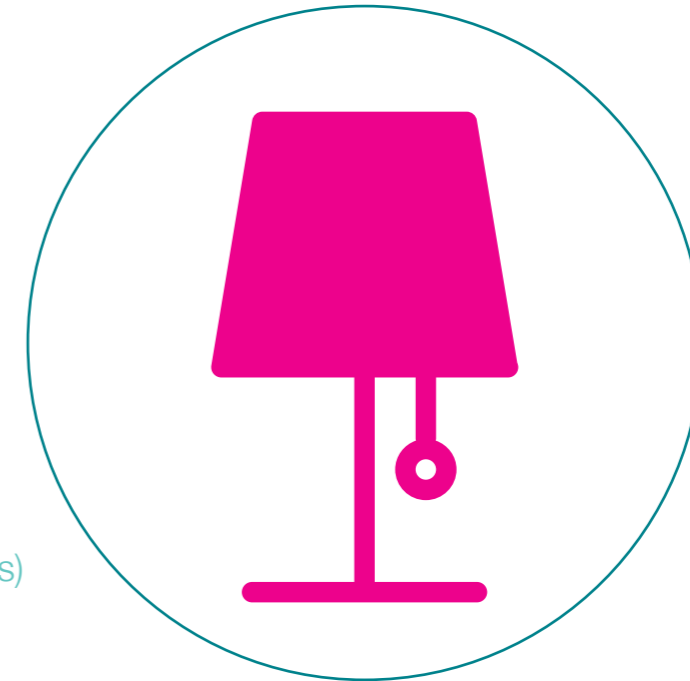
Department stores up 2.7% in volume and 0% in value



Clothing, footwear & textiles up 5.7% in volume and 2.4% in value



Non-specialised stores (supermarkets) up 1.7% in volume and 2.5% in value



Household equipment up 7.5% in volume and 1.9% in value



Food sales up 1.6% in volume and up 0.5% in value



Pharmaceuticals and cosmetics up 2.8% in volume and 1% in value



Books, newspapers, stationery down -3.1% in volume and -2.8% in value

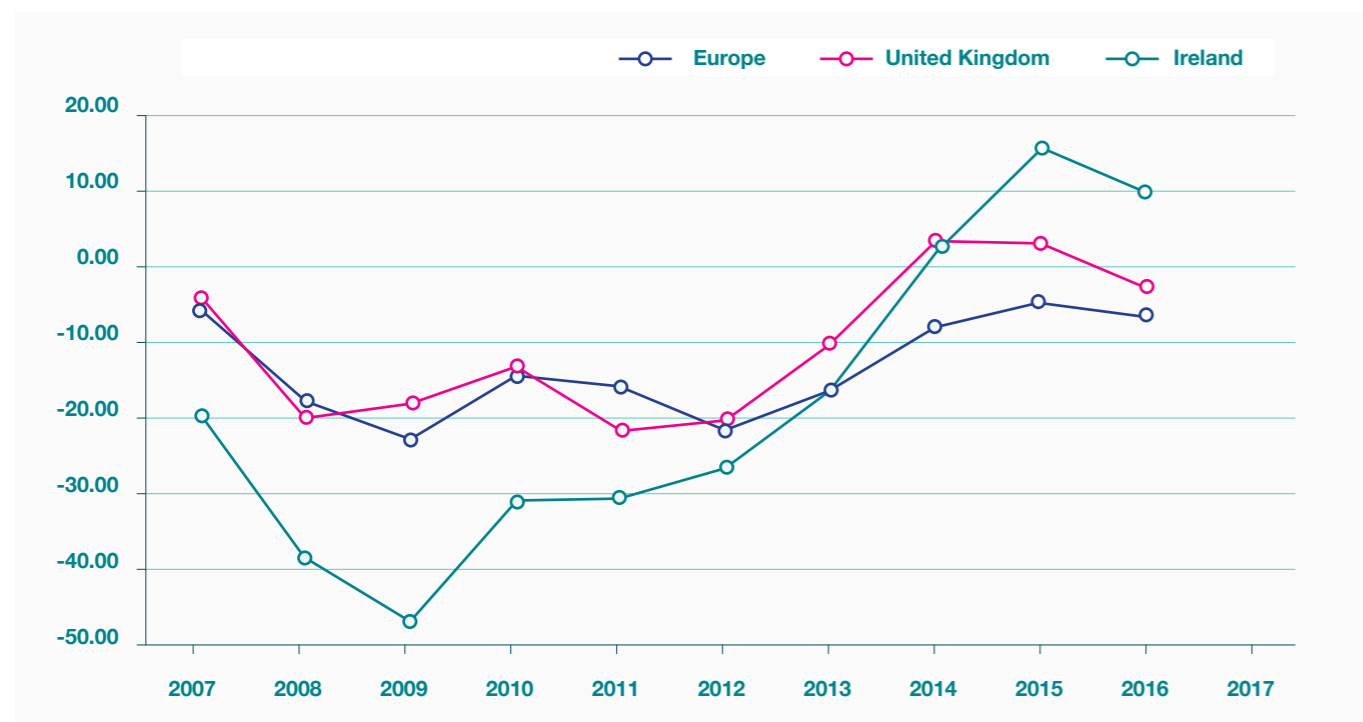
Q4

Consumer & Retail Analysis



Consumer Confidence Annual

Consumer Confidence 2007-2016



Consumer confidence reached an all-time low in Ireland in 2009, due to the financial crisis. Confidence picked up a bit in 2010 and remained static throughout 2011 and 2012 coinciding with the financial bailout. Confidence increased steadily through 2013, 2014 and 2015 due to a steady flow of good news on employment, increasing tax receipts, and strong services and manufacturing growth.¹

In 2016, consumer confidence reversed direction slightly due to global political upheavals and a lack of improvement for the average Irish consumer from the economic recovery.² The index is still relatively healthy, but the slight drop signals increased uncertainty about the future.³

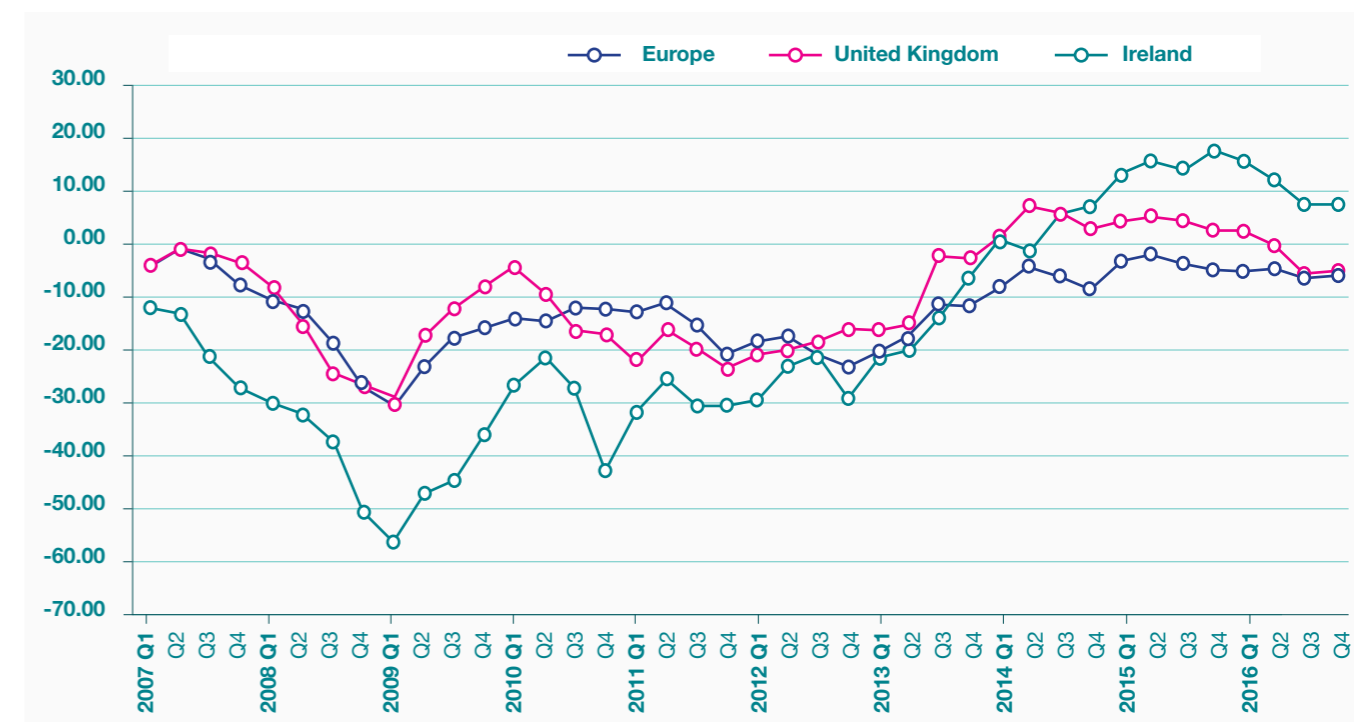
Confidence in the UK reached an all-time low in 2011, and remained low in 2012, due to higher living costs and a weak jobs market. Confidence in the rest of Europe also fell in 2011 and remained low in 2012 due to anxiety about the Eurozone crisis. These trends reversed in 2013, and this improvement continued throughout 2015. Similar to Ireland, consumer confidence weakened in 2016, due to uncertainty caused by the Brexit vote.

US consumer confidence reached a record low of 25 in February 2009 due to the economic recession.⁴ The US index averaged 84 in 2014 and 98 in 2015, indicating a steady recovery.⁵ Consumer confidence in 2016 increased overall, finishing the year strongly at 113.7.⁶

01. www.independent.ie/business/irish/irish-consumer-sentiment-nears-eightyear-high-in-december-30892291.html
 02. <https://www.esri.ie/news/irish-consumer-sentiment-ends-2016-on-a-nervous-note/>
 03. Ibid.
 04. www.tradingeconomics.com/united-states/consumer-confidence
 05. US Conference Board, monthly press releases.
 06. <https://www.bloomberg.com/news/articles/2016-12-27/u-s-consumer-confidence-index-increased-to-113-7-in-december>

Consumer Confidence Quarterly

Consumer Confidence January 2007-December 2016



Consumer confidence in Ireland fell dramatically in 2008 as the financial crisis unfolded, and remained low through 2009, 2010, 2011 and 2012. Confidence recovered slightly in 2013 and rose further through 2014 due to a steady flow of good news on employment.⁷

This upward trend continued in 2015, reaching a record high of +16.7 in June, and remained strong through the rest of the year.⁸ At this point, consumer confidence in Ireland was well ahead of the last peak in 2007, and well ahead of our European neighbours.

Unfortunately, consumer confidence fell steadily throughout 2016, with Q4 at 5.9, (compared to 16.6 in Q4,) reflecting uncertainty about Brexit, and industrial unrest. However, the figures are

still in positive territory which should continue to underpin consumer economy.

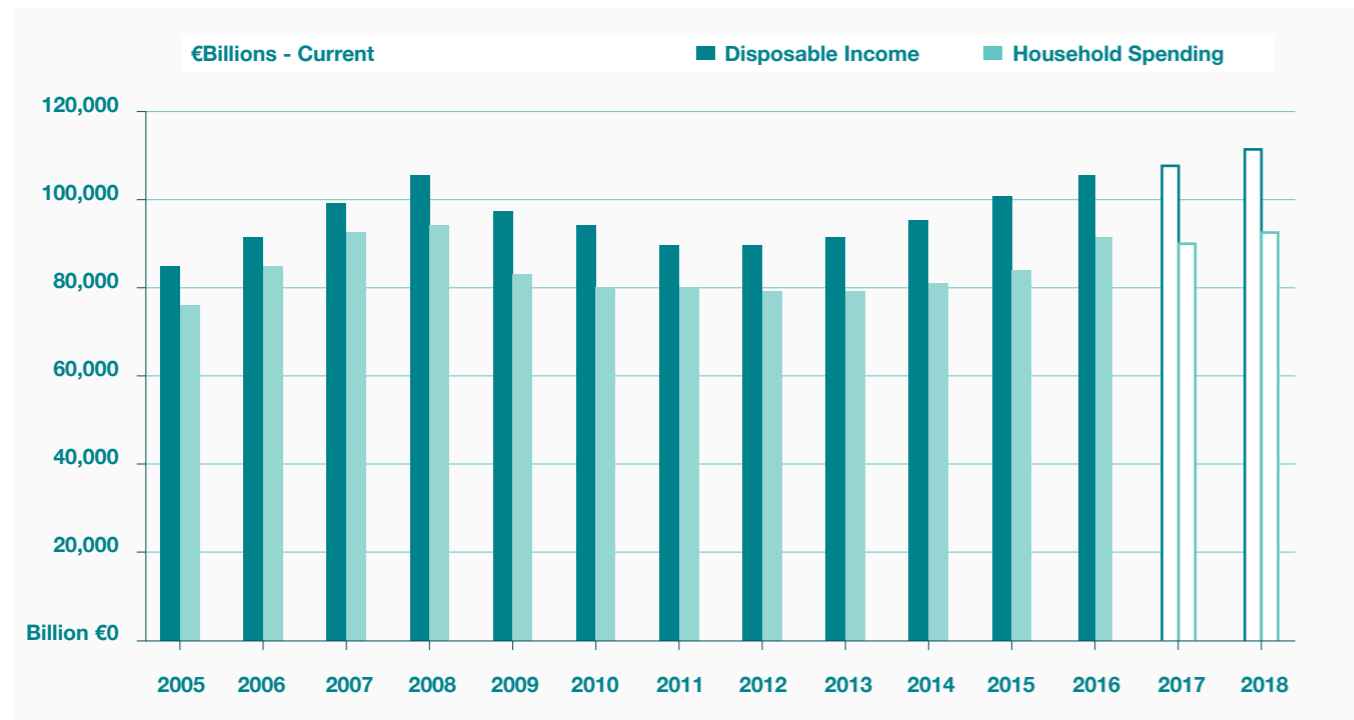
Consumer confidence in the UK has also seen a 5.2 point drop in Q4 2016, as consumers are still recoiling from the Brexit referendum. This continuing downward trend is forecast to have a major impact on consumer spending in the coming quarters.

2016 was a tumultuous year for US consumers, as confidence levels fell as low as 95.2 in Q1 2016⁹ due to falling long-term inflation expectations and a slightly weakened US dollar.¹⁰ In Q4 however, confidence was the highest it has been since 2001, increasing to 113.7, indicating high expectations for the new president.¹¹

07. www.independent.ie/business/irish/irish-consumer-sentiment-nears-eightyear-high-in-december-30892291.html
 08. <http://www.rte.ie/news/business/2015/10/01/731686-consumer-sentiment/>
 09. <http://www.usatoday.com/story/money/business/2015/04/28/consumer-confidence-april/26475567/>
 10. https://www.dailyfx.com/forex/market_alert/2016/10/14/Consumer-Confidence-Dips-Questions-Abound-on-Q3-Consumer-Activity-.html
 11. <https://www.bloomberg.com/news/articles/2016-12-27/u-s-consumer-confidence-index-increased-to-113-7-in-december>

Consumer Incomes and Spending Annual

Disposable Incomes and Household Spending



Disposable income in Ireland increased by 60% from 2002 to 2008—from €65bn to €104bn, due to growing employment and rising incomes.¹² This trend reversed in 2009, and continued downwards until 2013. Disposable income fell by -15% in real terms from 2008 to 2012 as a result of rising unemployment, falling wages and higher taxes.¹³

This trend reversed in 2013, when disposable income rose by 3%, the first increase since 2008. It continued to rise in 2014, up by 3%, and in 2015, with a larger increase of 5.5%, and up by 4% in 2016, from €93 billion to €98 billion.¹⁴ This is driven by the fact that there are more people at work and by pay increases. There are now 2.04 million people at work, up 204,000 from 2012.

Pay increases of 2% were common in 2015 and 2016.¹⁵

Household spending closely mirrors income, increasing by 48% from 2002 and 2008, from €62bn to €92bn. Spending then declined for five years, to a low of €78 billion in 2011, a net reduction of -15% in current terms and -7.5% in real terms. Household spending was more or less static from 2011 to 2013, but began to recover in 2014, up by 2%, and increased by a substantial 4.5% in 2015.

Household spending accounts for about 90% of personal spending, and both continued to grow in 2016, although at a slightly lower rate, up by 4%.^{16,17}

12. CSO Institutional Sector Accounts, Q3, 2016.

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

14. Ibid.

15. <http://www.cso.ie/en/releasesandpublications/er/qnhs/quarterlynationalhouseholdsurveyquarter42015/>

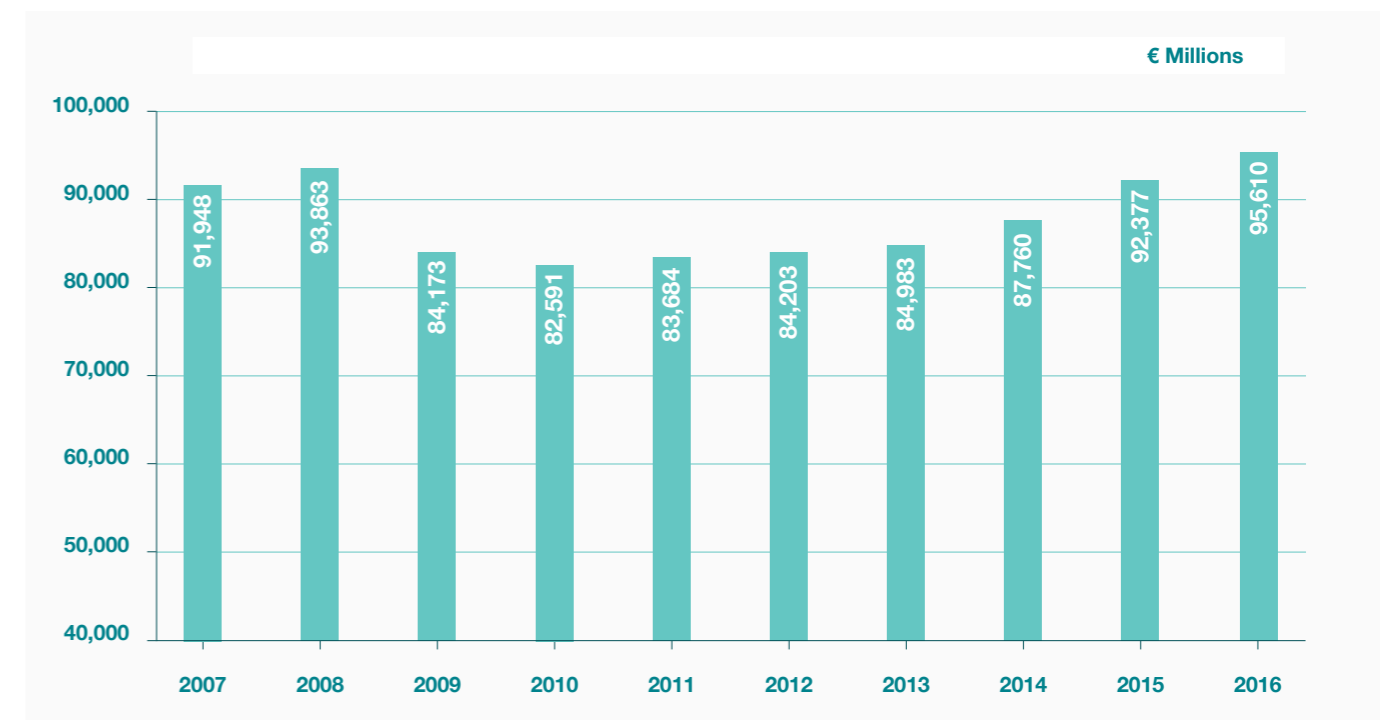
<http://www.irishexaminer.com/ireland/ibec-71-of-employees-set-to-receive-pay-rises-in-2016-360494.html>

16. www.ibec.ie/IBEC/Press/PressPublicationsdoclib3.nsf/vPages/Newsroom

17. Central Bank Quarterly Bulletin Q4 2016.

Personal Spending on Goods/Services Annual

Personal Spending on Goods/Services 2007 - 2016



Personal spending is split about equally between services and retail purchases. Personal spending rose rapidly from 2000 to 2007, by 43% in total, or an average of 6% per year. Spending slowed in 2008, and declined steadily over the next four years. In sum, personal consumption fell by -14% in current terms (-7% in real terms) from 2007 to 2013.

Following six years of decline, consumer spending grew by 2% in 2014, by 4.5% in 2015, and by approximately 4% in 2016.¹⁸ Retail sales (excluding motor trades) increased by 3.7% in 2014, by 6.1% in 2015, and by 4.3% in 2016 in volume terms. Activity in the services sector was also higher, up 4.1% in 2014, 5.7% in 2015, and 5.5% in 2016.¹⁹

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, reaching the same level as in 2007.²⁰ Growth continued in 2015 and 2016 at 3% per annum.

US consumer spending continues to be in recovery mode, with personal spending increasing by 3.6% in 2013, 3.1% in 2014, 3% in 2015, and 2.8% in 2016.²¹

18. Central Bank of Ireland, Quarterly Economic Bulletin, Quarter 1, 2017.

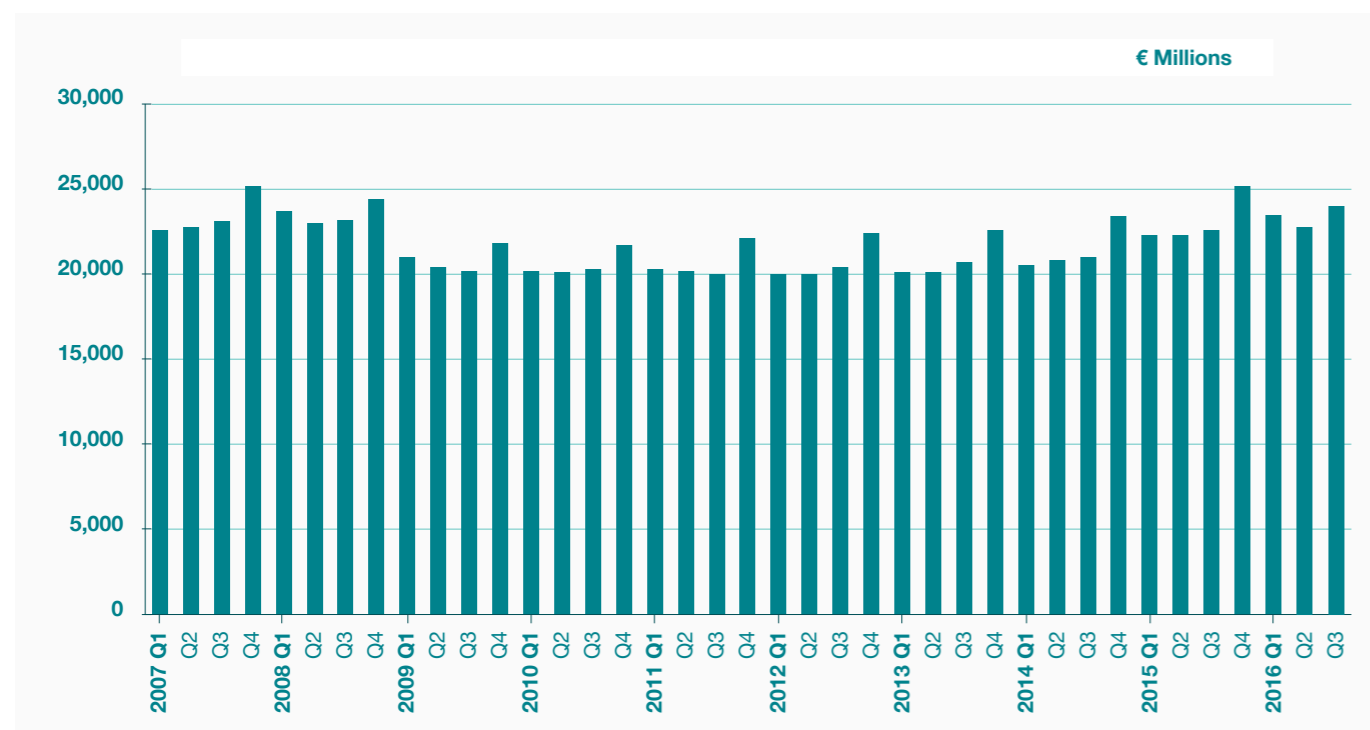
19. <http://www.cso.ie/en/releasesandpublications/er/si/monthlyservicesindexdecember2015/>

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

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

Personal Spending on Goods/Services Quarterly

Personal Spending on Goods/Services January 2007 - September 2016



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 for six years after that.

Consumer spending turned a corner in 2014, when it grew by 2%, and it grew by a very strong 4.5% in 2015.²² Similarly, retail sales (excluding motor trades) increased by 3.7% in 2014, by 6.1% in 2015 and by 4.3% in 2016. Activity in the services sector was also higher, up 4.1% in 2014, 5.7% in 2015 and 5.5% in 2016.²³

In sum, personal consumption is continuing to grow, but the rate of growth weakened in the latter half of 2016. Latest estimates suggest

a final outturn for 2016 of 3.5% growth, and 3-3.5% is forecast for 2017.²⁴ Vat receipts have followed a similar path, up by 7.9% in 2014, 7.1% in 2015, but falling to 4% in 2016.

Personal spending in the UK has grown each quarter since Q4 2011, at an average annual rate of 2%. This increased to 3% in 2015.²⁵ Spending continued to grow at a rate of 3% in Q1 and Q2, suggesting that Brexit had little impact up to that point.²⁶

Consumer spending in the US climbed 2% per annum in the recovery that's now in its sixth year. Growth for has been averaging 3% a year for the last three years.²⁷

22. Central Bank of Ireland, Quarterly Economic Bulletin, Quarter 1, 2017.

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

24. <http://www.irishtimes.com/business/economy/economy-expected-to-grow-5-as-consumer-confidence-rises-1.2965176> <https://www.esri.ie/pubs/QEC2016AUT.pdf>

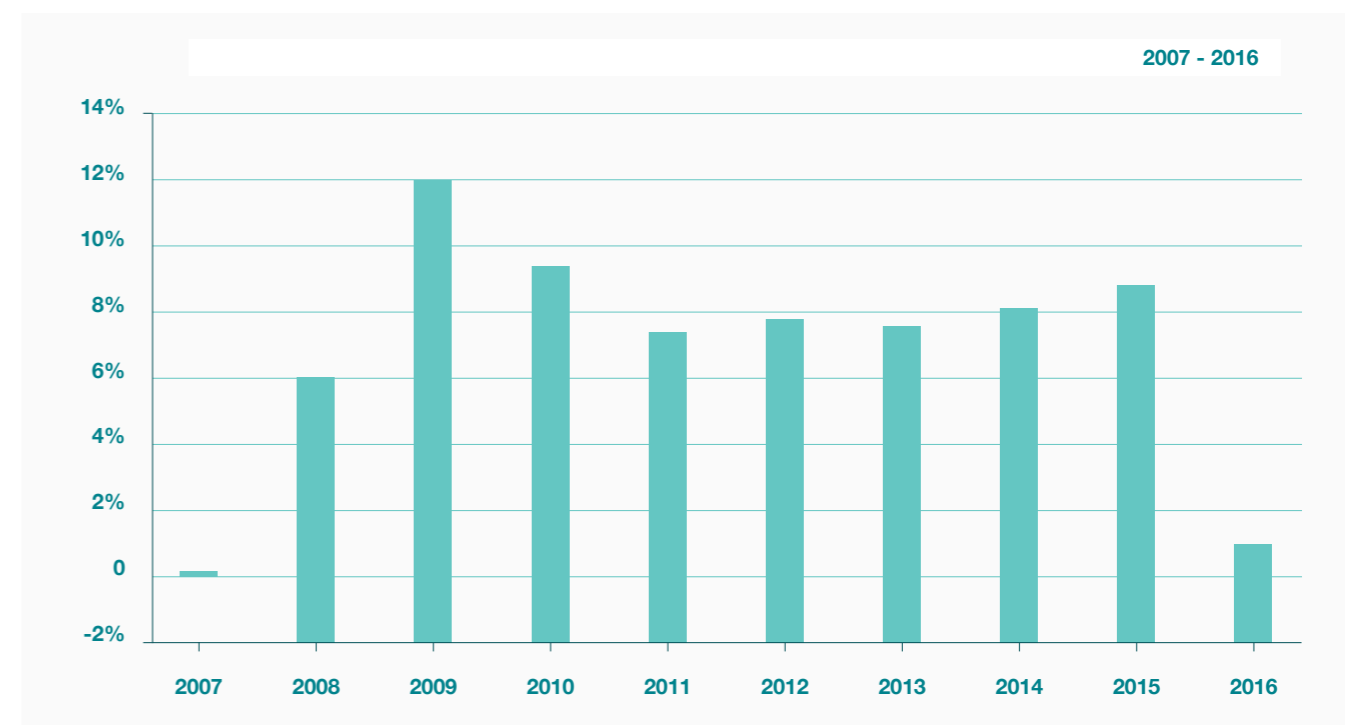
25. <http://www.ons.gov.uk/ons/rel/consumer-trends/consumer-trends/q2-2015/stb--consumer-trends--q2--april-to-june--2015.html>

26. <http://www.ons.gov.uk/economy/nationalaccounts/satelliteaccounts/bulletins/consumertrends/quarter2aprttojune2016>

27. www.bloomberg.com/news/articles/2015-09-25/economy-in-u-s-picked-up-on-consumer-spending-construction

Personal Savings Annual

Net Personal Saving as a % Disposable Income 2007 - 2016



Net personal saving increased dramatically during the recession, from a low of -1% of disposable income in 2006 to a high of 12% in 2009.²⁸ It has remained high since 2009, as consumers tried to pay down debt; over 80% of this saving represents repayment of loans.²⁹ 2010 was the first year in which savings fell slightly and the net savings ratio stayed more or less static for the next three years at just under 8%.³⁰

That trend reversed in 2014, with an upward drift to 8.3%. It increased further in 2015, to 8.8%, influenced by the fact that household wealth is rising again. Household net worth stood at €626bn, or €135,078 per capita, at the end of 2015.³¹ Household net worth has risen by 41%

since the low of €444bn in mid-2012, but it is still 12.8% lower than its peak of €718bn in mid-2007.

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 2015.³²

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 2005.³³ The saving ratio was 5.7% in September 2016.³⁴

28. CSO Quarterly Institutional Sector Accounts, Q4, 2015.

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

30. CSO Institutional Sector Accounts, Q4 2015.

31. <http://www.irishtimes.com/business/financial-services/irish-households-continue-to-cut-debt-by-repaying-loans-1.2640807>

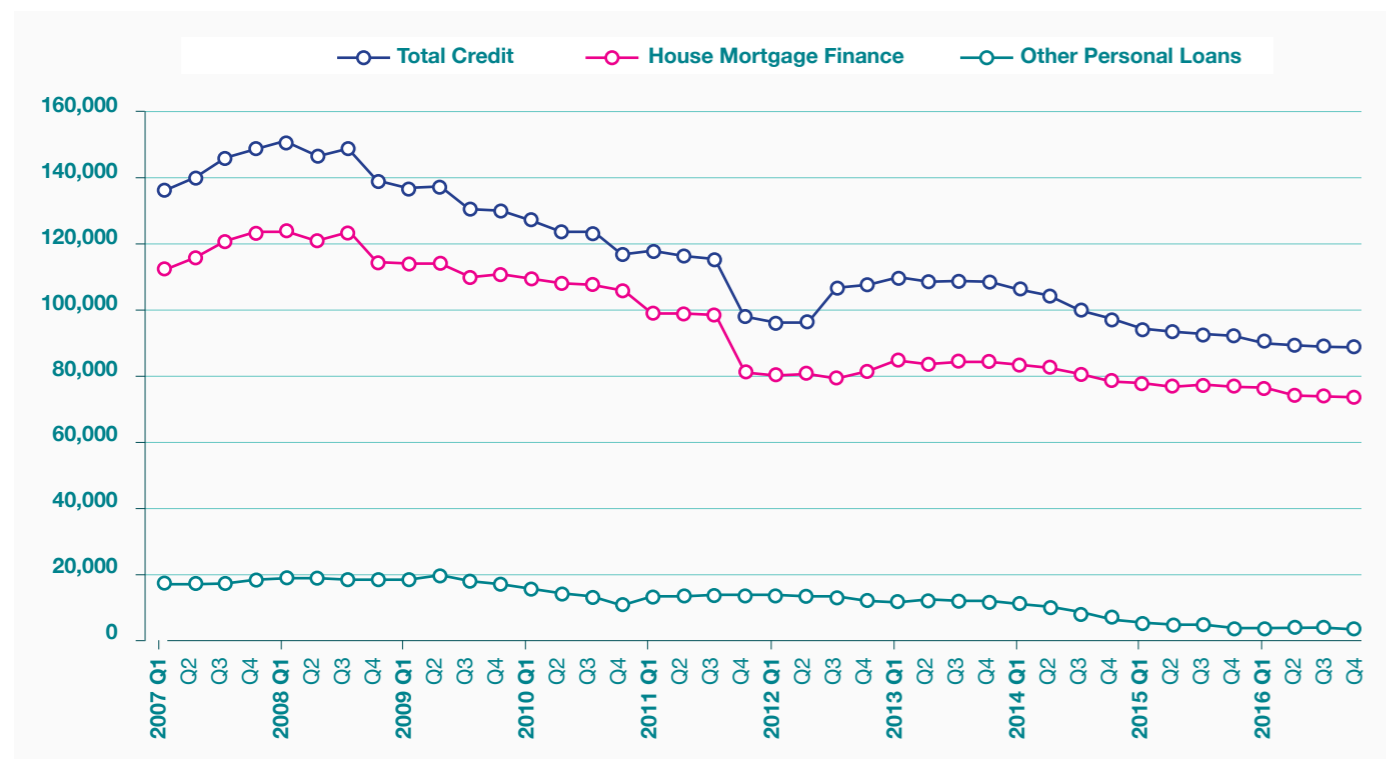
32. www.tradingeconomics.com/united-kingdom/personal-savings

33. US Bureau of Economic Analysis

34. <http://www.tradingeconomics.com/united-states/personal-savings>

Personal Borrowing Quarterly

Personal Borrowing January 2007- December 2016



Borrowing by Irish consumers grew at a record level from 2000 onwards and peaked in March 2008 at €150 billion, but declined steadily since then, down -39% to €90 billion in Q4 2016.³⁵ Household debt is now at its lowest level since the first quarter of 2006, at €31,216 per capita, and is continuing to decrease by about 2% per annum.³⁶

Loans for house purchase, which account for 84% of household loans, peaked in Q1 2008 at €124 billion. They decreased to €73 Billion by end Q4 2016, a cumulative decline of 40%, or an annual rate of -2.4%.

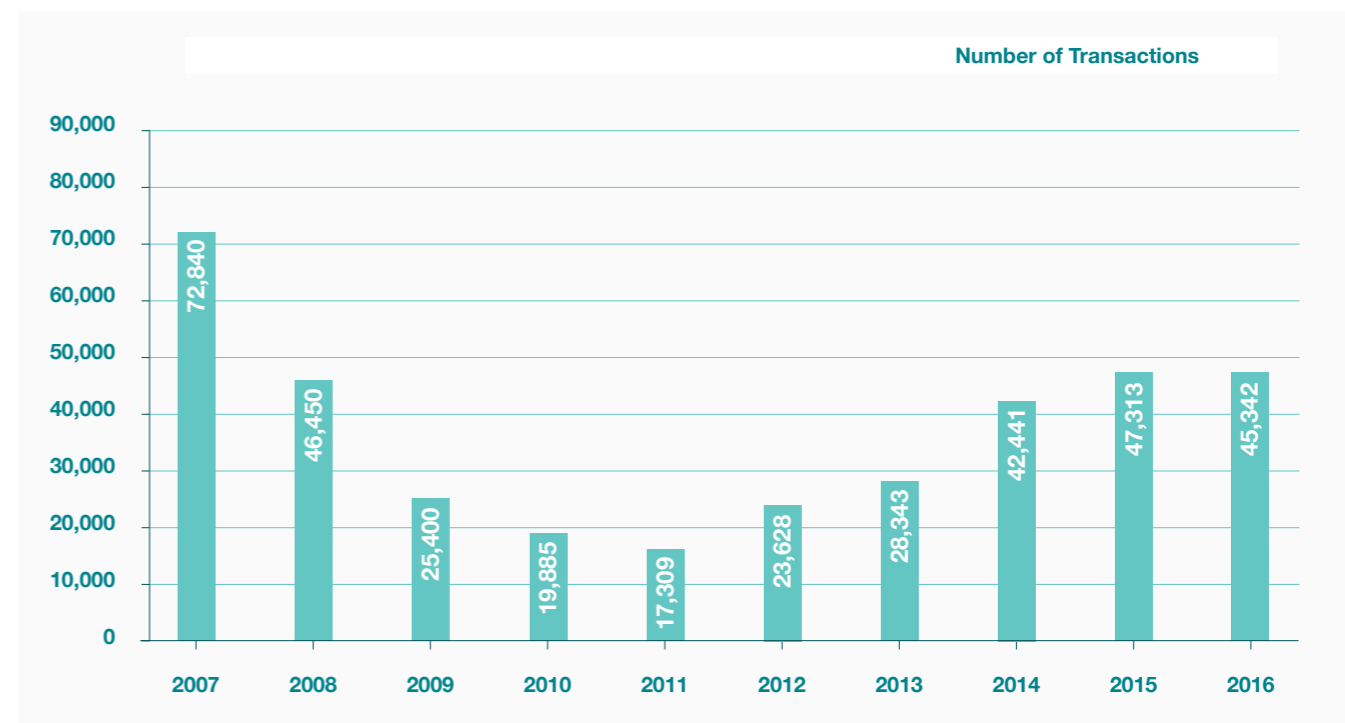
Lending for other consumption accounts for approximately 18% of total borrowing. This category peaked in Q1 2008 at €30 billion but declined to €12 billion by December 2016, a reduction of 60%. It is continuing to reduce at an annual rate of 2.6%.

Overall, the ratio of household debt to disposable income has fallen by 60% since its peak of 215% in mid-2011. This rate of debt reduction has surpassed most other countries.³⁷ However, household debt in Ireland remains relatively high by international standards, at 153% of disposable income, making Irish households the fourth most indebted in Europe.³⁸

35. http://www.centralbank.ie/polstats/stats/cmab/Documents/ie_table_a.1_summary_irish_private_sector_credit_and_deposits.xls
 36. <http://www.rte.ie/news/business/2016/0818/810205-household-debt/>
 37. <http://www.irishtimes.com/business/economy/growth-easing-irish-debt-burden-study-finds-1.2093279>
 38. <http://trueeconomics.blogspot.ie/2015/03/25315-imf-on-irish-household-debt-crisis.html>

Residential Property Sales Annual

Number of Homes Sold 2006 - 2016



The number of mortgages peaked in 2005 at 85,000 new loans³⁹ but fell dramatically since then, to a low of 9,700 in 2011. 2011 was also the nadir in terms of residential property sales, totalling just 17,309.

Sales picked up slightly in 2012 and 2013, but 2014 was the first year to see a major lift in the housing market, with 42,441 sales transactions and 19,125 new mortgages issued, an increase of 50% over the prior year. This upward trend continued in 2015, with 47,313 sales transactions and 22,767 new mortgages issued, up 19% on 2014.

In 2016, the number of sales transactions fell by 4% to 45,342 while there were 23,589 new mortgages issued. Sales have decreased because there are fewer houses to buy; in January 2016 just 1.4% of the national housing stock was on the market.⁴⁰

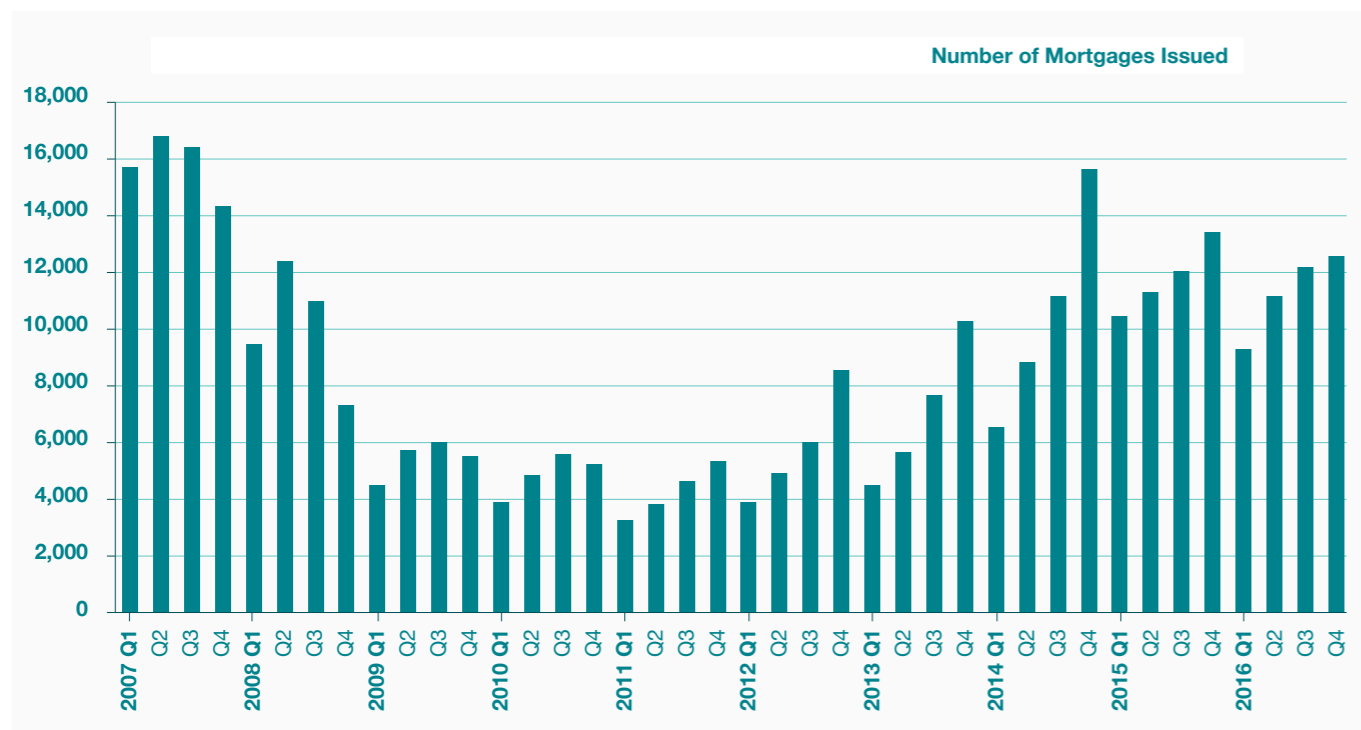
There were 1.235 million residential properties sold in the UK in 2016, up just 1% on the previous year, possibly because of the introduction of higher rates for additional properties.⁴¹

Sales of residential property in the US were steady in 2016, at 5.8 million units, up 3% on 2015.⁴²

39. Data are not available for sales of residential properties prior to 2010, so we used the number of mortgages issued for house purchase as a proxy, adjusted for cash sales.³⁹ New loans for purchase of private homes. Excludes top-ups and buy-to-let.
 40. <http://www.irishtimes.com/life-and-style/homes-and-property/eight-reasons-why-the-property-market-is-still-struggling-1.2694695>
 41. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/584668/UK_Tables_Jan_cir_.pdf
 42. <http://www.worldpropertyjournal.com/real-estate-news/united-states/freddie-mac-mortgage-refinance-data-2015-refi-rates-len-kieferbest-mortgage-rates-home-affordable-refinance-program-harp-refinance-loans-9058.php>

Residential Property Sales Quarterly

Number of Mortgages Issued January 2007 - December 2016



Residential property sales slumped in the recession years, reaching an all-time low in 2012, with only 17,309 homes sold and 12,696 mortgages issued. Sales picked up slightly in 2012 and 2013, but 2014 was the first year to see a major lift in the housing market, with 42,441 sales transactions and 19,125 new mortgages issued, an increase of 50% over the prior year.

There were 47,313 homes purchased in 2015, up 12%, despite tighter lending rules. There were 22,767 mortgages issued, accounting for about 50% of transactions.⁴³

In 2016, the number of sales transactions fell by 4% to 45,342 while there were 23,589 new mortgages issued. Sales have decreased because there are fewer houses to buy; in January 2016 just 1.4% of the national housing stock was on the market.⁴⁴

There were 1.223 million residential properties sold in the UK in 2014, up 15% on the previous year.⁴⁵ This rose to 1.228 million in 2015, an increase of 4.5%, and to 1.235 in 2016.

Sales of residential property in the US were steady in 2016, at 5.8 million units, up 3% on 2015.⁴⁶

43. <http://media.myhome.ie/content/propertyreport/MyHome-Property-Report-Q3-2016.pdf>
 44. <http://www.irishtimes.com/life-and-style/homes-and-property/eight-reasons-why-the-property-market-is-still-struggling-1.2694695>
 45. www.gov.uk/government/uploads/system/uploads/attachment_data/file/395763/UK_Tables_Jan_2014__cir_.pdf
 46. <http://www.worldpropertyjournal.com/real-estate-news/united-states/freddie-mac-mortgage-refinance-data-2015-refi-rates-len-kieferbest-mortgage-rates-home-affordable-refinance-program-harp-refinance-loans-9058.php>



1.4%

In 2016, the number of sales transactions fell by 4% to 45,342 while there were 23,589 new mortgages issued. Sales have decreased because there are fewer houses to buy; in January 2016 just 1.4% of the national housing stock was on the market.





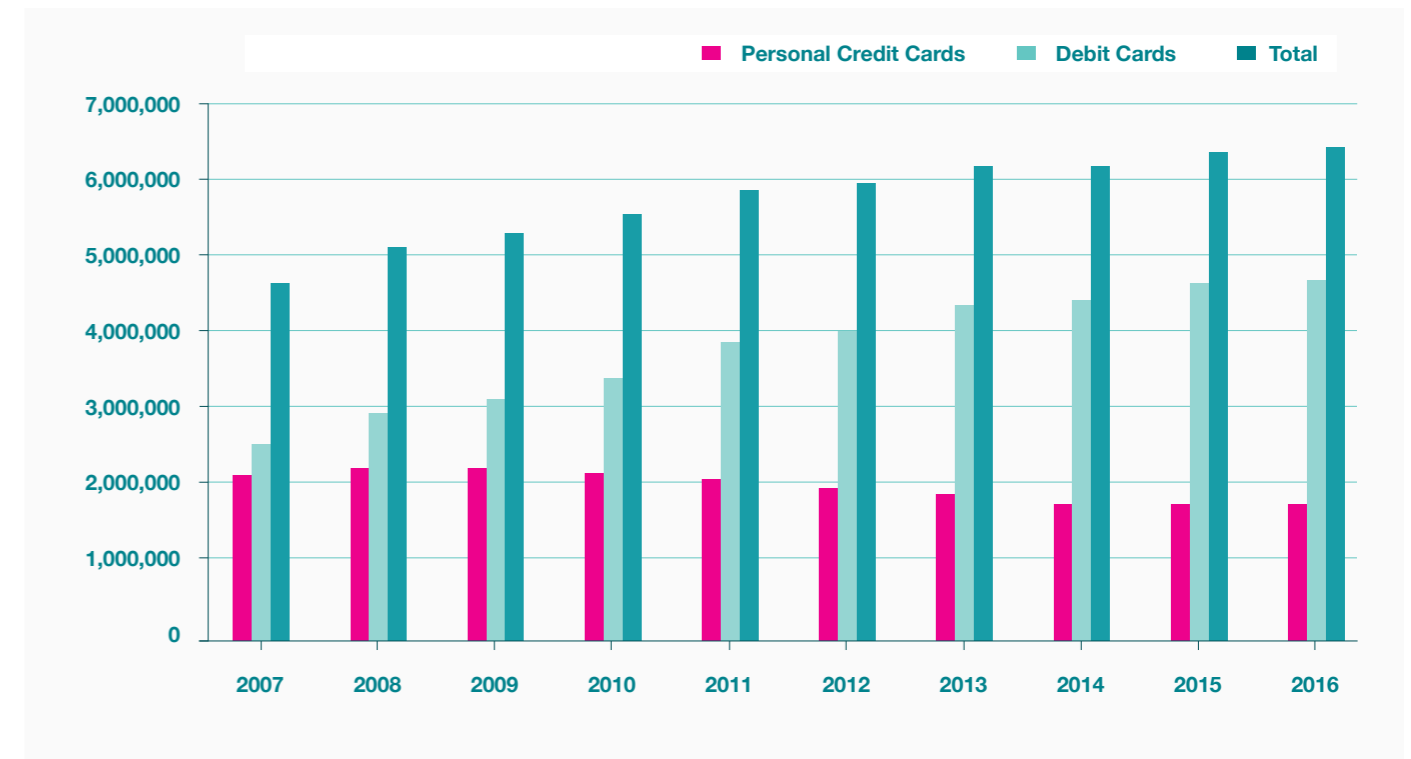
4.6m

There are over 4.6 million debit cards in Ireland, more than twice as many as credit cards. The number of debit card payments is increasing every year. The value of new point of sale debit card spending per month was almost three times greater for debit cards than for credit cards at end-September 2016.



Number of Plastic Cards in Circulation Annual

Number of Credit and Debit Cards 2007 - 2016



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.⁴⁷

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.⁴⁸

There are over 4.6 million debit cards in Ireland, more than twice as many as credit cards. The number of debit card payments is increasing

every year. The value of new point of sale debit card spending per month was almost three times greater for debit cards than for credit cards at end-September 2016. Credit card expenditure remained stable, averaging €869 million over the year ending September 2016.

There were 60 million credit cards in the UK in 2105 with a transaction volume of £13.2 billion which was up 14% year-on-year.⁴⁹

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

47. Central Bank of Ireland, Money, Credit and Banking Statistics, November 2015

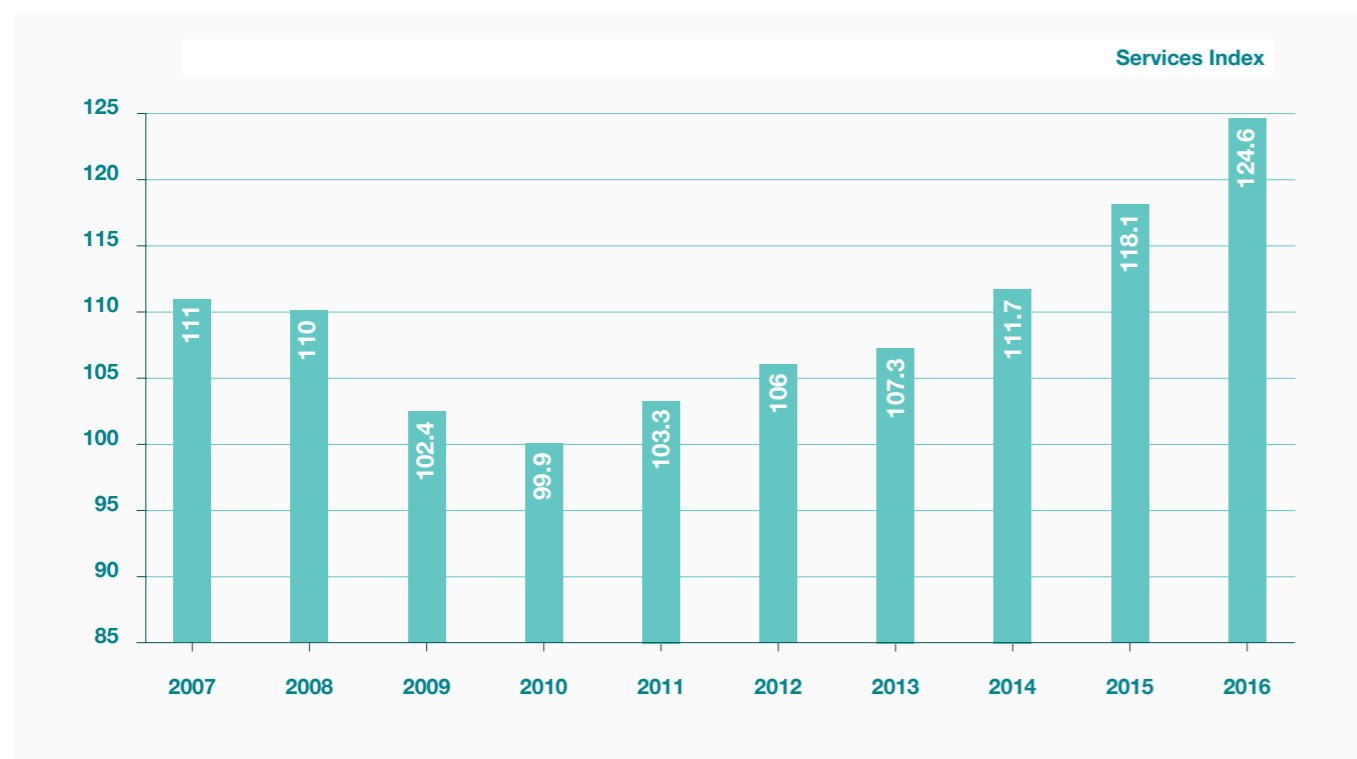
48. <http://www.bpfi.ie/news/increasing-trend-towards-card-cash-continues/>

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

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

Services Index Annual

Services Index 2007 - 2015



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. This trend continued in 2016, up 5.5%.

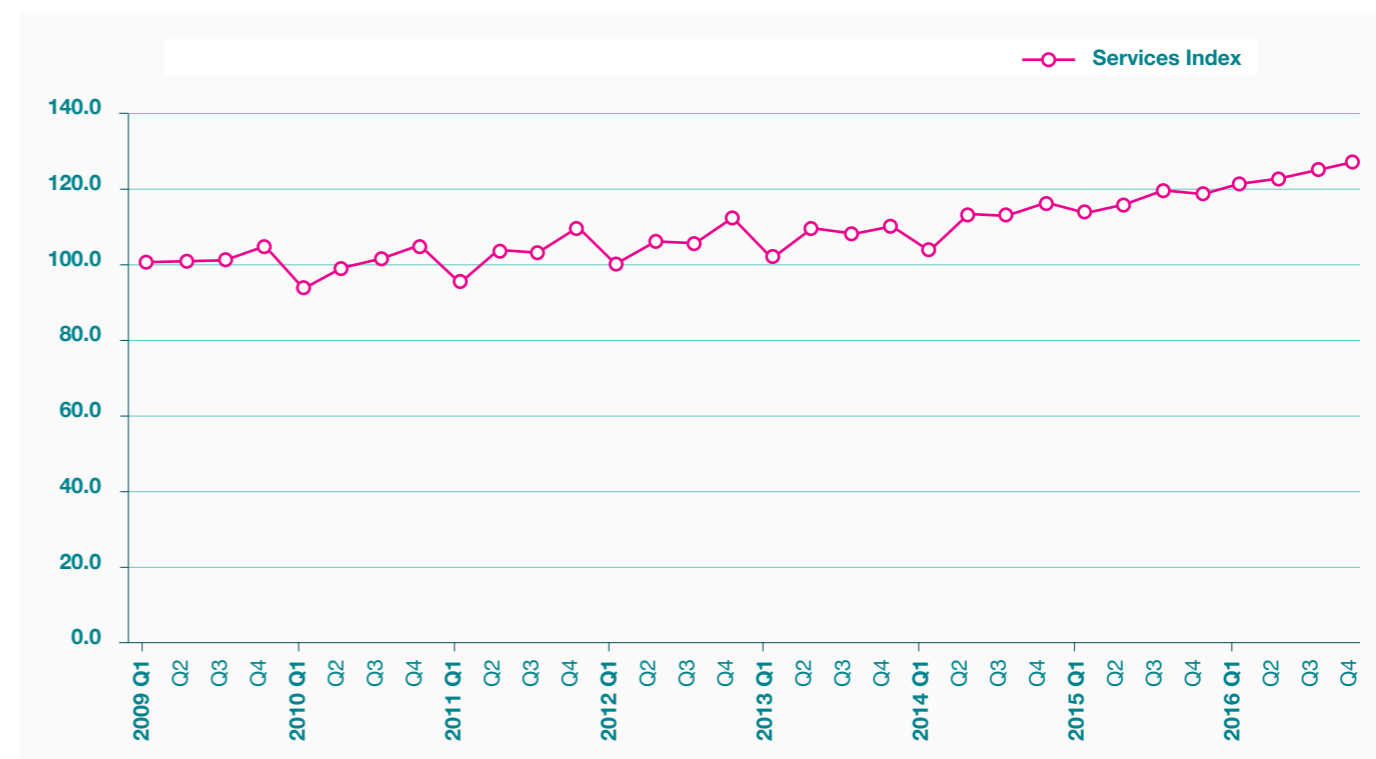
There was considerable variation, however, within the sub-categories, with some performing above the average and others below. Information/communications did best at 150, 23% better than the average for services. Food service and wholesaling did next best, with their indices reaching 140. Accommodation fared next best, at around 138. Professional, scientific and technical services did least well at 94, with transportation also slightly behind the average at 116.

In contrast, the services sector in the UK reached a 17 month low in 2014, although it picked up in 2015, rising by 2.3% year-on-year, and was up by a further 3.2% in 2016.⁵¹

51. http://www.ons.gov.uk/ons/dcp171778_431487.pdf

Services Index Quarterly

Services Index January 2009 - December 2016



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. The sector grew by 4.1% in 2014, by 5.8% in 2015 and by 5.5% in 2016. This sector is continuing to grow in 2016, up by 5.4% for the year to date, and by 7% for the third quarter, year-on-year.

Following two very strong quarters, the third quarter saw a significant reduction in growth in most categories. Two categories saw strong growth: Information/communications grew by 13%, the motor trade by 9%, and the wholesale trade by 6%.

Less impressive were accommodation, up 1.2%, food and beverage services down 1%, professional, scientific and technical down 4%, administration/support down 13.2%, transport/storage down 1%, and other services down 6%.

The UK Index of Services is estimated to have increased by 2.3% in 2015 compared to 2014.⁵² All of the 4 main components of the services industries increased compared with the same month a year ago.

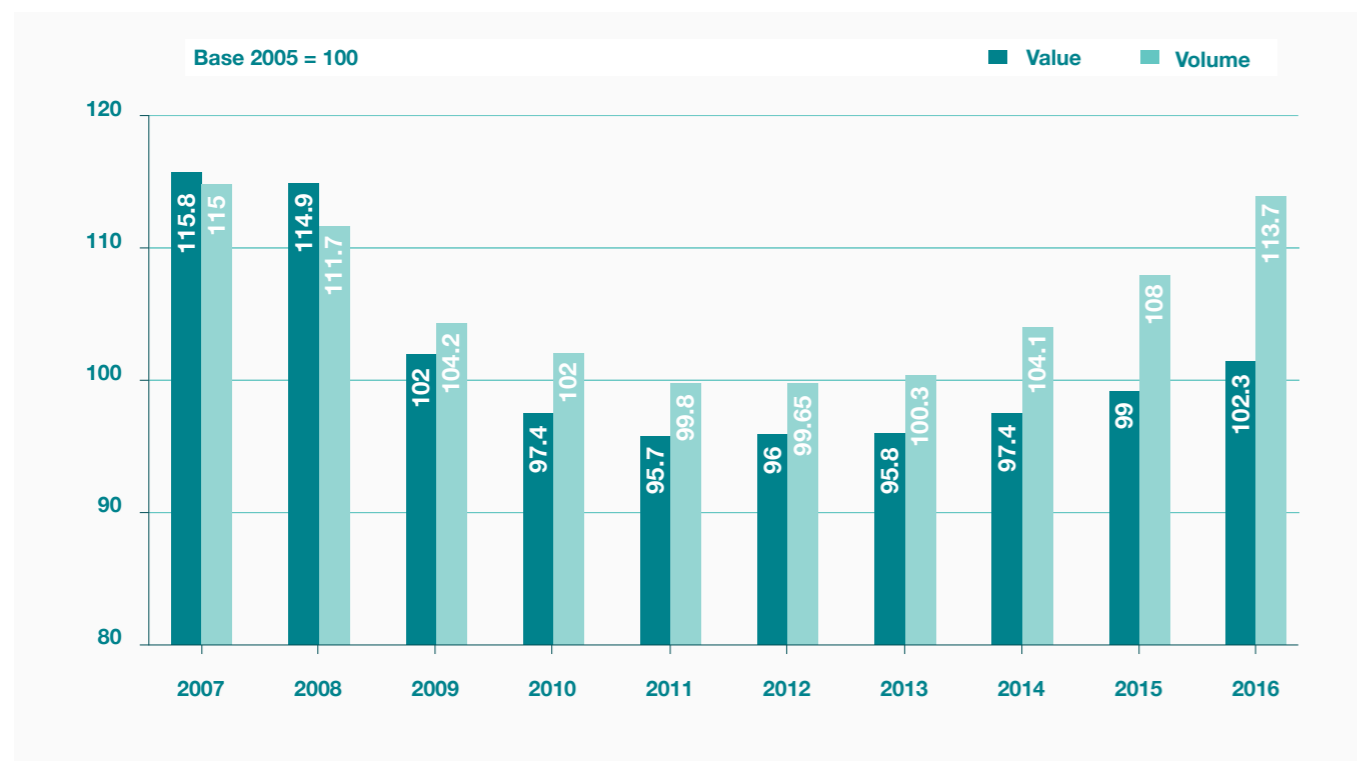
Europe continues to lag behind in terms of growth in the services sector, reporting just 1.4% growth in 2015, and less than 1% in the two previous years.⁵³

52. http://www.ons.gov.uk/ons/dcp171778_431487.pdf

53. http://ec.europa.eu/eurostat/statistics-explained/index.php/Services_statistics_-_short-term_indicators

Retail Sales Annual

Retail Sales Index 2006 - 2016



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 by 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%. 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. 2016 saw 4.3% volume growth with a growth in value of 2.2%.

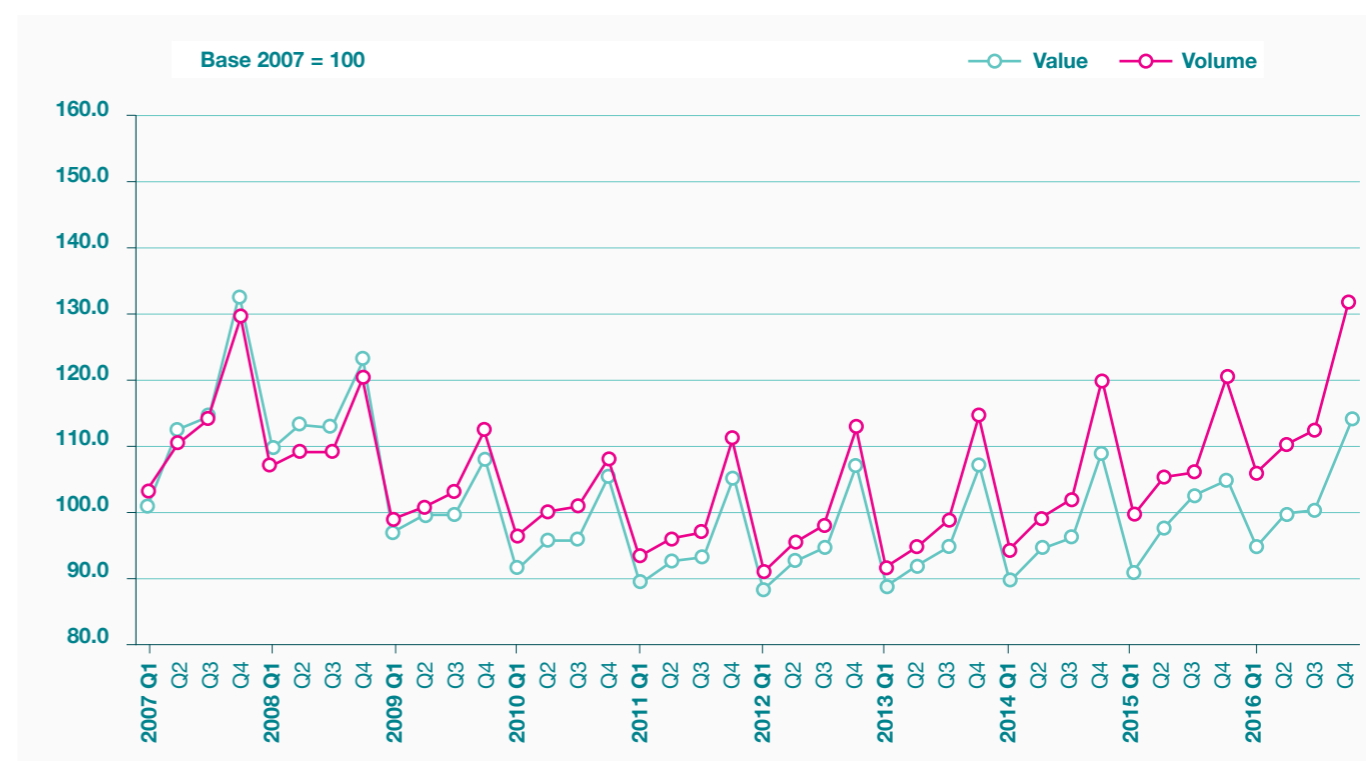
Retail sales in the UK remained broadly flat from 2008 until 2012 during the economic downturn. Sales picked up slightly in 2013, and increased further in 2014. As in Ireland, retail sales growth accelerated in 2015, up by 5.0% in volume and 1% in value.⁵⁴ This volume growth was maintained in 2016 with 4.9% volume growth with value growth rising 3.6%.

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 in 2014, to 3%, and slowed further again in 2015 to 1.4%.⁵⁵ There was a slight upturn in 2016, achieving 3.3% growth.

54. <http://www.ons.gov.uk/ons/rel/rsi/retail-sales/november-2015/stb-rsi-nov-15.html>
55. <http://www.census.gov/retail/index.html>

Retail Sales Quarterly

Retail Sales Index January 2007 - December 2016



Retail sales have a major seasonal peak in Nov-Dec, 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 sales volume up by 3.7% and value up by 1.6%. The recovery accelerated in 2015, with sales volume up by 6.1% and value up 2.8%. This growth in sales exceeded the growth in footfall (up 1.6%) providing evidence of a real uplift in spending.⁵⁶

Sales growth continued to be strong in the first half of 2016, averaging 5.6% volume growth.

However, the market softened considerably in the second half of the year, averaging 3.3% growth in Q3 and Q4. For the year as a whole, volume growth was 4.3% and value was 2.1%.

Retail sales in the UK grew strongly in 2015, up by 5% in volume and 1% in value.⁵⁷ Sales in 2016 were also quite robust, despite Brexit fears, up by around 3% in volume. Q4 was particularly strong, with growth of 7% in volume and 6% in value.

Retail sales in the US were relatively weak in 2015, up by 2% for the year as a whole.⁵⁸ Growth continued at a steady pace of 3% in 2016.

56. <http://www.irishtimes.com/business/commercial-property/retail-sales-outstrip-footfall-1.2519597>
57. <http://www.ft.com/intl/cms/s/0/10a188ec-e99a-11e4-a687-00144feab7de.html#axzz3ZCT7brvf>
58. http://www.census.gov/retail/marts/www/marts_current.pdf



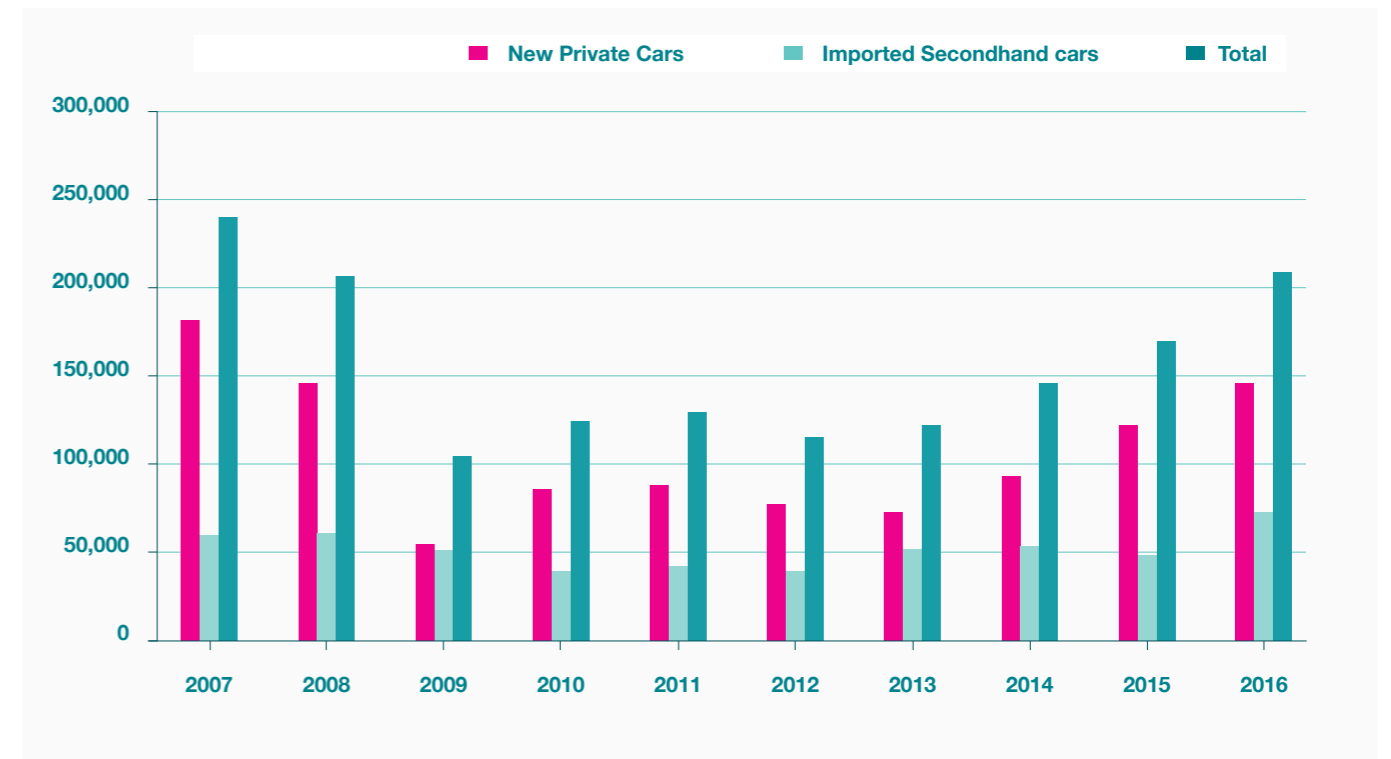
18%

In 2016, 142,688 new private cars were sold, an increase of 18%, but a third less than in 2015. This level of sales is approaching the average achieved in the early 2000's. The number of imported used cars rose by 47% to 69,381 in 2016 compared with 47,217 in 2015. This was an all-time record.



Sales of Private Cars Annual

Sales of Private Cars 2007 - 2016



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 sold, an increase of 30%. There was a further increase of 31% in 2015, with 121,110 new cars sold. In 2016, 142,688 new private cars were sold, an increase of 18%, but a third less than in 2015. This level of sales is approaching the average achieved in the early 2000's.

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%).⁵⁹ The number of imported used cars rose by 47% to 69,381 in 2016 compared with 47,217 in 2015. This was an all-time record.⁶⁰

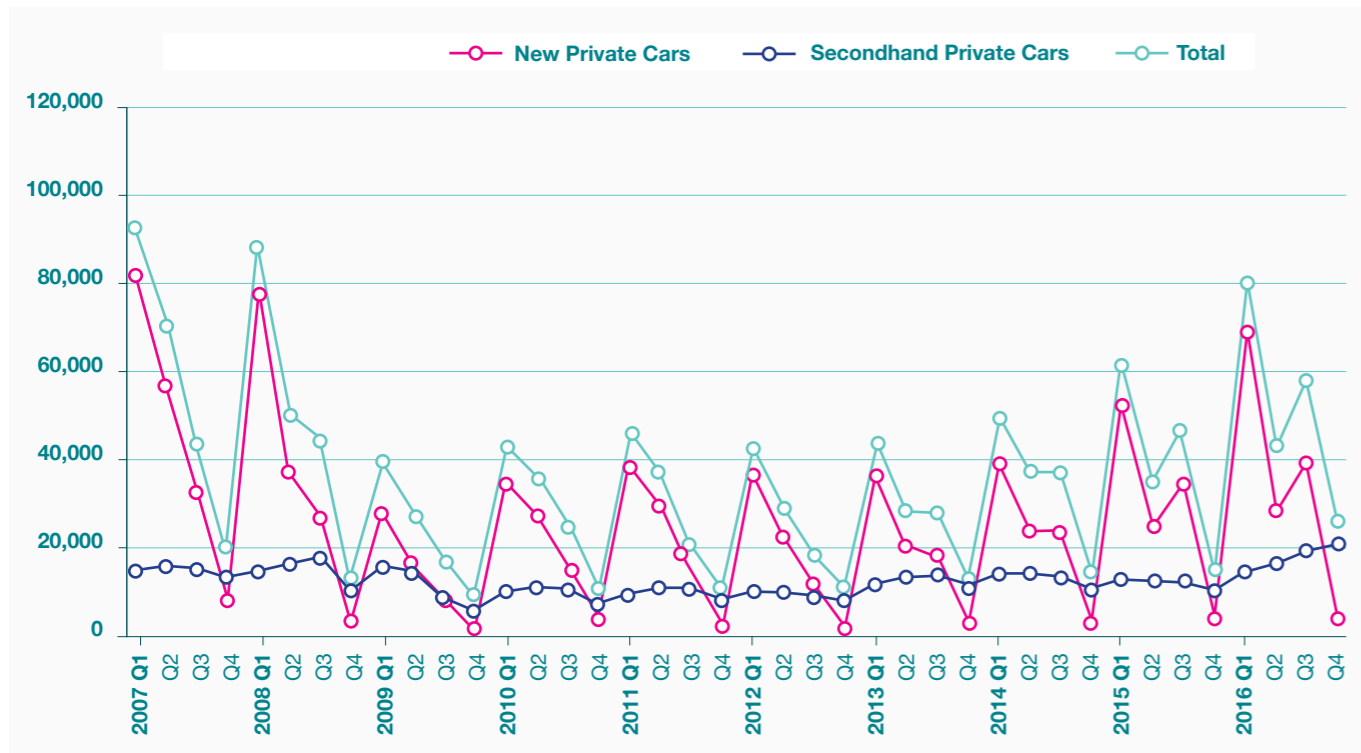
New car sales in the UK reached a 10-year high in 2014, with 2.5 million sold. This was exceeded in 2015, with 2.6 million cars sold, up more than 6% on the previous year, and better than the 2003 record of 2.58m.⁶¹ This rose to 2.69 in 2016.⁶²

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, reaching 16.8 million in 2014. 2015 saw sales of 17.7million vehicles, exceeding the previous peak.⁶³ However, this levelled off in 2016 with 3.8% growth.

59. www.motorcheck.ie/blog/new-car-sales-2014-up-30-percent/
 60. <http://www.cso.ie/en/releasesandpublications/er/vftm/vehicleslicensedfortheirstimedecemberandyear2016/>
 61. <http://www.wsj.com/articles/european-union-new-car-sales-grow-13-7-in-november-acea-1450162833>
 62. <http://www.bbc.com/news/business-38516247>
 63. www.thedailystar.net/business/carmakers-rack-up-big-gains-in-2013-us-sales-5461?archive=2014-01-06

Sales of Private Cars Quarterly

Sales of Private Cars January 2007 - December 2016



Sales of new cars were traditionally concentrated in January and February. The new dual registration system is helping, but 65% are still occurring in the first half of the year.⁶⁴

There was a major turnaround in 2014, with 92,361 cars sold, a 30% increase. This recovery continued in 2015 with 121,110 sales of new private cars, up 31%.⁶⁵ New car registrations for 2016 totalled 142,688 up 18% year-on-year.

Sales of second hand cars have also been strong in 2016. There were 48,700 registrations of imported used cars registered in the first three quarters of 2016, up 35% on 2015.

New car sales in the UK reached a 10-year high in 2015, with 2.63 million cars sold, beating the record set in 2003 when 2.58m cars were sold. This figure rose to 2.69 million vehicles in 2016.⁶⁶

US car sales peaked at 17.4 million in 2005, and bottomed out in 2009 at 10.6 million. Growth resumed in 2010, averaging 4% a year, reaching 16.8 million in 2014, and 17.7million in 2015, exceeding pre-2007 levels.⁶⁷ Car sales grew 3.8% in 2016.

64. <http://www.rte.ie/news/2015/0811/720529-new-cars-licensed-in-july-up-over-50-on-last-year/>
 65. <http://www.rte.ie/news/business/2015/1016/735186-european-car-sales/>
 66. <http://www.bbc.com/news/business-38516247>
 67. <http://www.thedailybeast.com/news/business-38516247http://www.bbc.com/news/business-38516247allstar.net/business/carmakers-rack-up-big-gains-in-2013-us-sales-5461?archive=2014-01-06>



2.7%

Sales through department stores picked up in 2014, up by 5.5% in volume while value increased 2.3%. This turnaround accelerated in 2015, with an increase of 8.8% in volume and 5.6% in value. This peak has been maintained in 2016, with a volume increase of 2.7%, although value was flat.



Retail Sales – Department Stores Annual

Department Stores 2007 - 2016



Department store sales increased continuously from 2000 to 2007, with a growth of 42% in volume and 49% in value. Sales declined every year from then to the end of 2012, down 23% in value over five years, reflecting price discounting. Sales volumes held up much better, down by just -4% over the five-year period.

Sales through department stores picked up in 2014, up by 5.5% in volume while value increased 2.3%. This turnaround accelerated in 2015, with an 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. This peak has been maintained in 2016, with a volume increase of 2.7%, although value was flat.

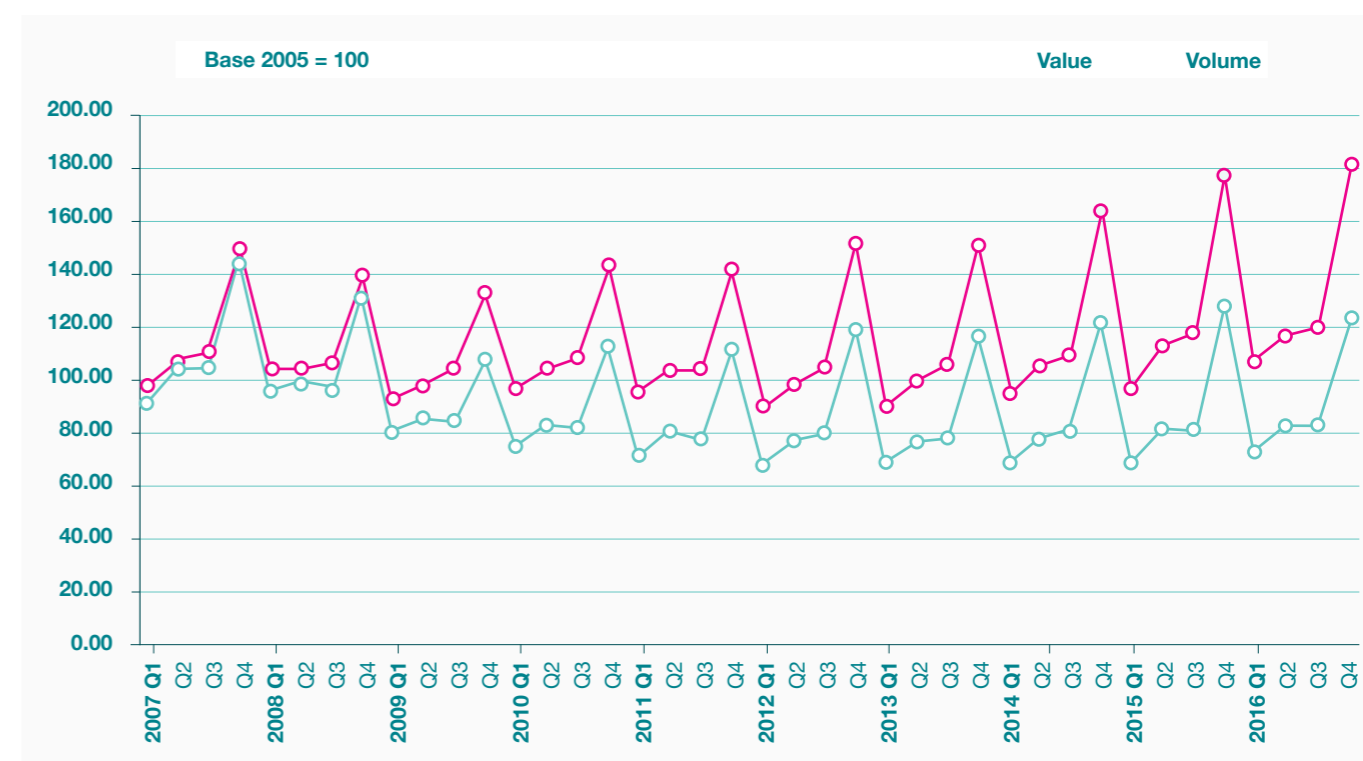
Department store sales were also weak in the UK for several years, with a large drop in 2012, down -8.4% in volume and -6.6% in value. This reversed in 2013 and accelerated in 2014. Growth continued in 2015 with sales volume up 5.8% and sales value up 4.8%. 2016 continued strong with growth of 7% in volume and 5.5% in value.

In contrast to the UK, US department store sales have been weak, down -4.7% in 2013 and flat in 2014.⁶⁸ This downward trend continued into 2015 with sales decreasing -2.06%, and in 2016 with a -5.6% decrease in growth attributed to the growth of online retailing.⁶⁹

68. <http://www.statista.com/statistics/293195/revenue-of-department-stores-in-the-us/>
69. <http://uk.businessinsider.com/stores-closing-kohls-walmart-sears-2016-12?r=US&IR=T>

Retail Sales – Department Stores Quarterly

Department Stores January 2007 - December 2016



Department stores have a marked seasonal pattern, which peaks before Christmas and to a lesser extent in July coinciding with end-of-season sales. This peak was subdued during the recession years but has recovered recently, with new peaks each year since 2012.

Sales recovered significantly in 2014, with volume up by 4% for the year, and value up by 2%. Sales in 2015 were even stronger, particularly in the latter part of the year, up by 7.6% and 4.2% on average.

Sales maintained this strong growth rate in the first half of 2016, increasing by 10.2% and value by 7.6% compared to the previous year. This rate slowed, however, in recent quarters, averaging only 3.2% in Q3 and 2.3% in Q4.

Sales through UK department stores have followed a similar trend, with sales volume up 7% and value up 5% in 2015, year-on-year.⁷⁰ Sales slowed significantly in recent quarters, averaging only 1% growth in volume over the first three quarters of the year. However, this was compensated by strong consumer spending around the Christmas period.

Department stores have been weaker in the US, with no growth in 2014, following modest declines in each of the previous six years.⁷¹ 2015 began positively but ended the year down -2.06%, and this downward trend continued in 2016, down -5.6%.

70. http://www.ons.gov.uk/ons/dcp171778_428415.pdf

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

Retail Sales – Food Annual

Retail Sales - Food 2007 - 2016



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%.

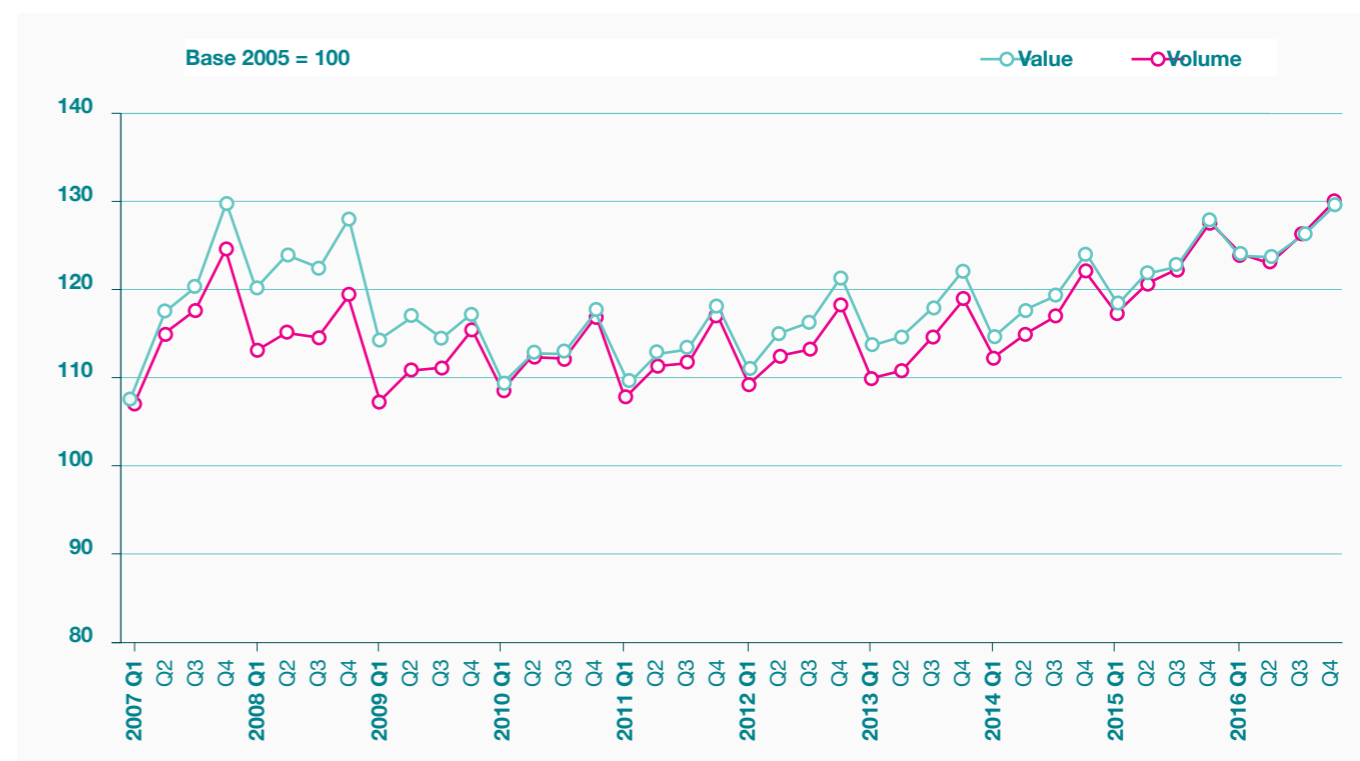
Food sales stabilised in 2013, up by 0.6% and 1.2% respectively. Sales of food increased significantly in 2014 with volume up by 2.6% and value up by 1.4%. This upward trend increased further in 2015, with sales volume

increasing by 4.5% and sales value increasing by 3.3%. This steady growth was maintained in 2016, with 3.3% growth in volume and 2.6% in value.

UK food sales have also been fairly stable overall, with volume increasing by just 1% in 2014 and remaining constant in 2015. 2016 experienced a 3.8% growth in volume and a 1.8% value growth increase.

Retail Sales – Food Quarterly

Retail Sales - Food January 2007 - December 2016



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 by 3.4% in value compared with last year.

This continued into the first quarter of 2016. Q1 saw an increase of 5.8% in volume and 5.2% in value. Q2 saw a slight slowdown, with volume growth of 3.2% and value of 2.2%. This softer

growth trend continued in Q3, with volume and value up 2.2. This growth slowed further in Q4, with only a 1.4% growth in volume and 0.3% in value, indicating a weak Christmas trade.

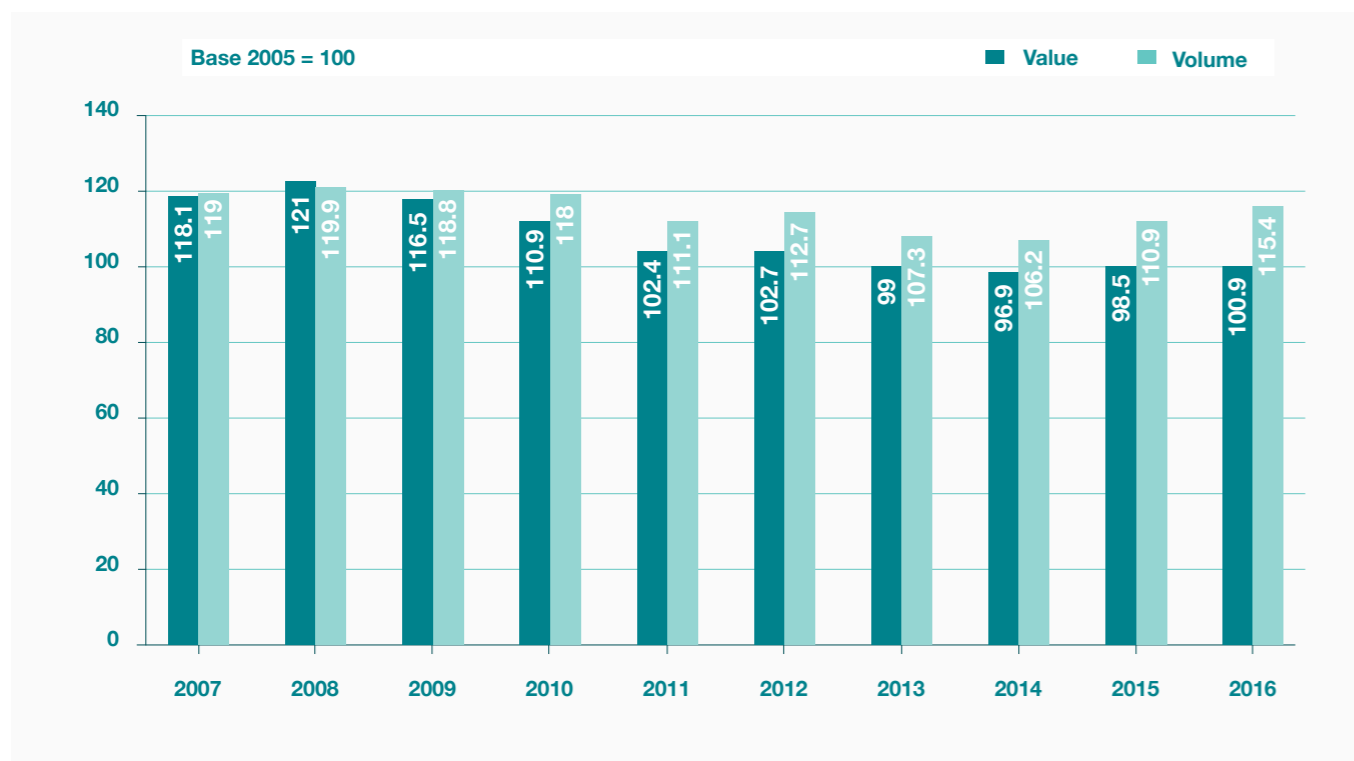
Food sales in the UK, increased by 3% in volume and 1% in value for 2014. Sales in 2015 were a bit slower, with volume up by 2% year-on-year, while value was constant. 2016 ended Q4 with a 4% increase in volume growth and 3% in value growth.

US food retail sales were up 3.5% in 2014 and up by a slightly lower 2.4% in 2015.⁷² 2016 has been more positive, up by about 4% early in the year and finishing up 3% in Q4.

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

Retail Sales Pharmaceutical, Medical & Cosmetics Annual

Pharmaceutical, Medical and Cosmetic 2007 - 2016



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 in negative territory in 2014, with volume down -2% and value down -1%.

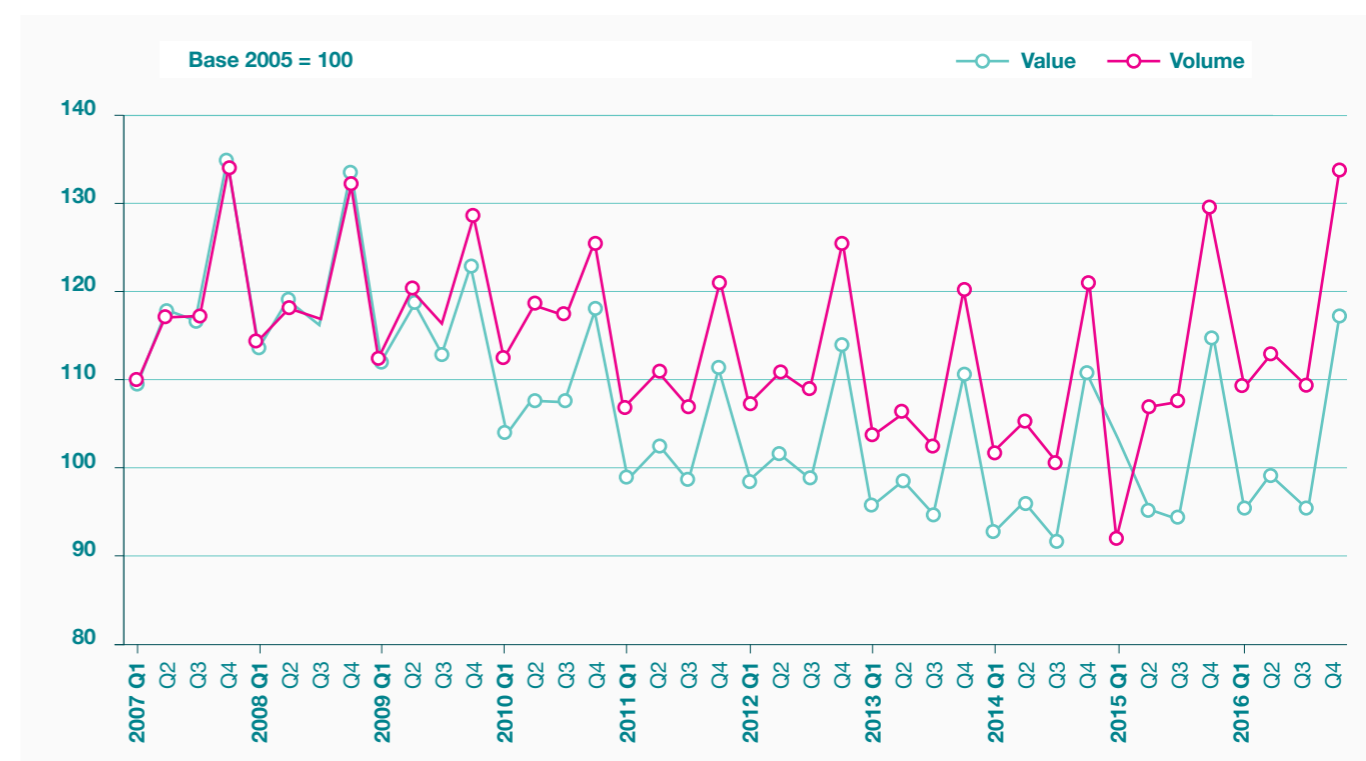
This negative trend reversed again in 2015, with sales volume increasing by 4.4%, and sales value up 1.7%. Sales volume growth grew 3.8% in 2016, with value rising 2.6%.

Pharmacies in the UK have done better in recent years, with an increase in volume and value of 9.8% in 2013, 4.8% in 2014, and 5.6% in 2015. Sales continued to rise in 2016 with growth of 9.4% in volume and 8.7% in value.

Pharmacies in the US have also performed well as sales increased by 6.1% in 2014, 4.2% in 2015 and 7.4% in 2016.

Retail Sales Pharmaceutical, Medical & Cosmetics Quarterly

Pharmaceutical, Medical and Cosmetic January 2007 - December 2016



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, growing by 3% in volume and 1% in value, on an increasing trend over the four quarters. This growth continued into 2016 with Q1 volume up by 6.5% and value

up by 3%. This growth rate fell back to a lower level in later quarters, averaging 33% growth in volume and 1.5% growth in value.

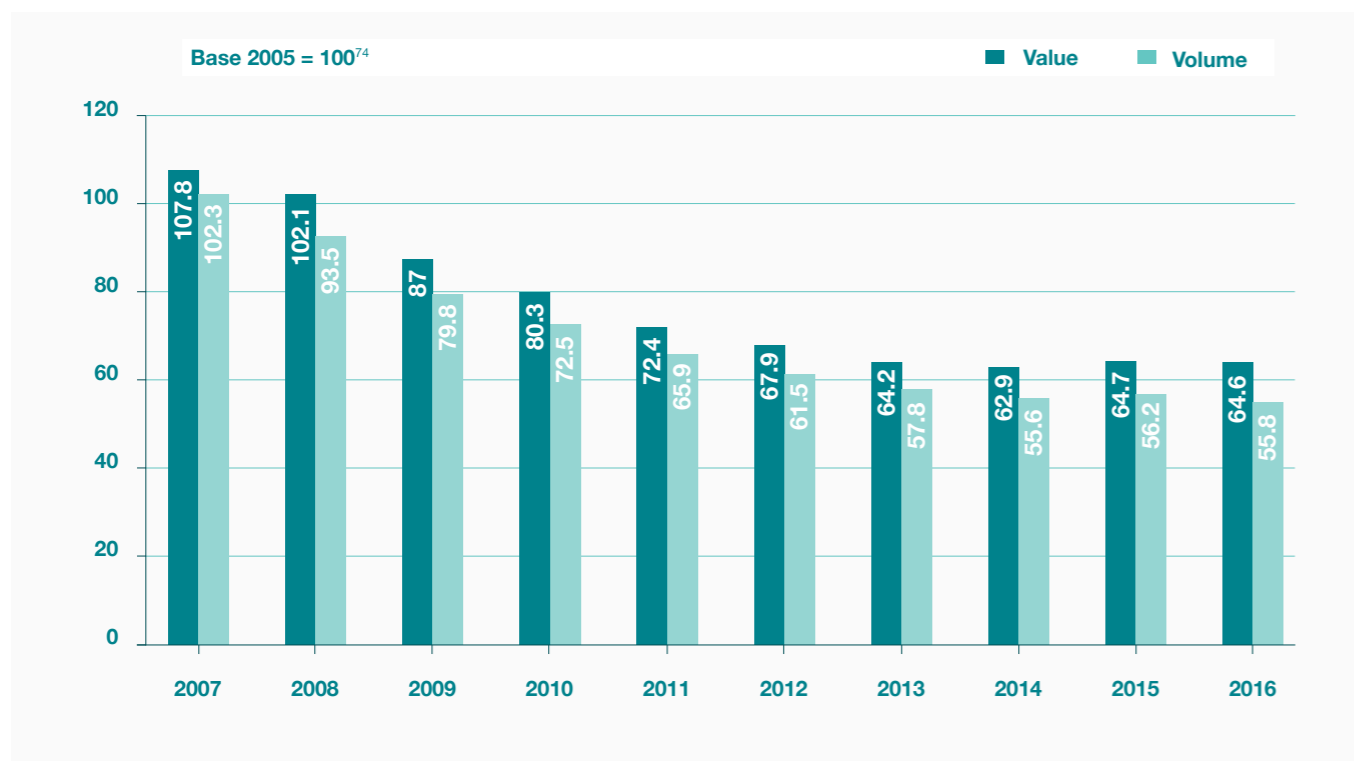
Sales of pharmaceuticals and cosmetics grew strongly in the UK in 2015, with an increase of 5.7% in volume and 4.8% in value. Q4 2016 saw growth of 8% and 9% in volume and value respectively

In the US, sales of pharmaceuticals increased by 4% for 2015 and an increase of 3% is estimated for 2016.⁷³

73. <http://www.statista.com/statistics/243742/revenue-of-the-cosmetic-industry-in-the-us/>

Retail Sales – Books, Newspapers and Stationery Annual

Retail Sales - Books, Newspapers and Stationery 2007 - 2016



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 decade. 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.

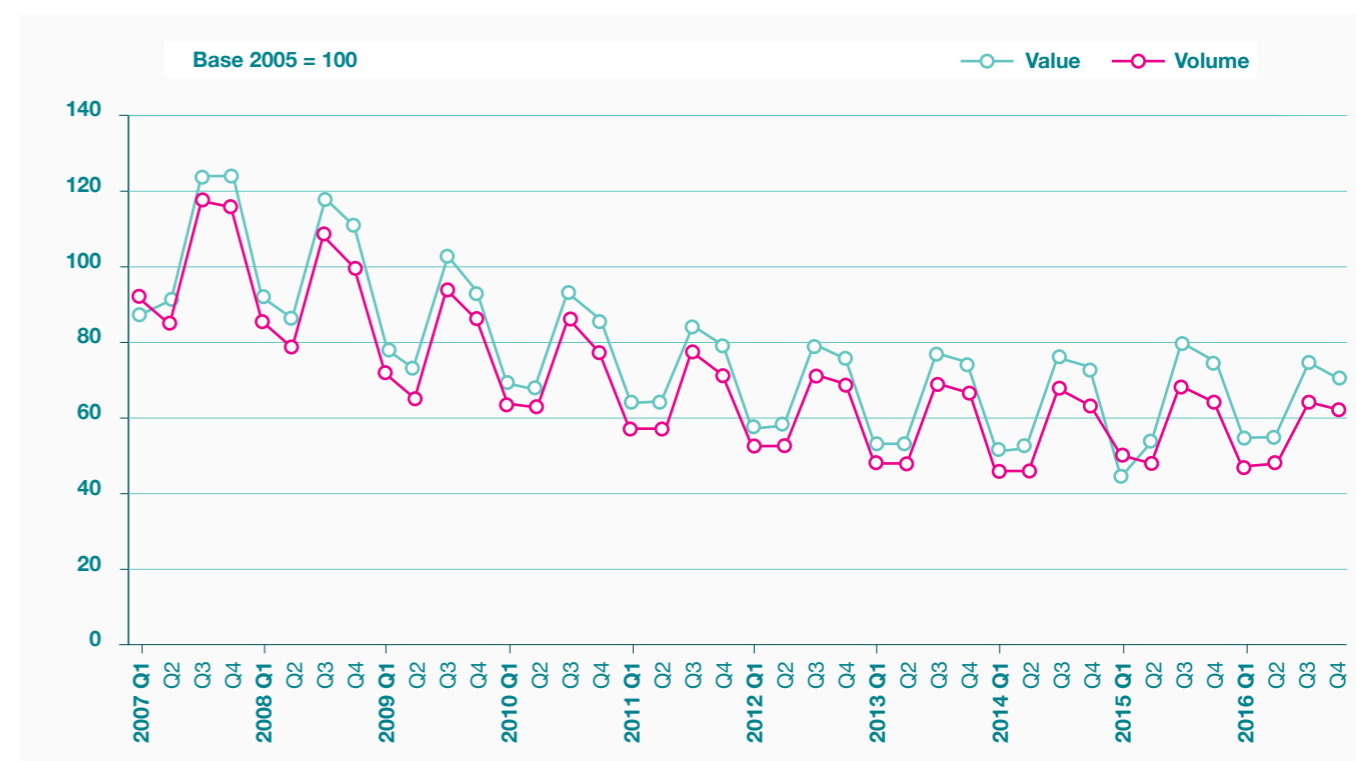
The negative trend continued in 2014 with volume sales down -3.7% and value down -1.8% for the year. Fortunately, this trend reversed slightly in 2015, with sales volume increasing by 1.1% and sales value by 2.9%. However, this was not sustained in 2016, with growth once again declining to -0.2% and value to 0.3% growth.

Book sales in the UK continued to fall in 2014 also, due to the ever increasing popularity of e-books.⁷⁵ Volume sales were down -1.9%, with value sales down -1.3%.⁷⁶ 2015 was more positive with sales volume increasing by 5% and value by 4.7%. This momentum was not achieved in 2016 with a -5.8% decrease in sales volume and -4.7% decrease in value, further illustrating the reliance on e-books and online publications.

Unlike the UK, US book sales increased by 4.1% in 2013, and held steady in 2014.⁷⁷ Book sales increased by 4.4% in 2015 but this has tapered to 2.6% growth in 2016.

Retail Sales – Books, Newspapers and Stationery Quarterly

Retail Sales - Books, Newspapers and Stationery January 2007 - December 2016



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

Sales were up modestly in 2015, by 1% in volume and 2.7% in value for the year. This positive trend continued in Q1 2016, with volume up by 6.5% and value by 7.8%. Q2 saw an increase of 1.8% in value and a 1.5% increase in volume. Unfortunately, that positive trend was not sustained, with sales volume down -5.6% and value down 4% in the third quarter. This continued in Q4 with a -3.7% decrease in volume and a similar decrease

of -3.8% in value, indicative of a very weak Christmas trade.

Sales of books and newspapers in the UK have undergone a similar pattern. Following several years of falling sales, 2015 saw an increase of 5% both in volume and value. However, Q1 2016 saw a downward trend again, with volume decreasing -2.7% year-on-year and value decreasing -2.4%. This continued in Q2 with a decrease of -1.8% in volume and -0.8% in value. The trend was still apparent come Q4 with an overall decrease in volume growth of -1% but an increase in value growth of 1%.

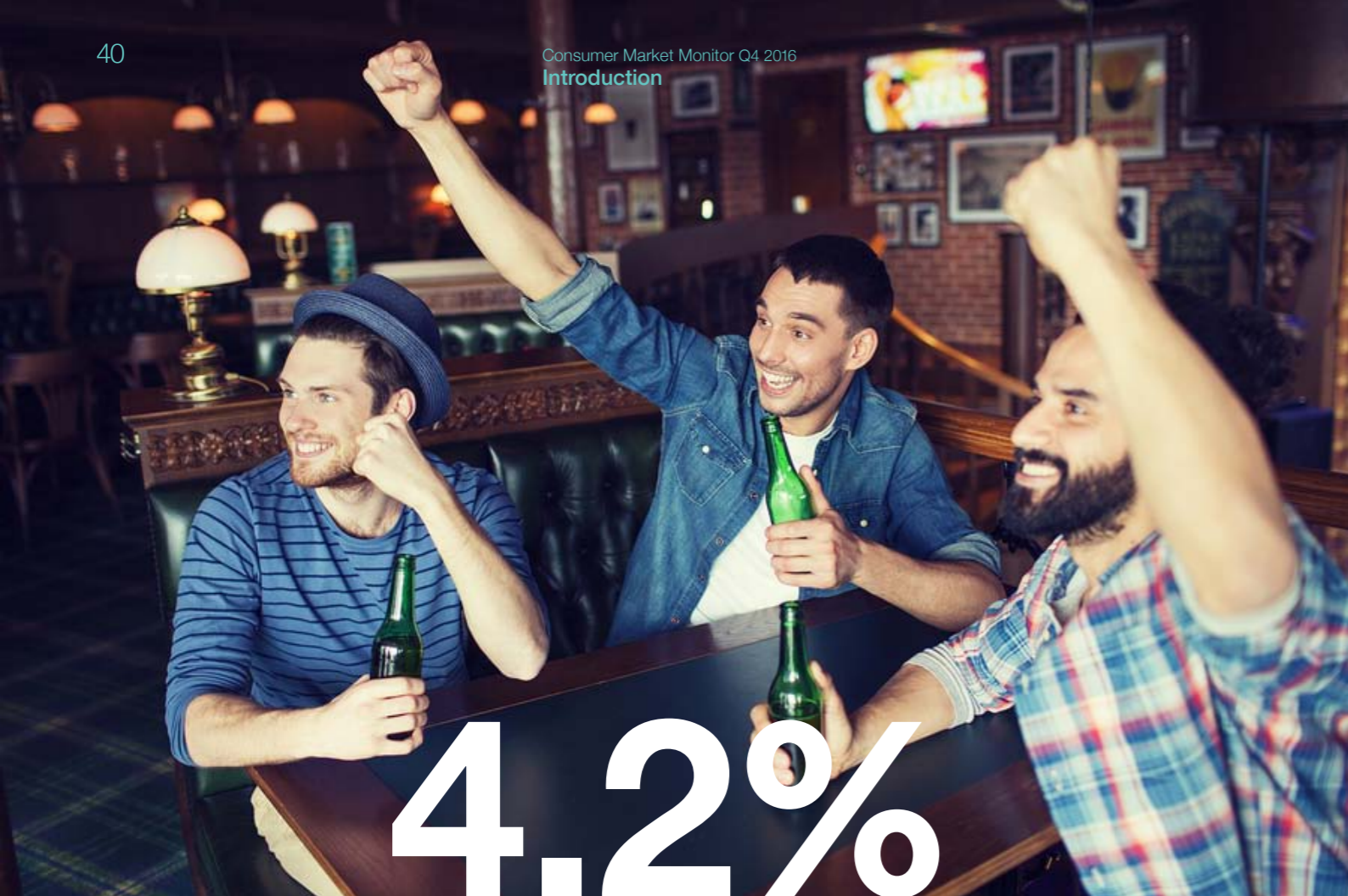
Sales of books and newspapers in the US saw an increase in 2015, of 4.5%, but mirrored the UK with a decrease of -3.7% in Q1 2016, year on year. 2016 ended badly with a decrease in growth of -1.8% in Q4.

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

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

76. Nielsen BookScan

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



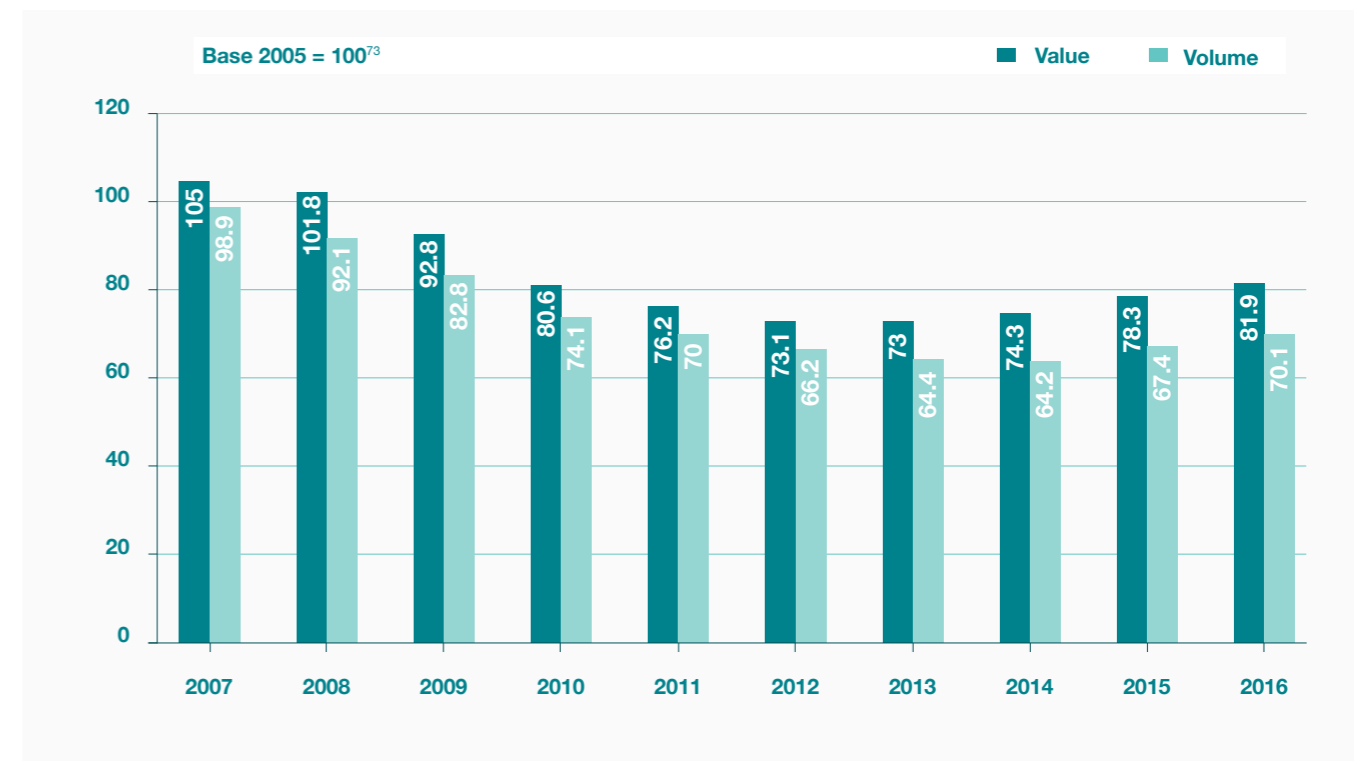
4.2%

2014 was the first year since 2007 in which sales did not fall; This was the beginning of a positive trend which continued in 2015, with sales volume up by 5% and sales value up by 5.4%. This positive trend was witnessed again in 2016 with 4.2% growth in volume and 4.9% in value.



Retail Sales – Bars Annual

Retail Sales - Bars 2007 - 2016



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, as well as 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%.⁷⁹

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

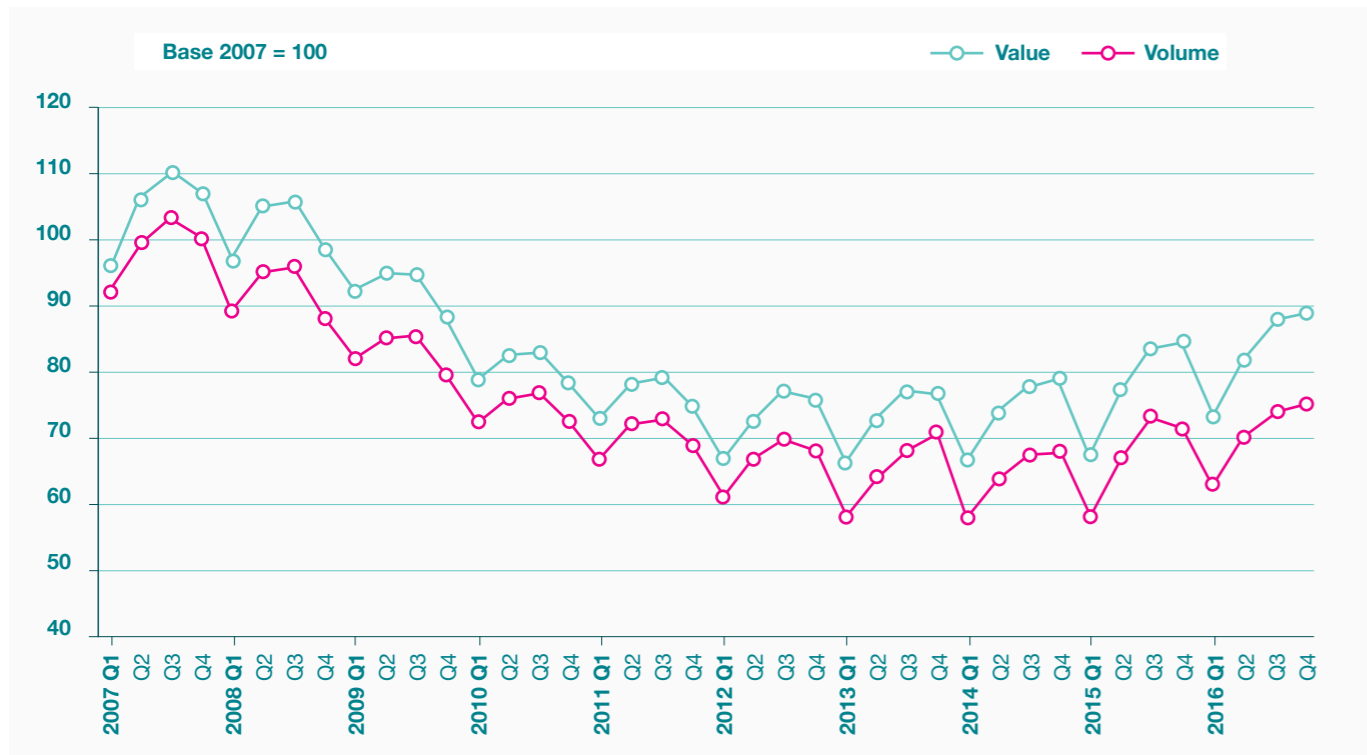
trend which continued in 2015, with sales volume up by 5% and sales value by 5.4%. This positive trend was witnessed again in 2016 with 4.2% growth in volume and 4.9% in value.

Beer sales in the UK also stabilised in 2014, after a decade of decline.⁸⁰ However, it continued to decline in 2015 and 2016, down about -1.5% per annum. The number of bars in the UK has also been declining; it is now down to 51,900 compared with 60,100 in 2002.⁸¹

79. Bars 2005 - 2015, Retail Sales Index Value and Volume Unadjusted (Base 2005=100), www.cso.ie, All figures relate to on-trade sales Drinks Industry Ireland, 2015
80. <http://www.beerandpub.com/news/british-beer-sales-up-for-the-first-time-in-ten-years>
81. <http://www.beerandpub.com/statistics>

Retail Sales – Bars Quarterly

Retail Sales - Bars January 2007 - December 2016



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.

Growth continued in Q1 2016, which saw an increase in volume of 7.6% and an increase in value of 8.2%. Q2 brought an even bigger increase, up 6% in volume and 7% in value.

Q3 saw a slight slowdown, with volume up 2.6% and value up 3.3%, year-on-year. This slow but steady growth was also witnessed in Q4, with a 2.5% growth in volume and 3.2% growth in value.

Following a decade of decline, UK sales through bars (the on-trade) were almost stable in 2014, down by just -0.8%.⁸² In contrast, off-trade sales grew by 3.5%, exceeding on-trade sales for the first time on record. Sales returned to pattern in 2015, down by -2.4%.⁸³

In the US, restaurants and drinking places reported an increase of 3.3% in sales value in 2014, and of 5.8% in 2015.

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



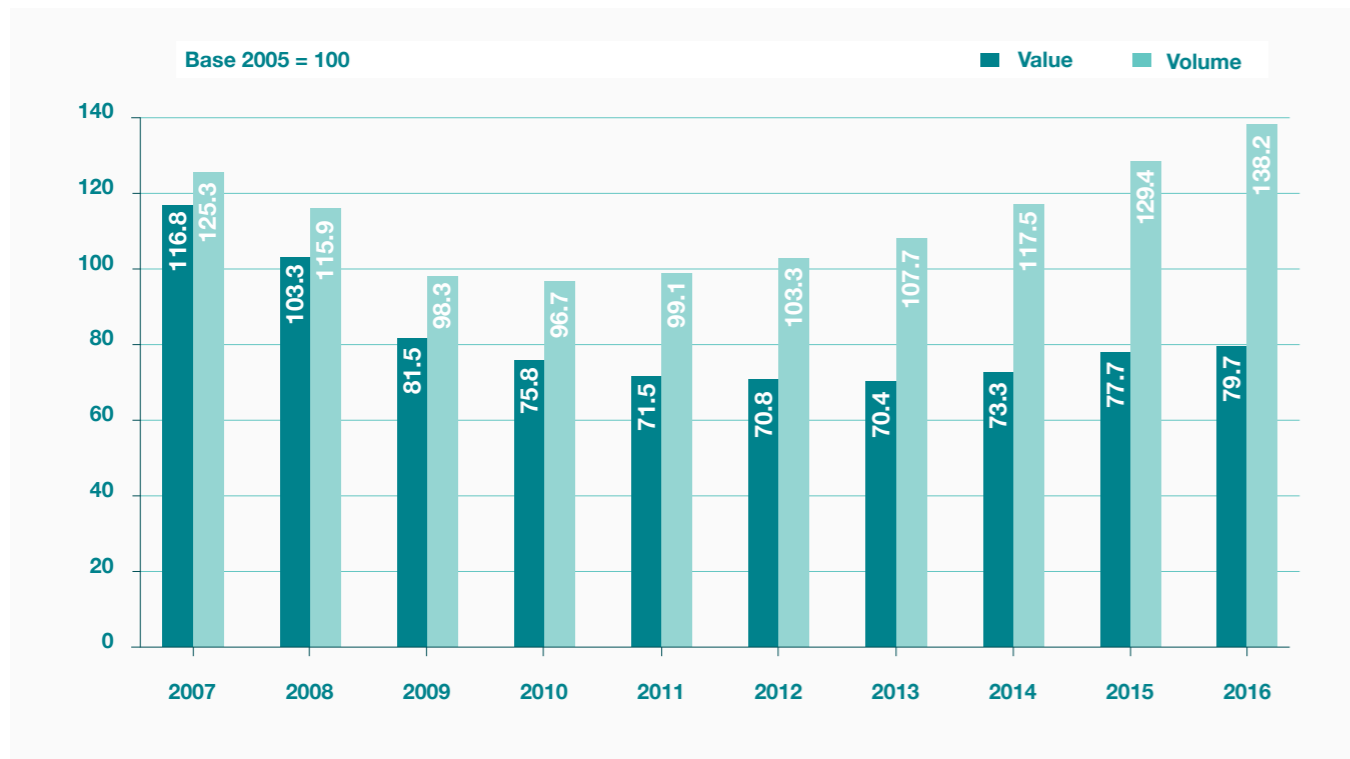
10.2%

Household equipment is by far the fastest growing retail sector at present. Some of the sub-categories are showing even larger increases. In Q4 2016, furniture and lighting were up by 10.2% in volume and 4% in value.



Retail Sales Household Equipment Annual

Retail Sales - Household Equipment 2007 - 2016



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, while value rose by a much larger 9.1%.

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

Although not as impressive as 2015, sales showed strong growth in 2016, up 7.2% in volume and 2.9% in value.

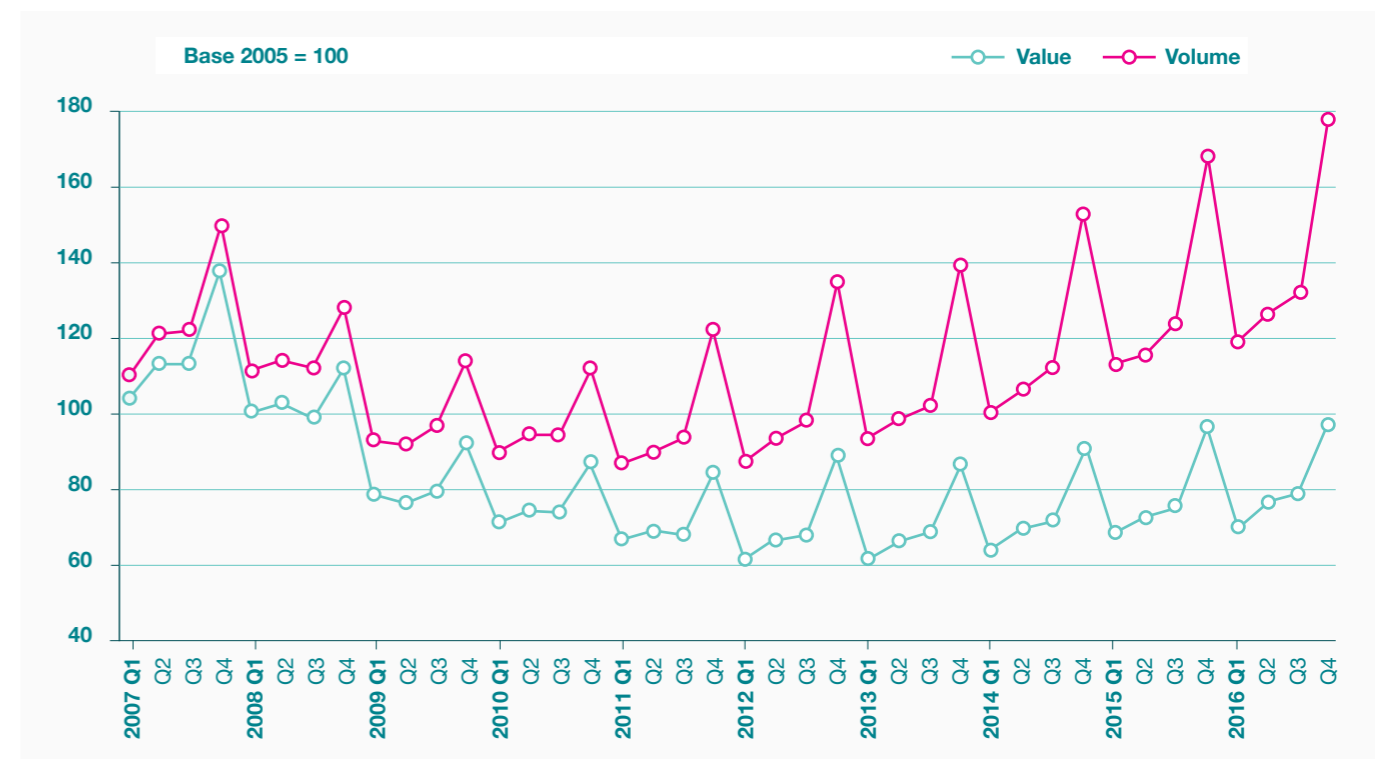
Sales of household goods in the UK sales picked up in 2014, up by 7.1% in volume and 6% in value. 2015 saw this positive trend continue, with sales volume growing by 7.7% and sales value by 6.5%. However, this has begun to taper off in 2016 with growth in volume of 2.4% and 0.9% value growth.

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 2014.⁸⁴ This lowered again in 2015, which saw only a 1% increase, and continued to falter in 2016, with only 0.3% growth.

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

Retail Sales Household Equipment Quarterly

Retail Sales - Household Equipment January 2007 - December 2016



Sales of household goods are seasonal with a small peak in June/July, and a bigger peak in the pre-Christmas period. The annual peak reached its highest level ever in December 2016, surpassing its previous peak in 2015.

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%. The volume of sales was now back at the 2007 level, although value was still 22% lower. The first quarter of 2016 saw this increase continue, with volume up 5% while value increased by 2.9%. Q2 saw an increase of 8.6% in volume and 4.5% in value. Growth continued in Q3 with an increase of 11.2% in volume and 6.5% in value. However, this levelled off a bit in Q4 with a 7.4% and 1.8% growth in volume and value respectively.

In fact, this is by far the fastest growing retail sector at present. Some of the sub-categories are showing even larger increases. In Q4 2016, furniture and lighting were up by 10.2% in volume and 4% in value year-on-year, hardware, paints and glass were up by 5.8% and 2.8%, while electrical goods were up 7.7% in volume but only 0.8% in value.

UK sales of household equipment have also been strengthening, up by 8% in volume and 7% in value for 2015.⁸⁵ Growth slowed in 2016, with volume up by only 2% and value by 1% in for the year.

US sales of household equipment have been more sluggish, up by just 1.6% for 2015, while there was only a 1% increase in the first half of 2016. 2016 ended on a negative note showing no signs of growth for Q4.

85. http://www.ons.gov.uk/ons/dcp171778_428415.pdf

Retail Sales Clothing, Footwear and Textiles Annual

Retail Sales - Clothing, Footwear and Textiles 2007 - 2016



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%. The levelled off in 2016 to 6.6% volume growth and 4.1% value growth, but remains a promising upward trend.

UK sales showed a similar pattern, with volume up by just 1% in 2013, up more substantially in 2014 by 3%, and growing just 1.5% in sales in 2015. 2016 experienced a decrease of -2.1% in sales volume and -2.3% in value, reflecting the impact of online retailing.

Sales of clothing in the US increased by 5.5% in 2012, by 3.8% in 2013 and 2.2% in 2014. This growth slowed to 1.5% in 2015 and 0.8% in 2016.

Retail Sales Clothing, Footwear and Textiles Quarterly

Retail Sales - Clothing, Footwear and Textiles January 2007 - December 2016



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.

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. The first half of 2016 was also

strong, but has levelled off each quarter. Q1 saw an increase in volume of 12.2% and value of 8.7%. Q2 rose by 7.6% and 5.9% respectively, with Q4 up 5.1% in volume and 1.7% value.

Clothing sales in the UK have been on a rollercoaster. 2015 saw growth in volume of 3.5%, while value grew by 2.5%.⁸⁶ Q1 2016 saw a dramatic drop in sales of 6.2% in volume and 6.4% in value,⁸⁷ while Q2 saw a rise in volume of 11% and value of 10%. This growth, however, was not maintained in Q4, with only a 1% growth in volume and value.

US clothing sales were more muted, up by about 2% for the full year 2015. Q1 2016 saw an increase of 3.7%, year-on-year, with an increase of 10.4% in Q2. This was not maintained in Q4 with growth of only 1.5%.

86. http://www.ons.gov.uk/ons/dcp171778_428415.pdf

87. <http://www.ons.gov.uk/businessindustryandtrade/retailindustry/bulletins/retailsales/march2016>

The logo for Q4 2016, featuring a large white outline of the letter 'Q' followed by a large white outline of the number '4', and the year '2016' written vertically in white to the right of the '4'.

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