

2015

Q1

2015

Consumer

Market Monitor



UCD Michael Smurfit
Graduate Business School



The
Marketing
Institute

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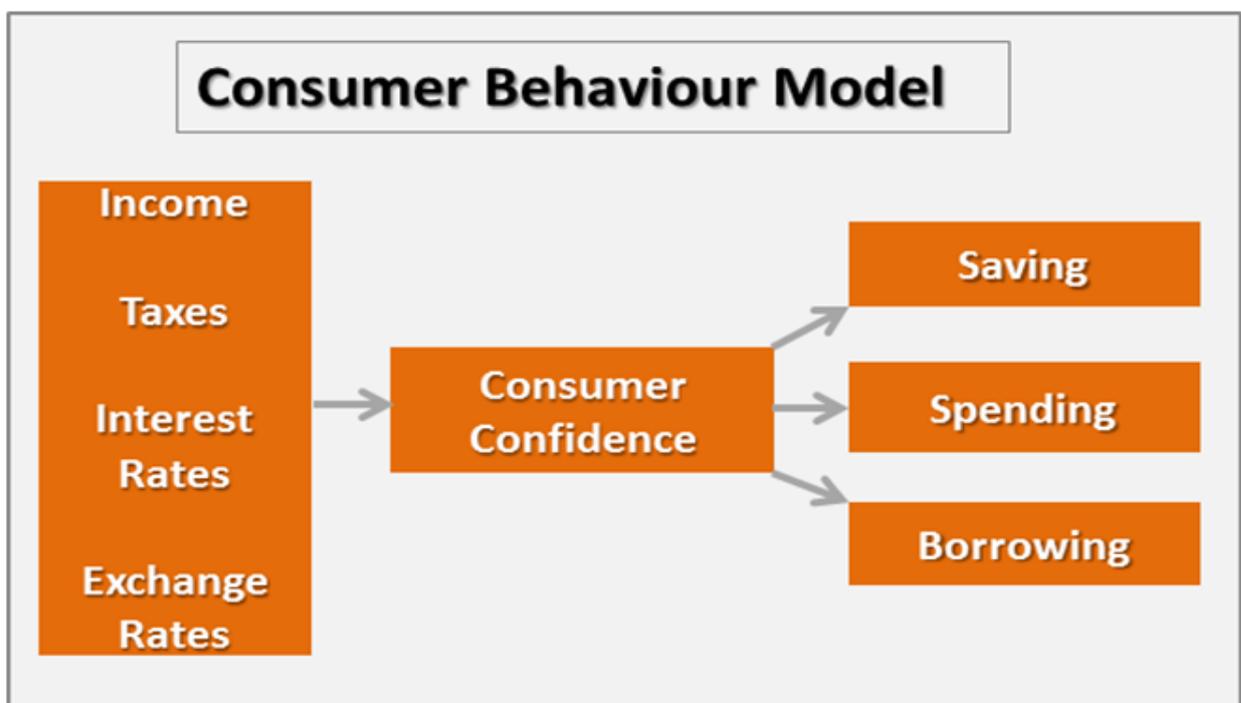
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CONSUMER MARKET MONITOR

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 63% of GNP so it is an important indicator of the health of the overall economy.

It relies on a model of consumer behaviour which sees economic variables such as income levels, taxes, interest rates and exchange rates influencing consumer confidence which, in turn, influences consumer behaviour including spending, saving and borrowing.



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 one of 2015 and also provides a review of last year.

EXECUTIVE SUMMARY

The momentum of economic recovery is now building rapidly and it is envisaged that growth will be driven increasingly by consumer spending in the coming years. Regular increases in employment are now starting to feed through into disposable incomes and this is starting to make an impact on consumer spending, which was up by 1% last year and which is projected to rise by more than 2% per year for this year and next.

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

This strong consumer confidence has begun to feed through into consumer spending. Sales of new cars experienced a major turnaround in 2014, with 92,361 units sold, a 30% increase on the previous year. This buoyancy is continuing this year, with 52,543 new cars sold in the first quarter of 2015, a 34% increase on the same quarter last year. Industry expectations are that new car sales could reach 120,000 by the end of 2015, a 25% increase for the year.

Property sales are also buoyant, with an estimated 40,000 residential property sales transactions in 2014, an increase of 38% over the prior year. This was assisted by an increase in the number of properties coming on the market, as well as by the wider availability of finance. There were approximately 19,330 mortgages issued for the purchase of residential property in 2014, up 50% on 2013.

Retail sales are also improving; sales volume rose by 3.7% in 2014 while value increased by 1.6% indicating a significant upturn in activity. Sales of household goods have been particularly strong, with furniture and lighting up 21% in volume in Q1 2015, electrical goods up 12% and hardware, paints and glass up 7%.

Reflecting the increasing consumer spending, VAT receipts were up 7.9% for the year 2014, and this growth is accelerating, up by 12.8% for the year to the end of March 2015. Spending on services was also up by 4.1% for the year 2014, and by an even higher 9.1% for the first quarter of 2015.

All in all, the indicators are that the consumer economy is recovering rapidly, with all types of spending increasing significantly, although the evidence points to some regional variation, with the greater Dublin area recovering more quickly and more dramatically than the rest of the country. However, the other regions are catching up, with expectations of a broadening recovery as time goes on.

Consumer Confidence

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

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

This upward trend has continued into 2015, reaching a record high of +17.0 in March. Consumer confidence in Ireland is now at a significantly higher level than in the UK and the rest of Europe.

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

Consumer Incomes and Spending

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

Household spending closely mirrors income, and recorded growth in 2014 for the first time since 2008. Personal consumption expenditure was up 2.9% for the year. Reflecting the increasing expenditure, VAT receipts were up 7.9% for the year 2014, and this growth is accelerating, up by 12.8% for the year to the end of March 2015. Spending on services was also up by 4.1% for the year 2014, and by an even higher 9.1% for the first quarter of 2015.

Looking ahead, consumer expenditure is expected to continue to grow due to improving labour market conditions and stronger consumer confidence. The Central Bank is predicting an increase of 2.2% in personal spending for 2015 as a whole, and a similar growth of 2.1% for 2016. Other forecasters are more optimistic, forecasting growth in consumer spending of close to 3% in 2016 and onwards.

Consumer Borrowing

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

Loans for house purchase, which account for 82% of household loans, declined by -2.7% in 2014 and this rate of decline has continued in the first quarter of 2015. Total lending for house purchase peaked in May 2008 at €127 billion but reduced to €78 billion by December 2014, a cumulative decline of -39%.

Lending for other consumption peaked in Q1 2008 at €30 billion but declined to €19 billion by December 2014, a reduction of -38%. This category continued to decline in 2014, down by -7.5% for the year, and is continuing to reduce in 2015, down by -5% for the first quarter.

Despite the rapid reduction in credit, Irish households remain among the most indebted in Europe, with debt averaging 182% of gross disposable income in Q1 2014. This compares with 137% in the UK and 123% in the US.

Retail Spending

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

This upward trend has continued into Q1 2015, with volume up by 4.8% year-on-year, and value up 1%.

Sales of household goods were particularly strong, with furniture and lighting up 21% in volume in Q4 2014, electrical goods up 8% and hardware, paints and glass up 5%. This reflects the increasing number of property transactions and demonstrates the interdependence of these sectors. Most other retail categories also got a boost in recent quarters, and all the evidence suggests that 2015 is delivering sales growth for most retailers.

Recent Trends

Sales of new cars experienced a major turnaround in 2014, with 92,361 units sold in the full year, a 30% increase on the previous year. This buoyancy is continuing this year, with 52,543 new private cars licensed in Q1, a rise of 33.5% compared with the same quarter last year. Industry expectations are that new car sales could reach 120,000 by the end of 2015, a 25% increase for the year. Sales of second hand cars are also doing well, up 20% in 2014. Retail sales excluding the motor trade are also improving; sales volume rose by 3.7% in 2014 while value increased by 1.6% indicating a significant upturn in activity. Retail sales have continued this upward trend in Q1 2015, with volume up by 4.8% year-on-year, and value up 1%.

Most product categories experienced growth in Q1 2015, with household equipment showing major growth reflecting recovery in the housing market, and other categories such as clothing and footwear showing significant growth:

- Food sales up 3.1% in volume and up 1.4% in value;
- Non-specialised stores (supermarkets) up 3.2% in volume and 1.5% in value;
- Fuel up 0.4% in volume but down -10.2% in value;
- Clothing, footwear & textiles up 6.4% in volume and 3.2% in value;
- Household equipment up 11.9% in volume and 6.9% in value;
- Department stores up 2.9% in volume and -0.2% in value;
- Pharmaceuticals and cosmetics up 1.4% in volume and down -1.1% in value;
- Bar sales up 0.2% in volume and up 0.5% in value.

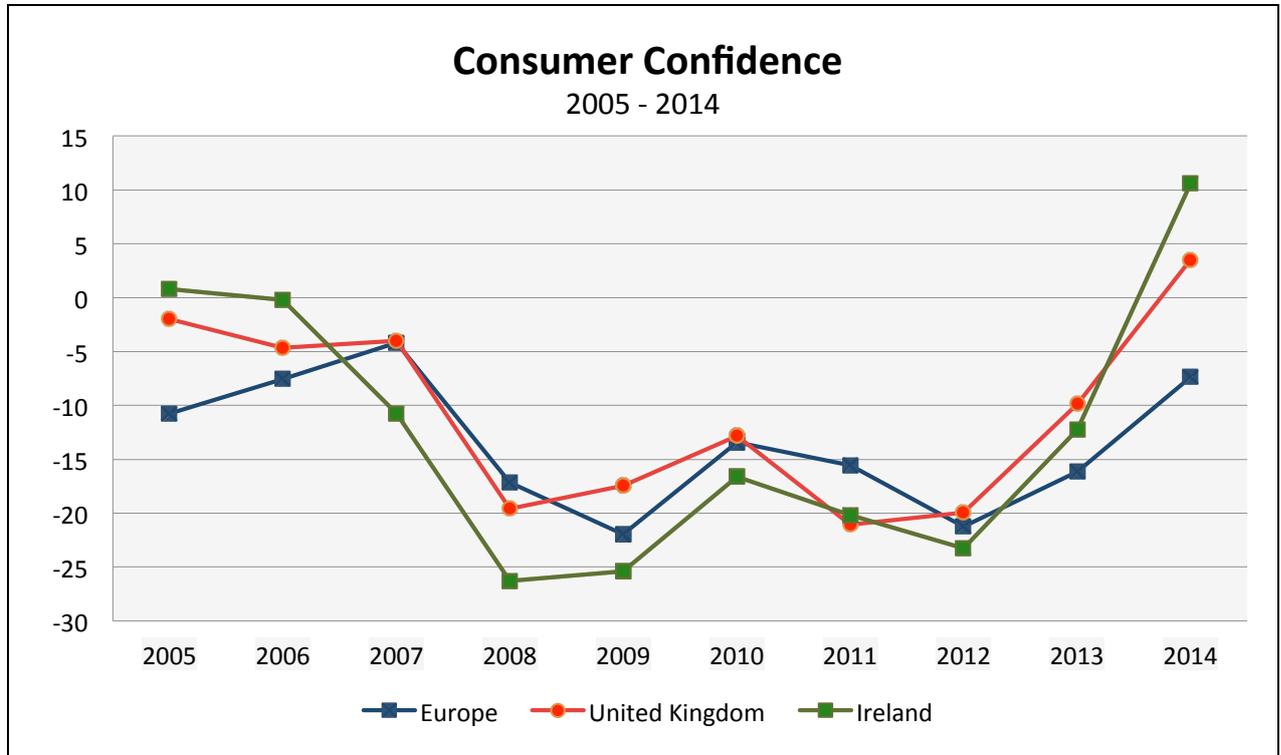
The only retail category still showing a declining trend was books, newspapers and stationery, continuing a long-term negative trend:

- Books, newspapers, stationery down -2.9% in volume and -1.1% in value;

Overall, we can conclude that retail sales have turned a corner and are back on a positive growth path, although off a low base. This strong momentum augurs well for continuing growth through the rest of 2015 and into future years, reflecting the broad-based strengthening of the economic fundamentals in the Irish consumer market.

CONSUMER CONFIDENCE

ANNUAL



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

This trend reversed in 2013 and confidence increased steadily through 2014, rising by 187% over the year, due to a steady flow of good news on employment, increasing tax receipts, and strong services and manufacturing growth.¹

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, however, with consumer confidence in the UK up by 10% and in Europe by 5%. This improvement continued throughout 2014, with consumer confidence up by 135% in the UK and by 54% in Europe. All countries in this index have now surpassed the confidence levels experienced in the years preceding 2007. For example, the UK averaged 3.5 in 2014 compared to -4.6 in 2006.

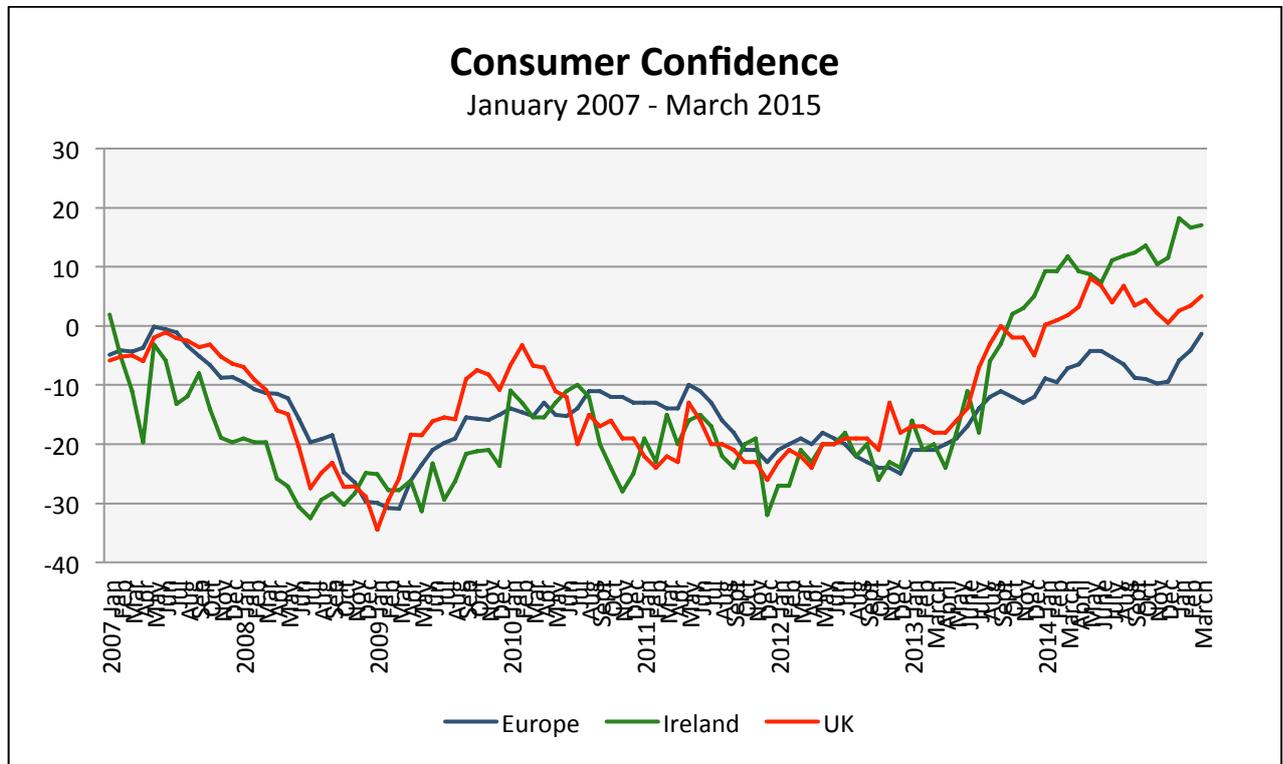
US consumer confidence reached an all-time high of 145 in January 2000 and a record low of 25 in February 2009.² The US index averaged 84 in 2014 compared to 78 in 2013.

¹ www.independent.ie/business/irish/irish-consumer-sentiment-nears-eightyyear-high-in-december-30892291.html

² www.tradingeconomics.com/united-states/consumer-confidence

CONSUMER CONFIDENCE

MONTHLY



Consumer confidence in Ireland fell dramatically after the economic crisis in 2008, and remained low through 2009, the bailout in 2010, and the Eurozone crisis of 2011-2012. Confidence recovered somewhat in 2013, reaching a seven-year high of +5 in December, attributed to Ireland's exit from the bailout programme, strong employment growth, and an easing of fears about the austerity measures.³

Confidence increased steadily through 2014 due to a steady flow of good news on employment, increasing tax receipts, and strong services and manufacturing growth.⁴ This upward trend has continued into 2015, reaching a record high of +17.0 in March.⁵ Consumer confidence in Ireland is now at a significantly higher level than in the UK and the rest of Europe.

Consumer confidence in the UK rose steadily through 2014 and this has continued into 2015. From a level of +0.5 in Dec 2014, consumer confidence has risen to +5.1 in March. This reflects a more positive economic outlook and a renewed willingness to spend.⁶ Confidence in the rest of the EU is lagging behind although is on a marginally positive trajectory.

Consumer confidence in the US also improved in 2014; the score in December was 95, the best since January 2007.⁷ Confidence has faltered slightly this year so far, dropping from a high of 104 in January to 101 in March.

³ EU Business and Consumer Surveys, Monthly. ec.europa.eu/economy.../db.../index_en.htm

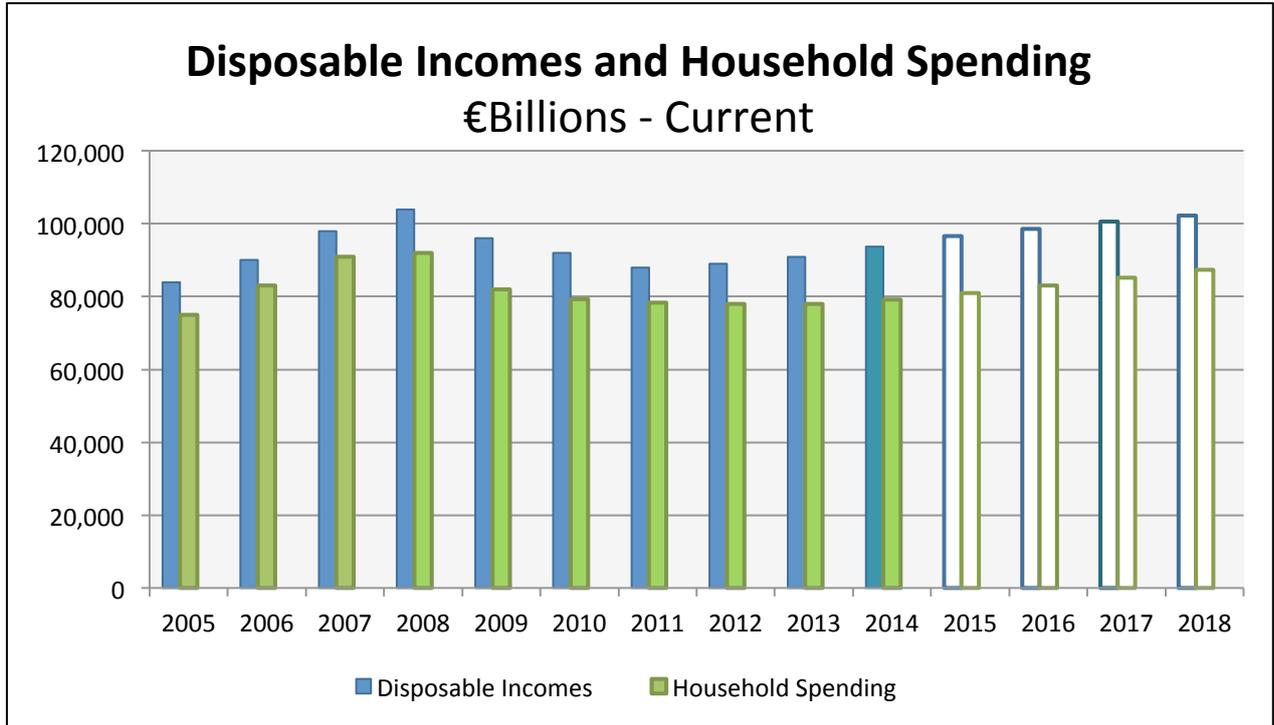
⁴ www.independent.ie/business/irish/irish-consumer-sentiment-nears-eightyear-high-in-december-30892291.html

⁵ EU Business and Consumer Surveys March 2015

⁶ <http://www.theguardian.com/business/2015/mar/31/uk-gdp-growth-revised-up-to-06>

⁷ <http://www.usatoday.com/story/money/business/2015/04/28/consumer-confidence-april/26475567/>

CONSUMER INCOMES AND SPENDING



Disposable income in Ireland increased by 60% from 2002 to 2008--from €65bn to €104bn, due to the combined effects of more people in employment and rising income levels.⁸ This trend reversed in 2009, and continued downwards until 2013. Average disposable household income fell by -18% in real terms between 2008 and 2012 as a result of rising unemployment, falling wages, higher taxes and lower social payments.⁹

This trend turned in 2013, when household disposable income rose by 3% in current terms, the first increase since 2008. Disposable income has continued to rise in 2014 as a result of increasing employment (up by 40,000 jobs for the year), and ended the year up by 3%.

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, hovering around €78bn over the three years. It is estimated to have increased by 1% for the full year 2014.

The Central bank is expecting consumer spending to increase through 2015 and into 2016, at an annual rate of just over 2%.¹⁰ Other forecasters are more optimistic, edging closer to 3% growth over the next two years.¹¹

⁸ CSO Institutional Sector Accounts

⁹ www.irishexaminer.com/ireland/household-disposable-income-down-20-since-2008-302696.html

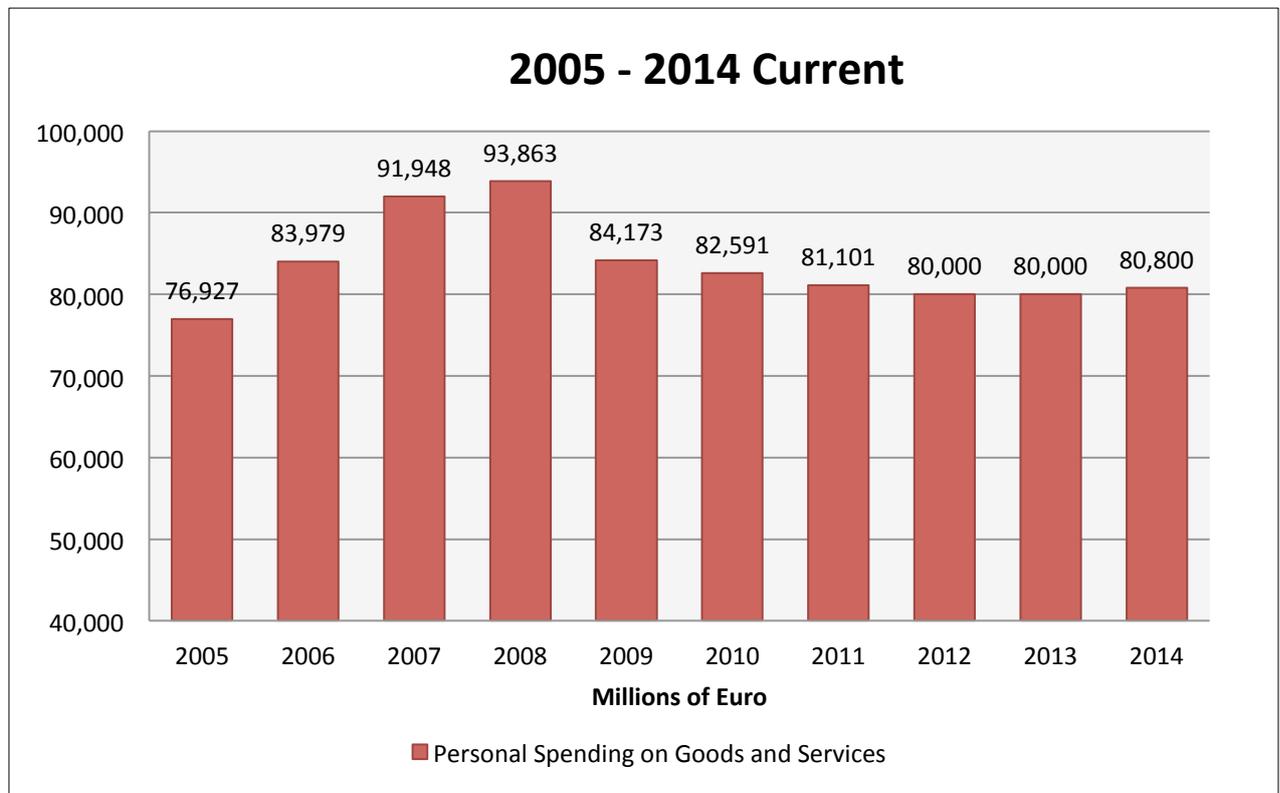
¹⁰ Central Bank Quarterly Bulletin Q2 2015

¹¹ <https://www.davy.ie/research/public/genericPage.htm?page=macroforecasts>

[http://www.ibec.ie/IBEC/Publications.nsf/vPages/Economic_Outlook~economic-outlook---april-2015-13-04-2015/\\$File/9349_IBEC_Q1_2015.pdf](http://www.ibec.ie/IBEC/Publications.nsf/vPages/Economic_Outlook~economic-outlook---april-2015-13-04-2015/$File/9349_IBEC_Q1_2015.pdf)

PERSONAL SPENDING ON GOODS/SERVICES

ANNUAL



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

Following these several years of decline, consumption expenditure grew by 1% in real terms in 2014.¹² As further evidence of this, VAT receipts were up 7.9% in 2014, compared with 2013.¹³ Similarly, retail sales increased by 6.3% in volume terms (3.7% when motor trades are excluded), and activity in the services sector was 3.5% higher in 2014.

Consumer spending in the UK has also been weak in the years since the financial crisis, but not as negative as in Ireland; it fell -4% from the 2007 peak to the trough in 2011, from £955 to £916 billion. However, spending rallied between 2012 and 2014, rising approximately 2% per year, and is now back at about the same level as in 2007.¹⁴

US consumer spending continues to be in recovery mode, with U.S. households increasing spending in the final quarter of 2014 by the most in nine years. Personal spending rose by 3.9% for 2014 as a whole, similar to the 3.6% growth in 2013, largely due to cheaper oil and employment gains.¹⁵

¹² Central Bank of Ireland, Quarterly Economic Bulletin, Quarter 2, 2015

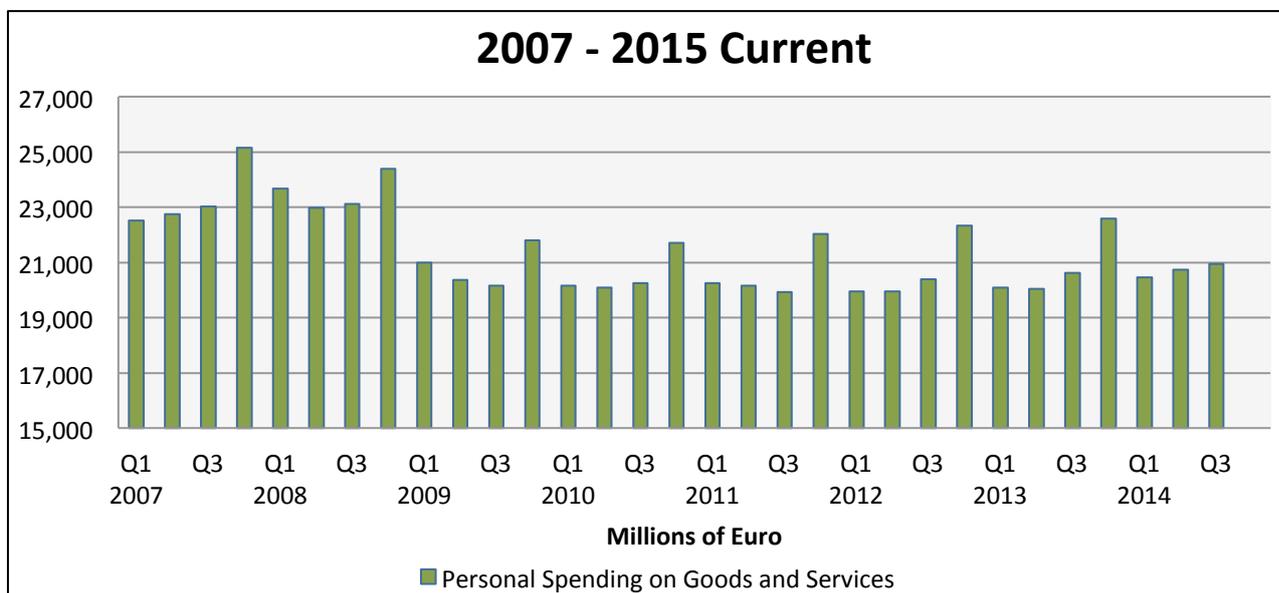
¹³ www.finance.gov.ie/sites/default/files/Irish%20Monthly%20Economic%20Bulletin%20-%20December%202014.pdf

¹⁴ www.ons.gov.uk/ons/dcp171778_357940.pdf

¹⁵ www.wsj.com/articles/u-s-consumer-spending-down-0-3-in-december-1422883888

PERSONAL SPENDING ON GOODS/SERVICES

QUARTERLY



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

Following successive quarter-on-quarter increases in 2014, consumer spending recorded positive growth of 1% for the year as a whole, the first time since 2008.¹⁶ As further evidence of this, VAT receipts were up 7.9% in 2014, compared with 2013.¹⁷ Similarly, retail sales increased by 3.7% in volume terms (excluding the motor trade), and activity in the services sector was 3.5% higher in 2014.

The Central Bank is projecting an increase of 2.2% in the volume of consumption for 2015 as a whole, and a slightly lower growth of 2.1% for 2016.¹⁸ IBEC are more optimistic, forecasting growth in consumer spending of 2.3% for 2015 and 2.6% for 2016.¹⁹

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

Consumer spending accounts for almost 70% of the U.S. economy and has climbed an average 2% per annum in the recovery that's now in its sixth year. Consumer spending advanced by 4.3% in the fourth quarter of 2014 up from the third quarter's 3.2%.²⁰

¹⁶ Central Bank of Ireland, Quarterly Economic Bulletin, Quarter 2, 2015

¹⁷ www.finance.gov.ie/sites/default/files/Irish%20Monthly%20Economic%20Bulletin%20-%20December%202014.pdf

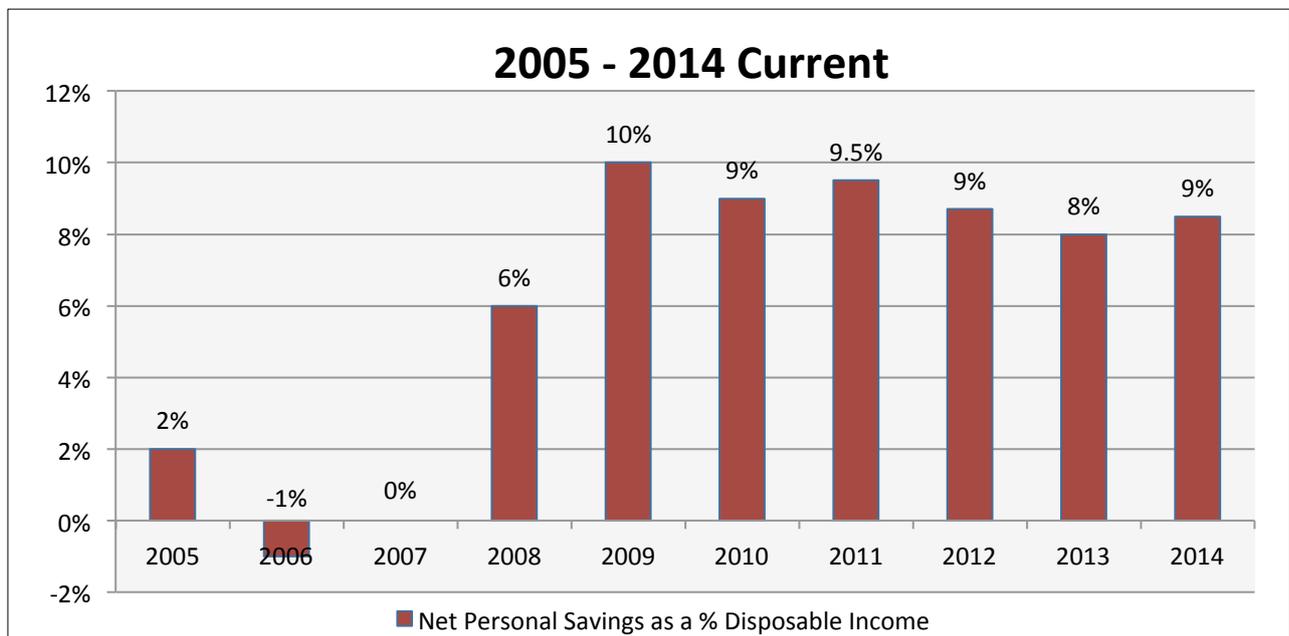
¹⁸ Central Bank of Ireland Quarterly bulletin, Q1, 2015

¹⁹ www.ibec.ie/IBEC/Press/PressPublicationsdoelib3.nsf/vPages/Newsroom

²⁰ www.reuters.com/article/2015/01/30/us-usa-economy-idUSKBN0L30BC20150130

PERSONAL SAVINGS

ANNUAL



The level of net personal saving in Ireland increased dramatically during the recession, from a low of -1% of disposable income in 2006 to a high of 10% in 2009.²¹ The net savings ratio has remained very high since 2009, as consumers tried to pay down debt to restore their finances. Over 80% of this saving represents repayment of loans.²²

2012 was the first year in which savings fell slightly, and this decline continued in 2013. The net savings ratio decreased from 9% in 2012 to 8% in 2013.²³ As expected, the ratio declined when the labour market started to improve, with a fall to around 9% by the end of 2012. That trend has come to a halt, however, with an upward drift of late, to 8.5% in 2014.

This was influenced by the fact that household wealth is rising again as property values rise. The net wealth of Irish households rose to €600.8bn, or €130,331 per capita, during the fourth quarter of 2014, up by 4.3%. Household wealth has now risen by 33.2% from its lowest level in Q2 2012.²⁴ During Q4 2014, households largely used their savings to reduce debt (€ 1.4 billion) and to invest in home renovations (€ 1.5bn).

The UK net savings ratio declined from the mid-1990s until 2007 when it reached 1.4%. It rose again following the financial crisis and reached a peak of 8.6% in Q2 2009 but has since fallen back to a more normal level of 7% in August 2014.²⁵

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 2005.²⁶ The net personal saving rate was 4.9% in December 2014.²⁷

²¹ CSO Quarterly Institutional Sector Accounts, Q4, 2014

²² www.irishtimes.com/business/personal-finance/household-wealth-at-highest-level-since-2008-1.2203542

²³ CSO Institutional Sector Accounts, Q3 2013

²⁴ www.centralbank.ie/press-area/press-releases/Pages/QuarterlyFinancialAccountsQ32014.aspx

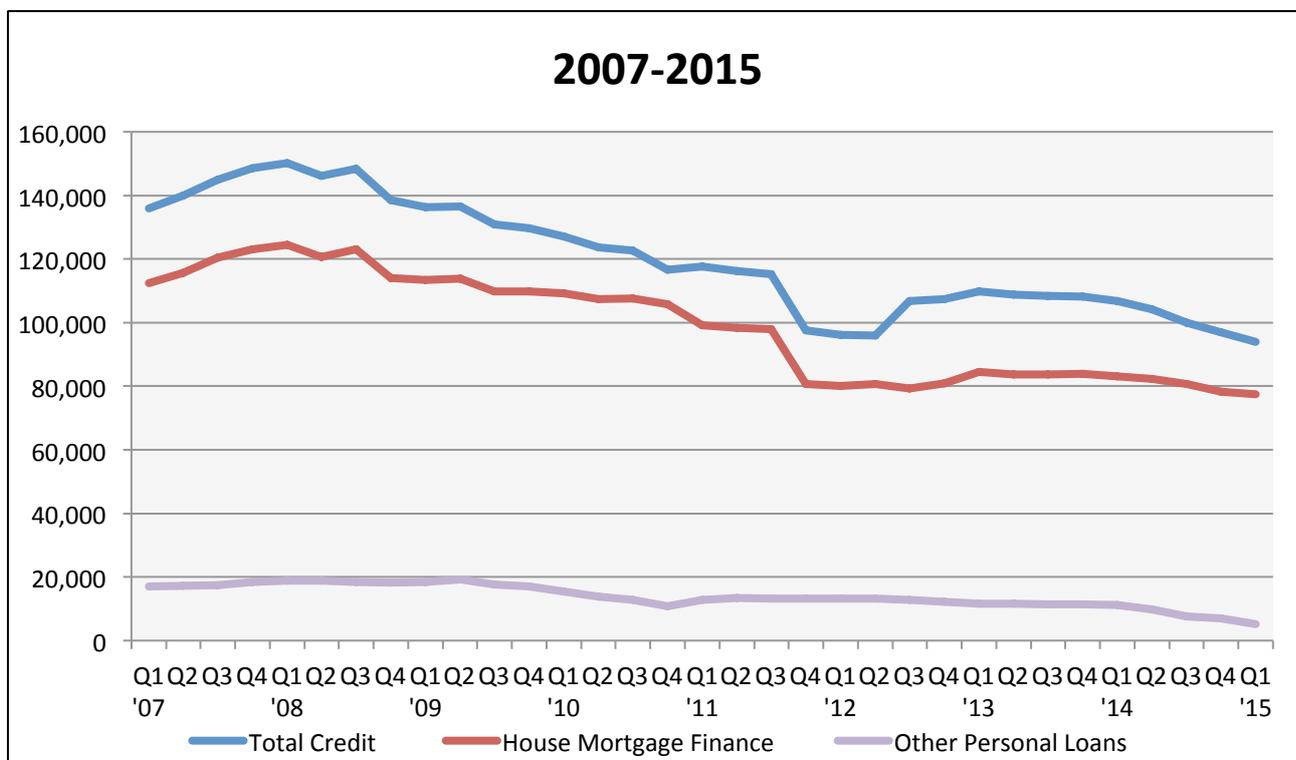
²⁵ www.tradingeconomics.com/united-kingdom/personal-savings

²⁶ US Bureau of Economic Analysis

²⁷ www.bea.gov/newsreleases/national/pi/pinewsrelease.htm

PERSONAL BORROWING

QUARTERLY



Borrowing by Irish consumers grew at a record level from 2000 onwards and peaked in March 2008 at €150 billion, but has declined steadily since then, down -37% from 2008 to €94 billion in Q1 2015.²⁸

Loans for house purchase, which account for 82% of household loans, peaked in May 2008 at €127 billion but reduced to €77 billion by March 2015, a cumulative decline of -39%.²⁹ This category is continuing to decline, down by -2.6% for the first quarter of 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 decline in 2015, standing at €17 billion in March 2015, a -5% decrease over the same period last year.³⁰

The rate at which Irish households have decreased debts as a proportion of disposable income surpasses any other country. Household deleveraging stands out in Ireland and the US, with household debt as a percentage of income decreasing 33 percentage points in Ireland and 26 points in the US.³¹

²⁸http://www.centralbank.ie/polstats/stats/cmab/Documents/ie_table_a.1_summary_irish_private_sector_credit_and_deposits.xls

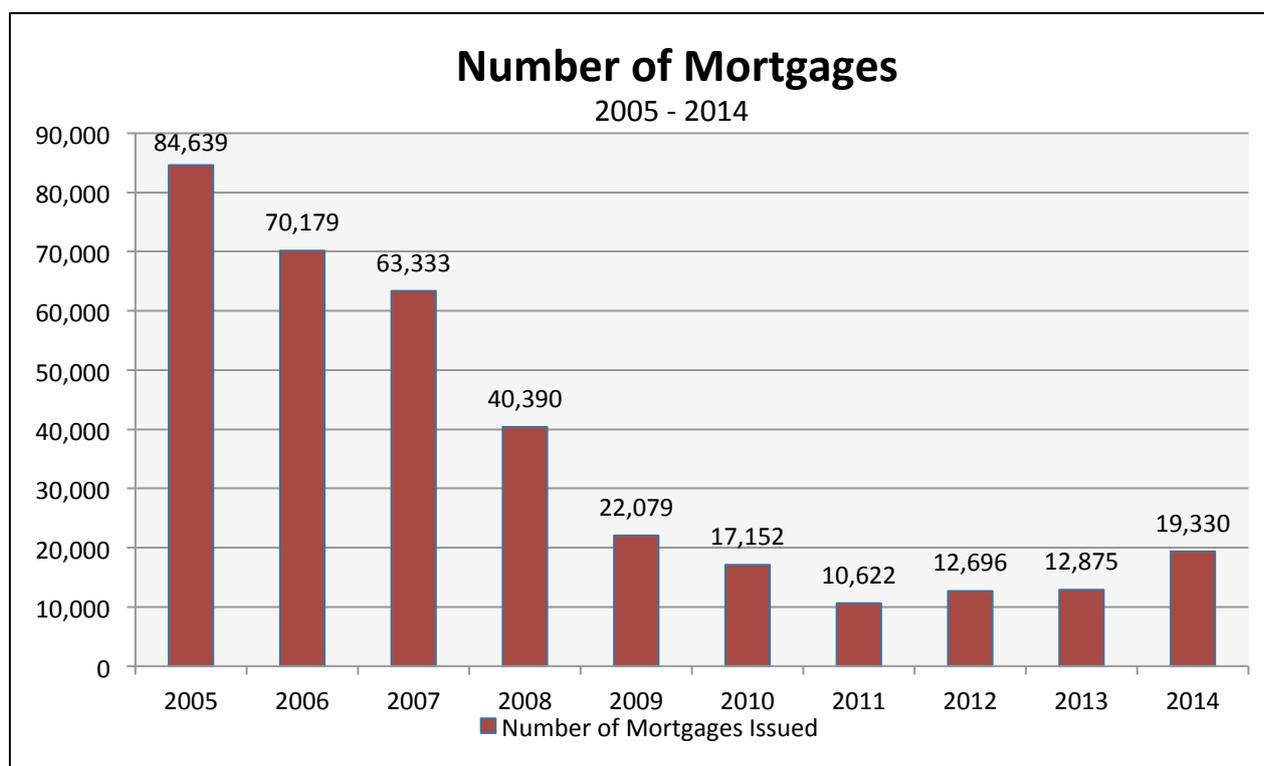
²⁹http://www.centralbank.ie/polstats/stats/cmab/Documents/ie_table_a.1_summary_irish_private_sector_credit_and_deposits.xls

³⁰http://www.centralbank.ie/polstats/stats/cmab/Documents/ie_table_a.1_summary_irish_private_sector_credit_and_deposits.xls

³¹ <http://www.irishtimes.com/business/economy/growth-easing-irish-debt-burden-study-finds-1.2093279>

MORTGAGES ISSUED FOR HOME PURCHASE

ANNUAL



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

This reflected the number of new house completions, which reached almost 137,000 in 2006, the peak of the property bubble. In contrast, there were 26,820 house completions in 2009, 21,772 in 2010, 15,800 in 2011, 8,500 in 2012 and 7,500 in 2013. The downward trend reversed in 2014, however, when the number of new house completions increased to 11,000.³²

2012 saw a brief uptick in the number of mortgages issued for house purchase, rising 19% to 12,696, but the number remained flat in 2013 at 12,875.

2014 was the first year to see a major lift in the housing market, with 19,330 mortgages issued for house purchase, an increase of 50% over the prior year. In total, 26,576 mortgages were approved in 2014, with a value of €4.7bn, up 50.4% on 2013.

There were 1.1 million residential properties sold in the UK in 2014, a 22% increase on the previous year.³³ Outstanding mortgage lending stood at £1.3 trillion at the end of February 2015, up from £1.282 trillion at the end of February 2014.³⁴

Sales of residential property in the US were relatively weak in 2014, totalling 5.3 million units, a reduction of -2.7% on 2013.³⁵

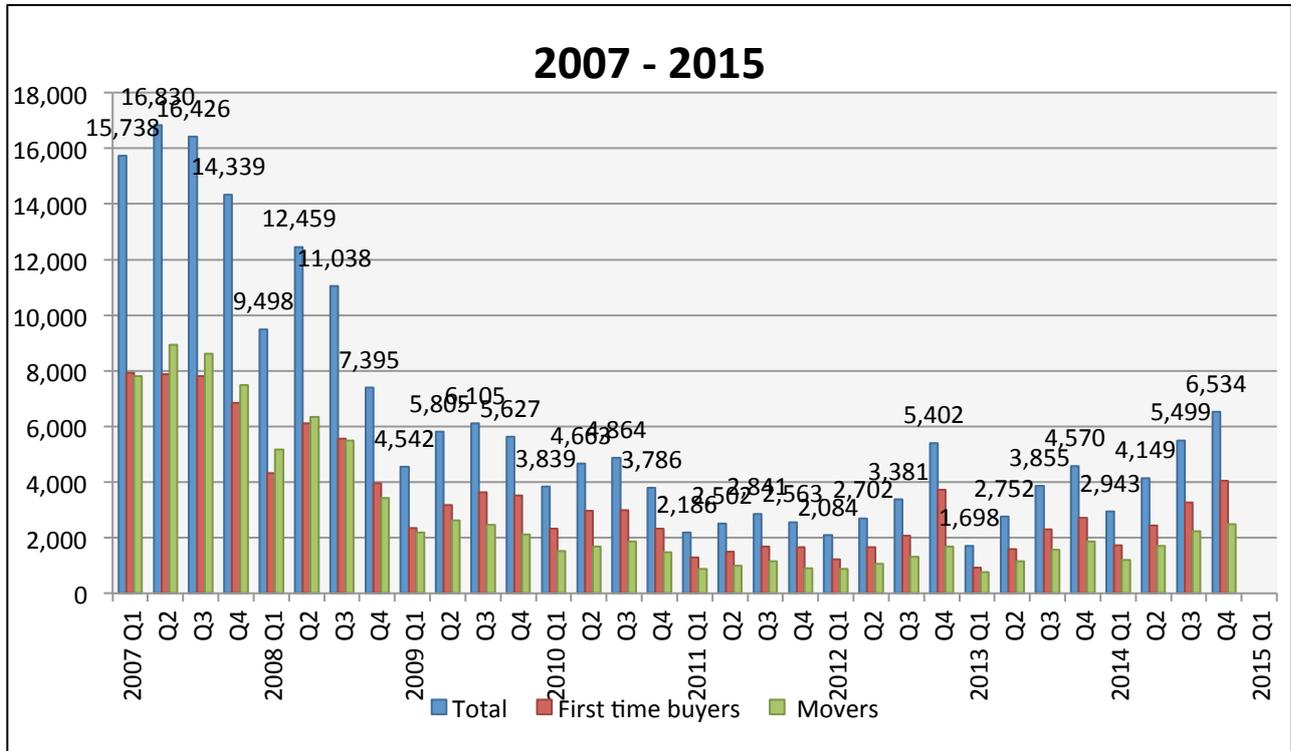
³² AIB Housing Bulletin, Q4, 2014

³³ www.gov.uk/government/uploads/system/uploads/attachment_data/file/395763/UK_Tables_Jan_2014__cir_.pdf

³⁴ <http://themoneycharity.org.uk/money-statistics/>

NUMBER OF MORTGAGES ISSUED

QUARTERLY



The decline in property sales reversed slightly in 2012, with a 19% rise in the number of new mortgages issued, for a total of 12,696. This upward trend stalled in 2013, although the number of sales transactions increased from 21,000 to 28,500 year on year.

There were 40,000 transactions in 2014, an increase of 38% over the prior year.³⁶ This was caused by an increase in the number of properties coming on the market and the wider availability of finance.³⁷ 19,330 mortgages were issued in 2014, up 50% on 2013.

There were 6,116 loan approvals in Q1 2015, a rise of 44% compared with the same period in 2014. This increase came in spite of new regulations on residential mortgage lending which came into force in February.³⁸

1.1 million residential properties were sold in the UK in 2014, a 22% increase on the previous year.³⁹ Outstanding mortgage lending stood at £1.3 trillion at the end of February 2015, about the same as the end of February 2014.⁴⁰

The US housing market remained fragile in 2014, with 5.3 million units sold, a reduction of -2.7% on 2013. In Q1 2015, many US homeowners took advantage of low mortgage rates by refinancing.⁴¹

³⁵ <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>

³⁶ MyHome.ie Property Barometer Q4, 2014

³⁷ www.bpfi.ie/wp-content/uploads/2014/10/IBF-PwC_Mortgage_Market_Profile_Q2_2014_FINAL.pdf

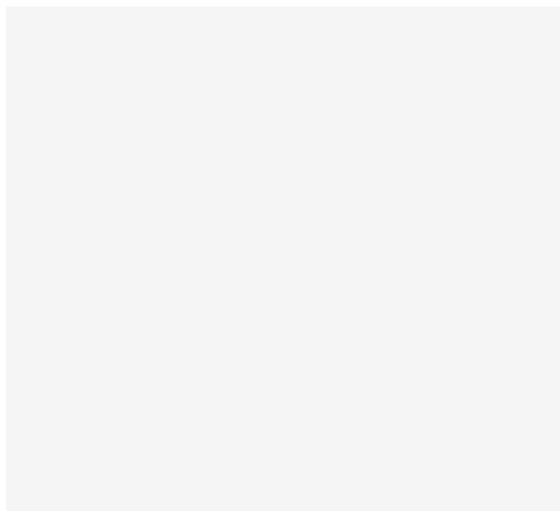
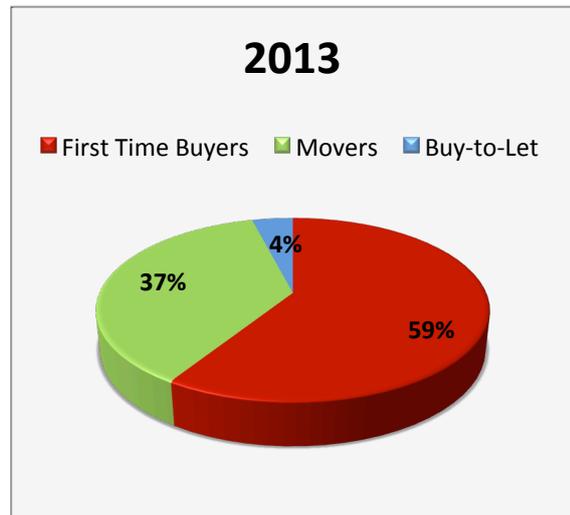
³⁸ <http://www.bpfi.ie/wp-content/uploads/2015/04/BPFI-Mortgage-Approvals-publication-Mar-2015-FINAL.pdf>

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

⁴⁰ <http://themoneycharity.org.uk/money-statistics/>

⁴¹ <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>

OWNERSHIP STATUS OF BORROWERS



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

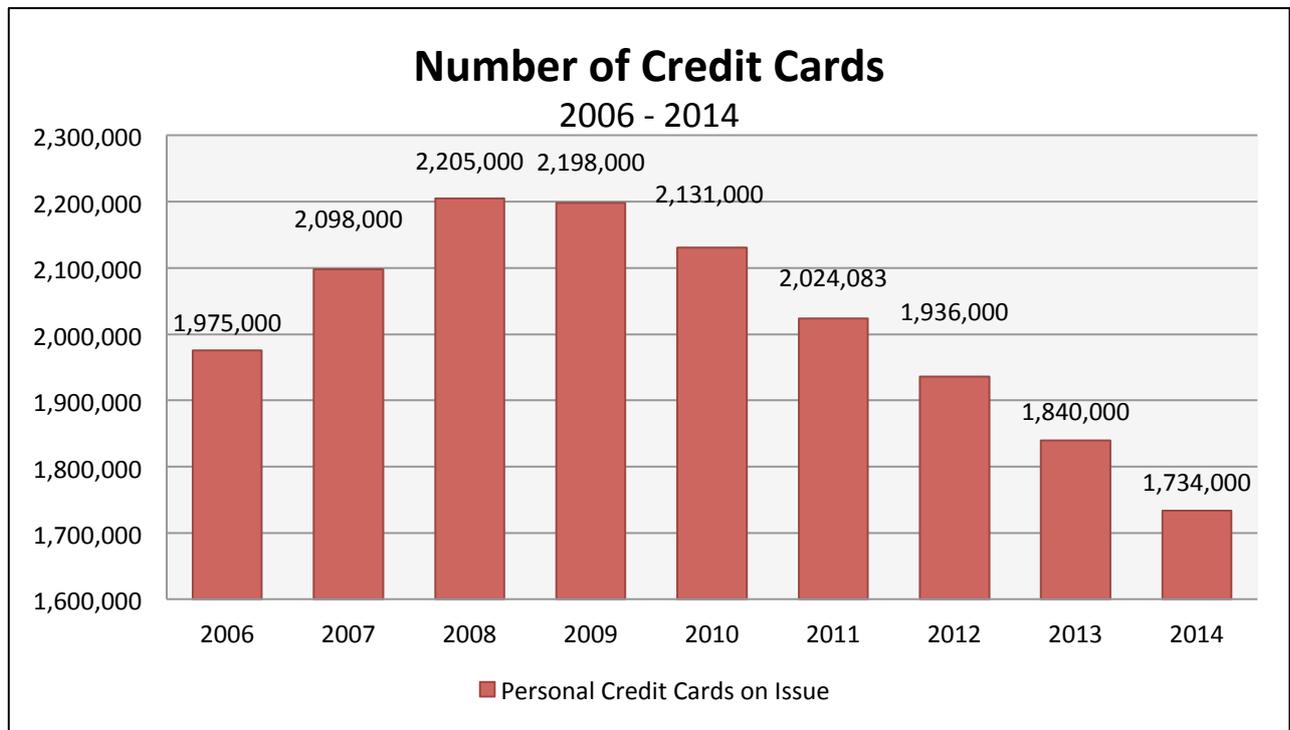
The sector which has shown the most buoyancy is first-time-buyers. First-time buyers remain the single largest segment of the market, accounting for almost 60% of the total in terms of number of transactions, and 55% in terms of monetary value.

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

⁴² IBF/PWC Mortgage Report Q4, 2014

NUMBER OF CREDIT CARDS IN CIRCULATION

ANNUAL



There was a steady rise in the number of credit cards in circulation in Ireland from 2003 to 2008, peaking at 2.2 million, an increase of 393,000 or 22%. The number of personal credit cards in circulation has declined steadily since then. The number on issue at year-end 2014 was 1.734 million, which represents a decline of 23% from the peak.⁴³

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

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

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

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

⁴⁴ Irish Payment Services Organisation (IPSO)

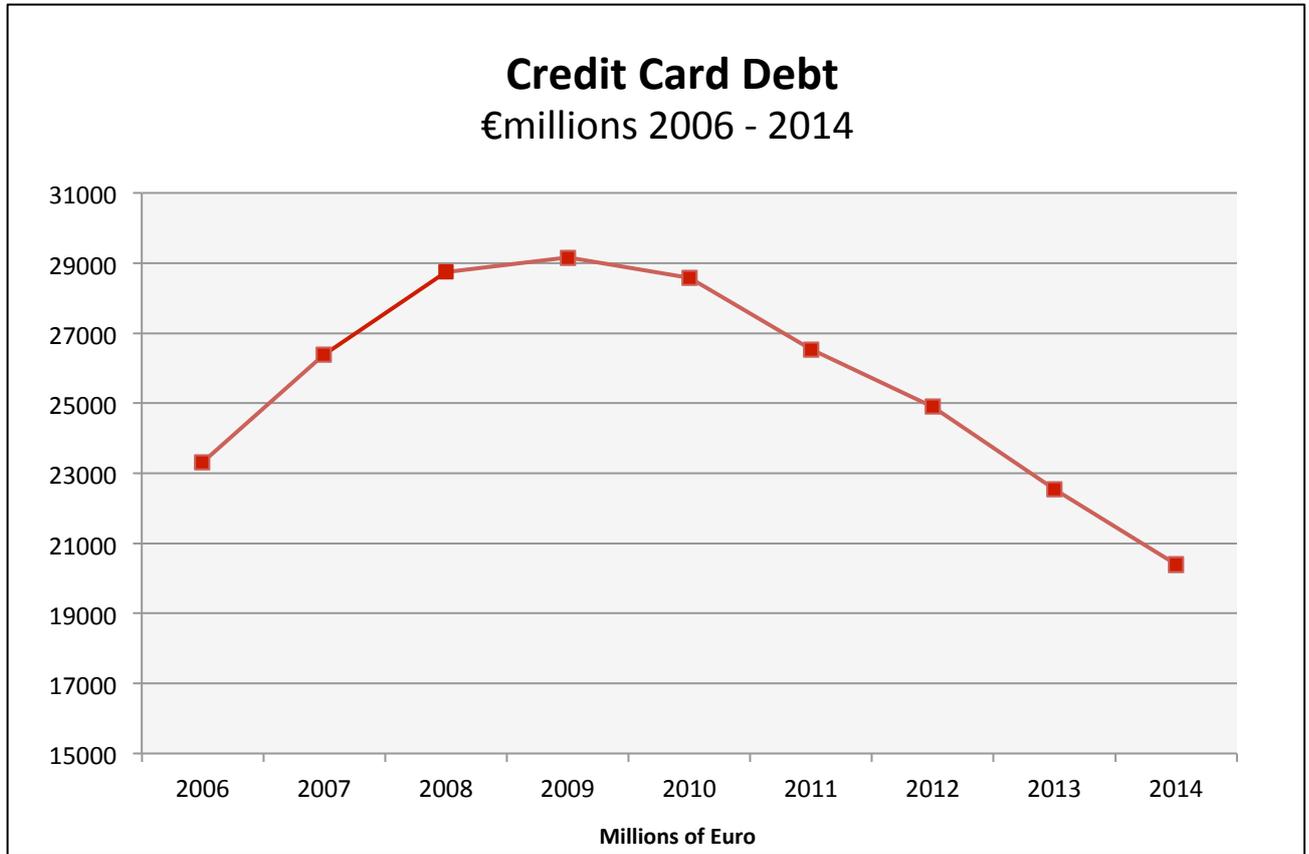
⁴⁵ www.thejournal.ie/credit-union-debit-cards-1419687-Apr2014/

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

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

CREDIT CARD DEBT

ANNUAL



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

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

Credit card spending in the UK was also down; average unsecured credit (credit cards and personal loans) fell by -6% in 2010 and 2011, with a small recovery of 1% in 2012. In contrast, unsecured debt grew by 4% in 2013, the first rise for five years. The average unsecured credit in the UK was £5,898 per capita in 2014, a 34% increase from last year.⁴⁸

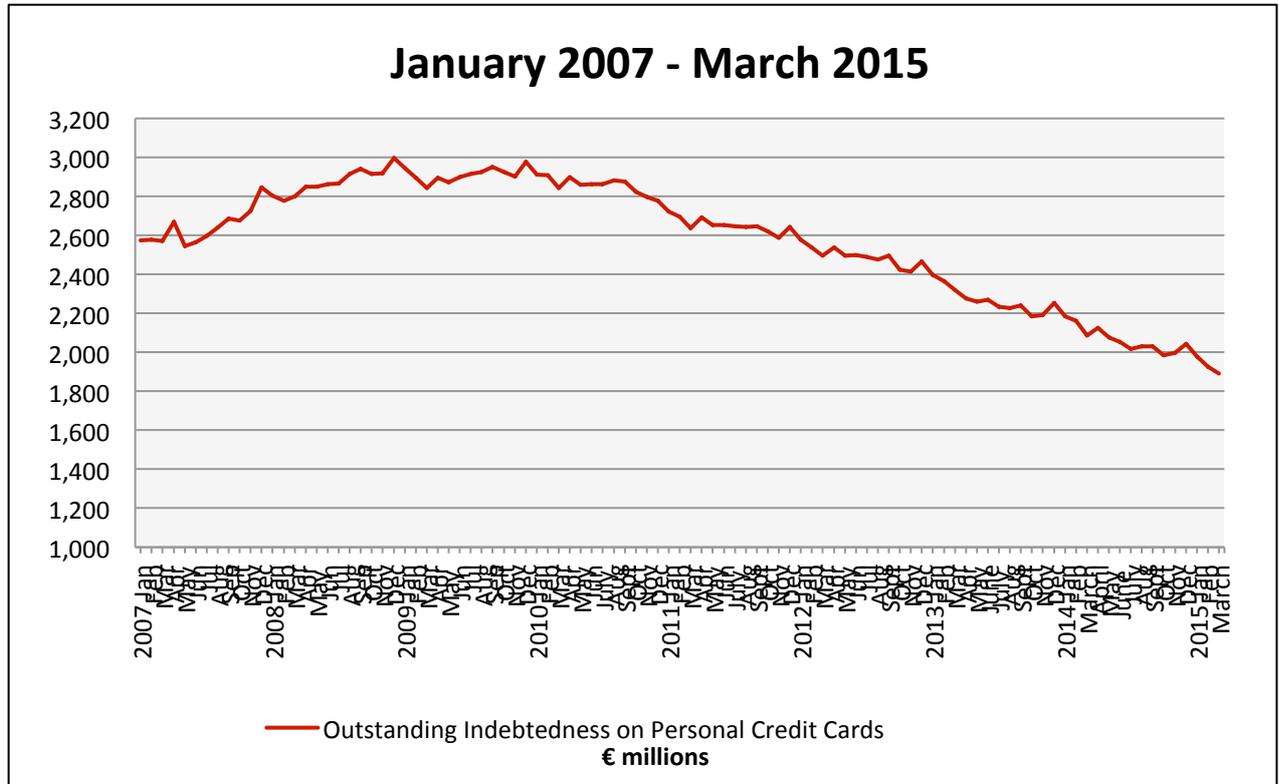
American credit card debt fell from a high of \$6,276 per person in mid-2008 to \$5,164 in Q1 of 2014, the lowest point in the six-year period. However, this began to creep up again in 2014, reaching \$5,363 in Q4.⁴⁹

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

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

CREDIT CARD DEBT

MONTHLY



The spike in credit card debt that occurs each December corresponds to the Christmas season. Having grown at a dramatic rate for several years, the level of debt levelled off in 2009 and began a steady decline from 2010 to 2014, with repayments exceeding spending every month for those four years.

Credit card debt continued to decline in 2015, reflecting reduced consumer spending. Outstanding indebtedness on credit cards fell to €1.89 billion in March 2015, down -10% year-on-year, and down -37% from the peak of €3 billion in 2008. Given that 1.72 billion cards were on issue over the past year, the average balance per card was €1,100.⁵⁰

The latest figures for the UK show that consumer credit grew by £1.24 billion in March, constituting the biggest monthly increase since February 2008. Compared with the same month last year, the increase was the largest in almost nine years.⁵¹

US consumer credit has been increasing steadily since 2010, up 4% in 2011, 6% in 2012, 6% in 2013, and 7% in 2014.⁵² Total US outstanding revolving debt, which is chiefly made up of credit card debt, was \$884.8 billion as of January 2015.⁵³

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

⁵¹<http://uk.reuters.com/article/2015/05/01/uk-britain-lending-idUKKBN0NM3F420150501>

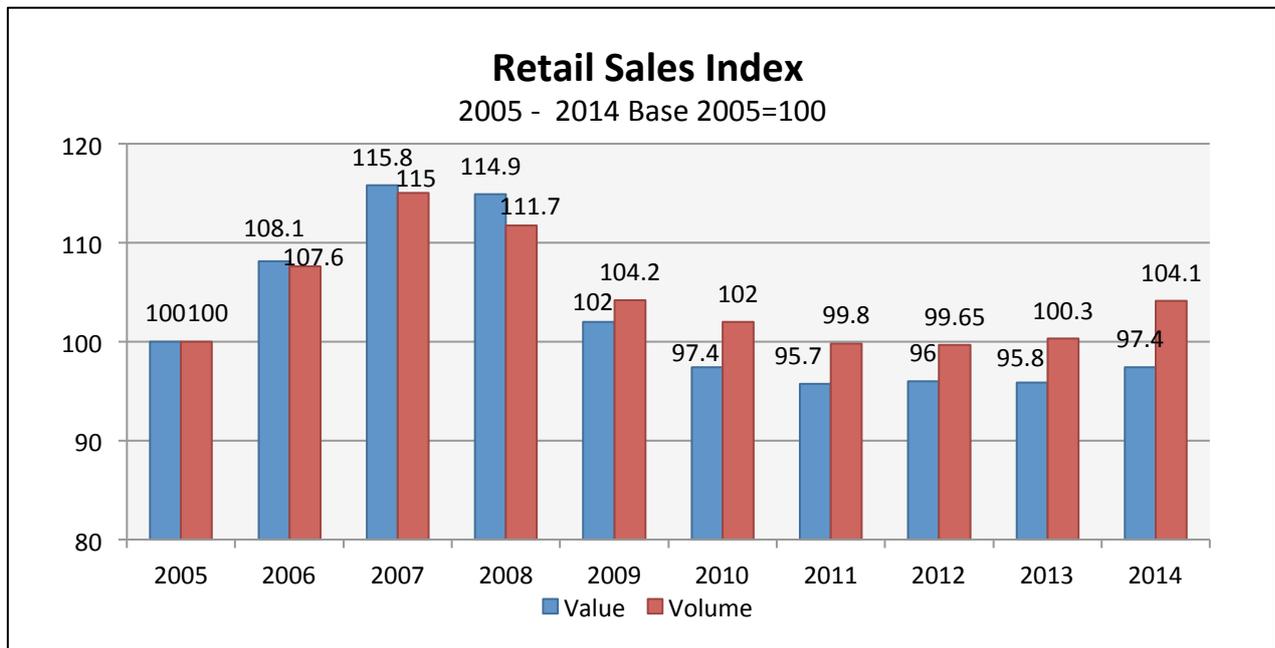
⁵²www.federalreserve.gov/releases/g19/current/

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

⁵³

RETAIL SALES

ANNUAL



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

Retail sales fell each year from 2007 to 2012. The decline in volume during this period was -10%, while value declined by -16%, reflecting extensive price discounting. Retail sales stabilised in 2012, with volume decreasing by just -0.2% for the full year, and value increasing by 0.4%. 2013 saw a very slight increase of 0.8% in volume, with value steady at -0.1%.

This negative trend reversed in 2014, with volume increasing by 3.7% and value by 1.6%. Online retailing has become an important feature in recent years, accounting for as much as 15% of business for many retailers. It is currently worth €4.1bn and is predicted to grow to €21bn by 2017.⁵⁴

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

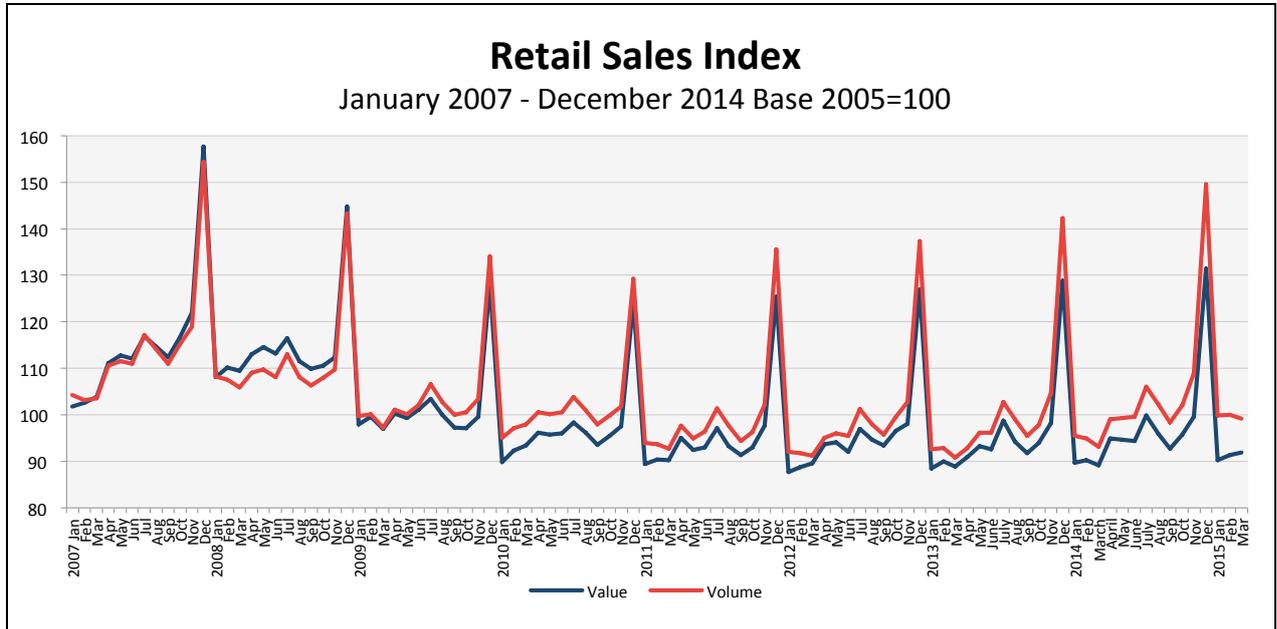
Retail sales in the US have been on an upward trend since 2011, when spending grew by 8%. Sales were up by a further 5% in 2012 and by 4% in 2013.⁵⁵ This momentum slowed slightly in 2014, to 3%.

⁵⁴ Retail Ireland, IBEC 2014

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

RETAIL SALES INDEX

MONTHLY



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

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

Sales volume increased by 5.2% in Q1 of 2015, but sales value only increased by 1.3%, indicating a continuing trend of price discounting being required to attract footfall into Irish stores.

Retail sales in the UK increased 5% in terms of volume and 3% in terms of value in Q1 2015 year on year. This is predicted to continue in the coming months following record low inflation and a strong labour market.⁵⁷

Retail sales in the US increased by 0.8% in Q1 2015 year on year. Consumers boosted their spending in March to offset declines in the first two months but showed signs of continued caution despite months of cheaper gasoline and rising confidence.⁵⁸

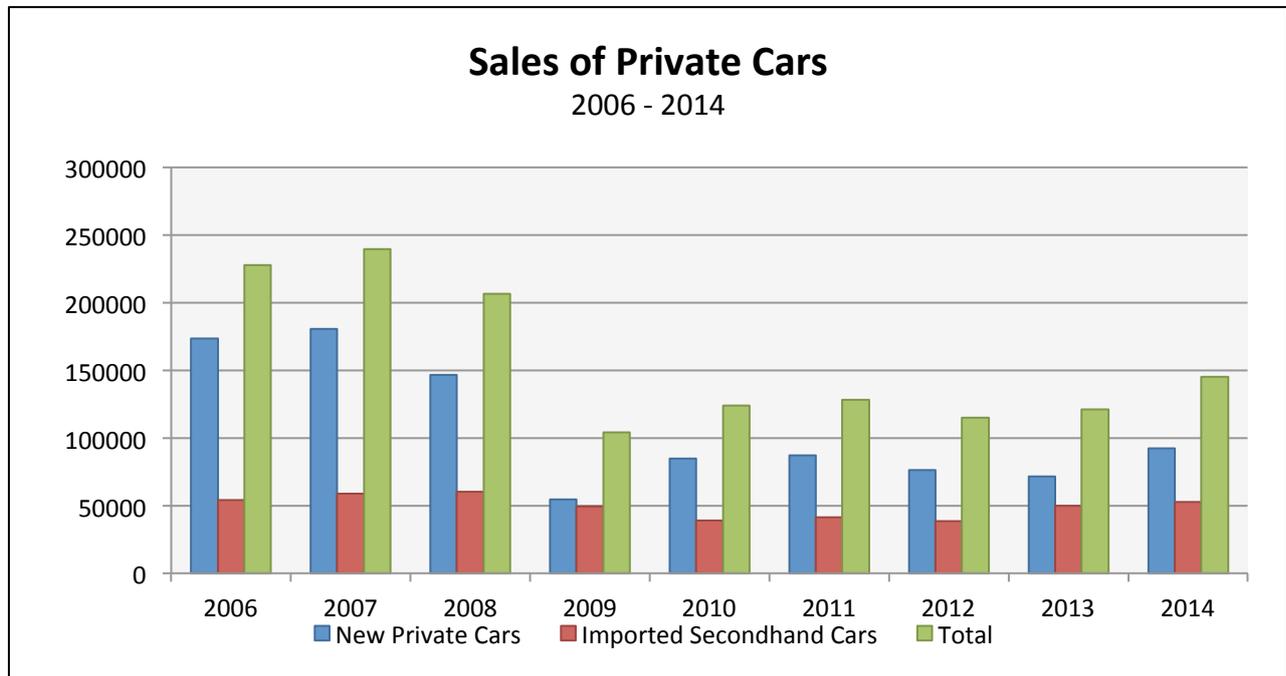
⁵⁶ www.finance.gov.ie/sites/default/files/Exchequer%20Returns%20end%20October%202014%20information%20note.pdf

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

⁵⁸ http://www.wsj.com/articles/u-s-retail-sales-up_0-9-in-march-1429014730

SALES OF PRIVATE CARS

ANNUAL



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

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

In contrast, second hand cars increased in popularity during the recession, with 850,000 sold in 2013, up 29% from 660,000 in 2012. This seems to reflect the reduced spending power of consumers, who opted to update their cars rather than buying new ones.

New car sales in the UK reached a 10-year high in 2014, with 2.5 million new cars registered, a year on year growth of 9.3%. This was a result of pent-up demand from the recession years combined with confidence in the economy.⁵⁹ New car registrations in the EU remained steady at about 12 million in 2012 and 2013, about 20% below where it was before the economic crisis, when there were about 15.6 million cars sold annually in the EU.

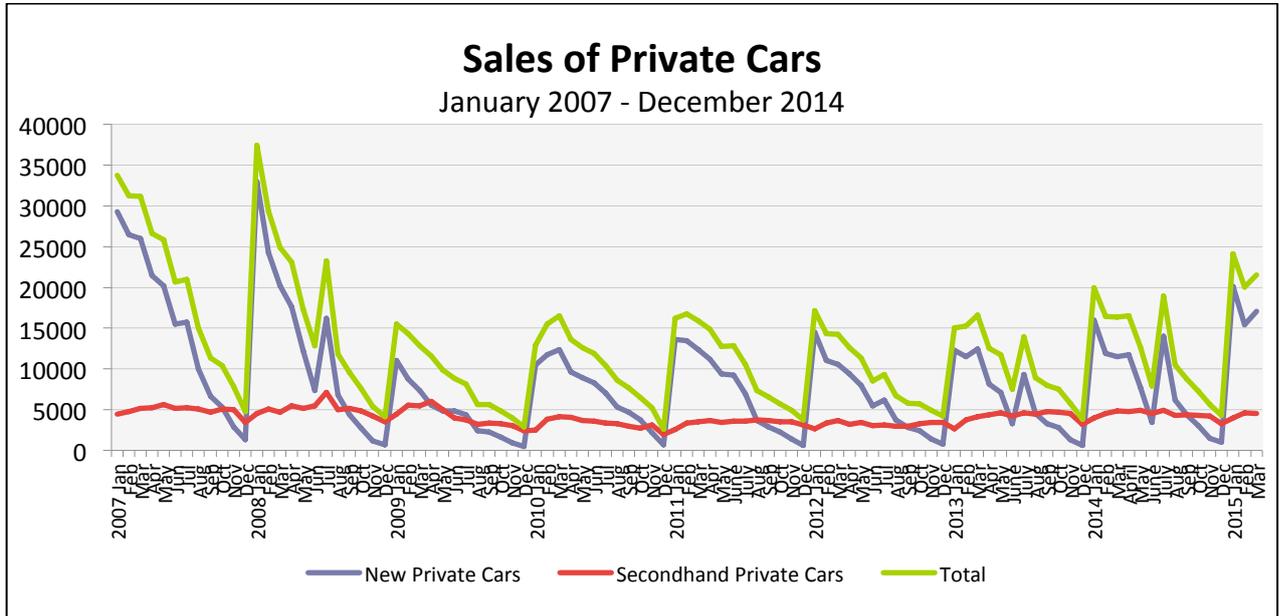
US car sales peaked in 2005 at 17.4 million, and bottomed out in 2009 at 10.6 million vehicles. Growth resumed in 2010, averaging 4% a year for the past four years, reaching 16.8 million vehicles in 2014, the first time sales approached pre-2007 levels.⁶⁰

⁵⁹ www.smmmt.co.uk/2015/01/uk-new-car-registrations-december-2014/

⁶⁰ www.thedailystar.net/business/carmakers-rack-up-big-gains-in-2013-us-sales-5461?archive=2014-01-06

SALES OF PRIVATE CARS

MONTHLY



The variance in car sales over each year is due to seasonality, with new car sales traditionally concentrated in January and February. The recent introduction of a dual registration system (141/142) is helping to even out sales across the year. From the peak of 180,754 new cars sold in 2007, sales dropped by 60% to 71,348 cars in 2013.

There was a major turnaround in sales of new cars in 2014, with 92,361 units sold in the full year, a 30% increase. This strong recovery has continued into 2015 as sales of new private cars increased by 33.5% year on year in Q1. This growth in sales is reflective of ongoing improvement in consumer confidence, the labour market and the general economic climate.⁶¹

A total of 835,000 second hand sales were made in 2014, up 6% from 785,000 in 2013 and 660,000 in 2012, an increase of 22%.⁶² Sales of second hand cars actually decreased in Q1 2015, with 13,000 units sold, down -1.9% year-on-year.

Sales of new cars in the UK were up by just 1% in the first quarter of 2015, with 351,568 cars sold, a much less dramatic outturn than here in Ireland.

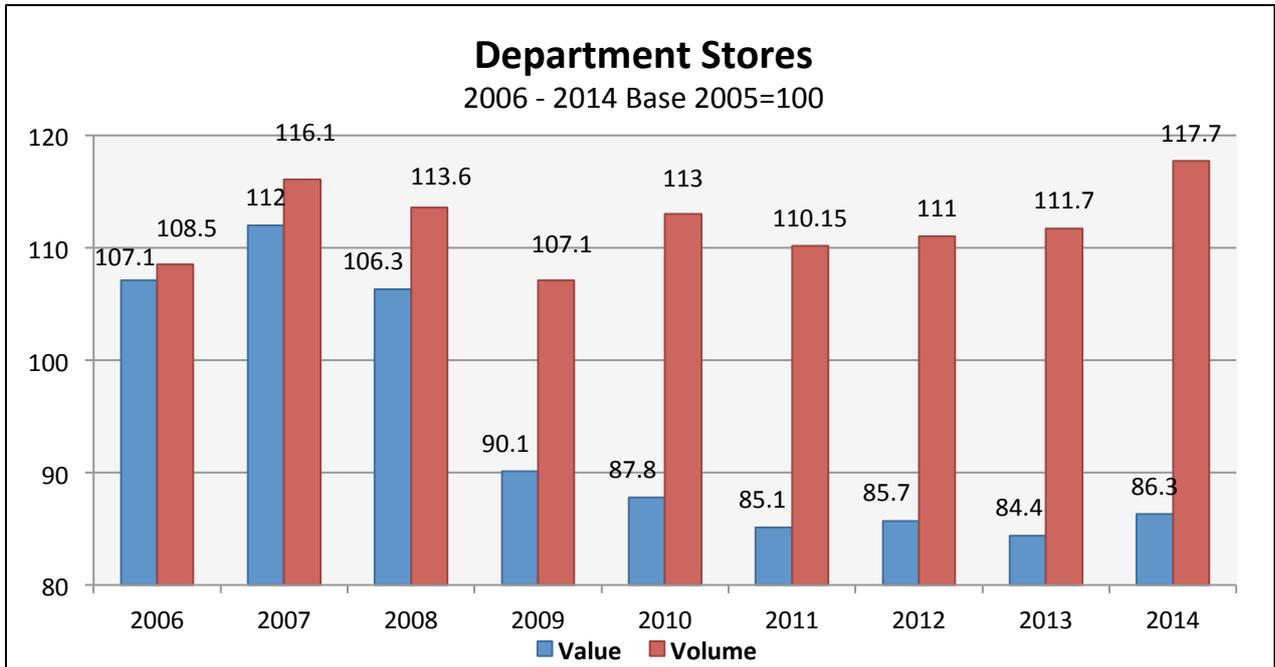
Sales of new cars in the US have grown by an average of 9% per annum over the last four years. This trend is continuing in 2015 with Q1 sales up by 7.2%.

⁶¹ <http://www.irishexaminer.com/ireland/car-sales-move-up-a-gear-in-first-three-months-of-year-325803.html>

⁶² www.motorcheck.ie/blog/new-car-sales-2014-up-30-percent/

RETAIL SALES – DEPARTMENT STORES

ANNUAL



Retail Sales Index – Department Stores, Base 2005 = 100⁶³

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

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

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

Department store sales were also weak in the UK for several years, with a large drop in 2012, down -8.4% in volume and -6.6% in value. This reversed in 2013, however, when sales rose by 5.3% in volume and 4.4% in value,⁶⁴ and accelerated in 2014 as sales increased 10% in volume and 5.9% in value year-on-year.

Department stores in the UK have benefited particularly from internet sales, which now account for 11% of their total sales and which grew at a rate of 8% in 2014.⁶⁵

In the US, department store sales have been weak in recent times, down -4.7% in 2013, partly due to the unexpectedly bad weather, and continuing flat in 2014.⁶⁶

⁶³ Department Stores 2006 - 2014, Retail Sales Index, Value and Volume Unadjusted (Base 2005=100), www.cso.ie

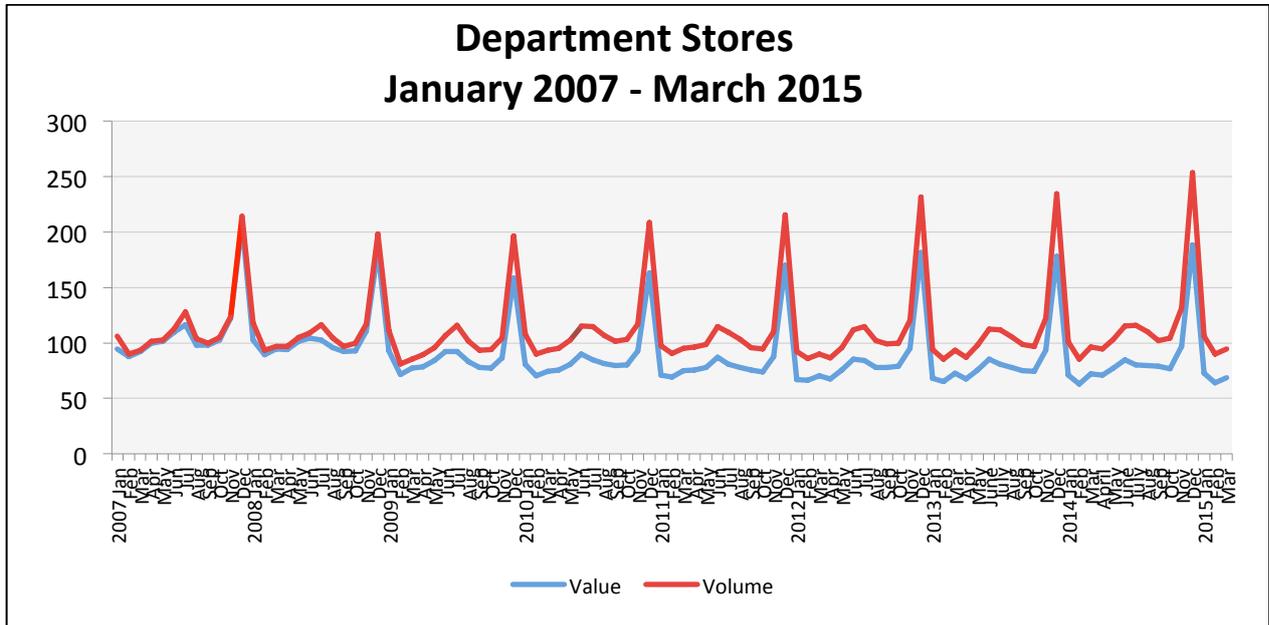
⁶⁴ www.proactiveinvestors.co.uk/columns/beaufort-securities/15139/beaufort-securities-breakfast-today-nostra-terra-oil-gas-alecto-minerals-ithaca-energy-firstgroup-and-others-15139.html

⁶⁵ <http://www.ons.gov.uk/ons/rel/rsi/retail-sales/december-2014/sty-overview-of-internet-retail-sales-in-2014.html>

⁶⁶ <http://www.statista.com/statistics/293195/revenue-of-department-stores-in-the-us/>

RETAIL SALES – DEPARTMENT STORES

MONTHLY



Retail Sales – Department Stores, Base 2005 = 100⁶⁷

Department stores have a marked seasonal pattern, which peaks in the pre-Christmas period and to a lesser extent in July coinciding with summer sales. This peak was somewhat subdued during the recession years but has been recovering recently, with 2012 reaching a new peak and 2013 building on that gain.

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

Sales in Q1 2015 have been slightly disappointing relative to last year, with volume increasing by just 2.5%, while value actually decreased by -0.6%.

Sales through UK department stores have followed a similar trend, increasing in 2013 by 5.3% in volume and 4.4% in value, and accelerating in 2014, with sales volume up by 8% and value by 7%.⁶⁸ This trend is continuing in Q1 2015 with sales volume up 5% and value up 7%.

Department stores have been weaker in the US, with no growth in 2014, following modest declines in each of the previous six years.⁶⁹ However, 2015 is showing more optimistic signs as sales increased by 1.1% in Q1.

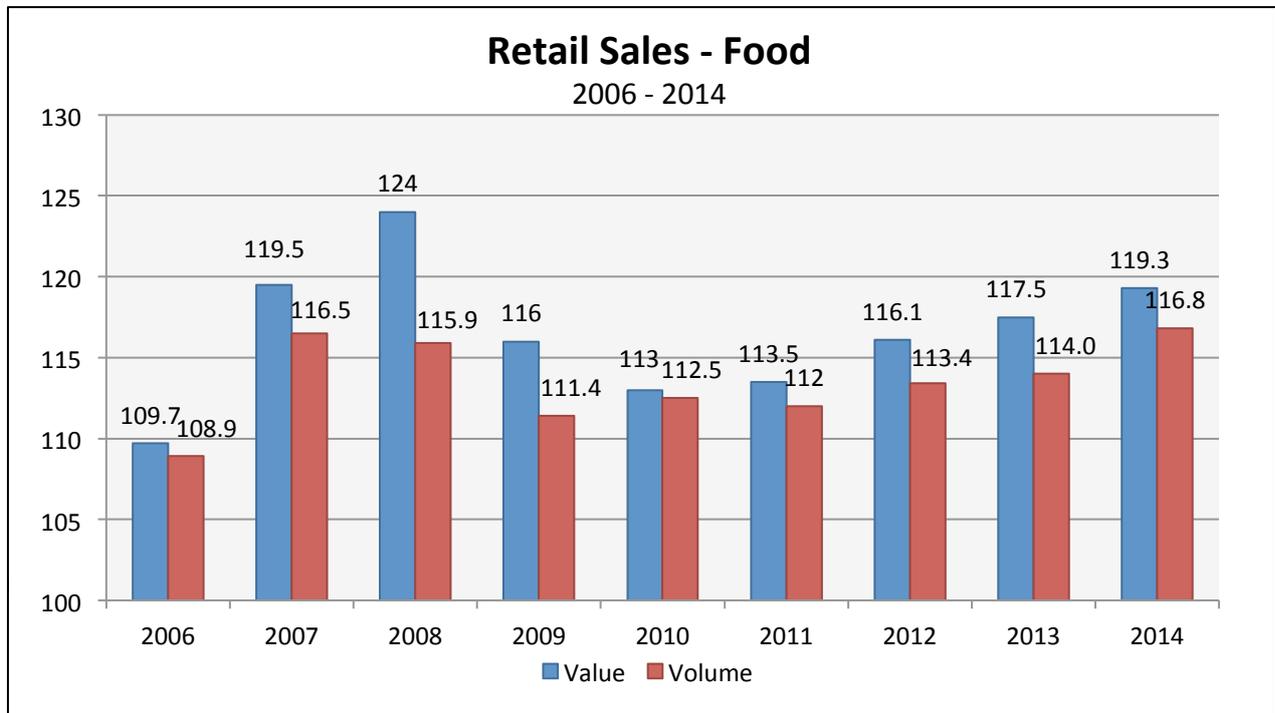
⁶⁷ Department Stores 2005 - 2014, Retail Sales Index Value and volume Unadjusted (Base 2005=100), www.cso.ie

⁶⁸ <http://www.theguardian.com/business/2014/sep/25/department-stores-john-lewis-house-of-fraser-record-september-sales-surge>

⁶⁹ www.statista.com/statistics/197712/annual-department-store-sales-in-the-us-since-1992/

RETAIL SALES – FOOD

ANNUAL



Retail Sales Index – Food, Base 2005 = 100⁷⁰

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

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

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

There has been considerable upheaval in the Irish grocery market in recent years with significant swings in market share. The discount chains, Lidl and Aldi, are continuing to grow their share of the market, reaching a combined share of 16.4% of the grocery market.⁷¹ SuperValu have also increased their share to 24.5% due to their acquisition of Superquinn.⁷²

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

Food sales in the US have performed well, increasing by 2.9% in value in 2013. This growth continued in 2014 with value increasing again by 3.5%.

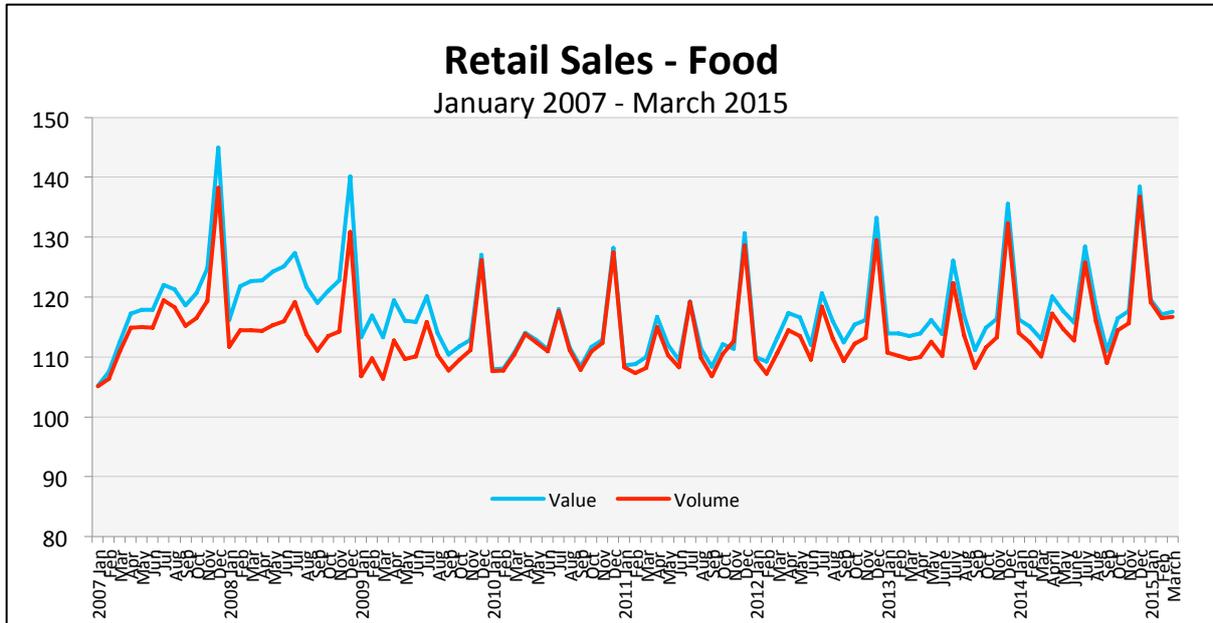
⁷⁰ CSO Retail Sales Index Value and Volume Unadjusted (Base 2005=100).

⁷¹ www.shelflife.ie/wp-content/uploads/2014/11/KWGH.png

⁷² www.irishtimes.com/business/sectors/retail-and-services/consumers-switch-to-discount-supermarkets-for-christmas-1.1661685

RETAIL SALES – FOOD

MONTHLY



Retail Sales Index – Food, Base 2005 = 100⁷³

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

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

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

Food sales in the UK have also been strong, increasing by 3% in volume for the year 2014, and 1% in value.

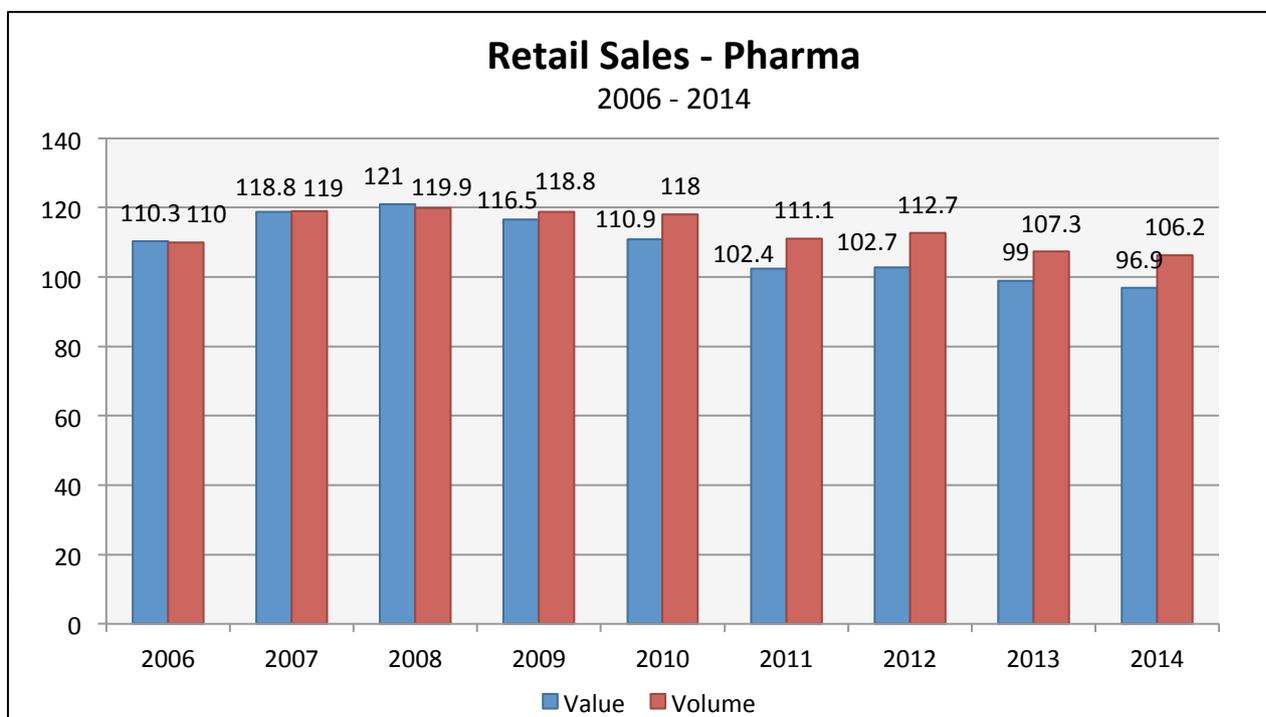
US food retail sales have been performing in a similar way, up 3.5% in 2014 and up by 3.1% in Q1 2015.⁷⁴

⁷³ Food 2006 - 2014, Retail Sales Index Value and Volume Unadjusted (Base 2005=100), www.cso.ie

⁷⁴http://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 = 100⁷⁵

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

This sector suffered a decline in the recession years from 2008 although it suffered less than some others. Sales volume fell by -10% from 2007 to 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 in this category stabilised in 2012, up by 1.4% in volume and 0.3% in value. However, this trend reversed again in 2013, with sales decreasing by -4.5% and -3.3% respectively. Sales improved slightly in 2014 but remained in negative figures with volume at -2% and value at -0.9%.

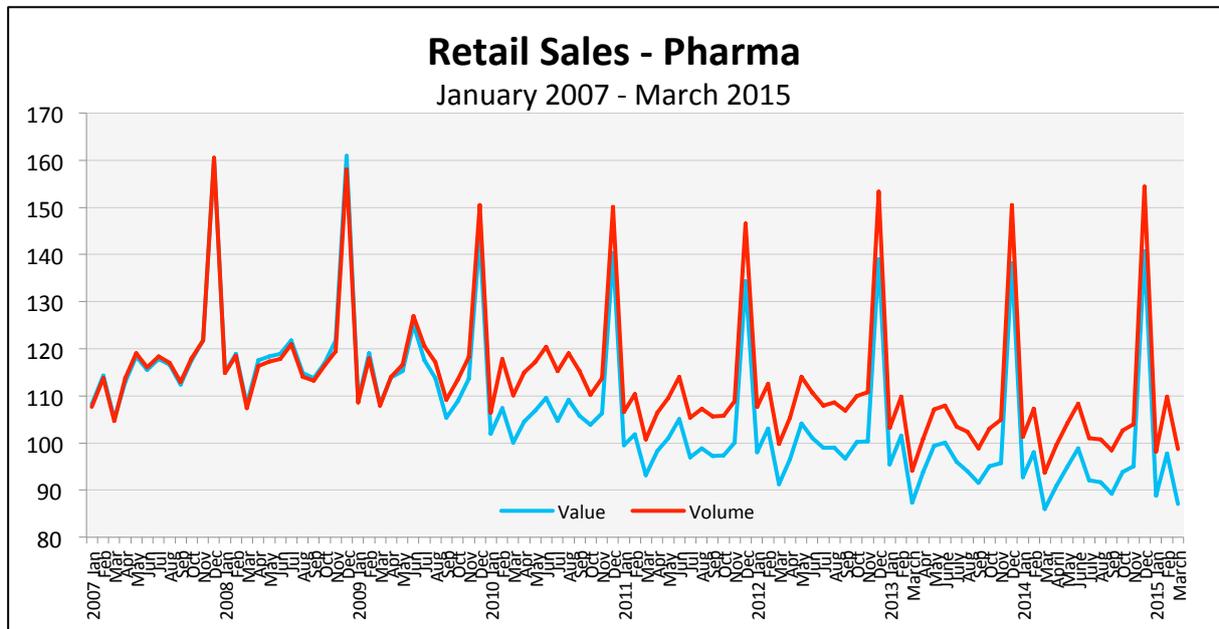
Pharmacies in the UK have also been under pressure, due to falling consumer spending and government cutbacks. This trend reversed in 2013 with an increase in volume and value of 9.8% and 9.4% respectively. Sales in this sector continued to increase in 2014 with volume up by 4.8% and value by 4.6%.

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

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

RETAIL SALES – PHARMACEUTICAL, MEDICAL, AND COSMETICS

MONTHLY



Retail Sales Index – Pharmaceutical, Medical and Cosmetic Articles Base 2005 = 100⁷⁶

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

There was a significant drop in sales in 2013, with a decrease of -4.4% in volume and -3.3% in value, year-on-year.

Sales through pharmacies saw a further decrease in 2014, with volume down -1% and value down -2% year on year, reflecting continuing price pressure. Sales stabilised in Q4, however, with volume up 0.6% and value up 0.1%, respectively.

Sales for Q1 2015 have continued to be fairly stable, up by 1.4% in volume although down by -1.2% in value.

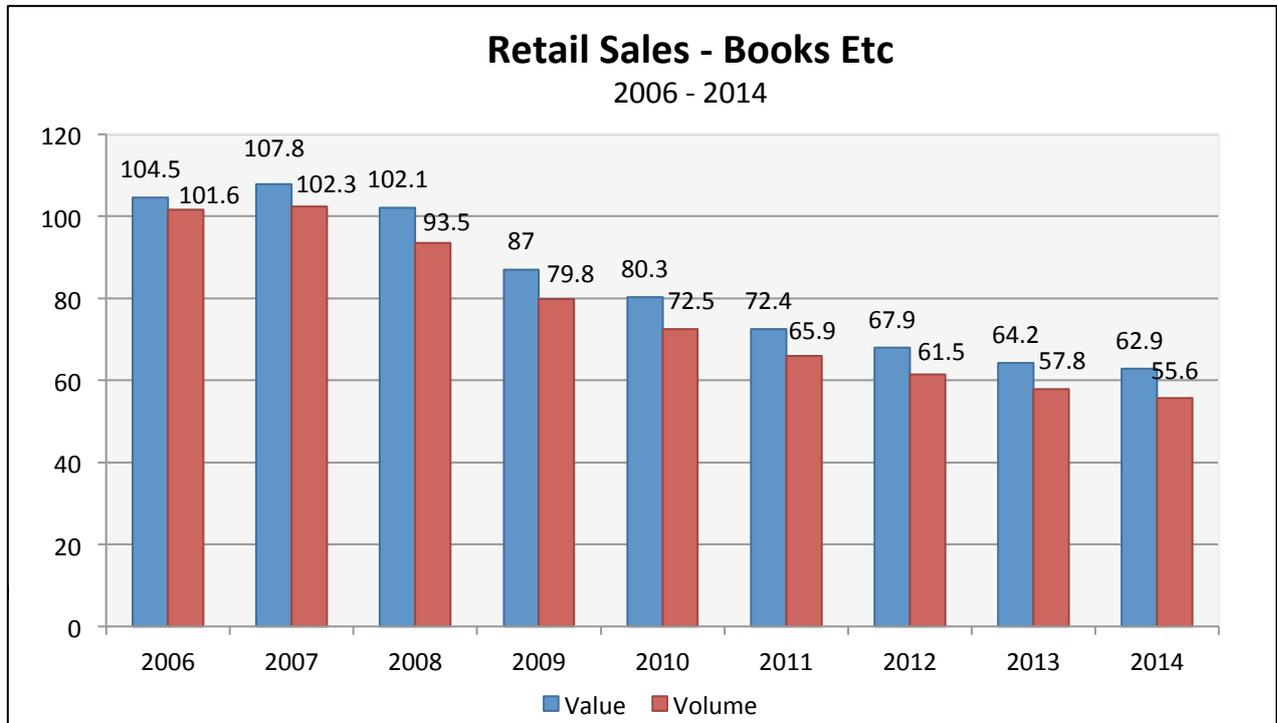
In contrast, pharmaceutical sales have grown strongly in the UK in 2015, with an increase of 7% in volume and 6% in value for Q1.

In the US, sales value in the pharmaceutical retailing industry has increased by 5.7% for Q1 2015.

⁷⁶ 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 = 100⁷⁷

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.

Book sales in the UK continued to fall in 2014 also, due to the ever increasing popularity of e-books.⁷⁸ A review of printed book sales for 2014 shows volume sales down -1.9% to 180 million, with value sales down -1.3% to £1.39bn.⁷⁹

Unlike the UK, US book sales increased by 4.1% in 2013 because e-book retailers become subject to more stringent pricing controls.⁸⁰ However, this positive trend was not sustained in 2014 as US book sales decreased by -0.1% year-on-year.

⁷⁷ CSO Retail Sales Index Value and Volume Unadjusted (Base 2005=100).

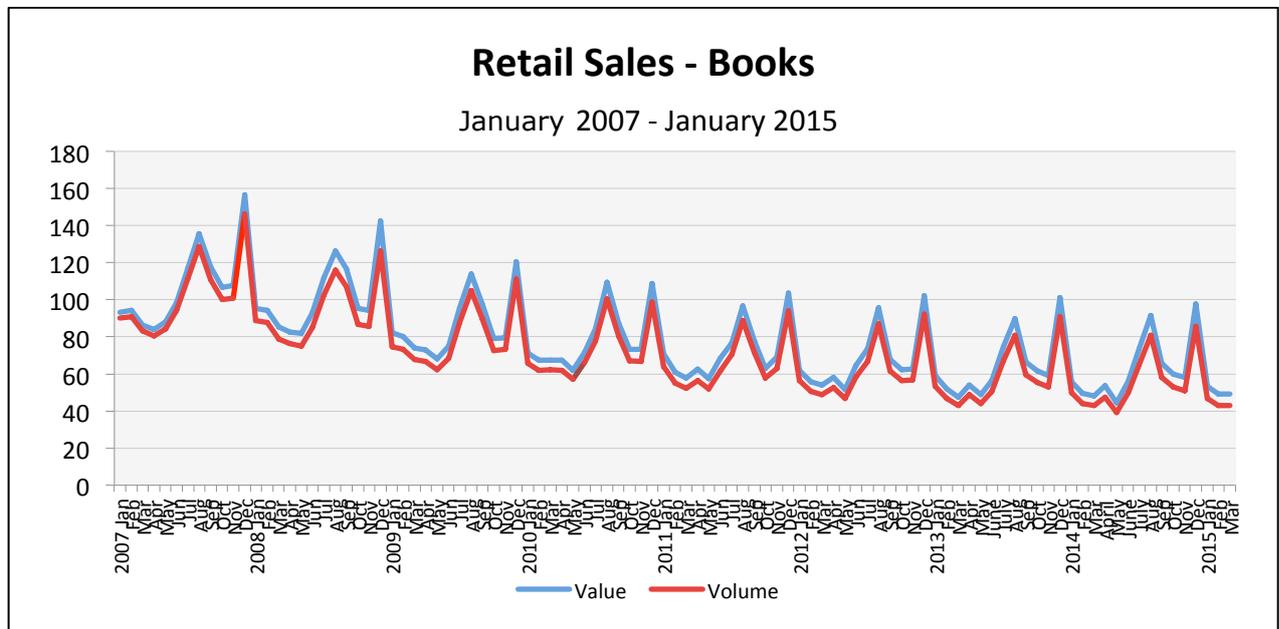
⁷⁸ www.theguardian.com/books/2015/jan/13/sales-printed-books-fell-150m--five-years

⁷⁹ Nielsen BookScan

⁸⁰ www.digitalbookworld.com/2013/ten-bold-predictions-for-ebooks-and-digital-publishing-in-2014/

RETAIL SALES – BOOKS, NEWSPAPERS & STATIONERY

MONTHLY



Retail Sales – Books, Newspapers and Stationery Base 2005 = 100⁸¹

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

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

Sales have continued on a downward trend for Q1 of 2015, with decreases of -2.9% and -1% for volume and value respectively. This reflects the on-going migration of books, news and magazines to online and digital formats.⁸²

Sales of books and newspapers in the UK have been undergoing a similar pattern but, for some reason, saw a large increase for Q1 2015, up 9% in both value and volume.

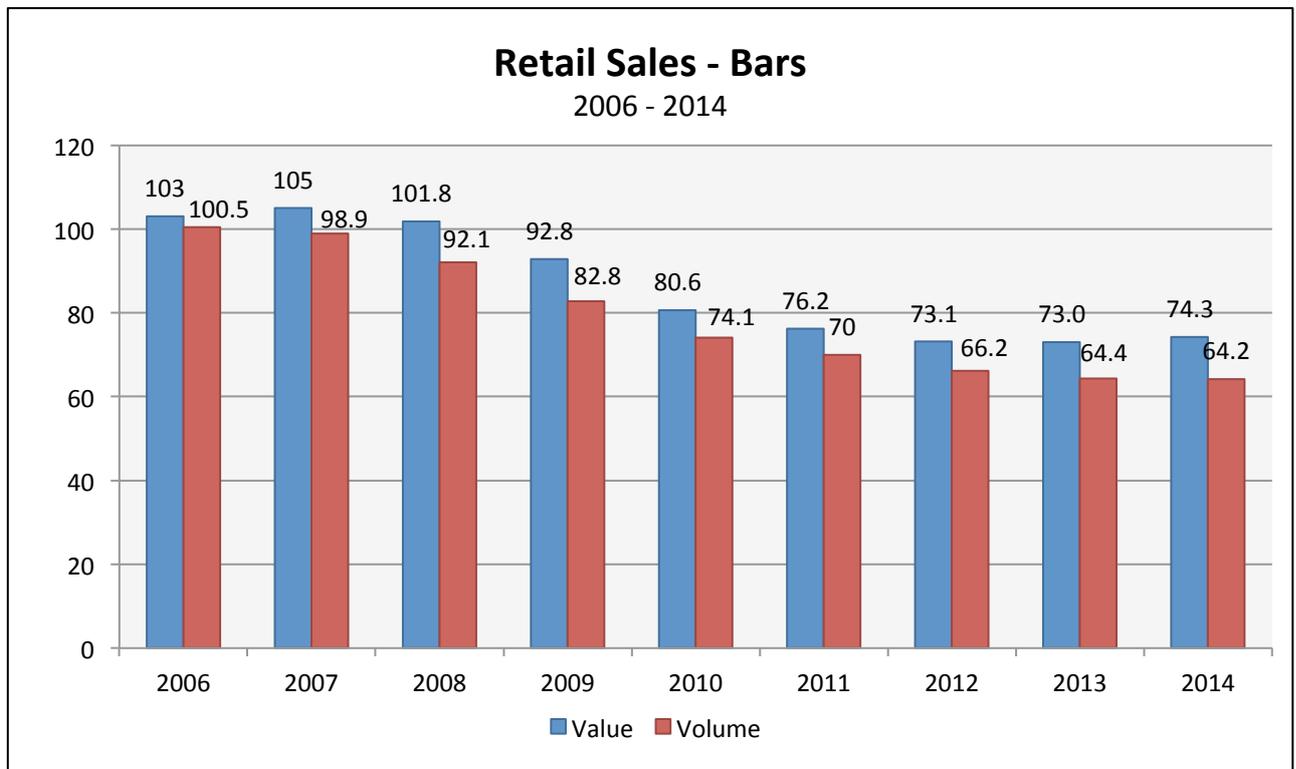
US books and newspaper sales also saw an increase in value for Q1 2015, up 5.3%.

⁸¹ Books, Newspapers and Stationery 2005 - 2011, Retail Sales Index Value and volume Unadjusted (Base 2005=100), www.cso.ie

⁸² [http://www.retailireland.ie/IBEC/Press/PressPublicationsdoelib3.nsf/wvRINewsByTitle/indicators-point-to-further-retail-recovery-in-2015-09-02-2015/\\$file/Retail%20Ireland%20Monitor%20-%20Issue%201%20-%20Press.pdf](http://www.retailireland.ie/IBEC/Press/PressPublicationsdoelib3.nsf/wvRINewsByTitle/indicators-point-to-further-retail-recovery-in-2015-09-02-2015/$file/Retail%20Ireland%20Monitor%20-%20Issue%201%20-%20Press.pdf)

RETAIL SALES – BARS

ANNUAL



Retail Sales Index – Bars, Base 2005 = 100⁸³

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%.⁸⁴

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

Beer sales in the UK were also up 1.3% in 2014, ending a decade of decline⁸⁵. Beer sales in pubs have begun to stabilise, showing a small decline of -0.8% in 2014, the smallest decline since 1996. In contrast, off-trade sales grew by 3.5%, exceeding on-trade sales for the first time on record.

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

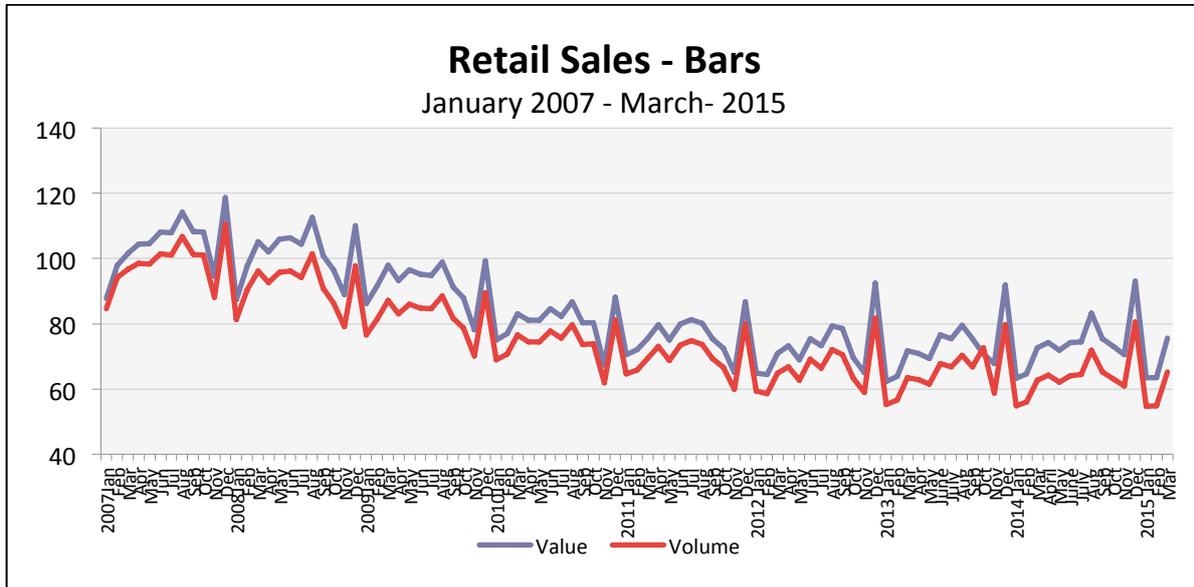
⁸³ Bars 2005 - 2014, Retail Sales Index Value and Volume Unadjusted (Base 2005=100), www.cso.ie, All figures relate to on-trade sales

⁸⁴ Drinks Industry Ireland, 2014

⁸⁵ <http://www.beerandpub.com/news/british-beer-sales-up-for-the-first-time-in-ten-years>

RETAIL SALES – BARS

MONTHLY



Retail sales Index – Bars, Base 2005 = 100⁸⁶

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

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

Bar sales were relatively positive in Q1 2015, with sales volume up by just 0.1%, and sales value up by 1.3%, year-on-year.

Beer sales in the UK were also up 1.3% in 2014, ending a decade of decline.⁸⁷ Beer sales in pubs have begun to stabilise, showing a small decline of -0.8% in 2014, the smallest decline since 1996. In contrast, off-trade sales grew by 3.5%, exceeding on-trade sales for the first time on record.

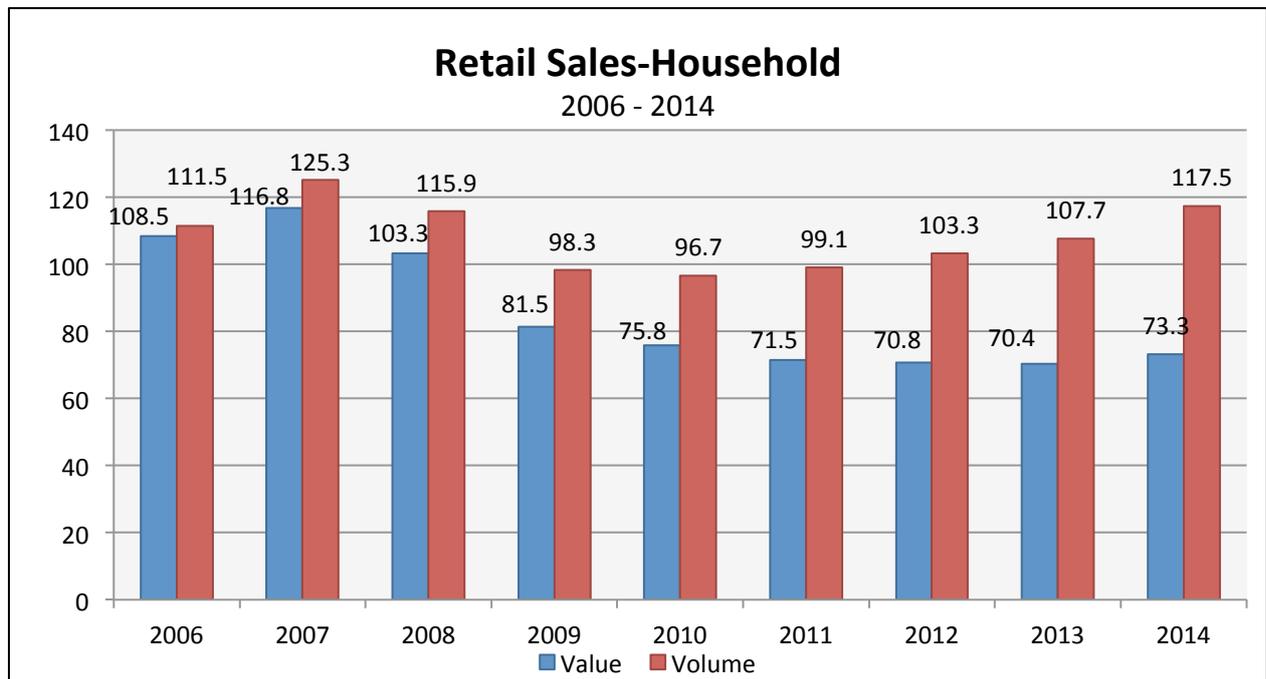
In the US, restaurants and drinking places reported an increase of 3.3% in sales value in Q4 of 2014. Sales saw a further substantial increase of 9.0% in Q1 2015, year-on-year.

⁸⁶ Bars 2006 - 2015, Retail Sales Index Value and volume Unadjusted (Base 2005=100), www.cso.ie all figures relate to on-trade sales

⁸⁷ <http://www.beerandpub.com/news/british-beer-sales-up-for-the-first-time-in-ten-years>

RETAIL SALES- HOUSEHOLD EQUIPMENT

ANNUAL



Retail Sales Index – Household Equipment, Base 2005 = 100⁸⁸

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

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

Despite the improvement in the UK property market in 2013, sales decreased both in volume and value, by -2.4% and -2.7% respectively.⁸⁹ This trend reversed in 2014 with sales up by 7.1% in volume and 6% in value.

In the US, sales of household goods increased by 8% in value in 2012, with a slightly lower rate of increase of 3% in both 2013 and 2014.⁹⁰

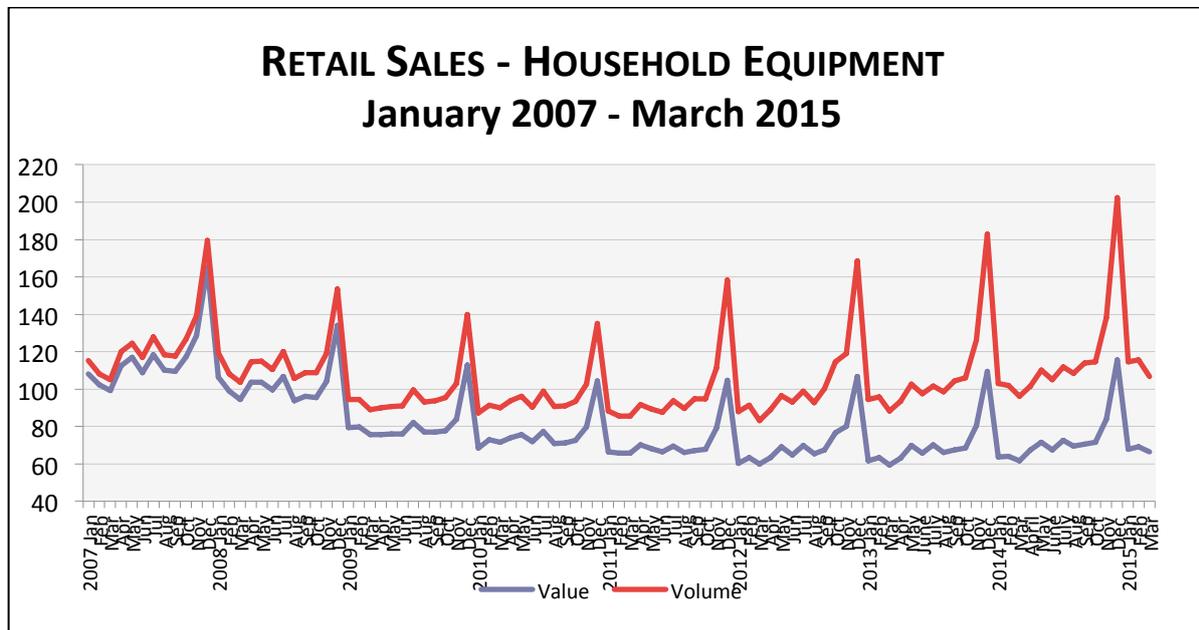
⁸⁸ Household Equipment 2006 - 2014, Retail Sales Index Value and volume Unadjusted (Base 2005=100), www.cso.ie

⁸⁹ www.bbc.co.uk/news/business-25745468

⁹⁰ www.postandcourier.com/article/20140124/PC05/140129750/1010/us-home-sales-in-2013-best-in-seven-years

RETAIL SALES - HOUSEHOLD EQUIPMENT

MONTHLY



Retail Sales Index – Household Equipment, Base 2005 = 100⁹¹

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

In 2013, sales of household equipment saw an increase in volume of 4.3%, while value saw a decrease of -0.5%. Sales continued to increase in 2014, up by 9.9% in volume and 5.2% in value in the fourth quarter, year-on-year.

Sales increased further in Q1 2015, up by 11.9% in volume and 6.9% in sales value, compared to the previous year. This average conceals considerable variation, with some of the sub-categories showing even larger increases: furniture and lighting up 20.8% in volume and 14.8% in value; electrical goods up 11.9% in volume and 6.2% in value, and hardware, paints and glass up 6.9% in volume and 4.3% in value. These increases are directly related to the increase in activity in the Irish property market.⁹²

UK sales of household equipment have also been strengthening, up by 6% in volume and 9% for value for the first three months of 2015. It is expected that the UK election will have a further positive effect on the UK housing market⁹³

US sales of household equipment increased by 4.3% in the fourth quarter of 2014 year-on-year, attributable to house sales and remodelling. Sales increased by just 2.7% in Q1 2015.

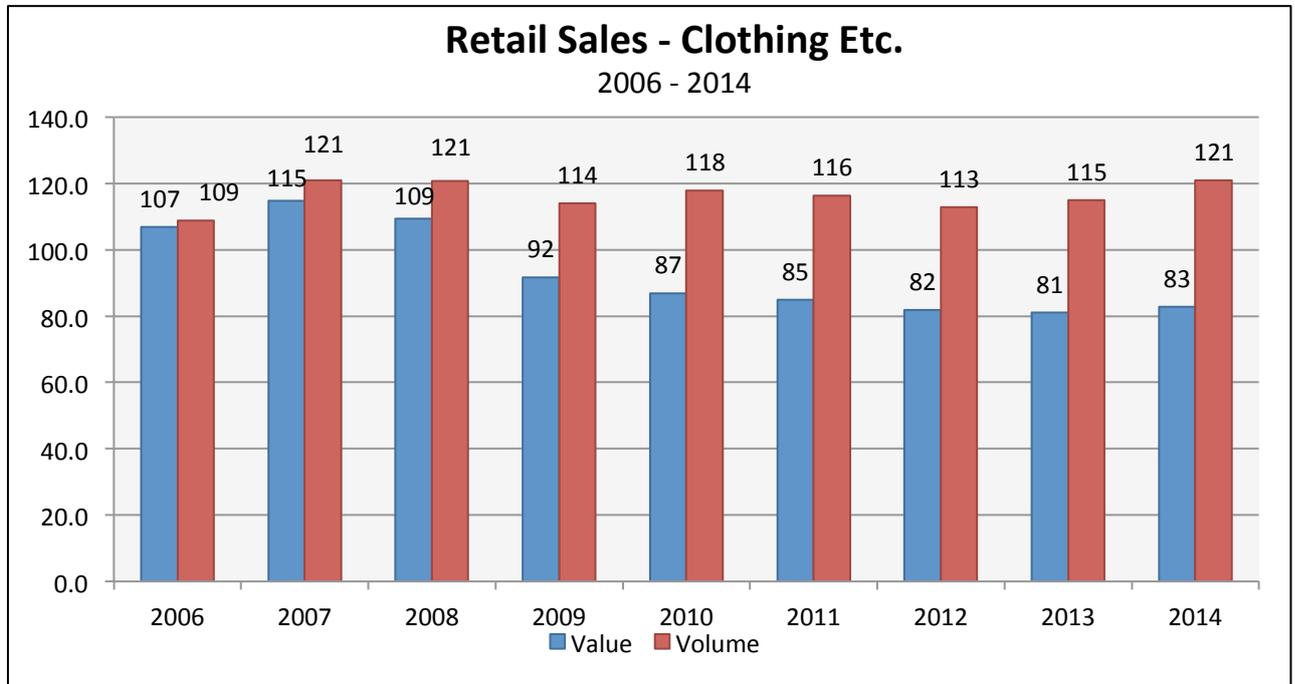
⁹¹ Household Equipment 2006 - 2015, Retail Sales Index Value and volume Unadjusted (Base 2005=100), www.cso.ie

⁹² <http://www.irishexaminer.com/business/bank-of-ireland-ups-sme-loan-approvals-by-24-328710.html>

⁹³ <http://www.forbes.com/sites/carlapassino/2015/05/08/why-the-british-real-estate-market-will-rise-now-the-election-is-over/>

RETAIL SALES - CLOTHING, FOOTWEAR AND TEXTILES

ANNUAL



Retail Sales Index - Clothing, Footwear and Textiles, Base 2005 = 100⁹⁴

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

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

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

Sales levels increased more significantly in 2014, with volume up by 5.2% in Q4 year-on-year, and value up by slightly less, at 2.3%.

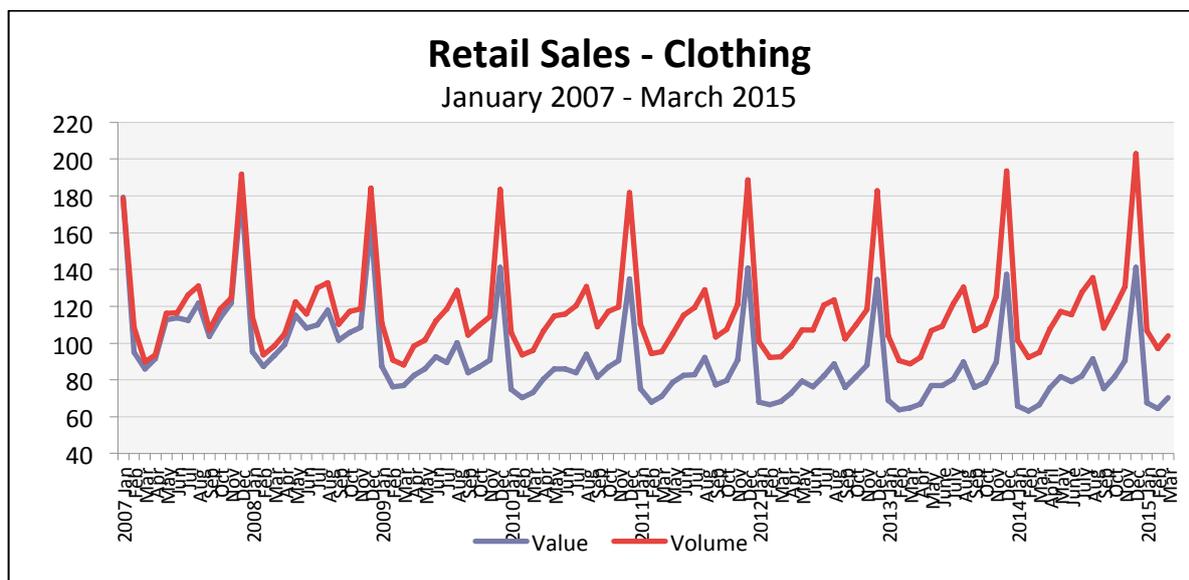
UK sales also recovered slightly in 2013, with volume and value increasing by 1% and 2.4% respectively. In 2014, sales increased a bit more, by 2.7% in volume and 2.9% in value. Online sales account for 11% of this category and were up 10% year-on-year, in 2014.

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

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

RETAIL SALES - CLOTHING, FOOTWEAR AND TEXTILES

MONTHLY



Retail Sales Index - Clothing, Footwear and Textiles, Base 2005 = 100⁹⁵

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 average for the rest of the year.

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

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

Quarter one in 2015 saw this upward trend continuing, with a further increase in sales volume of 5.6% and value increasing by 2.8%, compared to last year.

UK clothing sales in Q4 2014 saw an increase of 2% in value and 3% in volume. This growth continued in 2015, with an increase of 4% in volume and in value in Q1 2015, when compared to last year.

Sales of clothing in the US in Q1 2014 experienced no movement when compared to Q1 in 2013. However US clothing sales saw a 3% increase for Q1 2015.

⁹⁵ Textiles and Clothing 2006 - 2015, Retail Sales Index Value and Volume Unadjusted (Base 2005=100), www.cso.ie

Q1 2015

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