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# Retail and Entertainment Product Council

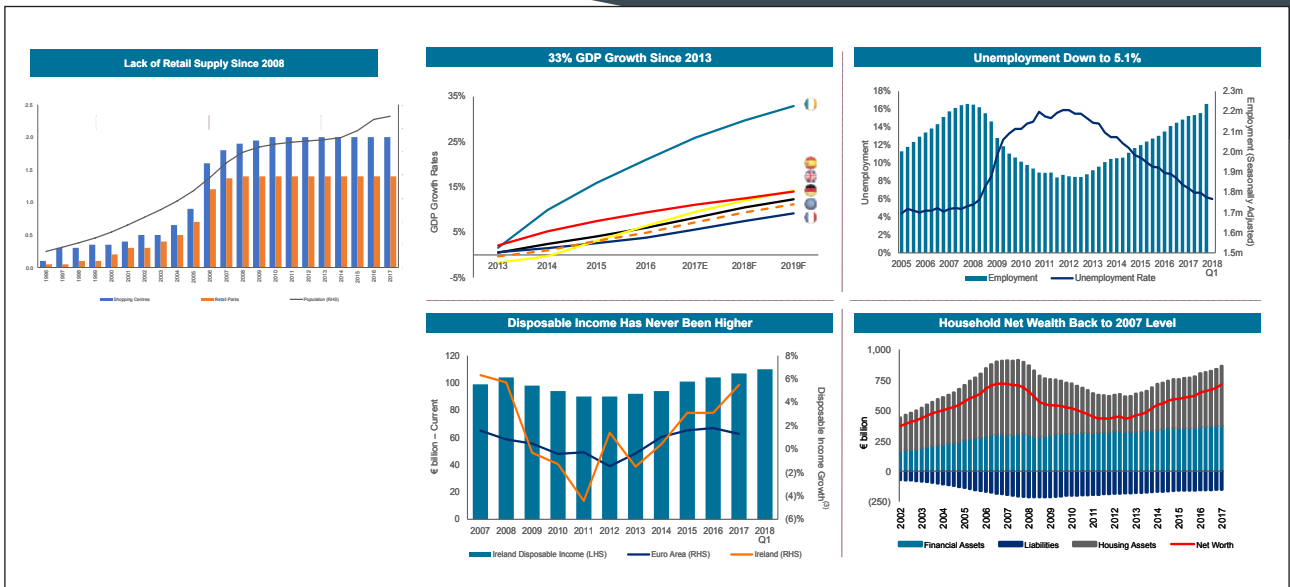
Dublin – September 2018

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## Overview

The retail and entertainment sector is one of the most dynamic in the real estate industry. ULI Europe's Retail and Entertainment Council examines all aspects of ownership and operation in this sector, from shopping centres, high street shops, and out-of-town retail parks to restaurants, cinemas, and concert venues. Through a programme of events and original content, the council draws ideas from both established best practices and emerging trends to provide members with insights into the retail and entertainment market.





## Local Market Overview

### Neil Bannon,

Director, Sigma Retail partners

Neil talked about demand, supply and general commentary on the Irish retail market.

#### Key takeaways:

##### Supply

- Very strict guidelines for the provision of retail centres planning (favouring town centres) has constrained ability to develop retail in Ireland.
- 91 large retail units or centers have been sold off since 2015 – accounting for half the market. Most to Private equity funds with a short term life span, 5 year strategies, so most will reappear on the market in Q1 2019 – Q2 2020.
- Goodbody Retail park per capita study shows that Ireland has a higher than the EU average supply. Retail differs by region and many Irish people have to travel 40 – 60 minutes to get to a retail park.

##### Demand

- As a result of the healthy economic environment and outlook very low vacancy. Massive deleveraging period - €64bn has been deleveraged since the high point (in Irish economy in general) This gives an opportunity to retail as the population has less debt to pay off.
- “Ireland has become a nation of savers”. Since the crash we have been deleveraging and are now aggressively saving, counterintuitively as interest rates are zero.
- Decathlon, IKEA and Victoria’s Secret are new entrants to the market and provide a good gauge of the retailers view of Irish retail market. In particular F&B brands, as well as independents are attracted to the market.
- Lots of existing retailers are expanding.
- Often new entrants can get it wrong and be naïve when entering new markets but existing retailers are expanding gives the retail market a healthy outlook.

##### New Development Project Swan Yard

- The Swan Yard project is located in Docklands, a wealthy part of the city center. It targeted students and the elderly.

- The target focus changed to food place and are frequent shoppers that shopped three or four times a week instead weekly shops.

##### General Retail Commentary

- Retail Rents are now back where they were in 2002 but in 2002, there were 1 million less people and more debt.
- The future of Irish retail is in existing stock and is adapting to today’s market.
- Less likely to build neon shopping centres, but there will be extensions, renovations as well as neighbourhood schemes.
- The value of public spaces are key in complimenting shopping centres as opposed to putting in shops for the sake of it.
- A lot of people are seeing the death of retail in the UK are expecting it in the Irish market and scratching their heads as to why it has not happened here yet, it’s a completely different market economically, socially and demographically.

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“The Irish retail market is like speed dating – in the 1980’s we had nothing – In the 90’s & early 2000’s we went crazy – Late 2000’s we got a hangover – Now we are cautious”  
“To sum up – supply fixed, demand good, rents not overvalued”

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## Borough Yards, London/ Promenaden, Oslo – Redevelopment Projects

**Herman Kok**, Vice President, Head of Research, Meyer Bergman  
Herman highlighted that retail has always been under disruption and noticed three main trends; importance of mixed use; food and beverage becoming popular; and flexibility.

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### Key takeaways:

- Borough Yard is a forgotten part to a booming part of London. It is close to London Bridge rail station and near local attractions such as the riverside and Tate Modern.
- The historic arches were imperative for the success of the entire scheme, they helped to add ‘authenticity’. Authenticity adds value. People like the uniqueness instead of going to general, homogenous shopping malls.
- There has been a significant increase in housing and office stock in the direct catchment area.
- Borough Market alone generates footfall of some 20 million visitors per year while London Bridge rail and underground stations generate footfall of 130 million per year.

- Physical Improvements – Obtained Planning Permission to reconfigure rail arches and create mixed use development – Complete development will have leisure, retail and office to ensure an exciting tenant mix and stable cash flow.
- Leasing - Optimised the leasing schedule to get tenants that fit the authentic surrounding.
- Brexit does not have an effect on Borough Yards. Meyer timed it well and rising construction costs are not having an effect.
- Authentic and niche retail are less vulnerable to political and economic instabilities.

## Mixed-Use Projects

**Frank Martin**, Director Asset Management, Hines

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### Key takeaways:

- Liffey Valley, a large shopping centre was Hines’ first project here.
- Cherrywood demonstrates how Ireland has learned from Tallaght. It is a development site with a tram system, well developed surrounding housing, wealthiest catchment in Ireland and close to the M50 ring road.
- Cherrywood is in a Strategic Development Zone (to deliver sustainable structured developments). In the current economic climate this

essentially allows local councils to deliver housing through fast track planning.

- Central Plaza in Dublin City Centre has a building which was historically insulated from the public, as you’d expect with Central Banks. Hines plan to open it up and connect the city.
- The growth of Dublin’s prime retail high street, Grafton Street, was seen as an opportunity for this development.
- A lot to benefit from upcoming council decision on pedestrianisation of college plaza.

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“Having the Retail Product Council in the Tallaght Square is ironic. It was the first ‘out of town development’ in Ireland and is now used as a template for how it shouldn’t be done.”

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### Council discussion:

- To make Cherrywood a place and not another town development, the key is mixed use. There will be a combination of student housing, apartments and housing. 30% of the development will be leisure and F&B. Accessibility to the site will be key for success.
- To give Cherrywood a sense of character is down to the people who live there so the residential offer must be right. Cherrywood could learn lessons from Porta Nuova in Milan, on what went wrong and not to replicate their mistakes.

# New Innovative International Leisure Project

**Justin Beavis**, Founder, Chief Development and Commercial Officer, Urban Legacies Limited

**Key takeaways:**

- There has been a constant theme of disruption when talking about retail property and 'leisure' has become a buzzword. The market for entertainment is set to grow. "Experience" entertainment is probably one of the biggest trends today.
- Seniors are asset rich and wish to experience things whilst millennials are often quoted as the reasons for disruption in entertainment.
- Examples of disruption in leisure include; Puttshack, TopGolf, Bounce and The VOID.
- Messenger Coffee Company in Kansas city is a best practice example of how the café reimaged itself. Its changing menu connects customers to the farm and builds relationships with farmers.
- There is a huge opportunity for private equity and pension funds to bring foreign ideas into domestic markets for example, something simple like the Tramshed in Sydney.



“People shouldn’t be choosing, or forced to choose, the same activity week in week out, it’s time to find something new”

**Urban Adventure key takeaways:**

- 12-20 sport activities together in one place.
- Leisure reimaged is not just about one activity but about creating a social space.
- There will be different F&B to cater to different customers. For example, food that’s high in protein for fitness customers, pizza and beer for casual customers.
- Private Equity is following adventure and leisure centres keenly.

## Hammerson Site Tour

The council members went on a site tour of Dundrum shopping center

**Key takeaways:**

- Dundrum’s main competitor is the city centre. For Dundrum, being on the Luas (local transport system) is vital.
- High occupancy can actually be a challenge. When shopping centres change and have churn with retailers, it keeps the centre ‘exciting and refreshing’. Dundrum was developed during the Celtic tiger and tried to tie down tenants to as long a lease as possible when the crash happened.
- Key drivers for growth;
  - The 'right' space for tenants. It needs to be the right one for them and also the right area and feel for their brand.
  - Aligning F&B with the 'profile' of the Shopping centre to more high end offer, such as Fallon & Byrne foodhall are opening a 10,000 square feet flagship store soon.
  - Bring in more new brands
- Strategy for Dundrum going forward;
  - To create desirability
  - To make Dundrum an iconic destination.
  - Retail specialism – pop-up stores
  - Re-develop the old town centre.
  - Add residential in the mix.

“The future of the shopping mall is not just about shopping”

forbes.com

A focus on leisure and entertainment, instead of one primarily on shopping, is one critical aspect of a trafficked, financially viable mall today.”

Global Real Estate Experts

“A visit to the mall means meeting in a vibrant, multifunctional complex which can include multiplex cinemas, dramatic theatre performances, fine dining, and any games you can enjoy with friends and family”

REP Europe Real Estate

A storm of global trends are coming together at the same time to cause malls to change the role they play in people’s lives.

No longer are they primarily about shopping.

Now, when consumers visit malls, they are looking for experiences that go well beyond traditional shopping”

McKinsey & Company



## Members and guests of the Council

**Neil Bannon**, Sigma Retail Partners

**Justin Beavis**, Urban Legacies

**Marije Braam-Mesken**, CBRE Global Investors

**Kenneth Christian**, CallisonRTKL

**Simon Hersom**, Value Retail PLC and SD Malkin Properties

**Chris Igwe**, Chris Igwe International

**Herman Kok**, Meyer Bergman

**Wilson Lee**, Cale Street Partners

**Frank Martin**, Hines

**James Raynor**, Grosvenor

**Marc Reijnen**, M&G

**Peter Reilly**, JP Morgan

**Andy Watson**, Europa Capital

**Jon Zehner**, La Salle

## About ULI Europe

The Urban Land Institute is a global, member-driven organization comprising more than 40,000 real estate and urban development professionals in 76 countries dedicated to advancing the Institute's mission of providing leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. In Europe, we have over 3,000 members.

European Councils are forums for industry leaders to meet, exchange ideas, share best practices and foster thought leadership in their specific sector of the real estate market. Consisting of a genuinely international membership, the councils provide a unique platform to learn from peers in the same sector who are operating in different geographical markets, as well as help shape the future of pan-European real estate.

## Join us today

The success of ULI's Product Councils relies on the active participation of our senior executive full members. If you would like to share your expertise and be involved in shaping the future of real estate in Europe, please contact the relevant Chair or Louisa Batts at [louisa.batts@uli.org](mailto:louisa.batts@uli.org) for information on applying to join a Council.

<https://europe.uli.org/join>

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**Author:** Amanprit Arnold



**Urban Land  
Institute**

**Europe**

131 Finsbury Pavement  
London EC2A 1NT

Telephone: +44 (0)20 7487 9570

Email: [ulieurope@uli.org](mailto:ulieurope@uli.org)

Website: [europe.uli.org](http://europe.uli.org)