DUBLIN ECONOMIC MONITOR

ISSUE 26
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in this issue

LATEST DUBLIN ECONOMIC DATA

IHS MARKIT DUBLIN PMI

MASTERCARD SPENDINGPULSE

IS THE ECONOMY READY TO ROAR?

Comhairle Cathrach Bhaile Átha Cliath Dublin City Council
Comhairle Contae Fhine Gall Fingal County Council
dlr Comhairle Contae County Council
Comhairle Contae Átha Cliath Theas South Dublin County Council
Grant Thornton

Highlights

- The number of recipients of the Pandemic Unemployment Payment in Dublin reduced by over 20,000 MoM to just over 60,000 in August 2021 as restrictions on economic activity were eased.
- Business activity in Dublin ramped up in Q2 2021 with the strongest PMI reading (60.2) since late 2015 as growth was recorded across each of the three monitored sectors of services, manufacturing and construction.
- Consumer retail spending rose by 5.1% QoQ and 17.1% YoY (SA) in Q2 2021 with strong recoveries in the Entertainment and Discretionary categories as a return to bricks-and-mortar outlets was in evidence.
- New house commencements surged to over 5,000 in Q2 2021, the highest quarterly level since the mid-2000s.
- Dublin hotel occupancy rates rallied to 43.1% in July 2021, up considerably from the low point of 5.9% in June 2020, as domestic and international visitors returned to the Capital.

The September 2021 issue of the Dublin Economic Monitor

The Dublin Economic Monitor is a joint initiative on behalf of the four Dublin Local Authorities, and is designed to be of interest to those living and doing business in Dublin or considering locating here. The report is produced by Grant Thornton with inputs from IHS Markit and MasterCard.

There are two special feature articles this quarter. The first is from Caeman Wall, Head of Research at Fáilte Ireland, and provides an overview of the ongoing recovery in tourism in the Capital. The second article is by Eoghan O'Mara-Walsh, Chief Executive Officer at the Irish Tourism Industry Confederation, and centres on Dublin's international air connectivity in the context of recovery in overseas tourism.

The Monitor is divided into the following themes for Dublin:

- Economy
- Business Developments
- Retail
- Hospitality
- Labour Market
- International Rankings
- Housing
- Transport & Travel

For more data and insights see: www.dublineconomy.ie.

The next edition will be published in December 2021.

www.dublineconomy.ie

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Is the economy ready to roar?

Always wary of false dawns, the economic mood does feel more firmly upbeat than for some time. The roll out of the vaccine after a shaky start, and the lifting of restrictions is driving this more optimistic feeling.

Supporting this sense of growing optimism, new research from Grant Thornton Ireland has revealed that 76% of Irish businesses are optimistic about the outlook for the economy over the coming 12 months as domestic and international markets recover and the world reopens post-pandemic. The research carried out in the first half of 2021 for the Grant Thornton International Business Report put Ireland ahead of countries including the UK, France and Germany for levels of optimism among local businesses. Ireland ranks fourth of 29 economies surveyed on business optimism and is highest of all the European countries surveyed. Not only are firms increasingly optimistic, they are raising their heads and looking outward. More than a third (38%) expect to grow exports over the coming year and 30% expect to increase the number of countries they sell to with the United Kingdom and the United States identified as countries of priority for Irish businesses.

Continuing in this positive vein, Irish businesses are also focusing on their workforce to support their domestic and international sales strategies. Close to four in ten Irish businesses are expecting to increase employment as society returns to normal.

Raising expectations

While Ireland seems to be displaying more optimism than many other countries, we are not alone in feeling more positive. The improving health situation and ensuing continued easing of virus containment measures have led to an uplift in the EU Commission's economic forecasts since the spring. The Commission's summer forecast report notes that the contraction of EU GDP in the first quarter of the year turned out to be marginal, and milder than expected. Falling numbers of new infections and hospitalisations have allowed economies to reopen across the EU, to the benefit of service sector businesses, in particular. It appears, from flash estimates of economic activity across Europe that economies are roaring back to life.

GDP is now forecast to grow by 4.8% in 2021 and 4.5% in 2022 in both the EU and the eurozone area. The volume of output is projected to return to its pre-crisis level in the last quarter of 2021, which is one quarter earlier than expected in the EU's spring forecast for the eurozone. Growth is expected to be led by sustained consumer expenditure, as more opportunities to spend return. The buoyant consumer trends are further supported by a seemingly resilient labour market, which is now seeing job vacancy levels back at pre-pandemic levels, and the release of a significant proportion of the savings that were accumulated by many during lockdown restrictions. The outcome of this upbeat assessment is a projection that the Irish economy will grow by 7.2% in 2021. More moderate GDP growth of 5.1% is expected in 2022, on the back of the partial unwinding of the very large household savings accumulated during the long and very strict lockdowns, and the continuously improving external environment.

An eye on inflation

Amid the increasingly optimistic view on how the economy will perform, there has been considerable discourse on inflation. Global inflationary pressures, particularly evident in oil prices and construction materials, coupled with service sector inflation as the economy reopens have driven the Irish consumer price inflation rate to 2.2% in July. The overriding expectation is that these current rates are transitory and reflect base effects (recalling that consumer prices were declining during the same period a year ago) and bottlenecks caused by strong 'revenge spend' demand. While the inflation rate appears transitory, it is an important metric to monitor in the coming months as the economy looks set to roar back to life.

> The optimistic mood feels more secure at last, with growth projections being revised upwards.

Economic re-opening stimulates Dublin businesses, yet uncertainty remains

The third quarter of 2021 has been dominated by re-opening and initial recovery in the Dublin economy. The combination of the resumption of indoor dining, plus the re-emergence of domestic and international travel has provided a much needed boost for many Dublin businesses – with hospitality and retail to the fore. The quarter has also been positive for swathes of the Dublin labour market, as thousands of employees – mainly in the services sector – returned to work.

Notable developments and setbacks in specific sectors of the labour market were also apparent in the quarter, including:

- Deutsche Bank's announcement of plans to cut up to 450 full-time and contractor roles in the Capital. The jobs which will be lost are in back office and support, primarily in its operations and technology operations, as the bank seeks to simplify its business model and reduce costs;
- Gap's closure of all of its retail stores in Ireland by the end of 2021. Its three Dublin stores in Blanchardstown, Dundrum and Henry Street will be shuttered in another blow for the Capital's retail sector; and
- The expansion of Liffey Valley Shopping Centre's retail and leisure offering, with the creation of 130 jobs.

Labour Market Supports

The Pandemic Unemployment Payment (PUP) has been a vital support for many businesses and employees through the pandemic. The scheme has been closed to new applicants since early July as the worst of the Covid-19 restrictions were eased. From September 7th, PUP rates commenced a gradual reduction which will continue up to the start of February 2022. At that point, recipients still on the PUP may apply for jobseeker's payments as an alternative support to assist in returning to the workforce. This phased approach is designed to encourage a return to employment (where possible), and will reduce the sizeable fiscal burden which the State has carried for the past 18 months.

Commercial Market Uncertainty

The market for commercial space in Dublin continued to be affected in Q2 2021 by the working-from-home arrangements which apply for many employees. As shown in the chart below, office rents remained stable in the south suburbs in the quarter, but declined by 2.5% QoQ and a remarkable 11.6% YoY in the city centre. According to CBRE, vacancy rates remain higher than pre-pandemic times – particularly in the Dublin suburbs where vacancies have increased from 6.8% in Q2 2019 to 10.3% in Q2 2021. TikTok's recent agreement to rent all of the 18,000m2 Sorting Office in Dublin 2 is a vote of confidence in the traditional office model, yet the anticipated staggered return to offices for many employees is likely to continue to affect the commercial market for some quarters to come.

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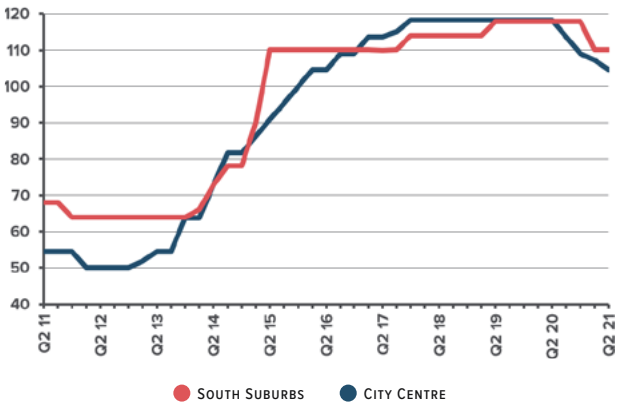
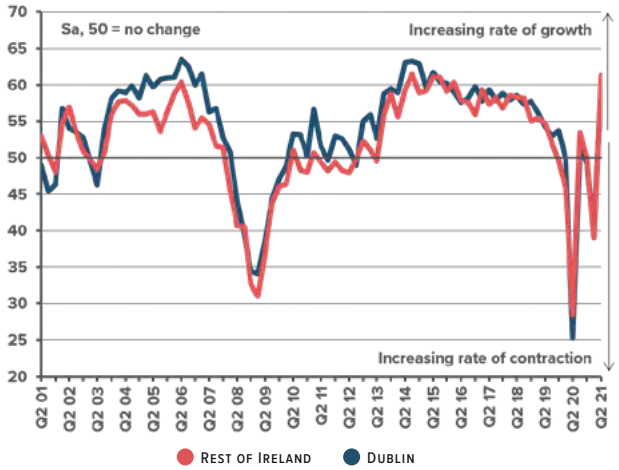
Dublin Office Rents Index (2006 = 100)



SOURCE: CBRE.

Business activity rebounds as pandemic restrictions are lifted

Overall Dublin IHS Markit PMI (SA)



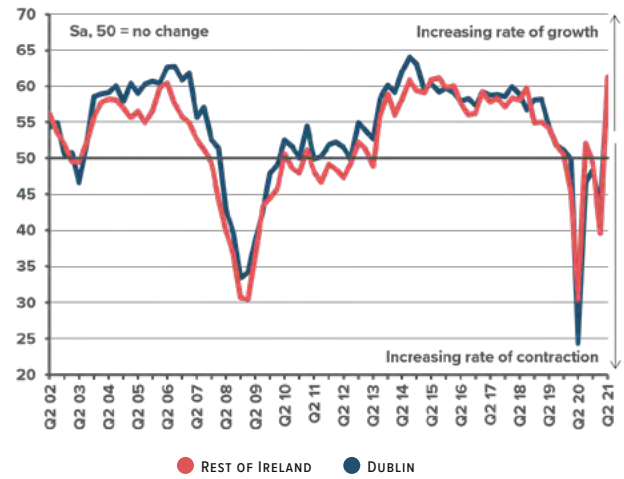
> The loosening of Covid-19 restrictions helped to breathe life back into the Dublin economy over the course of the second quarter, with the recovery from the pandemic now underway in earnest.

Business activity in Dublin ramped up in Q2 2021 as Covid-19 lockdown restrictions were eased and the economy reopened. The robust expansion in activity (index reading of 60.2) was the strongest since the final quarter of 2015. Growth was recorded across all three of the monitored sectors of services, manufacturing and construction. An overall YoY increase of 35 index points underlines the significant progress made since the depths of the pandemic. Output also surged across the Rest of Ireland, and at a slightly stronger pace (61.3) than seen in Dublin.

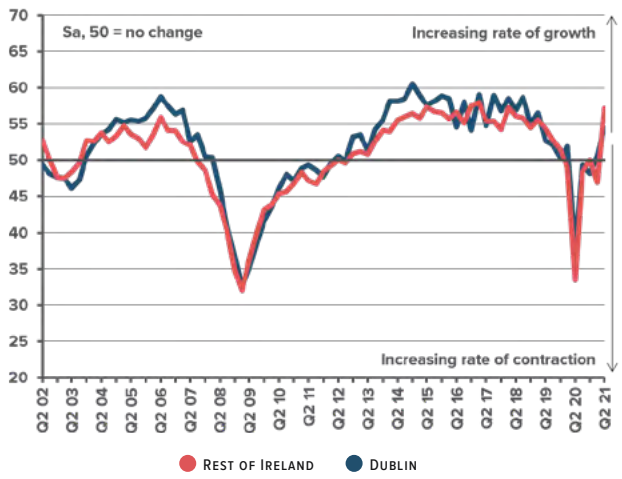
The reopening of the economy not only boosted activity but resulted in a steep expansion of new orders (index = 60.1) during Q2 which bodes well for future quarters. The marked increase in new business ended a five-quarter sequence of decline and was the strongest expansion for six years. New order growth was marginally more robust outside the Capital at 61.2.

Employment levels amongst Dublin companies also expanded in Q2. An index reading of 54.4 was the strongest since Q1 2019 and indicated solid job creation in the Capital. It must be highlighted that employment levels in Dublin suffered a deep contraction in one quarter (Q2 2020) since the onset of the pandemic, but have been stable or increasing since – no doubt assisted by the Government's financial supports. As with the overall PMI, employment across the Rest of Ireland increased at a swifter rate than in Dublin in Q2. This may be partly related to the deeper contractions suffered outside Dublin during the worst of the pandemic.

Overall PMI New Orders (SA)

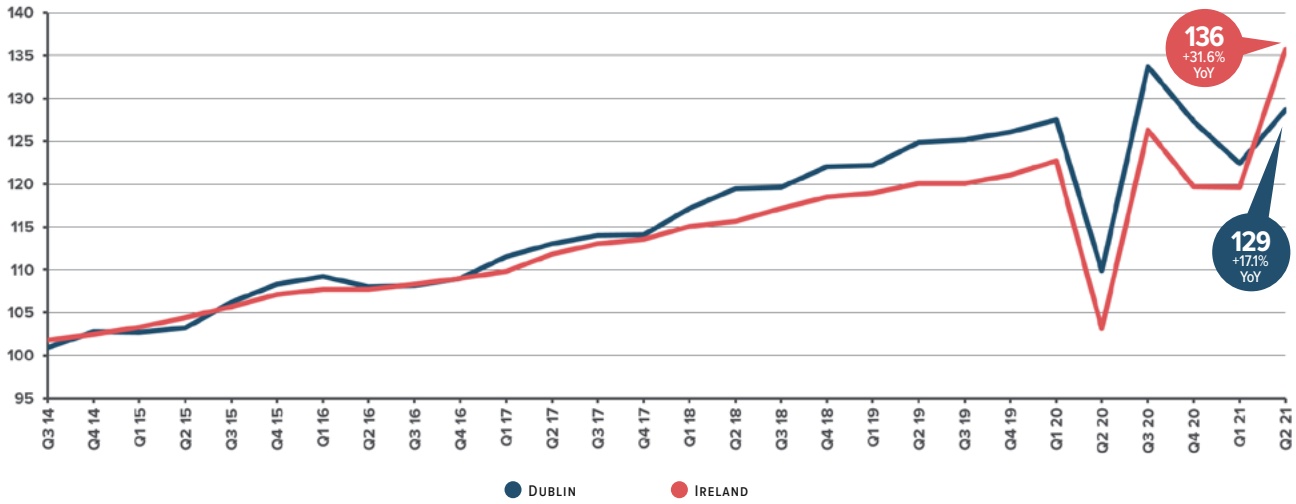


Overall PMI Employment (SA)



Dublin retail spending stages modest fightback in second quarter of 2021

MasterCard Total Retail Sales Index (SA)



Dublin's retail sector experienced a modest recovery in Q2 2021, following an exceptionally difficult start to the year. Retail spending rose by 5.1% QoQ (SA) and was no doubt aided by the lifting of restrictions on domestic travel and commercial activity. The main trends were towards bricks-and-mortar outlets with expenditure in the Discretionary and Entertainment categories expanding QoQ by 61% and 21.3% respectively – albeit from historically low bases. Such increases underline the willingness of Dublin consumers to return to physical outlets, hotels, bars and restaurants post-pandemic, and these trends will be expected to strengthen as vaccination numbers rise and tourism gathers momentum.

Growth in Household Goods expenditure was also exceptionally strong, rising by 20.6% QoQ. This is, in ways, the most significant shift in Q2 as it underlines the continued confidence of Dublin consumers to spend on 'big ticket' items – in spite of increased opportunities to spend elsewhere in the economy.

Necessities spending increased by 5.3% QoQ, yet a notable QoQ decline of 2.6% was recorded in eCommerce.

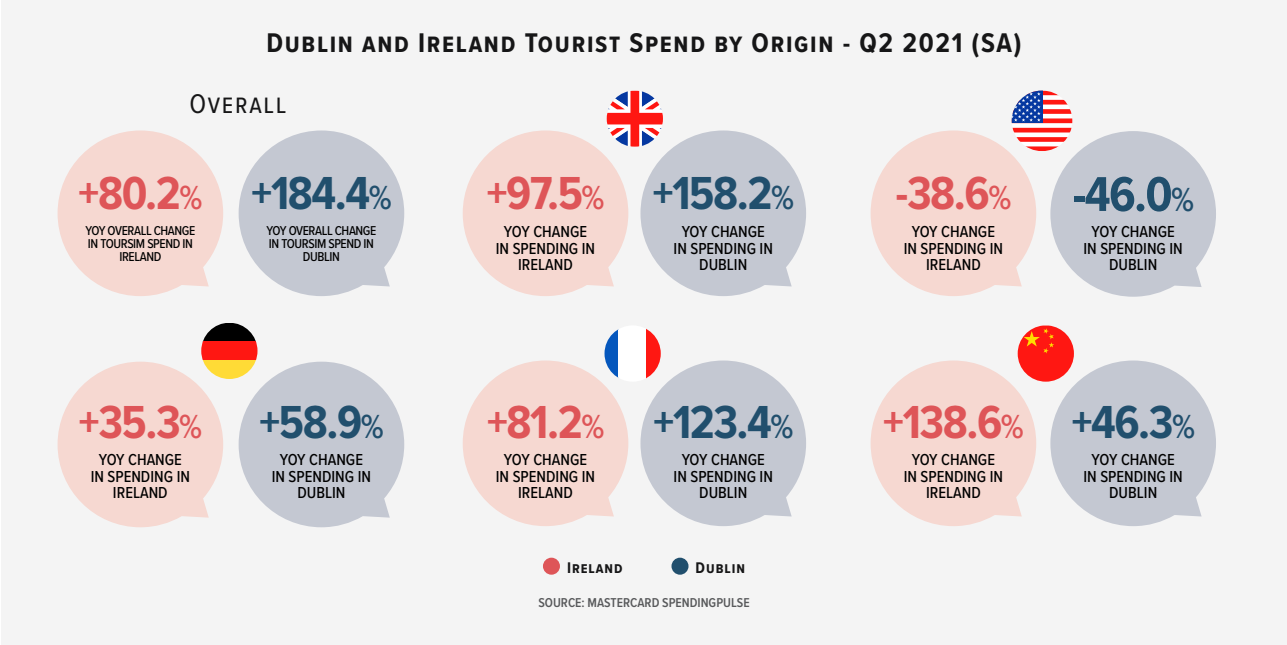
The YoY uptick in retail spending in Dublin was more marked as growth of 17.1% was recorded, though the same quarter in 2020 was the lowest ebb for the domestic economy. The substantial YoY expansion was mainly driven by Household Goods (+77.6%), Entertainment (+75.2%) and Discretionary (+53.4%) spending.

Dublin Retail Sales Value Index (SA) Q2 2021

METHODOLOGY
A macro-economic indicator, SpendingPulse™ reports on national and Dublin retail sales and is based on aggregate sales activity in the MasterCard payments network, coupled with estimates for all other payment forms, including cash and cheque. This information has been grossed up to present an estimate of the total retail sales of retail businesses in Ireland and Dublin to both residents and tourists. Data is seasonally adjusted but is not adjusted for inflation. MasterCard SpendingPulse™ does not represent MasterCard financial performance. SpendingPulse™ is provided by MasterCard Advisors, the professional services arm of MasterCard International Incorporated. See www.dublineconomy.ie for more info on methodology.

*ALL VALUES ARE SEASONALLY ADJUSTED BY GRANT THORNTON

Dublin tourist spending shows first signs of revival



Spending by overseas tourists in the Dublin economy showed signs of revival in Q2 2021. International air travel has been decimated since early 2020 but the easing of travel restrictions and quarantining requirements will have boosted overseas access to Ireland as the summer approached.

Expenditure by all overseas tourists in Dublin increased by 25.6% QoQ in Q2 – with growth recorded in spending by tourists from each of the main markets. The YoY recovery in overseas spending in Q2 2021 was, unsurprisingly, very strong when compared to the low point of 2020 with an expansion of 184.4%.

European markets were the key drivers for this with strong rebounds recorded in spending by tourists from the UK (+158.2% YoY), France (+123.4%) and Germany (+58.9%). The US market, which is so crucial for tourism in Ireland, showed initial signs of spending recovery but remained down by 46% YoY. This market will be one of the last to recover given the summer season is the focal point for American visits. Spending by Chinese tourists, as expected, remained at a low level in Q2.

A similar picture emerged across Ireland, though the recovery in tourist spending was less pronounced. Total expenditure increased by 166% QoQ and 80.2% YoY. This was primarily driven by visitors from Europe. Spending by tourists from the US was down but to a lesser extent than in Dublin at -38.6% YoY.

Annual Growth Rates in Loans for Consumption to Irish Households

SOURCE: CENTRAL BANK OF IRELAND.

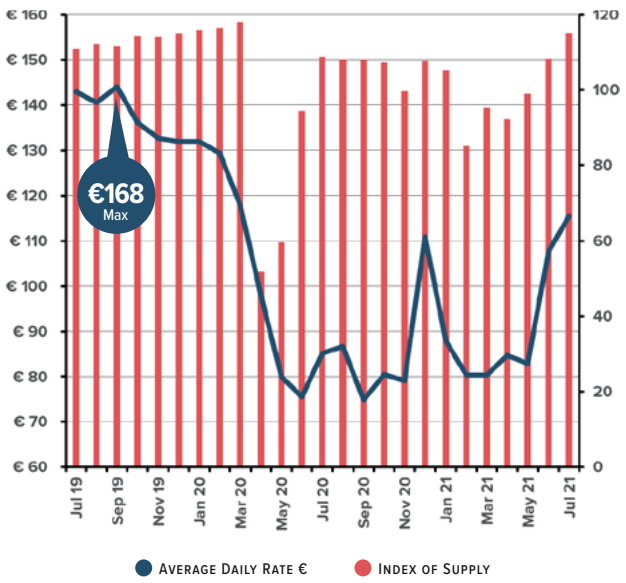
Consumer Financing

It is evident that the nascent recovery in retail sales has been largely driven by savings built up by Irish households during the pandemic – as opposed to new lending to consumers.

As depicted in the chart, loans for consumption purposes (non-housing) released to Irish households followed negative annual rates of growth in every month between April 2020 and June 2021. This will have somewhat limited consumers' ability to spend, yet household savings and a recent rise in consumer confidence have combined to drive up retail expenditure levels. This trend may be expected to continue as bank lending recovers and the economy further re-opens in time.

Capital's hotel sector stages initial fightback

Dublin Hotel Average Daily Rates (SA)



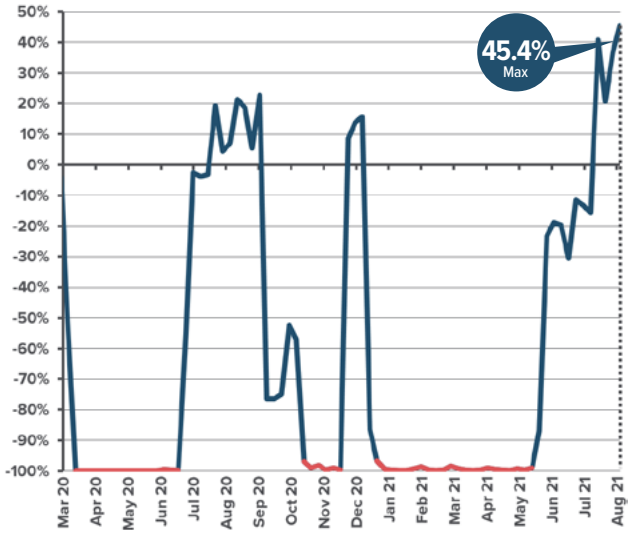
SOURCE: STR GLOBAL. SEASONALLY ADJUSTED BY GRANT THORNTON.

	JUL '21
HOTEL OCCUPANCY RATE (SA)	43.1%
YEAR ON YEAR % AGE POINT CHANGE	+27.0
INDEX OF HOTEL ROOM SUPPLY (SA, JULY 2013=100)	115.0
YEAR ON YEAR % CHANGE	+5.7

The Dublin hotel market staged an initial fightback in the summer of 2021 as Covid-19 restrictions on the sector were finally eased. The critical measure of occupancy rates rose to 43.1% in July, up considerably from the low point of 5.9% in June 2020. July's occupancy rate represented increases of 9.2 percentage points (pp) MoM and 27pp YoY (SA) as domestic and international visitors started to return to the Capital. Further recovery will be anticipated as international travel recovers further in the coming quarters. Average Daily Rates, which reached a low of just €75 in Q1 of this year, also rebounded in July (to €114) with 7.1% MoM and 35.5% YoY increases.

Easing of restrictions boosts Dublin restaurant sector

Seated Diners at Dublin Restaurants (YoY % Change)



SOURCE: OPENTABLE. NOTE: DATA ONLY INCLUDES SATURDAY DINERS.

	AUG '21
YEAR ON YEAR % CHANGE IN SEATED DINERS IN DUBLIN	+45.4
YEAR ON YEAR % CHANGE IN SEATED DINERS IN IRELAND	+110.4

The Dublin restaurant sector experienced a robust recovery across June, July and August of 2021 as Covid-19 restrictions were gradually eased. This followed five months of limited activity in which both indoor and outdoor dining were prohibited. The volume of seated diners at the Capital's restaurants increased markedly from June 7th as outdoor dining was permitted, while a further significant bounce occurred with the resumption of indoor dining on July 26th. As of August, seated diner numbers were up by 45.4% YoY in Dublin and by over 110% across Ireland. The stronger national rate may reflect the influence of staycations on restaurants outside the Capital.

The long road back for Dublin's tourism industry has started

Eoghan O'Mara Walsh
CEO, Irish Tourism Industry Confederation

It is an indisputable fact that Ireland's tourism and hospitality industry has been one of the hardest hit economic sectors as a result of the Covid-19 pandemic. An industry that had been worth €9.2 billion annually, and supported one in ten jobs nationally, has been utterly devasted by both Covid-19 and rolling lockdowns. Initial estimates for 2021 identify that - even though the sector has haltingly reopened in recent months - the value of the tourism economy will be down a whopping 74% on 2019 levels.

And it might be worse again in Dublin. Whereas the west coast and Wild Atlantic Way benefit from domestic tourists looking to enjoy a staycation, the Capital city has long since depended on international visitors who are in short supply this year. Since mid-July, and the lifting of the ban on non-essential travel, international visitors have slowly been making a return but only in modest numbers. Air access into Dublin Airport has been massively reduced and getting planes up in the sky again is critical not just to the airport and aviation sector but also to the city's tourism industry.

Back in 2017, in a pre-Covid world, the then Taoiseach Leo Varadkar committed to doubling Ireland's global footprint by 2025. He boldly stated that Ireland would be "an island at the centre of the world" and the growth in aviation connectivity at Dublin Airport made that claim very credible indeed. Sadly the pandemic has put a stop to such an ambition – whether it is a temporary pause or a permanent halt depends on the Government's attitude and commitment to international connectivity.

> "Research shows that the fundamental appeal of Dublin remains as strong as ever to the international visitor – a compact European capital city, steeped in history and heritage, nestled between the mountains and the bay.

Despite the recent mauling for Dublin's tourism industry, there is hope.

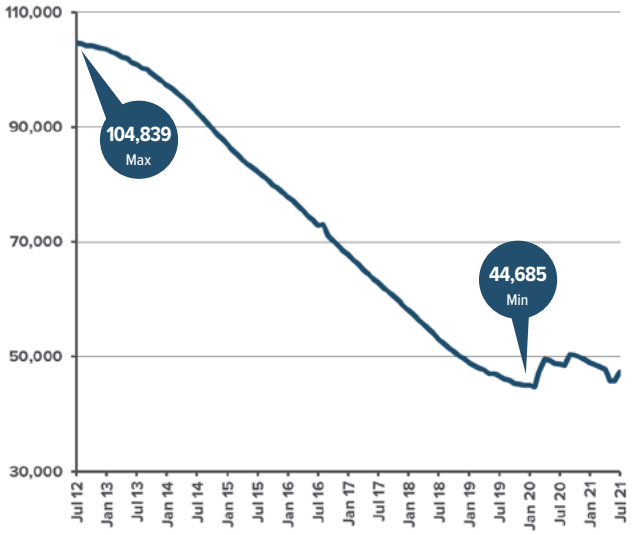
According to a recent report by property advisors Savills Ireland, 24 hotels are currently under construction in Dublin. This will add a further 2,400 bedrooms to Dublin's hotel stock by the end of 2023 meaning that there will be significant capacity to enable recovery and growth. In fact supply will outstrip demand for some time but that can only mean really excellent value for the visitor thereby further stimulating interest.

Crucially though, as an island-nation, air access is critical and Ireland currently lags well behind the rest of Europe in the recovery of its international traffic. To that end there has to be a huge economic focus by Government to incentivise airlines to add new routes, increase frequency, and grow capacity. Dublin Airport had become a key strategic hub between North America and the European Continent and it must strive for that once more.

With strong airline access, and a tourism sector that remains competitive, the future can be bright once more.

Live register remains stable through to July 2021

Dublin Live Register (SA)



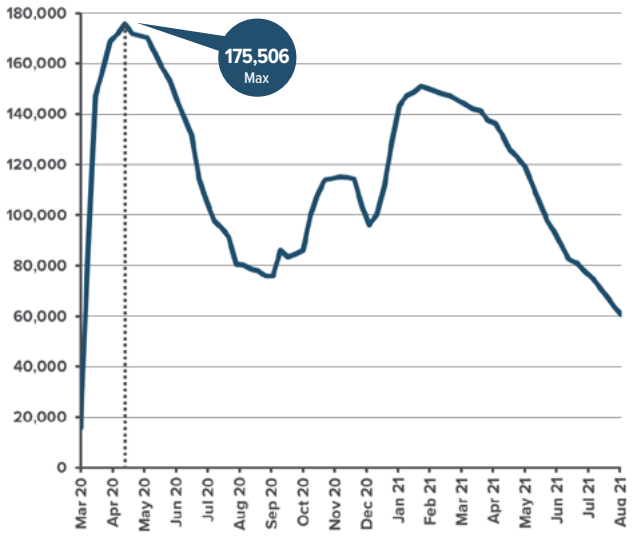
SOURCE: CSO, SEASONALLY ADJUSTED BY GRANT THORNTON.

	JUL '21
DUBLIN LIVE REGISTER (SA)	47,354
YEAR ON YEAR % CHANGE	-2.7
IRELAND LIVE REGISTER (SA)	191,493
YEAR ON YEAR % CHANGE	-15.4

The number of people on the Live Register in Dublin remained relatively stable over the first seven months of 2021 as Government income supports continued to limit the full labour market impacts of Covid-19. Over 47,300 people (SA) were on the Live Register in the Capital in July, up 3.4% MoM but down by 2.7% YoY. Supports such as the PUP have ensured that the number on the Live Register exceeded 50,000 in only two months (September and October 2020) since the pandemic struck. At the national level, the number on the Live Register rose by 5.1% MoM but declined by 15.4%YoY to just under 191,500 in July.

Demand for PUP supports continues steady descent

Dublin Pandemic Unemployment Payment Recipients



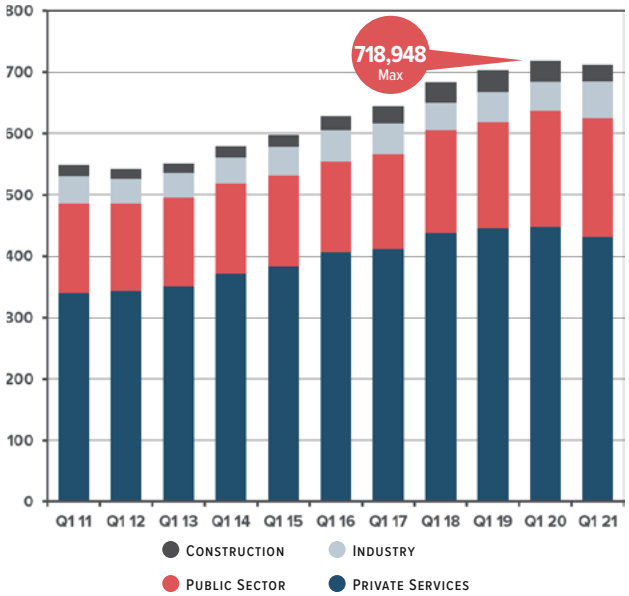
SOURCE: CSO. DATA IS WEEKLY.

	AUG '21
TOTAL DUBLIN PUP RECIPIENTS	60,730
MONTH ON MONTH CHANGE	-20,098

The number of recipients of the Government's Pandemic Unemployment Payment (PUP) in Dublin continued to steadily descend in the weeks through to early August 2021. Just under 61,000 people were in receipt of the PUP at the start of the month, down considerably from the peak of over 175,000 in May 2020. The August total was the lowest since the support was introduced in March of 2020 and represented a MoM decline of some 20,000 recipients. From September 7th, PUP rates have commenced a gradual reduction with the payment scheduled to be discontinued in early February 2022.

Economic reopening boosts labour market

Employment by Broad Sector '000s (SA)



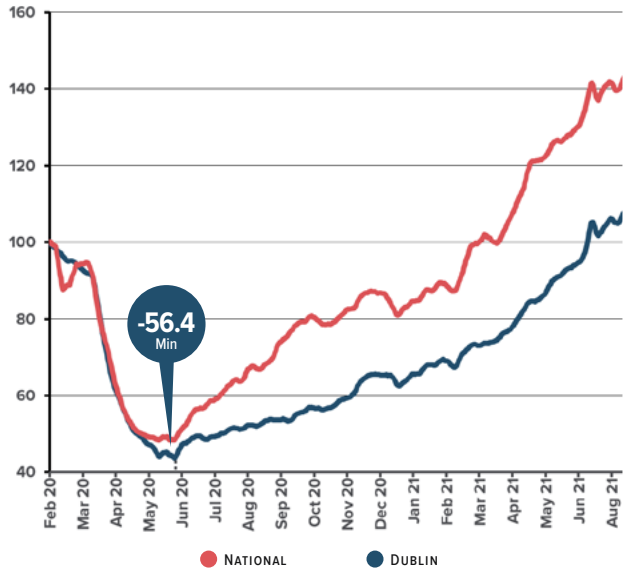
SOURCE: CSO. SEASONALLY ADJUSTED BY GRANT THORNTON.
NOTE: DATA RE-ADJUSTED SINCE LAST ISSUE.
INDIVIDUAL SECTOR VALUES MAY NOT SUM TO TOTAL DUE TO ROUNDING.

	Q1 '21
SERVICES EMPLOYMENT '000s (SA)	625.4
YEAR ON YEAR CHANGE '000s (SA)	-12.6
INDUSTRY & CONSTR. EMPLOYMENT '000s (SA)	87.4
YEAR ON YEAR CHANGE '000s (SA)	+6.4

Although Q2 2021 employment figures for the Capital have yet to be released by the CSO, it is evident that the Dublin and national labour markets have undergone a recovery as the summer progressed. The IHS Markit PMI data in this issue shows that Dublin firms have been expanding their workforces at a solid rate. The July Bank of Ireland Economic Pulse echoes this at the national level, and goes further as 27% of Irish firms were reported to be struggling with labour shortages and 44% were planning to increase basic wages in the next 12 months. The anticipated easing of remaining Covid-19 restrictions up to Christmas will be expected to provide an additional stimulus for the labour market over the rest of the year.

Dublin job postings recover to exceed pre-pandemic levels

Job Postings on Indeed (Feb 2020 = 100)



SOURCE: INDEED
NOTE: DATA RE-ADJUSTED SINCE LAST ISSUE.
NOTE: 7 DAY MOVING AVERAGE, INDEXED TO 01/02/2020.

	AUG '21
PERCENTAGE POINT CHANGE VERSUS FEB 2020 - DUBLIN	+7.6
PERCENTAGE POINT CHANGE VERSUS FEB 2020 - IRELAND	+42.9

Job postings in the Dublin economy recovered to exceed pre-pandemic levels in July and August 2021. According to Indeed, postings for jobs in the Capital in August stood 7.6% above the baseline of pre-pandemic February 2020. Across the rest of Ireland, the rebound has been far swifter with a full recovery recorded in March 2021. Postings outside of Dublin in August stood 42.9% above the pre-pandemic baseline. It is evident that the Dublin labour market suffered a more severe contraction in terms of new opportunities in mid-2020 and has been slower to regather momentum ever since.

Rankings balance Dublin's strengths against affordability issues

Internationally published benchmarks are a useful means of measuring a city's performance relative to its peers, and recent indicators for Dublin confirm the city's strong showing across a range of dimensions (see table opposite).

Tech City

Dublin has retained its position of third in the Financial Times fDi European Tech Cities of the Future rankings, behind only London and Paris. The Irish Capital's performance improved from 2020 in terms of innovation and attractiveness where it placed in 7th position, having failed to make the top 10 last year. Dublin displayed particular strength in the areas of economic potential and FDI performance (3rd in Europe for both categories), while Enterprise Ireland and companies including MasterCard and Microsoft were praised for their recent investments in the city region.

Remote Working

A new survey from online housing platform, Nestpick, has ranked Dublin in mid-table of the world's best cities to live and work remotely. This is in spite of very strong performances by the Capital in the areas of:

- Legal frameworks for remote work;
- Proportion of jobs that are teleworkable; and
- Air, noise and light pollution.

High rents and a lack of affordable housing were the weak points for Dublin which contributed to a ranking of 32nd out of 75 global locations in the Work-From-Anywhere Index. Digital nomad visas, which are not currently available in Ireland, were a differentiator for a number of the top-ranked cities across the world including Melbourne (1st), Sydney (3rd) and Tallinn (4th).

A Student City

Dublin featured in 39th position in QS's Best Student Cities rankings for 2022. This was down two places on 2019 (last available) yet represented a strong showing for the Capital relative to 114 other locations worldwide. Dublin was rated highly in terms of desirability (30th globally) which is inclusive of factors such as liveability, safety and globalisation. Employer activity (36th globally) was another strong point for the Capital, and reflected the reputations of Dublin third level institutions amongst employers. Affordability was Dublin's weak point, with a ranking of 103rd globally underlining the high cost of living in the Capital.

Pandemic Implications for Liveability

The Economist magazine has reported that Dublin has fallen in terms of its 'liveability', though results have been severely impacted by the pandemic. Dublin ranked in 51st place in the 2021 Global Liveability Index – down 22 places in six months – as declining ratings for many European cities were linked to the stressed states of healthcare systems, along with the curtailment of culture, entertainment and educational activities during Covid-19. This will be expected to change as the pandemic eases.

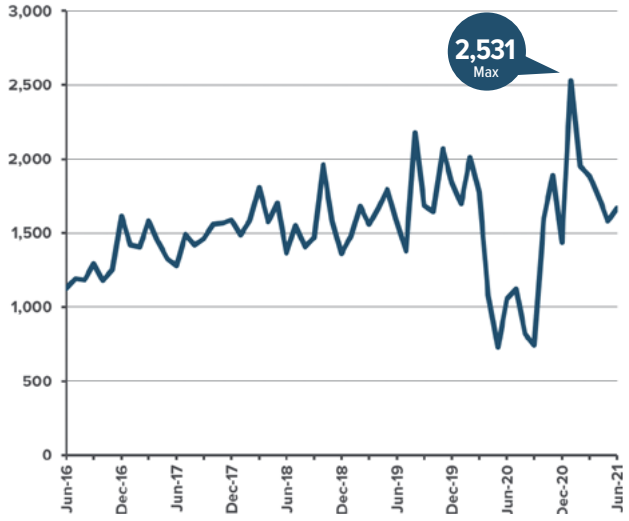
DUBLIN'S INTERNATIONAL RANKINGS

DUBLIN'S LATEST INTERNATIONAL RANKINGS				
SOURCE	BENCHMARKING CRITERIA	YEAR	RANKING	
Condé Nast Friendliest Cities in Europe	Votes by readers of Condé Nast Traveller magazine based on experiences in European cities	2020	2	-
Eden Strategy Institute Top 50 Smart City Governments	10 key factors covering governance, resourcing, smart programmes, policies and ecosystem	2021	26	▲
IMD Smart City Index	Economic and technological factors, and citizens' perceptions of "smart" city credentials	2020	34	▼
fDi x TNW European Tech Cities of the Future	FDI performance, connectivity, cost effectiveness, economic potential, innovation & attractiveness	2021	3	-
fDi Market Top Headquarter Locations (Financial Times)	Weighting of fDi Markets data (since 2015) against locations' population size	2020	1	▲
fDi Global Cities of the Future	FDI performance, connectivity, cost effectiveness, economic potential, innovation & attractiveness	2021	5	▼
EY Financial Services Brexit Tracker	Movement of services and staff at financial services firms in the UK since the Brexit referendum in 2016	2021	1	-
Global Talent Competitiveness Index	Regulatory, market and business/labour landscape, external and international openness, education and access to growth opportunities and sustainability and lifestyle	2020	13	▲
Mercer Cost of Living City Rankings	Cost of consumer goods and services	2020	46	▼
PwC-ULI Emerging Trends in Real Estate Europe	Outlook for investment and development, and the scale/liquidity of the city's market	2020	12	▼
Economist Intelligence Unit Global Liveability Index	Stability, healthcare, culture and environment, education and infrastructure	2021	51	▼
Nestpick Work-From-Anywhere Index	Attractiveness to digital nomads in terms of legislation and liveability factors	2021	32	-
Startup Genome Global Startup Ecosystem Report 2020	Performance, funding, market reach, connectedness, talent, experience	2020	36	▼
QS Best Student Cities	Desirability, affordability, student mix, student perceptions and employer activity	2022	39	▼
QS World University Rankings	University quality	2021	101*	▲
IMD World Competitiveness Ranking	332 competitiveness criteria related to competitiveness, digital competitiveness and talent	2020	12	▼

‡ CHANGE ON PREVIOUS PUBLICATION OF THE RELEVANT BENCHMARK. AN UPWARD-POINTING ARROW DENOTES AN IMPROVEMENT. *TCD.

High levels of residential property transactions sustained through to June 2021

Dublin Residential Property Transactions (SA)



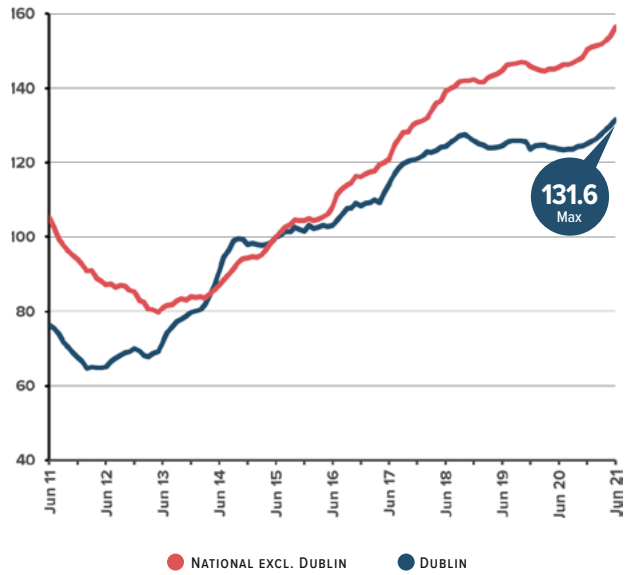
SOURCE: CSO. SEASONALLY ADJUSTED BY GRANT THORNTON.

	JUN '21
DUBLIN RESIDENTIAL PROPERTY TRANSACTIONS (SA)	1,668
YEAR ON YEAR % CHANGE	+57.7
IRELAND RESIDENTIAL PROPERTY TRANSACTIONS (SA)	5,802
YEAR ON YEAR % CHANGE	+93.5

The volume of residential property transactions in Dublin remained at a high level through the second quarter of 2021, having reached a new peak in January. Over 1,500 properties (SA) were sold in each of April, May and June - no doubt aided by the return to activity of the construction industry and real estate service providers. For June 2021 alone, property transactions increased YoY (+57.7%) but also, more notably, rose relative to the same month in pre-Covid 2019 (+6.4%). Mortgage lending is 'normalising' following the pandemic and may spur further property market activity as 2021 proceeds.

House prices continue to climb, supported by consumer savings

Residential Property Price Index (2015 = 100)



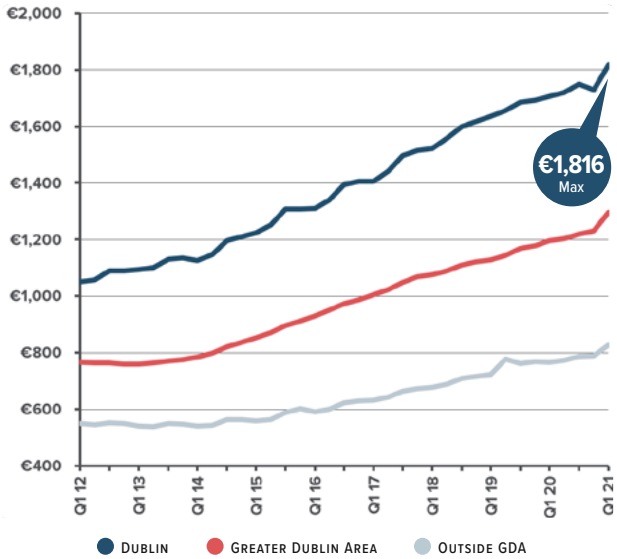
SOURCE: CSO.
NOTE: 2015 = 100.

	JUN '21
PROPERTY PRICE INDEX DUBLIN	131.6
YEAR ON YEAR % CHANGE	+6.4
PROPERTY PRICE INDEX NATIONAL EXCL. DUBLIN	156.4
YEAR ON YEAR % CHANGE	+7.3

House prices in Dublin remained on an upward trajectory in the second quarter of 2021. The house price index for the Capital reached its highest point since 2008 in June, rising by 1.3% MoM and by 6.4% YoY to stand at 131.6. June was the eleventh consecutive month in which prices increased, and this is evidence of heightened consumer savings combined with the pent up demand which currently exists for the limited housing stock in the Capital. Prices rose at an even stronger rate outside of Dublin in June as respective MoM and YoY increases of 1.6% and 7.3% were recorded.

Dublin residential rents increase to reach new peak

Residential Rents € Per Month



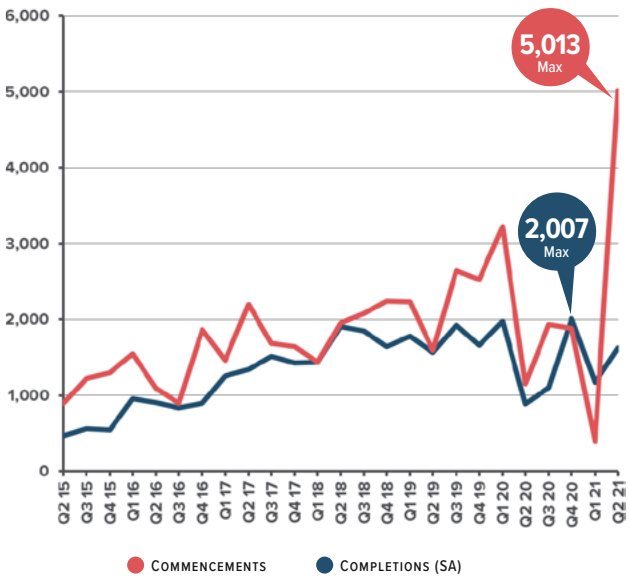
SOURCE: RTB

	Q1 '21
DUBLIN AVG RESIDENTIAL RENT € PER MONTH	1,816
YEAR ON YEAR € CHANGE	+110

Residential rents in Dublin reached a new peak of over €1,800 in Q1 2021. Rents increased by 6.5% or €110 YoY in the quarter. This reflected QoQ growth of 5.1% or €88, and followed a dip in the final quarter of 2020 which was the first such decline in 5 years. Rents rose at a faster pace both in the Greater Dublin Area (GDA, +8.3% YoY) and outside the GDA (+7.9% YoY) in Q1. According to the RTB, this may be the start of a trend of people moving outside of urban centres such as Dublin as remote working continues beyond the worst of the pandemic.

Housing commencements surge in Dublin in Q2

Dublin House Commencements & Completions



SOURCE: CSO, DHLGH
NOTE: DATA FROM JANUARY TO MARCH 2021 HAS BEEN REVISED. THE FIGURES FOR THOSE MONTHS WERE ORIGINALLY UNDER-STATED DUE TO A DHLGH DATA PROCESSING ERROR.

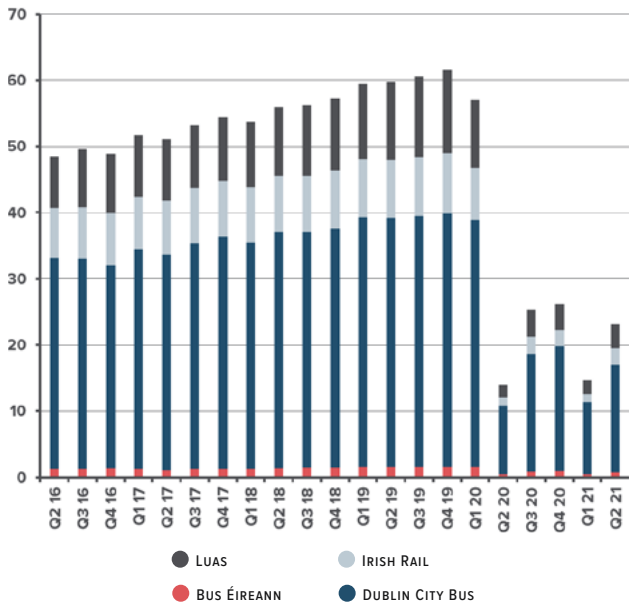
	Q2 '21
TOTAL HOUSE COMMENCEMENTS	5,013
YEAR ON YEAR CHANGE	+3,859
TOTAL HOUSE COMPLETIONS (SA)	1,624
YEAR ON YEAR CHANGE	+740

Housing commencements in the Dublin region experienced a boom in Q2 2021 as the construction sector kicked back in to life. Commencements exceeded 5,000 in Q2, the highest quarterly level since the mid-2000s. The Q2 figure represented sizeable QoQ and YoY jumps from the respective commencement levels of 395 in Q1 2021 and 1,154 in Q2 2020.

Housing completions also rebounded in the quarter, rising by 38.6% QoQ and 83.6% YoY to stand at 1,624 (SA). It will be expected that the sharp increase in commencements will feed through to much needed supply to the Dublin rental and owner-occupier markets over the coming quarters.

Public transport usage recovers from Q1 trough

Public Transport Million Trips (SA)



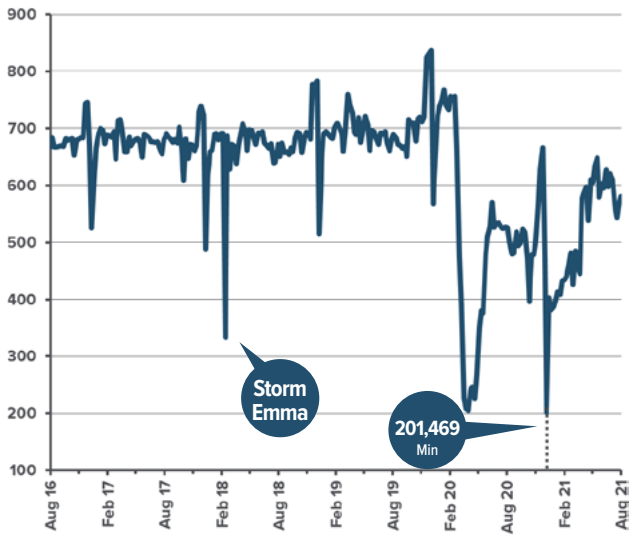
SOURCE: NTA. SEASONALLY ADJUSTED BY GRANT THORNTON.
NOTE: PROVISIONAL DATA VERIFIED BY ALL OPERATORS.

	Q2 '21
PUBLIC TRANSPORT MILLION TRIPS (SA)	23.2
YEAR ON YEAR % CHANGE	+65.0

Passenger numbers on Dublin's public transport system recovered from a trough in Q1 2021 to stand at 23.2 million (SA) in the second quarter of the year. This reflected QoQ and YoY increases of 57.3% and 65% respectively, and will have been aided by the return of many staff to workplaces and the lifting of economic and travel restrictions in the Capital. Dublin Bus was the principle driver of the quarterly uplift as passenger journeys on the service rose from 10.9 million in Q1 to 16.2 million in Q2. Further increases are anticipated across all modes over the remainder of the year as the hospitality sector and offices re-open fully, and public transport returns to 100% capacity.

Road traffic volumes remain stable through summer 2021

Dublin Average Daily Traffic Count '000s (SA)



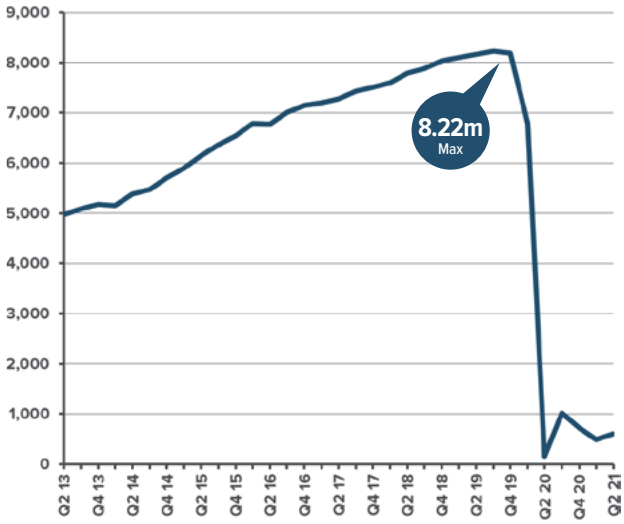
SOURCE: TII. SEASONALLY ADJUSTED BY GRANT THORNTON. DATA IS WEEKLY.

	AUG '21
AVERAGE DAILY TRAFFIC COUNT (SA)	580,200
YEAR ON YEAR % CHANGE	+10.5
PEAK VOLUME COUNT (AM) (SA)	40,247
YEAR ON YEAR % CHANGE	+15
PEAK VOLUME COUNT (PM) (SA)	47,252
YEAR ON YEAR % CHANGE	-4.1

Traffic volumes on the Dublin road network were relatively stable through the summer months of 2021. Average daily traffic counts on the eight thoroughfares analysed increased rapidly in April with the easing of Level 5 travel restrictions and remained steady thereafter. By August, traffic levels stood 10.5% above the same period in 2020, but considerably below pre-pandemic averages. Notably, peak volumes in the morning on the road network were up by 15% YoY yet the evening equivalent was down by 4.1% compared to the same timeframe in 2020.

Dublin Airport throughput rises with further significant increases anticipated

Dublin Airport Passengers '000s (SA)



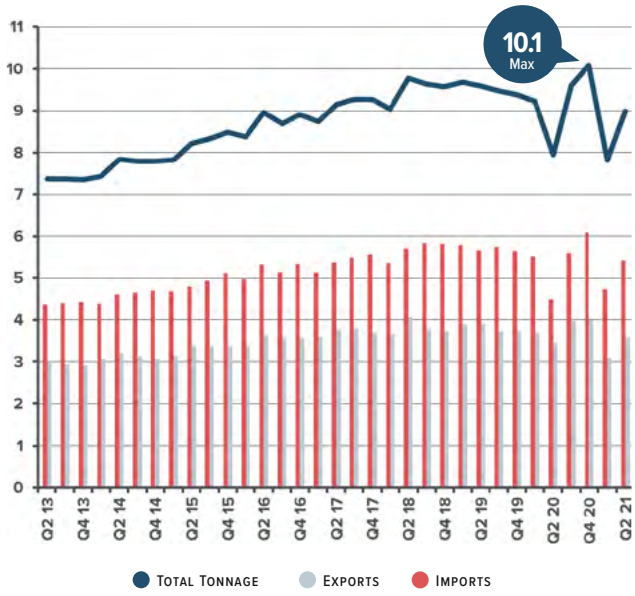
SOURCE: CSO & DUBLIN AIRPORT. SEASONALLY ADJUSTED BY GRANT THORNTON.
NOTE: DATA RE-ADJUSTED SINCE LAST ISSUE

	Q2 '21
TOTAL PASSENGERS '000s (SA)	605
YEAR ON YEAR CHANGE '000s TRIPS	+449

Total passenger throughput at Dublin Airport edged up in Q2 2021, but still remained down by over 92% from its 2019 peak. Just over 600,000 passengers (SA) arrived at and departed from the airport in the second quarter of the year as travel restrictions within Europe and further afield were eased. Although at low levels relative to pre-pandemic times, passenger numbers grew by 119,000 or 24.5% QoQ. Further, sizeable increases will be anticipated for Q3 and beyond, especially as the Digital Covid Certificate eases travel between EU member states.

Dublin port throughput recovers from latest trough

Dublin Port Tonnage Million Tonnes (SA)



SOURCE: DUBLIN PORT. SEASONALLY ADJUSTED BY GRANT THORNTON.
NOTE: DATA RE-ADJUSTED SINCE LAST ISSUE.

	Q2 '21
DUBLIN PORT EXPORTS MILLION TONNES (SA)	3.58
YOY CHANGE MILLION TONNES (SA)	+0.12
DUBLIN PORT IMPORTS MILLION TONNES (SA)	5.41
YOY CHANGE MILLION TONNES (SA)	+0.92

Throughput at Dublin Port recovered in Q2 2021, following a historical low in Q1. Total cargo handled increased by 14.9% QoQ to reach 9 million tonnes (SA). This represented a 13% YoY increase though volumes remained below the peak of 10.1 million tonnes recorded in Q4 2020. Imports were the main driver in Q2, rising by 920,000 tonnes YoY (+20.4%). Exports also increased, but at a slower rate of 3.6% YoY (120,000 tonnes). Brexit continues to affect the pattern of trade as 40% growth on Ro-Ro and Lo-Lo services to Continental Europe has been recorded since the UK left the EU, compared to a decline of 19% on services with ports in the UK.

Strong Dublin tourism recovery expected from the depths of 2020

Caeman Wall
Head of Economic & Industry Analysis, Fáilte Ireland

2020 Was A Challenging Year

There is strong evidence of the trading difficulties tourism operators experienced last year. Owing to their much larger scale and significant capital costs, we have much better data from the hotels sector, but the challenges are the same for all accommodation formats and across tourism.

Nationally, hotel occupancy fell from 78% in 2019 to 33% in 2020. While the fall in average daily rates was less dramatic at 20%, the combined effect of reduced occupancy and room rates meant that average revenue per available room was down two-thirds overall.

HOTEL PERFORMANCE RESULTS FOR DUBLIN	2019	2020	YOY Δ
OCCUPANCY	82%	25%	-70%
AVERAGE DAILY RATE	€142.2	€103.5	-27%
REVENUE PER AVAILABLE ROOM	€116.7	€25.5	-78%

SOURCE: STR

The impact in Dublin has been greater than the national average. Pre-Covid-19, the city attracted more overseas tourists and much of its domestic business was event based. Average revenue per available room was down 78% last year.

2021 More Challenging Than Expected for Tourism

2021 has not developed as expected for tourism. Actions taken to contain Covid-19 and mitigate the risks to public health continue to affect the tourism industry more than any other economic sector. For example:

- Tourism relies on face-to-face interactions. The experience cannot shift to virtual service delivery.
- Travelling to destinations is an inherent part of tourism. And travel restrictions choke off tourism demand.
- Highly interlinked business eco-system. Tourism services are interdependent and a problem in one sub-sector has knock-on effects on others. The delayed reopening of indoor dining pushed back the reopening of the wider tourism economy.
- Reduced operating capacity. Of the almost 80% of tourism businesses that planned to trade over the summer the majority are running at limited capacity, with 37% of accommodation providers and 61% of non-accommodation businesses working at less than 50% capacity.
- Staffing challenges: Tourism's delayed reopening means that businesses still find it difficult to staff-up so as to meet demand.

Domestic tourism has restarted, and it is helping to mitigate the impact on jobs and businesses in some destinations. However, a real recovery will only be possible when international tourism returns because Ireland's tourism sector is, compared with most other EU member states, highly dependent on overseas travel. They account for some 70% of spending in Ireland by tourists. Since the pandemic there has been a complete collapse in overseas travel to Ireland. For example, over the first six months of 2021 overseas arrivals were down 95% on 2019 levels.

But Tourism Always Recovers

Looking at the bigger picture, tourism always recovers stronger and more resilient from each shock. As the long-term view shows, the upward trend is robust, sustained and persistent.

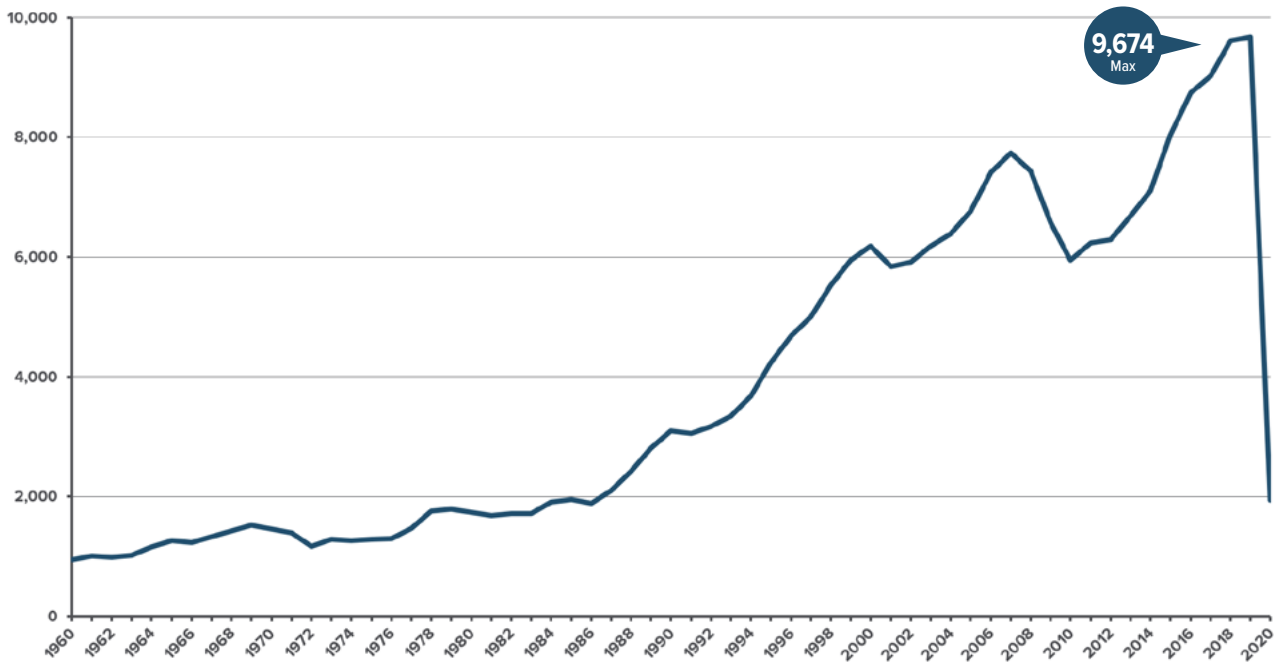
Demand will return once peoples' freedom to travel returns. The Irish Tourist Industry Confederation's outlook is that by 2025 overseas tourists will return to pre-pandemic levels and domestic tourism is expected to be well ahead of pre-pandemic levels by then.

STR, a global leader in accommodation performance monitoring and reporting, have produced forecasts for Dublin taking into account new properties coming on stream, estimating:

- Over the next three years, occupancy is expected to expand at an average annual rate of 40.9%, while average daily rate is expected to expand at an average annual rate of 8.2%.
- By 2023, average daily rate will be close to 2019 levels and room occupancy will be close to 70%.
- By 2025, the results will be better again, with occupancy at 76% and rates at over €140.

The strong pipeline of new tourist accommodation stock, especially hotels, that has come on stream in recent years, and with more to come, will be put to good use once public health conditions allow.

Overseas Tourism to Ireland 1960-2020 ('000s)

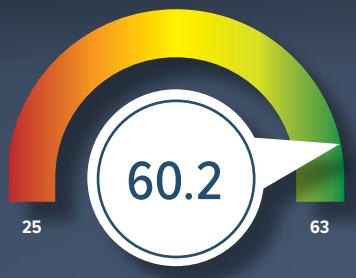


SOURCE: FÁILTE IRELAND

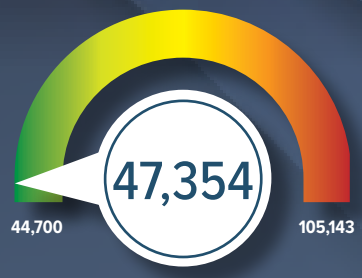
Dublin Economic Scorecard

Economy

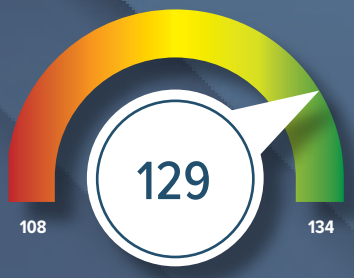
IHS Markit Business PMI Q2 2021
3 Month Moving Average (SA)



Live Register Jul 2021
Total Number of People (SA)

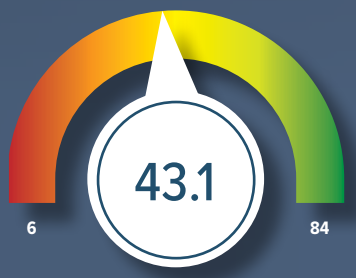


SpendingPulse Sales Index Q2 2021
Index (2014 = 100) (SA)

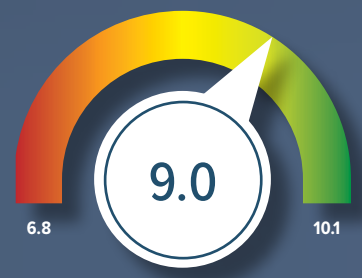


Travel

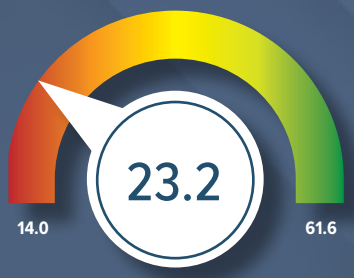
Hotel Occupancy Rate Jul 2021
% of Total Rooms (SA)



Seaport Cargo Q2 2021
Million Tonnes/Quarter (SA)

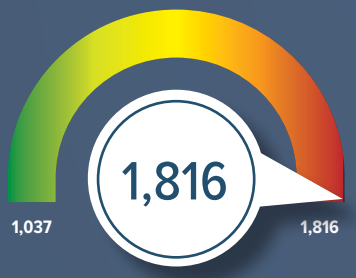


Public Transport Trips Q2 2021
Million Trips/Quarter (SA)

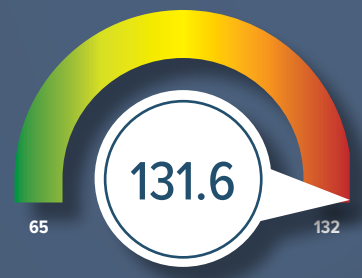


Residential Property

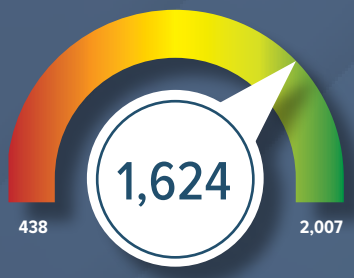
Average Residential Rents Q1 2021
€/Quarter



Residential Property Price Index Jun 2021
Index (2015 = 100)

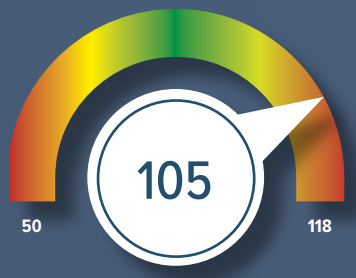


Housing Completions Q2 2021
Units/Quarter (SA)

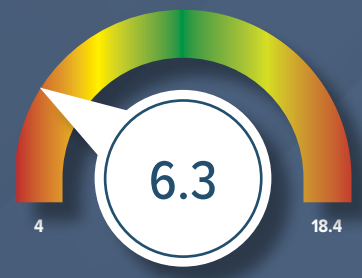


Commercial Property

Dublin City Centre Office Rent Q2 2021
Index (2006 = 100)



Dublin 2/4 Office Vacancy Rate Q2 2021
%



Dublin Suburbs Office Vacancy Rate Q2 2021
%

SOURCES: CSO, PMI IHS MARKIT; SEAPORT CARGO DUBLIN PORT; PUBLIC TRANSPORT NTA; RESIDENTIAL RENTS RTB; COMMERCIAL PROPERTY CBRE RESEARCH, HOTEL OCCUPANCY STR GLOBAL. NOTE: THESE "PETROL GAUGE" CHARTS PRESENT THE PERFORMANCE OF THE PARTICULAR INDICATOR RELATIVE TO A RANGE OF PERFORMANCES FROM MOST POSITIVE (GREEN) TO LEAST POSITIVE (RED). EACH GAUGE PRESENTS THE LATEST VALUE COMPARED TO THE PEAK VALUE AND THE TROUGH VALUE OVER THE LAST DECADE (EXCEPT FOR PUBLIC TRANSPORT TRIPS, MASTERCARD SPENDINGPULSE AND STR GLOBAL WHICH COVER THE PAST 5 YEARS, HOUSING COMPLETIONS WHICH COVER THE PAST 6 YEARS, AND THE LIVE REGISTER WHICH COVERS THE PAST 9 YEARS). THE COMMERCIAL PROPERTY GAUGES ARE RED AT THE HIGH AND LOW EXTREMES, IN RECOGNITION OF THE UNDESIRABILITY OF RENTS THAT ARE EITHER TOO HIGH OR TOO LOW AS WELL AS VACANCY RATES.