DUBLIN ECONOMIC MONITOR

ISSUE 28
MARCH 2022

in this issue

LATEST DUBLIN ECONOMIC DATA

IHS MARKIT DUBLIN PMI

MASTERCARD SPENDINGPULSE

A BRIGHTER OUTLOOK BUT CONSTRAINTS ARE LINING UP

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 broadly plateaued at over 26,500 in January 2022, ahead of the scheme's conclusion in early March.
- Business activity in Dublin continued to expand in Q4 2021 with a PMI reading of 59.4, though the rate of growth was dampened by the Omicron variant of Covid-19.
- Consumer retail spending increased by 5.1% YoY and 0.4% QoQ in Q4 2021, with the most significant uplift in the Entertainment segment where hotels, restaurants and bars experienced QoQ expenditure growth of 14.7%.
- House price growth accelerated to 13.4% YoY in December 2021 as limited supply and soaring demand continued to affect the market.
- Seated diners at Dublin restaurants more than doubled (+132.8%) in mid-February, when compared with the pre-pandemic 2019 baseline, as the lifting of the majority of Covid-19 restrictions provided a much-needed boost for the sector.

THE MARCH 2022 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 John O'Hara, City Planning Officer with Dublin City Council, and considers housing in the context of the Dublin City Development Plan. The second article is by Prof. Frances Ruane of the National Competitiveness & Productivity Council, and focusses on competitiveness and post-pandemic recovery in Dublin.

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 June 2022.

www.dublineconomy.ie

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A BRIGHTER OUTLOOK BUT CONSTRAINTS ARE LINING UP

The emergence of the Omicron variant of Covid-19 was a stark reminder that the economic recovery will be uneven, and that the pace of recovery will be felt differently across sectors. Encouragingly, it does seem that Omicron has been a 'speed bump' rather than a much graver development, and the expectation is that 2022 will see pandemic restrictions ease across much of the world.

Understandably, coming through a period of such great uncertainty is prompting regular revisions to economic forecasts. Adding to the uncertainty, increased headwinds have emerged via the Ukraine crisis, rising energy costs and a tightening labour market.

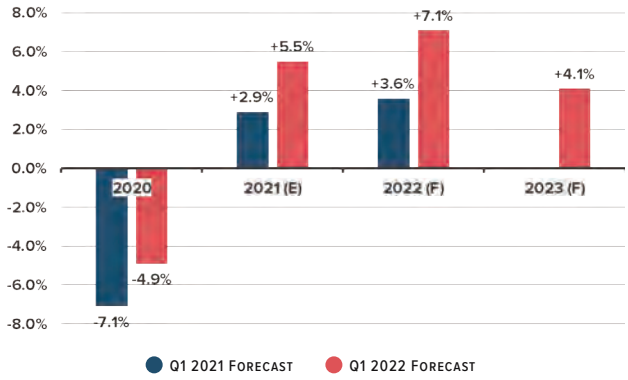
The EU's Winter 2022 forecast notes that the bloc's economy has entered the New Year on a weaker note than previously projected. The EU economy is now expected to grow by 4% in 2022 and by 2.8% in 2023. Compared to the Autumn forecast, inflation projections have been revised up, as energy prices are now set to remain at high levels and price pressures are broadening to several categories of goods and services. Inflation in the Euro Area is projected to peak in the first quarter of 2022 and remain above 3% until Q3, before declining markedly in Q4 and settling at below 2% in 2023. Overall, the rate is forecast to increase from 2.6% in 2021 to 3.5% in 2022, before declining to 1.7% in 2023.

Ireland's economic outlook is equally hard to call. Following a general trend of better than expected economic performance over the course of 2021, the Central Bank of Ireland has revised its forecasts to reflect a more positive outlook. Its expectation is that the downturn in 2020 was not as severe as feared and that the growth in 2021, 2022 and 2023 will be stronger than previously anticipated. In their Q1 2022 Economic Bulletin, the Central Bank highlights a resilience in the economy and suggests growth in Modified Domestic Demand in 2022 of 7.1%, a considerably faster rate of growth than predicted in Q1 2021 (see chart). While the Omicron variant is expected to have slowed economic performance in December and January, the ending of restrictions suggests that its impact has been but a temporary inhibitor.

Optimism Amongst Businesses

A relative sense of optimism amongst the business community that underlies the outlook for the year ahead is evident in Grant Thornton's latest International Business Review (IBR). Rising optimism has been a feature of the IBR since the low point of H1 2020 when just 39% of Irish businesses were optimistic about the next twelve months. Since then, as the vaccine roll out enabled economic reopening, business optimism has been on a strong upward trend. The latest IBR finds 85% of businesses to be optimistic about the economic outlook; 15 percentage points higher than the global average.

IRISH MODIFIED DOMESTIC DEMAND FORECASTS, 2020-2023 (F)



SOURCE: CENTRAL BANK OF IRELAND

The general trend of Irish business optimism carries through to outlook indicators. Almost two thirds of IBR respondents expect to increase their turnover while the buoyancy of the labour market, which has seen job listings surpass pre-pandemic levels, appears set to continue. 45% of businesses expect to increase their staff complement.

Constraints & Restrictions

While optimism and outlook indicators are displaying strong positive sentiment, there is a strengthening sense that constraint factors are rising. Almost half of firms (48%) think that economic uncertainty is a constraint on their business, up 10 percentage points since H1 2021. The most significant changes in terms of constraints have come via energy costs and in the labour market. For the first time in IBR's history, more than half of businesses (55%) cited energy costs as a constraint on their business. For context, the average annual score in this indicator between 2013 and 2020 was 18%.

Similarly, the availability of skilled labour has shifted dramatically. 63% of businesses cite it as a constraint, and this suggests that the labour market is emerging from the pandemic at a much faster pace than expected.

These various constraint factors, coupled with the broader inflation rate, are firmly on the watch list in the quarters ahead.

ECONOMIC RE-OPENING A TIMELY BOON FOR DUBLIN BUSINESSES

The major development in the Dublin economy in Q1 2022 has been the sudden – and somewhat surprising – lifting of almost all Covid-19 restrictions. The Omicron variant had set the Capital's economy back at the tail end of 2021, yet the latest phase of restrictions was relatively short lived. The hospitality sector, which has been beset by trading restrictions and labour shortages, will benefit to the greatest extent as capacity limits on indoor and outdoor events have ended, and pubs, restaurants and bars have returned to normal trading times.

Brexit Alters Port's Trade Flows

The pandemic and Brexit have combined to impact on trade via Dublin Port over the past 12 months, with the latter driving particularly significant changes in exporting patterns. According to Belfast Port and Stena Line, trade between Northern Ireland and Britain is surging. This is said to be due to significantly looser checks on goods exported via Northern Irish ports when compared to the likes of Dublin and Rosslare – and especially for the movement of food products of animal origin which require sanitary and health checks. Dublin Port has hence suffered as Northern Irish hauliers have diverted Ro-Ro freight volumes from the Dublin-Holyhead route to alternatives which originate at northern ports.

Retail Recovery

Although demand in Ireland for remote working is amongst the strongest in the OECD, a return to offices looks to be now on a safer footing. This will provide for greater retail activity in Dublin where the expected opening of the new Clerys Quarter in Q4 has already provided positive news for recovery in the north inner city's retail sector. This could ultimately be bolstered by the development of a nearby 5.5 acre mixed use site between Moore Street and O'Connell Street where initial planning permission was granted in January of this year.

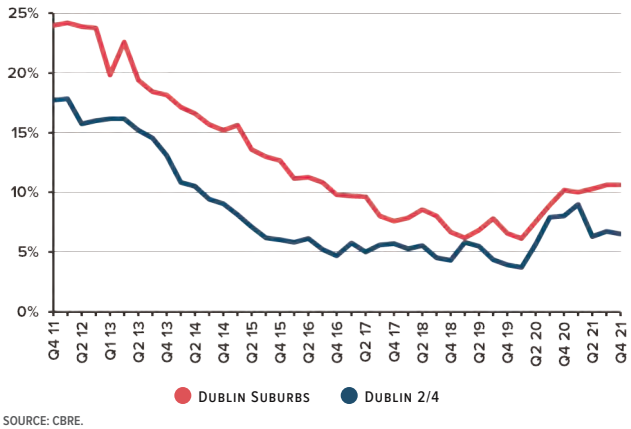
Commercial Property Remains in Demand

In the commercial property market, Google received permission in Q1 to develop a new campus in the Docklands which will accommodate 1,700 staff; thus underlining its commitment to the Capital where 8,000 staff are currently employed. Further positive developments may be expected in the commercial space this year as letting agent HWBC has said that there are currently "several active mandates" from multi-nationals seeking space in the Capital, with demand particularly strong amongst technology companies.

In light of growing demand, data from CBRE shows that the office vacancy rate in Dublin 2/4 has continued to descend. The rate for Q4 2021 fell to 6.5%, significantly lower than the peak of 9% in the midst of the pandemic in Q1 2021. This is an indication of the enduring appeal of physical office space in central locations for employers, in spite of the remote working phenomenon. According to CBRE, the computers and high-tech sector accounted for the largest proportion (40%) of city centre office take-up in the final quarter of 2021, followed by the professional services sector (37%). The consumer services & leisure sector accounted for a further 7% of lettings signed in the quarter.

> "This is an indication of the enduring appeal of physical office space in central locations for employers, in spite of the remote working phenomenon.

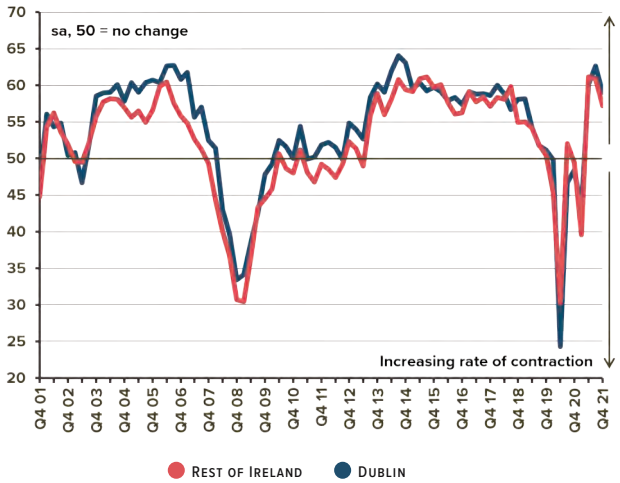
DUBLIN OFFICE VACANCY RATES



SOURCE: CBRE.

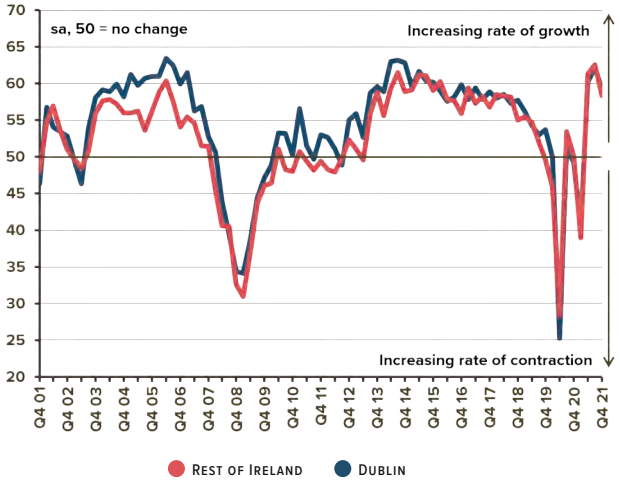
OMICRON VARIANT DAMPENS GROWTH IN BUSINESS ACIVITY IN Q4 2021

OVERALL DUBLIN IHS MARKIT PMI (SA)

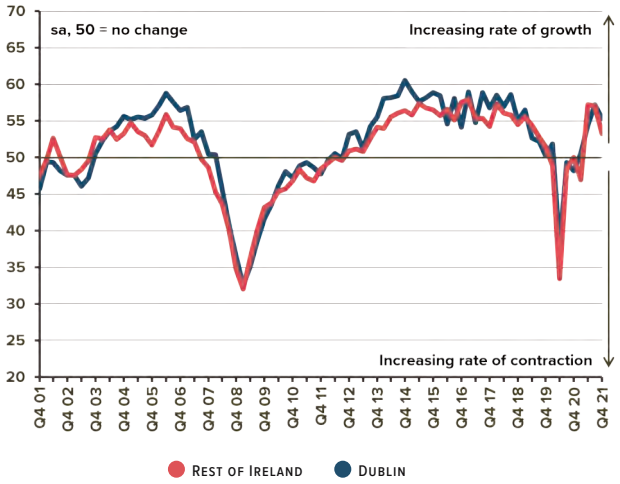


> While Q4 2021 saw growth for the Dublin private sector, the sadly familiar concerns around the impact of Covid-19 were at the fore as the Omicron variant emerged. Firms will be hoping that, as the latest wave passes, 2022 brings a permanent end to restrictions on operations.

OVERALL PMI NEW ORDERS (SA)



OVERALL PMI EMPLOYMENT (SA)



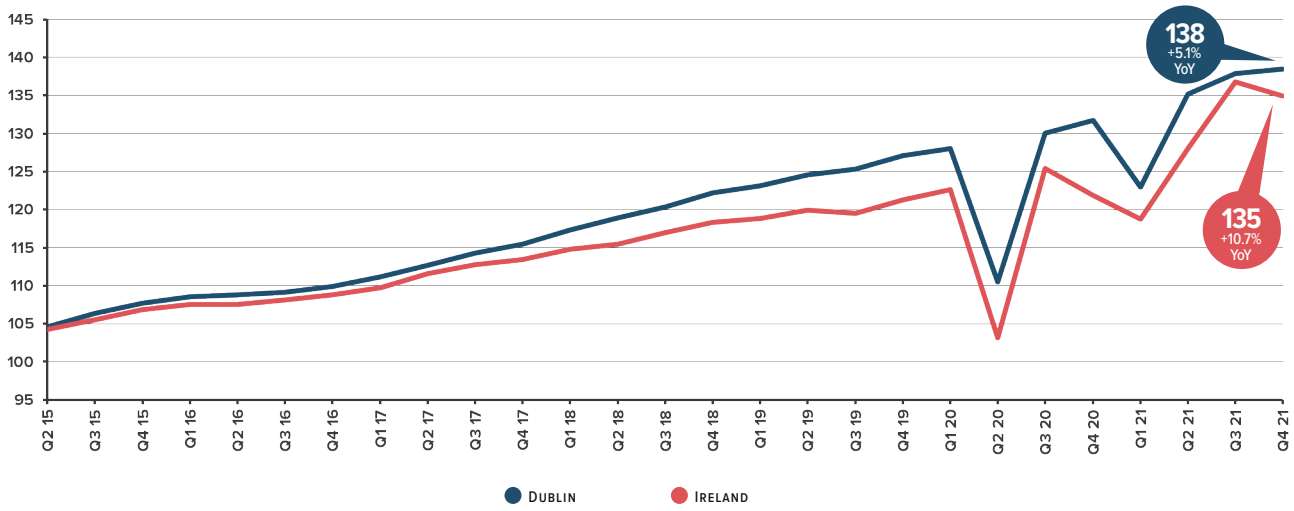
Private sector business activity continued to increase markedly in Dublin during the final quarter of 2021, with growth rates in the Capital exceeding those recorded across the Rest of Ireland. The strongest expansion was in Dublin's manufacturing sector (index reading of 63.8, where a reading above 50 signifies growth), followed by services (59.7) and construction (56.4). Despite this robust performance across the main sectors, the overall expansion rate in business activity in Q4 (59.4) was softer than in Q2 and Q3 2021. This was primarily due to the emergence of the Omicron variant of Covid-19 which acted to create uncertainty and subdue growth. Such challenging conditions book-ended a year which had commenced with a damaging lockdown in Q1, and was followed by vastly improved activity levels around the summer period.

New orders followed a similar trend to overall activity in Q4, continuing to expand but at a softer pace (59.1 versus 62.6 in Q3). New business increased in the three successive quarters since Q1 when a Covid-19 lockdown had limited activity levels. The rate of growth in new orders in Dublin in Q4 continued to outpace the Rest of Ireland (57.2), yet both indicate strong pipelines of work which augurs well for future quarters.

Employment levels at Dublin firms also continued to rise in Q4. Though lower than the previous quarter, an index reading of 55.4 points to ongoing and robust growth which is reflective of the booming jobs market in the Capital at present. Employment levels also rose across the Rest of Ireland (53.3) in the quarter and may be expected to strengthen further in early 2022 as many of the remaining restrictions on economic activity have been eased.

DUBLIN RETAIL SPENDING REACHES NEW HIGH IN Q4

MASTERCARD TOTAL RETAIL SALES INDEX (SA)



Retail spending in Dublin recorded further growth in Q4 2021 as consumer demand remained strong in the Capital's economy. With the exception of the hospitality sector, Covid-19 restrictions were largely kept at bay in the quarter, hence providing opportunities for retail spending in bricks-and-mortar outlets in the lead up to Christmas. Total retail spending in Dublin consequently rose by 0.4% QoQ and 5.1% YoY to reach a new peak index reading of 138.5.

The performance of the various segments of Dublin's retail sector differed in the quarter. The most significant uplift was in the Entertainment segment where hotels, restaurants and bars experienced QoQ expenditure growth of 14.7%.

Spending growth was largely flat, or negative, across the other segments of the retail sector. eCommerce (+1.6% QoQ) remained at a high level, indicating that the movements towards online retail are being sustained. Household Goods sales also rose by a modest amount (+1.4% QoQ) as Dublin consumers showed an ongoing willingness to release savings on big-ticket items.

Discretionary spending, somewhat surprisingly, decreased by 1.3% QoQ in Q4. The Christmas period was expected to provide a considerable fillip for physical retail yet this did not fully materialise. eCommerce may have been a contributor.

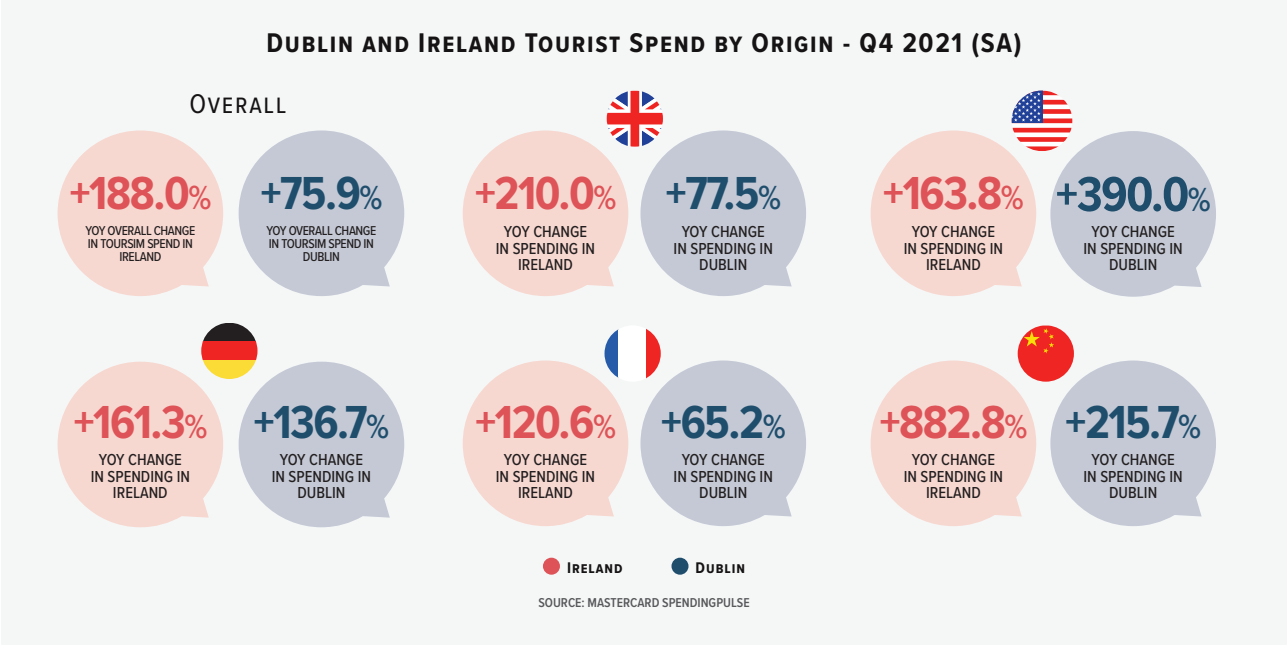
Necessities recorded the most significant QoQ decline of -4.4% yet still remained at an exceptionally high level when compared with previous years.

DUBLIN RETAIL SALES VALUE INDEX (SA) Q4 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
NOTE: ALL DATA RE-ADJUSTED SINCE THE LAST ISSUE

Easing travel restrictions boost tourist spending



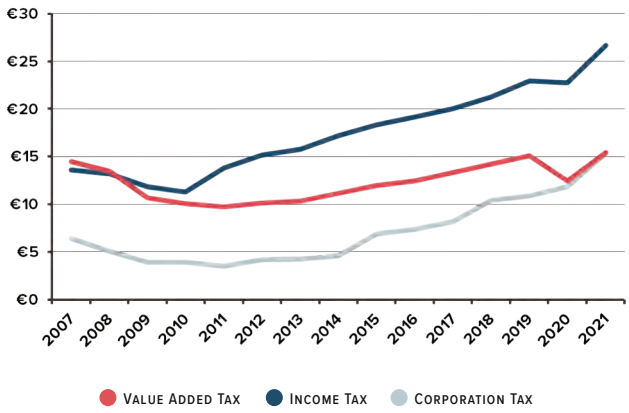
Q4 2021 saw further recovery in tourist spending levels in Dublin and across Ireland, in spite of increasingly challenging circumstances. The Omicron variant of Covid-19 emerged to have seismic impacts on travel around the world from November. Although the travel environment became more challenging, it remained considerably better than 12 months previous – when vaccinations had not yet been rolled out and countries such as the US had largely closed their borders.

The upshot of this relative improvement in international travel is seen in the retail spending patterns of international tourists in Dublin in Q4. Overall spending by visitors to the Capital rose by 75.9% YoY, albeit from a low base in 2020. At the national level, the YoY improvement was almost threefold (+188%).

In light of the travel limits imposed by the Trump Administration and subsequently lifted by President Biden in mid-2021, it is unsurprising that spending by US tourists recovered to the greatest YoY extent in Q4 – though still remained subdued. Expenditure by tourists from this key market rose by 390% in Dublin and 164% across the country as a whole.

The German market has recovered to the greatest extent relative to pre-pandemic 2019, outstripping the rebound seen from our nearest neighbour in the UK. The index reading for German tourist spending in Dublin stood at 152.3 in Q4, compared to 172.2 in the same quarter in 2019. Spending by UK, French and – quite notably – Chinese tourists has also improved in recent quarters and will be expected to strengthen further over the course of 2022.

Exchequer Tax Returns (€bn), 2007-2021



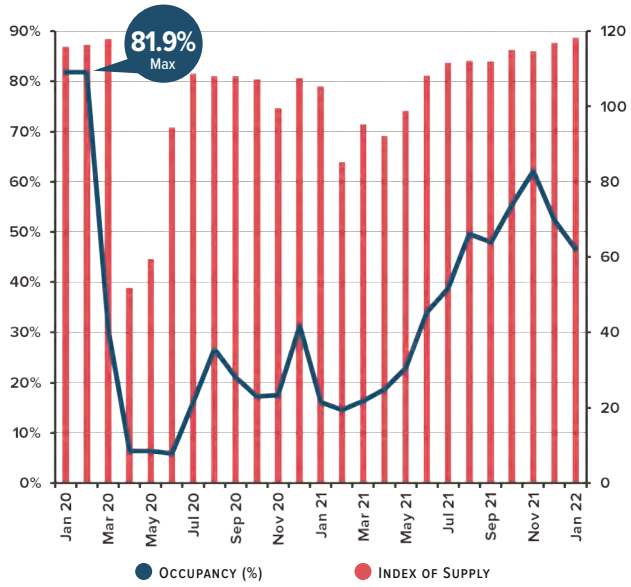
SOURCE: DEPARTMENT OF FINANCE.

Rising VAT Returns Signal Retail Strength

The recovery in retail spending evident in Dublin and across Ireland has provided a boost for the Exchequer's finances, as demonstrated in the chart. National VAT returns for 2021 were the highest on record, standing at over €15.4 billion. In tandem with rising income and corporation tax returns, VAT contributed to the Government's surprisingly strong revenue position in 2021. The reduction in VAT returns in 2020 proved to be temporary as a robust recovery was evident last year.

HOTEL SECTOR SUFFERS DIFFICULT START TO 2022

DUBLIN HOTEL SUPPLY & OCCPANCY RATES (SA)



SOURCE: STR GLOBAL. SEASONALLY ADJUSTED BY GRANT THORNTON.

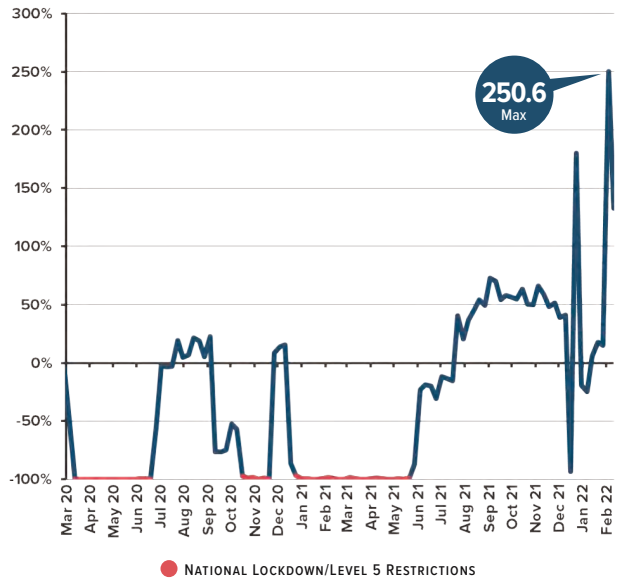
	JAN '22
AVERAGE DAILY RATE (SA)	€125
YEAR ON YEAR % CHANGE	+42.3
INDEX OF HOTEL ROOM SUPPLY (SA, JULY 2013=100)	118.3
YEAR ON YEAR % CHANGE	+12.3

The Dublin hotel market continued to be adversely affected by restrictions related to Covid-19 in late 2021 and early 2022. Occupancy rates, which had been on a recovery path, fell from 62% (SA) in November to 47% in January - no doubt related to the impact of the Omicron variant.

Average Daily Rates also fell to €125 (SA) in January but, notably, supply to the market continued to rise. This may be an indication of hoteliers preparing for a considerably busier 2022 now that most Covid-19 restrictions have eased.

HOSPITALITY SECTOR RECORDS STRONG GAINS ON LIFTING OF RESTRICTIONS

SEATED DINERS AT DUBLIN RESTAURANTS (% CHANGE RELATIVE TO 2019 BASELINE)



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

	FEB '22
PERCENTAGE CHANGE IN SEATED DINERS VERSUS 2019 BASELINE - DUBLIN	+132.8
PERCENTAGE CHANGE IN SEATED DINERS VERSUS 2019 BASELINE - IRELAND	+244.9

The lifting of the majority of Covid-19 restrictions provided a much-needed boost for the beleaguered hospitality sector early in 2022. The number of seated diners at Dublin restaurants consequently more than doubled (+132.8%) in mid-February, when compared with the pre-pandemic 2019 baseline. This was no doubt related to the resumption of normal operating conditions for pubs and restaurants from mid-January. The recovery in mid-February was more pronounced across Ireland with growth in seated diners of over 240% relative to 2019. This highlights the Irish public's growing confidence around returning to hospitality venues.

The Dublin City Development Plan and Competitiveness

John O'Hara
Dublin City Planning Officer

The Dublin City Development Plan plays a key role in ensuring the delivery of sustainable housing in the city. It encourages residential development through its proactive land management policies. A key policy priority is the promotion of 18 Strategic Development and Regeneration Areas (SDRAs) to accommodate an estimated need of over 40,000 housing units over the next 6 years. This will need to be delivered in tandem with the requisite physical and social infrastructure to ensure that Dublin remains an attractive and competitive capital city.

Planning Applications and Housing Delivery

The Dublin Housing Task Force (DHTF) provides a quarterly update of residential planning and construction activity in Dublin. As of Q4 2021, there were 6,174 residential units under construction in Dublin City, 28,475 residential units with extant permissions and a further 5,389 proposed residential units pending a planning decision. In addition, there were potentially 20,051 residential units at pre planning application consultation stage. Prior to the onset of Covid-19, Dublin City was experiencing a surge in construction activity, which was interrupted in 2020. However, current indicators show that construction activity has successfully re-opened and it is expected that future DHTF returns for 2022 will demonstrate continued strong growth in housing construction.

A recurring pattern each year is the high volume of extant permissions in comparison to sites under construction. In 2021, permissions for 18,676 residential units had not been activated; with this low uptake of permissions now a trend over a number of years. The DHTF data shows that the level of extant permissions has more than trebled in a four year period, from approximately 8,962 units in 2017 to 28,475 units in 2021.

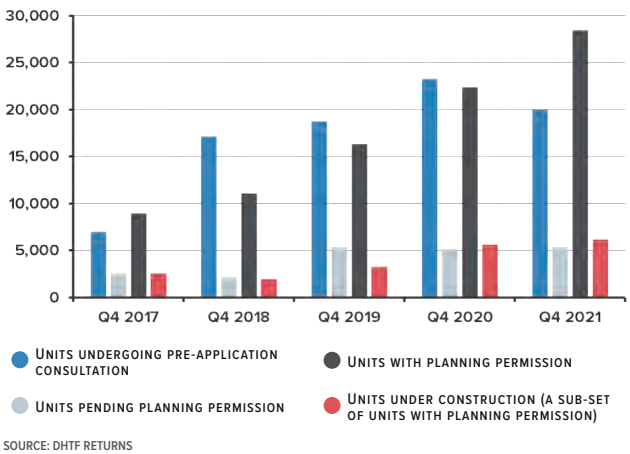
This analysis demonstrates a trend that not withstanding the high volume of extant permissions, less than a quarter of the permissions granted are being realised on the ground. The reasons for this are many, including the complex nature of site development, acquisition, and funding models in the city. However, it is also clear that the number of sites becoming active has been increasing over the past number of years demonstrating a generally positive upward trend. The City Council will continue to support implementation through active land measures including the vacant site levy.

In addition, the Development Plan includes a suite of policies to support the delivery of housing targets including:

- plan making such as Local Area Plans,
- active land management,
- engaging with other sectors and agencies (including the Land Development Agency),
- proactive use of funding opportunities such as the URDF,
- monitoring and evaluating measures including an annual Development Plan Core Strategy Monitoring Report.

The City Council, through the Development Plan, is committed to ensuring competitiveness and delivery of housing by promoting compact growth and ensuring the continued consolidation of the city, with sustainable patterns of development and the creation of a dynamic and vibrant city core complemented by well-serviced and integrated neighbourhoods.

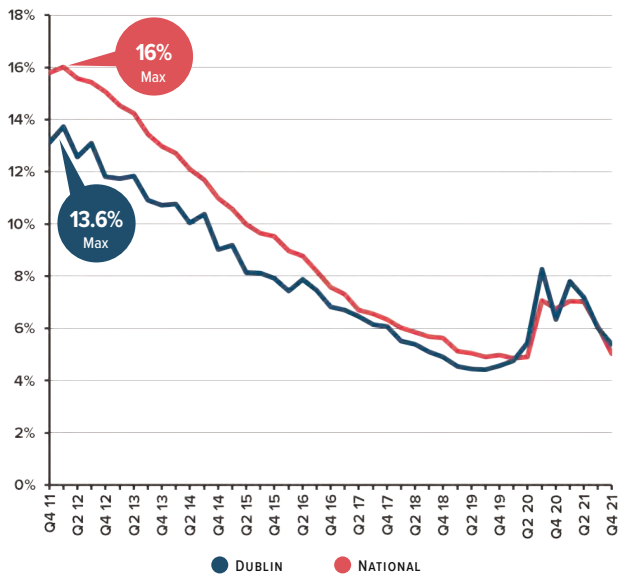
Dublin City Council DHTF Returns



SOURCE: DHTF RETURNS

DUBLIN UNEMPLOYMENT RATE FALLS BELOW 5.5%

DUBLIN & NATIONAL UNEMPLOYMENT RATE %



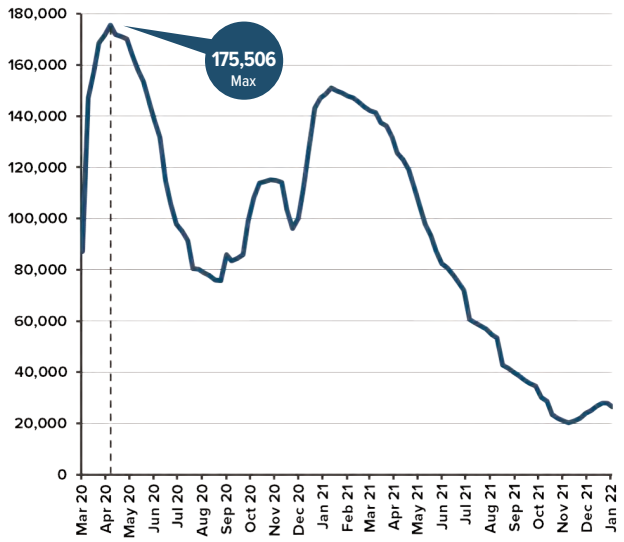
SOURCE: CSO. DUBLIN SEASONALLY ADJUSTED BY GRANT THORNTON

	Q4 '21
DUBLIN UNEMPLOYMENT RATE (SA)	5.4%
YEAR ON YEAR CHANGE % POINTS	-1.0
DUBLIN EMPLOYMENT '000S (SA)	765.5
YEAR ON YEAR CHANGE '000S (SA)	+73.6

Dublin's unemployment rate - which does not include those on the Pandemic Unemployment Payment (PUP) - continued to descend in the final quarter of 2021. The rate fell for a third consecutive quarter in Q4 to stand at 5.4% (SA), down 1 percentage point YoY. Labour market recovery has been more robust nationally as the unemployment rate fell from over 7% in Q1 to 5% in Q4 of last year. Some fluctuation in the rates may be expected in the coming quarters as the final PUP supports were paid on March 1st. Many of those still in unemployment will now be transferred to non-PUP state supports, and will hence be captured within the unemployment rates for Dublin and Ireland.

PUP RECIPIENT NUMBERS PLATEAU IN ADVANCE OF DISCONTINUATION

DUBLIN PANDEMIC UNEMPLOYMENT PAYMENT RECIPIENTS



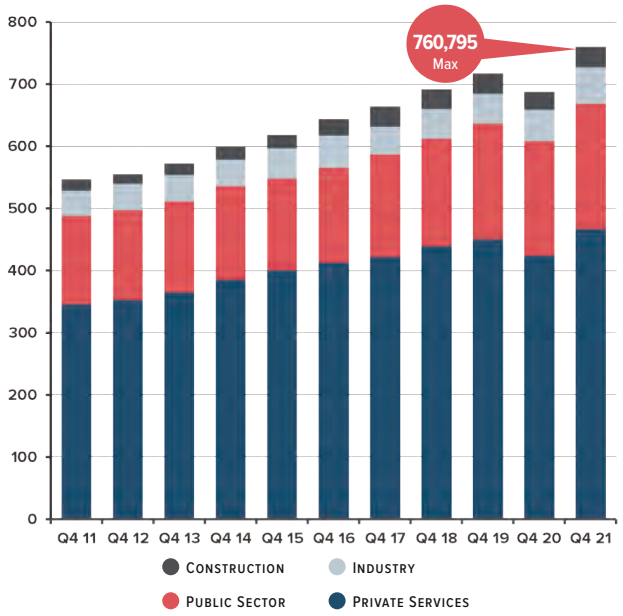
SOURCE: CSO. DATA IS WEEKLY.

	JAN '22
TOTAL DUBLIN PUP RECIPIENTS	26,580
MONTH ON MONTH CHANGE	+1,475

The number of recipients of the Pandemic Unemployment Payment (PUP) in Dublin broadly plateaued in late 2021 and early 2022. This will have been partly driven by the Omicron variant which resulted in tightening restrictions and adverse implications for the labour market up to mid-January. Over 26,500 people in the Capital remained in receipt of the PUP as of late January, down by over 120,000 YoY. The scheme was closed to new applicants in late January and the final payment has now been made in what is a reflection of the passing of the worst of the pandemic.

DUBLIN EMPLOYMENT REACHES NEW HIGH IN Q4 2021

EMPLOYMENT BY BROAD SECTOR '000S (SA)



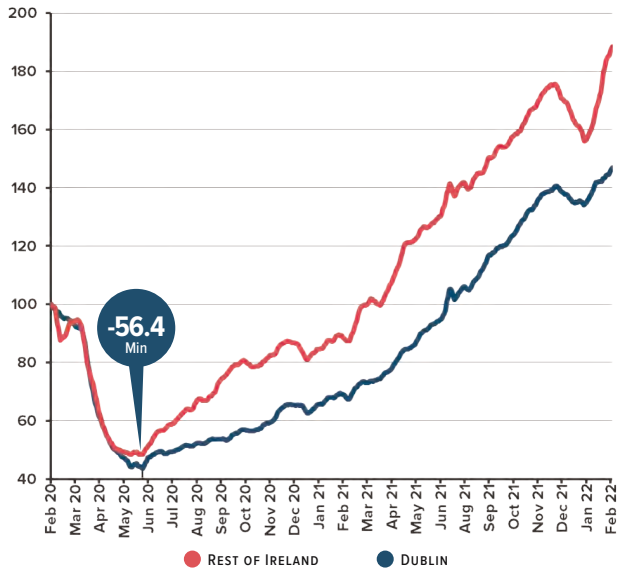
SOURCE: CSO. SEASONALLY ADJUSTED BY GRANT THORNTON.
INDIVIDUAL SECTOR VALUES MAY NOT SUM TO TOTAL DUE TO ROUNDING.

	Q4 '21
SERVICES EMPLOYMENT '000s (SA)	668.3
YEAR ON YEAR CHANGE '000s (SA)	+60.2
INDUSTRY & CONSTR. EMPLOYMENT '000s (SA)	92.5
YEAR ON YEAR CHANGE '000s (SA)	+12.5

The Dublin workforce recorded a very strong final quarter of 2021 as a new peak in employment levels was reached. Over 760,000 Dublin residents (SA) were in employment in the quarter. This represented YoY employment growth of over 72,000 jobs or 10.6%, and - more importantly - an expansion of 6.1% when compared to the same quarter in pre-pandemic 2019. Proportional YoY employment growth in Q4 was strongest in the industrial and construction sectors of Dublin's economy at 16% and 14.9% respectively. In absolute terms, the majority of YoY job creation occurred in the private services (+42,600) and public sectors (+17,600).

BOOMING JOB POSTINGS SIGNAL STRENGTH OF DUBLIN LABOUR MARKET

JOB POSTINGS ON INDEED (FEB 2020 = 100)



SOURCE: INDEED
NOTE: 7 DAY MOVING AVERAGE, INDEXED TO 01/02/2020.

	FEB '22
PERCENTAGE POINT CHANGE VERSUS FEB 2020 - DUBLIN	+46.8
PERCENTAGE POINT CHANGE VERSUS FEB 2020 - REST OF IRELAND	+88.5

Job vacancies in the Dublin economy continued to increase apace in early 2022. Postings on the Indeed website expanded by close to 50% in February, relative to the February 2020 baseline, following a minor dip at the turn of the year. This is evidence of a booming economy which is affecting the labour market - contributing to both job growth and skills shortages in specific sectors. Outside the Capital, job postings were even stronger in February, rising to a new peak on the back of growth of more than 88% when compared with pre-pandemic February 2020.

Dublin innovation & real estate feature in latest global rankings

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).

A Leading European City of Innovation

Dublin's already burgeoning credentials as an innovative city were further strengthened in late 2021 as the EU named the Capital as the joint 2nd most innovative city in Europe. The city ranked behind Dortmund – the European Capital of Innovation for 2021 – and on par with Malaga in the rankings which recognise long-term efforts to create city environments which enable and embrace innovation. Initiatives in Dublin which were singled out for praise at the awards were CoderDojo, Dogpatch Labs, Smart Dublin and the 'tech-for-good' education initiative Academy of the Near Future. The collaborative relationships between academic networks, businesses, NGOs and citizens were also highlighted.

Real Estate Activity

The Dublin commercial real estate market has been ranked as the 5th most active in Europe by PwC and the Urban Land Institute. More than €3 billion was invested in the Capital's commercial real estate market in the first three quarters of 2021, as investors continued to be attracted by high rental yields and a favourable tax regime. The prospects for the market receded somewhat relative to the previous year resulting in an overall ranking of 13th in Europe. This has been linked to the realisation of most 'dividends' arising from firms re-locating from the UK to Dublin post-Brexit. The future shape of the industry in Dublin will be driven by the response to net zero and the ESG agenda, according to the report's authors.

Unique Tourist Appeal

Dublin has also been ranked as one of the most unique cities in the world for tourists. According to the insurance company William Russell, the Capital is the 7th most 'unique' city in the world, with Washington D.C. topping the list. Dublin ranked particularly strongly in the history and culture sub-ranking, placing 4th globally. Over 40 'hidden and unusual' attractions were identified in Dublin, where the art, food and drink scenes were deemed to be of significant appeal.

Rental Affordability Issues

Dublin is now one of the most expensive capital cities in the world to rent a one-bedroom apartment. A ranking by UK insurance group CIA Landlord placed Dublin at 3rd most expensive in Europe and 6th globally. Dublin's rankings were based on an average of €1,643 a month which, according to CIA Landlord, requires a net monthly salary of €2,960 to adequately cover.

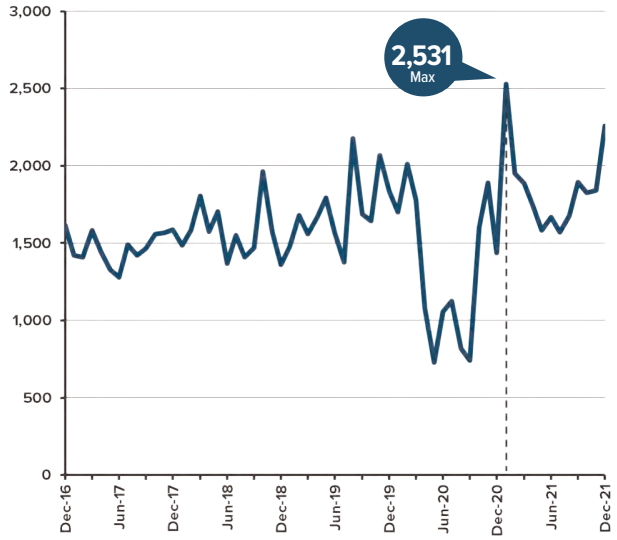
DUBLIN'S INTERNATIONAL RANKINGS

DUBLIN'S LATEST INTERNATIONAL RANKINGS				
SOURCE	BENCHMARKING CRITERIA	YEAR	RANKING	
EU European Capital of Innovation Awards	Inter-disciplinary ecosystems, and promotion of innovative initiatives to improve wellbeing of citizens	2021	2	▲
William Russell Best Cities in the World for a Unique Getaway Rankings	'Hidden and unusual' visitor attractions per 100,000 population	2022	7	-
Eden Strategy Institute Top 50 Smart City Governments	10 key factors covering governance, resourcing, smart programmes, policies and ecosystem	2021	26	▲
IMD-SUTD Smart City Index	Economic and technological factors, and citizens' perceptions of "smart" city credentials	2021	48	▼
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	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	2021	39	▼
Mercer Quality of Living City Rankings	Environmental/ socio-economic	2019	33	▲
PwC-ULI Emerging Trends in Real Estate Europe	Outlook for investment and development, and the scale/liquidity of the city's market	2021	13	▼
Economist Intelligence Unit Global Liveability Index	Stability, healthcare, culture and environment, education and infrastructure	2021	51	▼
Startup Genome Global Startup Ecosystem Report	Performance, funding, market reach, connectedness, talent, experience	2021	36	-
CIA Landlord Insurance Global Price of Personal Space Ranking	Monthly rent for a one-bedroom apartment	2021	6	-
QS World University Rankings	University quality	2022	101*	-
IMD World Competitiveness Ranking	332 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.

2021 RESIDENTIAL TRANSACTIONS EXCEED PRE-PANDEMIC LEVELS

DUBLIN RESIDENTIAL PROPERTY TRANSACTIONS (SA)



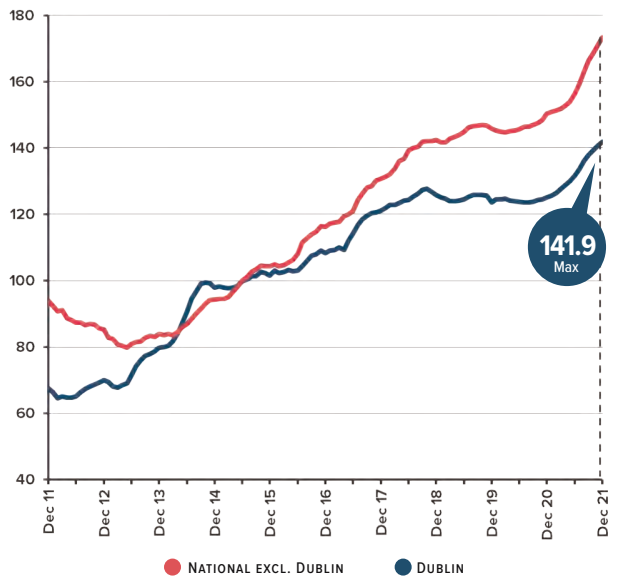
SOURCE: CSO. SEASONALLY ADJUSTED BY GRANT THORNTON.

	DEC '21
DUBLIN RESIDENTIAL PROPERTY TRANSACTIONS (SA)	2,257
YEAR ON YEAR % CHANGE	+57.1
IRELAND RESIDENTIAL PROPERTY TRANSACTIONS (SA)	7,635
YEAR ON YEAR % CHANGE	+49.5

Activity in the Dublin residential property market surged at the end of 2021, marking the conclusion of a strong year. More than 2,200 property transactions (SA) were recorded in December. This represented MoM and YoY growth of 22.6% and 57.1% respectively, and book-ended a year which had started with a peak in transactions of 2,531 in January. On a full year basis, over 22,400 properties were sold in Dublin in 2021. This exceeded the pre-pandemic level of 20,500 recorded in 2019 and reflects the release of pent-up activity from both buyers and sellers in the market.

DEMAND-SUPPLY MISMATCH CONTINUES TO DRIVE HOUSE PRICE GROWTH

RESIDENTIAL PROPERTY PRICE INDEX (2015 = 100)



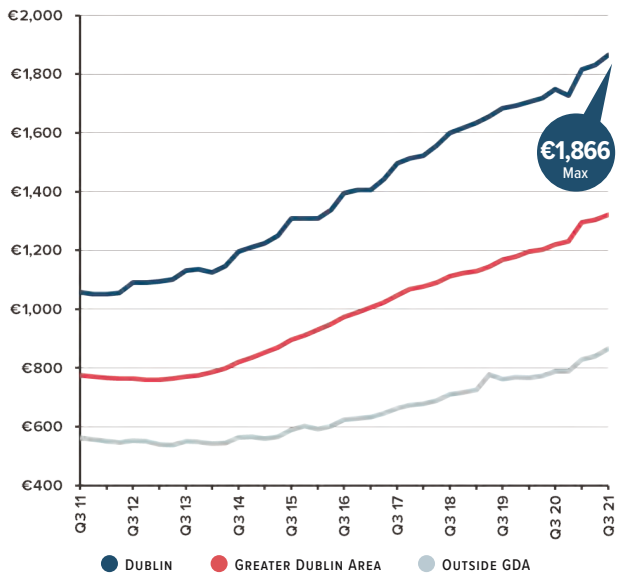
SOURCE: CSO.
NOTE: 2015 = 100.

	DEC '21
PROPERTY PRICE INDEX DUBLIN	141.9
YEAR ON YEAR % CHANGE	+13.4
PROPERTY PRICE INDEX NATIONAL EXCL. DUBLIN	173.3
YEAR ON YEAR % CHANGE	+15.2

The rate of YoY growth in Dublin residential property prices accelerated in December 2021. At 13.4% YoY, the rate was the strongest since 2015 as limited supply and soaring demand continued to affect the market. MoM growth was stable at close to 1% in December as the index of house prices in the Capital climbed to its highest point since mid-2008. Outside Dublin, the MoM and YoY growth rates in December were stronger at 1.3% and 15.2% respectively. As shown in the chart, this continues a broad trend which dates back as far as 2015.

Growth in Dublin residential rents continues unabated

Residential Rents € Per Month



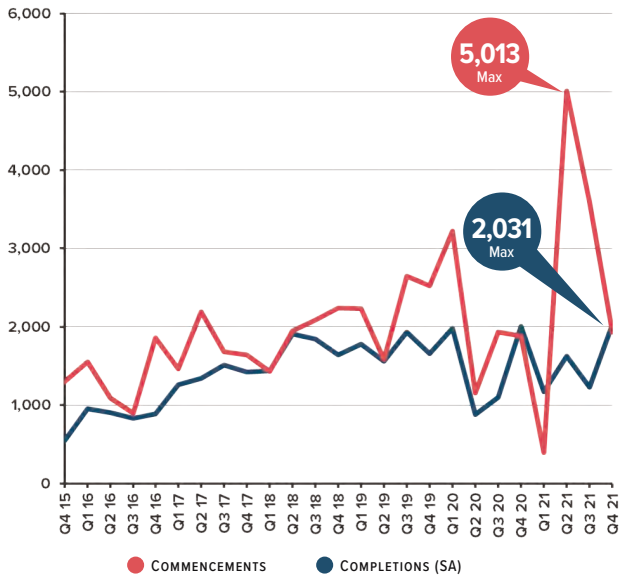
SOURCE: RTB

	Q3 '21
DUBLIN AVG RESIDENTIAL RENT € PER MONTH	1,866
YEAR ON YEAR € CHANGE	+117

The growth rate of residential rents in Dublin accelerated in Q3 2021, and completed a sequence of 40 consecutive quarters (or ten years) of YoY increases. Average monthly rents in the Capital rose by 1.9% QoQ and 6.7% YoY to stand at €1,866 in Q3. Covid-19 had resulted in a moderation in rent growth in 2020, yet this was reversed in 2021 with YoY increases of in excess of 6% in each of the first three quarters of the year. The rate of YoY growth in rents was more pronounced in the Greater Dublin Area (GDA, +8.4%) and outside the GDA (+9.9%) in Q3, thus underlining the nationwide nature of the current rental affordability issues.

Residential commencements & completions converge in Q4 2021

Dublin House Commencements & Completions



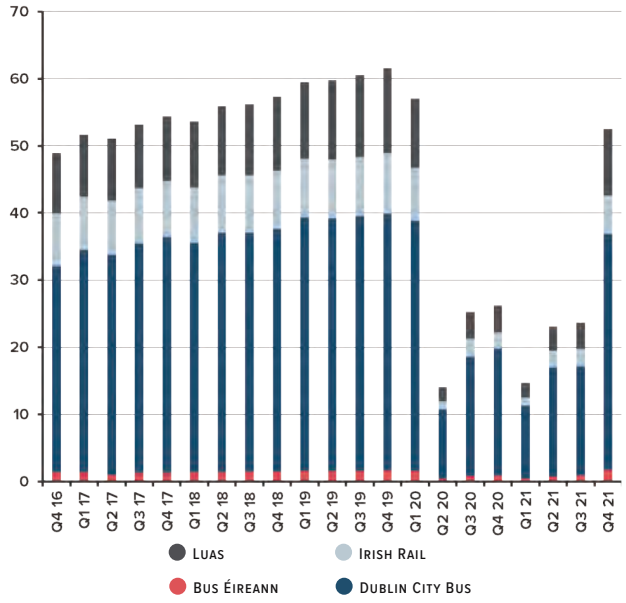
SOURCE: CSO, DHLGH

	Q4 '21
TOTAL HOUSE COMMENCEMENTS	1,932
YEAR ON YEAR CHANGE	+46
TOTAL HOUSE COMPLETIONS (SA)	2,031
YEAR ON YEAR CHANGE	+24

Commencements and completions of new residential units in Dublin converged in Q4 2021, bringing a tumultuous year to a close. Construction works commenced on over 1,900 units in the quarter. This was in line with the same quarter in 2020, but was considerably lower than both Q2 and Q3 2021 where activity - pent-up from construction site closures early in the year - was released. Completed units entering the supply pipeline in the Capital in Q4 were also flat YoY, but rose by more than 65% QoQ to stand at over 2,000 (SA). Further increases in completions will be expected in early 2022 as units commenced in mid-2021 are finished.

Public transport usage rebounds in Dublin

Public Transport Million Trips (SA)



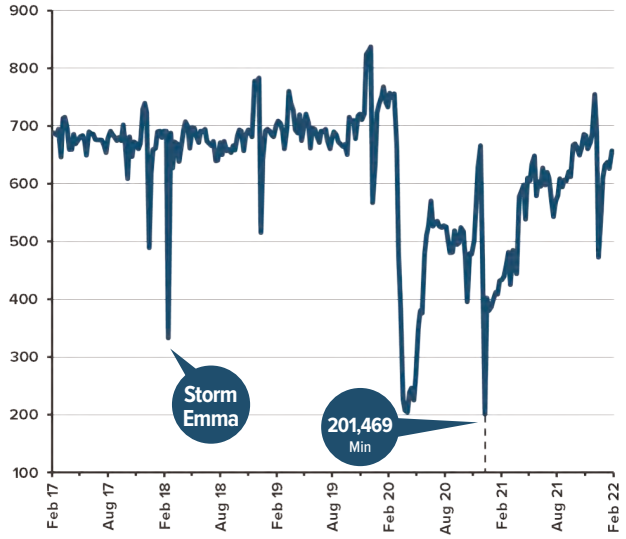
SOURCE: NTA. SEASONALLY ADJUSTED BY GRANT THORNTON.
NOTE: PROVISIONAL DATA VERIFIED BY ALL OPERATORS.

	Q4 '21
PUBLIC TRANSPORT MILLION TRIPS (SA)	52.5
YEAR ON YEAR % CHANGE	+100.4

Public transport usage in the Dublin region rebounded in Q4 2021. 52.5 million passenger journeys (SA) were recorded in the quarter, representing a doubling in usage both QoQ (+122%) and YoY (+100.4%). Despite this, journeys remained down by 14.7% when compared with the same quarter in 2019. The QoQ uplift in usage was most pronounced on Dublin Bus in Q4 2021, with a QoQ increase of 18.9 million journeys (+116.3%). Significant QoQ growth was also seen on the Luas (+6.1m, +157%) and Irish Rail networks (+3.1m, +116%). The recently announced 20% reduction in public transport fares from May will support further growth over the course of 2022.

Road traffic volumes remain below pre-pandemic norms

Dublin Average Daily Traffic Count '000s (SA)



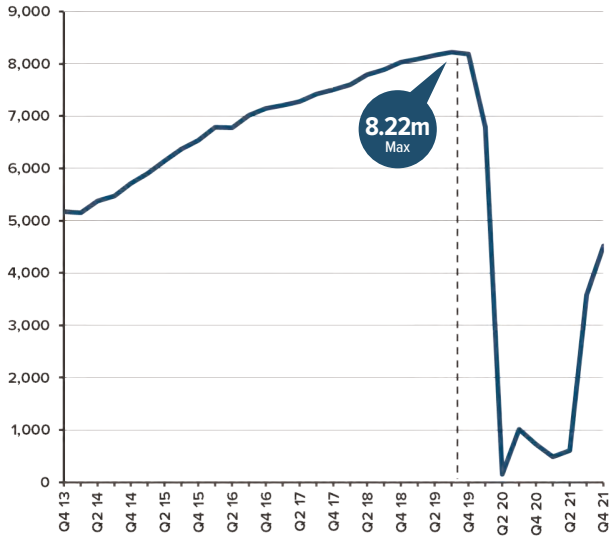
SOURCE: TII. SEASONALLY ADJUSTED BY GRANT THORNTON. DATA IS WEEKLY.

	FEB '22
AVERAGE DAILY TRAFFIC COUNT (SA)	654,814
YEAR ON YEAR % CHANGE	+50.6
PEAK VOLUME COUNT (AM) (SA)	43,071
YEAR ON YEAR % CHANGE	+36.2
PEAK VOLUME COUNT (PM) (SA)	51,188
YEAR ON YEAR % CHANGE	+44.4

Traffic volumes on the Dublin road network varied considerably over the months leading up to mid-February 2022. The trend in road use mirrored previous years where a peak in the lead up to Christmas was succeeded by a trough early in the New Year. Average daily traffic counts for the 8 roads analysed increased by just over 50% YoY in mid-February to stand close to 655,000 (SA). This represented a strong recovery from the low of 472,000 in early January, but was below the pre-pandemic norm of circa 700,000 per day. Recovery in peak traffic volumes for afternoons (+44.4% YoY) continued to outpace the morning equivalents (+36.2%) in February.

Airport throughput rises in spite of Omicron variant

Dublin Airport Passengers '000s (SA)



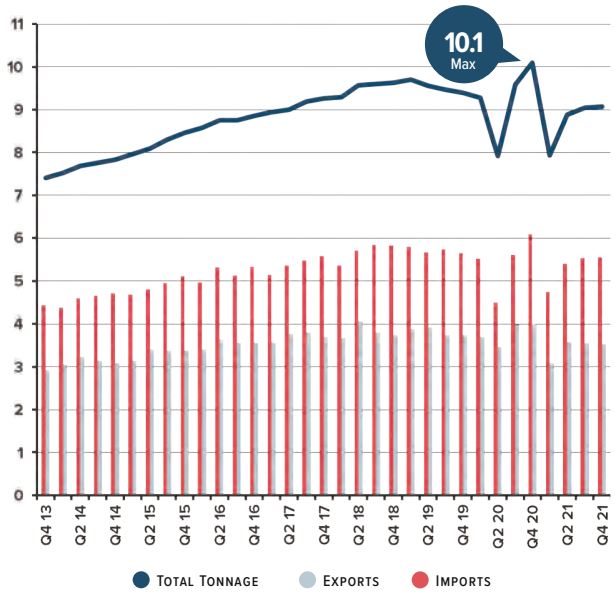
SOURCE: CSO & DUBLIN AIRPORT (Q2 2021). SEASONALLY ADJUSTED BY GRANT THORNTON.

	Q4 '21
TOTAL PASSENGERS '000s (SA)	4,520
YEAR ON YEAR CHANGE '000s TRIPS (SA)	+3,800

Passenger throughput at Dublin Airport continued to rise in Q4 2021, in spite of tightening travel restrictions related to the Omicron variant of Covid-19. Over 4.5 million passengers (SA) travelled via the airport in the quarter. This represented QoQ growth of 26% (932,000 passengers) and a recovery of over 500% (3.8 million) from a particularly low base in Q4 2020. Ongoing growth will provide a boost for Irish aviation which - according to Eurocontrol - was the worst affected in Europe in 2020. In light of the severe damage to the sector, the Government has recently committed €108 million in additional supports to Irish airports, including Dublin.

Dublin Port throughput stable in Q4, but down year-on-year

Dublin Port Tonnage Million Tonnes (SA)



SOURCE: DUBLIN PORT. SEASONALLY ADJUSTED BY GRANT THORNTON.

	Q4 '21
DUBLIN PORT EXPORTS MILLION TONNES (SA)	3.52
YOY CHANGE MILLION TONNES (SA)	-0.48
DUBLIN PORT IMPORTS MILLION TONNES (SA)	5.55
YOY CHANGE MILLION TONNES (SA)	-0.54

Throughput levels at Dublin Port remained stable QoQ in the final quarter of 2021 as a minor dip in exports was balanced by increasing imports. Just over 9 million tonnes of goods (SA) were handled in Q4, representing a minor QoQ increase (+0.2%) but a striking 10.2% decline when compared with Q4 2020 - the final quarter before Brexit took effect. Both exports (-12.1%) and imports (-8.8%) contributed to the YoY reduction in Q4 2021. Dublin Port reported declining Ro-Ro volumes and rising Lo-Lo volumes across 2021, with an expected increase in overall activity in 2022 to be driven by trade with Continental Europe.

Competitiveness and Post-Pandemic Recovery in Dublin

Prof. Frances Ruane
Chair, National Competitiveness & Productivity Council

As we seem to be reaching the final stages of COVID-19, it is perhaps timely to reflect on how the pandemic has been the catalyst for accelerated change across the world. The scale of disruption has led us to question how businesses operate, how consumers interact with businesses, and the potential for more flexible ways of working. Some of these new ways of working have in turn opened up possibilities for new ways of living more sustainably and inclusively, and have the potential to enhance Ireland's competitiveness and productivity.

Recovery in Dublin

Recovery from the pandemic is becoming increasingly evident in Dublin – with public transport carrying many more passengers, traffic jams re-emerging, shops and restaurants welcoming more customers, and increasing audiences for cinemas, theatres, and sporting events.

The latest Competitiveness Challenge published by the National Competitiveness and Productivity Council (NCPC) examined the impact of COVID-19, coming alongside other major developments, such as the transition to carbon neutrality by 2050, the digital transition, and the consequences of Brexit.

The NCPC noted that policy, at the worst stages of the pandemic, had to focus on providing broad supports for employees and businesses. For example, in May 2020 there were almost 175,000 recipients of the Pandemic Unemployment Payment (PUP) in Dublin, whereas in January 2022, there were roughly 26,500 individuals (one third of total claims) in receipt of the PUP. As the re-opening continues, attention must now focus on supporting workers to upskill and retrain for new employment opportunities and on supporting viable businesses deal with challenges that make them vulnerable in the short term.

The economic recovery is also seeing enterprises struggle to find key skilled staff and experienced managers, with vacancy rates increasing and higher levels of job transitioning occurring. The recent upward pressures on the price of key inputs, particularly energy,

is now a key focus of government but should not distract from dealing with other major longer-term challenges.

The agility demonstrated under COVID-19 saw improvements in Dublin's streets and parks, and in our ways of delivering public services (including in health and education) and private services that could not have been envisaged just two years ago. Indeed, the evidence in many quarters that we did not 'waste the crisis' should give us more confidence to tackle other major issues that have proven intractable in the past.

A Clearer Vision for the Future

As Ireland emerges from the turbulence of the pandemic, it is time for a clearer vision for the Dublin region and to determine the steps to be taken to realise that vision. This means addressing structural weaknesses that result in businesses facing less favourable operational environments than their competitors in other capital cities across the EU and the OECD (see Our Cities: Drivers of National Competitiveness NCC (2009)).

A pinch point recognised by the NCPC in Ireland's Competitiveness Challenge 2021 is the undersupply of new housing, resulting in chronic shortages of properties in both the rental and home ownership markets. These in turn have led to house price increases, rent increases and increased homelessness, with many households priced out of local markets.

Of course, housing is not the only vital infrastructure pressure point. Dublin has experienced bottlenecks in other critical areas such as water and waste-water, electricity, communications and transport. These infrastructure needs must be addressed in tandem with new housing and will be required to support new and expanding enterprises in the Dublin area. Investing efficiently in Ireland's housing stock, and in the associated social and economic infrastructure, as well as in other critical infrastructure can help boost the economic recovery while also meeting specific long-term infrastructure requirements that benefit living standards.

New Ways of Working & Living

The pandemic has accelerated changes to how people live and work. There must be a focus on the attractiveness of Dublin as a place to live as well as a place to work. In delivering on the affordable housing objectives of the Government's Housing for All Strategy, other essential services in Dublin, such as childcare, education, health and social care must also be addressed.

> "In delivering on the affordable housing objectives of the Government's Housing for All Strategy, other essential services in Dublin, such as childcare, education, health and social care must also be addressed.

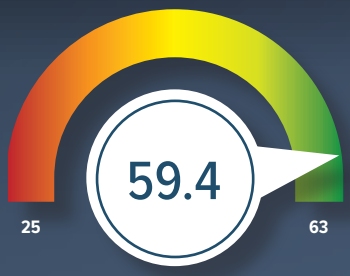
The impact of Covid-19 has increased awareness that we will benefit more from an economic recovery that is environmentally and economically sustainable and socially inclusive, so that Ireland's competitiveness and productivity performance delivers for all parts of society. While the Irish welfare system and Ireland's progressive income tax regime is effective in reducing inequality, the NCPC welcomes the establishment of the Commission on Taxation and Welfare, which will re-examine Ireland's taxation and welfare model to ensure that it delivers for businesses and employees in the 21st century. While Dublin's current at-risk-of-poverty rate of 11.1% is lower than the national average of 12.8%, it will be important that low-income households and other vulnerable groups in our capital city are not left behind as the recovery continues.

While the NCPC recognises that there are many challenges ahead, there are also potential opportunities in the form of new ways of working and possibilities for new ways of living that can deliver real improvements in the lives of people based in Ireland, with sustainability and inclusivity at the core.

Dublin Economic Scorecard

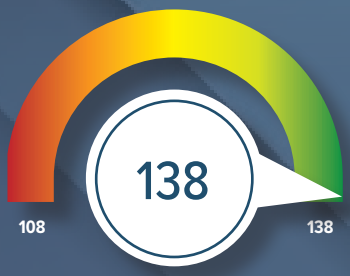
Economy

IHS Markit Business PMI Q4 2021
3 month moving average (SA)



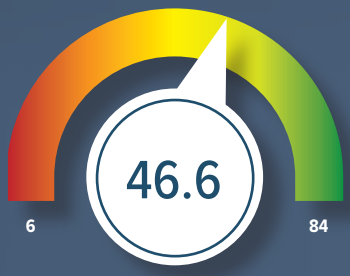
Unemployment Rate Q4 2021
% (SA)

SpendingPulse Sales Index Q4 2021
Index (2014 = 100) (SA)

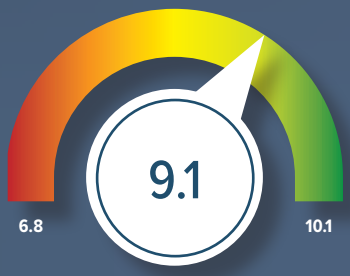


Travel

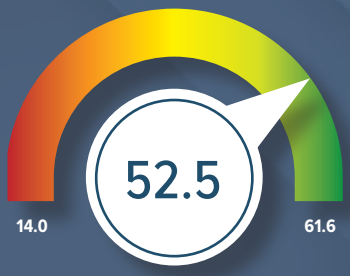
Hotel Occupancy Rate Jan 2022
% of total rooms (SA)



Seaport Cargo Q4 2021
Million tonnes/quarter (SA)

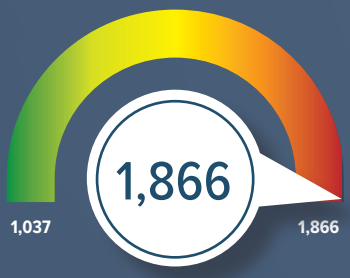


Public Transport Trips Q4 2021
Million trips/quarter (SA)

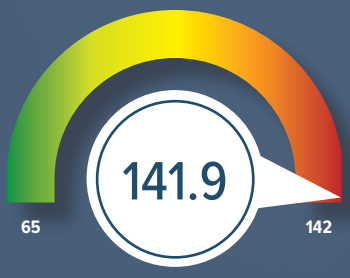


Residential Property

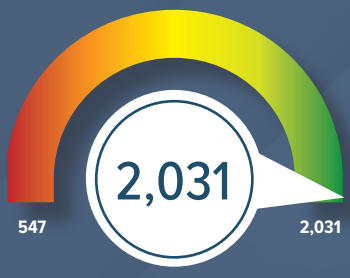
Average Residential Rents Q3 2021
€/quarter



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

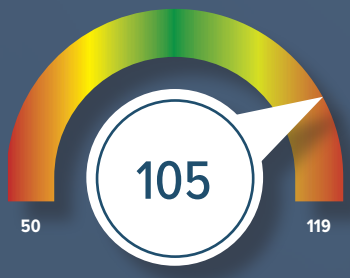


Housing Completions Q4 2021
Units/quarter (SA)



Commercial Property

Dublin City Centre Office Rent Q4 2021
Index (2006 = 100)



Dublin 2/4 Office Vacancy Rate Q4 2021
%

Dublin Suburbs Office Vacancy Rate Q4 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). 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.