

DUBLIN ECONOMIC MONITOR

ISSUE 35
DECEMBER 2023

in this issue

LATEST DUBLIN ECONOMIC DATA

S&P GLOBAL DUBLIN PMI

MASTERCARD SPENDINGPULSE

**EU ECONOMY ON THE BACK FOOT BUT
IRELAND'S PROSPECTS FEEL MORE POSITIVE**



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WELCOME


HIGHLIGHTS


 Dublin's unemployment rate remained broadly unchanged at 5.1% (SA) in Q3 2023, despite modest declines in employment levels in the economy.

 Business activity in Dublin continued to grow in Q3 2023 with expansions in the construction and services sectors, though a modest contraction was recorded in the manufacturing sector.

 The value of Dublin consumer retail spending expanded at slowing rates of 0.9% QoQ and 3.7% YoY as rising inflation and interest rates likely affected demand.

 Dublin house prices returned to growth across the summer, with MoM expansions of between 0.3% (June) and 0.7% (September).

 Foreign Direct Investment declined by a third QoQ and by 63% YoY to \$368 million (SA) in Q3 2023.

 Dublin hotel occupancy rates remained subdued at 77.2% (SA) in October, down by 3.4 percentage points YoY.

WELCOME TO THE DECEMBER 2023 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 S&P Global and MasterCard.

There are two special feature articles this quarter, both of which centre on working-from-home trends and the commercial property market in Dublin. The first is from a panel from Trinity College Dublin and centres on trends among office workers favouring continued work-from-home arrangements post-pandemic. The second article is by Colin Richardson, Director and Head of Research at CBRE Ireland, and provides a review and outlook for Dublin commercial real estate.

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 March 2024.

 www.dublineconomy.ie

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Dún Laoghaire Rathdown
County Council

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EU ECONOMY ON THE BACK FOOT BUT IRELAND'S PROSPECTS FEEL MORE POSITIVE

Positive momentum is a curious thing – really hard to get started and easy to lose. The EU economy is experiencing this at the moment. Glimmers of hope on key economic indicators following the pandemic didn't turn into sustained momentum and now recession fears are mounting across much of the Eurozone. The EU's Summer Economic Forecast confirmed that economic activity was subdued in the first half of 2023 due to weakness in consumer spending and the outworking of higher interest rates. The Eurozone has entered the final quarter of 2023 on the back foot.

The October Composite Purchasing Managers' Index (PMI) from HCOB, compiled by S&P Global, fell to 46.5 in October from September's 47.2. The October figure is the lowest since November 2020 and the fifth month in a row that the reading has been below the significant 50 marker that divides contraction from expansion.

The European Central Bank recently ended a run of 10 consecutive interest rate increases but were at pains to signal to markets and consumers that growing talk of this marking the turning point on rate increases is premature. If leading indicators such as PMIs are pointing towards a downturn, rate setters might yet be convinced that interest rates have indeed peaked.

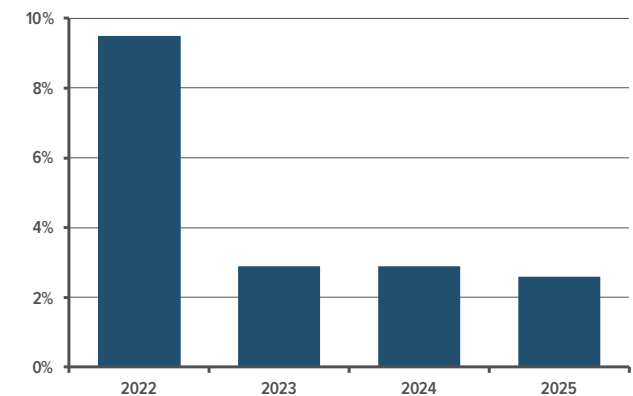
Post-Pandemic Economic Momentum

Ireland's economic story is somewhat different to that in the wider Eurozone over the recent past. Our economy emerged from the pandemic and built a momentum that has driven it through numerous headwinds. Key indicators such as those for the labour market are back at pre-pandemic levels and once again prompting questions as to whether we are back at full employment. The momentum has seen the Central Bank increase its assessment of 2022 by 1.3 percentage points since the previous Economic Monitor, now suggesting that the economy grew by 9.5%.

Slowing Pace of Growth

It is important to note that while there has been plenty of momentum across the Irish economy, there is an acceptance that the pace of growth is slowing, and there are some emerging statistics that serve to remind that momentum can be lost quickly. Mindful of this, and reflecting the ongoing cost of living challenges, the recent Budget sought to inject support to bolster the economy. Overall, Ireland's Budget 2024 will have left the vast majority of people better off. For many taxpayers, the total benefit may be over €1,000 in a full year, depending

FORECASTED ANNUAL % CHANGE IN MODIFIED DOMESTIC DEMAND



SOURCE: CENTRAL BANK OF IRELAND.

on their circumstances. Not only that, the strong budget surplus has enabled the Government to start planning for the future, when an ageing population, greater health demands and climate change measures will ramp up. Two new funds have been created. The Future Ireland Fund will be established with the potential to grow to €100 billion by the middle of the 2030s, and another €14 billion will be put aside in the Infrastructure, Climate and Nature Fund by 2030.

Tax Revenues could see confidence ebb away

Ireland's budget giveaway has served to increase consumer sentiment marginally in October according to the Credit Union Consumer Sentiment Survey (in partnership with Core Research). While the current reading of 60.4, up from 58.8 in September, suggests that consumers remain cautious, it does reverse much of the fall seen between August and September.

The next big risk to Ireland's economic momentum is the path of Exchequer returns, particularly corporation tax. Corporation tax receipts for October were down by €1bn, or 45%, on the same month last year. A further concern is that figures for November, a traditionally big month for corporation tax receipts will be below expectations. A weak November will have a significant impact on the expected full year 2023 Budget surplus. An extended period of weaker Exchequer returns could require a rethink on expected budget surpluses and could see Ireland's economic momentum ebb away.



DUBLIN OFFICE MARKET FACES FRESH CHALLENGES

Commercial Property on Unsteady Ground

WeWork's filing for bankruptcy protection in the US in early November has sent reverberations across the global commercial property market, including Dublin. The co-working space company, which is one of Dublin's largest individual tenants of commercial space with four locations across the Capital, is seeking to restructure its debt as reduced demand and rising interest rates posed seismic challenges in recent times. The upshot for Dublin is as yet unclear, but questions over WeWork's planned tenancy of the Central Plaza building on Dame Street are symptomatic of the problems faced as demand for commercial space in the Capital has receded ahead of the planned opening of the new building in mid-2024.

This is reflective of a broader increase in vacancy rates in the Capital's commercial market. As shown in the chart, this is particularly the case in Dublin 2/4 where vacancy rates increased to 15.9% in Q3 2023.

Further De-Listings from Euronext Dublin

Euronext Dublin, the Irish Stock Exchange, has continued to suffer from de-listings across 2023. Building materials giant, CRH, de-listed from the Exchange in September of this year, while Flutter Entertainment (owner of Paddy Power) has announced that it will follow suit in order to add a New York listing in early 2024. Packaging group Smurfit Kappa is also expected to de-list as part of an \$11 billion acquisition of US rival WestRock. Such high profile exits have contributed to job cuts in Dublin stockbrokers as market activity receded, while Exchequer returns via stamp duty on share trading will be impacted.

Labour Market Tumult Continues

The national broadcaster, RTE, has announced plans to reduce its headcount by 400 people nationally. While it is yet unclear where redundancies will arise, RTE intends to vacate part of its Donnybrook campus in Dublin with a view to sale or conversion to other commercial use. Its strategic reform plan also states that the broadcaster "will operate two production centres, expanding in Cork and reducing Dublin", and later expanding in Limerick and Galway. Such measures will be expected to reduce RTE's presence and workforce in the Capital over the coming years, though independent production companies may benefit.

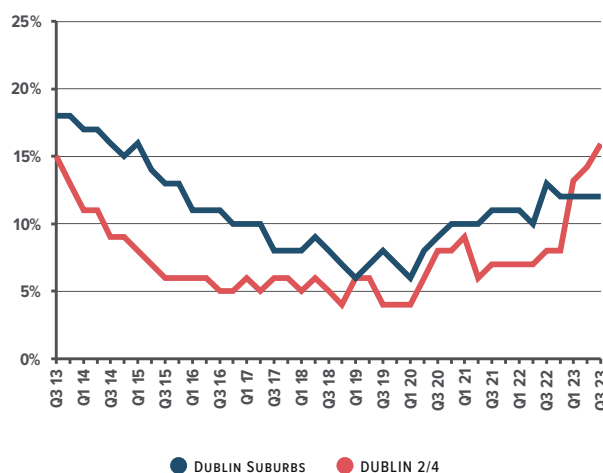


Such measures will be expected to reduce RTE's presence and workforce in the Capital over the coming years, though independent production companies may benefit.

In more positive news, data analytics company EXL is to create 200 new jobs in Dublin while HR software firm Rippling has announced that it will hire 100 staff as it established its European headquarters in the Capital. Wesco – a B2B distribution, logistics and supply chain services company – is to expand its Dublin operation with the creation of 80 new jobs, while ChatGPT creator OpenAI is also to open a Dublin office. In the financial sector, BNY Mellon – the world's largest custodian bank – has set up a new digital Research & Development hub in Dublin. The hub will drive the bank's innovation in artificial intelligence and data analytics and will employ 30 staff initially as part of an €8 million investment.

Such labour market undulations come as the Dublin economy remains close to full employment, yet job vacancy levels have receded since early 2023 according to data from Indeed (see page 11 for more).

DUBLIN OFFICE VACANCY RATES

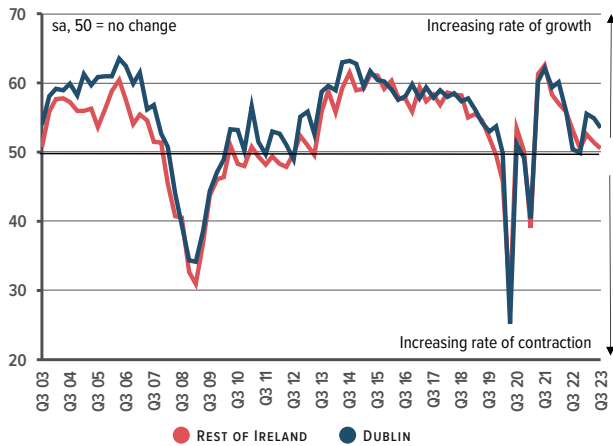


SOURCE: CBRE.



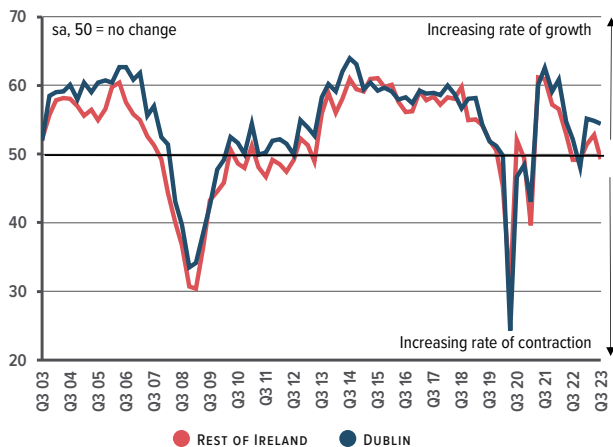
DUBLIN PMI INDICATES WEAKENING GROWTH IN BUSINESS ACTIVITY

OVERALL DUBLIN S&P GLOBAL PMI (SA)

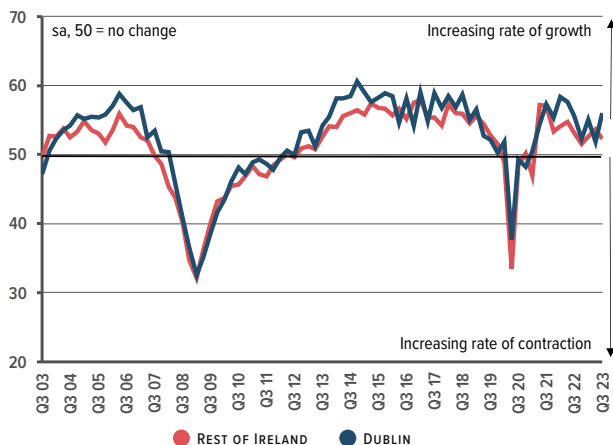


“Dublin’s labour market stepped up a gear in Q3, seeing a rapid rise in employment as firms responded to sustained growth of workloads. This was despite some signs of growth in output and new orders losing some momentum from earlier in the year.

OVERALL PMI NEW ORDERS (SA)



OVERALL PMI EMPLOYMENT (SA)



The Dublin Purchasing Managers’ Index (PMI), which tracks business activity in the Capital, continued to show growth in Q3 but at a weakening rate. A PMI reading of 53.5 was recorded in the quarter, exceeding the 50 mark which separates growth from contraction, but down from 54.9 in the second quarter. The rate of expansion remained significantly stronger than the equivalent rate across the Rest of Ireland (50.5) in Q3 as the manufacturing (45.9) and construction sectors (44.5) continued to contract at concerning rates outside the Capital.

The construction sector continued to be the strongest performer in Dublin in the third quarter, with a PMI reading of 57.3 indicating strong ongoing levels of activity. The services sector also remained in expansion territory but with a weakening PMI reading of 52.6 – down from 56.8 in Q2. Manufacturing did see an improvement in activity levels with a reading of 49.4 – up markedly from 46.6 in Q2, yet still in contraction. The sector has now been in contraction for five consecutive quarters, the longest such streak since the Great Financial Crisis in 2010.

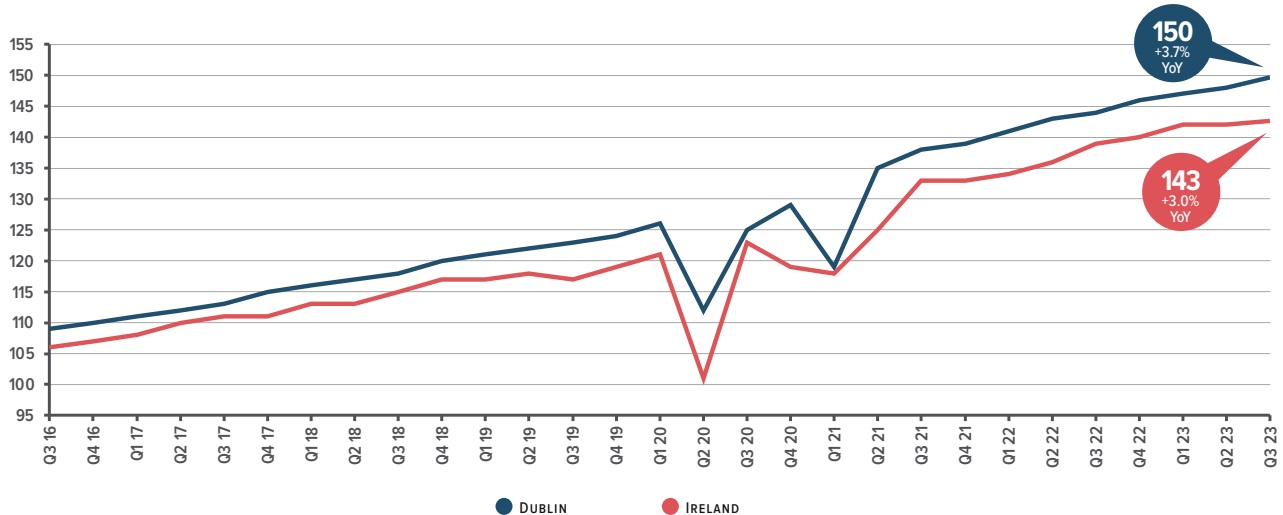
Across the Dublin economy as a whole, new orders – which indicate businesses’ project pipelines – expanded for a third consecutive quarter. The index reading of 54.4 was broadly in line with Q2, and contrasted with the Rest of Ireland where a minor contraction arose in Q3 (49.3).

In terms of workforces, Dublin businesses continued to recruit in Q3. An index reading of 56.0 underlined a strengthening versus Q2 in this regard as the Capital’s labour market remains in rude health. Employment growth was more subdued across the Rest of Ireland in the quarter (52.3).



DUBLIN RETAIL SPENDING INCREASES AT SLOWING PACE

MASTERCARD TOTAL RETAIL SALES INDEX (SA)



The value of retail spending in the Dublin economy continued to expand in Q3 2023, but at a marginally slower pace than in previous quarters. The index for total retail sales in the Capital reached 149.7 (100=Q1 2014) in the quarter, up by 0.9% QoQ and 3.7% YoY (both SA). The QoQ growth rate was the weakest since Q1 2021 and likely reflects a maturing in the post-pandemic recovery phase, combined with the impact of high inflation rates on disposable incomes. Despite the modest slowdown in growth, the expansions were higher than recorded QoQ (+0.4%) and YoY (+3%) across Ireland.

Household Goods spending was the only segment in which meaningful growth was seen in Q3 2023. Expenditure on such goods – which typically consist of higher value ‘white products’ – grew by 0.7% which was largely in line with previous quarters. Spending on Necessities and Discretionary goods was stable in the quarter. Entertainment spending, which had recovered at sharp rates since the end of the pandemic era, was also stable in the quarter (-0.1% QoQ).

Expenditure via online platforms expanded by 1.9% QoQ. This was the highest rate of growth since the tail end of the pandemic in Q1 2022, and highlights the continued momentum in eCommerce spending.

DUBLIN RETAIL SALES VALUE INDEX (SA) Q3 2023



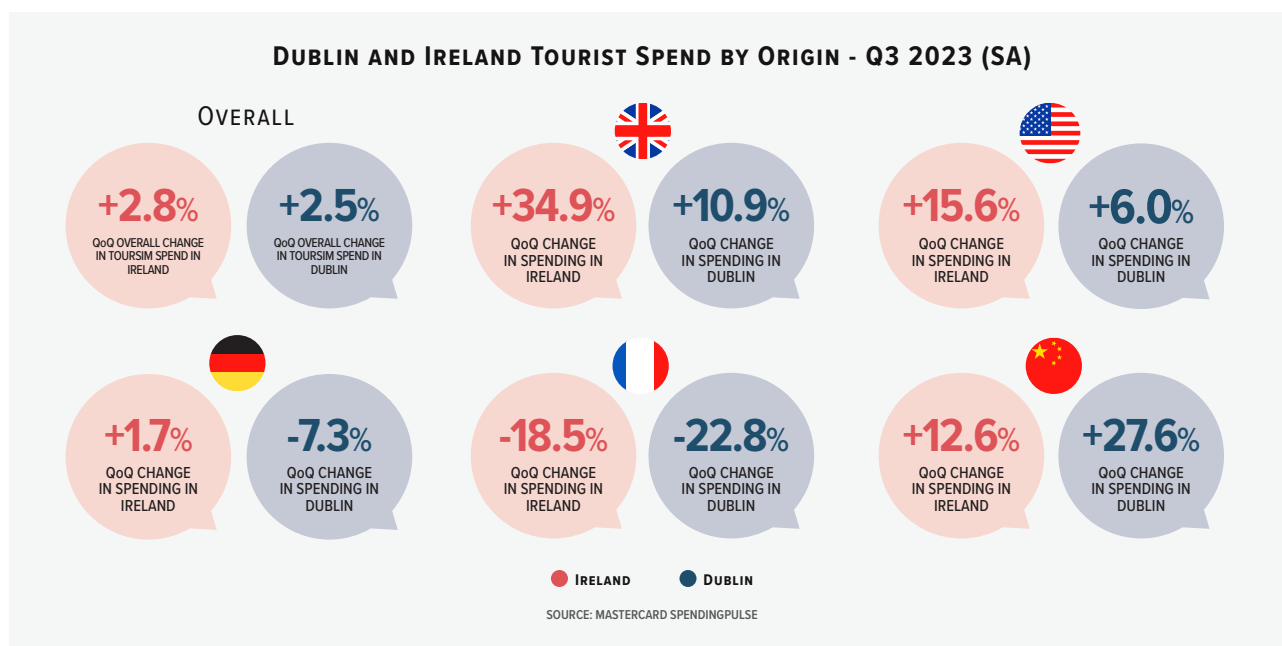
METHODOLOGY

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, AND HAVE BEEN RE-ADJUSTED SINCE THE LAST ISSUE. THE DATA IN THIS ISSUE IS HENCE NOT DIRECTLY COMPARABLE TO PREVIOUS ISSUES.



DUBLIN RETAIL SPENDING INCREASES AT SLOWING PACE



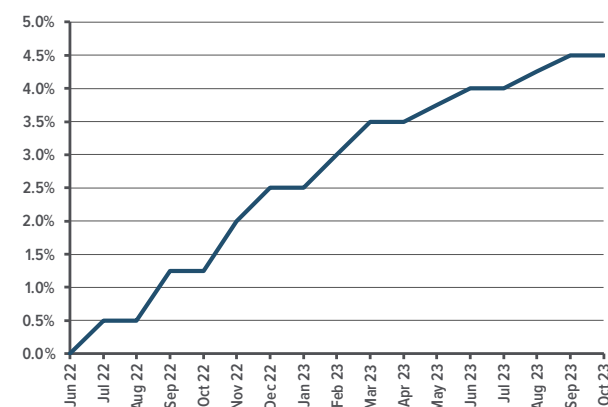
UK and US visitors contributed significantly to expansions in Dublin tourist spending of 2.5% QoQ and 13.4% YoY (both SA) in Q3 2023. The QoQ growth recorded over the summer period was the weakest in three quarters and signals concerns for the tourism sector, especially as the reduced VAT rate for tourism and hospitality was discontinued in early September.

The Chinese market had the largest growth rate in Q3 2023, increasing by 27.6%. The UK market was also a strong performer in Q3 2023. A QoQ growth rate of 10.9% marked a radical turnaround from a contraction of 13.8% in the previous quarter. This is a positive development as the winter approaches, especially given the importance of UK tourists' weekend breaks in the Irish Capital.

The US market, an integral element for tourism in Dublin and across Ireland, continued to show positive signals. Spending by visitors from the US grew by 6% QoQ in Q3, down from 7.5% in Q2, but remaining one of the strongest performers in the quarter. The French and German markets were of greater concern in Q3. Spending by tourists from France receded by almost 23% in the quarter. This compounded a QoQ contraction of 6.4% in Q2. Similarly, spending by German visitors to the Capital fell by 7.3% QoQ – the same level of contraction as was recorded in Q2. The Chinese market, which has taken time to recover, recorded further strong growth of over 27% QoQ – albeit down from a rate of over 50% QoQ in Q2.

At the national level, tourist retail spending grew at a similar rate in Q3 (+2.8% QoQ) with the UK (+34.9%) and US (+15.6%) to the fore, but a significant contraction arising from the French market (-18.5%).

ECB MAIN REFINANCING RATE



SOURCE: CSO

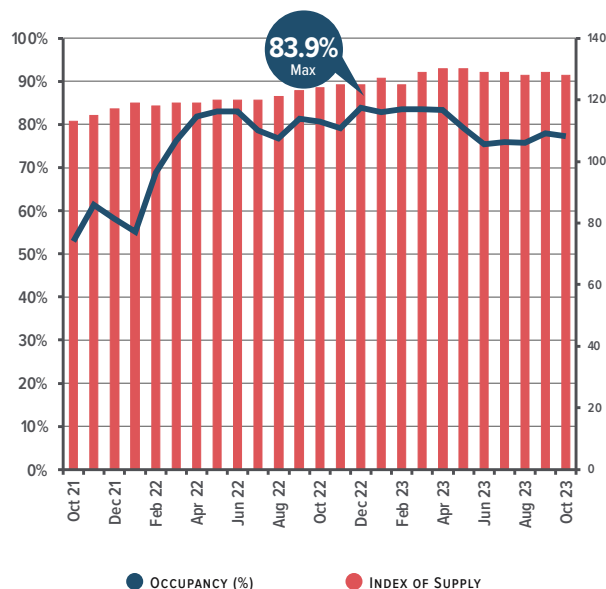
ECB Breaks Rate Hike Streak

The trajectory of interest rates in the Eurozone has had a significant impact in curbing inflation, and has affected consumers' disposable incomes – especially as interest repayments increase for variable mortgage-holders. Following an unprecedented streak of 10 consecutive hikes, the Central Bank opted to leave rates unchanged at its October 2023 meeting (see chart). This indicates progress on the fight against inflation, and will provide some comfort for pressed borrowers as 2024 approaches.



DUBLIN HOTEL MARKET ACTIVITY SLUGGISH IN AUTUMN 2023

DUBLIN HOTEL SUPPLY & OCCUPANCY RATES (SA)



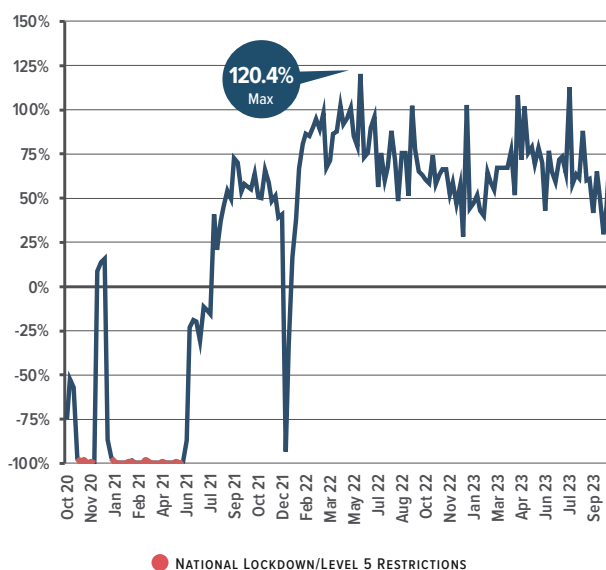
SOURCE: STR GLOBAL. SEASONALLY ADJUSTED BY GRANT THORNTON.
NOTE: DATA RE-ADJUSTED SINCE THE LAST ISSUE.

	OCT '23
HOTEL OCCUPANCY RATE (SA)	77.2%
YEAR ON YEAR CHANGE % POINTS	-3.4
INDEX OF HOTEL ROOM SUPPLY (SA, JULY 2013=100)	128.4
YEAR ON YEAR % CHANGE	+3.3

Dublin hotel occupancy levels fell in October 2023 as activity in the sector remained sluggish through the summer period and into autumn. The Capital's occupancy rate stood at 77.2% (SA) in October - down by 0.9 percentage points (pp) MoM and by 3.4pp YoY. This was also below pre-pandemic averages which typically exceeded 80% year-round. Contributory factors likely include a combination of weakening consumer demand, and supply to the market which has reached new highs across 2023. Average Daily Rates for Dublin hotels also declined quite dramatically in autumn 2023, falling by almost 10% between the summer peak of August (€186, SA) and October (€168, SA).

OCTOBER REBOUND IN DUBLIN RESTAURANT DEMAND

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



SOURCE: OPENTABLE. NOTES: DATA ONLY INCLUDES SATURDAY DINERS. SINCE MARCH 2023, THE SOURCE DATA IS PRESENTED RELATIVE TO ONE YEAR BEFORE. GRANT THORNTON HAVE ADJUSTED THIS DATA TO MAINTAIN THE 2019 BASELINE.

	OCT '23
PERCENTAGE CHANGE IN SEATED DINERS VERSUS 2019 BASELINE - DUBLIN	+79.5
PERCENTAGE CHANGE IN SEATED DINERS VERSUS 2019 BASELINE - IRELAND	+121.2

The volume of seated diners at restaurants in Dublin stood almost 80% above the 2019 baseline in mid-October 2023. This followed a downward trend in the number of diners eating at restaurants in the Capital from August onwards, and will provide hope for a strong final quarter to the year. The increase in demand comes in spite of the restored higher VAT rate in the hospitality sector, and indications from the Restaurants Association of Ireland that a drop in the number of international visitors is having a significant impact. At the national level, demand remained robust with seated diners up by over 121% versus 2019.



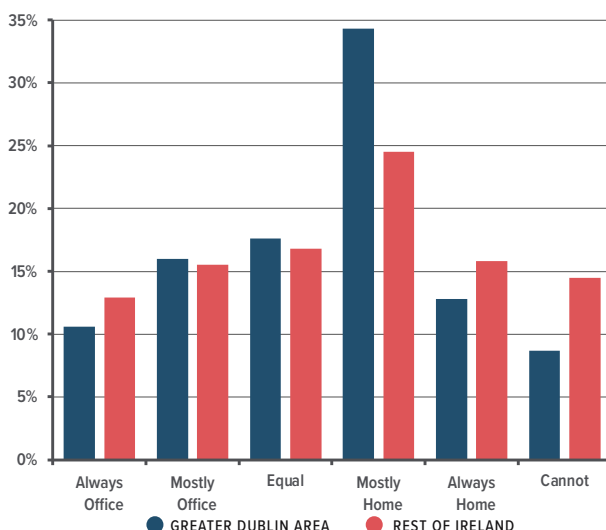
IRISH OFFICE WORKERS EMBRACE WORK-FROM-HOME SHIFT

A survey conducted in Ireland has unveiled a notable trend among office workers favouring continued work-from-home (WfH) arrangements post-pandemic. Approximately three-quarters of the surveyed Irish office workers preferred some form of ongoing WfH, particularly favouring hybrid models.

The survey, carried out in the summer of 2021, engaged a wide cross-section of office workers across Ireland. It revealed that 77.9% of respondents are inclined towards either full-time or hybrid WfH models. This preference correlates strongly with factors such as pre-pandemic commute length, perceived increases in work productivity, and an enhanced quality of life due to WfH. Notably, those with lengthier commutes and an improved work-life balance due to remote work displayed a stronger preference for WfH.

The survey also highlighted regional differences in WfH preferences. In the Greater Dublin Area (GDA), there was a distinct preference for a mostly-at-home work setup. Among those capable of WfH in the GDA, only 10.6% preferred to work full-time from the office.

WHITE COLLAR WORKING FROM HOME PREFERENCE GDA VS NON-GDA



SOURCE: STEFANIEC, A., BRAZIL, W., WHITNEY, W. AND CAULFIELD, B., 2022. DESIRE TO WORK FROM HOME: RESULTS OF AN IRISH STUDY. JOURNAL OF TRANSPORT GEOGRAPHY, 104, P103416.
[HTTPS://DOI.ORG/10.1016/J.JTRANGEO.2022.103416](https://doi.org/10.1016/j.jtrangeo.2022.103416)

“The shift towards working from home is reshaping Ireland's approach to urban and transport planning

Outside the GDA, this figure was slightly higher at 12.9%.

In terms of daily work patterns, the survey results indicate a higher desire to work remotely on Mondays and Fridays compared to the middle of the standard workweek.

Furthermore, the results point to potential shifts in residential choices influenced by the flexibility of remote work. About 42.5% of those capable of WfH indicated a willingness to consider relocating, a trend that could have profound implications for urban planning and commuter traffic patterns.

This shift towards WfH is expected to lead to a reduction in commuter trips, especially during peak hours, and a decrease in demand for commercial services in central urban areas. It also suggests a change in travel patterns, with telecommuters possibly taking fewer commute trips but more non-work-related journeys.

The survey underscores emerging WfH trends that are progressively shaping workplace dynamics, with significant implications for Dublin's transport system. This evolving pattern in work culture is set to substantially affect urban and transport planning. Recognising these trends is crucial for businesses and city planners as they navigate the new work-life equilibrium in a post-pandemic environment.

Authors

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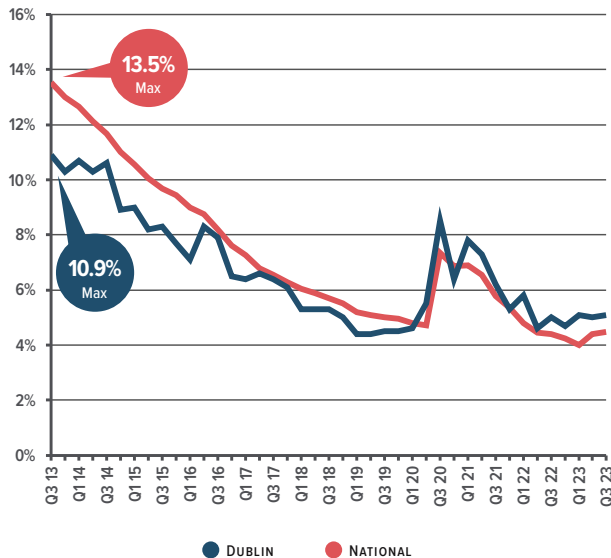
Dr Warren Whitney, Transport Modeller at National Transport Authority

Professor Brian Caulfield, Professor and Head of Department at Trinity College Dublin



DUBLIN UNEMPLOYMENT REMAINS STABLE IN Q3

DUBLIN & NATIONAL UNEMPLOYMENT RATE % (SA)



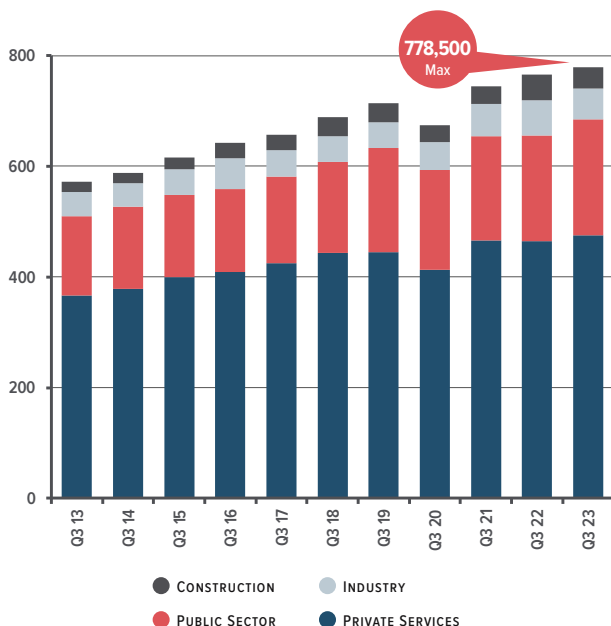
SOURCE: CSO, DUBLIN SEASONALLY ADJUSTED BY GRANT THORNTON
NOTE: DATA RE-ADJUSTED SINCE LAST ISSUE

	Q3 '23
DUBLIN UNEMPLOYMENT RATE (SA)	5.1%
YEAR ON YEAR CHANGE % POINTS	+0.1
DUBLIN EMPLOYMENT '000S (SA)	783.2
YEAR ON YEAR CHANGE '000S (SA)	+11.9

The unemployment rate in Dublin remained largely unchanged at 5.1% (SA) in Q3 2023. This reflected a minor QoQ increase of 0.1 percentage points (pp) as 42,000 Dublin residents (SA) were unemployed in the quarter. The national unemployment rate also rose by 0.1pp QoQ in Q3 to stand at 4.5% (SA). The domestic labour market remains in a strong position overall, though data from Indeed on page 11 points to reducing job vacancy rates in Dublin.

EMPLOYMENT FALLS ACROSS DUBLIN ECONOMY IN Q3

EMPLOYMENT BY BROAD SECTOR '000S (SA)



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

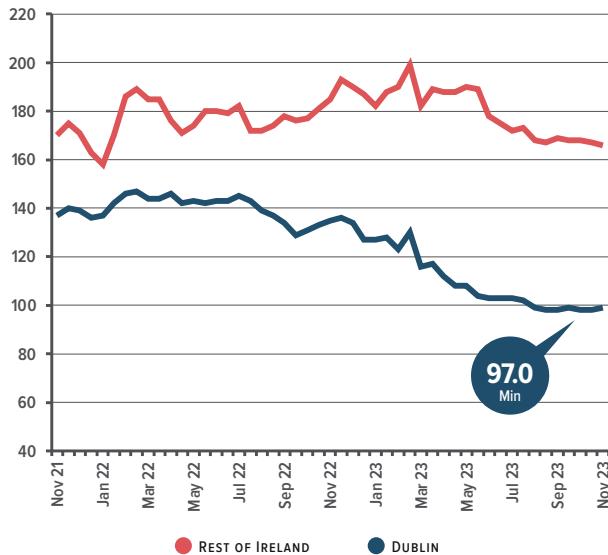
	Q3 '23
SERVICES EMPLOYMENT '000S (SA)	685.0
YEAR ON YEAR CHANGE '000S (SA)	+30.1
INDUSTRY & CONSTR. EMPLOYMENT '000S (SA)	93.5
YEAR ON YEAR CHANGE '000S (SA)	-17.1

Employment levels across the Dublin economy fell in Q3 2023. Total employment amongst the Capital's residents stood close to 780,000 (SA) in the quarter, up by 13,000 (+1.7%) YoY, but down by 16,400 (-2.1%) QoQ. Employment fell across all of the main sectors of the economy in Q3 - with the greatest decline of 8,500 jobs or 1.8% (SA) arising in the private services sector. The greatest declines in that sector were in finance, insurance and real estate (-5,100 QoQ) and wholesale and retail (-4,300). Declines in employment levels were also recorded in construction (-3,300 jobs, -8%), industry (-2,500, -4.3%) and the public sector (-2,100, -1%) in the Capital in Q3.



DUBLIN JOB POSTINGS STABLE THROUGH NOVEMBER 2023

JOB POSTINGS ON INDEED (FEB 2020 = 100)



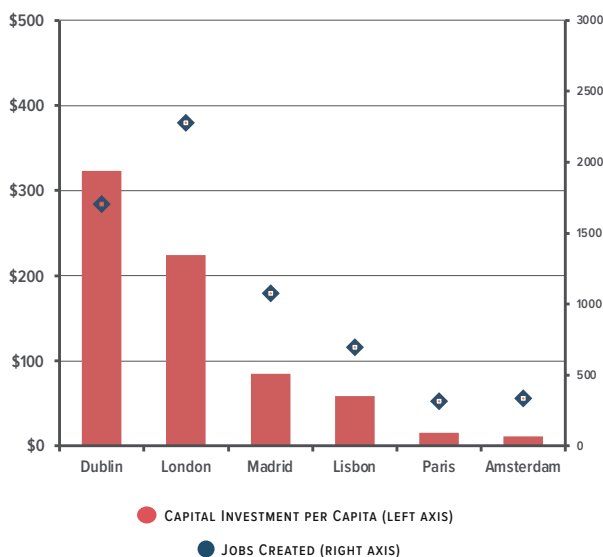
NOTE: 7 DAY MOVING AVERAGE, INDEXED TO 01/02/2020.
SERIES RESTATED BY INDEED SINCE THE LAST ISSUE

	NOV '23
PERCENTAGE POINT CHANGE VERSUS FEB 2020 - DUBLIN	-1.7
PERCENTAGE POINT CHANGE VERSUS FEB 2020 - REST OF IRELAND	+66.1

Job vacancies in the Dublin economy remained stable in the six months to November 2023. The job postings index for the Capital stood at 98 in November, broadly in line with pre-pandemic February 2020 (100). This reflects a settling of demand for staff post-pandemic, where a surge in listings from mid-2021 has now receded. In November, the most common job postings were related to services occupations in cleaning, sales and healthcare. The number of job listings across the Rest of Ireland remained elevated in the month with an index reading of 166 underlining ongoing demand versus supply mismatch outside the Capital.

DUBLIN FDI CONTRACTS IN Q3 2023

FDI CAPITAL INVESTMENT PER CAPITA & JOBS CREATED (SA), Q3 2023



SOURCE: FDI MARKETS. SEASONALLY ADJUSTED BY GRANT THORNTON.

	Q3 '23	
	NO. OF PROJECTS (SA)	AVG. PROJECT VALUE (MILLION, SA)
LONDON	81	18.0
DUBLIN	26	14.1
MADRID	24	10.1
PARIS	16	8.1
AMSTERDAM	15	4.7
LISBON	15	4.5

Foreign Direct Investment (FDI) into Dublin contracted in Q3 2023. The number of FDI projects declined by 7 projects QoQ and the same number YoY to stand at 26 (SA) in the quarter. Capital investment reduced by almost a third QoQ and by 63% YoY, dipping to a new low of \$368 million (SA). The number of jobs created was less affected, falling by 11% QoQ to 1,703 (SA), with 213 fewer jobs created in the quarter. Despite declines across the FDI indicators, of the six European cities analysed, Dublin had the highest capital investment per capita at \$320 (SA) in Q3. Slowing global growth, rising interest rates and future uncertainty are impacting destinations such as Dublin as companies increasingly consider locations outside of capital cities for cost saving reasons.



DUBLIN RANKS IN TOP 20 CITIES GLOBALLY

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).

Amongst the Top 20 Cities in the World

Dublin has been placed in the top 20 of Resonance's Best Cities rankings for 2024 which compares metropolitan areas based on six criteria: place, product, programming, people, prosperity and promotion. The Capital was ranked in 20th place, down one on 2023, yet in 9th position in Europe. The city performed very well on GDP per capita where it was placed in 6th position globally. Further strong rankings were recorded in educational attainment (13th globally), and Global 500 firms that call the city home (top 25). Resonance highlighted how "the magnetism is obvious in places like the Docklands area, known as Silicon Docks, home to big tech and digital players including Google, Meta, Amazon, eBay, Apple and Airbnb [...] They come for some of the world's lowest corporate taxes and stay for homegrown economic development initiatives like Ireland's Local Enterprise Office". Other positives according to Resonance included Dublin's nightlife, culture, and overall safety.

One of the World's Most Friendly Cities

Dublin has been ranked in the top 5 most friendly cities in the world by readers of Condé Nast travel magazine. The Capital was placed in 4th position, and was the only non-Canadian city in the top 5 with Calgary, Edmonton and Victoria named first to third respectively, and Quebec coming in fifth. Dublin's population was said

to be "famed for their warm spirit and striking up an animated conversation". Cork also featured prominently in the 2023 survey which was taken by 240,000 readers across the globe.

A Robust Start-Up Ecosystem

Dublin's robust entrepreneurial culture was reflected in its 11th placed ranking in the 2023 StartupBlink Global Startup Ecosystem Index. The city fell two places when compared to 2022 in the rankings which were topped by London in 2023. Software testing platform BrowserStock, revenue-based financing platform Wayflyer, and on-demand food business Flipdish were specifically referenced as examples of unicorns headquartered in the Capital. Overall, the Index stated that "Ireland's potential has yet to be fully realised, and many talented Irish founders still choose to relocate or establish their start-ups in more prominent ecosystems".

Dublin's strength as a start-up hub was further underlined by UCD's position of 5th in PitchBook's 2023 ranking of European universities based on their start-up founder count. The ranking is based on the number of alumni entrepreneurs who have raised venture capital in the last decade. 189 UCD undergraduate alumni went on to found companies between 2013 and 2023 according to PitchBook, raising \$2.6 billion in the process. Trinity College Dublin (14th) and DCU (30th=) were also ranked strongly based on respective undergraduate founders produced (139 and 68) and funding raised (\$2.4 billion and \$259 million). While Irish universities placed well overall, none were ranked based on their track record for women founders – an area clearly needing attention.



DUBLIN'S LATEST INTERNATIONAL RANKINGS

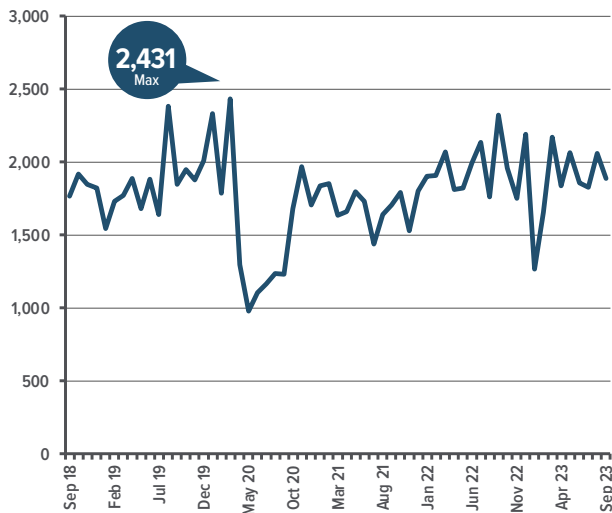
SOURCE	BENCHMARKING CRITERIA	YEAR	RANKING	
Resonance World's Best Cities	24 criteria across six categories of Place, Product, Programming, People, Prosperity, Promotion	2024	20	▼
Condé Nast World's Friendliest Cities	Overall average levels of visitor satisfaction.	2023	4	▲
StartupBlink Global Startup Ecosystem Index	Number of start-ups, number of start-ups which are unicorns, and availability of funding.	2023	11	▼
PitchBook European University Rankings	Number of alumni entrepreneurs, companies formed, venture capital raised.	2023	5 ⁺	▲
QS World University Rankings	University quality.	2024	81*	▲
Mercer Cost of Living City Rankings	Cost of consumer goods and services.	2023	51	▲
InterNations Expat City Ranking	Quality of Life, ease of settling in, working abroad, personal finance, and expat essentials.	2022	37	▲
Eden Strategy Institute Top 50 Smart City Governments	10 key factors covering governance, resourcing, smart programmes, policies and ecosystem	2021	26	▲
EU European Capital of Innovation Awards	Inter-disciplinary ecosystems, and promotion of innovative initiatives to improve wellbeing of citizens	2021	2	▲
fDi x TNW European Tech Cities of the Future	FDI performance, connectivity, cost effectiveness, economic potential, innovation & attractiveness	2021	3	-
fDi Small Regions of the Future	Economic potential, human capital and lifestyle, cost effectiveness, connectivity and business friendliness	2022	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	2022	1	-
INSEAD Global Talent Competitiveness Index	Regulatory, market and business/labour landscape, external and international openness, education and access to growth opportunities and sustainability and lifestyle	2022	10	▼
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	▼
Startup Genome Global Startup Ecosystem Report	Performance, funding, market reach, connectedness, talent, experience	2021	36	-
ECA International Most Liveable Locations for European Expatriates	Quality of expatriate living conditions, including climate, health services, housing and utilities, social networks, infrastructure, personal safety, political tensions and air quality.	2022	10	▲
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. *UCD. *TCD.



HOUSING MARKET ACTIVITY BUOYANT DESPITE CHALLENGES

DUBLIN RESIDENTIAL PROPERTY TRANSACTIONS (SA)



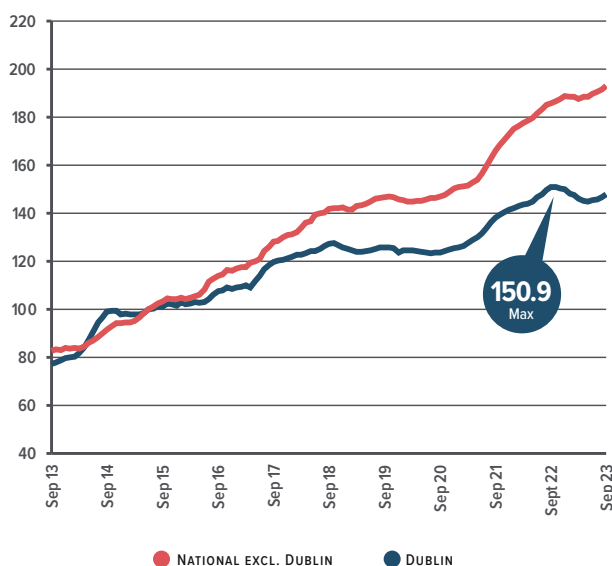
SOURCE: CSO. SEASONALLY ADJUSTED BY GRANT THORNTON.
NOTE: DATA RE-ADJUSTED SINCE LAST ISSUE.

	SEP '23
DUBLIN RESIDENTIAL PROPERTY TRANSACTIONS (SA)	1,889
YEAR ON YEAR % CHANGE	-18.6
IRELAND RESIDENTIAL PROPERTY TRANSACTIONS (SA)	5,726
YEAR ON YEAR % CHANGE	-5.8

Transactions in Dublin's residential property market remained buoyant in September 2023 despite challenges in the forms of the cost of living and rising interest rates for buyers. Almost 1,900 properties (SA) were sold in the Capital in the month. While this was down by 8.2% MoM, and by 18.6% from September 2022 (which was an outlier), it was broadly in line with pre-pandemic levels of activity. Transactions nationally were also down MoM (-13.8%) and YoY (-5.8%) in September, but in line with pre-pandemic averages. Such activity underlines the pent-up demand for properties which remains in Dublin and across the country.

DUBLIN RESIDENTIAL PRICES RETURN TO GROWTH

RESIDENTIAL PROPERTY PRICE INDEX (2015 = 100)



SOURCE: CSO.
NOTE: 2015 = 100.

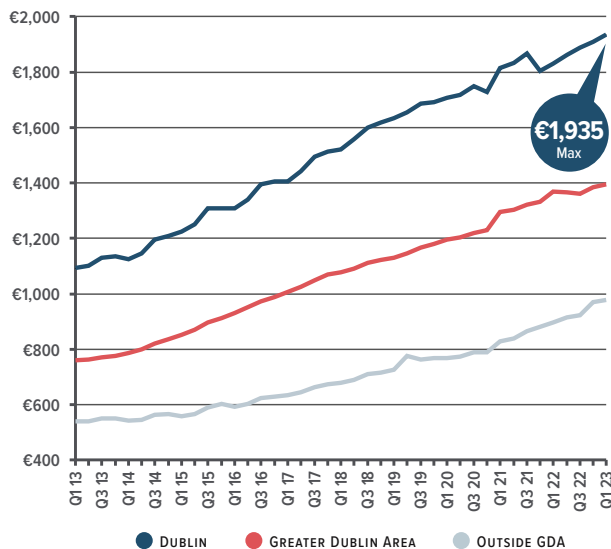
	SEP '23
PROPERTY PRICE INDEX DUBLIN	147.9
YEAR ON YEAR % CHANGE	-2.0
PROPERTY PRICE INDEX NATIONAL EXCL. DUBLIN	193.1
YEAR ON YEAR % CHANGE	+3.9

Residential property prices in Dublin returned to growth in each of the four months up to and including September 2023. Prices in the Capital rose MoM by between 0.3% (June) and 0.7% (September) as momentum regathered. Despite such growth, prices remained down by 2% YoY due to MoM declines between October 2022 and May 2023. Outside Dublin, prices rebounded from a lull in early 2023 and increased by 0.9% MoM and 3.9% YoY in September. Rising prices are somewhat surprising given that the European Central Bank hiked interest hikes at ten consecutive meetings from July 2022 - thus impacting purchasers' ability to borrow.



AVERAGE DUBLIN RENTS HIT NEW PEAK OF €1,935

RESIDENTIAL RENTS € PER MONTH



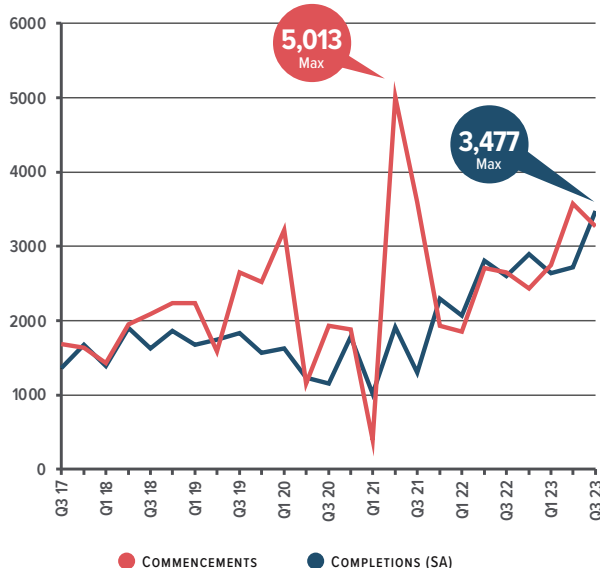
SOURCE: RTB
NOTE: Q1 2023 IS LATEST DATA AVAILABLE

	Q1 '23
DUBLIN AVG RESIDENTIAL RENT € PER MONTH	1,935
YEAR ON YEAR € CHANGE	+104

Average residential rents in Dublin continued to rise for a fifth consecutive quarter in Q1 2023. Rents increased by 1.4% QoQ, which represented an acceleration from the final quarter of 2022 (+1.1% QoQ). Growth of 5.7% YoY was also recorded as the average rent for a property in the Capital reached €1,935 per month. Rent increases were less pronounced in the Greater Dublin Area (GDA) and outside the GDA in the quarter. QoQ growth rates of 0.7% and 0.9% respectively reflected significant slowdowns relative to preceding quarters.

CAPITAL'S NEW HOUSING SUPPLY REACHES NEW PEAK

DUBLIN HOUSE COMMENCEMENTS & COMPLETIONS



SOURCE: CSO, DHLGH
NOTE: COMPLETIONS DATA RE-ADJUSTED SINCE LAST ISSUE.

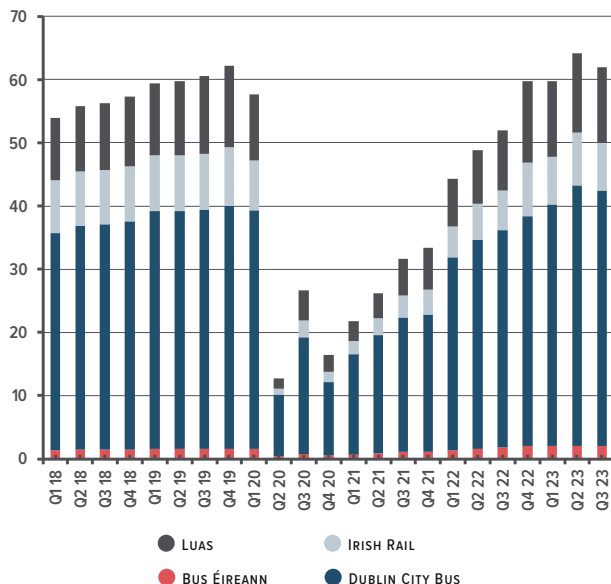
	Q3 '23
TOTAL HOUSE COMMENCEMENTS	3,267
YEAR ON YEAR CHANGE	+614
TOTAL HOUSE COMPLETIONS (SA)	3,477
YEAR ON YEAR CHANGE	+882

The volume of new units entering the Dublin housing stock jumped markedly in Q3 2023. A total of 3,477 units (SA) were completed in the quarter, representing growth of 28% QoQ and 34% YoY. This was the highest quarterly completion rate since the series began in 2011 and signifies progress in meeting the significant housing demand which exists in the Capital. Commencements of new units dipped by 8.7% QoQ to 3,267 (non-SA) in Q3, yet remained up by almost a quarter YoY (+23.1%) in what is an inflation-challenged operating environment.



PUBLIC TRANSPORT JOURNEYS FALL IN Q3

PUBLIC TRANSPORT MILLION TRIPS (SA)



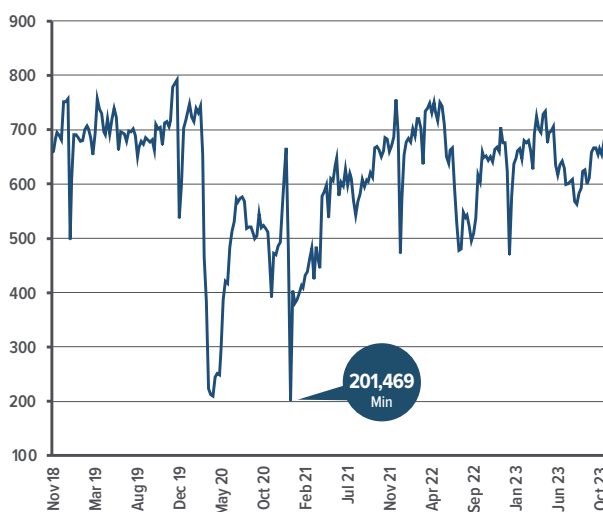
SOURCE: NTA. SEASONALLY ADJUSTED BY GRANT THORNTON.
NOTE: PROVISIONAL DATA VERIFIED BY ALL OPERATORS. DATA RE-ADJUSTED SINCE LAST ISSUE

	Q3 '23
PUBLIC TRANSPORT MILLION TRIPS (SA)	62.0
YEAR ON YEAR % CHANGE	+19.2

Passenger journeys on Dublin's public transport network fell in Q3 2023. A total of 62 million trips (SA) were recorded in the quarter, down by 3.3% from a peak of 64.1 million in Q2. Irish Rail and Dublin Bus were the biggest contributors to the decline with respective reductions of 810,000 journeys (-9.7%) and 820,000 journeys (-2%) in the quarter. Trips on the Luas network also fell (-520,000, -4.2%) but Bus Éireann recorded modest growth of 50,000 journeys (+2.3%). Despite the QoQ reduction, public transport journeys were up by 19.2% YoY as demand remains robust.

DUBLIN ROAD TRAFFIC VOLUMES FALL THROUGH SUMMER 2023

DUBLIN AVERAGE DAILY TRAFFIC COUNT '000s (SA)



	NOV '23
AVERAGE DAILY TRAFFIC COUNT (SA)	671,870
YEAR ON YEAR % CHANGE	+0.6
PEAK VOLUME COUNT (AM)(SA)	46,985
YEAR ON YEAR % CHANGE	-0.5
PEAK VOLUME COUNT (PM)(SA)	49,984
YEAR ON YEAR % CHANGE	+0.1

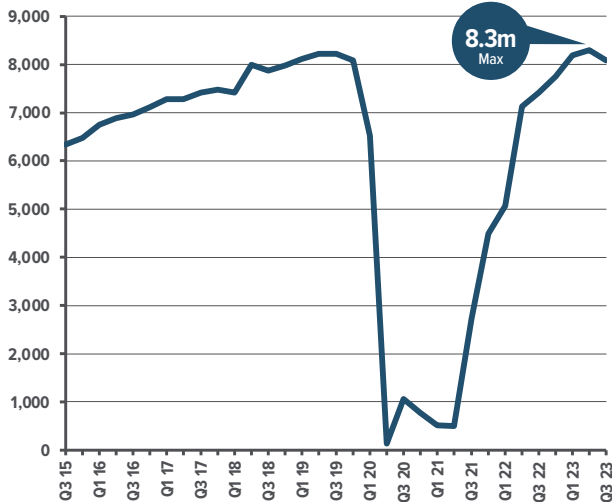
Average daily traffic counts in Dublin increased across autumn 2023, following a modest dip over the summer period. Total traffic volumes on eight main thoroughfares in the Capital stood at over 671,000 (SA) in the third week of November. This represented an increase of 2.5% MoM and 0.6% YoY. Despite such increases, traffic counts remained down when compared to 2019 averages of over 690,000 daily journeys. This likely reflects the ongoing effects of working from home arrangements for a cohort of employees post-pandemic.

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



DUBLIN AIRPORT PASSENGER NUMBERS FALL FROM PEAK LEVELS

DUBLIN AIRPORT PASSENGERS '000s (SA)



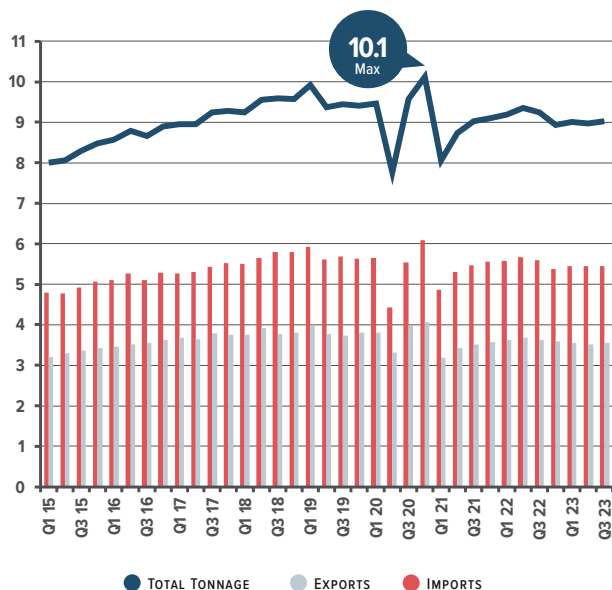
SOURCE: CSO & DUBLIN AIRPORT, SEASONALLY ADJUSTED BY GRANT THORNTON.
NOTE: DATA RE-ADJUSTED SINCE LAST ISSUE.

	Q3 '23
TOTAL PASSENGERS '000S (SA)	8,088
YEAR ON YEAR CHANGE '000S TRIPS (SA)	+668

Passenger numbers at Dublin Airport fell from peak levels in Q3 2023, in what was a somewhat disappointing conclusion to the summer season. Close to 8.1 million passengers (SA) travelled via the airport in the quarter, down by 2.6% or 217,000 passengers QoQ. This decline comes in spite of the airport recording its second busiest day ever in August, while also benefitting from high volumes of visitors to the Rugby World Cup in France in September. While down QoQ, passenger numbers increased by 9% YoY and remained above longer term averages.

PORT ACTIVITY INCREASES IN Q3

DUBLIN PORT TONNAGE MILLION TONNES (SA)



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

	Q3 '23
DUBLIN PORT EXPORTS MILLION TONNES (SA)	3.56
YOY CHANGE MILLION TONNES (SA)	-0.06
DUBLIN PORT IMPORTS MILLION TONNES (SA)	5.45
YOY CHANGE MILLION TONNES (SA)	-0.15

Activity levels at Dublin Port increased in Q3 2023 as a total throughput of 9 million tonnes (SA) was handled in the quarter. This reflected an expansion of 0.6% QoQ as increased exports (+1.2%) complemented largely unchanged levels of imports. Such QoQ growth contrasts with a 2.4% YoY contraction in Q3 which arose due to reductions in both imports (-2.6%) and exports (-1.7%). In November of this year, the port opened a newly redeveloped RoRo freight terminal costing €127 million to facilitate greater international trade in future. The facility has already enabled the opening of a new transshipment route to Santander, Spain.



DUBLIN COMMERCIAL REAL ESTATE – REVIEW AND OUTLOOK



Colin Richardson
Director, Head of Research,
CBRE Ireland

The impact of higher interest rates on property valuations, combined with softening demand in some sectors such as offices, has brought commercial real estate sharply into focus in 2023. However, it is important to understand the nuances of commercial real estate at this point, including the differences across sectors and geographies, the influence of structural demand drivers such as a growing population and the effect of the increased focus on energy efficient buildings.

Like the rest of Europe, commercial asset pricing in Ireland has adjusted over the last 12 months. At this point, Dublin offices, particularly older or non-core located buildings, have seen the sharpest valuation declines. Conversely, we continue to see strong occupational and investor demand for industrial & logistics property, retail warehouses, shopping centres,


hotels and residential buildings, and this has provided some support to valuations in these sectors as interest rates have risen.

The dynamics of demand and supply in each sector need to be understood in order to get a clear picture of where rent levels and property pricing will go in the next 12 months.

Offices

While the rise of flexible working patterns has led to a dampening in demand for office space, it may not be by as much as many anticipate. The biggest businesses still require office space, and in many cases, they need the same amount of space as pre-pandemic. It is important to note that demand for Dublin office space at this point remains close to the long-term historical average. At the end of Q3, demand requirements for Dublin offices totalled 2.4 million sq. ft, which accounts for one full year of gross Dublin office take-up. Demand is driven by professional services and financial services companies and the focus from a location perspective is the very core of the city centre.

Sustainability factors are influencing the office sector more than any other sector in commercial real estate,



with demand from occupiers and investors largely focused on the most energy efficient buildings. As such, prime located, sustainable office buildings will continue to enjoy strong demand in 2024. However, the Dublin office vacancy rate has now risen to close to 15%, its highest point since 2014. And considering the level of newly constructed office space that will be delivered to the market in the next 12 months, it is likely that the vacancy rate will be higher again at the end of 2024.

Retail

The retail sector both globally and in an Irish context has enjoyed a revival in 2023. Retail warehouses and retail parks, both in Dublin and regionally, now have little vacancy, and rent levels are showing signs of growth. Similarly, shopping centre vacancy rates across the country have fallen sharply. Retailers have now fully adopted omnichannel strategies, combining physical stores with online platforms, and this is clearly the most efficient way of serving customers in an increasingly digitalised world. This revival in the retail occupational market alongside the higher yields these properties offer, combined with the fact that new construction in the sector has reached a halt in recent years, has made these types of buildings a particularly attractive investment proposition. The retail sector has accounted for 25% of all investment spend in Irish commercial real estate so far in 2023, its highest proportion since 2017.

Industrial & Logistics

The structural demand drivers in industrial and logistics are widely known at this point. Dublin and the Irish regional markets remain undersupplied of modern distribution and warehousing facilities. There is currently c. 1.3 million sq. ft of new industrial & logistics stock under construction that will be delivered in the next 12 months in Dublin, and 40% of this space is already pre-let or reserved, while the remainder will be leased up quickly. Investment in the sector continues to be strong and indeed the largest Irish investment transaction of 2023 was a portfolio of modern logistics buildings in west Dublin.

“ Like the rest of Europe, commercial asset pricing in Ireland has adjusted over the last 12 months. At this point, Dublin offices, particularly older or non-core located buildings, have seen the sharpest valuation declines.

Residential

Outside of the traditional core commercial sectors, the undersupply of residential stock across tenures including rental, owner-occupier, student and social housing remains a key issue for the Irish economy. Over 2023 and 2024 we expect to see the peak of private rental sector apartment construction. Notable new developments delivered in 2023 include Coopers Cross (471 units) and Spencer Place (329 units) in Dublin 1. While in 2024, Alta Verde in Blackrock (241 units) and the first phase of Grand Canal Harbour in Dublin 8 (which totals 596 units in its entirety) will reach practical completion. These modern, high specification, sustainable buildings are a huge positive for the market, delivering the rental supply that Dublin requires. Outside of private rental apartments, social and affordable housing has been a key feature of the market in 2023. Approved Housing Bodies are now the most active acquirers of new developments in the market, providing affordable housing options and going some way to addressing the gap that has existed in this segment of the market for many years now.

Outlook

Looking into 2024, our key expectations are underpinned by a likely stabilisation in inflation and interest rates, combined with some declines in sovereign yields, all of which will prove a positive catalyst for real estate investment activity and valuations, particularly in the second half of the year.

DUBLIN ECONOMIC SCORECARD

ECONOMY

S&P GLOBAL BUSINESS
PMI Q3 2023
3 MONTH MOVING AVERAGE (SA)



UNEMPLOYMENT RATE
Q3 2023
% (SA)



SPENDINGPULSE
SALES INDEX Q3 2023
INDEX (2014 = 100) (SA)



TRAVEL

HOTEL OCCUPANCY RATE
Oct 2023
% OF TOTAL ROOMS (SA)



SEAPORT CARGO
Q3 2023
MILLION TONNES/QUARTER (SA)

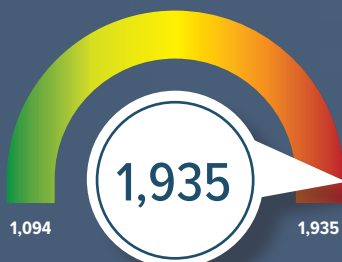


PUBLIC TRANSPORT TRIPS
Q3 2023
MILLION TRIPS/QUARTER (SA)

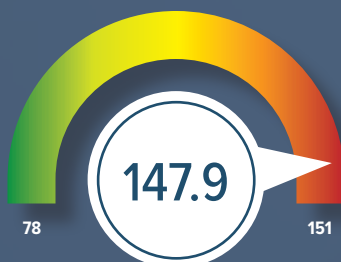


RESIDENTIAL PROPERTY

AVERAGE RESIDENTIAL
RENTS Q1 2022
€/QUARTER



RESIDENTIAL PROPERTY
PRICE INDEX SEP 2023
INDEX (2015 = 100)



HOUSING COMPLETIONS
Q3 2023
UNITS/QUARTER (SA)



COMMERCIAL PROPERTY

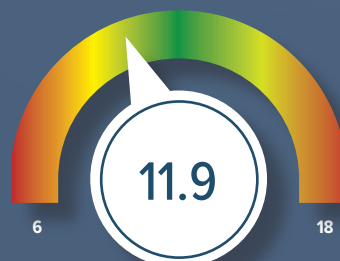
DUBLIN CITY CENTRE
OFFICE RENT Q3 2023
INDEX (2006 = 100)



DUBLIN 2/4 OFFICE
VACANCY RATE Q3 2023
%



DUBLIN SUBURBS OFFICE
VACANCY RATE Q3 2023
%



SOURCES: CSO, PMI S&P GLOBAL; 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.