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WELCOME TO THE AUGUST 2019 ISSUE OF THE DUBLIN ECONOMIC MONITOR

The Economic Monitor is a joint initiative on behalf of the four Dublin Local Authorities, and is designed to be of particular interest to those living and doing business in Dublin or considering locating here. It is produced by EY-DKM Economic Advisory Services and IHS MARKIT deliver the Dublin Purchasing Managers’ Index (PMI). We also partner with Mastercard to use their SpendingPulse reports to better understand retail and tourism spending patterns.

The SpendingPulse is derived from anonymised and aggregated card transaction data as well as other means of payments such as cash and cheques. This data helps the city develop new insights on the spending patterns of Dubliners and tourists, as well as comparing the Capital’s performance to the whole of Ireland (see centrefold supplement).

The special articles this quarter include one from Owen Laverty, Head of Enterprise and Economics with Dún Laoghaire Rathdown County Council exploring a range of initiatives designed to boost competitiveness in the local area. The second article is written by Eoghan Richardson Assistant Principal Officer at Department of Business, Enterprise and Innovation exploring an OECD review of SME and Entrepreneurship Policies in Ireland.

We hope you find the Monitor useful and welcome any feedback. You can sign up to our quarterly mailing list and access the Monitor resources online at dublineconomy.ie. The next release will be published online in November 2019.

Dublin’s unemployment rate was 4.6% in Q1 2019, 9 percentage points lower than at its high point in 2012.

Dublin’s Workforce reached 706,000 with an additional 5,800 people added to the workforce in the first quarter of the year.

Dublin’s property prices recorded a slight rebound in May 2019, up 0.8% after five consecutive months of MoM declines.

Dublin Airport passenger numbers reached 8.2 million in Q1 2019, an annual increase of 10.4% YoY.

Dublin’s housing market maintained positive momentum with commencements outstripping completions. In Q1 2019 commencements totalled 2,131 (+48.7% YoY) in Dublin while 1,750 completions (+24.6% YoY) were recorded.

Public Transport Trips reached a record 58.4 million in Dublin in Q1 2019. The LUAS is the greatest contributor to passenger growth, accounting for 19.9% of total passenger numbers.

The Mastercard SpendingPulse continues to show strong growth in overseas retail spending, up 8.7% from Q2 2018. However, UK and German spending experienced a significant decline.

The Dublin MARKIT PMI continues to show signs of a solid increase in output in Q2 2019 the overall trend shows the rate of expansion is slowing down for a 2nd consecutive quarter.

COVER IMAGE: ONE SOUTH COUNTY CAMPUS, SANDYFORD. COURTESY ALEX URBANETA IN MEDIAPRO
The OECD’s most recent global growth forecast for 2019 has been revised down to 3.2% from 3.5% from their previous Economic Outlook publication. The downward revisions are predominantly due to the impact of trade tensions which are affecting investor confidence in addition to the direct trading impact. The possibility for a no-deal Brexit is an additional factor weighing negatively on outlooks, this has been further exacerbated by the new UK Prime Minister, Boris Johnson, indicating that he is willing to leave the EU without a deal. Global growth is projected to slow to 3.2% in 2019 before edging up to 3.4% in 2020.

GDP FORECAST GROWTH, 2019

Growth could be significantly impacted if trade risks materialise between the USA and China, tariffs on EU exports to the USA are increased and the UK leaves the EU in October without a deal.

The OECD UK growth forecast is based on the assumption that the UK smoothly exits from the EU. Erosion of business confidence as a result of Brexit is expected to stifle investment until there is greater clarity surrounding the potential outcome. Growth forecasts for both the USA and the Euro Area - two of the UK’s largest trading partners - have been revised downwards. The UK economy enjoyed a boost in the first three months of 2019 as businesses stockpiled goods. This boost dissipated during Q2 2019 with the United Kingdom Warehousing Association outlining that there is now no additional space available in warehouses in the UK.

MAJOR ECONOMIES GDP GROWTH FORECASTS

<table>
<thead>
<tr>
<th></th>
<th>2018 % F</th>
<th>2019 % F</th>
<th>2020 % F</th>
</tr>
</thead>
<tbody>
<tr>
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<td>3.6</td>
<td>3.2</td>
<td>3.4</td>
</tr>
<tr>
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<td>1.4</td>
<td>1.2</td>
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<tr>
<td>US</td>
<td>2.7</td>
<td>2.4</td>
<td>2.5</td>
</tr>
<tr>
<td>EURO AREA</td>
<td>1.8</td>
<td>1.2</td>
<td>1.4</td>
</tr>
<tr>
<td>GERMANY</td>
<td>1.5</td>
<td>0.7</td>
<td>1.2</td>
</tr>
<tr>
<td>JAPAN</td>
<td>0.8</td>
<td>0.7</td>
<td>0.6</td>
</tr>
<tr>
<td>CHINA</td>
<td>6.6</td>
<td>6.2</td>
<td>6.0</td>
</tr>
<tr>
<td>INDIA</td>
<td>7.0</td>
<td>7.2</td>
<td>7.4</td>
</tr>
</tbody>
</table>

The Irish economy grew by 8.2% in GDP terms in 2018. Personal Consumption, an important indicator of domestic economic activity, grew by 3.4%.

GNI*, a supplementary indicator of the size of the Irish economy which excludes globalisation effects, was €197 billion in 2018. This compares to a GDP level of €324 billion. GNI* also reflects more accurately the situation regarding Ireland’s debt levels – in 2018 the ratio of general Government Debt to GDP stood at 64%, while the debt to GNI* ratio was 104% (April 2019 estimates).

Ireland’s GDP growth is expected to remain robust, reaching 4.1% in 2019 and 3.3% in 2020 assuming a smooth Brexit process. Full time employment in Ireland grew by 62,600 in the year to Q1 2019 with part time workers increasing by 18,600 over the same period. The seasonally adjusted unemployment rate for Q1 2019 stood at 5.0% - the lowest rate since Q3 2007.

Employment is expected to grow by 2.8% in 2019 and consumption by 2.7%. Investment is also expected to increase during 2019 and 2020 while public expenditure is also forecast to increase. The allocations set down in Budget 2020 will likely be closely tied to the Brexit outcome as the Government may need to allocate funds to vulnerable sectors to protect against a disorderly Brexit.
A WELL-FUNCTIONING HOUSING MARKET IS KEY TO DUBLIN’S COMPETITIVENESS

HOUSE PRICES ARE BEGINNING TO STABILISE THOUGH RENTAL PRICES CONTINUE ON UPWARD TRAJECTORY

There is evidence to suggest that Ireland is closer to the next economic downturn than it is to the last\(^1\). With a slowing global economy the uncertainty surrounding Brexit and the planned exit date of October 31 Ireland faces a number of challenges as we head into the second half of the year.

Recognising the risks posed by Brexit, Amritpal Virdee, Economist at IHS Markit commented:

> The latest data [Dublin PMI] suggest that the performance of the capital’s economy was broadly in line with the rest of the country. However, performance over the next quarter will largely depend on how the UK’s decision to leave the EU is resolved, with ongoing Brexit uncertainty continuing to be cited by firms both in Dublin and the Rest of Ireland as disrupting operations and harming client demand.”

There is broad consensus however that the Irish economy will face these challenges from a position of relative strength. The basis for this is founded on the recovery that has been recorded in the Dublin economy over the past seven years. Since 2012 Dublin’s economy has registered exceptional growth across almost all key performance indicators. For example,

- The unemployment rate has fallen by 9.2 percentage points;
- 158,000 people have been added to the workforce;
- An additional 15.2 million passenger trips per quarter (+35.2%) have been recorded across the four modes of public transport;
- Total passengers through Dublin airport are up 3.4 million per quarter (+72%); and
- An additional 2.4 million tonnes (+33%) of throughput at Dublin Port.
Productivity has played its role in the recovery, both at a national and local level. At a national level Ireland has been named the most productive economy in the world, according to the OCED \(^2\) with Irish workers adding an average of €87 to the value of the economy for every hour worked. Much of this productivity is driven by the large concentration of multinationals which typically drive the biggest productivity gains. Between 2000 and 2016, foreign dominated sectors in Ireland registered GVA growth more than four times greater than sectors dominated by domestically owned enterprises, although this has moderated somewhat in the recently published 2017 figures.

According to IDA Ireland, some 97,000 people were employed in IDA-backed firms in Dublin in 2018, up 7% on the 2017 level, representing 42% of all IDA-backed jobs nationally. According to the latest County Incomes and Regional Accounts \(^3\) data from the Central Statistics Office (CSO), Gross Value Added (GVA) per person in Dublin in 2016 was €79,917, up 8.3% YoY and 49.9% on the low recorded in 2009 (€49,969).

With the labour market becoming more constricted, increased productivity will become a requirement for many firms struggling to attract and retain employees. In Q2 2019 Dublin's unemployment rate fell to 4.6% (SA), the lowest recorded level since Q1 2005. The market is now considered to be close to full employment (4%), and with the number of people in the workforce in Dublin now over 705,000, the highest on record, there will be implications for employers in terms of finding and retaining staff, and increased wages. EY's 25,000 Conversations quarterly survey shows that concerns around attracting and retaining talent is the most frequently cited risk (66%) for client firms across the island of Ireland. \(^4\) EY Chief Economist and author of the 25,000 Conversations survey, Neil Gibson, notes that:

"Competitiveness pressures such as rising wages or talent shortages are essentially the price of success. There are obvious beneficiaries in the short run of rising prices, making policy responses challenging to devise and implement, but left unchecked the economic and social damage for Dublin could be considerable".

As unemployment continues to decline the need to increase the participation rate will rise and the National Competitiveness Council (NCC), in their 2018 Cost of Doing Business report, identified the availability of affordable high-quality childcare as one potential course of action to address skills shortages (as well as increasing competitiveness). The cost of childcare in Dublin is particularly prohibitive with a 2018 Newstalk survey \(^5\) indicating an average cost of €1,047 per child per month in the Capital, some €84 increase on when the survey was conducted five years previously, and some €300 greater than the national average.

A subsequent Irish Independent survey showed that in 2018 63% of people paid more in crèche fees than on their mortgage/rent. Not only would improvements in the provision and cost of child and after-school care encourage increased participation rates, particularly amongst females (average female participation in Dublin was 57.7% in Census 2016 versus male participation of 69.6%), it would also improve Ireland's attractiveness more generally as a location to live and work.

The NCC also identify a well-functioning property market as playing an important role in the competitive performance of Ireland's cities and towns. According to the Mercer Cost of Living report for 2019 Dublin ranks as the most expensive city in the Eurozone, largely driven by the high cost of renting. In Q1 2019, average rents in Dublin rose by a further 8.5% YoY to stand at €1,662 per month.

According to the latest daft.ie rent report for Q1 2019, almost 80,000 new rental homes will need to be built in the capital in the short term in order to address the current supply-demand issues. Although house prices appear to have stabilised in recent quarters due, in part, to the positive momentum in supply, with commencements continuing to outstrip completions (2,131 versus 1,750 in Q1 2019 respectively), the upward pressure on rental prices is likely to remain due to the ongoing imbalance in supply and demand.

SOURCE


\(^{3}\) www.irishtimes.com/business/economy/clear-signs-of-cooling-in-irish-economy-1.3826405


\(^{6}\) www.independent.ie/business/budget/revealed-63pc-of-our-readers-pay-more-for-childcare-than-rent-or-mortgage-37388023.html
Dublin’s unemployment rate has fallen to 4.6% in Q1 2019, representing the lowest rate since Q4 2007. The unemployment rate is now 9 percentage points lower than at its highpoint in 2012. There are now 706,000 people employed in the capital with an additional 5,800 people added to the workforce in the first quarter of the year. Nationally, the unemployment rate is now 5%, a rate last seen in 2007.

Private Sector Services employment (excl. Construction and Industry) recorded growth of 1.2% YoY in Q1 2019 while the Public Sector registered annual growth of 4.5%. Public Administration and Defence (14.7% YoY) continues to be the largest driver of Public Sector employment growth recorded in Dublin in Q1 2019. Employment in Construction continues on an upward trend with 35,600 (+8.5% YoY) now employed in the sector. This is the highest level recorded since Q1 2008 when 48,300 were employed.
MARGINAL INCREASE IN DUBLIN PROPERTY PRICES IN MAY

**Property Price Index Dublin**

- **MAY ‘19**: 105.4
- **Year on Year % Change**: +0.6

**Property Price Index National Excl Dublin**

- **MAY ‘19**: 101.1
- **Year on Year % Change**: +5.1

**Source**: CSO

After five consecutive months of MoM declines in Dublin’s property prices, a slight rebound was recorded in May 2019. Following no recorded change in April, property prices rose marginally, by 0.8%, in May. Annually, growth in prices has been edging towards negative territory and in May YoY growth stood at 0.6%, compared to 10.9% in May 2018. At a national level (excluding Dublin) the annual rate of growth in house prices is still decelerating as it has been for the past 11 months.

DUBLIN RENTS CONTINUE ON UPWARD SURGE

**Dublin Avg Residential Rent € Per Month**

- **Q1 ‘19**: 1,662
- **Year on Year Change €**: +130

**Source**: RTB

Dublin rents continue on an upward trend in Q1 2019 with an annual increase of €130 in the average rent (+8.5%). Average Dublin rents now stand at €1,662, the highest average rent ever recorded in the capital. The GDA (excl. Dublin) also recorded strong growth in Q1 2019, with average rents increasing 6.4% YoY. Though the rate of growth has tapered since the levels recorded in 2014/2015, average rents across the country are now at all time highs.

UPWARD MOMENTUM CONTINUES AS COMMENCEMENTS GROW 48% YOY

**Total House commencements**

- **Q1 ‘19**: 2,131
- **Year on year change**: 698

**Total House completions**

- **Q1 ‘19**: 1,750
- **Year on year change**: 346

**Source**: DPHLG, CSO

The recovery in the house building market, on a quarterly basis, continues to show volatility. Following QoQ growth of 33.2% in Q2 2018 the market declined in the third and fourth quarters (-1.2% and -5.7% respectively). In Q1 2019 a modest increase of 0.5% QoQ was recorded. Overall though completions are on a broadly upward trend, recording growth of 24.6% YoY in Q1 2019. Importantly, momentum is still positive with 2,131 commencements recorded in Q1 2019, an increase of 48% YoY.
**DUBLIN ECONOMIC INDICATORS**

**SOUTH SUBURB RENTS INCREASE 3.5% YOY IN Q2 2019**

<table>
<thead>
<tr>
<th>Q2 ’19</th>
<th>CITY CENTRE OFFICE RENT INDEX</th>
<th>118.2</th>
</tr>
</thead>
<tbody>
<tr>
<td>YEAR ON YEAR % CHANGE</td>
<td>0.0</td>
<td></td>
</tr>
<tr>
<td>SOUTH SUBURBS OFFICE RENT INDEX</td>
<td>118.0</td>
<td></td>
</tr>
<tr>
<td>YEAR ON YEAR % CHANGE</td>
<td>+3.5</td>
<td></td>
</tr>
</tbody>
</table>

**Source: CBRE**

Following five quarters of no change the index of office rents in Dublin’s South Suburbs registered growth of 3.5% QoQ and now stand at 118 points in Q2 2019. Office rents in the City Centre remain unchanged at 118.2 index points. This represents the sixth consecutive quarter of 0.0% QoQ change in the index. Rents remain at the highest level since the series began in 2006. The City Centre may be becoming saturated and demand is now starting to spread out to the suburbs.

**DUBLIN SUBURBS VACANCY RATES CONTINUE TO DECLINE**

<table>
<thead>
<tr>
<th>Q2 ’19</th>
<th>VACANCY RATE % DUBLIN 2/4</th>
<th>5.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>YEAR ON YEAR CHANGE % POINTS</td>
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<td></td>
</tr>
<tr>
<td>VACANCY RATE % DUBLIN SUBURBS</td>
<td>6.8</td>
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</tr>
<tr>
<td>YEAR ON YEAR CHANGE % POINTS</td>
<td>-1.7</td>
<td></td>
</tr>
</tbody>
</table>

**Source: CBRE**

Office vacancy rates in Dublin’s suburbs have recorded YoY declines for every quarter since Q3 2012. Currently, the vacancy in the suburbs area is 6.8% which compares to 8.6% in Q2 2018. Business services occupiers accounted for the largest proportion of leasing activity in the quarter at 46%. In the city centre, office vacancy in Dublin 2/4 stood at 5.5% in Q2 2019, unchanged from 12 months previously.

**QUARTERLY PASSENGER NUMBERS EDGE CLOSER TO 60 MILLION**

<table>
<thead>
<tr>
<th>Q1 ’19</th>
<th>PUBLIC TRANSPORT MILLION TRIPS (SA)</th>
<th>58.4</th>
</tr>
</thead>
<tbody>
<tr>
<td>YEAR ON YEAR CHANGE MILLION TRIPS (SA)</td>
<td>+4.2</td>
<td></td>
</tr>
</tbody>
</table>

**Source: NTA Seasonally Adjusted by EY-DKM**

A total of 58.4 million public transport trips took place in Dublin in Q1 2019 (+7.7% YoY). The LUAS was the greatest contributor to overall growth with growth of 18.6% YoY recorded. LUAS now accounts for 19.9% of total passenger numbers, on a quarterly basis compared to 18.1% in Q1 2018. The shares for both Dublin City Bus (62.3%) and Irish Rail (15.2%) declined (although absolute numbers have risen), while Bus Éireann has hovered around 2.5%.

**DUBLIN OFFICE RENTS INDEX (2006 = 100)**

**DUBLIN OFFICE SPACE VACANCY RATES %**

**PUBLIC TRANSPORT MILLION TRIPS (SA)**

**Source: NTA Seasonally Adjusted by EY-DKM**
August 2019

DUBLIN Mastercard SpendingPulse

Dublin Mastercard SpendingPulse Delivering Unique Insights for Consumer and Tourism Spend.

KEY HIGHLIGHTS YEAR-ON-YEAR Q2 2019*

+4.5% OVERALL SALES

+8.7% OVERSEAS TOURISM SPEND

+4.7% NECESITIES

+1.3% DISCRETIONARY

+5.4% HOUSEHOLD GOODS

-2.2% ENTERTAINMENT

+8.7% ECOMMERCE

*RETAIL SALES VALUE (SA)
HOUSEHOLD GOODS AND NECESSITIES SUPPORT SOLID OVERALL RETAIL SALES GROWTH

Overall there was solid growth in retail sales in Q2 2019. Difficult growth comparisons with 2018 likely limited the growth rates in certain discretionary and entertainment sectors. While tourist spending from Europe slowed, spending by tourists from the United States continue to show impressive double digit growth rates supporting continued growth.

Michael McNamara
GLOBAL HEAD OF SPENDING PULSE, MASTERCARD

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 EY-DKM
In Q2 2019 Dublin consumer spending growth was positively influenced by YoY increase in Necessities (+4.7%), Discretionary (+1.3%) and Household Goods (+5.4%) spending. However, spending on Entertainment fell by 2.2% YoY, after a particularly strong Q1 2019 where growth of 10.8% was recorded. Dublin eCommerce sales growth remains robust, with an increase of 8.7% YoY. At a National (incl. Dublin) level, growth was driven by an increase in all four consumption headings covered in the SpendingPulse. There was slight growth recorded in Entertainment, of 0.3% YoY, at a National level though the rate of growth is declining and, on quarterly basis, expenditure on retail has fallen in each of the past two quarters.

METHOD: ECOMMERCE

RETAIL CATEGORY: NECESSITIES
Grocery: all food and beverage stores.

RETAIL CATEGORY: DISCRETIONARY
Discretionary Retail: Department Stores and Clothing Stores.

RETAIL CATEGORY: ENTERTAINMENT
Hotels, restaurants and bars.

RETAIL CATEGORY: HOUSEHOLD GOODS
Household furniture, electronics and hardware.

*All values are Seasonally Adjusted by EY-DKM
BREXIT AMONGST THE UNCERTAINTIES IMPACTING SPENDING DECISIONS OF BRITISH AND GERMAN TOURISTS

Total tourism spend in Dublin registered YoY growth of 8.7%* in Q2 2019, although the rate of growth has slowed somewhat since Q1 2019, when it reached 13.1%. Dublin growth was positively influenced by an increase in spending from American (+12.8% YoY) and Chinese (+10.0% YoY) tourists. Post Brexit it is crucial that Irish tourism diversifies more broadly than the core markets and Fáilte Ireland have begun holding “China Ready” workshops recognising the growing tourism market that China represents.

The decrease in UK tourist spend in Dublin of 2.6% YoY, is likely to be influenced by the ongoing Brexit uncertainty and exchange rate volatility. Aside from the threat posed by Brexit, the sector may also be negatively impacted from the rise in VAT which will contribute to increased business costs, and also issues surrounding insurance with Leisure Insure recently withdrawing from the Irish market.

From a National perspective, 6.7% YoY growth was registered in Q2 2019. The reduction in UK tourist spending was more significant at a national level, at -5.3%. There was also a reduction in spending by German tourists (-5.3% YoY). The Irish Tourism Industry Confederation (ITIC) has reported that this is due to increasing Brexit uncertainty, particularly around the Northern Ireland border, with German tourists adopting a “wait-and-see” approach before booking any Irish trips. According to ITIC, German tourists are the highest spending market in Europe with every German visitor spending just under €600 each in Ireland.

*All values are Seasonally Adjusted by EY-DKM
A total of 8.2 million passengers passed through Dublin Airport in Q1 2019 with YoY growth of 10.4% recorded in the first quarter of the year. The surge in passenger numbers reflects the airport’s increasing role as a hub for transatlantic travel. DAA has plans to spend €900 million over the next four years on additional infrastructure at the airport, with an additional €320 million planned for a new runway.

Throughput at Dublin Port has been displaying increased volatility, on a quarterly basis, over the past 18 months. In Q2 2019, total throughput declined by 3.9% QoQ, following similar declines in three of the previous five quarters. On an annual basis Q2 2019 saw the first YoY decline in throughout at the port since Q1 2013. This comes on foot of declines in both exports (-3.9%) and imports (-0.6%) in the second quarter of the year.

In the past 12 months the number of hotel rooms in the Dublin market expanded by 840 with the supply index now at 110.7 in June 2019 (Base=July 2013), up 5.3% YoY. The Average Daily Rate (ADR) increased by 0.8% YoY in June 2019. At €143 the ADR is now 2% lower than at the peak in May 2018 (€145).
BUSINESS ACTIVITY RISES AT WEAKEST PACE IN SIX YEARS

Remaining well above the 50 no-change mark, the Dublin PMI indicated a further solid increase in output in Q2 2019. The index posted 54.3, down from 56.1 in Q1 the second consecutive slowdown in the rate of expansion. The latest rise was the weakest since Q2 2013. The rate of growth in output in the Rest of Ireland also eased during Q2, but remained solid. The Dublin construction sector remained the best performing of the three monitored by PMI despite a slowdown in growth. A solid increase in services activity was recorded again, while manufacturing output fell for the second consecutive quarter.

<table>
<thead>
<tr>
<th>OVERALL IHS MARKIT PMI</th>
<th>DUBLIN</th>
<th>NATIONAL EXCL. DUBLIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 2019</td>
<td>54.3</td>
<td>54.6</td>
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<tr>
<td>YEAR ON YEAR CHANGE</td>
<td>-4.2</td>
<td>-3.7</td>
</tr>
<tr>
<td>QUARTER ON QUARTER CHANGE</td>
<td>-1.8</td>
<td>-0.9</td>
</tr>
</tbody>
</table>

DUBLIN NEW BUSINESS GROWTH IN LINE WITH REST OF IRELAND

In line with the trend in output, new orders increased at the weakest pace since Q2 2013. That said, new business still rose solidly over the quarter. The rise in new orders at companies based in Dublin was largely in line with that in the Rest of Ireland.

<table>
<thead>
<tr>
<th>NEW ORDERS</th>
<th>DUBLIN</th>
<th>NATIONAL EXCL. DUBLIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 2019</td>
<td>54.3</td>
<td>54.2</td>
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<tr>
<td>YEAR ON YEAR CHANGE</td>
<td>-4.5</td>
<td>-3.9</td>
</tr>
<tr>
<td>QUARTER ON QUARTER CHANGE</td>
<td>-3.9</td>
<td>-0.8</td>
</tr>
</tbody>
</table>

EMPLOYMENT GROWTH SLOWEST SINCE Q2 2013

Dublin companies continued to increase their staffing levels during Q2, and at a solid pace. That said, the rate of job creation eased to the slowest for six years. Dublin posted a weaker rise in employment than the Rest of Ireland for the first time since Q2 2017.

<table>
<thead>
<tr>
<th>EMPLOYMENT GROWTH</th>
<th>DUBLIN</th>
<th>NATIONAL EXCL. DUBLIN</th>
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</thead>
<tbody>
<tr>
<td>Q2 2019</td>
<td>52.7</td>
<td>54.4</td>
</tr>
<tr>
<td>YEAR ON YEAR CHANGE</td>
<td>-4.2</td>
<td>-1.6</td>
</tr>
<tr>
<td>QUARTER ON QUARTER CHANGE</td>
<td>-3.8</td>
<td>-12</td>
</tr>
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ABOUT
The Dublin Purchasing Managers’ Index® (PMI) series is produced by IHS Markit Economics, an independent research company that produces highly-regarded surveys of business conditions in nations around the world www.markit.com
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 below).

The Mercer Cost of Living report ranks Dublin 43rd, largely driven by the high cost of renting in the capital. In spite of this, Dublin still remains an attractive location for business. EY’s latest Financial Services Brexit Tracker outlines that Dublin remains the most desirable location for relocation due to Brexit with Luxembourg a close second.

The future landscape for the business start-up sector in Dublin remains positive. ATKearney's Global Cities Outlook 2019 sees Dublin climbing 24 places in the ranking since 2018 to 9th position. Dublin showed improvement in each of the individual indicators; increases were observed in personal well-being (up 5 places), economics (up 33 places), innovation (up 14 places) and governance (up 13 places). The Startup Genome 2019 Global Startup Ecosystem Report ranks start-up ecosystems based on performance, funding, market reach, connectedness, talent, experience and knowledge. Dublin is now ranked in the top 30 (26-30) for the first time. Furthermore Dublin is ranked as the number one tourist destination for accessibility (e.g. accessible transport, hotels, and tourist attractions) in Europe by Alpharooms, citing hotel/attraction accessibility as well as public transport as key factors.

While Dublin remains a highly desirable relocation city due to Brexit, challenges remain. The TomTom Traffic Index ranked Dublin 14th out of 403 cities across 56 countries for traffic congestion, which may factor into attracting and retaining talent in the future. A recent Savills’ report outlined that 61% would not add 15 minutes to their commute in order to secure their ideal job. That said, the take up of office space in Dublin reflects a very buoyant labour market in the capital. According to CBRE’s Dublin Office MarketView for Q2 2019 office take-up during the quarter reached more than 45,000 sq m. This brings to 152,201 sq m the total take-up in the first half of 2019.

University College Dublin (UCD) was the only Dublin-based University that recorded an improvement in the QS World University Rankings 2020. UCD jumped eight places to 185th, while Trinity College Dublin slipped four places to 108th and Dublin City University fell seven places to 429th.

### Dublin's Latest International Rankings

<table>
<thead>
<tr>
<th>SOURCE</th>
<th>BENCHMARK CRITERIA</th>
<th>YEAR</th>
<th>RANKING</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpharooms Top 10 most Accessible Cities in Europe</td>
<td>Tourist attractions, public transport and hotels</td>
<td>2019</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Mercer Cost of Living City Ranking</td>
<td>Cost of consumer goods and services</td>
<td>2019</td>
<td>43 ▼</td>
<td></td>
</tr>
<tr>
<td>Deutsche Bank Mapping the World’s Prices</td>
<td>Monthly ticket for public transport measured in USD</td>
<td>2019</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>ATKearney Global Cities Outlook Rank</td>
<td>Personal wellbeing, economics, innovation and governance</td>
<td>2019</td>
<td>9 ▲</td>
<td></td>
</tr>
<tr>
<td>EY Financial Services Brexit Tracker</td>
<td>Financial services considering or confirmed relocation</td>
<td>2019</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Startup Genome Global Startup Ecosystem Report 2019</td>
<td>Performance, funding, market reach, connectedness, talent, experience</td>
<td>2019</td>
<td>26 - 30</td>
<td>-</td>
</tr>
<tr>
<td>TomTom Traffic Index</td>
<td>Congestion levels</td>
<td>2018</td>
<td>14 ▲</td>
<td></td>
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<tr>
<td>Global Talent Competitiveness Index</td>
<td>Regulatory, market and business/labour landscape, external and internal openness, education and access to growth opportunities and, sustainability and lifestyle</td>
<td>2019</td>
<td>35 ▼</td>
<td></td>
</tr>
<tr>
<td>fDi Smart Locations of the Future 2019/2020</td>
<td>Economic potential, innovation and attractiveness, FDI performance, cost effectiveness and connectivity</td>
<td>2019</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>The Economist Intelligence Unit Worldwide Cost of Living 2019</td>
<td>Price comparison across 160 products and services</td>
<td>2019</td>
<td>19</td>
<td>-</td>
</tr>
<tr>
<td>ECA International 2019</td>
<td>Average rental prices for a three-bedroom apartment in the mid-range of the expatriate market</td>
<td>2019</td>
<td>26 ▼</td>
<td></td>
</tr>
<tr>
<td>International Monetary Fund Global Financial Stability Report April 2019</td>
<td>Average Annual Real House Price Growth in Selected Economies and Cities</td>
<td>2019</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>QS World University Rankings</td>
<td>University quality</td>
<td>2020</td>
<td>108* ▼</td>
<td></td>
</tr>
<tr>
<td>IMD World Talent Ranking</td>
<td>Developing, attracting and retain high skilled workers</td>
<td>2018</td>
<td>21 ▼</td>
<td></td>
</tr>
<tr>
<td>WorldFirst European Buy-to-Let League</td>
<td>Property and rental prices</td>
<td>2018</td>
<td>1</td>
<td>-</td>
</tr>
</tbody>
</table>

*TCD: CHANGE ON PREVIOUS PUBLICATION OF THE RELEVANT BENCHMARK. AN UPWARD-POINTING ARROW DENOTES AN IMPROVEMENT.
SME’s are the backbone of the Dublin economy and supporting initiatives that drive their competitiveness is a key objective of Local Government. Dún Laoghaire Rathdown County Council are leading in supporting local business.

As a council having rate paying clients of diverse scale and in diverse sectors DLR understands the need to provide a broad range of economic supports beyond infrastructure, place making and other physical assets. The council’s challenge is to offer supports to our clients that have impact and are economical to deliver to its broad base. With the increased pressures on companies globally from patriotic capitalism, technology and the shortage in the availability of a skilled workforce we have recognised the significant importance of supporting our clients to become more competitive.

To do this DLR launched a specific regional program (beyond the established LEO supports) which will commence in September and will run for the next three years or until its objectives have been reached. This strategy will consist of four pillars as listed below.

We believe these areas of focus provide companies with a great opportunity to enhance their chances of success in this increasingly competitive landscape and we are delighted to be working closely with Owen Laverty.

BY OWEN LAVERTY
HEAD OF ENTERPRISE AND ECONOMICS
DÚN LAOGHAIRE-RATHDOWN COUNTY COUNCIL
with the Sandyford Business District to initially launch two of these pillars; LEAN and the Leadership Program. Working with Sandyford BD presents us with a unique opportunity to speak to more than one thousand companies through the strong Sandyford BD network. Expanding on the four pillars;

LEAN
We have engaged specialists to deliver a series of workshops and one day consultations (beyond the existing LEO LEAN for Micro program) to educate, engage and kick start the culture shift with our clients. Further supports will then back up this initial interest. LEAN has its beginnings in the Toyota Production System in the middle of the 20th century. It is based on focusing on the customer and continually improving the way in which value is delivered by eliminating every use of resources that is wasteful or does not contribute to the value goal which is the essence of competitiveness.

Of the companies that have engaged in the LEAN for Micro program independent reports state that; 20% have an increase in productivity, 11% have an increase in employment, 43% see significant sales increases and 30% had significant increase in quality.

LEADERSHIP
DLR has teamed up with LIFT Ireland to deliver their highly effective leadership program to businesses. The commitment for participating companies is 30 minutes per week using a 25 year old proven system to elevate leadership skills. Effective leadership is key to supporting companies’ growth, creating a culture of authenticity and allowing staff to contribute fully. It supports a positive attitude towards identifying and solving problems and a coherent attitude towards continuous improvement. We know that investing in leadership has a positive impact on employee retention and increasingly on attraction, being a strong focus on many potential employees list of important company attributes when considering their next move.

FINANCIAL LITERACY
Many SME owners can find themselves running a business without any formal business qualification and subsequently lack the skills and confidence to make important business decisions.

On the ground evidence from state funding agencies, banks and investors point to a low level of financial literacy in the Irish SMEs impacting their ability to raise finance, forecast accurately, scale and prevent practices which often lead to failure. Recognising this DLR, has partnered CIMA to incentivise companies wishing to improve their financial literacy. This is a practical and broad course aimed at owner managers key employees of SMEs who want to learn best practice in the areas of; Business Economics, Management Accounting, Financial Accounting and the fundamentals of Ethics, Corporate Governance and Business Law leading to a CIMA Cert BA after their name. Students of this course will not only support their businesses in managing and forecasting their finances but it will also allow them to plan around external influences to support their company's growth. Good financial management and corporate governance are critical for growth in today’s challenging and increasingly competitive and legal environment

RESEARCH AND DEVELOPMENT
New products and services open up markets and support existing business relationships. There is evidence that the majority of companies availing of the Revenues R&D tax credit scheme are of scale indicating a lack of R&D activity in the SME sector. Enterprise Ireland’s Agile Fund is targeted to increase the level of funding in Irish companies and is offered to clients of Enterprise Ireland, the LEO’s and companies that are not clients of either. Its emphasis is on a quick turn around funding internal and external staff to work on research projects.

The challenge, as always, for SMEs is to find the time to engage in these activities, we know that typically only 7% of SMEs engage in any meaningful training, the hope is that these targeted supports will gain considerably more traction to allow companies to remain competitive on a global and national stage.
The Minister for Business, Enterprise and Innovation invited the OECD to undertake a review of entrepreneurship and SME growth and development in 2018. The objectives of the Review are to:

- Provide an assessment of current SME and entrepreneurship policies and programmes;
- Provide international comparison of successful SME and entrepreneurship policies;
- Develop options for the strengthening of entrepreneurship and SME performance, policy design and implementation.

In line with the practice for OECD country reviews, a number of good-practice SME and entrepreneurship policy approaches from other countries facing similar challenges are being identified.

The Department of Business, Enterprise and Innovation (DBEI) has worked with the OECD over the last year in facilitating an open and inclusive engagement between the OECD and its international experts and the Department, other Government Departments, agencies, academia, business representatives and the small business sector in Ireland.

This engagement has enabled the OECD to gain insightful knowledge of our SME and entrepreneurship ecosystem at the various critical stages of building this report. An associated SME and Entrepreneurship Roadmap will highlight the top recommendations by the OECD. Some of the emerging OECD recommendations include:

- Draft an SME and entrepreneurship strategy document, including entrepreneurs, start-ups and SMEs;
- Scale up current initiatives to support SME exports, such as Trading Online Vouchers, Enterprise Ireland’s Exporter Development Department and InterTrade Ireland’s grants and funding Advisory Service.
- Scale up the policy focus of Local Enterprise Offices to include SMEs and incentivise them to reach out to local SMEs in their activities;
- Establish an interdepartmental committee on SMEs and entrepreneurship;
- Simplify the process for applying for Research and Development tax credits, to reduce the uncertainty and encourage more take-up by SMEs;
- Encourage a wider take-up of Skillnet Ireland programmes to develop management capabilities in Irish SMEs, with a particular focus on technology skills;
- Implement a simple online diagnostic assessment tool for micro and small enterprises by the LEOs to better match the enterprise with advisory and mentoring services;
- The role of standards should be promoted to drive enterprise competitiveness. Standards development and use can enhance productivity in SMEs, facilitate supply chain linkages and international collaborations, and enhance spill-overs from multinationals to SMEs.

This review will be published in October of this year. This will assist DBEI to develop an SME Strategy as part of the Future Jobs Framework. While the review will be a comprehensive and detailed Report, the Roadmap will be a shorter document, which identifies the key priority recommendations that should receive the most immediate focus for implementation.

“An associated SME and Entrepreneurship Roadmap will highlight the top recommendations by the OECD.”
DUBLIN: ECONOMIC SCORECARD AUG 2019

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 which cover the past 5 years and 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.

ECONOMY

IHS MARKIT BUSINESS PMI Q2 2019

UNEMPLOYMENT RATE Q1 2019

MASTERCARD SPENDINGPULSE SALES INDEX Q2 2019

3 MONTH MOVING AVERAGE (SA)

TRANSPORT

AIRPORT ARRIVALS Q1 2019

SEAPORT CARGO Q2 2019

PUBLIC TRANSPORT TRIPS Q1 2019

MILLION TONNES/QUARTER (SA)

MILLION TRIPS/QUARTER (SA)

RESIDENTIAL PROPERTY

AVERAGE RESIDENTIAL RENTS Q1 2019

RESIDENTIAL PROPERTY PRICE INDEX MAY 2019

HOUSING COMPLETIONS Q1 2019

INDEX 2005 = 100

INDEX (2014 = 100) (SA)

COMMERCIAL PROPERTY

DUBLIN CITY CENTRE OFFICE RENT Q2 2019

DUBLIN 2/4 OFFICE VACANCY RATE Q2 2019

DUBLIN SUBURBS OFFICE VACANCY RATE Q2 2019

€/SQUARE METER

%
The search is on for the most promising SportsTech company to take part in ‘The Front Runner’ Innovation in SportsTech Challenge - Brought to you by One-Zero, Dublin BIC & Dublin City Council.

The Four Finalists will be selected to pitch their idea to a panel of judges, along with a live, interactive audience vote. The winner of ‘The Front Runner’ will be crowned on 17th September at the One-Zero event in the Aviva Stadium, Dublin.

Calling all SportsTech startups! We’re looking for companies which positively impact the fan experience through ANY ONE of these four key sectors:

- Broadcast and Media
- Fan Engagement
- Sponsorship
- Esports

https://one-zero.com/