

DUBLIN ECONOMIC MONITOR

ISSUE 2
SUMMER 2015

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ECONOMIC DATA

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HIGHLIGHTS



Dublin unemployment rates continue to fall year on year albeit there has been some stabilisation in Q1 2015.



Residential rents for Dublin houses reached their highest point in over 6 years while rents for Dublin apartments are now at 2008 levels.



Passenger arrivals at Dublin Airport reached a record high in April 2015, breaking the one million passengers mark for the first time, and repeating this in June (seasonally adjusted).



Dublin Port cargo likewise reached an all-time high, handling 8.1 million tonnes in the second quarter of 2015.



Car licensing statistics continue on an upward trend reflecting the general economic upturn over the past two years.



The Dublin MARKIT PMI
Dublin PMI data points to strong accelerating expansion of output during Q2, primarily driven by Services, but with the Construction sector also featuring; however, the rate of job creation has slowed.



Dublin KBC/ESRI
Consumer sentiment in both Dublin and the rest of Ireland is the highest in the history of the series which stretches back to 2003.

Main Cover Photograph: Donal Murphy

WELCOME TO THE 2ND ISSUE OF THE DUBLIN ECONOMIC MONITOR

We were delighted with the response to the launch of the Monitor in April. It is clear from the feedback we received that it is meeting a real business need in the region.

The Dublin Economic Monitor is a joint initiative on behalf of the four Dublin Local Authorities, co-ordinated by the City Council. The commissioning of the Monitor represents the further manifestation of the enhanced role of Local Authorities in the area of economic development and enterprise support, in line with the local government reform programme. It is intended to address the absence of a regular bulletin on trends in the Dublin economy.

The Dublin City Region (4 Dublin local authorities combined) plays an increasingly important role in the economy of Ireland and it is important

that its performance is properly tracked. We believe that the Monitor will be of particular interest to all those living and doing business in Dublin or considering locating here.

We are delighted to work with DKM Economic Consultants who have been engaged to produce the Monitor, and with KBC/ESRI to develop Dublin consumer sentiment data and MARKIT to develop a Dublin Purchasing Manager Index (PMI). More information on the Monitor is available at www.localenterprise.ie/DublinCity/ while interactive charts are also available on the Dublin dashboard www.dublindashboard.ie.

We hope you find the Monitor useful and welcome any feedback to info@leo.dublincity.ie. The next release will be published online on Thursday the 22nd of October.

Dublin City Council

South Dublin County Council

Fingal County Council

Dún Laoghaire Rathdown County Council

GLOBAL ECONOMY

At the time of writing the global economy is in a state of particular uncertainty, but with the prospect of resolution on a number of fronts.

The Greek crisis appears to be coming to a positive conclusion, with a third bailout agreed and Grexit avoided for now, albeit it still requires parliamentary approval in a number of countries, and short term action in Greece itself.

The Chinese stock markets have stabilised, after some severe volatility and large losses in recent weeks. Viewed from outside, it has the appearances of a badly needed correction. However, The Economist reports that Chinese stock markets are still 75% up on the year.

More generally, the international situation continues to be promising for Ireland and Dublin. Notably, the Euro remains weak against the currencies of our most important trading partners – down almost 20% against the US\$ and over 10% against Sterling in the last 12 months - boosting prospects for exports and tourism.

Oil prices, which would otherwise have risen in Euro terms, remain subdued, losing value more recently, having crept up in previous months. Brent crude is little more than half its price of a year ago in US\$ terms. An Iranian nuclear agreement holds out the prospect of a significant boost to world oil supply, which should keep downward pressure on prices for the foreseeable future.

The IMF now expects the global economy to grow by 3.3% in 2015, a slight downward revision on its previous projection. However, overall the outlook remains positive, and further rebound in the developed world economies is expected in 2016, although risks remain, notably in terms of further strengthening of the US\$ and geopolitical factors.

One downside is that prospects for the Eurozone remain subdued compared to the US and UK. Some risks are present with respect to the UK, specifically a further reduction in the Corporation Tax rate to 18% in the recent Budget, which is getting noticeably closer to Ireland's much-heralded 12.5% rate.

The commitment to a "Brexit" referendum as early as next year by the new Tory Government, predicated on renegotiations of the terms of the UK's EU membership, is a complicating factor. Trade with our most important single trading partner would be potentially impacted, though to what degree is not clear. However, Ireland could benefit also, if international firms seeking to maintain a presence within the EU relocate to Ireland.

MAJOR ECONOMIES GDP GROWTH FORECASTS

	2014	2015	2016
	%	% f	% f
GLOBAL	3.4	3.3	3.8
UK	2.9	2.4	2.2
US	2.4	2.5	3.0
EURO AREA	0.8	1.5	1.7
GERMANY	1.6	1.6	1.7
JAPAN	-0.1	0.8	1.2
CHINA	7.4	6.8	6.3
INDIA	7.3	7.5	7.5

SOURCE: IMF JULY 2015

NATIONAL ECONOMY



photograph by Jason Clarke

The Irish economic recovery appears well-established, with growth emerging across sectors and to an increasing degree across the country. Exchequer returns are confirming the generally positive outlook, as are unemployment rates, which continue to fall nationally albeit with some stabilisation in June.

The business and consumer sentiment indices likewise confirm greater confidence with regard to both current and future circumstances among households and firms.

The latest ESRI Quarterly Economic Commentary presents 2015 and 2016 forecasts (table below), and projects continued strong growth and gradually reducing unemployment.

This October will see the last budget before the General Election, and so we can expect some loosening of the purse strings. As indicated, the external environment is positive, and the Government is in the fortunate position of being able to meet its deficit targets while still having some room to manoeuvre on increased spending and/or tax cuts.

Credit markets also point to a continued unwinding of the constrained situation of recent years. The Central Bank indicates that the number of mortgages in arrears (including buy-to-lets) at 138,000 is continuing on its downward trend, falling over 5% in Q1 2015 compared to Q4 2014. Likewise, the amount of debt on private sector balance sheets is falling, while the amount of new lending to SMEs is rising.

IRISH MACROECONOMIC GROWTH FORECASTS

	2014	2015	2016
	%	% f	% f
GNP	5.2	4.2	3.6
GDP	4.8	4.4	3.7
DOMESTIC DEMAND	2.9	3.9	3.7
PRIVATE CONSUMPTION	1.1	2.0	2.4
PUBLIC EXPENDITURE	0.1	0.5	0.7
INVESTMENT	11.3	12.5	9.2
EXPORTS	12.6	5.1	4.5
IMPORTS	13.2	4.4	4.6
UNEMPLOYMENT RATE	11.3	9.6	8.3
CPI INFLATION	0.2	0.1	1.0

SOURCES: CSO, ESRI SUMMER 2015 QEC
*EX-STOCKS

DUBLIN ECONOMY CONTINUES TO STRENGTHEN

“Dublin remains in the number two spot for the second year running for real estate investment and development in Europe. This follows a strong year which saw a wide range of investors jostling for opportunities”

- PWC Emerging Trends in Real Estate® Europe 2015



The economic recovery now apparent at the national level continues to manifest itself particularly in the Dublin region. Across a range of indicators, Dublin remains ahead of the rest of the country for economic performance.

The unemployment rate in the capital is a full percentage point lower than in the country as a whole, although the gap has closed. Services employment continues to grow, and construction is also starting to emerge as a source of employment growth after a long period of very little development activity.

Dublin’s property market – both residential and commercial – continues to experience strong demand. Dublin residential rents are returning to record high levels even as house prices themselves have stabilised on foot of Central Bank intervention.

House prices in the surrounding counties are now starting to exhibit strong growth. Commercial rents are being impacted by the same process: office rents are now rising more strongly in the suburbs than in the prime locations, as the recovery spreads throughout the region.

Dublin’s transport infrastructure is experiencing strong regional growth, whether in terms of public transport, car traffic, or air or sea traffic. Future plans for city centre traffic management (see p14) will

add to the attraction of the city’s public transport infrastructure in the coming years. Car sales, meanwhile, continue to grow. Arrivals at Dublin Airport reached a record high in April 2015 (see p13), and have now broken the one million passenger mark for the second time in three months (seasonally adjusted).

The recent takeover of Aer Lingus by IAG points to strong new opportunities, as the airport’s potential as a hub is exploited. Already it has some of the best links with London and with North America of any European airport.

Cargo traffic at Dublin Port likewise reached record levels in Q2 2015, reflecting strong export and import activity. Planning permission has now been granted for a major capacity development at the port, which will facilitate continued growth going forward.

Internationally published benchmarks are a useful means of measuring a city’s performance relative to its peers, and recent indicators for Dublin capture the city’s resurgence (see table below). Notable is Dublin’s 3rd place in the FDI Intelligence European Cities & Regions of the Future index, and 7th place in the Europe’s Biggest Startup Cities index.

DUBLIN'S LATEST INTERNATIONAL RANKINGS				
SOURCE	BENCHMARK CRITERIA	YEAR	RANKING	CHANGE ‡
Brookings Institute - Global MetroMonitor	GDP per capita	2014	19	↑
JLL Global City - Momentum Index	Real estate	2015	14	↑
Mercer 2015 - Quality of Living Survey	Environmental/socio-economic	2015	34	→
AT Kearney - Global City Outlook	Well-being, Economics, Innovation, Governance	2015	22	↑
FDI Intelligence - European Cities and Regions Of The Future 2015/2016	Socio-economic	2014	3*	↑
FDI Markets Top Cities for Greenfield FDI	FDI investment	2014	11	↑
QS World University Rankings	University quality	2014/15	71**	↓
MasterCard 2015 Global Destination Cities Index	London's Feeder Cities	2015	3	NA
Citylab Global City Economic Power Index	Index of indices	2015	16	↑
Copenhagenize Index of Cycling Friendly Cities	Infrastructure, modal share, safety	2015	15	↓
PWC Emerging Trends in Real Estate Europe 2015	Real estate investment, development	2015	2	→
Savills Tech Cities	Business environment	2015	7	NA
EU Startups Europe's Biggest Startup Cities	Startups registered	2015	7	↑

*OF MAJOR EUROPEAN CITIES; **TRINITY COLLEGE DUBLIN HIGHEST RANKING IN DUBLIN.
‡CHANGE ON PREVIOUS PUBLICATION OF THE RELEVANT BENCHMARK. AN UPWARD-POINTING ARROW DENOTES AN IMPROVEMENT.

DUBLIN ECONOMIC INDICATORS

photograph by Joanna Travers

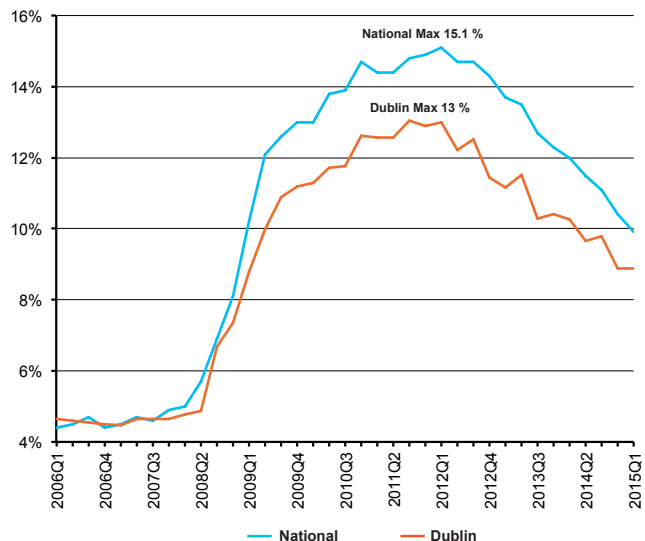
DUBLIN UNEMPLOYMENT REACHES A SIX-YEAR LOW

	Q1 '15
DUBLIN UNEMPLOYMENT %	8.9%
YEAR ON YEAR CHANGE % POINTS	-1.4
DUBLIN EMPLOYMENT '000s	584.3
YEAR ON YEAR CHANGE '000s	+9.7

SOURCE: CSO QNHS SEASONALLY ADJUSTED

Dublin's labour market recorded a modest improvement in Q1 2015 as the unemployment rate fell to a six-year low of 8.9%, continuing the downward trend from a peak of 13% in Q3 2011. The Capital's unemployment rate remains far in excess of 'full employment' of circa 4%, but stands a full percentage point below the Q1 2015 national average of 9.9%.

DUBLIN & NATIONAL UNEMPLOYMENT RATE % (SA)



SOURCE: CSO QNHS SEASONALLY ADJUSTED (NATIONAL & DUBLIN)

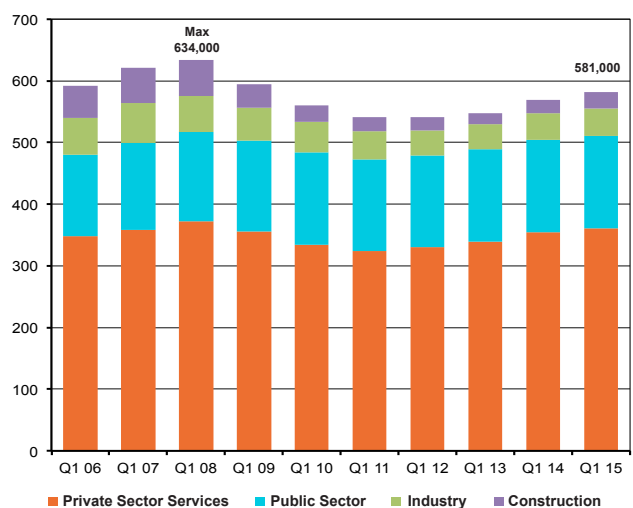
PRIVATE SERVICES & CONSTRUCTION DRIVE EMPLOYMENT GROWTH

	Q1 '15
SERVICES EMPLOYMENT	512.13
YEAR ON YEAR CHANGE '000s	+5.3
INDUSTRY & CONSTRUCTION EMPLOYMENT '000s	71.3
YEAR ON YEAR CHANGE '000s	+6.7

SOURCE: CSO QNHS SEASONALLY ADJUSTED

The proportion of Dublin residents employed in the private services sector rose to in excess of 360,000 in Q1 2015, while employment in the public sector remained relatively stable at almost 150,000 employees. Construction recorded the largest proportional YOY gains of 19.2%, albeit from a much reduced base given the sector's recent difficulties. Industry, which is the third largest sector in the Capital, had strong YOY employment growth of 5.9%.

EMPLOYMENT BY BROAD SECTOR '000s (SA)



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

DUBLIN ECONOMIC INDICATORS

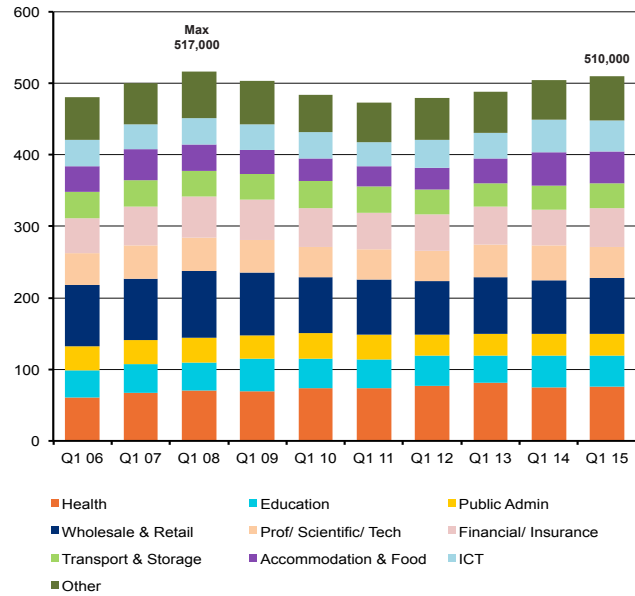
RETAIL & FINANCIAL SECTORS BOOST EMPLOYMENT IN SERVICES

	Q1 '15
PRIVATE SECTOR SERVICES EMPLOYMENT '000s	360.2
YOY CHANGE '000s	+5.3
PUBLIC SECTOR SERVICES EMPLOYMENT '000s	149.8
YOY CHANGE '000s	+0.2

SOURCE: CSO QNHS. SEASONALLY ADJUSTED BY DKM

Employment in the services sector amongst Dublin residents rose yoy in Q1 2015, driven by expansions of 4.5% and 8% in Wholesale & Retail and Financial/Insurance respectively. Accommodation & Food, ICT and Professional/Scientific/Technical, which engage almost 45,000 workers each, recorded moderate yoy employment declines. Human Health & Social Work is the second largest service sector in the Capital with c.75,000 workers, and recorded modest yoy growth of 1%.

EMPLOYMENT IN SERVICES '000s (SA)



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

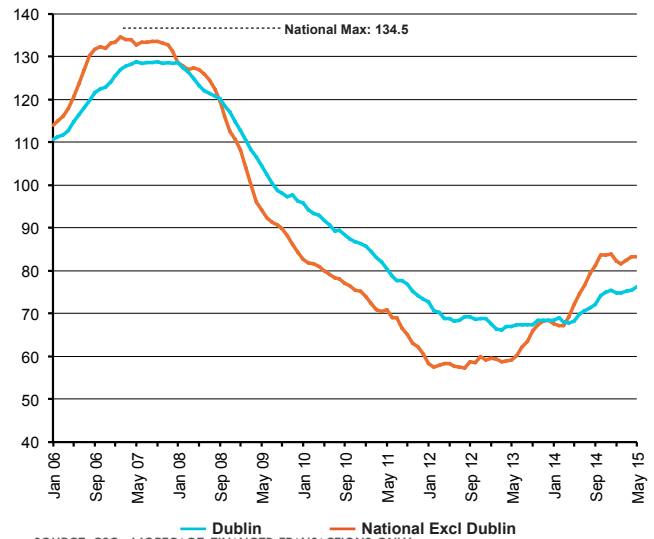
DUBLIN PROPERTY PRICES REMAIN STABLE

	MAY 15
PROPERTY PRICE INDEX DUBLIN	83.2
YOY % CHANGE	+15.0
PROPERTY PRICE INDEX NATIONAL EXCL DUBLIN	76.3
YOY % CHANGE	+12.0

SOURCE: CSO. MORTGAGE-FINANCED TRANSACTIONS ONLY

Residential property prices showed further signs of stabilisation in May 2015, with the index of property prices declining marginally in Dublin yet increasing slightly in the rest of the country. Nevertheless, in the year to May 2015, property prices in Dublin increased by 15% while outside Dublin prices were up 12%. The trend in the data may reflect a stabilising effect of the new Central Bank rules on Loan-to-Value ratios.

RESIDENTIAL PROPERTY PRICE INDEX (2005 = 100)



SOURCE: CSO. MORTGAGE-FINANCED TRANSACTIONS ONLY

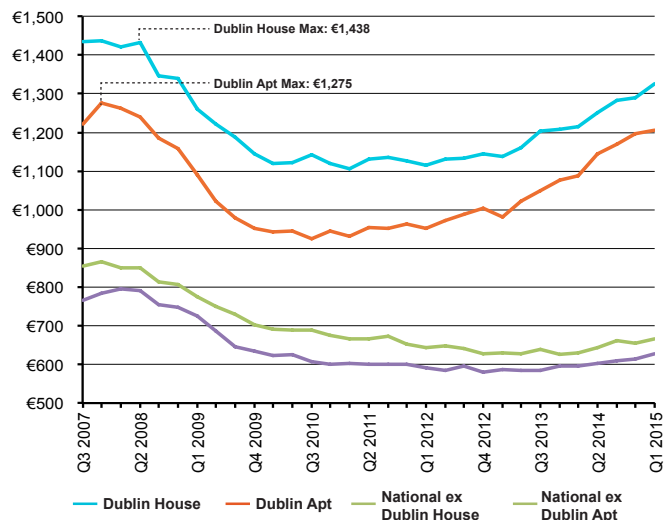
RESIDENTIAL RENTS RETURN TO 2008 LEVELS

	Q1 '15
DUBLIN HOUSE RENT € PER MONTH	€ 1,325
YOY CHANGE €	+€110
DUBLIN APT RENT € PER MONTH	€ 1,205
YOY CHANGE €	+€118

SOURCE: PRTB

Residential rents in Dublin rose further in Q1 2015 as excess demand continues to affect prices. Average Dublin house rents reached their highest point in over 6 years and are currently almost twice as costly as in the rest of the country. Similarly, average rents for Dublin apartments recorded an eighth straight quarter of growth in Q1 2015, thus returning to 2008 levels.

RESIDENTIAL RENTS € PER MONTH



SOURCE: PRTB

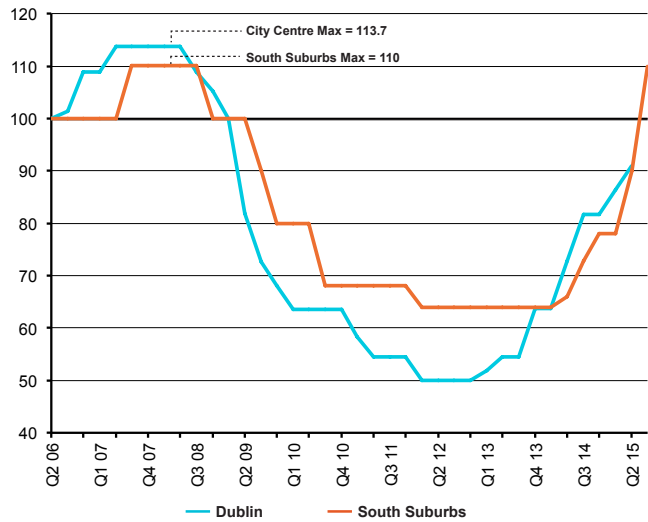
OFFICE RENTS SURGE IN PRIME LOCATIONS (BASE YEAR = 2006)

	Q2 '15
CITY CENTRE OFFICE RENT INDEX	90.9
YOY % CHANGES	+25.0
SOUTH SUBURB OFFICE RENT INDEX	110.0
YOY % CHANGES	+51.0

SOURCE: CBRE

Office rents in Dublin continue on an upward trend in the City Centre and the South Suburbs with strong yoy growth rates recorded in both areas in Q2 2015. Office rents in the City Centre are now 25% higher than at the same time a year ago. Quarterly price growth was strongest in the South Suburbs in Q2 2015, possibly reflecting the lack of office space in the City Centre. Rents in the City Centre are almost double those in the South Suburbs, though rents in the South Suburbs are now back to peak levels. Rents in the City Centre are currently at 80% of the peak.

DUBLIN OFFICE RENTS INDEX (2006 = 100)



SOURCE: CBRE

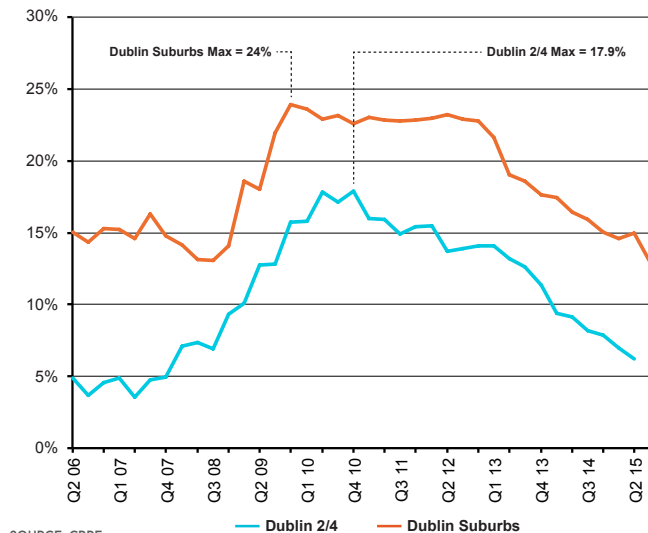
OFFICE VACANCY RATES DECLINE ACROSS DUBLIN

	Q2 '15
VACANCY RATE % DUBLIN 2/4	6.2
YOY CHANGE %AGE POINTS	-2.9
VACANCY RATE % DUBLIN SUBURBS	13.0
YOY CHANGE %AGE POINTS	-2.9

SOURCE: CBRE

Strong demand in the prime office location of Dublin 2/4 has resulted in the office vacancy rate in the area continuing to fall in Q2 2015. A decline of almost 3 percentage points over the past year brings the current vacancy rate to 6.2% and back to levels last seen in 2008. The vacancy rate in the Suburbs fell by almost 2 percentage points qoq in Q2 2015, to return to the lowest level of 13%. Nevertheless it remains significantly higher than the Dublin 2/4 region indicating how office demand continues to be focused on the core city area.

DUBLIN OFFICE SPACE VACANCY RATES %



SOURCE: CBRE

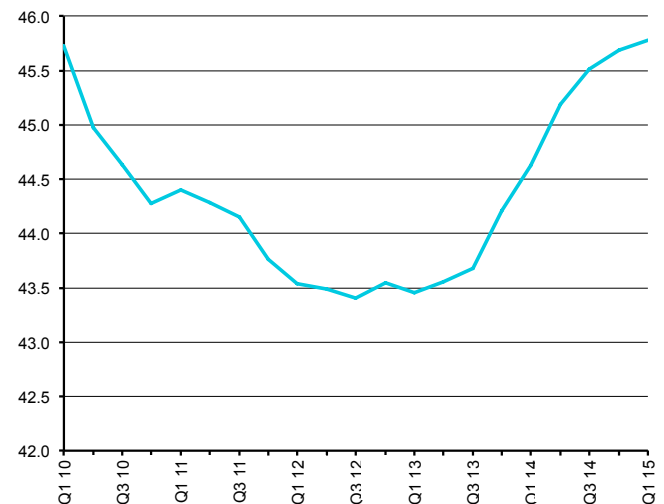
PUBLIC TRANSPORT TRIPS CONTINUE ON UPWARD TREND

	Q1 '15
PUBLIC TRANSPORT MILLION TRIPS	45.8
YOY CHANGE MILLION TRIPS (SA)	+1.2

SOURCE: NTA, SEASONAL ADJUSTMENT BY DKM

Public transport trips in Dublin continued on an upward trend in Q1 2015 to reach 45.8 million trips (seasonally adjusted) in the quarter. This corresponds to an increase of 1.2 million trips compared to the same quarter in 2014. Public transport trips are now back to levels seen at the start of 2010, reflecting continued economic growth in the capital.

PUBLIC TRANSPORT MILLION TRIPS (SA)



SOURCE: NTA, SEASONAL ADJUSTMENT BY DKM

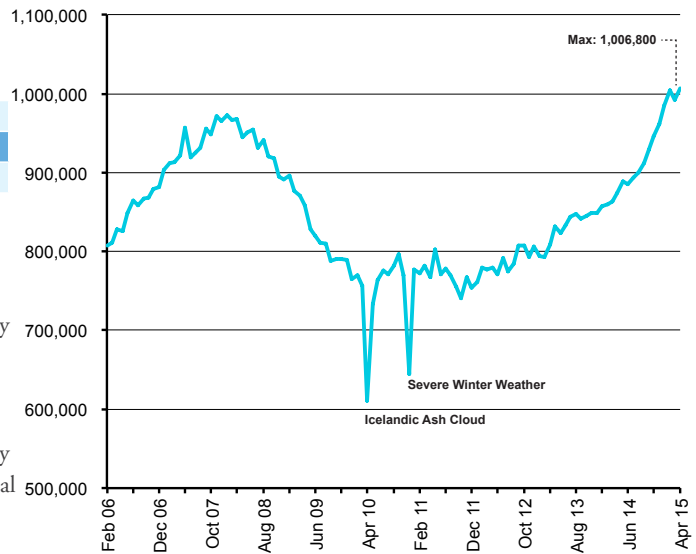
DUBLIN AIRPORT ARRIVALS AT 9-YEAR HIGH

	APR '15
TOTAL ARRIVALS '000s (SA)	1,006.8
YOY CHANGE '000s TRIPS	+132

SOURCE: CSO, SEASONAL ADJUSTMENT BY DKM

Passenger arrivals at Dublin Airport reached a 9 year high of almost 1,007,000 in April 2015. This represented a seasonally adjusted yoy increase of 15.1% and is a partial reflection of the attractiveness of a weakened Euro for tourists to Ireland. As illustrated in the special feature on page 13 of this report, strong inward passenger numbers at Dublin Airport are highly beneficial for many sectors of the economy, both in the Capital and nationwide.

DUBLIN AIRPORT ARRIVALS '000s (SA)



SOURCE: CSO, SEASONAL ADJUSTMENT BY DKM

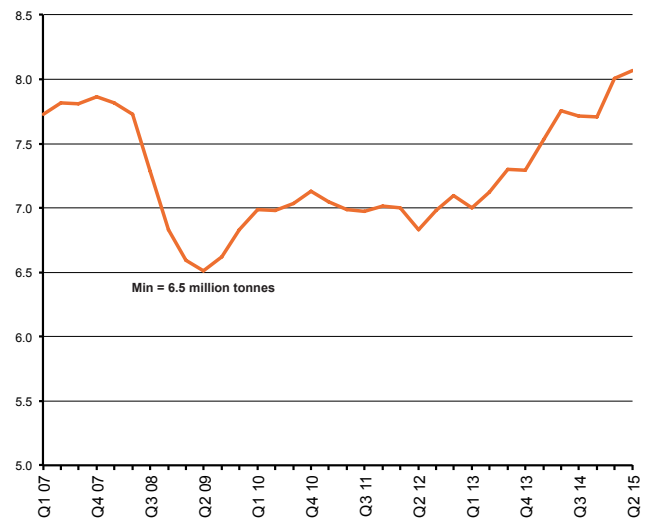
DUBLIN PORT TONNAGE UP 24% FROM LOW POINT IN 2009

	Q2 '15
DUBLIN PORT MILLION TONNES (SA)	8.1
YOY CHANGE MILLION TONNES	+0.3

SOURCE: DUBLIN PORT, SEASONAL ADJUSTMENT BY DKM

Tonnage through Dublin Port continued to grow in the second quarter of 2015, to reach 8.1 million tonnes (seasonally adjusted). This represents an increase of 300,000 tonnes or 4% on the same period in 2014. Tonnage through Dublin Port has increased by 24% from a low point of 6.5 million tonnes in Q2 2009, and is now at its highest level in the past 9 years.

DUBLIN PORT TONNAGE MILLION TONNES (SA)



SOURCE: DUBLIN PORT, SEASONAL ADJUSTMENT BY DKM

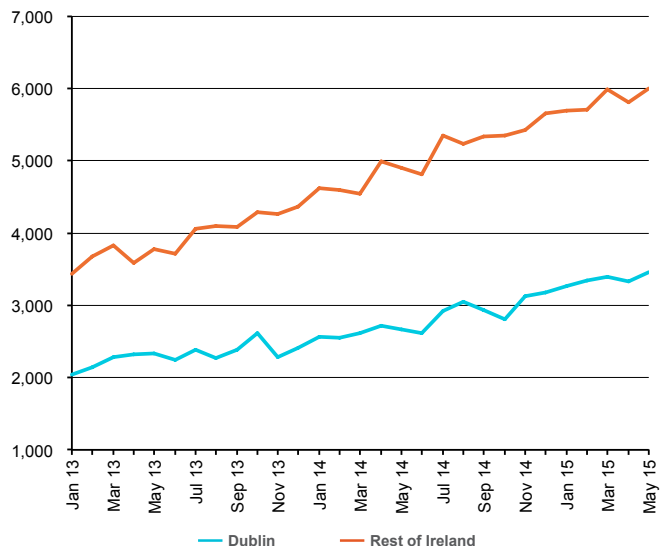
NEW CAR LICENSING INDICATES IMPROVING ECONOMY

	MAY '15
DUBLIN NEW CARS LICENCED (SA)	3,452
YOY CHANGE '000s	+785
REST OF IRELAND NEW CAR LICENCED (SA)	5,995
YOY CHANGE	+1,097

SOURCE: CSO, SEASONALLY ADJUSTED BY DKM

New car sales are a good indicator of economic expectations and consumer confidence. The latest trends in new car licensing statistics clearly show that car sales have been on an upward trend over the past two and a half years, reflecting the general economic upturn over the period. New private cars licensed for the first time in Dublin reached 3,452 units (seasonally adjusted) in May 2015, an increase of 785 cars or 29% on May 2014. Outside Dublin, new private cars licensed were just short on 6,000 units in May, up over 1,000 units on the same period last year.

NEW PRIVATE CARS LICENCED PER MONTH (SA)



SOURCE: CSO, SEASONALLY ADJUSTED BY DKM

KBC/ESRI DUBLIN CONSUMER SENTIMENT INDEX, QUARTER 2, 2015

The Consumer Sentiment Index for Dublin improved further in the second quarter of 2015 to 155.6 from 148.9 in the first quarter of the year. The second quarter increase sustains a positive trend in sentiment that has become firmly established through the past couple of years. The sentiment index for the rest of Ireland increased marginally in Q2, reaching 153.9, up from 152.4 in Q1 2015.



photograph by Joanna Travers

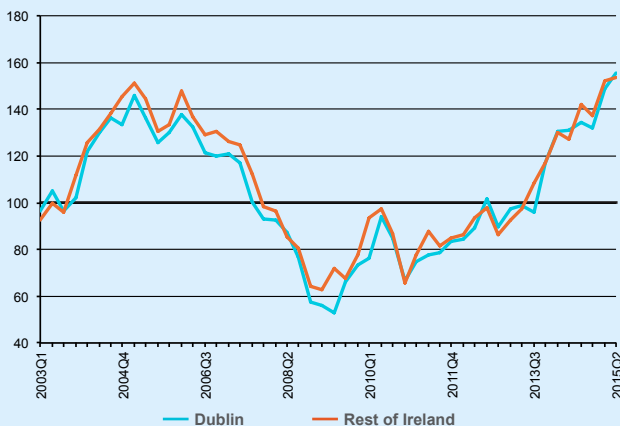
SURVEY INDEX RESULTS, 2014 QTR 2 TO 2015 QTR 2 (2003 = 100)

	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2
DUBLIN CONSUMER SENTIMENT INDEX	131.0	134.3	132.1	148.9	155.6
DUBLIN INDEX OF CURRENT CONDITIONS	95.8	92.3	92.7	102.7	110.9
DUBLIN INDEX OF CONSUMER EXPECTATIONS	169.3	179.8	174.8	199.0	203.9

“Dublin consumers continue to grow more confident about the economic outlook and, more importantly, about their personal finances. As a result, the survey also finds Dublin consumers are signalling stronger spending intentions. These factors combined to boost Dublin consumer sentiment to its best level in twelve years.”

- Austin Hughes, Chief Economist KBC Bank Ireland

DUBLIN CONSUMER SENTIMENT INDEX, (2003 = 100)



- The Q2 Dublin and rest of Ireland consumer sentiment readings are the highest in the history of the series which stretches back to 2003.
- The improvement in Dublin sentiment was broadly based, driven by a more positive assessment of consumers' current personal financial circumstances.
- Views on the prospects for the Irish economy continued to improve albeit modestly.
- The outlook for the jobs market remained very positive but changed little compared to the previous quarter.

ABOUT

The KBC/ESRI Dublin Consumer Sentiment Index is constructed based on the responses to five questions. These questions ask consumers their view on how the economic situation will develop over the next 12 months (get better/stay the same/get worse), whether the number of people out of work in the country in the next 12 months will increase/remain the same/decrease, how the household financial situation compares to 12 months ago, and how will it change over the next 12 months ((get better/stay the same/get worse). Finally consumers are asked about whether they think it is a good time to purchase major household durables such as such as furniture, washing machines, TV sets etc.

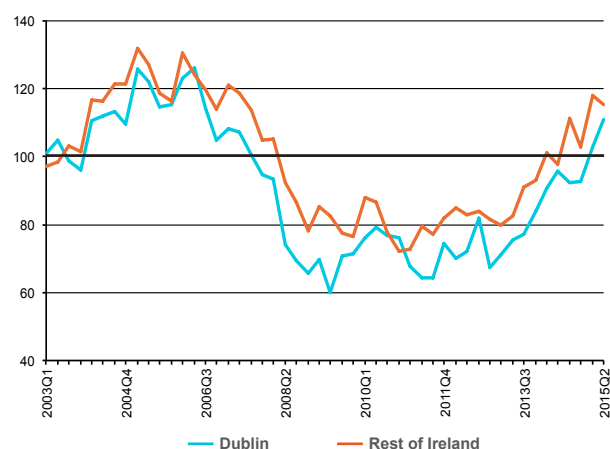
INDEX OF CURRENT CONDITIONS IN DUBLIN CONTINUES TO CLIMB

- The improvement in consumer sentiment in Dublin has been primarily the result of a more positive perception of current conditions. In the second quarter of 2015 over one in four Dublin consumers were positive about their current household finances, compared with just over one in five in quarter 1.
- Outside Dublin the index of current conditions declined in Q2, 2015 as consumers became more negative in their view of the current buying climate for major household durables. In contrast, their outlook for the labour market outside Dublin has become more positive this quarter.

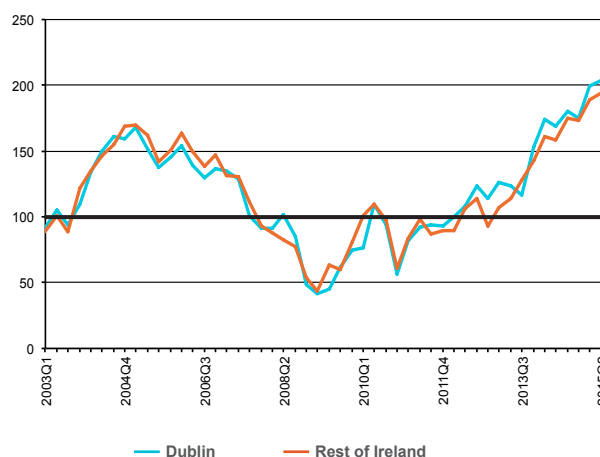
DUBLIN CONSUMERS CONTINUE TO HAVE A POSITIVE PERCEPTION OF THE FUTURE

- The Dublin expectations index increased by 5 points QoQ up to 203.9. Just over 29 per cent of Dublin consumers expect their household financial situation to improve over the next 12 months compared to 19 per cent that envisage deterioration. This is the strongest reading in this element of the survey since the beginning of 2006.
- Some 69 per cent of Dublin consumers are positive in their view of the economic outlook for the next year compared to just 8 per cent that expect conditions to weaken.
- The majority of Dublin consumers also think the jobs market will improve further, as was the case in the previous quarter.

CONSUMERS' CURRENT CONDITIONS INDEX
(2003 = 100)



CONSUMERS' EXPECTATIONS INDEX,
(2003 = 100)



FOR FURTHER INFORMATION CONTACT

- Austin Hughes – Chief Economist, KBC Bank Ireland– (01) 664 6889
- David Duffy – Senior Research Officer, ESRI – (01) 863 2113



A COMMENTARY ON THE SURVEY IS ALSO AVAILABLE ON KBC.IE/ECONOMIC BRIEFINGS

NOTES

The data are obtained from telephone interviews during the first two weeks of the month. The data are re-weighted in line with gender, age, economic status, level of educational attainment, region and household size to ensure the data was fully representative of the national population of adults.

The consumer sentiment index is calculated by computing the relative scores (the percent giving favourable replies minus the percent giving unfavourable replies (the balance), plus 100) for each question used in the different indices. Those who reply “Don't Know”, “Remain the same” are excluded from the index calculations. Each relative score is rounded to the nearest whole number. The sum of the relative scores is then divided by the base period total for each index.

The Dublin consumer sentiment index is calculated using the same methodology as the KBC Ireland/ESRI Consumer Sentiment Index. However, to ensure that the Dublin Index is representative of the Dublin region, a new set of weights was constructed taking account of the age and sex of the population. Similarly, a new set of weights was constructed for the Rest of Ireland.

In the process of constructing the new weights, the latest data available were used, including adjustments to the QNHS data following the censuses of 2006 and 2011. Therefore, the Dublin index is not directly comparable to the published national index which was weighted based on the data available at the time of publication. The sentiment index for Dublin is based on approximately 700 responses per quarter.

MARKIT DUBLIN PURCHASING MANAGERS INDEX (PMI)

OVERALL MARKIT DUBLIN PMI

The headline seasonally adjusted Dublin PMI averaged 61.7 in Q2, up from 59.5 in Q1. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

"Latest Q2 PMI data for Dublin signalled a rebound in growth during the second quarter of 2015, allaying any fears that might have been raised following a slight slowdown at the start of the year. Leading the rebound was the construction sector, where the rate of expansion returned to those levels seen towards the end of 2014. Further strong growth was also recorded in the manufacturing and service sectors in Q2. Meanwhile, Dublin looks to be pulling the rest of Ireland along with it, with the rate of expansion in output outside Dublin also accelerating to a pace only marginally weaker than seen in the capital."

Andrew Harker, Senior Economist at Markit

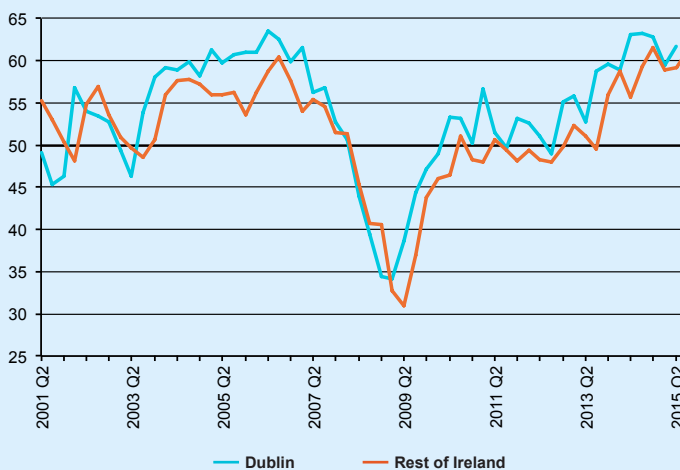
The Dublin Purchasing Managers' Index® (PMI) series is produced by Markit Economics, an independent research company that produces highly-regarded surveys of business conditions in nations around the world. The Dublin PMI is calculated using responses from the three monthly Republic of Ireland PMI surveys; the Investec Manufacturing PMI Ireland, the Investec Services PMI Ireland and the Ulster Bank Ireland Construction PMI. The Dublin figures are based on responses from companies in the NUTS3 region of Dublin (based on about 300 responses per month) while 'Rest of Ireland' data also include 300 responses per month.



photograph by Joanna Travers

OVERALL MARKIT DUBLIN PMI (SA)

50 = NO CHANGE



* SA - SEASONALLY ADJUSTED

- Dublin PMI data pointed to a strong and accelerated expansion of output during the second quarter of 2015, averaging 61.7 in Q2, up from 59.5 in Q1.
- The rise in output this quarter was faster than the average seen over the current sequence of growth since 2012. The rate of expansion also quickened across the rest of Ireland, but was slightly weaker than in Dublin.
- The Dublin construction sector saw growth rebound strongly in Q2 (71.5) while the services sector indicated continued strong growth (61.2).
- The increase in services activity in Dublin was weaker than that seen across the rest of Ireland, where the rate of growth picked up.
- Manufacturing production has expanded in Dublin for the thirteenth successive quarter in Q2 (57.5).

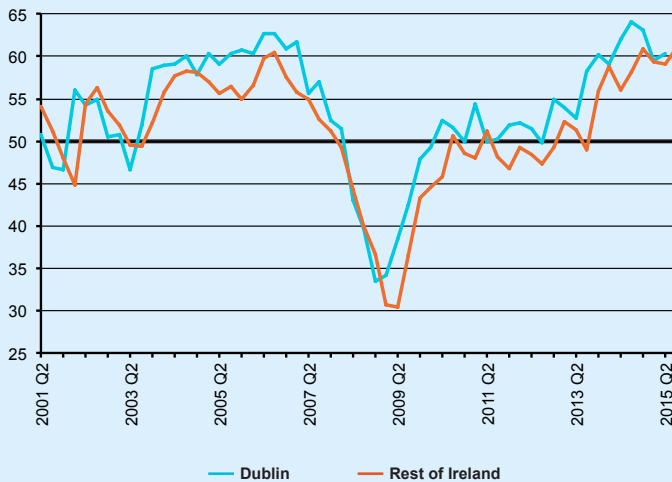
ABOUT PMI

Purchasing Managers' Index® (PMI®) surveys are now available for 32 countries and also for key regions including the Eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. To learn more go to www.markit.com/economics. The Overall PMI referenced is based on the output/business activity question from each survey. Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. The raw index is the sum of the positive responses plus a half of those responding 'the same'.



OVERALL PMI NEW ORDERS (SA)

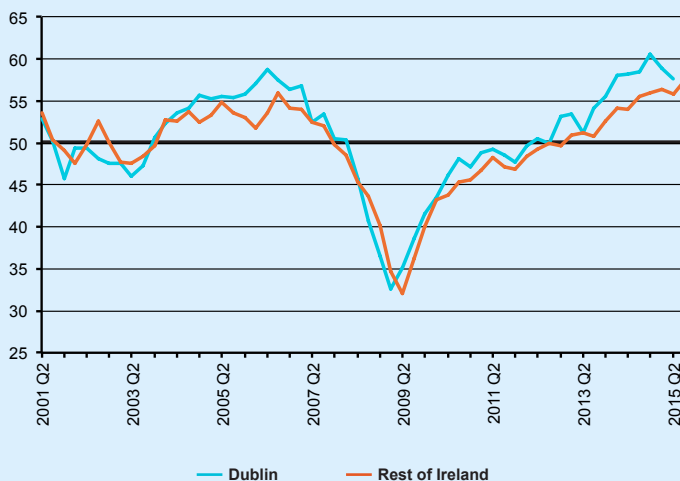
50 = NO CHANGE



- The rate of growth in new business in Dublin also quickened during the second quarter of the year.
- New orders in Dublin have increased continuously since Q4 2012.
- Despite remaining strong, the expansion in Dublin was slightly weaker than recorded in the rest of Ireland this quarter.

OVERALL PMI EMPLOYMENT GROWTH (SA)

50 = NO CHANGE



- Companies in Dublin continued to increase their staffing levels during Q2.
- However, the rate of job creation eased for the second quarter running to the weakest since Q4 2013. This is seen also in the QNHS labour market statistics for Q2 2015.
- The rise in employment in Dublin was broadly in line with that seen across the rest of Ireland, where the rate of job creation picked up.

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THE ECONOMIC IMPORTANCE OF DUBLIN AIRPORT

VINCENT HARRISON MANAGING DIRECTOR - DUBLIN AIRPORT



Dublin Airport is one of the most important economic entities in the country according to a recent economic impact study

Air passenger traffic is a vital barometer of the health of the Irish economy and is also a precursor to further economic growth, as it generates economic spin offs at a regional and national level. In the first six months of 2015, passenger numbers at Dublin Airport have increased by 15%, with strong growth evident across all market segments.

While the economic importance of airports in supporting international trade and connectivity is well recognised, a new study by InterVISTAS (available at www.dublinairport.com/gns/about-us/), has now quantified the depth of Dublin Airport's huge economic impact across the State. The study highlights how Dublin Airport is a vital element of Ireland's national infrastructure, supporting or facilitating a total of 97,400 jobs across the Irish economy and contributing a total of €6.9 billion to the country's Gross Domestic Product (GDP). As one of the largest economic entities in the State, Dublin Airport is worth 4% of the national economy. The study notes that

"Without Dublin Airport, and particularly without the extensive connectivity at the airport, the Irish economy would not be as large, affluent or diverse as it is today."

The number of jobs supported by Dublin Airport includes direct jobs onsite at the airport and at airport related businesses and is estimated to be in the region of 15,700 jobs and worth €1.3 billion to the economy. Airlines are the largest providers of employment at Dublin Airport and are responsible for 5,290 jobs, followed by the Dublin Airport Authority, the airport operator, with 2,350 jobs while ground handling and other support services provide a further 2,080 jobs.

A further 9,600 jobs, worth €700 million to the Irish economy are supported indirectly in businesses supplying to and supporting the airport. Spending by employees in these business on goods and services supports a further 12,000 jobs, worth €800 million, in the wider economy. The connectivity provided by Dublin Airport also has a catalytic impact on the economy, supporting a further 60,100 jobs, worth €4.2 billion, in helping to attract tourists, facilitating trade and investment and contributing to the growth of both the regional and national economies.

Dublin's connectivity to Ireland's "established markets" of Britain and the United States is unrivalled by other European airports and is complimented by an extensive European route network, and growing links

to the Middle East and Africa. The report notes that there was a clear linkage between the connectivity provided by Dublin Airport and growth in tourism, trade and FDI, with the value of Irish goods exports to countries with frequent connections – i.e. five times per week on a year-round basis – five to six times more than to countries that were poorly connected to Dublin.

With the potential to double its economic impact over the next three decades, the importance of Dublin Airport to the local and national economy is clearly evident. InterVISTAS estimate that by 2043, Dublin Airport could support 194,000 jobs worth €14.4 billion in GDP, although this depends on the delivery of a second runway at the airport and a number of other long term projects.





SIGNIFICANT DEVELOPMENTS IN CITY CENTRE TRANSPORT PLANNED

BRENDAN O'BRIEN

HEAD OF TECHNICAL SERVICES - DUBLIN CITY COUNCIL



Implementing Transport Study Proposals will be Critical to the Sustainable Development of the City Centre

The Dublin City Centre Transport Study, which was undertaken by Dublin City Council and the National Transport Authority (NTA), sets out a vision for how transport and mobility in the city centre will be managed and enhanced over the next 7 years. The key objectives of the Study are:

- To protect the investment that already has been and continues to be made in public transport in the city and the region.
- To guarantee the future development potential of the city centre, and improve confidence in the ability of the city centre to be the key focus of future investment.
- To increase the capacity, reliability and use of public transport through the city centre.
- To improve the quality of service for cycling and walking, especially in the 'core' city centre.
- To ensure that the city develops in a way which will provide a better living and working environment for residents and visitors alike and;
- To provide an agreed framework for continued transport investment in the city centre.

"The challenges of providing a Luas route through the very heart of the city are considerable, both during the construction phase and when the service is in operation."

The Luas Cross City project which is now under construction will provide a high quality, frequent service through the centre of the city and will help transform people's movement around the city centre. It will not be able to operate effectively unless there is a significant reduction in general traffic along and across its route.

Hence the need for restrictions on general traffic on the North and South Quays and in the College Green area. The imposition of restrictions on general traffic will facilitate significant public realm interventions at College Green, St. Stephen's Green and Suffolk Street. Wider footpaths on Westmoreland Street and on O'Connell Bridge will provide a much improved pedestrian environment. Investment in cycle ways will ensure that the city core is more suitable and safer for cycling.

The proposals for dedicated public transport interchanges at Heuston Station, Connolly Station/Busáras and D'Olier Street are designed to increase the numbers of people who can access the city centre by public transport by facilitating quick and easy changes from one public transport service to another. Increases in Dart services and the routing of trains via the Phoenix Park Tunnel to Connolly Station as well as increases in the bus fleet will provide more frequent and reliable rail and bus services.

The NTA has committed €150 million to fund the delivery of the proposals set out in the Study. This is in addition to the €368 million already committed to the Luas Cross City project and other city centre projects such as rail improvement and bus fleet investment.

The deadline for submissions on the public consultation on the Study has now been extended to 7th August 2015 and to date almost 1,200 submissions have been received, with 3 in 4 people agreeing with the proposals.

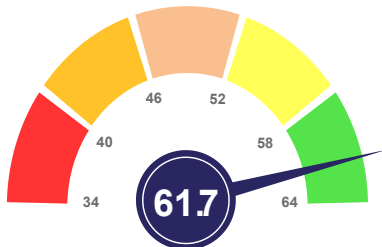
See www.dublincity.ie for more details on the Study and how to make a submission.

DUBLIN: ECONOMIC SCORECARD Q2 2015

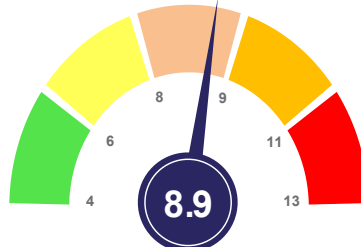
Note: These "petrol gauge" charts present the performance of the particular indicator relative to a range of performances from most positive (green) to least positive (red). Each gauge presents the latest value compared to the peak value and the trough value over the last decade (except for public transport trips which cover the past 5 years).

ECONOMY

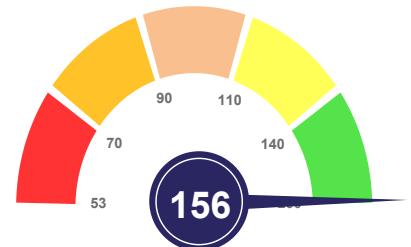
BUSINESS PMI Q2 2015



UNEMPLOYMENT RATE Q1 2015

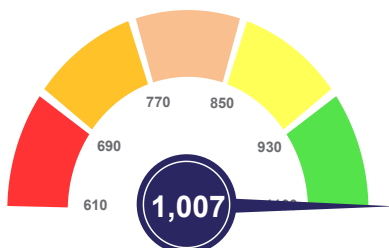


CONSUMER SENTIMENT Q2 2015

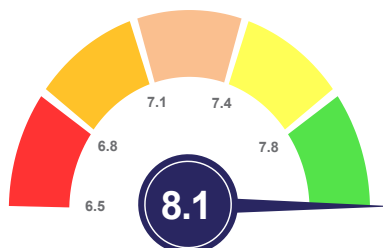


TRANSPORT

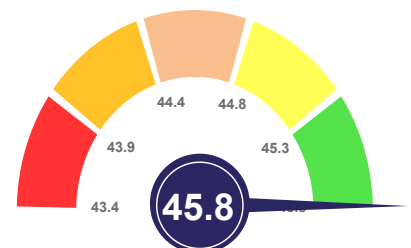
AIRPORT ARRIVALS APRIL 2015



SEAPORT CARGO Q2 2015

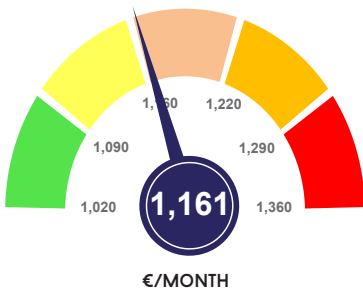


PUBLIC TRANSPORT TRIPS Q1 2015

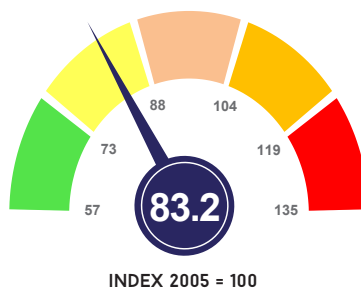


RESIDENTIAL PROPERTY

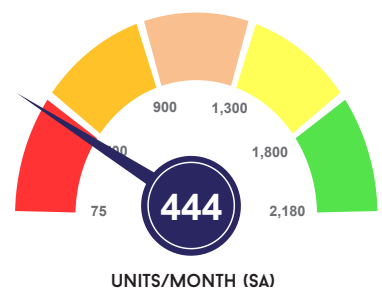
RESIDENTIAL RENTS Q1 2015



RESIDENTIAL PROPERTY PRICE INDEX MAY 2015



HOUSING COMPLETIONS MARCH 2015

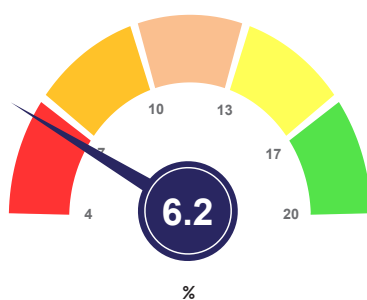


COMMERCIAL PROPERTY

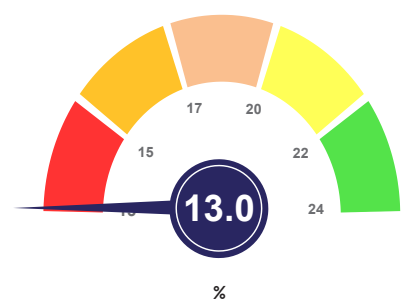
DUBLIN CITY CENTRE OFFICE RENT Q2 2015



DUBLIN 2/4 OFFICE VACANCY RATE Q2 2015



DUBLIN SUBURBS OFFICE VACANCY RATE Q2 2015





Oifig Fiontair Áitiúil

Local Enterprise Office



Your First Stop Shop for Local Enterprise Development

The Local Enterprise Office is the First Stop Shop for anyone seeking information and support on starting or growing a business in Dublin. The LEO offer a wide range of experience, skills and services to promote entrepreneurship, foster business and start-ups to develop existing micro and small businesses. The supports range from business advice, mentoring, training, business networking opportunities to financial assistance for certain types of business.

...Let's talk business

Oifig Fiontair Áitiúil

Local Enterprise Office



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