

DUBLIN ISSUE 4 JAN 2016 ECONOMIC MONITOR

in this issue

LATEST DUBLIN
ECONOMIC DATA

MARKIT DUBLIN PMI

KBC/ESRI CONSUMER
SENTIMENT

DUBLIN ECONOMY AND
SENTIMENT STRONG DESPITE
GLOBAL UNCERTAINTY

F E A T U R I N G

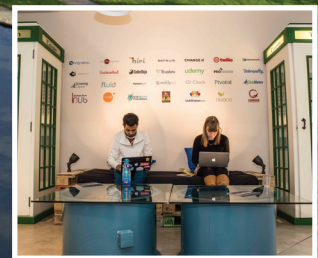
PAGE 12
UPDATE
ON DUBLIN'S
TOURISM STRATEGY

by Orla Carroll,
Director of Strategic
Development, Fáilte Ireland



PAGE 14
SCALING A
SOFTWARE
BUSINESS IN
DUBLIN

by Michael Cullen,
Dublin Globe





HIGHLIGHTS



Dublin unemployment rates fell to a 6-year low (7.8%) in Q3 2015 driven by exceptionally strong job growth across all sectors of the Capital's economy.



Residential rents for Dublin maintained an upward trajectory in Q3 2015 to reach the highest level recorded since 2008.



Dublin house completions totalled almost 2,900 in 2015 but were 11.5% below the 2014 completion level.



Dublin Airport's exceptionally strong year continued through to September 2015 as passenger arrivals in the month increased by 14.4% YoY



Dublin Port handled over 32 million tonnes of cargo in 2015 with both exports and imports increasing.



The Dublin MARKIT PMI
Dublin PMI data recorded a further strong improvement in business confidence in Q4 2015, supported by growth in new orders and a sharp increase in construction sector output.



Dublin KBC/ESRI
Consumer sentiment in Dublin strengthened in Q4 2015 principally due to improved consumer assessments of household finances, and greater optimism regarding the jobs market.

Main Cover Photograph:
Grange Castle Business Park

WELCOME TO THE JANUARY 2016 ISSUE OF THE DUBLIN ECONOMIC MONITOR

Welcome to the January 2016 issue of the Dublin Economic Monitor. 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. The Dublin 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. The Monitor is designed to be of

particular interest to all those living and doing business in Dublin or considering locating here. It is produced by DKM Economic Consultants, with KBC/ESRI delivering the Dublin consumer sentiment data and MARKIT delivering the Dublin Purchasing Managers' Index (PMI).

You can sign up to our quarterly mailing list and access the monitor online at www.dublincity.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 28th April 2016. Interactive charts from the monitor are available on the Dublin dashboard www.dublindashboard.ie

Dublin City Council

South Dublin County Council

Fingal County Council

Dún Laoghaire Rathdown County Council

GLOBAL ECONOMY



As 2015 rolls into 2016 two features have come to characterise the global economy – China’s slowdown has become entrenched and has spread to other emerging economies, and relatedly international commodity prices are experiencing a secular adjustment. The world’s dependence on China’s continuing stellar growth has been laid bare, and recent OECD analysis confirms that those countries most dependent on exporting (mostly commodities) to China have been the worst hit. Oil is the most notable example of commodity weakness, as prices have dipped below \$30 a barrel with no sign of stabilisation, let alone of recovery; strengthening supply is playing a role, as is slower demand. These developments have fed through to global stock exchanges, which continue to weaken in the New Year.

Despite this, global economic growth is expected to accelerate moderately over the coming years, as the developed world keeps up momentum, albeit at somewhat anaemic rates, aided by falling energy prices. India likewise is expected to maintain strong growth. China will still see growth, though it is continuing its retreat from the double-digit rates seen through the 2000s. However we note that the latest IMF forecasts highlight that “Risks to the global outlook remain tilted to the downside”.

US monetary policy has turned as expected, with indications of further interest rate rises over time, though doubtless concerns regarding global conditions and emerging economy debt will influence this. As a major energy producer now, price weakness will affect this sector, but will benefit the many more energy-consuming sectors as well as household consumption.

In the UK meanwhile ‘Brexit’ is starting to loom larger, as the economic arguments on both sides are sharpened. As in the US, while the UK is still a significant energy producer, the rest of the economy will benefit from falling oil prices, although negative effects are likely to be most keenly felt in Scotland.

In summary, the external environment for Ireland remains broadly positive, with a weak Euro-Dollar exchange rate and falling energy prices bringing benefits. However, the recent weakening of Sterling may be a cause for concern if sustained, and the possibility of Brexit is a major uncertainty.

MAJOR ECONOMIES GDP GROWTH FORECASTS

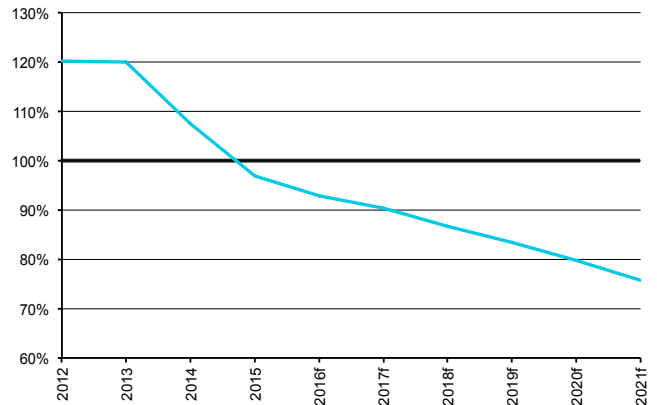
| | 2015 %E | 2016 % F | 2017 % F |
|-----------|------------|-------------|-------------|
| GLOBAL | 2.9 | 3.3 | 3.6 |
| UK | 2.4 | 2.4 | 2.3 |
| US | 2.4 | 2.5 | 2.4 |
| EURO AREA | 1.5 | 1.8 | 1.9 |
| GERMANY | 1.5 | 1.8 | 2.0 |
| JAPAN | 0.6 | 1.0 | 0.5 |
| CHINA | 6.8 | 6.5 | 6.2 |
| INDIA | 7.2 | 7.3 | 7.4 |

SOURCE: OECD NOVEMBER 2015.

NATIONAL ECONOMY

The Irish economy is expected to continue on its strong growth path, and to hold its place as the fastest expanding economy in the EU in the short term at least. This has been aided by improving employment and pent up investment and consumer demand. The hangover of plentiful labour supply is also facilitating growth without inflationary pressures (as in the early 1990s), but bottlenecks are becoming problematic in a number of areas, including construction, reflecting a loss of much skilled labour over the last number of years.

IRELAND DEBT:GDP RATIO 2012-2021*



*GENERAL GOVT BALANCE. SOURCE: DEPT OF FINANCE



As we write the country is firmly in election mode, reflected in the expansionary Budget announced last October. While this is to be expected after the years of austerity the country has gone through, aspects of the Budget have attracted negative commentary from the EU Commission among others. The fear is that commitments on permanent expenditure lines are being given on foot of impermanent revenue growth, sowing the seeds of another hard landing should there be a major shock to the economy. That said, the solid downward path of the Debt: GDP ratio (see Chart), and the continued low yields on Irish Government debt are welcome signs of the progress being made.

IRISH MACROECONOMIC GROWTH FORECASTS

| | 2015 %E | 2016 % F | 2017 % F |
|---------------------|------------|-------------|-------------|
| GNP | 5.2 | 5.3 | 3.2 |
| GDP | 6.7 | 4.8 | 3.5 |
| PRIVATE CONSUMPTION | 3.6 | 3.4 | 2.0 |
| PUBLIC EXPENDITURE | 1.3 | 1.0 | 1.0 |
| INVESTMENT | 27.2 | 19.2 | 8.9 |
| EXPORTS | 13.1 | 7.6 | 4.9 |
| IMPORTS | 15.7 | 10.1 | 5.4 |
| UNEMPLOYMENT RATE | 9.3 | 7.9 | 7.7 |
| CPI INFLATION | 0.1 | 1.2 | 1.5 |
| DEBT:GDP RATIO* | 97.0 | 92.8 | 90.3 |

*GENERAL GOVERNMENT BALANCE. SOURCES: 2015, 2016: ESRI QEC WINTER 2015, EXCEPT HICP AND DEBT:GDP RATIO: DEPARTMENT OF FINANCE BUDGET 2016 ECONOMIC & FISCAL OUTLOOK.



EMPLOYMENT AND SENTIMENT STRONG AS DUBLIN ENTERS LANDMARK YEAR, BUT NO RELIEF ON HOUSING PROBLEMS

The latest statistics for the Dublin City region confirm the strength of the economy. Unemployment has dipped below 8% for the first time since 2008, and is well ahead of the national average which while also improving remains above 9%. Meanwhile, services employment in the city region has reached an all-time high.

The housing challenges facing the city show no sign of easing however. Rents continue to rise, as new housing supply disappoints – completions fell from over 3,200 in 2014 to under 2,900 in 2015, which has to be a major source of concern for the sustainability of growth in the city. New rent regulations were introduced in December which seek to dampen the upward pressure on rents; how effective they are will only become apparent over time.

House prices have actually fallen in recent months, largely as a result of the Central Bank rules on mortgages lending – how permanent this is and how it feeds through to new housing starts remain to be seen. The rules are due for review mid-year, which may lead to a ‘wait and see’ approach by market participants in the meantime.

Reflecting the strong employment growth (and possibly the lack of housing in the city region), Dublin’s public transport system is carrying ever higher numbers of commuters while increasing traffic levels are putting pressure on the road infrastructure.

The pressure on office space likewise continues, with rents up and vacancy rates down throughout the city region, although significant amounts of new space are being rolled out, particularly in the city centre.

2016 represents a major milestone in Dublin’s history, marking the 100th anniversary of the Easter Rising. A range of commemorative events is planned, and the city should experience a significant boost to the already strong tourist economy as a result, helped by the weak Euro and Dublin Airport’s growing international connections. There is a further discussion on the

future of the city’s tourism sector on page 12 of this issue of the Monitor. Despite the concerns raised above, both consumer sentiment and key business performance indices (PMIs) were stronger in the final quarter of 2015. Austin Hughes, chief economist at KBC Bank Ireland, comments on the latest survey on Dublin consumer sentiment:

“After a setback three months ago, Dublin consumer sentiment has returned to a clearly improving trend in late 2015. Notably more positive views of household finances coupled with increased optimism on the jobs front suggest that Dublin consumers sense the economic upturn is beginning to have a clear impact on their personal circumstances. The sentiment trend in the rest of Ireland is broadly similar but gains were more pronounced in Dublin in the final months of 2015 as much of the earlier weakness was reversed.”

Andrew Harker, senior economist at Markit, likewise comments:

“The final three months of 2015 completed a strong year for the Dublin private sector, with growth of output and new business remaining substantial and showing little sign of easing. The expansion across Dublin remains broad-based, with each of the manufacturing, services and construction sectors recording sharp increases in activity. A key highlight from the fourth quarter was a pick-up in the rate of job creation at Dublin firms – the latest rise was the fastest since Q1. The outperformance of Dublin relative to the Rest of Ireland seen earlier in the recovery reduced somewhat during 2015, but this was more a reflection of a catch-up from the Rest of Ireland rather than any slowdown in Dublin.”

More detail on the Consumer Sentiment and PMI indices is contained on pages 10 and 11 of this issue of the Monitor.



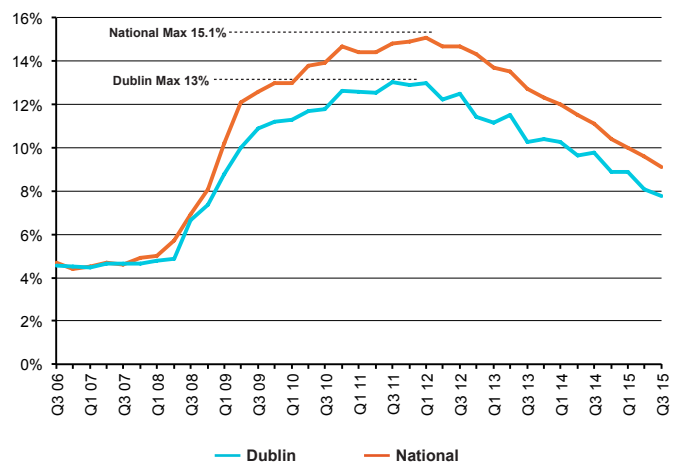
DUBLIN LABOUR MARKET GATHERS MOMENTUM

| | Q3 '15 |
|-----------------------------------|--------|
| DUBLIN UNEMPLOYMENT (SA) | 7.8% |
| YEAR ON YEAR CHANGE % POINTS (SA) | -2.0 |
| DUBLIN EMPLOYMENT '000s (SA) | 608.0 |
| YEAR ON YEAR CHANGE '000s (SA) | +29.9 |

SOURCE: CSO QNHS SEASONALLY ADJUSTED

The unemployment rate in Dublin continued on a downward trend in Q3 2015, reaching a 6-year low of 7.8% (seasonally adjusted) in the period. This rate was 2 percentage points lower than for the corresponding quarter in 2014, and was significantly lower than the Q3 2015 national unemployment rate of 9.1%. Exceptionally strong jobs growth has driven this improvement in the Capital as employment increased by over 16,000 in Q3 2015 relative to the previous quarter, and by almost 30,000 compared to Q3 2014.

DUBLIN & NATIONAL UNEMPLOYMENT RATE % (SA)



SOURCE: CSO QNHS. DUBLIN SEASONALLY ADJUSTED BY DKM.

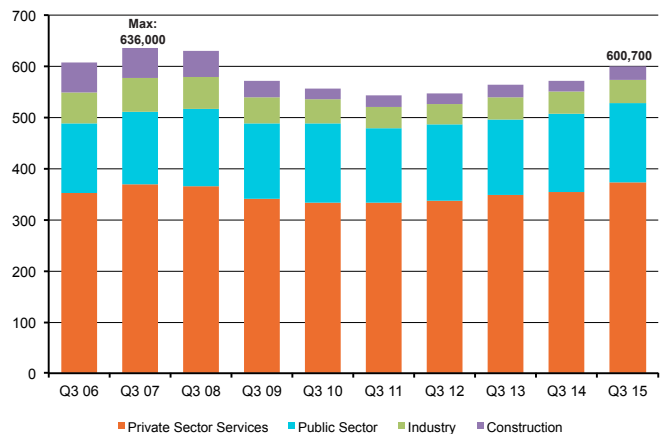
EMPLOYMENT EXPANDS ACROSS THE DUBLIN ECONOMY

| | Q3 '15 |
|--|--------|
| SERVICE EMPLOYMENT '000s (SA) | 528.7 |
| YEAR ON YEAR CHANGE '000 (SA) | +20.7 |
| INDUSTRY & CONSTR. EMPLOYMENT '000s (SA) | 73.3 |
| YEAR ON YEAR CHANGE '000 (SA) | +7.9 |

SOURCE: CSO QNHS SEASONALLY ADJUSTED

Job creation continued apace in Q3 2015 across all sectors of the Dublin economy. Private sector services employment grew by over 18,000, an increase of over 5.5% YoY. Public sector service employment returned to annualised growth in Q3 2015 with an expansion of 1.3%, but industry and construction were the strongest performers with YoY employment increases of 8.6% and 21% respectively. Employment across the four sectors expanded at an annualised rate of 5%.

EMPLOYMENT BY BROAD SECTOR '000s (SA)



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

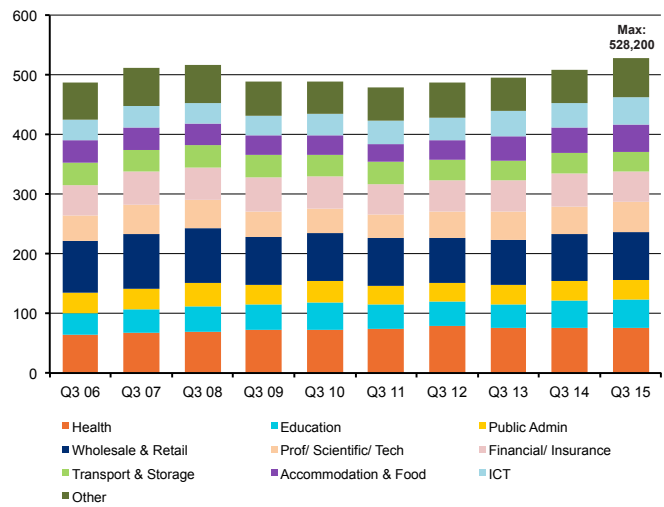
ADMINISTRATION AND ICT DRIVE SERVICES EMPLOYMENT GROWTH

| | Q3 '15 |
|---|--------|
| PRIVATE SECTOR SERVICES EMPLOYMENT '000s (SA) | 372.3 |
| YEAR ON YEAR CHANGE '000s (SA) | +18.1 |
| PUBLIC SECTOR SERVICES EMPLOYMENT '000s (SA) | 155.9 |
| YEAR ON YEAR CHANGE '000s (SA) | +2.0 |

SOURCE: CSO QNHS. SEASONALLY ADJUSTED BY DKM.

Employment in Dublin's services sector increased by 3.9% YoY in Q3 2015 to over 528,000, the highest level since the series began in Q1 1998. Over 20,000 jobs were created in the sector. Employment growth of 22.8% in the area of Administration & Support Services (contained in 'Other' in the chart) provided the strongest stimulus. Job creation was also robust in Information & Communication Technology (ICT) and Professional/Scientific/Technical.

EMPLOYMENT IN SERVICES '000s (SA)



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

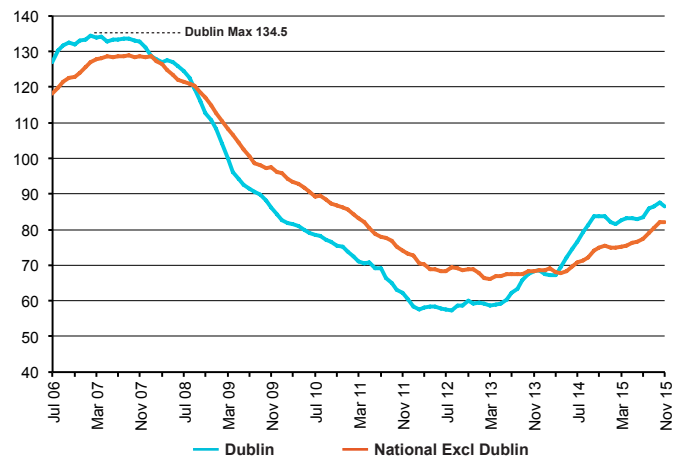
RESIDENTIAL PROPERTY PRICE GROWTH FALLING RAPIDLY

| | NOV '15 |
|---|---------|
| PROPERTY PRICE INDEX DUBLIN | 86.4 |
| YEAR ON YEAR % CHANGE | +3.3 |
| PROPERTY PRICE INDEX NATIONAL EXCL DUBLIN | 82.2 |
| YEAR ON YEAR % CHANGE | +9.6 |

SOURCE: CSO. MORTGAGE-FINANCED TRANSACTIONS ONLY.

Growth in the Residential Property Price Index for Dublin continued in November 2015 but at a much reduced rate of 3.3% YoY. This was the slowest rate of expansion since May 2013 and may be a reflection of the Central Bank's lending restrictions taking meaningful hold in the Capital. Property prices outside of Dublin maintained YoY growth of close to 10% in the month to reach 82.2 on the index.

RESIDENTIAL PROPERTY PRICE INDEX (2005 = 100)



SOURCE: CSO. MORTGAGE-FINANCED TRANSACTIONS ONLY.

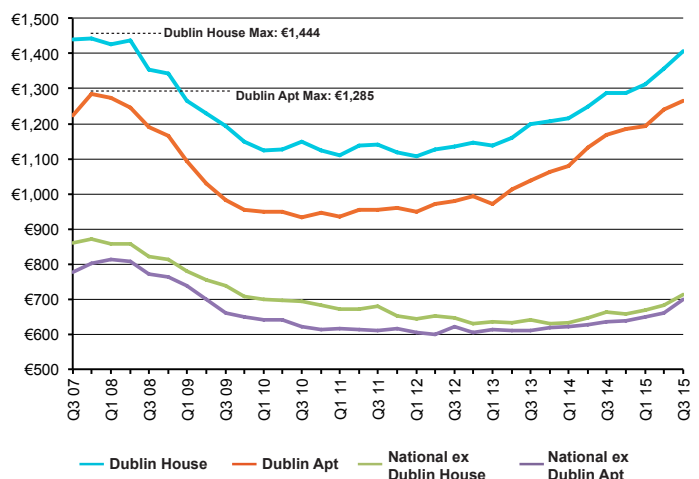
RESIDENTIAL RENTS REACH 7-YEAR HIGH

| | Q3 '15 |
|-----------------------------------|--------|
| DUBLIN HOUSE RENT € PER MONTH | €1,408 |
| YEAR ON YEAR CHANGE € | +€120 |
| DUBLIN APARTMENT RENT € PER MONTH | €1,265 |
| YEAR ON YEAR CHANGE € | +€96 |

SOURCE: PRTB.

Average residential rents in Dublin have increased in every quarter since Q1 2013. Average rents for apartments increased by 30% over the period, with house rents rising by 24%. The average rent for apartments stood at €1,265 in Q3 2015, 8.2% above the same period in 2014. Average rents for houses in the Capital in Q3 2015 were almost double the equivalent rents for houses in the rest of the country at €1,408, and had increased by 9.3% in the year. The average rent for all property types in Dublin reached a 7-year high in Q3 2015.

RESIDENTIAL RENTS € PER MONTH



SOURCE: PRTB.

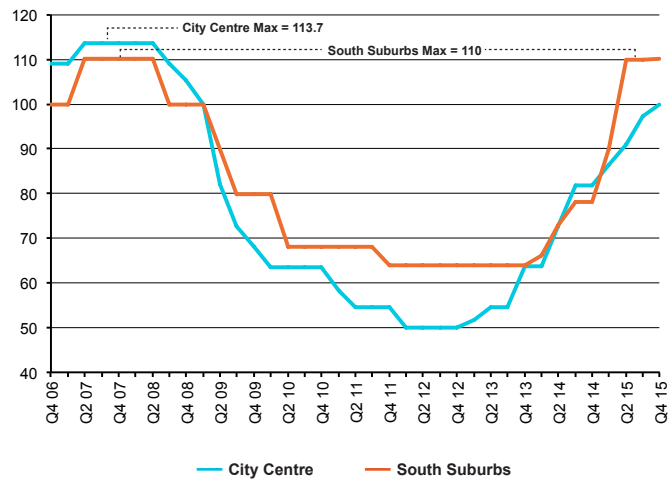
DUBLIN OFFICE RENTS STABLE IN FINAL QUARTER

| | Q4 '15 |
|--------------------------------|--------|
| CITY CENTRE OFFICE RENT INDEX | 100.0 |
| YEAR ON YEAR % CHANGE | +22.3 |
| SOUTH SUBURB OFFICE RENT INDEX | 110.0 |
| YEAR ON YEAR % CHANGE | +41.0 |

SOURCE: CBRE

Office rents in Dublin remained relatively stable between Q3 and Q4 2015, with only the City Centre recording an increase over the period. Rents in the City Centre rose by 2.8% QoQ as supply constraints continued to affect the area. The rent indices covering the Suburbs were all unchanged for a second consecutive quarter. This was particularly notable for the South Suburbs where rents remained at peak levels in Q4 2015, 41% above the same quarter in 2014.

DUBLIN OFFICE RENTS INDEX (2006 = 100)



SOURCE: CBRE.

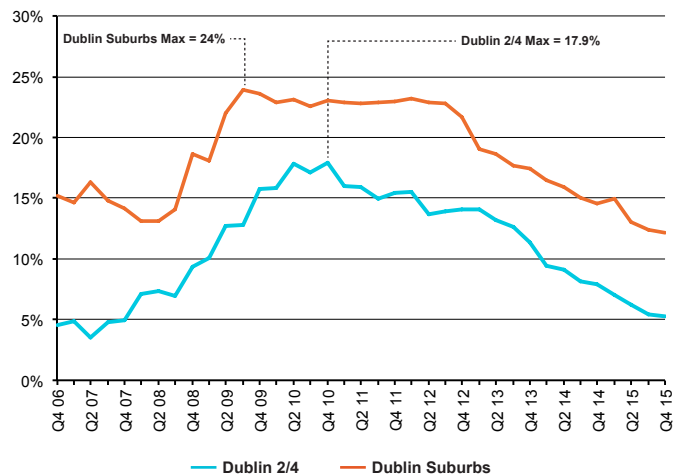
OFFICE VACANCY RATES CONTINUE TO FALL

| | Q4 '15 |
|----------------------------------|--------|
| VACANCY RATE % DUBLIN 2/4 | 5.2 |
| YEAR ON YEAR CHANGE % AGE POINTS | -2.6 |
| VACANCY RATE % DUBLIN SUBURBS | 12.2 |
| YEAR ON YEAR CHANGE % AGE POINTS | -2.4 |

SOURCE: CBRE.

The overall Dublin office vacancy rate fell for a 13th consecutive quarter in Q4 2015, declining from 9.3% in Q3 to 8.7% in the final quarter. The Q4 2015 rate was 3.1 percentage points (pp) lower than for the same period in 2014, and was driven by reduced vacancy across both the city and suburbs. Vacancy rates in Dublin 2/4 fell to 5.2% in the quarter, while rates in the suburbs declined by 2.4pp YoY to reach 12.2%, the lowest point since the series began in Q1 2006.

DUBLIN OFFICE SPACE VACANCY RATES %



SOURCE: CBRE.

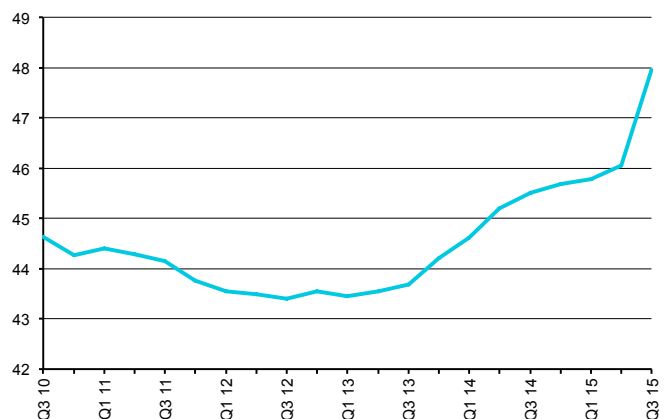
PUBLIC TRANSPORT USAGE INCREASES FURTHER IN Q3 2015

| | Q3 '15 |
|-------------------------------------|--------|
| PUBLIC TRANSPORT MILLION TRIPS (SA) | 48.0 |
| YEAR ON YEAR CHANGE (SA) | +2.4 |

SOURCE: NTA SEASONALLY ADJUSTED BY DKM.

A seasonally adjusted total of 48 million public transport trips were undertaken in Dublin in Q3 2015, the highest volume in any quarter since the series began in Q1 2010. This was an increase of 2.4 million trips or 5.4% above the same period in 2014. On a QoQ basis, public transport trips accelerated at a robust rate of 4.1% from 46.1 million trips in Q2 2015. This increase in public transport usage is likely to be a reflection of the growing employment levels in the Dublin economy.

PUBLIC TRANSPORT MILLION TRIPS (SA)



SOURCE: NTA SEASONALLY ADJUSTED BY DKM.

DUBLIN ECONOMIC INDICATORS

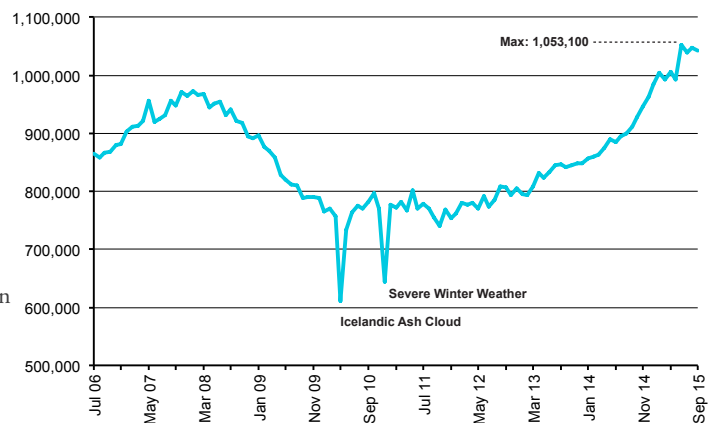
DUBLIN AIRPORT MAINTAINS STRONG PERFORMANCE IN Q3 2015

| | SEP '15 |
|--------------------------------------|---------|
| TOTAL ARRIVALS '000s (SA) | 1,043.1 |
| YEAR ON YEAR CHANGE '000s TRIPS (SA) | +131.6 |

SOURCE: CSO, SEASONALLY ADJUSTED BY DKM.

Dublin Airport's exceptionally strong year continued through to September 2015 as passenger arrivals in the month increased by 14.4% YoY (seasonally adjusted). Arrivals were stable between July and September 2015 at approximately 1.04 million per month. In the first three quarters of 2015 the airport recorded inward passenger growth of 1.23 million which represented an annualised increase of 15.5%.

DUBLIN AIRPORT ARRIVALS '000s (SA)



SOURCE: CSO, SEASONALLY ADJUSTED BY DKM.

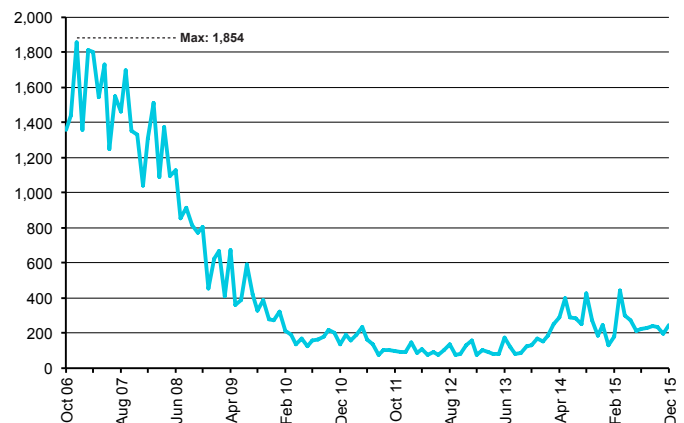
DUBLIN'S HOUSING SUPPLY SHORTAGES PERSIST

| | DEC '15 |
|------------------------------|---------|
| TOTAL HOUSE COMPLETIONS (SA) | 246 |
| YEAR ON YEAR CHANGE (SA) | +2 |

SOURCE: DECLG, SEASONALLY ADJUSTED BY DKM.

The supply of new housing to the Dublin residential market remained depressed in December 2015 with fewer than 250 units (seasonally adjusted) completed in the month. Housing completions across 2015 totalled 2,891 and were 11.5% below the total for 2014. In the context of growing employment, this low supply will have put upward pressure on house prices and rents. This shortage may be partially alleviated in 2016 as housing commencements increased towards the end of 2015.

DUBLIN HOUSING COMPLETIONS (SA)



SOURCE: DECLG, SEASONALLY ADJUSTED BY DKM.

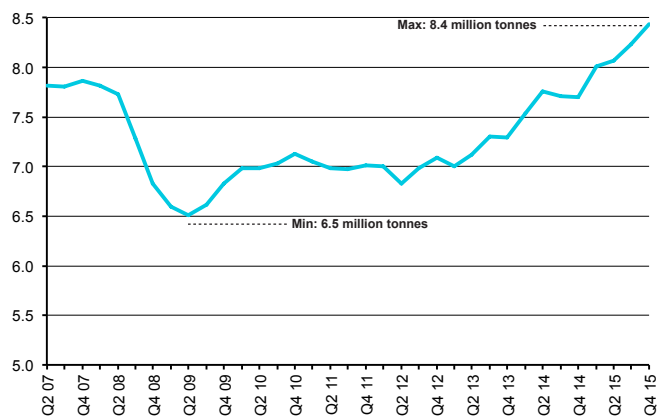
DUBLIN PORT TONNAGE REACHES NEW PEAK IN Q4 2015

| | Q4 '15 |
|---|--------|
| DUBLIN PORT MILLION TONNES (SA) | 8.4 |
| YEAR ON YEAR CHANGE MILLION TONNES (SA) | +0.7 |

SOURCE: DUBLIN PORT, SEASONALLY ADJUSTED BY DKM.

The total tonnage handled at Dublin Port rose by 2.5% QoQ to reach a new peak of 8.4 million tonnes (seasonally adjusted) in Q4 2015. This was an increase of 9.4% YoY, and was driven by strong growth in both imports and exports. Almost 33 million tonnes were handled by the port across 2015, and this represented an increase of 2 million tonnes or 6.4% when compared to 2014. Ro-Ro traffic was the main contributor to this expansion, recording growth of almost 1.4 million tonnes over the year.

DUBLIN PORT TONNAGE MILLION TONNES (SA)



SOURCE: DUBLIN PORT, SEASONALLY ADJUSTED BY DKM.

DUBLIN FEATURES STRONGLY ON KEY BENCHMARKS

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 key benchmarks (see table below). The benchmarks listed focus on a number of areas – attractiveness for FDI, the real estate market, quality and cost of living, business environment, university quality, start-up environment and tourism.

Noteworthy is Dublin's 3rd place in the latest JLL Global City Momentum Index, the first time it has featured in the Top 10. Meanwhile Ireland as a whole continues to lead the world in attracting high-value foreign direct investment (FDI) projects, with top ranking on both IBM's 2015 Global Locations Trends report and the 2015/2016

Adecco Global Talent Competitiveness Index. However, the latter also notes some slippage in our ability to attract international talent in the last year. Dublin ranks 8th in Europe in the newly launched Nesta Foundation Digital City Index, focussing on the 'start-up' and 'scale-up' environment, and ranks 7th place in both the Europe's Biggest Startup Cities index and in Savills Tech Cities ranking. Nesta does however note that the city ranks poorly for digital infrastructure (broadband speed and access, etc.) compared to other major EU cities.

The commercial property market continues to perform well, ranking 3rd in the PWC European city index, which notes that the market is moving into a new phase, whereby the opportunity to invest in distressed assets

has largely passed and investors will need to take greater risks in future to generate returns. Dublin's universities rank particularly strongly on entrepreneurship, in terms of spinning off companies and attracting capital. Both TCD and UCD feature in the Top 10 in Europe in this regard. While the city ranks well on cost of living for ex-pats, quality of life could perhaps be better, ranking 34th in the Mercer Quality of Life index.

On the other hand, Dublin's score on the Reptrak Index, which measures a city's reputation compared to its peers, has risen five places to 22 in the latest edition. Elsewhere, the Airports Council International (ACI) has confirmed that in the year to September Dublin was in the Top 20 busiest airports in Europe.

DUBLIN'S LATEST INTERNATIONAL RANKINGS

| SOURCE | BENCHMARK CRITERIA | YEAR | RANKING | CHANGE [†] |
|--|---|---------|---------|---------------------|
| FDI Intelligence European Cities and Regions of the Future | Socio-economic | 2016 | 3* | ▲ |
| Citylab Global City Economic Power Index | Index of indices | 2015 | 16 | ▲ |
| PWC Emerging Trends in Real Estate Europe 2016 | Real estate investment, development | 2016 | 3 | ► |
| JLL Global City Momentum Index | Economic base, real estate, | 2015 | 3 | ▲ |
| Reputations Agency/Reputation Institute City Reptrak Index | Aesthetic quality, environment, technology, financial stability, etc. | 2015 | 22 | ▲ |
| Mercer 2015 Cost of Living Survey | Cost of consumer goods & services | 2015 | 49 | ▼ |
| Mercer 2015 Quality of Living Survey | Environmental/socio-economic | 2015 | 34 | ► |
| QS World University Rankings | University quality | 2015/16 | 78** | ▼ |
| Pitchbook University Report 2015/2016 | | | | |
| - Top EU Entrepreneurial University (Undergrad) | Entrepreneurs, company count, capital raised | 2015 | 1, 4*** | ▲ |
| - Top EU Entrepreneurial University (MBA) | Entrepreneurs, company count, capital raised | 2015 | 8**** | ▲ |
| Savills Tech Cities | Business environment | 2015 | 7 | - |
| Nesta Foundation European Digital City Index | Range of start-up and scale-up themes | 2015 | 8 | - |
| EU Startups Europe's Biggest Startup Cities | Startups registered, visitors | 2015 | 7 | ▲ |

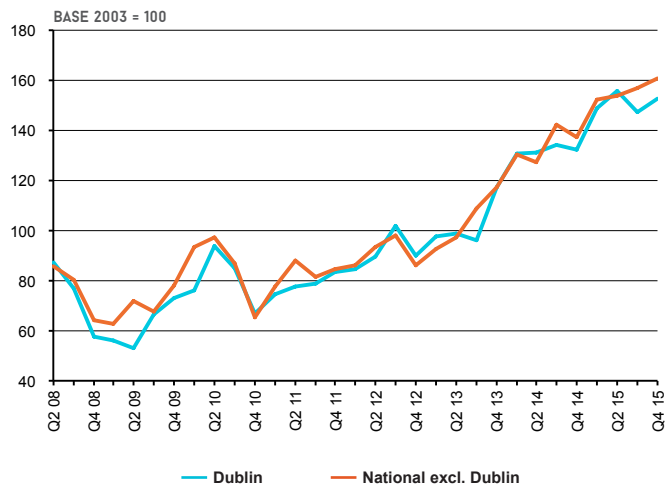
*OF MAJOR EUROPEAN CITIES; **TCD; ***TCD, UCD; ****UCD. †CHANGE ON PREVIOUS PUBLICATION OF THE RELEVANT BENCHMARK. AN UPWARD-POINTING ARROW DENOTES AN IMPROVEMENT.

IMPROVEMENT IN DUBLIN CONSUMER SENTIMENT IN Q4

| CONSUMER SENTIMENT | DUBLIN | NATIONAL EXCL. DUBLIN |
|---------------------------|--------|-----------------------|
| Q4 2015 | 152.6 | 160.6 |
| YEAR ON YEAR CHANGE | +20.5 | +23.4 |
| QUARTER ON QUARTER CHANGE | +5.4 | +3.7 |

The overall Consumer Sentiment Index for Dublin improved in the fourth quarter of 2015 to 152.6 from 147.2 in the third quarter of the year. The improvement was evident across the majority of the underlying questions, but was principally driven by a more positive assessment of both current and future household finances. In addition, consumers were notably more optimistic on prospects for the jobs market.

DUBLIN SENTIMENT OVERALL

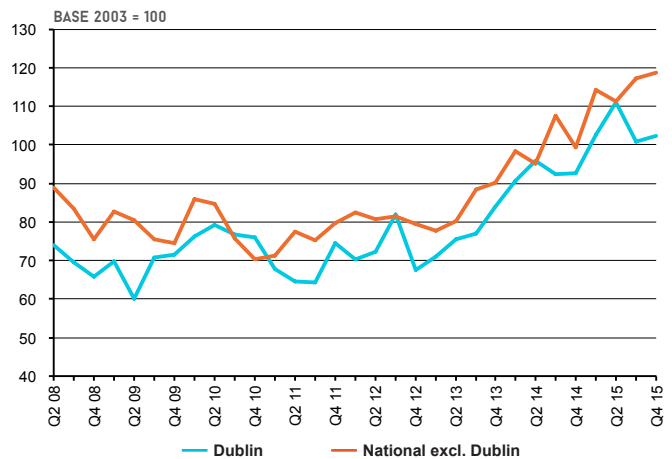


SLIGHT IMPROVEMENT IN PERCEPTIONS OF CURRENT CONDITIONS

| CURRENT CONDITIONS | DUBLIN | NATIONAL EXCL. DUBLIN |
|---------------------------|--------|-----------------------|
| Q4 2015 | 102.3 | 118.7 |
| YEAR ON YEAR CHANGE | +9.6 | +19.3 |
| QUARTER ON QUARTER CHANGE | +1.4 | +1.4 |

While the increase in consumer sentiment in Dublin in the fourth quarter has been primarily the result of more positive expectations for the future, Dublin consumers also have a slightly improved perception of the current environment. However, they remain cautious in their assessment of the current buying climate for major household durables.

DUBLIN CURRENT CONDITIONS

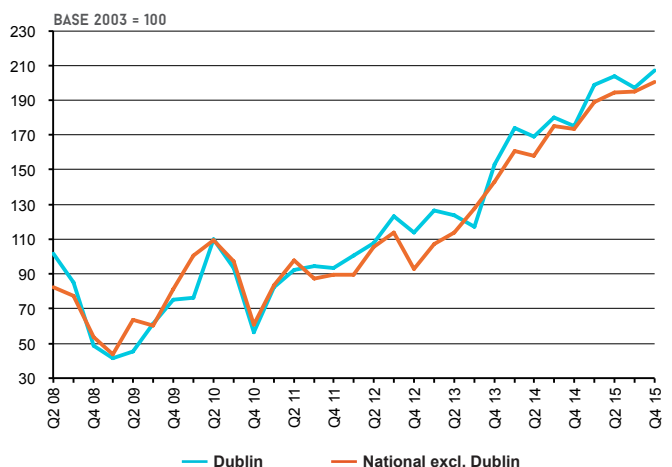


CONSUMER EXPECTATIONS IN DUBLIN INCREASE STRONGLY

| CONSUMER EXPECTATIONS | DUBLIN | NATIONAL EXCL. DUBLIN |
|---------------------------|--------|-----------------------|
| Q4 2015 | 207.1 | 200.6 |
| YEAR ON YEAR CHANGE | +32.3 | +27.3 |
| QUARTER ON QUARTER CHANGE | +9.7 | +5.9 |

Positive expectations have been the main driver of overall consumer sentiment in Dublin in Q4. Over 35 per cent of Dublin consumers expect their household financial situation to improve over the next 12 months compared to the 14 per cent that envisage a deterioration, the strongest reading in this element of the survey since the beginning of 2006. Some 65 per cent of Dublin consumers are positive in their view of the economic outlook for the next year compared to 9 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.

DUBLIN EXPECTATIONS



ABOUT

The KBC/ESRI sentiment index is based on responses from consumers about general economic conditions and their household finances. A more detailed commentary is available at www.kbc.ie/Blog



DUBLIN BUSINESS OUTPUT EXPANDS, DRIVEN BY CONSTRUCTION

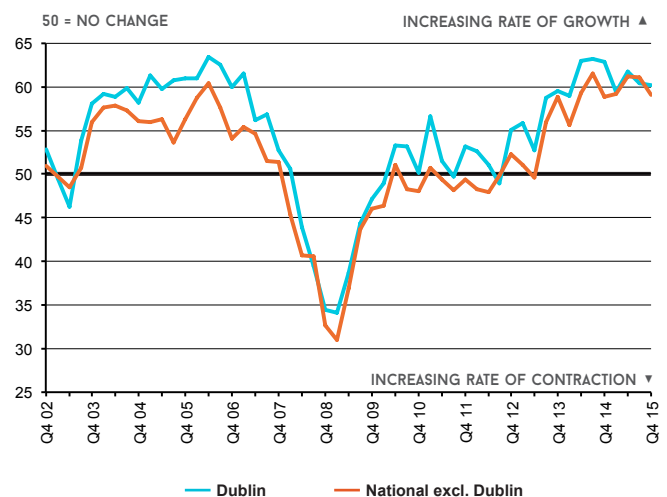
| OVERALL MARKET PMI | DUBLIN | NATIONAL EXCL. DUBLIN |
|--------------------|--------|-----------------------|
| Q4 2015 | 60.2 | 59.1 |
| YOY CHANGE | -2.6 | +0.2 |
| QOQ CHANGE | -0.2 | -2.0 |

At 60.2, the output index saw further strong expansion in Dublin in Q4 2015. This was broadly in line with Q3 (60.4). Any reading above 50.0 indicates growth.

The Rest of Ireland also recorded a sharp rise in activity in Q4, but the rate of growth was weaker than recorded in Dublin.

The Dublin construction sector posted the fastest expansion, closely followed by services. Manufacturing production also continued to rise at a marked pace at the end of 2015.

OVERALL MARKET DUBLIN PMI (SA)



NEW ORDERS INCREASE TO BOLSTER OUTPUT

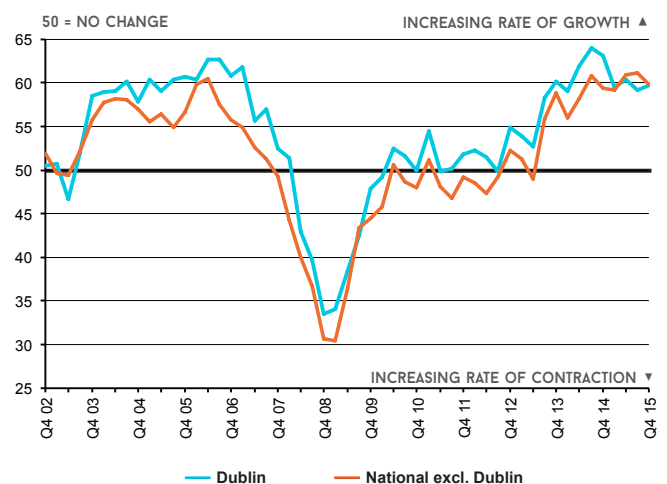
| NEW ORDERS | DUBLIN | NATIONAL EXCL. DUBLIN |
|------------|--------|-----------------------|
| Q4 2015 | 59.7 | 59.8 |
| YOY CHANGE | -3.4 | +0.4 |
| QOQ CHANGE | +0.5 | -1.4 |

Growth of output was supported by a further sharp increase in new business in Q4 2015. The New Orders index reached 59.7.

Moreover, the rate of expansion in Dublin new orders was slightly faster than seen in Q3.

New business in Dublin increased at a broadly similar pace to that seen across the Rest of Ireland.

OVERALL PMI NEW ORDERS (SA)



EMPLOYMENT GROWTH QUICKENS IN Q4 2015

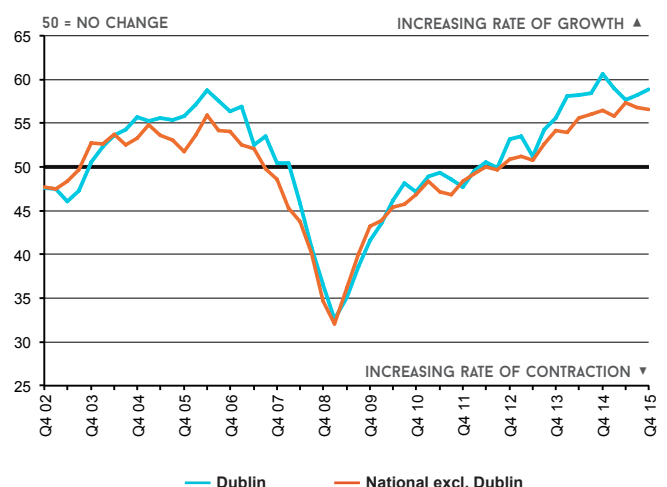
| EMPLOYMENT GROWTH | DUBLIN | NATIONAL EXCL. DUBLIN |
|-------------------|--------|-----------------------|
| Q4 2015 | 58.9 | 56.6 |
| YOY CHANGE | -1.7 | +0.1 |
| QOQ CHANGE | +0.7 | -0.2 |

Companies in Dublin continued to take on extra staff at a considerable pace during the final quarter of 2015. The Employment index strengthened to 58.9.

Moreover, the rate of job creation quickened from Q3 and was the sharpest since the first three months of the year.

Employment growth in Dublin remained faster than in the Rest of Ireland, with the outperformance in Q4 the largest in three quarters.

OVERALL PMI EMPLOYMENT GROWTH (SA)



ABOUT

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 www.markit.com



FUTURE- PROOFING DUBLIN'S TOURISM ECONOMY



ORLA CARROLL
DIRECTOR OF STRATEGIC
DEVELOPMENT, FÁILTE IRELAND

Tourism is the lifeblood of every major city: it provides jobs and revenue, incentivises the preservation of cultural heritage, and allows the exchange of ideas and inspiration. By reframing Dublin as an experience brand, we are future-proofing Dublin's tourism economy.

The Grow Dublin Taskforce (GDT) was established by Fáilte Ireland in 2012 and brought together stakeholders from industry, State agencies, local authorities and international destination experts to devise a strategy to reverse the downward trend in tourism to Dublin, and drive growth in the period to 2020.

The GDT strategy was published in early 2014 and highlighted the approach that should be taken to restore growth from major markets, centred around a new and distinctive proposition: 'Dublin is a vibrant capital city bursting with a variety of surprising experiences – where city living thrives side-by-side with the natural outdoors.'

"DUBLIN VISITOR NUMBERS REBOUNDED TO 4.5 MILLION IN 2015. HOWEVER THE CITY IS NOT REACHING ITS POTENTIAL AND IS BEHIND THAT OF ITS EUROPEAN COMPETITOR CITIES."

While Dublin tourism has experienced recovery, the city is underperforming against its potential. Overseas visitor numbers to Dublin plummeted by nearly a quarter from more than 4.4m in 2007 to just 3.4m in 2010, but recovered to a projected 4.5m in 2015. However, growth remains below that of Amsterdam, Prague, Berlin, Copenhagen & Edinburgh. Each of these cities has built on its visitor appeal and image by adopting a strategic

approach to improve the visitor experience and meet its city's brand proposition. Between 2008-2013 Berlin grew international bednights by almost 11% and Copenhagen by more than 8%, compared to a European average growth rate of 5%.

Research on Dublin's brand image showed the city falling behind, with an indistinct, somewhat grey and dull image and little awareness of what the city has to offer beyond drink-filled evenings. The research identified that there is a gulf between the image of Dublin in the minds of potential visitors and the reality. We need to overcome barriers in terms of Dublin not being on the radar, being seen as dusty & old-fashioned and that there is not enough to see and do. In addition two fundamental truths were identified in the research:

1. Across all markets & segments, there was a striking ignorance of Dublin;
2. There is an inability to make a distinction between Dublin & the rest of Ireland.

The vision has been to re-invent Dublin from a city defined mainly as an alcohol-fuelled party city to a 'must visit' destination with an evolving breadth and depth of stimulating experiences to see and do.

In 2015, the Grow Dublin Tourism Alliance (GDTA) – which will implement GDT's strategy—developed a new brand for Dublin that embodies the essence of the city and engages foreign visitors and locals alike. This creative platform works for Dublin on two levels:

(i) Dublin sits smack in between the mountains and the sea. A holiday in Dublin is so much more than just a city break – you've got almost immediate access (only 20 minutes to mountains or coastal villages) to a multitude of outdoor adventures, and the city itself is full of open spaces



permeated by the refreshing sea and mountain air.

(ii) Dublin is also a breath of fresh air in the sense that a holiday here is not your typical tourist break. This vibrant city is full of exhilarating experiences and has wit and charm in abundance. Dublin is a city that you can authentically discover in a way unlike anywhere else. The 'Dublin – A Breath of Fresh Air' campaign is being led by Fáilte Ireland, in collaboration with multiple stakeholders. The new strategy is being financed through a joint public/private marketing fund, with contributions from Fáilte Ireland, the four Dublin local authorities, the Irish Hotel Federation and others in the private sector.

We are in a vastly different landscape than in 2012 when this journey started. There has been a global upturn, reflected here in Ireland. Thanks to improved exchange rates and access, Dublin finds itself in an excellent position to capitalise on this. However, we cannot rest on our laurels and must build on recent growth to ensure that we can compete in the future.

www.visitdublin.com/home



SCALING A SOFTWARE BUSINESS IN DUBLIN

MICHAEL CULLEN

DUBLIN GLOBE

Dublin has firmly established its reputation in the high growth Software as a Service (SaaS) industry, a software licencing and delivery model in which software is licenced on a subscription basis and is centrally hosted.

The Capital is recognised as the number one destination for global SaaS giants like Google, Microsoft, and Salesforce, and a perfect location to grow their Europe, Middle East & Africa (EMEA) markets. It is also developing as an extremely attractive place for ambitious SaaS start-ups to call home if scaling their business quickly is the ultimate aim. So, what is it about the Irish Capital that has turned it into a global hub of this high-tech, growth-focused Software as a Service industry?

TALENT

CEOs of multi-billion dollar corporations and founders of small start-ups with big aspirations alike will cite the availability of talent, above all, as the key motivating factor. Dublin boasts a well-educated, highly-skilled, English-speaking indigenous workforce. There is a growing focus in second- and third-level education on the Science, Technology, Engineering & Maths (STEM) subjects, while many graduates have the opportunity to cut their teeth in the large multinationals, giving them invaluable experience of a level of professionalism and scale that is difficult to find elsewhere. As Michael Kavanagh, CEO of Dublin-based data analytics start-up, Social Honey, puts it: “So many Irish graduates have been exposed to much larger software infrastructure support and architecture at a very early stage in their careers... There’s a recognition of what scale looks like and an appetite to play in it.”

LIFESTYLE

It’s not just the native Irish talent that is driving Dublin’s SaaS revolution, however, as the city’s lifestyle and culture has drawn professionals from all over Europe who are more than happy to make a new home Liffey-side. Walk through the Docklands between 7am and 9am any weekday morning and you will be caught up in a veritable swarm of young techies of all nationalities making their way to the offices of one big tech name or another via Italian coffee shops, 24-hour gyms, yoga studios, and stylish breakfast retailers. Emmet Ryan of the Sunday Business Post’s Connected Magazine describes how Dublin has come a long way in short space of time: “On a basic level, socially, there’s a lot more variety in terms of things to do, places to drink, places to eat, and it’s really compact.”



FINANCIAL INCENTIVES

Ease of access to one’s target market is also an important part of the growth equation and an area in which Dublin-based companies are particularly strong given the openness of the Irish economy and lack of exchange rate risk when trading within the Eurozone. It would also be remiss not to mention the very competitive rate of Corporation Profits Tax (CPT), the support available to scaling businesses from organisations like IDA Ireland and Enterprise Ireland, and a well-developed R&D tax credit scheme – all of which provide significant financial benefits when growing a business in Dublin.

Dublin is clearly the place to be to enhance your chances of scaling successfully, and Reza Chowdhury of New York’s premier tech publication, Alley Watch, sums it up nicely: “A number of fundamental factors including a highly skilled workforce, established multinationals like Facebook and Google with presences in the city, and proximate geography to a number of important markets make Dublin poised to continue this growth.”

Find more articles like this on www.dublinglobe.com

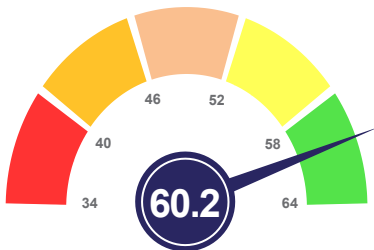
DUBLINGLOBE

DUBLIN: ECONOMIC SCORECARD Q4 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). The Commercial Property gauges are red at the high and low extremes, in recognition of the undesirability of either too high or too low rents/vacancy rates.

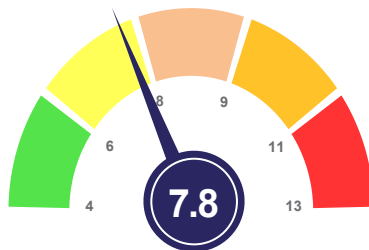
ECONOMY

MARKIT BUSINESS PMI Q4 2015



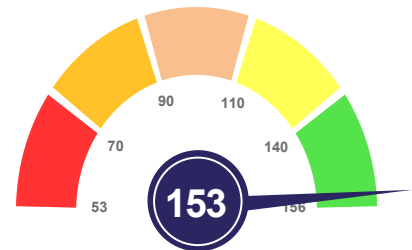
3 MONTH MOVING AVERAGE (SA)

UNEMPLOYMENT RATE Q3 2015



% (SA)

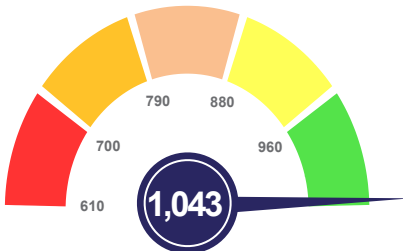
KBC/ESRI CONSUMER SENTIMENT Q4 2015



INDEX (2003 = 100) (SA)

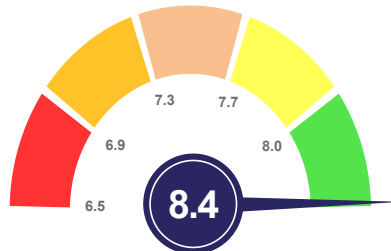
TRANSPORT

AIRPORT ARRIVALS SEPT 2015



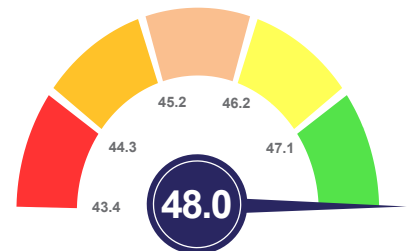
'000s/MONTH (SA)

SEAPORT CARGO Q4 2015



MILLION TONNES/QUARTER (SA)

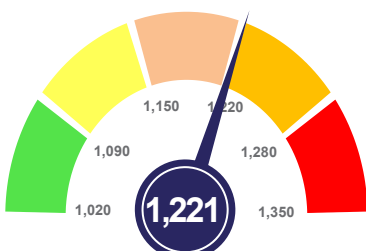
PUBLIC TRANSPORT TRIPS Q3 2015



MILLION TRIPS/QUARTER (SA)

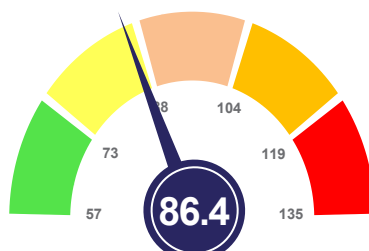
RESIDENTIAL PROPERTY

AVERAGE RESIDENTIAL RENTS Q3 2015



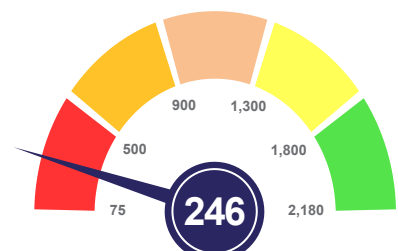
€/MONTH

RESIDENTIAL PROPERTY PRICE INDEX NOV 2015



INDEX 2005 = 100

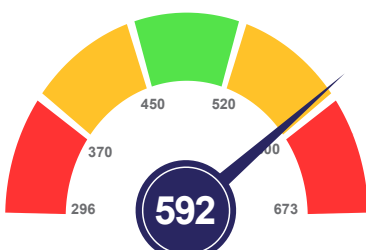
HOUSING COMPLETIONS DEC 2015



UNITS/MONTH (SA)

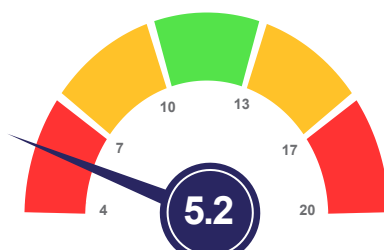
COMMERCIAL PROPERTY

DUBLIN CITY CENTRE OFFICE RENT Q4 2015



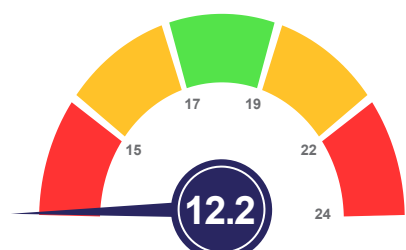
€/SQ.M.

DUBLIN 2/4 OFFICE VACANCY RATE Q4 2015



%

DUBLIN SUBURBS OFFICE VACANCY RATE Q4 2015



%



Oifig Fiontair Áitiúil

Local Enterprise Office



Thinking of starting your own business?

Your Local Enterprise Office (LEO) is the first stop shop for anyone with an existing business, or anyone who plans on starting a new one. A wide range of skills and experience will be at your disposal, and you can avail of a wide range of services including business advice, mentoring, training, business networking and financial assistance. The LEO aims to foster and develop entrepreneurship and start-ups in Dublin.

...Let's talk business

Oifig Fiontair Áitiúil

Local Enterprise Office



Comhairle Cathrach
Bhaile Átha Cliath
Dublin City Council

Tel: 01 222 5611
www.localenterprise.ie/dublincity



Comhairle Contae County Council

Tel: 01 204 7083
www.localenterprise.ie/dlr

Comhairle Contae
Fhine Gall
Fingal County
Council



Tel: 01 890 0800
www.localenterprise.ie/fingal



Comhairle Contae
Átha Cliath Theas
South Dublin County Council

Tel: 01 414 9000
www.localenterprise.ie/southdublin



Ireland's EU Structural and
Investment Funds Programmes
2014 - 2020
Co-funded by the Irish Government
and the European Union



European Union
European Regional
Development Fund