Mid-West Economic Insights

Spring 2022

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Mid-West at a Glance

Spring 2022

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1,331
Homes delivered in 2021

40,390
No. of people on income supports as of February 27th 2022

322.9k
Passengers through Shannon Airport in 2021 (SA)

2,464
Yearly housing demand as per ESRI

+14.8%
YoY Increase in residential property price index (Feb '22)

4.5%
Unemployment rate Q4 2021

10.9m
Tonnes through Shannon Foynes Port in 2021

2,834
Homes granted approval in 2021

€21.9k
2019 disposable income

239.7k
Number of people at work in Q4 2021

41.7k
Employed in 'Industry' - the largest sector

Executive Summary

The Spring 2022 edition of the Mid-West Economic Insights is the first economic update published for the Mid-West in what some might call a post-pandemic world. While the pandemic and Covid-19 are still very much at the forefront of people's minds, as we see in our consumer sentiment survey, some elements of our regional economy have bounced back in ways unimaginable if we were to think back to the onset of the pandemic and introduction of restrictions in 2020, however, others still lag behind.

Employment & Enterprise

Employment has remained remarkably resilient in the face of the pandemic, while not every person will feel the improvements of removal of restrictions, the headline employment figures for the Mid-West offer a sign of hope.

Not only is our unemployment rate lower than it was pre pandemic (4.9% vs 4.5%) our labour force has grown by over 24,000 people which has largely increased the amount of people at work across the Mid-West since pre-pandemic (215,000 vs 240,000). The live register and other pandemic income supports have been on a steady decline since restrictions were removed. While our employment story is good, it is important to note there are some cohorts that will need help in returning to the workforce, namely those hardest hit in younger cohorts and people working in businesses that, unfortunately, did not survive the pandemic.

FDI related employment is also growing quite strongly across the Mid-West, with IDA supported employment growing by 4.9% from 2020 to 2021 - now totaling over 25,000 jobs across the Mid-West. This puts the Mid-West at the fourth largest region in terms of employment, behind Dublin (124,000), South-West (48,000) and West (29,000). Still, much of the IDA supported employment remains around the Greater Dublin Area (GDA) with the remaining six regions competing for the remainder of employment. National policy must improve to divert more FDI outside of the GDA to improve economic outcomes of the regions and ensure more balanced economic development. This will require a coordinated approach to the improvement of infrastructure and capital investment in the regions.

However, the enterprise sector is not without its difficulties. Nationally, the commercial vacancy rate has been trending upwards with the Mid-West increasing in line with the national trend. According to GeoDirectory, the national commercial vacancy in Q4 2021 was 13.9%, in Limerick it was 16.7%, in Clare it was 15.2% and in Tipperary it was 14.5%. There are also areas of note within the Mid-West that have particularly high commercial vacancy rates. Kilrush has a commercial vacancy of 26.2%, Shannon has a commercial vacancy of 23.9%, Abbeyfeale has a commercial vacancy of 23.6%, Newcastle West has a commercial vacancy of 21.8%, Limerick City has a commercial vacancy of 19.4% and Ennis has a commercial vacancy of 18.1%.

Policy interventions must be designed to either encourage businesses back into these spaces or else change their use to accommodate other areas - perhaps residential. Local development plans must support the improvement and growth of population in these areas.

In terms of both office and industrial space demand is high with vacancy in commercial space now at 7.4% (the lowest it has been in 20 years) and vacancy in industrial space now at 4.1%. Most availability is within suburban locations - something which must be addressed, especially with office space, to entice people to live in a city centre location close to their place of work and social spaces. Construction in Q1 2022 for office space has already surpassed the whole of 2021 - which will go some way to alleviating the vacancy rate. However, Limerick needs to improve provision of both these spaces so that it can remain attractive to indigenous and international businesses.

Education & Skills

A unique selling point and asset of the Mid-West is our high concentration of Higher Education Institutions (HEIs). In the 2020 / 2021 academic year, enrolments across the Mid-West reached almost 29,000 with 84% of those enrolled in full-time courses. In 2020, the Mid-West saw almost 10,000 students graduate from these HEIs. This ever increasing pipeline of graduates ensures that the Mid-West remains attractive to both foreign and domestic businesses. Across the Mid-West we also have a strong contingent undertaking apprenticeship programmes with the Education & Training Boards (ETBs) - reaching 1,514 in 2020. This further bolsters the Mid-West's ability to attract and retain investment through a strong knowledge capital base.

Housing

Housing issues are not unique to the Mid-West, or even Ireland. It is an issue that most developed economies are currently grappling with - some better than others. While the Mid-West is not alone in dealing with these issues, it is imperative for the economic and social wellbeing of the region that these issues are addressed as a matter of urgency.

From February 2021 to February 2022, the residential property price index across the Mid-West grew by 14.8% - nationally it increased by 15.3%. In February 2022, the median national house price stood at c. €290,000. Limerick City stood at c. €210,000, Limerick County at c. €207,000, Clare at c. €227,000 and Tipperary at c. €150,000. That means to purchase the median house in Limerick City buyers would have to have a gross income of c. €54,000 in conjunction with a 10% deposit, for Limerick County the income required required would be c. €53,000, for Clare the income needed would be c. €58,000 and Tipperary it would be c. €38,500.

Using the latest available CSO figures, Q4 2019 to Q4 2021 showed that rental prices in Limerick City have increased by 15.6% representing an additional annual spend of €2,280 for tenants. In Limerick County the average rental prices increased by 21.1%, an additional annual spend of €2,268. In Clare, average rents have increased by just over a quarter (25.8%), representing an additional annual spend of €2,676 for tenants. In Tipperary, rents increased by 18.6%, an increased annual spend of €1,884. This is likely due to the low rental availability across the Mid-West but strong demand.

Across Ireland there is a price gap between paying a mortgage versus the cost of renting. Nationally, the cost of paying a mortgage for the median home is 66% of what it would cost to rent the average home. In Limerick City this is 43%, Tipperary is 66%, Clare is 71% and Limerick County is 73%. Until this price gap is addressed through increased affordable rental, namely cost rental, owning a home will always be a more attractive option.

Limerick Chamber operates a rental tracker whereby we track the number of rentals available each month across Daft and My Home for Limerick City and Suburbs. In April 2022, just 21 residential home rentals were available across Limerick City and Suburbs, the average cost was €1,677. Just 5 of these homes were 1-beds.

In 2021 606 homes were completed in Limerick, 410 in Clare and 315 in Tipperary. For Limerick, about 3 in every 10 new homes were purchased by owner occupiers - the remainder were captured by the State (4 in 10) and other buyers (3 in 10). In Clare, owner occupiers purchased just 4 of every 10 new homes while the state accounted for the same amount and other buyers approximately 2 in every 10 new homes. In Tipperary owner occupiers accounted for 3 in every 10 new homes while the state accounted for 6 in every 10 new homes. Mechanisms must be put in place to increase the share of homes available to owner occupiers - currently they account for a small portion of the new home market.

One possible mitigation measure for increasing supply of housing in the short to medium term is to carry out a full analysis of vacant and derelict homes. While some of these homes will not be suitable due to location and scale of refurbishment needed, the first step is to identify what is required to make these homes livable again. Across the Mid-West there are c. 11,700 homes that are vacant or derelict. Furthermore, the level of homes across the Mid-West that were granted planning permission in 2021 is very encouraging (c. 2,800 homes). If these permissions were to be activated / commenced and subsequently maintained for the coming years then the Mid-West would meet its projected annual demand for homes (c 2,400). However, this does not include pent up demand which increases with each passing year. It is important to note that planning permission does not guarantee homes will be delivered, ensuring activations of planning permissions is a must.

Tourism

A key aspect of the tourism sector is the ability to provide accommodation. There have been increasing anecdotal reports of hotels scaling back available nights due to staff shortages. Utilising the full capacity of the hotel sector should be a priority for Government going forward.

For 2022 year to date the hotel sector in Limerick has bounced back with figures for revenue per available room (RevPar), the average rate per available room (ARR) and hotel occupancy rate achieving improved results compared to pre-pandemic. However, full year data must be available before drawing a direct comparison. The coming summer months are expected to boost the sector, however, staff shortages will likely remain a key issue.

Air travel remains a key priority for increasing Ireland's regional connectivity and encouraging business development and retention in the regions. The dominance of Dublin is still present, even in a post pandemic period, with Dublin Airport accounting for 90% of passengers in Ireland. Enterprise and Aviation policy must work together going forward to not only increase regional connectivity but also create vibrant enterprise hubs.

Logistics

Connectivity is a core aspect that businesses take into consideration when choosing to locate within a region. Shannon Foynes Port is a national tier 1 port and is the largest dry bulk handling port in Ireland, supplying over 3,900 jobs for the Mid-West. 2021 saw port activity recover to and beyond pre-pandemic levels for Shannon Foynes across all bulk types (Dry, Liquid & Break bulk), with overall bulk tonnage increasing by 16% on 2020 and 13.9% on pre-pandemic levels in 2019. Furthermore, the level of planned investment at Shannon Foynes Port has the potential to benefit the region and play a key role in achieving regional balanced growth going forward. Several infrastructure projects linking Foynes to the wider region such as road and rail helping to improve connectivity for businesses in the region are in the pipeline. Once these upgrades are complete, 75% of Ireland's GDP production will be within 2-hours of Shannon Foynes Port.

Consumer & Business Sentiment

Limerick Chamber's first ever consumer sentiment survey, surveyed just over 300 people across the Mid-West, ranging across all age groups and occupations. At a high level, over the coming 12 months the majority of people think they will be in a better financial position and they will increase their savings rate. This may negatively influence how much they will spend in the local economy. The majority of people also report an expected curtailing of discretionary expenditure due to increased prices and uncertainty. This is likely going to feed into businesses' bottom line as consumers take a more pragmatic approach.

Businesses have a positive outlook for the coming months with 87.5% of businesses surveyed expecting to expand their workforce in the next six months - this will become more of an issue the closer Ireland moves to full employment. The majority of businesses (70%+) are confident in both the Irish economy and the Irish Government. However, half of businesses surveyed expect further price increase in the coming months which may influence consumer demand.

Enterprise & Employment

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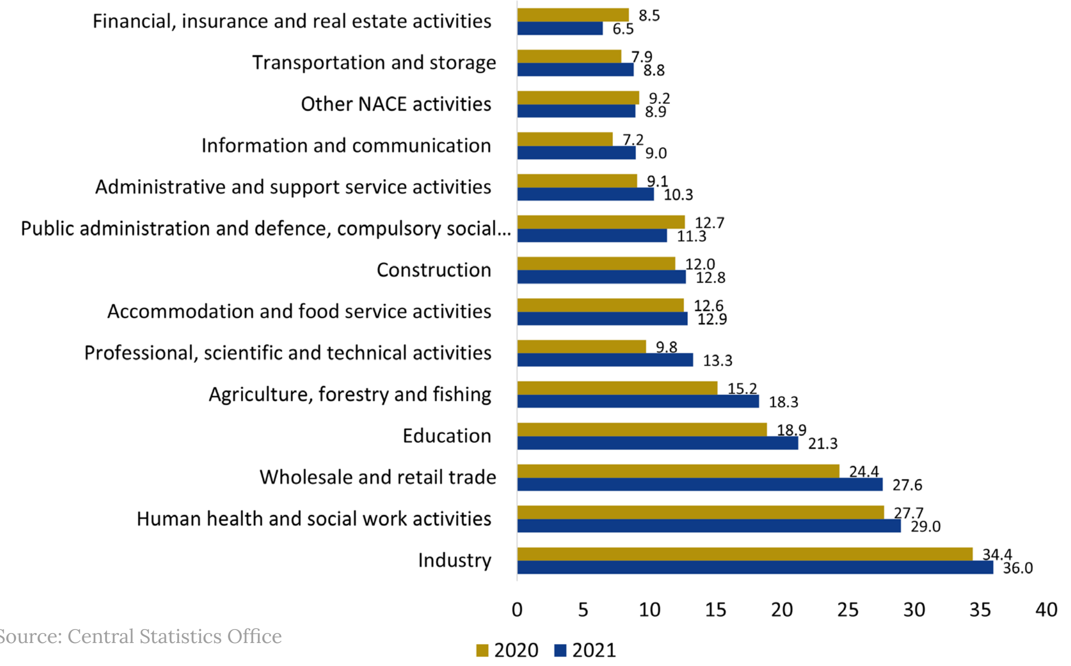
Fig. 1.1: Mid-West Commercial Activities by Employment (000's)



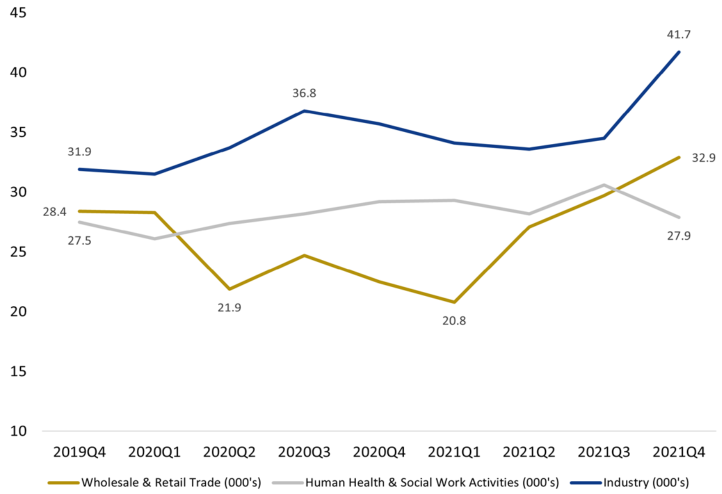
Source: Central Statistics Office

The 3 largest sectors in the Mid-West remain Industry, Wholesale / Retail and Human Health (fig 1.1). Prior to Covid-19, 31,900 were employed in the Industry sector (incl. manufacturing). This figure had grown to 41,700 in Q4 2021 (+30.7%). The continued growth of such a significant sector for the Mid-West region is encouraging, given the strong level of demand mid-2020 in the midst of a health crisis. A rise in demand resulting in increased productivity and exports is generally followed by a rise in employment levels. The Mid-West region has seen over the past few months that this trend has not slowed, with recent new jobs and FDI expansion announcements for Limerick and the Mid-West region.

The second largest employer in the region, Wholesale & Retail, has experienced a dynamic journey over the past 2 years. Standing at 28,400 employed pre-pandemic, implementation of restrictions saw employment levels fall to as low as 20,800 in Q1 2021. This resulted in the sector dropping to the third largest sector in the Mid-West, with Human Health moving up to the second largest, remaining the most stable of the 3 sectors throughout the pandemic.

Figure 1.2 highlights the employment patterns of these 3 sectors over the past 3 years, where the impact of restrictions can be seen with the fall and subsequent rise in employment levels in Wholesale & Retail as well as the peak of productivity driven by increased demand level and exports for Industry.

Figure 1.2: Mid-West Employment Trends for Industry, Wholesale and Retail & Human Health (000's)



Source: Central Statistics Office

Based on the available information from the GeoDirectory database, data suggests that Service, Retail & Wholesale and Health have the largest share of commercial units in the region. Figure 1.3 highlights the percentage share of unit per commercial activity in the Mid-West, with Service having the largest share across all 3 counties, totalling almost 50% in each.

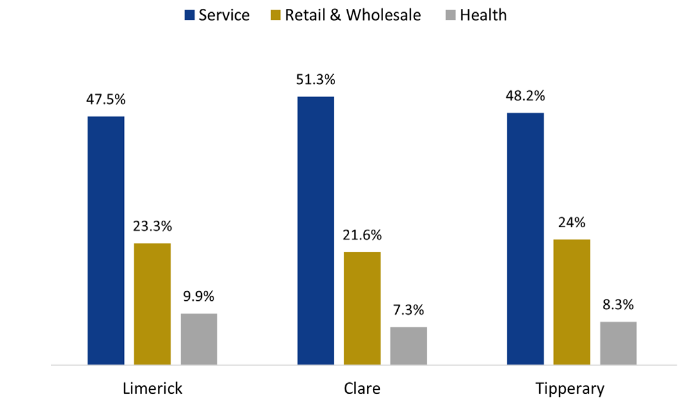
The Mid-West labour market was in a strong position prior to the outbreak of COVID-19 with an unemployment rate of 4.9%. Unemployment levels have now decreased past pre-pandemic levels (fig 1.4). The reopening of the Irish economy since January has allowed most sectors to return to business as usual. In the Mid-West region there were more people in employment in Q4 2021 than pre-pandemic (Q4 2019), with the labour force expanding by 10.8%. This could be down to a multitude of factors, including the introduction of remote work making employment opportunities more accessible. Another outcome of remote working is the possibility of working from a more regional location, with many job opportunities in Dublin now being accessible to people living in the Mid-West region. This also poses a risk to local businesses, with regionally based employees having the possibility to earn Dublin salaries - regionally based businesses will likely have to become more competitive to attract / retain employees.

With still a reasonable amount of people on income supports (fig 1.5), it is possible that employment figures could grow further as these people return to work. Over the course of 2021, Limerick Chamber business member feedback indicated that there was a high level of dependency on government supports to keep businesses going but towards the latter half of 2021 businesses were struggling not from restrictions, but rather the availability of staff.

Looking further into the income supports for the Mid-West region, the inverse relationship between the PUP and 'Lockdowns' is clear. This was likely be driven by both the tight restrictions put on the Wholesale & Retail sector and also from the regions large presence of Accommodation & Food Service and Hospitality businesses, particularly in County Clare which is largely dependent on tourism to drive economic activity in the county.

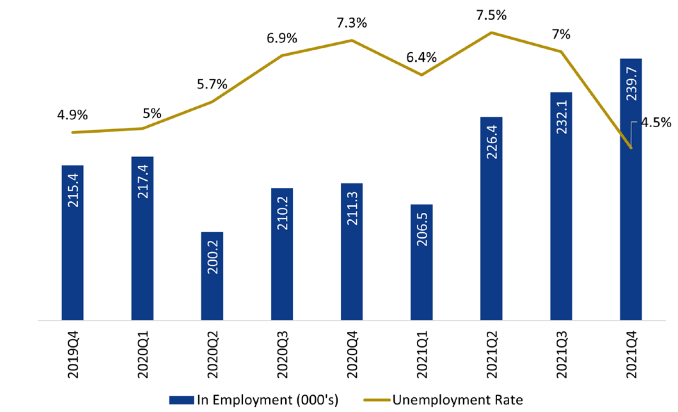
There was a decline in PUP recipients in the Mid-West post-Lockdown 3, this was largely due to the easing of restrictions. Moving into 2022 the removal of restrictions started to become evident in the data, with PUP levels again falling off, with just 4,068 people in the Mid-West still on the PUP and 20,383 in receipt of EWSS income supports (as of February 27th). There is also a slight lift in the Live Register figures, although the impact that the removal of income supports will have on the Live Register figures won't be evident until the final income support figures are published. It is likely that many who were employed by businesses that were largely kept afloat by Government supports will now have to move to the Live Register due to business closures.

Figure 1.3: Top 3 Mid-West Commercial Activities by Share of Units (%)



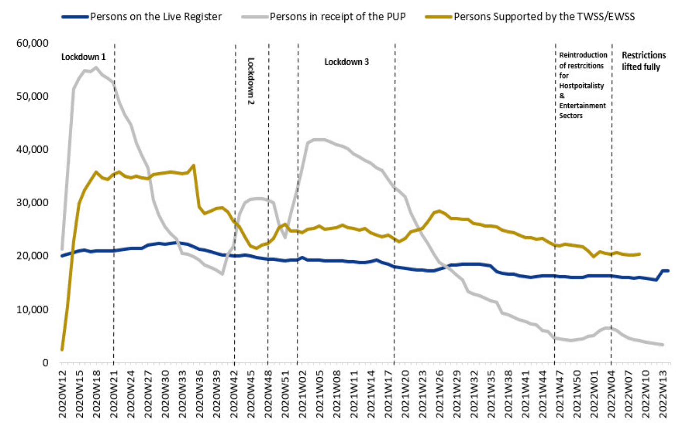
Source: GeoDirectory

Fig. 1.4: Mid-West Labour Statistics



Source: Central Statistics Office

Fig. 1.5: Mid-West Income Supports



Source: Central Statistics Office

As of February 27th 2022, there were still 40,935 people not fully back to employment in the Mid-West region. This is an important indicator to watch over the coming weeks / months as the long-term affects the pandemic has had on businesses in the Mid-West and nationally becomes apparent. It may be the case that we will see more businesses closing down as these supports that they have been reliant on over the last 2 years wind down.

After a slow period of growth for the Mid-West between 2019/20 (+0.3%), 2021 has seen promising growth in FDI / IDA employment. With several jobs' announcements being made in recent weeks / months, FDI employment grew by 4.9% in 2021. The Mid-West is the 4th largest region for FDI / IDA employment with 9.2% of the national share of FDI / IDA associated employment in 2021 along with having the 3rd largest presence of FDI / IDA associated enterprises among all regions with 142 businesses in the Mid-West.

Pharma, MedTech and Financial Services are the leading sectors in the Mid-West, with Pharma and MedTech being key drivers for economic activity, employment and regional GDP over the past year. Recent announcements by the likes of Edwards Life Science, Legatto and Eli Lilly lead the recovery for the Mid-West region, while also giving a welcomed boost of confidence to future potential investors. Such investments showcase Limerick as an attractive location. Continuing this trend of investment for the Mid-west region is crucial given the multitude of positive externalities it provides; the development of clusters, knowledge spillovers and spin-off companies / businesses.

Ensuring the region continues its investment in essential assets such as its strong labour force, third level institutes, Shannon Airport, inter county road network, rail options, affordable housing and Ten-T status are key to achieving continued growth & investment.

Table 1.1: FDI Associated Employment

IDA Total Employment by Region	2019	2020	2021	Yr-Yr %	2015-2021
State	248,450	258,558	275,384	6.5%	35.0%
Dublin	107,807	113,906	123,708	8.6%	51.2%
South West	43,812	46,275	47,572	2.8%	29.3%
West	27,014	27,693	29,419	6.2%	39.6%
Mid-West	**24,031**	**24,095**	**25,270**	**4.9%**	**28.7%**
Mid East	17,773	17,961	18,894	5.2%	0.1%
South East	13,096	13,868	14,932	7.7%	34.3%
Border	8,722	8,495	8,721	2.7%	-7.5%
Midlands	6,195	6,265	6,868	9.6%	29.8%

Source: IDA

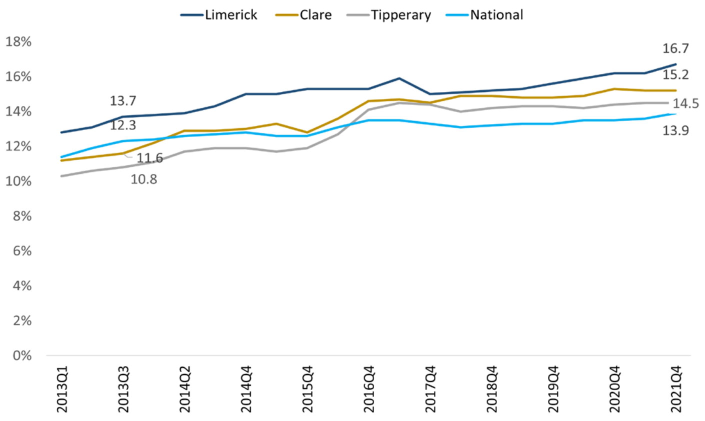
Commercial vacancy is a key issue across Ireland and is trending upwards in most areas. Across the Mid-West (fig 1.6), particularly when drilling down into smaller areas, there is also an upward trend with some key areas of concern. The average commercial vacancy across the state was 13.9% in Q4 2021, which represented an increase of 0.4 percentage points (pp) YoY in Q4 2021. In Limerick it was 16.7% (+0.5 pp YoY), in Clare it was 15.2% (-0.1 pp YoY) and in Tipperary it was 14.5% (+0.1 pp YoY).

Looking at areas within Limerick, Abbeyfeale has a commercial vacancy of 23.6% (+2.8 pp YoY), Newcastle West has a commercial vacancy of 21.8% (+0.1 pp YoY) while Limerick City has a commercial vacancy of 19.4% (+0.9 pp YoY). YoY Commercial vacancies have grown in Limerick City and also Newcastle West for the last five consecutive quarters to Q4 2021. Drilling down into Clare, Ennis has a commercial vacancy of 18.1% (-0.3 pp YoY), Kilrush has a commercial vacancy of 26.2% (+0.3 pp YoY) and Shannon has a commercial vacancy of 23.9% (+0.2 pp YoY). For Tipperary, Clonmel has a commercial vacancy of 17.9% (-0.6 pp YoY), Nenagh has a commercial vacancy of 17.2% (+2.0 YoY) and Thurles has a commercial vacancy of 17.9% (No change YoY). Measures must be taken to reduce commercial vacancy both nationally and across the Mid-West either by creating an environment for businesses to re-occupy these premises or the introduction of a mechanism which allows for repurposing to residential use.

Cushman & Wakefield outline in their latest office review (table 1.2) for Limerick that availability remains particularly tight with the office vacancy rate standing at 7.4% in Q1 2022 - the lowest it has been in their 20 years collection of the data. Availability for office space currently sits at 30,885 sqm - an annual decrease of 14.7% (-5,315 sqm). The majority of available space (46.0%) is located in the Shannon Free Zone. Cushman & Wakefield point out that, unlike other regional markets, the suburbs in Limerick are dominating take up volumes - accounting for 51% over the past 12 months. As of March 2022, c. 10,200 sqm was under construction in Limerick due to a new build and refurbishment. Construction began on 8,900sqm at 1BQ in Limerick city centre with the remainder under construction in the Shannon Free Zone. The report points out that there is a shortage in Limerick of modern grade A office space, with the majority of available stock comprising older space in need of refurbishment - this is likely one of the reasons why commercial vacancy is trending upwards in Limerick, there is a demand for new office space and not older space in need of investment.

With regards to industrial space availability (table 1.3), please note that table 1.3 focuses on Q1 2022 as well as Q3 2021 and Q4 2019 - therefore the periods are not exactly comparable to get a full yearly picture. However it should serve to show how 2022 will end up from an industrial space context. Demand is strong for industrial space with the vacancy rate now at 4.1%, however, there has been a substantial increase in space under construction (+7,700 sqm) in Q1 2022 when compared to Q3 2021.

Fig 1.6: Commercial Vacancy



Source: GeoDirectory

Table 1.2: Office Space Review

Limerick	2020	2021	Q1 2022	Change (2021 - Q1 2022)
Take Up (sq m)	13,300	10,575	15,950	+5,357
Availability (sq m)	35,485	36,200	30,885	-5,315
Vacancy Rate	9.0%	8.9%	7.4%	-1.5 pp
Under Construction (sq m	0	8,900	10,200	+1,300

Source: Cushman & Wakefield

Table 1.3: Industrial Space Review

Limerick	Q4 2019	Q3 2021	Q1 2022	Q3 - 2021 to Q1 2022 change
YTD Take Up (sq m)	25,700	25,000	12,600	-12,400
Availability (sq m)	107,000	43,650	37,850	-5,800
Vacancy Rate	12.1%	4.3%	4.1%	0.2 pp
Under Construction (sq m)	28,150	13,600	21,300	+7,700

Source: Cushman & Wakefield

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Education & Skills

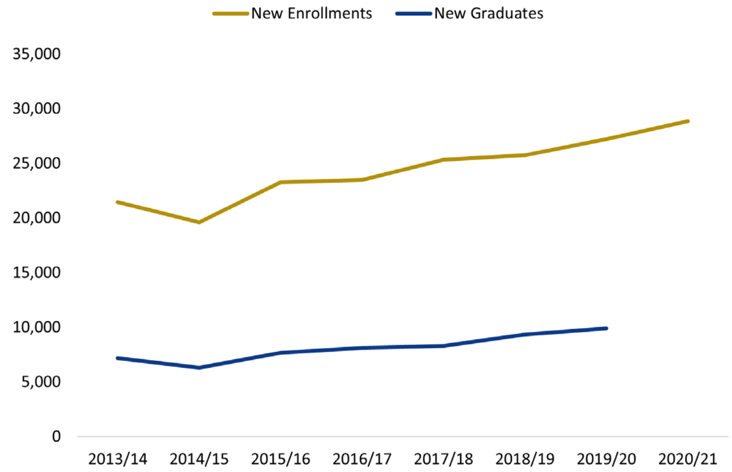
There are growing levels of both students and graduates in the Mid-West region (fig 2.1) from the three Higher Education Institutes (HEIs). The University of Limerick has seen a 22.7% growth in enrolment figures between the 2015/2016 academic year and 2020/2021 academic year. While TUS / LIT grew by 12.8% over the same period and Mary I grew by 8.2%. This level of growth is important to highlight as it signals a strong pipeline of talent available in the Mid-West region for future potential investors. The region has performed admirably regarding Foreign Direct Investment (FDI) in 2021 and the presence of a strong and talented workforce is a key selling point. Furthermore, while a steady pipeline of graduates is an important factor in the Mid-West economy, encouraging these graduates to remain in the region remains a challenge.

Figure 2.2 shows the timeline of graduate earnings one year post-graduation between 2010 - 2019 based on figures from the Higher Education Authority (HEA) database, with UL graduate earnings increasing from €24,180 to €30,680, while TUS (formerly LIT) growing from €17,940 to €25,480 over the same time period.

The Graduate Outcome Surveys for 2020 (fig 2.4), reported that 75% of graduates from UL were in employment, with another 17% of graduates pursuing further study or training. For TUS, 79% of graduates had gained employment with a further 7% engaged in further study or training. 42% of these UL graduates who had gained employment were working in the Mid-West region. Within this 19% of 2020 graduates entered the Human Health sector, with 15% gaining employment in the Professional, Scientific and Technical sector. The other largest cohorts of which graduates gained employment in were the financial Services (14%) and Industry (13%) sectors. For the same year in TUS, 65% of graduates remained in the Mid-West region with industry being the most common sector graduates entered, followed by human health and scientific activities. Furthermore, 7% of UL graduates in 2020 were employed abroad, down 12% from the previous year. TUS also saw 7% of its graduates move abroad. The average starting salary for UL students was €34,987, while for TUS, the average salary was €29,000 based on the data provided by the UL and TUS Graduate Outcome Survey's.

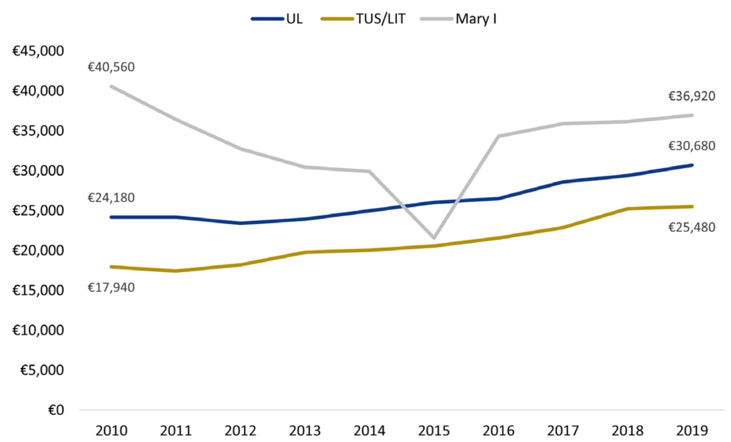
The apprenticeship programs provided through the Limerick and Clare Education Training Board (LCETB), and the Tipperary Education Training Board (TETB) are another core aspect of growing the Mid-West's talent base. A stronger focus is expected in this area off the back of the Apprenticeship Action Plan 2021 - 2025. Figure 2.3 highlights the progress of apprenticeship take-up through the ETB Mid-West network with a gradual rise in applicants pre-2021. Upskilling/reskilling programmes will help contribute to 'brain gain' and address skill gaps across the region.

Fig. 2.1: Mid-West New Enrolment and New Graduates figures (full-time & part-time)



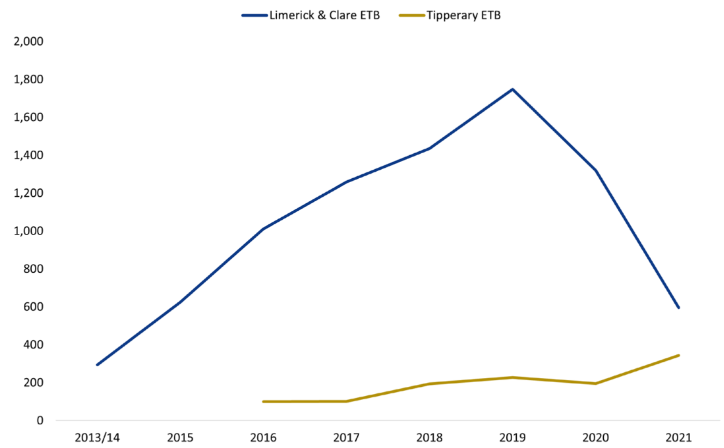
Source: HEA

Fig. 2.2: Average Salary 1 Year Post-Graduation from UL, TUS/LIT & Mary I



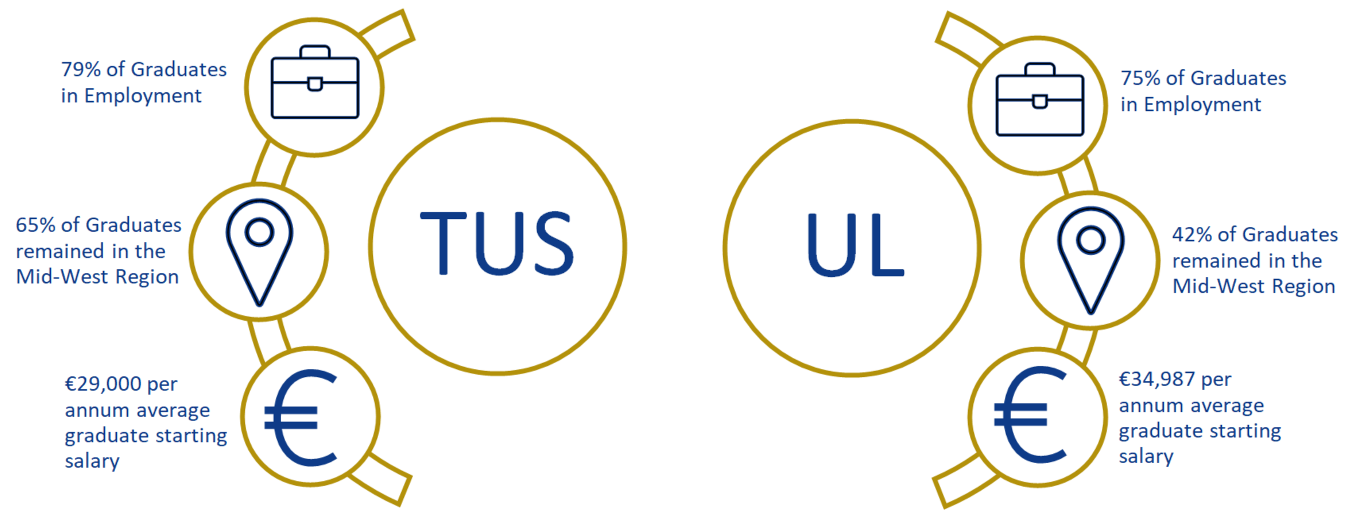
Source: HEA

Fig 2.3: Apprenticeship Take-up per Year - Limerick & Clare



Source: Limerick and Clare Education Training Board & Tipperary Education Training Board

Fig. 2.4: TUS & UL Graduate Outcomes 2020



Source: TUS Graduate Outcome Survey 2020

Source: UL Graduate Outcome Survey 2020

Limerick Chamber is also home to SkillNet, a businesses support agency which aids local businesses in training and upskilling staff. Figure 2.5 highlights the key indicators for Limerick Chamber's SkillNet for 2020 & 2021. A core reason for the high number level of events that were run in 2020 was due to Covid-19 related training, with 133 events being run totalling 360 days of training. Areas which saw growth in training levels in 2020 were Child Care, Elderly Care and Management training.

2021 saw 91 events being run across 618 days. The core demand for training came from soft skill training (i.e. Coaching, Listening, Emotional Intelligence, personal branding, etc.) Other areas which saw growth were Project Management, Digital Transformation, Agile/Scrum Methodology, Data Analytics, and Engineering.

Fig. 2.5: Limerick Chamber SkillNet Figures: 2020 & 2021

Source: Limerick Chamber SkillNet Database

Housing

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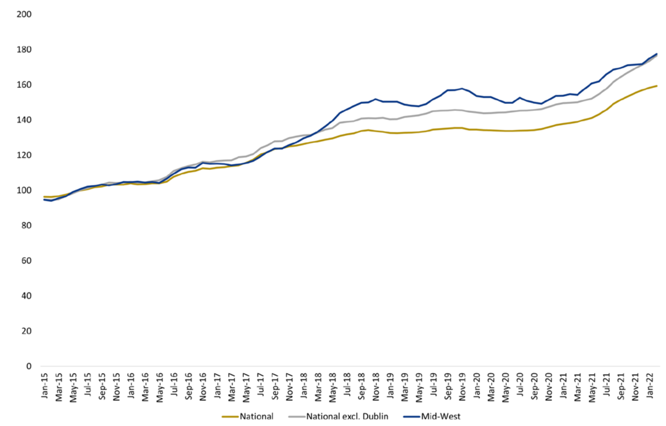
National house prices increased 15.3 percent YoY to February 2022 (fig 3.1), while national house prices excluding Dublin grew by 16.8 percent. The Mid-West grew by 14.8 percent. For the Mid-West this is the largest year on year (YoY) growth since October 2021. For national data, this is the largest YoY increase since April 2015 and for national excluding Dublin, this is the largest YoY increase in our surveyed data (beginning January 2011). While the COVID-19 pandemic did little to quell the overall increase in house prices, there was a brief period from June 2020 to January 2021 where there were marginal YoY increases (less than 1 percent) or in some cases decreases across national (including and excluding Dublin) and the Mid-West. February 2022 represented the 19th consecutive MoM increase in national house prices, the 23rd consecutive MoM increase for national excluding Dublin and the 10th consecutive MoM increase for the Mid-West.

Fig 3.1: Residential Property Price Index

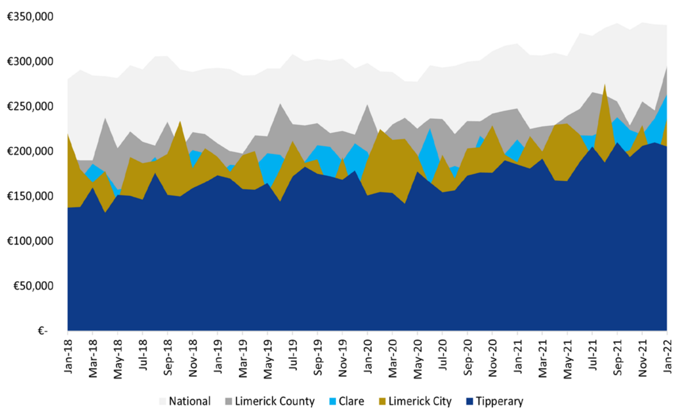


Source: Central Statistics Office (Base Year = 2015)

In February 2022, the average national house price (fig 3.2) stood at c. €333,000 (+8.5% YoY). Limerick City stood at c. €222,000 (+2.3% YoY), Limerick County at c €231,000 (+2.7% YoY), Clare at c. €243,000 (+23.4% YoY) and Tipperary at c. € 175,000 (-3.1% YoY).

Average (mean) values can be skewed by extreme values at opposite ends of the spectrum and may present a misleading overview of the housing sector. A more reliable indicator is the median price which is outlined below.

Fig 3.2: Average (Mean) Property Price



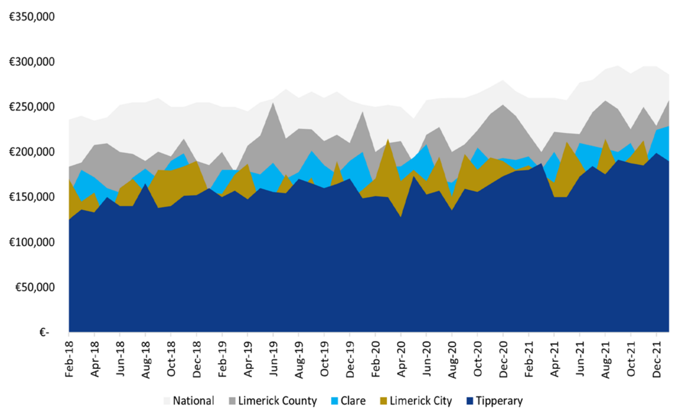
Source: Central Statistics Office

In February 2022, the median national house price (fig 3.3) stood at c. €290,000 (+11.4% YoY). Limerick City stood at c. €210,000 (+13.2% YoY), Limerick County at c €207,000 (-5.9% YoY), Clare at c. €227,000 (+16.4% YoY) and Tipperary at c. € 150,000 (-16.7% YoY).

In February 2022 for the first time since March 2020, Limerick City had a higher median price than Limerick County. Since January 2014 (98 months surveyed) city prices were higher than county prices on just three occasions.

Given the price differences between Limerick / Clare and Tipperary, this may see more potential buyers from the Mid-West moving to Tipperary in the future in search for more affordable homes.

Fig 3.3: Median Property Price

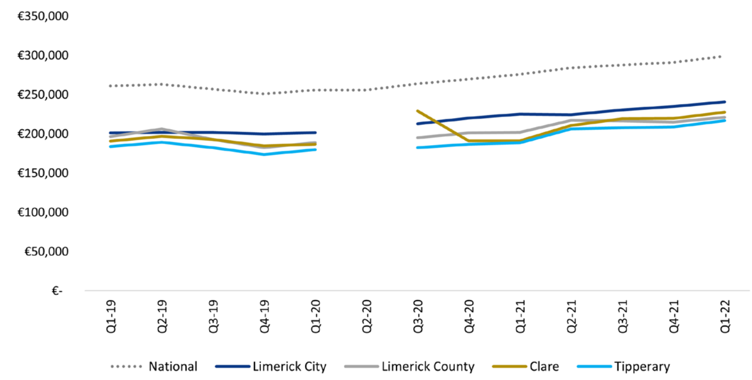


Source: Central Statistics Office

From Q4 2019 to Q1 2022, the average national asking price (Fig 3.4) increased by €48,093 (+19.2%). For Limerick City, over the same period the average asking price increased by €40,744 (+20.4%), Limerick County increased by €38,616 (+21.2%), Clare increased by €43,053 (+23.3%) and Tipperary by €42,951 (+24.7%). Additional household savings made during the pandemic for those waiting to buy a home were likely outstripped by the increase in asking prices for these homes.

*Note: Due to COVID-19, some regional data was not collected by the Daft purchasing report in Q2 2020.

Fig 3.4: Average Sales Asking Price (Daft)



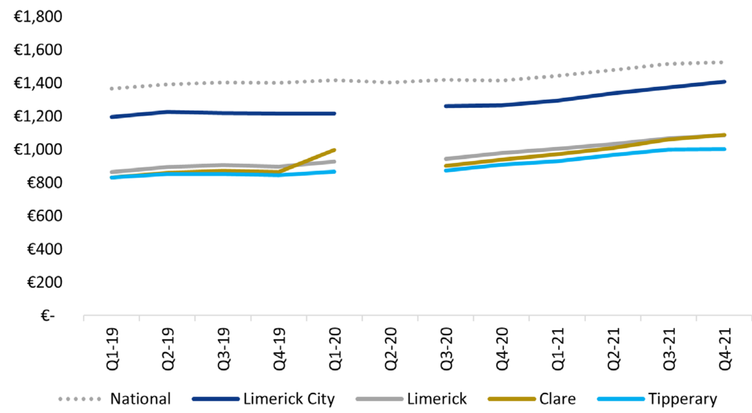
Source: Daft Property Report

There are two primary sources for rental cost information, the Daft rental report (fig 3.5) and the Residential Tenancies Board (RTB) data (fig 3.6). The RTB data is commissioned by the RTB but produced by the ESRI, it relies on landlords registering tenancies with the RTB. For the daft data, statistics are based on properties advertised on Daft.ie for a given period, the time period that they respond to is when they are first uploaded.

Daft data outlines that since the period just before the pandemic (Q4 2019) that average rental prices nationally have increased by 8.7% to Q4 2021. This represents an additional spend of €1,464 annually for tenants. Looking closer at the Mid-West, over the same period, rental prices in Limerick City have increased by 15.6% - representing an additional annual spend of €2,280 for tenants. In Limerick County the average rental prices increased by 21.1%, an additional annual spend of €2, 268. In Clare, average rents have increased by just over a quarter (25.8%), representing an additional annual spend of €2,676 for tenants. In Tipperary, rents increased by 18.6%, an increased annual spend of €1,884.

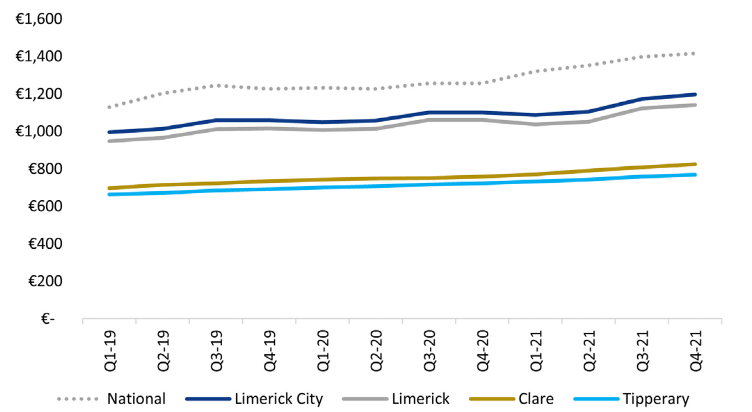
RTB data is trending in the same direction as the Daft data but with some slight differences likely due to a different methodology and data sample. From Q4 2019 to Q4 2021 national rents have increased by 15.4%, an increased annual spend of €2,268. Rents in Limerick City have increased by 12.9%, an increased annual spend of €1,644. in Limerick County rents have increased by 12.5%, an additional annual spend of just over €1,500. In Clare, rents have increased by 12.2%, representing an annual spending increase of €1,068. In Tipperary, rents have increased by 11.3%, an increased annual spend of €936.

Fig 3.5: Average Rental Price (Daft)



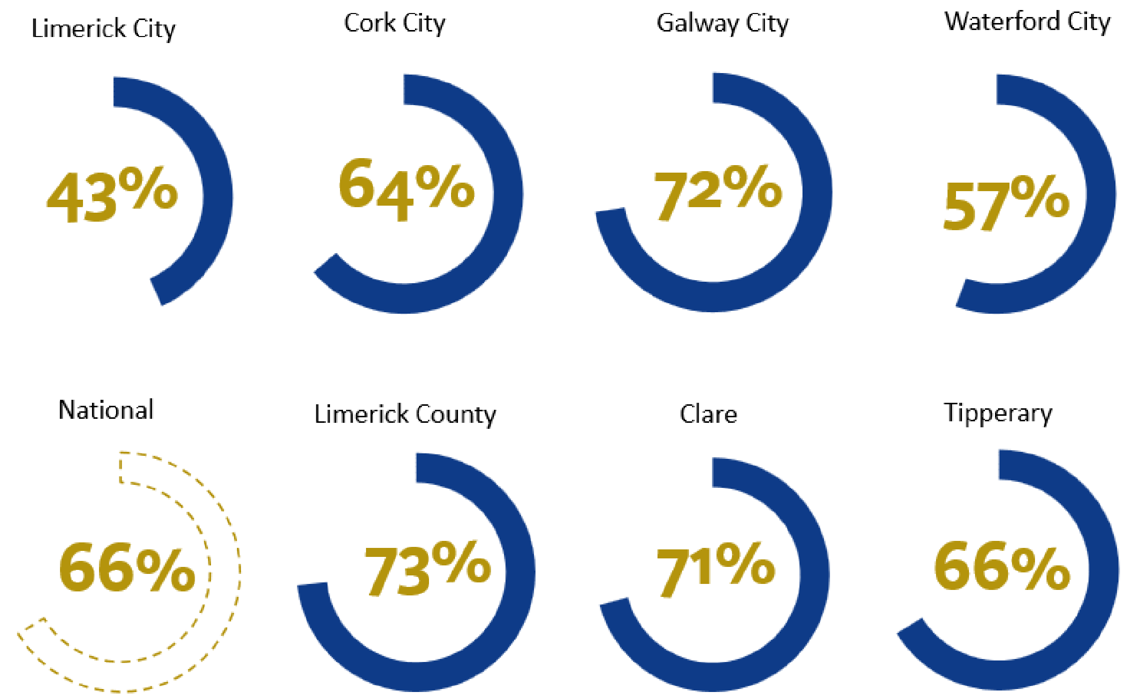
Source: Daft Property Report

Fig 3.6: Average Rental Price (RTB)



Source: Residential Tenancies Board

Fig: 3.7: Cost of Owning Versus Renting



Source: Authors own calculations using Daft and CSO data using median home prices (CSO) with Daft average rental prices. The mortgage payments are for a 30-year term at 2.35% interest.

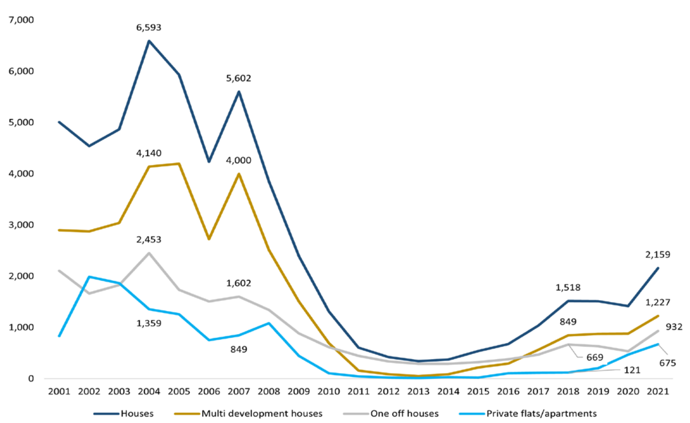
Figure 3.7 shows the cost of paying a mortgage versus the cost of rental. For example, at a national level, repaying a mortgage represents 66% of the monthly cost of renting. There is a gap in the cost of owning a home and facilitating mortgage payments versus renting , with some areas having more acute issues than others. In short, repaying a mortgage is cheaper than renting across the Mid-West. Of course this does not account for other items in running a home such as home insurance, property tax etc. but it does give one indication why people are eager to buy and exit the rental market

- In Limerick City, the monthly cost of repaying a mortgage is 43% of the cost of renting
- In Limerick County, the monthly cost of repaying a mortgage is 73% of the cost of renting
- In Clare, the monthly cost of repaying a mortgage is 71% of the cost of renting
- In Tipperary, the monthly cost of repaying a mortgage is 66% of the cost of renting

Repaying a mortgage represents significant cost savings for the owner when compared to renting. Until the gap between the cost of renting and owning is addressed through an increased supply of affordable homes, home ownership will remain the most attractive financial option. While an increase in a supply of rental housing is welcome, it must be affordable otherwise home ownership will remain an attractive option. There are other considerations that come with home ownership, eventually the mortgage will be paid off and payments will cease, likely coinciding with retirement, if people remain in the rental sector they will have to earn significantly more income in retirement when compared to homeowners. This should be a key consideration for policy makers. Ireland needs to ramp up its provision of age friendly accommodation to deal with the current workforce that will likely not own a home in retirement due to current under provision of housing.

In 2021, the Mid-West saw 2,834 homes granted planning permission, this is the eighth successive year of growth for the number of homes granted permission (fig 3.8). Multi development houses (houses in estates) remain the most popular form of delivery with 1,227 (43.3% of share, +39.1% YoY). The second most popular mode of delivery are 'one off' houses with 932 (32.9% share, +73.9% YoY) the least popular mode of delivery are apartments with 675 (23.8%, +44.2% YoY).

Fig 3.8: Residential Planning Approvals

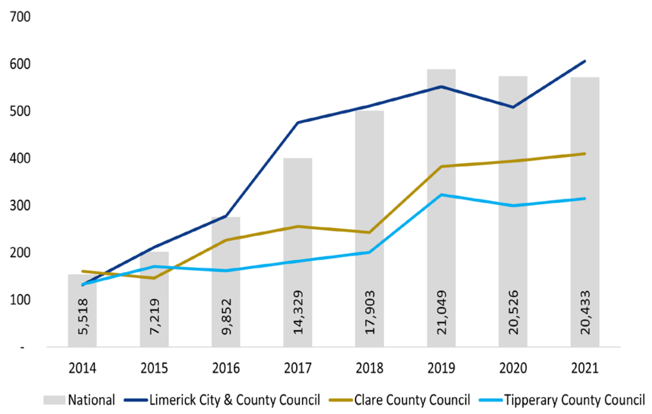


Source: Central Statistics Office

The low share of apartment delivery is not cohesive with the national strategy for Ireland laid out in the National Planning Framework (NPF) and measures must be adopted to make apartment construction more viable in regional areas. This includes smaller housing options for smaller households. It is important to note, while the increase in residential planning approvals is welcome, it is no guarantee that these homes will actually be built and should only act as an indication of potential pipeline of homes. However, if these planning permissions were to be activated / commenced, then the Mid-West would meet its annual projected demand for housing - however, these homes will need to be located in areas of demand.

1,331 homes were delivered across the Mid-West in 2021 (fig 3.9) the corresponding figure for 2019 (pre-pandemic) was 1,258. In 2021, 606 homes were delivered in Limerick (up from 552 in 2019). 410 homes were completed in Clare (up from 383 in 2019) and in Tipperary, 315 homes were completed (down from 323 in 2019). ESRI sets the annual housing demand for Limerick at 1,826 per year - which represents almost triple the amount of current delivery and with each year targets are not met, this multiplier will increase with greater levels of delivery required in the future.

Fig 3.9: New Home Completions



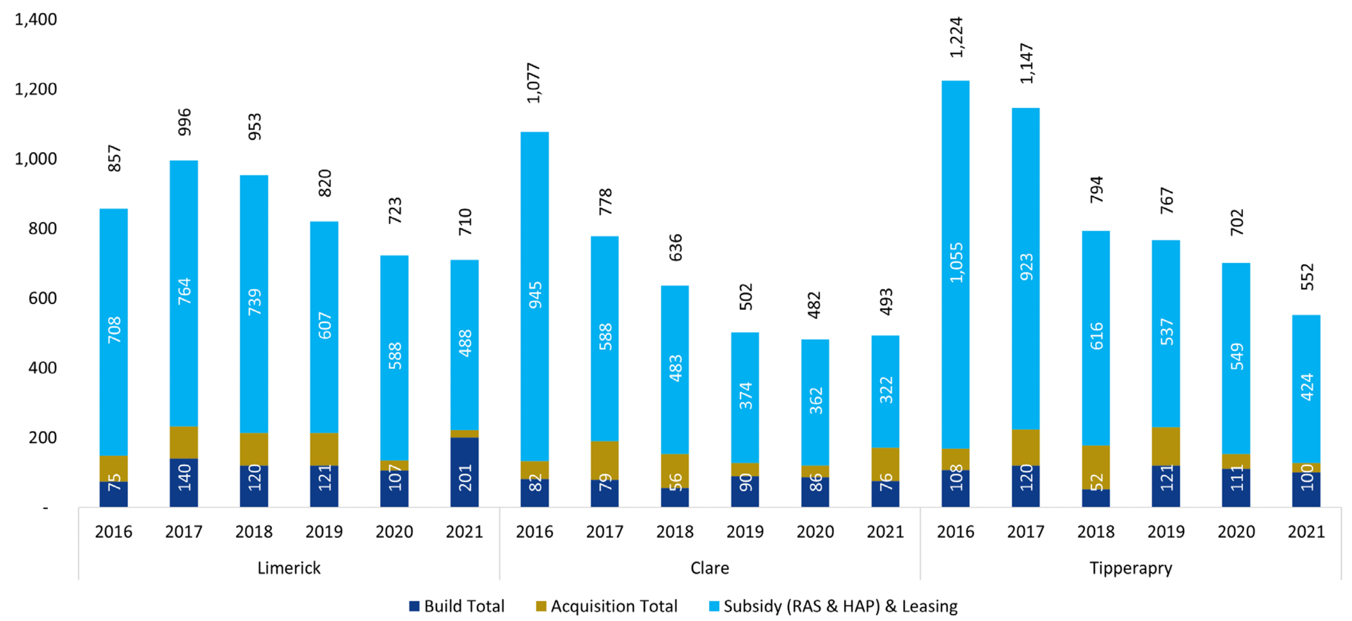
Source: Central Statistics Office

Social housing delivery has been on a downward trend across the three counties that make up the Mid-West for the last several years (fig 3.10). Counties have done well in reducing the share of yearly new households on rental subsidies, such as Housing Assistance Payment (HAP) and Rental Accommodation Scheme (RAS), as well as leasing. From 2019 to 2021, Limerick decreased its number of new homes on rental subsidies and leasing from 607 to 488, a less severe decrease is noted in Clare, dropping from 374 to 322 while Tipperary decreased from 537 to 424. While decreases have been noted, in terms of new social home provision, leasing and subsidy schemes represent a significant portion of new homes with 68.7% of new social housing in Limerick in 2021 coming from leasing and subsidies, 65.3% in Clare and 76.8% in Tipperary

Due to inadequate supply of social homes, tenants reliant on subsidies and leasing are reliant on private rental, this causes the already acute supply issues existing within the private sector to be exacerbated and ultimately results in more competition between private and social tenants / the state. HAP and RAS represent a poor investment with the State spending almost €1 billion for these schemes each year. It is likely to be more cost efficient to increase direct delivery of homes through Local Authorities and Approved Housing Bodies (AHB) - provided increased funding is made available to the organisations. 201 direct build social homes were carried out in Limerick in 2021, in Clare this was 76 and in Tipperary it was 100. Limerick is the only county in the Mid-West to increase building from 2020 to 2021. Increasing state delivery will also decrease the need for acquisitions freeing up these acquired homes for other owner occupiers.

As per the Housing Agency's Summary of Social Housing Assessments 2021 - there are 1,949 households on the social housing waiting list in Limerick, 1,100 in Clare and 1,121 in Tipperary. In Limerick, 53% of the main applicants on the waiting list are under the age of 39, in Clare 51% of applicants are under 39 and in Tipperary this rises to 54%. The vast majority of those on the social housing waiting list require smaller homes, with 76% of applicants in Limerick being a 1 adult and 1-2 child household, in Clare this is 77% and in Tipperary it is 77%. This signals the need to directly build smaller social homes for smaller family units.

Fig 3.10: Social Housing Delivery



Source: Department of Housing, Local Government & Heritage

The GeoDirectory Residential Buildings Report outlines a national residential vacancy of 4.4% in Q4 2021 (fig 3.11) – representing 90,158 dwellings. Limerick has a residential vacancy rate of 4.6% (2,795 homes), Tipperary has a vacancy rate of 5.7% (2,663 homes) and Clare has a vacancy rate of 6.5% (2,653 homes). While the residential vacancy rate is trending downwards across the state the driving factor in this could be the increased provision of new residential homes which decreases the overall share of vacant homes which may give the appearance of less vacant homes around the state.

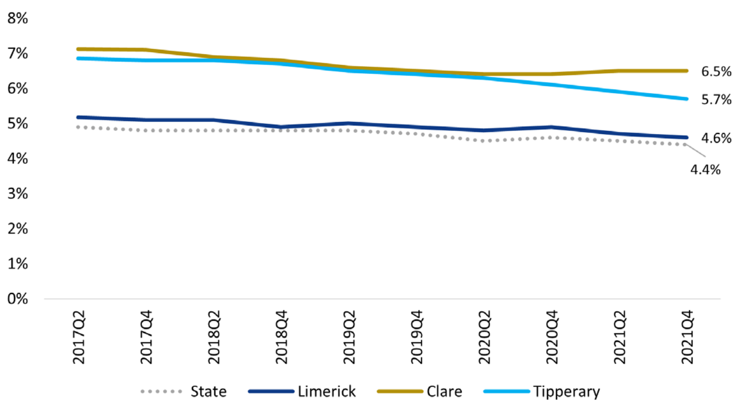
In terms of derelict properties, in December 2021, nationally there were 22,096 derelict properties Tipperary had 1,217 derelict properties, Limerick had 1,209 derelict properties, Clare had 1,163.

There is a significant amount of housing stock lying idle between vacant and derelict homes – 11,700 across the Mid-West. There needs to be a full-scale national review of these housing options to determine what can be brought to market immediately and what homes require reconstruction works. Not all homes will be suitable due to state of disrepair and location, but it may act as a short to medium term measure while direct delivery increases.

GeoDirectory defines dwellings as derelict if a substantial amount of structural / reconstruction work is needed before it can be re-occupied.

There is a disconnect of apartment delivery between Dublin and other regional areas, signalling viability issues in apartment construction in the regions. There was an increase of 5,147 apartments YoY in Q4 2021, however, 73.9% of these additional apartments were in Dublin. Comparing apartments as a percentage of total residential dwellings outlines the chronically low levels of apartments in the Mid-West. In Tipperary just 2.0% of dwellings are apartments, Clare has 3.6% and Limerick 7.0%. Limerick is the third highest county in the state for the number of apartments relative to overall residential dwellings. The national average is 9.6%, while apartments in Dublin account for 22.7% of residential stock in the county. Apartment delivery across Ireland needs to increase to meet the targets outlined under the NPF. However, Government must continue to engage home providers to determine what viability constraints are present in the regions and provide a clear mechanism to overcome these. There are a number of schemes currently being worked on that may address these concerns - one key measure is Croí Cónaithe Cities, which is expected to launch in the latter half of 2022.

Fig 3.11 Residential Vacancy



Source: GeoDirectory

The analysis in figures 3.12 and 3.13 attempts to determine the share of new builds in 2021 that were available to owner occupiers and other actors. **Scenario A**, looks at housing delivery but excludes one off self-build housing, which is normally built for owner occupiers but does not come to market. It gives an idea of what share of new builds owner occupiers account for. **Scenario B** includes one off self builds, as this typology of housing is ultimately providing housing for owner occupiers. This scenario serves to inform overall housing provision rather than a focus on market housing.

Scenario A essentially gives some indication of the share of homes available on the market to owner occupiers with some exceptions*, while Scenario B shows housing provision for owner occupiers - which is largely driven by self-builds (one off housing)

Scenario A:

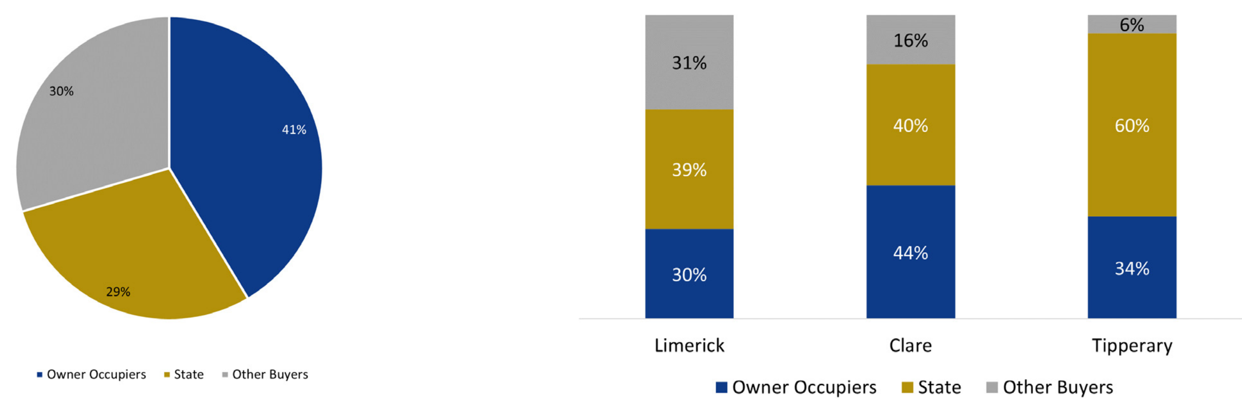
At the national level, under Scenario A, owner occupiers accounted for just 41% of the new home market in 2021, with other buyers** accounting for 30% and the state*** accounting for 29%.

At a regional level, in Limerick, owner occupiers account for just 30% of new homes, while the state accounts 39% and other buyers 31%. For Clare, owner occupiers account for just 44% of new homes, while the state accounts for 40% and other buyers 16%. Across Tipperary, owner occupiers account for just 34% of new housing, while the state accounts for 60% and other buyers just 6%.

In summary, for new homes, in 2021 owner occupiers accounted for c. 3 of every 10 new homes (the state accounted for c. 4 of every 10) in Limerick, in Clare owner occupiers accounted for c. 4 of every 10 new homes (the state accounted for a similar amount) for Tipperary owner occupiers accounted for c. 3 out of 10 new homes while the state accounted for c. 6 out of 10 new homes.

Fig 3.12: SCENARIO A, Share of housing new housing 2021 - excluding one off housing

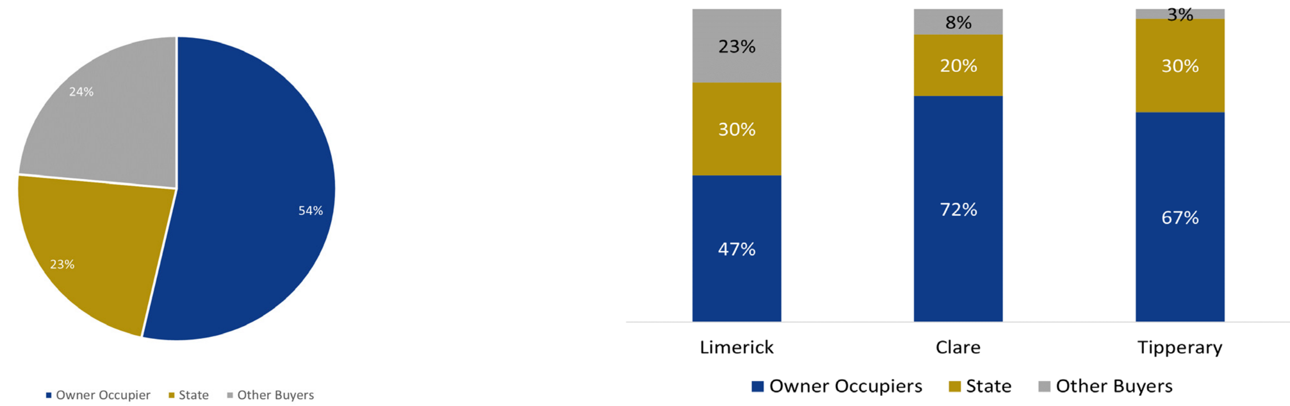
National **Mid-West**



Data Source: Central Statistics Office & Dept. of Housing, Local Government & Heritage

Fig 3.13: SCENARIO B, Share of housing new housing 2021 - including one off housing

National **Mid-West**



Data Source: Central Statistics Office & Dept. of Housing, Local Government & Heritage

Scenario B:

At the national level, under Scenario B, owner occupiers account for 54% of new housing complete, with other buyers accounting for 24% and the state accounting for 23%.

In Limerick, owner occupiers account for just 47% of new homes, when self builds are included, while the state accounts for 30% and other buyers 23%. For Clare, owner occupiers account for 72% of new homes, while the state accounts for 20% and other buyers just 8%. Across Tipperary, owner occupiers account for 67% of new homes, while the state accounts for 30% and other buyers purchase just 3%.

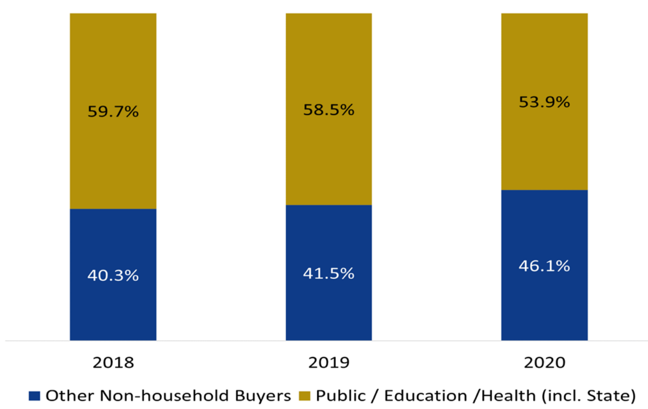
Scenario A and B, should serve as indicative analysis to inform that yearly housing delivery figures can be misleading when attempting to determine how much housing is available for owner occupiers. This research indicates that the state, through various bodies, is very active with purchasing and building residential homes for social housing. This is further supported by fig 3.13 where the state accounts for a larger portion than the commercial sector (53.9% versus 46.1%).

* A limitation of this data is inability to disaggregate direct build of social housing with the purchase of other types of social housing. This disaggregation would give a clearer picture of what is available on the open market.

** Non-household buyers exclude physical persons and most often are commercial and public companies

*** State housing is mainly the provision of social housing by local authorities and approved housing bodies (AHBs)

Fig 3.13 Market-based Non-Household Transactions of Residential Dwellings



Source: Central Statistics Office

Limerick Chamber Rental Tracker

April 2022

25 All Homes

Decrease of 16 homes available month-on-month (MoM)

Icons: Flaticon.com

21 Residential Homes

Decrease of 14 since last month

€1,677 Average Price
Increase of €124 MoM

€1,800 Median Price
Increase of €250 MoM

5 1-beds
Increase of 2 homes MoM

8 Apartments
Decrease of 11 homes in apartment blocks MoM

BER: D(*1), C(*7), B(*4), A(*1), Exe.(*2)

1 Student Home

Increase of 1 since last month

€3,000 Price
No Student homes available to rent in March

0 1-beds
No 1-beds available in March

0 Apartments
No apartments available in March

BER: C(*1)

3 Executive Homes

Decrease of 2 since last month

€2,917 Average Price
Increase of €221 MoM

€3,000 Median Price
Increase of €300 MoM

0 1-bed
Decrease of 1 homes MoM

0 Apartments
Decrease of 2 homes in apartment blocks MoM

BER: D(*1), C(*2)

0 Summer / Short Term Rentals

Decrease of 3 since last month

€N/A Average Price
March average price: €1,180

€N/A Median Price
March median price: €1,400

0 1-beds
No 1-beds available in March

0 Apartments
Decrease of 1 homes in apartment blocks MoM

BER: N/A

Tourism

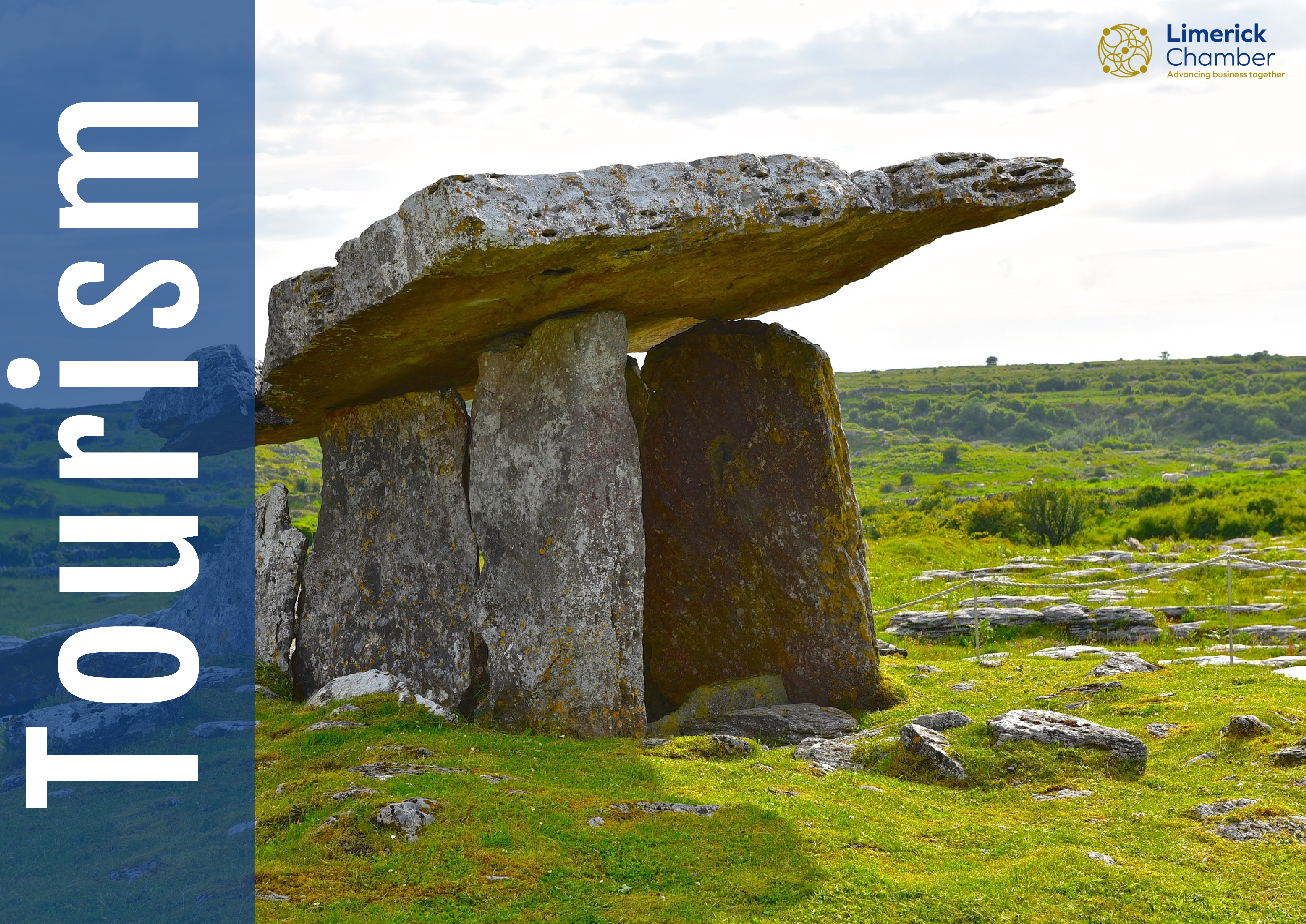
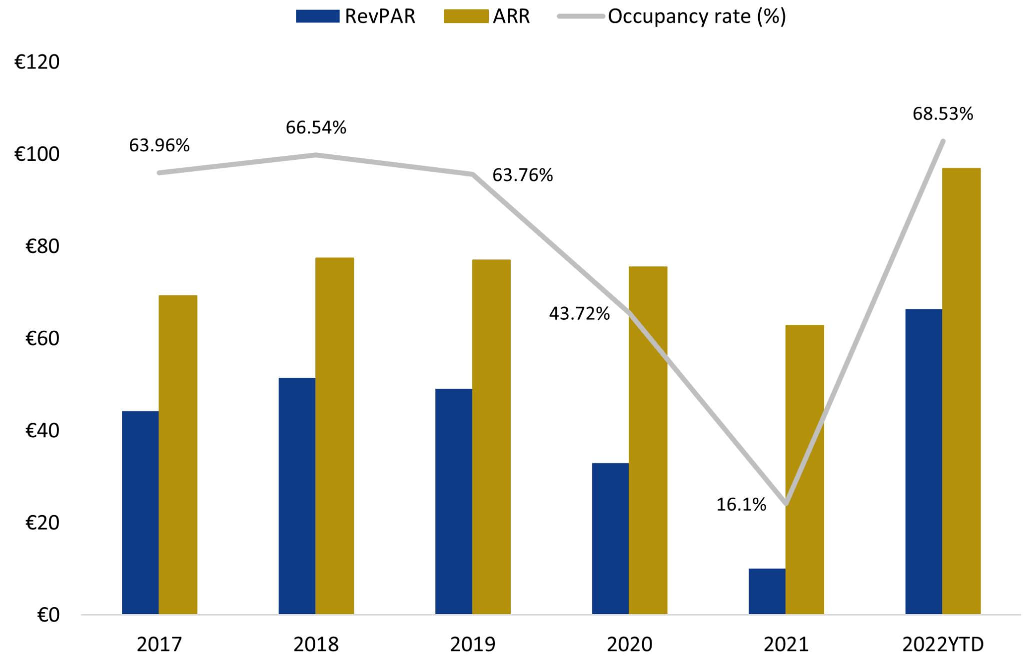


Fig. 4.1: RevPAR, ARR & Occupancy Rate of Limerick Based Hotels



Source: STR

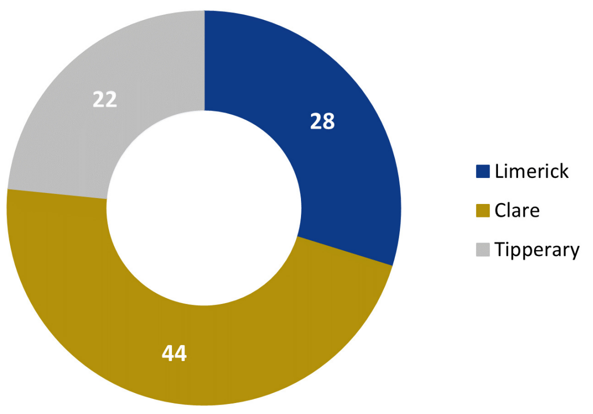
Figure 4.1 shows the performance of the hotel sector in Limerick from 2017 to 2022 (YTD). The three common key performance indicators (KPIs) for hotel activity are RevPAR (revenue per available room), ARR (the average rate per available room) and the hotel occupancy rate percentage.

With the exception of hotel occupancy percentage rate in 2020 & in 2022 (YTD), Limerick has trailed behind the other counties analysed for RevPAR and ARR rates while also being below the national averages. While counties such as Galway and Cork both contain an urban environment like Limerick, both are in proximity to coastal areas and tend to have a larger tourism pull. The Cities of Cork (78) and Galway (31) along with Dublin (156) also have a greater presence of hotels in comparison to Limerick City (18).

Regarding Limericks hotel performance, RevPar for 2022 YTD is €66.40, up from its 2021 figure of €10.11. ARR for 2022 YTD is €96.89, up from €62.81 for the year 2021. The occupancy rate for 2022 YTD is also improved to 68.53%, up on a previous average of 16.1%.

While the initial response to the removal of Covid-19 related restrictions has been positive for Limerick, it is too early to tell how the county will perform throughout the Summer period and for the remainder of 2022. Forecasted national figures for April to June suggest that all three KPIs will improve over the coming months, although this is generally the norm given the time of year. While Limerick will be expected to lag behind these national level figures, some improvement can be expected over the April to June period.

Fig. 4.2: Mid-West Share of Hotels and B&B's



Source: Fáilte Ireland

Using the most recent data available from the CSO, Limerick Chamber has identified that sectors reliant on tourism activity such as the Accommodation and Food Service (AFS) sector account for 5.7% of the employment share in the Mid-West region. Given the impact of the Covid-19 pandemic on the tourism and hospitality sectors over the last 2 years, it is clear that this sector has been one of the most impacted.

Table 4.1: Share of Accommodation and Food Service Commercial stock

	Commercial Units in AFS Sector (2021)	Share of Total Commercial Stock in Region/County 2020 (%)	Share of Total Commercial Stock in Region/County 2021 (%)	Share of National AFS Stock 2021 (%)
Border	2,603	15.7	7.8	11.5
Dublin	4,498	12	12.5	20
Mid-East & Midlands	3,660	11.3	7.9	15.4
South-East	2,180	13.6	8.7	9.7
South-West	3,936	15.8	9.9	17.5
West	2,948	16.7	8	13.1
Mid-West	**2,721**	**14.9**	**8.7**	**12.1**
Limerick	876	12.6	8.2	3.9
Clare	1,005	20.5	11.1	4.5
Tipperary	840	13	7.3	3.7
National	22,546	13.8	9.1	100

Source: GeoDirectory

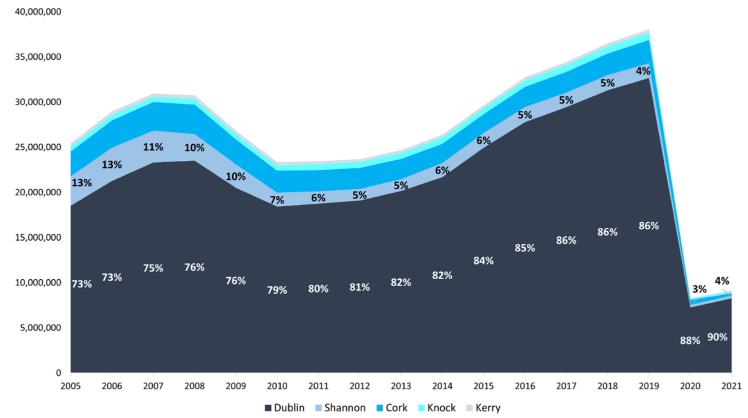
The employment share for the AFS sector stood at 7.15% in 2019 for the Mid-West region. The impact of restrictions limiting activity in this sector is further highlighted in table 4.1. The available data suggests that all regions with the exception of Dublin have seen a fall in the share of total commercial AFS stock. Looking closer at the Mid-West region, both Limerick and Tipperary's proportion of commercial stock in the AFS sector are just slightly below the national average. County Clare, which is more reliant on tourism activity for its economy has been impacted quite significantly, with its share of AFS commercial stock falling by almost half from 20.5% to 11.1% between 2020 and 2021.

Shannon Airport had experienced several years of growth following its separation from the DAA in 2012. In 2019 however, it was the only Irish airport to experience a drop in passengers, with a 3.7% drop on 2018 levels. The available data for passenger flow suggests the continued growth and expansion of Dublin airport has come at the expense of regional State airports such as Shannon, shown by the falling market share of passengers consistently since 2005 in figure 4.3.

The recovery of the aviation sector presents an opportunity to promote regional balanced growth through increased support for regional State airports. A previous report commissioned by Limerick Chamber examining the effect that aviation policy has had on the Mid-West region highlighted that the dominance of a national airport is not the norm amongst other small European countries. CSO passenger data suggests a better YoY recovery levels for Shannon in 2021 (10.12%) in comparison to Cork Airport (-51.6%) (fig. 4.4). While a drop in Cork Airports passenger number was expected in Q4 of 2021 given the upgrades to their main runway, Q1 of 2022 shows that Shannon Airports dealt with a higher volume of passenger numbers than Cork Airport, although the full extent of the recovery of the aviation sector will not be clear until 2023.

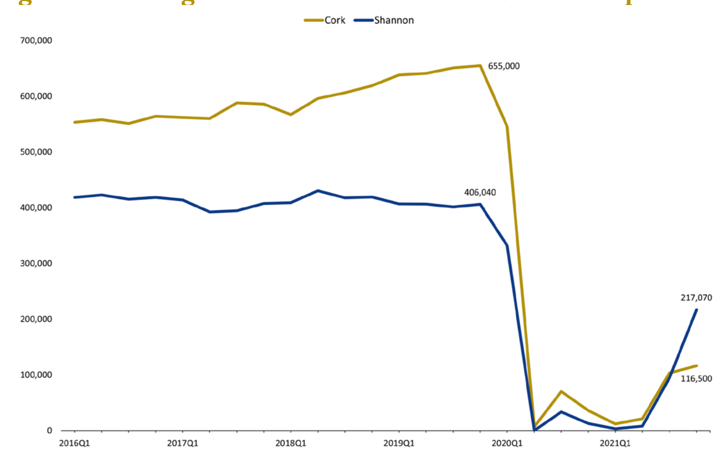
Given the business ecosystem that evolves around Shannon Airport, with strong ties in the aviation, financial and technology sectors in the region due to its presence, the momentum in recovery gained at the start of 2022 needs continued support going forward. Both aviation and enterprise policy formulation should run in tandem to support a more balanced regional approach with improved connectivity.

Fig. 4.3: Market Share (%) of Passengers in the 5 main Irish Airports



Source: Central Statistics Office

Fig. 4.4: Passenger Numbers for Shannon & Cork Airport



Source: Central Statistics Office

Logistics

Limerick Chamber
Advancing business together

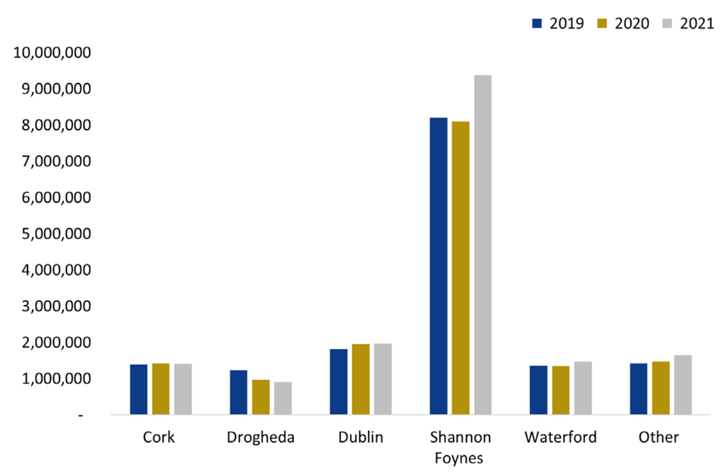
An important asset in the Mid-West region is the presence of Shannon Foynes Port. Supplying over 3,900 jobs for the region, the tier 1 designated national port is a core factor for the presence of strong FDI activity within the region.

The Dry Bulk market consists of raw materials for industrial or agricultural purposes, such as fertiliser, animal feeds and iron ores. 55.9% of dry bulk tonnage was handled by Shannon Foynes Port alone in 2021, an increase of 15.7% on 2020 levels. The value of Shannon Foynes Port will increase further in the coming years off the back of their latest plans to invest €28 into the port as part of its long-term ambitions to become a wind generation hub, more specifically for floating offshore wind. Shannon Foynes is the industry leader across Ireland for Dry Bulk, with Dublin port being the next closest with 11.6% of the market share.

Liquid Bulk consists of anything from gasoline to fruit juices and cooking oil. 2020 recorded the lowest volume of liquid bulk tonnage in the Republic of Ireland since 2007. In the context of the Mid-West, Shannon Foynes operates at a lower rate for Liquid Bulk in comparison to Dry Bulk, with a market share of just 9.2% in 2020, moving to 11.1% in 2021 (1.24 million tonnes in 2021). The restrictions on international travel had left a significant fall in demand for transport related fuels in 2020, with an almost 2% drop in demand on pre-pandemic 2019 levels. Almost all ports have seen an increase in tonnage of liquid bulk passing through their ports in 2021, with Shannon Foynes experiencing an 18.2% growth level. Dublin and Cork Ports are the leaders in this type of cargo, with the 2 ports making up for 81.6% of the market share in 2021.

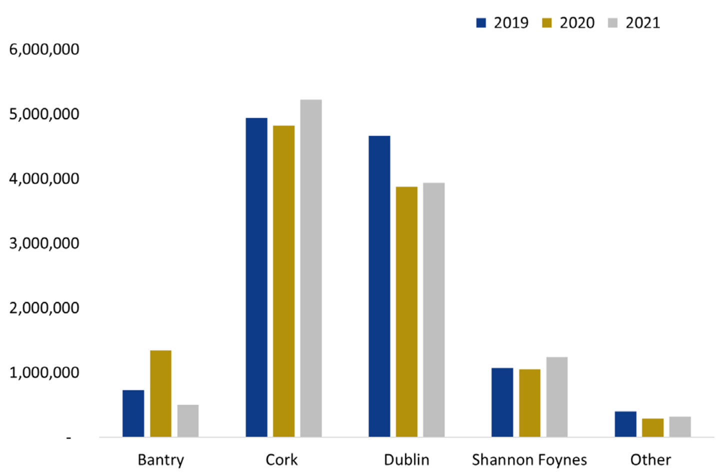
Break Bulk is made up of goods that are stowed on board ships in individually counted units, such as manufacturing and construction equipment. Most of the demand for break bulk cargo is derived from the likes of construction activity. Given the pause on almost all construction activity throughout the initial phase of the Covid-19 pandemic, the volumes of break bulk tonnage passing through ports had fallen. Shannon Foynes, which in 2019 dealt with the largest amount of break bulk tonnage, saw a 14.4% decline in the level of tonnage passing through its port in 2020. 2021 saw demand return to pre-pandemic levels with a similar level of tonnage passing through to that in 2019, with a 16.6% increase in 2021 versus 2020. Break bulk is a growing industry given Shannon Foynes energy generation plans and that wind generation turbines fall within this category.

Fig. 5.1: Dry Bulk Volumes 2019 - 2021



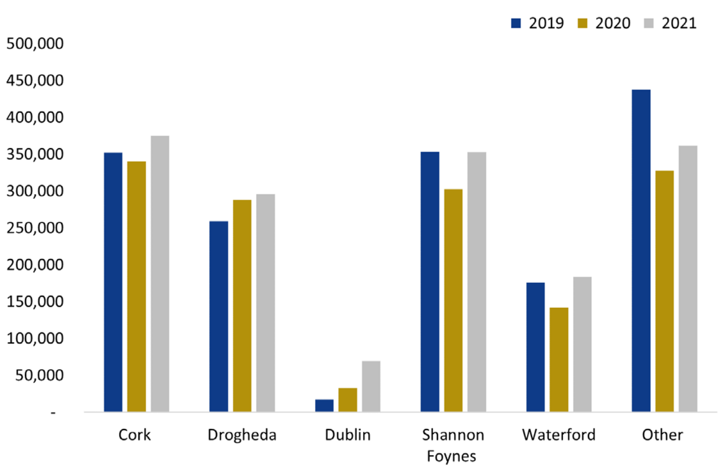
Source: IMDO

Fig. 5.2: Liquid Bulk Volumes 2019 & 2020



Source: IMDO

Fig. 5.3: BreakBulk Volumes 2019 & 2020



Source: IMDO

Connectivity will play a big role in the development of the Mid-West region over the coming years. The presence of both air and sea connectivity creates an attractive environment for FDI located in the region. Shannon Foynes Port has been an island leader in Dry Bulk imports and exports, along with being one of the industry leaders in Break Bulk. Planned projects over the next few years have the potential to expand the development of logistical services in the Shannon Estuary and at Shannon Foynes Port.

There are two core projects that will have an impact on the progression of Shannon Foynes. Firstly, the new motorway standard road linking Shannon to Foynes, allowing it to join the the national motorway network and further boost its connectivity within the Mid-West region and across Ireland. This will be crucial in allowing businesses to locate within the Mid-West region and have accessibility to close-by shipping and transport options for heavy cargo. The road will dramatically reduce access times from the uncongested port in Foynes to all parts of the country. According to Shannon Foynes, the road will also have a significant economic impact with the development bringing approximately 75% of the country's GDP into a two hour transport window from Foynes.

The second significant project will be the reopening of the Foynes to Limerick railway line, which again will reconnect the port into the national rail network, allied to Irish Rails ambitious new railfreight strategy 'Railfreight 2040', and its renewed emphasis on the movement of freight by rail, will add another new dimension to the expanding potential of Foynes Port in the coming years.

Furthermore, the port itself has very ambitious plans for hinterland connectivity in the coming years. Next year will see the welcome return of container services to Foynes. This will open up opportunities to provide a number of services in the near future with offerings to mainland Europe and the USA.

Plans are also in place to establish a new warehouse and distribution centre in the near future, with works ongoing between a number of national and international providers. 127,000 square feet of warehousing is expected to be available for use in the spring of 2023. This, along with the availability of rail connectivity has already shown to be a significant pull factor for those looking to engage in business with Shannon Foynes.

Key Growth Enablers

Road Upgrades

Foynes to Limerick Rail Line

75% of Irish GDP to be within 2 hours of Foynes

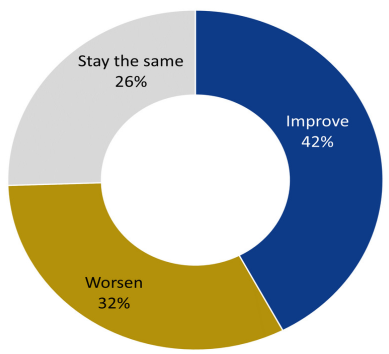
127k Sqft of warehousing space to be available in H1 2023

Business & Consumer Sentiment

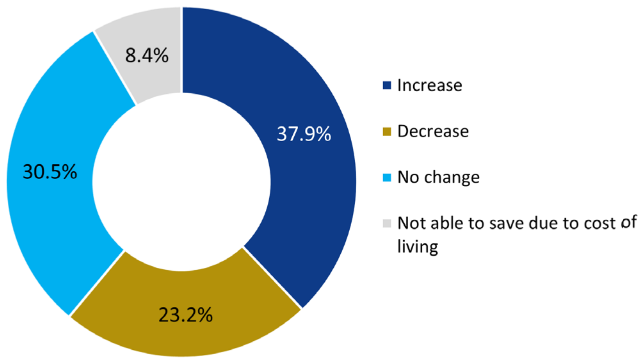
Limerick Chamber
Advancing business together

Consumer Sentiment - Spring 2022

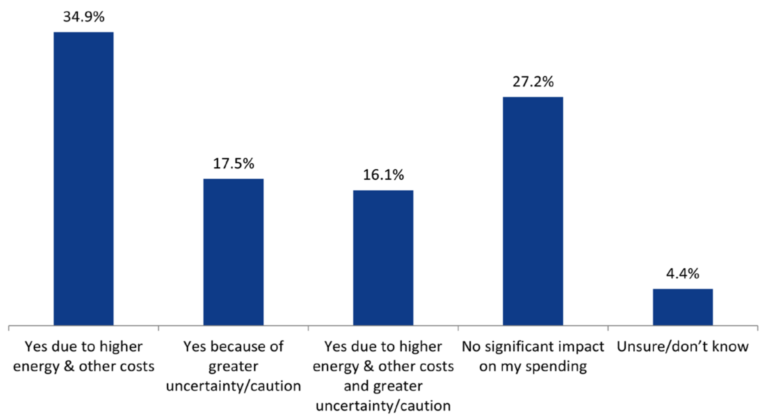
How do you expect the financial position of your household to change over the next 12 months?



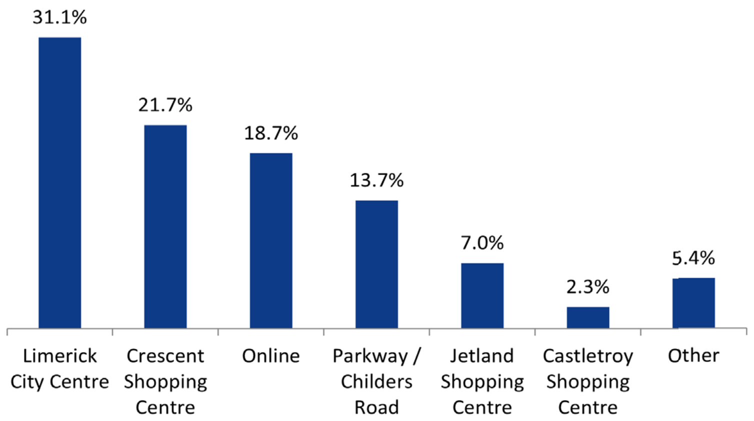
How do you expect to change your monthly savings amount over the next 12 months?



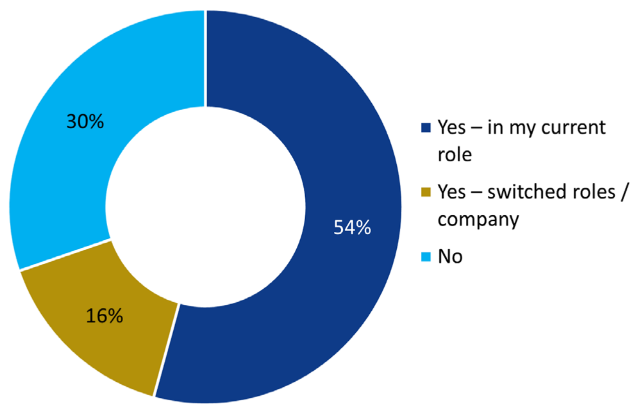
Do you think your discretionary spending will be lower in 2022 versus 2021?



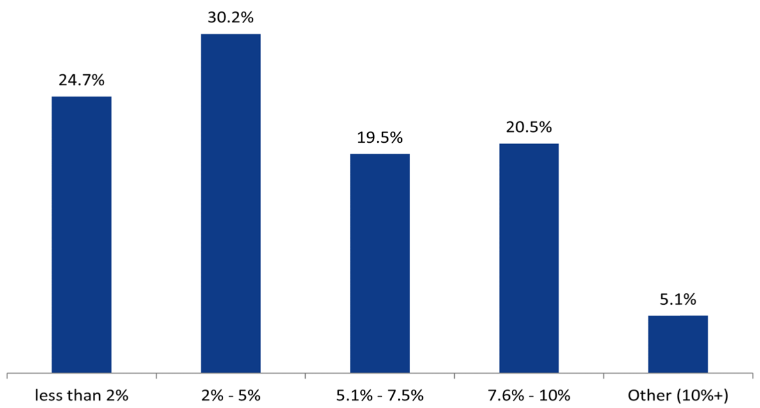
What is your preferred shopping location?



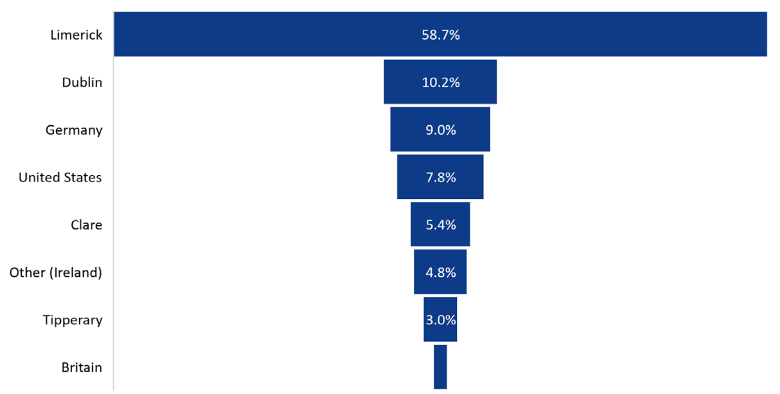
If you are working, has your wage increased over the last 12 months?



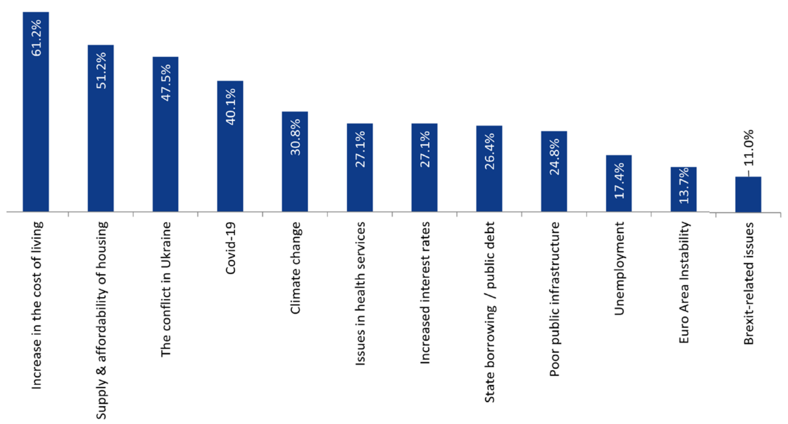
If you are answered yes to the previous question, by how much has your wage increased?



If you are hybrid / remote working, where is your office located?



What do you consider to be the top issue facing the Irish economy in the next 12 months? (Select all that apply)



50% of consumers believe now is the wrong time to make major purchases

51% of consumers say they intend to shop local more in the coming months

35% of consumers expect to holiday abroad with 51% holidaying in Ireland

47% of workers expect to be hybrid or fully remote for the next 6 months

Consumer Outlook

The majority of respondents (42%) expect their financial situation to improve over the coming 12 months, with just 32% believing that their financial situation will worsen. Interestingly, almost 38% of respondents expect to increase their monthly savings amount over next 12 months with 31% of respondents expecting no change. Given the significant amount of savings built up in the system since the beginning of the pandemic, the increase and no change in savings signal a more cautious consumer outlook for the coming year. Even though the majority of respondents expect their financial situation to improve while also increasing saving, the vast majority of respondents (68%) signal a lower level of discretionary spending in 2022 when compared to 2021 - largely driven by uncertainty and the increased cost of living. Just 32% of respondents feel that now is a good time to make major purchases (houses, cars, renovations etc.) while 50% believe now is a wrong time to make such purchases.

70% of respondents that are working received a pay increase within the last 12 months with 54% of those staying with their current roles / companies - signalling that businesses are keen to retain current employees. 55% of those that received wage increases, 5% increase or less, are not keeping in line with inflation (6.7% increase in CPI YoY in March 2022) and thus saw their real incomes fall. This will be a key concern for businesses that wish to retain staff going forward.

Overall, our consumer sentiment survey signals a more uncertain and pragmatic consumer for 2022. While people expect to be largely better off, there is an air of uncertainty amongst consumers in the Mid-West that will likely affect local businesses, so too will the added pressure of wage increases to match or beat inflation.

The Future of Work

53% of respondents expect to be working in the office full-time within the next six months, which may increase the demand for office space in the region or at least bring demand back to pre-pandemic levels - however this is not in line with results from the business sentiment survey. Just 27% of respondents expect to be in a hybrid working model, with an average of 2.3 days in the office per week. The rigid nature of full-time office work may spur employees to look for opportunities elsewhere having experienced the advantages of hybrid and remote work for the last two years. Indeed, the pandemic has allowed the Mid-West region to become more internationalised with 18% of respondents working internationally but based in the Mid-West. Also 10% of respondents are working for Dublin based firms but through hybrid and remote working, live in the Mid-West. While this is a win for employees, it may be a worrying signal for local employers where employees can work remotely and command higher wages where the company office is located and may increase local competition for skills.

Shopping Local

51% of respondents intend to increase their amount of in person shopping in the coming six months which may alleviate the pressure felt by businesses since the onset of the pandemic and may help to balance the impact from people spending more cautiously. Also, 51% of people expect to holiday within Ireland this year which may give a boost to local businesses. When asked what their favourite locations for shopping were; 31% outlined Limerick city centre, 22% picked the crescent shopping centre and 19% preferred online shopping.

National Outlook

The increased cost of living and housing supply / affordability are the top two concerns for respondents. People feel that the battle with Covid-19 is far from over, reaching the fourth highest concern on the list - which is out of step with how businesses currently view Covid-19. Impending interest rate hikes are also at the front of people's minds. Interestingly, the impact from Brexit is not a large concern for consumers.

Business Outlook

70% of businesses did not avail of the EWSS in 2022 with an encouraging 92.5% noting that they have not let go of staff since the start of 2022. Looking at the expectations around recruitment in the Mid-West, a strong cohort (87.5%) of businesses expect to take on staff within the next 6 months, with 70% having recruited staff since the start of 2022. Insurance premiums have been a rising concern for businesses in the Mid-West with half of respondents seeing a rise in insurance costs of between 11% - 20%.

Business Health

Regarding the current state of businesses in the Mid-West region, 75% of businesses reported their current demand to be inline or above pre-pandemic levels, while 90% stated that their present business situation to be either satisfactory or good. Looking ahead, an encouraging 55% of businesses expect their situation to be better than it is currently with 92.5% of respondents intending to invest in their businesses in the next 6 months. Just 2.5% of businesses feel that they don't have have the financial resources to continue to operate, with 87.5% being confident that they do. The cost of labour (52.5%), skills shortages (50%), employee retention/attraction (50%), and energy costs (40%) are key concerns for businesses in relation to factors that are limiting an increase in activity. In contrast to the Consumer Sentiment, Covid-19 is much further down the list with just 12.5% of businesses noting it as a concern.

The Future of Business

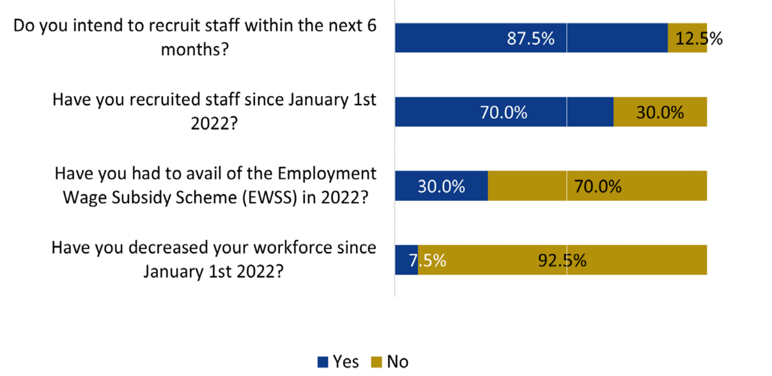
The Covid-19 pandemic has changed the way businesses operate. The normalisation of remote working is one of the core outcomes, with people now having the ability to work from their own homes with much greater ease. Looking ahead, just 2.5% of businesses expect to stay fully remote while 65% expect to keep a hybrid model for the next 6 months. This is important as regional businesses look to retain staff that now may have the opportunity to obtain higher salaries in Dublin based jobs while still working from home for the majority of the week. The success of remote and hybrid working is also highlighted in the demand for office space in the Mid-West, with 42.5% of respondents stating that they will require less office space moving forward. 10% noted that they will require more office space going forward.

National Outlook

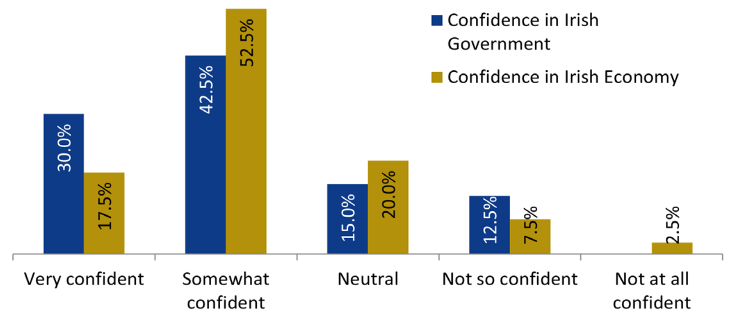
72.5% of businesses stated that they were at least somewhat confident in the Irish Government, while 70% showed the same level of confidence in the Irish economy. Similar to the Consumer Sentiment results, the top two concerns for businesses were the increased cost of living (82.5%) and housing supply / affordability (65%). The conflict in Ukraine is also at the forefront respondents minds, followed by increased interest rates. Interestingly, Brexit-related issues ranked the lowest among all options with just 7.5% of respondents noting it as a concern.

Interestingly, Covid-19 is less of a concern for businesses than it is for consumers with 7.5% of business responses listing it as a top issue facing the Irish economy in the coming 12 months versus 40.1% of consumer responses listing it as a key issue.

Employment

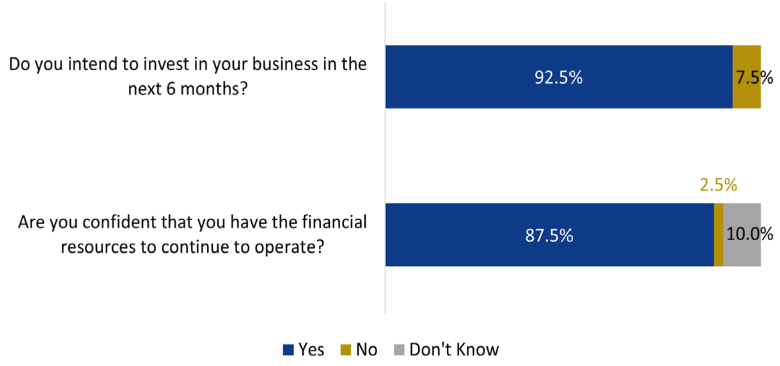


Business Confidence

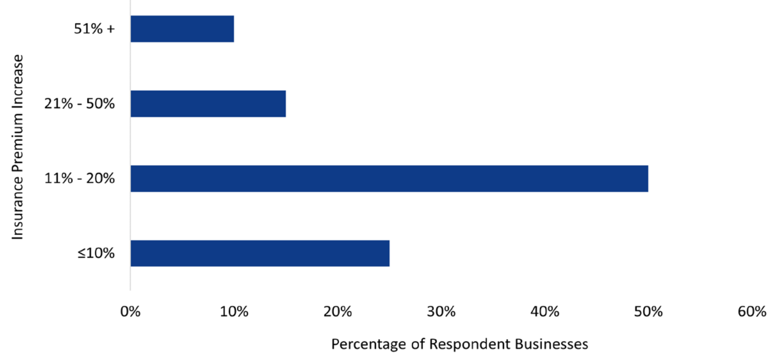


90%
of businesses not in receipt of covid supports

Business Finances

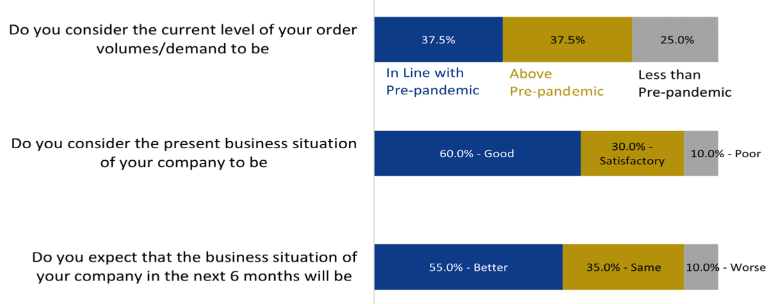


If your insurance has increased in the last year, by how much?

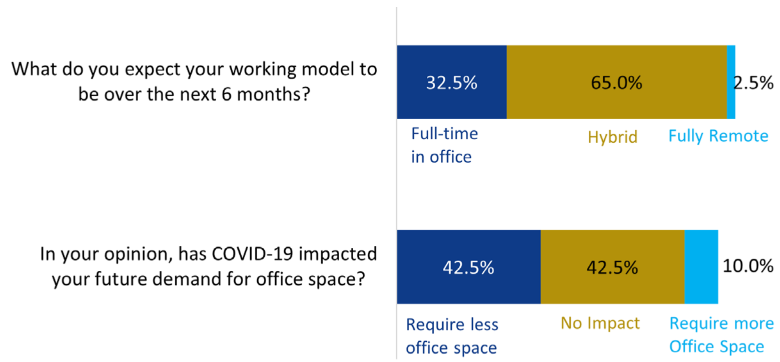


50%
of businesses see further price increases in the coming 3 months

Business Health

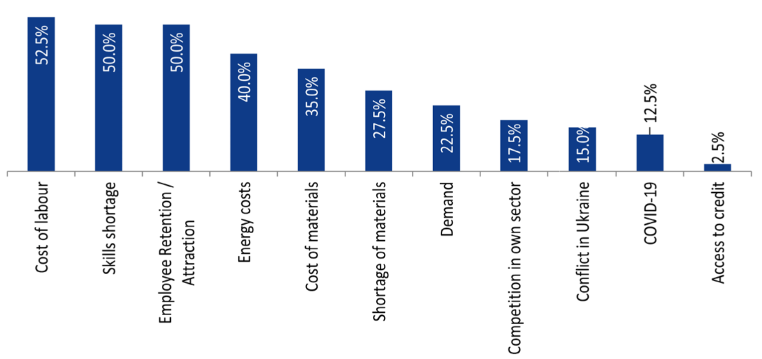


Operating Model

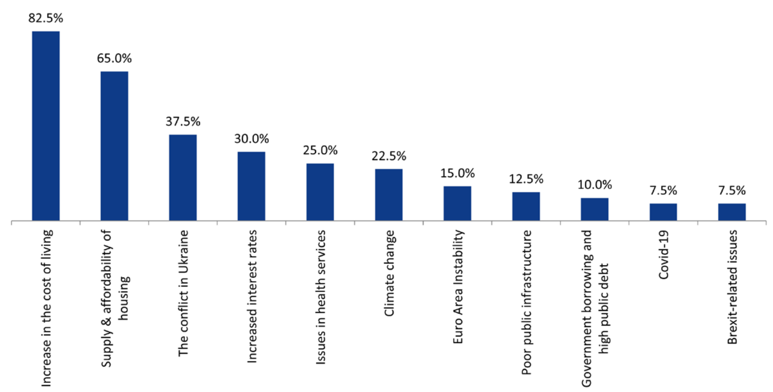


68%
of businesses have turnover close to or exceeding Jan 22 projections

What factors are limiting your ability to increase activity? (Select all that apply)



What do you consider the top issues facing the Irish economy in the coming 12 months? (Select all that apply)



About Limerick Chamber

Limerick Chamber is the largest business representative body in the Mid-West, with over 400 member organisations who support over 50,000 jobs across the region.

Championing business growth and investment, Limerick Chamber is dedicated to fostering a thriving Limerick and Mid-West. We are a catalyst in the promotion and progression of the city and region. We support the economic and social development of Limerick through our work with other stakeholders and businesses, our proactive approach to policy development, and our lobbying to impact decisions that benefit the region.

Specialising in SME, Retail and Hospitality and Corporate, Limerick Chamber has three separate business strands so we can better serve our members. We run a wide variety of innovative and inclusive business events and cutting-edge training courses, including a dynamic Regional Leaders programme.

We proactively develop policy and we effectively lobby to deliver decisions that support the economic and social development of the city and region. We support business and investment growth within the city and region, working with relevant stakeholders where appropriate. Limerick Chamber is one of few chambers with a dedicated full time policy team.

Limerick Chamber strives to be the "first port of call" and the leading source of knowledge and expertise in establishing business and investing in the city and region.

Limerick Chamber

Advancing business together

Prepared by the Limerick Chamber Policy Team

Seán Golden - Chief Economist / Director of Policy

Seán Golden joined Chamber team in 2022. Prior to taking up his position at the chamber, Seán worked as the Economist with the Land Development Agency (LDA), leading their policy and economic research function. He also previously held the position of Senior Economist with EY, where he provided economic consultancy services to a range of organisations across the public and private sector. Prior to joining EY, he worked with the Department of Public Expenditure and Reform / Irish Government Economic and Evaluation Service (IGEES) as an Economist and also spent a several years in retail banking with Bank of Ireland.

Seán holds an MSc in Economic Analysis from the University of Limerick where he graduated top of his class and received the Northern Trust Outstanding Scholar Award. He also holds a BBS in Economic and Finance from the University of Limerick.

Seán is also active in the voluntary sector in Limerick having worked with the European Expo 2020, Lean on Me and MyMind.

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Diarmuid O'Shea - Economist / Policy Analyst

Diarmuid O'Shea joined the Chamber team in 2021. Prior to this, Diarmuid worked in financial services and had just completed his MSc in Economics and Policy Analysis at the University of Limerick.

He has a keen interest in higher education research, with his thesis for his master's degree analysing higher education finance and the costs of participating in higher education for full-time students in Ireland. As well as this, Diarmuid also has an interest in many key policy areas for Limerick Chamber. Regional development and sustainable transport modes, as well as green energy and how the Mid-West can leverage its rich natural resources to ensure a steady supply of clean energy are all areas of interest for Diarmuid.

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