

Mid-West Economic Insights

Winter 2022



**Limerick
Chamber**
Advancing business together

Mid- Econ Insid

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Mid – West at a Glance

Winter 2022

1,284

Homes delivered in
2022 (Q1 – Q3)

5.9m

Tonnes of dry bulk
through Shannon Foynes
Port in 2022 (Q1 – Q3)

+11.3%

YoY Increase in
residential property
price index (Sep '22)

4.5%

Unemployment rate Q3
2022

622.6k

Passengers through
Shannon Airport in
first half of 2022

239.5k

Number of people at
work in Q3 2022

986

Electric Vehicles Sold
2022 (Jan - Oct)

25.2k

IDA Supported Jobs in
2021

595.4k

Mid-West Population

79%

Hotel Occupancy in
Limerick YTD

284

New build social
homes in H1 2022

160

Average amount of
homes to rent across
the region (Aug - Oct)

Executive Summary

Since our last Mid-West Economic Insights Update in Spring 2022, the business and personal landscape has become harsher and more competitive. Business are now dealing with further supply chain issues, large increases in energy bills, staff and skills shortages, increased cost of borrowing and insurance premiums and also housing for their staff.

Despite the challenges for business, and households, some of the high-level regional economic indicators, such as employment and unemployment, are showing signs of resilience.

It is important to note, that our Spring publication is a larger publication that gives a more comprehensive overview. The Winter publication contains an update depending on data availability i.e. most of the data in the Spring edition is yearly, which is not possible to update in the Winter, however, other quarterly and monthly information is contained within this report.

Enterprise & Employment

Our Spring 2022 report outlined a remarkable resilience in the labour market in a 'post-Covid-19' world. We had record numbers in employment accompanied by a low unemployment rate. Unemployment in Q3 2022 is the same as what it was in Q4 2021 at 4.5%, however, this represents a slight increase on Q1 and Q2 2022 figures which were both at 4.3%. Employment has also cooled slightly, while Q4 2021 saw record numbers of employment at 239,000 this has went through some peaks and troughs throughout 2022. Q1 2022 employment was at 230,500, in Q2 it rose to 245,800 and in Q3 it landed on 239,500 which represents c. 7,000 more employees than on the same period in Q3 2021. Which is understandable given that Covid-19 still very much had a grip on businesses in 2021.

The top three largest sectoral employers in the Mid-West remain the same as the Spring edition with Industry (41,400 employees), Wholesale and Retail (32,300) and Health and Social Work (31,500). Since the beginning of 2022 to Q3 2022 both industry and health and social work have continued to increase their employee numbers quarter-on-quarter, increasing by 3,800 and 3,700 respectively. Wholesale and retail trade has underwent a slightly more dynamic path increasing by 3,400 from Q1 to Q2 and then decreasing by 1,900 from Q2 to Q3, yet, employment is still up in this sector since the beginning of the year (+1,500). However, given the scale of the energy increases, staffing, online shopping and supply chain issues, wholesale and retail, due to smaller margins and increased overheads amongst other factors, will likely continue to feel pressure.

The hotel sector in Limerick has begun to bounce back, bolstered by both the transient leisure and corporate market. Hosting Ukrainian families is unlikely to be the key driving force in this instance. The occupancy in Limerick hotels year to date is 78.7% - the largest occupancy rate seen in several years. This represents a significant increase in 2021 (16.1%) where hotels were hit extremely hard by the impact of Covid-19. Both RevPAR (Revenue Per Available Room) and ARR (Average Room Rates) have seen increases, again, unsurprising given the impact of Covid-19 on the hotel sector in 2021 and the low base seen by Limerick hotels in previous years.

Business Sentiment Survey

We surveyed almost 300 business from across the region for our Winter Business Sentiment Survey and while the high-level employment indicators show some level of resilience, there is underlying data from the survey that must be noted. Below represents a preliminary view of some of the results from the survey.

In terms of order volume/demand, 55% of business outline that demand is in line with 2021 - a year still grappling with Covid-19. Worryingly, 35% of businesses outlined that order volume/demand was lower than 2021 with 10% outlining volume/demand is now higher than last year. From this, 62% of business expect their average selling price to increase over the coming six months, while 36% expect no change in prices. 51% of business are at or close to their projected turnover from the beginning of 2022 but 41% are at less than projected.

In terms of staffing and training, 39% of businesses feel that training / upskilling / reskilling are factors that are limiting their potential to expand (the highest result of this question). Coming in fourth at 27% was the ability to retain staff in this competitive environment.

We will be releasing the full results from both our business and consumer sentiment surveys in the coming month.

Housing & Property

Housing remains a key issue not just in the Mid-West but on a national level. Businesses across the region report issues with attracting and retaining staff due to the lack and cost of housing. Most of the data used for analysing the housing and property market in this report runs to Q3 2022, some is earlier, therefore to analyse the full performance of 2022 we will have to wait until the full data release in 2023 and our next Spring Economic Insights.



The supply of rental properties, let alone affordable rental properties, remains a key issue across the Mid-West. The policy team in Limerick monitors numerous sources to analyse the monthly availability of rental. This is published on our website. In October 2022, there were just 129 residential homes to rent across the Mid-West (€1,219 average price). This broke down into 25 homes to rent in Limerick City and Suburbs at an average cost of €1,693, 40 homes in the county of Limerick (incl. city and suburbs) at an average price of €1,447, 41 homes in Clare (€1,193 average price) and 48 in Tipperary (€1,052 average price). Historically, Tipperary has had a greater supply of homes available at a more affordable cost, if we see this trend continue then people in Limerick and Clare could very well decide to move to Tipperary. This will have implications for vibrancy in towns and the city in Clare and Limerick and will also increase the transport and other infrastructure requirement in Tipperary to support these new residents.

The Residential Property Price Index (RPPI) continues to increase across the Mid-West year-on-year with little sign of impactful cooling. The RPPI solely shows the increase in house prices and not the value of the homes. The Mid-West reached a series high in September 2022 at 188.7 this represents a year-on-year growth of 11.3%, this is the fourteenth successive month of double digit year-on-year growth. Overall the RPPI has been increasing since December 2020.

For Q3 2022, the average house price in Limerick City was c. €230,000 (+3.9% increase on the same quarter in 2021), for Co. Limerick it was c. €278,000 (+6.3% on the same quarter in 2021), for Co. Clare it was c. €249,000 (+9.0% increase on the same quarter in 2021) and for Co. Tipperary it was c. €214,000 (+7.1% increase on the same quarter in 2021). With the new central bank rules, being able to borrow up to four times your income, that means to buy a home in Limerick city a person would need to have an income of c. €52,000, in Co. Limerick it would be c. €63,000, in Clare it would be c. €56,000 and in Tipperary it would be c. € 48,000 in conjunction with a 10% deposit.

Using averages can sometimes provide a misleading picture due to the wide variation at opposite ends of the scale. The median price of a home in Limerick City in Q3 2022 was c. €200,000 (+0.4% increase on the previous year), for Co. Limerick it was c. €276,000 (+13.5% on the previous year), for Co. Clare it was c. €235,000 (+14.2% on the previous year) and for Co. Tipperary it was c. €193,000 (+6.5% on the previous year). To buy the median home in Limerick a person would require c. €45,000, for Co. Limerick this would be c. €62,000, for Clare it would be c. €43,000 and for Tipperary it would be c. €43,000 in conjunction with a 10% deposit.

Using both the average and median reflect what houses sold in that quarter, in some instances we have expensive quarters and in others there are 'cheaper' quarters. For example, some months could be heavily skewed with older homes while others may be skewed toward new homes ultimately influencing both the average and median.

For the first three quarters of 2022, Limerick has delivered 572 homes (compared to 409 in the same period in the previous year), 444 have been delivered in Clare (compared to 266 homes in the previous year) and Tipperary has delivered 268 homes so far compared to 191 in the same period last year). This increase is understandable given the impact Covid-19 had on the construction sector in 2020 and 2021. Ultimately, quarter 4 will decide if more homes are completed this year than last year, however, any increase is unlikely to be vastly significant in the case of Limerick and Tipperary. To put it into perspective, The Economic and Social Research Institute (ESRI) outlines that Limerick needs c. 1,800 homes per year, which represents a tripling of existing provision.

The Mid-West needs the immediate introduction of cost rental housing as an affordable rental option, furthermore there needs to be increased delivery of homes targeted towards those that are not eligible for state housing and there needs to be decreased competition from the state and approved housing bodies (AHBs) through the acquisition of turnkey properties which ultimately removes much needed supply from the private market.

Transport & Logistics

Dublin Airport continues to dominate Ireland's air travel landscape. In the first half of 2022, Dublin accounted for 86% of all passengers within Ireland while Cork accounted for 7% and Shannon 4%. It is imperative for policy makers going forward that not only are Cork and Shannon included in the Regional Airports Programme permanently, but that embodied carbon of existing airport infrastructure is taken into account when deciding future flights or capital expansions and also that enterprise policy is supported by a strong and renewed National Aviation Policy. Furthermore, key business routes must be supported initially to create linkages with other European cities. As we saw over the summer, the dominance of Dublin Airport is inappropriate, especially when compared to other European nations.

Shannon Foynes Port (SFP) continues to be the largest node for dry bulk in Ireland, handling 5.9 million tonnes in the first three quarters of 2022, compared to Dublin (the second highest) with 1.7 million tonnes. Furthermore, in the first three quarters of 2022, SFP handled 705,000 tonnes of break bulk, overtaking Cork, which has been the largest port for break bulk in the last number of years.

Enterprise & Employment

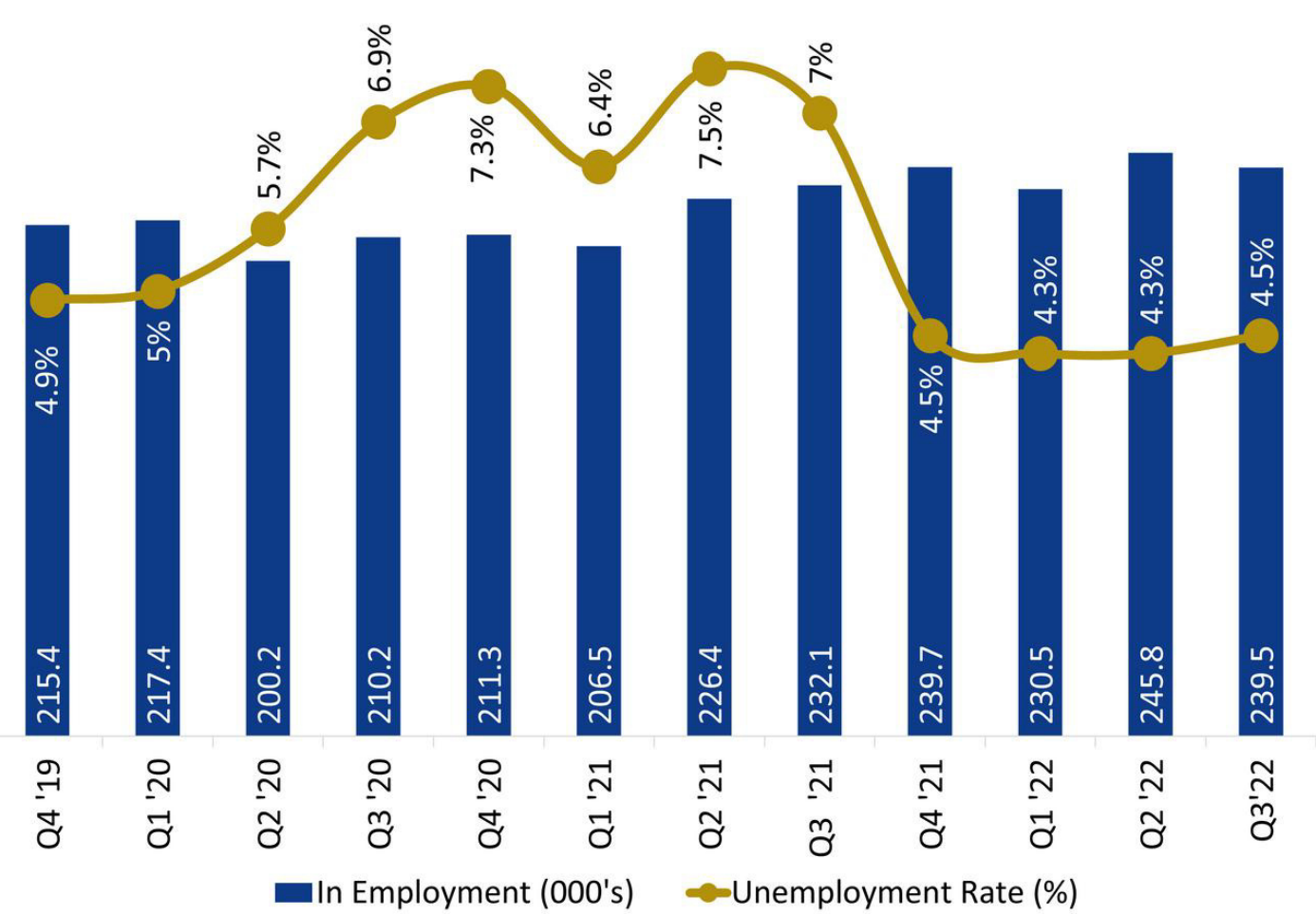
The Mid-West’s employment levels over the course of the last 2 years have remained strong in most sectors, with the exception of customer / people facing sectors. Unemployment levels have remained consistently low over the past three consecutive quarters, with Q3 of 2022 seeing a slight rise to 4.5%. The number of people in employment in the Mid-West has also continued to surpass pre-pandemic levels, with c. 239,500 people employed across various sectors. The strong presence of industry related sectors such as Pharma and MedTech, strong employment in the Human Health sector and an encouraging rebound in employment levels in the Wholesale & Retail sector since the Irish economy reopened in January 2021 have seen employment levels reach new heights across the Mid-West in Q2 2022. However, the total labour force contracted by 2.3% QoQ in Q3 but remains above pre-pandemic levels. This means that there were less people who are willing and able to work, i.e. in employment and unemployed, available in Q3 vs Q2.

The 3 largest sectors in terms of employment have remained the same, with Industry leading the way, followed by Wholesale & Retail which had briefly fallen behind Human Health at the beginning of 2021 given the tight restrictions on business activity in a customer facing sector. Almost all sector’s employment levels, with the exception of Public Administration, Education and ‘Other’ are up on pre-pandemic levels (Q4 2019). After a slight decline in Q1 2022, Industry is returning to its previous peak highest level of employment which was seen in Q4 2021, with c. 41,200 people employed in the sector in Q3 2022. Wholesale and Retail has both recovered from the lowest levels of employment in several years seen at the beginning of 2021 and gone on to surpass pre-pandemic employment levels. c. 32,300 were employed in the Mid-West for Q3 2022. Human Health remained relatively constant throughout the pandemic, which was no surprise given the demands set on the health sector throughout the last two years. Employment levels for Q3 were c. 31,500, with that figure being up on pre-pandemic levels also (c. 26,100 in Q4 2019).

The strong employment levels across the Mid-West are backed by continued investment in the region. Since Limerick Chamber’s most recent edition of the Mid-West Economic Insights in Spring 2022, there has been several announcements of new businesses investing / expanding in the region, such as Eli Lilly (c. 400 jobs), Johnson & Johnson (c. 80 jobs), and Three (c. 175 jobs) to name a few.

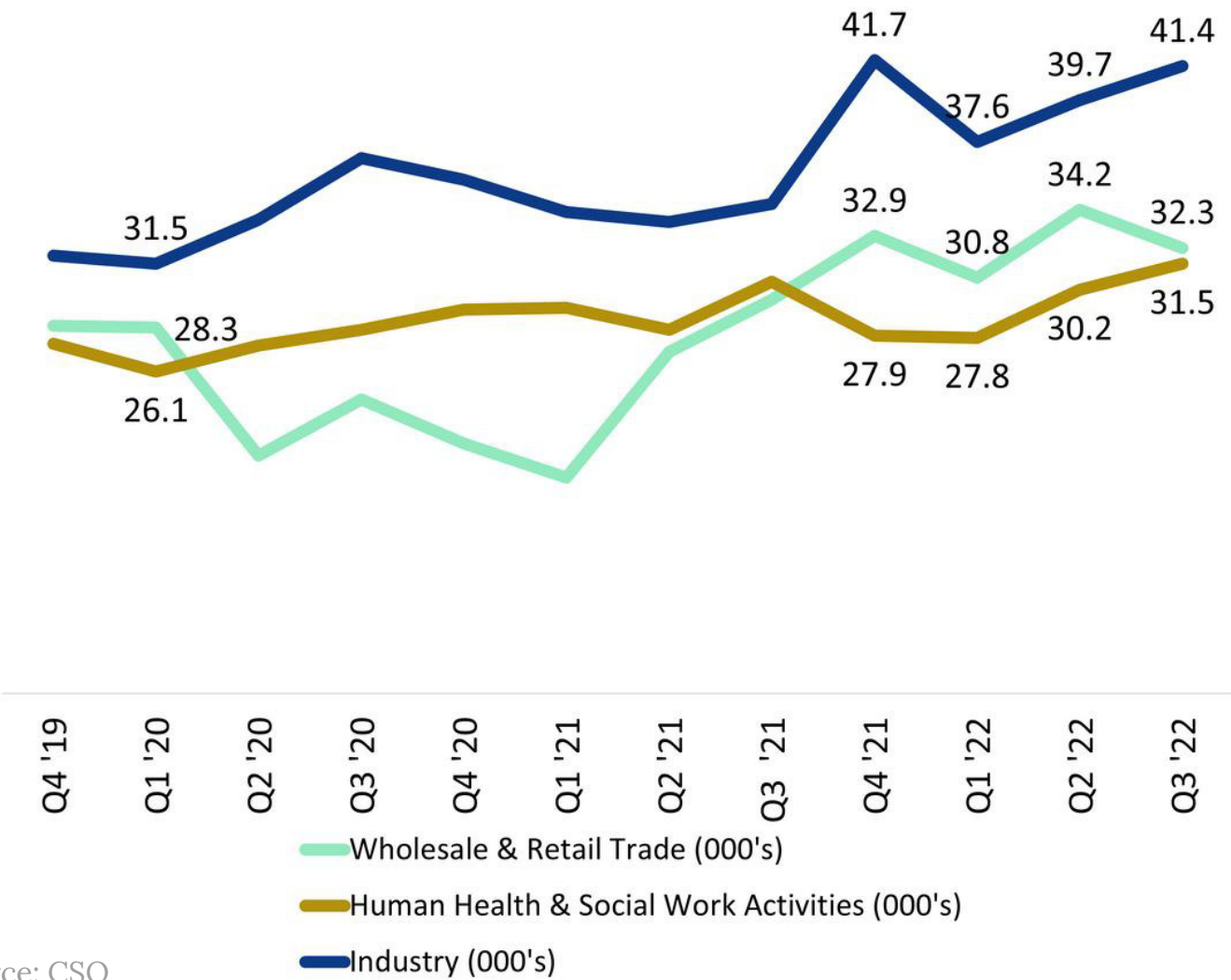
The share of regional employment by Foreign owned (IDA) and Irish-owned (Enterprise Ireland) is released annually through by the Department of Enterprise, Trade and Employment (DETE). The Mid-West is shown to have 9.2% of the 491,638 employees that work in Foreign and Irish owned firms. This is a decrease on 2012’s percentage share, while Dublin (35% to 39%) and the West (9% to 10%) were the only two regions to see an increase in share in that timeframe. Fig. 1.3 breaks down the total number of IDA enterprises within the Mid-West, which total 25,270 in employment. Of the total IDA related enterprises in the Mid-West Clare has 71, while Limerick has 66 and Tipperary has 13.

Fig 1.1: Mid-West Unemployment Rate (%) & Employment Persons (000's)



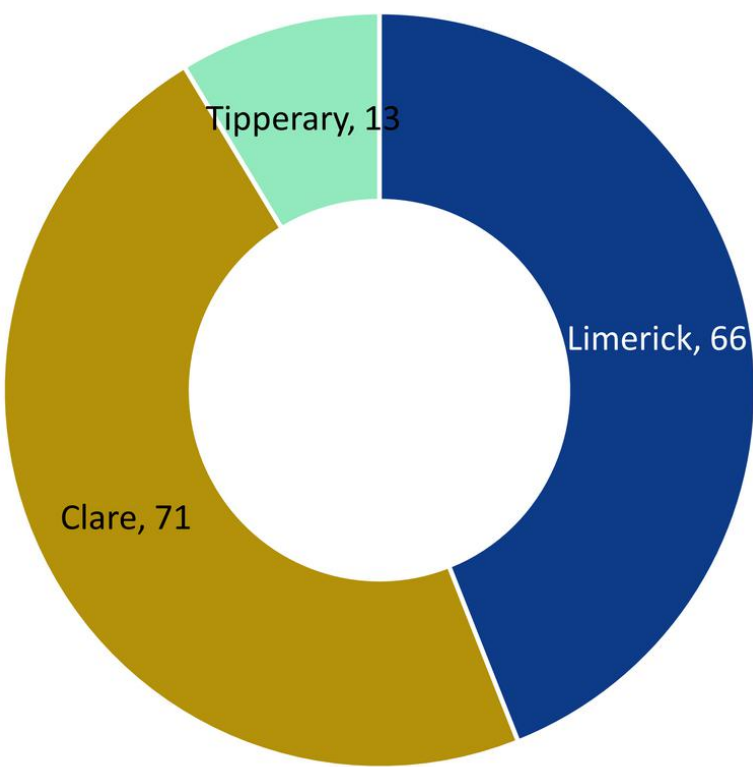
Source: CSO

Fig 1.2: Mid-West Top Three Sectoral Employment Trends



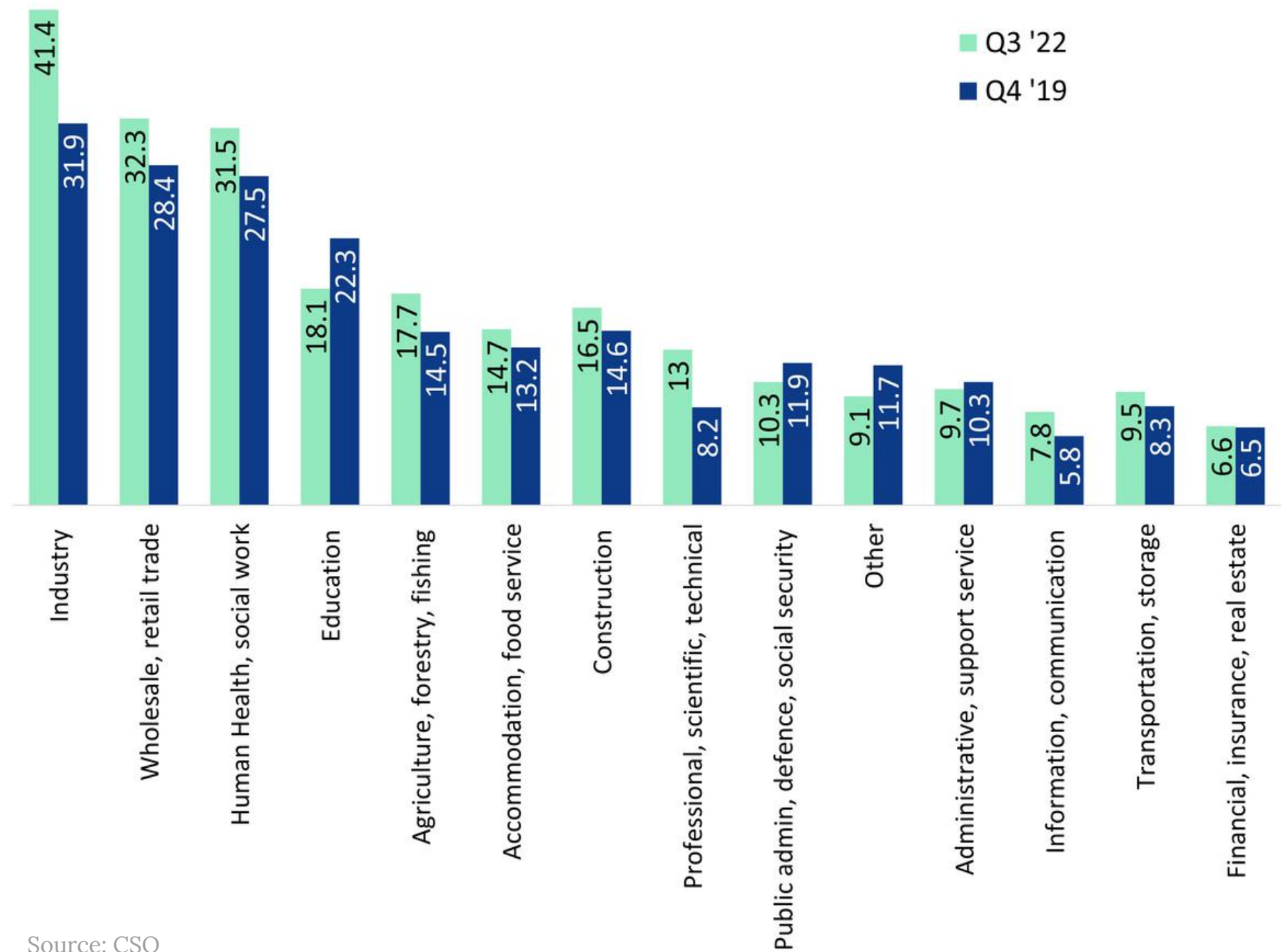
Source: CSO

Fig 1.3: Total IDA Enterprises & Mid-West IDA Employment



Source: IDA

Fig 1.4: Mid-West Commercial Activity by Employment



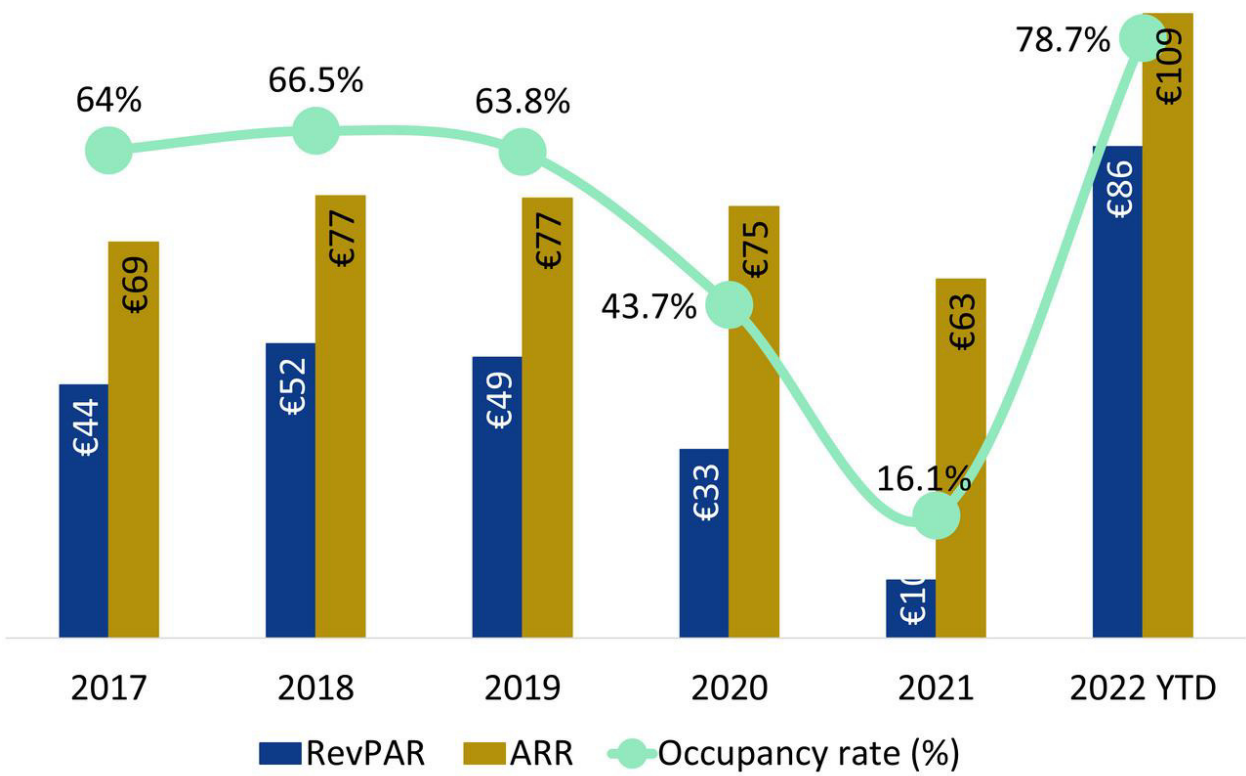
Source: CSO

The three common key performance indicators (KPIs) for the hotel sector in Ireland are RevPAR (revenue per available room), ARR (the average rate per available room) and the hotel occupancy rate percentage. The available data for 2022 is from January to October, and so give a good sense of how Limerick’s hotel industry performed over the summer period. The year-to-date occupancy rate stood at 78.7% as of October, the highest over the time period analysed (the data available started in 2017). RevPAR stood at €86, while ARR was €109.20, both also being highs.

Much like the aviation sector, 2022 is a rebound year in the recovery phase for the hotel sector and the overall tourism industry. Looking at the 2021 figures for January to October, Occupancy rate (78.7% vs 37.96%), RevPAR (€86 vs 34.41) and ARR (€109.20 vs €90.64) are all up for the same period for 2022. This increase is unsurprising given the impact of Covid-19 on the hospitality sector in 2021, as well as Limerick previously operating from a lower base pre-Covid-19.

Fig 1.5 shows the performance of the Limerick hotels across the 3 KPIs for the 10-month period to October. The increased demand in the transient leisure and corporate markets is benefitting the hotel sector.

Fig 1.5: Hotel Performance, Limerick



Housing & Property

Limerick Chamber tracks the monthly availability of rental accommodation across the Mid-West. The average price and the total monthly availability are shown on fig 2.1, for further information such as type of housing i.e. apartments, 1-bed homes, BER performance, please see our monthly rental availability publications on our website.

Fig. 2.1 shows the residential rental availability has been falling since May 2022 for Limerick City & Environs, and since data has been recorded for the whole counties of the Mid-West, residential rental availability has also fallen for Co. Clare and Co. Limerick while Co. Tipperary's supply has fluctuated. The average price in Limerick City and Environs in October 2022 was €1,693, with 25 homes available to people across the month. For Co. Clare, the average price in October was €1,193 with 41 residential homes available to rent. For Co. Limerick, it was €1,447 with 40 homes available, and for Co. Tipperary, there were 48 homes at an average price of €1,052.

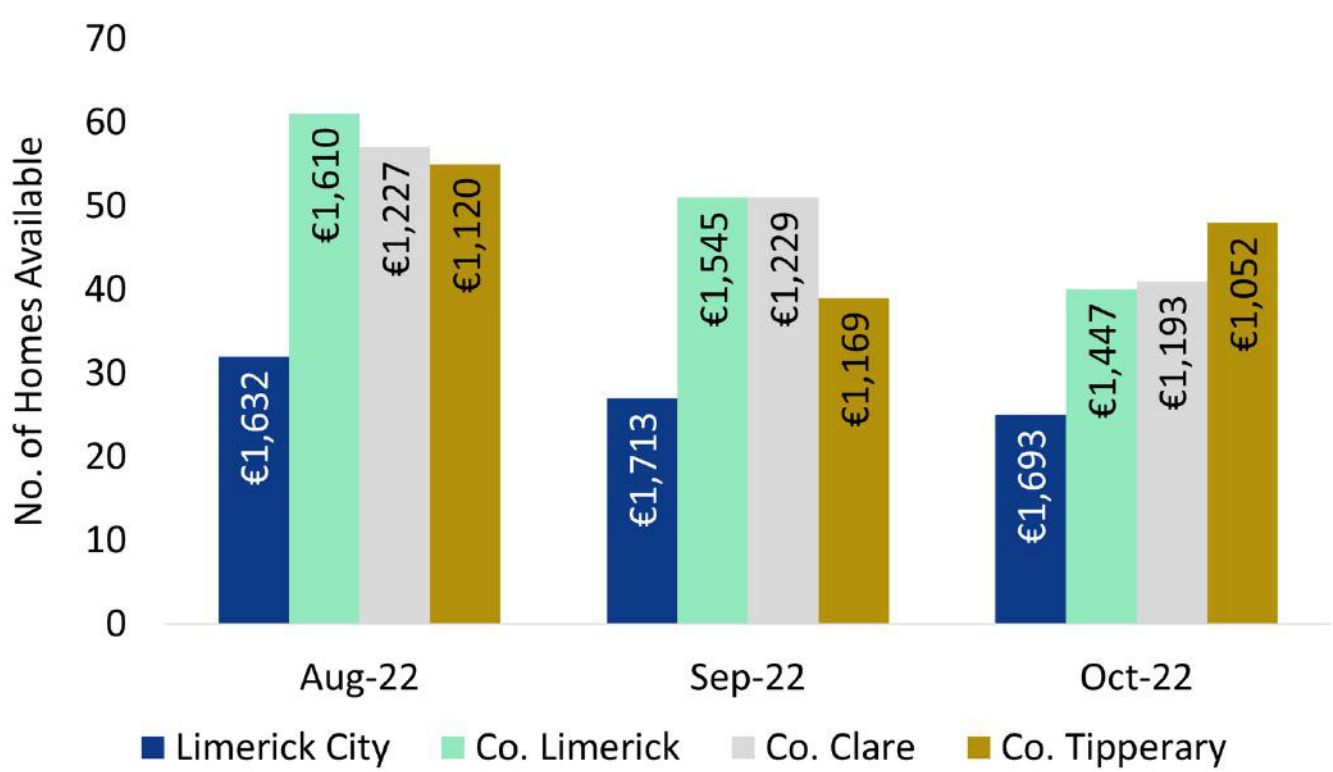
The RPPI shows the increase (or decrease) in the price of homes. National house prices increased 11.2 % YoY to September 2022 (fig 2.2), while national house prices excluding Dublin grew by 12.1 %. The Mid-West grew by 11.3 % – representing the fourteenth consecutive month of double-digit YoY growth. The RPPI continues to reach new highs for the Mid-West since a previous dip in October 2020 (on par with the previous peak of Jan 2010) likely due to uncertainty brought on by Covid-19, however, in Sep 2022 it was at a series high of 188.7.

While the Mid-West has seen significant increases over the last number of years, greater than both the national excluding Dublin figure and the South-West (Cork) figure, the West region, underpinned by Galway, is seeing larger increases in the RPPI - sitting at 217.2 in September 2022. Since 2015 house prices in the Mid-West have increased by 82.5%. The same figure for the West is 114.4% while the South-West region has seen 77.6% growth and National (excluding Dublin) has seen 78.5% growth.

For September 2022, the average national house price was €367,280. This is an increase of 8.7% YoY and a decrease of 2.7% MoM. For Limerick City, the average price was €205,244, a decrease of 16.7% YoY and a decrease of 22.1% MoM. In Co. Limerick, the average price was €284,473, up 3.4% YoY and up 0.4% MoM. Co. Clare at €228,562 (-8% YoY) and Co. Tipperary at €208,168 (+1.6% YoY) both saw decreases MoM dropping by 12.8% and 6.5% respectively. The mean sale price can often be skewed by house prices being values at opposite ends of the scale, and therefore a more reliable indicator is the median sale price, which factors out any outliers and can account for a month with a low level of supply more appropriately.

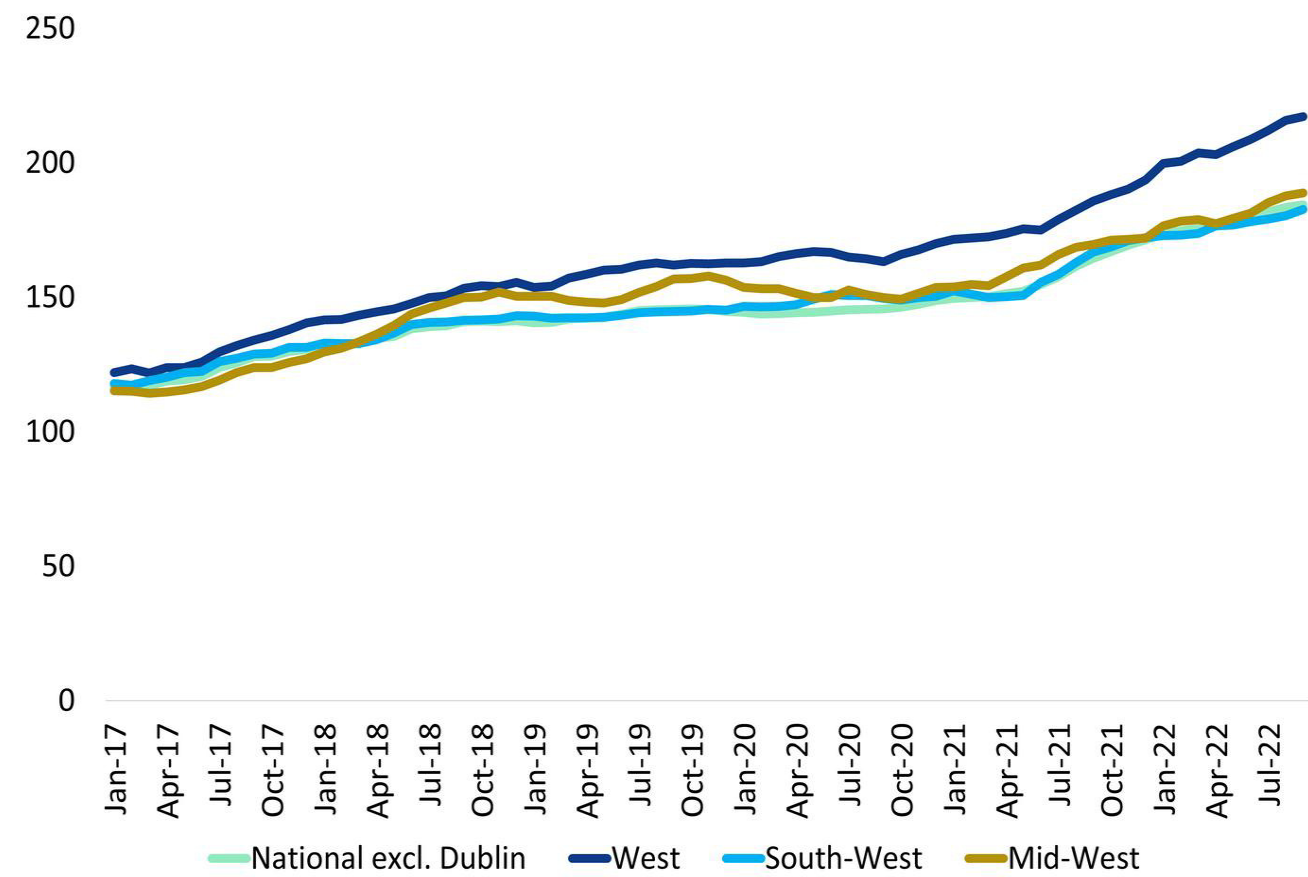
However, both are a point in time analyses that combines new and second-hand homes sold that month.

Fig 2.1: Residential Rental Availability – Mid-West



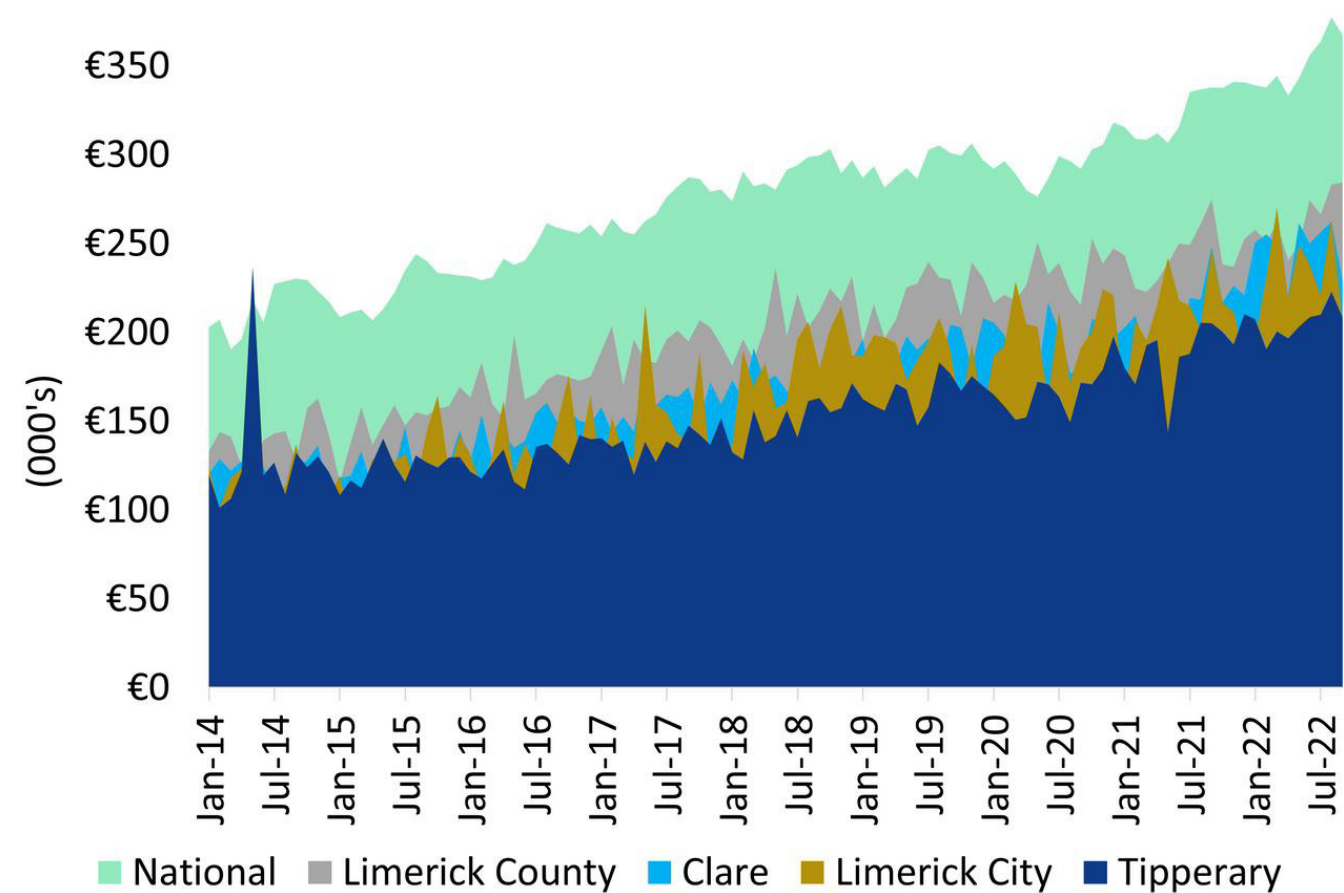
Source: Internal Calculations

Fig 2.2: Residential Property Price Index



Source: CSO

Fig 2.3: Average House Prices (CSO)



Source: CSO

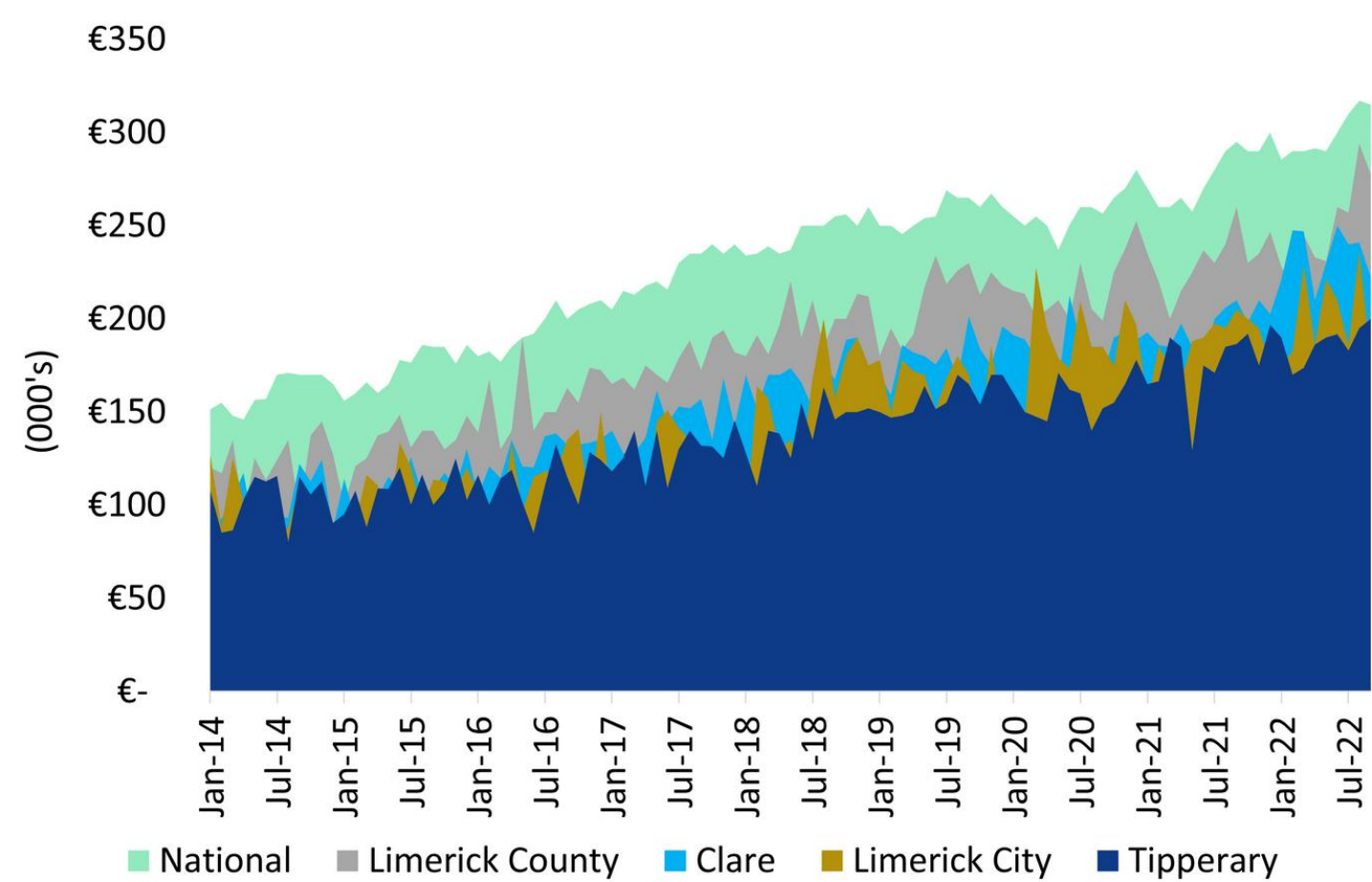
In September 2022, the median national house price was €315,000, a 6.8% increase YoY. This is the lowest YoY increase since January 2022. Limerick City's median house price stood at €178,000 for September, the lowest since January 2022 (although this is a point in time analysis of all homes sold that month). The median price YoY for Limerick City fell by 13.2%, while the MoM fell by 24.6%. Co. Clare (€222,500) and Co. Tipperary (€200,000) both saw YoY increases to the median price (6.0% & 7.2%) while Co. Clare saw a 7.7% decrease MoM, and Co. Tipperary saw a 2.6% increase for the same time period.

From Q4 2019 to Q3 2022, the average national asking price (Fig 2.5) increased by €60,514 (+24.1%). For Limerick City, over the same period the average asking price increased by €51,537 (+25.5%), Limerick County increased by €52,894 (+29.0%), Clare increased by €54,537 (+29.5%) and Tipperary by €51,910 (+29.9%). As per the most recent daft sales report, the national asking price is €311,514, for Limerick city it is €251,448, for Limerick County it is €235,276 and for Clare and Tipperary it is €239,129 and €225,771 respectively. The rising inflationary environment in construction of new homes and the asking price of second-hand homes is likely to affect those waiting to buy a home, with additional saving made over the last 2 years possibly neutralised in some manner due to the rising cost of living.

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

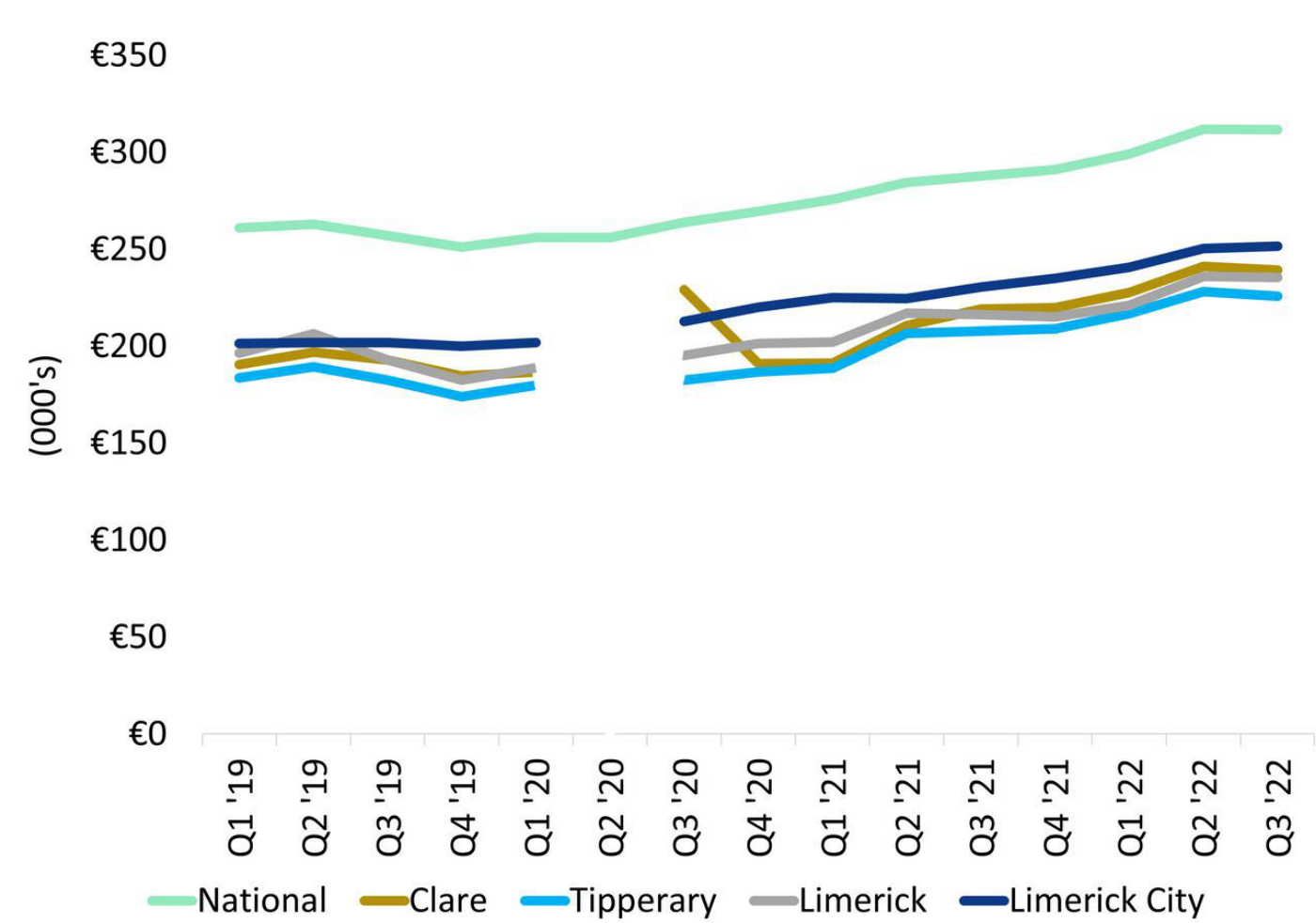
The number of sales for homes in the Mid-West was 4,700 in 2021, up from 3,330 in 2020. 2020 was the first year where sales had fallen in the Mid-West since 2016, which is understandable given the impact of the pandemic.

Fig 2.4: Median House Prices (CSO)



Source: CSO

Fig 2.5: Average Asking Price (Daft)



Source: Daft.ie

The Mid-West has seen 1,331 homes commenced in the first three quarters in 2022 – compared to 1,268 in the same period in 2021. Limerick has seen 693 homes commence in the first three quarters of 2022 compared to 618 in the same period in 2021, therefore 62 homes must be commenced in the last quarter of 2022 to equal last year’s figure. Historically, for three of the last four years, commencements in Q4 have been less than Q3 by varying levels of magnitude (except for 2021). It is unclear whether this could continue in 2022.

For the first three quarters of 2022, Clare has seen the commencement of 261 homes, compared to 306 in the same period for 2021. While Tipperary has seen 377 homes compared to 344 in the previous year.

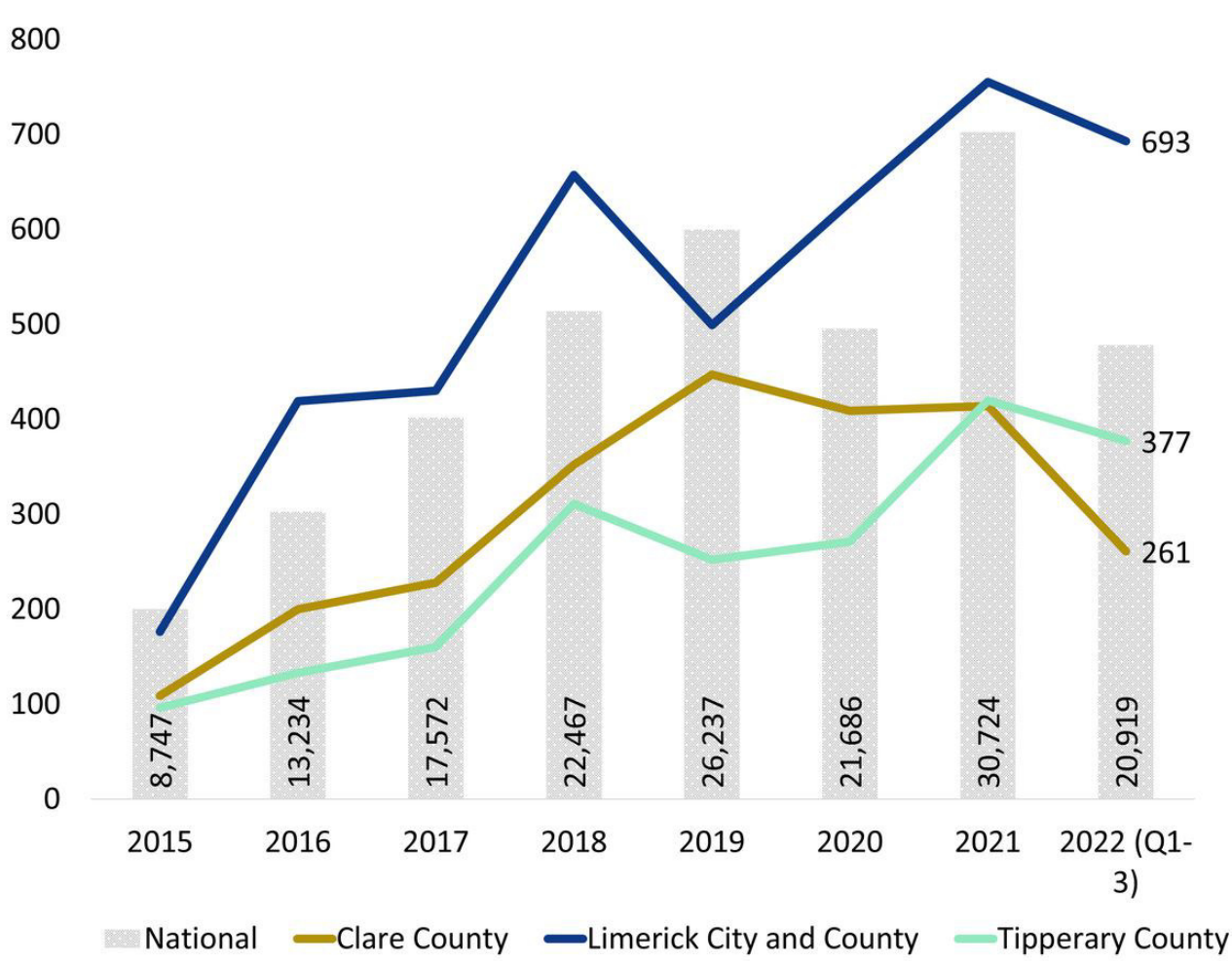
It is worth keeping in mind the ESRI’s projected requirement for Limerick is c. 1,800 per year, while Clare (290 p.a.) and Tipperary (348 p.a.) are closer to their projected ESRI housing demand targets.

1,284 homes have been delivered across the Mid-West in 2022 so far (Q1 – Q3) compared to 866 in the same period in 2021. 572 homes have been delivered in Limerick during the first three quarters of 2022 compared to 409 in the same period in the previous year. (606 total were delivered in 2021), 444 have been delivered in Clare, compared to 266 homes in the previous year (412 total were delivered in 2021) and Tipperary have had 268 homes completed so far in 2022 compared to 191 in the same period for the previous year (311 total were delivered in 2021). The most recently available housing targets set by the ESRI analysis indicated that the annual housing requirement for Limerick is 1,826. This represents almost triple of what has been delivered on a yearly basis in the past with each missed target increasing this annual requirement going forward. The ESRI also excludes pent-up demand, for example, adult children living with family and trying to buy a home.

For the first three quarters of 2022, 11% of the homes completed in Limerick were apartments (64 apartments), compared to 16% in Tipperary (43 apartments) and 9% in Clare (40 apartments). For Limerick, this is the most apartments delivered in a single year since 2013 – when 76 apartments were built. For both Clare and Tipperary, this represents their largest year for apartment delivery since data series started in 2011.

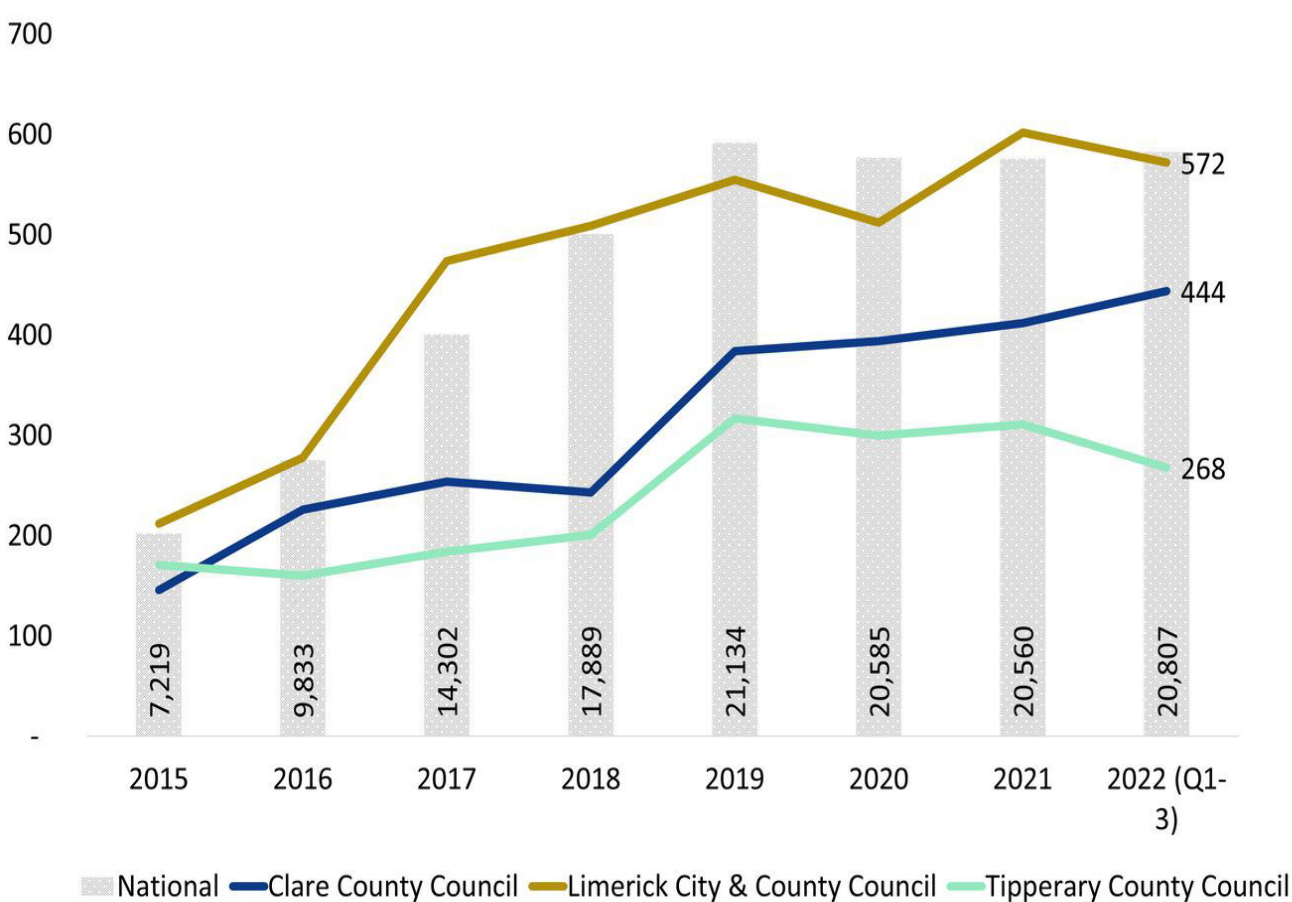
It is worth keeping in mind, that while housing delivery looks like it will increase overall in 2022 vs 2021 - this is to be expected as 2021 would have still felt the effects of the construction lockdowns in 2020, and we are now seeing those stalled works come back into the system.

Fig 2.6: Homes Commenced



Source: CSO

Fig 2.7: New Dwelling Completion



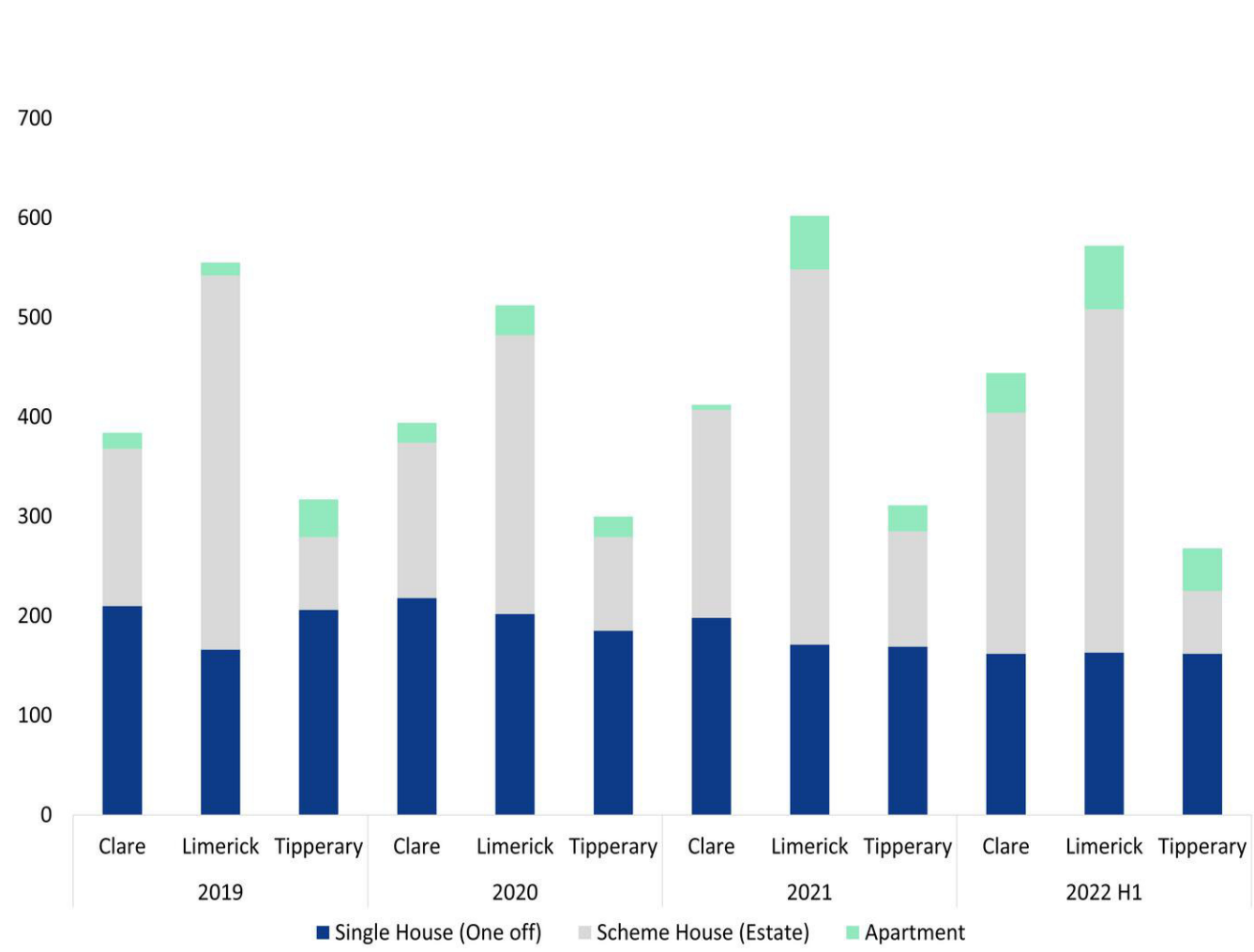
Source: CSO

Historically, one-off housing (single housing) has been a large issue for both Tipperary and Clare, and less of an issue for Limerick. Since 2011, 60% to 90% of Tipperary’s yearly delivery of housing has been in the one-off sector, so far for 2022 this is at 60% (162 homes). For Clare, the overall share of one-off homes have decreased from 70% in 2018 to 36% (162 homes) so far in 2022 – this represents a positive trend for home delivery in Clare.

The Government’s current National Planning Framework (NPF) identifies urban density and revitalising city living as a core pillar in its plans. The annual figures for apartment delivery for Limerick are not aligned with urban living and city revitalisation. Limerick has 1,525 units granted planning permission in Q1 and Q2 of 2022, up from to yearly total in 2021 of 1,059. Clare has seen 324 units granted permission in the first half of 2022, 605 were granted in total in 2021. Tipperary has 443 units granted planning in the first half of 2022, 1,059 were granted in 2021.

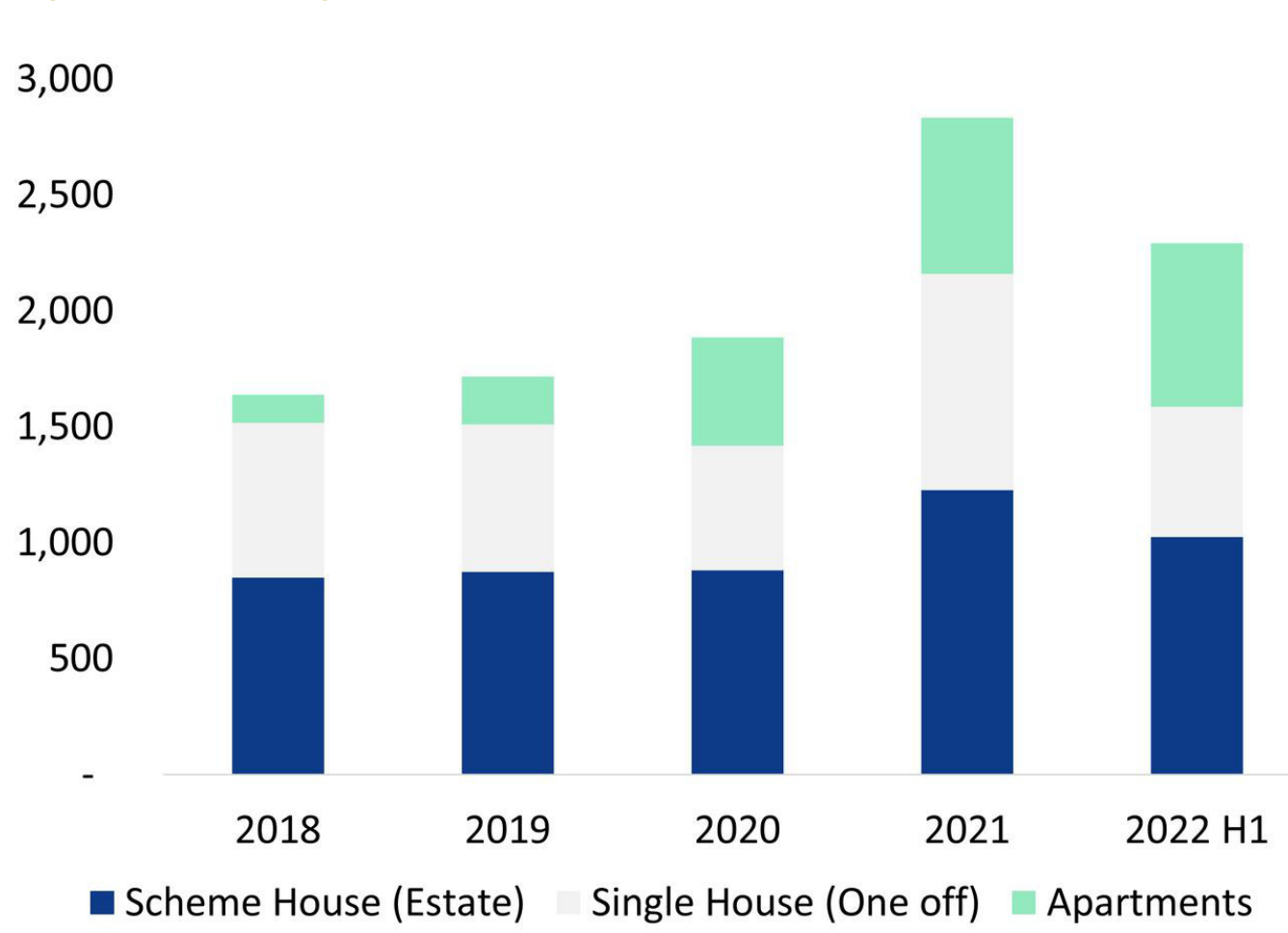
Planning permission grants, while showing the potential delivery of new homes, provide no guarantee that these homes will actually be built and should only act as an indication of potential pipeline of homes. Ultimately, the core goal is to activate these planning permissions and turn them into commencements and subsequently delivering new homes.

Fig 2.8: New Dwelling Completion by Type



Source: CSO

Fig 2.9: Planning Permission Grants



Source: CSO

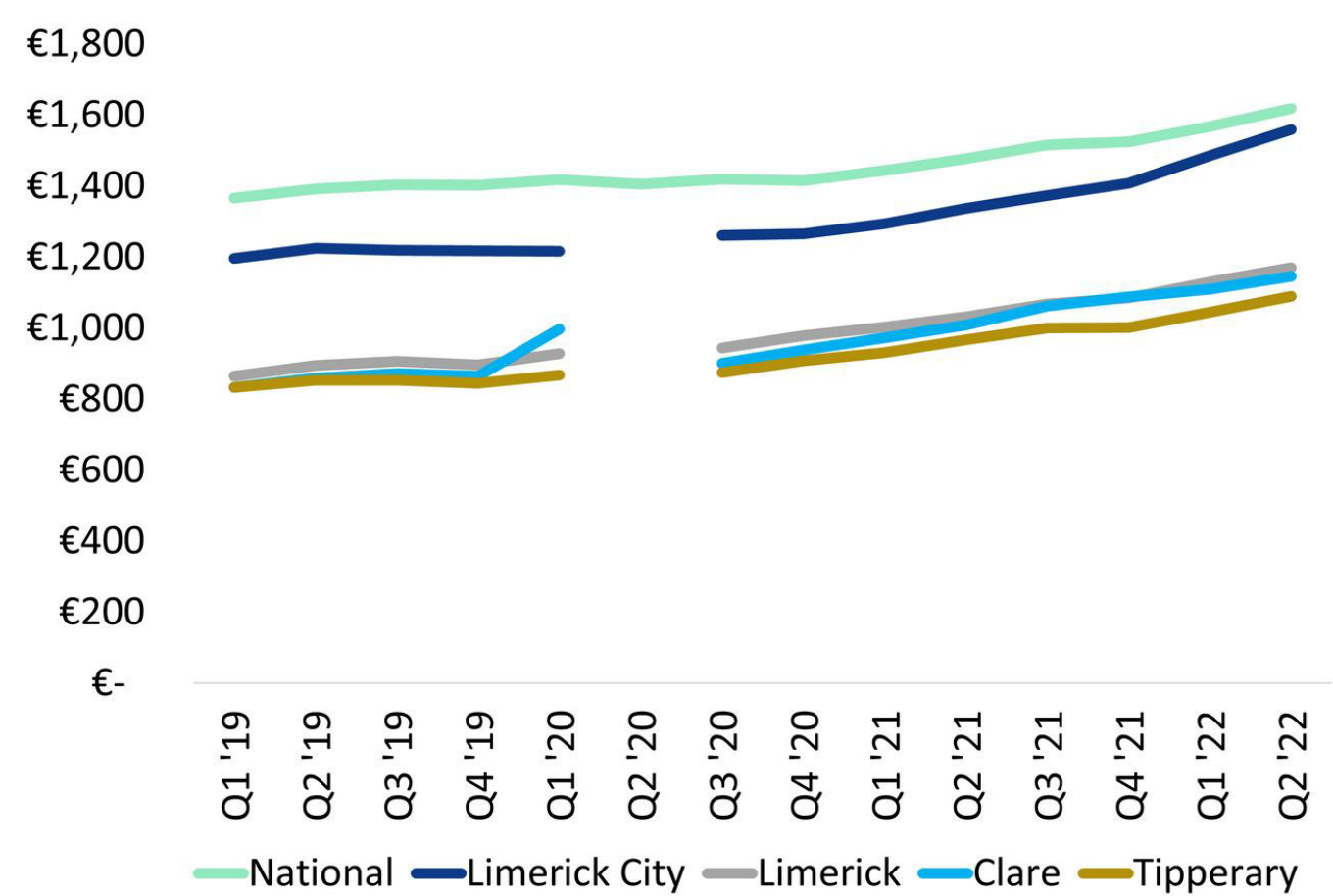
As per fig 2.10, from pre-pandemic (Q3 2019) to the most recently available data in Q3 2022, average rent prices have increased by 20.3% nationally. Over a 12-month lease period this increase would represent an additional cost of €3,420 per year to new people renting.

For Limerick City over the same period, there has been a 31.6% increase – representing an additional annual spend of €4,620 for potential new tenants. For Co. Limerick, there has been a 33.6% increase over the same period (an additional €3,648 per year for new tenants). For Clare, there has been a 34.0% increase (+€3,552 per year for new tenants) and for Tipperary, there has been a 32.8% increase (+€3,360 per year for new tenants).

Data from the Residential Tenancies Board (RTB) will show slightly different rental prices as it is data collected from a different source with a different methodology. In Q2 2022, Limerick City saw an 11.4% YoY increase in average monthly rent prices. Co. Limerick saw a 5.7% increase, while Co. Clare saw a 5.1% increase and Co. Tipperary's saw a 10.6% increase. During this time, the rent nationally grew by 3.2%.

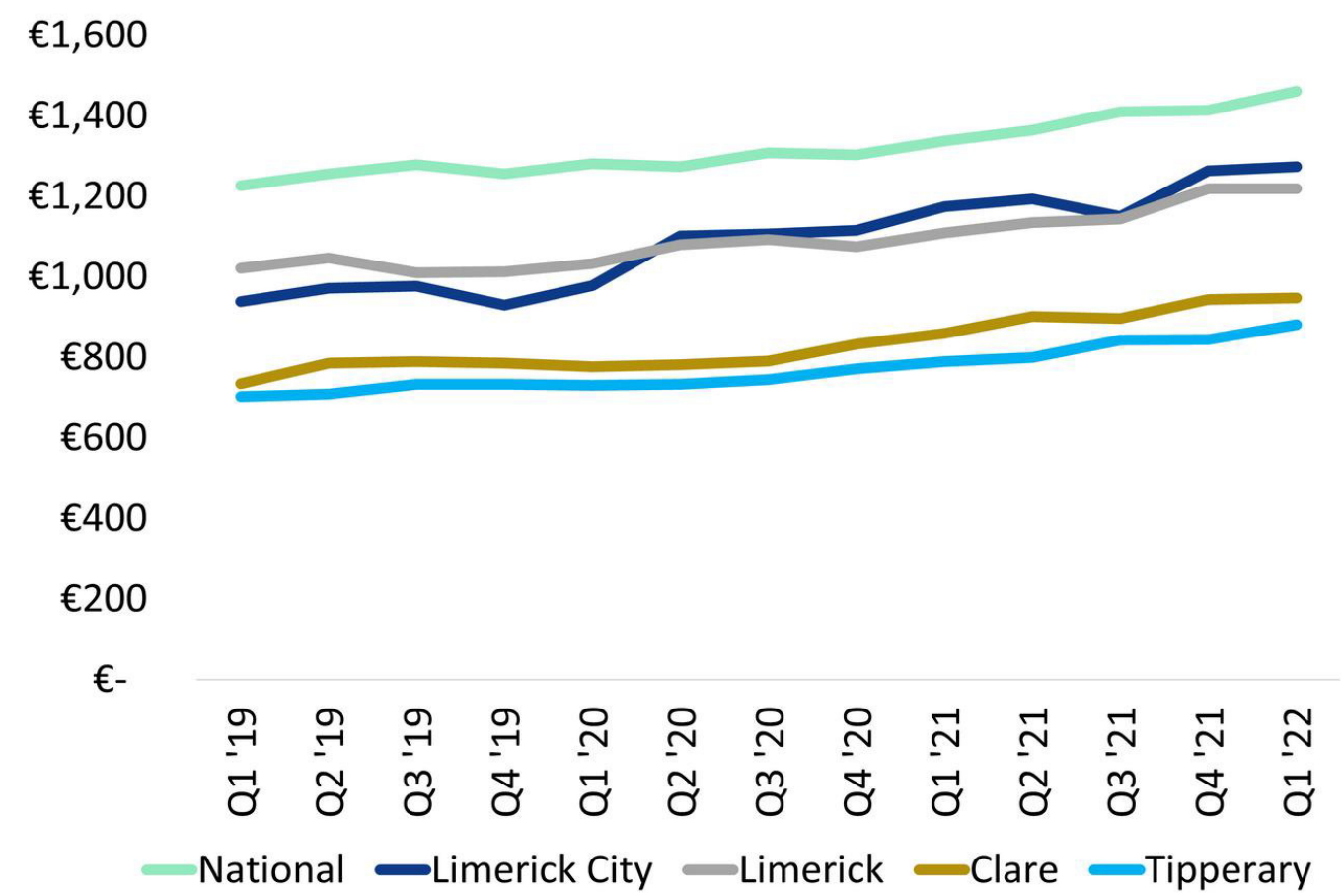
QoQ rent prices saw different outcomes both nationally and across the Mid-West. In Limerick City, average monthly rent prices were up 4.4% in Q2 2022, while Co. Limerick saw a fall of 1.6%. Co. Clare and Co. Tipperary saw Q2 2022 monthly average rents relatively stay in line with Q1 2022, with 0.1% and 0.3% increases respectively.

Fig 2.10: Daft.ie Average Rental Price



Source: Daft.ie

Fig 2.11: RTB Average Rental Price



Source: RTB

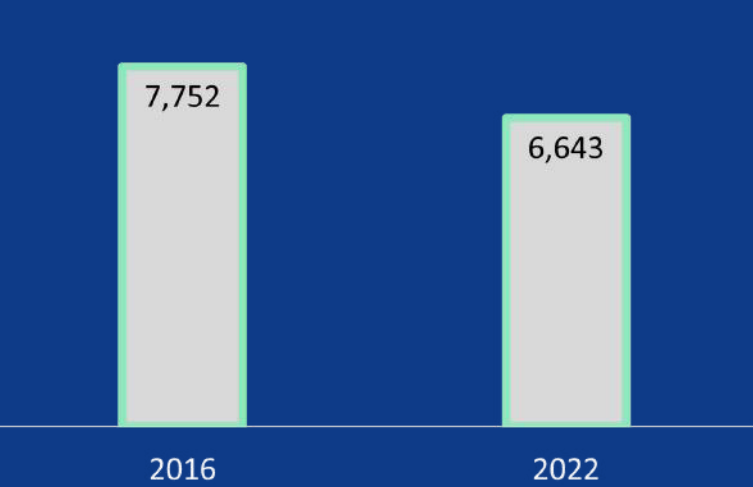
Residential Vacancy: Case Study, Limerick

There were 166,752 vacant homes in Ireland “as per census collection night”. The definition being “a vacant dwelling is a point in time indicator taken on Census Night as to whether the property was inhabited or not on Sunday 3 April 2022.” This figure is often quoted as if all these homes are readily available for new people and families to move into. This is far from reality.

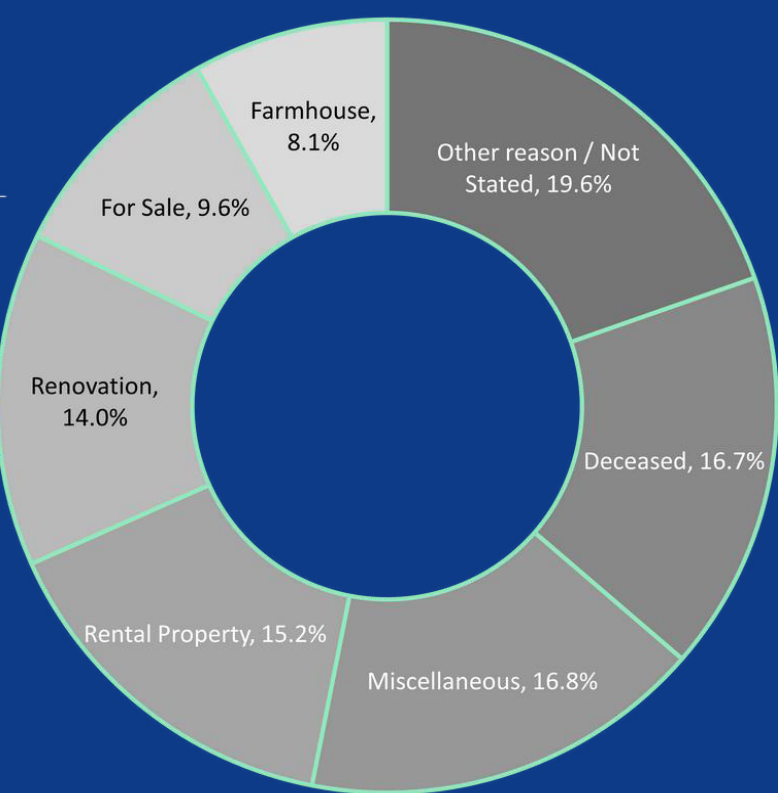
In terms of reason for vacancy. Nationally, 35,380 (21%) of homes are rental properties, the owner was deceased (27,489 homes). Then the “other reason” (24,477 homes), this category is where enumerators could not clearly ascertain a reason for vacancy. Then 23,748 homes were under renovation. Removing most of the categories that aren't appropriate leaves us with c. 32,000 homes at a national level (including Other reason, living with relatives and emigrated). And even this rough calculation ignores why people are living with relatives, they could be caring for family members or they themselves could be unwell. Therefore, it is not appropriate to think this home could be released to the market for new occupiers or that it would have any large immediate effect.

Similar holds true for Limerick, and the whole of the Mid-West. For Limerick, there were 6,643 vacant homes in 2022, down from 2016. The Limerick data follows an almost identical trend as national data. Deceased owners, rental properties, renovations, farmhouses, owners in care and new builds account for almost 75% of homes. That leaves c. 1,708 homes that might be potentially able for being occupied in the short-term, to put that into perspective, the Economic and Social Research Institute (ESRI) outlines Limerick needs c. 1,800 homes per year.

Number of Vacant Homes, Limerick

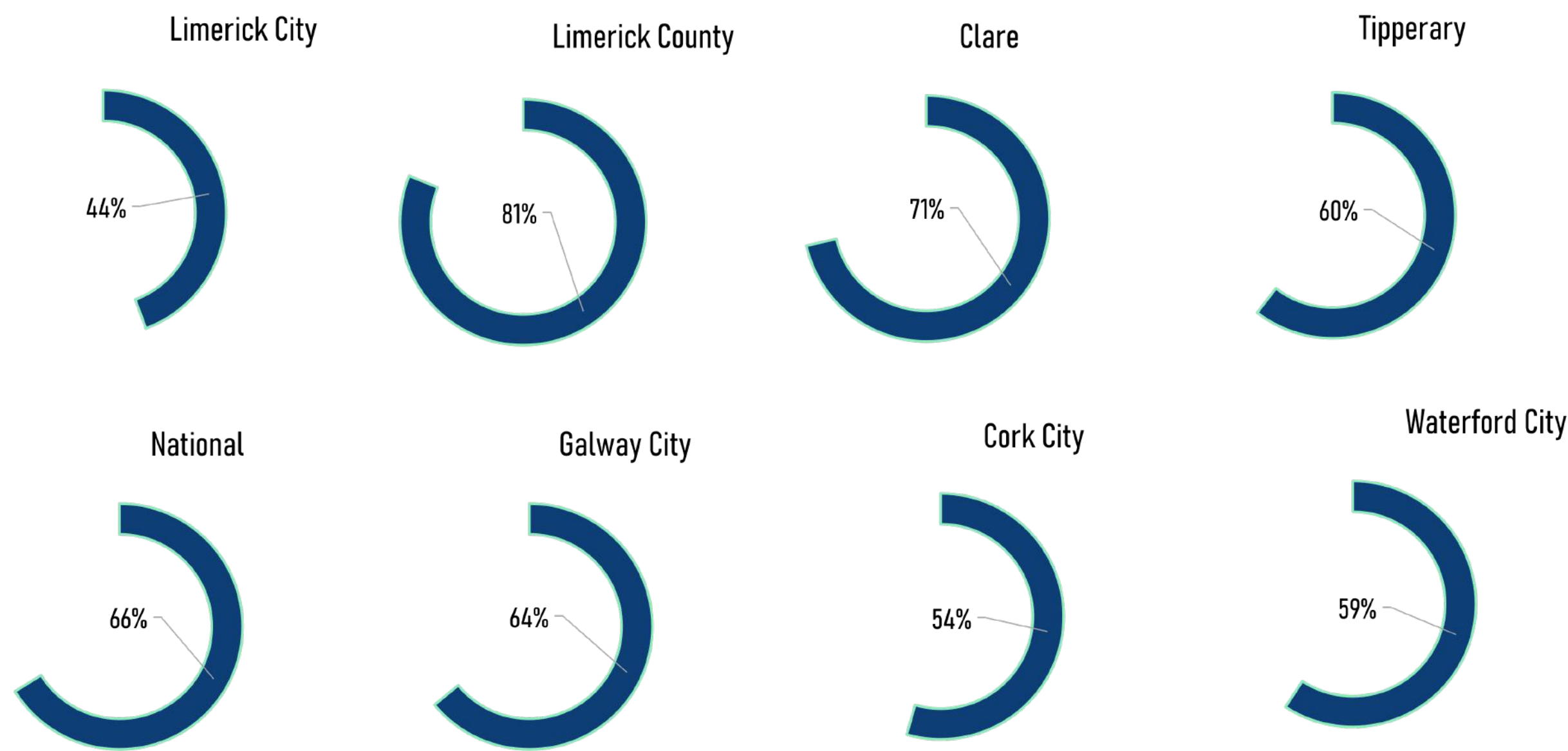


Reason for Vacancy, Limerick



Source: CSO

Fig 2.12: Mortgage vs Rental Payments



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 2.5% interest.

Fig 2.12 shows the cost of paying rent versus the cost of paying a mortgage i.e. buying the average house nationally and paying the mortgage will cost a person 66% of what it would cost to rent an average national home. It shows that, solely looking at monthly payments, owning a home is cheaper than renting, of course there other considerations outside this such as home insurance, property tax and general upkeep.

Across the Mid-West, owning a home is often cheaper than renting a home. In Limerick City, the monthly cost of paying a mortgage is 44% the cost of renting. For Co. Limerick the corresponding figure is 81%, for Co. Clare it is 71% and Tipperary it is 60%. This is not solely due to homes for purchase being 'cheap', it is more so driven by the lack of available affordable rental accommodation on a monthly basis - which in turn drives the prices up for renting to very high levels. Of course, there is also the wider inflationary environment.

Over time this gap may narrow due to two items. The increase in the purchase price of homes, but also the increased cost of borrowing due to increased interest rates. While some of these changes are marginal, others are significant. There is a danger if there is a total convergence of mortgage payments with rental payments that the market could become completely unaffordable for both renters and buyers - which some would argue it already is. However, there is significant pressure in the rental sector.

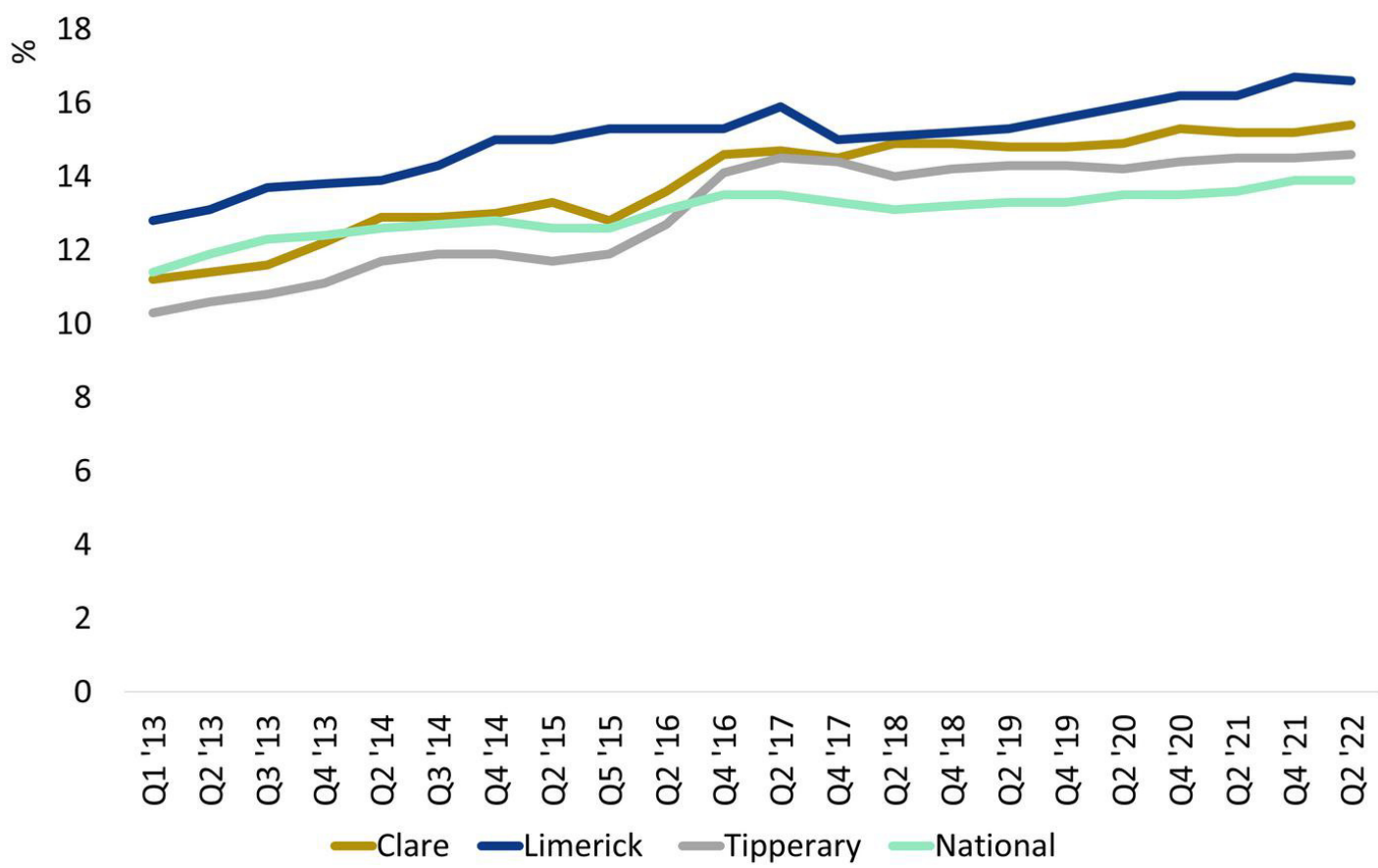
A summary of these changes are outlined below.

- Limerick City: Increased from 43% to 44%
- Limerick County: Increased from 73% to 81%
- Clare: Unchanged from 71%
- Tipperary: Decreased from 66% to 60%
- National: Unchanged at 66%
- Galway City: Decreased from 72% to 64%
- Cork City: Decreased from 64% to 54%
- Waterford City: Increased from 57% to 59%

The average commercial vacancy rate nationally was 13.9% in Q2 2022, which was a slight increase of .25 percentage points (pp) on Q2 2021. Q2 2022 saw slight changes in commercial vacancy for the three counties of the Mid-West, along with key towns / cities in the region. For Limerick, it was 16.6% (+0.4 pp YoY), for Clare there was a slight increase with 15.4% (+0.2 pp YoY), while Tipperary saw its rate increase to 14.6% (+0.1 pp YoY).

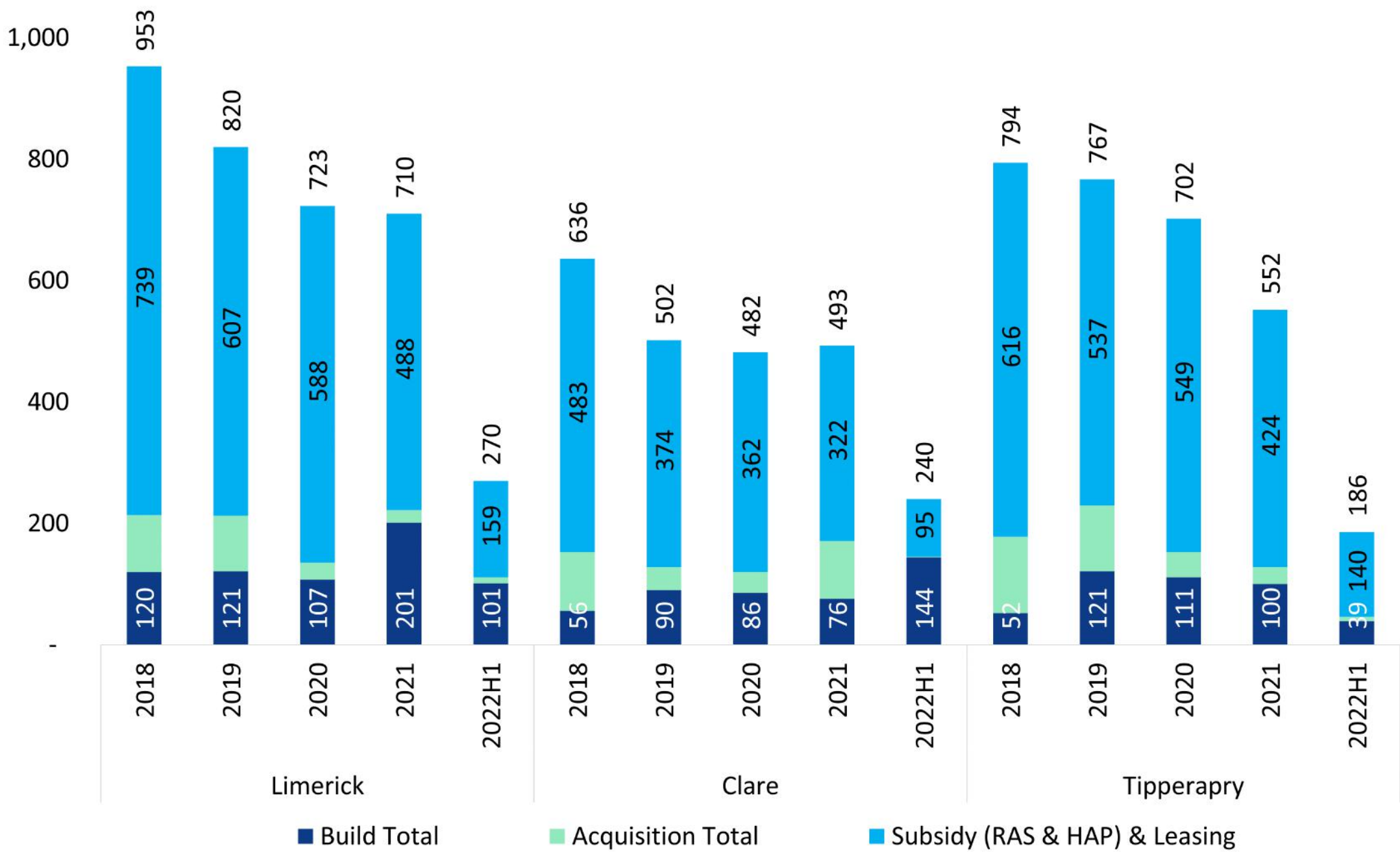
At a more granular level, some Mid-West towns / cities saw a marginal decrease in their commercial vacancy rates over the same period. In Clare, Kilrush decreased its vacancy rate from 26.2% to 25.1%, Shannon reduced its commercial vacancy rate from 23.9% to 23.7%. However, both these figures represent significant issues for Clare, whereby almost one quarter of their business premises are vacant in two significant areas. Ennis is slightly better, decreasing from 18.2% to 18.1%, however, there are still a significant portion of vacant commercial premises. For Tipperary, Clonmel and Thurles both increased their vacancy rate. From 17.9% to 18.8% for Clonmel, while Thurles went from 17.9% to 18.0%. Nenagh, however, has made significant strides in the space of one year, decreasing their vacancy rate from 17.2% to 14.9%. For Limerick, Abbeyfeale underwent the largest increase for Mid-West areas; increasing from 20.4% to 22.1%, for Limerick City there was an increase from 18.7% to 19.1% and for Newcastlewest the vacancy rate decreased from 21.7% to 21.6%. Almost one fifth of the commercial premises in Limerick City, the central node of the Mid-West, are vacant which will negatively affect other business confidence and vibrancy, as well as the attractiveness of the city centre.

Fig 2.13: Commercial Vacancy



Source: GeoDirectory

Fig 2.14: Social Housing Delivery



Source: Department of Housing

Fig 2.14 displays social housing delivery across the Mid-West since 2018. Social housing delivery in H1 2022 indicates that it is unlikely to beat 2021 levels of delivery, unless there is a strong delivery in the second half of 2022. The most recent Social Housing Assessment carried out by the Housing Agency was carried out in 2021, which highlighted that there were 1,949 households on the social housing waiting list in Limerick, 1,100 in Clare and 1,121 in Tipperary. Of these people on social housing waiting lists, a strong portion of them require smaller type housing due to the size of their household. 76% of applicants in Limerick are 1 parent families with 1 or 2 children, in Clare this figure is 77% and in Tipperary it is also 77%.

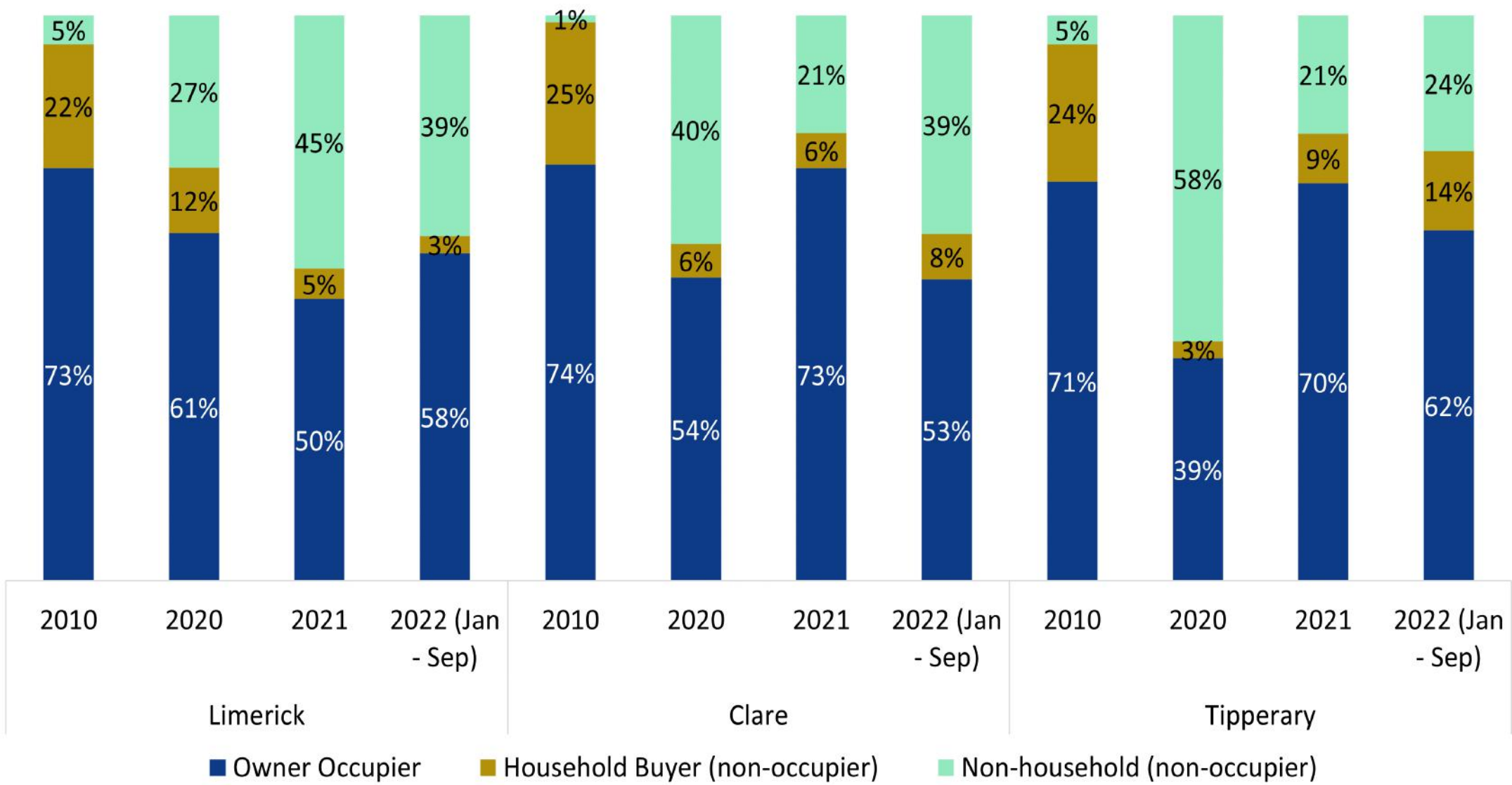
For H1 2022, 75.3% of the additional social housing stock in Tipperary was provided for through HAP, RAS and Leasing, for Limerick the same figure is 58.9% and for Clare it is 39.6% - while this could change in the second half of the year, the reliance on these schemes, particularly in Limerick and Clare, proves the need for more direct delivery of new build social homes. While the three counties of the Mid-West have done well to reduce their reliance on rent subsidies such as RAS and HAP in recent years, the delivery of new build social housing has been relatively stable with the overall trend of social housing on the decline. The demographic of the waiting lists indicates that smaller homes such as apartment blocks and one to two bed homes may be more appropriate and efficient in tackling the waiting lists for social housing. In 2021, leasing and subsidy schemes accounted for a strong proportion of new social housing delivery.

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 (101 in the first half of 2022), in Clare this was 76 (144 in the first half of 2022) and in Tipperary it was 100 (39 in the first half of 2022).

Failure to directly build purpose built social homes increases the need for turnkey properties which essentially creates competition between the state and owner occupiers. The only remedy to this is to decrease the emphasis on turnkeys and purchasing from what would be the private market for owner occupiers and increasing the number of directly built social homes.

Fig 2.15 displays the number of transactions for new homes by purchasing sector. It is important to note that it displays number of transactions and not number of homes, for example a number of homes could be sold in the one transaction to a bulk buyer. However, it does provide an idea on the make up of the new home market. In 2010, owner occupiers (anyone living in the house purchased) in Limerick accounted for 73%, in the most recently available full year, 2021, this dropped to just 50%. Over time, the share of non-household purchasers (funds, investors, AHBs, local authorities etc) in Limerick have increased their share from 5% to 45% in 2021. In Clare and Tipperary the change has been less drastic, however, there is a more peak and trough nature. Owner occupiers in Tipperary were responsible for just 39% of transactions in 2020, the corresponding figure for Clare and Limerick was 54% and 61% respectively. There is little evidence of a clear trend in large scale activity from household investors across the Mid-West, that is, individuals buying a second home to rent. The market is made up of two key players competing, that is owner occupiers and non-household purchasers.

Fig 2.15: New Residential Home Transactions by Buyer Type



Source: CSO

Transport & Logistics

Fig 3.1 shows the market share of passengers for the five main Irish airports. In 2005, Shannon Airport had a 13% market share of passengers, while this had fallen to 4% in 2019, before the pandemic hit and severely impacted air travel. During this time, Dublin Airport's market share grew from 73% in 2005 to 86% in 2019. This indicates that Dublin has grown at the expense of regional airports such as Shannon.

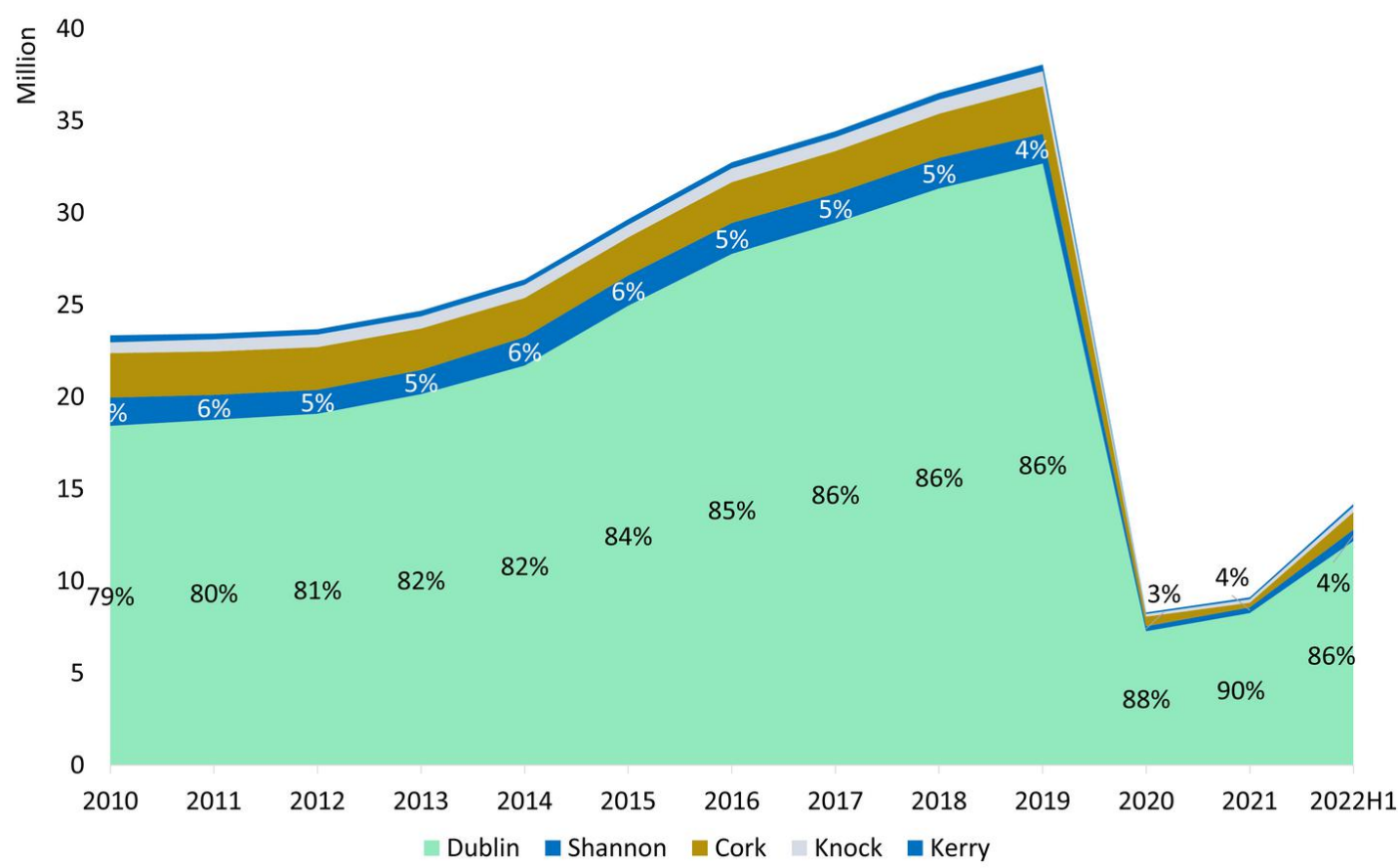
Air travel has, for the most part, resumed to normal globally and 2022 is the start of a long recovery period for the aviation sector. In terms of performance in H1 of 2022, Shannon, as well as Cork and Dublin, are all at 86% of what their passenger numbers would be pre-pandemic (i.e. H1 2019). Dublin has also returned to having 86% of the passenger market share, while Shannon once again has 4%. The opportunity to support more regionally balanced growth through aviation can play a key role in creating a balance between Dublin and the rest of Ireland. Shannon has a strong ecosystem of businesses within its region, from finance to aviation and artificial intelligence (AI). Supporting regional state airports to attract more routes, establish a European hub (Shannon lost its European Hub when the UK left the EU single market), and invest in business routes can, play a key role in revitalising regions through attracting Foreign Direct Investment (FDI), creating jobs in the region and subsequently more spend in the local economy.

Total commercial flights for Shannon Airport for H1 2022 were c. 5,300. Despite some routes in and out of Shannon not having reopened since the pandemic, Shannon's H1 performance showed that its total commercial flights were 88.3% to that of its 2019 H1 figures, which stood at c. 6,000. In comparison, Cork Airport, for the same time period has recovered 75.5% of its flights, while Dublin Airport has recovered 81.6% of its total commercial flights.

Christmas time is a busy time for airports, and it won't be until this busy period is over that we will get a true sense of how the recovery for the aviation sector is going. While recovery is the core priority for the aviation sector currently, it is also important that the recovery is used not to return to the pre-pandemic levels of demand, but to promote the regional airports as an adequate balance to Dublin Airport, reducing its dominance which has accumulated over the past number of years.

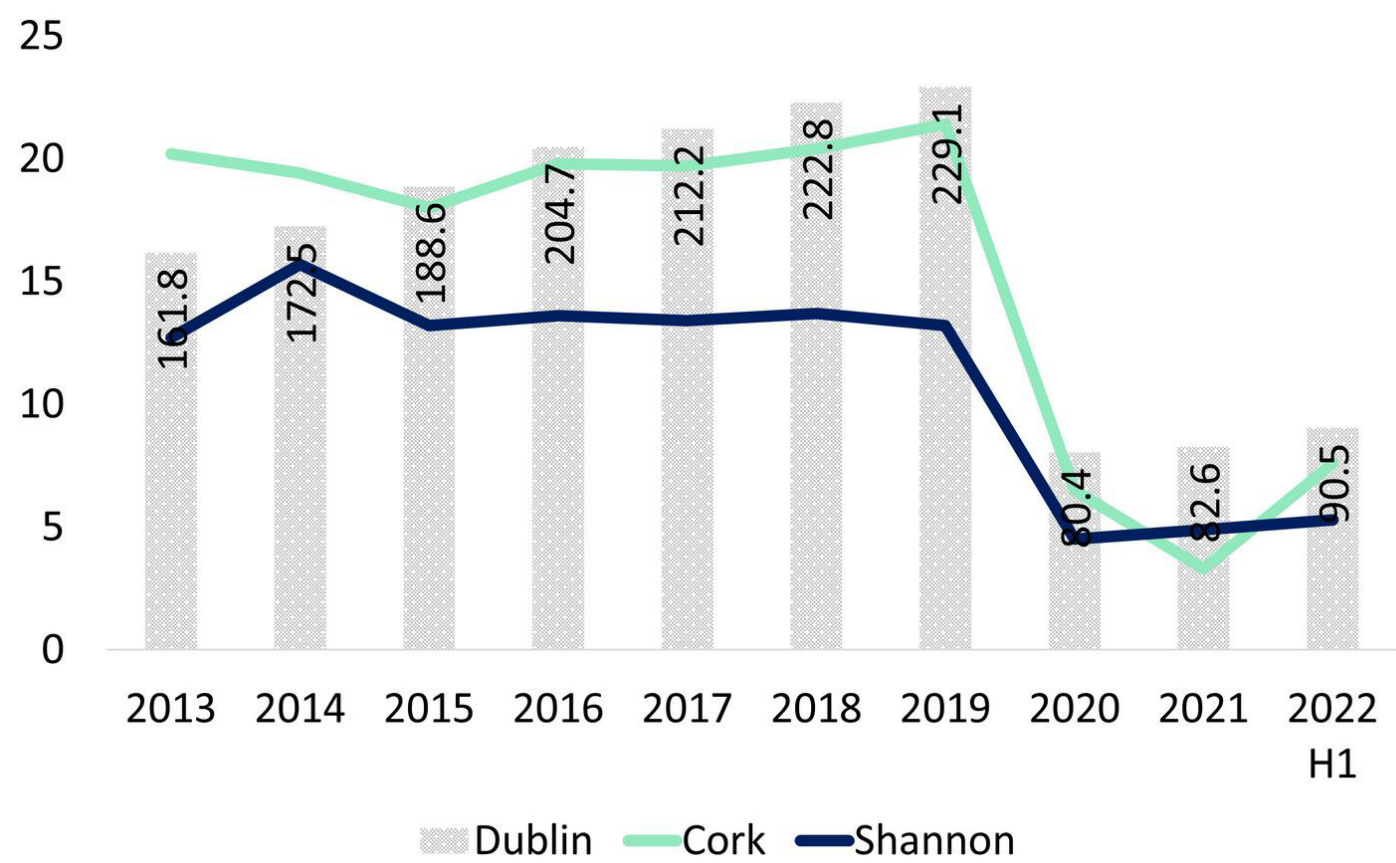
Demand for new private vehicles across the Mid-West saw a slight recovery in 2021, with 2022 sales to October below the same time period in 2021 (7,947 vs 8,213). Demand for new car sales can generally be quite low towards the end of a calendar year so it remains to be seen if sales will hit or surpass 2021 levels. For new goods vehicles, 2021 outperformed pre-pandemic sales in 2019 across all three counties (2,208 vs 1,730). Similar to new private car sales, total new good vehicles sales in 2022 to October are behind the same period for 2021 in the Mid-West (1,627 vs 2,045).

Fig 3.1: Flight Passenger Market Share



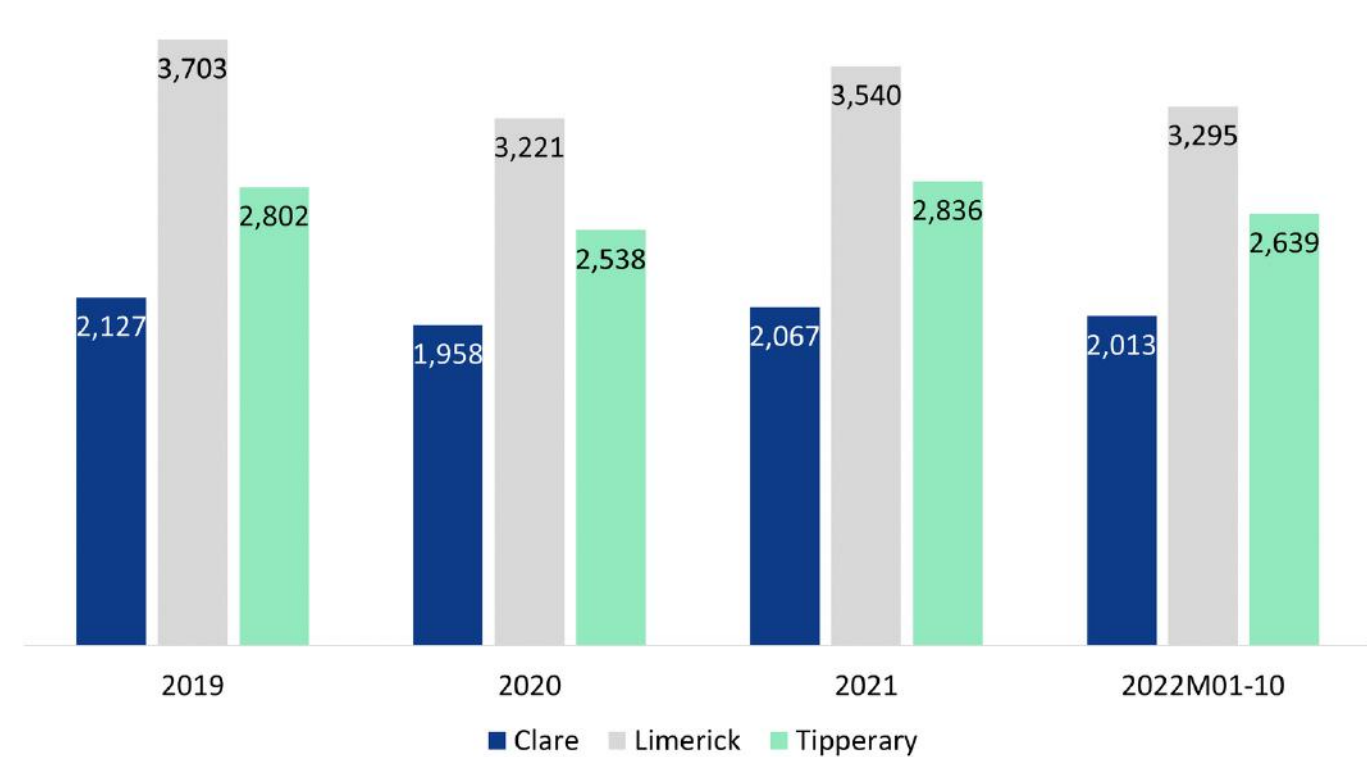
Source: CSO

Fig 3.2: Total Annual Commercial Flights (000's)



Source: CSO

Fig 3.3: New Private Vehicles Licensed for the First Time: Mid-West



Source: CSO

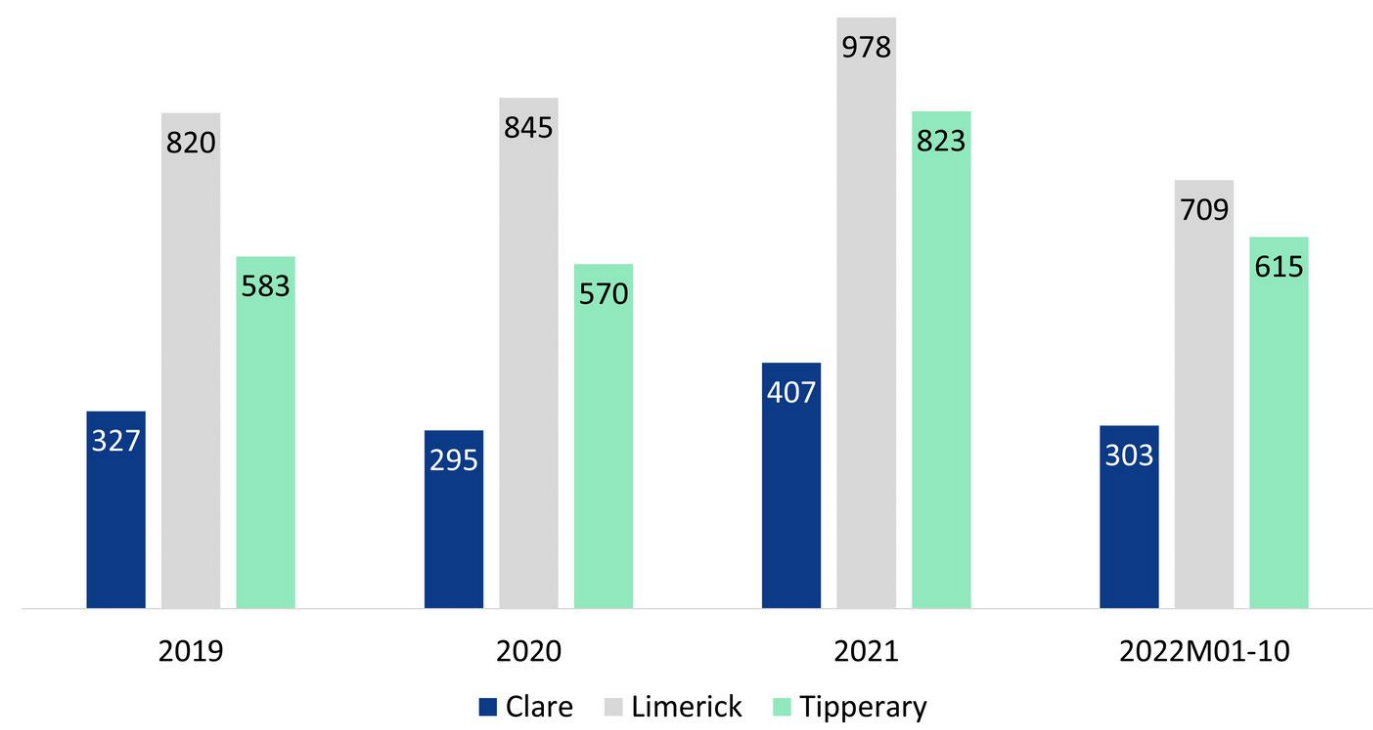
The Mid-West has seen an increase in uptake of EVs over the past few years, with 2022 sales to October almost double 2021 totals to October for Limerick and Clare (418 & 326), or in Tipperary's case, more than double that of 2021 total sales (242).

The Dry bulk market consists of raw materials for industrial or agricultural purposes, such as fertiliser, animal feeds and iron ores. For 2022 up to September, Shannon Foynes has handled the largest amount when compared to other Irish ports. To September, c. 5.9 million tonnes of dry bulk cargo have passed through the port. Shannon Foynes is the industry leader in dry bulk, with it processing over 3.5 times more than the next highest amount which is Dublin (1.7 million tonnes). Shannon has been the industry leader in dry bulk cargo since data collection begun in 2011. 2021 saw its largest haul since 2017 with 9.4 million tonnes, after a period in 2019 and 2020 which saw c. 8.2 million and 8.1 million pass through its port, respectively.

Liquid bulk consists of anything from gasoline to fruit juices and cooking oil. So far in 2022, Shannon Foynes has handled 705,679 tonnes of cargo in terms of liquid bulk, 8.5% of the market share. Shannon Foynes operates at a lower share of liquid bulk in comparison to the other two types of cargo, with Cork (44.9%) and Dublin (42.5%) being the leaders in liquid bulk. 2021 was the best year for Shannon Foynes for liquid Bulk, with the 1.24 million tonnes handled, the largest amount since data collection started in 2011.

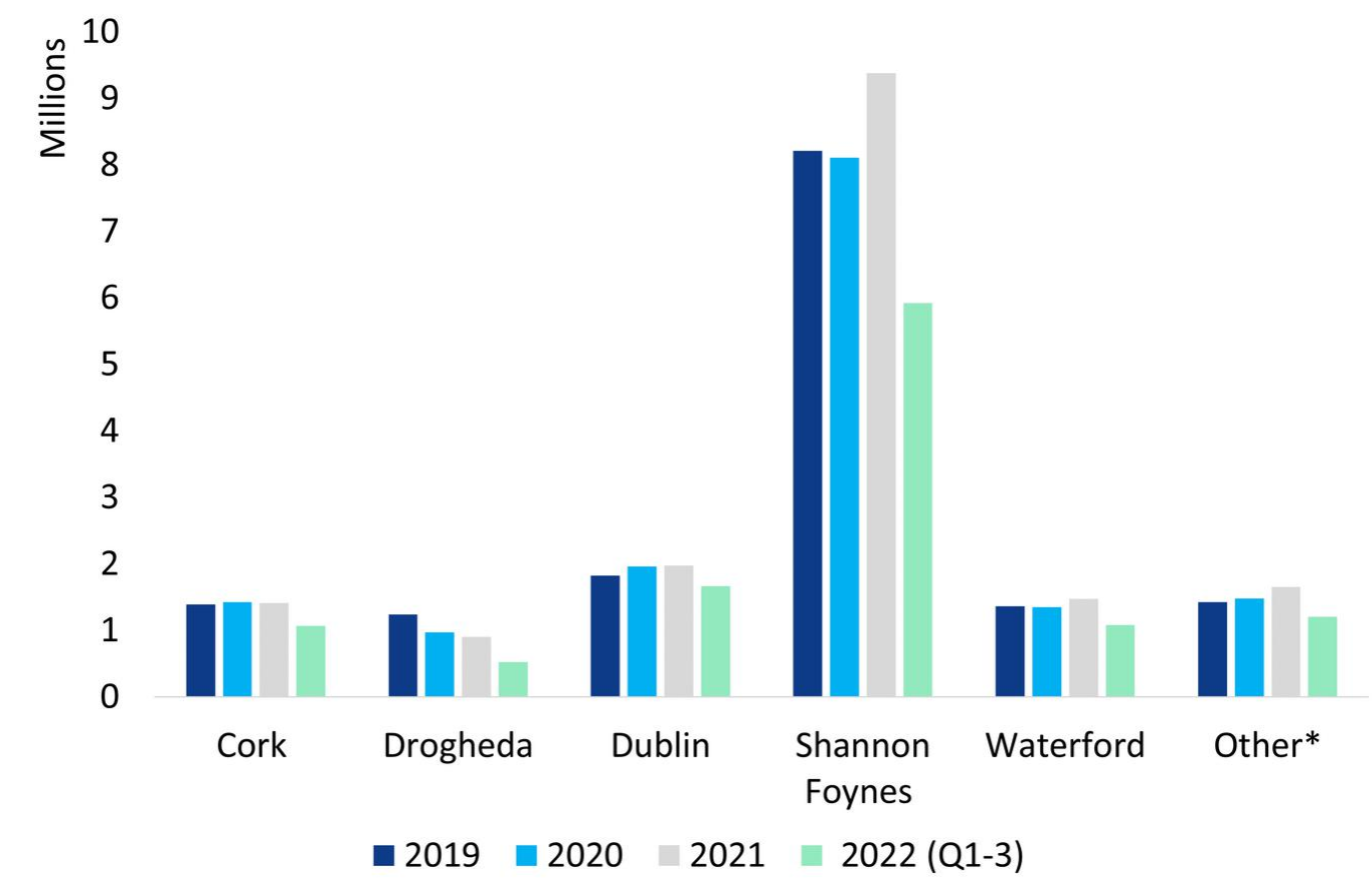
Break bulk is made up of goods that are stowed on board ships in individually counted units, such as manufacturing and construction equipment. Most of the demand for break bulk cargo is derived from the likes of construction activity. Shannon Foynes has seen a doubling of break bulk cargo in 2022 to September versus the whole of 2021 (352,857 tns vs 705,361 tns). Shannon Foynes has been a leader in break bulk cargo over the last number of years along with Cork and Drogheda. In 2022 to September, Shannon Foynes has handled 45.6% of all dry bulk cargo in Ireland.

Fig 3.4: New Goods Vehicles Licensed for the First Time: Mid-West



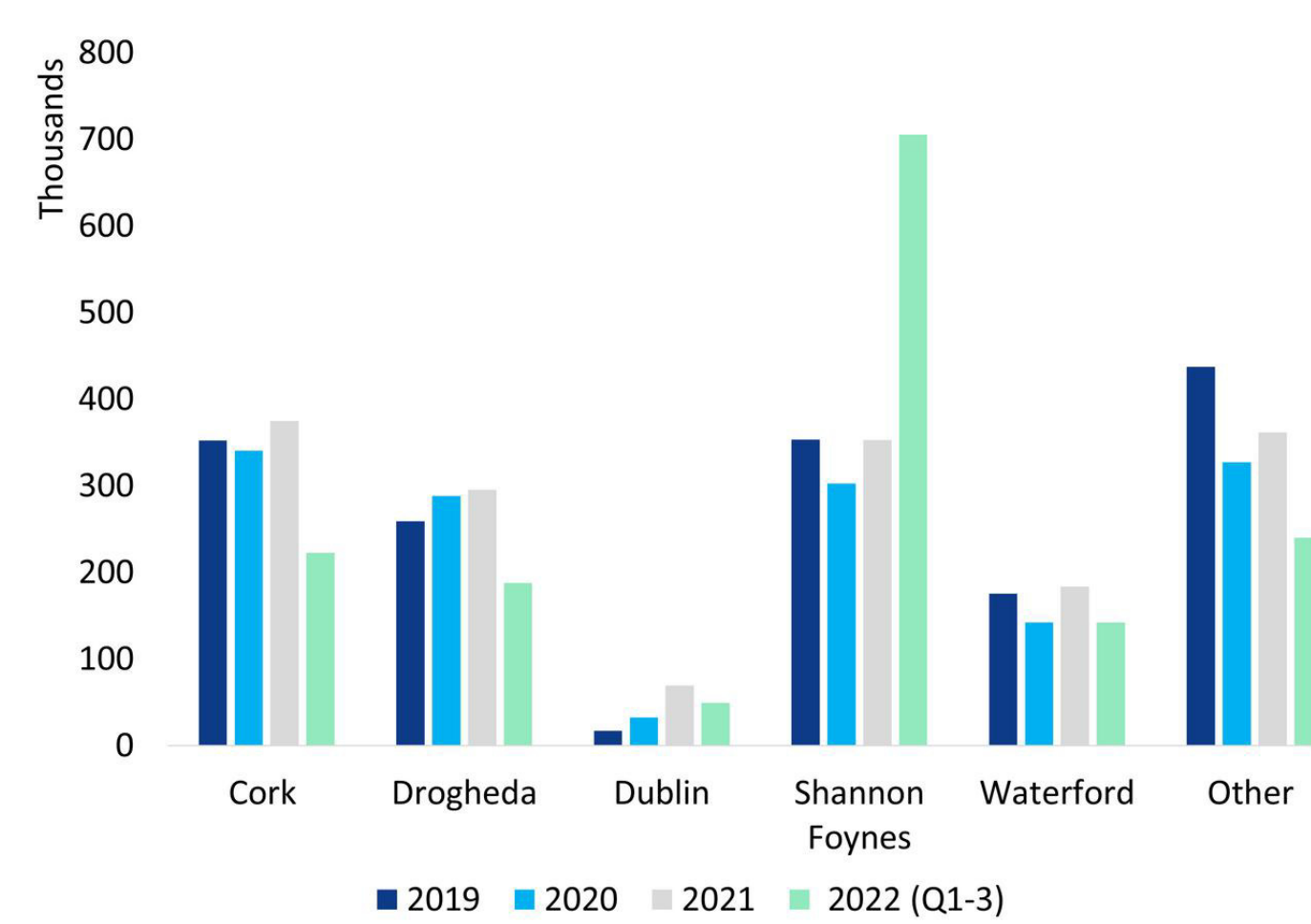
Source: CSO

Fig 3.5: Dry Bulk Volumes for Irish Ports



Source: IMDO

Fig 3.6: Break Bulk Volumes for Irish Ports



Source: IMDO

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 & Hospitality, Foreign Direct Investment 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 the 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.

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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