

Limerick Economic Monitor

Prepared for Limerick City and
County Council

May 2019



Comhairle Cathrach
& Contae Luimnigh

Limerick City
& County Council

EY DKM



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8 May 2019



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Introduction

After five years of unprecedented growth, in which Limerick delivered more than 15,000 jobs, the time is right to put a baseline in place that we can compare our economy against as we move forward.

The Limerick Economic Monitor will be that barometer, giving us twice yearly progress reports as to where we are, benchmarking us against our local and indeed, national targets, as per Limerick 2030 and Project Ireland 2040.

The reason for the Limerick Economic Monitor (only the second of its kind in the country, after the Dublin Economic Monitor) is that while there are national economic barometers, there is a dearth of reliable data on regional economic output.

This type of data can help inform key investment decisions, either by us as a local authority, government or, indeed, indigenous and foreign direct investors.

While this edition highlights key achievements, crucially it will also reveal challenges that could affect economic growth and prosperity. This first report will outline how far Limerick has come over the past six years, with unemployment falling by 14.2 percentage points to 5.8% in 2018 and how, between 2017 and 2018, investment in Limerick grew by 46.1%, with new and existing companies investing a total of €2.2 billion since 2013.

We are starting on the upward curve and there we intend to remain.

The Limerick Economic Monitor signifies the enhanced involvement of the local authority in economic development. The Monitor will be produced by EY-DKM on behalf of Limerick City and County Council's Economic Development Department.

So, we look forward to updating you biannually and your ongoing support as we seek to continue raising the quality of life for all in this city and county.



Pat Daly

Deputy Chief Executive and
Director of Economic Development,
Limerick City and County Council

Key Stats

LIMERICK

This is a place to **live and work** in

63% ↓

fall in Live Register
Oct 2010-Dec 2018

3,000

new jobs
announced in 2018

5.8%

unemployment rate in
Mid-West (Q4 2018)

€192,229

median house price
(Dec 2018)

€1,171

Average rent
in Limerick City (Q4 2018)

€21,979

Disposable income
(per capita)
Highest outside of Dublin

This is a place to **learn** in

25,000

third-level students

72%

of LIT graduates
remain in Mid-West

#1

best secondary school
in the country

This is a place to do **business** in

12,000

active enterprises
in Limerick

14.8%

YoY rise in start-ups in
Limerick in 2018

59

IDA-backed firms with
Limerick base

This is a place to **visit**

1.8 million

passengers through
Shannon Airport in 2018

↑ 6.5% YoY

Hotel RevPar growth in Limerick of

3.8%

in December 2018

Limerick: An urban success story

Limerick's economy continues to perform well, positioning itself as an affordable and attractive alternative to Dublin, in spite of challenges on the horizon in the shape of Brexit and a possible international slowdown.

Limerick is a driver of regional employment

Increased investment from public and private companies as well as improved national and global economic conditions have positioned Limerick as the engine of the Mid-West Region. In the past six years employment in the Mid-West has increased by 12.4%. Meanwhile improving employment opportunities have resulted in a dramatic reduction in the unemployment rate in the Region. In six years the unemployment rate has fallen by 14.2 percentage points to 5.8% in Q4 2018, and the market is edging closer to full employment. Further data from the Live Register reinforces Limerick's strong improvement in labour market conditions – falling from a peak of 22,300 in October 2010 to 8,234 in December 2018, a decrease of 14,000 (63%).

Regional investment continues

Improvements in the labour market have been fuelled by the decisions of major global employers to locate in Limerick in the last number of years. Limerick is a county that is focused on diversification, increasing its attractiveness as a destination for indigenous investment, public sector investment and FDI. Recent investments demonstrate the diversity and range of activity. Such investments have included the opening of Troy Studios (€6.5 million); the proposed International Rugby Experience (€30 million); the announcement of a floating data centre in the docklands (€35 million); and the establishment of premium office and mixed use space at Gardens International (€17.6 million).

The start-up sector is also thriving with 3,984 new company registrations from 2013 to 2018. In the first nine months of 2018 Limerick was the only county in Vision-Net's Top Five start-up locations in Ireland to record an increase of more than 0.5% – with 632 new company start-ups compared to 549 in the same period 2017.

The growth in Limerick comes against a slowdown in start-ups nationally and adds further weight to Limerick's improved labour and investment market.

Collaboration between industry and academia is key to continued prosperity

Limerick's higher education institutions are providing a steady pipeline of graduates, particularly in the STEM subjects, which made up a third of the 3,000 graduates in 2017/18. University of Limerick's long-running and pioneering Cooperative Education programme is one of the largest co-op programmes in the EU and sees students undertake relevant work experience as part of their degree. Such examples of a collaborative approach have proven beneficial to both employers and students, with 75% of industry participants going on to employ UL graduates.

Limerick is well positioned as an attractive and affordable alternative to Dublin

Core to the National Planning Framework is balanced regional development to act as a counterbalance to Dublin. The level of affordability offered in Limerick has positioned the county as a key driver of this regional development. Given the challenges faced nationally with the under supply of housing, the availability and affordability of suitable accommodation for talent will be an important factor for many FDI-backed companies going forward.

Reflecting increased demand in Limerick, house prices have increased substantially in recent years. CSO data indicates that median house prices in the county increased by 51% YoY in December 2018 alone. Similarly, rent levels have increased substantially in the past four years, with YoY growth of 16.6% recorded in Q4 2018 in Limerick City. Average monthly rents in the city now stand at €1,171 and €827 in the county area. These trends confirm that demand for accommodation is high in the city. According to local estate agents there is not sufficient housing in the city centre to cater for first-time buyers and young families. While supply is low currently, local estate agents identify approximately 15 developments on site in Castletroy, Mungret and Northside.



Recent CSO data shows that Limerick is the only Irish city, outside of Dublin, where disposable income is greater than the national average. At €21,979 per capita, disposable income in Limerick is now at its highest level since 2008 (€22,300).

With a 41.6% cost differential in average rents between Limerick City and County, such disparity could further exacerbate the 'donut effect' experienced by Limerick City in recent years, whereby schools, shopping centres and other facilities locate on the outskirts of the city. This increases the challenge of revitalising the city centre. A total of €9.1 million, including €4.1 million in European Funding, is set to be invested by Limerick City and County Council in the redevelopment of O'Connell Street, the city's main thoroughfare. At the end of 2018 a further €6 million in regeneration funding, from the Urban Regeneration and Development Fund (URDF), was allocated to seven key projects in Limerick City. These funding measures will facilitate revitalisation projects that will improve the quality of life of the communities that live, work and socialise in the city centre.

Challenges that are flashing amber

While it is hard to ignore the issues affecting the housing market, Limerick remains an affordable alternative to Dublin and Cork, with firms attracting staff from the east coast to avail of opportunities. Similarly, the challenges associated with a labour market edging closer to full employment could potentially see firms, in Limerick and nationally, struggle to attract and retain talent. Risks relating to Brexit are difficult to quantify, especially at a regional and county level. While Ireland is exposed, it faces into these challenges from a position of relative strength with the domestic economy performing well.

The overall outlook is positive

The eagerly awaited development of the Opera Site, University of Limerick's €8 million investment plan for a city centre campus, and the increasing workforce of global firms will help to improve the city centre and facilitate its resurgence. In the same vein FDI Intelligence has designated Limerick as 'One to Watch', serving as a barometer of attractiveness. In order to retain Limerick's well-educated graduates, it is important to focus on the creation of high value jobs across a broad range of sectors. Limerick is driving regional development to act as a counterbalance to Dublin – a developed higher education network, highly rated primary and second level schools; housing affordability; access to an international airport; and growing employment opportunities. To take advantage of these opportunities, Limerick needs to continue its diversified approach to jobs and investment, and leverage its highly skilled and educated graduates and workforce to entice further investment into the region.



There is an impressive story presented in the data with Limerick becoming the urban success story of the economic recovery. Most notably, employment and investment, two key measures of recovery, have improved remarkably in recent years.



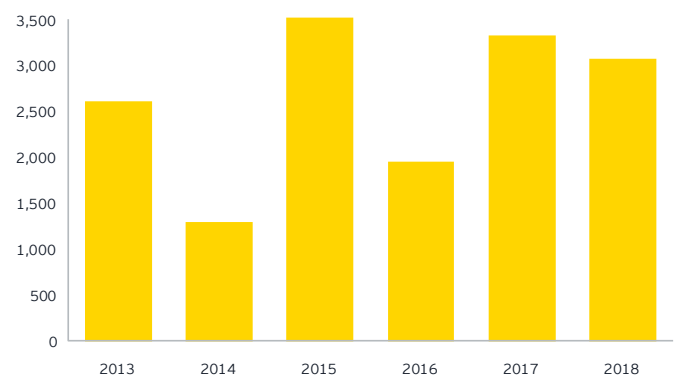
Labour Market

Almost 15,800 new jobs created in Limerick since 2013

	2018
Total New jobs	3,072

Since 2013, new job announcements in Limerick have exceeded 1,000 annually, peaking in 2015 with 3,523 jobs announced. In 2018 alone an additional 3,072 jobs were created in the county. Between 2013 and 2018, full-time job announcements made up over 64% of all job announcements. Limerick-based companies are now growing faster than originally envisaged with 65% of job announcements in 2018 as a result of company expansions.

Job Announcements



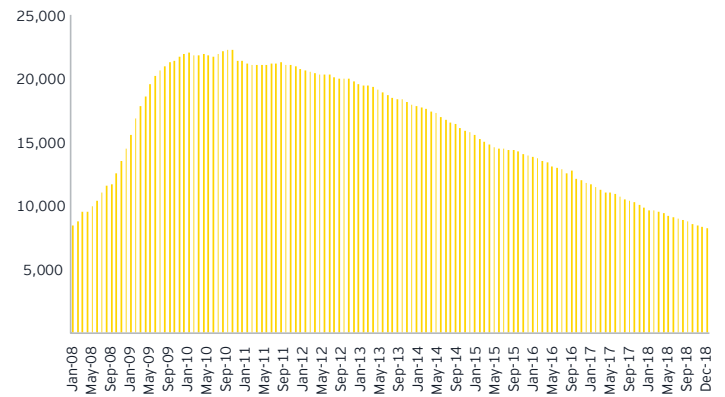
Source: Limerick City and County Council

14,000 persons have left the Live Register in eight years

	Dec-18
Live Register	8,236
YoY % Change	-15%

Limerick's Live Register figures are a testament to growth in the county since the economic crisis. Since October 2010, the number of people on the Live Register has been falling consistently on a monthly basis, except for a slight increase in September 2016. It should be noted that whilst these numbers reflect a healthy labour market, figures captured by the Live Register do not take into account those who emigrated or people who move to a different catchment area. As such, the data may not fully reflect the situation in the labour market in Limerick. In total, however, 14,000 have left the Live Register in the past eight years.

Live Register 000s (SA)



Source: Limerick City and County Council (Seasonally Adjusted by EY-DKM)

Mid-West unemployment rate registers 24 consecutive quarters of YoY decline

Q4 2018	Value	YoY change
Employment (000's, SA)	209.4	-4.6%
Unemployment rate (% SA)	5.8%	-1.0pp

The unemployment rate continues on a downward trend and has been decreasing since Q3 2012. Though a strong recovery has been recorded in the labour market in Limerick in the past number of years, quarterly data shows that employment has taken a downward turn recently. There have been five consecutive quarters of QoQ decline to Q4 2018. The data indicates that, on a YoY basis, there have been declines in 10 of the 16 sectors in Q4 2018. Overall, since 2012, there has been a significant increase in employment in Limerick of 11.8%.

Employment 000s & unemployment rate % (SA)



Source: Labour Force Survey, CSO (Seasonally Adjusted by EY-DKM)





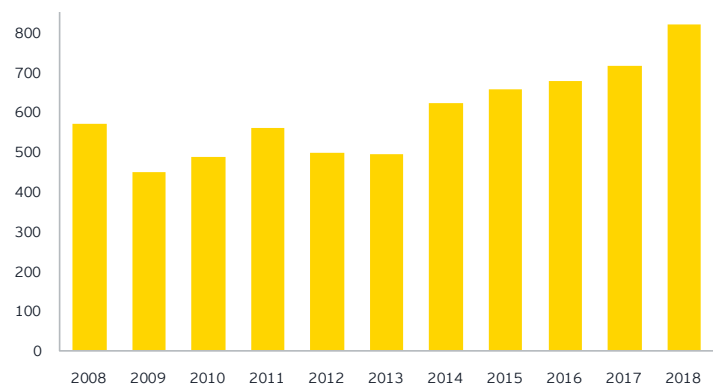
Enterprise

Number of start-ups in Limerick reaches new high in 2018

	2018
Number of start-ups	820
YoY % change	14.8%

2018 recorded a YoY increase of 14.8% in the number of start-ups in Limerick. Limerick has maintained a healthy startup sector, registering growth in each of the last five years, peaking in 2018 with 820 start-ups. The average annual rate of growth in the number of start-ups over the last five years is approximately 10.9%. Since the beginning of 2017 the average number of company registrations in Limerick has been approximately 64 per month.

Number of Start-Ups



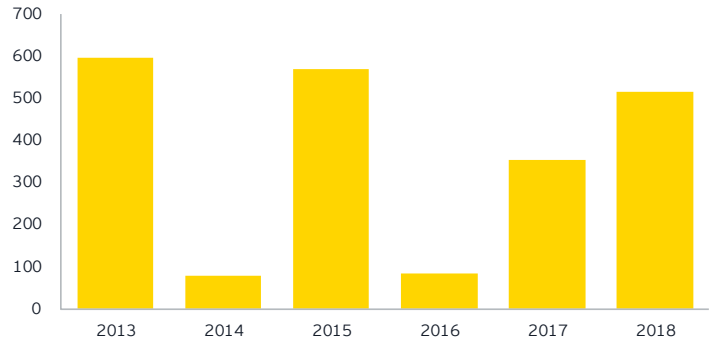
Source: Vision-Net

Upward trend in investment observed in 2018 data

	2018
Total Investment (€m)	516.8
YoY % Change	46.1%

An upward trend in investment in Limerick has been recorded over the last three years. Between 2017 and 2018 investment in Limerick grew by 46.1% and a total of €2.2 billion has been invested by new and existing companies since 2013. The majority of this investment has come in the form of private companies choosing to set up or expand in the Limerick region including Johnson and Johnson, Regeneron, Edwards Life Sciences, Adare Manor, Analog Devices and NBC. Planning has been submitted for the redevelopment of the Opera site which will see an additional €170 million invested in the city.

Total Investment €m



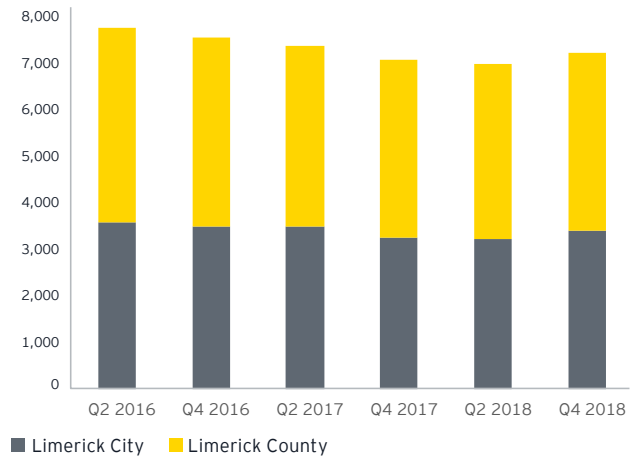
Source: Limerick City and County Council

Limerick office rents are lowest amongst cities

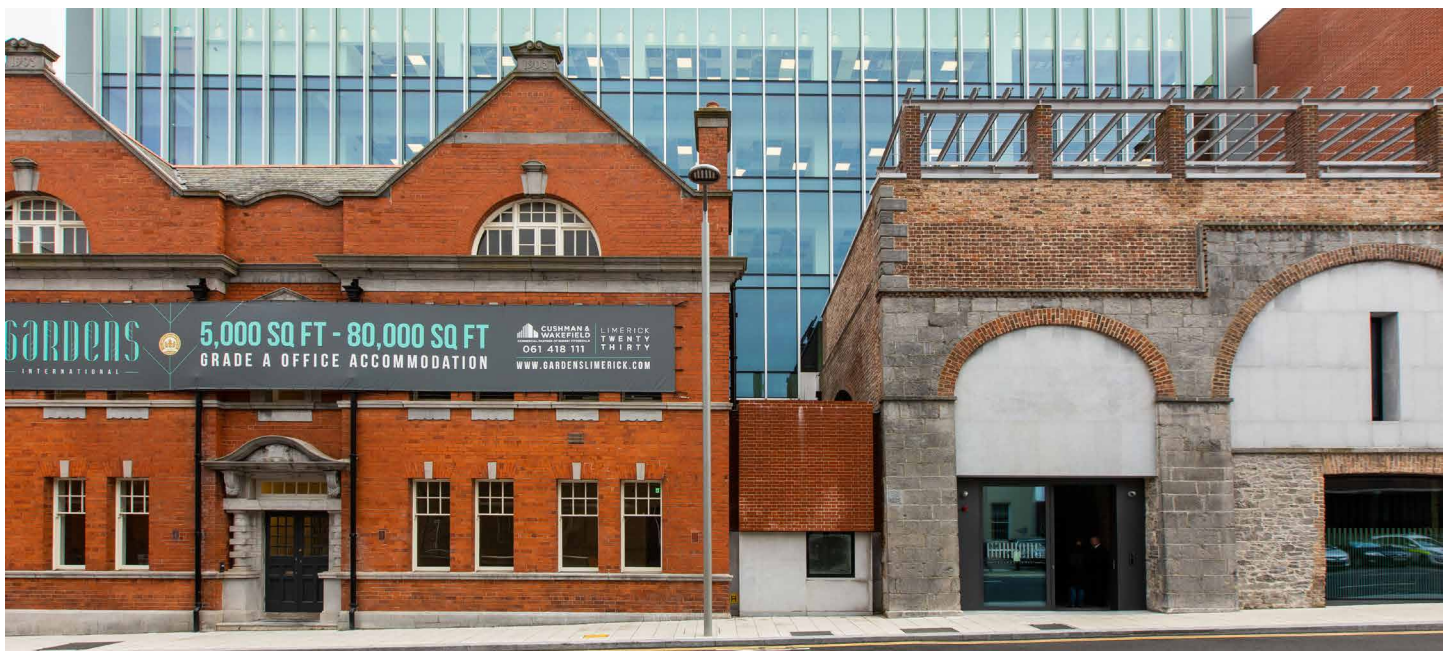
Occupied Office Units	2018
Limerick City	3,403
Limerick County	3,824

According to the latest GeoView Commercial Report there were a total of 7,227 office units occupied in Limerick in Q4 2018, up 1.8% on Q4 2017. Further data from Cushman & Wakefield (C&W) suggests that the office market in Limerick is relatively stable, as of Q3 2018. The opening of Gardens International and other developments will increase the supply of office stock in the city. Office rents in Limerick are the lowest across the cities. December 2018 annual rent per square meter stood at €215 in Limerick. This is considerably lower than Galway (€323), Cork (€350), Dublin suburbs (€323) and Dublin 2/4 (€646).

Occupied Office Units, Limerick City and County



Source: GeoView Commercial Vacancy Report, Q4 2018





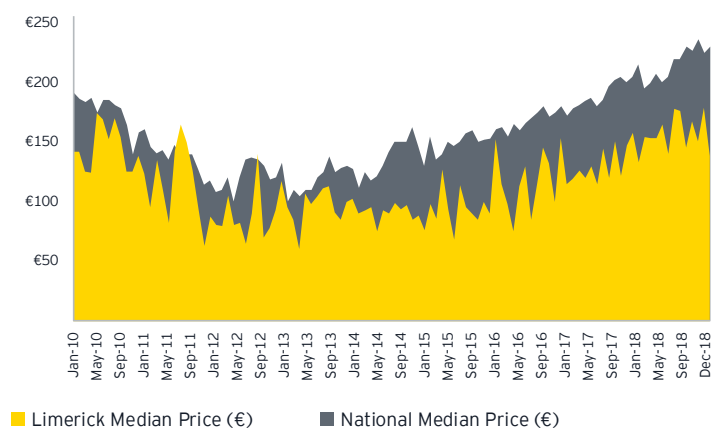
Housing

Median house prices record double-digit YoY growth throughout 2018

Dec 2018	Value	YoY % change
Limerick	€192,229	51%
National	€244,243	17%

In recent years, median house prices in Limerick have mirrored the trend nationally and have been on an upward trend since 2014, approximately two years after the recovery in house prices nationally. However, though Limerick presents itself as an affordable location, the annual increase in house prices reflects the growing level of demand in the county. In the 12 months to December 2018, median house prices in Limerick rose by 51%. In December 2018 the median house price in Limerick was approximately 21.3% lower than the national level.

Median House Prices, Limerick & National €000s (SA)



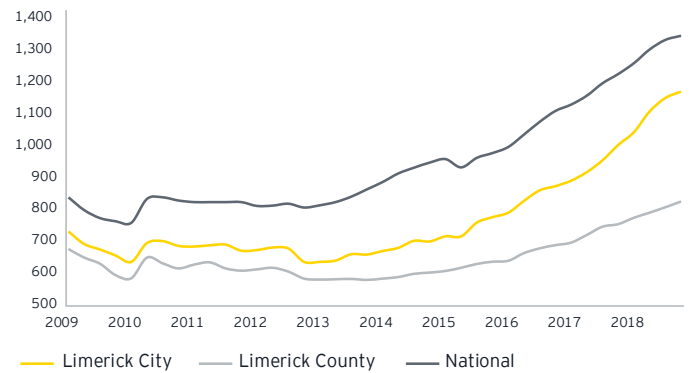
Source: CSO (Seasonally Adjusted by EY-DKM)

Average rents in Limerick City exceed €1,100 in 2018

Q4 2018	Value	YoY % change
Limerick City	€1,171	16.6%
Limerick County	€827	9.4%
National	€1,347	9.8%

Average rents in Limerick City have increased QoQ for 14 consecutive quarters to Q4 2018. Average rents in Limerick county have followed a similar trend, recording increases for 11 consecutive quarters. The data clearly shows the relative affordability in Limerick with average rents in Limerick City and County some €176 and €520, respectively, cheaper than the national average.

Residential Rents Limerick and National (€)



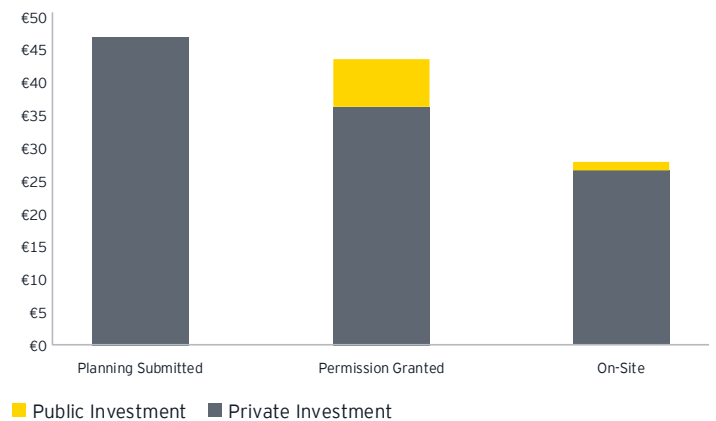
Source: Daft.ie

€43.5m of housing investment granted permission in Limerick in six months to February 2019

Sept 2018-Feb 2019	Planning Submitted (€m)	Permission Granted (€m)	On-site (€m)
Public Investment	-	€7.2	€1.4
Private Investment	€46.9	€36.2	€26.5

Over the six-month period September 2018 – February 2019 a total of €43.5 million worth of housing investment was granted planning permission across Limerick City and County. This investment was spread across 21 applications accounting for 615 housing units. The majority of investment granted planning permission, but not yet on-site, was made up of private investment – some 83% of the total. In the same six month period eight housing projects were on-site in Limerick accounting for €27.9 million of investment. A further €46.8 million worth of housing investment has been submitted for planning permission. This could see an additional 380 housing units added to the stock of new builds in Limerick. Relative to private investment, public investment in housing remains low.

Public/Private Housing Investment in Limerick, Sept 2018-Feb 2019, €m



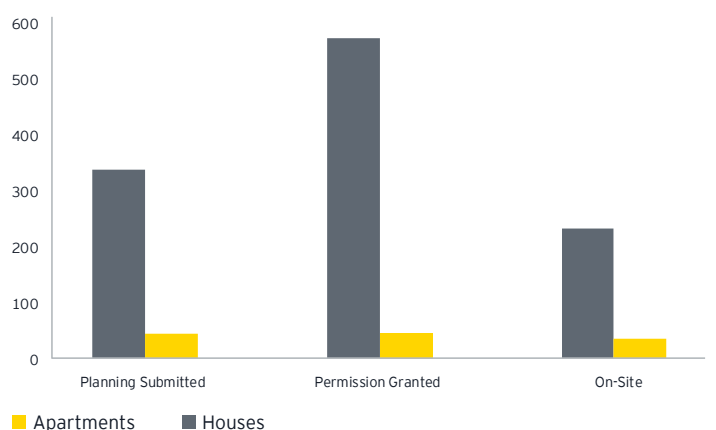
Source: Construction Information Services (CIS)

Majority of new homes being built in Limerick are houses

Sept 2018-Feb 2019	Planning Submitted	Permission Granted	On-site
Houses	337	571	231
Apartments	44	44	34

Between September 2018 and February 2019 there were 107 housing units under construction in Limerick City and County. The majority of builds currently on-site and due to move on-site in the future are houses with only 78 units, of the 880 units granted planning permission, designated as apartments. A further 380 units are in the planning process and, if approved, could result in an additional 337 houses and 44 apartments being added to the stock. The demand for housing is high in the county with YoY increases in house prices of 51% in December 2018 alone.

Number of Houses & Apartments Granted Planning Permission in Limerick, Sept 2018-Feb 2019



Source: Construction Information Services (CIS)



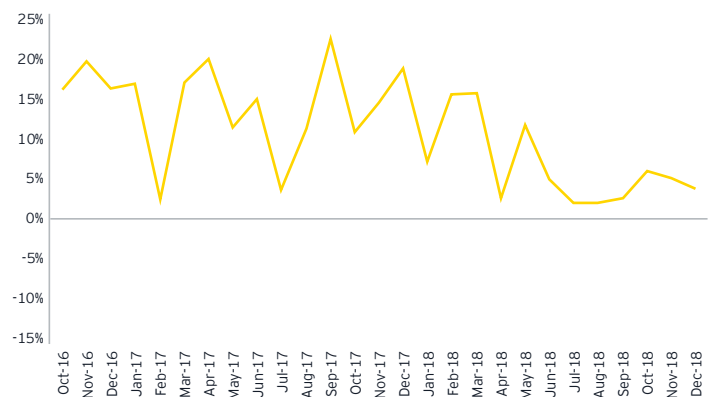
Tourism/Retail

RevPAR records MoM growth for 16th consecutive month

	Dec-18
RevPAR MoM % change	3.8%
YoY % point change	-15.0%

RevPAR (Revenue Per Available Room) is a metric used by the hotel/accommodation sector, which provides a snapshot of how well a hotel is filling its rooms as well as how much it is able to charge. Limerick has recorded monthly growth in RevPAR since October 2016. Whilst the growth levels are subject to peaks and troughs, given the seasonality of the data, RevPAR has consistently grown over the last 27 months, though the rate of increase has slowed in more recent months. Since May 2018, the rate of growth in RevPar, on a monthly basis has been less than 6%.

RevPAR month-on-month % Change



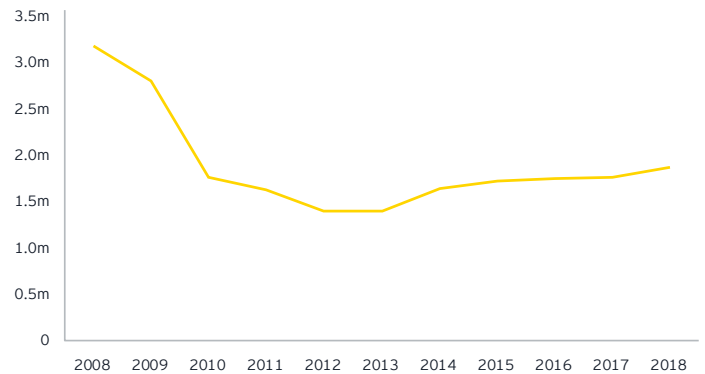
Source: Trending.ie

Passengers through Shannon Airport now at highest level in nine years

	2018
Passenger Numbers	1.9m
YoY % change	6.5%

During 2018 Shannon Airport handled approximately 1.9 million passengers, the highest level of passengers through the airport since 2009. Growth in passengers through the airport has increased YoY for the past six years with growth of 6.5% recorded in 2018. While latest figures represent the highest level since 2009, compared to 2009 1 million fewer passengers passed through the airport in 2018. This reflects the extent to which tourism was affected during the economic crisis and the level of recovery that has occurred in recent years.

Shannon Airport Total Passengers 000s

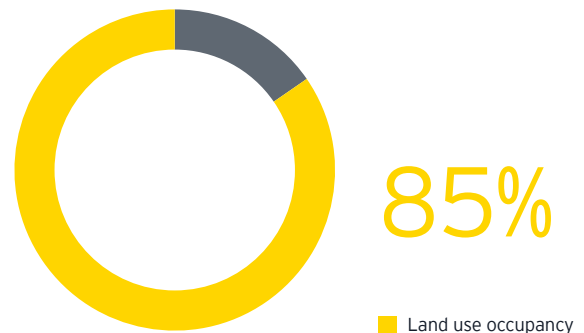


Source: Shannon Airport; Anna Aero Database of European Airport Traffic Trends

Land use occupancy rate of 85% in city centre

Much is being done to counteract issues with the hollowing out of the city centre in recent years. Initiatives to increase occupancy and rejuvenation of the city centre include targeted CPOs of vacant properties, targeted actions within the Georgian neighbourhood under the newly established Urban Innovation Department and the proposed development of the Opera Site.

Limerick City Centre Occupancy Rate

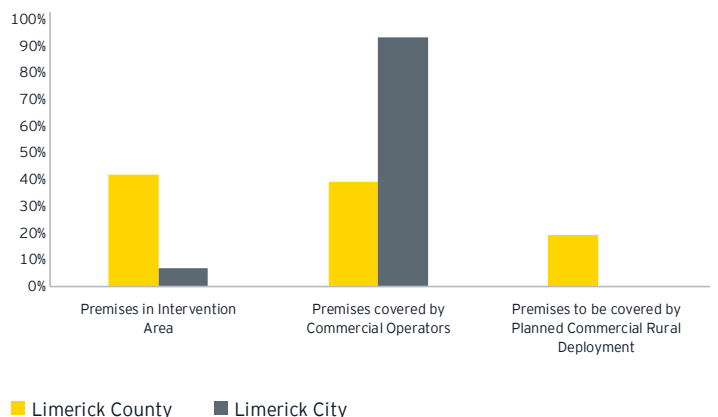


Source: Limerick City and County Council

70% commercial broadband coverage in Limerick

According to the Department of Communications Q4 2018 indicators Limerick City, with 93% commercial broadband coverage for premises, has the highest penetration of broadband after Dublin. Between 2017 and 2018 Limerick County has seen a 16% increase (7,004) in properties with broadband coverage and is now at 40% broadband coverage. A further 18% of properties are targeted for 2019. Limerick City and County has 70% broadband coverage compared to Dublin with 98% coverage, Cork 68% and Galway 63%. By the end of 2019 Limerick City and County will have the highest penetration of broadband (78%) after Dublin (98%) and ahead of Cork (72%) and Galway (72%).

Broadband Connectivity in Limerick City and County



Source: Department of Communications, Climate Action and Environment

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