



Limerick Economic Monitor

Prepared for Limerick City and
County Council

February 2020



Comhairle Cathrach
& Contae **Luimnigh**

Limerick City
& County Council



EY **DKM**



Contents

Introduction

2019 has seen many significant milestones occur for Limerick as we continue our ambitious plans to develop into the future.

Huge congratulations to all involved in securing the Ryder Cup for Adare Manor as the planning now gets underway to leave a lasting legacy in the Mid-West.

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 international uncertainty.

On the jobs front, more than 2450 roles have been announced for Limerick in 2019. Live register figures have fallen by 18% in the 12 months to December 2019 and are now the second lowest in the country after Dublin (seasonally unadjusted).

Data for the first three quarters of the year had already matched the level for the whole of 2018 and continues to grow with FDI investment announcements a particular feature.

The University of Limerick's multi-million euro investment plan for a city centre campus, the re-development of O'Connell Street and the increasing workforce of global firms will help to improve the city centre and facilitate its resurgence.

With relatively lower housing costs and higher disposable incomes, Limerick is an attractive alternative to Dublin with affordability a major competitive advantage.

Before we close the 2019 chapter, it's worth recalling that the first major build under Limerick Twenty Thirty, Gardens International, was completed and opened. The Opera Centre development has progressed through planning in 2019 and we look forward to a decision in early 2020.

The Regional Spatial and Economic Strategy for the Southern Region was also approved this year and we look forward to implementing this and leveraging government investment through the National Development Plan for significant new funding in Limerick over the coming years.



Vincent Murray

Director of Economic Development,
Limerick City and County Council

LIMERICK

This is a place to live and work in

68% 

fall in Live Register
Jan 2010 - Nov 2019

2,450

new jobs announced
in 2019

4.8%

unemployment rate in
Mid-West (Q3 2019)

€196,750

median house price
(Sept 2019)

€1,219

Average rent
in Limerick City
(Q3 2019)

€21,979

Disposable income
(per capita)
Highest outside of Dublin

This is a place to learn in

92%

of UL primary degree
students are in employment
or further study

72%

of LIT graduates
remain in Mid-West

#1

best secondary school
in the country

This is a place to do business in

12,755

active enterprises in
Limerick (2017)

561

new start-ups in Limerick
in the year to Q3 2019

57

IDA-backed firms with
Limerick base

This is a place to visit

1,275,000

passengers through Shannon
Airport in the first nine
months of 2019

Hotel RevPar growth in Limerick of

14.3%

in November 2019



Limerick: A key urban growth centre

As the Irish economy continues to grow strongly, Limerick in particular is consolidating its place as a key urban growth centre.

Limerick employment grows apace

The employment statistics for Limerick and the Mid-West region clearly demonstrate the strength of the local and regional labour market. Live Register numbers for the city and county fell by 14.1% in the 12 months to November 2019, and have fallen by 15,175 since their peak in 2010. The unemployment rate for the Mid-West region has been falling consistently throughout most of this decade and is now the second lowest in the country after Dublin (seasonally unadjusted).

New investment in Limerick remains strong

The previous edition of the Economic Monitor described some of the high profile investments underway or in planning in the city, including Troy Studios, Gardens international and the International Rugby Experience. Data for the first three quarters of 2019 indicate that investment has already matched the level for the whole of 2018. FDI investment announcements in particular feature, including by Johnson & Johnson, Regeneron, Edwards Life Sciences, Cook Medical, Northern Trust and Nautilus, while private housing investment is also significant. There is also a large public sector investment of €86 million set for the city and county under the national Broadband Plan, which will have a significant impact on internet connectivity for over 21,000 premises in the county.

The start-up sector is also strong, with approximately 4,500 new company registrations between 2013 and Q3 2019. In the first nine months of 2019 a further 561 start-ups were registered in Limerick city and county.

Affordability makes Limerick an attractive alternative to Dublin

Affordability is a major competitive advantage for Limerick when it comes to attracting and retaining talent and investment, and is core to the National Planning Framework's regional development strategy to build the other regional cities as a counterbalance to Dublin. There are two key aspects to this - relatively lower housing costs and relatively higher disposable incomes.

Housing affordability in Limerick is better than in Dublin, Cork and Galway. Median house prices in Limerick city and county have grown by almost 18% in the year to September 2019, but remain 18% lower than the national median. Likewise, rent levels are up 6% in Limerick city in the year to September, but remain 15% below the national average. Rents in Limerick county, while also rising, are almost 35% below the national average. Meanwhile, the latest CSO data shows that Limerick is the only Irish city, apart from Dublin, where disposable incomes are greater than the national average. This means that first time buyers in Limerick are in a relatively stronger position to borrow to buy a house or apartment than their equivalents in Dublin.

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The range of city centre developments and the growing workforce of local and global firms is driving the momentum of Limerick’s resurgence, and its capacity to act as a counterbalance to Dublin.

Challenges and priorities

One cannot discuss affordability without giving consideration to the ongoing pressures on the supply side of the housing market. Approximately 21,000 homes look set to have been delivered nationally in 2019, well below the estimated 35,000+ housing units required annually to meet demographic demands. The private sector is predominantly driving investment in the market with CIS data for the period March - September 2019 indicating that €64.7 million of the €70.7 million worth of housing investment granted planning permission was privately funded. Recently submitted plans for a €60 million redevelopment of the Horizon Mall site could see an additional 245 residential units added to the stock. When plans for developments at Canal Bank Limerick, Castletroy and Mungret are taken into account there is potential for an additional 1,000+ residential units to be added to the stock over the coming years.

That being said, the Council is making strides in public housing development with €12.1 million worth of housing currently on site across Limerick. Similarly, the majority of the €825.4 million 2020 budget approved by the Council in November 2019 is for the HAP Shared Services scheme which Limerick runs on behalf of the 31 local authorities. A strong focus for the Council in 2020 is to tackle both urban and rural dereliction and a major refurbishment plan will see c. 5,500 homes upgraded.

Revitalising the city centre is a key priority for the Council and they have established a group to address underperformance in the city centre. A major €60 million redevelopment of Arthur’s Quay retail complex, announced in July, is set to be the largest ever private mixed-use development in the county. Added to this, UL’s plans for a city centre campus at the former Dunnes Stores site and the €180 million Opera site development,

currently at approval stage with An Bord Pleanála will go some way in addressing the hollowing out of the city centre, or ‘donut effect’, which has emerged in recent years.

With unemployment in the Mid-West now at 4.8%, the challenges associated with attracting and retaining talent in a labour market approaching full employment are making themselves felt, as they are in all of Ireland’s main urban areas. Limerick’s greater affordability, industry-academia collaboration and focus on urban development are important advantages in this context.

Brexit will likewise be a substantial uncertainty into the medium term, as the UK’s withdrawal will be followed by detailed negotiations to deliver an eventual trade deal. While Ireland is exposed, it faces into these challenges from a position of relative economic strength. At a regional and county level the risks are especially difficult to quantify. While Limerick’s diversified economic base and the benefits of Shannon-Foynes port and Shannon airport should help to mitigate impacts in the region the challenges could be significant.

The outlook is positive

The range of city centre developments and the growing workforce of local and global firms is driving the momentum of Limerick’s resurgence, and its capacity to act as a counterbalance to Dublin. Adding to the already developed higher education network LIT confirmed that it is forming a consortium with Athlone IT to develop a new Technological University for the Mid-West and Midlands. Notwithstanding the risks posed by Brexit, housing affordability; access to an international port and airport; high incomes; and growing employment opportunities mean Limerick is relatively well-placed going forward.



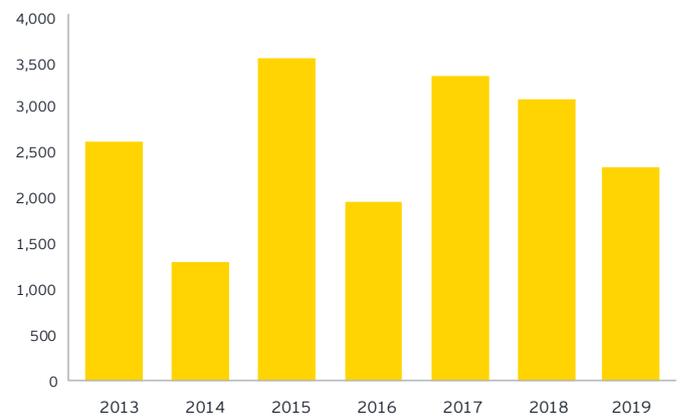
Labour Market

Over 18,200 new jobs announced in Limerick since 2013

	2019
Total New Jobs	2,450
YoY % change	-20.2%

New job announcements in Limerick continue to surpass 2,000 on an annual basis. There was however been a decline in 2019, with the number of new job announcements down 20.2% relative to 2018. New job announcements totaled 2,450 in 2019 with several major announcements, such as that at the Horizon Mall site helping to boost numbers in the final quarter of the year.

Job Announcements, Limerick
2013 - 2019



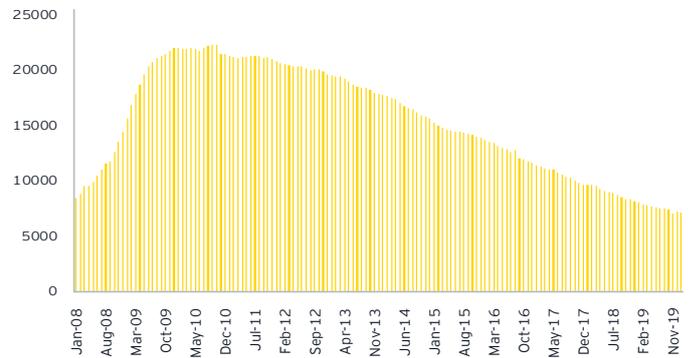
Source: Limerick City and County Council

Over 25,600 persons have left the Live Register in nine years

	Nov-2019
Live Register	7,133
YoY % Change (Nov 18 v Nov 19)	-14.1%

The strong economic improvements in Limerick are best reflected in the continued decline in Live Register numbers in the city and county. In the past 12 months alone, a further 1,051 people have left the Live Register and a total of 15,175 have left since the peak in October 2010 (22,308). It should be noted that the figures captured by the Live Register do not take into account those who emigrated or who moved to a different catchment area. As such, the data may not fully reflect the situation in the labour market.

Live Register '000s (SA)
Limerick City & County, Jan 2008 - Nov 2019



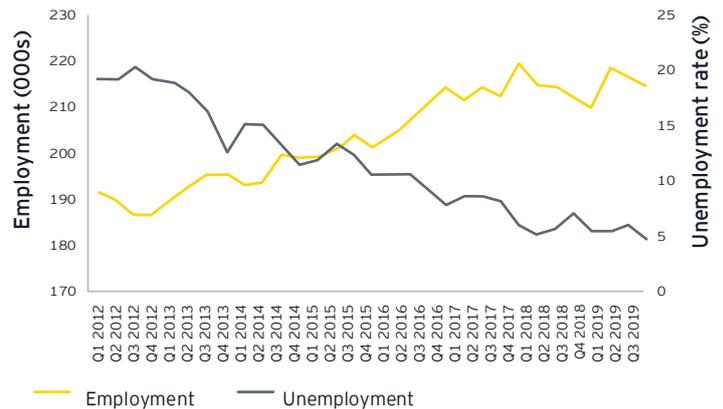
Source: CSO (Seasonally Adjusted by EY-DKM)

Mid-West edges closer towards full employment in Q3 2019

Q3 2019	Value	YoY change†
Employment (000's, SA)	215.2	+1.2%
Unemployment rate (% SA)	4.8%	-2.4pp

Mirroring the improvements in the Live Register, employment levels in the Mid-West Region have followed a strong upward trend over the past seven years. As of Q3 2019, 215,200 people were employed in the Region representing an increase of 2,500 (+1.2%) in the year. Likewise, at 4.8% the unemployment rate is now at its lowest level in the seven-year study period and indicates that the region is edging closer to full employment.

Employment '000s (SA) & Unemployment Rate %
Mid-West Region, Q1 2012 - Q3 2019



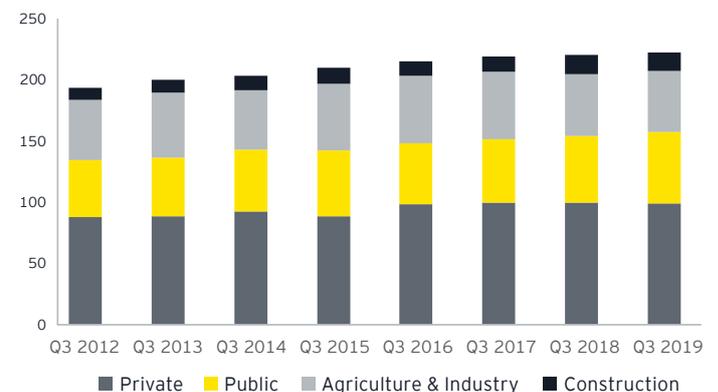
Source: Labour Force Survey, CSO (Seasonally Adjusted by EY-DKM)

Employment in Education at all-time high

	Q3 2019	YoY change†
Services Employment '000s	153.6	+2.2%
Agriculture, Industry & Construction Employment '000s	63.5	-2.2%

Public sector employment recorded strong growth of 7.3% YoY in Q3 2019, largely driven by YoY gains in Education (+17.9%) and Public Administration and Defence (+26.4%). Employment in the Education sector reached an all-time high in the Mid-West in Q3 2019. More broadly, the private sector recorded a marginal decline of 0.6% YoY however, the growth in public sector employment has helped to offset some of these losses. Across Industry and Construction there were some 800 fewer people employed in the sectors in Q3 2019 compared with Q3 2018.

Employment by Broad Sector '000s (SA)
Mid-West Region, Q3 2012 - Q3 2019



Source: Labour Force Survey, CSO

† Change between Q3 2018 and Q3 2019



Enterprise

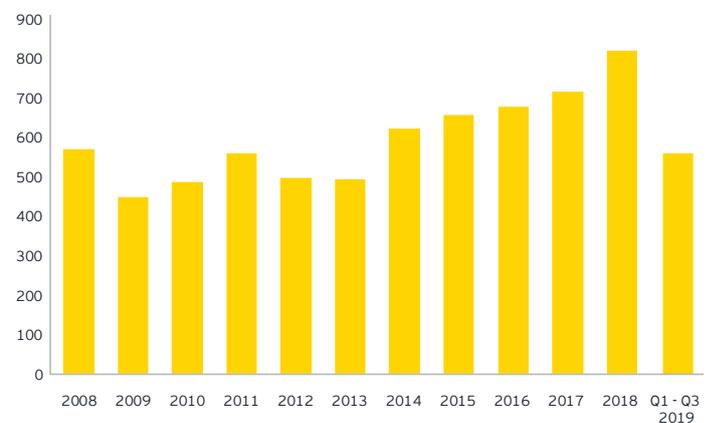
561 new start-ups in Limerick in the first three quarters of 2019

9 months to Q3 2019

Number of start-ups	561
YoY % change relative to Q3 2018	-8.6%

While there were 561 new start-ups registered in Limerick in the first three quarters of 2019, this figure is down over 8% when compared to the same period in 2018. 2018 saw the number of new company registrations peak, and should the current rate of start-up growth continue, 2019 would be the second-highest year on record. The moderation in start-up growth may be linked to a slowing global economy and increasing economic uncertainty. Since the beginning of 2017, the average number of company registrations in Limerick has been approximately 63 per month.

Number of Start-Ups in Limerick
2008 - Q3 2019



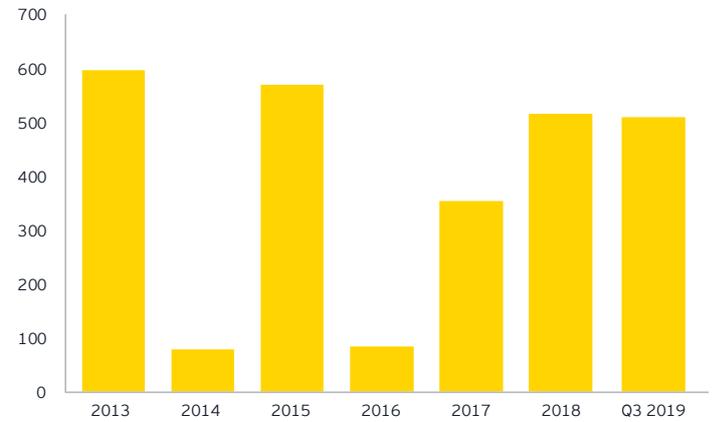
Source: Vision-Net

Upward trend in investment continues in 2019

12 months to Q3 2019	
Total Investment (€m)	511
YoY % change relative to Q3 2018	17.0%

Investment in Limerick is up 17% in the year to Q3 2019 relative to the same period in 2018. This equates to a €74.2 million increase, which continues the upward trend seen in the three previous years. Most of this investment has come in the form of private companies choosing to set up or expand in the Limerick region while the government will also be invest €86 million as part of the National Broadband Plan in the Limerick region, and the IDA are planning on spending €10 million in the constructing of an advanced manufacturing facility at Plassey.

Total Investment in Limerick (€m)
2013 - Q3 2019



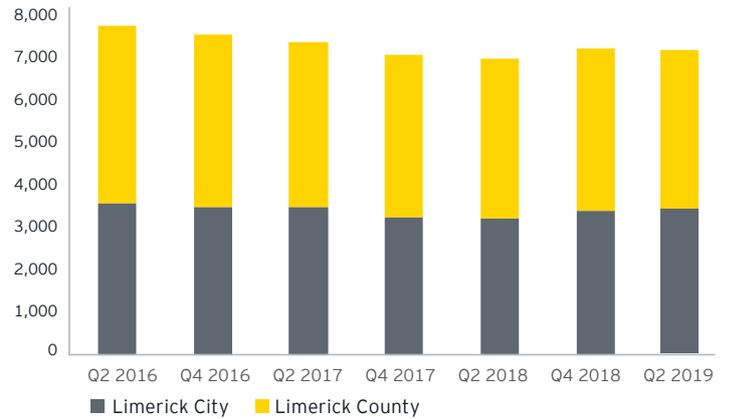
Source: Limerick City and County Council

Office rents in Limerick remain lowest across four main cities

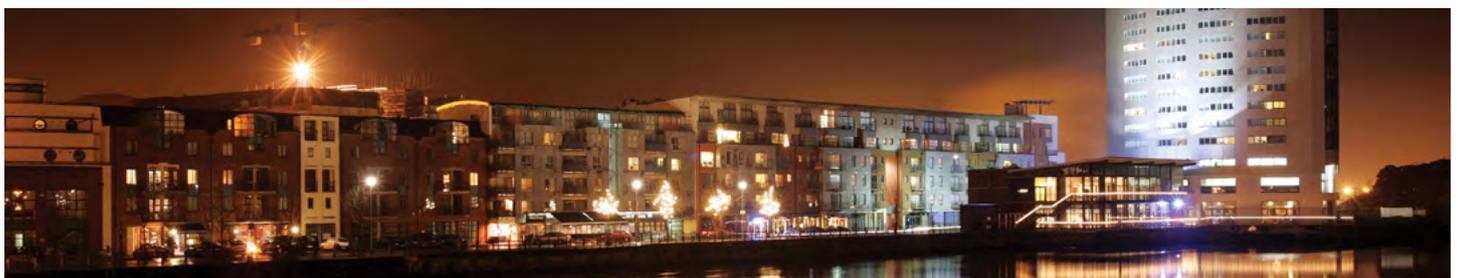
Occupied Office Units	Q2 2019
Limerick City	3,403
Limerick County	3,811

The number of occupied office units in Limerick City has remained relatively unchanged over the past number of years, at approximately 3,400. According to the latest GeoView Commercial Report there were a total of 7,214 office units occupied in Limerick (city and county) in Q2 2019, up 3.2% on Q2 2018. Further research from Cushman & Wakefield (C&W) shows that office take-up levels of 11,275 square metres in the year to Q3 2019 have already exceeded the activity seen in 2018 as a whole. Office rents in Limerick remain the lowest across Ireland’s four largest cities with prime office rental of €215 per square metre in Q2 2019 considerably lower than in Galway (€323), Cork (€350) and Dublin (€673). Additional office space is being added to the stock with new developments in Plassey, completed by IDA and Finegrain Properties, along with units added by Limerick Twenty Thirty in the city centre and additional developments currently in planning including the Opera development.

Occupied office units
Q2 2016 - Q2 2019



Source: GeoView Commercial Vacancy Report, Q2 2019





Housing

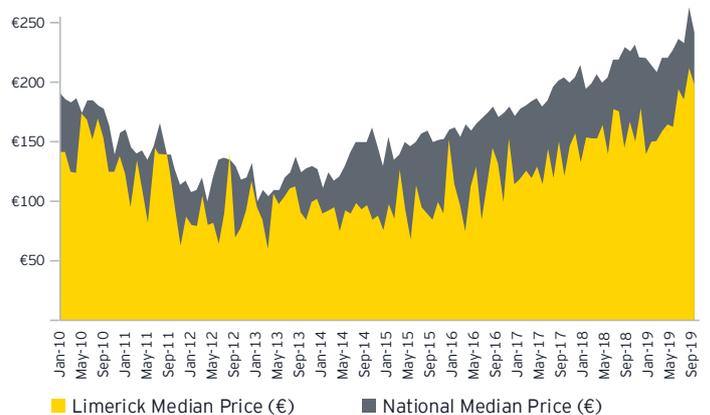
Median house prices in Limerick €43,000 lower than national level

	Sept-2019
Limerick Median Price	€196,750
YoY % change	17.7%
National Median Price	€240,000
YoY % change	6.7%

There is no doubt that significant issues remain in the housing market nationally as 2020 begins, and median house prices in Limerick have broadly followed the national trend over the past nine years. Limerick compares favourably at a national level with the median house price in the county in September 2019 18.0% lower than the national level. In the nine months to September 2019, median house prices in Limerick rose by 31.2%. This compares with a 11.6% rise nationally over the same period.

Median Monthly House Prices (€000s)

Jan 2010 - Sept 2019



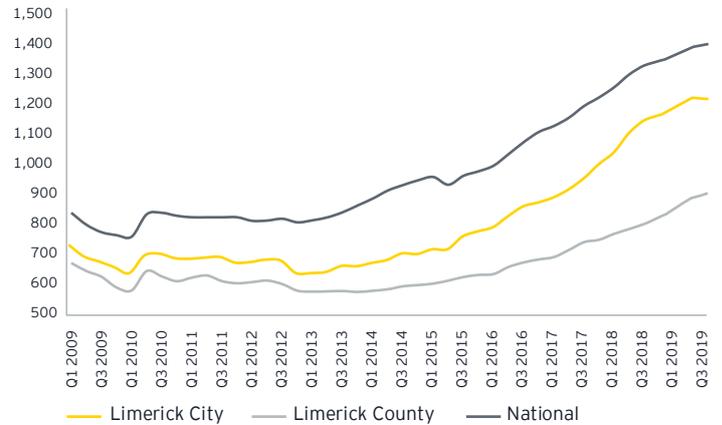
Source: CSO

Average rents in Limerick City exceed €1,200 in 2019

Average Monthly Rent	Q3 2019	YoY % change
Limerick City	€1,219	5.9%
Limerick County	€906	12.0%
National	€1,403	5.2%

Average rents in Limerick City have increased QoQ for 17 consecutive quarters to Q3 2019. Monthly rents now stand at €1,219 per month, up over 60% or €458 relative to Q3 2015. Average rents in Limerick County have followed a similar trend, recording increases for 23 consecutive quarters. The average monthly rents now stand at €906 per month, having risen almost 44% (+€275) relative to Q3 2015. However, the data clearly shows the relative affordability in Limerick with average rents in Limerick City and County some €184 and €497 respectively, cheaper than the national average.

Average monthly rents
Q1 2009 - Q3 2019



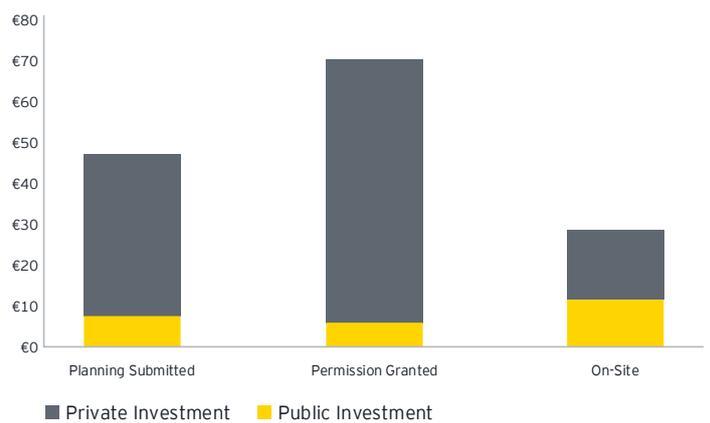
Source: Daft.ie

Private sector driving investment in housing

Mar - Sept 2019	Planning Submitted (€m)	Permission Granted (€m)	On-Site (€m)
Public Investment	€7.7	6.0	12.1
Private Investment	€40.2	64.7	16.9

Over the six-month period March - September 2019, a total of €70.7 million (€6 million public and €64.7 million private) worth of housing investment was granted planning permission across Limerick City and County. This investment consisted of 32 applications accounting for 1,000+ housing units. A total of 92% of the housing investment granted planning permission, but not yet on-site, was by the private sector. In the same six-month period, eight housing projects were on-site in Limerick accounting for €29 million of investment. A further €47.9 million worth of housing investment - predominantly private sector - has been submitted for planning permission. This could see an additional 302 housing units added to the stock of new builds in Limerick, if granted.

Public/Private Housing Investment (€m)
Limerick, Mar - Sept 2019



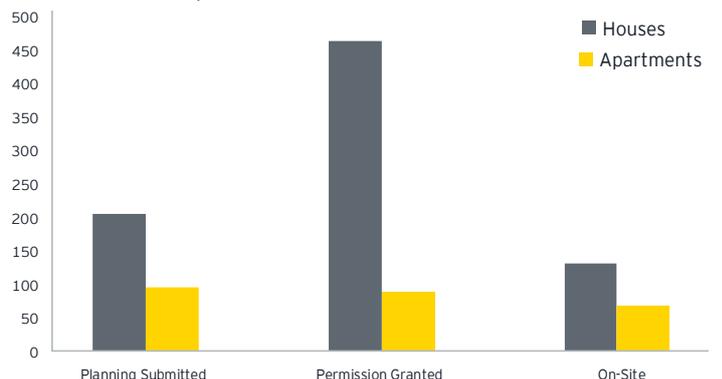
Source: Construction Information Services (CIS)

Majority of new homes being built in Limerick are houses

Mar - Sept 2019	Planning Submitted	Permission Granted	On-Site
Houses	205	464	133
Apartments	97	89	70

Between March and September 2019, 203 housing units were on-site in Limerick City and County. The vast majority of builds, either currently on-site or due to move on-site, are for housing rather than apartments. Of the 756 residential units under this heading only 159 are apartments. This may reflect a viability issue regarding apartment building that has been identified in other cities such as Cork and Dublin. A further 302 units are in the planning process and, if approved, could result in an additional 205 houses and 97 apartments being added to the stock.

Houses & Apartments Granted Planning Permission
Limerick, Mar - Sept 2019



Source: Construction Information Services (CIS)



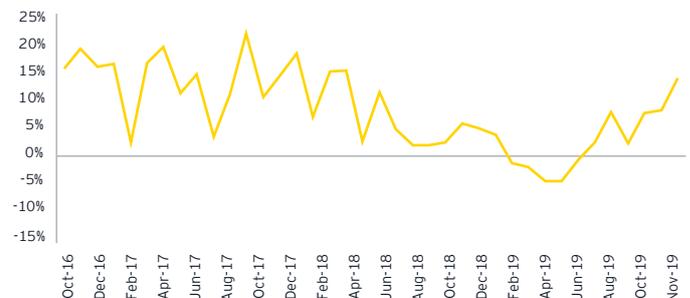
Tourism & Retail

Monthly growth in Revenue Per Available Room (RevPAR) rebounds from June 2019 low

	Nov-19
RevPAR MoM % change	14.3%
YoY point change	9.2pp

RevPAR (Revenue Per Available Room) is a metric that provides a snapshot of how well a hotel is filling its rooms as well as how much it is able to charge. Given the seasonality of the sector, RevPAR levels are subject to peaks and troughs. Despite 27 consecutive months of RevPAR growth in Limerick up until December 2018, it declined in each of the first five months of 2019, likely due to the VAT increase in the hospitality sector and Brexit uncertainty, among other factors. RevPAR also fell nationally in the same period. However, RevPAR growth rebounded in Limerick from June 2019, with RevPAR growth recorded of 14.3% for November 2019 compared with national increase of 4.3%.

RevPAR Growth Limerick
Oct 2016 - Sept 2019



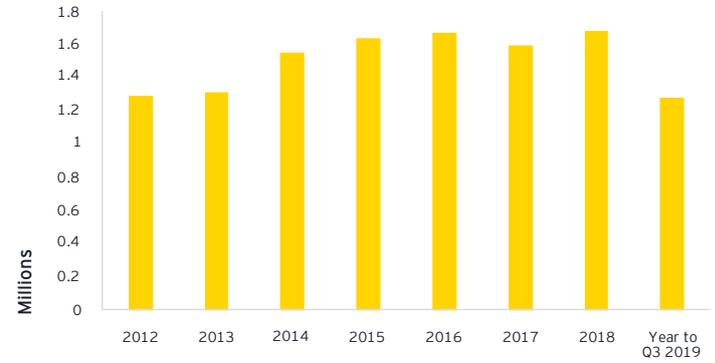
Source: Trending.ie

Passengers through Shannon Airport up 232,000 in the past six years

	Jan - Sept 2019
Passenger Numbers	1,275,000
YoY % change (Jan-Sept)	-3.8%

Close to 1.3 million passengers passed through Shannon Airport in the first nine months of 2019. While this presents a 3.7% decline on the same period in 2018 the longer term trend is positive. Shannon Airport catered for 22% more passengers in the first nine months of 2019 than in the same period of 2013. This compares favourably with Cork Airport, which handled 14% more passengers. Passenger numbers are likely to be boosted further with new routes added by Aer Lingus in 2019 to Barcelona, Paris and Vienna.

Shannon Airport, Total Passengers (millions)
Q1 2012 - Q2 2019 (Seasonally Adjusted)

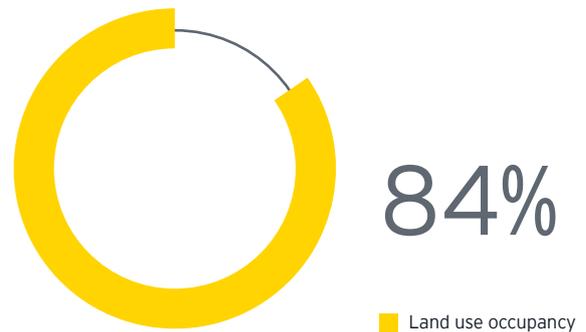


Source: CSO

Land use occupancy rate of 84% in city centre

Revitalising the city centre is a key priority for Limerick City and County Council. The now fully occupied Gardens International which was opened in 2019 was the first project to be completed as part of the Limerick Twenty Thirty programme. Further projects to increase capacity and occupancy include targeted CPOs of vacant properties, specific projects like the Living City Initiative and large-scale investments such as the €170 million Opera Site, which is at the planning stage, and other significant investments by private investors.

Occupancy Rate, Limerick City Centre, Dec 2019

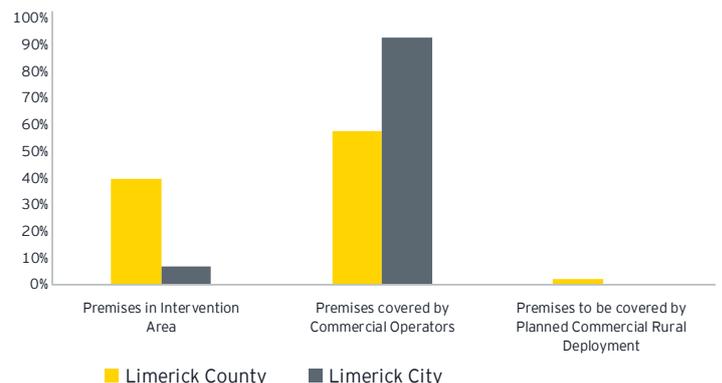


Source: Limerick City and County Council

Limerick has the fourth-highest penetration of broadband in Ireland

As of Q3 2019, 78% of all premises in Limerick are supplied by commercial broadband operators. This is the fourth-highest penetration of broadband in Ireland, after Dublin, Louth and Kildare. 93% of all premises in Limerick City have broadband coverage, while 58% of those in Limerick County are covered - the latter represents an increase of 19 percentage points on Q1 2018, due to, among other things, the roll-out of the government's commercial rural broadband deployment scheme. In total, an additional 10,036 properties in Limerick have been covered by fibre broadband in 2019. This represents a significant increase, effectively doubling the number of properties where the fibre broadband was extended in 2018.

Broadband Connectivity Q3 2019



Source: Department of Communications, Climate Action and Environment



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January 2020

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