

CORK CHAMBER Economic Bulletin

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Lower cost, Large impact:



Thomas Mc Hugh, Director of Public Affairs at Cork Chamber, discusses the need for investment in a diverse range of enabling infrastructure to strengthen a growing Cork region.

The case for large, impactful problem-solving infrastructure projects in Cork is well known. Projects such as the M28, M20, Dunkettle and Northern Ring Road are natural focal points for Cork Chamber and are at varied stages of planning and delivery. Yet to focus on these alone would be to do a disservice to Cork. Large projects take time. They are subject to challenges in planning, design, funding and delivery which can lead to frustration in relation to pace and progress. Recognising this, we use the term lower cost infrastructure to describe a suite of complimentary projects which are impactful and deliverable, yet are of a lighter scale.

Here, Thomas highlights a number of lower cost projects that Cork Chamber are focused on through our government lobbying activity. Practical projects, guided by our members, a non-exhaustive list. Cork Chamber believes that these projects are needed to support the larger developments and to create a resilient transport network for Cork as we move to create 120,000 jobs between now and 2050. Thomas explains the recent asks to Government on this point, and highlights a number of projects and support measures that have strong potential.

The Cork skyline is evolving by the day, with new projects taking shape across the City and County, and with exciting future projects in planning and design. To meet our potential as Ireland's second city and the driver of the Southern region we need to look at the infrastructure that could be delivered in the short to medium term, in parallel with the larger slower moving works. We need to develop a transport network that is diverse, robust and fit for purpose. Our conversation can't focus on hard infrastructure alone, we need to be investing in a diverse range of measures from growing our public bike scheme, to promoting the use of public bus transport, the development of bus corridors, the addition of park and ride facilities to the promotion of carpooling initiatives.

A key element in growing sustainably is to grow strategically. Cork is referred to in the draft National Planning Framework as an emerging medium-sized European Centre of growth and innovation. Cork Chamber is calling for this acknowledgement to be matched by investment. To build on the successes to date and to increase Ireland's metropolitan profile, the Cork transport network needs to be prioritised nationally. Cork now has a public transport infrastructure requirement that is greater than ever and it is critical that developments to support growing urbanisation and population, as well as Ireland's commitment to climate change mitigation are undertaken and progressed now.

Cork Chamber identified a number of opportunities such as access upgrades, the review of traffic light sequencing, and improvements to unnecessarily congested roundabouts such as Lakeview on the N25. We highlight the need to bypass Castlemartyr and Killeagh, enhancing our links with Waterford and Ireland's Ancient East. Looking west, the N71 is an area of specific focus. Further access upgrades would facilitate growth in Cobh, Ireland's Energy Park at Whitegate, and Little Island.

The introduction additional public bike schemes in business parks such as Little Island and the introduction of carpooling and bus lanes would be hugely positive. The continued development of cycle and pedestrian greenways are an essential evolution of how we leverage our natural environment as both an amenity and as a viable commuting option.

The increased affordability of rail fares across known commuter stations as Mallow would greatly increase the attractiveness of this travel mode for commuters. This requires the review of fare structures at national level, to redress affordability at these known and growing commuter access points. We need Park and Ride facilities on the North and East of the City to

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Economic Trends Survey Results

Executive Summary

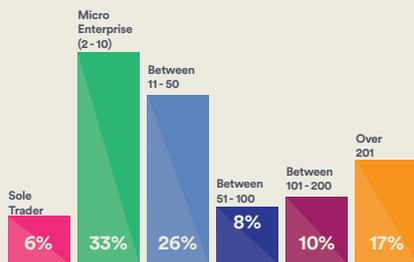
The final Economic Trends Survey of 2017 reflects the business experiences of Cork Chamber members over the course of October, November and December.

The survey gathered information on the financial performance and business experiences of Cork Chamber member organisations, and also member opinions on what you believe a City needs to make it attractive for family living. It is particularly encouraging to note the continued high level of business confidence among the Cork business community reported at 95% over Q4 2017, and consistent with the sentiment surveyed throughout the past number of years.

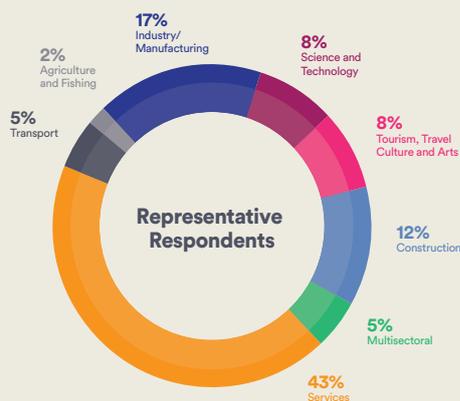
Alongside this we note an increase in overall confidence levels in the Irish economy compared to 3 months ago, now at 48%, an increase of 9% on the Q3 survey results. Again an encouraging response and a vast improvement on the 25% reported for the same quarter in 2016. When asked about the priorities for growing a City environment for family living, the number one response by far related to diversity of housing, the quality, affordability, the need for new builds, and the need for refurbishment of vacant buildings. Cork Chamber are committed to this and will be contacting business members in the coming months as we develop recommendations to address housing supply in Cork.

RESPONDING BUSINESS

The responding businesses represent a broad cross section of business sizes.



They also represent of a broad range of sectors.



BUSINESS CONFIDENCE



Business confidence remains very healthy, and compares strongly to the 96% reported in Q3 2017.

TOP 3 Priorities for Cork

1. Quality and affordable housing options – new builds and refurbishment of existing vacant stock
2. An enhanced Cork transport infrastructure and network (a range of modes - car, bicycle, bus, walking)
3. Further amenities – public spaces, river walkway, crèches, restaurants, cafes, shopping

The work of Cork Chamber is focused across these priorities, to develop and support actions for a thriving and vibrant Cork into the future. We will continue to engage on these topics throughout the year.

TOP 5 Threats to Business Growth

1. Cost Competitiveness
2. Availability of Housing/ Rental Accommodation for Employees
3. Skills Availability
4. Brexit
5. Managing Cashflow

These are followed by Speed of Technological Change and Stability of Capital Markets.

Below is a snapshot of your commentary:

“Motorway to Limerick and an extension of the airport runway”

“Cost of commercial rent”

“Strength of sterling is a huge issue to the motor trade”

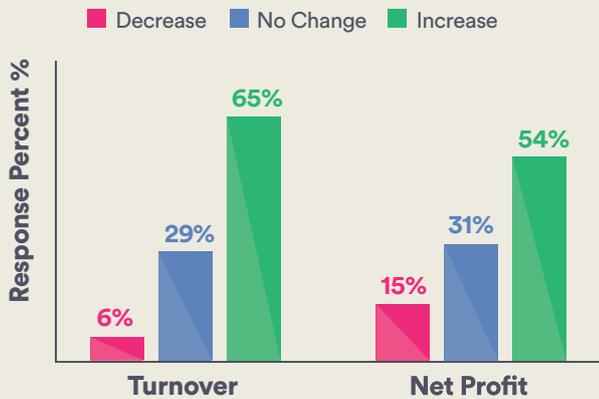
“Reliable public transport”

Living Cities - Cities for family living

We asked your opinion on what cities need to make them more attractive for family living. Here is what you said:

1. Diversity of Housing
2. Amenities – shops, cafes, cinemas, theatres, bars
3. Schools
4. Lower traffic volumes
5. Green spaces

TURNOVER AND NET PROFIT ESTIMATIONS AND 12-MONTH PREDICTIONS



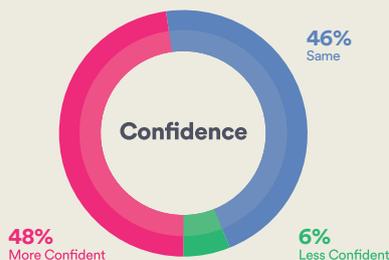
The % increase in turnover and net profit is only slightly down on Q3 2017 which was at 67%, and 58% respectively.

Looking ahead over the next 12 months

83% Expect an increase in Turnover

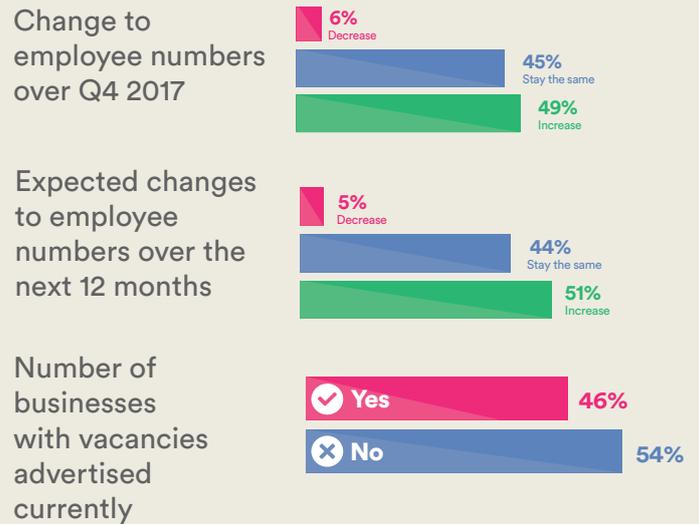
71% Expect an increase in Net Profit

CONFIDENCE IN THE IRISH ECONOMY



The Q4 2017 survey responses compare positively to the previous quarter which reported 39% of respondents as 'more confident', with 10% 'less confident' and 51% 'the same'.

EMPLOYMENT OUTLOOK



Top Ranked

Difficult to Fill Vacancies

- 1 Engineers (across a range of disciplines)
- 2 Quantity Surveyor / Construction Workers
- 3 IT Professionals

Here we see the re-emergence of construction workers, very much tying in with the emphasis on attracting skilled tradespeople back from abroad, and the growing opportunity for employment from trade apprenticeships. The previous Q3 2017 survey reported the hard to fill vacancies as Engineering, Chefs/Hospitality and IT professionals.

YOUR THOUGHTS

"We need a strict cap on wage inflation starting with the Government and Public Service"

"Tackle bank charges which have increased over the last 3 years."

"Public realm, flood protection and amenities for future generations"

"Government would recognise that Cork is the second city and needs investment"

"I would like to see a public transport proposal that will be fit for purpose in 20 years' time."

We thank members for their valuable input. The work of Cork Chamber is shaped by you and for you, and your participation is key in guiding our focus as we promote and advocate for an ever-thriving Cork region.

Lower cost, large impact:

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facilitate commuters accessing major employment hubs, these could be linked to the rail network, and bus network. For example, Park & Ride at the redundant Blarney Rail Station, and at Carrigtwohill Station with the inclusion of bus connection to major employment hubs outside the rail network such as Mahon and Cork University Hospital should be an attractive commuting proposition.

Overall, bus and rail usage is increasing in our city region but we must plan proactively for further percentage uptake to simply meet our population growth. We need to develop bus corridors, to interrogate the phased introduction of a Bus Rapid Transport system linking Ballincollig and Mahon, via the City Centre and Docklands, Kent Station, Parnell Place bus station, UCC, Bon Secours Hospital, CUH, Cork County Council offices, CIT and the proposed Science Park.

Infrastructural development in Cork is an evolving space with a number of very positive projects commencing such as the Dunkettle Interchange upgrade, the N22 Macroom to Ballyvourney road upgrade, and the planning for the N8 Silversprings Junction upgrade underway.

These projects are welcome but our commuting ecosystem will thrive only when treated holistically. We need a transport network that facilitates continued growth, is sustainable, connected and incorporates diverse travel modes. Ireland needs city regions that are enabled by infrastructure. We need proactive action, support and commitment for strategic and sustainable growth.

The combined impact of these projects can be enormously valuable. They have the potential to impact positively on commuter experiences, the flow of goods and services, quality of life, safety and health, and the ongoing attractiveness of Cork to investment. Our intention is not to be prescriptive or exhaustive, but to highlight potential opportunities for assessment and investment to Government Ministers and Departments, the National Transport Authority and Transport Infrastructure Ireland.

We must continue to elevate our vision, while being mindful of the details that will ensure our continued success.

If you have thoughts or comments please get in touch
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Talent, governance and succession vital to family businesses

KPMG's recent European Family Business Barometer survey of over a thousand European family business owners highlights some universal priorities. Respondents, including those from Ireland, name the 'war for talent' in recruiting skilled staff as their number one challenge.

43% of respondents have this talent challenge as their main concern for 2018 – higher than topics such as regulation (28%) or access to finance (7%). The survey shows that greater competition and reduced profitability pose challenges, a majority (71%) are either 'confident' or 'very confident' about their family business economic prospects in the year ahead. Michael Lynch, Partner with KPMG Private Enterprise in Cork says; "We see family businesses increasingly looking to fill senior skills gaps with non-family members." Over three quarters (77%) of those surveyed agree that non-family members bring expertise to a family business where the business doesn't have the skills. Michael Lynch notes issues such as hiring new sales teams for overseas expansion or cyber security expertise as examples of where external expertise may well be warranted.

Lynch also highlights that the research puts considerable emphasis on the balancing of the interests of the family and the business. 87% of respondents ranked this as important or very important. According to Michael Lynch; "Many family owned companies, in Ireland and throughout Europe, now have formal rules for what family members can expect from the business and what the business can expect in return."

Inevitably, succession planning is also an important theme for family business. More than 50% of respondents said that they have a member of the next generation in a management role to allow them to prepare earlier for succession planning. Lynch believes that "clarity around ownership and the role for non-bloodline family members" such as spouses should be significant priorities. Meanwhile a third (34%) of survey respondents believe that they will face such issues in 2018 as they plan to handover management or business ownership to the next generation.

Michael Lynch concludes that the 2018 family business agenda should prioritise talent, governance and succession planning – "All fundament to successful family businesses."



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