



**Cork  
Chamber**  
Advancing business together



# ECONOMIC TRENDS

QUARTER 2 2021

## Keeping Cork Connected

**The past year has highlighted the resilience of Cork's business community, and the ability of organisations both large and small to pivot and reinvent the way they deliver their products and services. Staying connected to our international networks has become more important than ever, to ensure that we do not fall victim to being 'out of sight and out of mind'.**

With travel curtailed, business development, sales and marketing have become a completely virtual and online contest. Being seen and heard in this new virtual world is challenging, in particular for those selling Cork and Ireland as a potential investment location. Nonetheless, in the first 6 months of 2021, 11 IDA clients have announced new projects (including 8 expansions of existing Irish operations) which include close to 400 direct jobs for Cork, as well as additional jobs that will be forthcoming from over 700 roles announced as part of multi-region expansions which include Cork. These companies are growing their footprint in the Cork region in multiple sectors and disciplines, including wireless communications technology; life sciences; data security and analytics; software engineering; thermal process validation and monitoring; AI; financial services; supply chain technology.

While digital connectivity is paramount for the technology sector, which continues to dominate many of the new IDA announcements in Cork, the established manufacturing sector, including the indigenous agri-food sector, has been facing challenges in physical connectivity when it comes to supply chain. Due to the perfect storm of the global pandemic and Brexit fallout, companies have experienced significant transport delays and increased costs when moving products internationally. While it is hoped that some of these issues will resolve themselves as businesses become more familiar with the customs implications of Brexit, and as the airline sector begins to open up again, organisations such as the Port of Cork and their shipping partners are working hard to improve connectivity out of Cork.

In the last year alone, we have seen a significant increase in sea transport options for companies in the region with the introduction of new direct freight and haulage routes, and the expansion of existing routes, from Cork direct to the USA (ICL), Zeebrugge (CLdN), Roscoff (Brittany Ferries), Antwerp (Grimaldi Group) and Southampton (Unifeeder).



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# SURVEY RESULTS

In the latest Cork Chamber Economic Trends Survey, Cork Chamber reports on the business outlook for the third quarter of 2021 and the year ahead, and member experiences of the most recent business quarter, Q2 2021. The survey reports on business experiences, the overall operating landscape and the business priorities ahead of Budget 2022. While evolving in the final weeks due to the emerging news and rising case numbers of the Covid Delta variant and the subsequent announcement postponing the reopening of indoor hospitality, this had been a period of relative stability with considerable progress in the delivery and uptake of vaccines. The survey itself was conducted over the final two weeks of June, with the government announcement coming in the very final days of the survey period.

“  
Enhancing the public realm to create locations for communities to engage and maximise facilities on the river.  
”

Niall Kenny  
AB Sales

“  
Insurance for business, specifically public liability and Tour Agent insurance is very difficult to get in Ireland. This is very worrying.  
”

Máire Ní Mhurchú,  
Activity Days Ireland Ltd

## BUDGET 2022

### TOP 3 BUDGET PRIORITY AREAS

1. Infrastructural investment, and housing stimulus  
(JOINTLY NUMBER ONE)
2. Pandemic business recovery supports
3. Education and skills investment

Closely followed by health investment, employment measures and tax reform. Other priorities from a number of respondents included action to address the climate crisis and the importance of measures to tackle Ireland's greenhouse gas (GHG) emissions, and a call for the significant increase of public investment to deliver social and affordable housing. The requirement to address CAT, CGT rates for entrepreneurs was also raised, noting the differential in Ireland's high rates compared to other EU countries.

### SUPPORT FOR TARGETED AND TIME BOUND MEASURES TO STIMULATE THE CONSTRUCTION OF MORE URBAN ACCOMMODATION

YES 95%

NO 5%

To be achieved through measures such as a VAT reduction on construction materials.

In 2019, New Zealand Treasury introduced the Living Standards Framework (LSF) to capture what matters for New Zealanders' wellbeing, now and into the future.

The framework integrates planning about policy impacts on wellbeing, taking a long term perspective on people, places and generations. The LSF complements rather than replaces traditional economic tools such as GDP and aims to enhance, support and underpin comprehensive and robust policy development. In the latest trends survey, we asked members whether you would support the introduction of a similar framework for Ireland through a commitment to this in Budget 2022.

YES 91%

NO 9%

### A flavour of members comments ahead of Budget 2022:

“ With the impact of covid19 and debt accrual for businesses closed by compulsory order of the government, the introduction of further fiscal responsibilities is onerous and will have a serious impact particularly in the recovery time frame. ”

Anne Marie McIlwraith, Just For Men, Manscaping Lounge

“ Housing, housing and housing - the rental market is currently impossible in Cork and surrounds. This is making it incredibly difficult to attract foreign talent. ”

JP Kelly, Murphy Geospatial

“ Stimuli for commercial city center development to counteract the doughnut effect.” (\*development where the city centre becomes empty, as businesses and people move to the outer edge of the city). ”

Patrick Leader, Leaders Menswear

## BUSINESS CONFIDENCE

**CONFIDENT** 90%

**NOT CONFIDENT** 10%

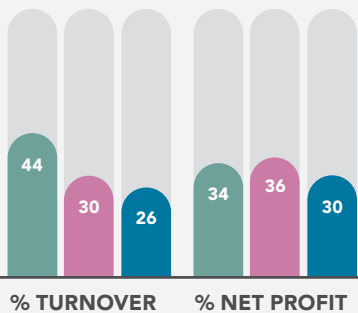
The latest figures report 90% of respondents indicating business confidence. This is an increase on the previous quarter which showed 84% of businesses reporting confidence in Q1. A very encouraging trend and a significant improvement on the same quarter last year which saw confidence at 73%.

## Q2 % TURNOVER AND NET PROFIT ESTIMATIONS

**Increased**

**Stayed the same**

**Decreased**



The latest survey shows that 65% of respondents expect an increase in turnover in the third quarter, with 52% anticipating an increase to net profits in the same period.

## EMPLOYMENT OUTLOOK

### EXPECTED CHANGES TO EMPLOYEE NUMBERS OVER THE NEXT 12 MONTHS

**INCREASE** 54%

**STAY THE SAME** 41%

**DECREASE** 5%

The previous Q1 2021 quarter reported 43% of respondents expecting an increase to employee number over the 12 months ahead.

### NUMBER OF BUSINESSES WITH VACANCIES ADVERTISED CURRENTLY

**YES** 47%

**NO** 53%

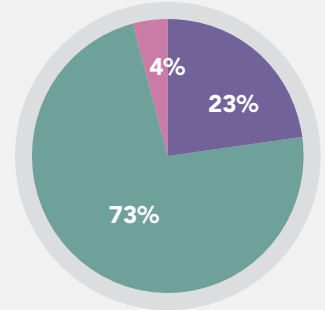
Of the 47% of responding businesses reporting current vacancies, 41% of these are reporting difficulty filling the open roles (i.e. remaining unfilled for greater than 3 months since the initial advertisement). These vacancies are primarily arising in IT, engineering and finance.

## CONFIDENCE IN THE IRISH ECONOMY

**Very Confident**

**Confident**

**Not Confident**



The latest findings show an increase in confidence levels in the Irish economy at 73%, up from 52% in the previous quarter.

## TOP 3 THREATS TO BUSINESS GROWTH

1. COVID-19
2. Skills availability
3. Cost competitiveness & Changing consumer behaviour/reduced orders (JOINTLY NUMBER THREE)

As with previous quarters, Covid-19 ranks as the top threat to business growth. Other areas mentioned by respondents include the threat of another lockdown or a slowdown in the economic recovery, changing travel restrictions and its impact on employees, and concerns over accessing seed over accessing seed finance for start-ups and scale-ups.

## RESPONDING BUSINESSES

**Sole Trader**

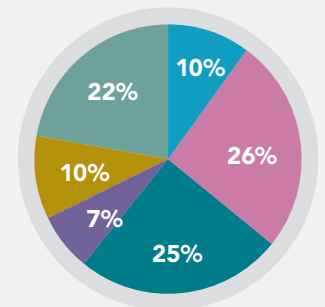
**Micro Enterprise (2-10)**

**11-50**

**51-100**

**101-200**

**101-200**



The responding businesses represent a broad range of sectors: Life Sciences & Manufacturing (12%), Agriculture, Food & Drinks (3%); ICT & Digital Economy (8%), Tourism, Hospitality, Retail & Leisure (11%), Culture, Arts, Community & Media (6%), Built Environment (5%), Education & Training (9%), Services (including Financial) (36%), Health (2%), Transport, Energy & Maritime (8%).

# Paving a New Path in the Irish Banking Sector



Mags Brennan,  
Head of Business Banking at permanent tsb

permanent tsb is prioritising business customers with a new Business Banking Team led by Mags Brennan, who understands how important personal support is for businesses in Ireland right now. The past year has seen significant challenges for businesses of all sizes across Ireland. The need for support and guidance from a financial institution has never been greater.

Mags Brennan, Head of Business Banking at permanent tsb and President of Chambers Ireland, stepped into the role just as the first COVID-19 lockdown began. Having worked in many senior banking roles in Dublin, Cork and New York, Mags relished the chance to work with businesses again when she saw opportunities appearing in a changing market. This coincided with her recent appointment as President of Chambers Ireland. Mags is also a past Director of the Cork Chamber Board.

## Personal Support

The opportunity for change is something that drew Mags back into the business banking sector after a short time away. This comes at a time when there is a need for another business bank in the market and one that thinks about business customers in a new and different way.

permanent tsb is rising to the occasion to solidify itself as a very viable alternative in the Irish business banking space by providing personal support to its customers. Business customers are very much a key priority for the bank with backing from CEO, Eamonn Crowley, his management team, the board and the rest of the organisation, which supports permanent tsb in its ambition to be Ireland's Best Personal and Small Business Bank.

permanent tsb's dedicated Business Banking Team knows that talking face to face and having those meaningful conversations, even if virtually, is what

matters to its customers and is what they need during these uncertain times. For example, when COVID-19 hit in March 2020, permanent tsb phoned all of its business customers, regardless of whether they were borrowing with them or not.

Mags has built a team of experienced Business Bankers, supporting branches across the country and continues to build out this team to ensure top class customer service and guidance is provided to business customers within permanent tsb.

## Challenges & Solutions

Many businesses are still adapting to their 'new normal' and companies and their employees still face many uncertainties about the long-term viability of their business and their employment.

No matter the financial situation of a business, permanent tsb is in a strong position to support business customers across the market with their lending requirements, including refinancing out of other banks or finance providers, which may be necessary because of the changing landscape. One of the reasons Mags stepped into her current role was to try and change the perception around banks and lending. Mags wants permanent tsb to be the bank that responds quickly to customers, regardless of the decision, and also enables faster turnaround time in drawing down funds.

There are also the sectors that are thriving despite the pandemic such as manufacturing, transport and logistics, technology and agribusiness. In the main, they have been somewhat impacted by Brexit, but it could have been a lot worse. permanent tsb is providing support for businesses coming out of COVID-19 or Brexit or indeed businesses looking to grow and it is the personalised approach

that allows them to engage with the customer and take a proactive approach to their future.

## Partnerships

permanent tsb is continuously looking for new ways to develop solutions to support business customers and build out its Business Banking offerings.

permanent tsb entered into a partnership with the Strategic Banking Corporation of Ireland (SBCI) for the first time last November to provide business customers with access to its Future Growth Loan Scheme. The partnership, led by Mags and her team, was hugely successful and the appetite for the scheme highlights the need for this type of product amongst those businesses that are growing in Ireland, getting through the pandemic and coming out stronger on the other side.

In February 2021, permanent tsb launched a second partnership, with Bibby Financial Services Ireland. This strategic partnership involves Bibby Financial Services Ireland offering Invoice Finance services to permanent tsb customers.

permanent tsb is looking forward to continuing to support its business customers and will launch further strategic partnerships in 2021 and beyond to ensure its customers have all the banking products and support they need to manage their businesses.

permanent tsb, Mags and her team are committed to going further, with a dedicated programme of work planned which will include a focus on digital innovation and the introduction of new products and services in order to support and build trust with its business customers.

**As a proud supporter of Cork Chamber, permanent tsb is delighted to become new sponsor of the Cork Chamber, Economic Trends Report.**