

# ECONOMIC TRENDS

QUARTER 3 2021



## Budget 2022 Can Stabilise Economy if Government Remains Responsive to Business Needs

**“Budget 2022 must not underestimate current challenges or overheat the economy. The finer sectoral details are critical to ensure it delivers on this intent,” said Cork Chamber President Paula Cogan.**

### BUSINESS SUPPORTS

The €60million for the extension of the commercial rates waiver into Q4 targeted at hospitality, arts and tourism sectors is welcome but continued support into 2022 will be needed. The tapering off of the Employment Wage Subsidy Scheme (EWSS) could result in a difficult start to the new year for some businesses and must be kept under review.

### HOUSING

Housing is as important to business as it is to Government. The allocation of €50million to the Croí Conaithe fund, to bring apartment sites to market alongside servicing sites and refurbishing properties is welcome, but clarity on its operation must be immediate if it is to be effective. In practice, demand will extend far beyond €50million and will need to be increased.

### TRANSPORT

A major modal shift towards public transport is required to transition to a low carbon and climate resilient society. We welcome the €25million investment in a Youth Travel Card for public transport. Furthermore, the allocation of €1.4bn to public transport and €360m for greenways, walk and cycleways is significant to advance Bus Connects. We have confidence that Cork Metropolitan Area Transport Strategy projects brought forward will be funded and delivered.

### CLIMATE

Funding for climate action, via a €700m boost for the Department of Environment Climate and Communication is a significant early step. Funding for the deployment of large-scale renewable energy must be forthcoming. It has not been dealt with adequately in the NDP or Budget 2022. If energy is a key component in inflation, then it must be proactively addressed.

### EDUCATION AND TRAINING

A €34 million investment in apprenticeships and a new Employer Grant for apprentices will undoubtedly go a long way to addressing shortages. Additional steps to create a more secure and effective early childcare sector, to support greater workforce diversity and access to talent is also welcome.

### TOURISM

The budget 2022 provision of €90 million for aviation to help restore vital connectivity is welcome along with €50 million for Business Continuity Supports and €39 million for Enhanced Tourism, Marketing & Product Development. Finally, any potential change to the 9% VAT position will require close consultation with the hospitality industry.

As we head into 2022, Cork Chamber will continue to relentlessly advocate for measures to make Ireland an attractive place to live, work and do business while safeguarding our economic future.

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# SURVEY RESULTS

In the latest Cork Chamber Economic Trends Survey, Cork Chamber asked members about their experience in the most recent business quarter, Q3 2021 (July, August, September) as well as the business outlook for the remainder of the year, Q4 2021. This Economic Trends captures a snapshot of business experiences and the overall operating landscape, in a period which saw a business transition back to the office and an easing of Covid 19 restrictions.

“  
Whilst we are reviewing our travel policy and sustainability, some international travel remains essential; it is impossible to be a leading city in Europe and have such poor connectivity to Europe - Berlin?  
”

Fiona Clark  
Cork Film Festival

“  
The cost of electricity will have a huge impact on our trade. We are a cold storage business, and the costs are increasing by 100% at the moment and we cannot secure a contract forward for energy, the market is so volatile.  
”

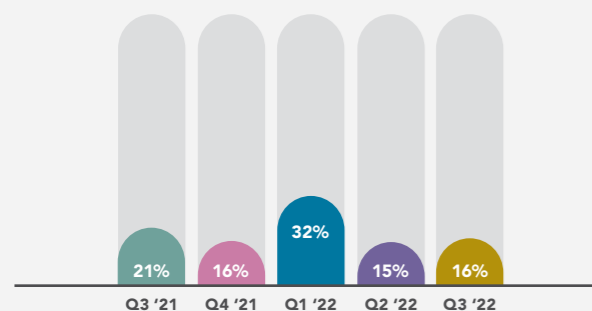
Deirdre Tingle  
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## PRIORITIES AND ADVOCACY

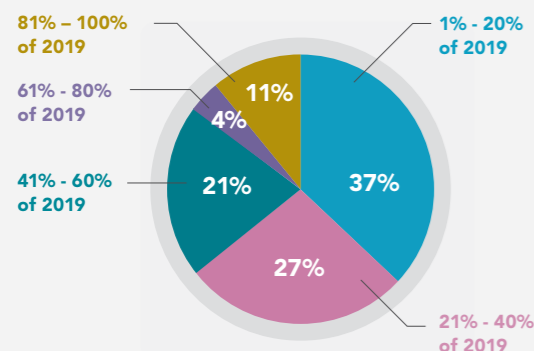
Good connectivity to and from Cork is critical for business. Cork Chamber asked members a number of questions about air and rail travel for business.

Specifically, when members anticipate a return to flying for business again. Just over one fifth of businesses returned to air travel in Q3 2021. However, there is expected to be an uptick in travel from Q1 2022.

### WHEN DO YOU ANTICIPATE YOU WILL RETURN TO FLYING FOR BUSINESS AGAIN?



### WHAT LEVEL OF AIR TRAVEL FOR BUSINESS DO YOU ANTICIPATE IN 2022 COMPARED TO 2019?



A significant decrease on 2019 levels of air travel is anticipated in 2022. For example, 64% of business expect levels of air travel under 40% of 2019 levels.

The top three most critical routes for business ranked in order of priority are Cork – London, Cork – Amsterdam, Cork – Frankfurt.

When asked what level of rail travel for business is anticipated in 2022, 64% of respondents also expect levels of rail travel to be under 40% of 2019 levels. 85% of respondents support a Dublin to Cork train earlier than 7.00am to facilitate stops en route and commuter travel to work.

Additional member commentary called for a reinstatement of a 6.15am train and also express trains from Dublin to Cork.

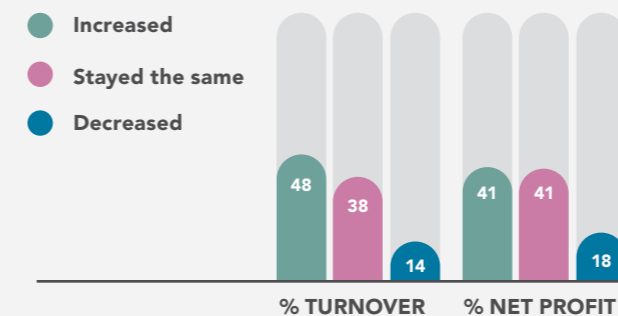
## BUSINESS CONFIDENCE

CONFIDENT 91%

NOT CONFIDENT 9%

With 91% of respondents reporting business confidence, this is a 1% increase on the previous quarter (Q2 2021) which noted 90% of respondents indicating confidence. This is an encouraging trend, in comparison to 68% confidence 12 months ago in Q3 of 2020.

## Q3 % TURNOVER AND NET PROFIT ESTIMATIONS



The latest survey shows that close to half of survey respondents experienced a turnover increase in Q3 2021. 62% of respondents anticipate an increase in turnover in the fourth quarter of 2021.

In respect of net profits, an equal 41% of respondents reported net profit both increased and stayed the same in Q3. This indicates a level of stability. Looking forward to Q4, 53% of respondents are expecting an increase in net profits, along with 34% maintaining the same level and 13% expecting a decrease.

## EMPLOYMENT OUTLOOK

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

INCREASE 56%

STAY THE SAME 41%

DECREASE 3%

In Q2 2021 we reported 54% of respondents expecting an increase to employee numbers over the 12 months ahead. In Q3 2021, the slight rise to a 56% expectation aligns with current reopening and expectation of the Christmas season ahead.

### NUMBER OF BUSINESSES WITH VACANCIES ADVERTISED CURRENTLY

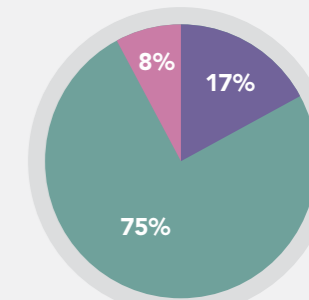
YES 61%

NO 39%

Of the 61% indicating vacancies, 42% are reporting difficulty filling the open roles (i.e., remaining unfilled for greater than 3 months since initial advertisement). These vacancies vary widely across multiple sectors including, healthcare assistants, regulatory affairs professionals, HGV drivers, accountants, general operatives, software and hardware engineering etc.

## CONFIDENCE IN THE IRISH ECONOMY

Very Confident  
Confident  
Not Confident



The Q3 2021 survey shows confidence levels in the Irish economy at 75%, with 8% of respondents reporting as very confident. There is a marginal positive change in overall confidence levels here between 83% Q3 2021 and the previous Q2 2021 which saw overall confidence reported at 77% of respondents. This a marked increase from 29% in Q3 2020.

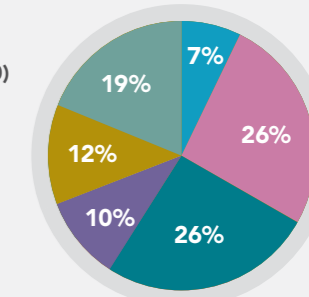
## TOP 3 THREATS TO BUSINESS GROWTH

1. COVID-19
2. Cost competitiveness
3. Skills Availability

As with previous quarters, Covid-19 ranks as the top threat to business growth. However, the gap between Covid 19 and cost competitiveness has narrowed to near parity, followed in third place by skills availability.

## RESPONDING BUSINESSES

Sole Trader  
Micro Enterprise (2-10)  
11-50  
51-100  
101-200  
201 +



The responding businesses represent a broad range of sectors: Life Sciences & Manufacturing (8%), Agriculture, Food & Drinks (2%); ICT & Digital Economy (8%), Tourism, Hospitality, Retail & Leisure (12%), Culture, Arts, Community & Media (5%), Built Environment (9%), Education & Training (3%), Services (including Financial) (40%), Health (7%), Transport, Energy & Maritime (6%)



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