

Economic Trends

QUARTER 2 2022

On the right track

The second quarter of 2022 has seen much progress in Cork's metropolitan public transport network, mobility and sustainable commuting, with real movement towards a sustainable future. The realisation of key elements of the Cork Metropolitan Area Transport Strategy (CMATS) will increase the modal share of sustainable and active travel in the city region.

Specifically, Cork received the green light from Government to drawdown €74 million from the EU recovery and resilience fund this year to upgrade Cork's commuter rail network in order to deliver a fully functioning, efficient and reliable suburban rail service.

Infrastructure delivery like this is vital for continued investor confidence and sustained growth. With ambitious private investment and continued job creation in the city region, there is a need to fast-track delivery of sustainable transport alongside housing and other infrastructure across the eastern and northern reaches of our city and county. The provision of a well-connected and sustainable public transport network that allows citizens to have a real choice in how they travel will also be key to continuing to attract Foreign Direct Investment and talent.

In Q2, the Chamber called for acceleration of the development of new stations and of strategically placed park and rides and continued rail investment – including eight suburban rail stations, at Blackpool and along the lines to the north and east of the city, to Blarney and Midleton.

As a key economic centre on the northside of the city, the strategic development of a station at Kilbarry will not only increase commuter numbers into the city and accessibility of the northside, but will also facilitate the growth of the employment zone in Blackpool and the development of the Kilbarry Business and Technology Park.

Additionally, in May we saw the National Transport Authority (NTA) introduce a nationwide 50% public transport fare reduction for young people (aged 19-23) along with the inclusion of Mallow in the Cork commuter rail fare area. This is significant for North Cork and the city region as Mallow is a key residential zone with a large commuting population accessing Cork city and suburbs daily.

Glounthane and Little Island are also set to benefit from trains running every 15 minutes into Cork city from July daytime both on and off-peak and a more frequent 30-minute service from Cobh and Midleton. The Chamber looks forward to seeing the same level of service rolled out across the whole Cork suburban rail commuter network in the short term.

In June, the NTA detailed its plans to increase bus services by 53% across the city region with a new and improved bus network under its Bus Connects plans for the Cork region. The NTA's consultation on its 12 Bus Connects Sustainable Transport Corridors is now underway.

Transport is a key component of building Cork's reputation as a sustainable, accessible and inclusive city region. The rapid development of a fast, frequent and electrified suburban commuter rail network across the Cork metropolitan area is key to cutting emissions and building a more liveable and sustainable Cork city region. Urgent project delivery is now key to support the 100 Climate-Neutral and Smart Cities designation recently awarded to Cork and to facilitate the population and economic growth set out in the National Development Plan to 2030 and in the Cork City and County Development Plans.

SNAPSHOT OF MEMBER INVESTMENTS IN Q2 2022

**Merck announced €440m in Cork
with creation of 370 jobs.**

**Apple shared plans to expand Cork campus
with capacity for further 1,300 employees.**

Ireland needs to be careful to not to price itself out of the marketplace with cost of logistics, wage demands etc.

Sean Sheehan
Wisetek

The Budget is a real opportunity to address cost of living issues.

Padraig Mallon
Crann Centre

Survey Results

In the second Economic Trends survey of 2022, Cork Chamber asked members about their experience in the most recent business quarter, Q2 2022 (April, May, June), on the business outlook for the third quarter of 2022 and on their priorities for Budget 2023. This Economic Trends Survey captures a snapshot of business experiences and of the overall operating landscape, in a period which saw the continuation of the Russian war in Ukraine and challenges with the rising cost of energy and inflation.

There was a marked fall in confidence in the Irish economy quarter on quarter, with 58% of businesses expressing confidence in the Irish economy heading into Q3, down from 78% in the previous three months. Despite this, it is positive to note the continued high level of personal business confidence from an overall financial perspective among the Cork business community reported at 90%, the same as Q2 in 2021 and slightly up from 86% in Q1 2022.

Talent shortages became more acute in the quarter with two-thirds (66%) of businesses saying specialist skills shortages were affecting their recruitment efforts. 67% of companies were having difficulty hiring for unfilled roles. This made skills availability the number one barrier to business growth across sectors in the coming quarter. The rising cost of raw materials and reduced orders rounded out the top threats to growth for the companies in the survey, with inflation in input costs and changing consumer sentiment impacting business performance.

Budget 2023 looms large in the current volatile economic climate, and in terms of businesses' priorities for the upcoming Budget, measures to tackle the cost of living were by far the most important, with nearly 70% of companies saying that it should be the government's top priority for Budget 2023.

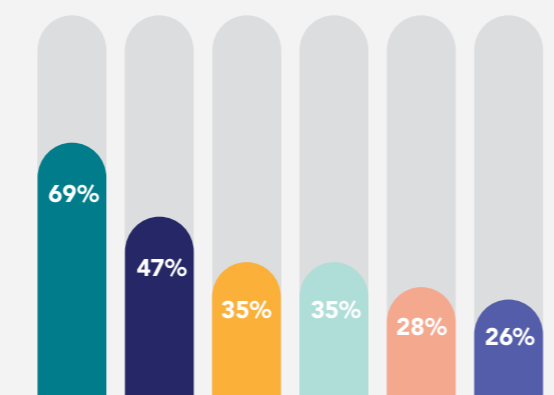
Housing supply was the second key budget priority for businesses, with 47% of companies identifying supply side stimulus for housing as a top issue that needs to be tackled. Housing shortages have moved from becoming a social problem to a key problem for business.

Infrastructural measures and business competitiveness measures were identified as the third top budgetary priority for companies (both 35%), illustrating that capacity constraints need to be addressed by large public investments to enable growth, while inflation and the war in Ukraine are affecting businesses' competitiveness across a range of areas.

PRIORITIES AND ADVOCACY

BUDGET 2023 - TOP 3 PRIORITY AREAS

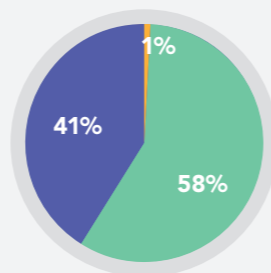
1. Cost of living measures
2. Supply side housing stimulus
3. Business competitiveness measures / Infrastructural investment



- Cost of living measures
- Supply side housing stimulus
- Education and skills investment
- Business competitiveness measures
- Infrastructural investment
- Climate action investment

CONFIDENCE IN THE IRISH ECONOMY

- Very Confident
- Confident
- Not Confident



Confidence in the Irish economy stood at 78% in Q1, and 73% in the same quarter of last year, 2021.

BUSINESS CONFIDENCE

CONFIDENT 90%

NOT CONFIDENT 10%

EMPLOYMENT OUTLOOK

EXPECTED CHANGES TO EMPLOYEE NUMBERS OVER THE NEXT 12 MONTHS

DECREASE 6%

STAY THE SAME 42%

INCREASE 52%

Despite a tight labour market, there was no sign of companies looking to hold off on recruiting to drive growth with 51% of respondents reporting company employee numbers increased in Q2 2022, 44% stayed the same and 5% reported a decrease. The expectation for the next 12 months is similar to Q1 2022.

NUMBER OF BUSINESSES WITH VACANCIES ADVERTISED CURRENTLY

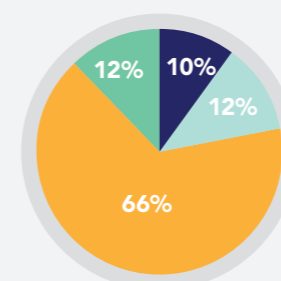
YES 60%

NO 40%

The number of businesses with advertised vacancies rose significantly in the quarter, up to 60% at the end of Q2 2022, from 47% at the end of the last quarter Q1 2022.

TOP BARRIERS TO FILLING VACANCIES

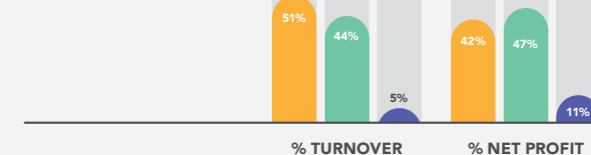
- Specialist skills shortage
- Wage demands
- Housing
- Other



The clear leading barrier to filling open vacancies is a specialist skills shortage, followed by wage demands, housing and other reasons cited include competition from the black economy and large companies offering incentives.

TURNOVER AND NET PROFIT Q2 2022

- Increased
- Stayed the same
- Decreased



51% of survey respondents experienced a turnover increase in Q2 2022, this is the same as the percentage reported by companies in Q1 2022. 52% of respondents anticipate an increase in turnover in the third quarter of 2022, 38% anticipate it will stay the same and 10% forecast a decrease in turnover.

On profitability, 42% of respondents reported a net profit increase in Q2 2022, the same percentage of survey respondents as in Q1 2022. 38% expect their company's net profit to increase in Q3 2022 while 45% anticipate profits will stay the same, and 17% predict a decrease in profits.

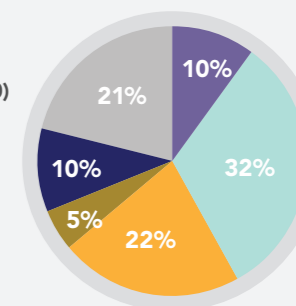
TOP 3 THREATS TO BUSINESS GROWTH

1. Skills Availability
2. Cost of Energy and Raw Materials
3. Changing Consumer Spending/ Reduced Orders

Skills Availability has moved from the second threat in Q1 2022 to the number one threat to business growth in Q2. The Cost of Energy and Raw Materials has risen to second, with Competitiveness in fourth place and Availability of Housing/ Rental Accommodation for Employees in fifth.

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 (12%), ICT & Digital Economy (7%), Tourism, Hospitality, Retail & Leisure (12%), Culture, Arts, Community & Media (4%), Built Environment (14%) Education & Training (6%), Services (including Financial) (36%), Transport, Energy & Maritime (9%).

We thank members for your valued insights and engagement with this survey. Your participation is vital. All previous quarterly economic surveys can be found on www.corkchamber.ie.



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