

# Economic Trends

QUARTER 1 2023

## FINANCIAL TIMES EUROPEAN CITIES AND REGIONS OF THE FUTURE AWARDS 2023

- Cork ranked #1 small European city for economic potential
- Cork ranked #2 overall as a small city for FDI
- Cork ranked #3 small European city for FDI strategy
- Cork ranked #4 for business friendliness

### A testament to Cork's business offering

Cork's continued success in the Financial Times Cities and Regions of the Future Awards, ranked the #1 European City for economic potential and #2 small city for FDI, is a fantastic recognition of Cork's position as a world-leading destination for foreign direct investment.

The Financial Times referenced the recent opening of the new Port of Cork Ringaskiddy terminal, the future regeneration of the Docklands and Tivoli, public transport and infrastructure investments, access to a highly skilled and educated workforce with strong business links to our local universities, and the projected population increase, saying they "bode well for foreign investors". These awards demonstrate the importance of these key investments and future-fit strategic plans.

These awards also enhance how we can position Cork and grow its economy. It is an important asset in marketing Cork as a place for FDI, and importantly, from a talent attraction point, as a great place to live and do business. The high business friendliness ranking shows how welcoming the city is to both international investors and Irish entrepreneurs.

### From potential to fulfilment

Cork's ranking as the number one small EU city for economic potential and number three for FDI strategy are hugely positive but we need to see the prioritisation and delivery of key strategic infrastructure (including transport and housing) so that we can reach our full potential and live up to our reputation internationally.

It is critical that movement and delivery on the regeneration of the Docklands is executed at pace and that every effort is made by government to deliver much-needed housing and

apartments there to accommodate both existing and future demand.

The accelerated delivery of the M28 is central to opening up the Docklands for housing, and to moving and expanding the Port of Cork's activities, while continued focus on implementing the Cork Metropolitan Area Transport Strategy is essential to deliver a fully functioning, efficient, sustainable, and reliable public transport network.

Cork's designation as a Climate Neutral Mission City by 2030 offers the leverage to prioritise these investments and set our determined city region on the path towards economic transformation so that development, growth and the environment can thrive in a sustainable equilibrium. Our ability to deliver climate action and real meaningful, inclusive change will ultimately be the guiding force that secures Cork's economic potential.

### Q1 2023 JOBS AND GROWTH

Canon Ireland and Cantec Group announce plans to open new Canon Business Centre in Cork

Cognizant announce expansion of Irish operations

FedEx opens €11.7m facility in Blarney Business Park

Lidl announce 75 new jobs in Cork

Gilead Sciences receive permission to progress with €45m expansion of manufacturing

Zeus opens new logistics facility, creating 40 new jobs

Nisbets create 20 new full-time jobs

Amarenco raise €300m of capital in new round of funding

# Survey Results

In the first Economic Trends survey of 2023, Cork Chamber asked members about their experience of the most recent business quarter, Q1 2023 (January, February, March) along with the ongoing business impact of high energy costs and skills gaps. This Economic Trends Q1 2023 captures a snapshot of business experiences and of the overall operating landscape at the start of 2023 in a period which saw ongoing challenges as energy costs and uncertainty in the global economy remained high.

“A whirlwind of change is about to be brought about by AI.”  
Anonymous

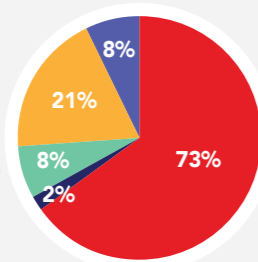
“Our government and financial institutions need to move faster to have the right capacities in place to work with innovative and green solutions that are being presented to them.”

Liz Gavin,  
Eur Digital Village

## ONGOING IMPACT OF HIGH ENERGY COSTS

### HOW ARE ENERGY COSTS IMPACTING YOUR BUSINESS?

- Reduced profitability
- Reduced headcount
- Digitalisation/Automation
- Increased investment in energy efficiency measures
- Investment in on-site renewables



Nearly 75% of companies were very concerned or concerned about the impact of energy costs on their businesses at the end of Q1 2023 on a par with Q4 2022. Only 4% of businesses reported they were ‘not concerned’ with their impact.

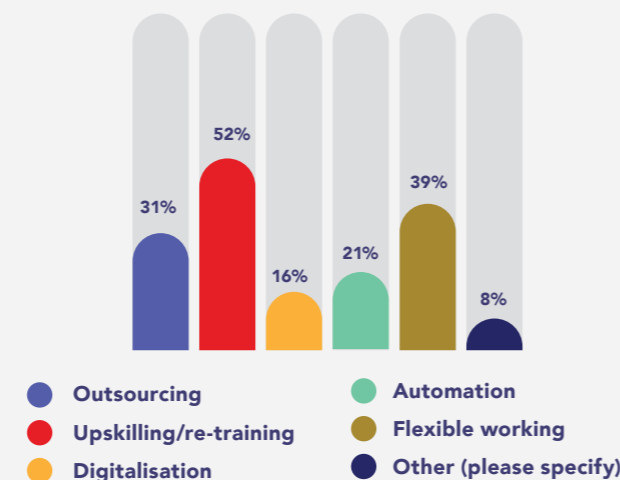
Persistently high energy costs have triggered a reduction in profitability for 73% of businesses surveyed, compared to 29% in Q1 2022. Fortunately, businesses continue to take proactive steps to cushion the blow of these impacts and reduce their greenhouse gas emissions with 21% of companies increasing investment in energy efficiency measures and 8% investing in renewable energy. Similar to Q4 2022, only 2% of companies were looking at headcount reductions.

## SKILLS GAPS

### ARE CURRENT SKILLS SHORTAGES FUELLING WAGE DEMANDS/INFLATION?



### WHAT STEPS ARE YOU TAKING TO COMBAT SKILLS GAPS?

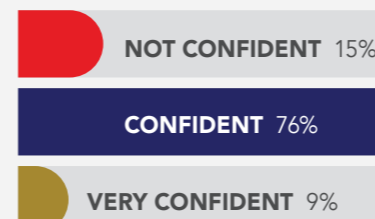


Skills shortages are fuelling wage demands across a staggering 64% of businesses with the ongoing competition for skills driving up wage costs across businesses. To combat this, over half (52%) of businesses are investing in retraining and upskilling of their existing employees. A trend that is likely to persist thanks to the strong connection between the Cork business community and our academic institutions, and Cork's designation as a UNESCO Learning City.

Skills gaps exist across the board for all businesses, but with sustainability (26%) and management development (26%) needs most required to bridge the gap as businesses continue to embed sustainability into all activities, likely requiring a step change in management skills. Design thinking skills (13%) featured highly with digitalisation, technical and engineering skills also in demand. Diversity and inclusion was also important, with 12% of respondents identifying it as a skills gap.

Almost 40% of companies are using flexible working arrangements to combat skills gaps, signalling that flexible working is more attractive to the workforce locally and to businesses expanding their global reach to secure talent from outside our city region. Nearly a third of businesses are implementing outsourcing but only 16% of respondents said they were increasing digitalisation to overcome skills gaps.

## CONFIDENCE IN THE IRISH ECONOMY



Confidence in the Irish economy has risen again to 85% up from 70% last quarter, continuing the trend reversal of falling confidence in the first three quarters of 2022.

Housing supply and the rising cost of doing business are the top reasons (16%) noted for a lack of confidence in the Irish economy, followed closely by inflation (15%) and energy prices (14%). Skills shortages this quarter have fallen to fourth.

Companies' confidence in their own business continues to rise from a financial perspective now at 97%, compared to 94% at end of 2022, and 86% of companies this time last year.

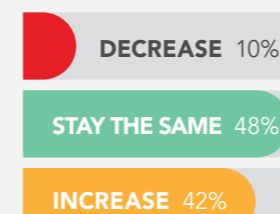
## TOP THREATS TO BUSINESS GROWTH

- Skills availability
- Cost of Energy and Raw Materials
- Changing consumer spending/reduced orders

Skills availability remains the biggest threat to business growth having moved to being the top threat in Q4 2022. Over the last four quarters the high cost of energy and raw materials continues to be the second biggest threat, meanwhile changing consumer spending/reduced orders has moved down from the top threat in Q4 2022 to third in Q1 2023.

## EMPLOYMENT OUTLOOK

### CHANGE TO EMPLOYEE NUMBERS Q1 2023

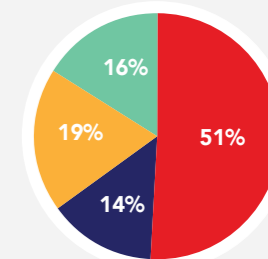


Hiring continued to be strong through this quarter with 42% of businesses increasing their headcount and only 10% cut their numbers, and 48% of businesses said their staffing stayed the same.

Businesses continue to plan to increase employee numbers, with 58% expecting to increase their headcount (53% in Q4 2022). Only 3% expect numbers to decrease while 39% foresee no change.

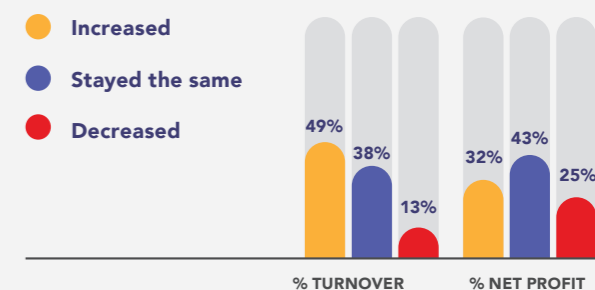
## TOP BARRIERS TO FILLING VACANCIES

- Housing
- Wage demands
- Specialist skills shortage
- Other



While specialist skills shortages were the top barrier to filling vacancies (51%), a trend that was consistent across 2022, positively businesses reporting difficulty in hiring for open roles dropped from 64% in Q4 2022 to 49% this quarter. Housing shortages (19%) are the second largest barrier, up from 5% in Q4 2022, while wage demands are an increasing issue.

## TURNOVER AND NET PROFIT Q1 2023

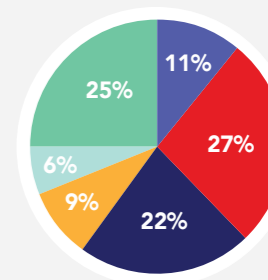


49% of businesses experienced an increase in turnover in Q1. While this is down 2% from Q4 2022, only 13% experienced a decrease, the same as in Q4 2022. 56% of businesses expect an increase in turnover in Q2, while 36% predict it will stay the same and 8% anticipate a decrease.

Net profit has held relatively steady, with 32% of businesses experiencing an increase and 43% reporting no change since Q4 2022. 45% of businesses anticipate their net profits will increase next quarter and only 14% expect them to decrease.

## RESPONDING BUSINESSES

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



The responding businesses represent a broad range of sectors: Services (including Financial) (37%), Life Sciences & Manufacturing (12%), Transport, Energy & Maritime (9%), Tourism, Hospitality, Retail & Leisure (12%), ICT & Digital Economy (10%), Built Environment (9%), Culture, Arts, Community & Media (2%), Education & Training (2%), Agriculture, Food & Drinks (5%), and Health (2%).

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](http://www.corkchamber.ie).



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