

Economic Trends

QUARTER 4 2023

LEADERSHIP, PEACE AND PROGRESS

Throughout last year Cork continued to grow in every sense and the city itself is showing real signs of transformation with ambitious and exciting new projects on the horizon such as the Docklands.

From an FDI and indigenous business perspective Cork is performing exceptionally well. 2023 saw a stream of investments as well as expansion announcements from some of the biggest employers in the region.

There is without a doubt cause for great optimism as we enter 2024. But what is the true value of all this without peace? The past 12 months have underscored the lesson that genuine progress is unattainable without peace.

In the final months of 2023, the devastating scenes of unrest both at home and abroad unfolded. This renewed the call for a proactive approach to diversity, equality, and inclusion. Each individual has the capacity to contribute, and the business community can set a precedent by embodying these principles. By integrating these values within businesses, their influence can extend into communities.

Leaders in both business and politics bear a responsibility to champion diversity, equality, and inclusion, particularly in the context of recent national and international events. Society finds itself amidst unrest and geopolitical tensions, necessitating an environment that prioritises diversity and inclusion.

In Cork, one of the proudest achievements is maintaining a workforce that is both diverse and inclusive. This sets the city region apart, making it an attractive place to live, work, and invest in. The deep and diverse talent pool has a positive contribution to innovation, creativity, and overall organisational success across the region.

The instability being witnessed on an international scale has had repercussions on supply chains, market dynamics, and overall economic conditions. The business community in Cork, however, demonstrated resilience and adapted to the unfavourable conditions resulting from this volatility. While reacting to these conditions is essential, it cannot be the default response. Proactivity is key, and business leaders must demonstrate a commitment to peace. It is not sufficient to leave this responsibility solely in the hands of political leaders; business leaders must lead by example. Simply being pro diversity is no longer enough. Active anti-racism is necessary to avoid irreparable damage to Ireland's global leadership role.

By doing so, businesses in Cork secure its prosperity and contribute to community well-being and resilience.

Q4 2023 JOBS AND GROWTH

PepsiCo announces €39m expansion in Little Island, Cork

Grant Thornton to add 150 new jobs in Cork

Thermo Fisher Scientific doubles Cork laboratory capacity

Qualcomm announces \$127m expansion of Cork facilities creating 150 jobs

Netgear opens €4.75m international headquarters in Cork

Green Rebel announces 75 new jobs

Contracting Plus announces plans for 100 new jobs

Survey Results

At the close of 2023, Cork Chamber asked members about their experience of the most recent business quarter, Q4 2023 (October, November, December). This Economic Trends Q4 2023 captures a snapshot of business experiences and of the overall operating landscape in a period which saw a stream of investments as well as expansion announcements from some of the biggest employers in the region.

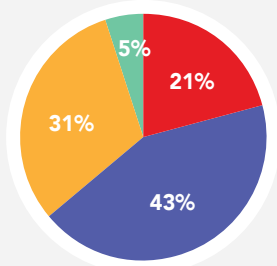
In response to skills availability posing a significant threat to business growth, the Q4 survey asked about skills gaps breakdowns to gain deeper insights into business needs.

BUSINESS SKILLS NEEDS AND GAPS

Businesses are grappling with pervasive skills gaps evident across various sectors and professions. Particularly noteworthy are the acute skills gaps prevalent in science, engineering, and technology professions. Beyond these sectors, the survey results highlighted significant skills deficits in finance, marketing, sales, and customer service.

PROBABILITY OF CONTINUED SKILLS SHORTAGES

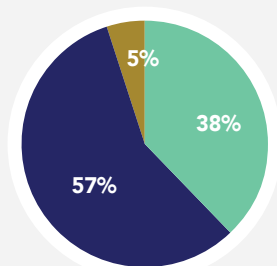
- Very likely
- Likely
- Unlikely
- Very unlikely



When asked how likely skills shortages are to continue over the next 12 months, a notable 64% express concern, with 21% deeming shortages very likely and 43% likely. 31% consider shortages unlikely, while a mere 5% are highly optimistic.

ANTICIPATED SKILLS SHORTAGES BY POSITION

- Junior/executive level
- Mid/management level
- Senior/director level



“There is enormous potential to use existing housing stock to alleviate accommodation shortages as well as to boost the income levels of Cork citizens.

Pat Drinan, Homehak

“Cost inflation is a big issue. It is getting more expensive to employ staff and this is likely to continue with changes to sick pay and pension auto enrolment in 2024.

John Tuite, TLI Group

38% of respondents anticipate acute skills deficits at the junior/executive level, while a majority (57%) foresee challenges at the mid/management level. Only a minimal 5% expect shortages at the senior/director level.

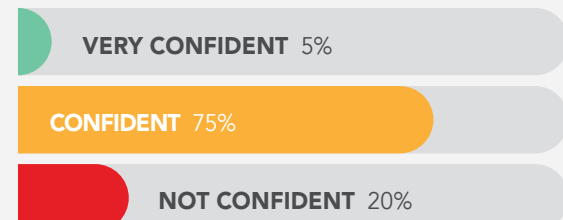
TOP BUSINESS ACTIONS TO COMBAT SHORTAGES

- Upskilling/reskilling
- Remote/hybrid working
- Digitalisation/automation
- Partnering with further and higher education institution
- Developing new skills strategies

Upskilling and reskilling initiatives were identified as the most prominent action businesses are taking to combat skills shortages, followed by remote/hybrid working strategies and digitalisation/automation efforts. Businesses also reported undertaking collaborative approaches to talent attraction by partnering with further and higher education institutions. While others are re-evaluating their current skills strategies.

Where specialist skills gaps exist locally businesses report that they are recruiting from elsewhere mainly the EU, the UK and USA.

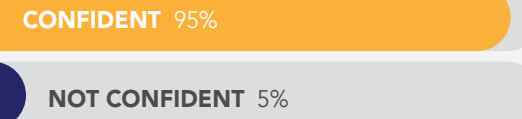
CONFIDENCE IN THE IRISH ECONOMY



Despite international instability which has impacted supply chains, market dynamics and overall economic conditions, it is noteworthy that confidence in the Irish economy has exhibited resilience throughout the fourth quarter, with 80% of respondents expressing a positive sentiment regarding the economic outlook.

Rising business costs pose the top reason for a lack of confidence in the economy cited by 21% of business respondents, followed closely by housing supply (20%) and inflationary pressures (13%).

BUSINESS CONFIDENCE



From an overall financial perspective, respondents' confidence in their business has remained high quarter on quarter throughout 2023 and Q4 was no different for the business community with 95% citing confidence.

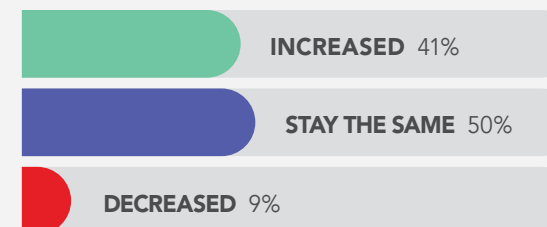
TOP THREATS TO BUSINESS GROWTH

- Skills availability
- Cost of energy and raw materials/availability of housing/rental accommodation for employees (joint 2nd)
- Changing consumer spending/reduced orders

The Q4 survey has once again identified skills availability as the foremost threat to business growth. In a shared second position is the ongoing concern surrounding the cost of energy and raw materials and the availability of housing and rental accommodation for employees, followed by changing consumer spending patterns.

EMPLOYMENT OUTLOOK

CHANGE TO EMPLOYEE NUMBERS OVER Q4 2023

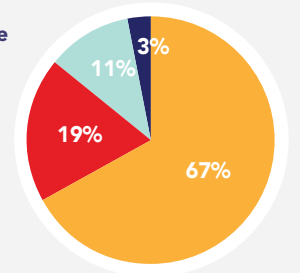


In Q4, 41% of business respondents had vacancies advertised and 39% reported difficulties in filling them (i.e. remaining unfilled for more than 3 months since initial advertisement).

Despite this challenging labour market, 47% of respondents plan to increase employee numbers over the next 12 months and only 1% expect them to decrease.

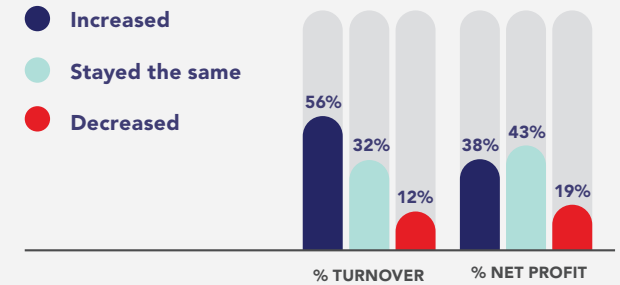
TOP BARRIERS TO FILLING VACANCIES

- Specialist skills shortage
- Housing
- Wage demands
- Other



Specialist skills shortages have consistently remained the foremost obstacle in filling vacancies and continue to pose challenges to 67% of respondents. The availability of housing has been highlighted as the second most prominent challenge to filling vacancies (19%) followed by wage demands (11%).

TURNOVER AND NET PROFIT Q4 2023

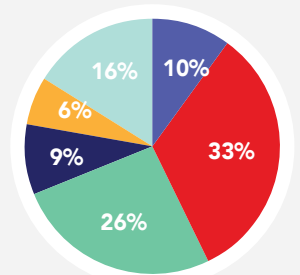


Survey respondents have noted a stable trend of turnover and net profits over 2023. Despite rising operational costs and changes in consumer spending patterns, 56% of respondents reported an increase in turnover and 38% an increase in net profits.

Heading into Q1 2024 the sentiment is positive and 57% of respondents expect an increase in turnover, 34% expect no change and 9% anticipate a decrease. Net profits are expected to rise in Q1 with 51% anticipating an increase, 37% no change and 12% expect a 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: Life Sciences & Manufacturing (13%), Agriculture, Food & Drinks (2%), ICT & Digital Economy (9%), Tourism, Hospitality, Retail & Leisure (16%), Culture, Arts, Community & Media (2%), Built Environment (10%) Education & Training (1%), Services (including Financial) (35%), Transport, Energy & Maritime (10%), 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.

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