

WHY COO? RKR



Cork
Chamber
Advancing business together



ECONOMIC COMMENTARY

Ireland's economy continues to perform especially well with output now rising faster than in any other EU country. Underpinning this is the robust performance of the labour market. Ireland is currently adding close to 50,000 net new jobs a year. Unemployment has fallen to 6.0% and real aggregate disposable incomes are growing by over 5% a year due to a combination of modest pay increases, further tax cuts and increased numbers at work.

The uncertainties that have been hanging over the global economy - not least Brexit and US tax reform - still persist. Nevertheless, the economic outlook remains favourable and a simple average of forecasting institutions' GDP projections for Ireland suggests that robust growth of around 3.5% per annum will be attained in 2018 and 2019 - very strong growth by both historical and international comparisons.



DEMOGRAPHICS

CORK HAS A PROUD REPUTATION AS A CREATIVE, INNOVATIVE AND VIBRANT REGION



POPULATION OF OVER HALF A MILLION



AS IRELAND'S SECOND CITY REGION, IT IS NOT ONLY AN INTERNATIONAL GATEWAY TO EUROPE, BUT LIES AT THE CENTRE OF THE GLOBAL ECONOMIES OF ASIA AND THE AMERICAS



CORK IS SET TO BECOME THE FASTEST GROWING CITY IN IRELAND OVER THE NEXT 20 YEARS WITH THE POPULATION OF THE CITY SET TO ALMOST TREBLE TO AROUND 360,000, IN A WIDER CITY REGION OF 750,000



CORK GENERATES THE HIGHEST REVENUE PER PERSON IN IRELAND (€105,000 PER PERSON COMPARED TO €96,000 IN DUBLIN OR €104,000 IN LONDON)



50% OF CORK'S POPULATION IS UNDER 35 YEARS OF AGE



CORK CONTRIBUTES 19% TO NATIONAL GDP. THE SOUTH WEST HAS THE LOWEST RATE OF UNEMPLOYMENT IN THE COUNTRY (4.8% - Q2 2017 - CSO)

COMPETITIVENESS



30% LOWER RESIDENTIAL RENTAL COSTS IN CORK COMPARED TO DUBLIN



23% LOWER COST OF LIVING IN CORK BASED ON CHILDCARE AND RENTAL COSTS



APPROXIMATELY 10% LOWER SALARY COSTS IN CORK ON AVERAGE FOR SELECTED ROLES VS. DUBLIN



LESS THAN 50% FOR THE PRICE OF AN EQUIVALENT OFFICE RENTAL COMPARED TO DUBLIN



60% OF PEOPLE IN CORK GET TO WORK IN 30 MINUTES

INVESTMENT & KEY SECTORS



150 FDI COMPANIES ARE LOCATED IN CORK AND EMPLOY OVER 35,000 PEOPLE IN THE REGION



8 OF THE WORLD'S TOP 10 PHARMACEUTICAL COMPANIES HAVE OPERATIONS IN CORK



STRONG TRACK RECORD OF SUCCESSFUL INTERNATIONAL INVESTMENT AND RE-INVESTMENT



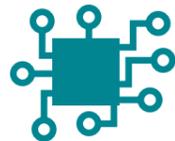
STRONG MULTINATIONAL CLUSTERS IN ICT, IFS, PHARMA, LIFE-SCIENCES, CYBER SECURITY, ENERGY & MARINE



OVER 50 GLOBAL TECHNOLOGY COMPANIES IN BOTH MANUFACTURING AND SERVICES



MULTIPLE EMEA OPERATIONS WITH FUNCTIONS FROM SUPPLY CHAIN TO SALES, TECHNICAL SUPPORT & FINANCE



CORK IS HOME TO OVER 60 OVERSEAS TECH COMPANIES, EMPLOYING 14,000 PEOPLE IN THE REGION



LIFE SCIENCES CLUSTER SPANS THE PHARMACEUTICAL, BIO-PHARMA & MEDICAL DEVICE SECTORS



IRELAND'S SECOND CENTRE FOR COMPANIES EMPLOYED IN INTERNATIONAL FINANCIAL SERVICES



AGRI-FOOD EXCELLENCE AND LOCAL, ARTISAN FOOD CLUSTER



IDEALLY SITUATED BETWEEN THE MARKETS OF ASIA-PACIFIC AND AMERICAS



APPLE WAS CORK'S FIRST FDI TECH INVESTOR IN 1980 AND THE COMPANY NOW EMPLOYS AROUND 6,000 PEOPLE IN CORK. IT HAS A HIGHER PERCENTAGE OF REMOTE WORKERS IN IRELAND THAN ALMOST ANY OTHER BIG TECH COMPANY AND MORE THAN 90 NATIONALITIES WORK AT APPLE IN CORK. 53 LANGUAGES ARE SUPPORTED ACROSS 147 COUNTRIES.

EDUCATION, TALENT & LEARNING



60,000+ STUDENTS
ENROLLED IN HIGHER EDUCATION INSTITUTES WITHIN COMMUTING DISTANCE, AND MORE THAN 30,000 ENROLLED IN CORK CITY



CORK HOSTS
INTERNATIONAL STUDENTS FROM OVER 100 COUNTRIES



UCC IS RANKED IN THE TOP 2% OF UNIVERSITIES IN THE WORLD
IT IS THE FIRST GREEN FLAG UNIVERSITY CAMPUS IN THE WORLD, AWARDED FOR EXCELLENCE IN ENVIRONMENTAL INITIATIVES



UCC HAS BEEN CHOSEN AS
ONE OF ONLY TWO GLOBAL CENTRES OF EXCELLENCE FOR FINTECH RESEARCH
BY INTERNATIONAL BANK STATE STREET



EXCELLENCE IN R&D
AND INNOVATION THROUGH THIRD-LEVEL RESEARCH INSTITUTES



CORK IS THE ONLY IRISH CITY CURRENTLY
RECOGNISED BY UNESCO FOR ITS EXCELLENCE IN THE FIELD OF LEARNING



CORK UNIVERSITY BUSINESS SCHOOL (CUBS) IS THE
LARGEST UNDERGRADUATE BUSINESS SCHOOL IN IRELAND
AND SECOND LARGEST FOR POSTGRADUATE PROGRAMMES



CIT BROUGHT 300 EXPERTS FROM 26 COUNTRIES TO CORK FOR
INTERNATIONAL SPACE UNIVERSITY'S 2017 SPACE STUDIES PROGRAMME

STARTUPS



**THRIVING START-UP COMMUNITY
AND ENTREPRENEURIAL SPIRIT**



**CORK IS PRODUCING THE MOST TECH START-UPS
AND TECH COMPANIES IN IRELAND,
OUTSIDE OF DUBLIN**



**CORK START-UPS ARE PARTICULARLY ACTIVE IN
SECURITY, ARTIFICIAL INTELLIGENCE (AI), INTERNET
OF THINGS (IOT), SOFTWARE AS A SERVICE (SAAS),
MEDTECH AND ENTERPRISE**



**25 CORK TECH COMPANIES RECEIVED €22.8M IN
FUNDING LAST YEAR**



**CORK IS THE MOST ACTIVE REGION ACROSS THE
SECTORS, WITH TECH COMPANIES OPERATING
IN AGRITECH/FOOD, CONSUMER/E-COMMERCE,
EDUTECH, ENTERPRISE SOLUTIONS,
ENTERTAINMENT/SPORTS, GREEN/ENERGY,
HEALTH, INDUSTRIAL TECHNOLOGIES, SECURITY,
AND SOCIAL MEDIA AND ADVERTISING**

DIGITAL & DATA



**IN EUROPE, CORK HAS THE LOWEST LATENCY
BROADBAND LINE DIRECT TO EAST COAST USA**



100 GBIT/S FIBRE NETWORK VIA CORK TO USA



**PLANNED NEW SUB-SEA CABLE CONNECTING CORK
TO MAINLAND EUROPE VIA FRANCE**



**NEW DATA CENTRE DEVELOPMENT CONFIRMED FOR
CORK - THE 323,000 SQ FT, THREE-BUILDING, 32 MW
CAMPUS WILL BE FED BY 60MW OF POWER FROM A
NEARBY SUBSTATION, AND WILL BE CONNECTED
DIRECTLY TO TWO SUPER-FAST FIBRE CABLES
- DUE TO BE OPERATIONAL IN 2019**

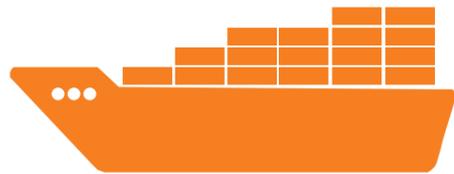
ENERGY & MARITIME



CORK HAS THE SECOND LARGEST NATURAL HARBOUR IN THE WORLD (AFTER SYDNEY)



HOME TO THE WORLD'S OLDEST YACHT CLUB, THE ROYAL CORK YACHT CLUB, CROSSHAVEN



THE PORT OF CORK HANDLES 19% OF ALL SEA-BORNE TRADE IN THE STATE



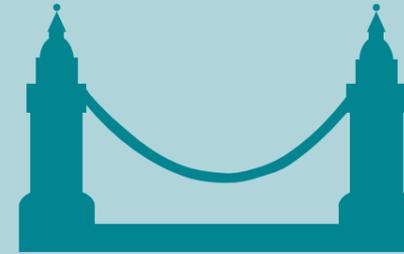
200,000 PEOPLE DUE TO ARRIVE ON LINERS TO COBH, RINGASKIDDY AND CORK CITY CENTRE IN 2018

CORK HAS 1,100KM OF COASTLINE - THE SECOND-LONGEST COASTLINE OF ANY COUNTY IN IRELAND



CORK SUPPLIES NEARLY 25% OF IRELAND'S ENERGY REQUIREMENTS (SIGNIFICANT NATURAL RESOURCES WHICH INCLUDE NATURAL GAS, OIL, HYDROELECTRICITY, ONSHORE AND OFFSHORE WIND, OCEAN ENERGY, BIOMASS, GEOTHERMAL AND SOLAR ENERGY.)

CONNECTIVITY



9 FLIGHTS DAILY TO LONDON



DIRECT FLIGHTS TO EAST COAST USA



REGULAR DAILY FLIGHTS TO HUB AIRPORTS OF AMSTERDAM, PARIS, HEATHROW AND MANCHESTER



CORK AIRPORT SERVED 2.3 MILLION PASSENGERS IN 2017

QUALITY OF LIFE

CORK OFFERS A PERFECT COMBINATION OF VIBRANT AND COMPACT CITY-LIVING, WITH SPECTACULAR RURAL AND COASTAL SCENERY ON THE DOORSTEP

CORK FEATURED IN A RANKING OF 100 WORLDWIDE LOCATIONS BEST SUITED FOR MILLENNIALS TO LIVE IN OR VISIT (NESTPICK)

CORK CAME TOP FOR “CULTURAL VIBRANCY” AMONG SMALL AND MEDIUM CITIES (50,000 TO 250,000) IN THE EUROPEAN COMMISSION’S 2017 CULTURAL AND CREATIVE CITIES MONITOR

“THIS SOUTHERN GEM IS FAST BECOMING THE PLACE TO BE FOR TECHIES WHO ARE LOOKING FOR MORE BALANCE IN THEIR LIVES.”

SEVEN IN TEN TECH PROFESSIONALS MOVE TO CORK FOR CAREER OPPORTUNITIES. 80% OF RESPONDENTS SAY WORK / LIFE BALANCE HAS IMPROVED AND DISPOSABLE INCOME HAS INCREASED FOR 72% OF RESPONDENTS

FOOD



IRELAND’S ‘SECOND CITY’ IS EUROPE’S BEST-KEPT CULINARY SECRET”

(ESQUIRE MAGAZINE - JAN 2018)



CORK IS KNOWN AS THE FOOD CAPITAL OF IRELAND
WEST CORK NAMED AS TOP FOODIE DESTINATION IN IRELAND
(THE RESTAURANTS ASSOCIATION OF IRELAND - 2017)



CORK RUNS NEARLY 50 FARMERS’ MARKETS A WEEK



OVER 20 FOOD FESTIVALS HELD THROUGHOUT CORK EVERY YEAR

CORK IS FULL OF CHARACTER AND OFFERS A PERFECT WORK-LIFE BALANCE



COMMERCIAL PROPERTY



**HIGHLY COMPETITIVE RATES - HALF THE
PRICE OF DUBLIN**



GOLD AND PLATINUM LEED OFFICES



**IN EXCESS OF 1 MILLION SQ FT OF OFFICE
SPACE COMING ON STREAM IN CORK IN
THE NEXT 18 MONTHS**



INNOVATIVE CO-WORKING SPACES



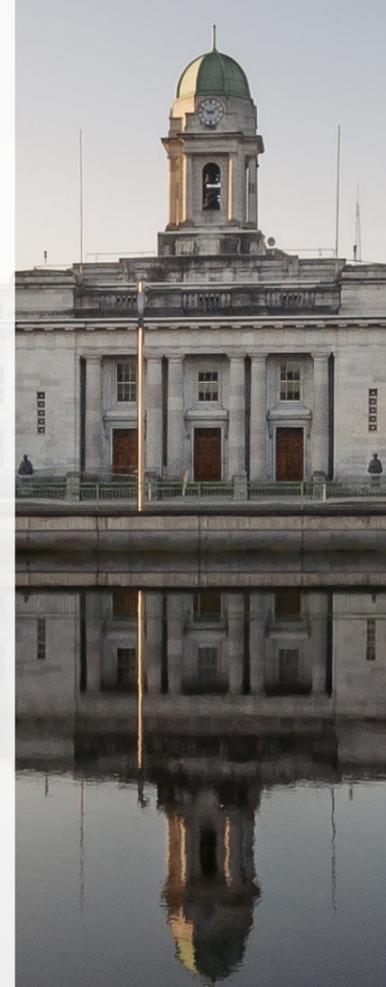
RECENT ACCOLADES*

**CORK HAS BEEN NAMED THE
BEST SMALL CITY IN EUROPE
FOR BUSINESS FRIENDLINESS**

**CORK HAS ALSO BEEN RANKED AS
ONE OF THE OVERALL
TOP 25 EUROPEAN CITIES OF
THE FUTURE 2018/19**

**CORK WAS ALSO INCLUDED IN THE
TOP TEN SMALL
EUROPEAN CITIES FOR
ECONOMIC POTENTIAL
AND RANKED 8TH IN EUROPEAN SMALL
REGIONS OF THE FUTURE**

(*FINANCIAL TIMES' FDI MAGAZINE)



RESIDENTIAL MARKET

Property prices in Ireland have risen by 65% over the last five years. However, current values remain some way below their 2007 peak. The South-West of the country (including Cork) has seen increases of 58% in that time, slightly lower than the country as a whole.

House prices are ultimately driven by the balance between supply and demand. At a most basic level demand depends on population growth. Cork's population has grown strongly in recent years. According to the latest Census, 23,836 persons were added to the headcount between 2011-2016, an average of 4.6%. At 5.1%, growth in the City and surrounding suburbs grew even more quickly over the same period. More up-to-date quarterly data are only available at a regional level but indicate that the population of the South-West (Cork and Kerry) has continued to grow.

While strong population growth led to the formation of 7,867 net additional households in Cork between the Census years of 2011-2016, housing construction lagged behind. In total just 1,820 additional housing units were delivered across the entire county during this period. The disparity was most acute in Cork City where 2,260 additional households were met with just 127 additional units. Current data suggest that house building is picking up in both the county and the City. Connections to the electricity grid which have traditionally been used as a proxy for housing construction, show an increase of 13% in the last 12 months, indicating that house building activity is now picking up significantly. This upswing in construction is a welcome development, it will however be some time before the lag in completions meets existing demand. Therefore prices are likely to continue rising for the foreseeable future.

In January 2017, the Central Bank reduced the loan-to-value rules for first-time-buyers (FTBs), resulting in a deposit requirement of just 10% of the total property value. Coupled with the introduction of the Government's Help-to-Buy scheme, providing a rebate of five percent of the property price on a new home up to a maximum of €20,000, this gives FTBs additional bidding power which will support further price growth. This now appears to be happening. While the price of second hand properties was rising faster than that of new houses, the rate of new house inflation has caught up quickly since the Help-to-Buy measure was introduced. Latest data show that the average loan approval for FTBs has risen from €189,536 in 2016 to €211,694 in 2017

All in all, the residential market is set to remain tight for some time. In 2017, national house price growth was in line with Savills forecasts, averaging 10.9% over the course of the year. Although there has been a further acceleration in the early months of 2018 we expect the pace of house price growth to slow in the second half of 2018 due to increased supply and a larger base effect. We are therefore forecasting national house price growth to average between 6-10% in 2018.



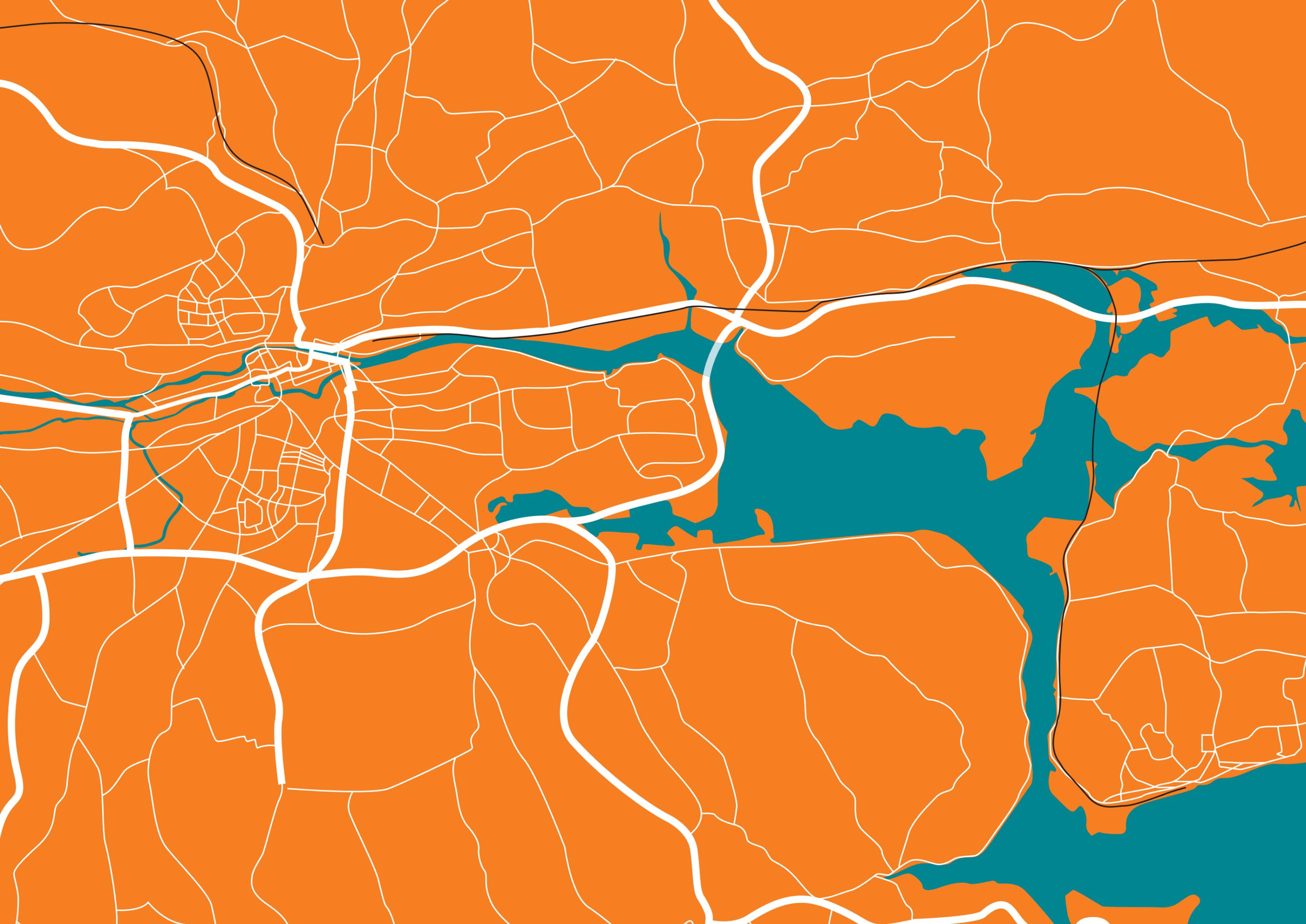
RENTAL MARKET

The demand for rented accommodation continues to be driven by a lack of available or affordable properties to buy. Despite an increase in the overall stock of properties in the private rented sector (PRS), the number of units that are available to rent has fallen sharply since 2011. Consequently, vacancy rates for private rented accommodation in all locations are now negligible.

As a result, strong rental inflation continues to be recorded with latest data indicating that rents nationally rose by 9.5% in the twelve months to September 2017. In December 2016 Cork City was designated as a Rental Pressure Zone (RPZ) with rent increases capped at 4%. The City was later joined by Ballincollig-Carrigaline (January 2017) and Cobh (March 2017) as rent controlled areas. The fact that annual rent inflation in Cork as a whole (9.6%) and the City (11.4%) exceeds the 4% rate regulated rate reflects the fact that newly rented properties (including new builds) substantially changed properties are exempt. We expect continued rental inflation in Cork in the next 12 months, albeit to a lesser extent than previously seen as rent caps have an effect on the market.

In our view, the investment rationale remains compelling for cash financed investors. While rental growth in RPZs is likely to be outstripped by HPI over the next two years, any yield slippage will be from a strong starting point relative to returns on other assets. Based on gross figures from daft.ie, we estimate that net yields in Cork are currently between 4-5% which compares favourably against the two year deposit and ten year Government bond rate. It must also be remembered that, in addition to the stream of rental income, investors also benefit from potential capital appreciation and our view is that residential prices will rise by somewhere between 6-10% in 2018.





WHY CORK?

Produced by Savills in conjunction with
Connecting Cork and
Cork Chamber of Commerce