

WHY DUB LIN?



DUBLIN
CHAMBER

ECONOMIC OVERVIEW

Ireland's economy continues to perform especially well with output now rising at a faster annual rate than any other country in the EU. 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 6.1% and real aggregate disposable incomes are growing by almost 5% a year due to a combination of modest pay increases, further tax cuts and increased numbers at work.

However, the uncertainties that have been hanging over the global economy for some time still persist. While the full effects of Brexit will take time to materialise, the UK's pledge to preserve the frictionless border between NI and the Republic must be viewed as a positive from an Irish perspective and arguably nudges the overall outcome towards a softer Brexit. US tax policy has the potential to create uncertainties around corporation tax that may, although it is too early to be definitive, impact on future Foreign Direct Investment.

Nevertheless, the economic outlook remains favourable and the sustained recovery in employment will continue to underpin the domestic economy. Reflecting this, a simple average of forecasting institutions' GDP projections for Ireland suggests that robust growth of around 3.8% will be attained in 2018 - a strong rate by both historical and international comparisons.



DUBLIN BY NUMBERS

The Greater Dublin Area has a population

OF 1.9 MILLION PEOPLE

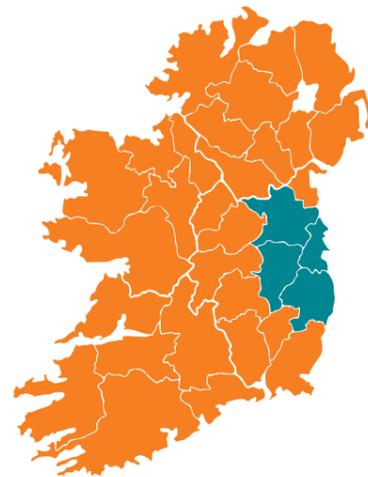
This figure is forecast to grow to 2.2 million by 2031



The Greater Dublin Area accounts for

40% OF THE POPULATION

of Ireland



Dublin is home to more non-Irish people than any other part of the country, with

21% OF ITS RESIDENTS

born outside of Ireland



ALMOST 2/3

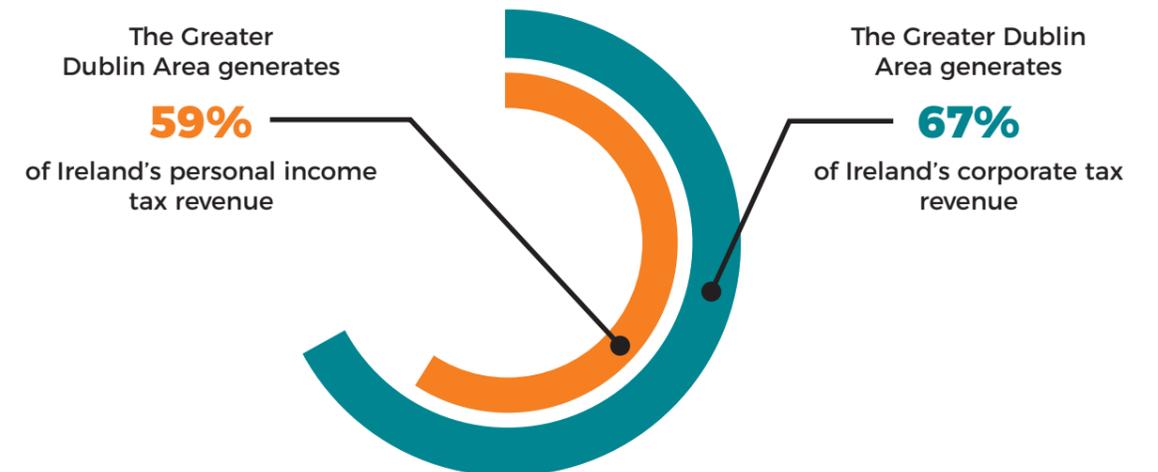
of Ireland's Chinese population live in Dublin



ECONOMIC ACTIVITY, TAX & EMPLOYMENT

As the engine of the national economy, Dublin is Ireland's greatest centre of job creation.

While 627,000 people living in the Dublin Region are employed, there are over 740,000 jobs located in the region, which accounts for almost 35% of all employment nationally.



FOREIGN DIRECT INVESTMENT (FDI)

Dublin is Ireland's representative on the global stage, being home to over

**1,400 FDI COMPANIES,
WHICH EMPLOY 200,000 PEOPLE.**

Growth in the FD sector has been particularly strong over the past five years, averaging almost

8% ANNUAL EMPLOYMENT GROWTH SINCE 2012.



Dublin is home to



Global ICT companies

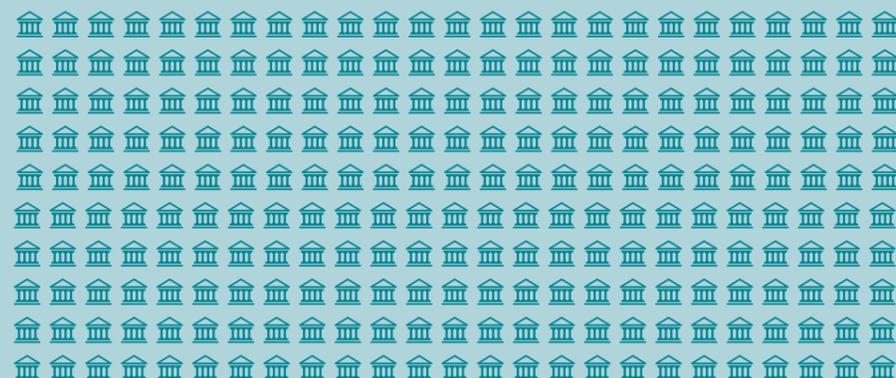
Dublin is home to **9 OF THE WORLD'S TOP 10** Pharma companies



Dublin is Home to **10 OF THE WORLD'S TOP 20** insurance companies



Dublin is Home to **17 OF THE WORLD'S TOP 25** med-tech companies



Dublin is Home to

250

**GLOBAL
FINANCIAL
INSTITUTIONS**



Dublin's IFSC (International Financial Services) area is home to

30,000

STAFF

DUBLIN'S REPUTATION

Dublin was ranked as the
**17TH MOST REPUTABLE CITY
IN THE WORLD**
in the City RepTrak 2017 Survey, up from 30th in 2012

Dublin was ranked as
**EUROPE'S 2ND MOST
ATTRACTIVE CITY FOR FDI**
by the Financial Times in 2018, ahead of Paris and behind only London

60%
of those employed in Ireland's financial, ICT, and professional services
sectors are located in the Greater Dublin Area

EDUCATION & TALENT

Dublin is home to 3 universities and 4 Institutes of Technology, which produce
upwards of **26,000 GRADUATES EVERY YEAR.**

Dublin also has **3** National educational institutions, **10** associated colleges and
colleges of education, and more than **12** private and independent colleges.

Ireland's **TWO LEADING UNIVERSITIES** are in Dublin.

Dublin's population has the highest rate of third level qualification in Ireland.
48% of 25-34 year-olds in Dublin have a tertiary level education.

Dublin is home to **42%** of people holding a PhD in Ireland.
Almost **70%** of people in Ireland holding a PhD reside in urban areas.

Dublin is home to the country's flagship
NANOSCIENCE INSTITUTE
located at Trinity College.

CONNECTIVITY

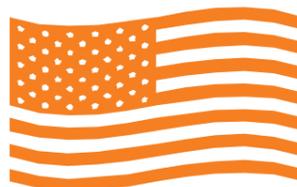
Dublin Airport is located
10KM
from Dublin city centre



A record
29.6 MILLION PASSENGERS
travelled through Dublin Airport in 2017



US PRE-CLEARANCE
facilities are available at
Dublin Airport



More than **10 MILLION TRIPS** were
made between Dublin Airport and
British airports in 2017



A new **€300 MILLION**  third runway will open at Dublin Airport in 2019

Dublin Airport has flights to
**190 DESTINATIONS
IN 42 COUNTRIES**
OPERATED BY 47 AIRLINES
and is now the 11th largest airport within the European Union

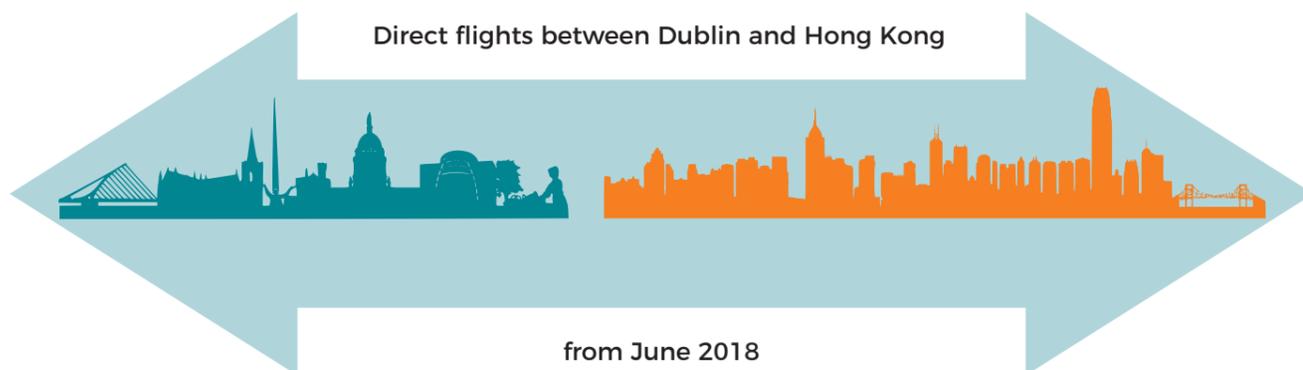


Dublin Port welcomed
127 CRUISE SHIPS
in 2017, carrying
210,000 PASSENGERS




More than **1.8 MILLION PASSENGERS** passed through Dublin Port in 2017

Direct flights between Dublin and Hong Kong
from June 2018



On average 500,000 people travel within Dublin City Centre every day. This is made up of circa:

120,000
visitors, tourists,
and shoppers

45,000
education trips

235,000
work-related
trips



INFRASTRUCTURE



The Irish Government has committed to spend between **€2.5 BILLION TO €4 BILLION PER ANNUM** in Dublin on new infrastructure.



Around **5.7 MILLION SQ FT OF NEW OFFICE STOCK** will come on stream in Dublin during 2018 & 2019.
A further **1.7 MILLION SQ FT OF REFURBISHED SPACE** will be delivered over the same period.

Construction of a new **€3 BILLION UNDERGROUND METRO LINE** from Dublin Airport to the city centre will commence in 2021.



TOURISM



Dublin attracted over **5.6 MILLION OVERSEAS VISITORS** in 2016, generating over **€1.9 BILLION IN REVENUE**



€1 OUT OF EVERY €6 spent by Irish domestic tourists is **SPENT IN DUBLIN**



Dublin had the **HIGHEST HOTEL OCCUPANCY** rate among European cities in 2016 (82.5%), and is forecast to maintain this ranking to 2018

RESIDENTIAL MARKET

Property prices in Dublin have made substantial gains over the last five years with the Residential Property Price Index increasing 73% in that time. However, current values still remain 24% below their 2007 peak.

Property prices are ultimately driven by the balance between housing supply and demand. At a most basic level demand depends on population growth. The population of the Greater Dublin Area (Dublin and the surrounding areas of Meath, Kildare and Wicklow) is currently expanding by around 21,000 persons (1.1%) per annum. This implies a need for about, 900 new homes to be built per annum to keep up with population growth. However, we also need to factor in that each year a certain percentage of existing housing stock becomes dilapidated and that the housing market has remained vastly undersupplied for some time. ESB connection data, which gives a figure of how many properties were connected to the national grid in a given period, shows that just over 9,000 units were constructed in the GDA. This figure is likely largely overstated as it does not differentiate between new connections and older properties or outhouses being reconnected to the grid. For example, the Goodbody BER Housebuilding Tracker states that just under 7,000 new homes were constructed in 2017. The reality is the GDA housing market remains undersupplied. With too few units being built to meet demand, there's strong competition for the limited number of available properties. The net result is competitive bidding leading to price inflation.

In January 2017, the Central Bank reduced the loan-to-value requirement 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 up to 5% of the property price on a new home up to a maximum of €20,000, gives FTBs additional bidding power which is then used to bid up prices in an already tight housing market. This now appears to be happening. While the price of second hand properties is still rising faster than that of new houses, there has been a sharper acceleration in the rate of new house inflation 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.

In an undersupplied market, with a relatively fixed stock of available properties in the short term, this additional bidding power is driving up values. For 2018, we anticipate house price inflation of between 6-10%.

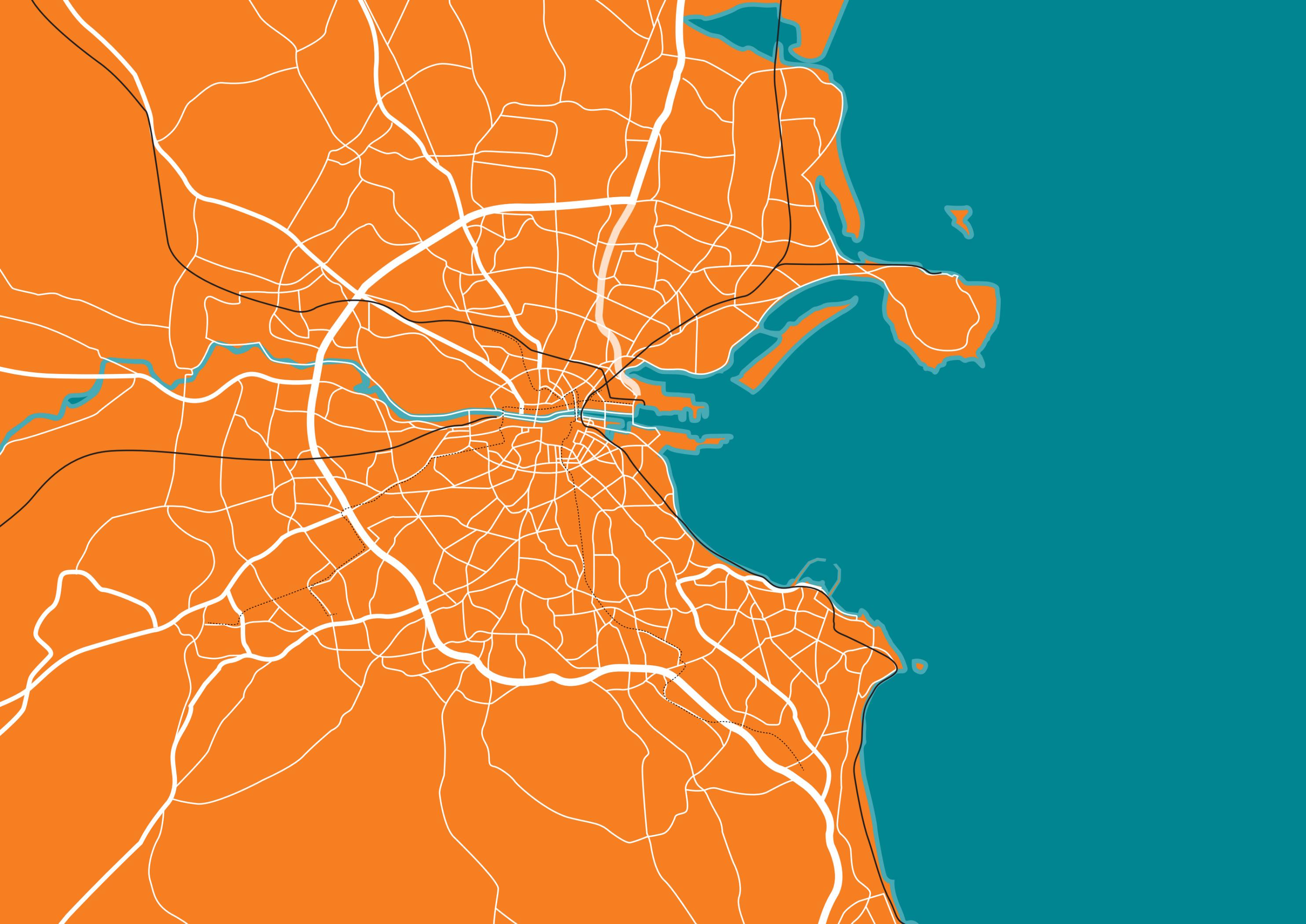


RENTAL MARKET

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, including Dublin, 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. Despite being designated a Rent Pressure Zone (RPZ), rents in Dublin grew by 9.9% over the same period. Rental growth in properties that had not previously been let and those that have undergone substantial changes - both of which are excluded from the rent caps - likely explains why rental growth continues to exceed the regulated growth rate of 4% per annum. We expect rental inflation in Dublin of 5-6% in the next 12 months. In our view, the investment rationale remains positive 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. Net yields in Dublin are currently between 4-5% which compares favourably against the two year deposit and 10 year Government bond rate. It must also be remembered that investors benefit from the capital growth associated with HPI.





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Produced by Savills in conjunction with
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