

DUBLIN ECONOMIC MONITOR

ISSUE 1
SPRING 2015

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Chief Executive, Dublin
City Council



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Dublin Commissioner
for Startups





HIGHLIGHTS



Dublin's unemployment rate continues to improve, and is now 8.9%, down from a peak of 13%.



Services dominate the Dublin economy, and services employment is now back at peak levels.



Commercial property is feeling the impact of lack of new supply – rents are up and vacancy rates down especially in the prime districts.



Residential property prices appear to be stabilising on foot of Central Bank intervention, but rents continue to rise.



The Dublin MARKIT PMI Business output volumes are close to their peak with strong levels of job creation by Dublin based companies.



The Dublin KBC/ESRI consumer sentiment index is now at a record high



Road traffic levels, use of public transport, passengers at Dublin Airport and cargo at Dublin Port are all on a strong upward path, confirming the recovery in the economy.

WELCOME TO THE DUBLIN ECONOMIC MONITOR

This is a joint initiative on behalf of the four Dublin local authorities, coordinated by the City Council. The commissioning of the Monitor represents a further manifestation of the enhanced role of local authorities in the area of economic development and enterprise support, in line with the local government reform programme.

The Monitor, which will be published on-line every quarter, is intended to track developments in the Dublin economy. The Dublin City Region (i.e. the 4 Dublin local authorities combined) plays an increasingly important role in the economy of Ireland and it is important that its performance is properly tracked.

While there is significant information available on developments in the national economy, the Monitor is intended to address the absence of a regular bulletin on trends in the Dublin economy. We

believe it will be of particular interest to all those doing business in Dublin or considering locating here.

A key objective of the Monitor will be to develop and publish new data series to increase our understanding of the performance of the Dublin economy.

We are delighted to work with DKM Economic Consultants who have been engaged to produce the Monitor, and with the KBC/ESRI to develop Dublin consumer sentiment data and MARKIT to develop a new Dublin Purchasing Manager Index (PMI).

Finally, we would like to thank Jamie Cudden of Dublin City Council who has overseen the project. We are also grateful to the Dublin Dashboard team for the interactive dashboard that accompanies the report. We hope you find the Monitor useful and would welcome any feedback to info@leo.dublincity.ie

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Dublin City
Council

Danny McLoughlin
Chief Executive
South Dublin County
Council

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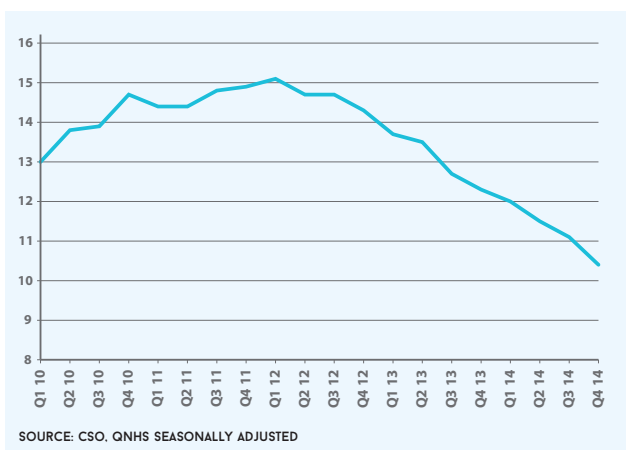
NATIONAL ECONOMY

The Irish economy has finally recovered the ground lost during the crash, as strong growth in 2014 returned both GDP and GNP to above 2008 levels in real terms. Significantly, all sectors of the economy grew in 2014, after many years during which exports were the only bright spot. Domestic demand grew by 2.9% to make a positive impact for the first time in a number of years.

Consensus forecasts expect that the economy will continue to expand strongly in 2015 and 2016, helped by the weak Euro and lower energy prices. Investment will be boosted as the construction sector reacts to increased demand. Private consumption – supported by income tax reductions and stronger employment – is also expected to assume a more important role going forward.

Government spending is expected to increase, helped by record low borrowing costs which are reducing the cost of servicing the national debt, and potentially softening IMF and EU budgetary guidelines. Tax revenues in Q1 2015 are encouraging – 5.5% ahead of expectations at Budget time. We believe there is significant upside potential in the macroeconomic forecasts for the coming years.

NATIONAL UNEMPLOYMENT RATE %, 2010-2014



One underlying economic issue remains in the form of the large debt overhang which private citizens need to service, and which will continue to restrain consumer spending in the medium term. The total number of mortgages in arrears in Q4 2014 stood at 145,949, although this is down 17% on a year earlier and there are signs of accelerating property repossessions into 2015, doubtless encouraged by improved prices and stronger bank balance sheets.

IRISH MACROECONOMIC GROWTH FORECASTS

| | 2014 | 2015 | 2016 |
|---------------------|------|------|------|
| | % | % f | % f |
| GNP | 5.2 | 3.8 | 3.1 |
| GDP | 4.8 | 3.9 | 3.2 |
| DOMESTIC DEMAND* | 2.9 | 3.7 | 3.3 |
| PRIVATE CONSUMPTION | 1.1 | 2.0 | 1.9 |
| PUBLIC EXPENDITURE | 0.1 | 0.5 | 1.1 |
| INVESTMENT | 11.3 | 11.2 | 8.7 |
| EXPORTS | 12.6 | 5.3 | 4.3 |
| IMPORTS | 13.2 | 5.1 | 4.5 |
| UNEMPLOYMENT RATE | 11.3 | 9.8 | 8.8 |
| CPI INFLATION | 0.2 | 0.1 | 1.2 |

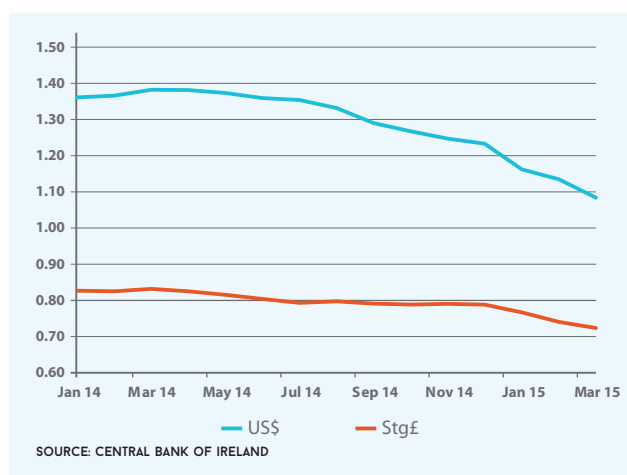
SOURCE: CSO, CONSENSUS FORECASTS COMPILED BY DKM, APRIL 2015 *EX-STOCKS

GLOBAL ECONOMY

The global economy presents an improving prospect for the Dublin City Region. In particular, the currencies of Ireland's key trading partners – the US and UK – are strengthening against the Euro, boosting prospects for exports and tourism. The IMF expects the global economy to grow by 3.5% in 2015, as the benefits of falling oil prices are expected to be countered by lower medium-term growth prospects in most major economies.

Growth has been markedly uneven across the largest economies, with the US outperforming expectations but most others falling short. This, with the conclusion of the Federal Reserve's Quantitative Easing programme and the commencement of the ECB's, has been the trigger for a significant strengthening of the Dollar against the Euro. The Eurozone outlook meanwhile remains weak with only modest growth expected despite the belated adoption of QE by the ECB.

EURO EXCHANGE RATE VS. US\$ AND STG€



The UK economy expanded by 2.6% in 2014, and is forecast to grow by a further 2.7% in 2015. Unemployment in the UK has continued to decline apace and now stands at 5.7%, giving domestic demand a boost despite weak wage growth. The strength of Sterling against the Euro has already resulted in lost exports to the Eurozone (including Ireland). This has been partly offset by a boost to trade with the US in view of the strength of the Dollar. The recent 2015 Budget steered a broadly consistent path despite the upcoming General Election in May.

MAJOR ECONOMIES GDP GROWTH FORECASTS

| | 2014 | 2015 | 2016 |
|-----------|------|------|------|
| | % | % f | % f |
| UK | 2.6 | 2.7 | 2.4 |
| US | 2.4 | 3.6 | 3.3 |
| EURO AREA | 0.8 | 1.2 | 1.4 |
| GERMANY | 1.5 | 1.3 | 1.5 |
| JAPAN | 0.1 | 0.6 | 0.8 |
| CHINA | 7.4 | 6.8 | 6.3 |
| INDIA | 5.8 | 6.3 | 6.5 |

SOURCE: IMF JANUARY 2015

DUBLIN LEADS NATIONAL RECOVERY

"Dublin proves that 'urban buzz' is integral to the tech industry the city has emerged on to the international stage as a prime destination for start-ups and entrepreneurs."

- Savills Tech Cities 2015



While badly hit by the crash, the Dublin City Region is now showing signs of strong recovery. The unemployment rate has just dipped under 9%, having peaked in 2012 at 13%. Services dominate the labour market, with Retail, Public Services, ICT and Finance featuring. Services employment has now regained all the ground lost in the crash, although Industry and Construction are both still well below peak levels.

The property market – both residential and commercial - has likewise bounced back and is reflecting a combination of strong demand and lack of supply, to the point where it is becoming a concern in terms of the impact on business and living costs. While recent Central Bank moves appear to be stabilising house and apartment prices, rents continue to grow strongly, particularly in the prime areas, home to many of the leading new economy players, including Google, Facebook, LinkedIn and Airbnb, and thus the hub of the city's international workforce.

Commercial rents are being impacted by the same process. While supply is perhaps less constrained than for housing, the delivery lag

means that new office space will take some time to come on-stream. The result is strongly growing rents and falling vacancy rates, again particularly in prime areas.

Arrivals at Dublin airport have been on a consistent upward trend since 2011, and are not far off peak levels, reflective of increased tourism and general economic activity. The hotel sector in the city is greatly benefiting as a result. Dublin Port, the largest in the country handling over 40% of cargo by weight, has likewise seen strong growth in volumes.

International benchmarks (see table below) are capturing much of the recent improved performance of the City Region. Particularly strong are the property market-related benchmarks, as well as those on future prospects and FDI.

An interesting benchmark is the *Z/Yen Group Global Financial Centres Index*. Dublin currently ranks an unremarkable 52, but this is up from 70 the previous year. Prior to 2010 Dublin had always been in the top 30 of this index, but the crash did serious reputational damage, and recent performance can be seen in this context.

| DUBLIN'S LATEST INTERNATIONAL RANKINGS | | | | |
|--|---|---------|---------|----------|
| SOURCE | BENCHMARK CRITERIA | YEAR | RANKING | CHANGE ‡ |
| Brookings Institute Global MetroMonitor | GDP per capita | 2014 | 19 | ↑ |
| JLL Global City Momentum Index | Real estate | 2015 | 14 | ↑ |
| Mercer 2015 Quality of Living Survey | Environmental/socio-economic | 2015 | 34 | → |
| IBM Global Location Trends | Number of FDI projects | 2013 | 9 | ↑ |
| FDI Intelligence European Cities And Regions Of The Future 2015/2016 | Socio-economic | 2014 | 3* | ↑ |
| Euromonitor International Top City Destinations | International visitors | 2014 | 49 | ↓ |
| QS World University Rankings | University quality | 2014/15 | 71** | ↓ |
| QS Best Student Cities | University quality, affordability, employment | 2015 | 32 | ↓ |
| Z/Yen Group Global Financial Centres Index | Business environment | 2015 | 52 | ↑ |
| Citylab Global City Economic Power Index | Index of indices | 2015 | 16 | ↑ |
| Conde Nast Traveler Top Shopping Cities in the World | Best shopping | 2015 | 5 | |
| PWC Emerging Trends in Real Estate Europe 2015 | Real estate investment, development | 2015 | 2 | → |
| Savills Tech Cities | Business environment | 2015 | 7 | |
| Savills European Cities Hotel Report | Transactions and revenue growth | 2015 | 1 | |

*OF MAJOR EUROPEAN CITIES; **TRINITY COLLEGE DUBLIN HIGHEST RANKING IN DUBLIN.
‡CHANGE ON PREVIOUS PUBLICATION OF THE RELEVANT BENCHMARK.
AN UPWARD-POINTING ARROW DENOTES AN IMPROVEMENT.

DUBLIN ECONOMIC INDICATORS

THIS SECTION PRESENTS A SELECTION OF KEY ECONOMIC INDICATORS FOR THE DUBLIN REGION WHICH CAPTURE THE HEIGHT OF THE BOOM, FOLLOWED BY THE ECONOMIC CRASH AND SUBSEQUENT RECOVERY. IN MANY CASES THE DATA INDICATE THAT DUBLIN IS NOW BACK AT OR NEAR ITS PEAK POSITION.



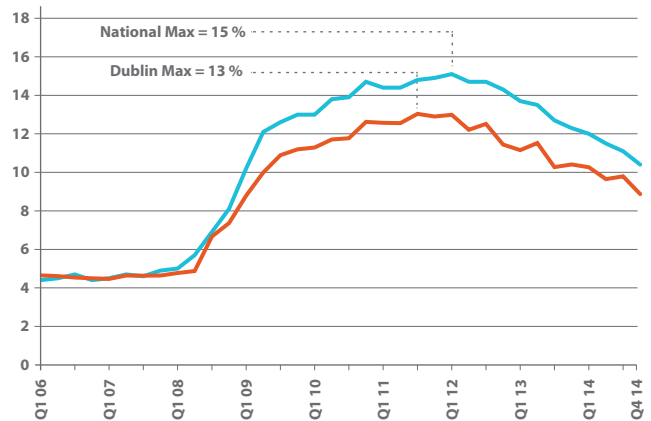
DUBLIN LABOUR MARKET CONTINUES IMPROVEMENT

| | Q4 '14 |
|------------------------------|--------|
| DUBLIN UNEMPLOYMENT % | 8.9% |
| YEAR ON YEAR CHANGE % POINTS | -1.5 |
| DUBLIN EMPLOYMENT '000s | 585.0 |
| YEAR ON YEAR CHANGE '000s | +16.9 |

SOURCE: CSO QNHS SEASONALLY ADJUSTED

Dublin's labour market is showing consistent improvement over the last three years, since unemployment peaked at 13% in late 2011. Unemployment in the Dublin Region, at 8.9%, is noticeably better than the national rate of 10.4%. Further reductions in the monthly Live Register in Dublin points to continued improvement in Q1 2015.

DUBLIN & NATIONAL UNEMPLOYMENT RATE %



SOURCE: CSO QNHS SEASONALLY ADJUSTED

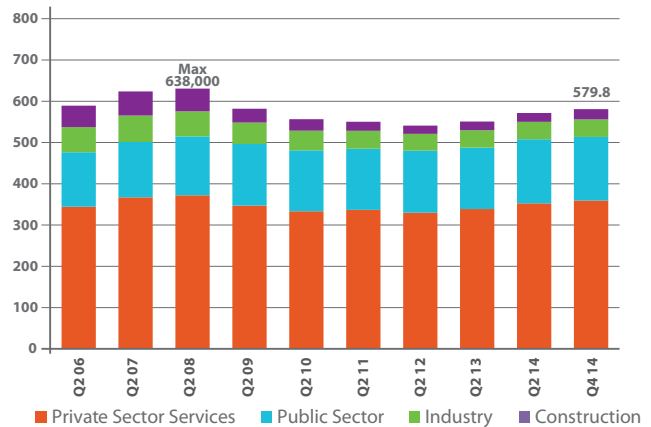
SERVICES DOMINATE DUBLIN EMPLOYMENT

| | Q4 '14 |
|--|--------|
| SERVICES EMPLOYMENT '000s | 513.7 |
| YEAR ON YEAR CHANGE '000s | +13.4 |
| INDUSTRY & CONSTRUCTION EMPLOYMENT '000s | 66.1 |
| YEAR ON YEAR CHANGE '000s | +2.7 |

SOURCE: CSO QNHS SEASONALLY ADJUSTED

Employment of Dublin residents is dominated by private sector services, which employ over 60% of the Dublin Region workforce. The Public Service also features strongly, employing over 25%. Industry and Construction are relatively modest employers of Dublin residents, accounting for just over 7% and 4% respectively. Construction employed more than double this percentage at the peak of the boom (9.2%).

EMPLOYMENT BY BROAD SECTOR '000s



SOURCE: CSO QNHS SEASONALLY ADJUSTED. INDIVIDUAL SECTOR VALUES MAY NOT SUM TO TOTAL

DUBLIN ECONOMIC INDICATORS

RETAIL, HEALTH, FINANCIAL AND PROFESSIONAL SECTORS ARE BIGGEST EMPLOYERS

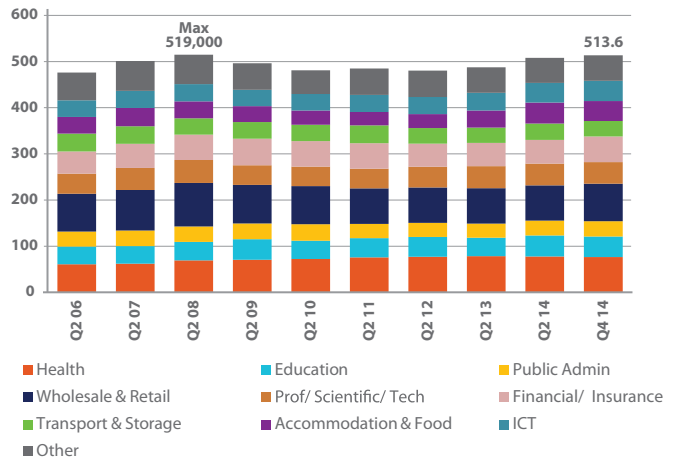
| | Q4 '14 |
|--|--------|
| PRIVATE SECTOR SERVICES EMPLOYMENT '000s | 359.5 |
| YOY CHANGE '000s | +8.6 |
| PUBLIC SECTOR SERVICES EMPLOYMENT '000s | 154.1 |
| YOY CHANGE '000s | +4.7 |

SOURCE: CSO, QNHS SEASONALLY ADJUSTED

Services employment is fairly widely spread across sectors, and is now more or less back to peak levels. Wholesale & Retail is the largest single employer of Dublin residents, accounting for over 80,000 jobs or 14% of the total, followed closely by Health.

The next two largest sectors are Financial/Insurance/Real Estate and Professional/Scientific/Technical, each of which employs approximately 50,000 Dublin residents. Education and ICT in turn employ approximately 45,000 each.

EMPLOYMENT IN SERVICES '000s



SOURCE: CSO QNHS SEASONALLY ADJUSTED. INDIVIDUAL SECTOR VALUES MAY NOT SUM TO TOTAL.

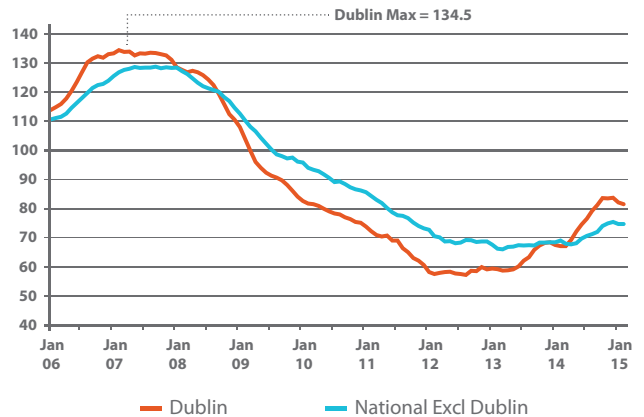
DUBLIN HOUSING MARKET STABILISING?

| | FEB 15 |
|---|--------|
| PROPERTY PRICE INDEX DUBLIN | 81.6 |
| YOY CHANGE INDEX | -2.1 |
| PROPERTY PRICE INDEX NATIONAL EXCL DUBLIN | 74.8 |
| YOY CHANGE INDEX | +0.7 |

SOURCE: CSO, MORTGAGE-FINANCED TRANSACTIONS ONLY.

The recovery in prices is significantly stronger in Dublin than elsewhere in the country. Dublin's housing market, having suffered particularly during the crash, has recovered some of the ground lost. Recent data points to some stabilisation in prices, probably reflective of steps taken by the Central Bank to dampen demand. It will be interesting to see how this evolves during 2015.

RESIDENTIAL PROPERTY PRICE INDEX (2005 = 100)



SOURCE: CSO, MORTGAGE-FINANCED TRANSACTIONS ONLY.

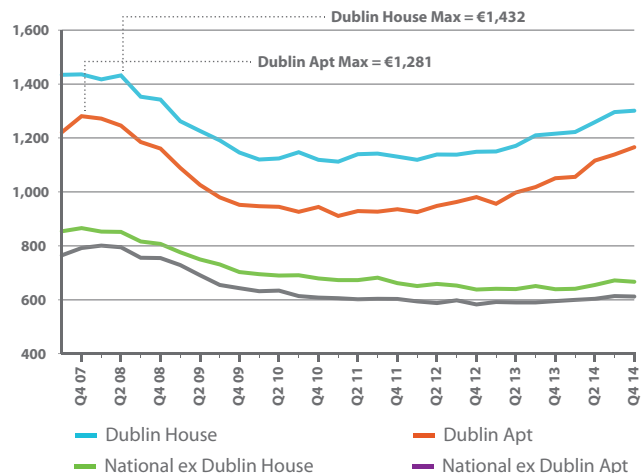
RESIDENTIAL RENTS CONTINUE TO CLIMB

| | Q4 '14 |
|-------------------------------|---------|
| DUBLIN HOUSE RENT € PER MONTH | € 1,301 |
| YOY CHANGE € | € +85 |
| DUBLIN APT RENT € PER MONTH | € 1,166 |
| YOY CHANGE € | € +115 |

SOURCE: PRTB

Residential rents have followed a similar path to house prices, recovering strongly since the trough in late 2010, albeit the movements have been less pronounced. In contrast to house prices however, there is little sign of recent stabilisation, which is as one would expect – housing is still needed even if people are drawing back from purchasing. The contrast with the rental market outside Dublin could hardly be stronger, where only a very shallow recovery has been seen in recent quarters. The gap between Dublin house rents and those outside Dublin is now greater than at the height of the boom.

RESIDENTIAL RENTS € PER MONTH



SOURCE: PRTB

OFFICE RENTS STRONGLY UP

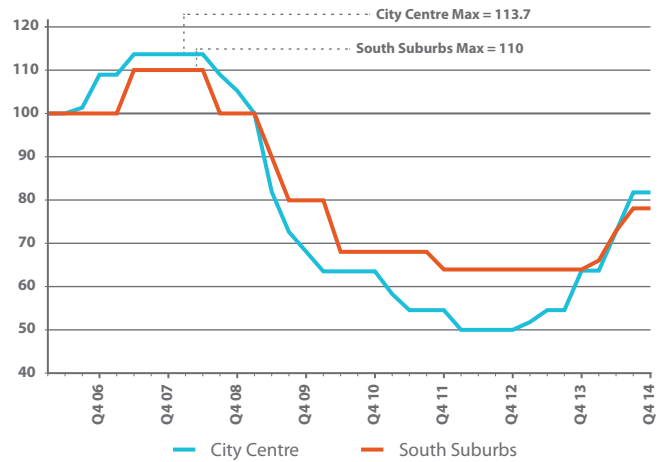
| | |
|---------------------------------------|--------------|
| | Q4 '14 |
| CITY CENTRE OFFICE RENT INDEX | 81.8 |
| YOY CHANGE INDEX | +18.1 |
| SOUTH SUBURB OFFICE RENT INDEX | 78.1 |
| YOY CHANGE INDEX | +14.1 |

SOURCE: CBRE

Office rents have likewise experienced significant recovery over the last two to three years. The index rather surprisingly indicates that city centre office rents experienced the most precipitous fall from the peak year, of over 50%, albeit they have also experienced a sharper recovery. The South suburbs rent by comparison only fell by just over 40% peak-to-trough. Both are now back up to 70% of peak.

However rents per square metre in the city centre are 130% higher than in the south suburbs.

DUBLIN OFFICE RENTS INDEX (2006 = 100)



SOURCE: CBRE RESEARCH

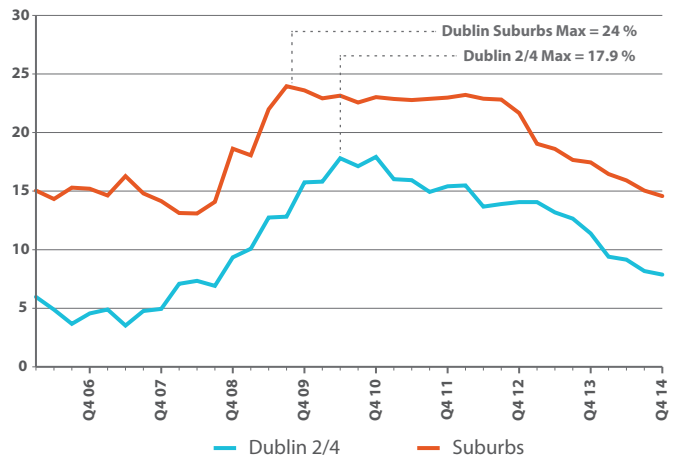
OFFICE VACANCY SHARPLY DOWN

| | |
|--------------------------------------|-------------|
| | Q4 '14 |
| VACANCY RATE % DUBLIN 2/4 | 7.9 |
| YOY CHANGE %AGE POINTS | -3.5 |
| VACANCY RATE % DUBLIN SUBURBS | 14.6 |
| YOY CHANGE %AGE POINTS | -2.9 |

SOURCE: CBRE

In parallel with rising rents, office vacancy rates in Dublin have fallen significantly in recent years. The gap between premium Dublin 2/4 space and the suburbs has been maintained, with the vacancy rate almost twice as high in the suburbs. As with rents however, the peak-to-trough increase in vacancy rates was much more pronounced in Dublin 2/4 than in the suburbs, and indeed vacancy rates in the latter are more or less back to peak levels now, while they have some way to go yet in the prime areas to return to peak levels.

DUBLIN OFFICE SPACE VACANCY RATES %



SOURCE: CBRE RESEARCH

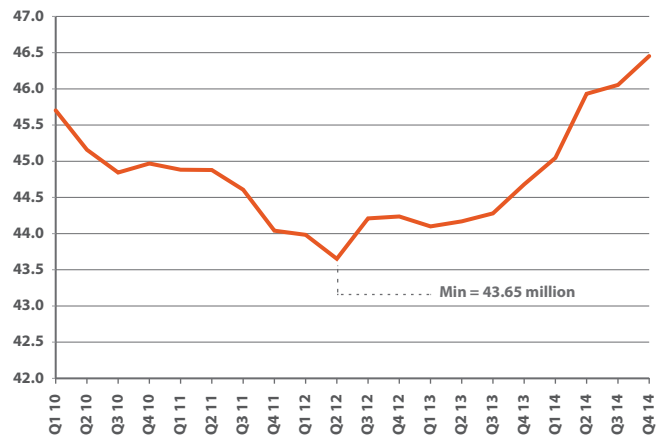
PUBLIC TRANSPORT TRIPS REFLECT IMPROVING ECONOMY

| | |
|---------------------------------------|-------------|
| | Q4 '14 |
| PUBLIC TRANSPORT MILLION TRIPS | 46.5 |
| YOY CHANGE MILLION TRIPS | +1.8 |

SOURCE: NTA, SEASONAL ADJUSTMENT BY DKM

Dublin's public transport system, incorporating Dublin Bus, DART, LUAS, Iarnród Éireann Dublin Commuter and Bus Éireann Dublin Commuter, has experienced strong recovery in passenger numbers over the last two years. Trips are up by almost three million per quarter compared to the trough in early 2012, reflecting the ongoing strengthening of the economy. The network is dominated by Dublin Bus, which carries considerably more commuters than any of the other services.

PUBLIC TRANSPORT MILLION TRIPS (SA)



SOURCE: NTA, SEASONAL ADJUSTMENT BY DKM. DATA AVAILABLE FROM 2010

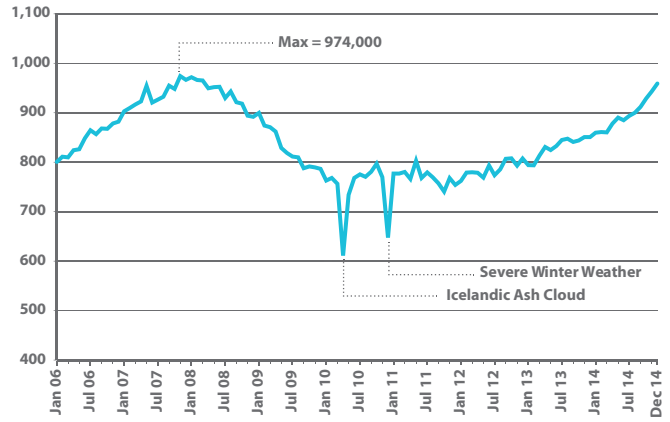
DUBLIN AIRPORT ARRIVALS RETURNING TO PEAK LEVELS

| | |
|-------------------------------|----------------|
| | DEC '14 |
| TOTAL ARRIVALS '000s | 959 |
| YOY CHANGE '000s TRIPS | +108 |

SOURCE: CSO, SEASONAL ADJUSTMENT BY DKM

Passenger arrivals at Dublin airport are a strong indicator of both general economic activity and the strength of the tourism sector. Numbers have been on a consistent upward trend since 2011, and in December 2014 reached levels not seen since early-2008 (on a seasonally adjusted basis).

DUBLIN AIRPORT ARRIVALS '000s (SA)



SOURCE: CSO, SEASONAL ADJUSTMENT BY DKM

DUBLIN PORT TRAFFIC LIKEWISE BACK AT PEAK LEVELS

| | |
|-----------------------------------|---------------|
| | Q1 '15 |
| DUBLIN PORT MILLION TONNES | 8.0 |
| YOY CHANGE MILLION TONNES | +0.5 |

SOURCE: DUBLIN PORT, SEASONAL ADJUSTMENT BY DKM

Tonnages handled at Dublin Port, the largest in the country, fell by almost 20% in the crash, but recovered lost ground by mid-2014, and have stabilised somewhat since. Dublin Port now handles over 40% of total port traffic in the country by weight. Cargo is dominated by Roll-on/Roll-off (RoRo) traffic, which accounts for all the recent growth and now represents almost two-thirds to total tonnage handled.

DUBLIN PORT TONNAGE MILLION TONNES (SA)



SOURCE: DUBLIN PORT, SEASONAL ADJUSTMENT BY DKM

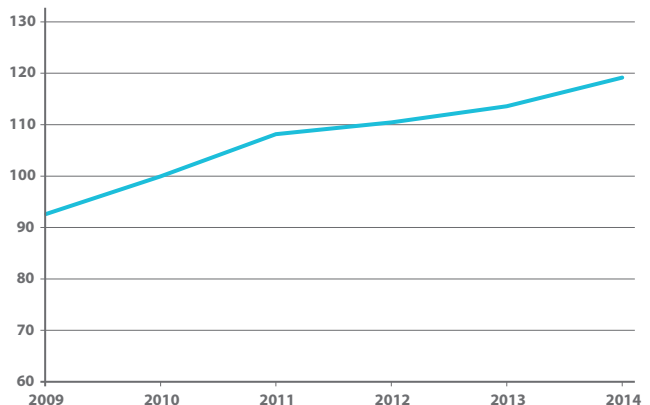
M50 TRAFFIC GROWTH UNABATED

| | |
|---|--------------|
| | 2014 |
| ANNUAL AVERAGE DAILY TOTAL '000s | 119.2 |
| YOY CHANGE '000s | +5.6 |

SOURCE: NRA

Annual Average Daily Total (AADT) volumes at the tolled section of the M50 have continued to grow throughout the crash, and show acceleration during 2014, as the recovery has taken hold. Cumulative growth in traffic volumes since 2009 (the first full year of barrier-free tolling) has been almost 30%.

M50 TOLL TRAFFIC, AADT '000s



SOURCE: NRA, DATA AVAILABLE FROM 2009

KBC/ESRI DUBLIN CONSUMER SENTIMENT INDEX, QUARTER 1, 2015



SURVEY INDEX RESULTS, Q1 2014 - Q1 2015 (2003=100)

| | 2014 Q1 | 2014 Q2 | 2014 Q3 | 2014 Q4 | 2015 Q1 |
|---------------------------------------|---------|---------|---------|---------|---------|
| DUBLIN CONSUMER SENTIMENT INDEX | 130.6 | 131.0 | 134.3 | 132.1 | 148.9 |
| DUBLIN INDEX OF CURRENT CONDITIONS | 90.6 | 95.8 | 92.3 | 92.7 | 102.7 |
| DUBLIN INDEX OF CONSUMER EXPECTATIONS | 173.9 | 169.3 | 179.8 | 174.8 | 199 |

SOURCE: KBC/ESRI, 2015

“Dublin consumer sentiment improved quite sharply in early 2015 as optimism about economic conditions increased and the outlook for jobs brightened. Importantly, there is also a sense now that Dublin consumers are starting to expect that the rising economic tide will deliver some improvement in their personal financial circumstances in the year ahead. So, the current Dublin consumer sentiment reading hints that the economic upturn in the capital may be more broadly felt in the next twelve months” - Austin Hughes, Chief Economist KBC Bank Ireland

DUBLIN CONSUMER SENTIMENT INDEX, SA (2003 = 100)



- The Dublin consumer sentiment reading for the first quarter of 2015 is the highest in the history of the series which stretches back to 2003.

The Consumer Sentiment Index for Dublin increased in the first quarter of 2015 to 148.9 from 132.1 in the final quarter of 2014.

The improvement in Dublin sentiment was broadly based, with all components of the survey increasing relative to the previous quarter (and compared to the first quarter of 2014).

ABOUT

The KBC/ESRI Dublin consumer sentiment index is constructed based on the responses to five questions. These questions ask consumers their view on how the economic situation will develop over the next 12 months (get better/stay the same/get worse), whether the number of people out of work in the country in the next 12 months will increase/remain the same/decrease, how the household financial situation compares to 12 months ago, and how will it change over the next 12 months ((get better/stay the same/get worse). Finally consumers are asked about whether they think it is a good time to purchase major household durables such as such as furniture, washing machines, TV sets etc.



68 PER CENT OF DUBLIN CONSUMERS EXPECTING THE ECONOMIC SITUATION TO IMPROVE IN THE NEXT 12 MONTHS

The improvement in consumer sentiment in Dublin in recent times has been primarily the result of more positive expectations. In the first quarter of 2015 the proportion of Dublin consumers expecting the economic situation to get better in the next 12 months reached 68 per cent compared to 58 per cent in the final three months of 2014. Consumers are also more positive about the outlook for their personal finances with 30 per cent expecting an improvement in the next twelve months.

DUBLIN CONSUMERS' EXPECTATIONS INDEX 2003 =100



FOR FURTHER INFORMATION CONTACT

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- David Duffy – Senior Research Officer, ESRI – (01) 863 2113



A COMMENTARY ON THE SURVEY IS ALSO AVAILABLE ON KBC.IE/ECONOMIC BRIEFINGS

NOTES

The data are obtained from telephone interviews during the first two weeks of the month. The data are re-weighted in line with gender, age, economic status, level of educational attainment, region and household size to ensure the data was fully representative of the national population of adults.

The consumer sentiment index is calculated by computing the relative scores (the percent giving favourable replies minus the percent giving unfavourable replies (the balance), plus 100) for each question used in the different indices. Those who reply “Don’t Know”, “Remain the same” are excluded from the index calculations. Each relative score is rounded to the nearest whole number. The sum of the relative scores is then divided by the base period total for each index.

The Dublin consumer sentiment index is calculated using the same methodology as the KBC Ireland/ESRI Consumer Sentiment Index. However, to ensure that the Dublin Index is representative of the Dublin region, a new set of weights was constructed taking account of the age and sex of the population.

In the process of constructing the new weights, the latest data available were used, including adjustments to the QNHS data following the censuses of 2006 and 2011. Therefore, the Dublin index is not directly comparable to the published national index which was weighted based on the data available at the time of publication. The sentiment index for Dublin is based on approximately 700 responses per quarter.

MARKIT DUBLIN PURCHASING MANAGERS INDEX (PMI)

OVERALL MARKIT DUBLIN PMI

The initial wave of economic recovery was driven by Dublin based companies starting in 2010 Q2 but didn't take off until Q3 2013 due to concerns around the Eurozone. Andrew Harker, Senior Economist at Markit said:

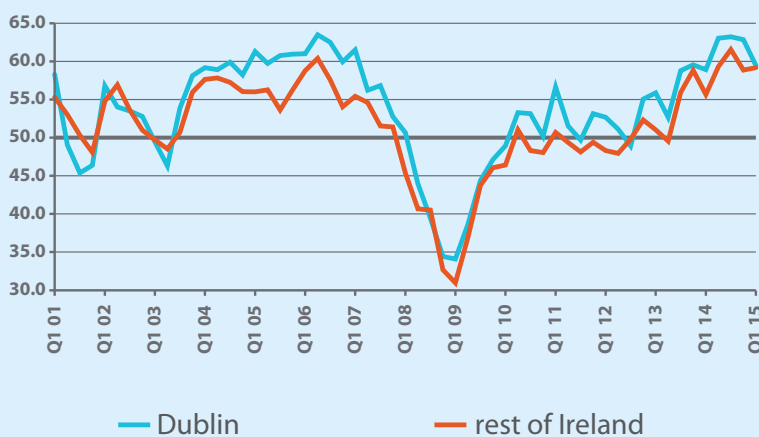
"The Dublin PMI data point to another strong performance of the local economy during the first three months of the year. While rates of expansion generally slowed, it should be noted that this easing was from near-record highs seen at the end of 2014. The least marked slowdown was seen in the service sector, where the rate of growth remained substantial. The overall outperformance of Dublin relative to the rest of Ireland narrowed in the first three months of 2015, but ten successive quarters have now passed where growth in Dublin has been faster than the rest of Ireland."

The Dublin Purchasing Managers' Index® (PMI®) series is produced by Markit Economics, an independent research company that produces highly-regarded surveys of business conditions in nations around the world. The Dublin PMI is calculated using responses from the three monthly Republic of Ireland PMI surveys; the Investec Manufacturing PMI Ireland, the Investec Services PMI Ireland and the Ulster Bank Ireland Construction PMI. The Dublin figures are based on responses from companies in the NUTS3 region of Dublin (based on about 300 responses per month) while 'Rest of Ireland' data also include about 300 responses per month.



OVERALL MARKIT DUBLIN PMI (sa*)

50= NO CHANGE



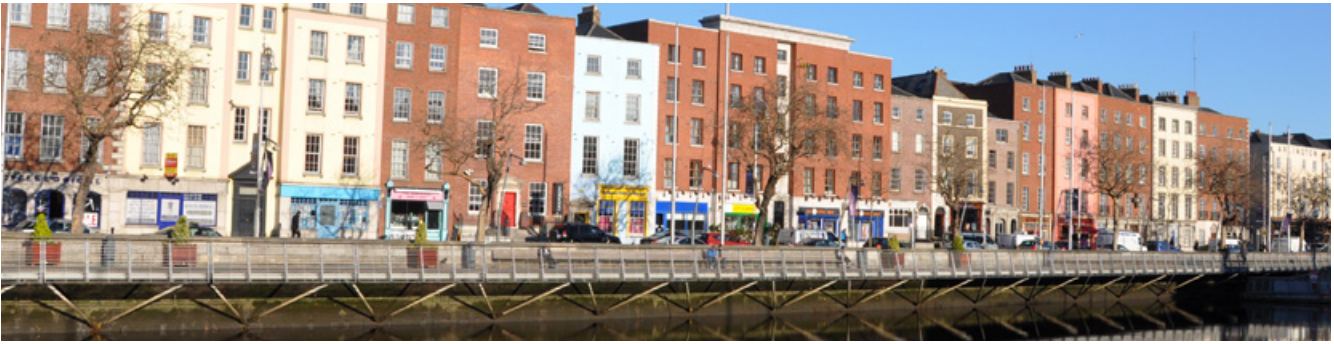
* SA - SEASONALLY ADJUSTED

- PMI data for Dublin signalled a further sharp increase in output during the first quarter of 2015.
- The headline seasonally adjusted Dublin PMI averaged 59.5 in Q1, down from 62.8 in Q4 2014.
- The latest reading was the lowest since the first quarter of 2014, but still pointed to a substantial expansion in activity that was similar to that seen across the rest of Ireland.
- A sharp increase in services activity was seen in Dublin during Q1 2015 (61.3), with services growth stronger than recorded for manufacturing (55.4) and construction (56.4). That said, the rate of expansion eased marginally from the end of 2014.
- Dublin saw a weaker increase in services activity than the rest of Ireland (63.1).

ABOUT PMI

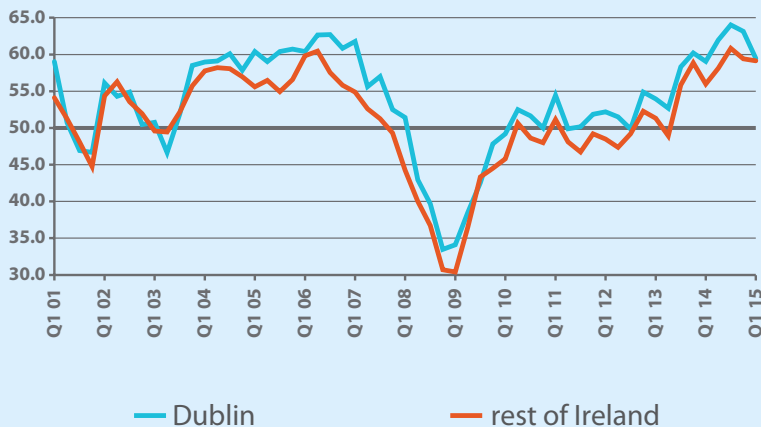
Purchasing Managers' Index® (PMI®) surveys are now available for 32 countries and also for key regions including the Eurozone. They are the most closely-watched business surveys in the world, favoured by Central Banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. To learn more go to www.markit.com/economics. The Overall PMI is based on the output/business activity question from each survey. Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. The raw index is the sum of the positive responses plus a half of those responding 'the same'. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

MARKIT DUBLIN PMI INDEX



OVERALL PMI ORDERS (sa)

50= NO CHANGE



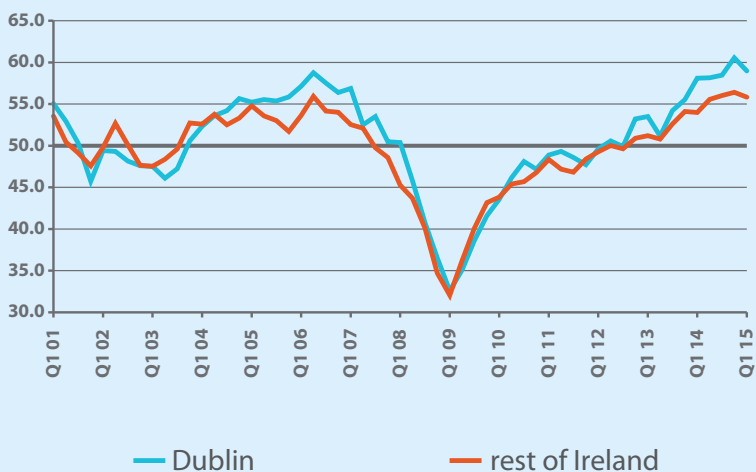
- New business continued to increase sharply during Q1. However, the rate of expansion eased for the second quarter running from Q3 2014's record high.

- New orders in Dublin have now risen in ten successive quarters.

- The increase in new orders in Dublin was broadly similar to that recorded in the rest of Ireland.

OVERALL PMI EMPLOYMENT (sa)

50= NO CHANGE



- With new work rising at a substantial pace, companies in Dublin continued to increase their staffing levels during Q1 2015.

- The rate of job creation remained strong, albeit slightly weaker than seen in the final three months of 2014.

- Dublin outperformed the rest of Ireland with regards to employment for the thirteenth successive quarter.

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THE ECONOMIC SIGNIFICANCE OF THE DUBLIN CITY REGION

OWEN P KEEGAN CHIEF EXECUTIVE - DUBLIN CITY COUNCIL



In terms of economic development cities and city regions are king. Dublin is Ireland's only city region of international scale. The Dublin economic region extends beyond the boundary of Dublin and well into the adjoining counties of Meath, Kildare and Wicklow. Its importance in the national economy cannot be over emphasised. The latest data on the role of the Dublin and the Mid East regions in the national economy is set out below:

| REGION | SHARE OF GDP |
|-----------------------------|---------------|
| GDP | (2012) |
| DUBLIN | 41.9% |
| MID EAST* | 7.7% |
| DUBLIN & MIDEAST | 49.6% |

* MEATH, KILDARE & WICKLOW. SOURCE: CSO, 2015

The development of the Dublin city region and its role in Ireland's economy provides a somewhat extreme example of what is a worldwide phenomenon - namely the increasing concentration on the world's economic activity and population in city regions. Over half of the world population now live in cities, and they account for almost 80% of the global economic output.

Cities have long been recognised as centres of economic growth based on the increased potential they offered to exploit economies of scale in various forms. Firms located in cities benefit from efficiencies and savings that result from being close to suppliers, workers and customers (agglomeration economies). They also

benefit from being located close to other firms in the same industry especially in terms of accessing specialist skills and a common labour pool (localisation economies). Finally, firms benefit from the fact that large urban centres offer sufficient scale and a sufficiently developed client base for particular types of industry and services to flourish (urbanisation economies). Cities are the primary destinations for internationally mobile human and financial capital in an increasingly competitive global environment for these resources. For example the Department of Jobs, Enterprise and Innovation (DJEI) in their Policy Statement on FDI in 2014 state that

"Dublin is competing directly with major cities in Europe and beyond for these resources, as more and more the locus of competition for FDI is amongst global cities rather than countries."

Recent years have also seen a greater recognition of the role of cities and city regions in facilitating creativity, learning and innovation through the flow of ideas and knowledge across networks and eco systems, with Dublin now becoming an important global centre for start-ups.

Cities originally developed around transportation hubs – major road/rail hubs and ports - where firms located in an effort to minimise transport costs. The presence of firms in turn attracted employees

and households. With developments in transportation and communications these costs are less important in the location decision of firms. Increasingly what differentiates successful cities is a broad range of 'quality of life' issues which are increasingly important in attracting employees and in turn in attracting firms. Local Authorities through the services they deliver have a key role in influencing the 'quality of life' offered by the Dublin city region.

Big cities in small countries and especially in small open economies, such as the Dublin city region, have a particularly critical role in responding to the specific opportunities and challenges of globalisation and in driving national economic performance. Dublin faces challenges in maintaining its competitive position and supporting economic growth, while simultaneously delivering a high quality of life and an acceptable environmental footprint.

The National Competitiveness Council in their 2009 report 'Our Cities: Drivers of National Competitiveness' summed up the position as follows:

"In view of Dublin's pivotal role in driving national growth and prosperity, a strong focus on maintaining and enhancing Dublin's attractiveness as a location to do business in and to live and work in is essential."



DUBLIN: A CITY OF WORLD CLASS TECH, AND FOOD

NIAMH BUSHNELL

DUBLIN COMMISSIONER FOR STARTUPS



Niamh Bushnell is Dublin's first Commissioner for Startups, a role created as a result of the Activating Dublin #bestplacetostart report spearheaded by the Dublin Chamber of Commerce and Dublin City Council. Niamh's mission is to develop a voice, an image and a platform for Dublin as a great startup city, nationally and internationally. www.startupdublin.com www.dublinglobe.com

**DUBLIN
COMMISSIONER
FOR STARTUPS**

In 1995, I was living in Barcelona, trying to decipher Catalan from Castellano, when my father called with news that surprised me. He said the economy was improving back in Dublin and that I should come home and take advantage of the boom that was coming. I took his advice and shortly after co-founded Pan Research in Dublin, a market research focused SME that's still going strong today.

19 years later, a group email about the Dublin Commissioner role landed in my New York inbox, but this time I was almost expecting what I read. Dublin was fast evolving into a global innovation hub and I wanted to be a part of it.

I'm now well settled back into my new old city. But today's Dublin is full of surprises for returning ex-pats like me. I'm surprised at just how large and impactful the born-on-the-internet multinationals are here, how diverse and global the tech talent is and, most importantly, how great the food is. Hey, old Bill Me Later buddy Mark

Lavelle, it's time to come back and give dining in Dublin a second chance. From Brother Hubbard to Vintage Kitchen to Ely to Mourne Seafood Bar, at the river's edge and far beyond, there is now a multitude of restaurants in Dublin that'll knock your socks off, I promise!

As for our city's tech street cred, we started building that years back with companies like Iona and Smartforce, Riverdeep and Kindle (I hope that great name was trademarked). The new kids on the block have just as much potential: Movidius, Log Entries, Phorest, NewsWhip, Drop, Building Eye, Restored Hearing, Konnect again, Kwikdesk.

Our numbers of startups run well over a thousand now and they keep on building.

It's true that Dublin is still a young startup ecosystem and relatively small of scale but yet, there's no underdog mentality here.

We punch well above our weight in the potential of our startups and I think we know it. Now is the time to start sharing

their stories. In November last year, the Kauffman Fellows held Europe's largest ever VC conference in Dublin. After an exciting full day at Kauffman, DFJ Esprit VC Brian Caulfield and I shared a cab across town to take up our WebSummit hosting duties. I wondered aloud if I had the energy to keep my pub crawl pumping, but I had no need to worry.

My group were just so happy to be in Dublin. The city and the WebSummit made them feel important. I was just there to take photos and let them shine.

Many great people and organisations make Dublin shine today and we're delighted to support them all. We've also launched some new initiatives of our own like Dublin Globe, to document our city and the world class Irish and international tech companies who call it home.

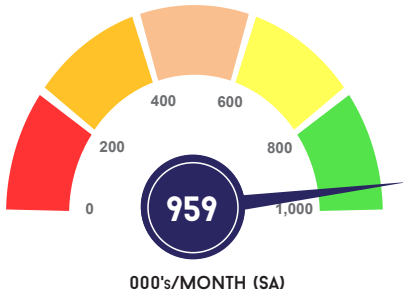
We'll be sharing stories of tech and innovation from all sides of Dublin and the best news of all - we'll be eating lots of world class cuisine while we're at it!

DUBLIN: ECONOMIC SCORECARD Q1 2015

Key: These "petrol gauge" charts present the performance of the particular indicator relative to a range of performances from most positive (green) to least positive (red). Each gauge presents the latest value compared to the value at the peak, except in the case of Unemployment and Office Vacancy rates, where it is compared to the value at the trough.

ECONOMY

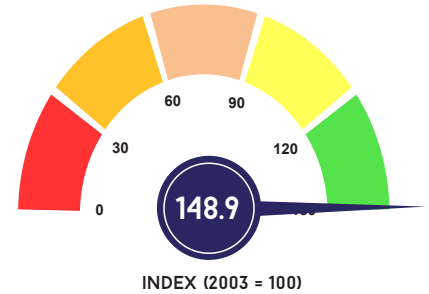
AIRPORT ARRIVALS DEC 2014



SEAPORT CARGO Q1 2015

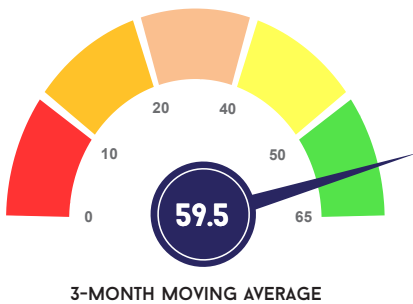


KBC/ESRI DUBLIN OVERALL CONSUMER SENTIMENT

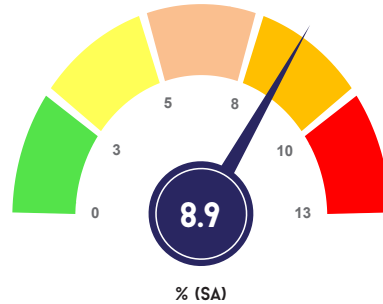


LABOUR MARKET

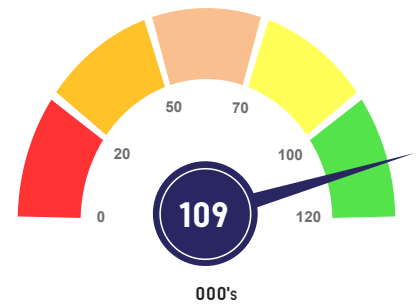
MARKIT DUBLIN PMI Q1 2015



UNEMPLOYMENT RATE Q4 2014

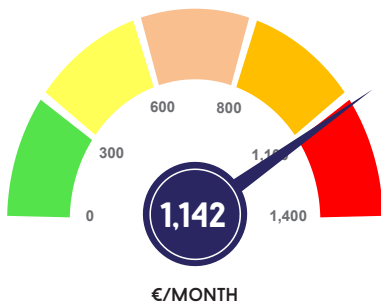


IDA/ENTERPRISE IRELAND ASSISTED EMPLOYMENT 2013

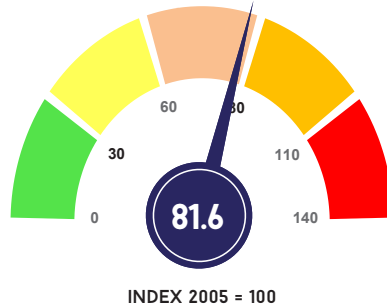


RESIDENTIAL PROPERTY

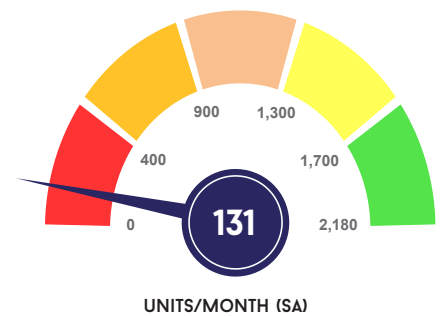
RESIDENTIAL RENTS Q4 2014



RESIDENTIAL PROPERTY PRICE INDEX FEB 2015



HOUSING COMPLETIONS JAN 2015

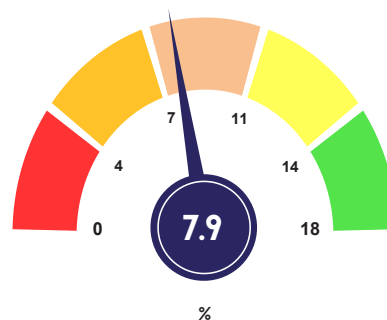


COMMERCIAL PROPERTY

DUBLIN CITY CENTRE OFFICE RENT Q4 2014



DUBLIN 2/4 OFFICE VACANCY RATE Q4 2014



SOURCES: CSO, except Commercial Property CBRE Research; Residential Rents PRTB/ESRI; Residential Property Price Register House Prices Property Services Regulatory Authority (PSRA); MARKIT Dublin PMI; KBC/ESRI consumer sentiment.



Oifig Fiontair Áitiúil

Local Enterprise Office



Your First Stop Shop for Local Enterprise Development

Your LEO offers a first stop shop service to small businesses in Dublin. The supports range from business advice, mentoring, training, business networking opportunities to financial assistance for certain types of business. We help start-ups from their first business idea to develop and grow their business.

...Let's talk business

Oifig Fiontair Áitiúil

Local Enterprise Office



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Bhaile Átha Cliath
Dublin City Council

Tel: 01 222 5611

www.localenterprise.ie/dublincity



Comhairle Contae County Council

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Tel: 01 8900 800

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