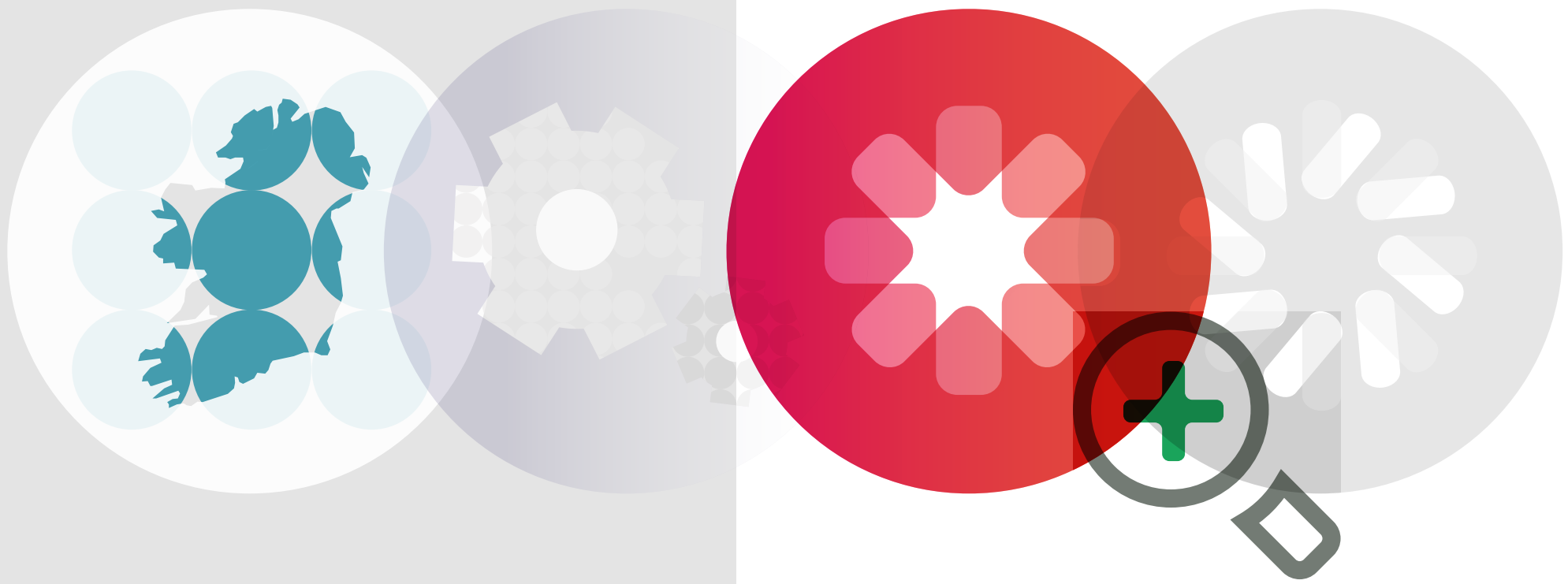


# Ireland Update

## Q2 2015



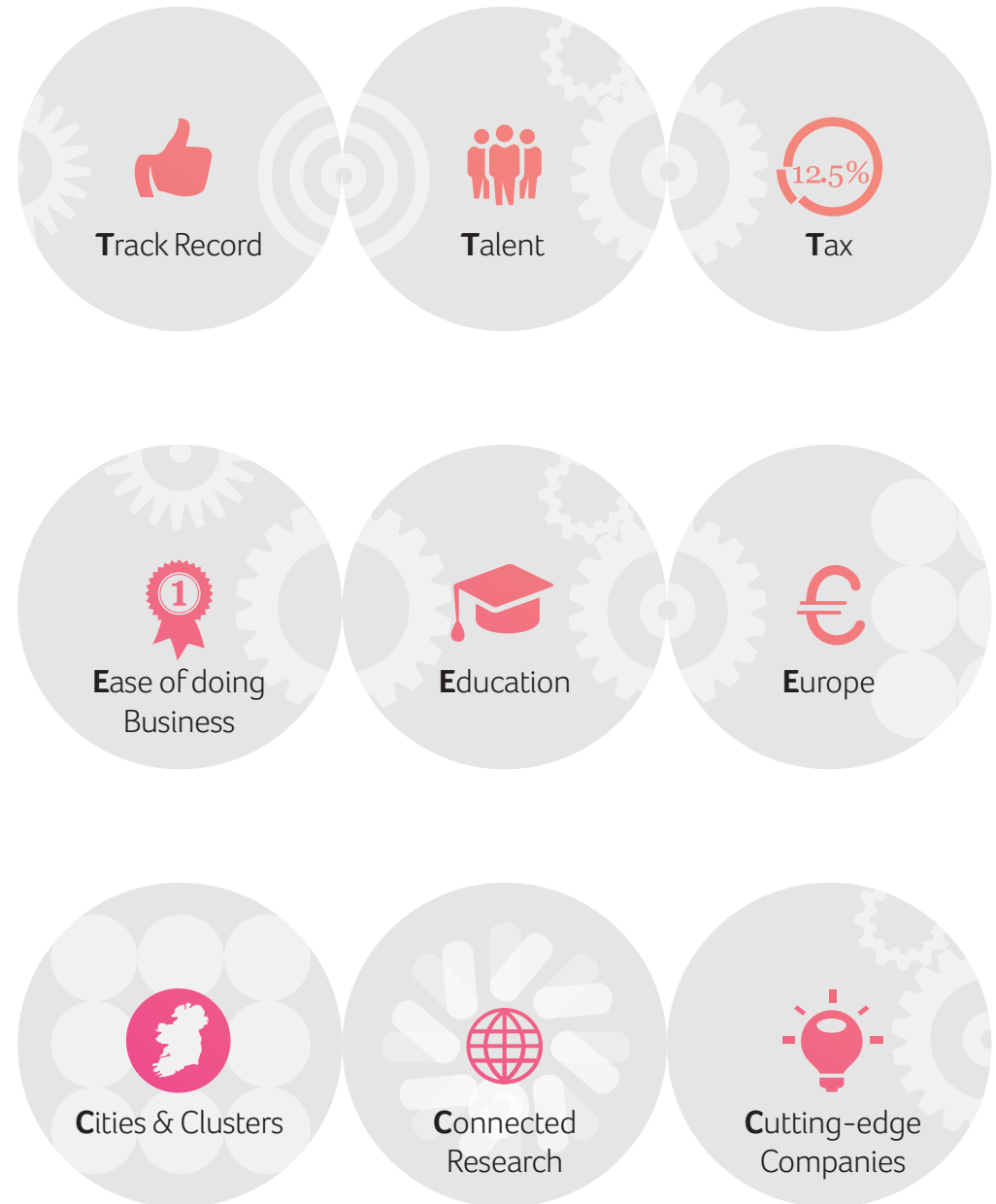
What makes Ireland great,  
makes Ireland great for business

 **IDA Ireland**

[www.idaireland.com](http://www.idaireland.com)

## Why Ireland, companies are attracted to Ireland for a variety of reasons

- Ireland, best country to invest in Western Europe, Siteselection 2014
- The IBM 2014 Global Location Trends Report which ranks Ireland **1st in the world for inward investment by quality and value** and **4th globally for the number of jobs per capita**
- The IMD World Competitiveness Yearbook 2014 ranks Ireland **1st in the world for availability of skilled labour, flexibility and adaptability of workforce**. The same report also ranks Ireland **1st in the world for productivity and efficiency of companies and large corporations**
- According to the 2015 Global Innovation Index Ireland excels at manufacturing and education




# Ireland is at the **heart of things**

## **Highlights this quarter**

- Ireland is set to remain the fastest-growing economy in the European Union
- Ireland has one of the fastest growing manufacturing sectors in the world (Markit/Investec PMI 2015)
- Services sector expanding at a rapid pace
- Ireland recorded the joint largest drop in unemployment in the EU
- Strong flow of FDI projects continues after a record breaking 2014

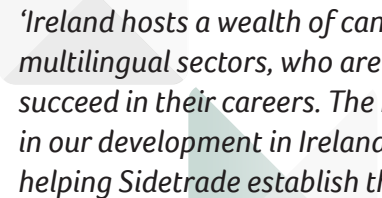
## **Recent announcements include;**

- Apple announced a €850m datacentre to be built in Galway (largest datacentre project in Europe)
- Northern Trust expands it's operations in Limerick
- ABEC Inc. to establish European HQ and Manufacturing Centre in Cork
- Airbnb extends office to new "Silicon Docks" building




*'Predictive Analytics is one of the most exciting next-generation technologies in our industry. SAP has placed Ireland at the heart of driving global innovation and development in this area, and I know our record of engineering excellence and innovation will make the new mission a success.'*

**Dr Tony O'Donnell, Head of Business Intelligence  
R&D SAP operations in Ireland**



*'Ireland hosts a wealth of candidates especially within the multilingual sectors, who are well educated and motivated to succeed in their careers. The IDA team was a significant value-add in our development in Ireland and have been valuable partners in helping Sidetrade establish this pan European platform.'*

**Olivier Novasque, CEO at Sidetrade Group**



*'Our choice of Ireland reflects the calibre of the workforce and the country's culture of innovation, and we look forward to an ongoing partnership with the Irish Government, IDA Ireland and local communities in the years to come.'*

**Leonard Bell M.D., CEO of Alexion Pharmaceuticals**

## Ireland is one of the **best places in the world to do business**

- **9 of the top 10** global software companies
- **9 of the top 10** global pharmaceutical corporations
- **9 of the top 15** internet properties
- **15 of the top 25** financial services companies
- **15 of the top 20** global medical technology
- And **7 of the top 10** industrial automation companies are all based in Ireland.



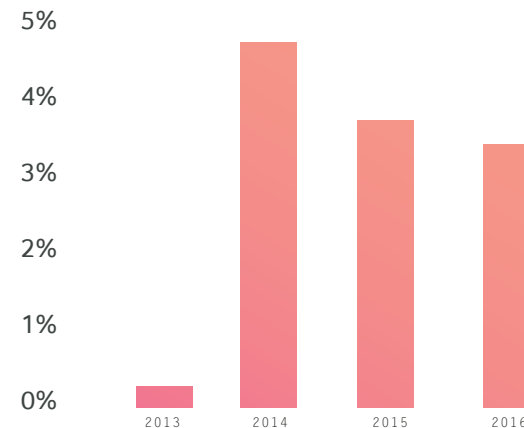
## **Growing economy** boosts public finances

Irish economy grew at an impressive 4.8% in 2014, the fastest in Europe.

### **Excellent performance has carried through into 2015**

- Rapid expansion in both manufacturing and services sectors
- Retail sales and VAT signalling strength in domestic demand
- Strong export growth
- Tax revenue up +9% in 2014 as the economy recovered

**Real GDP Growth**



## Labour market showing on-going improvement

Employment increased for the 9th consecutive quarter in Q4 2014.

90,000 additional people at work since end 2012.

Unemployment falling for almost 3 years, down to 10% in March from peak of 15.1% in 2012.

Job growth is feeding through to tax, with income tax up 9% in 2014.

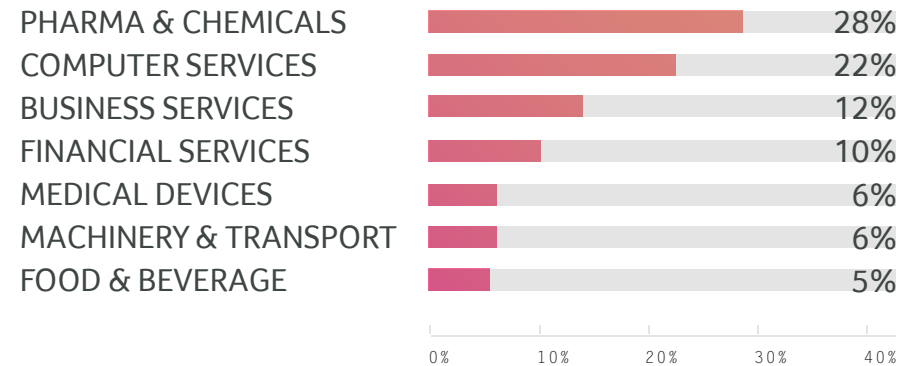


Source: CSO, Q2 2014

## FDI led exports sector plays an important role

High value exporting sector was key to supporting economy through restructuring.

### Composition of Exports 2013



\* Miscellaneous sector account for the final 10% of exports

Source: CSO, 2013

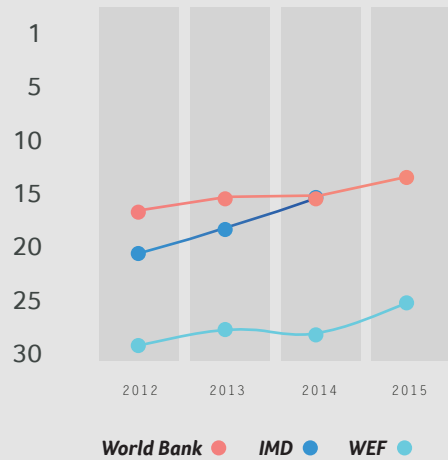
# Significant improvement to Ireland's competitiveness

Ireland's improved competitiveness is reflected in Global Competitiveness Reports.

- The World Bank Competitiveness Report up 3 places to 13th
- The IMD World Competitiveness Yearbook up 9 places to 15th
- The World Economic Forum Global Competitiveness Report 2014/ 2015, up 4 places to 25th

Ireland Global Competitiveness Rankings

RANKINGS



# Labour costs competitive

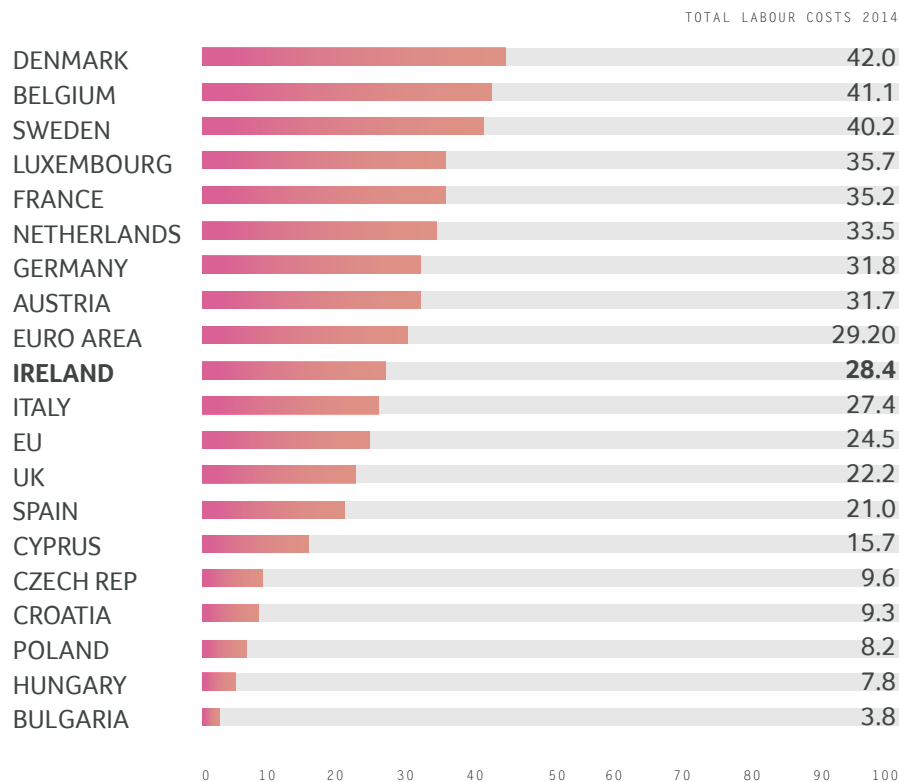
Irish labour costs have remained relatively stable since 2008, increasing by just 4% in total, this compares to a 14% increase in the EU.

Irish hourly labour costs fell below the Euro Area in 2011 and have remained so to 2014.

Irish labour costs are 11th in the EU, below countries like Luxembourg, Germany, Belgium, and the Netherlands.

## Labour Costs Falling

Irish hourly labour costs fell below the Euro area in 2011 and has remained below in 2013.



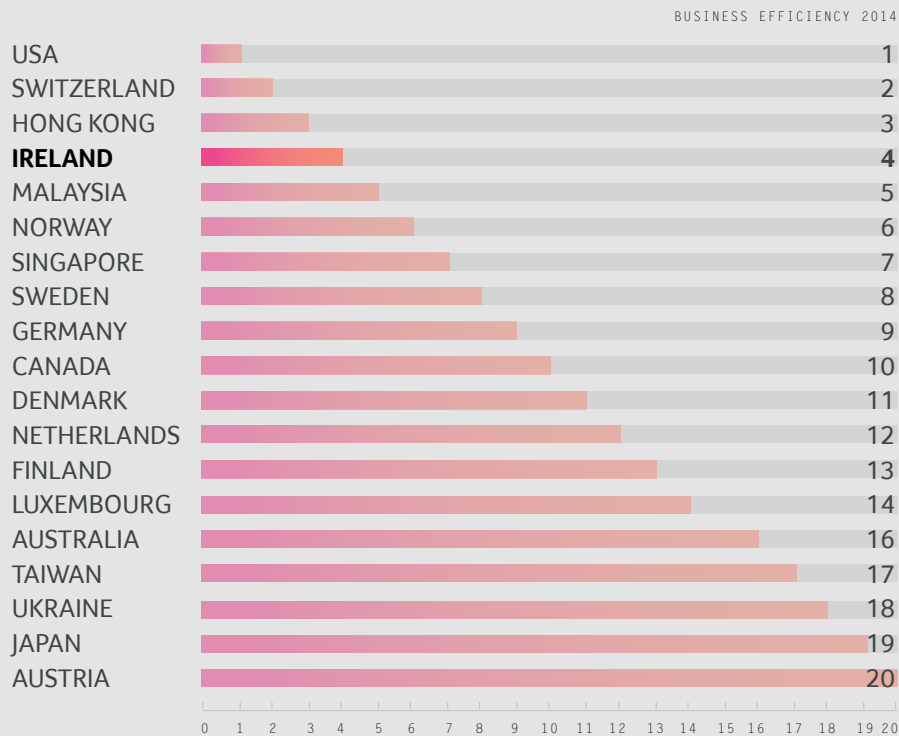
# One of the most productive economies in the World

Labour costs do not tell the whole story, productivity is also key.

The IMD ranks Ireland 4th globally in terms of business efficiency.

Business efficiency includes: productivity/efficiency, labour market, finance, management practices and attitudes/values.

## The most productive & efficient economies in the World



Source: IMD World Competitiveness Yearbook 2014

# Commercial property

Value remains in the Irish office market, **with prices below peak levels**, and competitive internationally.

Dublin prime rents competitive internationally at €484m<sup>2</sup> pa.

Moving outside of Dublin offers improved value:

Cork €242 m<sup>2</sup> pa

Limerick €177 m<sup>2</sup> pa

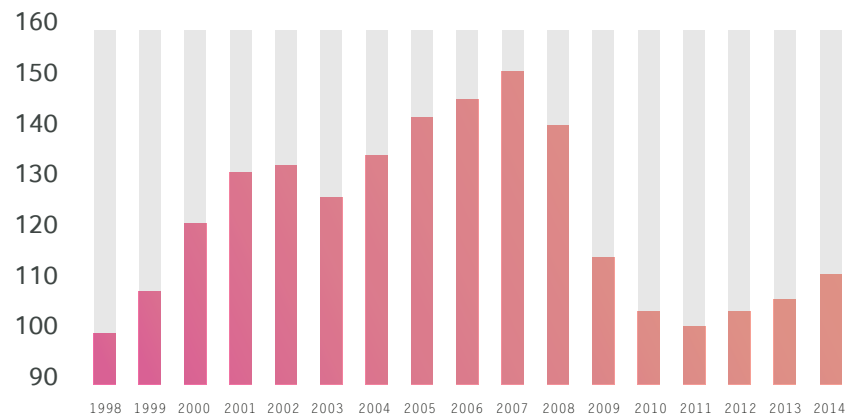
Galway €177 m<sup>2</sup> pa

Waterford €107-130 m<sup>2</sup> pa

It is estimated that approximately 10,000 people are currently employed on construction projects underway with IDA client companies.

## Construction tender prices remain below peak levels

INDEX\*\*(1998=100)



Source: CBRE, \*\*Society of Chartered Surveyors Ireland, H1 2014



## Multilingual - Foreign languages spoken at home

Multicultural and multilingual society

- Over half a million Irish residents speak a foreign language fluently
- c.17% of the population is international

Only English speaking country in the Eurozone.

Ideal base from which to service global markets.

### Foreign languages spoken in Ireland, number of people

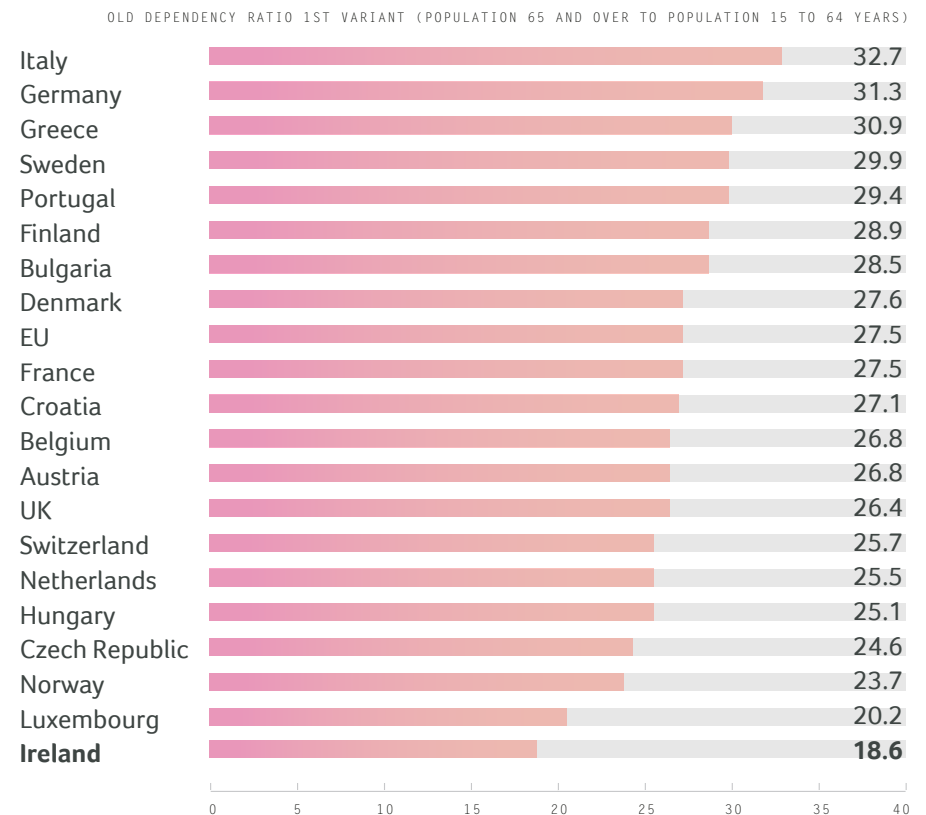
Polish	119,526
French	56,430
Lithuanian	31,635
German	27,342
Spanish	22,446
Russian	21,640
Romanian	20,625
Italian	10,344
Chinese	15,166
Arabic	11,834
Other	177,080
<b>Total</b>	<b>514,068</b>

Source: CSO Census 2011, Foreign languages spoken at home

## Ireland, youngest population in Europe

Median age of 35.5 compared to 42.8 in Euro Area

- Among the lowest old age dependency ratios in Europe at just 18.6%, compared to 27.5% in EU



Source: Eurostat

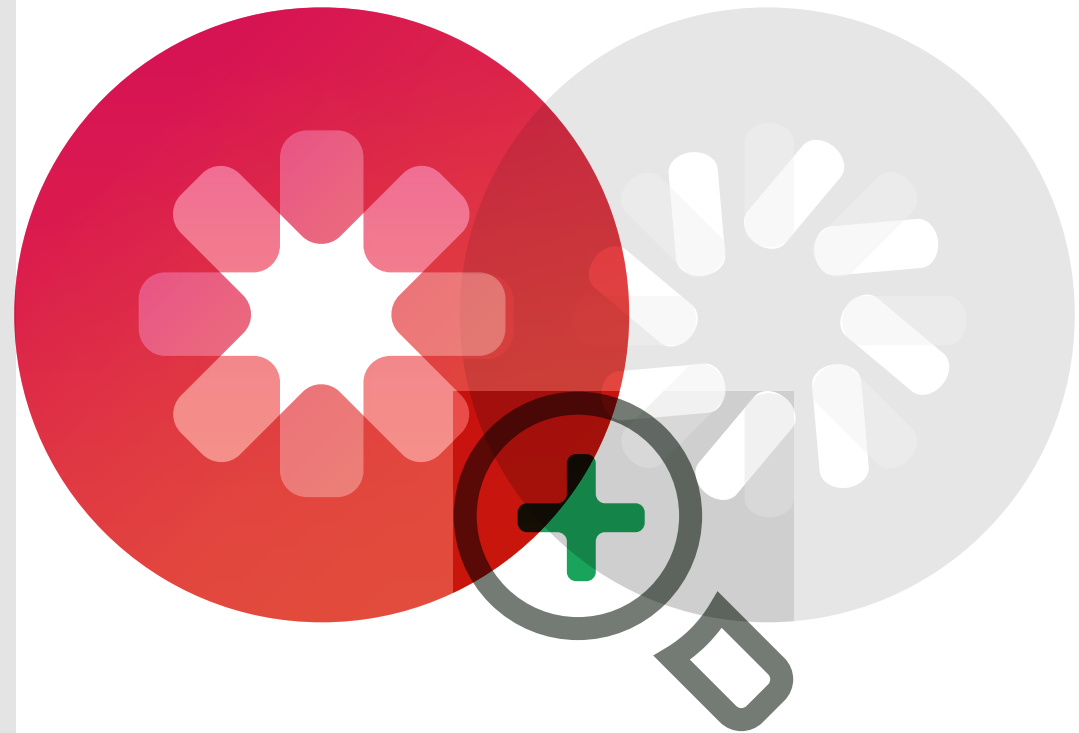
# Impact of FDI

2014 was a record year for FDI with total employment at IDA client companies now stands at 174,488 people, the highest level in the history of IDA Ireland.


## IDA Ireland clients have a significant impact on the Irish Economy;

- €124.5 bn exports
- Growing supply base - €13.9bn of purchases from Irish suppliers
- €1.4 bn R&D spend
- €8.5bn payroll
- €2.8 bn of corporation tax

Source: \*Employment Survey 2014, DJEI ABSEI 2013



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[www.youtube.com/InvestIreland](http://www.youtube.com/InvestIreland) 

idaireland@ida.ie 

 **IDA Ireland**

[www.idaireland.com](http://www.idaireland.com)