



**DUBLIN
CHAMBER**

Q2

Business Outlook Survey 2021

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Introduction

This report reviews Dublin Chamber's Business Outlook Survey for Q2 2021, carried out over the period 10th May - 31st May. Over 300 companies across the Dublin region participated. Carried out as businesses have begun to reopen across Dublin, this survey focuses on the future of cities and the challenges and issues that they face.

What do companies see as the biggest challenges facing Dublin in the coming decade and what emerging policy trends will have the biggest positive and negative impacts on the city? Is Dublin viewed as a smart or resilient city? And how do businesses view the

way Dublin is currently changing in terms of pedestrianisation, proposed speed limits, and the night-time economy?

The survey establishes that structural issues like housing and infrastructure continue to concern the business community at a high rate, while the changes to work practices brought about by the pandemic are regarded both as an opportunity and a long-term challenge.

If you have any comments on our survey, or want to discuss some of our findings, please contact us at policy@dublinchamber.ie.

What do companies see as the biggest challenges facing Dublin in the coming decade and what emerging policy trends will have the biggest positive and negative impacts on the city?

Economic Challenges Facing Dublin

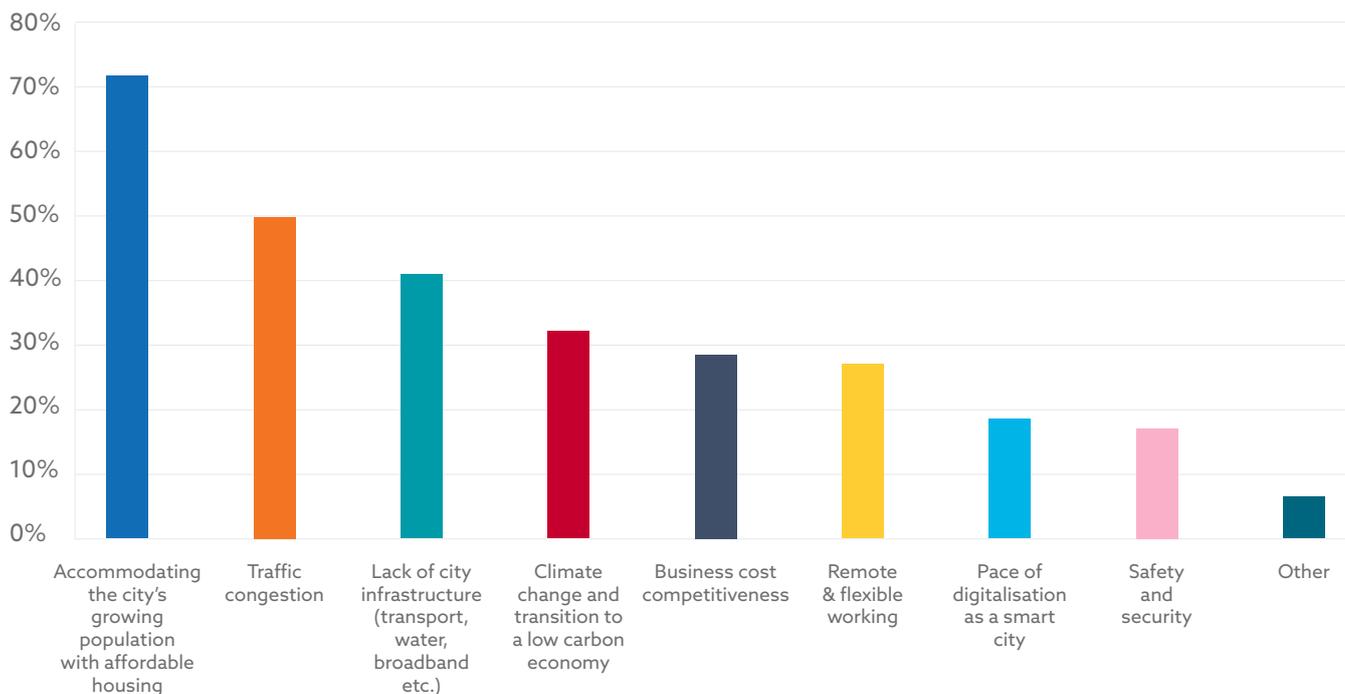
The Covid-19 crisis continues to impact on businesses, but as the city and wider economy begin to reopen, policymakers must once again face the pre-existing challenges to Dublin’s economic competitiveness which have only grown during the pandemic.

We asked businesses to identify the top three biggest challenges facing Dublin from a business perspective. The survey results show that **Accommodating the city’s growing population with affordable housing** (71%), **Traffic congestion** (50%), and **Lack of city infrastructure** (41%) were the top three concerns.

These findings are consistent with pre-Covid results; for several years now, concerns about infrastructure and the supply and affordability of accommodation in Dublin have ranked at the top of business policy priorities. This reveals the continuing impact of past planning decisions and underinvestment in infrastructure including housing, public transport, and water.

Interestingly almost 1 in 3 (31%) companies identified **Climate change and transition to a low carbon economy** as Dublin’s biggest challenge, highlighting how environmental resilience continues to be to the forefront of business thinking and public policy concerns, notwithstanding the impacts of Covid-19.

Apart from Covid-19, what are the top three biggest challenges facing Dublin from a business perspective?



Dublin Now

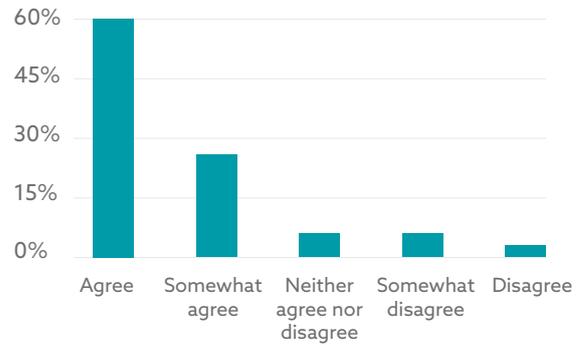
As we look to the future of the city we wanted to capture what businesses think of Dublin now, particularly on topics that are currently impacting on the way the city is developing. The survey asked businesses their views on Dublin’s resilience, its reputation as a smart city and the expansion of the night-time economy.

When asked about the expansion and development of the **Night-time economy** and its impact on businesses in the city, 85% of businesses indicated that it was a positive move for businesses in the city, with only 9% of participants indicating a negative response.

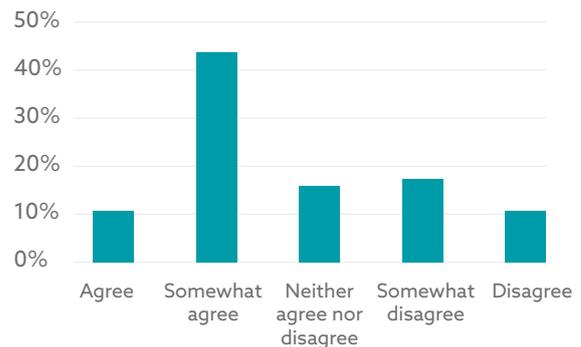
When asked whether “Dublin is a **Smart City** that embraces digitalisation and innovative technology” the majority of businesses (55%) indicated a positive response. However only 11% agreed, with 44% of businesses selecting Somewhat agree. In contrast, 28% of businesses selected a negative response and a significant 16% selected Neither agree nor disagree.

When businesses were asked about Dublin’s status as a **Resilient City**, a clear majority of businesses (59%) indicated a positive response. However, 40% selected Somewhat agree. In contrast to this, just over 1 in 4 business (26%) indicated a negative response and 15% of businesses selected Neither agree nor disagree.

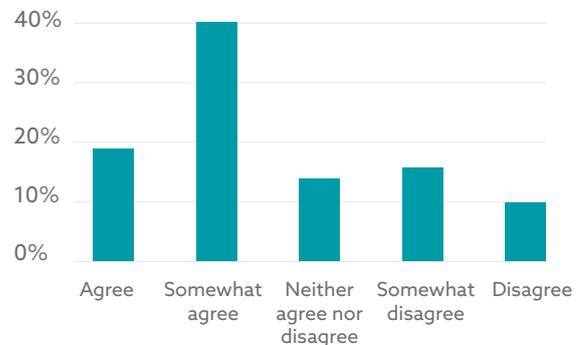
“The expansion and development of the night-time economy is a positive move for businesses in the city”. Agree or disagree?



“Dublin is a Smart City that embraces digitalisation and innovative technology”. Agree or disagree?



Resilient cities have the ability to absorb, recover and prepare for future shocks, be they economic, environmental, social & institutional. “Dublin is a resilient city”. Agree or disagree?



Moving around Dublin

The current crisis has had a dramatic impact on the way in which we move around the city, changing commuter patterns, modes of transport and significantly reducing capacity on public transport. Nationally we are seeing significant policy shifts towards active transport modes, such as walking and cycling, and with the shift to remote and hybrid working, the long-term impact on transport remains unclear.

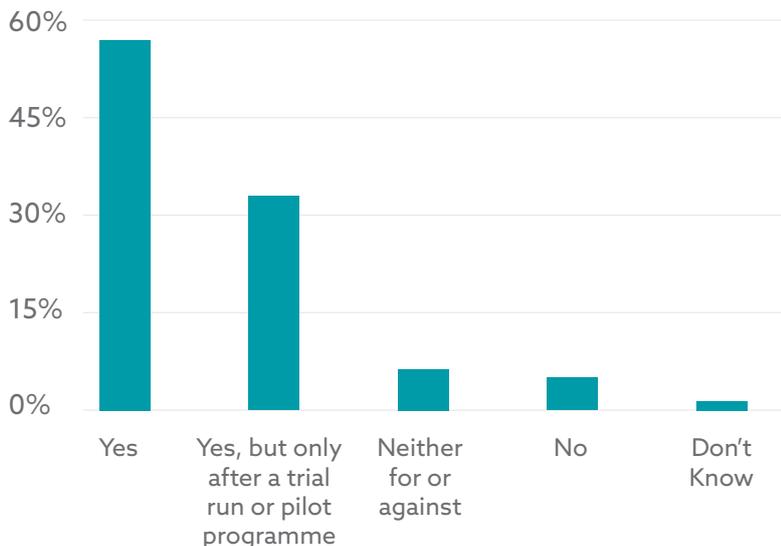
Modes of transport, and the frequency with which people travel can significantly impact businesses, particularly those in retail and hospitality that largely rely on casual footfall. The Q2 survey examines how businesses view recent changes, whether they are in favour of them as long-term solutions, and which transport projects should be prioritised.

1. Pedestrianisation

As Dublin begins an outdoor summer the four Local Authorities have been rolling out enhanced pedestrianisation schemes across the city, giving rise to widespread public discussion. Based on strong business feedback, Dublin Chamber has long supported an improved urban realm for pedestrians and has encouraged the use of trialling to test the feasibility and impact of proposed pedestrianisation projects.

In Q2 2021 a significant 90% of businesses indicated that they were in favour of increased pedestrianisation and public spaces, with almost 1 in 3 (32%) indicating that they were in favour but only after a trial run or pilot programme. This highlights the importance of pilots and an evidence-based approach to implementing change, as the Chamber has previously argued.

As the city prepares for a second outdoor summer, is your business in favour of increased pedestrianisation and public spaces in the city where appropriate?



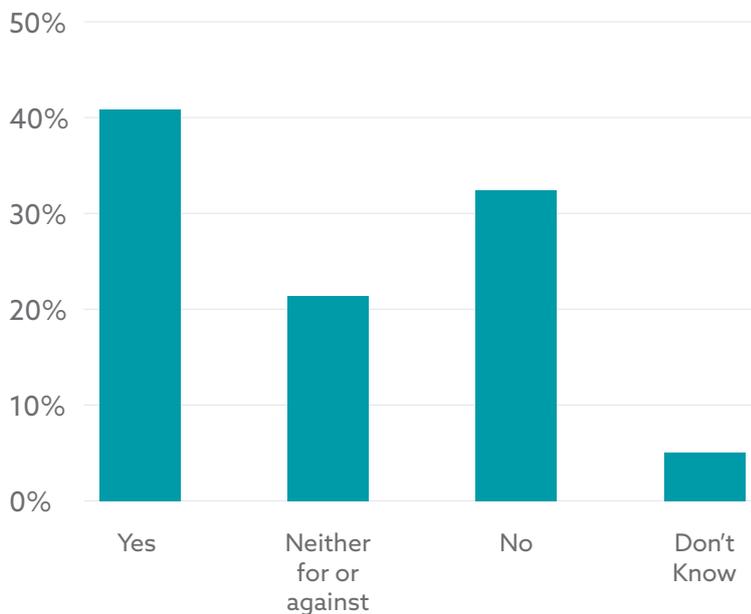
2. Speed limits

Dublin has consistently been ranked as one of the most congested cities in Europe over several years. With the city reopening and the return of commuters, congestion in the city is beginning to rise again. During the pandemic, public health restrictions required that there be no unnecessary travel and mandated work from home where possible. This led to a sizable shift to active transport and the reallocation of road space to accommodate this.

In this context, Dublin City Council recently launched a public consultation on a proposed default 30km/h speed limit across the local authority area, to include important arterial routes.

The response from businesses is certainly mixed. Two in five (41%) are in favour of the proposal with one third (33%) opposed. Over one in five businesses (21%) indicated that they are neither for nor against the proposal. The survey responses in the comment box show equally strong views both in favour and against. Views on this topic may develop in the coming years as badly needed public transport infrastructure is finally delivered, and the city evolves towards lower reliance on private vehicles.

Is your business in favour of the recently proposed default 30km/h speed limit in Dublin City Centre?



3. Business response to active travel

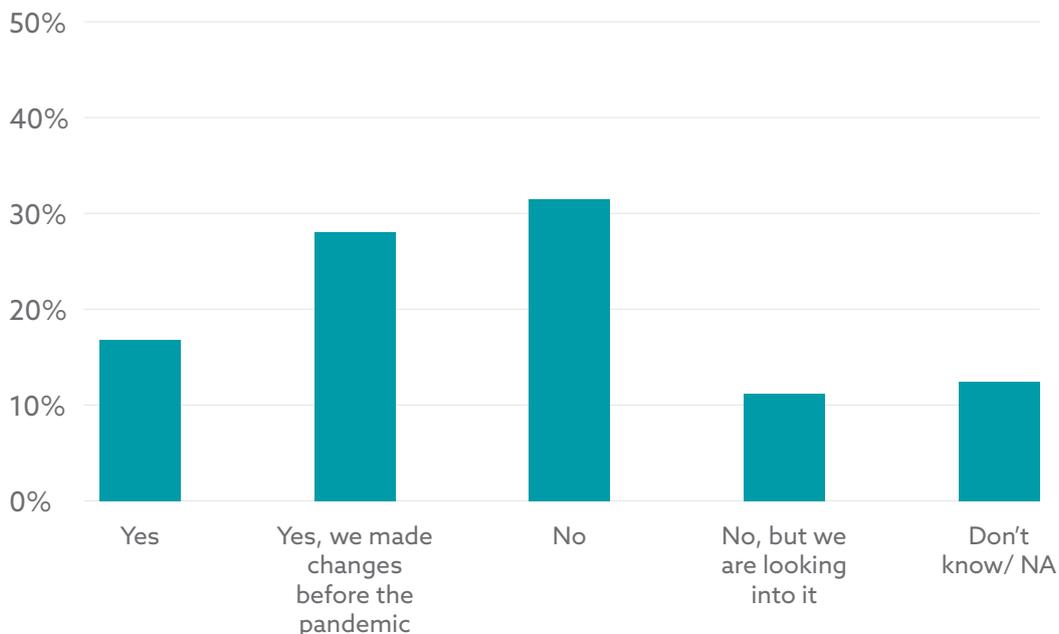
Active travel and indeed active commuting had been continuously on the rise before the pandemic, albeit from a low base. During the Covid-19 crisis, as local authorities were forced to act quickly in response to travel restrictions and public transport capacity issues, Dublin saw a significant shift in road space allocation with increasing amounts of space being reallocated to active travel.

As the anticipated return to the office approaches in early autumn, the Q2 survey

considers the business response to this shift in public behaviour and public policy. We asked businesses: "Has your company made changes to accommodate increased levels of active commuting?". Over 46% of companies have made changes, with 28% of companies having made the changes before the pandemic.

Interestingly, 11% of companies indicated that while they have not currently made changes, but they are looking into it. In contrast, a high figure of 31% have made no changes.

Has your company made changes to accommodate increased levels of active commuting? (walking, cycling, e-scooter etc.)



4. Infrastructure

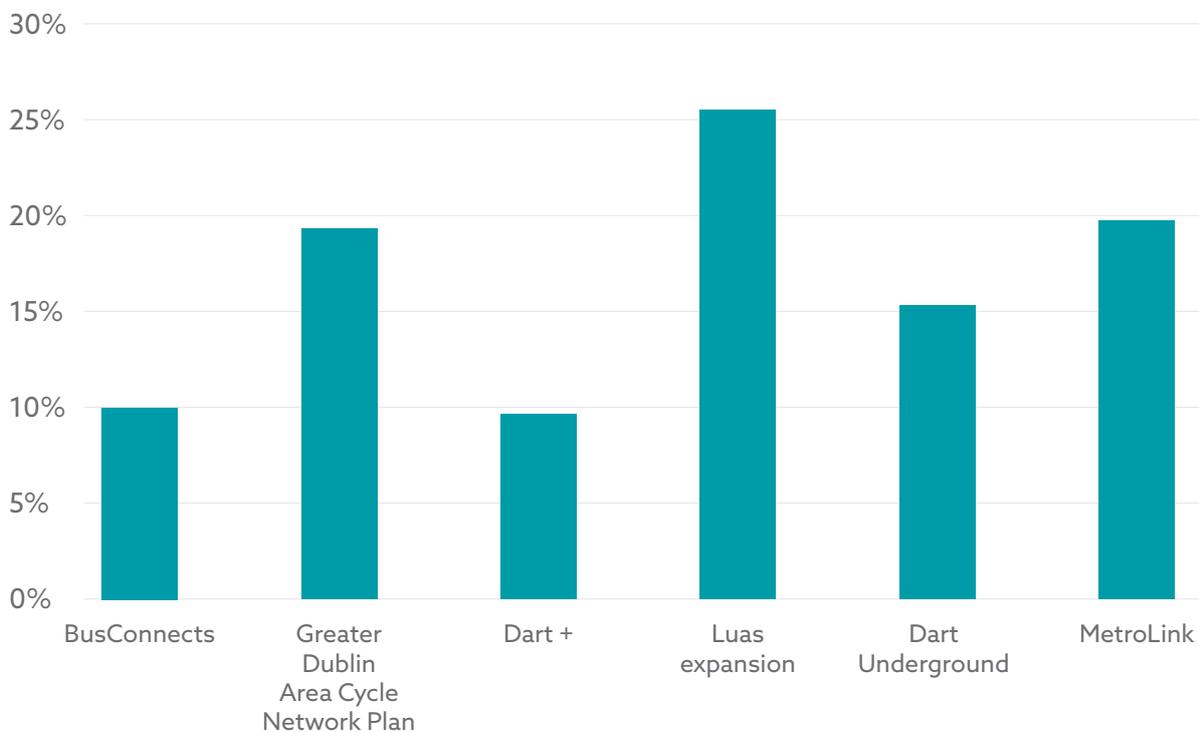
The past year has had a significant and unprecedented impact on the Dublin and indeed the national economy. Some businesses fear that capital projects which have been promised for years might once again become casualties of an economic downturn, this time coupled with a deprioritising of urban investment due to the increase in hybrid and remote working. In this context, Dublin Chamber asked companies which public transport projects they think should be prioritised.

The results were varied with three projects coming out on top: **Luas expansion** (26%),

MetroLink (19%) and the **Greater Dublin Area Cycle Network Plan** (19%). The level of support companies expressed for the GDA Cycle Network Plan is particularly notable, with almost 1 in 5 companies selecting this as their top priority, once again highlighting the policy and behavioural shift towards active transport.

Dart Underground, the only public transport project listed that is not prioritised for funding under Project Ireland 2040, was selected by 16% of companies. In contrast, **BusConnects** and **Dart+** were selected by 11% and 10% of businesses respectively.

Which public transport project do you think should be prioritised?



How will policy influence and impact on our cities?

Public policy debate is already shifting to the question of how to rebuild a strong and resilient economy post-pandemic. Covid-19 has accelerated the pace of change in several key policy areas that have the potential to dramatically alter the future shape of cities and the businesses that provide them with employment and vibrancy.

The Q2 survey highlighted five policy areas that Dublin Chamber has identified as driving the future agenda in cities: **Remote working, Sustainability, City planning and infrastructure, Digitalisation, and Public and active transport**; and it asked companies which of these policy areas will have the greatest positive and negative impact on cities in the coming decade.

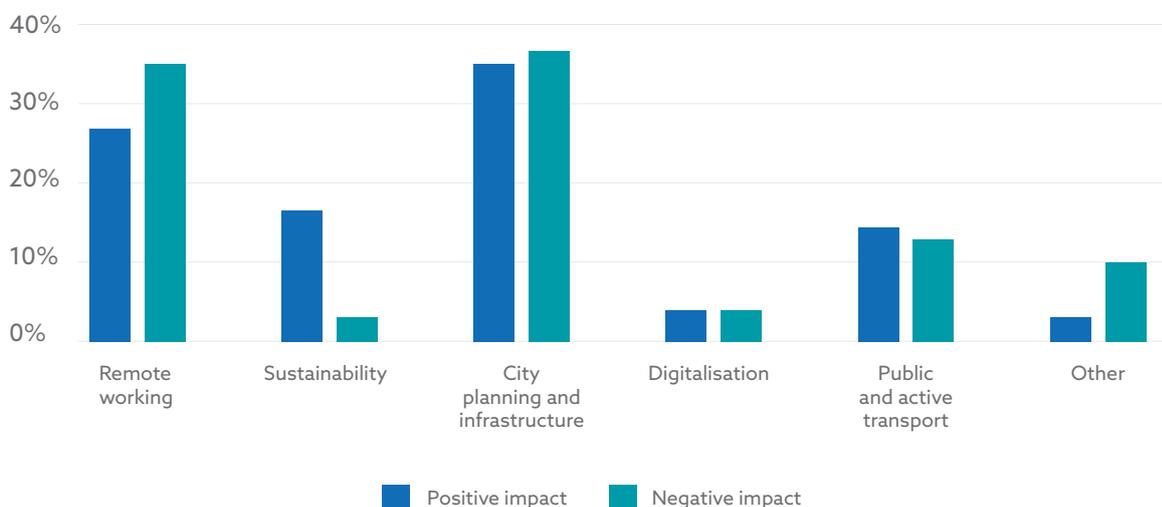
Across the 5 policy areas, 4 were identified by businesses as having both a potential positive and negative impact on cities in almost equal measure. **City planning and infrastructure** was identified by businesses as having the greatest positive impact at 35% and the potential greatest negative impact at

36%. Similarly, **Digitalisation** was identified as having a positive impact by 4%, and a negative impact by 4%; while the figures for **Public and active transport** were 15% for a positive impact, and 13% for a negative impact.

Interestingly, **Remote working**, which is a significant policy area for businesses, was highlighted by 27% of companies as having the greatest positive impact. However, 35% of companies indicated that it will have the greatest negative impact on cities in the coming decade. The clear outlier from the survey was **Sustainability**, with 17% of companies identifying it as potentially having the greatest positive impact and only 3% of companies indicating a negative impact.

The survey responses highlight the challenges with ensuring the right policy approach when dealing with emerging and quickly changing policy trends. They also show significant uncertainty amongst the business community on how these areas of policy will impact on the city.

Which of the following policy areas will have the greatest positive / negative impact on cities in the coming decade?



Business Outlook

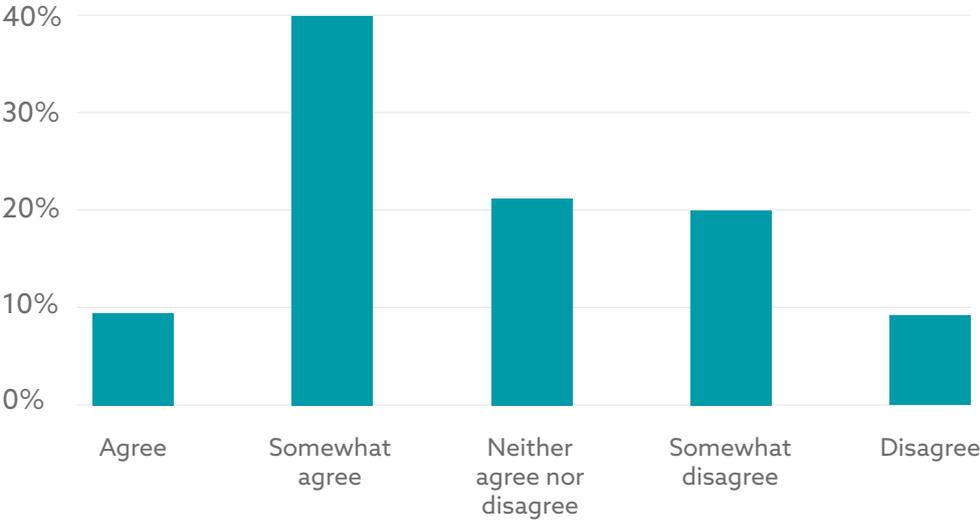
The focus from business and Government is now slowly moving away from reopening policy and moving to centre on successful post-pandemic recovery. To get a better understanding of this topic, we asked respondents about business preparedness for a post-Covid-19 recovery.

When asked whether **“Businesses in Dublin are adequately prepared to recover after Covid-19”** half of businesses indicated a positive response, however only 10%

selected **Agree**, with 40% of businesses selecting **Somewhat agree**. In contrast, 22% of businesses selected **Neither agree nor disagree**, 20% selected **Somewhat disagree**, and 9% indicated that they disagreed.

The results are mixed, and reflect to some degree the sectoral differences and impacts of the current crisis. For example, of those businesses in the Accommodation and Food & Beverage Service sector, 1 in 4 selected **Disagree**.

“Businesses in Dublin are adequately prepared to recover after Covid-19”. Agree or disagree?



Business Outlook over the next three months

Every quarter, Dublin Chamber surveys firms on the outlook for their business in terms of employment numbers, turnover, and profitability. As businesses begin to re-open and the economy begins to recover, a significant positive shift in business outlook is now discernible.

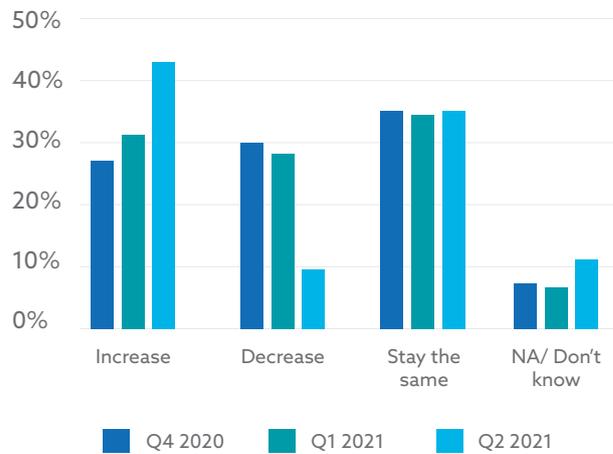
Almost 44% of respondents expect their firm's profits to increase in the next three months compared with just 27% in Q4 2020, and 31% in Q1 2021. This is a 13-percentage point increase since last quarter; and coupled with just 10% of firms expecting their profits to decrease, it is a positive sign in terms of the overall business outlook.

On another positive note, over the last three quarters there has also been a steady rise in companies who are expecting their revenues to increase: 32% in Q4 2020, and 40% in Q1 2021, rising sharply to 56% in Q2 2021.

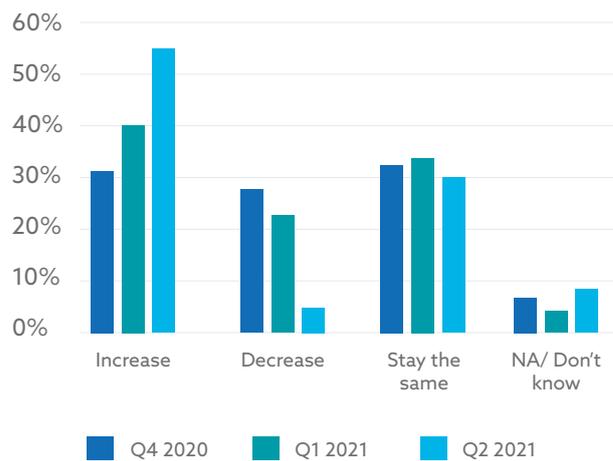
Similarly, there has been a significant increase in the number of companies expecting their staff numbers to increase, with just under half of companies (48%) expecting their staff numbers to rise over the next 3 months.

This is an 18-percentage point increase when compared with the last quarter. This also corresponds with a steady decline in the numbers of companies anticipating a decrease in staff: 13% in Q4 2020, 11% in Q1 2021, and just 8% in Q2 2021.

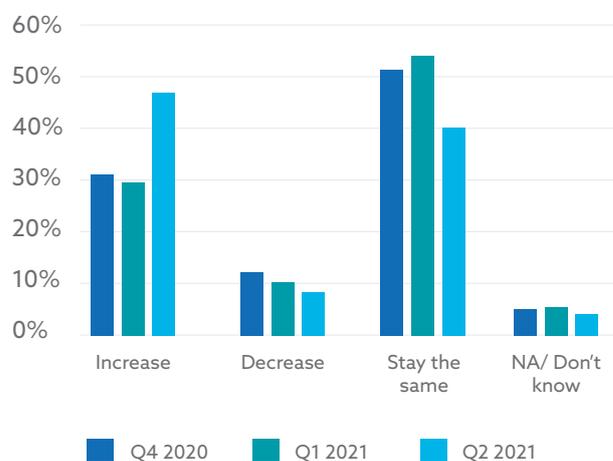
Over the next 3 months do you expect your firm's profits to



Over the next 3 months do you expect your firm's revenues to



Over the next 3 months do you expect your firm's staff numbers to



In Focus

Dublin Chamber regularly holds focus groups with its member companies to inform policy work and provide greater insight into topical issues affecting business. This quarter we held focus groups on the topics of Entrepreneurship, Covid-19 impact on the Construction Sector, Barriers to Business Sustainability, Digital Transformation, and International Travel.

Entrepreneurship

Dublin Chamber members report that the main barriers and challenges facing entrepreneurs in Dublin at present are: raising finance in Ireland; competing for investment with larger firms which are easier to understand and offer a 'safer bet'; the unrewarding tax environment; recruitment and competing for talent with larger firms offering higher remuneration; meeting skills needs; as well as general concerns about transport infrastructure, cost of living and business costs such as rent and insurance. The group also discussed potential policy changes such as lower Capital Gains Tax, an improved Employment & Investment Incentive scheme, and conscious promotion of a culture of entrepreneurship from an early age.

Construction Sector Impact

The construction sector was facing significant issues and challenges as it reopened for the first time since December. Brexit and Covid-19, coupled with the construction sector in Ireland being one of the last in world to resume work has left unprecedented challenges. These challenges included: a backlog in supplies and increased competition for both materials and skilled labour leading to delays and upward price pressure, and the knock-on effect of hotel quarantine on accessing specialists from

abroad. Businesses expressed concern that some multinational companies' Irish capital budget allocations will be reallocated to other countries due to delays here. Broader issues discussed included reform of the planning system and a shift to new construction practices.

Barriers to Sustainability

Members have reported that they know sustainability is a key priority for businesses, but are having trouble navigating what can be a confusing landscape. Businesses are struggling, but are committed to getting to grips with establishing a suitable strategy internally, understanding the credentials of suppliers, and trying to understand how to get ready for potential future Government measures in relation to sustainability.

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Chamber members also emphasised the need for better communication to businesses about what digital transformation can actually mean for a business in practice.

Additionally, firms are juggling sustainability goals in cases where it is a new business priority. Resourcing sustainability actions with the required human capital is a challenge, especially when work needs to be done to bring the entire organisation on the journey to championing sustainability as core to business resilience and competitiveness.

Digital Transformation

Businesses discussed a number of key areas impacting upon Ireland's ability to promote digital transformation among its SMEs. These included a new National Digital Strategy which is long overdue, and the absence of a single driver of the digital agenda at national policy level. Chamber members also emphasised the need for better communication to businesses about what digital transformation can actually mean for a business in practice, road-mapping of existing supports to encourage greater take-up, and encouraging use of digital technologies in the education system from an early age.

International Travel

Focus groups were also held this quarter on the impact that the absence of international business travel has had on ordinary business operations outside of the tourism and hospitality sector, with many growing businesses stressing the importance of face-to-face meetings in the sales process, particularly in the US and other overseas markets, and emerging competitive pressure to hold in person meetings where businesses from other countries are willing to do so. At the present juncture, business concerns about future international travel appear to be grounded less in safety issues than in a stricter assessment of the value of time used for business travel.



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