

Q1 2024 Business Outlook



**DUBLIN
CHAMBER**

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Introduction

This report outlines the results of Dublin Chamber's Q1 Business Outlook Survey, conducted from January 25th to March 11th 2024. Approximately 200 companies throughout the Dublin region participated in the survey, representing the diverse makeup of Dublin Chamber members with regard to size and sector. This survey edition was conducted during a period where the perspectives of Dublin businesses are both crucial and timely for informing policy agendas for 2024. The information gained from the survey allows for the tailoring of Dublin Chamber's lobbying positions in this election year with this quarter's edition providing insights into the housing and labour markets, transport, and retrofitting, while also outlining Budget and Election priorities.

The Q1 Business Outlook also includes Dublin Chamber's Expectations Indices that outline members' expectations across various metrics, with member feedback from roundtable discussions concluding the first Business Outlook installment of 2024.

Over three-in-five Dublin businesses (62%) have either lost employees or had prospectus employees decline a job offer due to poor availability of affordable housing. While three-in-ten businesses (30%) have subsidised or provided accommodation for employees, almost two-in-ten (17%) provided this for less than three months and over one-in-twenty (6%) have offered accommodation allowances for a period greater than 12 months.

Flexible and remote working remains the most effective measure in attracting and retaining staff with four-in-five Dublin businesses (80%) claiming the measure to be most effective. This has remained the most effective measure reaffirming the findings of this report in Q2 2023. However, the difference in flexible and remote working and competitive salaries and employee benefits is closing significantly with competitive salaries climbing to the second most effective measure, selected by over seven-in-ten Dublin businesses (71%) as being most effective amid the high-cost environment.

Transport is repeatedly a policy priority for Dublin businesses and is critical in the lead up to elections. Almost two-in-three Dublin businesses (63%) expressed their satisfaction with the frequency of public transport that serves their businesses' workplace. With nine-in-ten (90%) reporting that their business is served by bus and the second most being Luas at just less than three-in-five (59%).

Just under seven-in-ten businesses (69%) do not own their businesses' premises, with over one-in-four (26%) reporting that their business does own their premises. Regarding retrofitting, over three-in-ten (32%) have the responsibility to retrofit and directly receive the financial incentive, with this responsibility and incentive falling to landlords

for over one-in-four (26%) of Dublin businesses. There is a split incentive in place for almost one-in-ten businesses (8%), but this differs greatly depending on the number of employees in the business, which is outlined below.

Amid rising concerns for accessing finance for business, there is only 3% of Dublin businesses currently engaging with EIS, with those engaging in the scheme indicating either a 'neither easy nor difficult' or 'very difficult' experience. This worthwhile scheme is not being taken on by SMEs due to the burdensome application process as outlined in Dublin Chamber's Pre-Budget Submission 2024.

Dublin businesses have underscored three critical areas that demand priority attention in Budget 2025. Topping the list is the pressing issue of affordable housing, with 83% of businesses stating that increasing the supply of affordable housing should be a top priority of the government. Ranked as a second priority by 66% of Dublin businesses is the need for heightened investment in transport and infrastructure. Improving public services emerged as a significant priority, with 55% of businesses ranking it third on the government's agenda for prioritisation.

Housing and infrastructure top Dublin businesses' election priorities as approximately three-in-four (73%) selected increasing the housing supply as their number one election priority, while transport and infrastructure projects came in as the number two item on the election priorities, selected as either the number one or number two item on the election list by approximately three-in-five (59%) of Dublin businesses. Reducing the cost of doing business and increasing the supply of labour rank third and fourth, with reducing costs registering as third amid the high-cost environment and expected labour demand relief.



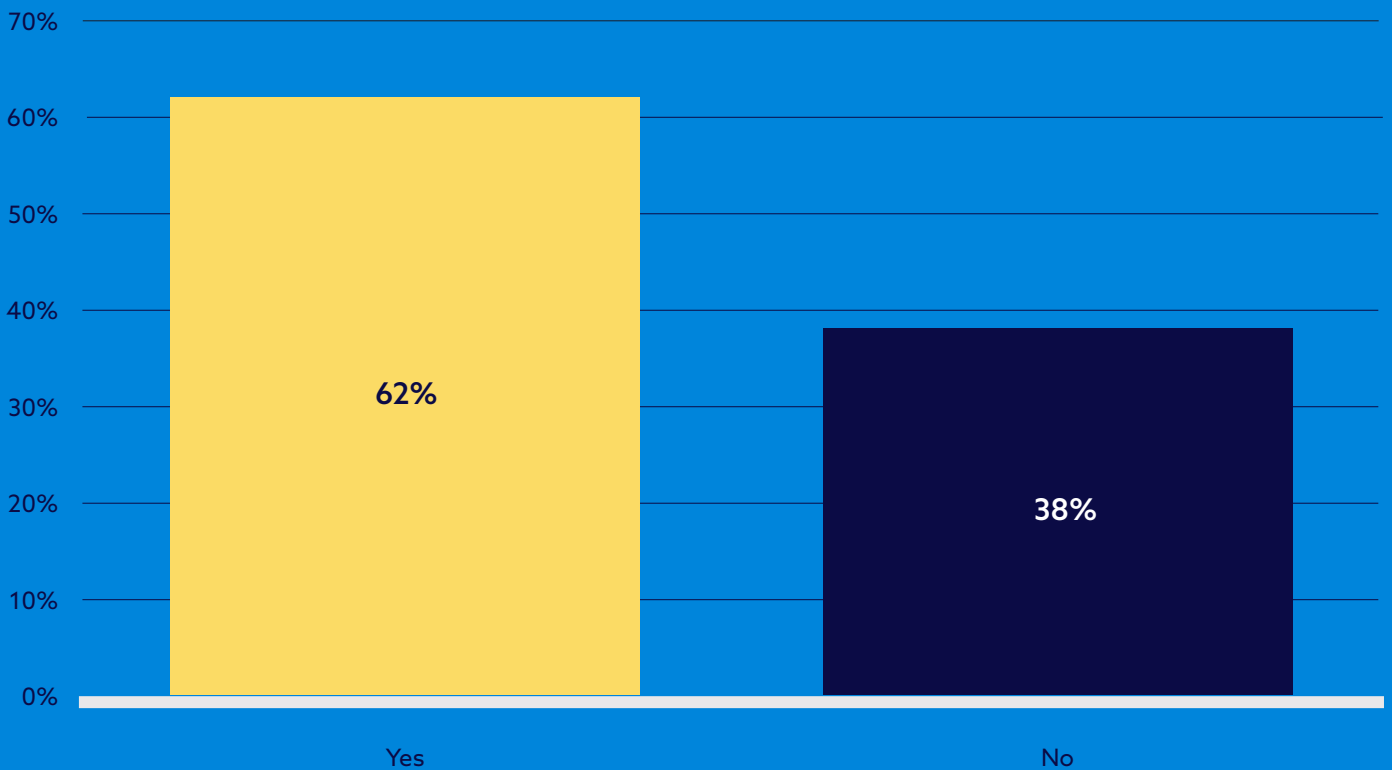
If you have any comments on our survey or want to discuss our findings, please contact us at policy@dublinchamber.ie

Housing

The availability of affordable housing remains the largest concern for Dublin businesses and is reflected in both election and budget priorities for Dublin business later in this analysis. Over three-in-five Dublin businesses (62%) have lost employees or had prospective employees not take a job due to the poor availability of affordable housing in Dublin. Almost two-in-five (38%) have

not experienced this problem in retaining staff due to poor availability of affordable housing. Not only is the lack of affordable housing Dublin Chamber members' largest concern for Dublin, it negatively impacts Dublin businesses' top priority, which in Q4 2023 remained attracting, retaining and upskilling staff.

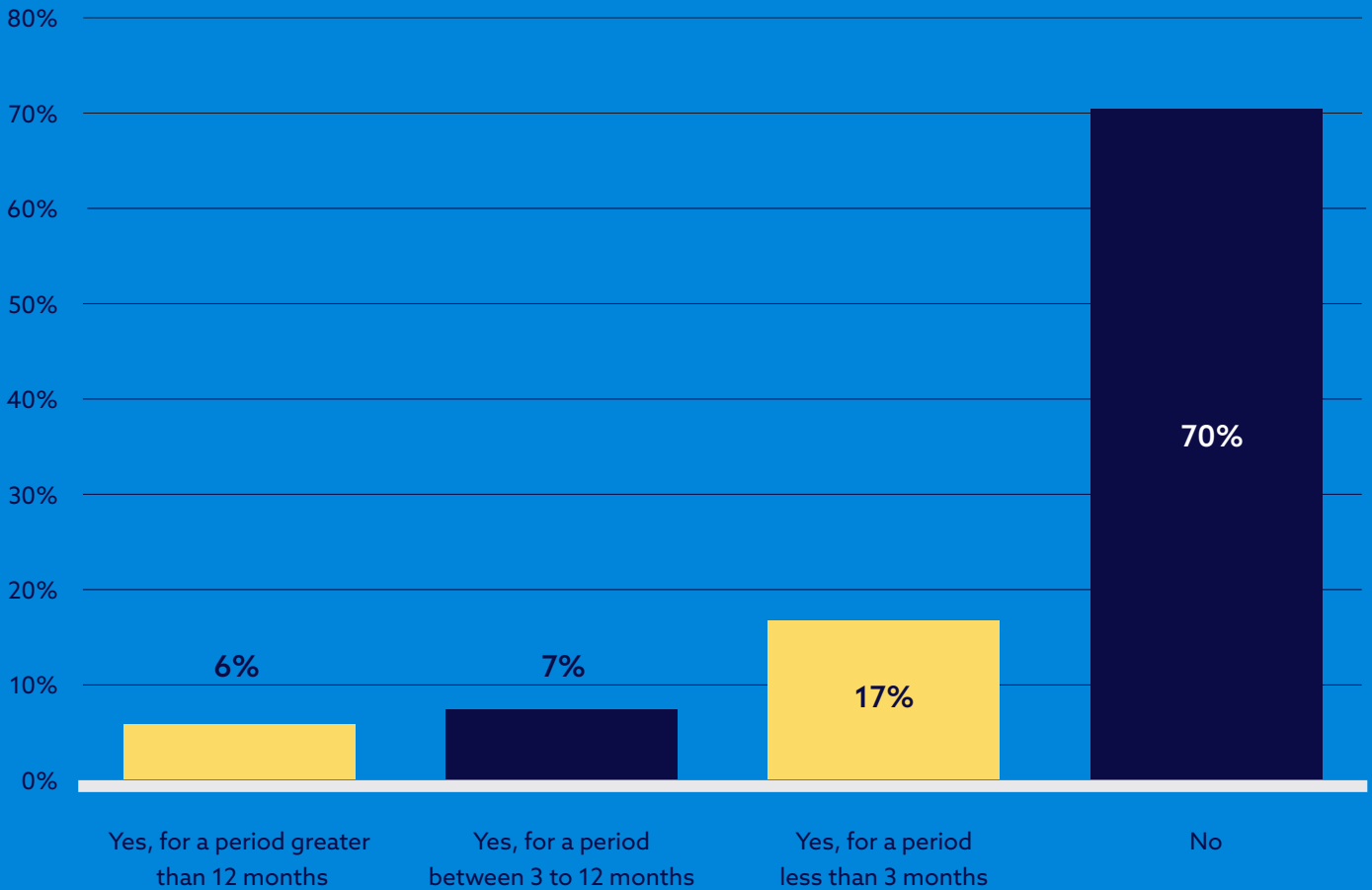
Has your business ever lost employees or had prospective employees not take a job due to poor affordable housing supply in Dublin?



Businesses have taken several proactive measures to address the housing issue and facilitate existing or prospective employee's ability to work in Dublin. Three-in-ten businesses (30%) revealed that they have subsidised or

provided accommodation for employees to allow them to take a job in Dublin, with almost one-in-five (17%) stating these measures are provided for a period of less than 3 months.

Has your business ever subsidised or provided accommodation for employees to allow them to take jobs in Dublin?



Looking at provisions over a longer term, almost one-in-ten businesses (7%) stated that they have subsidised accommodation to some extent for a period between 3 to 12 months, with slightly over one-in-twenty businesses

(6%) offering accommodation provisions for a period greater than 12 months. These findings underscore the approaches adopted by Dublin businesses in tackling the housing issue and ensuring the well-being of their workforce.

Skills

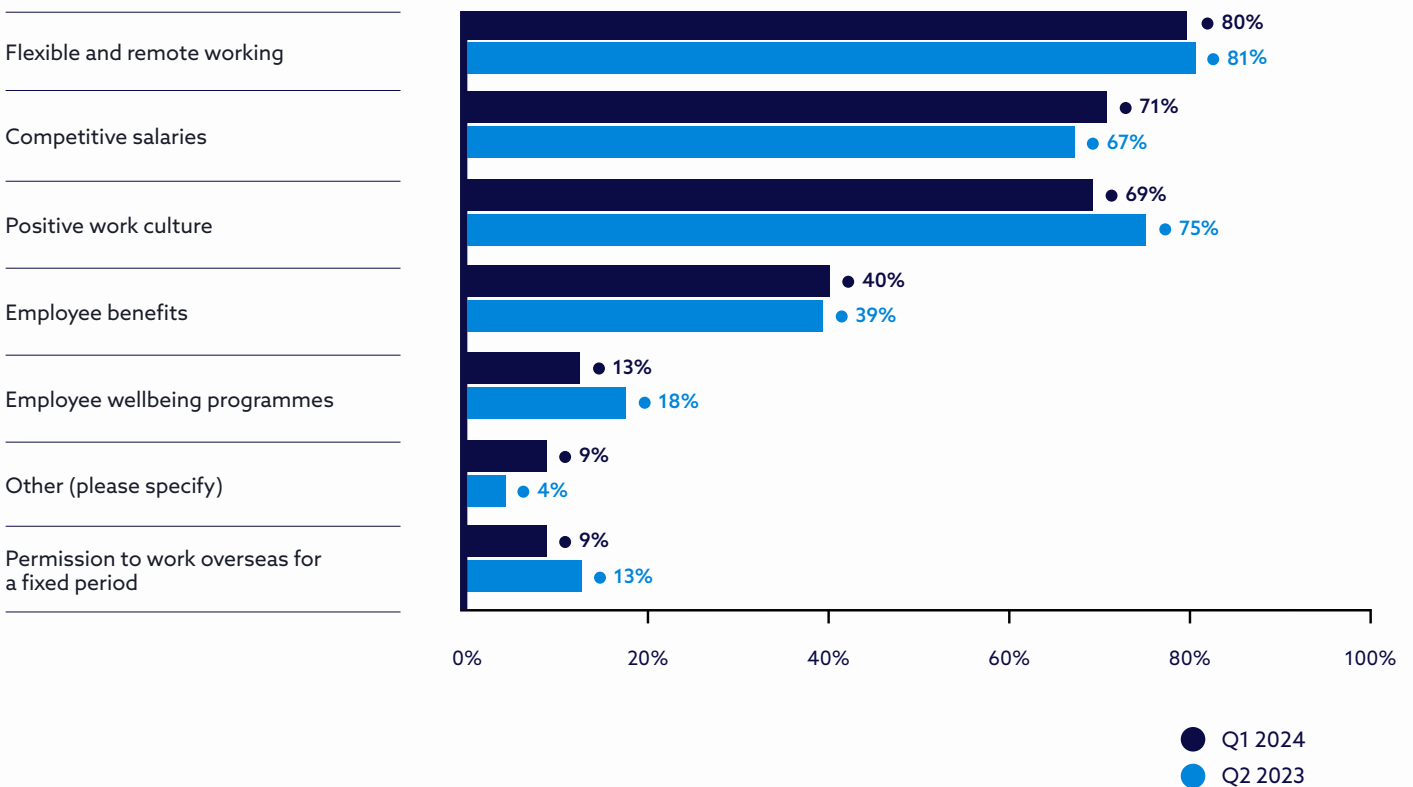
In Q4 2023, attraction and retention of staff was selected by over three-in-five businesses (62%) as a top priority for their company. With this in mind, this quarter Dublin Chamber members were asked 'What top three measures does your business find most effective in attracting and retaining staff?'. A question previously asked in Q2 2023, provides a baseline for comparison in how this has changed over the nine-month period.

Flexible and remote working remains the most effective measure in attracting and retaining staff, accounting for four-in-five Dublin businesses (80%). Over seven-in-ten

businesses (71%) identify competitive salaries as the second most effective measure and fostering a positive work culture completes the top three most effective measures in attracting and retaining staff with approximately seven-in-ten businesses (69%) reporting its use.

For two-in-five businesses (40%), providing employee benefits ranks as one of their top strategies, while one-in-ten businesses prioritise employee wellbeing programmes and granting permission to work overseas for a fixed period as key strategies.

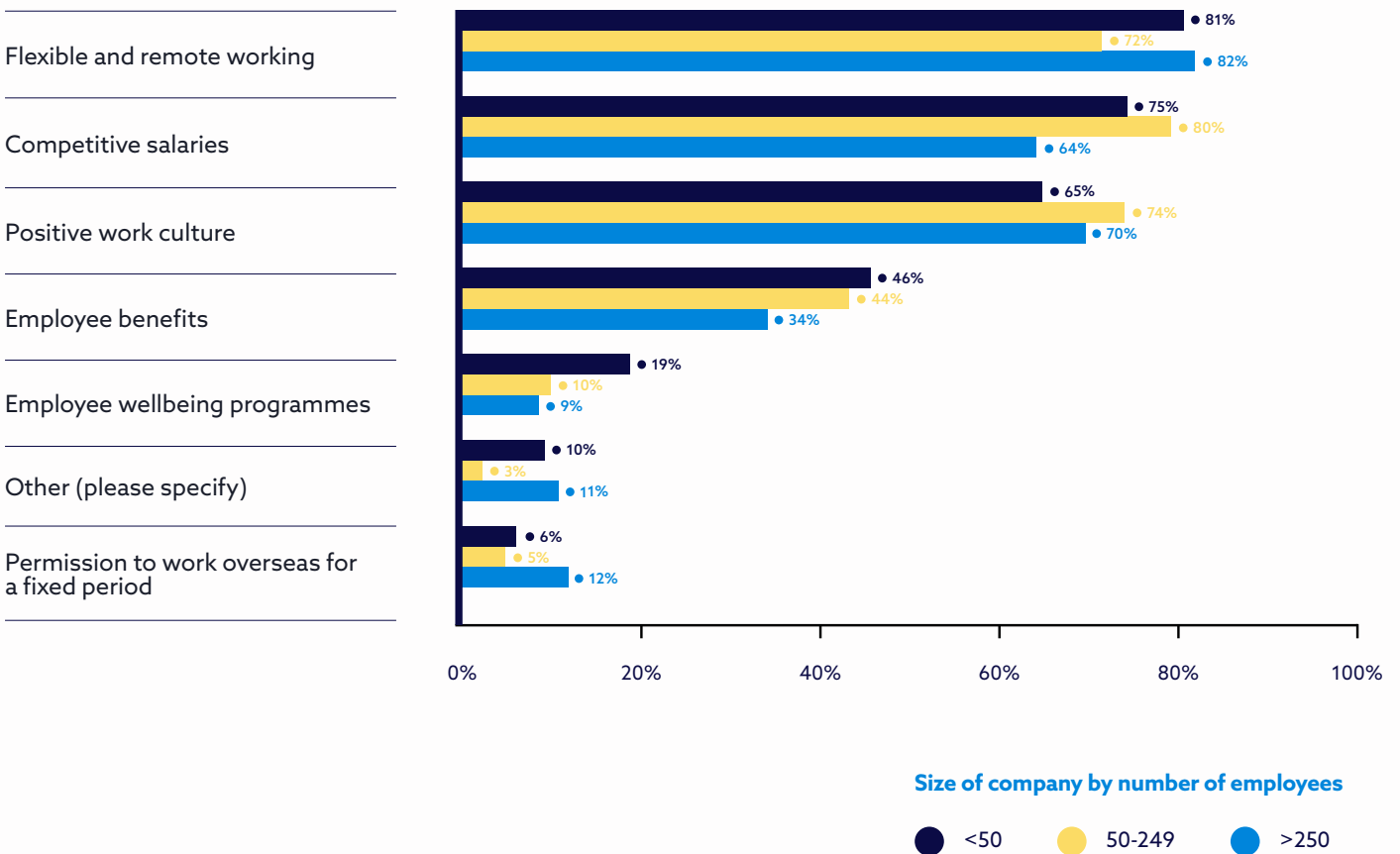
Select the top three measures your business finds most effective in attracting and retaining staff?



Against the backdrop of high costs, the gap between flexible and remote working, and competitive salaries as an effective measure for attracting/retaining staff is converging. In Q2 2023, competitive salaries were considered the third most effective measure but this quarter it has significantly surpassed positive work culture. This is also true for the other tangible measure of employee benefits, which with competitive salaries, are the only two measures to increase in effectiveness as a means of attracting and retaining staff.

Equally, different measures are reported to be most effective when looking at Dublin businesses through the lens of the number of those employed in the company. As stated previously, there has been a convergence between flexible and remote working and competitive salaries as effective measures in attracting and retaining staff. However, in the case of businesses with between 50-250 staff, competitive salaries are the most effective with approximately four-in-five (79%) stating competitive wages as the leading measure in attracting and retaining staff.

Select the top three measures your business finds most effective in attracting and retaining staff?

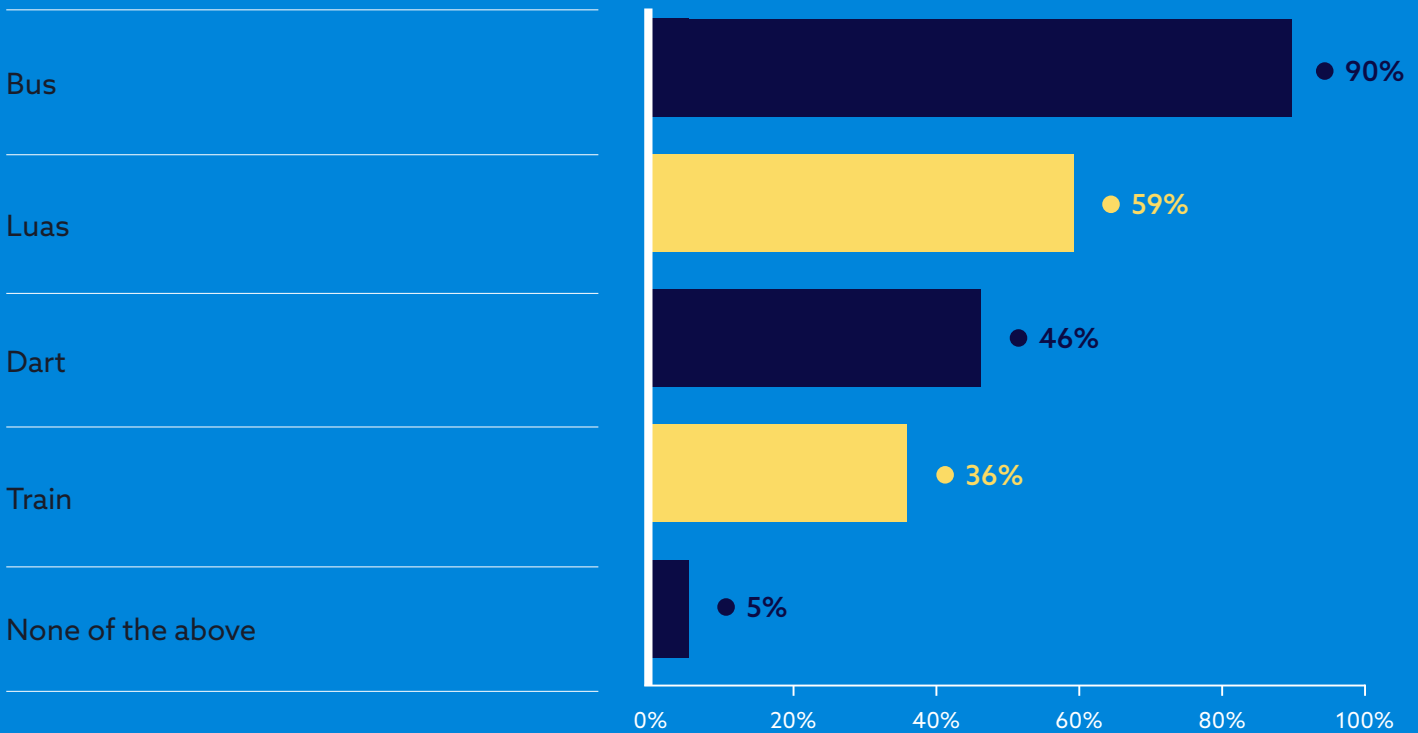


Transport

In Q4 2023, approximately one-in-two Dublin businesses (48%) selected poor infrastructure as one of the top three challenges facing Dublin, making it the second biggest challenge behind affordable housing supply. Completing infrastructure projects is also among the most repeatedly called for asks by Dublin Chamber members when preparing for the annual Budget, which will be outlined later in this analysis.

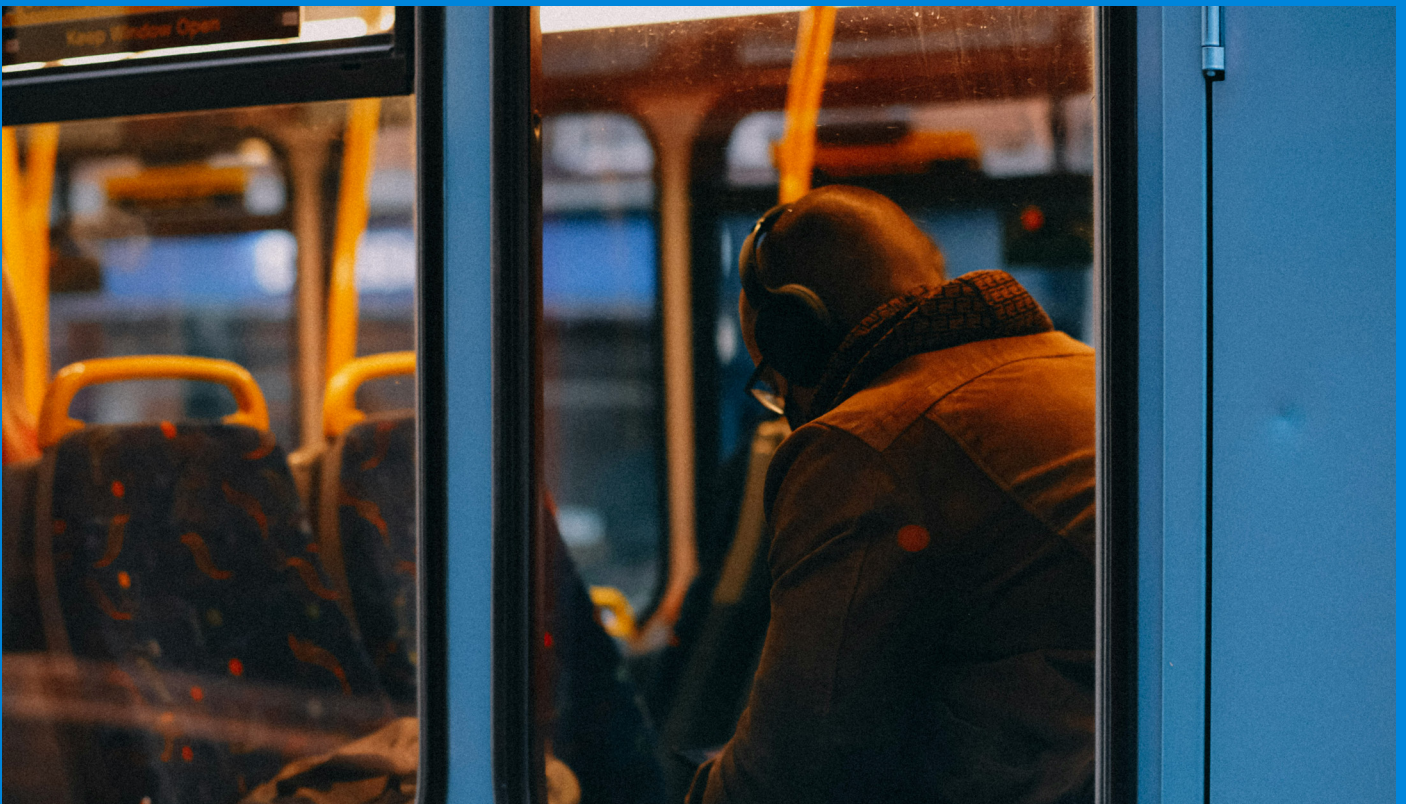
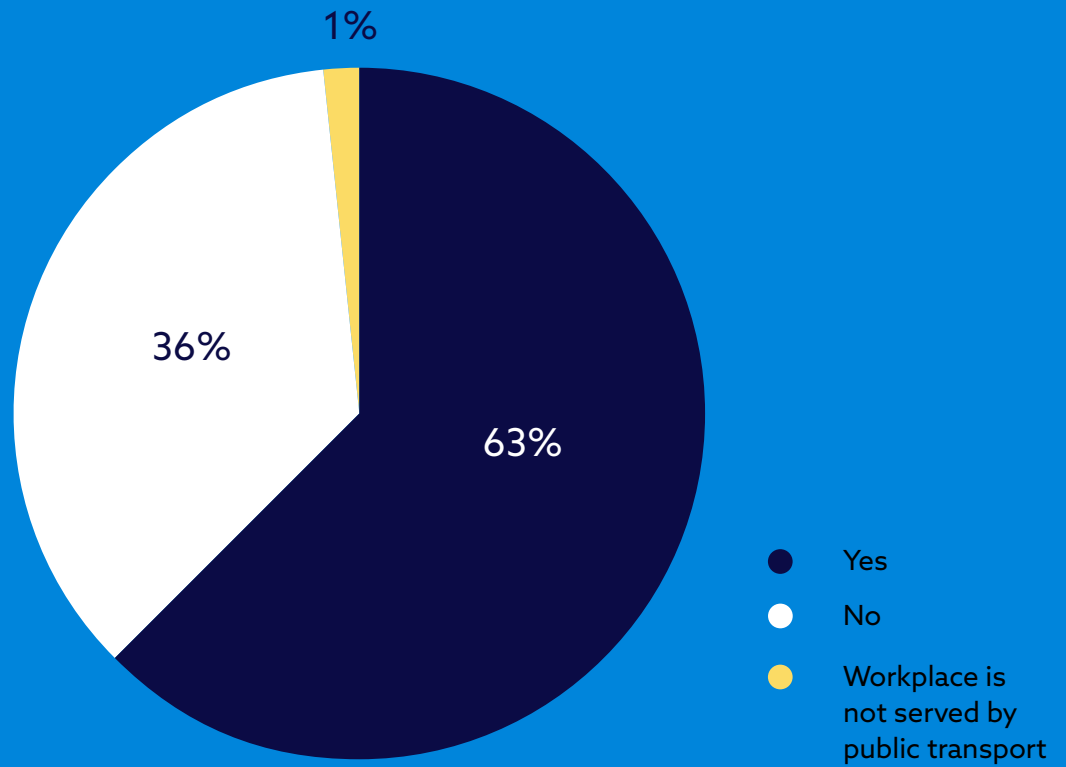
Looking at what modes of public transport serves Dublin Chamber members, we can see that nine-in-ten (90%) are served by bus, with approximately three-in-five (59%) served by Luas. The Dart serves almost one-in-two Dublin businesses (46%) and train over one-in-three (36%). One-in-twenty Dublin businesses (5%) are not served by any means of public transport named above.

Is your business' workplace within a 10-minute walk of the following public transport?



More than three-in-five businesses (63%) are satisfied with the frequency of transportation serving their workplace, while almost two-in-five (37%) expressed the inadequate frequency of the public transport that serves their workplace.

Are you satisfied with the frequency of the public transport that serves your workplace?

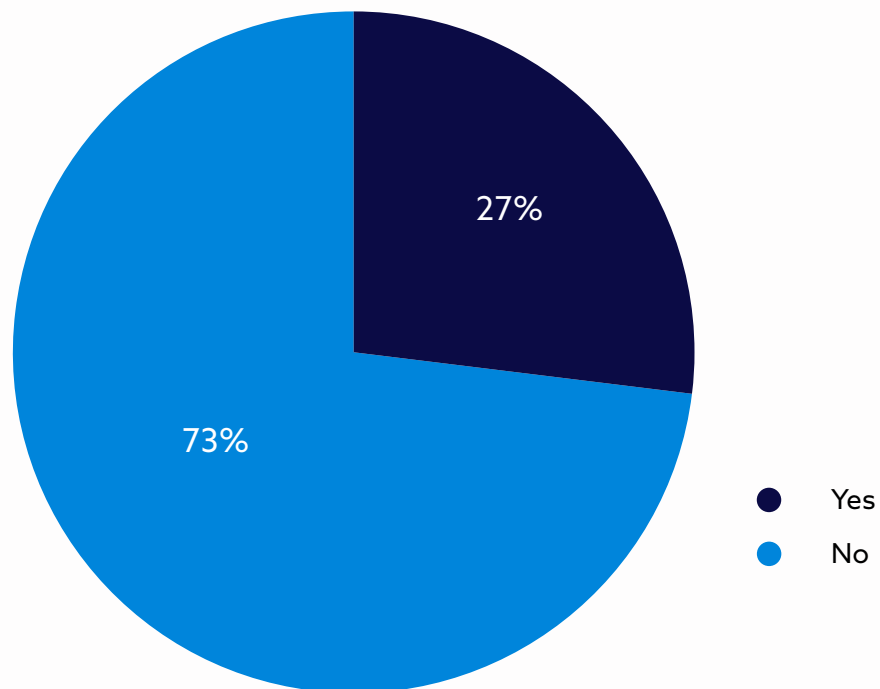


Premises & Retrofitting

Premises

To look at the retrofitting landscape, Dublin businesses were asked if their business owns its work premises, to which over seven-in-ten member companies (73%) answered no, with over one-in-four (27%) replying yes, stating that their business own their premises.

Does your company own its premises?



Broken down to encompass numbers employed in the company, the makeup regarding owning and leasing differs as seen in the tabulation below.

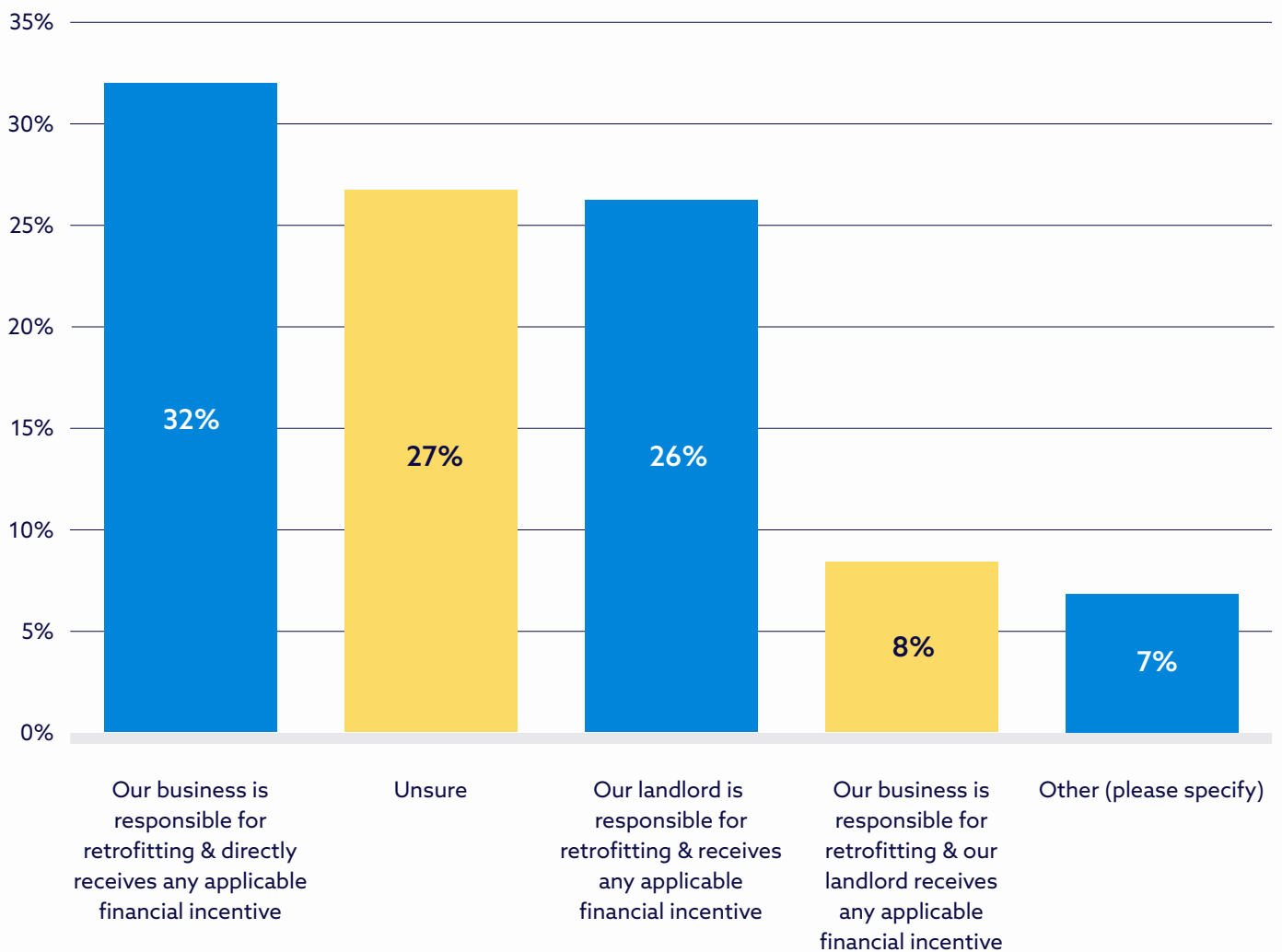
Does your company own its premises? (sorted by company employee count)	Yes	No
1-49	15%	85%
50-250	41%	59%
250+	38%	63%

Retrofitting

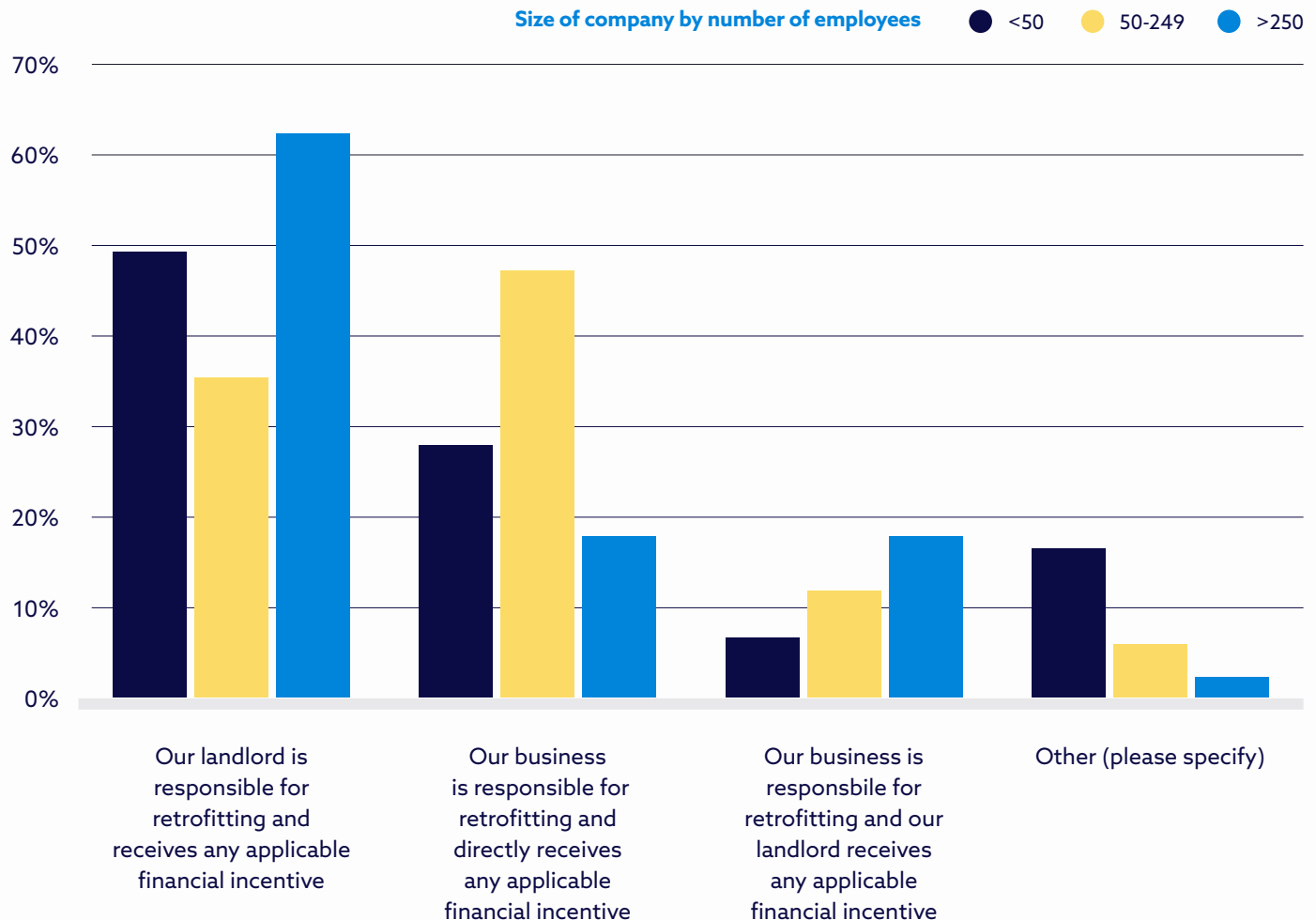
Approximately one-in-three (32%) have the responsibility to retrofit and directly receive the financial incentive, with this responsibility and incentive falling to landlords for over one-in-four Dublin businesses (26%). With a split incentive in place for almost one-in-ten Dublin business (8%).

Removing those who were unsure and accounting for how many employees their respective business has, the following breakdown shows how retrofitting impacts businesses differently based on size.

With regard to retrofitting your office/worksite, which scenario most accurately represents your business' circumstances?



With regard to retrofitting your office/worksite, which scenario most accurately represents your business' circumstances?



From the illustration above, the size of a business by number of those employed, can greatly impact the dynamic between retrofitting responsibility and incentives. SMEs and businesses in excess of 250 employees are most likely to be in a position in which the responsibility to retrofit lies with the landlord along with the financial incentive. Whereas for companies between 50 and 250 employees the onus to retrofit falls to their business, as does the financial incentive - this may be influenced

by these businesses being more likely to own their premises as outlined above.

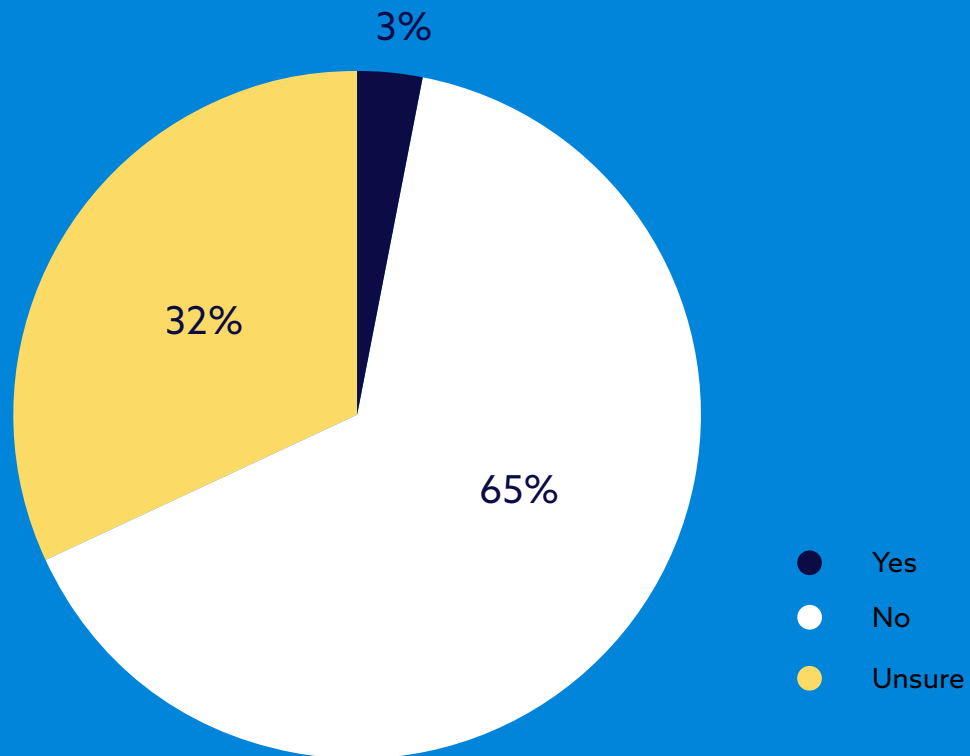
Split incentives, the term used to refer to when the onus of retrofitting falls to the business, but the direct financial incentive is received by the landlord, is a concern as it can lead to a lack of clarity and disincentivise retrofitting. Almost one-in-five (18%) of large businesses come under this umbrella, while one-in-eight (12%) for businesses between 50-250 staff and less than one-in-ten (7%) for SMEs.

Access to Finance

Access to finance is gaining momentum as a priority for Dublin businesses amid high costs. In Q4 2023, 16% of businesses outlined it as a top concern heading into 2024, this rose from only 4% in Q1 2023. EIS, a valuable

tax relief which encourages investment in SMEs to contribute toward maintaining and creating employment, is beneficial yet, take up of the scheme is extremely poor.

Does your company currently avail of the Employment Investment Incentive Scheme (EIS)?



Only 3% of Dublin businesses currently avail of EIS, with those engaging with the scheme indicating either a 'neither easy nor difficult' or 'very difficult' experience. This reflects the experiences of Dublin Chamber members engagement with the scheme, as outlined in Dublin Chamber's Pre-Budget Submission 2024:

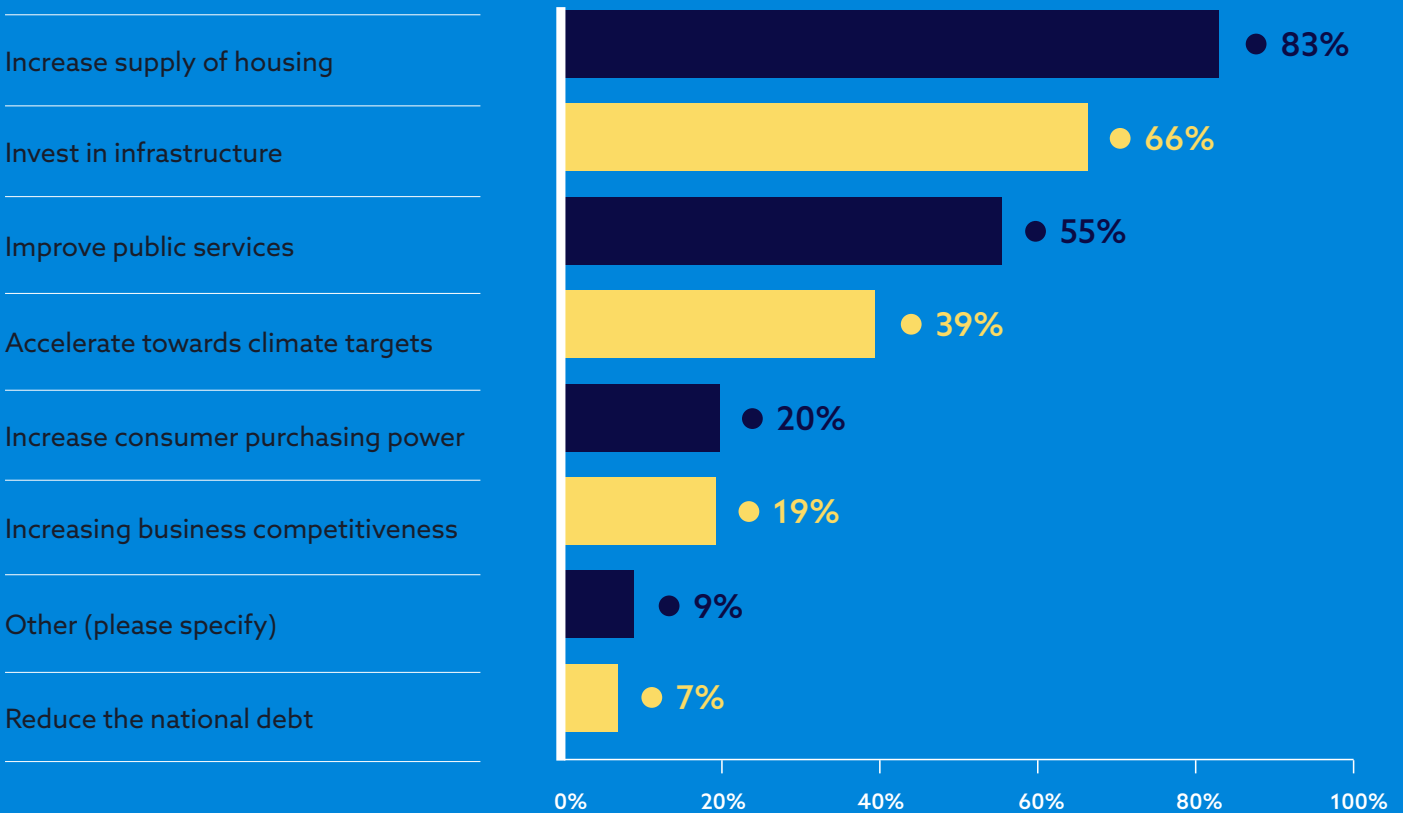
"The rationale for the scheme is a worthwhile one, but many businesses are not taking it up. Not only is the application complex but the penalties for errors are steep. Improving certainty for participating companies could substantially increase uptake of the relief".

Budget Priorities

Affordable housing emerges as the top budget priority, with over four-in-five businesses (83%) stating that increasing the supply of affordable housing is a top priority. More than two-in-three businesses (66%) ranked completing or improving transport and infrastructure projects

as the second most pressing issue. Followed by this, more than one-in-two businesses (55%) identified improving public services as the third biggest priority, while accelerating towards climate targets was ranked as a fourth priority by almost two-in-five businesses (39%).

What are the top three goals Government should prioritise in the next Budget?



Notably, improving business competitiveness was ranked as a fifth priority by almost one-in-five businesses (19.2%). Just over one-in-sixteen businesses (6.7%) identified reducing the national debt as a seventh top priority, while less than 10% indicated other goals not specified in the

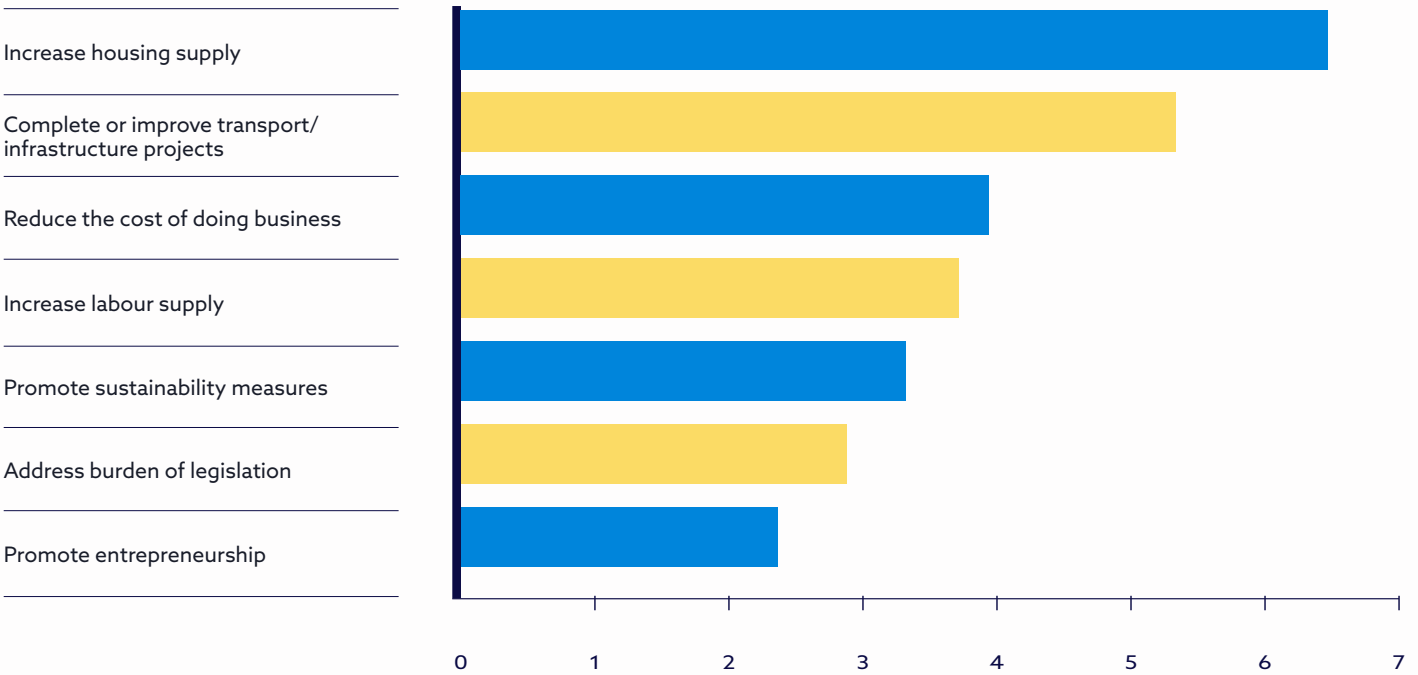
survey. These results collectively highlight the array of challenges and opportunities that the government must navigate in shaping Budget 2025 to meet the diverse needs of Dublin businesses.

Election Priorities

Following similarities to budget priorities outlined above, Dublin Chamber members outlined their election priorities as we approach local and European elections in June. Housing and infrastructure top the list, as the number one priority for Dublin business, with almost two-in-three (65%) selecting increasing the

housing supply as their number one election priority. Transport and infrastructure projects came in as the number two item on the election priorities, selected as either the number one or number two item on the elections list by over one-in-two (54%) of Dublin businesses.

Rank the following Election policy themes in order of preference, 1 being the most pressing issue.



As previously shown, the scarcity of affordable housing in the city is detrimental to Dublin businesses. Insufficient supply of affordable housing supply can force businesses to provide subsidised accommodation in order to obtain appropriately skilled labour or stand to lose current and/or prospectus employees.

Reducing the cost of doing business and increasing the labour supply are the third and fourth election priorities outlined by Dublin businesses. Both priorities were outlined as one of the top three by over one-in-three businesses, with reducing costs (35%) placing slightly higher than labour supply (33%). Throughout previous priority surveys, increasing labour supply and reducing cost of doing business alternate between priority items three and four, with the economic landscape at the time impacting which comes out ahead.

In the current economic climate, with high costs and signs of labour demand easing, reducing the cost of doing business currently ranks above increasing the labour supply as an election priority for Dublin businesses. Promoting sustainability ranks as the fifth highest election priority with addressing the legislative burden placing sixth and promoting entrepreneurship coming in at seventh.

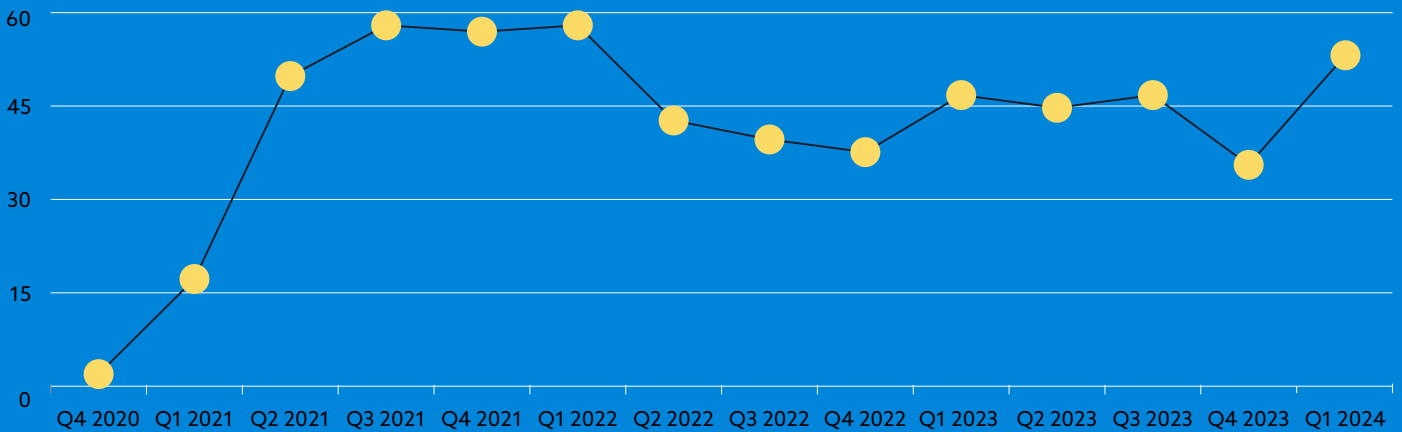


Business Outlook

The Dublin Business Outlook Index, which began in 2020, serves as an insight into Dublin businesses expectations for a range of metrics used within their business from expected revenues and profits, to expected costs and pricing to how Dublin businesses expect their

staffing numbers will change next quarter. The Index is calculated by charting the difference between expected increases in a metric, versus any expected decrease. With all positive values constituting an expected increase across the board, while a negative figure signifies a decline.

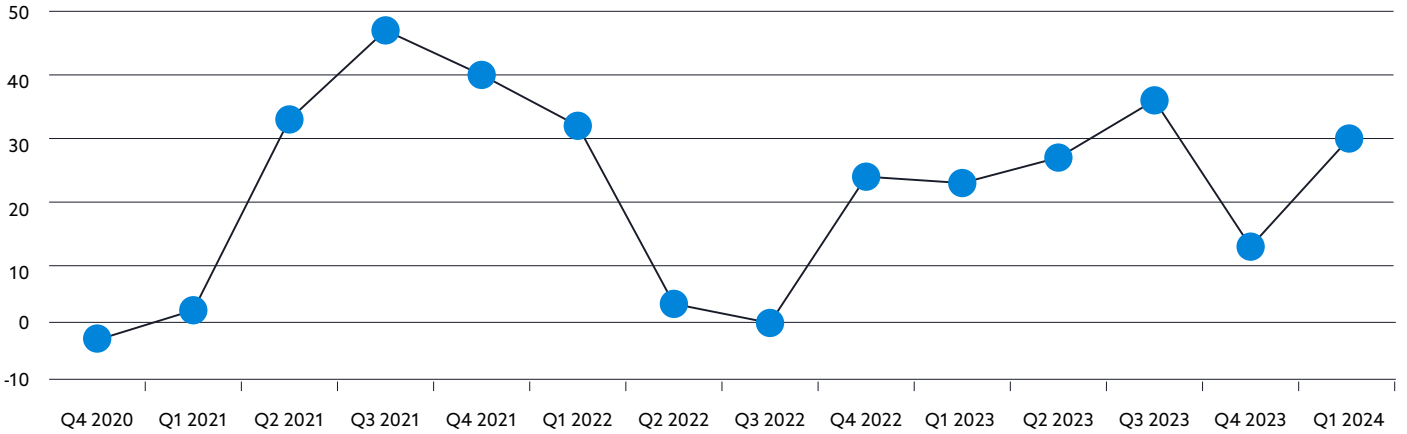
Revenue Expectation Index



The Revenue Expectations index currently sits at (+53) having bounced back from an 11 index point decrease in the previous quarter. This quarter sees a considerable increase of 17 index points contributing to the third highest point the index has been at since its record began in 2020. 60% of Dublin businesses expect an increase in revenue next quarter which is the highest reported measure since Q1 2022.



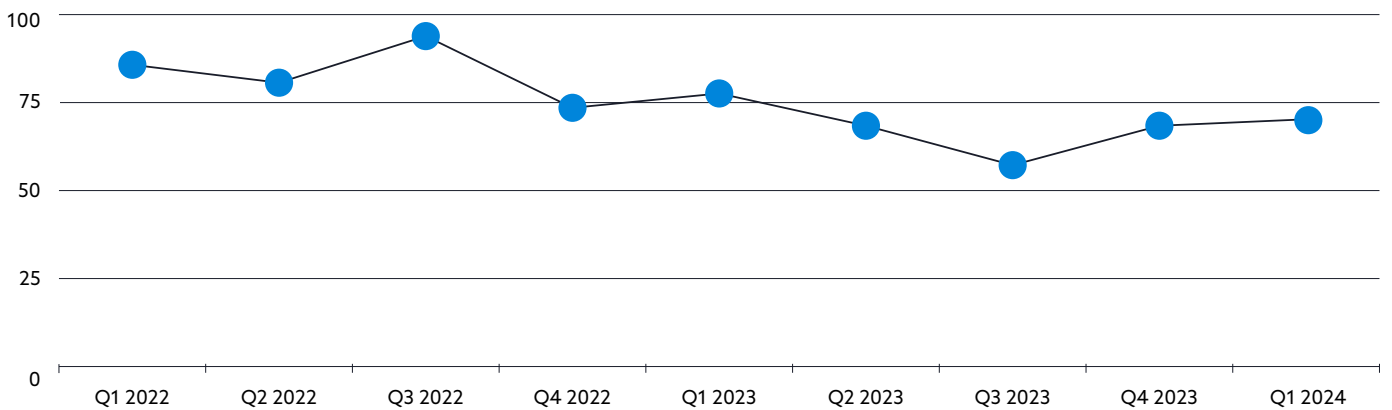
Profit Expectation Index



The profit expectation index is closely linked to the movements of the revenue index. Both follow similar trends, with the Profit expectations index being slightly more volatile over the more recent period relative to expected revenues. However, the profits expectation index also experienced an

increase of 17 index points, currently situating the index at (+30). While the revenues expectation index has surpassed its levels seen in the last six months, the profit expectations index has failed to do so due the high-cost environment which will be outlined in the following index.

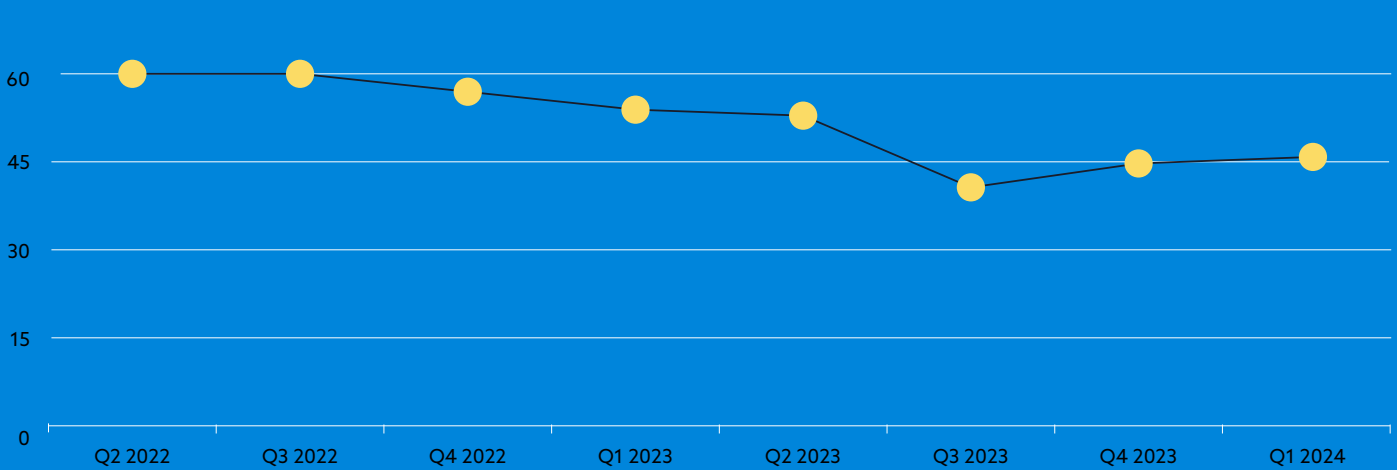
Operating Costs Expectations Index



The operating costs index increased by one index point since last quarter, now standing the index at (+70). Operating costs began its downward trajectory in Q3 2022 but began to tick upwards since Q3 2023.

Q3 2023 reported that 65% of Dublin businesses reported an expected increase in operating cost for the next quarter. This is the only time in which this figure fell below the 70%-line since the index was recorded. Operating costs look to be continually rising with the vast majority of Dublin businesses accustomed to expecting increases in operating costs every quarter.

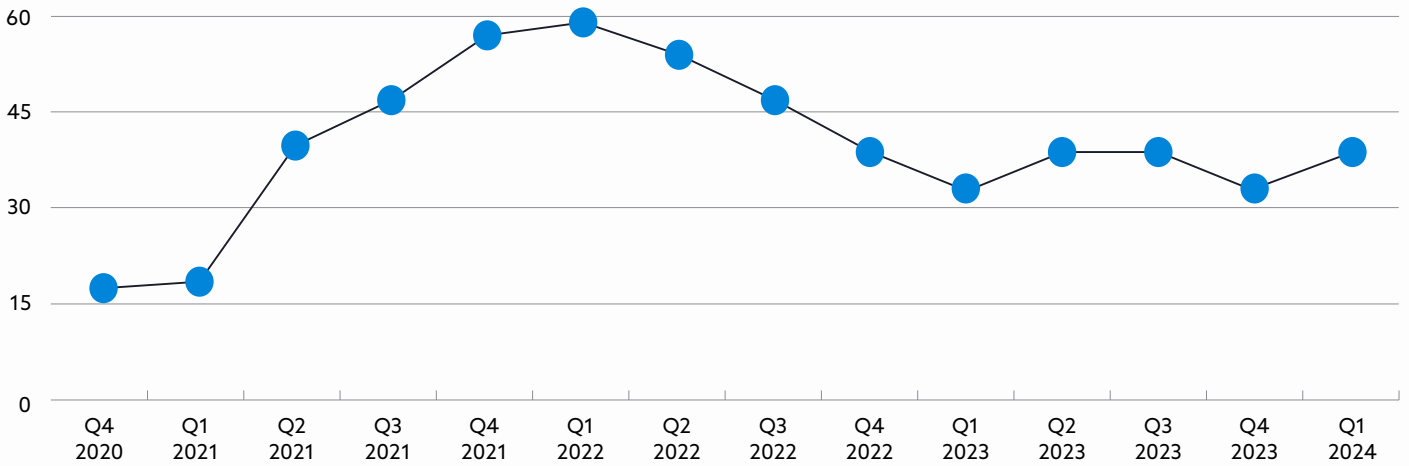
Price Expectation Index



The Price Expectations index currently stands at (+46). This index can be used to see how inflation is playing out across the Dublin business landscape. 47% of Dublin businesses report an expected increase in the cost of their goods and services next year, although still high, this is the second lowest reported expected increase and down 15% since highest recordings in Q3 2022.

Just as the profit and revenue indices follow similar trajectories so do operating costs and price expectations. With Q3 2023 showing the lowest recordings for both cost and price increases. Both indexes have levelled out this quarter having both experienced increases in Q4 2023.

Staff Expectation Index



The staff expectation index currently sits at (+39) having fluctuated between (+33) and (+39) since Q4 2022. The index is yet to differ from these two index points which has seen the index plateau after a sustained decrease from Q1 2022 to Q1 2023.

Recent Spring Economic Insights indicated that labour demand is easing though skills shortages remain. This index will be helpful in indicating how the labour market develops among Dublin businesses throughout 2024.

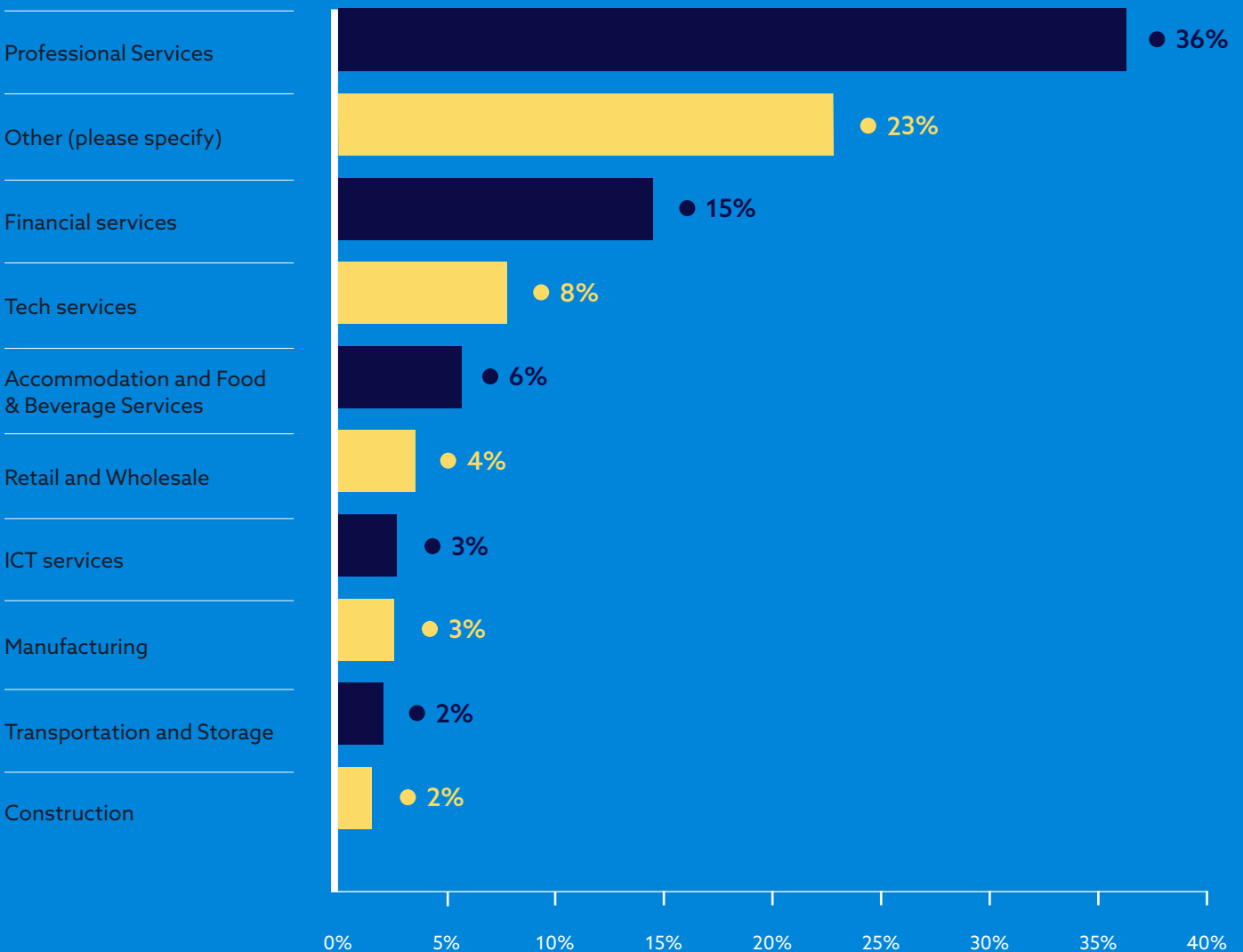


Survey Respondents

Those who participated in the survey reflect the diverse nature of Dublin’s business community that is Dublin Chamber members. The professional services industry accounted for over one-in-three survey respondents (36%), with the second highest falling into categories not titled within the graph and

choosing ‘other’ (23%). Financial services ranked third in representation among the respondents, comprising nearly three-in-twenty (14.5%). Almost one-in-twelve respondents (7.7%) were tech services and just over one-in-twenty respondents (5.7%) were from the accommodation and food & beverage sector.

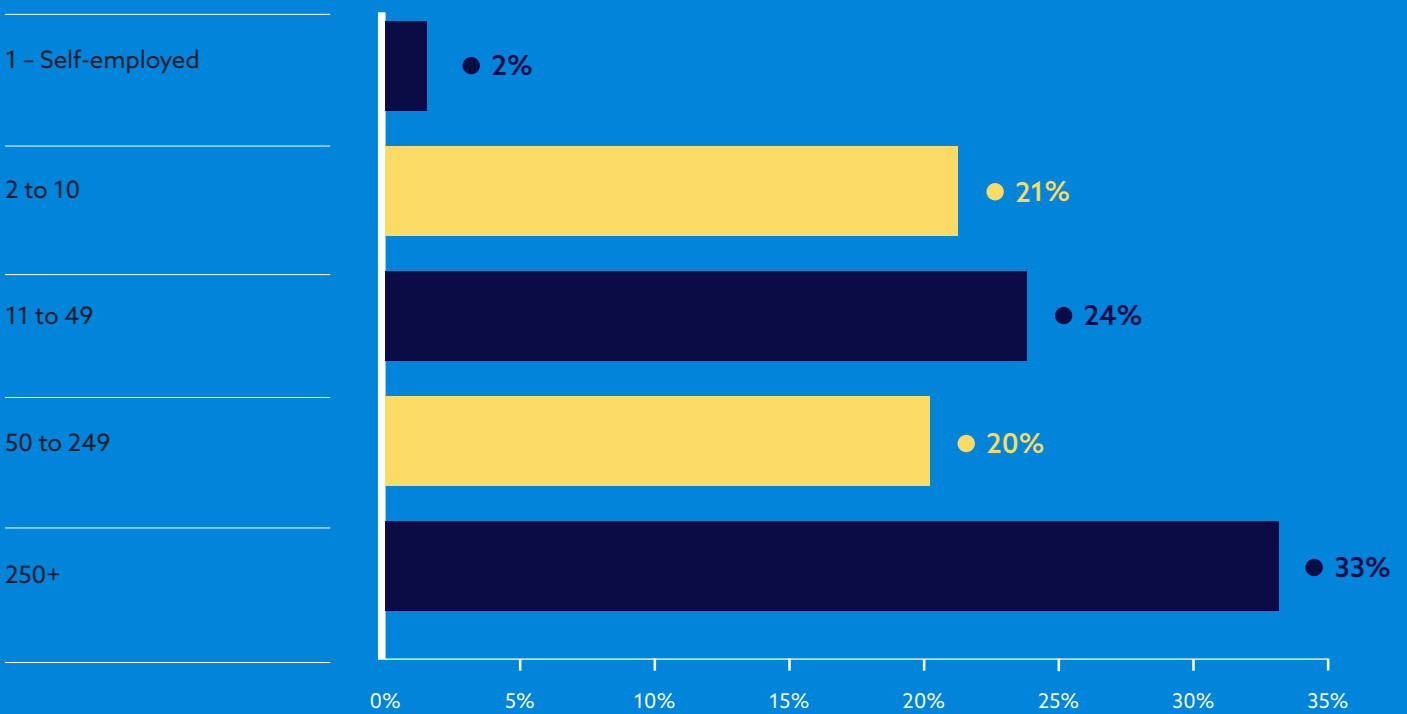
What sector is your company primarily in?



The breakdown of member companies by how many staff they employ are as follows, representing those from 250+ to microbusinesses, and self-starters. The largest proportion of survey participants came from businesses with more than 250 staff, accounting for one-in-three survey respondents (33%).

Smaller businesses with fewer than fifty staff were also well represented, with 21% having registered between two and ten staff, and 24% reporting staff numbers ranging from eleven to forty-nine. One-in-five businesses indicated having between 50 and 249 staff.

How many people does your company employ?



Roundtable on Skills

Dublin Chamber's roundtable held on skills drew participation from various sectors and company sizes. While some members spoke to the challenges experienced in recruiting and retaining staff and others highlighted the success stories of upskilling, there was consensus amongst the group on the need for ongoing training and development initiatives within Dublin businesses, as well as structural reforms to address systemic challenges in talent acquisition, retention, and skills development.

Recruiters across sectors noted persistent challenges in attracting and retaining talent, with little alleviation observed over the past year. Factors such as housing costs, international competition, and skills deficits have contributed to recruitment difficulties. The lack of affordable housing emerged as a significant deterrent, particularly for niche roles which require sourcing from abroad. This scarcity leads to talent shortages and increased competition for recruiters. Moreover, participants pointed out that high living costs in Dublin do not only impede talent attraction and retention but also undermine the city's overall attractiveness for businesses.

Participants emphasised the importance of upskilling and training programmes to address skills deficits and enhance staff capabilities. Internal training sessions, leadership and management awards, and a focus on soft skills like communication and emotional intelligence are key strategies employed. Several participants highlighted the need for bridging the gap between academic learning and practical skills, particularly for graduates entering the workforce.

There was recognition among participants of the potential benefits of apprenticeships. Suggestions for improvement included mirroring successful models from countries like Germany, simplifying the education system, and implementing training vouchers to support upskilling initiatives. Participants noted that while apprenticeships have been successful for some, there's a call for wider access and more government support to enhance workforce skills and address specific industry needs.

Participants expressed that the rise of remote work during the pandemic has impacted productivity and soft skills development, particularly for employees in the early stages of their career. Strategies such as hybrid work models and structured onboarding processes have been implemented by several of the businesses to support productivity, learning and collaboration. Challenges related to remote work, including resistance to stepping outside comfort zones and the need for ongoing training and support, were highlighted.

In conclusion, the insights provided underscore the complexity of talent acquisition and skills development in Dublin's evolving business landscape. While challenges persist, there's a recognition of the importance of collaboration, innovation, and continuous learning to address current and future workforce needs. Government intervention, along with proactive industry initiatives, is essential for fostering a skilled and resilient workforce and sustaining Dublin's position as a competitive global business hub.



Roundtable on the WRC's Code of Practice

In this roundtable discussion on the right to request remote work and the Workplace Relations Commission's (WRC) publication of the Code of Practice (COP), various industries shared their experiences with navigating the complexities of this new piece of employment legislation. While some participants find remote work beneficial, others face challenges such as division between office and non-office workers, missed synergies, and difficulties in managing employee requests.

The experiences of participants varied widely regarding the impact of remote work, with some successfully implementing hybrid models while others encountered obstacles in accommodating remote work. Notably, it was highlighted that while the right to request remote work extends to all employees, not all individuals can be facilitated in their requests due to the nature of their work.

Participants pointed out that this discrepancy may lead to potential disputes as certain employees may perceive remote work as an entitlement. In addition, it was noted that employers may be concerned that if they do not offer remote working options, they may risk losing their staff.

For many Dublin businesses, the COP is viewed as both helpful and a hindrance. On one hand, it encourages the establishment of remote work policies, but lacks clarity on reasons for denial and consistency across departments. Participants expressed concerns about potential employee resentment and emphasised the need for clear guidelines to help manage expectations. It was further highlighted that the Code seems to add another layer of bureaucracy without clear impact, leading to more obscurities rather than clarity for employers.



The consensus amongst participants underscored the disproportionate burden placed on small businesses by the current legislation. The COP is perceived as a one-size-fits-all framework which inadequately addresses the diverse realities experienced across various sectors and business sizes. As a result, smaller businesses bear a heavier load in terms of implementation and compliance. Participants called for a more nuanced approach to the legislation, considering factors like company size and industry. Furthermore, they noted that both the government and WRC adjudicators need to be mindful of the challenges faced by SMES in dealing with the application and termination process, all whilst updating internal processes, with limited resources. Participants proposed that the government provide financial support for SMEs to navigate the costs associated with remote working arrangements, including technology infrastructure, health and safety controls and training.

In summary, while some businesses have successfully transitioned to remote work models, others face challenges in accommodating remote working requests. While participants agree with the rationale behind the COP and ensuring that all employees are facilitated in achieving a reasonable Work/Life Balance, the legislation is unclear and, in many ways, unworkable.

Participants emphasised the need for further clarification across several aspects of the Code, clear examples especially with regards to approving and terminating requests and government support to SMES to ensure best practice and fairness across all company sizes and sectors.






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