

CORK ECONOMIC MONITOR

FEBRUARY 2001

**Town Planning Department
Cork Corporation**

**Cork Economic Monitor
February 2001**

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1.0. National Trends

According to the ESRI Quarterly Economic Commentary for December 2000, the Irish economy is continuing to grow at a vigorous pace. Such growth has effectively transformed the economy in many ways. Living standards have increased significantly and are now close to average EU levels; Employment has increased by about 40% since 1994; the standardised unemployment rate averaged 4% for the year 2000 and public finances have been turned around resulting in substantial budgetary surpluses.

For the year 2000 as a whole the growth in real GNP is estimated to have been about 8.75%, compared to 7.25% in 1999. In 2001 growth in real GNP is forecast to slow to between 6.6% and 7.25%. The consumer price index is estimated to have increased by 5.6% in 2000, the highest rate in recent years. The EU Harmonised Index of Consumer Prices (HICP) measured Ireland's year on year inflation rate at 5.5% in September 2000, down from 5.7% in August 2000. The ESRI forecast that inflation in consumer prices will reach 4.4% in 2001, reflecting projected wage growth of over 10% throughout this year.

The magnitude of increased inflation in other countries has been much less than that experienced in Ireland. The disparity between Irish inflation and average inflation in the Euro area, measured on a harmonised basis, widened to 3.3 percentage points in October 2000, from a gap of 1.5 percentage points in October 1999. This increasing divergence in inflation performance is largely accounted for by the disparity between domestic demand and labour market conditions in Ireland and the rest of Europe. However, the annual rate of inflation is expected to moderate during 2001 to an annual average of around 4.5%.

The Quarterly National Household Survey (QNHS) for the second quarter of 2000 gauged the unemployment rate at 4.3% in April 2000. Sustained growth in employment has caused the standardised unemployment rate to fall to just 3.8% in September 2000 and 3.7% in both October and November 2000. This compares very favourably to the situation in September, October and November 1996 when the standardised unemployment rate stood at 11.2%, 11.1% and 10.9% consecutively. The number of persons on the Live Register fell to 139,189 in October 2000. This is the lowest recorded figure since November 1981.

According to available trade statistics, visible imports, like exports, grew strongly in the first nine months of 2000. The ERSI estimate that the value of export growth in 2000 is expected to be over 22%, with volume growth of 16%. The import price index for 2000 shows much higher import prices than were experienced in 1999. Total imports of

goods and services are forecast to have risen by 16.3% in volume terms and by 23.1% in value since 1999. Tourism spending abroad is expected to increase less rapidly in 2001, but the increase in other service imports is expected to be marginally higher. Imports of goods and services are projected to increase by 10.7% in volume and by 14.6% in value terms in 2001.

Sources:

Central Bank of Ireland Quarterly Bulletin

Winter 2000

Department of Finance Monthly Economic Bulletin

November 2000

*The Economic and Social Research Institute
Quarterly Economic Commentary*

December 2000

2.0. Local Trends

2.1. Unemployment

Table 2.1. shows the number of persons on the Live Register for the Greater Cork Area (GCA) during the period 1993-2000. The number of people on the Live Register in the GCA dropped by 18.8% in the year to December 2000. For the same period there was a decrease of 19.8% at national level.

Table 2.1. Live Registered 1992-2000 Greater Cork Area.

Month	Year	Persons on Live Register
December	1993	21,101
December	1994	21,357
December	1995	21,631
March	1996	21,909
June	1996	22,187
September	1996	22,257
December	1996	21,294
March	1997	20,635
June	1997	19,540
September	1997	19,518
December	1997	18,526
March	1998	17,715
June	1998	16,776
September	1998	15,924
December	1998	14,729
March	1999	14,034
June	1999	14,138
September	1999	13,011
December	1999	11,317
March	2000	10,744
June	2000	10,270
September	2000	9,529
December	2000	9,193

In the time period stretching from September 1996 when the Live Register was at its peak in the GCA - 22,257 persons - to December 2000, there has been a 59% decrease in the number of persons on the Live Register.

Table 2.2. gives a more detailed breakdown of the overall figures by age and sex, comparing them to the national average in percentage terms.

Table 2.2. Classification by age and sex of Live Register 1999-2000: Greater Cork Area

	December 1999	December 2000	% change GCA	% change State
Males				
under 25	930	842	- 9.5%	-18.96%
over 25	5,633	4,948	-12.16%	-18.8%
Females				
under 25	822	601	-26.9%	-24.8%
over 25	3,932	2,802	-28.73%	-20.36%
Total	11,317	9,193	-18.8%	-19.8%

The GCA experienced a slightly lower percentage fall in numbers on the Live Register overall than the national average. However, the GCA figure for the female over 25 years group showed the greatest percentage decline in those signing on, at 28.73%, which is significantly greater than the 20.36% decline at national level. The female under 25 group had the second highest decline at 26.9%. At state level the female under-25 years category continues to show the greatest proportionate fall in the number of persons on the Live Register.

2.2. Housing Construction

2.2.1. Local Authority Housing

House Construction

Cork Corporation completed 53 housing units* in the year to 31st December 2000. A further 92 units are currently under construction and are due for completion by the end of 2001. Work is progressing on schemes at Lotamore, Mahon, Glenamoy Lawn and at various infill sites.

* Annual Report of Cork Corporation Housing Department, January 2001.

Table 2.3 **Local Authority House Construction Cork City**

Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Units	14	50	36	39	118	79	106	82	100	63	53 [†]

House Purchases

Cork Corporation purchased 24 housing units at Springvale, Mayfield in 2000, while purchase terms were agreed for a further 130 units during the year.

Voluntary Housing

SHARE is developing a subsidised scheme of 19 apartments for older persons at Sheare's Street. Two voluntary housing schemes are currently being funded under the *Rental Subsidy Scheme*:

- (i) Nano Nagle Housing Association- work is underway on 21 units at the South Presentation Convent, Douglas Street.
- (ii) St.Pancras Housing Association - 46 units are now fully occupied at Mahon.

Housing Investment Programme

Council has approved the construction of 195 new residential units at Boreenmanagh Road, The Glen, Mahon, and miscellaneous infill sites. Work has commenced on 52 housing units at Glen Avenue under the *Affordable Housing Scheme*. A 15 unit-housing scheme at Turners Cross is at public consultation stage.

[†] Annual Report of Cork Corporation Housing Department (January 2001)

2.2.2. Private House Completions - Cork City and County

Preliminary figures for private house completions in Cork City and County are currently available for the first three-quarters of 2000 only. For the first nine months of 2000 some 3,012 private house completions were recorded in Cork City and County as a whole. Preliminary statistics indicate that the level of house completions in 2000 is slightly lower than in 1999, where 3,147 private houses completions were recorded for the first nine months of that year. Looking at the preliminary figures for the first three-quarters of 2000, it seems that the level of house completions in Cork City and County peaked in 1998 with 3,758 completions in total.

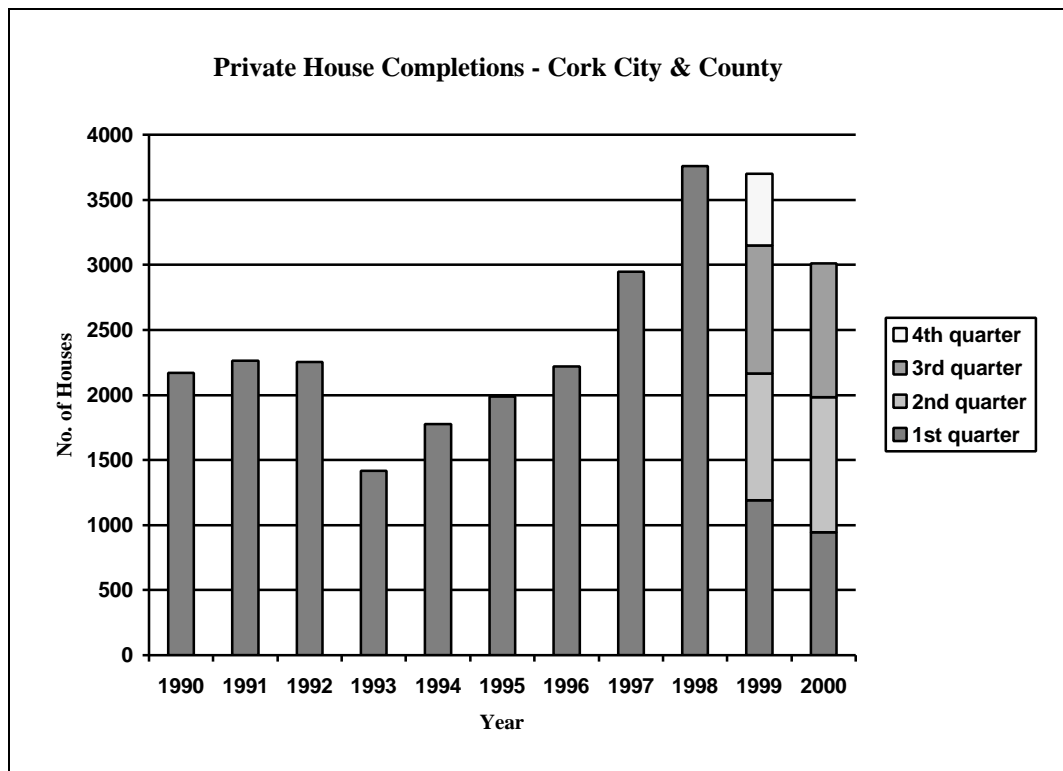


Figure 2.2. Private House Completions - Cork City and County

2.2.3. House Starts under the HomeBond Scheme

During the period October to December 2000 some 1,039 house starts were registered with HomeBond. This is a slight decrease from the number of house starts recorded in the corresponding quarter of 1999 (1,105 starts). A total of 4,603 house starts were registered in Cork between January 2000 and the end of December 2000. Some 179 house starts were recorded in January 2001.

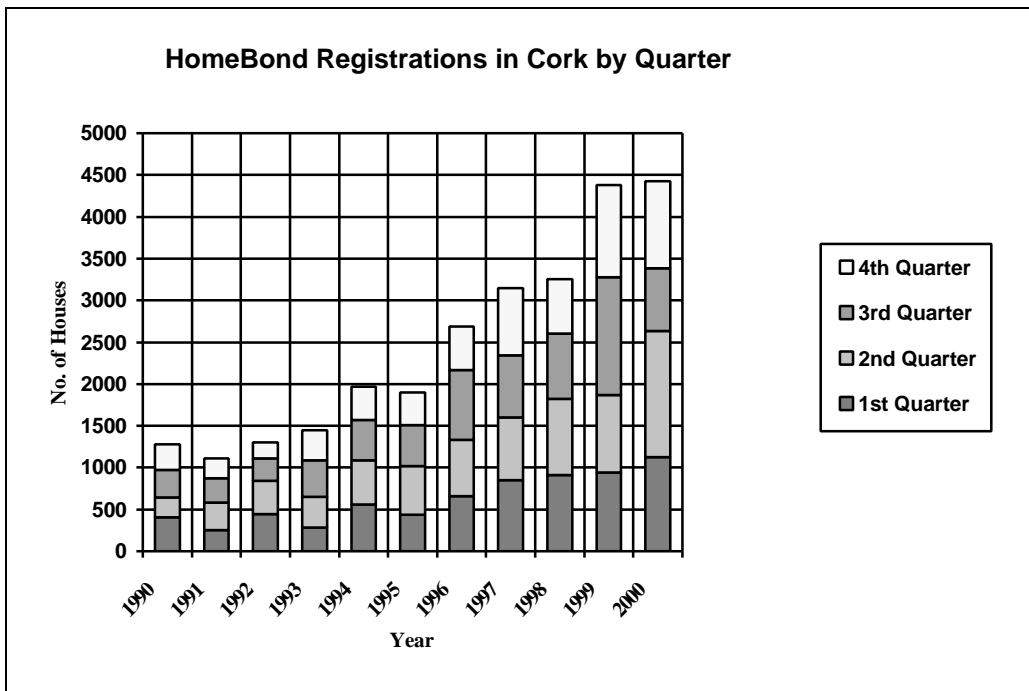


Figure 2.3. Registered House Starts in Cork City and County under the Home Bond Scheme

Comparing **Fig. 2.2.** & **2.3.** it seems that annual house completion figures lag behind the number of registered house starts. The number of house completions appears to remain fairly constant, reaching a maximum of 3,758 completions in 1998, while the number of registered house starts rose to 4,424 in 2000.

Fig. 2.2. & **2.3.** indicate that work commences on almost 1,000 more housing units than are completed each year. This indicates that the capacity of the building industry to produce houses has remained fairly constant while the demand for new houses continues to rise.

2.2.4. Planning Applications for Residential Units

The number of applications for dwelling units received up to December 2000 stood at 2,573. In keeping with 1999 trends, Cork Corporation received more applications for apartments than for houses in the year 2000. Of the total number of applications received for residential type developments in 2000 some 1695 applications were for apartment units, compared to 878 for houses. However, it should be noted that the figure for apartment units is inflated due to a repeat application for 431 units in Mahon.

It is predicted that the number of applications for apartment units will continue to increase in the future. Demographics indicate that the number of single person households in Ireland is rising consistently, combined with a marked decrease in average family size. The effect of this trend will be to strengthen demand for smaller housing units, such as apartments.

Preparation is continuing on Residential Guidelines for Cork City. Once finalised these guidelines should facilitate the development of quality housing environments in Cork City, through the promotion of sustainable design, layout and social integration.

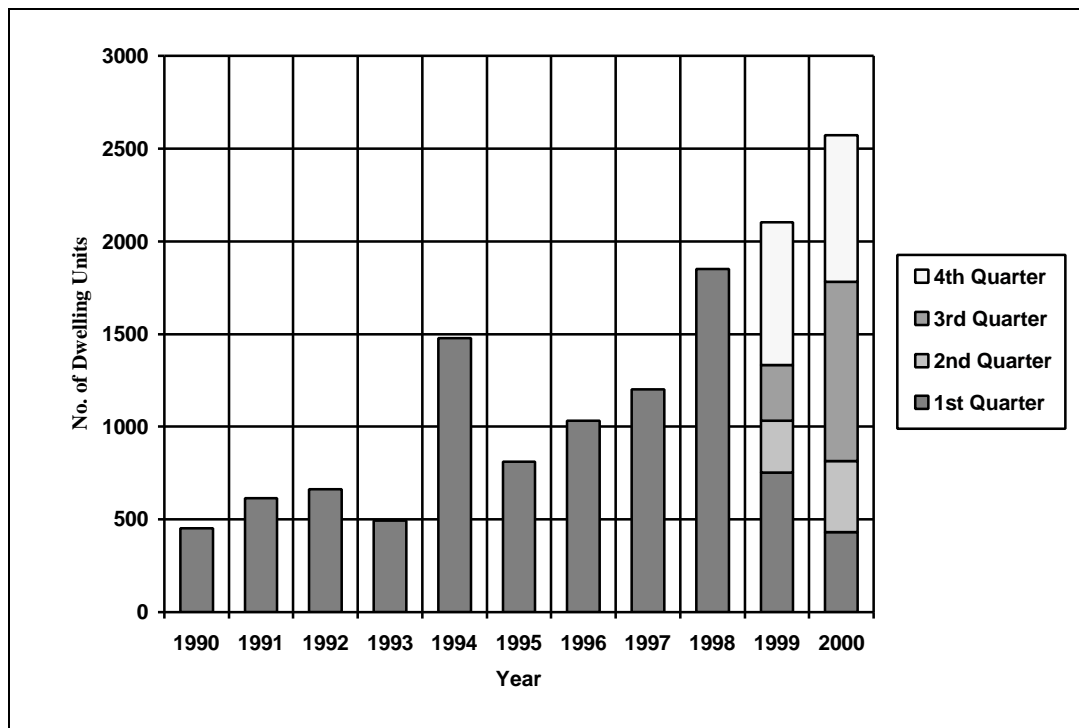


Figure 2.4. Planning Applications for housing in Cork City (No. of dwelling units)

2.2.5. House Prices

At State level new house prices rose by 21.3% in the twelve months to December 2000, compared to the 17.9% rise experienced throughout 1999. The average house prices paid by first time buyers increased by 17.7% between November and December 2000 just as they did for the same period in 1999. On a national basis, the average price paid by a first time buyer in December 2000 was £120,805 compared to £97,975 in December 1999. The prices paid by second time buyers increased by 2.6% between November and December 2000 compared to 1.0% for the same period in 1999.

According to the Department of the Environment & Local Government statistics house prices in Cork have grown by 97% from the first quarter of 1996 to the fourth quarter of 2000. This compares to national price growth of 94% and a price growth of 127% in Dublin, over the same period. Despite recent anecdotal suggestions that there is a slowdown in the level of house price increase, as yet there is no statistical evidence to substantiate this theory.

Statistics issued by the Department of the Environment & Local Government (DoELG) reflect the change in new house prices from 1997 to 2000. (See **Table 2.4.**)

Table 2.4. Average New House Prices [IR£]
Source: DoELG

	1997	1998	1999	2000	%Change 1997-2000
Cork	75,642	88,312	111,052	132,382	+75%
Dublin	96,111	126,561	152,414	173,739	+81%
Galway	86,557	93,514	109,415	129,178	+49%
State	80,506	98,683	116,970	133,459	+66%

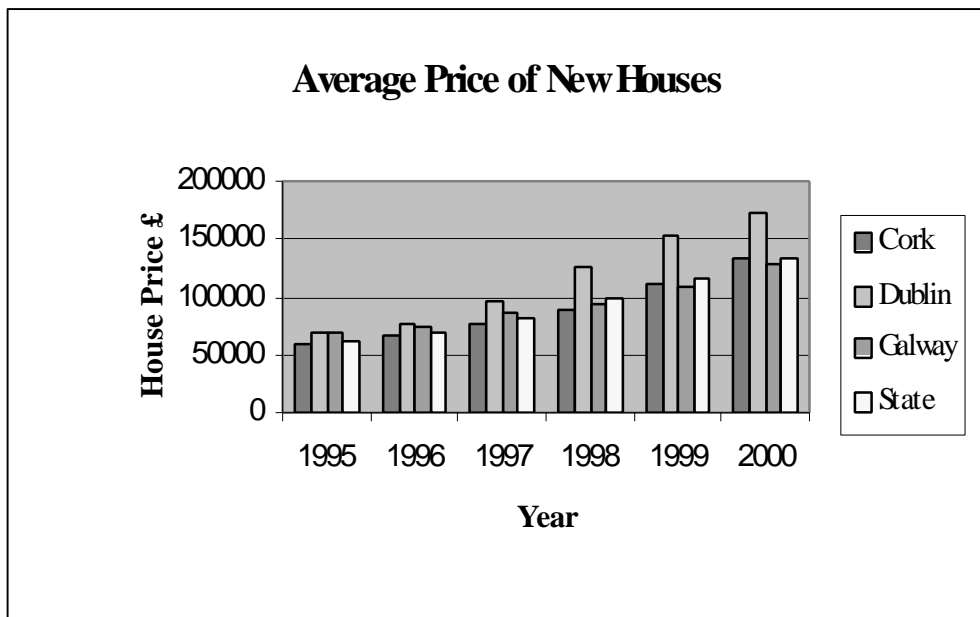


Fig. 2.5. Average Price of New Houses: 1995 - 2000

2.3. Infrastructure

2.3.1. Roads

(a) ***Blackpool Bypass***

Work is complete on Phase 2 of the bypass, from the North Ring Road to Maddens Buildings. This route was opened to traffic before Christmas 2000. Work is also complete on the Thomas Davis Street overbridge. The final phase of the scheme is due for completion in April 2001.

(b) ***Grade Separation of the Kinsale Rd. Roundabout***

Consultants were appointed to prepare a preliminary report and an EIS for the design of a grade separation of the Kinsale Road Roundabout. Public consultation on this project was carried out in late 2000. The (EIS) is currently being finalised.

(c) ***Grade Separation of Sarsfield Road Roundabout***

Consultants have been appointed to prepare a preliminary report and an EIS for the design of a grade separation of the Sarsfield Road Roundabout. Public consultation on this project will be held in 2001.

(d) ***St. Patrick's Street Project***

The final design is almost complete. Cork Corporation will advertise for tenders in spring 2001. Work should commence in mid-2001 and the project should take approximately eighteen months to complete.

2.3.2. Water Schemes

(a) ***Water Network project***

Computerised (GIS) and hydraulic models of Cork's water network are now in place. Forty-six district meter zones have been set up throughout the city and leakage control zones have been established in 90% of the city to date.

(b) ***Joint Cork Harbour and City Water Supply Scheme***

The city water supply was recently augmented upon completion of a connection from Chetwynd Reservoir via Sarsfield Road to the South Link Road.

(c) ***Lee Road Waterworks***

Modernisation of the Lee Road Waterworks will be conducted as a Public Private Partnership (P.P.P.) project. Selection of a Client's Representative is underway.

(d) ***Tivoli Industrial Estate Firemain***

The DoELG has preliminarily approved the provision of a firemain to serve the Industrial Estate at Tivoli. Atkins McCarthy, Consulting Engineers, have been appointed to prepare contract documents.

(d) ***Renewal of Watermains & Services***

The renewal of watermains and services in Cork City is proceeding in conjunction with the Cork Main Drainage Contracts, while Cork Corporation has sought approval from the DoELG to conduct a further study of rehabilitation needs.

(e) ***Schemes submitted to the DoELG***

The following schemes have been submitted to the DoELG for approval:

- (i) Provision of a stand-by generator to the Lee Road Waterworks.
- (ii) Construction of a storage reservoir at Rochestown.

2.3.3. Cork Main Drainage

(a) ***Work is in progress on the following projects***

- (i) Boreenmanna Road drainage scheme - due for completion in February 2001.
- (ii) City Centre Drainage Contract No.1 - due for completion in summer 2001.
- (iii) Main trunk sewer and siphon under the River Lee - due for completion in 2001.
- (iv) Atlantic Pond pumping station - due for completion in 2001.

(b) ***Contracts due to commence shortly***

- (i) Rising mains from the Atlantic Pond Pumping Station to the Header Chamber building at Mahon - commenced in January 2001.
- (ii) Pressure pipes across Mahon and under Lough Mahon to the Treatment Plant site at Carrigrennan, Little Island - to commence in 2000.
- (iii) City Centre Drainage Contract No. 2 - to commence in 2001.
- (iv) Tivoli, Silversprings, Lower Glanmire Road interceptor sewers - to commence in February 2001.
- (v) Little Island collector sewers - to commence in 2001.

(c) ***Sewage Treatment Plant at Carrigrennan, Little Island.***

Discussions are in progress with the successful consortia with a view to signing a contract shortly. Work is expected to begin early 2001. The plant is scheduled to be operational by the end of the year 2003.

2.3.4. Amenity Projects

• ***Community Employment and Job Initiative schemes***

The Community Employment Scheme currently employs 65 people, while a 27 amenity project workers are employed under the Job Initiative programme.

Parks are being developed in the following areas:

(a) ***Lady's Well, Richmond Hill***

Phase 3: Following the archaeological discovery of the historic Lady's Well in September 2000, a paved and terraced surround to the well is being constructed

and the grotto is being relocated within the area. Landscaping, lighting and paving works should be completed by the end of 2001.

(b) *The Glen*

Construction is scheduled to begin on a new entrance and car park to the Glen Amenity Park, at Ballyhooley New Road.

(c) *Clashduv Park*

Clashduv Park, Togher is almost complete. Outstanding works include provision of extra seating and lighting at the children's playground while substantial tree planting will occur this planting season.

(d) *The Lough*

Improvement works were carried out to the Lough in 2000, including the construction of paved areas and the provision of interpretative signs. New playground equipment will be installed in early spring 2001.

(e) *Meelick Park, Ballyvolane*

Perimeter railings will shortly be erected on the southern side of the park. The existing concrete railing beside the main road will be replaced. Re-laying of overhead power lines is scheduled to commence at the end of March 2001.

(f) *Tory Top Park, Ballyphehane*

Railings have been erected around the perimeter of the park. Work on the railings between the park and the community centre is continuing while the pathway and steps are also being upgraded.

(g) *Sean Cronin Park, Mahon*

In response to public demand additional access pathways are being constructed from Skehard Road to the park. Improvements are being carried out on the boundaries of the park through the provision of railings and repairs to stone walls.

Environmental Awareness Education

A programme directed at education in environmental awareness is being conducted on an on-going basis in schools and for selected community groups under the guidance of the Environmental Officer of the Cork City Partnership.

2.4. Forfás Survey of Permanent Full-time Employment (Manufacturing & Internationally Traded Services only)

Table 2.5. shows the results of the Forfás survey of total full-time manufacturing employment in the Greater Cork Area (GCA) for the period 1990 - 2000. These figures include employment in the internationally traded services sector, which constitutes a large proportion of inward investment.

Table 2.5. Manufacturing Employment 1990 - 2000 in Cork (1000's)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Cork City	8.5	8.7	8.6	9.1	9.0	9.3	8.8	8.9	8.6	8.6	9.9
Suburbs	2.6	2.6	2.6	2.7	2.7	3.0	3.2	3.2	3.6	4.1	4.7
City & Suburbs	11.1	11.3	11.2	11.8	11.7	12.4	12.0	12.1	12.2	12.7	14.6
Rest of GCA	4.4	4.1	4.1	4.3	4.1	4.2	4.1	4.3	4.8	5.1	6.1
Total GCA	15.5	15.4	15.3	16.1	15.8	16.6	16.1	16.4	17.0	17.8	20.7

From 1999 to 2000 total manufacturing and international services employment in the Greater Cork Area increased by 16.3% overall. Cork City itself showed the greatest increase in employment, with an additional 1,300 jobs recorded in 2000. This is a 15.1% increase on the 1999 figure. In the year 2000 the towns outside Cork City (*Rest of GCA* figure in **Table 2.5.**) experienced a 19.6% increase in manufacturing and international services employment, with Carrigtwohill, Carrigaline, Little Island and Ringaskiddy accounting for most of this growth. These figures tend to indicate that Cork based manufacturing and international services firms have confidence in the local economy and are expanding their facilities.

3.0. Urban Renewal

3.1. 1999 Urban Renewal Scheme

The 1999 Urban Renewal Scheme applies to two areas of Cork City, Blackpool/Shandon and the City Docks. The Blackpool/Shandon Urban Renewal Scheme 1999 - 2002 is based on the Integrated Area Plan (IAP) prepared by Cork Corporation. An IAP was also prepared for the City Docks and both plans were submitted to the Department of the Environment and Local Government in 1998 following intensive public consultation.

The Blackpool/Shandon Urban Renewal Scheme 1999 - 2002 offers incentives for both residential and commercial development. Incentives are available to owner-occupiers

throughout the Blackpool/Shandon IAP area for the refurbishment of houses constructed prior to 1920. The emphasis of this scheme is on the preservation of the character of the Blackpool/Shandon area. This implies that there is a requirement to retain, repair and replace the traditional features of buildings when carrying out refurbishment work.

The qualifying period for commercial/industrial tax incentives stretches from 1st July 1999 to 31st December 2002. Residential tax incentives run from 1st March 1999 to 31st December 2002. Under this new scheme, in order to qualify for financial incentives, all developments must be certified by Cork Corporation to ensure compliance with the provisions of the Integrated Area Plan. Cork Corporation has already issued a number of certificates of compliance.

Details of the incentives are set out in the 'Blackpool/Shandon Urban Renewal Scheme 1999 - 2002' brochure, which is available from the Planning Department.

In order to guide the future development of Cork's docklands, Cork Corporation will shortly be appointing consultants to prepare a City Docks Action Plan. Consultants will also be appointed to carry out a High Buildings Study for Cork.

3.2. Living over the Shop Scheme

The Department of the Environment and Local Government requested Cork Corporation to prepare proposals for a new "Living over the Shop" scheme. This scheme will provide tax incentives for the refurbishment of vacant upper floors above business premises for residential use. Proposals were submitted to the Department of the Environment and Local Government in December 2000.

Such developments give good returns on public and private investment, and ensure that the historic fabric of the city is retained through the streetscape and scale of the buildings. The scheme also contributes to a more vibrant, secure and enjoyable city environment. This scheme follows on from a previous "Living over the Shop" scheme which was quite successful in cork. Under that scheme approximately 110 residential units were completed. The streets that benefited on that occasion were Barrack Street, North & South Main Street, Shandon Street, Gerald Griffin Street, Great William O'Brien Street and Castle Street.

Details of the new scheme and streets included are expected to be announced by the department shortly. The planning authority will produce information brochures and provide advice to the public once the scheme has been given the go ahead.

3.3. Urban and Village Renewal Measure

The Department of Environment and Local Government are shortly expected to formally announce a second "*major initiative*" programme under the Urban and Village Renewal Measure in the National Plan 2000 -2006.

In Cork it is hoped that funding under this scheme will be largely focused on implementing Phase 3 of the Historic Centre Action Plan. Phases 1 and 2 were funded under the Cork Urban Pilot Project and the Major Initiative for Cork City 1994-1999. Phases I and II focused predominantly on the medieval core of the city and linkage to Emmet Place.

Phase 3 will seek to build on the accomplishments of Phases 1 and 2 in the implementation of the Historic Centre Action Plan and will concentrate mainly on those parts of the historic centre that lie outside the medieval core.

Projects will be considered for a number of areas including:

- (1) Shandon
- (2) Barrack Street/South Parish
- (3) The Marsh
- (4) The Mardyke
- (5) Oliver Plunkett Street

The environmental quality of these areas requires upgrading. The standard of paving on roads and footpaths is very poor, street lighting is inadequate and there are little or no attractive public open spaces. Action is required in order to enhance the public realm, to develop and improve amenity areas and to initiate traffic calming measures.

3.4. Cork URBAN Initiative

The EU funded URBAN Initiative, which brought approximately £5m to projects in the northside of the city, has come to a close and the final report is due in March 2001. All the capital projects have been completed and the social and educational projects have secured interim or mainstream funding to allow them to continue. The final URBAN capital project, construction of a Community Resource Centre and recreational facilities in the Glen, is now open with a manager in place.

UCC and CIT have developed a two-year diploma course in computers for early school leavers, which is based in the Enterprise Centre in Ballyvolane. A feasibility study for a Community Enterprise Centre in Ballyvolane was funded by URBAN and grant aid to construct the centre has now been awarded to Cork URBAN Enterprises Ltd by Enterprise Ireland, in addition to support from Cork Corporation.

The Board of URBAN will be wound down in March/April 2001 following the issuing of the final report.

4.0. Overall Prospects

While exceptional economic growth rates have been recorded for Ireland over the last few years, many economic commentators are predicting a slower rate of growth in the future. This anticipated deceleration is due predominantly to labour shortages, infrastructural supply constraints and prevailing international economic conditions. The most recent *Quarterly National Accounts* from the CSO indicate that growth in real GDP remained strong into the first quarter of 2000. Growth in real GDP increased by 11.7% between the first quarter of 1999 and 2000. However, the ESRI forecast that in 2001 growth in real GNP should slow to between 6.6% and 7.25%.

The consumer price index is estimated to have increased by 5.6% in 2000, the highest rate in recent years. This reflects the purchasing power of the workforce partially explained by moderate declines in personal income tax rates, which have caused disposable incomes to increase. It is estimated that high domestic growth has also significantly increased the demand for imports. However, the impact of this demand on trade has been moderated by extremely strong export growth boosted by the weakness of the euro exchange rate.

It is anticipated that numbers unemployed will continue to fall. An annual average unemployment rate of just 3.3% is forecast for 2001. To put this figure in perspective, the lowest unemployment rate Ireland had experienced in the past forty years was 4.6% in 1965. As recently as 1993 the unemployment rate was 15.7%. This amazing turnaround is largely due to exceptional employment growth, especially since 1996. Interventions in the labour market particularly in the areas of education and training have played an important role in ensuring that high output growth has been translated into employment growth.

The ESRI estimates that a wage growth of 7.8% occurred in 2000. However, greater wage pressures due to the tight labour market are likely to see wage growth exceed 10% in 2001. Ireland's tight labour market is infringing upon attempts to alleviate other capacity constraints in addressing the overall infrastructure deficit in the economy.

The economic success of the State is reflected in the Cork area. The number of persons on the Live Register in December 2000 (*at 9,193 persons*) reflects the growth in full-time employment as recorded by the Forfás survey of manufacturing and international services employment. Many towns on the outskirts of the city are experiencing very high growth levels. Towns such as Carrigtwohill and Midleton have become attractive to commuters and are predicted to expand considerably over the next few years.

The number of planning applications for residential developments in Cork City remains high. The level of applications received in 2000 indicates the intense demand for housing development in Cork. Cork Corporation is currently working with Cork County Council to prepare a Housing Strategy for Cork County. The Housing Strategy

will be integrated into Cork City Development Plan and will aim to promote balanced communities, provide for a diverse range of housing needs, and promote a high quality, sustainable living environment.

Cork Corporation and Cork County Council have worked extensively with consultants over the past year to prepare the Cork Strategic Plan 2000 - 2020. Work is currently underway on a draft version of the Strategic Plan, which will provide a vision for the development of the Cork region over the next 20 years. A period of public consultation was conducted in November and December 2000. A draft version of the Cork Strategic Plan should be completed by April 2001. It is generally acknowledged that in order to facilitate the future development of the Greater Cork Area a considerable amount of investment in infrastructure will be required.