



Business Information & Credit Risk

**Ireland Company
Start-up & Insolvency Trends
H1-2017
Statistical Analysis
& Press Release**

Ireland-H1-2017: Statistical Analysis & Press Release

Overview

Nearly 1,900 new company start-ups a month in first half of 2017, up 6 percent on last year

- Finance, construction, real estate, and social and personal services all recorded strong start-up growth;
- However, insolvencies rose 13 percent in the first half of 2017 compared to the same period in 2016;
- Real estate sector insolvencies nearly doubled;
- Vision-net.ie MD: "Ireland's economic growth is continuing at a steady pace" but real estate insolvencies and Brexit effect are weaknesses.

Nearly 1,900 new company start-ups (1,878) were formed, on average, each month in the first half of 2017*, an increase of 6 percent compared to the same period last year, according to our latest figures.

New Business

Bar June, company start-ups were up every month compared to 2016 - including by almost 20 percent in January and 9 percent in April.

When combined with new business start-ups**, which declined by nearly 4 percent year-on-year, overall new start-ups were up slightly, by 0.7 percent year-on-year.

The most popular sector for company start-ups is **professional services**. Almost 1 in 5 established in the first half of 2017 operate in it (2,183), up slightly by 1 percent year-on-year.

This was followed by **finance**, which saw an 18 percent rise in start-ups (1,604 vs 1,356) and **social and personal services**, up 50 percent (1,298 vs 865). Other sectors performed well: **construction** start-ups increased by 14 percent (1,118 vs 978), real estate start-ups increased by 17 percent (491 vs 420), and **agriculture** start-ups by almost 50 percent (470 vs 314).

Dublin's economic dominance continues: 45 percent of all new start-ups were established in the capital region (5,090 in HY1 2017 vs 4,683 in HY1 2016, up almost 9 percent). The number of new start-ups in **Cork** decreased by 14% in the first half of 2017 compared to the same period last year (1,126 vs 1,312).

Other counties experienced an increase in new start-ups: **Galway** (+5 percent), **Kildare** (+7 percent), **Meath** (+21 percent).

Insolvencies Rise

Insolvencies rose 13 percent in the first half of 2017 compared to the same period last year. 569 companies were declared insolvent, compared to 502 in 2016.

Professional services companies were the most insolvent, accounting for 19 percent of all insolvencies. 110 were declared insolvent, compared to 99 in 2016, an 11 percent increase.

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Insolvencies (cont'd)

Most surprising of all was the near doubling of insolvencies in the **real estate** sector – 91 were declared insolvent in the first half of 2017, compared to 48 last year (an almost 90 percent rise).

Insolvencies in the **construction** sector remained unchanged year-on-year (90), while insolvencies in **manufacturing** and **motor** declined, by 17 percent and 29 percent respectively.

Dublin accounted for the most insolvencies (43 percent), up 11 percent on 2016 (244 vs 220). **Cork** was the second most insolvent county, followed by **Galway**, **Limerick** and **Kildare**. The only county not to record an insolvency in the first half of 2017 was **Cavan**.

Vision-net.ie Insight

Commenting on the Q1 2017 findings, our Managing Director, Christine Cullen, said:

“It is very encouraging to see continued growth in company start-ups over a sustained six-month period and, importantly, in a diverse number of industries including finance and construction. This indicates that Ireland’s economic growth is continuing at a steady pace.

However, there are some weaknesses. The high number of insolvencies recorded in the real estate sector suggest that despite ongoing strong demand for both residential and commercial property, especially in Dublin, supply is not keeping pace, forcing some companies out of business. Economic activity remains disproportionately based in the capital at the expense of the rest of the country. While Cork follows Dublin in terms of new start-ups, after a very successful 2016, the number of new start-ups established there decreased by 14 percent while insolvencies rose 19 percent.

We cannot discount the effects of Brexit. Many Irish industries rely heavily, often exclusively, on the UK for trade. As British businesses and consumers feel the pinch of higher living costs and a weaker sterling, many Irish businesses will find their revenue streams disrupted, whether they are food and drink exporters in Dublin or hoteliers in Kerry. If this continues, the consequences for our economy will be severe, particularly in less developed parts of rural Ireland.”

* Figures cover period 1 January—30 June 2017

** ‘Business start-ups’ refer to new registered business names (e.g. sole traders and partnerships); ‘company start-ups’ refer to new limited liability companies incorporated under the Companies Act 2014.