Feasibility Study for the Development of Innovation Space in South Dublin

A Final Report to South Dublin County Council

May 2018

Contents

Contact:	Chris Wilkinson	Tel:	+44 161 475 2103	email	cwilkinson@sqw.co.uk
Approved by:	Luke Delahunty Director	Date:	9 May 2018		

1. Introduction

Study overview

1.1 SQW Ltd (SQW) and Oxford Innovation (OI), both part of the SQW Group, were commissioned by South Dublin County Council to undertake a demand and feasibility assessment for new innovation space in South Dublin.

1.2 The county of South Dublin has ambitious plans to become one of the leading locations in Ireland for innovative, technology-rich firms. However, in many ways, South Dublin is overshadowed by Dublin City, which dominates both the start-up and broader innovation landscape of Ireland. Although a relatively strong performer in Irish terms economically, South Dublin lags behind Dublin City on many economic indicators.

1.3 The purpose of the study was to consider what South Dublin could do to redress this, by exploring how the development of new, additional innovation centre space could help to: a) retain more innovative businesses in the local area and prevent them from relocating elsewhere; b) attract more innovative businesses to the area, including inward investors, and; c) foster an entrepreneurial culture and 'mind-set' in South Dublin, increasing the number of start-ups, and thereby increasing high quality job opportunities in the County.

Research approach

1.4 To develop a robust evidence base, a mixed methods approach was used, with research undertaken between November and February 2018. Five main strands of activity were progressed:

- a focused review of the innovation and enterprise landscape in South Dublin, the Dublin Region and Ireland overall
- analysis of secondary data on business demography and wider socio-economic indicators, as well as data on existing supply
- consultations with 17 key stakeholders from across South Dublin and beyond, including operators of other innovation centre facilities, public sector organisations and business leaders
- an e-survey of local businesses to explore the potential scale and nature of future demand for innovation centre space
- detailed financial modelling and business planning work for shortlisted options, including: the development of an outline vision and identification of target sectors; translation of demand data into a suite of core assumptions around take-up/occupancy rates and rental income; recommendations in relation to space utilisation and tailored business support services; and high-level commercial viability assessments and sensitivity analyses.

Report structure

1.5 The remainder of the report is structured as follows:

- Section 2 sets out the context for the study, including the policy and socio-economic backdrop
- Section 3 considers the existing and pipeline supply of innovation space in and around the South Dublin area
- Section 4 looks at the existing and potential demand for innovation space in South Dublin
- Section 5 reflects on lessons from elsewhere on developing and operating innovation centre facilities
- Section 6 models potential options
- Section 7 contains the main conclusions and recommendations from the study.

1.6 Supporting technical annexes are also provided.

2. Setting the scene

- South Dublin performs relatively well economically compared to Ireland overall, but relatively poorly compared to the Dublin Region, and especially Dublin City. It has lower levels of educational attainment, start-up and spin-out activity, and a large net outflow of workers to the City.
- The County hosts many high profile firms, across a broad range of sectors, including in life sciences, digital and information technology and manufacturing.
- Alongside the business base, major innovation assets in the County include the Institute of Technology Tallaght, Adelaide and Meath Hospital (including the National Children's' Hospital),Trinity College Dublin School of Medicine, Synergy Centre and DCU Ryan Academy.
- There is a very supportive policy environment for innovation and the development of innovation space, in South Dublin, across the Dublin Region and nationally.

A profile of South Dublin

2.1 A snapshot of the South Dublin economy including its demographics and skills base, labour supply, and business and enterprise is summarised below, highlighting the scale of the South Dublin economy, its overall relative strength, but also some key challenges.

Place

The County of South Dublin is one of the four administrative areas that make up the Dublin Region (formerly County Dublin). The urban area of Dublin stretches beyond Dublin City into the three surrounding administrative areas. In South Dublin, this means the east and north of the County is predominantly urban in character, with Tallaght, Clondalkin and Lucan the three main towns. The south and west are more rural in nature, especially in the far south where the County borders the Wicklow Mountains National Park.

South Dublin's position on the western outskirts of the city means that many of the key transport routes through the County are radial routes from the main economic centre of the Region: Dublin City. The M50 orbital motorway is the exception to this, in the extreme east of the County. The Luas tram network connects Tallaght to Dublin City Centre.

South Dublin's economic activity is largely focused on its business parks and industrial estates, including Grange Castle Business Park and City West Business Park, the two main hubs for foreign direct investment in the County.

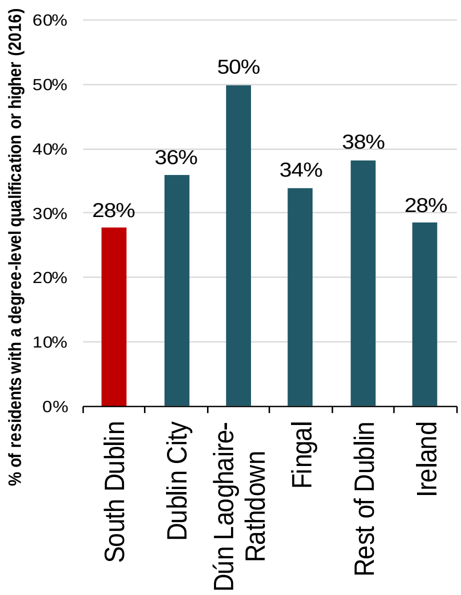
People

Some 279,000 people lived in South Dublin in 2016, 184,000 of working age. South Dublin's total population comprises some 21% of the Dublin Region's 1.35 million residents, and a similar proportion of the Region's working age population.

South Dublin has a particularly large young population – some 24% of residents were aged under 15 in 2016, compared to 19% for the rest of the Region and 16% for Dublin City.

South Dublin has a particularly low proportion of people with degree level qualifications compared to the rest of Dublin Region (28% vs. 38%, in 2016). Addressing this skills deficit will be important for South Dublin as it seeks to compete for investment in the knowledge economy with other parts of the Region and elsewhere. South Dublin's challenge in relation to its skills levels stems in part from areas of the County that have historically suffered from high deprivation.

The Institute of Technology Tallaght (ITT) is the main higher education institution in South Dublin, with over 4,500 students. It is set to become the Technological University for Dublin along with the other institutes of technology in Dublin, with expansion in the pipeline. The Trinity College Dublin Medical School also has a site in Tallaght, whilst the Dublin City University Ryan Academy is situated at Citywest Business Park and provides entrepreneurship support.



Labour

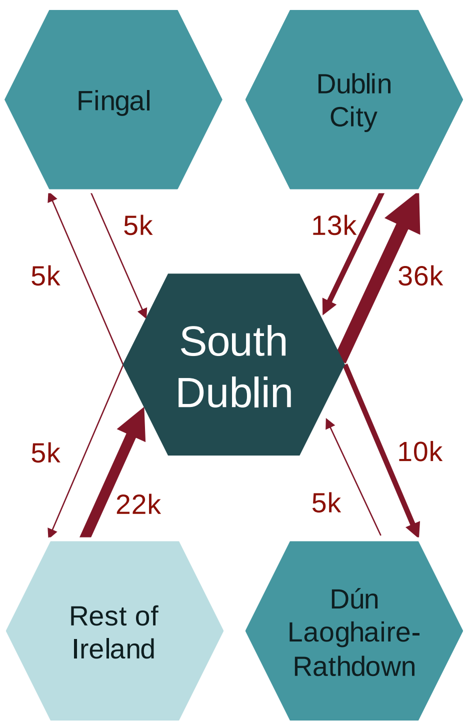
Of the 184,000 people of working age in the County in 2016, 135,000 (73%) were economically active, in line with the rest of the Region and Ireland overall.

The unemployment rate across South Dublin overall is slightly higher than for the rest of the Region overall – 10% vs 8% - and higher still in more disadvantaged parts of the County.

Notably, although over 117,000 South Dublin residents work, many of them do so outside the County. Unsurprisingly, there are strong net outflows of workers to Ireland's main economic centre, neighbouring Dublin City – 36,000 South Dublin residents commute out to Dublin City, with just 13,000 commuting in the opposite direction. However, there are also strong net outflows to other parts of the Region; some 15,000 people commute out of the County to Dún Laoghaire-Rathdown or Fingal, with just 10,000 commuting in the opposite direction. These strong commuting outflows mean that South Dublin experiences a net loss of c.27,000 workers to other parts of the Region per annum, although this is offset somewhat by large numbers commuting into the County from Counties Kildare, Meath and Wicklow.

Some 85,000 people were known to work in South Dublin at the time of the 2016 Census. This is a lot lower than the 117,000 South Dublin residents that work but, as well as strong commuting flows out of the County, this disparity is also due to large numbers having no fixed place of work or where the location of their workplace was unknown.

South Dublin commuter flows (2016)



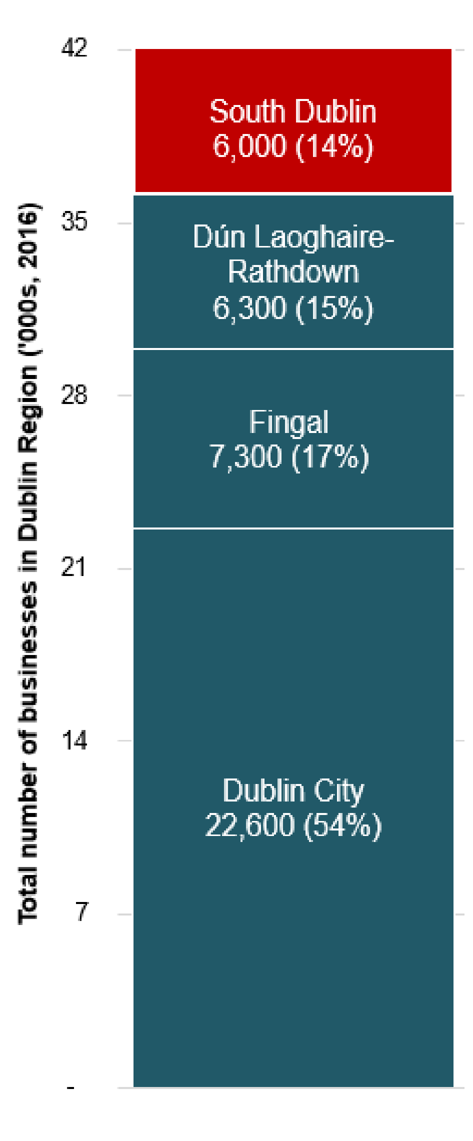
Business

The 6,000 businesses in South Dublin in 2016 equate to 14% of the Region's stock of 42,000 firms. As Ireland's economic powerhouse, Dublin City dominates the business landscape, with 54% of the Region's businesses, despite having just 41% of the Region's resident population.

The story for start-ups is similar, with Dublin City accounting for some 72% of all start-ups in the Region. South Dublin's main strength was Data Analytics, accounting for 20% of the Region's Data Analytics start-ups (TechIreland, 2016). Although South Dublin performs poorly compared to Dublin City overall, it is important to recognise that Dublin is in some regards exceptional internationally for start-ups. For instance, the European Digital City Index ranked Dublin as the 8th best city in Europe (out of 60) for digital start-ups in 2016, citing its particularly strong performance in mentoring and managerial assistance (1st) and its entrepreneurial culture (2nd). Across the Region, software/IT start-ups comprise 21% of the total, followed by food manufacturing (15% of start-ups), business services (14%) and communications, media and entertainment services (13%).

Spin-out and staff/student start-up activity is also dominated by Dublin City; again, perhaps not surprising given its dominance of the business base as well as higher education provision (being the location for six of the Region's nine universities, Specialist & State Research Organisations and institutes of technology). None of the nine spin-outs and 11 staff/student start-ups formed in 2016 came out of South Dublin's Institute of Technology in Tallaght (ITT). That said, the story is more positive for South Dublin when looking at the number of businesses supported within ITT's incubators. Some 36 businesses received incubation support locally in 2016, more than at any of the universities in the Region, although fewer than the Region's two other Institutes of Technology.

FDI is an important source of jobs and growth for Ireland, with Dublin performing very well. Indeed, the city ranked 3rd in 2016/17's fDi's Global Cities of the Future index. Some 45% of FDI in Dublin between 2011 and 2015 was accounted for by software and IT related businesses.



Source: Map produced by SQW (2018). Licence 100030994. Includes analysis of Central Statistics Office Data and GeoDirectory data

Key sectors

2.2 As summarised in the data dashboard above, South Dublin has a relatively small business base compared to neighbouring Dublin City. Of the 6,000 businesses in South Dublin in 2016, retail (except of vehicles) is by far the largest sub-sector, with over 1,000 businesses (more than twice the size of the wholesale and retail trade and repair of motor vehicles, the next largest sub-sector). In employment terms, hospital activities dominates, with almost 6,000 South Dublin residents working in this sub-sector in 2016, followed closely by public administration and residential care and social work activities (both employing over 5,000 South Dublin residents).

2.3 Compared to the wider Dublin Region, South Dublin has a particularly high proportion of businesses and workers in the wholesale and retail trade, manufacturing and construction, and proportionately fewer businesses and jobs in knowledge economy sectors. It is important to reiterate that these figures are relative to the economic powerhouse of the Dublin Region; compared to Ireland overall, the County has relatively high levels of workers in financial and insurance activities, administrative and support service activities. information and communication, and transportation and storage.

2.4 Some 27% of the Dublin Region's residents that work in Process, Plant and Machine Operatives live in South Dublin, whilst just 15% of residents that work in Professional Occupations live in the County.

2.5 Although South Dublin has a relatively low proportion of people working in higher level occupations and typically knowledge economy-focused sectors compared to the Region as a whole, the County nevertheless has many high profile businesses across a broad range of innovation-focused sectors. Many of these firms are located at Citywest Business Campus and Grange Castle Business Park – South Dublin's 'Technology Crescent'.

2.6 Key sectors represented locally include:

- **Life Sciences, including manufacturing of pharmaceuticals and medical devices, scientific research and development, and veterinary and human health activities.**

  South Dublin has almost 400 businesses in these sub-sectors. This is dominated by human health activities (over 350 businesses), which is less concentrated in South Dublin than elsewhere in the Region. The manufacture of pharmaceuticals and medical and dental instruments (Med Tech) is particularly prominent in South Dublin compared to elsewhere, with South Dublin's 17 businesses comprising 20% of the Region's businesses in these sub-sectors, despite the County having just 14% of the Region's overall business stock. Some 10,000 South Dublin residents work in the Life Science sector.

  Prominent businesses in the sector with locations in South Dublin include Pfizer, GSK, Sanofi, Shire, Takeda, Grifols, UDG Healthcare, Abbott Laboratories, Roche, Merck and Zenith Technologies. Other key assets for the sector include The Adelaide and Meath Hospital (incorporating the National Children's' Hospital and providing child, adult, psychiatric and age-related healthcare), Trinity College Dublin School of Medicine and the Institute of Technology Tallaght.

- **Digital and Information Technology (IT), including manufacturing of computer, electronic and optical products, computer programming and consultancy, telecommunications, programming, publishing and broadcasting, and repair of computers.**

  South Dublin has over 200 businesses in Digital and IT, with over 100 businesses in computer programming, consultancy and related activities and around 40 in telecommunications. The sector is less concentrated here than elsewhere in the Region, including for all sub-sectors except manufacturing of computer, electronic and optical products, in which South Dublin has 17% of the Region's businesses. Around 8,000 South Dublin residents work in the Digital and Information Technology sector.

  Whilst not being as concentrated here as elsewhere in the Region, there are many high profile businesses active in the Digital and IT sector in South Dublin, including Google, SAP, Infosys, Clanwilliam Health, Adobe Systems Software, Sage Software, Sony, Diebold Nixdorf, Pure Telecom, EdgeConneX, Canon and Xilinx, with a concentration of data centres at Grange Castle Business Park. Other assets include the National Digital Park at the Citywest Business Campus.

- **Other manufacturing, including food, drink, chemicals and printing and reproduction of recorded media**

  Over 400 businesses operate in other manufacturing sectors, including 120 in the printing and reproduction of recorded media, 50 in the manufacture of fabricated metal products and 40 in food and drink. South Dublin accounts for 26% of the Region's businesses in these 'other' manufacturing sectors. Over 5,000 South Dublin residents work in these sub-sectors, including 1,500 in the food and drink sector alone.

  South Dublin hosts several prominent businesses in these 'other' manufacturing sub-sectors, including Glanbia, Nestlé, BWG, Aryzta and Lidl in the food and drink sector, and Unilever and Henkel in the consumer products/chemicals sector.

Strategic and policy context

2.7 There is a highly supportive policy backdrop for the development of innovation space and support for innovation more broadly. This includes at local, regional and national levels as demonstrated below.

- **Enterprise 2025, Ireland's National Enterprise Policy** (2015-2025) presents a broad-ranging plan for enterprise, placing a strong emphasis on innovation, recognising that too few Irish businesses currently innovate and that there are skills shortages in some key areas. The plan sets out the State's intentions to support Irish-owned businesses to scale, increase entrepreneurship levels, improve the competitiveness of existing businesses, and compete effectively to attract new inward investment. A wide range of priority sectors are identified, as set out in Figure 2-1.

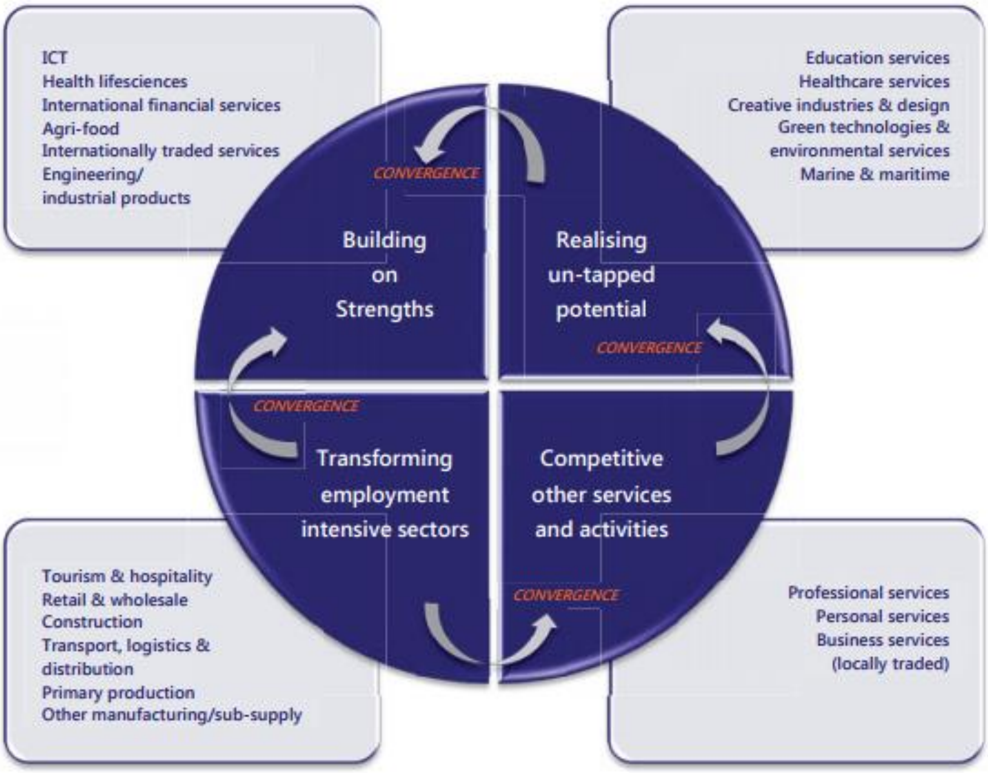
- The **Dublin Regional Enterprise Strategy** (2016) identifies affordable office space and skills shortages as critical issues and notes that incubation space has reached capacity in many instances around the Region.

  Notably, the strategy identifies eight growth opportunity sectors for the Region: Design and Creative Industries; Food Industry; CleanTech and Environment; International Financial Services; Pharma/BioPharma; Software and Digital; Tourism; and Education and Training. In South Dublin focus is placed on Software and Digital, Pharmaceuticals, the Food Industry and Transport.

  The strategy states that the Region's local authorities will act to deliver a high-quality, efficient, responsive and supportive enterprise environment for all businesses in the Region. It also commits them to work together to promote and foster enterprise in the growth opportunity areas, to attract FDI to Ireland, and target the delivery of start-up space/incubation space for the promotion of enterprise in the growth opportunity areas.

The strategy also called for an enterprise space assessment, which led to this study.

Figure 2-1: Ireland's sectoral priorities, as set out in Enterprise 2025



Source: Enterprise 2025, Ireland's National Enterprise Strategy 2015-2025 (2015)

- **Dublin's Action Plan for Jobs** (2016-18) recognises that the availability of suitable property for enterprise start-ups is a key competitiveness factor for cities internationally. It proposes a co-ordinated network of enterprise/innovation spaces and support under the brand of 'StartupSpaceDublin' to provide a 'joined up' offering for SMEs.

- The **South Dublin County Local Economic and Community Plan** (2016-2021) includes the following relevant aims and objectives:
  - develop new and existing enterprises with significant employment, capital, income or growth potential;
  - develop micro enterprise, community economic development and start-ups;
  - work with local and regional third level institutes to develop opportunities for company start-ups;
  - identify opportunities for the development of start-up/step-up facilities;
  - support the ongoing development of the South Dublin Local Enterprise Office (LEO) as a first stop shop for the development of enterprise within the County – *the Local Enterprise Office was set up in 2014 to support people to start and expand their business in South Dublin.*

- The **Economic Development Strategy for South Dublin County** (2012) states that the County Council is ambitious in its approach to economic development, and sets out priorities for South Dublin. One initiative discussed is the potential for a 'Medical Quarter' to be developed in Tallaght, linking the hospitals and ITT together, using underutilised space in the area to the north of Tallaght town centre, with the potential also for renewable energy initiatives given the scale and proximity of large energy users.

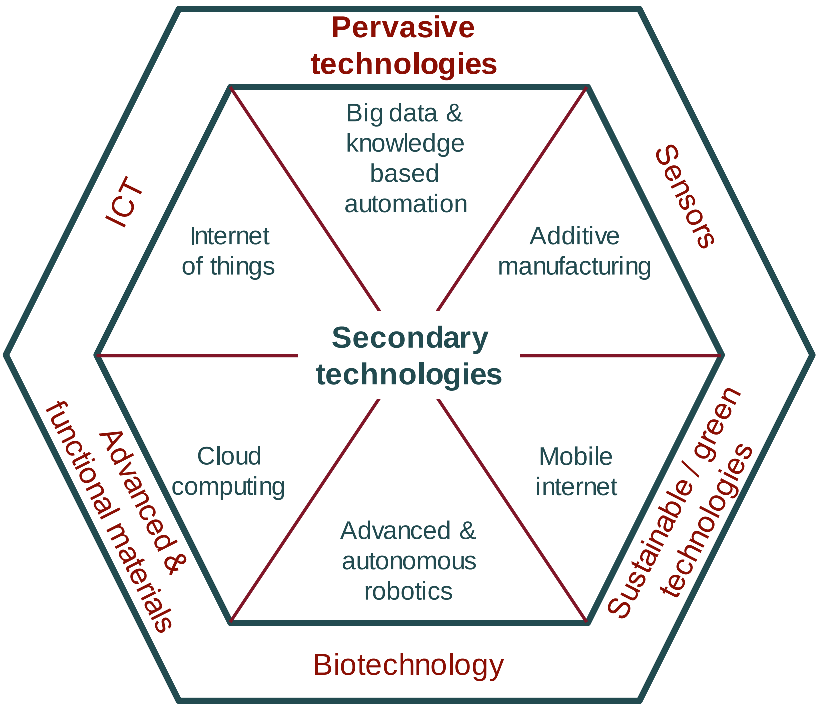
- The **South Dublin County Council Development Plan 2016-2022** sets out a commitment to the continued development of ITT, recognising the institute's mission to be the centre of higher education and knowledge creation within the County. The plan also commits the Council to support the regeneration of older industrial areas on a phased basis by promoting more intensive enterprise and/or residential led development at locations proximate to town centres and transport nodes.

Key technology trends and drivers of change

2.8 A wide range of frameworks and models have been developed to characterise how new and emerging technologies will change how we design, make, sell and service products over the next decade and beyond, and the nature of changes that are already happening to a greater or lesser extent across industry. To provide an accessible overview of these issues, Figure 2-2, adapted from the UK Government, summarises the key technologies that will shape the future of developed economies such as in South Dublin.

2.9 To stay competitive, the County's businesses (large, medium-sized and small) must be ready to operate and thrive in this new environment, which will be characterised particularly by increased 'digitilisation' and 'servitisation' of the manufacturing sector, known commonly as 'Industry 4.0'.

Figure 2-2: Pervasive and secondary future facing technologies



Source: SQW analysis, based on The Future of Manufacturing, The Government Office for Science, 2013

3. Evidence on existing and pipeline supply

- The Dublin Region has a large number of innovation centres, co-working facilities, enterprise centres and managed workspace, but these are mainly focused in Dublin City centre.
- Two innovation centres exist in South Dublin: Synergy Centre and Synergy Global, both of which have very high occupancy rates. Several community enterprise centres also exist, but are not appropriate for attracting innovative businesses.
- Plans to develop further facilities are in the pipeline in the Dublin Region, but not in South Dublin.
- All-inclusive serviced office space typically commands rents of around €50 per sq m.
- There are various support available to start-up businesses in South Dublin, but an operator of any new innovation space will need to ensure that tenant businesses are able to find and obtain the support they require.

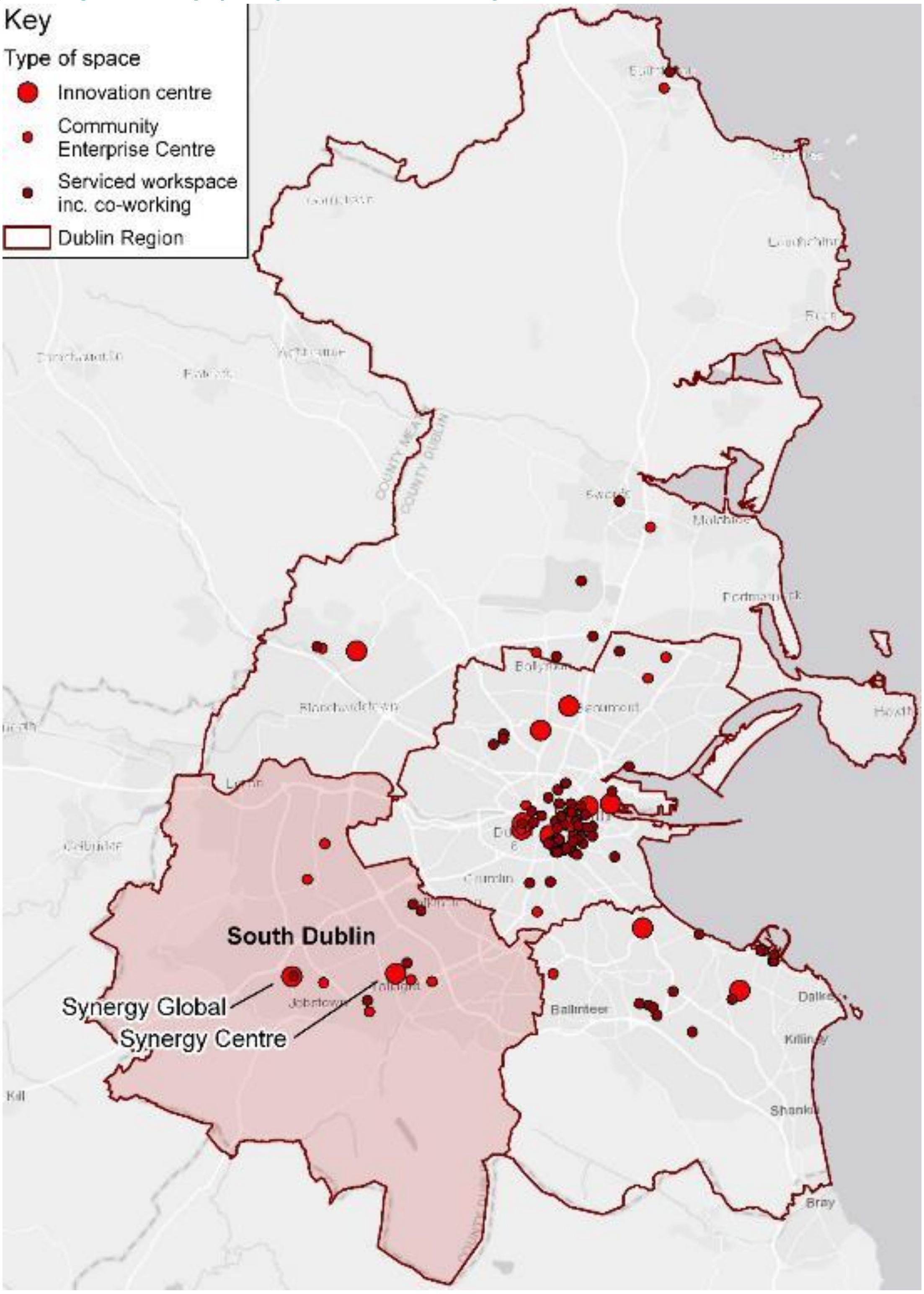
Current supply

3.1 There are dozens of options for start-ups seeking space in the Dublin Region, with a wide range of co-working hubs, enterprise centres, managed workspace and innovation centres available[1]. Prominent examples of innovation space in the Region include the ongoing development of DCU Alpha, a large Dublin City University-led innovation campus to the north of the city centre, and the Guinness Enterprise Centre in the city centre.

3.2 As shown in Figure 3-1, these facilities are notably concentrated in Dublin City, with relatively few in the surrounding administrative areas, including South Dublin. Options in South Dublin are limited to two innovation centres, six community enterprise centres, and three other managed workspaces (including co-working options). Other options are available outside managed workspace, on the open commercial property market. Each type of space is considered in turn, below.

[1] The distinction between these being that: co-working spaces are focused on shared workspaces for people working in different companies; managed workspace includes small business space typically on the basis of all-inclusive fees and flexible tenancies, but without any wraparound business support; enterprise centres are business spaces with some support but without a focus on innovation businesses; innovation centres include business space for innovative firms, wraparound support, and may also include an element of co-working, laboratory and workshop space.

Figure 3-1: Key innovation centres, enterprise centres, and other managed workspaces (including co-working spaces) across the Dublin Region



Source: Map produced by SQW (2018). Licence 100030994. Contains Esri, HERE, DeLorme, MapmyIndia, data © OpenStreetMap contributors, and the GIS user community and 2011 Census data, Central Statistics Office

Innovation centres

3.3 There are two innovation centre options for start-ups seeking space in South Dublin: Synergy Centre; and Synergy Global. Both facilities are closely linked to the Institute of Technology

Tallaght, with Synergy Centre physically located on ITT's campus; Synergy Global is further to the west on the FDI and tech-focused Citywest Business Park.

3.4 Evidence from stakeholder consultations suggests that these two facilities are the only genuine innovation centres operating in South Dublin, i.e. facilities focused on innovative/tech-focused start-ups with a clear operational entrance policy etc.

3.5 At the time of writing, it was reported that demand for space at both centres was very high and that it had been for several years, with both facilities full and unable to meet demand. Indeed, this has led to some workshop space being converted to office space in an attempt to satisfy the high levels of demand. Stakeholders commented that this had also resulted in a funding bid by ITT to Enterprise Ireland for new innovation space for start-ups in 2015. This proposed expansion to the Synergy Centre was expected to accommodate up to 25 new high tech campus-based start-ups and up to five campus spin-out companies over five years, with up to six new high tech start-ups annually thereafter. This competitive funding bid was rejected, with facilities elsewhere receiving the money. This means that the capacity constraints in the Synergy facilities continues.

3.6 Given limited supply and high demand for accommodation at the existing facilities, stakeholders were very supportive of the case for developing new innovation-focused space in South Dublin of a similar nature to these facilities.

Synergy Centre

- Developed by ITT and Enterprise Ireland on ITT's campus in **central Tallaght**, the Synergy Centre **opened to tenant businesses in November 2006**.
- Spread over three stories, the Centre comprises around 2,500 sq m of space, including **1,000 sq m of lettable space for businesses (mostly office space, with 150 sq m of laboratory space)** and 1,350 sq m of laboratory occupied by ITT researchers.
- Space at the centre includes two person offices (18 sq m), three to four person offices (23 sq m) and larger spaces for up to eight people (up to 46 sq m), as well as hot-desk facilities for up to 12 businesses. Other facilities include a **café, boardroom, training room and free parking**.
- **Businesses are given up to three years in the Centre**, before being required to move on. The exit policy is designed to ensure that the facility continues to support new start-ups and remains as a dynamic economic development tool.
- **New Frontiers**, Ireland's Entrepreneurship Development programme is delivered by Enterprise Ireland to start-ups in South Dublin from the Centre, with many tenant businesses having taken part in the programme.
- There are currently **29 businesses using the centre**, including 16 firms occupying office space. Over half of the firms are **digital/IT** focused and many of the others are from the life sciences.
- Tenant businesses employed 73 people in 2016, with a total turnover of €3.5m. In the same year these businesses secured €11.5m of investment, primarily from EU funding sources and private investors (43% and 34%, respectively), with Enterprise Ireland investing a smaller amount (14%), as reported by ITT.

Synergy Centre exterior

Synergy Centre interior

Synergy Global

- Synergy Global was acquired by ITT in 2011, and occupies a lakeside location at **Citywest Business Campus**, a successful and high quality FDI-focused business park to the west of Tallaght. The facility was originally built by an Irish-American businessman to attract American start-ups, and was acquired by Synergy Global when this business model failed.
- Comprising **1,100 sq m of office space** over two stories, Synergy Global operates as a step-out/grow-on facility for businesses from the Synergy Centre.
- **No formal exit policy** has been implemented and many tenants have been at the facility for some time.
- Office units range from 25 to 100 sq m, with the facility also containing a boardroom and other meeting room facilities.
- There are currently **12 tenant businesses** at Synergy Global. As with the Synergy Centre, most businesses are **digital/IT**-focused, with the remaining tenants operating across the **life science, clean tech/engineering and service sectors**.
- Tenant businesses employed 107 people in 2016, with a total turnover of €10.3m. In the same year these businesses secured €21.4m of investment, mainly from private investors (65%), with a smaller amount from venture capitalists and Enterprise Ireland (25% and 10%, respectively), as reported by ITT.

Synergy Global exterior

Synergy Global interior

Community enterprise centres

3.7 There are six community enterprise centres located in South Dublin. As well as providing office and workshop space for businesses operating in localised markets, each is operated by organisations set up to support people in the local communities to develop businesses. They were initially provided by South Dublin County Council, and continue to be supported by the Council.

- **Bolbrook Enterprise Centre** opened in 1995 and comprises five offices, a computer suite and training rooms. The centre, based to the east of Tallaght, operates as the headquarters of Partas, a social enterprise that manages four of the County's community enterprise centres. Proposals have been brought forward recently to renovate and expand the centre into a second existing building on site, with agreement reached for funding from Enterprise Ireland's Regional Enterprise Development Fund. There are currently three vacant units at the centre, comprising around 90 sq m, out of approximately 750 sq m of lettable space.
- **Tallaght Enterprise Centre**. Located in central Tallaght and taken on by Partas in 1984, this former factory comprises around 1,850 sq m of space, including 20 offices and workshops, and eight training rooms. The plans for the renovation of Bolbrook Enterprise Centre also include the renovation of part of Tallaght Enterprise Centre, in order to move Partas' headquarters out of Bolbrook Enterprise Centre. There are currently three vacant units at the centre, comprising around 100 sq m in total.

- **Brookfield Enterprise Centre** is located to the west of Tallaght and opened in 1998. This centre is jointly managed by Partas and Action Tallaght. One unit of 17 sq m is currently vacant, out of around 2,400 sq m
- **Killinarden Enterprise Park** is located to the south west of Tallaght, and opened to businesses in 2002. Comprising around 2,000 sq m of office and training space across six buildings, there are 26 business units on site. Around 80 sq m of space currently lies vacant, across three units. The centre is managed by Partas
- ACE Enterprise Park is managed by Action Community & Enterprise (ACE). ACE was set up in 1995 to provide support, training and workspace to SMEs in Clondalkin. The enterprise park consists of 2,800 sq m of space overall over two sites:
  - **Bawnogue Enterprise Centre**, with 23 enterprise units and 22 offices
  - **Neilstown Enterprise Centre**, with six enterprise units.

3.8 These centres play an important role in providing managed workspace for SMEs in the County, across a wide variety of mainly locally-focused service sectors and some social enterprises - often in areas of relatively high unemployment. They should not, however, be confused with formal innovation or incubation centres. For instance, they have a very different purpose and rationale to the Synergy and Synergy Global facilities. In our view, these community-based initiatives should be seen as complementary to any formal incubation offer. They provide a basic level of entrepreneurship support, designed to foster locally-focused enterprises in a low cost managed environment. However, in the main, the tenant firms are unlikely to be innovative or technology-rich and the employment opportunities created at these facilities will generally be relatively low value (in salary terms).

3.9 It is worth noting that the physical fabric of these centres is mixed in terms of quality. Some of the facilities are dated, most are relatively small, and located away from the main economic centres and innovation assets of the County. As such, these are not considered to provide appropriate space for modern innovative businesses, and so do not address the key requirement for flexible innovation space in the County.

3.10 The only potential exception to this is the Bolbrook Enterprise Centre, given existing plans to renovate and expand the centre, and its relative proximity to Tallaght town centre. The capital investment at Bolbrook could provide an opportunity to develop a new focus for the centre on more innovative businesses. Given the support already given to the scheme by Enterprise Ireland, and the fact that this is an 'oven-ready' proposal, this is worthy of further consideration; the proposal is considered in more detail later in this report.

Other managed workspaces

3.11 There are few options for businesses looking for other managed workspaces in South Dublin, with a small number of notable facilities. Typically, these facilities offer all-inclusive fees and flexible tenancies. However, business support is typically more limited than for enterprise centres and innovation centres. As such, this would generally be more suited to well established or non-innovative businesses. This type of workspace is currently on the market for around €50 per sq m (around €5 per sq ft). Notable examples include:

- **LINK Business Centre**. Located in Ballymount Industrial Estates to the east of the M50, this three storey facility comprises around 500 sq m of office space. Members of the centre can rent a desk in the open plan co-working space, or hire one of the small number of self-contained offices. Additional facilities include a boardroom and canteen
- **Premier Business Centre**. Located at Citywest Business Campus, Premier Business Centre includes serviced offices, meeting rooms, hot-desking and co-working facilities
- **Elephant Business Centre**. This centre lies within a self-storage facility, and comprises a series self-contained offices, meeting rooms, all-inclusive fees and flexible tenancies
- **Western Parkway Business Centre**. This facility, located on the Ballymount Industrial Estate to the east of the County, provides fully equipped office space for rent, with all-inclusive fees.

3.12 Whilst these facilities provide flexible office space for SMEs, none of them provide the intensive wraparound support and cluster development activities that are often associated with modern innovation centres; nor do they have a clear and specific focus on attracting innovative businesses. As with the community enterprise centres, these facilities may have an important role to play in the County as part of a broader entrepreneurship and business growth strategy, but they are not in the innovation space. To attract and retain more innovative, high growth potential businesses, a more targeted and tailored approach is required.

Other options

3.13 There is a large amount of other vacant commercial space available in the South Dublin area. The vacancy rate across the Dublin Region in Q2 2017 was 12.4%, compared to 13.3% across Ireland overall, and equivalent to over 6,000 business premises across the Region[2]. Some 61.5% of these have been vacant for more than three years, although this compares favourably to the national average of 67.8%. At the sub-regional level, there is considerable variation in the vacancy rate, as shown in Figure 3-2.

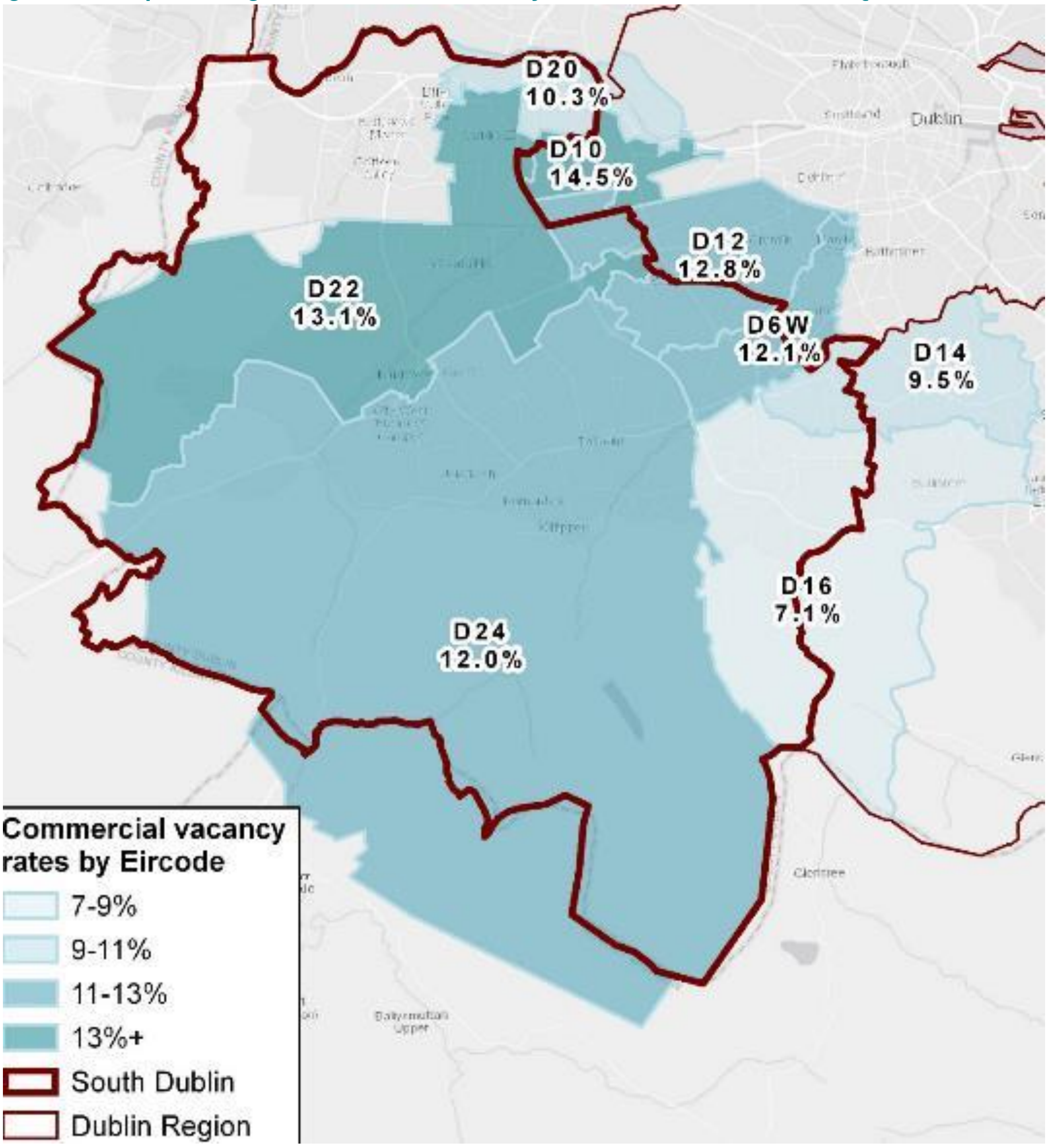
- The D24 Eircode area, which covers much of Tallaght and the south west of South Dublin had a slightly lower vacancy rate of 12.0%; 60.4% of these units have been vacant for more than three years
- D16 covering much of the south east of South Dublin had a vacancy rate of 7.1%, the lowest vacancy rate out of the 22 'D' Eircode districts that cover much (but not all[3]) of the Region; 56.3% of these units have been vacant for more than three years
- D22, covering Clondalkin had a vacancy rate of 13.1%; 62.2% of these units have been vacant for more than three years

[2] Geodirectory (2017) *Geoview Commercial Vacancy Rates Report Q4 2017*
[3] Some areas of South Dublin are also not included in the 'D' Eircode districts, e.g. the Eircode district for Lucan is K78, which is not included in these data

- D20, covering the area around Palmerstown to the north of the County had a vacancy rate of 10.3%; just 19.2% of these units have been vacant for more than three years, by far the lowest of the 'D' Eircode district areas.

3.14 Notably, the vacancy rates have decreased year-on-year for most of the Eircode district areas in South Dublin, in particular in D24 around Tallaght and the south west of the County, where vacancy rates fell by 2.4 percentage points between Q4 2016 and Q4 2017, the third greatest fall amongst the 22 'D' Eircode district areas.

Figure 3-2: Map showing commercial unit vacancy rates across South Dublin, Q4 2017



Source: Map produced by SQW (2018). Licence 100030994. Contains data from Esri, HERE, DeLorme, MapmyIndia, ©OpenStreetMap contributors, the GIS user community, Autoaddress.ie, and Geoview Commercial Vacancy Rates Report Q4 2017, Geodirectory

3.15 These data show that vacancy rates are in some instances lower, and improving more rapidly, in South Dublin compared to elsewhere, albeit there is still a substantial amount of vacant commercial space across the County. However, the relevance of this as an option for innovation-focused start-ups is questionable; much of the space is outdated or large industrial units, meaning that they are neither attractive nor appropriate for agile innovative start-up businesses. Innovation-focused start-ups would not typically be expected to take up this space. Importantly though, this vacant space does provide an opportunity to renovate or redevelop sites, to make them more attractive to innovative businesses.

Pipeline supply

3.16 There are several notable pipeline developments intended to further develop innovation-focused hubs in the Dublin Region. Details of four prominent initiatives are set out below; two are university-led initiatives located within or close to the city centre, whilst the others are led by stakeholders locally in Dún Laoghaire to the south. None of these initiatives are in South Dublin, with no proposals currently in the pipeline in the County except for the small scale redevelopment of the Bolbrook Enterprise Centre.

Table 3-1: Major innovation space pipeline developments in the Dublin Region

Initiative	Description	
Trinity Innovation & Entrepreneurship Hub	• This facility will occupy the entire first floor of the new 11,400 sq m Trinity Business School in Dublin city centre and will include co-working and flexible office space for start-up businesses. • The hub is due to open in 2019. • The long term ambition is for the hub to lead to the establishment of an Innovation District in Dublin city centre.	
Dublin City University (DCU) ALPHA	• DCU ALPHA is a commercial innovation campus to the north of Dublin City Centre at Glasnevin at DCU's campus. • The campus currently consists of around 19,000 sq m of office, industrial and research space, focusing on businesses in the life science, energy and internet of things sectors. • The long term ambition is to increase the size of the campus to around 46,000 sq m of business space by 2025, with a 3,000+ sq m co-working space.	
Harbour Innovation Campus	• The Harbour Innovation Campus is a recently announced development on St Michael's pier in Dún Laoghaire to the south east of Dublin city centre. • This facility will comprise 7,000 sq m of co-working innovation space focused on the marine sector. • The campus is expected to open in mid-2018.	
Digital Dún Laoghaire	• Launched in 2016, Digital Dún Laoghaire seeks to develop the town's digital cluster and is led by the town's Business Improvement District. • Pier Connect, a co-working space developed jointly by the Bank of Ireland and the Business Improvement District, opened in 2017 with 36 desks. • The initiative's action plan calls for the development of incubator facility and innovation lab for digital sector firms in the town.	

Source: SQW analysis

Support available for innovative businesses

3.17 There is a large business support ecosystem in South Dublin, with support available via Enterprise Ireland's national programmes, and from the LEO and other South Dublin-based organisations. The main sources of support are considered below.

National organisations

3.18 **New Frontiers is Enterprise Ireland's main entrepreneurship development programme**. Delivered locally by ITT from the Synergy Centre, but funded by Enterprise Ireland, this programme supports potential entrepreneurs to start innovative businesses, giving them mentoring and training, as well as access to grant funding.

3.19 Enterprise Ireland has a specific **remit to support High Potential Start-Ups (HPSUs)**. These are businesses that have the potential to develop an innovative product or service for sale in international markets and the potential to create 10 jobs and €1m in export sales within three to four years of starting up. This is most likely to be relevant to those innovation-focused businesses that would be expected to take up space in any new innovation space in the County, rather than the wider business base. For these businesses, there are several further support measures, across three phases: Feasibility; Investor Ready; and Post Investment.

Table 3-2: Support for High Potential Start-Ups

Feasibility Stage – support aimed at developing the business idea or proposal to the point where it is investor ready	**Investor Ready** – for those firms with a well-developed business plan that need to raise investment	**Post Investment** – for firms in a growth phase, support to explore international opportunities and develop management capabilities
• **HPSU Feasibility Grant** – up to €15,000 to support the development of an high potential start-up and an Investor Ready Business Plan • **Innovation Vouchers** – up to €5,000 to assist early stage companies to work with a college or knowledge provider in Ireland/Northern Ireland to explore a business opportunity or solve a technical problem • **Competitive Feasibility Fund (CFF)** – funding to investigate the viability of a new significant growth oriented business or proposition • **Mentor Grant** – up to €1,750 to subsidise the cost of a mentor for up to 10 sessions	• **Competitive Start Fund (CSF)** – €50,000 equity investment to accelerate the development of high potential start-up companies by supporting them to achieve commercial and technical milestones e.g. evaluating international market opportunities or building a prototype. Successful firms have the opportunity to participate in a business development programme delivered by DCU Ryan Academy and Ireland's Smart Ageing Exchange • **Innovative HPSU Fund** – Equity investment on a co-funded basis to support the implementation of the company's business plans. First time and follow-on equity investments in HPSUs are supported, with the maximum investment available around 50% of the investment required	• **Market Discovery Fund** – fund to incentivise firms to research viable and sustainable market entry strategies in new geographic markets, covering internal and external costs incurred when researching new markets for products and services. HPSUs can access up to €75,000 of grant funding • **Excel at Export Selling** – workshops aimed at embedding the good international selling practice into the sales teams of Irish companies across all industry sectors. Enterprise Ireland fund up to 70% of the programme costs leaving a programme fee of approximately €300

Source: SQW analysis

3.20 Firms that have moved beyond the start-up phase, and employ at least 10 people are eligible for various other support from Enterprise Ireland. This includes support relating to: market research and internationalisation; product, process or service development; management team development and enhancement; productivity and business process improvements; and company expansion.

3.21 **Skillnets** is another national provider of business support. The main programme through which Skillnets delivers its training is the **Training Networks Programme**, which provides funding for 12 months for firms to come together and create networks for subsidised training-related activities. There is a large number of existing networks, including: an **Internet of Medical Things Skillnet**, for training in medical technologies; **FDII Skillnet**, for training in food and drink; and **Technology Ireland ICT Skillnet** and **Technology Ireland Software Skillnet**, targeting businesses in the digital sector. Separate programmes exist for financial services (Finuas Networks Programme) and for specific management development training (ManagementWorks).

3.22 **DCU Ryan Academy**, based at Citywest Business Campus. DCU Ryan Academy also has several programmes to support the development of entrepreneurs, including:

- **Startup Lighthouse** is supported by Startup Europe within the European Commission, to bring high potential start-ups together from across three continents, to meet key people in other organisations, attend tech events, and receive mentoring and other support, in order to enhance their position as major growth firms. DCU Ryan Academy is one of the project partners.
- **Female High Fliers** is an accelerator programme for female-led early stage start-ups, comprising a 13-week programme of workshops and training, and access to DCU Ryan Academy's investor and founder networks, to develop their leadership skills and accelerate the growth of their businesses.

South Dublin-based organisations

3.23 The Local Enterprise Office (LEO) also provides a large number of support for business, including advice, training, mentoring and financial support. The LEO's website is also a source of information on starting/growing a business. Key financial and training/mentoring support are highlighted below.

Table 3-3: Financial and training/mentoring support provided by the LEO

Financial support	Training and mentoring
Several financial support are available to businesses to start-up and grow, including: • **Priming & Business Development Support** – financial support for new businesses; 'priming' in the first 18 months after start-up, 'expansion' after this point. The overall maximum support is €80,000. Normally one third of priming support and two thirds of expansion support is refundable to the LEO, with repayments beginning after one year; the remainder is given as a grant. • **Feasibility Study Grants and Innovation Grants** – grants for research into demand for a product or service and to examine its sustainability. The grant may cover the costs of market research and product development, and may include assistance with innovation, such as consultancy work, hiring of expertise, private specialists, design, patent costs and prototype development. Overall	Training and mentoring are key elements of the support the LEO provides. In addition to **regular business training sessions and events** covering all the key facets of running a business (starting a business, financial management, technology, online marketing, social media, computerised bookkeeping, business planning, Intellectual Property, employment law, time management), the LEO also operates, or encourages the participation of South Dublin-based businesses in, some more specific and substantive programmes, including: • **Accelerate Management Development Programme** – this programme is to develop the management, business and leadership skills of people running small businesses in the County to provide owner managers of small businesses in South Dublin. Firms pay €400 per person to undertake the six to nine month programme, which includes six workshops, six mentor

Financial support	Training and mentoring
maximum support is usually €10,000 or 50% of expenditure. • **Technical Assistance for Micro Exporters Grant** – grant available to microenterprises to explore and develop new market opportunities, with eligible costs include those relating to exhibiting at trade fairs, preparing marketing material and developing websites specifically targeting overseas markets. Grants cover 50% of eligible costs, providing up to €2,500 • **Microenterprise Loan Fund** – this fund is administered by Microfinance Ireland in partnership with the LEO, providing business loans of €2,000 to €25,000 to small businesses; businesses can apply for the loan through the LEO. Loans can be used to fund start-up costs, working capital, stock purchase, equipment, machinery or business expansion. Once a loan has been approved customers receive mentoring support from a mentor from the LEO Mentor Panel. The **Small Loans Scheme** is an alternative for those wanting €2,000 to €5,000, with a simpler application process. • **Trading Online Voucher Scheme** – this scheme offers small businesses the opportunity to develop their website or digital marketing strategy by providing vouchers of up to €2,500 or 50% of eligible expenditure. • **Rates Start-up Support** – start-ups are able to receive rates support where they take on previously vacant enterprise space; these are graduated, with the rates payables supported by the LEO.	meetings, course materials and an overnight residential course. • **PLATO Dublin** – this is a Dublin-wide business support network, with participants joining a network of 10-15 other businesses who start PLATO at the same time, with monthly meetings for 20 months, with the intention that people learn from each other about how to run their business as well as learning from parent companies that facilitate the group and from guest speakers, seminars and other events • **Hi-Start Programme** - The Hi-Start 'Get your Business Investor Ready' Programme is a short, highly focussed workshop and one-on-one support process aimed at ambitious start-ups who are targeting international markets. • **Business mentoring service** – for a fee (€10 per hour for pre-starts and €20 per hour for existing businesses), firms can receive mentoring support from a member of the LEO's Mentor Panel (of experienced entrepreneurs) to help navigate through issues or projects that require skills beyond those of the business owner/manager. • Some sector-specific training initiatives also exist, including the **Food Academy Start** training and mentoring programme to support people to start and grow food and drink businesses in the County, and the two-day **Kick Start your Food Business** programme for those with an initial business idea or young start-up business in the food sector.

Source: SQW analysis

3.24 The LEO also sponsors or promotes several awards for enterprise, to encourage people to think about business. This includes the **Synergy Student Enterprise Competition**, which includes cash prizes and seeks to encourage students at ITT to develop their entrepreneurial skills.

3.25 Other local organisations also provide support for businesses in South Dublin including:

- South Dublin County Council, including four Business Support Funds designed to support physical redevelopment and reuse of vacant industrial units. One of these funds – the **Microenterprise Development Fund** – is aimed at property owners, to encourage them to upgrade existing space to bring in new businesses, including innovative businesses. However, this fund has not been used to develop any innovation centres. The development and operation of such facilities requires more than just the redevelopment of a building; as explored previously, it also requires the development of a community and wraparound support for tenant businesses. It is therefore unsurprising that local property owners have not used this scheme to deliver new innovation centre space.
- South Dublin Chamber of Commerce and the County Council launched the **Sustainable Business Programme for Local Businesses** in 2011, and includes mentoring, business support, events and information on other available support locally and nationally. The Chamber of Commerce also operates business networks, including some location-based networks e.g. a Citywest business network.

4. Demand-side perspectives

- Existing innovation centre tenants in South Dublin who responded to an SQW e-survey, reported a projected requirement of an additional 1,400 sq m of lettable space over the next three years. This would take their total footprint to 2,200 sq m.
- A new innovation centre development could play an important catalytic role in stimulating increased demand for innovation space by fostering higher levels of entrepreneurship and innovation-led activity, over and above the existing demand.
- For instance, very few spin-outs or graduate/staff start-ups are generated through the ITT at present, with companies instead tending to be attracted to collaborate with ITT. A new innovation centre, as part of a wider entrepreneurship programme, could help to drive increased levels of spin out and student/staff start-ups from ITT.
- Inward investment opportunities are difficult to quantify, but could represent a steady source of demand for a new innovation centre as a 'landing pad' in Ireland, prior to a more significant investment. Again, this is likely to be a smaller, but nevertheless important, source of demand, and the innovation centre could be important for increasing this demand.
- Stakeholders supported these findings, noting strong demand for new high quality innovation space in the County.

The main sources of demand

4.1 The evidence points to two main sources of demand for additional innovation space in South Dublin:

- **existing Synergy Centre and Synergy Global innovation centre tenants who are looking for flexible grow-on space** in an attractive setting
- **other innovative start-ups from across the County** who are looking for a high quality incubation environment.

4.2 In addition, there is likely to be *some* demand generated by **in-movers** and **spin-outs and staff/student start-ups** from ITT. **Importantly, a new innovation centre could help to cultivate this demand, perhaps increasing the take-up of space in South Dublin by inward investment opportunities and by spin-out and staff/student start-ups**.

Existing innovation centre tenants

4.3 There are two existing innovation centres in South Dublin: the Synergy Centre on the ITT campus; and the Synergy Global facility on the Citywest Business Campus. For many tenant firms at these centres, a lack of suitable expansion space is acting as a constraint on their growth and development. Synergy Centre clients are forced to leave the building after a maximum tenancy of three years and at present, their relocation options are limited.

4.4 To understand the current and future requirements of tenant firms at the two centres, an e-survey was undertaken (part of a wider survey of the local business community), with 11 Synergy/Synergy Global tenants responding. The key findings are as follows:

- respondents comprised a mix of businesses operating in the information and communication, human health and social work activities, professional/scientific and technical activities, and manufacturing sectors;

- nine firms currently occupy office units and six use laboratory space (five firms occupy both types of space);
- four of the businesses were started in 2016 or 2017;
- the 11 firms employ 67 full time equivalent (FTEs) workers in South Dublin, and 27 elsewhere; and
- they currently occupy over 800 sq m of space in total.

4.5 The 11 respondent firms have ambitious plans for growth. Across the 11, this growth is expected to take the total number of FTEs from 94 (67 in South Dublin) to 179 in 2021. To accommodate this growth, all 11 firms stated that they expect to require additional floor space over the next three years, totalling 1,400 sq m of additional space. **By 2021, the 11 respondent firms claimed they will need 2,200 sq m of space in total: 1,500 sq m of office space; 500 sq m of laboratory space; and 200 sq m of workshop space.**

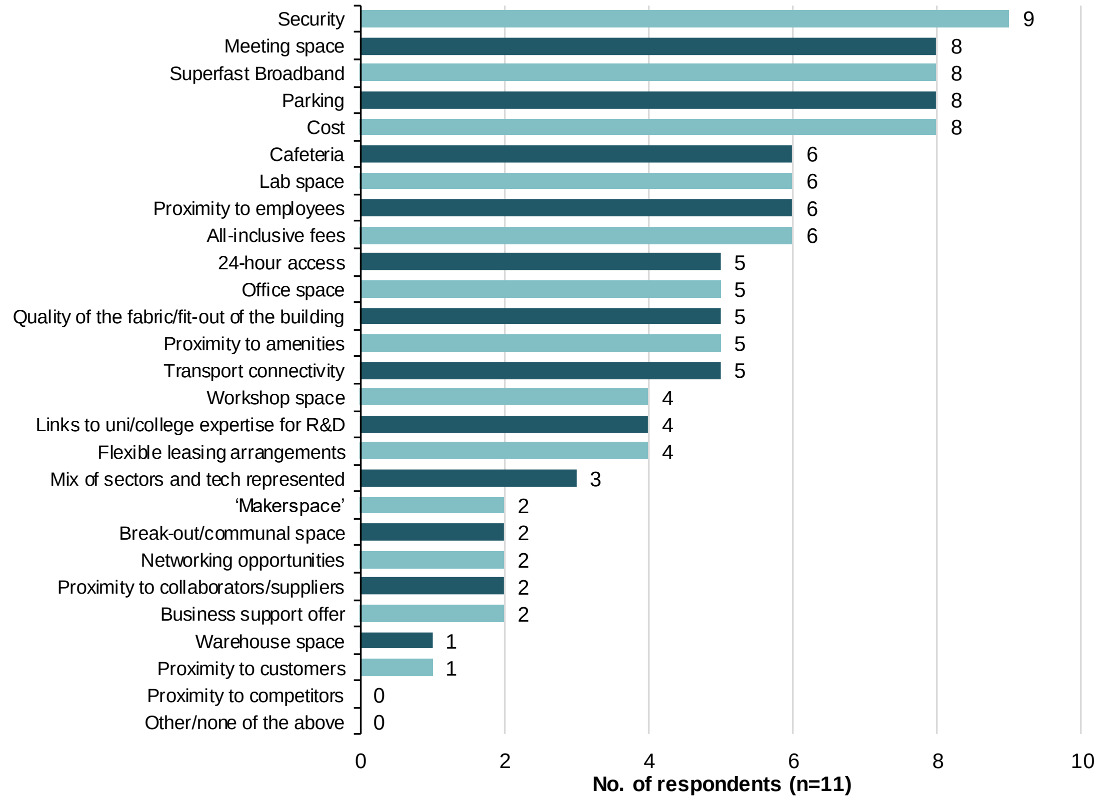
4.6 **Encouragingly, all 11 firms are intending to stay in South Dublin if they can find suitable accommodation. Five firms are already looking for additional space, with four of these indicating that they have found it difficult to find the right type of space.** Moreover, five of the firms are keen to take on more space within the Synergy facilities, although this may not be possible given current capacity constraints. If these live requirements are not met, there is a risk that the firms will be forced to relocate away from South Dublin, taking their investment, supply chain and employment opportunities with them.

4.7 There is clear support for new innovation space in South Dublin from tenant firms at the Synergy facilities: **10 of the 11 respondents to the e-survey indicated that there is a need for a new innovation centre in the County, with eight either definitely or potentially interested in taking space at such a facility** (the other three either did not say whether they would be interested in the space or they were unwilling to commit without seeing further information). For eight of the respondents, the priority is office-based innovation space; seven thought there was a gap around lab space; and five thought there was unmet demand in relation to workshop space.

4.8 When asked where they would like to see a new innovation centre built, many survey respondents suggested areas close to the existing innovation centres – around Tallaght and neighbouring areas – as the most appropriate sites.

4.9 The top five most important factors for e-survey respondents if they were looking to take space in a new innovation centre in the County were identified as **security, meeting space, superfast broadband, car parking and cost**. All-inclusive fees, cafeteria, laboratory space and proximity to employees were also identified as important factors by more than half of the respondents.

Figure 4-1: Response to "What would be the most important factors for you if you were looking to take space in a new innovation centre in South Dublin?"



Source: SQW analysis

Other existing businesses in South Dublin

4.10 The same e-survey tool was also sent out more widely, to subscribers to the LEO South Dublin e-zine mailing list, to understand any potential requirement for innovation space from the wider business base of the County; 53 other businesses based in the County responded to the e-survey[4]:

- respondents comprised a mix of businesses in information and communication, human health and social work activities, professional/scientific and technical activities, manufacturing and the wholesale and retail trade;
- 26 (almost half) are home-based businesses, 16 office-based and 10 workshop-based;
- over half were established in the last four years;
- they employed around 190 FTEs in South Dublin overall, and over 120 outside the County[5]; and
- in aggregate, they currently occupy around 4,000 sq m of space.

4.11 The growth expectations of these businesses are more modest than those for the Synergy tenants, but substantial nevertheless: they expect to employ 460 FTEs by 2021, up from 310

[4] This excludes two firms who would not be innovative firms expected to join an innovation centre (a school and boarding kennels),
[5] Excluding one anomaly that reports 140 currently and an expectation of just 30 in three years' time

currently. **To accommodate this growth, 35 of the 53 firms identified a need for more space, with the total footprint of the respondent firms expected to total 6,000 sq m by 2021, up from 4,000 sq m now[6]; over 3,500 sq m of this is expected to be office, over 1,900 sq m workshop, and around 500 sq m laboratory space**.

4.12 Some of this demand could in theory be met by expansion of space at sites outside the County, given that many of the firms already have operations outside South Dublin. However, this is a significant potential source of demand for innovation space in the County. **Indeed, of the 27 firms expecting to look for a new facility to accommodate their needs in order to expand, 23 are expecting to do so within South Dublin.** As with Synergy tenants, there is a risk of the County losing businesses to competitor locations elsewhere if their requirements cannot be adequately met in the County. This is exemplified by the difficulty that almost all of the 18 firms that are currently looking for new space are experiencing in finding suitable space that meets *all* of their requirements.

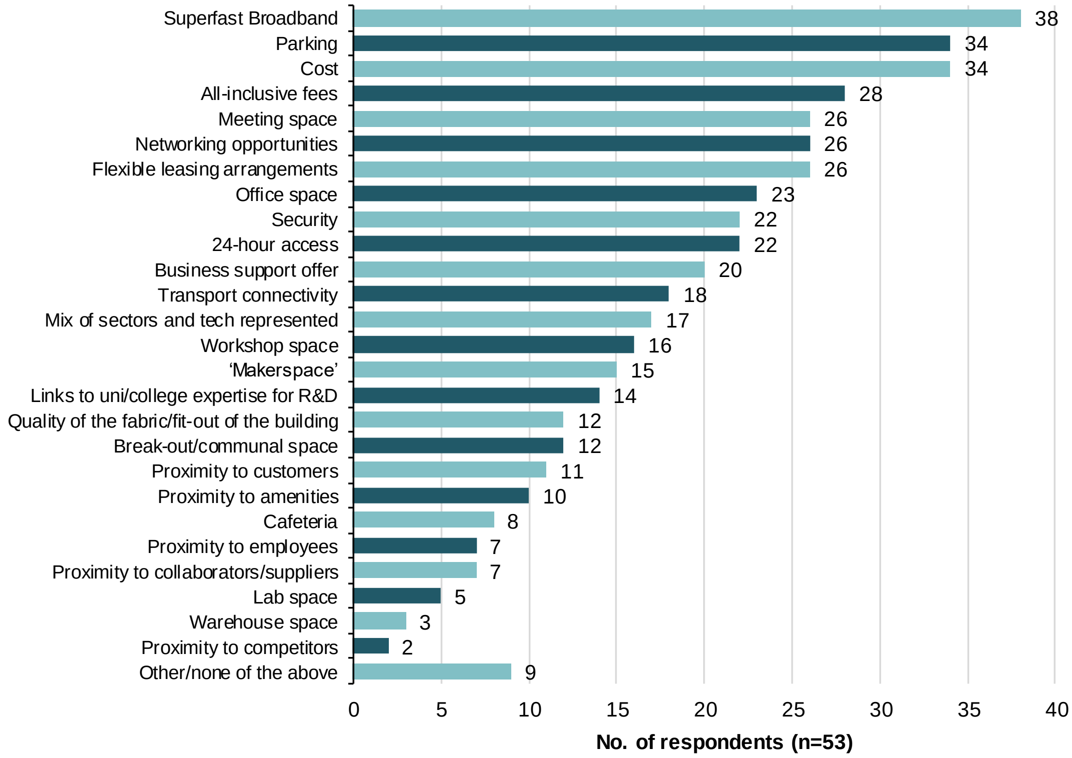
4.13 **Notably, some 38 of the 53 respondents felt there was a gap in the market for a new innovation centre in the County**. However, these respondents were less likely to say that they would either definitely or possibly take up space at such a facility than was the case for the Synergy tenants. This could reflect that these respondents comprise a broader cross-section of the business base in the County, and are therefore less likely to consider innovation space to be relevant for their business or indeed may not fully understand the benefits of an innovation centre facility. The types of space that these respondents are most interested in also reinforces the differences with the Synergy tenants; although both survey cohorts reported that the key emphasis should be on boosting the supply of flexible office space in the area, a much higher proportion of the wider business base identified a need for 'makerspace' than was the case for the Synergy tenants, whilst they also identified a much lower requirement for laboratory space.

4.14 **Tallaght and Citywest Business Campus were identified as the best locations for a new innovation centre more often than any other locations, although a wide variety of suggestions were made.**

4.15 The most important factors for e-survey respondents if they were looking to take space in a new innovation centre in the County were identified as **superfast broadband, car parking, cost and all-inclusive fees, meeting room space, networking opportunities and flexible leasing arrangements**.

[6] Note that this excludes three outliers that identified requirements of 1,500 sq m or more each, which would be highly unlikely to be accommodated within an innovation centre and may be seen as outliers

Figure 4-2: Response to "What would be the most important factors for you if you were looking to take space in a new innovation centre in South Dublin?"



Source: SQW analysis

Other potential sources of demand

4.16 As discussed in Section 2, Ireland performs strongly when it comes to attracting inward investment, Dublin especially so. **A new innovation centre in South Dublin could boost this further, by providing a relatively low cost, flexible, low risk, supportive environment for potential in-movers.** No 'hard' data are available on the scale of this demand, but the opportunity for this space to have a positive impact on new investment into the County was noted by some stakeholders. The ambition here would be far greater than having a small space within an innovation centre; ultimately, the hope would be that, by using the facility as a 'landing pad' in Ireland, these firms could use the centre as a base for exploring where to make a, likely far more substantial, investment into Ireland, on permanent premises**. Bringing these opportunities into an innovation centre in South Dublin could help to encourage these firms to locate in South Dublin long term, rather than elsewhere in Ireland or the Region.**

4.17 **South Dublin had no active spin-outs from ITT in 2016, although there were 55 from institutions across the wider Dublin Region. None of the 11 staff/student start-ups established in 2016 were based at ITT**. As such, based on recent performance, these are unlikely to generate significant demand for any new innovation centre in South Dublin, although they could become more significant over time, if progress can be made in boosting student enterprise levels locally.

4.18 However, **it is important to recognise the importance of ITT for other related opportunities.** Universities typically focus on basic research, and therefore spin-outs often occur where that research is taken far enough that it is ready to be commercialised. Institutes of Technology, such as ITT, typically have a different focus, with a much stronger emphasis on applied research. That is, their research agendas are primarily shared by the needs of industry. As such, rather than companies spinning-out of the institution, research projects are often undertaken because a company has asked the institution to collaborate with it in order to solve a specific problem. Many of the tenant firms at the Synergy facilities have existing collaborative R&D relationships with ITT and therefore the organisation is helping to drive demand. Additionally, ITT is likely to be attractive to potential tenants as it should in theory provide them with access to a skilled pool of labour.

4.19 **Data from January 2017 to January 2018 show 42 enquiries for space at the Synergy facilities**:

- **around a dozen enquiries led to firms taking space**
  - one of these was a move from the Synergy Centre to Synergy Global
  - one firm was provided with a hot-desk, in the absence of available office space
- **almost half of all enquiries were not taken forward as there was no available space for the firms at that time**
  - one enquiry was referred to the Synergy management team from the Irish Development Agency, from a North American business in the life sciences sector; this was not followed up, as there was no available space at the facilities to accommodate the business
- at least one firm was lost from the Synergy facilities, and from the County overall, because suitable grow-on space was not available in either the Synergy Centre or Synergy Global
- most of the remaining enquiries are either outstanding or were abandoned as the space is no longer needed.

4.20 No further details on the exact quantum of space required by these firms is available, or where most ultimately moved to. **However, it is clear that there could be a substantial missed economic opportunity for South Dublin here.**

4.21 **Another potential source of demand from innovative firms could be any potential spin-outs from Trinity College Dublin's Medical School at Tallaght Hospital or indeed the teaching hospital itself**. Stakeholders within the hospital are supportive of the development of innovation space to accommodate small to medium sized life science firms. As well as accommodating potential spin outs from the University and/or hospital, co-location with these assets (or close to them) could be attractive to firms seeking to conduct clinical trials, collaborative R&D and access the Irish Health Service Executive market.

4.22 This points to the **important role that a new innovation space facility could also play in stimulating *new* demand**. This is not as straightforward as a 'build it and they will come' model, as there are various important factors in delivering successful innovation space – see Section 5 for more details. However, the presence of a well-managed innovation centre, with a clear health and life sciences or digital/IT focus could be a powerful focal point for any local cluster development initiative. With strong linkages to the hospital, Medical School and some of the large global pharma companies based in the area (e.g. Pfizer and Takeda) could lead to the creation of a strong and competitive life sciences ecosystem. **It is important to recognise that part of the rationale for developing a new innovation centre in South Dublin might be around supporting the development of new high growth clusters and stimulating new demand for space – not just meeting unmet demand that exists today.**

Quantifying demand – some indicative numbers

4.23 The study team have triangulated the multiple strands of evidence on demand set out above, to model potential future demand for innovation space. This takes the existing known demand from tenants at the Synergy facilities, from the wider business base, and the assumption that a modest level of demand may come from inward investment, new spin-outs and staff/student start-ups – particularly as the profile of the facility builds over time. Several core assumptions have been used to underpin this model:

- the facilities will help to stimulate new demand for space, by creating a critical mass of economic activity in the area;
- not all of the current and expected demand for additional space will come to fruition or will necessarily be best met by innovation centre space;
- firms 'graduate' from either facility within three years, either into the grow-on space (particularly) for those in the incubator facility, or into the wider commercial property market;
- the space vacated by any existing tenants of the Synergy facilities choosing to relocate to the new centre would be filled quickly;
- business survival rates are assumed to be very high, given the one year survival rate for Ireland overall is 86%, with 67% surviving for five years; however, it is assumed that some tenants do not remain in the facility for the full three years.

4.24 The scenario that we have modelled below is for an incubator with some grow-on space. Additional assumptions specific to this space used include the following:

- local new start-ups and spin-outs/staff/student start-ups are assumed to need 25 sq m initially; existing firms and in-movers are assumed to require 75 sq m;
- local start-ups and spin-outs/staff/student start-ups are assumed to require 25% more space each year they are in the facility; existing firms and in-movers are assumed to grow at 20% per annum;
- 75% of local new start-ups and spin-outs/staff/student start-ups are assumed to survive *and* be retained within the facility for three years before leaving; the equivalent figure for existing tenants of innovation space and inward investment opportunities is assumed to be 90%;
- a slow build up for the facility, with 9 tenants joining the centre in Year 1, increasing to 12 per annum from year 4 onwards.

4.25 **This scenario shows how a requirement for 2,000 sq m may be met by a new innovation centre over a five-year period**. Given the quantified demand above, this could be considered a conservative estimate; in Section 6, additional assumptions are made on how practically build-up would occur for the shortlisted options.

Table 4-1: Modelled demand for a new innovation centre over a five-year period – incubator facility with grow-on space

Year	Type of demand	No. of entries	Space requirement (sq m)				
			Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Yr 1	Local new start ups	2	50	50	40		
	Spin-outs and staff/student start-ups	2	50	50	40		
	Existing firms	4	300	320	350		
	In-movers	1	80	80	90		
	Total Yr 1		480	500	530	0	0
Yr 2	Local new start ups	3		80	70	70	
	Spin-outs and staff/student start-ups	2		50	50	40	
	Existing firms	4		300	320	350	
	In-movers	2		150	160	170	
	Total Yr 2		0	580	600	630	0
Yr 3	Local new start ups	3			80	70	70
	Spin-outs and staff/student start-ups	2			50	50	40
	Existing firms	4			300	320	350
	In-movers	2			150	160	170
	Total Yr 3		0	0	580	600	630
Yr 4	Local start ups	3				80	70
	Spin-outs and staff/student start-ups	2				50	50
	Existing firms	5				380	410
	In-movers	2				150	160
	Total Yr 4		0	0	0	650	680
Yr 5	Local start ups	3					80
	Spin-outs and staff/student start-ups	2					50
	Existing firms	5					300
	In-movers	2					150
	Total Yr 5		0	0	0	0	580
Cumulative space requirement			500	1,100	1,700	1,900	2,000

Source: SQW analysis. Figures may not sum due to rounding

4.26 It is important to treat the modelled figures with caution as they are estimates rather than certainties. However, they are based on robust underpinning data and transparent assumptions, and do provide helpful estimates on the potential scale of demand that a new innovation centre could accommodate. It should also be noted that these estimates are for net lettable space only – excluding any space requirements for other organisations and communal areas such as reception, café and meeting rooms/conferencing facilities etc. – and so underestimate the true, gross size of the facility.

5. Learning from elsewhere

- Innovation centres are designed to foster new start-ups and support the growth of existing innovation-focused firms.
- They can provide attractive spaces in which groups of like-minded entrepreneurs can coalesce to share ideas, collaborate on R&D and do business together. With the right support and encouragement, clustering behaviours can develop which can boost competitiveness and drive productivity gains.
- A standard model for innovation space includes the provision of specialist accommodation on flexible terms, alongside access to networks, finance and other support. The prestige and profile of an innovation centre's 'name and location' is often seen as important by tenants.
- Other aspects of innovation centres can vary, such as size, sectoral focus, location, quality of space etc.
- Experience from elsewhere demonstrates the importance of strong leadership and management in operating innovation spaces, as well as expertise in delivering support to innovative businesses and developing a community and ecosystem around them.

Critical success factors for innovation centres

5.1 The concept of dedicated space for innovative firms is not a new one; for instance, science parks have been around for almost 70 years. Over this time, key lessons have been learnt about what makes good innovation space. Typically this includes bringing together both 'hard' and 'soft' infrastructure, typically including:

- **specialist buildings**, providing affordable specialist premises, including office, laboratory and workshop spaces
- **networks,** bringing together groups of innovative businesses to collaborate, share experience and to explore development opportunities. The sectoral focus can be key to achieving this
- **business support,** including mentoring and business advice to help with business and financial planning, start-up programmes, access to finance and marketing support, and project-based student and graduate placements
- **prestige and profile**, with the positive image generated by innovation space potentially helping tenant firms to attract/retain highly skilled employees, send out the right message to existing/new customers, and market individual firms more widely if they are seen as being part of a successful concentration of growth firms.

5.2 Importantly, these developments offer an employment environment that differs markedly from other types of 'standard' industrial development. Their prime focus is on encouraging technology transfer and providing the hard/soft infrastructures needed to support effectively the formation and growth of knowledge-rich and/or innovative firms. They are not simply another form of property development.

5.3 Whilst the high-level objectives for all innovation space are usually the same (driving innovation, enabling clustering, and delivering economic resilience and growth etc.), the implementation models adopted vary substantially. Key considerations are set out below; the specifics of the innovation space depend on these factors.

Figure 5-1: Innovation space considerations

Source: SQW 2018

The changing face of innovation space

5.4 In the early days of science parks, much of the focus was on creating the right 'hard' infrastructure to meet the property needs of high tech firms e.g. the access roads, buildings and car parking facilities etc., many of them taking the form of low density, suburban, car-oriented, segregated employment areas in parkland settings. By the 1980s and 1990s, the emphasis, in Europe especially, had shifted towards exploring how they could best stimulate and support technology and/or knowledge transfer among local firms and universities/other research institutes. Today, science parks (and associated innovation centres and grow-on facilities) still generally offer environments that many firms and staff value, despite the increase in the potential for remote working. However, the limitations on science parks, as property-led developments on a designated site, have become apparent.

- Limited demand in some locations, and commercial pressures, have meant that, despite aspiration and intent, many do not accommodate a high proportion of high tech innovative firms.
- The science park concept is driven by a desire to develop clusters of activity, but a local concentration of firms in the same sector, or using the same technologies, does

not in itself lead to a cluster: competitive forces may limit collaboration. Active management, including engagement with tenants and support for networking and interaction, have always been seen as part of the science park concept, but are not always evident.

5.5 In the context of increasing recognition of the importance of 'open innovation', closed innovation on rigid and remote sites is an increasingly outdated concept. Responses to this increasing recognition of the importance of open innovation include the rise of co-working in recent years. Co-working brings together different innovative business, often from different sectors, to stimulate cross-sector innovation, with flexible space allowing firms to start, flex and grow. The rise of the 'innovation' district is a larger scale response to these challenges and changing trends. The concept has been defined by Bruce Katz and Julie Wagner as:

> *"Geographic areas where leading-edge anchor institutions and companies cluster and connect with start-ups, business incubators and accelerators"*[7]

5.6 In the literature, innovation districts differ from previous models of cluster growth because: they are focused mainly on urban areas, rather than segregated science or innovation parks; they rely on cross-sectoral, rather than sector-specific, approaches; and their success relies on an environment conducive to interaction e.g. through transport connectivity and high quality public realm. They are characterised by high density, a mix of live/work and play, within urban environments that instead naturally encourage interaction and open innovation. An evolution in cluster thinking has led to successful science parks and innovation centres being seen as an anchor and visible manifestation of a wider innovation ecosystem, but recognising that they are only a part of the ecosystem, not its whole. Experience in delivering co-working space similarly suggests that this works best in high business density locations, in particular city centre locations which are also highly attractive for skilled young people, and for agile businesses e.g. in the digital/IT sector.

5.7 It is important to note that, as with the science park concept, success is not guaranteed; simply branding an area an innovation district, or calling a facility a co-working space, without developing the institutions, critical mass of activity and networking interactions, will not deliver success – a clear and strong vision, effective leadership, and expert management are essential.

Best practice in managing innovation space

5.8 Two case studies of best practice in the delivery of innovation space are set out below: the Belfast Innovation Factory in Northern Ireland; and the Fareham Innovation Centre in England. These schemes are delivered by Oxford Innovation (OI), which is part of the SQW Group. They highlight the importance of getting the different elements of innovation space 'right' – this is far from being about simply developing a building; creating a community of businesses and the wrap-around support they need are both essential.

[7] Katz, Bruce and Julie Wagner (2014), *The Rise of Innovation Districts: A new geography of innovation in America*, Washington, DC: Brookings Institution, https://www.brookings.edu/essay/rise-of-innovation-districts/

Innovation Factory, Belfast, UK

Background of the facility…

- In April 2016 OI was selected by Belfast City Council as the operator of a flagship 5,100 sq m innovation centre in the north west of the city on the Forthriver Business Park. Now branded the Innovation Factory (IF), the centre opened in September 2016.
- The key project objectives included community engagement/social regeneration, job creation and the provision of programmes to support business growth and innovation to new start-ups, entrepreneurs and SMEs. OI have previously developed comprehensive business innovation and growth programmes, that work in conjunction with current and future initiatives being delivered by Invest NI and the City Council.
- OI also assisted in the design and business and operational plan of the centre, as well as supporting an application for funding from Invest Northern Ireland (Invest NI) to support the capital costs for the centre. IF is part-funded by Belfast City Council, Invest NI and the European Regional Development Fund.
- Facilities include: offices ranging in size from 1 to 10 workstations; shared office space and flexible or dedicated desk space; virtual office packages; business lounge; and bookable meeting/conference rooms in a range of sizes.

… the benefit of delivering effective support and engagement activities

- The facility includes a range of events and networking opportunities, and free business growth mentoring with an in-house Innovation Director. The innovation and growth services have been structured to support businesses from the pre-start and start-up phases, through to established businesses wishing to develop product and service offerings, grow and eventually graduate from the support environment of IF. Business support is delivered by the in-house Innovation Director and are accessible to both IF customers and those not based at the centre on an outreach basis.
- Alongside economic regeneration, given the complexities and sensitivities of the location, the community engagement and social regeneration aspects of the IF project are at the heart of IF's mission. OI have developed a Social Integration and Community Engagement Plan to support economic growth, maximise personal/community development opportunities, promote good relations and create social impact from the activities of IF within the local area.
- OI have undertaken substantial engagement activities: engagement with 60+ key stakeholders; an IF Meet the Buyer event; a Cross-Community Christmas Goodwill Event; sponsorship prizes for a Goodwill Event; an interview master class for long-term unemployed people; two part-time employment placements at IF; introduction of a "Buy-Local" Policy and "Shop-Local" Procurement Policy; social benefit clauses added to all IF policies; creation of a local supplier directory; and a quick payment system for local suppliers has been implemented.
- OI are also exploring the possibility of: developing an IF skills barometer to ascertain customer employment requirements; linking with a local employment initiative that has a social ethos to fill vacancies; establishing relationships with local universities to progress a research framework to measure the social impact; using the IF café for training and personal development; offering ad hoc and wide ranging activities as part of the community improvement initiatives; developing links with local secondary schools and youth clubs, involving idea generation and innovative concepts related to the circular economy.
- OI have worked to integrate IF into the local business community, ensuring engagement through outreach projects. Furthermore, OI have engaged with a wide range of partners and stakeholders including different departments in Belfast City Council, Invest NI, Belfast Metropolitan College, the University of Ulster and Queens University Belfast, the local Chamber of Commerce, Catalyst Inc (Northern Ireland's science park), and local enterprise agencies and community organisations in order to build an entrepreneurial 'ecosystem' at IF.

Fareham Innovation Centre, Fareham, UK

Background of the facility…

- In 2014 OI were appointed by Fareham Borough Council as the operator of Fareham Innovation Centre (FIC). The building was completed in March 2015 and comprises 24 offices and 15 workshops aimed at business start-ups, with a sector focus on advanced engineering, marine, aviation and aerospace sectors.
- Fareham Borough Council had identified a need to support the development of high growth businesses on the Gosport Peninsula on the Solent Enterprise Zone at the former HMS Daedalus site. There was a lack of suitable and attractive business premises on the Peninsula, with a high level of out-commuting to Southampton and Winchester, and very few high value jobs being created. SME engagement with local educational institutes and larger sector-leading businesses was low, resulting in a lack of opportunities for students and graduates from the area to find work in innovative businesses locally.
- The Council's overall vision for the 2,400 sq m centre was for it to provide new businesses with a range of flexible office, co-working and workshop accommodation in which they can be supported to grow and thrive. An integrated business support service, tailored to the needs of SMEs in these sectors, was needed, as well as services to the wider business base to develop a dynamic business community.

… the benefit of delivering effective marketing/targeting and tailored support

- On paper, this could have been a very challenging innovation centre to fill, given its remote location, the fact it was a new building with no existing brand awareness or offering, and a restrictive gateway policy.
- To combat this, OI created targeted website landing pages prior to the centre opening, and before the main website was ready. This meant that OI could commence the online marketing early on, with clear pages setting out what was on offer, highly visible calls to action and a site designed so that it answered initial questions the searcher may have. This focused campaign and intuitive website was very successful, with a 600% increase in qualified sales leads and a 90% reduction in customer acquisition costs. OI have now replicated this approach across the rest of their network of centres.
- The recruitment of an Innovation Director, to give business support to fledgling businesses, is also a key for the success of the centre. A significant level of advice and support has been given both on a one-to-one basis and through networking events, roadshows and workshops. These are invaluable to businesses in providing them with information and signposting to help them develop and thrive. Even at this early stage, some businesses have already graduated from being Business Lounge members still otherwise working from a spare bedroom, through to taking up shared office space and then on to renting a small office and employing staff.
- Occupancy levels have massively exceeded expectations. It was initially forecast that it would take some time to build a customer base and that by the end of its first year it would have achieved an average occupancy level of 27%, and that it would reach an optimum occupancy level of 90% by March 2018. In reality, it reached 100% occupancy by the end of March 2016, with the centre profit-making two years ahead of schedule. Due to the success of the centre, the Council secured additional funding to build a second space – Phase 2 – which will provide 1,900 sq m of supplementary workspaces and conferencing facilities to meet the demand driven by the centre's first two years in operation. Phase 2 is due to open in early 2018.

6. Shortlisted options

- Option 1 (Grange Castle Business Park) and Option 2 (ITT-Tallaght Hospital Corridor) were modelled in detail. After careful consideration, it was felt that Option 3 (Bolbrook Enterprise Centre) was not particularly well aligned with the vision and objectives for a new innovation centre. Additionally, it was found that it would deliver a reduced economic impact; this option was therefore discounted and not modelled in detail.
- Both of the preferred options comprise c3,000 sq m of space, around 2,100 sq m of which is net lettable. However, they have different room schedules, with Option 1 having more, and smaller, office suites than Option 2, given the focus of this option as an incubator compared to the grow-on space focus of Option 2.
- The overall cost of developing either of the two preferred options would be c.€8.8m, using cost assumptions based on benchmark data.
- Both Option 1 and Option 2 reach optimal occupancy (85%) by the fourth year of operation, in line with benchmark data, and achieve a financial breakeven in month 29 of operation, with cumulative breakeven achieved in Year 9.
- Over a ten-year timeframe, both models are forecast to achieve an operating profit, with a marginally higher profit at ITT-Tallaght Hospital Corridor site.
- The development of either of Options 1 or 2 has the potential to deliver substantial additional benefits to the local economy, including jobs and economic output, improving the entrepreneurship and innovation ecosystem locally, and potentially acting as a catalyst for further developments – a potential hub for FDI tenants at Grange Castle Business Park (Option 1), or the catalyst for a new life science and digital/IT-focused Innovation District (Option 2).

The case for developing a new innovation centre in South Dublin

Rationale

6.1 The previous sections have highlighted the strong demand, and limited supply, of innovation space in South Dublin. Whilst such space is being developed elsewhere in the Region, there are no existing plans to boost supply in South Dublin. With little in the development pipeline in South Dublin, there is a risk of the County losing more of its innovative businesses to competitor locations elsewhere and miss out on the opportunity to attract new start-ups and inward investment projects. Over time, South Dublin would become more vulnerable to economic shocks and increasingly reliant on economic activity elsewhere. In our view, there is a clear rationale for developing new innovation space in South Dublin, if local partners are committed to increasing entrepreneurship levels, tackling the skills deficit and creating more sustainable and well-paid employment opportunities in the area.

Objectives

6.2 The core objectives for any new innovation centre type development in the area should be as follows:

- support the development of a more pervasive entrepreneurial and innovation culture across the County, thereby supporting an increase in start-up activity in innovation-led parts of the economy;
- support local start-ups to grow, develop and succeed within South Dublin;

- provide attractive space for businesses to relocate to South Dublin from elsewhere; this could include FDI projects, by enabling these firms to invest at a 'landing pad' so they can get a feel for the local South Dublin ecosystem before committing to a more substantial investment downstream;
- provide a hub for innovation-focused business support, networks and growth finance in the County;
- bring together existing local innovation assets to ensure that South Dublin businesses have the best possible opportunity to benefit from their presence in the County (e.g. ITT, Tallaght Hospital and the presence of major global firms such as Pfizer etc.);
- help to retain and embed innovative businesses/supply chains in the County, through the development of an attractive facility (in terms of both hard and soft infrastructure), and by having sufficient space to meet the requirements of innovative businesses.

6.3 The key motive for developing new innovation space is to ensure that these economic objectives are achieved. That said, it would also be pertinent for any new innovation space to be sustainable financially. This will not happen immediately, as any facility would take time to fill. However, **the primary objective must be to maximise productivity growth – not short-term rental income.**

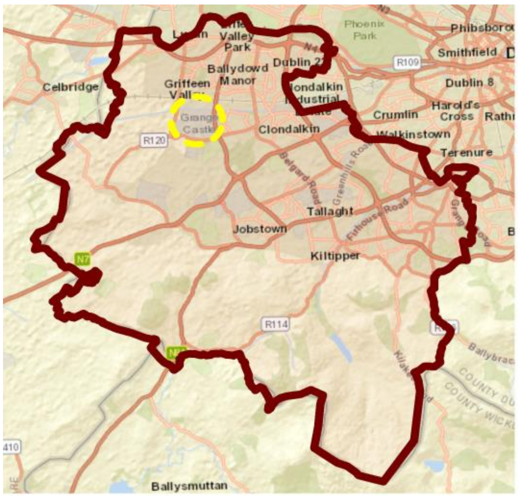
Potential locations for a new innovation centre

6.4 To achieve the headline objectives set out above, a longlist of options for delivering new innovation space has been considered. This list has been developed on the basis of engagement with stakeholders and the available evidence on the County's economic geography. It is set out in detail in Annex C. Three shortlisted options were identified and agreed with the client group (see Table 6-1 for details): Grange Castle Business Park; ITT-Tallaght Hospital Corridor; and Bolbrook Enterprise Centre.

Table 6-1: The three shortlisted options

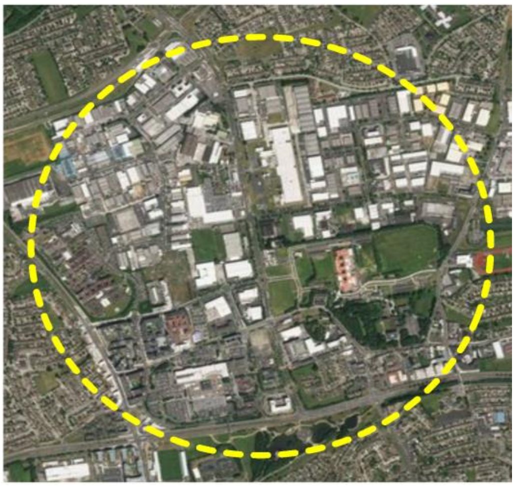
Option 1 – Grange Castle Business Park
• This option comprises a three storey 3,000 sq m building at a waterfront location adjacent to Pfizer's large facility on the Grange Castle Business Park. • The facility would be built on Council-owned land and would be new-build. • The innovation space would be focused particularly on life science and digital/IT firms (including the digital end of Med Tech), building on the sectoral strengths of South Dublin and major businesses located at the business park (including Pfizer and Takeda) • Given its distance from other incubator facilities, this centre would comprise mainly incubation space, with a small element of larger units (grow-on space). • The facility would be predominantly office-based, but would have some units that could be flexibly used as either office or lab, with relevant safety/ventilation/power/drainage features to enable this. A small amount of co-working space would also be included. • As the facility would be in an area of limited amenities, the centre would include communal animation space, a café, and meeting rooms. This would also allow this facility to act as a hub for the entire business park, and not just an innovation centre for tenant firms; this hub could help to bring FDI firms together, where they are currently working in silos. • Some of the office space (48 sq m) would be reserved for the Grange Castle Facilities Management Company, who would take immediate occupancy of an office, and for FDI firms as a 'landing pad', prior to investing in large scale facilities on site.

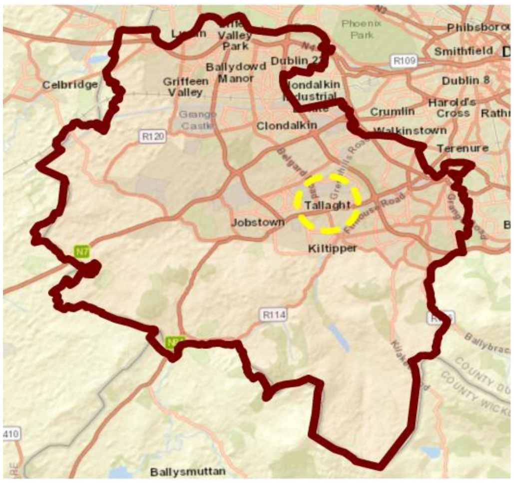
- Tailored business support would be essential and would be provided by the centre's manager; animation of this space would also be key in attracting and retaining businesses and encouraging innovation, and to gain the cooperation of the business park's major businesses.
- Free parking would be available onsite.



Option 2 – ITT-Tallaght Hospital corridor

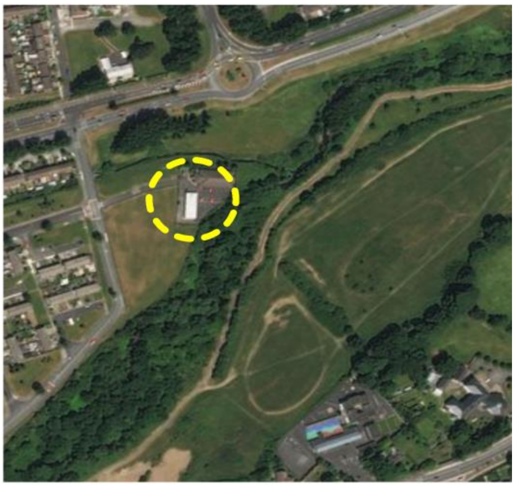
- This option comprises a three storey 3,000 sq m facility within the ITT-Tallaght Hospital corridor.
- The working assumption at this stage is that the facility would be new-build, although if suitable buildings could be identified nearby, a refurbishment option could be viable.
- This location benefits from close proximity (less than a five minute walk) to ITT (where the existing Synergy Centre office and lab incubator exists and is fully occupied at present), Tallaght Hospital, Trinity College Dublin's Medical School and Tallaght town centre, with all of its retail and residential amenities. There is potential to develop a facility here as the catalyst for a much more ambitious innovation district, building on the existing Medical Quarter proposal. The LEO is also located in the vicinity, with the prospect that the centre could be used to deliver any innovation-focused LEO support to business.
- Given the existing nearby incubator (Synergy Centre), this facility would offer grow-on space with a small element of incubator space, and would primarily be office-focused.
- The main target market would be Synergy Centre graduate companies (largely digital/IT-focused) and life science companies, given proximity to the hospital and medical school.
- Given the proximity to the town centre, this facility would not include extensive in-house amenities, but would include a small café, meeting space and communal animation space.
- Tailored business support would be essential and would form part of broader entrepreneurship and innovation programmes.
- Free parking would be available on site.

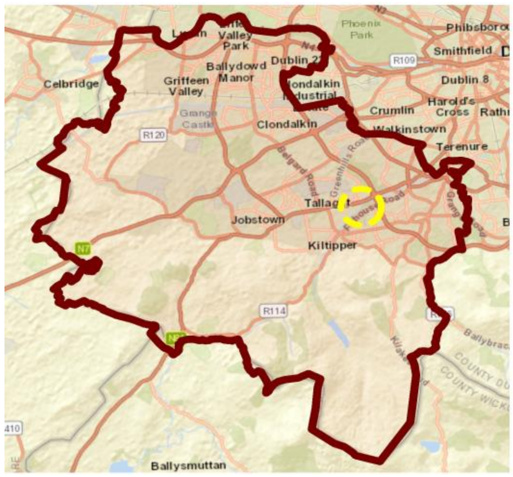




Option 3 – Bolbrook Enterprise Centre

- This option comprises just over 600 sq m of space across two single-storey buildings, to the east of Tallaght town centre, on the edge of a large residential area.
- This project would involve the refurbishment of an existing enterprise centre operated by Partas. The development would include new, higher quality and expanded innovation space. This would primarily be office space, alongside test kitchens.
- Given its small size, this facility would be focused on start-ups and very early stage SMEs. The sectoral focus would primarily be food and drink related firms.
- It would include some meeting space, a boardroom, a communal area and a small number of workshops.
- Tailored business support for the food sector would be essential and would be provided by the centre's manager.
- Free parking would be available onsite.





Source: Produced by SQW (2018). Licence 100030994. Contains data from: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus, DS, USDA, USGS, AeoGRID, IGN, HERE, DeLorme, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), MapmyIndia, NGCC, © OpenStreetMap contributors, the GIS User Community and 2011 Census data, Central Statistics Office

Business Plan and Operational Model

6.5 We have appraised the three options as set out above. After doing so, Options 1 and 2 are, in our view, the most likely options to achieve the headline objectives of the new innovation centre, in terms of creating a vibrant and dynamic business destination for the target sectors of life sciences and IT/digital.

6.6 Options 1 and 2 are in prominent business locations. They benefit from concentrations of innovative and entrepreneurial businesses surrounding them, which will further support the creation of the ecosystem that any successful innovation centre needs to be part of. They also allow for scale in terms of building size, meaning they are far more likely to be financially sustainable and to create a critical mass of firms, thus enabling a community of entrepreneurs to grow. Below, we detail the findings of the financial modelling on Options 1 and 2 (see Annex D for a high-level assessment of potential risks, including occupancy build-up and staffing issues).

Key assumptions

6.7 Having undertaken the demand analysis and explored the potential layout and space schedule for the innovation centres on both sites, we have developed ten-year Business Plans for both options. Some of the assumptions are shared across the two options, although there are also distinct differences:

- both options are modelled over a ten-year period;
- occupancy has been capped at 85% once the facilities have reached maturity (Year 3); this is vital for allowing churn within the centre as businesses grow and expand;
- licence fee rates are all-inclusive of rates, service charge and utilities, starting at €365 per sq m (€35 per sq ft[8]) for incubation space and €330 per sq m (€29 per sq ft) for grow-on space in Year 1; incubation space fees are higher to cover higher costs of an Innovation Director, and wider business support for early stage start-ups;
- dedicated 'hot-desk' fees are assumed as starting at €288 per month and virtual membership at €81 per month in Year 1;
- projected income from conferencing is also included in both models;
- on expenditure, fit-out costs total just over €200k (furniture, fixture and equipment costs of €120k and IT and telecommunications costs of €81k);
- we have included a mobilisation budget to cover staff time, marketing and other costs to cover activity in the six-month period prior to opening;
- four people will staff the centre: an Innovation Director, Centre Manager and Assistant Centre Manager will be appointed two months in advance of opening and a Customer Support Assistant will be appointed one month prior to opening;
- a key difference between the two models is the staffing. Option 1 (Grange Castle Business Park) assumes 4.2 FTEs and Option 2 (ITT-Tallaght Hospital Corridor) assumes 3.70 FTEs. The reason for the difference between the models is the number of early stage businesses requiring business support from an Innovation Director being greater in Option1 than in Option 2, which has a higher ratio of grow on space;
- we have not included any fees associated with the management of the centre and these will need to be factored in should an expert third party operator be appointed.

Construction phase

6.8 Oxford Innovation has collated build cost benchmarks from a range of projects that we have been involved with over the last five years. For innovation centres developed during this period, the benchmarks are based on the actual investments made by clients in new-build and refurbishment projects. We also analyse Quantity Surveyor reports from proposed innovation centre projects and refine our benchmarks by monitoring the accuracy of these forecasts throughout the construction and early operation of the building. Note, Oxford Innovation offer the cost estimates in this report based solely on these benchmark data, which is based on costs

[8] This figure would represent a significant premium on standard managed workspace rentals achieved in the South Dublin area recently. However, we note that prime rents in Dublin City Centre for Grade A office space have remained fairly constant over recent years at €60 per sq ft. See for instance: http://content.knightfrank.com/research/719/documents/en/dublin-office-market-report-q3-2017-4906.pdf

experienced in the UK. As the scheme progresses, these will need to be tested fully with local Quantity Surveyors and commercial property agents.

6.9 From our experience there are two significant issues that will need careful management to ensure that the capital investment represents good value-for-money and is fit for purpose:

- **Construction specification**. This needs careful managing as innovation centres are fundamentally commercial office buildings that need to adapt over time to respond to changes in the market (e.g. increasing demand for hot-desk space) and to keep them fresh and modern. To assist our clients, we have advised architects and other professional team members on the nuances of innovation centre design and use. By advising in this capacity, we have reversed escalation on other projects by simply redefining the construction specification while maintaining a high-quality build that is adaptable to respond to market trends.
- **VAT**. We strongly advise clients to take VAT advice very early in the project. The Oxford Innovation benchmarking database records all costs before VAT is applied as, in the private sector, most VAT is recoverable.

6.10 The construction industry usually only estimates the construction costs of a building designed as an innovation centre with celluralisation. Instead, Oxford Innovation's estimates represent total project cost, including some costs that the construction industry would not typically include in their estimates, including: 'loose' furnishings, fixtures and equipment; security systems; IT and telephony systems; client design, project management and pre-contract fees; and client contingency.

6.11 The following table provides indicative estimates on the build costs for either of the two preferred innovation centre options. It is important to note we have not included costs associated with 'high spec' Category 2 labs; if these were to be provided (which may be necessary given the focus on life science firms), more detailed work on the specification and fit-out of these labs would need to be undertaken.

6.12 As above, these costs are based on UK benchmarks, and exclude VAT.

Table 6-2: Construction costs for Options 1 and 2

	Benchmark – 2015 actual build costs	Benchmark – 2018 quantity surveyor costs	€ per sq m	Cost (€m)
Gross internal area (sq m)	*2,404*	*3,885*	*3,000*	
Build costs				
Enabling Works	0.04	0.05	13	0.04
Substructure	0.22	0.35	90	0.27
Frame and Upper Floors	0.50	0.82	210	0.63
External Envelope	1.28	20.6	531	1.59
Stairs	0.06	0.09	24	0.07
Special fit-outs (e.g. labs)	0.00	0.00	0	0.00

	Benchmark – 2015 actual build costs	Benchmark – 2018 quantity surveyor costs	€ per sq m	Cost (€m)
Internal wall, Partition	0.30	0.49	126	0.38
Internal Doors	0.13	0.21	54	0.16
Wall Finishes	0.06	0.10	27	0.08
Floor Finishes	0.06	0.09	23	0.07
Ceiling Finishes	0.03	0.05	12	0.04
Fittings, furnishings, equipment (FF&E)	0.07	0.11	27	0.08
Services Installations	1.20	1.94	433	1.30
External works, utilities, strip-out	0.60	0.97	251	0.75
Total build costs	**4.54**	**7.33**		**5.46**
Other construction-related costs				
Fit-out (inc FF&E, security system, ICT)	0.16	0.25	65	0.20
Green energy additions	0.06	0.00	-	0.00
Contractor preliminaries	0.55	1.10	-	0.82
Contractor OH&P	0.23	0.44	-	0.33
Construction Contingency	0.50	0.73	-	0.55
Inflation	0.00	0.33	-	0.49
Client, Design & pre-contract Fees	0.27	0.51	-	0.38
Client Contingency	0.00	0.73	-	0.55
Total other construction-related costs	**1.76**	**4.10**		**3.31**
Total construction costs	**6.30**	**10.70**		**8.77**
Cost per sq m (€)	*2,621*	*2,753*		*2,742*

Source: Oxford Innovation: construction inflation assumes 2019 build and is based on 4% per annum; actual benchmark adjusted to actual costs using Construction Contingency

Occupancy build-up over time

6.13 We have forecast occupancy growth, based on the demand analysis achieving 85% occupancy by the fourth year after opening. The key difference between the Grange Castle Business Park option and the ITT-Tallaght Hospital Corridor option is the point at which 85% occupancy is reached, which is slightly earlier in the ITT-Tallaght Hospital Corridor option due to the smaller number of offices in total due to the larger/grow-on space-sized offices available in this centre.

6.14 We have also forecast the uptake of 'hot desks' and virtual memberships, again in line with the demand analysis and our benchmarks from other centres. Both models assume the same take up of offer, with ten hot desk-based tenants and 18 virtual tenants by the end of year 1.

Profit and loss forecast

6.15 We have developed ten-year Profit and Loss forecasts for both options. In the table below, we provide summary forecasts against the headline income and expenditure lines over a ten-year period. Headlines from the Profit and Loss forecasts include that:

- breakeven is achieved in both options models in month 29, with cumulative breakeven achieved in both during Year 9
- over the ten-year period, our model forecasts an operating profit of €243k for Option 1 at Grange Castle Business Park and €252k at ITT-Tallaght Hospital Corridor.

Table 6-3: Profit & Loss Summaries for Options 1 and 2

	Option 1	Option 2
Licence fee € per sq m per annum	414.90	388.29
Net internal area (sq m)	3,000	3,000
Net lettable (sq m)	2,095	2,095
Occupancy average %	74%	74%
Space occupied (sq m) average	1,540	1,542
Income		
Total licence fees (Including lab income) (€k)	6,389	5,987
Total desk fees, membership and virtual income (€k)	562	562
Total conferencing (€k)	989	989
Total other income (€k)	804	806
Total income (€k)	**8,744**	**8,344**
Expenditure		
Total property costs (€k)	4,731	4,731
Total conferencing costs (€k)	147	147
Total cost of other income (€k)	579	580
Total other costs (€k)	3,045	2,635
Total expenditure (€k)	**8,502**	**8,092**
Centre operating net profit / (loss) (€k)	243	252
Total fit-out costs (€k)	200	200
Cash movements (€k)	43	52

Source: Oxford Innovation

Business support and animation programmes

6.16 Our Business Plan for both options assumes an Innovation Director is brought into animate the innovation centre and make it a destination for innovative and entrepreneurial businesses. This individual will be core to the delivery of impactful and tailored business support for centre customers, as well as the curator of programmes of animation to engage and excite start-up and growth activity in the area.

6.17 In order for an innovation centre to be successful in the County, it will need to:

- work with key partners including the LEO, County Council and the wider business community to drive local growth, innovation and entrepreneurship in South Dublin;
- stimulate and support collaboration/knowledge exchange ;
- provide fitted out business space available on easy-in, easy-out terms, with in-built adaptability to meet the needs of growing firms, while providing direct access to specialised technical expertise;
- make available to start-ups and small businesses, a wide range of advanced technical facilities and technical support to support R&D not otherwise accessible to them;
- provide and facilitate access to business support and development including financial support through dedicated on-site provision, through facilitated access to support networks and infrastructure;
- become the 'location of choice' for entrepreneurs and innovative companies seeking business premises and innovation services to support their growth, and a recognised Irish launch pad and source of R&D.

6.18 **There is an opportunity for the new innovation centre to become the hub for the development of a cluster of innovative firms in the County and provide an attractive alternative to the offerings in Dublin City Centre. In order to do this, the innovation centre will need to be a very visible focalpoint for innovative activity, potentially taking a role in curating activities across the County**. This could include animation activities such as a highly engaging events programme focussing on business growth challenges and barriers as well as social events to support networking behaviours. The events programme would also support footfall into the innovation centre, putting it 'on the map' as a business destination.

6.19 Therefore, **t**he innovation centre will need to be much more than just a building. It will be the cornerstone of a dynamic and innovative cluster, characterised by strong collaboration, stakeholder support and wide-ranging networks at local, national and international scales.

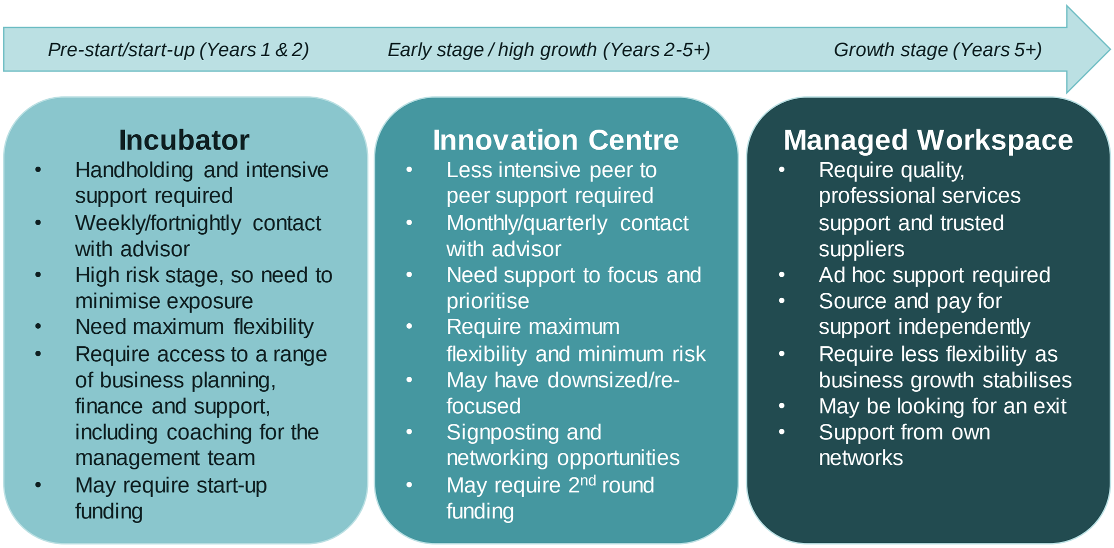
6.20 In order to work with very early stage companies and individual entrepreneurs we propose that the innovation centre should provide intensive incubation/acceleration programmes to the wide range of businesses it will be supporting.

6.21 The Innovation Director and wider innovation centre team would need to be mindful of the specific needs and requirements of the centre's target sectors (life sciences, digital/IT) and create tailored business support activities to meet them.

6.22 We have considered how the centre should be presented to the market. This will encompass such issues as: use and design of reception and shared areas; use and design of open space; spatial implications of delivering business support services on-site. The innovation centre will seek to be financially sustainable, whilst providing space and support to companies in their growth journey. To achieve this, the centre needs to be filled with a range of companies, who will vary in size, experience and goals.

6.23 From our experience, we know that companies require different support and packages at different stages in their development, as shown in the diagram on the following page. Very small start-up companies and early stage entrepreneurs exploring the development of their innovation will require intensive support and coaching, whilst larger companies may still require support, but this support will be strategic and enabling, rather than hand-holding.

Figure 6-1: Business support requirements by development stage



Source: Oxford Innovation

6.24 It is important that all stages of business growth are supported through the innovation centre; with one access point for all, regardless of the stage of development of their businesses. Entrepreneurs thrive in collaborative environments, where they can share, network and learn from their peers and the innovation centre should provide a very transparent route of development for them as they grow through the various stages: pre-start, early and growth.

6.25 In order to deliver an effective innovation centre, a clear, structured and well-articulated business support service will need to be delivered that caters to the various stages we identified earlier. From our experience the spatial requirements at each stage are outlined in the table below and have been incorporated into our plans for the innovation centre.

Table 6-4: Spatial requirements by business stage

Business stage	Spatial implications
Incubator	• Co-working room, hot desking / drop in space • Collaboration spaces, where peers can work on business ideas together • One/two person offices • Large meeting room for workshops / seminar delivery • Modern, lively feel to the space • Separate office for Incubation Director to work from
Innovation Centre	• Range of offices from 2 person upwards – smaller offices located nearer reception • Number of small kitchenettes • Number of meeting rooms with good quality AV equipment • Quiet areas for ad hoc discussions
Managed Workspace	• Larger offices up to 11 person • Flexibility for companies to grow / separate teams as appropriate • High quality board room for 'investor' meetings

Source: Oxford Innovation

6.26 We would normally expect companies to graduate from an innovation centre within their first five years of operation and the aim would be to accommodate them in the grow-on space within both of options internally or close by, so they are retained within the South Dublin economy.

Economic impact of a new innovation centre

6.27 Alongside the financial objectives of the innovation centre, one of the key measures of success is its economic impact.

6.28 Economic impacts from an innovation centre will tend to be viewed in terms of business creation and growth (output or sales), jobs created and gross value added (GVA), and can be expected to be substantial for both Option1 and 2.

6.29 A project of this type and scale also creates employment 'beyond' the centre. For instance, our research shows that graduating businesses continue to add three members of staff per year on average.

6.30 Alongside the jobs and associated GVA impacts from tenant and graduate firms, there are also likely to be other, wider benefits of the development of new innovation space, including:

- Developing an increased understanding of innovation within the local authority/LEO and key knowledge partners, through interaction with innovative businesses. This will support the development of a dynamic and entrepreneurial culture within the organisations, and give them closer proximity to innovation and disruptive technologies that can support their own activities e.g. smart city strategies, improving digital skills and increasing connectivity across a wide number of local authority/LEO activities.
- An improvement in the attractiveness of the area for new businesses, entrepreneurs and innovators, alongside an improved environment for investment, both in turn improving the retention of innovative businesses in the area.
- Increased collaboration between innovative businesses, local authority/LEO and the wider business community.
- The development of supply chains within and surrounding the innovation centre, with innovation centre customers trading with each other and buying goods and services from the County's wider business base.
- An innovation centre is a very visible hub of innovative business growth and could act as an aspirational 'landmark' to students, residents, local authority/LEO staff and the wider community – a focal point for driving forward innovation and enterprise activity in and around the County.
- Broader social impacts, such as changes in amenity or quality of life factors, following on from the creation of higher value jobs in the local area, enabling a greater spending power of consumers.

6.31 The development of innovation space at Grange Castle Business Park or in the ITT-Tallaght Hospital Corridor could also have positive impacts as a catalyst for new development and an increasingly embedded innovation ecosystem. There are distinct opportunities for both options:

- **For the ITT-Tallaght Hospital Corridor option, there is the potential for new innovation space to be a catalyst for the development of an Innovation District centred on Tallaght**. Some of the key ingredients of a potentially exciting and successful Innovation District are already present – a large number of potential innovation partners and assets in close proximity, a dense urban fabric, existing plans for a Medical Quarter, and with strong transport links to Dublin City Centre creating important links to the main economic centre. An innovation centre here could therefore play an important role as a statement of intent for Tallaght as a location of choice for innovative business of any size in life sciences, digital/IT, and the increasingly important convergent technologies between the two. The innovation centre could act as a central hub for a new Innovation District to develop around the centre, perhaps on to land at the Cookstown Industrial Estate to the north of the town centre. This Innovation District would need a strong Economic Vision, and strong leadership to drive it forward, ensuring that all partners are bought into the vision and realise the opportunity at hand. This is a long term initiative, which will need the persistent drive of its leaders, but is an opportunity to change the long terms fortunes and reputation of Tallaght as a business location.
- **As well as the opportunity of an innovation centre at Grange Castle Business Park for tenant businesses at such a facility, including the potential to work with globally important businesses in the life sciences, IT and food manufacturing, an innovation centre could also be an opportunity for the multinationals too**. At present, businesses at the business park work in silos. They do not talk to each other, operating instead from distinct sites across the massive business park. In some senses then, these businesses might just as easily be based elsewhere, with relatively little anchoring them to Grange Castle specifically. An innovation centre could be an important facility for changing this. Such a facility could act as a hub for the business park, that all businesses on the business park could use. By animating the space, and having sufficient meeting and conference spaces on site as well as a café, these large multinationals could come together organically at this hub. The innovation centre could be the start of a wider hub for the business park, that could ultimately include other amenities e.g. a gymnasium, hotel and larger conference centre etc. In addition, this hub could be the catalyst for the development of other business space; units that are larger than the suites in the innovation centre, but smaller than the very large 'owner occupied' sites that exist at present, helping to create a series of spaces for every stage of business growth.

7. Conclusions and recommendations

7.1 This section presents the main conclusions and recommendations from the study.

The case for developing new innovation space in South Dublin

7.2 The overall conclusion of this feasibility study is that there is **a strong case for bringing forward new innovation space in South Dublin**. The specialist facility would be designed to accommodate innovative start-ups from the County, firms graduating from existing innovation space (primarily the Synergy centres), as well as in-movers from elsewhere, who would be attracted by the high-quality environment and business support offer. This conclusion is based on:

- ***a very supportive policy context***, giving strong backing for business growth and the development of new innovation space in South Dublin
- ***high occupancy rates evident across the existing Synergy facilities*** in the County, and a relative lack of supply of innovation space compared to elsewhere in the Region. The evidence shows that the operators of the Synergy facilities have been forced to turn businesses away, including potential inward investment opportunities, because of a lack of unoccupied space
- ***high demand for innovation space***, with Synergy tenants estimating that they may require c2,200 sq m of innovation centre space by 2021 (an extra 1,400 sq m of space), and with the wider business base stating a requirement for some 6,000 sq m of space; not all of these firms will necessarily be appropriate for a new innovation centre, or may not wish to pay a premium for such space, but these data demonstrate that there is a sizeable amount of potential demand
- ***the opportunity for driving the next phase of South Dublin's economic growth:*** with exciting opportunities to support cluster development agendas and embed more supply chain and open innovation activity in the County (Option 1 – Grange Castle Business Park); and establish a new innovation centre as a catalyst for the wider development of an Innovation District (Option 2 – ITT-Tallaght Hospital Corridor). Despite landing a number of internationally significant FDI projects over recent years (such as Pfizer and Takeda etc.) at Grange Castle and City West, plus the encouraging progress made in filling both Synergy centres, the South Dublin area continues to suffer from a major skills deficit and higher levels of deprivation than competitor areas elsewhere in the Region. Additionally, in the absence of increased entrepreneurship and more indigenous innovative start-ups, the local economy will remain vulnerable to potential economic shocks. A new innovation centre could act as the cornerstone of the local area's economic strategy as it responds to these challenges, and becomes more productive and resilient.

Recommendations

7.3 The study team presents the following recommendations for discussion:

- The development of both Option 1 (Grange Castle Business Park) and Option 2 (ITT-Tallaght Hospital Corridor) should be taken forward as part of a phased approach to building an internationally competitive innovation ecosystem in South Dublin, complementing existing and pipeline activity elsewhere in the Region, including Dublin City Centre. Each innovation centre would comprise at least 3,000 sq m of modern, flexible space (at least 2,000 sq m of net lettable space).
- These facilities should have a common branding, along with the Synergy facilities, to increase name recognition and put South Dublin 'on the map' for innovative start-ups. There should also be strong linkages between these facilities – including the tenant firms.
- Both centres should be largely office-based, but with some laboratory space or space that is sufficiently flexible for either use. Option 1 should be more focused on incubation space, whilst Option 2 should be more focused on grow-on space, given its proximity to existing incubation provision at the Synergy Centre.
- Suggested target sectors for both centres include the life sciences and digital/IT, although as technologies converge across sectors, a flexible approach is likely to be sensible. The most important element of any entrance criteria will be to ensure that the facilities are 'protected' for genuinely innovative and technology-rich tenants.
- The centres should have the following core design features:
  - high quality design, modern and flexible office space that can be reconfigured to meet the changing needs of tenant firms as they expand
  - provision of reliable and cost-effective superfast broadband, offering tenant firms download speeds well in excess of 50 Mbps
  - a welcoming and vibrant reception area
  - a cafeteria and communal informal meeting space, to encourage interactions between firms at the facility, particularly at the Grange Castle Business Park centre (Option 1)
  - formal conference/meeting room space for both customers and local businesses to host meetings and events with customers, suppliers and partners.
- Beyond these physical features, the innovation centre should also offer:
  - a busy programme of cluster development events, workshops and innovation showcases to encourage business footfall and the development of the facilities as hubs for those businesses that are serious about innovation, technology and scaling

  - close links into key innovation partners, including ITT, Tallaght Hospital, Trinity College Dublin Medical School, and the County's major multinational businesses, to enable access to their research expertise, specialist facilities/scientific equipment, staff and supply chains. The centres should play a key role in supporting knowledge exchange and innovation. All innovation partners should be 'bought in' to what the County is trying to achieve with these centres, and actively engaged
  - a strong and tailored business support offer (including access to growth finance).

- Experience from elsewhere demonstrates that the vision for any new innovation space can be realised provided that the scheme has strong management and leadership, and an entrepreneurial mind-set. The emphasis should be on supporting and developing high value, innovative businesses, not simply jobs creation or rental returns to the owners of the facilities.
- Further work should be commissioned to develop an Economic Vision and masterplan for a Tallaght Innovation District, and to understand the potential demand for, and then masterplan, different hub facilities at Grange Castle Business Park in addition to the innovation centre.

Annex A: Consultees

A.1 The table below lists all the stakeholders consulted for this study. In addition to the stakeholders, a large number of businesses were consulted through an e-survey and we would like to take this opportunity to thank the 80 businesses that submitted written responses.

Table A-1: Stakeholder consultees

Name	Role	Organisation
Stephen Deegan	Senior Executive Officer	South Dublin County Council
Tom Rooney	Manager	Synergy Centre, IT Tallaght
Ronan Furlong	Executive Director	Dublin City University ALPHA Innovation Campus
Eoghan Hanrahan	Regional Director	Enterprise Ireland
David Tighe	Head of Innovation and Enterprise	Bank of Ireland
Eoghan Stack	Chief Executive Officer	Dublin City University Ryan Academy
John Kearns	Chief Executive Officer	Partas Ltd
Diane Richmond	Assistant Chief Executive Officer	Partas Ltd
Cllr Guss O'Connell	Economic Development, Enterprise & Tourism Strategic Policy Committee	South Dublin County Council
Andrea Carroll	Sustainable Business Executive	South Dublin Chamber
Angela Tynan	Manager	Nutgrove Enterprise Centre
Michelle Hannon	Manager	Terenure Enterprise Centre
Pat Coman	Facilities Manager	IT Tallaght
Seamas Donnelly	Chair of Medicine	Trinity College Dublin
Dr Barry McMahon	Head of Medical Physics & Clinical Engineering	Tallaght Hospital
Declan Doonan	Associate Director	Pfizer
Guy McDonnell	Director of Engineering and EHS (Environment, Health and Safety)	Pfizer

Source: SQW

Annex B: Enterprise space for small businesses in the Dublin Region

B.1 The table below sets out the various options for small business workspace in the Dublin Region, by area (South Dublin, Dublin City, Dún Laoghaire-Rathdown and Fingal) and by type of space (incubator, community enterprise centre and serviced workspace (including co-working space)).

Table B-1: Enterprise space for small businesses in the Dublin Region

Enterprise Space	Type
South Dublin	
Synergy Centre	Incubator
Synergy Global	Incubator
Bawnogue Enterprise Centre	Community Enterprise Centre
Neilstown Enterprise Centre	Community Enterprise Centre
Bolbrook Enterprise Centre	Community Enterprise Centre
Brookfield Enterprise Centre	Community Enterprise Centre
Killinarden Enterprise Centre	Community Enterprise Centre
Tallaght Enterprise Centre	Community Enterprise Centre
Elephant Business Centre	Serviced workspace
Premier Business Centre – Citywest	Serviced workspace
Tallaght Business Centre	Serviced workspace
The LINK Business Centre	Serviced workspace
Western Parkway Business Centre	Serviced workspace
Dublin City	
DCU ALPHA	Incubator
DIT Hothouse	Incubator
Invent Centre DCU	Incubator
LaunchBox Trinity	Incubator
NCI Business Incubation Centre	Incubator
The Digital Hub	Incubator
The GEC	Incubator
The Liffey Trust Enterprise Centre	Incubator
Darndale Belcamp Initiative	Community Enterprise Centre
Docklands Innovation Park	Community Enterprise Centre
Northside Enterprise Centre	Community Enterprise Centre
Ballymun Enterprise Centre	Community Enterprise Centre

Enterprise Space	Type
SPADE Enterprise Centre	Community Enterprise Centre
Terenure Enterprise Centre	Community Enterprise Centre
Bank of Ireland WorkBench	Serviced workspace
Broombridge Business Centre	Serviced workspace
Carmichael House Business Centre	Serviced workspace
Clarendon House Serviced Offices	Serviced workspace
Clifton House Business Centre	Serviced workspace
Cluster	Serviced workspace
CoCreate North	Serviced workspace
CoCreate South	Serviced workspace
Coworking Dublin – FlexHuddle	Serviced workspace
Denshaw House	Serviced workspace
Digital Office Centre Camden	Serviced workspace
Dogpatch Labs	Serviced workspace
Dominick Court Serviced Offices	Serviced workspace
DoSpace	Serviced workspace
eDot Connect	Serviced workspace
Element78	Serviced workspace
FEx Dublin	Serviced workspace
Fitzwilliam Business Centre	Serviced workspace
Glandore Fitzwilliam Hall	Serviced workspace
Helpingnetworks	Serviced workspace
Huckletree Dublin D2	Serviced workspace
Iconic Offices – No. 43	Serviced workspace
Iconic Offices – No. 9	Serviced workspace
Iconic Offices – Sobo Works	Serviced workspace
Iconic Offices – South Point	Serviced workspace
Iconic Offices – The Brickhouse	Serviced workspace
Iconic Offices – The Garrison	Serviced workspace
Iconic Offices – The Greenway	Serviced workspace
Iconic Offices – The Merrion Buildings	Serviced workspace
Iconic Offices – The Victorians	Serviced workspace
Iconic Offices – The Wilde	Serviced workspace
International Corporate Centre	Serviced workspace
La Catedral Studios / The Back Loft	Serviced workspace

Enterprise Space	Type
Lis Cara Serviced Offices	Serviced workspace
Lyon House Business Centre	Serviced workspace
Mespil Business Centre	Serviced workspace
NDRC Digital Hub	Serviced workspace
New Work Junction Rathmines	Serviced workspace
Office Suites Club	Serviced workspace
Premier Business Centre – Camden Row	Serviced workspace
Premier Business Centre – Harcourt Street	Serviced workspace
Premier Business Centre – Hatch Street	Serviced workspace
Premier Business Centre – O'Connell Street	Serviced workspace
Premier Business Centre – Smithfield Business Centre	Serviced workspace
Premier Business Centre – St Stephens Green	Serviced workspace
Regus – Alexandra House	Serviced workspace
Regus – Ormond	Serviced workspace
Regus – Upper Pembroke St	Serviced workspace
Regus House	Serviced workspace
Sigmund Business Centre	Serviced workspace
Sky Business Centre – Clonshaugh	Serviced workspace
Sky Business Centre – Clontarf	Serviced workspace
Space@DublinBIC	Serviced workspace
Studio 9	Serviced workspace
TCube Dublin	Serviced workspace
The Tara Building	Serviced workspace
WeWork Iveagh Court	Serviced workspace
Dún Laoghaire–Rathdown	
IADT Media Cube	Incubator
NovaUCD	Incubator
Dun Laoghaire Enterprise Centre	Community Enterprise Centre
Nutgrove Community Enterprise Centre	Community Enterprise Centre
Citydock	Serviced workspace
Coworkinn	Serviced workspace
Harbour View Business Centre	Serviced workspace
HeadOffice	Serviced workspace
Nesta – Deansgrange	Serviced workspace
Nesta – Sandyford	Serviced workspace

Enterprise Space	Type
Nexus Ventures	Serviced workspace
Oaktree Business Centre	Serviced workspace
PierConnect	Serviced workspace
Premier Business Centre - Sandyford	Serviced workspace
Regus – Torquay Rd	Serviced workspace
Regus – Carmanhall Rd	Serviced workspace
Sandyford Business Centre	Serviced workspace
Fingal	
The LINC	Incubator
Balbriggan Enterprise and Training Centre (BEaT)	Community Enterprise Centre
Base Enterprise Centre	Community Enterprise Centre
Drinan Enterprise Centre	Community Enterprise Centre
Clonmel House Business Centre	Serviced workspace
FeX Balbriggan	Serviced workspace
Nesta – Santry	Serviced workspace
Regus – Crescent Building	Serviced workspace
Regus – Dublin Airport	Serviced workspace
Sky Business Centre – Damastown	Serviced workspace

Source: SQW

Annex C: Long list of options

C.1 This Annex sets out the longlist of options considered for developing new innovation space in South Dublin.

Table C-1: Long list of potential locations for new innovation space

Location	Details	Advantages	Disadvantages	Shortlisted?
Bolbrook Enterprise Centre	• Plans are in the pipeline for the redevelopment of and small extension to the dated Bolbrook Enterprise Centre to the east of Tallaght town centre • As a community enterprise centre the focus of this facility at present is on small businesses generally, rather than specifically high growth potential innovative start-ups • However, this option suggests turning these plans into the potential development of a new innovation centre. Given its size, this would be an incubator facility. Plans include the development of an artisan kitchen, suggesting that food and drink could be one of the target sectors	• These plans have already been developed, with funding awarded in principle, and so this option could be mobilised quickly • Close to the economic activity of Tallaght and its innovation assets	• The existing plans for this site would provide a small innovation centre, which may be insufficient for building a sustainable critical mass of innovation activity	Yes
Grange Castle Business Park	• Grange Castle Business Park is a large scale business park under development to the west of Clondalkin, and offers the opportunity to build a new innovation facility that would be embedded in the relationships that could be established with the large FDI firms on site, in particular Pfizer • Given its distance from existing facilities, and lack of small business space on the site, this would primarily be an incubator, with a focus on life science and digital/IT firms • This facility would also have the potential to operate as a hub for the business park more generally. The site currently lacks this, with businesses geographically proximate, but not 'talking' to each other; this could help to embed these firms in the County	• Large innovative FDI employers are based on the site, which could provide important opportunities to access innovation opportunities for tenant firms • The facility could also provide a hub to bring together the existing large businesses on site, which currently sit within close sites – geographically close, but with no interactions between them • The site comprises an attractive lakeside location and plenty of land for development	• Relatively poor access to transport infrastructure compared to other options • Currently dominated by very large businesses spread over a very large site on distinct, closed plots	Yes
ITT-Tallaght Hospital corridor –	• This option would involve developing an innovation facility around the corridor between ITT, Tallaght	• Catalyst for the development of a much more ambitious innovation	• Image/branding challenges of Tallaght to overcome	Yes

Location	Details	Advantages	Disadvantages	Shortlisted?
Medical Quarter	Hospital and the Trinity Medical School, close to the LEO. This has the potential to either be a new build facility or refurbished space given the proximity of the Cookstown Industrial Estate • This would add to existing plans to develop a Medical Quarter around Tallaght Hospital, which is focused on the expansion of existing healthcare assets, potentially becoming part of a wider, more ambitious, innovation district • Given the proximity of the Synergy Centre incubator, this option would be focused on grow-on space, with a smaller element of incubation space • A major focus of this option would be life sciences, as well as digital/IT, given the focus of the institutions and existing Synergy Centre tenants • One possible location is the site directly north of the LEO, on Belgard Square North	district, to compete with other plans elsewhere in the Region, based on existing plans for a Medical Quarter • Proximity of the site to major innovation assets – ITT and Tallaght Hospital • Central location within the largest town in the County and proximity to the LEO providing opportunities to use the facility as a hub for the wider start-up support ecosystem • Proximity to Synergy Centre, with this new facility then becoming a step up/grow-on facility for the currently full Synergy Centre		
Ballymount and nearby industrial estates	• A large industrial area to the east of the County, an innovation facility here could seek to tie in with this extensive cluster of economic activity, perhaps linking to major businesses at nearby Park West Business Park in Dublin City • Given the focus of much of this area on industrial businesses, and the relatively high vacancy rates in this area, it may be possible to reconfigure an existing building, and focus the innovation space on industrial sectors e.g. manufacturing	• A facility here would be in an area of substantial existing economic activity, helping to create a critical mass of activity • It may be possible to reuse an existing building, given high vacancy rates in the area	• This area is dominated by older, poor quality industrial estates, which could limit the attractiveness of the site to innovative businesses	**No**
Citywest Business Campus	• Citywest Business Campus is one of the premier business locations in South Dublin, housing many major businesses, including multinationals across the life science, digital/IT and food and drink sectors, which would be the target sectors for any new facility here • Synergy Global already exists on this site. A new facility would therefore be focused on grow-on space, with relatively little space for new start-ups. The facility would be office-	• Proximity to major innovative/global businesses • Attractive and well-known business location • Proximity to DCU Ryan Academy for entrepreneurship training	• Synergy Global already exists on site, so this would effectively be an extension to this, rather than offering anything new, with other serviced office accommodation also already available here. Whilst a facility here may be attractive, Grange Castle has greater potential to add something entirely new to the County's	**No**

Location	Details	Advantages	Disadvantages	Shortlisted?
	focused, but with the flexibility for a small amount of laboratory space		innovation ecosystem	
Clondalkin	• One of South Dublin's main towns, an innovation facility could be located in the town centre or nearby • An incubator facility could be the most appropriate form of innovation space here, given the distance from other innovation facilities, with a focus on office space, and a broad remit to support start-up businesses across different sectors	• Potential to bring innovative businesses to Clondalkin, providing innovation space in a town that currently lacks this type of facility	• The appeal of the area to innovative businesses could be limited by the lack of a critical mass of existing innovation activity in the town centre	No
Lucan	• Lucan is one South Dublin's larger towns. An innovation facility here could be located in the town centre or nearby. • Given the distance from other facilities and from major concentrations of employment, an incubator facility may be most appropriate here, focused on office space and having a broad remit to support start-up businesses across different sectors	• Potential to bring innovative businesses to the far north of the County, providing innovation space in a town that currently lacks this type of facility	• The County's main innovation assets are some distance away with no obvious partner organisations locally • The appeal of the area to innovative businesses could be limited by the lack of a critical mass of existing innovation activity in the town centre	No
Rathcoole-Greenogue-Casement Aerodrome	• This would comprise innovation space on the south western edge of the County, close to existing industrial estates at Greenogue and the Casement Aerodrome, the main airbase of the Air Corps (An tAerchór) • This facility could comprise an incubator facility given its remoteness from other innovation facilities in the County, and may be tailored to attract defence-related start-ups	• Proximity to the Aerodrome presents a unique opportunity to develop a defence-focused facility, with tacit backing given by the Irish Air Corps	• The defence sector was not noted as a key sector for the County • A very rural location, which may limit the appeal to some businesses and the potential to achieve critical mass	No
Rathfarnham and the east	• An incubator facility in Rathfarnham or nearby areas in the south east of the County • This facility would focus on start-ups across different sectors, given the lack of other facilities nearby, and could seek to leverage benefits, in terms of profile, from nearby Sandyford in Dún Laoghaire-Rathdown	• Has the potential to bring high value jobs to an area largely dominated by residential at present • Would lie roughly equidistant between the innovation assets of Tallaght, FDI assets of Sandyford and the city centre	• A largely residential area, there are limited clusters of employment activity in the area • In addition, the County's main innovation assets are some distance away with no obvious partner organisations locally.	No

Source: SQW

Annex D: Risk register and mitigation measures

D.1 This Annex sets out key risks and mitigation measures for the two preferred options.

Table D-1: Risk assessment

Risk	Level and nature	Measures to reduce risk
Occupancy builds up slow in first two years	Major risk, with internal and external factors	Clear and effective marketing plan; early and robust assessment of demand; keen pricing; well-designed services
Problems with operating the building	Major risk, but internally controllable within the project	Control over final design and fit-out to ensure quality; careful attention to snagging and acceptance of the building
Economic model unsustainable	Major risk, with internal and external factors	Early analysis and refinement of the model. Regular reviews of risk. Regular reviews of potential for additional services to enhance the model
Security and access control	Medium risk	Early review of security plans by the operating team
Health and safety	Medium risk	Early establishment of policies; special attention to specialist equipment that may be provided within the innovation centre (specifically for life science businesses) and communal spaces
Ensuring that the building is fully attuned to the needs of the life sciences/IT/tech/digital sectors	Medium risk	Close attention to design during construction and fit-out periods. Active engagement with key players from within those sectors
Unavailability of key personnel – specifically a suitably qualified and experienced Innovation Director to drive the business support and community engagement activities	Medium risk	Development of a clear person and role specification, detailing the requirement for experience across the sectors to be supported as well as well-defined networks of experts. Early recruitment process to ensure the Innovation Director is in post prior to opening
Withdrawal of FDI companies on Castle Grange Business Park resulting in life sciences cluster being diluted	Low risk	Proactive engagement with FDI companies to build rapport, leading to early notification of any plans for relocation. Part of the rationale for developing an innovation centre on that site is to ensure that the major global firms continue to invest and expand their South Dublin presence – as more of their innovation, R&D and supply chain activities are embedded locally
Medical Quarter proposal for ITT Tallaght Hospital Corridor does not proceed	Low risk	The proximity of the Institute of Technology Tallaght, Tallaght Hospital and Trinity College Dublin's Medical School will ensure the site will remain a visible and attractive destination for innovators and entrepreneurs.

Source: SQW and Oxford Innovation