

## Germany and Ireland pose major threat to London's TMT sector dominance

Thursday 20 February, 2014

Berlin and Dublin are hot on the heels of London for the title of Europe's 'Silicon Valley', according to latest research from Colliers International, global real estate advisors. With their constantly growing tech and start up scenes, both cities have emerged as strong contenders, if no immediate measures to preserve UK capital's dominant position are taken.

The recently published report 'MTM – European tech cities' has identified Berlin as the biggest threat, with five new start-ups created in the German capital every day, drawing even more investment and talent to the city. A recent study suggested that, by 2020, Berlin could add more than 100,000 new jobs thanks to start-ups. Key players in the tech market like Amazon, Microsoft and Zalando continue to be attracted to the Spree-metropolis for its low-cost office and living space, 'trendy' image, central location and further simplification of the already attractive immigration policy for skilled workers

As the economy rebounds, Dublin is set to consolidate its top three position through exposure to large tech players and the data centre industry. With landmark lettings to Facebook, Amazon and Yahoo, the IT sector represented 30 per cent of office take up in 2013. Specifically US tech giants invested over \$130 billion into Ireland between 2008 and 2012, almost as much as they invested in all of developing Asia. However, the emerging shortage of 'quirky' Grade-A stock, growing rental levels, changes to the US tax regime and the planned increase in Ireland's corporation tax rate (currently at 12.5 per cent) are likely to impact on Dublin's pace of growth and competitiveness.

Craig Satchwell, Head of EMEA Offices, Colliers International said: "London is still going strong - over 46 per cent of 2013 leases in the West End attributed to tech and media companies - and 'Tech City' continues establish its dominance. However, if London is going to remain at the top, landlords and developers need to urgently address the shortage of central, quality stock and increase provision of flexible and innovative space. Coupled with the fact that Dublin, Berlin and the Nordics are offering businesses young and fresh talent in abundance, London needs to address the increasing skill shortage in the UK to maintain its crown."

"The TMT sector is of increasing importance, as one of the key economic drivers in a number of European markets. The tech landscape has developed significantly over the past years. Not only are 'rising stars' like Berlin and Dublin claiming considerable market share from London, but also ambitious Nordic cities like Stockholm and Helsinki and Central Eastern markets in Poland, Slovakia and Hungary are emerging as strong regional hubs."

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