



What's happening in our regional economies? Growth and Change in Regional GVA

The most recent regional GVA and GDP data (for 2015 and preliminary 2016) published by the CSO¹ is discussed in this *WDC Insights* with a particular emphasis on the regions which include the seven Western Region counties.

Between 2014 and 2015 there was very significant growth in GVA and GDP² nationally (a level shift which occurred for a variety of reasons³). It is therefore valuable to examine how this rapid economic growth was spread among regions. While data for the largest regions of Dublin and the South West has been suppressed by the CSO, to preserve the confidentiality of enterprises which were associated with a significant part of the growth, variation in growth and disparity in the other regions continues to be of national and regional importance.

Growth in GVA per person between 2014 and 2015 (see Table 1) in the State as a whole (which includes the unpublished data from Dublin and the South West) was very substantial (36.6%). Regionally there was a 30% increase in GVA per person in the Mid-West and the South East regions, while growth was more modest in the Midland region (17%) and the West (9%), but was only 5% in the Border region. Preliminary figures for 2016 show a return to more normal growth levels for all regions where data is available.

Table 1: Regional GVA per Person at Basic Prices 2014-2016.

	Border	Midland	West	Mid-East	Mid-West	South-East	State ^a
GVA per person (€) 2014	18,158	19,153	27,173	27,401	29,368	25,505	38,400
GVA per person (€) 2015 ^a	19,060	22,320	29,677	36,091	38,109	33,039	52,461
GVA per person (€) 2016 ^{ab}	20,280	23,521	30,611	37,722	39,446	34,679	54,637
% change 2014-2015	5.0%	16.5%	9.2%	31.7%	29.8%	29.5%	36.6%
% change 2015-2016	6.4%	5.4%	3.1%	4.5%	3.5%	5.0%	4.1%
Regional GVA as % State GVA (2015)**	4.1%	2.6%	5.5%	8.0%	6.0%	6.8%	100%

a Data for Dublin and South West not available for 2015 and 2016 (suppressed for reasons of confidentiality) but the figure for the State includes these regions.

b Preliminary results for 2016; **Based on Total Regional GVA (Table 9b)

Source: CSO, 2018, *County Incomes and Regional GDP, 2015, Table 9c and Table 9b*

Economic activity as measured by GVA is becoming more and more concentrated. The six regions shown in Table 1 only account for 33% of GVA nationally (compared to 43.4% in 2007). Thus in 2015, although they accounted for 45% of those at work in the State, Dublin and the South West together produced 67% of national GVA, an increase from 54.6% in 2007. The smaller contribution to national GVA from other regions highlights their significant untapped potential.

1. [County Incomes and Regional GDP CSO, 2018](#)

2. GDP (Gross Domestic Product) and GVA (Gross Value Added) are the same concept. They measure the value of the goods and services produced within a region or country. GDP is valued at market prices and includes taxes charged and excludes subsidies provided. GVA at basic prices excludes product taxes and includes product subsidies. [See background notes.](#)

3. The relocation to Ireland by significant Multi National Enterprises (MNEs) of some or all of their business activities and assets (in particular valuable Intellectual Property) alongside increased contract manufacturing conducted abroad (which is included in Irish accounts), all contributed to the very significant growth in GDP. [See Leprechauns in Invisible Regions](#)



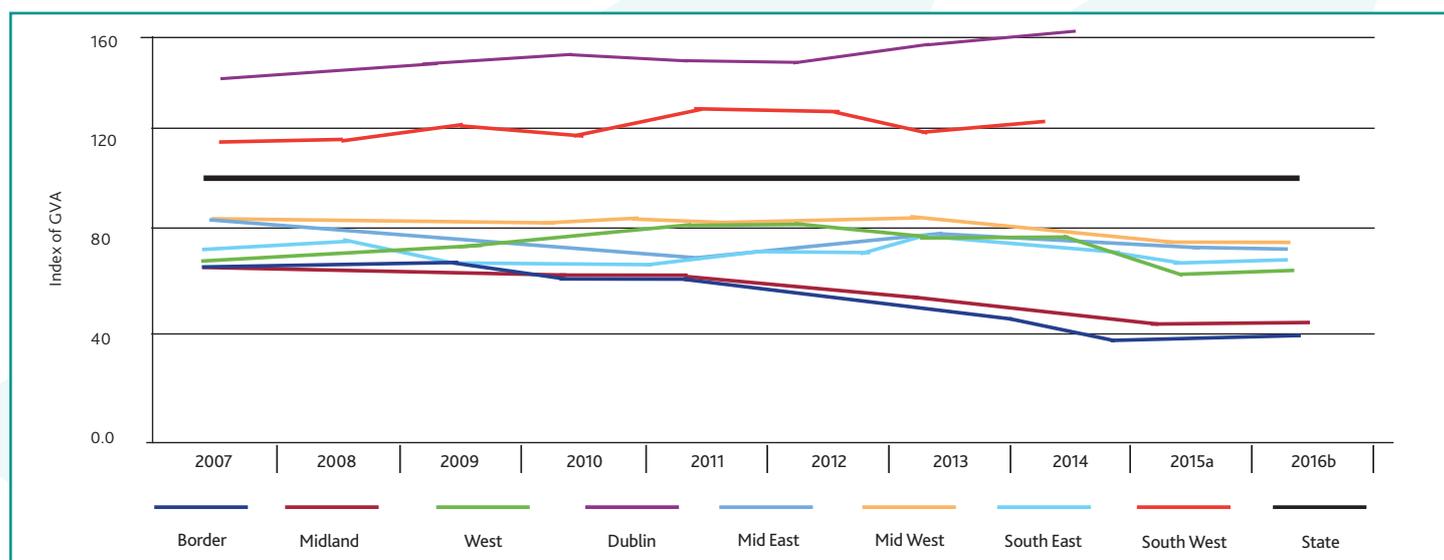
Changes in the Last Decade

Looking at changes over a longer period, GVA per person was significantly higher in the Dublin and South West regions between 2007 and 2014 than elsewhere and in 2015 and 2016, though data is not available, both will have been well above the State average of €54,637 in 2016. There has been some change in relativities among the other regions since 2007 with the Midland region, which had the lowest GVA per person in 2007, higher than the Border region in 2015 (€22,320 in the Midland region, €19,060 in the Border region). GVA in the West grew more rapidly than elsewhere in 2011 and 2012 but has since fallen behind the Mid-East⁴ and the South East with the gap between them widening.

Disparities within the State

An index of how GVA in the regions compared to that of the State (State=100) between 2007 and 2016 (Figure 1) gives a useful picture of widening regional disparity. No region except Dublin and the South West was above the State average during that period and all other regions were lower in 2016 than 2007 relative to the State.

Figure 1: Index of GVA for NUTS 3 Regions, 2007-2016^a, State=100



a Data for 2015 and 2016 for Dublin and South West regions suppressed for reasons of confidentiality

b Preliminary results for 2016

Source: CSO, 2018, *County Incomes and Regional GDP, 2015, Table 10 Indices of GVA per person at Basic Prices, 2007 to 2016 (State = 100)*

Worryingly, compared to the State index of 100, the Border region had an index of only 36.3 in 2015, the Midland region was only 42.5 while the West was 56.6. In contrast in 2007 the Border index was 68.1, the Midland was 65.5, and the West was 71.3. The Mid West has consistently had the highest index of GVA among regions where data was available at 72.6 in 2016 and 84.6 in 2007. This decline in these regional indices indicates the very significant widening of disparities in GVA between these regions and the State figure, which is influenced by the more rapidly growing Dublin and South West regions.

Conclusion

There are difficulties with using GVA and GDP as measures of regional development (see [Is GDP a satisfactory measure of growth?](#) and [How are we doing? GVA of Irish regions in 2014](#)), and these have been exacerbated in Ireland by the level shift in GVA in 2015 in many regions. Nonetheless, it is still a very important and widely used indicator of regional economic activity and growth, essential to our understanding of the changes taking place in the economies of Irish regions. The data shows that disparities are widening and economic activity, as measured by GVA, is becoming more and more concentrated in Dublin and the South West.

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4. For analysis GVA the Mid East is often considered with Dublin (see [How are we doing? GVA of Irish regions in 2014](#)) as much of the GVA in the Dublin region is produced by commuters from the Mid East (and other regions). However, as data for the Dublin region is not available, Mid East data is included here.