



**WESTERN
DEVELOPMENT
COMMISSION**

20/10/2020

WDC Presentation: The Society of Chartered Surveyors Ireland - West North West.

Timely Economic Indicators for the Western Region

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Western Development Commission

- 7 county Western Region
- State body – Department of Rural and Community Development (DRCD)
- WDC Act 1998
 - ‘....foster and promote the economic and social development of the Western Region’*

Our work is built on 3 key pillars:

- Regional promotion
- Regional leadership
- Sustainable enterprise



WDC Timely Economic Indicators

- **Help gain insight economic activity closer to real time:**
 - Regional economic data is generally published with a very long lag.
- **Rationale:**
 - Official county-level data & published at least quarterly.
- **Limitations:**
 - Clearly incomplete.
 - Supplements to examine alternative data sources e.g. Google Mobility.
 - Available [here](#)

Labour Market

- Persons in receipt of the Pandemic Unemployment Payment (PUP)
- Persons in receipt of the Temporary Wage Subsidy Scheme (TWSS)
- Persons on the Live Register (LR)

Consumption

- Vehicles licensed for the first time

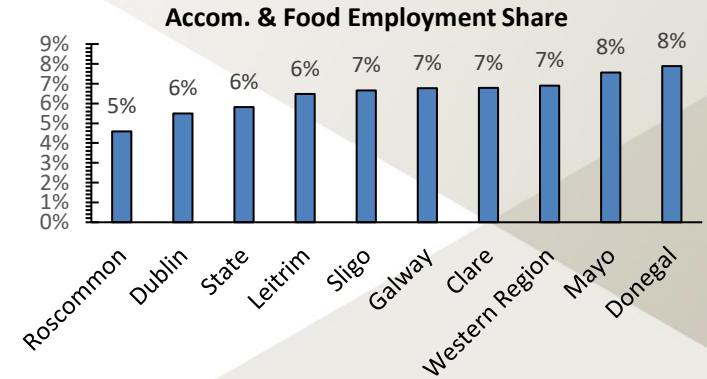
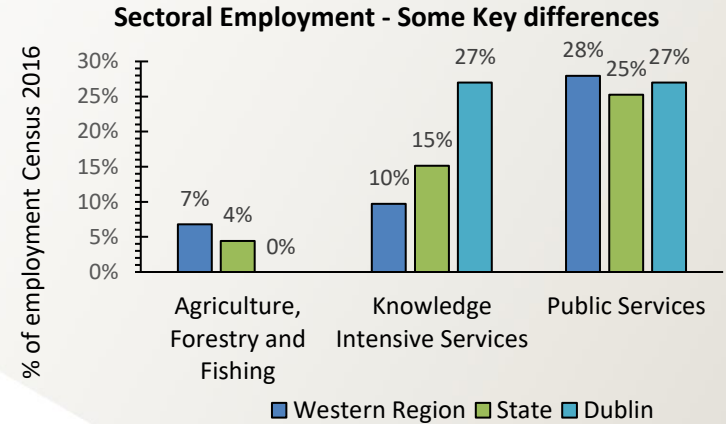
Housing & Construction

- New dwelling completions
- Planning permissions
- Commencement notices
- House prices & rents



Structural Issues in Western Region Economy

- **Distinct enterprise structure more reliant on small firms (<10 employees)**
 - 34% of “business economy” employed in small firms
 - 16% Dublin & 26% State.
- **Historical employment pattern towards public services, agriculture, tourism & manufacturing.**
 - Sectoral employment is comparatively more exposed to COVID-19 in Western Region.
- **Potential dual exposure to COVID-19 & Brexit at county level.**
 - Worry for Western Region.





Economics of COVID-19 – A Very Different Recession

- **Business Cycles**

- *Demand side*: a deficiency in “aggregate demand”
 - Boost demand with fiscal stimulus.
- *Supply side*: shock to “aggregate supply”
 - Economy needs to re-organise to adapt to “new normal”.

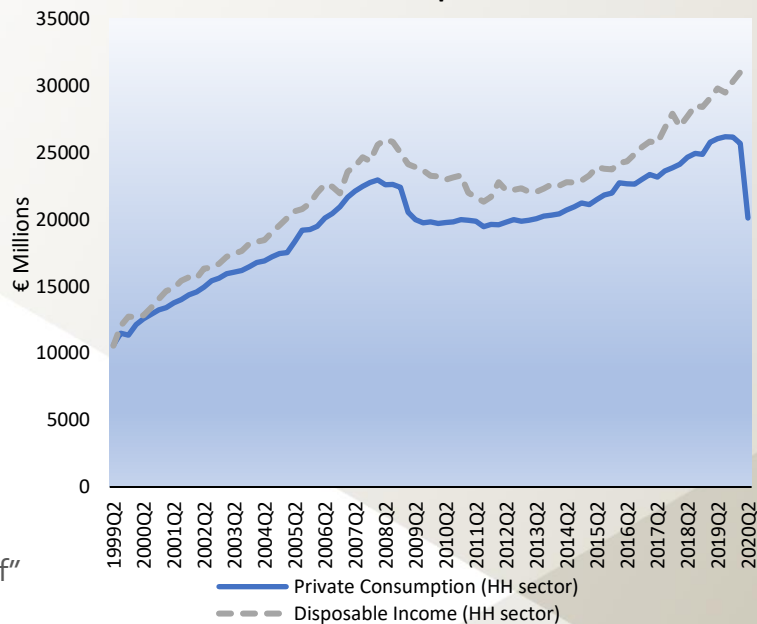
- **COVID-19 = large supply & large demand shocks**

- Fiscal response has abated aggregate demand shock.
- K- Shaped Recession/Recovery.
 - Some sectors collapsing (tourism) others booming (pharma & MedTech).

- **Key Takeaway: what fiscal policy can & can't do**

- Disaster relief rather than traditional “stimulus.”
 - Income supports and public health expenditures are key “relief” measures.
- However, supply side/uncertainty can't be fixed with fiscal policy – Public health and Economic health are interlinked.

HH Income and Consumption 1999-2020Q2

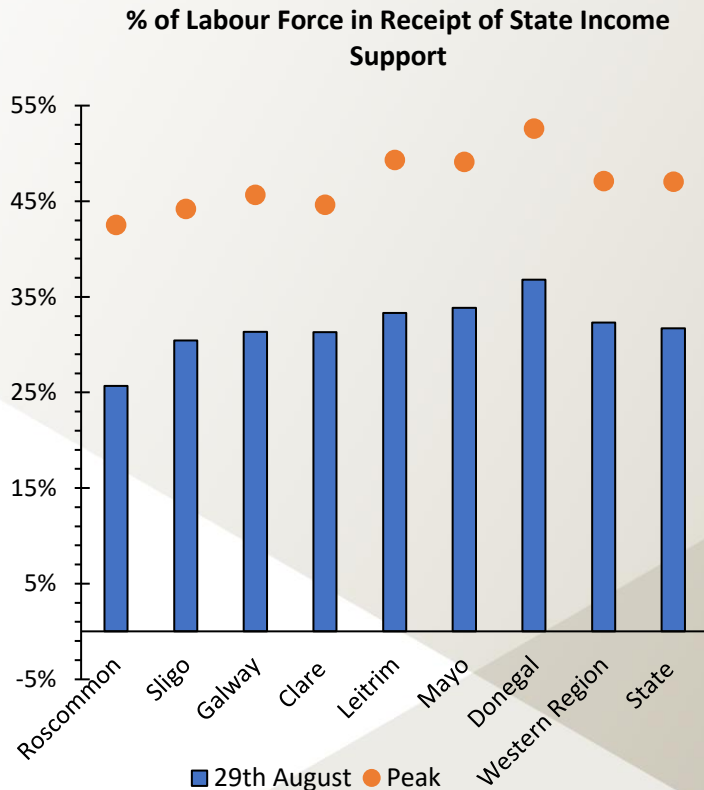


Source: CSO ISQ03

Regional Economic Data – Labour Market

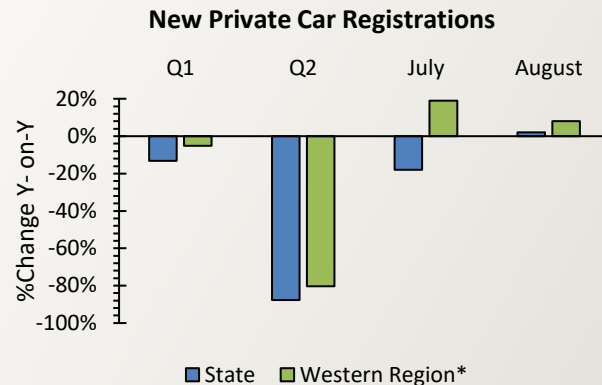
- **Large fall in total income supports (PUP + TWSS + LR) through re-opening phases.**
 - During May 47% of labour force receiving state income support. 32% by end of Aug.
 - PUP supports fell from 27% to 9% of labour force.

- **New restrictions: PUP most recent data.**
 - Rise in all 7 counties from 27th Sept. to 20th October.
 - Donegal: Level 3 on 26th Sept.
 - PUP % of labour force rose from 8% to 13% by October 20th.
 - May peak PUP % of the labour force was 32%.
 - New restrictions are less severe than May + changes to wage subsidy may encourage less PUP uptake than May peak.

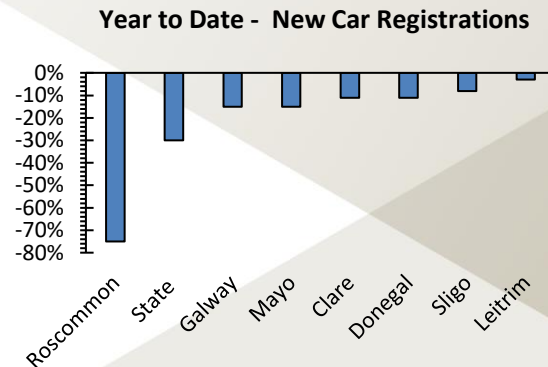


Regional Economic Data – Consumption

- **Vehicle Registrations showed some encouraging signs in the Western Region.**
 - July is a key month – Y on Y rise in new private car registrations in Western Region*.
 - Year to date decline is less severe in Western Region* than nationally.

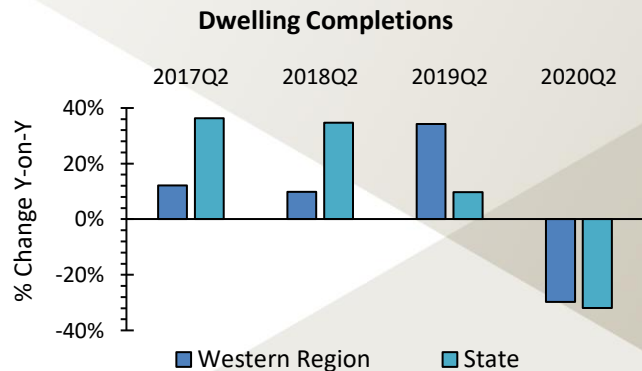
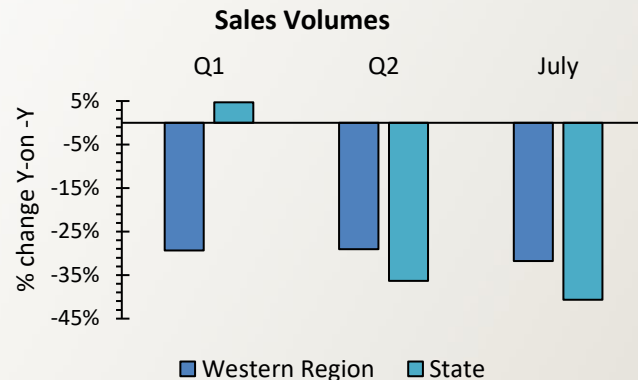


- ***Roscommon is excluded as it is distorted by a large national hire car company.**



Regional Economic Data – Housing

- **Collapse in sales volumes reflects uncertainty.**
- **RTB standardised rent moderation driven by Dublin falls.**
 - Largest annualised increases were in Western Region. (Mayo +8.5%; Leitrim +7.9%).
- **Supply is constrained.**
 - Q2 Collapse in dwelling completions, commencement notices and planning permissions.



Concluding Remarks

- **COVID-19 recession is very different.**
- **Economic outlook:**
 - Damage/recovery ultimately depends on virus developments – waves, restrictions, vaccine etc., & associated timeframes.
- **Western Region is particularly vulnerable given relative exposure to COVID-19 and Brexit.**



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Thank You Questions?

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