WESTERN DEVELOPMENT COMMISSION

Timely Economic Indicators for the Western Region

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WDC Insights
Providing insights on key issues for the Western Region of Ireland

Introduction

The Western Development Commission (WDC) has compiled a set of timely economic indicators to help assess economic activity in the Western Region (WR) and wider Atlantic Economic Corridor (AEC) closer to real-time.* The indicators chosen are all published at least quarterly by official sources and can provide insight on what to expect once further official data become available. See the detailed methodology here. The report is largely statistical, please see the accompanying WDC Insights Blog for a commentary on the report. The WDC acknowledges that the indicator set is limited given the availability of official high-frequency county-level economic data. To address this limitation, supplementary ad-hoc reports based on alternative data sources are also produced. The WDC has released a comprehensive regional analysis of the economic impact of COVID-19, within the report Regional Economic Impact of COVID-19: 2020 in Economic Statistics. A comprehensive overview of COVID-19 impacts on the Western Region and AEC was also presented at the Nevin Institute Labour Market Conference 2021.

What is covered in the timely economic indicator set?

Table.1. Timely Economic Indicator Set

Labour Market

- Persons in receipt of the Pandemic Unemployment Payment (PUP)
- Persons in receipt of the Temporary Wage Subsidy Scheme
- 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

Figure 1. The Western Region

**Note: The Western Region is defined under the WDC) Act 1998 as the seven counties of Clare, Donegal, Galway, Leitrim, Mayo, Roscommon, and Sligo. The AEC is set out in Ireland 2040 as an initiative to drive balanced regional development and encompasses the Western Region as well as Kerry and Limerick.*

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Why timely economic indicators are particularly important at the regional level?

The lag between the data reference period and the publication of official national income accounts and other economic statistics has prompted considerable effort into the development of national real-time economic indicators. The lag is often considerably longer for county and regional data. For example, the latest available regional income accounts relate to 2018 and 2019 and were published in February 2021, a lag of up to thirty-six months between the data reference period and publication. This demonstrates the need for timelier regional and county level indicators of economic activity.

Insights on regional economic activity

Labour Market

- The combined share of the Western Region's (AEC) labour force receiving the PUP, wage subsidy or on the live register fell to 21.2% (21.7%) at the end of October, down from 33-34% a year ago and 50-51% in May 2020. However, regional and within region variation remains. For example, the share of the labour force in those categories combined, within the AEC counties, ranged from 17% in Roscommon (the lowest rate in the country) to 25% in Donegal and Kerry. An encouraging sign is that this is the first TEI report that did not find Kerry to hold the highest rate in the country (Louth 26%). However, four of the seven highest rates in the country are in the AEC (Donegal 25%, Kerry 25%, Clare 22% & Mayo 22%).
- Persons receiving the PUP reached their lowest levels during the first week of December before rising in response to the increased public health restrictions. During the first week of January, 9,883 persons in the Western Region received the PUP (2.5% of the 2016 labour force).
- Wage subsidy supports, as a share of the labour force, have generally been lower in the Western Region & AEC than the national average. At the end of October, 11.1% (11.5%) of the Western Region (AEC) labour force were supported by the wage subsidy compared with 11.5% nationally. It is encouraging that the Western Region & AEC wage subsidy supports are close to the national average given these payments are tied to employment.

Consumption

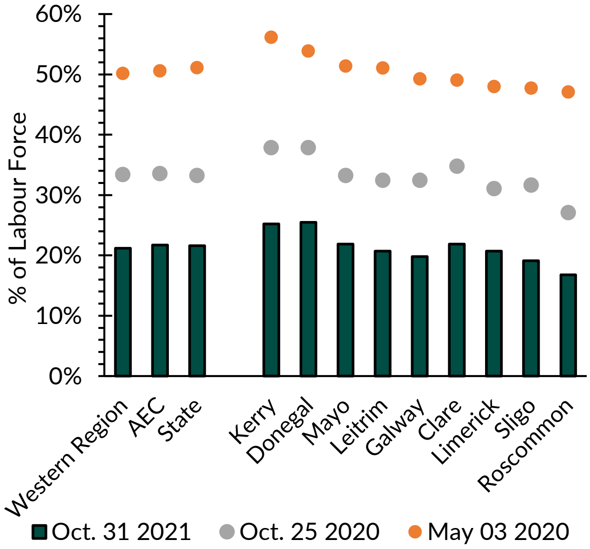
- 2021 new car registrations and new goods vehicle registrations were above pre-pandemic levels in the Western Region & AEC during 2021.

Housing & Construction

- The story of the housing market in 2021 was clear, housing demand held up well and continued to outpace supply thus prices have continued to rise. The supply of available houses for sale rose during 2021 but from an extremely low base. The sales and rental price trends reveal similar patterns to suggest the pandemic has coincided with an initial movement away from larger urban areas, particularly Dublin. Whether this reflects a longer-term trend should become clearer as the remaining restrictions are lifted and new working patterns become established.

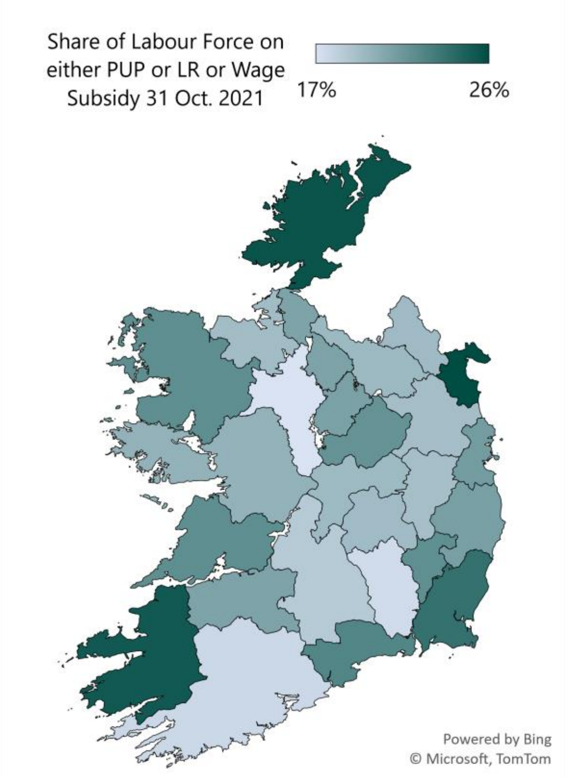
Labour Market

Figure 2. Combined % of Labour Force in receipt of PUP or Wage Subsidy or on the Live Register.



Source: Analysis of CSO Table LRW14 (18/01/22).

Figure 3. Combined % of Labour Force in receipt of PUP or Wage Subsidy or on the Live Register.



Source: Analysis of CSO Table LRW14 (18/01/22).

Share of Labour Force (LF) receiving state income supports falls.

- The % of the LF receiving either the PUP, wage subsidy or on the live register has fallen consistently from February to November 2021. The combined share of the LF in one of those categories in the WR (AEC) fell to 21.2% (21.7%) at the end of Oct. 2021 down from 33-34% a year ago and 50-51% in May 2020.

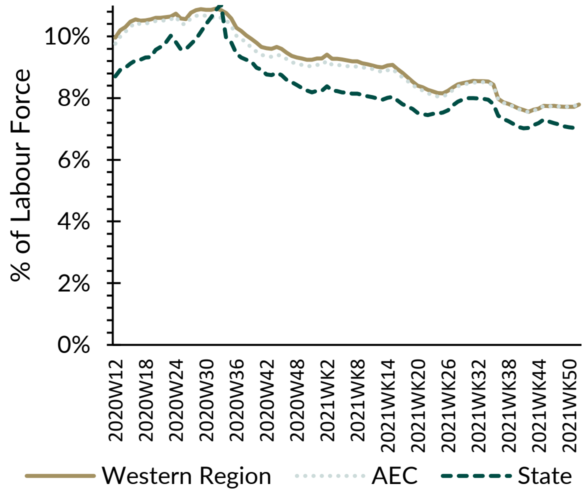
- The WR and AEC aggregates were close to the national level of 21.6%.

Regional and within-region variation remains.

- The % of the LF receiving either the PUP, wage subsidy or on the live register in the AEC ranged from 17% in Roscommon (the lowest rate in the country) to over 25% in Kerry and Donegal (the 2nd and 3rd highest rates in the country). This is the first time that the TEI report has not found Kerry to hold the highest rate in the country. Four of seven highest rates in the country are in the AEC (Donegal, Kerry, Clare & Mayo).

- The regional and within region variation in the labour market has been documented by Lydon and McGrath (2020) and McGrath (2021) as a key feature of the pandemic period. Those studies suggest that the variation is related to, and has in some cases exacerbated, pre-pandemic regional structural issues within enterprise, employment, & economic activity.

Figure 4. % of LF on the Live Register.

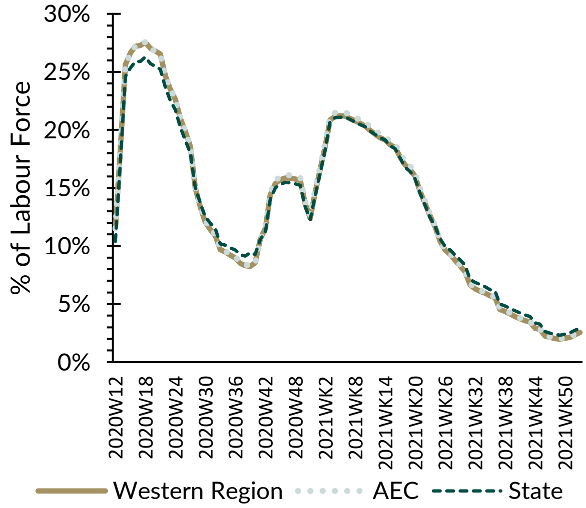


Source: Analysis of CSO Table LRW14 (18/01/22).

8% of WR/AEC LF on the live register.

- The % of the LF on the live register in the WR & AEC was 7.8% at the start of January. Nationally 7.1% of the LF was on the live register.
- Figure 10 below shows county-level trends.

Figure 5. % of LF in receipt of PUP.

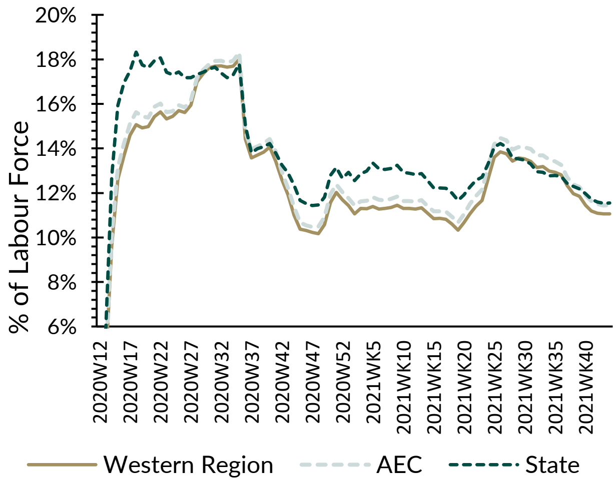


Source: Analysis of CSO Table LRW14 (18/01/22).

Number of PUP recipients rose slightly during December.

- During the first week of December, the % of the LF in the WR & AEC receiving the PUP fell below 2% before rising to 2.5% during the first week of January following the increased public health restrictions.
- Figure 8 below, shows county-level trends. There has been a reduction in the regional and within region variation in terms of PUP recipients since June/July as was the case during the easing of restrictions during the summer of 2020.

Figure 6. % of LF supported by Wage Subsidy.



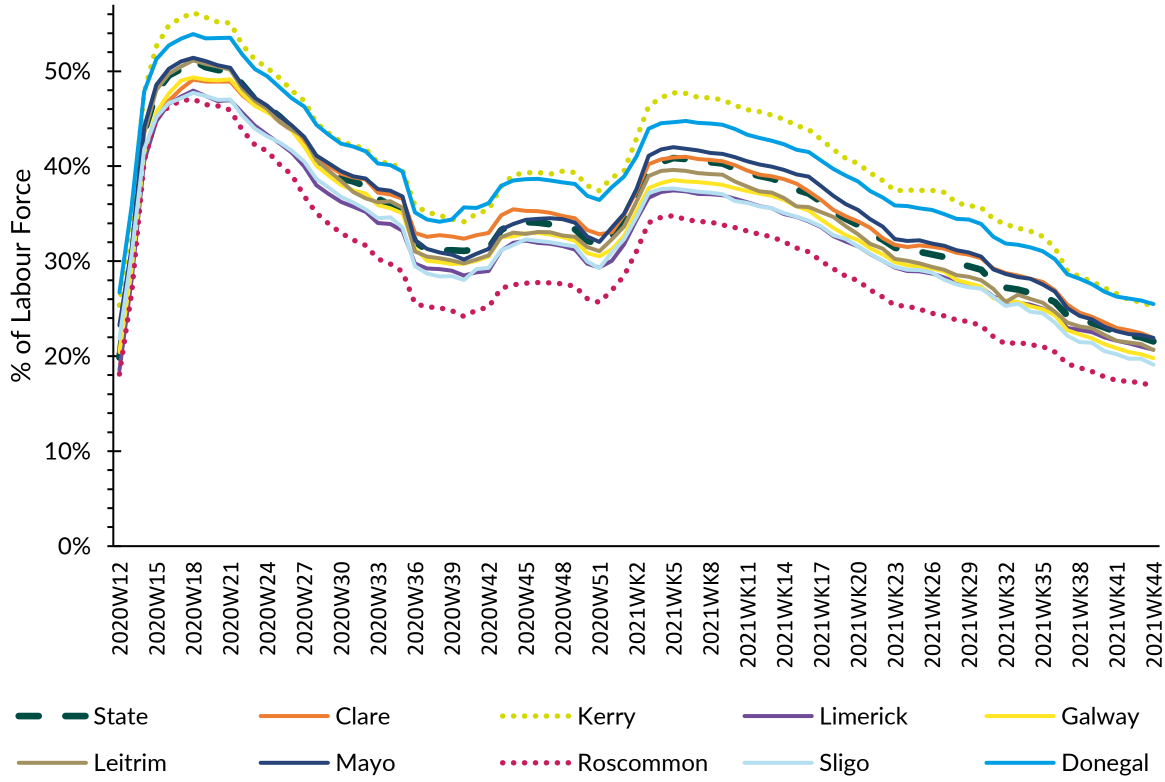
Source: Analysis of CSO Table LRW14 (18/01/22).

Wage subsidy supports at national average.

- Wage subsidy supports as a share of the labour force have generally been lower in the WR & AEC than the national average. At the end of October, 11.1% (11.5%) of the WR (AEC) labour force were supported by the wage subsidy close to the national average of 11.5%.
- Figure 9 below shows county-level trends.

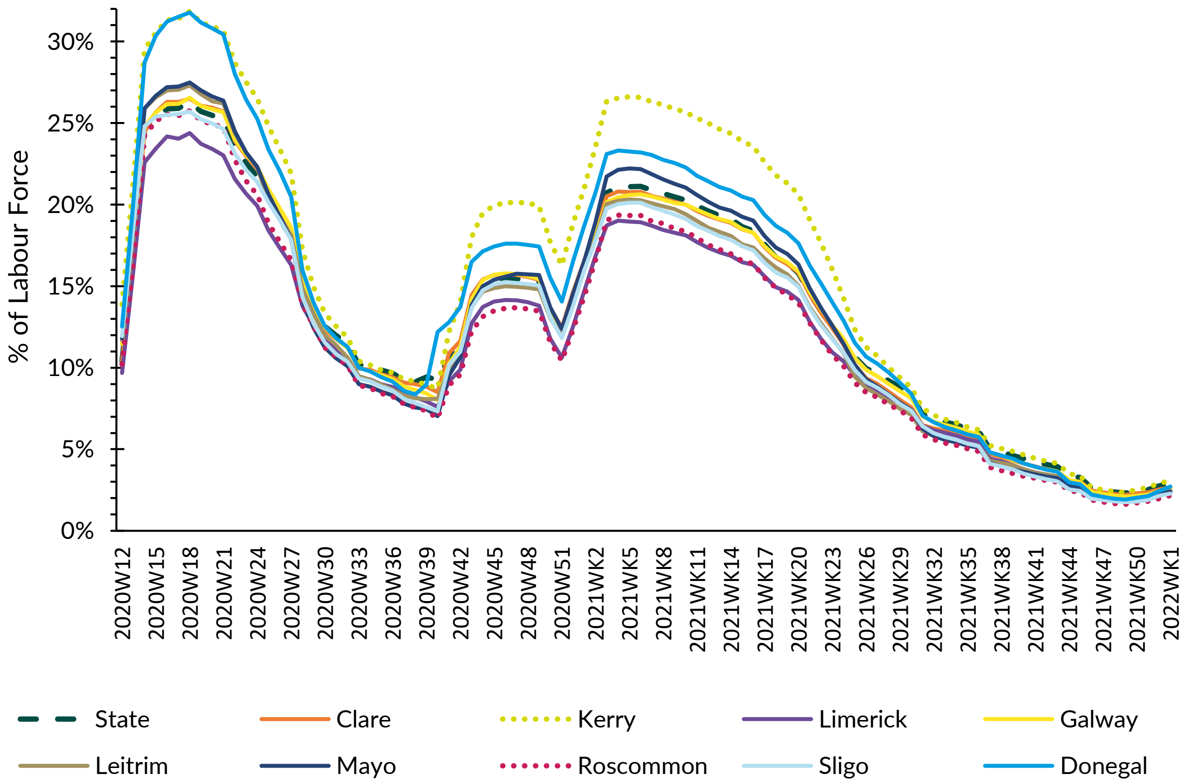
Labour Market Trends by County

Figure 7. % of Labour Force in receipt of PUP or Wage Subsidy or on the Live Register (LR).



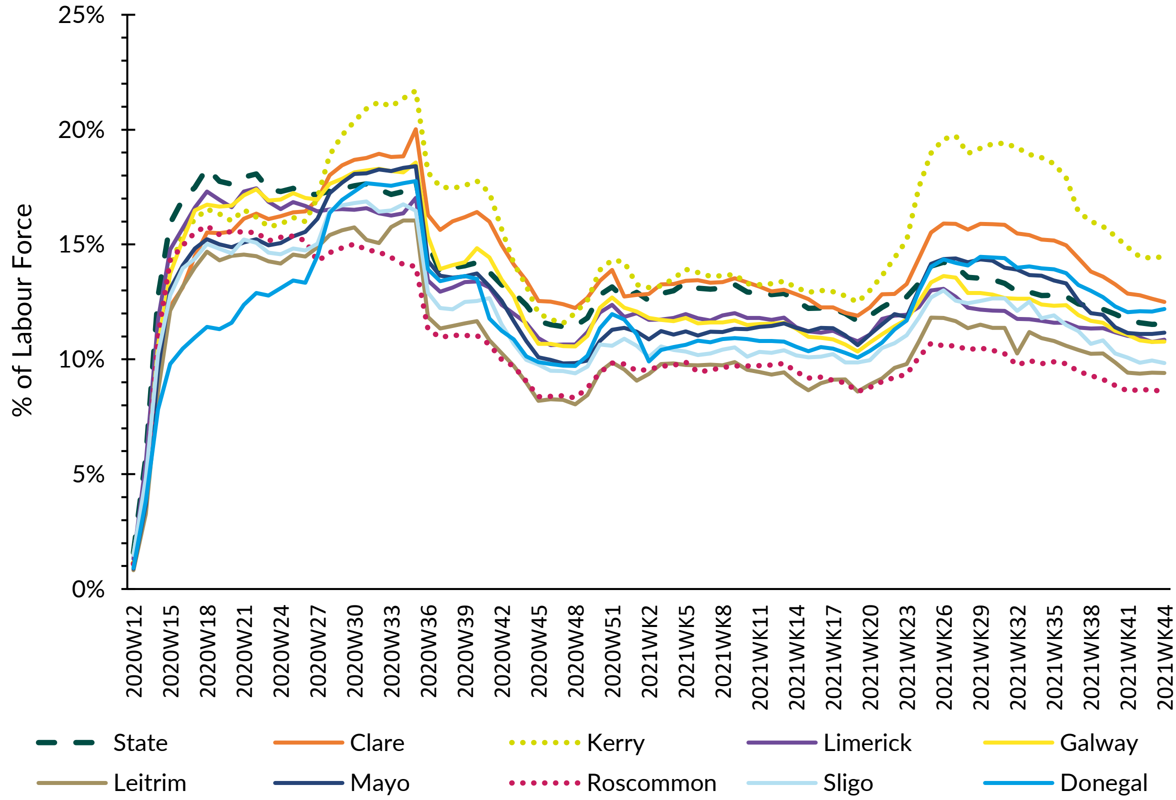
Source: Analysis of CSO Table LRW14 (18/01/22).

Figure 8. % of Labour Force in receipt of PUP.



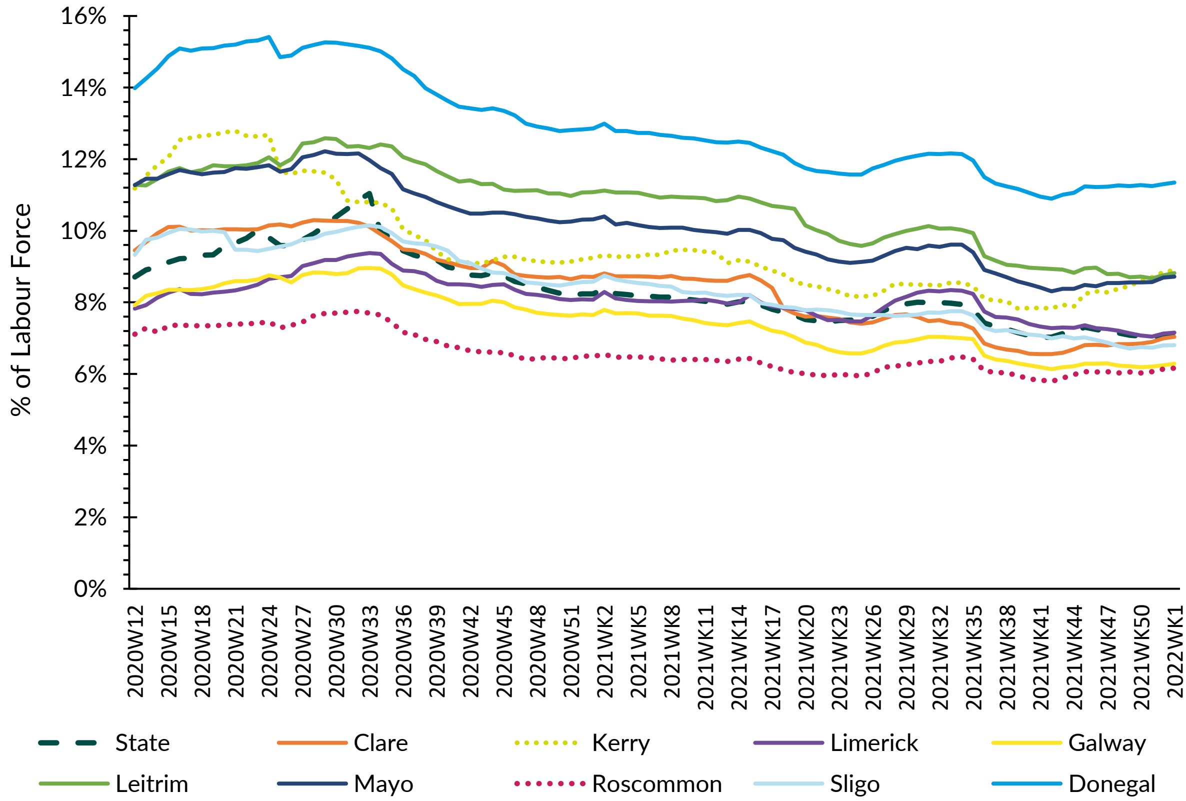
Source: Analysis of CSO Table LRW14 (18/01/22).

Figure 9. % of Labour Force supported by the Wage Subsidy.



Source: *Analysis of CSO Table LRW14 (18/01/22).*

Figure 10. % of Labour Force on the Live Register.

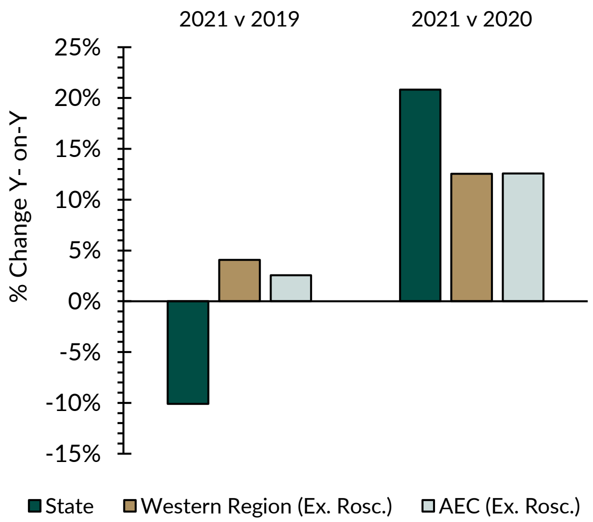


Source: *Analysis of CSO Table LRW14 (18/1/22).*

Consumption

New Private Cars

Figure 11. Change in New Private Cars Licensed for the First Time.



*Source: Analysis of CSO Table TEM22. Note: *Ex. Roscommon, as it distorts the WR/AEC aggregates due to the activity of a national car hire company see **here.***

2021 new car registrations above pre-pandemic levels in WR & AEC.

- Total new car registrations in the WR & AEC rose 13% in 2021 compared with 2020. Nationally, registrations rose 21%.
- Registrations in 2021 were above pre-pandemic levels in the WR & AEC. Compared with 2019, registrations were 3-4% higher in the WR & AEC. Nationally, registrations remained 10% below 2019 levels.

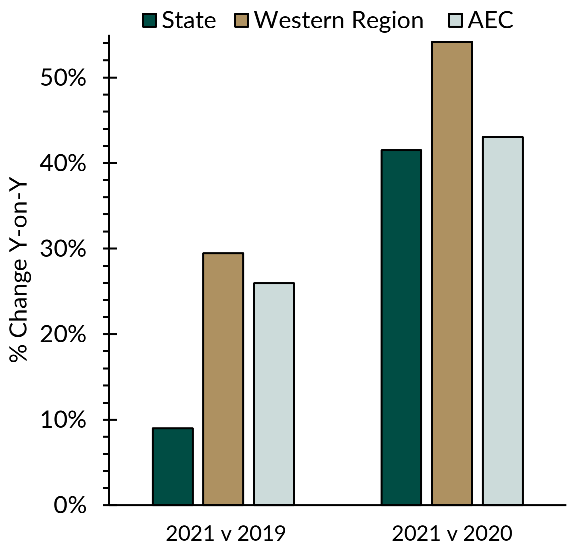
Table 3. New Private Cars Licensed for the First Time.

	2019	2020	2021
Donegal	2,184	2,091	2,389
Leitrim	399	416	430
Sligo	1,023	1,001	1,148
Galway	3,759	3,363	3,903
Mayo	1,810	1,622	1,826
Clare	2,127	1,958	2,067
Roscommon	4,572	1,124	2,098
Western Region (Ex-Roscommon)	11,302	10,451	11,763
Limerick	3,703	3,221	3,540
Kerry	2,194	2,000	2,339
AEC (Ex-Roscommon)	17,199	15,672	17,642
State	113,305	84,309	101,853

Source: CSO (TEM22)

New Goods Vehicles

Figure 12. Change in New Goods Vehicles Licensed for the First Time.



Source: Analysis of CSO Table TEM14.

2021 New goods vehicle registrations above pre-pandemic levels.

- During 2021, new goods vehicle registrations grew 41-54% in the WR & AEC, on an annual basis. Nationally, there was a 43% increase.
- Registrations were 26-29% above 2019 levels in the WR & AEC. Nationally, registrations were 9% above 2019 levels.

Table 4. New Goods Vehicles Licensed for the First Time.

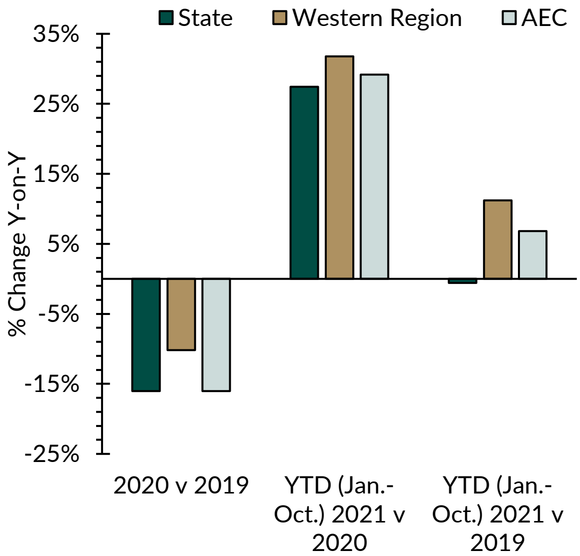
	2019	2020	2021
Donegal	396	362	652
Leitrim	87	99	120
Sligo	257	214	291
Galway	824	624	1,040
Mayo	498	428	585
Clare	327	267	386
Roscommon	214	192	296
Western Region	2,603	2,186	3,370
Limerick	820	786	905
Kerry	558	534	739
AEC	3.981	3,506	5,014
State	24,645	18,982	26,858

Source: CS0 (TEM14). Year on year % change in parentheses. See previous TEI reports for previous months.

Housing & Construction

Sales Volumes

Figure 13. Change in Sales Volumes



Source: Analysis of CSO Table HPM03.

Sales volumes above pre-pandemic levels.

- Sales volumes exceeded pre-pandemic levels in the WR and AEC during 2021 year to date (YTD) Jan.-Oct. Transactions were 7-11% higher in the WR & AEC compared with the same period in 2019.
- Nationally, transactions were 1% lower than the same period in 2019 and driven by Dublin where sales were 11% below 2019 levels.
- Sales volumes have increased as supply has increased during 2021 but that supply has risen from a low base. Demand has continued to rise, and this has resulted in price increases.

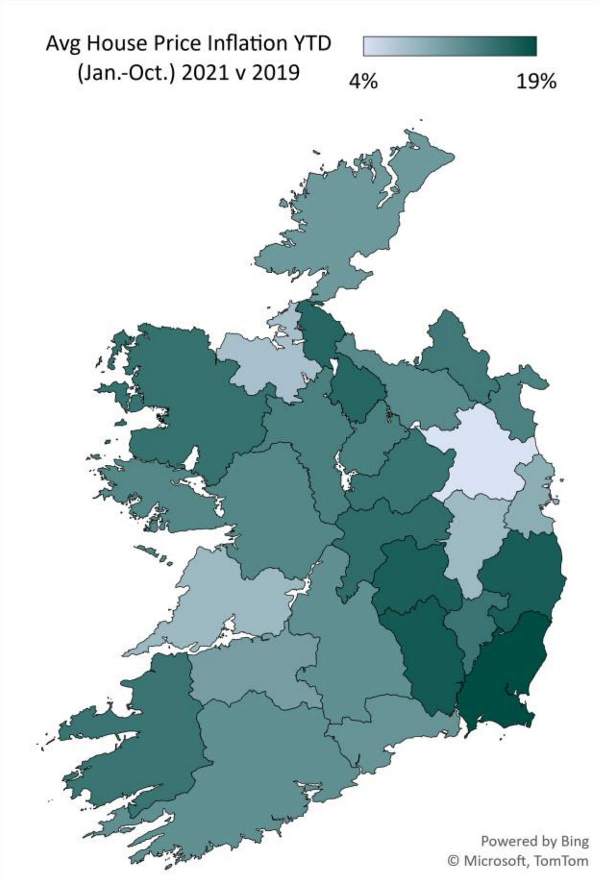
Table 5. Sales Volumes based on Market Transactions of all Properties.

	YTD (Jan.-Oct.) 2019	YTD (Jan.-Oct.) 2020	YTD (Jan.-Oct) 2021
State	36,894	28,786	36,683
Western Region	5,611	4,736	6,241
AEC	8,010	6,625	8,557
Donegal	960	813	1,065
Leitrim	276	226	346
Sligo	556	408	576
Galway City	608	459	556
Galway County	1046	896	1169
Mayo	822	754	1032
Roscommon	512	474	597
Dublin	11,879	8,623	10,556
Limerick City	492	333	378
Limerick County	937	738	919
Clare	831	706	900
Kerry	970	818	1,019

Source: CS0 (HPM03). See previous TEI reports for previous months.

Housing Sales Prices

Figure 14. Median Sales Price changes 2021 (avg. Jan-Oct.) v 2019 (avg. Jan.-Oct.).



Source: Analysis of CSO Table HPM03.

House prices rise reflecting shortages and movement away from larger urban centres.

- Median sales prices rose in all AEC counties when comparing Jan-Oct. 2021 with 2019, from 8% in Sligo & Clare to 16% in Kerry and Leitrim. This data is limited as it does not account for size etc. and is only indicative of price changes. The official source is the Residential Property Price Index (RPPI) which is unavailable at county level.
- The RPPI shows Dublin prices have increased more slowly than the rest of the country during the pandemic. Price increases have been driven by a continued shortage of supply. The supply of available houses for sale began to rise during 2021 but from a low base. Demand has held up well and continues to outpace supply thus prices have risen.
- The trends suggest movement away from larger urban areas, particularly Dublin. Whether this reflects a longer-term trend around should become clearer as the remaining restrictions are lifted and new working patterns become established.

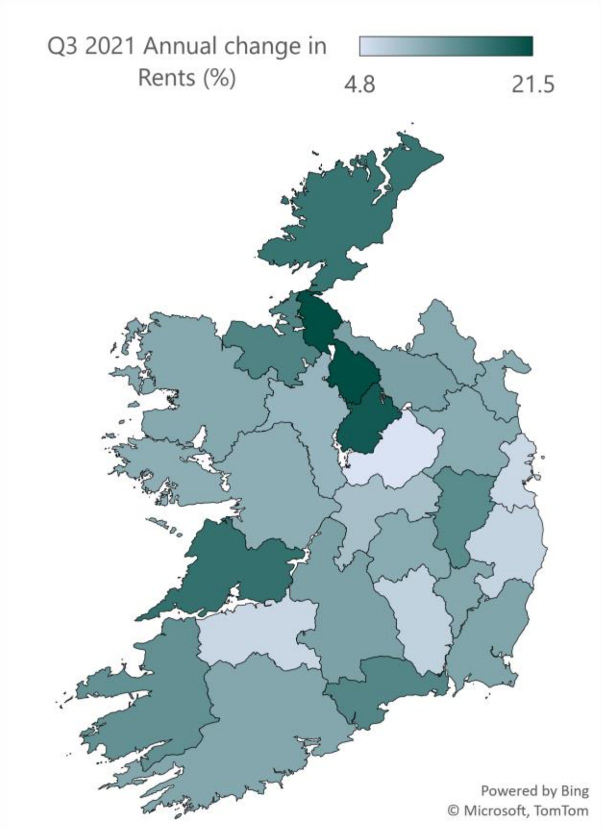
Table 6. Median House Prices based on Market Transactions of all Properties.

	Jan.-Oct. Avg. 2019	Jan-Oct. Avg. 2020	Jan-Oct. 2021	% Change 2019-21
Donegal	€121,257	€125,163	€135,039	11%
Leitrim	€112,548	€113,546	€130,639	16%
Sligo	€148,601	€131,075	€159,804	8%
Galway City	€268,238	€272,825	€305,300	14%
Galway County	€202,350	€224,200	€226,786	12%
Mayo	€138,600	€134,175	€159,500	15%
Roscommon	€120,200	€111,075	€136,720	14%
Dublin	€368,275	€377,050	€402,950	9%
Limerick City	€165,300	€182,760	€185,750	12%
Limerick County	€208,884	€210,400	€229,165	10%
Clare	€179,000	€183,275	€193,767	8%
Kerry	€173,525	€171,575	€201,250	16%

Source: Analysis of CSO Table HPM03. See previous TEI reports for previous months.

Housing Rental Prices

Figure 15. 2021Q3 Year on Year % change in Standardised Rents.



Source: Analysis of Residential Tenancies Board Rent Index.

Sharp rise in rents reflects housing shortages and movement away from large urban centres.

- Rents rose annually in all AEC counties during Q2 2021. Increases ranged from 6.1% in Limerick to 21.5% in Leitrim.
- Four of the five largest annual increases in the country were in the Western Region; Leitrim (21.5%), Clare (17.5.%), Donegal (17.2%) and Sligo (15.4%) .
- The national annual increase in rents was 8.3%, driven downwards by Dublin (6.0%).
- The rental price (and sales price) trends suggest the pandemic has coincided with a movement away from large urban areas. It remains to be seen if this reflects an emerging trend around longer-term working and lifestyle choices.

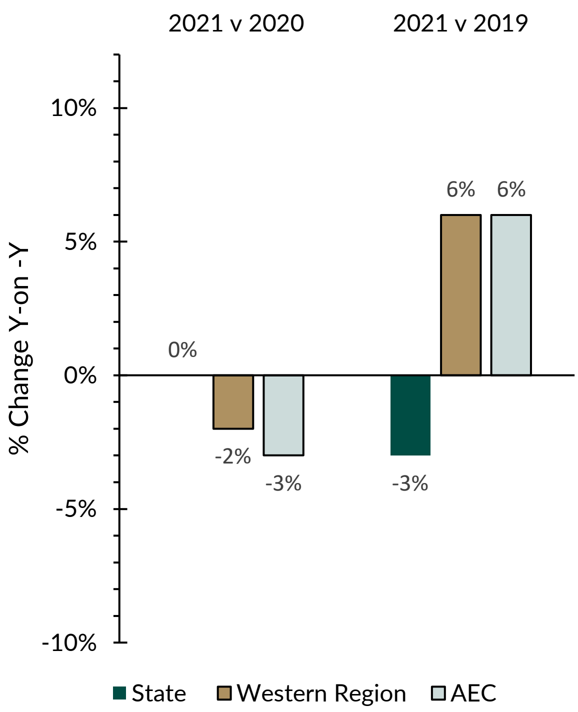
Table 7. Residential Tenancies Board Standardised Rent (Euro).

	2021 Q3 (per month)	% Change Y-on-Y	% Change Q-on-Q
Clare	€908	17.5%	1.4%
Donegal	€744	17.2%	10.1%
Galway County	€1,038	10.8%	4.9%
Galway City	€1,471	9.7%	8.2%
Leitrim	€731	21.5%	3.5%
Mayo	€831	11.3%	5.0%
Roscommon	€765	10.0%	3.5%
Sligo	€942	15.4%	13.7%
Limerick	€1,110	6.1%	6.1%
Kerry	€946	14.0%	8.0%
Dublin	€1,916	6.0%	3.6%
State	€1,397	8.3%	3.3%
Outside GDA*	€1,070	12.7%	6.0%

Source: Analysis of RTB Rent Index Reports. *Note: GDA = Greater Dublin Area (Dublin, Meath, Kildare, & Wicklow).

Dwelling Completions

Figure 16. Change in Dwelling Completions.



Source: Analysis of CSO Table NDQ06.

Dwelling completions rise.

- WR & AEC dwelling completions were above pre-pandemic (2019) levels during 2021. A sharp fall in Dublin (-24%) drove national completions below 2019 levels.
- Q4 2020 recorded the highest level of completions in the CSO dataset (back to 2011).
- Total dwelling completions during 2021 were lower than 2020 in the WR & AEC as Q4 could not keep pace with record levels the year previously. National completions were 20,433 close to the 2020 level of 20,526 and thus lower than the projected new housing demand of 31,000 in 2021 as estimated by Bergin & García Rodríguez (2020). Lyons (2020) estimates a higher housing demand of closer to 50,000.

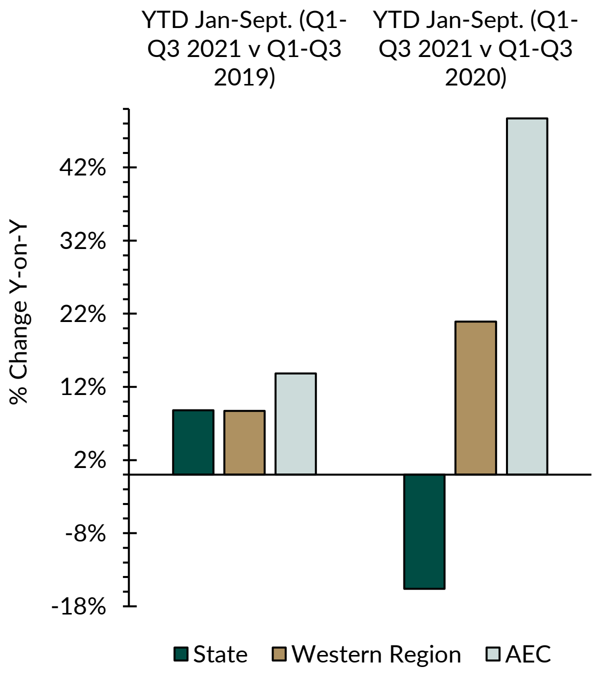
Table 9. Total Dwelling Completions.

	2019	2020	2021
Clare	383	394	410
Donegal	430	575	476
Galway County	789	850	754
Galway City	254	205	304
Leitrim	40	37	88
Mayo	438	417	370
Roscommon	161	170	213
Sligo	118	178	143
Western Region	2,613	2,826	2,758
Limerick	552	509	606
Kerry	438	572	441
AEC	3,603	3,907	3,805
State	21,049	20,526	20,433

Source: *Analysis of CSO Table NDQ06.*

Planning Permissions (Units for which Permissions Granted)

Figure 17. Change in Total Planning Permissions Granted.



Source: Analysis of CSO Table BHQ12.

Planning permissions above pre-pandemic levels.

- Total planning permissions (units for which permission granted) rose by 21% (49%) in the WR (AEC) during Q1-Q3 2021, compared with the same period in 2020 and 9% (14%) compared with 2019.

- Nationally, there was a large annual increase in planning permissions granted pre-pandemic (Q1 2020) driven by sharp growth in Dublin private flats and apartments. The high level in Q1 2020 explains why national planning permissions during Q1-Q3 2021 were down on 2020 levels. During Q2-Q3 2021, total national planning permissions granted were 8% higher than the same period during 2020 and 15% higher than 2019, suggesting levels nationally are above pre-pandemic levels.

Table 10. Planning Permissions - Houses (Number).

	2019 Q1-Q3 (Jan.-Sept)	2020 Q1-Q3	2021 Q1-Q3
Clare	300	233	438
Donegal	489	669	592
Galway County	732	545	708
Galway City	481	272	387
Leitrim	62	73	99
Mayo	288	237	360
Roscommon	97	150	154
Sligo	209	211	152
Western Region	2,658	2,390	2,890
Limerick	729	297	929
Kerry	399	211	491
AEC	3,786	2,898	4,310
State	27,148	35,002	29,541

Source: *Analysis of CSO Table BHQ12*. See previous TEI reports for previous months.

Table 11. Planning Permissions One-Off Houses.

	2020Q1	2020Q2	2020Q3	2020Q4	2021Q1	2021Q2	2021Q3
Clare	31	15	63	49	50	59	86
Donegal	92	31	124	88	146	146	186
Galway County	131	41	153	140	125	136	176
Galway City	8	2	8	3	12	5	10
Leitrim	15	3	12	12	10	15	14
Mayo	76	23	76	55	73	103	76
Roscommon	19	4	24	22	37	37	39
Sligo	22	4	20	20	15	30	25
Western Region	394	123	480	389	468	531	612
Limerick	74	36	59	56	76	105	94
Kerry	50	23	59	48	69	69	59
AEC	518	182	598	493	613	705	765
State	1,355	669	1,754	1,514	1,661	1,786	2,018

Source: CSO (BHQ12). See previous TEI reports for previous months.

Table 12. Planning Permissions - Multi-Development.

	2020Q1	2020Q2	2020Q3	2020Q4	2021Q1	2021Q2	2021Q3
Clare	7	49	53	127	68	37	121
Donegal	53	107	161	74	12	54	12
Galway County	103	9	51	28	139	8	9
Galway City	4	23	24	2	2	2	n/a
Leitrim	n/a	n/a	13	4	2	17	2
Mayo	25	5	19	49	2	25	26
Roscommon	69	n/a	n/a	n/a	3	15	4
Sligo	92	6	21	13	n/a	n/a	n/a
Western Region	353	199	342	297	228	158	174
Limerick	35	15	34	224	38	189	38
Kerry	32	10	21	93	6	11	117
AEC	420	224	397	614	272	358	329
State	3,736	2,394	3,974	2,917	1,428	2,100	2,383

Source: CSO (BHQ12). See previous TEI reports for previous months.

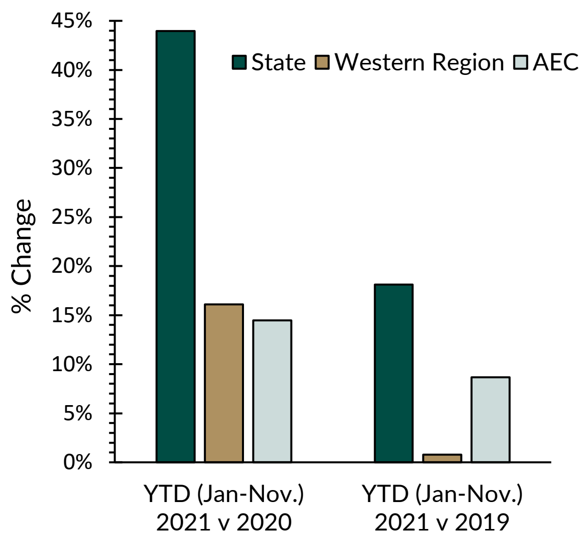
Table 13. Planning Permissions Private Flats/Apartments.

	2020Q1	2020Q2	2020Q3	2020Q4	2021Q1	2021Q2	2021Q3
Clare	3	n/a	12	83	11	1	5
Donegal	13	21	67	31	3	26	7
Galway County	8	n/a	49	27	101	10	4
Galway City	65	80	58	2	5	4	347
Leitrim	4	2	1	1	10	15	14
Mayo	12	1	n/a	n/a	16	35	4
Roscommon	26	n/a	8	1	12	2	5
Sligo	n/a	n/a	8	1	15	30	25
Western Region	131	104	203	146	173	123	411
Limerick	12	16	16	204	29	176	184
Kerry	4	2	10	7	21	15	124
AEC	147	122	229	357	226	314	719
State	9,041	4,208	7,871	5,104	3,874	7,264	7,027

Source: CSO (BHQ12). See previous TEI reports for previous months.

Commencement Notices

Figure 14. Change in Commencement Notices (No. of residential units commenced).



Source: Analysis of Dept. of Housing, Local Government and Heritage BCMS Commencement Notices.

Commencement notices above pre-pandemic Levels during 2021.

- Residential units commenced rose 16% (14%) from Jan-Nov. 2021 in the WR (AEC) compared with Jan-Nov. 2020. Nationally, there was an increase of 44%.

- The number of residential units commenced during 2021 was above pre-pandemic levels (Jan-. Nov. 2019) in the AEC (9%), WR (1%) and nationally (18%).

Table 14. Commencement Notices (No. of residential units commenced).

	YTD (Jan.-Nov.) 2019	YTD (Jan.-Nov.) 2020	YTD (Jan. -Nov.) 2021
Clare	434	381	376
Donegal	389	411	463
Galway County	690	529	692
Galway City	474	358	464
Leitrim	45	48	46
Mayo	435	340	391
Roscommon	187	152	132
Sligo	82	156	193
Western Region	2,736	2,375	2,757
Limerick	487	580	721
Kerry	381	466	438
AEC	3,604	3,421	3,916
State	24,544	20,137	28,988

Source: Analysis of Dept. of Housing, Local Government and Heritage BCMS Commencement Notices. See previous TEI reports for previous months.

Read the WDC Policy Team's Insights Blog and sign up to our mailing list at https://westerndevelopment.ie/insights/

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January 2022

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Supporting communities to grow, investing in businesses to scale and planning for the future of the Western Region.

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