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 18.7% (19.0%) at the end of March, down from 40% 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 15% in Roscommon (the lowest rate in the country) to 23% in Donegal and Kerry.
- Persons receiving the PUP continue to decline as the scheme unwinds. At the end of March, the share of the labour force in the Western Region & AEC receiving the PUP fell to 1.7%. There has been an increase in live register numbers as the PUP and wage subsidy schemes unwind. The share of the labour force on the live register had been around 7.5% but this has risen to 8.2% in the Western Region & AEC at the start of May.

Consumption

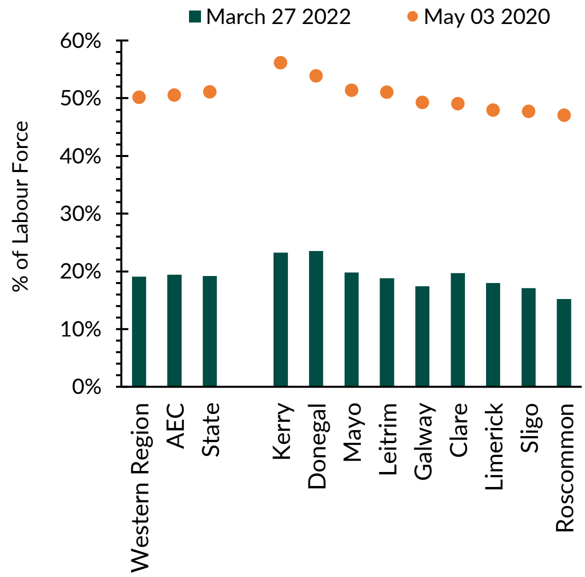
- During Q1 2022, new car registrations rose 3% in the Western Region, year on year. AEC registrations fell 1% over the same period. 2021 new car registrations were above pre-pandemic levels in the Western Region & AEC.
- During Q1 2022, new goods vehicle registrations fell (10-12%) in the WR & AEC year on year but remained above 2019 levels.

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 revealed similar patterns to suggest the pandemic has coincided with an initial movement away from larger urban areas, particularly Dublin.
- These trends have continued into Q1 2022. For the remainder of 2022, there are encouraging signs in terms of supply growth and there is likely to be mooted demand given rising interest rates and general inflation. However, rising borrowing and material costs also threaten construction delays and the viability of residential units commenced and the scale of investment in future units.

Labour Market

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



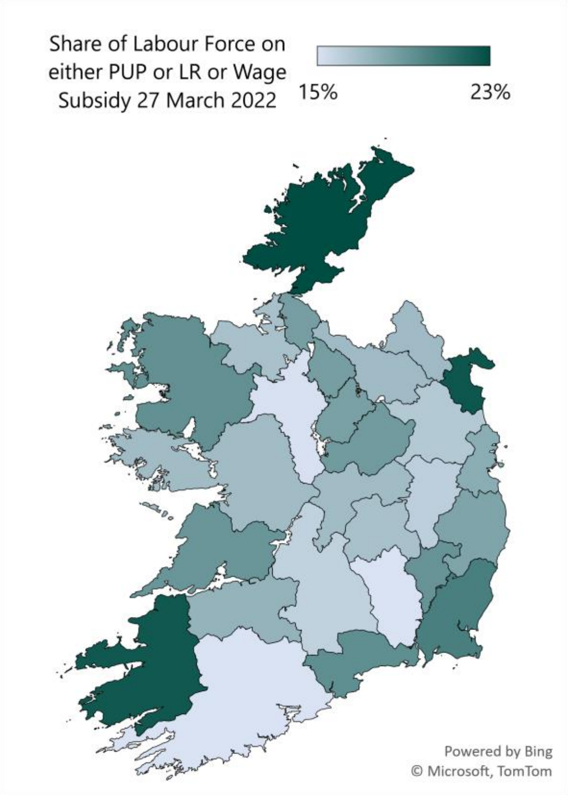
Source: Analysis of CSO Table LRW14 (11/05/22).

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 January 2021. The combined share of the LF in one of those categories in the WR (AEC) fell to 18.7% (19.0%) at the end of February down from over 40% a year ago and 50-51% in May 2020.

- The WR and AEC aggregates were close to the national level of 18.8%.

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



Source: Analysis of CSO Table LRW14 (11/05/22).

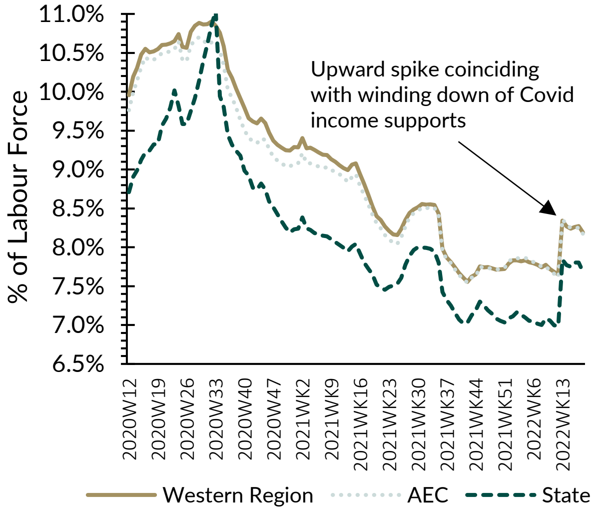
Regional and within-region variation remains.

- The % of the LF receiving either the PUP, wage subsidy or on the live register in the AEC ranged from 15% in Roscommon to over 23% in Donegal.

- Five of the ten highest rates in the country were in the AEC (Donegal (23.3%), Kerry (22.7%), Mayo (19.5%), Clare (19.2%) and Leitrim (18.7%)).

- 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.

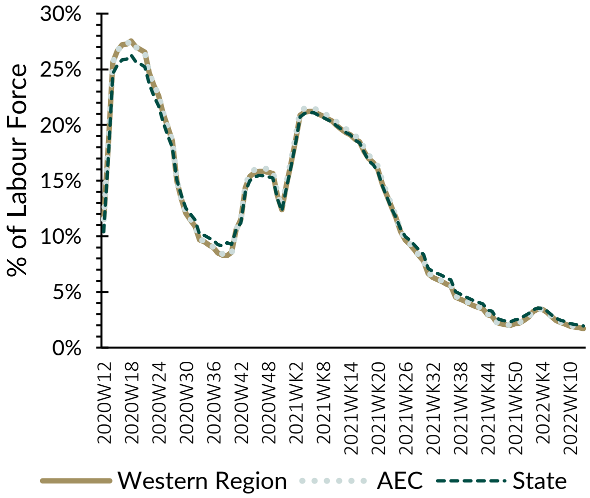


Source: Analysis of CSO Table LRW14 (11/05/22).

Live register numbers rise as income support schemes unwind.

- There has been an increase in live register numbers as the PUP and wage subsidy schemes unwind. The % of the LF on the live register had been around 7.5% but this has risen to 8.2% in the WR & AEC at the start of May.
- Nationally, 7.7% of the LF was on the live register having been around 7.0%.
- Figure 10 below shows county-level trends.

Figure 5. % of LF in receipt of PUP.

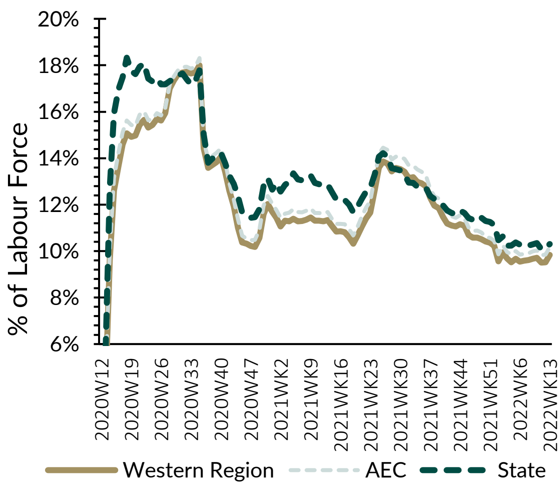


Source: Analysis of CSO Table LRW14 (11/05/22).

Number of PUP recipients continue to fall as the scheme unwinds.

- On 22 Jan. the PUP closed to new applicants, those not moving back into employment would be moved onto a jobseeker's payment
- At the end of March, the % of the LF in the WR & AEC receiving the PUP fell to 1.7%.
- Figure 8 below shows county-level trends.

Figure 6. % of LF supported by Wage Subsidy.



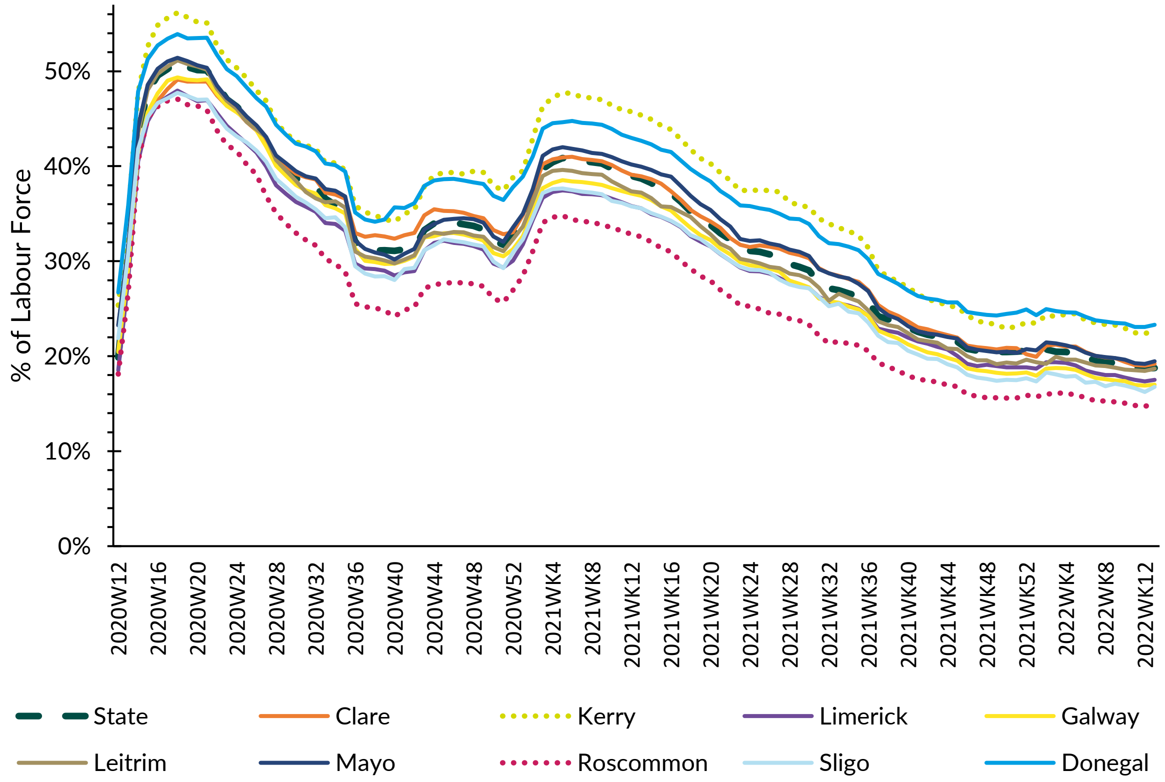
Source: Analysis of CSO Table LRW14 (11/05/22).

Wage Subsidy supports stagnant as the scheme is due to close.

- The EWSS remained in place in a graduated form until 30 April 2022 for most businesses. For businesses directly impacted by the restrictions introduced in December 2021, the EWSS will end on 31 May 2022.
- At the end of March, 9.8% (10.2%) of the WR (AEC) labour force were supported by the wage subsidy. The national average of 10.3%.
- Figure 9 below shows county-level trends.

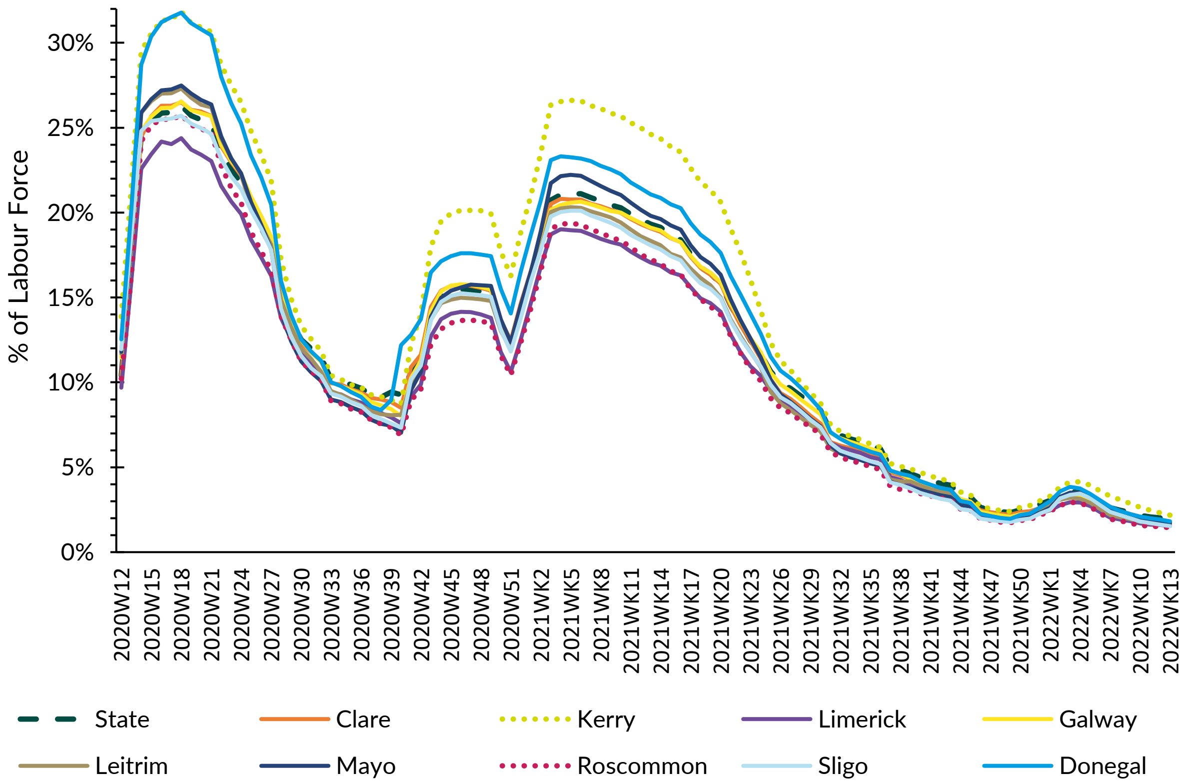
Labour Market Trends by County

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



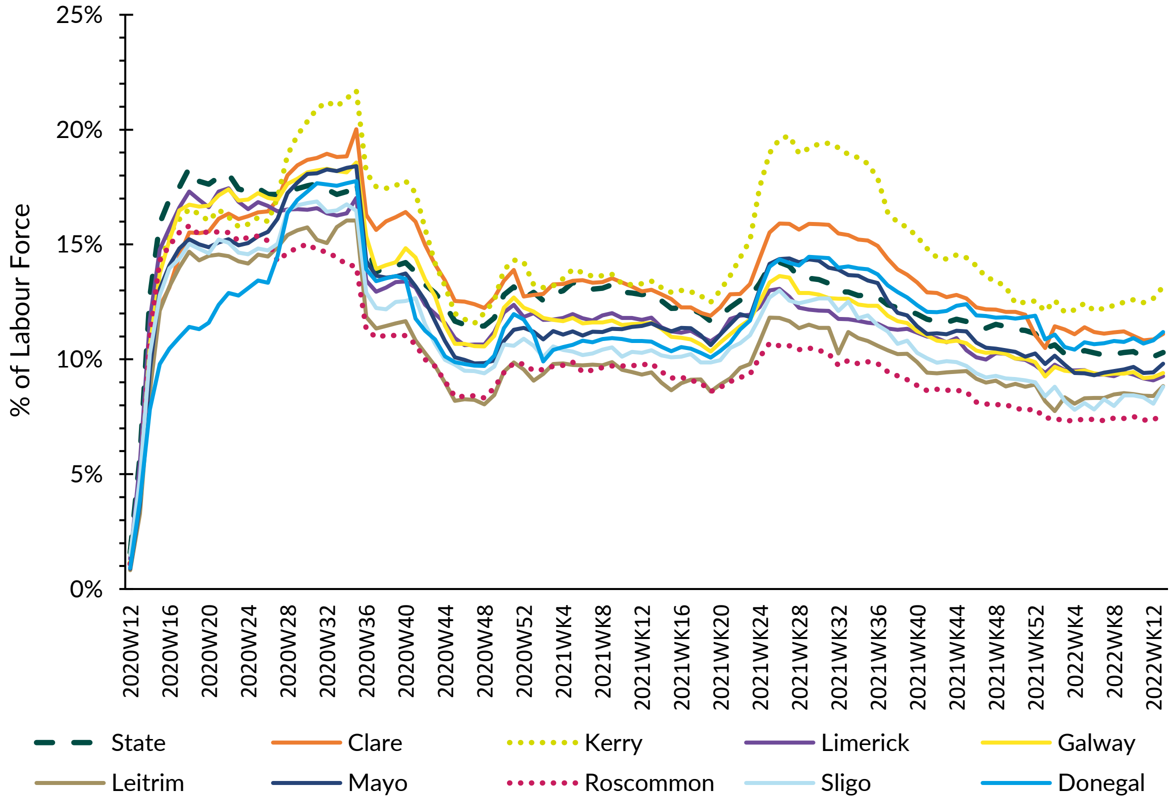
Source: Analysis of CSO Table LRW14 (11/05/22).

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



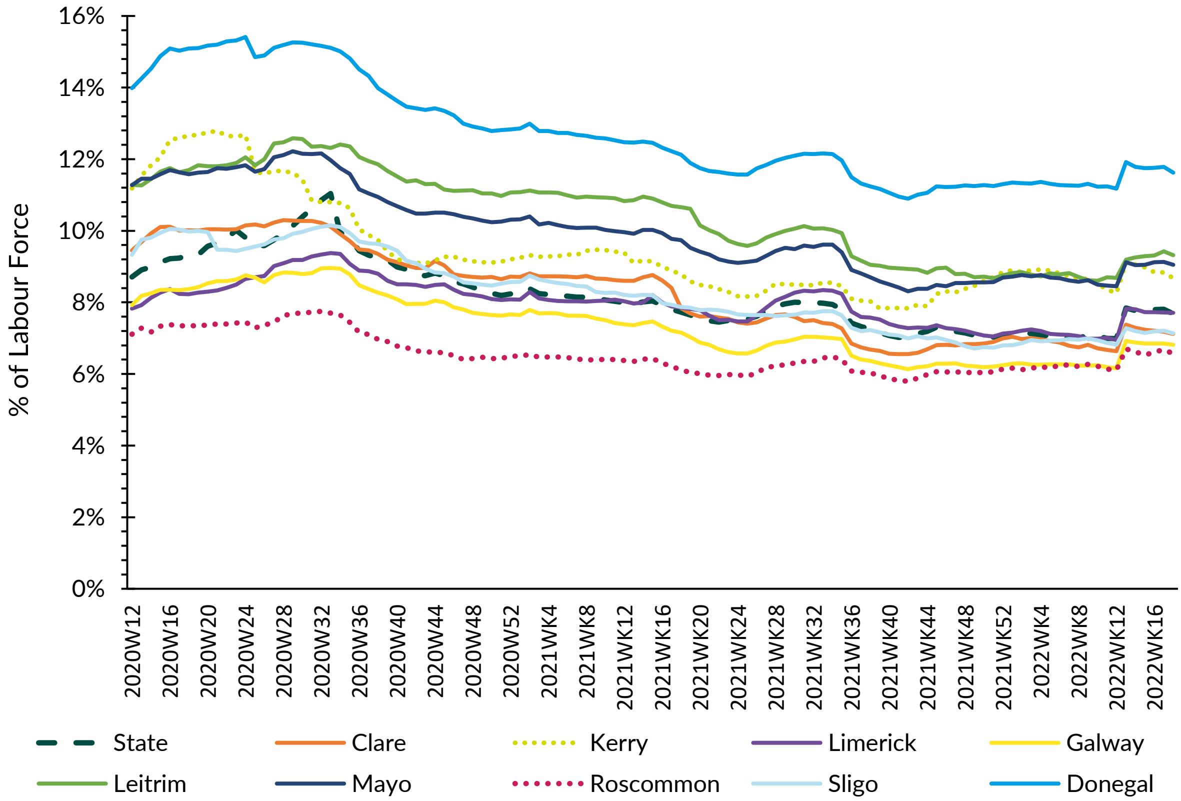
Source: Analysis of CSO Table LRW14 (11/05/22).

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



Source: *Analysis of CSO Table LRW14 (11/05/22).*

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

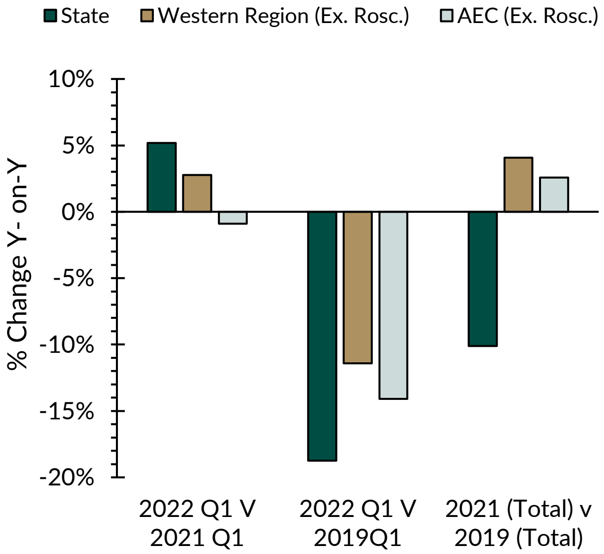


Source: *Analysis of CSO Table LRW14 (11/05/22).*

Consumption

New Private Cars

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



*Source: Analysis of CSO Table TEM22 and TEM24. Note: *Ex. Roscommon, as it distorts the WR/AEC aggregates due to the activity of a national car hire company see **here.***

Q1 2022 Registrations up year on year in WR and nationally and stagnant in AEC.

- During Q1 2022, new car registrations rose 3% in the WR, year on year. AEC registrations fell 1% over the same period. Nationally, there was a rise of 5% year on year.

- Total 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.

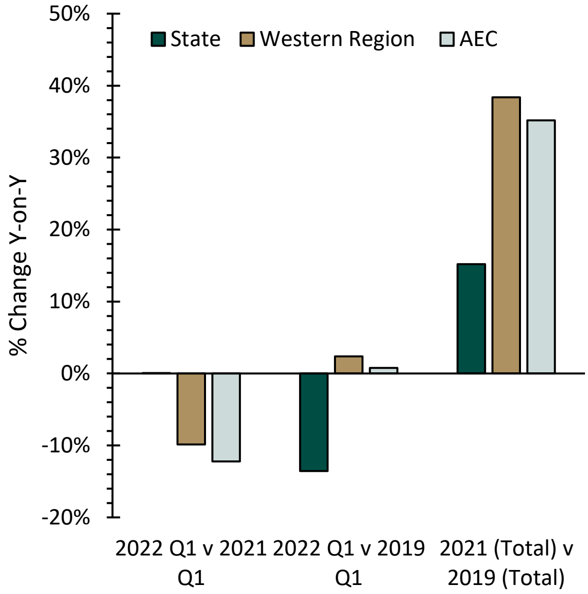
Table 3. New Private Cars Licensed for the First Time.

	2019 Q1	2020 Q1	2021 Q1	2022 Q1
Donegal	1,109	1,043	1,015	1,008
Leitrim	198	218	189	180
Sligo	553	557	476	498
Galway	1,926	1,807	1,621	1,833
Mayo	956	901	784	782
Clare	1,116	1,029	964	888
Roscommon	1,331	761	488	645
Western Region (Ex-Roscommon)	5,858	5,555	5,049	5,189
Limerick	1,898	1,784	1,641	1,464
Kerry	1,109	1,077	995	963
AEC (Ex-Roscommon)	8,865	8,416	7,685	7,616
State	50,861	44,167	39,292	41,329

Source: Analysis of CSO Tables TEM22 & TEM24.

New Goods Vehicles

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



Source: Analysis of CSO Table TEM14.

Contraction in new goods vehicles during Q1 2022 but still above pre-pandemic level.

- During Q1 2021, new goods vehicle registrations fell (10-12%) in the WR & AEC year on year but remained above 2019 levels.
- 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.

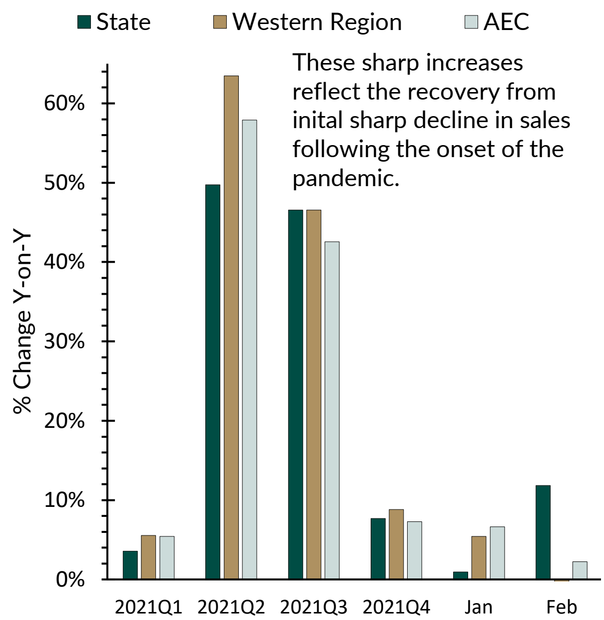
	2019 Q1	2020 Q1	2021 Q1	2022 Q1
Donegal	149	156	214	193
Leitrim	36	43	28	45
Sligo	103	86	104	78
Galway	282	276	330	271
Mayo	152	147	179	169
Clare	119	109	95	102
Roscommon	86	71	103	91
Western Region	927	888	1053	949
Limerick	273	340	313	270
Kerry	196	234	237	188
AEC	1,396	1,462	1,603	1,407
State	7,931	7,345	6,852	6,855

Source: Analysis of CS0 Table TEM14.

Housing & Construction

Sales Volumes

Figure 13. Change in Sales Volumes



Source: Analysis of CSO Table HPM03.

Sales volumes remain elevated in 2022.

- Sales volumes exceeded pre-pandemic levels in the WR and AEC during 2021 and this trend has continued into 2022. There was a sharp contraction in volumes during the onset of the pandemic in Q2 and Q3 2020.

- Within the AEC, only Limerick city and Galway city saw sales volumes remain below pre-pandemic levels. These trends combined with the price trends below suggest movement away from larger urban centres during the pandemic.

- Volumes have increased as supply rose during 2021 and into 2022 but that increase was from a low base. Demand has continued to rise, and this has resulted in price increases, see below.

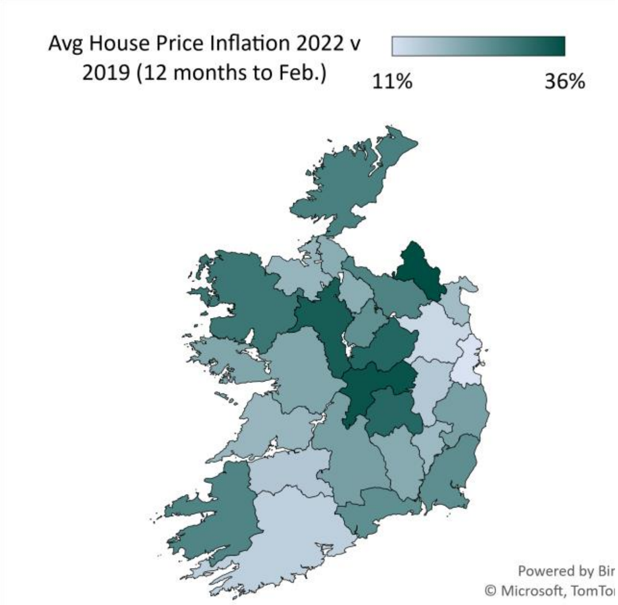
Table 5. Sales Volumes based on Market Transactions of all Properties.

	2019	2020	2021
Donegal	1168	1078	1331
Leitrim	338	307	438
Sligo	703	531	730
Galway City	756	605	684
Galway County	1313	1177	1475
Mayo	1015	977	1262
Roscommon	609	612	748
Limerick City	600	418	476
Limerick County	1151	970	1179
Clare	1005	917	1134
Kerry	1196	1075	1252
Western Region	6907	6204	7802
AEC	9854	8667	10709
State	45276	38010	46419

Source: Analysis of CS0 Table HPM03.

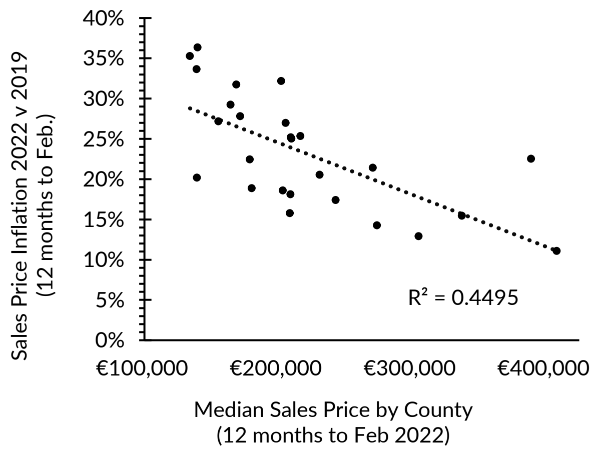
Housing Sales Prices

Figure 14 Median Price changes 2021 v 2019.



Source: Analysis of CSO Table HPM03.

Figures 15 Relationship b/t prices and price growth during the pandemic period



Source: Analysis of CSO Table HPM03

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

- Median sales prices rose in all AEC counties when comparing the twelve months to Feb 2022 to the same period in 2018/19. Increases ranged from 16.5% in Limerick to 34% in Roscommon. 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 for February shows an annual increase in Dublin prices of 13.5% compared with 16.8% in the rest of State.

Prices have risen more sharply in the cheapest markets.

- Sales price inflation has been strongest in the cheaper markets which also tend to be in more rural locations. These trends suggest movement away from larger urban areas during the pandemic period.

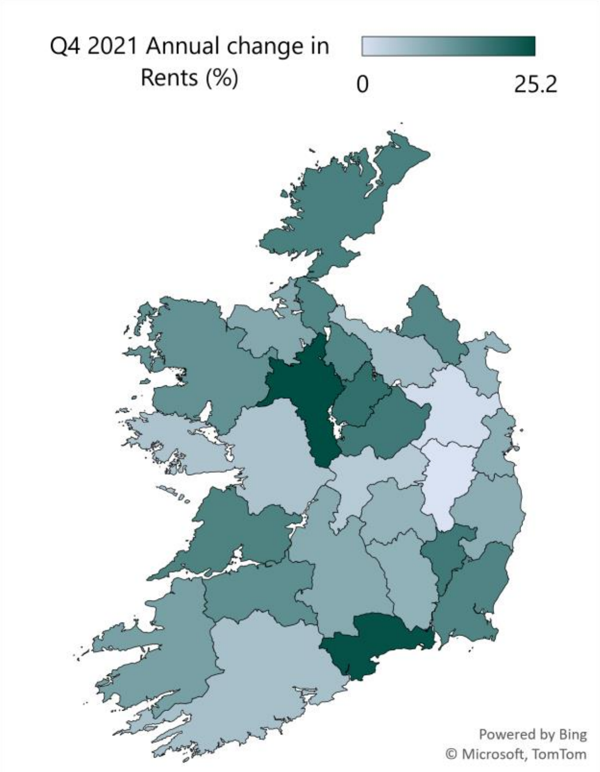
Table 6. Median House Prices based on Market Transactions of all Properties.

	Avg. over the 12 months to February 2022	% Change 2019-22
Donegal	€171,628	28%
Leitrim	€139,241	20%
Sligo	€180,208	19%
Galway*	€270,869	21%
Mayo	€164,542	29%
Roscommon	€139,104	34%
Dublin	€408,125	11%
Limerick*	€208,704	16%
Clare	€203,400	19%
Kerry	€205,719	27%

Source: Analysis of CSO Table HPM03. *Simple mean of city and County.

Housing Rental Prices

Figure 16. 2021Q3 Year on Year % change in Standardised Rents.



Source: Analysis of Residential Tenancies Board Rent Index.

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

- Rents rose annually in all AEC counties during Q4 2021. Increases ranged from 4.8% in Galway city to 25.2% in Roscommon (the largest increase in the country). The national annual increase in rents was 9%.
- Rents fell quarter on quarter in Donegal (-0.2%), Galway city (-12.5%), Mayo (-2.9), Sligo (-7.1) and Kerry (-1.7)
- The rental price (and sales price) trends suggest the pandemic has coincided with a movement away from large urban areas.

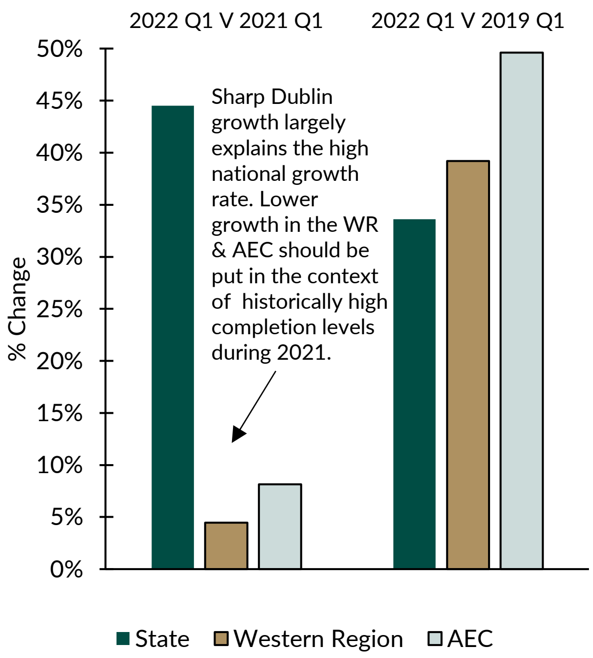
Table 7. Residential Tenancies Board Standardised Rent (Euro).

	2021 Q4 (per month)	% Change Y-on-Y	% Change Q-on-Q
Clare	€963	16.2%	7.0%
Donegal	€762	16.6%	-0.2%
Galway County	€1,047	6.6%	2.3%
Galway City	€1,292	4.8%	-12.5%
Leitrim	€739	15.6%	4.1%
Mayo	€820	13.7%	-2.9%
Roscommon	€865	25.2%	12.6%
Sligo	€890	9.9%	-7.1%
Limerick	€1,203	14.1%	6.2%
Kerry	€951	11.3%	-1.7%
Dublin	€1,972	8.9%	-0.8%
State	€1,415	9.0%	-0.3%
Outside GDA*	€1,059	12.1%	-1.7%

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

Dwelling Completions

Figure 17. Change in Dwelling Completions.



Source: Analysis of CS0 Table NDQ06.

Dwelling completions rise during Q1.

- WR & AEC dwelling completions were above pre-pandemic (2019) levels during 2021 and this trend has continued into Q1 2022.
- National completions in 2021 were below 2019 levels. However, during Q1 2022, there was a national increase of 45% compared with Q1 2021. A sharp increase in Dublin completions largely explains the high growth rate. Lower year on year growth rates were recorded in WR & AEC (4-8%) but those rates need to be put into the context of sustained high historical levels of completions during 2021.
- If the same level of growth is sustained throughout 2022, completions would reach 30,000. At this level, supply would be close to the projected housing demand as estimated by as estimated by Bergin & García Rodríguez (2020). Lyons (2020) estimates a higher housing demand of closer to 50,000.

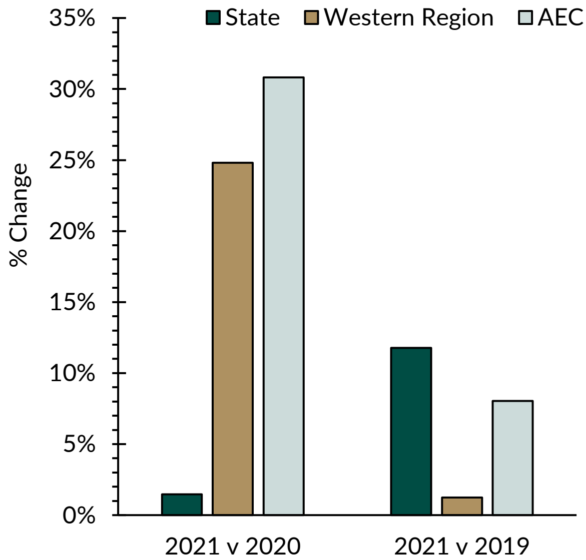
Table 9. Total Dwelling Completions.

	2019	2020	2021
Clare	383	394	410
Donegal	430	575	477
Galway County	789	850	748
Galway City	254	202	304
Leitrim	40	37	89
Mayo	439	417	371
Roscommon	161	170	210
Sligo	118	178	144
Western Region	2,614	2,823	2,753
Limerick	552	509	605
Kerry	437	573	442
AEC	3,603	3,905	3,800
State	21,047	20,514	20,473

Source: *Analysis of CS0 Table NDQ06.*

Planning Permissions (Units for which Permissions Granted)

Figure 18. Change in Total Planning Permissions Granted.



Source: Analysis of CSO Table BHQ12.

Continued growth in planning permissions.

- Total planning permissions (units for which permission granted) rose by 25% (31%) in the WR (AEC) during 2021 compared with 2020 and 1% (8%) compared with 2019.
- Nationally, there was a 1% increase in units granted planning permission during 2021, year on year, and an increase of 12% compared with 2019.

Table 10. Planning Permissions - Houses (Number).

	2018	2019	2020	2021
Clare	428	443	394	560
Donegal	359	610	730	700
Galway County	1,077	755	656	873
Galway City	131	304	74	135
Leitrim	16	46	59	74
Mayo	289	353	328	422
Roscommon	179	133	138	165
Sligo	129	181	198	208
Western Region	2,608	2,825	2,577	3,137
Limerick	799	681	533	656
Kerry	348	420	336	434
AEC	3,755	3,926	3,446	4,227
State	19,964	19,563	17,709	16,719

Source: Analysis of CSO Table BHQ12.

Table 11. Planning Permissions One-Off Houses.

	2018	2019	2020	2021
Clare	243	220	146	292
Donegal	309	374	332	620
Galway County	447	481	427	616
Galway City	29	18	25	36
Leitrim	16	36	40	53
Mayo	259	261	238	343
Roscommon	124	111	68	141
Sligo	96	86	75	100
Western Region	1,523	1,587	1,351	2,201
Limerick	224	229	210	368
Kerry	209	257	200	284
AEC	1,956	2,073	1,761	2,853
State	5,481	5,622	5,043	7,499

Source: Analysis of CSO Table BHQ12.

Table 12. Planning Permissions - Multi-Development.

	2018	2019	2020	2021
Clare	185	223	236	268
Donegal	50	236	395	80
Galway County	630	274	191	257
Galway City	102	286	53	99
Leitrim	0	10	17	21
Mayo	30	92	98	78
Roscommon	55	22	69	24
Sligo	33	95	132	108
Western Region	1,085	1,238	1,191	936
Limerick	575	452	308	288
Kerry	139	163	156	150
AEC	1,799	1,853	1,655	1,374
State	14,483	13,941	12,417	9,220

Source: *Analysis of CSO Table BHQ12.*

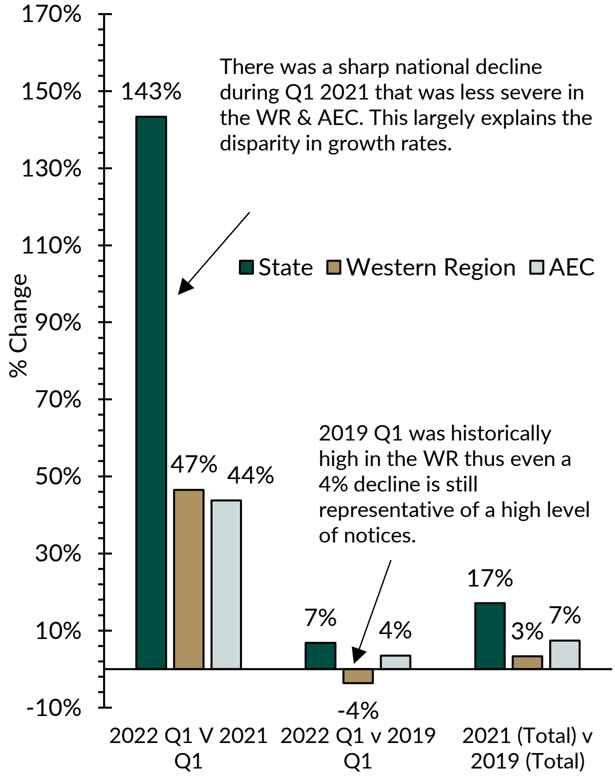
Table 13. Planning Permissions Private Flats/Apartments.

	2018	2019	2020	2021
Clare	9	33	98	45
Donegal	27	31	132	52
Galway County	173	150	84	118
Galway City	62	818	205	496
Leitrim	1	2	8	18
Mayo	16	6	17	56
Roscommon	16	3	35	19
Sligo	13	34	9	9
Western Region	317	1077	588	813
Limerick	89	155	248	403
Kerry	48	55	23	189
AEC	454	1,287	859	1,405
State	8,975	18,898	24,662	26,272

Source: *Analysis of CSO Table BHQ12.*

Commencement Notices

Figure 19. Change in Commencement Notices (No. of residential units commenced).



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

Strong Levels of Commencement Notices continue during Q1 2022.

- During Q1 2022, residential units commenced rose 44-47%, year on year, in the WR & AEC. Nationally, there was a 143% increase.
- Total national commencements topped 30,000 in 2021, the pace of growth during Q1 suggests a similar total is feasible for 2022. To put that 30,000 into perspective, the equivalent total for 2015 was below 9,000.
- The recent growth in the level of commencements is indicative of future supply growth. However, rising borrowing and materials costs have resulted in concerns being raised over the speed at which these units will eventually be completed. There is generally a lag of a year or so for commencement notices to translate into completions (longer for apartments) but rising costs raises viability concerns and/or delays in construction.

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

	2018	2019	2020	2021
Clare	352	447	409	414
Donegal	328	408	431	509
Galway County	686	776	612	769
Galway City	279	494	359	468
Leitrim	17	45	49	49
Mayo	380	444	354	422
Roscommon	114	194	160	145
Sligo	168	92	157	220
Western Region	2,324	2,900	2,531	2,966
Limerick	657	499	629	755
Kerry	526	518	486	456
AEC	3,507	3,917	3,646	4,207
State	22,467	26,237	21,686	30,724

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

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

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