



**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

Dr. Luke McGrath, economist at 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. 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, in the report [Regional Economic Impact of COVID-19: 2020 in Economic Statistics](#) (McGrath, 2021). Dr. McGrath presented a comprehensive overview of COVID-19 impacts on the Western Region and AEC at the [Nevin Institute Labour Market Conference](#).

What is covered in the timely economic indicator set?

Table 1. Timely Economic Indicator Set

Labour Market <ul style="list-style-type: none"> •Persons on the Live Register (LR)
Consumption <ul style="list-style-type: none"> •Vehicles licensed for the first time
Housing & Construction <ul style="list-style-type: none"> •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 2019 and 2020 and were published in February 2022, 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

- As the pandemic income supports schemes have wound down, the WR & AEC share of the labour force on the live register rose to 10% by August 2022, above the national average of 8.5%. Since then, there has been a decline. During November, the share of the labour force on the live register in the WR & AEC fell to 9%, above the national average of 8%. Higher regional shares of the labour force on the live register represent a continuation of a pre-pandemic trend related to regional economic & social structures.

Consumption

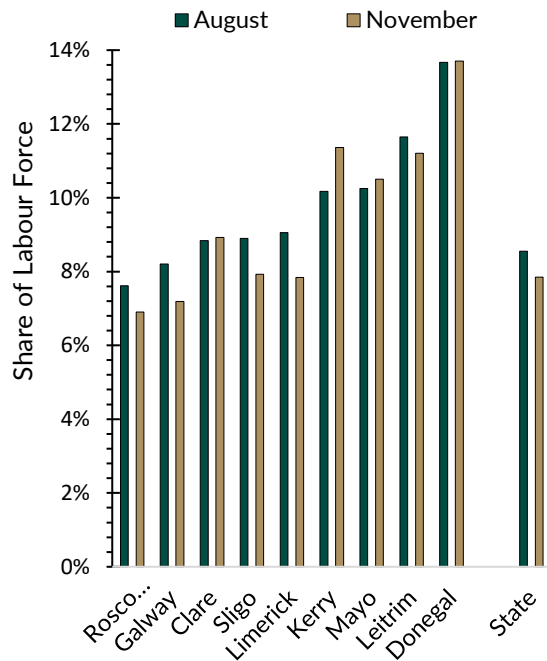
- From January to October 2022, new car registrations rose 1-4% in the WR & AEC. Nationally, registrations were down 1%, year on year. July is a key month for car sales and a strong decline was recorded nationally (-25%) and in the WR (-9%) and AEC (-13%) compared with last July.
- From January to October 2022, new goods vehicle registrations fell (17-20%) in the WR & AEC, year on year. Nationally, registrations fell 19%. Registrations during 2022 were above pre-pandemic 2019 levels in the WR & AEC. Nationally, registrations were down 8%.

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 patterns suggest the pandemic has coincided with movement away from larger urban areas. These trends have continued into 2022.
- There have been encouraging signs in terms of supply growth for 2022 and there is likely to be muted demand given rising interest rates and general inflation. A slowdown in house price growth is expected throughout 2022 and 2023. However, rising borrowing and material costs also threaten construction delays, the viability of residential units commenced, and the scale of investment in future units. There has been a considerable slowdown in residential commencements during 2022, a forward-looking indicator of supply. While it seems likely that the government's Housing for All overall target for new builds will be met for 2022, at this stage, it appears unlikely that the 2023 target will be reached.

Labour Market

Figure 2. % of LF on the Live Register.

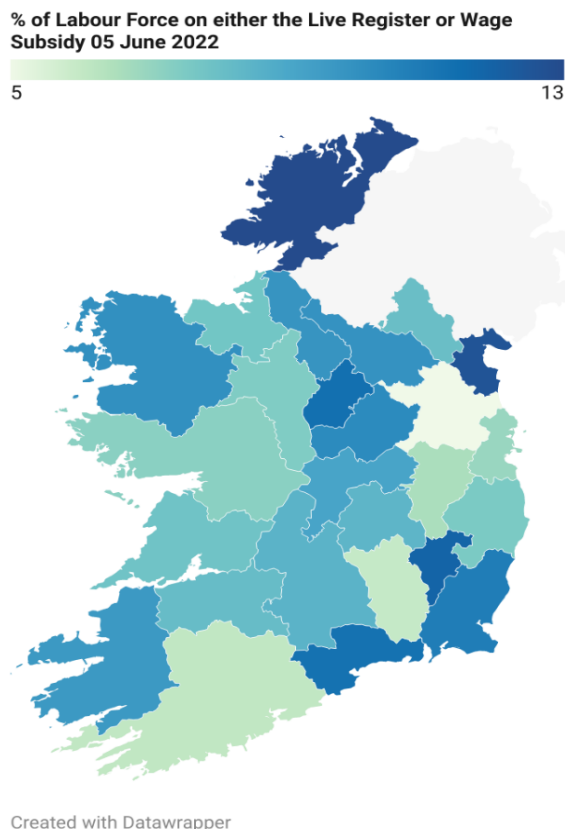


Source: Analysis of CSO Table LRM15 (07/12/22).

Share of Labour Force (LF) on the live register falls from August.

- As COVID-income supports were wound down live register numbers rose through July and August. Since then, live register numbers have fallen.
- During, November, the % of the WR & AEC LF recorded on the live register ranged from 7% in Roscommon to 14% in Donegal. The national share was 8%.
- The WR & AEC aggregates at 10% were above the national level. Higher regional shares of the labour force on the live register represent a continuation of a pre-pandemic trend related to regional economic & social structures.

Figure 3. Combined % of LF in receipt of Wage Subsidy or on the Live Register -June 2022.

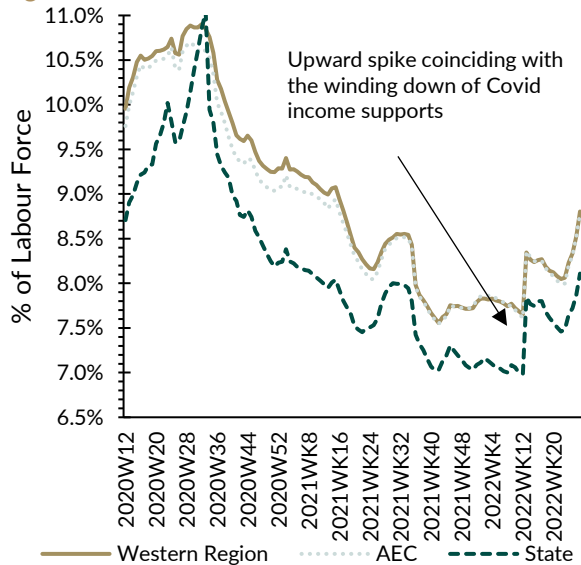


Source: Analysis of CSO Table LRW14 (22/08/22).

Regional and within-region variation was a key feature of the pandemic period.

- At the start of June, the % of the LF receiving either the wage subsidy or on the live register in the AEC ranged from 7.4% in Galway to 13.2% in Donegal.
- Four AEC counties were above the national average of 8.3% (Donegal 13.2%, Mayo 10.2%, Leitrim 10.0% & Kerry 9.8%) & five below (Galway 7.4%, Roscommon 7.6%, Sligo 7.9%, Clare 8.0% & Limerick 8.3%).
- Regional & within-region labour market variation was highlighted as a key feature of the pandemic by [Lydon & McGrath \(2020\)](#) & [McGrath \(2021\)](#). Those studies suggest that the variation is related to, and in some cases, exacerbated historical regional structural issues. Figure 10 below shows the county-level trends.

Figure 4. % of LF on the Live Register before August 2022.

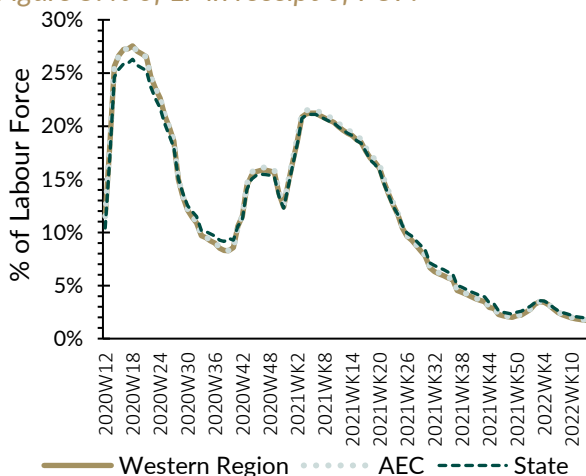


Source: Analysis of CSO Table LRW14 (22/08/22).

Live register numbers rose as income support schemes unwound before falling again.

- Live register numbers rose as the PUP & wage subsidy schemes were unwound. The % of the LF on the live register had been 7.5% during 2022 but rose to 8.8% in the WR & AEC at the start of July. Nationally, 8.1% of the LF was on the live register having been 7.0%.
- As noted above, The WR & AEC aggregates reached 10% during August before falling back to 8% in November. Figure 7 below shows county-level trends from March 2020 to August 2022.

Figure 5. % of LF in receipt of PUP.

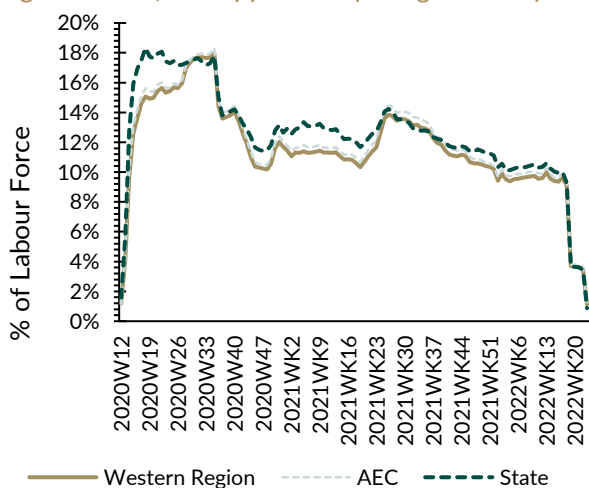


Source: Analysis of CSO Table LRW14 (22/08/22).

PUP ended with less than 2% of LF in receipt.

- On 22 Jan, the PUP closed to new applicants, those not moving back into employment were moved onto alternative schemes.
- At the end of March, the % of the LF in the WR & AEC receiving the PUP fell to 1.7% as the scheme fully wound down. At its peak, almost 30% of the LF received the payment.
- Figure 8 below shows the county-level trends since its inception.

Figure 6. % of LF supported by Wage Subsidy.



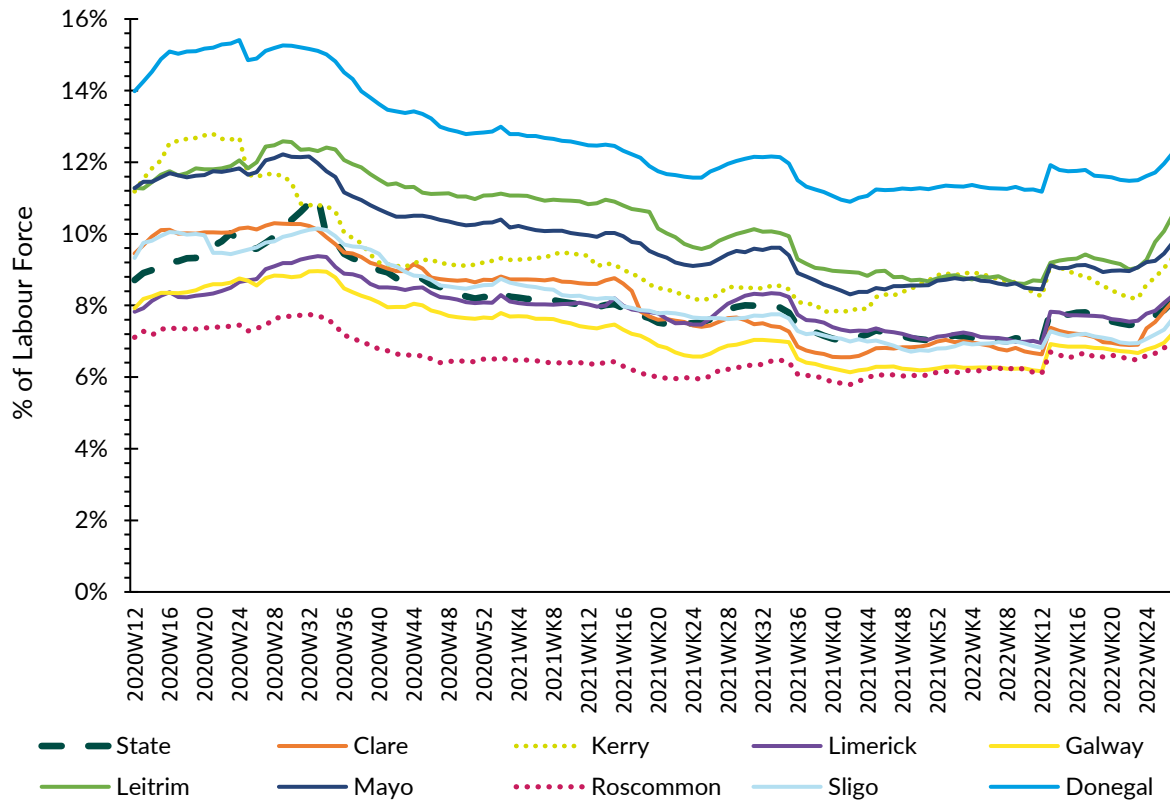
Source: Analysis of CSO Table LRW14 (22/08/22).

Wage Subsidy supports below 1% of LF at the start of June.

- The EWSS remained in place until April 30th for most workers. For businesses directly impacted by the restrictions introduced in December 2021, the subsidy ended on 31 May 2022.
- As the EWSS was fully wound down 1.1% of the WR & AEC LF were supported by the subsidy. Nationally, the figure was 0.9%. At its peak, almost 20% of the LF was receiving the subsidy.
- Figure 9 below shows county-level trends.

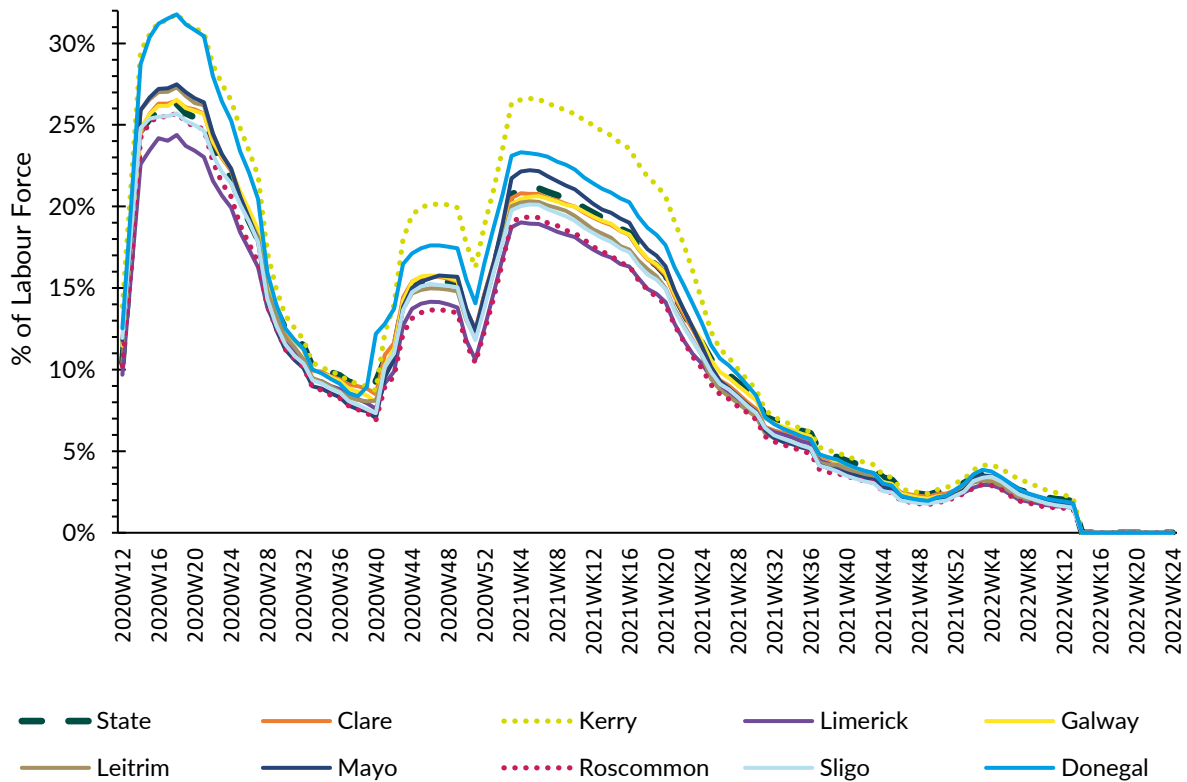
Labour Market Trends by County

Figure 7. % of Labour Force on the Live Register March 2020 - August 2022.



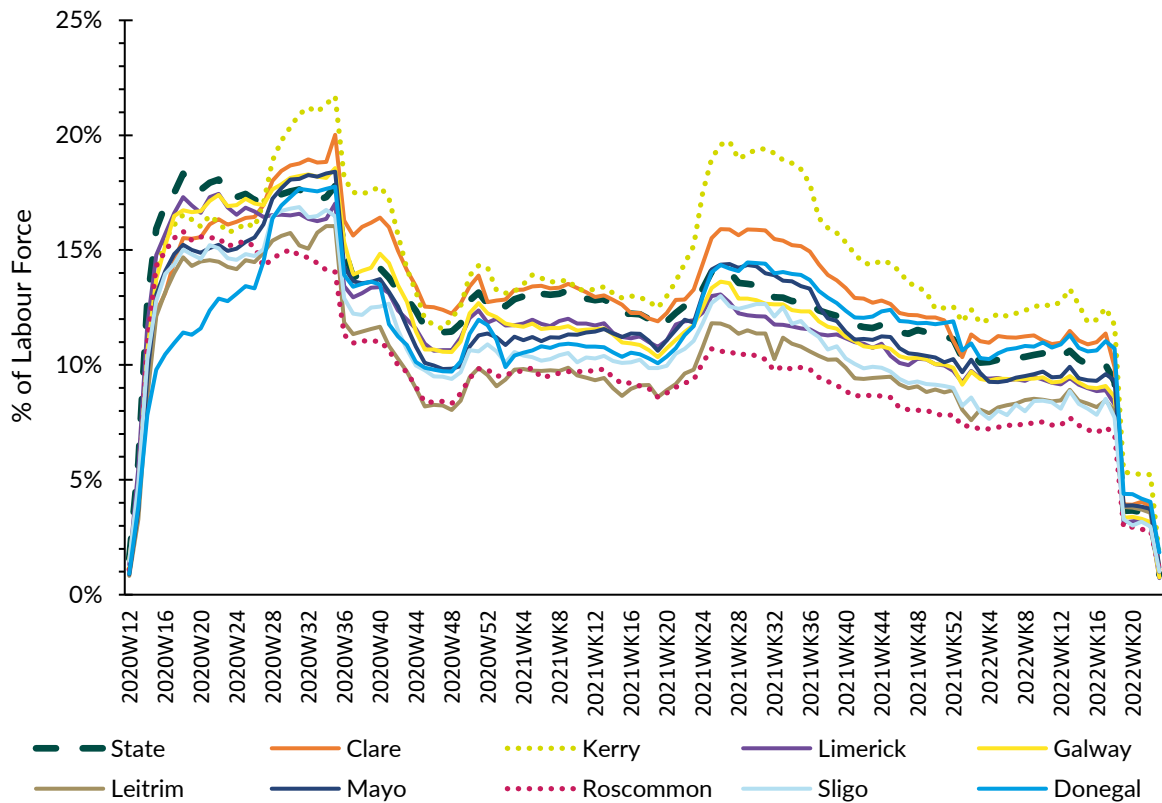
Source: Analysis of CSO Table LRW14 (22/08/22).

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



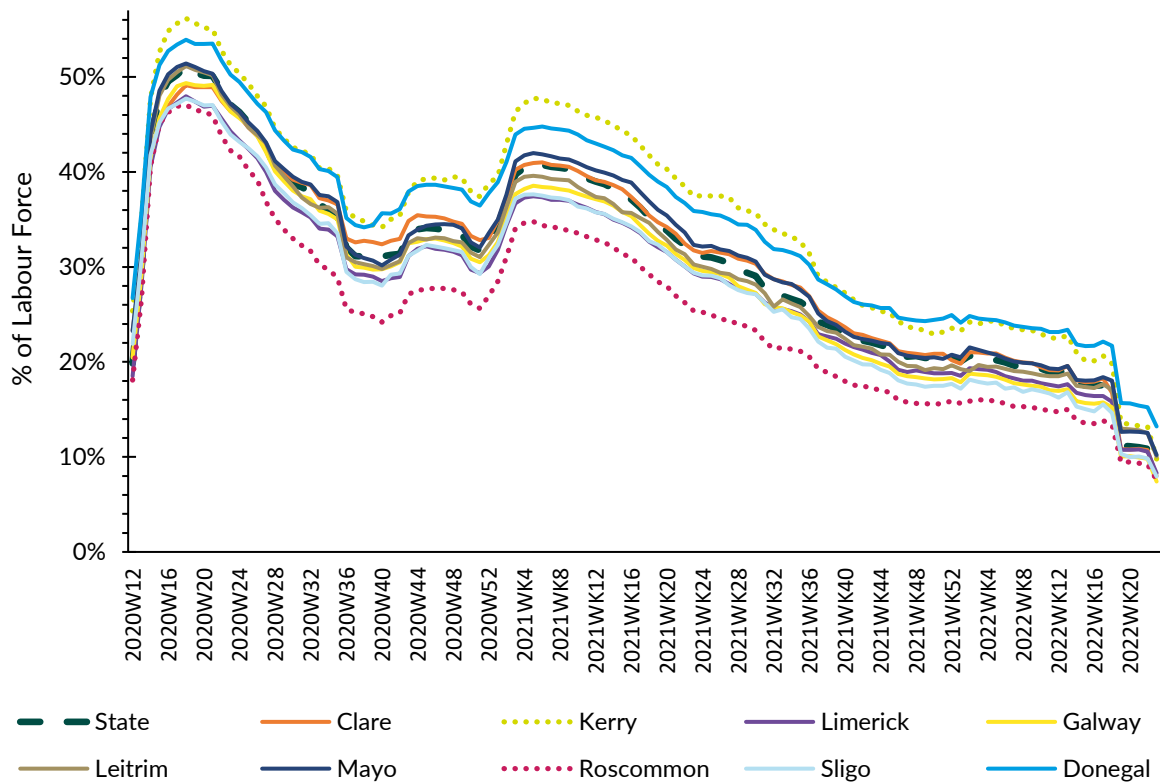
Source: Analysis of CSO Table LRW14 (22/08/22).

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



Source: Analysis of CSO Table LRW14 (22/08/22).

Figure 10. % of Labour Force in receipt of PUP or Wage Subsidy or on the Live Register (LR).

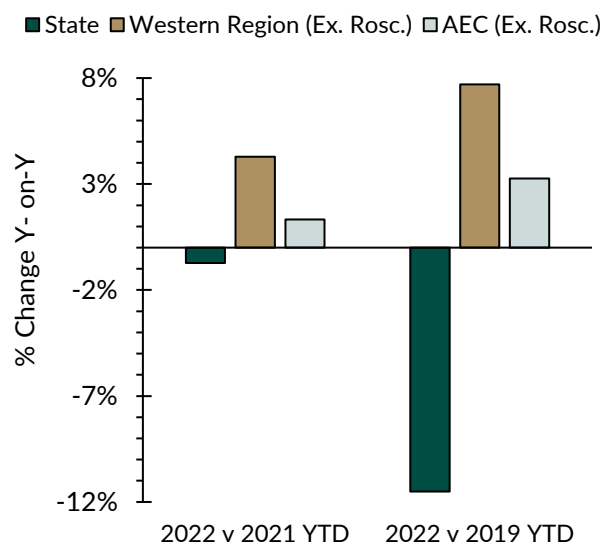


Source: Analysis of CSO Table LRW14 (22/08/22).

Consumption

New Private Cars

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



Source: Analysis of CSO Tables TEM22/TEM24. Note: *Ex. Roscommon, due to distortions caused by the activity of a national car hire company see [here](#).

From Jan. to Oct 2022 regional rise in car registrations but a national slowdown.

- During 2022 YTD, new car registrations rose 1-4% in the WR & AEC, year on year. Nationally, there was a fall of 1%.
- Compared with pre-pandemic 2019 new car registrations were up 3-8% in the WR & AEC compared with a fall of 12% nationally, driven by a large fall in Dublin.
- July is a key month for car sales due to the dual registration system. July registrations were down 9-13% in the WR & AEC. Nationally, registrations were down 25% compared with last July.

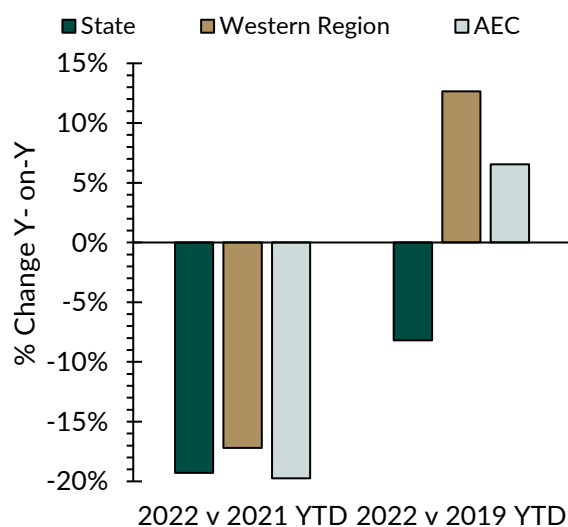
Table 3. New Private Cars Licensed for the First Time.

	2019 YTD (Jan. -Oct.)	2020 YTD	2021 YTD	2022 YTD
Donegal	2,126	2,033	2,322	2,439
Leitrim	393	399	420	423
Sligo	998	967	1,120	1,091
Galway	3,677	3,272	3,774	4,089
Mayo	1,771	1,573	1,755	1,828
Clare	2,078	1,913	2,003	2,013
Roscommon	4,519	1,100	2,014	1,833
Western Region (Ex. Roscommon)	11,033	10,157	11,394	11,883
Limerick	3,625	3,145	3,473	3,295
Kerry	2,151	1,957	2,264	2,180
AEC (Ex. Roscommon)	16,809	15,529	17,131	17,358
State	110,900	81,809	98,854	98,130

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 2022 but still above pre-pandemic levels in WR & AEC.

- During YTD 2022 (Jan. -Oct.), new goods vehicle registrations fell 17-20% in the WR & AEC, year on year. Nationally, registrations fell 19%.
- The large declines reflect a fall from large levels recorded in 2021 following a slowdown in construction activities during the 2020 lockdowns.
- Registrations for YTD were above pre-pandemic 2019 levels in the WR & AEC. Nationally, registrations were down 8%.

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

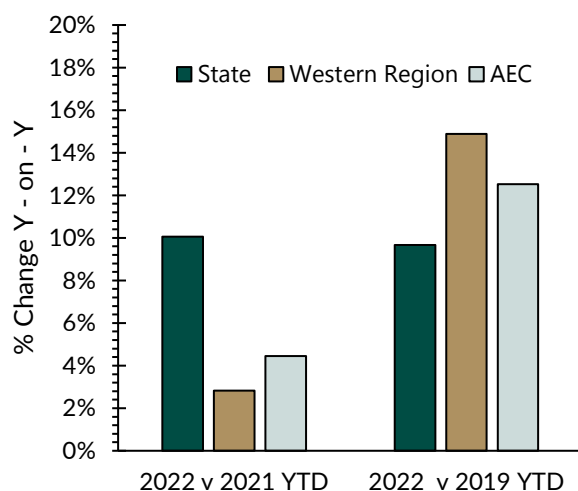
	2019 YTD (Jan. -Oct.)	2020 YTD	2021 YTD	2022 YTD
Donegal	371	365	48	533
Leitrim	80	96	115	106
Sligo	240	211	294	212
Galway	786	633	1,017	900
Mayo	466	427	587	464
Clare	300	270	385	303
Roscommon	206	183	286	241
Western Region	2,449	2,185	3,332	2,759
Limerick	774	752	906	709
Kerry	525	554	737	525
AEC	3,748	3,491	4,975	3,993
State	22,849	19,251	25,989	20,979

Source: Analysis of CSO 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 & 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 saw sales volumes remain below pre-pandemic levels. These trends combined with the price trends below suggest a movement away from larger urban centres during the pandemic.

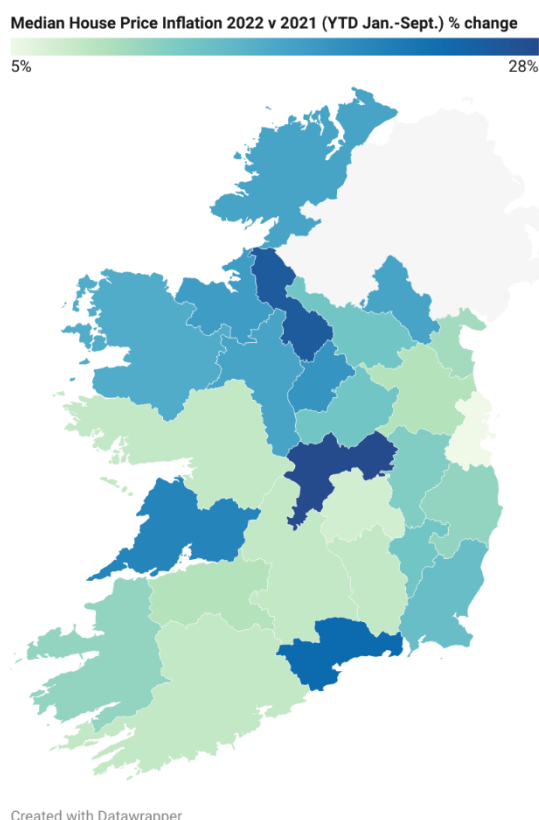
Table 5. Sales Volumes based on Market Transactions of all Properties.

	2019 YTD (Jan.-Sept.)	2020 YTD	2021 YTD	2022 YTD
Donegal	832	701	942	1010
Leitrim	236	191	310	314
Sligo	487	359	505	550
Galway City	533	400	478	583
Galway County	939	786	1,041	994
Mayo	728	652	927	914
Roscommon	451	408	527	533
Clare	737	613	793	781
Western Region	4,943	4,110	5,523	5,679
Limerick City	438	293	336	396
Limerick County	826	651	817	857
Kerry	836	703	911	993
AEC	7,043	5,757	7,587	7,925
State	32,466	24,941	32,348	35,603

Source: Analysis of CSO Table HPM03.

Housing Sales Prices

Figure 14 Median Price changes 2022 v 2021.



Source: Analysis of CSO Table HPM03.

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

- Median sales prices rose in all AEC counties when comparing YTD 2022 with 2021. Increases ranged from 8% in Galway to 26% in 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 the county level.
- The RPPI for September shows an annual increase in Dublin house prices of 10% compared with 12% in the rest of the State. Border (Cavan, Donegal, Leitrim, Monaghan, & Sligo) prices rose 12% and West (Galway, Mayo, Roscommon) prices rose 17%.

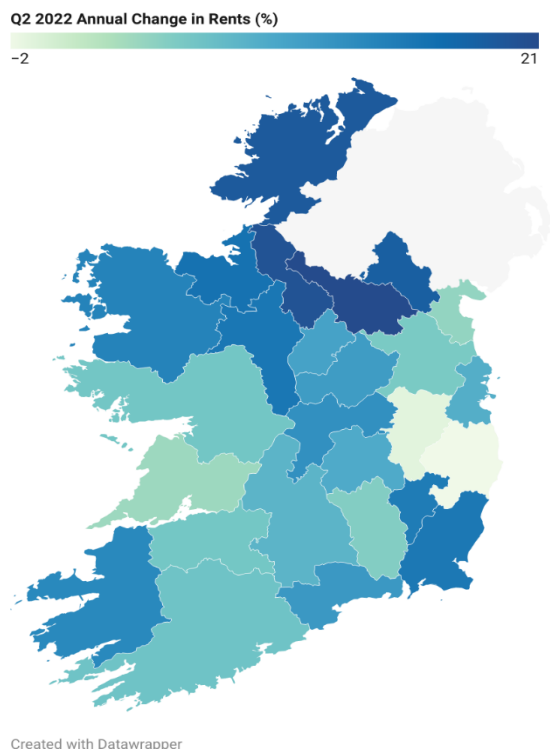
Table 6. Median House Prices based on Market Transactions of all Properties.

	2019 YTD (Jan. - Sept.)	2020 YTD	2021 YTD	2022 YTD
Donegal	€119,979	€123,515	€134,044	€157,000
Leitrim	€113,667	€111,718	€126,821	€160,278
Sligo	€148,668	€130,528	€157,560	€186,417
Galway City	€267,042	€272,028	€302,667	€314,389
Galway County	€200,389	€223,000	€226,429	€256,861
Mayo	€138,278	€135,000	€157,778	€182,331
Roscommon	€121,556	€109,306	€135,217	€157,889
Clare	€178,444	€182,528	€193,394	€234,333
Limerick City	€168,556	€183,622	€184,167	€200,352
Limerick County	€208,426	€208,778	€229,072	€249,222
Kerry	€172,028	€172,306	€199,833	€222,750
State	€255,930	€252,661	€271,944	€298,778

Source: Analysis of CSO Table HPM03.

Housing Rental Prices

Figure 15. 2022Q2 Year-on-Year % change in Standardised Rents.



Source: Analysis of RTB Rent Index.

Sharp rises in rents reflect shortages & movement away from large urban centres.

- Rents rose annually in all AEC counties during Q1 2022. Increases ranged from 6.1% in Galway city to 20% in Leitrim (the largest increase in the country). The national rent increase was 9.2%.
- Rents fell 1.7% quarter on quarter in Clare.
- The rental price (and sales price) trends suggest the pandemic has coincided with a movement away from large urban areas.

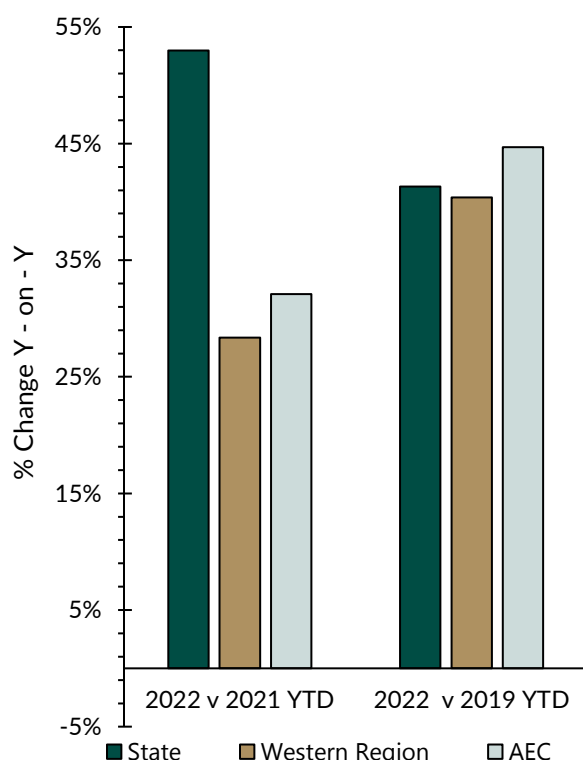
Table 7. Residential Tenancies Board Standardised Rent (Euro).

	2022 Q2 (per month)	% Change Y-on-Y	% Change Q-on-Q
Clare	€932	3.4%	-1.7%
Donegal	€783	19.1%	2.5%
Galway County	€1,056	7.4%	-1.5%
Galway City	€1,441	6.1%	2.1%
Leitrim	€817	20%	10.2%
Mayo	€899	14.1%	1.1%
Roscommon	€885	15.6%	10.4%
Sligo	€947	16.1%	7.3%
Limerick	€1,199	5.8%	1.5%
Kerry	€991	13.3%	5.9%
Dublin	€2,011	8.8%	0.2%
State	€1,464	8.2%	0.6%
Outside GDA*	€1,091	8.3%	1.4%

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.

- National completions in 2021 were below 2019 levels. However, from Jan.-Sept. 2022, there was a sharp national growth of 53% year on year. A sharp increase in Dublin completions largely explains the high growth rate.
- Lower year-on-year growth rates were recorded in WR & AEC but those rates should be put in the context of high historical levels during 2021.
- During the first nine months of 2022, there have been almost 21,000 completions. Total completions during 2022 will likely reach 25,000-28,000. 30,000 is the projected national housing demand as estimated by [Bergin & García Rodríguez \(2020\)](#). [Lyons \(2020\)](#) estimates a higher housing demand of closer to 50,000. The Government's [Housing for All](#) strategy targets 24,600 new builds in 2022 and an average of 33,000 per year up to 2030.

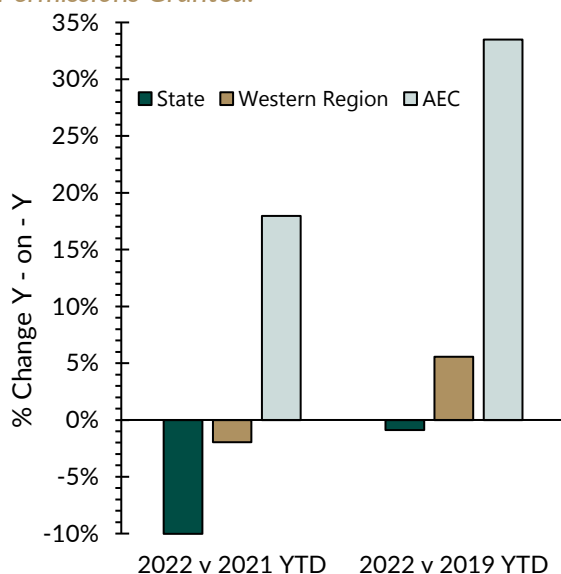
Table 9. Total Dwelling Completions.

	2019 YTD (Jan. -Sept.)	2020 YTD	2021 YTD	2022 YTD
Clare	277	261	266	444
Donegal	329	352	317	518
Galway County	543	543	548	628
Galway City	163	135	270	315
Leitrim	33	22	68	46
Mayo	272	304	249	332
Roscommon	112	109	175	125
Sligo	89	139	95	144
Western Region	1,818	1,835	1,988	2,552
Limerick County	33	22	68	46
Limerick City	379	329	408	572
Kerry	298	325	337	486
AEC	2,495	2,489	2,733	3,610
State	14,724	13,250	13,602	20,807

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.

Continued growth in regional planning permissions.

- Total planning permissions (residential units for which permission granted) rose by 17%-55% in the WR & AEC during the first half (H1) of 2022 compared with H1 2021. Nationally, there was a rise of 10%.
- National and regional planning permissions were sharply above pre-pandemic levels during H1 2022.

Table 10. Planning Permissions – Total Planning Permissions Units Granted (Number).

	2019 YTD (Jan.-Sept.)	2020 YTD	2021 YTD	2022 YTD
Clare	300	233	438	476
Donegal	489	669	592	658
Galway County	732	545	708	921
Galway City	481	272	387	132
Leitrim	38	50	78	86
Mayo	288	237	360	163
Roscommon	97	150	154	111
Sligo	183	173	91	206
Western Region	2,608	2,329	2,808	2,753
Limerick	729	297	929	1,723
Kerry	399	211	491	511
AEC	3,736	2,837	4,228	4,987
State	26,817	32,835	29,541	26,580

Source: Analysis of CSO Table BHQ12.

Table 11. Planning Permissions One-Off Houses.

	2019 YTD	2020 YTD	2021 YTD	2022 YTD
Clare	183	109	172	228
Donegal	289	247	416	511
Galway County	379	325	414	600
Galway City	11	18	25	22
Leitrim	26	30	37	40
Mayo	198	175	252	141
Roscommon	90	47	98	91
Sligo	57	46	65	51
Western Region	1,233	977	1,479	1,686
Limerick	188	169	240	327
Kerry	189	132	197	246
AEC	1,610	1,298	1,916	2,259
State	4,357	3,778	5,201	5,568

Source: Analysis of CSO Table BHQ12.

Table 12. Planning Permissions - Multi-Development.

	2019 YTD	2020 YTD	2021 YTD	2022 YTD
Clare	87	109	226	228
Donegal	173	321	78	85
Galway County	252	163	156	263
Galway City	142	51	4	8
Leitrim	10	13	21	43
Mayo	84	49	53	11
Roscommon	4	69	22	14
Sligo	95	119	12	143
Western Region	847	894	572	795
Limerick	396	84	265	686
Kerry	163	63	134	141
AEC	1,406	1,041	971	1,622
State	10,388	9,499	5,911	8,047

Source: Analysis of CSO Table BHQ12.

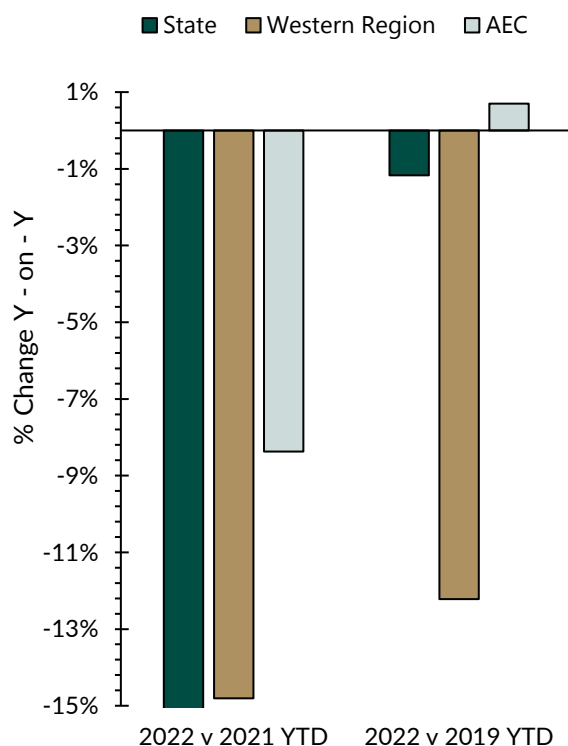
Table 13. Planning Permissions Private Flats/Apartments.

	2019 YTD	2020 YTD	2021 YTD	2022 YTD
Clare	30	15	17	20
Donegal	21	101	36	62
Galway County	101	57	115	58
Galway City	328	203	356	102
Leitrim	2	7	18	3
Mayo	6	13	55	11
Roscommon	3	34	19	4
Sligo	31	8	9	12
Western Region	528	438	625	272
Limerick	145	44	389	710
Kerry	47	16	160	124
AEC	720	498	1,174	1,106
State	12,072	19,558	18,165	12,965

Source: Analysis of CSO Table BHQ12.

Commencement Notices

Figure 18. Change in Commencement Notices (No. of residential units commenced).



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

Slowdown in Housing Starts.

- During YTD 2022 (Jan.-Oct.), residential units commenced fell 8-15%, year on year, in the WR & AEC. Nationally, there was a 15% decline.
- Total national commencements topped 30,000 in 2021, the pace of growth during 2022 suggests a similar total is unlikely for 2022. A more likely range for 2022 is 25,000-27,000.
- Traditionally, there has been a one-year lag (longer for apartments) between commencements turning into completions. However, rising borrowing and materials costs have resulted in concerns being raised over the speed at which these units will eventually be completed. The growing share of apartments within total completions also means a longer lag between dwelling commencements and completions.
- Given the slowdown, in housing starts, at this stage, it seems unlikely that the government's overall Housing For All new-build target for 2023 will be met.

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

	2019 YTD (Jan. -Sept.)	2020 YTD	2021 YTD	2022 YTD
Clare	364	357	337	303
Donegal	370	328	399	380
Galway County	663	466	634	664
Galway City	391	259	427	87
Leitrim	43	47	41	67
Mayo	410	263	367	388
Roscommon	120	145	127	123
Sligo	78	130	181	129
Western Region	2,439	1,995	2,513	2,141
Limerick	469	545	689	727
Kerry	364	397	394	427
AEC	3,272	2,937	3,596	3,295
State	23,029	17,615	26,876	22,760

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/>



**WESTERN
DEVELOPMENT
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