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Employment Trends in the Republic of Ireland

A regional perspective

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SUMMARY

Employment has been increasing in the Republic of Ireland since its post-crisis nadir in 2012. The effects of the financial crisis were disproportionately felt across Ireland's eight *NUTS 3* regions and the returns to employment from Irish growth have benefitted some regions more than others.

Dublin is closest to pre-crisis levels of employment in the third quarter of 2016 whilst the Border and West regions are furthest from their peaks. At the same time the capital is experiencing high levels of inward migration whilst some rural counties, especially in the West are seeing outward migration.

Sectoral growth and the sectoral composition of the regions have widely mirrored national trends (see *inBrief* no. 40) with the exception of Dublin.

This *Research inBrief* examines the distribution of employment gains regionally and shifts in sectoral composition within regions.

KEY POINTS

- A significant proportion of the job growth has been in Dublin (over 70,000 out of nearly 200,000 since 2012 and 16,000 out of 56, 000 in the past year, 2015Q3- 2016Q3). Dublin is closest to 2007 levels of employment (↓ 3%).
- Despite this there are still 19,000 fewer jobs (2016 Q3) in Dublin than in 2007.
- The West and Border regions are furthest from pre-crash levels (down 10% and 11.5% respectively). The Mid-West and South-West regions have shown strong employment growth this year having been in a similar position to the West and Border regions last year.
- Employment in *Industry* is still down in seven out of eight regions on 2007 whilst *Wholsale/Retail* is also yet to recover in seven out of eight.
- As would be expected, employment in *Construction* is still down significantly relative to 2007 in every region whilst national gains in *Accomodation and Food* services have been driven by Dublin and the West remaining mostly flat elsewhere.

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Introduction

Employment has been growing in all regions since hitting its trough nationally in 2012 with unemployment currently at 8%. Whilst some Irish regions felt the impact of the financial crisis and recession more than others there has also been inter-regional disparity in the rate of recovery. This paper examines trends in regional employment and unemployment since 2007 in Ireland.

Data

Data for this *inBrief* was sourced from the CSO Quarterly National Household Survey (QNHS) which provides information on employment by NACE Rev 2 sector and by Ireland's eight NUTS 3 regions. Data is the most up-to-date available, incorporating the third quarter of 2016.

Trends

The worst drops in employment after the financial crisis were seen in the Border, South-East and Midland regions. By 2012 they had witnessed contractions of 22%, 19% and 18% respectively. The national average was just over 15% and every region lost at least 12% of total employment between 2007 and 2012. 90,000 jobs were lost in Dublin in this period. The Irish state has 129,000 fewer jobs in 2016 than it had in 2007 whilst experiencing population growth of 200,000. The ILO unemployment rate (the share of the workforce not in employment but seeking employment) is 8%.

Examining the figures we see that Dublin has regained most employment from its height in 2007 with 3% less than in 2016. Employment growth has been steady since 2012 slowing to 2.6% this year and unemployment in the capital is now 7.5%.

40,000 jobs were lost in the Mid-East region (Kildare, Meath and Wicklow) during the recession though in employment terms the region tends to do well relative to national trendss. Unemployment in the region was 2.9% in 2004 and has the second lowest rate in the country in 2016 though there are still 6% less jobs in the region than in 2007.

The South-East (Carlow, Kilkenny, South Tipperary, Wexford, & Waterford) has shown strong recovery in employment since 2012, though from a low base. The region tends to underperform relative to others and had the highest unemployment leading into the recession in 2007, at the trough of the recession in 2012 and now four years into the recovery the official unemployment rate is the highest of any region at 10.4%.

The Midlands (Laois, Longford, Offaly and Westmeath) also tends to be in the bottom half of labour market performers. Employment dropped by over 17% between 2007 and 2012 and is still 6% down on 2007. Job growth has been particularly sluggish with less than a thousand created in the last year and an unemployment rate still above 10%.

TABLE 1: Regional Employment Trends 2007-2016

	2007 Q3 (000)	2012 Q3 (000)	2016 Q3 (000)	Employment growth 2007 -2012 (%)	Employment growth 2007 -2016 (%)	Employment growth 2015Q3-2016 Q3 (%)
State	2169.6	1841.3	2040.5	-15.1	-6.0	2.9
Dublin	640.5	548.4	621.5	-14.4	-3.0	2.6
South-East	225.9	183.8	215.1	-18.6	-4.8	3.7
South-West	317.4	274.9	299.1	-13.4	-5.8	4.4
Midland	127.7	105.3	120.1	-17.5	-6.0	0.8
Mid-East	255.6	223.5	239.5	-12.6	-6.3	3.6
Mid-West	173.4	150.9	162.4	-13.0	-6.3	3.2
West	207.2	181.9	186.4	-12.2	-10.0	3.4
Border	221.9	172.4	196.3	-22.3	-11.5	0.5

Persons aged 15 years and over in Employment (Thousand) by Region,NACE Rev 2 Economic Sector and Quarter

TABLE 2: Regional Unemployment 2002-2016

	2002Q3	2004Q3	2006Q3	2008Q3	2010Q3	2012Q3	2014Q3	2016Q3
State	4.4	4.4	4.8	7.1	14.2	15.0	11.3	8.0
Border	6.3	5.5	6.1	8.2	13.7	17.8	11.8	9.2
Midland	4	4.3	4.6	8.9	18.1	17.6	14.6	10.1
West	4.3	3.7	5.4	7.6	16.1	15.3	11.5	9.1
Dublin	4.2	4.3	4.6	6.6	12	12.9	10.2	7.5
Mid-East	3.6	2.9	3.6	5.8	12.1	13.8	10.7	6.9
Mid-West	3.7	5.5	5.7	8.3	16.7	16.7	11.4	7.4
South-East	4.9	5.7	5.5	7.6	17.8	19.5	13.8	10.4
South-West	4.3	3.9	4	6.5	13.7	13	10.6	6.4

ILO Unemployment Rate (15 - 74 years) (%) by NUTS 3 Regions and Quarter

The Border region (Cavan, Monaghan, Louth, Leitrim, Sligo and Donegal) having made significant employment gains in 2012 and 2013 has only gained about 6,000 jobs in the past two years and still has 25,000 jobs less than 9 years ago when unemployment was among the worst nationally (around 6% compared to the national average of 4.7%). In 2016 it is still nearly 10%.

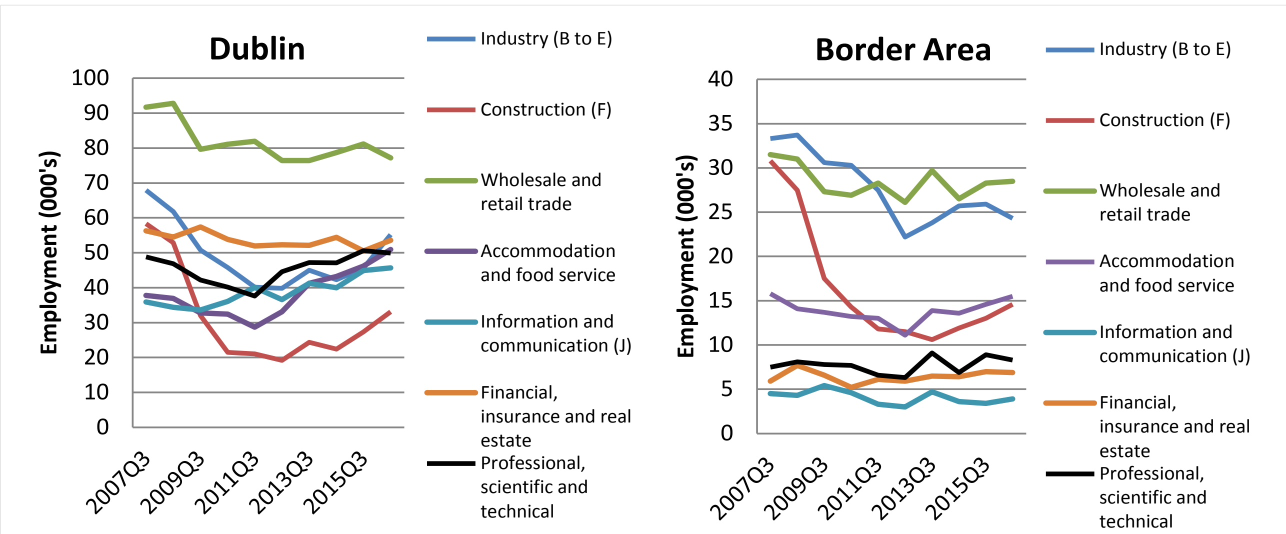
The Mid-West (Clare, Limerick and North Tipperary) and South-West regions (Cork and Kerry) made some significant gains in the past year having been relatively slow in the first years of recovery. The South-West region with Cork City as the main population centre tends to be one of the better performing regions and weathered the recession better than most, though employment loss was still over 13%. They are now both doing significantly better in unemployment rates than the national average and have shown strong job growth in the pat year.

The West region (Mayo, Galway and Roscommon) is still down over 10% on 2007 and employment growth has been slow, only gaining about 5,000 jobs since 2012 bringing the total to 186,000. Unemployment is over 9%.

Regional restructuring mirrors national trends

For the most part regional labour figures across NACE sectors mirror quite closely trends seen nationally (Graph 1 below of the Border Region represents a good approximation of the main sectoral trends and composition found in the other regions

Graph 1: Regional employment 2007-2016 by sector.



outside of Dublin since 2007 (other than the decline in *Industry* which is less dramatic elsewhere). See also *inBrief* no 40).

Industry, the main driver of productivity growth and the second largest employment sector, is yet to recover in any region (except for the West where employment grew marginally). This sector is recovering particularly slowly in the Border region with 25% fewer jobs in the third quarter of 2016 than in 2007. Employment in *Industry* is still almost 20% lower in Dublin.

The largest employment sector, the *Wholesale/Retail* sector where growth tends to follow more productive sectors is still down in seven out of eight regions with marginal growth in the South-West.

The *Accomodation and Food services* sector has about 15,000 more in employment than in 2007 driven by Dublin, the West and South-East remaining steady elsewhere (except in the South-West which has seen a downward trend since 2007).

Employment in *Construction* has also seen an upswing in every region since its nadir in 2012 though still well-below 2007 figures in every region. Loss in this sector is driving the numbers in the West (17,000 less in *Construction* in 2016 than 2007 compared to 21,000 across all sectors). The situation in the Midlands is similar where the difference in employment in *Construction* (-10,000) actually exceeds the difference in employment overall (-7,000) since 2007. Some of the slack in the region has been picked up in *Agriculture, forestry and fishing* and in *Health and social services*.

Employment in *Professional, scientific and technical activities* in the Mid-East and South-East has grown significantly (around 20% and 50% respectively) though growth has been mostly static elsewhere.

Although the *Information and Communication* sector has seen strong growth nationally we can see that Dublin is driving this growth with over 10,000 of the 19,000 new jobs in this sector located in the capital. Numbers have fallen in other regions (Mid-West and Border).

Conclusion

In high-end service sectors a pattern can be clearly seen setting Dublin apart from the rest. The shares of employment in high-paying sectors such as *Information and Communications*, *Professional, Scientific and Technical* and *Financial, Insurance and Real Estate* are much higher in the capital than outside and reflected in the *Wholesale/Retail* employment numbers. This has likely been impacting on the trend of population migration to Dublin.

Dublin city has had a 5.7% increase in population since the 2011 Census with net inward migration of about 8,000. The figure for Dunleary-Rathdown is about 4,000. At the opposite end of the spectrum the population in Donegal dropped by 1.5% (-6,700) relative to a positive 3.7% national average at the same time as experiencing a natural increase in population of almost 5,000. Sligo and Mayo, like every other county in Ireland recorded a natural population increase in this period but have also seen population decline due to outward migration.

References

Central Statistics Office (2016), Quarterly National Household Survey, Nov 2016.

Central Statistics Office (2016), Census Preliminary results, Sept 2016

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