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Box E:

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Population Change and Migration in Ireland – Recent Evidence

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Preliminary results from Census 2022 showed that the population of Ireland stood at 5.12 million in April 2022, the first time in 170 years that the population exceeded 5 million.² Annual population and migration estimates published in August indicate that immigration in the year to April 2022 increased to its highest level since 2008 at over 120,000. This *Box* examines recent demographic changes in Ireland with a focus on the role of migration and considers the implications for the labour market and economic growth both in the immediate future and over the longer term.

Drivers of Overall Population Change

Figure 1 shows the estimated annual change in the population by natural increase (births minus deaths) and net migration (immigration minus emigration). Driven largely by changes in the number of births, the natural increase peaked in 2010 at just under 50,000 and has declined gradually thereafter. As evident in Figure 1, net migration has been an important driver of overall population change over time and especially over the last decade as the natural increase has slowed.

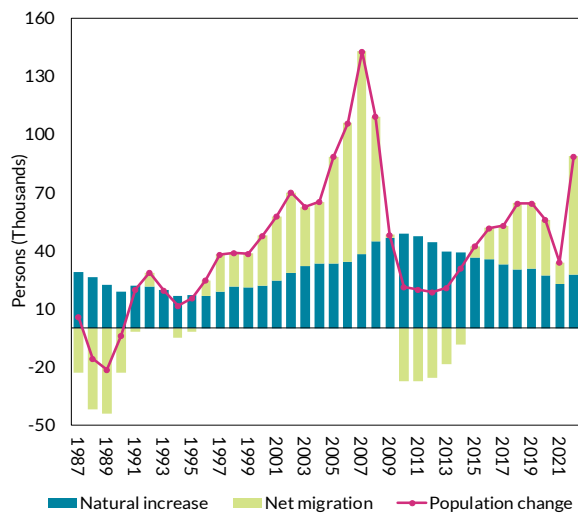
¹ Irish Economic Analysis Division

² Census 2022 was conducted on the night of April 3rd 2022. The Census was originally scheduled to be carried out in 2021, as part of a standard five-year cycle; however, data collection was delayed due to the onset of the pandemic.



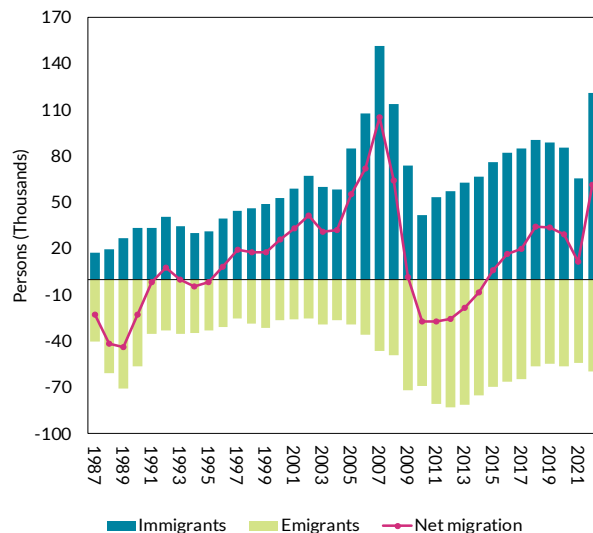
Sharp rise in net inward migration to above pre-pandemic levels

Figure 1: Decomposition of Changes in Population



Source: CSO

Figure 2: Decomposition of Changes in Net Migration



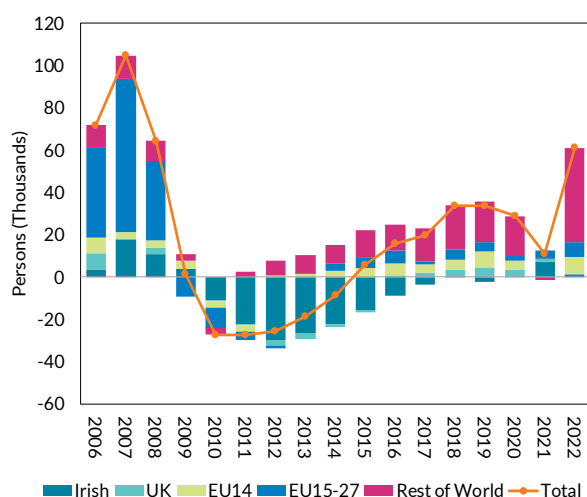
Source: CSO

Figure 2 decomposes the change in net migration into immigration and emigration. Following five consecutive years of negative net migration from 2010 to 2014 (emigration exceeding immigration), net migration turned positive again in 2015, averaging 23,000 per annum from 2015-2020. Net migration dipped to 11,000 in 2021 as a result of the pandemic travel restrictions reducing immigration, with emigration broadly unchanged. Although emigration increased slightly in 2022, net inward migration rebounded strongly to just over 61,000 in the year to April, the highest net inflow since before the 2008 financial crisis.



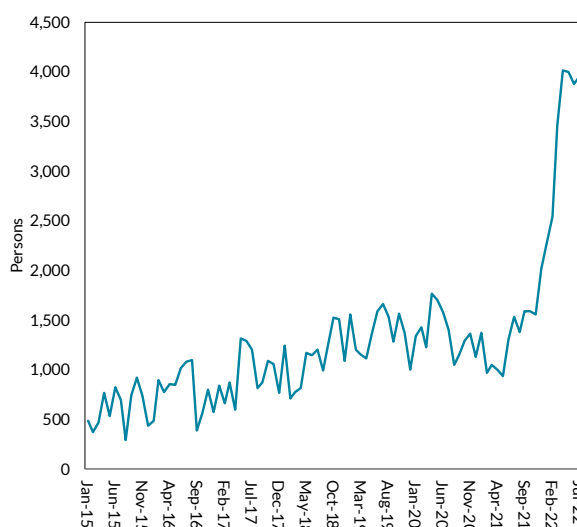
Non-EU countries have become increasingly important for migration to Ireland

Figure 3: Net Migration by nationality



Source: CSO

Figure 4: Monthly employment permits



Source: Dept. of Enterprise, Trade and Employment

Migration by Characteristic

Turning first to nationality, Figure 3 shows that there was a sharp increase in net inward migration by “Rest of World” nationals in the year to April 2022.³ The net inflow of this group increased to just under 45,000 in 2022, up from 19,000 in both 2019 and 2020. In terms of age, just under two thirds of the net inflow was made up of those aged between 25 and 65. The 2022 figures for net migration includes a proportion of the inflow of Ukrainian nationals since the start of the war (those who had arrived before the end of April 2022). Separate CSO administrative data on PPSN allocations indicate that approximately 26,304 Ukrainians had arrived in Ireland by the end of April.⁴ This implies that excluding Ukrainian nationals, the net inflow of ‘Rest of World’ nationals has broadly returned to pre-pandemic levels. This is consistent with data on work permits issued by the Department of Enterprise, Trade and Employment (Figure 4).⁵ These data show that a total of 27,000 permits have been issued to non-EU

³ Previous migration analysis by [Staunton and Smyth \(2019\)](#) identified that the nationality of immigrants has changed in recent years away from EU 27 accession countries towards ‘Rest of World’ countries such as Brazil.

⁴ [CSO: Arrivals from Ukraine in Ireland](#). Over 20,000 Ukrainians have since arrived in Ireland in the period from May to August that may be counted in the next population estimate for the year to April 2023. Approximately 27 per cent of the latest cumulative figures for August are children aged under 15 years

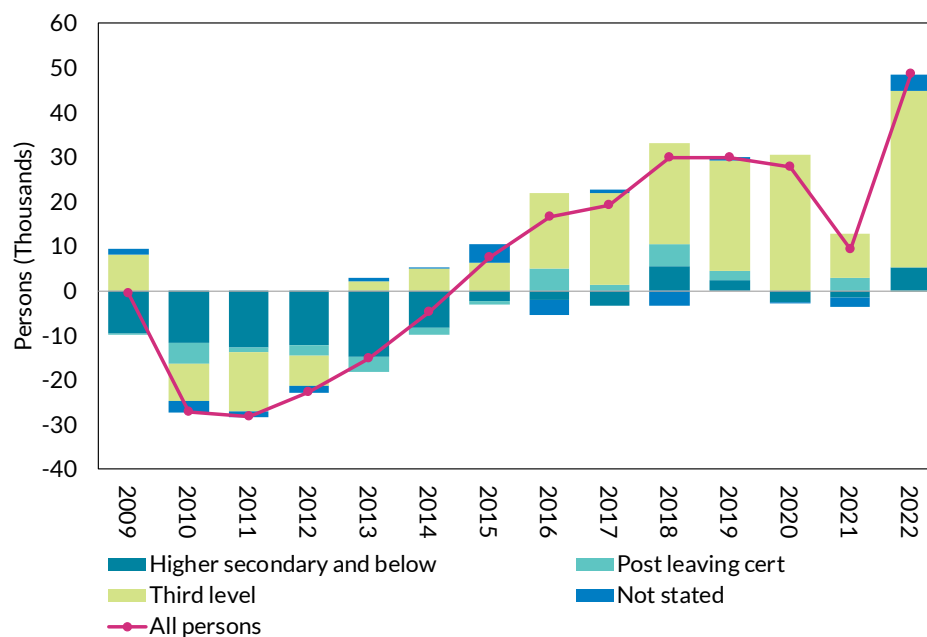
⁵ [Dept. of Enterprise, Trade and Employment: Employment Permits](#). There were increases to employment permits quotas in 2021 to address key labour shortages in addition to clearing any backlogs that existed throughout the pandemic.



citizens in the year to August, up from 11,000 in 2019, the most recent comparable period when international travel was not restricted by the pandemic.

Net inward migration of highly educated workers is adding to the skills base of the labour force

Figure 5: Net Migration by educational attainment



Source: CSO

Figure 5 shows net migration by educational attainment. The proportion of all immigrants with third level qualifications has increased from 47 per cent in 2009 to just under 70 per cent in 2022. Although the proportion of emigrants with third level has also increased, overall net inward migration continues to be dominated by those with the highest level of educational attainment. In contrast, with the exception of 2022, in all previous years back to 2009 there was net outward migration of those with secondary level qualifications and below – the number of emigrants in this group exceeded the number of immigrants. These developments are consistent with brain gain with net migration boosting the skills base of the labour force over time.

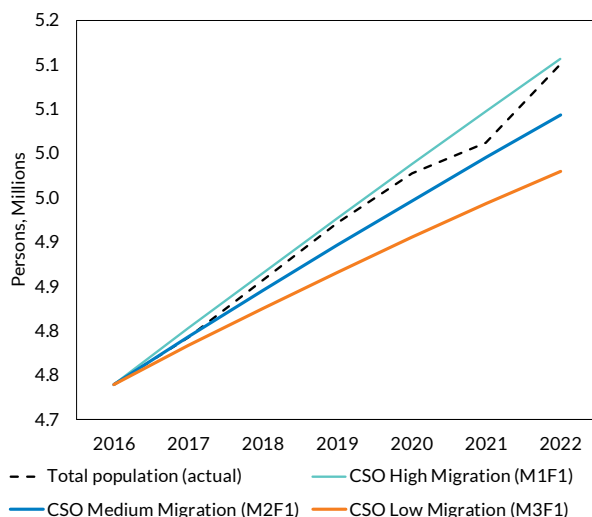


Implications for the labour market and economy

Census 2022 combined with recent data on migration points to strong population growth in line with highest CSO projection scenario from 2017.⁶ As shown in Figure 6, the actual population has tracked the highest of the most recent population scenarios published by the CSO in 2017 (M1F1). Additionally, the actual labour force exceeded the highest CSO projection – in 2021 the labour force was approximately 40,000 larger than the highest M1 scenario (Figure 7). This reflects a combination of the overall population being close to the most optimistic projection and the outturn for labour force participation being stronger than assumed.⁷

Population Outturn Tracks Highest CSO Projection while labour force exceeds projections

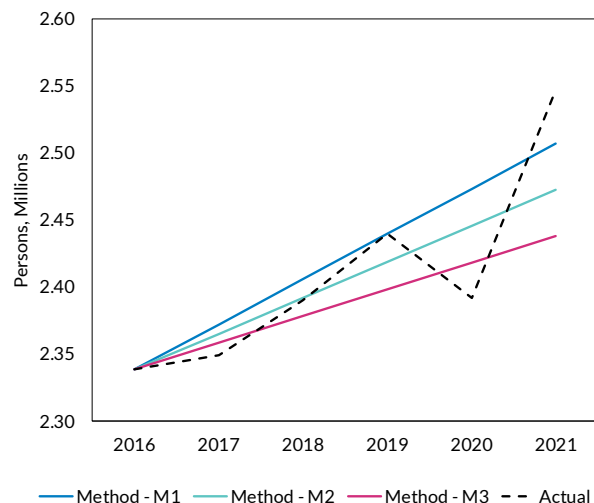
Figure 6: Population change compared to 2017 CSO Projections



Source: CSO and author's calculations

Notes: M1: High net inward migration 30,000 per annum from 2017 to 2051. M2: Net inward migration continuing at more moderate levels of 20,000 per annum until 2051. M3: Low net inward migration 10,000 per annum until 2051. F1: Total Fertility Rate (TFR) to remain at its 2016 level of 1.8 for the lifetime of the projections.

Figure 7: Labour Force change compared to 2017 CSO Projections



Source: CSO and author's calculations

With those of working age consistently making up the majority of net inflows, migration is continuing to play an important role in boosting labour supply in Ireland, helping to relieve shortages and enhancing the skills base of the workforce. By boosting labour supply and human capital, continued labour force growth will increase the economy's overall potential growth rate over the medium to longer term.

⁶ See <https://www.cso.ie/en/releasesandpublications/ep/p-plfp/populationandlabourforceprojections2017-2051/>

⁷ See [Boyd et al \(2022\)](#) for a detailed analysis on recent growth in the labour force following the onset of the pandemic



There is also evidence that high-skilled immigration can enhance innovation, entrepreneurship and productivity levels.⁸ Increases in the working age population benefit the public finances by raising tax revenue from those in employment. By lowering the old-age dependency ratio (the ratio of the population aged over 65 to the working-age population), continued net inward migration can reduce the burden of age-related public expenditure relative to an outcome with lower migration and a smaller working age population. There is some evidence that returning migrants earn a wage premium above similar workers who remained in Ireland – indicating that migration can boost wage growth.⁹

Table 1: Actual Population and Department of Environment HNDA Demographic Assumptions

Projections	2022 Population
Actual (Census 2022)	5,123,536
HNDA Baseline	5,081,523
HNDA High Migration	5,089,154
<i>Difference (actual less HNDA/NPF Baseline)</i>	42,013
<i>Difference (actual less HNDA/NPF High Migration)</i>	34,382

Source: CSO, Dept. of Housing, Local Government and Heritage.

At the same time, population growth and high levels of net inward migration pose challenges for infrastructure and public services, in particular housing. The increase in the population since 2006 has exceeded the growth in the housing stock. Taking the period from 2006 to 2022, the population increased by just over 883,000 while the housing stock rose by just under 355,000. Moreover, the population at Census 2022 was around 42,000 higher than the most recent assumptions used by the Department of Housing, Local Government and Heritage to guide Housing Need Demand Assessments (HNDA) at local authority level.¹⁰ These demographic scenarios are used as inputs to support the objectives under the National Planning Framework.¹¹ As shown in Table 1, the actual population in Census 2022 was 42,000 higher than the baseline demographic scenario and 34,000 higher than the high migration scenario. It is important to note that there is unavoidable uncertainty around long-term projections for the population and deviations of the actual population from projection scenarios in individual years are to be expected. Moreover there is particular uncertainty in the current circumstances around the outlook for Ukrainian immigration – both the scale of future inflows and whether those who arrive in Ireland are likely to stay for an extended period.

⁸ See <https://www.gsb.stanford.edu/faculty-research/working-papers/contribution-high-skilled-immigrants-innovation-united-states>

⁹ See Barrett and Goggin (2010). “[Returning to the Question of a Wage Premium for Returning Migrants.](#)”

¹⁰ See <https://data.gov.ie/dataset/esri-population-projections-by-local-authority>

¹¹ See <https://npf.ie/>



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Nevertheless, the recent increase in population and rise in net inward migration points to the importance of achieving further progress in relieving existing bottlenecks in housing and other infrastructure. This is necessary to ensure that further increases in population and inward migration are facilitated in a sustainable manner and that the long-run benefits to the labour market and economy are fully realised.