



How long can Ireland's rapid population growth continue?

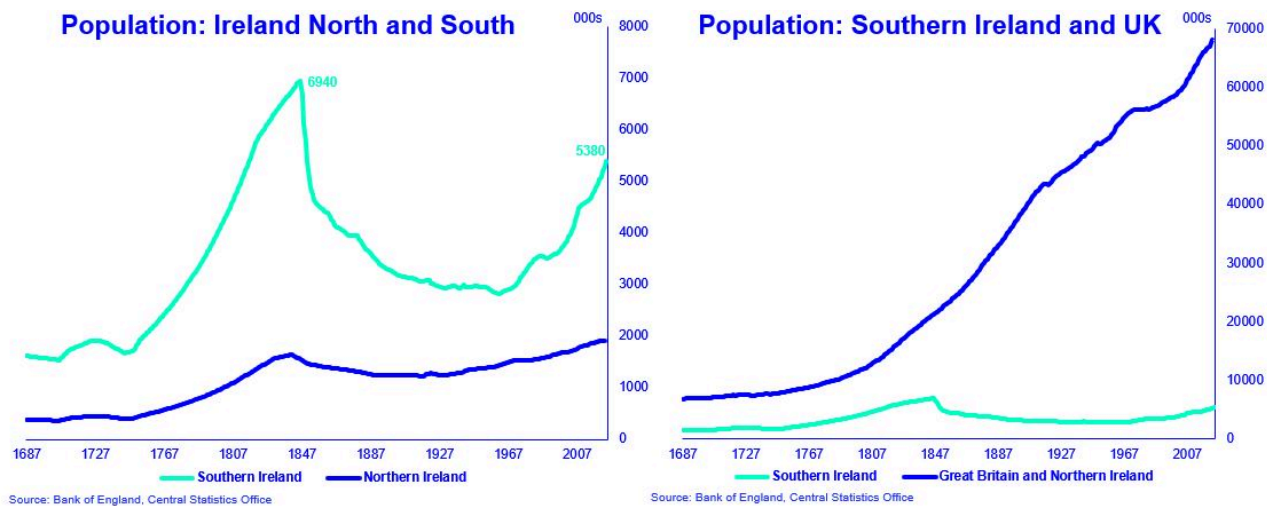
In our final 'Economics Weekly' publication before Christmas we focus on the most pressing issue facing the Irish economy - whether the recent exceptional pace of job creation and population growth can be sustained in the face of growing bottlenecks and capacity pressures. The Irish population grew by 1.9% for a second successive year, or by 98,700, in 2024, to a fresh high of 5.38 million, four-fifths of which was accounted for by net inward migration. This demonstrates that Ireland's tight labour market continues to attract workers from abroad, at a pace not seen since the Celtic Tiger period. However, despite rising to 5.38 million the population of the Republic of Ireland has still only recovered to a similar level to that last seen in mid-1800s, a legacy of the famine, emigration and population decline that followed. The upshot is that population density is still low by European standards, pointing to latent capacity for further population growth in the coming decades.

Ireland's population continues to grow rapidly: The CSO estimate Ireland's population grew to 5.38 million in 2024, up 1.9% for a second successive year, or by 98,700. The vast bulk of this population growth continues to be net migration (79,300) as opposed to the natural increase (births less deaths) of just 19,400. This contribution from net migration to population growth, 1.5 percentage points in 2024, has only been seen once before during the 2006-2008 Celtic Tiger period. Population growth was negative in the 1950s, averaged 0.3% in the 1960s, 1.4% in the 1970s and 0.5% through 1980-1999.

Net migration has helped the Irish economy to expand: Perhaps the most pressing issue facing Ireland is whether the recent rapid pace of job creation, net migration and population growth can be sustained. Most economic forecasts expect employment growth to slow from circa 3% per annum over the past five years, to circa 1.5-2% going forward. This reflects the range of bottlenecks and capacity pressures that have inevitably emerged, not least in demand for housing. Remarkably, over the past 3-years over 50% of the 280,000 jobs created have been filled by non-Irish nationals.

Irish population still only matching levels last seen during the mid-1800s: It is interesting to put Ireland's recent population growth into a longer historical comparison. The Bank of England's "A Millennium of Macroeconomic data" dataset includes annual estimates of Ireland's population going back to 1687, based on a range of historical sources, including from the Irish economic historian Cormac O'Grada (see charts below). The data show the Republic of Ireland's current population of 5.38 million was last matched in 1850, and before the population started to decline, prior to the famine, (1845-1852) as early as 1817.

Population density amongst lowest in Europe: The legacy of Ireland's past is that population density is now amongst the lowest in Europe, at 78 per sq/km, only higher than the Scandinavian countries, Ukraine and Bulgaria. This is hardly surprising. Through the first half of the nineteenth century the population of Southern Ireland averaged just over one-third of that in Great Britain and Northern Ireland, but was equivalent to just 8% of the UK's population of 68 million in 2023. However, the population of Southern Ireland at 5.3 million in 2023 was equivalent to 275% of the 1.9 million in Northern Ireland, up from a ratio of 200% in the early 1970s, demonstrating faster growth in the interim.



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