

**Measuring territorial innovation capacity at subregional level. Methodological challenges**

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Today's spatial economic processes are heavily influenced by the conditions of the learning-based economy. In this peculiar framework one of the main drivers of regional change is technological change occurring through the sequence of innovations. Therefore, the interpretation and measurement of territorial innovation capacity has become one of the main fields of interest in regional economics; however, the analyses conducted in lower levels of territorial aggregation raise several methodological problems.

The present paper aims to analyse and evaluate the innovation capacity of the Hungarian LAU-1 subregions on the theoretical basis of the regional systems of innovation. We rank the innovation capacity of the subregions along distinct dimensions and also complexly, then we carry out the classification of the subregions, and we also analyse the spatial regularities of the innovation capacity. In the last chapter we attempt to shed light on the limitations of the applied approach in order to discuss the problems of the usual methods of innovation-measurement and thus to provide possible future research directions.

*Keywords:* regional systems of innovation, measuring innovation capacity, subregion, methodological challenges