Housing Supply Requirements
in Ireland’s Urban Settlements
2014 - 2018

Overview

April 2014
The baseline population figures used have been derived from the 2011 CSO Census and as such, the study also rolls forward projections for 2012 and 2013.


The following short summary provides an overview of the urban settlements analysis undertaken by Future Analytics Consulting on behalf of the Housing Agency, to forecast future housing supply requirements in the Republic of Ireland’s principal urban settlements for the period 2014 to 2018, inclusive.

The principal purpose of this research was to determine the level of projected housing supply required in urban settlements over the next 5 years and in doing so, to identify the areas where housing pressures may arise. It is important to note that the study does not consider delivery-side aspects. Identified requirements are based on projections of natural population growth and inter-regional migration and yearly figures are not cumulative, rather they assume that housing requirements in any previous year have been met. Therefore, the study does not address any issue of ‘pent up’ housing demand. On this basis, all projected figures should be viewed as a minimum requirement for that year.

A total of 272 urban settlements have been modelled. These were defined on the basis of having a resident population of 1,000 persons or more, as per the latest census. Collectively these settlements account for approximately two-thirds of the national population. The defined boundaries for these settlements encompass the legal boundaries for the five cities, five boroughs and the 75 statutory towns, as well as the census definition for ‘urban’ settlements (population clusters exhibiting specific spatial and urban criteria, including settlements where urban development has expanded beyond the statutory boundary).

The applied methodology examines proportional household composition to inform future projections and determine how housing units over the study period will be occupied to influence supply requirements.
The modelling exercise was underpinned by a number of key assumptions.

1. Firstly, the population projections (incorporating births, deaths and migration aspects) are based on the CSO M2F2 ‘Traditional’ Regional Projections, which are considered more moderate in their outlook, than other M2F2 scenarios.

2. Proportional Household Composition was used as an alternative to average household size to determine how housing units over the study period will be occupied. Composition trends are adjusted annually on the basis of county and city-based historical trends (an assessment of change over the intercensal periods 2002-2006 and 2006-2011).

3. Specific city and regional vacancy rates were provided by the Housing Agency.

4. An obsolescence rate of 0.5% per annum was applied to the housing stock (2011 base), which reflects commonly held market assumptions.

Further details on the modelling process can be found in Appendix 1.

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3. Any specified changes in the identified assumptions will invariably result in different projected outcomes.


5. Defined vacancy rates for: Dublin & Mid-East (7%), Border & West (14%), Other Regions (11%), Cities (7-10%) and Other Urban Centres (10%).
The assessment of 272 urban settlements identifies a total\(^6\) required supply of 79,660 residential units across these areas to support the population between 2014 and 2018, an average equivalent of 15,932 units per annum over the 5 year period. The per annum requirement across all these settlements ranges from 9,526 units in 2014 to 20,853 units in 2018.

47\% (37,581 units) of total supply over the 5 year period is required across the Dublin Region’s urban settlements, as defined in the table below. The figures show there is an immediate supply requirement of 5,663 units in 2014, which rises to a per annum requirement of 8,970 units in 2018. Notably, requirements are not confined to the defined Dublin City and Suburbs area. There is a marked requirement for units in areas such as Swords (1,448 units between 2014-2018) and Balbriggan (925 units between 2014-2018). The research also projects the potential household composition of future requirements. It shows that 57\%\(^7\) of all households in the Dublin Region will be for one and two person households, while three person households account for a further 18\%. Therefore, three quarters of all households over this period will be for three people or less.

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**Key Findings**

**Urban Settlements Nationally**

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**Urban Settlements Within The Dublin Region**

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\(^6\) This figure effectively treats all the identified settlements as one settlement, and does not take account of individual variations within and across settlements.

\(^7\) Of this the period averages of 25.4\% are one person households and 31.6\% two person households.
Outside of Dublin, the study identifies varying requirements across the other principle cities. In Cork City and suburbs, there will be a housing supply requirement of 268 units in 2015, rising to a per annum requirement of 1,469 units in 2018. There are close parallels in identified requirements in Galway and Limerick. Both cities will experience a shortfall in housing requirements in 2015 and require a total of 2,316 and 2,635 units respectively over the subsequent 4 years to 2018. Based on projected population growth, Waterford will have a supply requirement from 2017 (total of 739 units to 2018). Kilkenny has an immediate supply shortfall, which extends to a yearly average figure of 156 units between 2014-2018.

Elsewhere, trends highlight that some areas are adequately catered for, while other areas are evidently not. There are pronounced requirements in settlements such as Drogheda Town (1,284 units) and Dundalk (1,088 units) over the next 5 years. Athlone has an identified requirement of 492 units over the same period. Ennis, a requirement of 534 units, while Edenderry in Offaly has a requirement of 292 units. In Kerry, Killarney is the only settlement with an immediate requirement, an average of 64 units per annum are required between 2014-2018. This total outstrips identified requirements in places such as Enniscorthy and Tramore.
Appendix I

Housing Requirement Modelling Methodology

Stage 1  Historic Housing & Household Characteristics

Historic census data (2011) on population, the number of households and the existing housing stock in each settlement were adopted as base figures, upon which further assessments would be made.

The modelling utilises an alternative approach to average household size by determining how housing units over the study period will be occupied across different settlements, based on intercensal trends between 2002-2006 and 2006-2011. Composition trends were adjusted annually on the basis of increasing and decreasing county and city-based fluctuations across 1-, 2-, 3-, 4- and 5 or more - person households.

Stage 2  Population Projection

The foundation of the model rests on the Central Statistics Office’s (CSO) demographic component method for population projection. This methodology applies key assumptions which relate to future trends in fertility, mortality and migration. Published in December 2013, the report on ‘Regional Population Projections 2016-2031’ represents the latest available projection data. Multiple scenarios are considered by adjusting the underlying assumptions. The preferred M2F2 scenario represents a moderate future projection where fertility is assumed to decrease from 2.1 to 1.8 to 2026; mortality rates to decrease with gains in life expectancy; and net migration to return to positive by 2016-2021 (+4.7k avg. p.a.). The projected figures reflect how each urban settlement’s population would evolve under this specific scenario.

Stage 3  Specified Vacancy and Obsolescence

Specific city and regional vacancy rates were applied to annual housing stock figures. These figures were provided by the Housing Agency and include the following:

- Dublin Region & Mid-East Region (7%);
- Border Region & West Region (14%);
- Other Regions (11%);
- Dublin City, Cork City, Galway City, Limerick City (7%); Waterford City (10%);
- Other Urban Centres (10%).

An annual functional obsolescence rate of 0.5% was applied to the 2011 housing stock and subsequently rolled forward for each year of the study period. This represents the number of housing units that for one reason or another become functionally obsolete for the purposes of market trading.

Stage 4  Identified Housing Supply Requirements

The number of households required to support a population year-on-year reflects the relationship between a growing population and declining household composition across settlements. This, coupled with the obsolescence rate, places higher pressures on the existing household stock. Supply requirements are gauged by the assessment of how many housing units are required to support the population within that year (at a given household composition) in relation to the remaining amount of housing units available. All annual figures identified are not cumulative, rather they assume that housing requirements in any previous year have been met going forward into the next year. On this basis all projected figures should be viewed as a minimum requirement for any year.