



HOUSING SUPPLY REQUIREMENTS IN IRELAND'S URBAN SETTLEMENTS 2016 - 2020

A PRELIMINARY UPDATE

Key Findings

Summary

- 445 of Ireland's urban settlements were assessed as part of this research.
 - 272 of which were home to more than 1,000 people in 2011.
 - 173 were home to between 500 and 999 people in 2011.
- The period 2016-2020 was examined, incorporating Census 2016 data where possible.
- In 2011, the combined population of these urban settlements was 3,060,191 or approx. 68% of the national population.
- Collectively, the 445 urban settlements are projected to experience growth of 8.6% to 2020, or an increase of over 262,000 people.
- In conjunction with trended changes in household composition (person-household size), this increase in population will have a significant impact on housing requirements.
- The analysis determined that 197 urban settlements will still have a sufficient supply of housing stock to cover the impacts of demographic change over the next five years (up to and including 2020).
- However, 248 urban settlements are projected to experience a housing supply deficit over the same period, if the rate of current supply in these areas does not change.
- Of these 248 urban settlements, 166 are home to populations of 1,000 people and above.
- 56% of urban settlements nationally will not meet their minimum number of required houses to 2020; placing two-thirds of Ireland's largest population centres under enormous pressure to deliver housing on time.

National Level

- Over the period 2016-2020, a minimum housing supply requirement of 81,118 homes has been identified nationally. 79,215 of which are spread across the largest of the identified settlements (in excess of 1,000 population).
- This equates to an average annual minimum requirement of approximately 16,224 homes or 15,843 homes for those largest centres.

County Level

- Over the period 2016-2020, Dublin County is projected to have the highest minimum housing supply requirement in the country, at 35,242 homes.
- The second highest minimum requirement is exhibited in Cork County, at 8,434 homes.
- The county with the lowest minimum housing requirement is projected to be Longford, at 183 homes over the period.

City Level

- A minimum housing supply requirement of 44,902 homes has been identified for the five cities over the period 2016-2020 (55% of national):
 - Dublin City and Suburbs alone (which incorporates Dún Laoghaire and parts of South Dublin and Fingal) account for 74% of this requirement, or 33,109 homes;
 - Cork City and Suburbs account for 12%, or 5,328 homes;
 - Limerick City and Suburbs account for 8%, or 3,436 homes;
 - Galway City and Suburbs account for 5%, or 2,316 homes; and
 - Waterford City and Suburbs account for 2%, or 713 homes.

Context

With the recent release of preliminary and high level Census 2016 data¹ on population and housing statistics, Future Analytics Consulting (FAC) was commissioned by the Housing Agency to undertake a preliminary update to their previous analysis into demographically driven minimum housing supply requirements across Ireland's urban settlements².

The previous analysis utilised Census 2011 data as a baseline from which a projected period, 2014-2018, was examined for each of 272 identified urban settlements. The following summary provides an overview of the preliminary update undertaken which aimed at incorporating Census 2016 data where possible, noting the constraints due to the limited granularity of said data at the present time (full Census 2016 data is expected to be released over the course of 2017).

The principal purpose of this research remains as a means to estimate the quantum of minimum housing required over the next 5 years (up to and including 2020) and to identify the areas where housing pressures may arise due to increases in population, changes in household composition and constraints in existing and trended housing supply.

In this regard, it offers unique insights into the nature of housing provision at the urban settlement level; moving past national, regional and county-level estimations of supply constraints and into the more varied and localised influences of housing provision being at pace with demographic change.

It is important to note that while this research models for housing supply, it does not consider the full extent of housing delivery or 'pent-up demand' – specifically given its nature as a preliminary update only, at the present time. Identified minimum housing requirements are based on projections of natural population growth and migration utilising the cohort component model methodology in addition to an assessment of trends in person-household size and changes in housing stock informed by Census 2016 data.

A total of 445 urban settlements across Ireland have been assessed on a preliminary basis (until such time as more granular data becomes available). These were defined on the basis of having a resident population of 500 persons or more (as of Census 2011). 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 CSO spatial definition for 'settlements' as applied for Census 2011³ (population clusters which exhibit specific spatial and urban criteria, including settlements where urban development has expanded beyond the statutory boundary).

The following sections outline the changes incorporated over the previous analysis undertaken by FAC, a summary of key areas projected to have a minimum housing supply requirement, as well as observations into the cause for such.

¹ [Preliminary Results: Census 2016](#) - Central Statistics Office, 2016.

² [Housing Supply Requirements in Ireland's Urban Settlements 2014-2018](#) - Housing Agency & Future Analytics Consulting, 2014.

³ [Census 2011 Appendix 1](#) - Central Statistics Office, 2011.

Minimum Supply Requirements: Urban Settlements (2016-2020)⁴

Map Key

- Urban Settlements
- Local Authorities

Letterkenny
1,622 Homes

Sligo
1,111 Homes

Galway City & Suburbs
2,316 Homes

Ennis
1,443 Homes

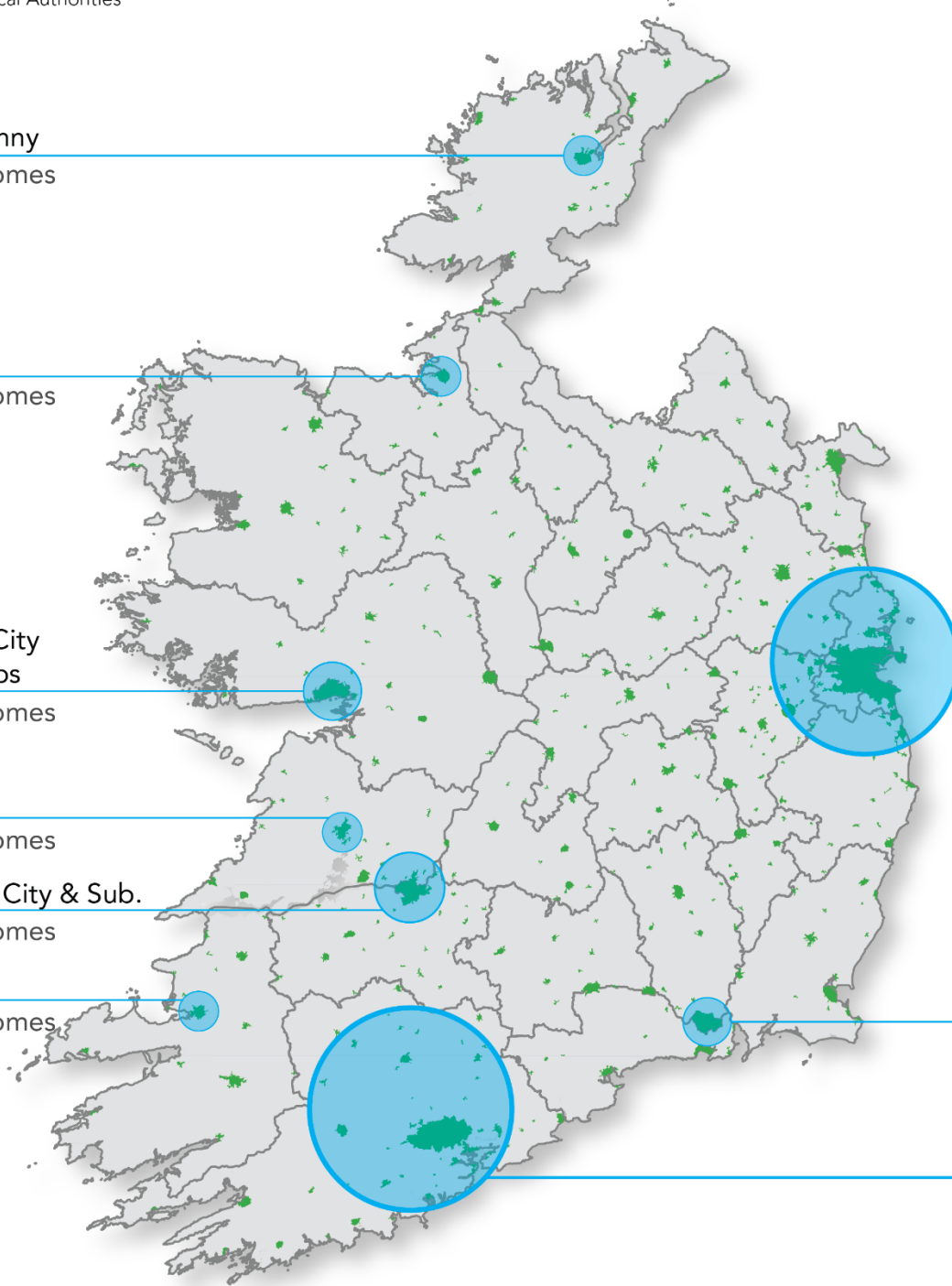
Limerick City & Sub.
3,436 Homes

Tralee
1,491 Homes

Dublin City Region
35,242 Homes

Waterford City & Suburbs
713 Homes

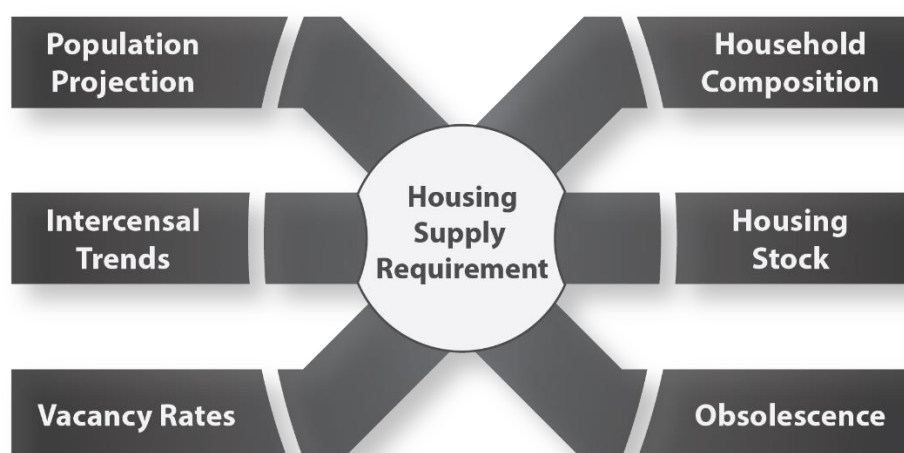
Cork City Region
8,434 Homes



Source: Housing Agency/Future Analytics Consulting

⁴ Map illustrates the location of all 445 urban settlements assessed as part of this preliminary update (shown in green). The figures denote an identified minimum housing requirement over the period 2016-2020, represented as a total requirement over the period. Circles around cities and towns are shown for illustration purposes only.

Modelling Overview



The analysis is underpinned by a number of key assumptions⁵:

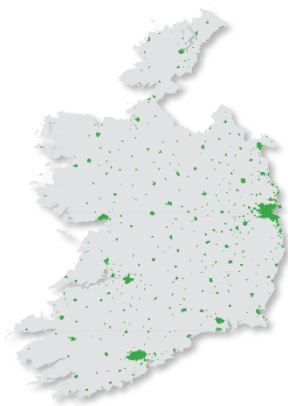
1. The population projections (incorporating births, deaths and migration) are based on the CSO M1F1 projection assumptions⁶. This marks a change from the previous analysis which utilised M2F2. This was done to more closely align with the demographic characteristics exhibited in the release of the preliminary Census 2016 data. It is evident that M2F2, long held as a moderate scenario for projection, underestimated the observed and quicker return to positive net migration (in particular) for various parts of the country in the intervening years.
2. Proportional Household Composition was used as an alternative to Average Household Size to determine how housing units over the research 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). An update to this aspect is contingent on the release of further Census 2016 data.
3. Where possible, Census 2016 housing stock and vacancy rates informed the application of a linear extrapolation of same across the projection period. This marks a change from the previous analysis which applied specific city and regional vacancy rates as provided by the Housing Agency. This was done in order to more closely align with the preliminary 2016 housing statistics. Exploratory scenarios were also conducted for varying the levels of housing vacancy in each of the five cities, though this work is not outlined in this document.
4. Due to the changes incorporated into the housing stock and vacancy components, obsolescence was not directly applied, but rather taken as being endogenous to the extrapolation of housing stock growth over the period. This marks a change from the previous analysis which applied an obsolescence rate of 0.5% per annum, but which also modelled for housing stock replenishment differently. Essentially, obsolescence is factored in inherently.

Further details on both the demographic and housing requirements modelling processes are available upon request from Future Analytics Consulting.

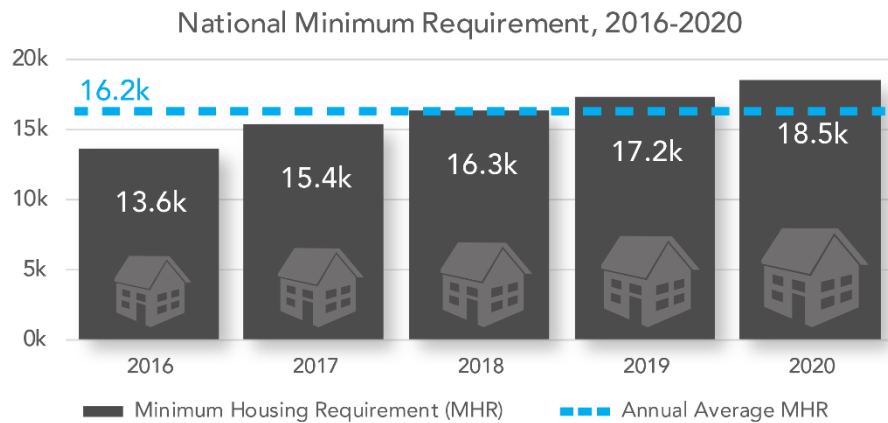
⁵ Changes in the identified assumptions will invariably result in variances in the projected outcomes.

⁶ Population and Labour Force Projections 2016 – 2046 - Central Statistics Office, April 2013.

Urban Settlements Nationally



Source: Housing Agency/Future Analytics Consulting

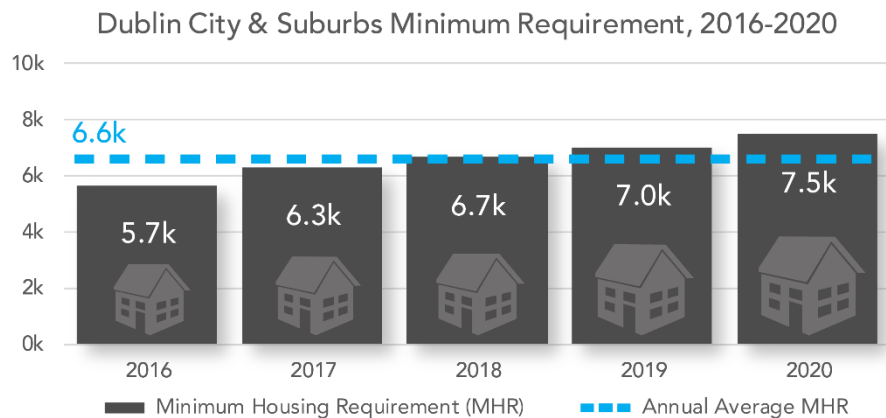


The assessment of 445 urban settlements across the period 2016-2020 has identified a total minimum housing requirement of 81,118 homes. This figure represents the number of residential units that are projected to be required *at a minimum* to cater to the growing needs of each urban settlement; both in terms of their changing population and their individual trends in person-household composition. This equates to an average equivalent of 16,224 homes per annum over the 5-year period (up to and including 2020). The annual requirement across all settlements ranges from 13,650 homes in 2016 to 18,507 homes in 2020. This is not a cumulative figure, but rather each individual year's unmet housing requirement.

Urban Settlements within Dublin City & Suburbs

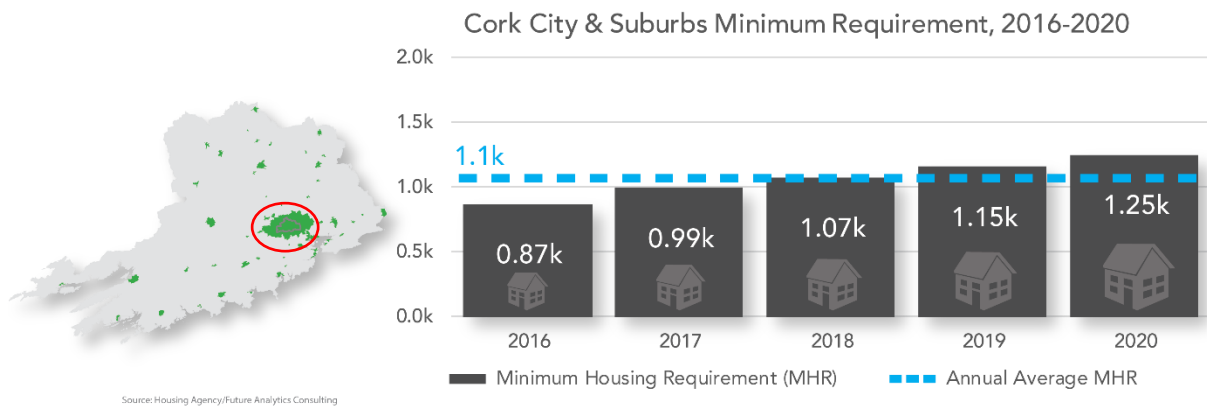


Source: Housing Agency/Future Analytics Consulting



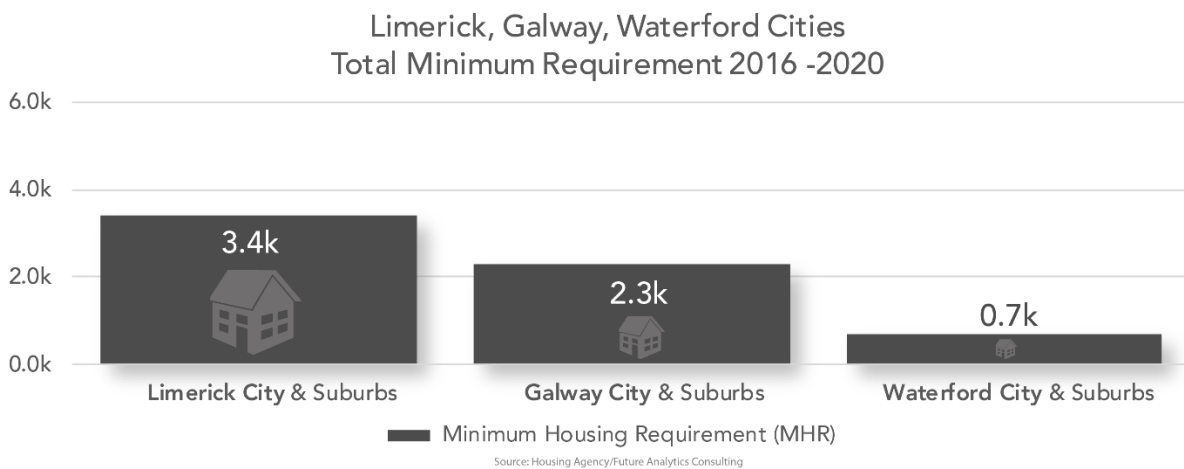
43% (35,242) of the national minimum requirement in homes will be needed by urban settlements in the Dublin City Region. Of this, Dublin City and Suburbs (outlined in red - which includes Dún Laoghaire and parts of South Dublin and Fingal) accounts for 94%, or 33,109 homes. The analysis shows that there was an existing housing requirement of *at least* 5,665 homes in 2016, which rises to a per annum requirement of 7,466 homes in 2020. Notably, requirements are not confined to the defined Dublin City and Suburbs area, as there is a marked requirement for homes in areas such as Swords (1,118) and Balbriggan (309) between 2016-2020.

Urban Settlements within Cork City & Suburbs



Urban settlements in the Cork City Region will account for 10% (8,434) of the national minimum requirement in homes between 2016-2020. Of this, Cork City and Suburbs (outlined in red) will account for 63%, or 5,328 homes. Unlike Dublin, a significant proportion of the minimum housing requirement is shared between the City Region’s smaller urban settlements, with Midleton showing a requirement for 360 homes and Fermoy, 210 homes between 2016-2020. 18 of the 41 urban settlements in this region showed a projected undersupply in housing over the period.

Other Urban Settlements



The research identifies varying requirements across the other principle cities. In Limerick City and Suburbs, there will be a minimum housing requirement of 3,436 homes between 2016-2020. There are close parallels too in the identified requirements of both Galway and Waterford Cities, with these cities having an undersupply in housing provision of 2,316 and 713 homes respectively over the period. Based on projected population growth, Waterford City, unlike the others, is not anticipated to encounter a minimum supply requirement until 2017; when it will have an undersupply of 126 homes.

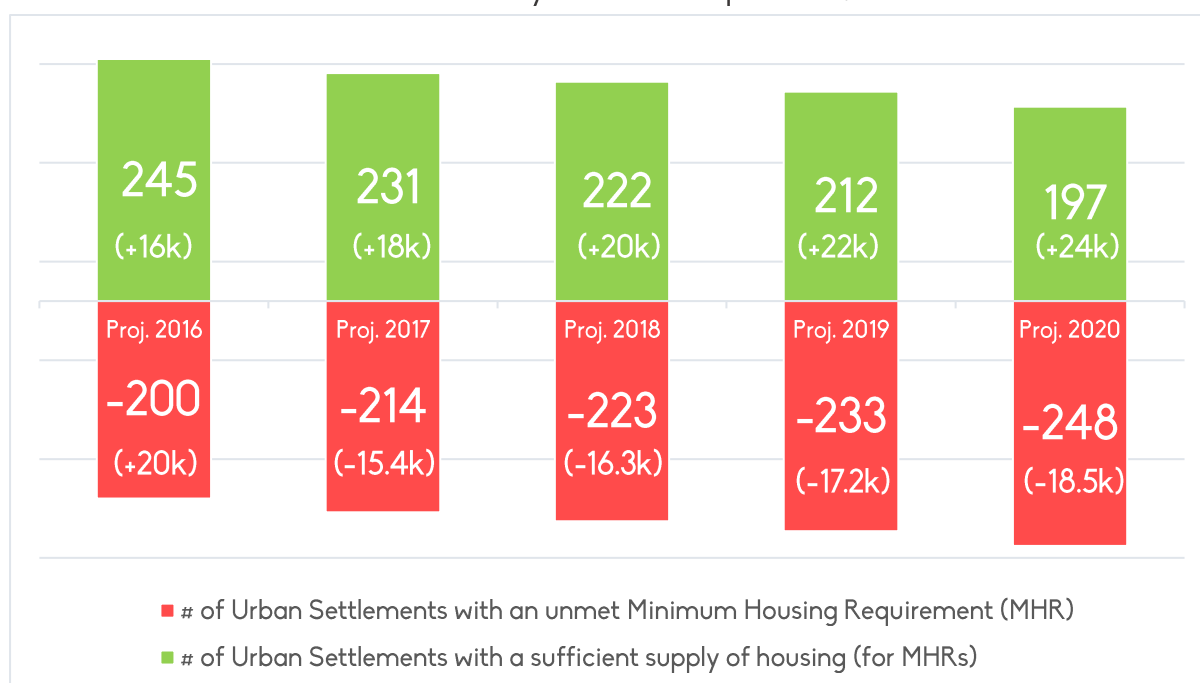
Elsewhere, the analysis has highlighted that some areas are adequately catered for, while other areas are already experiencing an undersupply in housing provision. There are pronounced requirements in settlements such as Letterkenny (1,622 homes), Tralee (1,491 homes), Ennis (1,443 homes) and Sligo (1,111 homes) over the next 5 years.

Observations

In examining the reasons why any given urban settlement is projected to encounter an undersupply in its minimum housing requirement over the next five years, it must be noted that each settlement's own characteristics are factored in to the analysis. The existing housing supply, stock availability, population, occupancy composition and rates of change for all of these produce variances between each and every urban settlement, not least between counties, regions and across the entire country.

Nationally, across the period 2016-2020, while there will be a collective deficit in the minimum supply of housing overall (81,118 homes), yet surplus stock will remain throughout many of Ireland's urban settlements (192 of 445), providing a buffer to pressures exerted by changes in demographics and occupancy composition. The causes for this can be briefly summarised as the majority of this stock being poorly located, poorly serviced, poorly maintained or otherwise the undesirable remnants of the Celtic-tiger era.

Urban Settlements by Minimum Requirement, 2016-2020



The chart above illustrates the split between urban settlements which are projected to experience an undersupply in their minimum housing requirements and those whose existing and projected housing stock remains sufficiently capable to withstand the pressures exerted by changing demographics and the settlement-specific trends in changing household sizes.

The analysis identifies that an average of 20,000 houses across the period will exist as a surplus to minimum requirements. Macroom, County Cork, for instance, is not set to experience an undersupply in its minimum requirement at all, as its housing stock throughout the period will stay in the double-digit range.

This overall 'surplus' figure does not include units held in vacancy by each settlement (both frictional vacancy [normal market levels of vacancy] and conditional vacancy, due to lingering economic conditions). Therefore, the overall surplus stock would be in excess of this 20,000 and speaks to the importance of siting homes where the population is expected to grow and where residential developments will be viable in the long-term.

It is important to note, however, the pronounced minimum requirements across each of the five cities (44,902), particularly in Dublin City & Suburbs over the next 5-years (33,109), but also the findings that there are 10 towns facing unmet minimum requirements of between 800 and 1,600 homes each; and more than 30 others facing an unmet minimum requirement of more than 300 homes each.

A principal determinant of the identified minimum requirements is derived from how an urban settlement's occupancy composition is trended to change over time. Celbridge, County Kildare, for instance, is set to continue to experience a shift towards two and one-person households over three and four-person households; mostly at the cost of five or more person-households. This shift is felt incrementally but over an extended period and in centres of higher population, it can amount to large shifts in the population's selection and preference towards housing-type. Provision must keep this consideration in mind.

The increased pressures on an urban settlement's housing stock as a result of this form of occupancy shift (either from preference or economic necessity) has a marked impact on the depletion of available stock. The decline in average household size (AHS) has been known for many years, but the consideration of AHS alone can mask the reality of how the populace's behaviour has truly been observed to shift towards different household sizes – and not just one size fitting all.

This profile of occupancy shift varies between each urban settlement, with some of those identified showing strong shifts to one and two-person households, whereas others show a resurgence in three-person households far above the growth of one-person households. Further analysis relating to these shifts can be queried from the Housing Agency and FAC directly.



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