

# Population Projections and Structural Housing Demand: the ESRI view

**EVENT:**  
Focus Ireland

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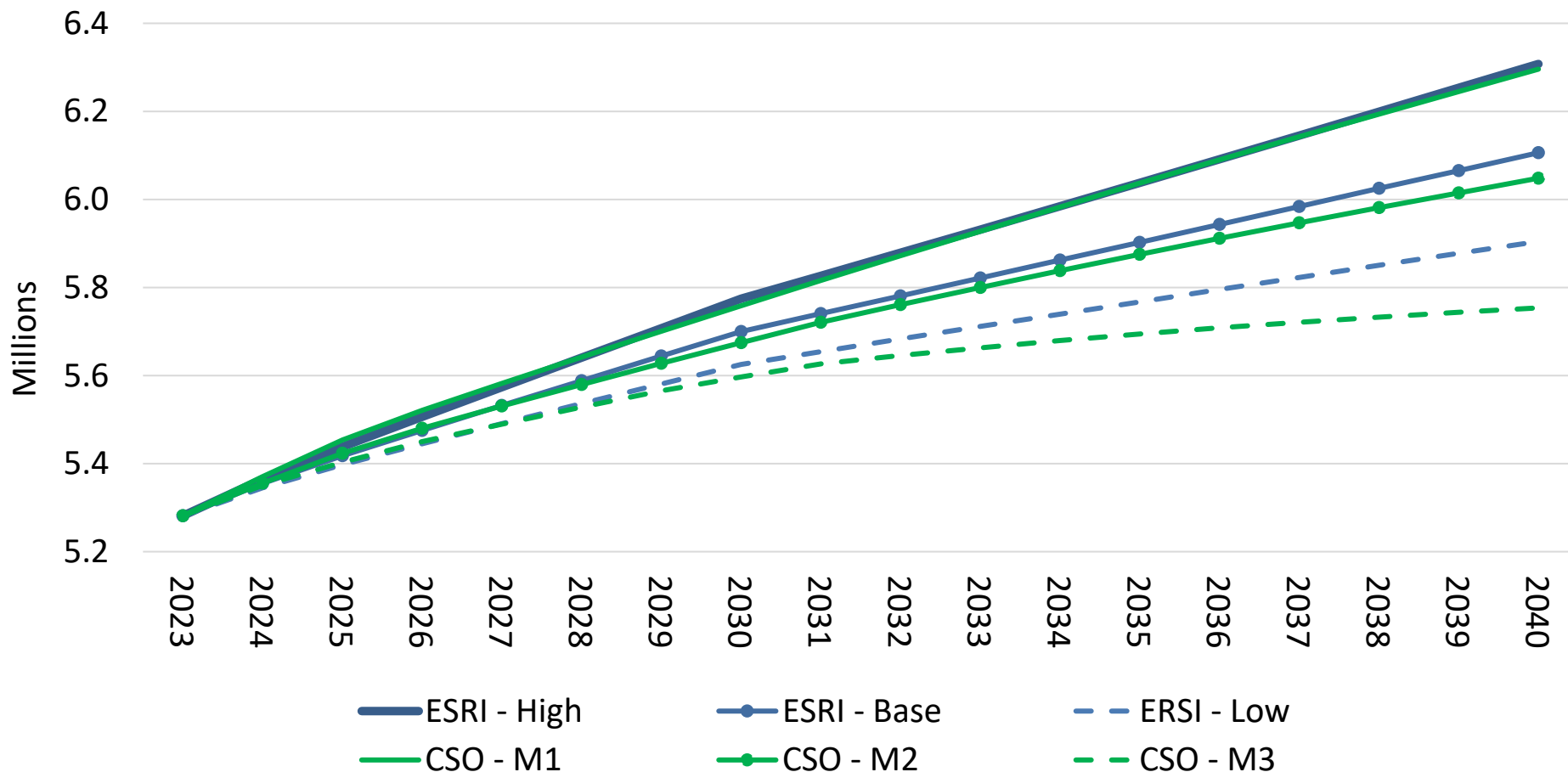
# Overview

- We provide estimates of structural (demographic) housing demand at a regional level
- Relies on assumptions around
  1. Population growth (demographics)
  2. The typical household size
  3. Rates of obsolescence of the housing stock.
- These key drivers of housing demand is subject to uncertainty, therefore a range of alternative assumptions/scenarios is considered
- These scenarios relate to future demographic housing demand and do not explicitly factor in current pent-up demand

# Demographic Assumptions

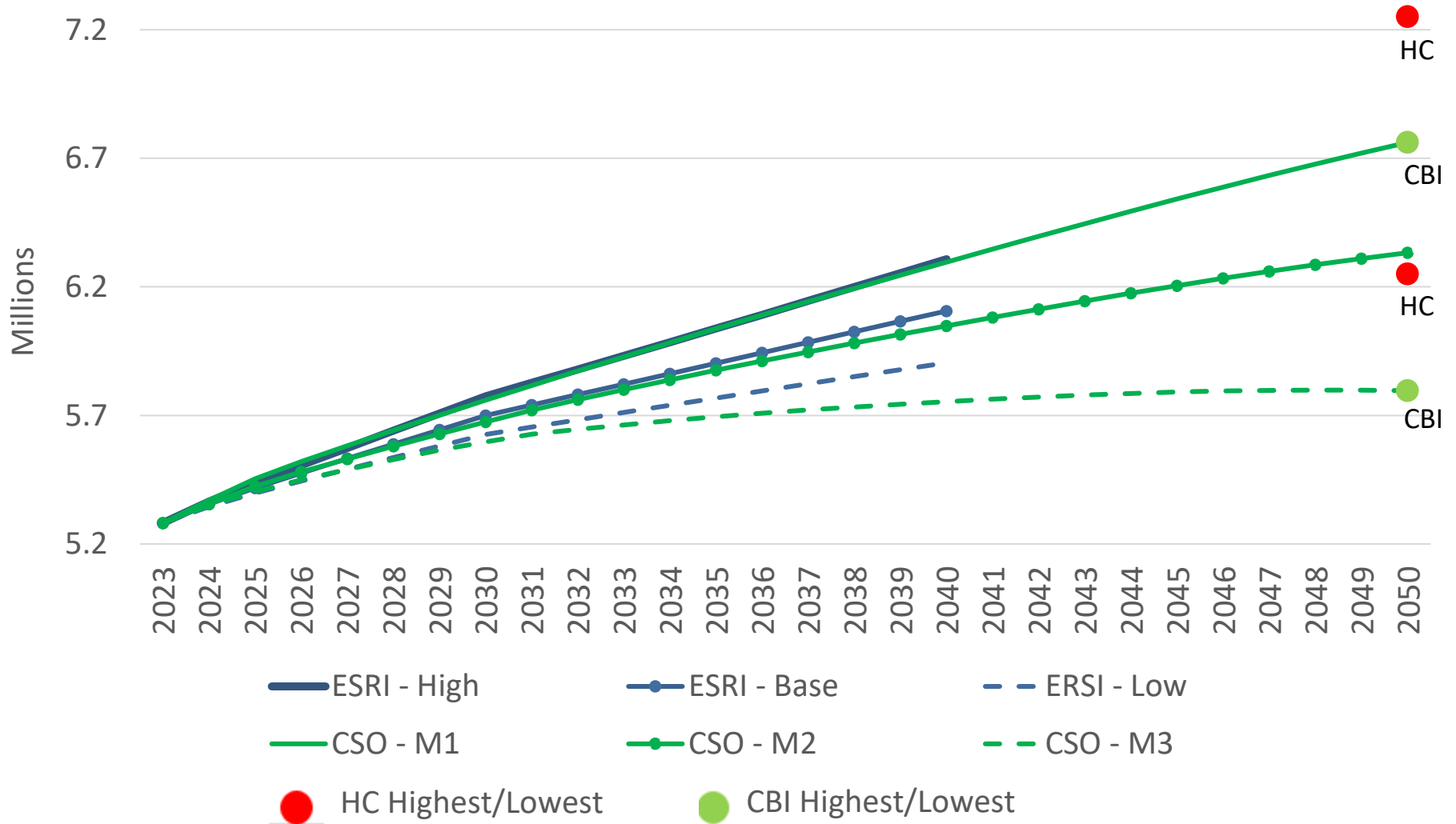
- **Baseline scenario:** net immigration of +35k p.a. to 2030 (higher in next two years) and +20k p.a. from 2031-2040
- **High International Migration:** net immigration is +10k p.a. higher in each year than in the baseline scenario.
- **Low International Migration:** net immigration is 10k p.a. lower in each year than in the baseline scenario.
- **In line with CSO Expert Groups Population Projections released in July 2024**

# Population Projections Across Scenarios – ESRI vs CSO



CSO project by 2050 population across M3, M2 and M1 will 5.8m, 6.3m and 6.8m respectively

## Population Projections Across Scenarios – Other Comparisons



# Population Projections (Baseline Scenario)

	Population ('000s)			Annual Average Growth		
	2022	2030	2040	2022–2030	2030–2040	2022–2040
<b>State</b>	<b>5184.0</b>	<b>5699.9</b>	<b>6106.1</b>	<b>1.3%</b>	<b>0.7%</b>	<b>1.0%</b>
Eastern and Midlands	2557.5	2856.8	3098.2	1.5%	0.8%	1.1%
Dublin	1468.0	1664.2	1814.6	1.6%	0.9%	1.2%
Mid-East	769.3	848.3	922.4	1.4%	0.9%	1.1%
Midlands	320.2	344.2	361.2	1.1%	0.5%	0.8%
Northern and Western	911.6	983.4	1035.0	1.1%	0.5%	0.8%
Border	422.3	455.0	476.9	1.0%	0.5%	0.7%
West	489.3	528.4	558.2	1.1%	0.6%	0.8%
Southern	1714.9	1859.7	1972.8	1.1%	0.6%	0.8%
Mid-West	508.8	552.2	584.6	1.1%	0.6%	0.8%
South-East	460.5	491.4	514.6	1.0%	0.5%	0.7%
South-West	745.6	816.2	873.6	1.2%	0.7%	0.9%

- The Eastern and Midlands region, is expected to experience the highest population growth, with this growth concentrated in the Dublin and Mid-East regions

# Headship Rates (Household Size)

- To transform population projections into the number of future households requires assumptions on headship (the typical household size).
- Headship using current Census data and scenario-based analysis.
- The report uses two sets of alternative assumptions for headship rates based on a starting point from the 2022 Census
  - **Current Trends:** Where they remain broadly constant as has been the case in recent years
    - Household size falls from 2.74 to 2.6 between 2022 and 2040 - fall purely driven by changes in demographic structure
  - **Lower Household Size:** consistent with the magnitude and pace of the fall in household size observed in other European countries (evidence-based calibration based on O'Toole & Slaymaker, 2024)
    - Household size falls to 2.4 by 2040

# Obsolescence Rates

- Limited evidence from Irish data that anything over 0.3% of Irish dwellings become obsolete and need to be replaced each year
- The analysis also shows that Ireland's housing stock is relatively young compared to other EU countries.
  - 22% of Irish housing stock build between 2001-2011 vs 9.8% EU Average
- Two separate obsolescence rates are applied
  - **Lower Rate** = 0.25 %
  - **Higher rate** = 0.5%



# Summary Of 12 Scenarios

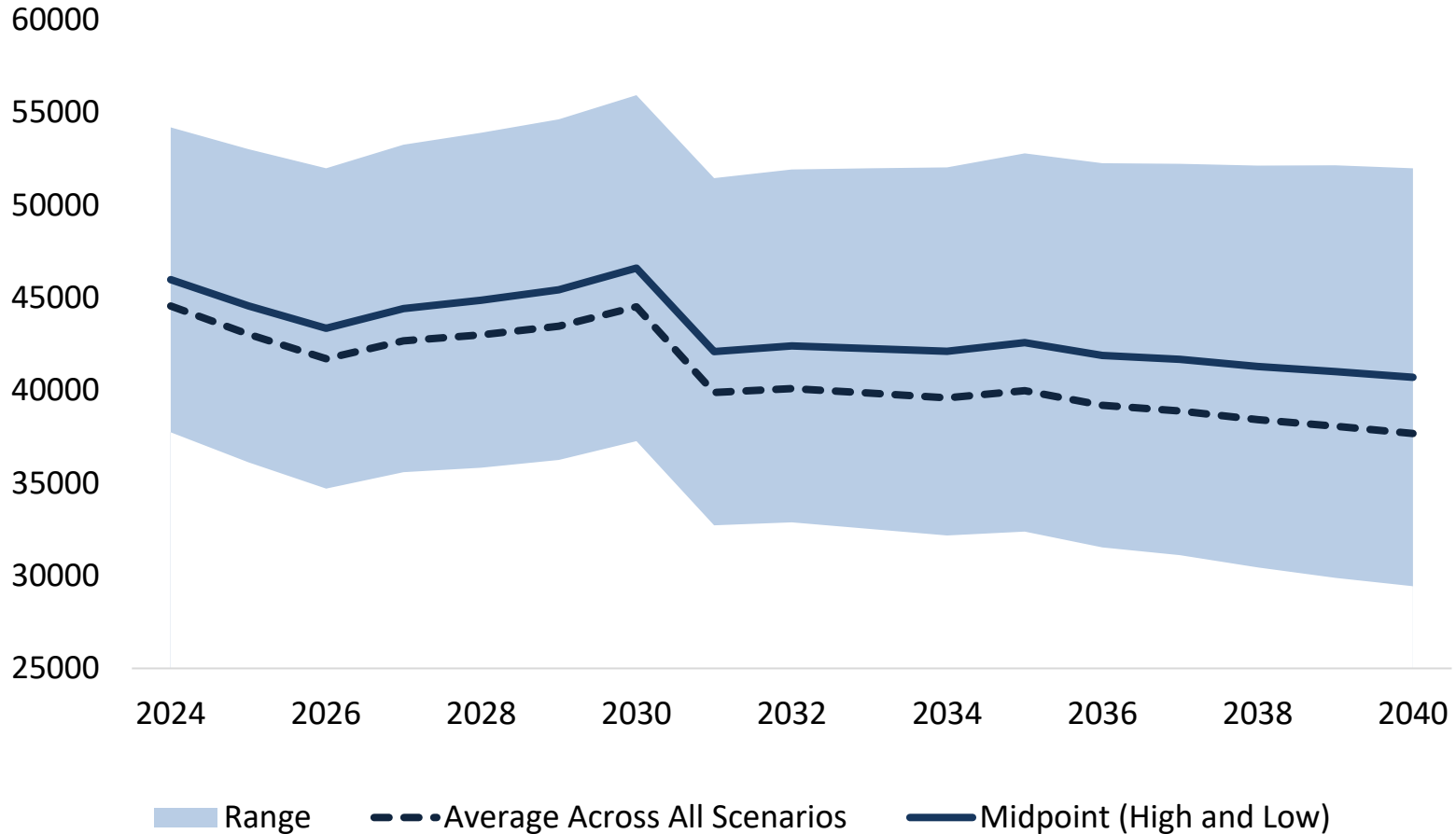
Assumption			
Demographics	Headship Rate	Obsolescence Rate	Scenario
<b>Baseline</b> +35k p.a. to 2030 (higher in next two years), +20k p.a. thereafter	Current (2022) headship rates by age group and LA	<b>Lower</b> = 0.25%	<b>1</b>
		<b>Higher</b> = 0.50%	<b>2</b>
	Adjust headship rates so that average household size is 0.16 lower by 2040	<b>Lower</b> = 0.25%	<b>3</b>
		<b>Higher</b> = 0.50%	<b>4</b>
<b>High Migration</b> +10k p.a. higher than Baseline	Current (2022) headship rates by age group and LA	<b>Lower</b> = 0.25%	<b>5</b>
		<b>Higher</b> = 0.50%	<b>6</b>
	Adjust headship rates so that average household size is 0.16 lower by 2040	<b>Lower</b> = 0.25%	<b>7</b>
		<b>Higher</b> = 0.50%	<b>8</b>
<b>Low Migration</b> 10k p.a. lower than Baseline	Current (2022) headship rates by age group and LA	<b>Lower</b> = 0.25%	<b>9</b>
		<b>Higher</b> = 0.50%	<b>10</b>
	Adjust headship rates so that average household size is 0.16 lower by 2040	<b>Lower</b> = 0.25%	<b>11</b>
		<b>Higher</b> = 0.50%	<b>12</b>

# Housing Demand Across All Scenarios

Assumption			Average Housing Demand (in '000)			
Demographics	Headship Rate	Obsolescence Rate(%)	2023-2030	2030-2040	2023-2035	2023-2040
AVERAGE OVER ALL SCENARIOS			44.0	39.7	42.4	41.3
Base	Current Trends	0.25%	37.9	32.0	35.8	34.3
		0.50%	42.2	37.6	40.6	39.3
	Household size falls	0.25%	45.8	41.6	44.3	43.2
		0.50%	50.3	47.4	49.1	48.4
High Migration	Current Trends	0.25%	40.7	36.3	39.1	38.0
		0.50%	45.1	41.9	43.9	43.0
	Household size falls	0.25%	48.9	44.2	47.9	47.3
		0.50%	53.3	52.4	52.8	52.6
Low Migration	Current Trends	0.25%	35.0	27.8	32.5	30.6
		0.50%	39.4	33.3	37.2	35.7
	Household size falls	0.25%	42.8	36.7	40.6	39.1
		0.50%	47.2	42.4	45.4	44.2

- Taking the average over all twelve scenarios, housing demand is projected to be around 44,000 p.a. from 2023-2030, falling to around 39,700 p.a. over the 2030-2040 period.
- Over the entire projection period, 2023-2040, estimates range from 30,600 to 52,600

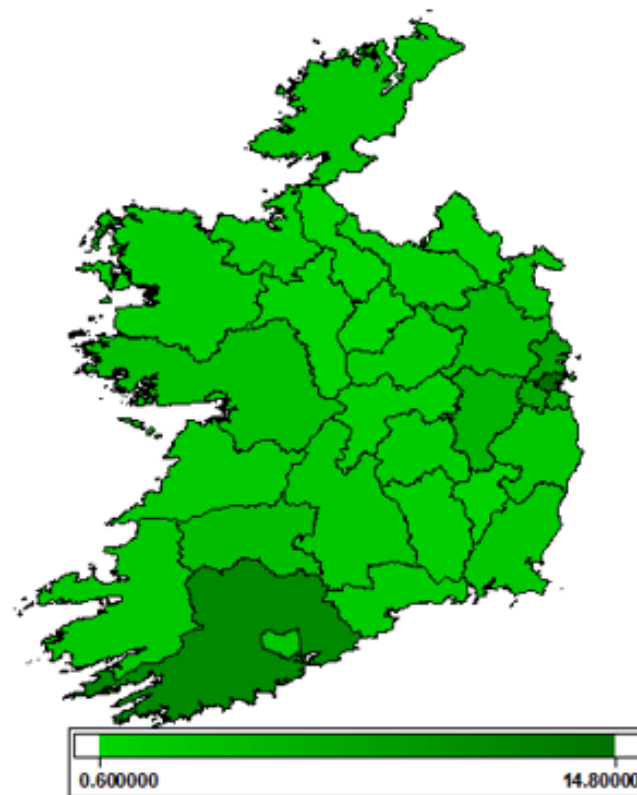
# Range Of Structural Housing Demand



# Local Authority: Projected Distribution Of Housing Demand

	Average Across All Assumptions		Lowest		Highest	
			low migr, current trend headship & 0.25% obs.		high migr, lower hh size headship & 0.5% obs.	
	2023–2030	2030–2040	2023–2030	2030–2040	2023–2030	2030–2040
<b>State</b>	<b>44,047</b>	<b>39,654</b>	<b>35,018</b>	<b>27,805</b>	<b>53,294</b>	<b>52,445</b>
Carlow	432	364	343	252	523	484
Cavan	566	502	436	335	700	681
Clare	973	884	770	608	1,180	1,182
Cork City	1,651	1,501	920	1,064	1,386	1,971
Cork County	3,352	3,046	3,081	2,160	4,641	4,001
Dublin – Dublin City	6,526	5,444	5,054	3,656	8,042	7,403
Dublin – DL-Rathdown	2,643	2,435	2,178	1,826	3,121	3,096
Dublin – Fingal	3,211	2,724	2,558	1,844	3,882	3,683
Donegal	1,187	1,079	915	713	1,464	1,474
Dublin – South Dublin	3,033	2,697	2,452	1,918	3,630	3,545
Galway City	794	653	611	421	982	903
Galway County	1,600	1,511	1,320	1,122	1,885	1,928
Kerry	1,193	1,064	944	724	1,448	1,429
Kildare	2,371	2,428	1,971	1,867	2,779	3,028
Kilkenny	675	642	537	460	816	836
Laois	718	709	577	527	862	906
Leitrim	262	256	204	176	322	343
Limerick	1,769	1,484	1,405	1,011	2,142	1,994
Longford	311	261	243	177	381	351
Louth	1,054	953	832	665	1,280	1,262
Mayo	724	542	517	284	935	821
Meath	1,801	1,877	1,468	1,420	2,141	2,368
Monaghan	434	374	333	245	537	514
Offaly	630	609	506	440	757	790
Roscommon	488	479	381	331	598	637
Sligo	627	576	501	401	755	764
Tipperary	1,187	1,048	914	687	1,466	1,438
Waterford	939	836	750	588	1,131	1,098
Westmeath	643	522	494	340	795	717
Wexford	1,113	1,023	891	730	1,339	1,333
Wicklow	1,141	1,129	912	816	1,374	1,465

**Map:** Regional distribution structural housing demand on the basis of the average of all the scenarios



# Summary

- **Twelve main housing demand scenarios are considered**
  - Based on the three demographic scenarios (base, high and low migration)
  - Two assumptions on headship rates (current trends and lower household size)
  - Two obsolescence rate (0.25% and 0.5%)
- Taking the average over all twelve scenarios, structural housing demand is projected to be
  - around **44k per year** from 2023-2030
  - and around **41k per year** over the entire 2023-2040 period.

# Comparison to Other Projections (I)

## The Central Bank of Ireland (2024)

- Project a range from 33,000 and 54,000 between 2023-2035 (excluding the fast convergence by 2035 scenario). This compares to ESRI's range of 32,500 and 52,800 over the same 2023-2035 period
- Over the full projection period, the Central Bank project a range of 27,000 and 52,000 over 2023-2050 compared to the ESRI's range of 30,600 and 52,600 over 2023-2040.

## Housing Commission (2024)

- Housing Commission estimate a much broader range of 33,400 to 81,400 over a period of 2023-2050
- This range narrows to 33,400-71,000 once the CSO population projections are applied (between 5.8m and 6.8m)
- Using the same household size convergence of 2.1 by 2050 as the Central Bank of Ireland, the range narrows again to 33,400 and 57,500

# Comparison to Other Projections (II)

## Range of Estimates Across full Projection Horizons Annual Number of Dwellings

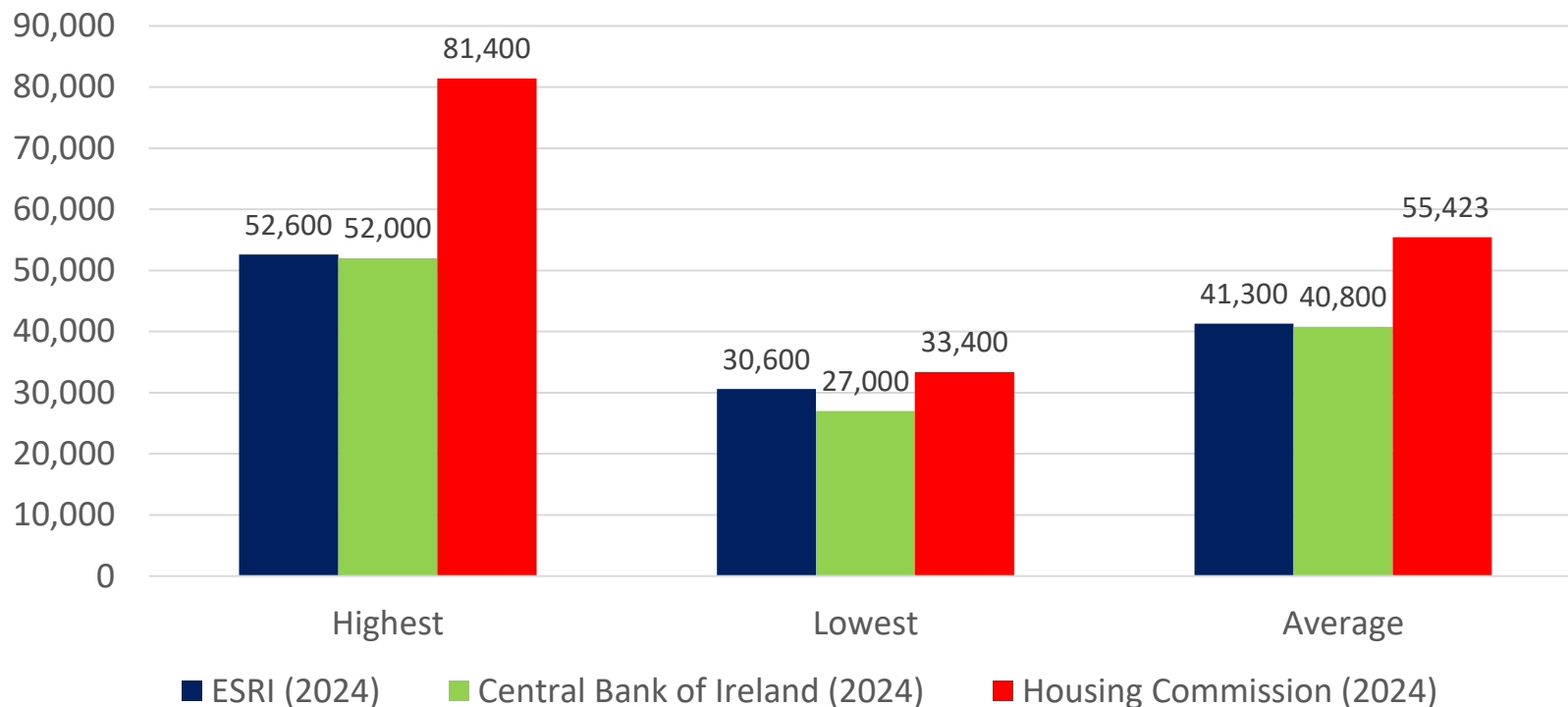


Figure above shows the highest, lowest and average values across all scenarios presented by the ESRI (2023-2040), The Central Bank of Ireland (2023-2050) and The Housing Commission (2023-2050)

# Thank you