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SCS HOUSING STUDY 2007

Urban Sprawl and Market Fragmentation in the Greater Dublin Area

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For:

The Society of Chartered Surveyors
Urban Sprawl and Market Fragmentation in the Greater Dublin Area

Prepared for

The Society of Chartered Surveyors

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With the support of Urban Environment Project UCD and The School of Geography, Planning and Environmental Policy at UCD

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**Notes on content:**
This report is the product of ongoing research by the working group over the period November 2005-December 2006. Working papers upon which the report is based were presented at SCS seminars and other fora over this period. Maps were prepared with the Urban Environment Project at UCD by Dr. Brendan Williams, D. McInerney and C. Walsh. The authors are grateful to Dr. Declan Redmond of UCD for comments on an earlier version of this report.
1 Study Background

This study is the third of a series of studies on housing and urban development trends in the Greater Dublin Area carried out by the Society of Chartered Surveyors (SCS). In 2001 a study, funded by the four Dublin local authorities, was completed with an analysis of affordable housing requirements for the Dublin Region over the period 2000 to 2005. That study, published in 2001, indicated that a critical issue for the Dublin Region’s development was an estimated under-supply of housing with pent-up demand amounting to a shortfall of up to 30,000 units over the period 1996 to 2000. This under-supply was resulting in a dispersal of housing demand from the Dublin Region to the surrounding Mid-East and Outer Leinster counties. The potential negative impacts of such under-provision required further analysis as did the problem of supply enhancement.

The issue of supply enhancement was the subject of the second SCS Housing Study of 2002 (www.scs.ie) detailing the lack of sufficient supply of housing in the core locations of demand in Dublin and the resulting dispersal of demand. That study explored the urban policy implications of the trends identified and addressed specific issues relating to social and affordable housing supply in the Dublin housing market. In addition, a key element of that study was an assessment of the views of key participants in the development process as to constraints on the supply of housing.

This third report comes during a stage in the economic cycle which remains favourable in outlook with in-migration assisting the expected economic growth over the coming two years. In addition a strong position in public finances would hopefully assist the management of the economy over the period with the potential for fiscal surplus led infrastructure and capital investment. This should underpin employment growth and consequent housing demand. The property cycle is at now at an advanced stage in that process with a major increase in supply levels attained. This report will examine the impact of this shift in supply trends and its likely future consequences in terms of future spatial development patterns market trends.

This study now investigates the land transformation process and growth pattern emerging in the functional Greater Dublin Area (GDA). The process is considered in the light of the growth pattern of the GDA. This pattern is analysed based upon updated statistical evidence including recent Census results. Particular attention is paid to the experience of the housing market and planning and development issues. The owner-occupier housing sector which is the dominant form of housing tenure in Ireland is the major focus of this report.

Two contrasting housing development trends are evident with an urban regeneration led return of medium density housing development to existing urban areas and a concurrent significant dispersal of housing development scattered in parts of outlying counties due partly to supply constraints in the Dublin market It is recognised that such patterns have significant implications for the long-term urban development market in the Dublin Region. Particular emphasis has been placed in the GDA context on the issue of development land and housing markets.

This report will consider evidence-based analysis of current and proposed patterns of development and their influence on urban form. The research will include a contrast
between stated policy aims, analysis of actual development data and conclusions on likely future trends. These conclusions will lead to findings on current and future market development trends in the functional urban region.

Following the structure developed in the SCS Housing Study of 2002, the study group agreed to focus on the following areas:

- Recent development trends and policy review;
- Demographic trends and analysis including CSO trends and updates,
- Analysis of the housing market prospects including, supply, demand and planning issues.

An additional feature of this study is the inclusion of the mapping of the spatial development zones influenced by the Dublin property market including:

- The economic core area;
- The functional commuting area, and
- The expanded developed area.

This analysis is carried out using standard systems for establishing spatial boundaries of metropolitan regions internationally. This spatial representation of emerging trends will be accompanied by an analysis of the future implications of their impact.

**Study team:** Dr. Brendan Williams, Mr. Patrick Shiels and Mr. Brian Hughes. Mapping by Urban Environment Project, UCD.

**Spatial/Geographic scope of study:** The Greater Dublin Area and the functional urban region surrounding Dublin.
2 Key Findings

1. Strong underlying demand for housing is evident from analysis of economic and housing market data particularly in the Dublin region. Subject to no internal or external shocks, current levels of economic activity and demand seem likely to maintain their momentum through to 2009.

2. The provision of housing nationally has increased in 2006 to a level of approximately 95,000 units per annum. Based upon trends in planning permissions, this level of provision is likely to fall in the coming two years. Overall levels of potential demand in Dublin are likely to remain strong, in line with continued rising population and employment trends.

3. Higher levels of housing production in the four Dublin local authority areas are evident with approximately 18,000 units being built in 2006. This continued level of production is required to ensure the supply of housing meets current demand. Within Dublin, this supply has largely occurred in Fingal, masking a continued lack of supply in other local authority areas including Dun Laoghaire-Rathdown.

4. The recent surge in housing provision in Dublin comes after several years of a significant under-supply of housing in the four Dublin local authority areas linked to infrastructure deficiencies with average annual levels of production at between 10,000 and 12,000 units while demand was assessed at approximately 20,000 units per annum.

5. The overall housing market in 2007 is likely to experience a more modest level of price increases than has been seen in recent years. Price increases in 2007 are likely to be in single figures and in line with construction costs inflation. Prices are expected to stabilise in some areas as overall demand and supply levels come close to equilibrium.

6. In a more selective market with demand preferences expressed to a greater extent than for many years, some fragmentation will be likely to result with diverging price trends with certain areas or market segments remaining strong whilst others weaken over the next eighteen months.

7. As this housing market correction brings a greater degree of choice, traditional location attributes can be expected to be a strong feature of the market. This would see prospects for the housing market becoming more segmented or fragmented with weaker locations distant from primary employment centres negatively affected. It may also allow the possible movement back to Dublin of some of the deflected population who currently commute long distances.

While weaker regional locations in terms of proximity to employment, transport infrastructure and services have been in strong demand when alternative developments were not available, this is unlikely to continue if emerging supply trends are continued.
8. Development interests will respond to this market by some reductions in initiating new schemes. However, in an imperfect market with competing developments and a lack of complete market knowledge it is likely that supply alterations will continue to be uneven in both quantity and location.

9. Recent demand has been largely absorbed by the outward growth of the commuter belt or Functional Urban Region which now stretches over 100 kilometres from Dublin through Leinster and into south Ulster with smaller settlements growing at the fastest rates. This pattern is contrary to the objectives of the National Spatial Strategy and Regional Planning Guidelines.

This has resulted in the medium-term deflection of demand into areas such as Outer Leinster and South Ulster and has created a major sprawl-type settlement trend with new mono-functional housing areas and transportation patterns with a near-total dependency on the private motorcar.

These patterns of development can be seen as supply-led with limited affordable housing available within Dublin and also demand-led as house purchasers trade off lower land values and house prices for higher commuting costs.

10. Attempts to constrain rather than manage the growth of Dublin are unlikely to achieve their aim of balanced regional development and instead could lead to further deflection of housing demand to outlying counties.

11. The absence of integration of housing, land-use and transportation policies, poses major problems for accessibility, sustainability and quality of life. Housing development is occurring in a dynamic but unstable manner, often caused by major problems in managing the land supply process. The need for effective regional planning and development implementation strategies with a unitary authority/agency rather than fragmented approaches is now more evident than before.

12. It is also likely that, following the completion of the Mahon and Flood Tribunals, major structural changes should occur in land zoning processes and procedures to bring the Irish system of land zoning in line with best international practice and reduce the risks of corruption.

13. Strong underlying demand for housing in Dublin is evident in current levels of population growth and migration trends. This is augmented by the previous relative under-supply of housing represented in high population to housing stock ratios when compared with European and international averages.

14. Population losses are now occurring in relatively modern suburban areas of Dublin including parts of Tallaght, Blanchardstown and Templeogue and are leading to the potential under utilisation of social infrastructure while this infrastructure is required for the natural growth in population which is now shifting to hinterland counties.

15. Existing suburbs served by public transportation such as Dundrum are experiencing a resurgence in population growth with high levels of apartment development following infrastructure improvements.
16. Increased housing supply levels in Dublin are necessary and if maintained will lead to potential purchasers having a wider choice in housing location preference.
3 Development Context

The realities of development trends and settlement patterns in the Greater Dublin Area are regional in nature. The scale at which participants, from individual house purchasers to major development interests, view their actions in the market is regional in scale. With residential, retail and employment operating to this new scale, problems exist with planning and development policies evolving to deal with such patterns. Important statutory planning and development control functions remain localised and fragmented making the management of resulting urban development problematical. Infrastructure deficiencies have had a major bearing on the forms of urban development occurring in the Dublin Region in the past decade.

The Greater Dublin Area has experienced significant employment and population growth in excess of national and European rates of growth. This growth is both a contributory factor to, and a result of, greatly increased economic growth. The spatial expression of this growth is seen in the economic core of the region which now employs in excess of 800,000 people. The significant development in and surrounding the city and especially in the outward growth of the commuter belt or functional urban region now extends over 100 kilometres from the Dublin area into Outer Leinster and now adjacent Ulster counties of Monaghan and Cavan.

The sprawl-type pattern of development creates major transportation demands and as car dependency becomes virtually total in many areas congestion has resulted. In turn this congestion affects purchaser’s location choice and central locations with proximity advantages become more desirable. This trend has now clearly become established in Dublin with medium density development in existing urban areas. This has been assisted and subsidised by policy initiatives including the major urban regeneration programmes since 1986. Rapid increases in house prices since the mid 1990s have seen many urban districts recover in property market development terms.

The very high growth in residential prices considerably exceeding building cost inflation has made the viability and profitability of higher rise development a major factor in development appraisal decision-making. Higher potential profits particularly at the crest of an upward market cycle justify the higher construction costs involved. It has also created major development opportunities at greenfield locations to satisfy this surge in demand. This report addresses the context within which this trend has emerged and some of the major issues arising for the planning and development of Dublin and its surrounding region. In many problem issues a recurring theme is that of urban governance and organising capacity. Integration of resource allocation and urban management are repeatedly arising as essential components in addressing the development needs of the urban region.

The picture of a sprawl type pattern of development with population growth mainly occurring at locations distant to employment centres is illustrated by an examination of population change which is based on Census 2002 and 2006 as shown in the following map.

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1 The Greater Dublin Area (GDA) includes the Dublin Region (comprised of the four Dublin local authorities – Dublin City, Dun Laoghaire-Rathdown, South Dublin and Fingal) and the adjacent Mid-East Region (counties Kildare, Meath and Wicklow). The “Outer Leinster” Region in this report refers to the aggregate of counties surrounding the GDA, namely Louth, Westmeath, Offaly, Laois, Carlow and Wexford. The Functional Urban Region (FUR) of Dublin consists of the commuting zone of Dublin and approximates with the GDA in geographical extent. The precise definition of the FUR is outlined in Appendix A.
Note: The population figures above represent absolute numbers showing population losses and gains at electoral district level. The pattern of population change represented indicates significant population migration along the major arterial routes from Dublin in the west, north and south-west directions.
**Spatial Context: Dublin’s Outward Expansion 2000-2006**

During the period 2000 to 2004 a sprawl type pattern of development became strongly established in the Greater Dublin Area (GDA). Analysis of Census data and housing statistics show that its population growth continued to increase as the region’s share of national population increased from 38.8 per cent to 39.2 per cent over the period from 1996 to 2002. In the key age group for future household formation and housing demand, those over 15 years of age, the region also experienced, at 13 per cent, a higher growth rate than the national rate of 11.7 per cent.

These trends point to a continuation of housing supply deficiencies in Dublin until 2005/2006. Housing under-provision close to the economic core areas of the region creates a continuing push of employment related housing demand at increasing distances from Dublin.

The national surge in house completion figures has been particularly evident in the outer parts of Leinster and the Midlands catering largely for Dublin commuters. The recent trend in 2005 and 2006 towards increased supply in the older core Dublin area is to some extent reversing the regions current development trend when a dispersed pattern has already become established in the development market.

**Urban Development and Expansion**

In Ireland, the development of urban areas often takes the form of outward expansion of the built-up area. During this process, adjacent towns and villages are subsumed by suburban development, potentially with negative consequences in terms of sustainability due to infrastructure deficits in the medium-term. New infrastructure needs to be provided to service peripheral expansion, and scarce land resources are used, often in a wasteful fashion. Peripheral expansion of urban areas such as Dublin can often be characterised by:

1. **Suburbanisation of residential functions,** usually resulting in low-rise, low-density housing development. This form of development can be wasteful of land resources and causes problems in terms of traffic congestion from commuting.

2. **Decentralisation of local commercial activity.** During the past four decades, commercial activity has decentralised outwards from the traditional central business district of cities to suburban locations. This trend has been most recently exemplified by the movement of offices to suburban office parks and decentralisation of state offices, and has major implications for city transportation systems.

3. **Dispersal of population to the hinterland of metropolitan regions.** This activity results in the rapid development of towns and villages at ever further distances from major cities. The net result of this trend is congested commuting patterns and transportation difficulties.
The concept of community is widely praised as worthy of policy support but effectively made difficult by the urban design prevalent in modern suburban housing development. Good access and reasonable proximity to a mixture of uses and facilities are essential features of successful urban districts and communities. Car dependant single-use housing areas without basic facilities such as shops and schools provide few facilities or opportunities to develop interaction.

**Policy Guidance and Development Realities**

In discussing the objectives of urban spatial planning and the role of urban governance, it is necessary to identify those core policy issues which urban development and management policies are directed towards. From stated policy in the past decade (DOE, 1997; National Spatial Strategy, 2002) priority in terms of sustainable urban development should be accorded to the following issues:

- Encouraging careful location of residential, commercial and industrial uses;
- Planning and making effective use of existing developed urban areas, and
- Integrated strategic economic and social planning.

Limited progress has been achieved in these difficult planning and environmental policy areas, which may necessitate both structural institutional changes and a cultural acceptance of such priorities (Williams, 2002). Just as fundamental as achieving specific objectives on targets as set is the basic issue of urban management systems. Achieving such objectives, whether in the short or medium-term obviously requires a process of urban management with a capacity to deliver. The need for effective urban management increases with rapid economic development of the type experienced in Dublin in recent years. This is due to the fact that existing resources and infrastructure are relatively fixed in the medium-term and the need for effective urban management is consequently greater than before.

In particular, the negative effects of rapid growth were quickly felt in the Dublin Region as infrastructure constraints led to congestion and affordable housing problems. As the long-term future of the urban region is intrinsically linked to urban environmental quality, it is essential that a co-ordinated and integrated response be developed to the city region’s infrastructure, land-use and economic development pattern.

There is a widely recognised need for the growth of Dublin to be consolidated (National Spatial Strategy, 2002) through the use of policy measures to encourage mixed-use and, increased density development. However, as is illustrated in the maps of the growth of the Functional Urban Region of Dublin from the 1990s to present which follow, the current pattern of development is characterised by the rapid physical expansion of towns and villages located in a commuter belt extending over 100 kilometres from Dublin city centre, firstly into the counties of outer Leinster and now also into the southern parts of Ulster. Development is taking place in an often random inefficient pattern with insufficient or no regard to the lack of social amenities, particularly in small villages. Decisions by the individual local planning authorities in the outer parts of the region allowing development often conflict with regional planning guidelines. In addition the potential for large scale development gains creates conditions in which zoning decisions are made to benefit individual land...
owners rather than for sustainable planning and development reasons. Evidence of such actions is clear in the hearings of the Planning tribunals.

Contemporary with the expansion of hinterland towns, older suburban areas of Dublin have experienced population decline in recent decades, exemplified by falling population and school attendance figures (CSO, 2002). There is a need to regenerate the demographic balance of inner suburban communities by consolidating development patterns instead of adding further pressure to rural locations and road networks through long-distance commuting.

In order to address the problems of the growth of Dublin regional planning guidelines propose to channel such growth into a series of development centres within the commuter belt of the city. However the spatial form of recent development experienced often does not conform to the plans outlined in the guidelines. In addition, a number of problems exist with the policy direction of the Strategic Planning Guidelines, including the following:

- The absence of effective co-ordination amongst principal stakeholders;
- Competition for resources and revenue amongst the individually affected local authorities who remain the statutory planning authorities for the region;
- The under-estimation of the scale, pace and immediacy of the economic growth experienced in the Greater Dublin Area over the past five years, and
- The lack of organisational capacity with statutory powers to implement necessary strategies at the regional level.

The general issue of housing and settlement patterns was examined by the NESC report on *Housing in Ireland: Performance and Policy* (2004). This report characterised the Irish housing system as dynamic but unstable with problems in terms of the uncertainty and variability in land supply. The weak supply response in areas where demand was highest such as Dublin in the late 1990s was identified as a factor in the exporting of such demand regionally in a spatially dispersed manner. A significant problem remains in terms of the development land market which operates in such manner that availability of ready to go development lands is not available in sufficient quantities to meet demand. The recent strong supply response has been described as poor in quality and design by policy commentators. As with previous studies, the NESC report noted the absence of integration between housing, land use and transportation strategies within the Greater Dublin Area.

The following descriptions are used to describe the extent and form of development that has occurred in the region and are illustrated on the map of The Functional Urban Region of Dublin in 1996. They are based on the following descriptions:

(Note: further detail and criteria used in these descriptions used are included in Appendix A).

1. Morphological Agglomeration Region (based on population densities in the contiguous built-up area of Dublin).

2. Functional Urban Region - FUR (based on labour force travel patterns and comprises the effective commuter belt of Dublin).
3. Economic Core Area (indicates the principal areas of employment and economic activity).

4. Integrated FUR region overlaying 1, 2 and 3

As illustrated in the following maps, the extent of the development of the functional urban region has expanded considerably since the 1990s as the urban housing market serving the economic core area of the region continues to sprawl in the period to 2006. In addition the recent FUR expansion is clearly following the growth path of existing arterial routes from Dublin for car based commuter development. This development was preceded by the creation of an edge city corridor around the M50 to which a major part of the cities employment and retail activities have developed.

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<td>▪ Increased land and property prices in Dublin – (reduced housing affordability);</td>
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<td>▪ Congestion (traffic, population, without adequate transport infrastructure);</td>
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<td>▪ Rapid unmanaged peripheral expansion (without social infrastructure);</td>
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<td>▪ Increased levels of pollution and energy usage (reduced environmental quality);</td>
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<tr>
<td>▪ Quality of life of individuals and communities reduced, and</td>
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<td>▪ Time-loss issues associated with commuting.</td>
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Note: Arrows indicate current FUR growth paths along arterial routes.
National Policy Context: Decentralisation / Centralisation

A difficult policy debate surrounds this question. Having a period of major policy initiatives aimed at revitalising core and central urban areas creates problems in managing such redevelopment once achieved. This involves consolidation of the existing urban area and managing and providing adequate resources for the new more dynamic and complex urban region. Reactions to failure to manage growth can sometimes be simplistically characterised in Ireland as a problem of city size with preferred solutions of constraining rather than managing development emerging.

Older organisational capacities and agencies were geared towards maintaining a stable or low growth region and now require capacities which are deeper and broader in scope than previously existed. In particular, the essential link between transport planning and development becomes critical in periods of rapid growth. Such changes in organisational and governance capacities are politically difficult to achieve. However without them broader strategic development objectives are often unworkable. Fragmented interests in decision making defending narrow sectional interests provide problems rather than solutions in the progress the regions strategic development. Official studies and proposals such as the proposals for administrative reform in the Dublin area have been developed and await implementation.

Increased Residential Density Solutions

Major increases in housing densities have been permitted as the return of residential demand to older central districts became established. Much of this development is multi-storey apartment units of a size suitable for small households. The suitability of such units for family type housing has been in question due to the small size of many of the apartments built. In addition the general quality of facilities available for residents of such housing has been an issue for debate in recent years. Strong arguments exist that the focus of regeneration efforts should now also include suburban renewal where appropriate. Moves in this direction are contentious and significant public opposition often develops based around the absence of planning gain for existing occupiers and residents. Negative externalities resulting from development activities are considered significant by established resident groups who argue that they experience little of the benefits of such development. Individual agreements and negotiated planning gain arrangements exist for developments in some urban renewal areas. However, the area of development land rights and planning gain remains the subject of ongoing policy debate including the Government report on private property rights.

Current development experience in the apartment development sector gives guidance as to likely issues which would arise in terms of high rise residential projects. Profits associated with such developments will often be substantially higher than with traditional project types. The risks associated with such development are however higher than more conventional development due to the inability to phase the development and the lack of flexibility to respond to market changes. For these reasons the trend internationally is that this form of development is most suited to higher priced residential market sectors. Management of such developments once completed is an issue which requires careful consideration. The adequacy of service
charge structures to cover management and maintenance costs in the short and long term by way of sinking funds needs to be addressed. Problems in compliance with management system requirements have emerged with some developments. As facilities for multiple unit development include both individual and communal elements, appropriate management and maintenance structures are essential. The choice exists as to whether this issue is allowed to evolve in accordance with market norms or whether regulation and standardisation of procedures would be of benefit and is the subject of an ongoing debate.

It is clear that the development market is moving towards a continued outward spread of development activity in the Dublin Region combined with more intense development activity in central areas. These trends require an enhanced organisational capacity to ensure that such development can be managed in a sustainable manner.

Fiscal Context

In a market dominated by owner-occupiers, issues of finance and purchasers behaviour are fundamental to its evolution. While this is critically dependent on prevailing economic circumstances, it is also conditioned and influenced by fiscal /taxation policies. A recurring feature driving the price pattern of Irish housing has been the favourable treatment of home ownership in taxation measures over recent decades. A succession of favourable amendments in such policies has heightened the attractiveness of home ownership by comparison with renting property and /or other potential investment choices. Untaxed capital gains from home ownership have given levels of financial security and consumer confidence to recent generations of Irish homeowners.

The OECD (2006) in its examination of house price growth in Ireland notes that this favourable treatment acts to lower the user cost of capital for homeowners. Included with the exemption from capital gains tax for principal private residences are the subsidisation of purchasers by means of mortgage interest relief and the absence of property taxes for the users of local services. Mortgage interest relief was available historically without an upper limit, followed by the introduction of a ceiling for amounts allowed for relief in 1974, 1993 and 2003. In 1994 the system was altered to allow such relief at the standard rate of tax as opposed to the marginal rate. This has reduced the benefit of the relief to homeowners.

This favourable treatment of ownership has been greatly assisted by the easier access to mortgage capital since the liberalisation of financial markets in the 1990s and lower interest rates in the post EMU period. Earlier conservative lending practices by Irish financial institutions have been replaced by more relaxed credit criteria and mortgage lending has increased dramatically.

In addition, various property taxation incentives associated originally with urban renewal schemes and later with holiday home developments have offered significant incentives available for both private rented residential investments and holiday homes. In general, the evolution of tax breaks for housing can be seen to have evolved through the following phases. In the first phase, in a weaker economy, policy measures were primarily to support the owner-occupier in acquiring what was regarded as a basic level of housing for their own utility. Then, with economic growth, measures were introduced which aimed at expanding the investment market.
in residential development with the aid of tax incentives. In recent years, residential property markets have become integral to the wealth accumulation process in Ireland. The expiry of area/property based taxation schemes was given legal effect in 2006 with a phased termination of allowable expenditures until July 2008.

A significant factor in the evolution of the Irish housing market was the ending of occupier’s liability for the payment of local property taxes or rates in the late 1970s. The Residential Property Tax, introduced in 1983 with both income and property value thresholds, affected a small number of residential properties and was abolished totally in the 1990s.

Stamp duty remains as the principal tax affecting residential property and operates as a significant cost item to the purchaser of housing. It has been altered significantly in various recent budgets in various attempts to manage housing demand by making rates, for a period of time, higher for investors and lower for first time buyers.

What is evident from the changes introduced is that the smaller rate changes on transaction costs incurred have not considerably altered individual segments behaviour in a market of strongly rising prices. However, it is also clear that the political acceptance of a property taxation system at a national level with liabilities at rates or levels which would provide meaningful resources to service providers and influence housing consumption are politically unpopular and unlikely to be introduced. This is because the evolution of housing policy in Ireland has created a broad political consensus which may react negatively to fiscal changes or policy measures that are viewed as having a calming or downward impact on market price levels. The recent discussion on reductions in stamp duty is indicative of this problem. A case exists for the reform of a taxation system which imposes a considerable property tax on home purchases and transfers of categories of residential properties. This debate should be part of a broader discussion of fiscal interventions in the property and housing market and the role of such taxes in financing of Central and Local Government. Such a debate is beyond the scope of this report but merits serious investigation in its own right.
4 Recent Housing and Planning Trends in the Greater Dublin Area

A record 80,957 houses were built in 2005, representing a 201 per cent increase on the corresponding figure for 1994, which totalled 26,863 units, indicating that housing output has more than trebled in just over the space of a decade. In the period from 1994 to 2004, almost 525,000 dwellings were provided in Ireland representing over 32 per cent of the total estimated built housing stock in 2004. Therefore, one third of the total housing stock of Ireland was built during the past decade and is a clear indication of both the unprecedented scale and pace of the recent housing construction boom. Moreover, data for the first to the third quarter of 2006 indicate that a 22 per cent increase in the number of dwellings built took place over the corresponding period in 2005, suggesting a total output of over 95,000 dwellings for 2006 as a whole.

Despite the dramatic recent increase in housing provision, the housing stock in Ireland remains relatively low compared to the European Union average. In 2003, there were 391 dwellings per 1,000 persons in Ireland, compared to an average of 422 per 1,000 and 452 per 1,000 in the 25 European Union member states and the United Kingdom respectively (Norris and Shiels, 2004). This relative under-supply of housing in Ireland is a function of historic under-development and remains the primary factor in the housing supply/demand disequilibrium that has fuelled house price inflation in recent years.

Figure 4.1 Housing Production in Ireland, Greater Dublin Area and Dublin 1994 to 2005

Source: Analysis of DoEHLG housing statistics.

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2 The total estimated housing stock is defined as the estimated number of physical housing units connected to mains electricity supply and was based on data provided for the Regular National Report on Housing Developments in European Countries (Norris and Shiels, 2004). It is important to distinguish this estimate of housing stock from the total number of households in permanent housing units, which is collected in the Census of Population.
The record levels of housing construction in recent years mask significant variations in the output of new housing in spatial terms and such imbalances are particularly marked in the Greater Dublin Area (GDA), consisting of Dublin and the adjacent counties of Kildare, Meath and Wicklow. Although the Greater Dublin Area contains 39.2 per cent of the total population, it accounted for only 34.6 per cent of total housing completions between 1994 and 2005. The level of housing completions in the GDA and Dublin in particular have been increasing since 2001 in a significant manner following a long period of stagnation. Between 2001 and 2005, new house completions in the Greater Dublin Area increased by 69 per cent, from 16,498 to 27,920 dwellings in absolute terms. New housing completions increased in an even more dramatic fashion in Dublin, from 9,605 units in 2001 to 18,019 in 2005, representing an increase in output of 87.6 per cent. However, despite these recent increases, in proportional terms the GDA has experienced a long-term decline in its share of new housing in Ireland, from 40.5 per cent in 1996 to 34.5 per cent by 2005.

The longstanding shortfall in housing supply to meet demand in Dublin has led to the deflection of population, and associated housing demand, to the surrounding counties of Kildare, Meath and Wicklow, which have accommodated the deflected housing demand from Dublin (Williams and Shiels, 2001). Between 1994 and 2005, housing completions in these counties collectively increased by 242 per cent from 2,870 to 9,811 dwellings, albeit from a low base. The extent of the increase in new housing provision in these counties is illustrated by the fact that more dwellings were completed in Kildare in 2005 (3,584 units) than were built in the three counties collectively in 1994 (2,870 units). It is apparent, therefore, that the supply difficulties experienced in Dublin were partially met by an enhanced housing supply response in the hinterland of the city, as is illustrated in Figure 4.2 below.

**Figure 4.2** Proportion of National Housing Output Built in Dublin, Mid-East and Outer Leinster Regions 1994-2005

Source: Analysis of DoEHLG Housing Statistics.
Figure 4.2 also illustrates that there has been an overall decline in the proportion of housing output taking place in Dublin with a relatively level percentage occurring in the Mid-East counties of Kildare, Meath and Wicklow. However, an increasing proportion of new housing construction in Ireland in the decade to 2005 has taken place in the “Outer Leinster” counties which reflects a considerable expansion of the Dublin commuter hinterland and the deflection of housing demand into this region. Between 1994 and 2005, the proportion of total housing output in the collective Outer Leinster counties increased from 10.1 per cent to 13.9 per cent, or from 2,726 to 11,213 dwellings in absolute terms.

The under-provision of housing in the Dublin Region, which was particularly marked during the 1994 to 2001 period when housing completions stagnated at under 10,000 units annually, has been eased to a certain extent since 2001 with an increase in output to attain 18,019 units in 2005. This development has been attributed by policy analysts to the implementation of planning guidelines on increased residential densities and the accelerated servicing of residentially zoned development land through the Serviced Land Initiative. However, the recent surge in housing completions in Dublin took place in the background of a prolonged period of stagnant level of under supply and therefore a backlog of dwellings required in Dublin persists. Figure 4.3 below illustrates the trend in housing production within the Dublin Region over the decade 1994 to 2004. It reveals that the volume of output in 2004 was highest in Fingal, with 7,734 units completed in comparison to 4,530 units in Dublin City, 2,769 in South Dublin and 1,777 in Dun Laoghaire-Rathdown.

![Figure 4.3 New Housing Completions in the Dublin Region 1994 to 2004](image)

Source: Analysis of DoEHLG Housing Statistics.

Although annual housing completions have remained relatively level in the decade between 1994 and 2004 in Dublin City and South Dublin, the contrast in output

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3 Data for housing completions for the individual Dublin local authorities for 2005 is not available.
between Dun Laoghaire-Rathdown and Fingal is very marked. Housing output expanded by 412 per cent in Fingal between 1994 and 2004 with half of this increase taking place during the three years preceding 2004. One key factor in explaining the leading position of Fingal is its extensive reserve of land zoned for residential purposes in comparison to the other local authority operational areas which are constrained in significantly increasing housing output by modest land reserves, particularly in the case of Dun Laoghaire-Rathdown and Dublin City, although the use of increased housing densities appears to be facilitating a greater supply response in the latter during the first half of the 2000s.

Increase in Housing Densities in Dublin

During the decade to 2004, a number of key Irish housing policies were implemented in order to address the environment of strong house price inflation and an inadequate housing supply response in Dublin and the other major urban areas. Among these policy initiatives, increasing the density of residential densities in urban areas to maximise the housing yield of development land resources was implemented following a key recommendation by the 1998 Bacon Report. An analysis of the type of housing built during this decade in Dublin indicated that residential densities increased markedly during the second half of the 1990s, but have since remained relatively static.

Figure 4.4 New Houses Competed by Type in the Dublin Region 1994, 1999 and 2004

Source: Analysis of DoEHLG Housing Statistics.
In particular, the growth in output of apartment and terraced housing has taken place at the expense of semi detached housing, where its share of total output in Dublin fell from 55 to 44.3 per cent between 1994 and 1999 but slightly recovered to 47.7 per cent in 2004. However, the share by terraced housing and apartments combined increased from 40.2 per cent in 1994 to 48.3 per cent in 2004, and collectively these forms of housing are now the predominant form of new housing built in the capital city (see Figure 4.4). The data appears to indicate that because most of the increase in housing densities took place between 1994 and 1999, increasing development land values and a more pressured housing market environment may have been a more significant driving force for increased residential densities than policy measures.

**Housing Demand in the Greater Dublin Area**

A housing supply/demand imbalance in Dublin has been recognised by policy analysts and other commentators for a number of years with its consequences involving a decline in affordability and difficulties in access to home ownership for first time buyers together with out-migration from Dublin. Components of housing demand include a high rate of population growth, increased rates of household formation, declining household size and the increasingly important factor on inward migration. Imbalances in housing supply and demand in Dublin and the consequent decline in housing affordability have resulted in a deflection of demand away from Dublin into an expanding commuter hinterland (Williams et al., 2002). A review of the Strategic Planning Guidelines for the Greater Dublin Area indicate that between 1996 and 2002 both population growth and household formation took place at a greater rate in the Mid-East counties of Kildare, Meath and Wicklow than projected. Conversely, population growth and household formation in the Dublin Region took place at a rate significantly less than projected in the Guidelines, indicating that significant deflection in population growth and household formation from Dublin had indeed taken place (Dublin and Mid-East Regional Authorities, 2004).

<table>
<thead>
<tr>
<th>Local Authority</th>
<th>Households Forecast SPG 2001</th>
<th>Actual Households Census 2002</th>
<th>Census 2002 as a proportion of SPG 2001 (in per cent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dublin City</td>
<td>195,000</td>
<td>180,852</td>
<td>92.7</td>
</tr>
<tr>
<td>Dun Laoghaire-Rathdown</td>
<td>68,000</td>
<td>64,132</td>
<td>94.3</td>
</tr>
<tr>
<td>Fingal</td>
<td>57,000</td>
<td>60,872</td>
<td>106.8</td>
</tr>
<tr>
<td>South Dublin</td>
<td>71,000</td>
<td>73,516</td>
<td>103.5</td>
</tr>
<tr>
<td>Dublin</td>
<td>391,000</td>
<td>379,372</td>
<td>97.0</td>
</tr>
<tr>
<td>Kildare</td>
<td>44,000</td>
<td>65,107</td>
<td>148.0</td>
</tr>
<tr>
<td>Meath</td>
<td>37,000</td>
<td>54,827</td>
<td>148.2</td>
</tr>
<tr>
<td>Wicklow</td>
<td>35,000</td>
<td>47,077</td>
<td>134.5</td>
</tr>
<tr>
<td>Mid-East</td>
<td>116,000</td>
<td>167,011</td>
<td>143.98</td>
</tr>
<tr>
<td>Greater Dublin Area</td>
<td>507,000</td>
<td>508,096</td>
<td>100.2</td>
</tr>
</tbody>
</table>

Source: Dublin and Mid-East Regional Authorities

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*Data categories for the type of housing completed changed for 2005. Therefore, it is not possible to carry out a direct comparison between completions by house type between 2005 and previous years.*
A comparison between the number of households that were projected for the Dublin Region in 2001 and the actual number that existed in 2002 is illustrated in Table 4.1. This comparison reinforces other lines of evidence that indicates the deflection of household formation and housing demand from Dublin into the surrounding hinterland. Household formation under-performed from expectations in Dublin, achieving 97 per cent of the 2001 projection. Conversely, the number of households in 2002 in the Mid-East Region in 2002 was 144 per cent of the SPG projection for 2001.

The Regional Planning Guidelines for the Greater Dublin Area 2004-2016, the successor policy document to the SPG, projects, in a low growth forecast, that population in the Greater Dublin Area will grow by 10.5 per cent between 2002 and 2010, from 1,535,446 to 1,696,581 persons. However, the projected growth in the number of households is 2.5 times the rate of the former, increasing by 26.3 per cent per annum, or from 508,096 in 2002 to 641,600 in 2010 in absolute terms which is partially driven by a greater rate of formation of independent households and a long-term decline in average household size. The rate of projected household formation in the Greater Dublin Area indicates, for a low population growth forecast, a household formation rate of 16,688 per annum.

In terms of a high growth forecast, the Regional Planning Guidelines (RPG) projects a 15.6 per cent population growth rate, with population levels reaching 1,774,891 in 2010. Under this projection, the number of households are expected to increase by 32 per cent to attain a level of 670,559 by 2010. Such a rate of growth would involve the formation of 20,308 households per annum. Given that the rate of new house completions has actually exceeded the rate of new household formation because of relatively high vacancy rates amongst new housing stock (McCarthy et al., 2003), it can be estimated that new housing completions in the Greater Dublin Area are only now beginning to address the backlog in demand. Moreover, if the backlog of housing demand that was not met in Dublin during the 1990s and early 2000s is taken into account, the level of housing output achieved in Dublin in recent years will have to be sustained for a considerable period into the mid-term future.

Estimates of Housing Demand by Various Agencies and Institutions

It is clear that state and regional population levels have grown at a faster rate than policy projections placing additional demands on the housing stock. A number of economic commentators and policy analysts have estimated the strength of recent and current levels of housing demand. In their Medium Term Review 2003-2010, the Economic and Social Research Institute (2003) estimated that national housing demand would average 53,300 dwellings per annum between 2003 and 2007, exceeding the levels of the previous five years and driven mainly by population growth and demand for second and replacement dwellings. Similarly, McCarthy et al. (2003) in the most optimistic of their projections, forecast housing demand to average 63,000 dwellings per annum between 2002 and 2006 and decrease to 47,000 between 2006 and 2011, with 10,000 units of demand during the latter period being second homes. The most likely projection of demand according to McCarthy et al. was
44,000 units between 2002 and 2006 with 37,000 during the 2006 to 2011 period (McCarthy et al, 2003).

However, current estimates of demand suggest a significantly more robust level of housing demand than was forecast in recent years. According to AIB Global Treasury Economic Research (2006), the continuing upward pressure in house prices is evidence that, although housing supply is at unprecedented levels, housing demand is still exceeding supply. Consequently, they estimate current long-term demand to be in the order of 60,000 dwellings per annum, with a significant shortfall between housing supply and demand in Dublin. A critical factor in boosting the level of housing demand, according to AIB, has been the recent level of inward migration, particularly from the new European Union member countries. In 2006, they estimate that net inward migration to Ireland could account for 30 per cent of the 82,000 dwellings that they expected to be built in 2006 compared to 19.7 per cent of total completions in 2003 (Beggs et al., 2006). They also note, as did McCarthy et al., that household headship rates among the 24 to 35 year age group in Ireland are low in comparison to the United Kingdom, suggesting that there remains substantial pent-up demand for housing among young adults.

In their analysis of the housing market, Hooke and MacDonald (2006) predict a very high level of housing demand in the short to medium-term future. Their forecast of demand indicates that in 2006, housing demand stood at 88,000 units, 3,000 units in excess of the 85,000 dwellings that they estimated for completion in 2006. Moreover, the level of housing demand will increase to reach 101,000 dwellings in 2008 or 11,000 dwellings in excess of the forecast output for that year according to their analysis. Their estimate of the housing supply/demand imbalance for Dublin indicates demand for 26,000 dwellings, representing an excess demand of 8,000 units over the expected level of completions which will increase to 10,000 by 2008 (Hooke and MacDonald, 2006). The shortfall between housing demand and supply estimated by Hooke and MacDonald suggests that demand and supply imbalances in Dublin are worsening instead of ameliorating, despite the surge in housing completions in the city and its environs in recent years.

House Price Trends

Imbalances of housing demand over supply are most commonly expressed in the form of house price inflation. House price inflation in Ireland between 1994 and 2005 took place at a dramatic rate with most of the unprecedented increase in prices during this period confined to the period since 1998, as illustrated in Figure 4.5. This figure also demonstrates that, as a consequence of the prolonged shortfall in housing supply, discussed earlier in this section, prices in the Dublin Region grew much faster than in the country as a whole. House prices increased in Dublin by 368 per cent compared to 316 per cent for Ireland as a whole during the period under examination. This uneven inflation pattern has led to the widening of the gap between house prices in Dublin and rest of Ireland. In Dublin new house prices stood at 15.5 per cent above the national average in 1994, but by 2005 attained a lead of 31 per cent (Department of the Environment, Heritage and Local Government, various years).
By the second quarter of 2006, average new house prices in Dublin reached €397,337, 31 per cent above the average price for the whole country and 26.3 per cent ahead of the €314,696 level achieved in Cork. In terms of second-hand house prices, the record average level of €516,589 achieved in Dublin in the second quarter of 2006 represented 17.2 per cent growth on the corresponding quarter in 2005 and stood at 36 and 40 per cent above the corresponding levels attained in Ireland and Cork respectively. The higher average prices of second-hand housing, which in Dublin was 30 per cent above new house prices in the second quarter of 2006, is a reflection of a greater demand for such housing in locations where accessibility to central business districts, public transport facilities and amenities is greater and the scope for further new housing provision is extremely limited. The divergence in house prices between new and second-hand housing may be the result of the increase in demand for a limited supply of second-hand dwellings for first time homebuyers to trade up to. This shortage has been made more acute by the limited output of larger dwellings in favour of smaller houses and apartments catering to the first-time homebuyer market in recent years (Policy Exchange, 2006).

An examination of house prices on a quarterly basis from 2003 to the second quarter of 2006 for the major urban areas in Ireland reveals that there is an important distinction between house price trends as between new and second-hand housing. In particular, second-hand house prices appear to exhibit a pattern of growth with fluctuating values over the period under review, with declines taking place in the second and final quarters of each year. This pattern is probably a result of seasonal factors that affect the second-hand housing market.
The pattern of house prices on a quarterly basis for new houses, in contrast, appears to be one of steady growth in all of the major urban centres with a notable exception of Waterford and Galway, where new house prices have experienced a slight decline in the first and second quarters of 2006 respectively, as illustrated on Figure 4.7. New house price growth was very strong in Dublin during the first quarter of 2006, at 8.1 per cent.

Source: Analysis of DoEHLG Housing Statistics.
When data on the annual percentage increase in house prices is examined, it is apparent that the rate of house price increase peaked in the late 1990s, with increases of 23 and 31 per cent recorded in 1998 for new and second-hand houses respectively. Figure 4.8 charts annual rates of house price growth between 1995 and 2006, illustrating the surge in house price inflation between 1997 and 2001, followed by more moderate rates of inflation in the following years.

**Figure 4.8 Annual Rate of House Price Inflation in Ireland 1994-2006**

Source: Analysis of DoEHLG Housing Statistics.
Note: *Data for 2006 are based on the first half of the year.

**Supply of Development Land in the Greater Dublin Area**

The cumulative total of serviced land zoned for residential development in the Greater Dublin Area at 30th June 2004 stood at 3,125 hectares, with an estimated housing yield of 134,628 dwellings. The 2004 land reserves represent a slight decrease (13.8 per cent) on the corresponding data for 2001, when a total of 3,555 hectares was recorded as available for residential development. However, the housing yield in 2001 was for circa 122,000 units as compared to an increased estimate of 134,628 for 2004. The primary reason for the increased housing yield from a smaller volume of land has been the adoption of increased residential densities by the various local authorities, particularly in Dublin City and Dun Laoghaire-Rathdown. These local authority operational areas regarded residential development land supply as a scarce asset. Table 4.2 illustrates the increases in housing densities used by local authorities in estimating their housing yields. An apparent trend between 2001 and 2004 is the significant expansion of land and housing yield capacity in the four Dublin local authority areas and a corresponding decrease in land supply in the Mid-East counties.
Table 4.2  Estimated Housing Yield of Serviced Land Zoned for Residential Development 2001 and 2004

<table>
<thead>
<tr>
<th>Local Authority</th>
<th>Housing Yield 2001</th>
<th>Housing Yield 2004</th>
<th>Dwellings/Ha. 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dublin City</td>
<td>20,632</td>
<td>29,160</td>
<td>133.2</td>
</tr>
<tr>
<td>Dun Laoghaire-Rathdown</td>
<td>9,526</td>
<td>13,388</td>
<td>53.1</td>
</tr>
<tr>
<td>Fingal</td>
<td>42,552</td>
<td>35,623</td>
<td>31.4</td>
</tr>
<tr>
<td>South Dublin</td>
<td>18,680</td>
<td>34,022</td>
<td>51.2</td>
</tr>
<tr>
<td>Dublin</td>
<td>91,390</td>
<td>112,193</td>
<td>49.4</td>
</tr>
<tr>
<td>Kildare</td>
<td>6,240</td>
<td>12,564</td>
<td>25.1</td>
</tr>
<tr>
<td>Meath</td>
<td>15,179</td>
<td>5,370</td>
<td>30.9</td>
</tr>
<tr>
<td>Wicklow</td>
<td>8,653</td>
<td>4,411</td>
<td>24.4</td>
</tr>
<tr>
<td>Mid-East</td>
<td>30,072</td>
<td>22,345</td>
<td>26.1</td>
</tr>
<tr>
<td><strong>Greater Dublin Area</strong></td>
<td><strong>122,002</strong></td>
<td><strong>134,538</strong></td>
<td><strong>43.1</strong></td>
</tr>
</tbody>
</table>

Source: Analysis of DoEHLG Housing Statistics.

The increase in serviced land zoned for housing development in Dublin is partially a result of an increase in the servicing of land through the Strategic Land Initiative (SLI) and also the adoption of increased residential densities by suburban local authorities. This recent increase is reflected in the greater levels of housing output taking place in Dublin since 2000. However, the declining supply of land in the Mid-East counties indicates a need to both zone and service additional lands, given the recent pace of housing construction in the counties. The total yield of serviced land in the GDA in 2004, at 134,538 units, indicates that an adequate supply exists to meet 2004 Regional Planning Guidelines household formation projections until 2010, but longer term projections indicate the need for a continuous increase in development land supply.

Planning Trends 1994 to 2005

The extent of the surge in property development in Ireland over the past decade, including the housing boom is reflected in the growth of planning applications during the corresponding period shown in Figure 4.9. Between 1994 and 2005, the number of planning applications increased from 42,318 to a record 86,507 in 2004 before falling slightly to 81,823 in 2005 with the increase between 1994 and 2004 representing a more than doubling of volume. Local authorities have had to augment staff and devote additional resources for their planning departments to process the surge in applications. The adoption of more stringent criteria in the granting of permission for development is evidenced by the increase in the refusal rate, from 10.8 per cent in 1994 to 18.2 per cent in 2005 (Department of the Environment, Heritage and Local Government, various years).
In the Dublin Region, there was a surge in planning applications during the corresponding period, from 6,190 in 1994 to 12,245 in 2005. The trends illustrated in Figure 4.9 also indicate a notable decline in applications between 2000 and 2002 that may have been related to the imposition of the Planning and Development Act 2000 and the associated two year “withering” rule that was effectively reversed in the 2002 (Amendment) Act. Since 2002, the volume of planning applications has recovered, but the sharply upward trend in the 1990s has levelled off in recent years with the notable exception of Dublin City. This trend indicates that the volume of housing supply is likely to moderate in the short-term future with localised increases in output evident in particular areas.
5 Key Demographic and Population Trends

Property market trends are firmly linked to location patterns and this principle applies to housing in particular. For national efficiency, enhanced productivity and spatial sustainability, the strategic objective is to locate the State’s population convenient to work, schools and social infrastructure. In the case of a housing strategy, apart from the fundamental objective of providing shelter for the changing population level, the need is to minimise daily commuting journeys of all types.

On a regional basis it is instructive to note where house-building has occurred and thus to compare those construction volumes with regional population growth. As a general observation, the more rural areas, especially those remote from Dublin, have enjoyed the highest rate of house-building when compared with their contemporaneous growth in population.

This trend is evident from the following table which compares population growth with house completions from 1996-2002. Completed data at this level is not yet available for the further period to April 2006.

Table 5.1 Summary of Population and House Completions 1996-2002

<table>
<thead>
<tr>
<th>Area</th>
<th>(A) House Completions (B) Population Change</th>
<th>Ratio (B)/(A)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meath</td>
<td>9,679</td>
<td>24,204</td>
</tr>
<tr>
<td>Kildare</td>
<td>11,805</td>
<td>29,003</td>
</tr>
<tr>
<td>Wicklow</td>
<td>7,118</td>
<td>12,036</td>
</tr>
<tr>
<td>Total Mid-East</td>
<td>28,602</td>
<td>65,336</td>
</tr>
<tr>
<td>Dublin</td>
<td>32,038</td>
<td>64,336</td>
</tr>
<tr>
<td>Total GDA</td>
<td>60,640</td>
<td>129,579</td>
</tr>
<tr>
<td>Total Rest of State</td>
<td>147,052</td>
<td>161,670</td>
</tr>
<tr>
<td><strong>Total State</strong></td>
<td><strong>207,692</strong></td>
<td><strong>291,249</strong></td>
</tr>
</tbody>
</table>

Source: CSO and DoEHLG statistics

Table 5.1 confirms for this six year period to April 2002 that a disproportionately low provision of new dwellings relative to population growth has taken place in Dublin and the adjoining Mid-East region (in combination the GDA) in contrast with that of the rest of the State.

A more detailed housing supply picture, for each individual county over the same period confirms that Dublin, Kildare, Meath and Wicklow (the GDA) have had much lower rates of a growth in housing supply compared with the rest of the State. Combined with robust demand this largely explains the widening gap in house prices. Table 5.2 below illustrates the ratio of housing supply to population change during the 1996 to 2006 period. This table reveals that the ratio of population growth to new housing supply is significantly higher for Dublin and the wider GDA that for the Rest of the country, indicating a relative shortfall in housing provision compared to population growth in and around Dublin.
Table 5.2  Summary of Population and House Completions 1996-2006

<table>
<thead>
<tr>
<th>Area</th>
<th>(A) House Completions</th>
<th>(B) Population Change</th>
<th>Ratio (B)/(A)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Mid-East</td>
<td>69,477</td>
<td>127,619</td>
<td>1.84:1</td>
</tr>
<tr>
<td>Dublin</td>
<td>121,289</td>
<td>127,895</td>
<td>1.05:1</td>
</tr>
<tr>
<td>Total GDA</td>
<td>190,766</td>
<td>255,514</td>
<td>1.34:1</td>
</tr>
<tr>
<td>Total Rest of State</td>
<td>372,179</td>
<td>353,324</td>
<td>0.95:1</td>
</tr>
<tr>
<td>Total State</td>
<td>562,945</td>
<td>608,838</td>
<td>1.08:1</td>
</tr>
</tbody>
</table>

Source: CSO and DoEHLG statistics 1996-2006

In assessing the scale of Dublin’s housing shortage, it should be recognised that the capital today has a considerably lower population than might otherwise be the case with this lower rate of growth caused by a deflection of population from the city to the surrounding region. The level of in-migration to the Dublin Region during the decade 1996 to 2006 theoretically should have been 98,991 (based on its share of total population) instead of its actual in-migration growth of only 35,112. This represents a difference of 63,879. Furthermore, the 10-year natural growth deflection aggregate from Dun Laoghaire and South Dublin, at 7,421 and 4,645 respectively, or 12,066 combined, would bring the total ‘deflected’ figure to 75,945, rounded to 76,000. The following table sets out the 10-year dynamic for the components of population growth of GDA counties.

Table 5.3  Greater Dublin Area Population Growth Components 1996-2006

<table>
<thead>
<tr>
<th>County</th>
<th>Natural Growth</th>
<th>In-migration</th>
<th>Total Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Dublin</td>
<td>32,876</td>
<td>-4,645</td>
<td>28,231</td>
</tr>
<tr>
<td>Fingal</td>
<td>27,286</td>
<td>48,844</td>
<td>76,130</td>
</tr>
<tr>
<td>Dublin City</td>
<td>21,551</td>
<td>2,334</td>
<td>23,885</td>
</tr>
<tr>
<td>Kildare</td>
<td>20,901</td>
<td>30,182</td>
<td>51,083</td>
</tr>
<tr>
<td>Meath</td>
<td>13,843</td>
<td>39,046</td>
<td>52,889</td>
</tr>
<tr>
<td>Dun Laoghaire-Rathdown</td>
<td>11,110</td>
<td>-7,421</td>
<td>3,689</td>
</tr>
<tr>
<td>Wicklow</td>
<td>9,919</td>
<td>13,728</td>
<td>23,647</td>
</tr>
</tbody>
</table>

Source: CSO censuses 1996 and 2002 and Preliminary 2006 census. Analysis by Brian P. Hughes, DIT.

Immediately apparent from Table 5.3 above is the fact that neither Dun Laoghaire-Rathdown nor South Dublin counties are able to accommodate their own natural growth, let alone any in-migration.

Since the foundation of this State in 1922, and especially since the 1969 rejection of the then spatial strategy for Ireland, the Buchanan Report, there has been a long-term reluctance by successive Governments with regard to development of cities and especially against expansion in Dublin. This view has been held in the belief that its size should be limited to natural growth in the interests of achieving ‘balanced regional development.’ Examination of housing statistics since April 1996, when combined with CSO population data, allows the following comparison to be made. These are more fully set out in a spreadsheet contained in Appendix D.
Table 5.4  Summary of Regional Housing and Population Growth 1996-2006

<table>
<thead>
<tr>
<th>Region</th>
<th>Housing %</th>
<th>Population %</th>
<th>1996 % Population Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dublin</td>
<td>121,289</td>
<td>127,895</td>
<td>21.6</td>
</tr>
<tr>
<td>Mid-East</td>
<td>69,477</td>
<td>127,619</td>
<td>12.3</td>
</tr>
<tr>
<td>GDA</td>
<td>190,766</td>
<td>255,514</td>
<td>33.9</td>
</tr>
<tr>
<td>Rest of State</td>
<td>372,179</td>
<td>353,324</td>
<td>66.1</td>
</tr>
<tr>
<td>Total</td>
<td>562,945</td>
<td>608,838</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Analysis of CSO and DoEHLG data by B. Hughes DIT.

The major supply discrepancy is that Dublin, with 29.2 per cent share of population in 1996, built only 21.6 per cent of the State’s new housing over the following decade. The knock-on effect of this implicit ‘shortfall’ was to result in Dublin achieving only 21.0 per cent of the State’s population growth for the 10-year period to April 2006. This outcome serves to confirm the existence of a very strong correlation between housing supply and population performance.

The next table compares the 1996 population share with the following decade’s rate of house building and here the conclusion is that the Mid-East’s new housing production was 28.8 per cent greater than its 1996 population share. However, such initial conclusion is counterbalanced by the fact that as a recipient of much of Dublin’s deflected population, the Mid-East’s housing production fell far short of its 10-years of population growth which was 69.9 per cent greater. This serves to explain why house prices in the Mid-East Region, although somewhat lower than Dublin’s, nevertheless are considerably higher than those prevailing in the rest of the State, exacerbated by those who continue to work in the capital but who increasingly are unable to afford Dublin house prices.

Table 5.5  Population and Housing Production – Regional Share

<table>
<thead>
<tr>
<th>Region</th>
<th>Population % Share in 1996</th>
<th>10 Year Housing % state build</th>
<th>Building Share (State = 100)</th>
<th>Actual Completions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dublin</td>
<td>29.2</td>
<td>21.6</td>
<td>73.9</td>
<td>121,289</td>
</tr>
<tr>
<td>Mid-East</td>
<td>9.6</td>
<td>12.3</td>
<td>128.9</td>
<td>69,477</td>
</tr>
<tr>
<td>GDA</td>
<td>38.8</td>
<td>33.9</td>
<td>87.4</td>
<td>190,766</td>
</tr>
<tr>
<td>Rest of State</td>
<td>61.2</td>
<td>66.1</td>
<td>108.0</td>
<td>372,179</td>
</tr>
<tr>
<td>State</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>562,945</td>
</tr>
</tbody>
</table>

Source: DoEHLG and CSO; analysis by Brian P. Hughes, DIT.
Note: As the first quarter 2006 completion figure is not yet available it was necessary to derive an estimate for that period for Dublin. This was achieved by way of reference to a pro-rata adjustment for the similar period one year earlier. Accordingly any variation arising over this 10-year analysis is not of significance.

The respective regional quotients serve to underline the extent to which Dublin has been undersupplied with new housing since April 1996. The deficiency in the capital’s house-building supply is further accentuated by a higher incidence of single people in Dublin as well as the city’s higher capacity for household headship creation.
An examination of regional population growth over this decade serves to confirm that at this level, a very strong correlation exists between housing provision and population growth. We first set out the estimated regional housing stocks for April 1996 and 2006, together with their respective percentages as illustrated in Table 5.6 below.

<table>
<thead>
<tr>
<th>Year</th>
<th>State</th>
<th>Dublin</th>
<th>% Share</th>
<th>Mid-East</th>
<th>% Share</th>
<th>GDA</th>
<th>% Share</th>
<th>Rest of State</th>
<th>% Share</th>
<th>% Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>1,082,483</td>
<td>335,649</td>
<td>31.0</td>
<td>98,999</td>
<td>9.2</td>
<td>434,648</td>
<td>40.2</td>
<td>647,835</td>
<td>59.9</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>1,645,428</td>
<td>456,938</td>
<td>27.8</td>
<td>168,476</td>
<td>10.2</td>
<td>625,414</td>
<td>38.0</td>
<td>1,020,014</td>
<td>62.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: CSO 2006 Census, Volume 13, Table 16.

Whilst noting that no allowance is made for reconciling these ‘stock’ counts with obsolescence and demolitions, the implicit 2006 stock figures are computed by adding the following 10-year construction aggregate to the 1996 base stock totals. In turn, these were derived from the CSO 2002 stock and deducting the category “1996 or later” contained in the Census 2002 Volume on Housing. In turn, it is confirmed that the 1996 to 2006 aggregate dwelling construction figures are those advised by DoEHLG, which show that the total housing output for Ireland as a whole amounted to 562,945 dwellings. The aggregate housing construction level between 1996 and 2006 for the GDA was 190,766 of which 121,289 were built in Dublin and an additional 69,477 built in the surrounding Mid-East region. The number of dwellings built during the corresponding period in Ireland outside the GDA totalled 372,179 (DoEHLG, 2006).

Planning restrictions, when combined with a shortage of serviced land for residential development, are instrumental in constraining Dublin’s share of State population growth. Over the decade to April 2006, Dublin’s share of State in-migration in particular, has been of modest proportions, as outlined in Table 5.7 below.

<table>
<thead>
<tr>
<th>Region</th>
<th>Component of Population Growth %</th>
<th>1996 % Share of State Pop.</th>
<th>2006 % Share of State Pop.</th>
<th>Regional % growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Natural Growth</td>
<td>In-migration</td>
<td>Border</td>
<td>35.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Dublin</td>
<td>72.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Mid-East</td>
<td>35.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Midlands</td>
<td>33.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Mid-West</td>
<td>48.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>South-East</td>
<td>39.9</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>South-West</td>
<td>42.7</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>West</td>
<td>26.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Total</td>
<td>44.3</td>
</tr>
</tbody>
</table>

Source: Analysis by Brian Hughes sourced from CSO 2002 and 2006 Censuses, Preliminary Reports, combining Tables 3 and 6, respectively.

Over the decade to April 2006, the State’s natural population growth has been augmented by 11.5 per cent due to the high level of net in-migration. Yet, for the Dublin region, its own population growth is predominately that of natural growth,
despite the outward movements recorded for this component for both Dun Laoghaire-Rathdown and South Dublin. The above table shows the extent to which the Capital’s population is constrained as a result of its housing under-provision.

Table 5.8 confirms the result of this under-provision, in terms of its knock-on effect, represented in both Dublin’s reduced share of the national level of housing construction and in its consequent reduced population share.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dublin</td>
<td>29.2</td>
<td>28.0</td>
<td>-1.2</td>
<td>31.0</td>
<td>-3.2</td>
</tr>
<tr>
<td>Mid-East</td>
<td>9.6</td>
<td>11.2</td>
<td>+1.6</td>
<td>9.2</td>
<td>+1.3</td>
</tr>
<tr>
<td>GDA</td>
<td>38.8</td>
<td>39.2</td>
<td>+0.6</td>
<td>40.2</td>
<td>-2.1</td>
</tr>
<tr>
<td>Rest of State</td>
<td>61.2</td>
<td>60.8</td>
<td>-0.6</td>
<td>59.9</td>
<td>+2.1</td>
</tr>
<tr>
<td>State</td>
<td>100.0</td>
<td>100.0</td>
<td>0.0</td>
<td>100.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

Source: DoEHLG and CSO; analysis by Brian P. Hughes, DIT.
Note: As the first quarter 2006 completion figure is not yet available, it was necessary to derive an estimate for that period by way of reference to a pro-rata adjustment for the similar period one year earlier. Accordingly any variation arising over this 10-year analysis is believed to be not of significance.

The reluctance of both the political and spatial planning strategy policy interests to respond to this increasingly unsustainable circumstance is compromised by local and regional considerations and political expediency. This makes for the need to view the National Spatial Strategy’s aim to achieve balanced regional development with caution. The absence of small cities with populations between 200,000 and 500,000, which could act as effective counterbalances to Dublin’s dominance, will continue to negate this aim and the consequent distortion of cause and effect will result in Dublin – itself a modest-sized European city – continuing to be viewed as being too big for Ireland.

**Population Trends in the Greater Dublin Area**

This section has revealed that population growth and the spatial location of housing development are very closely intertwined and that the rate of the latter greatly influences the former. An analysis of the preliminary data from Census 2006 provides further strong evidence that the deflection of population from Dublin to its surrounding hinterland or functional urban region has continued and indeed has accelerated given the inadequate and late housing supply response to high levels of demand.

The robust level of population growth that was apparent between 1996 and 2002 has continued to 2006, with a national rate of increase of 8.1 per cent between 2002 and 2006, representing a significant acceleration of the previous inter-censal rate of 8.0 per cent. This rate of growth is the net result of an annual growth rate of 2.0 per cent between 2002 and 2006, compared to 1.3 per cent per annum during the previous
The population of Ireland passed the 4 million threshold in late 2003/early 2004 and reached a level of 4.23 million in April 2006.

The rapid rate of population growth has been driven by natural increase, but more significantly an increase in the level of immigration to Ireland, the annual rate of which reached 46,000 during the 2002 to 2006 period. Despite such robust rates of population growth, the Dublin Region only recorded a growth rate of 5.6 per cent for this period, representing an annual increase of 1.4 per cent. This compares to an annual increase of 1 per cent for the 1996 to 2002 period and is significantly below the corresponding national rate of 2 per cent. The surrounding Mid-East Region, in contrast, continued to exhibit very strong rates of growth and its population increased by 15.1 per cent between 2002 and 2006, representing a annual rate of growth of 3.6 per cent. Overall, the population of the Greater Dublin Area reached 1,661,184 in 2006, representing a growth rate of 8.2 per cent during the most recent inter-censal period and slightly ahead of the national rate of 8.1 per cent. This pattern of population growth strongly suggests that the dispersed pattern of housing development which was evident in the results of Census 2002 has continued, with Dublin clearly being unable to accommodate population growth due to its prolonged housing supply constraints. Figure 5.1 below compares the annual rates of population growth for locations within the expanded Dublin commuter belt for the two most recent inter-censal periods.

Figure 5.1 Annual Rate of Population Growth for Locations in the Dublin Commuter Belt, 1996 to 2002 and 2002 to 2006

Source: Analysis of CSO Census data.

Figure 5.1 also illustrates the rapid rate of population growth in the counties that surround the Greater Dublin Area, known collectively as the “Outer Leinster” region for the purposes of this report. Between 2002 and 2006, the population in these counties collectively increased by an annual rate of 2.8 per cent, twice that of the comparable rate of growth in Dublin and one percentage point above the previous inter-censal period of 1996 to 2002. A more detailed examination of the rate of population growth for the individual counties within the Outer Leinster region reveals that counties Laois, Wexford and Offaly experienced the highest rates of population growth between 2002 and 2006, at 14, 12.9 and 10.9 per cent respectively.
Figure 5.2 outlines the strong rates of population growth these counties have been experiencing in recent years, in comparison to a substantially weaker rate of growth in Dublin. In addition, it is now apparent that County Cavan is becoming incorporated into the Dublin Commuter belt: the population of Cavan increased by 13.1 per cent between 2002 and 2006, almost double the rate of the previous inter-censal period.

The relatively modest rate of population growth in Dublin, however, masks significant differences in population change between its constituent local authority operational areas. Between 2002 and 2006, the population of Fingal increased by 22 per cent in comparison to growth rates of 2 and 1 per cent for Dublin City and Dun Laoghaire-Rathdown respectively. The high level of population growth experienced in Fingal is a function of its large supply of land available for residential development. Conversely, the low level of growth the Dublin City and Dun Laoghaire-Rathdown is the result of their very limited land bank for housing and thus their inability to absorb the demand for housing generated by local communities. Figure 5.3 displays the annual rate of population growth between 2002 and 2006 for the constituent counties of the Greater Dublin Area.
A very detailed examination of recent population trends at the Electoral Division (ED) level reveals that in many locations in the hinterland of Dublin, particularly counties Fingal, Kildare and Meath, population growth rates have been very high. Conversely, this growth has been at the expense of established suburbs in the Dublin Region. Between 2002 and 2006, the population of Balbriggan Rural and Navan Rural increased by 114 per cent and 29 per cent respectively. The southern fringe of Drogheda, represented by the ED of St. Mary’s, experienced population growth of 59.6 per cent between 2002 and 2006, whilst Ratoath and Julianstown grew by 54.6 per cent and 42.6 per cent respectively during this period.

In contrast, the population of Tallaght-Glenview and Blanchardstown-Roselawn declined by 16.6 per cent and 10.3 per cent between 2002 and 2006. Likewise, population in Blackrock-Williamstown and Templeogue-Orwell decreased by 10.2 and 12 per cent respectively during the corresponding period. This pattern suggests that young adults raised in these communities have not been able to purchase housing in the locality and have been forced to relocate in the hinterland counties in order to buy their homes. The consequence of these trends is an unsustainable pattern of dispersed settlements growing at a rate where local facilities such as schools and transportation infrastructure is unable to meet the sharp increase in demand. In tandem with, and as a result of population dispersal, is population decline in the existing suburbs of Dublin, many of which were developed only a generation ago, which are witnessing falling school attendance levels and increasingly under-utilised local services and amenities.
However, an examination of EDs within the contiguous built-up area of Dublin that have experienced a significant volume of apartment construction suggests that increasing residential densities in existing suburbs that are well served by public transportation will cause a resurgence in population growth. Between 2002 and 2006, population in the suburban electoral divisions of Dundrum-Kilmacud and Dundrum-Sandyford increased by 24 and 20 per cent respectively. Likewise, Chapelizod experienced a 29 per cent population increase during the same period. This increase is attributable to the location of new apartment developments in these areas during the first half of the present decade. The population trend for a selected number of electoral divisions within the GDA is outlined in Figure 5.4

Figure 5.4 Population Change in Selected Electoral Divisions within the Greater Dublin Area, 2002 to 2006

These population trends indicate that the counties surrounding Dublin are continuing to absorb population increases, with the smaller settlements growing at the fastest rates. This pattern runs contrary to the principles of sustainable development which is the key objective of both the National Spatial Strategy and the Regional planning Guidelines for the Greater Dublin Area. It is apparent that the counties in the Mid-East Region and the Outer Leinster area are absorbing the deflected demand for housing that has not been met in Dublin itself.
However, the modest levels of population growth in Dublin City and Dun Laoghaire-Rathdown mask significant levels of population growth in particular locations within these local authority operational areas where both urban renewal (in the case of the former) and suburban apartment development (in the case of the latter) have reversed the previous trend of population decline.

In summary, few could have envisaged the intensity of economic expansion since the early 1990s. Given the downturn after the ‘9-11’ tragedy, the recovery of the post-‘Celtic Tiger’ economy has been strong. In a four-year period that ends in December 2007, net annual employment growth may average over 80,000 per annum. At the same time, 350,000 additional people will increase the State’s population to approximately 4.4 million by the end of this year.

With 2.7 people to every residential unit, Ireland can be regarded as undersupplied with dwellings when compared with the Northern Ireland, British, European Union or US ratio average of 2.3. With no population growth, if housing construction continues at the current level it would take over four years to reach the 2.3 ratio, allowing for the loss of 12,000 units per annum, due to obsolescence⁵ (CSO, 2006). Current levels of projected population growth, including accelerating natural increase (births less deaths) plus ‘demand-led’ migration to meet employment demand for housing, if sustained will produce a potential demand for up to 85,000 dwellings per annum up to the end of 2014. In addition, demand-pull’ in-migration may also intensify, augmented by ‘supply-led’ factors such as family consolidation. Thus for the next eight years, spatial planning strategy may need to appropriately locate almost 0.7 million new dwellings.

Worryingly however, since the 1996 census Dublin has achieved only 21.6 per cent of the State’s housing new-build in contrast to its 29.2 per cent share of population at that census. The outcome has been a chain-effect, of excess demand leading to unaffordable housing creating population displacement; the worsening congestion fuelled by commuting patterns and described by international reports as an extreme example of sprawl.

In assessing future demand, the under-supplied Dublin housing situation also must have regard to the possible movement back of some of the estimated 76,000 ‘deflected’ persons who over the last 10 years are commuting each day from the Mid-East, Outer Leinster and now as far afield as south-east Ulster.

It is apparent from an analysis of the census 2006 preliminary data that the deflection of population from Dublin to its surrounding commuting hinterland, comprised of the adjacent Mid-East Region, and the further “Outer Leinster” counties has continued despite a notable increase in housing construction in Dublin in recent years. Notably, Dublin suburbs developed only a generation ago are experiencing population loss due to housing market pressures. The consequence of this is an unsustainable pattern of dispersed development to cater for this deflected cohort of home-buyers in both larger and smaller hinterland settlements, most of which are not served by adequate public transportation.

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⁵ In addition to dwellings that become uninhabitable, this estimate of obsolescence includes demolitions making way for the road-building or those habitable dwellings replaced by more intensive development, including blocks of apartments.
Finally, it should be noted that the 2002 National Spatial Strategy and the 2004 Regional Planning Guidelines for the Greater Dublin Area, base their objectives on regional population projections prepared by the CSO in 2001. The CSO has since produced a new set of regional population projections which indicate that the former projections were too conservative and that, given current trends, population growth between 2001 and 2021 will be significantly greater than originally thought. A set of tables illustrating these projections is contained in Appendix E.
6 Future Trends and Conclusions on the Current Housing Market

Property Market Cycles

A feature of all property markets is the incidence of cyclical patterns of growth and corrections. This occurs due to the imperfect nature of the market. Imperfect knowledge of shifting supply and demand trends related to changing economic conditions, changing planning and policy parameters and the time lag between development initiation and completion are some of the contributory factors. For owner occupier dominated markets, the combination of housing space demand with investment attributes creates a complex mixture of demand driven by housing needs, housing preferences and investment considerations.

The incidence of rapidly increasing residential property prices has been a feature of many international economies in the past decade. This has resulted in house price surges and corrections across much of the industrialised world in the past ten years (OECD, 2006). Factors associated with such surges include growth in housing demand often supported by relaxed monetary policy stances, restrictive planning and zoning regulatory systems in and around high growth centres and fiscal regimes which encourage the investment in residential property acquisition and development.

Irish residential property prices have been at the top range of such international price increases with major consequences for the affordable housing section of the market. This must be placed in the context that this growth followed a lengthy period from 1981-1987 during which the Irish economy was in recession and unemployment was rising. While residential property held its price in nominal terms, during the 1980s, the market experienced a major decrease in activity levels and price decreases in real terms allowing for inflation.

This was followed by a period of gradual economic recovery in the 1987 to 1994 period. The property market of these years experienced modest growth in an era with high interest rates related to the weakness of the Irish currency and the more cautious lending practices and business environment of domestic finance providers. It could be said that during this period the encouragement of the construction industry and supporting home purchaser demand were the principal concerns of policy makers.

With a growing economy in the 1990s and supply/demand imbalances, growth in prices accelerated in this period. As the market price of housing escalated rapidly with the economic growth of the late 1990s the problem of affordability became a serious concern. A pause in economic growth prospects in 2001 was followed by a strong recovery from 2003 onwards with resulting strong housing market growth occurring.

It should be noted that corrections within sections of the property market are already evident in certain segments of the market even during this prolonged period of general market growth. For example, the oversupply of outer urban office space caused a fall in the levels of activity and prices in the speculative office market in the period from 2001 to 2005 while, significantly, the rental market for residential property has experienced a lower growth rate than market capital values in recent years. This leads to serious consideration as to whether the major acceleration in house prices can
continue at recent levels in the coming years. The concern of the Central Bank as to the sustainability of recent price increases was expressed in its Financial Stability Report (Central Bank, 2006). Of particular importance in analysis of such trends was the role of future price growth expectations rather than actual rental returns or yields in investors’ purchase decisions.

International experience of house price inflation typically coincides with periods of strong national regional/economic growth and the easy availability of credit. Areas or regions with poor economic growth and outward migration obviously experience less house price inflation and associated problems with affordable housing provision than areas experiencing high growth and inward migration.

At the broadest level of planning and development policy a debate has emerged as to whether the planning and development system is a factor in creating affordability problems. As planning systems can control or limit the natural expansion of an urban area, the question arises as to whether this restraint is a cause of reduced housing output, rising house prices and affordability problems. Following this argument it might be argued that a policy of non-intervention and allowing the market and the forces of supply and demand decide might be an appropriate response.

The dynamics of the urban property market in Ireland where development potential can only be created by the existence of infrastructure, transportation and services all controlled directly by the public sector planning makes this approach not feasible. In turn, such development potential can only be realised with legal and planning consents given by public authorities. Government/Public sector involvement is already central to the process rather than optional. It remains an issue as to how such involvement can be more successfully directed and to the advantage of which economic interest groups. A reasonable case can be made for the position that a reduction in the confusion of conflicting policy positions and overlapping initiatives is often advisable. Poorly resourced and ad-hoc initiatives can prove at best inefficient for the operation of the housing market and at worst have unintended and wasteful impacts given the scarce resources available.

Strong economic growth in the Dublin area throughout the period 1995 to 2006 has given rise to a fundamental review of planning and economic development policies as they relate to housing. The pressures of sudden urban growth without adequate infrastructure gave rise to a major outward dispersal of development activity to the region surrounding Dublin. Scattered urban development characterized by low population densities was seen to be in direct conflict with declared policy goals of sustainable urban development based on a more compact urban form. This period of rapid urban expansion produced a tendency towards functional specialisation of land-use, particularly those located at the edge of the metropolitan area. In peripheral locations, the development of “Greenfield” sites for suburban office parks and starter housing developments at low densities was the norm. In this phase of rapid economic development, development at Greenfield locations at rapidly increasing prices and replicating earlier successful models dominated. Problems of affordability emerged as this pattern became established.

Major policy initiatives during the late 1990s grappled with emerging housing problems. A combination of sluggish housing supply in the Dublin market where demand was strongest, coupled with a regional housing affordability problem prompted a series of significant central government initiatives.
From 1998 onward, a series of major interventions in the housing market occurred. These included attempts to use fiscal measures to manage demand including the discouragement of investors from entering an already buoyant market. However, basic housing demand strengthened as a result of a continued strong economy, low mortgage interest rates, a demographic bulge in the first-time house buyer age group and immigration trends. In addition, the downward trend in household sizes evident across European countries since the 1970s is now being felt in Ireland. This demographic and cultural trend is evident as the average household size in Ireland continues to fall from a level of 3.4 persons per household in 1986 to 3.0 by 2002 and may converge with the EU average of 2.3 in the coming decade. The continuation of this reducing occupancy rate and growth in single person/two person households continues to be felt in both increased demand for housing units and the emergence of strong demand for apartments and smaller sized housing units.

Various initiatives to increase the supply of housing that could calm the Dublin housing market have, by comparison with demand-side interventions, been lacking in urgency with regard to implementation. Important proposals for transportation and utility infrastructure which would expand the supply of available development land have now been discussed over a twenty-year period. The examples of proposals for increasing capacity on the existing transportation corridors and major enlargement of the urban rail system, without specific guaranteed funding commitments and target completion dates, bring planning policies into question. While the aspiration has now been adopted of dealing with urban development issues in an integrated manner linking transportation, land use and associated services, the reality of actual development taking place has continued to be different in practice.

A buoyant market, while benefiting existing owners, presents major affordability problems for new entrants and first time buyers. Ensuring an appropriate development mix including affordable housing in the mature and new suburban areas presents major challenges for all participants in the development process and particularly for urban planners. The stated policy intention that mixed-use development is preferred is difficult to translate into a market reality. Rigidities within the decision-making process of planning systems ensure that the “interesting mixtures of uses” often ascribed to older vibrant urban areas are not being recreated in modern developments which tend towards being mono-functional. Development interests point to the rigidities in a legal and regulatory planning system such as operates in Dublin and refers to their preference for a more organic development process which would facilitate flexibility in land uses. Investor preference remains predominantly linked to a single-use investment product. In general the nature and pattern of development is primarily development-led and planning is facilitative rather than driven by vision other than where significant public land or resources are involved.

Residential Demand and Housing Affordability

Research on demand for residential housing combines analysis of underlying demographic economic and social forces. Size of population, age cohorts and migration patterns indicate likely demand within a given market for residential property. Levels of wealth, income and access to finance influence housing affordability, which in turn determines the effective housing demand. The issue of translation from latent to effective demand is critically determined by the affordability
of housing supply related to supply levels and prices. The responsiveness of supply curves to demand patterns has resulted in major increases in the production levels of new housing nationally. However, within the Dublin Region the prolonged slower supply increase in response to rising demand has resulted in sharply rising prices. Whether this is caused by inadequate utilisation and supply of development land, under-resourced planning systems or construction industry constraints, a fixed supply or modest supply increase and rising demand can be seen as the critical problem in achieving a stable and affordable housing market.

The relative strength of the economy and the young demographic profile of the population coupled with inward migration have provided a strong demand combined with employment/income growth and low interest rates which have enabled such demand to be converted into purchase decisions. Such low interest rates in turn impact upon the saving function within the economy as consumption of investment goods such as housing increases as disposable income increases. Traditional economic theory emphasises the importance of transportation, access, bid-rents and central places as influences on the location of residential purchase decisions. The other major influence on such decisions is regarded as the trade-off decision between price of housing and distance to principal place of employment.

*Market Fragmentation: Regional and Market Sub-Sectors*

A major issue, somewhat under-recognised in the debate on housing market prospects is the regional and market sub sectors dimension. During the upward movement in property markets the tendency is to view the national property market as moving in a unified manner. This can mask significant regional and intra-urban differences which are most apparent in weaker market conditions. Areas undergoing the strongest levels of economic and employment growth such as Dublin and Galway have experienced the most significant growth in house prices and this upward movement obviously also creates pressure on the availability of affordable housing. Policy responses in contrast have tended, until now, to be country-wide. While individual local authority areas have their own housing strategies, taxation policy, supports and interventions are national in scope. Such interventions risk the wasteful allocation of resources to areas not in need and inactivity in areas most in need.

Significant regional variations in house price levels have developed based upon the disparity in regional supply/demand situations with the constraint on supply levels operating to lessen market ability to match demand in the Dublin area. This is less evident in other regions. Regional variations in the price levels of new housing reflect the particular constraints on the supply of available development land.

Regional imbalances in housing provision have had a major influence on the Irish housing market. From reports on the Dublin Region in the period from 1994 to date, it is evident during this period of rapid economic, employment and population expansion that housing production levels in Dublin remained relatively static at 10,000 units per annum until the first half of the 2000s. The major increase in employment and the consequent demand for housing have resulted in major price increases and the deflection of urban Dublin housing demand and pricing structures to “Outer Leinster” (Williams and Shiels, 2002).
The role of economic sentiment and market expectation in price formation in the housing market is relatively strong. This can be seen in prices in market areas unaffected by such demand surges throughout Ireland also experiencing increasing prices albeit at lower levels. The inelastic supply of housing development in Dublin at a period when employment and business space development was massively expanded, created competitive market conditions pushing to use all available capital resources to secure scarce housing. In addition, the increasing portion of new housing output used as second homes or vacant has been noted as a market feature of increasing importance.

In the context of a strongly growing market, marginal changes to stamp duty, tax rates and grants initiated to assist first-time purchasers simply added to the escalating bid prices for a housing product of which there was a critical shortage.

**Summary**

In the immediate short-term, the housing market will be influenced by the potential for interest rate rises, inflows of SSIA funds and the planned termination of fiscal incentives associated with area-based renewal and property development. Over the longer-term, the market will be driven by the continuing strong demand for housing particularly in the Dublin region.

This need for further housing production is clearly established in the National Development Plan which predicted that 500,000 units were needed over the 10-year period from 2000 and in documents such as the Regional Planning Guidelines which indicate a need of 15,000 to 20,000 units per annum in the Greater Dublin Area. These estimates may be conservative in relation to evidence of market demand.

The spatial location of this new housing is the critical issue for both urban development policy and the housing market. A movement away from sprawl patterns of development are required for the long-term sustainability and economic competitiveness of the urban region.

Future prospects are that different regions and sectors of the market will have varied reactions to any change in current levels of economic growth. The overall housing market in the Dublin area remains under-supplied in terms of its demographics, income, employment and household formation levels. Demand therefore for affordable housing and starter homes will remain strong, particularly in locations with good transport infrastructure and facilities.

The central importance of location, transportation and access will again dominate in an emerging market with greater options or choices for purchasers in the region than had been previously available. Location issues will play a major part in varying intra-urban price differentials and price movements.

Regional price structures are likely to consolidate with prices sustained at higher levels where there is an absence of supply and levelling off where no significant constraints exist. Particular problems may be experienced where volume developments have commenced in areas with weak locational attributes or services and urban economies and housing markets which are particularly dependent on a limited economic base or where a single employer dominates.
The view of this working group is that overall levels of future demand especially in Dublin will remain high over the coming years while future price growth will moderate relative to recent trends particularly for peripheral locations.
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Appendices

Appendix A
Descriptions used in discussion on urban form and sprawl

A methodology for defining regions is useful and allows for analysis on infrastructure provision, governance and other factors which would impact on the development of the study region. The study includes examination of the economic core of the metropolitan region and the commuting belt which impacts on the wider surrounding environment. Related research on the issue of Metropolitan growth and competitiveness examined the spatial context for urban growth impacts and the approaches adopted in these studies have been used by the Urban Environment project at UCD. These definitions were based upon official USA Metropolitan area statistical approaches and European definitions and norms. For further discussion see EU GEMACA II Project Interreg IIc. Mapping is by permission of the Ordnance Survey Office. Alternatives explored included:

1. **Morphological Agglomeration Region**

   Definition:
   Minimum of 7 persons per hectare for each ED/Ward (smallest area for which census data is available)

2. **Functional Urban Region**

   This region will contain data from the CSO Small Area Population Statistics (SAPS) for EDs\(^6\) at distances greater than 15 miles from Dublin City Centre (it will be assumed that all EDs within this demarcation line satisfy the minimum FUR criteria).

   For EDs beyond a 15 mile distance from Dublin City Centre, data that was mapped included:

   - Distance travelled to work (in miles) over 15 miles – in excess of 10% of the employed population;
   - Cross-tabulated with: Mode of travel to work – excluding Foot or Bicycle, and
   - Cross-tabulated with proportion of workers (in At Work by Industry category) employed in Public Administration and Professional Services sectors – in excess of 10% of employed population.

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\(^6\) ED stands for Electoral Division, which is the smallest geographic unit from which population and demographic data is available.
3. Economic Core Area

Minimum of seven persons per hectare employed within each ED/Ward

Minimum of 20,000 overall employees for agglomeration of these particular ED/Wards (i.e. Dublin City Centre and surrounding areas).

Working Presumption

For this project it is suggested that the Functional Urban region area is of priority and the Greater Dublin Area will include the administrative areas in which it is located. This will include Dublin City and the adjoining local authority areas.

This approach represents a progression on what to date has been standard statistical approaches to the examination of emerging urban trends using official census data.
Appendix B
Social and Affordable Housing in the Greater Dublin Area

Social housing has played a critical role since the early 20th Century in providing accommodation for low-income households that are unable to provide housing for themselves through the housing market. During the 1980s and early 1990s, new social housing completions fell substantially and the stock of social rented housing was continuously eroded through the sales of dwellings to sitting tenants. A key consequence in the reduced level of social housing provision was the decline in its share of the total housing stock, from 9.7 per cent in 1991 to 6.9 per cent in 2002 (Norris and Shiels, 2004). A major policy shift toward social housing took place during the 1990s, including a broadening in the focus of the social housing policy agenda and the use of the voluntary and co-operative housing sector to accommodate additional low-income households (Norris and Winston, 2004).

In addition, a number of initiatives were introduced to assist access to home ownership for low and moderate-income households, including the shared ownership and affordable housing schemes. Under Part V of the Planning and Development Act 2000, all local authorities were obliged to produce housing strategies and incorporate these into their development plans. A key aspect of Part V is the ability of local authorities to reserve up to 20 per cent of all residentially zoned land for social and affordable housing purposes.

Despite the introduction of new policy initiatives and an increase in funding for social housing construction, social housing output levels have remained modest during the decade to 2005, averaging at 4,300 units per annum. Although the number of dwellings built under the social housing programme increased by 70 per cent between 1994 and 2005, social housing output as a proportion of total completions remained low between 1994 and 2005, rarely exceeding 10 per cent and dropping to a nadir of 4.4 per cent at the turn of the Century. The prolonged under-supply of social housing has contributed to a sharp rise in the number of households assessed to be in need of social housing, from 17,564 in 1991, peaking at 48,813 in 2002 before dropping slightly to 43,684 in 2005 (Department of the Environment, Heritage and Local Government, various). In the Greater Dublin Area, the proportion of total housing output in the form of social housing has remained consistently low and accounted for only 7.2 per cent of completions in 2005. A major contributory factor to the low level of social housing output is the lack of a sufficient land reserve by the Dublin local authorities for direct provision of social rented units.

The affordable housing programme, initiated in 1999 to facilitate home ownership for moderate income households deemed to have been priced out of the housing market by inflationary pressures, has provided a modest supply of housing in Dublin. Completions under the 1999 scheme in the GDA peaked at 812 in 2003, accounting for over half the total built in Ireland in that year. The subsequent sharp drop in the number of affordable units to 566 in 2005, can be partially explained by the availability of units through Part V mechanisms, under which the output of affordable housing amounted to 577 completions in 2005, illustrated below in Table B2.
Table B1  Housing Completions Under the various Affordable Housing Programmes 2000 to 2005

| 1999 Affordable Housing Scheme |  
|-------------------------------|-------------------------------------------------|
| Dublin                        | 0      31    289   712   233   548   73    276   526  |
| Mid-East                      | 0      0      119   100   100   18    11    23    51   |
| GDA                           | 0      31    408   812   333   566   84    299   577  |
| National                      | 86     272   882   1,524  860   857   88    374   962  |

Source: Analysis of DoEHLG Housing Statistics.

As illustrated in Table B1, the output of affordable housing to date under Part V has been modest and has not yet made up for the decline in affordable housing provision under the 1999 scheme since 2003. However, the fact that 60 per cent of affordable housing built in Ireland under Part V in 2005 was provided in the GDA indicates that the affordable housing programme is providing affordable housing in the areas in greatest need of such accommodation, and therefore becoming more targeted in geographical terms.
Appendix C
Housing Strategies of the Local Authorities in the Greater Dublin Area

Under Part V of the Planning and Development Act 2000 to 2004, all local authorities in Ireland were required to prepare a housing strategy which was to be integrated into their respective development plans. The principal objectives of housing strategies included the following:

- Estimate the current and future need for housing in the local authority area, and to provide a sufficient quantity of serviced land zoned for residential use in order to meet housing demand;

- Reserve a proportion of land zoned for residential purposes, up to 20%, for social and affordable housing;

- Provide a mixture of house types and sizes to cater for the needs to different demographic groups and special needs in the local authority area, and

- Reduce socio-economic segregation in housing.

In the Greater Dublin Area, the seven local authorities adopted and formally incorporated their respective housing strategies into their development plans in 2001. Each of the housing strategies aimed to address the current housing supply difficulties through increasing the supply of residential development land, by providing service infrastructure to the land. The most contentious and controversial aspect of the strategies was the obligation of housing developers in ownership of land zoned for residential development to provide the local authority with up to 20 per cent of the of land, serviced sites or completed dwellings for social and affordable housing. Part V of the 2000 Act was amended in 2002 to permit development companies to exchange land in their ownership with the local authority or provide a financial contribution in lieu of the 20 per cent set aside obligation. The original housing strategies have since been replaced by the current strategies for all of the local authorities in the Greater Dublin Area with the exception of Meath.

The four local authorities in Dublin have attempted to correct a marked housing demand/supply imbalance. In particular, Dublin City Council and Dun Laoghaire-Rathdown face continued acute development land shortages which have been reflected in relatively weak level of housing production, particularly in the latter local authority in recent years. Accordingly, the objectives of their respective housing strategies reflect limited land capacity and include a significant increase in residential densities in order to maximise the use of land resources, reserving the full 20% of all residential development sites for social and affordable housing.\(^7\)

Local authorities in the Mid-East Region have been faced with a less urgent housing situation than Dublin. Kildare, Meath and Wicklow have experienced strong levels of new house construction over the past decade, most of which has accommodated the deflected housing demand from Dublin and much of their zoned residential land has been developed. The objectives of the housing strategies of these three counties

\(^7\) 20% Part V reservation will not apply to proposed housing developments in Dublin City of 4 units or less.
include the zoning and servicing of additional land for housing, with less emphasis on increasing residential densities. Tables C1 and C2 below illustrate the major objectives of the current housing strategies of the local authorities in the Greater Dublin which are broadly in line with the original strategies as outlined by Williams et al. (2002).

Table C1  Housing Strategies of the Four Dublin Local Authorities

<table>
<thead>
<tr>
<th>Local Authority Operational Area</th>
<th>Dublin City</th>
<th>Dun Laoghaire-Rathdown</th>
<th>Fingal</th>
<th>South Dublin</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Social/Affordable housing mix under Part V provisions</strong></td>
<td>10% social 10% affordable Higher proportion of affordable housing in areas with high proportion of social housing.</td>
<td>10% social 10% affordable Provision for reduced percentage of social in areas with high proportion of social housing.</td>
<td>Between 7.5% to 15% of housing in all new developments to be social/affordable. Social/Affordable mix will take into account existing concentration of social housing in particular areas.</td>
<td>15% of all new development required for social and affordable housing. Social/Affordable mix will take into account existing concentration of social housing in particular areas.</td>
</tr>
</tbody>
</table>

Source: Local Authority Housing Strategies.

Table C2  Housing Strategies of the Three Mid-East Local Authorities

<table>
<thead>
<tr>
<th>Local Authority Operational Area</th>
<th>Kildare</th>
<th>Meath</th>
<th>Wicklow</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Social/Affordable housing mix under Part V provisions</strong></td>
<td>8% social 12% affordable</td>
<td>5% social and 15% affordable.</td>
<td>Mix of social and affordable housing determined on a case by case basis.</td>
</tr>
</tbody>
</table>

Source: Local Authority Housing Strategies, DoEHLG Housing Statistics Bulletin.
Appendix D

MARGINAL HOUSING AND POPULATION GROWTH:  APRIL 1996 - 2006
Sheet: 1
(corrected on 29.11.2006)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>HOUSING % GROWTH</th>
<th>POPULATION % GROWTH</th>
<th>HOUSING % GROWTH</th>
<th>POPULATION % GROWTH</th>
<th>HOUSING % GROWTH</th>
<th>POPULATION % GROWTH</th>
<th>HOUSING % GROWTH</th>
<th>POPULATION % GROWTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996-’97</td>
<td>9,830  28.42%</td>
<td>13,983  36.59%</td>
<td>3,759  10.87%</td>
<td>13,767  36.03%</td>
<td>21,001  60.71%</td>
<td>10,463  27.38%</td>
<td>34,590  100.00%</td>
<td>38,213  100.00%</td>
</tr>
<tr>
<td>1997-’98</td>
<td>9,150  23.26%</td>
<td>9,143  23.56%</td>
<td>4,796  12.19%</td>
<td>8,477  21.85%</td>
<td>25,387  64.54%</td>
<td>21,180  54.59%</td>
<td>39,333  100.00%</td>
<td>38,800  100.00%</td>
</tr>
<tr>
<td>1998-’00</td>
<td>9,540  21.50%</td>
<td>4,697  12.20%</td>
<td>5,269  11.87%</td>
<td>9,638  25.03%</td>
<td>29,562  66.62%</td>
<td>24,165  62.77%</td>
<td>44,371  100.00%</td>
<td>38,500  100.00%</td>
</tr>
<tr>
<td>1999-’00</td>
<td>9,716  20.84%</td>
<td>11,202  23.39%</td>
<td>5,248  11.26%</td>
<td>9,656  20.16%</td>
<td>31,661  67.91%</td>
<td>27,042  56.46%</td>
<td>46,625  100.00%</td>
<td>47,900  100.00%</td>
</tr>
<tr>
<td>2000-’01</td>
<td>9,042  18.02%</td>
<td>10,875  23.39%</td>
<td>6,393  12.74%</td>
<td>12,205  21.15%</td>
<td>34,740  69.24%</td>
<td>34,620  60.00%</td>
<td>50,175  100.00%</td>
<td>57,700  100.00%</td>
</tr>
<tr>
<td>2001-’02</td>
<td>10,262  19.18%</td>
<td>14,657  20.94%</td>
<td>6,999  13.08%</td>
<td>11,475  16.39%</td>
<td>36,249  67.74%</td>
<td>43,871  62.67%</td>
<td>53,510  100.00%</td>
<td>70,003  100.00%</td>
</tr>
<tr>
<td>2002-’03</td>
<td>12,762  21.48%</td>
<td>11,079  17.96%</td>
<td>8,586  14.45%</td>
<td>12,475  20.22%</td>
<td>38,095  64.08%</td>
<td>38,143  61.82%</td>
<td>59,426  100.00%</td>
<td>61,697  100.00%</td>
</tr>
<tr>
<td>2003-’04</td>
<td>13,394  18.65%</td>
<td>10,500  17.96%</td>
<td>10,342  14.45%</td>
<td>12,200  18.80%</td>
<td>48,095  66.96%</td>
<td>42,200  65.02%</td>
<td>71,831  100.00%</td>
<td>64,900  100.00%</td>
</tr>
<tr>
<td>2004-’05</td>
<td>16,283  21.14%</td>
<td>15,700  18.07%</td>
<td>9,856  12.79%</td>
<td>15,100  17.38%</td>
<td>50,903  66.07%</td>
<td>56,100  64.56%</td>
<td>77,042  100.00%</td>
<td>86,900  100.00%</td>
</tr>
<tr>
<td>2005-’06</td>
<td>21,310  24.77%</td>
<td>26,059  25.00%</td>
<td>8,229  9.56%</td>
<td>22,626  21.71%</td>
<td>56,503  65.67%</td>
<td>55,540  53.29%</td>
<td>86,042  100.00%</td>
<td>104,225  100.00%</td>
</tr>
<tr>
<td>TOTALS</td>
<td>121,289  21.55%</td>
<td>127,895  21.01%</td>
<td>69,477  12.34%</td>
<td>127,619  20.96%</td>
<td>372,179  66.11%</td>
<td>353,324  58.03%</td>
<td>562,945  100.00%</td>
<td>608,838  100.00%</td>
</tr>
</tbody>
</table>


Analysis by Brian Hughes, DIT, November 2006.
Appendix E
Comparison of Regional Population Projections 2001 and 2005

Table E1    Summary of CSO Regional Population Projections of 2001

<table>
<thead>
<tr>
<th>Region</th>
<th>2001 Population (thousands)</th>
<th>2021 Population (thousands)</th>
<th>% Growth 2001-2021</th>
<th>% Per Annum Compound</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDA</td>
<td>1,543</td>
<td>2,005</td>
<td>29.9</td>
<td>1.3</td>
</tr>
<tr>
<td>Rest of State</td>
<td>2,291</td>
<td>2,431</td>
<td>6.1</td>
<td>0.3</td>
</tr>
<tr>
<td>State</td>
<td>3,834</td>
<td>4,436</td>
<td>15.7</td>
<td>0.7</td>
</tr>
</tbody>
</table>

Result: GDA’s % p.a. (compound) Basis Points advantage = 102.
Source: Author’s analysis based on CSO Regional Population Projections of 25/05/2005.

An updated projection ‘range’ showing more realistic compound annual growth-rate forecasts, is provided in CSO’s 2005 Regional projections, set out in Table E2 hereunder:

Table E2    Summary of CSO’s Regional Population Projections of 2005

<table>
<thead>
<tr>
<th>Region</th>
<th>2001 Population (thousands)</th>
<th>2021 Population (thousands)</th>
<th>% Growth 2001-2021</th>
<th>% Per Annum Compound</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDA</td>
<td>1,509</td>
<td>2,063</td>
<td>36.7</td>
<td>1.6</td>
</tr>
<tr>
<td>Rest of State</td>
<td>2,338</td>
<td>3,007</td>
<td>28.6</td>
<td>1.3</td>
</tr>
<tr>
<td>State</td>
<td>3,847</td>
<td>5,070</td>
<td>31.8</td>
<td>1.4</td>
</tr>
</tbody>
</table>

Result: GDA’s % p.a. (compound) Basis Points advantage = 31.
Source: Author’s analysis based on CSO Regional Population Projections of May 2005.
Note: The explanation for the variation in the 2001 base figures, from the data-sets which appears in these tables is due to the postponement of the census until 2002 and of its outcome, as compared with CSO’s earlier-published Population and Migration Estimates as at April 2001. Reference needs to be made to the sustained growth in State population performance and the latest -29th November 2006 QNHS data. This supports a proposition that calendar-year 2006 growth could be at the 115,000 level. Should this be confirmed it will have more ‘bullish’ implications for housing demand than previously envisaged.