**CCT College Dublin**

**Assessment Cover Page**

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| **Module Title:** | Strategic Thinking |
| **Assessment Title:** | Group/Practical |
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| **Assessment Due Date:** | 29 October 2023 |
| **Date of Submission:** |  |

**Declaration**

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| By submitting this assessment, I confirm that I have read the CCT policy on Academic Misconduct and understand the implications of submitting work that is not my own or does not appropriately reference material taken from a third party or other source. I declare it to be my own work and that all material from third parties has been appropriately referenced. I further confirm that this work has not previously been submitted for assessment by myself or someone else in CCT College Dublin or any other higher education institution. |

**Analysis of the Irish Housing Market: Trends, Challenges and Recommendations**

**Table of contents:**

* + 1. Introduction
    2. Background and context of the Irish Housing Market
    3. Major challenges faced by the Irish Housing Market and possible solutions
    4. Scope
    5. Data Sources
    6. Conclusion and Ethical Consideration
    7. References and sources

**Introduction**

The aim of this project is to look into the housing market of Ireland. What is the current situation in terms of availability, affordability, what are the possible solutions to solve the current crisis.

**Background and context of the Irish Housing Market**

Historically housing situation in Ireland has never been ideal. Poor economic conditions were faced by the nation at various points, which had a significant impact on the social position of the Irish people. The primary problems were emigration, high unemployment rates, overcrowding and an overall lack of housing.

However, despite the problems it faces today, the housing situation never really improved even as the economy started to change in the 1990 when the Celtic Tiger era had begun. In 2023 housing prices surpassed the boom-era peak, and the scarcity of homes is a major driver in further rising prices.

**The key issues of the current housing crisis:**

1. Vulture funds
2. Lack of new builds
3. Appearance of online home-sharing platforms like Airbnb, Vrbo, etc.
4. Immigration to Ireland and impact of Brexit
5. Impact of the global pandemic in post COVID-19
6. Impact of the global recession
7. Impact of the war in Ukraine and influx of refugees

**Let’s briefly discuss each of these points**

A severe housing shortage in Ireland has led to challenges in meeting expected targets for new home construction. Presently, the country needs 50,000 new homes annually till 2033, while the government’s current goal is 30,000 dwellings, with an additional 10,000 designated for social housing. Several key factors contribute to the inability to meet these targets, including shortage of construction workers, rising living costs, and high wages for construction labour and materials. The disruption of supply chains due to the Ukrainian war and the impact of the COVID-19 pandemic have further exacerbated these issues. The shortage of construction materials has worsened by the war and pandemic, as key exporting countries like Ukraine, Russia and Belarus face supply disruptions.  Furthermore, the pandemic has injected significant cash into the markets, leading to high inflation and further increasing prices for various goods and services, including housing.

Vulture funds became more significant players in the housing market, purchasing the entire housing estates for rental purposes, significantly reducing the supply for potential buyers. Another factor, immigration, both legal and illegal, adds to the housing demand, with refugees from war zones and individuals seeking safety and better economic opportunities. Brexit has additionally resulted numbers of people moving to Ireland from UK, which boosted the demand for homes.

Lastly, a presence of online home-sharing platforms, like Airbnb, Verb, Booking, has been further reducing the housing stock as landlords prefer short-term rentals for higher profits. These combined factors have created a very complex housing crisis in Ireland.

**Scope of the Study**

This study will focus on the major challenges facing the Irish housing market and explore potential solutions to address these issues. The housing market in Ireland is impacted by a combination of both, external and local factors. External influences encompass immigration, global economic conditions, wars, inflation, European Central Bank (ECB) interest rates, and EU regulations. While the Irish government's decision-making power is limited in some areas due to its EU membership, it has the authority to make certain decisions and policy changes at the national level. The primary areas of concern within the Irish housing market are the lack of new build, the presence of vulture funds, government housing polices and mortgage accessibility.

By examining these issues, the study aims to provide insights into the challenges faced by the Irish housing market and present potential solutions that could be implemented by the Irish government or through collaboration with external entities. It will consider policy changes, regulatory adjustments, and other measures that may help mitigate the housing crisis and make the market more accessible and affordable for both homebuyers and renters in Ireland.

In reality, housing market is being influenced by both, external and internal factors.

External factors include immigration, wars, worldwide turbulences, global economic situation, inflation, ECB rates and others. Ireland, as an EU member state cannot make their decisions independently. In terms of immigration, it largely depends on the laws passed by the EU parliament, and in terms of inflation, it is primarily influenced by the ECB regulations.

Internally, however, there are numerous issues that Irish government can address directly.

* Apartments vs Houses

Ireland historically is a land of houses. 3-bedroomed, 4-bedroomed homes were the lifestyle of Irish residents for many years. However, building an apartment complex is cost efficient and faster or it should be. But not in Ireland just yet, because of many restrictions the builders face. Requirements for car parking, development levies, hight restrictions are just few worth mentioning. As outlined in Real Cost of New Apartment Delivery Report, it is more profitable for builders to build houses rather than apartment blocks.

* Vulture funds

“When vulture funds first arrived into Ireland, they were eagerly accepted, at least by the government. Vulture funds were buying toxic mortgages, effectively saving mortgage market from a complete crash. As the result, vulture funds now own 16% of mortgages in Ireland. As of the end of 2022, some 115,000 mortgages were held by such funds in Ireland. That compares to fewer than 17,000 loans with such institutions at the end of 2009, when the sector accounted for just over 2% of the market. “(Brennan, 2023)

**Data sources**

We plan to research relevant data from various sources, including government agencies, and industry organisations.

**Some key sources, where we aim to access the data:**

* Housing Agency
* Residential Tenancies Board (RTB)
* Property Price Registers
* Department of Housing, Local Government and Heritage
* Central Statistics Office (CSO)
* Statistical and Research reports by the industry leaders

Conclusion and Ethical sources

TBD ???

References and used sources – to format as per Harward ref.

<https://www.breakingnews.ie/ireland/up-to-50000-homes-a-year-needed-to-meet-demand-minister-admits-1464950.html> Brennan, C. (2023, 05 16). Retrieved from [https://www.irishexaminer.com](https://www.irishexaminer.com/): <https://www.irishexaminer.com/news/arid-41140702.html>

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<https://scsi.ie/real-cost-of-new-apartment-delivery/>