**CCT College Dublin**

**Assessment Cover Page**

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**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**

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**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 never was perfect. Country at different periods experienced poor economical state. which in turn had huge impact on social situation of the Irish people, with emigration, high levels of unemployment, overcrowding and lack of housing being the main issues. In the 90’s the economic situation started to change, The Celtic Tiger era had begun, but housing situation never really improved, although nowadays, it faces different challenges. It’s difficult not to just afford to buy a house but even to avail one. The main problems of current housing crisis are:

* Lack of new builds
* Impact of the war in Ukraine
* Impact of the global pandemic
* Impact of the global recession
* Appearance of the vulture funds in the Irish market
* Immigration to Ireland
* Impact of Brexit.
* Appearance of online home-sharing platforms like AirBnB

**Let’s talk about each of these points**:

There is a severe shortage of houses in Ireland. Simon Coveney, minister for business admits Ireland needs 50000 new homes every year until 2033, but current government’s target is only 33000. Additionally, government aims to build about 10000 social houses. There are reasons government can’t meet its targets. It’s a lack of construction workers first of all, despite many of them being immigrants from other countries, but they need to live somewhere too.

High wages of construction workers and high costs of materials drive the price of building a new house up. From the government’s point of view, this is especially critical for social housing. Government cannot longer provide affordable and fast social housing. Additionally, Ukrainian war and recent global Covid 19 pandemic have a huge impact of the rising cost of building materials.

Ukraine, Belarus and Russia were all large exporters of construction products. These supply chains are currently disrupted with Ukraine focusing on defending their country, and many production factories were destroyed. As for Russia and Belarus, their exports are sanctioned by the EU and US, and although these countries found alternative routes, such solutions increase prices of raw materials even further. Adding to the problem is the impact of global pandemic. With many people being confined to their homes, some homeowners decided to upgrade their homes and vast amount of building materials stock levels were used leading to further shortages even prior the war in Ukraine.

Global pandemic released into the market large amounts of cash, because many employees and businesses needed to be compensated for the loss of their jobs and businesses. This new cash caused rising inflation across Europe and prices of goods and services, not only houses, increased. But it has not always been the case. In year 2008 Ireland entered major recession and Ireland as country needed to be bailed out along with their main banks. And at that time, arrival of the vulture funds was welcomed by the Irish government. Vulture funds bought and are still buying the entire housing estates and by putting them into renting market, therefore reducing already short supply for potential buyers. As large amount of rented accommodation is controlled by the vulture funds, it increases the price of the rented property too.

Another contributing factor is immigration. Turbulent times around the world drive people from all corners to look for safe shelter. moved to Ireland and further reducing the stock of houses. This problem requires the intervention of EU’s regulators and steps needs to be taken at EU level.

Even more houses were taken out of the market with the arrival of Airbnb to Ireland around 2010. Despite Airbnb bring a lot of tourists to the country, the impact to the housing market is also huge. Data from Inside Airbnb shows there are 18,086 full homes or apartments and 9,036 private rooms listed for rent on Airbnb Ireland, with a total of 27,439 separate listings. (McNally, 2023). These landlords could potentially be renting to people living in Ireland long term, but instead choose short-term rentals to tourists, as profit margins are higher this way.

**Scope of the Study**

This study will focus on the main problems that Irish housing market has been experiencing in past few decades. It'll investigate possible solutions and if there's a possibility of a fix. The study aims to provide insights into diverse challenges and present potential solutions that could be implemented by the Irish government. 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 and 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

[Vulture funds](https://www.irishexaminer.com/maintopics/vulture-funds_topic-5206468.html) and non-bank credit organisations now account for over 16% of the total Irish mortgage market, according to the Central Bank. 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.

The scale of the change throws into sharp relief the extent to which the mortgage market has skewed towards the vulture funds since the 2008 economic crash, particularly for mortgages that are in arrears.

All told, €19.4bn worth of Irish mortgages were held by non-banks and vulture funds at the end of last year, the Central Bank said. (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**

This report provides an overview of our investigation into Irish housing market. It highlights the complexities and diverse factors that contribute towards the housing problems and emphasize on the importance of data to understand these issues and how to address them.

References:

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