The Atlas of the Island of Ireland

Mapping Social and Economic Patterns

Edited by Justin Gleeson

James A Walsh, Chris Van Egeraat, Gavin Daly, Rob Kitchin, Mark Boyle, Andrew McClelland, Ronan Foley, Trutz Haase and Jonathan Pratschke.

Chapter 7

Housing

Prof. Rob Kitchin

7.1 Introduction

The two decades between 1991 and 2011 were a period of enormous change in both Northern Ireland and Ireland. In Northern Ireland, the peace process bought a cessation to The Troubles and ushered in a new period of relative social stability and modest economic growth. In Ireland, the economy diversified and grew rapidly, accompanied by an expansion in population, and a secularisation of society. The most visible manifestation of this growth in economy and population on the Irish landscape was a boom in construction, with large investments into new infrastructure (e.g., transport, utilities), commercial premises (especially offices and retail units), and the building of new houses and apartments.

Even before the economic boom in the South, the geography of housing in Ireland and Northern Ireland differed quite markedly as a function of different political economies, planning systems, and social structure. In 1991 in Northern Ireland, there was a much greater proportion of social housing stock (29.3%) that was administered by a single housing agency, the Northern Ireland Housing Executive, the largest in Europe. Social housing was highly segregated by religion of occupants, as was all housing more generally. The planning system sought to concentrate new housing around existing settlements and to limit the number of new one-off housing. In contrast, in Ireland, the proportion of social housing had been declining from a high of 18.4% in 1961 to 9.7% in 1991, with each local authority responsible for managing and building social housing stock. Moreover, there was a strong cultural emphasis on owner-occupation as the ideal form of tenancy, and a relatively weak, laissez-faire planning system facilitated the construction of rural one-off housing. However, the housing markets in Northern Ireland and Ireland shared the characteristic of being relatively low in cost to buy relative to other European countries.

Between 1991 and the financial crash of 2007, the housing sectors in Ireland and Northern Ireland followed similar trajectories, though the scale of the transformation differed. Both jurisdictions facilitated social housing tenants to buy their own homes. Both jurisdictions experienced very rapid growth in housing prices, with prices in Ireland increasing several-fold in a decade and a half. The average price for a new house in Ireland rose from €66,914 in 1991 to €322,634 in 2007 (a 382% increase), and second-hand homes from €64,122 to €377,850 (a 489% increase), with prices rising even more steeply in Dublin (a 429% increase for new houses and a 551% increase for second-hand ones). Consequently, affordability of housing dropped enormously, as illustrated by the fact that in Q3 1995 the average second-hand house price was 4.1 times the average industrial wage, but by Q2 2007 prices had risen to 11.9 times. There was a growth in private sector renting in both jurisdictions (e.g., in Northern Ireland the number of households privately renting increased from under 30,000 in 1991 to 125,400 in 2011). And whilst the volume of housing stock increased markedly in Northern Ireland, it positively exploded in Ireland, rising by 834,596 units between 1991 and 2011 driven by a rapidly increasing population, household fragmentation, and replacing obsolescent stock. In Ireland, housing completions grew from 21,391 in 1993 to 93,419 in 2006 (Figure 7.1), with Ireland having the highest rate of completions per head of population in Europe in 2007 (over twice the rate of every other country, with the exception of Spain) (Figure 7.2).

Whilst at the time, the property sector, media and politicians celebrated these transformations, arguing that a property bubble had not formed in either jurisdiction and prices and the constitution of stock was adjusting to reflect international norms, this quickly changed when the 2007 global financial crash triggered a radical change in the property sector's fortunes. While both jurisdictions were affected by the general shocks in the global financial system, the collapse in the Irish and Northern Irish banking sector were exacerbated by their exposure to the home-grown property bubble, inter-bank lending to finance development, and speculation in the Northern market by Southern investors. The result was that in both Northern Ireland and Ireland property prices plunged by circa fifty percent over the next five years (for example, prices fell in the North from an average of £250,000 in Q3 2007 to £129,000 in Q2 2013).

In turn, this exposed and created a series of other issues, including oversupply, extensive mortgage arrears (in Ireland in Q4 2012, 18.2% of all private residential mortgages were in arrears, 11.5% of which were in arrears of more than 90 days; 18.9% of buy-to-let mortgages were in arrears of more than 90 days), widespread negative equity (c. 50% of all residences with a mortgage in 2011), stalled regeneration of social stock, a large social housing waiting list (growing in Ireland 63% between 2007 and 2010 to reach 97,260 households; in Northern Ireland 38,100 households were on the housing list in 2010), and a growing bill to subsidize low income tenants renting privately (96,809 households in June 2011 in Ireland received rent supplement; >60,000 tenants in Northern Ireland received Housing Benefit in 2014). In Ireland, this was complemented by numerous unfinished estates (2,876 in 2011), issues of quality with respect to boom-era stock (e.g., 74 estates, consisting of 12,250 houses, being affected by pyrite; Priory Hall and other developments non-compliant with building regulations).

Seven years after the crash, house prices are now starting to rise again in and around the principal cities, slowly reversing their drastic fall. The number of unfinished estates in Ireland are slowly falling in number as work recommences on them, and the numbers in mortgage arrears are lowering as financial arrangements are agreed between lenders and their bank. However, all of the issues detailed still exist and will take a number of years to fully unwind, especially in rural areas where a large oversupply persists and the local economy is weak.

Figure 7.1: Annual Housing Completions in Ireland, 1993 to 2013

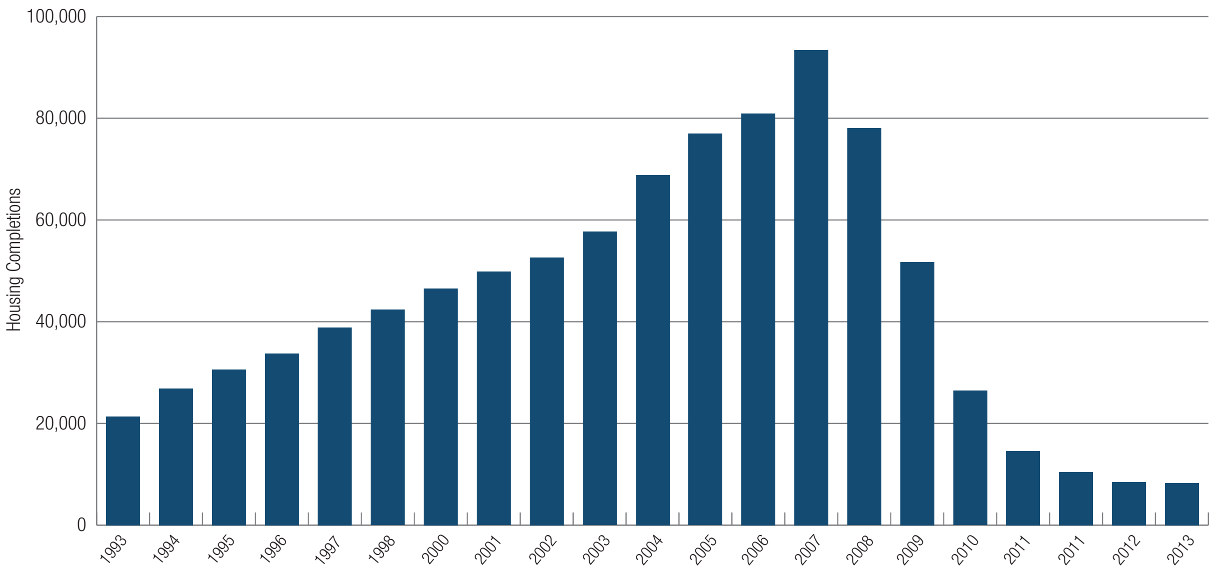
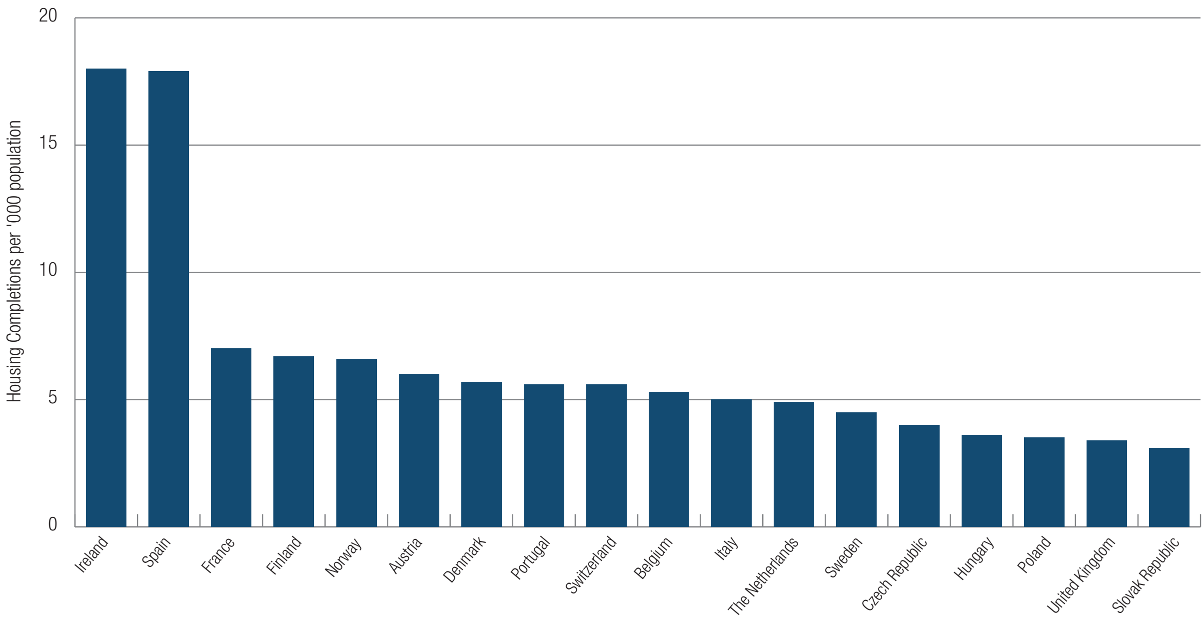


Figure 7.2: Housing Completions per '000 Population, 2007



Further, a new crisis is starting to emerge -- somewhat ironically given the cause of the crash -- a shortage of supply in and around Dublin caused by a growing population and very little new construction having taken place over a number of years, leading to a rebound in prices and a two-speed housing market nationally. This last point is illustrative of what the following maps reveal. That the housing sector in Ireland and Northern Ireland varies geographically, with distinct patterns with respect to housing stock, type, and tenure between jurisdictions, between regions, and between urban and rural locales. These patterns are reflective of both long and more recent trends, but means that any analysis of housing on the island of Ireland needs to be sensitive to local context. Moreover, future spatial patterns will develop in different ways dependent on trends in demography and household composition, migration and natural increase, local economy, and planning regulations and local and regional development plans.

7.2 Housing Stock and Vacancy

The total housing stock across the island in 2011 was 2.75 million units, of which 1.99 million are Ireland and 754,000 are in Northern Ireland. In both jurisdictions, stock levels grew significantly from 2001/2 with growth in Northern Ireland of 13.7% (up from 663,572) and in Ireland a massive rise of 36.6% (up from 1,460,053) (Map 7.1). In total, there was a 29.4% increase in stock across the island (626,051). The number of households also rose in the same period (by 12.2% in Northern Ireland and 28.4% in Ireland), but in the case of Ireland households increased by 366,250 whereas stock increased by 534,792 units. The result was a significant mismatch between overall stock (1,994, 845) and households (1,654,208), with the vacancy rate in Ireland increasing from 9.8% in 2001 to 14.5% in 2011 to total 289,581 units. Of these, 59,395 units were classed as holiday homes. Assuming a base vacancy rate of 6% (some stock is always vacant in a normal functioning housing market), this meant that the level of oversupply of housing units vis-a-vis demand in Ireland was approximately 110,000 units. In contrast, in Northern Ireland the vacancy rate increased from 4.6% to 6.2%, slightly above base vacancy.

The increase in stock was geographically uneven in both Ireland and Northern Ireland. In Ireland, the housing stock of seven local authorities increased by over 50% -- Cavan, Fingal, Laois, Leitrim, Longford, Meath, and Wexford. An additional nine local authorities had increases over 40%. In the main these 16 authorities can be grouped into two main types -- commuting locales around the principal cities, and those local authorities belonging to the Upper Shannon Rural Renewal Scheme, a tax incentive scheme designed to encourage investment in property in the counties of Cavan, Leitrim, Longford, Roscommon and Sligo. The only principal city authority to experience such high growth was Galway City, with a 41.5% increase in stock. Only four local authorities in the South experienced a growth in stock less than 30% - Cork City, Dublin City, Dún Laoghaire-Rathdown, and South Dublin. In contrast, in the North, only four districts experienced a growth in stock above 20% -- Ballymoney, Banbridge, Craigavon, and Limavady, all of which are growing commuter locations for Coleraine, Belfast and Derry. Only three districts have a growth rate less than 10% -- Belfast, Carrickfergus, and Castlereagh, which are older established urban centres, where growth is limited.

Not unsurprisingly, the spatial unevenness in stock growth is matched with an uneven distribution in housing vacancy. Vacancy levels, including holiday homes, was over 20% in nine local authorities in Ireland -- Cavan, Clare, Donegal, Kerry, Leitrim, Longford, Mayo, Roscommon, and Sligo. All nine's vacancy rate excluding holiday homes is over 15% (include map excluding holiday homes). In the case of five of these local authorities, the high levels of stock growth and vacancy is directly related to the Upper Shannon scheme, introduced in 1998. As Figure 7.3 illustrates, house building in those five counties was typically 200-400 houses per year from 1970 to 1996, but grew markedly post-1998, exceeding 1000 units per annum in the mid-2000s. It is little wonder then that these counties experienced the most number of unfinished estates, standardised by the number of households. It is likely that it will take several years for this oversupply to be worked down so that supply and demand are in sync. Only six local authorities in the South had vacancy levels under 10% in 2011, all surrounding Dublin City -- Dún Laoghaire-Rathdown, Fingal, Kildare, Meath, South Dublin, and Wicklow -- where growth in household numbers more closely tracked the building boom. It is these local authorities where house prices have recovered first in Ireland as growing household numbers post-2011 worked down the oversupply, creating a situation where demand started to outstrip supply. In contrast, in Northern Ireland only seven districts had a vacancy level above 8% in 2011 -- Armagh, Coleraine, Dungannon, Fermanagh, Moyle, Newry and Mourne, and Omagh; with five districts with rates below 4.5%, suggesting a shortage of supply in those areas -- Carrickfergus, Castlereagh, Derry, Newtownabbey, and North Down. Due to data comparability issues, a local level housing vacancy map at the All-Island level is unavailable. As an alternative, Map 7.2 details the distribution of unoccupied housing units in 2011 across the island - this is based on housing units with visitors, vacant houses or apartments and holiday homes.

Given current projections concerning household growth in both Ireland and Northern Ireland, and current low levels of construction, one can anticipate that over the remainder of the present decade that the number of units in both jurisdictions will grow quite modestly compared to the previous two decades and that the vacancy level will reduce quite markedly in Ireland. Such a situation is to be welcomed as it starts to harmonise supply and demand. However, the present situation in certain locales in Northern Ireland and Ireland wherein vacancy rates are low suggest the need to create new supply in those areas in order to temper any new bubble in house prices forming.

7.3 Housing Type

In both Ireland and Northern Ireland the majority of households live in houses, with only 9.9% households in Northern Ireland living in apartments/flats (74,409) and 11.3% in the Ireland (183,282). The trend, however, is towards apartment living with the proportion of households residing in such premises rising from 8.5% in Northern Ireland (+18,210) and 8.7% in Ireland (+72,824 households) in 2001/2. This shift towards apartment living is particularly pronounced in and around the principal cities of Belfast, Dublin, Limerick, Galway and Cork, which all have rates of above 15%. In Belfast, the numbers of households living in apartments was 25,991 (20%) an increase of 9,141 from 2001. In Dublin City, apartment living accounted for 34.2% of all households in 2011, increasing by 17,543 households from 2002. The proportion of apartment households was 19.9% for Dún Laoghaire-Rathdown and 16.6% for Fingal, the latter rising from 5% in 2002. In Limerick City it was 15.5%, Galway City 22.5% and in Cork City 17.4%.

In contrast, and perhaps not unsurprisingly, rural areas have much lower proportions of households living in apartments, with rates lower than 4% in a number of districts in Northern Ireland (Ballymoney, Cookstown, Limavady, Magherafelt, and Strabane) and local authorities in Ireland (Cavan, Donegal, Galway County, Leitrim, Longford, Mayo, Offaly, Roscommon, Tipperary North and South, Waterford County and Wexford). Indeed, only 15 out of 60 districts/local authorities have apartment proportions above 10% (Map 7.3). The housing stock of the island of Island, then, is heavily dominated by houses (Map 7.4).

These houses take different forms - terraced, semi-detached and detached - and varies by size (captured as number of bedrooms in the Census) - (Figure 7.4). The number of households living in semi-detached houses is roughly equivalent, but the proportion of households living in terraced housing is larger in Northern Ireland (25%) than Ireland (17%), with the proportion living in detached houses and bungalows higher in Ireland (42%) than Northern Ireland (38%).

Like apartments, the proportionate mix of detached, semi-detached and terraced housing varies quite significantly across the island, with a marked divide between rural, high commuting areas, and cities. For example, focusing on the South, only six local authorities had detached house rates below 20% (Cork City, Dublin City, Fingal, Limerick City, South Dublin, Waterford City). In contrast, nine local authorities, all of which are predominately rural, had rates 65% or above (Cavan, Donegal, Galway County, Kerry, Leitrim, Longford, Monaghan, Mayo, Roscommon). Likewise, semi-detached and terraced housing was proportionally higher in cities and commuting counties, with rates above 35% for semi-detached housing in Dún Laoghaire-Rathdown, Fingal, South Dublin, Kildare, Limerick City, Waterford City and Galway City. Similarly, local authorities with over 35% terraced housing include Dublin City, Cork City, Limerick City and Waterford City. In contrast, many rural areas had low rates of terraced housing (<10%). This pattern of housing in the South raises a number of issues concerning, on the one-hand, the servicing and effects of one-off housing with their own septic tanks in rural areas (433,564 households, 26.3% of all households), and issues of density and compactness in urban areas.

7.4 Housing Tenure

The most common form of housing tenure in both Ireland (70%) and Northern Ireland (67%) is owner occupied. Only seven out of sixty districts and local authorities have home ownership rates below 60% -- all of them principal cities (Belfast, Derry, Dublin, Cork, Galway, Limerick, Waterford) (Map 7.5). Of those homes that are owner occupied, in both Northern Ireland and Ireland, approximately half are owned outright and half are owned with a mortgage.

The geographical pattern of home ownership varies, however. Given the widespread construction and household growth in commuter counties around the principal cities over the past decade, these areas have high proportions of owner-occupiers with a mortgage (and consequently, also high numbers of households in negative equity), with several local authorities/districts with rates above 40% of all households (Map 7.6). In contrast, the proportion of owner occupied without a mortgage exceeds 40% of all households in mostly rural counties, especially in the West (Donegal, Fermanagh, Galway Co, Kerry, Leitrim, Mayo, Moyle, Monaghan, Roscommon, Tipp North, Waterford Co) , where there is a higher proportion of older properties and inter-generation passing on of property (Map 7.7). The micro-scale of Small Areas/Output Areas, reveals that these patterns vary within local authorities/districts. For example Map 7.5 shows the variation in owner occupancy in Dublin and Belfast, with high concentrations in the inner

Figure 7.3: Upper Shannon Housing Completions, 1970 to 2009

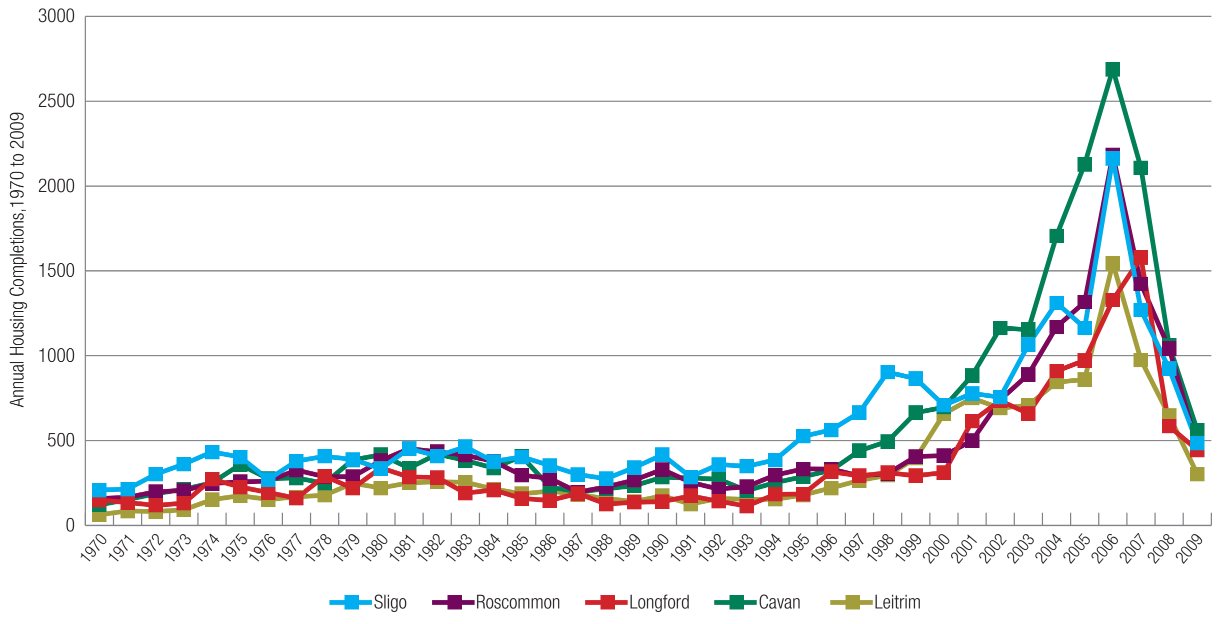
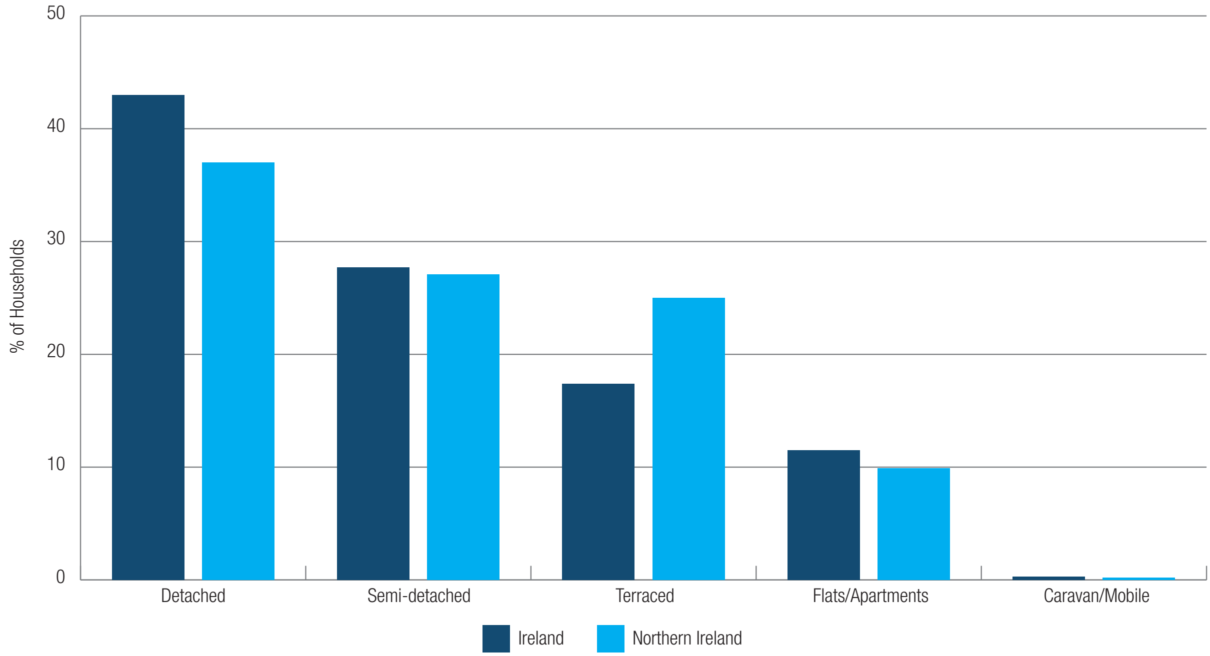


Figure 7.4: Private households by type of accommodation, 2011



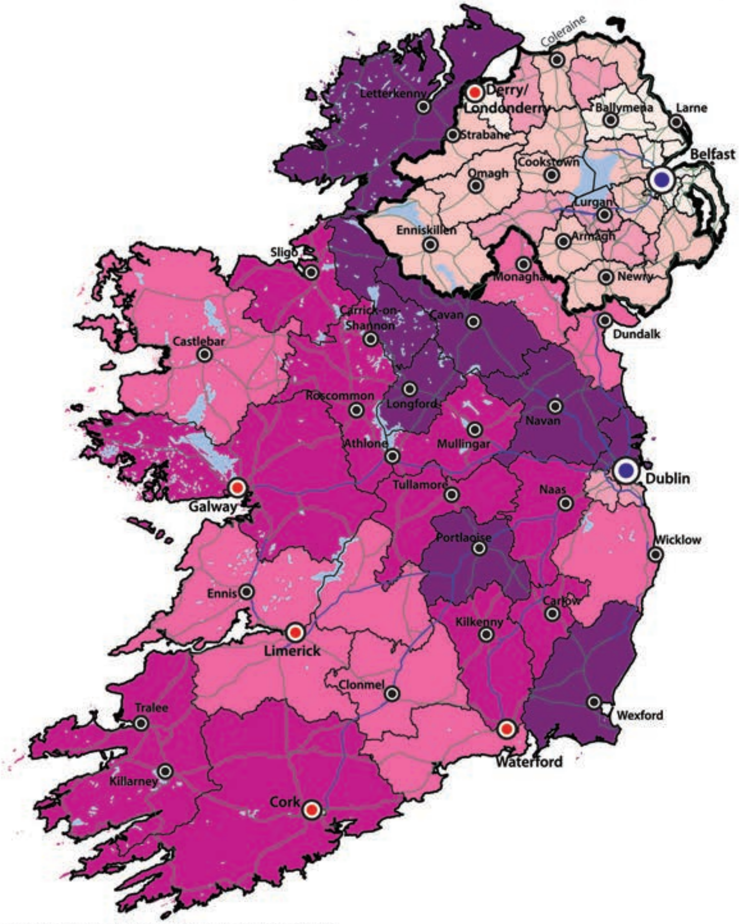
suburbs and low rates in the city centre in both cases. The proportion of owner occupied with a mortgage versus those without mortgages is particularly high in Carrickfergus, Derry, Lisburn, Newtownabbey, Fingal, Kildare, Meath, South Dublin. The numbers of households with a mortgage increased between 2002 and 2011 in all local authorities in Ireland except six (the five city authorities, plus South Dublin), with over a 39% increase in Cavan, Meath, Galway Co, Laois, Leitrim. However, in Northern Ireland, 15 out of the 26 districts experienced an increase, in all cases of less than 13%.

Whilst owner occupied remains by far the most popular form of housing tenancy, between 2001/2 and 2011, there was a reduction in the overall proportion of such households by 7.5% in Ireland and 2% in Northern Ireland. This reduction is predominately due to a growth in private renting in both jurisdictions. In Ireland, the proportion of private renting grew from 12.7% to 20.1% and renting social housing from the local authority grew from 6.9% to 8.7% (a modest increase in a trend of long-term decline). In Northern Ireland, private renting grew from 9.2% to 17.6%, although the proportion of renters of social housing fell from 21.2% to 14.9% (mostly due to tenants purchasing the property from the Northern Ireland Housing Executive). Even so, social housing still accounts for 46% of all rented properties in Northern Ireland, whereas it is only 30% in Ireland. However, it should be noted that in both Ireland and Northern Ireland, a large proportion of social housing is now provided through the private rental sector supported by rent supplement and the rental accommodation scheme in Ireland and Housing Benefit in Northern Ireland.

Both private rental and social housing vary geographically, both inter- and intra- local authority/district (Map 7.8 and Map 7.9). In both Ireland and Northern Ireland, they are concentrated into urban settlements. As such, districts/local authorities with more than 20% privately rented households include Belfast, Cork City, Dublin City, Dún Laoghaire-Rathdown, Fingal, Galway City, Limerick City and Waterford City, though there are a few outliers, such as Craigavon, Dungannon, Omagh. Similarly, the proportion of social housing is above 15% in Belfast, Derry, Lisburn, Strabane, Cork City and Waterford City, with Longford being a rural outlier in the South with a rate of 14.8%. Whilst owner occupation remains the preferred option for many households it seems likely that the trend towards the private rental sector will continue in the short to medium term, especially given the very low volumes of social housing being built since the financial crash.

MAP 7.1

Percentage Change in Housing Stock, 2001/02 to 2011
Local Authorities (Ireland) and Local Government Districts (N. Ireland)



This map is part of an All-Island Atlas project developed by AIRO and the ICLRD. The project is part-financed by the European Union's INTERREG IVA programme managed by the Special EU Programmes Body.

% Change in Housing Stock 2001/02 to 2011

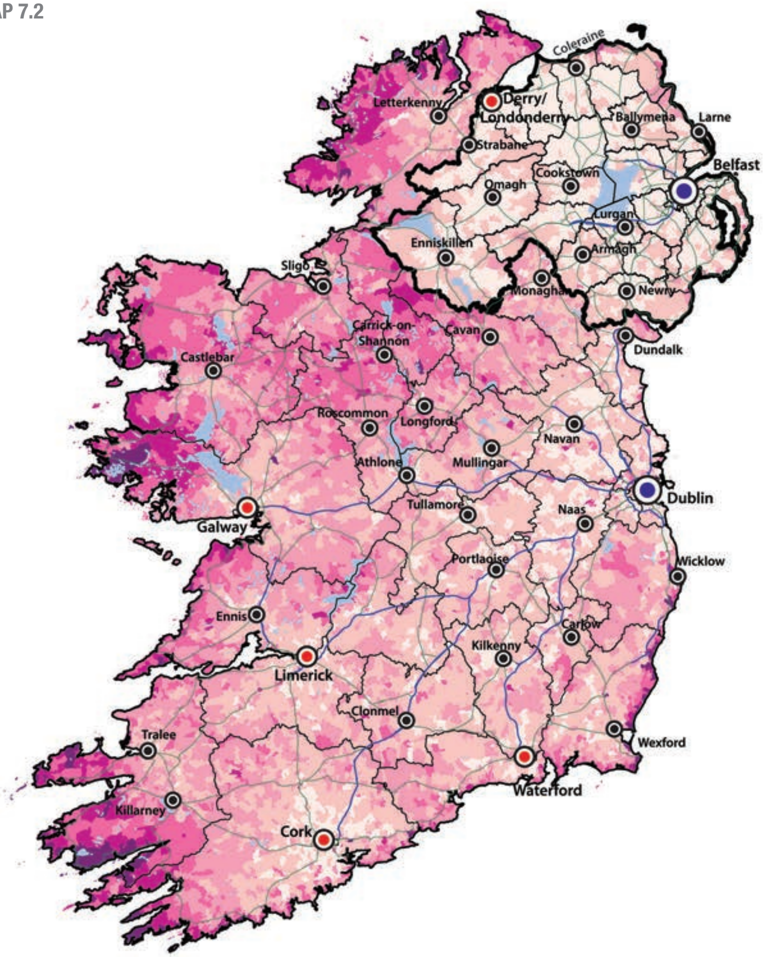
- Less than 13%
- 13% to < 19%
- 19% to < 27%
- 27% to < 37%
- 37% to < 46%
- Greater than 46%

- Northern Ireland
- Local Authorities
- Water

- Motorways
- Trunk/Primary Roads
- Secondary Roads
- Streets

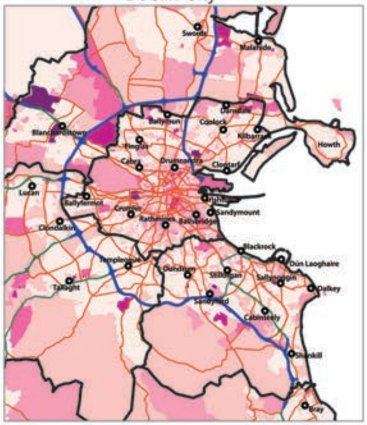
Data Source: Central Statistics Office (CSO), Northern Ireland Statistics and Research Agency (NIRSA)

MAP 7.2

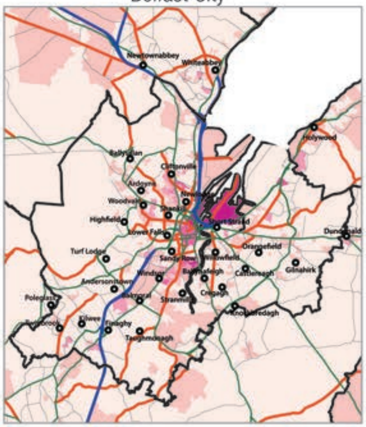


Percentage of Housing Units: Unoccupied*
Small Areas (SAs)
*Visitors, Vacant House/Flat, Holiday Homes

Dublin City



Belfast City



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% Housing Units: Unoccupied

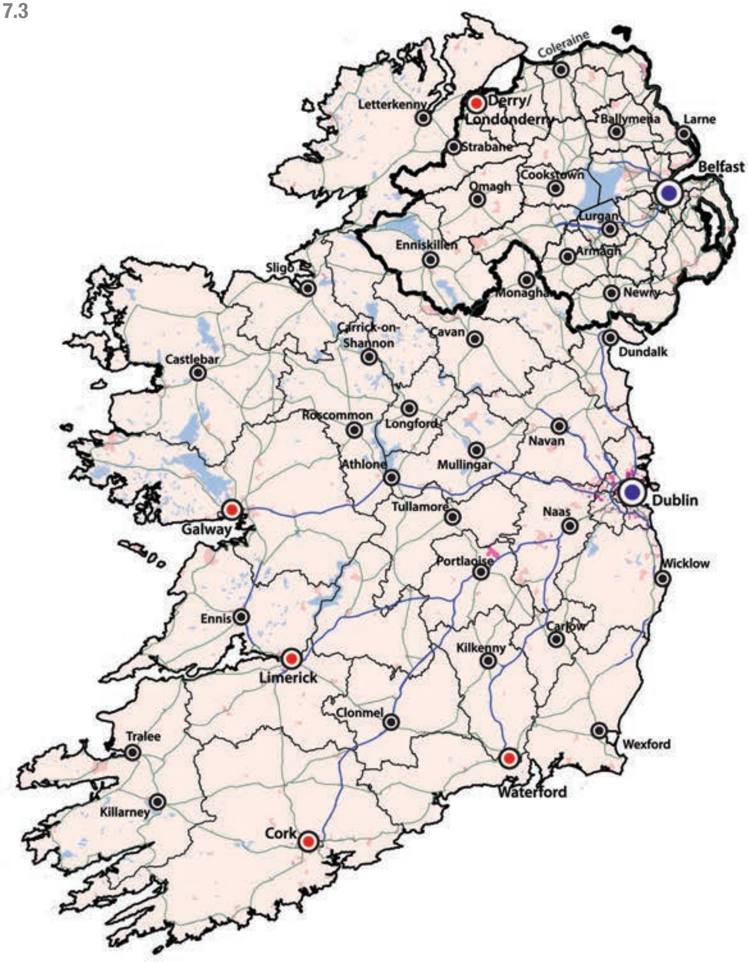
- Less than 6%
- 6% to < 14%
- 14% to < 24%
- 24% to < 37%
- 37% to < 54%
- Greater than 54%

- Northern Ireland
- Local Authorities
- Water

- Motorways
- Trunk/Primary Roads
- Secondary Roads
- Streets

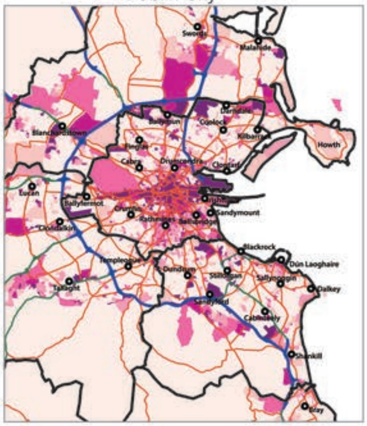
Data Source: Central Statistics Office (CSO), Northern Ireland Statistics and Research Agency (NIRSA)

MAP 7.3

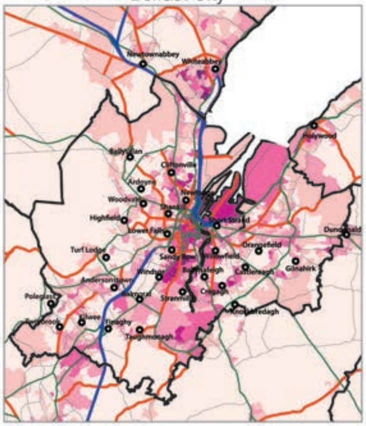


Percentage of Households:
Flats or Apartments
Small Areas (SAs)

Dublin City



Belfast City



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% Households:
Apartments/Flats

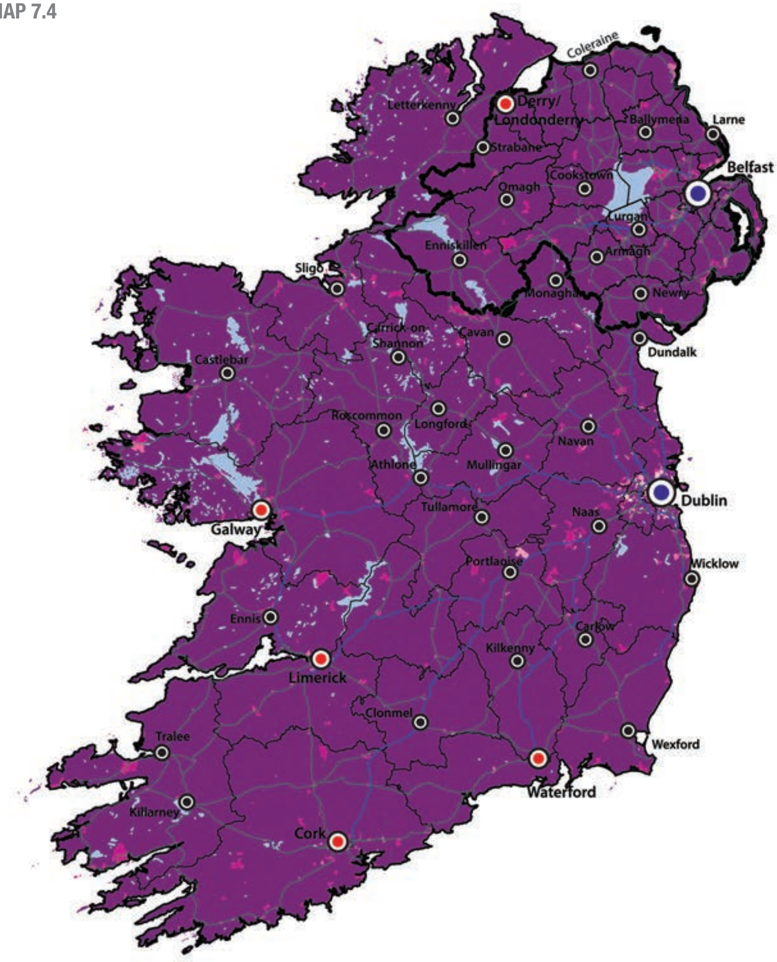
- Less than 6%
- 6% to < 20%
- 20% to < 36%
- 36% to < 57%
- 57% to < 81%
- Greater than 81%

- Northern Ireland
- Local Authorities
- Water

- Motorways
- Trunk/Primary Roads
- Secondary Roads
- Streets

Data Source: Central Statistics Office (CSO), Northern Ireland Statistics and Research Agency (NIRSA)

MAP 7.4

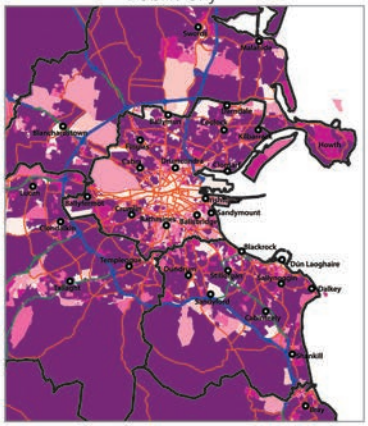


Percentage of Households: Conventional*

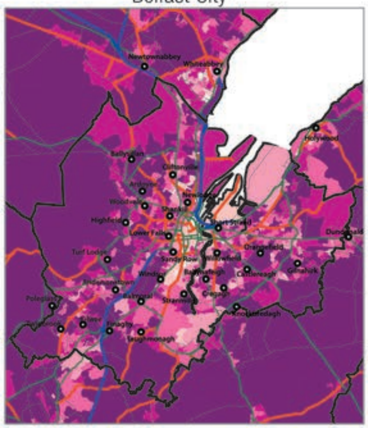
Small Areas (SAs)

*Detached, Semi-D, Bungalow etc

Dublin City



Belfast City



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% Households:
House/Terrace/Bungalow

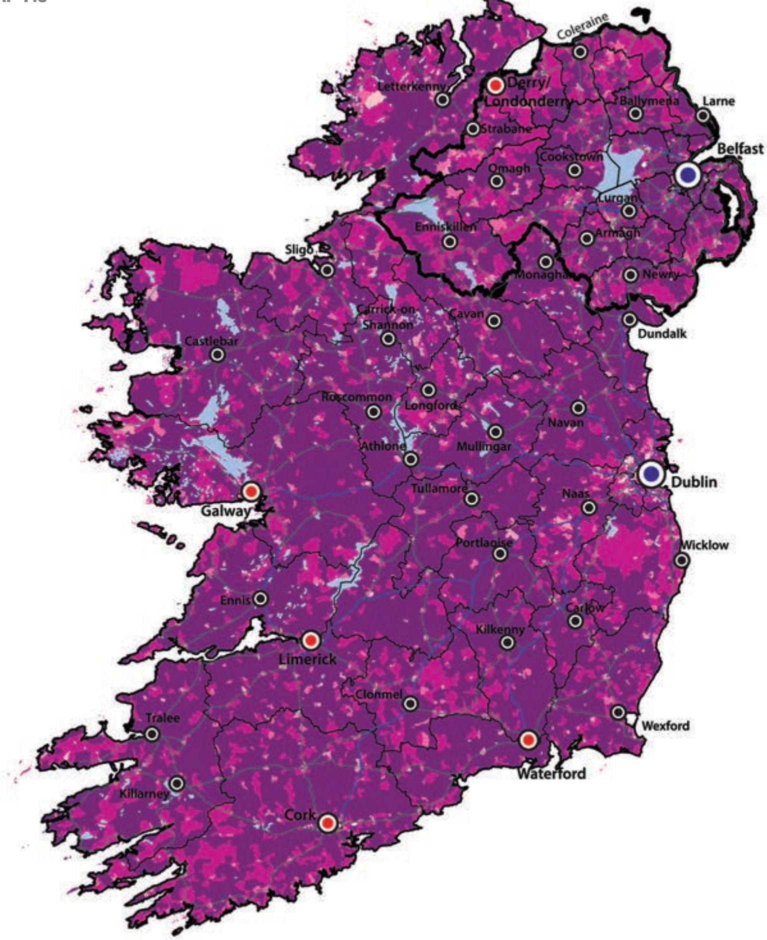
- Less than 18%
- 18% to < 42%
- 42% to < 63%
- 63% to < 80%
- 80% to < 93%
- Greater than 93%

- Northern Ireland
- Local Authorities
- Water

- Motorways
- Trunk/Primary Roads
- Secondary Roads
- Streets

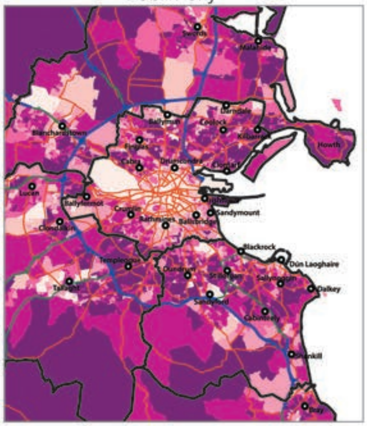
Data Source: Central Statistics Office (CSO), Northern Ireland Statistics and Research Agency (NIRSA)

MAP 7.5

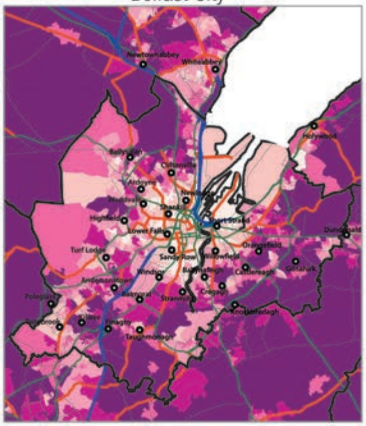


Percentage of Households: Owner Occupied
Small Areas (SAs)

Dublin City



Belfast City



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% Households:
Owner Occupied

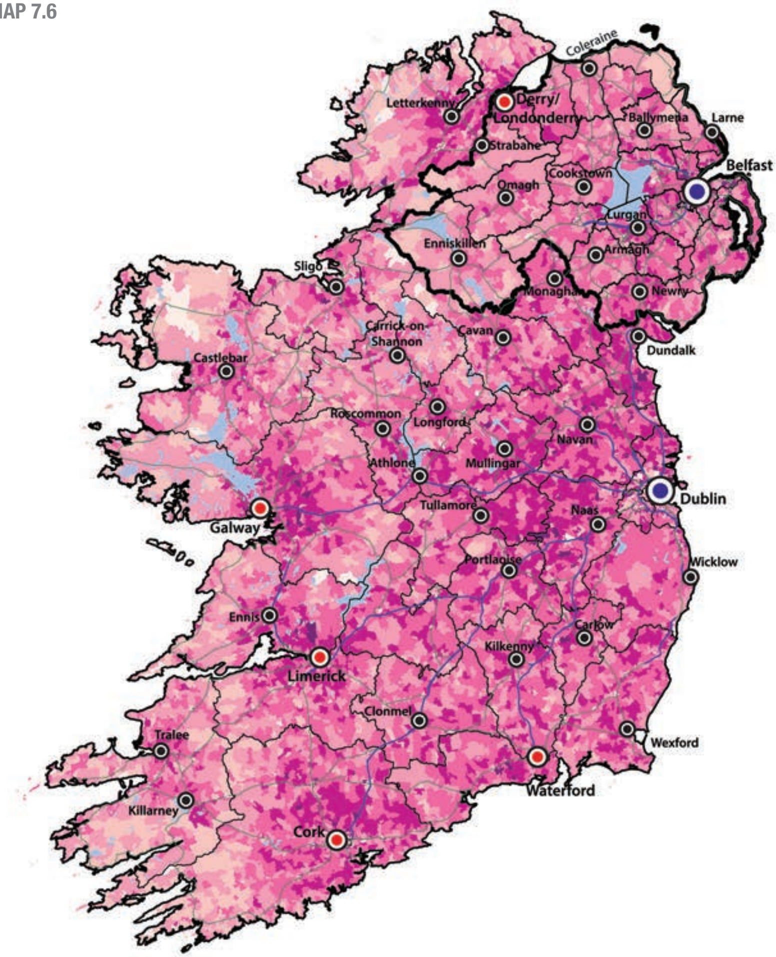
- Less than 20%
- 20% to < 40%
- 40% to < 60%
- 60% to < 70%
- 70% to < 85%
- Greater than 85%

- Northern Ireland
- Local Authorities
- Water

- Motorways
- Trunk/Primary Roads
- Secondary Roads
- Streets

Data Source: Central Statistics Office (CSO), Northern Ireland Statistics and Research Agency (NIRSA)

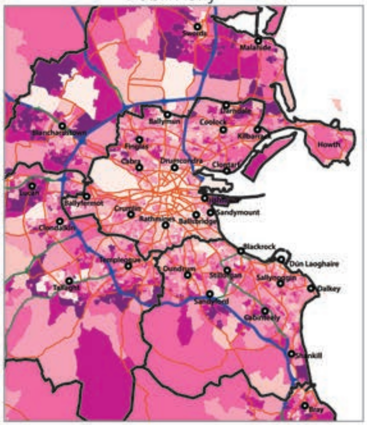
MAP 7.6



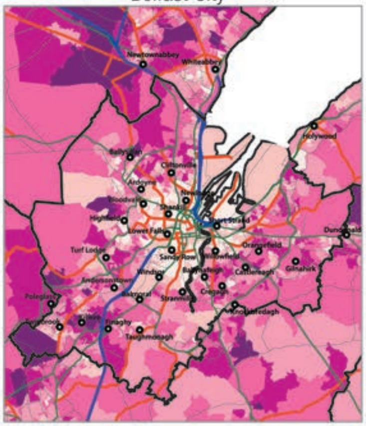
Percentage of Households: Owner Occupied (Mortgage)

Small Areas (SAs)

Dublin City



Belfast City



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% Households:
Owner Occupied - Mortgage

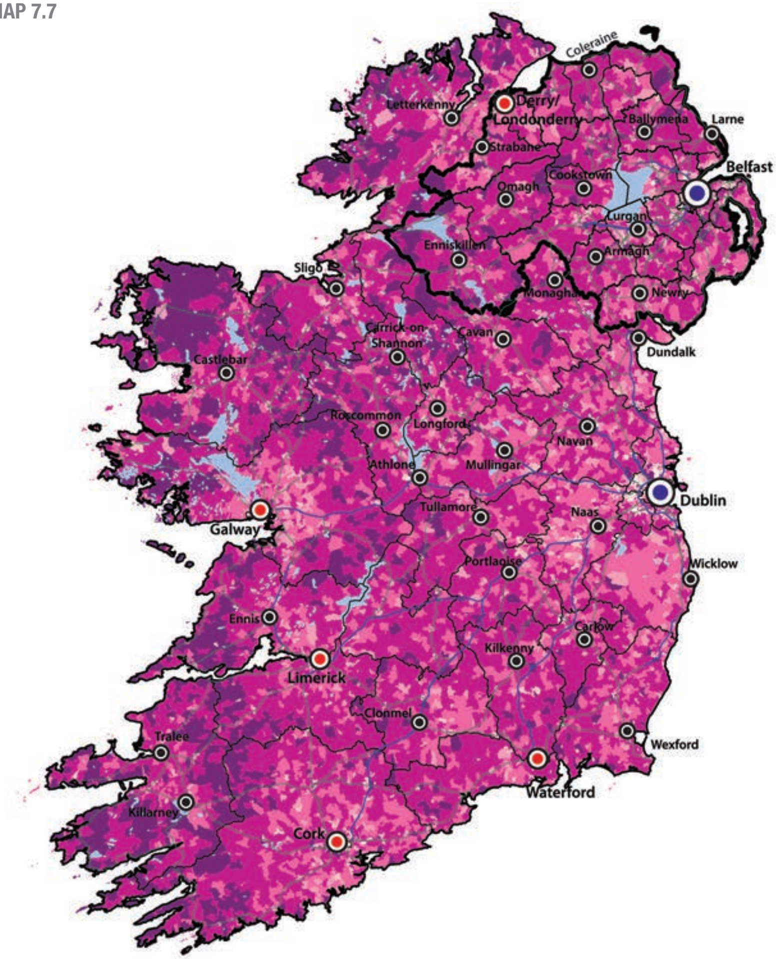
- Less than 15%
- 15% to < 25%
- 25% to < 35%
- 35% to < 45%
- 45% to < 60%
- Greater than 60%

- Northern Ireland
- Local Authorities
- Water

- Motorways
- Trunk/Primary Roads
- Secondary Roads
- Streets

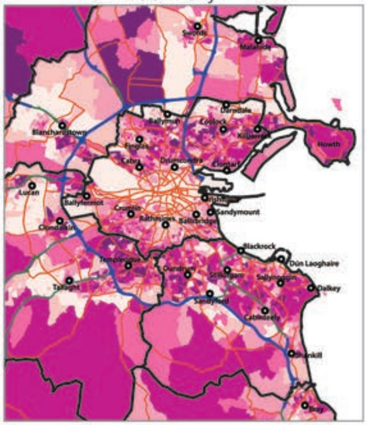
Data Source: Central Statistics Office (CSO), Northern Ireland Statistics and Research Agency (NIRSA)

MAP 7.7

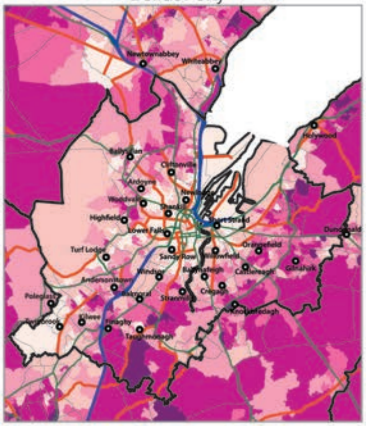


Percentage of Households:
Owner Occupied (No Mortgage)
Small Areas (SAs)

Dublin City



Belfast City



This map is part of an All-Island Atlas project developed by AIRO and the ICLRD. The project is part-financed by the European Union's INTERREG IVA programme managed by the Special EU Programmes Body.

% Households:
Owner Occupied - No Mortgage

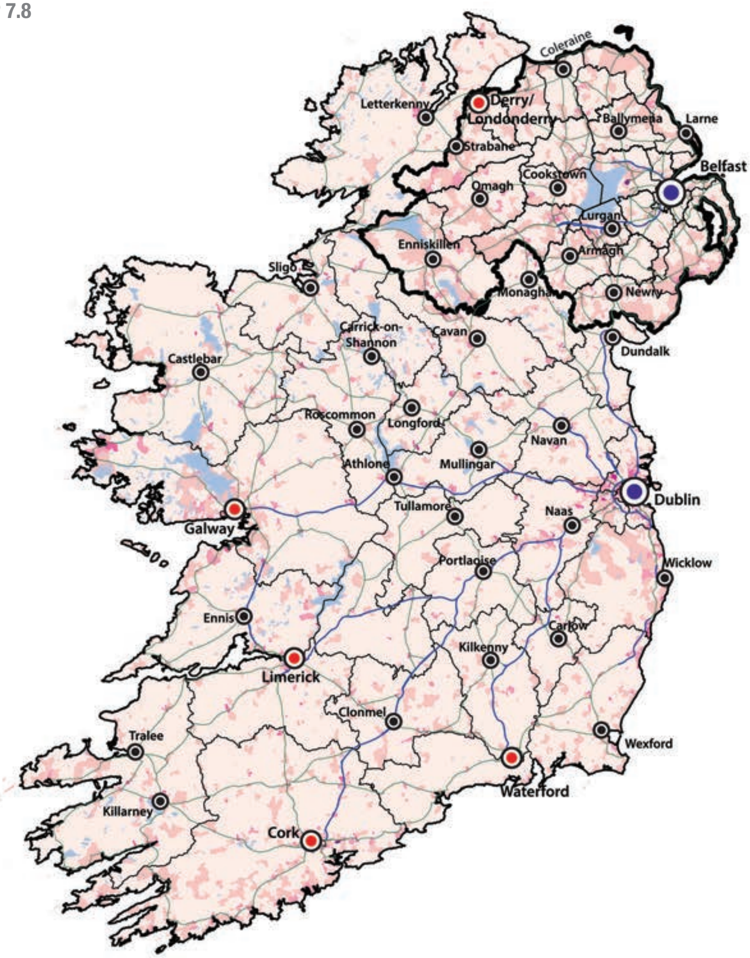
- Less than 10%
- 10% to < 25%
- 25% to < 35%
- 35% to < 45%
- 45% to < 60%
- Greater than 60%

- Northern Ireland
- Local Authorities
- Water

- Motorways
- Trunk/Primary Roads
- Secondary Roads
- Streets

Data Source: Central Statistics Office (CSO), Northern Ireland Statistics and Research Agency (NIRSA)

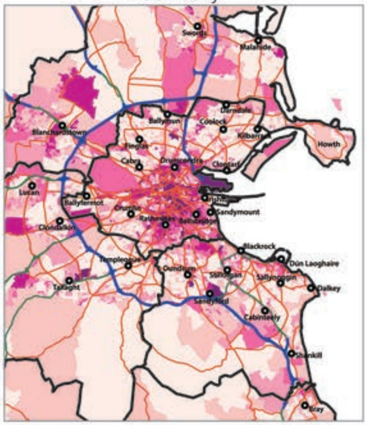
MAP 7.8



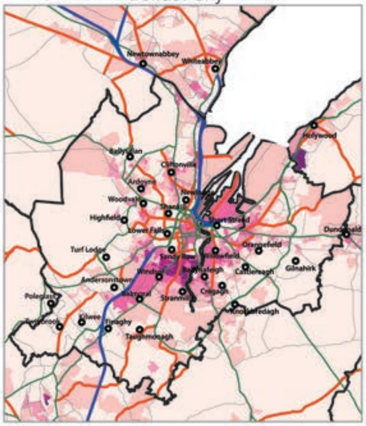
This map is part of an All-Island Atlas project developed by AIRO and the ICLRD. The project is part-financed by the European Union's INTERREG IVA programme managed by the Special EU Programmes Body.

Percentage of Households:
Private Rented
Small Areas (SAs)

Dublin City



Belfast City



% Households:
Private Rented

- Less than 10%
- 10% to < 20%
- 20% to < 30%
- 30% to < 50%
- 50% to < 70%
- Greater than 70%

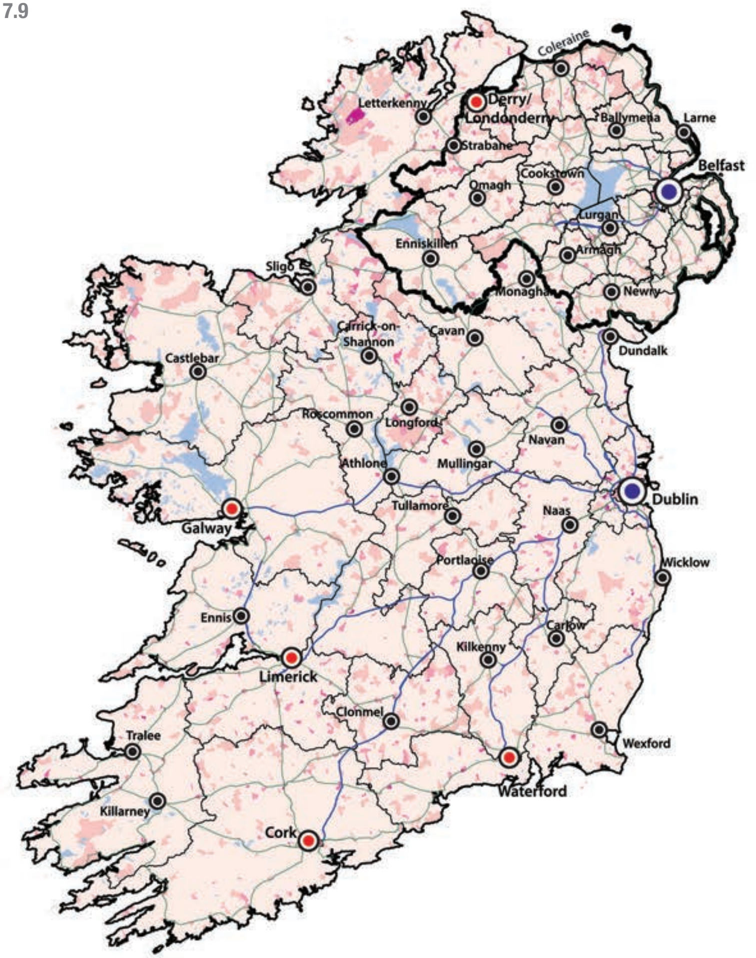
- Northern Ireland
- Local Authorities
- Water

- Motorways
- Trunk/Primary Roads
- Secondary Roads
- Streets

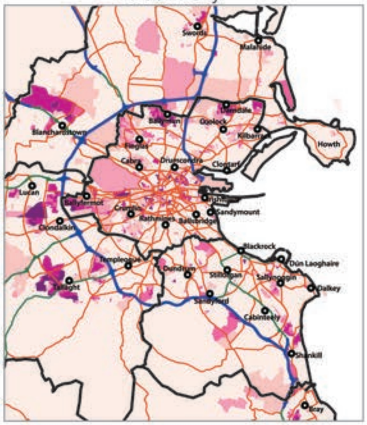
Data Source: Central Statistics Office (CSO), Northern Ireland Statistics and Research Agency (NIRSA)

MAP 7.9

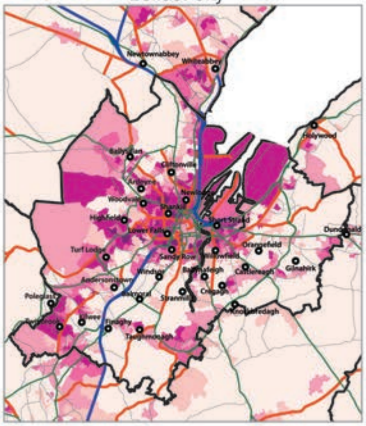
Percentage of Households: Social Housing
Small Areas (SAs)



Dublin City



Belfast City



This map is part of an All-Island Atlas project developed by AIRO and the ICLRD. The project is part-financed by the European Union's INTERREG IVA programme managed by the Special EU Programmes Body.

% Households:
Social Housing

- Less than 6%
- 6% to < 16%
- 16% to < 30%
- 30% to < 45%
- 45% to < 70%
- Greater than 70%

- Northern Ireland
- Local Authorities
- Water

- Motorways
- Trunk/Primary Roads
- Secondary Roads
- Streets

Data Source: Central Statistics Office (CSO), Northern Ireland Statistics and Research Agency (NIRSA)