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# An Oifig Buiséid Pharlaiminteach Parliamentary Budget Office Housing Affordability for Private Household Buyers in Ireland

Publication 34 of 2023

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## **Housing Affordability for Private Household Buyers in Ireland**

Note: This paper looks at affordability<sup>1</sup> for private household buyers of residential property in Ireland, and not the affordable and social housing segment of the property market. All affordability analysis is of average earners ability to buy the average-priced home (both median), and assuming no more than a 10% deposit.<sup>2</sup> Half of all homes, by definition, are priced below the median price and prices vary substantially across the Country. Therefore, for many people (couples in particular) earning average salaries, homes are affordable in many parts of the Country. Affordability for average earners is an issue for single buyers, particularly in Dublin and the commuter belt and, to a lesser extent, Cork, and Galway. This paper does not look at interest rates, which have increased substantially recently and are impacting affordability in terms of ability to repay. In addition, this paper does not look at the impacts on the housing market in the aftermath of the big recession more than a decade ago. That period saw reduced dwelling completions and significant impacts on household income, dynamics still impacting the market at present. This paper looks at affordability over a 10-year period to understand and explain trends in the housing market.

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<sup>1</sup> Affordability can be measured in different ways. This paper looks at affordability through the lens of a potential buyer(s) ability to purchase a home, based on median income.

<sup>2</sup> It is not possible to differentiate between homeowners and non-homeowners in the income data used in this analysis. These income distributions are likely to vary substantially.

## Key Messages

- Residential property prices have increased at a much faster rate than wages over the past 10 years, making affordability for buyers a key concern. Over the period 2012<sup>3</sup> – 2022, wages increased by 27%, compared to a 75% increase in residential property prices, while rents increased by over 90%.
- Current demand estimates are between 40,000 and 50,000 units required per year. However, the Government's Housing for All strategy aims to build only 33,000 units per year, leading to annual deficits that cumulate over time.
- Revenue income distribution data shows that a significant proportion of the population, middle and upper-middle income earners, face affordability issues. Affordability for average-earning single buyers of average-priced homes is an issue in most parts of the Country, based on 2021 data. Even couples, both earning average salaries, face affordability issues in Dublin, the Dublin commuter belt, and to a lesser extent Cork and Galway.
- Revenue administrative earnings data by region for 2021 shows that, for single buyers on average earnings, average-priced homes are affordable in Leitrim, Longford, and Roscommon. Affordability is an issue for single buyers in Dublin and the Dublin commuter belt in particular.
- For couples, both on average earnings, average-priced property is more affordable in most parts of Country. However, affordability is still an issue in Dublin and the Dublin commuter belt.
- Analysis of those purchasing residential property over the past 10 years shows that non-household buyers<sup>4</sup> (NHBs) have become a more prominent feature in the market, particularly in Dublin. In 2012, NHBs accounted for just 5.9% of purchases nationally, by 2022 this figure increased to 19.2%. In Dublin, NHBs accounted for 58% of new build purchases in 2022.
- Overall, dynamics in the market suggest supply targets may need to be revised to meet demand and tackle affordability challenges.

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<sup>3</sup> Starting from 2012 allows us to capture the full spectrum of changes, including substantial increases, market fluctuations, and potential long-term trends, providing a more insightful and holistic understanding of housing market dynamics.

<sup>4</sup> Non-Household Buyers are a mix of public and private companies, charitable organisations, Approved Housing Bodies (AHB), Local Authorities (LA) and Housing Associations.

### Introduction

Ireland faces “some of the most significant” affordability and availability challenges in Europe for renters trying to enter the housing market.<sup>5</sup> This paper looks at some recent data on affordability for buyers in the housing market, highlighting current challenges. The paper is divided into three parts:

Chapter 1 looks at some of these challenges, e.g., supply, population growth and wages. The paper then compares the Housing for All annual supply targets with estimated demand out to 2030. Figure 4 shows the potential mismatch between demand and supply.

Chapter 2 looks at the cost of a property relative to income on a national basis. Four key assumptions are made: (1) that a purchaser(s) has a 10% deposit, (2) they can obtain the full mortgage available under CBI rules, (3) that a purchaser(s) is not receiving any external financial assistance (e.g., is not receiving a loan from their parents), (4) the purchaser(s) does not have any significant assets (e.g., a house, stocks, bonds). Affordability for this particular type of buyer is assessed, and the income needed to get a 90% mortgage<sup>6</sup> for a range of different property types is determined.

Chapter 3 looks at the type of purchasers who are buying property, highlighting the rise in prominence of Non-Household-Buyers in the residential market, particularly in Dublin.

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<sup>5</sup> ESRI (2023) [Housing Affordability: Ireland in a cross-country context](#).

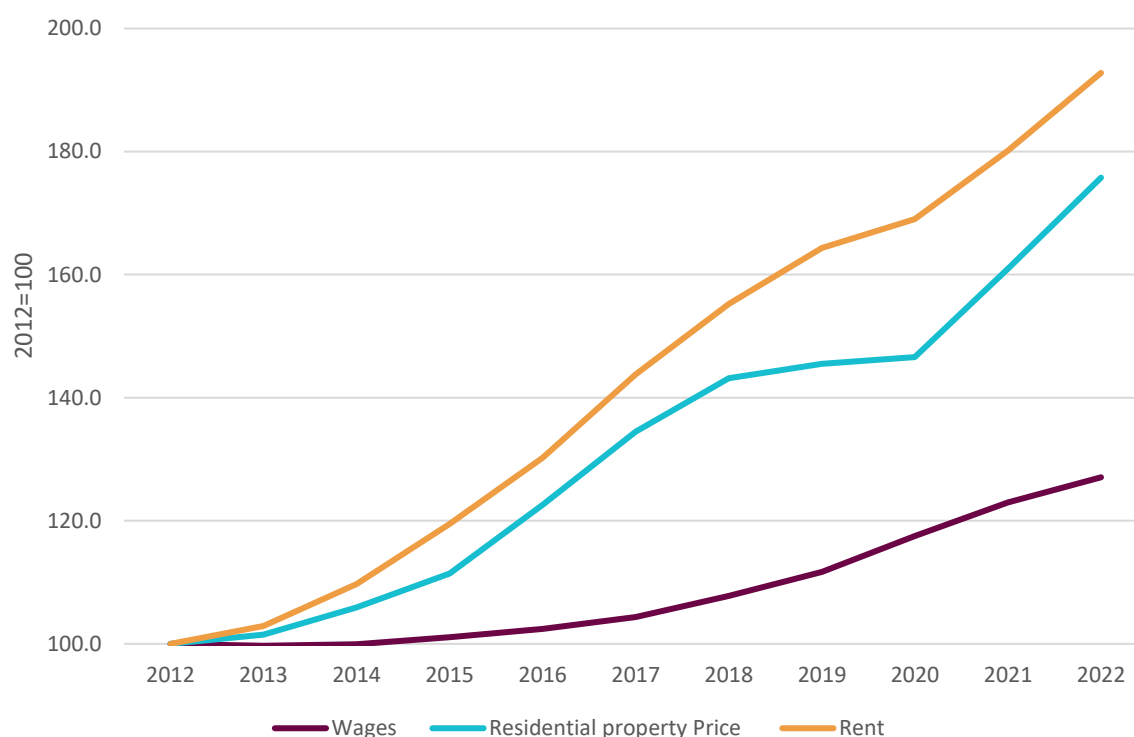
<sup>6</sup> A 90% mortgage is required to buy a property assuming a purchaser has a 10% deposit.



## Chapter 1: Background

Figure 1 below is an index (2012 = 100) for wages, rent and house prices from 2012-2022. Average house prices have increased from €203,000 in 2012 to €357,000 in 2022.<sup>7</sup> This is a 75.7% increase in residential property prices compared to 27%<sup>8</sup> increase in wages over the ten-year period. This imbalance between house price growth and wage growth has led to affordability challenges for potential buyers. In 2022 the average house price reached €369,000, exceeding the Celtic Tiger era peak of €311,000.<sup>9</sup> Overall, the price of new dwellings has doubled<sup>10</sup> since their trough in 2013.

**Figure 1: Wage, Rent and Residential property Price Index**



Source: CSO, [HPA05](#), [EHQ08](#), [The RTB Rent Index Q4 2022](#).

Since 2012, prices have risen faster than incomes in both the homeownership and rental markets.<sup>11</sup> Furthermore, the Government has played less of a role in the provision of social and affordable housing, instead relying on greater market-based provision.<sup>12</sup> Figure 1 shows that

<sup>7</sup> Please note, 2012 is chosen as a starting point for some analyses, to provide a 10 year trend. However, 2012 was a low point for economic activity at the end of a recessionary period and therefore trends in the years afterwards are emerging from that low point.

<sup>8</sup> PBO calculation based on CSO data EHQ08 [Average Earnings, Hours Worked, Employment and Labour Costs](#).

<sup>9</sup> CSO (2023) [Residential Property Price Index](#).

<sup>10</sup> CSO (2023) [Residential Property Price Index December 2022](#).

<sup>11</sup> ESRI (2023) [Housing Affordability: Ireland in a cross-country context](#).

<sup>12</sup> Ibid.

rents have increased nationally by over 90% since 2012. Rising rents have led to a decline in the affordability of housing for young and low-income private renters.<sup>13</sup> In 2011, 24.1% of those aged 25-29 were living at home with their parents, by 2022 this increased to 32.9%.<sup>14</sup> Census data show that there were 522,486 adults aged 18 years or older living with their parents in 2022.<sup>15</sup> While those aged 65 and over who are living in private rented accommodation has increased by 83%<sup>16</sup> since census 2016. This has implications in terms of the adequacy of the State Pension to cover housing costs, even when factoring in potential rent allowance or HAP assistance, and security of tenure in later life.

### Supply

Over the period from 2002 to 2011, the housing stock increased by over 46%<sup>17</sup> while the population grew by 20%.<sup>18</sup> This trend was reversed over the last two census periods as population growth has exceeded housing stock increases. Between 2011 and 2022 the housing stock increased by almost 6%<sup>19</sup> while the population grew by over 12%. The supply of housing over the past decade has not kept pace with underlying demographic demand.<sup>20</sup> Figure 2 below shows the change in population compared to housing stock from 2011-2022. The population increased by 170,000 (3.8%) between 2011-2016, while housing stock increased by 8,800 (0.4%).<sup>21</sup> Between 2016-2022, the population increased by 395,000 (7.5%) while housing stock increased by 108,476 (5.1%). However, it is worth noting that the average household size in 2016 was 2.75, and by 2022, it had changed to 2.74. This indicates that completions do not necessarily need to match population growth, as household sizes can vary over time. In numerical terms from 2011-2022, the population increased by 560,887 and the housing stock increased by 117,276.<sup>22</sup> This means that for **every new unit in housing stock there was at least four additional people**. These figures point to supply-side issues,<sup>23</sup> with annual output falling below population-driven demand creating price pressures in the housing market.

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<sup>13</sup> ESRI (2022) [Average private rents almost double their 2012 level, but income inequality at new record low.](#)

<sup>14</sup> CSO (2023) [Population aged 18 years and over living with their parents, F3052.](#)

<sup>15</sup> CSO (2023) [Census of Population 2022 Profile 3 - Households, Families and Childcare.](#)

<sup>16</sup> CSO (2023) [Census of Population 2022 Profile 2 - Housing in Ireland.](#)

<sup>17</sup> Ibid.

<sup>18</sup> CSO (2016) [Population change and historical perspective.](#)

<sup>19</sup> CSO (2023) [Census of Population 2022 Profile 2 - Housing in Ireland.](#)

<sup>20</sup> AIB (2022) [Supply and Demand in the Irish Housing Market - can they be aligned?](#)

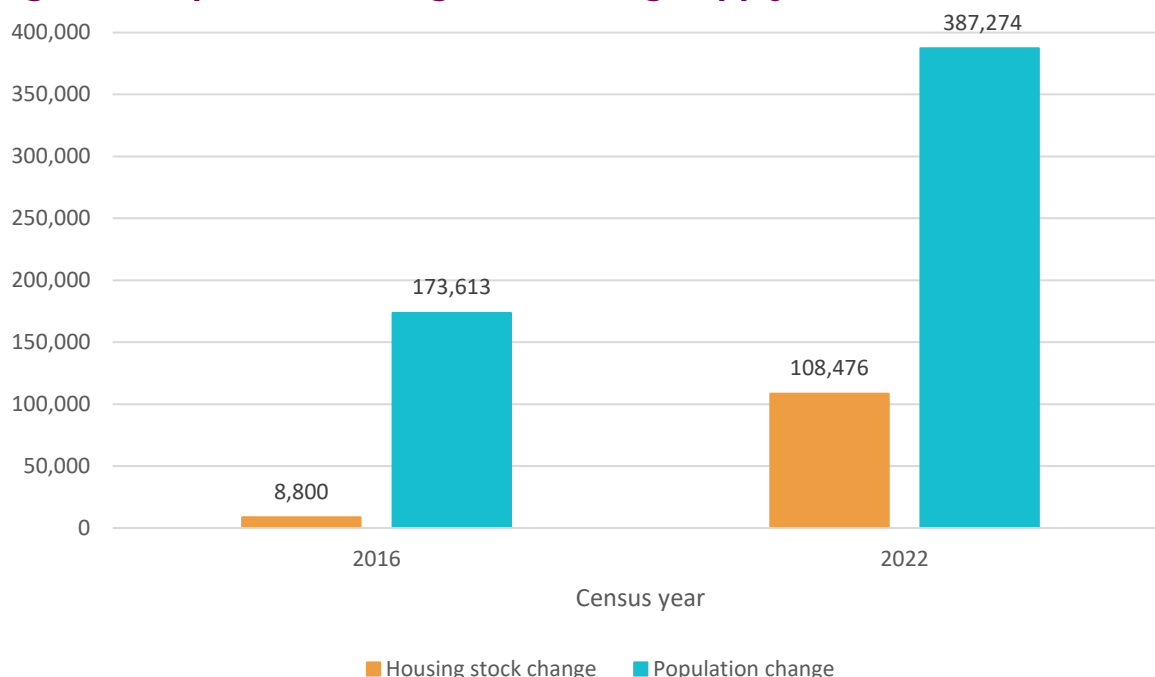
<sup>21</sup> CSO (2017) [Census 2016.](#)

<sup>22</sup> CSO (2023) [NDQ01 - New Dwelling Completions.](#)

<sup>23</sup> Department of Finance (2023) [Stability Programme Update.](#)



**Figure 2: Population Change vs Housing Supply**



Source: CSO, [Housing stock](#), [Census 2016](#), [Census 2022](#).

Given the gap between supply and demand, the Government's focus is to boost the supply of new and affordable housing.<sup>24</sup> The *Housing for All*<sup>25</sup> strategy plans to build on average 33,000 homes a year until 2030. For comparison, on average over the past ten years, 14,200<sup>26</sup> dwellings were built annually. The Housing for All strategy was announced in 2021, prior to Census 2022 being completed. Census 2022 showed a higher-than-expected population increase resulting in even greater housing demand.

**Some estimates suggest annual housing need in Ireland to range from 40,000<sup>27</sup> to 50,000.<sup>28</sup>** Figure 3 below shows the current max estimated housing demand compared to the Housing for All average annual target to 2030. These estimates show that the supply of homes provided under Housing for All may be between 7,000 and 17,000 below estimated demand annually. Figure 4 below shows the potential shortage in housing based on these estimates. The low estimate (blue) shortfall could be 56,000 and while the high estimate (maroon) deficit could be as high as 136,000 by the end of 2030.<sup>29</sup>

<sup>24</sup> Ibid.

<sup>25</sup> Department of Housing, Local Government and Heritage (2021) [Housing for all](#).

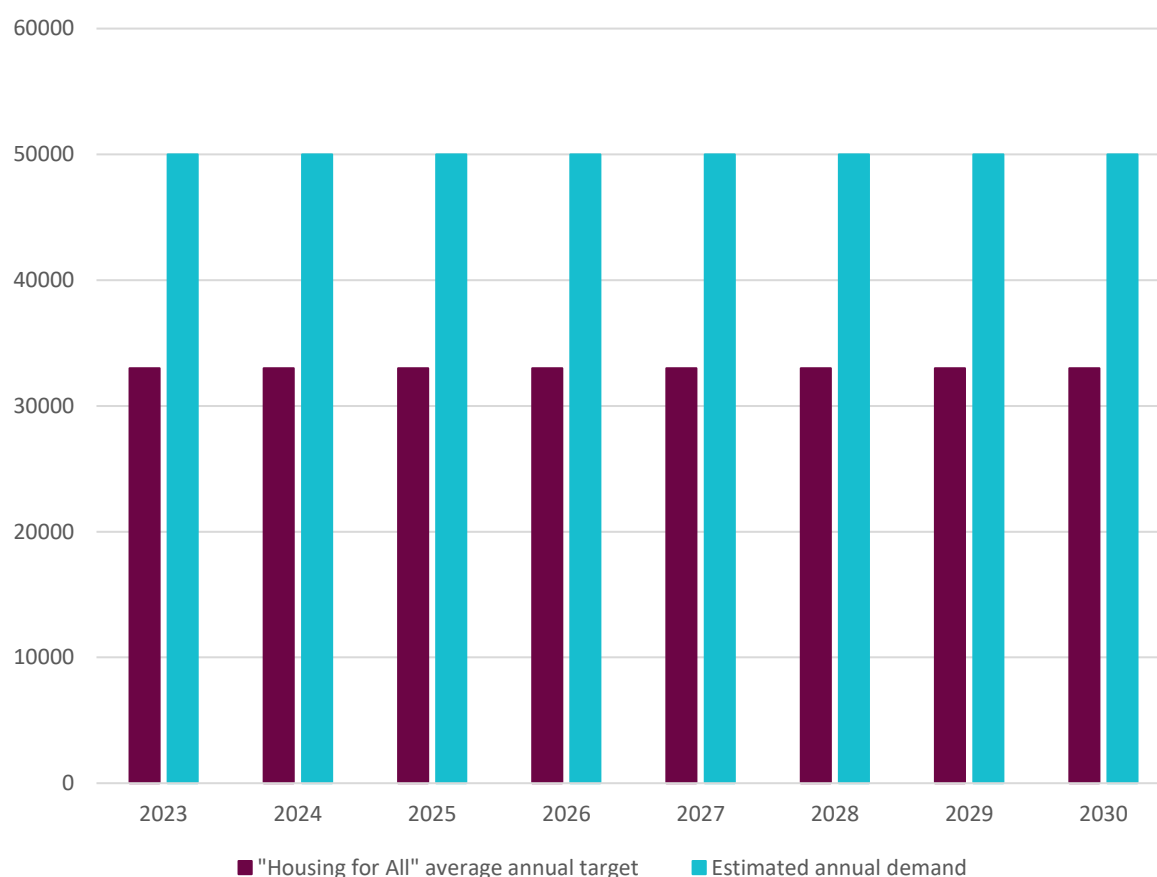
<sup>26</sup> PBO calculation based on CSO figures - [NDO01](#).

<sup>27</sup> RTE (2023) [Vacant office developments could be converted for housing](#).

<sup>28</sup> Department of Finance (2023) [National Economic Dialogue 2023, The economy in 2030: enabling a sustainable future for all](#).

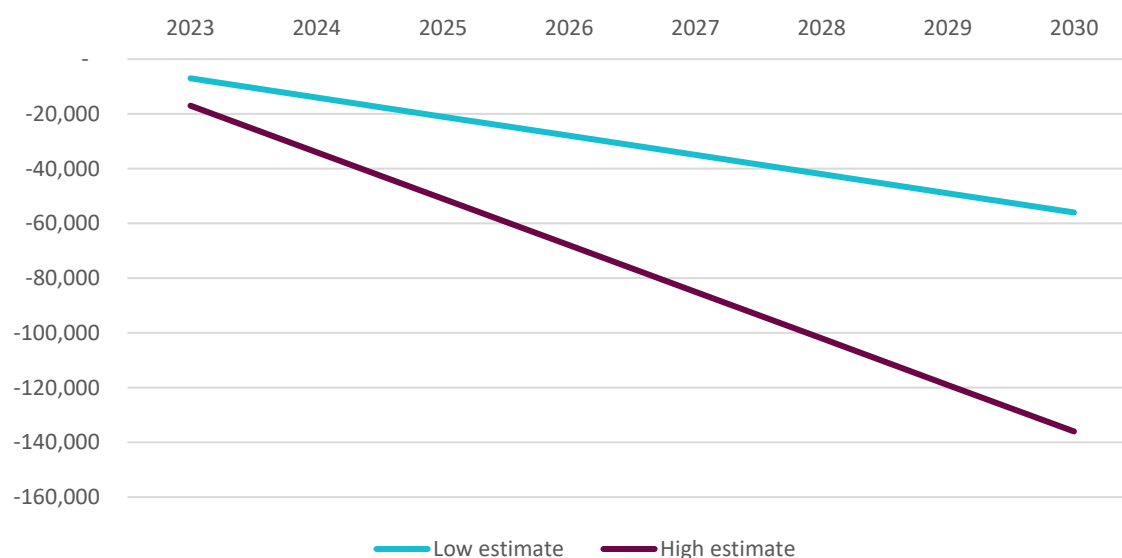
<sup>29</sup> These figures are calculated by multiplying the annual deficit (7,000 & 17,000) by 8 years (2023-2030).

### Figure 3: Housing Need vs Housing Supply



Source: PBO calculations.

### Figure 4: Estimated cumulative housing deficit to 2030



Source: PBO calculations.

According to CSO average new dwelling size data,<sup>30</sup> the size of dwellings has been getting smaller every year since 2012. A new build in 2022 is

<sup>30</sup> CSO (2023) [New Dwelling Completions Q4 2022](#).

nearly 40% smaller than its equivalent in 2012. This decrease is caused by both an increase in the proportion of completed dwellings being apartments and a decrease in the size of single and scheme dwellings.<sup>31</sup> There has been a clear increase in supply of apartments nationally, as the number completed in 2022 was 9,166, a 78.7%<sup>32</sup> increase from 2021. This change in housing stock composition does afford, for example, older people the opportunity to downsize, thereby freeing up larger properties for families. Two-thirds of all dwelling completions in Dublin in 2022 were apartments.<sup>33</sup> There were close to seven thousand (6,909)<sup>34</sup> apartment completions in Dublin in 2022 representing three-quarters of all apartments completed nationally in the year.

The target for 2023 is 29,000<sup>35</sup> new dwellings<sup>36</sup> to be completed, slightly less than what was built in 2022 (29,851<sup>37</sup>). While there is increased demand for housing, there are key factors impacting supply. Cost pressures are coming in the form of skilled labour shortages,<sup>38</sup> supply chain disruptions<sup>39</sup> and increased material costs.<sup>40</sup> On the finance side there are challenges with inflation<sup>41</sup> and higher interest rates.<sup>42</sup>

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<sup>31</sup> Ibid.

<sup>32</sup> Ibid.

<sup>33</sup> Ibid.

<sup>34</sup> Ibid.

<sup>35</sup> Note that the *Housing for All* target is to average 33,000 dwellings annually, some years will produce less, and others more.

<sup>36</sup> Department of Housing, Local Government and Heritage (2023) [Housing for All Action Plan Update and Q2 2023 Progress Report](#).

<sup>37</sup> CSO (2023) [New Dwelling Completions Q4 2022](#).

<sup>38</sup> Central Bank of Ireland (2022) [Rising construction costs and the residential real estate market in Ireland](#).

<sup>39</sup> Ibid.

<sup>40</sup> Ibid.

<sup>41</sup> Central bank of Ireland (2023) [Inflation and monetary policy: what to expect](#).

<sup>42</sup> CBI (2023) [Central Bank publishes research and information on ongoing work to ensure consumers are protected in a changing economic landscape](#).

## Chapter 2: What does it cost to buy a home?

This chapter looks at the cost of a property relative to income on a national basis for 2021.<sup>43</sup> To do this, four key assumptions are made:

1. The purchaser has a deposit equivalent to 10% of the property value.
2. The purchaser can obtain the full mortgage available under CBI lending rules (i.e., 3.5 times their salary, before the 4 times rule).
3. A purchaser who obtains a mortgage is not receiving any external financial assistance (e.g., is not receiving a loan from their parents, there is no co-signer, Help to Buy is only used for their deposit).
4. The purchaser does not have any assets (e.g., a house, stocks, bonds etc...).

A 2014 report by the National Economic & Social Council (NESC) stated that “a range of social groups—particularly those of low-income, **single-earner** and single-person households and **lone parents**—will find it difficult if not impossible to achieve homeownership in the decades ahead”.<sup>44</sup>

Homeownership rates have reduced from 70%<sup>45</sup> in 2012 to 66%<sup>46</sup> in 2022.

There is also evidence of delayed purchase as the median age of purchasers increased from 35 to 39 years between 2010 and 2021.<sup>47</sup>

Although multiple factors have likely influenced this, including 3rd level participation rates and age at entry to the labour force, affordability is also a key concern. The increase in age for homeownership could have other effects e.g., potentially delaying family formation or investment into pensions.<sup>48</sup>

Limited availability of affordable homes<sup>49</sup> also means potential buyers staying in rented accommodation for longer. This, in addition to population growth, has added to demand in the rental sector, which is in turn adding to rent increases.<sup>50</sup> In 2012,<sup>51</sup> the average rent nationwide was

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<sup>43</sup> Note: some schemes (e.g., First Home scheme) were not introduced until 2022 and so are not included in this analysis. 2021 is chosen because it is the latest data available from Revenue on income distribution.

<sup>44</sup> National Economic & Social Council (2014) [Homeownership and Rental: What Road is Ireland On?](#)

<sup>45</sup> Ibid.

<sup>46</sup> CSO (2023) [Census of Population 2022 - Summary Results](#).

<sup>47</sup> CSO (2023) [Characteristics of Residential Property Purchasers - Estimates of Mortgage and Non-Mortgage Transactions 2021](#).

<sup>48</sup> ESRI (2022) [Future trends in housing tenure and the adequacy of retirement income](#).

<sup>49</sup> PBO (2022) [Snapshot of the Housing Market in 2021 \(Part 2\)](#).

<sup>50</sup> Central Bank of Ireland (2022) [Mortgage measures framework review: Focus on the calibration decision](#).

<sup>51</sup> It is acknowledged that Ireland was emerging from a financial crisis, and this was the trough.

€766.61,<sup>52</sup> by 2022 it rose to €1,507.15<sup>53</sup> (+96%) despite legislation to mitigate rises. High housing costs have a material impact on people, including vulnerable groups such as lone parents, in the form of **high levels of income poverty and material deprivation**.<sup>54</sup>

A survey conducted in 2018 by IGEES found 86.5% renters indicated a strong preference for homeownership.<sup>55</sup> Respondents stated “owning a home makes more sense because you are protected against rent increases and owning is a good investment”.<sup>56</sup> This IGEES report stated that “many respondents reported that they rented because they could not yet, or ever, afford to purchase”.<sup>57</sup> There is a long-term trend of those in the private rental sector having to allocate more of their household budgets to rent than homeowners allocate to mortgage payments.<sup>58</sup> This is impacting potential buyers’ ability to save a deposit and buy a home.

**Table 1: Summary of Median residential prices in 2021**

Location	Existing House	New Build House	Existing Apartment	New Build Apartment
National	€265,000	€355,000	€235,000	€415,000
Dublin	€445,000	€427,072	€313,000	€523,550

Source: CSO, [HPA05](#).

Table 1 shows the median price for a new build and existing dwelling, both nationally and in Dublin, in 2021 and is split between houses and apartments. In 2021, at national level the median income was €41,222, while for Dublin this figure was €45,386.<sup>59</sup> In 2021 the maximum a bank could lend under the Central Bank of Ireland (CBI) macroprudential lending rules was 3.5 times<sup>60</sup> a person’s income. At national level, this means a person earning a median income<sup>61</sup> could get a mortgage of up to €145,000 (3.5\*€41,222) or €289,000 (€82,400 \*3.5) for a couple. The mortgage available based on the median income plus the 10% deposit<sup>62</sup> is below the price of an average-priced new or existing dwelling (for more information on this see Box.1 below). **This means that the median earner,**

<sup>52</sup> RTB (2023) [The RTB Rent Index Q4 2022](#).

<sup>53</sup> Ibid.

<sup>54</sup> ESRI (2023) [Housing Affordability: Ireland in a cross-country context](#).

<sup>55</sup> IGEES (2019) [The Housing Aspirations and Preferences of Renters](#).

<sup>56</sup> Ibid.

<sup>57</sup> Ibid.

<sup>58</sup> NESC (2023) [Private Rental in Ireland](#).

<sup>59</sup> CSO (2023) [Earning Analysis using Administrative Data Sources](#). Median refers to the middle of the income distribution – 50% of earners are earning above this amount and 50% below.

<sup>60</sup> Note this analysis pre-dates the relaxation of macroprudential mortgage measures in Ireland which took effect from January 2023.

<sup>61</sup> This is median income of working persons based on CSO data - [NEA08](#).

<sup>62</sup> The help to buy scheme is intended to only be used for the 10% deposit for first time buyers.

**whether single or a couple, cannot afford an average-priced home.**<sup>63</sup>

Given these affordability issues, chapter 3 looks at who is buying residential property.

Affordability can be enhanced in two main ways – reduced prices (for example by increased supply) and or increased ability to pay. In the five years to Q1 2023, average weekly earnings rose by 24.0%.<sup>64</sup> In recognition of these affordability challenges, the Government has introduced supports such as HAP,<sup>65</sup> further social housing provided by LAs or AHBs, Help to Buy (to assist with providing a deposit),<sup>66</sup> First Home scheme,<sup>67</sup> cost rental housing,<sup>68</sup> rent pressure zones<sup>69</sup> and rent caps.<sup>70</sup> While there is an affordability issue in general in the housing market, it varies nationally. In some Counties (Dublin in particular) the issue is more problematic than others (e.g., Leitrim).

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<sup>63</sup> This does not mean that a person or couple on a median salary cannot afford any home. A person or couple may be able to afford a property valued under the median price or in a different location. By definition, 50% of homes are priced below the median-priced home and prices vary substantially across the Country.

<sup>64</sup> CSO (2023) [Earnings and Labour Costs Q4 2022 \(Final\)](#).

<sup>65</sup> HAP.ie (2023) [Housing Assistance Payment \(HAP\) Scheme](#).

<sup>66</sup> Revenue (2023) [Help to Buy \(HTB\) scheme](#).

<sup>67</sup> Department of Housing, Local Government and Heritage (2022) [First Home scheme](#).

<sup>68</sup> Citizen Information (2023) [Cost rental housing](#).

<sup>69</sup> Department of Housing, Local Government and Heritage (2023) [Rent Pressure Zones](#).

<sup>70</sup> Department of Housing, Local Government and Heritage (2023) [Legislation capping rent increases at 2% passed by both Houses of the Oireachtas](#).



### Box 1

The tables below show the median price of property in 2021, for both Dublin and at a national level. The tables are then broken down further to show the maximum mortgage available to the median income earner or a couple plus the 10% deposit that is required. The shortfall is calculated by adding the maximum mortgage (3.5 times income) to the 10% deposit, this is then subtracted from the price of the property. The numbers in red below show the additional savings<sup>71</sup> required for a purchaser to buy a property e.g., in Dublin a single earner on the median income would need a deposit of €286,149 (€241,649 (Additional deposit) + €44,500 (10% deposit)) to purchase a new build house.

**Table 2: Median National prices and single earners**

Location	Existing House	New Build House	Existing Apartment	New Build Apartment
Nationally	€265,000	€355,000	€235,000	€415,000
Median income (single) – maximum mortgage	€144,277	€144,277	€144,277	€144,277
Deposit (10%)	€26,500	€35,500	€23,500	€41,500
Additional Savings	€94,223	€175,223	€67,223	€229,223
Total deposit needed	€120,723	€210,723	€90,723	€270,723

**Table 3: Median National prices and Couple earners**

Location	Existing House	New Build House	Existing Apartment	New Build Apartment
Nationally	€265,000	€355,000	€235,000	€415,000
Median income (couple) – maximum mortgage	€288,554	€288,554	€288,554	€288,554
Deposit (10%)	€26,500	€35,500	€23,500	€41,500
Additional savings	€0	€30,946	€0	€84,946
Total deposit needed	€26,500	€66,446	€23,500	€126,446

<sup>71</sup> Additional Savings refer to savings that are needed in excess of the 10% deposit to purchase a property.

**Table 4: Median Dublin prices and single earners**

Location	Existing House	New Build House	Existing Apartment	New Build Apartment
Dublin	€445,000	€427,072	€313,000	€523,550
Median income (single) – maximum mortgage	€158,851	€158,851	€158,851	€158,851
Deposit (10%)	€44,500	€42,707	€31,300	€52,355
Additional savings	€241,649	€225,514	€122,849	€312,344
Total deposit needed	€286,149	€268,221	€154,149	€364,699

**Table 5: Median Dublin prices and couple earners**

Location	Existing House	New Build House	Existing Apartment	New Build Apartment
Dublin	€445,000	€427,072	€313,000	€523,550
Median income (couple) – maximum mortgage	€317,702	€317,702	€317,702	€317,702
Deposit (10%)	€44,500	€42,707	€31,300	€52,355
Additional savings	€82,798	€66,663	€0	€153,493
Total deposit needed	€127,298	€109,370	€31,300	€205,848

High rents impact middle-earning groups in particular,<sup>72</sup> while lower income households are more protected from housing costs through State support.<sup>73</sup> Younger people who earn too much to qualify for State supports, but not enough to comfortably pay high rental levels are particularly impacted.<sup>74</sup> Figure 5 below shows the income distribution of over 3.57m<sup>75</sup>

<sup>72</sup> ESRI (2023) [Housing Affordability: Ireland in a cross-country context](#).

<sup>73</sup> Ibid.

<sup>74</sup> Ibid.

<sup>75</sup> **It should be noted that this chart excludes individuals with zero gross income.** It should also be noted that gross income as provided in this data is net of pension contributions made through employment, if applicable.

taxpayer units<sup>76</sup> in 2021<sup>77</sup> by gross income range.<sup>78</sup> For example, the orange bar below shows there were over 240,000 earning between €35,000 and €40,000 in 2021. This chart is broken up into three sections:

1. Section “A” in the chart shows the 2.3m<sup>79</sup> (64.4%) who had an income under €35,000 in 2021 and may be eligible for Government housing support e.g., Housing Assistance Payment (HAP<sup>80</sup>). There are some in section “A” who do not qualify for Government support. For example, those who are living at home, existing homeowners, and those whose housing need is already met (e.g., social housing). For those in section “A” who are trying to buy a home, the mortgage available to an **individual person**, plus their 10% deposit, is below the cost of an **average-priced** new build house<sup>81</sup> (€355,000<sup>82</sup>) or an existing house (€265,000<sup>83</sup>).
2. Section “B” represents the 1.01m (30.6%) who earned between €35,000 and €90,000 in 2021. Those in section “B” are above the income threshold for full HAP<sup>84</sup> and are less eligible for housing assistance. A single earner in section “B” also does not earn enough to buy an **average-priced** new build property nationally.<sup>85</sup> Under the assumptions mentioned above, this means that in 2021, less than 5% of people had a sufficient salary to obtain a mortgage to buy an **average-priced** new build property without a second income partner.
3. Section “C” represents the 180k (5%) people who earned above €90,000 in 2021. A single earner in this bracket, had a sufficient

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<sup>76</sup> In providing an analysis of these incomes, where couples had an income, they are counted as two individuals, but where only one partner had an income, the other partner was not included in the analysis.

<sup>77</sup> 2021 is the most recent data available from [Revenue](#).

<sup>78</sup> This data does not separate homeowners from non-homeowners, this level of detail is not available.

<sup>79</sup> This figure includes students and those who are working part-time.

<sup>80</sup> This assumes that the landlord will rent to a HAP recipient, or that there are HAP properties available to rent.

<sup>81</sup> This is a national figure; the price of property fluctuates across every County. A house may cost less than this in some areas and may, in some instances, be affordable for those in section A.

<sup>82</sup> Figure is based on CSO data, [Market-based Household Purchases of Residential Dwellings. HPA05](#).

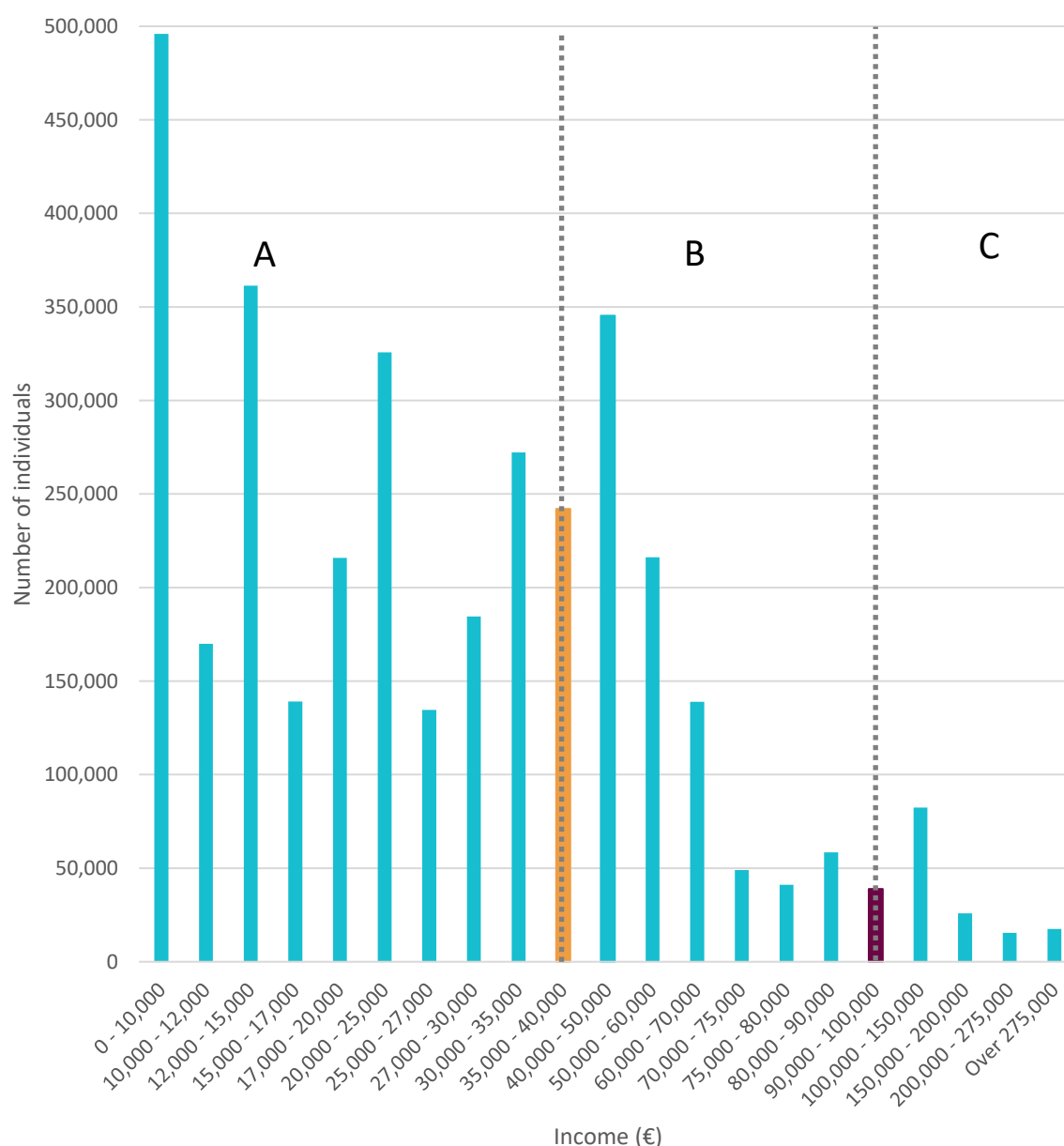
<sup>83</sup> Ibid.

<sup>84</sup> It should be noted that people earning above the income bands for HAP can still obtain it but at a reduced rate. In 2023 the HAP income threshold was increased to €40,000.

<sup>85</sup> A person can buy a new build below the national median price for a new build, since by definition 50% of these properties are below that price.

income to obtain a 90% mortgage for an **average-priced** new build house nationally<sup>86</sup> in 2021.

**Figure 5: Individualised Gross incomes in 2021**



Source: Revenue, [Individualised gross income distributions](#).

At national level, figure 6 below shows the salary<sup>87</sup> an individual person or a couple would need to obtain their maximum mortgage to buy a property

<sup>86</sup> Prices vary across Counties, meaning a purchaser could buy alone in general but may not be able to buy everywhere. For example, the price of a new build house in Dublin, on average, is higher than the national figure. This means a potential purchaser may not be able to buy a new build in Dublin.

<sup>87</sup> The salary needed is calculated by subtracting the 10% deposit from the price of the property and then dividing the price of the property by 3.5.

in 2021,<sup>88</sup> assuming they have a 10% deposit. The horizontal line (blue) in the chart shows the national median salary (€41,222<sup>89</sup>) in 2021. The chart shows the salary needed to obtain a mortgage to buy an **average-priced home** by a single earner is substantially above the median. To buy an existing average-priced property an individual would need to earn between €60,000 and €68,000 a year. For context, in 2021, the data indicate that roughly 13%<sup>90</sup> of earners had a salary above €60,000. To buy a new build average-priced property nationally, an individual would need to earn between €91,000 and €106,000 a year. In 2021, only 5%<sup>91</sup> of people had a salary above €90,000.

For couples, affordability is much less of an issue. When buying an existing average-priced property, a couple would need to have joint salary of between €60,000 and €68,000, or average salaries between €30,000 and €34,000. About 43%<sup>92</sup> of people had an income above €30,000 in 2021. For new build average-priced properties a couple would require a joint salary of between €90,000 and €106,000, or a single salary each of between €45,000 and €53,000. In 2021, almost 29% of people had an income over €40,000. In 2021, the median age of purchasers was 39 with a median income of €71,300.<sup>93</sup>

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<sup>88</sup> The prices used for property prices are based on the national median price. Some Counties are more expensive than others and so the above chart is only reflective of the national average.

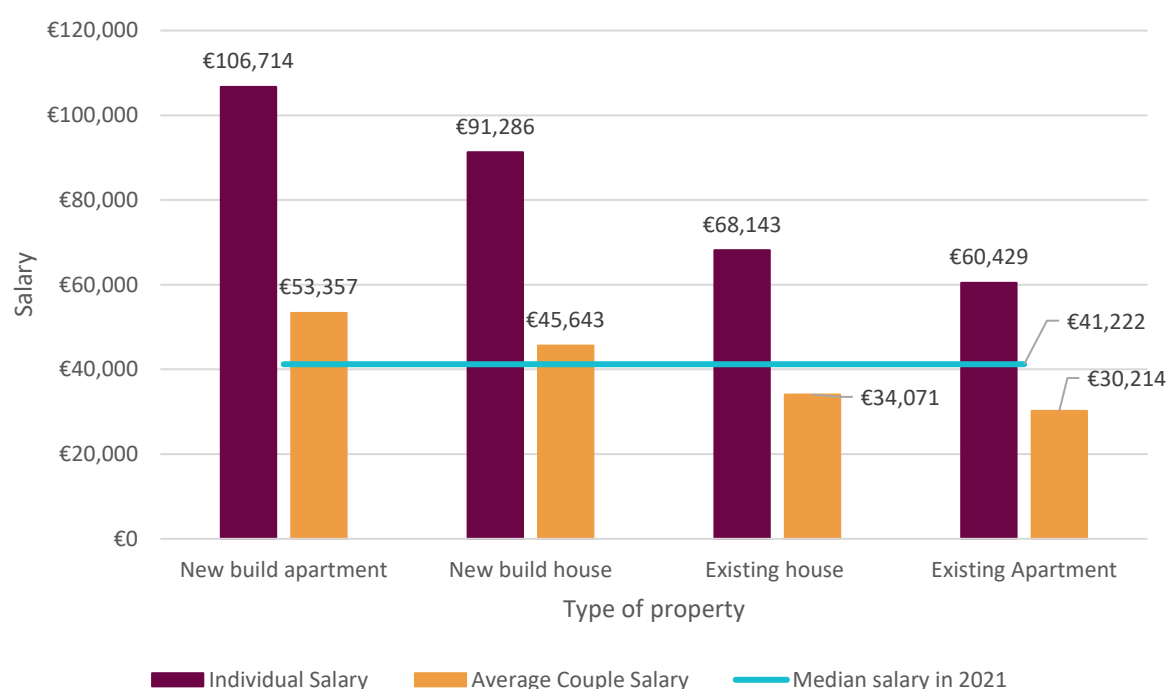
<sup>89</sup> CSO (2023) [Earning Analysis using Administrative Data Sources, NSA98](#).

<sup>90</sup> Revenue (2023) [Individualised gross income distributions](#).

<sup>91</sup> Ibid.

<sup>92</sup> Ibid.

<sup>93</sup> CSO (2023) [Characteristics of Residential Property Purchasers - Estimates of Mortgage and Non-Mortgage Transactions 2021](#).

**Figure 6: Salary needed to buy an Average-Priced home (National)**

Source: CSO [HPA05](#), [NSA98](#).

Figure 7 below shows the salary an individual person or a couple would need to obtain their maximum mortgage to buy an average-priced Dublin property in 2021, assuming they have a 10% deposit. The horizontal line (blue) in the chart shows the national median salary (€45,386<sup>94</sup>) in 2021. The chart shows the salary needed to obtain a mortgage by a single earner to buy an average-priced home is substantially above the median salary. To buy an existing average-priced property an individual would need to earn between €40,000 and €57,000 a year. For context in 2021, roughly 19%<sup>95</sup> of earners had a salary above €50,000. To buy an average-priced new build property nationally, an individual would need to earn between €109,000 and €135,000 a year. In 2021, only 4%<sup>96</sup> of people had a salary above €100,000.

When buying an existing average-priced property in Dublin, a couple would require a joint salary of between €80,000 and €114,000, or an average salary between €40,000 and €57,000. About 6.7%<sup>97</sup> of people had an income above €80,000 in 2021. For new build average-priced properties a couple would require a joint salary of between €109,000 and €134,000 or average salary each of between €54,000 and €67,000. At the national level in 2021, only 13% had an income above €60,000.

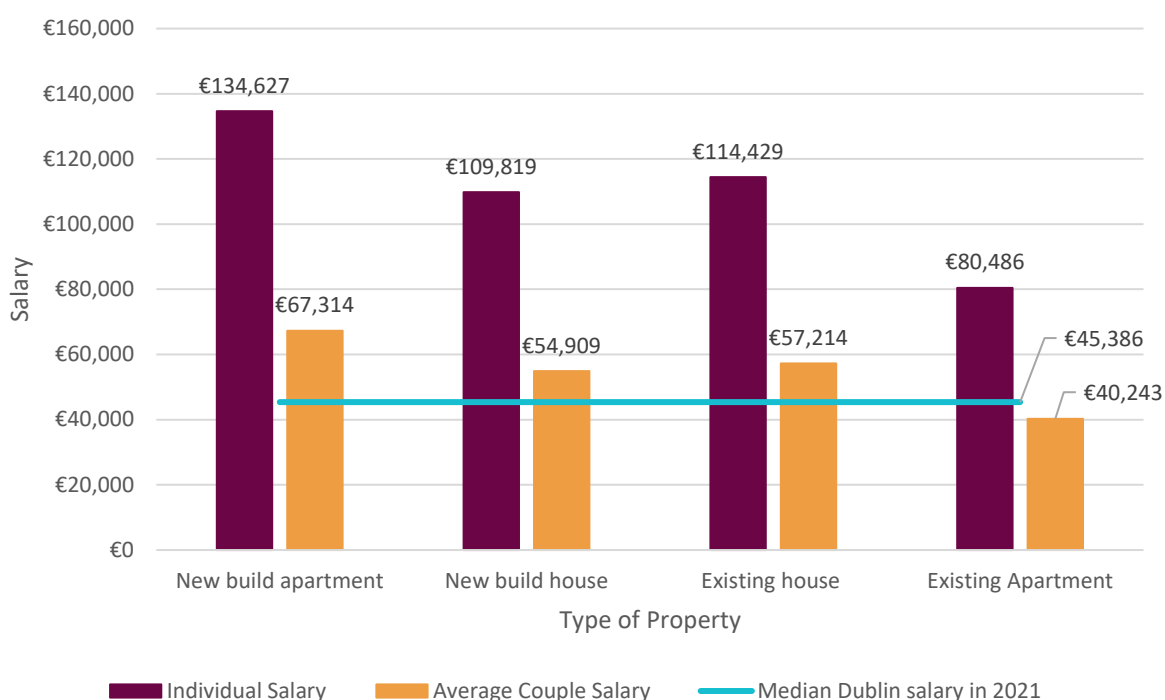
<sup>94</sup> CSO (2023) [Earning Analysis using Administrative Data Sources, NSA98](#).

<sup>95</sup> Revenue (2023) [Individualised gross income distributions](#).

<sup>96</sup> Ibid.

<sup>97</sup> Ibid.



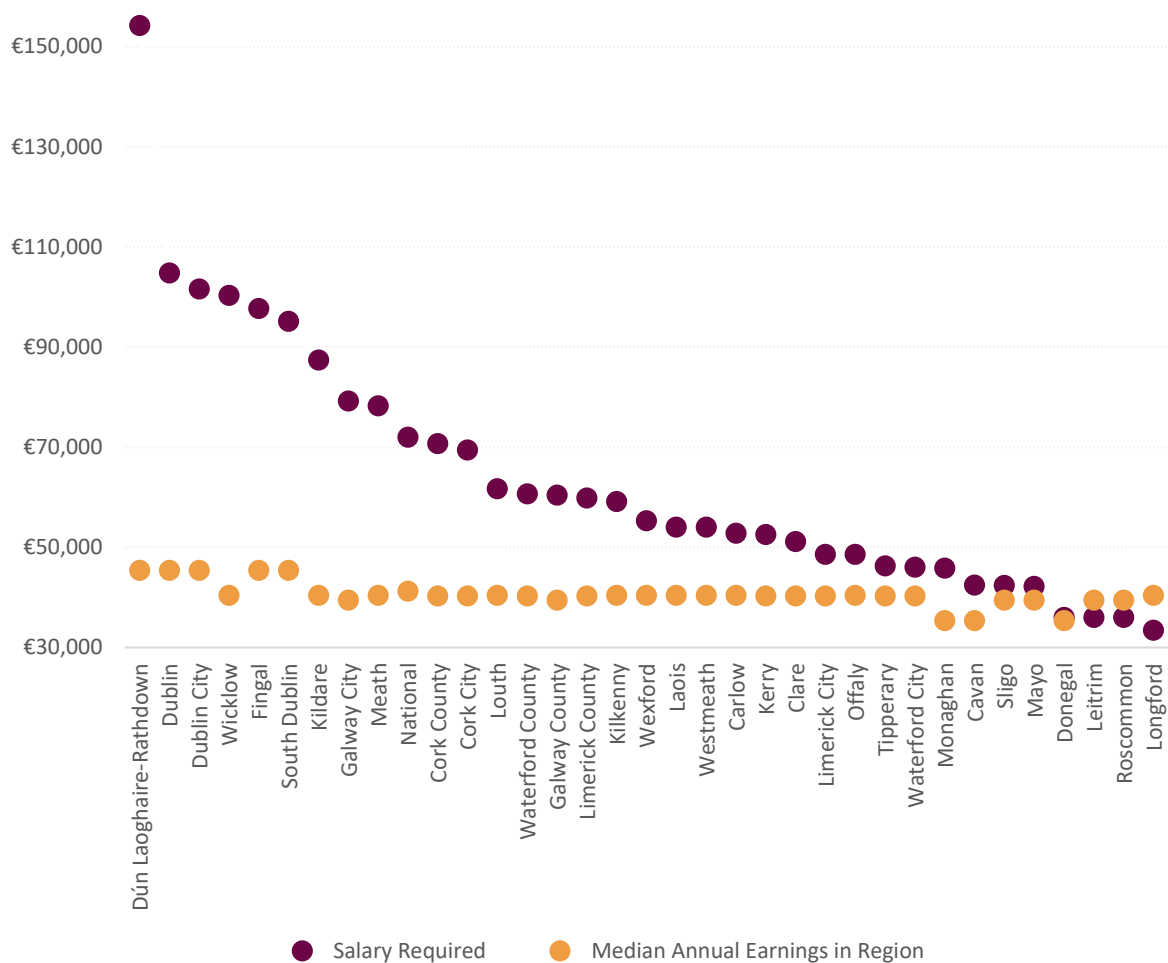
**Figure 7: Salary needed to buy an Average-Priced home (Dublin)**

Source: CSO [HPA05](#), [NSA98](#).

The above charts looked at prices/salary needed from a national and Dublin perspective. However, the price of property fluctuates across the country and so these figures are not reflective of affordability everywhere. Dwellings cost less than the national median price in some areas and cost more in others. Figure 8<sup>98</sup> below shows the salary required to buy the average-priced property compared to median earnings for a single person in 2021, figure 9 shows this for couples. **Median earnings are based on Revenue administrative earnings data, available at provincial level only.** Figure 8 shows the gaps between the salary needed to buy an average-priced home and the income that single earners are on - in 18 Counties there was a gap of at least €10,000. While figure 9 below shows that couples only experienced this affordability gap in three Counties (Dublin, Kildare, and Wicklow).

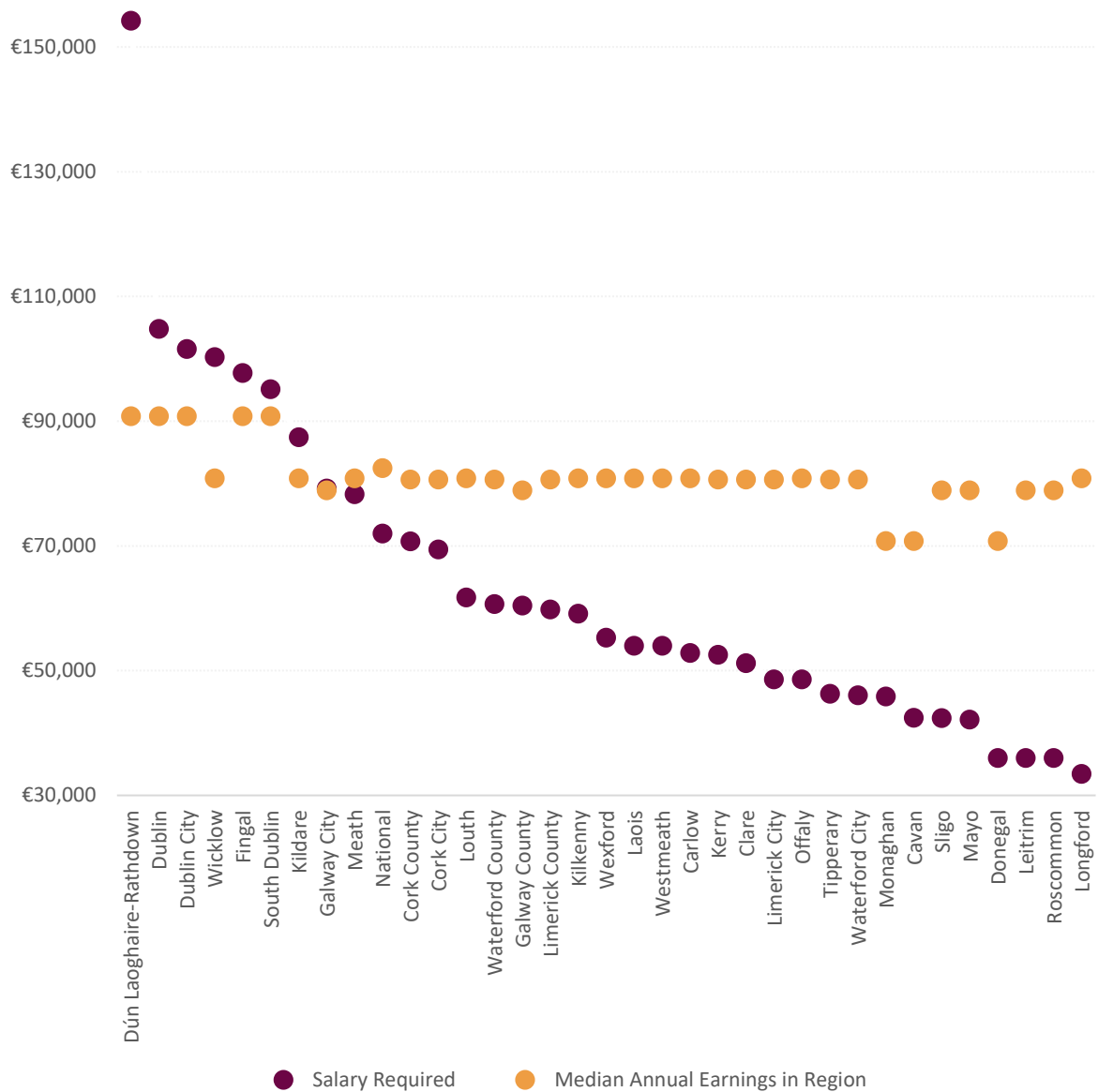
<sup>98</sup> These charts are created under the assumptions made at the start of chapter 2.

**Figure 8: Salary required compared to median earnings (single)**



Source: CSO [HPA05](#), [NSA98](#).

**Figure 9: Salary required compared to median earnings (couple)**



Source: CSO [HPA05](#), [NSA98](#).

## Chapter 3: Who is buying homes?

This section looks at the type of buyers of residential property from 2012 to 2022. The biggest change has been from predominantly FTBs purchasing new build properties to non-household buyer (NHBs). In 2012,<sup>99</sup> a total of 31,369 residential properties were sold in Ireland, to a value of €4.9bn. By 2022, the number of residential properties sold had more than doubled to 72,316, to a total value of €23bn. There has been a substantial increase in the presence of NHBs in the residential market. In 2012, NHBs accounted for just 5.9% of purchases nationally, by 2022 this figure increased to 19.2%<sup>100</sup> In 2012, NHBs purchased a total of 1,410 properties valued at €289.6m. **In 2022, Non-Household Buyers purchased 12,890 residential properties valued at €4.4bn.**<sup>101</sup> NHBs bought seven times more residential property in 2022 than in 2012. When looking at new build purchases, particularly in Dublin, NHBs have become the biggest cohort of buyers. Table 6 explains the below pie-charts and a definition of each buyer type.

### What is a Non-Household Buyer?

The non-household sector comprises private companies, charitable organisations, and State institutions.<sup>102</sup> Non-Household Buyers (NHBs) buy property for a variety of reasons, some are charities that provide accommodation for the homeless, often subsidised by the State. Some NHBs, (e.g., pension funds) buy property as an investment and may rent it to generate revenue. Other NHBs (e.g., Approved Housing Bodies - AHBs<sup>103</sup>) buy property for the purpose of providing affordable rental housing for people who cannot afford to pay private rents or buy their own homes.<sup>104</sup> AHBs tend to acquire property rather than build as it is a faster way of providing social housing.

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<sup>99</sup> It should be noted that 2012/2013 are considered the trough after the 2008 recession. This means that both the volume and value of property transactions were at a very low point.

<sup>100</sup> PBO Calculation based on CSO data - [HPA02](#).

<sup>101</sup> Ibid.

<sup>102</sup> CSO (2023) [NON-HOUSEHOLD SECTOR](#).

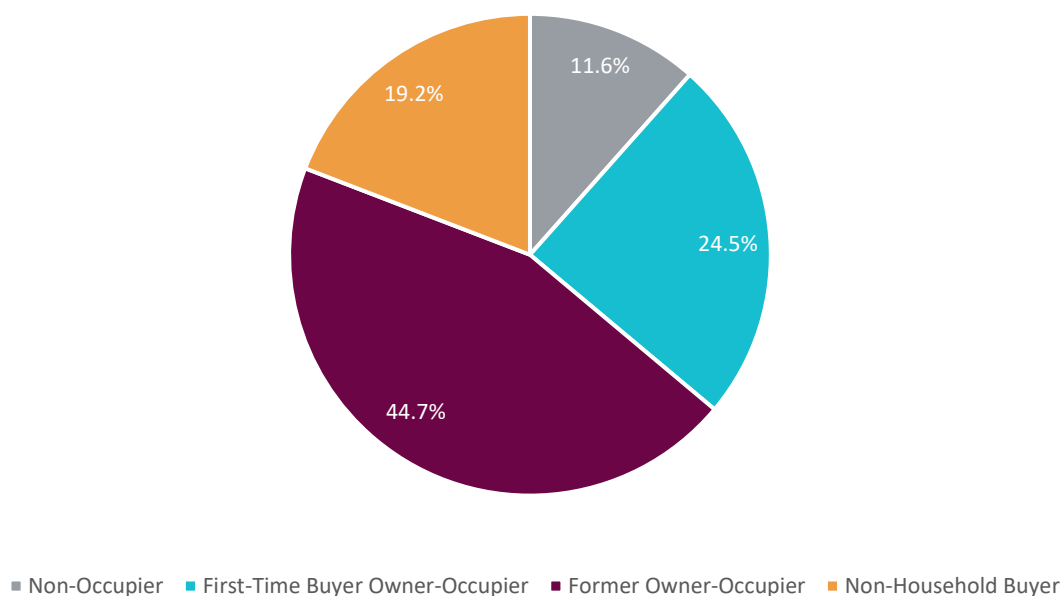
<sup>103</sup> Approved housing bodies (AHBs) are independent, not-for-profit organisations. Some approved housing bodies provide housing for specific groups of people, such as older people or homeless people.

<sup>104</sup> Citizens Information (2023) [Approved housing bodies](#).

**Table 6: Colour schemes for pie-charts**

Colour	Type of buyer	Meaning
	First Time Buyer	A person(s) who is buying a residential property for the first time
	Former Owner-Occupier	A person(s) who is changing where they live
	Non-Occupier	A person (s) who is buying a property but not for the purpose of living in it e.g., Landlord
	Non-Household Buyer	Not a person. This category refers to a body that buys a property (e.g., Investment fund, County council or AHB)

Figure 10 below shows a national breakdown of who bought residential property, both existing and new, in 2022. Former owner-occupiers made up the largest percentage of buyers (44.7%), followed by FTBs who accounted for roughly a quarter of purchasers, then non-household buyers at 19.2% and lastly it was non-occupiers at 11.6%.

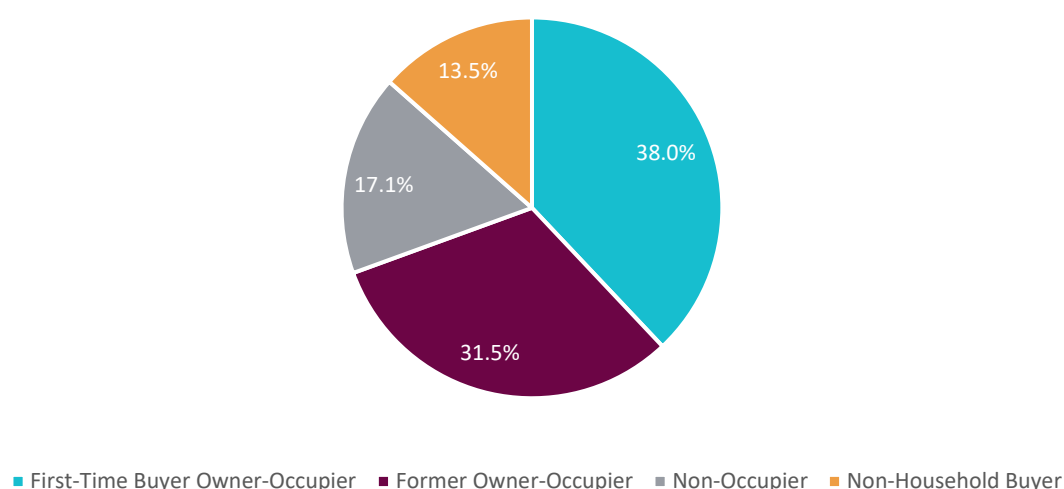
**Figure 10: Breakdown of property purchasers nationally in 2022**


Source: CSO, [HPA02](#).

### New build buyer type – National.

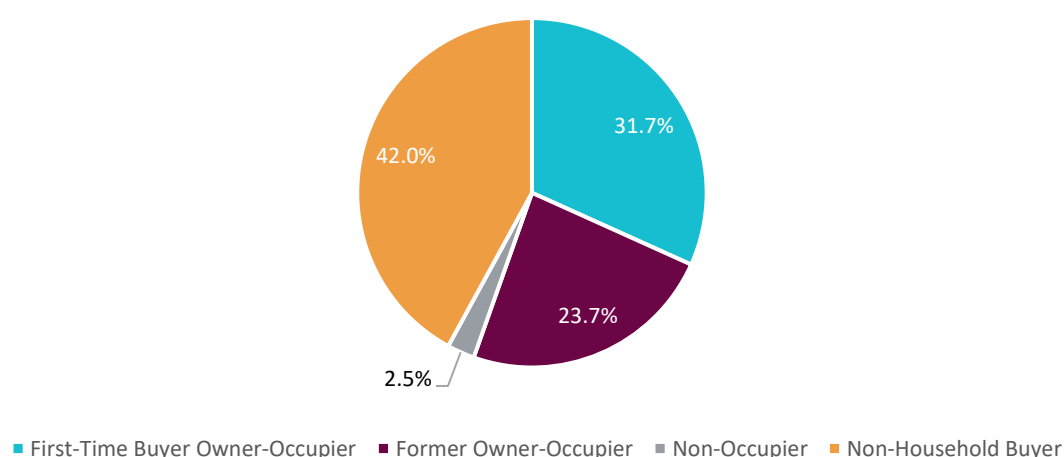
Figure 11 below shows a breakdown of who bought a new build residential property nationally in 2012, while figure 12 shows this breakdown for 2022. In 2012 FTBs accounted for the largest cohort of new build purchasers at 38%, while non-Household buyers accounted for the smallest at just 13.5%. By 2022 this relationship changed substantially, non-Household buyers became the largest category of new build purchasers at 42%. Another point to note in this chart is the significant percentage drop in non-occupiers buying new build property. In 2012, non-occupiers bought 17% of new build properties, in 2022 they only accounted for 2.5%.

**Figure 11: Type of buyer for new builds nationally in 2012**



Source: CSO, [HPA02](#).

**Figure 12: Type of buyer for new builds nationally in 2022**



Source: CSO, [HPA02](#).



### New build buyer type - Dublin

Figure 13 below shows a breakdown of who bought a new build residential property in Dublin in 2012, while figure 14 shows this breakdown for 2022. In 2012 FTB's accounted for the largest cohort of new build purchasers at 34.8%, while NHBs accounted for only 24.7%. By 2022 this dynamic shifted dramatically, **NHBs bought 58% of new build properties in Dublin and became the largest buyer category.** The charts below also show the fall in non-occupiers as a percentage of buyers for new build properties in Dublin. In 2012, non-occupiers accounted for almost 20% of buyers for new build properties, in 2022 they only amounted to 2% of purchasers. The fall in investment by non-occupiers is affecting the rental market and is shown in the number of properties available to rent.<sup>105</sup> There were almost 15,000 homes listed for rent in Dublin during 2022, 48% less than in 2021.<sup>106</sup> A 2019 report by Focus Ireland found that almost 70%<sup>107</sup> of families accessing emergency accommodation in Dublin came from the private rented sector. In 2022, rents increased nationally by 7%.<sup>108</sup> In December 2022, there were 11,632<sup>109</sup> people<sup>110</sup> classed as homeless, an increase of 2,715<sup>111</sup> (30%) from December 2021.

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<sup>105</sup> Non-registered short-term rental provision, as opposed to long term rental provision, may be a factor influencing the market.

<sup>106</sup> Daft.ie (2023) [Q4 2022 Rental Price Report](#).

<sup>107</sup> Focus Ireland (2019) [Family Homelessness in Dublin: Causes, Housing Histories, and Finding a Home](#).

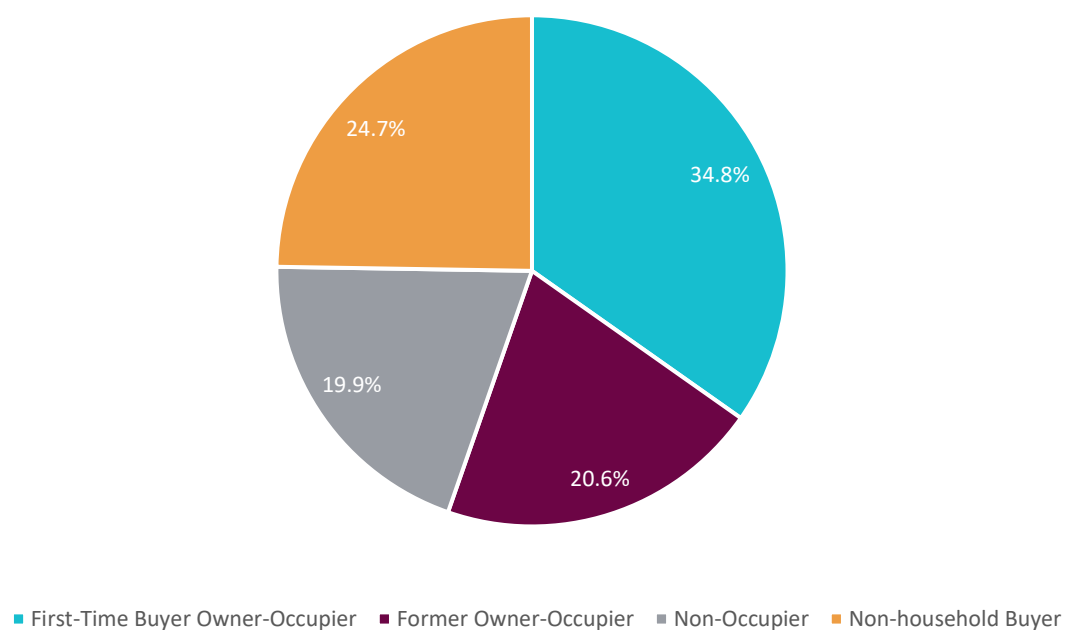
<sup>108</sup> RTB (2023) [The RTB Rent Index Q4 2022](#).

<sup>109</sup> Department of Housing (2023) [Homeless Report - December 2022](#).

<sup>110</sup> This includes adults (8,190) and children (3,442).

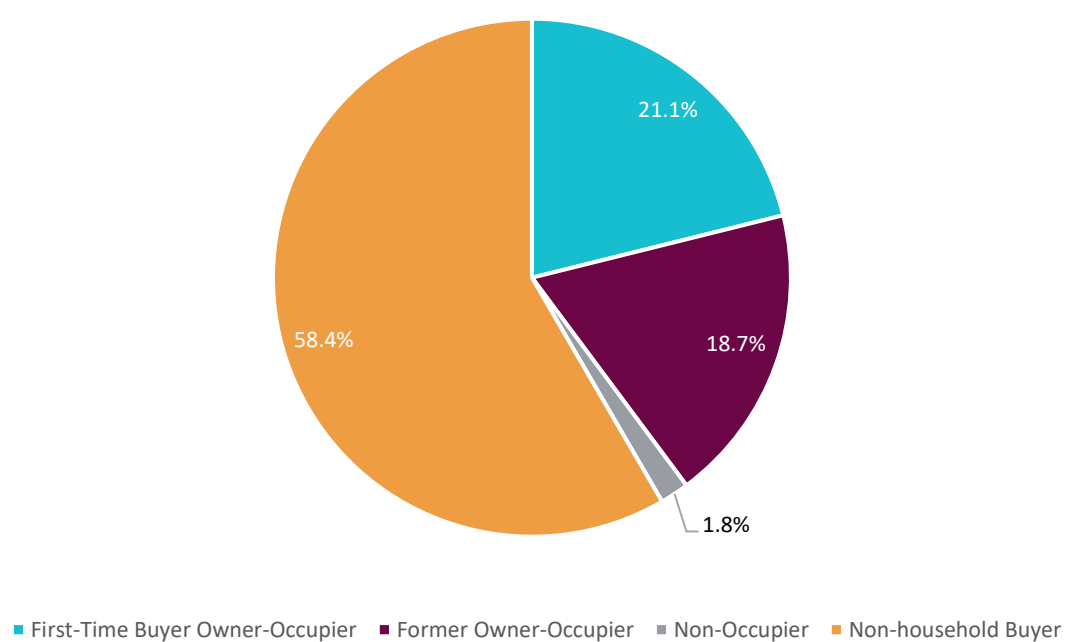
<sup>111</sup> PBO calculation based on Department of Housing (2022) [Homeless Report - December 2021](#).

**Figure 13: Type of buyer for new builds in Dublin in 2012**



Source: CSO, [HPA02](#).

**Figure 14: Type of buyer for new builds in Dublin in 2022**



Source: CSO, [HPA02](#).

### Summary

Residential property prices have increased at a much faster rate than wages over the past 10 years, making affordability for buyers a key concern. The Government's Housing for All strategy target of building 33,000 homes a year on average until 2030 may not meet demand. Current demand estimates are between 40,000 and 50,000 units required per year. Affordability for average-earning single buyers of average-priced homes is an issue in most parts of the Country, based on 2021 data. Even couples, both earning average salaries, face affordability issues in Dublin, the Dublin commuter belt, and to a lesser extent Cork and Galway. Revenue income distribution data shows that a significant proportion of the population, middle and upper-middle income earners, face affordability issues (lower income earners may be eligible for State support). Analysis of those purchasing residential property over the past 10 years shows that non-household buyers have become a more prominent feature in the market, particularly in Dublin. Although these purchasers include approved housing bodies, that ultimately provide social housing, this change has placed further demand pressures on private household purchasers in the market. Overall, dynamics in the market suggest supply targets may need to be revised to meet demand and tackle affordability challenges.

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