Housing availability, recruitment and retention in Dublin

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B&A RESEARCH & INSIGHT

A new research study reinforces the impact a lack of the right housing mix is having on recruitment and retention in Dublin

1. Background and context

There is much anecdotal feedback in the media that a lack of the right kind and quality of homes in the right locations in Dublin is having an impact on recruitment both nationally and internationally. To date, hard data to quantify this remains thin on the ground.

U+I, the specialist regeneration and property developer, commissioned a study* to understand the attitudes and experiences of larger and internationally focused organisations in Dublin when it comes to recruitment and retention, and how much of a factor the availability of accommodation is. The study represented the views of over 100 individuals involved in recruiting for large scale Dublin based organisations from a range of sectors including; finance and consulting, tech, digital and biotech.

As a secondary objective the study explored attitudes to alternative styles of living, specifically compact living, as a rental offer for specific segments of the market.

Study methodology and objectives

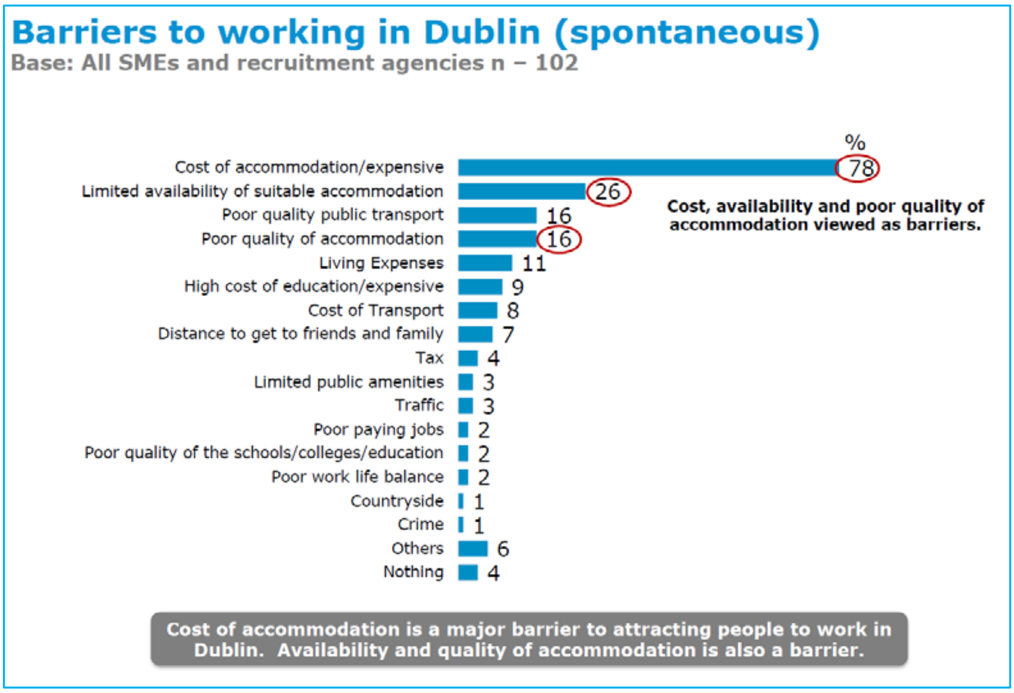
The Housing availability, recruitment and retention in Dublin research was conducted by Behaviour and Attitudes Market Research. It was based on a telephone survey conducted with 102 individuals in July 2018. All those interviewed currently recruit employees for large-scale Dublin-based organisations, across a range of business sectors. Interviewees came from HR, recruitment or business growth and strategy personnel within Dublin organisations with more than 50 employees (61%) or with recruitment agencies which serve these organisations (39%). The core objective was to assess appetite, potential demand and support for U+I's compact living concept among major employers and recruitment agencies.

2. Key Findings

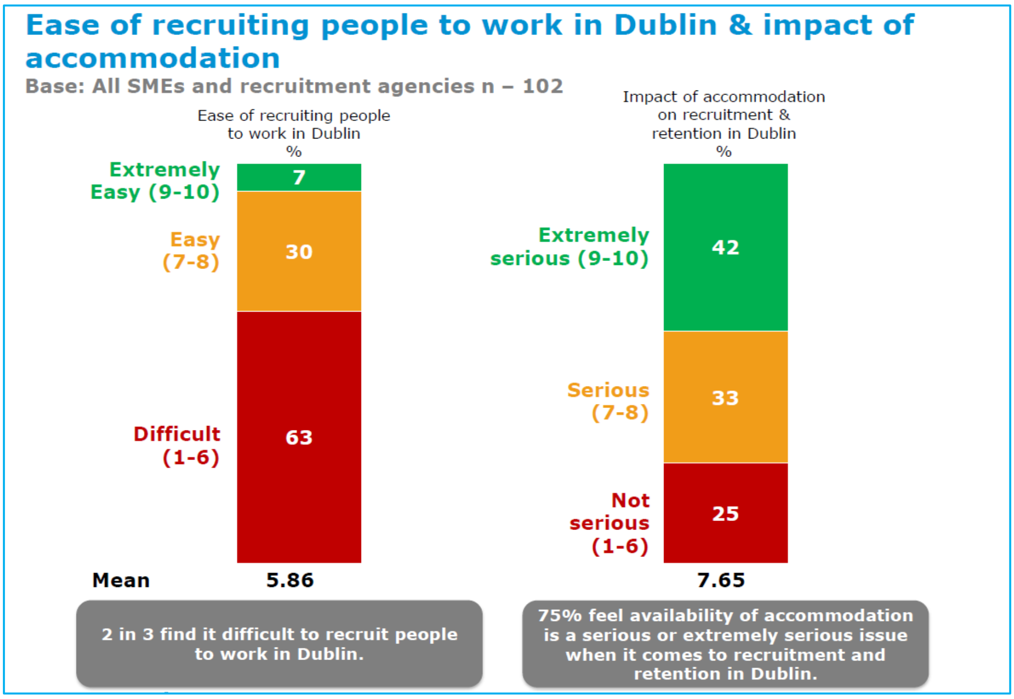
2.1 Well paid jobs attract people, but accommodation puts them off

A steady supply of well paid, high quality jobs was cited as the main attraction to working and living in Dublin, the survey revealed. Access to quality education, public transport and entertainment also featured as important draws.

However, **78% of those surveyed cited the high cost of accommodation as the main barrier to recruitment in Dublin**, far ahead of any other factor.



Despite offering attractive jobs, our survey shows that **63% reported having difficulty recruiting people to work in Dublin, while three quarters of those surveyed said that availability of accommodation was a serious or extremely serious issue for recruitment and retention in the city.** For 42%, the housing shortage had an extremely serious impact.



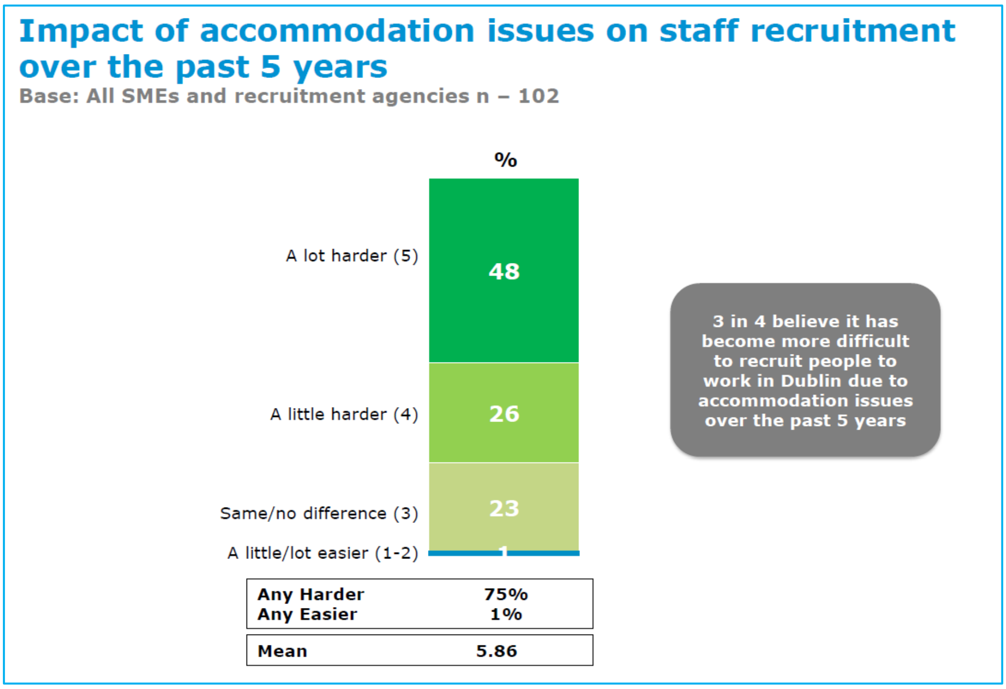
The survey suggests the problem is continuing to escalate for employers and workers. Three out of four respondents said it had become more difficult to recruit workers to Dublin over the past five years because of accommodation issues.

2.2 A flourishing economy

The Irish economy has been the fastest growing in Europe since 2016, recovering strongly after the difficult years following the financial crisis a decade ago. GDP grew by 7.8% in 2017 and is forecast to grow by 5.6% in 2018. The 2017 figures are even more impressive when compared against 2.1% for both the euro zone and the EU as a whole in the same period.

The recovery has been underpinned by increasing numbers of people in work and rising wages. These factors have contributed to rising consumer spending and retail sales, with consumer confidence in the economy now at an all-time high. The latest data from the CSO also indicates that in the year to April 2018, the number of Irish emigrants moving back to Ireland overtook the numbers leaving, a first since the height of the crash in 2009. More than 90,300 people immigrated to Ireland in the year to April 2018, with 28,400 of these returning Irish nationals. The welcome return of Irish citizens to work, coupled with the general growth in the population is only going to exacerbate the issue of access to affordable housing.

2.3 Accommodation supply has been a consistent problem



Dublin has a history of housing supply issues which have resulted in significant increases in the cost of renting. The fallout from the mortgage crisis and a lack of social housing supply has led to a State dependence on the private rental sector, which has driven up the cost of rents and reduced the availability of rental units on the market. According to the CSO in August 2018, average rent across the country reached yet another peak of €1,304, more than €560 higher than the trough in 2011 and more than 26% higher than the high point during the Celtic Tiger.

The growing economy has only exacerbated this trend. Rent controls introduced in 2016 were intended to tackle this, but average rentals still rose by 7.8% for the year to March 2018, according to RTB data, with apartments increasing in price by 8.4%, faster than houses. This exceeds the 4% rent control limit, but the controls provide exemptions for properties that have not been let for the past two years or if the nature of the accommodation has changed substantially.

2.4 Is Dublin hollowing out?

While Dublin City's economy is growing strongly, the number of people renting in the private sector fell slightly over the five years to 2016. In other areas outside the City, where prices are lower, numbers of people in private rentals have risen. This trend leads to increasing numbers of people being forced into expensive and lengthy commutes, while city centre living becomes the preserve of top earners.

Young people, single person households and middle-income earners have been particularly affected, as they are increasingly priced out of the city or forced into substandard or house-share accommodation or Homes of Multiple Occupation (HMOs). This often causes them to live more isolated lives, far from where they work, and often far from their friends and work colleagues. The loss of this particular demographic results in a city that is less diverse, less interesting and less vibrant. This also removes housing designed for families from that market again adding to the housing challenges the city faces.

2.5 Compact Living concept

A secondary objective of the study was to explore attitudes towards the concept of developing compact living solutions as a means of providing one solution to the housing shortage. These developments are purpose-built, self-contained properties, available only for rent, that U+I are proposing to develop to offer an affordable solution to city centre living for single person households or middle-income earning young singletons.

Both the organisations and the recruitment agencies surveyed as part of this research displayed a high level of understanding of the concept, with 82% noting their understanding of the concept following a detailed explanation. Each apartment is 24 square metres, similar in size to a large hotel room with two double beds, and is intelligently designed to maximise space. They include everything from self-contained kitchens, ensuites, washing machines, dishwashers and storage space and are housed in buildings that offer a range of facilities and communal spaces for work, entertainment and leisure.

2.6 Employers' and recruiters' views

According to our survey results, three out of four respondents believed the apartments will be attractive to potential employees, with 64% saying they were very positive about the apartments offering an affordable solution to city centre living. Affordability of the developments was key, as low cost was cited as the biggest factor that would attract employees.

The survey indicated that young people and single person households were seen as most likely to be attracted to the city centre apartments. Those moving to Dublin to work, including foreign nationals, students and recent graduates were all seen as potential demographics for whom these homes would be attractive.

In addition, three out of five of those interviewed said they would want to find out more about the development, while half say they would promote it to potential employees. The survey revealed that recruitment agencies are both more interested in the concept and more likely to promote it to candidates.

2.7 Conclusions

Well-paid, high quality jobs are seen as the main attraction to working and living in Dublin, while the cost of accommodation is the biggest barrier. According to the survey, the availability and quality of accommodation are also negative or prohibitive factors to working in the city and make it significantly more difficult to attract people to work in Dublin.

The new compact living concept designed by U+I performs well based on the survey results, with the interviewees noting they understood the concept well and found it both innovative and attractive. While more reserved, the levels of acceptance and likelihood to promote the concepts came in at 58%

and 51% respectively. Recruitment agencies were overall more positive than employers, displaying the highest likelihood to find out more about the development and promote it to potential employees.

The headline benefit of the concept for potential employees was as an affordable, attractive and appealing solution to city centre living.

Recruitment agencies emerged as the strongest supporters of this development in this survey, although employers also recognise the potential benefits of affordable housing in central Dublin.