

WORKERS ON AVERAGE WAGES STRUGGLE TO RENT OR BUY HOMES

House prices and rents have risen by far more than incomes since 2012, making it difficult for workers to buy or rent affordable homes. Rents are up by an average of 60% nationally and house prices by 40%, according to new research by the Nevin Institute.



But disposable income rose by just 8% over the same timeframe, with the biggest increases being seen in Dublin, Cork and Galway. For thousands of workers it has now become very difficult to rent or buy a home that is affordable.

MAJORITY CANNOT AFFORD TO BUY

The rise in housing costs has been so dramatic that a working couple on the median wage (€2087 net each per month) can no longer afford to buy a standard 3-4 bedroom house in the Dublin area.

In Dublin 8, the average 2-bed apt/house would cost over 50% of the net wage of two minimum wage workers, while they would pay over 60% of net wages for a 3-bed in Dublin 7.

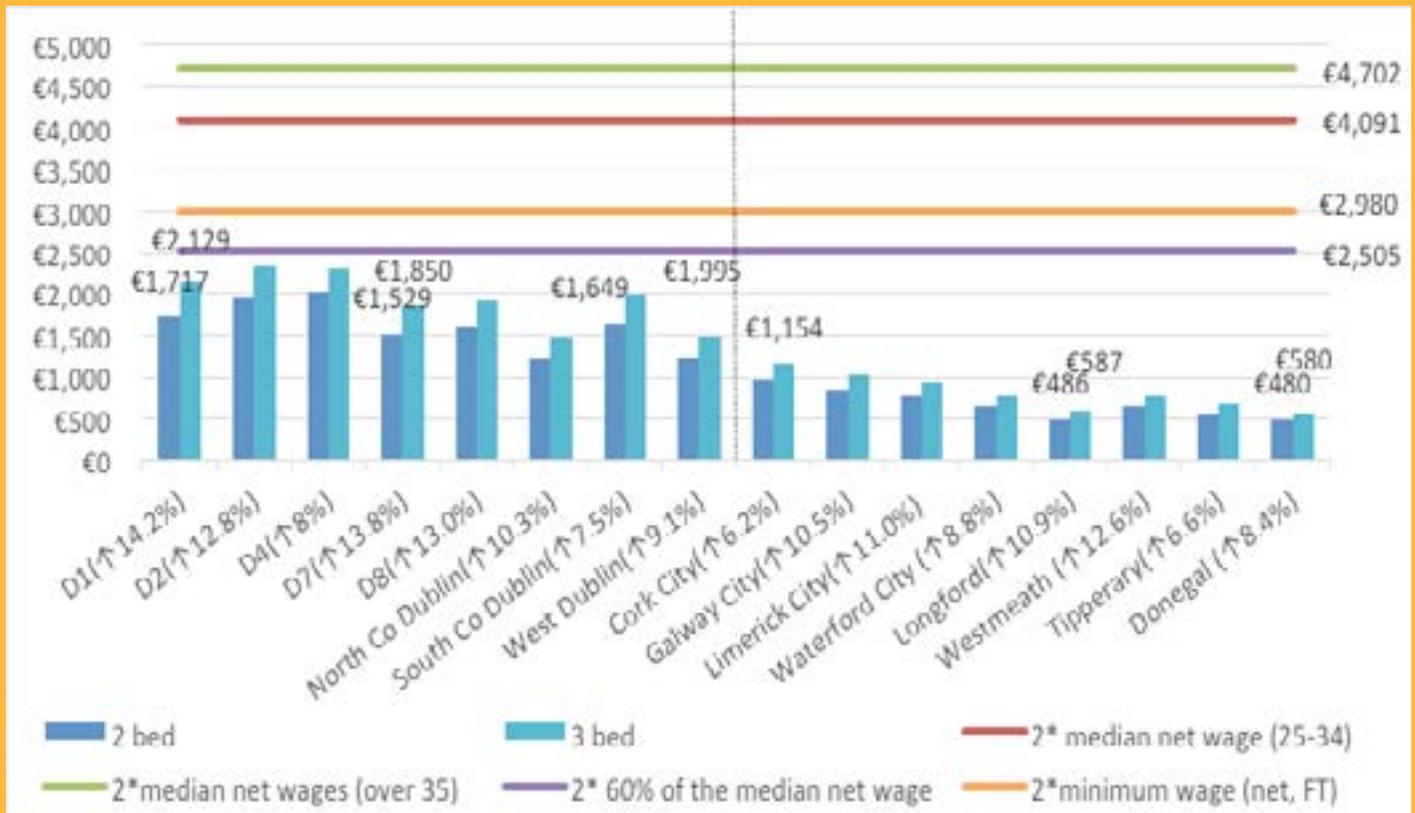
There is nowhere in the Dublin area where two full-time minimum wage workers could hope to raise a family without state support and very few places in Ireland where they could even hope to

buy a home. The cost of a one-bed apartment in Dublin 7 is **almost eight times the median wage** for a worker under the age of 35, while at least 50% of older workers (over age 35) could not afford to buy a home in Cork City, on their current salary.

Two median earners would find it very difficult to get a mortgage for a three-bedroom semi-detached house anywhere in Dublin, Cork City or Galway City, while a full-time Minimum Wage worker might just be able to afford a one-bedroom property in Limerick and some rural areas.

The average three-bedroom house in West Dublin is almost **six times the net annual salary** of two young workers on median

Housing Costs in Irish Cities (2 & 3 Bed). Source: NERI



earnings, over **eight times** in both Dublin 7 and 8 and almost **five times** in Cork City and Galway City.

The Central Bank has capped mortgage lending at 3.5 times gross annual salary. First time buyers also need a 10% deposit (reduced to 5% in certain cases, under the Help-to-Buy scheme).

This deposit could range from €28,000 for a one-bed apartment in Dublin 2 or €16,000 for a three-bed in Limerick, meaning it is prohibitive for many workers.

RENTS SPIRAL OUT OF CONTROL

Most experts recommend that housing costs should not consume more than 30% of an individual or household net income. By this standard rent in most areas of Dublin is now unaffordable for two workers earning the median wage and particularly for younger workers.

The cost of renting a one-bed apartment in Dublin 2 (€1,668) consumes over **70% of the median net take home pay** of a worker, meaning 50% of employees would **have just €170 or less left every week** after rent, to spend on food, transport, utilities, clothing, health and a pension.

The picture is similar in Dublin 1, 7 and 8 and South County Dublin.

Meanwhile, a one bed apartment in north county Dublin would account for **50% of the take home pay** of the median Irish 25-34 year old employee (€2,045).

Renting a one-bedroom apartment in the Dublin area is **now out of reach for a worker on minimum wage** and for at least 50%

of the workforce. Someone on Minimum Wage would have to spend as much as **50% of take home pay for a room in shared accommodation**, in Dublin.

In Cork, a full-time minimum-wage worker would still have to spend **56% of his/her after tax wages on rent**, leaving just over €150 a week to live on.

These developments have significant implications for the living standards of workers, not least ever increasing commute times as workers are forced to reside ever further from their place of employment and family networks.

This has major implications for wider society. According to Census 2016 over 460,000 adult children live at home, twice the number as in 2006, as the average age for buying a home continues to rise.

As more disposable income is spent on housing, less is left for other goods and services. Thus, current housing policy has the effect of hampering growth in the wider economy and putting severe pressure on workers living standards.

In other words, wider society is suffering in order to benefit a small number of property owners.

This is against the backdrop of ever increasing numbers of people becoming homeless and our housing supply contracting on a weekly basis.

Young workers, in particular live with the uncertainty of not knowing whether they will ever be able to afford a home of their own.

It is abundantly clear that these policies are economically, socially and politically unsustainable and must be reversed.

Housing Costs in Irish Cities (1 Bed). Source: NERI

