



**Irish Fiscal  
Advisory Council**

# Ireland's infrastructure demands – where are the gaps?

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20 February

# Why is it important?

- Essential services for citizens
- Competitiveness
- FDI

# Demand for infrastructure

- Population
  - Economic Activity
  - Employment
- 
- All three have grown rapidly

# The population is 50% higher than in 1995

Millions

6

5

4

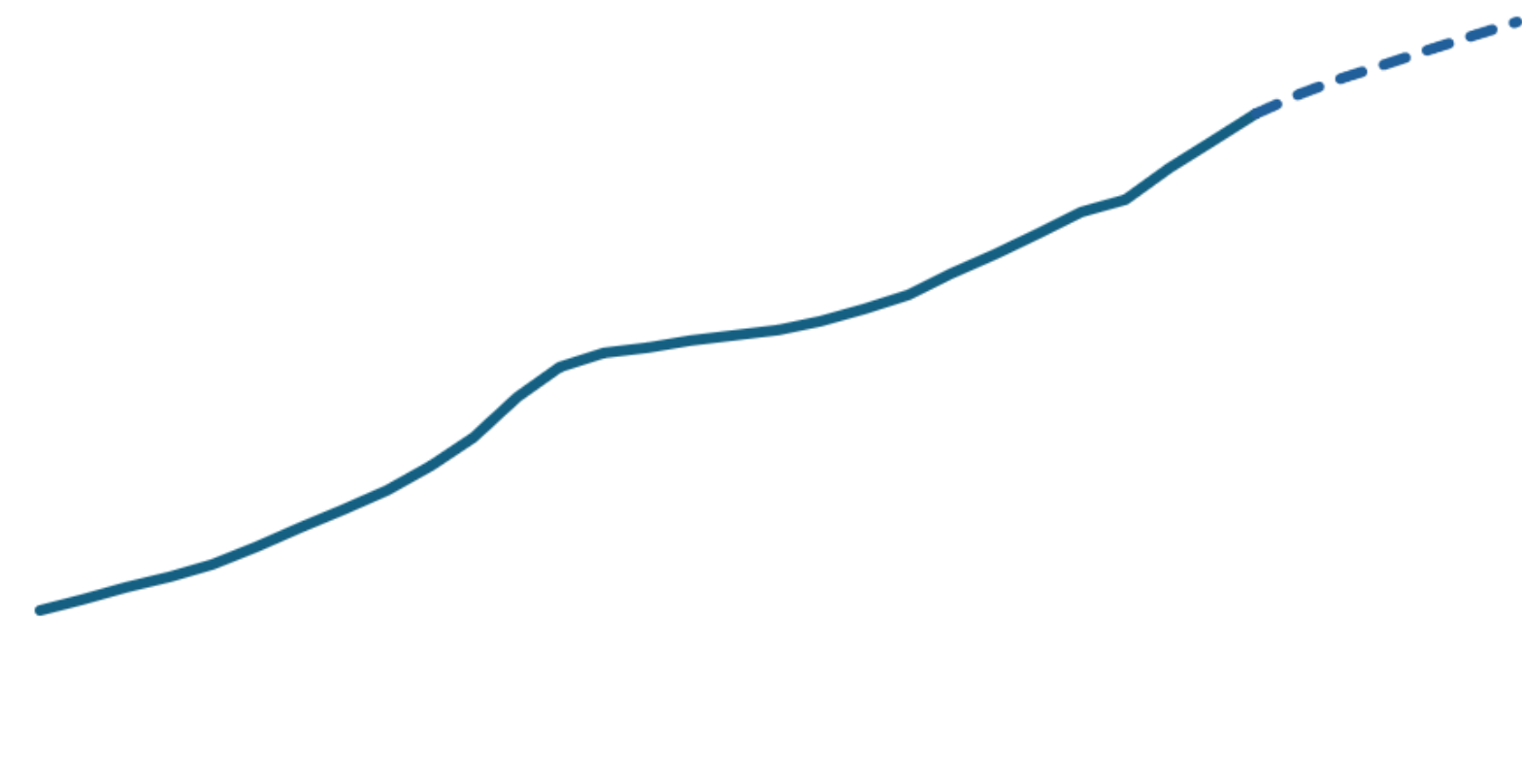
3

1996

2007

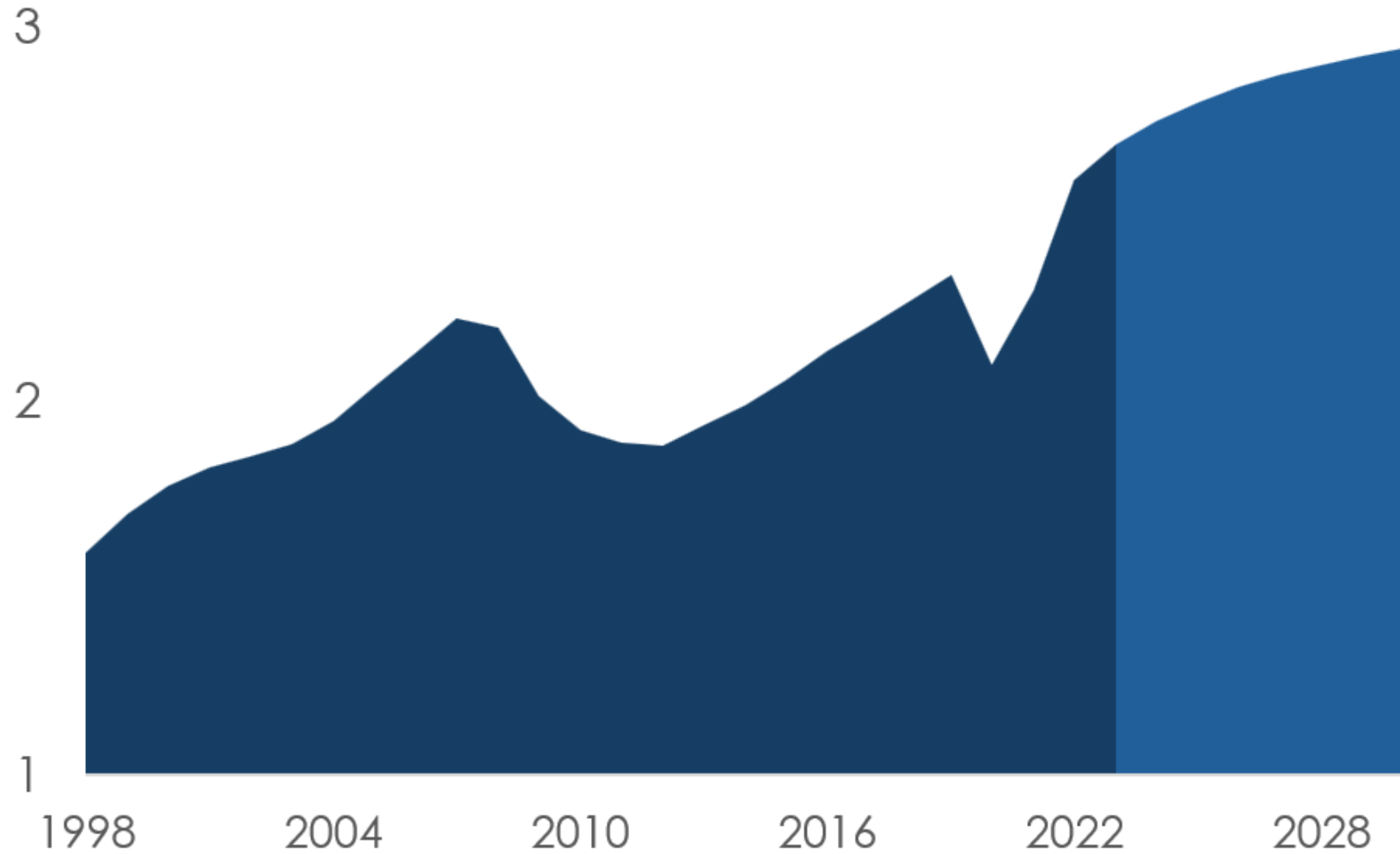
2018

2029



# Employment has increased to record highs

Thousands

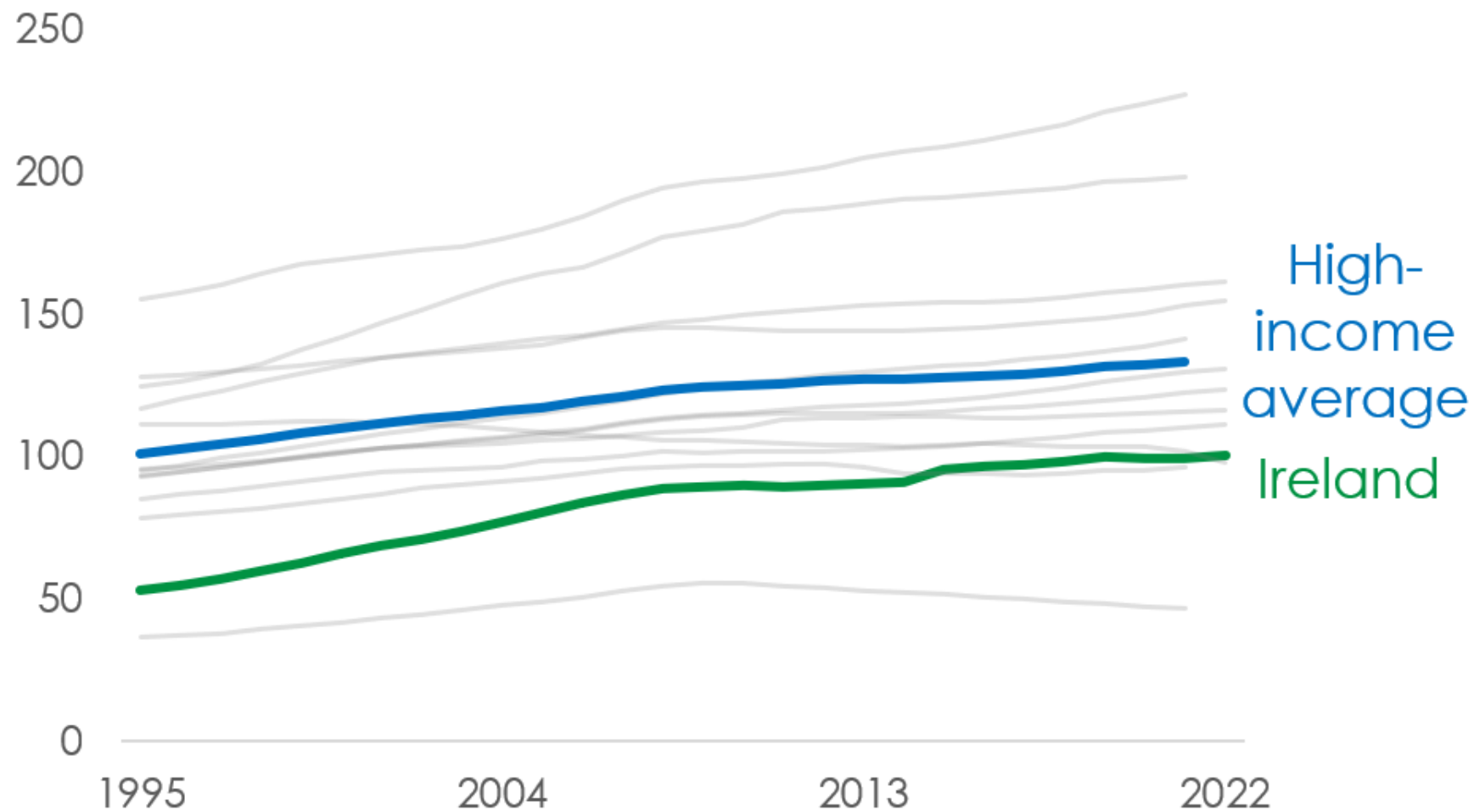


# International comparison

- Compare infrastructure per person or compared to national income
- Use high-income European countries

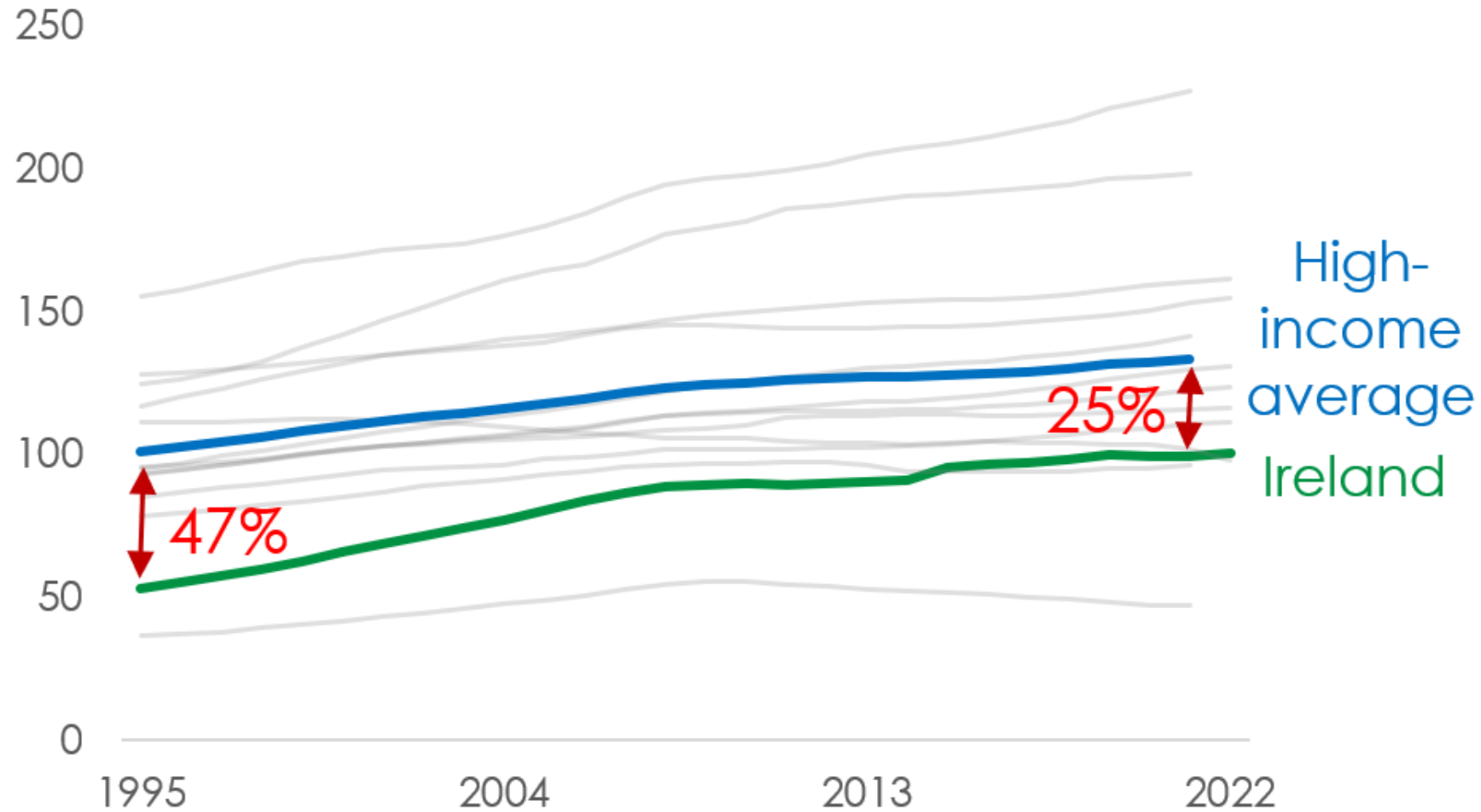
## Some catch up, but Ireland's infrastructure remains low

Real net capital stock per person (€, thousands)



# Some catch up, but Ireland's infrastructure remains low

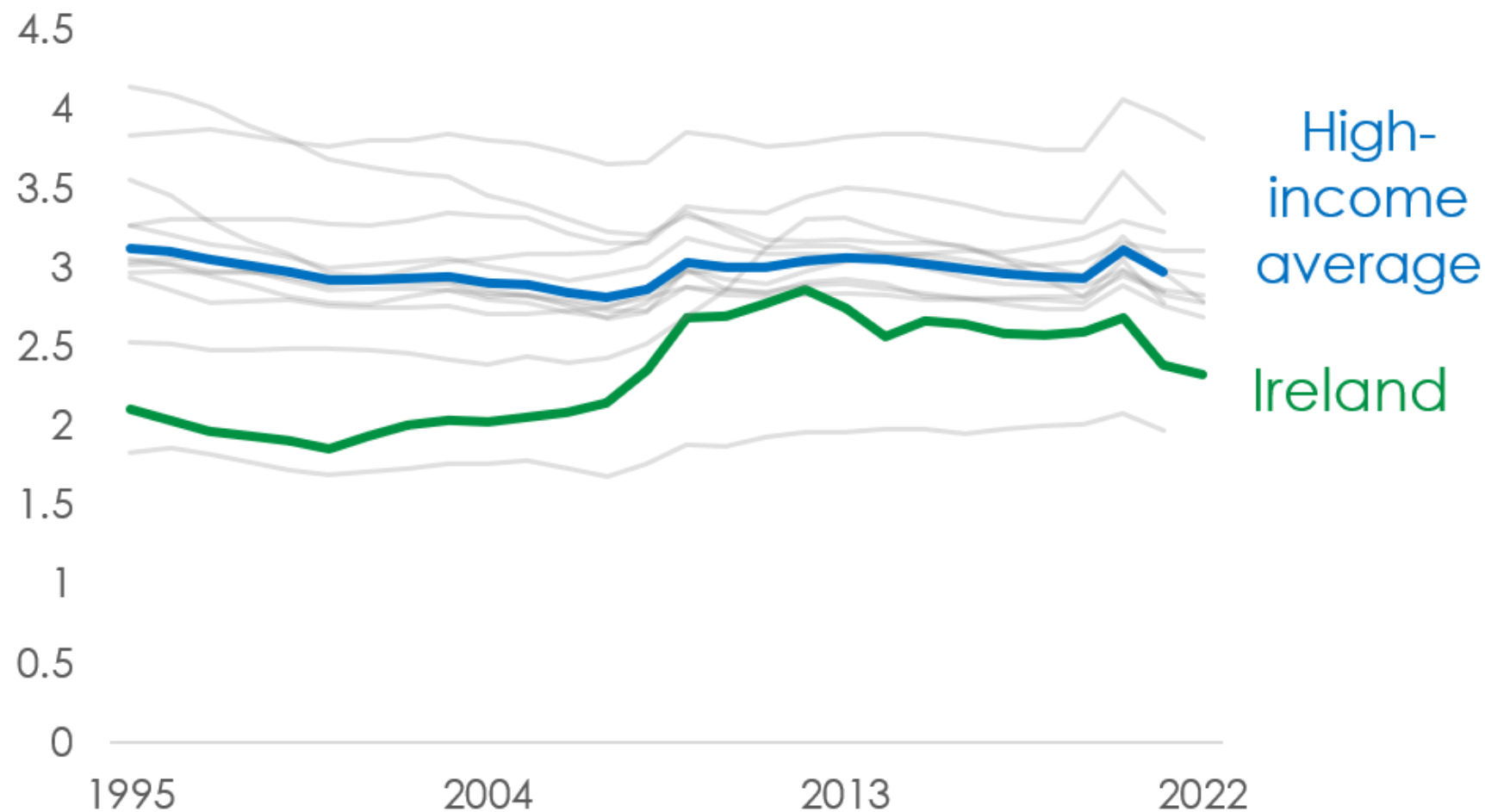
Real net capital stock per person (€, thousands)





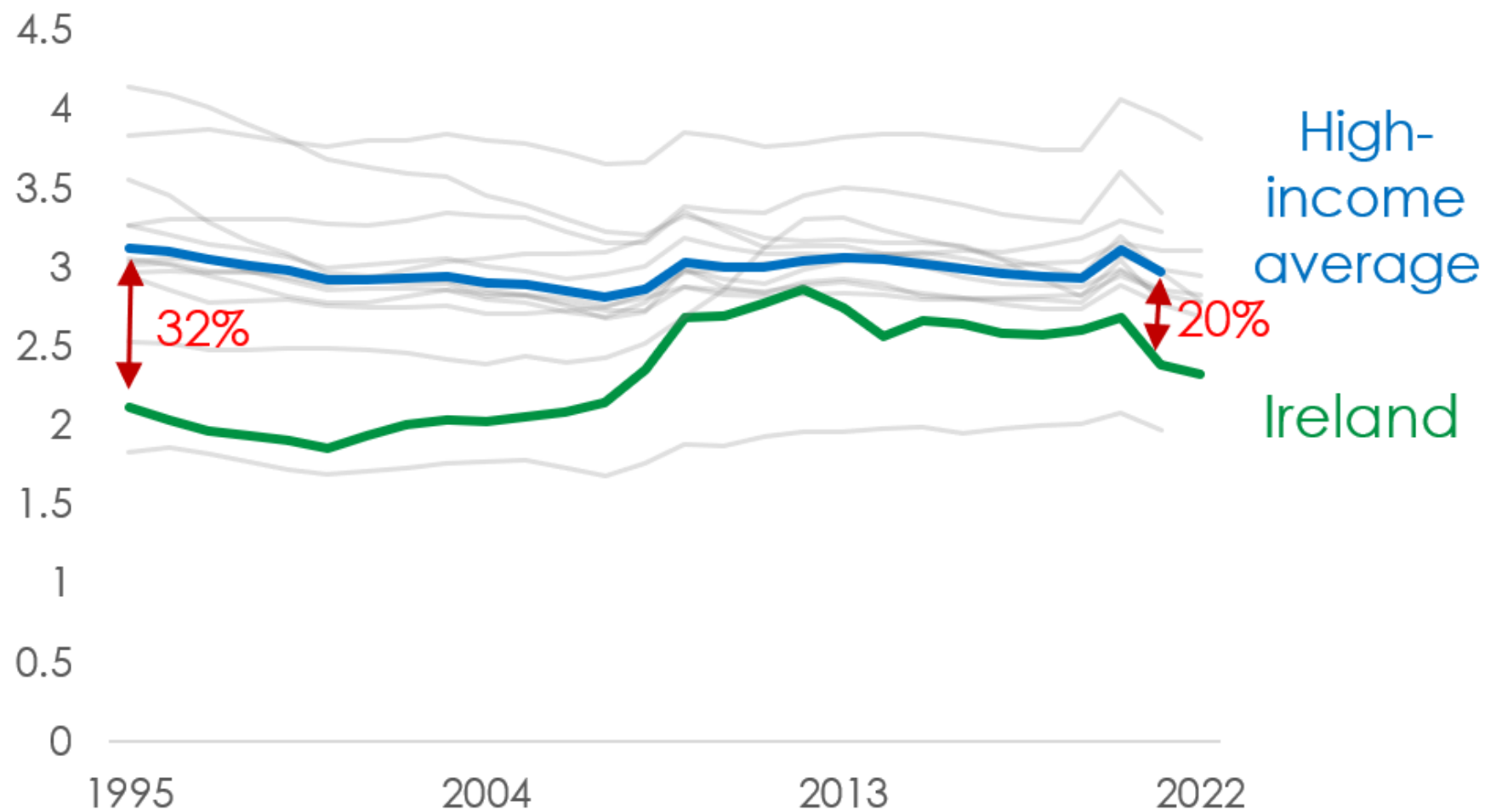
## Some catch up, but Ireland's infrastructure remains low

Real net capital stock relative to GDP (GNI\* for Ireland)



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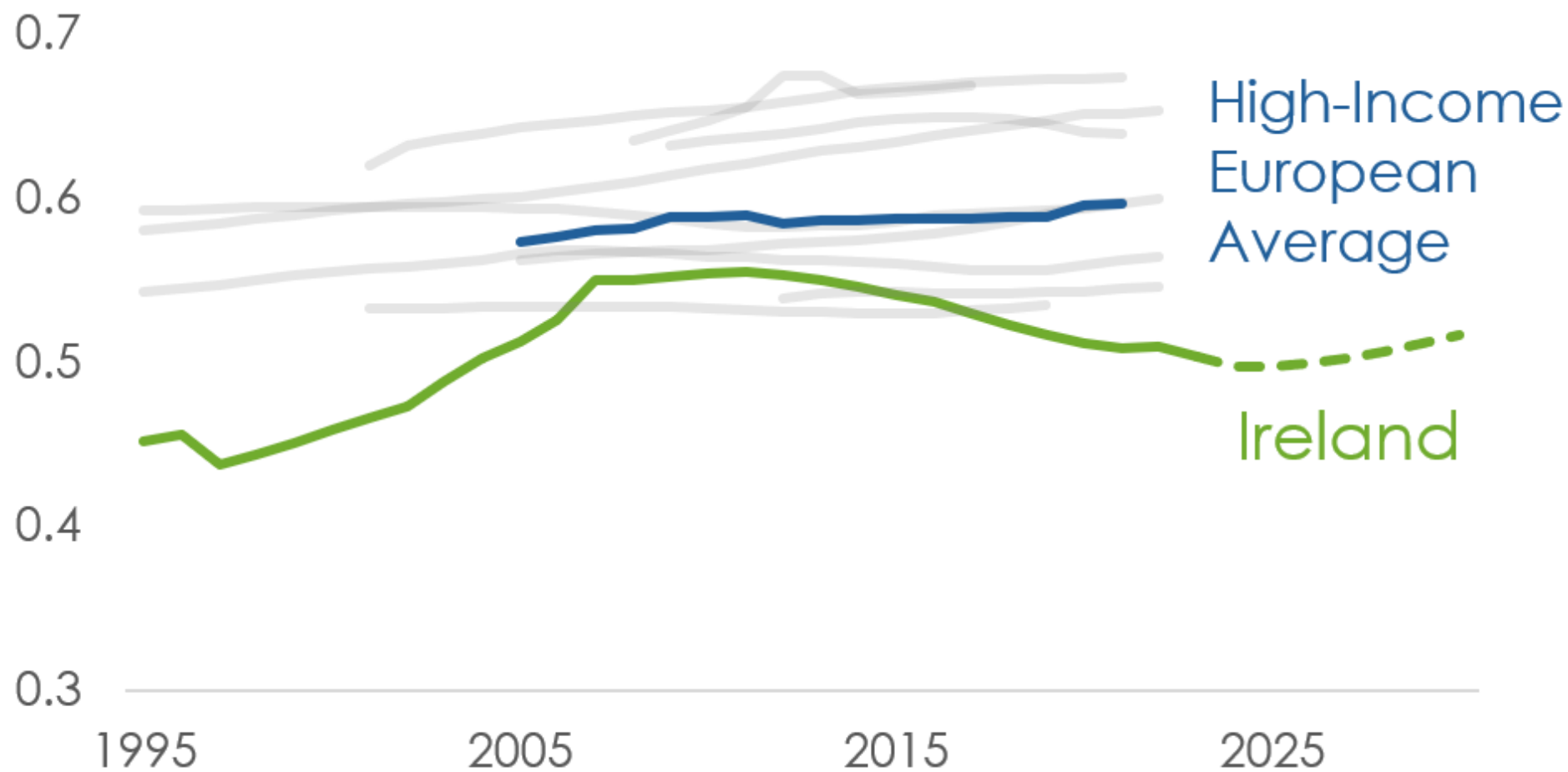


# Where are the deficits

- Overall, 20-25% lower
- Housing
- Health
- Transport
- Electricity
- Plus, investment requirements for the green transition

# Ireland's stock of housing is low

Housing stock per person aged 15 and over

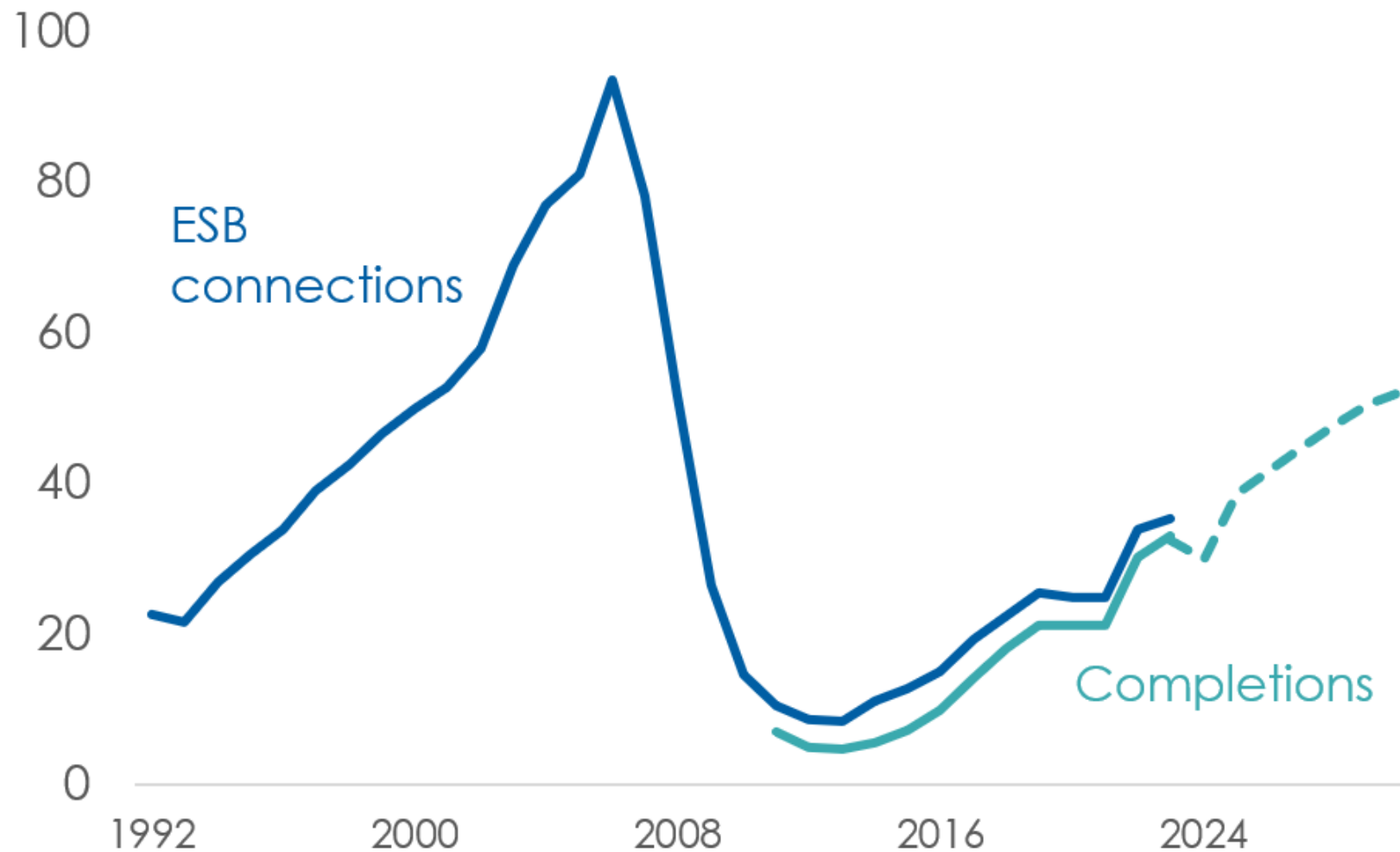


# How many houses are required?

- Housing commission: backlog of 245,000.
- Addressing the shortage of housing over 10 years:  
24.5k additional homes needed
  
- Bergin and Egan: annual demand averaging 44k
- Requirement:  $44 + 24.5 = 68.5$ k per year

# Housing completions have seen large swings

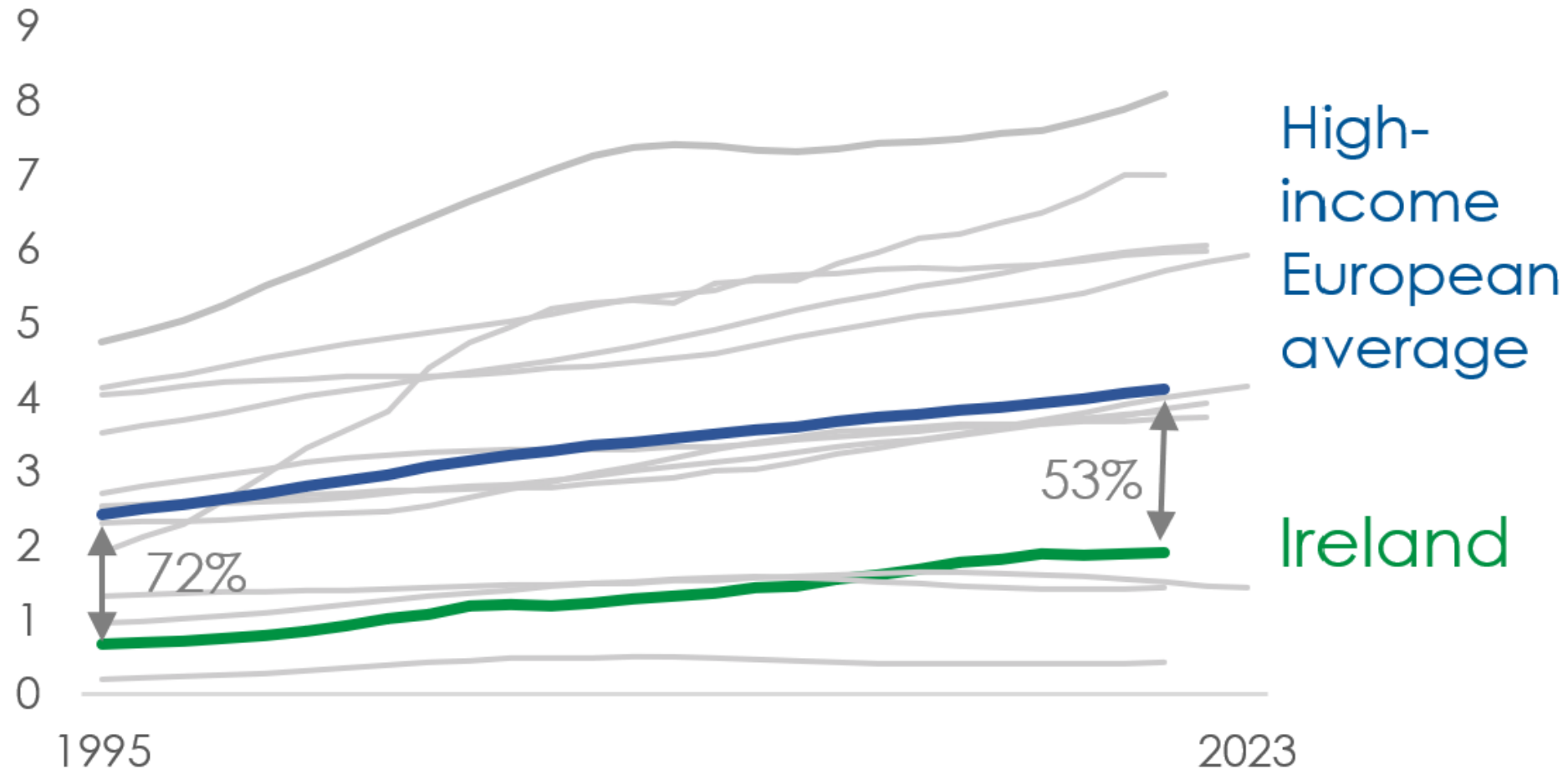
Thousands of completions



# Health

# Health infrastructure remains low in Ireland

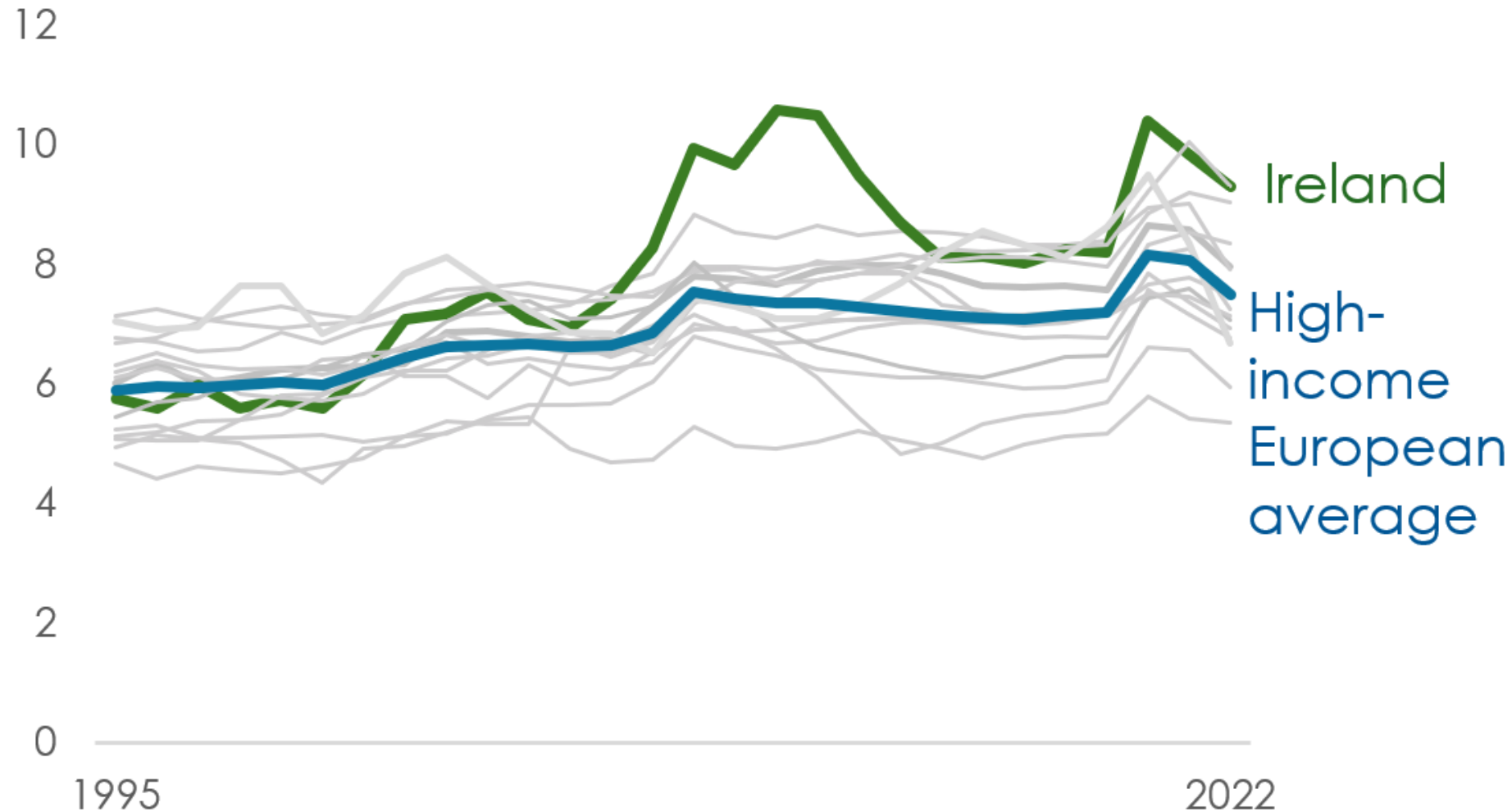
Health net capital stock (€ million, 2015 constant prices) per person





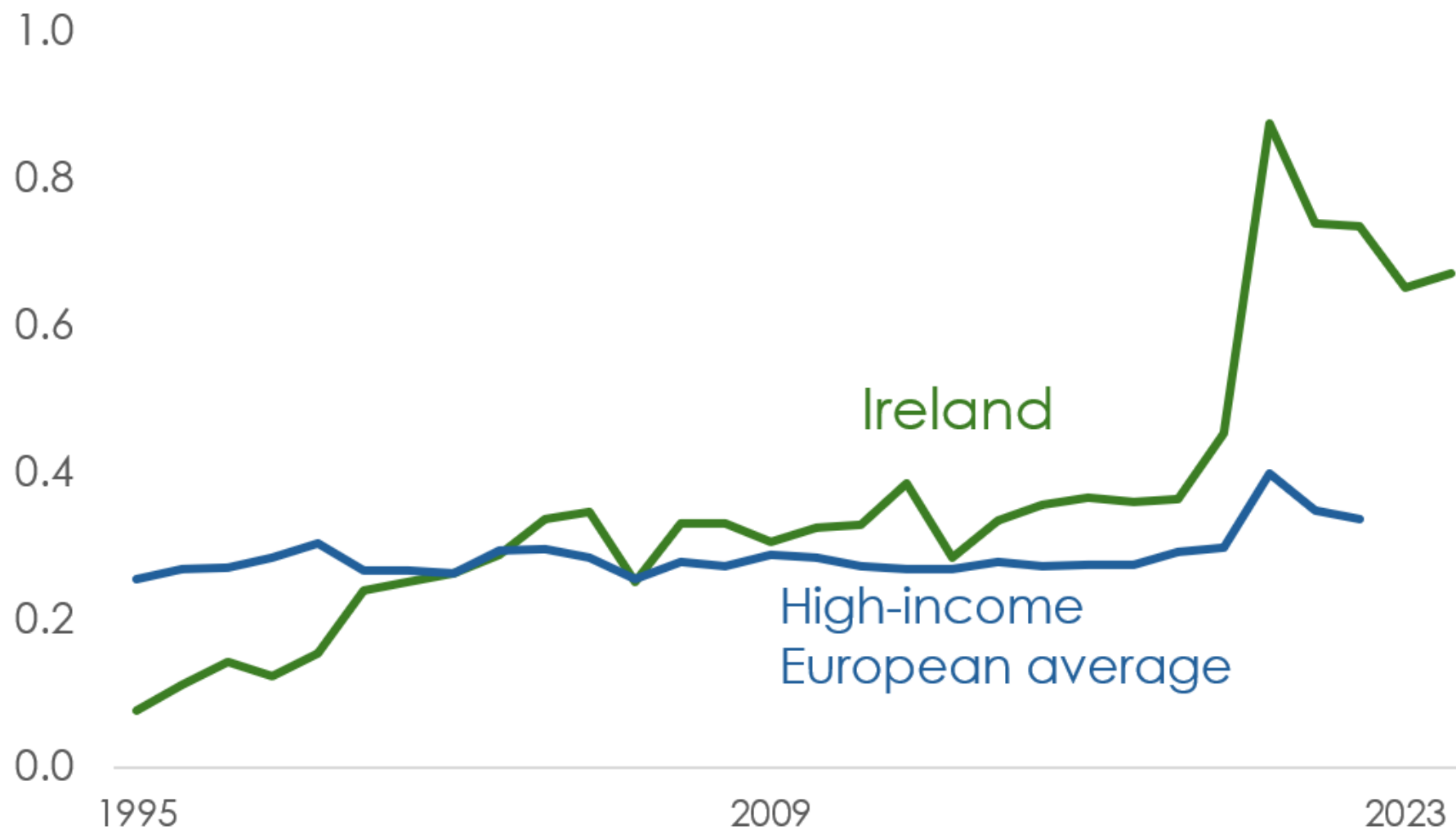
# Health spending in Ireland is amongst the highest in Europe

General government spending on healthcare, percentage of national income



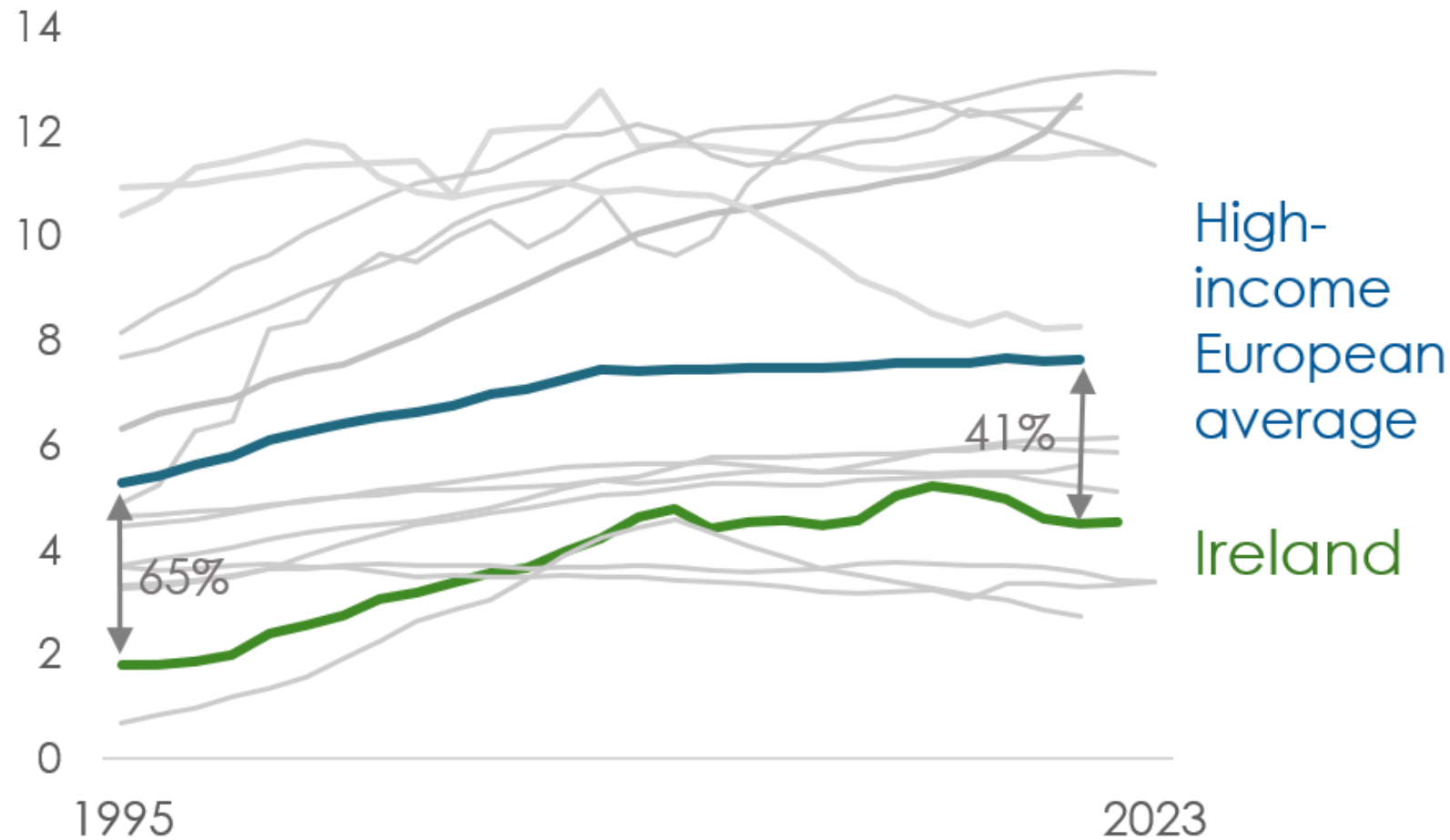
# Health investment has increased dramatically

General government health investment as a share of national income



## Transport infrastructure remains low

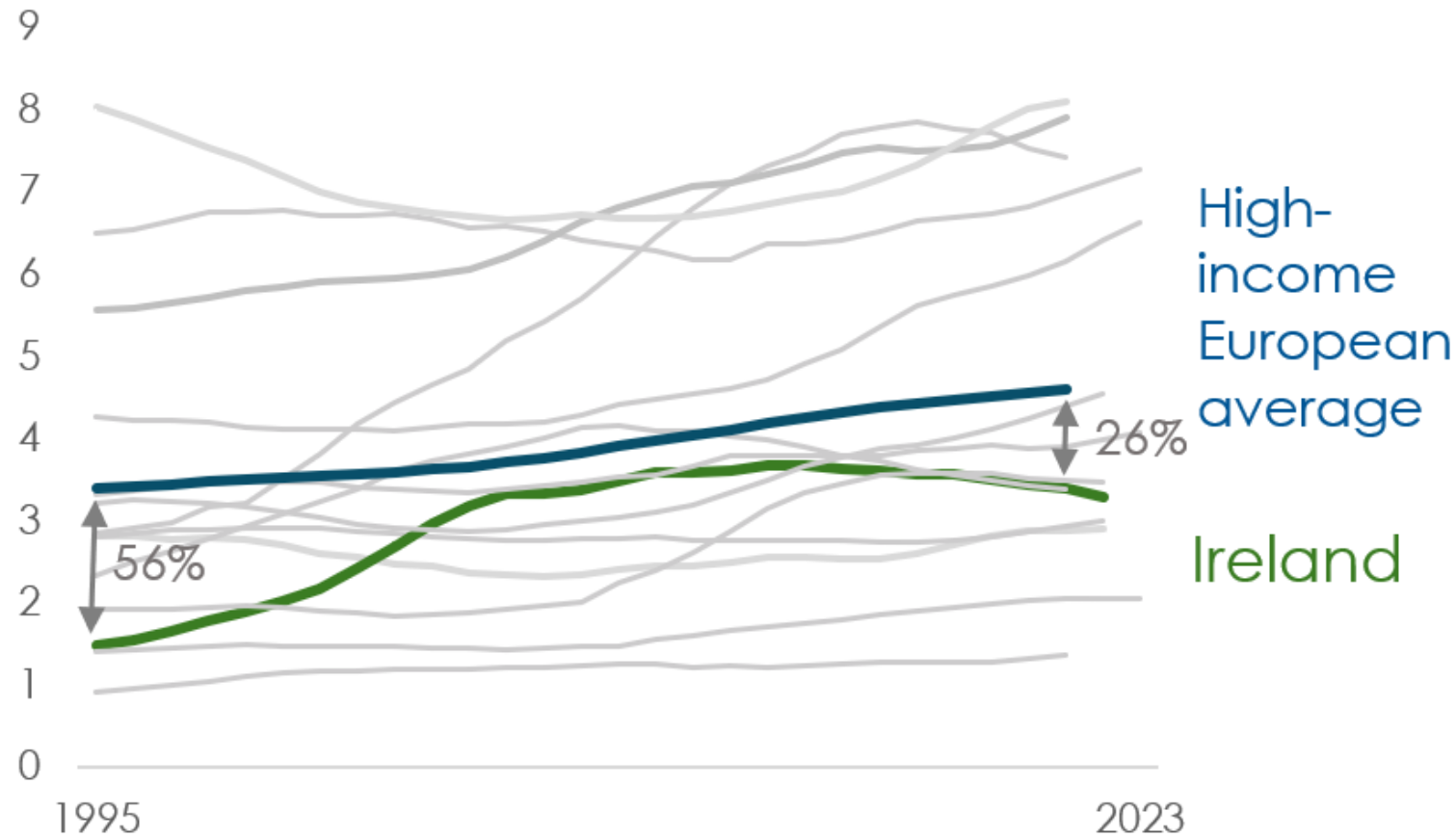
Transport net capital stock (€ million, 2020 constant prices) per person



Sources: Eurostat, CSO and Authors' workings.

# Electricity: Some catch up but progress has stalled

Electricity net capital stock (€ million, 2020 constant prices) per person



# EV public charging capacity

## Legend

□ Country border

## MW per million population

■ < 10

■ 10-20

■ 20-35

■ 35-50

■ 50-70

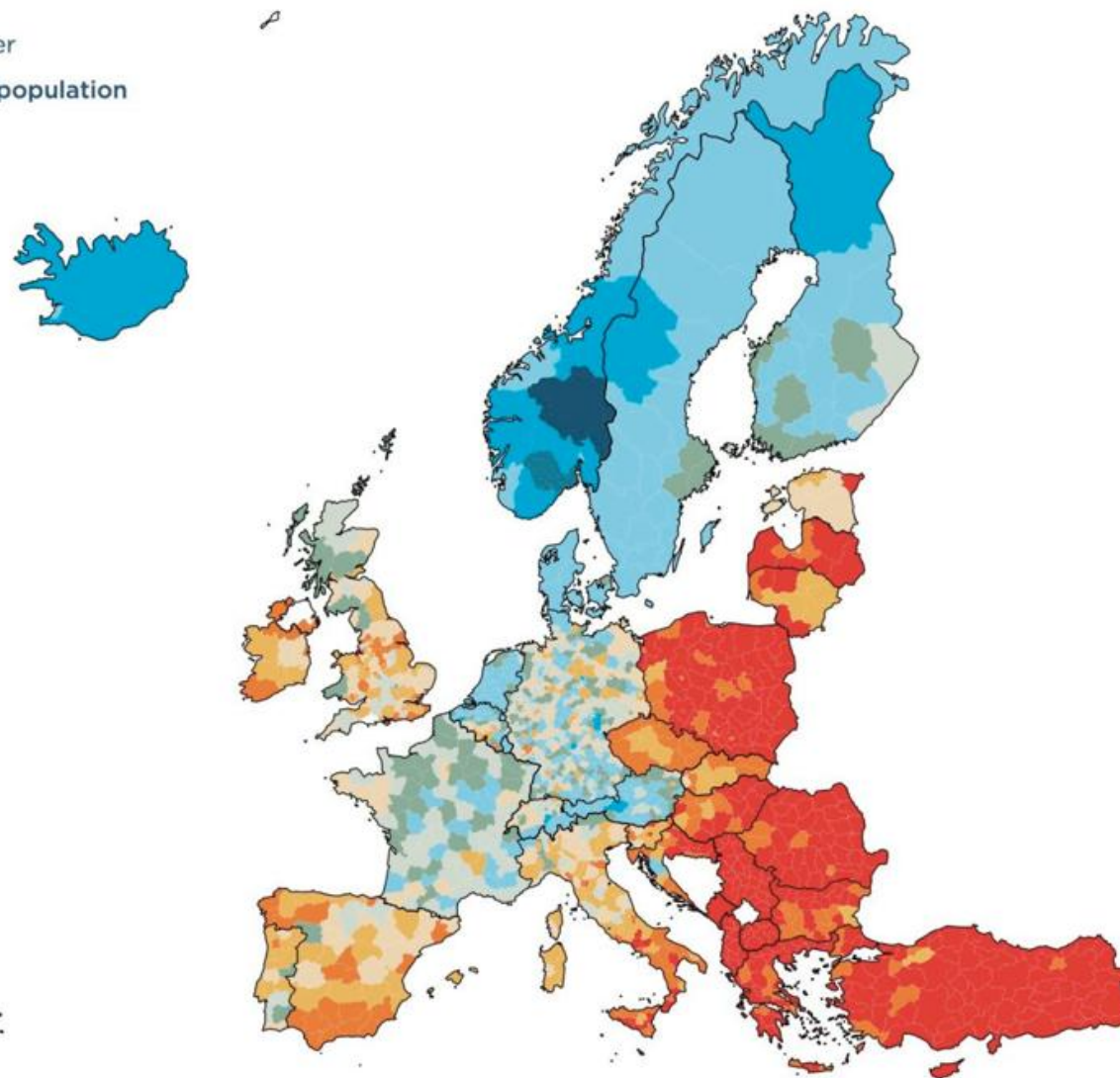
■ 70-100

■ 100-250

■ 250-400

■ 400-550

■ > 550

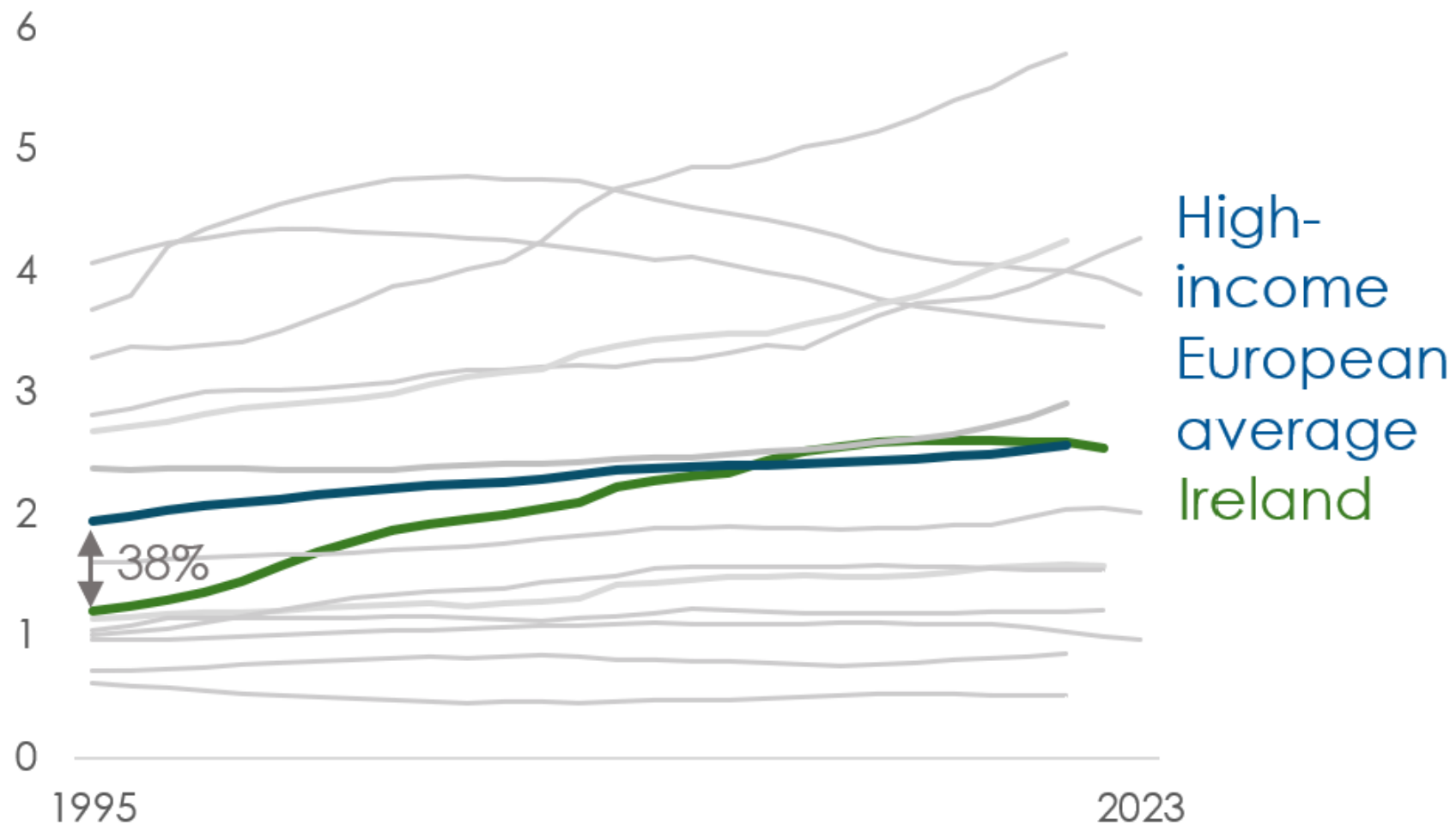


# Symptoms of electricity infrastructure deficit

- High costs for households and firms.
- Insufficient capacity, given high demand.
- Emergency (gas fired) capacity added.
- Large compliance costs for missing emissions budgets

# Water infrastructure has caught up

Net capital stock in the water sector (€ million, 2020 constant prices) per person



# Addressing these deficits

Addressing these deficits requires a lot of labour.

These are all likely in the same sector: construction.



# Where will we get the workers?

Training and apprenticeships

Reallocation

Migration could play a role, but with that comes more demand for housing.

# Addressing these deficits - Workers

## Labour requirements for capital projects

Additional construction workers required, thousands

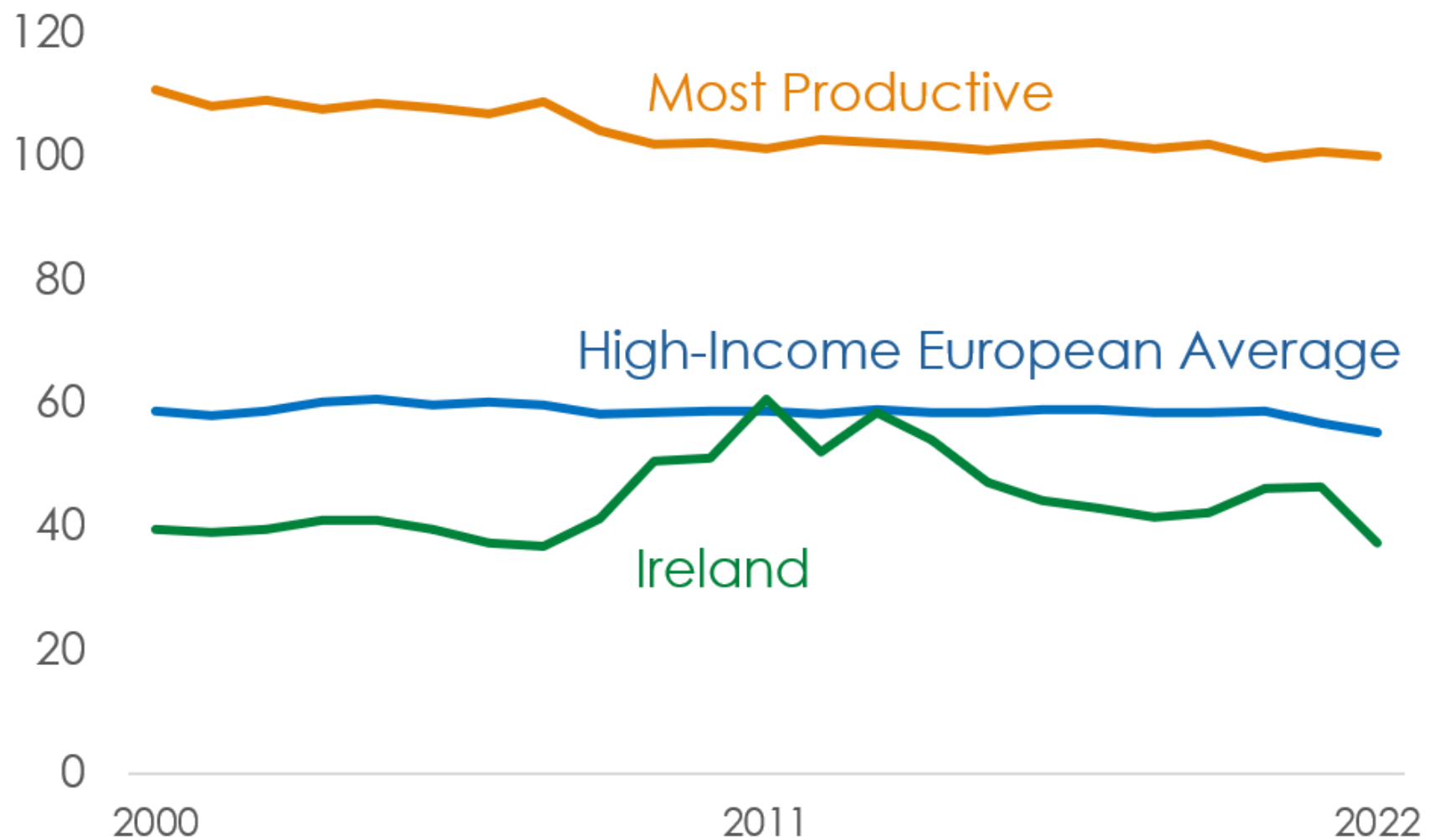
Area	Quantity
Housing	50
Green transition	25
Transport investments	3.5
Total	78.5
Total (percentage of construction employment)	47.4%

# Addressing these deficits - Productivity

- Alternatively, improving productivity in the construction sector would reduce the number of workers needed.
- Ireland has historically had a low productivity construction sector

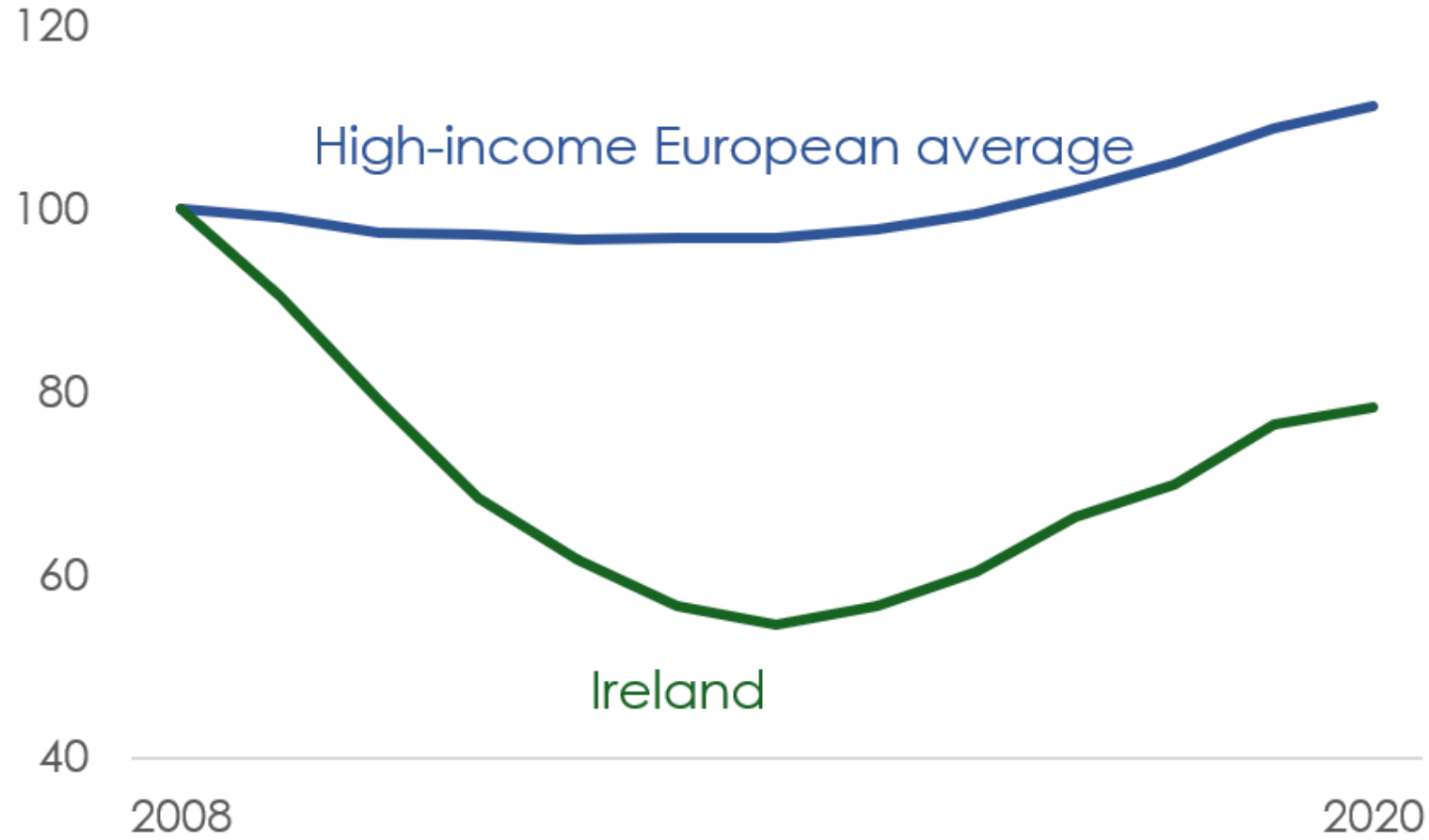
# Productivity in the Irish construction sector is low

Index: Construction output per hour worked



# Capital in the Irish construction sector has yet to recover from the financial crisis

Productive capital stock, index 2008 = 100



## Higher productivity would reduce the labour required

Additional construction workers required to address infrastructure deficits

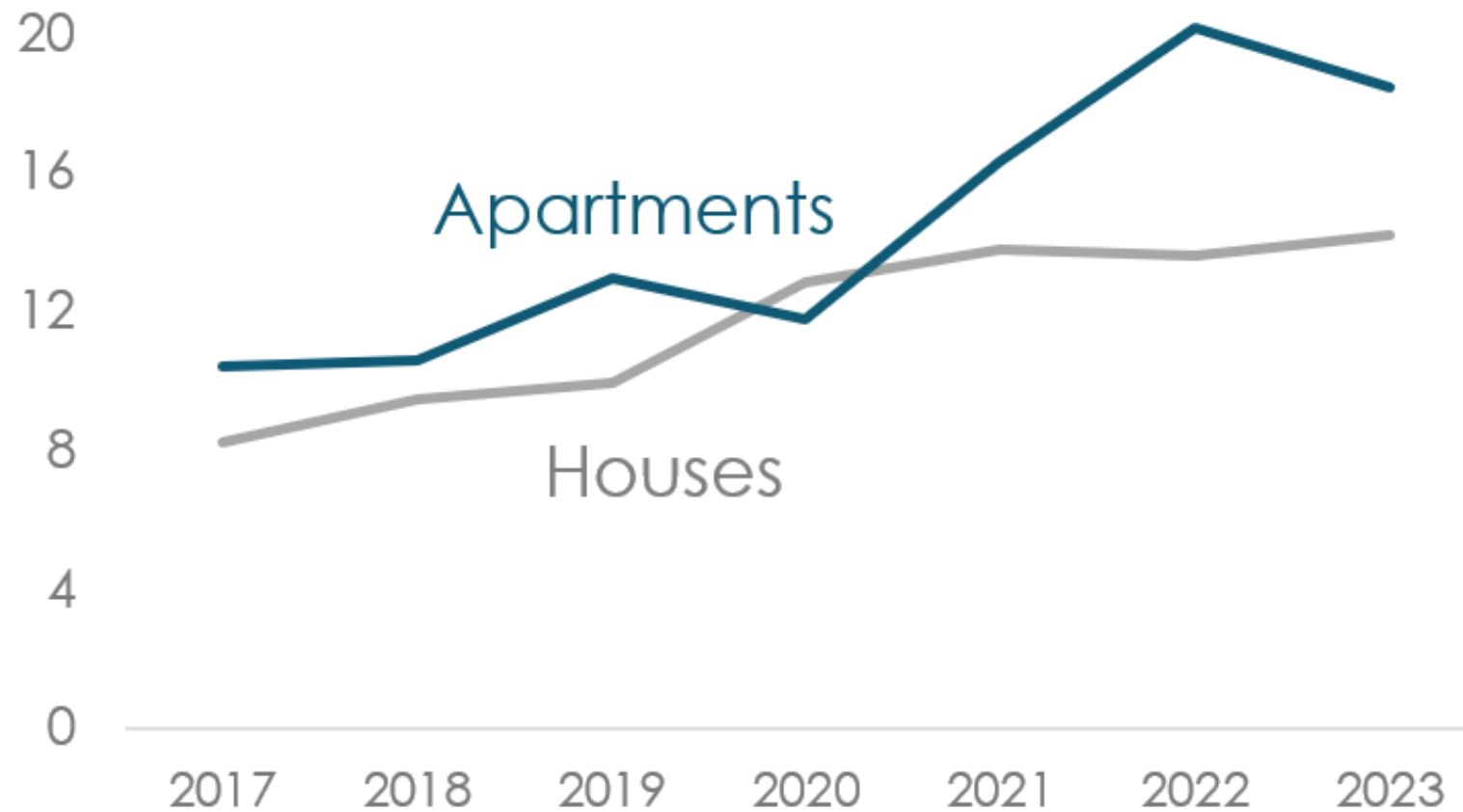
	<b>Current productivity</b>	<b>Higher productivity</b>
Thousands of workers	78.5	19.3
Percentage of construction employment	47.4%	11.6%

Sources: Authors' calculations, CSO and Kakkar, Farrell and Lynch (2024).

Notes: The higher productivity scenario is based on Irish construction productivity increasing by 32% so it reaches the high-income European average.

# Planning system

Long delays from planning to commencement  
Average time between planning to work commencing, Months



# Planning system

- 9 months for approval of large infrastructure projects
- Potential for judicial review thereafter.
- Uncertainty and delays increase costs and reduce viability.



# Planning system- Draghi Report

- Onshore wind: 9 years for approval in Ireland (most countries 3-5 years).
- Solar: 3.6 years for approval in Ireland (European average 2.5)

# Conclusions

- Ireland's infrastructure is low relative to other countries (20-25%)
- Housing, health, transport and electricity.
- More workers or more productivity needed.
- Planning and regulatory barriers.
- Some fiscal costs, but manageable.

# Appendix

# Budgetary impact

Some additional government investment will be required

Average additional government investment over 2026-2035, € millions unless otherwise stated

	<b>Low-cost scenario</b>	<b>High-cost scenario</b>
Retrofitting Housing	187	187
Transport	689	689
Housing	0	3,000
Total	869	3,869
Total (% GNI*)	0.3	1.2

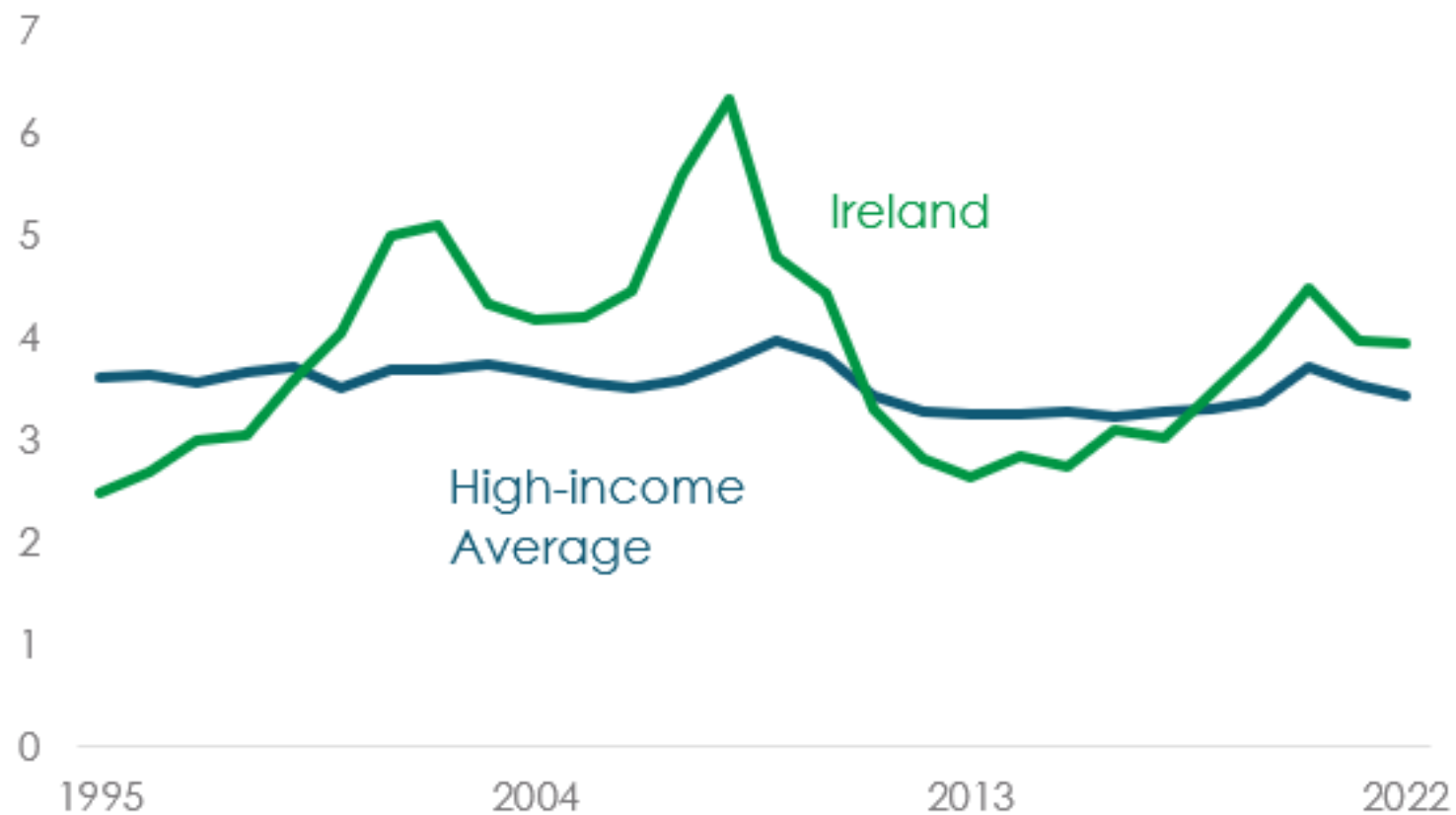
# Adjustments to Irish data

- Remove two types of assets from 3 economic sectors
- Assets: Transport equipment (aircraft for leasing) and intangibles (intellectual property)
- Sectors: Manufacturing, ICT and admin/support services.

# Public investment

## Public investment has been high

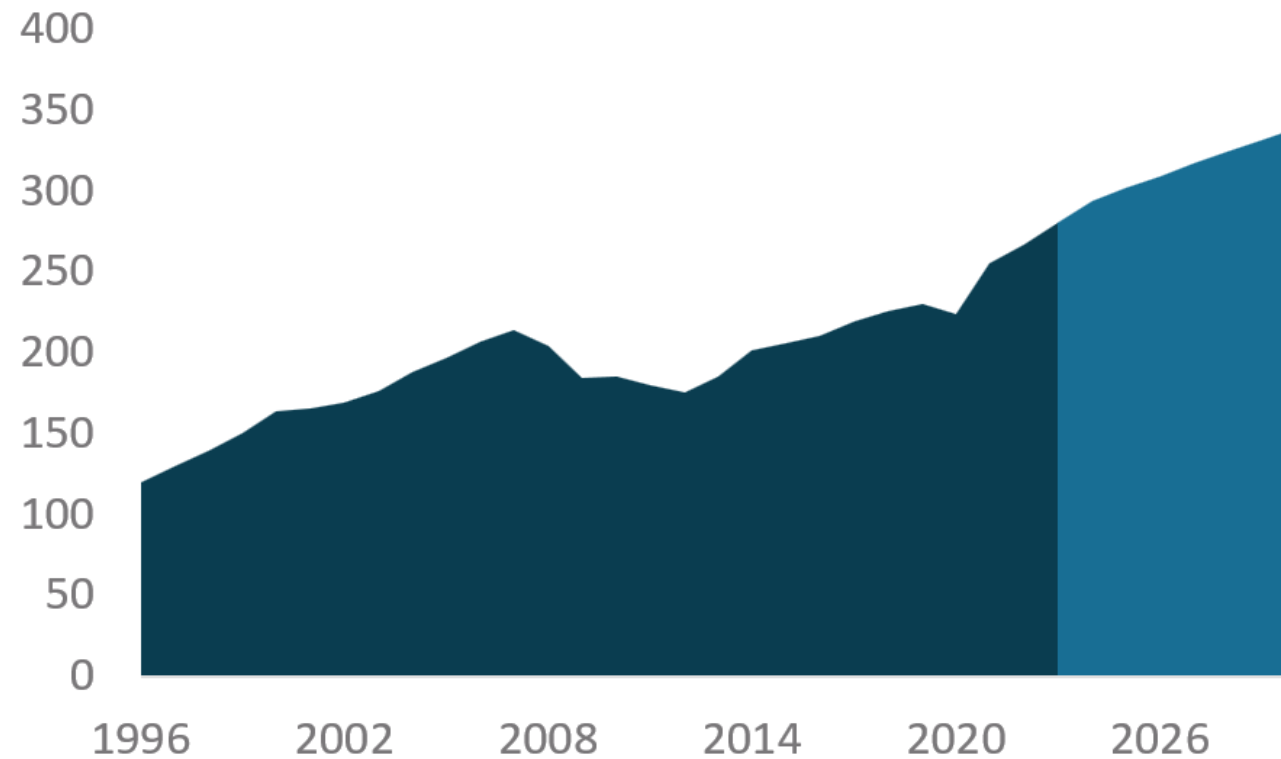
General Government investment, % of national income



# Economic Activity

Economic activity has expanded

€ billion, real GNI\*

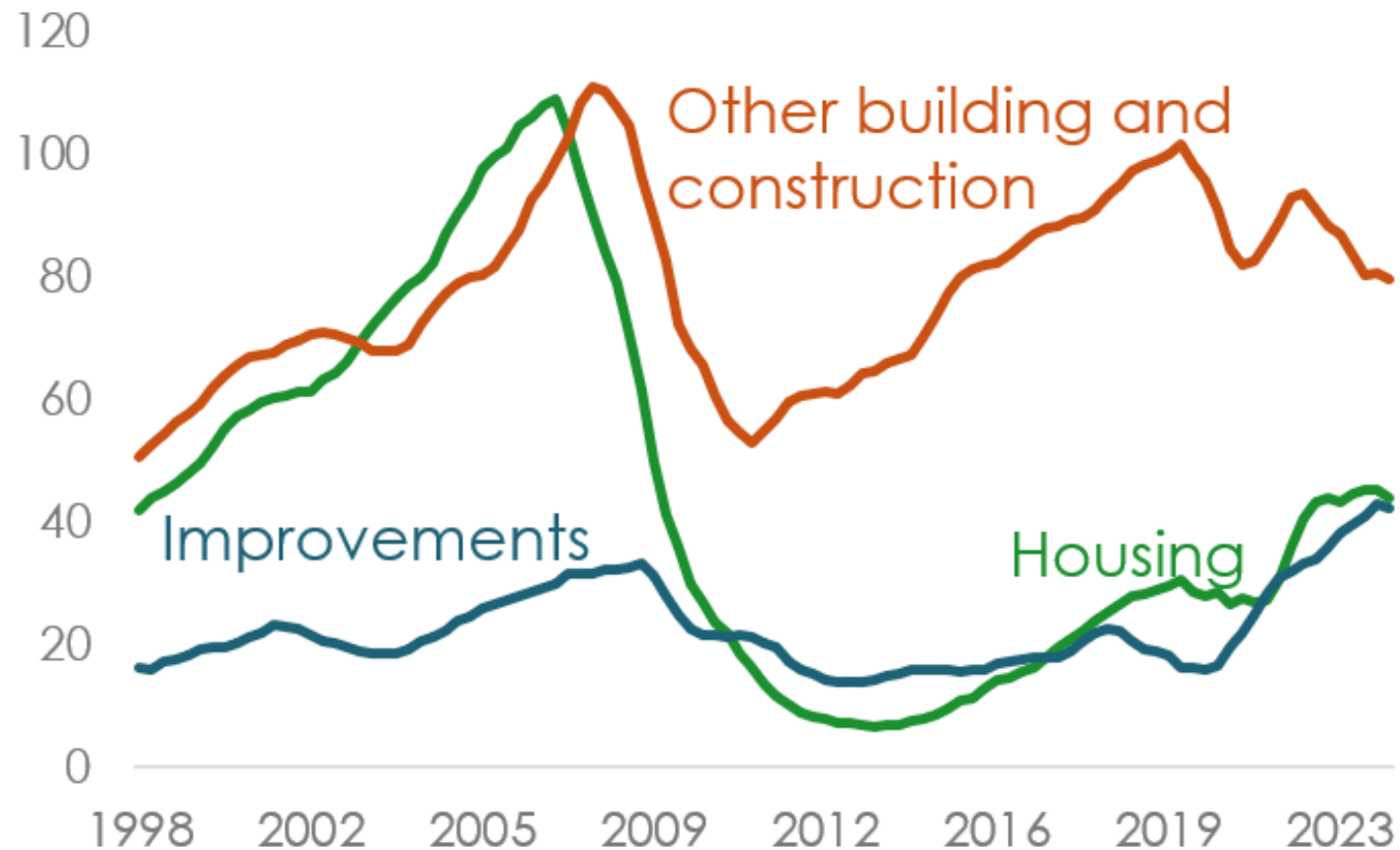


Source: CSO and Budget 2025 forecasts. Budget 2025 forecasts of real GNI\* growth are used from 2024 – 2030.

# Construction Employment

## Employment for housing is recovering

Estimated employment in main investment areas, thousands, 4 quarter moving average

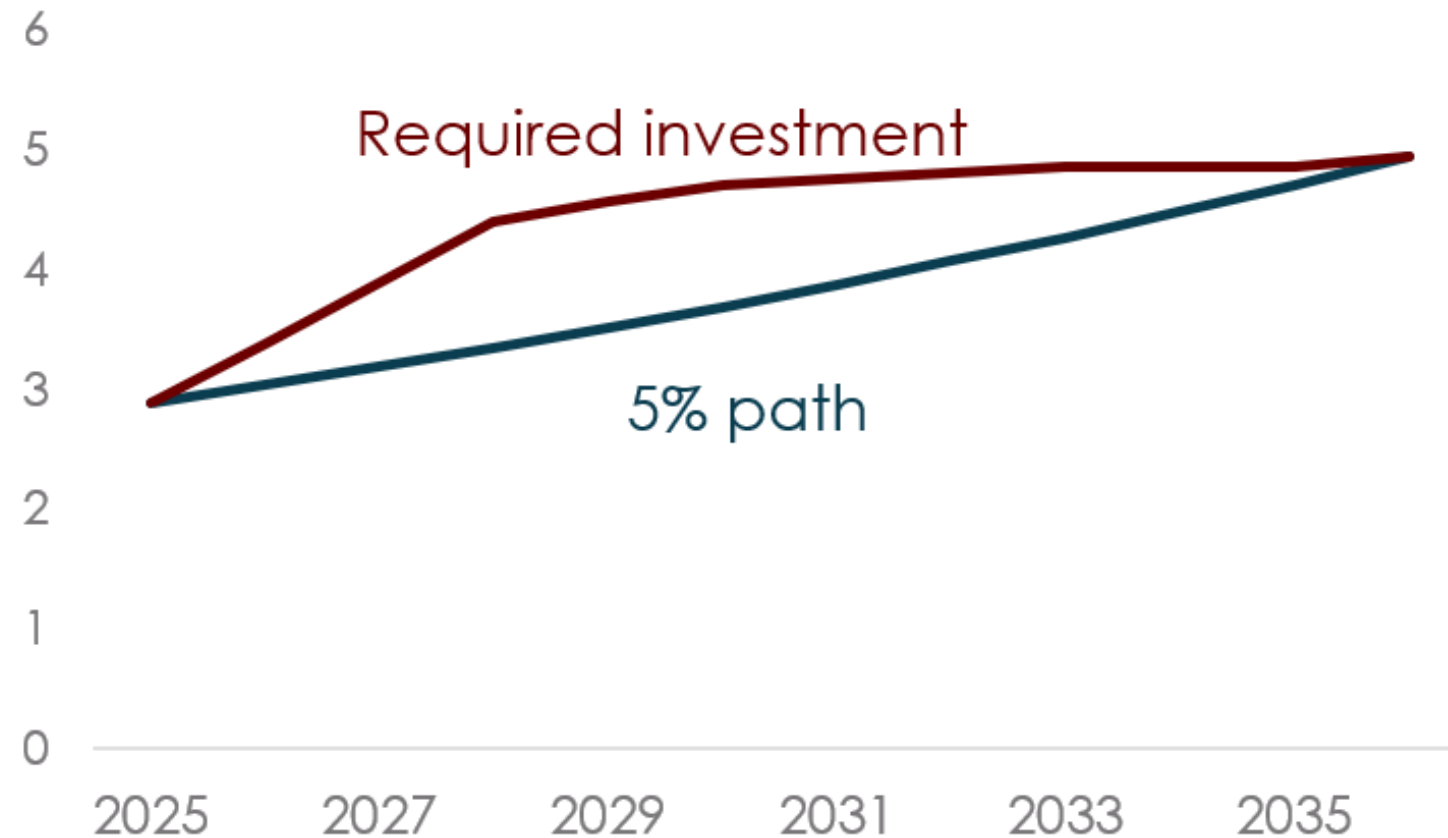




# Transport investment path

Higher Transport investment required to address shortfalls

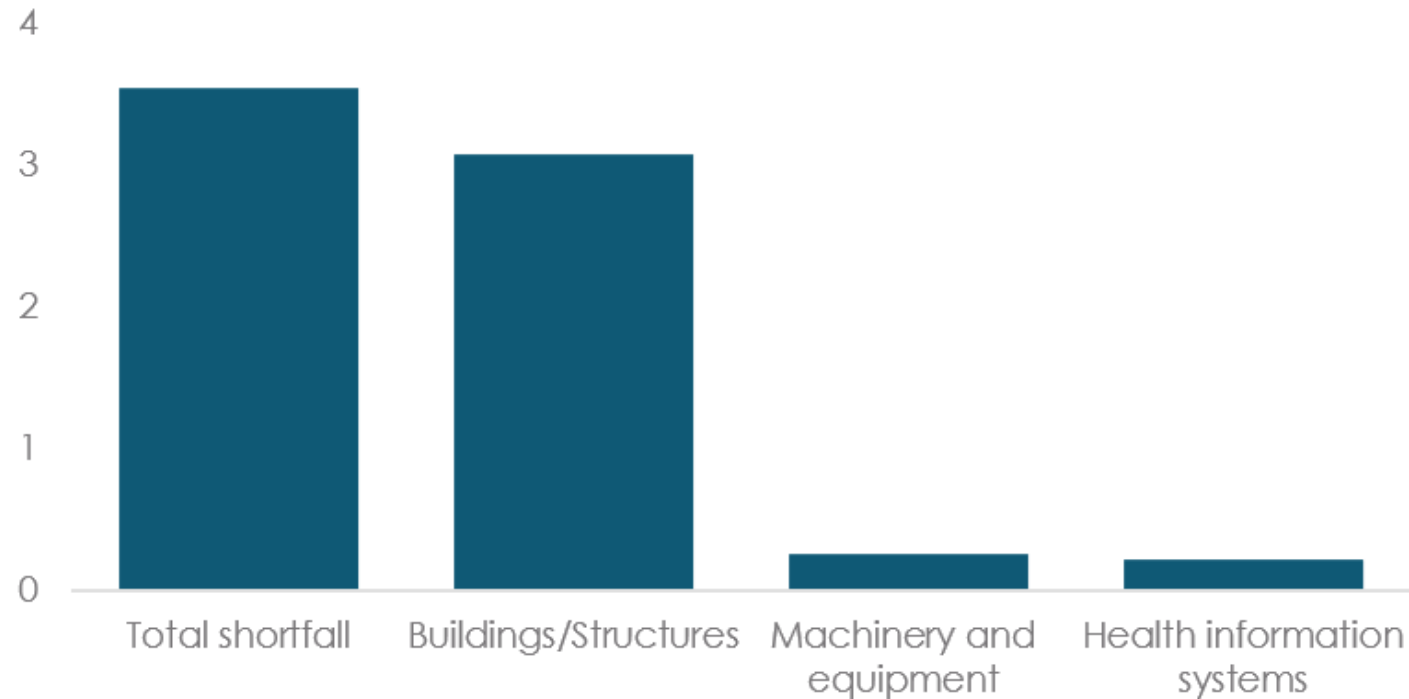
€ billion



# Where is the shortage of health infrastructure?

## Shortfall in health infrastructure is focused on buildings

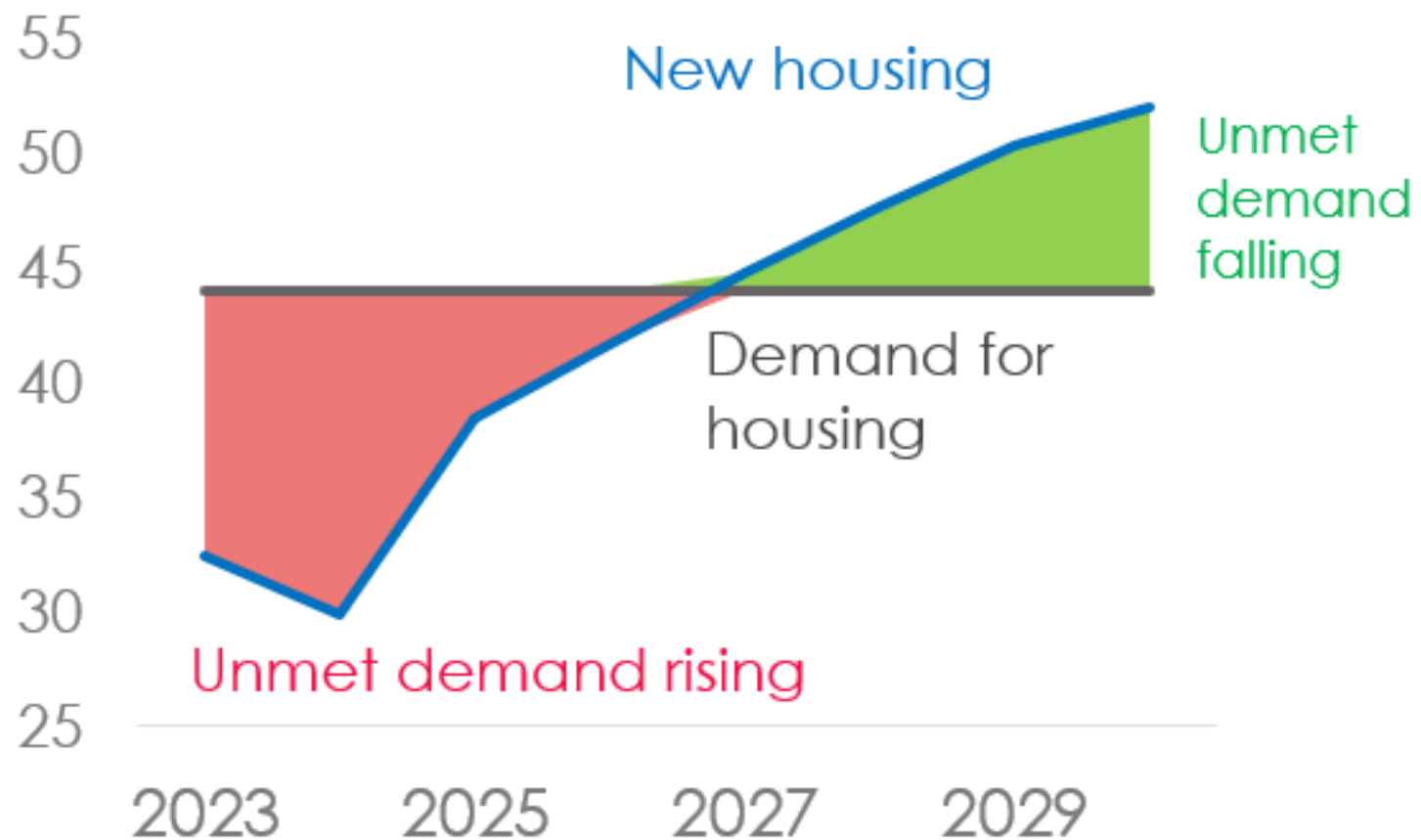
Shortfall in the health capital stock (as a share of national income) relative to high-income European country averages



# Housing

Increased completions would only cover new demand by 2027

Thousands of houses



# Housing backlog

Addressing the backlog in housing would bring Ireland close to European averages

Housing stock per person aged 15 and over

0.7

0.6

0.5

0.4

0.3

0.2

0.1

0



Remaining gap to high-income countries

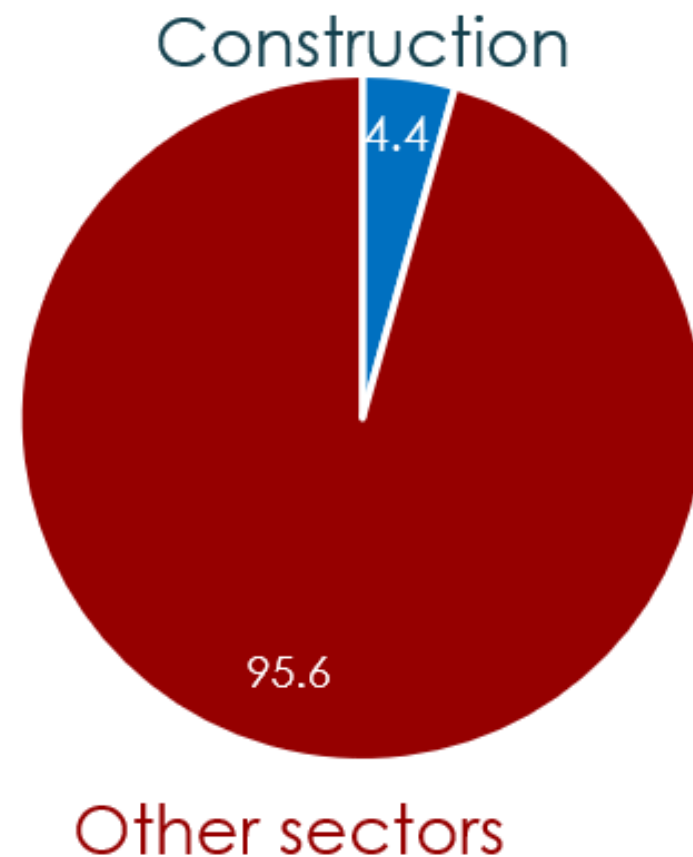
After addressing backlog

Existing housing per head

# Work permits

Work permits focused on non-construction sectors

Percentage of work permits allocated in 2023



# Who gets good value for money

- English-speaking, common-law systems have high costs for transport infrastructure.
- Use of in-house expertise. Reduces delays during the build.

# Housing spending in Ireland is amongst the highest in Europe

General government spending on housing, percentage of national income

