Skills Insights Note 2026-1

Skills Needs for Ireland in the Long-term

Expert Group on
Future Skills Needs

Background

The Insights Notes are a series of new shorter pieces of work on topical matters affecting the labour market by the Expert Group on Future Skills Needs (EGFSN). These are prepared alongside longer EGFSN research studies. This paper is the first in the series in 2026 and examines how demographic developments will alter the profile of Ireland's population, labour force and skills needs over the next 30 to 40 years. Demographics, along with decarbonisation, deglobalisation and digitalisation are one of the four megatrends that are already shaping and re-shaping the labour force.

- The Expert Group on Future Skills Needs (EGFSN) advises the Government on future skills requirements and associated labour market issues that impact on the national potential for enterprise and employment growth. The latest EGFSN publications can be found at: www.egfsn.ie.
- This Skills Insights Note has been issued by the Chair, Colm Kelly, and was prepared by Diarmaid Smyth of the EGFSN Secretariat. For further information, please contact: diarmaid.smyth@enterprise.gov.ie

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Ireland's labour force and skills needs will be transformed by demographics over the next 2 to 3 decades, with some key takeaways:

1 **Ireland's population will rise by 1 million people.**

2 **the number of old age dependents will double.**

3 **labour supply constraints and workforce planning will become increasingly important.**

Introduction

Forecasting any economic variable or sector over the long-term is at best an imprecise science and even more so for the population given the range of influencing factors. For these reasons, long-term projections tend to be calculated under a range of scenarios. This is the case for both the Central Statistics Office (CSO) population projections and the recent Department of Finance paper - "Future Forty: A Fiscal and Economic Outlook".[1,2] These reports rely on a variety of assumptions particularly in relation to fertility, mortality and migration developments. Whereas the first two variables are relatively stable and predictable, the same does not hold for migration given the openness of the Irish economy to population flows.

This Insights Note examines the predicted evolution of the Irish population over the long-term and teases out some implications for the labour market, including age profile, sectoral composition and skills needs. There are four key results.

First, Ireland's population will increase by a significant margin over the next three decades, by close to one million persons (an increase of 18%), which creates a whole host of opportunities and challenges.

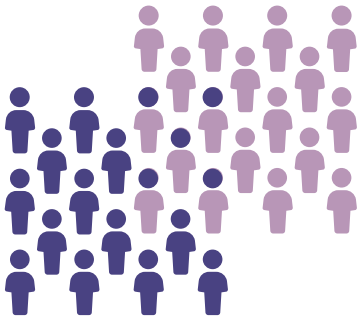
Second, while the workforce is relatively young at present, it will age quite rapidly over the coming two decades with challenges principally for indigenous sectors such as agriculture, transport and the public service, where the age profile of workers is already high.

Third, the share of the working age population will decline as larger cohorts reach retirement age, putting increased pressures on existing workers and heightening the need for upskilling and reskilling to improve Ireland's productivity performance. While Ireland's workforce is already highly educated, more will need to be done to retrain and upskill older workers.

Fourth, the sectoral profile of Ireland will change with more resources needed in the broad health care sector. Policies designed to attract people into (and to remain within) the labour force will become increasingly essential.

[1] Future Forty - Publications
[2] Population and Labour Force Projections 2023-2057 - Central Statistics Office

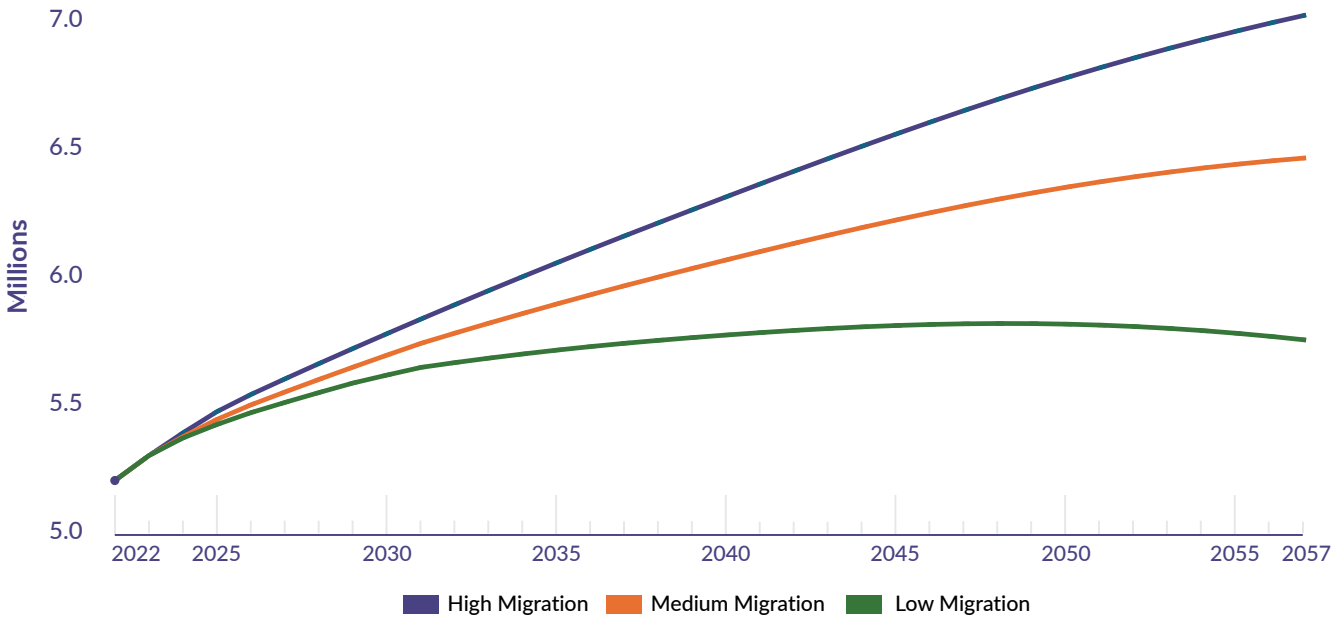
Population Projections in the Long-term



Forecasting the evolution of the domestic population would be relatively straight forward were it not for the high level of migratory flows to and from Ireland as highlighted by previous research by the Department of Enterprise, Tourism and Employment.[3] The past number of years have also seen record levels of inward migration, which complicates any forward-looking assessment of the population.

The projections from the Department of Finance and the CSO all point to robust population growth over the next three to four decades. Under the Department's central scenario, the population grows to reach 6.8 million persons by 2065, an increase of 1.3 million persons over the course of 40 years.[4] The CSO also project robust growth with a population of close to 6.5 million by 2055 - under its medium scenario – an increase of over 1 million in 30 years - see Figure 1.[5]

Figure 1: Population projections for Ireland



Source: CSO.

[3] Recent_Trends_in_Migration_Flows_Impacting_the_Irish_Labour_Market.pdf. This work examined migratory flows to and from Ireland noting high per capita flows in an absolute sense and relative to European peers.

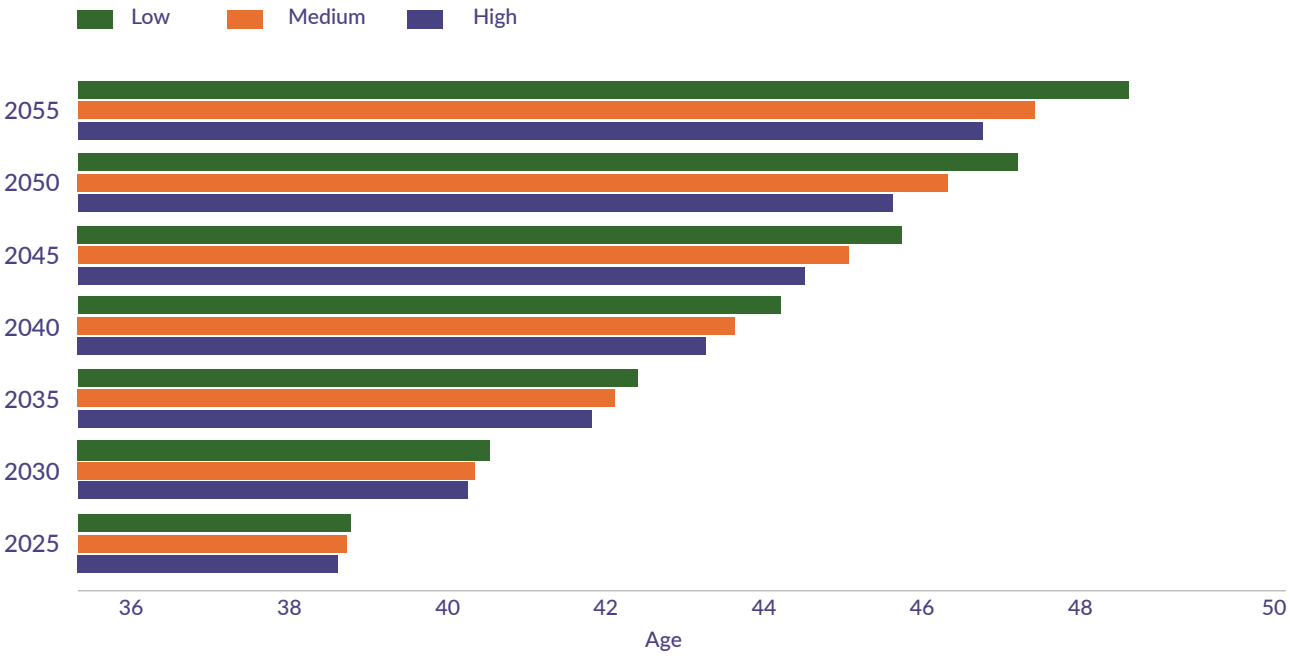
[4] The Department of Finance project numerous scenarios for population growth – ranging from a low of just under 6 million by 2065 to a high of 7.6 million, dependent on underlying assumptions.

[5] The CSO project three scenarios for population growth – high, medium and low – ranging from 7.005 million, to 6.446 million, to 5.734 million, respectively by 2057. The differences are driven by differing assumptions for fertility, mortality and migration.

Within these projections, the population will age quite noticeably, with the average age rising from 39 years at present to 42 years within a decade and further to 47 years by 2055 (Figure 2a). Furthermore, the old-age dependency ratio - the number of persons aged 65 and over relative to the working age population (persons aged 15-64 years) – will double over the same period (Figure 2b). In practical terms, while at present Ireland has close to four persons working for every person aged 65 and over, by 2045, this proportion will drop to two persons. This will put huge pressures on resources across the economy. Furthermore, relative to the EU, dependency ratios in Ireland will worsen much faster (Figure 2c). [6]

Putting all of this together, while the labour force will grow over the next three decades, it will not be able to keep pace with the degree of ageing in the population and as net inward migratory flows moderate.

Figure 2a: Ireland's population is ageing–average age profile under CSO scenarios

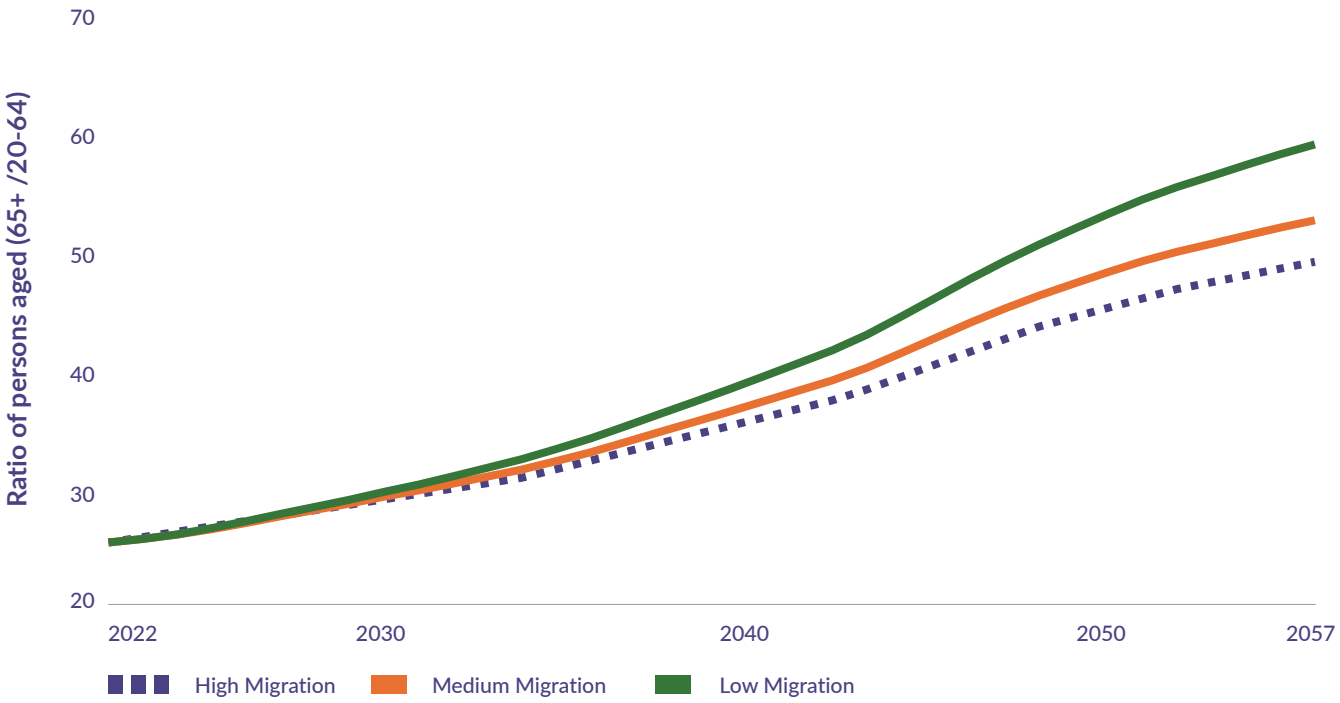


Source: CSO and internal calculations.

[6] According to European Commission projections, the old age dependency ratio in Ireland increases from 27.3 in 2025 to 50.3 by 2055. In the EU, the ratio rises from 38.0 in 2025 to 57.1 in 2055.

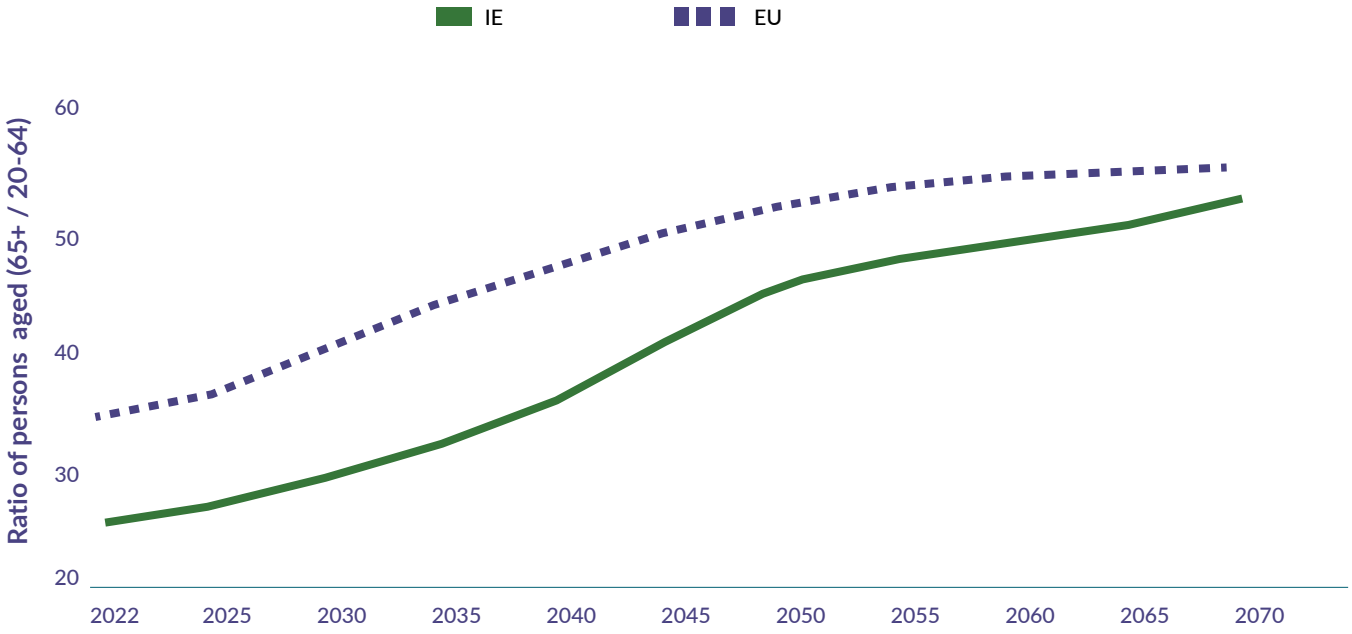
[7] The old-age dependency ratio is defined here as the ratio of persons aged 65 years and over to those aged 20 to 64 years

Figure 2b: Ireland's population is ageing – old age dependency ratio [7]



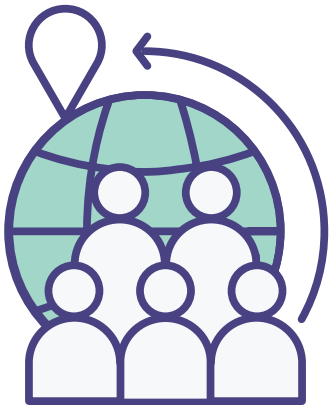
Source: CSO and internal calculations.

Figure 2c: Population ageing in Ireland relative to the EU



Source: European Commission Ageing Report 2024.

Migration and workforce dynamics in the long-term



Migration will have a central role to play in the evolution of Ireland's population and labour force going forward. This is already the case in 2026, as without migration, labour market constraints would likely be considerably more binding. Other work at the European level has also stressed the role of immigration in contributing to employment growth in recent years across the EU. [8]

Throughout 2025, the domestic labour market was close to full employment conditions, with an unemployment rate averaging under 5% and with a record number of persons in work at over 2.8 million. In fact, currently across several metrics, there appears to be very limited spare capacity in the labour market given the unemployment rate and with participation levels already at, or close to, record highs. A recent paper examining Ireland's inactive population highlighted this issue noting that there was a relatively small cohort of persons (c120,000) that were outside of the labour market yet reasonably well attached (Potential Additional Labour Force). [9] Furthermore, just one third of this group were of prime working age pointing to limited labour supply capacity from this source.

Partly for these reasons, inward migration has become the main driver of labour force growth. Over the past 10 years, net inward migration has averaged just under 50,000 persons - reaching a 17-year high in 2025 at 79,300. This is also showing up clearly in the labour force survey numbers with the Q4 release for 2025 showing that two-thirds of new jobs went to non-Irish citizens. The strength of migration highlights the openness and dynamism within the labour market but also an economic model that is heavily reliant on attracting and retaining persons from abroad.

Looking ahead, the greying or ageing in the population will directly impact the labour force. This is already evident from the data, where the average age of the labour force (as distinct from the population) has been creeping up, from 37 years two decades ago to 42 years today. Using figures from Eurostat, the employment profile of Ireland's labour market can be split by sector and age and from figure 3, it is clear that the share of older workers (defined here as those aged 50 years and above) is rising. Second, the effects are not uniform,

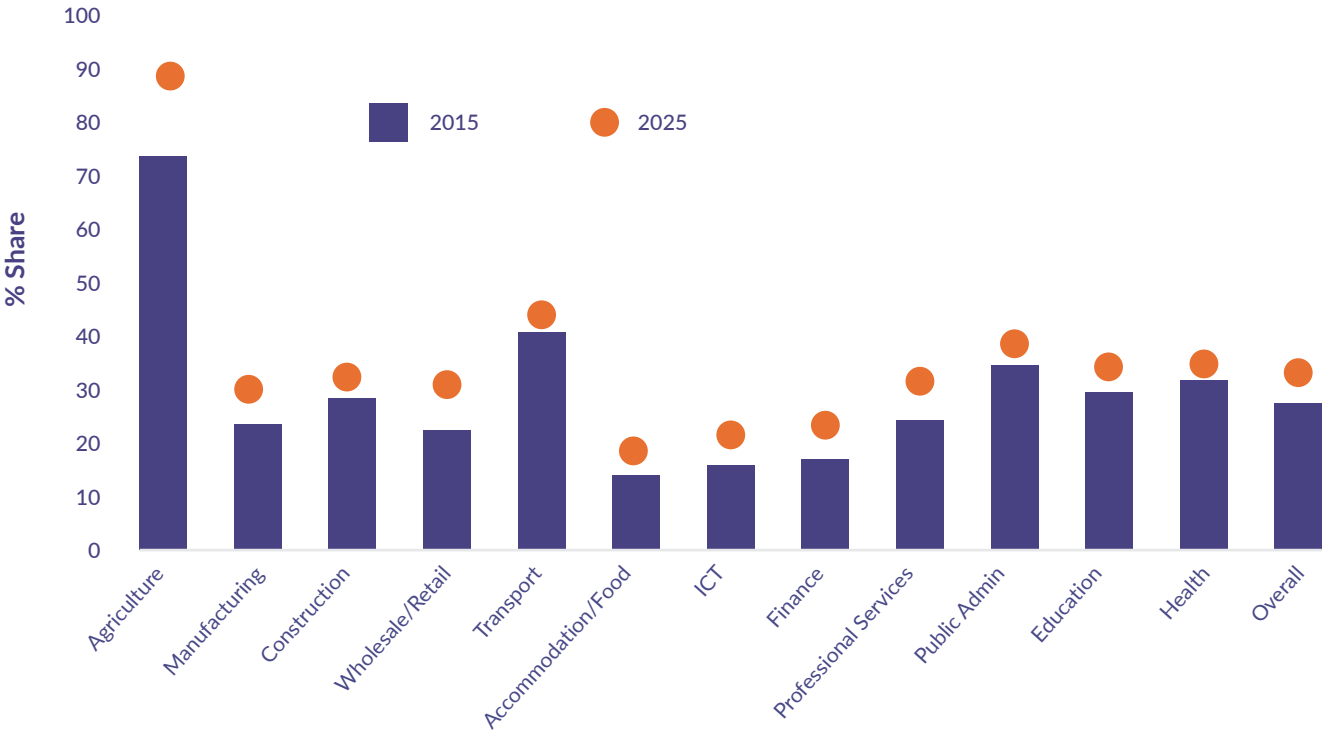
[8] See: Migration, mobility and the EU labour market: Recent developments

[9] See: Ireland's Inactive Population and the Labour Market. This paper noted that Ireland's inactive population totalled 1.5 million persons, with inactivity concentrated in younger and older cohorts with half of this group unlikely to (re)- enter the labour force. There were 266,800 persons of prime working age in the inactive population, of which 118,000 were closely attached to the labour market. The latest labour force survey figures from the CSO, show that the PALF was 111,400 in Q4 2025.

with certain sectors, particularly indigenous ones, more inclined to employ older workers. In agriculture, for example, close to 9 in every 10 workers are aged 50 years and above – 3 times the rate for the overall economy – although the agricultural sector has many unique characteristics. There has also been a clear ageing impact in manufacturing and retail from the same figure.

Similarly for the transportation sector, the age profile is already considerably higher than the economy-wide average. For public sector occupations, the same holds. Given the demographic outlook from above, these shares will only get higher. These are also some of the sectors where skills shortages are already apparent, which is discussed further below.[11]

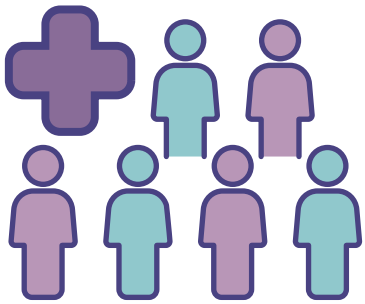
Figure 3: Ireland's older workforce (50 years and above) by sector and age



Source: Eurostat

[10] See: Central Bank Quarterly Bulletin 4 2025, Box B: Labour Marketing Ageing and AI Exposure.
[11] See: National Skills Bulletin 2025.

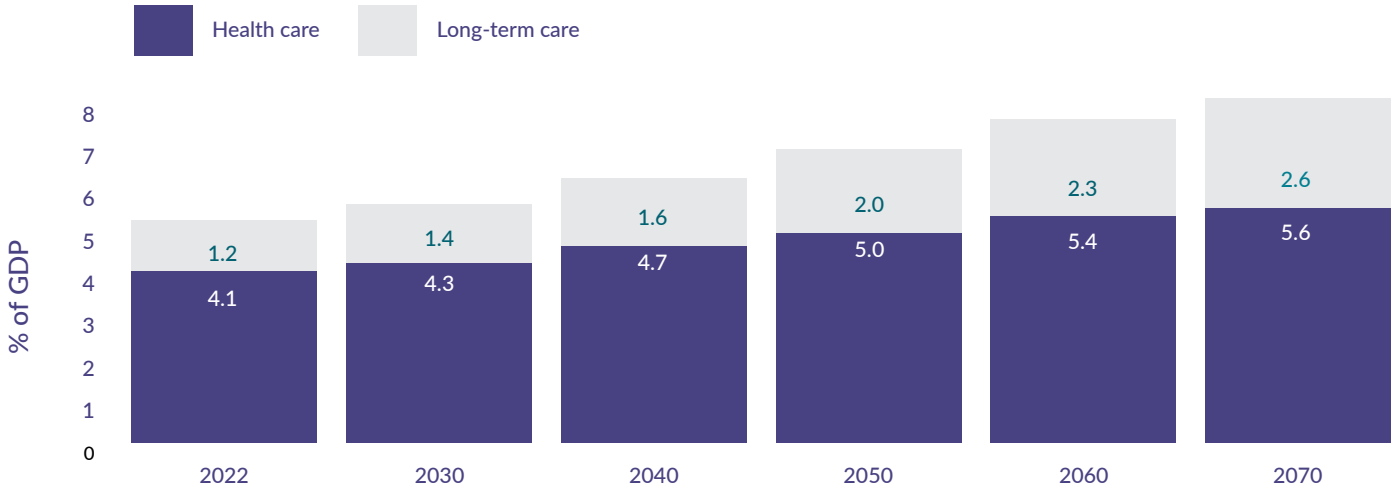
Population ageing and health care



One important implication from population ageing for skills needs will be the demand for healthcare workers. Currently, health care accounts for just under 14% of all jobs in the economy – a ratio that has doubled in the space of two decades. This proportion will rise in the decades ahead. This is also a sector where skills shortages are already apparent as has been highlighted by SOLAS in their National Skills Bulletin – specifically for medical practitioners, nurses and care workers. Over the past three years, the health sector has also been amongst the biggest issuer of employment permits – averaging just under a third of all permits issued at approximately 10,000 permits per annum.[12]

Aside from skills needs, health spending will rise significantly as the population ages. According to the European Commission's Ageing Report for Ireland, age related spending will increase from just over 5% of GDP today to 7% in 2050 and just under 8% by 2060 (Figure 4).[13] In respect of long-term care, the number of dependent people is projected to increase by over two-thirds from 258,000 (as of 2022) to 433,000 in 2060. The economy will see a clear need for more health care workers and related skills in tandem with rising health related spending over the medium to long-term.

Figure 4: Health and long-term care costs to 2070



Source: European Commission, 2024 Ageing Report.

[12] See: Statistics - DETE. Employment permits are granted to individuals outside of the EEA and allow them to work in Ireland. The high proportion of permits granted to the healthcare sector underscores their demand for and reliance on labour from outside the EEA.

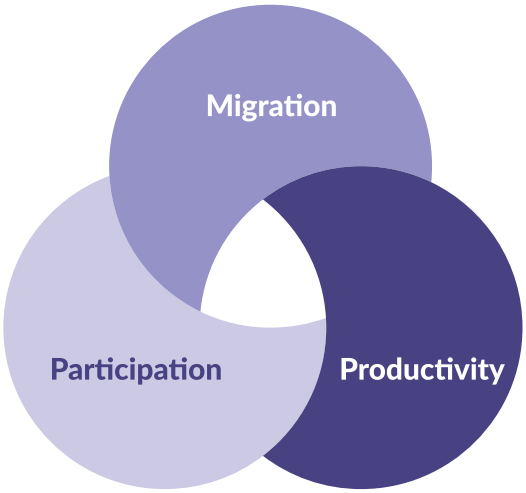
[13] See: 2024 Ageing Report. Economic and Budgetary Projections for the EU Member States (2022-2070) - Economy and Finance. Spending on public pensions will also increase sharply from 3.8% of GDP in 2022 to 6.6% of GDP in 2070.

Labour market implications of an ageing workforce – productivity and skills needs

For Ireland to cope with this demographic outlook, several actions will be needed.

First, further inward migration flows will be required to supplement domestic labour supply. As mentioned, migration is difficult to forecast, so taking the mid-estimate from the CSO's projections, net inward migration is assumed to taper off from very high levels currently to approximately 30,000 persons per annum by 2030.

Second, participation rates will need to increase across the board but particularly for older workers to counter the increasing average age of the workforce. The share of younger workers (those aged 15-24 years) will steadily decline from the end of this current decade, While Ireland's employment and participation rates are at all-time highs, there is still an untapped cohort of potential labour supply through the inactive population. Policies to activate those currently outside of the labour force (not in employment nor unemployment) will become increasingly important. Policy responses here are also diverse, ranging from childcare supports to housing to public transport, to hybrid working options, etc. In addition, incentivising older workers to remain in the workforce for longer is another clear avenue as are more flexible retirement options including raising mandatory retirement ages and more part-time working options for older workers.

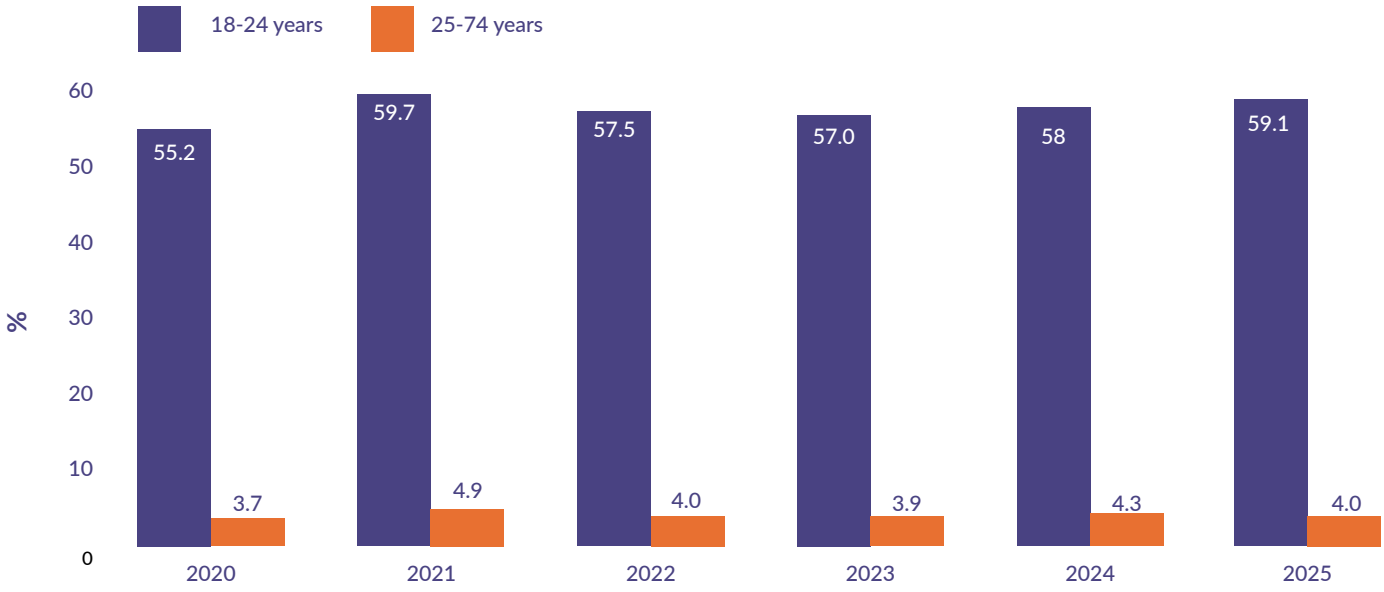


Third, labour productivity will be a key determinant of how the economy performs. Productivity is heavily influenced by domestic (e.g. education levels) and external factors (e.g. technological developments). The European Commission's Ageing Report projects that labour productivity in Ireland will average 1.8% per annum over the long-term (to 2070), which outperforms the Euro Area average of 1.3%. That said, productivity in Ireland is expected to slow quite noticeably from about 2030 onwards, with the rate of growth halving from 2.7% in 2030, to 1.4% by 2050.

All of this emphasises the crucial role of government and the private sector in facilitating productivity and innovation through investment in physical and human capital. Clearly, the provision of high-quality education and training options to improve skills will also be central to productivity advancements going forward. While Ireland has a high level of educational attainment, there is scope to increase life-long learning and participation in education and training. [14] One particular challenge will be to encourage more older persons into training, reskilling and upskilling. The latest figures on lifelong learning by age show a sharp contrast in Ireland between younger (aged 18-24 years) and older workers in respect of training – Figure 5. Engagement in learning and training falls markedly with population ageing, with Ireland currently ranked in the middle in the EU in respect of lifelong learning.

In terms of sectoral skills requirements and needs, the health and social care sector is already heavily reliant on high qualification levels, specifically third level. This points to the need for inward migration and a flexible skills system including lifelong learning options to upskill the domestic population, points also stressed by the OECD in their wide-ranging report on Ireland's skills ecosystem. [15] These skills needs are compounded by the pace of climate change, infrastructural needs and technological advancement including AI. There will also be an ongoing need to incentivise and develop transversal skills which are so essential for communications and critical thinking as the population ages. [16]

Figure 5: Participation in lifelong learning declines rapidly by age



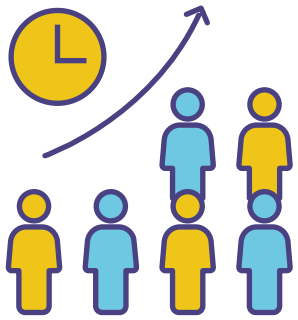
Source: CSO

[14] Lifelong (or adult) learning refers to all learning or training undertaken throughout a person's life to improve skills and knowledge. It includes those in either formal or non-formal education or training. For a fuller definition, see: Glossary: Lifelong learning (LLL) - Statistics Explained - Eurostat.

[15] See: OECD Skills Strategy Ireland (EN)

[16] For more on transversal skills see: Skills Insights Note 2025-1

Conclusion



Trying to anticipate the future is difficult to do, but this Insights Note attempts to shine a light on some of the key demographic developments that are likely to shape the population and labour force in Ireland in the medium- to long-term. The population will age significantly over the next two to three decades and dependency ratios will rise. This will put more pressure on existing resources necessitating sustained high levels of inward migration and continuous upskilling and reskilling within the workforce.

This outlook underscores the importance of investing in Ireland's infrastructure, retaining the FDI proposition and creating employment opportunities to attract and encourage people into the labour force. Policy responses here cover a multitude of areas from childcare to remote working, to pay, to training needs, to designing more creative paths for people back into employment from periods of inactivity. It also points to the need for a deeper look at overall labour, skills and training needs within the economy, something which the EGFSN will be looking to do further work on in the future.

In short, this Note raises more questions than answers:

Labour supply and workforce planning:

- How can Ireland continue to add to the labour force given the demographic pressures?
- How can Ireland incentivise people to join, re-enter and remain in the labour force for longer?

Migration:

- What levels of net inward migration will be needed to cope with demographic pressures and in what sectors (e.g. health, construction, etc)?
- What can Ireland do to remain an attractive place to come and work, particularly as most European countries face similar pressures?

Education and skills:

- How can we raise levels of lifelong learning?
- Are there better ways to reflect or reward experience levels at work?
- How can workers keep pace with the speed of digitalisation and decarbonisation?

Valuing work - wages and pay:

- Do certain sectors need to pay more to attract labour?
- How might sectors target older workers in the future?

Productivity:

- What sectors offer the greatest potential going forward to drive economy-wide productivity levels?

Technology and AI:

- How might AI and the pace of digitisation help drive further productivity gains across the economy both in terms of raising living standards but also in combatting some of the impacts from population ageing?