

# Q4

## DUBLIN DEVELOPMENT LAND & NEW HOMES



The Difference



### Development Land

2018 was a busy year in the development land sector in the greater Dublin area both in terms of on and off-market sales.

Sites suitable for 'beds' remained in the greatest demand with lands in central areas for PRS and PBSA schemes well sought after. In terms of the former, forward funding capital on offer increased.

In more suburban and outer areas, infill sites for houses and small apartment schemes, as well as nursing homes, were popular.

Supply levels began to improve in the middle of 2018. Various large residential land holdings, especially in commuter towns, in addition to significant city centre mixed-use sites came to the market.

Like recent years, domestic purchasers have remained dominant in the residential infill part of the market. When it comes to larger development sites, purchasers have been primarily international private equity firms in partnership with Irish developers.

There has been considerable funding available from various government sources for housing bodies to purchase land with existing residential planning permission, which will lead to increased competition. Some sites have been purchased with a pre-sale in place for the entire completed development to a housing body to de-risk the development, a trend that will continue. There is funding available for good urban sites with planning permission but funding for sites in outer commuter areas can be tentative.

During the 12 month period approximately 120 transactions closed in Dublin. High value transactions have been prevalent this year, with the value of land trading, larger than recent years. The most significant development site to sell this year was undoubtedly Project Waterfront (formerly known as City Block 9) site in Dublin Docklands at North Wall Quay for a price in excess of €180m. This follows the sale of City Block 3 some months previous for a reported €115m. Another substantial deal was the sale of land in Tyrrelstown, Dublin 15 capable of delivering more than 1,250 homes in Dublin to Glenveagh Properties for €65m.

Some of the sites that were on the market at the end of Q4 include:

- 29 acres at Brennanstown, Dublin 18, which is guiding €35m;
- A 9.88-acre site at Cabra, Dublin 7, which is guiding €32m;
- A 1.88-acre site at Deer Park, Mount Merrion, Dublin 14, which is also guiding €32m;

Some of the sites that were sale agreed at the end of Q4 include:

- A 12-acre site at Rathborne, Royal Canal, Dublin 15, which is guiding €22 million;
- A 1.26-acre site at Old Bray Road, Foxrock, Dublin 18, which is guiding €32 million;
- 1.75 acres at Mount Argus, Monastery, Harolds Cross, Dublin 6W, which was guiding €3.5m;

## New Homes

### Supply

2018 saw substantial progress on the new homes supply side, with Dublin and the surrounding commuter counties of particular note. At the end of 2018, there were 149 new homes schemes advertised and on the market in Dublin with a further 82 schemes across Kildare, Meath and Wicklow.

### Demand

The positive economic and demographic indicators, along with the assistance of the help-to-buy scheme, have ensured

that the level of demand for new homes remained robust in 2018. It is however imperative that the Government signals its intentions for the help-to-buy scheme early in 2019. Any ambiguity regarding its demise could stall construction as developers will find it more difficult to estimate end purchaser demand. The most recent figures (for Q3) from the Dublin Housing Supply Coordination Taskforce, released at the end of December, could be an indicator of this with the number of houses and apartments under construction falling by 20%.

### Sales

New homes are making up a much greater proportion of all residential properties sold across Dublin compared to the period between 2011 and 2015. For Dublin overall, in this period the annual average volume of sales was 10% new homes against 90% second-hand homes. In 2017 new homes increased to 22% and for the first nine months of 2018 the figure was 26%. However, the most interesting feature of this is the difference between local authority areas, especially the large share of sales made up of new homes in Fingal and South Dublin County Councils' administrative areas. The proportion over time is set out below.

All Dublin	2010	2011	2012	2013	2014	2015	2016	2017	Q1 - Q3 2018
New	19%	10%	9%	9%	11%	11%	16%	22%	26%
Existing	81%	90%	91%	91%	89%	89%	84%	78%	74%
Dublin City	2010	2011	2012	2013	2014	2015	2016	2017	Q1 - Q3 2018
New	14%	6%	4%	4%	4%	5%	9%	11%	14%
Existing	86%	94%	96%	96%	96%	95%	91%	89%	86%
Dún Laoghaire / Rathdown	2010	2011	2012	2013	2014	2015	2016	2017	Q1 - Q3 2018
New	18%	10%	10%	10%	13%	10%	16%	20%	25%
Existing	82%	90%	90%	90%	87%	90%	84%	80%	75%
Fingal	2010	2011	2012	2013	2014	2015	2016	2017	Q1 - Q3 2018
New	23%	15%	15%	12%	18%	23%	29%	33%	39%
Existing	77%	85%	85%	88%	82%	77%	71%	67%	61%
South Dublin	2010	2011	2012	2013	2014	2015	2016	2017	Q1 - Q3 2018
New	24%	13%	16%	19%	15%	12%	17%	31%	34%
Existing	76%	87%	84%	81%	85%	88%	83%	69%	66%

Both Fingal and South Dublin County Council areas are key locations for first-time-buyer (FTB) schemes. And given the level of demand from this cohort, along with the fact that the help-to-buy scheme can only be availed of by FTB, it is likely this trend of high proportions of new homes will continue in 2019.

**Prices**

While the ongoing demand and increasing levels of supply are features of the market, price inflation has slowed with affordability becoming an issue for many. The annual rate of price inflation in Dublin for the entire residential market has halved in the last year to 6%. However, across Dublin, premiums are being paid for new homes compared to second-hand homes with the median price between 13% and 19% higher, depending on location. This demonstrates purchasers recognising the benefits of newly built properties in terms of better energy efficiency ratings, turnkey condition and for first-time-buyers, the tax incentive on offer.

**Dublin Docklands**

Many apartment schemes currently being built are now expected to enter the PRS sector where they will be owned and operated by a professional landlord and not offered for sale to owner-occupiers and small-scale private investors, as would have traditionally been the case. While there has been a move towards this type of residential investor in recent years, some of this also follows on from the changes to the apartment design guidelines in March 2018. The Dublin docklands area has come strongly into focus in this regard with some high-profile schemes being offered for rent. Examples around Grand Canal Dock include Six Hanover Quay, Capital Dock and The Benson Building; and on the north side of the Liffey, Dublin Landings and Spencer Place. As an exception to this trend, Park Developments will be individually selling 40 apartments in The Reflector at Grand Canal Dock in Spring 2019.

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