

WE INFORM
YOUR
FUTURE

**DEVELOPMENT LAND
& NEW HOMES**
PROPERTY REPORT

Lisney

Q3

2019



“ Approx. €400m worth of land sold in the quarter ”

DEVELOPMENT LAND

Activity in the Dublin development Land market was healthy in Q3 2019 with approximately €400m worth of land sold across 19 transactions. The volume of transactions is 32% lower when compared with Q3 2018, however the value of deals done is higher. Most of the of the land coming to the market and transacting at present comprises smaller sized infill sites.

Premium payments are being achieved for sites with planning permission that have a low-risk route to delivery and exit. However speculative land purchases without planning are still occurring for well-located residential sites. In addition, off-market transactions continue to be an important feature of the market as land prices stabilise and land vendors adjust their price expectations. Meanwhile, developers are closely watching the outcome of reviews of the Strategic Housing Development (SHD) planning application schemes.

The €10m plus category of the market remains attractive to international private equity firms, usually in conjunction with an Irish development partner. Transactions above €10m accounted for 42% of the volume of sales in Q3 and when all sales are combined, accounted for 90% of total market turnover. Transaction volumes in the sub-€5m bracket were also strong in Q3, accounting for 37% of transactions, as demand for smaller infill sites continued (driven mainly by domestic developers). This is expected to continue in the final

quarter of the year. In addition, 21% of the number of sites sold in the three months were in the €5m-€10m price range.

Some of the most notable land sales in Q3 2019 included:

- 118 acres at Cherrywood in south Dublin for in excess of €120m
- A 9.6-acre site with planning for 420 homes in Cabra, Dublin 7 for €39m
- At Taylor's Lane in Ballyboden, Dublin 16, an 8.6-acre site that can accommodate a Build-To-Rent scheme of 436 units, sold for approximately €20m

Some of the sites that were on the market at the end of September 2019 included:

- 8 acres at Gort Mhuire, Ballinteer, Dublin 14; sale agreed at €35 million in an off-market transaction
- Project Shoreline – a 125-acre site in Baldoy, Dublin 13 with planning permission for 546 houses; sale agreed at €42m.
- 6.55 acres at Carriglea, Bluebell, Dublin 12 with planning for 358 apartments; sale agreed for €12m

The sale of an 80% interest in the former Glass Bottle site also continued to progress in Q3. In Q4, first and second round bids will be received with the final evaluation and sales approval in March 2020.



“ The help-to-buy scheme has played a substantial part in increasing the supply of new homes ”



St Pauls Square, Adelaide Road, Glenageary

NEW HOMES

Steady demand for new homes continued in the third quarter of the year. Many of the new homes that came to the market in Q3 were new phases of schemes that had already been launched. Examples included, Kinsealy Woods beside Portmarnock village; Clay Farm in Sandyford; and developments such as Shackleton in Lucan. Launches of initial phases on new schemes were few. The city centre is no longer first-time buyer territory, deeper pockets are required when it comes to these schemes, which are likely to have greatest appeal for buyers downsizing within the area or professionals who require a central Dublin base.

As a proportion of sales in the overall Dublin residential market, new home sales are making up a large percentage. In 2012, new homes accounted for just 10% of all residential sales in Dublin. This compares to 24% in 2018 and 19% in the first seven months of 2019.

Supply continues to improve gradually. The help-to-buy scheme has played a substantial part in increasing the supply of new homes. This is because it offers significant assistance to first-time buyers, while giving developers the confidence to bring new developments to the market knowing that there will be demand.

In the first six months of 2019, data on commencement notices show a 17% increase on the level recorded in Q3 2018; with 12,269 commencement notices. To put into perspective, the first six months of 2015 recorded just 1,246 commencement notices.

COMMENCEMENT NOTICES FOR NEW DWELLING UNITS

Q3 2019	12,260
Q3 2018	10,501

Source: DHPLG

For the first seven months of 2019, 1,467 new homes were completed in Dublin, 32% less than the same period of 2018 and 2% less than 2017. This decline appears to be as a result of various factors such as the cost of construction, the uncertainty around the help-to-buy scheme remaining prior to Budget 2020 and planning delays.

	Unit Completions
Jan - July 2019	1,467
Jan - July 2018	2,162
Jan - July 2017	1,499

Source: CSO

THE LISNEY DEVELOPMENT LAND TEAM



Ross Shorten
Director



Martin O'Halloran
Chartered Surveyor



Ben Fitzgerald
Surveyor

THE LISNEY NEW HOMES TEAM



Helen Moore
Director



Frank McSharry
Divisional Director



Stephanie Patterson
Divisional Director



Maureen Cummins
Negotiator

THE LISNEY RESEARCH TEAM



Aoife Brennan
Director



Tanya Duffy
Research Analyst



Cliona Ni Mhogain
Research Analyst

OUR OFFICES

DUBLIN

St. Stephen's Green House,
Earlsfort Terrace, Dublin 2
D02 PH42
T: +353 1 638 2700
E: dublin@lisney.com

CORK

1 South Mall, Cork
T12 CCN3
T: +353 21 427 5079
E: cork@lisney.com

BELFAST

Montgomery House,
29-33 Montgomery Street,
Belfast, BT1 4NX
T: +44 2890 501501
E: belfast@lisney.com

PSRA 001848

lisney.com