

**DEVELOPMENT LAND
& NEW HOMES
REPORT**

Q4 2020

Lisney



DEVELOPMENT LAND GREATER DUBLIN AREA IN NUMBERS

ACTIVITY



TRANSACTIONED
IN Q4 IN GDA

LARGEST DEAL



80% INTEREST
IN THE FORMER
GLASS BOTTLE SITE
IN RINGSEND

AVERAGE LOT SIZE



EXCLUDING
RINGSEND DEAL

NEW HOMES



MAXIMUM
INCENTIVE IN
HTB EXTENDED

DEVELOPMENT LAND

The development land market had a reasonable level of transactional activity in 2020. Up to December, market turnover in the greater Dublin area was at €250m, substantially less than the €1bn completed in 2019. However, with RGRE and Oaktree completing a €200m deal with NAMA on the former Glass Bottle site in Ringsend towards the end of December, this increased to €450m. With the exception of this large deal, there were only two other deals concluded in Q4 2020 that had lot sizes of more than €10m with the average lot size (excluding the Ringsend site) at €4.125m.

At the end of December 2020, available supply was limited (less than €100m) but with property market sentiment improving and the imminent roll-out of a COVID-19 vaccine due, those that had postponed sales will be encouraged to move forward. This will be facilitated through improving purchaser and development funding. There are concerns about the construction industry's capacity with tier one contractors exceptionally busy. That said, requirements from builders for smaller well-located residential infill sites is always present and this will continue.

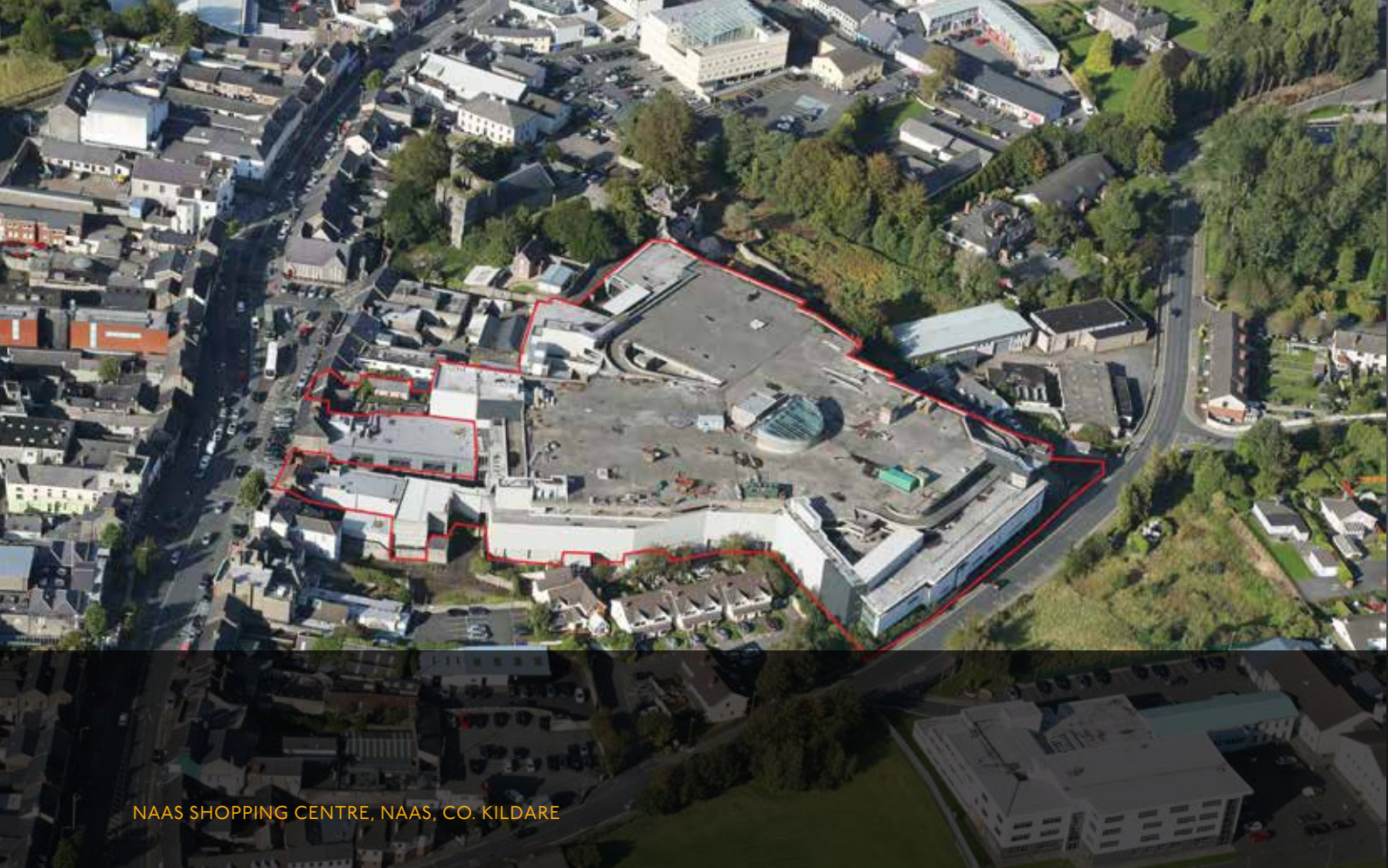
In addition, there will be demand in 2021 for larger sites suitable for new home schemes and also lands suitable for PRS or social housing schemes where developers may seek to de-risk development activity by offering forward purchases and forward funding opportunities to investors and housing bodies. Off-market targeted sales will continue, however, high-profile opportunities are also due to come to the market, including the mixed-use transport oriented development on CIE lands beside Heuston Station. The seven-year hold period to take advantage of the CGT waiver is approaching for those that bought towards the end of the purchase window in 2014. This will bring certain sites to the market in 2021 as the benefit will continually diminish the longer it is held. Other matters to be conscious of during 2021 include the fact that both the Strategic Housing Development scheme (fast-track planning) and the help-to-buy incentive are due to end in December. Prominent Dublin city proposed developments will progress in various ways in 2020.

- ◆ Owners of the former TUD campus on Kevin Street, Westridge, were granted planning permission for 53,000 sqm of offices and 299 BTR units in December and may seek to progress.
- ◆ Diageo and Ballymore will likely progress its masterplan of 12 acres at the Guinness Quarter, which will become the first zero carbon district in Dublin.
- ◆ CIE is expected to publish a masterplan for its lands beside Heuston Station following which development opportunities will be promoted over time.
- ◆ TUD's Aungier Street campus will likely return to the market for sale.
- ◆ O'Flynn Construction applied for planning permission on its former Nissan site, to be known as Southwest Gate, in August and further information was requested in October. A decision is now due on this mixed-use scheme (1,137 residential units, 148-bed hotel and 18,000 sqm of commercial space).

NEW HOMES

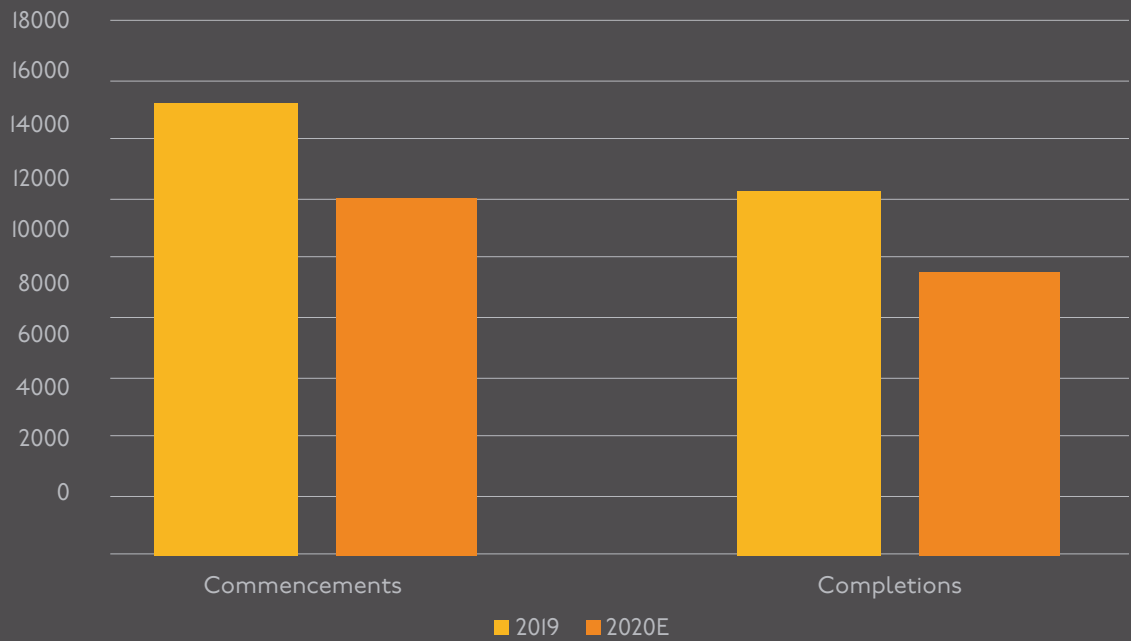
Despite the unprecedented year that was 2020, new home purchaser demand remained relatively good in Q4, from starter homes up to properties priced at over €1m. With show homes closed for several weeks earlier in the year, pent up demand remained in the final months of the year. The enhancement of the help-to-buy incentive (maximum of €30,000 from the previous level of €20,000) for first-time-buyers (FTB) in the government's July Stimulus had intensified demand in Q3, however with Budget 2021 (in October) extending the higher rate until the end of 2021, FTB were under less pressure to proceed quickly with sales in Q4. This will mean that FTB demand and requirement for new homes will persist in 2021. It will be aided by improving sentiment generally as the COVID vaccine is due and many people's salaries have been restored.

With building sites closed and then not operating at full capacity earlier in the year, new house starts and completions were unfortunately between 20% and 25% less than anticipated in 2020 in the greater Dublin area. With sites closing again at Christmas and remaining closed into the new year, this will have implications for construction numbers in 2021 as well.



NAAS SHOPPING CENTRE, NAAS, CO. KILDARE

GDA CONSTRUCTION ACTIVITY (2019 & 2020E)



Source: CSO, Department of Housing, Planning & Local Government, Lisney estimates

THE LISNEY DEVELOPMENT LAND TEAM



CATHAL DAUGHTON
Senior Director



MARTIN O'HALLORAN
Senior Surveyor



RYAN CONNELL
Surveyor

THE LISNEY NEW HOMES TEAM



FRANK MCSHARRY
Divisional Director



STEPHANIE PETERSON
Divisional Director



MAUREEN CUMMINS
Development Manager

THE LISNEY RESEARCH TEAM



AOIFE BRENNAN
Senior Director

OUR OFFICES

DUBLIN

St. Stephen's Green
House,
Earlsfort Terrace,
Dublin 2, D02 PH42
T +353 (0) 1 638 2700
E dublin@lisney.com

CORK

1 South Mall,
Cork, T12 CCN3
T +353 (0) 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

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