



OUTLOOK 2024



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DEVELOPMENT LAND

The outlook for 2024 is positive. Building materials and interest rates have likely peaked and declines are expected over the course of the year.

ACTIVITY

CHALLENGES EASING

The development land market has been challenged for several years; greatly impacted by uncertainty in planning policy and endless delays in getting a finalised planning permission. In the last two years construction cost inflation (labour and materials) and elevated finance costs (if available at all) have also greatly impacted the viability of new schemes and hence demand for land. Activity in the market was subdued last year across the country, albeit boosted toward the end of 2023 by the LDA's €44m acquisition of land in Clongriffin. In the Greater Dublin Area, it is estimated that market turnover was about half the level of the preceding two years and about two-thirds less than the 10-year average.

Encouragingly however, the outlook for 2024 is more positive. Building materials and interest rates have likely peaked and declines are expected over the course of the year. In addition, the new Planning & Development legislation is earmarked to be enacted mid-year, and it is hoped it will speed up the process. These factors, along with the fact that land values have been adjusting since 2019, means that the development land market is in a better position going into 2024, albeit with obstacles remaining and new ones emerging. The Residential Zoned Land tax was postponed for one year in Budget 2024 but this will remain an uncertainty in the market until maps are finalised. So too will the proposed Land Value Sharing mechanism, among other policies.

Brighton Road, Foxrock Village, Dublin 18





**THE PUBLIC
SECTOR**
THROUGH
THE LAND
DEVELOPMENT
AGENCY, LOCAL
AUTHORITIES
AND APPROVED
HOUSING BODIES
WILL BE THE
**KEY
PURCHASERS
OF LAND**
IN 2024

PURCHASERS & FINANCE

STATE FUNDED BODIES WILL DOMINATE

The public sector through the Land Development Agency, local authorities and approved housing bodies will be the key purchasers of land and forward commitments of schemes in 2024. Significant government funding is available, however individual bodies' capacity constraints may hold back activity.

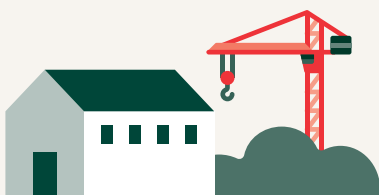
In the private sector, as with last year, many primary and secondary funders will remain largely absent from the market in the opening months of 2024, reluctant to lend on land until interest rates begin to come down and there is more certainty on the direction of the economy generally. There may however be some construction lending for those with debt-free viable sites. That said, there remains an acute shortage of 'beds and sheds', which will drive demand. Cash purchasers will be in a very good position, but they will only consider deals when they see value.

SUPPLY

EMANATING FROM VARIOUS SOURCES

Supply this year will come from various sources, including those who have postponed sales in recent years, from institutions, and from those who are not now in a position to develop out schemes. Some supply will come from developers and investors that acquired sites using secondary money in recent years and need to refinance. Given the cost and availability of finance from both traditional and alternative lenders, refinancing will be difficult, and some will be forced to sell.

The Land Development Agency will generate much of its land supply from State and Semi-State bodies but will also engage with private sellers. Private developers will be utilising the various schemes on offer to develop out affordable purchase and rental, including Croí Cónaithe (Cities) and STAR (Secure Tenancy Affordable Rental Investment Scheme).



PLANNING & DEVELOPMENT BILL, 2023

JUDICIAL REVIEW REFORM IS ESSENTIAL

A comprehensive new planning act replacing the 2000 legislation was due in 2023. However, following stakeholder engagement and some redrafts of the original Heads of Bill, the finalised Bill was not published until late November. It will now be mid-2024 at the earliest before it reaches the final stages of the Oireachtas and signed into law. There is likely to be further amendments prior to that. The aim of a new legislation is to bring clarity, certainty and consistency to how planning decisions are made.



Key reforms are set out below along with comments on potential benefits and/or issues. For all measures, the final legislation and then how policy works in practice in the years ahead will need to be monitored. If there are operational issues, then any adjustments must happen quickly – Ireland must have a planning system fit-for-purpose to address the housing crisis and position the country in the right direction in terms of infrastructure going forward.

REFORM	COMMENT
10-year development plans (with review at year five)	<ul style="list-style-type: none"> • Lengthening the timeframes of local authority development plans from six to 10 years is positive. It will mean plans are more strategic in nature with better long-term outcomes. • It will be critical that plans align promptly to Census data – the Bill states within ‘two years, which period shall begin on the second occurrence of a census of population’. There is a fear that this is too slow given how critical data-driven policy is for success.
Increased alignment across all tiers of planning	<ul style="list-style-type: none"> • Policies and guidance will be more consistent throughout all tiers of planning, from national (NSS) to regional (RPGs) to local (development plans, UDZs, etc). • Ministerial guidelines and policy directives will be upgraded to National Planning Statements, approved by Government. • On the surface, both of these measures appear positive.

REFORM	COMMENT
<p>New provisions for Urban Development Zones (RDZ)</p>	<ul style="list-style-type: none"> Local authorities will be empowered to designate areas with significant development potential as UDZs, where the State will have an increased focus on enabling infrastructural investment to allow the development potential of city lands to be realised. It is hoped UDZ designation will assist in reducing planning risk, and if that is ultimately the case it will be positive in terms of speeding up housing and other development in areas of most demand.
<p>Restructure of An Bord Pleanála (ABP)</p>	<ul style="list-style-type: none"> To be renamed An Coimisiún Pleanála (ACP), and there will be a separation of its corporate governance and its planning decision role as an appeals body. Mandatory statutory timelines for decisions will be put in place. Dividing its governance and operational roles is a welcome move in terms of wider confidence in the body. The mandatory statutory guidelines are also welcome but unless the significant number of unfilled planner roles currently available are taken up and the body fully resourced with staff, it will not be able to meet these timelines. Given the prevailing backlog of cases with ABP of about 18 months (≈ 30,000 housing units), it would be a welcome move to work out any existing applications in ABP and not move them over to a new organisation – let ACP begin afresh on day one with a chance of meeting the statutory timeframes.
<p>Reform of the planning Judicial Review process</p>	<ul style="list-style-type: none"> The legislation proposes to reform aspects of planning judicial reviews with changes such as removal of leave for application; refinement of grounds; clarification of sufficient interest and the introduction of a new Environmental Legal Cost Scheme. Given that JRs are one of the key reasons for delays in the planning system at present (over 30,000 residential units with the Courts, in addition to the 30,000 with ABP), reform of the process is essential. It seems sensible that if an application for a JR does not win that it will now bear its own costs (reducing vexatious claims, although can apply for legal aid that is means tested). However, if a claim is upheld, the applicant will be able to recover costs in line with a scale of fees. New restrictions have been placed on what constitutes an eligible party to seek a JR. They must have a 'sufficient interest in the matter' and must be 'directly or indirectly materially affected by the matter'. The body taking the case must have existed for more than one year as a limited company, have a constitution that promotes environmental protection, and have more than 10 members. On the surface this is positive (again around vexatious claims) but how it works in practice will be watched carefully.



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