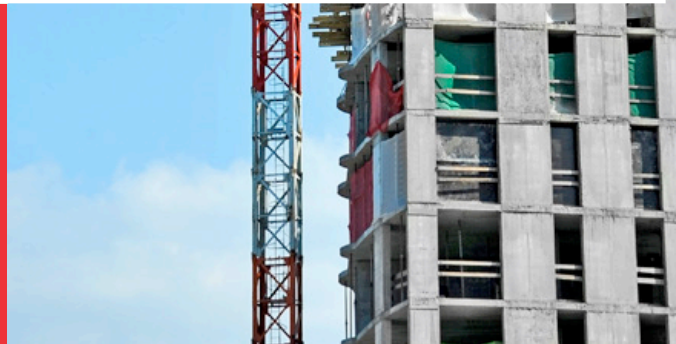


Lisney

COMMERCIAL REAL ESTATE

DEVELOPMENT
LAND

Q3
2024



Q3 2024

While the established challenges in the market around construction costs, planning delays and finance remain, activity levels are improving, albeit slowly. Sites with viable residential planning permissions continue to attract the greatest demand but are in very short supply. The gap in value between zoned land and land with planning is widening. But with the outlook showing debt costs decreasing and construction costs hitting a ceiling the volume of transaction will increase.

▲ ≈ €160m

≈ 420 acres

Turnover

▼ 13

Number of Deals

▲ €80m

Cosgrave Lands at Fassaroe, Bray,
Co Wicklow

Largest Deal

▼ 49%

Dublin

▼ 16%

of Turnover

**Full Planning
Permission**

▲ €12m

Average Deal Size

Arrows represent bi-annual trends unless otherwise stated.

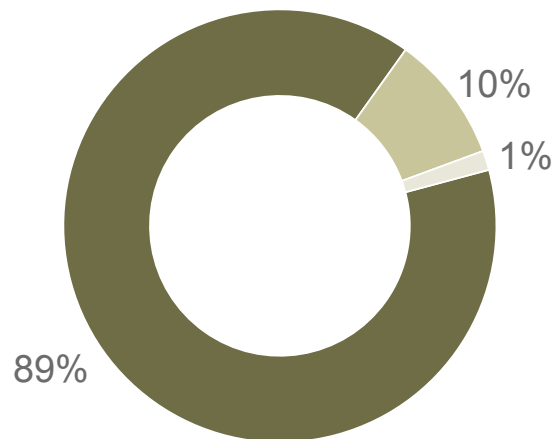
Activity

In Q3 2024, 13 development sites were sold in the GDA with the combined selling price of approximately €160m bringing the total for the first nine months to €262m (40 transactions). The quarter's activity was well above the €56.2m achieved in Q2 and €74.7m in Q3 last year. The average deal size in Q3 2024 was €12m influenced by the top two deals – sales to Carin and Glenveagh. Excluding these, the average deal size is €3.85m. Dublin accounted for 48.7% of the total GDA turnover in Q3 with 51.0% in Co Wicklow (one deal) and one small deal in Co Kildare (0.3%). Out of 13 sites sold in Q3, six had planning permission, making up 4% of the total land sold by size (by acres) and 16% of total turnover.

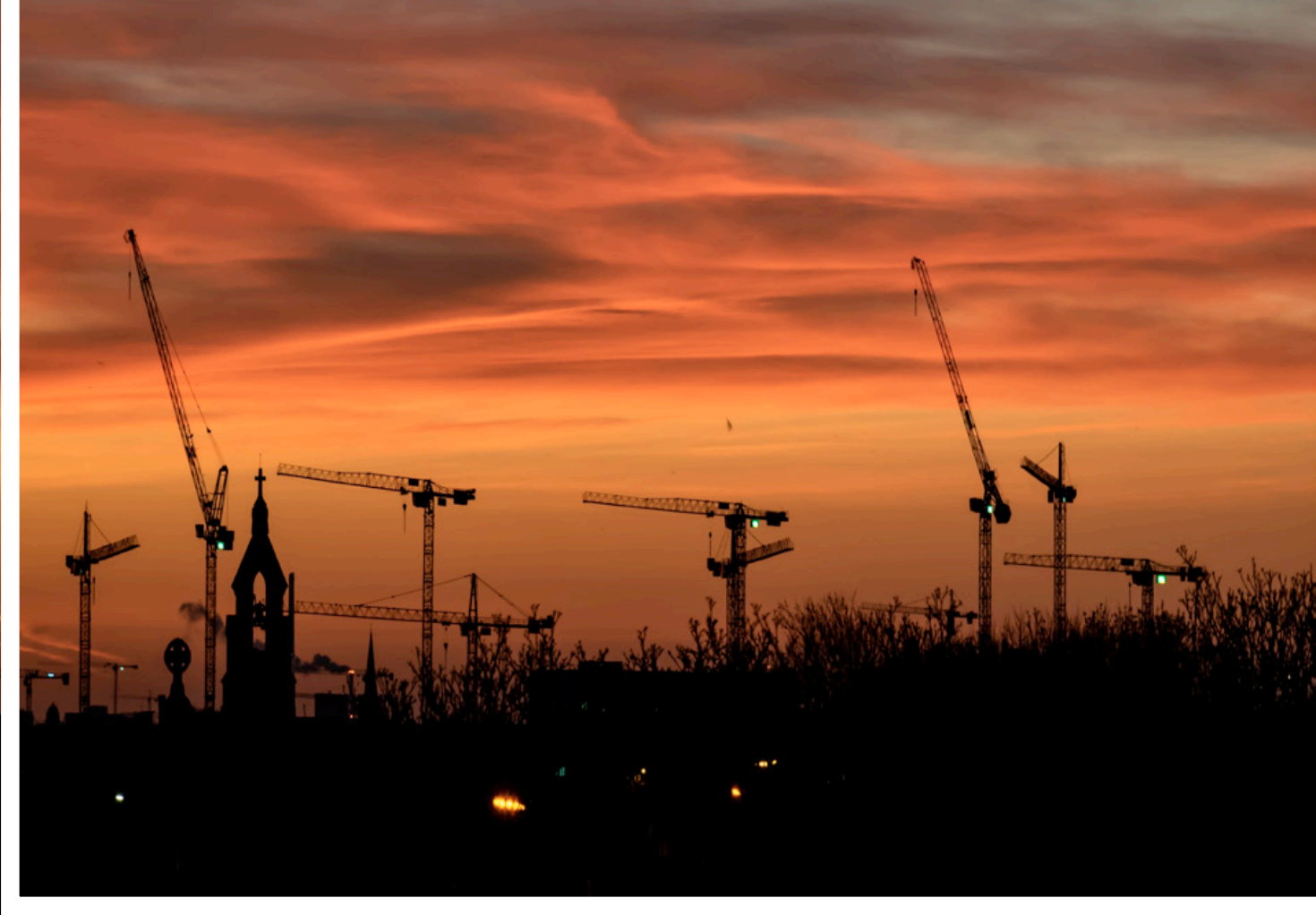
Some of the more notable sites sold in Q3 2024 are set out below:

- The largest transaction was the off-market sale of the Cosgrave lands at Fassaroe, Bray, Co Wicklow approximately 113 ha (280 acres) sold to Carin Homes for in region €80m.
- VHI's acquisition of 2.55 ha (6.3 acres) at Barrysparks, Swords for €9.35m. The lands have planning permission for a healthcare facility.
- The Old Conna Lands in South Dublin near Bray extending to approximately 27.75 ha (68.6 acres) sold for region €35m and purchased by Glenveagh. They comprised four separate plots the majority of which were zoned for residential use.
- Lands extending to 12.14 ha (30 acres) in north Dublin were sold for approximately €7m in an off-market transaction. The site is zoned 'General Employment'.
- At Kilgobbin Road, Sandyford, 1.38 ha (3.43 acres) were sold to a developer for €5m. The property comprises a bungalow in very good condition and two pasture fields accessed from the Kilgobbin Road offering a good potential for a large residential scheme (subject to planning permission).
- There was only one other sale located outside of Co Dublin. In Co Kildare, 3.93 ha (9.72 acres) at Johnstown Road, junction 9 off the N7 in Naas was sold for €410,000.

GDA Development Land Activity (Q3 2024)

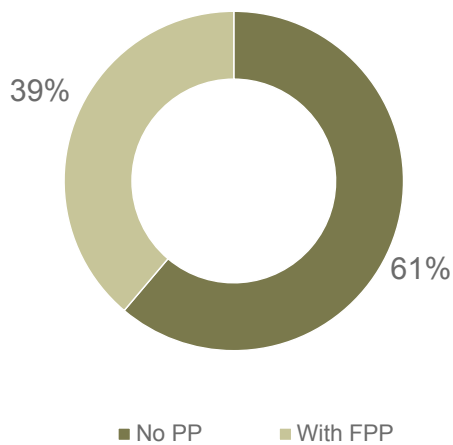


Source: Lisney

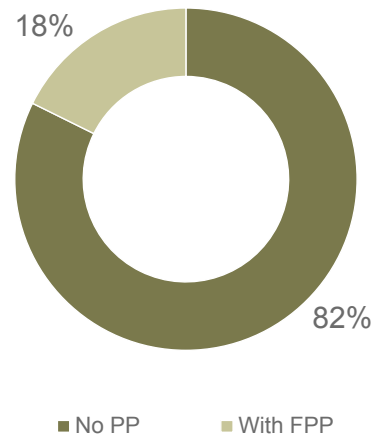


In term of Dublin city brownfield redevelopment opportunities, there were a number of deals completed in Q3. These included the Park Shopping Centre on Prussia Street in Dublin 7 sold for €5m. The redevelopment site comprises an existing retail centre with full planning permission to develop 578 student beds, 32 build-to-rent apartments, 13 retail / café units and a supermarket. St Joseph Cluny Convent buildings and lands in Killiney (3.7 acres) was sold for €5m and Beaufield Mews in Stillorgan (0.72 acres) was sold for €4.4m.

Turnover by Planning Status (Q3 2024)



Acres by Planning Status (Q3 2024)



Source: Lisney

Supply

A number of large sites became available through on and off-market sales processes in recent months and included:

- CRH lands (161 acres) at Fassaroe, Bray, Co Wicklow, which is on the market for €20m and suitable for around 1,700 homes and community facilities over several phases.
- Griffith Avenue site in Drumcondra, Dublin 9 (9.6 acre) with potential for 650 residential units. It is on the market for €35m.
- 9.9 acres at Temple Road in Blackrock. The site has a 10-year planning permission granted in 2019 for 291 luxury apartments. A further permission was granted in 2022 for 446 units - this application is currently subject to ongoing judicial review proceedings.

Demand

Most demand currently focuses on residentially zoned lands with existing planning permissions, largely due to the time delays and risks involved in securing planning permissions, especially for larger projects, which are often subject to Judicial Review. However, this dynamic may shift as the new Planning and Development Act 2024 takes full effect, aiming to streamline the planning process.

Some buyers are adopting a longer-term strategy for acquiring well-located, residentially zoned lands without planning permissions. For these acquisitions, pricing reflects the costs of holding, including potential future zoned land taxes, planning-related risks, and the extended timeframe for development.

Due to high interest rates and economic uncertainties, lenders remain cautious about financing land purchases, giving cash buyers a stronger position. Cash buyers, however, are selective and will only proceed when they perceive clear value. Government-backed entities such as Approved Housing Bodies (AHBs), local authorities, and the Land Development Agency (LDA) remain highly active in the market, with considerable government funding available. However, individual bodies' capacity limitations may affect the overall pace of activity.



In the coming months, new supply is expected to come from various types of vendors.



In the coming months, new supply is expected to come from various types of vendors. Some are under pressure from funders, while others will be selling due to higher development costs, land tax and challenges in progressing with building works or planning. Certain institutions will also bring lands to the market.

In Focus – Legislation

Planning and Development Act 2024

In October, just after the end of Q3, the Planning and Development Act 2024 was signed into law, replacing the Planning and Development Act 2000 and all its subsequent amendments.

The new Act comprises 26 Parts divided into various Chapters and includes 637 Sections along with seven Schedules. It is important to note that while the Act was signed into law, it might be implemented in stages with some provisions not commencing for a further period of time and the Planning and Development Act, as amended (the 2000 Act), will continue to apply in the meantime.

The enhanced plan-led system introduced by the Planning and Development Act 2024 aims to strengthen land use planning by providing more robust, long-lasting Development Plans and establishing a legal framework for Urban Development Zones, Urban Areas, Priority Areas, and Coordinated Areas. This system is designed to align with the National Planning Framework and Marine Planning Framework, enhancing consistency across land and marine developments. Some of the main changes are outlined below:

<p>An Coimisiún Pleanála</p>	<p>An Bord Pleanála is renamed An Coimisiún Pleanála (the Commission), with separate decision-making and governance roles.</p> <p>A new Governing Board, led by a chairperson, will be responsible for the Commission’s governance and organisation. Members of the Governing Board are appointed by the Minister and are neither staff of the Commission nor Planning Commissioners.</p> <p>The Planning Commissioners, consisting of a Chief Planning Commissioner, a Deputy Chief Planning Commissioner and 13 ordinary Planning Commissioners replace the chairperson, deputy chairperson and board member roles.</p>
<p>Exempted Development</p>	<p>Section 9 of the Act provides for the Minister to issue Regulations listing exemptions for various types of development.</p> <p>Declarations of exemption can only be sought by owners, occupiers, users of land, or statutory undertakers, not by other third parties.</p> <p>Declaration request subject to 8-week timeline (previously 4 weeks), with an additional 3 weeks if further information is requested.</p>
<p>Standard Planning Applications</p>	<p>Developments with 10+ housing units, 200+ student bed spaces, or 1,000+ sqm non-residential space gross floor require mandatory pre-application consultations, raising early transparency and resolution of potential issues.</p> <p>Applicants can submit revised plans during the appeal phase, provided they do not fundamentally alter the development.</p> <p>A material contravention of the Development Plan can be permitted by the Commission in limited circumstances only, and only subject to the strategic / conflicting objectives / consistency with the NPF / RSES criteria under section 107.</p>
<p>Timelines for Standard Planning Applications</p>	<p>Standard applications without Environmental Impact Assessments (EIAR) or Natura Impact Statements (NIS) must be decided in 8 weeks by the Council (extendable by another 4 weeks if further information (FI) is requested and received).</p> <p>Standard application with EIAR / NIS requires a 12-week decision period (extendable by another 8 weeks if further information is requested and received).</p> <p>Where an application is not decided within that timeframe, and the applicant does not allow the Council extra time, the application will be deemed to be refused and can be appealed to the Commission.</p> <p>Appeals follow 18-week or 26-week timelines, depending on EIAR / NIS requirements.</p> <p>Where an oral hearing is held, a decision falls due 10 weeks after the conclusion of the hearing. Where a request for FI is made, a decision falls due 10 weeks after submission of same, or the expiry of the period allowed for submission.</p>

<p>Timelines for Standard Planning Applications</p>	<p>Where decision timeline is not met, the Commission must write to the appellant and applicant outlining the reasons and proceed to determine within 4 weeks.</p> <p>The Commission must provide the reasons and additional timeframe in a notice on its website.</p> <p>Where the Commission misses the extended timeline, they must notify the parties again, publish another website notice, and pay the applicant a prescribed portion of the application fee. A further period of up to 6 weeks can then be provided.</p> <p>Where this final extended timeline is not complied with, the Commission must publish another notice, notify the parties, determine the appeal within 1 week, and notify the Minister and the Office of the Planning Regulator (OPR) of the failure to meet the revised timeline.</p> <p>The OPR may then conduct a review of the performance of the Commission.</p>
<p>Alterations and Extensions to Permissions</p>	<p>The requirement for substantial works to be carried out in order to seek an extension of duration has been removed.</p> <p>Extension of duration applications now can be subject to an appeal.</p> <p>Defines what does not constitute an alteration of terms or extension such as correction of clerical error, an alteration facilitating the terms of a permission, clarification of the terms of the permission, alteration to terms to facilitate its implementation.</p> <p>A “Material Alteration” refers to any change or extension to a planning permission that meets specific criteria under Section 135 of the Planning and Development Act 2024. This includes requested changes that require an Appropriate Assessment (AA) or an Environmental Impact Assessment (EIA) and those that are accompanied by an Environmental Impact Assessment Report (EIAR) or a Natura Impact Statement (NIS). Additionally, if the deciding authority determines that the change alters the permission’s terms or extends its duration in a significant way, it will also be considered a material alteration.</p>
<p>Forward Planning</p>	<p>Local Authorities now have ten-year development plans instead of six. Local Area Plans are replaced by three types of focused Area Plans - Urban, Priority, and Coordinated Area Plans with new Urban Development Zones identified for focused development.</p> <p>Urban Development Zones set out the arrangements for the identification of suitable areas, the inclusion of candidate Urban Development Zones within a development plan, the designation of Urban Development Zones by Government and the making of a development scheme for all or part of the area (similar in some respects to SDZs).</p> <p>S28 Ministerial Guidelines and policy directives are to be upgraded to National Planning Statements (existing Section 28 Guidelines to stay in place until replaced by National Policy Statements).</p>
<p>Direct Applications to the Commission</p>	<p>Consolidation of previous provisions for Strategic Infrastructure Developments (SID), with electricity transmission and gas transmission infrastructure now brought into the same section as other strategic development types.</p> <p>Pre-application consultation required, and provisions around this have been consolidated.</p> <p>Material contravention provisions narrowed in similar fashion to standard applications.</p> <p>48-week decision timeframe, with potential for additional 6 weeks, following which there is a financial penalty to the Commission.</p>
<p>Judicial Review (JR)</p>	<p>JR proceedings must still be brought within 8 weeks (unless exceptional circumstances apply).</p> <p>Eligibility is refined, requiring direct or indirect material impact, although environmental bodies are exempt from this requirement.</p> <p>A correction of an error can only occur where a party seeking JR has succeeded on at least one ground, where the relevant body admits the error, and where the High Court is satisfied that the error is one which it is appropriate to allow correction.</p> <p>Application for JR can only be brought based on grounds raised in the statement of grounds filed with the application for JR, with only limited scope for the Court to allow modifications later.</p> <p>Unincorporated bodies (residents associations, etc.) can bring proceedings, subject to certain governance requirements (namely that the unincorporated body must be either a partnership, a limited partnership, able to sue in its own name or have a constitution and hold a vote of its members on whether to apply for JR proceedings with two thirds of those voting agreeing to the proceedings).</p> <p>From the High Court, appeals are only allowed to the Supreme Court, bypassing the Court of Appeal.</p> <p>The ‘environmental legal costs financial assistance mechanism’ allows those taking a JR challenge to apply for a ‘contribution’ towards their legal costs to the Department of Department of the Environment, Climate and Communications. This is to be paid regardless of the outcome.</p>

Residential Zoned Land Tax

The Residential Zoned Land Tax (RZLT) is a new tax that was identified as part of the Government's 'Housing for All – a New Housing Plan for Ireland'. RZLT is intended to increase the housing supply by encouraging the development of lands that have been serviced and zoned wholly or partly for residential use.

RZLT was intended to be payable from 2024. However, the Finance (No.2) Act 2023 deferred the first liability date until 1 February 2025. Landowners will be able to register for RZLT from December 2024 on Revenue's Online System (ROS).

On 1 February 2024, local authorities published draft maps identifying land within the scope of the tax, as well as land which they propose to exclude. A revised and final RZLT map will be published by 31 January 2025. This will indicate the land for which RZLT is payable. Local authorities will update this map annually from 2025 onwards for changes in the status of land.

Relevant sites will be taxed annually at 3% of the market value of the land. The first valuation date is 1 February 2025. The tax is administered on a self-assessment basis, meaning that the landowner must assess the market value. Surcharges may be payable if the land is undervalued.

Land will only be included on the final RZLT map in 2025, and therefore liable for tax, if it met the relevant criteria on or before 1 January 2022. Land which met or will meet the criteria at a later date will be subject to RZLT in the third year after the year it came within the scope of the tax.

For the purposes of RZLT, 'serviced' means sites already connected or able to be connected to the necessary public infrastructure and facilities including road and footpath access, public lighting, foul sewer drainage, surface water drainage and water supply.

The persons liable to pay RZLT will be the "owners" of a relevant site. Owners is defined broadly in the legislation and includes any person who holds an interest or right to carry out development on or to the land. This could extend to include developers with contractual rights to develop the land.

A limited number of exclusions from the scope of RZLT are available and include:

- Existing residential properties that are liable for Local Property Tax are not subject to RZLT. However, if the garden or yard attached to the residential property is greater than 0.4047 hectares (1 acre), the owner must register for the tax, but they will not be liable to pay it.

- Land that is zoned for a mixture of residential and other uses, where it is reasonable to consider the land is integral to the operation of a business carried out on or beside it.
- Land used for certain infrastructure or facilities including utilities, transport, and facilities for social, community or recreational purposes.
- Sites that are designated as a derelict site and subject to the Derelict Sites Levy.
- Land which is subject to a phasing restriction in a development plan and the restriction has not yet been satisfied.

Deferral of payment of RZLT is possible in limited circumstances, including:

- Where there is an appeal or a judicial review pending regarding the RZLT or planning permission that has been granted (except where the appeal is made by the landowner or a connected party).
- Where a commencement notice is lodged in respect of residential development of the land. RZLT is deferred until (i) the date when the works permanently cease or (ii) there is a change of ownership or (iii) the planning permission expires. RZLT ceases to apply after the completion of the development of houses on the site.

When making a submission or an appeal, the owner or a third party can make a submission to the local authority regarding the land. These submissions can:

- Propose a correction if you believe that the land included on the map does not meet the RZLT criteria.
- Propose a correction to the date on which the land first met the criteria.
- Propose the inclusion of land, not identified on the map, if they believe that such land meets the criteria.
- Support the exclusion of land where it is identified on the map as being excluded.

Land (Zoning Value Sharing) Bill 2024

The Bill was published in October 2024 and is yet to come into law. The main points include:

Relevant Land

It applies to land that is zoned by a local authority in a County Development Plan or Local Area Plan solely or primarily for residential use for a mix of uses including residential use and for commercial or industrial uses and not residential use or within a strategic development zone. All local authorities will have to prepare a map of its area and identify the land that was 'relevant land' on 01 September 2025.

Calculating

The amount of the levy will be 25%, reduced from the previously proposed 30%. The zoning value is calculated by deducting the 'zoning date market value' (ZDMV) from the 'zoning date use value' (ZDUV) as at 'Zoning Date' (the most

recent date on which the relevant land was either zoned or re-zoned in a CDP or LAP). The landowner is required to provide the planning authority with an assessment of the ZDUV and ZDMV of the lands within six months of the publication of notice of the map by the local authority.

If a developer of relevant land submits a planning application for residential development (more than 4 houses) or commercial development (more than 500 sqm) the local authority will attach a planning condition on the grant and will be required to pay the levy before commencing development.

Utilities Rebate & Levies Waiver

This has been a very successful measure in encouraging residential commencements. However, while the Government extended the Section 48 waiver on development levies and rebates on utility connections until the end of 2024, it has not been extended further.

The final timelines are as follows:

- Development on eligible housing units must begin by 31 December 2024.
- The combined waiver and refund arrangement ended on 30 September 2024.
- Water connection charge refunds ended on 30 September 2024, with only the development levy waiver remaining in place until 31 December 2024.
- Developers must submit levy waiver claims to local authorities by 28 February 2025.
- Refund requests for new water connection charges must be submitted to Uisce Éireann by 31 December 2024.

With €150m worth of lands in the GDA sale agreed at the end of September, market turnover in the final months of the year should be healthy and well up on recent years approaching €500m.



Outlook

With €150m worth of lands in the GDA sale agreed at the end of September, market turnover in the final months of the year should be healthy and well up on recent years approaching €500m.

The guidelines on 'Sustainable Residential Development and Compact Settlements' from January has the potential to improve supply and increase the viability of lands by allowing more flexibility around housing types. The Government-backed Help-to-Buy and First Home schemes are crucial for new home buyers and play a large part in achieving viable schemes.

Once a new Government is in place following the election perhaps they will re-look at a new Development Levy Waiver Scheme and Utility rebate.

The Draft Revision of the National Planning Framework (NPF), the overarching policy and planning strategy for the social, economic and cultural development of Ireland is currently undergoing final amendments following public consultation. It is anticipated the final text will be adopted before the end of the year. But it is likely that the changes will not go far enough and learn from the mistakes of the past.

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