

Lisney
COMMERCIAL REAL ESTATE

Lisney
Sotheby's
INTERNATIONAL REALTY



OUTLOOK 2025

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NEW HOMES

The new homes market will remain exceptionally busy in 2025 with continued strong buyer sentiment outstripping supply.

- **First-time buyers (FTB)** will be particularly active as they seek to exit the rental market or living with family, and avail of government initiatives like the Help-to-Buy and First Home Shared Equity schemes. These schemes have been instrumental in assisting FTB and have been crucial in supporting affordability in the last few years as construction costs grew. It is very welcome that the Programme for Government has pledged to extend the schemes until 2030, providing certainty to buyers and developers for five years. However, we strongly recommend a review of the €500,000 threshold, which is now quickly becoming inadequate in Dublin and pushing more buyers out to the surrounding counties.
- The **green credentials** of newly constructed dwellings will continue to add to their attractiveness in 2025. With a BER of A, new homes offer significant savings in terms of running costs and lower green mortgage rates. The turnkey nature of new homes is also very attractive and provides occupiers with a quick and easy settling-in period where no costly refurbishment works are required.
- While new home completions have experienced a significant uptick in 2022 and 2023, 2024 was disappointing with targets missed and an annual decline of 7% registered. Part of the reason maybe due to a focus on commencements. A **temporary waiver** of S48 development contributions and the refunding of water and waste water connection fees was introduced in April 2023 and ran until December 2024. Over the 21-month period this was in place, housing commencements grew 73% when compared to the previous 21-month period (85,700 starts compared to 49,500). As such, the measures have been very successful in bringing forward construction through improved viability. It is unfortunate that the waivers were not extended. While its benefits will remain in 2025 as homes are built out, as 2026 progresses, this progress may fall away.
- There will be a further increase in the involvement of **government-backed entities** in the new homes sector in 2025. Last year, the Land Development Agency (LDA) established a framework with 15 private sector homebuilders to realise the second phase of Project Tosaigh (5,000 affordable homes) and separately, it received an additional €1.25bn in funding to progress affordable schemes on both directly owned sites and through partnerships. In the coming five years, the Programme for Government pledges to further capitalise the LDA, strengthen its powers and streamline its processes, including the acceleration of transfer of state lands.

IN 2024, FIRST
TIME BUYERS
MADE UP ALMOST



OF THE
**NEW
HOMES
MARKET**
NATIONWIDE

AN AVERAGE OF

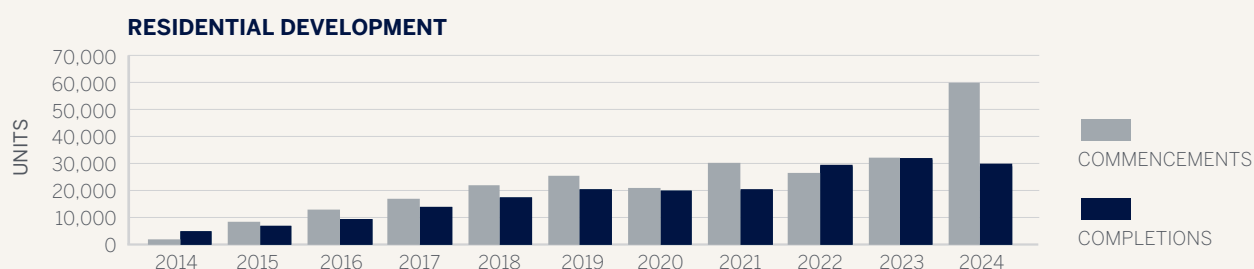
47%

IN THE LAST
10 YEARS



Wellfield, Malahide

- A key market constraint that will remain in 2025 will be the deficits in **infrastructure** – water, wastewater, drainage, power and transport connections. This will have an impact on the industry’s ability to deliver housing at scale, particularly considering the higher targets now in place. There were examples in recent times where multi-phase developments had to pause construction mid-stream while they waited for utility companies to catch-up and install the necessary pipes and infrastructure. Even when all required infrastructure is in place, there are often substantial delays in getting utility connection commissioned and activated at completed properties, delaying move-in dates for new homeowners. The programme for government has pledged investment in the sector but this will need to progress rapidly to remove the blockages.
- Outside of the measures already mentioned, the **Programme for Government** sets out a significant number of pledges in relation to housing more generally in a bid to accelerate supply. Notably, it confirms a successor to Housing for All that is underpinned by a multi-annual finding commitment; ramping up construction to 300,000 homes by the end of 2030 (averaging 60,000 per year); fully implementing the Planning & Development Act 2024; resourcing the planning sector; increasing the supply of zoned and serviced land; continuing to implement Land Value Sharing, Residential Zoned Land Tax and Vacancy taxes; and working to revise state aid rules with the EU.
- Despite the demand, there are only a limited number of new apartment schemes for sale that are available to owner-occupiers. Apartment development viability, including in prime residential locations, remains marginal in many cases given the substantial increases in construction costs in recent years (+35% to 40%). The government’s **Croí Cónaithe** (Cities) scheme seeks to bridge this viability gap. The level of funding available is capped at 20% of costs. In September last year, a third round of expressions of interest in the scheme was launched and follows on from a lower than expected uptake in the previous rounds. While the scheme has the potential to really assist apartment viability, the timing of the funding at the point of final conveyance to an owner-occupier means that the developer still has to carry all costs until the very end, which can defeat the purpose of bridging the gap.



Source: CSO, Department of Housing, Local Government & Heritage, Lisney analysis.



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