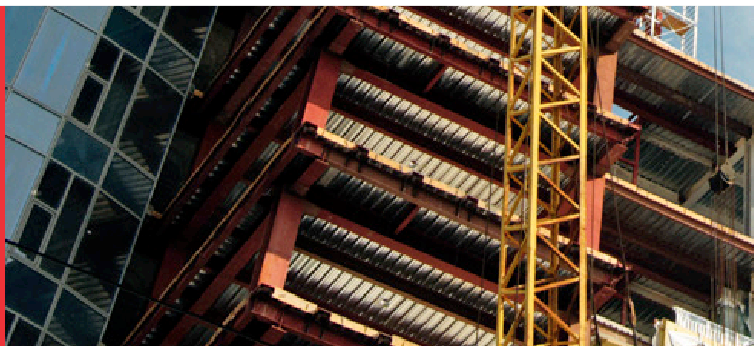
Lisney
COMMERCIAL REAL ESTATE

DEVELOPMENT LAND

H2 2024



H2 2024

Activity levels in the development land market are gradually improving, however, the market continues to face challenges around construction costs, planning delays, and finance. Sites with viable residential planning permissions remain in demand the most, widening the value gap between zoned land and land with full planning permissions. However, funders remain cautious, favouring low-risk projects. Planning reform should ease delays, while interest rate declines may improve funding access.

≈ €315m

≈ 420 acres

Turnover

35

Numebr of Deals

€80m

Cosgrave Lands at Fassaroe, Bray, Co Wicklow

Largest Deal

67%

Dubln

23%

of Turnover

Full Planning Permission

€9.2m

Average Deal Size

Arrows represent bi-annual trends unless otherwise stated.

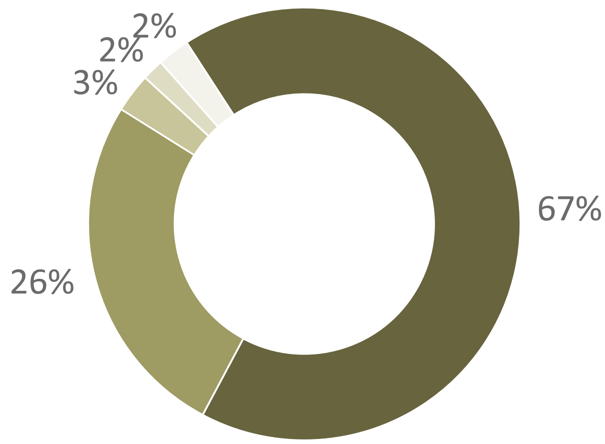
Activity

In H2 2024, 35 development sites were sold in the GDA with a combined selling price of approximately €315m, significantly outpacing H1 2024's €170m and bringing the annual total to €530m across 63 transactions..

While Q3 and Q4 had similar levels of activity in terms of the value sold (€160m and €155m, respectively), Q3 saw only 13 transactions, highlighting a focus on larger deals, whereas Q4 2024 recorded 22 transactions, reflecting a greater volume of smaller deals. This is also evident in the average deal size, which rose sharply in H2 2024 to €9.2m, up from €6.1m in H1. Q3 2024 had the highest average deal size of the year at €12.1m, driving the annual average up to €7.8m, while Q4 2024's €7.4m average was notably lower.

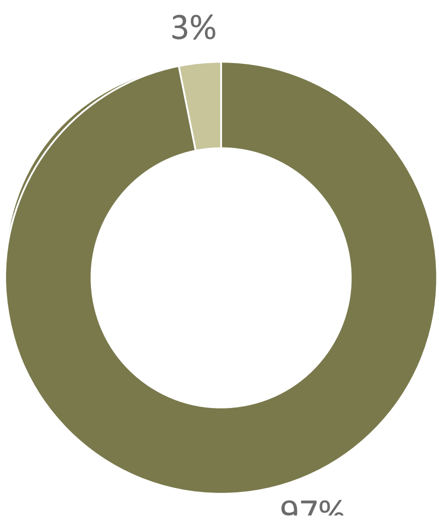
Dublin dominated activity in H2 2024, accounting for 67% of total turnover, followed by Co. Wicklow (26%), Co. Kildare (3%), and Co. Meath (2%). Additionally, one deal comprising forestry land across multiple counties made up 2% of total activity in H2. Of the 35 sites sold in H2, 14 had planning permission, accounting for 3% of the total land sold by size (acres) but 23% of total turnover.

GDA Development Land Activity (H2 2024)



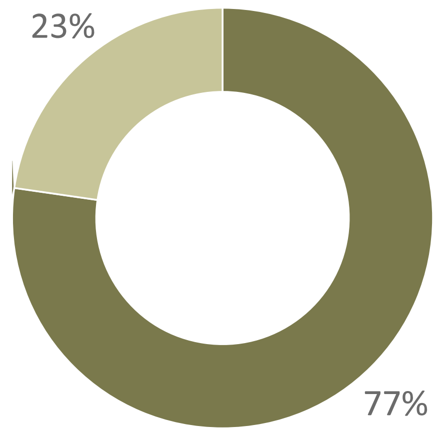
Source: Lisney

Turnover by Planning Status (H2 2024)



Source: Lisney

Acres by Planning Status (H2 2024)



Source: Lisney

Fassaroe, Junction 6 M11, Bray, Co. Wicklow

Some of the more notable sites sold in H2 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.
- 6-12 Sackville Place 0.07 ha (0.17 acres) was sold for €15.5m. The site has planning permission for a hostel development comprising 125 bedrooms (610 bedspaces).
- 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 68 Deerpark Road, Mount Merrion, 0.44 ha (1.1 acres) were sold for €7m. The property comprises a former Union Café. Planning permission was previously granted for 50 apartments and 1,160 sqm commercial space (now lapsed).
- In terms of Dublin city brownfield redevelopment opportunities, there were a number of deals completed in H2. These included 33 College Green in Dublin 2, the former Ulster Bank building, most of which was built in 1975, sold for €14m with a feasibility study for office and hotel options. 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.

> Planning delays should reduce, particularly for larger schemes subject to judicial reviews.

Supply

At the end of December 2024, there was approximately €410m of land available for sale on the market. However, in reality, given the high off-market activity, this number is likely higher.

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.

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

As has been the case for several years, demand is greatest for sites with viable residential planning permissions (both greenfield and brownfield). This is due to the lengthy delays, costs and risks involved in achieving a finalised planning grant.

Encouragingly, the Planning & Development Act 2024 should take full effect this year and if it materialises in practice as envisaged, planning delays should reduce, particularly for larger schemes subject to judicial reviews. The gap in value between zoned land and land with a finalised planning permission may widen further this year before improving in the medium-term.

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.

In Focus – Legislation

PLANNING AND DEVELOPMENT ACT 2024

The Planning & Development Act 2024 was signed into law in October 2024, introducing significant changes that will impact the land market and development sector. While not all provisions have commenced, most will become operational in 2025.

Key reforms include extending development plans to 10 years with a midpoint review, replacing Local Area Plans (LAPs) with three new Area Plan types (Urban, Priority, and Coordinated), and upgrading S28 Ministerial Guidelines and Policy Directives to National Planning Statements. Additionally, An Bord Pleanála will be renamed An Coimisiún Pleanála, with a new structure comprising a governing board and a separate operational section of planning commissioners. The Act also introduces mandatory pre-application consultations for large schemes, strict timelines for planning decisions, and major changes to judicial reviews, including refined eligibility criteria and cost reforms.

Transitional provisions ensure that planning processes initiated under the 2000 Act will continue under its framework, even after its repeal. However, certain exceptions apply—for example, Chapter 4 developments may proceed under the 2024 Act, even if their pre-application process was completed under the 2000 Act.

Act Signed into Law

The Planning & Development Act 2024 was signed into law in October 2024

First Commencement Order

Part 26 dealing with NAMA asset acquisitions and the establishment of owners' management companies by the LDA was activated on 2 December 2024

Transition to An Coimisiún Pleanála

The transition from An Bord Pleanála to An Coimisiún Pleanála is expected in Q1 2025

Development Plans and Guidelines Commence

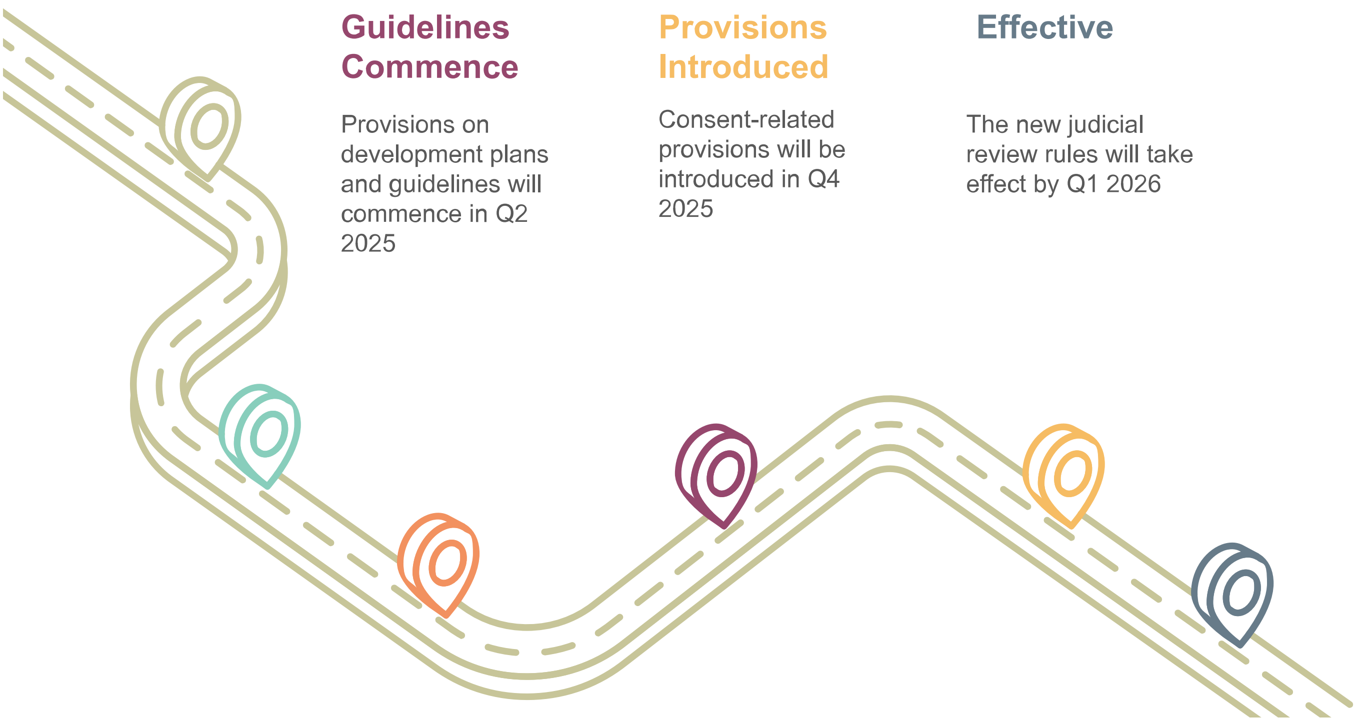
Provisions on development plans and guidelines will commence in Q2 2025

Consent-Related Provisions Introduced

Consent-related provisions will be introduced in Q4 2025

New Judicial Review Rules Effective

The new judicial review rules will take effect by Q1 2026



Brighton Road, Foxrock, Dublin 18

THE RESIDENTIAL ZONED LAND TAX (RZLT)

The Residential Zoned Land Tax (RZLT) will also have an impact on the market in 2025. The aim of the tax is to encourage housing development on zoned and serviced lands. Maps identifying liable sites will be updated annually and will be taxed at 3% of market value each year.

The first liability date is 1st February 2025 with landowners self-assessing value and registering it with Revenue's online system. There are limited exemptions including existing residential properties that are paying the Local Property Tax and land that is currently being used for the operation of a business. Farmers can request an exemption in 2025 if they seek to rezone their land to reflect farming activity. Payment deferral is also possible where there is a judicial review pending or where a commencement notice has been lodged.

The Updated Draft Revised National Planning Framework

The Updated Draft Revised National Planning Framework was published in November 2024 and is awaiting final approval from government. The key change within the draft is a new set of home building targets – 50,500 homes per year initially, scaling up to 60,000 homes in 2030 and maintained at this level thereafter is included. This is a more realistic requirement and is positive, however resources in terms of funding and skills will be required to achieve this, particularly given that the targets were missed in 2024.

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.

Calculation

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.

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.

Outlook

While supply has been constrained in recent years, there will be continued improvements in both on and off-market offerings in 2025. This will come from various types of vendors, including those that are under pressure from funders (including owners in receivership), those selling due to an inability to develop-out schemes because of higher cost, and others because of the zoned residential land tax. Certain institutions will also bring lands to the market.

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.

In terms of new scheme viability, there will be both positive and negative factors at play. Construction cost inflation should stay relatively stable this year, but costs will remain 35% to 40% more than pre-pandemic. Following some declines last year, global interest rates are predicted to fall further over the course of the year, which will assist in the cost and availability of finance – both to buy land and fund development. However, funders will remain cautious around development and will continue to assess the risk profile of the proposed development and the developer, and make judgements on margin based on the profile. This will mean that cash purchasers will be in a strong position, but they will be selective and will only progress with deals where they perceive clear value.

The new Programme for Government outlines plans for 12,000 new social homes annually. Consequently, there will continue to be considerable funding available for government-backed entities such as Approved Housing Bodies (AHBs), local authorities, and the Land Development Agency (LDA) and they will remain very active buyers in the market. They will engage in straight forward land purchases as well as engaging in joint ventures, pre-funding and turnkey deals with private developers. However, the overall pace in activity may be constrained by individual bodies' capacity limitations – particularly around staffing.

Meet The Team

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