

**DEVELOPMENT LAND
& NEW HOMES
REPORT**

Q2

Lisney

GREATER DUBLIN AREA

ACTIVITY

The development land market in the greater Dublin area (GDA) was quiet in Q2 2020, following a reasonable Q1 and strong 2019. This is unsurprising given that much of the economy, both domestically and globally, was closed in April, May and June due to the pandemic. In spite of this, €13.9m worth of land (34.3 acres) sold in the GDA across nine transactions.

Most of the development land coming to the market and transacting comprised smaller lot sizes with demand primarily coming from domestic developers. All sales in Q2 were under €5m with four of these sales at less than €1m.

Demand for sites suitable for residential development continued throughout Q2 despite the uncertainty. This was for both zoned and un-zoned land, and is due to the continued undersupply of homes nationwide and the requirements to continue to build. However, three sites also sold with large-scale retail zonings attached.

Some of the most notable land sales in Q2 2020 included:

- Liffey Valley, Dublin 22 – Lot 1 (4.24 acres) and Lot 2 (1.78 acres) are zoned ‘major retail centre’ and reportedly sold for €4.7m and €1.95m respectively. Generally this analyses at €1.1m per acre.
- Beaumont, Dublin 9 – the 1.4 acre residential site is suitable for a high density scheme and sold of approximately €4.75m (€3.4m per acre).
- Skerries, Co Dublin – a 15.4 acre site with zoning for residential (5.4 acres), high amenity (5 acres) and open space (5 acres). It achieved a reported €2m for the entire.
- Navan, Co Meath – the former Spicers Bakery (1.1 acres) sold for €850,000 and is zoned for mixed-use.

SUPPLY

In terms of supply, a substantial amount of land remained on the market at the end of June 2020. This was at various stages of disposal with over €16m worth of land at sale agreed stage, including:

- Bray, Co Wicklow – a 9.1 acre site attached to Kilbride Hill House with full planning permission for 32 residential units, guiding €4.5m.
- Rush, Co Dublin – a 15.6 acres residentially zoned site guiding €1.95m.
- Sallins, Co Kildare – the former Odlums Mill (3.7 acres) guiding €1m.

KINGSWOOD MEWS, KINGSWOOD, DUBLIN 24



FORMER GLASS BOTTLE SITE, POOLBEG



NEW HOMES

The inability of potential purchasers to view show homes during much of Q2 halted activity. However, viewings recommenced in June and the market regained momentum immediately. At the end of Q2, the market was very active with Lisney's new homes viewing numbers up 50% compared to the same period last year.

Entering Q3, purchaser demand is strong. Many prospective purchasers are now very motivated to acquire their own home after the lockdown period. Remote working at home has made many realise that they require more space.

The first-time-buyer market is particularly strong, mainly as a result of the continued availability of the help-to-buy scheme. The Government's recent stimulus measures contained changes to the scheme whereby the upper limit was temporarily (to December 2020) increased to €30,000 or 10% of the purchase price, whichever is the lesser. This is a significant uplift on what was previously in place. In addition to first-time-buyers, movers are also active, particularly those trading-down who are often cash buyers.

There are some challenges in the lending market at present. Many banks are not offering their quota of mortgage exemptions and some lenders are reluctant to provide loans to people receiving the Government's temporary COVID-19 wage subsidy scheme payments.

Building sites were closed for at least seven weeks, which has significantly delayed housing completions. Further delays are likely due to the personal safety requirements on sites to ensure social distancing, while there may also be further delays if individual sites close due to COVID-19 case clusters. This delay will cause a significant shortfall in supply for 2020. We anticipate that nationwide housing completions will be about 14,000 for the calendar year, a 34% reduction on 2019 and 44%

OUTLOOK

- 1 Some development land sales will continue to be delayed given the ongoing COVID-19 crisis and the associated uncertainties in the occupier markets. Despite this, underlying demand for accommodation, particularly new residential accommodation, remains strong.
- 2 While the development land market turnover will likely remain low into Q3, activity should intensify towards the end of the year and into 2021.
- 3 It is likely that there will be some strain on finance for site purchases, particularly those going through the planning system.
- 4 Opportunities will arise in the coming months for well-positioned, cash-funded purchasers in the market.
- 5 It is vital that construction sites remain safe and continue to operate to keep the supply-side progressing, particularly on residential schemes.
- 6 New home demand will remain strong in the second half of the year, boosted by the changes to the help-to-buy scheme.
- 7 In July, it was confirmed that Pembroke Ventures, a consortium comprising Ronan Group Real Estate and Colony Capital, was the preferred bidder to acquire an 80% interest in the former Glass Bottle site in Ringsend, Dublin 4. Over 3,500 residential units and 93,000 sqm of commercial space is envisioned for the 37 acre site. This deal will be concluded in Q3.

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MEET OUR TEAM