

# Ireland Development Land Market

August 2024

An overview of the latest activity and trends in the Irish development land market

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## SIGNIFICANT INCREASE IN ACTIVITY IN H1 2024

€238m worth of development land was sold in H1, more than double the €117m that transacted during the same period last year.

A number of factors are responsible for the improvement in both sentiment and activity levels. These include the return of inflation to target levels and the delivery of the first of what is anticipated to be a series of interest rate cuts which have eased the availability of funding. In addition, the moderation in material and energy prices has resulted in more predictable build costs while a number of government initiatives, in particular the Development Contribution Waiver and the refund of Uisce Éireann water and wastewater connection charges, have improved viability and stimulated commencements.

**“Larger transactions (€20m-€50m and >€50m) returned to the market in H1 accounting for 41% of activity.”**

Mid (€5m-€10m and €10m-€20m) and smaller-sized transactions (<€1m and €1m-€5m) comprised 40% and 19% of activity respectively.

Demand remained robust for residential development land which accounted for 70% of activity in H1. Sites capable of delivering schemes for first-time buyers, social housing and student accommodation were particularly sought-after.

The larger housebuilders, who took a more cautious approach to acquisitions in 2023, were active in greater numbers

in H1 as they sought to replenish their development pipelines.

They were particularly active in relation to the larger sites on the market as evidenced by Cairn Home’s purchase of the Corballis East SHD in Donabate, which has planning for over 1,000 units, for €50m.

Other notable transactions included Lagan Home’s acquisition of a site at Woodtown in Ballycullen, capable of delivering 500 units, for €16m while Ballymore bought the Kenure LRD in Rush, with planning for 159 units, for €11.2m. The State remained active with Dun Laoghaire Rathdown County Council purchasing the Brennanstown lands (Lot 2) in Cabinteely, capable of delivering 230 units, for €10.8m. They are also sale agreed on Lot 1 which has the potential to deliver a further 170 units.

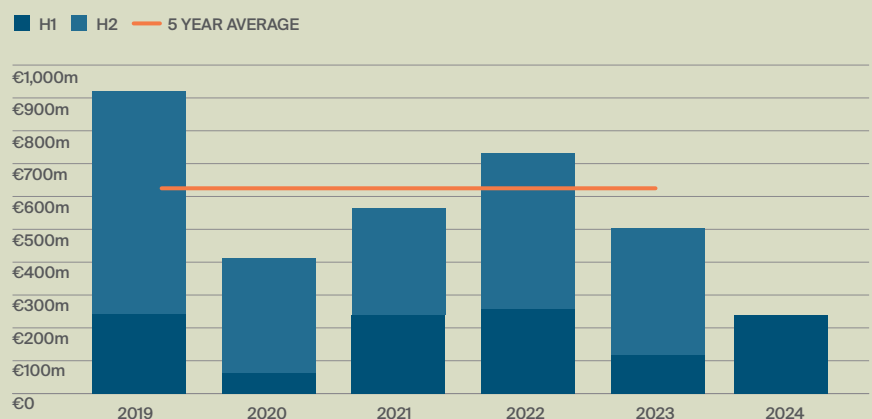
Planning continues to pose a significant development risk, therefore it was unsurprising that 71% of residential development land acquisitions had planning in place in H1. Such opportunities are scarce and continue to attract significant premiums.

**“There was a broader profile of buyers active in H1, contrasting sharply with the same period last year when cash buyers dominated.”**

Commercial development land accounted for 24% of activity in H1. Sites capable of delivering logistics schemes were particularly sought-after with demand in this sector being supported by structural drivers such as e-commerce, supply chain resiliency and sustainability requirements. The most notable sale was that of almost 78 acres in Lucan to Mountpark for €48m.

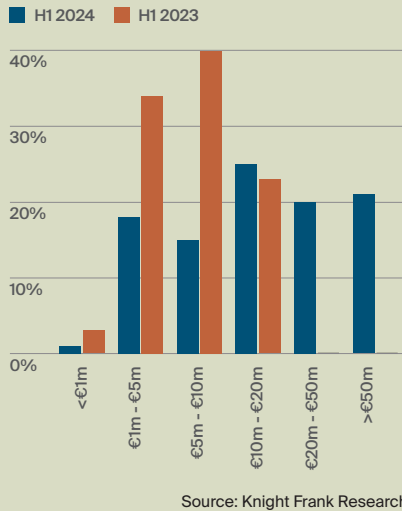
Opportunities to repurpose older offices were also sought-after. Summix Capital acquired Independent House on Middle Abbey Street for €7.1m with a view to converting it into student accommodation. Mixed-use development land comprised the remaining 6% of activity.

Value of development land sales 2019-H1 2024

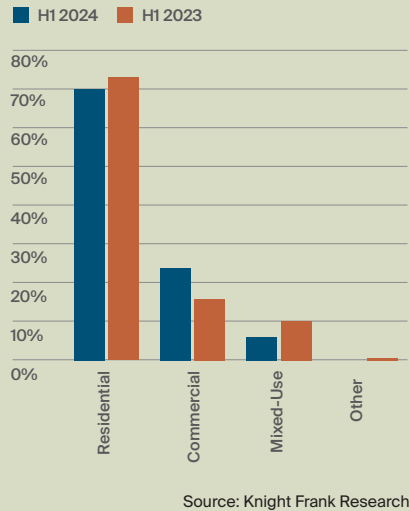


Source: Knight Frank Research

### Value of development land sales by size H1 2024 vs H1 2023



### Value of development land sales by sector H1 2024 vs H1 2023



This revision is also providing optimism that more land will be residentially zoned, reversing the situation of the past number of years where some local authorities were actually de-zoning land, thereby breaking the logjam in relation to supply.

For this to translate into improved transactional volumes and site activation in the years ahead, obtaining planning in a reasonable timeframe will be critical. Some progress has been made, namely the introduction of the LRD process, which is viewed as working effectively, and the allocation of additional staffing resources to An Bord Pleanála. However, significant delays remain, and while the passing of the Planning and Development Bill later this year is likely to result in a pause while the market digests its implications, it is a necessary cog to decongest the system.

Finally, funding will also be key. A report by the Department of Finance found that more than €20bn will be needed each year to scale up housing delivery to 50,000 units p.a. It is clear that in order to reach this, international capital will be required to supplement limited sources of domestic finance. However, the rental caps are seen as a barrier to this objective in the market and a review of how they operate will be necessary.

### OUTLOOK

There is a strong pipeline of deals which are in the process of closing and which will contribute significantly to activity in H2. Knight Frank anticipates that volumes in 2024 will comfortably exceed the €500 million that transacted in 2023.

Demand for residential development land will benefit from new projections by the CSO which show that Ireland's population will experience double-digit growth, ranging from 10-35% depending on the scenario used, between 2023-2057.

Demand will also benefit from recent structural housing demand forecasts

which provide a strong evidence base for a significant upward revision of the government's housebuilding targets.

**“Knight Frank forecast that a total of 61,000 units are required per annum out to 2027 to meet demand with housing product needed across a range of buyer and renter categories.”**

### Top 5 development land deals H1 2024

Site	Acres	Price	Activity Type	Buyer
Corballis East SHD, Donabate, Co. Dublin	70.0	€50,000,000	Residential	Cairn Homes
Lands at Lucan, Co. Dublin	77.8	€48,000,000	Commercial	Mountpark
Lands at Woodtown, Ballycullen, Dublin 16	25.7	€16,000,000	Residential	Lagan Homes
Lands at Mill Road, Citywest, Dublin 24	11.4	€12,000,000	Residential	Confidential
Kenure LRD, Rush, Co. Dublin	18.5	€11,225,000	Residential	Ballymore

Source: Knight Frank Research

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

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