Ireland Development Land Report

March 2025

An overview of the latest activity in the Irish development land market and key recommendations to assist the current housing crisis

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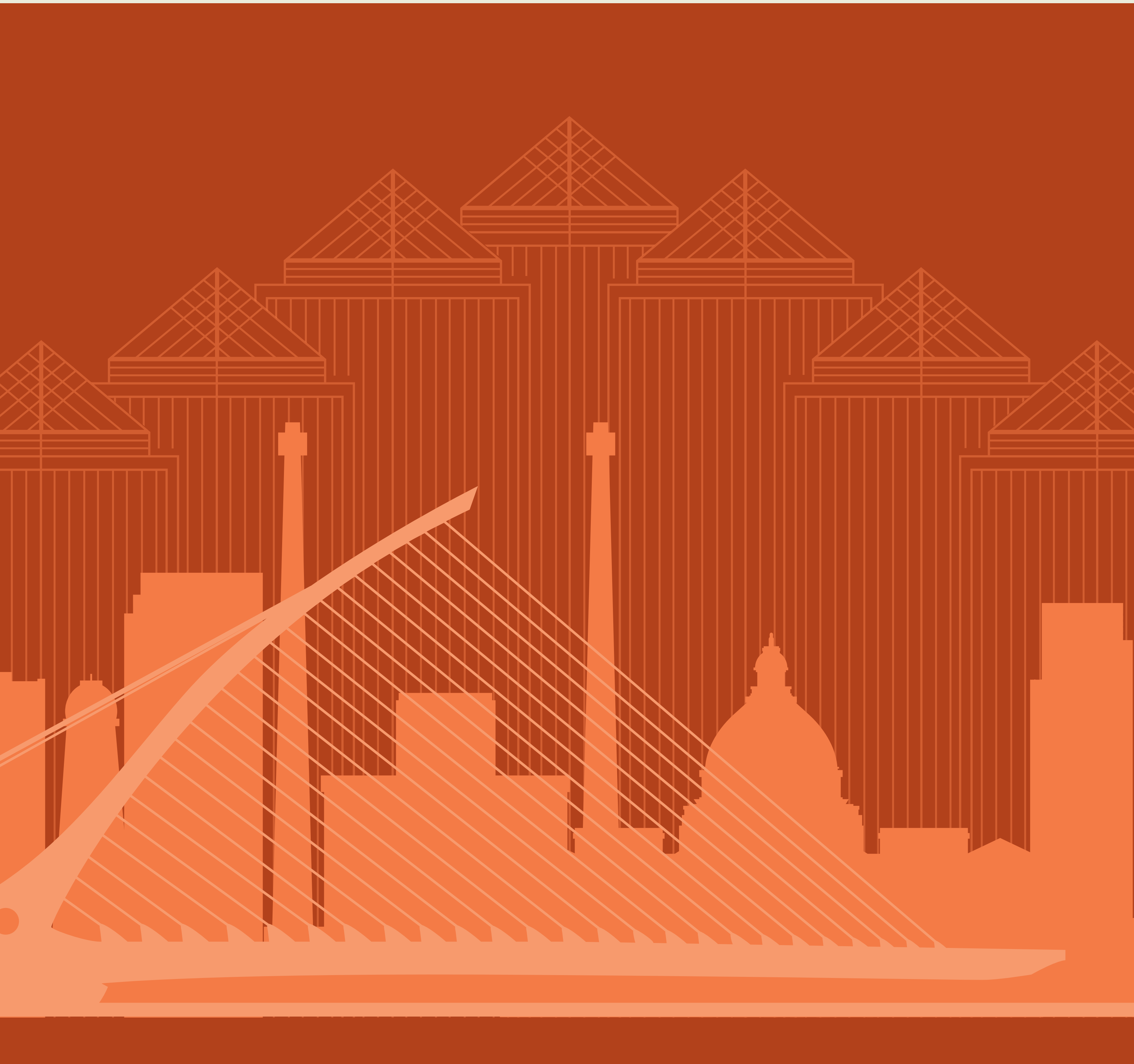


Key Takeaways

€702m

Was spent on development land in H2 2024, nearly double the €386m that transacted in H2 2023

€939m

This brought the total spend for 2024 to €939m, up from €503m in 2023. The spend for 2024 was almost in line with the market's 10-year average

70%

The uplift in H2 2024 was associated with an increase in the trading of larger lot sizes which accounted for 70% of spend

88%

Of spend in H2 2024 was comprised of residential land sales with the PLCs and traditional housebuilders returning to the market in greater numbers

Outlook 2025

Falling interest rates, stabilising build costs and continued strong end-user demand will underpin developer sentiment this year for sites of scale. However, the supply of opportunities will pose a significant challenge for the market

Market Trends

Following a sluggish H1, in which just €238m transacted in the development land market, there was a strong rebound in H2 2024 with a number of large lot sizes transacting.

H2 2024 OVERVIEW

€702m worth of development land traded in H2 2024, nearly double the €386m that transacted in H2 2023. While the number of deals remained largely unchanged (48 in H2 2024 versus 47 in H2 2023), the average deal size rose to €14.6m in H2 2024, up from €8.2m in H2 2023.

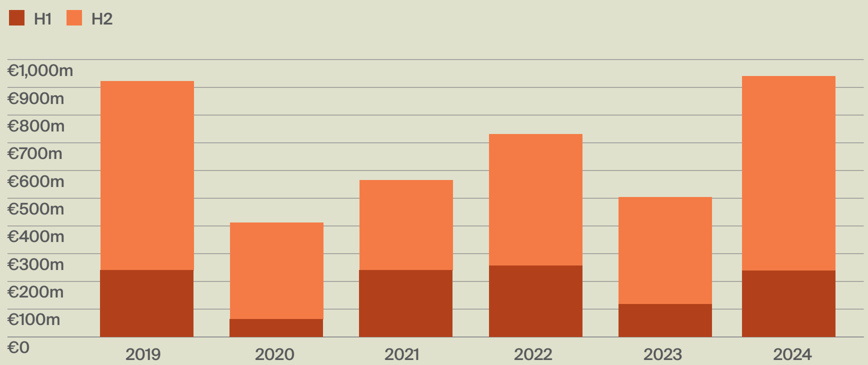
In terms of activity by deal size, much of the uplift can be attributed to an increase in the trading of larger lot sizes (€20m-€50m and €50m+). €495m, or 70% of spend, was invested in this segment of the market in H2 2024, up from €217m, or 56% of spend, in H2 2023.

In terms of activity by sector, €616m was invested in residential development land in H2 2024 (up from €189m in H2 2023). This accounted for 88% of spend, up from 49% in H2 2023.

Meanwhile, €73m and €13m was invested in commercial and mixed-use development land in H2 2024 respectively (down from €176m and €21m in H2 2023). These sectors accounted for 10% and 2% of spend each (compared to 46% and 5% in H2 2023).

> "€939m worth of development land was traded in 2024 in total, marginally below the market's 10-year average."

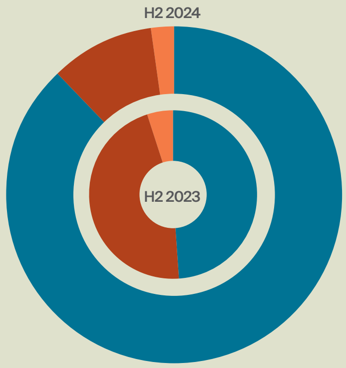
Value of development land sales, 2019-2024



Source: Knight Frank Research

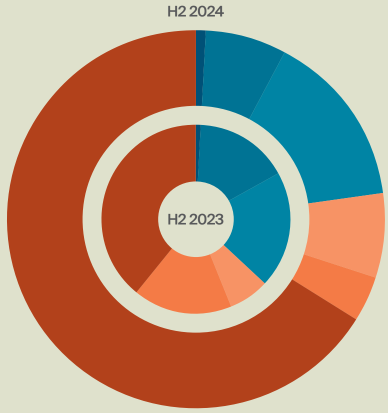
Value of development land sales by sector, H2 2024 vs H2 2023

	H2 2023	H2 2024
Residential	49%	88%
Commercial	46%	10%
Mixed-use	5%	2%



Source: Knight Frank Research

Value of development land sales by size, H2 2024 vs H2 2023



	H2 2023	H2 2024
<€1,000,000	1%	1%
€1,000,000-€5,000,000	16%	7%
€5,000,000-€10,000,000	20%	15%
€10,000,000-€20,000,000	7%	7%
€20,000,000-€50,000,000	17%	4%
>€50,000,000	39%	66%

Source: Knight Frank Research

RESIDENTIAL

The fundamentals underpinning this sector remain attractive - continued economic and population growth, an acute housing shortage, including for student and private rental accommodation, social housing and first-time buyer stock as well as strong price and rental growth.

In Ireland, prices[1] and rents[2] rose by 8.7% and 5.7% respectively in 2024. Upward pressure on prices and rents is expected to remain a key feature of the market until the supply-demand gap is bridged.

Demand was greatest for zoned land with viable planning permissions. PLCs and traditional housebuilders returned to the market in greater numbers throughout 2024. Availing of better financing conditions and a lower inflationary environment, they were focused on replenishing their development pipelines, having been absent for much of 2023.

Glenveagh acquired a portfolio of lands across Dublin and Wicklow from Gannon Homes which are capable of delivering 5,000 units.[3]

Glenveagh also acquired lands at Moygaddy in Maynooth for €55m while Cairn Homes purchased lands at Fassaroe in Bray, which have the capacity for 2,500 units, for €80m.

Government backed purchasers remained active in H2 2024, highlighted by the acquisition of lands at Rathonane Farm in Tralee, with the potential for 880 units, by Kerry County Council for €8.5m and the purchase of Lot 1 of the Brennanstown Lands in Cherrywood by Dun Laoghaire Rathdown County Council for €4.5m. In conjunction with Lot 2, which they purchased in H1 2024 for €10.75m, there is potential for more than 400 units.

2025 will see continued strong competition for sites of scale. However, the supply of zoned land will remain increasingly limited, posing a challenge for the market. A quick and efficient implementation of the revised National Planning Framework would help resolve this, prompting Local Authorities to zone more land for housebuilding. In the meantime, however, we are likely to see a growing cohort of buyers targeting longer-term lands.

> "Knight Frank advised TPG Real Estate in their acquisition of Quintain's lands at Adamstown, Clonburris and Portmarnock, which are capable of delivering 7,700 units, for in excess of €200m in what was the largest transaction of 2024."

COMMERCIAL

Continued strong growth in visitor numbers, a shortage of rooms in Ireland's urban centres and robust trading metrics stimulated demand for sites capable of delivering hotels. This was demonstrated by the acquisition of 6-12 Sackville Place, Dublin 1, which has planning for a 588-bed hostel, by SW3 for €15.5m.

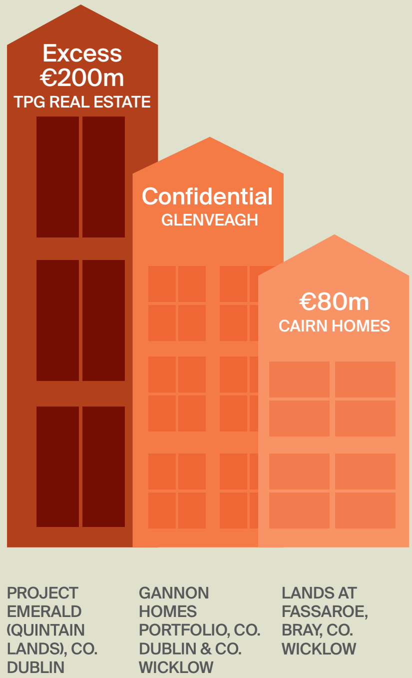
Elsewhere, Whitbread acquired the Former Leisureplex on MacCurtain Street in Cork, where plans for a 173-bed hotel were recently rejected, while Mer Blanc Properties purchased One Westmoreland Street, Dublin 2 which has planning for a 38-bed hotel. Both sites were acquired for €5.5m each.

Lands capable of delivering industrial-related end-uses were also of interest. This was demonstrated by Mountpark's purchase of lands in Lucan for €48m in H1 2024 and the more recent acquisition by three buyers, the Central Bank, Sandymark and a Private Investor, of a landbank in Finglas for a reported €44.6m.

> "Looking ahead, there may also be increased interest in office development sites in core locations in Dublin, particularly Dublin 2, as occupier activity recovers, the development pipeline contracts, and rental growth reemerges."

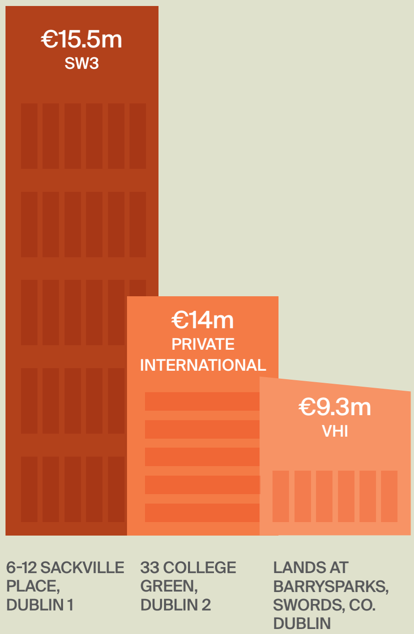
[1] CSO, [2] Daft.ie (average listed rents), [3] Knight Frank were involved in this transaction

Top residential development land deals, H2 2024



Source: Knight Frank Research

Top commercial development land deals, H2 2024



Source: Knight Frank Research

Knight Frank's Top 10 Recommendations to Assist the Current Housing Crisis

FININ O'DRISCOLL
DIVISIONAL DIRECTOR, DEVELOPMENT LAND, KNIGHT FRANK

1. Reinstate De-Zoned Residential Land

There has been a significant de-zoning of residential land by Local Authorities over the last three to four years. This was in response to misaligned population projections from the 2016 Census which were used to inform Regional Spatial and Economic Strategy and the National Planning Framework.

Lands were either de-zoned altogether or re-zoned as White Lands or Strategic Reserve.

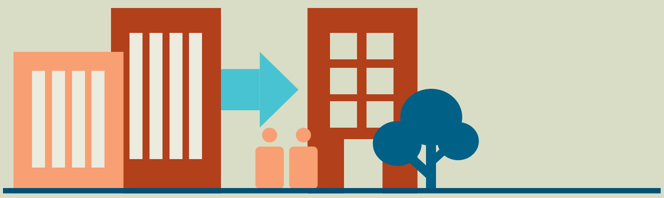
Regardless of the rationale at the time for doing this, there is an opportunity to review all the lands that underwent this process and cross-check them with the availability of services.

Where lands are serviced, or could be serviced in a relatively short timeframe, the residential zoning could be, and should be, reinstated.

2. Uisce Eireann

Uisce Eireann plays a key role in the delivery of housing. When the delivery of this essential service is hampered by insufficient resources or funds, delays to the delivery of housing are inevitable.

We would recommend that a review of the timing of connection agreements, from initial pre-connection enquiry to final connection, is carried out and that any barriers that are identified are resourced accordingly.



3. Conversion of Obsolete Office to Residential

With the rise of ESG requirements and the desire for green credentials from office occupiers and funders, older generation office buildings are becoming obsolete at a faster rate. This trend is expected to continue.

The cost to bring some of these buildings in line with current requirements is significant and can make projects unviable in many cases.

A key trend in the market is that demand for these types of buildings is increasing with the aim of converting them to residential. The issue is that in order to comply with current planning guidelines in relation to unit mix, size, aspect, etc., efficiencies are lost due to the set envelope of the building.

There is scope to progress a specific planning use class in relation to such circumstances that would allow for greater flexibility in terms of design, mix, etc. This would allow a greater number of units to be permitted and make more projects viable for such a conversion, thus helping to increase housing.

4. Local Area Plans

There are key areas of the country which are zoned under Local Area Plans (LAP) within County Development Plans. These plans are for a set period of time and should be replaced with a current LAP on the date of the expiry.

However, in practice this does not occur, and there is evidence of significant gaps between old and new LAPs which can be years in some instances. This results in issues for landowners within the LAP area who are trying to secure planning permission during this period.

Subsequently, there should be guidance issued to Local Authorities which states that until a new LAP is implemented, the previous LAP is still valid. This would remove this unnecessary delay to housing delivery.

5. Waiver and Refund Schemes

The Residential Development Stamp Duty Refund Scheme has been of great assistance to the viability of residential development. To qualify, a development must commence on, or before, the 31st December this year. This date should be extended.

Furthermore, the Development Levy Waiver and Uisce Éireann Connection Charge Refund Scheme has now expired. This scheme was very helpful in making residential development viable, especially outside of the greater Dublin region. This scheme should be reinstated until such time as we are meeting our housing targets.

6. Zoning Value Sharing Bill 2024

The Zoning Value Sharing Bill 2024 (ZVS) is essentially a 25% tax on land zoned for residential, commercial, mixed-use and industrial purposes or for land within a Strategic Development Zone (SDZ).

ZVS is a revision of the proposed Land Value Sharing and Urban Development Zones Bill (2021 & 2023).

The revised ZVS proposes a 25% tax on land that does not meet the exemption timelines of December 2026 (newly zoned land) and December 2028 (existing zoned land) whereby landowners must have secured a planning permission. However, ZVS is significantly more complex than the proposed trigger dates suggest when matters such as expired/expiring LAPs are considered. Landowners in those circumstances, for example, will not benefit from these exemption timeframes as they will be unable to secure planning in time, although they may have acquired the lands without taking account of this tax.

Local Authorities must publish maps showing relevant land by October 2025 and there is no mechanism to appeal the inclusion of lands on these maps.

This land tax is in addition to other Government measures to capture value from home building. These measures include Stamp Duty, Capital Gains Tax, Value Added Tax, Development Contributions, Uisce Éireann Connection Charges, Part V, Residential Zoned Land Tax and the Vacant Site Levy.

When the ZVS is coupled with the above, it will act as a significant barrier to the delivery of much needed housing. Furthermore, the uncertainty it will create in the market as it comes into effect will lead to a pause by investors and developers, further compounding the housing delivery issue.

The ZVS Bill has currently lapsed with the dissolution of the Dail and we would urge great restraint in reinstating this Bill given the implications it will have on housing delivery.

7. Planning and Development Act 2024

The Planning and Development Act 2024 was signed into law in October 2024 however, many of the key elements are yet to be implemented. While the aim of this Act was to simplify the planning process, the Act is highly complex with 870 pages. With detailed regulations required to implement the various elements of the Act, we would strongly recommend that input from the industry is obtained and considered in the drafting of these regulations.

8. Build-to-Rent and Co-Living Planning

The Build-to-Rent (BTR) and Co-Living planning use designations that have now been removed were a very positive addition to the residential offering. We believe they should be reinstated. Apartment completions were down by 24% in 2024 while planning applications for apartments were down by 33% in the first three quarters of 2024.

9. Housing Commission Recommendations

A preliminary review of the Housing Commission recommendations suggests that around 65 of the recommendations are already advanced or at varying stages of implementation, with some more advanced than others. Comprehensive consideration will be given to those remaining to be implemented. We call for all of these outstanding key measures to be expedited with greater emphasis on the establishment of a Housing Delivery Oversight Executive.

10. Clarity on the Rent Pressure Zone Legislation as soon as possible

The Rent Pressure Zone Legislation was extended until December 2025 and is currently under review. It is now widely accepted that the rent cap of 2% is inhibiting much needed private investment in the housing sector.

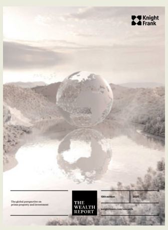
While the government has indicated that it is considering amendments to the legislation, a lack of clarity regarding the timing and the detail of what the changes will be is causing further uncertainty in the market and delays to housing developments. Knight Frank strongly calls for the government to deliver detail and certainty on this key legislation as soon as possible.

Dublin Office Market
Q4 2024

Ireland Living
Sectors Q1 2025

Ireland Investment
Market Feb 2025

Dublin Logistics &
Industrial Market May 2024



The Wealth Report
2025

Ireland Student
Housing Market 2023

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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