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## To Solve Housing Crisis, we Must get over our Problem With Cities

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NEW HOMES

The market is active but agents say many potential buyers are hanging on to see what's in the budget, writes **Cian Molloy**

**A**ll eyes in the property sector will be on next month's budget to see what house-building incentives Michael Noonan, the finance minister, will include. Estate agents are reporting a much more active new homes market this year than last, but given the levels of supply and demand in the secondhand homes market, no one is surprised.

"There are just not enough homes being built," says Ken MacDonald, of the estate agent Hooke and MacDonald. "There is a requirement in Dublin for 15,000 new homes per year and this year there will be only 4,000 built – so that is a shortage of 11,000 homes for this year alone."

Every day brings a new report or news story about Ireland's housing crisis. Last week, the Central Statistics Office published its new Residential Property Price Index, which showed that first-time buyers have been pushed out of the market since 2010, as their market share fell from 53.1% then to 24.4% in 2015. On Wednesday, the Economic and Social Research Institute warned that the Central Bank's mortgage lending rules would restrict the supply of new homes by up to 5%.

"There are a lot of people who want to buy but who can't. There are lots of first-time buyers who can't access mortgages because of the Central Bank regulations. Nevertheless, there are also plenty of people who have the necessary deposits and who meet the mortgage qualifying criteria and they are out in force purchasing, so the market is buoyant," says MacDonald.

Despite the shortage in new homes schemes, there are some dotted across the capital and beyond in a mixture of infill and large development sites. However, many are priced for those trading up.

Hooke & MacDonald is handling two Cosgrave developments, Bracken Park, in Castlenock, with three-bedroom houses starting at €500,000, and Cualaon, on Upper Glenageary Road in Dun Laoghaire, which has semi-detached four-bedroom properties for €715,000 and five-bedders for €800,000.

Developer Flynn and O'Flaherty has three-bedroom semi-detached homes for €500,000 beside the Phoenix Park. In Balgriffin, on Malahide Road, Cairn Homes has three- and four-bedroom houses at Parkside, which are selling well, starting at €312,500 and €380,000, all on sale through Hooke & MacDonald.

At DNG, new homes director Gina Kennedy says that among new-home buyers you can see two distinct classes of people. "There are those who are getting help with the deposit from mum and dad, and they can afford properties at €325,000-plus, and then there are those who are putting together a deposit on their own, while also paying rent, who are struggling to get approval for properties selling at about the €275,000 mark."

Those who are putting the deposit together themselves often take longer to reach sale completion, but either way it's all very busy, according to Kennedy.

"Last week we launched phase two of DodderBrook, in Ballycullen, and 22 were sold. These are three- and four-bedroom



# Playing the waiting game



Hazelwood, near Celbridge, above left, has just released its third phase of houses; Shanganagh Drive, in Shankill, above right, is aimed at trader-uppers, while SeaGreen, far left, is proving popular with Greystones buyers; houses at the Killiney development Albany Lodge, left, appeal to those with a bigger budget; three-bedroom properties at Bracken Park, below, start at €500,000



semi-detached, three-bedroom terraced and four-bedroom detached, built in a traditional style by Maplewood Residential, which has a reputation for high quality and giving plenty of individual choice – there are three kitchen styles and 15 styles of floor tile."

This weekend DNG is launching the final phase of Kilbegan Developments' Beechpark, in Leixlip, which comprises mainly four-bedroom semi-detached houses with south-facing rear gardens. Prices start from €310,000.

In mid-October, it will be relaunching the Elder Heath development at Kiltipper, in Dublin 24, right across the road from green site Kiltipper Park and a 20-minute walk to the Bohernabreena reservoir. Prices are to be confirmed, but the three- and four-bedroom homes are expected to be quite affordable.

"As well as first-time buyers, these will probably attract people who want to trade down," says Kennedy, who recommends that house-hunters register their interest in properties to ensure that they are notified when new phases come on the market.

"If you are registered, you will also get invited to pre-launches. We sold 10 houses last Wednesday morning at a DodderBrook

pre-launch event." Among DNG's schemes aimed at trader-uppers is Shanganagh Drive, a development of four-bedroom semi-detached houses in Shankill that has just been released, with prices from €575,000.

## AGENTS ARE HOPING FOR MEASURES THAT WILL MAKE BUYING A HOUSE MORE AFFORDABLE FOR YOUNG PEOPLE

Head of new homes at Sherry FitzGerald Ivan Gaine says activity has definitely returned to the market. "We're doing twice the volume that we did last year, but I think that is because of the developments

we handled. That isn't representative of the market in general," he says

The most popular sector is the mid market, properties on sale for €350,000 to €500,000, according to Gaine. "Typically, these are three- and four-bedroom semi-detached houses in established locations, such as Greystones, Castleknock, Malahide and Stepaside.

"We're achieving an average price on new homes of €410,000, based on nearly 800 sales so far this year."

Sherry FitzGerald also has some upmarket new homes available, including five-bedroom detached houses at Albany Lodge, in Killiney, priced from €1.075m.

Location does affect price – as property website Daft.ie's report reiterated. It pointed out that a three-bedroom semi in south Co Dublin can cost about €500,000, compared with less than €100,000 for the same kind of property in rural Munster and Connacht. A home that is 100m away from a secondary school is worth 2.6% more – or €5,600 – on average than one that is 1km away.

"We had two similar launches recently, one in north Co Dublin, where they went above €300,000, and one in Stepaside, with houses in the early €400,000 range. That's

a difference of more than 33%," says Gaine.

Homebuyers were willing to spread their wings during the Celtic tiger era, as Dublin's commuter belt stretched as far as Co Laois and Co Louth. House prices have plummeted in areas such as Portlinton, but there is a more upbeat attitude towards those closer to the capital. Greystones developments such as SeaGreen and Greystones Marina are doing well.

In the north Kildare commuter belt, Philip Byrne says REA Coonan will have several schemes coming to market in Rathcoole and Maynooth this autumn. In the meantime, his agency launched the third phase of Hazelwood in Celbridge, 10 minutes' walk from Hazelhatch railway station, last weekend.

"We launched 15 houses and took reservations on 10 of them, which isn't bad," says Byrne. "There is interest in well-built, well-located new houses. These are a two-minute walk from Celbridge, with good schools in the vicinity."

With the three-storey home here to stay in Dublin, developers in the commuter belt can afford extra space. Byrne says that the house style most in demand is a traditional one: "People want a back garden and a front garden with a driveway.

They also prefer a two-storey house to a three-storey one. They want a traditional kitchen and plenty of living space on the ground floor."

However, Gaine believes that with growing confidence among buyers there is an appetite for a more contemporary look. "More new homes feature zinc, for example. Certainly, today's new homes are far superior to those of 12 years ago.

"They are much more energy efficient. The houses coming on the market are well built, because how they are laid out has been carefully considered," he says.

In the wake of Simon Covey's Rebuilding Ireland plan, homebuyers, developers and agents are waiting for the forthcoming budget to see what further measures will be introduced to make buying a house easier for young people and make building houses more profitable for developers.

"We also need to see a way of fast-tracking both planning and the release of land," says Gaine. "We have quite a few sale-agreeds that won't become sale-completed, and similarly we have developments that we won't be launching until after the budget."

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# To solve housing crisis, we must get over our problem with cities

**H**ousing is a many-headed beast with elements of technology, planning, finance, sociology and of course, politics. At its core, however, it is a simple thing: buildings for people and this is why it's crucial to keep an eye on our population statistics.

Preliminary results from the recent census are throwing up some interesting figures, all of which have implications for where we should be focusing our efforts to build housing. The location of our empty houses should have told us by now that there's little point in building homes where there's no demand for them.

So what surprises are in the census? First, it could be argued that, when taking into account population numbers, Ireland now has five provinces: Dublin, the rest of Leinster, Munster, Connacht and Ulster. With more than 1.3m people, Dublin city and county exceeds even the rest of Leinster, which has just 1.28m. About three-quarters of the population growth in Ireland from

2011 to 2016 has taken place in Dublin and Leinster.

Second, the east is also growing at a much faster rate than the rest of the country, and at more than twice the rate of the west of Ireland every year.

Third, migration towards cities is very evident and, for the first time, we can see cities growing more than their surrounding areas. The housing implication here is that, according to property

website Daft.ie, there are now just 27 homes for sale for every 10,000 people in Dublin, compared with 62 per 10,000 people elsewhere in the country.

In addition, net state emigration was less than 6,000 per annum or 28,558 in the intercensal period.

We've been hit by two other significant surprises: we've a lot more people in the country than we were expecting, and these

people are in places where they weren't planned for. Efforts to distribute industry and its working population throughout the country via "balanced regional development" haven't worked. No wonder there's a housing shortage

Dublin's demographic and economic magnetism is such that no plan will stop it, and nor should any try. As more than half the country's tax take comes from Dublin, what's good for Dublin is good for Ireland. The issue is how does the rest of Ireland respond.

The last plan, the National Spatial Strategy, attempted to spread growth outside the capital across 23 growth centres called "hubs" and "gateways".

Some of these growth centres weren't even joined together, but were many miles from each other (Athlone-Tullamore-Mullingar), and some weren't even in the same country (Derry-Letterkenny). Twenty three was far too large a number in a country with such tiny population centres. The jam was spread far too thinly. Housing was also supported in



It is a mistake to focus on 'crowd-pleasing, anti-urban policies'

all the wrong locations, with many small towns sprouting now-empty suburban-style housing estates around their perimeter.

The trick is, of course, to pick winners for strategic investment and not three-legged runners. As with developed countries everywhere, cities are key. This is

especially true for Ireland, given the huge difference in population (10 times) between its largest and second-largest conurbations, its sparse population outside the main cities and the differential in growth between the east and west.

But since de Valera, who reportedly said "we'll have no Manchesters, no Birminghams

here", Ireland has had a problem with cities. Despite the evidence that investing in cities pays dividends that are spread across the entire country, politicians in particular have repeatedly ignored best practice to focus on crowd-pleasing, anti-urban policies that can never work.

Picking winners when planning for the next stage of Ireland's demographic evolution will include Cork, Limerick and Galway, and probably Waterford. I say probably, because there is another potential champion.

According to Dr Brian Hughes, a demographic expert, the evidence (settlement growth) shows that at 38,000 people, Ireland's next city will be Drogheda, situated between Dublin and Dundalk, pushing Waterford into sixth place. When it joins with Laytown-Bettystown-Mornington, it will add another 10,000 people.

These are the demographic – if not quite political – realities of Ireland in 2016, but we should never forget that demography is destiny.

## LORCAN SIRR ON THE HOME FRONT

