
Economic Statement

Portmarnock South – Phase 1D (172no. Units)

Introduction

1.1 This economic statement has been prepared by Savills Commercial (Ireland) Ltd in respect of the Strategic Housing Development application to An Bord Pleanála for 172 no. housing units at Phase 1D in Portmarnock South.

Section 11.3 of the LAP, phasing and implementation - linking development to infrastructure, states "Planning applications for residential development shall generally not exceed 150 units to facilitate the detailed assessment of each planning application; unless clear justification for exceeding this number is demonstrated by the developer on a case by case basis and avoiding piecemeal or remote parcels of development".

1.2 The proposal in question is for 172 no. units so we, therefore, outline below the economic and planning rationale for the application units marginally exceeding 150 no. units, at this particular time.

Housing Market Demand and Supply factors

2.1 Demand in the residential market is largely driven by population growth and the movement of people, Ireland's rate of natural population growth (births over death) is the highest in the European Union, making Ireland especially attractive for residential investment. The combination of strong natural population growth and high levels of immigration in recent years has led to the steady increase in population and demand for residential units. County Dublin follows these same demographic forces. According to the 2016 Census, Dublin's population was 1,347,359 and has since increased, according to CSO estimates, to 1,426,000 as of April 2021 representing growth of approximately 5.8%.

2.2 The Phase 1D, Portmarnock South site is located in Fingal County within the Howth-Malahide local electoral area (LEA). The Portmarnock South constituency has a population of 3,621 as of the 2016 census, this has grown 4.5% between census years. The LEA recorded a population of 56,139 persons in 2016 while Fingal's population was 296,020. The entire Greater Dublin Area has been experiencing strong population growth, but Fingal was the fastest growing county in the Republic of Ireland, measuring an increase of 8.1% between 2011 and 2016.

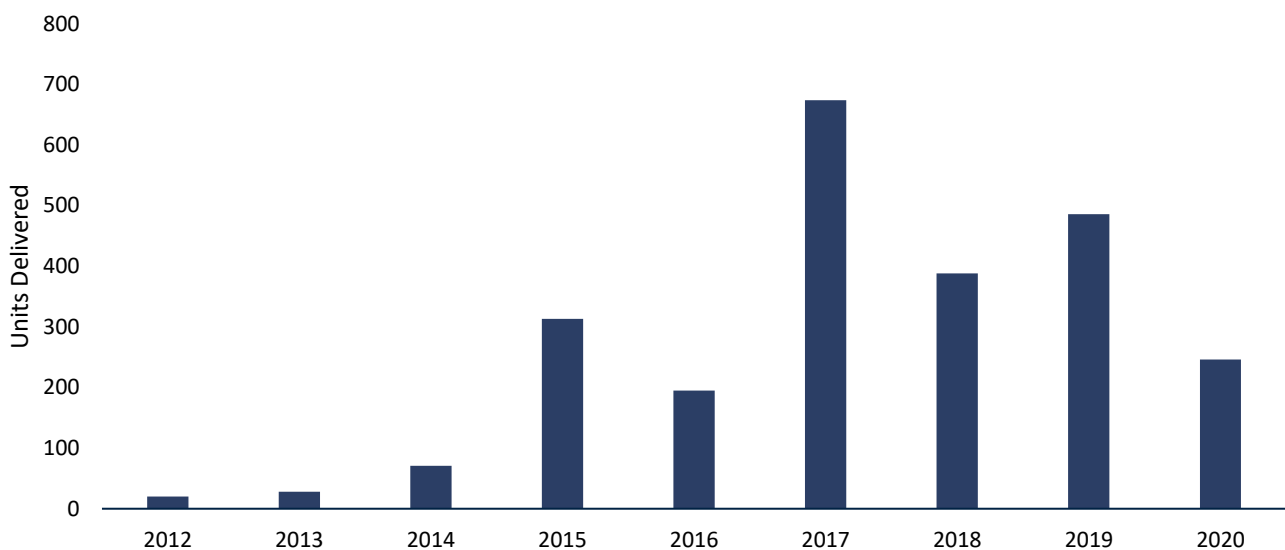
2.3 Unsurprisingly, this population growth is having a knock-on effect on the housing market, demand is outstripping supply and prices are growing at 6.3% annually in North County Dublin (Daft). The average house price in the area is now €345,000 up 70% from the cycle low. This strong demand is showing no signs of slowing as 54,208 mortgages were approved in the state over the twelve months ending in August 2021, the highest volumes since the mortgage approval series began (Banking & Payment Federation Ireland).

2.4 To try and counteract this unprecedented demand, the government has targeted the delivery of 300,000 new homes by 2030 or 33,000 new units a year in their 'Housing for All' plan. The IIP (Irish Institutional Property) are more aggressive suggesting that 50,000 units are needed per year and have suggested that nearly 20,000



units will be required in the Greater Dublin Area to keep up with demand. In Dublin in 2020 just 6,042 units were completed, a significant shortfall on the units required. In the Howth-Malahide local electoral area, just 246 units were completed, down on 2019 levels as pandemic restrictions constrained construction volumes. Figure 1 shows how the new supply of housing in the LEA lagged as the Irish economy responded to the Global Financial Crisis, but since then supply has been unable to match the level of completions seen in 2017.

Figure 1: Howth-Malahide Housing Completions



2.5 In response to low levels of new supply coming to the market, the government has created a ‘Housing Need and Demand Assessment’ (HNDA) tool to assist local authorities to develop a long-term strategic view of housing needs. As a house, Savills believe that this figure may be conservative, as it underestimates the current housing need in the area, it also assumes that the housing supply can quickly meet targets and doesn’t account for the excess demand when targets are missed. Nevertheless, the tool provides a quantitative measure of future demand in the local area.

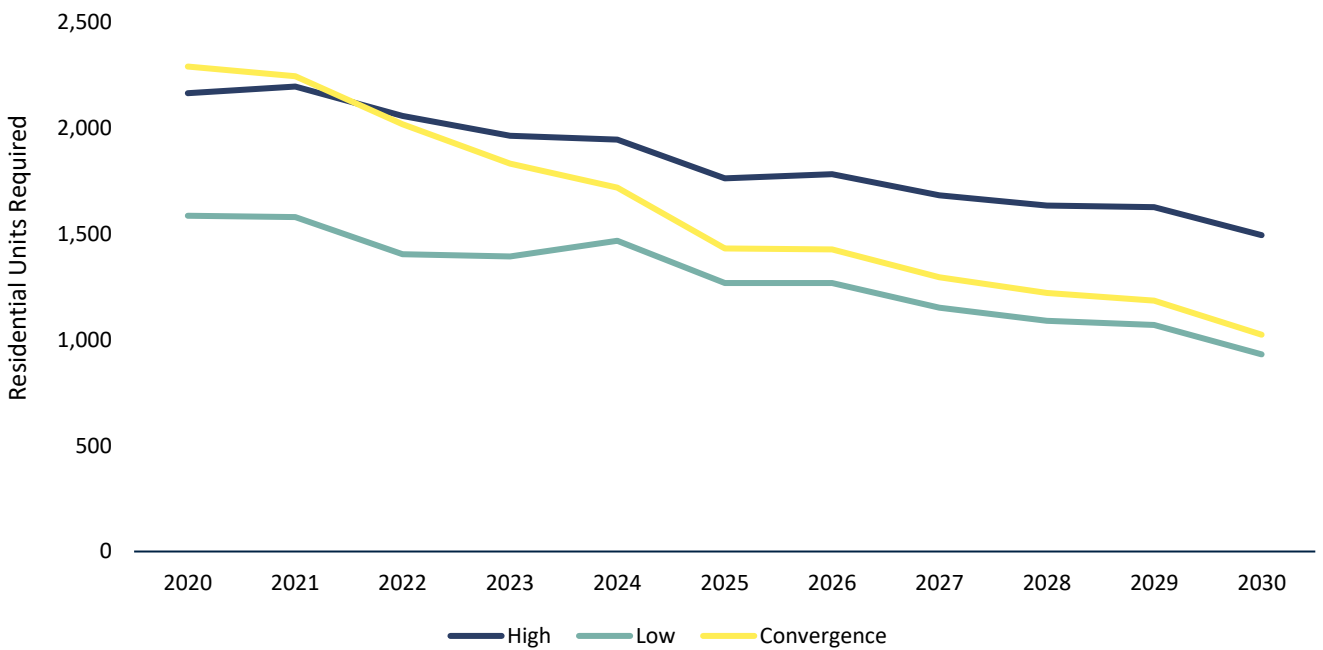
2.6 The Department of Housing’s HNDA tool has estimated that Fingal County requires 15,000 units over the next ten years to meet the county’s needs according to the government’s baseline convergence scenario. In a high migration scenario, this estimated figure could rise to 18,000 units. New dwelling completions for Fingal County in 2020 stood at just 1,384, suggesting there’s excess demand over the current delivery level. Looking at commencement notices, 1,618 units have commenced from January to August 2021. This number of commencement notices suggests that its possible delivery of dwellings could meet the demand required by the low migration scenarios however it is unlikely to reach the high migration and convergence scenarios, particularly with borders and restrictions easing allowing for the greater movement of people once again.

2.7 This strong demand-supply imbalance in South Portmarnock is highlighted in the number of vacant units in the constituency, where just 3% of total units remain vacant in the area. Lower than that of Fingal County’s average



of 5% or the state’s average of 12.3%, according to the CSO. This leaves little opportunity for re-development and places a significant burden on the new stock coming to the market.

Figure 2: Fingal’s Department of Housing’s Future Need and Assessment Projections



New Housing Scheme Demand

2.8 The level of demand in Portmarnock and the surrounding area is proven to be strong with three schemes brought to market over 2020 / 21. Skylark, next door to the site, contained three launches over September 2020, March 2021, and September 2021, all units of which sold. Bay View in Baldoyle launched in October 2021 via an e-campaign where potential purchasers responded to an email to apply for a viewing. There were 31 no. houses in the launch and 219 people applied, with 29 no. units sold on the first day of viewings and the remaining two units on the second day. Meanwhile, Oak Park in Malahide launched ten units recently, again via e-campaign, with 228 applicants for viewings. The quick uptake on these units is down to a combination of both clients actively looking for a dwelling that are known to our agents and general housing demand in the area.

Construction Benefits

- 2.9 The investment required to build 172 no. residential units is a strong commitment to the housing needs in the local area, it also provides a certain economy of scale to developers received through the bulk ordering and efficiency gains in the construction process. This can be in the form of the consistency of the construction team and their knowledge and standards, as well as cost savings in keeping the same staff, materials, construction equipment all on-site. This eventually leads to benefits to the end-user in the quality of the finished product and reduces construction costs on a per-unit basis.
- 2.10 As a whole development scheme, the proposed continuation programme will result in a shorter construction programme, rather than a phased approach with a stoppage in between phases, which would result in mobilisation and de-mobilisation periods built into the programme. This would not be an efficient construction programme.