Tralee Chamber Alliance - Property Update

Limerick Chamber

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28 July 2022

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Limerick Chamber Policy Team Overview: What We Do

2

Property Case Study: Co. Kerry

Policy Overview

- Limerick Chamber Policy Team -

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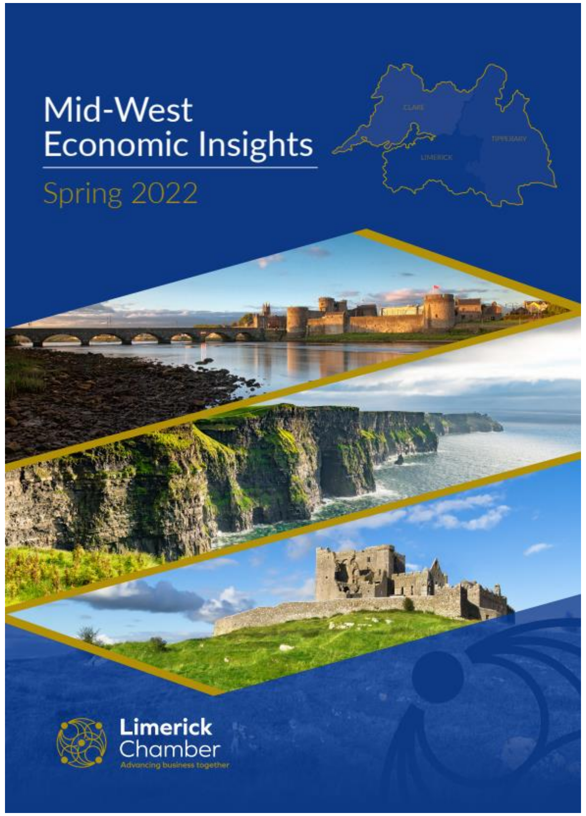
Our Research

1. A broad range of data across a broad range of policy areas.
2. Multiple sources – through chamber members, some through online sources.
3. Strong data and evidence-based analysis is the cornerstone to our research.
4. Information collected ranges from average house prices, to no. of graduates, to aviation & logistic figures.



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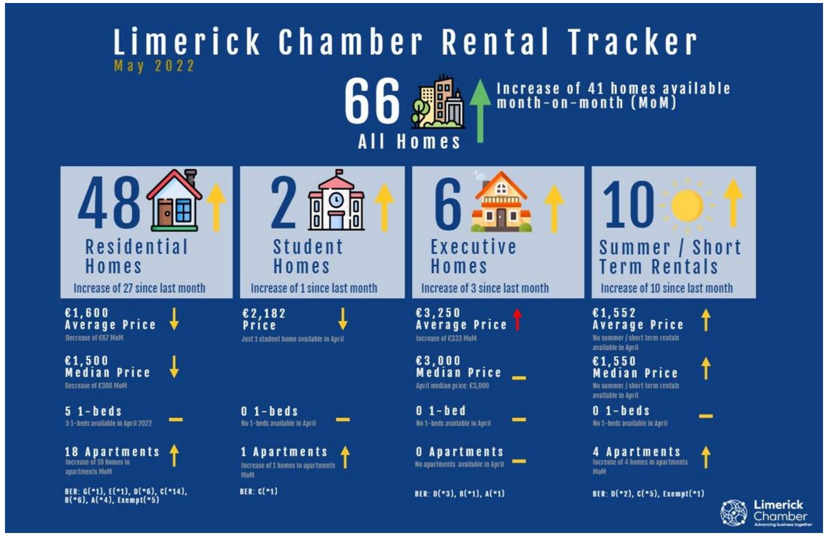
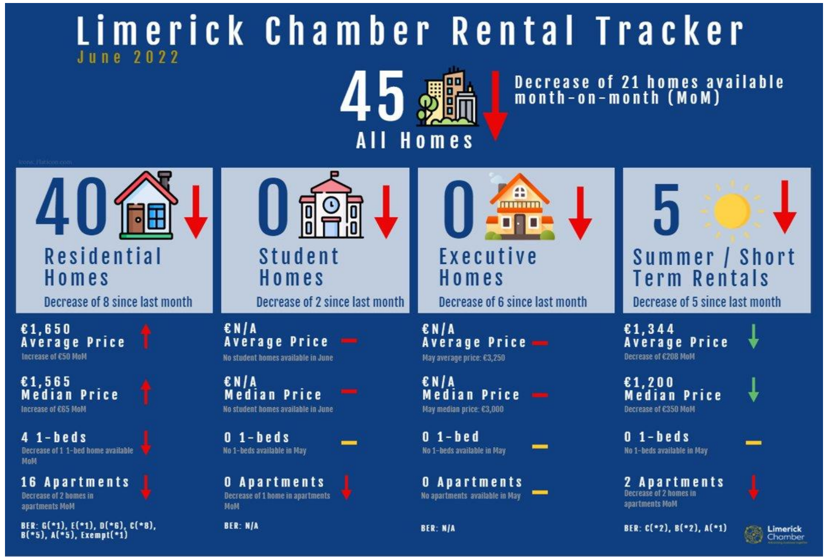
Manual Information Collection

Rent Tracker → Tracking the performance of the private rental market, highlighting factors outside of the price

Shared Rent Tracker → Monitoring the shared rental market – an underlying issue?

Airbnb Tracker → Monitoring the Airbnb market in Limerick City – is it really contributing to the supply issue?





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Using Our Research

- **Economic Insights Report** → Semi-Annual Reports on the condition of the Mid-West Economy
- **Submissions** → Local & National Policy Areas
- **Lobbying** → Engagement with State Departments & Local Electives
- **Social Media** → Output of Regular High-Quality Content
- **Stakeholder Engagement** → Driving our Policy Strategy from Member Feedback & Regular Regular Engagement with Stakeholder Groups

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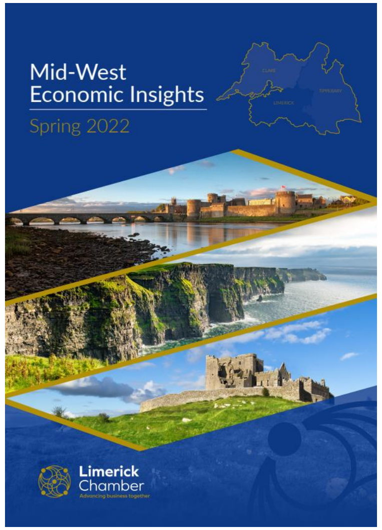
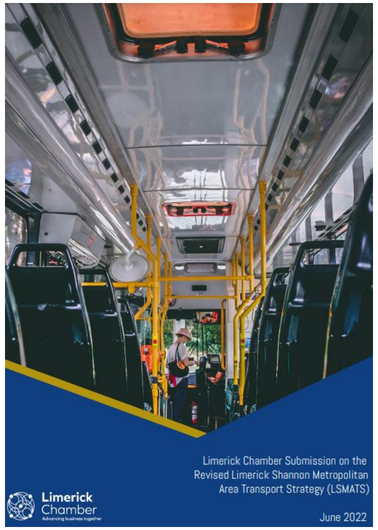
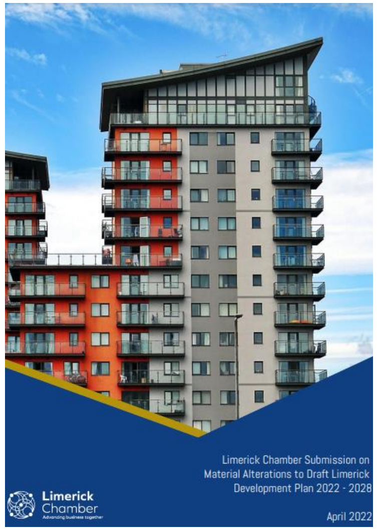
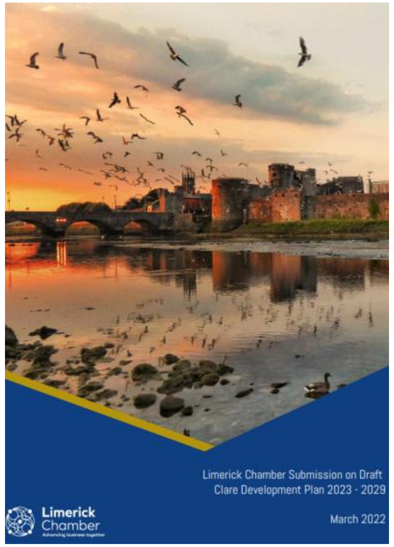
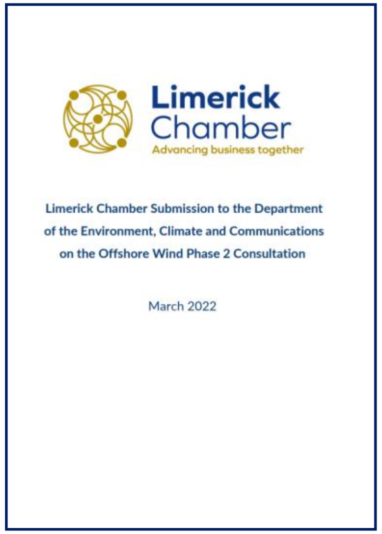
2022 So Far











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Property Case Study

- Co. Kerry -

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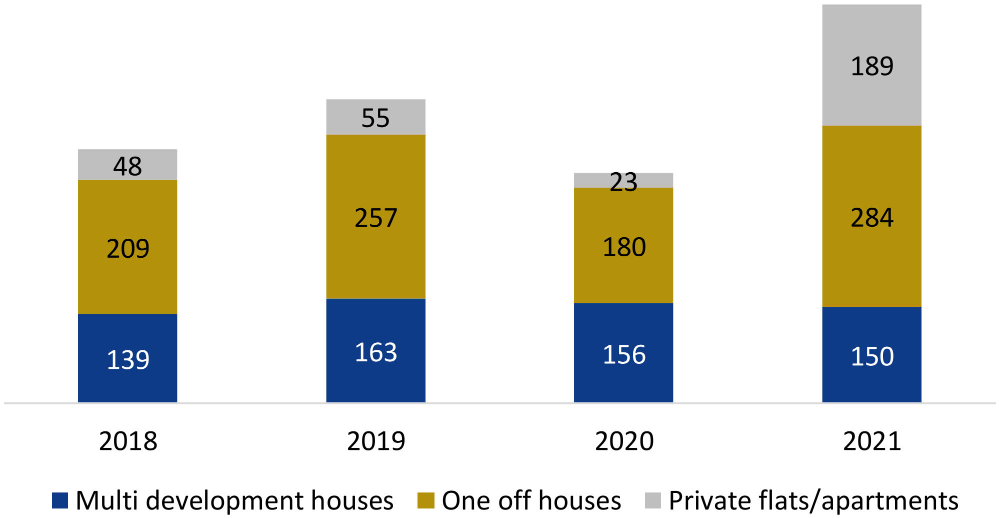
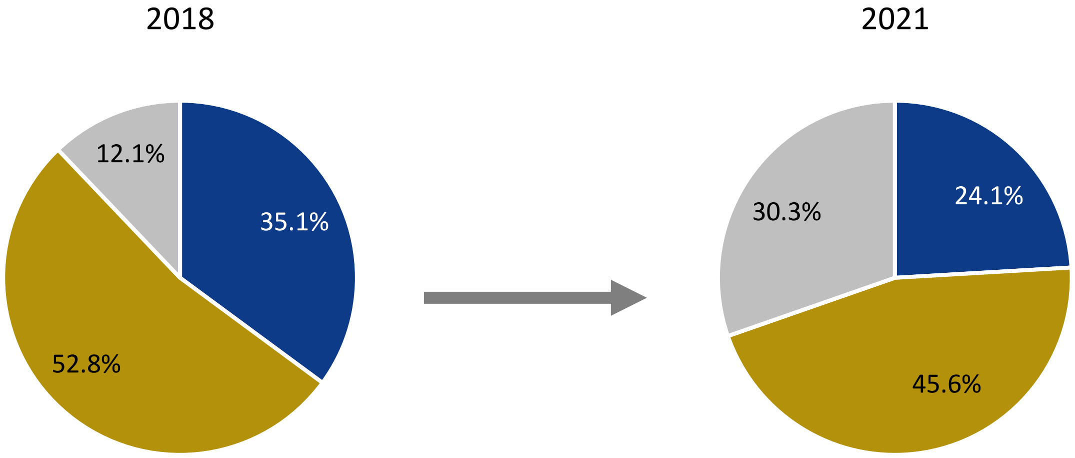
Planning Permissions Granted





623 Permissions Granted in 2021

Up 73.5% from 2020 (which was down 25% from 2019)

There has been an uptake in the share of apartments granted permission at the expense of MDH and One off housing. **Could be a blip for 2021. It is not in keeping with the trend.**

Implementing planning permissions is the key. This data is only indicative of what could be delivered if planning permissions were realized.

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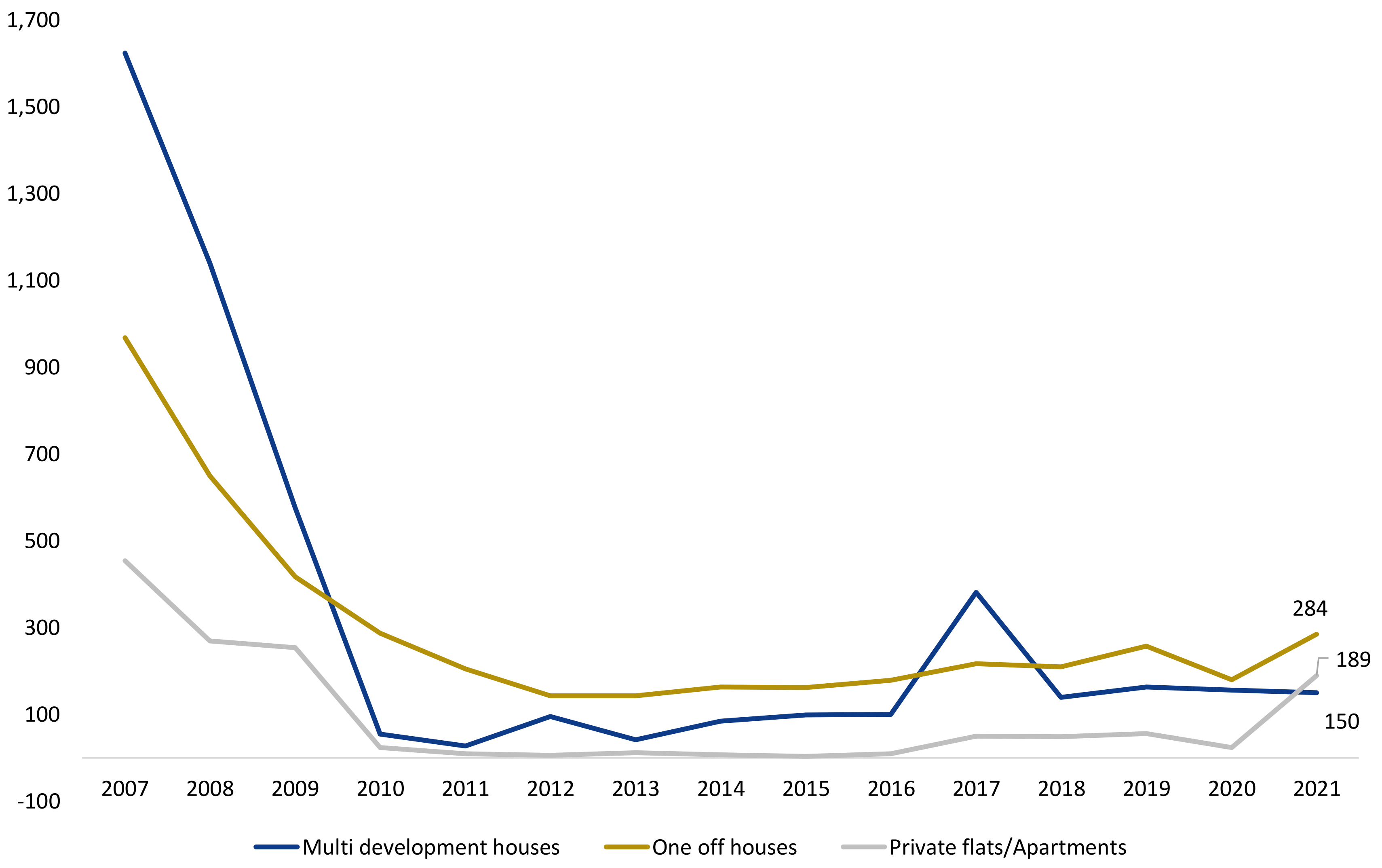
Source: CSO

Planning Permissions Granted



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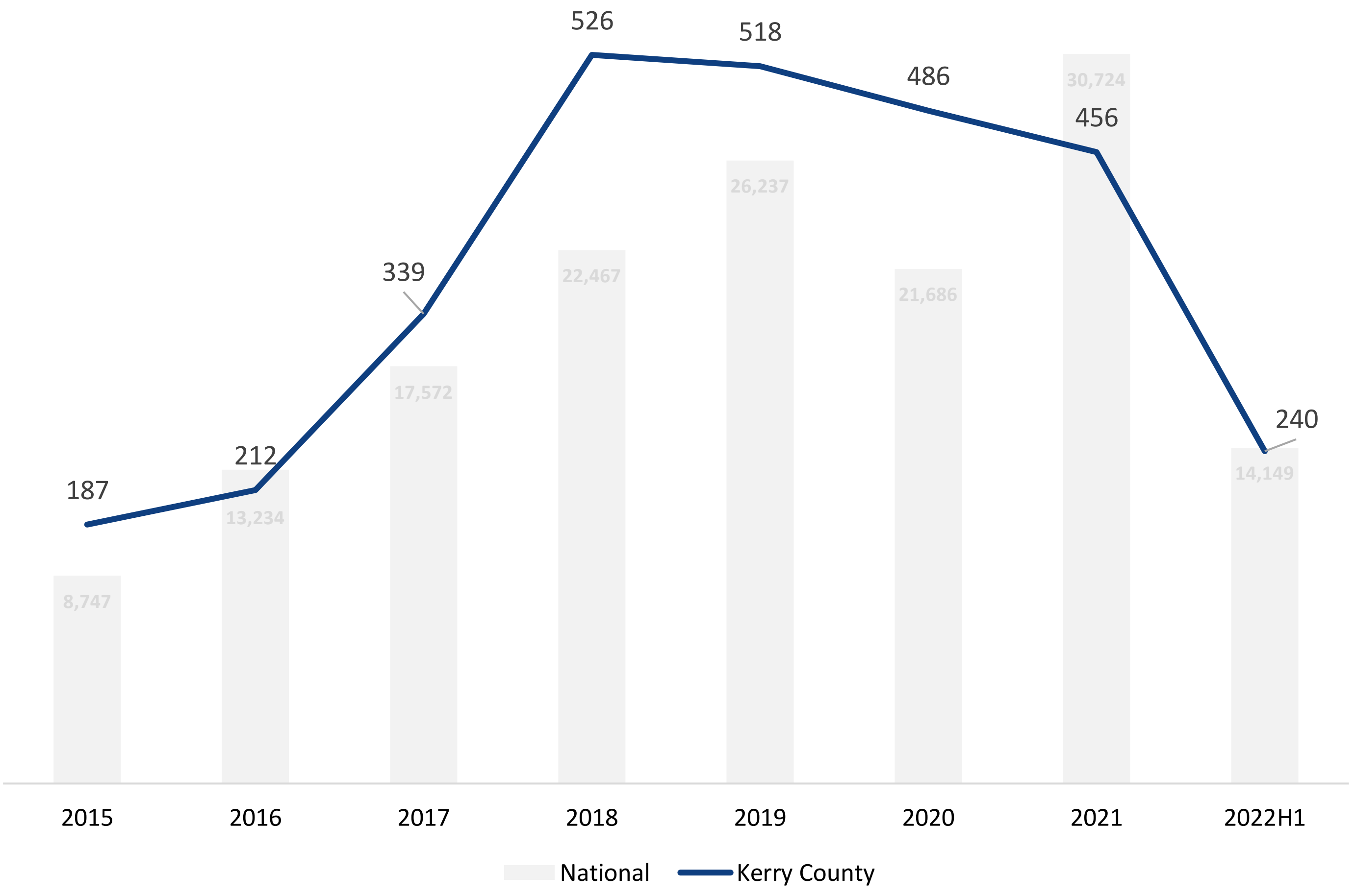
Housing Commencements



+ 41.7% increase in commencements nationally (2020 – 2021)

- 6.2% decrease in commencements for Kerry (2020 – 2021)

4.0% decrease in commencements 2022H1 vs 2021H1

- H1 2022 = 240
- H1 2021 = 250
- H1 2020 = 178
- H1 2019 = 242

Cost and inflationary environment likely to have an impact

Commencements is a **much better** reflection of pipeline than planning permissions.

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Source: CSO

ESRI Housing Needs Assessment (Kerry)

High Migration	Low Migration	50:50 City
1,048 pa	813 pa	430 pa
Shortfall 606 homes	Shortfall 371 homes	Shortfall 12 homes

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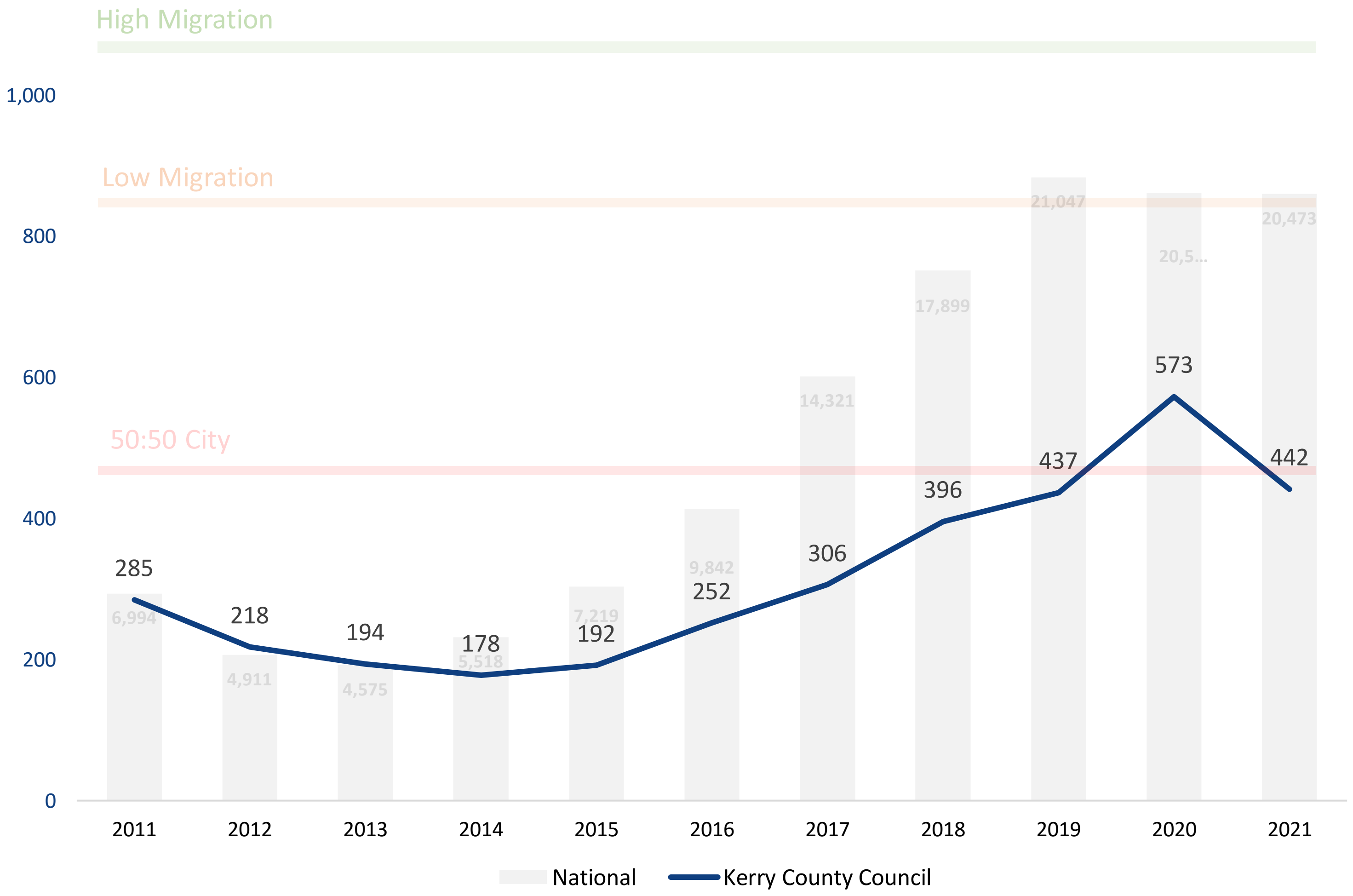
Data Source: ESRI: Regional Demographics and Structural Housing Demand at a County Level (2020)

New Dwelling Completions



41 home decrease nationally in 2021 YoY (-533 in in 2020)

131 home decrease for Kerry in 2021 (+136 in 2020)

ESRI Kerry demand is 430 – 1,050 pa

33,000 annual average target under *Housing for All*

- 2022 = 24,600
- 2023 = 29,000
- 2024 = 33,450

Note: Some (most) housing demand projections do not include pent up demand or adults living with parents **so demand is likely understated**

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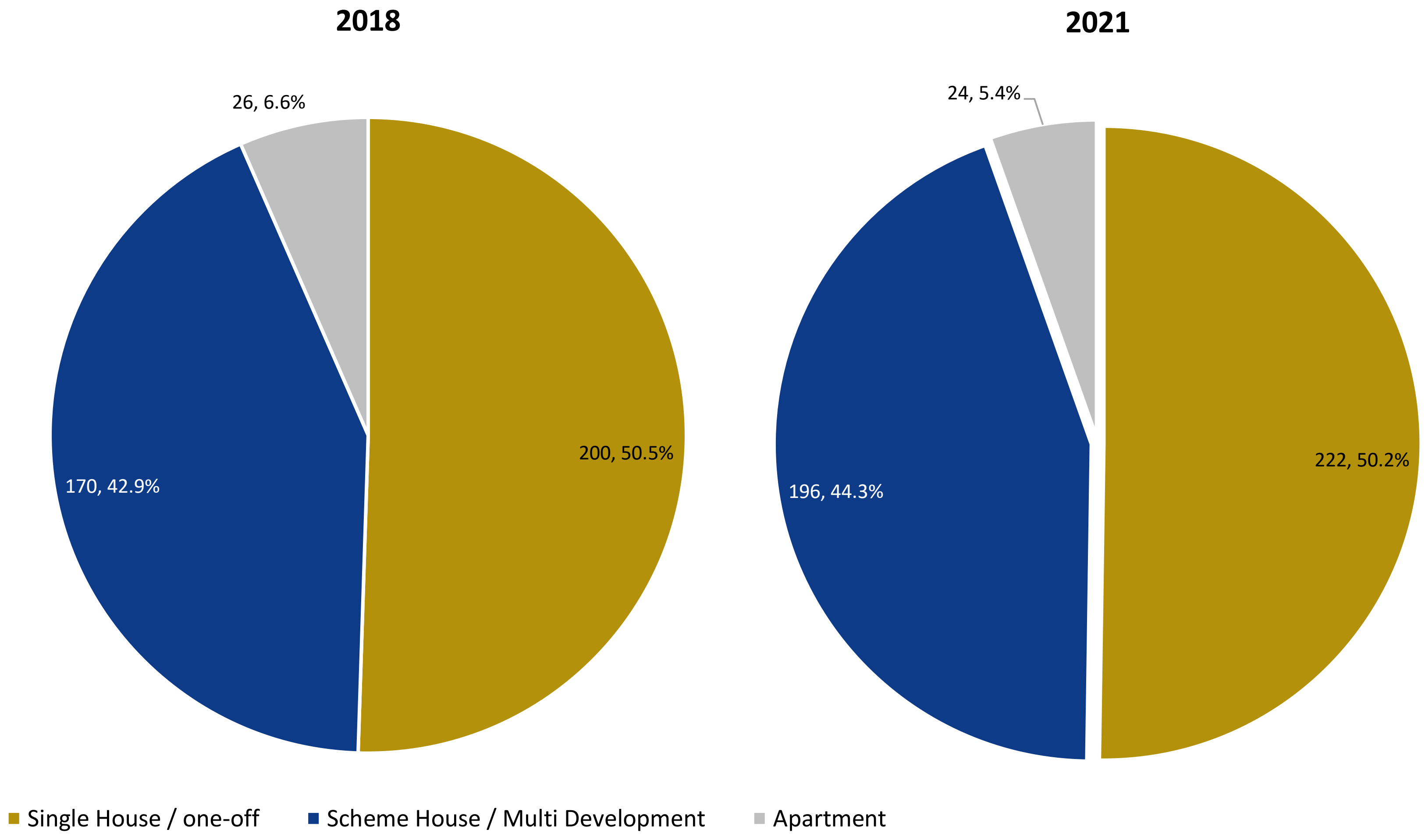
Source: CSO

New Completion by type



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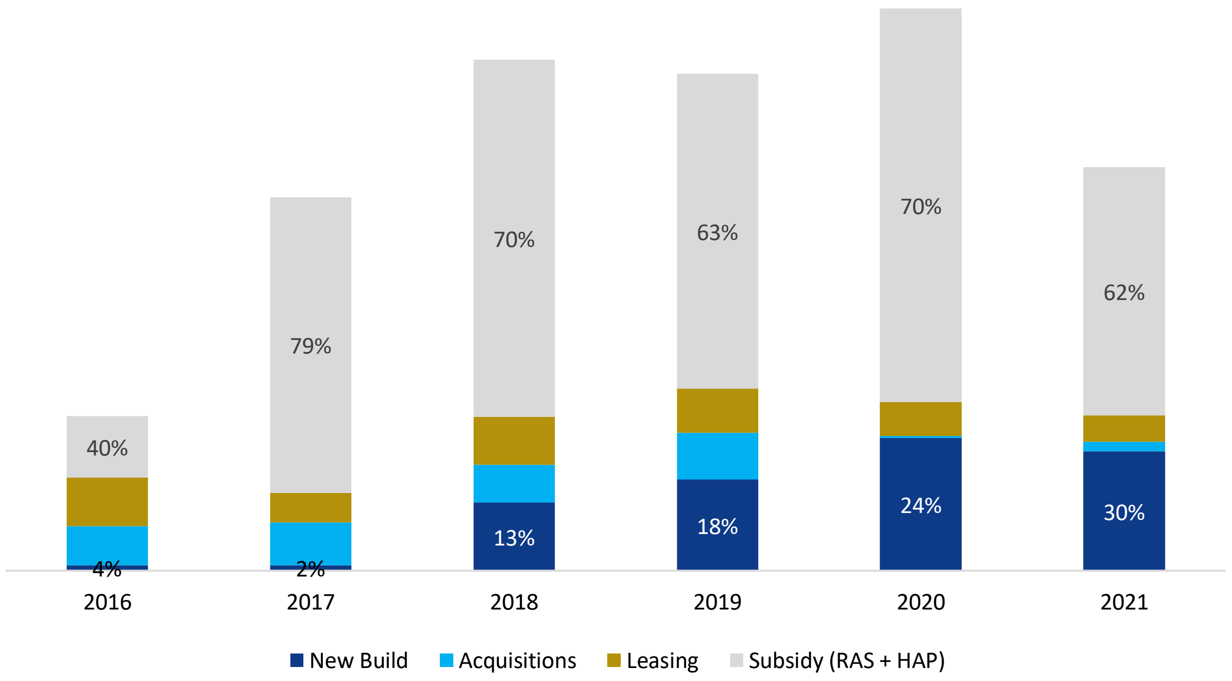
Source: CSO

Social Housing Delivery



	2016	2017	2018	2019	2020	2021
New Build	10	10	119	159	231	208
Acquisitions	68	74	66	81	4	17
Leasing	84	52	83	77	59	45
Subsidy (RAS + HAP)	107	514	622	548	685	433
Total	**269**	**650**	**890**	**865**	**979**	**703**

Note: 2017 & 2016 exclude large voids (90pa) due to changing in reporting

- 2,141 households on the social housing waiting list in Kerry in 2021
- 46% of those on the waiting list (main applicants are under 39 years of age)
- 58% of households on the waiting list are one person households, 16% are one adult with one to two children (74% in total "smaller households" in line with the national and regional trend). More smaller homes needed.

Note: Be careful when looking at social housing numbers people often quote **"households" rather than number of people**, with the number of people on the list being much higher (i.e. a 4 person household)

Failure to adequately direct build social homes forces people to the private sector through subsidy schemes (mainly HAP) and as a result puts more pressure on an already constrained market. **The solution is to direct build more social homes.**

Over reliance on HAP to deliver homes – follows the same trend as elsewhere. Government subsidies almost reach €1 billion per year for housing.

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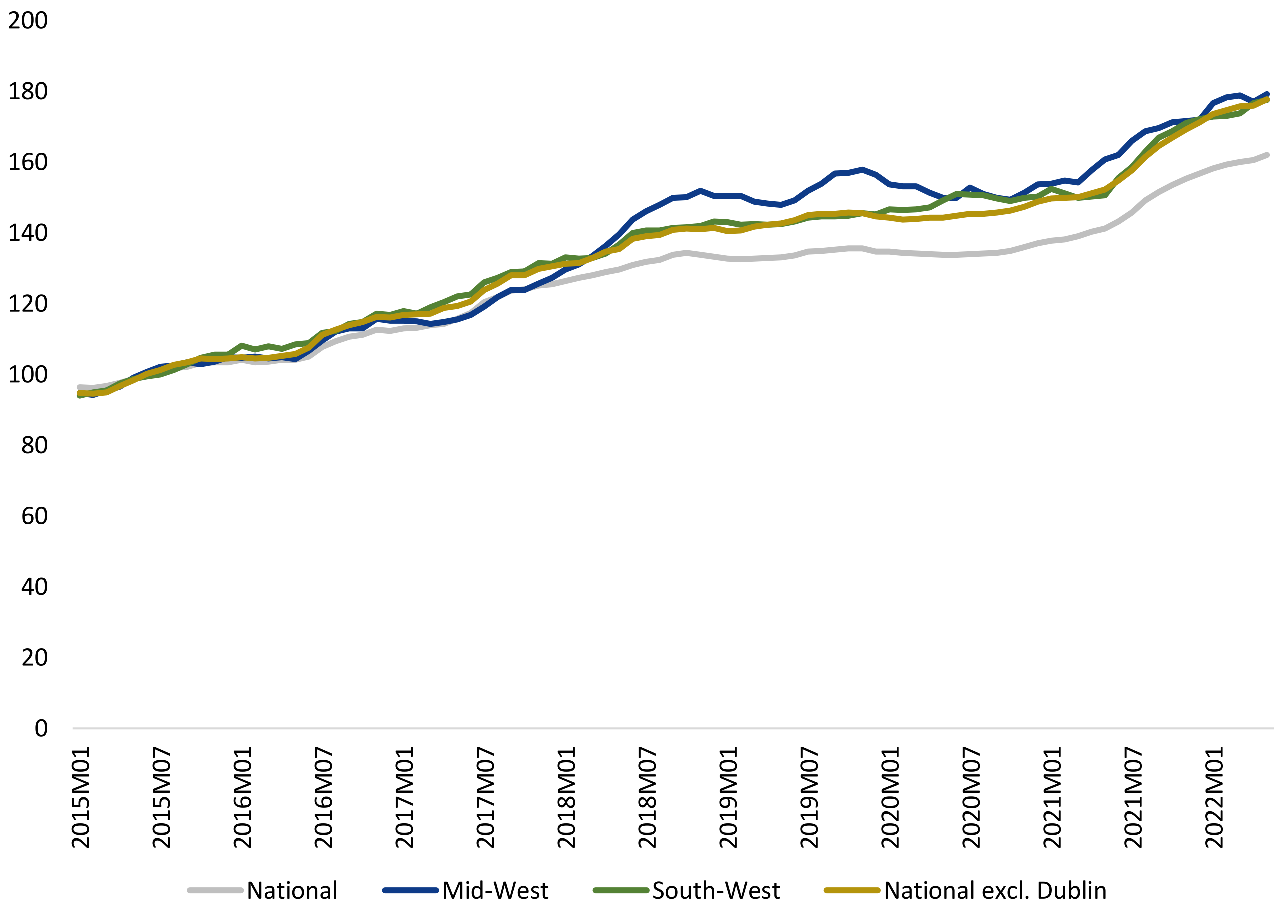
Source: Dept Housing

Residential Property Price Index (Houses)



To May 2022:

- + 14.8% YoY increase nationally
- + 16.8 YoY % increase nationally excl. Dublin
- + 18.0% YoY increase in South-West

23rd Consecutive MoM increase nationally

27th Consecutive MoM increase nationally (Excl. Dublin)

14th Consecutive MoM increase South-West

Note: Beware "cooling language" – it mostly means the **house prices are still increasing** but at a slower rate

Note: RPPI data not available at county level means Kerry gets put in with Cork.

Note: Data doesn't focus on anything but Houses in the regions

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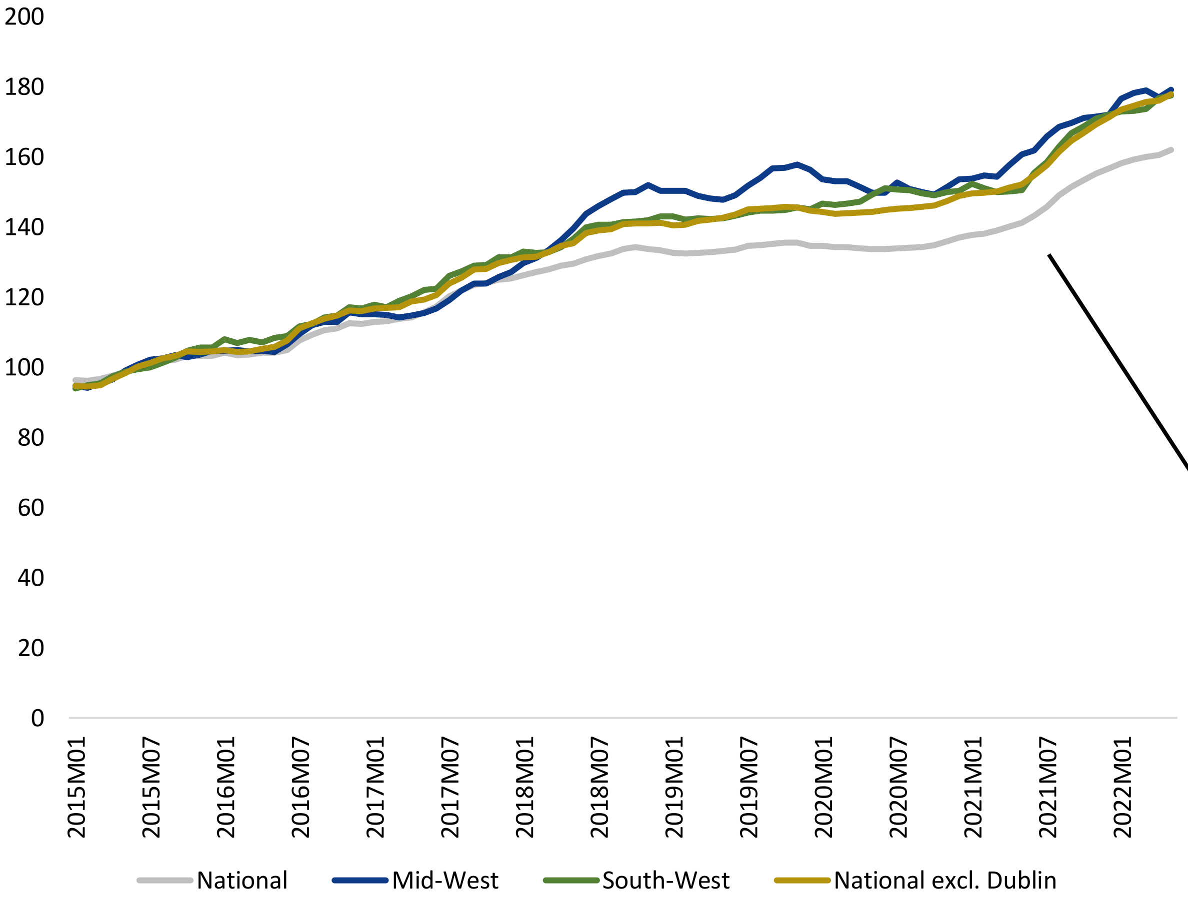
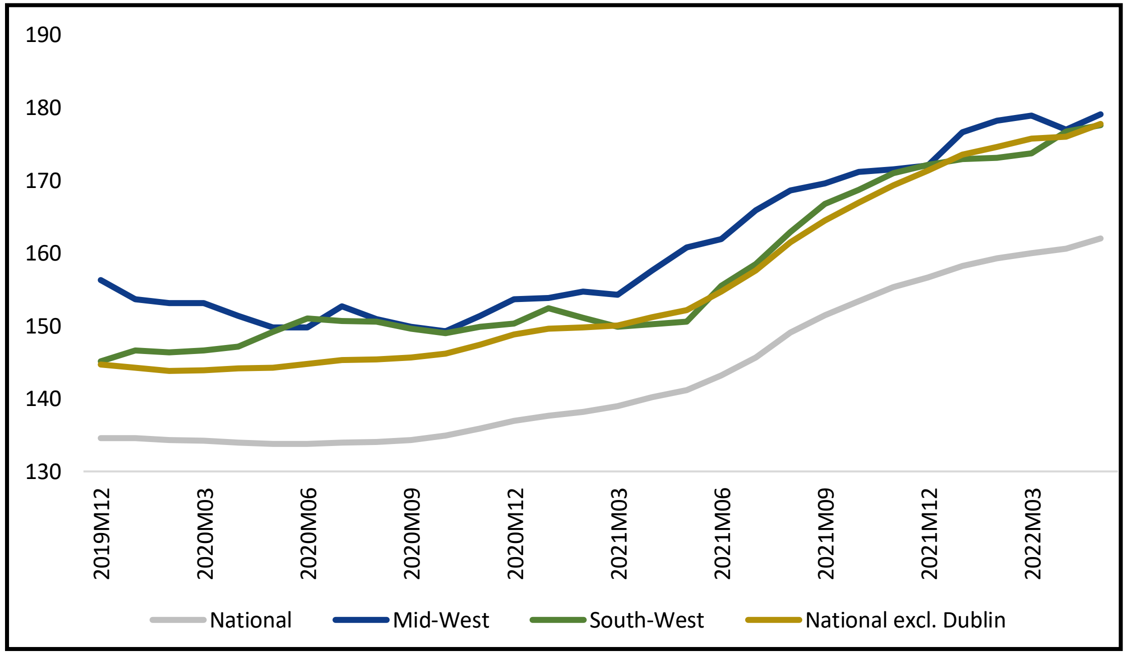
Source: CSO, Base Year = 2015

RPPI throughout the Pandemic



Pre-Covid to Today

- National Excl. Dublin: +18.6%
- South-West: +18.3%
- National: +16.9%
- Mid-West: +12.7%



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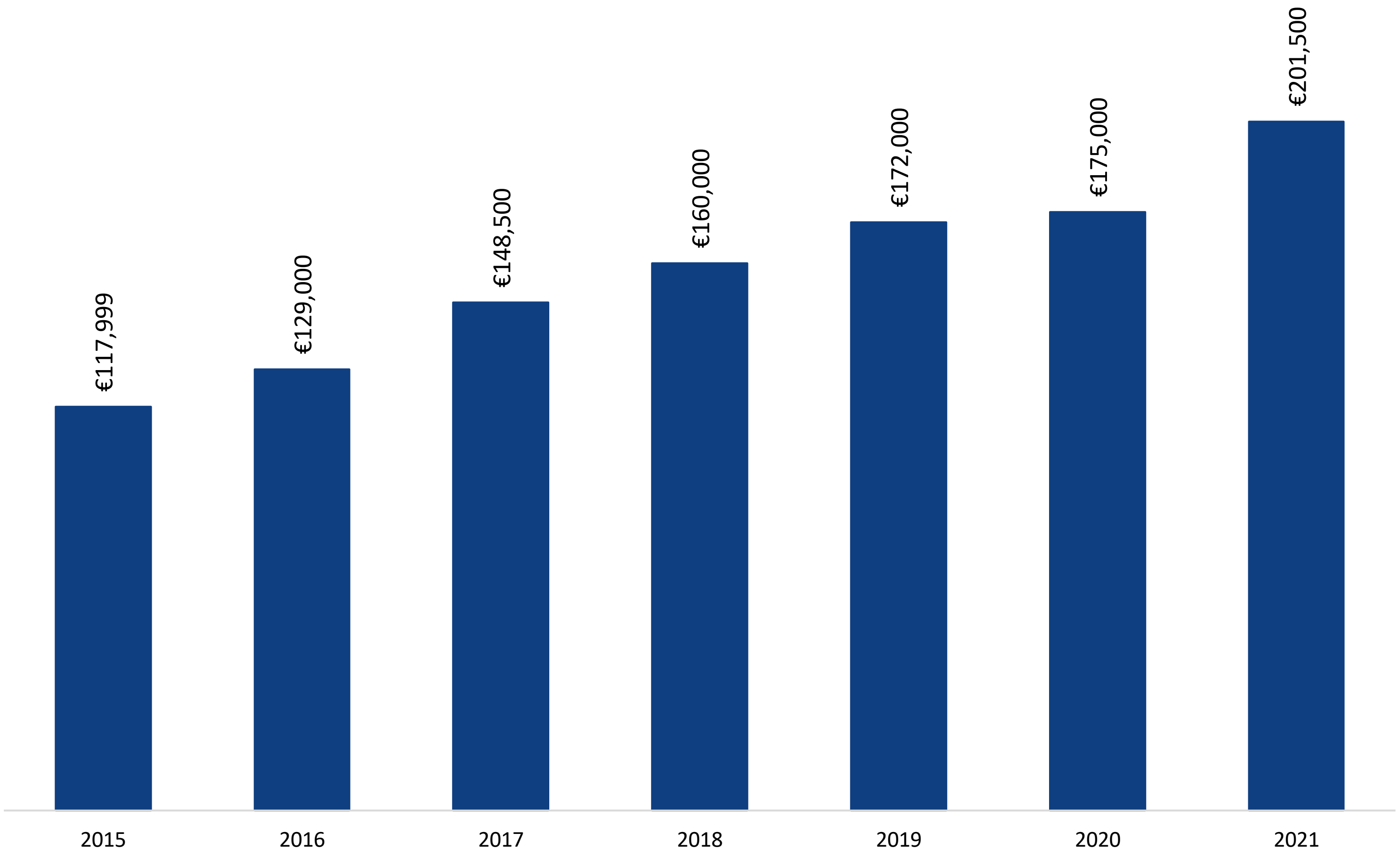
Source: CSO, Base Year = 2015

Median House Prices



- National yearly increase 2021 = 7.7%
- Kerry yearly increase 2021 = 15.1%

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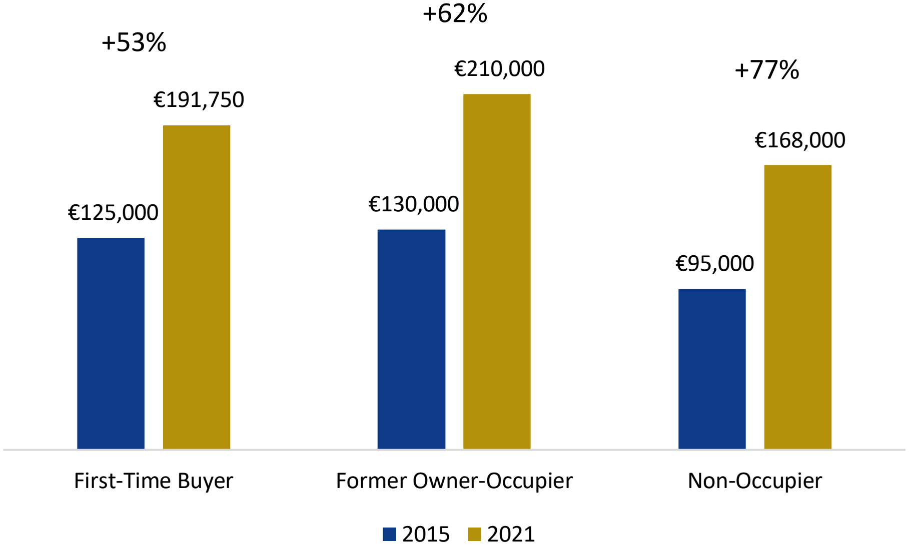
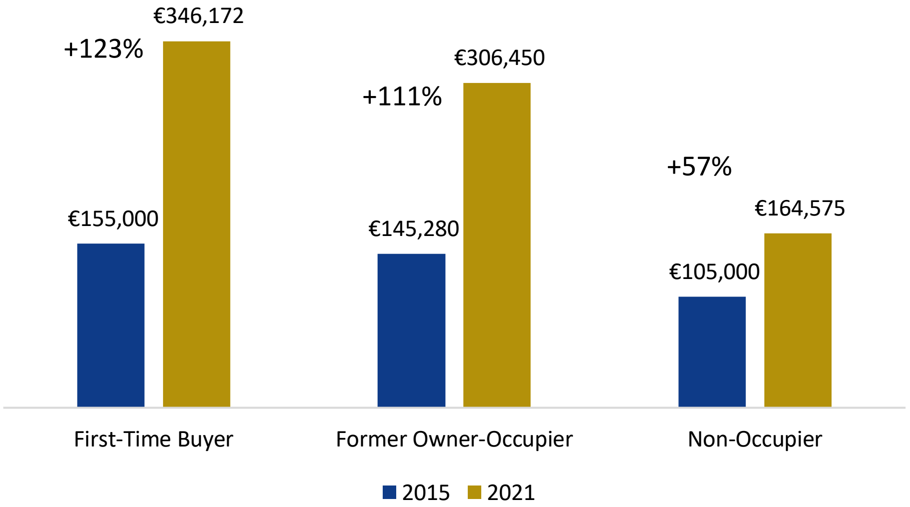
Source: CSO

House Price Inflation by Buyer

Existing Homes



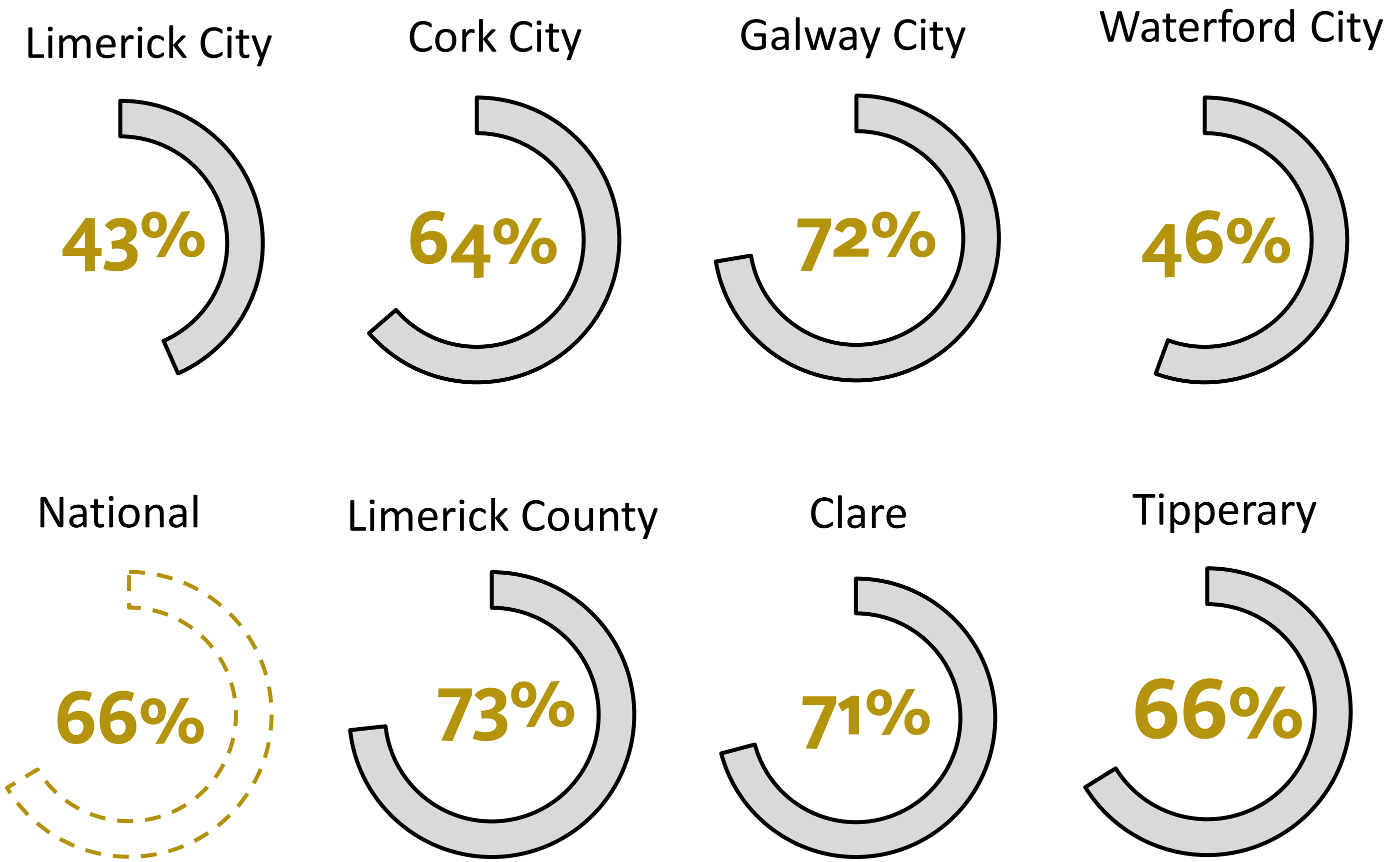
New Homes

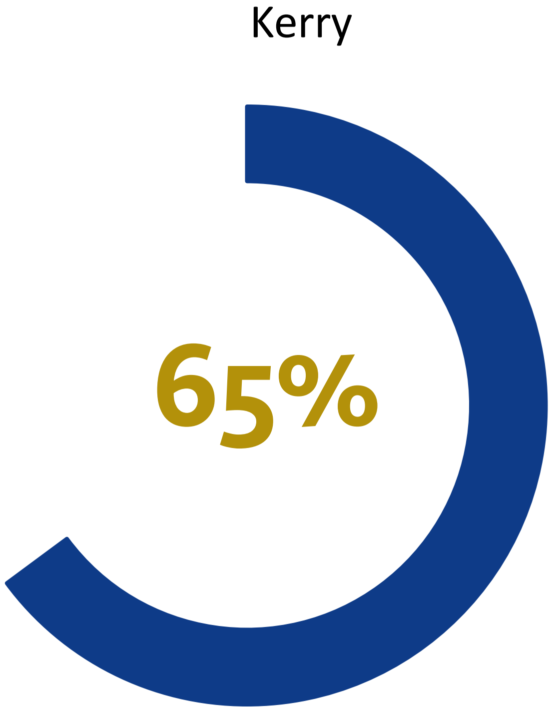


- From 2015 – 2021 FTB have seen existing homes rise by €66,750
- New homes have more than doubled (+€191,172) over the same period
- Former Owner Occupier's have seen existing homes rise by €80,000
- New homes for Former Owner Occupier's have also more than doubled (+€161,170)
- New Homes have been most affected – likely due to rising construction costs.

Source: CSO

Buying vs Renting

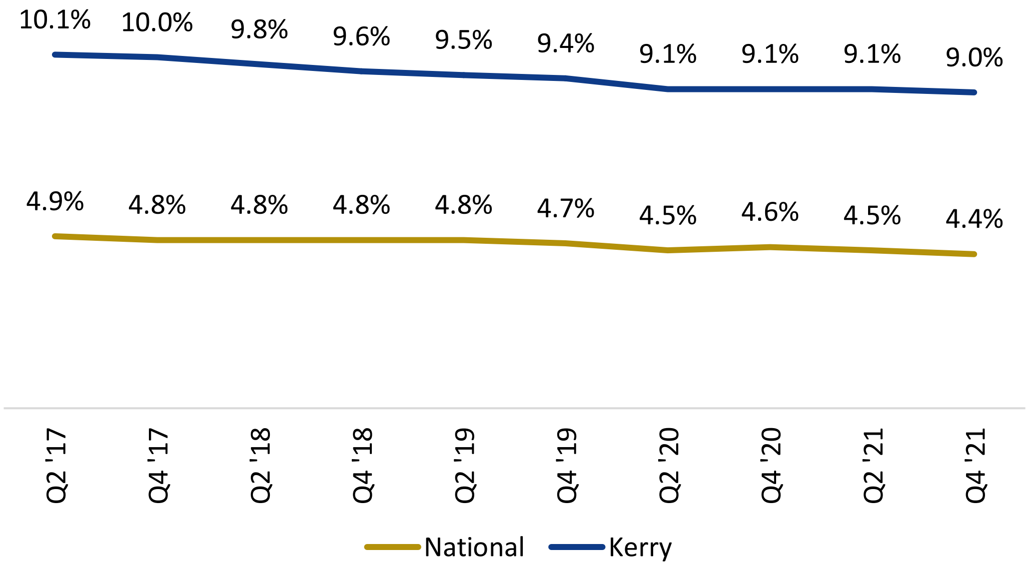




What does this mean?

- For every €100 spent on renting a home you would spend €65 owning the home
- By paying a mortgage people will only spend 65% of what they would renting i.e. owning a home is cheaper

Residential Vacancy



Source: Geodirectory

2016

9,691

Vacant Homes (13.1%)

2022

8,849

Vacant Homes (11.4%)

Source: CSO

- **Nationally:**
  - 90,158 vacant properties (Geodriectory)
  - Vacancy decreased from 4.9% to 4.4% from 2017 to 2021
  - 22,096 derelict
- **Kerry:**
  - Vacancy decreased from 10.1% in 2017 to 9.0% in 2021
  - 5.8% dereliction rate (1,292 homes) – down 13.6% from 2016

Note: Vacancy rate will decrease naturally as new homes are constructed. The focus needs to be on the total number of vacant homes

A measured approach to vacancy is needed; not all vacant homes are lying idle for no reason / long-term

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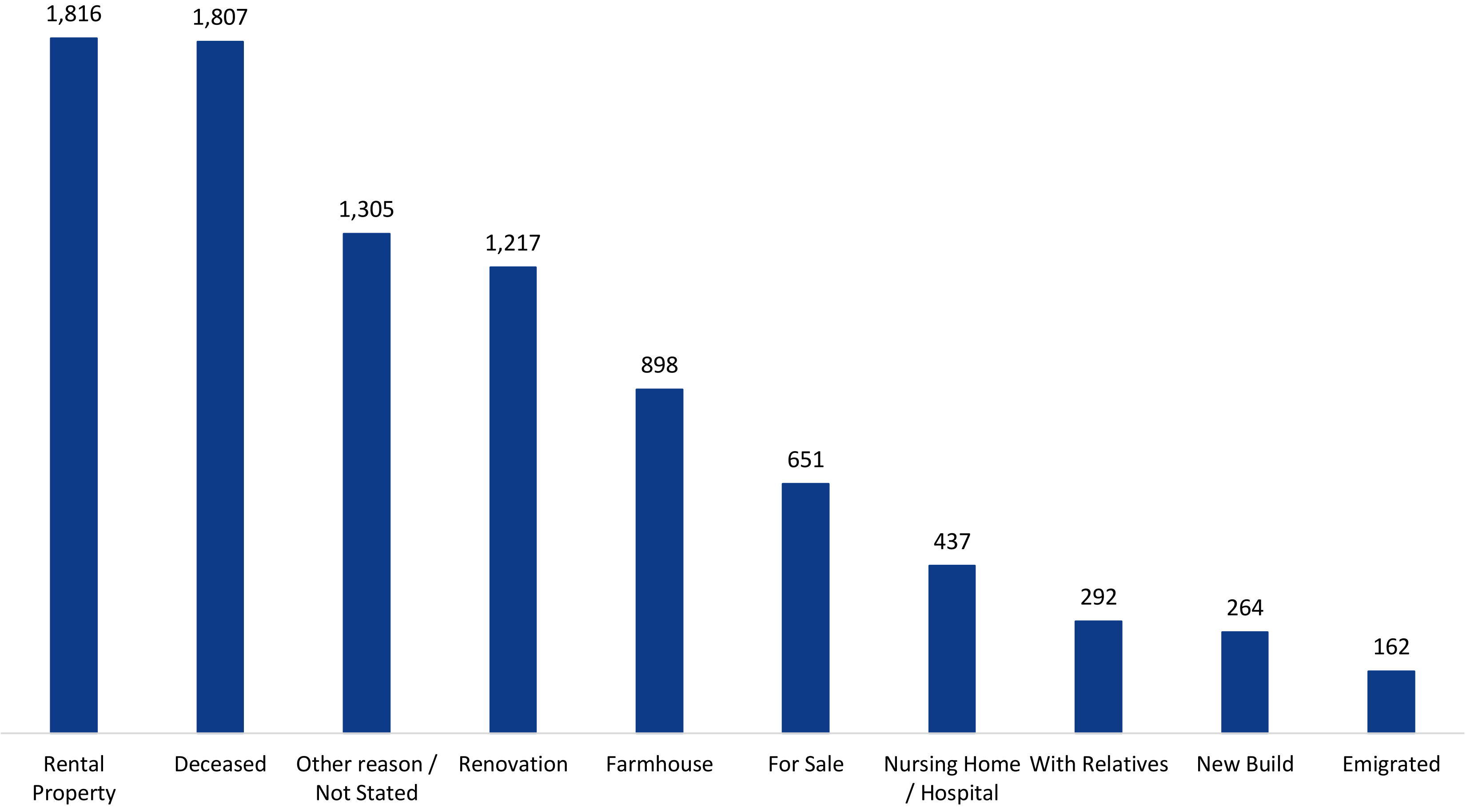
Reason for Vacancy?



- Not all vacant properties are viable for housing in the short / medium term
- A large number of vacant homes are in a 'transitionary' state, where the owners are deceased and not available to the market.

Evidence based approach is required for tackling vacancy and "headline grabbing" stats need to be interrogated

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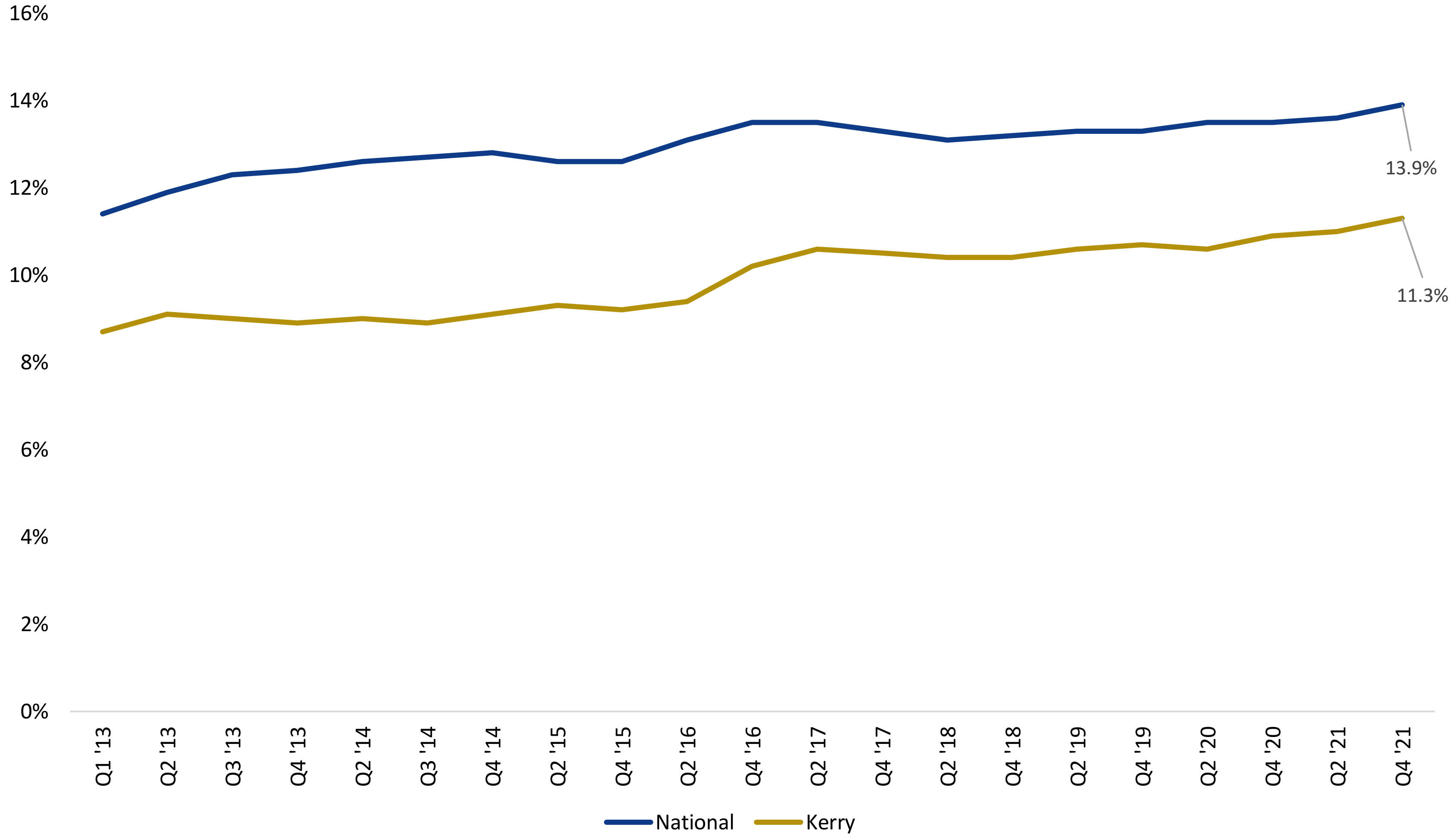
Source: CSO

Commercial Vacancy



Change from Q4 2020 – Q4 2021

Tralee: Increase to 15.9% (+0.1 pp)

Killarney: No change at 10.7%

Listowel: Increase to 17.5% (+2.5 pp)

- Overall trend for National and the South-West is increasing since 2013
- Kerry regularly having a low / the lowest commercial vacancy rate nationally.
- **2013 to 2021:**
  - Tralee – 13.5% → 15.9%
  - Killarney – 11.7% → 10.7%
  - Listowel – 12.2% → 17.5%

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Source: Geodirectory

Limerick Chamber Rental Tracker

Kerry Edition

40 All Homes

Available homes for rent in County Kerry between July 4th and July 26th 2022.

Icons: Flaticon.com

35 Residential Homes	0 Student Homes	3 Executive Homes	2 Summer / Short Term Rentals
€1,126 Average Price	€N/A Average Price	€2,717 Average Price	€2,550 Average Price
€1,100 Median Price	€N/A Median Price	€2,950 Median Price	€N/A Median Price
4 1-beds	0 1-beds	0 1-bed	0 1-beds
17 Apartments	0 Apartments	1 Apartments	0 Apartments
BER: B(*2), C(*10), D(*10), F(*1), G(*1), Exempt(*5)	BER: N/A	BER: A(*1)	BER: C(*1)

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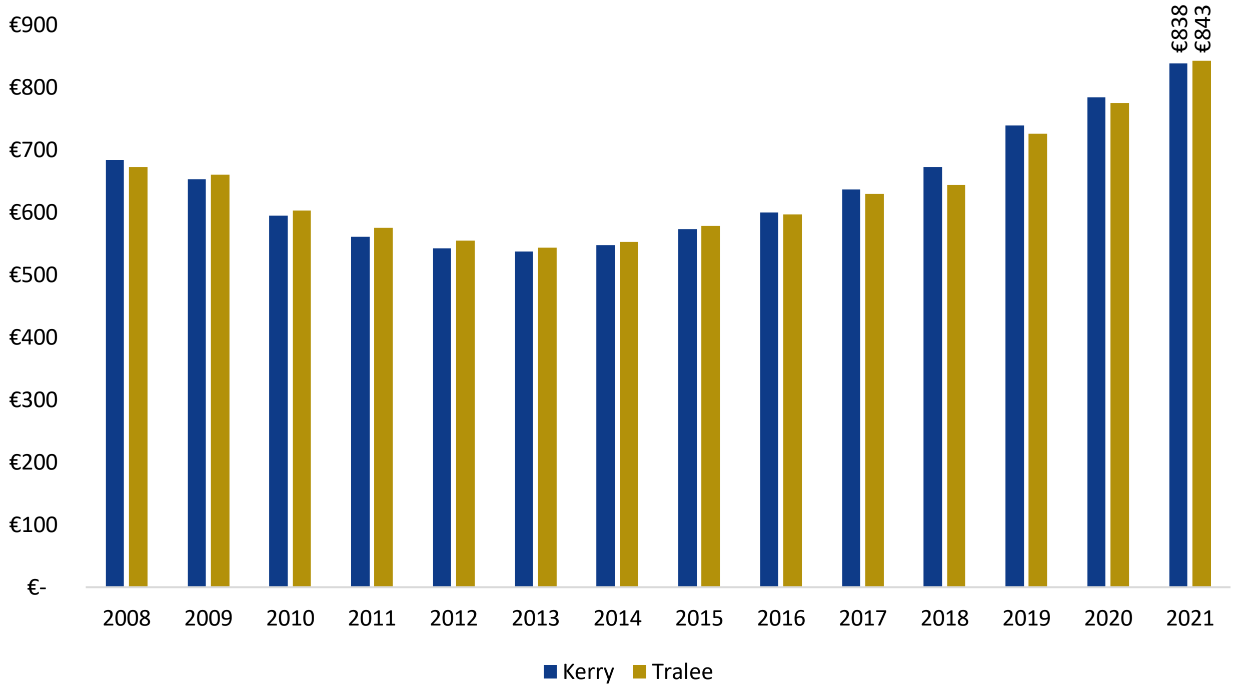
Average Rental Prices



Change from 2020 – 2021

- Kerry: Increase to 6.9% (+0.1 pp)
- Tralee: Increase of 8.8% (+2.5 pp)

Change from 2019 – 2021

- Kerry: Increase to 13.4%
- Tralee: Increase of 16.2%

RTB uses averages which can be skewed by outliers. Median would be more appropriate.

Average annual earnings for Kerry was €36,966 in 2018

Tralee

2019

€8,702
Yearly Cost Average

→

2021

€10,114
Yearly Cost Average

=

+ €1,411 per year
Additional Cost per

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Source: RTB

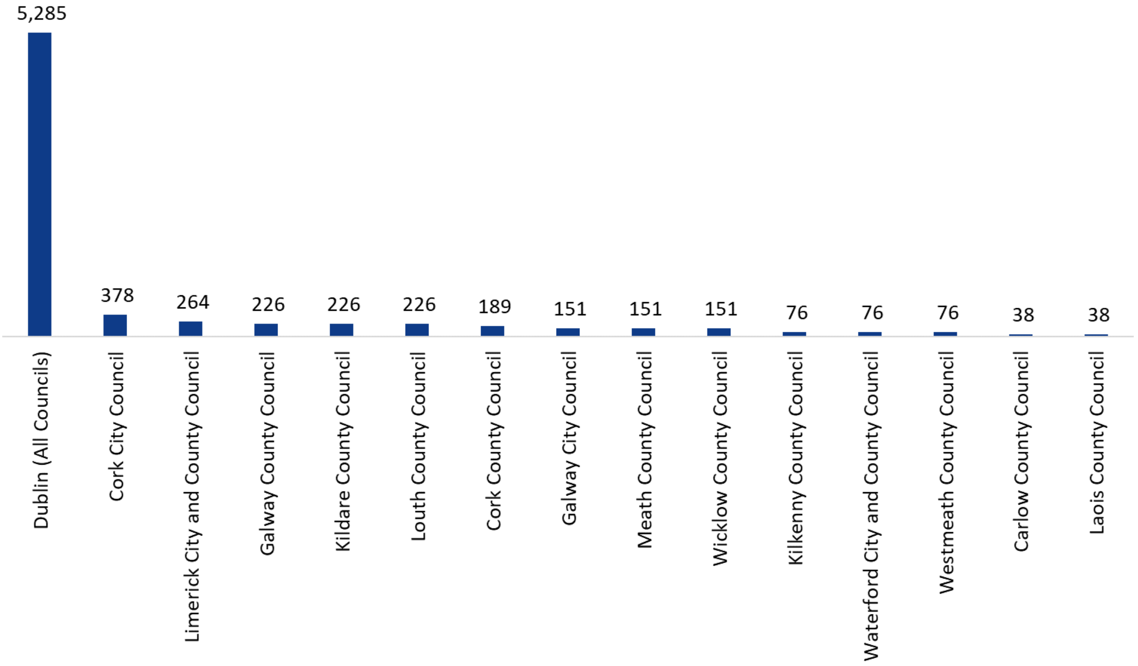
Housing for All Targets by 2030

Private	Social	Affordable
171,000	88,000	54,000

Data Source: Department of Finance, Q1 2022 Housing for All Update.

Local Authority Affordable Housing Delivery (2022-2026)

Local Authority	Total	Share of total	Avg. per year to 2026
Dublin (All Councils)	5,285	70%	1,057
Cork City Council	378	5%	76
Limerick City and County Council	**264**	3%	**53**
Galway County Council	226	3%	45
Kildare County Council	226	3%	45
Louth County Council	226	3%	45
Cork County Council	189	3%	38
Galway City Council	151	2%	30
Meath County Council	151	2%	30
Wicklow County Council	151	2%	30
Kilkenny County Council	76	1%	15
Waterford City and County Council	76	1%	15
Westmeath County Council	76	1%	15
Carlow County Council	38	1%	8
Laois County Council	38	1%	8
Total	7,551		1,510
Greater Dublin Area Total	***5,813***	***77%***	



"The five-year 2022-2026 total target for local authority affordable delivery is 7,550 (excluding those dwellings expected to be delivered affordably under the terms of Part V agreements). This five-year target has been allocated to eighteen local authority areas, where the need for affordable housing is determined as being a sufficiently significant proportion of overall housing need, as per the table below"

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Potential Solutions?

- Cost Rental implementation with a focus on the regions
- Reduce emphasis on leasing, turnkeys, HAP etc and focus on direct build
- Increased focused for AHB's to deliver affordable homes
- Reduce competition for owner occupiers
- Modular homes
- Autoenrollment pension to invest in cost rental
- Increase affordable provision through local authorities
- Review tenant purchase scheme
- Expand repair and lease to include cost rental
- Co-operative housing
- Increase Cost Rental Equity Loan (CREL) and Affordable Housing Fund (AHF)
- Levy on vacant properties
- Increase and expand Zoned Land Tax (ZLT)
- Expand and improve living cities initiative
- Use Urban Development Zones (see Germany)
- HTB style scheme for vacant derelict properties
- Greater focus on helping those purchase existing homes (second hand)
- Shared Equity (First Home Loan)
- Croí Conaithe improvements for the regions
- Expanded HTB to for apartments
- Deal with the bulk purchasing / non-market issue
- Improve student accommodation offering

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Thank-you

Further information please contact:

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Check out our policy documents: https://limerickchamber.ie/influence/

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