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Firhouse SHD

Firhouse, Dublin 24

Unit Mix Review & Justification Report

3rd June 2022

The purpose of this report is to review the market and unit mix and provide justification for the unit mix in respect of the proposed redevelopment of The Firhouse Inn, Firhouse, Dublin 24 (the “Property”).

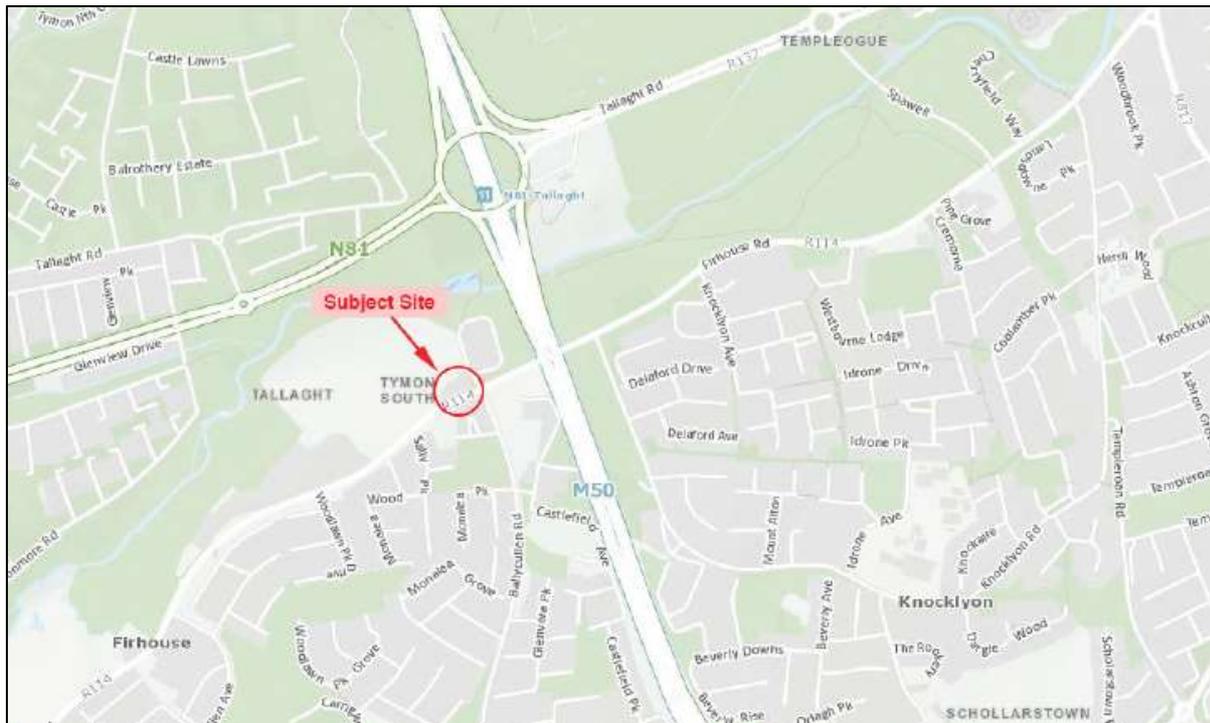
1. Introductory Overview

Firhouse is a well-established and mature south Dublin suburb. The property is situated on a main arterial route that links Rathfarnham, Templeogue and Ballyboden areas with Firhouse and Knocklyon.

This is a sought after and convenient residential location, which is easily accessible. The property is close to the M50 motorway and is well served by public transport, having the benefit of being served by Dublin Bus QBC’s with a bus stop adjacent to the property and a further bus stop within approximately 150 metres on Ballycullen Road.

Nearby facilities include the Firhouse Shopping Centre (anchored by SuperValu), located approximately 900 metres to the west and the Knocklyon Shopping centre, which is a similar distance to the south-east.

Location Map showing the Property



Site location Map for illustration purposes only

2. Development Description

Bluemont Developments (Firhouse) Limited intend to apply to An Bord Pleanála (the Board) for a Strategic Housing Development with a total site area of c.0.46 ha, on lands located at No. 2 Firhouse Road and the former 'Morton's The Firhouse Inn', Firhouse Road, Dublin 24.

The development will consist of the demolition of all existing structures on site (c. 1,326 sq m), including:

- Two storey building formally used as public house, ancillary off-licence and associated structures (c. 972 sq m);
- Two storey building comprising an existing barber shop and betting office (c. 260 sq m);
- Single storey cottage building and associated structures (c. 94 sq m); and
- Eastern boundary wall and gated entrance from Mount Carmel Park.

The development with a total gross floor area of c. 11,638 sq m, will also consist of 100 no. residential units arranged in 2 blocks (Blocks 01 and 02) ranging between 3 and 5 storeys in height, over lower ground floor and basement levels, comprising:

- 96 no. apartments (consisting of 2 no. studio units; 45 no. one bedroom units; 10 no. two bedroom (3 person) units; 34 no. two bedroom (4 person) units; and 5 no. three bedroom units), together with private (balconies and private terraces) and communal amenity open space provision at podium and roof levels; and
- 4 no. duplex apartments (consisting of 2 no. one bedroom units and 2 no. two bedroom units (4 person) located within Block B01, together with private balconies and terraces.
- The development will also consist of non-residential uses (c. 355 sq m), including:
 - 1 no. café (c. 58 sq m) and 1 no. office (c. 30 sq m) located at ground floor level of Block B01;
 - 1 no. medical unit (c. 59 sq m) and 1 no. betting office (c. 66 sq m) located at ground floor level of Block B02;
 - 1 no. barber shop (c. 28 sq m) located at ground floor level between Blocks 01 and 02; and
 - 1 no. crèche (c. 114 sq m) located at lower ground floor level of Block B01 and associated outdoor play area to the rear.

Vehicular access to the site will be from the existing access off Firhouse Road. The proposal includes minor alterations to the existing access, including the provision of new and enhanced pedestrian infrastructure.

The development will also consist of the provision of public open space and related play areas; hard and soft landscaping including internal roads, cycle and pedestrian routes, pathways and boundary treatments, street furniture, basement car parking (80 no. spaces in total, including accessible spaces); motorcycle parking; electric vehicle charging points; bicycle parking (long and short stay spaces including stands); ESB substations, piped infrastructural services and connections to existing public

services, (including relocation of existing surface water sewer and water main from within the application site onto the public roads area along Firhouse Road and Mount Carmel Park); ducting; plant; waste management provision; SuDS measures; stormwater management and attenuation; sustainability measures; signage; changes in levels; public lighting; and all ancillary site development and excavation works above and below ground.

Aerial Photograph showing the Property



Site location Map for illustration purposes only

It is evident from the photo above that the current housing stock in the locality surrounding the Property is predominantly low-rise houses, with very few apartments.

3. Supply / Demand Imbalances

There has been significant price growth in the market over the last 3-4 years, fuelled by the continuing imbalance between demand and supply of available accommodation for sale or to rent in the large urban areas, which is particularly acute in Dublin. Like many urban areas across Ireland, Dublin is experiencing a significant shortage of housing compared to the level of demand. The shortage of accommodation appears to be more pronounced in Dublin than most locations, where demographic and economic pressures are pushing demand for rental accommodation.

Demand for apartments is very strong and this is illustrated by consistently increasing price and rental levels. There is pent up, unsatisfied demand and an increasing population that is forecast to deliver sustained demand into the future. The demand is supported by a number of demographic sectors of the market – singles, couples and young families, all of whom are attracted by the advantages associated with apartment living.

The majority of renters in Dublin are looking for apartments rather than houses. As a result of the downturn in construction since 2008 and the costs and risks associated with the delivery of apartments over houses the supply of apartments, while increasing marginally, remains very low in an overall context. An increase in supply in apartments is anticipated over the next 5 years however, it is going to be a number of years before an equilibrium between supply and demand is reached.

As an illustration of demand, Hooke & MacDonald rented 737 newly built properties across 8 developments between August 2021 and January 2022. Most new developments being brought to the lettings market are renting at a rate of over 30 apartments per month and these new developments are assisting supply immediately.

4. Existing Housing Stock

According to the Central Statistics Office (CSO), from Q1 2016 to Q4 2020, there were 5,914 residential properties built in South Dublin County Council. On average during this time period, there were 1,278 residential properties built per year.

The table below demonstrates a comparison between South Dublin, the Dublin Local Authorities, Eastern and Midland Regional Assembly (EMRA) and the state's private households which shows that South Dublin's share of apartments is just 13.8%, remaining below the Dublin and overall region figure.

85% (78,232 units) of homes in South Dublin comprise of semi-detached (50%); terraced (24%) and detached (10%) houses compared to apartments at just 13% (12,729 units). It is evident that despite the growth in recent years, apartments still lag very far behind the other types of housing in the Local Authority Area.

*Private Households by Type of Private Accommodation in South Dublin,
Dublin, EMRA and State 2016 Census*

	Detached	Semi	Terraced	Apartment	Other	All private
South Dublin	9,674	46,387	22,171	12,729	1,562	92,523
	10.46%	50.14%	23.96%	13.76%	1.69%	100%
Dublin	55,149	167,090	128,609	119,499	9,336	479,683
	11.50%	34.83%	26.81%	24.91%	1.95%	100%
Eastern & Midland Regional Assembly (EMRA)	216,787	268,783	170,959	143,950	15,078	815,557
	26.58%	32.96%	20.96%	17.65%	1.85%	170%
State	715,133	471,948	284,569	200,879	29,760	1,702,289
	42.01%	27.72%	16.72%	11.80%	1.75%	100%

Source: CSO

Based on data from the Central Statistics Office, the South Dublin County Council area has the lowest amount of studio-1-bed / 2 bed (1-2 rooms and 3-4 rooms) in the Dublin, Region and States averages and the highest number of 3 to 4 bedroom dwellings (5-6 rooms at 47.8%) compared to the Dublin (36.9%), Region (38.7%) and State (39.9%) averages. We outline the breakdown in the table below:

Number of Rooms per Dwelling, SDCC, Dublin, EMRA, State 2016

Area	1-2 rooms	3-4 rooms	5-6 rooms	7-8 rooms	9 + rooms	Not stated	All
South Dublin	5,408	19,199	44,150	15,884	2,633	5,119	92,393
	5.90%	20.80%	47.80%	17.20%	2.80%	5.50%	100%
Dublin	55,091	122,512	176,831	76,367	17,301	31,057	479,159
	11.5%	25.6%	36.9%	15.9%	3.6%	6.5%	100.0%
EMRA	70,699	186,259	314,805	153,541	40,561	47,829	813,694
	8.7%	22.9%	38.7%	18.9%	5.0%	5.9%	100.0%
State	112,471	352,728	678,062	360,212	100,139	94,053	1,697,665
	6.6%	20.8%	39.9%	21.2%	5.9%	5.5%	100.0%

The satellite image below illustrates the high proportion of houses within Firhouse and the neighbouring areas such as Knocklyon and Tallaght. It is evident from our review of the satellite image and the location that houses, rather than apartment buildings, are by far the predominant accommodation type in the vicinity of the Property.

Satellite photograph showing the Property and the surrounding area



Aerial view taken from Google Maps of the subject property and the surrounding residential area.

5. New Build Completions

In 2021 there were reportedly 20,567 new home completions in Ireland. More than 50,000 new homes are expected to be built between now and the end of 2023, according to new analysis by Banking and Payments Federation Ireland.

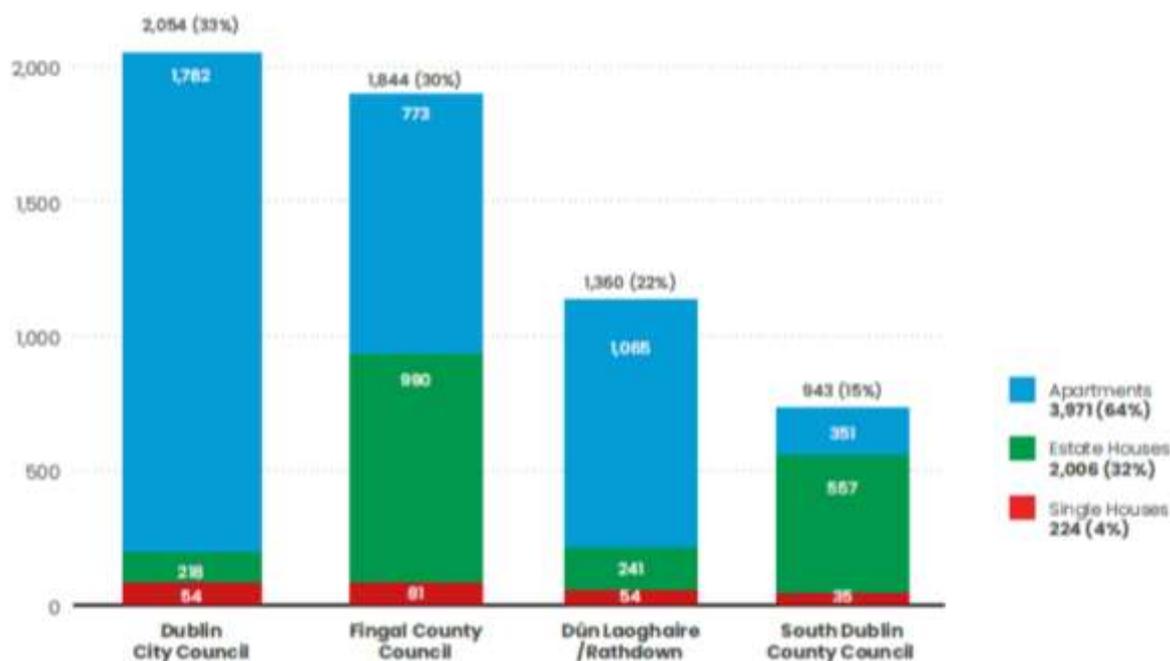
The Central Statistics office published that there were just 6,226 new houses and apartments built in Dublin last year; 33 per cent (2,077) in Dublin City Council; 30 per cent (1,844) in Fingal County Council; 22 per cent (1,362) in Dun Laoghaire-Rathdown; and 15 per cent (943) were in South Dublin County Council. Of the 6,226 new homes built in Dublin last year, 64 per cent (3,971) were apartments; 32 per cent (2,031) were estate houses and 4 per cent (224) were single houses.

The total CSO New Development Completions statistics for South Dublin County Council Local Authority areas in 2021 was only 943. By comparison, the South Dublin County Authority Area alone, comprising

just one of the four local authorities, projects the requirement of c. 2,545 new dwellings per annum in their Development Plan 2022 – 2028 (a total of c. 17,817 homes).

The graph below shows the housing completions in the four Dublin local authority areas in 2021. It is evident that the South Dublin area is lagging behind the other local authority areas in terms of apartment delivery. A review of the delivery level of apartments in the South Dublin County Council area over the last 10 years shows that the location has consistently under-delivered in terms of apartments. As a result, there continue to be a mis-match between the housing demand and that being supplied in the area.

New Housing Completions in the Four Dublin Local Authorities 2021



Analysis: Hooke & MacDonald Research

Demand for residential accommodation is at an all-time high and there has been a reduced number of homes available to rent. South Dublin County Council only accounted for 15% of new dwelling completions in Dublin last year. According to Daft.ie; there are just twelve apartments available to rent within a 3km radius from the subject property.

6. Population Growth

South Dublin's population in the 2016 Census was 278,767 persons, which is 21% of the total Dublin population. The draft South Dublin Development Plan 2022 – 2028 references that the population is to grow by an additional 46,518 persons up to a total population of 325,285 persons by 2028. In the context of this population growth, South Dublin will require almost 18,000 new homes by the end of 2028, over 2,000 per year.

The most recent Economic and Social Research Institute (ESRI) population projections report states that Ireland's population could grow to 5.6 million by 2040, requiring 28,000 new homes per annum over the next 20 years (approximately 926,000 people between 2016 and 2040). This would represent an annual population growth rate of 0.7% across the country based on assumptions about future trends in mortality, fertility and net migration.

Based on the population and housing projections over the lifetime of the Development Plan, the Housing Strategy and Interim Housing Needs Demand Assessment (HNDA) forecasts that 8,415 households will require support from South Dublin County Council up to 2028 which includes households currently on the housing list.

Research prepared by the Housing Agency and Future Analytics in recent years projected that the majority of new households forming in the year ahead would be, one, two or three person households. These households are more suited to apartments².

7. Proposed Unit Mix for the Property

We understand the proposed development comprises 100 no. apartments and commercial units; creche, offices, café, barber and bookmakers.

Proposed Residential Accommodation Summary for the Property

Unit Type	No. of Units	Avg. Size SqM	% Unit Mix
Studio	2	38	2%
One Bedroom	45	49	45%
Two Bedroom (3 Person)	10	73	10%
Two Bedroom (4 Person)	34	78	34%
Three Bedroom	5	100	5%
One Bedroom Duplex	2	61	2%
Two Bedroom Duplex	2	97	2%
Total	100	6,468	100%

With any development the unit mix is critical. One-bedroom apartments provide a higher sale price per square foot but can also skew valuations as the overall rate per square foot for the development increases and the feedback we have received is that it can make a development look expensive in comparison to other developments recently sold or in other jurisdictions. Two-bedroom apartments

are also more affordable as they can accommodate two, three or four people sharing the one apartment.

Most apartment developments completed in recent years have a larger number of two-bedroom units but we are seeing stakeholders and advisors pushing unit numbers and densities with a view to maximizing returns since the new standards were released and there will be a number of developments that have a large proportion of one-bedroom units brought to the market for sale and letting over the next 12 months.

Hooke & MacDonald believe the proposed development and location would be very suitable for the owner occupier and rental market. We have not received the proposed floor plans, however, based on the residential accommodation summary provided, the proposed unit typology is suitable for this area and will be desirable in the market.

Taking into account the local area, South Dublin is predominately made up of three to four bedroom dwellings, there is strong demand for one bedroom and two bedroom units in the area. The proposed development will facilitate this demand and comprise of approximately 51 no. studio and one bedroom apartments (50%); 46 no. two bedroom apartments and duplexes (46%) and 4 no. three bedroom apartments (4%).

Taking into account our experience in the market and having been involved in a number of successful sales and leasing campaigns, we are seeing less demand for three-bedroom apartments in new developments. We receive a higher volume of enquiries and demand for one bedroom and two bedroom apartments for sale and rent.

8. Conclusion

Dominating the housing market is the increasing supply and demand imbalance. Ireland's population is continuing to grow and is predicted to increase to 6.9 million people by 2050. In order to meet this demand, it is estimated 50,000 new-built homes will be needed per annum. The lack of supply in the market and the demographic factors are putting upward pressure on prices, rents and affordability.

On review of the local and surrounding areas at Firhouse, there is a significant shortage of good quality modern apartments for sale or to rent in the market. The provision of the proposed unit mix at the Property, predominately one bedroom and two bedroom apartments, will allow for increased delivery of accommodation and more efficient use of land, thus allowing South Dublin County Council area, and the State, a better opportunity of meeting its housing targets, as previously outlined. And it will also assist in rebalancing the locality away from houses towards much needed apartments, which currently only make up 13% of the stock in the Local Authority area. This approach is also in line with the with national spatial strategies to increase densities.

As a result of the above, we conclude that the proposed unit mix for the Property is very appropriate for this site.