



Chartered property,
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THE REAL COST OF NEW HOUSING DELIVERY 2023

NATIONAL ANALYSIS OF REAL MARKET DATA TO EVALUATE
THE VIABILITY AND AFFORDABILITY OF NEW HOUSING DEVELOPMENT

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FOREWORD

To address Ireland's ongoing housing crisis, it is essential to find the correct equilibrium between housing affordability for consumers across all tenure types, and ensuring the viability of housing projects for development.

The SCSi's unique position of having access to some of the most up-to-date construction and market data through its network of 12 surveying disciplines ensures strong, evidence-based policy recommendations for housing delivery across the country. The SCSi identified an information gap on average delivery costs of new housing and therefore published its Real Cost of New Housing Report 2016. Our updated Real Cost of New Housing Report in 2020 provided a great opportunity to compare and contrast the impact of intervening regulatory changes and market conditions on overall delivery costs. Over three years on, our third Real Cost of New Housing Report covers all regions and not just the Greater Dublin Area (GDA). The average delivery costs in the GDA at the end of 2023 are 24% higher compared to the middle of 2020. This equates to approximately a 7% per annum increase over this period. This uplift is influenced by an increase in 'hard costs' (bricks and mortar), which are up 27% or just under €49,000, while 'soft costs' (land, levies, finance, VAT, margin) increased by 21% on average or just over €41,000. The rising costs associated with housing delivery pose substantial challenges in terms of both affordability and viability.

Significant events have occurred in the past few years, such as the invasion of Ukraine and the impact of Covid on material and labour costs. Like many sectors, the development market has had to grapple with increasing mortgage interest rates, which negatively impact on buyers and also on debt finance within the development market, which in turn negatively impacts on house delivery costs. As inflation levels begin to subside, the sector and Government must continue their efforts to embed further changes that further support viability, affordability and the sustainable delivery of new housing. The SCSi welcomes draft Government proposals to increase densities within new housing estates with the draft Sustainable and Compact Settlements Guidelines. This proposal could potentially make more suburban sites more viable as it reduces the requirement

for expensive apartment building to increase overall densities. As an alternative, the new Guidelines aim to ensure compact growth through new designs, by delivering medium density at lower building heights. As the built environment contributes approximately 36% of global greenhouse gas emissions, it is vital that more is done to deliver increased levels of housing in the most sustainable way possible.

Sticking with the density theme, the Government's recognition of the benefits of universal design across new developments is aimed at supporting those with disabilities, and catering for an ageing population. Universal design is not just intended to benefit those who may have mobility constraints due to age, but also those with varying types of disabilities. Anything that can be done to help people who wish to remain in their own home for care should be explored and costed. This research will hopefully inform debate and discussions regarding universal design within a cost-benefit analysis.

The impending conclusion of planning and development reform will hopefully address the majority of the main risks and costs with development. The SCSi is confident that our recommendations within this report, if put into action, will enhance housing affordability and feasibility, ultimately leading to an expansion in availability. Previous SCSi recommendations, such as the temporary removal of development levies, the use of shared equity in the market, and the need for regulatory impact assessments on new regulations are positive new improvements already implemented, and we hope further changes can be progressed to ensure that new housing is delivered at scale and is affordable.

Finally, our commitment to publishing credible, consistent, and impartial data remains unwavering as we continue to support the formulation and execution of reputable housing policies that serve the public's best interests. We express our gratitude to all those who contributed to this report, with special appreciation to our chartered members for sharing the extensive data and industry insights upon which this report is based.

Micheál Mahon MSCSI MRICS, Chairperson, SCSi Working Group



ABOUT THE SCSI

The construction of new housing is a key focus of Government and a key concern of the SCSI due to the significant undersupply of housing across multiple tenures, and a growing population. The SCSI's advocacy activities are broad principally because we represent 12 professional disciplines within our membership. This provides the SCSI with a unique viewpoint with which provide representations to stakeholders such as Government across a variety of policy areas that impact on the built and natural environment.

One of our key objectives is to provide impartial, independent and authoritative advice on key issues for consumers, business and policymakers, as well as advancing and maintaining standards for Chartered Surveyors working in the property, construction and land sectors. All aspects of the profession, from education through to qualification and the continuing maintenance of the highest professional standards, are regulated and overseen through the partnership of the Society of Chartered Surveyors Ireland and Royal Institution of Chartered Surveyors, in the public interest.

The construction of new housing is a key focus of Government and a key concern of the SCSI due to the significant undersupply of housing across multiple tenures, and a growing population.



EXECUTIVE SUMMARY

This latest SCSi research provides a detailed analysis of the average delivery costs of a new three-bedroom semi-detached private home. The research covers seven regions: the Greater Dublin Area (GDA), Cork region, Galway region, Northeast region, Northwest region, Midlands region and Southeast region.

The SCSi established an expert working group consisting of property, land and construction surveyors to gather information on housing delivery costs across Ireland and assess this against current market values to determine financial viability. The results from the GDA are compared against previous SCSi Real Cost of New Housing Reports, which were limited to average costs in the GDA.

The report also examines affordability. Affordability is assessed using averaged data, i.e., average gross salaries in Ireland, average Help to Buy drawdowns, and average market values for new three-bedroom semi-detached homes.

General findings within the Greater Dublin Area (GDA)

The findings outline that 'hard costs' account for 49% of overall average delivery costs. 'Soft costs' account for 51%.

In mid-2020, our Real Cost of New Housing Delivery research reported that it cost on average €371,111 to deliver a three-bedroom semi-detached home (114sqm) to the GDA market. Over three years on, our research shows that the average cost of new housing delivery for the GDA is €461,437, which represents a 24% (€90,126) increase over the last three-and-a-half years. This uplift is largely influenced by an increase in hard costs (bricks and mortar), which are up 27% or around €49,000, while soft costs (land, VAT, finance, fees, margin) increased by 21% or over €41,000 on average.

Hard costs – a term to describe the 'bricks and mortar' element of building a home.

Soft costs – a term to describe land, levies, VAT, finance, and margin.

Margin – includes a combination of profit, return on developer equity investment finance, equity reserve for next site purchase, and ultimate risk allowance. Adequate margin is critical to secure investment.

Cost drivers in the GDA

The main cost drivers within the GDA over this period (per unit on average) are increased costs associated with house building (up €40,000). Some of the most prominent cost drivers in the delivery of new housing since the previous 2020 SCSi Real Cost of New Housing Report are: higher costs for energy and fuel; shipping costs of building materials; material cost inflation across a number of building inputs such as concrete, insulation, electrical and plumbing components; and, higher costs associated with steel reinforcement and timber.

General findings – national average

On average, the cost of delivering a three-bedroom semi-detached home ranges from €354,000 in the Northwest region, to over €461,000 in the GDA. The overall average delivery cost of a new three-bedroom semi-detached house is 30% higher in the GDA when compared to the lowest delivery cost of the Northwest region.

EXECUTIVE SUMMARY

Hard costs – national average

Hard costs, which includes house building costs, siteworks within curtilage and site development, ranged from just over €198,000 in the northwest region to just over €227,000 in the GDA, representing approximately a 15% differential. As a national average, hard costs are 53% of overall delivery costs.

Soft costs – national average

Costs range from approximately €156,000 in the northwest region of the country to just over €233,000 in the GDA. On a national average basis, land and acquisition costs (per unit) equate to 13% of overall delivery costs. Soft costs are on average 47% of total delivery costs.

Public sector housing

The hard cost of building public sector housing, based on the findings of our survey, are slightly more expensive than the hard costs of building in the private sector, with our sample indicating a range of 5-10% more expensive. This could be attributed to several factors that would require further detailed review, but typically we would note that many of the public sector housing projects in our sample were on 'brown field' sites, which can add to the cost of delivery.

Financial viability

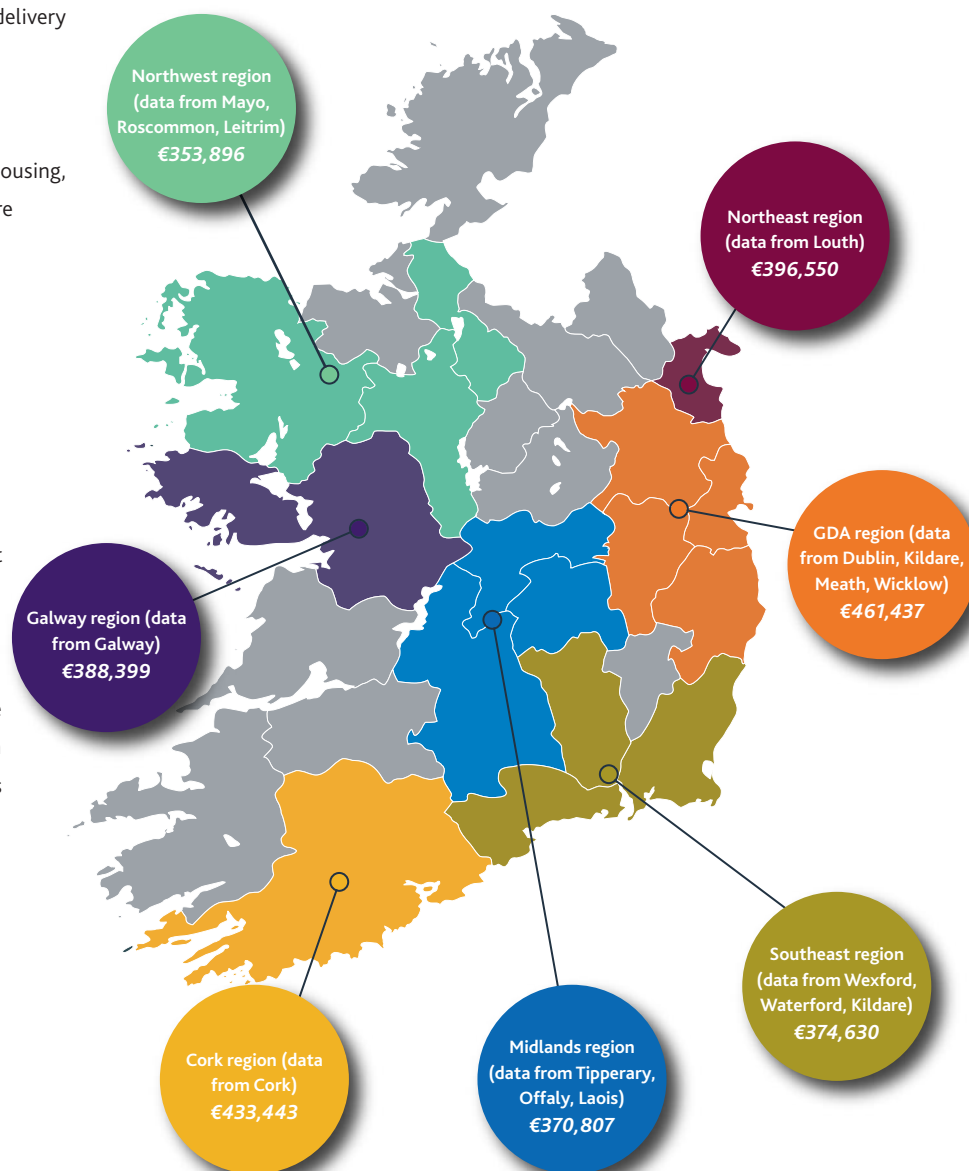
Financial viability is assessed using average market value data of new three-bedroom semi-detached properties across the various regions, received from SCSi valuers and estate agents. Financial viability is determined by subtracting market value from overall delivery costs. The research shows that financial viability, on average, is most challenged in areas of lower market values. The region where this challenge is

greatest is the Midlands region, followed by the Cork region and then the Northeast region.

Affordability

The SCSi examines affordability from the perspective of first-time buyers (FTBs) with an average combined salary of €94,616¹ taking out a mortgage² with the support of the Government's Help to Buy scheme.³ The Midlands and the Northwest are the most affordable regions for the purchase of a new home using averaged market value data. The regions that are the most unaffordable are the GDA, Galway region and Cork region.

Total delivery costs



¹ Central Statistics Office. Average weekly earnings – Q2 2023.

² Average loan-to-income (LTI) ratio of 3.3 times gross income. Data from 2022 Central Bank of Ireland – <https://www.centralbank.ie/financial-system/financial-stability/macroeconomic-policy/mortgage-measures/new-mortgage-lending-data>.

³ Help to Buy (HTB) statistics 2022 – <https://www.revenue.ie/en/corporate/documents/statistics/tax-expenditures/help-to-buy-annual-report-2022.pdf>.



SECTION 1: INTRODUCTION

The Government's Housing for All strategic plan set out its ambitions to deliver approximately 300,000 homes over the period 2021 to 2030. The official housing completions figure for 2022 was 29,851, an increase of 45% from 2021 and 41% from 2019, pre pandemic. This is a positive development; however, every effort must be made to increase this number of completions each year so that overall targets can be achieved. It must be noted that the Housing for All numbers are based on the Housing Need and Demand Assessment from the 2016 Census, yet Ireland's population has grown by 8%, which calls into question this current target and suggests the need for an immediate revision to take account of the new data.

The SCSi is playing its part by informing Government and other stakeholders on the costs associated with the delivery of new private and public housing to the market. The housing and homelessness crisis continues, and a greater ramping up of housing delivery is required to ensure that Ireland can provide for growing accommodation demands across multiple tenure types including cost rental, private housing, social housing and affordable housing.

By mobilising SCSi members and establishing an expert group, SCSi

surveying disciplines that were represented in the publication of this report include quantity surveying, valuation, estate agency, land agency, planning and financing. Following the preparation of a detailed survey, construction data was sought and gathered from Chartered Quantity Surveyors operating within consultancy and construction/development firms. The SCSi research provides a detailed analysis of the average costs associated with the delivery of new three-bedroom semi-detached private development units to the market across seven regions: the Greater Dublin Area (GDA), Cork region, Galway region, Northeast region, Northwest region, Midlands region and Southeast region. As the three-bedroom semi-detached home is one of the most common new housing typologies, this data was assessed in the context of a first-time buyer starter home for many prospective purchasers across the country. Government proposals are currently examining more sustainable residential design guidelines that may reduce the prevalence of the three-bedroom semi-detached in favour of more compact, own-front-door housing units. This study, however, will be of benefit to policymakers examining the new guidelines from several perspectives, including the overall cost of delivery.

The SCSi is playing its part by informing Government and other actors on the costs associated with the delivery of new private and public housing to the market.

SECTION 2: COST OF PROVIDING NEW PRIVATE HOUSING



SECTION 2: COST OF PROVIDING NEW PRIVATE HOUSING

The SCSi undertook an extensive and detailed study of over 80 development sites throughout the country, with development sizes ranging from small builds to larger developments, to gauge a holistic understanding of current market trends. The data was received in 2023 and rebased to account for inflation that would have been accrued since the projects' initial tender date. The SCSi acknowledges the temporary waiver of development contributions and the Uisce Eireann rebate on connection charges. For the purposes of the

delivery costs within this report, those charges are included due to the temporary nature of these initiatives.

Cost comparison within the GDA

Previous SCSi Real Cost of New Housing Reports assessed overall delivery costs within the GDA. **Table 1** outlines the cost trends from 2016 to 2023. The most significant average cost increases occurred in elements such as

Table 1: Elemental cost breakdown for the Greater Dublin Area 2016, 2020 and 2023.

	2016	% change	2020	% change	2023	€ difference 2020 to 2023
House building cost	€122,251	14	€138,835	29	€179,022	€40,187
Siteworks within site	€10,000	22	€12,241	12	€13,680	€1,439
Site development	€18,000	55	€27,826	26	€35,112	€7,286
Professional fees	€5,500	3	€5,650	91	€10,800	€5,150
Levies	€11,750	19	€13,984	33	€18,645	€4,661
Land and acquisition	€57,500	6	€60,823	15	€69,962	€9,139
Sales and marketing	€8,200	2	€8,400	7	€9,000	€600
Finance costs	€20,002	-16	€16,716	37	€22,874	€6,158
Margin	€37,980	12	€42,671	26	€53,864	€11,193
VAT	€39,310	12	€44,165	10	€48,478	€4,313
Total	€330,493	12	€371,311	24	€461,437	€90,126

Source: SCSi research.

SECTION 2: COST OF PROVIDING NEW PRIVATE HOUSING

house building (+€40,187), VAT (+€4,313), and margin (+€11,193). There was approximately a 26% increase in the cost of delivering a three-bed semi-detached home in the GDA, increasing from an average of €371,311 (including VAT) in 2020 to an average of €461,437 (including VAT) in 2023. This represents an average annual increase of 7% over the three-and-a-half years.

The SCSi undertook an extensive and detailed study of over 80 development sites throughout the country, with development sizes ranging from small builds to larger developments, to gauge a holistic understanding of current market trends.

The cost of building the house structure, including overall site development and the site works required within the confines of the three-bed semi-detached house, amount to €227,814 (ex. VAT) on average. This is an average increase of 27% in the three-and-a-half years since the previous SCSi Real Cost of Housing Report, which reports on costs within the GDA only.

Average increases in soft costs are also prevalent, with an additional €41,214 being added to the cost of a new unit since 2020 (Table 2).

This third edition report is now expanded to cover seven regions in Ireland, as set out in Table 3. On average, overall new housing delivery costs ranged from €353,896 in the Northwest region to €461,437 in the GDA, representing a percentage difference between the two regions of 30%.

There is a 15% differential in hard costs between the most and least expensive regions (GDA and Northwest region, respectively).

The rationale for this differential is due to lower land costs, levies and labour, and the associated lower cost impact this has on other overheads such as VAT and finance costs.

Table 2: Greater Dublin Area – hard cost and soft cost trends, 2020 and 2023.

Element	2023	2020	% difference
Hard costs (house building costs)	€227,814	€178,902	27
Soft costs (land levies, fees, finance, marketing, VAT and margin costs)	€233,623	€192,409	21
Total delivery cost	€461,437	€371,311	24

Source: SCSi research.

Table 3: Summary of new housing delivery costs nationally.

Element (per unit)	GDA region (data from Dublin, Kildare, Meath, Wicklow)	Northeast region (data from Louth)	Northwest region (data from Mayo, Roscommon, Leitrim)	Galway region (data from Galway)	Cork (data from Cork)	Midlands (data from Tipperary, Offaly, Laois)	Southeast (data from Wexford, Waterford, Kilkenny)
Total house delivery cost	€461,437	€396,550	€353,896	€388,399	€433,443	€370,807	€374,630
% difference (lowest cost region based)	30%	12%	0%	10%	22%	5%	6%

Source: SCSi research.

SECTION 2: COST OF PROVIDING NEW PRIVATE HOUSING

GREATER DUBLIN AREA (DUBLIN, MEATH, KILDARE, WICKLOW)

HARD COST per house (incl. indirect/preliminaries costs)	€ amount	€ psm	%
Substructure	€21,005	€184	5%
Superstructure	€78,049	€685	17%
Completion	€22,636	€199	5%
Finishes	€26,912	€236	6%
Fittings	€10,083	€88	2%
Services (incl. sanitary ware, rainwater)	€20,338	€178	4%
Subtotal (A)	179,022	€1,570	39%
Siteworks (within site curtilage)	€13,680	€120	3%
Site development cost per unit	€35,112	€308	8%
Subtotal (B)	€48,792	€428	11%
SOFT COST (per house)			
Professional fees	€10,800	€95	2%
Subtotal (C)	€10,800	€95	2%
Development levies (per unit)			
Planning authority development levies	€11,900	€104	3%
Subtotal (D)	€11,900	€104	3%
Utility levies (per unit)			
Electricity connection levy	€925	€8	0%
Gas connection levy	€220	€2	0%
Irish Water	€5,600	€49	1%
Subtotal (E)	€6,745	€59	1%
Land and development costs			
Land cost	€67,433	€592	15%
Stamp Duty on land purchase	€1,349	€12	0%
Land purchase agent and legal fees	€1,180	€10	0%
Part V	Included in land cost		
Show house and sales measures on site (where applicable)	€1,200	€11	0%
Marketing (where applicable)	€1,600	€14	0%
Sales agent fees (where applicable)	€3,100	€27	1%
Sales legal fees (where applicable)	€3,100	€27	1%
Subtotal (F)	€78,962	€693	17%
Finance cost			
Finance cost on land purchase	€10,096	€89	2%
Finance cost on construction	€12,778	€112	3%
Subtotal (G)	€22,874	€201	5%
Margin and VAT			
Developer margin	€53,864	€472	12%
VAT	€48,478	€425	11%
Subtotal (H)	€102,342	€898	22%
TOTAL HOUSE PROVISION COST	€461,437	€4,048	100%

Rounding within percentage column.

Source: SCSl research.

SECTION 2: COST OF PROVIDING NEW PRIVATE HOUSING

CORK REGION

HARD COST per house (incl. indirect/preliminaries costs)	€ amount	€ psm	%
Substructure	€12,749	€112	4%
Superstructure	€70,356	€617	16%
Completion	€22,827	€200	5%
Finishes	€28,938	€254	7%
Fittings	€12,901	€113	3%
Services (incl. sanitary ware, rainwater)	€23,466	€206	5%
Subtotal (A)	€171,237	€1,502	40%
Siteworks (within site curtilage)	€14,540	€128	3%
Site development cost per unit	€38,346	€336	9%
Subtotal (B)	€52,886	€464	12%
SOFT COST (per house)			
Professional fees	€10,650	€93	2%
Subtotal (C)	€10,650	€93	2%
Development levies (per unit)			
Planning authority development levies	€5,585	€49	1%
Subtotal (D)	€ 5,585	€49	1%
Utility levies (per unit)			
Electricity connection levy	€925	€8	0%
Gas connection levy	€220	€2	0%
Irish Water	€5,600	€49	1%
Subtotal (E)	€6,745	€59	2%
Land and development costs			
Land cost	€60,000	€526	14%
Stamp Duty on land purchase	€1,200	€11	0%
Land purchase agent and legal fees	€1,050	€9	0%
Part V impact per private house (where applicable)	Included in land cost		
Show house and sales measures on site (where applicable)	€1,200	€11	0%
Marketing (where applicable)	€1,600	€14	0%
Sales agent fees (where applicable)	€3,100	€27	1%
Sales legal fees (where applicable)	€3,100	€27	1%
Subtotal (F)	€71,250	€625	16%
Finance cost			
Finance cost on land purchase	€8,983	€79	2%
Finance cost on construction	€12,336	€108	3%
Subtotal (G)	€21,319	€187	5%
Margin and VAT			
Developer margin	€49,353	€433	11%
VAT	€44,418	€390	10%
Subtotal (H)	€93,771	€823	22%
TOTAL HOUSE PROVISION COST	€433,443	€3,802	100%

Rounding within percentage column.

Source: SCSl research.

SECTION 2: COST OF PROVIDING NEW PRIVATE HOUSING

GALWAY REGION

HARD COST per house (incl. indirect/preliminaries costs)	€ amount	€ psm	%
Substructure	€12,499	€110	3%
Superstructure	€53,590	€470	14%
Completion	€24,635	€216	6%
Finishes	€38,942	€342	10%
Fittings	€8,160	€72	2%
Services (incl. sanitary ware, rainwater)	€34,697	€304	9%
Sub-Total (A)	€172,524	€1,513	44%
Siteworks (within site curtilage)	€19,534	€171	5%
Site development cost per unit	€27,241	€239	7%
Sub-Total (B)	€46,775	€410	12%
SOFT COST (per house)			
Professional fees	€10,421	€91	3%
Sub-Total (C)	€10,421	€91	3%
Development levies (per unit)			
Planning authority development levies	€10,260	€90	3%
Subtotal (D)	€10,260	€90	3%
Utility levies (per unit)			
Electricity connection levy	€925	€8	0%
Gas connection levy	€220	€2	0%
Irish Water	€5,600	€49	1%
Subtotal (E)	€6,745	€59	2%
Land and development costs			
Land cost	€47,981	€421	12%
Stamp Duty on land purchase	€960	€8	0%
Land purchase agent and legal fees	€840	€7	0%
Part V impact per private house (where applicable)	Included in land cost		
Show house and sales measures on site (where applicable)	€1,200	€11	0%
Marketing (where applicable)	€1,600	€11	0%
Sales agent fees (where applicable)	€3,100	€14	1%
Sales legal fees (where applicable)	€3,100	€27	1%
Subtotal (F)	58,780	€27	15%
Finance cost			
Finance cost on land purchase	€7,184	€63	2%
Finance cost on construction	€4,227	€37	1%
Subtotal (G)	€11,411	€100	3%
Margin and VAT			
Developer margin	€37,662	€330	10%
VAT	€33,860	€297	9%
Subtotal (H)	€71,482	€627	18%
TOTAL HOUSE PROVISION COST	€388,399	€3,407	100%

Rounding within percentage column.

Source: SCSl research.

SECTION 2: COST OF PROVIDING NEW PRIVATE HOUSING

NORTHEAST REGION (LOUTH)

HARD COST per house (incl. indirect/preliminaries costs)	€ amount	€ psm	%
Substructure	€12,496	€114	3%
Superstructure	€46,366	€407	12%
Completion	€17,182	€151	4%
Finishes	€50,472	€443	13%
Fittings	€6,498	€57	2%
Services (incl. sanitary ware, rainwater)	€31,941	€280	8%
Subtotal (A)	€165,405	€1,451	42%
Siteworks (within site curtilage)	€18,032	€158	5%
Site development cost per unit	€31,082	€273	8%
Subtotal (B)	€49,114	€431	12%
SOFT COST (per house)			
Professional fees	€10,193	€89	3%
Subtotal (C)	€10,193	€89	3%
Development levies (per unit)			
Planning authority development levies	€11,646	€102	3%
Subtotal (D)	€11,646	€102	3%
Utility levies (per unit)			
Electricity connection levy	€925	€8	0%
Gas connection levy	€220	€2	0%
Irish Water	€5,600	€49	1%
Subtotal (E)	€6,745	€59	2%
Land and development costs			
Land cost	€44,500	€390	11%
Stamp Duty on land purchase	€890	€8	0%
Land purchase agent and legal fees	€779	€7	0%
Part V impact per private house (where applicable)	Included in land cost	€0	0%
Show house and sales measures on site (where applicable)	€1,200	€11	0%
Marketing (where applicable)	€1,600	€14	0%
Sales agent fees (where applicable)	€3,100	€27	1%
Sales legal fees (where applicable)	€3,100	€27	1%
Subtotal (F)	€55,169	€484	14%
Finance cost			
Finance cost on land purchase	€6,663	€58	2%
Finance cost on construction	€12,138	€106	3%
Subtotal (G)	€18,801	€165	5%
Margin and VAT			
Developer margin	€38,049	€334	10%
VAT	€41,429	€363	10%
Subtotal (H)	€79,477	€697	20%
TOTAL HOUSE PROVISION COST	€396,550	€3,479	100%

Rounding within percentage column.

Source: SCSl research.

SECTION 2: COST OF PROVIDING NEW PRIVATE HOUSING

NORTHWEST REGION (MAYO, LEITRIM, ROSCOMMON)

HARD COST per house (incl. indirect/preliminaries costs)	€ amount	€ psm	%
Substructure	€14,820	€130	4%
Superstructure	€37,050	€325	10%
Completion	€17,100	€150	5%
Finishes	€34,656	€304	10%
Fittings	€19,950	€175	6%
Services (incl. sanitary ware, rainwater)	€26,640	€260	8%
Subtotal (A)	€153,216	€1,344	43%
Siteworks (within site curtilage)	€19,608	€172	6%
Site development cost per unit	€24,738	€217	7%
Subtotal (B)	€44,346	€389	13%
SOFT COST (per house)			
Professional fees	€9,333	€82	3%
Subtotal (C)	€9,333	€82	3%
Development levies (per unit)			
Planning authority development Levies	€3,325	€29	1%
Subtotal (D)	€3,325	€29	1%
Utility levies (per unit)			
Electricity connection levy	€925	€8	0%
Gas connection levy	€220	€2	0%
Irish Water	€5,600	€49	2%
Subtotal (E)	€ 6,745	€59	2%
Land and development costs			
Land cost	€34,250	€300	10%
Stamp Duty on land purchase	€685	€6	0%
Land purchase agent and legal fees	€599	€5	0%
Part V impact per private house (where applicable)	Included in land cost	€0	0%
Show house and sales measures on site (where applicable)	€1,200	€11	0%
Marketing (where applicable)	€1,600	€14	0%
Sales agent fees (where applicable)	€3,100	€27	1%
Sales legal fees (where applicable)	€3,100	€27	1%
Subtotal (F)	€44,534	€391	13%
Finance cost			
Finance cost on land purchase	€5,128	€45	1%
Finance cost on construction	€10,848	€95	3%
Subtotal (G)	€15,976	€140	5%
Margin and VAT			
Developer margin	€40,221	€353	11%
VAT	€36,199	€318	10%
Subtotal (H)	€76,421	€670	22%
TOTAL HOUSE PROVISION COST	€353,896	€3,104	100%

Rounding within percentage column.

Source: SCSl research.

SECTION 2: COST OF PROVIDING NEW PRIVATE HOUSING

SOUTHEAST REGION (WEXFORD, WATERFORD, KILKENNY)

HARD COST per house (incl. indirect/preliminaries costs)	€ amount	€ psm	%
Substructure	€11,414	€100	3%
Superstructure	€64,220	€563	17%
Completion	€15,183	€133	4%
Finishes	€33,561	€294	9%
Fittings	€8,502	€75	2%
Services (incl. sanitary ware, rainwater)	€25,719	€226	7%
Subtotal (A)	€158,600	€1,391	42%
Siteworks (within site curtilage)	€11,969	€105	3%
Site development cost per unit	€32,610	€286	9%
Subtotal (B)	€44,579	€391	12%
SOFT COST (per house)			
Professional fees	€9,655	€85	3%
Subtotal (C)	€9,655	€85	3%
Development levies (per unit)			
Planning authority development levies	€4,100	€36	1%
Subtotal (D)	€4,100	€36	1%
Utility levies (per unit)			
Electricity connection levy	€925	€8	0%
Gas connection levy	€220	€2	0%
Irish Water	€5,600	€49	1%
Subtotal (E)	€6,745	€59	2%
Land and development costs			
Land cost	€40,357	€354	11%
Stamp Duty on land purchase	€807	€7	0%
Land purchase agent and legal fees	€504	€4	0%
Part V impact per private house (where applicable)	Included in land cost	€0	0%
Show house and sales measures on site (where applicable)	€1,200	€11	0%
Marketing (where applicable)	€1,600	€14	0%
Sales agent fees (where applicable)	€3,100	€27	1%
Sales legal fees (where applicable)	€3,100	€27	1%
Subtotal (F)	€50,669	€444	14%
Finance cost			
Finance cost on land purchase	€6,013	€53	2%
Finance cost on construction	€11,180	€98	3%
Subtotal (G)	€17,193	€151	5%
Margin and VAT			
Developer margin	€43,731	€384	12%
VAT	€39,358	€345	11%
Subtotal (H)	€83,089	€729	22%
TOTAL HOUSE PROVISION COST	€374,630	€3,286	100%

Rounding within percentage column.

Source: SCSl research.

SECTION 2: COST OF PROVIDING NEW PRIVATE HOUSING

MIDLANDS REGION (TIPPERARY, LAOIS, OFFALY)

HARD COST per house (incl. indirect/preliminaries costs)	€ amount	€ psm	%
Substructure	€12,758	€112	3.44%
Superstructure	€48,249	€423	13.01%
Completion	€15,985	€140	4.31%
Finishes	€32,687	€287	8.82%
Fittings	€12,565	€110	3.39%
Services (incl. sanitary ware, rainwater)	€30,651	€269	8.27%
Subtotal (A)	€152,896	€1,341	41.23%
Siteworks (within site curtilage)	€18,403	€161	4.96%
Site development cost per unit	€28,626	€251	7.72%
Subtotal (B)	€47,029	€413	12.68%
SOFT COST (per house)			
Professional fees	€9,500	€83	2.56%
Subtotal (C)	€9,500	€83	2.56%
Development levies (per unit)			
Planning authority development levies	€3,200	€28	0.86%
Subtotal (D)	€3,200	€28	0.86%
Utility levies (per unit)			
Electricity connection levy	€925	€8	0.25%
Gas connection levy	€220	€2	0.06%
Irish Water	€5,600	€49	1.51%
Subtotal (E)	€6,745	€59	1.82%
Land and development costs			
Land cost	€41,667	€365	11.24%
Stamp Duty on land purchase	€833	€7	0.22%
Land purchase agent and legal fees	€521	€5	0.14%
Part V impact per private house (where applicable)	Included in land cost	€0	0.00%
Show house and sales measures on site (where applicable)	€1,200	€11	0.32%
Marketing (where applicable)	€1,600	€14	0.43%
Sales agent fees (where applicable)	€3,100	€27	0.84%
Sales legal fees (where applicable)	€3,100	€27	0.84%
Subtotal (F)	€52,021	€456	14.03%
Finance cost			
Finance cost on land purchase	€6,208	€54	1.67%
Finance cost on construction	€10,697	€96	2.96%
Subtotal (G)	€17,175	€151	4.63%
Margin and VAT			
Developer margin	€43,285	€380	11.67%
VAT	€38,956	€342	10.51%
Subtotal (H)	€82,241	€721	22.18%
TOTAL HOUSE PROVISION COST	€370,807	€3,253	100%

Rounding within percentage column.

Source: SCSl research.

SECTION 3: VIABILITY AND AFFORDABILITY OF PRIVATE HOUSING



SECTION 3: VIABILITY AND AFFORDABILITY OF PRIVATE HOUSING

Financial viability

The SCSi examines financial viability and affordability for first-time buyers (FTBs) as part of this study. This financial viability test is in relation to the delivery of private housing. The financial viability analysis performed in this report used the following approach: the overall delivery cost (site, building costs and soft costs), and then examined these costs against average market values supplied by SCSi valuers and estate agents, combined with data from new homes advertising websites

The study highlights that the greatest levels of viability challenge exist in regions such as the Midlands region, Cork region, and the Northeast. The averaged data in **Table 4** provides a snapshot of which regions are most challenged in terms of financial viability. It should be noted that there will be many cases where new home developments are commencing and completed in these regions, hence are viable. **Table 4** should not be interpreted as regions that are financially unviable for new homes development as each development site and its local market is different.

Table 4: Financial viability of new three-bedroom semi-detached homes – national average.

REGION	GDA		Northeast		Northwest		Galway		Cork		Midlands		Southeast	
DELIVERY COST V MARKET VALUE	Delivery cost	Market value	Delivery cost	Market value	Delivery cost	Market value	Delivery cost	Market value	Delivery cost	Market value	Delivery cost	Market value	Delivery cost	Market value
VALUE	€461,437	€464,036	€396,550	€351,138	€353,896	€310,000	€388,399	€420,000	€433,443	€383,000	€370,807	€318,564	€374,630	€340,222
FINANCIAL VIABILITY RESULT	€2,599		-€45,412		-€43,896		€31,601		-€50,443		-€52,243		-€34,408	
FINANCIAL VIABILITY RESULT	€18,645		-€22,699		-€31,861		€47,461		-€35,361		-€40,376		-€21,328	

(Delivery cost – market value when development levies and Irish Water connection charges are removed)

Source: SCSi research.

SECTION 3: VIABILITY AND AFFORDABILITY OF PRIVATE HOUSING

Affordability

This report assesses affordability to purchase private housing units on the basis of an average FTB couple with a combined gross annual income of €94,616.⁴

Table 5 provides an 'affordability result' for both total delivery costs and market values of that region.

First Home Scheme – Government support

The First Home Scheme (FHS) provides FTBs, first-time self-builders and other eligible applicants with funds to secure their first home anywhere in the Republic of Ireland in return for an equity stake in their home. The Government, in partnership with participating lenders, introduced a shared

Table 5: First-time buyer affordability of new three-bedroom semi-detached home – national average.

REGION	GDA		Northeast		Northwest		Galway		Cork		Midlands		Southeast	
DELIVERY COST V MARKET VALUE	Delivery cost	Market value	Delivery cost	Market value	Delivery cost	Market value	Delivery cost	Market value	Delivery cost	Market value	Delivery cost	Market value	Delivery cost	Market value
THREE-BED SEMI	€461,437	€464,036	€396,550	€351,138	€353,896	€310,000	€388,399	€420,000	€433,443	€383,000	€370,807	€318,564	€374,630	€340,222
10% DEPOSIT REQUIRED	€476,144	€46,404	€39,655	€35,114	€35,390	€31,000	€38,840	€42,000	€43,344	€38,300	€37,081	€31,856	€37,463	€34,022
AVERAGE HELP TO BUY AMOUNT	€20,107	€20,107	€20,107	€20,107	€20,107	€20,107	€20,107	€20,107	€20,107	€20,107	€20,107	€20,107	€20,107	€20,107
COUPLE OWN FUNDS TOWARD DEPOSIT (10% minus HTB)	€26,037	€26,297	€19,548	€15,007	€15,283	€10,893	€18,733	€21,893	€23,237	€18,193	€16,974	€11,749	€17,356	€13,915
COUPLE COMBINED MORTGAGE LIMIT x 3.3 (avg) TIMES SALARY	€312,233	€312,233	€312,233	€312,233	€312,233	€312,233	€312,233	€312,233	€312,233	€312,233	€312,233	€312,233	€312,233	€312,233
PURCHASE CAPACITY POST GOVT. SUPPORTS	€358,636	€359,636	€351,888	€347,347	€347,662	€343,233	€351,073	€354,233	€355,577	€350,533	€349,313	€344,089	€349,696	€346,255
AFFORDABILITY RESULT	-€103,061	-€105,399	-€44,662	-€3,792	-€6,274	€33,233	-€37,327	-€65,767	-€77,866	-€32,467	-€21,493	€25,525	-€24,934	€6,033

Source: SCSi research.

⁴ Central Statistics Office. Earnings and Labour Costs Q1 2023 (Final) Q2 2023 – average weekly earnings.

SECTION 3: VIABILITY AND AFFORDABILITY OF PRIVATE HOUSING

equity scheme to help buyers to bridge the gap between their deposit and mortgage, and the price of the new home. Part of the eligibility is that the applicant borrows the maximum amount available from one of the participating lenders – up to four times gross income.

The cost of the equity stake is negligible, with a service charge of 1.75% applied from year 6-15, and slightly higher service charges from year 16.

The FHS financial support is not included in the SCSi's affordability calculations in **Table 5**. As part of the FHS criteria, price ceilings of the Scheme are based on each local authority area as opposed to regions within the SCSi study. The SCSi illustrates the impact of FHS through scenarios as follows:

Scenario one

A FTB couple with a combined gross salary of €100,000 looking to buy a three-bedroom semi-detached home in Dublin for the average price of €534,643. Firstly, the Help to Buy scheme is not applicable to this house sale as the purchase price is above the €500,000 ceiling. This couple will need to come up with the full €53,464 deposit without Help to Buy support. If this couple could only borrow the mean 3.3 times gross income (mean LTI borrowing), then they would need additional funds to buy the property. As the purchase price of the property is also above the First Home Scheme price ceiling of €475,000, the applicant is ineligible. This leaves a funding gap of €151,179. See **Appendix 2** for a full breakdown on the scenario costs.

Scenario two

A FTB couple with a combined gross salary of €100,000 looking to buy a three-bedroom semi-detached home in Co. Cork for a price of €375,000. If this couple successfully applies for the full €30,000 tax back via Help to Buy, this could be utilised for their deposit. If this couple could only borrow the mean 3.3 times gross income (mean LTI borrowing), then they would need additional funds to buy the property. The funding gap is €7,500 and the First Home Scheme could provide this funding gap to conclude the purchase. See **Appendix 2** for a full breakdown on the scenario costs.

The cost of the equity stake is negligible, with a service charge of 1.75% applied from year 6-15, and slightly higher service charges from year 16.

Scenario three

A FTB couple with a combined gross salary of €100,000 looking to buy a three-bedroom semi-detached home in Galway City for a price of €420,000. This couple successfully applies for the full €30,000 tax back via Help to Buy. This could be utilised for their deposit. If this couple could only borrow the mean 3.3 times gross income (mean LTI borrowing), then they would need additional funds to buy the property. The funding gap is €48,000 and the First Home Scheme could provide this funding gap to conclude the purchase. See **Appendix 2** for a full breakdown on the scenario costs.

Scenario four

A FTB couple with a combined gross salary of €100,000 looking to buy a three-bedroom semi-detached home in Meath for a price of €394,000. If this couple successfully applies for the full €30,000 tax back via Help to Buy, this could be utilised for their deposit. If this couple could only borrow the mean 3.3 times gross income (mean LTI borrowing), then they would need additional funds to buy the property. The funding gap is €24,600 and the First Home Scheme could provide this funding gap to conclude the purchase. See **Appendix 2** for a full breakdown on the scenario costs.

Scenario assumptions:

- loan-to-income ratio of 3.3. Central Bank of Ireland mean loan characteristics for FTBs H1 2023;⁵
- applicant successfully draws down the full enhanced Help to Buy tax back of €30,000; and,
- applicant successfully draws down the maximum allowable First Home Scheme facility – up to 20% of purchase price (**Table 6**).

Table 6: Combined salary levels (minimum) required to purchase NEW three-bedroom semi-detached home – national average.

Combined salary levels to afford current market values							
Region	GDA Market value	Northeast Market value	Northwest Market value	Galway Market value	Cork Market value	Midlands Market value	Southeast Market value
Average market values	€464,036	€351,138	€310,000	€420,000	€383,000	€318,564	€340,222
FTB combined salary to afford average market values	€126,555	€95,765	€84,545	€114,545	€104,455	€86,881	€92,788

Source: SCSi research.

⁵ Central Bank of Ireland Lending Data H1 2023.

SECTION 4: COST OF DELIVERING PUBLIC HOUSING



SECTION 4: COST OF DELIVERING PUBLIC HOUSING

Public sector housing

There is universal consensus that Ireland needs to accelerate the building of new homes, optimising the delivery of both public and private housing. There has been significant commentary in relation to the delivery costs of public sector housing versus private delivery in recent years.

In the first instance, it is critical that the way social, affordable and cost rental housing is currently delivered is understood. These various tenure types are currently being delivered via numerous means including:

- direct delivery by local authorities of social, affordable, and cost rental housing. This is where local authorities procure a design team to design and procure the construction of housing by building contractors on publicly owned land;
- Part V housing, whereby private developers agree the cost of a quota of units on a development (currently 20%) at a cost whereby they are reimbursed for the fair build and associated ancillary costs but, notably, land cost is paid only at the value attributed to it in advance of the granting of planning permission. A reasonable margin is paid on the costs associated with the development; and,
- turnkey or development agreements with local authorities or approved housing bodies (AHBs). In these instances, private developers will deliver a development of social, affordable or cost rental units to the local authority.

SCSI members from our various professional disciplines are integrally involved in the progression of all these models of delivery of housing, and while there has been significant commentary on the merits of each model, our findings, through the experience of our members, would indicate that there are nuances to each model that should be appreciated in any assessment of this topic. For example, the hard costs of building public sector housing, based on the findings of our survey, are slightly more expensive than the hard costs of building in the private sector, with our sample indicating a range of 5-10% more expensive. This could be attributed to several factors that would require further detailed review, but typically we would note that many of the public sector housing projects in our sample were on 'brown field' sites, which can add to the cost of delivery.

There is universal consensus that Ireland needs to accelerate the building of new homes, optimising the delivery of both public and private housing.

SECTION 4: COST OF DELIVERING PUBLIC HOUSING

Land cost and the replacement cost of land is a factor that is sometimes not considered in the debate on public versus private delivery. This is obviously a cost but ultimately it is a Government/local authority decision as to how to account for this cost.

SCSI members from our various professional disciplines are integrally involved in the progression of all these models of delivery of housing, and while there has been significant commentary on the merits of each model, our findings, through the experience of our members, would indicate that there are nuances to each model that should be appreciated in any assessment of this topic.

Similarly, financing development is a cost that is not considered in this debate and obviously it is a decision of Government or the relevant local authority as to how to account for this cost, albeit Government finance will be more cost effective than current finance levels available to the private sector.

Procurement of 'direct build' public housing typically takes longer to deliver due to procurement rules and approvals and, as such, ultimately, the build cost will be subject to inflation over a longer period from inception of the project through to execution and completion. The private sector is not governed by a public procurement process, which significantly speeds up the delivery time and as a result does not suffer the same impact of inflation through the procurement process. The difference in the delivery timeframe can be greater than three years, the impact of this delayed delivery in the period since our last report is over €48,000. In addition, the public procurement process requires that the design team is also procured publicly so the impact of time and cost are duplicated.

Land cost and the replacement cost of land is a factor that is sometimes not considered in the debate on public versus private delivery.

There are other costs that are applicable to the private sector that the public sector avoids such as development levies and Uisce Eireann levies both of which are waived for public housing. Nevertheless, the infrastructure that such levies help to fund benefit housing provided by both public and private sectors so the recent move to provide the waiver to all housing on a temporary waiver is a welcome and fair move.

There are other costs that are applicable to the private sector that the public sector avoids such as development levies and Uisce Eireann levies both of which are waived for public housing.

In our view, it is important that a true reflection of public and private delivery costs is clear and that an accurate cost reporting regime is adopted across all Government departments, agencies and local authorities to ensure an accurate as possible comparison is determined to ensure that any measures to improve overall delivery costs and affordability of housing is part of a healthy and fully informed housing debate.

We are of the view all tenure and types and delivery models are critical to the resolution of our housing crisis and that the public sector delivery can be refined and streamlined to achieve more prompt delivery, but this direct delivery model must be supplemented by private sector development if we are to increase supply significantly, a requirement that is a common objective of all commentators on the matter.

We are of the view all tenure and types and delivery models are critical to the resolution of our housing crisis and that the public sector delivery can be refined and streamlined to achieve more prompt delivery.

SECTION 5: COST BREAKDOWN AND FURTHER ANALYSIS OF PRIVATE HOUSING DELIVERY



SECTION 5: COST BREAKDOWN AND FURTHER ANALYSIS OF PRIVATE HOUSING DELIVERY

Nationally

The overall construction cost (cost of building the house from foundation to roof and completing the estate roads and drains, etc.) across all regions is 53% of the overall delivery costs (Figure 1).

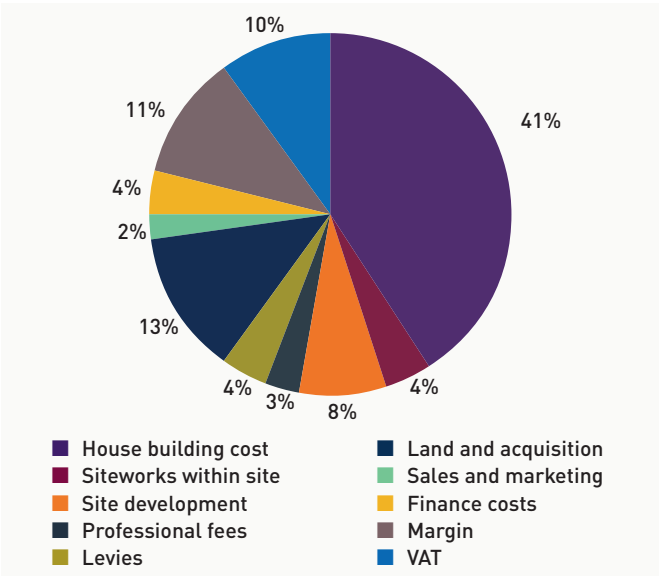


FIGURE 1: National average percentage breakdown of delivery costs.

Greater Dublin Area

In relation to the percentage breakdown of overall costs of delivery of a three-bedroom semi-detached home in the GDA, it is largely consistent with the percentage breakdown reported by the SCSi in 2020 (Table 7).

Table 7: Elemental percentage breakdown of costs 2020 v. 2023.

	2020 (%)	2023 (%)
House building cost	37	39
Siteworks within site	3	3
Site development	8	8
Professional fees	2	2
Levies	4	4
Land and acquisition	16	15
Sales and marketing	2	2
Finance costs	5	5
Margin	11	12
VAT	12	11

Figures may not add up to 100% due to rounding.

Source: SCSi research.

SECTION 5: COST BREAKDOWN AND FURTHER ANALYSIS OF PRIVATE HOUSING DELIVERY

Substructure

The houses included in this data analysis were supported by traditional strip foundations on good bearing soil. It must be noted that the pricing is on the basis of a typical substructure with limited site abnormalities. Several unusual site features will increase the cost of the substructure, including services running under the building footprint, a sloping site, and soft or sandy soil. These features would result in additional special measures such as deeper foundations, raft foundations or even piling supports to accommodate them. Such special measures will increase the cost considerably.

Superstructure

The building projects that were submitted for analysis for this report all feature the same superstructure elements of: timber or blockwork frame; render finish; tiled roofs; and, insulated to current Part L (Dwellings) standards.

Specifications

Specifications included: triple-glazed windows; paint grade softwood doors, skirting and window boards internally; paint-finished walls; and, tiling to bath and shower rooms.

Fittings

The specification for fittings included in the sample size for this report included fitted kitchen with formica worktop, no appliances, and wardrobe to main bedroom.

Services Including sanitary ware

Services included: quality-grade sanitary fittings; solar panel; heat recovery; heat pumps; underfloor heating/radiators; plastic electrical fittings and pendants throughout; and, wired for alarm.

Siteworks (within site curtilage) and site development

General costs included: underground services such as telecom, electricity, foul and surface drainage; water; seeded garden; timber fencing to garden; hard paving to common areas; public open space amenity; street lighting; access/road network; and, site excavations.

Sales and marketing

Sales and marketing included: allowance for show house fit-out, which is not recouped through the sale price, as well as marketing measures such as advertisements and sale fees. The sales and marketing costs in the data set varied; this reflects that multiple factors impact on how much/what kind of sales and marketing measures are required for a property at any given time.

Finance

Examples provided reflect current market rates. Developer equity input cost is

assumed as part of margin – input assumptions are:

- based on 'blended' finance cost of 11% on 55% of land cost for two years from site purchase to build (45% equity at nil cost); and,
- based on 90% of average design and build cost for seven-month build/sale period per house – 10% to be financed from developers' equity reserve at nil cost.

Margin

This figure includes profit, return on developer equity investment finance, equity reserve for next site purchase, and ultimate risk allowance.

VAT

All new homes will include a VAT charge of 13.5%. Other inputs such as professional fees are charged at 23% VAT.

Professional fees

Our report is based around data from developer-built schemes, which includes a certain level of building repetition in the order of eight-unit design types. This includes Building Control Amendment Regulations (BCAR) assessment. Alternative procurement routes with a higher level of administration would increase this cost.

Development levies (levies, electricity, gas and water)

Connection fees are associated with local authority foul and surface water, gas, electricity and water connection fees. Levies are a very significant 'on-cost' in the provision of housing, the costs of which have to be borne from early in the construction cost cycle. The SCSi included development levy costs, but notes the temporary waiver of these fees by the Department of Housing, Local Government and Heritage until 2024.

Land and acquisition costs

Land cost is influenced by many factors and there can be a significant variance in values within a county or indeed within the GDA. Within counties on the periphery of Dublin, there can also be variances. Locational factors such as access to amenities, demographics and access to public transport can all come into play with the pricing of land. As well as locational factors, other factors can come into play when calculating the price of an area of land, including density, risk, topography and demand.

Site abnormalities

Over the several years our Chartered Quantity Surveyors have noted the increased prevalence of site abnormalities as a variable cost impact on the delivery of housing. These abnormalities can include, but are not limited to, sloping or uneven terrain, environmental restrictions, and poor soil conditions. Any of these abnormal conditions will result in higher accrued costs than what is typical for constructing new dwellings.

RECOMMENDATIONS

Addressing costs of delivery and bridging the affordability gap	Increasing new supply
Development levies The SCSI welcomes the temporary waiver of S.48 development contributions to help address input costs of new housing. As an example, their removal and water connection waivers can result in delivery cost reductions of €17,500 on average within the GDA. The SCSI calls for a longer-term temporary removal of levies until such time that housing completions consistently exceed targets.	New supply targets The Government should ensure a timely update to overall new housing requirements to update its Housing for All targets based on the most recently available data, such as that from the Census.
First Home Scheme price ceilings The Department of Housing, Local Government and Heritage should review the First Homes Scheme purchase price ceilings to ensure that the shared equity scheme is accessible to average market values and average home typologies. The price ceilings should then be adjusted in line with construction inflation to avoid the ceilings becoming inaccessible in the future.	Modern methods of construction The Department of Housing, Local Government and Heritage should establish new housing targets to be delivered by off-site construction, which will encourage the construction sector to further invest in technology for its wider roll-out.
Resourcing Resource local authorities, utilities and An Bord Pleanála to facilitate faster processing times. <i>Local authority home loans</i> In an effort to speed up the home-buying process, local authorities and their legal departments should be assessed to ensure that they are adequately resourced to manage applications in a timely manner. Additional resourcing should be provided by the Department of Housing, Local Government and Heritage if required to avoid delays in the closing of sales.	Guidelines on density The SCSI welcomes Government proposals to increase densities within new housing estates with the draft Sustainable and Compact Settlements Guidelines. These proposals should be expedited to potentially increase the viability of more suburban sites.
Utility connections Early engagement of Irish Water to avoid costly delays and provide the cost certainty required regarding connection fees.	Planning Planning continues to be a significant challenge; while the SCSI welcomes progress on the Planning & Development Bill 2023, we draw attention to two specific matters: <i>Viability assessments</i> The viability assessment is an exercise that developers will often perform post planning consent because of planning conditions, and this takes time to conclude before a development can be treated as a viable project to commence. Financial viability should be a requirement within the

	planning permission process, especially where it relates to planning conditions imposed as part of grants. <i>Design flexibility</i> Allow local authorities to approve alterations to specifications of buildings that do not materially alter the planning permission but allow for use of more cost-effective building materials.
Accurate cost comparison It is important that a true reflection of public and private delivery costs is clear, and that an accurate cost reporting regime is adopted across all Government departments, agencies and local authorities to ensure that as accurate as possible a comparison is determined to ensure that any measures to improve overall delivery costs and affordability of housing are part of a healthy and fully informed housing debate. A Government cross-departmental commitment to adopt the International Construction Measurement Standards should therefore be considered.	Regulations and transitional arrangements The SCSi acknowledges efforts by Government authorities to introduce any regulatory changes in an orderly and transitional manner. The SCSi is calling for all new regulations being considered to be included as part of this policy, which provides certainty for new developments that have or are about to commence. The SCSi recommends that a minimum time period of between two and three months for stakeholder consultations is provided to ensure adequate response opportunities and feedback.
	Land value sharing The timing of this legislation is a concern in the context of viability matters, high levels of unaffordability of new units for average income earners, and high costs of construction. With the impending introduction of the Residential Zoned Land Tax (deferred to 2024), the proposals to introduce land value sharing may constrain land coming to the market and have additional negative unforeseen consequences. The SCSi recommends further stakeholder engagement during the legislative process to ensure that it is fit for purpose with sufficient transitional arrangements to reduce any negative impact on supply.
	eConveyancing The need for improvements to the property sales and conveyance process can be achieved with the full roll-out of eConveyancing. The Government's previous commitment within the Construction 2020 Strategy and the establishment of an expert group is welcomed by the SCSi. Its terms of reference should examine the entire end to end of property buying.
	Public sector housing Dedicated training of local authority staff on housing delivery, including procurement. The Government, through the local authority network, should consider continuing and advancing further training and the adoption of guidance for planners and other key staff to have sustainable, efficient designs at the forefront of future planning projects.

RECOMMENDATIONS

	Development Land Register The SCSi believes that a Land Price Register should be introduced, which would help to implement policies and interventions that will result in more affordable housing. It could bring much-needed transparency to an opaque section of the property market. It could also provide the State with greater certainty in planning for its own infrastructure.
	Counter-cyclical investment The SCSi welcomes the Government announcement for the establishment of the Infrastructure, Climate and Nature Fund. The SCSi recommends that this fund is made available for the purpose of delivering additional affordable housing to the market, especially during times where new housing output is challenged because of weaker economic performance.

APPENDIX 1: PRICING METHODOLOGY

The Society of Chartered Surveyors Ireland established a Housing Delivery Cost Working Group specifically to participate in the capturing and analysis of real market data based on current house projects. The Working Group received information from our Chartered Quantity Surveyors, Valuers, Planners, Building Surveyors and Agents to inform our report.

Dataset

The total dataset across all regions consisted of 8,553 units within a total of 80 submissions. Some 62% of the total number of units within our dataset were within the GDA. The average gross floor area of the three-bedroom semi-detached homes in the report is 114sqm.

Coverage and regions

There are seven regions covered within the report, with data received from counties as follows:

1. GDA: Dublin, Meath, Kildare, Wicklow
2. Northwest: Roscommon, Mayo, Sligo
3. Northeast: Louth
4. Midlands: Tipperary, Laois, Offaly
5. Southeast: Kilkenny, Waterford, Wexford
6. Cork region: Cork
7. Galway region: Galway

Priced assumptions

The data was analysed to inform the average delivery cost across the various regions. The following were assumed:

Structure:

- to be on good ground, with no site/ground abnormalities or site contamination;
- to be developer-led projects; and,
- to be a concrete build/timber frame structure.

Land, finance and fees:

- that it is zoned and serviced development land purchased by the developer on the open market prior to planning grant;
- that the time period from site purchase to planning grant is two years;
- that there is a seven-month build out of the units, on average;
- that the finance interest rate as a percentage of total delivery cost is 7.14%;
- that the percentage of finance for land cost is 55% (45% equity);
- that the percentage of finance for development/build is 90% (10% equity);
- that land cost includes the provision of Part V costs;
- that professional fees include planning consultant, architect, engineer, and surveyor; and,
- that S. 48 development levies are included in priced costs, noting the temporary waiver for 12 months to 2024.

APPENDIX 2: FIRST HOME SCHEME SCENARIOS

Scenario 1

FTB joint average salary	€100,000
Average property purchase price Dublin	€534,643
Borrowing x average 3.3 times loan-to-income ratio	€330,000
Deposit requirement (10% loan to value)	€53,464
HTB max. tax back (exceeds €30,000 purchase cap)	€0
Total purchase capacity	€383,464
Funding gap/excess	-€151,179
Max. FHS funding (N/A – above price ceiling of €475,000)	€0
Funding result	-€151,179
'What if' borrowing at 4 times LTI?	
Funding Result	-€81,179

Scenario 2

FTB joint average salary	€100,000
Average property purchase price Co. Cork	€375,000
Borrowing x average 3.3 times loan-to-income ratio	€330,000
Deposit requirement (10% loan to value)	€37,500
HTB max. tax back	€30,000
Total purchase capacity	€367,500
Funding gap/excess	-€7,500
Max. FHS funding	€75,000
Funding result	€67,500
'What if' borrowing at 4 times LTI?	
No funding gap	

Scenario 3

FTB joint average salary	€100,000
Average property purchase price Galway City	€420,000
Borrowing x average 3.3 times loan-to-income ratio	€330,000
Deposit requirement (10% loan to value)	€42,000
HTB max. tax back	€30,000
Total purchase capacity	€372,000
Funding gap/excess	-€48,000
Max. FHS funding	€84,000
Funding shortfall/excess result	€36,000
'What if' borrowing at 4 times LTI?	
No funding gap	

Scenario 4

FTB joint average salary	€100,000
Average property purchase price Meath	€394,000
Borrowing x average 3.3 times loan-to-income ratio	€330,000
Deposit requirement (10% loan to value)	€39,400
HTB max. tax back	€30,000
Total purchase capacity	€369,400
Funding gap/excess	-€24,600
Max. FHS funding	€78,800
Funding shortfall/excess result	€54,200
'What if' borrowing at 4 times LTI?	
No funding gap	

APPENDIX 3: SUMMARY OF RELEVANT GRANTS AND FUNDING

Help to Buy

The Help to Buy (HTB) scheme assists individuals who are purchasing their first home, whether it's a newly constructed house or apartment, or a self-built residence. The scheme is applicable exclusively to properties with a value of €500,000 or lower. In Budget 2024, the enhanced HTB scheme was extended until December 31, 2025. A modification was also introduced to enable individuals using the Local Authority Affordable Purchase Scheme to become eligible for HTB, which became effective on October 11, 2023.

The Help to Buy (HTB) scheme assists individuals who are purchasing their first home, whether it's a newly constructed house or apartment, or a self-built residence.

First Home Scheme

The First Home Scheme (FHS) is a programme designed to make home ownership more accessible, offering assistance for the acquisition of a new dwelling or the construction of one's first home. It operates as a shared equity initiative whereby the Government, and participating banks, contribute up to 30% of the new home's purchase price in exchange for a share in the property. Applicants retain the option to repurchase this share whenever they choose, although it is not obligatory.

Local authority home loan

The local authority home loan is a mortgage programme supported by the Government, designed to assist first-time buyers and other qualified candidates. These loans are extended at discounted interest rates and can be applied for purchasing both newly constructed homes and pre-owned properties, as well as for financing construction. Interest rates on these loans remain constant throughout the entire mortgage duration, ensuring consistent repayments for the entirety of the loan's lifetime.

Local Authority Affordable Purchase Scheme

The Local Authority Affordable Purchase Scheme assists individuals with moderate incomes in acquiring new homes at discounted rates. These newly built residences are situated in areas characterised by significant housing demand and affordability challenges. In this scheme, the local authority acquires a share in your home, which accounts for the reduced purchase price.

The local authority home loan is a mortgage programme supported by the Government, designed to assist first-time buyers and other qualified candidates.



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