



Lisney

# PROPOSED REZONING OF LANDS AT GREENPARK, LIMERICK

Voyage Property

30<sup>TH</sup> AUGUST 2021

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# 1 INTRODUCTION

## 1.1 BRIEF

Lisney has been instructed by Voyage Property to consider the proposed rezoning of lands at Greenpark, Dock Road & South Circular Road, Limerick, having regard to past, prevailing and potential future demand for industrial, office and residential accommodation. Set out in this report is an overview of each of these property sectors in Limerick, in addition to an analysis of the quantum of development proposed in the Draft Limerick Development Plan 2022 – 2028.

## 1.2 EXECUTIVE SUMMARY

- Office market take-up in Limerick city and surrounding area (including Shannon) has averaged 15,000 sqm in the past decade, while industrial market take-up has average 45,000 sqm.
- The Limerick residential market has been strong in recent years and remains active. Between 2014 and 2020, between 2.0% and 2.4% of the housing stock in Limerick has transacted (ranging from 1,730 to 2,050 units annually). Market dynamics are similar to that of other urban areas, characterised by strong demand, a lack of supply and rising prices. While movers are most active in the market, first-time-buyers pay higher prices.
- The residential rental market remains active with strong demand prevailing but very tight supply; there were just 29 properties available to rent across all of Limerick at the end of August. In Q1 2021 average rents in Limerick City increased annually by 8.1% (greater percentage uplifts than Dublin City, Cork City and Waterford City).
- Just 516 residential properties were completed in Limerick in the 12 months to the end of March 2021, which only added about 0.6% to the building stock.
- Limerick City & County Council has identified individual sites in the Limerick Metropolitan area it deems suitable for the provision of employment related uses. At a headline level, we estimate that combined, all of these sites have the potential to deliver 1.98m sqm of employment related accommodation; split 530,000 sqm of offices and 1.46m sqm of industrial / logistics / manufacturing accommodation. **This is equivalent to 35 years office requirements and 32 years industrial requirements.**
- Taking into consideration the likely potential for expansion of the office and industrial markets in Limerick in the medium-term due to the local authority's commitment to economic growth and dynamic revitalisation via Limerick 2030, it is likely that the proposed level of potential development is **still equivalent to in excess of 20 years'**

requirements. **Even at this level, it remains an excessive amount of employment related development, particularly given the fact that Limerick, like all other parts of Ireland, is in the midst of a housing crisis with significant supply shortages and resultant rising prices.**

## 2 LIMERICK COMMERCIAL PROPERTY MARKET

As Ireland's fourth largest city, Limerick city and the surrounding area (including the Shannon region) experiences a good level of commercial property market activity annually. From our review of data, we have noted the trends set out below as they relate to the office and industrial occupational sectors.

### 2.1 OFFICES

Approximately 15,000 sqm of office space has, on average, been taken up annually in the last decade (Limerick and Shannon) but with annual figures ranging from below 10,000 sqm to more than 30,000 sqm.

Given the financial viability of office construction in recent years, very little new space has been added to the building stock. Most new buildings have had the backing of State-related bodies such as the IDA, Limerick 2030 and Shannon Commercial Properties. Examples of completed new buildings, or extensions to existing buildings, include those at the National Technology Park, Castletroy; City East Plaza, Ballysimon; Gardens International, Henry Street; and outside of the metropolitan area in Shannon.

While there are several office schemes with planning permission, there are no new buildings currently under construction in Limerick. Site clearance works have been completed at Bishops Quay (7,600 sqm – development currently on-hold but due to start in Q4) and on the Opera Centre (12,000 sqm at One Opera Square, where construction tenders have been issued and enabling works are ongoing).

There is currently approximately 42,000 sqm of on-market office accommodation available to occupy in Limerick and a further 6,000 sqm in Shannon. This represents just over three years supply and translates into a vacancy rate of approximately 12.5%, which is slightly above a normal market equilibrium.

### 2.2 INDUSTRIAL

Approximately 45,000 sqm of industrial space has, on average, been taken up annually in the last decade (Limerick and Shannon) but with annual figures ranging from about 20,000 sqm to more than 85,000 sqm.

There is approximately 72,500sqm of industrial space under construction in Limerick and Shannon, some of which relates to building extensions and also some design-and-build

projects given the ongoing viability issues with speculative development. This development comprises a mix of warehousing, manufacturing, light industrial and advanced technology buildings, along with laboratory space (laboratory accommodation comprises 30,000 sqm / 42% of the total).

There is currently approximately 22,000 sqm of on-market industrial accommodation available to occupy in Limerick and a further 16,000 sqm in Shannon. This represents about one years' supply and translates into a vacancy rate of sub-5%. Such a vacancy rate is similar to other markets such as Dublin and Cork, which are both also sub-5%.

## 3 LIMERICK RESIDENTIAL PROPERTY MARKET

### 3.1 SALES MARKET

#### 3.1.1 Overview

The Limerick residential market has been strong in recent years and remains active. From 2014 to 2020, between 2.0% and 2.4% of the housing stock in Limerick was transacted (ranging from 1,730 to 2,050 units annually)<sup>1</sup>. Market dynamics are similar to that of other urban areas, characterised by strong demand, a lack of supply and rising prices.

The market is mainly comprised of movers with those trading up or down accounting for 55% of all purchases in the last 12 months across Limerick. These movers are most active in the second-hand market where they account for 57% of all sales. First-time-buyers (FTB) account for 26% of the overall market but given the help-to-buy scheme dominate the new homes part of the market (42% of all new home sales) – albeit the new homes market is small with just 14% of all residential transactions comprised of newly built properties.

#### 3.1.2 Availability

Supply remains a critical issue and fell to new lows in March 2021 with fewer than 500 second-hand properties advertised for sale across the entire county and just 16 new home schemes advertised. The figures relating to the second-hand market have remained relatively stable in the past five months with no noteworthy improvements evident but the number of new home schemes has fallen further.

While there are just 13 new home schemes advertised currently across all of Limerick (and just five in the city), in the short-term a small number of additional schemes are due in the city region. However, given their size it is likely that they will only bring a limited number of additional homes to the market (approximately 200). In the more medium-term, it is

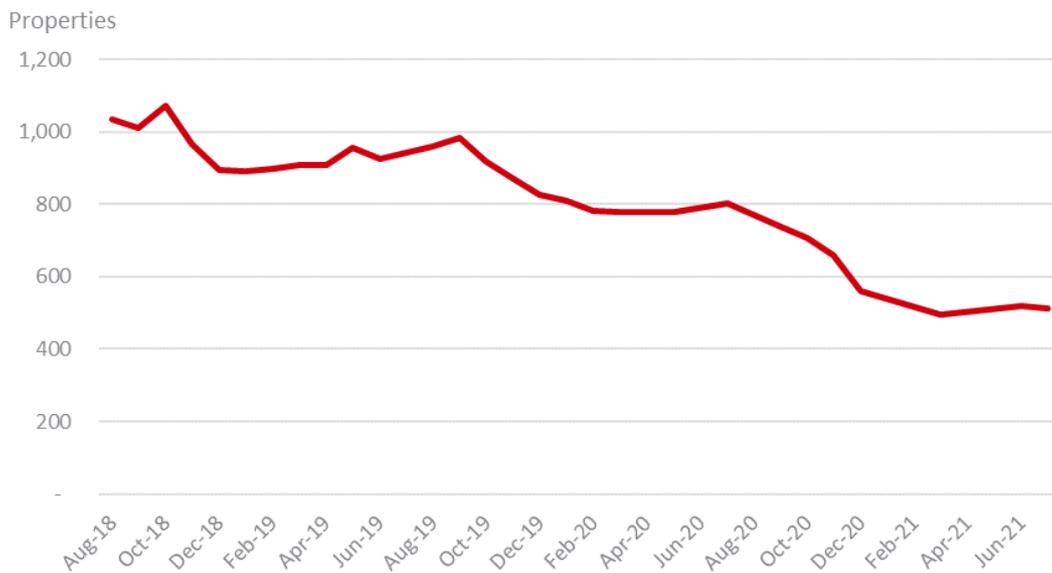
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<sup>1</sup> This comprises all sales to household buyers in Limerick City and County, as defined by the CSO.

estimated that up to 2,000 additional homes are due. This is equivalent to just over one years' total market supply in the Limerick market.

In terms of second-hand supply, there remains a cohort of vendors that are unwilling to list their home for sale as they do not see the supply for their onward purchase and they do not want to enter the rental market in the short-term. While greater supply was expected to be seen in the Autumn months as the vaccination process progressed, it now seems more likely to be the new year before there are improvements. This will continue to have an upward impact on prices.

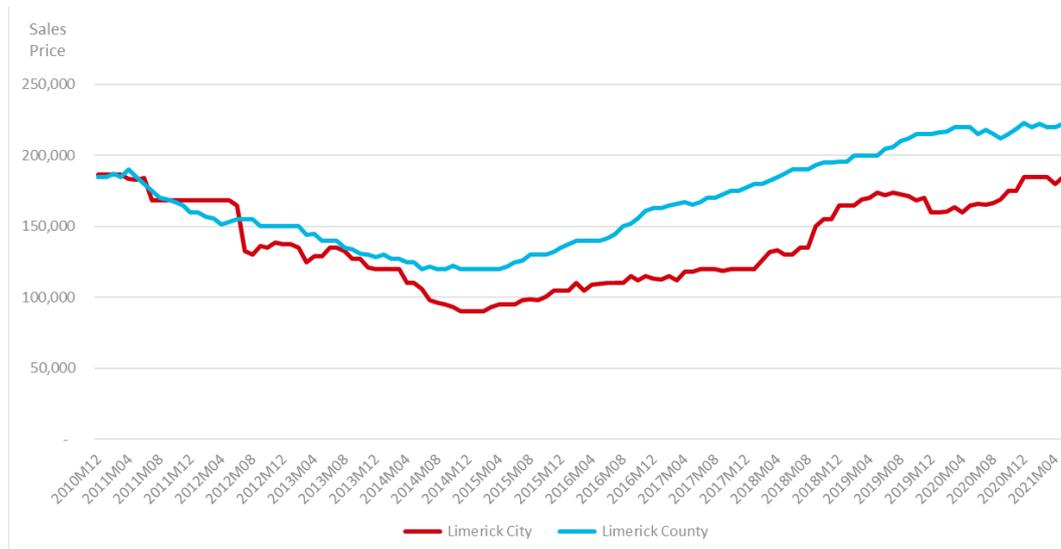
**Figure 3-1: Second-Hand Residential Supply August 2018 – August 2021**



Source: Daft.ie, Lisney analysis

### 3.1.3 Prices

Residential sales prices in both Limerick City and County have been trending upwards since the market low in 2014. Since that time, the median price in the City has grown by 106% and in the County by 86%. On an annual basis to the end of June 2021, the median price paid for a home in Limerick City has grown by 11.4% and by 3.8% in the County.

**Figure 3-2: Median Sale Price - Limerick City & County (December 2012 - June 2021)**

Source: CSO

In addition to this official data on property sales from the CSO, property portal Daft.ie states in its Q2 2021 House Price Report that list prices grew in Limerick City annually by 15.5% and by 19.5% in the County. While this reports focuses on asking prices (rather than actual transacted prices), it does provide a more forward looking indication on the market, particularly in relation to the next six months.

It is also worthwhile to note the variations in prices paid by purchaser type. In both Limerick City and County, FTB pay the most according to the CSO. This is contrary to many other markets around the country where movers (those trading up or down) generally pay the most. In Limerick City, the median price paid for a home by a FTB at the end of June 2021 was 14.1% higher than 12 months previous. The corresponding figure in Limerick County was 11.8% higher. Simultaneously, the median price paid by movers has remained flat in the 12 months. Consequently, price increases in the market have been driven by FTB. Meeting their demand for properties though additional supply will be critical to moderate price growth.

## 3.2 RENTAL MARKET

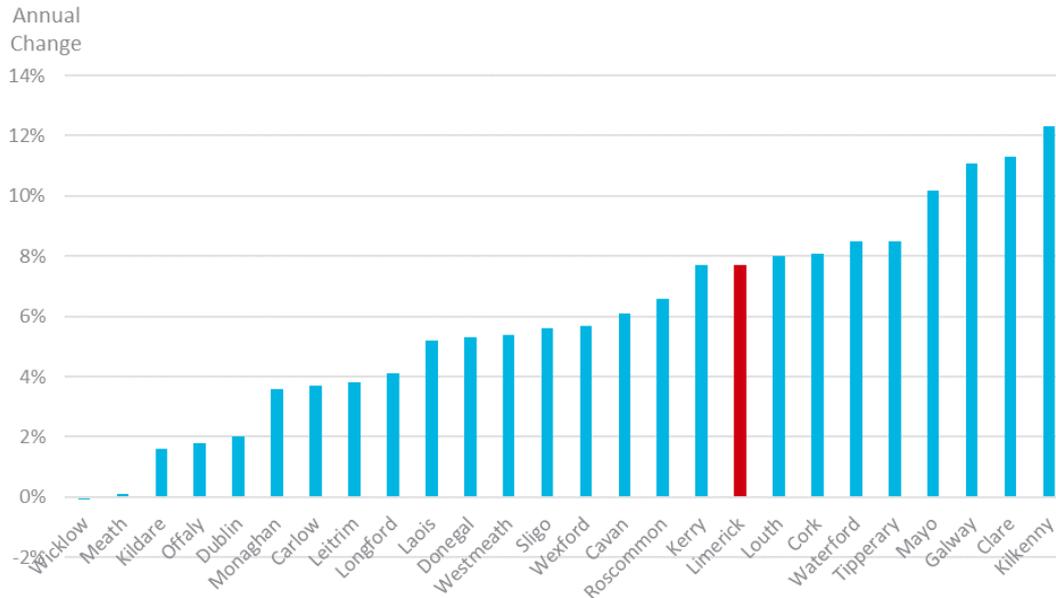
### 3.2.1 Overview

The rental market remains active with strong demand prevailing. In Limerick City and surrounding area, the market did not get a significant one-off increase in supply due to Airbnb properties becoming available for longer-term let at the onset of the pandemic (as happened in other areas) and as such, supply has remained extremely tight. At the end of August 2021 there were just 29 properties available to rent across all of Limerick.

### 3.2.2 Rental Prices

The latest available data from the Residential Tenancies Board (RTB) shows that in Q1 2021 average rents in Limerick City increased annually by 8.1% (greater percentage uplifts than Dublin City, Cork City and Waterford City) with the pace of growth fastest in the most recent quarter (Q1 2021) as rents in the city grew by 4.1% in the three months. In terms of Limerick County, it lies in the top third of all counties nationwide in terms of annual price growth, as seen on the chart below in Figure 3-3, growing by 7.7% in 12 months.

Figure 3-3: Annual Change in Average Rent Q1 2021

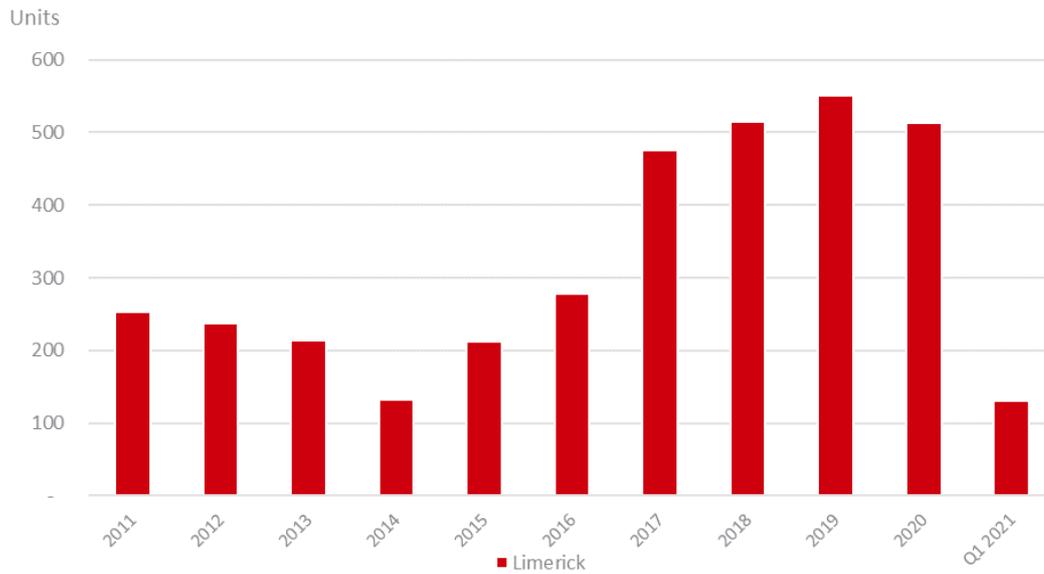


Source: RTB

## 3.3 RESIDENTIAL CONSTRUCTION PIPELINE

### 3.3.1 Completions

Based on CSO data, 516 units were completed in Limerick in the 12 months to the end of March 2021; 483 (94%) were houses and 33 (6%) were apartments. This remains well below what is required in the market and only added about 0.6% to the stock of residential properties across Limerick.

**Figure 3-4: Limerick Residential Construction (2011 - Q1 2021)**

Source: CSO, Lisney analysis

### 3.3.2 Under Construction

Based on CIS data<sup>2</sup>, the total number of units under construction in new homes schemes (with greater than 10 units) across Co Limerick at the end of June 2021 totalled 1,341. These are schemes which commenced construction after January 2019 and which have not yet completed.

### 3.3.3 Planning Granted

Based on CIS data, the total number of units within new homes schemes (with greater than 10 units) across Co Limerick with planning permission granted (since January 2019) but with construction not yet commenced as at end-June 2021, totalled 1,701.

### 3.3.4 Planning Submitted

Based on CIS data, the total number of units within new homes schemes (with greater than 10 units) across Co Limerick with planning applications submitted (since January 2019) and awaiting a planning decision of either grant or refuse at the end of June 2021, totalled 1,138.

<sup>2</sup> CIS (Construction Information Services) is an online portal, which independently tracks Irish construction statistics. It is not possible to confirm that this system accurately covers all data, but we believe it is the best source available in relation to construction data. For the purpose of this report, we have included any schemes that comprise 10 or more units and which have been active on-site since January 2019 but have not yet been completed. All CIS data is as at end-June 2020.

## 4 PROPOSED REZONING

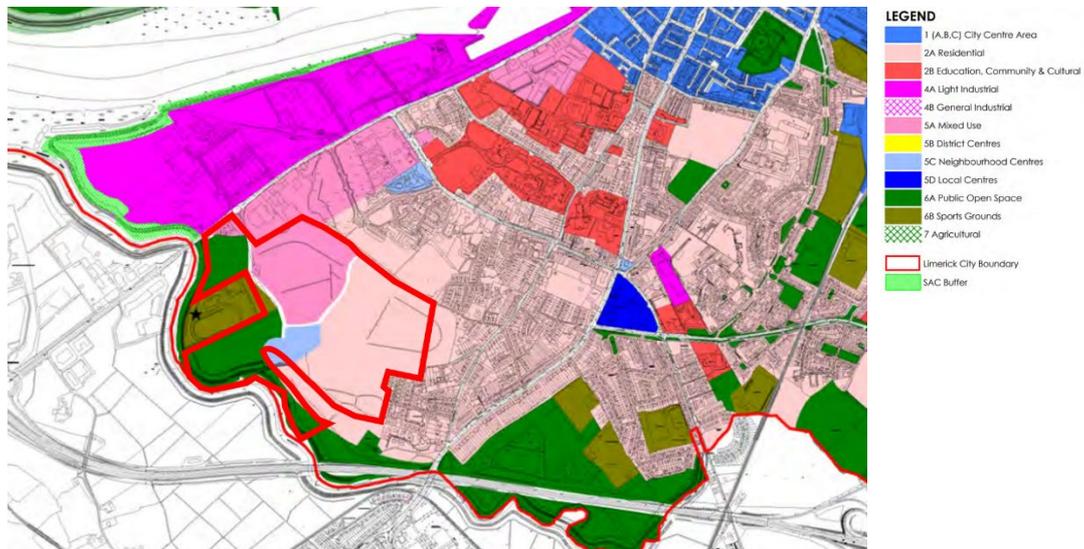
### 4.1 OVERVIEW OF PROPOSED CHANGE IN GREENPARK LAND USE

From the information Lisney has been provided with, our understand of the current and proposed land use zoning of the Greenpark lands is set out in Table 4-1 below.

Table 4-1: Current & Proposed Land Use Zoning

LAND USE ZONING	LIMERICK CITY DEVELOPMENT PLAN 2010 – 2016 (AS EXTENDED)	LIMERICK DEVELOPMENT PLAN 2022 – 2028
Residential	19.33 ha	4.42 ha
Mixed-Use	10.63 ha	0 ha
Neighbourhood Centre	2.28 ha	0 ha
Enterprise & Employment	0 ha	24.77 ha
Open Space & Sundry	14.92 ha	17.97 ha
<b>Total</b>	<b>47.16 ha</b>	<b>47.16 ha</b>

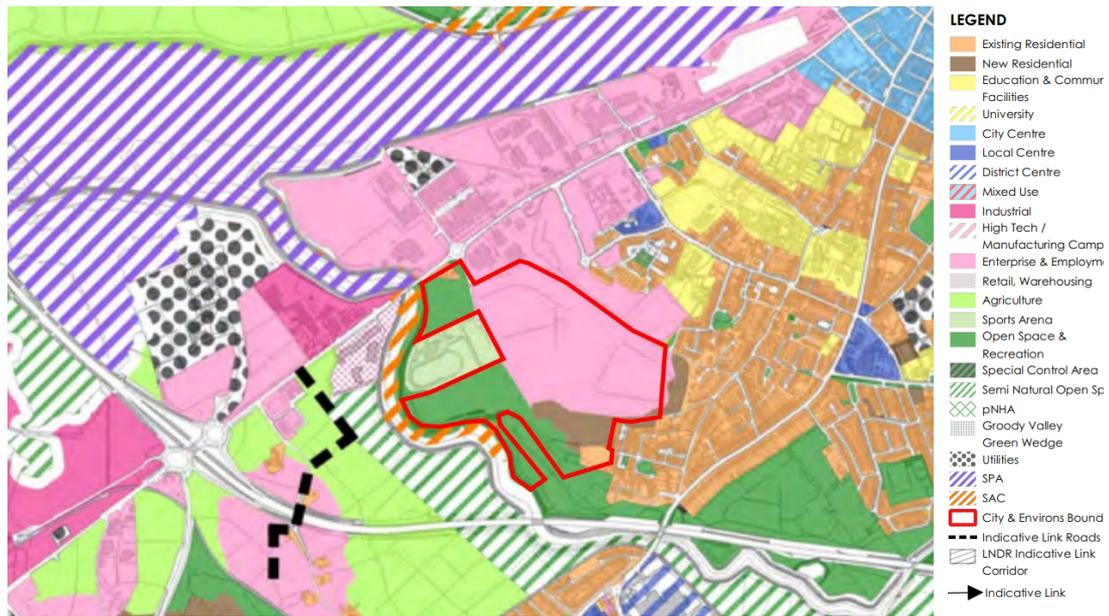
Figure 4-5: Land Use Zoning Map - Limerick City Development Plan 2010 - 2016 (As Extended)



Source: Limerick City & County Council

Indicative outline of subject lands by Lisney

Figure 4-6: Land Use Zoning Map - Draft Limerick Development Plan 2022 - 2028



Source: Limerick City & County Council

Indicative outline of subject lands by Lisney

## 4.2 EMPLOYMENT LAND USE ZONING

### 4.2.1 Overview

We note the following objectives within the Draft Limerick Development Plan 2022 – 2028:

- Enterprise & Employment - *'to provide for and improve general enterprise, employment, business and commercial activities'*
- Mixed Use – *'to provide a mixture of residential and compatible commercial uses'*
- High Tech / Manufacturing – *'to provide for office, research and development, high technology, manufacturing and processing type employment in a high quality built and landscaped campus style environment'*
- Industry – *'to provide for specialised and heavy industrial development and associated employment creation'*

The local authority has identified individual sites in the Limerick Metropolitan area it deems suitable for the provision of employment related uses<sup>3</sup>, as summarised in Table 4-2 below.

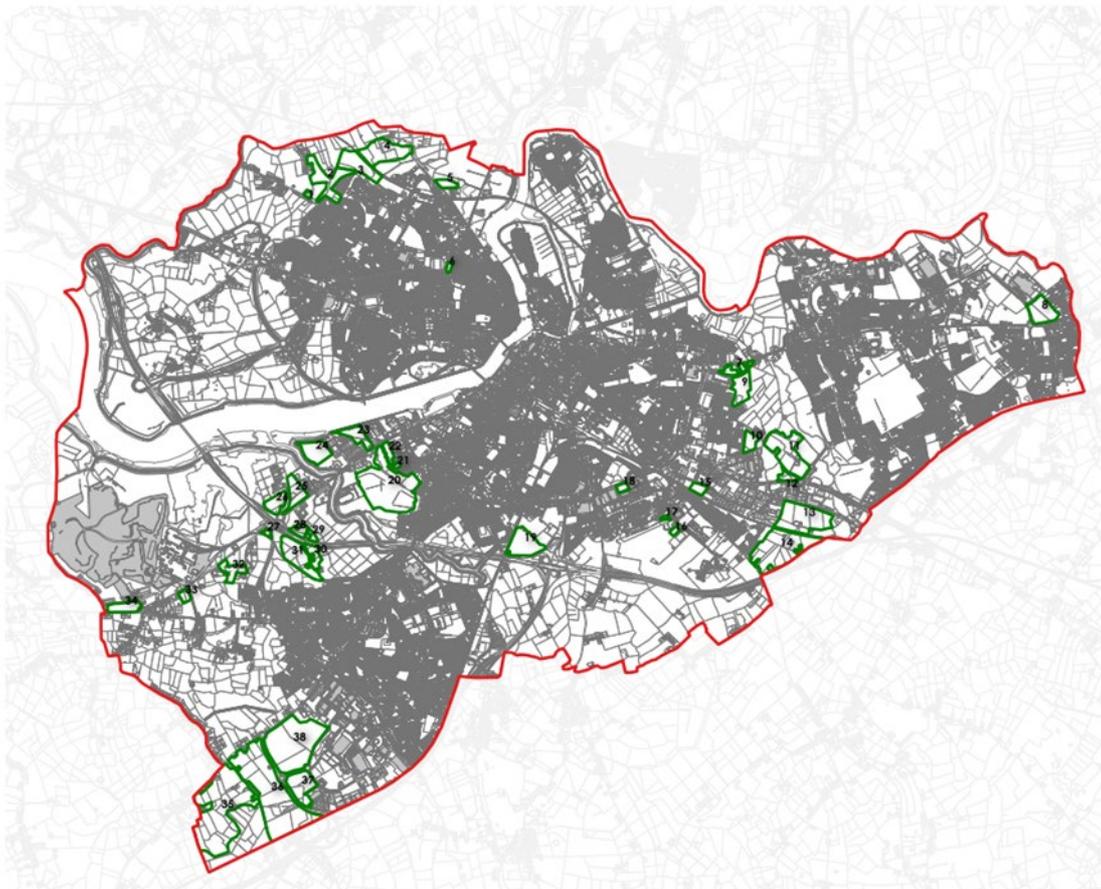
<sup>3</sup> Volume 2, Draft Limerick Development Plan 2022 – 2028; Area Zoning and Tiered Approach to Zoning; Table 2 – Limerick City & Environs lands identified for potential employment related development.

Table 4-2: Greenpark Lands – Current &amp; Proposed Land Use Zoning

LAND USE ZONING	NO. SITES	COMBINED TOTAL AREA (HA)
Enterprise & Employment	26	178.37 ha
Mixed-Use	4	18.82 ha
Industry	3	14.17 ha
High Tech / Manufacturing	5	145.89 ha
<b>TOTAL</b>	<b>38</b>	<b>357.25 ha</b>

The location of each of these parcels of land is shown in Figure 4-7 below.

Figure 4-7: Tiered Approach to Zoning Employment Lands Availability (June 2021)



Source: Draft Limerick Development Plan 2022 - 2028

## 4.2.2 Lisney Analysis

At a headline level, we estimate that combined, all of these sites have the potential to deliver **1.98m sqm of employment related accommodation; split 530,000 sqm of offices and 1.46m sqm of industrial / logistics / manufacturing accommodation.**

To put this in context, based on long-term average activity levels in the Limerick commercial property market (Limerick city and surrounding area, including Shannon), **it is equivalent to approximately 35 years of office requirements and 32 years of industrial requirements.** This is based on prevailing long-term annual average market activity levels (15,000 sqm offices and 45,000 sqm industrial).

However, this is at a high level and the long-term take-up may not correlate with future demand. Given the future focus of the city, particularly though Limerick 2030 and the commitments to economic growth by Limerick City and County Council through innovation and dynamic revitalisation, activity levels in both the office and industrial sectors is likely to grow in the medium-term. As such, we have considered the impact of activity increasing by 20%, 30%, 40%, 50% and 60%, and the resultant impact on the number of years' supply.

**Table 4-3: Annual Commercial Market Occupier Activity / Take-Up**

	CURRENT LTA	+20%	+30%	+40%	+50%	+60%
Office	15,000 sqm	18,000 sqm	19,500 sqm	21,000 sqm	22,500 sqm	24,000 sqm
Industrial	45,000 sqm	54,000 sqm	58,500 sqm	63,000 sqm	67,500 sqm	72,000 sqm

**Table 4-4: Years' Supply**

	CURRENT LTA	+20%	+30%	+40%	+50%	+60%
Office	35 yrs	29 yrs	27 yrs	25 yrs	23 yrs	22 yrs
Industrial	32 yrs	27 yrs	25 yrs	23 yrs	22 yrs	20 yrs

As stated, at a headline level we have estimated that there is enough land proposed to be zoned and available for employment related uses equivalent to occupier market requirements for 35 years offices and 32 years industrial. **Even assuming a 60% growth in demand in the medium-term, there remains over 20 years' supply of land.**

To provide some further context, it is useful to compare what is proposed for Limerick to other markets. Dublin is Ireland's biggest office and industrial market by a considerable length. In terms of industrial building stock, Dublin is approximately 6.8 times larger than Limerick with annual take-up in the past decade 6.3 times greater. Equally, the office building stock in Dublin is approximately 9.8 times greater than Limerick with annual take-up in the past decade 15.7 times more. Even in a Dublin context where industrial market activity is almost

16 times higher, the quantum of potential development proposed for Limerick in the draft plan is equivalent to over five years of Dublin supply.

**We believe that the amount of land proposed for employment related development is grossly excessive, particularly given the fact that Limerick, like all other parts of Ireland, is in the midst of a housing crisis with significant supply shortages and resultant rising prices.** Under the current development plan, 19.33 ha of Greenpark lands are zoned for residential purposes and have the potential to deliver up to 800 homes in the existing footprint of the city. Delivering these over a 10 year period would mean 80 additional homes available each year, which is equivalent to 15% of all housing completions across Limerick City and County in the past year; a significant percentage for an inner suburban area within walking distance of the city centre.

There are only five new homes schemes currently available in Limerick City. Two are in Mungret, which is significantly further out of the city centre and both schemes have asking prices in excess of €350,000. There is one scheme on the Ballyneety Road, slightly further out of the city centre and with asking prices starting at €315,000. There is a scheme just off the North Circular Road called Revington where asking prices start at €635,000 and another at Rhebogue Hill. Even taking into consideration likely residential development in the short-term (such as at Clonmacken, Croom and Patrick's Well), supply will not meet demand. The homes proposed for part of the Greenpark lands are significantly more affordable than many of the schemes currently for sale, they are within the southern ring road and will generally offer a greater selection of housing types.

## 5 CONCLUSION

Having considered the office, industrial and residential property sectors in Limerick, we are of the opinion that the quantum of lands proposed to be rezoned for enterprise and employment uses is **grossly excessive**; ranging between **20 and 35 years' market supply** depending on the level of market activity in the coming years. In the midst of a serious housing crisis, it would be more appropriate to **retain the existing residential and mixed-use land uses where the lands could significantly contribute to providing much needed affordable homes within the existing footprint of the city.**

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