From left: Derek O'Shea, Head of Real Estate Development Finance, AIB; John O'Connor, chief executive, Housing Agency; Pat Farrell, chief executive, Irish Institutional Property; and Brian Moran, managing director, Hines Ireland, at last week's Business Post Property Summit All pictures: Maura Hickey

Derek O'Shea, head of real estate development finance, AIB, with John O'Connor, chief executive, Housing Agency

Valerie O'Keeffe, chief executive, ClarifyVP Consulting, with Lucinda Kelly, chief executive, Popertee and Neal Gemassmer, vice-president, Yardi UK

Brian Moran, managing director, Hines Ireland

Dr Dáithí Downey, head of housing policy, Dublin City Council; Fiona Cormican, business director, Clúid Housing; Eoin Ó Broin, Sinn Féin TD and housing spokesman; David Lawlor, director, O'Flynn Group

Fiona Cormican, business director, Clúid Housing, with Eoin Ó Broin, Sinn Féin TD and housing spokesman

industry and government policy makers to "crack that nut, because people are working in silos and nobody is sharing the data needed to design that model."

"Apartment building has never been viable, it has always been heavily incentivised," said Farrell. "In the 1980s it was Section 23 along Dublin's quays, that was a 40 per cent subsidy.

"The government is driving a huge chunk of costs with Vat. That could be looked at. A second option is that the state develops a shared equity model like that in Britain."

Moran suggested ring-fencing property tax that would be earned from lands once they are developed, perhaps through the NTMA, which could issue a bond, which would then fund the infrastructure required for the development and which would be paid off over 30 or 40 years by the taxes raised by that land.

"Cherrywood would raise taxes of about €50 million once built. A bond could have been issued off the back of that to produce a few hundred million to solve infrastructural hurdles and drive down building costs. There's a reticence in Ireland around municipal bonds, so it should be done through a central agency," he said.

Panellist, author and Sinn Féin TD Eoin Ó Broin said: "There is an incredibly confused public conversation we're having about housing at the moment and how we're going to start addressing the enormous social and affordable housing crisis that we have.

"We haven't learned anything from the last decade of austerity and the crash before it. The starting point of this conversation has to be how we provide large volumes of homes at prices that modest income workers can afford.

"The private sector cannot deliver at the price point that we want in this city today. That's not a left-wing view but mainstream.

"Please stop arguing for tax breaks; we don't have enough funds for infrastructure. If we bleed the state dry, we'll have even less for amenities, services and infrastructure.

"We need to use public land banks in strategic way."

Fiona Cormican from the housing association Clúid Housing said: "We need to avail of state land, and recognise the costs attached to that. There's only so much we can develop on our own. We need to partner with developers on their land on private land to deliver the social hosing we need. We could ring-fence build-associated Vat and subsidise housing associations to provide affordable rentals. Subsidise the organisation, not the individual," she said. .

Later in the day, Niall Cussen, head of the newly formed Office of the Planning Regulator, spoke about future change. He said: "We face such extraordinary challenges into the future. The climate issue; I don't know about you, but it certainly keeps me awake at night. And with their enquiring minds, my two children want to know: are we doing enough in relation to the climate agenda?

"We are a phenomenally car dependent and car reliant economy and society in terms of our mobility choices, though significant change is starting to become more apparent in some of our more urban areas".

> **The starting point of this conversation has to be how we provide large volumes of homes at prices that modest income workers can afford**

Remaining competitive a key theme at Property Summit

Frustration at government changes to stamp duty and Reit structures, a metro for Dublin, sustainability and housing density were among the concerns raised at the sixth *Business Post* Property Summit

Donal Buckley

The need for Ireland to remain attractive to both international investors and labour was a key theme among speakers at the commercial stream of the *Business Post* Property Summit.

Aidan Gavin, managing director at Cushman & Wakefield, said: "The availability of near record levels of capital to invest in global property is going to be sustained into the future as bond levels will remain low for the next three to five years and interest rates will remain cheaper for longer. In that context property provides a very good alternative for this capital to invest in."

Office occupier demand in Irish cities is positive at the moment and another record year is likely for Dublin office take-up.

"We have 511,000 square metres under construction and as much as 60 per cent of that is pre-let or reserved. Our occupancy tracker shows about 427,300 million square metres of unsatisfied office demand," he said.

> **We're only going to grow at a speed where we can service the customers at the same level**

"We very much need functional regional cities. Cork is delivering in terms of its product. Galway and Limerick are also delivering but Galway is lagging in terms of office supply and work began only recently on its first speculative development in 15 years. We need to maintain the flow of international capital because if we didn't have it we wouldn't have the construction activity that we are seeing across all our cities."

He noted that international investors have expressed frustration at government changes such as those to stamp duty, Reit structures and Icav structures.

"The government is talking about taxing property in order to address future deficits. As an industry we need to push back against that in order to create a sustainable environment for these investors to come here," he warned.

CBRE director Marie Hunt said that the key themes for next year will be sustainability and resilience. The latter will include being able to repurpose because not all of the stock built over recent decades will continue in their current uses and they need to be converted to higher value uses.

James Meagher, director at Knight Frank Ireland, said that international investors have created enormous businesses in Ireland and are embedded in society. "They are building incredible places and are sustainably investing," he said.

The performance of the office market is seen with take-up of about 279,000 square metres this year. Construction can't keep up with demand. "These are all good problems," Meagher said.

Referring to questions about the end of the property cycle, he said: "We're not at the end of cycle. We might be at the end of fantastic growth but then look at the job creation. The EU estimates that 15,000 people a year will be added to the population of the Dublin region."

In response to a question from John McCartney, director of Savills Ireland about the likely increase in the office vacancy rate, Adrian Byrne, senior investment manager at Hibernia Reit, said he agreed with McCartney that vacancy rates could tick up with new stock coming on line.

"Nevertheless take-up going forward looks to be buoyant. We are projecting supply of 74,300 square metres in the city centre this year and 158,000 square metres next year. Net absorption has been running at about 60 to 70 per cent so for the next year or so we do see the market being in a very healthy place."

Byrne pointed out that headline rents had been around €672 per square metre for about a year and there has been some movement in terms of less tenant incentives such as rent free periods and capital contributions.

"So we don't see too much rental growth. I think we can absorb an up-tick in the vacancy rate which we expect will be below the natural rate for the next year or two which would be supportive of either rental growth or sustained rent," he added.

Brian Moran, managing director of Hines Ireland, said that high density housing was the major challenge facing Ireland and this needs major infrastructural investment. He called on the Government to look at the Parisian model for providing transport infrastructure for Dublin.

"We should say we are just building three metro lines. This will cost €10 billion and if we went to our European partners and said we can't continue as a city unless we do that and if we found a way to raise that €10 billion we should be brave enough to do it," he said.

David Killion, project manager at Ballymore Group, pointed to forecasts that Dublin's population could grow by 18 per cent over the next 15 years. He also pointed out that houses account for 60 per cent of the residential stock in Dublin City Council's catchment area.

"That compares with cities such as Berlin and Edinburgh where houses accounted for about 20 per cent. So there's real discussions to be had on density, building high and appropriate density," he said.

Todd Marler, senior director of operations at Greystar, the global leader in rental housing which has acquired 268 apartments at Dublin Landings in north docklands, said the company had undertaken research which shows very strong demand from residential tenants for single units and studios.

It also shows that 6 per cent of demand is from British residents, 8 per cent from US residents and 67 per cent from Irish residents, some of when he said are believed to be of other nationalities.