# The Scaling Challenge

## Report on the role of SME residential developers in Ireland

April 2026

Report commissioned by
Home Building Finance Ireland [HBFI]

Maoiniú Teaghais–Tógála Éireann
Home Building Finance Ireland


# Contents



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# Executive Summary

# Overview

Commissioned by Home Building Finance Ireland ("HBFI"), this report seeks to provide a comprehensive analysis of the residential development activity by small-to-medium sized developers across Ireland.

A key element of the report is the creation of a new segmentation model categorising developers based on their delivery capacity and geographic footprint.

In addition, direct market engagement has enabled the report to identify the key financial and operational challenges facing SME developers in scaling their development activity to meet the demand for new homes in Ireland.

Using planning application data, cross-validated against a variety of datasets[1] including BCMS records and corporate filings with the Companies Registration Office, the study examines more than 4,100 active planning applications and 99,196 completed units[2] between 1 December 2020 and 1 December 2025, to create a new developer segmentation model.

By categorising developers based on their delivery capacity and geographic footprint, the model transforms a highly fragmented sector into clear and comparable groups. Through quantitative analysis, spatial mapping, and qualitative insights, the approach highlights how delivery patterns vary across urban, town, and rural markets and reveals the distinct financial and operational challenges faced by different developer types.

The resulting insights provide a robust foundation to inform debate on strengthening the SME developer sector and accelerating housing delivery. In this report, developers are classified by average annual completed units as Micro and Small (1-49 units), Mid and Upper (50-299 units), and Tier 1 (300+ units); these are reflected in Segments A-B, C-E and F respectively.

| | Total Unit Delivery | Residential Delivery |
|---|---|---|
| **Data source / Provider** | An Phríomh-Oifig Staidrimh / Central Statistics Office<br>Data from Q4 2020 – Q3 2025 | Planning application data curated for this specific HBFI-commissioned research[1]<br>Data from 01/12/2020 – 01/12/2025 |
| **Number of completed units over the 5-year study period** | **144,389** | **99,196** [2] |
| **Data validation** | ESB network connections | Building Control Management System (BCMS) |
| **Data scoping / Method** | All schemes / units reported during the period | Only schemes comprising 5 units or more reported during the period |

1. KPMG Ireland used its organisation subscription with Construction Information Services ("CIS"), which provides a comprehensive database of construction activity across Ireland, to source an initial dataset of planning applications related to residential development. The CIS platform allowed us to identify relevant planning records through structured keyword searches, covering applications at various stages and ensuring coverage across all Local Authority areas. After extracting the dataset, our team independently reviewed and supplemented the records by verifying details directly from Local Authority/An Coimisiún Pleanála planning register portals, alongside Central Statistics Office data, Companies Registration Office data and Building Control Management System data, among other sources. This process created a reliable and comprehensive evidence base for our analysis.
2. Note our study excluded planning applications of less than five units and purpose-built student accommodation, as well as any schemes delivered by organisations that could not be classified as private developers, such as public bodies, charitable trusts, and other non-developer entities as these applications are out of scope. Reviewing these applications resulted in 99,196 completed units being identified. The differences between data curated for this research and CSO figures for completed units within the State are primarily the result of these study parameters.

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# Developers' Feedback and Scaling Challenges

In order to understand the general market sentiment amongst SME developers within each segment, and the specific challenges to scaling their activity, KPMG performed both a survey of representative developers and hosted four regional focus group events with developers in Dublin, Cork, Galway and Limerick.

The insights gathered through these stakeholder engagements, as well as KPMG's wider insights from advising the sector more broadly, have highlighted common and interrelated themes and scaling challenges across each developer segment, as detailed below.

### Surveys

Survey of c.40 developers and contractors.

### Focus Groups

Focus groups were conducted in Dublin, Cork, Galway and Limerick.

| | | |
|---|---|---|
| 1 | Planning | Reducing planning uncertainty remains the most effective contributor to scaling development activity and enabling developers to access pre-planning finance. |
| 2 | Infrastructure | Accelerated delivery of essential infrastructure and services is critical to unlocking and accelerating the development of new homes. |
| 3 | Land Availability | Increasing access to suitably zoned, serviced and affordably priced land is required to sustain and expand development activity nationally. |
| 4 | Equity | Increasing the availability of equity capital that enhances SME developers' ability to acquire land, fund early project stages and scale development is a key challenge to increased delivery. |
| 5 | Debt | Increasing access to debt finance for SME developers and for the acquisition of zoned land is critical to driving step changes in activity. Meeting the Government's target of 60,000 units per annum by 2030 will require a material increase in development lending, with over €31.1bn of recycling development capital (both debt and equity) estimated to be required annually. |
| 6 | High Density Viability | Unlocking the economic viability of high density development is critical to attracting the levels of private capital investment required to deliver Ireland's housing targets. |

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# Segmentation Model

The segmentation model in this report organises Ireland's developer market into clear, comparable groups by examining two dimensions: scale, based on average annual units delivered, and geography, reflecting where developers operate across urban, commuter-belt, and rural markets. This structure shows the extent of fragmentation in the sector and highlights the different operating contexts and constraints faced by each cohort.

| Segmentation | | Developers | | Completed Units | |
|---|---|---|---|---|---|
| Description | Indicative Annual Units | Number | % of Segmented Developers | Number | % of Segmented Developers Delivery |
| A – Micro/Small City | 1- 49 units | 258 | 29.1% | 8,684 | 9.6% |
| B – Micro/Small Towns and Rural | 1- 49 units | 536 | 60.4% | 17,940 | 19.8% |
| C – Medium City | 50 - 299 units | 21 | 2.4% | 8,241 | 9.1% |
| D – Medium Towns and Rural | 50 - 299 units | 8 | 0.9% | 2,600 | 2.9% |
| E – Medium National | 50 - 299 units | 54 | 6.1% | 24,023 | 26.5% |
| F – Large National | 300+ units | 11 | 1.2% | 29,293 | 32.3% |
| | Subtotal | 888 | - | 90,781 | - |
| Unsegmented[3] | - | 154 | - | 8,415 | - |
| | Total | **1,042** | - | **99,196** | - |

3. "Unsegmented" means we found the developers within this section to be highly diverse and variable in their delivery patterns, and therefore unsuited to being allocated to a segment within A-F. Further, we conclude grouping them together and applying a label could be misleading.

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# Insights from the Segmentation Model

**300+**

Only eleven Tier 1 developers consistently deliver 300+ units annually, yet they account for a disproportionately large share of total completed units (c.32.3%), reflecting their capacity to deliver large-scale schemes across multiple geographies.

The segmentation model has shown that c.90% of segmented developers delivered fewer than 50 units a year and c.66% of segmented developers deliver fewer than 10 units a year. This shows the prevalence that Micro and Small scale developers have within the Irish marketplace.

**21%**

Only 21% of developers operate outside a single geographical classification. The largest cohort of developers are active primarily within growth towns, due to land availability and sustainable demand.

Dublin Metropolitan Area remains the dominant location for both permitted and completed units, driven by large-scale schemes and sustained demand.

Regional cities such as Cork, Limerick and Galway play a strong secondary role, while development in rural counties is limited in scale and driven mainly by smaller local developers.

**47.5% only**

Although over 2,192 distinct entities were identified as having active planning permissions during the period, only 1,042 entities (47.5%) were found to have completed any residential units.

Developers consistently point to a common set of challenges, planning uncertainty, infrastructure deficits, land availability constraints, limited access to equity and debt finance, and the viability of high density development, as key inhibitors of growth. These issues are particularly amplified for SME developers, who face structural disadvantages compared with larger, better-capitalised developers.

Segments E and F account for c.59% of completed units delivered by segmented developers, underscoring their outsized role in national delivery, while segment B, though made up of small individual developers, collectively delivers substantial volumes across regional and rural markets. Overall, the analysis provides a clear, data-driven picture of the diverse contributors to Ireland's housing supply and the geographic factors shaping future delivery potential.

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# 01 Introduction

# 1.1 Introduction

**This report presents a comprehensive analysis of Ireland's residential development sector, with a particular focus on the role of small-to-medium sized developers in shaping national housing delivery. Drawing on five years of planning application data, the report examines more than 4,100 active planning applications.**

Ireland's residential development sector is undergoing a period of significant transition. Rising housing demand, evolving policy frameworks, demographic changes, and chronic supply constraints have created a development environment that is both highly active and challenged. In this context, HBFI engaged KPMG to undertake a comprehensive analysis of the residential development landscape, with a particular focus on understanding the scale, behaviour, and capacity of small-to-medium-sized developers, who represent a significant segment of the market, and consider the challenges they currently face.

For the purposes of this report, developers are grouped by average annual completed units (across the 5 years of research data applied) into Micro and Small developers delivering 1-49 units per annum, Mid and Upper developers delivering 50-299 units per annum, and Tier 1 developers delivering 300+ units per annum. Within the segmentation model, Micro and Small developers are captured in Segments A and B, Mid and Upper developers in Segments C, D and E, and Tier 1 developers in Segment F, which represents the large national cohort.

This report provides an evidence-based, nationwide assessment of housing delivery over the five-year period from 1 December 2020 to 1 December 2025. Drawing on an extensive dataset of more than 4,100 planning applications for schemes of five units or more, the report sets out a detailed picture of who is building homes in Ireland, where development is taking place, and how delivery patterns vary across geographies and developer types.

A structured segmentation model has been developed to classify developers according to two key dimensions:

- **Their demonstrated annual delivery capacity**
- **The geographies in which they operate**

This model reveals a residential development ecosystem dominated by Micro and Small developers delivering fewer than fifty units per year, alongside a very small cohort of large national developers who deliver a disproportionately high share of total completions. By analysing both completed units and in-progress schemes, and by mapping activity across metropolitan centres, commuter counties, regional cities, growth towns, and rural areas, the segmentation provides a nuanced understanding of the structure, diversity, and concentration of development activity across the State.

Quantitative analysis has been complemented through nationwide SME focus groups and survey responses. These engagements capture the lived experience of developers operating across Ireland and provide insights into the system that influences the pace, scale, and viability of housing delivery. Developers consistently point to a common set of challenges, planning uncertainty, infrastructure deficits, land availability constraints, limited access to equity and debt finance, and the viability of high density development, as key inhibitors of growth.

These issues are particularly amplified for SME developers, who face structural disadvantages compared with larger, better-capitalised developers.

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**SME focus groups and survey feedback show that persistent structural challenges - especially planning uncertainty, infrastructure gaps, limited land access, and constrained equity and debt financing - significantly hinder SME developers' ability to scale housing delivery.**

Taken together, the analysis presented in this report offers a comprehensive, data-driven foundation to support strategic policy development and targeted intervention. It highlights the central role of SME developers in Ireland's housing system, while also identifying the operational, financial, and regulatory constraints that limit their ability to scale. The findings are intended to support HBFI and all key stakeholders, public and private, to design more effective financial supports, streamline delivery pathways, and unlock the full potential of the residential development sector in meeting Ireland's housing needs.

**The detailed objectives of this project are:**

1. Develop a detailed segmentation of the residential development sector in the State with a particular focus on the SME developer sector (the "Segmentation Model").
2. Analyse a representative sample of the data gathered in Objective 1 to quantify the annual housing output of the SME developer sector, relative to the overall residential development sector, over the past five years.
3. Assess the capacity of the SME developer sector to scale up housing delivery, including the use of industry/stakeholder focus groups.
4. Identify and analyse barriers to scaling across the SME developer sector and gather sector sentiment.

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# 02 Segmentation of Developers

# 2.1 Data Sources Summary

**The study analysed all planning applications for developments of five or more units that were active over the past five years and delivered by SME residential developers.**

KPMG Ireland used its organisation subscription with **CIS**, which provides a comprehensive database of construction activity across Ireland, to source an initial dataset of planning applications related to residential development. The CIS platform allowed us to identify relevant planning records, covering applications at various stages and ensuring coverage across all Local Authority areas. After extracting the dataset, our team independently reviewed and supplemented the records by verifying details directly from **Local Authority/ An Coimisiún Pleanála planning register portals**, alongside **Central Statistics Office data, Companies Registration Office data and Building Control Management System data**, among other sources. This process created a reliable and comprehensive evidence base for our analysis, and ensures that all activity, from early-stage site mobilisation to delivery of finished units, is accurately reflected within the dataset.

The BCMS itself is a national, IT-enabled platform designed to facilitate the electronic administration of building control functions across all local authorities. Operated and maintained by the **National Building Control Office (NBCO)**, the system houses the statutory building control register for the State. Since 2014, it has collated all Commencement Notices, Certificates of Compliance on Completion, and associated documentation submitted to Ireland's **31 building control authorities**[4]. Its consistent structure and national coverage make it a robust and authoritative source for tracking construction progress, verifying compliance milestones, and identifying the timing of project initiation and completion.

For the purposes of this study, the project team examined all planning applications associated with residential developments of five units or more that were active at any point between **1 December 2020** and **1 December 2025**, delivered by SME developers. Defining this five-year study period allowed for the inclusion of both newly initiated schemes and multi-phase developments progressing through construction during the timeframe. The minimum threshold of five units was deliberately selected to ensure the analysis remained focused on professional developers and SME-scale construction firms, rather than capturing one-off, small-scale private applicants whose delivery behaviours and motivations differ significantly from larger commercial operators. By integrating CIS's intelligence, the project established a reliable, end-to-end evidence base of residential delivery activity that can be utilised as a source of truth. This enabled the assessment of true completions, improved accuracy in developer segmentation, and provided insights into the scale and consistency of output across Ireland's residential development sector.

| | Total Unit Delivery | Residential Delivery |
|---|---|---|
| **Data source / Provider** | An Phríomh-Oifig Staidrimh Central Statistics Office<br>Data from Q4 2020 – Q3 2025 | Planning application data curated for this specific HBFI-commissioned research<br>Data from 01/12/2020 – 01/12/2025 |
| **Number of completed units over the 5-year study period** | **144,389** | **99,196** |
| **Data validation** | ESB network connections | Building Control Management System (BCMS) |
| **Data scoping / Method** | All schemes / units reported during the period | Only schemes comprising 5 units or more reported during the period |

4. A building control authority acts under the Building Control Acts to oversee and enforce compliance with building regulations and related control procedures within its Local Authority area.

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# 2.2 Data Review and Assessment

**Defining the scope of the data used in this study and comparison with alternative data sources.**

Over the five-year study period, a total of 4,148 planning applications for residential developments comprising five or more units were identified as active. Collectively, these applications represent 290,422 permitted units, reflecting the volume of residential capacity formally approved through the planning system during this timeframe. Permitted units in this context refer specifically to the number of residential units granted under valid planning permissions, regardless of whether construction has commenced.

In addition to these approved schemes, a further 715 planning applications were submitted between 1 December 2020 and 1 December 2025 and remain pending decisions, accounting for an additional 34,339 proposed units. These pending applications signal a pipeline of potential future supply that has yet to advance.

The project research data identifies 110,954 units (38% of total permitted) are under development within commenced applications. An additional 99,196 units (34% of total permitted) have been completed to date across all schemes, including 58,102 units (20% of total permitted) delivered within partially completed applications. This demonstrates how active development activity translates into tangible housing delivery and provides insight into the pace and conversion rate from commencement to completion across the sector.

| | Proposed Units | Permitted Units | | |
|---|---|---|---|---|
| | Plans Submitted (awaiting decision) | Plans Granted | | Completed[5] |
| | | Permitted (not commenced) | Commenced (not completed) | |
| **Units** | 34,339 units | 80,272 units | 110,954 units | 99,196 units |
| % of total units identified | 11% | 25% | 34% | 31% |
| | 34,339 subtotal proposed units | 290,422 subtotal permitted units | | |
| | **324,761 total units identified within active schemes** | | | |

Table 1 Units by Delivery Status (data as relevant to SME Market Review)

5. Note our study excluded planning applications of less than five units and purpose built student accommodation, as well as any schemes delivered by organisations that could not be classified as private developers, such as public bodies, charitable trusts, and other non-developer entities as these applications are out of scope. Reviewing these applications resulted in 99,196 completed units being identified. The differences between data curated for this research and CSO figures for completed units within the State are primarily the result of these study parameters.

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# 2.3 Segmentation Criteria: Average Completed Units

**Our analysis showed that the most accurate indicator of an entity's scale is its demonstrated annual delivery capacity, measured by the number of units it can consistently deliver each year.**

Representative data for each scale segment is presented in terms of the total number of residential units completed per annum. This includes units delivered through fully completed schemes as well as units reported as completed within in-progress planning schemes. By using completed-unit output as the primary metric, the segmentation reflects the demonstrated delivery capacity of each entity rather than planned or potential activity.

To ensure comparability across developers with differing delivery patterns, the total number of units completed during the five-year analysis period was divided by five to generate an average annual delivery figure. This approach reduces distortions arising from developers who may deliver large one-off schemes infrequently versus those who maintain a steady pipeline of smaller or mid-sized projects. This methodology provides a more stable indicator of an entity's consistent operational scale and its typical contribution to national housing output.

Using this standardised annualised delivery rate, an initial segmentation was applied to classify entities into meaningful scale bands, reflecting their relative position within the residential development landscape. These categories distinguish between micro-scale developers completing fewer than ten units per year, small-scale firms delivering up to several dozen units annually, and progressively larger SME and Tier 1 developers capable of delivering at significantly higher volumes. These distinctions were delineated following consultation with HBFI, where developers are grouped into Micro, Small, Mid-SME, Upper-SME, and Tier 1 categories based on verified annual output.

This segmentation provides a structured basis for comparing delivery capacity, identifying patterns in development behaviour and market specialisation, and likely future delivery potential within each cohort.

| Scale | Description |
|---|---|
| Micro developer | Avg. 1 - 9 units completed per annum |
| Small developer | Avg. 10 - 49 units completed per annum |
| Mid SME developer | Avg. 50 - 149 units completed per annum |
| Upper SME developer | Avg. 150 - 299 units completed per annum |
| Tier 1 developer | Avg. 300+ units completed per annum |

Table 2: Segmentation by the Scale of Entity (based upon number of reported units)

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| Entities | With Completed Schemes | With Partially Completed Schemes | With Permitted Schemes Only [6] | With Active Planning Permissions |
|---|---|---|---|---|
| | 630 (28.7%) | 412 (18.8%) | 1,150 (52.5%) with no completed units to date | 2,192 |
| Total | 1,042 (47.5%) with completed units | | | |

Table 3: Number of entities delivering units versus those seeking permissions

**Over 2,192 distinct entities were identified with active planning permissions across the period; only 630 entities were identified which had fully completed residential projects, with a total of 1,042 entities identified which had completed any residential units within the period.**

Within the cohorts analysed, only 11 entities demonstrated an average annual delivery rate exceeding 300 units, placing them within the classification of 'Tier 1 developers'. This small group represents the highest-capacity segment of the market, those capable of sustaining large-scale, repeat delivery across multiple years. The use of a five-year average means recent increases in completed output may not yet be fully reflected in current classifications.

In contrast, the majority of entities fall into the 1–9 units per annum range, classifying them as Micro Developers. This distribution underscores the significant role played by smaller firms across the residential development landscape. Although individually limited in scale, their collective contribution is substantial, forming an essential part of Ireland's housing delivery ecosystem. Their prevalence also highlights the fragmented nature of the market and the reliance on a broad base of small-scale developers to support overall output levels.

| Scale Segmentation | Unit Completions | # Total Completed Units | % Total Completed Units | # Total Entities | % Total Entities |
|---|---|---|---|---|---|
| Micro developer | Average 1 - 9 units per annum | 10,875 | 11.0% | 689 | 66.1% |
| Small developer | Average 10 - 49 units per annum | 24,164 | 24.4% | 259 | 24.9% |
| Mid SME developer | Average 50 - 149 units per annum | 19,241 | 19.4% | 65 | 6.2% |
| Upper SME developer | Average 150 - 299 units per annum | 15,623 | 15.7% | 18 | 1.7% |
| Tier 1 developer | Average 300+ units per annum | 29,293 | 29.5% | 11 | 1.1% |
| Total | | **99,196** | - | **1,042** | - |

Table 4: Pre-segmentation entities grouped by the number of units they have delivered

6. Have not registered a completed scheme or completed unit in the last 5 years. These entities were removed from study cohort before segmentation and are not included in any subsequent tables.

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# 2.4 Segmentation Criteria: Geography

We applied additional segmentation mapping to the relative locations of residential unit applications by entity. This reveals the geographic footprint of each organisation's activity and highlights concentrations, gaps, and potential market overlaps across jurisdictions.

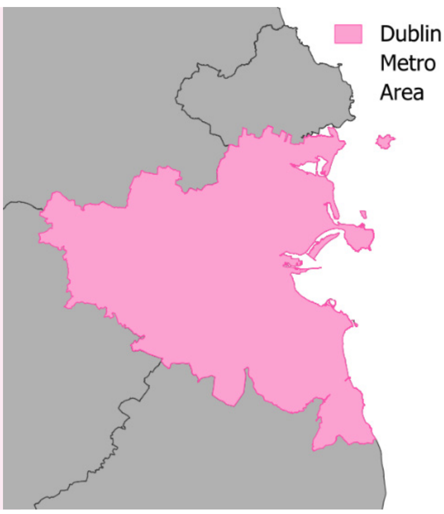
By reviewing all planning applications submitted by each entity, we were able to segment developers according to the geographies in which they operate. This analysis draws on the full spatial footprint of each organisation's activity, capturing where they seek planning permissions. This method provides a reliable indication of the geographic contexts in which they are most comfortable delivering units.

To support this, planning applications were mapped against a structured set of geographic categories. This allowed us to understand not only where developers operate, but also the diversity (or concentration) of their geographic presence.

| Geographic Segmentation | Delivery Locations | Description |
|---|---|---|
| Dublin Metropolitan Area | Dublin City | Dublin city centre and suburbs. Definition provided using the relevant CSO 2022 Built Up Areas ("BUA") enumeration boundary. |
| | Dublin Metropolitan Area Strategic Plan (MASP) Boundary | Wider integrated land use and transportation strategy area for the Dublin Metropolitan Area, as defined by the EMRA RSES. |
| Regional Cities | Cork, Limerick, Waterford, Galway | BUAs for all other regional cities outside of Dublin, including a 5km buffer zone. |
| Growth Towns | Towns (1,500+) | BUAs for settlements with more than 1,500 residents, including a 5km buffer zone. |
| Rural | Rural Remainder | All remaining parts of the State not otherwise identified. |
| Other | Various Locations | Not limited to a single geography. |

Table 5: Segmentation by Geography

This geographic segmentation provides a more nuanced understanding of developer behaviour, enabling the identification of patterns such as regional specialisation, urban versus rural focus, and the relative balance between localised developers and those with national reach. These insights also highlight potential constraints or opportunities for scaling delivery, depending on an entity's geographic footprint and the demand conditions of the markets in which they predominantly operate.

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Completions are concentrated in Dublin Metropolitan Area due to larger scheme sizes, while growth towns, like Drogheda and Navan, lead with respect to total schemes completed.

| Geographic Segmentation | Location | # Total Completed Units | % Total Completed Units |
|---|---|---|---|
| Dublin Metropolitan Area | Dublin City and wider MASP Area | 47,382 | 47.8% |
| Regional Cities | Cork, Limerick, Waterford and Galway incl. 5km buffer | 10,569 | 10.7% |
| Growth Towns | Towns (1,500+) incl. 5km buffer | 38,624 | 38.9% |
| Rural Remainder | Rural remainder | 3,342 | 3.4% |
| | **Total Delivery** | **99,196** | **-** |

Table 6: Number of units completed by geographies

### Insights by Geography

- Scheme scale is the main driver of Dublin's dominance in completions (47.8% total units).
- Delivery activity is widely distributed across growth towns (of which, 6.5% of completed units were in Drogheda and 4.6% in Navan), but projects in these locations are generally smaller in scale.
- Regional cities contribute a meaningful, if clearly secondary, share of delivered units (10.7% total units).
- Rural delivery is limited in both absolute and relative terms (3.4% total units).

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**Many entities have a preferred geography that they operate exclusively within, the most common of these are growth towns (1500+ population).**

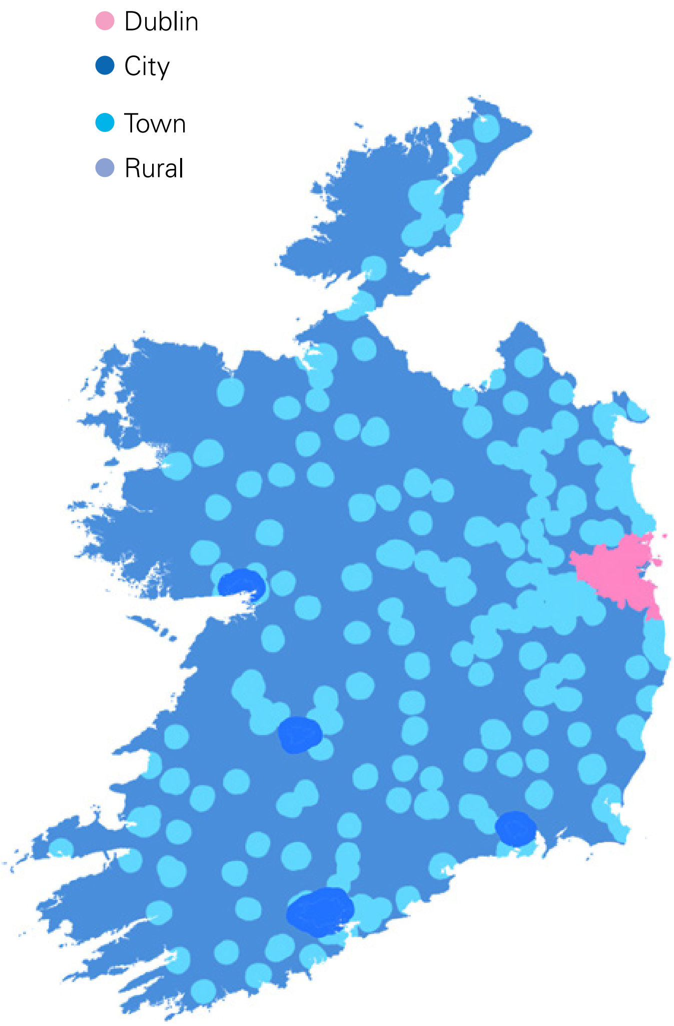
The analysis shows that **most entities tend to concentrate their activity within geographical markets that they know well**. This pattern reflects the operational advantages associated with working in familiar planning environments, established supply chains and markets where developers have deeper knowledge of demand dynamics. However, **218 entities (approximately 21% of the total)** operate across multiple geographies, demonstrating the capability and confidence to deliver units in a broader range of market conditions.

**Growth Towns emerge as the most common focus area.** Growth towns are defined as built-up areas outside of the cities with more than 1,500 residents, including an associated 5km buffer zone, and represent a substantial portion of Ireland's residential development footprint. Their prominence can be attributed to two main factors:

- **Higher number of growth towns** relative to other urban geographies, creating more opportunities for development.
- **Greater availability of development-ready land** compared with Dublin and the major regional cities, where land constraints, higher acquisition costs, and more complex planning environments can restrict new activity.

| Geographic Segmentation | # Entities | % Total Entities |
|---|---|---|
| Dublin Metropolitan Area | 194 | 18.6% |
| Regional Cities | 86 | 8.3% |
| Growth Towns (1,500+ pop) | 457 | 43.9% |
| Rural Remainder | 87 | 8.3% |
| Other (multiple geographies) | 218 | 20.9% |
| **Total** | **1,042** | - |

Table 7: Pre-segmentation entities by the geographies they operate in

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# 2.5 Developer Segmentation Classes

Combining the assessment of the number of units being completed annually and the geospatial distribution of their delivery resulted in the following segmentation model.

Using the two segmentation types identified above, a series of distinct segmentation classes have been established for the SME developer cohort. Together, they provide a structured framework for understanding how various types of entities contribute to national housing delivery and where their strengths, constraints, and typical development behaviours lie.

Within this framework, the entities categorised as 'N/A' are Micro and Small developers whose activity spans multiple geographies or operating patterns and therefore cannot be assigned consistently to a single segmentation class. Their exclusion from Segments A to E does not reflect delivery volume alone, but rather the heterogeneity of their business models and development footprints. These entities include:

- **Retail-led developers** delivering small numbers of residential units as part of larger mixed-use or commercial schemes;
- **Opportunistic redevelopment specialists** who focus on infill, refurbishment, or adaptive-reuse projects driven by site-specific opportunities rather than sustained delivery pipelines;
- **Compact, strategically focused developers** capable of undertaking highly targeted interventions, often in constrained urban locations, where their expertise allows them to unlock value despite limited scale.

Because the development patterns within this group are irregular and often project-specific, their exclusion ensures the other components of the model accurately capture the varied nature of participants in the residential development ecosystem without forcing diverse entity types into categories that do not reflect their actual delivery behaviours.

<table>
<tr><th></th><th colspan="5">Average number of units completed annually</th></tr>
<tr><th>Classification</th><th>Micro<br>(1-9)</th><th>Small<br>(10-49)</th><th>Mid SME<br>(50-149)</th><th>Upper SME<br>(150-299)</th><th>Tier 1<br>(300+)</th></tr>
<tr><td>Dublin Metro Area</td><td colspan="2" rowspan="2">A – Micro/Small City</td><td colspan="2" rowspan="2">C – Medium City</td><td rowspan="5">F – Large National</td></tr>
<tr><td>Regional Cities</td></tr>
<tr><td>Growth Towns</td><td colspan="2" rowspan="2">B – Micro/Small Towns and Rural</td><td colspan="2" rowspan="2">D – Medium Towns and Rural</td></tr>
<tr><td>Rural Remainder</td></tr>
<tr><td>Other</td><td colspan="2">N/A[7]</td><td colspan="2">E – Medium National</td></tr>
</table>

Table 8: Segmentation Classification Summary

7. "Unsegmented" means we found the developers within this section to be highly diverse and variable in their delivery patterns, and therefore unsuited to being allocated to a segment within A-F. Further, we conclude grouping them together and applying a label could be misleading.

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# 2.5.1 Description of Segmentation Classes

The segmentation classes highlight the differences between developer types operating within the Irish market and the issues they are likely to face in coming years.

| Segment | Scale | Geography | Description | # Entities | % Entities |
|---|---|---|---|---|---|
| **A – Micro/Small City** | Micro, Small | Dublin Metro, Regional Cities | Small scale agile developers focused on infill, regeneration, or BTR schemes in high-demand urban areas. | 258 | 29.1% |
| **B – Micro/Small Towns and Rural** | Micro, Small | Towns, Rural | Infill in smaller towns and small local developments to meet regional demand, driven by local populations and demand. Needs to know their markets extremely well to ensure profitability of development. | 536 | 60.4% |
| **C – Medium City** | Mid SME, Upper SME | Dublin Metro, Regional Cities | Redevelopment of larger scale brownfield sites, higher density developments and opportunist metropolitan suburban developments. | 21 | 2.4% |
| **D – Medium Towns and Rural** | Mid SME, Upper SME | Towns, Rural | Meeting the demand of commuter towns and new settlements/growing villages. | 8 | 0.9% |
| **E – Medium National** | Mid SME, Upper SME | Other (multiple geographies) | Delivers medium- to large-scale developments across the regional markets, with a growing portfolio of sites. | 54 | 6.1% |
| **F – Large National** | Tier 1 | Dublin Metro, Regional Cities, Towns, Rural, Other (multiple geographies) | Able to develop large scale developments in a broad range of markets, capable of targeting strategic land and has a diverse portfolio of sites. | 11 | 1.2% |
| | | | **Subtotal** | 888 | 100% |
| **Unsegmented** | N/A | N/A | Unsegmented entities comprise a highly diverse and heterogeneous group for which a single, unified definition cannot be easily applied. | 154 | - |
| | | | **Total** | **1,042** | **-** |

Table 9: Segmentation Classification by Cohort

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**Ireland's development landscape is dominated by Micro and Small developers delivering under 50 units, with medium developers operating more diversely across regions.**

The Irish residential development sector is **overwhelmingly characterised by Micro and Small developers**, the majority of whom deliver fewer than 50 units annually and typically operate within narrowly defined geographic or market segments.

In contrast, medium-sized developers generally demonstrate a broader operational footprint. These entities are **more likely to engage across multiple geographies and market types**, leveraging greater organisational capacity, more diversified land pipelines, and the ability to manage higher levels of project and financing complexity. Nonetheless, a **notable subset of medium developers remains exclusively focused on the Dublin market**, a trend likely driven by the scale of opportunity, higher density development potential, and strong demand fundamentals within the capital and its metropolitan area.

At the upper end of the sector, only **11 Tier 1 developers** consistently deliver an **average of more than 300 units per year**, representing a small but productive cohort within the overall development landscape. These entities are uniquely positioned in terms of scale and multi-regional capability, enabling them to deliver large-scale schemes and influence national housing output in a way that smaller and mid-sized developers cannot. Their limited number underscores the extent to which **Ireland's housing delivery system depends on a very broad base of small operators, complemented by a narrow tier of large developers capable of sustained, high-volume output.**

| Total Entities Classified by Avg. No. Units[8] Completed per Annum | Micro (1-9 units) | Small (10-49 units) | Mid SME (50-149 units) | Upper SME (150-299 units) | Tier 1 (300+ units) | # Subtotal |
|---|---|---|---|---|---|---|
| Dublin Metro Area | 135 | 39 | 14 | 5 | 1 | 194 |
| Regional Cities | 64 | 20 | 2 | - | - | 86 |
| Growth Towns | 323 | 126 | 8 | - | - | 457 |
| Rural Remainder | 81 | 6 | - | - | - | 87 |
| Other (multiple geographies) | 86 | 68 | 41 | 13 | 10 | 218 |
| # Total | **689** | **259** | **65** | **18** | **11** | **1,042** |

Table 10: Entities Classified by Average Number. of Units Completed per Annum

Note: Presented as counts only. All segmentation model percentages elsewhere are expressed on a segmented-only basis (n=888).

8. Rolling average across the 5-year delivery period.

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# 03

# Housing Delivery Analysis

# 3.1 National Trends of Housing Delivery

**Planning permissions are largely concentrated in the south and east of the country. The dominance of the main city regions in overall unit delivery is primarily driven by the scale of the planning schemes being approved, with larger developments disproportionately influencing national totals.**

These maps show the quantity of permitted schemes and units over the last 5 years. The data is sourced from planning applications over 5 units in size and excludes student accommodation.

### Permitted schemes show strong geographical concentration

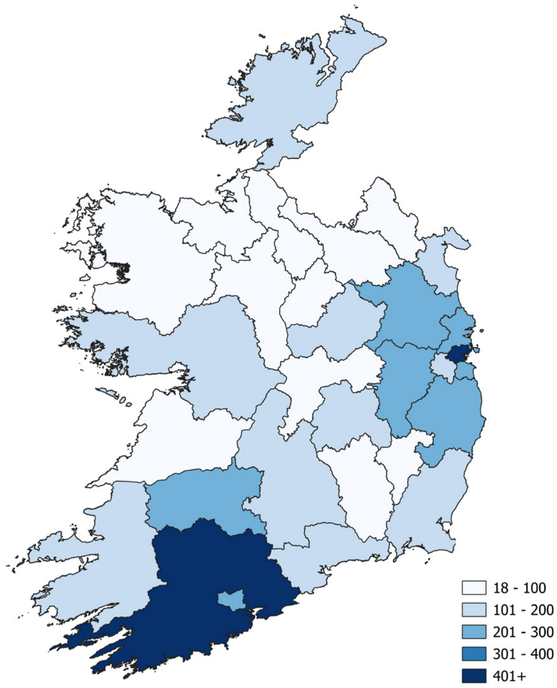
- Most approved residential schemes are located in the **southern and eastern regions of the State**, highlighting a clear spatial imbalance in development activity.
- These regions continue to attract a significant share of planning activity due to existing urban centres and infrastructure availability.

### Scale of schemes is the key driver of Dublin's dominance

- Analysis of the ratio of residential units to planning applications shows that it is not just the number of applications, but the scale **of individual schemes,** that sustains Dublin's leading position.
- Larger urban developments, often **high density or multi-phase projects**, contribute disproportionately to the total volume of units permitted in the capital.

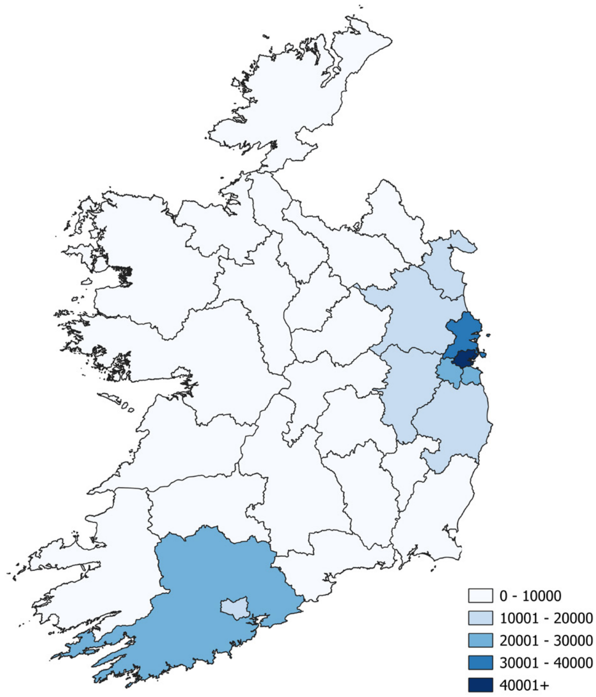
### County Cork plays a major role in national housing outputs

- Cork continues to make a **substantial contribution to overall residential permissions**, reflecting its position as the State's second major urban driver of housing supply.
- Significant levels of planned development across both Cork City and County indicate strong regional growth potential and support balanced national delivery.




**Number of Permitted Schemes**

3,102 Schemes were permitted nationwide over the last 5 years




**Number of Permitted Units**

290,422 units were permitted nationwide over the last 5 years

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Completed schemes are more geographically dispersed, but Dublin and Cork continue to dominate.

These maps show the quantity of completed schemes and units over the last 5 years. The data is sourced from planning applications over 5 units in size and excludes student accommodation.

### Dublin and Cork remain the strongest centres of completed activity

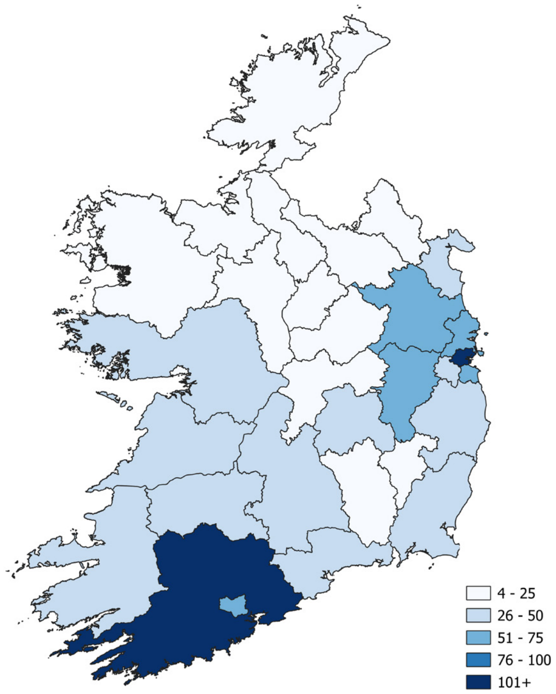
- Despite the wider distribution, Dublin and Cork continue to dominate in terms of the number of schemes that actually reach completion.
- Their established urban bases, population demand, and development pipelines reinforce their leading roles.

### Completed units provide a clearer signal of underlying housing demand

- Unlike permissions, some of which may never be built, completed units more accurately reflect where market demand is strongest.
- Areas with sustained completion levels demonstrate deeper, ongoing housing needs.

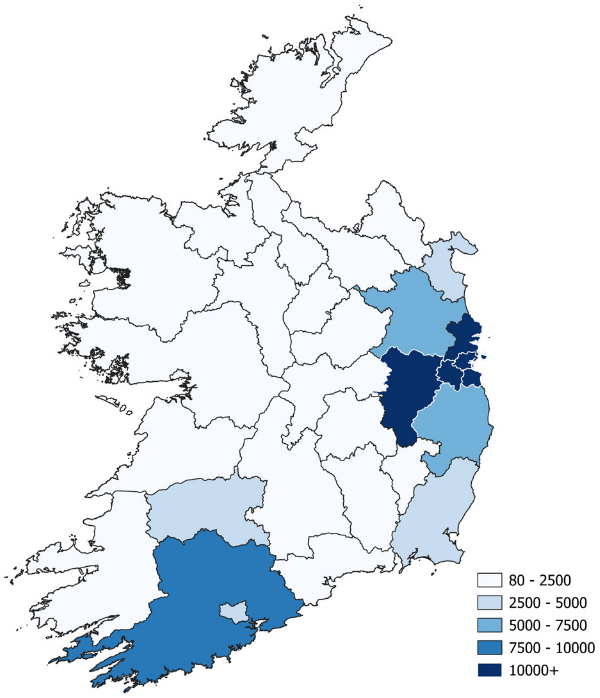
### Largest concentrations of completed units remain in major urban areas

- Although completions are spread more widely across Ireland, the **highest densities continue to be found in Dublin and Cork city areas.**
- These urban cores remain the primary destinations for both population growth and sustained residential development.




**Number of Completed Schemes**

830 Schemes were completed nationwide over the last 5 years




**Number of Completed Units**

99,196 units were completed nationwide over the last 5 years

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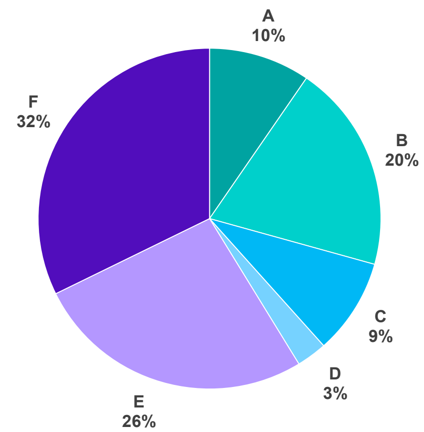
# 3.2 Delivery by Segment

Segments E and F are the primary drivers of national housing delivery, accounting for 59% of units completed by segmented developers, with Segment B adding a further nearly 20% through its large base of smaller developers.

| Segment | | | | | |
|---|---|---|---|---|---|
| A<br>Micro/ Small City | B<br>Micro/Small Towns and Rural | C<br>Medium City | D<br>Medium Towns and Rural | E<br>Medium National | F<br>Large National |

Table 11: Number of Completed Units by Segment. (Percentage of completed units in the housing analysis represents the percentage relative to the delivery by segmented developers.)

| | A | B | C | D | E | F | U | Total |
|---|---|---|---|---|---|---|---|---|
| # Completed Units | 8,684 | 17,940 | 8,241 | 2,600 | 24,023 | 29,293 | 8,415 | 99,196 |
| % Completed Units | 9.6% | 19.8% | 9.1% | 2.9% | 26.5% | 32.3% | - | - |




34.2% of permitted units nationally have been reported as completed.

**Segments E and F represent the largest contributors to completed housing delivery**

- Together, Segments E and F account for 59% of all completed residential units, making them the most influential groups in terms of national output.
- Their dominance suggests that developers within these segments consistently deliver larger volumes of units and play a central role in meeting housing demand.

**Segment B adds meaningful scale despite smaller individual outputs**

- Segment B contributes 20% of completed units nationally, a significant share considering each developer delivers relatively few units annually.
- The collective impact of many small-scale developers within this segment results in a strong aggregated contribution to housing completions.
- This highlights the importance of supporting smaller developers, as their combined activity meaningfully shapes national delivery levels.

**Segment D has the lowest delivery levels**

- With only 3% of completed units, Segment D is the smallest contributor to housing delivery.
- This limited output may reflect general viability, lower activity levels, smaller scheme sizes, or more constrained development capacity among developers in this segment.

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# 3.2.1 Segment A Profile

| Segment | Indicative Annual Units | Developers | % Total | Completed Units | % Total Units Completed By Segmented Developers |
|---|---|---|---|---|---|
| **A - Micro/Small City** | 1-49 units | 258 | 29.1% | 8,684 | 9.6% |

Small scale agile developers focused on infill, regeneration, or Build-to-Rent (BTR) schemes in high-demand urban areas.

**Segment A** is predominantly located in counties with strong proximity and accessibility to Dublin and other major urban centres. However, analysis of scheme delivery shows that the highest volume of completed and pipeline residential units nationally are concentrated within Dublin City Council and its adjacent local authorities.

Segment A delivers a **modest share of national completed units**

- Developers within Segment A account for 9.6% of all completed residential units delivered by segmented developers statewide.
- This indicates that while the segment is active, its overall contribution is relatively small compared with larger-scale segments.

Segment A has **completed 40.8% of the units permitted**, indicating a lower level of conversion of permitted pipeline into delivered homes relative to the other segments.
Geographic context amplifies the significance of the discrepancy

- These segments operate in geographies where **both permitted and delivered units are heavily concentrated**, meaning they are active in high-demand, high-output areas.
- Despite this advantageous location, their lower proportional contribution to completed units signals that **other segments are driving the bulk of development activity in these regions.**

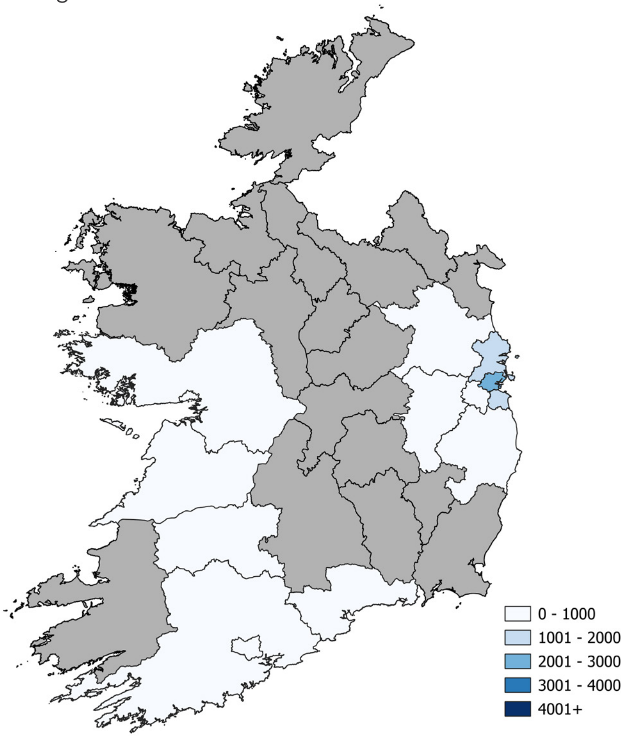
This pattern reflects that, while Segment A makes an important contribution to housing delivery, a larger share of completed units is accounted for by higher-volume segments.

**258**
Developers

**8,684**
Units Completed by Segment

**40.8%**
of Units Permitted have been Completed by Segment to date

**9.6%**
of Units Completed by Segmented Developers Nationally

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# 3.2.2 Segment B Profile

| Segment | Indicative Annual Units | Developers | % Total | Completed Units | % Total Units Completed By Segmented Developers |
|---|---|---|---|---|---|
| B - Micro/Small Towns and Rural | 1-49 units | 536 | 60.4% | 17,940 | 19.8% |

Infill in smaller towns and small local developments to meet regional demand, driven by local populations. Needs to know their markets extremely well to ensure profitability of development.

**Segment B** has a broad national presence, operating across most of the State except in the major urban cores. Its highest concentrations of delivered units are found in the areas surrounding Dublin, Cork, and Wexford. Given their focus on growth towns and rural locations, developers in this segment rely heavily on strong local market knowledge to support viable delivery.

**Segment B represents the largest cohort of developers by number of entities**

- Collectively, these developers have **delivered 19.8% of all completed residential units by segmented developers statewide** over the past five years, demonstrating the tangible impact of many smaller contributors working in parallel.

**Strong alignment with local housing demand**

- Developers in Segment B typically tailor their activity to the specific housing needs of the local markets in which they operate.
- Their output levels are closely tied to local demand conditions, making them sensitive to regional population growth, household formation, and market dynamics.

**Future growth depends on demand or geographic expansion**

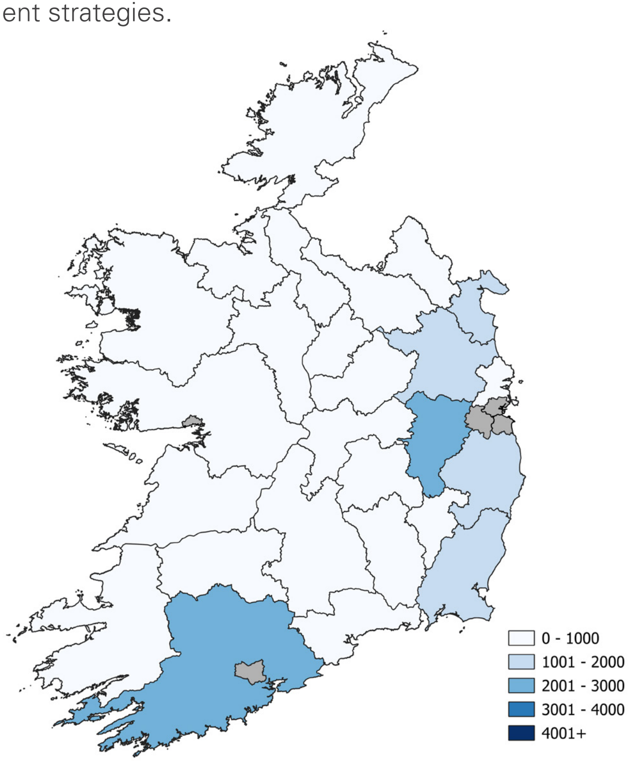
- The ability of Segment B developers to scale will hinge on continued demand within their current operating areas.
- Alternatively, growth may require expanding beyond their existing geographic footprints, entering new markets, or diversifying their development strategies.

**536**
Developers

**17,940**
Units Completed by Segment

**47.9%**
of Units Permitted have been Completed by Segment to date

**19.8%**
of Units Completed by Segmented Developers Nationally

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# 3.2.3 Segment C Profile

| Segment | Indicative Annual Units | Developers | % Total | Completed Units | % Total Units Completed By Segmented Developers |
|---|---|---|---|---|---|
| C - Medium City | 50-299 units | 21 | 2.4% | 8,241 | 9.1% |

Redevelopment of larger scale brownfield sites, higher density developments and opportunistic metropolitan suburban developments.

**Segment C** has a predominantly urban geographic focus, with activity concentrated in Dublin City, Fingal, South Dublin, and Dún Laoghaire-Rathdown, and shows little engagement in the peripheral areas of the MASP Region compared with Segment A; however, it has demonstrated additional activity in Galway and Waterford over the past five years.

Segment C contributed to **9.1% of all completed units statewide**, positioning it as a meaningful but not dominant contributor within the developer landscape.

Activity strongly centred on **urban cores and higher density development**

- Segment C developers tend to be concentrated in major urban centres, including the Dublin Metro area and regional cities, where their operating model aligns with urban intensification.
- Their schemes are likely **higher density formats**, such as apartment-led developments, and infill regeneration projects, particularly on brownfield sites where redevelopment opportunities support compact growth.

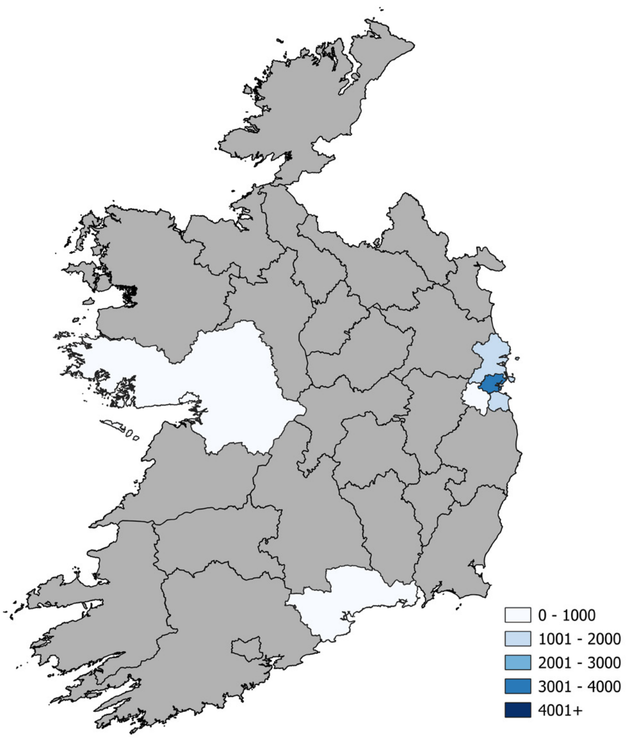
Increased activity in Galway and Waterford over the past five years suggests a role in delivering suburban greenfield housing in regional cities.

**21**
Developers

**8,241**
Units Completed by Segment

**50%**
of Units Permitted have been Completed by Segment to date

**9.1%**
of Units Completed by Segmented Developers Nationally

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# 3.2.4 Segment D Profile

| Segment | Indicative Annual Units | Developers | % Total | Completed Units | % Total Units Completed By Segmented Developers |
|---|---|---|---|---|---|
| D - Medium - Towns and Rural | 50-299 units | 8 | 0.9% | 2,600 | 2.9% |

Meeting the demand of commuter towns and new settlements/ growing villages

**Segment D**'s delivery activity is concentrated in the peripheral areas surrounding Dublin and along key transport corridors such as the M11 and M1. Similar to Segment B, their operational footprint is closely shaped by local housing demand, with development occurring primarily in geographies where clear market need is evident.

**Site desirability** is highly influential on this segment's capacity to scale up. Community amenities play a pivotal role, as strong local services, schools, and social infrastructure increase the appeal of developments and help underpin sales demand.

**Transport connectivity** is a major influence, with reliable links to employment centres and essential services acting as key determinants of whether developers can successfully deliver and scale within this segment.

**Pathway for Segment D Developers to Scale into Segment F**

- To advance toward Segment F, developers would need to expand beyond their existing geographic footprint, moving into new areas with larger and more diverse demand profiles.
- This scaling journey would require active exploration of development opportunities within the MASP, where higher population densities and stronger market fundamentals support larger schemes.

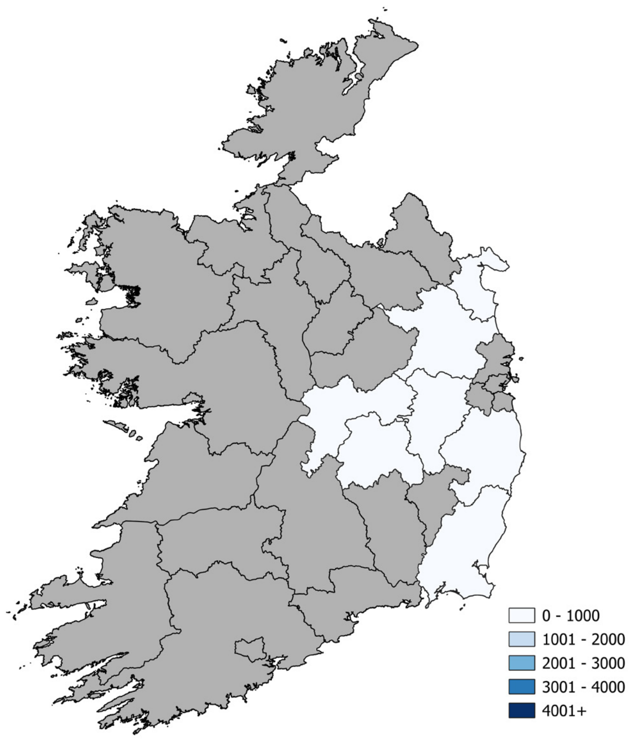
Segment D has **completed 53.1% of the units permitted**, indicating the highest level of conversion of permitted pipeline into delivered homes relative to the other segments.

**8**
**Developers**

**2,600**
**Units Completed by Segment**

**53.1%**
**of Units Permitted have been Completed by Segment to date**

**2.9%**
**of Units Completed by Segmented Developers Nationally**

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# 3.2.5 Segment E Profile

| Segment | Indicative Annual Units | Developers | % Total | Completed Units | % Total Units Completed By Segmented Developers |
|---|---|---|---|---|---|
| E - Medium National | 50-299 units | 54 | 6.1% | 24,023 | 26.5% |

Delivers medium- to large-scale developments across the regional markets, with a growing portfolio of sites

**Segment E** is operating across the majority of the State with the exception of the North West. It is dominant in Dublin and Cork, reiterating the strength of the markets in these locations to support demand requirements. The absence of activity in the northwest highlights that local community demand is a key determinant of where this segment chooses to build.

Developers in Segment E contributed to **26.5% of all completed units by segmented developers statewide**, showing they play a notable role in overall delivery activity.

- Despite this contribution, their delivery performance is significantly lower when compared to the number of units they have secured through planning permissions.
- Specifically, they have completed only just over one-third of the units for which they already hold planning approval.

Segment E developers **are the least likely (38.8%) among all segments to convert permitted units into completed homes**, and the performance gap is larger than any other segment.
The 54 developers show a wide geographic spread, demonstrating experience working across diverse markets and varying local conditions.

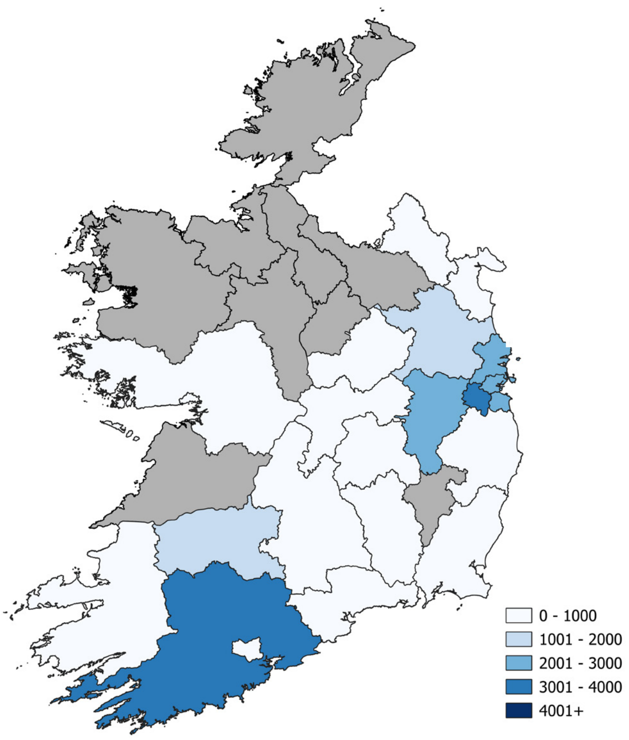
- Their collective backgrounds indicate strong market exposure and the ability to respond effectively to different regional demands.
- Taken together, their experience and operational reach suggest that **these developers are well-positioned to advance to Segment F, with the capability to deliver at a higher scale and complexity.**

**54**
Developers

**24,023**
Units Completed by Segment

**38.8%**
of Units Permitted have been Completed by Segment to date

**26.5%**
of Units Completed by Segmented Developers Nationally

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# 3.2.6 Segment F Profile

| Segment | Indicative Annual Units | Developers | % Total | Completed Units | % Total Units Completed By Segmented Developers |
|---|---|---|---|---|---|
| F - Large National | 300+ units | 11 | 1.2% | 29,293 | 32.3% |

Able to develop large scale developments in a broad range of markets, capable of targeting strategic land and has a diverse portfolio of sites.

As sectoral anchors, **Segment F** seeks out large landbanks that they can hold for prospective demand and subsequent development. The locations with the largest demands are Cork and Dublin and the Segment F developers have been actively targeting these spaces.

Segment F developers contributed **32.3% of all completed units by segmented developers statewide**, highlighting their major role in total housing output relative to other market segments.

- This substantial output was achieved by only 11 developers.

Their scale and broader portfolio of sites provide a degree of diversification in delivery risk across locations and schemes, relative to smaller developer cohorts. Even during the COVID-19 downturn, when many parts of the market slowed or paused delivery, this group maintained its housing output. They remain highly active in the present market, continuing to progress major schemes, provided they can access sufficient land supply to maintain development momentum.

- The security and depth of landbanks is a critical factor for future performance with continued strong delivery relying on ongoing access to suitable sites of sufficient scale.

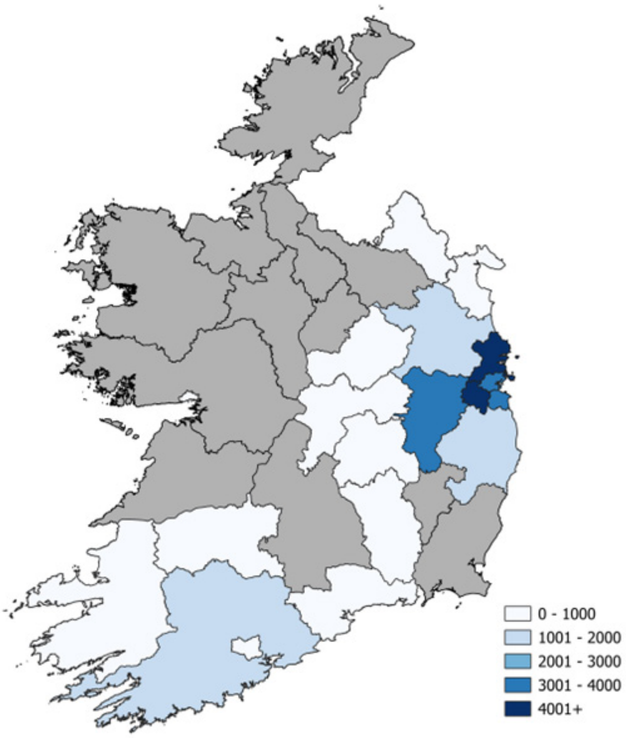
Given their track record and scheme sizes, Segment F developers are likely to play a pivotal role in sustaining future housing completions, especially in areas requiring large-scale regeneration or master-planned developments.

**11**
Developers

**29,293**
Units Completed by Segment

**44.6%**
of Units Permitted have been Completed by Segment to date

**32.3%**
of Units Completed by Segmented Developers Nationally

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# 3.3 Segmentation Summary

Taken together, the segmentation analysis illustrates how Ireland's housing delivery is shaped by a small number of high-output developers alongside a broad base of smaller operators whose collective contribution is material but constrained.

| Segmentation | | | | Developers | | Completed Units | |
|---|---|---|---|---|---|---|---|
| **Description** | **Scale** | **Geography** | **Ind. Annual Units** | **#** | **%** | **#** | **%** |
| **A – Micro/Small City** | Micro, Small | Dublin Metro, Regional Cities | 1-49 units | 258 | 29.1% | 8,684 | 9.6% |
| **B – Micro/Small Towns and Rural** | Micro, Small | Towns, Rural | 1-49 units | 536 | 60.4% | 17,940 | 19.8% |
| **C – Medium City** | Mid SME, Upper SME | Dublin Metro, Regional Cities | 50-299 units | 21 | 2.4% | 8,241 | 9.1% |
| **D – Medium Towns and Rural** | Mid SME, Upper SME | Towns, Rural | 50-299 units | 8 | 0.9% | 2,600 | 2.9% |
| **E – Medium National** | Mid SME, Upper SME | Other | 50-299 units | 54 | 6.1% | 24,023 | 26.5% |
| **F – Large National** | Tier 1 | Dublin Metro, Regional Cities, Towns, Rural, Other | 300+ units | 11 | 1.2% | 29,293 | 32.3% |
| | | | **Subtotal** | 888 | - | 90,781 | - |
| **Unsegmented[9]** | N/A | N/A | - | 154 | - | 8,415 | - |
| | | | **Total** | **1,042** | **-** | **99,196** | **-** |

Table 12: Segmentation Summary - Delivery by Segment

9. "Unsegmented" means we found the developers within this section to be highly diverse and variable in their delivery patterns, and therefore unsuited to being allocated to a segment within A-F. Further, we conclude grouping them together and applying a label could be misleading.

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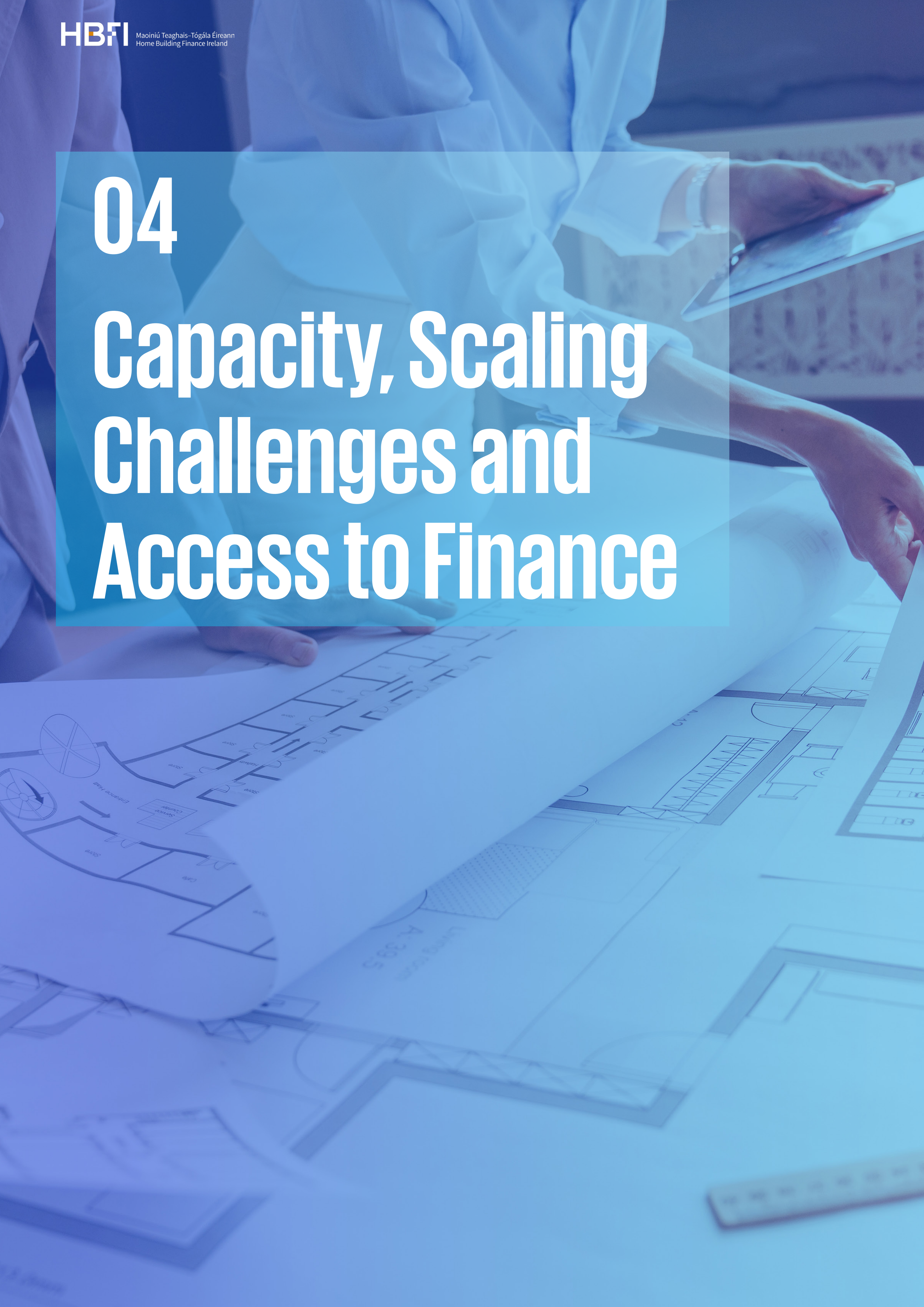

# 04

# Capacity, Scaling Challenges and Access to Finance

# 4.1 Overview

KPMG engaged with a representative sample of developers across all segments to assess general market sentiment around scaling development output, as well as the key challenges inhibiting growth.

To understand the general market sentiment amongst developers within each segment and the specific challenges to scaling their activity, KPMG performed both a survey of representative developers and hosted four regional focus group events with developers in Dublin, Cork, Galway and Limerick.

The insights gathered through these stakeholder engagements, as well as KPMG's wider insights from advising the sector more broadly, highlighted common and interrelated challenges to scaling across each developer segment, as summarised below and set out in detail over the following pages.

## Market Engagement

**Surveys**

Survey of c.40 developers and contractors.

**Focus Groups**

Focus groups were conducted in Dublin, Cork, Galway and Limerick.

## Key Enablers of Scaling Development Activity

| | |
|---|---|
| 1 Planning | Continued improvement to the Irish planning system to accelerate residential delivery by reducing uncertainty for capital and decreasing risk for developers. |
| 2 Infrastructure | Accelerated delivery of essential infrastructure and services to unlock and accelerate the development of new homes. |
| 3 Land Availability | Increasing access to suitably zoned, serviced and affordably priced land to sustain or expand development activity. |
| 4 Equity | Increasing access to equity capital that enhances SME developers' ability to acquire land, fund early project stages and scale development pipelines. |
| 5 Debt | Increasing access to debt finance for SME developers and for the acquisition of zoned land is critical to driving step changes in activity. Meeting the Government's target of 60,000 units per annum by 2030 will require a material increase in development lending, with over €31.1bn of recycling development capital (debt and equity) estimated to be required annually. |
| 6 High Density Viability | Unlocking the economic viability of high density development is critical to attracting the levels of private capital investment required to deliver Ireland's housing targets. |

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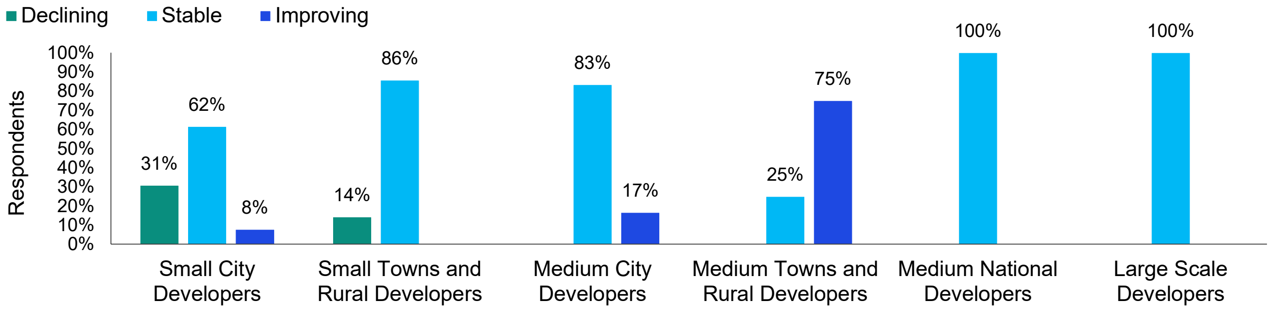
# 4.2 SME Developer Sentiment

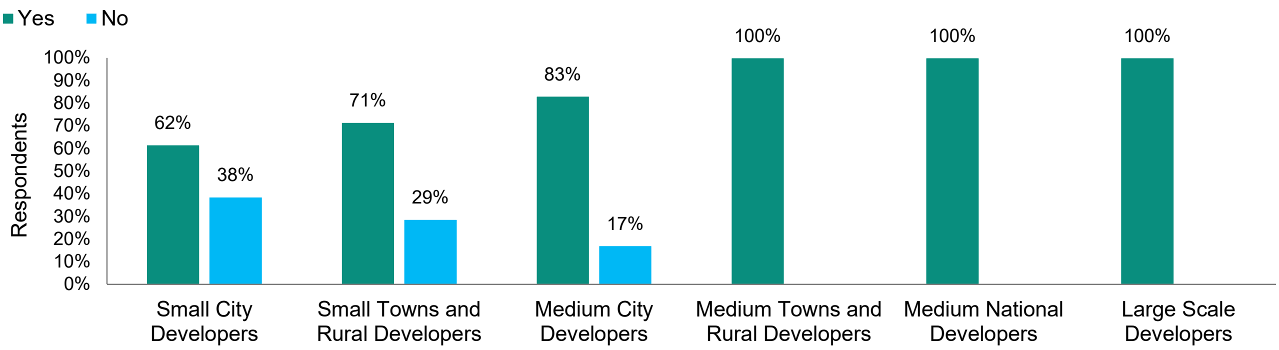
**Survey responses identified confidence amongst developers to deliver on their existing projects and a desire to actively expand their development pipeline.**

Respondents' general market outlook was stable across the Segments, with a noticeable improving sentiment among respondents in the 'Medium Towns and Rural Developers' segment, reflecting increasing availability of finance and strong market demand in these locations.

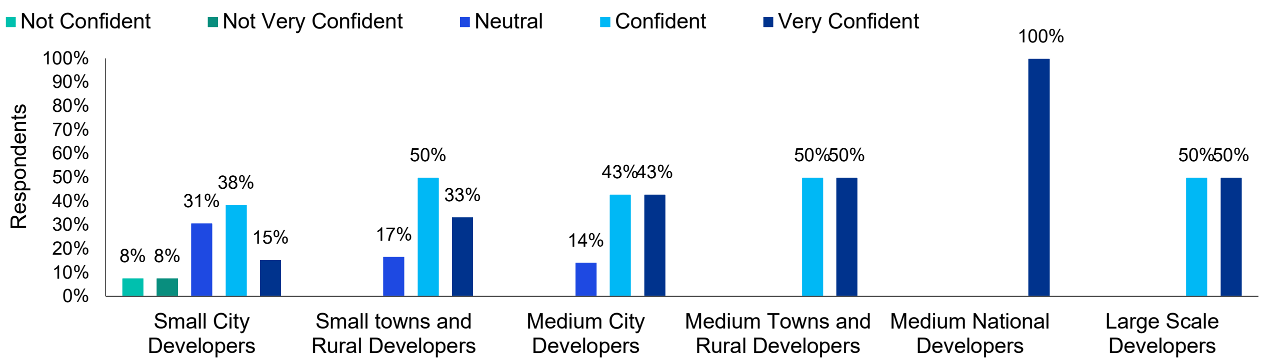
- **Market outlook over the next 24 months**




- **Actively seeking to expand development pipeline**




- **Level of confidence in ability to deliver planned projects over the next 24 months**

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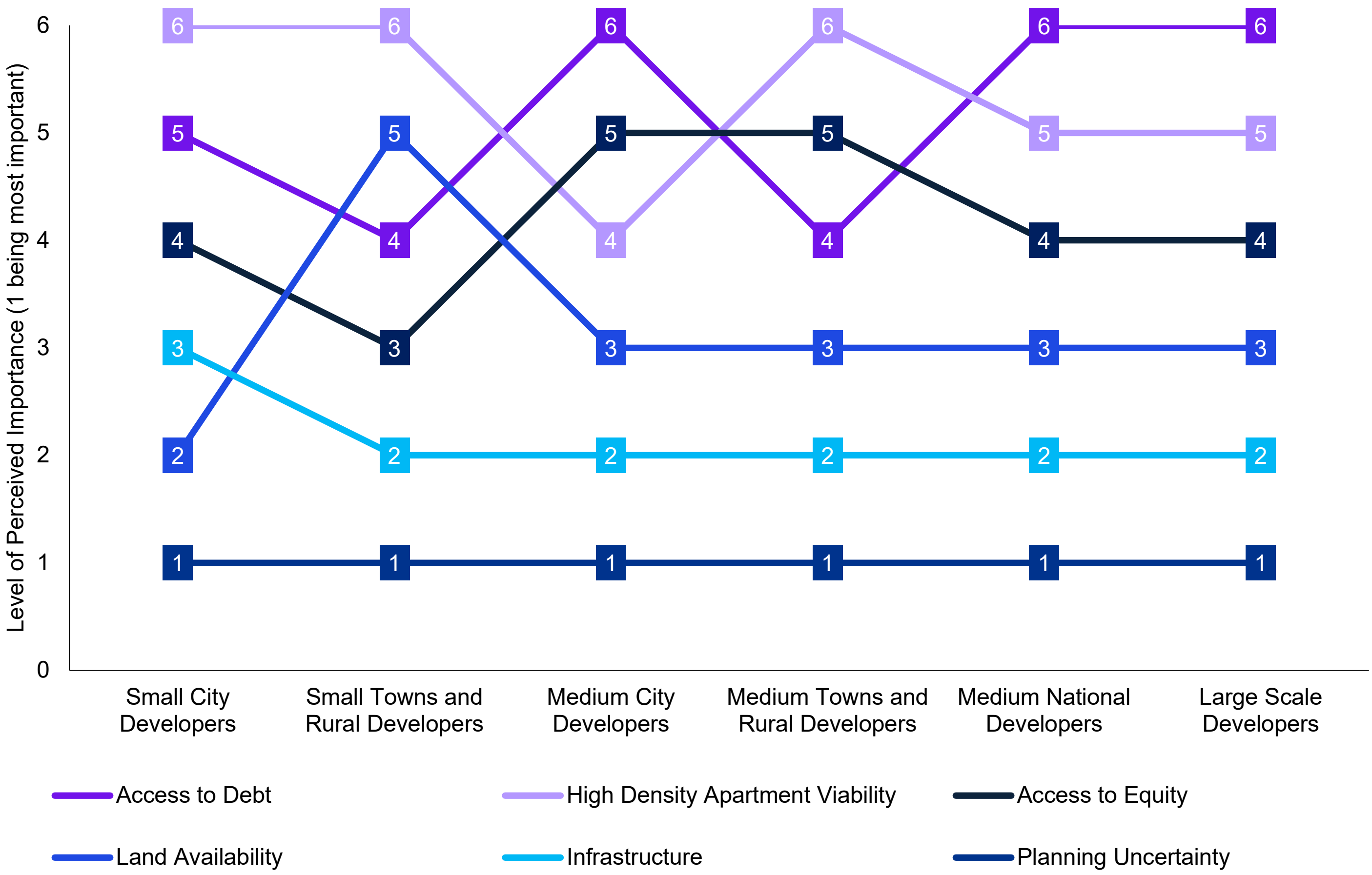
# 4.3 Developer Identified Challenges to Scaling Development Activity

Survey respondents and focus group participants across all segments consistently identified the same scaling constraints as the most significant challenges to growth in unit delivery.

Planning, infrastructure and land availability were repeatedly ranked as the primary challenges limiting the ability to scale development activity.

- **Developers' level of perceived importance of each scaling barrier by segment**




Note: These are not an exhaustive list of challenges faced by developers within the State. They represent the six most commonly identified and influential challenges inhibiting the scaling activity of developers in the Irish market.

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# 4.3.1 - Planning

### Summary

Feedback from developer focus groups identified the following themes regarding planning uncertainty as a key challenge to scaling their development activity:

- Continued planning reform remains a direct and substantial determinant on the pace of housing delivery, with greater certainty on timings and outcomes having a major influence on what is ultimately financeable;
- Achieving a better balance between the rights of objectors and the requirements of developers and funders for certainty will shorten delivery timelines, reduce holding costs and generate greater momentum for delivery;
- Focus groups sought shorter lead-in times between securing consent and commencing the construction of new homes, which they said could be achieved with more targeted planning conditions;
- Incorporating viability assessments in planning decisions could better align grants of permissions to development commencement;
- Recent planning reforms by Government are overwhelmingly supported but a period of delivery is required before assessing if they genuinely bring predictability in planning decisions;
- SME developers are disproportionately exposed to planning risk and have less capacity to financially absorb prolonged pre-construction delays; and
- There is a recurring desire to see stronger alignment across planning policy and decisions, infrastructure investment and funding availability so that consented projects can be brought forward to delivery.

### Overview

Planning is not limited by SME residential developers seeing it as a single process (e.g. a planning application); but rather as a key constant influencing delivery certainty, from early site appraisal through to construction and completion of a scheme. Across the national focus group events undertaken to inform this research, planning was repeatedly described as one of the key determinants of whether land use zoning and development intent actually give rise to a reliable pipeline of housing delivery. In that sense, planning sits alongside (and interacts with) the core themes set out in the "land availability" section (see page 39 later in this report), particularly the important distinction between nominal capacity and genuinely deliverable supply.

A feature of the conversations in these focus group events was a sense of encouragement that recent policy interventions have reduced planning uncertainty. However, operationally planning risk is still being carried for far longer than is sustainable, particularly for Micro developers in the sector. If a residential development project has any level of complexity, is contested by local stakeholders or is reliant on infrastructure upgrades, these inevitably lead to delays and an elongated project cycle, which is undermining confidence of ultimate delivery.

### Planning Certainty

A recurring theme from the focus groups was that the planning process is increasingly judged via a measure of certainty. This applies to seeking certainty on delivery timelines, certainty on conditions attaching to a planning permission (which can often be seen to ignore market/ commercial realities), and certainty that a planning consent is sufficiently robust to stand against appeals and legal challenge.

**Key Impacts of Challenge**

Increased cost of capital due to planning uncertainty

Reduced availability of capital

Reduces development to promoter capital capacity

Slower conversion of zoned lands into homes

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### Planning Certainty (continued)

Where timelines inevitably extend, the financial implication of that delay accumulates quickly, and the often tight margin on a project has very little ability to absorb design changes, further information requests, or phased delivery adjustments (let alone the appeals and legal challenges that ensue).

Interestingly, participants in a focus group event described a "confidence threshold" that projects must reach before the arms of their business will initiate it. Historically, where securing planning consent was a key milestone for mobilisation, delivery now heavily depends on financial viability, infrastructure capacity, compliance requirements and the risk of further disruption or challenge. It is clear that this is a widely held position when the sheer volume of extant permissions that have not commenced or did not commence in a timely manner upon receipt of planning consent are studied. This is a compounding challenge when layered in with the "land availability" issues nationally (see section 4.3.2) because a perceived dearth of serviced, viable residential zoned land squeezes further any tolerance for planning uncertainty, meaning only a very small sub-grouping of viable developments can be activated.

### Deliverability Timeframes

Another consistent sentiment emerging from our focus group events is that the sector is grappling with a pronounced gap between consented projects and the actual delivery of homes. A swathe of planning consents exist yet these schemes remain stalled due to timeframe uncertainty and viability sensitivity.

As might be expected, this was particularly apparent in discussions around higher density delivery, where construction cost pressures and compliance complexity continue to materially undermine a project's ability to proceed. This constraint arises through the stacking of all of the foregoing matters (planning conditions, infrastructure upgrades, contributions requirements, and risk management across the application-appeal-legal challenge stages through to construction commencement). Some of the focus groups described the present planning system in Ireland as having a negative effect on deliverability and, as aforementioned, while most support the current and emerging policy framework, several expressed concerns over the complexity of navigating the planning process successfully.

In discussing possible solutions, standardisation and routes to better certainty or predictability are seen as vital. While maintaining quality standards and forward-planned outcomes are recognised, consistency in conditions attaching to planning permissions and the ability to have stronger dependency on timelines are all seen as contributors to increasing the number of homes that actually get delivered following a planning consent being obtained.

### Planning Reforms

As evidenced through the Planning and Development Act 2024, the review of the National Planning Framework in 2025 and a host of other legislative and policy changes, planning in Ireland is undergoing substantial reform. Any efforts to increase clarity, reduce ambiguity, and speed up decision-making are to be welcomed, yet focus group participants informing this research suggest improvements in confidence will depend on evidence of tangible changes in practice. Many examples of servicing or infrastructure constraints holding up implementation of projects were discussed, suggesting that planning in isolation cannot resolve delivery challenges.

Planning, infrastructure provision and funding are still too often progressed on separate tracks across a project, which can leave projects consented but not implementable for extended periods.

### Impact on Capital Availability and Cost

The resultant impact of planning uncertainty and delays is that capital (both debt and equity) is materially less available to fund the acquisition of zoned land to bring it through the planning system. Where it is available, the planning risk premium assumed by capital providers means that capital is highly expensive and often not a viable funding solution for developers.

As a result, land acquisition is highly dependent on developers' own balance sheets, which are constrained (see 4.3.4 Access to Equity), limiting developers' ability to scale and slowing the delivery of new homes.

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# 4.3.2 - Land Availability

## Summary

Feedback from developer focus groups identified the following themes regarding land availability as a key challenge to scaling their development activity:

- Land availability is a scaling challenge not solely due to a shortage of zoned land, but because much of it is unserviced, fragmented or commercially unviable, especially outside major urban areas;
- Serviced, financeable, and deliverable land is scarce and highly competitive, with capital concentrated on a limited sub-group of sites, restricting access for SME residential developers;
- Policy and legislative changes are expected to improve land activation but greater certainty around their realisation and the responsiveness of key bodies, including local authorities, will be key drivers of new delivery;
- Where Government rezoning policy does drive material new land availability over the coming months, current funding availability will restrict developer's ability to acquire it at scale;
- The evolving planning framework, including longer-term development plans offers greater strategic focus. However, it is important it supports sufficient flexibility to respond to emerging demand; and
- An integrated approach that better links zoning, infrastructure provision and commercial viability is essential to delivering land availability capable of meeting housing targets, particularly for SME residential developers.

## Overview

Land availability nationally has traditionally centred on "zoned capacity", yet with the housing challenges the State is navigating, a more intricate appreciation of land and development dynamics has evolved in recent years. During the focus group sessions, the availability of zoned, serviced (or serviceable) and, ultimately, developable land was a constant theme regardless of geography. In Dublin and other key cities, demand remains strong and land values are supported, but serviced land is scarce and therefore highly competitive.

More widely, regional areas are seen to have zoned land capacity but insufficient infrastructure or diversified market demand to support delivery at scale, leading to underutilisation of available land. Ultimately, while there is a spatial imbalance evident, the general sentiment and challenges concerning land availability were found to be consistent.

As such, the conversion of zoned land into serviced, financeable and deliverable housing supply is a key focus of this research. While headline assessments often suggest that sufficient residential-zoned (or mixed-use) land exists to meet medium-term housing targets, there is a structural gap between zoning and actual delivery. This disconnect has been increasingly recognised through recent and ongoing policy and legislative changes, with interventions now more clearly focused on addressing the practical barriers that prevent zoned land from being brought forward for development.

In anticipation of those policy and legislative interventions taking effect, a significant proportion of zoned land remains unserviced, fragmented or commercially unviable, particularly outside core urban catchments. This constraint on the availability of developable land clearly inhibits the amount of new units developers can deliver and is a material challenge to their ambitions to scale their activity.

### Key Impacts of Challenge

- Increased competition for viable and serviced land
- Increased site costs
- Lower development volumes and pipeline inconsistency
- Higher upfront risk and capital requirements

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Key stakeholders in the provision of capital to enable residential delivery do not interpret these as constituting direct delivery 'pipeline' in light of uncertainty over the pathway to implementation and the level of risk involved. The prevailing sentiment expressed throughout the focus group conversations was that capital is disproportionately concentrated on a relatively narrow sub-set of serviced or near-serviced sites, driving price inflation and constraining access for SME developers.

Recognising the more complex reality of residential delivery, i.e. that land merely being designated or zoned for such development is but a component of the overall pathway to delivery, has seen a much stronger consideration on sequencing, infrastructure readiness and planning confidence/certainty. It is not difficult in any local area nationally to identify evidence of a persistent divergence between extant planning permissions and schemes that have actually come to market, or even commenced construction. The residential development sector has had to place a premium on development sites with evidenced servicing capacity, which has compounded further in key urban locations where fully serviced land is increasingly scarce, and yet nominally zoned land is in effect sterilised because of infrastructure deficits such as water, wastewater and transport connectivity (by no means an exhaustive list of constraints).

### Policy and legislative changes

Since 2024, the policy landscape has shifted materially. A live example is the variation process now underway across Planning Authorities to reflect the 2025 revision to the National Planning Framework and the July 2025 guidance on its implementation through city and county development plans. These measures are intended to respond to delivery shortfalls and demographic pressures by accelerating land activation in the near term, with a longer horizon to 2040. Across the focus groups informing this report, respondents strongly supported the direction of travel but also noted that the pace and layering of change can create short term uncertainty, with potential effects on land values and transaction activity where parties anticipate further zoning or policy shifts. That uncertainty can increase risk pricing and delay capital deployment, with disproportionate impacts on SME residential developers operating under tighter funding constraints, notwithstanding their material role in housing delivery.

In parallel, the emerging legislative context is under heightened scrutiny and will directly influence land availability. The transition to longer term 10 year development plans under the Planning and Development Act 2024 will reshape how land is zoned and managed, with greater emphasis on zoning decisions at city and county development plan level rather than local plans. This should provide more long term certainty and reduce the frequency of plan changes. However, from a delivery perspective, stakeholders also highlighted potential risks around zoning omissions and the responsiveness of the system to emerging demand patterns, particularly in fast growing urban and suburban locations.

For SME residential developers, investors and other stakeholders, early engagement in plan-making is critical, but the move to plan-led zoning may have implications for lead times and capital deployment. The next Census (Q2 2027) will refresh the demographic evidence base; with detailed outputs likely staged over 12–18 months and then feeding into policy, plans and infrastructure, a forward-looking land supply pipeline to 2040+ is essential. The 2024 Housing Commission stressed that achieving >50,000 homes per annum requires deliverable land, infrastructure and coordination, not zoning alone.

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# 4.3.3 - Infrastructure

### Summary

Infrastructure availability and delivery alignment were consistently identified by developers as a challenge to scaling their development activity. Key themes emerging from stakeholder engagement include:

- Infrastructure capacity and delivery timelines are key to ensuring consented schemes progress to construction;
- Zoned land cannot be activated if servicing requirements remain unresolved;
- Infrastructure constraints are seen as having a particular impact in regional towns and villages;
- Capital tends to concentrate on serviced or near-serviced sites, which can result in more competition for these sites, potentially increasing the cost of site acquisition;
- Upfront infrastructure and enabling works are capital intensive, creating a material challenge for less well-capitalised SME developers to unlock sites; and
- The updated National Development Plan and the recommendations of the Accelerating Infrastructure Taskforce represent a sharper focus on infrastructure prioritisation, however delivery risk remains a material factor.

### Infrastructure as a critical dependency

Residential development activity across Ireland is increasingly dependent on the availability, timing and coordination of key infrastructure, including water and wastewater capacity, electricity networks, transport infrastructure and local road access. While planning consent remains a necessary milestone, developers consistently reported that infrastructure readiness has become a key determining factor in whether projects can proceed to construction. Stakeholder engagement highlighted wastewater treatment capacity and electricity grid access as important factors for developers. Some schemes with planning permissions are awaiting resolution of servicing issues before construction can proceed.

### Zoned vs infrastructure enabled land

Some market feedback indicated a perception that some zoned land cannot be developed at present. While headline assessments may indicate sufficient zoned capacity nationally, a proportion of this land is unserviced, fragmented or subject to infrastructure dependencies that may affect the timeline for building homes in these locations.

As a result, capital tends to concentrate on serviced or near serviced sites, which can result in more competition for these sites, potentially increasing the cost of acquisition, while other types of zoned land cannot be activated. This dynamic was viewed as particularly challenging for SME developers, who have less capacity to fund enabling works or absorb extended holding periods while awaiting infrastructure delivery.

Addressing infrastructure was viewed as essential to unlocking housing supply at scale and enabling SME developers to contribute more fully to national delivery targets.

### Key Impacts of Challenge

- High upfront infrastructure and enabling works costs
- Limited serviced and ready to go land
- Delayed construction commencement
- Increased challenges relating to multi-year development strategies
- Geographic inequity in development opportunities

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As a result, throughout the focus groups, infrastructure uncertainty was consistently cited as a clear challenge to site acquisition and development activity. In cases where material infrastructure is needed zoning alone should not be seen as sufficient to support investment decisions.

### Capital, delivery and risk allocation

Building on the infrastructure constraints outlined on the previous page, the stakeholder engagement highlighted that where infrastructure costs are front loaded ahead of revenue generation and delivery timelines remain unclear, development risk increases materially. Larger developers have more agency to manage these risks with clearer engagement channels with infrastructure providers due to their scale. In contrast, SME developers reported more constrained access to capital and less consistent engagement outcomes, limiting their ability to unlock sites with significant infrastructure dependencies. Stakeholder engagement highlighted the importance of more transparent communication from delivery organisations on the timing of planned investments, to provide greater certainty on when capacity constraints will be addressed. In this context, infrastructure uncertainty is reflected in financing assumptions, contributing to higher costs of capital and reduced delivery certainty. This effect is particularly pronounced in regional towns and smaller settlements, where local infrastructure capacity constraints can be slower to resolve and more difficult for individual developers to absorb. As a result, infrastructure was consistently identified as one of the significant challenges to SME developers scaling their activity, with otherwise viable schemes being delayed or not progressed due to infrastructure related uncertainty.

### Policy direction and delivery alignment

The updated NDP has placed emphasis on housing enabling infrastructure, particularly across water services, transport and energy. Government's planned investment of over €160 billion to 2030 across all sectors reflects the fundamental role infrastructure will play in enabling sustained housing delivery. Recent initiatives aimed at accelerating site activation, including the dedicated Housing Activation Office and targeted funding, will be important components for more coordinated delivery. The Accelerating Infrastructure Taskforce recently set out actions to expedite infrastructure delivery and improve alignment with housing objectives. Key themes emerging from the Taskforce include to:

- Front-load infrastructure investment in strategic growth areas to de-risk and accelerate delivery;
- Establish clearer prioritisation frameworks linking infrastructure delivery to housing targets;
- Enhance coordination between State agencies, local authorities and developers; and,
- New funding models, greater use of State balance sheet capacity and private investment.

If implemented effectively, these measures could materially reduce development risk, improve scheme viability and unlock private capital at scale. Stakeholder engagement acknowledged the complexity of resolving these issues. However, there was a broad view that the Taskforce recommendations, alongside recent policy interventions, signal a step change in the approach being applied to infrastructure delivery in support of housing. In parallel, the Housing Activation Office is currently working with Local Authorities, the LDA and AHBs to identify and prioritise housing-enabling infrastructure interventions, which was recognised through stakeholder engagement as a positive step toward improving coordination and delivery.

### Integrating infrastructure and funding

Neither public nor private capital is currently optimally structured to fund early stage enabling infrastructure at scale. Participants identified a gap between available capital and the types of risk associated with upfront infrastructure delivery, particularly for SME developers seeking to activate smaller or regionally located sites. Stakeholder engagement pointed to the potential role of more integrated approaches, including State backed or co investment structures, to support enabling works, reduce upfront risk and better align infrastructure funding with housing delivery.

Some focus group event participants suggested the establishment of an infrastructure fund to finance enabling works, repaid through development contributions, or a similar State-backed financing model to de-risk large or strategic sites. Several also called for greater collaboration between residential developers and infrastructure providers so that delivery timelines could be better aligned. A more coordinated and proactive approach to infrastructure planning and delivery could:

- Expand the availability of developable land, particularly in regional and urban edge locations;
- Reduce development risk and the cost of capital, particularly for lower tier residential developers; and
- Improve delivery certainty, strengthening the conditions for private capital to be deployed.

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# 4.3.4 - Access to Equity

### Summary

Feedback from developer focus groups identified the following themes regarding scarcity of equity capital as a key challenge to scaling their development activity:

- There is a limited pool of reliable scheme-level equity investors active in Ireland (particularly for smaller developers);
- Institutional and private equity investors have very limited appetite for Irish planning risk, inhibiting the efficient acquisition of landbank for growth;
- Whilst there is growing institutional and private equity investor appetite to deploy at scale in Irish residential development, restrictive investment requirements mean most SME developers can't access this type of equity capital;
- Balance sheets of most established SME developers, whilst improved in recent years, continue to carry the legacy of the financial crisis and remain undersized relative to their wider delivery capacity;
- Equity investors' return thresholds are high and most focus group participants perceived them as too high relative to their perceived investment risk in the context of the current levels of market demand; and
- Viability challenges for apartment development (see page 47) combined with equity investor return expectations mean these schemes are often not fundable.

### Overview

As a result of the financial crisis there is a very limited cohort of private Irish developers with capital on balance sheet sufficient to fund material growth in their development activities.

As a result, access to third party equity is a critical component to unlocking scaled residential development across the SME developer community.

However, the pool of reliable investors investing in smaller (<€20m) single scheme residential developments is limited, with Pearl, Warren Private and high-net-worth ("HNW") investors being the primary sources. Whilst these parties are active, their capacity is limited and, in the case of HNWs their investment appetite can change quickly.

As a result, smaller SME developers are often constrained, not by their operational or development capacity, but by the availability of equity to progress multiple concurrent projects through site acquisition and development.

Larger developers amongst the segments are able to access institutional and private equity capital, with a notable increase in appetite from these investors to deploy in Ireland in the last 24 months. However, this capital has a strong preference for large ticket investments (>€50m) centred on the Dublin market (with a growing appetite for Cork). As a result, developers active outside of Dublin, and in particular, in less urban locations where development is housing focused and less capital intensive, face challenges in accessing this source of equity finance.

In addition, most private equity investors seek ultimate control of their investee companies, creating a misalignment with most Irish SME developers, who are often multi-generational family owned businesses, seeking long term ownership of their businesses.

### Key Impacts of Challenge

- Slower growth and inability to scale pipelines
- High project return thresholds, pushing marginal schemes into non-viability
- Competitive disadvantage for smaller developers vs large developers
- Constrained land assembly and site acquisition
- Underutilisation of zoned land and conservative project selection
- Structural dependence on high-net worth individuals with unpredictable investment appetite

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Notwithstanding the differing cohorts of equity investors available to small vs large developers, most investor cohorts, including private equity and institutional capital investors, have a strong desire to avoid Irish planning risk. Where equity investors are willing to fund the acquisition of zoned land, the perceived risk associated with such investments often results in capital that is too expensive for developers to justify using as a funding source. As a result, developers are currently highly reliant on their own balance sheet to acquire land bank which inhibits assembly of large land banks and a rapid scaling of delivery activity. This dynamic also leads developers to select projects with lower perceived planning risk resulting in an underutilisation of zoned land in higher density locations where planning challenges are perceived as more likely.

Finally, whilst larger developers active in Ireland's key cities have access to institutional capital for apartment development, the viability challenges of this form of development mean it often does not deliver the returns required to unlock investment from institutional capital. As a result most large scale apartment development in Ireland is driven by forward funding models from the LDA and AHBs.

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# 4.3.5 - Access to Debt

### Summary

Feedback from developer focus groups identified the following themes regarding the availability of debt capital as a key challenge to scaling their development activity:

- Whilst improved in recent years, development finance for private market schemes in regional markets is constrained, reflected in reduced leverage levels available to borrowers;
- There is a perception amongst developers that the all-in-cost of development finance is too high relative to their assessment of credit risk in a market where buyer demand is so strong;
- A knowledge gap amongst small developers remains regarding market standard lending requirements across legal, diligence and reporting;
- There is a very limited appetite from lenders to provide finance for zoned land without planning grants; and
- A material increase in the size of existing lenders' loan books is re-quired to fund the State's housing targets.

### Overview

#### Development Finance

There is a relatively competitive lender market for residential development finance in Ireland. Both the pillar banks and HBFI are actively seeking to grow their lending activity and a large number of alternative lenders funded by international capital have established a long term presence in Ireland.

As a result, SME developers active in large urban areas can typically select their lender for development finance based on the most attractive terms in a competitive bid process.

However, the growth in development lending activity required to support Government's target of c.60,000 units a year by 2030 is material. Property Industry Ireland estimates more than €31.1bn of recycling development capital (debt and equity) is required to be deployed on an annual basis at those delivery levels, requiring a material increase in the loan books of all existing lenders in the Irish market[10].

In addition, whilst debt is widely available in urban locations, in more regional areas the terms of available development finance for SME developers is typically more constrained with reduced leverage, higher pricing and materially reduced appetite for market risk. Several focus group participants highlighted an ongoing misalignment between lenders' understanding of market risk in regional locations and actual demand. As a result, HBFI has played a critical role in regional development by providing necessary development finance.

The resultant impact is that SME developers operating in regional locations, who are typically less well capitalised than their urban peers, face increased equity requirements to develop schemes. As a result these developers are inhibited in scaling their delivery of new homes.

### Key Impacts of Challenge

#### Development Finance

Increased equity requirements from less well capitalised small developers, constraining growth.

#### Zoned Land Site Facilities

Constrained pipeline growth due to equity locked in pre-planning land

Higher project risk due to more expensive finance

Reduced ability to undertake strategic land assembly

Increased level of 'subject to planning' land transactions

10. Property Industry Ireland - Irish Housing Allocation and Funding Report prepared by KPMG Ireland, May 2025. This analysis estimates over €31.1bn of recycling development capital (both debt and equity) is required annually.

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## Zoned Land Site Facilities

Notwithstanding the availability of development finance, there is a contrasting absence of debt finance available for the acquisition of sites without planning. As detailed on pages 37 and 38 a material level of uncertainty around the timeline to achieving planning decisions, as well as uncertainty to their ultimate form, has increased capital providers assessment of planning risk in the Irish market. This increased perception of planning risk has meant that most lenders active in the Irish market are unwilling to provide capital to fund the acquisition of sites without active planning permissions.

As a result, all SME developers face a shortage of funding to facilitate the acquisition of zoned land required to scale their unit delivery.

This has led to the prevalence of "subject to planning" transaction structures whereby developers acquire sites through land options realisable on grant of planning. Whilst this contract structure works in principle for SME developers, larger well capitalised developers, including the two listed housebuilders, have a material competitive advantage in land transactions where they can offer consideration up front to landowners.

In the limited circumstances where debt is available for zoned land acquisition, its high pricing, which can be more aligned to equity returns, often creates too high a risk for developers of their capital being fully eroded in circumstances where planning grants are delayed. As a result, SME developers are highly reluctant to utilise this expensive source of debt.

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# 4.3.6 - High Density Viability

## Summary

Feedback from developer focus groups identified the following themes regarding the viability of high density development as a challenge to scaling their development activity:

- The viability of apartment development across Ireland remains challenging;
- Whilst investment in PRS by institutional capital is returning for standing stock in Dublin, current pricing does not deliver the returns required by equity capital for development risk;
- Croí Cónaithe has successfully unlocked a channel of viable build-to-sell apartment delivery, but has generally been used for smaller schemes (less than 100 units); and
- In light of the current low appetite among private capital providers for apartment delivery, larger apartment developments have generally only proceeded in cases where there is a State funded take-out by the LDA, AHBs or local authorities.

## Overview

The lack of viability for high density residential development remains a structural constraint on apartment delivery across Ireland. A persistent gap exists between all-in delivery costs and achievable end values, limiting the extent to which schemes can proceed on a purely commercial basis.

Whilst the Government has instituted material policy and fiscal interventions in 2025 and 2026 designed to unlock viability, including reductions in VAT rates on apartments, rent control reform and softening of design standards (which are currently subject to judicial review), viability still remains challenging, with ongoing monitoring of market conditions required as these initiatives take effect.

Institutional investment into the private rental sector is a key tenure for apartment development but current Dublin prime PRS yields of c.4.75% result in pricing that remains largely unviable for SME developers unable to access the cost efficiencies derived from economies of scale in the largest developers. The additional premium PRS buyers seek to enter into forward commit transactions, as well as for locations outside Dublin, further exacerbates viability. As a result, there remains limited new PRS development occurring nationally and most SME developers are currently unable to viably develop for this tenure.

In contrast, the success of the Croí Cónaithe (Cities) Scheme which has seen affordable units sold to private purchasers, inclusive of subsidisation by the State, has unlocked a new channel of apartment delivery, albeit for smaller developments (typically <100 unit schemes). Whilst all publicly announced developers availing of the scheme are large developers, capital is now comfortable in supporting this tenure. As a result, focus group participants indicated they are actively seeking to proceed with Croí Cónaithe supported developments.

## Key Impacts of Challenge

Viability challenges for apartment development despite recent viability measures from the State

Ongoing dependence on State-backed purchasers for scheme delivery with capped capital availability

Structural inability to scale delivery to Government targets without institutional takeout.

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Given the challenges with PRS development and relative small scale nature of Croí Cónaithe schemes, most larger apartment developments have generally only proceeded where there is a State funded take-out by the LDA, AHBs or local authorities. As such these purchasers remain critical to continued apartment delivery, which has been recognised by the State and is reflected in the scale of capital allocated to housing in Budget 2026. However, the capital required to acquire Government's target of 60,000 new homes annually by 2030 requires c.€28.2bn[1] of new investment annually with at least 35% of that capital required for investment in apartments and PBSA. As a result, it is unfeasible for the State and individual purchasers to fund that scale of investment alone. As such, institutional equity will need to be unlocked and in its absence SME developers' ability to materially scale delivery in line with Government targets will be challenged. Furthermore, as apartment development is highly capital intensive, SME developers are more dependent on third party equity to complete developments than in lower density housebuilding. The general challenges regarding access to equity capital (see 4.3.4), combined with returns below equity investors' return thresholds (due to project level viability challenges) and the relative weakness of SME developers' balance sheets, result in sourcing equity funding for high density development being very challenging.

As a result, developers have sought to avail of forward funding transactions with State funded purchasers. However, the increased capital risk to State parties arising from the provision of stage payments during construction means larger developers, with greater financial strength, are generally in a stronger position than SME developers' to avail of these options. Where SME developers are able to access forward funding, which is typically with AHBs, the necessary due diligence and legal processes can be challenging.

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# 4.4 Additional Scaling Challenges

Whilst the primary challenges with regards to scaling residential development activity amongst SME developers are set out in the previous pages, a number of additional short and long term inhibitors were also highlighted by focus group participants and are set out below.

| Challenge | Commentary |
|---|---|
| **AHB Process and Procurement Challenges** | • AHBs are key participants in the Irish residential market and are material acquirers of new residential units developed by the private sector.<br>• Their role has been particularly critical since 2020 as the levels of institutional investment in new apartments materially declined as an increased interest rate environment rendered PRS apartment development unviable. In response to this market shift and to support the continued development of apartments, AHBs and the LDA, funded by the State, materially increased their capital investment into new developments. As a result, SME developers are particularly reliant on AHBs to acquire apartments within their developments.<br>• Greater alignment of the requirements of AHBs, their funders and developers was seen by focus group participants as having the potential to materially accelerate the delivery of social and affordable housing in Ireland. In particular, a standardised, well-resourced funding and diligence approval process for AHB transactions, with all stakeholders completing their work in parallel, rather than sequentially, was viewed by focus group participants as a change that would materially simplify and expedite the delivery of social and affordable homes whilst continuing to ensure value for money for the State. |
| **Skills Shortage** | • All participants in focus groups highlighted that whilst finding skilled labour can be a challenge, it is not currently a material inhibitor to their scaling activity and the sector retains a material level of capacity within a workforce of c.175,000 people.<br>• However, as delivery of new homes scales to the levels targeted by Government under Delivering Homes, Building Communities 2025-2030, the levels of skilled labour required in the sector will need to increase materially.<br>• Much of the sector is dependent on flows of international labour with the high costs and administrative burden of organising work visas for non-EU international workers making recruitment more challenging. In addition, the flow of skilled labour from Eastern European countries within the EU, such as Poland, has materially reduced as those countries' own development activities have increased materially in the last decade.<br>• Finally, providing access to accommodation for workers near construction sites can be limited, in line with the wider accommodation shortage in Ireland, and can result in labour being housed material distances from development sites, adding cost to development activities.<br>• While not an immediate issue, skilled labour shortages may become a material scaling challenge as output requirements increase. |

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| Challenge | Commentary |
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| **Scaling Complexity and Access to Central Guidance** | • Residential development is highly complex, requiring technical expertise across planning, design, construction, finance and sales, with highly nuanced aspects applicable at each stage of a developers' scaling dependent on the nature of the units under construction, the capital availability of the developer and the exit market for the units.<br>• Most SME developers active in the larger segments are either experienced teams brought together by private equity or, more often, multi-generational family owned businesses with expertise built up over decades. Very few new entrants to the development market scale rapidly through the segments. Whilst this is due to several factors, one material element high-lighted by focus group participants was access to reliable and consistent expert guidance from a central source to inform decision making.<br>• The reality is many of methodologies and business models supporting the success of the largest developers are consistent and access to those insights would support rapid scaling by high potential young developers. An accelerator programme, akin to those in place for high potential technology and life sciences start-ups in Ireland, would likely help support the development of a younger cohort of capital developers able to support the long-term success of Irish residential development. |

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# Glossary

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| **A** | AHB | Approved Housing Body |
| **B** | BCMS | Building Control Management System |
| | BUA | Built Up Area |
| **C** | CALF | Capital Advance Leasing Facility |
| | CIS | Construction Information Service |
| | Cost Rental | Rental tenure for those facing affordability challenges in private rental sector |
| | CREL | Cost Rental Equity Loan |
| | Croí Cónaithe | Croí Cónaithe (Cities) Scheme |
| **D** | Developers | Developers of residential schemes in Ireland |
| | DHLGH | Department of Housing, Local Government and Heritage |
| **E** | EMRA | Eastern & Midland Regional Assembly |
| **H** | HBFI | Home Building Finance Ireland |
| | HFA | Housing Finance Agency |
| **I** | Institutional Capital | Equity investment by institutional capital sources including pension funds, insurance funds and sovereign wealth funds, either directly or through funds managed by real estate investment managers |
| **L** | Landbank | Total amount of land held that is available for future development |
| | LDA | Land Development Agency |
| **M** | MASP | Metropolitan Area Strategic Plan |
| **N** | NBCO | National Building Control Office |
| **P** | PBSA | Purpose-Built Student Accommodation |
| | PEARL | Pearl Residential Equity Fund |
| | PRS | Private Rental Sector |
| **R** | RSES | Regional Spatial & Economic Strategy |
| **S** | SME | Small-to-medium-sized enterprise |

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