

Bottlenecks in the property market



While the dark clouds of Brexit loom over Ireland, there seems to be a growing confidence that the local property market will grow and help to lift the area out of the doldrums that have defined the past decade.

There is a clear demand for housing locally, and prices here are considerably less than Cork or Galway, just one of several factors which make the city and county such an attractive option to sink roots in.

However, within the past week, we've learned that builders are facing challenges to get supply moving on various sites in Waterford, Tramore and across the county.

Getting skilled men is an issue, and if and when we do get them when it comes to the Michael Street and North Quay projects, where will all the builders live while working here? And another problem, which we also report on this week, relates to a new policy at Irish Water which, on the face of it, looks harsh on building contractors.

The water utility is demanding up-front payments on connections to Irish Water in the Waterford area, charging up to €12,000 per house. So if a developer has a project of 16 or 20 houses, that developer must find between €192,000 and €240,000 before he can complete a house.

Irish Water's demand, in addition to the costs of building, insurance, health and safety regulations is making life harder for small developers. Raising such a figure prior to a house sale is putting pressure on both the builder and his cash flow. It makes raising capital more difficult and will require an understanding bank to assist a developer. It will also add to the price of housing as this water connection money will have to be borrowed on a short term basis, thus adding to the cost of housing. Irish Water, clearly still struggling on the public relations front, should facilitate builders and ease this financial pain in some way.

A line could be put on a house and the money could instead be paid by the buyer. From this juncture, it seems unfair on the builder. A phased installation payment could be another solution. Surely some imagination is needed on this issue. The planning system is also very slow and, as highlighted by David McWilliams over the weekend, is not fit for purpose, being considerably slower than other countries apart from our near neighbours in the UK. The legal system of conveyancing is also painfully slow to progress a transaction and a further delay on delivering housing. Banks are also fairly cautious on lending to first time buyers and others.

The Government should urgently organise a task force to reduce bottlenecks. Still in the meantime, there has been a relative boost in building on several sites in the city and Dungarvan, and there's a hope that the Michael Street/North Quay works will also boost the area. But, as City & County Council CEO Michael Walsh pointed out at last Thursday's plenary meeting, the ball is now firmly in the corner of Central Government. Leo Varadkar committed to not forgetting this city. It's time to see such a commitment reflected in additional funding to help transform and rejuvenate the heart of Waterford.