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# Why we should'nt be scared of 'Ghost Estates'


Spirited away: unfinished houses in the Rathbrennan estate, a so-called ghost estate, at Portlaoise, Co. Laois.Photograph: Eric Luke

So-called ghost estates have become a symbol of our country's woes – yet new unoccupied houses make up just 2 per cent of the national stock says **Bill Nowlan**

LAST April I wrote a paper on so-called "ghost estates" for the Irish Planning Institute's annual conference. At that time, the topic was red hot but all the debate was based on media reports, academic number-crunching and hard luck stories – there were no hard facts.

In my paper I called for a detailed survey and analysis so that Government, financiers, academics and planners could separate facts from fiction and develop action policies.

That survey has now been completed by the Department of the Environment It has been a big job with Government inspectors visiting each of just 2,900 estates – but the output is good. It turns out that there was, and is a lot of misinformation about so-called ghost estates. The survey shows that whilst problems do exist with empty and incomplete developments, they are far fewer than media and other reports would have us believe.

The survey identified more than 2,800 housing developments where construction had started but had not been completed.

This translates into just 180,000 housing units for which planning permission exists. Construction had begun on more than 120,000 of these dwellings with 77,000 dwellings completed and occupied.

A further 23,000 homes are completed and vacant. Another 10,000 are part-completed, requiring final fit-out and connection to services. The remaining 10,000 dwellings are at earlier stages of construction, from preliminary site clearance up to wall plate level. The balance are the units which have planning permission but have not been started.

These figures have already been reported – so why am I revisiting the issue? Well I suppose facts make far less interesting reading than much of the speculation to which we were treated for the past 12 months with sensational TV programs and acres of newsprint about disastrous estates with more than 100,000 vacant houses – the implication being that they were so-called ghost estates.

In fact there are only 23,000 new houses built and unoccupied in what I will call new estate developments. This is just 2 per cent of the overall national stock of homes in the country. The number of part-built houses at 10,000 is insignificant, equating to about three months work in a normal property and construction environment.

The survey shows that much of the vacancy in such estates is in western counties and numbers for the greater Dublin area are so low it could be argued that there is a potential shortage of new houses in the area when the economy recovers.

The detail of the survey does not support the idea that there are large numbers of tumbleweed estates. A few do exist but these are mainly outside the areas of normal demand

On the water services front, the images from the TV would have us believe there is raw sewage flowing down the untarmacked streets of many estates. Untrue: the survey showed that out of 101,000 completed houses/apartments only 20 – yes, 20 – houses have a sewage problem and that only very few estates have untarmacked roads. At the discharge end of the drainage pipes, the EPA are dealing with only 13 cases of pollution.

Admittedly the amenity and recreational areas of a good number of estates are incomplete. The survey is available for all to see at environ.ie.

The real problem is not in the bricks and mortar in these estates – it is the negative equity suffered by nearly every purchaser of a home over the past seven years. People who bought an estate house for, say, €300,000 that is now worth €150,000 are frightened and angry. That problem has been exacerbated by the bad publicity, which makes potential purchasers scared of committing on housing estates.

But the problem is not new. I grew up in the 1950s – near Clondalkin in Co Dublin. As a youth I rode my bicycle around empty estate roads and skeletons of part-built houses in what is now the mature St Brigid’s Road.

In the 1960s, after another spin of the property cycle, I passed empty estates and half-built houses on the other side of Clondalkin at Monastery Road.

In the 1970s, as a young surveyor, I was involved in salvaging developments following the oil slump of 1973. In the 1980s it was Tallaght.

My point is that property crashes and bankruptcies of developers are regular occurences, happening roughly every 10 years. Property values go up and down. Property cycles are a phenomenon which the Egyptians, the Greeks and the Romans experienced.

What is currently happening in Ireland is nothing new – except that today it is perhaps more severe than anyone can remember.

There is a second problem in the overall housing market in Ireland which has got mixed up with the perceived problem in new housing estates. This is the problem of vacant houses throughout the entire housing stock. A recent and excellent paper, Managing an Unstable Housing Market, by UCD's Williams, Hughes and Redmond, notes that we have 172,000 surplus homes over and above what they call a standard vacancy rate of just 100,000.

So, to put new estate housing in context, we have 23,000 empty new houses in a total empty stock of 280,000 – or 8.2 per cent. In other words, we have a housing surplus but only 8.2 per cent of that surplus is in new housing estates.

I would plead with the media (including *The Irish Times* ) to stop using the phrase "ghost estates" or confine it to a very limited number of situations where there is 70 per cent-plus vacancy. It is a pejorative term and makes the problem of negative equity even worse by frightening new purchasers away from such estates.

The real problem for the 67,000 owners of new estate homes is their negative equity, which is not a construction-related problem but an economic one.

Many commentators are expecting Nama to be heavily involved, to be the white knight riding to the rescue. I believe this is a mistake.

The threshold for loans going into Nama is €20 million – below that, a loan is still with the banks. The survey showed the majority of estates were of fewer than 30 units, which would give a bank exposure of about €10 million to €15 million – well below the Nama threshold.

So the problem is mainly with the banks and developers and not with Nama.

Nama may be involved with a few big Dublin developers but has involvment with few in the problem areas in the West.

To help deal with the problems of the specific problem estates identified in the survey, the Government has set up a Ministerial advisory committee (of which I am a member) chaired by John O'Connor of our new Community Housing and Land Agency.

It is charged with making recommendations for managing the technical problems on specific estates identified in the survey. It is to report before the end of January. This is fundamentally a money problem for homeowners, developers and their bankers – the technical problems are solvable.

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