



HARDWARE
ASSOCIATION
I R E L A N D



**Pre-Budget
2027**
Submission

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Executive Summary

Housing is Ireland's most critical infrastructure challenge. It is holding back our massively growing economy, weakening communities, and denying too many young people the opportunity to own a home.

The numbers expose the scale of the failure.

Today, Ireland is short at least 120,000 homes. That is roughly equivalent to the entire housing stock of Galway City and County. Put simply, we are missing a county.

Since 2008, our population has increased by 1.1 million people. Yet housing supply has failed to keep pace. In the decade before 2008, Ireland built 656,000 homes as the population grew by 600,000. In the ten years to 2025, we built only 216,000 homes while adding 800,000 people.

This imbalance cannot be allowed to continue.

The consequences are being felt most sharply by younger generations. Home ownership among those under 44 has collapsed, while growing numbers of working adults remain in their parents' homes. This is not just a cruel housing statistic, it means delayed independence, postponed families and a generation questioning whether Ireland can offer them an affordable future.

We need more homes, more homeowners, and a fairer deal for first-time buyers. We must urgently unlock vacant and derelict properties, bring the empty spaces above our shops back into use and build greater density in our towns and cities.

We know an empty building is not simply an eyesore. It is a wasted home, a missed investment and a lost opportunity to regenerate a community.

Creating new households will release billions of euro into local economies. And, for those who can provide their own wastewater treatment and have road access, regulations for one off developments need to be relaxed



Tara Brennan
President
Chadwicks Group

We must urgently confront the massive skills shortages. Housing targets are meaningless without the people to deliver them. Ireland needs more and more apprentices, much more training places and a heightened respect for careers in construction, building materials and the wider built environment.

An apprenticeship should not be a second-choice career. It is a critical, skilled, valuable and increasingly well-paid pathway into the workforce. The people who build, retrofit and maintain our homes will be and are central to Ireland's economic and environmental future.

We cannot build tomorrow's Ireland without investing in those who will build it.

This pre budget report sets out to present some practical measures to increase housing supply, support first-time buyers, reuse existing buildings, decarbonise our built environment, strengthen apprenticeships and reduce the costs restricting delivery.

Our country today does not lack ideas. It does not lack resources. It lacks speed, coordination, and sustained delivery.

Our population is growing. The housing gap will continue to widen. Another generation cannot be asked to wait.

The time for a gradual step by step action has passed. Ireland must build and it must build now.

Tara Brennan
President

Introduction

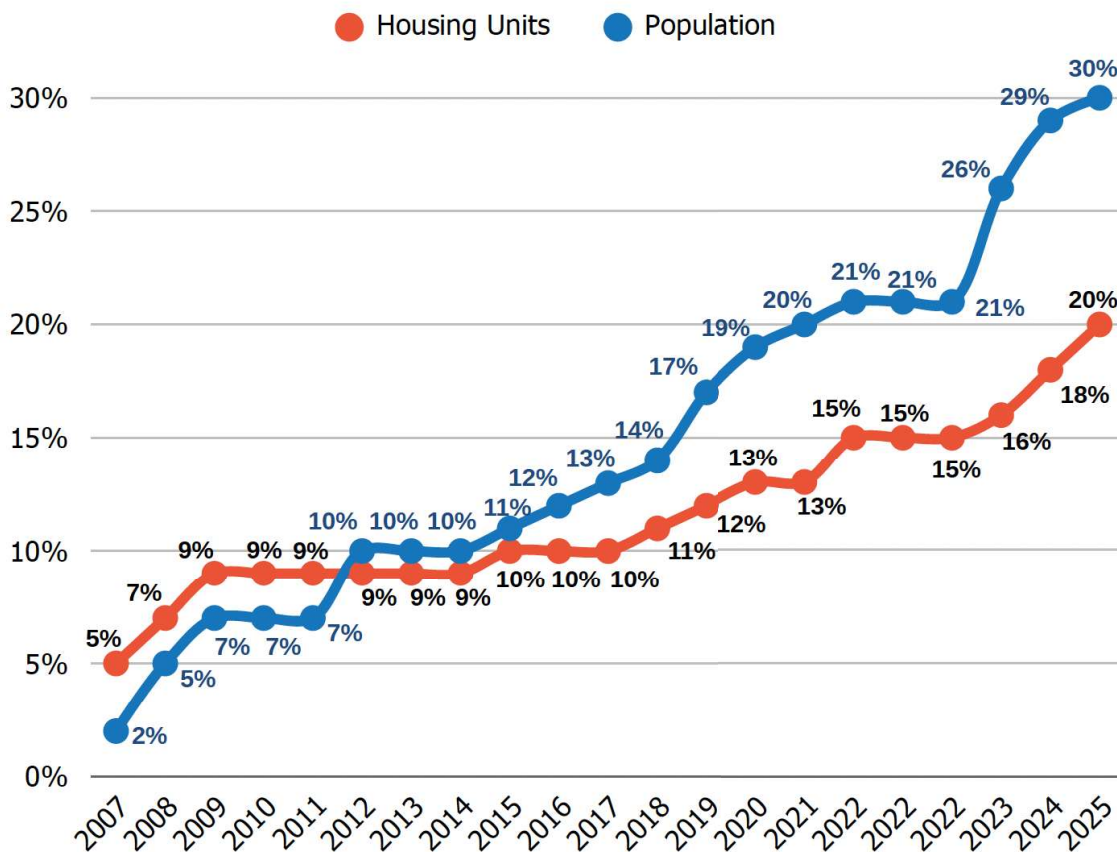
Ensure that our housing targets will meet the needs of our growing population.

The targets set out in the National Development Plan must cater for the housing needs of a growing population and economy and ensure that the requisite infrastructure underpinning this is also mandated and funded.

Housing is the most acute infrastructural challenge facing us. It impacts all aspects of our lives and businesses. This growth in the population is continuing to outpace the growth in the number of new homes being built, and the gap is widening.

Three different perspectives show a similar level of demand. This equates to 120,000 housing units.

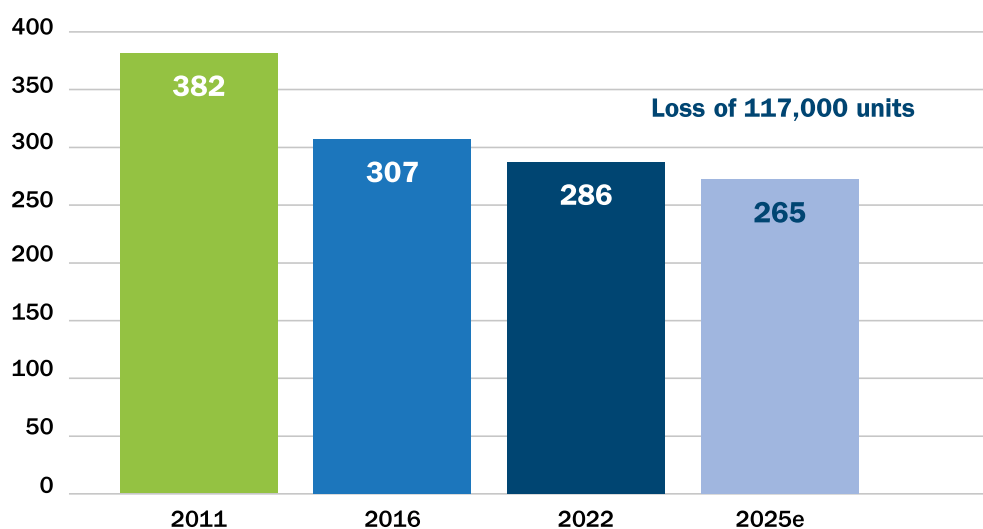
Chart 1: Existing Stock of Housing Units vs Population Growth Rates 2006-2025



Younger people have been worst hit by the housing crisis. We are witnessing a collapse in home ownership amongst those under 44 years old. Coupled with this there has been a huge rise in working adults living with their parents. Each of these factors leads towards a level of pent-up demand of at least 120,000 homes.

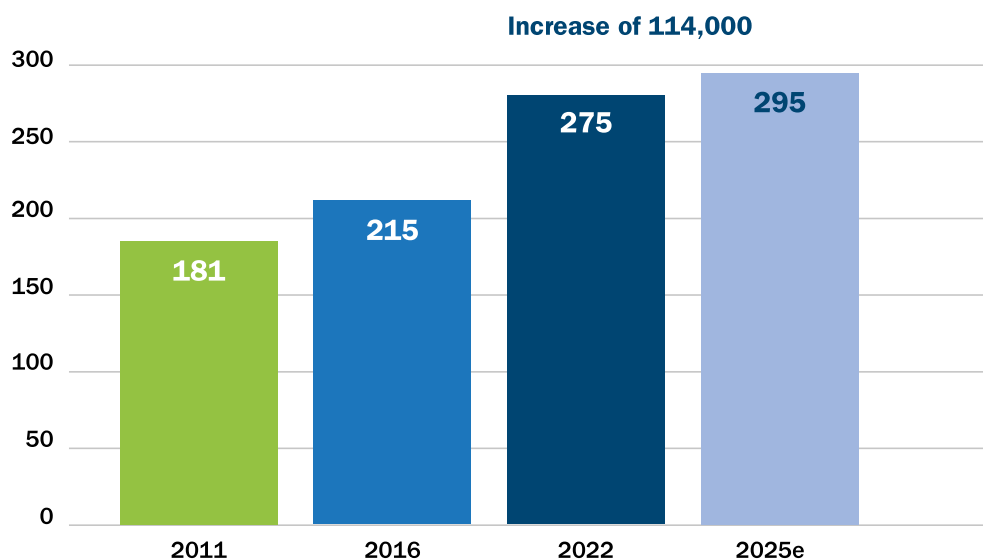
Between 2016-2025 growth in population outpaced that of the housing stock in 23 out of 26 counties.

Chart 2: Home Ownership by Age – 25-44 (Actuals & Projections)



(Figs in 000s) Source: CSO

Chart 3: Number of Working Adults Living with Parents (Actuals & Projections)



(Figs in 000s) Source: CSO

Our Housing Targets must include targets for rejuvenating empty homes and Above the Shop properties.

The National Development Plan must include these.

For the next six years, we need at least 58,000 housing units per year. This presupposes a net annual population inflow of 62,000. It also presupposes that the backlog will be cleared over a six-year period equivalent to 20,000 per annum. It also works with an obsolescence figure of 7,000 units per year.

For population increase	= 31,000
Clearing the backlog	= 20,000
Obsolescence of old dwellings	= 7,000
Total	= 58,000

Units needed 2026 - 2031

Units for population increase	186,000
Units to fill the backlog	120,000
Units to replace old homes	42,000
Total additional units	348,000



Table 1: Housing Requirements per Year

Population	Units Needed to cater for the current backlog of 120,000 over six years	5,500,000	Units needed for population Increase	Units needed to replenish old/out of use		Potential in Empty Homes and Above the Shop units	New Build Requirement
		Population increase			Total per year	Total 40,000	
End 2026	20,000	62,000	31,000	7,000	58,000	8,000	50,000
End 2027	20,000	62,000	31,000	7,000	58,000	8,000	50,000
End 2028	20,000	62,000	31,000	7,000	58,000	8,000	50,000
End 2029	20,000	62,000	31,000	7,000	58,000	8,000	50,000
End 2030	20,000	62,000	31,000	7,000	58,000	8,000	50,000
End 2031	20,000	62,000	31,000	7,000	58,000		
Total Population by end 2030		5,872,000		Total	348,000		



Proposal A:

Above the Shop homes

‘Above the shop’ is a very large and distinct segment within the Empty Homes sector.

In 2022 a report by Collaborative Town Centre Health Check (CTCHC) found that vacancy rates in commercial property in Ireland are 80% for upper floors and between 18-31% for ground floors. This is several times greater than that in mainland Europe where typical vacancy rates stand at 5%.

According to a DCU study (1), vacant Above the Shop units (VATSUs) are particularly complex units to bring into reuse, requiring significantly more flexibility, resources, risk mitigation and absorption, contingency planning and multidisciplinary work than other types of vacant units. Unlocking these more complex properties requires a combination of targeted grant supports, technical expertise, regulatory reform and tax incentives.

It has huge potential and needs targeted incentives to reach that potential. Many of these, especially those with three or more storeys, could be converted into 2/3/4 homes.

For reasons of cost-effectiveness and practicality, they need the grants to be open to those who will make use of them.

There are three key stakeholder groups that must be considered: existing owners, prospective purchasers and developers, and those considering exit strategies following redevelopment. Effective policy measures must address barriers faced by each group while improving overall project viability.

In a survey in 2025, HAI spoke to 140 property owners and experts. The recommendations from this research, when implemented, will release an additional 20,000 homes into the marketplace building on the success of empty homes and the vacant homes grant. In the last year HAI has been a member of Vacant to Vibrant which is an alliance of trade associations, professional bodies and experts in adaptive reuse.

Many of the recommendations below are shared with Vacant to Vibrant.

(1) Opportunities and challenges of vacant Above the Shops units for residential use in Ireland - Dr Kathleen Stokes and Michelle Connolly, March 2024.





Extend the Above the Shop Grant to Limited Companies.

The Above the Shop grant is welcome. Many owners of Above the Shop properties have retail businesses on the ground floor that are in the form of Limited Companies. For it to grow to scale this grant needs to be extended to Limited Companies. This will provide the necessary step change.

Introduce a Time-Bound CGT Exemption - Waive capital gains tax on “above the shop” premises for a three-year period.

For many long-term owners, particularly older property owners, Capital Gains Tax (CGT) acts as a significant disincentive to bringing vacant properties to market. The base value of the building is very low, resulting in high taxable figure. It may therefore be more attractive to pass it on to family members benefiting from inheritance tax with a €400,000 threshold per child. In addition, many owners will not undertake substantial refurbishment works due to age, cost and complexity unless a return on investment is reasonable and within a decade.

This relief should encourage immediate action through a “use it or lose it” approach and support the release of vacant buildings onto the market for redevelopment.

Reform the Vacant Above the Shop Grant.

Remove the requirement that the ground floor must remain in commercial use.

Introduce Targeted Tax Measures for Adaptive Reuse.

Grant aid alone will not unlock the full potential of larger vacant buildings. Targeted tax measures are required to address barriers faced by owners, purchasers and developers.

Owners

A. Expand the Living City Initiative

Extend the rented living-over-the-shop element of the Living City Initiative to all properties located within city, town and village centres nationwide.

B. Introduce Rental Income Tax Relief

Provide either a ten-year tax relief on rental income arising from refurbished vacant properties converted to residential use, with eligibility limited to projects commenced within five years of introduction, or allow the net cost (after grants) to be offset against rental.

Purchasers

C. Introduce Mortgage Interest Relief

Provide mortgage interest relief on loans used for the purchase and refurbishment of vacant properties intended for residential conversion.

D. Reduce Stamp Duty on Vacant Commercial Premises

Reduce the current commercial stamp duty rate of 7.5% for qualifying vacant buildings to lower acquisition costs and improve project viability.

E. Reduce VAT on Refurbished Residential Units

Reduce the VAT rate to 9% on the sale of newly renovated vacant units, aligning treatment with proposals already made for new apartments to improve development viability, increase investor confidence, and activate larger multi-unit vacant properties.

F. Review the Definition of Dereliction

Review the definition of a “derelict site” when introducing the new Derelict Property Tax in Autumn 2026 to ensure that prolonged vacancy and disuse are recognised as early indicators of dereliction.

Develop Technical Guidance Documents (TGDs) for Adaptive Reuse.

Invest in the preparation of dedicated Technical Guidance Documents (TGDs) for adaptive reuse projects, following the example of Scotland’s Guide to Conversion of Traditional Buildings.

The guidance should provide clarity on: building regulations compliance; fire safety requirements; energy performance and accessibility requirements; heritage and conservation considerations; as well as practical solutions for adaptive reuse projects. Clear technical guidance would reduce uncertainty, lower design costs, improve consistency in decision-making and help resolve conflicts between planning, conservation and building control requirements.



Recruitment of Five Adaptive Reuse Regional Coordinators.

Establish five regional Adaptive Reuse Coordinators to support local authorities, particularly Vacant Homes Officers (VHOs), in programme delivery and national coordination.

The coordinators would:

- Collate and promote good practice and exemplars in adaptive reuse projects to support learning;
- Co-organise regional adaptive reuse awareness-raising and advice-giving events across the region;
- Support local authority teams, and in particular VHOs in their day-to-day activities, including:
 - The delivery of complex adaptive reuse projects for housing and mixed-use developments.
 - Advise on the redevelopment of vacant and underused premises, taking a city, town, and village centres first approach - with a focus on over-the-shop reuse.
 - Assist in resolving technical, regulatory and planning conflicts that affect project viability.
 - Facilitate access to European funding through coordinated regional applications.

Proposal B:

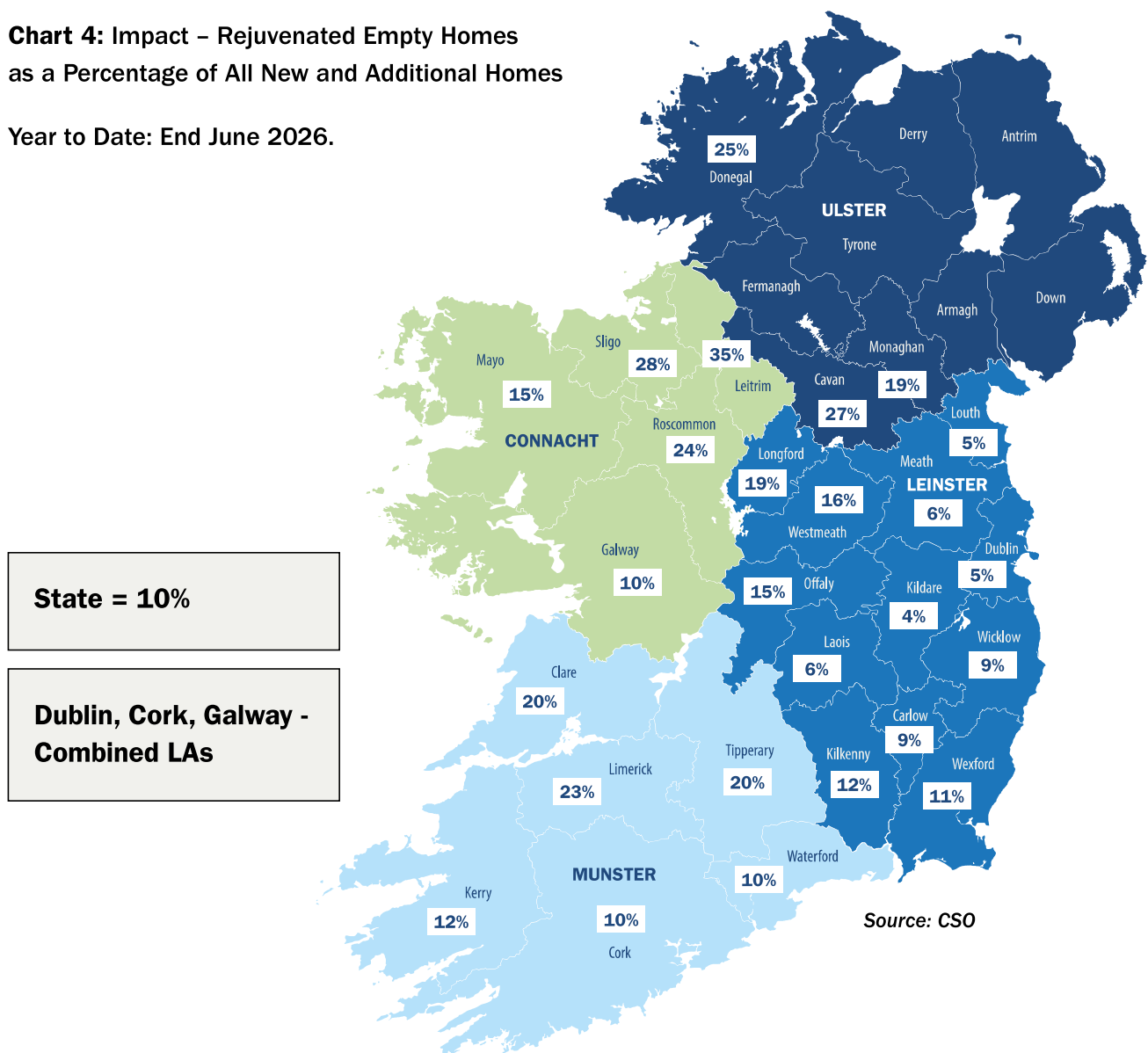
Rejuvenating Empty Homes

There are almost 19,000 applications (to and including June 2026) for the Vacant Homes Grant. These applications will help renovate empty homes which are set to become a significant choice of new homes in many counties. Investment in empty homes has been a major success in the Government's housing strategy.

Their rejuvenation has been recognised as a valuable contribution to the Climate Action Plan (Bringing Back Homes Report April 2024). 70% of empty homes have a BER rating of D and below. Rejuvenating them will help them to attain an A/B rating.

Chart 4: Impact – Rejuvenated Empty Homes as a Percentage of All New and Additional Homes

Year to Date: End June 2026.



Waive stamp duty on the sale of empty homes for a two-year period.

Include an additional grant of €20,000 for each additional unit provided in a vacant home.

Ensure that planning departments in Local Authorities are properly resourced. Their focus needs to be on housing delivery – both new homes and empty homes.

The provision of housing and the infrastructure to support it needs to take priority. This resourcing to include additional staff with technical expertise. Our current planning system is too cumbersome, with outdated processes, and legal challenges that are impeding progress.

A one-stop-shop ‘regulatory approvals process’ within the Local Authority. When feasible, delegate planning to Local Authorities rather than An Coimisiún Pleanála.

This was recommended in the Urban Renewal Report of the Joint Committee on Housing, Local Government and Heritage. This is commonplace in other jurisdictions such as the UK where regulations for both single dwellings and HMO (homes of multiple occupancy) are processed swiftly. HAI endorses this recommendation.



Proposal C:

For New Homes & First-Time Buyers

According to the CSO, the average price of a new house is €470,000 (2026).

This is well beyond the mortgage affordability level for most people. We need to improve the affordability of new homes. First-time buyers are particularly impacted. We have seen a collapse in home ownership and a huge increase in working people living with their parents for those under 44 and a major decline in our birthrate.

Reduce VAT on newly built homes from 13.5% to 0%.

In many cases at present, the VAT on a new home well exceeds the grant amount in the Help-to-Buy Scheme. Also, the repayment on a VAT bill of €63,000 extended over a 35-year mortgage is highly punitive.

A reduction in the VAT rate on new housing to 0% for first-time buyers who will be owner-occupiers, would reduce the average cost of delivery of a house by €63,000+. This measure would significantly narrow the gap between the amount that could be borrowed and the cost of delivery.

Process for payment:

- Payment of VAT + re-imbursement monthly
- Payment into escrow and release on exchange

Continue with the first-time buyer help-to-buy scheme for at least another three years and raise the maximum eligible home value to at least €650,000 and index this cap to home price inflation.

Rural Family/One-Off Homes

In a properly functioning housing sector a policy of densification makes sense. However, we have a backlog in demand of at least 120,000 units, and the state is missing its targets for social and other types of housing. In this context to enforce a densification policy is state overreach, inimical to the common good.

HAÍ acknowledges the recent report “Sustainable Rural and Gaeltacht Housing”. Its provisions go some way to easing the situation. However, it is likely that policy will remain restrictive on building rural family homes.

The report cites our climate commitments 20 times. It does not mention the duty of Government to house the 250,000 of our fellow citizens. This is a deep concern.

Until such a time as equilibrium has been attained between demand and supply, planning restrictions on single homes should be relaxed.

As a source of housing the number of single/one-off homes has plummeted from 23,000 in 2006 to 5,900 in 2025. No one wishes a return to the haphazard planning of 2006.

However, to restrict the right of citizens to build their own homes during a housing crisis is the definition of state overreach. If applicants can prove that they can sink their own well, provide wastewater treatment and have road access, their planning application should be granted.

This could add a further 5,000 homes to our housing stock.

Zero Stamp Duty for First-Time Buyers on Second-Hand Homes (Up to Median Price of €500,000).

Recent BPF1 research indicates that 60% of first-time buyers purchased a second-hand home.

Curtail third-party objections to housing.



Proposal D:

Decarbonising our Built Environment

Achieving greater efficiency in our homes will help:

- **Decrease our carbon footprint**
- **Enhance our Energy Security by decreasing our dependence on imported fossil fuel**
- **Create thousands of sustainable green jobs**

In 2025, over 58,000 homes completed a retrofit with almost 21,800 of those upgrading to B2 standard. The targets are very high: 500,000 existing homes upgraded to a B2 or higher and 400,000 homes using a heat pump by 2030.

At present 82% of Irish homes use fossil fuels as the main type of fuel to heat their homes. There are 600,000 homes using oil-fired boilers. We know that affordability and

education are the key. Alternatives designed to change behaviour must be better than current products, less expensive and be generally acceptable.

Incentives with long paybacks will not work. We have the technology, and it is also important to have a multi-solution approach for people - one that offers a range of options from biofuels to insulation to heat pump technology.

HVO - increase the Renewable Blend on Liquid Fuels to 5% and consider supporting higher blend rates through fiscal and direct supports.

Extend the Accelerated Capital Allowance scheme for Energy Efficient Equipment and provide a tax deduction equal to 100% of the costs incurred on qualifying EEE in the year the expenditure has occurred.

Reduce VAT to 9% on all carbon-saving products such as heat pumps, insulation, stoves (all products as per Energy Saving Credits - Better Energy Homes) for a three-year period.



Reduce VAT to 9% on professional construction and energy efficiency services such as architects and BER assessments, for a three-year period.

Lessen the Capital Gains Tax on the sale of rental properties from 33% to 20%.

This should apply to those who carry out a retrofit resulting in a BER improvement two years prior to the sale. This will encourage retrofitting, make the property more saleable and help unlock much-needed supply to the housing market.

Lower the Local Property Tax for those who carry out an energy retrofit on their property that results in an improvement in the BER rating.

BERs should be included on the Property Price Register. If this is done, property owners can evaluate the price increase available by upgrading their BER rating.

Fast track NSAI applications for bio-based construction materials.

Proposal E:

Upskilling the sector

Upskilling the sector and re-skilling new employees (The Human Infrastructure) - some will need to be re-skilled to adapt to the needs of the economy.



The Housing for All Strategy estimates that 50,831 new entrants will have to be recruited over the period 2023-2030.

- 24,000 to build new houses
- 23,000 for retrofitting

The Expert Group on Future Skills estimates that residential retrofit will require 17,400 additional workers by 2030.

Build Up Skills Ireland estimates that the construction sector will require 120,000 additional workers by 2030.

We need to build capacity. HAI is a member of UFEMAT – The European Association of Builders Merchants and Manufacturers. Every country is reporting the same problem of a shortage of skilled trade professionals.

Launch a campaign across all media to encourage people to become trade professionals.

Grant aid to employers who take on apprentices.

HAI recommends a double tax deduction for training for companies who upskill and train staff in renewable and clean energy products.

Proposal F:

Reducing Business Costs



Supplying the built environment is a core competence of our members. Uniquely we are involved in all aspects of residential construction – new build, extensions, energy upgrading, empty home rejuvenation, commercial and agri-build.



Our members are well placed to weather the storms that may come our way. In the last few years, we have had the challenges of Brexit, COVID-19, and the Russian invasion of Ukraine. Now it looks like we will have to deal with a new level of business costs that are imposed by our own Government. We cannot afford to have the Government's aspirations paid for by businesses.



If implemented, these costs will severely damage the profitability of the sector and result in further increases in the costs of housing and a collapse in Corporation Tax paid by the sector.

Reduce PRSI in the sector to 1%.



About Hardware Association Ireland

- Since 1938, Hardware Association Ireland (HAI) is the national trade association representing hardware, building materials, DIY, homewares and garden at retail, wholesale, and manufacturing level.
- Our 400 members, through their 700 outlets and manufacturing bases, make a valuable contribution to the economy of Ireland. From family-run businesses to publicly quoted companies, HAI members are an important presence in cities, towns, and villages throughout the country.
- Our members directly employ over 26,000 people, and they underpin the jobs of a further 147,000 builders and trades professionals.
- We uniquely represent all levels of the supply chain.
- The sector has an annual turnover of €4.0 billion (CRO), pays wages in excess of €1.4 billion and is a significant contributor to the public purse.
- HAI speaks with one consolidated voice and fulfils a unique and vital role in connecting merchants with their suppliers in a non-commercial environment.
- HAI members play a key role in the construction supply chain, providing an efficient and effective route to market for building-material products and a vital source of credit to customers.
- We represent over 400 employers in the industry, and our members operate in one of Ireland's key economic sectors. New builds, renovations and retrofitting are major barometers of, and a contributor to the nation's economic success.

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On behalf of The Hardware Association Ireland Executive Committee



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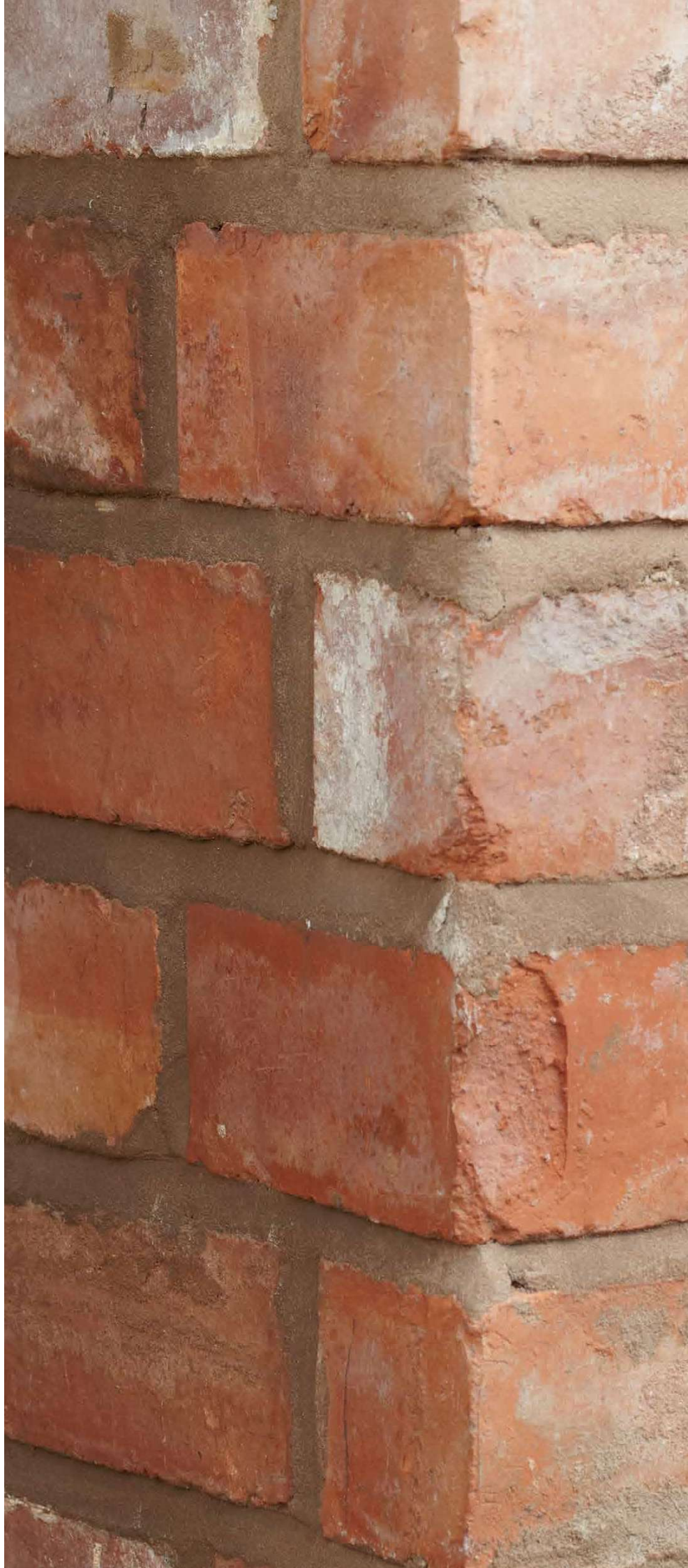
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