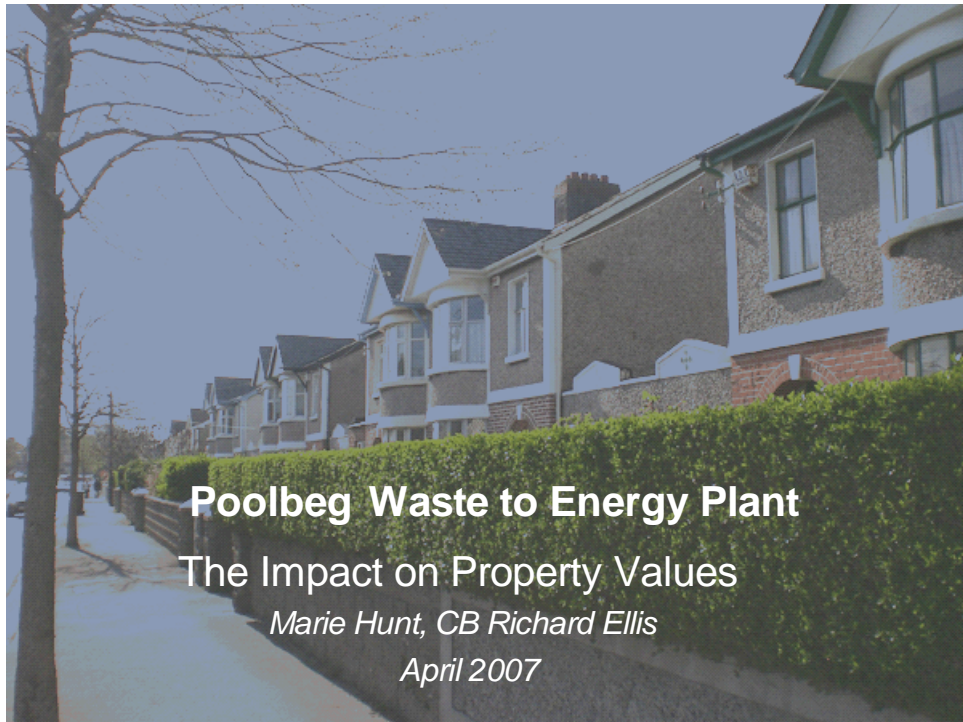


**PRECIS OF EVIDENCE**

**IMPACT ON PROPERTY VALUES OF  
POOLBEG THERMAL TREATMENT PLANT**

**Prepared On Behalf of  
Dublin City Council**

**April 2007**



## **Poolbeg Waste to Energy Plant**

### **The Impact on Property Values**

*Marie Hunt, CB Richard Ellis*

*April 2007*

My name is Marie Hunt. I am a chartered surveyor specialising in general practice and am a full member of the Society of Chartered Surveyors in Ireland and the Royal Institute of Chartered Surveyors and a fellow of the Irish Auctioneers and Valuers Institute. I have been employed as Director of Research at property consultants CB Richard Ellis for the last twelve years. My role involves analysing all sectors of the Irish residential and commercial property markets and undertaking specialist property bespoke consultancy instructions on behalf of a wide range of private and public sector clients.



## The Brief

“Professional opinion about the potential likely impact the proposed thermal treatment plant in Poolbeg would have on residential property values in the immediate vicinity should it be sited in this location ”



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My role in this study involved identifying the likely impact on local property values in the vicinity of the proposed thermal treatment plant at Poolbeg taking into account international experience in this regard. The purpose of the analysis was not to endorse or criticise thermal treatment of waste or to comment on the choice of location for the proposed plant, but rather to express professional opinion about the potential impact a thermal treatment plant in Poolbeg would have on residential property values in the immediate vicinity should it be sited in this location.

## Our Approach

- having regard to similar reports that have been carried out elsewhere in Europe
- liaising with personnel in similar plants elsewhere in Europe and visiting similar plants in Copenhagen, Sweden, Paris, Vienna and the UK
- liaising with property professionals operating in markets with similar plants
- Preparing an index of residential property prices in six neighbourhoods surrounding the proposed thermal treatment plant in Dublin to establish patterns before, during and after the plant comes into operation and to compare these trends with those being experienced in the residential property market in Dublin generally

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One of the submissions commented on the fact that the scope of our research on the impact on property values appeared limited. However, in the absence of historical or international expertise in this area, we made every effort to comprehensively assess the likely impact. The methodology I adopted in conducting this research included analysing the impact that similar thermal treatment plants/incinerators have had on property values within close proximity of facilities in other countries by

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I submitted an initial report to Dublin City Council in July 2005 and provided them with an update report in January 2007.

It is understandable that many of the households in the Poolbeg area of the city will have concerns about the impact the location of a thermal treatment facility in Poolbeg might have on the value and saleability of their homes. A number of submissions have alluded to these fears. It must be pointed out, that in some cases property values can be reduced by the perception that a risk exists whether or not the perception is real or rational. There is a clear distinction between scientifically assessed risk and perceived risk and we believe that once the perception of risk subsides, any negative impact on property values subsequently dissipates.

Over the last number of years there has been much discussion and debate about the existence, magnitude and the persistence of the impact of locating certain facilities in close proximity to residential property. Much of the literature and research on this topic is primarily concerned with situations in which residential properties are affected by what are known as detrimental conditions. Detrimental conditions that can affect real estate values include temporary easements, airport noise, construction defects, toxic waste, geotechnical issues and natural disasters.

Some studies carried out in Europe, based on solicited opinions only, show negative findings regarding perceptions of what impact detrimental conditions have on residential markets and there is no doubt but that if a similar polling exercise was conducted in Dublin at present, similar results would be found due to a lack of knowledge about the thermal treatment process. This type of analysis purports to document adverse impacts on property values, yet it lacks any rigorous statistical evidence based on actual transactions and is little more than an opinion poll. For this reason, we have had regard to both statistical and anecdotal information in agreeing our results.

For the purpose of our analysis we compiled bespoke indices of house price trends in six specific areas adjacent to the proposed location in Poolbeg and compared this data with the highly-regarded Permanent TSB house price index to establish if there was any significant difference between the two datasets at either current prices or appreciation rates. Negative property impacts could also be caused by intangible factors such as a slowdown in demand in the market generally (as has been witnessed in the Dublin market in the last six months), a significant increase in supply coming to the market, a significant increase in interest rates (as has been witnessed in the last six months) or a deterioration in economic or employment conditions in the economy. By comparing property trends in the specific location being considered

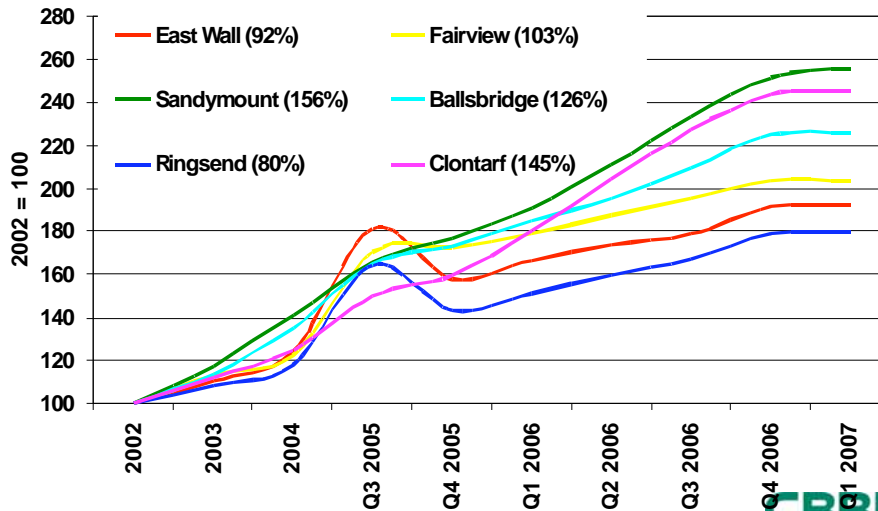
with general residential property trends in the Dublin market generally, we can account for such intangibles.

The resulting statistical data coupled with evidence from other similar plants internationally shows no measurable impact (*positive or negative*) from plants being located close to residential property. It appears that for a four to eight week period immediately following construction of a plant, residential property values sometimes fall off precipitously but then quickly return to normal once it becomes clear that there are no long-term physical effects. However, there appear to be no long-term value impacts. This view is supported by research conducted by DTZ Pineda Consulting behalf of East Sussex County Council and Brighton & Hove City Council on the impact of a thermal treatment plant in Newhaven in the UK which concluded that *"evidence from elsewhere is that incinerators do not have any substantive impact on property prices in the long-term"*.

Research conducted by the Royal Institute of Chartered Surveyors has also proved that house prices can be impacted when planning applications for wind farms are lodged (*primarily driven by concerns over the ability to sell properties as a result of the visual impact*) but the negative impact diminishes as time goes by. If there is an impact when construction starts or when the wind farm becomes operational, prices tend to recover once the facility has been up and running for at least two years, suggesting that wind farms become more accepted as local residents become used to them. There are also a number of reports which examine how the siting of landfill sites affect property values and the general consensus appears to be that while each site is unique, property values can be depressed close to landfills dealing with hazardous materials, any downward pressure on house prices in non-hazardous facilities diminishes as time goes by.

We expected to see some negative influence on house prices emerge in the Poolbeg area following the announcement in 2001 that a thermal treatment plant was being proposed for the area. However, there appears to have been no impact on residential property prices in six surrounding neighbourhoods since that time. In fact, our research indicates that house prices in the neighbourhoods of Ballsbridge, Clontarf, Fairview, Ringsend, Sandymount and East Wall have all increased at a faster pace than the Dublin average since Q1 2002.

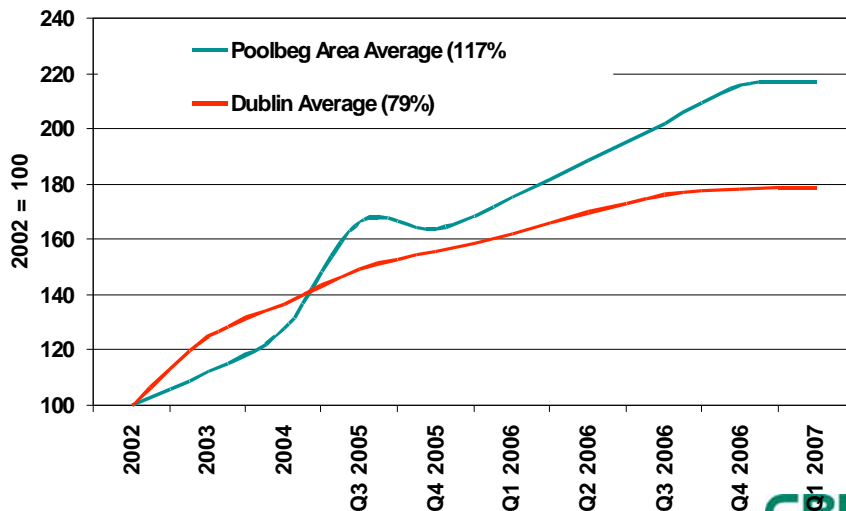
## House Price Trends Q1 2002 – Feb 2007



Source: CB Richard Ellis/PTSB

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## House Price Trends Q1 2002 – Feb 2007



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In general, house prices in Dublin rose by 79% between Q1 2002 and February 2007, while house prices in the six neighbourhoods surrounding the proposed thermal treatment plant location in Poolbeg rose by an average of 117% in the same period. We have also noted that there does not appear to have been any notable

impact on the volume of sales or saleability of property in the area over the last four-year period.

To date, there appears to have been no negative impact on either residential property values or on the volume of transactions in the neighbourhoods that are in closest proximity to the proposed thermal treatment plant at Poolbeg. Similar fears would have been expressed when the Synergen plant went into operation in the area and when the sewage treatment plant was opened. However, these fears have not been realised. The fact that developers are planning two major mixed-use development projects in the Poolbeg area despite the fact that this facility is planned suggests that they do not anticipate that the proposed thermal treatment plant will negatively impact on the saleability or value of their proposed developments.

It should be noted that for the value impact study to have validity, the impact must be analysed over a long period of time. Time intervals of least a year will provide for consistent results.

Going forward, we do not believe that local property values or the saleability of property will be impacted as a result of locating the thermal treatment plant at Poolbeg and the fact that the specific locations under consideration are well-established residential locations in their own right where demand is expected to remain strong bodes very well. However, we intend to continue to revalue the basket of residential properties we have analysed as part of this research on an ongoing basis to enable Dublin City Council to monitor this situation going forward.

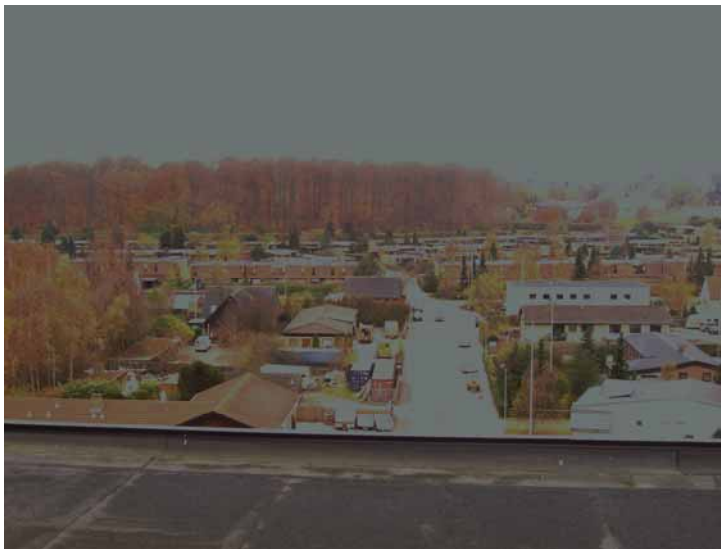
We will be particularly interested in any potential impact on values in these neighbourhoods during the planning process, during construction of the thermal treatment plant and once the plant goes into operation as if there are to be any adverse impacts, they are generally experienced after construction commences. There may be a temporary liquidity effect as sellers become reluctant to adjust their price expectations downward and as potential buyers attempt to assess the probable long-term impact on market value. This could lead to a reduction in the volume of sales transactions in the market. That said, research shows that if there are adverse impacts that these are always temporary as perceived risks diminish over time.

A gradual slowdown in housing market activity in Ireland has been evident since Autumn 2006. This has occurred for a variety of reasons including reduced

affordability as a result of a number of interest rate hikes during 2006 and 2007, a significant increase in supply of residential properties coming to the market and uncertainty regarding the possibility of stamp duty reform. While house prices have continued to rise, the pace of house price inflation has declined significantly in recent months. This trend has been evident in all locations and it is important that any decline in market activity and slowdown in the pace of house price growth in the Poolbeg area is not incorrectly attributed to the development of a thermal treatment plant in this location.

In many cities, thermal treatment facilities co-exist beside thriving residential communities.

### Aerial View from Norforbraending Plant (1969)



- Located 12km west of Copenhagen in area with high value one-off residential housing
- Closest houses 100 - 200 metres from the plant
- No discernible impact on property values, transactional volume or saleability

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### Aerial View from Vestforbranding Plant (1970)



- Located 12km west of Copenhagen on the city outskirts
- Closest houses located 300-400 metres from the plant
- Large concentration of housing located 1km from the plant on the other side of major motorway
- No discernible impact on property values or saleability

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The most striking example of this in practice is the Spittelau plant in the heart of the prime city centre of Vienna which is one of the cities most impressive tourist attractions.

## Spitellau Plant, Vienna (1970)



- Located in the heart of the city of Vienna
- Located in prime residential and office district
- One of Vienna's foremost tourist attractions
- No discernible impact on property values or saleability

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We visited this facility and also a number of other similar facilities throughout Europe to investigate property impacts and have found no evidence that well-managed thermal treatment facilities treating non-hazardous waste have had any measurable impact on property values, the volume of transactions or the desirability of property in neighbouring locations in any of the similar plants we have visited around Europe.

The process of how waste is to be delivered to the plant is in our opinion very significant and is a concern for local residents. In fact, in our opinion, the one factor, which could cause significant local opposition and potentially devalue properties in the area around Poolbeg if this facility is developed, is if traffic is not properly planned and managed. Compiling a comprehensive traffic management plan and communicating this effectively to the public and the media must be a key component of the project if this plant is not to have a negative impact on either the value or saleability of property in the area around Poolbeg. In this respect, we have had regard to the various traffic mitigation measures proposed by the traffic consultants and are confident that if traffic is properly managed in line with these measures, there should be no long-term negative impact on house prices in the Poolbeg area.

I confirm that this summarises the main findings of my report dated July 2005 and the updated report prepared in January 2007.

**Marie Hunt BSc MRICS, ASCS, FIAVI, Director of Research CB Richard Ellis, Ireland**