Final

ASCENT DEVELOPMENT MANAGEMENT

Northern Ireland Development Market

Quarterly Briefing
Q2 2026

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ASCENT DEVELOPMENT MANAGEMENT

Welcome

In our second quarterly briefing note for 2026, we continue to look into three themes influencing the residential and commercial property development market in Northern Ireland, and elements to now closely monitor as the year progresses. While there are pockets of positive news aimed at improving building safety, the accelerating domino effect of infrastructure underinvestment, the war in Iran, and the resulting loss of confidence have made a return to a normal, stable market increasingly difficult to achieve.

Key Themes – Q2 2026

1. **NI Water - update**
2. **Development slow down**
3. **Building legislation changes**

Key Themes – Q1 2026

1. NI Water
2. Land Price Adjustment
3. Skills Gap in NI

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1. NI Water Update

Last quarter, we observed how the Dept of Infrastructure opted to pursue voluntary contributions from developers as a means to source funding for NI Water, despite clear findings from their own March 2026 Consultation **showing overwhelming opposition** to this. (Link)

At a time when the outlook for house building & commercial development looks bleak – the long term reliance on this appears misjudged; further extending the uncertainty on how the issues will be tackled. All the while, damage to the environment continues.

As of May 2026, NI Water has 2,441 storm overflows. Around half of these storm overflows have now been modelled with around 38% assessed as Unsatisfactory when applying NIEA criteria.

Check locally for overflows.
Link ***niwater.com/storm-overflows***

What is becoming more and more apparent is that a further step up in cooperation and pragmatism is needed by all tasked and willing to help to solve the issues; time is running out and results are needed.

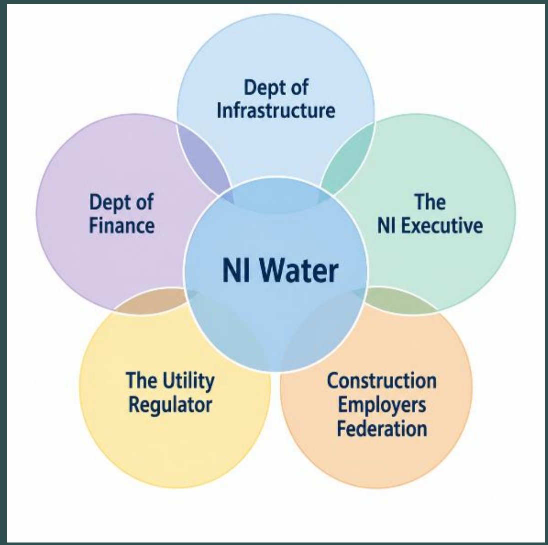


Fig 1

The process is slow and not without challenge, however the issues have been made public for a notable amount of time now, and results have yet to come through.

To meaningfully stabilise and improve the system at pace & scale, while frustration continues to build is a huge task, but the solutions, regardless of how tough it will be, cannot be kicked down the road.

1.1. NI Assembly Election May 2027

A major hurdle coming up is the Northern Ireland Assembly elections in May 2027, and the political positioning that has started for this.

To lead a narrative from the industry the Construction Employers Federation launched "The Construction Manifesto" under the headline "Delivery not Delay" so this is not a year where nothing happens. (Link).

The focus on *delivery not delay* points the spotlight early and sets a target as parties script their manifestos. Proof of progress will be in the drafting of a Programme for Government (Priority 1 of 8 CEF) and shared for public consultation by the end of May 2027, before the allocation of ministerial portfolios – if this doesn't happen what are the consequences?

We watch the current Executive closely for progress, early comments from political parties on how to address the NI Water task – or indeed avoid it.

The NI Executive has the power to implement change; that is clear; and has even been given a rough starting point with the Open Book Review of Northern Ireland Executive Budget (Link) (BBC (Link). **Let's be clear,** at a time of increased financial pressure on business, families and government, suggesting a means tested levy for infrastructure will be viewed as a vote killer. Remaining silent or defaulting to Westminster in pleas for emergency funding shows an inability to govern and a notable conflict of interest.

NIFC Sustainability Report 2026 released 17/06/2026 – has shared a very stark view on NI Public finances and reemphasised the need for political leaders to take the tough decisions in our opinion. (Extracts as follows.)

A relatively high public sector pay bill, limited revenue-raising and persistent overspends has weakened the NI Executive. The timing of this and the upcoming Assembly election will make it difficult for politicians and senior civil servants to focus on improving the longer-term sustainability of NI's public finances.

Sir Robert Chote, Chair of the Council, said:

"There is nothing especially mysterious about the challenge here. Spending pressures are rising, funding is not keeping pace, and the gap between the two will need to be closed one way or another. Operating without a Budget may be manageable for a short time, but emergency arrangements are not a substitute for an Executive taking strategic decisions. The longer-term pressures will not resolve themselves, and the sooner they are addressed in a systematic way, the better the prospects for putting NI's public finances on a more sustainable footing." (Link)

1.2. The Utility Regulator

The Utility Regulator published Cost and Performance Report 2022-2024 for NI Water in April 2026 (Link) (Extracts as follows)

"Our 2022-2024 report shows that, up until the end of the 2023/24 report year, the company broadly delivered against its 'consumer' and 'water' services targets in overall terms."

"However, reported delivery against NI Water's targets for 'wastewater' services indicates underperformance in overall terms up until the end of the 2023/24 report year. This was most significant for performance against the nominated output targets for wastewater treatment works and unsatisfactory intermittent discharges."

It is our opinion that NI Water, solely tasked to manage a clear role, to a degree has one arm tied behind its back, while political and funding decisions are the political *hot potato & vote killer. (see 1.1)*

We don't expect NI Water are concerned about where the money comes from, and points back to the overarching NI Exec, Dept of Infrastructure & Finance etc (see Fig 1) needing to make those key decisions on funding and provide clarity.

1.3. Shared **and flexible funding**

In our opinion, it appears increasingly obvious funding needs to be shared – and while the current Dept of Infrastructure position seems to be towards voluntary developer contributions, given the headwinds for developers - flexibility is needed on how the books can be balanced each year.

It should still be on the table that **means tested** water charges (domestic and non domestic) are phased in to bring greater stability, and remove both the volatility and reliance on "top up" contributions from developers, already paying for connections, pumping station and upgrades.

Stable financial planning can bring more certainty to NI Water and its plans to improve the system. Also, comfort from the NI Executive all the way down to festive sea swimmers in Helen's Bay; that there is a structure is in place to pay for and manage the radical overhauls needed.

This may be the opportunity for cross cutting decisions needed and referenced by the Minister for Infrastructure Liz Kimmins (Link) to act decisively; noted in our Q1 bulletin.

While the NI Water funding solutions are still unclear, for another period business & developers through to families and those on social housing waiting lists – now at all time highs - (Link) and our environment continue to wait, suffer and be damaged.

By continual neglect, the infrastructure mismanagement is getting worse before it will get better. The Dept of Infrastructure and the NI Executive appear willing to preside over this as tough decisions are not made.

1.4. Upper Crescent Wastewater Pumping Station

To shed a positive light on the practical side of this, we wanted to share an example of Upper Crescent Wastewater Pumping Station in Comber Co. Down –

- c.£5m costs
- Started Dec 23
- Commissioned June 25 – 18 months
- Waste & Storm Water Management
- Months' worth of pre planning, design & approvals needed.
- (Link)

We applaud this project; yet we must not underestimate that projects like these do not happen overnight. Given the backlog of works, urgency, and years of underfunding to catch up on, the number of projects on a timetable & finance requirements will be eyewatering. It will take years to work through – not only in new works, but ongoing maintenance and management of current aging infrastructure.

While sharing this example of recent success, a key question we have is that given the long lead in times; will NI Water be able to convert a major programme of works in line with PC28 and beyond – we watch for the NI Water PC28 Business plans timetabled for November this year (Link) and possibly a greater lean on public and private works to get the job done.

1.5. Ireland taking a Lead

For our nearest neighbours, despite public opposition and kick back, non-domestic water charges are in place with a clear timetable to review charges and bringing with it stable funding and management.

Domestic charges are still on the table for Government, but as yet to be implemented for excessive use only.

While not a magic wand to solve all issues, it is an example of the Irish Government being able to *take its medicine* and plan longer term on stabilising the management of wastewater infrastructure. (Link). When compared to the short term measures highlighted in the NI Fiscal Council Sustainability Report 2026, **the failings of the NI Executive are made all that more stark.**

The Irish Government are off and running with this. They likely won't get it 100% right, but at the very least have made a start. Meanwhile, the political parties appointed to lead and do the same for NI will be delayed for another time as the election cycle kicks into gear and in our opinion the priorities shift.

2. House building slow down

Collectively the UK's largest house builders have seen share prices reduce between 9.79% to a staggering 60.73% in the last 6 months. (as at 22/06/26)

Symbol	Price	Change	% Change	Prev Close
BTRW Barratt Redrow PLC	GBX267.40	-103.20	-27.85%	GBX261.00
BWY Bellway plc	GBX1,890.00	-772.00	-29.00%	GBX1,854.00
TW Taylor Wimpey plc	GBX79.66	-23.94	-23.11%	GBX78.96
VTY Vistry Group PLC	GBX244.40	-378.00	-60.73%	GBX242.40
BKG Berkeley Group Holdings PLC	GBX3,502.00	-380.00	-9.79%	GBX3,522.00

Google Finance – 6months comparison – BTRW, BWY, TW, VTY, BKG

A share price is a direct measure of market confidence and reflects the collective belief held on a company's future profitability and growth. When uncertainty hits eroding confidence, the share price falls.

The reduction in share price of the largest UK housing developers is a key observation on how the market is reacting post the war commencing between Iran and the USA at the end of Feb 26.

Last quarter we addressed **Land Price Adjustment** in NI as costs continue to increase, and how land pricing needs to take some strain to keep an industry moving. Therefore, it came as a surprise to read about the accelerated actions taken by UK housebuilders hugely exposed to materials cost inflation.

Berkeley Group - London focused, and announcing that it would cease land acquisition and new staff hiring due to the impact of costs from the War in Iran, regulations, and weak buyer demand outlook. The share price dropped 18% as a reaction. (Link)

Barrett Redrow - UK's largest house builder announced it was scaling back land approvals with targets cut to 7-9,000 plots from

10-12,000, citing fewer attractive opportunities and current market conditions due to higher energy costs due to middle east conflict. (Link)

Vistry – the UK's second biggest housebuilder - has offered staff voluntary redundancy as the partnerships house builder steps up efforts to preserve cash and cut debt. (Link)

Taylor Wimpey and **Bellway** - flagged risks from higher building costs and interest rate uncertainty squeezing affordability for buyers. (Link)

As a tone and early warning for NI, major UK housebuilders taking decisive action and forming quite defensive positions has signalled a slowdown in future productivity.

It is obvious to then forecast that house production will see a notable impact in the months & years to come against Govt targets.

2.1. Profit expectations showing steeper declines

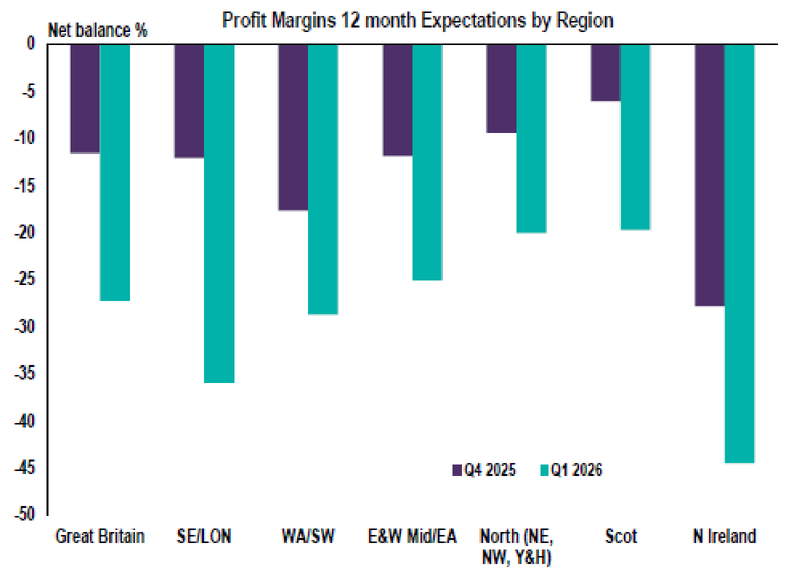
To add further insight, we shared in Q1 that within the RICS UK Construction Monitor Q4 2025 - Profit Margins 12 month Expectation by Region;

NI was the only region in the last quarter where the percentages were in decline, all other regions were showing an improving outlook, albeit from a negative position.

Fast forward to Q1 26 - Published date: 07 May 2026 - (Link) - which will take into account the War in the Middle East -

All regions across UK are now showing a deteriorating outlook for profit margins in the work that lies ahead.

Chart 13



Regionally, Northern Ireland is dropping further and being the most pessimistic makes for tough reading for local confidence, dropping **-17% in the quarter**. This was only surpassed by London SE where the profit expectation fell sharpest by **-24% in the quarter** to -35%, showing the swift contraction in London SE as profit margin expectations tighten due to the war in Iran and widely reported cost inflation.

2.2. NI House Building Statistics

For Northern Ireland; the social housing waiting list is now at a record high and in our opinion indicative of the cost of living and affordability issues facing the economy on one side, as well as the viability for house builders and housing associations on building new housing on the other. As the system snarls up, housing need levels will not be met. (Link)

From the Dept of Finance New Dwelling Statistics (Link) , comparing the years overall 2024 & 2025, results seem within reasonable tolerance

- House Starts are up 2.99%,
- House Completions are down 2.96%

Drilling into the quarterly year on year stats starts to show a more concerning profile emerge;

Confidence would appear to be dwindling from large sections of the market, notably with private housing, where one could argue has a greater degree of sensitivity as funders, investors and developers have their own equity at risk, decisions may be made faster and projects put on hold or slowed given the observed risks. The brisk start to the year hasn't happened for house building, and we believe will continue to see a decline into Q3 26. Much like the UK listed house builders, it would appear similar accelerated defensive actions have been taken in NI.

Private Completions showing c.10 % fall shows for us that projects may be stalling or stopping as costs to complete make it unviable. Social housing is working off a low base in Q4 thus presenting a notable lift in Q1, so this is a somewhat skewed figure. Q3 will shed more light on completions, but similar to private housing, likely to see a reduction.

3. Building Legislation Changes

Following the extensive fire at Grenfell Tower in June 2017, systemic changes across the UK industry have been implemented, and others being proposed, to ensure an event like this does not happen again where seventy-two people lost their lives.

In response to Grenfell; the Building Safety Act 2022 (Eng and Wales) and Hackett Review (Link), development in Northern Ireland, will see new policy and new legislation to address High Rise Residential Buildings (HRRB)*

**HRRBs are buildings in Northern Ireland that have more than 4 floors and are at least 11 metres high with at least 2 residential dwellings. Dept of Communities (Link)*

Policy is currently in draft format and is soon to be shared by the Dept of for Communities via public consultation in Q2/Q3 2026.

At an NI level, not only will this be addressing the policy and legislation for HRRBs, there will be a trickle down effect across *all property* as safety standards and accountability is improved. Following a public briefing hosted by CEF, we noted the following key changes from the Dept of Communities & industry representatives;

1. **Improving High Rise Building Safety in NI** – will have a positive knock-on effect across the industry & accountability for safety following Grenfell
2. **Continuity of Standards** – NI will join other UK regions to ensure consistency of implementation
3. **Building Control** – new *gateways* at planning stage – throughout planning – pre commencement – completion; and New Building Occupation Certificates being introduced
4. **Occupied Building Safety Regulator** – New body to be formed
5. **Retrospective implementation** - by owners, managing agents & home owners – how will costs be managed?
6. **Early engagers** - will be in a better position – don't delay

For an industry already under pressure, adopting new standards will have a cost and time implication, as well as training staff, with a key marker being *competence.* Clients will move with the legislation changes so projects can continue and ultimately buildings can be insured based on experiences shared in England.

From an industry perspective, we offer the following that the proposed legislation changes in NI may have;

1. **Standards set to increase** from early design to end occupation – at a time when experienced skills on site are diminishing = challenge with practical implementation
2. **Level playing field & land price reductions** – increased costs with a dose of inflation, interest rate cover, GDV/Cap Vals looking "frothy" – land prices to reduce over time
3. **Supply of new housing in any form** – to reduce in the short term - disincentivise high rise, projects viability and compliance checked
4. **Criminal penalties are the threat** – project teams, consultants etc to demonstrate compliance to Building Control Regulations and how standards are being met. England presently has this penalty under the BSA 2022, possibly to be rolled out in NI (our own opinion)

With a timeline for implementation forecast in 2029 (exact timeliness tbc) changes coming down the line to make buildings safer, strive for best practice, high standards of professionalism, and accountability from Day 1 design to years ahead when the property is occupied will be the new norm.

Adapting to the changes means in the unlikely event of an emergency, a safe exit for all those in occupation is the No. 1 goal.

3.1. Early Teething Problems

While we certainly applaud forward steps in building safety; drawing from the RICS UK Construction Monitor Q1 2026 – (Link) we noted that early adopters (in England) are finding it frustrating engaging with the Building Safety Regulator and getting gateway approval timescales, this continues to feature prominently in anecdotal feedback.

For NI, this could be a good opportunity to take on board other experiences and manage out the delays when the time comes to roll out the new legislation to industry.

4. In Conclusion

As we reach the mid-point of 2026, updating on NI Water, a slowdown in house building and new building legalisation changes; in our opinion, these elements continue to make the majority of development in Northern Ireland regretfully all that more unviable.

NI Water

Decision makers need to make changes or get out of the way, and address fundamentally the issues at hand with sustainable funding, planning, and bring stability. Granted, big wheels turn slowly however inaction cannot roll on for another election cycle. While decisions take time to be made, the most vulnerable in society continue to be most exposed to the strain due to social housing delays; and the environment keeps getting damaged with sewage discharges. Investors will look elsewhere - and the significant opportunities (£5.5bn of investment & development over 10yrs – (Link) vanish for another cycle. This September is a key target to hit for NI Water and their draft business plan.

Housing Building Slow down

The handbrake is on; or indeed being reached for as we see drastic action now taken by the biggest housebuilders in the UK due to cost inflation, and the same by our local developers in NI drawing on the housebuilding stats. To gauge sector sentiment, regretfully this is very concerning.

We spoke last quarter about the need to adjust land pricing; we believe this is now washing across the industry as land pricing reacts due to profitability and viability stress tests mainly due to cost inflation.

House building in NI in the private sector appears most sensitive to costs changes, and given the notable drops in output recorded year on year, this again is very concerning, likely to continue, and feed into both private & social figures in Q3.

Building Legislation Changes

An element of good news in that end users will be safer with improved building safety standards. While it may take time to retrain, account for additional costs etc, this is all to the greater good in our opinion and once engrained in the industry, we will see an uptick in quality workmanship, professional competence, and individual accountability.

We look also to NI Executive Budget being agreed promptly and avoiding emergency funding and a further set back; globally to peace between USA & Iran to stabilise energy markets as key factors.

In Q1, we noted it was hard to watch the NI development industry stumble along rather than producing, employing, and training efficiently. For Q2 and likely Q3, the downward trajectory & lost opportunity for development in NI looks set to continue until stability is found.

Written by David Wilson, Development Director
100% human written and peer reviewed.

Given the current point in the market, pressures on costs and project viability are being closely watched. In some cases, projects may have gone beyond a critical point and are now in a distressed state.

If you wish to have a private conversation on current projects, or indeed projects under review, please get in touch.

https://ascent-dm.co.uk/contact

Option 1 – Distressed Asset Management

Any projects proposed will be treated on a strictly confidential basis.

All projects considered will be assessed through an initial desktop and viability review, together with a site inspection to gain a full understanding of the associated challenges.

Potential options may range from short-term project management advice to agreement to complete the project or proceed with a structured handover and or sale to third parties.

Working alongside the owner, lenders, administrator or fixed charge receiver providing periodic reporting, advice and solutions.

Each project will be treated on a case by case basis.

Within Ascent Development Management, David Wilson (Owner and Director) is in the fortunate position to draw upon years of experience managing distressed / non performing assets on behalf of lenders, and private client per Case Study 5.

To progress matters on a confidential basis, Contact us for a free initial fact finding conversation and next steps.

CASE STUDY 5 - ASSET MANAGEMENT

Retail and Office, Belfast City Centre, Northern Ireland

- **Brief:** Work with Owner to create improved Asset Value via new lettings, regearing and Cap Ex programmes to improve letting profile (WAULT) and ultimately rental income stream.
- **Value Creation:** measured performance of progress via periodic reporting on gross and net rental income, arrears levels, ongoing assessment of tenant covenant strength, and how these all impact current values and future targeted values.
- **Risk & Disposal:** Developing risk management plans and implementing disposal strategies when the asset reached an optimal value level.

Cover picture https://visitbelfast.com/

David founded Ascent Development Management following twenty years of industry experience. As a Chartered Surveyor (MRICS), David has held development management roles in Strand Homes, Crosslane and MRP, and was a Senior Surveyor within the Specialist Property Group in Bank of Ireland.

David is also a committee member of Shore Street Presbyterian Church, Donaghadee taking an active role in the property team.

Away from work, David is married and has two children. When time allows he runs the odd 10k, leads a discipleship group, and has recently taken up sailing. He is also a fan of podcasts, particular favourites being "The Rest is History" and "No Dumb Questions”

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