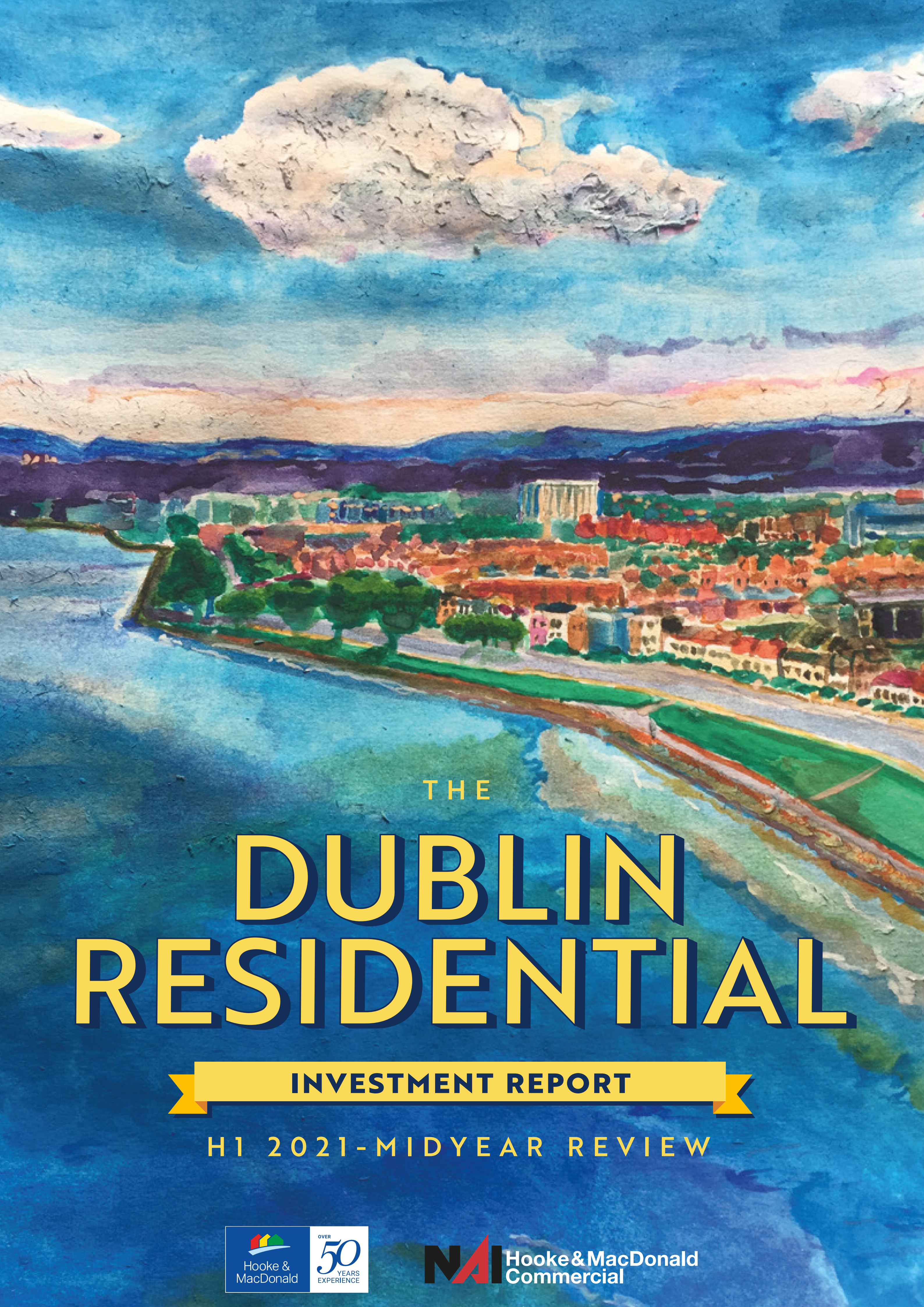


THE

DUBLIN RESIDENTIAL

INVESTMENT REPORT

H1 2021-MIDYEAR REVIEW

Hooke & MacDonald

OVER 50 YEARS EXPERIENCE

Hooke & MacDonald Commercial

Contents

FRONT COVER PAINTING OF SANDYMOUNT BY MICHELLE ROGERS

Michelle Rogers is a Human Rights and Environmental artist and activist of international standing. Born in Dundalk, Ireland and based in Rome, Michelle's work has received widespread acclaim having been exhibited in Ireland and internationally. Hooke & MacDonald, in line with the company's support for the arts, commissioned Michelle to paint a vintage type watercolour of Sandymount, Dublin for the cover of its latest Dublin Residential Investment Report.

ACKNOWLEDGEMENTS

Dr. Ronan Lyons; The Central Bank; Dr. Brian Hughes; The Housing Agency; Colm Lauder, Dermot O'Leary – Goodbody; Conall McCoille – Davy; Pat Farrell – Irish Institutional Property; BPFI; ULI; SCSI; IPAV; Daft, Build Costs AIB; BOI; Ulster Bank; RTB; PWS; CIF; PII; ESRI; DCC; NTMA; David Browne, RKD; Brian Moran, Hines; C50; Eurostat EY-DKM Economic Advisory Services & GeoDirectory, Irish Cities 2070 Group, DCC, Paul Mitchell, Mitchell McDermott, Irish Examiner. Cover artwork provided by Michelle Rogers. Aerial photos of Dublin and Cork taken by Dennis Horgan.

Griffith Wood, Griffith Avenue, Dublin 9 *being developed by Cairn Plc which was forward sold in H1, 2021 to Greystar for €176.5 million*

8th Lock, Royal Canal Park, Dublin 15 *being developed by Ballymore & forward funded in a €200 million transaction with Union Investment in H1 2021*

1. Market Review

Multi-Family / PRS transactions have continued to dominate the Irish property investment market, accounting for 55 per cent of all property investment transactions in Dublin in the first half of 2021.

MULTI-FAMILY DOMINATED H1 2021 INVESTMENTS

The multi-family / PRS sector has performed very strongly in H1 2021 with 5 residential investment transactions over €100 million in Dublin in the first 6 months of the year.

There has been €1.5 billion transacted in the multi-family / PRS sector in the first 6 months of the year across 19 main transactions. There were 11 new build transactions and 8 of existing stock. Investors funded the supply of 2,949 new homes for the rental market.

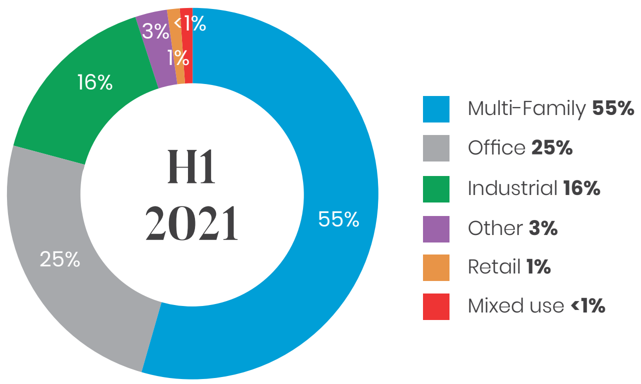
The largest sale in this period was the Ardstone transaction involving multiple developments in the Greater Dublin Area worth a reported €450 million for approximately 900 properties.

Notably, the largest transaction in a single location was the first major Irish residential forward funded sale of 435 apartments at 8th Lock, Royal Canal Park, Dublin 15 for €200 million and is being developed by Ballymore Group and forward funded by Union Investment.

Griffith Wood, Griffith Avenue, Dublin 9 which is being developed by Cairn Plc was forward sold in H1, 2021 to Greystar for €176.5 million.

Dwyer Nolan Developments completed the sale of 401 apartments across 3 north Dublin locations for approximately €181 million to Ardstone.

Dublin Investment Market Transactions by Value



Total Value: €2.545 billion

Another noteworthy transaction was the forward sale of 295 apartments which are currently being developed by Park Developments in Clay Farm, Dublin 18, for €127 million to BlackRock / SW3 Capital.

In terms of the overall Dublin investment market transactions in H1, 2021, Multi-Family/PRS represented 55 per cent of all investment transactions; this is an increase on the 40 per cent recorded in 2020. Office investments constituted 25 per cent of the total, with Industrial accounting for 16 per cent in H1 2021 in Dublin.

In one of the first weeks of H2, 2021 The Windmill Investment at Clonsilla comprising of 211 apartments being developed by Kimpton Vale was forward sold with a sale price of €73 million to Urbeo.

2016 – H1 2020 TRANSACTIONS

Since 2016, 16,236 multi-family / PRS sector units have traded in Dublin. Approximately 63 per cent of these, (10,209) were new build properties and approximately 37 per cent, (6,027) were existing older stock. In a normally functioning market where there is a shortage of accommodation it would be expected that new build development and related transactional activity would far outstrip existing older stock sales. However, the increase in new build transactions in H1 2021 shows a a more encouraging trend than heretofore.

NEW BUILD COMPLETIONS AND DEMAND

There were just 2,495 new houses and apartments completed in Dublin in H1 2021, due largely to the lockdown for private housing developments; 43 per cent (609) were in Dublin City, 24 per cent (336) were in Fingal, 20 per cent (290) were in Dun Laoghaire Rathdown and 13 per cent (182) were in South Dublin.

Of the 2,495 new homes built in Dublin in H1 2021, 57 per cent (1,417) were apartments, 39 per cent (982) were estate houses and 4 per cent (96) were single houses. This represents just a an eighth of the demand for new homes in the capital annually. There were 1,417 apartments competed in Dublin in H1 2021, 43 per cent (609) in Dublin City Council, 24 per cent (336) in Fingal, 20 per cent (290) in Dun Laoghaire Rathdown and 13 per cent (182) in South Dublin County Council all again falling way short of demand for the sale and rental markets.

NATIONAL COMPLETIONS

Nationally, excluding Dublin, there were just 6,489 new homes completed in H1 2021, 3,802 being estate houses, 2,034 single one off houses and 653 apartments.

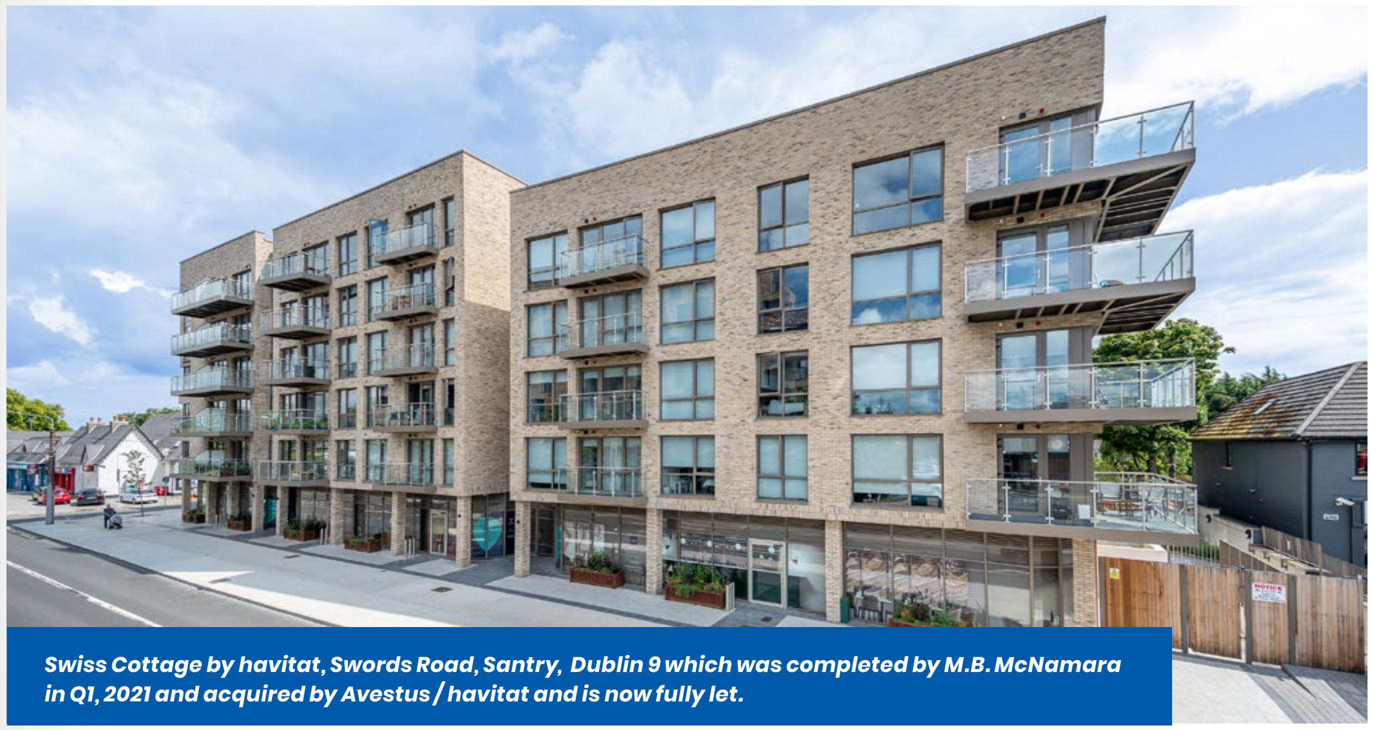
The shortage of apartment construction in Dublin and other Irish cities and towns, which are badly needed to allow for higher density urban and suburban living, continues to be of serious concern. Apart from the shortage in Dublin there were only 157 apartments built in Cork City in 2020 and only 52 built there in H1 2021; there were only 34 built in Galway in 2020 and 40 in H1 2021; in Waterford there were only 53 built in 2020 and 5 in H1 2021; in Limerick there were only 34 built in 2020 and 33 were completed in H1 2021; in Kilkenny there were only 39 built in 2020 and 36 in H1 2021; in Wexford there were only 33 apartments built in 2020 and just 40 in H1 2021.

SMALL INVESTORS

The majority of the private rented market in Dublin is made up of landlords with one or two properties. Less than 5 percent of tenancies are controlled by landlords with 100 tenancies or more. In Dublin the concentration of tenancies held by investment entities is higher than nationally but it is still dwarfed by small scale private investors. The taxation regime for small private investors and other associated costs and regulation continues to drive these investors from the market.

OBJECTIONS CAUSING MISERY FOR HOME SEEKERS

Hooke & MacDonald estimate that close to 22,000 new homes will be completed nationally including Dublin in 2021 which would be a very creditable performance by the construction industry taking into account the lockdown for most of Q1, the shortages of labour, the rising cost and supply of materials, water connections and cost, viability issues for apartment construction and the totally unacceptable level of planning objections and court challenges to a multitude of planned residential developments. These are directly impacting negatively on the supply and cost of homes for the thousands of people seeking homes to buy or rent. Surely the common good is more important than the objections of some existing homeowners and vote-seeking councillors and other politicians.



Swiss Cottage by havitat, Swords Road, Santry, Dublin 9 which was completed by M.B. McNamara in Q1, 2021 and acquired by Avestus / havitat and is now fully let.

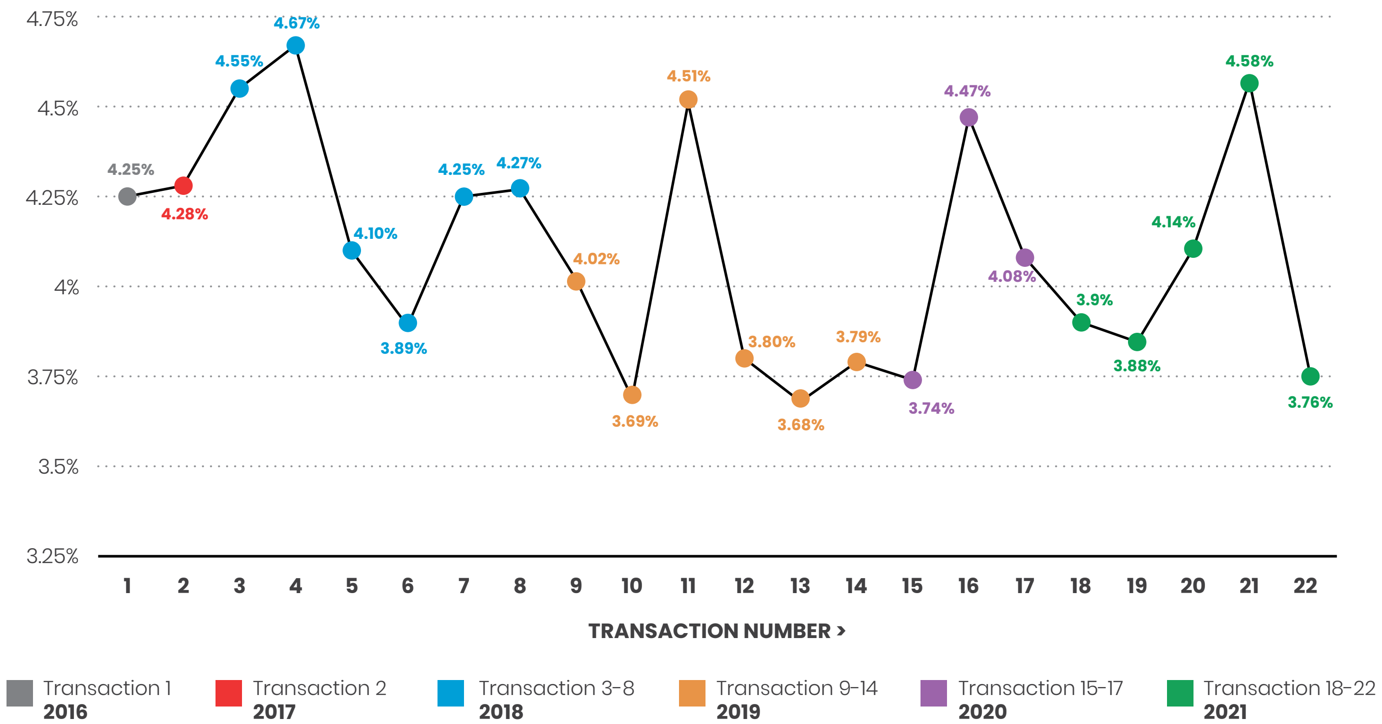
2. Dublin Yield Trends

A review by Hooke & MacDonald of the net yield trends for twenty-two leading PRS transactions across the Dublin market for new build forward sale apartment projects each over 100 units sold between Q3, 2016 and H1 2021 shows that prime yields have remained steady, at around 3.75 per cent, and yields in other locations are trending downwards as the market matures - see Net Yield graph on this page. The review included a total of €2.475 billion of investment sales, relating to 5,422 apartments with an average lot size of 246 apartments and €112 million, equating to an average apartment price of €460,000. It is worth noting that all of the twenty-two transactions included in the analysis were single location investments and do not include the four large portfolio transactions that occurred in 2020 (€145 million and €140 million) & 2021 (€450 million & €181 million).

The lowest yields have been secured for Dublin city and south Dublin properties, where a number of the initial transactions occurred, and there has been a premium for projects overlooking water or adjacent to the canals and close to train routes or Luas. As market conditions, including viability on some sites, and demand improved a number of north and west city transactions have been brought forward, which is a very positive development. Pricing and yields are very location specific and naturally depend on the associated assumptions made by investors regarding rental levels.

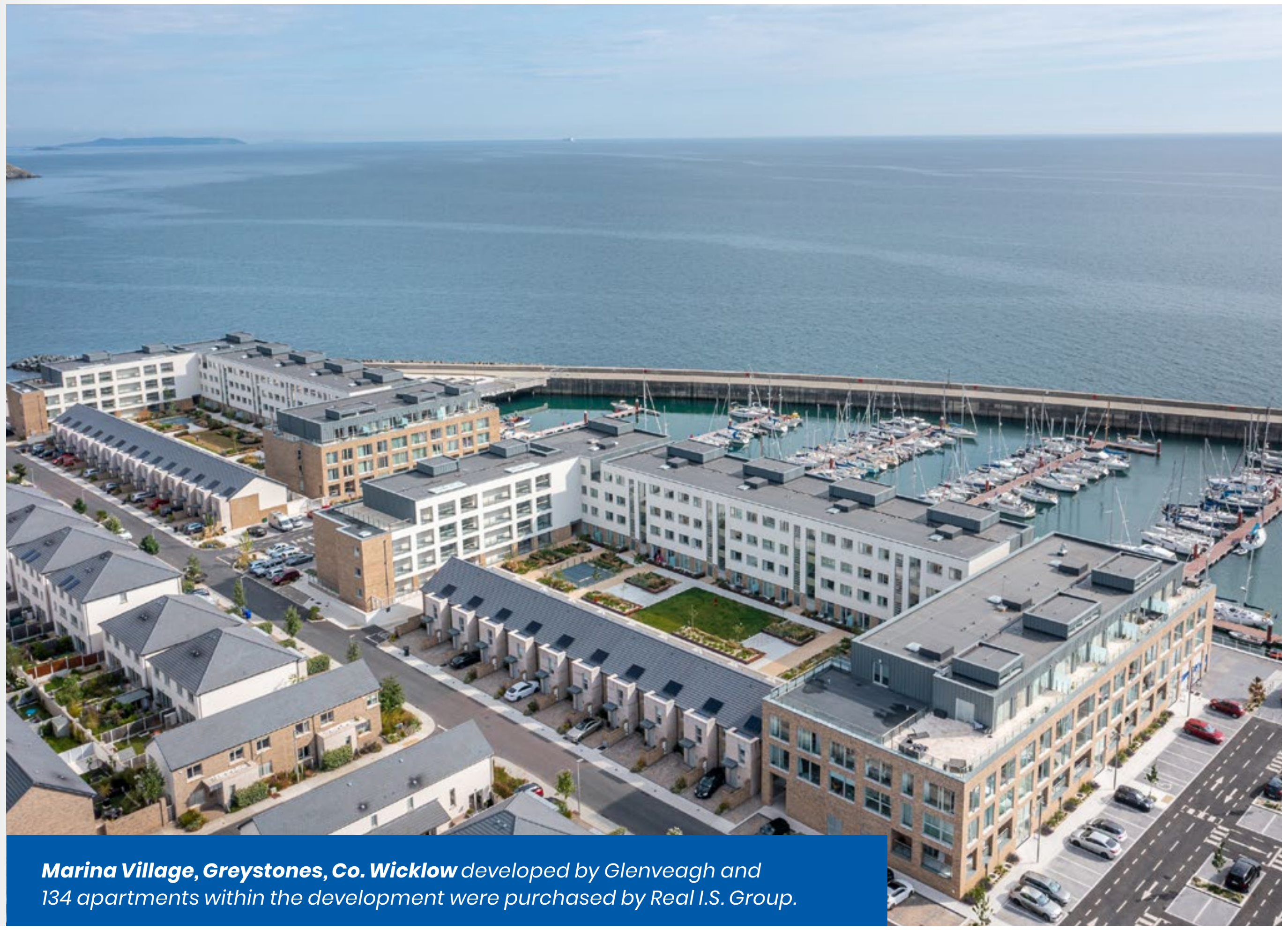
A lack of investment opportunities with planning permission being brought forward by credible counter-parties is going to support investment pricing in the Dublin market over the next 12-18 months, and potentially push yields downwards.

Estimated Net Yields across 22 New Build Forward Sale PRS Investment Transactions in Dublin over 100 Apartments - Q3 2016 - Q2 2021



Analysis: Hooke & MacDonald Research
Note: The above chart does not include multi-location portfolio sales

***Blackwood Square, Northwood, Santry Demesne, Dublin 9** being developed by Cosgrave Property Group was forward sold by Hooke & MacDonald for €123.5m to Round Hill Capital & QuadReal Property. This acquisition compliments the Bridgefield investment in 2018 by the same parties, which can be seen in the middle left of the photo.*



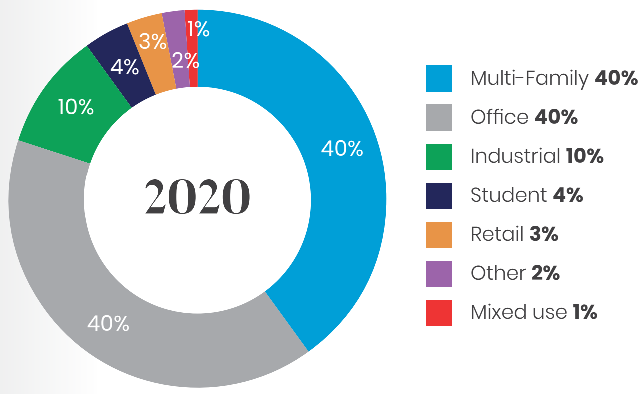
***Marina Village, Greystones, Co. Wicklow** developed by Glenveagh and 134 apartments within the development were purchased by Real I.S. Group.*

3. Top Multi-Family/PRS Transactions

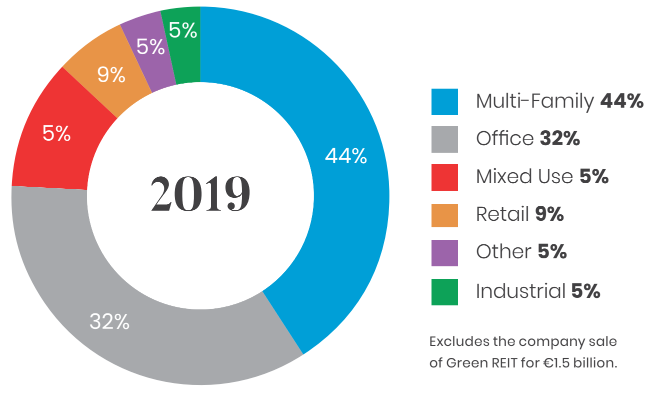
Top Multi-Family Transactions in H1 2021

	PROPERTY	NO. OF UNITS	TYPE	REPORTED PRICE	AVG. PRICE PER UNIT	PURCHASER
1	Off-Market - Multi Location Portfolio	c. 900	New Build	€450m	€500,000	Ardstone Capital
2	8th Lock, Royal Canal Park, Rathborne, Dublin 15	435	New Build	€200m	€460,000	Union Investment
3	Off-Market - Dublin Portfolio	401	New Build	€181m	€451,000	Ardstone Capital
4	Griffith Wood, Griffith Avenue, Dublin 9	342	New Build	€176.5m	€516,000	Greystar
5	East Village, Clay Farm, Leopardstown, Dublin 18	295	New Build	€127m	€430,000	BlackRock / SW3
6	Off-Market - Dublin	151	New Build	€66m	€437,000	Private
7	Marina Village, Greystones, Co. Wicklow	134	New Build	c. €64.5m	€481,000	Real IS
8	Off-Market - West Dublin	150	New Build	€48.25m	€322,000	Private
9	Off-Market - Dublin Portfolio	62	New Build	€30m	€484,000	Private
10	Robin Hill, Dundrum, Dublin 14	51	Existing Stock	€23.5m	€461,000	Clúid Housing
11	Off-Market - Dublin Portfolio	55	Existing Stock	€20.2m	€364,000	Principal Real Estate
12	Blackhall Square, Smithfield, Dublin 7	39	New Build	€20m	€513,000	Aberdeen Standard
13	Blackbanks, Raheny, Dublin 5	40	New Build	€19m	€475,000	Clúid Housing
14	Hampton Gardens, Balbriggan, Co. Dublin	40	Existing Stock	€9.7m	€243,000	Solas Living
15	Fawn Lodge & Deerpark House, Castleknock, Dublin 15	27	Existing Stock	€9.5m	€352,000	Solas Living
16	Craddockstown, Naas, Co. Kildare	40	Existing Stock	€8m	€200,000	Solas Living
17	Primrose Gate, Cellbridge, Co. Kildare	27	Existing Stock	€4.81m	€178,000	Solas Living
18	Ivory Building, Lime Street, Dublin 2	9	Existing Stock	€3.6m	€281,000	Seapoint
19	Eblana Avenue, Dun Laoghaire, Co. Dublin	12	Existing Stock	€3.375m	€400,000	Solas Living
	Total	**3,210**		**approx €1.45 billion**		

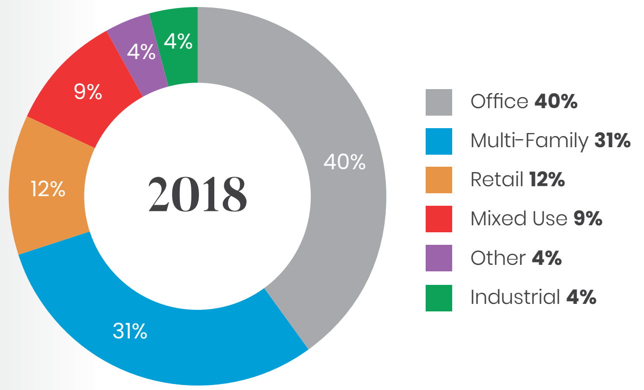
Total Dublin Investment Market Transactions by Value



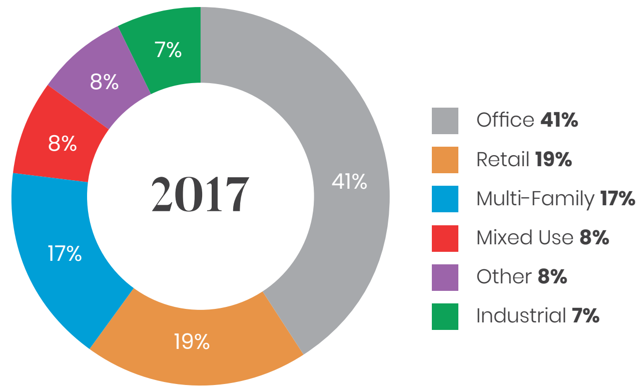
Total Value: €3 billion



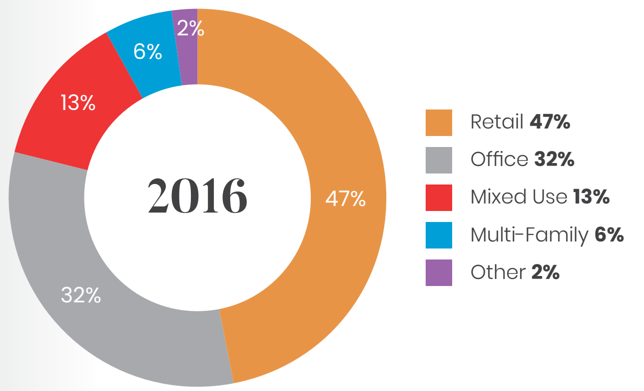
Total Value: €5.5 billion



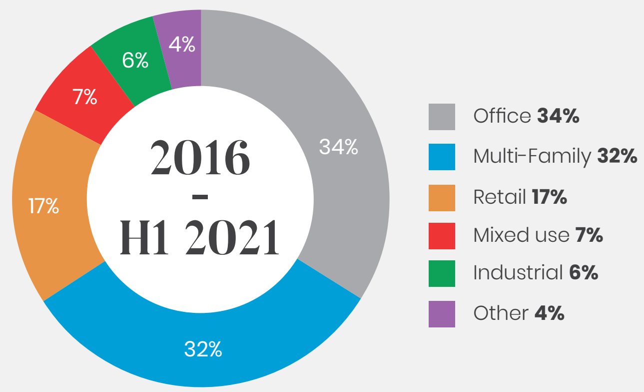
Total Value: €3.08 billion



Total Value: €1.89 billion



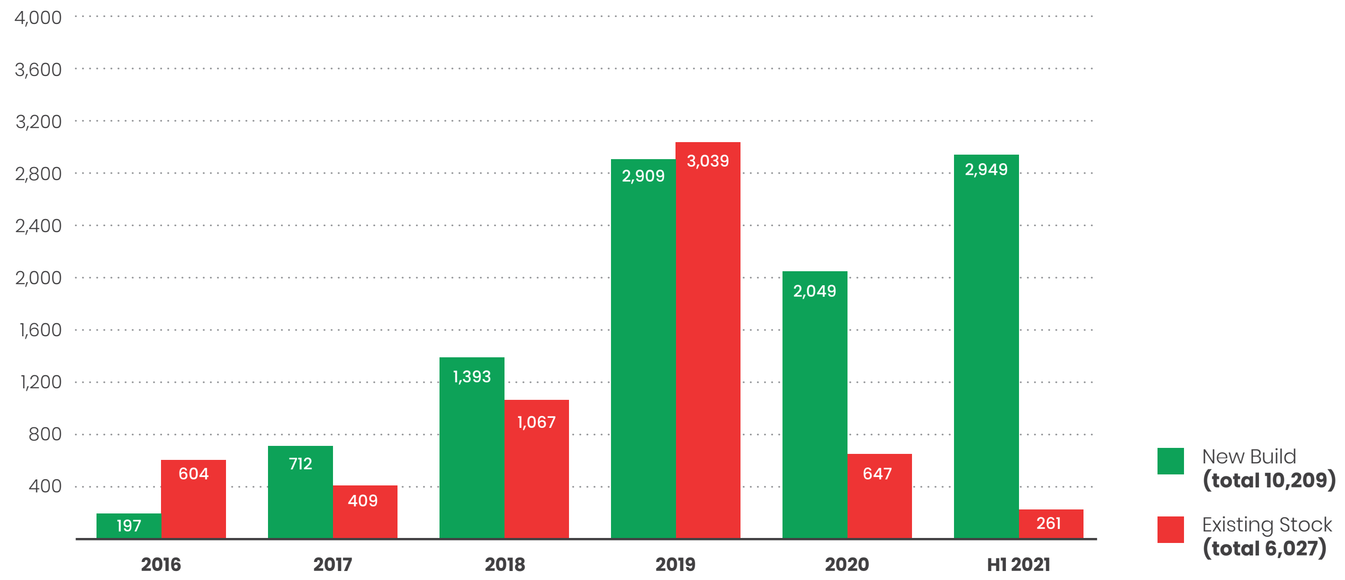
Total Value: €4.3 billion



Total Value: €20.3 billion

4. New Build Multi-Family/PRS Sales

Dublin Multi-Family/PRS Volume of Residential Units Transacted 2016-H1 2021

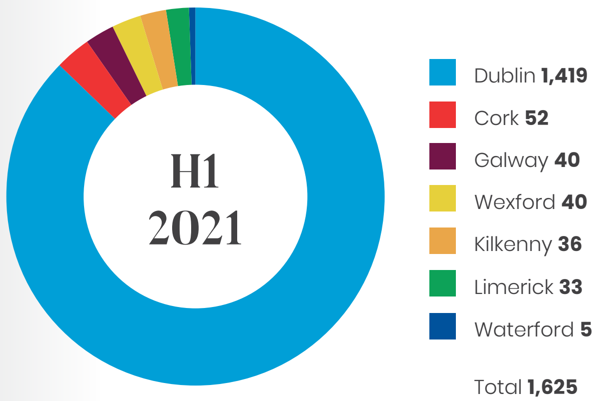


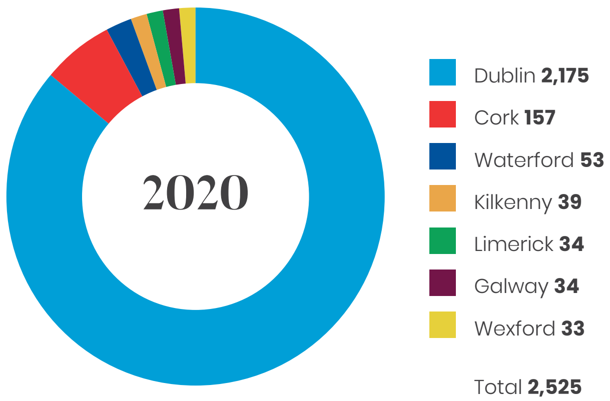
Analysis: Hooke & MacDonald Research

***The Windmill, Clonsilla**, Dublin 15 being developed by Kimpton Vale was forward sold for €73 million to Urbeo.*

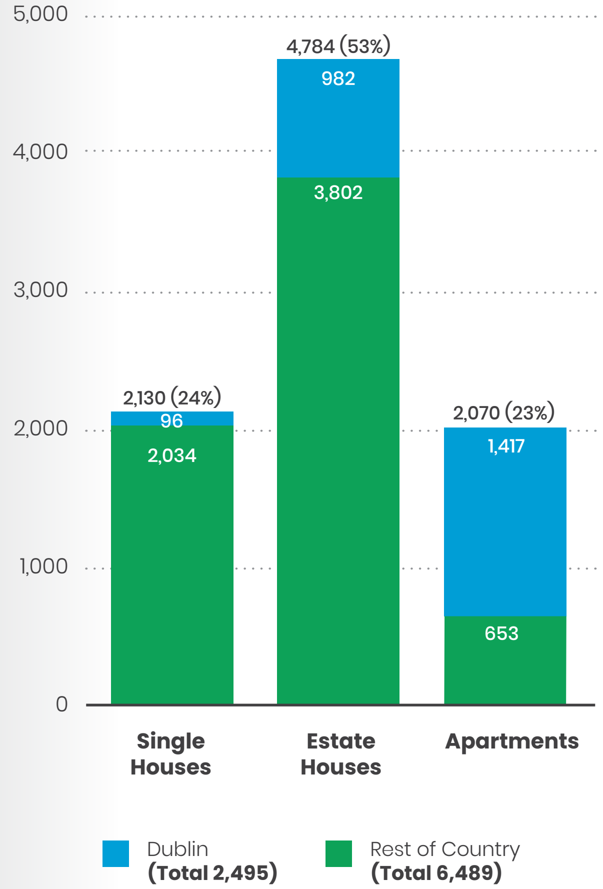
5. Nationwide Residential Completions

Apartment Completions in Main Towns & Cities

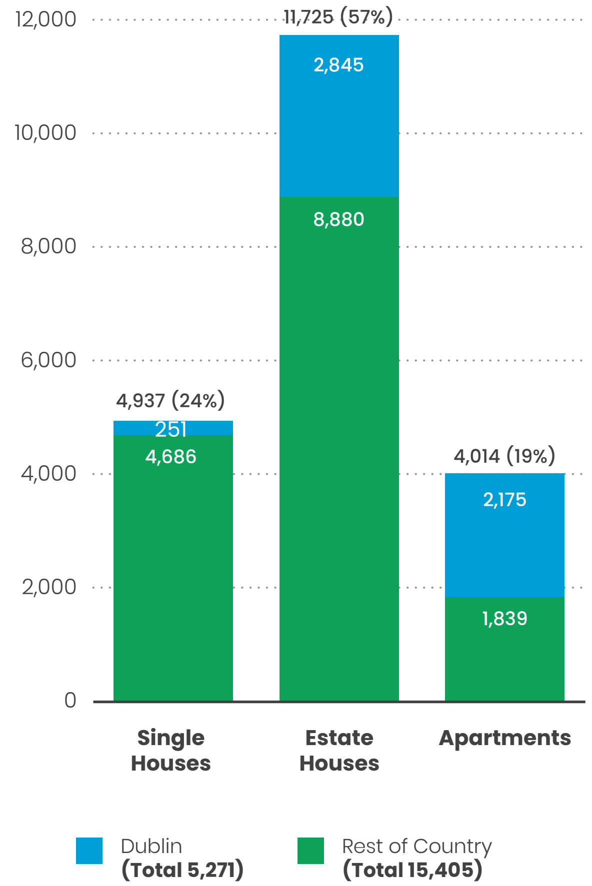




New Residential Completions Nationwide H1 2021



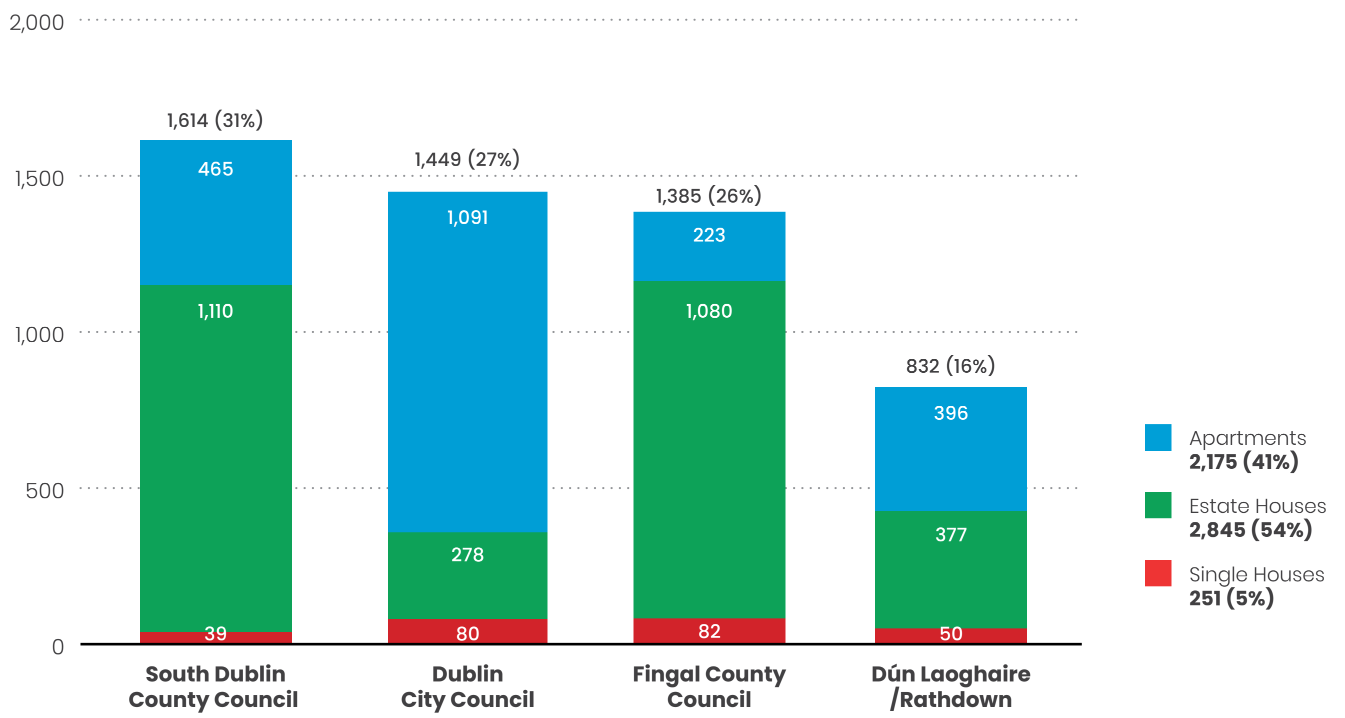
New Residential Completions Nationwide 2020



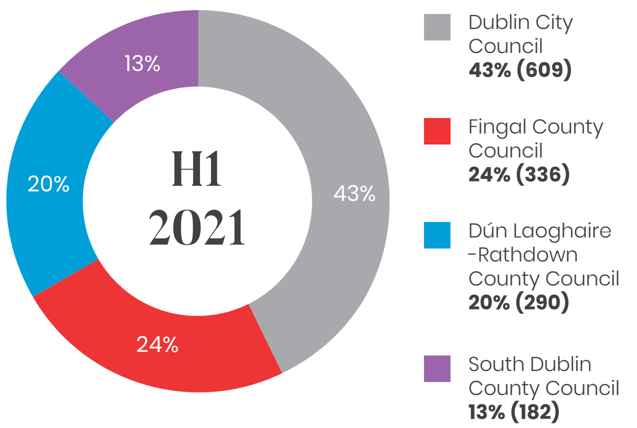
Source: CSO. Analysis: Hooke & MacDonald Research

6. New Residential Completions in Dublin

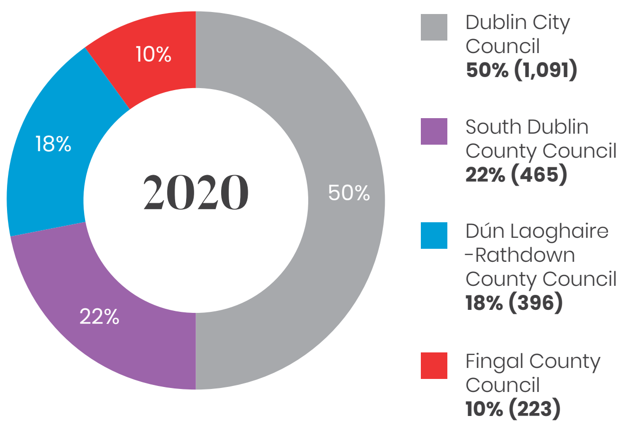
2020 Completions of New Homes in Four Dublin Local Authorities



1,417 Apartments completed in Dublin in H1 2021

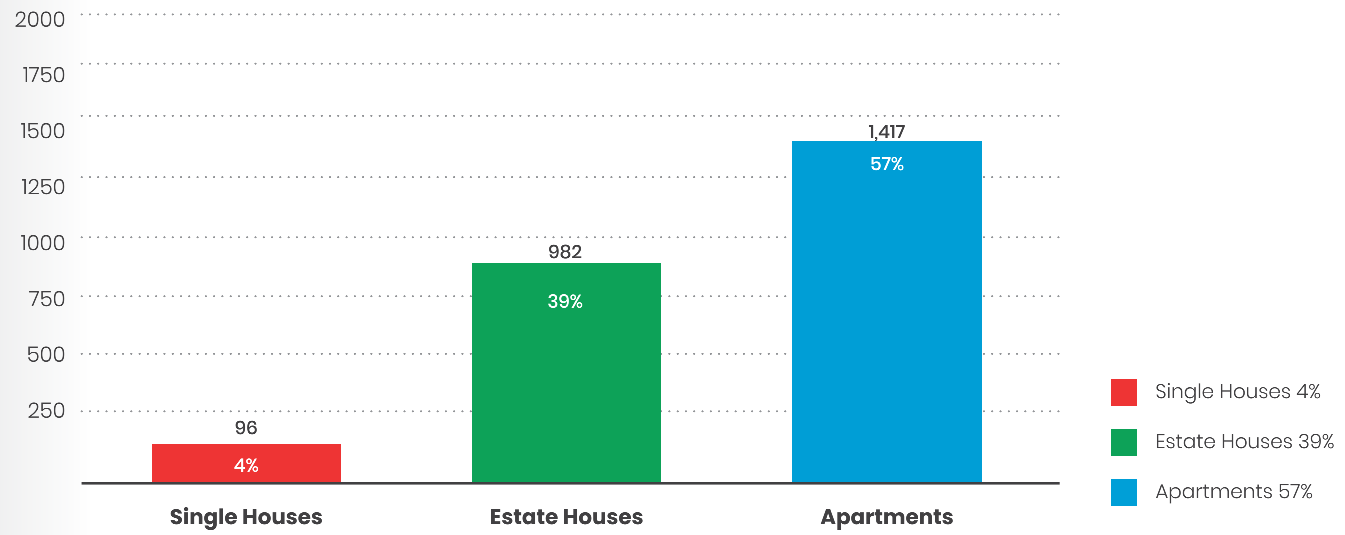


2,175 Apartments completed in Dublin in 2020

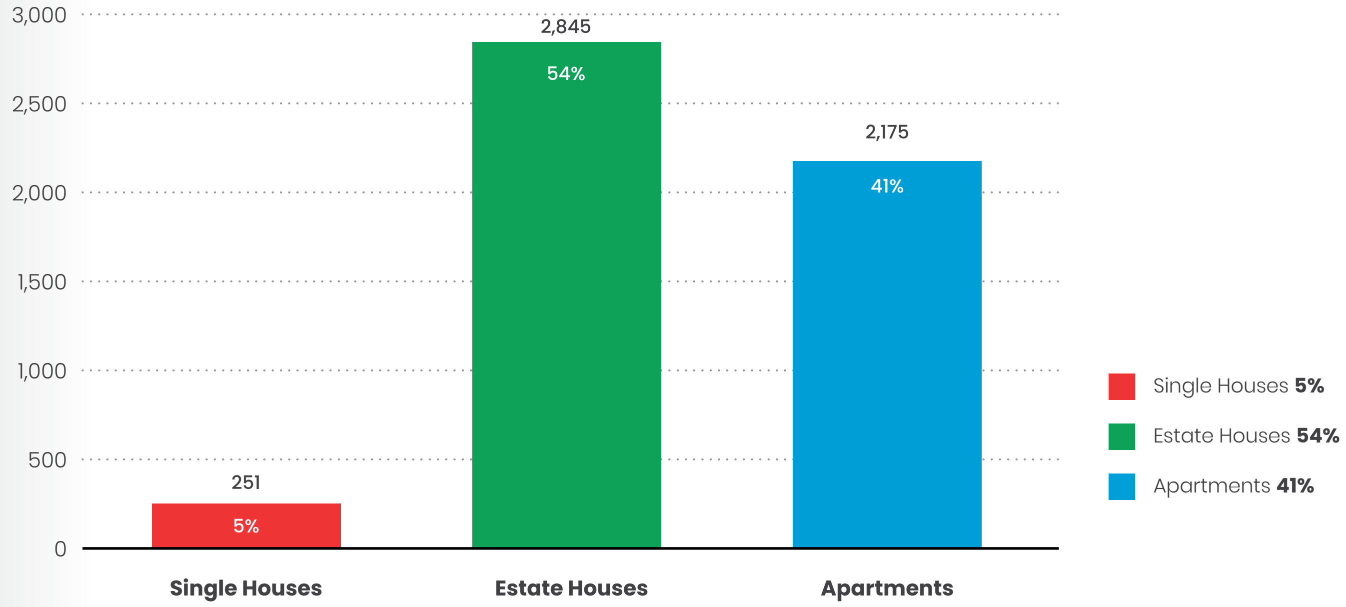


Source: CSO. Analysis: Hooke & MacDonald Research

New Residential Completions Dublin Q1 2021



New Residential Completions Dublin 2020



Source: CSO. Analysis: Hooke & MacDonald Research

7. Funding and the Irish Residential Development Market

By Donald MacDonald, Director, Hooke & MacDonald

Residential development is very capital intensive. There are more nuances to the residential funding market than most commentators probably appreciate. In this article we provide an overview of the sector, some of the challenges and what needs to happen for Irish new homes supply to increase substantially, as well as some market trends and forecasts.

A. The Irish Residential Development Funding Landscape

HISTORIC AND CURRENT FUNDING OPTIONS

The sourcing model for residential funding has changed dramatically since the early 2000's. Where previously we had multiple Irish based lenders lending foreign capital to Irish developers, we have now moved to a point where we have a far more reduced domestic lending market and a wider direct international lending market, which is in many cases being facilitated by Irish offices.

The Irish Institutional Property (IIP) report – "The significance of international development finance in Ireland's real estate markets," which was published in May 2021 brought much needed clarity around the sources and future challenges for development financing in Ireland.

The diagram from the IIP report across the page illustrates the current lenders in the Irish market for residential and commercial lending.

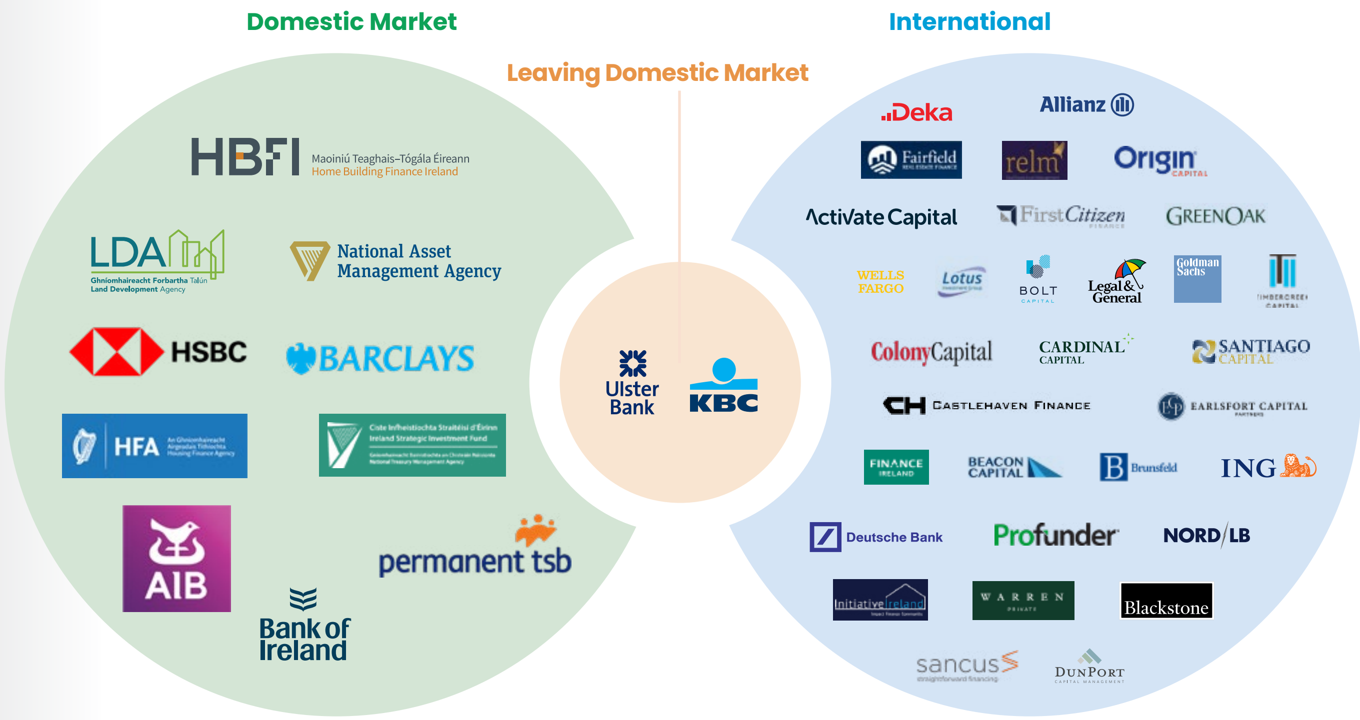
CAPITAL SOURCES

What is not fully appreciated by many is the extent to which Ireland is reliant on international capital to fund the delivery of our housing infrastructure – both in the past and today. Like any market, the right conditions need to be in place for the market to function properly and there needs to be a level of stability that attracts enterprises to participate.

The May 2021 IIP report outlines significant analysis of Irish development financing requirements, and based on their modelling, which appears very reasonable, Ireland is going to require a massive increase in international capital flows into the country if the State is going to meet its increased new homes supply targets of 30,000 to 40,000 homes each year. The Irish State and domestic funders simply will not be able to address the requirements.

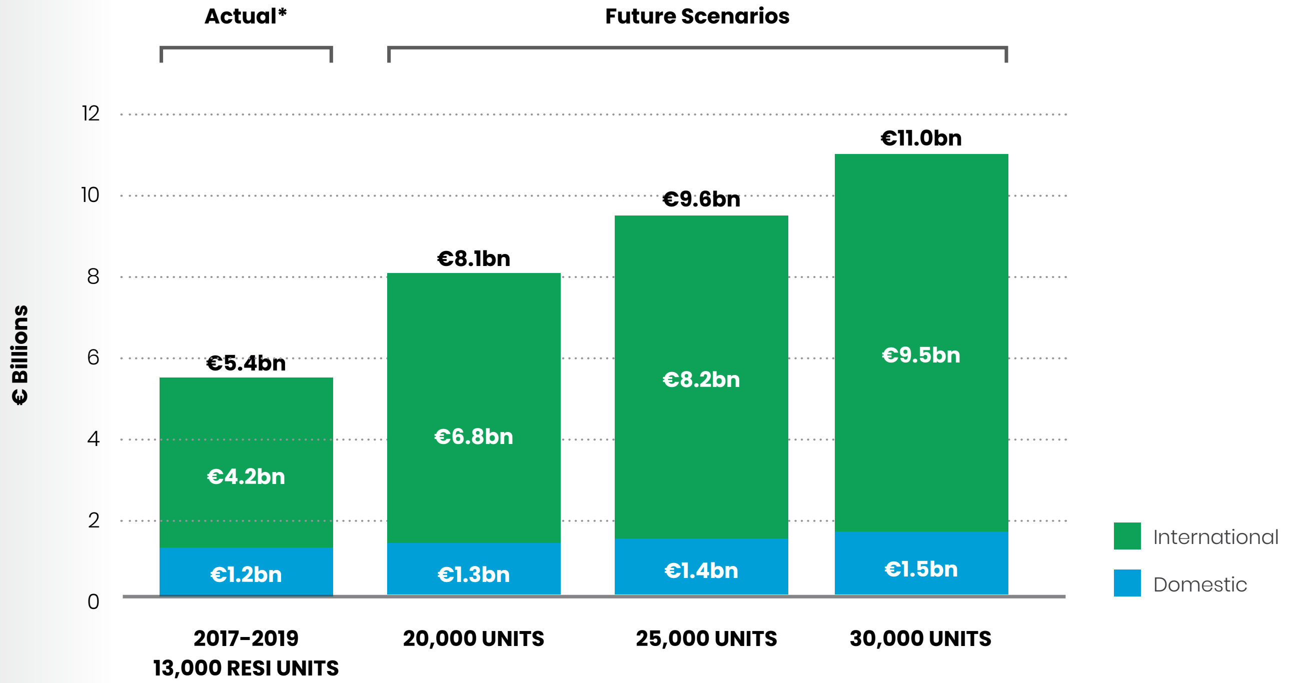
In the IIP baseline case, international capital into Irish residential development must grow by a factor of 4 from today to achieve an output of only 30,000 homes, bringing the residential international capital requirement to €7 billion. This is a staggering increase for any State, and one which the country will struggle to achieve, especially based on recent policy changes and the attitudes towards investment in housing.

Domestic & International Funders servicing Irish residential & commercial development



Source: IIP report: The significance of international development finance in Ireland's real estate markets - May 2021

Annual total Development Finance Requirements - Residential & Commercial



* These figures exclude the approximately 5,000 "one-off" units constructed each year.
CRE funding remains steady as output is at full historical absorbtion levels but housing has to grow significantly.
Source:IIP.

Funding and the Irish Residential Development Market (continued)

This second table below from the IIP report shows for 40,000 homes there is a requirement of nearly €10 billion of international capital. The Irish Tánaiste (Deputy Prime Minister), Leo Varadkar commented in June 2021 that there was expectation of a requirement of 40,000 homes per annum in Ireland; this is one of the first times that a senior Government figure has echoed what many informed parties in the housing market have been pointing out for several years in terms of supply requirements.

Annual Total Development Finance Requirements - Residential Only

	RECENT YEARS (ESTIMATED)			**FUTURE SCENARIOS** (TOTAL CAPITAL ONLY)					
	2017-2019 Average			Range of Residential Output (excl. One-Offs)					
	Equity	Debt	Total	20,000	25,000	30,000	35,000	40,000	45,000
CRE	€m	€m	€m	€m	€m	€m	€m	€m	€m
Domestic	233	350	583	583	583	583	583	583	583
International	986	1,479	2,464	2,464	2,464	2,464	2,464	2,464	2,464
Total	**1,219**	**1,829**	**3,048**	**3,048**	**3,048**	**3,048**	**3,048**	**3,048**	**3,048**
%			**56%**	**38%**	**32%**	**28%**	**24%**	**22%**	**20%**
Residential									
Domestic	123	458	582	700	800	900	1,000	1,100	1,200
International	659	1,125	1,784	4,372	5,709	7,046	8,487	9,929	11,371
Total	**783**	**1,583**	**2,366**	**5,072**	**6,509**	**7,946**	**9,487**	**11,029**	**12,571**
%			**44%**	**62%**	**68%**	**72%**	**76%**	**78%**	**80%**
Total Capital	**2,002**	**3,412**	**5,414**	**8,120**	**9,556**	**10,993**	**12,535**	**14,077**	**15,618**

The above analysis simply reaggregates the figures on the previous page between CRE and Residential.
Source:IIP.

IIP notes that 'as residential output grows (which it must), and a shift to apartment development occurs (from c.20% to 55%) to meet demographic demand, the capital to fund this growth becomes an increasingly larger portion of the total development finance requirement'.

UNINFORMED DEBATE

The general approach and emotive discussion around housing supply and international capital which played out in the Irish media in the past 18 months has been very concerning. The lack of appreciation of how capital-intensive development is, how difficult it is to raise finance for projects, wide-ranging assumptions that any development project makes a profit, and the lack of appreciation of how reliant a country like Ireland is on the rest of the world for trade and capital is highly detrimental to the ability of Ireland to scale up housing over the next 5-10 years.

Ireland is an open economy that nearly 50 years ago voted for and joined the European Economic Community. This membership has brought many wide-ranging positives and assisted greatly in the economic development and modernisation of the State. International investment has been welcomed throughout most sectors of the Irish economy with huge benefits arising for the country. Like most countries around the world, Ireland continues to struggle to match housing supply with demand. If international capital is not providing equity, debt and investors for residential development in Ireland than it falls on the Government and the Irish people to provide it. The Irish State and taxpayers are not in a position that they can respectively borrow and fund the required housing development on an ongoing basis into the future – private enterprise and capital is required.

GOVERNMENT POLICY CHANGES

The Irish Government recently introduced changes to Stamp Duty on house acquisitions by investors. While the specific measures have been broadly welcomed by most commentators , the approach and mid-year changes to taxation policy creates uncertainty for future housing delivery and threatens a sustainable long-term underwriting for Ireland as a place to invest in and carry on a business.

The Government caused further instability in the residential funding market by announcing in recent weeks that for a period of time residential rental increases will be tied to inflation (Consumer Price Index). Again, the approach, adjusting national budgetary measures mid-year, has created uncertainty for those planning development projects and investment.

In many respects this type of action impacts the apartment development sector the most, as it is by far the most capital-intensive area of the market where stability and transparency is key.

PROJECT FUNDING

There are 4 critical factors for a development project or investment and whether it will be funded – the developer, the project, delivery and exit strategy. We outline in the table below some of the areas that impact this funding. The majority of these are challenging in the current environment, particularly for apartments.

Critical Factors for Development Project Funding

1. Developer
- Experience / track record
- Organisational scale and complexity
- Equity levels

2. Project
- Site / location
- Houses vs. apartments
- Planning status
- Design suitability - cost and market

3. Delivery
- Self-build vs. third party
- Cost to deliver (including materials & labour)
- TIming

4. Pricing / Exit
- End use demand / depth of market
- Method of sale and counter-party risk
- Affordability & Viability

Funding and the Irish Residential Development Market (continued)

COMPOSITION OF PURCHASERS OF NEW HOMES

With the assistance of a number of State and industry sources, Hooke & MacDonald carried out research into the breakdown of the composition of purchasers of new homes between 2015 and 2020.

It is interesting to see, how First Time Buyers and Owner Occupiers were the predominant purchasers (59 per cent in 2020), followed by the social housing sector (21 per cent), with institutional investors comprising only 11 per cent of purchases.

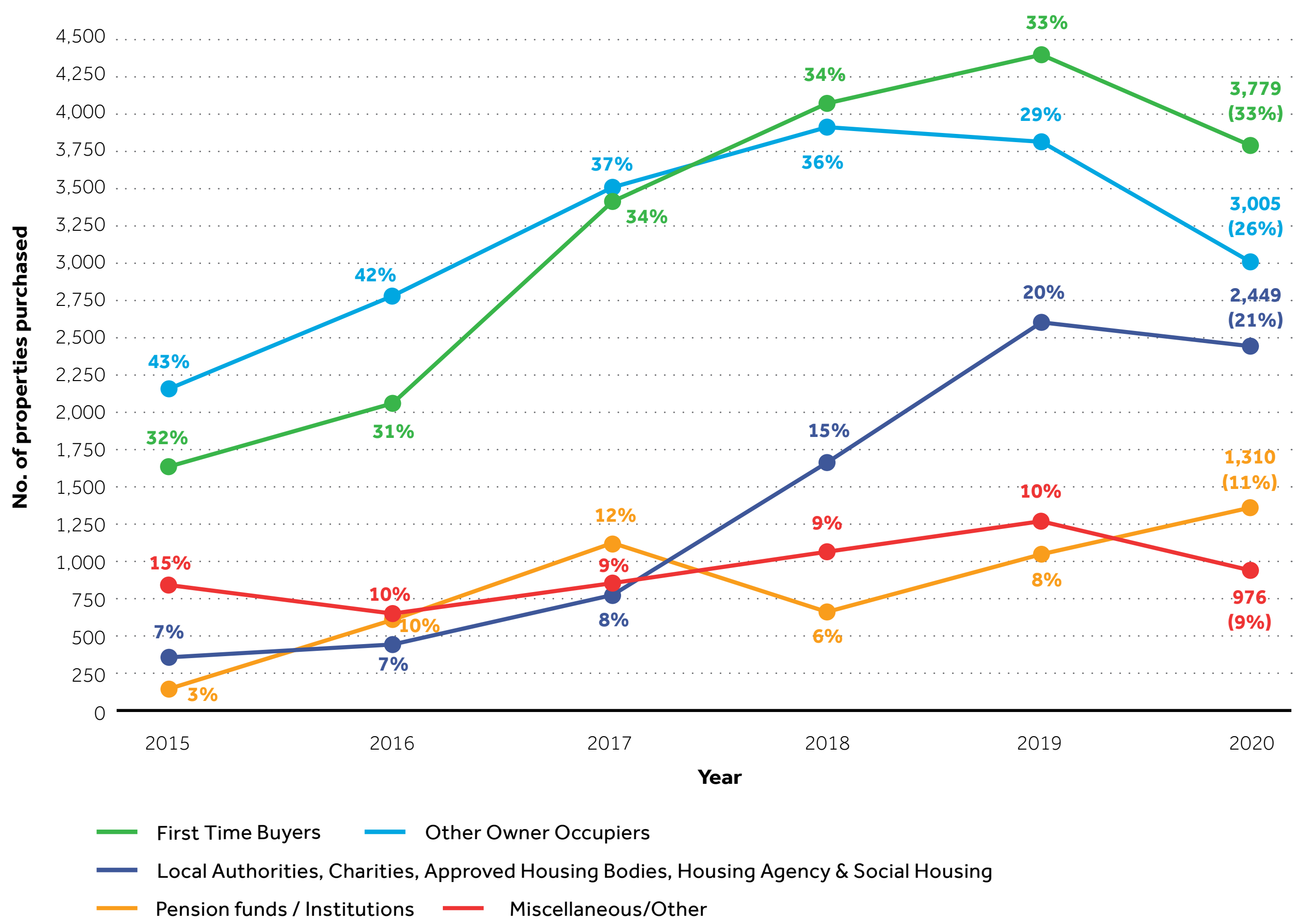
Each of these buyer types, either directly or indirectly, are funders of Irish residential development and are essential for continued increases in activity in the sector.

RECENT PURCHASING TRENDS

In 2020, 6,784, or 59 per cent of purchasers of new homes were household purchasers, with 33 per cent of these being first time buyers and 26 per cent being other owner occupiers.

Over the six years from 2015-2020 first time buyers made up 33 per cent (19,169) of purchasers, 32 per cent in 2015, 31 per cent in 2016, 34 per cent in 2017, 36 per cent in 2019 and 33 per cent in 2020 – in fact a very encouraging and consistent picture. This shows that first time buyers are not being crowded out of the new homes market by investment entities. In reality they are an increasing proportion of the market but the overall level of supply is significantly inadequate to cater for their needs.

Composition of Purchasers of New Homes in Ireland 2015-2020



Sources: CSO, RTB, Eurostat. Analysis: Hooke & MacDonald Research

Other owner occupiers made up 33 per cent (19,153) of new homes purchased in the six years 2015-2020, with 43 per cent purchased in 2015, 42 per cent in 2016, 37 per cent in 2017, 34 per cent in 2018, 33 per cent in 2019 and 33 per cent in 2020, again a very consistent picture except for 2019 when the Central Bank lending restrictions for first and second time buyers kicked in.

Purchases or contracts to buy new homes by Local Authorities, Approved Housing Bodies, Charities and social housing entities shows an interesting trend, rising from 7 per cent in 2015 and 2016 to 8 per cent in 2017, 15 per cent in 2018, 20 per cent in 2019 and 21 per cent in 2020. This is very positive reflecting as it does the success of the government and public sector in increasing the availability of housing for the non-private sector. It is likely to rise to close to a quarter of all new home transactions in 2021.

Pension funds and institutions accounted for an average of 8.3 per cent of new homes purchased over the past six years, 3 per cent in 2015, 10 per cent in 2016, 12 per cent in 2017, 8 per cent in 2018, 11 per cent in 2019 and 11 per cent in 2020. This shows clearly that the role of the pension funds and institutional investors, at less than 10% of the total over the period, is much less significant than is often portrayed and exaggerated in debate on the subject.

If viability of apartment construction was not such an issue and could be addressed this percentage could be increased which would be beneficial for increasing the overall housing stock and moderating rental costs. It would also facilitate the availability of more apartments for purchase by owner occupiers.

The increase in 'non-household purchases' (i.e. State / social housing plus investor acquisitions) of new housing stock is often mistakenly portrayed as a negative factor when in fact it should be lauded as a positive because it is clear that it indicates an improvement in the supply of housing for those people relying on the state for social housing for sale or rental purposes. It is misleading that non-household purchases are sometimes indicated as being pitted against household purchases as if one was impacting negatively on the other when this is not the case. They are two different components of the same market with a need for both to expand and prosper.

The profile of today's investors has totally changed over the last fifteen years. The small investors are leaving the market in dramatic numbers due to their unfavourable tax treatment. They are gradually being replaced, but not at a quick enough pace to maintain stock levels, by pension funds and institutions who are generally investing for the long term and offering a very professional service to tenants along with new high quality accommodation and internal and external resident amenities.

Laurel & Rowan Hall, Clay Farm, Leopardstown, Dublin 18 *which is being developed by Park Developments and was sold to Urbeo for €75m.*

Funding and the Irish Residential Development Market (continued)

FUNDING REALITIES & HISTORY

The importance of the end purchaser to the development cycle, including development commencement, is not appreciated enough. In many cases, residential development funding and investors are inter-linked. The residential investor plays an integral role in a country's ability to scale up housing delivery.

In Ireland, the residential investor played a critical role in the funding of both house and apartment development projects in the period from the mid-1980's through to 2008.

The presence of these smaller investors, who were supplying accommodation into the rental market, was instrumental in the development of large volumes of apartments. These investors performed a crucial role in modernising the stock of rental in Ireland's urban areas, especially Dublin, which up to that point had been dominated by substandard bedsit fire-trap type accommodation.

For a 2019 research report 'Apartment Development in Ireland', Hooke & MacDonald carried out a review of a sample of 20 Dublin developments that the company brought to the market for sale in the period 1998 – 2008. The research showed that of the 2,627 apartments sold in these 20 developments, 2,014 or 77 per cent, were sold to investors, and 23 per cent (613) to owner occupiers. Included in the owner occupiers figures are units provided for Part V social or affordable housing. This research illustrates that purchases of apartments in new developments by investors averaged between 75 per cent and 80 per cent between 1990 and 2008. These were predominantly by small investors buying one property and in some cases two or three properties, often for pension purposes.

***Santry Place, Swords Road, Dublin 9** developed by Dwyer Nolan Developments and sold to Ardstone Capital.*

Details of Twenty Developments and Purchaser Types 1998 - 2008

	DEVELOPMENT	NO. OF SALES	NO. OF SALES TO INVESTORS	NO. OF SALES TO OWNER OCCUPIERS	% SALES TO INVESTORS	% SALES TO OWNER OCCUPIERS
1	Belgard Square, Tallaght, Dublin 24	252	214	38	85%	15%
2	Brabazon Hall, Cork Street, Dublin 8	74	55	19	74%	26%
3	Bradogue Court, Cork Street, Dublin 8	49	30	19	61%	39%
4	Bridgewater Hall, Dublin 1	11	11	0	100%	0%
5	Cameron Court, Cork Street, Dublin 8	20	14	6	70%	30%
6	Gloucester Square, Dublin 1	77	60	17	78%	22%
7	Greeg Court, Parnell Street, Dublin 1	90	80	10	89%	11%
8	Heuston South Quarter, Dublin 8	116	69	47	59%	41%
9	Ivy Exchange, Dublin 11	174	147	27	84%	16%
10	Liberty Corner, Foley Street, Dublin 1	56	45	11	80%	20%
11	New Hardwicke, Dublin 1	235	185	50	79%	21%
12	Reuben Square, Cork Street, Dublin 8	63	45	18	71%	29%
13	Santry Cross, Ballymun, Dublin 9	44	30	14	68%	32%
14	Smithfield Lofts, Dublin 1	65	48	17	74%	26%
15	Smithfield Market, Smithfield, Dublin 7	390	320	70	82%	18%
16	Spencer Dock, IFSC, Dublin 1	566	396	170	70%	20%
17	The Barleyhouse, Cork Street, Dublin 8	58	48	10	83%	17%
18	The Malthouse, Dublin 1	95	78	17	82%	18%
19	The Moorings, Ringsend, Dublin 4	75	40	35	53%	47%
20	The Plaza, Ballymun, Dublin 9	117	99	18	85%	15%
	Total	**2,627**	**2,014**	**613**	**77%**	**23%**

This sample would be representative of the wider market for development over that period. Having these investors funding development allowed developers achieve pre-sales in order to meet conditions precedent on development loan facilities i.e. prior to any drawdown and commencing on site. Without these investors bringing liquidity to the market most apartment developments would never have happened and the supply would have been limited, which would have put further increased pressure on rental levels.

Funding and the Irish Residential Development Market (continued)

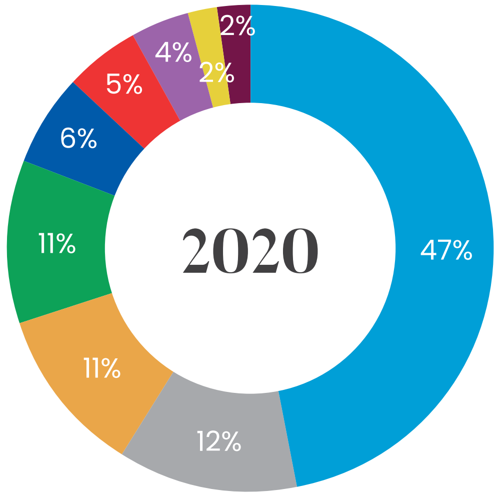
B. Residential Investment & Funding

TODAY'S NEW APARTMENT DEVELOPMENT FUNDING MODEL

The very comprehensive January 2021 Society of Chartered Surveyors Ireland (SCSI) report, the "Real Cost of New Apartment Delivery", provides detailed and much needed analysis of the current high costs around apartment delivery in Ireland. The pie chart on this page outlines the breakdown of development costs for a two-bedroom apartment, from the SCSI report.

Breakdown of development costs for a two-bedroom apartment

(Category 2 – lower-range, 5-8 storeys. Including VAT on sales).



- Construction **47% (€191,000)**
- VAT on sales **12% (€49,123)**
- Margin/Risk **11% (€47,160)**
- Site Purchase **11% (€46,000)**
- Finance **6% (€24,000)**
- Contributions **5% (€20,400)**
- Prof. Fees **4% (€15,000)**
- Contingency **2% (€10,000)**
- Selling Costs **2% (€8,000)**

Total **€411,000**

Source: SCSI report: The Real Cost of New Apartment Delivery - January 2021

It is evident from a review of the figures (€411,000 total cost) that the costs to deliver and achieve required sales pricing do not support a wide-spread first time buyer / owner occupier market sales approach. Pricing at these levels is out of reach of most First Time Buyers.

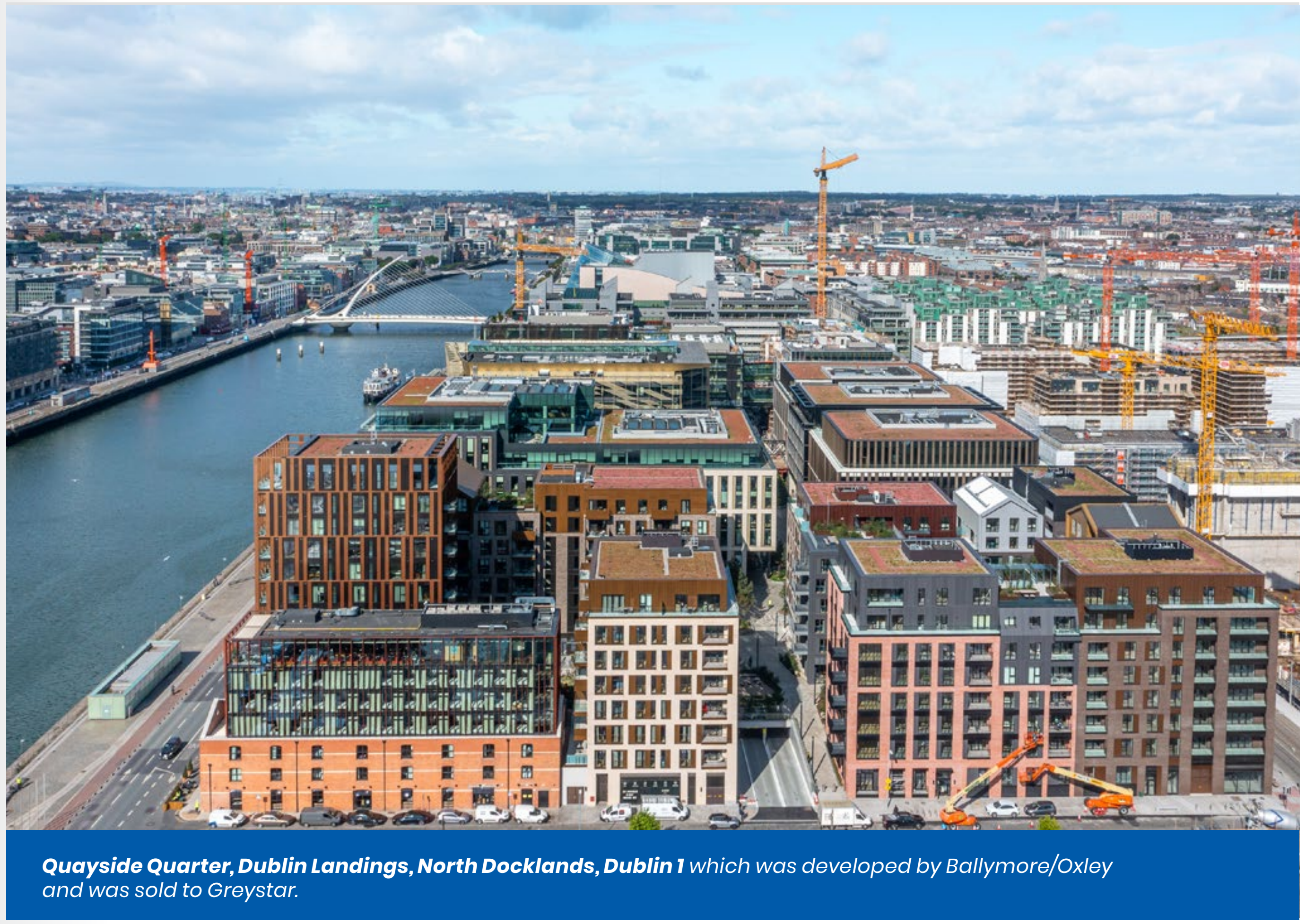
It is worth noting that the second highest cost (after construction) at nearly €50,000 of the €411,000 goes directly to the Irish State in the form of Value Added Tax which is the largest cost apart from construction costs..

In the 1990's and early 2000's apartment developers were able to satisfy bank funding and drawdown requirements by securing contracted pre-sales. These pre-sales to owner occupiers and small-scale investors are no longer possible in the Irish market – sales velocity is too low and purchaser mortgage conditions restrict this. A model with sales of apartments to owner occupiers and small investors is therefore not fundable.

The only options for funding most new apartment developments are a sale to Approved Housing Bodies (AHB) and Local Authorities (both funded by the taxpayer) or a sale to a large-scale purchaser / funder. Unfortunately due to the high costs (identified above) it is evident that there is, for the most part, only development in Dublin, and in other areas it is not viable based on current returns / pricing.

Institutional funders have replaced smaller investors, who are selling out of the rental market in their thousands. The number of private tenancies has fallen from nearly 320,000 in 2016 to only 297,000 tenancies in 2020. Without the larger pension fund type institutions funding development, and in most locations in Ireland, apartments are not viable, and it will be left to the State, the tax paying Irish public, to fund development of apartments otherwise.

Verville, Vernon Avenue, Clontarf, Dublin 3 *was part of The Prestige Portfolio which is being developed by MKN Property Group and was sold to DWS in 2020.*



Quayside Quarter, Dublin Landings, North Docklands, Dublin 1 *which was developed by Ballymore/Oxley and was sold to Greystar.*

NEW BUILD FORWARD SALE TRANSACTIONS 2016-2021

As part of a review of the sector it is interesting to analyse where activity has been taking place and the level of activity. The map on the opposite page is from the detailed analysis on page 61 of this report. There are 40 transactions shown on this map of Dublin – this represents 7,623 new properties and approximately €3.5 billion in sales. The developments shown represent the majority of multi-family forward sales in Ireland to date, as well as the majority of new apartment development taking place.

It is worth noting that despite some commentators indicating that activity has mostly been in Dublin city centre, in fact it has largely been in inner and outer suburban locations. These projects are providing more affordable rents than some of the more high-profile city centre developments.

It is evident that there was a significant increase in activity in 2019 (see red dots) but this slowed in 2020, largely due to the dampening effects of the pandemic on supply and ability of developers to fund and progress projects in a time of uncertainty.

The idea that there are hundreds of new apartments being left vacant across Dublin is incorrect. From Hooke & MacDonald's review of the 40 transactions on this double-page (also page 61) and the subsequent development completions: 22 of the developments have now been completed; 20 of these developments, representing 3,101 properties, are fully let; and the 2 other completed schemes are in the city centre (338 apartments) and are in the process of being let up. A further 2 developments (511 apartments) are in the process of being completed in phases and are over 50% let. From Hooke & MacDonald's review of the market, and the company's experience of carrying out multiple large letting campaigns, apartments in new developments are typically being rented by new tenants at a rate of 20-30 properties per month in most Dublin developments. Therefore these 24 developments are having an immediate impact on increasing the availability of accommodation in the market. This has to be seen as a positive.

Without the funding / capital for the projects outlined coming from a mix of domestic and international investors, most of these developments would not have proceeded. It is not the case that these projects would have proceeded and been sold to first time buyers or owner occupiers if the larger investors had not funded them. They simply would not have happened. The economics and challenges of the apartment delivery have already been addressed earlier in this section.

The type of capital funding these projects is typically long term in nature, as they are set up to invest for 10 to 20 years, or more. They are seeking a stable operating environment, with a good level of certainty about the operating conditions and returns – they need this to be able to pay long term commitments that they have to cover, for example, pension fund entitlements.

The current economics for new apartment development (costs versus sale prices), for owner occupiers or renters, is limiting development in Dublin; and not allowing for any meaningful development outside of Dublin; so despite planning policy pushing for density, the country is going to continue to struggle to meet the demands of smaller households, which are the majority of those now being formed. There is good owner occupier and investor demand in cities like Galway, Cork and Limerick but new development is not widely viable and forward sales and forward funding transactions are not taking place. The apartment completion figures for Irish cities earlier in this report illustrate this (see page 8). Unless the Government provides an impetus for development this will continue to be the case for years to come; and rents and prices will continue to rise.

Funding and the Irish Residential Development Market (continued)

FORWARD FUNDING – PROS AND CONS

Forward funding of new residential developments by investors has received significant attention recently. This model, which is an alternative to the far more prevalent in the Irish investment market 'forward commitment' (or forward sale / purchase), is more widely seen in Britain.

Ballymore recently announced the 435-apartment 8th Lock deal in Dublin (reported at €200 million) to Union Investment which was on the basis of the project being forward funded. Hooke & MacDonald were involved in advising Ballymore on the project. The strength and experience of Ballymore as a counterparty was appreciated by the incoming funder.

While it is expected that most new build investment projects in Ireland will continue to be forward commitments, it is worth looking at the pros and cons of the typical forward funding approach for the developer and investor / funder.

FORWARD FUNDING PROS AND CONS – DEVELOPER

Pros

- Risk - Reduces as the developer is sharing risk with funder/investor.
- Equity - Reduces as being replaced by funder/investor and doesn't typically require large developer equity.
- Site payment - Allows immediate inflow and payback.
- Access to funding - That may not have been possible otherwise.

Cons

- Timing - Increases substantially as a result of increased complexity. As seen in the last 15 months, timing and changed market conditions can halt projects.
- Due Diligence - Linked to timing. Much more involved process, which will be more onerous on the developer.
- Profit - Incoming funder/investor may look to share the project profit.
- Control - Developer now has to satisfy multiple parties (for example, a third-party debt provider) and can't run everything themselves.
- Complexity / demands / guarantees - Funder/investor will look for the developer to be a strong counterparty and may require a guaranteed cap on build costs.
- Smaller market - most funders / investors targeting forward commitments; therefore, pricing and returns can be negatively impacted.

FORWARD FUNDING PROS AND CONS- INVESTOR / FUNDER

Pros

- Returns timing - Can provide returns on their money early.
- Access investments - Can provide access to projects that others can't get involved in.
- Control - They are closer to the project and have more monitoring capabilities.
- Pricing - May be able to secure attractive pricing / returns.

Cons

- Risk - Taking on development risk, tying up money from the start.
- Structure - More complex.
- Due Diligence & monitoring - more involved and resource intensive.
- Commitment - Very difficult to withdraw from a construction you are funding.
- Timing - As time moves on, markets can change if deals aren't signed developers may look at other options.
- Counterparty - It can be difficult to identify suitable counterparties.

C. Residential Market Trends & Forecasts

TRENDS & THE FUNDING ENVIRONMENT

There are a number of significant trends and factors emerging in the market. We have identified some of these in the table below and elaborate on a number of the key factors.

MARKET TRENDS & FACTORS

- **Certainty**
- **Covid-19**
- **Global Trends**
- **Materials & Labour**
- **Media**
- **Objectors / Delays**
- **Political Interference**
- **Proven counter-parties**
- **Regulations**
- **Rental Growth**
- **Stability**
- **Supply / Demand Imbalances**
- **Sustainability**
- **The Living Sector**
- **Viability**
- **Yields / Pricing**

- **Stability and certainty –** The Irish economy and the funding and investment environment needs as much certainty as possible. For decades Ireland has provided stability to Irish and international business with its consistent policy towards the corporate tax rate. The country needs a similar approach to residential funding and investment so capital can plan for the long term and not have to constantly be worried about changing regulations. There is an onus on our political parties to provide this.
- **The Living Sector -** interest in what's known as 'the living sector' is continuing to increase internationally - residential investment and funding is becoming mainstream, rather than alternative.
- **Sustainability -** rightly so, sustainability is becoming a critical issue for funders, investors, home-owners and renters. This is also being recognised by Irish developers, who continue to increase standards. International certification in the area will become more prevalent.
- **Proven counter-parties -** In the evolving construction sector, experienced, professional and reliable partners are being sought out by funders and investors and they are able secure higher returns for their offering.
- **Objectors / Delays -** The Irish planning system and development sector is dogged by objectors, with the greater good and Development Plans being ignored in favour of parish politics and local vested interests. As a result, supply will remain constrained putting upward pressure on rents and prices for the scarce housing resources that make it through the system and are built. The economy and society are negatively impacted - younger generations are most affected.
- **Globals Trends -** Where to start on these?! For example urbanisation, demographics, climate change, technology . . .Ireland compares favourably when it comes to many of these trends. The young and increasing population has been moving towards urban areas, where economic activity levels and incomes are at their highest; the country is well placed to benefit from changes in technology and as a result of the islands temperate climate and relative quality of life, it is going to be a place that people are going to want to live in into the future, which will bring continued challenges and opportunities for housing supply.
- **Materials & Labour -** Shortages on both fronts are impacting the cost of delivery of housing. This is been seen across many constructionprojects, which is impacting viability, especially for apartments.
- **Yields / Pricing -** Investment pricing is remaining strong in the Irish market; and pricing is on an upward trajectory for individual purchasers, which is bringing many challenges. The expectation is that investment yields will continue to remain stable and trend downwards / tighten in some locations, especially for built and operating properties.
- **Viability** - Viability for higher density developments is going to continue to be the biggest challenge to increasing new supply and moderating accommodation costs in the Irish market for owner occupiers and renters.

Funding and the Irish Residential Development Market (continued)

Hooke & MacDonald Market Forecasts

FACTOR	PREDICTION	COMMENT
Population	^	Irish population potentially over 5 million by the end of 2021.
Housing Demand	^	Young population and in-migration driving demand. Population has been moving eastwards and towards cities.
Planning Permissions	^	Hundreds in the system. Many of them won't ever be built as a result of lack of funding and/or viability.
Housing Supply	^	Increasing but hampered by lockdowns and challenges in delivery - materials costs, labour availability and viability. Estimate 30,000 new homes p.a. by 2024 and reach 40,000 new homes p.a. by 2026.
Private Landlords	v	Smaller landlords will continue to exit the market. As a result, private rental market stock is decreasing, despite increasing new homes supply. 2016 = 319,000 private tenancies; 2020 = 297,000 = reduction of over 22,000 private tenancies or 7%.
House Prices	^	Demographic factors and lack of supply putting upward pressure on prices.
Rents	¬	Demographic factors and lack of supply putting upward pressure on rents - they are stabilising in some locations.

FUNDING OVERVIEW CONCLUSION

Funding for residential development is highly complex, especially for apartments. It is evident from a review of the sector that Ireland is going to require substantial inflows of capital from outside the State if it is to fund delivery of the required 30,000 to 40,000 new homes per annum.

This funding cannot fall on the Irish taxpayer and international funders are required to provide debt, equity, and end purchasers. It is vital that the Irish Government and other stakeholders (including politicians and the media) appreciate and address the challenges, requirements, and realities of scaling up housing delivery, including providing a stable operating environment for the construction sector and related funders. The more they do so the better Ireland will be positioned in the years ahead, and the more likely the country will be able to provide affordable housing for the people.

***Dublin City Centre** - Q1 2021*

8. Examples of high quality PRS resident amenities - Dun Laoghaire

GREAT RESIDENT AMENITIES

As more purpose designed multi-family schemes are being completed in the Dublin market, the diversity and quality of the offering is becoming evident. These spaces are being welcomed by residents, who in some cases are spending more time at home as a result of remote working.

A selection of photos of the residents internal amenity areas developed by Cosgrave Group and purchased by DWS at Occu Cheevers by SW3 Capital, at Cualanor, Dun Laoghaire in South Dublin. The property is being handed over in August 2021 and letting's are underway.

9. Apartments: Are We Repeating Past Mistakes?

By Paul Mitchell, Director, Mitchell McDermott

Apartment development in Ireland has had a chequered history. Fuelled by readily available debt, inflated prices and eager novice landlords, it flourished during the boom. Responding to public cries for better standards including the abolition of bedsits and the end of shoe-box apartments, the Department of Housing (DoH) put national minimum standards in place in 2007.

UNINTENDED CONSEQUENCES

Encouraged to increase their minimum requirements for apartments, many local authorities actually imposed much higher standards, effectively making apartments unviable. It did not matter in any case, as the country was in the grip of the global financial crisis but as Ireland started to recover in 2012/13, Developers (read Receivers) started to look again at apartment development and found that they were unable to make them financially viable. Over the following years, favourable changes were made to planning guidelines and apartment standards that unlocked development. However, over the past two years, there has been a gradual dismantling of the work that had begun to bear fruit. Did we get it right before, or are we about to repeat the mistakes that were made in 2008?

In 2013/14, there was concern over the threat to FDI jobs and a lot of hand-wringing about the need to solve the apartment development dilemma. An analysis by Property Industry Ireland (PII) of the 2008 standards introduced by Local Authorities, revealed a 20% increase to the cost of delivering an apartment, while not adding any significant value to the occupier. Another major impediment to development at this time was a lack of finance.

Following a review of the standards, the Department of Housing, in December 2015 published national mandatory standards which could not be altered by local authorities. Several in-depth reviews were underway at the time, including one by the SCSI. The DoH issued updated guidelines in October 2016, introducing the concept of Build to Rent (BTR).

HARD DATA

In 2017, the SCSI published 'The Real Cost of New Apartment Delivery', an evidenced-based report which presented empirical data and shed light on many of the real issues at hand. Important decisions have previously been made without the use of hard data relying instead on public sentiment and the political mood. The report also addressed issues identified with planning permission and sustainable living.

2017 saw the introduction of the so-called 'fast-track' Strategic Housing Development (SHD) planning application route and, in 2018, the Urban Development and Building Height Guidelines were published, effectively removing height caps. These changes, combined with the influx of international finance, drove new apartment planning applications and subsequently the start of new development.

Apartment Development in Ireland 2011-2020

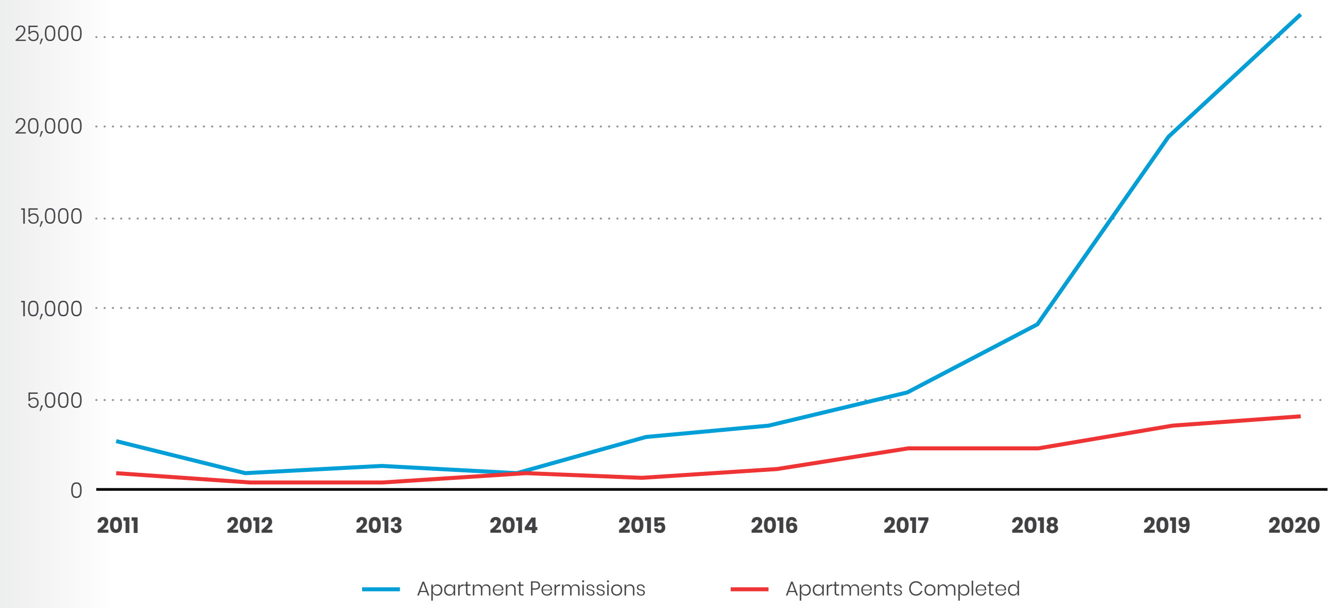


Chart: Mitchell McDermott, Source: CSO

Recent Apartments Timeline

2007
New National Minimum Apartment Standards

2008
Major Local Authorities set higher standards

2009 - 2013
Global Financial Crisis: little or no apartment development

2014
Major viability issues for apartments

2015
New DoH standards: A move back to 2007 type standards

2016
Detailed viability studies: DoH and SCSI

2017
SHD Planning Route

SCSI Report: The Real Cost of New Apartment Delivery (2017)

2018
New Density Guidelines. New DoH Standards: BTS, BTR, Co-Living

2019
Significant rise in Judicial Reviews
Large increase in apartment permissions

2020
SCSI Report: The Real Cost of New Apartment Delivery (2020)

2021
SHD Planning Route ends early, to be replaced by Large-Scale Residential Schemes

2022

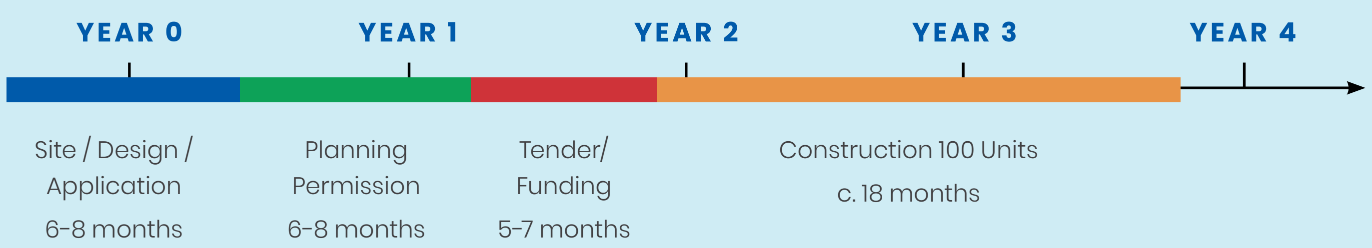
Apartments: Are We Repeating Past Mistakes? (continued)

LONG LEAD TIMES

Apartment development is complex. From site purchase to turning the key in the front door, there is a significant lag time. Changes in planning, financing and design, for example, can affect this process and delay the arrival of new homes. Typically, a 100-unit apartment scheme (which is usually capable of phasing) with planning permission granted and finance in place, can take 17-23 months to get started on site, and if you allow another 18 months for construction, the overall process can take 3 to 3.5 years. In this risky game of snakes and ladders, with its many hurdles and setbacks, the delivery of new homes can be adversely affected.

In 2020, the SCSI published 'The Real Cost of New Apartment Delivery' which charted the rise in apartment development by examining the data from 9,500 apartments. The data revealed that BTR schemes were more viable than the Build to Sell (BTS) projects and, also highlighted the affordability issues for potential homeowners.

Delivery Timeline



STORM CLOUDS

2020 saw a stark increase in the amount of planning permissions being quashed through the Judicial Reviews taken against An Bord Pleanála. In January 2021, Mitchell McDermott examined all planning permissions issued under the SHD process and the research established that there had been a ten-fold increase in JR's taken between 2019 and 2020. Further analysis in June 2021, revealed that in the first six months of 2021, a third of planning permissions were refused by ABP, a third were under judicial review with only a third successfully granted permission. Of all Judicial Reviews to date, 92% of approved planning permissions have been quashed by the courts.

In 2020, on the back of negative press, Co-Living which had been introduced in 2018 was banned by the Minister for Housing. This type of development was only ever going to make up a very small percentage of the housing stock but would have provided much-needed homes. Furthermore, after political pressure, a major PPP scheme, which was due to deliver 850 homes was overturned by councillors. This fed into a notional premise of only having public housing on public land. International finance, which funds the majority of new apartment schemes and helped Ireland begin the journey to deliver new homes, is often referred to in pejorative terms. While we need to protect the right to home ownership, we also need to be aware of the role international funds play in the delivery of our other tenure typologies.

PUBLIC-PRIVATE DIVIDE

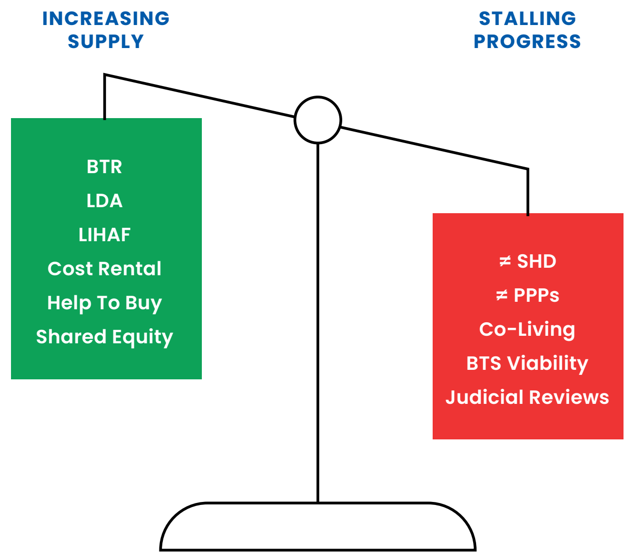
A public-private divide has grown over the course of the last couple of years. Some political parties argue that local authorities should provide direct development and, while this is a reasonable position, it fails to recognise that it is the same contractors who are building the units in either case. Local Authorities do not employ hundreds of brickies or plasterers. What we are talking about here is a different procurement method. However, the cost of this public procurement does need to be examined.

CHOPPY SEAS

It was abruptly announced this July that the SHD planning route, which was brought in to fast-track a sluggish planning permission process, and which was due to end in February 2022, would cease this October. It is to be replaced by a two-step, time-bound process for large-scale developments, which seeks to restore the role of local authorities. In 2020, we have seen and heard a litany of negative press around BTR. Will this be the next form of tenure to be terminated?

Are we now starting to embark upon similar knee-jerk reactions? We have banned Co-Living, abruptly ended the SHD route without a known replacement, cancelled major PPP schemes, increased Part V requirements overnight along with other non-performances, not to mention the treacherous JR icebergs that have not been dealt with, which are adding serious delays to our otherwise 3-year crossing.

Irish Housing Supply Balancing Act




St. Clare's Park, Harold's Cross, Dublin 6W, *which is in the process of being completed by Marlet Property Group.*

Apartments: Are We Repeating Past Mistakes? (continued)

FINAL THOUGHTS

In conclusion, there are positive incoming changes in the upcoming Affordable Housing Bill, including Cost Rental, the Land Development Agency (LDA) and Shared Equity. These are welcome and will hopefully increase output and assist with affordability. There is a lot of noise around these too though. Continuing the nautical metaphor, we need a rather 'deaf captain' one who only uses maps and instruments to chart the course, rather than reacting to the clamouring at the wheelhouse door.

The JR issue, although blamed on the SHD process, is more likely due to the removal of height caps and denser schemes getting permission from ABP. The introduction of the new Large-Scale Residential Development (LSRD) system will hopefully help the planning system but, if people have another option to stop an unwanted development, they will most likely use it. The JR process must be addressed immediately (not within the 18 months as stated by the Government in June) so that it is not used as an appeal court to ABP.

To achieve 35-40,000 units a year, we need to be firing on all housing cylinders: BTS Apartments, 3-4 bed semis for home ownership, BTR, Social, Affordable, Cost Rental, PPP's AHB's, direct public building programmes and one-off homes.

Housing, in particular medium to high density housing, is complex. Any potential changes need to be fully thought through before implementation. We look forward to the release of the 'Housing for All' strategy later this month. It will hopefully provide a sound basis for addressing some of the current and past issues and take a long term view on addressing our housing shortage.

PAUL MITCHELL

- Paul is a Director and Co-Founder of Mitchell McDermott, an independent construction consultancy based in Dublin. Paul's career has spanned over 25 years, with a wide range of experience in the public and private sectors including several specialisms, most notably in financial modelling of development projects and procurement.
- Paul has extensive experience in the Residential sector and is a frequent speaker at industry conferences. Paul is an active member of The Society of Chartered Surveyors in Ireland, chairing the working group and co-authoring "The Real Costs of New Apartment Delivery" reports in 2017 and 2020, which examine apartment development costs, affordability and viability.

The Quarter at Ciitywest, Co. Dublin *developed by Cairn Plc and acquired by Urbeo*

10. Demographics, City Densities, Governance Issues and Apartment Development Viability

By Dr. Brian Hughes

Perhaps the greatest challenge facing many Western European countries today is that of their enduring housing crises. In this regard Ireland is no exception and its resolution can only be achieved by both private and public sectors, combining with the Government as the lead actor. There is general agreement that an all-of-Government strategy is essential.

JOINED-UP THINKING

Joined-up thinking is much needed: one that would see the Departments of Finance and the Department of Housing, Local Government and Heritage working off the same hymn-sheet, in consultation with the Central Statistics Office, the Economic and Social Research Institute and the Central Bank. Ireland's major financial institutions will also be involved. Bodies such as the Housing Agency, the Land Development Agency, NESC and the Institute for Public Administration should also contribute.

None of this is new: The Buchanan Plan of the late 1960's was politically rejected, despite its championing by the Department of Finance. Ireland was a deeply rural country and the development of its cities and regions was not regarded as vital to the country's progress. In the property, planning, urban design and development professions, most of its leading figures agree that our future cities will contain higher proportions of a country's population and that their densities and morphologies will reflect modern uses, less urban sprawl and higher buildings. The Covid-19 pandemic will likely see more working from home and this will reduce the need to commute, at least for parts of the week. The big 'unknown' remains the issue of its long-term disruptive effect for office, retail, pubs and restaurant locations, of their scale and intensity of use.

HOUSING TYPES: THE EMERGENCE OF THE APARTMENT

As elsewhere in the First World, Apartments will become the principal type of housing output and especially so in Ireland's cities and in its larger towns. However, this phenomenon will face significant challenges. In recent years in Ireland, the building cost gap between a house and an apartment has widened, with medium-rise apartments with car parking spaces costing 40% more than that of the typical house. Little or no attempts have been addressed to date, by Government, to recognise the difficulties that this presents. There is no sign of the problem being either recognised or addressed, despite comprehensive and detailed reporting including the Real Cost of New Apartment Report, as recently issued by the Society of Chartered Surveyors in Ireland.

The cost differentials and development viability as between Suburban Low Rise and Urban Medium Rise apartment types is very significant and this has been the subject of detailed recent reviews, inter alia, for a number of previously intended Cork City apartment developments. With building costs accounting for less than half of all costs of a project it is incumbent on Government to consider why this is so? And then to act!

Some costs are attributable to higher building specification with improved accommodation requirements for apartments, albeit making them more attractive for family living. Fire, health and safety combined with more stringent environmental and climatic requirements are now centre-stage issues. Taxation, Planning Levies and Utility front-loaded charges are identified as being excessive by international comparison.

Attention also needs to be given to making better use of the existing housing stock, throughout the life cycle of the family. Older people are being encouraged to down-size and make way for younger families. However, lack of suitable, smaller-sized accommodation and opportunities to remain in the same neighbourhood are seen as barriers to achieving greater fluidity in the housing market. Downsizing incentivisation should be formulated without further delay. Overly stringent mortgage lending criteria, higher housing costs and rents are presenting significant affordability challenges for both single and younger-age families. Likewise, pensioners on limited fixed incomes who rent their accommodation are also experiencing affordability pressures. The quest to house everyone is therefore the State's biggest, current, political challenge.

DEMOGRAPHIC REALITIES

Dominating the housing market is the increasing supply-demand in-balance. Despite the level of in-depth demographic research being conducted, there continues to be a reluctance on the part of Government to accept the need to supply about 50,000 new-built units of accommodation per annum, indefinitely. In 2021, total housing completions may amount to half that requirement. However, it is the aggregate under-supply for over the last fifteen years that has created such a high pent-up demand shortfall, now estimated to be over 400,000 residential units.

Covid 19 may continue to disrupt output but it must also be recognised that the construction industry is currently unable to bridge that production gap. Apprenticeship training is but one of the vital issues needing to be addressed, as is the problem of the industry's cyclicality and under-capitalisation.

The industry's current capacity to increase housing completions is limited to about 5,000 additional units per annum and this means that it will not be until the late 2020s that supply will be able to match annual demand, let alone addressing the pent-up shortfall. It can be expected that Ireland's Headship rate will again have increased in the forthcoming Census of Population, having been 2.73 in 2011 and having increased to 2.75 in 2016. It could reach 2.80 in the 2022 Census as compared with 2.30 elsewhere in Europe.

Among the issues faced by the construction industry includes the introduction and further deployment of new technologies including modular and pre-assembly techniques. Scale economics need to be availed of to generate the necessary economies and to combat price inflation. Development land issues will continue to impinge until the problem of land and site-value taxation is addressed. In this regard, what is considered good practice in Ireland's EU neighbours surely must also be beneficial here. The dual-solutioned 1973 Kenny Report on Land has accumulated nearly a half-century of shelf-life dust.

POPULATION GROWTH

Demographics are destiny: in this regard there continues to be a deep reluctance by Government to recognise the long-term pace of Ireland's population growth and of its geographic and spatial contrasts. [vide PP. 52-54 of the Hooke and MacDonald Investment Report, H2 2020]. It is inevitable that Covid 19 is having a short-term effect on Natural Growth (Births less Deaths) and travel restraints for some time yet, will disrupt the flow of net In-migration, but the long-term demographic momentum will continue to see Ireland's population growing at the 1,000-1,200 rate per week.

The consequent upward accommodation pressures to match Ireland's skilled labour-force growth cannot be met within the country and this will continue to be an issue, not least because of the gradual ageing of the population. Thus, net in-migration will continue to be an important component of Ireland's population growth and of its residential accommodation requirement.

In this regard the National Planning Framework (NPF), beset with very low population growth targets for 2040, is now in need of radical revision. Since the census of 2016, the CSO's annual Population and Migration Estimates confirms a growth-level of almost 60,000 per annum. In August, the CSO will publish its annual Population and Migration Estimates (PME), for the year to April 2021. That was the intended date for the 2021 Census, now deferred until April 2022 because of Covid 19. However, the four years of population growth since the 2016 Census, as confirmed in the 2020 PMEs, already shows a 37% greater population growth than that for the 2011-2016 intercensal period!

As the NPF has statutory authority in relation to regional, county and local area plans, the inevitable outcome is the current succession of planning application refusals, many of which decisions are based on the unrealistic, low target-figures. The town of Clane provides one such recent decision.

Particularly for the Greater Dublin Area, such reversals and planning refusals are contributing to the low levels of housing completions. In turn, this is aggravating the under-supply and is helping to drive up house prices as recently confirmed by the Society of Chartered Surveyors and IPAV. It is incumbent that the Office of the Planning Regulator should be undertaking a comprehensive review of the NPF, especially because of these population changes and having regard to the spatial and geographical fundamentals of the housing crisis.

Demographics, City Densities, Governance Issues and Apartment Development Viability (continued)

FDI INCREASING

It is encouraging to note the IDAs recent reporting on increasing Foreign Direct Investment levels to matching those of 2019 and again, this growth will put further demand pressure on skilled employment – which like the labour-pool expansion of the construction industry, will all require to be housed locally.

Attention is now being given to 'sweating' the stock of unoccupied accommodation, including a much-needed reform of the Living over the Shop initiative. Ireland's towns and cities provide many such stock opportunities. However, there is the need to recognise the significant difficulties including dis-repair of neglect, obsolescence, refurbishment costs and other associated limitations and drawbacks to bringing such accommodation into residential use. In this regard, reversing the demographic hollowing-out of Ireland's towns is essential, for their densification, visual appearance and viability.

This writer visited Mitchelstown, in early July of this year: it was during one of those days that the upper floors of a vacant three storey semi-detached, end of terrace building collapsed onto the pavement of Upper Cork Street. Fortunately, nobody was injured or killed by this event. However, it serves to highlight the types of physical challenges presented by the condition of many such neglected and vacant older structures, with little or no Government incentives in place to revitalise their use, despite the severity of Ireland's housing crisis.

That same short holiday trip afforded the opportunity to obtain high-level views of Kilkenny City, as the locals optimistically describe Ireland's largest inland town. It is impressive to see the number of its new buildings, including a small number of apartment developments that have been developed there in recent decades. However, that expansive view of that town centre's skyline also revealed the potential that exists for Ireland's towns to replace so many other older structures with attractively designed infill apartment developments and therein providing much-needed accommodation, whilst also densifying these larger settlements throughout the country.

GOVERNANCE ISSUES

One of the most intractable problems facing the country's governance, from the built environment aspect, is the 'silo' nature of Ireland's public service administration. The departmentalised nature of Local Government is so often self-defeating. This also presents innumerable problems for planning, for development and construction. Streamlining, one-stop-shop, horizontal and vertical management and administration systems are badly needed to radically reduce decision-making time-scales.

It is also not co-incidental that the Planning Legislation is in urgent need of radical reform, as is the nature of planning decision making. Ultimately, the fractured nature of the County Council system of governance is very much in question, as is the over-centralised nature of Ireland's centralised Government. Thus, the average Dail or Seanad debate reflects the localised nature of the country's administration, instead of the higher-level Legislative function that is intended. The short-term and localised focus of the Irish political system must be addressed.

One such outstanding, promised, piece of legislation, dating back six or seven years, is the Putting People First initiative, entitled: Action Programme for Effective Local Government, dated October 2012. This was heralded as intended to be the most radical reform since the Local Government Act of 1898. Since that announcement, there has been a significant failure to undertake such reform, because of the vested interests to retain the County Council unit of administration. The emerging agglomerated city of Drogheda-LBM is not best served by the lack of co-ordination by its two county councils.

The alternative form of Local Governance, one having five or six powerful Regional Authorities with the necessary economies and population of scale, has been resolutely avoided because of vested interests to retain the failed status quo county system. Fundamentally, the current small populated scale of most of Ireland's counties is far too low, even by comparison with those of Northern Ireland, to enable the provision of modern-day services and data provision.

LEADERSHIP OPPORTUNITY

The proofing and testing of positive, innovative, public policy with appropriate leadership should be de rigueur. Appropriate attention can then be given to promoting what is best for 'Ireland Inc.' in the national interest. In this way, such initiatives and high-level reform could make for far greater efficiencies and will break the vicious circle of intractability, one that characterise successive Governments' inability to address, let alone resolve Ireland's deep housing crisis.

Here, there is a leadership opportunity for the Department of An Taoiseach, to reduce the 'silo mentality' by information pooling and to eliminate entrenched power blocks and negative public sector mind-sets. This would be complementary to and would parallel that Department's Shared Island Initiative. It would also lead to the much-needed cost reductions of doing business and ultimately, in achieving this country's full economic potential.

In conclusion, such initiative would also create the conditions needed to promote the built environment industries, accelerate apartment development and in doing so, this would progress the expansion and re-balancing of Ireland's cities.

DR. BRIAN HUGHES

MSCSI, MSC SPATIAL PLANNING,

DR. DEMOGRAPHY AND URBAN ECONOMICS

Dr. Brian Hughes is a Planning and Development Chartered Surveyor (SCI and RICS). He has over forty years of professional experience in the Property and Construction sector working in Ireland and internationally. He holds a Doctorate from Dublin Institute of Technology in the field of Demography and Urban Economics. He is a Graduate in Environmental Economics and has an Honour's Master's Degree in Spatial Planning.

A Fellow of the Regional Studies Association, Brian is a member of the Statistical and Social Inquiry Society Ireland and is on the expert panel advising the Irish Government on demographics. Brian worked for many years as a lecturer in property development and urban economics at TU Dublin.

11. Social and Affordable Housing - Overview from January - June 2021

By Evelyn Hyder, Social & Affordable Consultant, Hooke & MacDonald

HOUSING DEFICITS

Debate is continuing on issues that surround the housing crisis with a renewed focus in both political circles and across media outlets. As the country moves on from the pandemic, emphasis is moving back to factors prevalent before the crisis took hold in March 2020. Prior to Covid-19, Ireland faced major challenges in meeting the housing needs of its population who were unable to access the housing market. This was reflected in the number of households on waiting lists in need of social housing, many of whom had been waiting many years to be adequately housed.

This crisis is complex and multi-faceted. The housing needs of those requiring social and affordable housing are part of the wider malaise in property and construction. A combination of shortage of housing supply across all tenures together with struggles facing those in the private rental sector experiencing reducing stock and pressure on rents results in a dysfunctional property market. In addition, Covid-19 disruption prevented construction output, together with High Court judicial reviews of planning applications overturning 7,500 new homes with a further 6,000 units awaiting decision, placing further pressure on delivery.

Increased housing supply and affordable homes are urgently required to align with Ireland's increasing population. With an estimated 35,000 annual new households, and an estimated 62,000 household's still requiring social housing and thousands of households unable to access the private market, increased delivery and affordability is predominant in the Government's proposed new 5-year strategy, "Housing for All". The new strategy replaces the Rebuilding Ireland initiative and is set for a September launch. Early indications are that the new strategy will commit to:

- Putting affordability in the heart of the housing system.
- Prioritising the increased supply of private, social and affordable homes.
- Progress a State backed affordable home purchase scheme to promote home ownership.
- Providing annual funding of €2bn to deliver 50,000 social housing units with emphasis on new build.
- Ensure that Local Authorities are central to delivering housing.
- Work with the private sector to ensure that an appropriate mix and type of housing is provided.
- Improve the supply and affordability of rental accommodation and the security of tenure for renters.

Putting this Government sentiment into context is the Affordable Housing Bill 2021, which received Cabinet sanction in May 2021 and has passed through into law. It is described as the first "comprehensive standalone legislation dedicated to the provision of affordable housing" in the State's history. Its main components are:

- Local Authority delivering affordable homes for purchase on their lands.
- Introduction of a shared equity scheme
- A new form of tenure in "cost rental"
- Increased provision of Part V from 10 to 20% (10% social housing; up to 10% affordable housing where required, if not required the additional percentage may be used towards social housing)

SHARED EQUITY SCHEME

An allocation of €75m to the shared equity scheme was provided for in Budget 2021. An equity loan of 20%-30% of the acquisition price will be proposed for potential purchasers. This loan will be at 0% interest for the first 5 years and 1.75% up to year 15 with price caps envisaged in relation to geographical spread, expected to be defined on a county by county basis. The scheme had faced some criticism from both the Central Bank of Ireland and the ESRI, both bodies maintaining it may be inflationary and fuel further house price increases, which has the potential to make housing more unaffordable to many. A rebuttal from Minister of Housing, Darragh O' Brien stated, "*that comparable schemes have not led to any significant increases in house prices, according to the National Audit Office, the scheme in the UK increased housing supply by 14% and inflation by 1 %. It is evident that the focus on increasing supply is highly significant.*"

Despite expressing reservations about the plan, the Central Bank has cleared the way for the main mortgage lenders to participate in the scheme. This preliminary judgement is still subject to agreeing to the final terms of the scheme, and the Central Bank's final decision on the issue is awaited.

SOCIAL & AFFORDABLE HOUSING DELIVERY

The majority of the envisioned 50,000 new social and affordable homes will be delivered through Local Authorities and Approved Housing Bodies (AHBs). Currently the AHB sector are providing approximately 40% of all new social housing annually and this figure is increasing year on year. The Irish AHB sector currently owns and manages over 40,000 homes. AHB delivery is expected to expand further with the sector's pivotal role in the delivery of new 'Cost Rental' housing. Government funding of €35 million has been provided initially. This will provide cover of up to 30% of the development or acquisition cost together with the balance of scheme costs to be met through an allocated fund of €135m, to be delivered as long-term commercial loans from the Housing Finance Agency. It is planned that the inaugural cost rental scheme programme throughout 2021/22 will provide approximately 400 units via AHB new build and private sector turnkey units.

The first homes delivered under this funding model were launched recently by Cluid Housing. The 25 properties in North County Dublin were developed by way of a turnkey arrangement with the developer, Glenveagh. Rents are envisaged to be at rates of between €935 and €1,150 a month. The provision of this affordable tenure is very much welcomed in the market.

To ensure consistent cost rental supply, a structured programme for delivery is required. It is expected that there will be further 'Expression of Interest' requests issued once the 'Housing for All' strategy is implemented. However, there are a limited number of AHB's with the capacity to supply cost rental housing, therefore the ability to deliver at scale may be limited.

PART V / SOCIAL & AFFORDABLE HOUSING ON NEW DEVELOPMENTS

The Affordable Housing Bill requires new residential developments to provide 20% of the new properties to be reserved for social or affordable housing. It is proposed 10% will be allocated for social housing with the further 10% being 'ring-fenced' for the provision of affordable housing where required. Guidelines on net monetary value of the additional 10% are awaited; initial indications to date are it will be in line with the existing model.

HOUSING NEED AND DEMAND ASSESSMENT (HNDA)

In May 2021, to support a long-term considered approach, each Local Authority has been requested to complete a HNDA with a specific aim to:

- Develop a long-term strategic approach to housing need across all tenures.
- Create strong evidence that will support decisions surrounding housing supply, investment and services to feed into an overall national housing profile.
- Inform policy decisions regarding the local proportion of social and affordable housing requirements.
- The evidence-based information will in turn inform housing policy set out in Local Authority development plans.

LONG TERM LEASING

Whilst the long-term leasing (LTL) initiative has been in operation since 2009, the Enhanced Long-Term Lease was only introduced in 2018. This included further management and maintenance obligations on behalf of the landlord, with a higher proportion of market rent in return. As there was limited initial LTL uptake, there have been several changes to the leasing documentation making the leasing option more attractive to owners, landlords and institutional investors.

The increased attractiveness from an investment perspective has led to a substantial increase in the housing supply related to leased properties over the last 12 months. During Q1 2021, 726 LTL units were approved compared to 1,000 units in 2019.

Social and Affordable Housing (continued)

The increased activity in leasing especially from Institutional Investors has come under severe scrutinywith commentary surrounding leasing not providing value for money and eliminating opportunity for first time buyers and renters. Much of the commentary does not take account of the funding dynamics of the housing market.

Dublin City Council (DCC) has the highest social housing needs in the country with 22.6 % of householdsqualifying for social housing support. In May 2021, DCC Deputy Chief Executive, Brendan Kenny re-affirmed DCC's continued commitment to Long Term Leasing in the DCC Housing Strategic Policy Committee Housing report. With a potential to achieve 1,600 new leases between 2021 – 2023, DCC are seeking further units to make any real impression on the current social housing waiting list.

The benefit of LTL includes the ability to deliver units at larger scale within a relatively shortperiod of time. With regards to value for money, there is a cost benefit to the local authority as they have no responsibility for the structural fabric of the building and under the enhanced leasing scheme they have no responsibility for the building's interior. Leasing has the potential to provide new homes at scale within mixed use developments thus creating sustainable communities and assisting with chronic supply issues. From the AHB sector perspective, in particular Tuath Housing, LTL forms an integral part of their overall delivery programme.

INSTITUTIONAL INVESTMENT

Institutional activity has increased in the Irish residential market at an accelerating level. With attractive long - term state backed yields and government allocated funding, most of this activity is seeking to deliver to scale for both new build and second-hand stock. To achieve annual housing output requirements, the role of these investors is viewed as paramount by government and the construction industry as the domestic market lacks the borrowing capacity to meet the required funding. The activity of the various institutional investors operating in the market has demonstrated the ability to deliver social housing in shorter time frames than the Local Authorities and AHB's are able to achieve.

Current investor funding models have enabled apartment delivery and should be viewed as apositive contribution to ensure a continuous pipelineof apartment development, not withstanding the factthat there is still a significant viability issue for thedelivery of apartments. This has been recognisedby Government under the Finance (COVID 19 and Miscellaneous Provisions Bill 2021) passing legislationwith non-intervention of stamp duty on apartments and houses for investor entering LTL's. Social and Affordable housing will attract the so called "impact investor" who are pursuing socially responsible investment and no longer judging potential investment on financial performance only.

The investors with the capacity to fund in accordance with Government requirements are likely to operate in long term leasing for the foreseeable future based onthe returns available and if current housing demand is to be continued to be addressed. Whilst the focus from the UK/International investors has been Dublin centric to date with increased activity in Cork some are now considering Limerick and Galway as other areas of interest. From a domestic perspective, investors are seeking opportunities nationwide.

TRANSACTIONAL ACTIVITY

The increased Long Term Leasing (LTL) activity has led to a number of LTL investment opportunities. Examples include the sale in February 2021 by Irish Housing Social Fund (IHSF) and New Beginnings (NB) of 55 homes in Dublin on LTL for just over €20m to UK based Principal Real Estate. NB intend to launch a second fund to acquire further units for subsequent LTL. A further portfolio referred to as "project haven" was brought to market in April 21. Comprising of 60 units situated across Dublin's north, south and west suburbs let on a 25-year LTL to each Local Authority. The gross rental income is c. €952,000 per annum, with a quoting figure of €21m. With several parties expressing interest, recent reports have confirmed UK based Alpha Real Capital has been selected as preferred bidder with an overall intention to create a social housing portfolio of €500m within the next 36 months. Currently on the market is a regional portfolio of 60 units in Co. Kerry, these units are on LTL'S to two separate AHB's with a net income of c. €524,000and seeking €10.75m, representing a 4.66 net initial yield, strong interest is expected from domestic and international investors.

LAND DEVELOPMENT AGENCY

The Land Development Agency (LDA) was established in September 2018 on an interim basis. The LDA Bill 2021 now passed into law places the LDA on a statutory footing. Funding of €1.25 billion has been secured via the Irish Strategic Investment Fund (ISIF).

With a primary objective to deliver 150,000 new homes by 2040, the LDA are tasked to assemble a public land register and work in partnership with Local Authorities and semi state bodies to increase the supply of social and affordable housing.

Blackhall Square, Smithfield, Dublin 7 *developed by Red Rock Developments and purchased by Aberdeen Standard.*

HOUSING COMMISSION

Alongside the launch of the new housing strategy, the Government has confirmed the establishment of a Commission on Housing with a remit to drive forward a new vision for Ireland's housing system. John O'Connor, the outgoing CEO of the Housing Agency has been appointed as chairperson and other commission members are expected to be announced shortly. John will bring a number of decades of much needed sectoral experience to this highly important role for the State. The Commission on Housing is anticipated to be formally established in September 2021 and it is set to be tasked with examining issues such as tenure, standards and sustainability. Its role will be to make implementable suggestions around changes in housing policy and any new legislation that might be needed.

CONCLUSION

It is clearly evident that the Irish housing predicament has some way to go, with input required from both public and private sectors. The implementation of 'Housing for All' should result in the delivery of much needed stock, through a range of initiatives.

Taking into account the size and practicalities of delivery of the State's requirements there is a need for significant input from the private and institutional sectors in terms of construction and funding.

The Programme for Government ambition to alleviate the crisis is being addressed, but will take a number of years to see results – both the social and affordable housing sectors are critical to Ireland providing equitable housing for all.

***Johnstown Road, Dun Laoghaire, Co. Dublin** developed by McGrath Group Properties and purchased by Clúid Housing*

***Blackbanks, Raheny, Dublin 5** developed by Dublin Loft Company and purchased by Clúid Housing.*

EVELYN HYDER

- Evelyn is a social and affordable housing consultant with Hooke & MacDonald. Evelyn is Chartered Surveyor with over 30 year's property experience at Director level both in Ireland and Britain in a variety of sectors including non-profit, private and large corporates. .
- With a proven track record in acquisition/ development and asset/ project management, Evelyn has gained extensive industry experience with specialist knowledge in the delivery of social and affordable housing.
- Having worked in the Approved Housing Body (AHB) sector with Dublin Simon Community, Evelyn was responsible for acquisition and development pipeline. During this time Evelyn secured funding of €32m of Government & private funding. Continuing her career in this sector, she was appointed Head of Development in Oaklee Housing where she led and managed the development team to deliver their €200m+ acquisition/leasing and construction programme. Utilising this experience, Evelyn returned to the private sector to source and deliver Government backed long term social housing leasing nationwide.
- With this extensive breath of experience and in-depth knowledge, Evelyn is now an established independent consultant with a focus on social and affordable housing delivery. In particular, Evelyn advises on a number of key areas including Local Authority needs requirement, funding and legislation across all tenures to a range of private clients. She has also provided advisory services to the AHB sector.
- Crucial to this service is access to her extensive network and established relationships with a wide range of key stakeholders including property professionals, developers, funders, local authorities, Approved Housing Bodies and Government Departments.

12. Focusing on Sustainability

By Christine McGowan, Associate Director,
NAI Hooke & MacDonald Commercial

Sustainable real estate is a stand-out feature within today's international commercial real estate industry-investors and stakeholders are becoming even more motivated to acquire properties that have sustainable characteristics.

COMMITTING TO SUSTAINABILITY

Considering the fact that buildings generate almost 40% of energy consumption globally, with 28% coming from the operations of buildings themselves, most investors around the world are committing to more sustainable practices previously.

During the turbulence in the market in 2008 - 2012, sustainability fell down the agenda for some parties but currently we are seeing it being one of the lead considerations for purchasers and occupiers. Sustainability also forms part of the wider ESG (Environmental, Social and Governance) agenda that is becoming critical for organisations and leading to a focus on what has been labelled 'impact investing'.

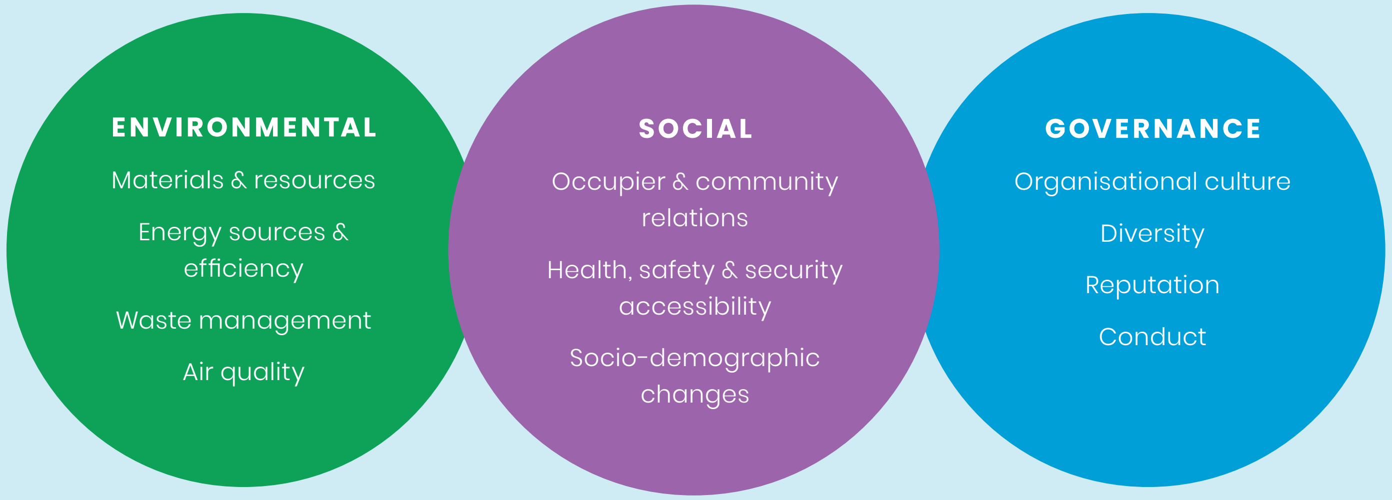
The real estate industry is shifting and sustainability has become a standard part of architecture in order to meet goals for a net-zero approach.

INTERNATIONAL & IRISH LEADERSHIP

In the Real Estate Industry, World Green Building Council (World GBC) and the Global Real ESG Benchmark (GRESB) for Real Estate Assessment joined forces in April 2020 with the aim to transform the building and construction industry towards a net zero carbon and sustainable built environment by 2030, and advocate for all buildings to be net zero carbon by 2050.

This is a global network of over 75 national Green Building Councils worldwide with a total membership of over 27,000 of the most progressive international organisations and businesses making it the largest organisation globally influencing the green building market.The 2020 real estate benchmark covers more than 1,200 property companies, real estate investment trusts (REITs), funds, and developers.

ESG (Environmental, Social and Governance) Factors



In Ireland, green construction is on the rise. There is no doubt that the future of construction will be environmentally friendly. The Irish Green Building Council (IGBC), a non-profit organisation was launched in 2011 with organisations and businesses from the entire value chain of the built environment.

The IGCB is affiliated with the World Green Building Council as an established member.

The IGBC objectives are as follows:

- Provide a source of leadership for sustainability and quality in the built environment.
- Promote and assist in the provision of credible metrics for measuring progress towards the end goal of sustainability.
- Provide a source of resources to companies transitioning their activities towards more sustainable practices.
- Be central to alignment of the policies of organisations seeking to achieve sustainability in the built environment.

In 2020, the IGBC continued to work towards driving positive change in the real estate industry. Their membership increased by 23% with close to 200 members comprising property owners, developers, consultants, real estate agents to facilities managers. The link below lists all members to date; https://www.igbc.ie/membership/members/

IRISH EXAMPLE The EXO Building in the North Dockland's, which is Dublin's tallest office building providing c. 170,000 sq.ft has won the prestigious International Architecture Award for 2019 from The Chicago Athenaeum Museum for Architecture and Design and The European Centre for Architecture Art Design and Urban Studies.

The EXO Building has been designed to target a Building Energy Rating of A3 and LEED Platinum certification and Wired Certified Platinum. The building is being developed by NAMA / Grant Thornton and was acquired by Tristan Capital Partners and SW3 Capital.

The Exo Building, North Docklands, Dublin 1 (front right), alongside Dublin's 3 Arena.

Focusing on Sustainability (continued)

EVOLVING STANDARDS

Irish buildings standards and statutory requirements related to them have been evolving over the last ten years and this has improved the quality and sustainable characteristics of new buildings, including new housing. The new housing energy efficiency regulations that are force in Ireland are applicable to both new homes and major renovations of existing properties. The European Energy Performance of Buildings Directive (EPBD) introduced new building standards through amendments to Part L of the Building Regulations in 2019 to new EU-level requirements which requires all buildings to nearly Zero Energy Buildings (nZEB). Effectively, new homes will typically be required to achieve a minimum Building Energy Rating (BER) of A2 compared to the previous A3 minimum rating.

However, the sustainable characteristics do not apply just to the built structure when it is completed. There are wider considerations that can be taken into account and recorded to illustrate the sustainable nature of properties. When documented provide a framework for monitoring the buildings when they are operational to allow for ongoing assessment and the delivery of data and reports. This is typically done through specific software platforms and industry benchmarking and reporting tools, such as GRESB, are being sought after by investors.

Across the globe LEED certification is recognised as one of the main standards for green building classification and is used to certify sustainable buildings and neighbourhoods. In addition, LEED can be used to track and report progress towards carbon emissions targets – data that can support a country's efforts to meet its climate action goals.

The following link provides the LEED buildings in Ireland: https://www.igbc.ie/certification/leed/. It is notable how many commercial buildings, mostly offices, that have been developed in the last ten years that have some level of LEED certification; it is evident that the majority of these have been developed with a wider international audience in mind and this is being driven by the stakeholders, mostly involved institutional and often multi-national organisations, who recognise the importance and the appeal of the certification. There are limited residential projects listed, however, we expect an increase in the use of the LEED approach in Ireland for larger apartment projects in the coming years based on what we are seeing in the market.

The US is a number of decades ahead of Europe in terms of large-scale institutional investment in the residential sector. As a result, they are also ahead in terms of LEED certification for the asset class. LEED is being adopted on an increasing basis by US stakeholders and more and more buildings are being developed with the certification.

LEED Credit Categories

Source: The US Green Building Council

INVESTOR ATTITUDES AND DEMAND

Sustainability and the wider ESG agenda is increasingly front and centre of investment considerations and decisions and is a key priority for regulators, policymakers, investors and asset managers. Many international companies have appointed sustainability managers and sustainability teams to run a wide range of strategies to comply with their ESG policies and investment mandates which will play an internal role in the evolution of ESG within the asset management industry.

The feedback from fund managers is that many of the institutional funds are putting money aside for ESG only assets. There is more of a mandate to invest in ESG credential buildings or buildings to be refurbished to hit those credentials. Asset owners, such as pension funds, are increasingly demanding sustainable investing strategies from their asset managers and this ultimately forms an important part of investors underwriting and due diligence assessment. We note the following examples;

- PATRIZIA, the global real estate manager and investor with over €36 billion in assets under management, announced in January 2021 that it has created a new position of head of Sustainability and Impact Investing, in a strategic hire aiming to strengthen the development of new impact fund products. The group announced that Matheiu Elshout joined on March 1st 2021 in a strategic move to further drive the integration of sustainability into the company's core investment processes, responsible for pan – European investments.

  "Our clients increasingly demand investments that generate measurable positive social and environmental impact besides solid financial returns', said Anne Kavanagh, member of the Management Board and Chief Investment Officer, PATRIZIA. 'Mathieu will have overall responsibility for sustainable and impact fund strategies that will become a cornerstone of our company-wide investment focus. It is an absolutely pivotal new business role to ensure that sustainability is always front and centre of all our investment processes".

- CBRE Global Investors has a mandate to be carbon neutral by 2030. Their underwrite for a large proportion of projects considers ESG certificate to be just as important as the underwriting of rents. There is also a reputational risk from funds (government bodies and pension funds).

- M&G Real Estate's 2025 Responsible Property Investment (RPI) strategy focuses on ESG risks and opportunities that play a significant role in the analysis, due diligence, investment and engagement processes across their asset classes to ultimately generate sustainable returns. The combined effect of higher rental income and lower interest rate expenses achieved by certified buildings, benefits investors in the long term by generating higher distributable yields despite higher operating expenses.

- M&G Real Estate's certified buildings account for 50% of its European Investments. Their ratings range from good to excellent and they are progressing to increase the share of green buildings over the coming years. They carried out research in 2018 using data from the projected cashflows of their European property portfolio and concluded the following;

  "Our findings have shown that the certified share of M&G European assets achieve a higher rental income (+53bps). We also found that certified buildings experience higher operating costs (+31bps), likely because 'smart' buildings tend to feature sophisticated technology in exchange for greater ambient control. On balance, we find that the rental revenue premium compensates for the increase in operating expenses, resulting in a higher distributable income to investors (+19bps)".

- British Land, one of the Britain's largest development and investment companies are intensifying their focus on two critical areas in line with their 2030 business strategy:

  » Making their portfolio net zero carbon, and

  » Partnering to grow social value and wellbeing communities where they operate.

  "Our continued strong sustainability performance is reflected in our rankings in ESG indices, including a green star rating for the tenth consecutive year in the Global Real Estate Sustainability Benchmark (GRESB), AAA rating in MSCI, 96th percentile in Sustainalytics for our sector, and inclusion in FTSE4Good and Dow Jones Sustainability Indices (DJSI) 2019".

Focusing on Sustainability (continued)

- DWS appointed a new Group Sustainability officer in 2020 to further drive their sustainability strategy which is aligned to what is important to their stakeholders including clients, employees and wider society as well as governmental and non-governmental organisations. DWS's 2020 annual report notes the following;

"*We target to make sustainability a key strategic focus of both our fiduciary and corporate activities. We expect sustainability and sustainable investments to become the driving force behind successful asset management over the coming years. Demand for sustainable investment products has risen significantly and we are convinced that it will continue to rise. COVID-19 has amplified attention on sustainability as the pandemic's fallout reinforces the need to build the economy on a more responsible and sustainable basis. Sustainable and responsible investment solutions achieved record inflows and more resilient performance during the COVID-19 crisis in 2020. Our aim is to become a leading ESG asset manager, which requires sustainability to be embedded in everything we do. To achieve our ambitions, we developed a Sustainability Strategy, which relies on 4 focus areas: making sustainability the highest management priority, integrating ESG in the investment process, developing market leading products, and leading and engaging to promote sustainability practices*".

By the end of 2020, DWS reported €75.6 billion of dedicated ESG and sustainable assets under management, €16.6 billion of real estate investments in certified green-labelled buildings and €899 million infrastructure investments in renewable assets.

According to the DWS report they managed assets with a total volume of €793 billion as of December 21, 2020.

LEED CERTIFICATION

One of the most globally recognised identifiers of green buildings is through LEED Certification (Leadership in Energy and Environmental Design). LEED provides a framework for healthy, highly efficient and cost-saving green buildings. There are different levels of certification, including a basic certification level, then silver, gold and platinum levels.

Some of the features of a building which are analysed include the following:

- Building locations away from environmentally sensitive areas
- Access to public transport
- Access to bicycle storage
- Efficient use of energy, water, and other resources
- Use of renewable energy, such as solar energy
- Pollution and waste reduction measures, and facilitation of re-use and recycling
- Good indoor environmental air quality
- Use of materials that are non-toxic, ethical, and sustainable
- Consideration of the environment in design, construction, and operation
- Consideration of the quality of life of occupants in design, construction, and operation
- A design that enables adaptation to a changing environment

Economic benefits:

- Gain competitive edge
- Attract tenants
- Manage performance
- Meets ESG goals
- Cost effective

Health benefits:

- Happier occupants
- Healthier spaces with cleaner air
- Indoor environmental quality
- Reduce pollution
- Reduce energy and carbon emissions
- It's worth noting that LEED certification dominates BREEAM certification in markets globally, except for in Britain.

IRISH EXAMPLES Irish developers, Local Authorities, AHB's and stakeholders are implementing sustainability strategies and features across new and existing developments. Two examples are outlined below.

Cualanor and Honeypark in Dún Laoghaire, which were developed by the Cosgrave Group, have won a number of awards including the ULI 2020 Excellence in Placemaking Award, Sustainable Energy Awards 2013 & 2016, EnviroCom Awards 2014-2016 and Isover Energy Efficiency Awards 2019.

Cheevers Court & Haliday House, Cualanor, Dún Laoghaire, Co. Dublin.

Moyola Court in Churchtown, which was originally developed in the 1970's, won the Energy in Buildings category at the Sustainable Energy Authority of Ireland (SEAI) 2020 Awards for the SSE Airtricity deep retrofit refurbishment works of the Dún Laoghaire-Rathdown County Council's development. The energy retrofit measures brought the houses to A2 and A3 Building Energy Ratings ratings from previous E to G ratings.

Moyola Court, Churchtown, Dublin 14.

Focusing on Sustainability (continued)

MEASUREMENT AND REPORTING – TOOLS AND FRAMEWORK

How organisations can measure and report on sustainability and ESG is critical, especially where there are multiple stakeholders involved. There are a number of approaches and tools that can be taken to this and specialist software providers that allow real estate platforms to carry out these activities, for example those listed below;

- Measurabl - ESG data management solution
- Deepki - Performance and sustainable impact measurement
- OVESA - OneView Energy and Sustainability Analytics
- PEERS - Portfolio Energy and Environment Reporting System
- ESP - Energy and Sustainability Platform

GRESB or the 'Global Real ESG Benchmark' or GRESB real estate assessment is an investor driven global ESG benchmark and reporting framework for listed property companies, private property funds, developers and investors that invest directly in real estate. The assessment offers high-quality ESG data and analytical tools to benchmark ESG performance, identify areas for improvement and engage with stakeholders, including investors.

More than 100 institutional and financial investors use GRESB data and benchmarks to monitor their investments, engage with their managers, and make decisions that lead to a more sustainable real asset industry. The 2020 real estate benchmark covers more than 1,200 property companies, real estate investment trusts (REITs), funds, and developers. The coverage for infrastructure includes more than 540 infrastructure funds and assets. Combined, GRESB represents US $5.3 trillion in real asset value. Many real estate investor members are linked here: https://gresb.com/gresb-members/ (Source: GRESB.com).

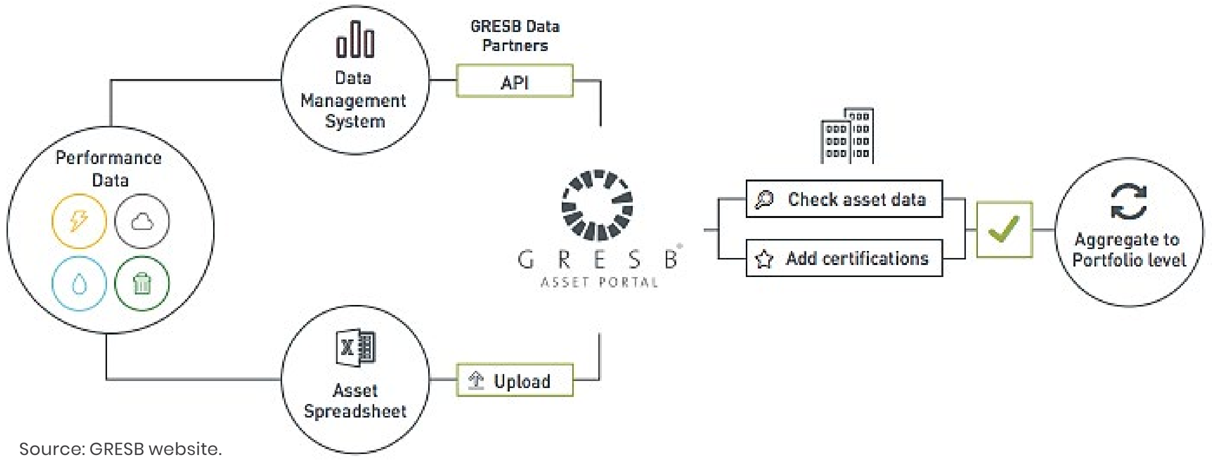
From Hooke & MacDonald's experience of managing over 3,000 apartments and houses for institutional investors there is an increasing focus on being able to monitor and report on sustainability and ESG performance over the life of the assets. The GRESB approach is being sought after by a number of investors at this stage.

SUSTAINABILITY AND THE IRISH MARKET

The Irish development community has evolved very positively in terms of sustainable development and the newer buildings being produced are of a very high quality, with a strong focus on energy efficiency and promoting sustainable usage of utilities. This approach is from developers and also their architects and other design team members, who are highly educated about sustainable development and they are ensuring that these traits are being designed into new schemes.

Older properties are more challenging to retrofit and as a result there is a focus on newer buildings. Ireland compares very favourably on an international basis. As a result of the high standards, including the constantly evolving Irish building regulations, newly developed Irish properties are an excellent fit for parties with a sustainable and impact investing agenda. For investors, these new build properties, be they offices, residential or other asset classes assist in rebalancing portfolios that in a lot of cases may have a majority of older stock.

The GRESB Assessment Platform



Source: GRESB website.

From a renter's point of view in Ireland, initially they are now more focused on running costs and where energy efficient building can reduce outgoings. These cost saving initiatives will form in integral part of the sales campaign, demonstrating to residents how they can monitor usage and cost from the outset. A new build is generally more attractive in terms of cost savings, resulting in renters likelihood in choosing new build versus older stock.

Purchasers of houses and apartments in Ireland, are becoming more focused on the sustainable characteristics and energy efficiency. Buyers perception of sustainability has rapidly moved away from just the cost saving on their heating but towards the overall quality of their living environment. This can be seen across all consumer groups, with first time buyers who are generally younger, reviewing the savings they will achieve over the course of their mortgage based on a more sustainable build, while in comparison the older population may factor in the health benefits such as the air quality aiding the reduction of respiratory conditions which can be caused by dampness in older homes.

THE FUTURE

A sustainable future requires long-term thinking and leadership. The demand for efficient buildings is growing exponentially. With financial, environmental, and social incentives in place the built environment will continue to transform. The following trends are being seen in some markets:

- Investor shift towards energy efficiency and emissions regulation accelerating.
- Margin discounts offered by active green lenders accretive to overall fund performance.
- Green buildings being able to exhibit lower systematic risk through more stable income.
- Potential for yield compression and increased asset liquidity.

Material sustainability issues are going to become increasingly relevant in the future in terms of capital values and liquidity. If you are buying a property today that is designed, delivered, operated and monitored to the highest standards then you can have confidence that if you ever go to sell that property or have it valued you will be in a good position; and it should perform better than a property that doesn't have sustainable characteristics as an intrinsic part of its nature.

Over the last number of years there has been a significant focus in Ireland on sustainable characteristics and new properties, where these are included as a result of statutory regulations or otherwise, are very much in demand. We are seeing a divergence between older and newer properties in terms of rental and purchase demand and pricing which is likely to continue.

Sustainable and financial performance have become intertwined. Where owners have the ability to monitor and measure material ESG issues result in further positive outcomes.

Regarding multifamily living, younger renters and families are often the most likely cohort for these schemes. Not only do they have an increased awareness of their own environmental impact, there is also a consideration on how their habitable space fits in with their own societal values.

The shift in the attitudes of those who are responsible for deploying capital is somewhat being driven by younger investors, in particular, who have shown an interest in putting their money where their values are. Similarly, lenders are offering more favourable debt terms for development projects with good ESG credentials.

Dealing with purchasers, including investors, over recent months and from research internationally, Hooke & MacDonald have found that there is an increasing appetite for properties that can illustrate sustainability and ESG as a high priority. The Irish construction industry is very well positioned in terms of developing sustainable buildings and having a focus on energy efficiency. But there is scope for adoption of international benchmarking outside of the commercial property sphere. It has been shown with regards to commercial properties that where there are international benchmarks and certification of buildings it drives demand and ultimately impacts positively on value and the environment.

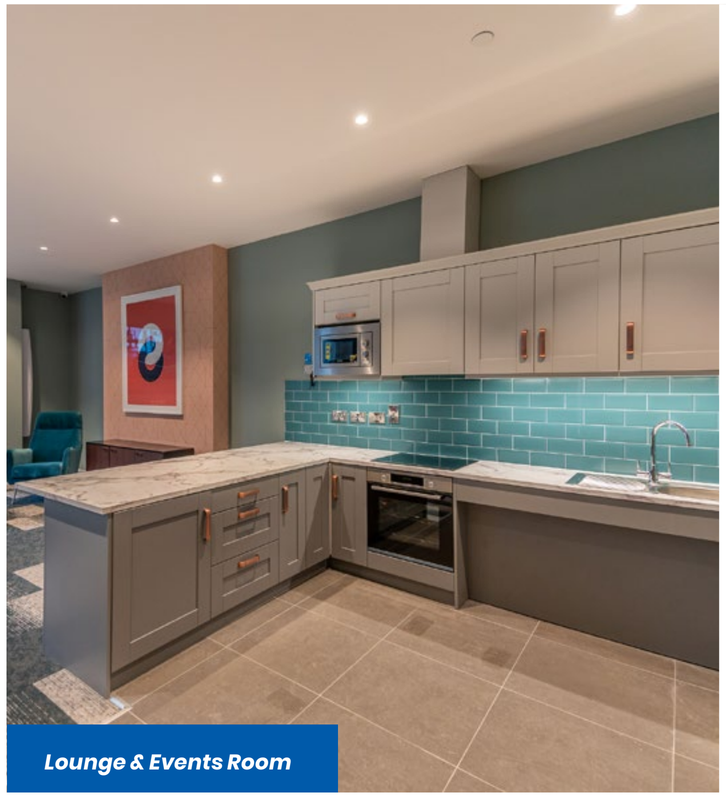
Globally the development and investment communities continue to further prioritise a sustainable approach. The Irish communities areis also continuing to focus on the area, which bodes well for the future.

13. Examples of high quality PRS resident amenities - Santry


Lounge


Gym


Media Room


Lounge & Events Room


Parcel Storage


Lounge


Reception

A selection of photos of the resident's internal amenity space developed by M.B. McNamara and purchased by Avestus / havitat at Swiss Cottage, Swords Road, Santry, Dublin 9.
The property was completed in Q1, 2021.

14. Spotlight on urban apartment building costs sharpens during housing crisis

By kind permission of The Irish Examiner

JCD Group move to drop Sextant site €90m apartment plan in favour of €95m offices tower comes as all other Build to Rent sites in city remain stalled due to lack of financial viability.

Cork City Centre

THE decision by leading Cork developers JCD Group to scrap plans for a 25-storey 201-apartment development in the heart of Cork City, a block away from City Hall on Albert Quay, and to replace it with offices is expected to further concentrate political debate to find a solution to the cost of apartment construction, during a wider housing crisis. It's one of a number of city sites where planning has been secured for much-needed city apartments for the rental market (PRS), but where development hasn't been able to start due to financial viability issues.

Other stalled sites include the South City Link Road's Railway Gardens (118 units), Jacobs Island in Mahon (over 400 units in a tall tower), Horgan's Quay (302 apartments with full planning) and Lancaster Quay where a final €40m/88-unit phase of an existing development by O'Callaghan Properties commenced early in 2020, but has since stalled, with individual unit development costs put at the time at €485,000.

Plans are also in train for a development of up to 1,000 apartment on the Marquee site in Cork's docklands with Glenveagh Properties, with 146ha south docks campus earmarked for 29,000 jobs and 20,000 new residents under the Government Ireland 2040 plan, which as of March this year was committing €340m to enabling infrastructure in Cork.

There hasn't been a build to rent (PRS) development of any scale in Cork since 2008, noted JCD Group last week, saying they would have needed rents of €2,800 per month for a two-bed to make their 2019-proposed €90m apartment tower development stack up on Albert Quay. Back in 2019, they had gauged rents levels needed at €2,000+ per month: since then, construction, labour and materials costs have sharply escalated, partly due to internationally-experienced factors such as Covid-19 and Brexit.

The developers' switch to a proposed 74-metre high, 16-storey c€95m office tower office is the first market decision to opt now for change of use to offices and to abandon well-advanced residential development plans.

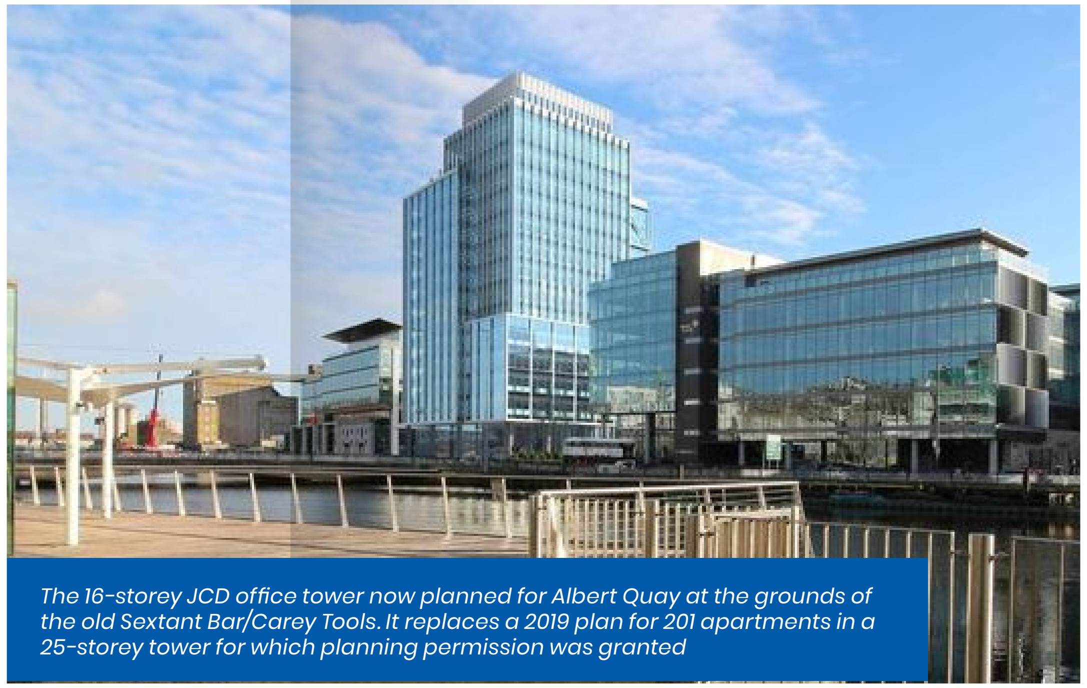
Other developers such as O'Callaghan Properties and BAM/Clarendon Properties have also said they cannot build apartments at current delivery cost levels, all further skewing the imbalance of living quarters for the thousands of new office jobs already in train in Cork.

JCD's change of planning use decision on the Sextant/Careys Tools site between over 500,000 sq ft of office development at One Alberty Quay and OCP's Navigation Square has been widely remarked upon in social media and in business and political quarters. The logic is, however, underpinned by a number of economic reports from the likes of Deloitte (for JCD Group,) as well as by EY, the Construction Industry Federation (CIF) and the Society of Chartered Surveyors (SCSI) over the past year. Sources meanwhile say that yet another feasibility report, being undertaken by KPMG linking with the Construction Industry Federation is expected in a month or two's time, anticipated to make proposals to remedy the crisis and close the funding/financial viability gap.

The inertia of the past several years of existing reports and studies comes as numerous planning applications have come, and languished in Cork,

Planned apartment development at Jacob's Island, Mahon. Pic: HW Consulting.

Railway Gardens apartment tower. Pic: Meitheal Architects

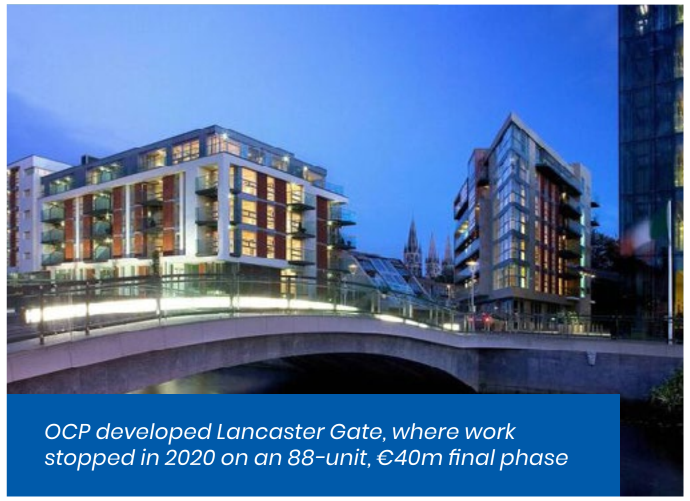


The 16-storey JCD office tower now planned for Albert Quay at the grounds of the old Sextant Bar/Carey Tools. It replaces a 2019 plan for 201 apartments in a 25-storey tower for which planning permission was granted

25-storey apartment tower plan withdrawn in favour of offices

Still waters at apartment site for 302 units at Horgans Quay for Clarendon Properties/BAM

CGI of Horgans Quay development Cork, where Apple is taking c 40,000 sq ft of offices. Left of pic: the apartment building which has not yet commenced construction due to viability issues



OCP developed Lancaster Gate, where work stopped in 2020 on an 88-unit, €40m final phase

and as funding of bulk units to rent remains a hot topic, particularly in the case of houses.

Meanwhile, Ronan Downing, Development Director of Clarendon Properties at the mixed-use Cork Horgans Quay site, where Apple are the latest tenants to locate, said build cost inflation was a significant concern and revealed "due to a protracted process in attaining a fire cert over the last year we have missed a viability window where rents and values might have supported the build costs of their proposed 302 units there.

While city planners favour medium to high-density apartment schemes "this planning policy is not supported by the State with out of town/ suburban housing being considerably cheaper to provide. We will not be able to increase supply of the right kind of development if these projects are not economically viable," argued Clarendon's Mr Downing. "Relying on increased wages to pay higher rents, or purchase prices, seems untenable considering the amount of revenue generated for the State out of the production of housing," he stated.

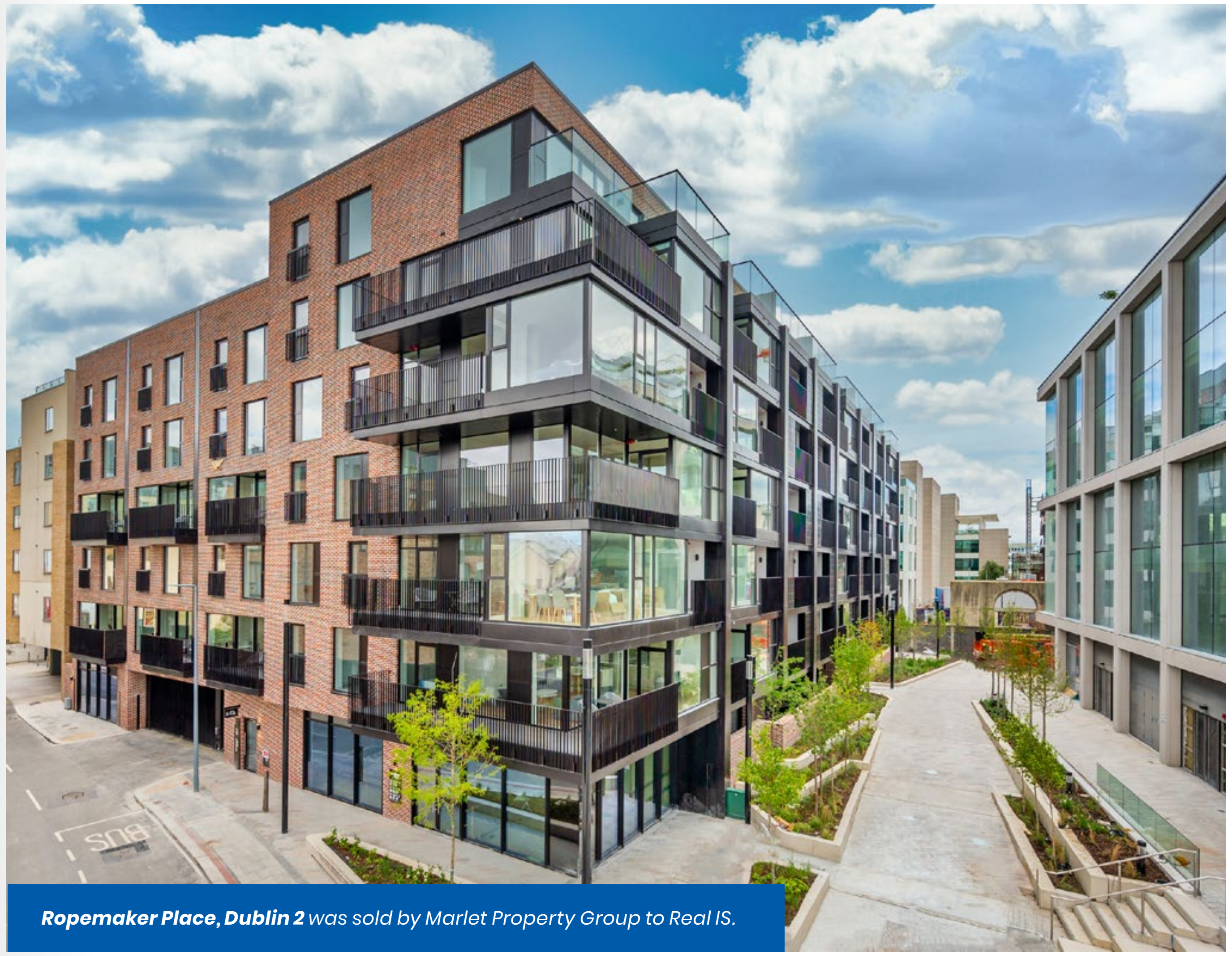
Noting a number of studies showing the revenue streams to the Exchequer from residential development, he added "the State has reverted back to relying on residential development to support the national coffers. It seems obvious to say; but wouldn't the economy be stronger with less of every home owner's income paying for a roof over their head?"

Published by Tommy Barker, property editor at the Irish Examiner on 3rd June 2021.

15. The Top Multi-Family/PRS Transactions in Dublin in 2020

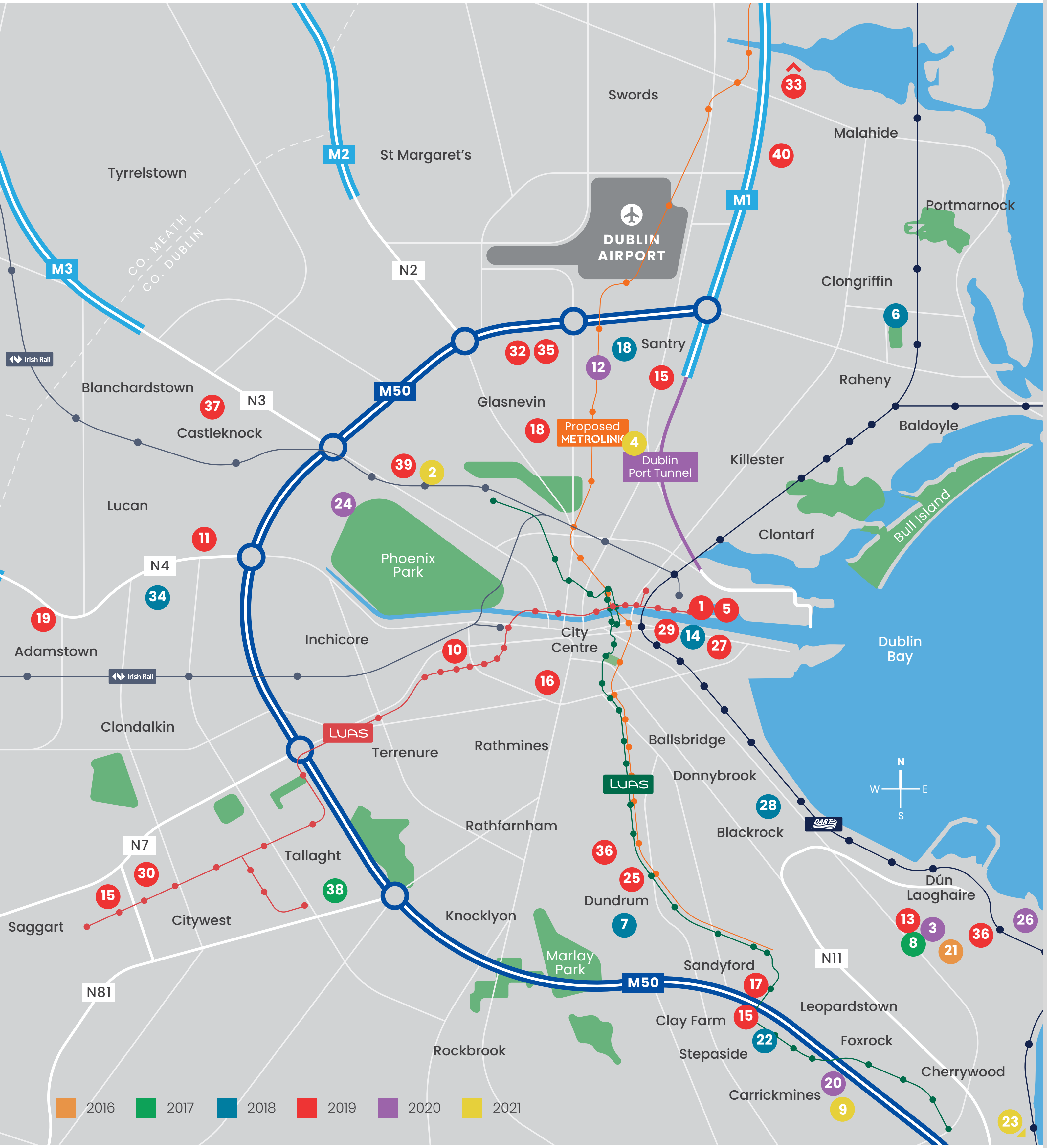
	PROPERTY	NO. OF UNITS	TYPE	REPORTED PRICE	AVG. PRICE PER UNIT	VENDOR
1	Cheevers Court & Haliday House, Cualanor, Dún Laoghaire, Co, Dublin	368	New Build	€200m	€530,000	Cosgrave Group
2	Off-Market Portfolio - North Dublin	317	New Build /Existing Stock	€145m	€457,000	Private
3	The Prestige Portfolio - Dublin	300	New Build	€140m	€467,000	Private
4	Blackwood Square, Northwood, Santry Demesne, Dublin 9	297	New Build	€123.5m	€416,000	Cosgrave Group
5	Clay Farm IC, Leopardstown, Dublin 18	192	New Build	€75m	€391,000	Park Developments
6	Phoenix Park, Racecourse, Castleknock, Dublin 15	146	New Build /Existing Stock	€60m	€411,000	Flynn & O'Flaherty
7	Off-Market - Dublin (Portfolio of properties across Dublin)	138	New Build	€58.85m	€426,000	Private
8	Harbour Road, Dalkey, Co. Dublin	94	New Build	c. €54m	€521,000	Winterbrook
9	Project Connect - Dublin	151	Existing Stock	€48m	€318,000	I.RES
10	Off-Market - South Dublin	101	New Build	€45m	€446,000	Private
11	Herberton, Dublin 8	102	Existing Stock	€36.5m	€358,000	Deloitte
12	Off-Market - South Dublin	60	New Build	€32m	€533,000	Private
13	Off-Market - Dublin 24	-	New Build	€22m	-	Private
14	Off-Market - North Dublin	60	New Build	€30m	€500,000	Private
15	Off-Market - Dublin 18	-	New Build	€21.75m	-	Private
16	Rathgar Road Collection, Dublin 6	61 + 2 commercial units	Existing Stock	€18m	€285,000	Private Irish
17	Rathmines Square, Rathmines, Dublin 6	40	Existing Stock	€16m	€400,000	John Paul Construction
18	Off-Market - Dublin 12	-	New Build	€9.73m	-	Private
19	Greeg Court, Parrnell Street, Dublin 1	25	Existing Stock	€9.6m	€384,000	Private
20	The Willows, Sandymount, Dublin 4	19	Existing Stock	€9.2m	€484,000	Private Irish
21	Off-Market - Dublin 8	20	New Build	€8m	€400,000	Private
22	Off-Market - Dublin 7	-	Existing Stock	€7.37m	-	Private
23	The Ice Rink, Dolphin's Barn, Dublin 8	20	Existing Stock	€6.25m	€312,500	UK Investor
24	Tudor House, Clontarf, Dublin 3	18	Existing Stock	€4.5m	€250,000	Private Irish
25	Off-Market - Dublin	12	Existing Stock	€3.25m	€271,000	Private
	Total	**2,696**		**€1,183,500,000**		

146 residential units at The Phoenix Park Racecourse, Castleknock, Dublin 15 *developed by Flynn & O'Flaherty were purchased by I.RES for €60million.*



Ropemaker Place, Dublin 2 *was sold by Marlet Property Group to Real IS.*

16. The Top New Build Multi-Family/PRS Developments brought to market since 2016



	PROPERTY	YEAR	NO. OF UNITS	REPORTED PRICE	VENDOR	PURCHASER
1	Spencer Place, North Docklands, Dublin 1	Q1 2021	393	Guiding €220m	Ronan Group / Colony Capital	On Market
2	8th Lock, Royal Canal Park, Rathborne, Dublin 15	Q1 2021	435	c. €200m	Ballymore	Union Investment
3	Cheevers Court and Haliday House, Cualanor, Dún Laoghaire, Co. Dublin	Q3 2020	368	c. €200m	Cosgrave Group	DWS
4	Griffith Wood, Griffith Avenue, Dublin 9	Q2 2021	342	€176.5m	Cairn Plc	Greystar
5	Dublin Landings, North Docklands, Dublin 1	Q3 2019	268	€175.5m	Ballymore/Oxley	Greystar
6	One Three North, Clongriffin, Dublin 13	Q4 2018	376	€140m	Twinlite	Tristan Capital Partners
7	Fernbank, Churchtown, Dublin 14	Q2 2018	262	€138.5m	Park Developments	Irish Life
8	Leona & Charlotte, Honeypark, Dún Laoghaire, Co. Dublin	Q2 2017	319	€132m	Cosgrave Group	PATRIZIA
9	East Village, Clay Farm, Leopardstown, Dublin 18	Q2 2021	295	€127m	Park Developments	BlackRock / SW3
10	Off-Market - South Dublin	Q4 2019	265	c. €127m	Private	Private
11	Off-Market - Dublin	Q4 2019	300	€125m	Private	Private
12	Blackwood Square, Northwood, Santry Demesne, Dublin 9	Q4 2020	297	€123.5m	Cosgrave Group	Round Hill Capital & QuadReal Property Group
13	Fairway, Culanor, Upper Glenageary Road, Dún Laoghaire, Co. Dublin	Q1 2019	214	€108m	Cosgrave Group	DWS
14	Opus, 6 Hanover Quay, Grand Canal Dock, Dublin 2	Q2 2018	120	€101m	Cairn PLC	Carysfort Capital
15	The Quarter at Citywest, Co. Dublin	Q3 2019	282	€94m	Cairn PLC	Urbeo
16	Mount Argus, Harold's Cross, Dublin 6W	Q3 2019	166	€93m	Marlet Property Group	PATRIZIA
17	Woodward Square, Glencairn Gate, Leopardstown, Dublin 18	Q4 2019	160	€85m	Park Developments	Irish Life
18	Bridgefield, Santry Demesne, Dublin 9	Q4 2018	216	€84m	Cosgrave Group	Round Hill Capital
19	Shackleton Park & Gandon Park, Lucan, Co. Dublin	Q4 2019	229	€78.7	Cairn PLC	Carysfort Capital
20	Clay Farm 1C, Leopardstown, Dublin 18	Q3 2020	192	€75m	Park Developments	Urbeo
21	Neptune & Honeypark, Dún Laoghaire, Co. Dublin	Q2 2016	197	€72.5m	Cosgrave Group	SW3 Capital & Tristan Capital Partners
22	Elmfield, Ballyogan Road, Leopardstown, Dublin 18	Q1 2018	185	€68.5m	Dwyer Nolan	SW3 Capital & Tristan Capital Partners
23	Marina Village, Greystones, Co. Wicklow	Q1 2021	134	€64.5m	Glenveagh	Real IS
24	Phoenix Park Racecourse, Castleknock, Dublin 15	Q4 2020	146	€60m	Flynn & O'Flaherty	I.RES REIT
25	Herbert Hill, Dundrum, Dublin 14	Q4 2019	90	€55m	Glenveagh	Real IS
26	Harbour Road, Dalkey, Co. Dublin	Q4 2020	94	c. €54m	Winterbrook	Irish Life
27	The Benson Building, Grand Canal Dock, Dublin 2	Q3 2019	72	€52.5m	TIO	PATRIZIA
28	Project Merrion, Merrion Road, Dublin 4	Q4 2018	69	€47.05m	Dalata	I-RES REIT
29	Ropemaker Place, Cardiff Place, Dublin 2	Q4 2019	56	€46m	Marlet Property Group	Real IS
30	Citywest Village, Citywest, Co. Dublin	Q1 2019	129	€46m	Davy Hickey	Urbeo
31	Swiss Cottage by havitat, Swords Road, Santry, Dublin 9	2019	120	c.€43.5m	M.B. McNamara	Avestus / havitat
32	Hampton Wood, Finglas, Dublin 11	Q1 2018	128	€40m	Dwyer Nolan	I-RES REIT
33	Taylors Hill, Balbriggan & Semple Woods, Donabate, Co. Dublin	Q1 2019	118	€38.2m	Glenveagh	Private
34	Off-Market - West Dublin	Q1 2018	100	€38m	Confidential	Confidential
35	Hampton Wood, Finglas, Dublin 11 (Phase II)	Q3 2019	92	€35m	Dwyer Nolan	Approved Housing Body
36	Off-Market - Dún Laoghaire, Co. Dublin	Q4 2019	67	€30m	Private	Private
37	Off-Market, Hansfield, Dublin 15	Q4 2019	95	€30m	Private	Urbeo
38	New Bancroft, Tallaght, Dublin 24	Q4 2017	131	€30m	Park Developments	DAD/Urbeo
39	Rathborne Park, Ashtown, Dublin 15	Q2 2019	46	€18.51m	Castlethorn	Urbeo
40	Waterside, Malahide, Co. Dublin	Q1 2019	55	€18.5m	Cannon Kirk Group	I-RES REIT
		Total	7,623	€3.5 billion		

17. Hooke & MacDonald Investment and Development Team

The Hooke & MacDonald dedicated investment and development team would be glad to discuss any queries you may have on this report, the market or any existing or future projects.

Hooke & MacDonald's expertise and strong track record in multi-unit development, lettings and property management puts the company in a unique position to advise on new project design, lettability, management costs, capital values, investment yields and sales.

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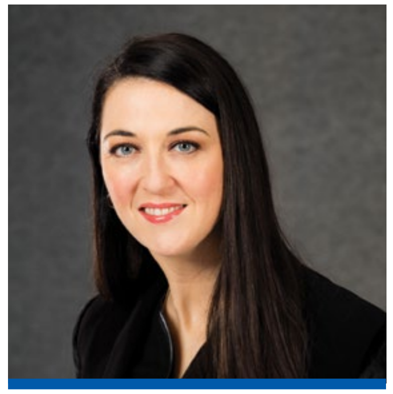

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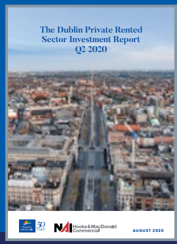

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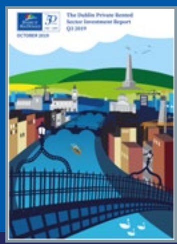

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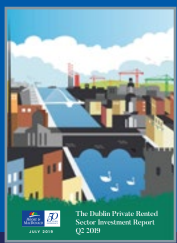

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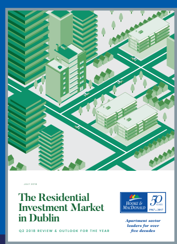

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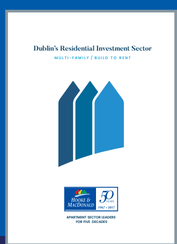

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