THE RESIDENTIAL INVESTMENT REPORT

GREATER DUBLIN AREA
2023 & H1 2024

July 2024

Hooke & MacDonald Commercial

Hooke & MacDonald

Contents

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1. Market Review

Like many jurisdictions, from a transactional point of view, the Irish residential investment / Private Rental Sector has struggled to deal with a number of challenges over the last 2 years. However, the fundamentals of the Irish economy are very strong, and the demographic need for accommodation in the country has arguably never been more pronounced.

MACRO TRENDS

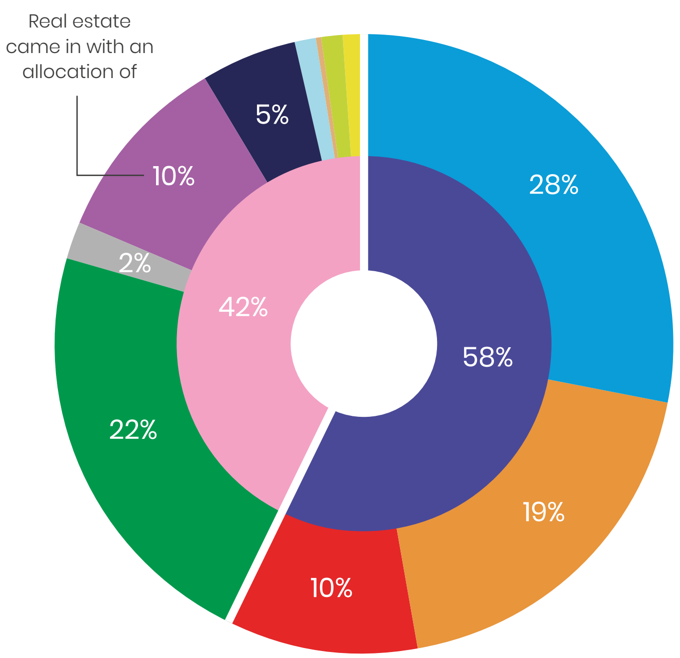
Inflation began trending upwards in Ireland and the Eurozone from early 2020 and peaked in October 2022 (Ireland at 9.2%; Eurozone at 10.6%). Since then, the rates have been steadily falling to their current position of Ireland at 2.6% and the Eurozone at 2.4%. Inflation is expected to continue to moderate and forecast by the ECB in June 2024 to be 2.2% by 2025, and 1.9% in 2026. The target inflation rate for the Eurozone is 2% and the ECB has stated they will only adjust interest rates downwards where they can see this target being achieved. Positively, economic growth was forecast by the ECB in the June 2024 statement to pick up to 0.9% in 2024, 1.4% in 2025 and 1.6% in 2026.

After nine months of holding rates steady, the Governing Council of the ECB decided to lower the three key ECB interest rates by 25 basis points on 6th June 2024 based on their 'updated assessment of the inflation outlook, the dynamics of underlying inflation and the strength of monetary policy transmission'. While rates are unlikely to return any time soon to low levels seen between 2014 and mid-2022, with this rate cut the interest rate on the ECB's main refinancing operations falls from a 22-year high level of 4.5% to 4.25%.

The spike in inflation and interest rate increases, combined with the geo-political events and resulting pressures in real estate portfolios and markets, have made real estate investing across Europe challenging since early 2022. The tragedies of the Ukrainian and the Israel / Palestinian conflicts are adding to uncertainty.

In 2022 and 2023 there was limited liquidity and transactions, with sales processes not completing in many cases. The move in interest rates is a very significant positive for economies and the property sector, and as rates are starting to trend downwards, this is kick starting transactions and the next real estate cycle.

Strategic Asset Allocation Percentages for 2023 – UBS Family Office Report 2024



Split between traditional and alternative asset classes:

- Traditional asset classes **58%**
- Alternative asset classes **42%**

Asset allocation percentages across the asset classes:

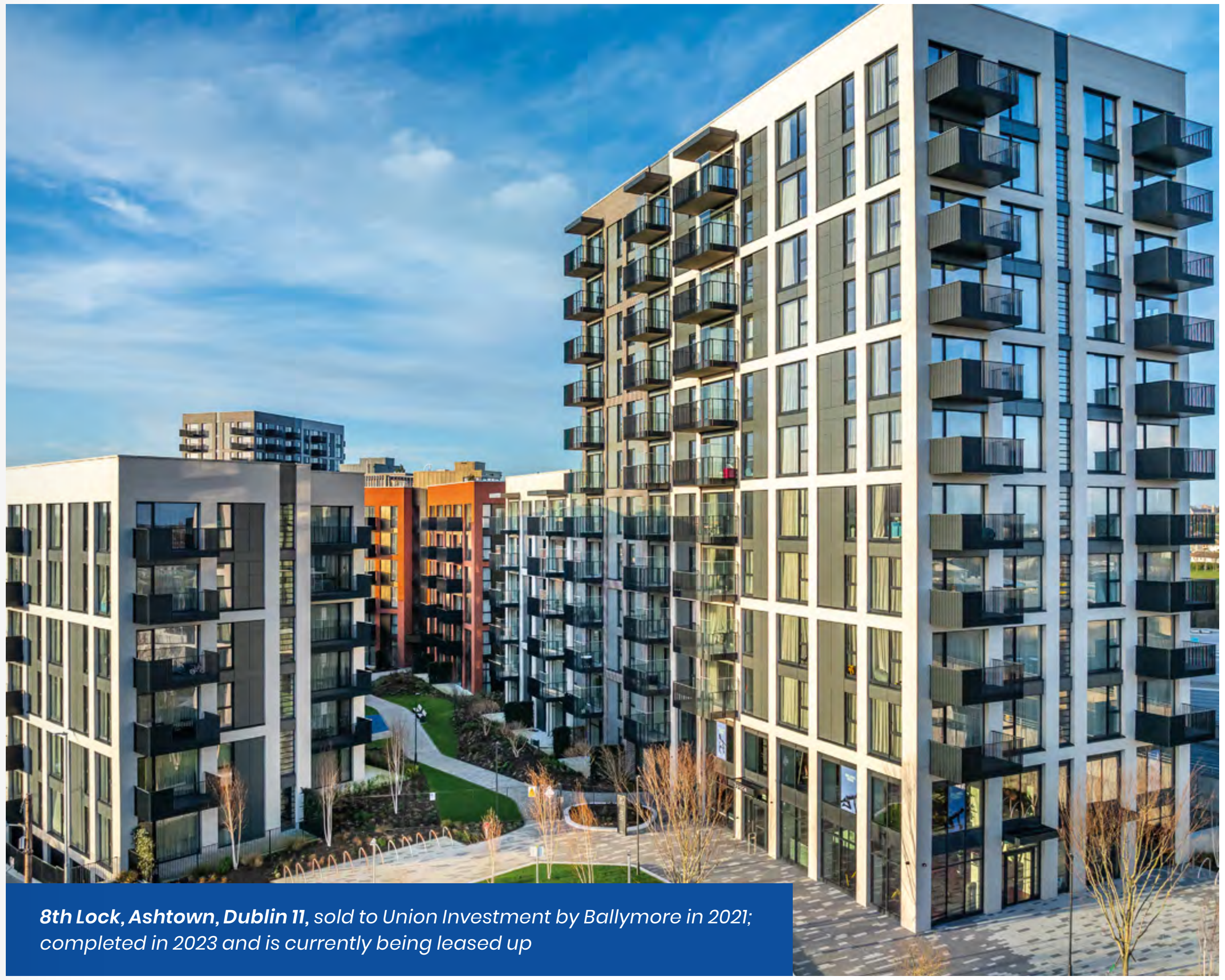
Traditional

- Equities **28%**
- Fixed income **19%**
- Cash **10%**

Alternative

- Private equity **22%**
- Private debt **2%**
- REAL ESTATE **10%**
- Hedge fund **5%**
- Gold / precious metals **1%**
- Commodities **< 1%**
- Art and antiques **1%**

Source: UBS Family Office Report 2024



***8th Lock, Ashtown, Dublin 11,** sold to Union Investment by Ballymore in 2021; completed in 2023 and is currently being leased up*

The opening 6 months of 2024 has seen a positive uplift in sentiment across European real estate investment markets. For example, in Germany Quarter 2 of 2024 saw over 10,000 properties in residential investment portfolios trade, the highest volume since the start of 2022 according to Lübke Kelber consultancy, as reported in Real Asset Insights. Transaction volumes reached €2.9 billion in the first 6 months of the year with a volume / size of over €100 million accounting for 51% of the total volume, which included a sale of over 4,500 properties by Vonovia. Reportedly a mix of both private equity and institutional capital is targeting the residential sector in Germany.

While the first quarter of 2024 was subdued in Ireland in terms of spend, in the second quarter there has been very significant activity from a mix of opportunistic and core investors. There is uncertainty regarding where pricing for prime real estate will settle but there is a good appetite for some assets, and an expectation that yields could tighten by between 50 and 75 basis points over the next 12 to 18 months, which should support underwriting, valuations and future sale processes for stabilised portfolios.

INVESTMENT ALTERNATIVES

EU government bond yields have increased substantially since they started moving upwards towards the end of 2020. Investments with perceived risk-free rates of return and other fixed income alternatives have been competing with real estate as inflation, interest rates and real estate investment yields have moved outwards, especially where there has been a lack of exit availability and liquidity in real estate markets. This is off the back of a period immediately post the outbreak of the Covid-19 pandemic when investment volumes into real estate were already low internationally, albeit Irish volumes had remained remarkably strong, with a record year in 'new build' forward sale multi-family transactions in 2021.

Not surprisingly there was increased capital allocations towards fixed income alternatives in 2023. This switch is confirmed for example by the UBS Global Family Office Report 2024, which surveys 320 single family offices controlling over €550 billion in capital. The report outlines that 'in a move to rebalance portfolios, allocations to developed market fixed income [investments] rose by the largest amount seen in five years. Additionally, real estate allocations declined at a time when commercial real estate prices in some regions have corrected'. The report also found that while allocations can vary by region, real estate is still coming in at around 10 per cent in terms of strategic asset allocations for 2023 – see UBS pie chart with allocations on the opposite page - real estate at 10% of total allocations. This percentage would be mirrored by many other capital allocators.

Assessments of real estate opportunities are often benchmarked against fixed income offerings, the risk-free rates of return and deposit rates available. Also, prior to the increased interest rate environment, debt was seen as accretive and beneficial in compounding returns. This has not been the case since the lending rate increases; hence transaction volumes are reduced, as there has been less money to go around; those buying with all equity can be in better positions to transact.

The proposition of using real estate as a hedge against inflation is still being pursued, but without attractive returns those parties who control capital – for example, private equity and pension funds, sovereign wealth and family offices - have been hesitant to commit to new deals over the last 18 months. For several reasons, including the June 2024 ECB interest rate cut, there is a strong expectation that there will be an increase in real estate deal flow across Europe over the next 12 months, those with capital looking to benefit from the wider shortage and make up for reduced activity since Covid (2020). The Irish State – Central Bank, the Departments of the Taoiseach, Finance and Housing – need to actively create the right conditions for investment over the coming months, including regulations and confidence, to ensure Ireland benefits from this appetite for real estate. New housing is infrastructure for the State, once built can't be moved elsewhere - the attraction of international capital to fund this infrastructure is fundamental to Ireland's future success from a social and economic point of view.

LIVING SECTOR CAPITAL DEMAND

What is becoming more and more evident is the movement in attitudes and allocations from traditional real estate asset classes (offices and retail) towards the living sector. This will not happen overnight, it is a medium to long term trend that will see increased allocations to the living sector, with there still being demand into the future for good quality, appropriately priced offices and retail. Internationally the living sector is made up of a broad mix of 'beds' related asset types: private rented housing (PRS), build to rent (BTR) / multi-family, social & affordable housing, single family rental, student housing, co-living, senior living, and hotels – all of which are operational 'residential' asset classes.

The European Association for Investors in Non-Listed Real Estate Vehicles, INREV, whose members include around 120 of the largest institutional investors, found in its January 2024 issued annual Investment Intentions Survey of 90 investors (with Assets Under Management of €830 billion), that 90% of respondents would be targeting residential real estate in 2024 (up from 60% in 2023): the first time in the history of the survey that residential topped investors' preferred asset classes. Residential was just ahead of industrial / logistics at 87% (up from 46% in 2023); student accommodation at 45% and healthcare at 35%. There was a view from INREV in the response to the survey results that investors would find it difficult to deploy capital into these sectors taking into account the sheer size of the market and the large amounts of capital involved.

These trends are forecast to continue which bodes well for those with stabilised portfolios in the residential asset classes, valuations and new development projects, where viability can be achieved. It should also give confidence to funders, many of whom are pivoting towards the sector and eyeing opportunities.

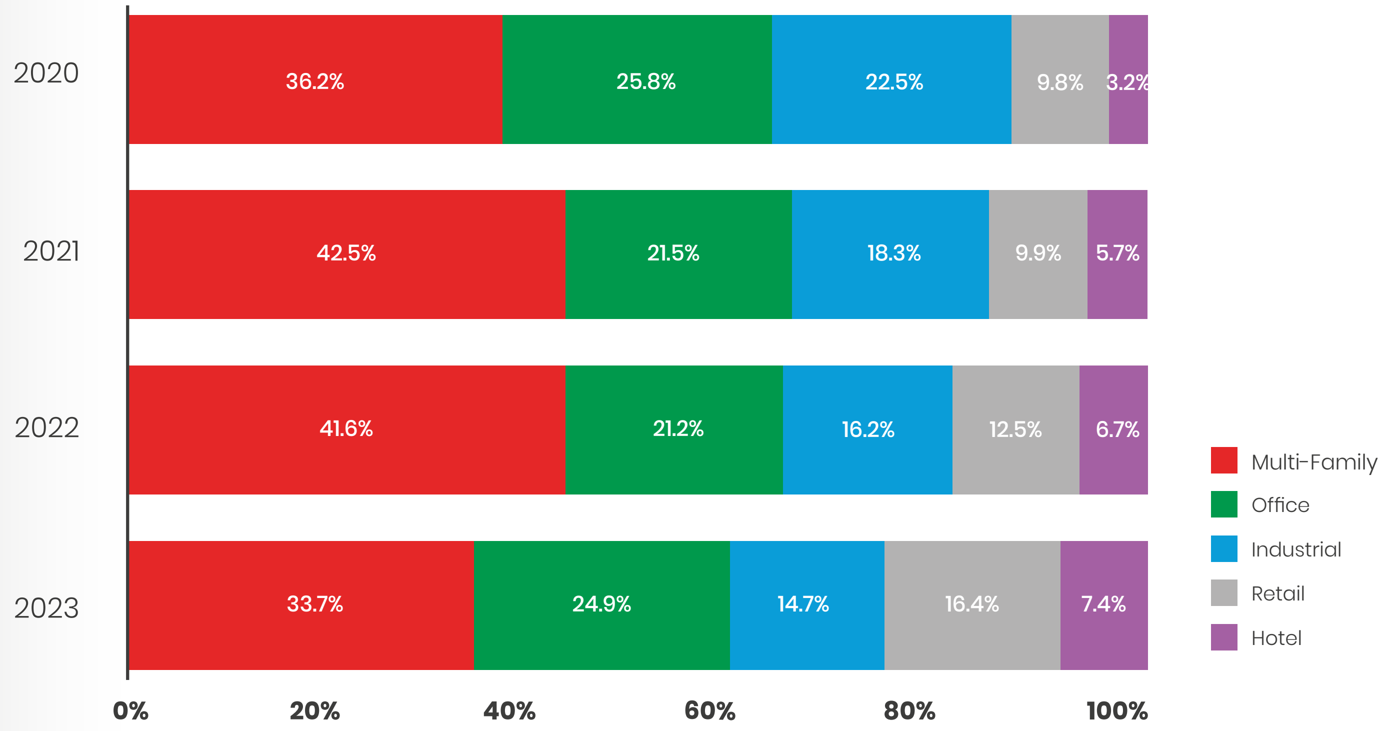
Not surprisingly, one of Ireland's pillar banks, Bank of Ireland has recently announced increased available funding of €2.5 billion for housing development to be deployed over 24 months, with a significant element for rental housing as well as the social and affordable sector. AIB are also supportive of the sector as are other domestic lenders including HBFI and Activate.

From an international point of view, some European countries are already significantly progressed in terms of institutional funding and investment into private, social and affordable housing supply. The US is decades ahead of many European countries, with multifamily and other housing investment consistently leading the way and representing the largest real estate asset class by sector. The chart opposite by Statista.com shows that US multifamily residential real estate averaged 38 per cent of the total commercial property investment market in the US between 2020 and 2023. Ireland had seen similar relative volumes of private investment into the residential sector between 2019 and 2021, but this funding has now virtually ceased. Ireland has many years of catching up for overall asset allocations to match those seen in the US and to benefit from the appetite for the residential investment.

From our engagement with capital providers over recent weeks it is evident that their view is that higher density apartment development and investment across Europe is very difficult in most locations at present taking into account input costs, financing rates and exit pricing / yield requirements; and without state specific government interventions to support viability and construction, new supply will not occur. Ireland is in the same position as most other European states in the challenges it is facing. Helsinki and Madrid are cities where some interventions are working.

With the right policies and incentives in place the demand to fund the 'living sector' can be used

Market Share of Commercial Real Estate Investments in the United States from 2020 to 2023 by property type



Source: Statista Research Department

to facilitate the delivery of housing infrastructure across multiple tenures, assisting in providing a more equitable housing environment in Ireland. Economically, Ireland is currently in a strong position, with Government surpluses annually. What tends to happen is that as more difficult economic conditions arise through the normal cycles seen, spending on infrastructure dries up; the State can't be relied on to fund housing supply in the long run, as it is now. Ireland needs to be clever in the design of its housing strategy over the coming years, one that allows for consistent housing delivery, even when the Exchequer resources are more challenged. The private sector, provided with well thought out, favourable and stable policies can play its part.

IRISH SECTORAL OVERVIEW

In the environment of higher interest rates across Europe, similar to other markets, investors have been reassessing what they could pay for properties in order to secure their required returns; and what their existing portfolios are valued at. Some funds have been dealing with redemptions, and the potential for them, concentrating on maintaining cash or boosting it through disposals, where possible. Others have been slow to make the first move in a disrupted environment. The elevated costs of finance and lack of transactions in markets have impacted investor requirements and have had a moderating effect on values. Investors have mixed views on where they think prime and secondary yields are at and what they could commit to.

As a result of funding transactions, mostly between 2016 and 2021, there are over 30 domestic and international investors with residential / private rental portfolios of significant scale invested in Ireland, predominantly in Dublin. These are direct investments with ownership of properties; there are many other parties that have funding exposure to the sector. This is a remarkable and healthy transition from a point of limited institutional involvement prior to 2012. This is much needed in an environment where private ownership by individuals of rental properties is falling steadily.

Ireland has lost some of its gloss as one of the main favoured locations for residential funding and investment as a result of external factors (some already outlined), which the country does not control, but more importantly due to internal factors and the environment created by policy makers i.e. continual changing of rent controls and the 2 per cent rent cap; adjustments to corporate, tax and regulations and structuring, sometimes abrupt and the general regulatory ineffectiveness which is seen in the sector including slowness to secure resolutions where problems arise. The Housing Commission's report, with a new proposal around rental controls, has not helped and would also be very detrimental. The culture, policy and environment for residential ownership and rental supply in Ireland has to change and the change needs to be seismic if the right conditions are to be created for future funding across all tenures.

FOSTERING INVESTMENT

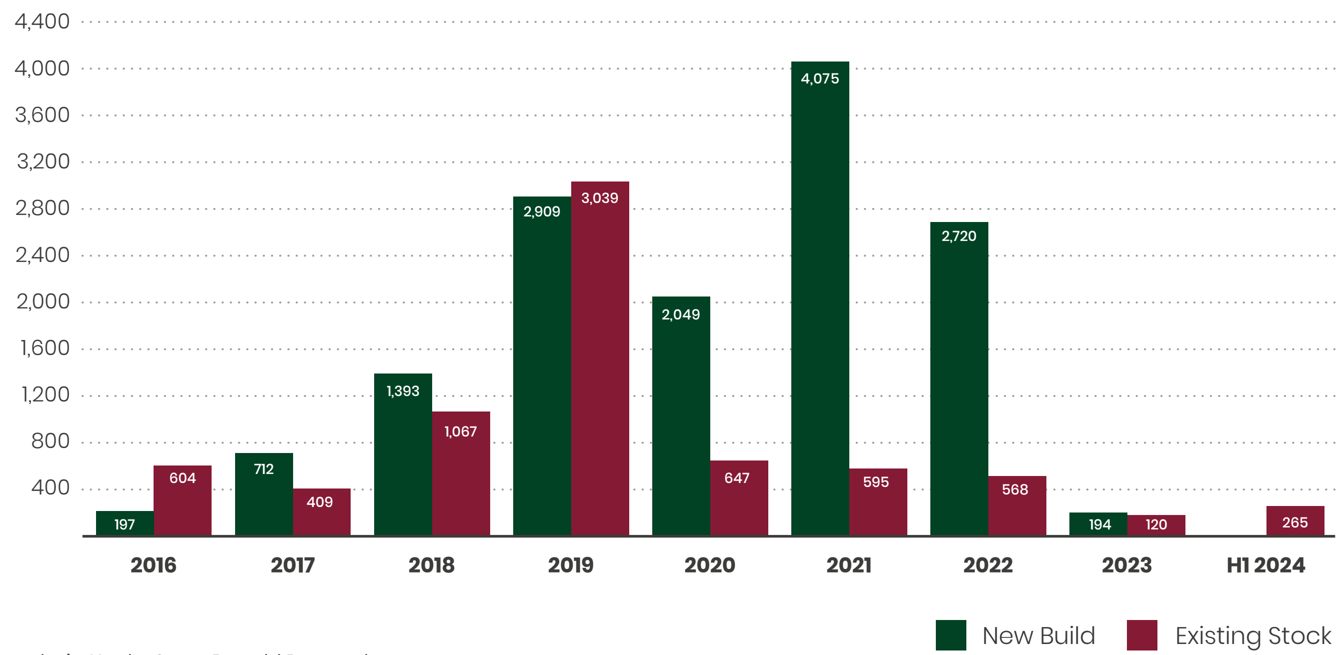
Having been involved in advising on residential investments that funded over €3.25 billion or 8,000 mostly new apartments over the last 7 years, Hooke & MacDonald has excellent relationships with the international capital providers. From Hooke & MacDonald's engagement with funders and investors in 2023 and 2024 it is evident that the strong fundamentals for investment in Dublin are still recognised, but the current environment and policies need adjustment and the right conditions created. Similar to Foreign Direct Investment relating to manufacturing and labour (e.g in technology, pharmaceuticals), Ireland is competing with other destinations for capital and, as with any location, the right policies and conditions to foster investment need to be in place. Some countries and cities appreciate this more than others, engage with stakeholders and facilitate the involvement of capital providers. For example, Ireland has a lower tax regime for companies to encourage investment – a staple of the Irish economic story. Unlike operations and jobs, the built environment (e.g. apartments and offices) can't be transferred to another country with a change in economic conditions or corporate strategy.

Founded in 1949, IDA Ireland (formerly the Industrial Development Authority) is a semi-state agency responsible for the attraction and retention of inward foreign direct investment (FDI) into Ireland. It has had a transformative impact on driving investment in businesses and employment in the State for decades. While professional services firms (mostly agents and solicitors), some property owners and ISIF represent Ireland at international real estate gatherings such as MIPIM, EXPO REAL, GRI and ULI events; and sectoral bodies input to Government (e.g. IPAV, SCSI, IHBA, IIP, PII, CIF, Engineers Ireland, RIAI); Ireland does not currently have a similar State cheerleader for international policy development, thought leadership and investment in real estate. Many institutional investors would love to contribute to the funding of the Irish housing sector but impediments to doing so, the lack of strategy and incentives are pushing entities to competitor locations.

While there have been several creative and constructive policies relating to housing produced by the Government over recent years, many of the policies which are fundamentally good ideas, are presented in their finished format rather than being formulated, discussed with industry stakeholders, feedback taken onboard and 100% fit for purpose policies issued. There are numerous examples of policies which could have benefitted from more industry feedback including the Residentially Zoned Land tax, Land Value Sharing tax, Croí Cónaithe, STAR scheme (Secure Tenancy Affordable Rental.)

Residential rent restrictions are seen by many, including by numerous international bodies and researchers, as very detrimental to securing funding

Volume of New Build & Existing Stock Residential Investment / PRS Units Transacted in Dublin 2016 - H1 2024



Analysis: Hooke & MacDonald Research

Eglinton Place, Donnybrook, Dublin 4, developed by Richmond Homes and sold to M&G in Q1 2023

and investment in housing and increasing supply, their negative consequences are becoming more widely appreciated, particularly as a result of research and experience. Yan Sun, the International Monetary Fund's mission chief for Ireland stated in November 2023 'when you put a control there, it's not a market price — what happens is it increases demand and reduces supply, and the quality of supply' and 'increasing supply has proven to be a far more effective way of providing affordable rents than implementing rent controls'.

The original Irish Government Rent Pressure Zone restriction was for 4 per cent increases per annum, which was seen as not ideal but largely workable. The imposed 2 per cent rent cap, which was introduced in November 2021, in an environment of increasing costs and inflation (9.2 per cent inflation by October 2022) is unworkable and is proving to be disastrous for investment transactions and funding in the sector and consequently to the supply and cost of rental accommodation. This is a critical issue for institutional funders. If the housing sector is to receive the funding it requires from domestic and international sources, it needs to be appreciated that the unintended consequences of the rent cap far outweigh any short term or illusory gain. See further research around rent controls in Section 4 of this report.

Many stakeholders are eagerly awaiting the result of the findings of the review of the funds sector by the Department of Finance that is due to be issued in Summer 2024 and the Review of the Private Rental Sector by the Department of Housing, Local Government and Planning which commenced in 2023. While private for purchase housing and social & affordable housing has been given priority with wide ranging investment and constructive initiatives to foster new supply, the private rental sector now also needs this attention in order for the State to have a balanced and sustainable approach to housing supply.

The former Minister for Finance, Michael McGrath, speaking on 11th June 2024 at a conference organised by Banking and Payments Federation Ireland (BPFI) stated that Ireland needs to be a "welcoming home" for foreign institutional investors in order to meet the estimated €20 billion cost of meeting the Government's new target of 50,000 homes to be built annually.

"We have to be grown up and acknowledge that we have a great funding need that the State alone cannot meet" the Minister said.

"If we are to build around 50,000 units a year, then you need approximately €20 billion. The State can provide a share of that, but the banking sector, the nonbanking sector and international capital will all have to play a role. And we have to be open and welcoming to private capital if we are genuine about meeting the housing need".

In Hooke & MacDonald's opinion, whether or not there are properly functioning international and domestic funding and capital markets, Ireland is not currently set up to attract substantial, and the required amounts, of private capital into new housing supply for rental or ownership. The non-viability of apartment construction and the 2 per cent rent cap are, among other factors, causing new private sector funding for the private and affordable rental market to be nonexistent. There needs to be action and properly formulated policies, not lip service.

***Shackleton Park, Lucan, Co. Dublin,** originally constructed by Cairn Homes, KGAL acquired 104 stabilised apartments from Carysfort Capital & TPG Angelo, Gordon in Q1, 2024*

2023 INVESTMENT TRANSACTIONS

There was a very low level of investment transactions in the Greater Dublin Area in 2023 with a total spend of just €1.35 billion, compared to €4 billion in 2022, representing a reduction of 66 per cent on 2022 and the lowest level in 10 years. Twenty-two per cent of the 2023 spend, €303 million, was on offices; twenty one per cent, €290 million, was on PRS; eighteen per cent, €251 million, was on industrial; thirteen per cent, €175 million was on retail; two per cent, €28 million, was on mixed use assets.

The two largest residential investment transactions in 2023 were recorded in Q1, 2023: the sale by Carysfort Capital / Angelo, Gordon & Co. of Opus, Hanover Quay, Grand Canal Dock, Dublin 2, comprising 120 apartments, which were completed by Cairn Homes in 2019, to Pontegadea at €101 million which equated to c.4.30 per cent net yield; and the forward sale of the landmark 148 apartment scheme by Richmond Homes at Eglinton Place, Donnybrook, Dublin 4 to M&G for €99.5 million, which equated to a c.4 per cent net yield.

Pontegadea is the reported €90bn-plus personal investment group of Zara, and its parent company Inditex, billionaire founder Amancio Ortega. The Spanish fund, which owns 59 per cent of Inditex, announced 10 real estate acquisitions worth c.€1.1 billion made over the course of 2023, including into residential, logistics and offices. The vehicle has been capitalising on high levels of free cash flow from dividends and implementing its 'buy the dip' strategy, acquiring real estate with equity, unimpacted by higher interest rates and more limited competition for assets as a result. The firm also paid c. €225 million in 2023 for a major logistics investment at Dublin's Baldonnell Business Park (c.111,000 sq.m. fully tenanted - c.50 per cent let to Amazon).

The M&G multi-city residential investment fund, with its acquisition in Dublin 4, was a strong vote of confidence for the city from one of the world's leading property investors, which has over €30 billion under management.

Five of the ten PRS transactions in 2023 were stabilised stock with the remaining five transactions being new build properties. This is an indication of the lack of viability in getting new build projects started in the sector, which also factors in a mismatch between returns available to investors. PRS transactions in the second half of 2023 almost halted. The five stabilised transactions were on the smaller side and included The Willows, Sandymount for €9.75m and an off-market transaction for €10m.

See bar chart with the volume of New Build & Existing Stock Residential Investment Units Transacted in Dublin 2016 - H1 2024. Clearly, transactions virtually ceased in 2023, a very concerning fact as it will directly impact the supply of rental accommodation over the coming years. Our estimate of total new properties sold in these transactions, combining all green bars in the chart, amounts to 14,249 between 2016 and 2023.

Notably, the bar chart is based on 'transactions' recorded and does not take account of the very significant new PRS development supply by other stakeholders, for example into their own rental platforms, most which would have commenced between 2019 and 2021 - examples of this include Ardstone's development at Two Oaks (Rathfarnham); Hines at Cherrywood; Kennedy Wilson at Clancy Quay (Islandbridge), The Grange & The Cornerstone (Stillorgan) and Coopers Cross (North Docklands); Marlet in multiple locations including the Walled Garden and Green Acre Grange (Dundrum), St. Clare's Park (Harold's Cross), One Lime Street (South Docklands), Grand Canal Harbour (Dublin 8) and Claremont (Howth). These listed developments add up to over 4,000 new PRS apartments. Therefore the total delivery across properties sold into the market, built by platform operators as well as standalone blocks is over 20,000 new properties in the 7 year period.

DUBLIN TRANSACTIONS H1 2024

The overall investment spend in the Great Dublin Area in the first quarter of 2024 was just €123 million across all assets, a 26 per cent fall on the €470 million outlay in Q1 2023 - a dearth in comparison to previous years. Even though there was only one main PRS transaction in the first quarter of 2024, the outlay represented 35 per cent of the total investment spend across all asset classes. The one transaction was the €42 million achieved by Carysfort Capital / Angelo Gordon through the sale of 104 stabilised Cairn plc built apartments at Shackleton Park, Lucan in West Dublin to new capital from KGAL via their Core 5 LIFE fund, which Hooke & MacDonald advised on. The sale was a portion of a larger portfolio of 375 properties Carysfort and Angelo Gordon own in Shackleton which they are currently divesting out of as part of a medium term planned strategy.

KGAL is a German fund with approx. €16 billion of Assets Under Management across three asset classes: real estate, sustainable infrastructure and aviation. They are very much long-term investors, managing capital for pension funds and insurance companies but are new to Irish residential. Their appreciation of the Irish market dynamics, the micro location in West Dublin and commitment to the transaction has also been seen as a significant positive for the Irish investment market.

The second quarter of 2024 showed encouraging signs with the positive sentiment of the first quarter being backed up by transactions in a range of sectors. Combining the first and second quarters, investment spend across all asset classes amounted to €457 million for the 6 months for 36 transactions in the Greater Dublin Area, primarily in Dublin. The residential sector accounted for €122 million and 27 per cent of the investments. The biggest transaction of the 6 months was the sale of a stabilised residential portfolio of 136 properties in Malahide, North Dublin, which at €70 million accounted for 16 per cent of the spend. Offices transactions in the first half of the year amounted to €97 million / 21 per cent; retail €94 million / 21 per cent; mixed use of €50 million / 10 per cent; industrial / logistics of €43 million / 9 per cent and other deals at €50 million / 11 per cent which included a large healthcare transaction in north Dublin.

The sale by State Street Global Advisors of the prestigious 40 Molesworth Street in Dublin city centre is being seen by many as very significant. The Frankfurt Headquartered, Deka Immobilien paid €37.5 million, equivalent to an approximate net initial yield of 5.16 per cent for the 3,100 sq.m. LEED Gold Certificate, primarily Grade A property, which was re-developed in 2017. The office covenant is the international law firm, DLA Piper. Deka, with over 300 office buildings in 27 countries on five continents, is one of the world's largest investment managers for offices. As a result, this is regarded as the first 'core' office investment transaction in the Irish market since 2022 and a very positive bellwether for Ireland, showing that the country is still a key location for core capital.

There are a small number of stabilised Dublin residential investment properties currently being offered for sale as some investors seek to implement their own portfolio management strategies. Hooke & MacDonald expect there could be additional Private Rental Sector trades of stabilised stock before the end of 2024, with pricing in the mid to upper 4's on a net yield basis. In the current environment where the cost of capital is more expensive, the properties that are showing higher yields are naturally seeing the most demand, allowing investors a return over the risk-free rates and potential funding costs. Forward sale and forward funding of new residential rental development projects and new supply is not going to occur based on the current environment and pricing.

Student accommodation, (PBSA – Purpose Built Student Accommodation) is currently being priced in the 5-6 per cent yield range on a net basis. At these levels there is good demand. Strong interest was reported for the 'Scape' student housing scheme located off Aungier Street in Dublin city centre through a recent marketing process. The property is reportedly at contract stage on an expected net yield of approximately 5.35 per cent for a sale of the property which was marketed at a guide price of €80 million.

There is a reluctance by stakeholders of Dublin stabilised multifamily properties to sell for yields close to or above 5 per cent taking into account a number of factors - the increasing focus on the living sector internationally; the downward trending interest rates; the early stage in the market cycle with improving market sentiment and transaction levels; the high quality of the developments, which compare very favourably internationally; the expected massive drop off in supply of new rental accommodation; and the Irish economic and demographic fundamentals.

RECENT RENTAL SCHEME COMPLETIONS

The last two and half years have seen over 40 Private Rental Sector development projects (mostly forward sold) in the Greater Dublin Area come to practical completion for stakeholders. These are projects which commenced construction mainly between 2020 and 2022 adding a total of 10,036 homes to the rental stock, as estimated by Hooke & MacDonald. Positively, these projects would have also contributed separately to the social housing stock through the statutory Part V requirements on new developments, typically 10 per cent of each development.

The quality of the accommodation that has been built is very high and the offering, including service levels and amenities, for residents from the new institutional owners and their property managers, who are typically locally based, is excellent, and without the prospect of tenants being told that they will have to vacate because properties are being sold, providing excellent security of tenure.

It is evident that there is a higher level of expectation by renters as a result of the increased standards and offerings across the Dublin region; properties without amenities or poorly maintained properties are seeing more limited demand.

DUBLIN RENTAL SUPPLY AND RENTS

Hooke & MacDonald's view is that the new residential supply (referred to above) has been having an impact on moderating rents across Dublin in 2024. Through research undertaken by the firm, it is estimated that the number of available newly developed 'first letting' properties to rent in Dublin went from 2,523 properties in February 2023 to 4,091 properties in February 2024; an increase of over 1,500 or 62 per cent (all mostly apartments). This is based on a detailed review of new developments and occupancy and not based on property portal listings, which generally only have one listing for each unit type per development. This increased supply has given more options to renters and challenged rental levels. This has been especially evident on new properties coming up for re-let that were first let in 2023, when there was very significant demand but more limited options at the time.

This trend has also been mirrored in the Daft.ie Q1, 2024 Rental Report findings which showed a greater number of listings and availability of rental accommodation in Dublin than in the previous period. Again, showing that the new supply is making a difference in Dublin – it is not down to a reduction in demand. The pace of rent increases in Dublin also slowed to 2.5 per cent according to the Daft.ie report.

Unfortunately, as a result of many factors, including some of those outlined in this report and most notably the introduction of the 2 per cent rent increase cap, there has been a slowdown in residential investment funding from 2022, and a cessation of new private rental sector development projects for PRS, it is expected that new development completions will dry up over the next 12 months and availability of rental accommodation in Dublin will fall significantly, which will be to the detriment of renters, businesses and the State.

The considerable incentives and initiatives being provided by the government for the first time buyer new homes market and the social and affordable housing sectors are leading to a welcome upsurge in new housing starts which Hooke & MacDonald estimate should result in around 40,000 homes being built in 2024 and over 44,000 in 2025.

If the Government removed current impediments to supply and created a new welcoming environment for funding in the Private Rental and Affordable Sectors, new supply of houses and apartments could move to over 50,000 homes being delivered each year from 2026.

OVER 119,000 PEOPLE DISPLACED BY SMALL LANDLORDS EXITING THE MARKET

According to the Residential Tenancies Board (RTB) between 2016 and 2023 there was a drop of 95,843 private rental tenancies registered on the RTB systems in Ireland from a peak of 319,822 in 2016 to 223,979 in 2023. The CSO Census 2022 figures appear to contradict these figures but even allowing for a conservative reduction of say 50 per cent on the RTB figures, representing landlords exiting the market and the properties being purchased by owner occupiers, this would equate to a displacement of over 119,000 people (based on an estimated occupancy of 2.5 persons per tenancy). Most owners in the Private Rental Sector are smaller landlords owning between one and three properties – they are selling up and removing their accommodation from the country's private rental stock permanently, as these properties are predominantly acquired by owner occupiers. This is being seen across the country. The reasons for these smaller landlords leaving the sector include:

High rate of tax: Individuals are typically taxed at a personal level of over 50 per cent on rental income in Ireland making it very unattractive to retain ownership, especially where they have deficits because of mortgage repayments added to costs of ownership. Renting residential property is not treated as a business for small investors.

Increased property prices and interest rates: Many landlords are now out of negative equity seen in the downturn post-2008; combined with interest rate increases it is easier to sell on residential investments then hold them.

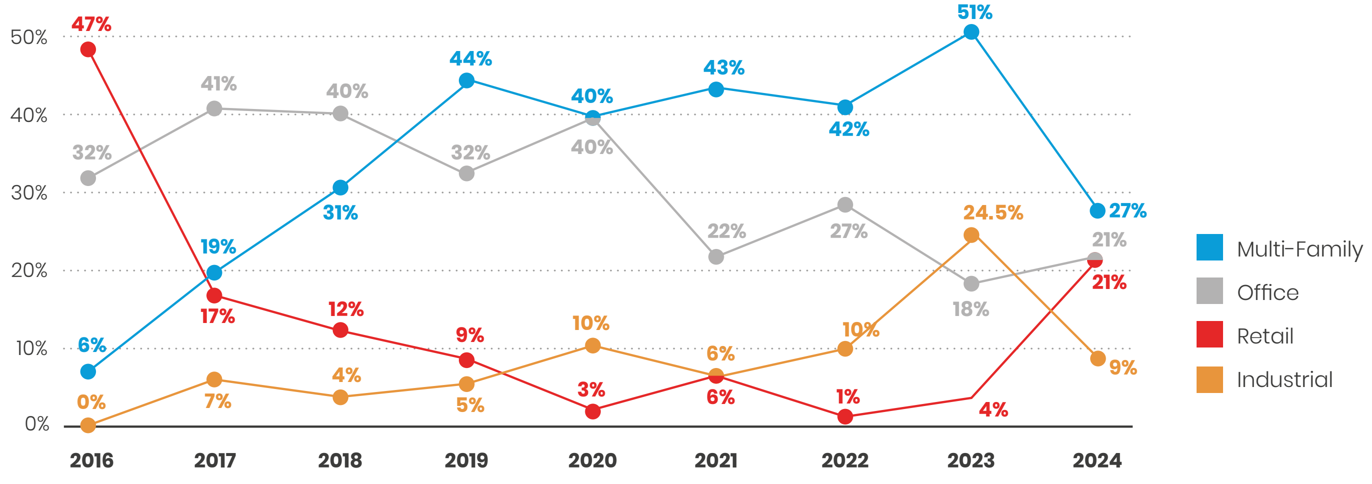
Increased regulation of the sector: this is being seen at an administrative level, which is burdensome for small landlords and is also combined with the restrictive 2 per cent rent increase cap because of the Rent Pressure Zones, which for a period was lagging inflation.

Age and condition of properties: over 60 per cent of the private rental stock in Ireland was built between 1991 and 2010, as a result, much if it now requires significant upgrading. The argument or business case for major outlay, where there are limited returns, is not favourable. Unlike institutional landlords who maintain their portfolios on and ongoing basis, many small landlords do it sporadically and only when necessary.

Lack of incentives: there are limited benefits to staying as a landlord on a small-scale basis and limited support from the State.

The supply of newly developed rental accommodation in Dublin since 2016, as referred to in the section above, can only make up for a small portion of those properties being taken out of the sector.

Dublin Investment Transactions by Sector and Volume – 2016 – H1 2024



Analysis: Hooke & MacDonald Research
Note: Analysis excludes transactions in mixed use, and other sectors.

SUPPLY & RENTS OUTSIDE DUBLIN

Due to viability issues, areas outside Dublin, including the main cities, did not benefit from the same supply increases seen in recent years and negligible amounts of apartments have been built outside of Dublin for over 16 years despite considerable demographic demand for smaller accommodation types including rental apartments. Nothing effective has been done to address this. As a result, rents continue to rise across the country, and at this stage rents are rising at a far higher rate in areas outside Dublin where interestingly there has been little or no institutional involvement. According to the Daft.ie Rental Price Report Q1, 2024, average rental prices in Cork City rose by 8 per cent in 2023, they rose by 17.5 per cent in Limerick City, 5 per cent in Galway City and 6.9 per cent in Waterford City in the period.

POLICY VERSUS REALITY

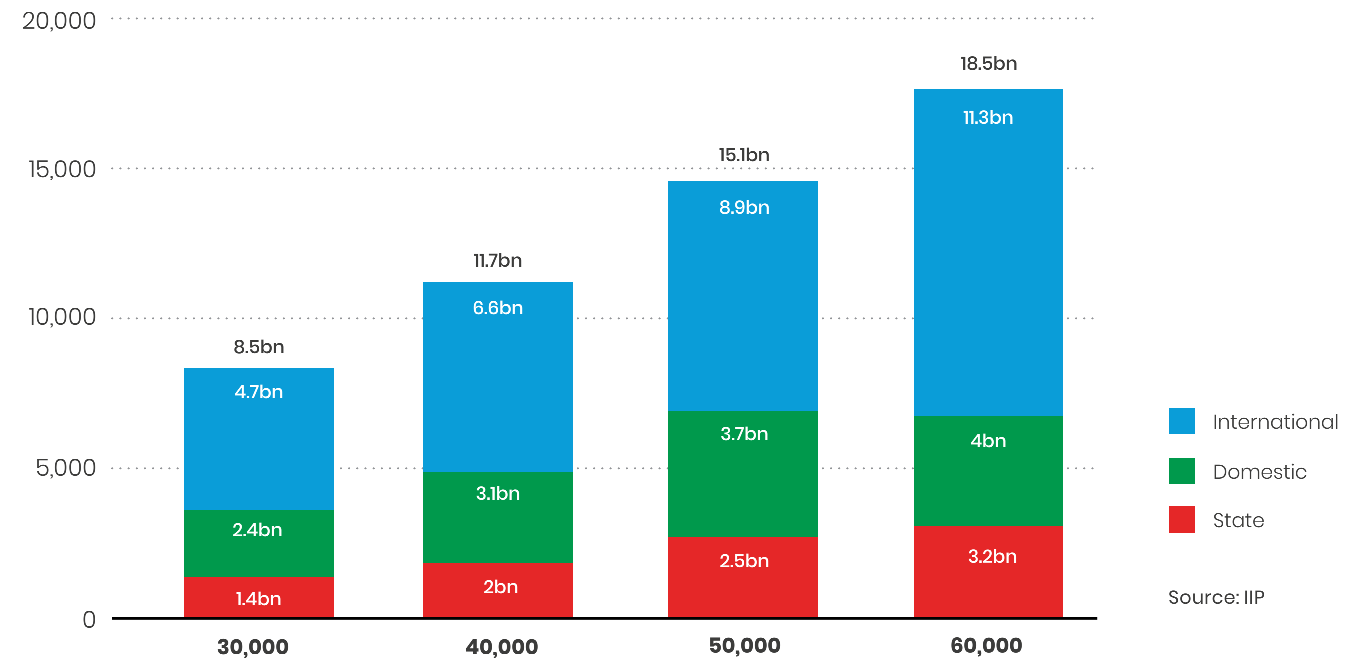
Much of the debate on housing focuses on supply – which is vitally important – but the level of demand and components of the demand receive insufficient attention, including the negative effects of 14 years of pent-up demand caused by a virtual collapse in required supply over the majority of that period. Adding to the problem have been at a national level the inappropriate logic used in Government's National Planning Framework for Project Ireland 2040, which is meant to guide at a high-level strategic planning and development for the country over the next 20+ years, so that as the population grows, that growth is sustainable (in economic, social and environmental terms); much of this Framework has not given enough priority to Dublin, the economic engine of the State and an area that continues to drive population growth.

At a local level, the unrealistic demand criteria assessments used by local authorities in their "Housing Need and Demand Assessment" models for local Development Plans are also disadvantaging the State.

Conor O'Connell, the Construction Industry Federation (CIF) Director of Housing and Planning Services, outlined in June 2023 to the Oireachtas (Irish Parliament) Joint Committee on Housing that land zoned for housing purposes is based on "population projections from 2011 to 2016, one of the lowest population growth periods in recent Irish history" and that the household formation size in Ireland is "not reflective of European norms", where it is 2.3 persons per household in contrast to 2.7 in Ireland.

Mr. O'Connell outlined "Unfortunately, Local and County Development Plans have now adopted and built in these unrealistic aspirations towards land management in their Development Plans and there are many examples of settlement caps or even the de-zoning of residential lands previously zoned for housing purposes" and "In many locations lands have been zoned for housing that are difficult and expensive to service and in other locations serviced or easily serviced lands have been de-zoned or not zoned". Concluding on the subject "Our land management process for housing delivery is therefore fundamentally flawed and almost applies a "just in time" process for delivery rather than a predictive model based on realistic time frames for the delivery of infrastructure to facilitate housing". Hooke & MacDonald's view is that more land needs to be zoned for housing and both housing and infrastructural investment over the coming years needs to be more focused on the Great Dublin Area and Ireland's main cities.

Residential Development Finance Requirements in Ireland for a Range of Supply Scenarios based on IIP research (Dec. 2023)



The rental sector in Dublin desperately needs more accommodation to meet demand – social, affordable rental and private. The demographic factors are driving this need, and these are forecast to continue for many years to come - beyond 2050. From a review of the rental market and through Hooke & MacDonald's ongoing management of over 4,000 apartments and houses across the Dublin area, it is evident that overall demand for rental accommodation in Dublin remains very high with new developments and recently vacated properties renting very quickly. This is despite the earlier announcements of reductions in employee numbers in some companies across the tech sector globally – the Dublin sector is very buoyant with accommodation at all levels in high demand.

IMMIGRATION & INTERNATIONAL PROTECTION

Recent figures show an estimated 64,000 people emigrated from Ireland and 141,600 immigrated to Ireland in the 12 months to the end of April 2023: a net 77,600 people coming to Ireland over the period, the equivalent of 212 people every day of the year on a net basis.

Since February 2022 just under 107,000 people have arrived in Ireland as Beneficiaries of Temporary Protection following Russia's invasion of Ukraine. In 2023 approximately 13,000 people separately applied for International Protection (asylum) in Ireland.

The number of weekly arrivals from Ukraine has fallen significantly since the beginning of 2024. This came after the Government reduced the allowances for newly arrived Ukrainian refugees, dropping from €220 to €38.80 per week, the same rate that asylum applicants receive. New arrivals from Ukraine now also have a 90-day limit on the time they can remain housed by the State.

SOCIAL & AFFORDABLE SECTOR PURCHASING MOST APARTMENTS

The considerable and welcome investment by the Government and State funded bodies in social and affordable housing is accelerating and going to continue for the foreseeable future based on Government strategy and the exchequer position. The Land Development Agency, Approved Housing Bodies and local authorities are being resourced to fund, acquire and build new housing supply. The shift towards social and affordable housing reflects a growing recognition of the need for accessible housing options for lower income individuals and families, especially in an environment where housing supply and affordability is strained.

With the available funding in this sector, builders and developers find it economically advantageous to cater to this demand and in reality, it is the only option for largely unviable apartment sites. In the last 18 months the forward purchasers and funding in this area has increased substantially.

Based on current input costs and insufficient incentives to balance out high construction and other input costs, higher density development activity for the private rental sector is going to continue to reduce. There is very limited apartment or higher density housing for individual private sale, a trend which has been evident since 2008 (16 years at this stage), a fact that has been largely overlooked, despite planning policy being geared to this type of development in most urban locations across the country, and suburban ones on transport infrastructure. In most locations, higher density development is only feasible with State support at present. Hence, builders / developers for the most part are looking to sell to the Land Development Agency, the Approved Housing Bodies (AHB's) and local authorities.

The reliance on public sector for rental housing, which is the current trend, without similarly supporting the private rental sector, will limit the diversity of housing options available in the market for renters and increase the cost of housing generally. There will be upward pressure on rents as a result of the scarcity of accommodation.

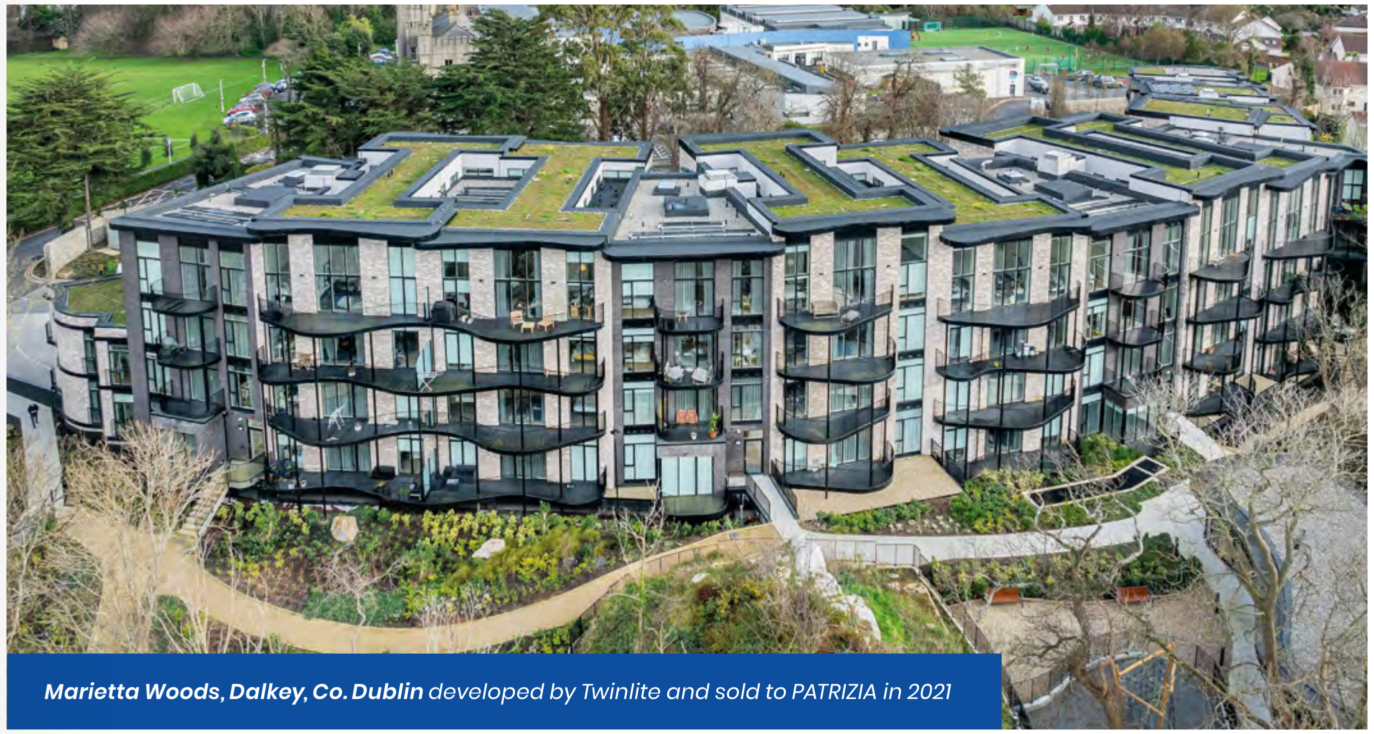
HOUSING SUPPLY & MULTI-BILLION EURO SHORTFALLS IN FUNDING

Housing supply in Ireland requires significant amounts of funding which needs to come from a mix of State, domestic and international sources; this has been identified by several parties over recent years and specifically highlighted by the Minister for Finance, Michael McGrath at a conference organised by the Banking & Payments Federation in early June 2024, where the Minister pointed out a need for €20 billion in funding each year to deliver 50,000 new homes.

In May 2024, the Department of Finance and the Department of Public Expenditure, National Development Plan Delivery and Reform hosted the National Economic Dialogue 2024. As part of this, for the breakout session on housing, the paper 'Building for the Future: Maintaining progress in a challenging environment' was presented. In this paper it stated: 'The Department of Finance estimates that annual development financing of €13.6 billion is required to produce 33,000 units. Should the national housing supply target increase, as expected, that funding requirement will grow, see an estimate for a 50k scenario in figure 2b. In other words, notwithstanding the significant increase in public funding, the scale of housing need means that the State is likely to only ever be a minority provider of development capital. Accordingly, tens of billions of euro will need to be invested by the private sector over the coming decade. See section 3 below for further detail of the Government report.

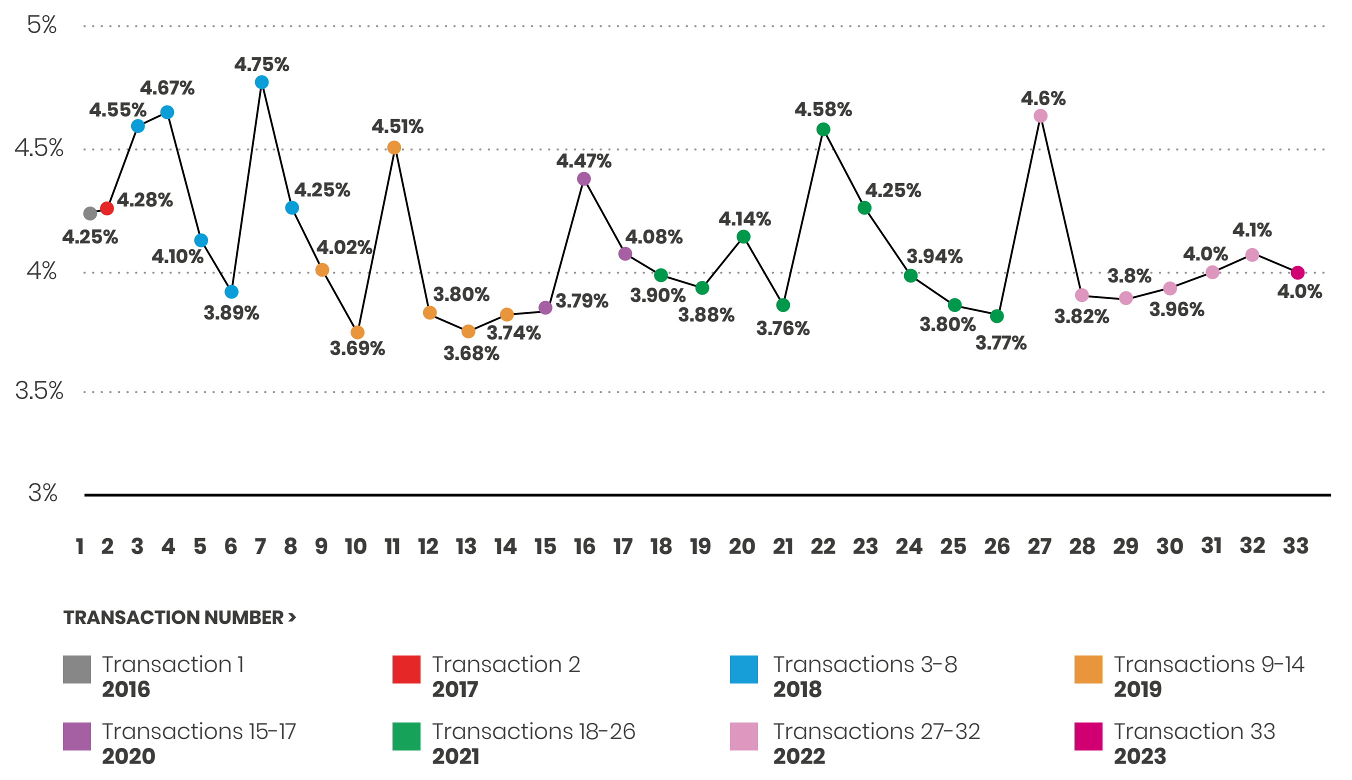
The limited of participation by private sources of capital in housing supply across Ireland cannot continue into the future. The reduced involvement of the private sector in funding housing delivery in and around Dublin, especially over the last 24 months is hugely detrimental in bringing stability to the Irish housing industry, including the rental sector and the plight of tenants seeking good quality modern accommodation. While the Governments 'Housing for All' strategy estimated that Ireland would need an average of 33,000 new homes to be provided each year from 2021 to 2030, it is now widely recognised that over 50,000 new homes are required, the Housing Commission recently published report estimated a requirement of up to 62,000 homes per year.

At the start of July 2024 the ESRI (Economic & Social Research Institute) produced a report estimating an annual structural housing demand in Ireland of



***Marietta Woods, Dalkey, Co. Dublin** developed by Twinlite and sold to PATRIZIA in 2021*

Estimated Net Yields across 33 New Build Forward Sale PRS Investment Transactions in Dublin, over 100 Apartments in each location 2016 - Q1 2024



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

35,000-53,000 based on a combination of models, historical trends and assumptions. Dermot O'Leary, Chief Economist with Goodbody, who also sat on the Housing Commission, commenting on the report stated: Firstly, the ESRI's analysis does not calculate a current "housing deficit". It instead calculates the flow of structural demand using a combination of models, historical trends and assumptions. The Commission's view was that a deficit had built up over the past decade in particular due to a shortage of new supply in the aftermath of the financial crisis in Ireland that amounted to 212,000-256,000 units. Second, assumptions on net migration appear well below recent trends. Thirdly, and most importantly, its more aggressive assumption on household size has the rate falling to 2.4 persons by 2040. This was the very upper end of the range published by the Housing Commission and is the major driver of the differences between the two sets of estimates.

Mr. O'Leary concluded: "The Housing Commission made clear in its report that housing policy should be based on an "assessment of the housing required for a well-functioning society" and for it "not to be conflated with market demand of construction sector capacity". This would involve a far-reaching set of reforms to make that happen. The ESRI's estimates may prove correct from a market demand perspective but would not leave the country and society with a sufficient housing stock by 2040." What's most concerning about the new ESRI report is that if the other elements are not factored in it seems we may well repeat the mistakes of the past and wholly under provide for the requirements of the population - by how much and where it is growing, as was done in the NPF (National Planning Framework); the revised NPF needs to be more grounded in reality and take on board the higher projections, rather than limiting the countries prospects. The ESRI admitted more research may be required to address this.

Based on the estimates of IIP (Irish Institutional Property) from their December 2023 publication 'Residential Development Finance in Ireland – An Overview' to fund the delivery of 50,000 new homes there is a requirement for €15.1 billion in funding – this is split €2.5 billion from the State, €3.7 billion from private domestic sources of funding and €8.9 billion from private international sources of funding - see bar chart. And the Department of Finance stated the funding requirement for 50,000 is €20 billion annually in its May 2024 paper (see Section 3 below). The country needs to attract parties that can bridge these requirements in order to meet the populations housing needs - longer term international funders and investors need to be brought to Ireland.

50,000 PEOPLE HOUSED BY INSTITUTIONAL FUNDERS

The reality is that institutional funds have been responsible for funding over 20,000 apartments, mostly in Dublin, in the past seven years providing accommodation for approximately 50,000 people based on an estimated occupancy of 2.5 persons per property. If these had not been built the rental market would now be in a far worse position than it currently is in terms of supply – these properties would not have been built if it wasn't for these sources of capital; it is not the case that owner occupiers could have funded their construction. These funds are not the whole solution to increasing the supply of homes in Ireland, including to the rental market, but they have proven they can make an important and essential contribution towards solving it.

POLITICAL LANDSCAPE

Ireland had its Local Government and European elections on 7th June 2024. The overarching take away from these results was that the political establishment, the largely centrist and main parties in the current coalition government, Fine Fáil and Fine Gael were the most popular parties in the electorate securing 248 seats (23% first preference) and 245 (23% first preference) local government seats respectively, and 493 seats (46% first preference) of the 949 available seats in total. Interestingly independents, who do not form a coherent grouping, secured the 28% of the first preference votes and 227 seats. Sinn Féin, who had been polling very well for over two years, was left far behind with 102 seats (12% first preference). At European level it was a similar story in terms of vote numbers and percentages.

The next national / General Election in Ireland has to take place before the end of March 2025. There is a strong likelihood that an election could be called for during the months of September and November 2024. Prior to the June 2024 elections Sinn Féin were seen to possibly be the biggest party in Government after the next national election based on pre-election polling. While there is a lot to happen between now and the formation of the next national government, it appears to many observers that the current main parties in Government (Fine Gael and Fine Fáil) are more likely to remain in some form of coalition after the next election, subject to agreement.

This will be seen as a positive by many in the business and investment community, providing relative continuity to policies and the country. It is expected that this stability is likely to feed into investment decision making over the coming months, even in advance of the next General Election. Ireland will potentially be prioritised as a country for investment as a result, with many other jurisdictions facing into changes in government (e.g. the US). While there will undoubtedly be a review and some updated policies in relation to housing, the Housing for All strategy may well be continued and adjusted for the better.

GOVERNMENT SUPPLY INITIATIVES

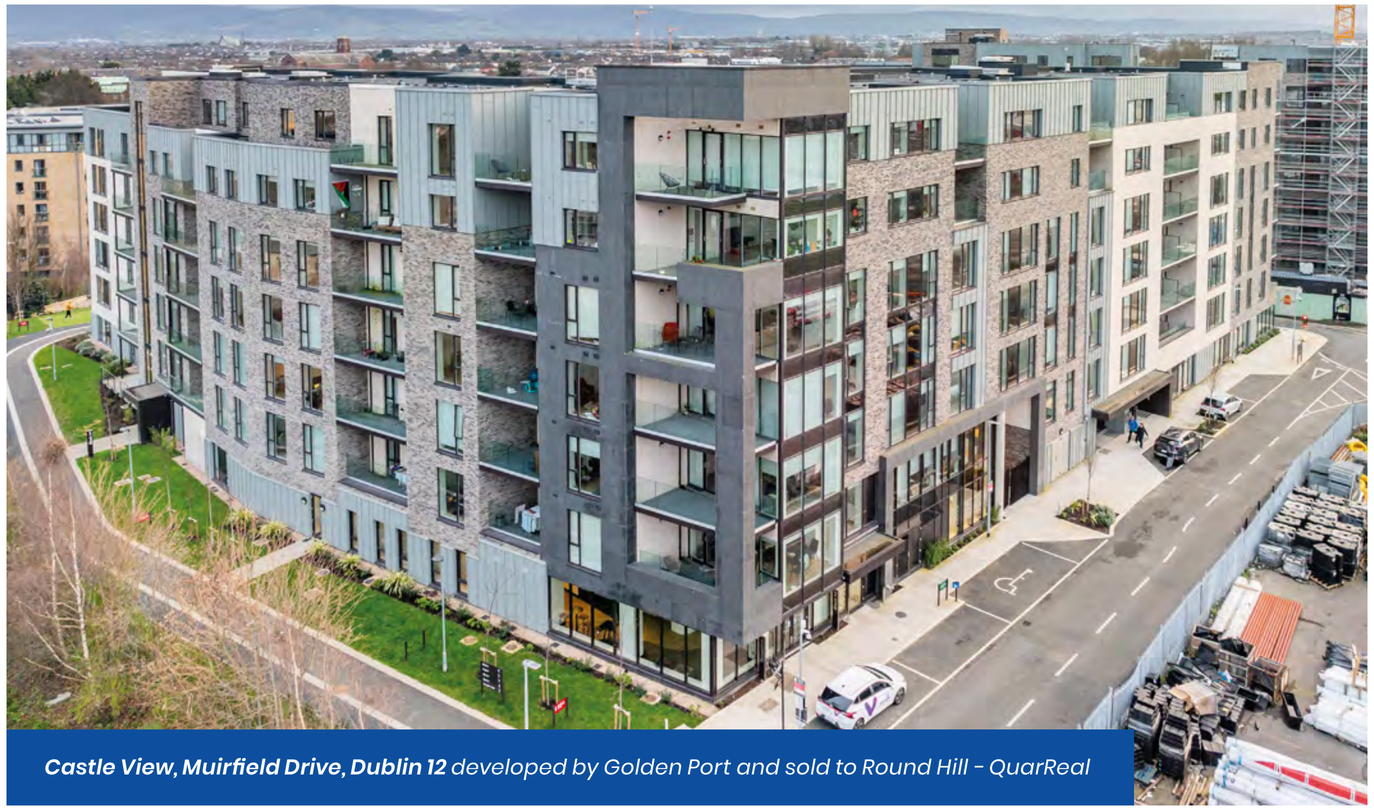
The Irish Governments overarching strategy for housing, 'Housing for All' was published in September 2021. The comprehensive housing plan is widely viewed as making a positive difference in numerous areas, including and importantly increasing supply of social and affordable and 'for sale' housing to owner occupiers. There were 32,626 new home completions in 2023, an increase of 10 per cent on 2022 and the highest level since the downturn post-2008.

It is helpful that the current Minister for Housing, Local Government and Heritage, Darragh O'Brien has been in office for nearly 4 years (since June 2020); this has provided continuity and stability in a department where the Minister's two predecessors were only in position for 4 years in total.

Housing for All has many initiatives; some of the key policies and critique of their effectiveness are outlined below:

A. Development levy waiver and water rebate – In 2023 the Government announced an innovative temporary waiver of development levies and a rebate for water charge connections. The measures have been highly effective in bringing forward housing and development commencements. Building started on over 37,400 new homes in the year to the end of March 2024. Commencements in the first quarter of 2024 are up 63% compared to the first three months of 2023, although some of the increases would be down to the proposed initial expiry date in April 2024. The measures were initially brought in for a year and subject to work commencing but have been extended to the end of 2024 for the waiver and end of September 2024 for the rebate.

B. Help to Buy – For First Time Buyers, this scheme is based on a refund of tax paid over previous 4 years subject to an upper limit of the lesser of €30,000 or 10 per cent of the purchase price of their new home. Since its introduction this scheme has assisted over 45,000 parties secure home ownership and has been very successful in doing so. While sometimes categorised as a demand side initiative, the reality is that it aids builders by providing confidence to increase housing delivery on the supply side and resulting in increased output. Taking into account construction cost increases, inflation and the cost of housing in the Greater Dublin Area it would be an appropriate time to increase the now historic threshold from €500,000 to €600,000 and extend the measure further to provide confidence to the industry.



***Castle View, Muirfield Drive, Dublin 12** developed by Golden Port and sold to Round Hill - QuarReal*

C. First Home Scheme – Activated in July 2022, this scheme supports first-time buyers in purchasing new houses and apartments in the private market through the use of an equity share approach. The scheme assists those who cannot quite secure the full mortgage amount. Up to the end of March 2024 there had been 4,005 applications and 1,517 homes bought using the scheme. The application and acquisitions under the initiative continue to increase on a quarterly basis.

D. Croí Cónaithe Cities fund – The fund is directed towards addressing the viability/supply of apartments for owner occupation in the 5 main cities in Ireland providing subsidies to builders who construct housing for this sector. This scheme has been slow to gain traction, the initial criticism that the funding needs to be provided at the start of the development process, rather than the end, is still relevant.

E. Cost Rental - Cost Rental is a new tenure type in Ireland, where rents are in theory based on the cost of provision, i.e. constructing/acquiring, management, and maintenance of homes. Cost Rental designation of a home can be sought from the Minister by the owner. We understand that so far, Approved Housing Bodies (AHBs) and the Land Development Agency (LDA) have done so.

F. Secure Tenancy Affordable Rental (STAR) scheme – This initiative is intended to bring forward Cost Rental dwellings with the aim of assisting eligible households who are experiencing acute affordability pressures in the private rental sector, particularly in urban centres where prevailing rents are higher. It is put forward as being suitable for the private and State backed providers of accommodation.

Administered by the Housing Agency, and basically described, rent levels for properties being entered under the scheme need to be at least 25 per cent below market levels, all of the accommodation is funded as Cost Rental dwellings for a period of 50 years; this is in return for a maximum State investment (subsidy) of €175,000 per property in Dublin and €150,000 in the rest of the State; and a further amount of €25,000 per property available for proven sustainable / green projects. These amounts are paid to the operator, long term owner.

This initiative, which was introduced in July 2023 has received a lot of attention in the industry, with many experienced parties reviewing the documentation in detail, was meant to assist in securing 4,000 homes by 2027. Nearly a year has passed and the conclusion from the private sector for the most part is that in its current form the STAR scheme is only likely to work for State backed entities like the Land Development Agency and Approved Housing Bodies.

The complex nature of the scheme is unhelpful and impractical in attracting widespread 'buy in' from the capital providers and investors; a readily tradable asset is not created and liquidity is therefore limited. There are specific items that make the structure unfeasible including the renter eligibility criteria not being indexed, the potential for the rents not to be index linked in the future if there is a change in policy, the full amount of the subsidy potentially having to be repaid at the end of 50 years, and under certain structures, the subsidy being treated as debt rather than equity. In its current form the scheme is unlikely to be successful. Perhaps these items can be adjusted but either way the scheme is still highly complex, which will inhibit its take up and success. More avenues to attract capital need to be created.

What's not appreciated is that the 25 year long term social housing leases entered into by the Local Authorities and Affordable Housing Bodies over the last 5 years were very successful in attracting funding and investment and boosting housing supply for many most in need of housing. This was due to their relatively straightforward nature, which meant an asset was created that could be readily traded and valued at any stage - these are not the characteristics of the STAR scheme. The criticism of the long term leases was that they did not represent a good deal for the State; instead of phasing these out, an adjusted version could be designed that was balanced more in favour of the State. This should be examined by the Government.

G. Sustainable Residential Development and Compact Settlements Guidelines for Planning Authorities – Published in January 2024 after considerable industry engagement, these guidelines set national planning policy and guidance in relation to the planning and development of urban and rural settlements and were essentially developed to provide higher density housing configurations as alternatives to constructing apartments which are costly, high risk and largely unviable. These guidelines are going to be very successful in increasing the supply of new high-quality higher density and sustainable housing.

There are limited initiatives related to the private rental sector or to drive funding of housing. The Government now needs to introduce strategies and policies that will foster investment in housing and new supply through the private sector, including for rental housing. These policies will need to be comprehensive and provide monetary incentives, stability and confidence for funders and builders of new housing.

MARKET SENTIMENT & TRENDS

The Urban Land Institute (ULI) 2024 survey on Emerging Trends in Real Estate in Europe indicates that most European investors still take a sector-based approach to real estate. When asked about their priorities for allocating capital, 71 per cent of respondents to the survey rank doing so among their top three criteria. However, more progressive real estate investors are increasingly basing investment decisions on megatrends, such as demographic change, the need to decarbonise the economy and digitalisation. As a result, the ULI survey also found that they are venturing into sectors beyond the traditional "big three" of offices, retail and logistics.

From interactions with investment funds at international events (MIPIM, GRI, PERE PEI Europe Forum) it is notable to see residential investment, be it for example multi-family, co-living, student or senior living, considered and discussed alongside and often ahead of the traditional real estate asset classes of offices, retail and industrial / logistics. There is interest from capital sources in funding, social, affordable and private housing.

A strategy and the right conditions need to be created by Government to take advantage of this. Ireland needs a strong rental and development sector in order to satisfy the needs of those who are seeking rental accommodation and to help moderate rents.

Investors are prioritising 'greener', more sustainability compliant and ESG friendly developments. It is difficult for older stock to compete with new construction standards and there is typically a discount for properties developed more than 10 years ago, depending on the standards. Portfolios with older properties are being reviewed to see how they can become more compliant; and newer properties are being closely monitored and scrutinized to ensure they are meeting ESG targets and will continue to do so in the future.

EU taxonomy regulation is the classification framework to determine whether an economic activity is environmentally sustainable. The approach requires the reporting on eligibility and alignment against six environmental objectives. Not surprisingly, EU taxonomy adherence for real estate is getting more focus from investors and funders and this will continue.

A leader in driving policy awareness and positive change, the ULI is mobilising the real estate industry to focus on decarbonisation and working towards a sustainable future; one of their initiatives is the C Change summit, which has taken place annually over recent years brings together leaders and experts to focus on these critical issues and how the real estate sector can play its part.

A CRITICAL TIME FOR IRISH CITIES

Ireland is at a critical point in terms of the evolution and proper planning of our cities and towns. We are currently being left behind by many other countries when compared to the quality of their urban spaces and the policies that go into achieving their proper planning and design. We have an obligation and an opportunity to create a great living and working environment for our rapidly increasing population. It requires a new vision and change of direction and mindset on the treatment of our national infrastructure and a focus on providing what is in the best interest and wellbeing of present and future generations rather than being based on short term political considerations or disaffected parties. Regional and local government need to play a central part in this and must receive adequate support and funding from central government to do so. Urban densification, new typologies and spatial planning are key elements in achieving a new direction for our cities and towns.

SUSTAINABILITY – INDUSTRY INITIATIVES

At the start of 2024, the Supply Chain Sustainability School began operating in Ireland. With a focus on sustainability and environmental issues, the School is a collaboration between supply chain members, clients and contractors that each have a mutual interest in building skills and knowledge of the sector's supply chain with a focus on sustainability.

With support from 16 construction firms (so far) the committed parties include the Construction Industry Federation (CIF), Cairn Homes, John Paul Construction, Glenveagh, ESB, Gas Network Ireland, IPUT, Irish Rail, Uisce Eireann, John Sisk & Son, Kingspan, Kirby Group, Murphy Group, Roadstone, Saint-Gobain, Skanstec.

Membership provides access to hundreds of online learning resources and training sessions relevant to the built environment and industry. Learning topics covered include Air Quality, Biodiversity, Employment Conditions, Energy & Carbon, Environmental Management, Sustainability Strategy, Materials, Supplier Diversity, Sustainable Procurement, Wellbeing, Training & Skills.

TENURE IDEOLOGIES

Some of the political and personal ideologies put forward around tenures and new housing supply in Ireland are at best simplistic and at worst, naive. For example, in a recent letter to the Editor of The Irish Times on 20th June about housing it stated "The best policy here is not to increase the supply of rental accommodation but to reduce the demand for rental accommodation. This can be done by concentrating the next waves of housing output on the construction of housing to purchase, through "affordable" schemes and private purchase, to remove potential homeowners from the rental sector".

The promotion of new supply to both own and to rent in the affordable sector is much needed and represents what is currently taking place in the industry under the government's 'Housing for All' programme. To cast the private rental sector to the side is wholly unadvisable; and tenure ideologies that do not have a balanced approach to policy and delivery ignore a few critical factors, as further detailed below, including demographics, economics & scarce resources, capital markets & funding, and rental levels.

Demographics - Many would regard as surprising the suggestion that the supply of private rental accommodation should not be increased at a time when the Irish population is rapidly expanding and expected to continue to do so, well beyond State forecasts. People requiring rental accommodation include a wide range of groupings such as students, young workers, migrating families and workers in foreign direct investment sectors, retirees, young people saving to buy a house and those who want flexibility and who choose to rent.

Economics and scarce resources - We have referenced this numerous times before; most countries cannot afford to provide subsidised housing to the population in need over the medium to long term as a result of exchequer realities. It would be imprudent for the taxpayers to fund all accommodation needs. Ireland is a position now where it has healthy budgetary surpluses, some of which can, and is being allocated to housing. However, there will come a time when this is not possible, and the private sector will have to be more heavily relied upon. There are numerous cities and countries in Europe, including in Germany the staple economic engine of the EU for many years, that public funds have run out and housing delivery has dropped dramatically because a balanced approach was not promoted.

Capital markets and funding - As referred to earlier in this report, and in Section 2, there is an estimated need of €20 billion in funding to build 50,000 new homes annually, the majority of which will need to come from the private sector, domestic but mostly international. Concentrating only on particular tenures at the detriment of others does not take account of the sophisticated nature of the capital and funding markets that can and need to be accessed to assist in delivering housing. Having different supply and investment options by its nature, increases the amount of capital that can be attracted and deployed to alleviate shortages. For example, some funders may just want to provide development debt to build new affordable or for sale housing - that's their business model and what they are good at; other funders may simply want to purchase newly constructed apartments and be long term operators and holders of private apartment portfolios in urban and suburban areas on good transport - again, that's their business model.

Rental levels - There is irrefutable evidence in Ireland and internationally, which not surprisingly marry to the widely appreciated laws of economics, that increasing the supply of rental accommodation leads to a moderation in pricing / rents. This has been happening in Ireland in recent months. New supply has positive implications across the market, freeing up accommodation and easing rental inflation.

The solution to the lack of supply in the housing sector is, not to limit supply, but to increase it for all categories of people, providing a wide range of typologies and accommodation options to suit all needs. The way to achieve this is for all stakeholders (including builders, funders, local and national government and advisors) to work together in unison to agree on and implement the right policies to house all sectors of our population with a full range of tenures. Supporting the private rental sector is one of them.

The Windmill, Clonsilla, Dublin 15 *developed by Kimpton Vale and sold to Urbeo in 2021*

STUDENT ACCOMMODATION

The last 7 years has seen considerable funding and development of new purpose-built student accommodation (PBSA), primarily in Dublin but also in the cities of Cork and Galway. This has been made possible by large international operators and funders entering the Irish sector for the first time. This development has brought welcomed increases in professionalism and standards across living spaces & internal amenities. The largest operator / investors are GSA (Global Student Accommodation) and Harrison Street through their Yugo operation with just over 4,000 student beds in Dublin and Cork. Hines operate Aparto for student housing and have a holding of over 1,700 bed in Dublin. The other operations include Nido, Mezzino, Host and Fresh.

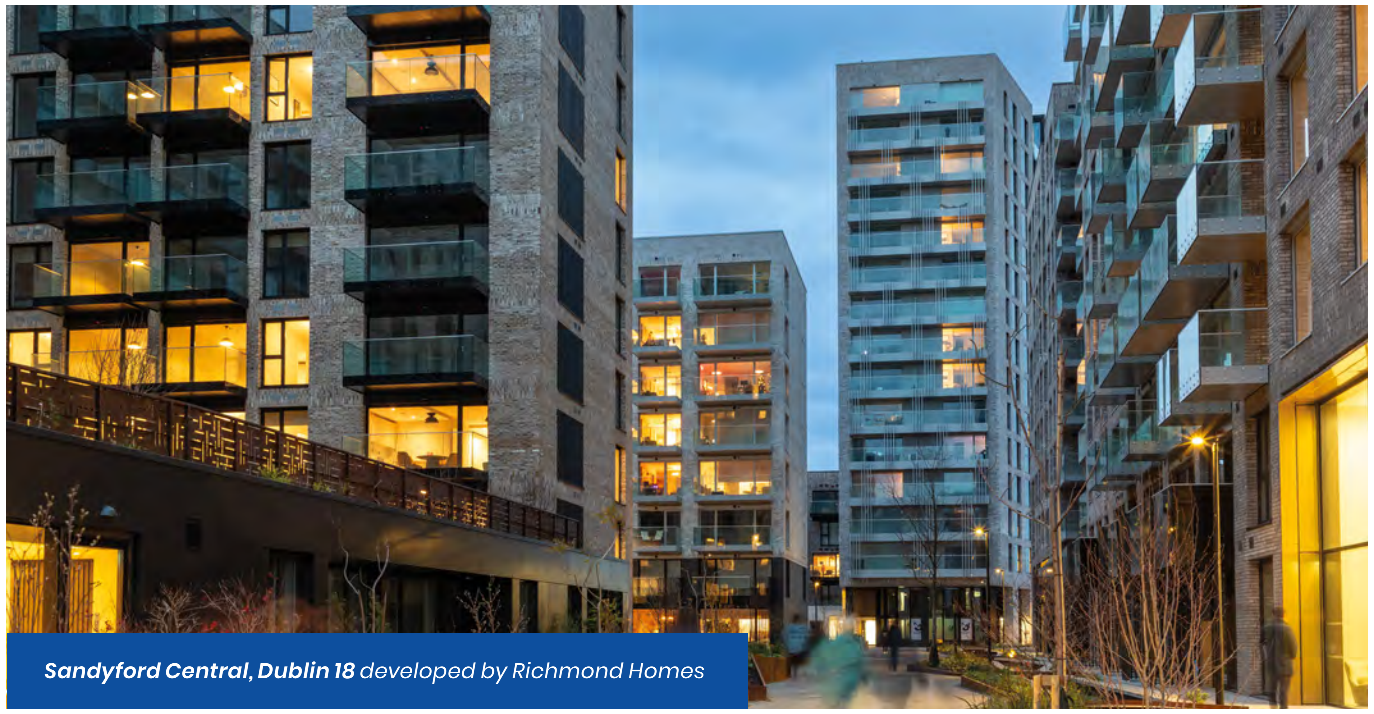
According to the Irish Higher Education Authority (HEA), there are approximately 84,000 full-time students in Dublin. Dublin currently has less than 20,000 student beds across privately owned schemes and on-campus housing. With the vast mismatch between student numbers and student beds, there is a significant opportunity and need for new projects to be constructed in the coming years to increase supply in the sector. Also, Ireland's student population has been increasing over recent years and based on the population pyramid of the country, with a surge in population in the current 10-14 years age group, combined with increases in international students (US, India, China & Canada), there is going to be a further shortfall in accommodation in the years ahead. As a result of the demand and forecasts, high occupancy and pricing, the sector is likely to see continued interest from investors for stabilised stock. As outlined earlier in this report, pricing for purpose-built student accommodation has been in the 5-6 per cent net yield range, which is at a relatively attractive price point for investors.

However, despite the lack of car parking and Part V (social and affordable Housing) requirements it is very difficult to secure viability for new projects in Dublin or the other cities. Similar to the apartment sector, student housing needs incentives if new accommodation is going to be built to meet demand. The introduction by the Government of the rent cap at 2 per cent for student accommodation (same as private rented sector) and the proposed adjustment to the lease structures, without sufficient consultation, are further impacting feasibility and appetite to fund the sector.

HOUSE PRICE INCREASES

In the 12 months to February 2024, house prices in Dublin rose by 5.9 per cent and apartment prices rose by 4.5 per cent. The highest house price growth in Dublin was in Dublin City at 7.7 per cent. Outside Dublin, house prices were up by 6.3 per cent and apartment prices rose by 9.1 per cent. The region outside of Dublin that saw the largest rise in house prices was the Mid-West (Clare, Limerick, and Tipperary) at 10.8 per cent. The most expensive Eircode area over the 12 months to February 2024 was in Blackrock in South Dublin.

The national index maintained by the Central Statistics Office is 8.5 per cent above its highest level at the previous peak in April 2007. Dublin residential property prices are 2.6 per cent lower than their February 2007 peak, while residential property prices in the Rest of Ireland are 9.1 per cent higher than their May 2007 peak. Dublin residential property prices have risen by 141.2 per cent from their February 2012 low, whilst



***Sandyford Central, Dublin 18** developed by Richmond Homes*

residential property prices in the Rest of Ireland are 151.1 per cent higher than at the trough in May 2013.

Unlike in the early 2000's the increases are not being driven by poor regulation and lending practices by the domestic and foreign owned banks and property investment purchases. With the stricter macro-prudential rules put in place by the Central Bank of Ireland the price growth is being driven by the large mismatches between supply and demand as well as available financing and the age cohort that is looking to buy being so vast. New housing supply would help to moderate prices in the medium to long term.

One point that seems to be constantly rolled out by commentators is the somewhat dramatic comparisons to the 'boom' prices in 2007. What's not often considered is that 2007 is now 17 years ago and the comparison is starting to become less relevant given the passing of time and general inflation; comparing 2007 prices to prices in 1990 could be viewed as being of limited benefit.

CONSTRUCTION COST INCREASES

The Society of Chartered Surveyors Ireland (SCSI) report 'The Real Cost of New Housing Delivery 2023', which was launched in December 2023 outlined that the average cost of delivering a 3-bedroom-semi-detached home in the Greater Dublin Area (GDA) increased by over €90,000 to €461,000 over the last three and a half years (2020 to 2023). This is an average increase of 24 per cent on the €371,000 it cost to build the same house in 2020 in the Greater Dublin Area and an average increase of 39 per cent since the SCSI published the first edition of the report in 2016 when the cost of building an average 3-bed-semi was €330,500 for the region. According to the report, the increase over the three years to December 2023 in the GDA was largely driven by a rise in 'hard costs' – bricks and mortar – up 27% or €49,000 on average while 'soft costs' – land, development levies, fees, vat, margin – increased by 21% or €41,000. Chartered Quantity Surveyor Micheál Mahon, one of the report's authors, said the impact of Covid and the conflict in Ukraine have been the main contributors to the increase in 'hard costs' over the past two years.

In terms of apartments, which are more expensive to build for multiple reasons, the Department of Finance in the annual pre-budget consultation and discussion forum in May 2024, highlighted that the cost of developing an average two-bed apartment is now €450,000-€550,000. The cost of apartment construction has continued to climb, similar to lower density housing, as referred to in the paragraph above.

The SCSI February 2024 index of construction costs showed that while construction costs are continuing to rise, the rate of increase eased significantly in the second half of 2023. The Tender Price Index (TPI) published by the SCSI shows the rate of commercial construction inflation increased nationally by 1.5% in the second half of 2023, down from 2.4% in the first half of last year. According to the TPI, which is the only independent assessment of commercial construction tender prices in Ireland, the annual median national rate of inflation for the calendar year 2023 was 3.9%, down from the 11.5% recorded for 2022.

Kevin Brady, a member of the SCSI's Quantity Surveying Professional Group said that while persistent market challenges remain, the fact that the rate of increase had moderated significantly was a positive development. "Two years ago, in the first half of 2022, the TPI recorded its highest ever 6-month inflation rate of 7.5%. So, we are clearly in a much better place now. The softening of the rate of increase is due in the main to the stabilisation of the price of building materials, reductions in energy and fuel costs along with greater competitiveness within the market. Reduced demand in some commercial sectors will help increase capacity within the industry for new projects. However, in the second half of last year the market experienced continual challenges with frequent increases in financing costs, shortages of skilled labour and rising labour costs, all of which remain key issues today".

DEEP DIVE RESIDENTIAL COST REPORTS

The Government has been proactive in investigating construction cost challenges in the housing sector. This included under 'Housing for All' resourcing a multi-city review of new development costs which culminated in the Department of Housing, Local Government and Heritage issuing of the 'Residential Construction Cost Study Report' in May 2023. The report was a joint collaboration with over 20 stakeholders in the construction sector and the findings by Mitchell McDermott Consultants. As per the Department: "The study undertook an international comparative approach using four Irish case study projects – a semi-detached three-bedroomed scheme house, a suburban apartment building, an urban apartment building and a purpose-built student accommodation building. Costs in Dublin were compared with Birmingham, Berlin, Copenhagen and Utrecht. A number of findings were made and are detailed in the full report, along with recommendations and actions for implementation. When costed in the European comparator cities the cost of constructing the same apartment was broadly the same".

A number of actions were generated from the findings and recommendations of the study and report – as summarised in the 7 points below. The report recommended a collaborative approach with industry to develop standardised approaches for housing design and construction which can inform the design of policy initiatives and be used as best practice by industry is proposed to realise the cost reduction opportunities identified by the study.

1. Have regard for, and take into account the findings of this study when developing future policy measures.
2. Develop standardised approaches to the design of housing for wider application to inform policy and encourage simplified layouts.
3. Deliver a training and awareness programme, in relation to the cost impact of materials and finishes commonly used in the residential construction sector in order to inform high-quality, cost-effective design and to assist in the planning and development process.
4. The development of standardised design specifications for student accommodation in Ireland.
5. As part of the commitment in Housing for All to achieve a significant increase in the use of MMC (Modern Methods of Construction), pursue the development of standardisation across various building components and detailing in innovative construction, including open-source construction details, to include promotion of Design for Manufacture and Assembly (DFMA) design approaches.
6. Carry out a review of external wall build-ups, assess and test alternatives for suitability, including external leaf, for Irish climatic conditions, for new houses and apartment buildings.
7. Building on this and previous studies, incorporate construction costs and 'soft' costs (e.g. fees, land) into an overall development cost.

Another report on residential construction is the one issued in July 2024 and prepared by Trinity College Dublin and the SCSI entitled 'Building Homes: Apartment construction costs in Europe with a focus on Dublin'. The report, which includes both 'hard' and some but not all 'soft' costs and used International Construction Management Standards V3 (ICMS3) to compare construction costs, across multiple markets. To do this, it employed a 'travelling box' exercise, where a specific apartment block is priced across different cities. This meant that the quantities involved across nearly 80 elements were held constant, enabling a systematic comparison of costs, on a like-for-like basis, to be made across locations. The chosen development was a block of 39 apartments over seven storeys, most of which were two-bedroom apartments.

Across 10 cities, Zurich had the highest cost per-square-metre at €2,865. After Zurich two other groups emerged, according to the report. The second, which had costs closer to but still above the average, included three British cities, Birmingham, Manchester, and Glasgow, as well as Dublin and Stockholm. In this group, the per-square-metre cost varied from €2,079 to €2,363. Dublin being the second highest cost across all cities. The final grouping had costs below the average and included Amsterdam, Belfast, Brussels and Tallinn, where the per-square-metre cost varies from €1,367 to €1,823.

Ronan Lyons, Associate Professor of Economics in Trinity College Dublin, one of the authors of the report, said the findings highlight the challenge of high construction costs in Dublin in particular as a barrier to new housing supply. "For some time, we have known that Dublin is an expensive place to build housing, with costs per square metre high compared to peer locations. This is something that has affected the ability of the housing system here to build the volume of homes needed. This report is the first to break down that high-level figure into the different components that go into building a home. Dublin is somewhat cheaper than the typical city for structural works, typically involving concrete. However, Dublin's high overall cost is due in particular to two headings – services and equipment, which includes heating, power elevators, and non-structural works, which covers things like floors, windows and carpentry."

The recommendations of the report were as follows: "This study provides a benchmark of construction costs for apartments across a number of European cities. For the first time, the costs, which are reported in a consistent and now in a harmonised standard, provide the sector and policymakers with independent data to better understand costs and ways to improve viability and affordability.

The recommendations of the report covered Design and Specifications as well as Further Research as follows:

Design and Specifications

- Consider the findings of this report especially in the context of adopting additional standardisation of housing design and construction in an effort to quell the rising cost of construction.
- Planning policy to adopt alternative approaches in the exterior aesthetics of apartment buildings to provide designers, specifiers and cost experts with more flexibility in the use of less costly facades systems.

Further Research

- Government should commission independent research with a specific examination of the 'soft costs' across similar jurisdictions and building designs covered in this report to identify additional areas to reduce costs.
- The commissioned report could also examine additional macro-economic factors that influence the level of affordability and financial viability of such projects.
- Commission a study to examine the delivery of zoned and serviced development land to the market in other European countries in an effort to identify new models for the more cost-effective delivery of key road and utility connections".

What is evident from a review of these reports is the complexity of residential construction in Ireland and other jurisdictions, the significant expertise and professionalism within the Irish development sector and the need for further work as a follow up to the reports. Reports such as these reinforces the thinking that simplistic analysis about the solutions to increased housing do little to progress the Ireland's position and continued work and collaboration by all stakeholders is required for the industry and the State to progress incrementally.

PLANNING BILL & PERMISSIONS

The very much anticipated Planning and Development Bill 2023 is an Act to consolidate and revise the law relating to planning and development; to provide for proper planning and sustainable development in the interests of the common good; to provide for the licensing of events for those purposes to repeal and replace the Planning and Development Act 2000; to amend certain other enactments; and to provide for connected matters. This bill which is over 700 pages has been making its way through the design, approval and amendment processes of the Oireachtas (Irish parliament) for a considerable period. It is hoped it will bring much needed efficiencies to the Irish planning system.

In April 2024, Irish Institutional Property (IIP) brought to the attention of the Minister of Housing, Local Government and Heritage the concerning delays in the planning system that mean planning permissions that were secured but have been challenged through various avenues risk expiry, further impacting housing supply prospects and the costs of delivery. Pat Farrell, CEO of IIP outlined in a letter to the Minister that "A very significant risk is that today's permits, already materially eroded by legal delays and unable to commence without extension of duration (EOD), will continue to wither while waiting for the bill to be enacted, and then for the relevant sections to commence. This could take a significant amount of time – result in situation where thee permits continue to fall off a cliff edge while waiting [for the new provisions to be enacted]", and "We urge government to urgently engage on these issues, as roughly 40,000 vulnerable housing permissions hang in the balance. If allowed to wither away, there will be significant hollowing out of the pipeline for reasons beyond the developers control, but within the control of the government". IIP has called on Government to provide a series of permanent measures to safeguard 25,000 shovel ready housing projects that IIP estimated to be in the pipeline.

DEPARTMENT REPORT ON FUNDING

In June 2024 the Department of Finance issued the 'Report on the Availability, Composition and Flow of Finance for Residential Development'. The report forms part of the 'Housing for All Investment Workstream' (Priority 18) and is part of the Governments actions to advance the understanding of the funding landscape for residential development. The comprehensive paper gives a very good picture of the factors and environment for funding residential development in Ireland and covers the different tenures of build to sell, build to rent, social and affordable. What is clear from the report is that the State supported sector is by far the most active area.

The Housing for All target of 33,000 homes per annum is addressed but the paper also outlines funding required under an increased output of 50,000 home per annum, which is timely considering recent report conclusions in relation to increased housing requirements in Ireland which indicate that the 33,000 is too low.

Addressing international funders for residential development the report states: "In terms of Ireland-specific issues, investors were of the view that rental regulations are restrictive in Ireland relative to other European countries, creating a slowdown in interest in Ireland from institutional investors. In relation to the rental cap, the view from investors is that an opportunity to reset to market rates at the time of vacancy would have a meaningful impact on investment in building new rental apartments and that by delivering greater supply, this would bring rents own overall.

"Furthermore, some stakeholders highlighted that the current rent cap may lead to their current stock becoming "stranded assets". In order to invest in maintaining their assets, in particular for retrofitting works which will be required to satisfy investors' ESG requirements, it is necessary that sufficient income is generated from the assets to provide for this re-investment. The rent caps can limit the opportunity to reinvest in existing assets, which may ultimately devalue the stock prior to the end of their economic life, and could impact the future refinancing of developments".

"However, stakeholders consulted were of the view that Ireland remains attractive for investment generally, given the strong demand and demographics, particularly for rental market products. Some stakeholders noted that international capital is not as transient as outlined in the Project Emerald report and once capital is committed to a project, it will stay until completion. However, in a global market, Ireland is competing internationally for this capital and for investment to come, this requires policy certainty, as capital-intensive developments such as apartments take a minimum of five years for an investor to exit."

"All stakeholders emphasised the key role that private capital plays alongside State funding. Ireland does not have a sufficient pool of domestic sources of capital, so it is essential to attract stable international capital, rather than just opportunistic capital. However, stakeholders noted that mislabelling of international capital as "vulture fund" money can deter appetite to invest".

This summary excellently outlines what those working in the industry are hearing. Ireland needs to set itself up over the coming years to facilitate flows of capital around and into the country for residential development that allows for the different types of capital providers to operate and have exposure to the Irish market. That is funding for:

1. Site acquisition for land with and without planning permission
2. Planning processes
3. Infrastructure delivery
4. Construction Work in Progress for low, medium and high density housing typologies
5. End purchasers across all tenures

Different capital providers will target these requirements depending on their internal business strategies and appetite for risk. A range of avenues for participation need to be considered and implemented by Government.

DEVELOPMENT LAND & PLANNING

In 2023 State backed bodies were responsible for the two largest residential land purchases - the Land Development Agency purchased 13.2 hectares of land for an estimated 2,300 homes in Clongriffin in North Dublin, under Project Capital North, for €44m. Fingal County Council purchased 25 hectares of land in Rathbeale, 2.5km west of Swords, also in North Dublin

***Rockpoint, Blackrock** developed by Seabren Developments and completed in 2024* for €27m. It is understood that there was strong competition for the lands in Swords, as there tends to be for any well-located housing land that is offered for sale.

The development land market continues to be somewhat opaque in terms of understanding the supply, demand and pricing. In the early years of NAMA (2010-2014) there was an expectation that a lot of land would come to the market for sale over a short period of time and this would increase opportunities and potentially suppress pricing. This never materialised in the way expected and it has been continually difficult to secure good sites. It is hoped that those with zoned land that can't be activated by the current stakeholders will be encouraged to sell to parties that can secure planning permissions and start building as a result of the Residentially Zoned Land Tax (RZLT) that is now due at a rate of 3 per cent per annum, based on the value of the properties. Sufficient zoning by local authorities of new land is crucial for there to be sufficient land available for planning permissions and building. The zoned land needs to be a multiple of the housing completion requirements as historically there has always been a lag between that zoned and housing delivered.

The delays in securing planning permissions have added significant challenges and costs to the development sector. This has impacted parties who bought sites that were zoned but without planning permission who reasonably expected to be building within 12 to 24 months; in a lot of cases this did not happen and while development has always been a risky enterprise the level of frustration and financial loss this causes is not appreciated unless parties have been in that position themselves. Ultimately these delays increase the cost of housing for the end purchaser or occupier as they add costs in terms of finance, planning, legal fees and construction cost inflation. The challenges around obtaining planning permission and delays caused by different types of objectors has resulted in land with planning permission being much more sought after than land without planning permission and this translates into a significant disparity in value.

TO FINISH...

Many reports and much analysis has been undertaken on the Irish housing sector over recent years. This analysis often has both positive and negative observations from and about the various stakeholders in Ireland who are involved in policy making, advising on development, funding and constructing new homes. While some parties involved comment based on their own political reasons, which will always be the way, much of the commentary is based on years of experience in the housing sector and is only seeking to point out what could have been done differently and how the industry could be consulted in the future to secure optimum results in terms of increased housing supply.

Ireland is at a critical time in terms of housing. While many Governments are changing across the world, the Irish Government has the opportunity through the considerable in-house expertise of the various departments and agencies, combined with the external experience of other stakeholders in the industry, to build on the comprehensive 'Housing for All' plan with additional policies, providing certainty and stability to encourage sustainable funding and delivery of housing that caters for the diverse needs of those requiring accommodation in the State, across a range of tenures.

***Station Road, Raheny** sold by Earlsfort Group to DWS in 2022*

OBSTACLES TO DELIVERY OF APARTMENTS FOR THE PRIVATE RENTAL MARKET

The number of apartments constructed in Ireland fell dramatically post-2008. Apartments are the choice of many renters; affordability is a consideration in this. A combination of factors has made the delivery of apartments more challenging. From a review of the European markets, higher density apartment type development is challenging in all locations. Obstacles to apartment development in Ireland are outlined below:

Delays in the Planning System: Lengthy approval processes and bureaucratic hurdles in the planning system can significantly slow down the development of apartment projects, delaying their delivery to the rental market.

Construction cost viability: Escalating construction costs, including materials, labour, and compliance expenses, can render apartment developments financially unviable. Some of the design requirements as stipulated by Local Authorities can be overly onerous also. Also, approximately half of the cost of delivery of each new residential unit goes on non-construction elements such as VAT, levies and services.

The 2 percent rent cap: Government-imposed rent restrictions, such as the 2 percent per annum increase limit, constrains the potential returns on investment for developers and landlords, discouraging new apartment developments for the rental market.

Funding difficulties: By their nature, apartment developments are more difficult to fund. Millions of Euro are required upfront and typically it is not until the end of the project that the promoters get the sale proceeds. Unlike house developments where there can be multiple phases of say 20 houses, which can be built and sold and paid for, in apartment developments they are often built in one or two phases with the only inflows at the end. The risk and amount of equity and debt required for projects like this are very high and as a result are difficult to finance. The costs therefore increase to the point that projects are not workable.

Hostile regulatory environment and constant policy changes: A regulatory environment perceived as unfriendly to property investment, compounded by frequent changes in policies, create uncertainty and deter developers and investors from participating in the industry.

Negativity towards funders: Negative, uninformed or biased assessments of domestic and international institutional funders can develop a negative perception of Ireland and limit access to capital for apartment development projects.

Infrastructure deficiencies and delays: Inadequate infrastructure, including transportation networks, utilities, and amenities, coupled with delays in infrastructure development projects, can reduce the attractiveness of certain areas for apartment development for the rental market.

Land use restrictions and zoning Laws: Stringent land use restrictions and zoning laws can limit the areas where apartment developments can be built, constraining supply and driving up costs in permitted areas.

Market volatility and economic uncertainty: Fluctuations in the economy, such as changes in interest rates, housing market trends, or global economic conditions, can create uncertainty for developers and investors and their financers, impacting their willingness to undertake new apartment projects for the rental market.

Community opposition and NIMBYism: Local opposition from communities, often referred to as NIMBYism (Not In My Backyard), can stall or block apartment developments due to concerns about increased density, traffic congestion, or changes to neighbourhood character, further delaying their delivery to the rental market.

Skilled workforce shortages: Shortages of skilled labour in the construction industry can lead to delays and increased costs for apartment developments, further impeding their delivery to the rental market. However, the construction industry would argue that if other impediments were removed the industry could scale up adequately.

2. Greater Dublin Area Investment Market Transactions

Top Multi-Family / PRS Transactions in the Greater Dublin Area in H1 2024

	PROPERTY	NO. OF UNITS	TYPE	REPORTED PRICE	AVG. PRICE PER UNIT	PURCHASER
1	North Dublin portfolio	136	Stabilised	€70m	€514,705	Private
2	Shackleton Park, Lucan, Co. Dublin	265	Stabilised	c. €42m	€403,846	KGAL
3	Oxmanstown Green, Blackhall Place, Dublin 7	25	Stabilised	€8.6m	€318,500	Private
	Total	**426**		**c. €120.6**		

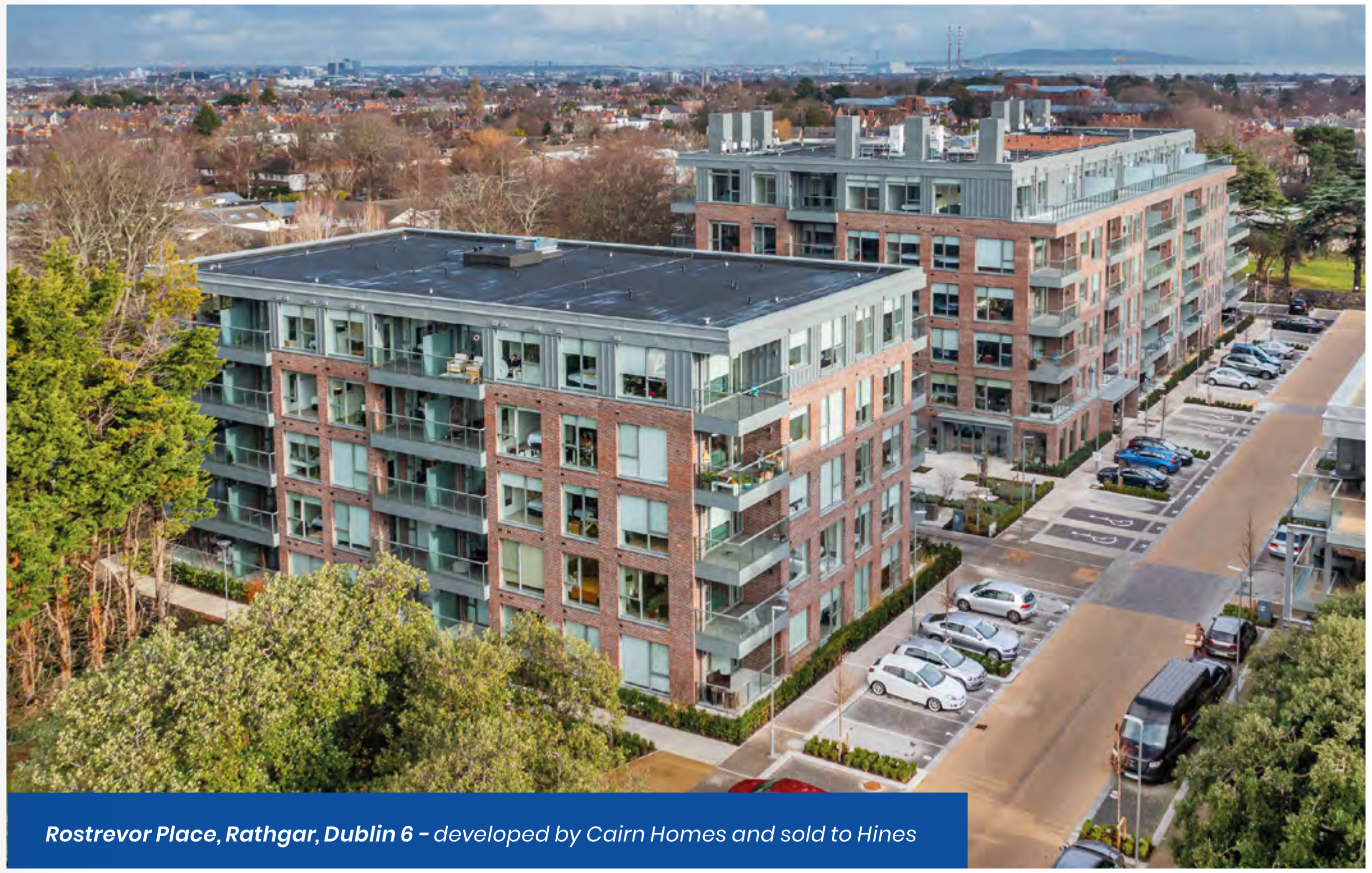
Top Multi-Family / PRS Transactions in the Greater Dublin Area in 2023

	PROPERTY	NO. OF UNITS	TYPE	REPORTED PRICE	AVG. PRICE PER UNIT	PURCHASER
1	Opus, Hanover Quay, Grand Canal Dock, Dublin 2	120	Completed 2019	€101m	€841,667	Pontegadea
2	Eglinton Place, Donnybrook, Dublin 4	148	New Build	€99.5m	€672,297	M&G
3	Off-Market - North Dublin	46	New Build	€24.5m	€532,609	DWS
	Total	**314**		**€225m**		

Top Multi-Family / PRS Transactions in the Greater Dublin Area in 2022

	PROPERTY	NO. OF UNITS	TYPE	REPORTED PRICE	AVG. PRICE PER UNIT	PURCHASER
1	Brickfield Square, Crumlin Dublin 12	242	New Build	€123.5m	€510,331	Greystar
2	Magna Drive, Citywest, Co. Dublin	321	New Build	€122m	€380,062	Ardstone
3	Church View, Killiney, Co. Dublin	189	New Build	€98m	€518,519	DWS
4	St Edmunds Drive, Citywest, Co. Dublin	252	New Build	€105m	€416,667	Ardstone
5	Off-Market - North Dublin	240	New Build	€98m	€408,333	Private
6	Newtown Gardens, Blackrock, Co. Dublin	140	New Build	€76.3m	€544,643	Union
7	Santa Sabina, Sutton, Co. Dublin	140	New Build	€75m	€535,714	Union
8	Station Road, Raheny, Dublin 5	105	New Build	€56m	€533,333	DWS
9	Project Ashlar - Various locations	187	Stabilised	€55m	€294,118	Fairways
10	Project Ivy, Hampton Wood, Finglas, Dublin 11	128	Stabilised	€54.5m	€425,781	New Beginning
11	Balroy House, Castleknock, Dublin 15	110	New Build	€49.5m	€450,364	Irish Life
12	Hansfield Wood, Dublin 15	90	New Build	€47m	€522,222	Carysfort Capital / Angelo Gordon
13	Off-Market - North Dublin	93	New Build	€42m	€451,613	Private
14	Oatlands, Mount Merrion, Blackrock, Co. Dublin	54	New Build	€38m	€711,111	Real I.S.
15	Off-Market - Dublin 7	114	New Build -Co-living	€34m	€298,246	Private
16	Project Haven Green - Dublin Portfolio	86	Stabilised	€31m	€358,000	Private
17	Parkview Estate, Poppintree, Dublin 11	72	Stabilised	€19m	€268,000	Private
18	Marina Village, Greystones, Co. Wicklow	33	New Build	€19m	€576,000	Real I.S.
19	Dunlin House, Redcourt Oaks, Clontarf, Dublin 3	35	Stabilised	€13m	€380,000	Solas Living
20	The Millworks, Islandbridge, Dublin 8	29	New Build	€13m	€445,000	Private
21	Off-Market - Dublin 15	26	Stabilised	€13m	€490,000	Private
22	Project Haven Purple - Dublin	34	Stabilised	€12m	€354,000	New Beginning
	Total	**2,720**		**€1,193.8**		

The above tables excludes identified sales to social and affordable housing providers.

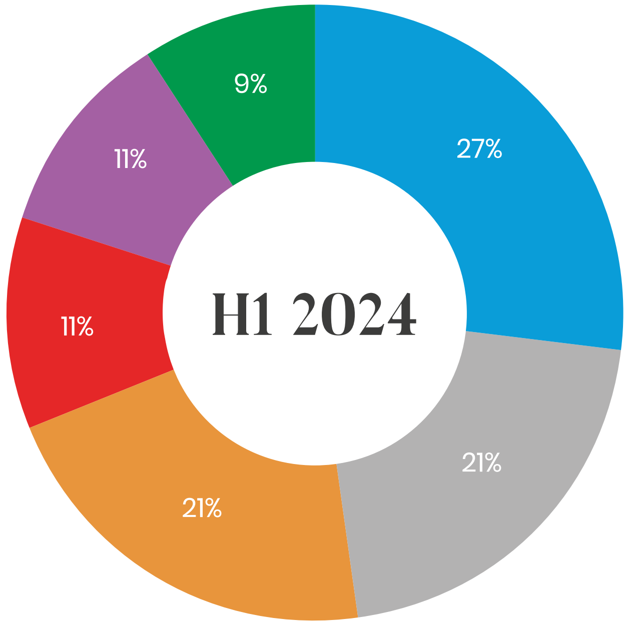


***Rostrevor Place, Rathgar, Dublin 6** - developed by Cairn Homes and sold to Hines*

***The Grange, Stillorgan, Co. Dublin**, originally developed by Glenkerrin and recent phase (above) completed by Kennedy Wilson*

Greater Dublin Area Investment Market Transactions (continued)

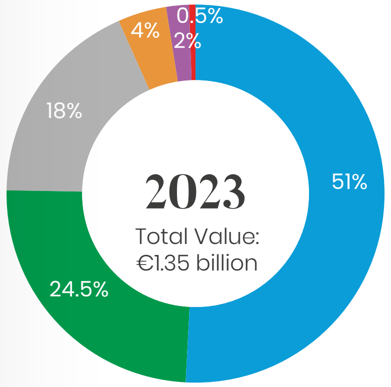
Investment Market Transactions by Value



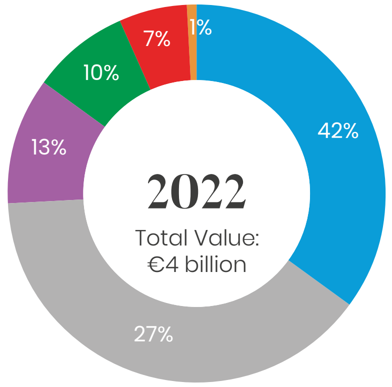
- Multi-Family **27%**
- Office **21%**
- Retail **21%**
- Mixed use **11%**
- Other **11%**
- Industrial **9%**

Total Value: **€457 million**

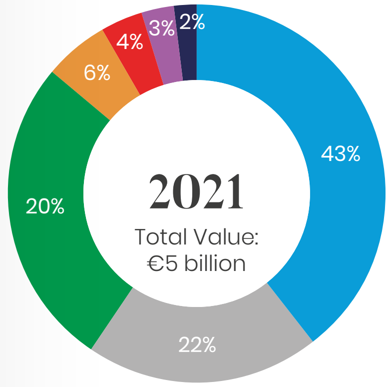
***Balroy House, Castleknock, Dublin 15,** developed by Glenveagh and sold to Irish Life*



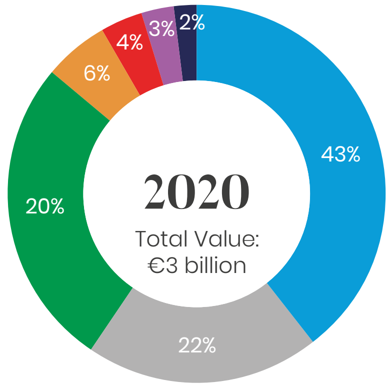
- Multi-Family **51%**
- Industrial **24.5%**
- Office **18%**
- Retail **4%**
- Other **2%**
- Mixed use **0.5%**



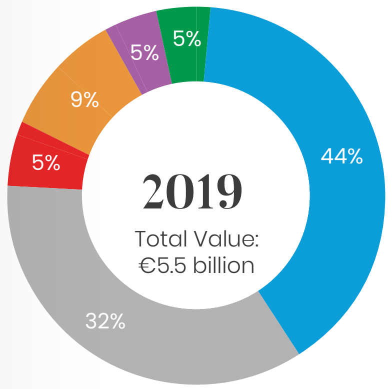
- Multi-Family **42%**
- Office **27%**
- Other **13%**
- Industrial **10%**
- Mixed use **7%**
- Retail **1%**



- Multi-Family **43%**
- Office **22%**
- Industrial **20%**
- Retail **6%**
- Mixed Use **4%**
- Other **3%**
- Student **2%**

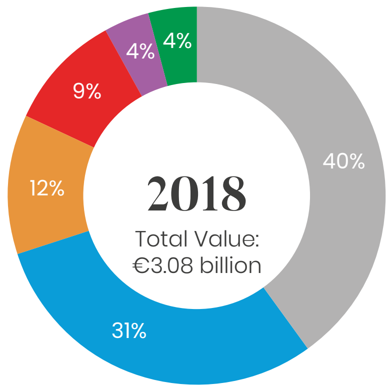


- Multi-Family **40%**
- Office **40%**
- Industrial **10%**
- Student **4%**
- Retail **3%**
- Other **2%**
- Mixed use **1%**

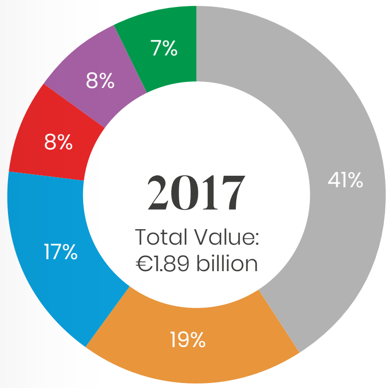


- Multi-Family **44%**
- Office **32%**
- Retail **9%**
- Mixed Use **5%**
- Other **5%**
- Industrial **5%**

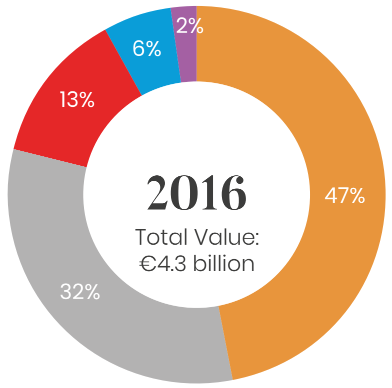
Excludes the company sale of Green REIT for €1.5 billion.



- Office **40%**
- Multi-Family **31%**
- Retail **12%**
- Mixed Use **9%**
- Other **4%**
- Industrial **4%**



- Office **41%**
- Retail **19%**
- Multi-Family **17%**
- Mixed Use **8%**
- Other **8%**
- Industrial **7%**



- Retail **47%**
- Office **32%**
- Mixed Use **13%**
- Multi-Family **6%**
- Other **2%**

Excludes identified sales to social and affordable housing providers.
Analysis: Hooke & MacDonald Research

3. Government Review of Housing Delivery

The Department of Finance and the Department of Public Expenditure, National Development Plan Delivery and Reform produced very detailed and helpful analysis for the Government's National Economic pre-Budget Dialogue in May 2024, which assists in framing the debate on housing.

The section on housing was particularly interesting. Included below are extracts from the paper on housing along with some comments from Hooke & MacDonald at the end.

The housing paper states that "the State can only be a minority provider of development capital'" and that "accordingly, tens of billions of Euro will need to be invested by the private sector over the coming decade."

The paper outlines: "The current mismatch between supply and demand has occurred at a time of significant change in the residential construction industry. In fact, the industry is almost unrecognisable from the one that existed prior to the 2008 crash. The preferred typology mix, improved construction and energy standards and a changed financial landscape, mean the industry is much different to the one that existed previously."

"All else equal, an increase in supply will reduce the price of housing. However, the cost of building new housing is driven by a multitude of factors including the price of land, labour and materials. The challenge for policymakers, and industry, is to find ways of reducing this cost, so that new housing can be delivered at a price that more people can afford."

It goes on to state that the "central issue of viability is critical if supply is to be ramped-up to meet the needs of the growing population. It also brings into focus the central role of the State in a) helping to drive costs down and b) subsidising people who cannot afford to meet that cost. The choices and trade-offs inherent in addressing these two key questions are at the core of housing policy. With the aim of encouraging open debate this paper aims to highlight some of the relevant issues."

"For a host of environmental, fiscal and social reasons, there is a widespread consensus toward increasing residential densities. This consensus is reflected in the National Planning Framework (NPF), which specifically targets brownfield development. In Ireland, higher density has come to be associated with a single type, of housing i.e. apartments."

Two Oaks, Rathfarnham, Dublin 16, developed by Ardstone

IDENTIFIED TRENDS

The charts included in the paper and replicated herein identify trends.

Figure 1 charts address changes in the Irish population and demographics, 2000-2023.

The first chart, (Figure 1A) shows that new housing accommodation delivery fell dramatically post-2008 from over 90,000 properties per year being completed to only a fraction of this; only in the last 3 years has new delivery started getting towards and breaking 30,000 new properties per annum being completed. The overall housing stock of the State has followed this trend.

The second chart (Figure 1B) shows the consistent population growth from 1978 to 2023. In line with what is being seeing elsewhere in the EU, the number of persons per household had been decreasing but this has not been the case in Ireland over recent years as the lack of housing is increasing occupancy.

VIABILITY

"Owing to a number of factors, however, apartments are expensive to build. Analysis from organisations such as Mitchell McDermott and the Society of Chartered Surveyors Ireland (SCSI) indicates that the cost at development for an average 2-bedroom apartment is now €450,000 – €550,000. This compares to the median price of existing apartments of €330,000 in Dublin and €265,000 nationally."

"Viability concerns have been compounded over recent years by interest rate increases. Investments in larger scale apartment schemes are particularly sensitive to changes in the interest rate cycle. The impact is evident in recent data. In fact, commercial residential investment fell 75 per cent in 2023, see figure 2b. Despite the fall, interventions from the State through various channels have helped to offset the decline and maintain a positive pipeline of housing delivery.

"Given the current lack of viability in the sector, there are at least two trade-offs apparent with a policy focus on compact growth. The first is that less housing is likely being built relative to a position where lower density or sprawl was encouraged. The second is that the private high density housing that is built is more likely to be developed for the rental sector, as opposed to the owner-occupier market.

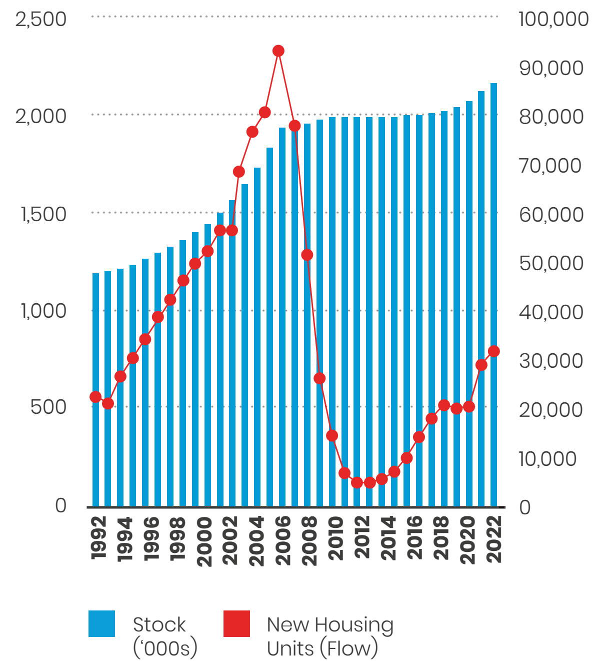
FUNDING NEW DEVELOPMENT

"Due to the challenges faced by some developers in attracting financing, the State has intervened via Home Building Finance Ireland (HBFI),), the Irish Strategic Investment Fund (ISIF) and the LDA.

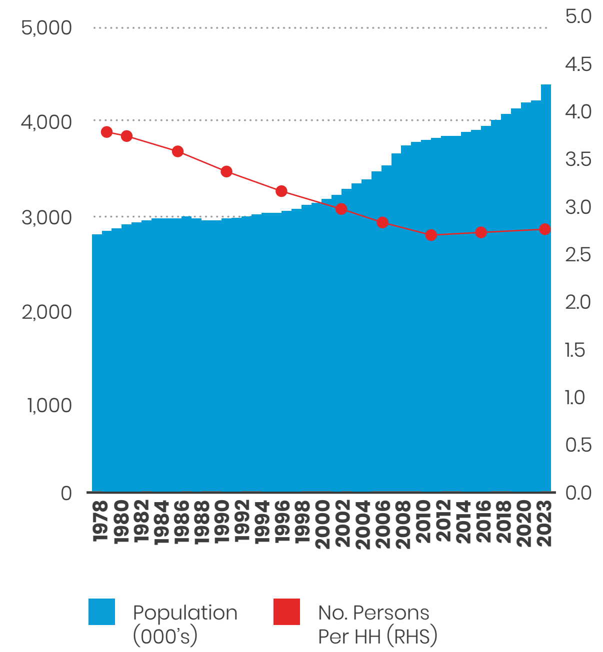
"The combined investment by these State agencies is in addition to direct capital investment by the

Figure 1. Changes in Irish population and demographics, 2000-2023

Housing Stock and Flow, 1990 - present



Long-term Population Changes and No. Persons per Household



Sources: Department of Finance and Department of Public Expenditure

Department of Housing, the local authorities and Approved Housing Bodies (AHBs). Budget 2024 provided for total Exchequer funding of €2.6 billion to deliver housing programmes. The capital provision will be supplemented by €1 billion from LDA investment and Housing Finance Agency (HFA) lending, resulting in an overall capital provision of over €5bn for 2024."

The paper goes on to state that "the Department of Finance estimates that annual development financing of €13.6 billion is required to produce 33,000 units. Should the national housing supply target increase, as expected, that funding requirement will grow, see an estimate for a 50k scenario in figure 2b. In other words, notwithstanding the significant increase in public funding, the scale of housing need means that the State is likely to only ever be a minority provider of development capital."

Figure 2 charts address Housing for All unit targets and capital estimates, 2024-2030.

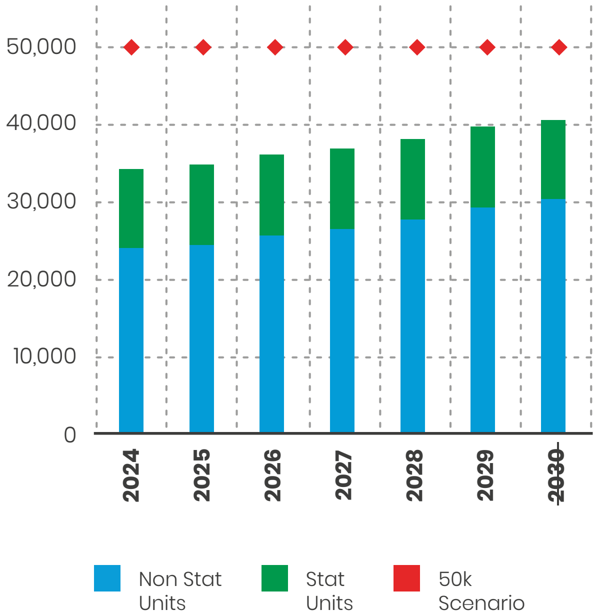
The first chart, (Figure 2A) shows the Housing for All unit completion targets and the 50,000-unit scenario, there is currently a significant shortfall on this.

The second chart (Figure 2B) shows estimated finance requirements under the Housing for All delivery targets, which is split between private (green) and public funding. The €20 billion markers indicate the estimated finance requirements for a 50,000-unit delivery scenario. Evidently, the private share of funding requirements is estimated to be far greater than can be sourced from public funding (the State). The majority of any additional funding over the Housing for All targets will most likely have to be sourced from the private sector.

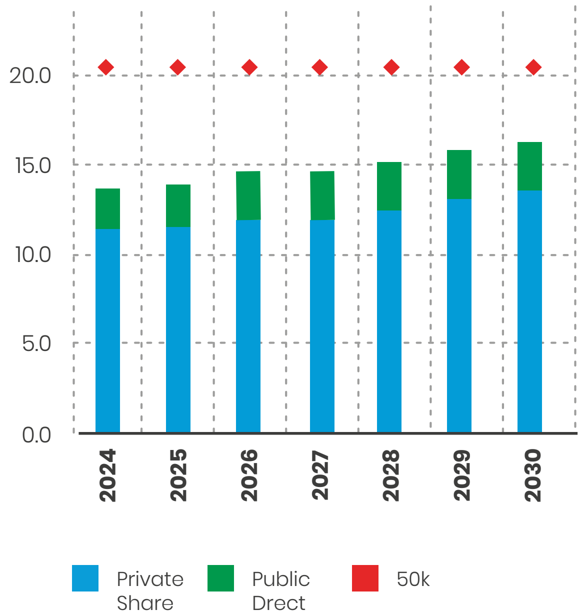
The Department of Finance paper concludes by stating that the scale of the housing challenge should be highlighted and that "structural demand is such, that neither the State, or market, can solve these issues individually or in respective silos. Generating a housing market that supports a growing population and economy requires a collaborative approach that emphasises the strengths of all stakeholders, industry, local authorities, central government and the not-for-profit sector. This is the only path to achieving a housing system that supports the social and economic goals of the citizens, and the State."

Figure 2. Housing for All unit targets and capital estimates, 2024-2030

A. Housing for All, unit targets and 50k scenario



B. Estimated finance requirements for HfA targets



Sources: Department of Finance and Department of Public Expenditure

The recently completed Grand Canal Harbour, Dublin 8, *a major regeneration project by Marlet Property Group, which is currently being leased up*

HOOKE & MACDONALD COMMENT

The environment in which housing is delivered is highly complex with hundreds of factors and policies influencing whether individual projects can commence and if they are successful – these factors are at a macro level, the wider environment and micro level, location, project and entity specific factors.

The Department of Finance provides some excellent insights into the workings and components influencing the supply, demand and funding of housing in Ireland and assists in framing mature reasoned discussion. The simplistic analysis and projections that can be put forward by some commentators and politicians often don't take account of the wider material factors across the industry. The informed debate is required.

Over the coming months and years Ireland needs to create the ecosystem to allow funders, investors in, and builders of, housing to assist in meeting the housing needs of the State and the delivery of over 50,000 new homes per year.

The largely unseen and underappreciated part of the industry related to housing are the corporate and tax structures in which the funders and development entities operate. These structures are vital in creating the right conditions for industry contributors to function. A review of the funds sector in Ireland is currently being undertaken by the Department of Finance and it is due to report in Summer 2024, according to the Ministers December 2023 update on the review. It will be interesting to see the outcome of this, and hopefully its recommendations can contribute to creating this much needed pro-housing delivery environment.

In terms of the cost of housing, the paper does not highlight the State's role in adding cost and affordability of housing. This is through VAT, which is currently 13.5 per cent on new homes, residential Stamp Duty (1 per cent for the first €1 million and 2 per cent on the remainder), and development levies and related costs. In the UK, Northern Ireland there is no VAT on new homes, which dramatically reduces the cost to purchasers, including owner occupiers. Emergency measures could be enacted by Government, considering the recognised housing situation and war in the Ukraine, which has contributed to Ireland taking in over 107,000 immigrants since Q1, 2022, which represents 2 per cent of the population.

The Department of Finance states that 'the economics of the Build-to-Rent (BTR) sector are different. Investors in such developments seek annual yields over a long period, usually around 25 years, and can therefore pay a premium on the unit price. The increased sales price makes more projects viable' and 'private high density housing that is built is more likely to be developed for the rental sector, as opposed to the owner-occupier market'.

Apartments have not been viable in most parts of Ireland since before the Global Financial Crisis over 16 years ago in 2008. An assumption relating to investors paying a premium to allow viability is no longer valid, even in Dublin; since the increase in interest rates mid-2022, combined with other current factors, there is more limited appetite for real estate investment. The number of forward purchases of apartment developments by domestic and international private funds has dried up and this source of supply is going to cease within the next 18 months, as pre-2023 contracted projects come to completion. It is too much of a generalisation to state in the Department Report that Build-to Rent investors 'are different' and seek 'yields over a long period' (e.g. 25 years) and can 'therefore pay a premium'. Broadly speaking, 'opportunistic' and 'value-add investors' (e.g. private equity) are looking for higher returns and tend to invest earlier in the property cycle, may take on more risk (e.g. new development), and are more likely to have shorter investment time-frames (maybe 5 to 8 years) - they need to be rewarded for the risk. Whereas 'core' investors (e.g. pension funds) typically have lower yield expectations, lower risk appetite, and may have investment time frames of 10 to 25 years, or more, and often invest later in the cycle.

The point being, different investors have different requirements and the funding and investment environment needs to cater for a full range of these to be successful in getting projects started and increasing supply. Ultimately what investors can pay for a property is impacted by the cost of capital and estimated returns - the premium paid in the past may not be possible today. At present the investment case for 'new' development Build-to-Rent investors in Ireland is not supported - the costs of construction and capital are elevated and returns are reduced.

For the most part, in the current environment, the only high density housing that will be built in the coming years will be social or affordable; having this tenure of supply is positive but the State needs private rental housing and for sale supply also.

The paper doesn't refer to new high-quality apartments not being superior in terms of standards compared to older stock, which is an important consideration.

Green Acre Grange, Upper Kilmacud Road, Dublin 14, *developed by Marlet Property Group*

Strand View, Howth Road, Dublin 5 *developed by MKN and sold to DWS*

The sharp slowdown in apartment construction in Dublin and other cities is a direct result of the lack of viability due to rising interest rates and construction cost inflation and the disconnect between what end users can afford to pay for apartments and what they need to be sold for to make an economic return, a large factor is the 2 per cent rent cap. Other countries, such as the US, have addressed these issues with incentives and by subsidisation of higher density apartment developments in urban areas.

The Department of Finance have produced a report which contains a very significant and honest analysis of how the housing programme for the State has to be funded. If supply is to be ramped up to meet the housing supply targets, measures need to be introduced to counter the alarming inactivity of institutional funders in the industry and to actively encourage and substantially increase their involvement.

The Irish government have introduced measures to promote increases in apartment supply but these are mainly targeted at owner occupier and social and affordable sectors; much more radical policies are needed, including measures that foster development for the rental market. The provision of subsidies needs to be front loaded to enable development to commence rather than having payment made when projects are completed, which is not feasible for most developers. Development at scale is required and the current measures do not address this.

The most recent cycle for apartment construction started in circa 2016 and while many parties with land have sought to improve the developability of the land by securing a planning consent over the last four or five years, unlike in the 1990s and early 2000s when funding and purchasers were freely available and commencements followed planning consents, many of these recent new planning permissions will not be built as a result of the lack of funding and viability for private for sale and rental sectors, not due to stakeholders simply holding back on development.

Only 9,031 apartments were built in Dublin in 2023. There were only 290 apartments built in Cork, 213 in Galway City and 156 in Limerick in 2023. There is a need for at least 27,000 apartments to be built in Dublin annually to meet demand from the public and private sectors.

Considering the timing in the political cycle (current government in its last year), and the results of the June 2024 Local Government and European elections, it is timely for the respective Ministers and their Departments to formulate strategies that provide incentives and confidence that attract and increase funding, investment and the development of housing. Ideally from the next Budget in October 2024, and then when a new government is formed at the end of 2024 or start of 2025. The hope is that these actions, combined with 4 to 5 years of political stability, up to 2030, the State housing supply will increase and better meet the needs of its population.

4. Rent Controls Impeding Supply and Affordability

IRISH GOVERNMENT POLICY – HISTORIC & CURRENT

Rent control was first introduced in Ireland in 1915. As unintended consequences emerged in the following decades, numerous changes were made to the legislation. However, all this tinkering failed to prevent vast swathes of properties in Ireland's cities and towns falling into disrepair and dereliction. Landlords had little incentive or revenue to keep their properties in good condition for their tenants. Due to the efforts of a number of parties, including the late solicitor Paddy Madigan, legislation was introduced in 1982, 67 years after it was first introduced, ending rent control with the Housing (Private Rented Dwelling) Act 1982.

Unfortunately, the lessons of the past were not learned. In 2004, a limited form of rent control was introduced followed in 2016 by rent pressure zones (RPZ's.). A Rent Pressure Zone is a designated area where rents cannot be increased by more than a certain percentage per annum pro rata (where general inflation is higher, as recorded by the Harmonised Index of Consumer Prices (HICP) or than the rate of inflation (per HICP), if lower. The RPZ rent increase restriction applies to new and existing tenancies, where the properties were previously rented. They do not apply to newly built properties or those than have not been tenanted in the previous 2 years. The initial RPZ restriction was a maximum of a 4 per cent increase, which was generally seen as tolerable when interest rates and inflation were very low.

The most damaging blow came in November 2021 when rent increases were capped at 2 per cent, totally ignoring the fact that, with inflation and interest rates running at more than double this, the effect would be a curtailment of rental supply and the rental market to become more dysfunctional due to a myriad of unintended consequences. The Rent Pressure Zone policy was due to expire at the end of 2024. In May 2024 the Irish Government extended the measure until December 2025.

MOUNTING RESEARCH AGAINST RENT CONTROLS

A research paper relevant to the review of rent controls by Konstantin A. Kholodilin is included in the March 2024 published Journal of Housing Economics. Titled 'Rent control effects through the lens of empirical research: An almost complete review of the literature', Kholodilin examined a wide range of empirical studies on rent control published in journals between 1967 and 2023. Th author concluded that, 'although rent control appears to be very effective in achieving lower rents for families in controlled units, its primary goal, it also results in a number of undesired effects, including, among others, higher rents for uncontrolled units, lower mobility and reduced residential construction. These unintended effects counteract the desired effect, thus, diminishing the net benefit of rent control'. Paper available here: https://www.sciencedirect.com/science/article/pii/S1051137724000020

In August 2023, a US grouping which represented a broad coalition of eighteen public and private housing providers and lenders, sent a letter to the US Federal Housing Finance Agency (FHFA) warning that mandatory rent control and rent stabilization policies will increase rents, reduce the amount of capital needed to increase the housing supply, and negatively impact current and future renters.

The letter states "Research has proven repeatedly that rent control is a failed policy which does nothing to alleviate the root causes of housing affordability issues—namely the fact that our nation's housing supply has not kept pace with the needs of our growing population. Rent control disincentivizes housing investments across markets, particularly in communities that already often have few affordable options.

"FHFA and the Enterprises should consider that rent control is nothing more than a politically expedient response to the increased cost of housing and other essential goods and services, and it results in a reduction of the available supply of rental housing and increases costs especially for those most in need. In a San Francisco case study, for example, the National Bureau of Economic Research (NBER) found that rent control "reduced rental housing supply by 15%, causing a 5.1% city-wide rent increase.

The letter concludes 'implementing failed policies such as mandatory rent control will create instability in an already challenged market and undermine the important goals of fostering a healthy and equitable housing market, increasing supply, and creating successful communities where people of all backgrounds can build their lives. As such, we respectfully encourage FHFA to refrain from implementing policies like rent control on private rental housing providers and instead focus on leveraging federal resources in the form of incentives to bolster new affordable housing."

The Federal Housing Finance Agency (FHFA) is an independent US agency which was established in 2008 with responsibility for the effective supervision, regulation, and housing mission oversight of the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), and the Federal Home Loan Bank System.

The eighteen public and private bodies that co-signed the letter were as follows: American Seniors Housing Association, Council for Affordable and Rural Housing, Commercial Real Estate Finance Council, Institute of Real Estate Management, Leading Builders of America, Manufactured Housing Institute, Mortgage Bankers Association, NAIOP, the Commercial Real Estate Development Association, National Apartment Association, National Association of Home Builders, Nareit, National Association of REALTORS®, National Association of Residential Property Managers, National Housing Conference, National Housing & Rehabilitation Association, National Leased Housing Association, National Multifamily Housing Council and The Real Estate Roundtable. Letter available here: https://www.naahq.org/sites/default/files/2023-08/Rent%20Control%20Coalition%20Letter%20to%20FHFA%2008-10-23.pdf

Considering the research and experienced US stakeholder views, it is evident that rent controls ultimately negatively impact supply and the plight of renters.

IMPACT OF HOUSING SUPPLY AND AFFORDABILITY

Also, in August 2023, a research note issued by the Greater London Authority (GLA) Housing and Land division published 'Housing Research Note 10 - The affordability impacts of new housing supply: A summary of recent research' by James Gleeson. The note states that 'in general, building new market-rate homes makes other housing more affordable. It does so by creating chains of vacancies and moves that can reach across an entire housing market area. These moving chains improve the availability and affordability of housing throughout the range of prices and rents, including for low income households'.

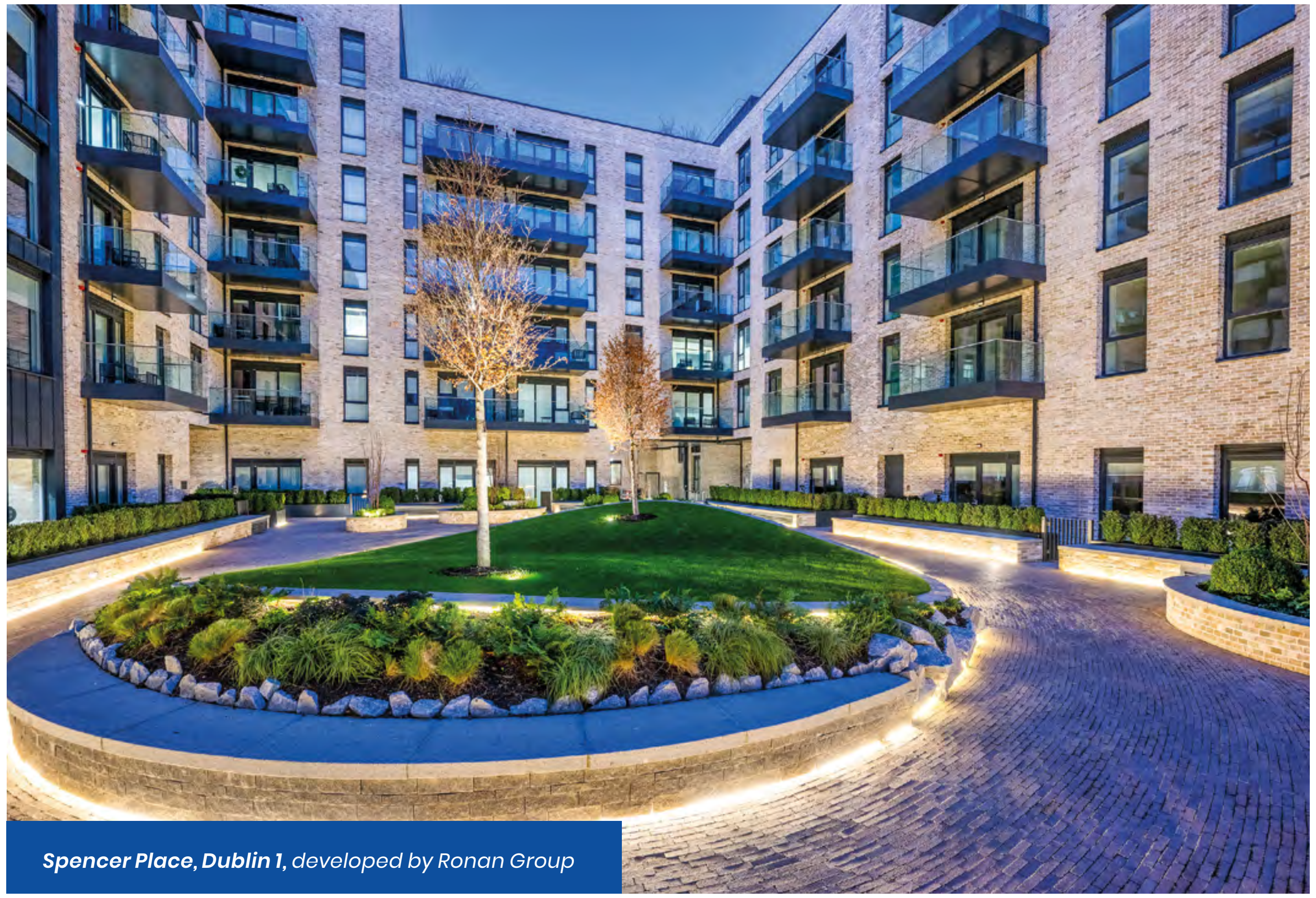
Bringing together the pre-existing evidence base, the insights from seven papers reviewed and using new data sources and new analytical techniques, the key points of the new evidence base on the impacts of housing supply can be included the following:

New homes deliver improved choice and affordability for households beyond the immediate beneficiaries. The chains of moves initiated by new supply mean that one new home, even an expensive one, can improve the housing circumstances of several households. New market-rate supply can also make housing more affordable – and where it doesn't, it is probably because it is accompanied by significant improvements in local amenities.

The benefits of new supply extend beyond improvements in affordability. The most immediate impact is that the chain of moves set off by a new home can enable several households to move to a better-quality home, or one that better matches their preferences (even if it costs more than their previous home).

These benefits can spread quickly across a market area. New supply quickly initiates chains of moves that reach across housing markets, and can also lead to rapid changes in local prices and rents – but the direction of change in costs depends on whether the increase in supply outweighs any improvement in amenities.

***Griffith Wood, Griffith Avenue, Dublin 9,** was developed by Cairn plc and sold to Greystar in 2021*



***Spencer Place, Dublin 1,** developed by Ronan Group*

Building relatively high-cost new homes in one area can lead to increased availability of low-cost housing in another area because local housing markets are not highly segmented and moving chains link one segment to another.

Building market-rate homes only in low-income areas will induce higher income households to move into those areas. These pressures will be greater if the new homes are accompanied by significant improvements in local amenities.

Building new market-rate homes in high-income areas ultimately reduces gentrification pressures elsewhere, even when those new homes are expensive, because it induces higher-income households to move in. Market-rate homes built in high-income areas are also less likely to have a transformative impact on local amenities and therefore more likely to reduce overall housing costs through the supply effect.

When demand for high-cost homes is not met by new supply it is primarily low-income households that lose out, because low-income households benefit from the construction of even high-cost homes while high-income households can afford to satisfy their housing needs even in the absence of new supply.

But while all kinds of new homes ultimately improve the availability of housing across the income spectrum, **new social housing provides the most immediate and direct benefits for low-income households.**

DUBLIN RENTAL SECTOR TRENDS

In the first quarter of 2024, according to the Daft Rental Price Report Q1 2024, market rents in Dublin cooled to 2.5 per cent compared to a year previously. The report confirmed that the number of homes available to rent on the open market remains low. On May 1st, just over 2,000 homes were available to rent, effectively unchanged on the same date a year previously and well below half the 2015-2019 average of almost 4,400. Availability had almost doubled between late 2022 and late 2023 but has fallen considerably since the start of the year, mainly due to small landlords exiting the market and institutional funders being discouraged by conditions.

Commenting on the report, Ronan Lyons, Associate Professor in Economics at Trinity College Dublin and author of the Daft.ie Report, said: "Rental inflation has slowed considerably over the last 18 months, driven in large part by the construction of significant numbers of new rental homes in the Dublin area. More supply, even at the upper end of the market, relieves pressures across the market and, in the second half of 2023 in particular, new supply saw availability improve and inflation has eased.

"However, improvements in the availability of homes to rent look to have stalled. Without additional increases in rental supply, any pressure on rents is likely to be upward in nature, further straining affordability for those on regular incomes. For that reason, policymakers must develop a thorough understanding of rental supply dynamics ahead of a detailed plan on dramatically increasing rental supply over the rest of the decade.

The fact that rents have been rising faster recently outside Dublin, where institutional investors have not been active, confirms that these entities have not been responsible for rental inflation – on the contrary they have helped to increase supply – the lack of supply being the main cause of rental inflation.

THE HOUSING COMMISSION

The final version of the Housing Commission Report which was published in May 2024 contained a number of interesting findings. It recognised that the scale of the deficit in housing supply is far bigger than previously acknowledged and that a period of "accelerated housing delivery" is recommended. In order to achieve this the report proposes that diverse sources of finance, including stable public financing and a predominant international element, are available to increase housing output in the medium term. While full analysis of the report is required, elements related to rent restrictions are referred to below.

The report advised the government to remove the current rent pressure zone rules which limit rent increases to 2 per cent per annum. While this is a sensible proposal to increase funding for the private rental market, it is unfortunate that they then go on to suggest that it should be replaced by a complex and unwieldy mechanism involving rents being calculated based on "reference rents" set for different parts of the country. It is significant that three members of the Housing Commission said that "the quasi permanent rent controls" being proposed "would adversely impact supply". They state that the best control on rents comes through achieving adequate supply. They are absolutely correct in the assessment as the rent cap has stifled supply, forced rents upwards and increased hardship on those seeking rental accommodation.

QUALITY OF ACCOMMODATION

One point that is not always taken into account when discussions take place about rental levels is that there is a vast gulf between the quality and energy efficiency of apartments built in Ireland since 2016 and those built prior to that. There is also a further gulf between those built prior to the turn of the century (c. year 2000). To treat these three categories as if they had the same rental value is a fallacy and inequitable.

The apartments that were built in the past eight years are of an exceptional standard, including the provision of multiple resident facilities, high quality specifications and architectural designs. By producing these buildings it is adding to overall supply and freeing up rental accommodation for those relying on the lower and middle markets. To suggest that the top end properties should be restricted to the same rental levels as inferior properties would lead to a further contraction in rental property supply. Open market rents are required for newly built properties. An index comparing older stock with recently completed stock would therefore not work.

CONCLUSION

Over the last 2 years there is conclusive international evidence, including that included above, that rent controls stifle new supply and negatively impact affordability. Private Rental Sector new supply is going to fall away in the Greater Dublin Area in the next 18 months as investment funding has ceased; this funding was not seen outside of Dublin. If supply is to increase again and rents stabilise, the 2 per cent increase cap needs to be removed. If it was removed, and complimentary and appropriate industry incentives and conditions propagated, there would be a surge in funding for the rental sector. The international and domestic capital that the Irish housing sector needs would again support housing supply. Policies preventing this to date are misguided ideology and a failure by policymakers/politicians to appreciate or face up to the unintended consequences of rent controls. There are very limited examples where oppressive rent regulations have worked, and the countries with them typically have their own supply shortages.

While there has been more limited flows of capital internationally towards real estate the last 2 years, investors invest when they can see stable, pro-investment jurisdictions, high quality sustainable ESG friendly properties, good returns, and tradeable assets that can be bought, sold and valued with relative ease. Properties that are seen as social or more affordable for the end occupier are even better. Collaboration between Government and industry is now essential to ensure fit for purpose policies to increase funding and supply of housing are devised prior to them being finalised.

Addressing the imbalance between the social and affordable housing sector and the private rental market will require a comprehensive approach that considers both the needs of vulnerable populations and the dynamics of the housing industry. This could include incentivising private developers to participate in affordable housing and Cost Rental initiatives while also exploring ways to reduce construction costs and streamline regulatory processes. Ultimately, finding sustainable solutions will be crucial for ensuring equitable access to housing for all members of society.

5. Irish Population Interfaced with Housing, Spatial Planning and Governance Issues By Dr. Brian Hughes

ACCELERATED POPULATION GROWTH

Recent commentary on Ireland's demographics, including Ronan McGreevy in the Irish Times on June 10th on P. 3 and in its Editorial at P. 17 of 11th June point to a significant acceleration in Ireland's population growth. Because of different methodologies, evidence-based demographic research provides somewhat differing estimations by the CSO, Eurostat and Ameco, of what has happened since the last census of April 2022. However, the thrust of their conclusions point to an estimated 5.5 million State population by the next census in April 2026, an increase in 5 years of 350,000 or 6.8 per cent on Census 2022. This author's breakdown of annual populations between 2022 and 2026 as set out in the following Table, are for the two principal areas of State, the Greater Dublin Area (GDA) and the Rest of State (RoS), thus:

GREATER DUBLIN AREA DIFFERENCES

Comprising the counties of Dublin, Kildare, Meath, Wicklow and Louth, the Greater Dublin Area (GDA) is radically different to the remaining RoS area of the State, with the GDA having six times the population density and just one-eight of the RoS surface area. The next Table shows the population estimates over this period, for the two GDA planning regions, Dublin and the Mid-East, thus:

Dublin includes the city and its remaining county areas. The Mid-East comprises the four surrounding counties listed above. This author's estimates in Table 2 provide for a 15 per cent faster growth in the Mid-East than in Dublin up to 2026 – less than the comparative 33 per cent growth difference that occurred in the respective regions between 2016 and 2022.

Table 1: State, GDA and RoS Actual Population & Forecasts to 2026 Census

(ROUNDED '000S)	2022 CENSUS	APRIL 2023	APRIL 2024	APRIL 2025	2026 CENSUS
GDA	2,222	2,266	2,310	2,355	2,400
RoS	2,927	2,969	3,012	3,055	3,100
State Total	5,149	5,235	5,322	5,410	5,500
	-	-	-	-	-
% increase on prior year	-	1.7%	1.7%	1.7%	1.7%
% increase on 2022	-	-	-	-	6.8%

Source: All tables in this article are CSO past figures with Brian Hughes analysis & forecasts

Table 2: GDA, Dublin and Mid East Actual Population & Forecasts to 2026 Census

(ROUNDED '000S)	2022 CENSUS	APRIL 2023	APRIL 2024	APRIL 2025	2026 CENSUS
Dublin	1,458	1,486	1,512	1,541	1,570
Mid-East	764	780	798	814	830
GDA	2,222	2,266	2,310	2,355	2,400
	-	-	-	-	-
% increase on prior year	-	2.0%	1.9%	1.9%	1.9%

SOURCE OF POPULATION INCREASES

The forthcoming CSO's Population & Migration Estimates for the regions, for the year to April 2024, is due for publication in September. It will help somewhat to clarify what is happening since 2022.

It is instructive to analyse what has been happening in recent years to the State's population changes, so as to appreciate the effects of migration and natural growth components on its demographic growth. Table 3 shows their respective contributions, thus:

It can be seen that In-Migration has sharply increased over the last two of these recent four years because of the Ukrainian War and also due to the growth of refugees, apart also from limited 'normal' migration of returning Irish and from elsewhere. Net migration averages 2.91 times that of Natural Growth (Births less deaths) for these two years. That trend is likely to continue, given that the State's birth rate is falling as its death rate rises. However, the extent of difference between net migration and natural growth will to a significant extent depend on world geo-political conditions and events.

Contradictory 'messages' have featured in recent times with the hard-right's erroneous claim that 'Ireland is full'. Much of the inward migration is helping to bridge the skills gap in the State's labour shortages. Many of those returning are bringing back enhanced work-skills, having perhaps benefited from Ireland's earlier investment in their education. They may also have accumulated savings, enabling them to purchase apartments or other housing.

HOUSING POLICY REQUIREMENTS

Strategic planning policy needs to be focused on housing densification so that residents can reduce their commute and live closer to work locations. Only by doing so can Dublin's population growth rate begin to match that of it's adjoining 4 counties in the Mid-East region. Based on the population growth estimations for 2026 together with the extent of pent-up demand in comparing Ireland with European and UK Headship rates, Dublin's housing shortfall is estimated to be 185,000 and the figure for the State under provision is 485,000 units.

Official appreciation and acceptance of these shortfalls in housing supply are critical to the IDA, to Enterprise Ireland and to private sector's assessments of future employment opportunities that may fail to materialise because of Ireland and especially Dublin's critical shortage of accommodation. In turn, this reflects the failure to zone sufficient lands for residential development.

MISGUIDED NATIONAL PLANNING FRAMEWORK

Local Government Departmental and Office of the Planning Regulator's (OPR) assessments on lands required to accommodate new housing in each local authority area are historically based on the

Table 3: Components of State Population growth - Years April 2020 to April 2023 inclusive

	YEAR TO APRIL 2020	YEAR TO APRIL 2021	YEAR TO APRIL 2022	YEAR TO APRIL 2023
In-Migration	28,900	11,200	61,100	77,600
Natural Growth	27,100	22,800	27,700	20,000
Population Net Growth	56,000	34,000	88,800	97,600

2016-2040 National Planning Framework's (NPF) lower growth projections and discredited attempts to constrain Dublin's growth. The advice provided by the NPF's Expert Group, the ESRI and the Central Bank on population, housing and employment have proven to be unduly conservative.

Dublin's growth and the NPFs outright rejection of Ireland's 'business as usual' level of economic activity, which would have allowed Dublin to come closer to achieving it's full potential, was injudicious. Failure to plan is tantamount to planning to fail. The NPF's population projections are just over half of the State's actual population growth since 2016 - penalising the economy of the entire State. Furthermore, the NPFs 'in employment' 2040 target of 2.580 million has been already overtaken, with 2.713 million people at work in Quarter 1 of 2024.

The impending October 2024 review of the NPF needs to start now and it needs to be 'anticipatory'; to be based on the projected 2026 population and expected employment, instead of the now dated April 2022 census out-turn. The NPF strategy also needs to abandon the defective political 'scattergun' concept of 'Balanced Regional Development' (BRD), because Ireland needs to replace its 'distributive' policy of economic growth with that of competitiveness and 'densification'. Likewise, its 'county'-based local authority unit will be expected to be replaced by city-based regional authorities. Most county entities are too small to benefit from economies of scale. Some of Dublin's Electoral Districts are matching the populations of the State's smaller counties. County budgets are only a fraction of their European counterparts where Ireland stands third last in this measure of nearly forty other countries.

The 'elected mayor' initiative for Limerick is just the start of what is essential, radical governance reform. Apart from Dublin, Ireland's regional cities are little over half the comparative scale-size of the second to fifth-ranked cities for seven comparable European countries, namely the three Baltic States, Austria, Denmark, Norway and Finland.

There remains strong political opposition to the recognition of emerging cities and their need to have a single governance unit. In the 2022 census, Drogheda and its agglomerating suburbs of Laytown-Bettystown-Mornington-Donacarney (LBMD) matched the 60,000 population of Waterford City. Yet, the attempts to have unified administration of this straddling urban 'unit' by rivalling counties still awaits the completion of a singular Local Area Plan. Furthermore, recent High Court Judicial Reviews have reversed significant residential Planning Permissions for Greystones, Donabate and LBMD. In the Drogheda Review, inter alia, the decision was based on the danger that its would exceed 50,000, in opposition to the NPF's out of date population 'ceiling' constraint.

It is also to be regretted that so many County Plans are of recent origin, and like the Regional Spatial and Economic Strategies (RSES) are based on the defective NPF – that so much scarce professional time has been wasted on their preparation, based on this out-of-date directive in the NPF.

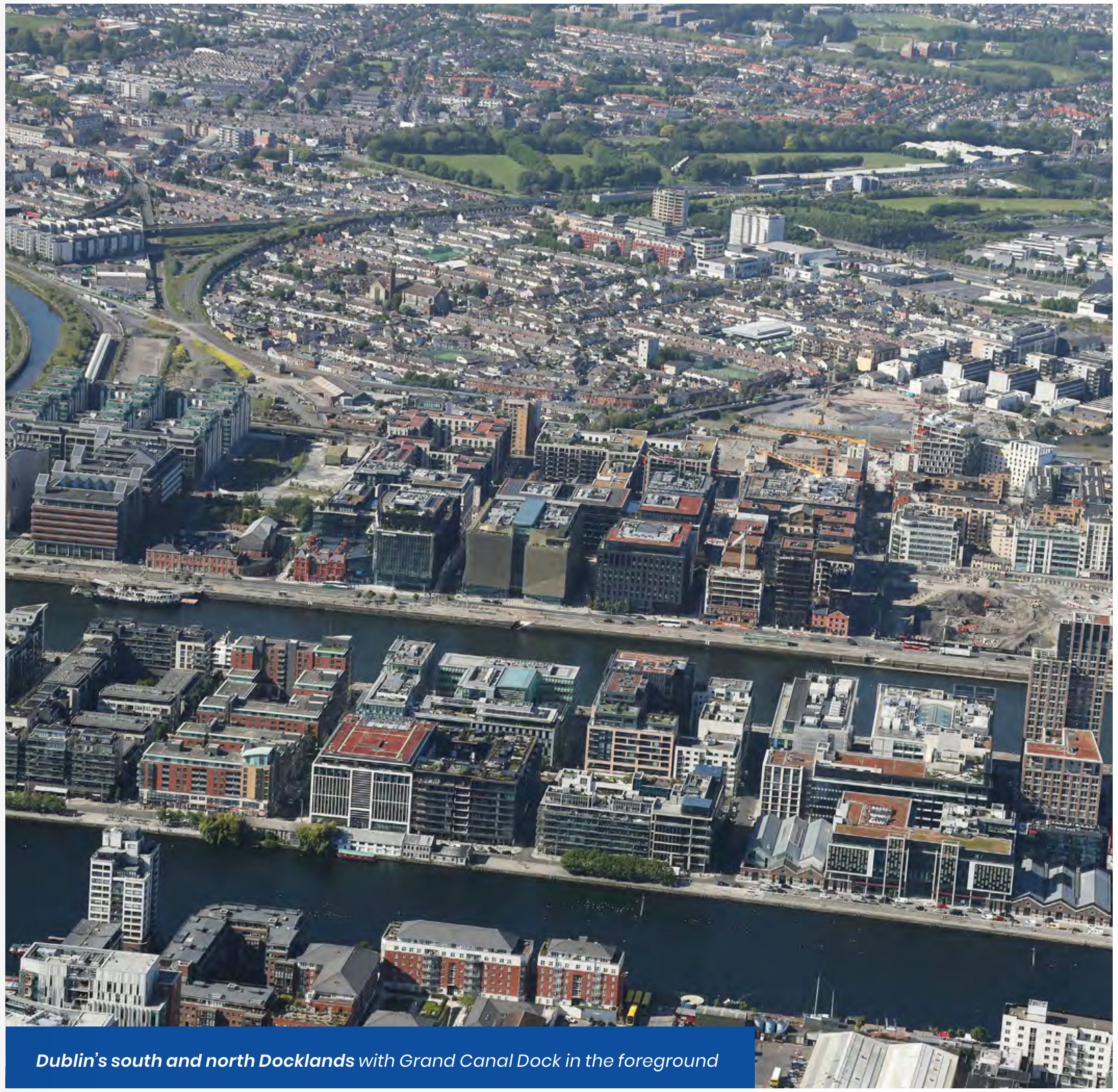
HOUSING STRATEGY CHALLENGES

The current Housing Strategy plan is to provide for 250,000 units by end 2029. This might be possible if say 38,000 units can be completed in Year 2025, followed by successive increases of 6,000 additional dwellings up to and including 62,000 units completed in Year 2029. Even if this growth is achieved, it will be well into the 2030s before supply can meet Ireland's pent-up demand. This creates a 'chicken and egg' dilemma: of how to house the 60,000 additional construction workers at a time of Ireland's severe housing supply crisis.

The resources for an annual average 50,000 units to be built in this decade will require, in this authors opinion, an annual budget of at least €25 billion, together with a further €8-10 billion per annum for necessary infrastructure, MICA redress, obsolescence and the climate-proofing of over half a million existing houses. Apart from ongoing public sector funding, this daunting requirement will need continuous private-sector resources and especially that of international and domestic institutional investment-grade financing. It is vitally important that such financing receives continuing political encouragement and an economic environment of ongoing confidence.

CONCLUSION

In conclusion, all the above requires a climate of continuing political stability – one that can exude both economic and investment confidence. The need to provide the right type of housing, including apartments and in the right locations is paramount. The evidence base, not only for demography, shows that Ireland is growing at a much faster pace than has been planned for and with the prospect of closer economic and social ties with Northern Ireland, the island can look forward to further growth and prosperity, if it can get the houses in order!



***Dublin's south and north Docklands** with Grand Canal Dock in the foreground*

6. Ireland's Attractiveness for a Multitude of Reasons

Ireland, known the world over for it's natural beauty, culture and warm hospitality, is a powerhouse in Western Europe in terms of it's economy with both indigenous sectors prospering and foreign multi-nationals choosing the country as a base in the EU. The relative quality of live, education and opportunities continue to see Ireland as a draw for people to come, live and work. This trend is forecast by the UN to continue for many years to come. Some of the influencing factors are outlined below.

Growing economy - Ireland's economy is expected by the European Commission to grow 1.2 per cent in 2024 and 3.6 per cent in 2025 supported by an improving global trade, falling inflation and a strong labour market, with the country at full employment.

Continued exchequer surpluses - General Government surplus of €8.3 billion in 2023 year, the equivalent of 2.9 per cent of GNI (modified Gross National Income) with the increase in corporate tax receipts of €24 billion being a key driver of the surplus, a record level; expected budget surplus in 2024 of €8.8 billion.

Corporate environment - The Irish low corporate tax and company regime is designed to be competitive, facilitating new business, encouraging enterprise development and growth.

Gateway to Europe - Ireland is the European hub to over 1,000 leading multinational companies - attracted by skilled, educated and highly capable workforce; the country provides easy access to European markets and the US.

Enviable tourist attractions – Both a regular and 'bucket list' destination for thousands of foreign tourists, many with Irish diaspora connections, Ireland's natural beauty, cultural heritage and welcoming hospitality is known the world over.

Proactive Government – Stable government with a proactive approach to business, investment and increasing housing supply.

Young population - Ireland continues to have one of the EU's youngest and fastest-growing populations, just behind Luxembourg and Malta, and higher than average birth rates.

US linkages – Ireland is home to over 950 US companies directly employing 209,000 people and a further 167,000 people employed indirectly, spending more than €41 billion in the Irish economy annually.

Educational opportunities – Ireland's wide range of highly regarded universities attract students from across the globe (US, India, China, Canada & Middle East) owing to the academic excellence, diversity of the courses on offer and welcoming environment.

Financial services market leader – Ireland is at the forefront of financial services with over 50% of the world's leading firms having offices in the country and it remains a major beneficiary of Brexit.

Funds sector heavy-weight - In a sector employing over 17,000 people directly, Ireland is the domicile for 6 per cent of world-wide investment fund assets, making it the 3rd largest global centre and the 2nd largest in Europe. 1,053 fund managers from 54 countries have assets administered in Ireland and 17 of the top 20 global asset managers have Irish domiciled funds which total €4.1 trillion (by NAV).

Natural resources – The country's location in western Europe means it benefits more than most from resources required in the expanding renewables sectors – wind, wave and tides.

Member of EU – Ireland is the only English-speaking country in the EU, which makes it easier for those operating businesses and those moving for work who have English as their first or second language.

Temperate climate – The geographic location, Gulf Stream and 3,172 kilometres of coastline means Ireland is a country without extremes in terms of temperature, which is becoming more of a factor for people deciding where to live and work.

Educational & talent – 52 per cent of respondents to the American Chamber of Commerce Ireland July 2024 survey said having a highly educated and skilled talent pool is Ireland's number one competitive advantage.

Expanding employee opportunities – 56 per cent of respondents to the July 2024 American Chamber of Commerce Ireland survey of members said they would increase their number of Irish operation employees in the next 12 months, and 41 per cent said they would remain the same.

High 'Social Progress Index' ranking – coming in at 13th globally for basic human needs (e.g. nutrition and healthcare), foundations for well-being (e.g. life expectancy) and opportunity (e.g. access to advanced education).

DESTINATION DUBLIN

Stunning natural amenities – Dublin is a city surrounded by endless beaches to north, mountains to the south, and overlooks the picturesque Dublin Bay which is fed by the renowned River Liffey in its centre.

Work / life balance – A cosmopolitan city with a strong sense of community, Dublin offers the opportunity to work and live close by, all within minutes of leisure options for food, drinks, live entertainment, cultural pursuits and outdoor activities such as walking, sailing, golfing, field and racquet sports, and many more.

Cultural heritage - Dublin is the fourth UNESCO City of Literature and has a storied history and cultural attractions owing to its outstanding writers – Joyce, Wilde, Swift, Beckett, and Binchy to name a few – these along with museums, exhibitions and concerts draw people from near and far.

Travel gateway – Over 32 million passengers travelled through Dublin Airport in 2023, representing a 14 per cent increase on 2022 activity (28 million) with US bound passengers able to clear US customs in Dublin.

Economic powerhouse – Dublin is the economic engine of the Irish economy accounting for €157 billion of the country's Gross Domestic Product, which equates to 42% of the national figure and the Greater Dublin Area equates to slightly under 58 per cent of the total tax revenue collected per 2022 and 53 per cent of the corporation tax receipt of €12 billion in 2022.

Innovation eco-system - Dublin is a start-up friendly environment and a world leader in key innovative sectors with significant taxation credits available for research & development.

Demographic drivers – The Greater Dublin Area continues to expand in terms of population owing to inward migration, natural increases and the movement of people from west to east.

Pro-business hub – The Greater Dublin Area was crowned fDi's European small region of the year for the fifth consecutive year in 2023, while also ranking first in business friendliness and economic potential.

Global competitiveness - Dublin drives Ireland's competitiveness internationally; as the 2023 IMD World Competitiveness Ranking places Ireland second, behind Denmark.

Foreign direct investment magnet - Dublin is home to the top 5 global software companies; 9 of the world's top 10 pharmaceutical companies; half of the world's top 50 banks; 250 global financial institutions; 12 of the world's top 20 insurance companies; 18 of the world's top 25 med tech companies; and the top 4 global aviation lessors.

7. Composition of Purchasers of New Homes

Hooke & MacDonald Research has tracked the composition of purchasers of new homes in Ireland from 2016 to 2023. First times buyers have consistently been the leading purchasing group. In the latest statistics released by the CSO first time buyers increased their percentage of new home purchases from 32 per cent to 33 per cent. Other owner occupiers constituted 23 per cent, down from 24 per cent in the previous year.

The biggest mover in the latest figures is the public sector category which includes the LDA, Approved Housing Bodies (AHB), Local Authorities and the Housing Agency. This has now become the second biggest purchaser of new homes, at 26 per cent of the total, increasing from 22 per cent in 2022 and an 86 per cent increase from 14 per cent in 2018. At the present rate of activity in the various sectors it is likely that the public sector will be the leading purchaser of new housing stock within two years.

The CSO figures for purchasers of new homes are based on sale closures so there is a time lag between date of purchase and date of sale closure. This can conceal trends in the marketplace, for instance in the case of forward purchases of apartment blocks in 2021 and 2022, which only appear in 2023, 2024 or later. This is reflected in the purchases of properties by pension funds and institutional entities/funders, both domestic and foreign, whose share of purchases in the CSO figures has fallen by 53 per cent from 15 per cent in 2022 to 7 per cent in 2023. However, the reality is that purchases by this category is heading for zero due to the unfavourable conditions in Ireland for private funding of the housing market.

The dramatic movement by private funders away from the Irish housing market as shown by these latest figures is a disaster for the Irish housing market and particularly for the private rented sector, which is already negatively impacting on the supply and cost of accommodation and which is on course to deteriorate further this year and in the coming years. The reality is that institutional entities have been responsible for funding the construction of over 20,000 apartments, mostly in Dublin, in the past seven years providing accommodation for approximately 50,000 people based on an estimated occupancy of 2.5 persons per property. If these had not been built the rental market would now be in a far worse position than it currently is in terms of supply - these properties would not have been built if it wasn't for these sources of capital.

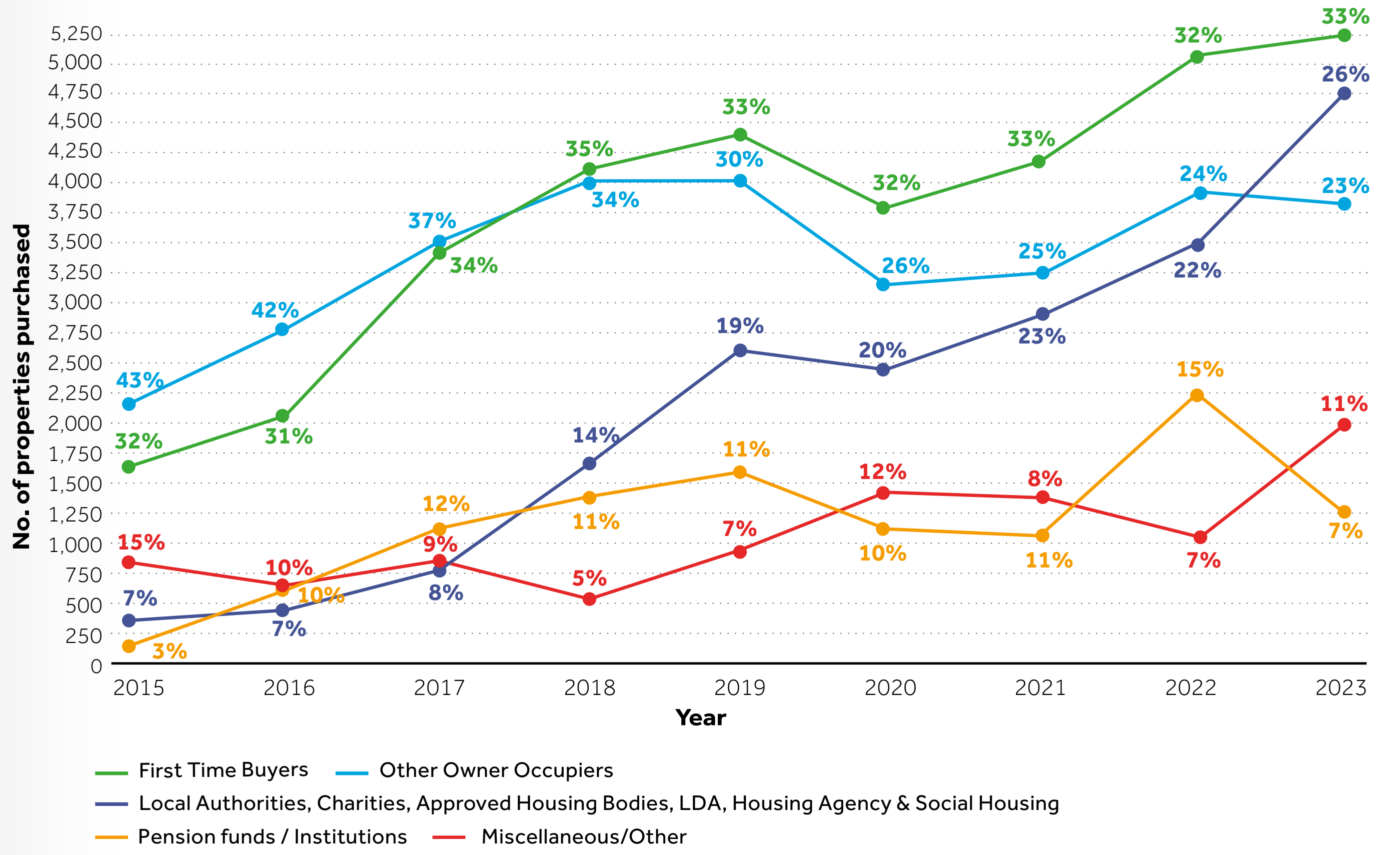
The State can only fund less than half of the €20 billion required annually for the funding for a minimum of 50,000 new homes so it is imperative that conditions are created as a matter of urgency for institutional funding to re-enter the market and make up the difference in the funding shortfall. The damage done by the 2 per cent rent cap is now plain to see. It needs to be ended now. The convoluted replacement for it proposed by the Housing Commission would be most unhelpful and unwieldy.

Funding by the government for the different typologies of housing needing in the public sector is an absolute necessity and must continue. It is such a pity that funding for the private sector is being impeded by misguided and failed policies preventing private institutions from supporting the private rental market in Ireland.

***Coopers Cross, North Docklands, Dublin 1,** developed by Kennedy Wilson*

***Santa Sabina, Sutton, Dublin 13,** developed by Park Developments and sold to Union in 2022*

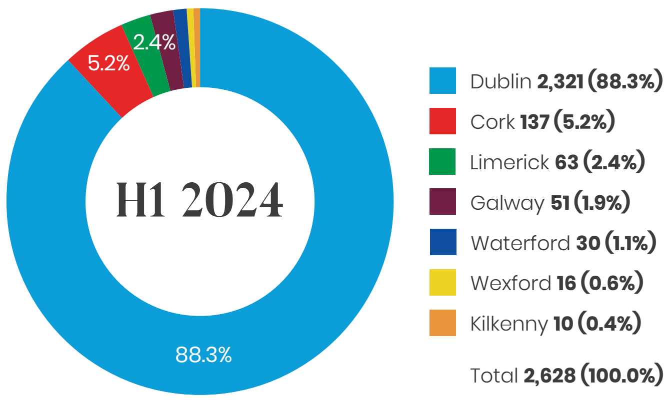
Composition of Purchasers of New Homes in Ireland 2015 - 2023

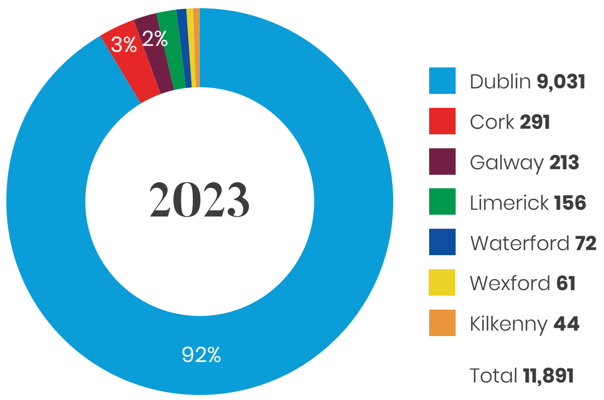


Sources: CSO, Eurostat.
Analysis: Hooke & Mac Donald Research

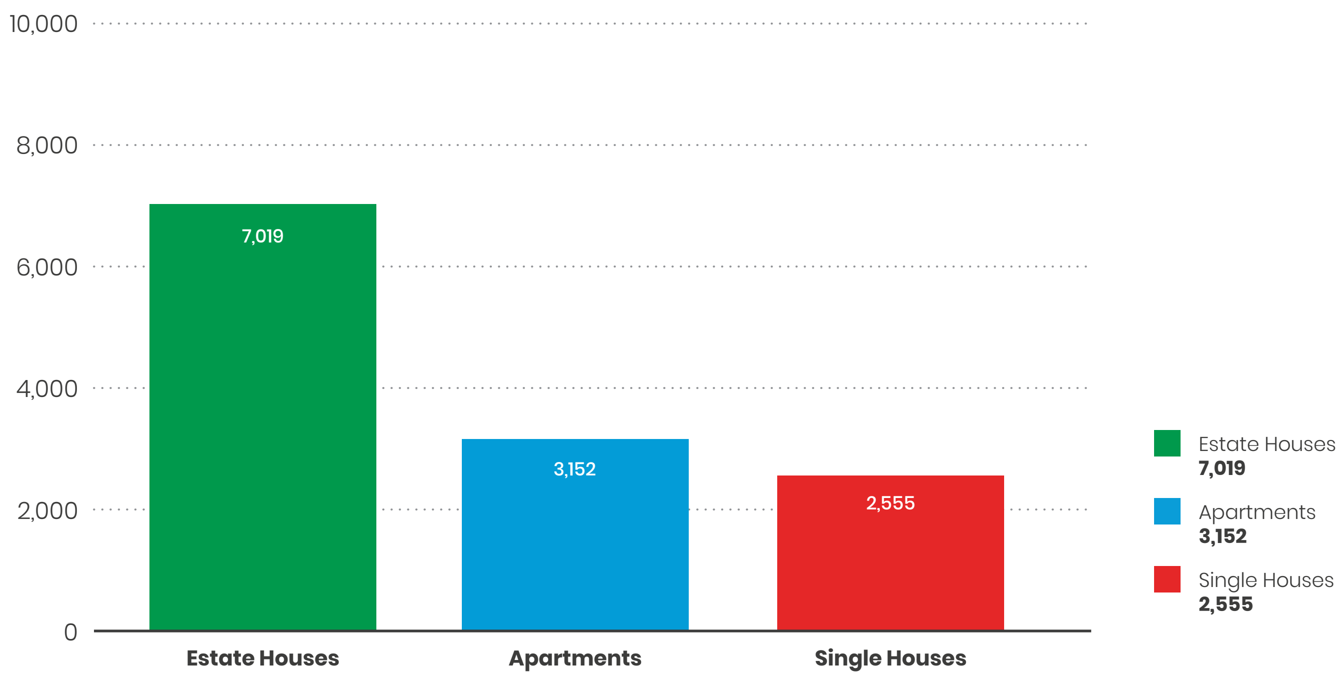
8. National Residential Completions

Apartment Completions in Main Towns & Cities





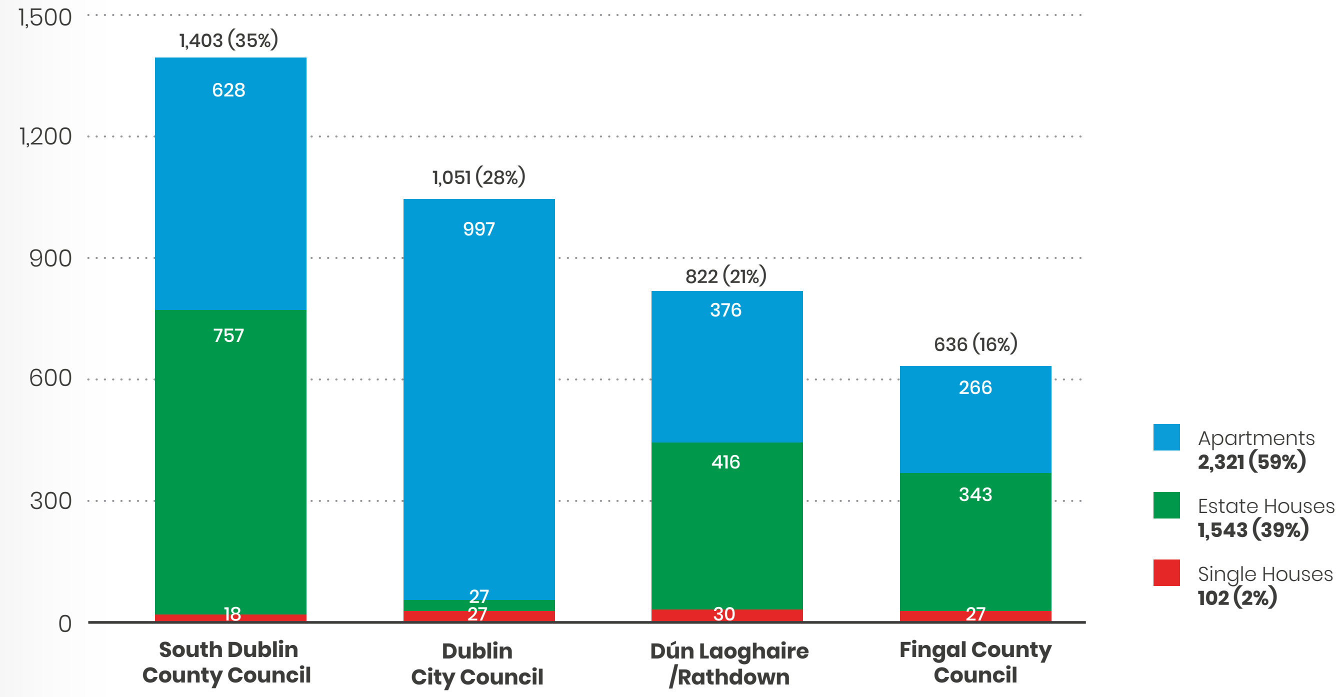
New Residential Completions Nationwide H1 2024



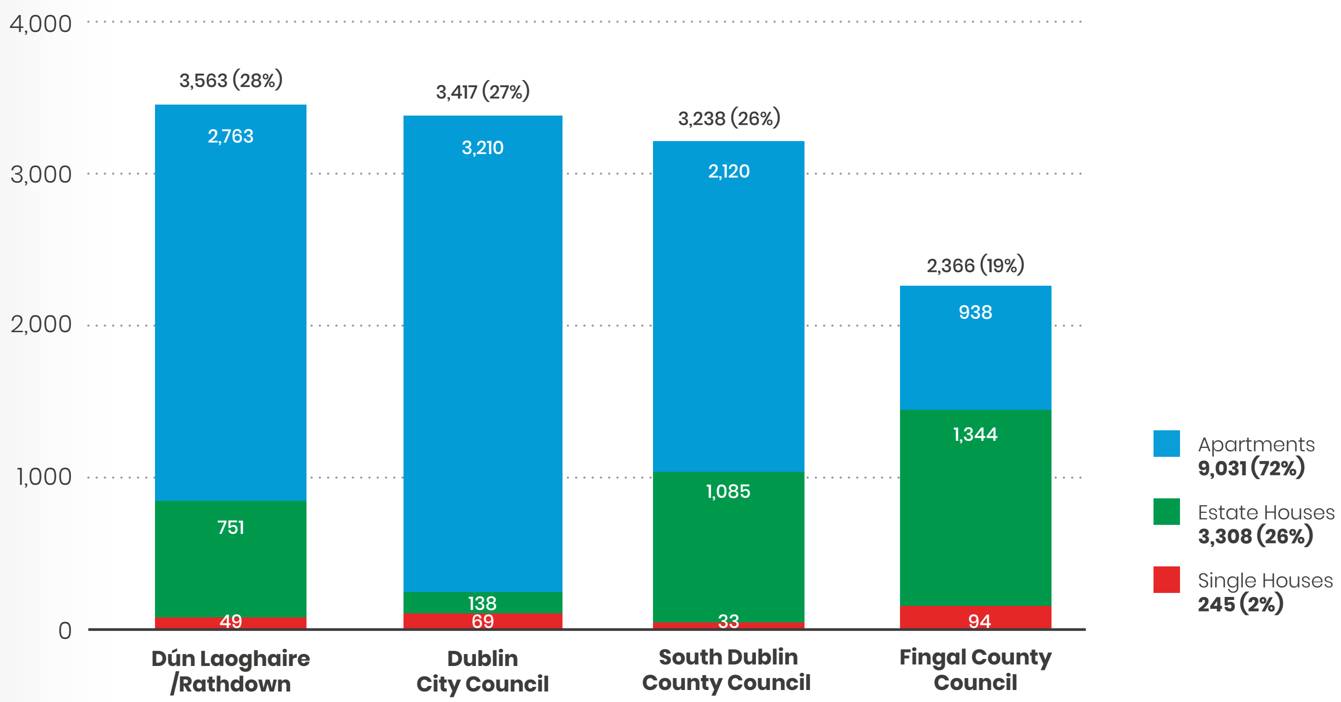
Source: CSO. Analysis: Hooke & MacDonald Research

Dublin Residential Completions

H1 2024 Completions of New Homes in Four Dublin Local Authorities



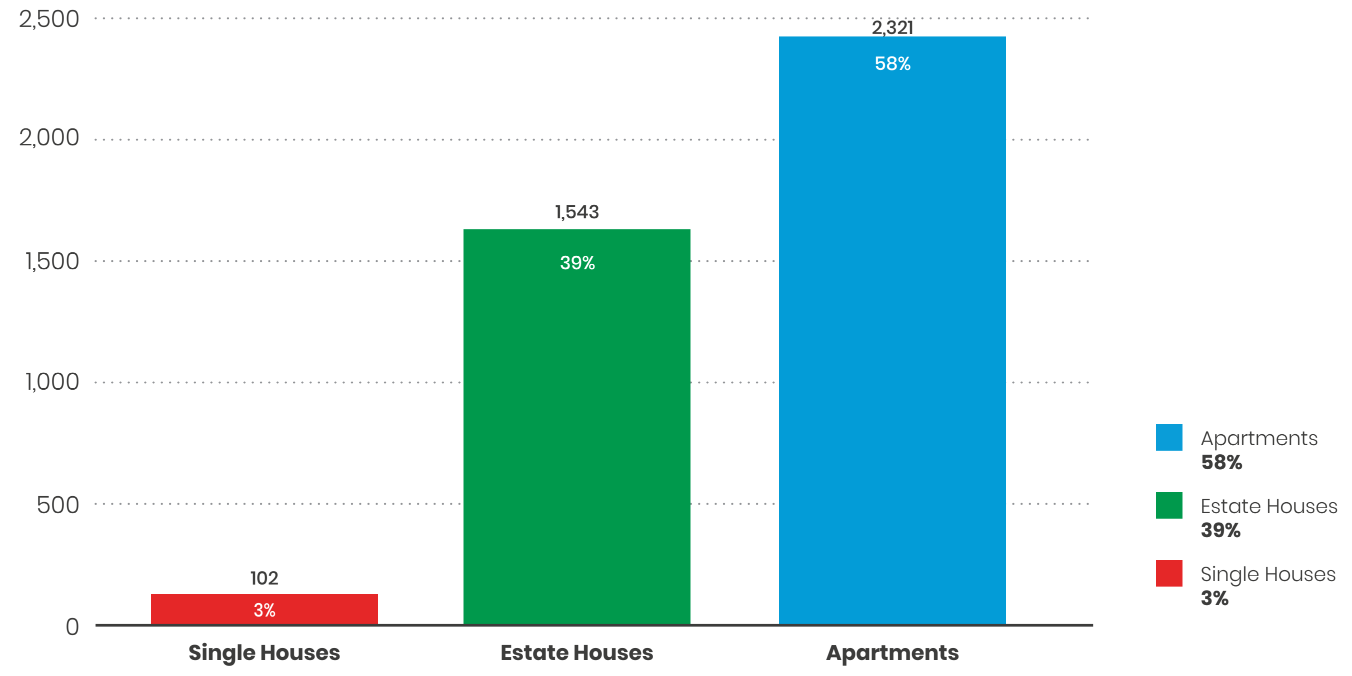
2023 Completions of New Homes in Four Dublin Local Authorities



Source: CSO. Analysis: Hooke & MacDonald Research

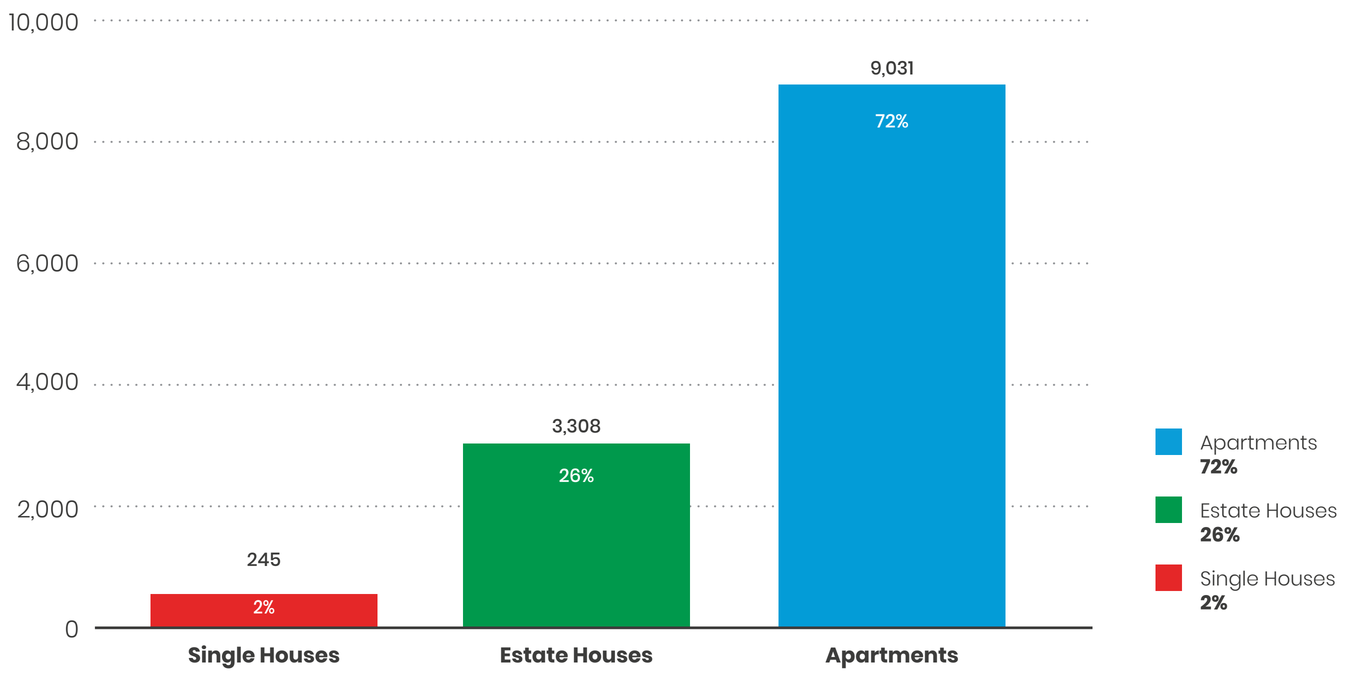
Dublin Residential Completions (continued)

New Residential Completions Dublin H1 2024



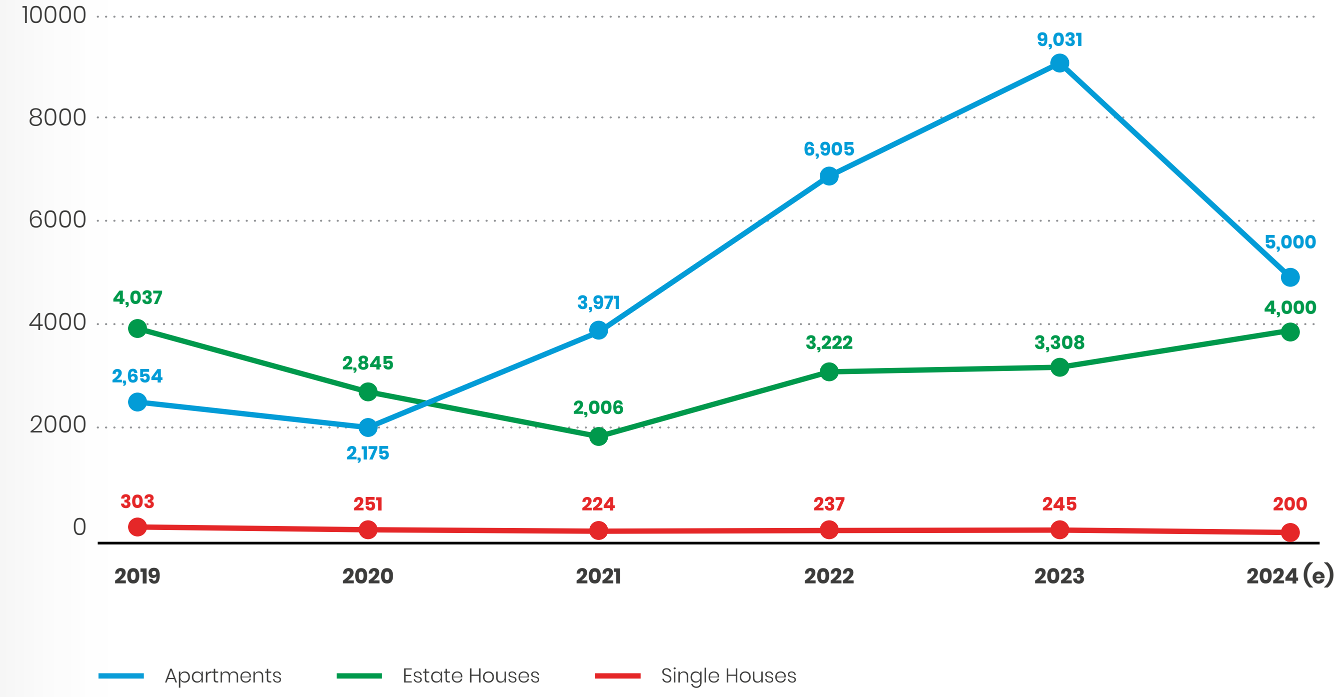
Source: CSO. Analysis: Hooke & MacDonald Research

New Residential Completions Dublin 2023

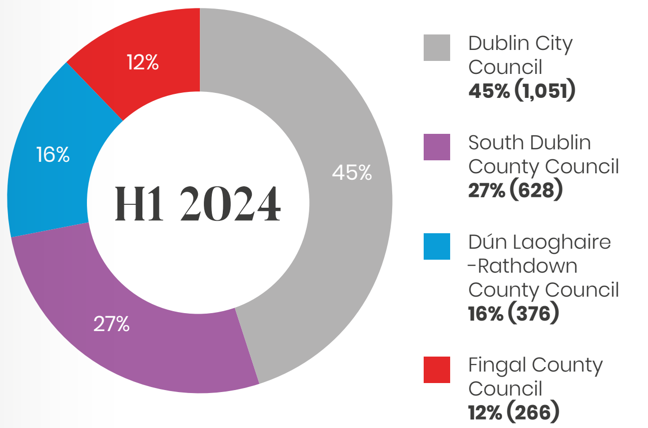


Source: CSO. Analysis: Hooke & MacDonald Research

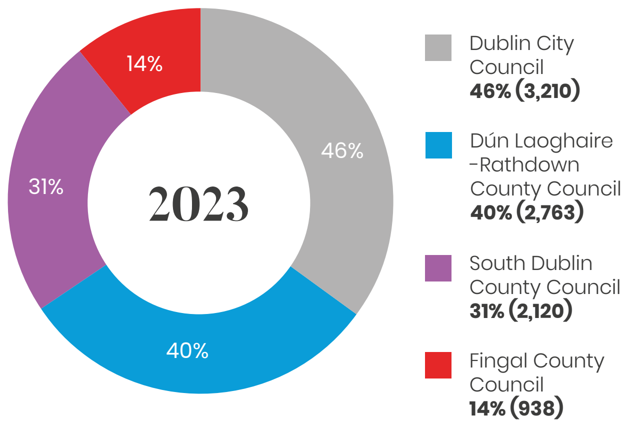
New Residential Completions Dublin 2019 - 2024



2,321 Apartments Completed in Dublin in H1 2024



9,031 Apartments Completed in Dublin in 2023

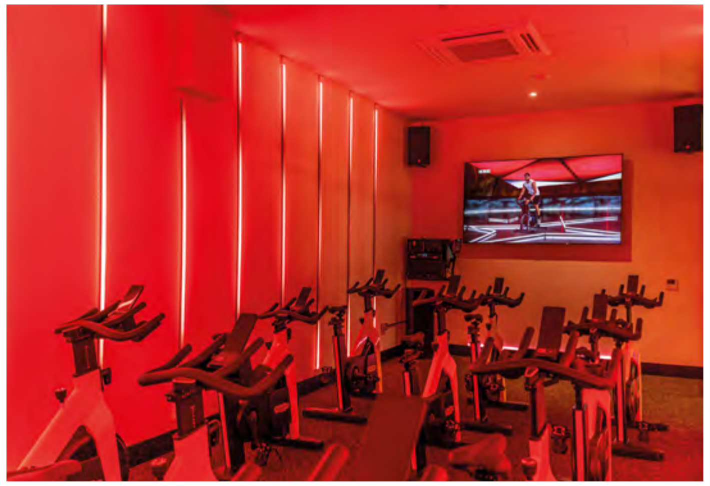


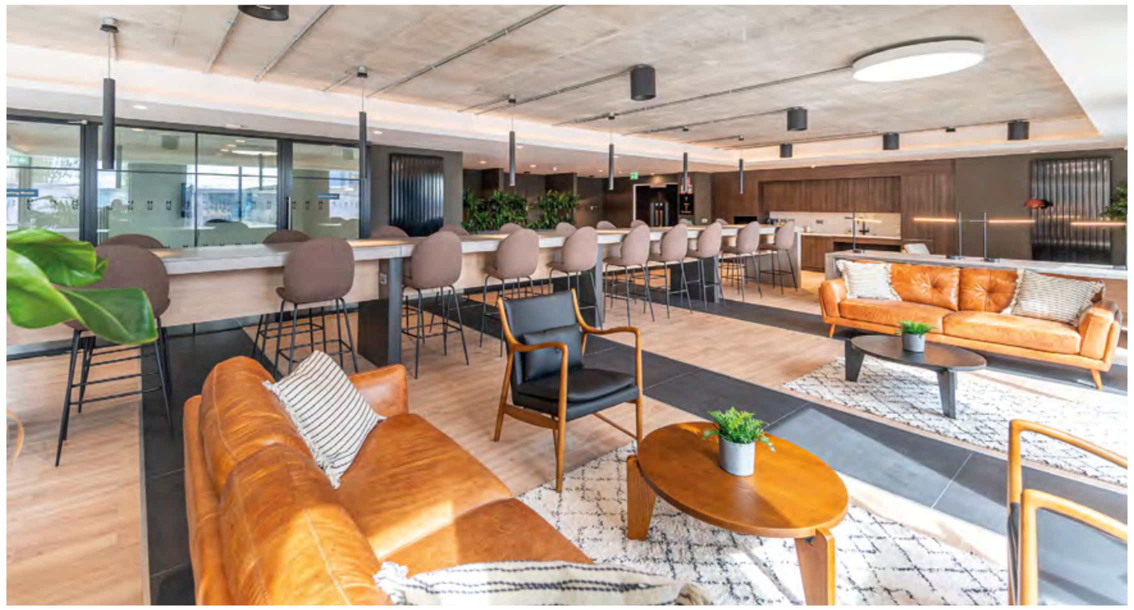
Source: CSO. Analysis: Hooke & MacDonald Research

9. Examples of High Quality Resident Amenities

SANDYFORD CENTRAL, SANDYFORD, DUBLIN 18

HAMILTON GARDENS, CABRA, DUBLIN 7





10. The Top New Build Multi-Family/PRS Developments brought to Market since 2016

	PROPERTY	YEAR	NO. OF UNITS	REPORTED PRICE	VENDOR	PURCHASER
1	8th Lock, Royal Canal Park, Dublin 15	Q1 2021	435	c. €200m	Ballymore	Union Investment
2	Cheevers Court and Haliday House, Cualanor, Dún Laoghaire, Co. Dublin	Q3 2020	368	c. €200m	Cosgrave Group	DWS
3	Griffith Wood, Griffith Avenue, Dublin 9	Q2 2021	342	€176.5m	Cairn PLC	Greystar
4	Dublin Landings, North Docklands, Dublin 1	Q3 2019	268	€175.5m	Ballymore/Oxley	Greystar
5	One Three North, Clongriffin, Dublin 13	Q4 2018	376	€140m	Twinlite	Tristan Capital Partners
6	Fernbank, Churchtown, Dublin 14	Q2 2018	262	€138.5m	Park Developments	Irish Life
7	Leona & Charlotte, Honeypark, Dún Laoghaire, Co. Dublin	Q2 2017	319	€132m	Cosgrave Group	PATRIZIA
8	East Village, Clay Farm, Leopardstown, Dublin 18	Q2 2021	295	€127m	Park Developments	BlackRock / SW3
9	The Davitt, Drimnagh, Dublin 12	Q4 2019	265	c. €127m	Brian M. Durkan	Avestus
10	Off-Market - Dublin	Q4 2019	300	€125m	Private	Private
11	Blackwood Square, Northwood, Santry Demesne, Dublin 9	Q4 2020	297	€123.5m	Cosgrave Group	Round Hill Capital & QuadReal
12	Brickfield Square, Crumlin, Dublin 12	Q3 2022	242	€123.5m	Brian M. Durkan	Greystar
13	Magna Drive, Citywest, Co. Dublin	Q2 2022	321	€122m	Glenveagh	Ardstone Capital
14	Church View, Killiney, Co. Dublin	Q3 2022	190	€110m	Park Developments	DWS
15	Fairway, Cualanor, Upper Glenageary Road, Dún Laoghaire, Co. Dublin	Q1 2019	214	€108m	Cosgrave Group	DWS
16	St Edmunds Drive, Citywest, Co. Dublin	Q2 2022	252	€105m	Montane Developments	Ardstone Capital
17	Opus, 6 Hanover Quay, Grand Canal Dock, Dublin 2	Q2 2018	120	€101m	Cairn PLC	Carysfort Capital
18	Eglinton Place, Donnybrook, Dublin 4	Q1 2023	148	€99.5m	Richmond Homes	M&G
19	Off-Market - North Dublin	Q3 2022	190	€90m	Glenveagh	Private
20	The Quarter at Citywest, Dublin 24	Q3 2019	282	€94m	Cairn PLC	Urbeo
21	Mount Argus, Harold's Cross, Dublin 6W	Q3 2019	166	€93m	Marlet Property Group	PATRIZIA
22	Off-Market - Dublin 15	Q3 2022	190	€90m	Glenveagh	Private
23	Woodward Square, Glencairn Gate, Leopardstown, Dublin 18	Q4 2019	160	€85m	Park Developments	Irish Life
24	Bridgefield, Northwood, Santry Demesne, Dublin 9	Q4 2018	216	€84m	Cosgrave Group	Round Hill Capital
25	Shackleton Park & Gandon Park, Lucan, Co. Dublin	Q4 2019	229	€78.7m	Cairn PLC	Carysfort Capital
26	Newtown Gardens, Blackrock, Co. Dublin	Q3 2022	140	€76.25m	Glenveagh	Union Investment
27	Clay Farm 1C, Leopardstown, Dublin 18	Q3 2020	192	€75m	Park Developments	Urbeo
28	The Windmill, Clonsilla, Dublin 15	Q3 2021	211	€73m	Kimpton Vale	Urbeo
29	Neptune & Honeypark, Dún Laoghaire, Co. Dublin	Q2 2016	197	€72.5m	Cosgrave Group	SW3 Capital & Tristan Capital Partners
30	Roselawn, Foxrock, Dublin 18	Q4 2021	142	€70.7m	Richmond Homes	Aberdeen
31	Elmfield, Ballyogan Road, Leopardstown, Dublin 18	Q1 2018	185	€68.5m	Dwyer Nolan	SW3 Capital & Tristan Capital Partners
32	Marina Village, Greystones, Co. Wicklow	Q1 2021	134	€64.5m	Glenveagh	Real I.S.
33	Rostrevor Place, Rathgar, Dublin 6	Q3 2021	107	€62.65m	Cairn PLC	Hines European Core Fund
34	Marietta Woods, Dalkey, South Dublin	Q4 2021	101	€58m	Twinlite	PATRIZIA
35	Station Road, Raheny, Dublin 5	Q3 2022	105	€56m	Earlsfort Homes	DWS
36	Herbert Hill, Dundrum, Dublin 14	Q4 2019	90	€55m	Glenveagh	Real I.S.
37	Project Ivy, Hampton Wood, Finglas, Dublin 11	Q3 2022	128	€54.5m	IRES REIT	New Beginning
38	Harbour Road, Dalkey, Co. Dublin	Q4 2020	94	c. €54m	Winterbrook	Irish Life
39	The Benson Building, Grand Canal Dock, Dublin 2	Q3 2019	72	€52.5m	TIO	PATRIZIA
40	Balroy House, Castleknock, Dublin 15	Q4 2022	110	€49.5m	Glenveagh	Irish Life
41	Project Merrion, Merrion Road, Dublin 4	Q4 2018	69	€47.05m	Dalata	IRES REIT
42	Hansfield Wood, Dublin 15	Q3 2022	_	€47m	Private	Carysfort Capital / Angelo Gordon
43	Ropemaker Place, Cardiff Place, Dublin 2	Q4 2019	56	€46m	Marlet Property Group	Real I.S.
44	Citywest Village, Citywest, Co. Dublin	Q1 2019	129	€46m	Davy Hickey	Urbeo
45	Swiss Cottage by Havitat, Swords Road, Santry, Dublin 9	Q2 2019	120	c.€43.5m	M.B. McNamara	Avestus / Havitat
46	Off-Market - North Dublin	Q3 2022	93	€42m	Private	Private
47	Knockrabo, Mount Anville Road, Dublin 14	Q4 2021	63	€40m	Bain Capital/Regency	Real I.S.
48	Taylors Hill, Balbriggan & Semple Woods, Donabate, Co. Dublin	Q1 2019	118	€38.2m	Glenveagh	Private
49	Off-Market - West Dublin	Q1 2018	100	€38m	Confidential	Confidential
50	Oatlands, Mount Merrion, Blackrock, Co. Dublin	Q3 2022	54	€38m	Marlet	Real I.S.
51	Mountjoy 53 Place, Dublin 7	Q4 2022	114	€34m	Brian M.Durkan	Node/ Harbert
52	The Butter Yard, Blackrock, Co. Dublin	Q3 2021	67	€32m	Barina Property Group	M&G Real Estate
53	Off-Market - Dún Laoghaire, Co. Dublin	Q4 2019	67	€30m	Private	Private
54	Off-Market - Hansfield, Dublin 15	Q4 2019	95	€30m	Private	Urbeo
		TOTAL	9,452	€3.89 billion		

Note 1: No transactions recorded in 2024 to date.
Note 2: Does not include new developments by platforms or multi-location sales.

11. 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 New Homes, multi-unit development, lettings and property management puts the company in a unique position to advise on new project design, sales and lettability, management costs, capital values, investment yields and international capital markets.

KEN MACDONALD
MANAGING DIRECTOR
ken@hmd.ie
T 01 661 0100
M 086 256 3851

DAVID CANTWELL
DIRECTOR
davidc@hmd.ie
T 01 631 8402
M 086 256 3852

DAVID LAWLOR
DIRECTOR
davidl@ hmd.ie
T 01 631 8402
M 086 821 9848

ENDA MOORE
DIRECTOR
endam@hmd.ie
T 01 631 8452
M 086 255 6445

DONALD MACDONALD
DIRECTOR
donaldm@hmd.ie
T 01 631 8450
M 087 207 0283

GAVIN HANLON
DIRECTOR
gavinh@hmd.ie
T 01 631 8454
M 086 238 1388

RENAGH MACDONALD
DIRECTOR
renaghm@hmd.ie
T 01 661 8404
M 086 819 7797

DES DONNELLY
DIRECTOR
desd@hmd.ie
T 01 661 8402
M 086 250 3591

CONOR STEEN
ASSOCIATE DIRECTOR
conors@hmd.ie
T 01 631 8433
M 086 816 8836

NIALL DELANEY
ASSOCIATE DIRECTOR/
LETTINGS MANAGER
nialld@hmd.ie
T 01 631 8424
M 086 047 8678

SEBASTIAN JUDD
ASSOCIATE DIRECTOR
sebastianj@hmd.ie
T 01 631 8443
M 087 782 2013

LUCY O'TOOLE
HEAD OF MARKETING &
COMMUNICATIONS
lucyo@hmd.ie
T 01 631 8419

TOM MILLER
SENIOR ASSOCIATE
PRS ASSET MANAGEMENT
tomm@hmd.ie
T 01 631 8436

GAVIN FITZPATRICK
SENIOR ASSOCIATE
PRS OPERATIONS
gavinf@hmd.ie
T 01 631 8404

AISLING O'KELLY
CHARTERED SURVEYOR
aislingo@hmd.ie
T 01 631 8493
M 087 167 8754

JUDY SOROHAN
ASSOCIATE DIRECTOR
judys@hmd.ie
M 086 174 3970

DARRAGH O'FLAHERTY
ASSOCIATE DIRECTOR
darragho@hmd.ie
M 086 250 3591

PHILIP HARTY
SURVEYOR
philiph@hmd.ie
T 01 631 8403

RECENT INDUSTRY AWARDS RECEIVED BY HOOKE & MACDONALD:

THE NATIONAL PROPERTY AWARDS
WINNER
REAL ESTATE AGENCY OF THE YEAR
2022 & 2023

KPMG
Irish Independent
PROPERTY INDUSTRY EXCELLENCE AWARDS
Residential Agency Award
WINNER 2022 & 2023

RECENT HOOKE & MACDONALD REPORTS:

The Residential Investment Bulletin

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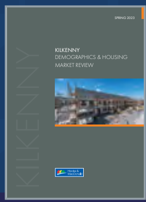

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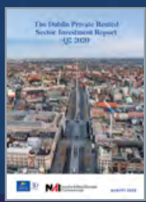

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118 Baggot Street Lower, Dublin 2, Ireland

www.hmd.ie

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