

# Irish Housing Market International Investor Report 2021

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KNIGHTFRANK.COM/RESEARCH





# 5 Key Take-Aways



1. Population Growth  
» Fastest growing population in Europe



2. Strong natural demand for housing



3. Supply lags demand



4. Prices increasing steadily since 2013

## 2020

- Apartments ↑ 5.1% Dublin  
↑ 4.8% Nationally  
New houses ↑ 1.2% Dublin  
↑ 2.1% Nationally



5. Density, creative design, planning & work/life balance to drive vision of the Future

## HOUSING MARKET

The Irish housing market is supported by two key fundamentals – **a fast growing economy and a fast growing population**. Population growth is the strongest in Europe, driven by a natural increase combined with net inward migration.

### Demographic Drivers

**The population is currently estimated to be almost 5 million and is forecast to reach 6 million by 2051**, growing at a rate of 0.69% per annum.

30% of the population live in Dublin. One third of the Irish population are under the age of 25, giving Ireland one of the youngest, most dynamic populations in the world.



**Ireland's population growth and unique economic growth profile support a natural long term source of demand for housing**

### Demand & Supply

**Demand is strong across all categories with first time buyers very active in the new homes market.** Investor demand for Private Residential Schemes (PRS) has been unprecedented, with 40% of investor spend in commercial property in 2020, invested in large residential schemes. This trend is expected to continue in 2021 and 2022, reducing the supply of new units available for individual purchase. In order to meet natural demand, an estimated 28,000-30,000 house completions (including single houses, houses in a development and apartments) are required per annum. While annual completions have increased in recent years, averaging 18,500 since 2016, there is still a considerable shortage. Despite the additional challenge posed by Covid-19 lockdown periods in 2020, there was a surge in completions in between lockdowns with just over 20,000 completions. The appetite of international investors for housing investment in Ireland combined with normal housing demand means that a shortage of housing stock will remain a challenging feature of the housing market for the foreseeable future, sustaining rents and putting upward pressure on prices.

### Prices

**Prices have been consistently increasing** on an annual basis since 2013. 2020 saw a 2% increase in new units, with apartments increasing more than houses.

In summary, given the demographic and economic profile of Ireland, **the housing market is set to remain very active over the coming years**. Sustainability combined with a requirement for a broader product offering to meet investor demand, is expected to drive value add across the sector.

## ECONOMIC DRIVERS

**The Irish economy has been the fastest growing economy in the EU since 2014.** 2020 was no exception, despite the shock of the Covid-19 pandemic. The structure and profile of the Irish economy is quite unique. Economic activity is driven by high value adding sectors and multi-national companies, who have invested heavily in property, production and people.

As a small open economy, English speaking and with a highly educated work-force, Ireland has been very successful in attracting Foreign Direct Investment. Dublin, as the capital city, is home to the European head-quarters of multi-nationals such as Google, Facebook, LinkedIn, Twitter, Amazon and Microsoft to name just a few.

Many of these multi-nationals have also invested in commercial buildings and they tend to "cluster" in central Dublin locations, which has become known as a Tech Hub. Coupled with this, the pharmaceutical and medical devices sectors, along with other manufacturing companies, are also very high value adding.

**The contribution of the TMT sector to overall GDP growth in 2020 was 37%, while industry (including pharma) contributed 15%**

Driven largely by strong activity in these two key sectors, **Irish GDP grew by 3.4% in 2020**. Growth is expected to rebound further this year, with expectations that GDP will increase by 3.6% plus, increasing to over 4% in 2022.

**The consumer is expected to rebound strongly** as the Covid-19 vaccine programme is rolled out, boosted by household savings which are at an all-time high.

Overall, despite the shock of the global pandemic, **the Irish economy has shown that decades of investment in Research & Development, education and infrastructure has paid dividends**, allowing the economy to continue to flex and grow and meet global demand for expert products and services.

### Multinational Companies Driving the Economy

Tech Hub



Microsoft

All of the world's top pharma companies and 14 out of 15 of the world's top med-tech companies



18 out of 25 of the world's top financial services companies



**1** Dublin is the capital city of Ireland - the fastest growing economy in EU

**2** Ireland is home to Top Global Companies

**3** Education & Talent

» Ireland is in the Top 10 Globally for quality of the education system

**4** Tax Regime  
12.5% corporation tax

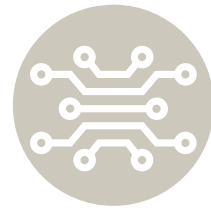
**5** Lifestyle

» 400+ golf courses  
» Easy access hub to the US and the rest of Europe

## PROFILE OF ECONOMIC GROWTH



40%  
Industry & Pharma



16%  
TMT



9%  
Distribution, Transport,  
Hotels & Restaurants



9%  
Professional



10%  
Public Sector



6%  
Real Estate



6%  
Financial Services



4%  
Construction  
& Other

## DEMOGRAPHIC PROFILE

### Population by Household Size



24%



29%



17%



17%

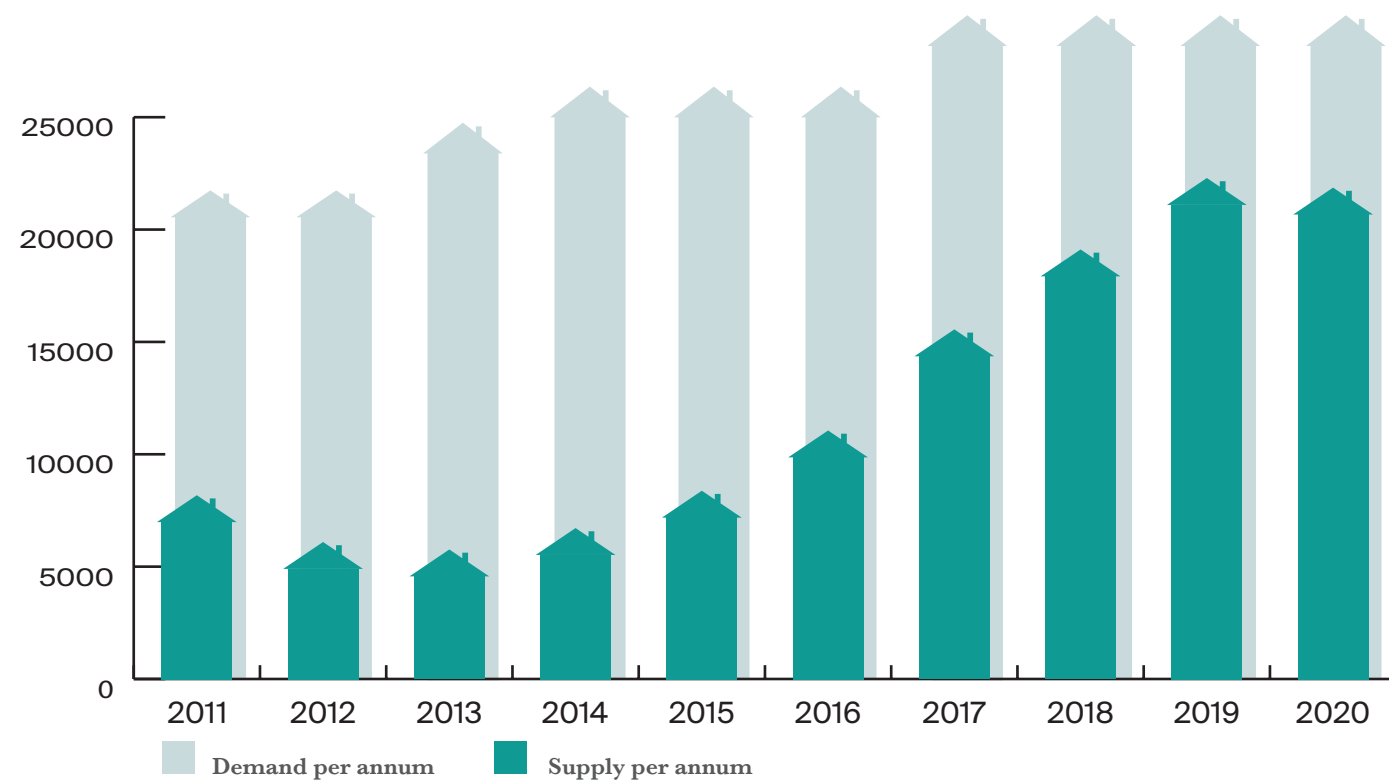


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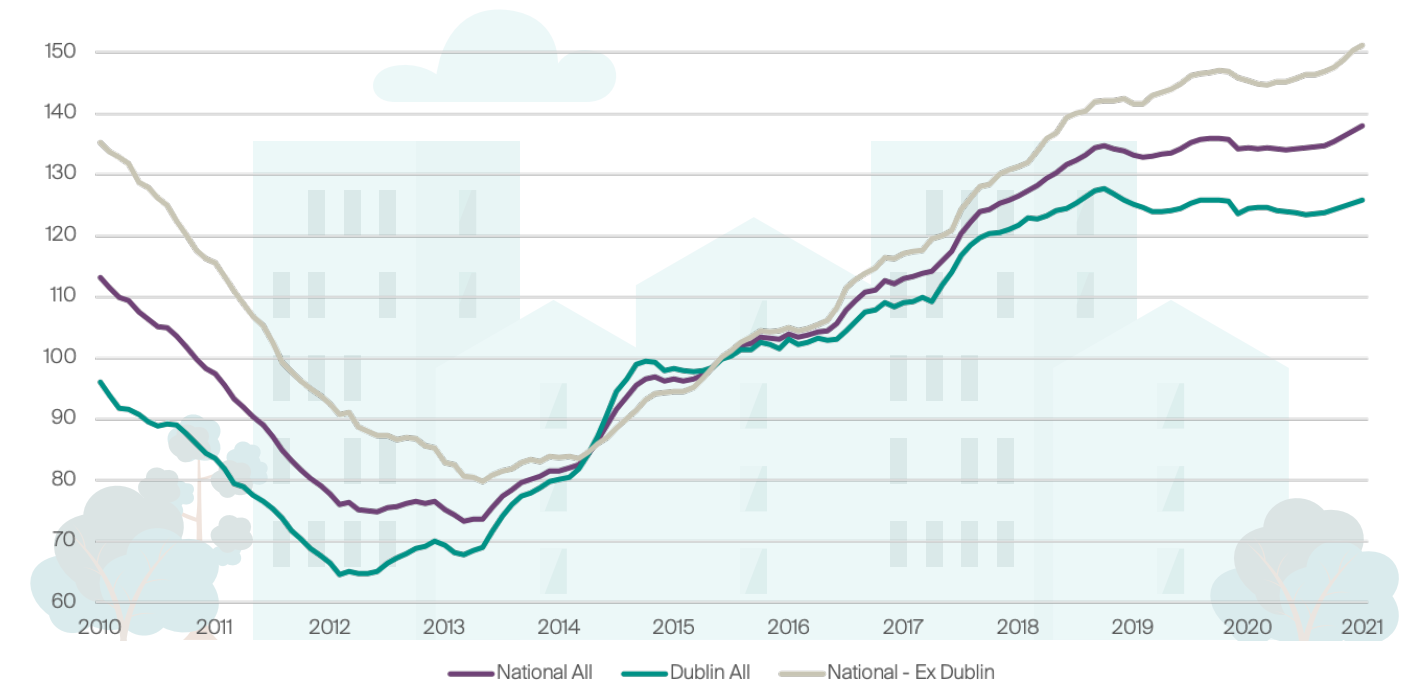
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## HOUSING SUPPLY VERSUS DEMAND



Source: CSO & Knight Frank Research

## HOUSE PRICE INDICES



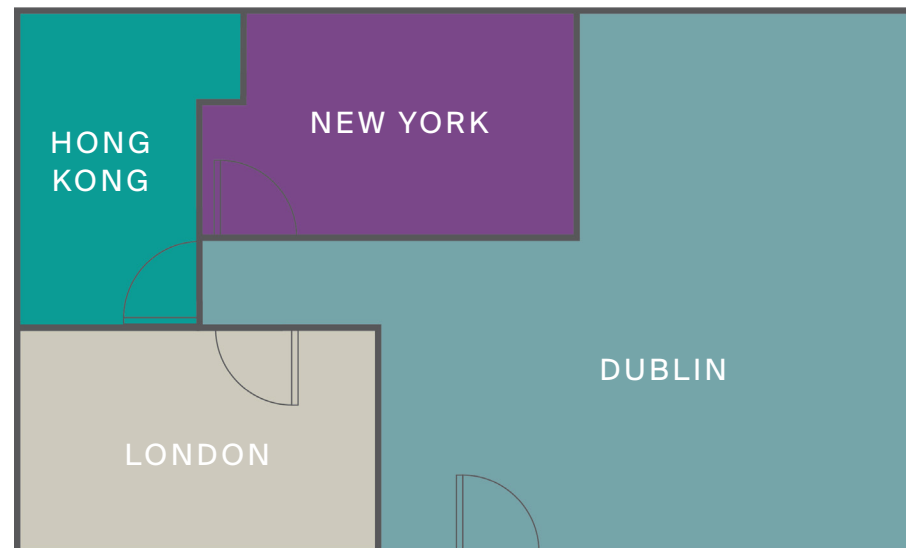


## HOW MUCH SPACE WILL €1 MILLION BUY

Dublin compares favourably to London, New York and Hong Kong across a range of metrics as illustrated in the infographic. Examining the purchasing power of one million euro in Dublin, one can purchase approximately 4.75 times the amount of prime space than in Hong Kong and between 3 and 3.5 times the amount of prime space than in London and New York.

Dublin..... 133 sqm  
New York..... 42 sqm  
London..... 38 sqm  
Hong Kong..... 28 sqm

Knight Frank Research as of Q4 2020.  
Local property tax and transaction taxes apply.



### FORTWILLIAM, BLACKROCK, CO DUBLIN



- » Gated development of four unique houses
- » Four bed houses with parking and terraces
- » Close to UCD & Blackrock College

### 143 MERRION ROAD, DUBLIN 4



- » Chic, contemporary apartments & penthouses
- » Spectacular sea views from many homes
- » Moments from beach & easy access to city

## NEW RESIDENTIAL DEVELOPMENTS LAUNCHING IN 2021

### THE COLLECTION, SHREWSBURY ROAD, DUBLIN 4



- » Gated development of seven substantial houses
- » Ireland's number one address
- » Super-Prime embassy location

### THE PINNACLE, MOUNT MERRION, CO DUBLIN



- » Boutique development of apartments & penthouses
- » Incredible views out over Dublin Bay
- » Prime residential location with great amenities

### MONTEREY, SANDYMOUNT, DUBLIN 4



- » Nine contemporary designed gated houses
- » Prime location near Sandymount Village & Beach
- » Bright living spaces, gardens and roof terraces

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## RECENT MARKET-LEADING RESEARCH PUBLICATIONS



Dublin PRS Tenant Survey



Dublin Office Report Q4 2020



Dublin PRS Market Snapshot Q4 2020



Wealth Report 2021

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