

# Ireland Residential Investment Snapshot Q2 2021



# IRELAND RESIDENTIAL INVESTMENT SNAPSHOT Q2 2021

## HEADLINES

**49%**

OF TOTAL CRE INVESTMENT SPEND WAS IN RESIDENTIAL

**€717 Mn**

TOTAL RESIDENTIAL INVESTMENT SPEND FOR Q2 2021

**3.75%**

PRIME RESIDENTIAL YIELDS ARE TRENDING STRONGER

The investment market has seen considerable activity in the first six months of 2021 with approximately €1.5 billion of residential investment transactions completed. This exceeds the €1.2 billion of residential transactions completed for 2020 as a whole.

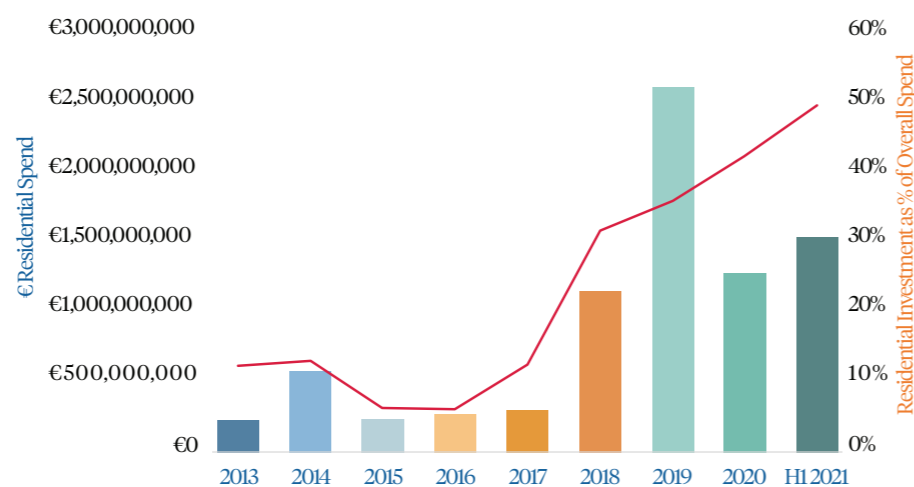
This stronger investment spend can be attributed in part to a number of deals which were due to complete in 2020 but, due to Covid-19, closed in 2021. One such example is East Village, Clay Farm which has been acquired by BlackRock and SW3 from Park Developments. The Q2 2021 residential investment transactions equate to 49% of the Irish investment market for the quarter. In total, there were eight residential investment transactions over €1 million. There were four deals in excess of €100 million.

This quarter saw the completion of the first residential investment forward fund deal for 435 units at Royal Canal Park, Ashtown, Dublin 15.

With the latest acquisitions, Institutional ownership of residential assets now stands at in excess of 19,900 units across Ireland with the majority of this located in Dublin.

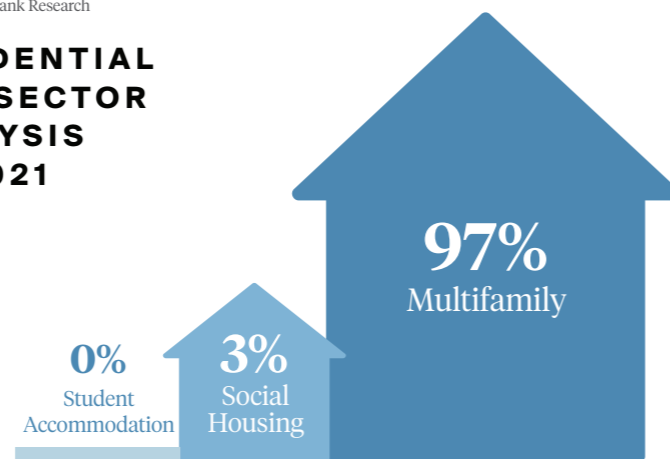
Dublin's south suburbs have been an investor favourite for quite some time and now account for approximately 31% of institutionally held units. Dublin City and the west suburbs account for approximately 25% of institutionally held units each, with the north suburbs making up the remaining 18%.

## RESIDENTIAL INVESTMENT 2013 - H1 2021



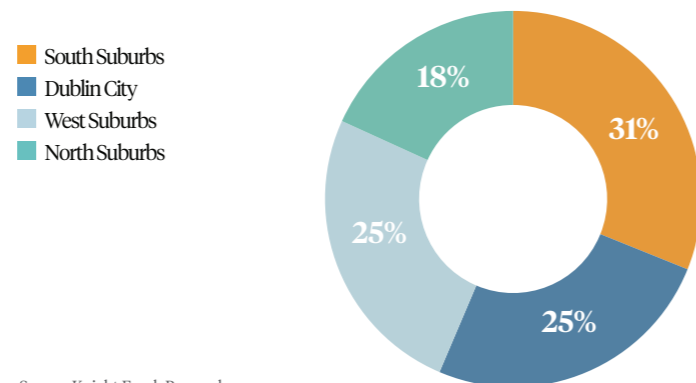
Source: Knight Frank Research

## RESIDENTIAL SUB-SECTOR ANALYSIS Q2 2021



Source: Knight Frank Research

## INSTITUTIONAL RESIDENTIAL OWNERSHIP



Source: Knight Frank Research

## TOP 3 DEALS OF Q2 2021

**1**

**€200 Mn**

ROYAL CANAL PARK ACQUIRED BY UNION

**2**

**€181 Mn**

DWYER NOLAN PORTFOLIO ACQUIRED BY ARDSTONE

**3**

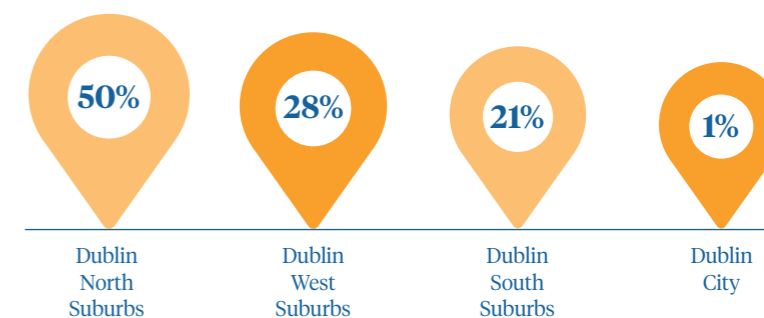
**€177 Mn**

GRIFFITH WOOD ACQUIRED BY GREYSTAR

In the past eighteen months the construction industry has been stop start due to numerous national lockdowns and public health restrictions as a result of the Covid-19 pandemic. This has intensified the demand for housing across all segments of the market, private sale, rental market and social housing, largely due to completions lagging expected delivery dates, in a market already experiencing a supply shortage.

The Q2 2021 transactions were predominantly forward commit transactions, (68%), a trend which has been gaining momentum for some time now both in Ireland and throughout Europe.

## Q2 2021 DUBLIN RESIDENTIAL INVESTMENT TRANSACTIONS BY LOCATION



Source: Knight Frank Research

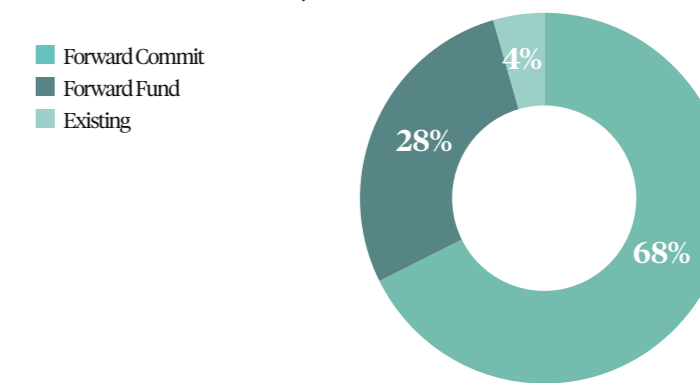
## TOP 5 RESIDENTIAL INVESTMENT DEALS Q2 2021

Property	Sector	Deal Structure	€m	Purchaser
Royal Canal Park, Ashtown, Dublin 15	Multifamily	Forward Fund	€200m	Union
Dwyer Nolan Portfolio	Multifamily	Forward Commit	€181m	Ardstone
Griffith Wood, Marino, Dublin 3	Multifamily	Forward Commit	€177m	Greystar
East Village, Clay Farm, Dublin 18	Multifamily	Forward Commit	€127m	Blackrock/SW3
Robin Hill, Dundrum, Dublin 16	Social	Existing	€23.5m	Clúid Housing

Source: Knight Frank Research

Prime yields have remained steady in the second quarter of the year however, there is a growing demand from institutional investors for core stabilised income to balance portfolios which are becoming weighted by forward fund and forward commit deals. This trend could have a downward impact on prime achievable yields.

## RESIDENTIAL INVESTMENTS BY DEAL STRUCTURE Q2 2021



Source: Knight Frank Research

## RECENT POLICY CHANGES

Since the first residential investment transactions in Ireland in 2013, the market has evolved into sub-sectors to include multifamily, student accommodation, social/long term leasing and more recently single family housing.

The Irish Government recently adjusted the residential stamp duty rate to 10% if you buy 10 or more residential houses

or duplexes at a time, or in a year. This measure was introduced to discourage investment funds from buying up housing estates.

The increased rate is effective from the 20th May 2021 and does not apply to local authorities, approved housing bodies, investors acquiring units to lease to a local authority or approved housing bodies or when buying apartments.

Another recent change to the residential rental sector is a move away from the rent cap scenario currently in place in Rent Pressure Zones to an indexed linked rent review model using the Harmonised Index of Consumer Prices (HICP).

This change is to be inserted into the Residential Tenancies (No 2) Bill 2021, which took effect on 9th July 2021.



### Key Contacts

#### Residential Capital Markets:

Tim MacMahon  
[tim.macmahon@ie.knightfrank.com](mailto:tim.macmahon@ie.knightfrank.com)

Emma Courtney  
[emma.courtney@ie.knightfrank.com](mailto:emma.courtney@ie.knightfrank.com)

#### Research:

Joan Henry  
[joan.henry@ie.knightfrank.com](mailto:joan.henry@ie.knightfrank.com)

Robert O'Connor  
[robert.oconnor@ie.knightfrank.com](mailto:robert.oconnor@ie.knightfrank.com)

#### EMEA Residential Capital Markets:

Stuart Osborn  
[stuart.osborn@knightfrank.com](mailto:stuart.osborn@knightfrank.com)

#### Capital Markets:

Peter Flanagan  
[peter.flanagan@ie.knightfrank.com](mailto:peter.flanagan@ie.knightfrank.com)

Adrian Trueick  
[adrian.trueick@ie.knightfrank.com](mailto:adrian.trueick@ie.knightfrank.com)

#### Capital Advisory:

Lisa Attenborough  
[lisa.attenborough@knightfrank.com](mailto:lisa.attenborough@knightfrank.com)

Craig Wilson  
[craig.wilson@knightfrank.com](mailto:craig.wilson@knightfrank.com)

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✉ [enquiries@ie.knightfrank.com](mailto:enquiries@ie.knightfrank.com)

🌐 [knightfrank.ie](http://knightfrank.ie)

📍 20-21 Upper Pembroke Street, Dublin 2

☎ +353 1 634 2466

 **Knight  
Frank**

