

Irish Housing Market International Investor Report 2022

April 2022

KNIGHTFRANK.IE/RESEARCH



5 Key Take-Aways



- Population Growth
 - Over 5m in 2021 forecast to reach 6m by 2051
 - Ireland has the youngest population in Europe
 - 40% live in the Greater Dublin Area
- Strong natural demand for housing
 - Demand for 30,000 - 35,000 units per annum
- Supply lags demand
 - 20,433 units completed in 2021
 - Average supply over last ten years = 12,632 units per year
- Prices increasing steadily since 2013 - across all sectors
Large increase in prices Jan 2021 - Jan 2022

Apartments	↑ 11.8% Dublin
	↑ 13.5% Nationally
Houses	↑ 13.6% Dublin
	↑ 15% Nationally
- Density, creative design, planning & work/life balance = drive vision of the future



HOUSING MARKET

The Irish housing market is supported by two key fundamentals – **the underlying strength of the economy and growth in the population**. Ireland's population continues to increase at a time when others are declining. Ireland has the highest birth rate and lowest death rate in the EU. The economy is supported by high value adding sectors, most notably the TMT, MedTech, Professional and Financial Services sectors, each of which has expanded considerably over the last two years, with employment levels currently higher than ever before.

Demographic Drivers

The population is estimated to be just over 5 million and is forecast to reach 6 million by 2051, which would reflect a doubling of the population since the 1960's. Just under 30% of the population live in Dublin and 40% live in the Greater Dublin Area. One third of the Irish population are under the age of 25, giving Ireland one of the youngest, most dynamic populations in the world.

The population dynamic in Ireland gives a natural long-term source of demand for housing. The housing market is made up of new homes and apartments, second hand residential houses and apartments along with social housing and the relatively new Residential Investment Sector/Private Residential Sector (PRS).



Demand & Supply

Demand is exceptionally 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. For the second consecutive year, spend on residential investment assets represented the highest proportion of overall capital flows into the Irish market (42%, €2.3 billion). This trend is expected to continue in 2022 and 2023, reducing the supply of new units available for individual purchase.

In order to meet demand, an estimated 30,000-35,000 housing units need to be completed per annum; (including single houses, housing and apartment schemes). While annual completions have increased in recent years, averaging **18,500 since 2016**, there is still a considerable shortage to meet the level of demand.

Given the appetite of international investors for housing investment in Ireland combined with demand from first time buyers and those looking to move house, the shortage of housing stock is expected to remain a feature of the market for the foreseeable future, putting further upward pressures on both rents and prices.

Prices have been consistently increasing on an annual basis since 2013, for both new units and second hand properties. 2021 saw very significant increases in prices, largely driven by the gap between supply and demand. House prices in Dublin increased by 13.6% in 2021 and by 15% nationally.

In summary, given the demographic and economic profile of Ireland, **the housing market is set to remain very active over the coming years, with the need for additional supply set to dominate the agenda for at least the next decade.**

ECONOMIC DRIVERS

The Irish economy has been the fastest growing economy in the EU since 2014. 2020 and 2021 were no exception, despite 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 the 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 headquarters 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. The contribution of industry (including pharma) to GDP growth in 2021 was 42% while the TMT sector contributed 16%.

Driven largely by strong activity in these two key sectors, **Irish GDP grew by 3.4% in 2020 and 13.5% in 2021.** Growth is expected to remain strong in 2022, despite the Russian/Ukrainian geo-political crisis.

The consumer rebounded strongly in 2021 boosted by household savings which are at an all-time high. Strong employment growth will support consumer demand, with the biggest risk coming from rising prices, which are expected to remain under pressure, given supply shortage and rising global energy prices.

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

Ireland is home to Top Global Companies

Tech Hub



All of the world's top pharma companies



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



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



Why Ireland?

1 Dublin is the capital city of Ireland - the fastest growing economy in the EU since 2014

2 Ireland is home to Top Global Companies

3 Education & Talent

- 53.5% of 24 - 35 year olds have a college education
- Ireland ranks in the Top 10 Globally for quality of education system

4 Tax Regime

- 12.5% corporation tax for business with revenues of less than €750m
- 15% for those with revenues greater than €750m

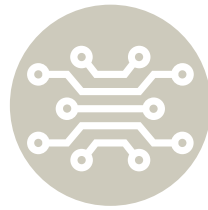
5 Lifestyle

- Over 400 Golf courses
- Easily accessible transport hub to the US and the rest of Europe

PROFILE OF ECONOMIC GROWTH



42%
Industry & Pharma



16%
TMT



8%
Distribution, Transport,
Hotels & Restaurants



9%
Professional



9%
Public Sector



5%
Real Estate



4%
Financial Services



3%
Construction
& Other

DEMOGRAPHIC PROFILE

Population by Household Type

Source: Esri Arc GIS /CSO



23%

Single People



18%

Couples Without Children



32%

Couples With Children



12%

Single-Parent Families



11%

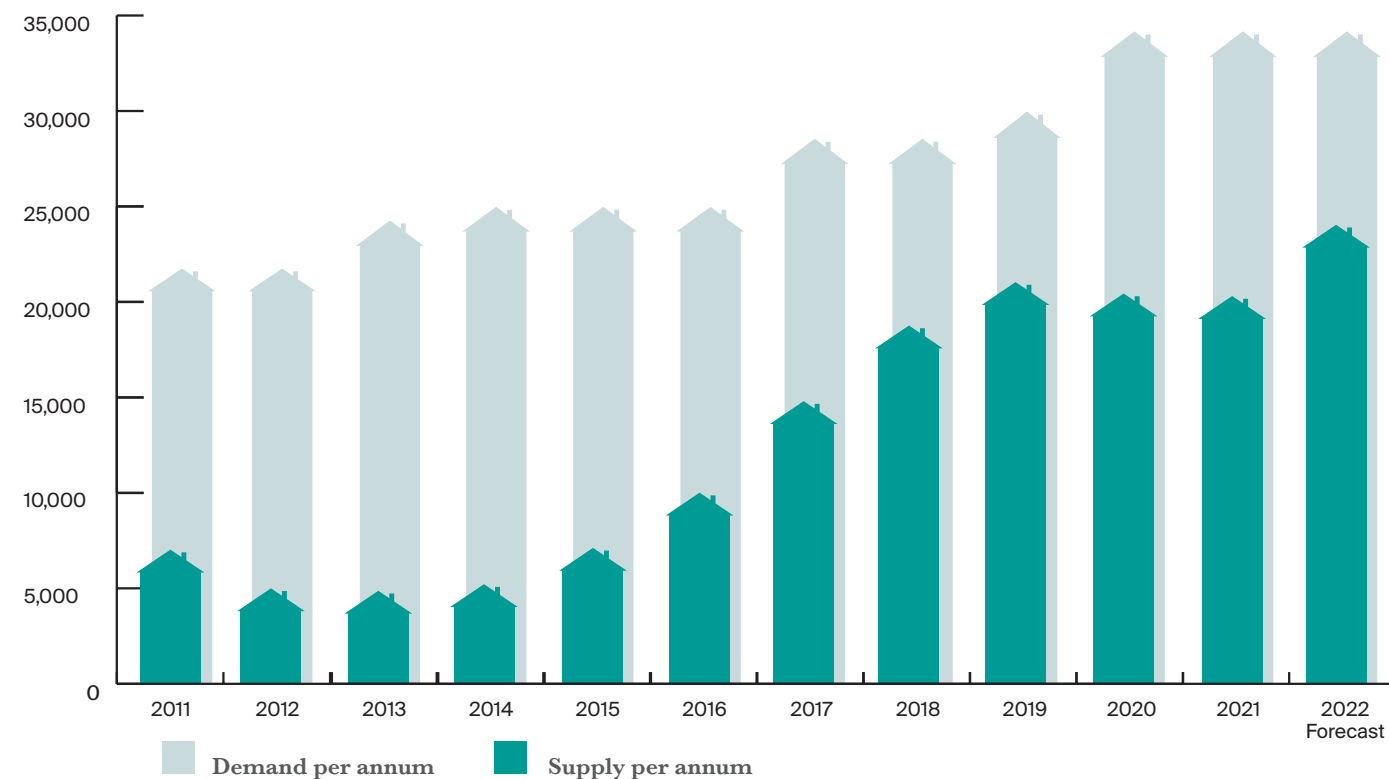
Multi-Person Household



4%

Other

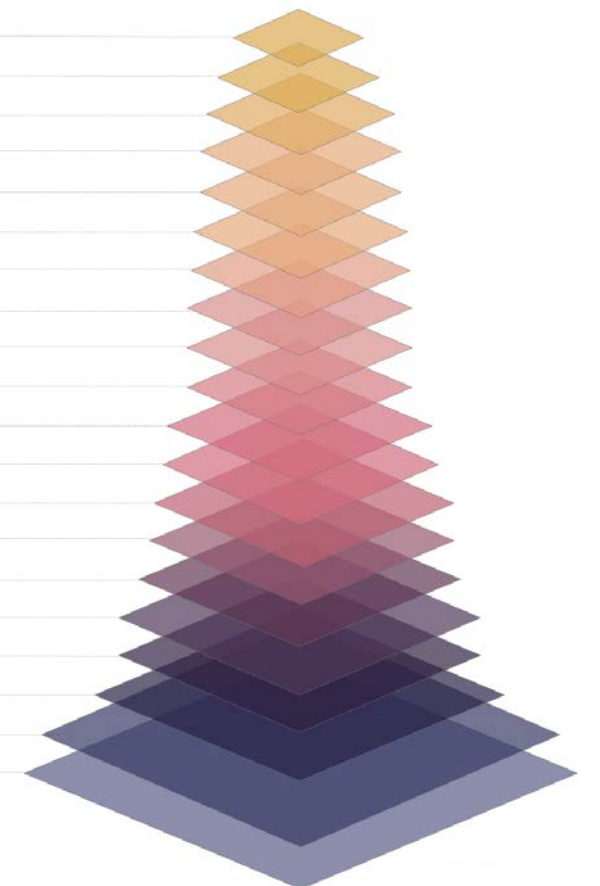
HOUSING SUPPLY VERSUS DEMAND



Source: Knight Frank Research/CSO/Central Bank of Ireland

HOW MUCH SPACE WILL \$1 MILLION BUY

Monaco 14.6
Hong Kong 21.3
London 30.6
New York 33.3
Singapore 35.4
Geneva 37.1
Sydney 41.4
Shanghai 42.0
Los Angeles 42.2
Paris 42.3
Beijing 55.8
Tokyo 64.3
Berlin 73.0
Miami 77.4
Melbourne 84.3
Madrid 105.5
Dublin 115
Dubai 136.5
Cape Town 219.5
São Paulo 256.3



Source: Knight Frank Research

A SELECTION OF OUR NEW HOMES DEVELOPMENTS



THE COLLECTION, SHREWSBURY ROAD, DUBLIN 4

Style, history and modern elegance all come together in The Collection, a private development of seven substantial residences at 20 Shrewsbury Road. Nestled among the grand mansions and embassy residences synonymous with the area, these incredible properties bring a new level of elegance and architectural design to Dublin 4.



55 LAD LANE, DUBLIN 2

55 Lad Lane comprises of 25 luxurious and spacious one, two and three bedroom apartments and penthouses in the heart of Dublin City Centre. Situated in Dublin's traditional Central Business District and easily accessible by excellent public transport modes.



143 MERRION ROAD, DUBLIN 4

Whether you are looking for a bright and spacious apartment with breath-taking sea views, a one of a kind penthouse or a one bedroom apartment in the heart of Dublin's most sought after location, 143 Merrion Road will offer all of this and more with 63 one, two and three bedroom apartments and penthouses on offer.



MARIANELLA, RATHGAR, DUBLIN 6

Marianella is a collection of spacious one, two and three bedroom apartments and three and five bedroom houses, offering a unique choice of lifestyle at the heart of Dublin's prestigious Rathgar. The final three bedroom penthouse apartments are available.



THE PINNACLE, MOUNT MERRION, SOUTH CO. DUBLIN

An exclusive residential development of one, two and three bed luxurious apartments and penthouses. Located between Deerpark Road, North Avenue and Wilson Road in Mount Merrion, South Co. Dublin. The apartments and penthouses will benefit from amazing sea views over Dublin Bay. The Pinnacle faces 32 acres of woodland at Deerpark and is within easy reach of some of Dublin's best schools and amenities.



DARGLE DEMESNE BY POWERSCOURT, CO. WICKLOW

This exceptional development located directly opposite the Powerscourt Estate will include 27 detached houses with incredible vistas towards the coast and the Wicklow Mountains; a beautiful countryside setting a few minutes' walk from Enniskerry Village.

NEW HOMES

Ray Palmer-Smith, Director
+353 1 634 2466
ray.palmer-smith@ie.knightfrank.com

Shannon Longmore, Sales Negotiator
+353 1 634 2466
shannon.longmore@ie.knightfrank.com

RESEARCH

Joan Henry, Chief Economist & Head
of Research
+353 1 634 2466
joan.henry@ie.knightfrank.com

Robert O'Connor, Senior Research Analyst
+353 1 634 2466
robert.oconnor@ie.knightfrank.com

Sean Cadogan, Graduate Research Analyst
+353 1 634 2466
sean.cadogan@ie.knightfrank.com



RECENT MARKET-LEADING RESEARCH PUBLICATIONS



The Wealth Report
2022



Rightsizing Report
2022



Ireland Residential
Investment Market
Overview Q4 2022



Dublin Office Market
Overview Q4 2022

© HT Meagher O'Reilly Limited trading as Knight Frank
This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by HT Meagher O'Reilly Limited trading as Knight Frank for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of HT Meagher O'Reilly Limited trading as Knight Frank in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of HT Meagher O'Reilly Limited trading as Knight Frank to the form and content within which it appears. HT Meagher O'Reilly Limited trading as Knight Frank, Registered in Ireland No. 385044, PSR Reg. No. 001266. HT Meagher O'Reilly New Homes Limited trading as Knight Frank, Registered in Ireland No. 428289, PSR Reg. No. 001880. Registered Office – 20-21 Upper Pembroke Street, Dublin 2