

# Ireland Student Housing Market



2023

Knight Frank assess the key dynamics driving the purpose built student accommodation sector in Ireland, an evolving sector where demand considerably exceeds supply.

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# Foreword

The Irish economy continues to expand, performing through the challenging global health, geopolitical and economic shocks of recent years.

Decades of investment in education and R&D, along with membership of the EU and the euro, have put Ireland in a leading position to attract international investment across a number of high value adding sectors; in particular Medical Technology, Pharmaceuticals, TMT, Financial and Professional Services.

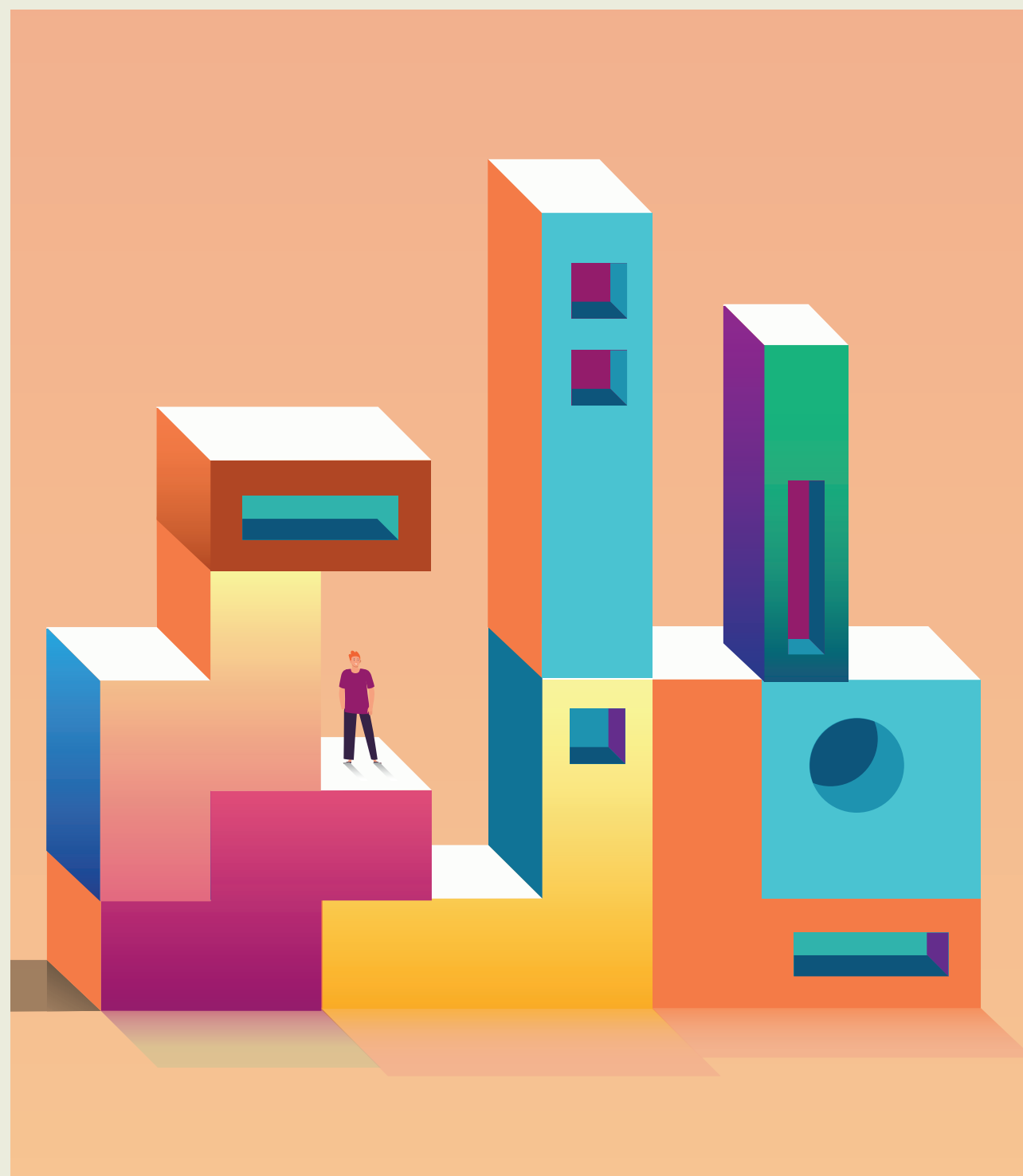
These sectors have been key to driving employment in recent years and have in turn been dependent on the quality of graduates emerging from Irish third level institutions.

The population of Ireland has increased significantly, rising by just over 11% between 2016 and 2022.

The number of people in the 14-19 year old age category has increased by 10.3% over the same period, illustrating the increased level of demand for third level education over the next ten year period alone. This demographic profile makes student housing an attractive asset class for investors.

In this report, Knight Frank assess existing 1st and 2nd generation stock, the demand and supply dynamic, the future pipeline and rental considerations in Ireland's purpose built student accommodation (PBSA / student housing) sector. We hope you find the analysis interesting and do reach out to our Research, Residential Capital Markets and Valuations teams for further discussion.

**JOAN HENRY**  
CHIEF ECONOMIST & DIRECTOR OF RESEARCH, KNIGHT FRANK IRELAND



## KEY FINDINGS

# €688m

Invested in PBSA in Ireland over the last five years

# 10.3%

Increase in the number of people aged 14-19 between 2016-2022

# 40-49k

Additional full-time undergraduate and postgraduate students will be studying in Ireland in 2030/31 compared to 2021/22

# 160%

Increase in the number of international students studying in Ireland over the last 10 years

# 14%

Difference in 1st gen vs 2nd gen bed rates in Dublin. In cork and Galway there is a 38% difference in bed rates 1st gen v. 2nd gen schemes

# 2:1

Ratio of students to PBSA bed spaces in Ireland's four main cities

Source: Knight Frank Research

# Strong demand from an increasing student population

The third level student population of Ireland has been steadily increasing over the last 10 years with significant growth in the number of domestic and international students studying full-time in undergraduate and postgraduate courses.

This has coincided with an increase in the number of courses and places being offered by third level institutions.

The number of full-time undergraduate and postgraduate students studying in Ireland reached 200,000 in 2021/22.

There has been a 23% increase in the number of full-time undergraduate and postgraduate students studying in Ireland over the last 10 years.

The number of Irish students has grown from 152,200 in 2011/12 to 172,400 in 2021/22, an increase of 13%.

In 2011/12, the number of international students studying in Ireland accounted for only 6% of the total full-time undergraduate and postgraduate population. By 2021/22, this figure had increased to 14%.

In terms of actual numbers, the international student population has increased by over 160% between 2011/12 and 2021/22.

On average, 75% of international students studying in Ireland have come from non-EU countries, with the United States, China and India

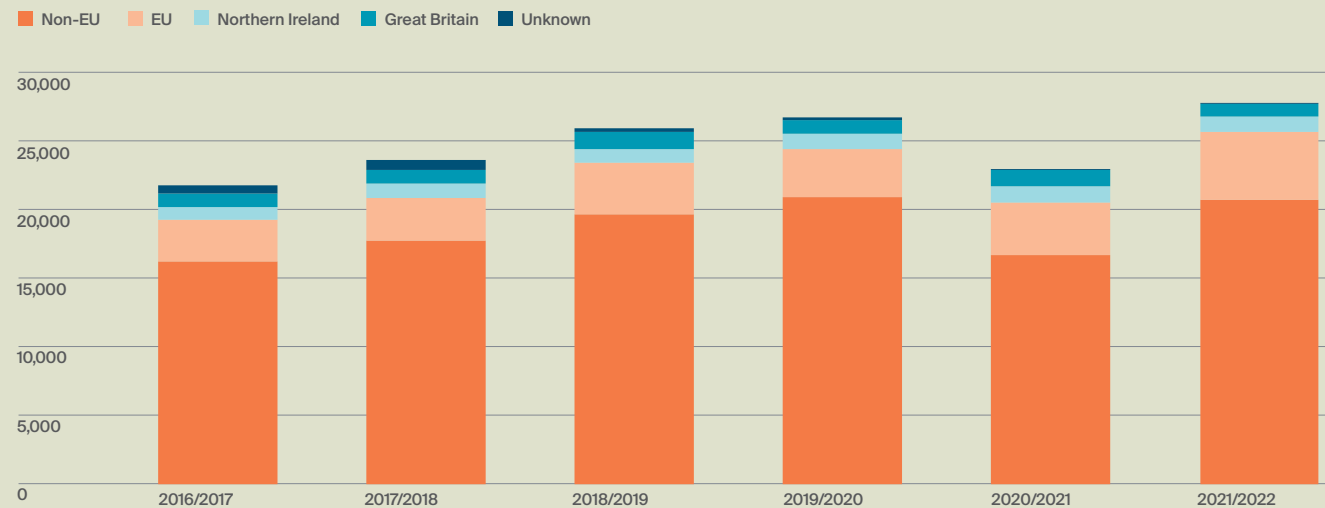
in the top three countries of origin during the last five years.

In 2021/22, European students (excluding Northern Ireland and Great Britain) accounted for 18% of international students, up from 13% five years ago. France, Germany and Italy have topped the European countries of origin for international students in Ireland during the same time period.

Moderate student population growth projections between 2020/21 and 2030/31 estimate a 22.3% increase in the number of full-time undergraduate and postgraduate students studying in Ireland.

These forecasts are not dissimilar to the growth seen in the past 10 years. The upper end of the forecast estimates an increase of 27%. This would equate to a range of 39,500 to 48,900 additional students in 2030/31 compared to 2021/22.

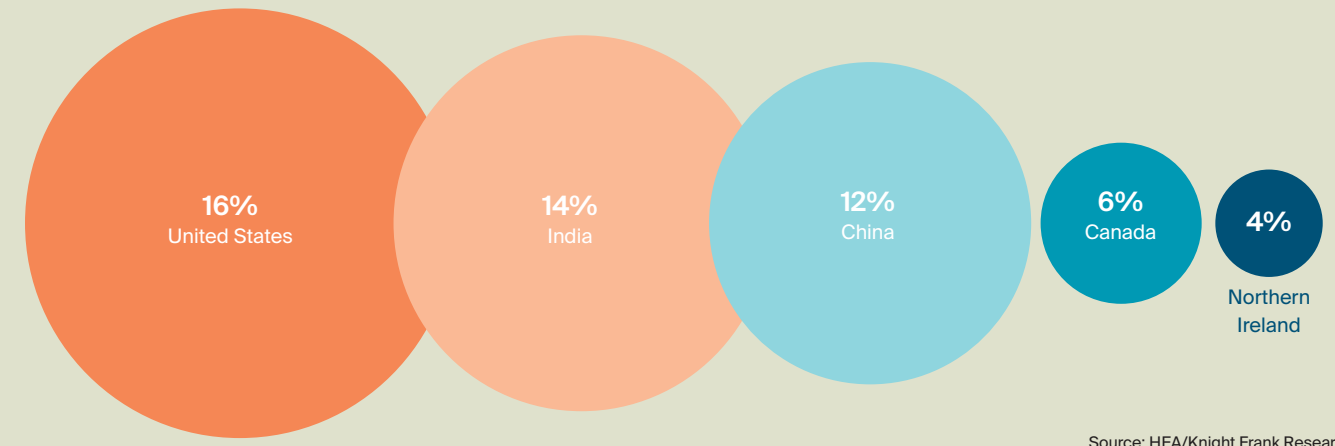
International student numbers, 2016-2022



Source: HEA/Knight Frank Research

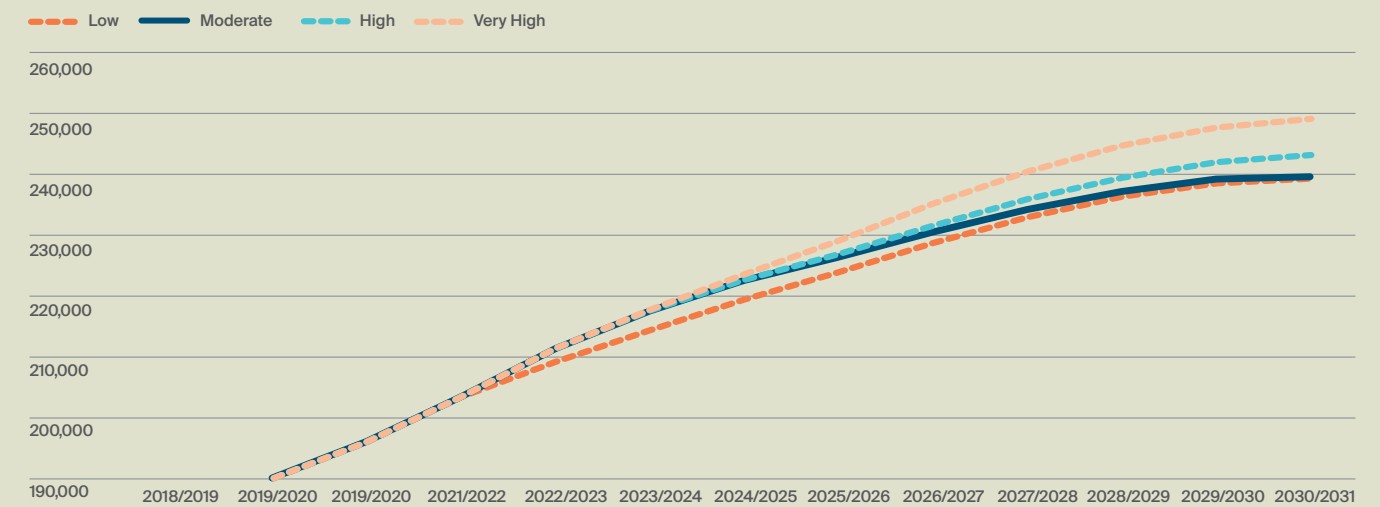
\*note: 2020/21 term an exception as covid restrictions impacted movement in society and education moved online during this period.

Top 5 countries of origin for international students, 2021/22



Source: HEA/Knight Frank Research

Projections of full-time demand for places in third level institutions, 2021-2030



Source: Department of Education/Knight Frank Research

# 75%

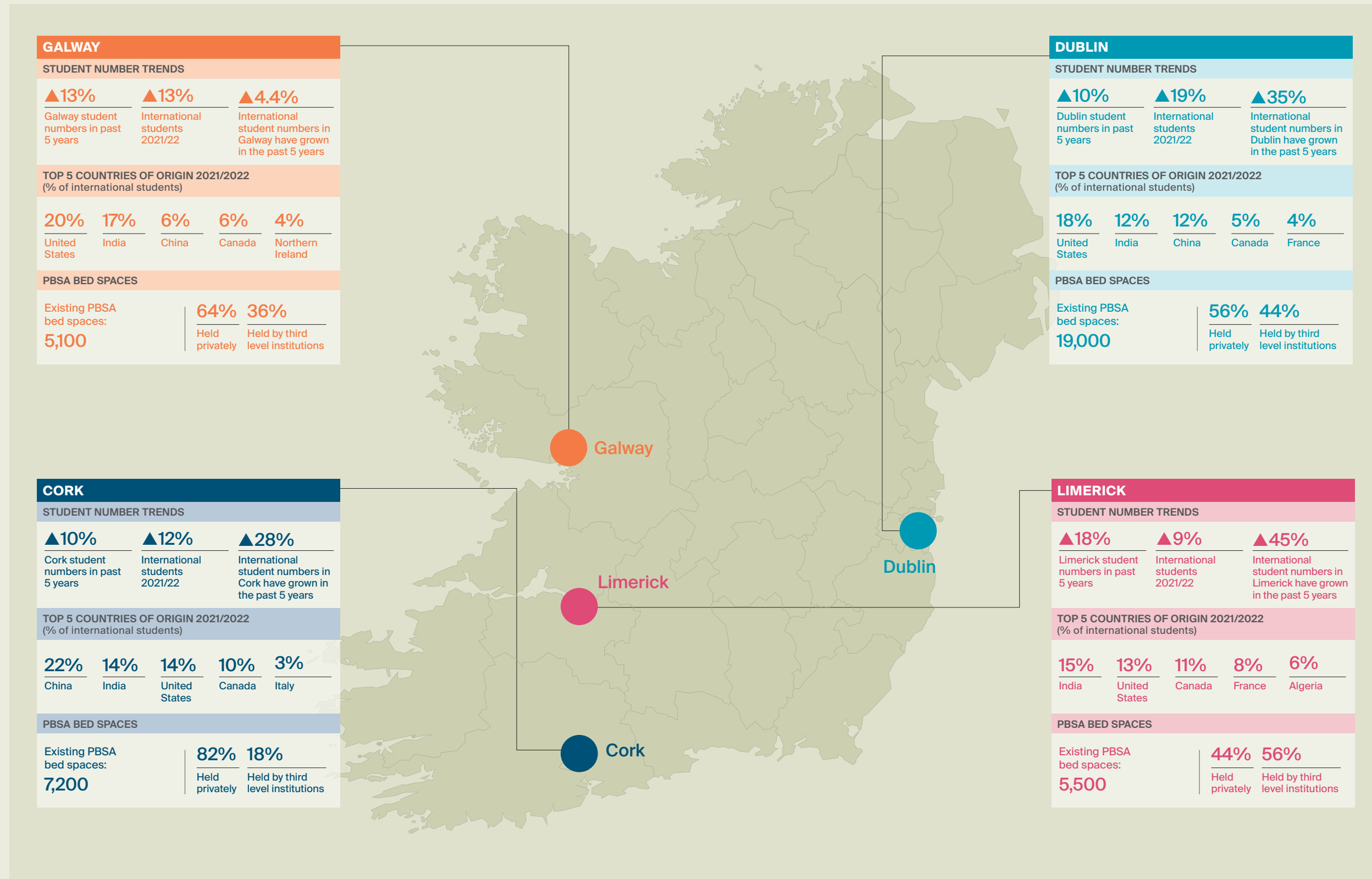
of international students studying in Ireland have come from non-EU countries with the United States, China and India among the top three during the past five years

# 2:1

Ratio of students to PBSA bed spaces in Ireland's four main cities.

\*Assuming students from within the county of their chosen college/university will commute.

# Demand driven markets



## Supply pipeline, 2nd generation student housing

DUBLIN

**6,600**

CORK

**1,750**

GALWAY

**1,600**

LIMERICK

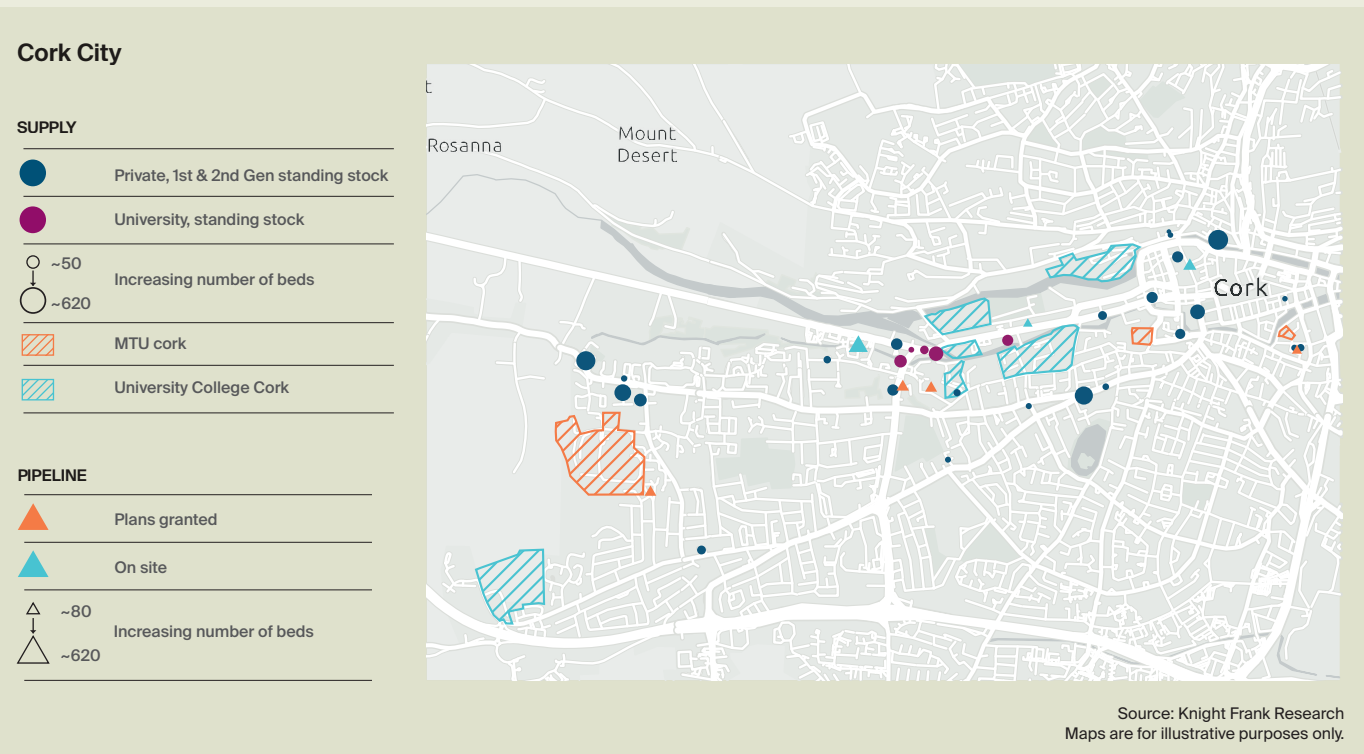
**780**

Source: Knight Frank Research  
Map are for illustrative purposes only

The supply pipeline is a combination of PBSA schemes under construction and planning granted. There are some developments within the figures which are on hold due to outstanding Judicial Reviews or construction cost inflation making schemes unviable at present.



# Profile of stock and supply in the two larger demand markets



# Supply profile

A new wave of PBSA development has taken place over the last 10 years, with much of this development taking place in Dublin and Cork, and to a lesser extent in Galway. In the four main cities in Ireland, there are approximately 37,000 PBSA bed spaces available with over half of these located in Dublin. Within each of the four cities, the ownership split between PBSA bed spaces that are held privately and by third level institutions varies.

Many of the privately held schemes are relatively new in terms of construction and are therefore built to a high standard, offering a range of facilities including study rooms, lounge areas, communal dining spaces, cinema, gym, laundry facilities and parcel collection facilities. A sense of community is also created within the schemes with social activities planned throughout the year.

A two-tier rental market for privately held PBSA has evolved in recent years. Schemes developed more than 15 years ago would have limited facilities compared to the newer developments on offer. As such, these 1st generation blocks are typically offered at rates below those of newer 2nd generation schemes in similar locations.

On campus PBSA schemes offered by third level institutions are the best value, however availability is limited, particularly in Cork. Many of the bed spaces are comprised of 1st generation stock, however third level institutions have been undertaking refurbishment programmes in recent years to improve the specification of on campus housing. They have also undertaken construction

programmes to deliver additional on campus bed spaces.

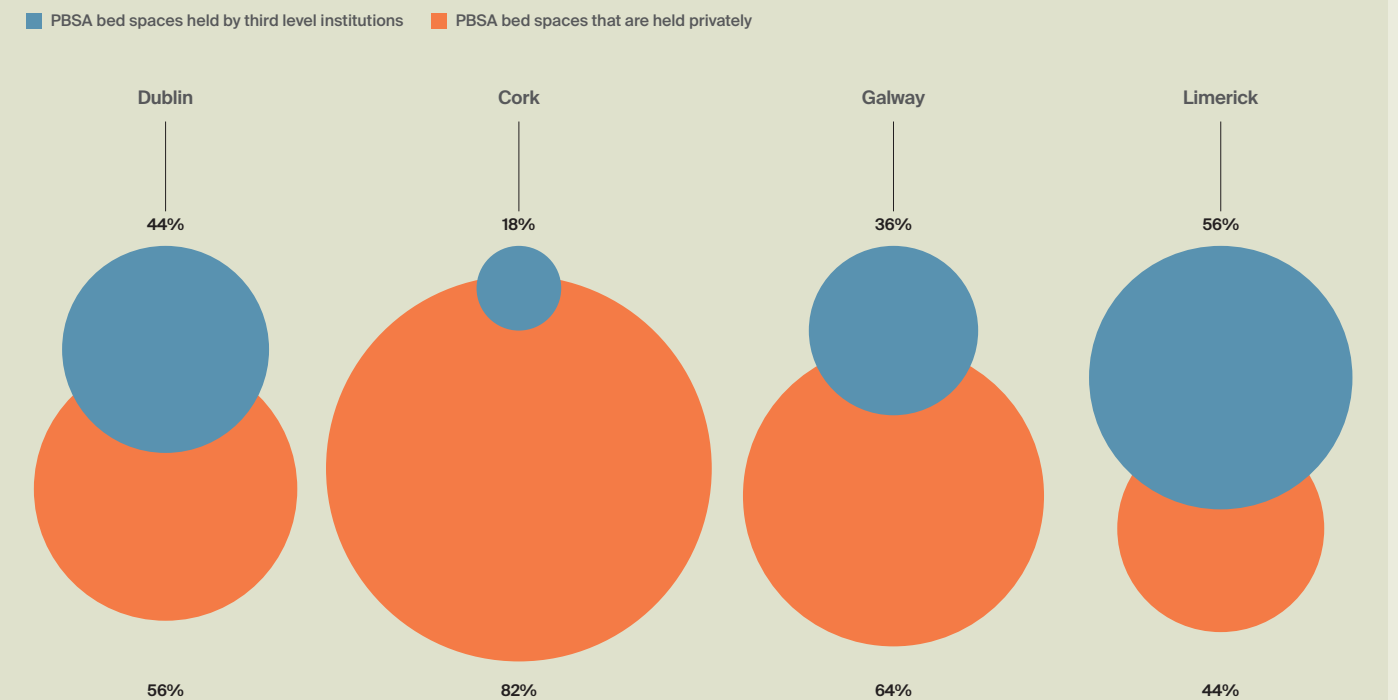
Location is also a key consideration for students and that is clearly reflected in the proximity of PBSA schemes to a third level campus.

A study of PBSA locations highlights that 90% of PBSA bed spaces in the four main cities are within a one kilometre radius of a third level campus. A further 7% are within two kilometres of a third level campus.

# 90%

of PBSA bed spaces in the four key cities are within a 1 kilometre radius of a third level campus

Distribution of bed spaces by location and ownership type, Q2 2023



Source: Knight Frank Research

# PBSA is evolving within the living sector, attracting international investors

PBSA investment has historically been a small percentage of overall residential investment in Ireland.

The transactions in the early part of the cycle were typically smaller lots of older standing stock in regional cities which were acquired by private investors.

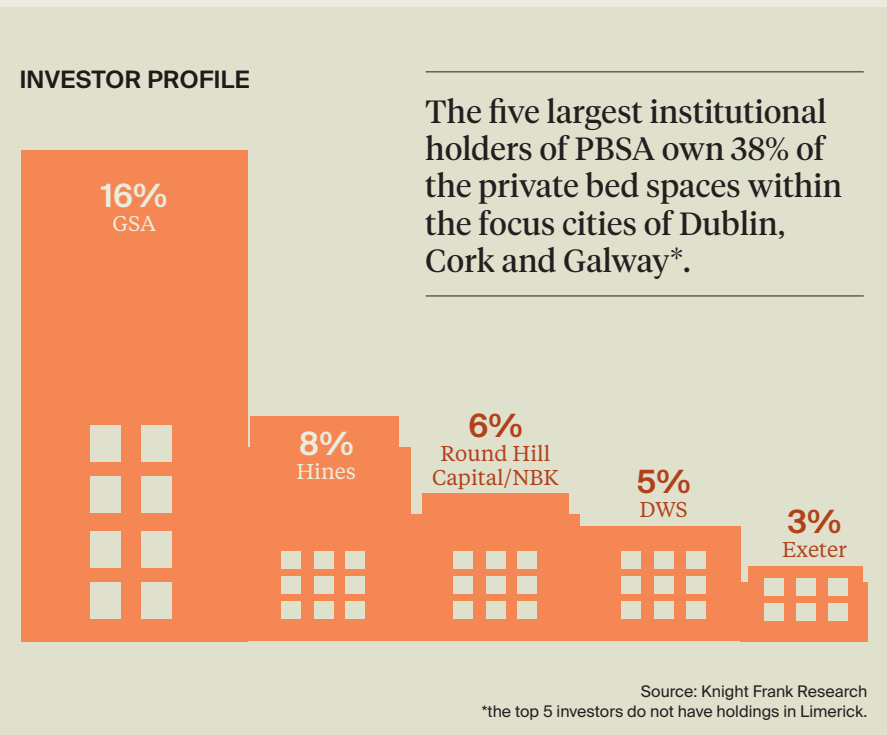
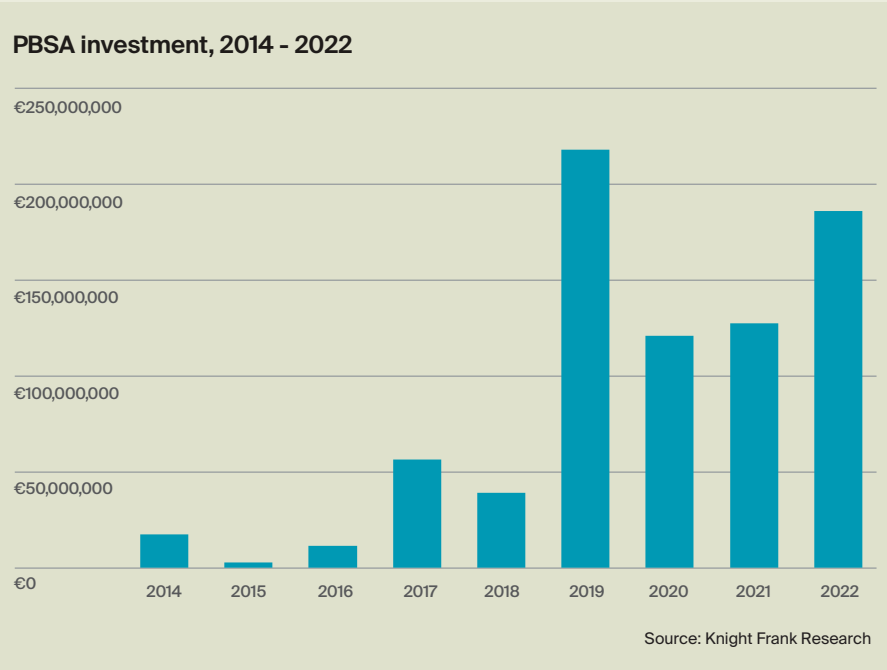
PBSA is still an emerging sub-sector within the living sector in Ireland. It is one which is expected to evolve significantly as new stock is developed.

Over the past four years, this evolution has been seen in the quality of the investments being traded and investors active in the market. Lot sizes have become larger, are located in prime student locations and have been developed to provide a high-quality offering to the student market.

## A total of €688 m has been invested in PBSA since 2018

Three of the largest PBSA deals transacted in the Irish market were portfolio sales or were assets within an overall portfolio.

The largest transaction to date was BlackRock's sale of the Point Campus to DWS in Q4 2019 for €171 million. This asset was part of a wider UK and Ireland portfolio which was sold in separate lots. Ares acquired Project Ruby in Q1 2022 for €145 million. This was a portfolio of three assets, two in Dublin and one in Galway. The third largest was Patrizia's acquisition of Project Lighthouse for €120 million in Q4 2021.



# Rental considerations

PBSA bed rates are impacted by a number of factors including the size of the room, length of stay, the number of people in the unit cluster and the amenity provision within the scheme, all of which can vary between schemes.

**1st Generation PBSA:** Operating for 15 years or more, these schemes are more akin to traditional apartment developments and would have limited amenities on site. They are held both privately and by third level institutions. While also comprised of cluster apartments, bedrooms more often than not consist of a single bed with or without an ensuite.

**2nd Generation PBSA:** New in terms of construction, these schemes are built to a high standard and contain a variety of amenities. Privately held, they are mostly comprised of cluster apartments where residents share the kitchen and living room but have their own bedrooms which will consist of a small double bed with an ensuite.

## 1st vs 2nd Generation Average Bed Rates, 2023/24

	Dublin	Cork	Galway
1st Generation	€230 p/w	€170 p/w	€160 p/w
2nd Generation	€265 p/w	€250 p/w	€235 p/w

Source: Knight Frank Research  
\* Rates per week are based on a standard ensuite room. Limerick excluded as there is limited 2nd generation stock for comparison

**Rent Pressure Zones (RPZ's):** The Residential Tenancies (Amendment) Act 2019 brought student specific accommodation (SSA) under the remit of the Residential Tenancies Board (RTB) meaning all SSA tenancies/licences entered on or after 15 August 2019 must now be registered with the RTB and where SSA's are within RPZ's, caps on rent apply.

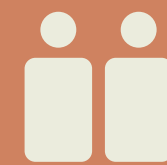
**Operational Costs:** PBSA operators have and are facing the challenge of managing increasing operational costs driven by inflationary pressures, in particular energy costs and pressure on the cost of services.

While bed rate increases are capped according to the RPZ legislation, depending on the scheme and operator, the treatment of utilities varies. For some, the rate charged for the room is inclusive of all utilities such as Wi-Fi, electricity and heating. Other operators clearly distinguish between the bed rate and the utility charge.

## Increased operational costs are influencing the pricing models being offered to students

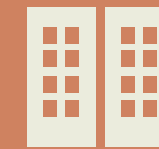
Increasing operational costs and how they are allocated in different schemes will continue to add complexity to the student housing market and to the valuation and pricing of schemes.

# Outlook



1.

Forecasts suggest that there could be 39,500 (moderate scenario) to 48,900 (very high scenario) additional full-time undergraduate and postgraduate students in higher education by 2030/31 compared to 2021/22.



2.

There is a limited pipeline of PBSA bed spaces in the short-medium term. Construction cost inflation is leading to viability issues, with a number of on campus projects already paused. Delays in the planning system have also made it harder to obtain a grant of planning permission.



3.

We expect a significant weight of capital to target PBSA should the stock become available. While there will be churn in existing portfolios, the majority of activity will come from new site purchases and planning applications. Current and projected demand, against the constrained level of supply is set to keep a firm floor on rents with premiums attached to 2nd Gen space.



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Report Q2 2023



Dublin Logistics and  
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New Homes Construction  
Survey 2023



The Wealth Report 2023

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

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