

Ireland Residential Investment Snapshot 2020



IRELAND RESIDENTIAL INVESTMENT SNAPSHOT 2020

HEADLINES

42%

RESIDENTIAL INVESTMENT WAS THE LARGEST PROPORTION OF INVESTMENT SPEND

€1.26 Bn

TOTAL RESIDENTIAL INVESTMENT SPEND FOR 2020

3.75%

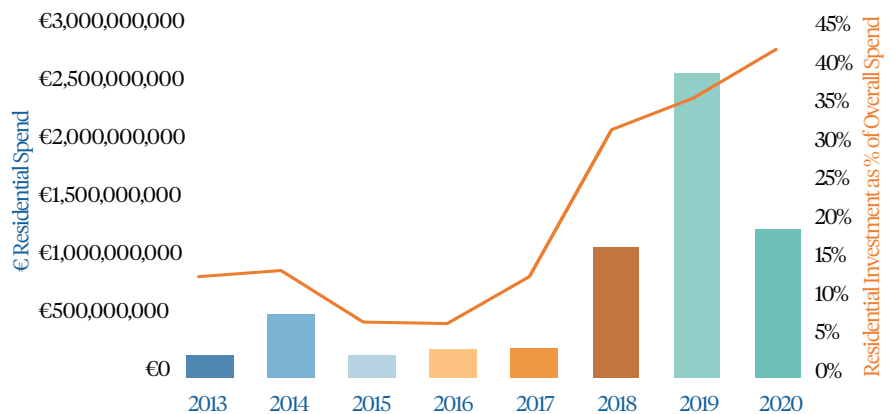
PRIME RESIDENTIAL YIELDS HAVE REMAINED RESILIENT THROUGHOUT 2020

Despite the impact of Covid-19 on world markets throughout 2020, real estate investment and residential investment in particular held up very well as investors sought out core assets. Investment volumes in Irish commercial real estate in 2020 were lower compared to the previous year, however 2019 was an exceptional year due to a number of large scale transactions such as the Green REIT sale. €3 billion worth of investment transactions closed throughout 2020 of which €1.26 billion were residential deals. This equates to 42% of the Irish investment market, the highest percentage of any year since 2013. In total, there were 27 residential investment transactions over €1 million of which four of these deals exceeded €100 million.

Covid-19 paused the market in the first half of the year with only 21% of the year's deals transacting. As the market came to grips with the pandemic, deal flow began once again with 37% of the year's deals crossing the line in Q3 and 42% in Q4. There was also a high volume of off-market deals which occurred throughout the year with only 32% of the transaction volumes over €1 million being widely marketed.

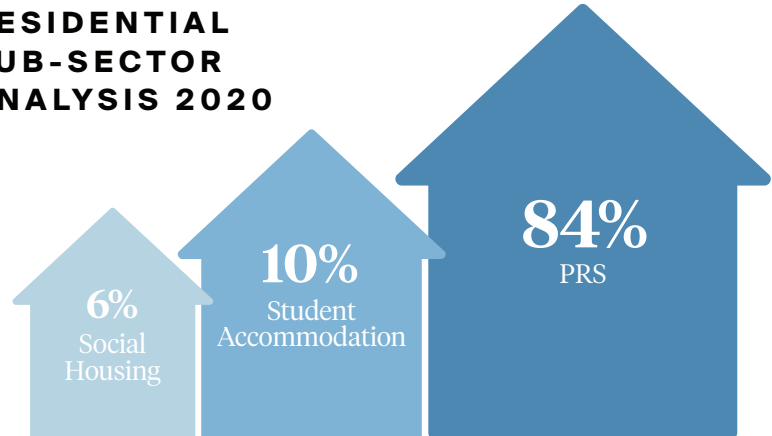
Institutional ownership of residential assets has increased to over 18,000 units throughout Ireland with the highest proportion being in Dublin. IRES-REIT and Kennedy Wilson remain the largest institutional holders of residential units at 23% and 18% respectively. Avestus, DWS, IRES-REIT, Orange Capital Partners, Irish Life, Roundhill, LRC Capital and Urbeo all added to their existing portfolio's throughout 2020.

RESIDENTIAL INVESTMENT 2013 - 2020



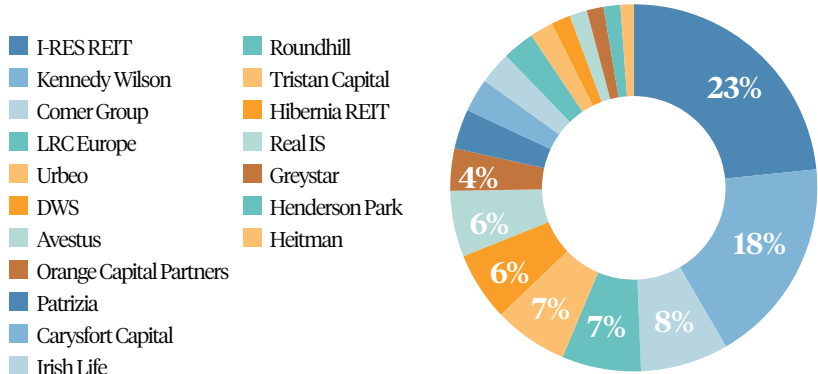
Source: Knight Frank Research

RESIDENTIAL SUB-SECTOR ANALYSIS 2020



Source: Knight Frank Research

INSTITUTIONAL RESIDENTIAL OWNERSHIP



Source: Knight Frank Research

TOP 3 DEALS OF 2020

1

€195 Mn

CUALANOR, DUN LAOGHAIRE
ACQUIRED BY DWS FOR
€195 MILLION

2

€145 Mn

PRESTIGE PORTFOLIO ACQUIRED
BY DWS FOR €145 MILLION

3

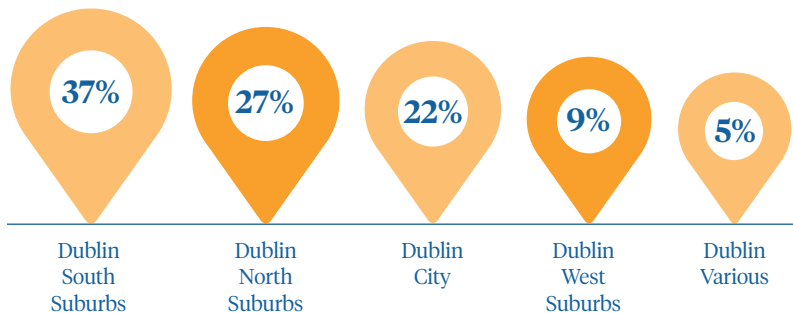
€140 Mn

CONFIDENTIAL TRANSACTION
COMPLETED FOR €140 MILLION

Dublin was the focus of residential investment transactions throughout 2020. This is not surprising considering the shift towards core assets seen across the entire CRE sector.

- Of the reported deals, Dublin's South Suburbs remains a key location for investors with 37% of the investment volume transacting here.
- The north suburbs were a close second with 27% of transaction volumes.

2020 RESIDENTIAL INVESTMENT TRANSACTIONS BY LOCATION



Source: Knight Frank Research

TOP 5 RESIDENTIAL INVESTMENT DEALS 2020

| Quarter | Property | Sector | Deal Structure | €m | Purchaser |
|---------|----------------------------------------|---------|----------------|---------|-----------------------------------------------|
| Q3 2020 | Cheevers Court & Holiday House | PRS | Forward Commit | €195m | DWS / SW3 Capital |
| Q3 2020 | The Prestige Portfolio | PRS | Forward Commit | €145m | DWS / SW3 Capital |
| Q4 2020 | Confidential | PRS | Forward Commit | €140m | Confidential |
| Q4 2020 | Blackwood Square | PRS | Forward Commit | €123.5m | Round Hill Capital & Quad Real Property Group |
| Q1 2020 | Former Brewery Block, Newmarket Square | Student | Forward Commit | €85m | Round Hill Capital / NBK Capital |

Source: Knight Frank Research

Investor activity has arguably been held back by limited supply and Covid-19 construction constraints.

- While the number of completions for first nine months of 2020 were lower than the same period in 2019, grants of planning increased by 22%.
- In the first nine months of 2020, 20,656 apartment units were granted planning permission, of which 16,752 (81%) were SHD applications.
- With this increase in granted schemes there is a clear pipeline of future stock for both the investment and private sales market.

IRELAND, UNITS WITH A GRANT OF PLANNING



Source: CSO

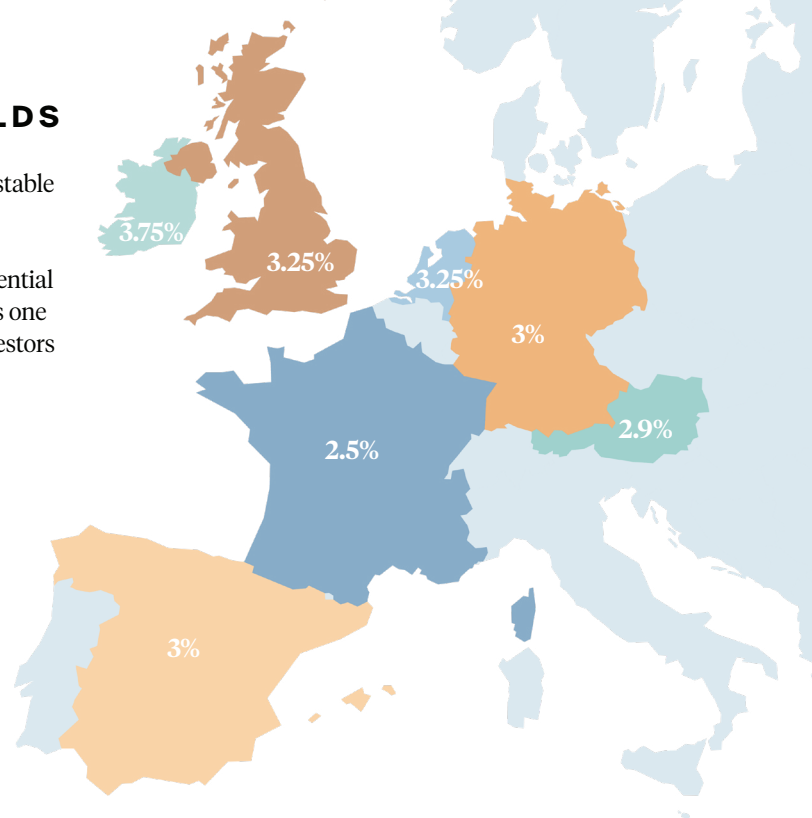
RESIDENTIAL INVESTMENT YIELDS

Prime residential investment yields in Dublin have remained stable throughout 2020 despite the onset of Covid-19.

In comparison to other major European destinations for residential investment, Ireland and Dublin remain competitive and this is one of the key factors that will continue to attract institutional investors to the Irish market throughout 2021.

OUTLOOK 2021

- Flight to quality and professionally managed schemes
- Supply shortages to continue
- Emergence of forward funding deals
- Trading of long income social leases
- Growth in management operating platforms and technology links
- Increased importance in ESG
- Strong demand for portfolios of single-family housing
- Continued debate on the importance of micro/co-living within cities



EUROPEAN RESIDENTIAL INVESTMENT MARKET

| | Germany | France | Spain | Netherlands | Austria | Ireland | UK |
|----------------------------------|--------------------|------------------------|-------------------------------|-------------------------|-------------------------|------------------------|---------------------------------|
| Rent Restrictions/ Tenant Rights | Rent Cap in Berlin | Rent controls in Paris | Rent controls being discussed | Regulated & free market | Regulated & unregulated | Rent controls in RPZ's | Some affordability requirements |
| Prime Net Initial Yield | 3% | 2.5% | 3% | 3.25% | 2.9% | 3.75% | 3.25% |
| Prime Gross Yield | 3.35% | 3% | 3.7% | 3.5% | 3.1% | 4.5% | 4.3% |
| Prime PRS Cap Val (per sq m) | €7,500 | €10,700 | €5,750 | €10,000 | €6,500 | €8,000 | £8,500 |
| Avg Rent Per Sqm per Month | €22 | €27 | €14.50 | €22 | €13.5 | €30 | £30 |

◆◆ This table shows prime yields and cap vals for stabilised assets in capital cities (Berlin in Germany) and as such these will vary for regional cities. Capital Value and Rent numbers reflect good quality product in un-regulated rental markets ◆◆

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