

One year into the COVID-19 pandemic, the associated challenges from the crisis have not deterred investors from entering or expanding in the residential sector both across Europe and in Ireland.



€16.1bn

Latest data from Real Capital Analytics reveals that following a record level of residential activity across Europe in 2020, demand was unabated in Q1 2021 with €16.1 billion worth of capital flowing into the sector. This reflects a 36% increase on the same period in 2020.



€340.4 m

The opening quarter in Ireland saw €340.4 million transact in the three-month period.



45%

Forward commit structures remained a key component of the market in Q1 2021, accounting for approximately 45% of total PRS spend in Q1 2021.



2.1%

Dublin rental growth was 2.1% annually to Q4 2020

Source: RTB

The opening quarter of 2021 saw several PRS deals transacting, with a focus on rental affordability including a joint venture between Mm Capital and Deutsche Finance International whom paid a reported €40 million for six schemes in Dublin and Kildare, totalling 157 units. The partners launched 'Solas Living' which offers long-term affordable rental homes.

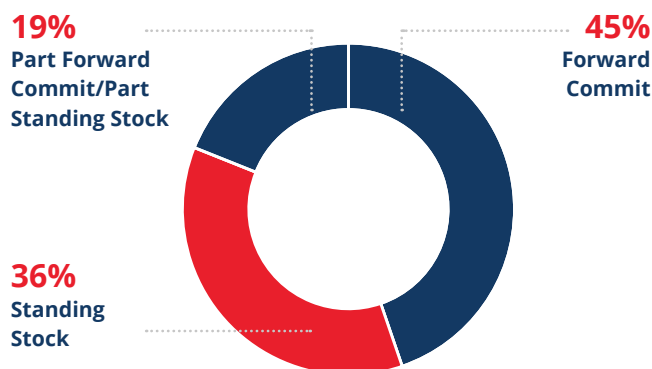
Furthermore, Principal Real Estate acquired a social housing portfolio in Dublin from New Beginning and the Irish Social Housing Fund for €20.2 million.

Underpinning demand for Ireland's social housing sector is the potential for long-term, secure and stable returns together with almost 62,000 households on the social housing waiting list.

A further transaction of note was the disposal of 435 apartments by Ballymore Group to Union Investment at Royal Canal Park. The deal was reportedly agreed on a forward fund basis for in excess of €200m.

Demand for rented accommodation will increase with the further reopening of the economy and the approaching return to office based working. Tenure of all types are required in order to address the significant shortage of homes nationally.

Source of Investment by Structure, Q1 2021



Source: Sherry FitzGerald Research

The 5-year average forward commit rate (2016-2020) currently stands at 51%. These sales comprise dwelling units which arguably would not otherwise be built, highlighting the vital role that the private rented sector can play in the supply of units to the rental market.

Top Deals Q1 2021

Asset	Price (€)	No. of Units*	Purchaser	Standing Stock Vs. Forward Commit
Confidential	€66m	-	Confidential	Forward Commit
Marina Village, Greystones, Co Wicklow	€64.5m	134	Real IS	Part Forward Commit/ Part Standing Stock
Shackleton Park, Lucan, Co. Dublin	€48.25m	150	Angelo Gordon / Carysfort Capital	Forward Commit
The Swiss Cottage, Santry	€38.1m	120	Avestus Capital Partners	Forward Commit
Portfolio of Residential Properties	€30m	-	Confidential	Standing Stock

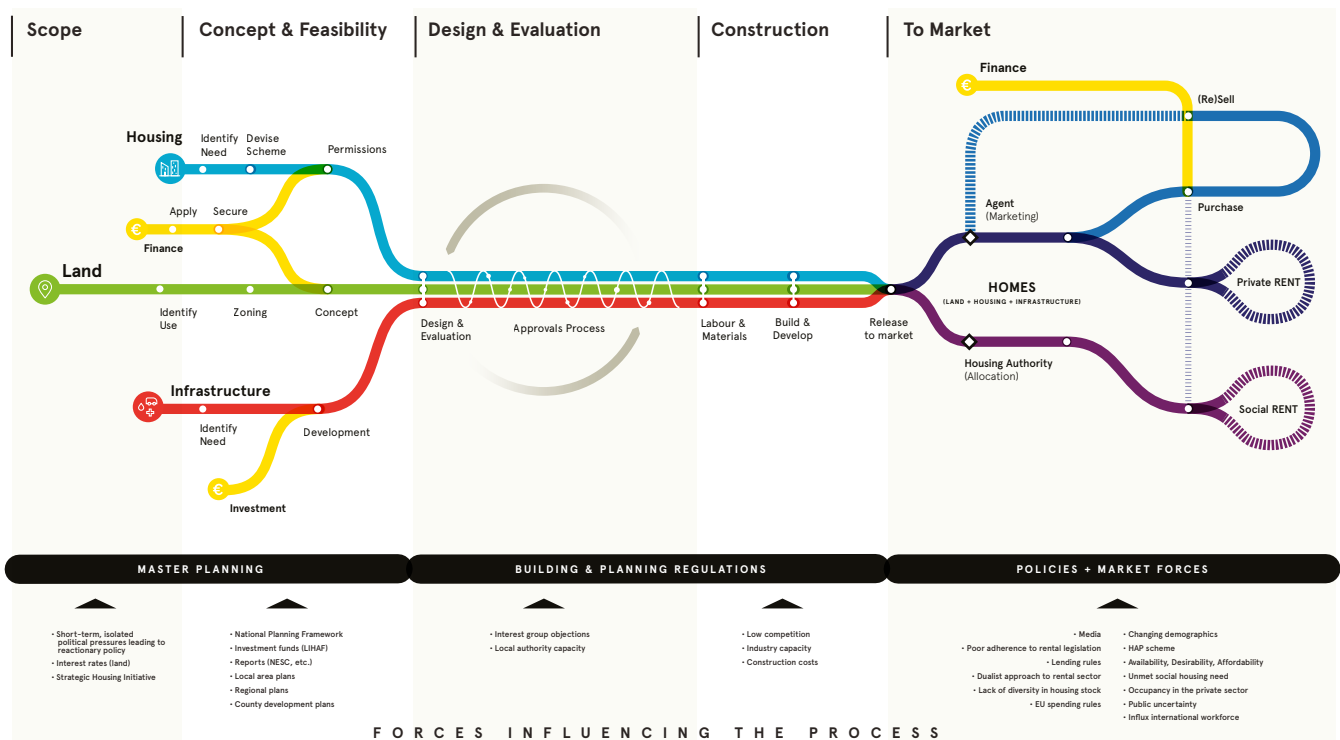
“ At a time when apartment development viability is marginal, the Government’s recent announcement not to include new apartment developments within the proposed stamp duty change is welcome. However, there is growing concern among investors about recent reactionary policy measures and the possibility of further intervention in the market. It is critically important that the residential sector remains attractive to international capital as per the recent DOH/ESRI commentary. Arguably and conservatively, at least an additional 65,000 private rental homes will be required over the next ten years. If one assumes they are all apartments, there would be a requirement for approx. €33bn of capital to be invested in the sector during the 10 year period.

**Ross Harris, Director, Head of Residential Investment,
Sherry FitzGerald**

”

Housing Delivery Map

In an effort to animate the complexities of the residential development process, we are delighted to share our recently developed Housing Delivery Map. The map identifies, in a digestible form, all stages of the development process, from conception to occupation, some of which may not be immediately apparent.



CONTACT DETAILS

Ivan Gaine

Managing Director,
Sherry FitzGerald New Homes
+353 (0)1 237 6363
ivan.gaine@sherryfitz.ie

Ross Harris

Director - Head of Residential
Investment, Sherry FitzGerald
+353 (0)1 237 6439
ross.harris@sherryfitz.ie

Marian Finnegan

Managing Director,
Residential & Advisory
+353 (0) 1 237 6341
marian.finnegan@sherryfitz.ie

Siobhán Corcoran

Senior Economist,
Associate Director
+353 (0)1 237 6317
siobhan.corcoran@sherryfitz.ie