

MARKET OVERVIEW

The Purpose-Built Student Accommodation (PBSA) market in Ireland had been challenged from the onset of the COVID-19 pandemic. Low occupancy was reported by most operators as university campuses remained closed throughout the 2020/2021 academic year, and the majority of learning took place online, with the exception of practical and time critical work.

The announcement by the Minister for Further and Higher Education, Research, Innovation and Science, Simon Harris, in July 2021 was a crucial turning point for the return of the sector. Minister Harris announced that “third level education is an essential service and will return safely on-site in September”. In addition, €126m of government funding was allocated to ensure support for both universities and students, in advance of the return to campus this September 2021. Lastly, the relaxing of COVID-19 travel restrictions and the fact that Ireland is both a European leader and world leader in COVID-19 vaccination rates, has assisted with the return of international student demand.

Developments on the demand side of the market, include recent CAO figures and government policy. For example, the CAO saw a substantial 8.5% increase in applications for the 2021/2022 academic year. Key figures include a 126% increase in applications from the EU and a 17% increase in non-EU student applications. Government also announced 4,600 additional higher education places for the 2021/2022 academic year in high demand areas such as Health sciences, Sciences, Education and Law.

On the supply side, in the Dublin market, the rate of delivery of bed spaces is tapering off. Whilst there had previously been double digit growth in the delivery of



bed spaces between 2016–2019, approximately 1,450 beds were delivered to the market in 2020, which equates to growth of 9%. Similarly, close to 1,350 beds are expected to be delivered in 2021 as a whole, with this falling considerably in 2022 and 2023. After 2023, the picture remains unclear, as while there is a healthy supply pipeline, limited commencements have taken place since 2019.

Regionally, the development picture is more positive, with Cork and Galway seeing a combined 1,125 beds delivered to the market in 2020.

Investment activity has been subdued with no transactions taking place since Q1 2020, when GSA acquired Harrison's Streets share of five of their Dublin assets, in a €400m market recapitalisation. However, as occupancy levels return and the market experiences a stabilisation in pricing and debt availability, evidence suggests investor sentiment for PBSA is on the increase and there is good demand for Irish PBSA investment assets heading into the final quarter of the year.

€126m

GOVERNMENT FUNDING ALLOCATED TO UNIVERSITIES AND STUDENTS



8.5%

INCREASE IN APPLICATIONS FOR THE 2021/2022 ACADEMIC YEAR





STUDENT ACCOMMODATION MARKET

CURRENT PBSA STOCK-DUBLIN

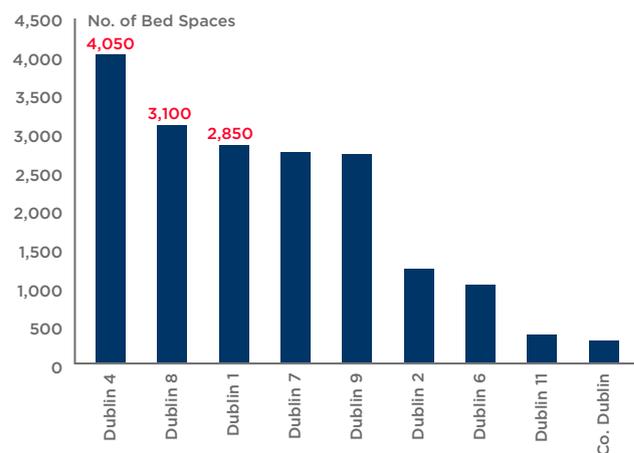
As at Q3 2021, the stock of Purpose built student accommodation beds in Dublin stood at approximately 18,500 across 56 developments. The private sector now operates approximately 11,250 or 61% of the Dublin bed stock while Higher Education Institutions (HEIs) account for the remaining 39%.

There has been a tapering off in the delivery of new beds to the Dublin market with only 1,450 new beds delivered in 2020. This reflects a 9% increase in the total stock on the previous year. In the nine months to September end 2021, just over 1,000 new beds were delivered to the market across two schemes. The majority of these beds, 900+, are located in UCD's new village residences on their Belfield campus in Dublin 4, while the remaining beds are located in aparto's new Loom building in Dublin 8.

The recent opening of University College Dublin's Student Village has assured that they continue to remain the largest provider of public PBSA in Dublin, with the university now providing over 4,100 bed spaces to the market. Trinity College Dublin and Dublin City University follow, providing approximately 1,750 and 1,250 bed spaces respectively.

In terms of private operators of PBSA, Unigest, aparto, Fresh Student Living and Host together operate 60% of the private PBSA in the Dublin market. GSA alone operate over 2,800 beds across 8 residences. aparto follow, operating approximately 1,700 bed spaces in the Dublin market, while Fresh Student Living have increased the number of beds under management to almost 1,400. Finally, Host have approximately 960 bed spaces at their Point Campus Development.

Number of Existing Bed Spaces in Dublin, by Postcode, Q3 2021



Source: Cushman & Wakefield Research

Despite the temporary uncertainty created by COVID-19, the 2020/21 academic year saw three new operators enter the Dublin market. Scape Student Living opened 300 beds on Aungier Street, Mezzino opened a 289 Dublin residence at Highfield House beside the TUD Grangorman campus, meanwhile Homes for Students opened a 364 bed development in Ballymun, Dublin 11 near the DCU Campus.

A locational breakdown of PBSA stock in Dublin reveals the Dublin 4 area holds the largest concentration of bed stock, with over 4,000 beds. Of note, this is mainly made up of the UCD campus accommodation. Dublin 8 follows and has over 3,100 beds across 9 schemes. Other high stock areas include Dublin 1 and Dublin 7, which comprise nearly 2,850 and 2,750 beds respectively. The Dublin 9 area, around DCU also comprises close to 2,750 beds.

STUDENT ACCOMMODATION MARKET

UNDER CONSTRUCTION

Following a number of robust years for construction activity in the PBSA market, there has been a natural decrease in the rate of delivery and commencements within the market. As of the end of Q3 2021, approximately 850 bed spaces were under construction in Dublin across 3 developments.

This compares to approximately 4,300 bed spaces across 14 schemes under construction at the end of Q2 2019.

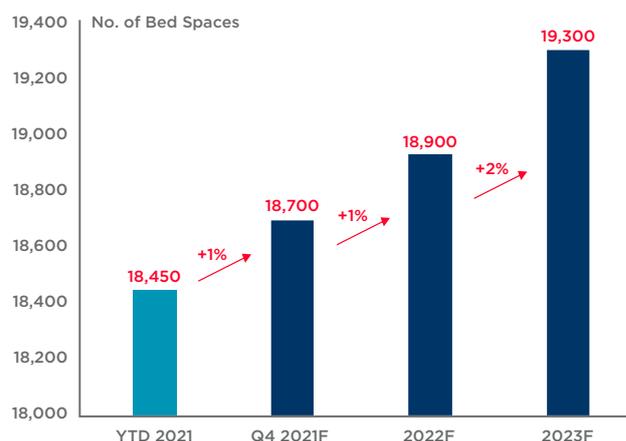
The majority of beds currently on site, are to be operated under private ownership, 71%.

An analysis of the expected delivery timelines of these units estimates just under 250 beds to be delivered to the market by year end. The following table outlines the three schemes currently under construction as at the end of Q3 2021.

The majority of beds to be delivered are in the Dublin 8 area, at Mill Street and Ardee Point, while Trinity College Dublin are also suggested to complete their new on campus accommodation, in Dublin 2, before year end. This would bring total standing stock to approximately 18,700 by the end of 2021.

At present, the estimated bed stock is set to increase by only 1% or approximately 240 beds in 2022 and by 2% or approximately 370 beds by the end of 2023. This will result in the bed stock increasing to over 19,300.

Standing Stock Projections for Student Bed Spaces, 2021-2023F



Source: Cushman & Wakefield Research/CIS

71%

OF BEDS ON SITE ARE TO BE OPERATED UNDER PRIVATE OWNERSHIP



19,300

ESTIMATED INCREASE IN BED STOCK BY THE END OF 2023



Top 5 Dublin Schemes Under Construction, Q3 2021

Scheme	Owner	Operator	Approx. No. of Beds	Estimated Completion
Brewery Block / Ardee Point, Dublin 8	Round Hill Capital	Nido Student	368	Q2 2023
Oisín House, Dublin 2	Trinity College Dublin	Trinity College Dublin	247	Q4 2021
Mill Street, Dublin 8	GSA	Uniest	235	Q3 2022

Source: Cushman & Wakefield Research/CIS

STUDENT ACCOMMODATION MARKET

PIPELINE DEVELOPMENT

Despite the delivery of new stock declining in more recent times, there remains a significant volume of potential PBSA bed spaces in the delivery pipeline. At the end of Q3 2021, approximately 7,350 of student bed spaces across 17 developments in Dublin had planning permission granted.

However, uncertainty lies as to what volume of this will be delivered in the form of student accommodation. Market intelligence suggests that several sites with planning permission granted are considering or have applied for new permission for residential use. Examples of this include, the Avid Technology building, which although has been granted planning permission for PBSA, has only recently been refused planning for residential and the Cairn Homes Stillorgan site which has applied for change of use to PRS.

7,350

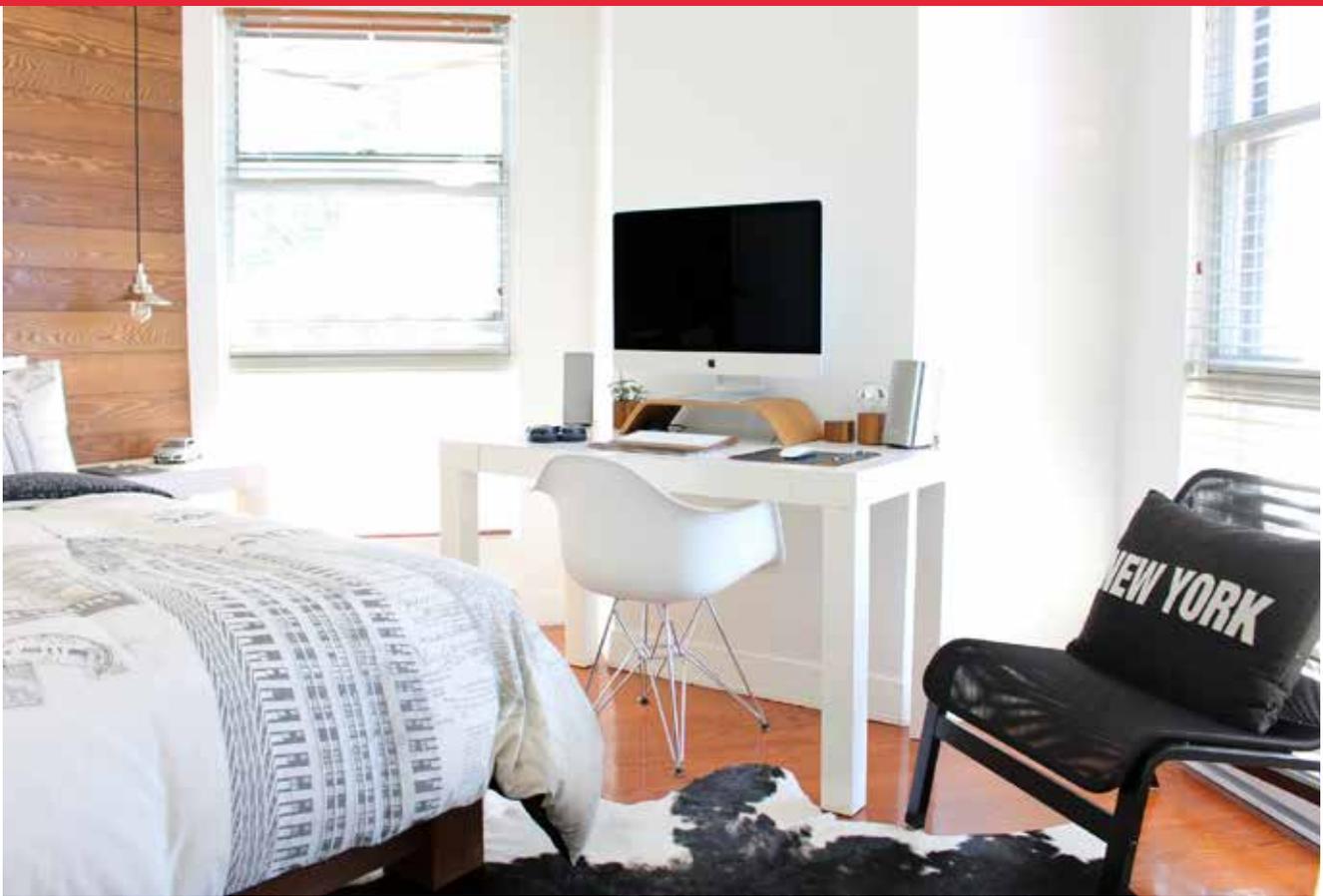
STUDENT BED SPACES HAD PLANNING PERMISSION GRANTED IN DUBLIN



1,000

BEDS ADDED TO THE PLANNING PIPELINE IN DUBLIN 14 IN 2021

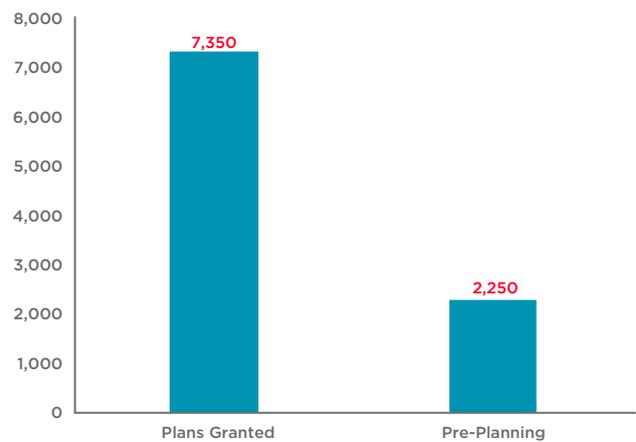




On the other hand, 2021 did see a number of beds added to the planning pipeline including almost 1,000 beds in Dublin 14 close to UCD's Belfield campus. Spanning across two schemes, this includes approximately 700 beds at the Our Lady's Grove site and the balance across the road at the Vector Motors site. The Park Shopping centre, adjacent to the TUD Grangegorman campus in Dublin 7, also recently received revised permission for 584 beds.

Meanwhile on the University campuses, UCD's Phase 2 has the potential to add a further 1,254 bed spaces to the university's portfolio and Dublin City University in Glasnevin, Dublin 9, has permission for 1,240 public bed spaces.

Pipeline Summary by No. of Bed Spaces, Q3 2021



Source: Cushman & Wakefield Research/CIS

Top 5 Dublin Schemes with Plans Granted, YTD 2021

Scheme	Owner	Operator	Approx. No. of Beds
Belfield Campus	University College Dublin	University College Dublin	1,254
Dublin City University	Dublin City University	Dublin City University	1,240
Avid Technology Building	Prime Living	-	706
Our Ladys Grove	-	-	698
Jameson Gate Development	The Park Shopping Centre	-	584

Source: Cushman & Wakefield Research/CIS



STUDENT ACCOMMODATION MARKET

PROVIDERS AND OPERATORS

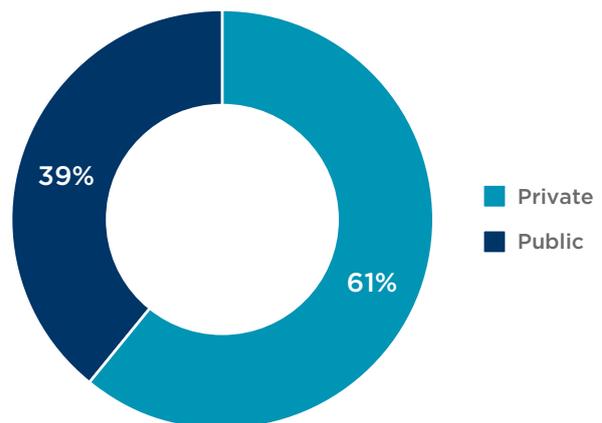
A breakdown of the current stock shows the continued growth in delivery of bed spaces by private providers. As previously mentioned, at present 61% of student bed spaces in Dublin are now operated by private providers with the balance under operation by universities.

The delivery of new bed stock between 2016 and 2020 was dominated by private providers, and as a result, private providers now account for the larger share of the market, surpassing university operators.

Over 70% of the beds under construction as of Q3 2021 are to be operated by private providers however, 34% of the beds with plans granted are to be delivered by public providers and are located on university campuses.

When looking at operators for the schemes which are currently under construction Uninest are set to bring the number of beds under their operation in Dublin to close to 3,100 by 2022, maintaining their position as top operator in the market. Round Hill Capital are also set to open their first Dublin residence in 2023, at Ardee Point in Dublin 8.

Dublin Schemes Under Construction by Public V Private Operators, Q3 2021



Source: Cushman & Wakefield Research

STUDENT ACCOMMODATION MARKET

NATIONAL DEVELOPMENT PIPELINE

Looking beyond Dublin, Cork is the largest PBSA market, with a stock of approximately 6,200 beds as at Q3 2021. In comparison to Dublin, the proportion of private ownership is higher, accounting for 79% of stock with the balance under University ownership.

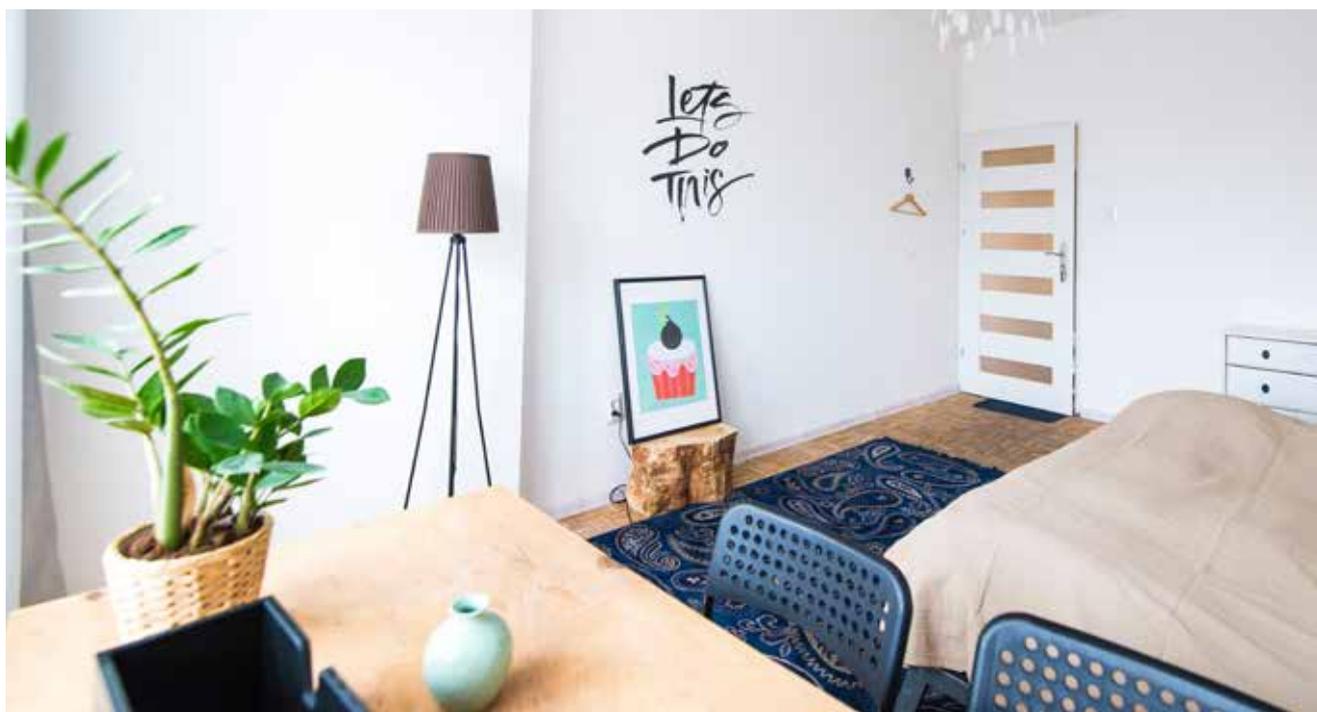
There has been a pickup in beds delivered regionally with close to 600 beds delivered to the Cork market for the academic year 2020/2021. This comprised 417 beds at a Uninest development at the Former Beamish and Crawford Brewery and Nido's first Irish residence at Curraheen Point which provides approximately 160 beds. For the 2021/2022 academic year, Uninest opened a further 342 beds at Melbourn Point, adjacent to the newly branded Munster Technological University Cork campus.

Looking to development activity in Cork, there are currently 1,700 bed spaces under construction in Cork with approximately 800 beds estimated to complete in 2022. The largest of the Cork developments under construction is a 600+ bed scheme at the Former Coca Cola Bottling Plant on the Carrigrohane Road, currently being developed by CA ventures. Nido have a further two buildings under construction with over 550 beds being development at the Former O'Riordan's Joinery on the Bandon Road and 280 beds at the former Square Deal premises in Washington Street West. In addition, UCC are due to deliver over 250 beds at the former Crows next site in Victoria cross in 2022.

Adding to the bed spaces under construction, there are just under 900 bed spaces in the Cork planning pipeline, approximately 650 of these have plans granted and approximately 250 have plans submitted.

Moving to Galway, Cushman & Wakefield estimated a current stock level of just over 4,500 bed spaces as of Q3 2021. For the academic year 2020/2021, there were two new openings. Mezzino opened almost 400 beds at their Westwood development close to the NUIG campus, while a further 153 beds opened just off Eyre Square at From Here-Galway Central.

There are currently just over 670 beds under construction in Galway, all of which are located on the NUIG campus with expected delivery by 2023. The pipeline picture in Galway is also positive, with almost 1,350 beds currently with plans granted and a further approximately 70 beds with plans submitted. However, that said, with no recent commencements it is unclear as to when or if all these beds will be delivered to market.



STUDENT ACCOMMODATION MARKET

STUDENT DEMOGRAPHICS

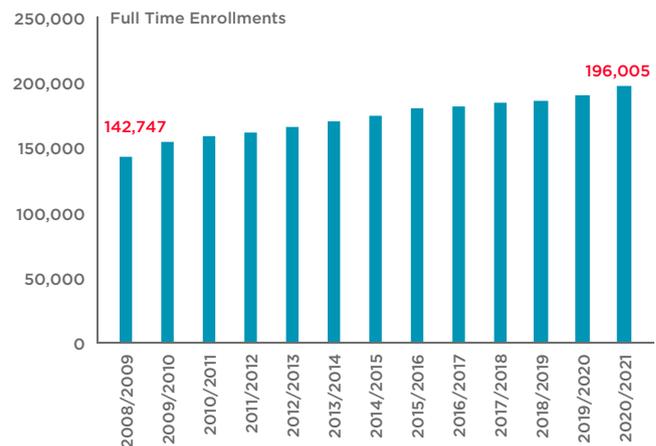
The student population in Ireland has grown considerably over the past ten years and is one of the driving factors behind the continuing development of PBSA. The reopening of university campuses and the allocation of funding to the third level sector provides a positive development for all those involved in third level education.

The latest data from the Higher Education Authority (HEA) for the academic year 2020/2021 confirm that there are 196,005 full-time students enrolled across HEA funded institutions in Ireland. This represents an increase of 3.2% increase on the previous academic year and 24% increase in full time student numbers over the past decade.

In the 2020/2021 academic year, third level institutions in Dublin had a full-time student population of 80,550 students, a 3.2% increase on the previous year. It is worth noting, that this figure includes only HEA registered students and therefore does not account for students registered in private colleges. Of the HEA registered students, Cushman & Wakefield estimate approximately 46,000 are domiciled outside of Dublin. This includes approximately 13,000 international students.

Although not all of these students will require PBSA, the numbers do provide some indication of the continued demand for accommodation in Dublin at present. With this in mind, as of the end of Q3 2021, the Cushman & Wakefield student to bed ratio stands at 2.7:1. This is a positive improvement from 2018, where Cushman & Wakefield estimated the student to bed-ratio in Dublin at almost 4:1.

Full Time Enrollments in Publicly Funded Higher Education Institutes, 2008/2009–2020/2021



Source: Higher Education Authority

Looking forward, the Irish student accommodation market is under pinned by demographic fundamentals. The population of Ireland continues on an upward trajectory, with the total population as of April 2021 surpassing 5 million for the first time since 1851. Population forecasts from the CSO suggest further increases over the coming years. Looking specifically at the typical age demographic of university students, the number of persons aged 18–24 is set to grow by 21% between 2020–2030, which equates to an additional 92,224 people.

Lastly, the CAO application data for the 2021/2022 academic year indicated an increase of 8.5% in overall student applications. This included a rise of 139% in the number of EU student applications in Ireland, with a corresponding 40% fall in EU student applications in the UK according to UCAS. There was a 17% increase in non-EU student applications. Furthermore, the Irish government announced that there will be a further 4,600 additional higher education places on high demand courses such as Health Sciences, Sciences, Education and Law for the 2021/2022 academic year.

As such, with rising future demand coupled with the current reduction in the volume of new stock being delivered to the market at present, it is expected that supply levels in the PBSA market in Dublin may come under pressure, causing a future increase in the student to bed ratio once again.

21%

FORECAST INCREASE OF POPULATION AGED 18–24 BETWEEN 2020–2030



4,600

ADDITIONAL HIGHER EDUCATION PLACES ON HIGH DEMAND COURSES FOR THE 2021/2022 ACADEMIC YEAR



STUDENT ACCOMMODATION MARKET

CONCLUSION

Despite the temporary closure of construction sites as part of the COVID-19 restrictions, the PBSA market continued to see the delivery of new schemes in Dublin and regionally. However, it is clear that from 2022 onwards the delivery of new bed spaces will reduce significantly.

This is a combination of the slowdown already visible in the volume of new commencements while also the growing question of whether those in the pipeline are viable or will be considered for alternative uses. This slowdown is expected to place further supply sides pressures on a market with growing demand.

With a return to on-campus learning, market intelligence shows indications of close to full occupancy for many of the PBSA buildings in Dublin and full occupancies regionally in Cork and Galway for the academic year 2021/2022.

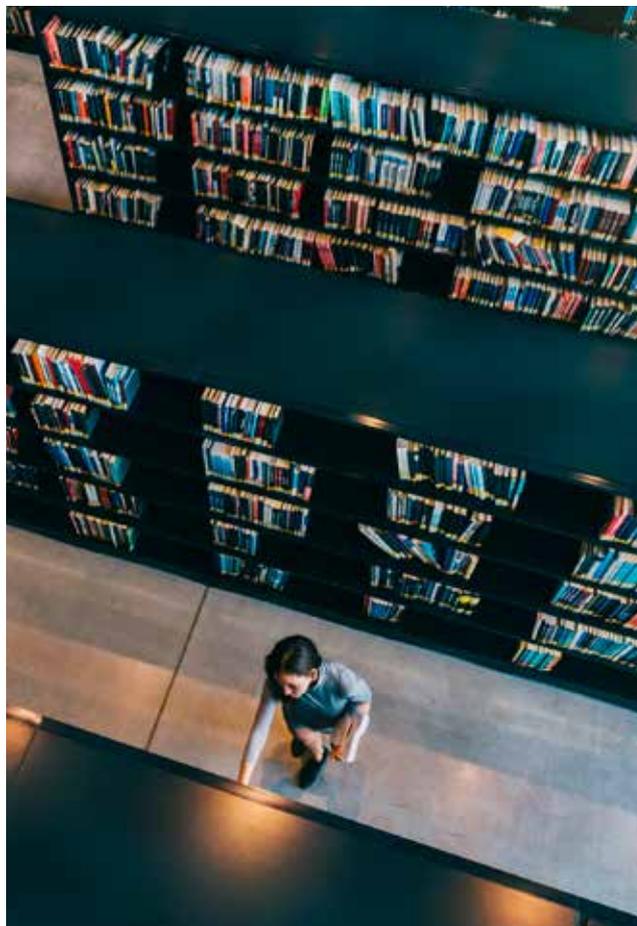
However, from an investor and operational perspective, the focus will be around the timing of the full return of summer business, particularly in Dublin. It must be acknowledged that summer business was impacted for a second year running in Dublin due to COVID-19 restrictions on hospitality. In contrast, the regional cities of Cork and Galway experienced much higher occupancies this summer due to strong domestic tourist demand.

Other items for consideration for those operating within the market or indeed new entrants include the recent amendment of the Residential Tenancies (No. 2) Act 2021, where future rental increases are to be set to inflation. It is worth noting that this amendment applies to PBSA in the same fashion as the private rental market. Operational reflections are also needed following further changes within this legislation.

Commenting on the market, Emma Reardon, Associate Director, Cushman & Wakefield: "As we approach the final quarter of 2021 investor interest in Irish PBSA has picked up with transactions anticipated to follow.

"As we approach the final quarter of 2021 investor interest in Irish PBSA has picked up with transactions anticipated to follow. The strong fundamentals of the Irish PBSA market is likely to lead to a flurry of activity, as some key operational PBSA portfolios are brought to the market, with assets located both in Dublin and regionally."

EMMA REARDON, ASSOCIATE DIRECTOR, CUSHMAN & WAKEFIELD



The strong fundamentals of the Irish PBSA market is likely to lead to a flurry of activity, as some key operational PBSA portfolios are brought to the market, with assets located both in Dublin and regionally."

Lastly, there is positive news for the sector with the recent announcement of Harrison Street's commitment to their new Joint Venture with CA Ventures highlighting investor appetite for Irish PBSA. There is currently around €250m of investment stock in the market and suggesting potential high transactional volumes in 2022.



CONTACT DETAILS

AUTHORS

Kate English

**Chief Economist
Head of Ireland Research & Insights
Cushman & Wakefield**

+353 (0) 1 639 9206
Kate.English@cushwake.com

Emma Reardon,

**Associate Director,
Specialist Markets-Student Accommodation
Cushman & Wakefield**

+353 (0) 1 639 9305
Emma.Reardon@cushwake.com

About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.ie or follow @CushWakeIRL on Twitter.

To learn more, visit cushmanwakefield.ie or follow @CushWakeIRL on Twitter.

© 2021

CONFIDENTIALITY CLAUSE

This information is to be regarded as confidential to the party to whom it is addressed and is intended for the use of that party only. Consequently and in accordance with current practice, no responsibility is accepted to any third party in respect of the whole or any part of its contents. Before any part of it is reproduced, or referred to, in any document, circular or statement, our written approval as to the form and context of such publication must be obtained.