

2025 LIVING INVESTOR SURVEY IRELAND SPOTLIGHT

APRIL 2025

“Plus ça change, plus c’est la même chose” for Ireland’s housing market right now

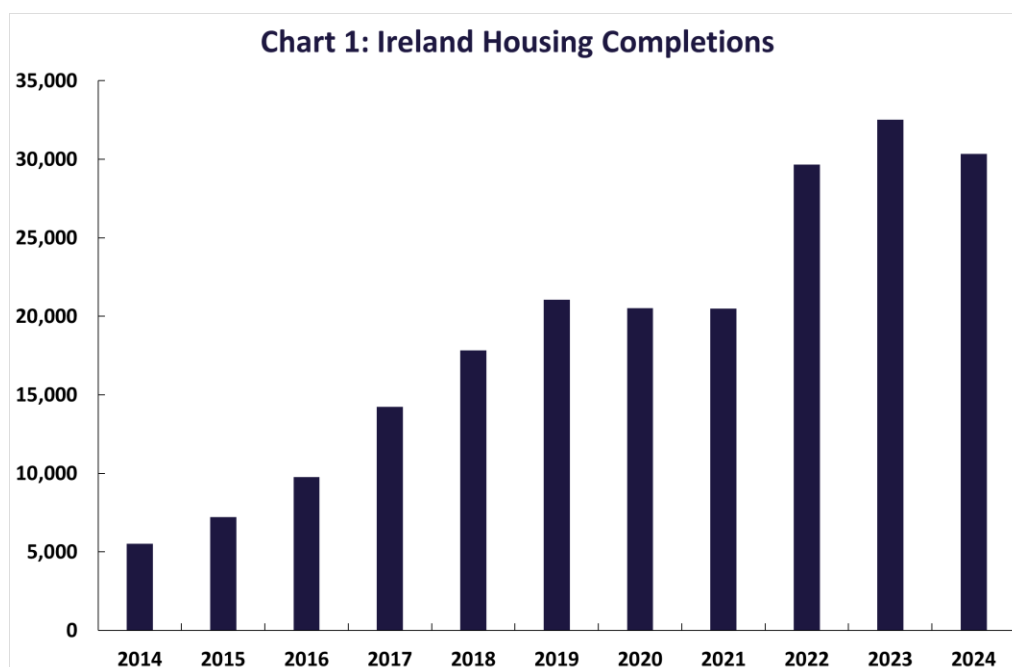
The past few months have seen some important changes to the backdrop for Ireland’s housing markets. The New Programme for Government has set revised targets for home delivery (300,000 new homes by 2030) which now at least more accurately reflect the current realities of housing demand.

However, housing supply remains below what is required from a demand perspective and in the short term it is difficult to envisage a significant closing of that gap.

Important indicators of future housing completions such as planning permissions and commencements are currently

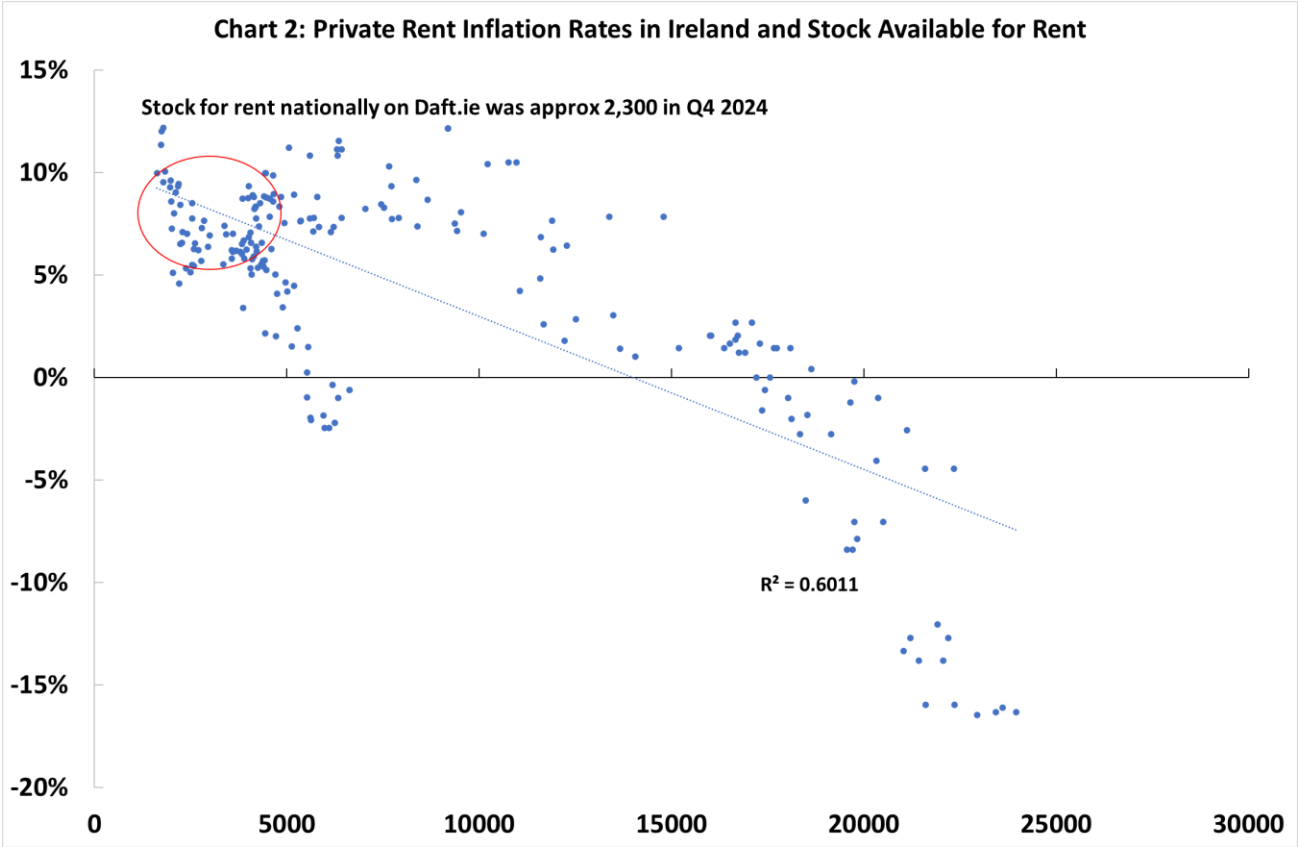
giving mixed signals about the short-term direction for completions.

On balance though we believe that the near doubling in housing starts in 2024 (helped by a last minute developer rush to avail of development levy waivers and water charge rebates) should ultimately support an improvement in supply over the next number of years. We anticipate that near term supply growth will be quite gradual with housing completion numbers more likely to be in the 35,000-40,000 range in the next couple of years, higher than in recent years (chart 1) but still below most estimates of housing demand.



This cocktail of strong housing demand and slowly growing supply suggests that both rents and house prices are likely to continue to move gradually higher for the time being. For example, looking at the rental market, the most recent daft.ie report for Q4 2024 indicated that only approximately 2,300 properties were available for rent at the end of the year.

When we look at the historic relationship between the stock of housing available for rent and rent inflation rates for example in chart 2, we can see that such low rental availability has on average been consistent with almost double-digit rental inflation rates. On this simple basis, the short-term trajectory for rents and property prices more generally still appears higher even if inflation rates should moderate as greater supply hits the market.



Source: CSO & Daft.ie, April 2025

**PRIVATE SECTOR INVESTMENT NOW SEEN AS A KEY
PIECE OF THE HOUSING SUPPLY PUZZLE**

The rapid expansion in housing supply that is sought in the New Programme for Government is ultimately central to easing property inflation rates and potential affordability problems. Greater availability of suitable land, infrastructure and labour market capacity for building, a more streamlined planning process and supports to bridge viability gaps (particularly outside Dublin) are factors that are going to be vital in expanding national housing output to desired levels.

The public sector will clearly play a critical role in increasing housing supply with bodies like the Land Development Agency and Approved Housing Bodies (AHBs) vital to growing supply in the areas of social and affordable housing in particular.

But given the scale of the task ahead, private sector investment is also going to be instrumental in solving the supply puzzle. This has already been acknowledged in last year's [research*](#) from Ireland's Department of Finance which calculated a private sector funding requirement of approximately €17 Billion per annum in order to deliver 50,000 homes per annum.

However, since the turn of the year the government has emphasised the importance of private sector involvement in solving Ireland's housing crisis and we see this another noteworthy event.

place as soon as possible to attract greater levels of private sector capital.

In view of the private sector's crucial role in growing Irish housing supply over the medium term, current feedback from relevant stakeholders is particularly important. To that end Cushman & Wakefield has again surveyed institutional investors on their views on the Irish housing market and in the following sections we outline our key findings.

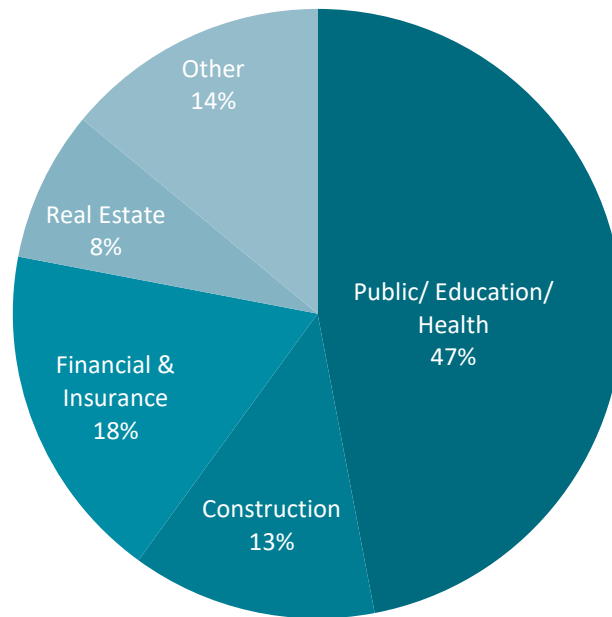


INVESTORS' FOOTPRINT IN IRELAND REMAINS MODEST, PUBLIC SECTOR THE BIGGEST BUYER OF HOUSING IN 2023

The most recent data from the CSO for 2023 indicates that entities belonging to the public/education/health NACE category were responsible for almost half of property purchases by non-households in that year (chart 3). This indicates that public sector entities rather than private sector investors have been the main purchaser of housing in recent times. This finding has also tended to be corroborated by data elsewhere – for example, the numbers of properties owned by Approved Housing Bodies in the past five years (2018-2023) period has increased by over 20,000.

In terms of purchases of housing stock, investors’* footprint has gradually grown over the past decade. However, on a net basis i.e. Including sales into the housing market as well as purchases from it, investors again added to rather than detracted from Ireland's housing stock in 2023. Indeed, based on the CSO’s data this has been the case in every year over the past decade.

CHART 3: PUBLIC SECTOR ENTITIES* WERE RESPONSIBLE TO ALMOST HALF OF PROPERTIES PURCHASED BY NON HOUSEHOLDS IN 2023



Source: CSO, March 2025

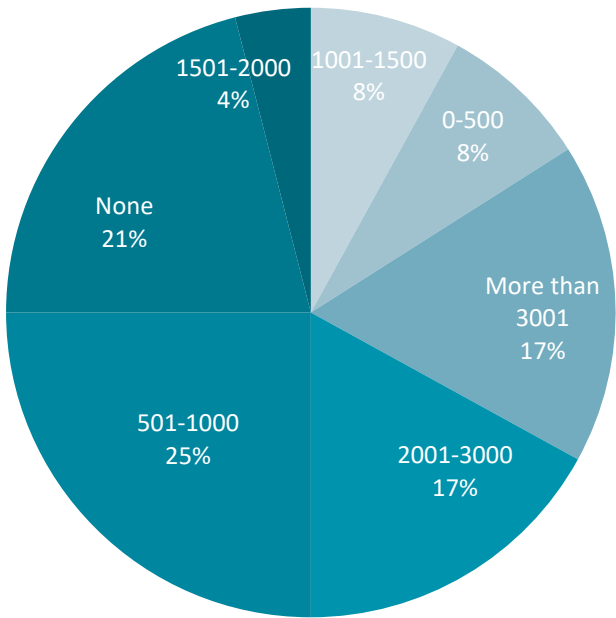
*Refers to purchases by Public/Education/Health sectors

Our survey responses showed that on the whole the footprint of institutional investors remains modest in the context of Ireland's housing stock which stood at 2.1 million dwellings in 2022. The weighted average investor exposure to the Irish market stood at approximately 1,400 units based on our survey while one third of investors we surveyed owned less than 1,000 units as part of their living portfolios.

At the very least these findings indicate that recent media commentary around Investors’ supposed outsized impact on Ireland's housing market seem wide of the mark. From a policy perspective we would also question the wisdom of the 15% stamp duty rate on institutional investors’ purchases of housing when on a net basis they consistently add to Ireland's housing stock. At this important point in time for the housing market such measures risk chasing away international capital in our view.

**Defined by those in the ‘financial and insurance’ and ‘real estate’ categories*

CHART 4: HOW MANY RESIDENTIAL UNITS IN IRELAND DO YOU CURRENTLY HAVE IN YOUR REAL ESTATE PORTFOLIO?



Source: Cushman & Wakefield
March 2025

INVESTOR INTEREST IN IRELAND IS STILL STRONG BUT RENT REGULATION NEEDS TO BE FINE TUNED

Ireland still ranks highly amongst international investors with the country’s demographic profile, supply-demand backdrop and economic outlook all cited by investors as reasons for investing. However, on a pan European basis Ireland has moved down one place in the rankings compared to our 2024 survey (see graphic). Relative value factors could be playing a part here, with some other markets around Europe such as those in Germany and the Nordics repricing more than the Irish market since 2022.

PREFERRED GEOGRAPHIES

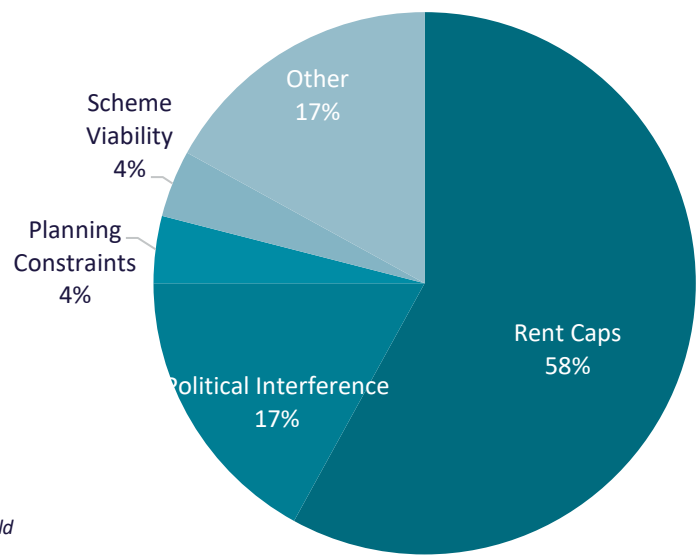
UK, SPAIN AND GERMANY ARE THE MOST PREFERRED MARKETS, WITH GROWING INTEREST IN FRANCE, ITALY AND PORTUGAL.

COUNTRY	PREFERRED GEOGRAPHIC RANKING 2025	RANKING COMPARED TO 2024
UNITED KINGDOM	1	—
SPAIN	2	↑
GERMANY	3	↓
FRANCE	4	↑
IRELAND	5	↓
ITALY	6	↑



However, issues such as rent caps and perceptions of excessive political interference continue to linger. Rent caps and political interference were cited by 75% of investors we surveyed as barriers to future housing investment in Ireland. If Ireland is to harvest the private sector capital required to fund its longer-term housing needs, then a more flexible approach to rent regulation is needed in our view.

CHART 5: WHAT DO YOU BELIEVE IS THE BIGGEST BARRIER TO YOU INVESTING IN IRELAND?



Source: Cushman & Wakefield
March 2025

Based on our discussions with investors an adjustment to current policy allowing rent caps to apply to tenancies rather than properties would make a meaningful difference to the prospects for further international investment in Ireland. In addition, allowing rents to increase in line with inflation (rather than the lower of 2% per annum or HICP inflation rates) could not only support further international investment but also make it more likely that all investors big and small reinvest in their properties, thereby improving the quality of Ireland’s housing stock over time.

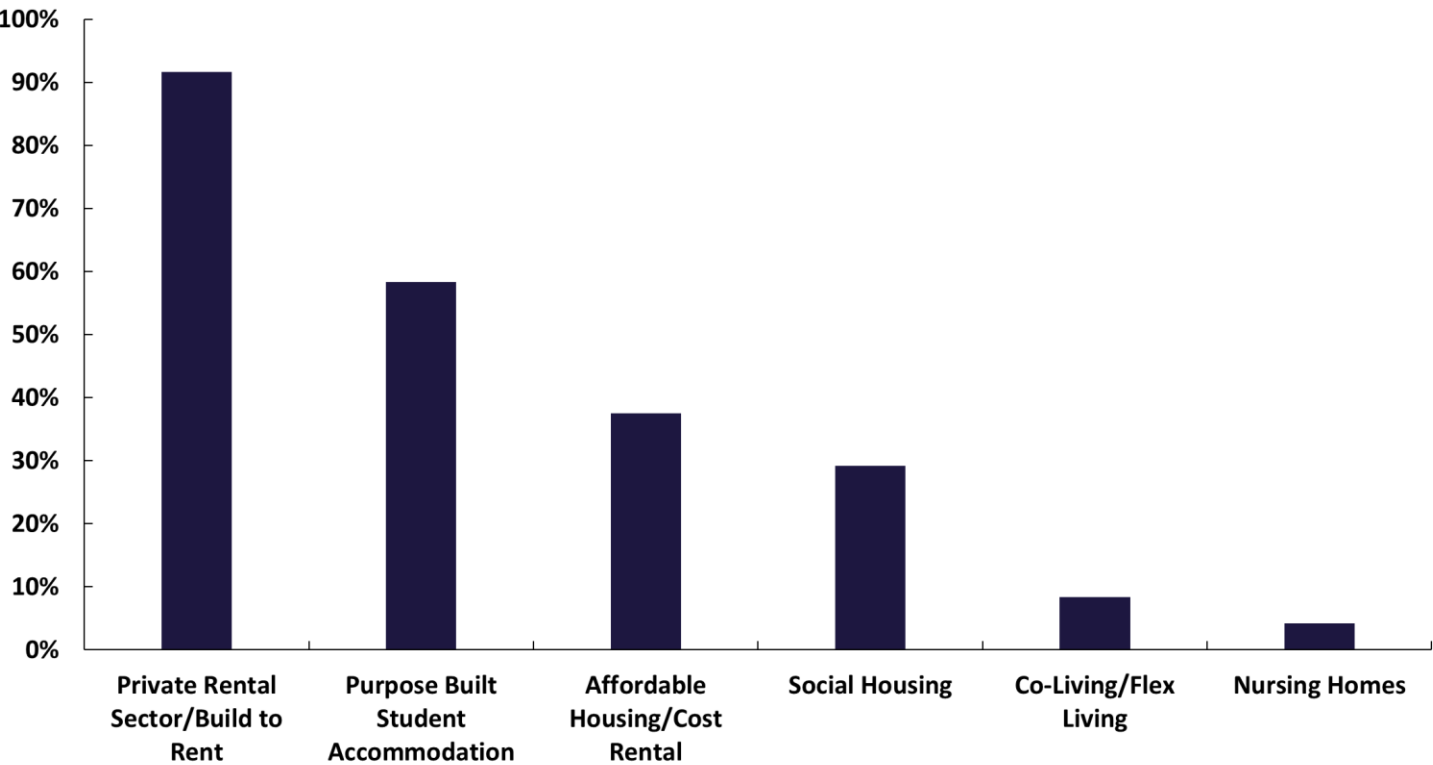
Within the Irish market we found that investor interest is almost exclusively focused on the Dublin market with very few investors we surveyed looking at markets such as Cork or Galway.

Size and liquidity considerations have likely influenced the responses here as has scheme viability which is certainly more challenged outside Dublin. Supports and incentives to bridge viability gaps should in our view be included on the menu of policy options pursued by the Irish government. We believe these could make a difference, especially in the delivery of housing into the private rental sector which arguably has taken a ‘back seat’ amidst the government’s emphasis on social and cost rental housing. Were they to come to pass, such supports could also yield a supplementary dividend in growing the private rental sectors outside of Dublin, where housing demand also remains exceptionally strong.

PRIVATE RENTAL AND STUDENT ACCOMMODATION SUBSECTORS ARE MAIN TARGETS FOR IRISH INVESTORS

When we surveyed investors about the segments of the living sector in Ireland they are specifically targeting over the medium term, the private rental and student accommodation subsectors were the clear winners (chart 6). This echoed our findings across the European market as a whole where the student accommodation market in particular appears to have climbed up the priority list for living investors.

Chart 6: Which segments of the Irish living sector are you actively targeting investing into over the next 1-3 years?*



Source: Cushman and Wakefield, March 2025*Percentage of respondents citing the following segments in response to the question 'which segments of the living sector are you targeting in next 1-3 years?'

Over 90% of investors responding to the survey answered that they were targeting the private rental sector while nearly 60% namechecked the purpose-built student accommodation sector. There also appeared to be good interest in investing in both social housing and affordable housing/cost rental subsectors.

In contrast the co-living and nursing home subsectors don't appear to be near term priorities for investors in Ireland.

The lack of interest in the co-living sector appears a clear consequence of Ireland's decision to effectively ban co-living in 2020. However, Ireland's approach to the co-living segment has differed from other markets like the UK and Germany which have expanded in recent years. As those European markets have grown so too has investor interest.

Summary

The results of 2025's Cushman & Wakefield European Living Investor survey contain a lot of pluses for Ireland. From an investment perspective, investor confidence is clearly returning and on that basis, we expect to see a new growth cycle in European living investment commence this year. Investors also still view Ireland very positively in a Pan European context and are very much attracted to its demographic profile and economic outlook.

The Irish government's recognition of the need to attract significantly more private sector investment into the housing market is timely. To capitalize on these trends, a recalibration of Irish housing policy is necessary. Changes to Ireland's rent cap regime are essential, including a shift towards caps at the tenancy level rather than the property level, and allowing for potential annual increases ideally based around prevailing inflation rates. There is strong demand among investors for affordable rental stock, known as cost rental in Ireland. The STAR program requires reform in terms of commitment length, subsidy payback, and income thresholds for families and multi-occupied units.

Social leasing should be reconsidered, with the government potentially implementing a policy to extend lease terms to 35 years, after which the freehold interest in the properties would revert to the state. This would protect social housing for the future and stimulate private sector development. Co-living has a role in modern society, and its development should be encouraged in appropriate locations and at the right scale.



HOUSING POLICY CHANGES COULD HELP UNLOCK THE PRIVATE SECTOR INVESTMENT IRELAND NEEDS

Additionally, targeted supports to address viability challenges and planning improvements could significantly boost institutional investment, particularly in the private rental and student accommodation segments where supply has lagged. These measures could also enhance housing output outside Dublin, where demand is strong. Most importantly, policy stability throughout the current government's term is crucial, as market uncertainty has been a significant issue in Ireland for several years.

Going all the way back to the 1950's international capital and investment has helped transform the Irish economy, significantly boosting peoples' living standards in the process. With the right policy mix in place, such investment can again help transform Ireland for the better through its housing market which is arguably the most important societal and economic issue facing the country right now.

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