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Ibis Hotel Site,
Monastery Road, Clondalkin,
Dublin 22.

Unit Mix Review & Justification Report

26th September 2022

The purpose of this report is to review the market and unit mix and provide justification for the unit mix in respect of the proposed build-to-rent apartment development at the Ibis Hotel Site, Monastery Road, Clondalkin, Dublin 22. (the “Property”).

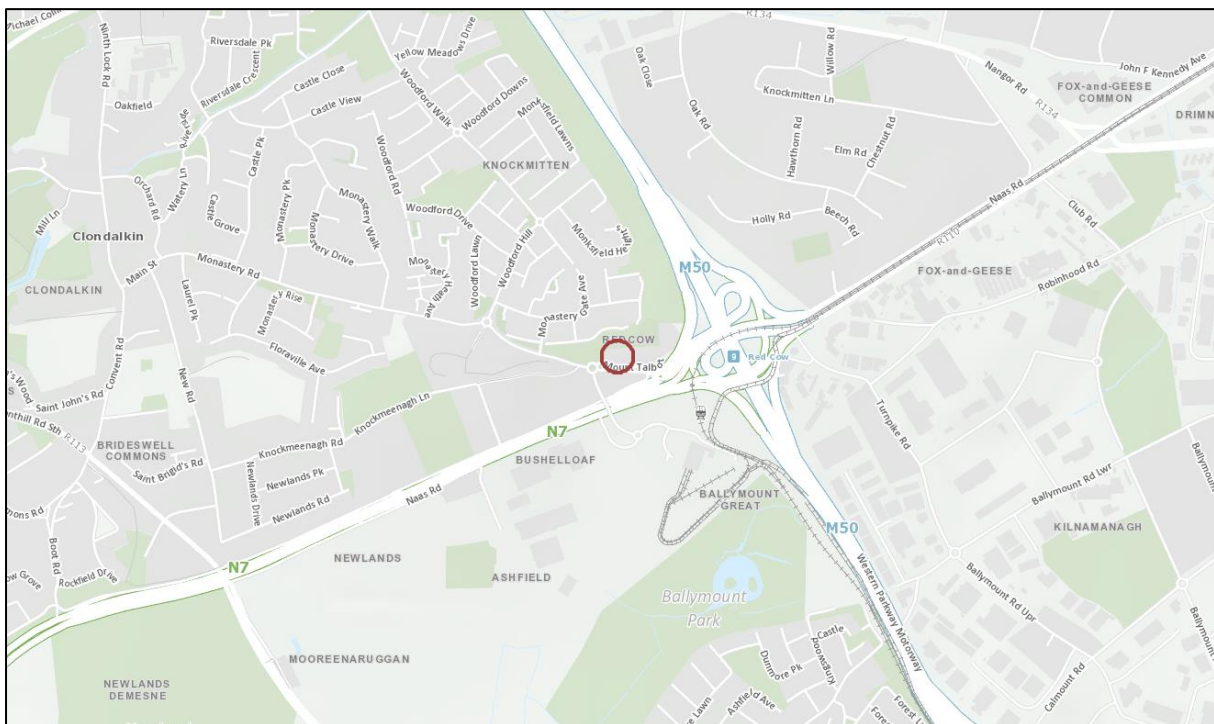
1. Introductory Overview

Clondalkin is a well-established and mature south Dublin suburb. The property is situated on a main arterial route (the N7 / Nass Road [R110]) that links the Clondalkin area to Dublin City Centre.

This is a sought after and convenient residential location, which is easily accessible. The property is close to the M50 motorway and is well served by public transport, having the benefit of being within approximately 250 meters of the Red Cow luas stop (red line) and with a number of bus routes running from stops nearby.

Clondalkin village providing numerous local amenities and facilities is located approximately 1.3 km to the north-west.

Location Map showing the Property



Site location Map for illustration purposes only

2. Development Description

D7 Property Consultants & Development Ltd intend to apply to South Dublin County Council for a Strategic Housing Development (SHD) with a total site area of c.0.59 ha, on lands located at Ibis Hotel, Monastery Road, Clondalkin, Dublin 22.

The development will consist of 115 no. residential units in a single eight storey (ground to 7th floors) over a basement car park, comprising:

- 115 no. apartments comprising;
 - 9 no. studio apartments averaging approx. TBC sqm;
 - 61 no. one bedroom apartments averaging approx. TBC sqm;
 - 39 no. two bedroom apartments averaging approx. TBC sqm;
 - 6 no. three bedroom apartments averaging approx. TBC sqm;

- 430 sqm of internal residents amenity space comprising;
 - Conference room of approx. 75sqm;
 - Gym of approx. 61sqm;
 - Studio of approx. 21sqm;
 - Meeting room of approx. 23sqm;
 - Store of approx. 7sqm;
 - Lounge 1 of approx. 71sqm;
 - Lounge 2 of approx. 54sqm;
 - Games room of approx. 44sqm;
 - Concierge of approx. 27sqm;
 - Entrance of approx. 20sqm;
 - Managers Office of approx. 27sqm;

- 48 no. basement car parking spaces;

- There are a total of 224 no. bicycle spaces (64 no. space at basement level, 140 no. spaces at ground floor & 20 no. spaces on Sheffield stands).

The apartments will all benefit from private terraces or balconies and the development will also include approximately 1,258 sqm of landscaped external space (between ground and second floor terrace).

Google Maps 3D Satellite image showing the Property



Site location Map for illustration purposes only

It is evident from the Google Maps 3D Satellite image above that the current housing stock in the locality surrounding the Property is predominantly low-rise houses, with few apartments.

3. Supply / Demand Imbalances

There has been significant price growth in the market over the last 3-4 years, fuelled by the continuing imbalance between demand and supply of available accommodation for sale or to rent in the large urban areas, which is particularly acute in Dublin. Like many urban areas across Ireland, Dublin is experiencing a significant shortage of housing compared to the level of demand. The shortage of accommodation appears to be more pronounced in Dublin than most locations, where demographic and economic pressures are pushing demand for rental accommodation.

Demand for apartments is very strong and this is illustrated by consistently increasing price and rental levels. There is pent up, unsatisfied demand and an increasing population that is forecast to deliver sustained demand into the future. The demand is supported by a number of demographic sectors of the market – singles, couples and young families, all of whom are attracted by the advantages associated with apartment living.

The majority of renters in Dublin are looking for apartments rather than houses. As a result of the downturn in construction since 2008 and the costs and risks associated with the delivery of apartments over houses the supply of apartments, while increasing marginally, remains very low in an overall

context. An increase in supply in apartments is anticipated over the next 5 years however, it is going to be a number of years before an equilibrium between supply and demand is reached.

As an illustration of demand, Hooke & MacDonald rented 737 newly built properties across 8 developments between August 2021 and January 2022. Most new developments being brought to the lettings market are renting at a rate of over 30 apartments per month and these new developments are assisting supply immediately.

4. Existing Housing Stock

According to the Central Statistics Office (CSO), from Q1 2016 to Q4 2020, there were 5,914 residential properties built in South Dublin County Council. On average during this time period, there were 1,278 residential properties built per year.

The table below demonstrates a comparison between South Dublin, the Dublin Local Authorities, Eastern and Midland Regional Assembly (EMRA) and the state's private households which shows that South Dublin's share of apartments is just 13.8%, remaining below the Dublin and overall region figure.

85% (78,232 units) of homes in South Dublin comprise of semi-detached (50%); terraced (24%) and detached (10%) houses compared to apartments at just 13% (12,729 units). It is evident that despite the growth in recent years, apartments still lag very far behind the other types of housing in the Local Authority Area.

*Private Households by Type of Private Accommodation in South Dublin,
Dublin, EMRA and State 2016 Census*

	Detached	Semi	Terraced	Apartment	Other	All private
South Dublin	9,674	46,387	22,171	12,729	1,562	92,523
	10.46%	50.14%	23.96%	13.76%	1.69%	100%
Dublin	55,149	167,090	128,609	119,499	9,336	479,683
	11.50%	34.83%	26.81%	24.91%	1.95%	100%
Eastern & Midland Regional Assembly (EMRA)	216,787	268,783	170,959	143,950	15,078	815,557
	26.58%	32.96%	20.96%	17.65%	1.85%	170%
State	715,133	471,948	284,569	200,879	29,760	1,702,289
	42.01%	27.72%	16.72%	11.80%	1.75%	100%

Source: CSO

Based on data from the Central Statistics Office, the South Dublin County Council area has the lowest amount of studio-1-bed / 2 bed (1-2 rooms and 3-4 rooms) in the Dublin, Region and States averages

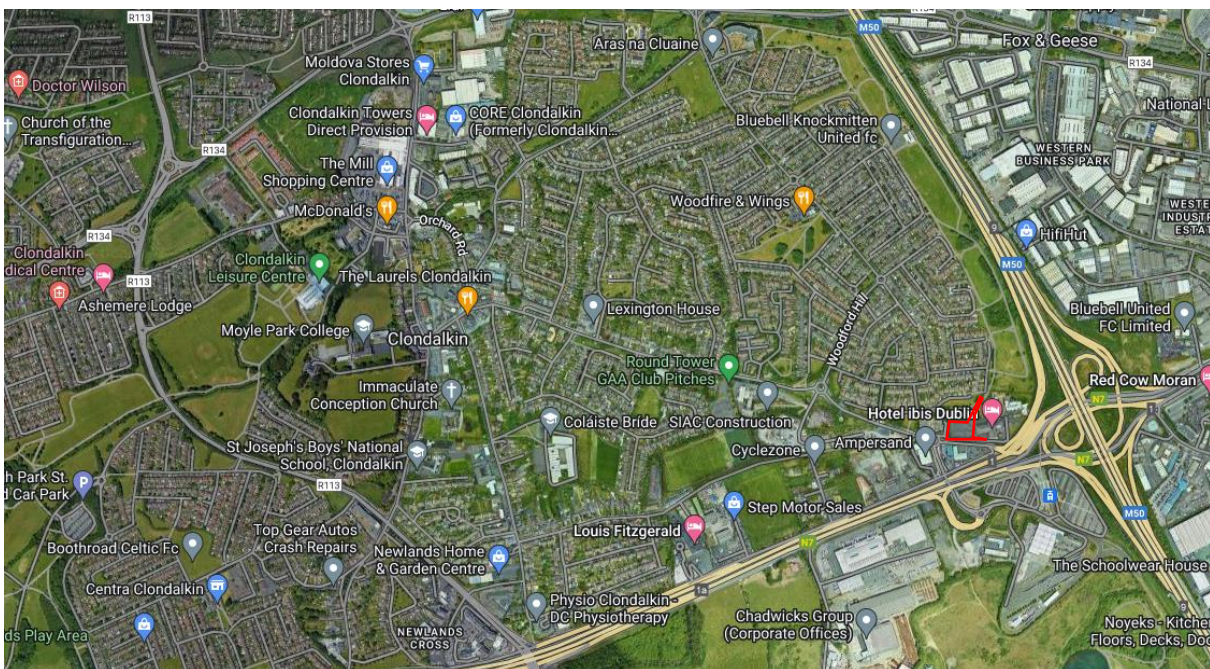
and the highest number of 3 to 4 bedroom dwellings (5-6 rooms at 47.8%) compared to the Dublin (36.9%), Region (38.7%) and State (39.9%) averages. We outline the breakdown in the table below:

Number of Rooms per Dwelling, SDCC, Dublin, EMRA, State 2016

Area	1-2 rooms	3-4 rooms	5-6 rooms	7-8 rooms	9 + rooms	Not stated	All
South Dublin	5,408	19,199	44,150	15,884	2,633	5,119	92,393
	5.90%	20.80%	47.80%	17.20%	2.80%	5.50%	100%
Dublin	55,091	122,512	176,831	76,367	17,301	31,057	479,159
	11.5%	25.6%	36.9%	15.9%	3.6%	6.5%	100.0%
EMRA	70,699	186,259	314,805	153,541	40,561	47,829	813,694
	8.7%	22.9%	38.7%	18.9%	5.0%	5.9%	100.0%
State	112,471	352,728	678,062	360,212	100,139	94,053	1,697,665
	6.6%	20.8%	39.9%	21.2%	5.9%	5.5%	100.0%

The satellite image below illustrates the high proportion of houses within Clondalkin area. It is evident from our review of the satellite image and the location that houses, rather than apartment buildings, are by far the predominant accommodation type in the vicinity of the Property.

Satellite photograph showing the Property and the surrounding area



Aerial view taken from Google Maps of the subject property and the surrounding residential area.

5. New Build Completions

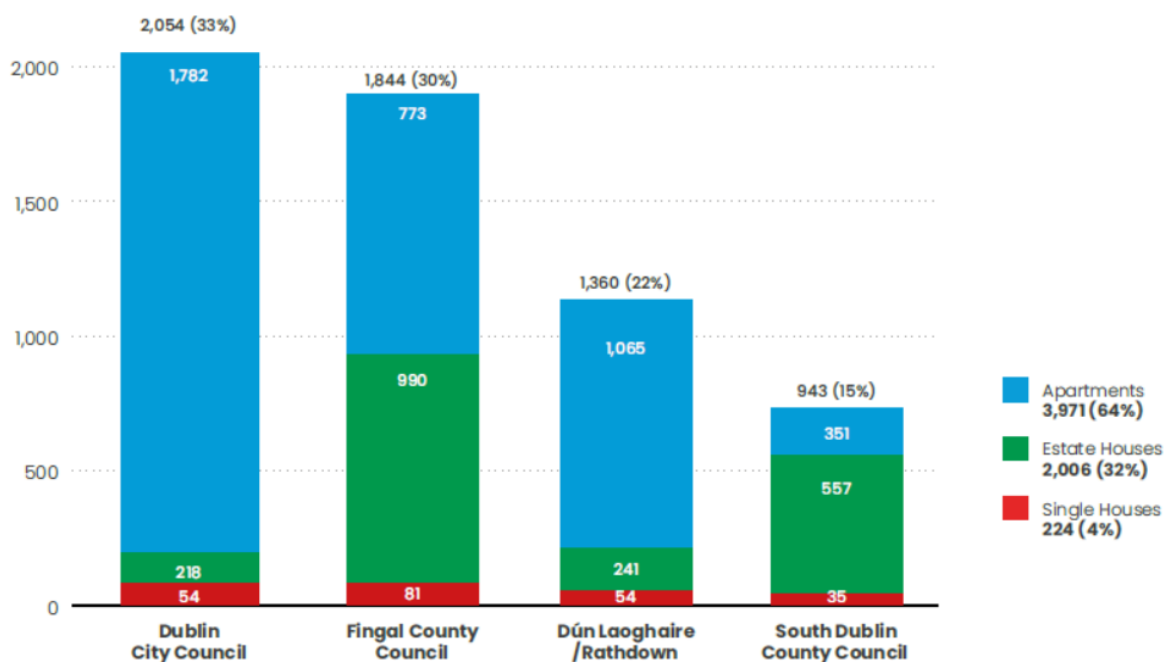
In 2021 there were reportedly 20,567 new home completions in Ireland. More than 50,000 new homes are expected to be built between now and the end of 2023, according to new analysis by Banking and Payments Federation Ireland.

The Central Statistics office published that there were just 6,226 new houses and apartments built in Dublin last year; 33 per cent (2,077) in Dublin City Council; 30 per cent (1,844) in Fingal County Council; 22 per cent (1,362) in Dun Laoghaire-Rathdown; and 15 per cent (943) were in South Dublin County Council. Of the 6,226 new homes built in Dublin last year, 64 per cent (3,971) were apartments; 32 per cent (2,031) were estate houses and 4 per cent (224) were single houses.

The total CSO New Development Completions statistics for South Dublin County Council Local Authority areas in 2021 was only 943. By comparison, the South Dublin County Authority Area alone, comprising just one of the four local authorities, projects the requirement of c. 2,545 new dwellings per annum in their Development Plan 2022 – 2028 (a total of c. 17,817 homes).

The graph below shows the housing completions in the four Dublin local authority areas in 2021. It is evident that the South Dublin area is lagging behind the other local authority areas in terms of apartment delivery. A review of the delivery level of apartments in the South Dublin County Council area over the last 10 years shows that the location has consistently under-delivered in terms of apartments. As a result, there continue to be a mis-match between the housing demand and that being supplied in the area.

New Housing Completions in the Four Dublin Local Authorities 2021



Demand for residential accommodation is at an all-time high and there has been a reduced number of homes available to rent. South Dublin County Council only accounted for 15% of new dwelling completions in Dublin last year. According to Daft.ie; there are just 7 apartments available to rent within the Clondalkin area .

6. Population Growth

South Dublin’s population in the 2016 Census was 278,767 persons, which is 21% of the total Dublin population. The draft South Dublin Development Plan 2022 – 2028 references that the population is to grow by an additional 46,518 persons up to a total population of 325,285 persons by 2028. In the context of this population growth, South Dublin will require almost 18,000 new homes by the end of 2028, over 2,000 per year.

The most recent Economic and Social Research Institute (ESRI) population projections report states that Ireland’s population could grow to 5.6 million by 2040, requiring 28,000 new homes per annum over the next 20 years (approximately 926,000 people between 2016 and 2040). This would represent an annual population growth rate of 0.7% across the country based on assumptions about future trends in mortality, fertility and net migration.

Based on the population and housing projections over the lifetime of the Development Plan, the Housing Strategy and Interim Housing Needs Demand Assessment (HNDA) forecasts that 8,415 households will require support from South Dublin County Council up to 2028 which includes households currently on the housing list.

Research prepared by the Housing Agency and Future Analytics in recent years projected that the majority of new households forming in the year ahead would be, one, two or three person households. These households are more suited to apartments.

7. Proposed Unit Mix for the Property

We understand the proposed development comprises 115 no. apartments and approx. 430 sqm of residents amenity space.

Proposed Residential Accommodation Summary for the Property

Unit Type	No. of Units	Avg. Size SqM	% Unit Mix
Studio	9	TBC	8%
One Bedroom	61	TBC	53%
Two Bedroom (3 Person)	39	TBC	34%
Three Bedroom	6	TBC	5%
Total	100	TBC	100%

Hooke & MacDonald believe the proposed development and location would be very suitable for the rental market. We have not received the full set of proposed floor plans, however, based on the plans and residential accommodation summary provided, the proposed unit typology is suitable for this area and will be desirable in the market.

Taking into account the local area, South Dublin is predominately made up of three to four bedroom dwellings, there is strong demand for one bedroom and two bedroom units in the area. The proposed development will facilitate this demand and comprise of approximately 70 no. studio and one bedroom apartments (61%); 39 no. two bedroom apartments (34%) and 6 no. three bedroom apartments (5%).

Taking into account our experience in the market and having been involved in a number of successful sales and leasing campaigns, we are seeing less demand for three-bedroom apartments in new developments. We receive a higher volume of enquiries and demand for one bedroom and two bedroom apartments for sale and rent.

8. Conclusion

Dominating the housing market is the increasing supply and demand imbalance. Ireland's population is continuing to grow and is predicted to increase to 6.9 million people by 2050. In order to meet this demand, it is estimated 50,000 new-built homes will be needed per annum. The lack of supply in the market and the demographic factors are putting upward pressure on prices, rents and affordability.

On review of the local and surrounding areas at Clondalkin, there is a significant shortage of good quality modern apartments for sale or to rent in the market. The provision of the proposed unit mix at the Property, predominately one bedroom and two bedroom apartments, will allow for increased delivery of accommodation and more efficient use of land, thus allowing South Dublin County Council area, and the State, a better opportunity of meeting its housing targets, as previously outlined. And it will also assist in rebalancing the locality away from houses towards much needed apartments, which currently only make up 13% of the stock in the Local Authority area. This approach is also in line with the with national spatial strategies to increase densities.

As a result of the above, we conclude that the proposed unit mix for the Property is very appropriate for this site.