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Institutional Investment in Housing: Financialisation 2.0 in the Case of Ireland[1]

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Abstract: This paper examines the growth of institutional housing investment in Ireland, part of a global phenomenon known as "Financialisation 2.0". Using a unique Institutional Investment Database (IID) produced specifically for this study, I present the most granular assessment of institutional investment in Irish housing to date. While institutional investors represent an important source of capital for housing development, results suggest their role in supporting new supply is more nuanced than previously suggested. Between 2012 and 2018, institutional investors primarily acquired second-hand units, with investment in new housing only dominating since 2020. Moreover, when new housing purchases by investors that receive public-financing are excluded, along with new units purchased from major Irish home-builders, the role of solely private funded investors in supporting new supply appears less significant. This highlights the need to distinguish between Irish home-builders and institutional investors in national statistics on housing supply, given differences in their business models. Separately, results present new detail on the location, type and names of this concentrated group of investors. As well as the evolving role of different investors over time. The concentration of institutional investment in Dublin (and within specific postcodes), including its growing share of (1) residential property transactions, and (2) the private rental stock, suggests this investment may have the potential to impact on house price and rent dynamics. These results highlight the need for further research on benefits and costs of institutional investment.

Keywords: Financialization 2.0, Institutional Investors, REIFs, REITs, Housing Markets, Housing Supply, House Prices; Rents.
JELs: G10, G18, G23, R31, R33, R38

1. INTRODUCTION

Over the past decade, institutional investment in commercial real estate (CRE) markets has grown significantly, both in Ireland and abroad (ESRB, 2019; Daly, Heck, et al., 2020). However, in recent years an increasing share of this investment has been directed towards residential property (i.e. housing or dwellings), with high rents playing a role in investors shift away from CRE towards a focus on 'Generation Rent' (Byrne, 2020). This trend has been observed across countries and has transformed housing, like CRE, into an asset class (Gabor and Kohl, 2021; Loon and Aalbers, 2017). Consequently, becoming known as the second wave of housing financialisation, i.e. "Financialisation 2.0".

This paper will undertake an empirical investigation of Financialisation 2.0 in Ireland using a novel database on institutional investment in Irish real estate, which enables a granular quantitative approach. Using this database, I seek to further the understanding of Financialisation 2.0, adding new nuanced perspectives to the growing literature on the topic. This includes examining the extent to which institutional investment supports new housing development and whether this investment can impact house prices and rents. These questions are of crucial importance to understanding not only how these investors affect housing markets, but also how this impacts households and what it means for housing policy.

The following section will discuss housing financialisation in further detail, along with the expanding literature on the potential consequences of growing institutional investment for domestic housing markets. Section 3 outlines the data and methodology, describing the new database developed for this study. Section 4 presents the main results, while section 5 concludes and discusses what these results mean for further research and policy.

[1] All views and findings expressed in this study are solely those of the author. Any errors are those of the author alone.
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2. LITERATURE

Financialisation can broadly be defined as "the increasing role of financial markets, financial motives, financial actors and financial institutions in the operation of domestic and international economies" (Epstein, 2005). In the case of housing, financialisation reflects the two-fold trend involving the growing use of housing as assets in financial markets and the increasing presence of financial actors in housing markets (Tulumello and Dagkouli-Kyriakoglou, 2021). This process has been witnessed in housing markets across the globe in recent decades, during two broad sub periods – "Financialisation 1.0" (1980s-2000s) and "Financialisation 2.0" (post-2000s).

Financialisation 1.0 can broadly be described as the mortgage-driven financialisation of homeownership, mainly involving households, supported by the reversal of state-led housing regimes from the 1980's and promotion of market-based housing finance models (Aalbers, 2008; Rolnik, 2013; Kohl, 2020; Fuller, 2021). This culminated in rapid growth in mortgage and housing markets in the 1990's and 2000's, including the emergence of credit-fuelled housing bubbles in countries like Ireland and Spain. The subsequent collapse of both housing and mortgage markets during the global financial crisis (GFC) resulted in steep reversals in property prices and significant losses for domestic banking systems (Lyons, Nevin, and Shaw, 2019; Johnston and Kurzer, 2020).

However, housing financialisation did not cease in the wake of the financial crisis. Rather it evolved, with the emergence of new market participants that have expanded into new segments of the housing market (Wijburg, 2021). This includes the growing footprint of institutional investors in the private rental housing market, i.e. 'Financialisation 2.0'.

Financialisation 2.0 is visible in the shift in institutional investment away from CRE towards housing across countries (Gabor and Kohl, 2021). Two factors have been crucial to this development. Firstly, central bank monetary policy (i.e. asset purchase programs and low interest rates) over the past decade (while now in reversal) incentivised a "search for yield" among investors. This resulted in investors shifting away from more traditional asset classes, like government bonds, towards riskier assets, such as CRE and more recently housing (Aalbers, 2017; Deleidi and Mazzucato, 2018; Blakeley, 2021). Reisenbichler (2019) suggests these policies played a key role in stabilising housing markets following the GFC, by incentivising institutional investment in housing. This importance of monetary policy in supporting institutional housing investment is also something that has been highlighted in both public and academic studies on the Irish case (Breen and Reidy, 2021; Byrne, 2021).

Another important driver of increasing institutional investment has been the state-led de-risking of property markets. Of particular relevance here are policies, often optimal legislative/tax frameworks, designed to reduce risks or barriers to investment. The initial aim of these policies was to attract foreign institutional investors to clean up burst housing bubbles in countries such as Spain (Gil García and Martínez López, 2021), Ireland (Byrne, 2020; Waldron, 2018) and others impacted by property crashes (Tulumello and Dagkouli-Kyriakoglou, 2021). However, such institutional investors (i.e. real estate investment funds (REIFs), private equity firms, real estate investment trusts (REITs), among others) have also benefited from such policies (Byrne, 2016). Particularly, those who were able to acquire property at lower valuations in the immediate years following the GFC.

REITs and REIFs have become two of the main vehicles for investing in real estate in Ireland and beyond (ESRB, 2019; Daly, Heck, et al., 2020). For example, many major economies have either introduced or reformed legal frameworks for REITs in the past decade (Beswick et al., 2016), which commonly include favourable rules regarding the taxation of such vehicles in order to support foreign investment (Fuller, 2021; Waldron, 2018).[3]

REITs are generally publicly-listed companies, i.e. they predominantly fund themselves by listing shares on a stock exchange. Investors are then able to acquire these shares and in doing so acquire a liquid exposure to property. Thereby enabling them to invest in property just as they would a financial asset (Loon and Aalbers, 2017). Given this, it is unsurprising that existing literature on the financialisation of housing to date has tended to focus on the central role played by REITs. For example, REITs have been identified as large-scale landlords in the USA and Canada (Fuller, 2021), while similar studies have demonstrated their importance in Japan (Aveline-Dubach, 2020), Brazil (Sanfelici and Halbert, 2019), Germany (Wijburg, Aalbers, and Heeg, 2018), the UK (Blakeley, 2021) and Spain (Gil García and Martínez López, 2021). Indeed, the rise of REITs and their importance in deepening the financialisation of housing has also been highlighted in Ireland (Waldron, 2018).

[3] In Ireland, REITs are not subject to corporation tax on income and capital gains from property rental (Revenue Ireland, 2021). Shareholders are subject to Dividend Withholding Tax (DWT) on dividends from REITs, with exemptions for Irish-resident pension schemes and charities. Non-resident investors may be able to reclaim some or all of the DWT if they are residents in countries that share a double tax agreement (DTA) with Ireland.

However, the prominent focus on REITs in existing studies also likely reflects the fact that information on these companies is easier to source than for other institutional investors. This is because, as publicly-listed companies, REITs generally publish information online in the form of publicly-accessible annual reports.

By contrast very few studies focus on REIFs. This is despite REIFs being major investors in global and European real estate markets (Daly, Heck, et al., 2020; Daly, Dekker, et al., 2023) and also being tax efficient vehicles through which investors can gain an exposure to property.[4] Additionally, in Ireland REIFs have been shown to own more housing than REITs (Coates et al., 2019). However, unlike REITs, REIFs are not publicly-listed and do not make information on their holdings or investors public, which may partly reflect their relative absence from literature on housing financialisation to date. Fortunately, however, major transactions involving REIFs (and other investor types) can be identified from real estate agents and other media sources, enabling analysis of their investment in this study.

While policy frameworks such as those for REITs and REIFs were initially designed to attract institutional investors to clean up burst housing bubbles, in more recent years in Ireland an added goal of these policies has been to encourage Build-to-Rent (BTR) business models. The aim being to channel international capital into the development of new private rental sector (PRS) housing units (Byrne, 2021; Aalbers et al., 2021). This is particularly important in the Irish case, given the ongoing housing crisis, characterised by shortages in rental accommodation as well as units for aspiring homeowners. Given the absence of sufficient state resources or capacity required to finance the construction of upwards of 300,000 housing units required in Ireland by 2030 (Dept. of Housing, 2021), international institutional capital provides essential investment to support the construction of housing that may otherwise remain undeveloped (IIP, 2022; Power, 2020).

The importance of international capital in supporting new housing construction is clear in the case of publicly-listed home-builders, whereby investors (including foreign financial institutions) can purchase the shares (i.e. equity) listed by these home-builders on the Irish Stock Exchange (i.e. Euronext Dublin). As well as through debt finance to both listed and unlisted home-builders.

However, to date there has been little to no examination of the extent to which institutional investors, such as aforementioned REIFs, REITs and private equity firms, support new housing supply. The role of these investors is likely to be more nuanced than home-builders, given the former generally employ a buy-to-rent business model (Coates et al., 2019), in contrast to the build-to-sell strategies of home-builders.

Additionally, while the extent of institutional investors role on the supply side of the housing market remains unclear, unlike home-builders they are also active on the demand-side of the housing market, through the purchase of housing units. However, their importance relative to other purchasers (i.e. households, other non-household buyers or public bodies) remains unclear, and we know relatively little about potential negative impacts, if any, that this investment has on local housing markets.

This lack of understanding of the role of institutional investors in the Irish housing market is thus the key reason for their focus in this paper. In particular, to shed light on the benefits and costs of their activities.

A growing body of literature has begun to emerge examining the potential costs associated with the growing involvement of these actors in domestic housing markets. In many cases this research suggests that these investors play a central role in rising house prices and rents across countries, which ultimately translate to declining home affordability for households (Gabor and Kohl, 2021).

With regard to house prices, many recent studies have identified growing institutional investment as a driver of rising house prices. Banti and Phylaktis (2021) focusing on REITs investment across more than 30 countries find these investors push up house prices significantly, with the strongest relationships in advanced economies. Additionally, studies focusing on major European cities show similar results, for example in London (Badarinza and Ramadorai, 2018) and Paris (Haften, 2021). Additionally, analysis by Bandoni et al. (2023) finds that increasing demand from institutional investors can be linked to rising house prices in many European countries, and that the presence of institutional investors weakens the relationship between house prices and local economic fundamentals.

[4] For Irish tax purposes Irish-resident REIFs are referred to as Irish real estate funds (or IREFs). IREFs are REIFs that derive 25 per cent or more of their market value from Irish real estate assets (Revenue Ireland, 2022). Similar to REITs, the profits and gains of the IREF are not subject to taxation, though investors are subject to a 20 per cent withholding tax on distributions. As with REITs, certain Irish-resident investors (e.g. pension funds and charities) may be exempted from withholding tax, while non-resident investors may be able to reclaim some or all of this where they are residents in countries that share a DTA with Ireland.

In the United States, recent studies find that a rising share of housing investment from institutional purchasers result in higher house price growth (Lambie-Hanson, Li, and Slonkosky, 2019), which ultimately worsens home affordability for households as prices grow faster than incomes (Garriga, Gete, and Tsouderou, 2020). Similarly, investors are also deemed to have played a central role in housing affordability crises in Sydney in recent years (Morris, 2018), where households have commonly been outbid by institutional buyers.

Institutional investment has also been associated with rising rents (Wijburg, Aalbers, and Heeg, 2018) as acquiring large BTR units may enable them to set rents (Muñoz and Smets, 2022). In Ireland, the active asset management practices of institutional investors are suggested to have resulted in dramatically rising rents (Waldron, 2018), which have amplified affordability pressures for households (Waldron, 2022). In the case of Berlin, Davies (2021) finds that institutional investment has not resulted in increased housing supply and has been associated with rising rents in inner-city areas, in part due to the improved quality of refurbished units. However, this research emphasises two key factors that set Berlin aside from major cities in other countries. That is, a tax system that supports stable long-term investment and strong rental controls, which together minimise short-term profit maximisation by institutional investors.[5]

3. DATA AND METHODOLOGY

As outlined in the earlier sections, this paper develops a novel database on institutional investment in Irish CRE and housing, covering the period 2010 to 2021. This is referred to as the Institutional Investors Database (IID) throughout the remainder of the paper. The IID is constructed using publicly available information (e.g. media and real estate agent publications) on major property transactions. It captures over 780 transactions of individual properties or portfolio's (i.e. properties sold collectively in a single transaction), where the value of the transaction was €5 million or more. Residential transactions below €5 million are also captured given the focus on housing in this study.

The final database captures 93 per cent of the value of institutional investment outlined by the Central Bank of Ireland for the period 2010 to 2021, based on data from CBRE (CBI, 2022). However, the IID has the benefit of being much more granular.

In particular, it provides property-by-property level information including the property price, transaction year, property address (street, county and province) and type (Leisure, Industrial, Office, Retail, Residential, Mixed or Other). Buyer information is also available on a property-by-property basis, detailing the name, type and location (of the ultimate identifiable parent) of each buyer. This information is crucial as it allows assessment of investor concentration, details generally not shared by real estate agents.

For residential transactions, additional breakdowns to those provided for CRE properties are also developed. This includes an Eircode (i.e. postcode) for each residential transaction, which enables the analysis of the geographic distribution of transactions.[6] The IID also captures the number of units purchased, split in terms of whether these are second-hand (i.e. existing) units, new units or a mix of both. Information on whether the investment is a forward purchase/funded transaction (i.e. where an investor purchases a property ahead or completion or funds its development) is also compiled. The number of units acquired are also broken down in terms of the number built upon purchase versus the number with planning permission in place or under construction. In this way the data also seeks to account for pipelines of new supply.

It is important to note that the investors captured in this database exclude Irish home-builders, such as Cairn, Glenveagh and Quintain, amongst others. These are often included in estimates of new supply alongside institutional investors in publications by real estate agents or industry groups such as Irish Institutional Property (IIP). Finally, where possible residential transactions are also broken down in terms of characteristics of the units acquired, including whether these are apartments or houses and by the number of bedrooms.

In order to maximise the quality of residential transactions data, where possible information compiled from public sources is cross-checked against Ireland's residential property price register (RPPR). In instances where information differs across the sources, information from the RPPR is taken over public sources. This includes information on the location, value and date of a transaction.

[5] While not examined in this paper, other concerns associated with increasing institutional investment relate to financial instability (as domestic housing markets become more exposed to global financial market developments and investor vulnerabilities, such as those of REIFs, (Daly, Dekker, et al., 2023; Banti and Phylaktis, 2021; Hilbers, 2020; Daly, Moloney, and Myers, 2021), rising tenant displacement and eviction rates (Blakeley, 2021; Fields and Uffer, 2016; Fields, 2018; Yrigoy, 2021).

[6] Where a purchase relates to an apartment block, or group of houses, only one Eircode is recorded (generally of the apartment/house with the lowest address number). In a small number of instances an Eircode cannot be clearly identified (in some cases due to property being under construction and therefore not yet having an Eircode). In this instance the Eircode of the nearest address is assigned to the transaction.

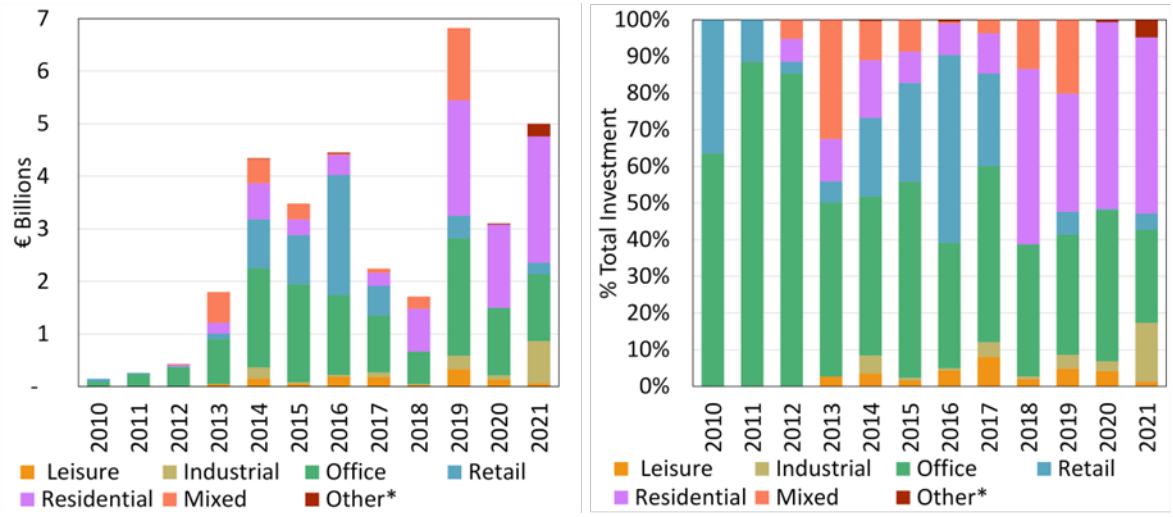
4. RESULTS

4.1. Shifting from CRE to Housing

As described in earlier sections, institutional investment in Irish real estate has grown significantly over the past decade (see Figure 1). Between 2010 and 2021 institutional investment in Irish real estate captured in the IID totalled almost €34 billion.[7]

Figure 1: Institutional Investment in Irish Real Estate 2010-2021

(a) Investment (€ Billions) **(b)** % Share of Investment

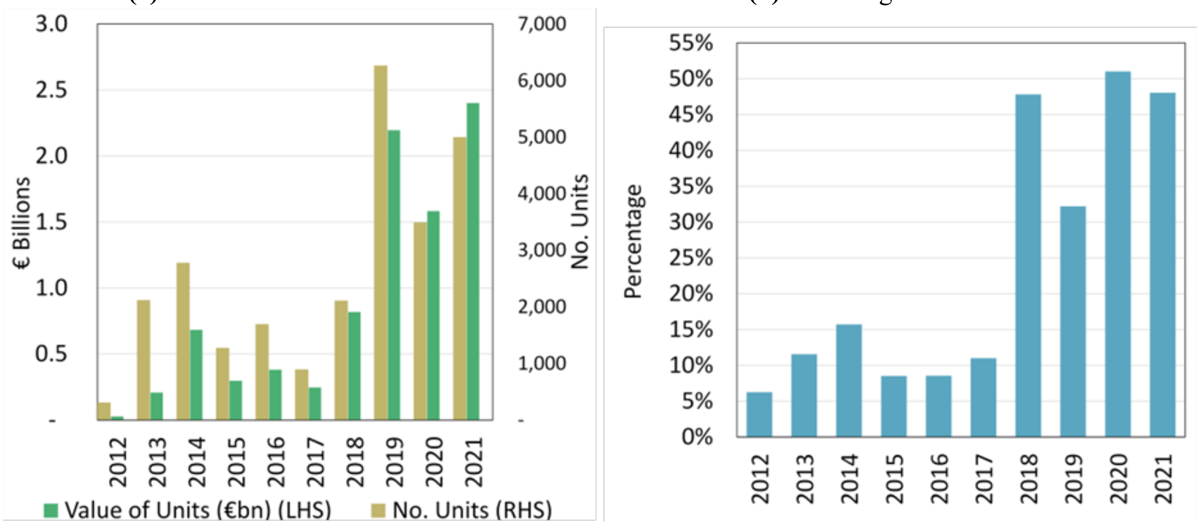


Source: Constructed using the IID.
Notes: *Other refers to other real estate types not shown, e.g. land.

However, Figure 1 shows that investment in residential properties have become more attractive in recent years. With a visible shift by investors towards housing since 2018, both in terms of value and its share as a percentage of total institutional investment in all real estate types.

Figure 2: Institutional Investment in Irish Housing 2010-2021

(a) Total Value and No. Units **(b)** Percentage of Total Investment



Source: Constructed using the IID.

Between 2012 and 2021, institutional investment in housing totalled €8.8 billion, relating to the purchase of 25,960 housing units.[8] Approximately €1.8 billion (21 per cent) of this investment took place between 2012 and 2017, with

[7] Appendix I provides more analysis of institutional investment in Irish real estate as a whole, including the location of investment, details on the ultimate country and sector of investors and concentration among the top 20 investors.
[8] No residential investment is recorded for 2010 and 2011. The total 25,960 units purchased excludes 384 units relating to student accommodation, which tend to be reported in terms of number of beds rather than the number of apartments. However,

the remaining €7 billion (79 per cent) occurring since 2018 (Figure 2a). Whereas between 2012 and 2017 investment in housing represented on average 11 per cent of total annual institutional investment, from 2018 and 2021 such purchases accounted for 42 per cent of all investment (Figure 2b).

In terms of the number of units acquired the shift in residential investment before and since 2018 is less dramatic, though still significant. While 21 per cent of the value of all institutional housing investment occurred before 2018, this reflected 35 per cent of all units acquired between 2012 and 2021 (i.e. 9,088 units). Therefore, while 79 per cent of the value of institutional housing investment has occurred since 2018, this only represents 65 per cent of all units acquired (16,872 units).

4.2. Acquiring Existing Units or Financing New Supply?

As discussed in Section 2, amidst the background of Ireland's ongoing housing crisis, a key question is the extent to which institutional investors add to the supply of housing. This question has not been subject to detailed quantitative analysis, due to the lack of information on such investment. At present such information is limited to high-level industry estimates, which tend to group a wide array of industry actors that often have very different business models or aims, such as major home builders (i.e. Glenveagh, Cairn Homes and Quintain) as well as the institutional investors at focus in this paper (e.g. REIFs, REITs, private equity firms).

As noted in earlier sections, home-builders employ a 'build-to-sell' business model, whereas institutional investors primarily buy-to-rent. Additionally, while Ireland's two largest home builders Glenveagh and Cairn are publicly-listed on the Irish stock exchange (and therefore receive a considerable share of their funding through listed shares), institutional investors are primarily privately funded. Given these differences it is necessary to distinguish between the two groups when assessing the success of institutional actors in supporting new housing supply.

According to IIP its members had approximately 12,000 units under construction or with planning permission in place as of May 2021.[9] However, once new supply under construction or in planning by Cairn, Glenveagh and Quintain are excluded (i.e. 8,000 units), it suggests only 4,000 units relate to development by other institutional investors.[10]

Consequently, the following analysis focuses on institutional investors only and the units in which they invest. As outlined in Section 4.1, the IID captures €8.8 billion in housing investment since 2012, involving 25,960 units. Focusing on residential only transactions (i.e. excluding units bought as part of CRE transactions), the coverage in terms of value remains unchanged, though the number of units falls to 25,563 units. For these remaining units Table 1 presents further characteristics. It indicates that, where information is available, the majority of units acquired have been apartments (20,461 units). Most of these tend to be 2-bed units, however details on the number of bedrooms is only available for 11,526 units (56 per cent of the total).

Table 1: Characteristics of Housing Units Purchased by Institutional Investors

Year	Value (€bn)	No. Units	No. Apartments							No. Houses						No. Unknown
			No. Units	4 Bed	3 Bed	2 Bed	1 Bed	Studio	Unknown	No. Units	4 Bed	3 Bed	2 Bed	1 Bed	Unknown	
2012	0.0	119	115		4	52	59		-	4		4				
2013	0.2	2,123	1,796	3	150	716	287		640	4			4			323
2014	0.7	2,722	2,163		222	1,122	181		638							559
2015	0.3	1,280	1,280		52	481	109		638							
2016	0.4	1,615	1,615	21	155	736	477		226							
2017	0.2	894	795	4	27	165	57		542	99	2	87	9	1		
2018	0.8	2,094	1,993		158	947	318		570	1		1				100
2019	2.2	6,221	3,878	8	254	1,371	366		1,879	152	29	93	30			2,191
2020	1.6	3,495	3,080		167	699	134		2,080	4					4	411
2021	2.4	5,000	3,746		141	1,212	650	21	1,743	22					22	1,232
Total	8.8	25,563	20,461	36	1,330	7,501	2,638	21	8,935	286	31	185	43	1	26	4,816

Source: Data from the IID.

the value of this investment (€0.2 billion) is included in the above €8.8 billion. Separately, the 25,960 transacted includes 397 units purchased as part of larger transactions involving office and/or retail properties. However, it is not possible to dis-aggregate the value of the residential component of these sales. Meaning the value of these units are not included in the aforementioned €8.8 billion. Finally, once second and subsequent sales of the same units are excluded, the total number of unique residential units purchased between 2012 and 2021 is 23,901.

[9] See IIP (7th May, 2021).

[10] Based on 2021 annual reports for Cairn (https://www.cairnhomes.com/media/q51ddkgo/cairnhomes_ar2021.pdf) and Glenveagh (https://glenveagh.ie/download/annual-report-2021) and information available from Quintain's website (accessible at: https://quintain.ie/), I estimate the three companies had a collective 8,000 units with planning permission in place or under construction as of mid-2021.

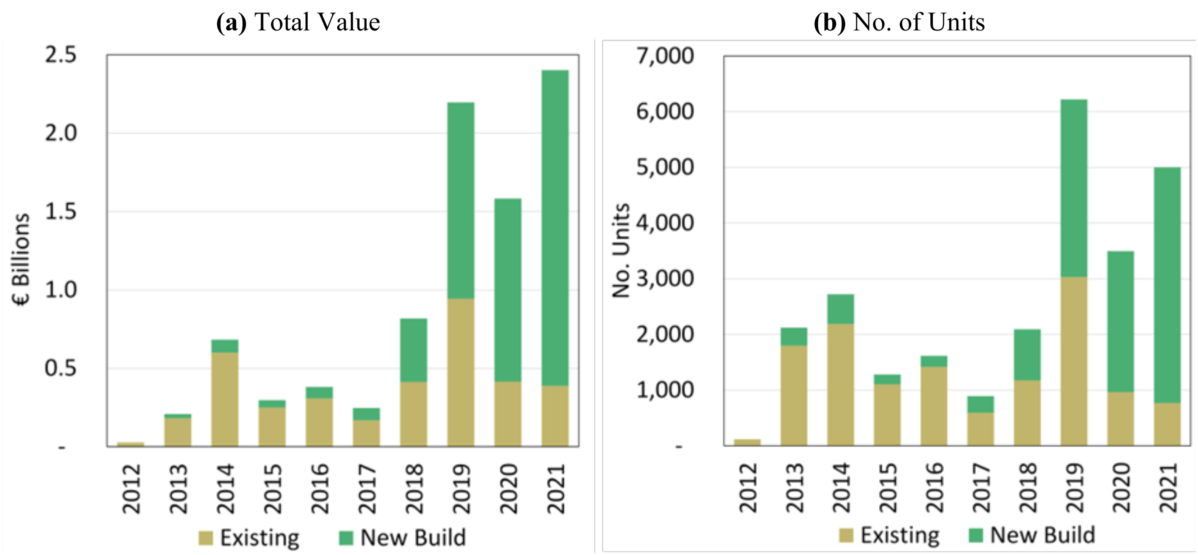
Housing units purchased by institutional investors can also be broken down in terms of existing or new units. Over the period 2012 to 2021, €3.7 billion in investment related to existing units, while €5.1 billion pertained to new units. However, in terms of the number of units, more existing units have been acquired, i.e. 13,169 existing versus 12,394 new builds (Figure 3). Also, while the value of investment in new builds may be higher there are a number of nuances.

Firstly, for most of the period analysed, investment in housing has been concentrated in second-hand properties. Between 2012 and 2017, €1.4 billion was invested in 7,227 existing units, compared to €0.2 billion in 1,526 new units (Figure 3). From 2018 to 2019, investment in new and existing units was relatively equal, despite the large increase in the overall value of investment. It is only since 2020 that a clear shift in investment towards new builds has occurred.

Secondly, it's also important to note that here 'new builds' include both completed units and unfinished units relating to forward purchases that have been granted planning permission and or were under construction at the time of purchase. Of the 12,934 new build units acquired by institutional investors, 8,300 of these were at the planning stage or were under construction at the time of purchase. Therefore, while referred to as new builds some of these private rental sector (PRS) units may not have been completed and delivered to the market in the year of purchase.

These results suggest that while there has been a strong shift towards new builds in recent years, investment in existing units has been central to institutional investors business models to date and for some would appear to still remain important. This somewhat challenges the narrative that institutional investors have been mainly engaged in financing new supply, when in fact they have been heavily engaged in acquiring existing units. Nonetheless, it is equally important to acknowledge that many investors in existing units have refurbished those properties and it's not possible to estimate the extent and cost of this due to the absence of available information. However, while refurbishments importantly increase the quality of the rental stock, this is not the same as developing new units.

Figure 3: Investment in New versus Existing Housing, 2012-2021



Source: Constructed using the IID.

Another related point worth noting is that in some instances institutional purchases of PRS units relate to sales by major home-builders. Annual reports available for Cairn and Glenveagh show that between 2018 and 2021 they sold 2,234 units to institutional investors (a mixture of completed units and forward-sales of those under construction).[11] Of this, 1,236 units could be matched to transactions recorded in the IID. Consequently, this suggests that approximately 10 per cent of all 'new builds' bought by institutional investors since 2012 have been purchased from either Cairn and Glenveagh, underscoring the important role played by these home-builders.

[11] Based on data available from annual reports for Glenveagh (https://glenveagh.ie/corporate/investor-centre/reports-results-and-presentations) and Cairn (https://glenveagh.ie/corporate/investor-centre/reports-results-and-presentations). This appears to represent approximately 20 per cent of the two companies collective completions and forward sales over the period.

In most cases, the properties purchased were already under development by the respective home-builders, so it is unlikely these could fall under the definition as having been forward financed by institutional investors. However, these home builders would have expected institutional interest in purchasing these developments. In this way institutional investors implicitly support the financing of those developments. Still, this is not the same as directly funding development, which in this case was not required given that Cairn and Glenveagh raise much of their funding through the Irish Stock Exchange. Additionally, it could be argued that given the current housing shortage, private households could also have provided the necessary demand to purchase those units given the opportunity. Though such demand is crucially dependent on the affordability of those units, the analysis of which is not at focus of this paper.

4.3. Where is Institutionally-Owned Housing Located?

Colloquial evidence indicates the majority of institutional housing investment is concentrated in urban centres, particularly in the Greater Dublin Area. However, like other aspects of these activities it remains under researched empirically. Therefore, it is important to confirm if this is the case and also to look at the geographic distribution of investment at a more granular level.

The below illustrates the location of units purchased nationally (Figure 4a), in terms of the value (Figure 4b) and number of units acquired (Figure 4c). As expected, the purchases are concentrated in urban centres, with the majority located in and around Dublin.

Zooming in further on Dublin, Figure 5 shows that while purchases in north, west and south Dublin county are sizeable, the majority of investment is concentrated in Dublin City. This is visible in terms of location, value and number of units purchased.

For some areas, the number of transactions appear low relative to city centre areas (Figure 5a). However, when viewed in terms of value (Figure 5b) or the number of units bought (Figure 5c) these areas also stand out. For example, localised concentrations are visible in areas such as Santry, Tallaght, Sandyford and Dún Laoghaire.

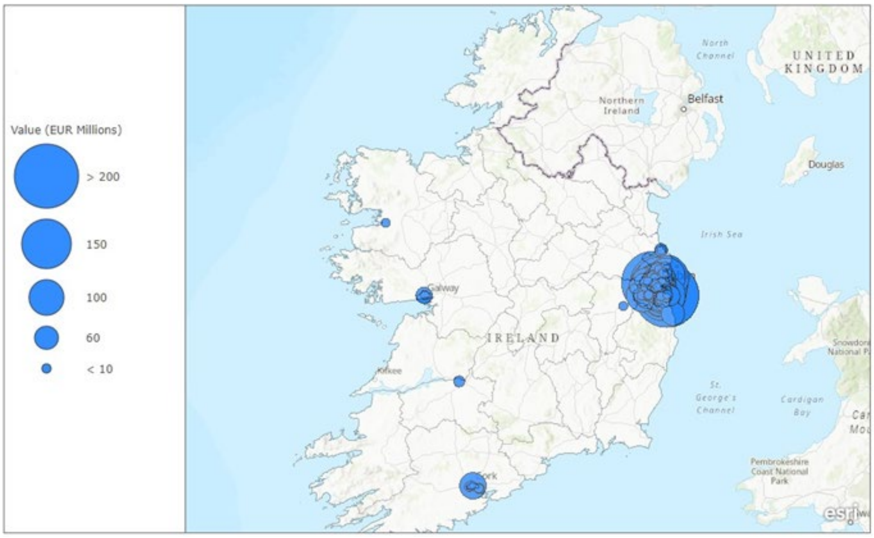
Additionally, per unit price differences between areas also become apparent. While only a small number of transactions are located in Tallaght, and the value of these are small relative to other areas, they account for a sizeable number of units acquired. Indicating a lower price per unit relative to other areas such as Dún Laoghaire, which by contrast are more expensive on a per unit basis.

While institutional ownership of residential units is clearly widespread across Dublin City, these localised concentrations in specific postcodes may be important in terms of analysing the impacts on rents or prices in those locations. This is examined further in Sections 4.5 and 4.6. However, another key factor that could potentially affect rents or prices is the number or concentration of institutional investors in the housing market.

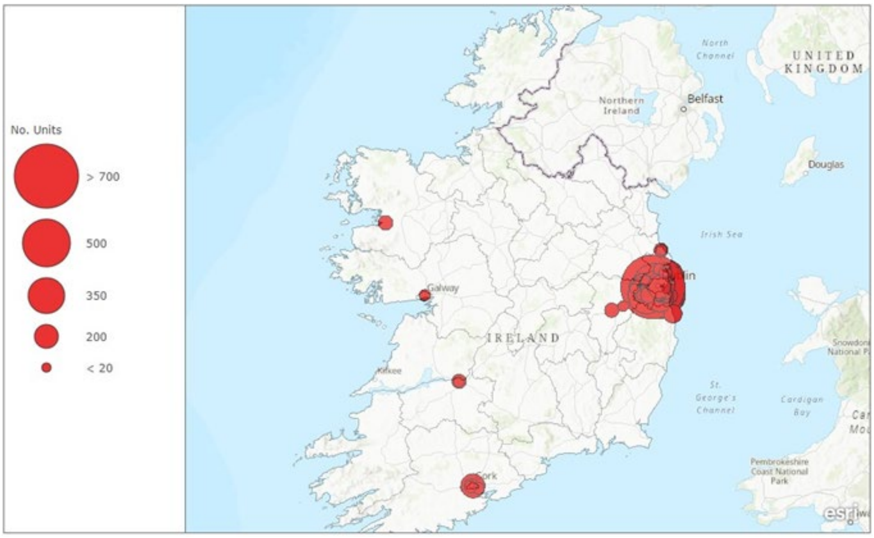
Figure 4: Location of Residential Investment, National

(a) Location

(b) Total Value



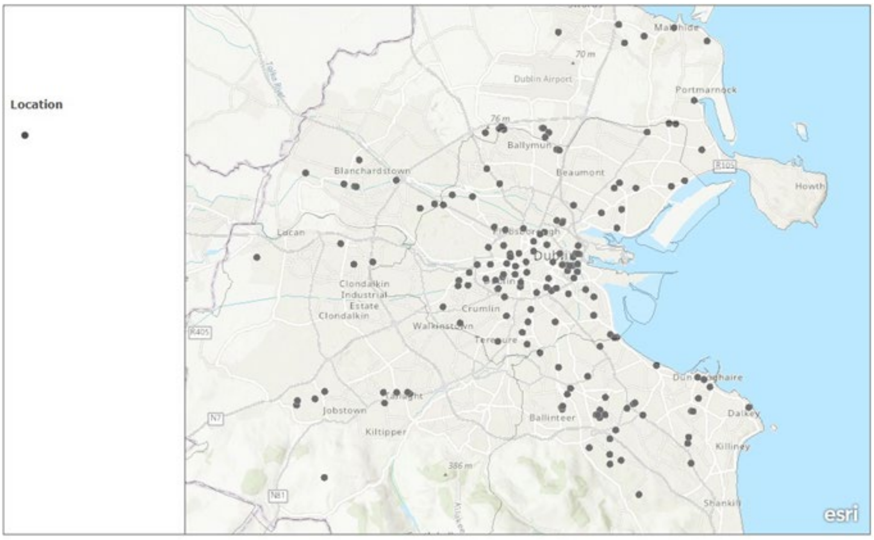
(c) No. of Units



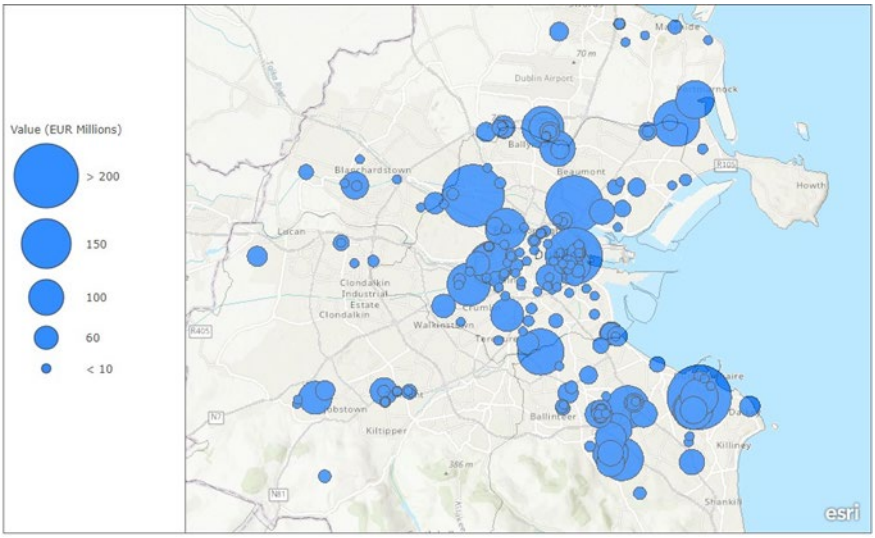
Source: Constructed using the IID and Geohive.

Figure 5: Location of Residential Investment, Dublin

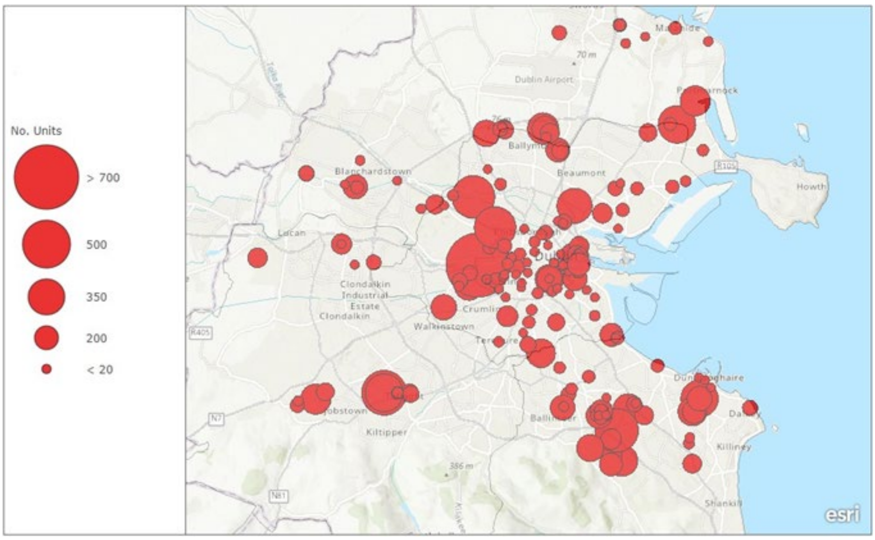
(a) Location



(b) Total Value



(c) No. of Units



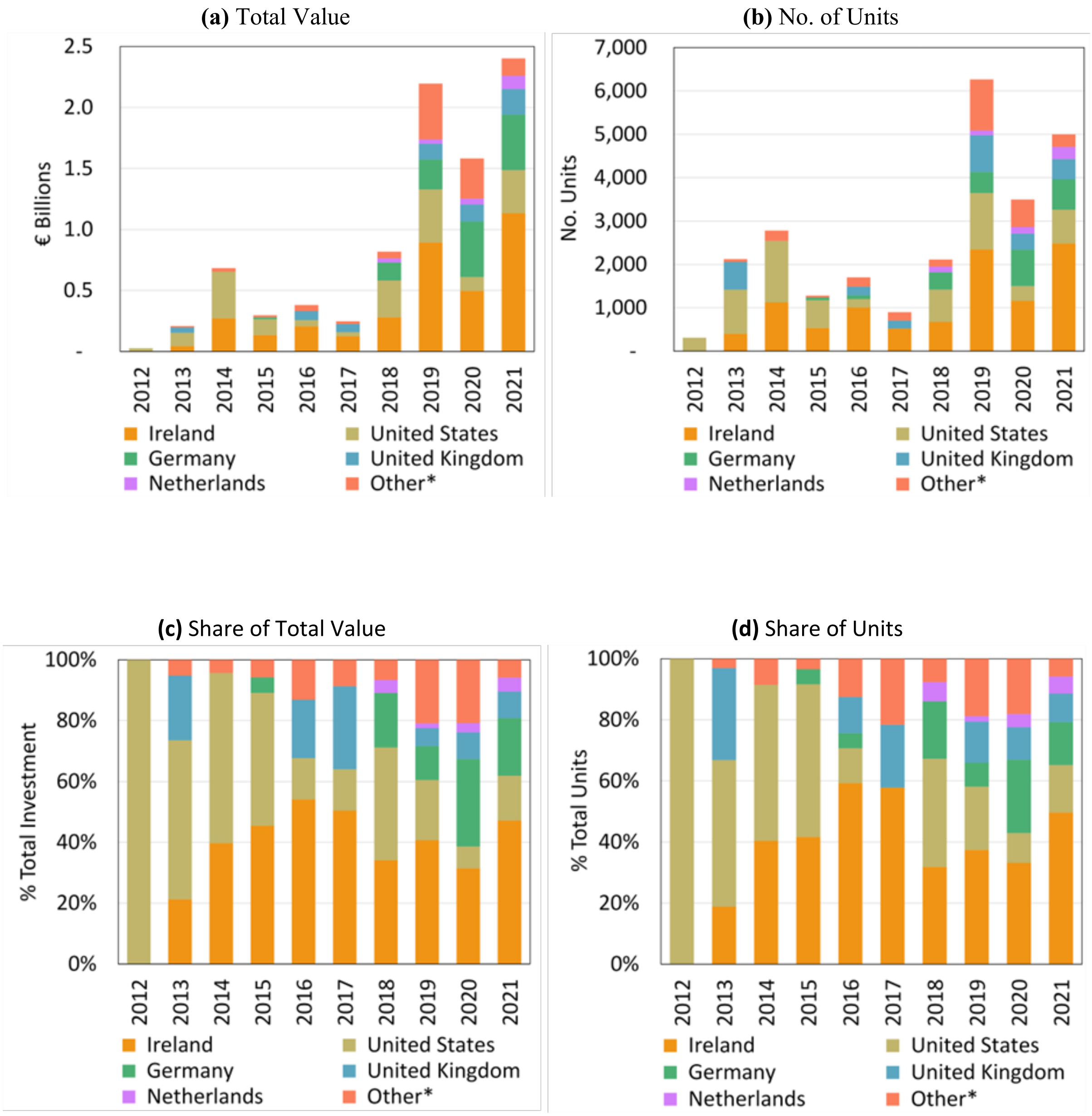
Source: Constructed using the IID and Geohive.

4.4. Who are the Institutional Investors in Irish Housing?

While previous studies offer insight into the location and type of purchasers of all Irish real estate, this has not yet been analysed for investors in housing specifically. Moreover, to date it has not been possible to identify who these investors are, the number of such investors or the concentration amongst them. Consequently, the IID allows the investigation of this for the first time.

Figure 6 presents the location of institutional buyers of Irish housing between 2012 and 2021. This is presented in terms of the value of units (Figure 6a) and number of units (Figure 6b) purchased by investors from different locations.

Figure 6: Residential Investment by Country of Buyer, 2012-2021

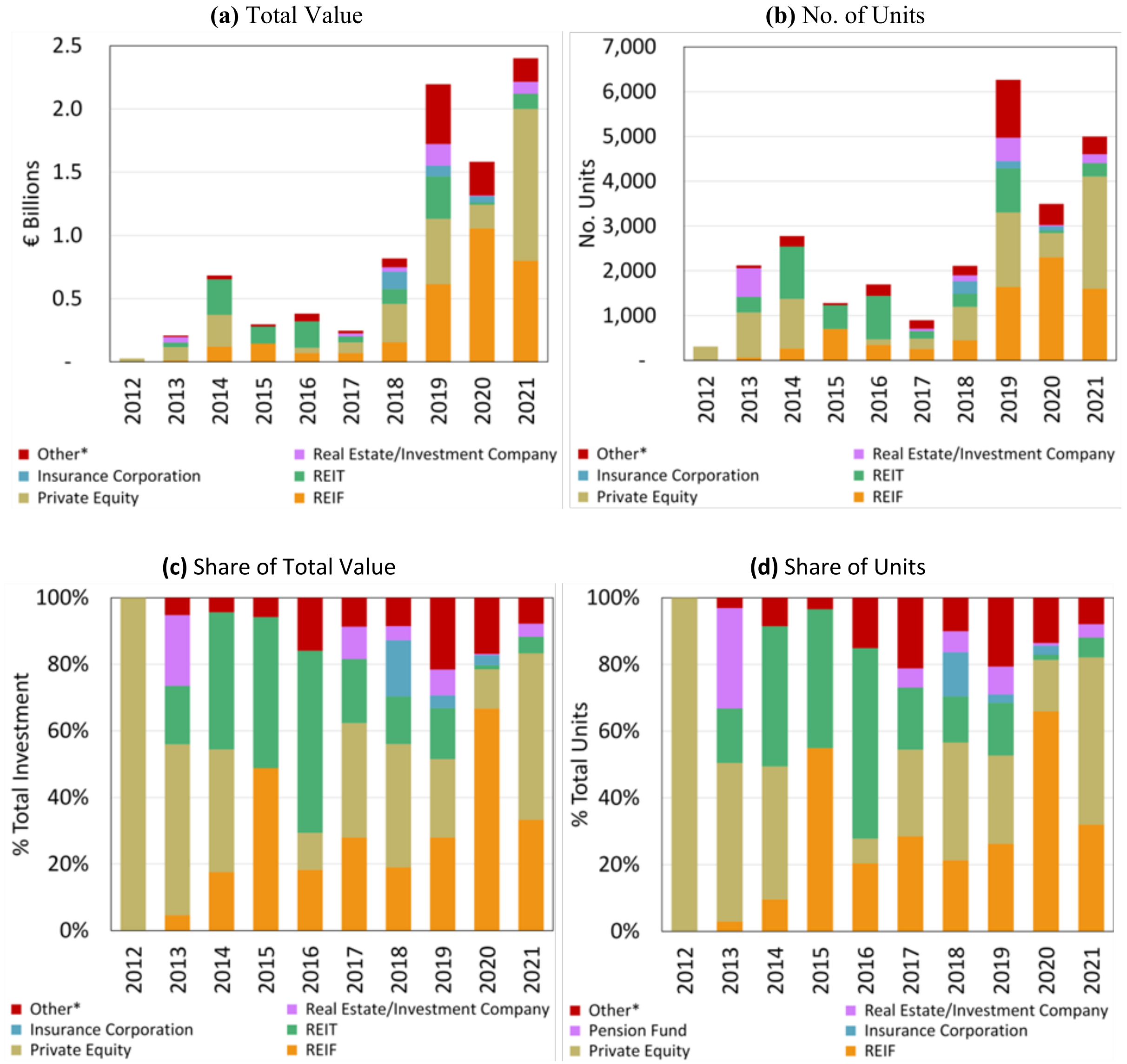


Source: Constructed using the IID.
Notes: *Other refers to transactions involving buyers in other countries as well as transactions where information on buyer country is unavailable.

Figure 6 shows that Irish-resident institutional investors represent a significant share of investment in housing. Over the period 2012-2021, this amounted to 41 per cent of investment in terms of value and 39 per cent in terms of the number of units. Many Irish-resident investors are likely to be ultimately owned by foreign investors (including REITs and REIFs), however, it is not possible to identify these ultimate owners.

After Irish-resident companies, investment by ultimately US-owned institutions represents the most consistent location of buyers since 2012. However, the importance of European investors has grown in recent years, particularly investment from Germany. 'Other' investors mainly reflects where the name, country and sector of the investor was not available from public sources reporting these transactions.

Figure 7: Residential Investment by Type of Buyer, 2012-2021



Source: Constructed using the IID.

Notes: *Other refers to transactions involving other buyer types as well as transactions where information on buyer type is unavailable.

There is also an evolution in the type of buyers over time (Figure 7). For example, between 2014 and 2016, REITs were one of the largest investor types, along with private equity groups and REIFs. However, as overall investment has grown the share coming from REITs has fallen considerably, with minimal investment since 2020.

Since 2018, private equity groups and REIFs have become the main investor types. Collectively these two groups account for two-thirds of all residential purchases, in terms of both value and units acquired, between 2018 and 2021. However, investment from new institution types has also emerged, particularly direct investment from insurance corporations and pension funds (i.e. entities that commonly invest indirectly via REIFs or REITs). Again 'Other' investors mainly reflect transactions where details on the buyer type were unavailable.

The below matrices combine both the type and country of investors in order to examine the dominant investor groups over the past decade. Table 2a demonstrates that the largest Irish resident investor type since 2012 are REITs, with investment totalling €1.2 billion in 4,577 units (i.e. almost exclusively relating to one company, IRES REIT, discussed in later paragraphs). This is followed by REIFs and private equity companies. However, as mentioned above it is important to note that some Irish-resident investors may be largely owned by foreign investors.[12]

[12] For example, IRES REIT's 2021 Annual Report (https://www.iresreit.ie/sites/ires-ir/files/reports-presentation/2022/Irish%20Residential%20Properties%20REIT%20plc%20Annual%20Report%202021.pdf) shows that non-

US investment mainly comes from private equity groups, who have invested €1.5 billion in 5,103 housing units since 2012. By contrast, purchases from German investors almost exclusively relate to REIFs, which have purchased €1.2 billion in housing, or 2,327 units. Similarly, investment from the Netherlands, while smaller (€0.2 billion), is exclusively via REIFs. Meanwhile UK investors are a mix of REIFs, private equity and real estate companies. Investment from 'Other sectors' and 'Other locations' again reflects transactions for which buyer information was unavailable. Many foreign investors, but not all, structure their investment in Irish property through Irish-domiciled REIFs, however, they are categorised here as US or European on the basis of ultimate ownership/parent company location.

Drilling down further, Table 3a presents the names of the top 20 institutional investors in Irish housing since 2012, including details on the value and number of units purchased, along with their characteristics. Results indicate the top 20 investors represented 76 per cent of all investment in terms of value and 74 per cent in terms of the number of units acquired, highlighting that a large share of this investment is concentrated amongst a small number of investors.

Comparing Tables 3a and 3b also shows that investors who entered the residential market earlier appear to have invested the most in residential units, generally concentrated in second-hand properties. The aforementioned IRES REIT is the largest investor over the period outlined, investing over €1.2 billion in 4,201 units. However, only 21 per cent of units it purchased are new builds (including forward purchases acquired from Cairn - see Section 4.2). Likewise, Kennedy Wilson have acquired €0.5 billion in 2,323 units, of which 25 per cent are new units. By contrast, relatively new foreign entrants since 2018 (such as DWS, Greystar and affiliated companies BVK/Patrizia Immobilien/Triuva) represent a smaller amount of investment and by extension number of units acquired.

Table 2: Residential Investment by Type and Country of Buyer, 2012-2021

(a) Total Value (€ Billion)

Sector	Location						Total
	Ireland	United States	Germany	United Kingdom	Netherlands	Other Location*	
REIF	942	347	1,245	270	227	7	3,038
Private Equity	894	1,478		245		104	2,721
REIT	1,238	62					1,299
Insurance Corporation	272						272
Real Estate/Investment Company	97	52	70	149		5	373
Other Sector**	141					996	1,137
Total	3,584	1,938	1,314	665	227	1,112	*8,839*

Legend	
>€1,000mn	red
>€750mn & < €1000mn	orange
>€500mn & <€750mn	yellow
>€250mn & <€500mn	light green
>€0 & <€250mn	green
NA	grey

(b) No. of Units

Sector	Location						Total
	Ireland	United States	Germany	United Kingdom	Netherlands	Other Location*	
REIF	2,422	1,192	2,327	966	674	51	7,631
Private Equity	2,020	5,103		858		257	8,238
REIT	4,577	239					4,816
Insurance Corporation	533						533
Real Estate/Investment Company	202	213	243	890		30	1,577
Other Sector**	485					2,681	3,166
Total	10,239	6,747	2,570	2,714	674	3,018	*25,960*

Legend	
>4000 units	red
>2000 & <4000 units	orange
>1000 & <2000 units	yellow
>500 & <1000 units	light green
>0 & <500 units	green
NA	grey

Source: Constructed using the IID.

Notes: * Refers to transactions involving buyers in other countries as well as transactions where buyer details are unavailable. ** Refers to transactions involving other buyer types as well as transactions where buyer details are unavailable.

resident investors accounted for 71 per cent of all 'Substantial Shareholdings' (i.e. investors holding 3 per cent or more of share capital) at 31 December 2021.

Relative to Table 3a, Table 3b shows the dominance of new builds over second hand units since 2018. Initially, this would appear to support the importance of institutional capital in financing new housing development. However, the reality is more nuanced. For example, of the 8,846 new units acquired by the top 20 investors since 2018, 3,181 (or 36 per cent) relate to four Irish-resident investors that receive financial backing from the Irish Strategic Investment Fund (ISIF), though the magnitude of this investment and its share of each investors total funding is unclear.[13] In line with its mandate, the ISIF has provided finance to these companies in order to support new housing supply, consistent with broader public policy aims around housing development.

Additionally, as mentioned in Section 4.2, 1,236 units are properties acquired by institutional investors from Irish home-builders. Excluding the 282 acquired by Urbeo (one of four companies receiving investment from ISIF), the remaining 954 units were acquired by other investors in the top 20 (i.e. Carysfort Capital, Greystar, Real I.S. and IRES REIT). These 954 units account for a further 11 per cent of all new units purchased since 2018.

Table 3: Top 20 Investors in Housing

(a) Top 20: 2012-2021

Buyer Name	Country	Sector	Value (€bn)	No. Units	Second-Hand	New-Build	No. Apartments	No. Houses	No. Unknown
IRES REIT	Ireland	REIT	1.2	4,201	3,461	740	3,984	217	
Ardstone Capital*	**Ireland**	**Private Equity**	**0.8**	**1,519**	**81**	**1,438**	**615**	**4**	**900**
Kennedy Wilson	United States	Private Equity	0.5	2,323	1,735	588	1,995	5	323
DWS (Deutsche Bank subsidiary)	Germany	REIF	0.5	899	86	813	883	16	
Urbeo*	**Ireland**	**REIF**	**0.4**	**1,238**		**1,238**	**862**		**376**
BVK/ Patrizia Immobilien AG - Triuva	Ireland	REIF	0.4	566	63	503	566		
Greystar	United States	Private Equity	0.4	610		610	610		
Avestus Capital Partners*	**Ireland**	**REIF**	**0.3**	**683**	**563**	**120**	**588**		**95**
LRC Group	United States	Private Equity	0.3	1,078	1,078		478		600
Irish Life*	**Ireland**	**Insurance Corporation**	**0.3**	**516**		**516**	**516**		
Marathon Asset Management	United States	REIF	0.2	906	906		906		
Tristan Capital Partners	United Kingdom	REIF	0.2	895	93	802	773	1	122
Orange Capital Partners	Netherlands	REIF	0.2	674	394	280	674		
Carysfort Capital	Ireland	REIF	0.2	572	188	384	383		189
Real I.S.	Germany	REIF	0.2	343		343	333	10	
Union Investment	Germany	REIF	0.2	435		435	435		
SW3 Capital	United Kingdom	Private Equity	0.2	670	93	578	548	1	122
Oaktree Capital/TIO/Mars Capital	United States	Private Equity	0.1	559	559				559
Round Hill Capital	United States	Private Equity	0.1	286		286	286		
QuadReal Property Group	Canada	Private Equity	0.1	257		257	257		
Total - Top 20			6.8	19,229	9,299	9,930	15,691	253	3,285
Total - All Investors			8.8	25,960	13,376	12,584	20,841	286	4,833
% Top 20/All Investors			76%	74%	70%	79%	75%	88%	68%

(b) Top 20: 2018-2021

Buyer Name	Country	Sector	Value (€bn)	No. Units	Second-Hand	New-Build	No. Apartments	No. Houses	No. Unknown
Ardstone Capital*	**Ireland**	**Private Equity**	**0.8**	**1,438**		**1,438**	**538**		**900**
IRES REIT	Ireland	REIT	0.6	1,632	1,241	391	1514	118	
DWS (Deutsche Bank subsidiary)	Germany	REIF	0.5	899	86	813	883	16	
Urbeo*	**Ireland**	**REIF**	**0.4**	**1,107**		**1,107**	**731**		**376**
BVK/ Patrizia Immobilien AG - Triuva	Ireland	REIF	0.4	503		503	503		
Greystar	United States	Private Equity	0.4	610		610	610		
Avestus Capital Partners*	**Ireland**	**REIF**	**0.3**	**683**	**563**	**120**	**588**		**95**
LRC Group	United States	Private Equity	0.3	1,078	1,078		478		600
Irish Life*	**Ireland**	**Insurance Corporation**	**0.3**	**516**		**516**	**516**		
Kennedy Wilson	United States	Private Equity	0.2	605	605		604	1	
Orange Capital Partners	Netherlands	REIF	0.2	674	394	280	674		
Real I.S.	Germany	REIF	0.2	343		343	333	10	
Union Investment	Germany	REIF	0.2	435		435	435		
Carysfort Capital	Ireland	REIF	0.2	384		384	195		189
Tristan Capital Partners	United Kingdom	REIF	0.2	704		704	582	1	122
Round Hill Capital	United States	Private Equity	0.1	286		286	286		
QuadReal Property Group	Canada	Private Equity	0.1	257		257	257		
SW3 Capital	United Kingdom	Private Equity	0.1	479		479	357	1	122
Aberdeen Standard	United Kingdom	Investment Company	0.1	181		181	181		
Catella Real Estate	Germany	Investment Company	0.1	243	243		243		
Total - Top 20			5.5	13,055	4,209	8,846	10,506	146	2,403
Total - All Investors			7.0	16,872	6,004	10,868	12,742	179	3,951
% Top 20/All Investors			78%	77%	70%	81%	82%	82%	61%

Source: Data from the IID.
Notes: *Relates to entities that receive funding from the Irish Strategic Investment Fund (ISIF), which is aimed at financing new housing supply. It is not possible to calculate the share of funding these entities receive from the ISIF, which may represent a small share of total funding.

Overall, this suggests that once new builds bought by publicly-backed investors and/or from publicly-listed home builders are excluded, the residual new supply provided by solely privately funded investors appears to be less significant relative to the total number of units purchased by institutional investors (Table 4).

[13] The ISIF, managed and controlled by the National Treasury Management Agency (NTMA), is a publicly financed development fund with a unique mandate to invest on a commercial basis to support economic activity and employment in Ireland (see https://isif.ie/).

Table 4: Investment in New Units by Solely Privately Funded Investors

Description	No. Units - by Time Period	
	2012-21	2018-21
Total units acquired	25,960	16,872
o/w Existing units	13,376	6,004
o/w New units	12,584	10,868
*o/w New - acquired by publicly-funded II's**	*3,312*	*3,181*
o/w New - acquired from Cairn/Glenveigh	*954*	*954*
o/w New - acquired by solely privately-funded II's*	***8,318***	***6,733***
% New - acquired by solely private-funded II's/Total units acquired	**32%**	**40%**

Source: Data from the IID.
Notes: *Refers to new units purchased by institutional investors (II's) that receive funding from public sources (i.e. ISIF).
**Refers to new units purchased by solely privately funded II's.

Specifically, since 2018 institutional investors have purchased 16,872 units, of which 10,868 are new units (complete or forward-financed). However, once new units acquired by publicly-funded institutional investors and/or from Glenveagh and Cairn are excluded, this suggest that only 6,733 units have been purchased by solely privately funded institutional investors (that have not acquired units from publicly-listed home-builders). This represents only 40% of all units acquired since 2018, and may suggest that the importance of privately funded institutional investors in supporting new housing supply is lower than one might expect.

4.5. A Role in Rising House Prices?

As evidenced in Section 4.3, institutional investment in residential units has been concentrated in Dublin City. While widespread across Dublin, localised concentrations of investment necessitate further examination of the importance of institutional investment in these locations, including whether these activities have the potential to impact upon residential house prices.

An important starting place is to establish what the share of residential transactions (in terms of value and number of units) institutional investors represent, vis-à-vis all non-household purchases (i.e. institutional investors and other non-household buyers not captured in the IID) and purchases by all buyers types (i.e. all non-household and household buyers). In order to do this, the IID is compared against official housing transaction series from the Central Statistics Office (CSO). It is important to note both the IID and CSO series are produced based on different methodologies. However, in theory these sources should closely align and cross-checks for similar buyer types show a high degree of consistency, thereby suggesting cross-comparisons are beneficial.[14]

Table 5 illustrates the value and number of units acquired by the institutional investors from the IID together with CSO statistics on the number and value of units purchased by all non-household buyers and all buyers. This is provided on an annual basis at a national level (Table 5a) and separately for Dublin only (Table 5b).

Table 5: Institutional Investment as a share of All Housing Purchases

(a) National

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total	Total (2018-21)
	No. Units (Volume) Transacted											
IID Series - Institutional Buyers	119	2,123	2,722	1,280	1,615	894	2,094	6,221	3,495	5,000	**25,563**	**16,810**
CSO Series - Non-Household Buyers	3,732	5,246	13,044	13,934	15,188	17,570	20,578	27,596	24,056	24,960	**165,904**	**97,190**
CSO Series - All Buyer Types	62,738	68,910	97,828	107,172	110,160	120,162	126,840	135,716	115,316	134,926	**1,079,768**	**512,798**
% IID/CSO Non-Household Buyers	**3%**	**40%**	**21%**	**9%**	**11%**	**5%**	**10%**	**23%**	**15%**	**20%**	**15%**	**17%**
% IID/CSO All Buyer Types	**0%**	**3%**	**3%**	**1%**	**1%**	**1%**	**2%**	**5%**	**3%**	**4%**	**2%**	**3%**
	Value of Units (€ million) Transacted											
IID Series - Institutional Buyers	27	208	683	290	372	213	783	2,196	1,521	2,227	**8,521**	**6,727**
CSO Series - Non-Household Buyers	690	884	2,406	2,510	3,278	4,135	5,308	7,460	7,106	7,279	**41,055**	**27,152**
CSO Series - All Buyer Types	9,732	11,593	18,246	21,078	24,006	28,742	32,205	35,241	30,637	38,779	**250,257**	**136,860**
% IID/CSO Non-Household Buyers	**4%**	**24%**	**28%**	**12%**	**11%**	**5%**	**15%**	**29%**	**21%**	**31%**	**21%**	**25%**
% IID/CSO All Buyer Types	**0%**	**2%**	**4%**	**1%**	**2%**	**1%**	**2%**	**6%**	**5%**	**6%**	**3%**	**5%**

[14] Consistency between the two sources is checked by comparing institutional housing investment from the IID against investment by similar non-household sectors from the CSO. See Appendix, Table A.2. In two instances the value or number of units reported in the IID is larger than the corresponding figure reported for 'similar' institutional investors in the CSO series. In 2013 the number of units acquired from the IID is 2,123 versus 1,150 in the CSO series. While in 2019, the value of units captured in the IID is (€0.1 billion) larger than CSO figures. In both cases this results from timing differences in the recording of transactions in the IID and CSO series. Public sources used in the IID may report the transaction as occurring in a given year, however, this may not have formally until the following year, which would be correctly recorded in the CSO series. However, the issue is minimised to the extent possible through the cross-checking of the IID and RPPR (see Section 3).

(b) Dublin Only

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total	Total (2018-21)
	No. Units (Volume) Transacted											
IID Series - Institutional Buyers	119	2,003	2,079	1,230	1,615	687	1,888	6,171	3,436	3,879	**23,107**	**15,374**
CSO Series - Non-Household Buyers	1,938	2,638	6,990	6,280	5,888	7,202	8,998	12,696	11,582	10,244	**74,456**	**43,520**
CSO Series - All Buyer Types	20,988	23,666	32,918	33,872	35,822	39,692	42,532	45,884	37,018	40,606	**352,998**	**166,040**
% IID/CSO Non-Household Buyers	**6%**	**76%**	**30%**	**20%**	**27%**	**10%**	**21%**	**49%**	**30%**	**38%**	**31%**	**35%**
% IID/CSO All Buyer Types	**1%**	**8%**	**6%**	**4%**	**5%**	**2%**	**4%**	**13%**	**9%**	**10%**	**7%**	**9%**
	Value of Units (€ million) Transacted											
IID Series - Institutional Buyers	27	196	523	282	372	191	713	2,182	1,511	1,699	**7,697**	**6,105**
CSO Series - Non-Household Buyers	427	535	1,787	1,572	1,969	2,479	3,199	4,540	4,550	4,037	**25,096**	**16,325**
CSO Series - All Buyer Types	5,044	6,315	10,038	10,802	12,686	15,106	16,705	17,707	14,969	17,982	**127,354**	**67,363**
% IID/CSO Non-Household Buyers	**6%**	**37%**	**29%**	**18%**	**19%**	**8%**	**22%**	**48%**	**33%**	**42%**	**31%**	**37%**
% IID/CSO All Buyer Types	**1%**	**3%**	**5%**	**3%**	**3%**	**1%**	**4%**	**12%**	**10%**	**9%**	**6%**	**9%**

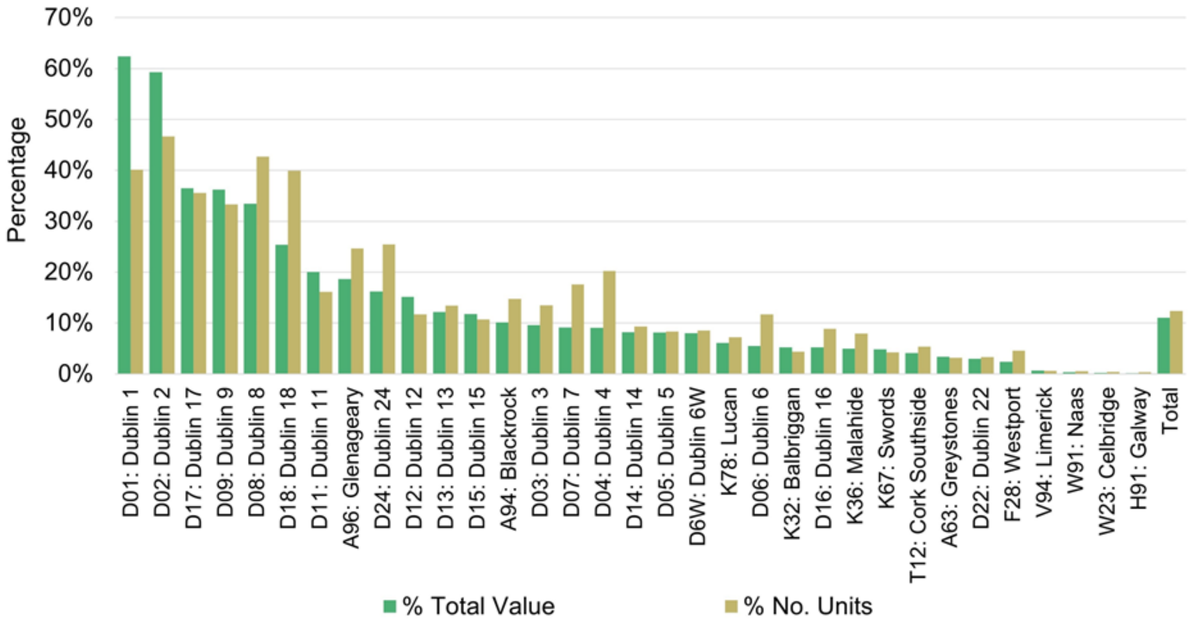
Source: Data from the IID and from the CSO HPA02 series.

Table 5a indicates that institutional investors represent a relatively small share of total national purchases when compared against non-household buyers and all buyer types. However, Table 5b shows a higher importance for institutional investors when focusing on Dublin only. Specifically, institutional investors represent just under a third of all purchases by non-household buyers since 2012, both in terms of value and volume of units. While compared to all buyer types, institutional investors represented on average 7 per cent of the value of units and 6 per cent of the number of units bought since 2012. Moreover, what is notable is the strong increase in the share of institutional investors vis-à-vis all buyer types in Dublin.

Between 2018 and 2021 institutional investors represented on average 9 per cent of all housing purchases in Dublin in terms of value and number of units acquired. This suggests almost 1 in every 10 housing units bought in Dublin since 2018 has involved one of the institutional investors captured in this study. An important caveat here is that forward purchases captured in the IID may or may not be captured in official CSO data depending on if these transactions have formally closed. However, these results still demonstrate the growing share of market transactions in Dublin relating to these actors.

Another benefit of the IID compared to other sources is it provides granular information on institutional purchases at an Eircode level, thus making it possible to compare purchases in Eircodes against similar data from the CSO. At present the CSO provide Eircode level data for market-based household housing purchases only, with no similar breakdowns available for all buyer types. However, assessing how institutional investment compares against household purchases levels is still useful in gauging the former's importance.

Figure 8: Institutional Investment as a Share of Household Purchases, Eircode Level (2012-2021)



Source: Data from the IID and CSO HMP04 series.

Firstly, residential transactions from the IID for which no location information was available from public sources are excluded for this comparison. This results in €1.8 billion in institutional investment or over 4,000 units being excluded. As a result, only €7 billion in institutional investment, relating to 21,360 units can be compared against CSO data on residential transactions involving household buyers at an Eircode level.

Results in Figure 8 suggest that between 2012 and 2021 institutional investment represented 11 per cent of the value of household housing purchases, or 12 per cent in terms of the number of units bought. In other-words, for every 10 units purchased by households, roughly 1 additional unit was also purchased by institutional investors.

However, there is a considerable variation in institutional investment across Eircodes. In some areas (such as Galway, Celbridge and Naas) institutional purchases represent less than 1 per cent of household purchases. However, in many areas of Dublin institutional investment is large relative to households. In particular, Dublin 1 and Dublin 2 stand out. In Dublin 1, institutional investment between 2012 and 2021 represented 62 per cent of household buyer transactions in terms of value and 40 per cent in terms of the number of units purchased (Figure 8). Similarly, in Dublin 2, the value of institutional purchases compared to household buyer purchases was almost 60 per cent, while they represented 47 per cent of the number of units bought by households. In other words, for every 10 units bought by households in Dublin 1 and 2, between 4 and 5 additional units were purchased by institutional investors.

However, other Eircodes also standout. For example, institutional investors have acquired over 1,500 units in Dublin 8, 9, 18 and 24. In the case of Dublin 8 and 9, this represents 40 per cent of the number of units bought by households between 2012 and 2021. More broadly, of the 33 Eircodes in which institutional investment is identified between 2012 and 2021, the number of units acquired by institutional investors represented over 10 per cent of the number of household purchases in 17 Eircodes and over 20 per cent in 9 Eircodes.

Coupled with the aforementioned results that suggest institutional purchases represent a growing share of all residential purchases in Dublin, the high levels of investment relative to household purchases in many Eircodes highlights these investors aren't insignificant players, but rather major market actors in Dublin. By extension this could suggest that the activities of these investors could impact on prices in those areas.

4.6. A Growing Share of the Private Rental Stock?

Given the concentration of institutional investment in residential units located in Dublin, this raises questions as to whether these investors could impact rents. Of the 25,960 units purchased by institutional investors since 2012, 23,901 are unique units (i.e. 2,059 units where transacted twice or more), of which 21,917 units are located in Dublin.

Increasing investment in rental units could lead to a growing concentration of private rental properties being owned by institutional landlords, and therefore their potential to impact on average rents. Consequently, a useful indicator of importance is to compare the number of units bought by institutional investors (i.e. landlords) from the IID against the size of the private rental stock.

Unfortunately, estimates of the size of Dublin's private rental stock are infrequent, primarily coming from the Census (i.e. information on occupancy levels and types) and the Residential Tenancies Board (RTB) (i.e. the number of active tenancies). Nonetheless, outlining and comparing against these estimates is still useful in order to establish the importance of institutional landlords.

Table 6 presents the stock of private rental housing in Dublin for 2016 (CSO), 2019 (RTB) and 2022 (CSO). Results suggests that by the end of the 2016, institutional investors had acquired 6,901 unique units in Dublin, approximately 6 per cent of Dublin's private rental stock based on the 2016 Census. By 2019, the 14,790 unique units acquired by institutional investors in Dublin represented approximately 12 per cent of the private rental stock based on figures from the RTB.

The continuing institutional shift to housing since then suggests that the 21,917 unique units acquired by institutional investors by end-2021 may represent up to 17 per cent of Dublin's private rental stock, based on an estimate from preliminary 2022 Census results.[15] Though, it is important to note that not all 21,917 units acquired by institutional units may be completed and rented out at that date (i.e. some transactions involving forward-purchases may still be under construction).

[15] In the absence of finalised Census 2022 information, the Dublin private rental stock in 2022 is estimated based on the proportion of the private rental stock vs. total housing stock in Dublin from the 2016 Census.

Table 6: Institutionally-Owned Share of the Dublin Private Rental Stock

	Census 2016	RTB 2019*	Census 2022
Institutionally-owned Units**	**6,901**	**14,790**	**21,917**
Total Housing Stock (Occupied)	479,159	NA	518,490
Private Rental Stock (Occupied)	114,462	122,167	131,213
% Institutionally-owned/Housing Stock	**1%**	**NA**	**4%**
% Institutionally-owned/Private Rental Stock	**6%**	**12%**	**17%**

Source: Data from the IID, the CSO (Census 2016; Census 2022), and the RTB.
Notes: *RTB data as at July 2019, taken from the 'Tenant, Landlord and Letting Agency Research 2020 - Technical Appendix' published August 2021. **Estimates for institutionally owned units includes total number of unique units purchased as of end-2016, end-2019 and end-2021 respectively.

Consequently, this suggests that the institutionally-owned share of the Dublin rental stock has more than doubled in the past 6 years. This rising share of private rental units suggests these investors could increasingly impact average rents in Dublin. A point further underscored by the concentration of units in specific Eircode areas (see section 4.5) and the relatively small number of actors involved in this investment (see section 4.4).

5. CONCLUSION

In conclusion, the evolution of financialisation 2.0 in the Irish case can be seen in the significant shift of institutional investors towards housing. The growing use of Irish housing units as an asset class by these institutions deepens the links between the domestic housing market and global financial markets.

As indicated in earlier sections institutional investment provides an important source of financing for the development of housing. However, the impact of this investment on housing markets remains relatively unexplored. This paper has sought to present new insights, based on a new novel database on institutional investment in Ireland, on the potential impacts this investment could have on the Irish housing market.

Results demonstrate that the majority of housing acquired by institutional investors is concentrated in Dublin, with approximately three-quarters of this investment relating to the top 20 investors. Analysis illustrates that this investment represents a growing share of all house purchases in the Dublin area. Moreover, in many Eircodes institutional investment appears significant when measured against household residential purchases. Thereby suggesting they could have a role in determining prevailing market prices of housing.

Additionally, estimates also suggest these investors represent a rapidly growing significant share of the private rental housing stock in Dublin, which when coupled with the dominance of a relatively small group of investors and concentration of holdings in certain Eircode areas suggests these investors could also impact upon prevailing rent levels.

The study also demonstrates that the role of such investors in providing new supply is nuanced. Firstly, investment in second-hand units dominated until 2017 and remained important until 2019, only after which investment in new units has dominated. However, if we set aside new units acquired from major home builders since 2018, along with investment in new units by publicly-backed investors and second-hand units bought since 2018, the importance of fully private funded institutional investors (who are ultimately the main targets of present housing policy) in providing new housing supply is less significant.

These findings have relevance for broader literature on Financialisation 2.0 and raise the need for further analysis to confirm potential impacts (positive and negative) that may result from the growing investment by these institutions. Finally, it also raises key considerations on the effectiveness of institutional investment and whether it can be more effectively channelled into boosting the supply of new housing units. For example, given disproportionate importance of institutional investors backed by the ISIF in investing in new units, further funding via that mechanism could be beneficial.

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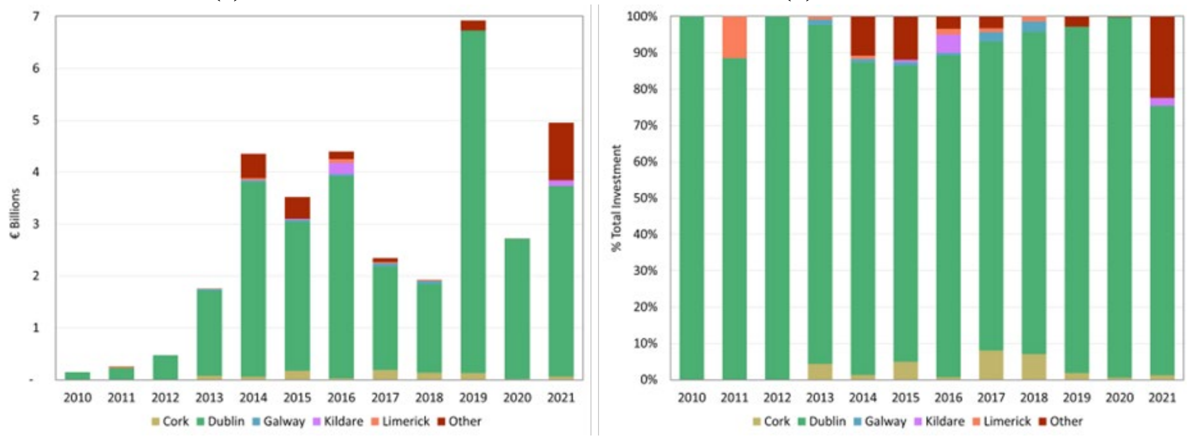
APPENDIX 1: ANALYSIS OF INSTITUTIONAL INVESTMENT IN ALL IRISH REAL ESTATE

Figure A.1: Real Estate Investment by Location, County

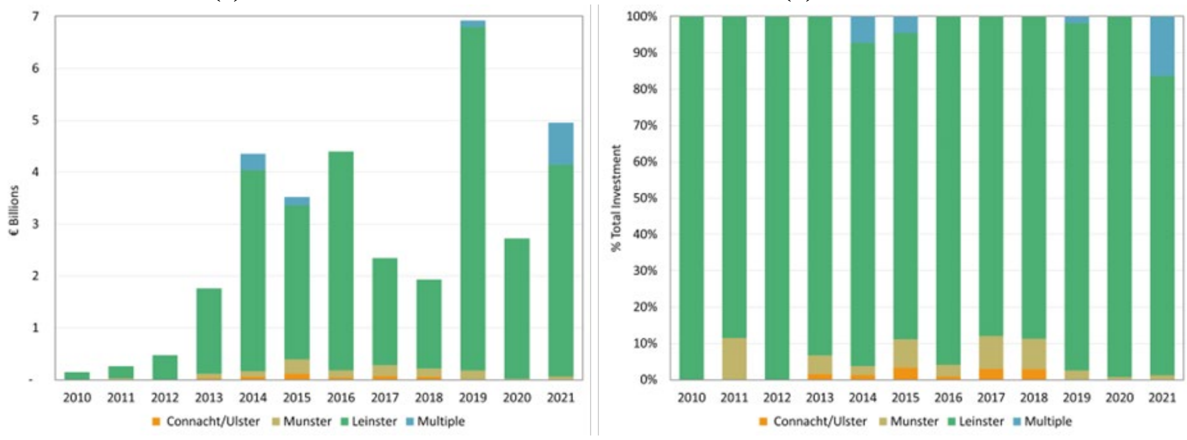
(a) Total Value **(b)** Per cent of Value



Source: Constructed using the IID.

Figure A.2: Real Estate Investment by Location, Province

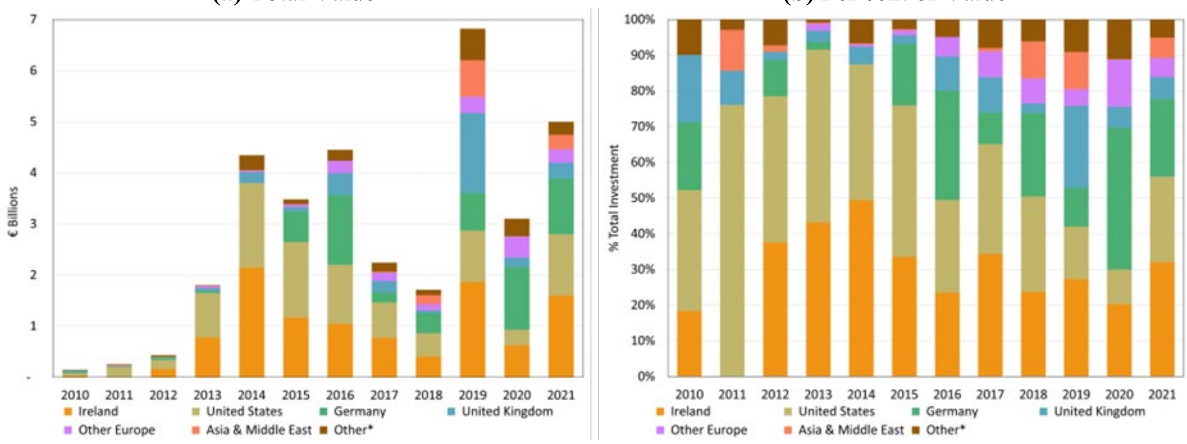
(a) Total Value **(b)** Per cent of Value



Source: Constructed using the IID.

Figure A.3: Real Estate Investment by Country of Buyer

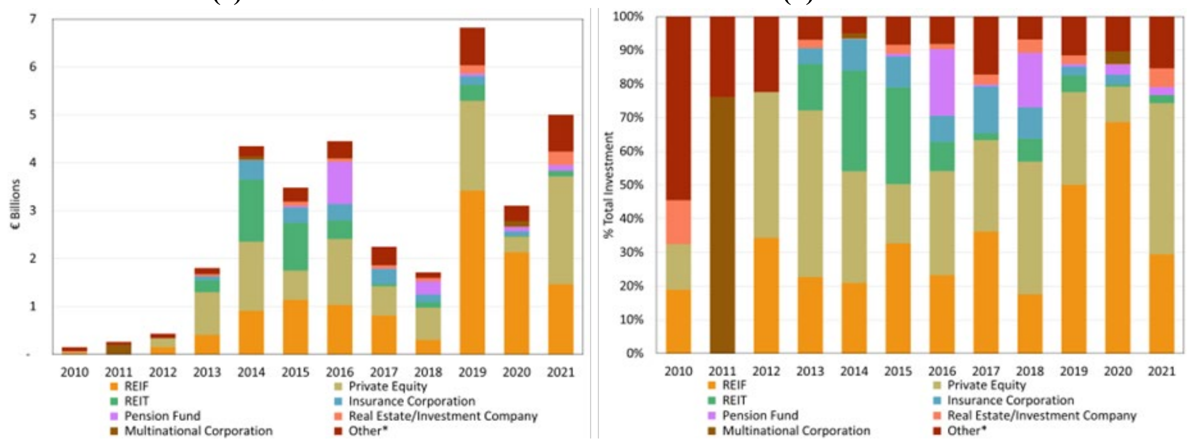
(a) Total Value **(b)** Per cent of Value



Source: Constructed using the IID.

Figure A.4: Real Estate Investment by Sector of Buyer

(a) Total Value **(b)** Per cent of Value



Source: Constructed using the IID.

Table A.1: Top 20 Investors in Irish Real Estate

(a) Top 20: 2012-2021

BuyerName	Country	Sector	Total Invested (€bn)
Blackstone	United States	Private Equity	2.4
BVK/ Patrizia Immobilien AG - Triuva	Germany	Pension Fund	1.4
Henderson Park Capital	United Kingdom	Private Equity	1.4
ILIM	Ireland	Insurance Corporation	1.4
Deka Immobilien	Germany	REIF	1.2
IRES REIT	Ireland	REIT	1.2
Green REIT	Ireland	REIT	1.1
IPUT	Ireland	REIF	1.0
Kennedy Wilson	United States	Private Equity	1.0
Union Investment	Germany	REIF	0.9
Ardstone Capital	Ireland	Private Equity	0.9
Hibernia REIT	Ireland	REIT	0.7
Starwood REIT	United States	REIT	0.6
Hines	United States	Private Equity	0.6
Real I.S.	Germany	REIF	0.6
DWS	Germany	REIF	0.5
Oaktree Capital/TIO/Mars Capital	United States	Private Equity	0.4
Marathon Asset Management	United States	REIF	0.4
Urbeo	Ireland	REIF	0.4
Mapletree	Singapore	Private Equity	0.4
Total - Top 20			**18.6**
Total - All Investors			**33.8**
Top 20/All Investors			**55%**

Source: Data from the IID.

(b) Top 20: 2018-2021

BuyerName	Country	Sector	Total Invested (€bn)
Henderson Park Capital	United Kingdom	Private Equity	1.4
Blackstone	United States	Private Equity	1.2
Ardstone Capital	Ireland	Private Equity	0.8
Deka Immobilien	Germany	REIF	0.7
IRES REIT	Ireland	REIT	0.6
BVK/ Patrizia Immobilien AG - Triuva	Germany	Pension Fund	0.5
Union Investment	Germany	REIF	0.5
DWS	Germany	REIF	0.5
Mapletree	Singapore	Private Equity	0.4
Urbeo	Ireland	REIF	0.4
Greystar	United States	Private Equity	0.4
ILIM	Ireland	Insurance Corporation	0.3
Avestus Capital Partners	Ireland	REIF	0.3
GIC	Singapore	Sovereign Wealth Fund	0.3
LRC Group	United States	Private Equity	0.3
Kennedy Wilson	United States	Private Equity	0.3
Orange Capital Partners	Netherlands	REIF	0.2
Corum	France	REIF	0.2
IPUT	Ireland	REIF	0.2
AM Alpha	Germany	REIF	0.2
Total - Top 20			**9.9**
Total - All Investors			**16.6**
Top 20/All Investors			**59%**

Source: Data from the IID.

Table A.2: Consistency Checks: IID Institutional Investment versus CSO Institutional Estimates

	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total	Total (2018-20)
	Values of Units - €mn - All Dwellings										
IID Series	27	208	683	290	372	213	783	2,196	1,521	6,294	4,500
CSO Series	191	240	890	833	948	1,152	1,531	2,118	2,086	9,988	5,735
% IID/CSO Series	**14%**	**87%**	**77%**	**35%**	**39%**	**19%**	**51%**	**104%**	**73%**	**63%**	**78%**
	Volumes - No. Units - All Dwellings										
IID Series	119	2,123	2,722	1,280	1,615	894	2,094	6,221	3,495	20,563	11,810
CSO Series	815	1,150	4,625	4,155	3,850	4,358	5,083	7,003	6,299	37,338	18,385
% IID/CSO Series	**15%**	**185%**	**59%**	**31%**	**42%**	**21%**	**41%**	**89%**	**55%**	**55%**	**64%**

Source: Data from the IID and from the CSO HPA02 series.
Notes: CSO data includes purchases by the following sectors: ’Construction’, ’Real Estate’, ’Financial and Insurance’ and ’Extra-Territorial’