



Lisney

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OUTLOOK

2023

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STUDENT ACCOMMODATION

Given the counter-cyclical nature of the asset type, investor sentiment remains strong.

OPERATIONAL MODEL CONTINUES TO EVOLVE

From an occupational point of view, purpose-built student accommodation schemes are performing very well. The majority are at full occupancy and the operational model continues to evolve. Within some schemes, the traditional 40 week academic year letting has moved to a full 52 weeks. Some are experiencing early pre-bookings and re-bookings from existing occupiers. This is reflective of the fact that many schemes cater to international students that often remain in Ireland for the full calendar year. It also reflects the crisis generally in housing where students are seeking more certainty on their housing need out of term. As across all sectors of the property market, ESG is increasing in importance, particularly around environment and social. Developers and operators are building in sustainability measures, while the in-house team is very focused on the community created within the building and shared space.

CONSTRUCTION COSTS AN ISSUE

While several new schemes reached practical completion last year in Dublin and Cork, higher construction and funding costs will hinder significant growth and new starts this year. Third-level institutions are likely to become more involved in developing their own accommodation, availing of better

funding terms. There is also likely to be a greater focus on regional towns and cities (outside of Dublin and Cork), which have experienced very little development over this market cycle.

COUNTER-CYCLICAL CHARACTERISTIC

In the investment market, there were two notable deals last year, with Project Ruby the largest. Given the counter-cyclical nature of the asset type, investor sentiment remains strong. Unlike most other sectors where softening has been greater, prime yields have only moved out by about 10 basis points in the last 12 months and there will be demand for opportunities this year if suitable supply becomes available, either on or off-market.



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