



Irish Institutional Property Policy Priorities February 2020



Investors in Ireland

About IIP

The mission of IIP is to promote the development of a sustainable world class real estate sector in Ireland which benefits members, the economy, communities and wider society.

IIP is the voice of institutionally financed investors with significant international backing in the Irish real estate market.

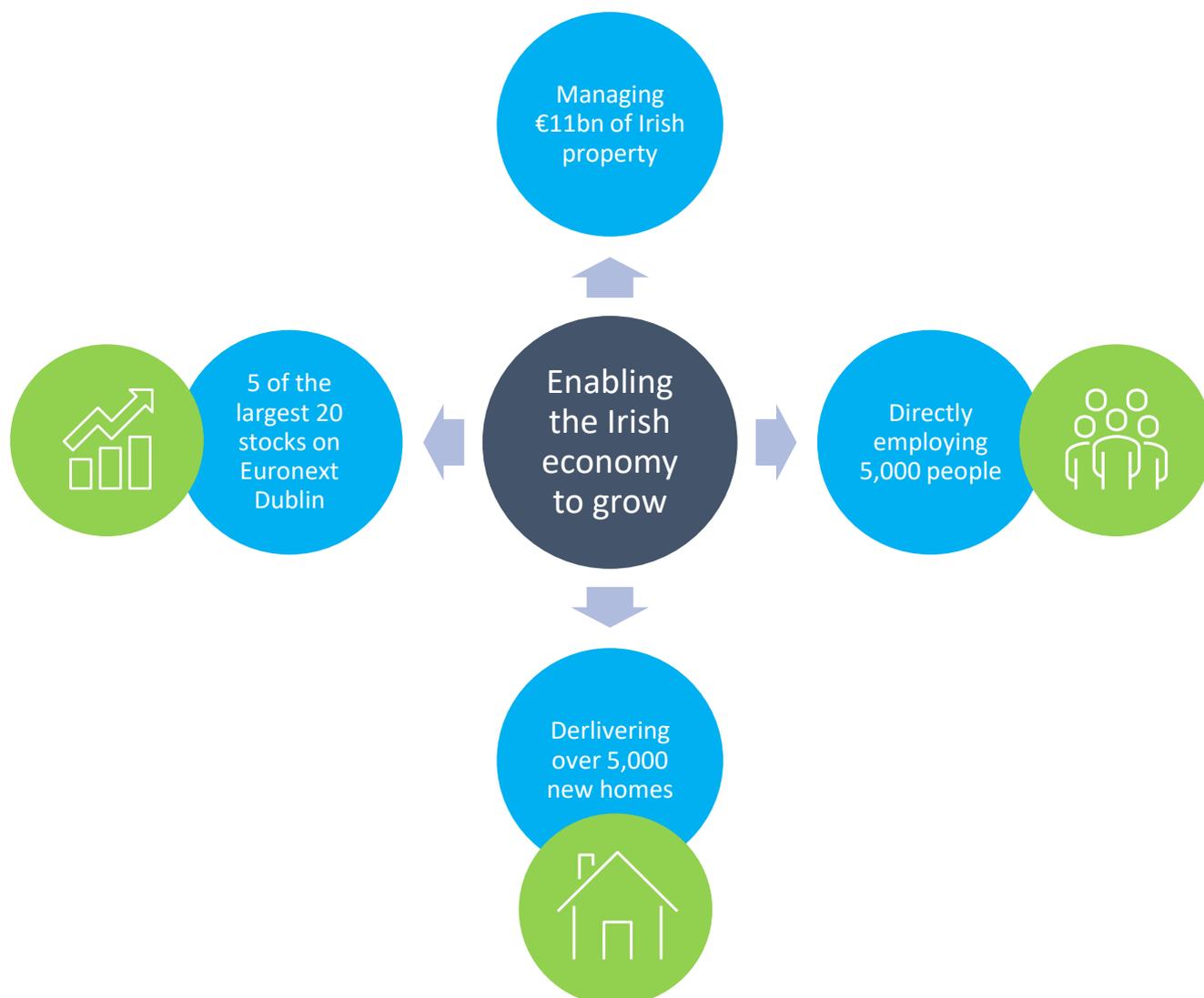
Right now, we are enabling the development of a high-quality built environment: new places to work, live, study and socialise, thereby building sustainable communities.

IIP's founding members include five of the largest 20 stocks on Euronext Dublin (formerly known as the Irish Stock Exchange)

We are enabling the Irish economy to grow:

- IIP's founding members manage €11bn of Irish property
- We directly employ 5,000 people
- We generate indirect employment of an additional 18,000 people
- IIP members' tenant companies employ more than 33,000 people
- IIP members have delivered in excess of 5,000 new homes

We help people save for their retirement. Pension funds, both local and international, have now become the main source of Irish real estate investment, funding pensions that many citizens rely on for their retirement.



Our policy priorities

Partners for growth

We seek continued partnership with the State and its citizens to unlock Ireland's full potential - a future built on sustainable and inclusive development which delivers new homes and workplaces and sustains communities.

It is only through the maintenance of a competitive environment that continues to attract international investors that we can continue to meet our critical real estate infrastructural needs: delivering the right investments in the right places, optimising public transport links, and delivering compact growth across our cities.

In the post Brexit era, Ireland, now more than ever, needs to safeguard and strengthen its reputation as a competitive and stable destination for inward capital investment in real estate.

And we are ambitious for Ireland's future. Over the next five years IIP members have plans for further significant real estate investment in Ireland.

Institutional investors are here for the long term. They are backed by long term capital; in the main large pension funds seeking sustainable returns, over the long term.

This requires investors to be able to take a long-term view, underpinned by the assurance that they are allocating scarce capital resources in an environment characterised by political/public policy stability and predictability.

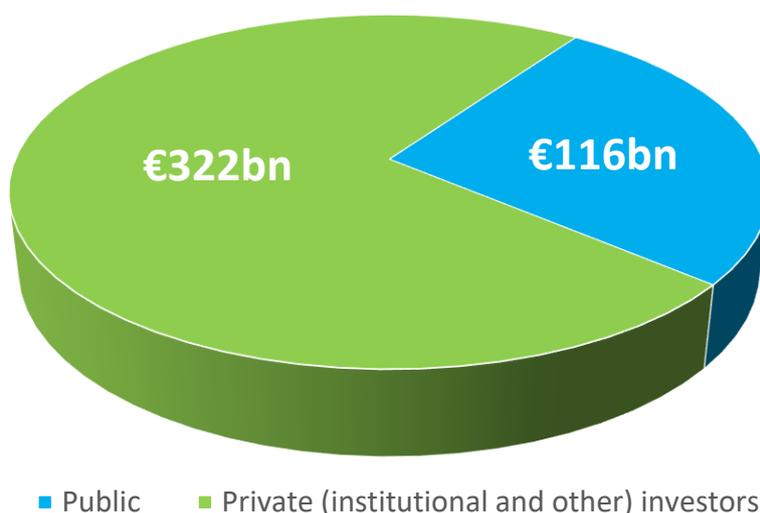
In such an environment, investors are committed to providing the capital to enable delivery of the new and refurbished workplaces, residential developments, retail, cultural and leisure facilities that supports both indigenous and foreign direct investment, build new homes and communities.

To support these objectives, the State through the National Planning Framework is committing significant public capital expenditure, with €116bn earmarked for investment through to 2040.

While public capital expenditure on infrastructure is vital, investment from the private sector will need to be a multiple of public spending to provide the complementary housing, office, leisure, retail space and other amenities required to enable this ambition.

We estimate that the scale of private sector investment required is €322bn.

Projected Contribution of Capital to Planned Infrastructure Development; Public vs Private (€bn)



Our policy priorities 1-2

1. Increasing new homes supply - closing the gap

Our members expect to deliver more than 14,000 new homes over the next three years. Year on year we are expanding our capacity and are at the forefront of innovation, delivering high quality, energy efficient homes for purchase.

We are expanding delivery of high quality, professionally managed new apartments for the private rental sector to meet significant unfilled demand in this area. Some of this new demand is being generated by the increasing flow of inward migration; people with scarce skills vital to the continued development of our economy; in the last year alone 14,163 work visas were issued. These newly arrived visitors to our country are in the main seeking to rent, not buy.

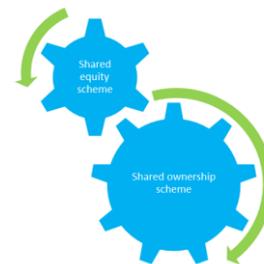
We support the State's social and affordable housing programme and welcome political commitments signalling that the incoming Government will significantly expand supply of social and affordable housing, both for sale and rental.

We call on the incoming Government to undertake a comprehensive audit of all current barriers to supply. Removing unnecessary obstacles to developments will enhance supply capacity, exerting downward pressure on rental and house prices across the market.

2. Enhance affordability for first time buyers and renters

We further call on the incoming Government to urgently establish a task force on affordability that combines public and private sector expertise to deliver innovative options to increase affordability for first-time buyers and renters

This task force should as a priority examine introduction of state-backed shared equity and shared ownership schemes and bring forward proposals to scale up and accelerate supply of cost rental homes to meet the needs of low to moderate income households who currently experience financial difficulty in accessing suitable rental accommodation.



All options should be subjected to rigorous viability and impact assessment including piloting and review to ensure they can deliver on the policy objective: to enable many more citizens to realise their requirement to be able to secure access to good quality housing whether for sale or rental .

Shared equity and shared ownership schemes Examples of how they work for the home buyer

Shared Equity

- Buyer's deposit is 5% of property price
- Mortgage for 65%
- Equity loan 30% to cover remainder
- On repayment, equity loan is linked to market price



Shared Ownership

- Buyer's deposit is 5% of share being bought
- Mortgage for 65%
- Rent to cover remaining 30%
- Option to 'staircase' up to full ownership



- ✓ Ownership from outset
- ✓ Buyer repays mortgage and equity loan over time



- Combination of owning and renting at outset
- Buyer can build up 100% ownership over time

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3. Evidence based policy making

IIP believes that public policy developments should be evidence based, stress tested and subject to robust impact assessment. Recently publicised policy proposals to freeze rents, far from delivering better outcomes, are in fact negative for tenants; resulting in reduced supply, a lower quality of maintenance and repairs and a more restrictive market which narrows access and choice. The policy focus should be on measures that will expand rather than restrict supply.

4. Make the case for compact growth

The incoming government should undertake a public education campaign which makes the case for compact city growth, clearly setting out the societal and economic case for change, made even more urgent by the onset of climate change. A more informed public understanding of the positive benefits of compact growth is necessary to build and sustain public support for this approach.



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5. Achieve net zero carbon

The Paris Climate Agreement represented a turning point in efforts to tackle climate change, with a commitment to limit increases in global temperatures and to decarbonise the global economy by the second half of this century. Every forward-thinking industry will make the move to operate at net zero carbon as soon as possible rather than waiting. The built environment accounts for approximately 40% of carbon emissions globally. If we can eliminate these emissions, buildings represent one of the greatest and most achievable ways to respond to the climate emergency facing us. To deliver this, we need clear targets for energy performance improvement.



Government needs to set clear targets for energy performance improvements across all forms of real estate. IIP

members are leading the way in setting new standards in energy performance in the construction and operational management phases of developments.

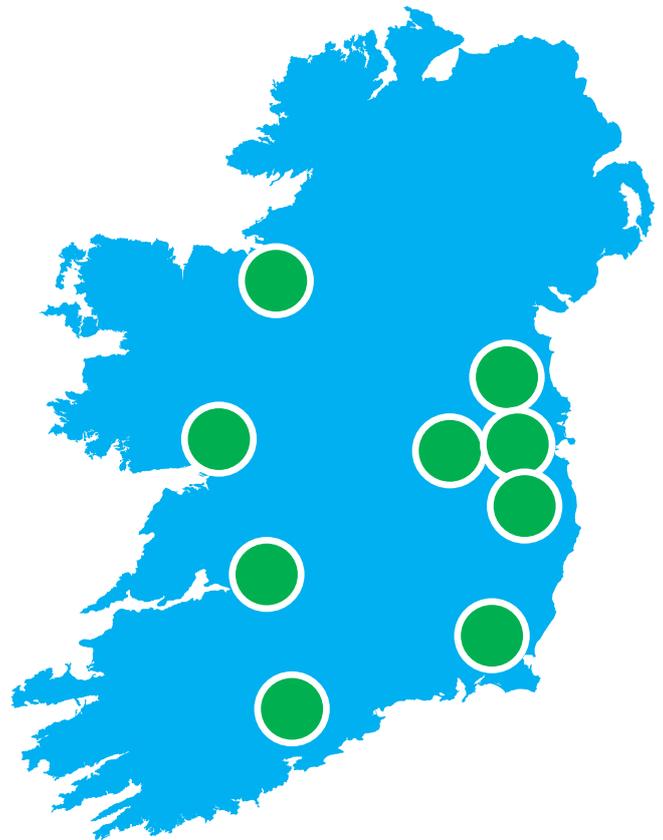
IIP commits to work with the incoming government and the wider sector on a clear roadmap with firm targets and timelines to move us as a sector towards net zero carbon emissions. Investors plan long-term and therefore need a clear roadmap.

Such a programme should include a comprehensive cost/benefit analysis to support the policy delivery.

Government needs to set clear targets for energy performance improvements across all forms of real estate. IIP members are leading the way in setting new standards in energy performance in the construction and operational management phases of developments.

6. Deliver balanced regional development and growth

IIP members are currently investing in the residential, office, retail and hospitality sectors in cities across Ireland. We are committed to proactively engaging with government and the relevant authorities to ensure a spatial distribution of growth.



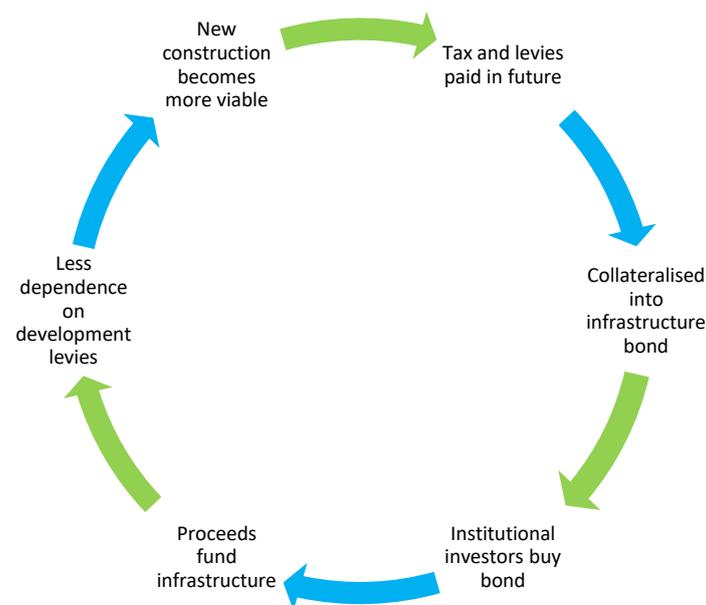
IIP stands ready to work with a government convened stakeholder forum to identify and overcome barriers to accelerated delivery of the Living City initiative to deliver a higher level of regeneration across our local centres of commerce. Such a forum could include in an expanded mandate, examining all options to help revitalise smaller regional towns to promote the development of sustainable “residential above commercial ground floor” uses and the development of “back land” sites in towns.

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7. Accelerate infrastructural development

We need to expand the range of funding options to deliver key infrastructure. One such option would be the creation of State backed bonds underpinned by the cash flows generated by future taxes and levies generated by fully developed commercial and residential sites.

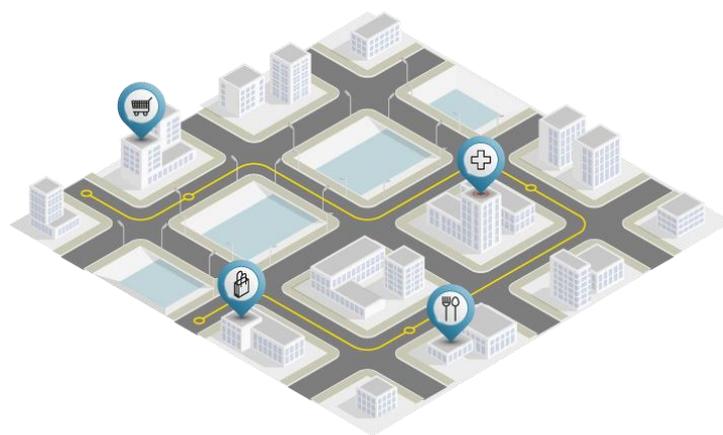
This could provide new funding to accelerate the development of sites that require large initial infrastructure investment, in addition to helping reduce construction costs.



More investment in better transport infrastructure is a critical factor in enhancing productivity, prosperity and quality of life at every level – national, regional and local. It also contributes significantly to the wellness of all inhabitants, which in turn assists in the retention of workforce talent and skills.

8. Evolution of planning

As a society the way we live continues to evolve at pace. It is important that planning policies evolve and that planners lead the change. IIP is committed to fostering thought leadership and innovation which moves Ireland to the forefront of debate on best practice and policy innovation.



9. Local impetus to change

We believe that place-making is most successful when it harnesses the dynamism of local communities and we support the devolution of decision-making to local representatives (including locally elected mayors). We also support the direct involvement of local communities in generating new ideas aimed at improving the public realm and the quality and supply of local housing.

For more information on these policy priorities please contact:

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