

Sharing is caring: the co-living concept in the Irish property market

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| The fast-evolving Irish property market

We have all seen the huge success that co-working has had in major cities - so should we be surprised to see that co-living is taking Dublin by storm? There is a significant shortage of available accommodation throughout major cities in Ireland and so any concept which has proven successful in supplying roofs over heads across the globe ought to be welcomed with open arms.

There is a strong appetite in the development land sector with a particular emphasis on developers seeking sites which can accommodate shared-living concepts or similar concepts which permit higher bed spaces in more condensed areas. Developers are keen to diversify their portfolios in an ever-changing property market and in this regard we have seen the rise of the buy-to-let ("BTL") market.

What is buy-to-let?

Put simply, BTL typically involves investing in property with the expectation of capital growth on one hand and the rental income from tenants covering the developer's debt and any outgoings relating to the property on the other. These medium to long-term plays are becoming more common and are setting the trend for the way in which Ireland's property market will need to adapt.

Is co-living the answer?

Co-living is an asset class which combines private living spaces with shared communal facilities in prime urban locations. Picture five-star student accommodation for millennials. One of the biggest drivers of the co-living concept are the young renters - in particular, young non-Irish renters. A recent survey carried out by Owen Reilly Estate Agent highlighted that just 8% of renters in Dublin's Docklands are Irish. With employment by foreign direct investment companies such as Facebook

and Google playing a major role in this shift, Dublin has experienced a dramatic influx of young high-earning workers who want to live close to the office and even closer to their Green Matcha Latte coffee shop. And they are willing to pay top dollar for the privilege.

Co-living does not fall in to the same bracket as Airbnb and lettings typically range from 6 months to 2 years with 2 bed apartments usually starting from €3,000 including amenities. The shared living concept provides flexibility for the tenant in its tenure and adds in an element of social interaction with their co-tenants. The co-living model is here to stay and developers are rubbing their hands with glee with the demand for the concept and the forecasted high yield on investment. The developer also holds on to the reversionary interest in the property so that it can cash in on its asset at any point.

Co-living is a concept that has been driven by social behaviours and one that caters for a new generation's housing preference. It is yet another example of the ever-evolving Irish property market.

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