

KGAL Core 5 LIFE acquires fully let residential portfolio in Dublin

Grünwald, 22.02.2024 - KGAL Core 5 LIFE, one of the few Article 9 residential real estate funds with a European focus, has acquired a portfolio in Lucan, County Dublin, consisting of three residential buildings with 104 units. The properties, which were built between 2020 and 2022, have a total lettable area of 8,882 square metres. The attractive purchase price multiplier of the off-market deal appropriately reflects the current interest rate level.

Ireland has had the strongest growth rates in the eurozone in recent years, and Dublin is the economic heart of the country. The capital attracts financial service providers as well as major tech and pharmaceutical companies from all over the world. In the coming years, Dublin is expected to achieve a 2 percent p.a. growth in employment – the highest rate in the EU. Around 90,000 new jobs are expected to be created in the Irish capital by 2027. The resulting influx and demand for housing will be correspondingly high, while supply remains scarce.

“In addition to the expected increase in rental income, there is a realistic potential for our new-build portfolio to increase in value thanks to the favourable conditions,” explains André Zücker, Co-CEO of KGAL and responsible for transaction management, adding: “At the same time, the letting risk is low.” For KGAL Core 5 LIFE, this is the second acquisition in a dynamic metropolis in the current favourable market situation. According to André Zücker, “Our 2023 investment in Málaga, southern Spain, even exceeded our expectations.”

Coveted living space

The three residential buildings in Lucan near Dublin are practically 100 percent let, with units only falling vacant for short periods due to tenant turnover. The majority of tenants are under 40 years old, many of them working for tech companies such as Apple, Intel or Microsoft. They appreciate the buildings’ modern facilities, the first-class infrastructure with daycare centres, local amenities and leisure facilities, as well as the proximity to Dublin city centre. Moreover, the rents are moderate for this sought-after location.

Rent levels, infrastructure and accessibility all add to the properties’ ESG score, and the entire residential portfolio achieves the highest rating of “A” for energy efficiency. The buildings have excellent thermal characteristics and some of them are equipped with solar panels and heat pumps. The three properties therefore have a positive impact in various respects.

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Meticulous search pays off

Following the sharp rise in interest rates over the past 24 months, the European housing market has yet to rebalance. “However, those who meticulously scrutinise offers throughout Europe, as KGAL does, can track down some highly attractive properties for investors that can compete with fixed income and other investment alternatives,” comments Florian Martin, Co-CEO of KGAL and responsible for Business Development. “We are very satisfied with the purchase in Dublin and already have a number of other European properties under review. Following the strong start to our KGAL Core 5 LIFE, we have seen growing interest from investors and are planning the next fund closing in the coming months.”

The seller of the property portfolio was TPG Angelo Gordon and their local partner Carysfort Capital. KGAL was advised on the transaction by William Fry (legal and tax) and Hollis (technical and ESG).

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KGAL is a leading independent investment and asset manager with an investment volume of more than 16 billion euros under management. Its investments focus on long-term real capital investments for institutional and private investors in real estate, sustainable infrastructure and aviation. The group, which operates throughout Europe, was founded 56 years ago and is based in Grünwald near Munich. 353 employees contribute to achieving sustainably stable returns, taking into account return and risk aspects (as of 31 December 2022).

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