

Ireland Rental Update, Q3'23: *Slight Easing*

In our last report, we talked about a multitude of facts and figures, which depending on where one looked, could indicate a market getting better or worse. We stated that those 'with an optimistic demeanour' would point to Dublin and Cork cities, where rental inflation had cooled for the first time in many years. However, we also pointed out that 'those of a more pessimistic nature' would state that while availability of properties to rent in the centre of Dublin had improved, it was still at less than 20% of what a city of Dublin's size and economic importance should be. And so it continues! Availability has certainly eased a little, but it's a little like adding a second or perhaps third drop in the bucket, the impact is negligible. While there have now been seven months during which availability of rental homes has improved year-on-year, Dublin has been the only real beneficiary, and in a minor way. Indeed, the entire island of Ireland remains in dramatic deficit when it comes to high quality affordable rental accommodation.

"By any objective measure, the number of homes on the rental market for a country with at least 330,000 households in the private rental market (April 2022 Census) is far too little."

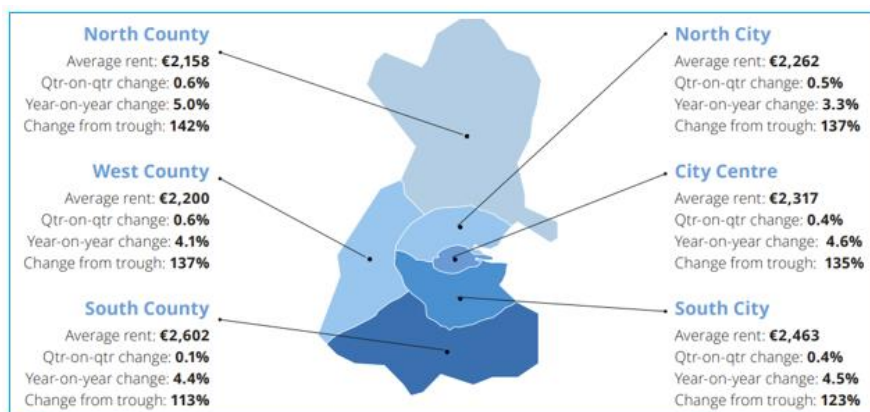
As Corporate Care try to forecast what demand might be like as we move into 2024, we can only conclude that even the slightest upturn in the economy (an economy that is already one of the strongest in the world) will drive increased demand which would eradicate instantly the very marginal improvements we are seeing. We agree with market commentators who state very plainly that while there is indeed a small increase in availability, it remains drastically too low and only serves to somewhat hide a continuing crisis.

Across the 54 markets covered by Daft.ie in their quarterly rental report, market rents were on average 8% higher in the third quarter of 2023 than a year previously. While still a high rate of inflation, it is the slowest pace of increase since the third quarter of 2021 and about half the rate of inflation seen in mid-2022. The slowdown in annual inflation is driven by Dublin, where it fell to just 4.3% in the third quarter, compared to a rate of 11.5% seen elsewhere in the country. While rents in Connacht-Ulster are up 12% since the start of the year, in Dublin they are up just 1.3%. We can therefore conclude that even in an era of high inflation and cost of living, average inflation in the Irish rental market continues to outpace all other inflation statistics, not something that makes a move to Ireland easy or affordable.

Corporate Care's view:

- Continued focus is required on forcing landlords, through legislation and/or fines, to either sell or utilise empty properties. Government data from 2022 suggests that there are 166,000 vacant accommodation units in the state and that 48,000 of these have been vacant for six years or more. This is not a tenable situation.
- We continue to estimate that for every advertised property, there are two more available. This puts a huge onus on Corporate Care to utilise our network of property sources effectively.
- The government must not let up on finding ways to encourage property owners to stay in the rental market.

Dublin market data:



Stock to rent almost trebles

There were almost 1,000 homes available to rent in Dublin on November 1st, compared to fewer than 350 on the same date a year previously - but still below the 2015-2019 average of almost 1,500.

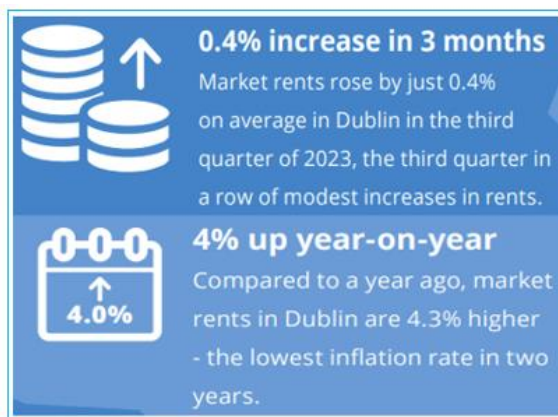
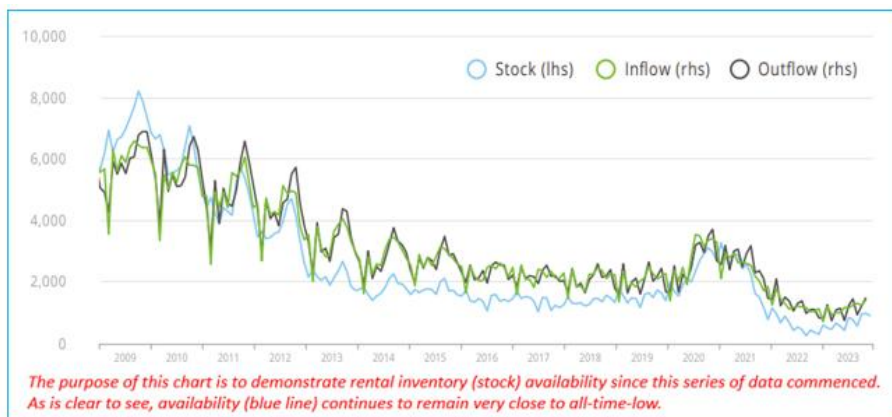
6%

Room rents up 6%

The cost of renting a room in Dublin was just under 6% higher on average in the third quarter of 2023 than a year earlier.

Source: The daft.ie Rental Price Report 2023 Q3. Note that in Corporate Care's view, for higher quality properties, 15% to 20% should be added to quoted averages.

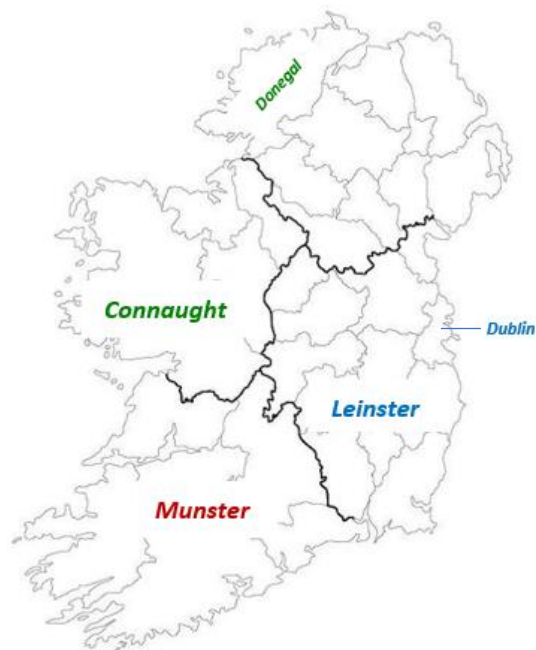
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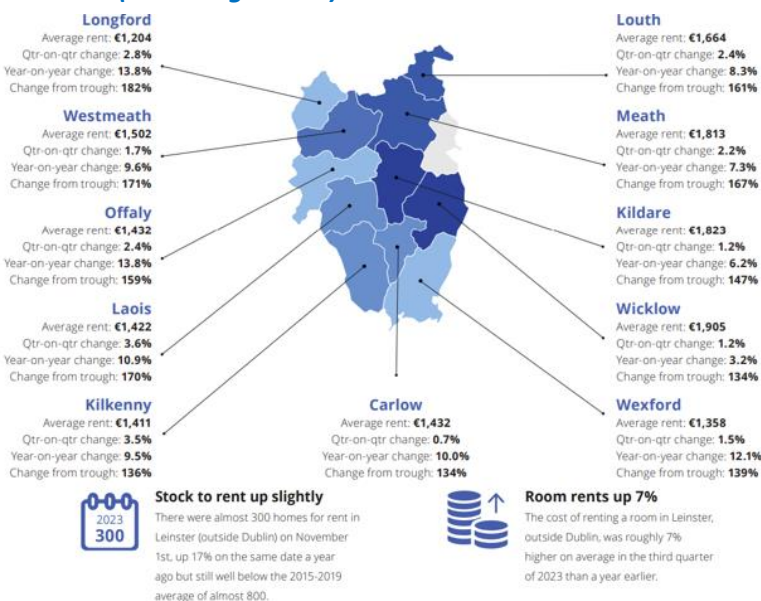
Source: The daft.ie Rental Price Report 2023 Q3.

Rest-of-Ireland Data:

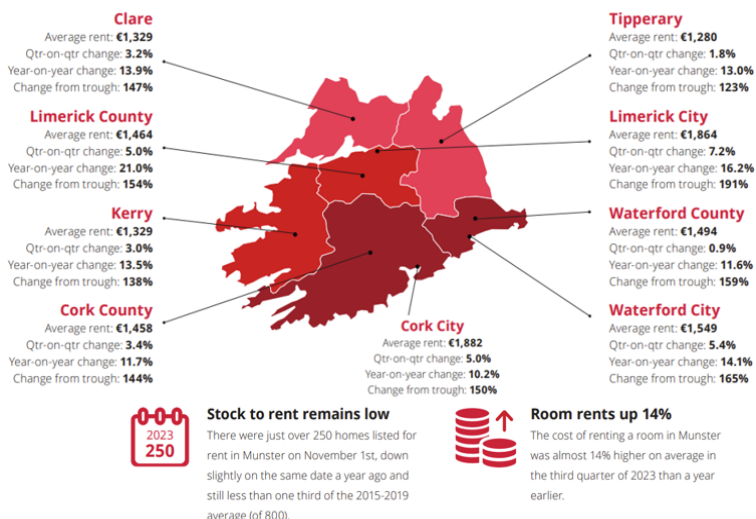
Market rents in the first quarter of 2023 were, on average across the country, 8% higher than a year previously. Inflation of 8%, where government policy has been to try to keep it below 4%, indicates the relentless nature of the growth in rental prices. Also of recent interest, research output from the RTB (Residential Tenancies Board, a body that maintains a register of residential tenancies and provides a dispute resolution service for tenants and landlords) states that 83% of tenants surveyed were 'positive/very positive' about renting their current property. Also, of interest, that the median amount spent on rent by tenants surveyed (excluding bills, service charges etc) was 30% of monthly net income (after tax). Both outputs were in line with similar research published in 2021.



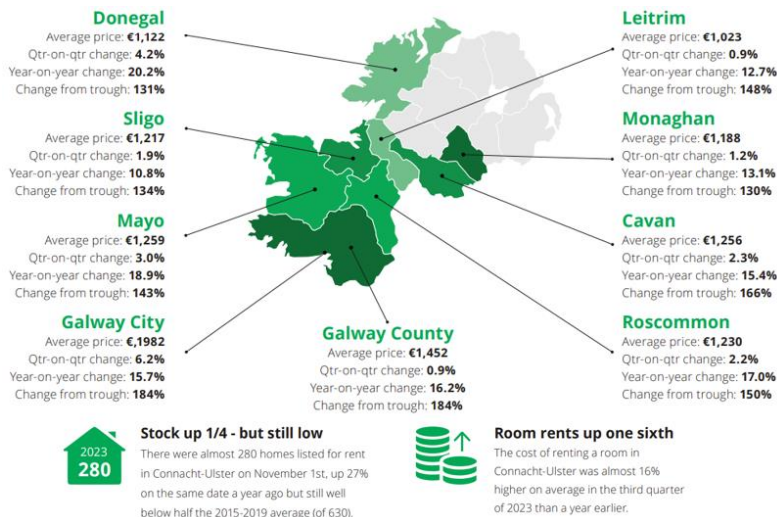
Leinster (excluding Dublin)



Munster



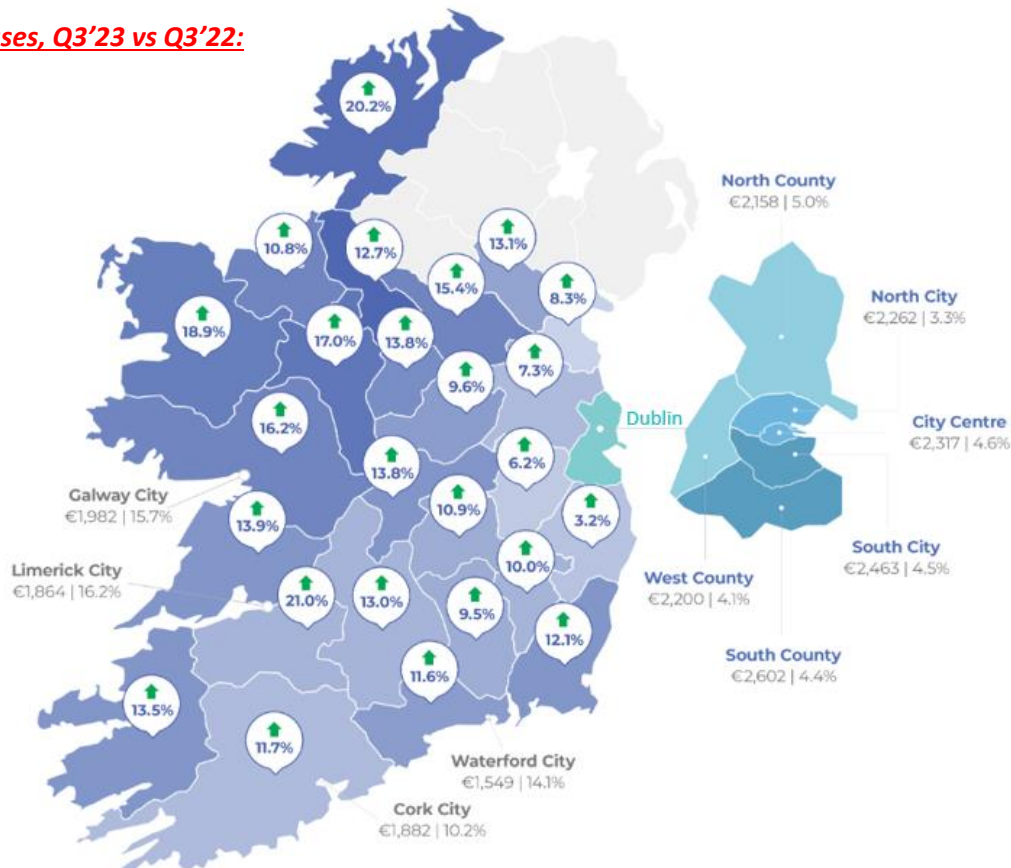
Connaught & Donegal



Source: The daft.ie Rental Price Report 2023 Q3. Note that in Corporate Care's view, for higher quality properties, 15% to 20% should be added to quoted averages.

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Nationwide rent increases, Q3'23 vs Q3'22:



Source: The daft.ie Rental Price Report 2023 Q3. Note that in Corporate Care's view, for higher quality properties, 15% to 20% should be added to quoted averages.

Important items to note in the current market:

- The '40% rule' has now generally become the '45% rule' and is implemented by most property agents across the country. This 'rule' states that a monthly rental payment may not be more than 45% of net monthly salary. While a welcome increase from 40%, it is purely a result of a slight ease in availability and landlords'/agents' desire to ensure properties are fully occupied.
- **Pets:** Bringing a pet rules out 85%+ of an already very low supply. Clients moving with pets will be lucky to have 1 or 2 options to choose from and should seriously consider the implications of bringing a pet with them.
- **The days when a client might view 7 or 8 or more properties for the purpose of comparison are over** and will not return until supply in the market dramatically increases. In our view this will only happen in the event of major new supply (unlikely) or an economic recession. Our team will research the market based on the agreed criteria and present the best possible options to match these criteria and the client's ability to pay.
- Such is the huge demand for properties, clients will often be required to decide on a property they have viewed more or less immediately. This can often be stressful.
- For employers or RMCs conducting housing needs analysis for employees moving to Ireland, we recommend that this is curtailed to simply understanding the number of bedrooms, preferred location, and budget. Asking questions on property aspect, balconies, design etc. is unrealistic in the current market (except for very high-end properties). Expectations must be carefully and realistically managed.
- Note that the situation with availability of **Short-Term / Temporary Accommodation, while it has eased remains challenging**. Corporate Care have added some additional Temporary accommodation units to our portfolio, please contact us for details.

About this report:

This report is compiled quarterly by Corporate Care and is distributed to our business partners. Much of the data in the report is extracted from the daft.ie Rental Price Report, which is issued quarterly, 6 to 8 weeks after quarter close. It is important to note that the daft.ie data cannot include every rental property on the Irish market, just those properties which are advertised on daft.ie. However, the data and market trends represented by the daft.ie data very ably demonstrate the current very challenging situation with the Irish Rental Property Market.

The commentary in the report is compiled by Corporate Care and is based for the most part on our own market knowledge and observations, though we may also include comments from daft.ie and from other trusted sources. If you have any questions based on the information presented or would like to make any comments about the report, please contact info@corporatecarerelocation.com.