



Ireland Rental Update, Q1'23: *Little Comfort*

In our March 2023 report, we highlighted a continuing rental crisis in Ireland, in fact we look forward to writing a report where we discuss improvements in market conditions but anticipate that we are a number of years perhaps from that event. In the Irish rental market, it appears that just as one crisis eases another erupts. The Dublin market has seen approximately 3,000 new properties come onto the market in the last 6 months (primarily build-to-let properties) however approximately the same number of properties have been withdrawn from the market as owners rebel against government-imposed restrictions and avail of buoyant sales prices. Some sales agents in the capitol are reporting that close to 50% of the properties they are currently offering for sale are ex-rental properties. Yet again therefore we are obliged to state the obvious, that the indisputable evidence from the rental market in Ireland, reaffirmed in very clear terms by the latest data, is that **the Irish market is chronically starved of properties**. For over a decade now, the rental market has been characterized by worsening availability and, as a consequence, higher and higher rents."

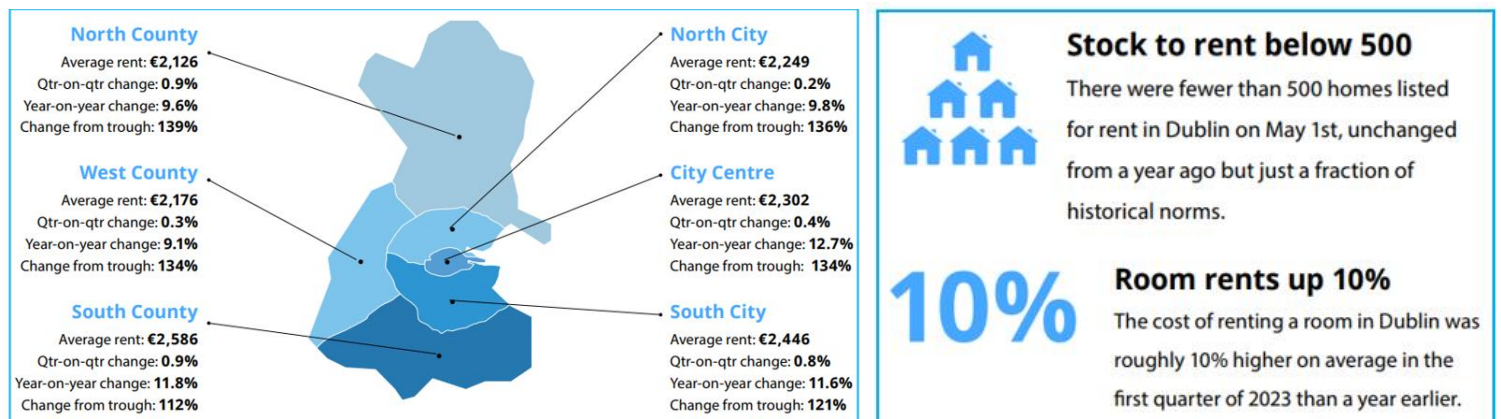
"Worsening availability and, as a consequence, higher and higher rents."

Another feature of the Irish rental market is the paucity of reliable and objective data (data from daft.ie being the only independent source). For instance, there is no currently reliable source that measures properties coming onto the market vs properties being withdrawn and while we expect this will be rectified by the end of the year we are currently somewhat in the dark. What can now be reliably estimated, albeit that the data is very late, is that in the second half of 2022 the rental segment lost approximate 7,000 units nationwide, primarily due to landlords exiting the market. While significant numbers of new properties came onto the market during the same period, primarily in Dublin, the net nationwide reduction in stock was approximately 4,400 properties. A chink of light however, this is the fastest rate at which new rental homes have been coming onto the market in almost two decades and we are confident that this trend will continue. The new emerging problem is how to retain existing properties in the market at the same time which will frankly come down to devising ways to help owners and landlords believe they are receiving a fairer deal.

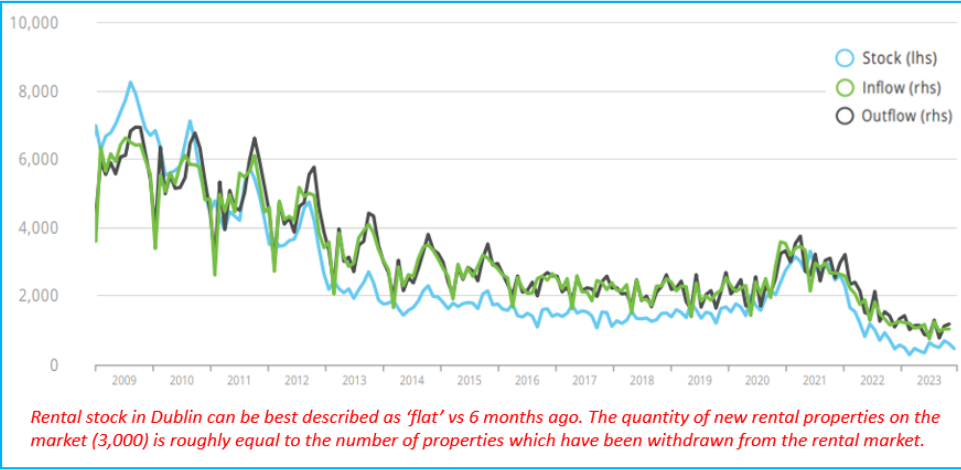
Corporate Care's view:

- As advertised properties are attracting literally thousands of responses, owners and agents are increasingly 'networking' (with Corporate Care for example) to place properties, a much easier route to market. We estimate that for every advertised property, there are two more actually available. This puts a huge onus on Corporate Care to utilise our network of property sources effectively.
- We applaud daft.ie for the consistency with which they issue data and the care they put into compiling it. They remain the sole independently available thorough data source for the whole Irish rental accommodation market.
- We look forward to improved government published data which as mentioned should be available later this year.
- Rent controls, while well intentioned, have through there method of implementation, had a disastrous effect on the supply of rental homes.
- Covid-era ban on evictions has been very recently lifted. We will report in our next update how this has impacted the rental market; we anticipate it will be a significant disruptor.

Dublin market data:



Source: The daft.ie Rental Price Report 2023 Q1. Note that in Corporate Care's view, for higher quality properties, 15% to 20% should be added to quoted averages.



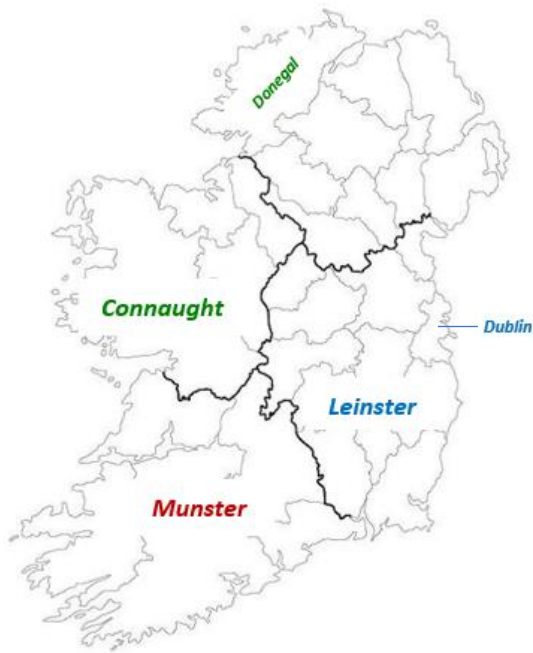
11% up year-on-year
Compared to a year ago, however, market rents in Dublin remain 11.2% higher - the fifth quarter in a row of double-digit increases.

0.5% increase in 3 months
Market rents rose by just 0.5% on average in Dublin in the first quarter of 2023, compared to an average of almost 3% during 2021 and 2022.

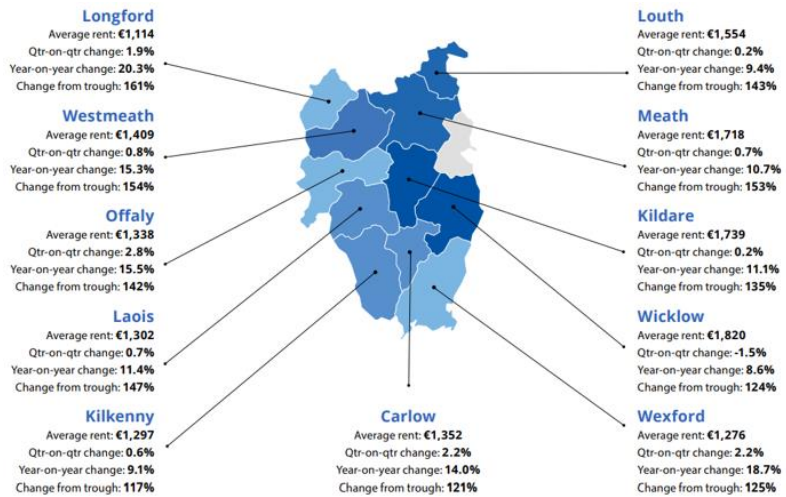
Source: The daft.ie Rental Price Report 2023 Q1.

Rest-of-Ireland Data:

Market rents in the first quarter of 2023 were, on average across the country, 11.7% higher than a year previously. Furthermore, this is the sixth consecutive quarter of double digit increases albeit at a slower pace of increase. Yet again, rents in Q1 were higher, compared to a year ago, in all 54 markets covered in the Daft.ie Report. Business groups continue to be extremely vocal at the impact the housing crisis is having on their operations, with ongoing claims that it is constraining economic growth. As stated previously, Chambers Ireland said: "the greatest challenge facing small and medium enterprises (SMEs) is the lack of available talent, driven by affordable and appropriate housing being unavailable across most of the country".



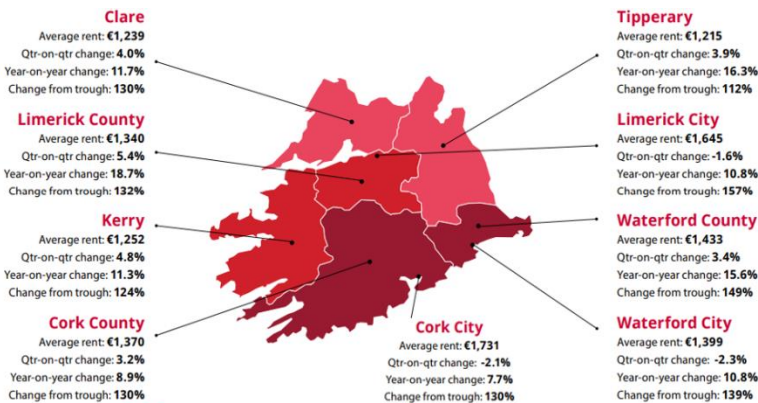
Leinster (excluding Dublin)



Stock to rent up slightly
There were 184 homes listed for rent in Leinster (outside Dublin) on May 1st, up from an all-time low of 132 a year ago but just one quarter of the 2015-2019 average.

Room rents up 14%
The cost of renting a room in Leinster was roughly 14% higher on average in the first quarter of 2023 than a year earlier.

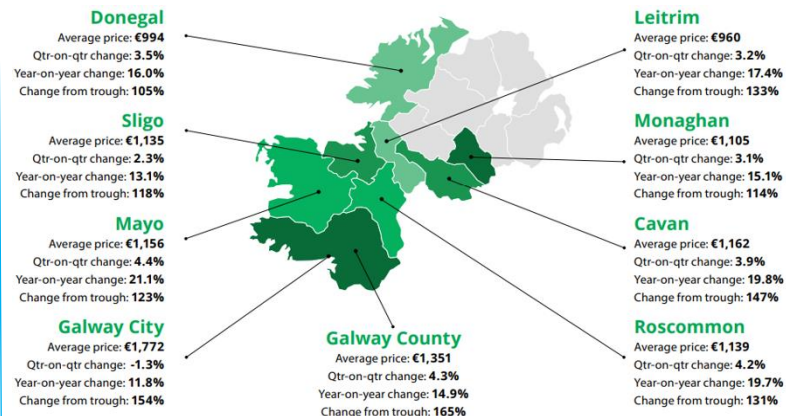
Munster



Stock to rent at new low
There were just 125 homes listed for rent in Munster on May 1st, down slightly on the same date a year ago and a new record low in a series that goes back to the start of 2006.

Room rents up 17%
The cost of renting a room in Munster was roughly 14% higher on average in the first quarter of 2023 than a year earlier.

Connaught & Donegal

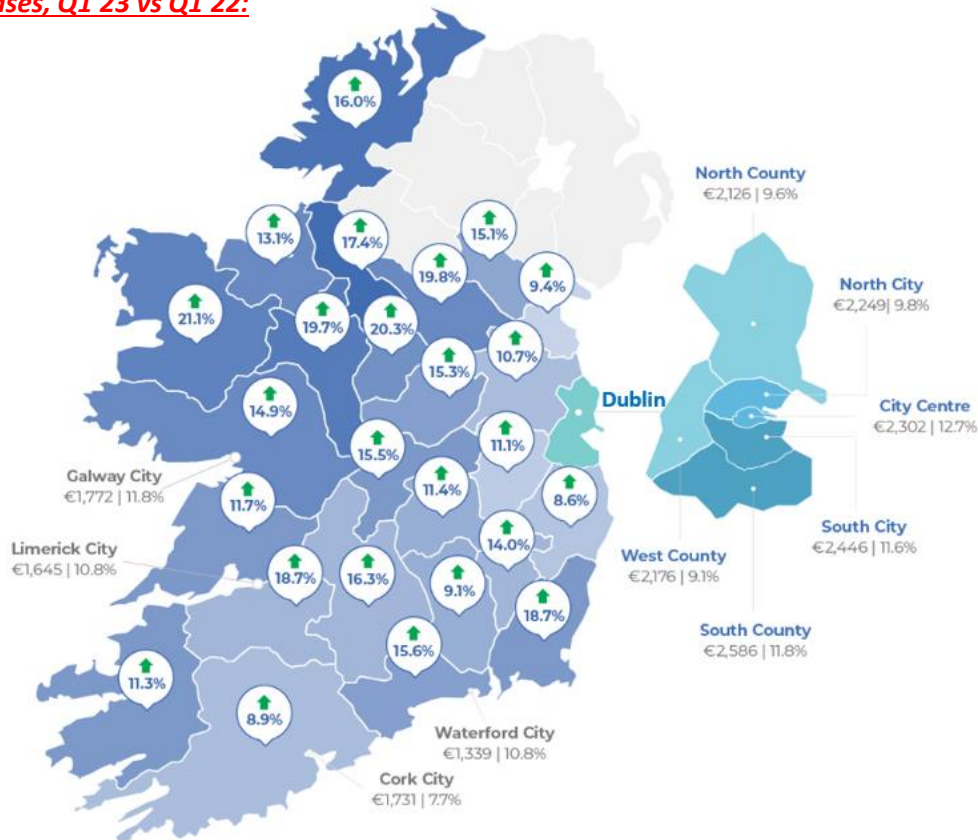


Stock to rent up slightly
There were 183 homes listed for rent in Connacht-Ulster on May 1st, up from just 126 on the same date a year ago but still just one quarter of the 2015-2019 average.

Room rents up one fifth
The cost of renting a room in Connacht-Ulster was almost 20% higher on average in the first quarter of 2023 than a year earlier.

Source: The daft.ie Rental Price Report 2023 Q1. Note that in Corporate Care's view, for higher quality properties, 15% to 20% should be added to quoted averages.

Nationwide rent increases, Q1'23 vs Q1'22:



Source: The daft.ie Rental Price Report 2023 Q1. 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' is implemented by the majority of property agents across the country. This 'rule' states that your monthly rental payment may not be more than 40% of your net monthly salary. With continually rising rents, affordability of suitable accommodation is becoming an issue for many clients. As a result, sharing will become increasingly common. For families, a gross family income of €90k+ will be required to rent a good quality property.
- **Pets:** We have seen a significant increase in the number of people arriving with pets, usually dogs or cats. This subsequently 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 perhaps for very high-end properties). Expectations must be carefully and realistically managed.
- Note that the situation with availability of **Short-Term Accommodation (STA) remains extremely tight**. We recommend that STA is booked at the earliest possible date.

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, approximately 6 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@corporatarecare.ie.

CorporateCare