

To Let

Ireland Rental Update, Q4'22: *Nothing Changes*

In our last report in November, we highlighted a continuing rental crisis in Ireland where the situation in smaller regional towns was as bad as the major cities. Despite some turbulent times for the large IT employers (with significant redundancies), and a slowdown in global economies (although for Ireland, growth of circa 4.5% is expected in 2023), Ireland's accommodation situation has relentlessly continued to deteriorate. Yet again 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.**

"Ireland's private rental market remains chronically starved of homes."

Q4 2022 saw the second highest year-on-year increase in market rents, at 13.7% since the launch of the Daft Report in 2005. Fewer than 1,100 homes were advertised as available to rent on February 1st, 2023. This is largely unchanged on the number at the time of our last report, and down almost 22% on the figure available on the same date a year ago, when the market was already chronically under supplied. By contrast, between 2015 and 2019, a time when supply was very weak relative to demand, there were typically 3,800 homes advertised as available to rent at the start of February. The average for February 1st over the full period 2006-2021 was 8,500. This hopefully puts into context just how bad things are if there are only 1,100 homes advertised on the market on February 1st this year.

Since our last report, we have also observed that commentators are increasingly using blunt language to state that building apartments in Dublin is currently not a viable exercise given the market, labour, materials cost, and regulatory conditions that prevail.

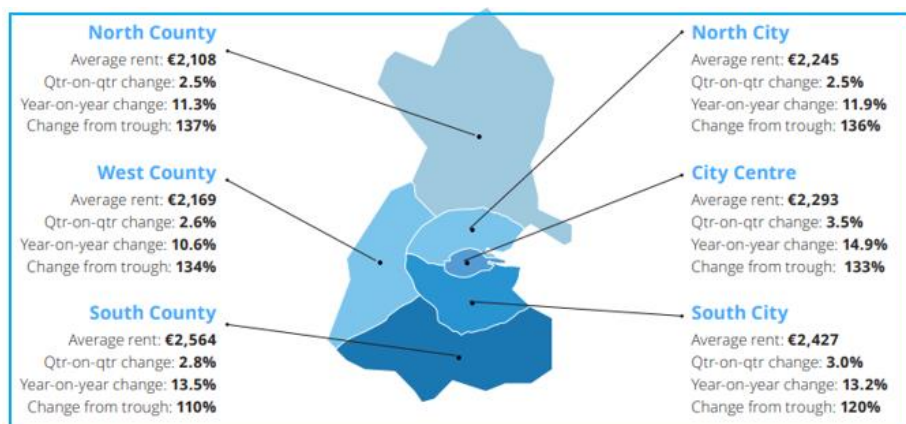
After our last report some commented that perhaps we were overly reliant on daft.ie, and that perhaps falling use of that website for advertising properties was driving an artificially pessimistic trend. However we can confirm that registrations of tenancies with the Residential Tenancies Board (RTB), which is legally mandated, exhibits an almost identical trend, with a close to halving in the number of listings/ registrations since 2016.

Corporate Care's view:

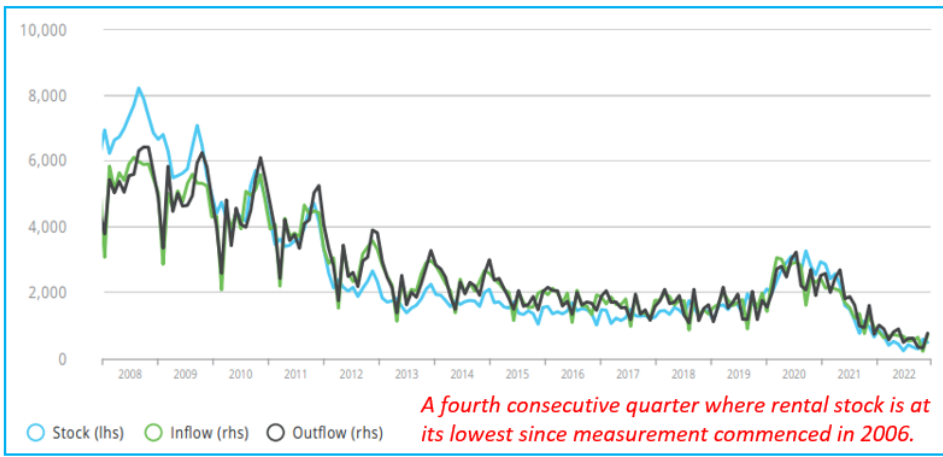
It is important to remember that daft.ie, while a very successful company, base their reporting solely on properties advertised on their platform. In Corporate Care's view, the number of advertised properties has reduced in recent quarters as advertised properties are attracting literally thousands of responses. As a result, **owners and agents are increasingly 'networking' (with the likes of CCR) to place properties**, it is simply a much easier route to market. What does this mean?

- It does not in any way diminish the validity of the trends presented by daft.ie (and borne out by RTB trends as stated) who present the only independently available data source for the Irish rental accommodation market.
- While not forensic by any means, **CCR estimates that for every advertised property, there are two more actually available.** This puts a huge onus on CCR to **utilise our network of property sources effectively.**

Dublin market data:



Source: The daft.ie Rental Price Report 2022 Q4. Note that in Corporate Care's view, for higher quality properties, 15% to 20% should be added to quoted averages.



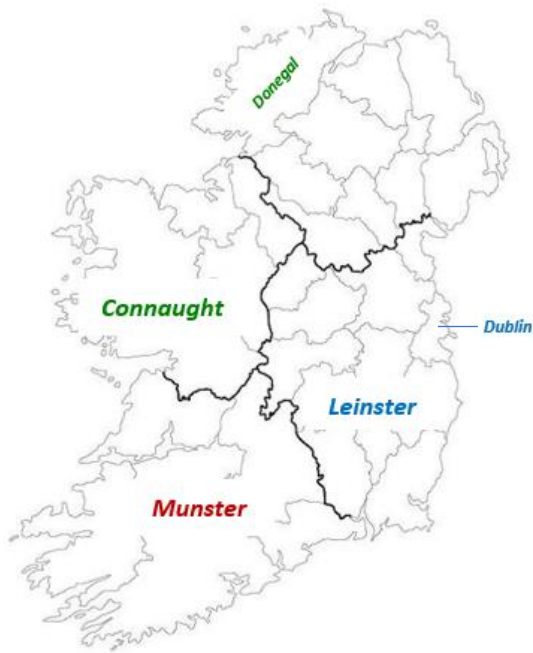
3% increase in 3 months
Market rents rose by 2.9% on average in Dublin in the final quarter of 2022, the six quarter in a row of gains of 2% or more.

13% up year-on-year
Compared to a year ago, market rents in Leinster are 13.1% higher - the second-highest rate recorded in the last eight years (after the third quarter of 2022).

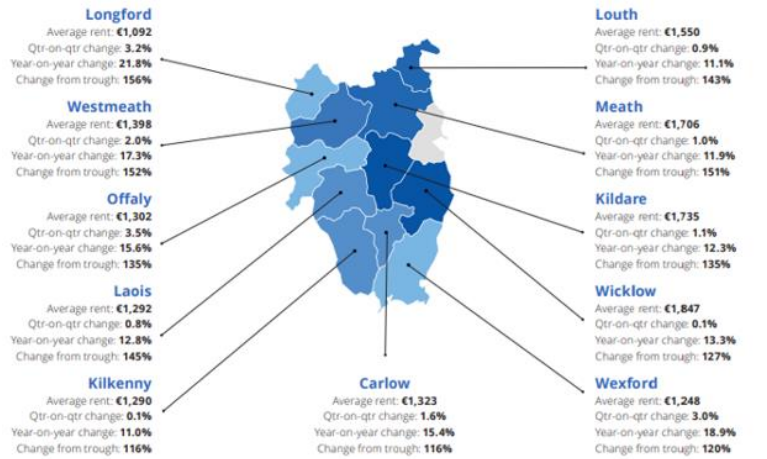
Source: The daft.ie Rental Price Report 2022 Q4.

Rest-of-Ireland Data:

As stated, market rents in the fourth quarter of 2022 were, on average across the country, 13.7% higher than a year previously. Rents are higher, compared to a year ago, in all 54 markets covered in the Daft.ie Report. In only one of the 35 markets shown below, County Cork (which excludes Cork City), was the annual increase below 10%. Business groups representing tens of thousands of firms across the country have hit out at the impact the housing crisis is having on their operations, with claims that it is constraining economic growth. 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".



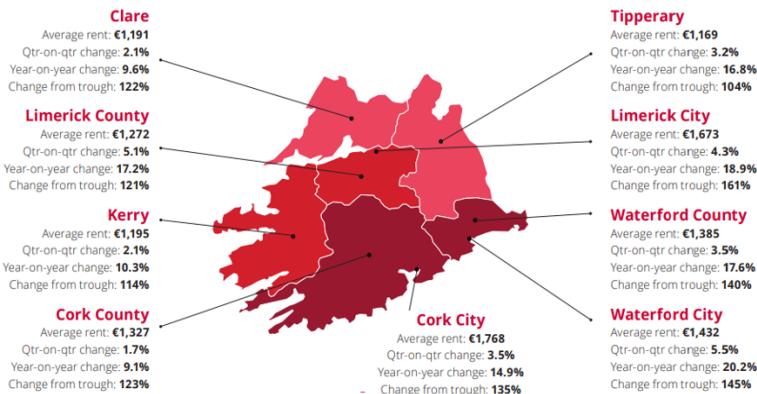
Leinster (excluding Dublin)



Volume of listings down 22%
There were almost 6,500 homes listed for rent in Leinster during 2022, down 20% on the total for 2021.

Room rents up 20%
The cost of renting a room in Leinster, outside Dublin, was 20% higher on average in the final quarter of 2022 than a year earlier.

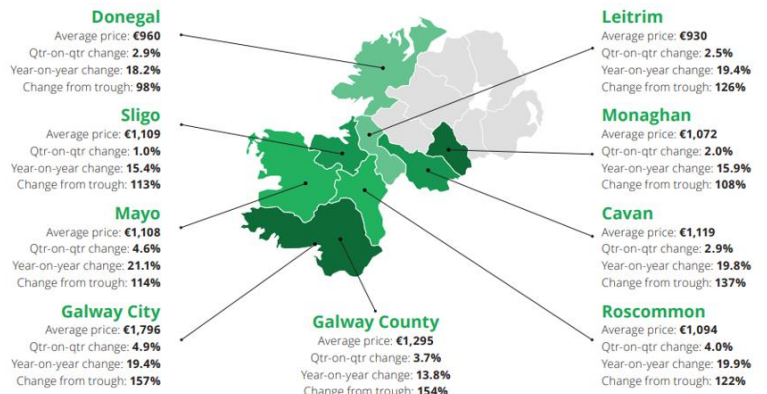
Munster



Volume of listings down 27%
There were just over 6,700 homes listed for rent in Munster during 2022, down 27% on the total for 2021.

Room rents up 13%
The cost of renting a room in Munster was 13% higher on average in the final quarter of 2022 than a year earlier.

Connaught / Donegal

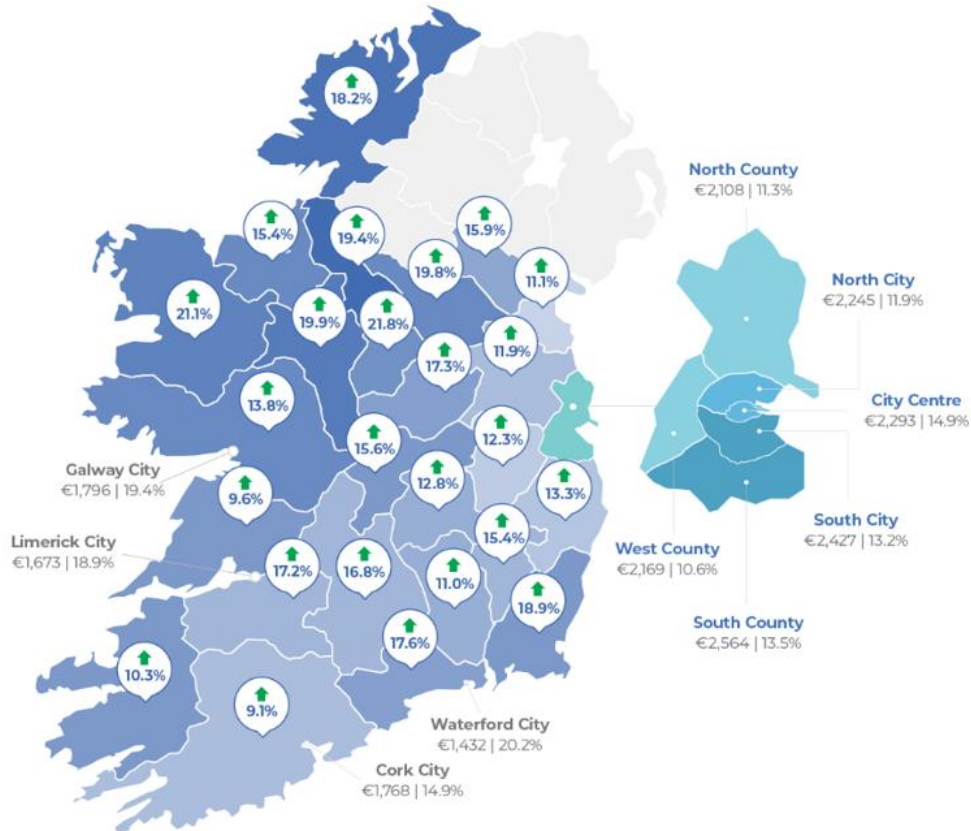


Volume of listings down 20%
There were almost 4,800 homes listed for rent in Connaught-Ulster during 2022, down almost 20% on the total for 2021.

Room rents soar
The cost of renting a room in Connaught-Ulster was almost 20% higher on average in the final quarter of 2022 than a year earlier.

Source: The daft.ie Rental Price Report 2022 Q4. Note that in Corporate Care's view, for higher quality properties, 15% to 20% should be added to quoted averages.

Nationwide rent increases, Q4'22 vs Q4'21:



Source: The daft.ie Rental Price Report 2022 Q4. 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. 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@corporatecare.ie.

CorporateCare