

# An Assessment of Property Level Rental Price Growth in Ireland

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Residential Tenancies Board - 20th Anniversary  
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# Agenda

1. Motivation
2. Data
3. Property Level Rental Growth Analysis
4. A Closer Look Around 2%
5. Conclusions

# Rent Index vs Property Level – when to use each tool?

- New annual reg. data collected since April 2022 permit far more in-depth analysis of sector

## Existing Tenancies Rent Index:

- Market level indicator – tells us how (standardised) average rent level in the market has changed from one year to the next
- Crucial indicator of overall PRS price developments
- Impacted by **both** individual property rent changes **and** churn in the market
- Uses all annual registrations – most comprehensive picture of average rents for sitting tenants
- But sample of properties differs every quarter – DOES NOT track individual property rents
- **Because of churn - would not expect Existing Tenancies Rent Index to grow in line with individual properties' growth**

## Property Level Analysis:

- Useful for policy analysis and to examine questions such as:
  - What is the average rent change seen by households? How does this vary in RPZ vs non-RPZ?
  - How many households see no change in rent? A 2% rise? Etc.
- But requires matching properties over time – more intensive – can only use properties seen 2+ times
- Does not capture churn in the market which impacts overall rent levels

# Example

These are all 2 bed apartments with sitting tenants in a similar part of Dublin:

Property	Year 1 (€)	Year 2 (€)	Property increase (%)
1	1,200	1,224	2
2	1,300		
3	1,500	1,500	0
4	2,100	2,142	2
5	1,750	1,750	0
6		1,600	
7	1,250		
8	2,200	2,244	2
9		1,550	
10	1,400	1,428	2
<b>Average</b>	<b>1,588</b>	<b>1,680</b>	<b>1.3%</b>
		<b>5.8%</b>	

Rent Index

Property level analysis

- The difference in the average rent levels is **5.8%**
- This is despite the fact none of the 6 properties seen in both years saw a rent increase above 2%
- Rent Index calculates change in (standardised) average rent levels
- At the property level rents grew on average by **1.3%**
- Rent Index impacted by **both** individual property rent changes **and** churn in the market (property entry & exit plus movement between new and existing segments)

# This Report

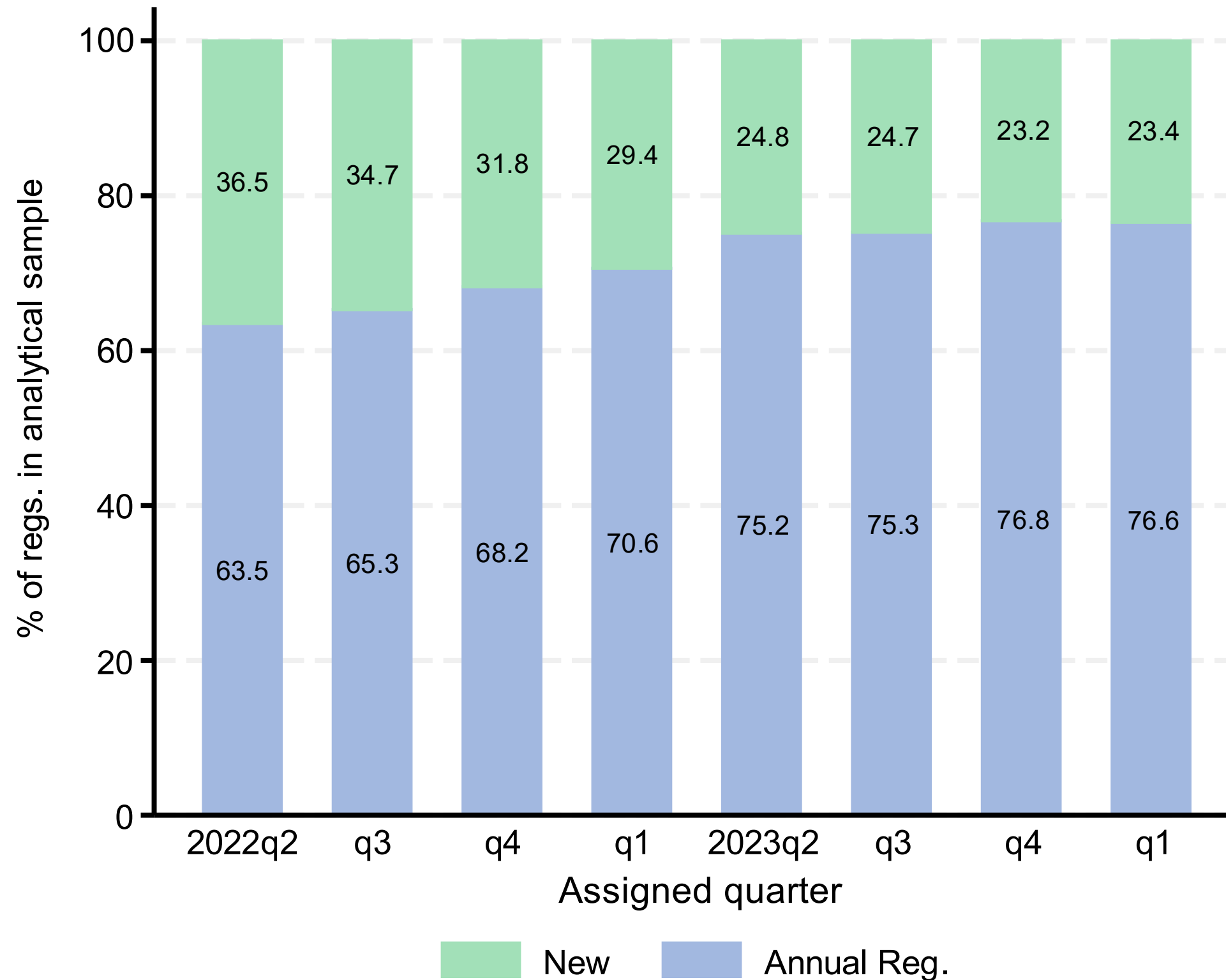
- Uses first 2 years of RTB annual registrations data to track individual properties over Q2 2022 to Q1 2024
- Can only calculate rent changes for properties seen at least twice over this period
  - 182,250 matched property pairs
- Analytical exercise: increases >2% in RPZs **do not** necessarily indicate non-compliance
  - Cumulative increases **are permitted** where landlord hasn't increased rent in previous years

## Research Questions:

- What is the average annual rent change faced by tenants?
- How many properties see no change? Up to 2%? 2-4%? Etc.
- How do rent increases differ for ongoing tenancies vs change in tenants?
- Differences across areas? e.g. RPZ, Dublin vs others

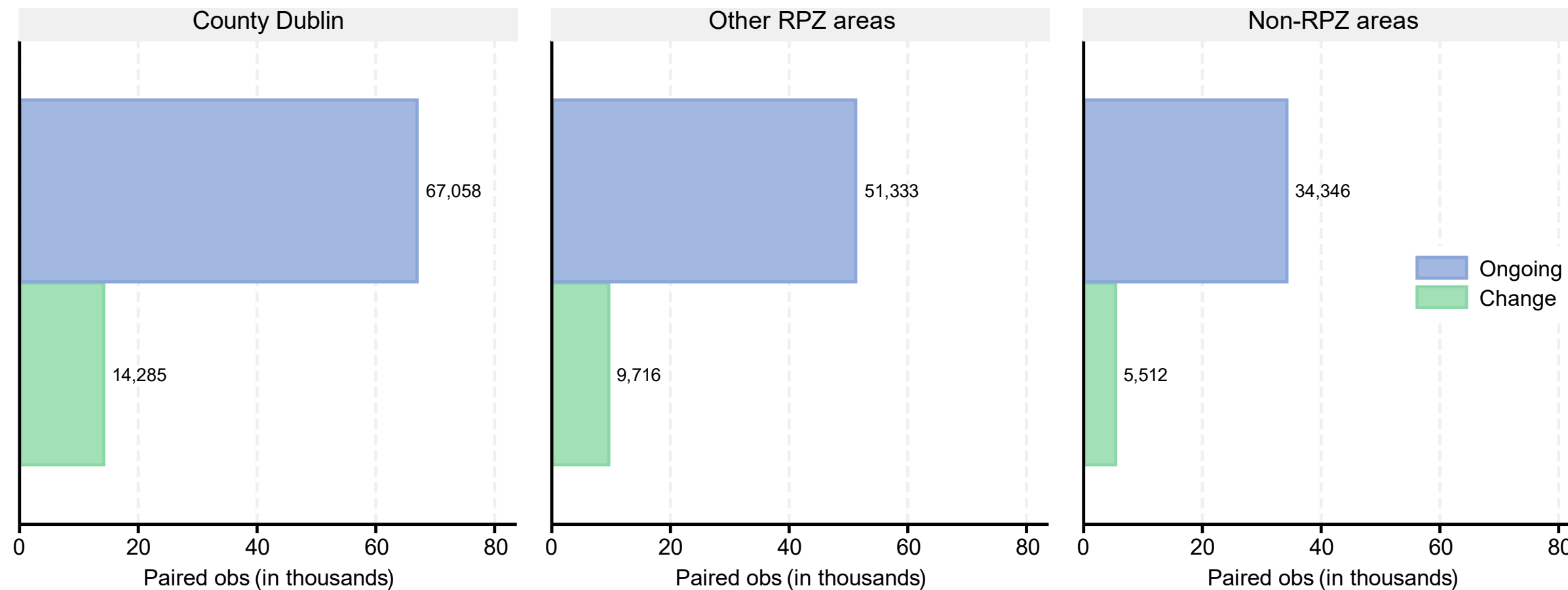
# Data

# Share of Total Registrations that are New vs Annual Reg.



- Share of annual registrations rose over this period
- Driven by both higher numbers of annual registrations and smaller numbers of new registrations in second year of annual reg. data vs first year

# Number of Matched Property Pairs by Area and Tenancy Type



- Need to match same properties over time
- 182,250 matched property pairs
- Nationally 84% ongoing vs 16% change in tenants
  - Dublin sees higher turnover share (18%)

NB. We split out RPZs into: (i) Dublin and (ii) other RPZs. Note we only include areas designated as RPZs for entire period of analysis i.e. those classified in late 2023/2024 are in non-RPZs.



# Rental Price Growth – Property Level Analysis

# How have Rents Changed at the Property Level?

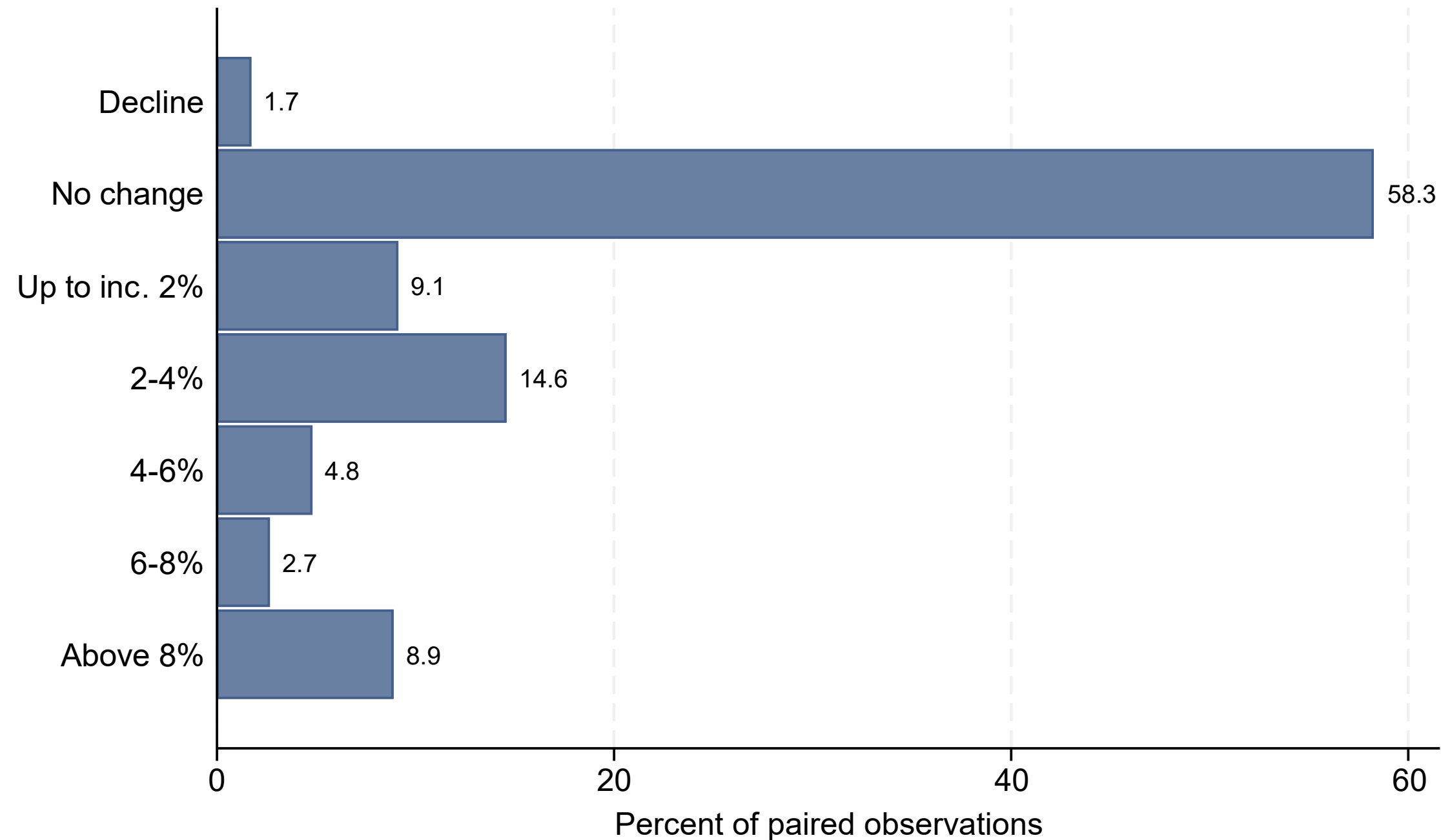
- We calculate rent changes that occurred between 1st and 2nd years of annual reg data collection only. Specifically:
  - Q2 2022 – Q2 2023
  - Q3 2022 – Q3 2023
  - Q4 2022 – Q4 2023
  - Q1 2023 – Q1 2024
- Caveat: analysis **cannot** identify non-compliance
- Increases >2% at a single point in time may legitimately occur in RPZs:
  - Cumulative rent increases permitted where landlord hasn't changed rent in previous years
  - Exemptions – substantial renovations
- Economic context important – period of high inflation, interest rate rises – results may differ for other periods

# Average (and Median) Y-o-Y Rent Change (%)



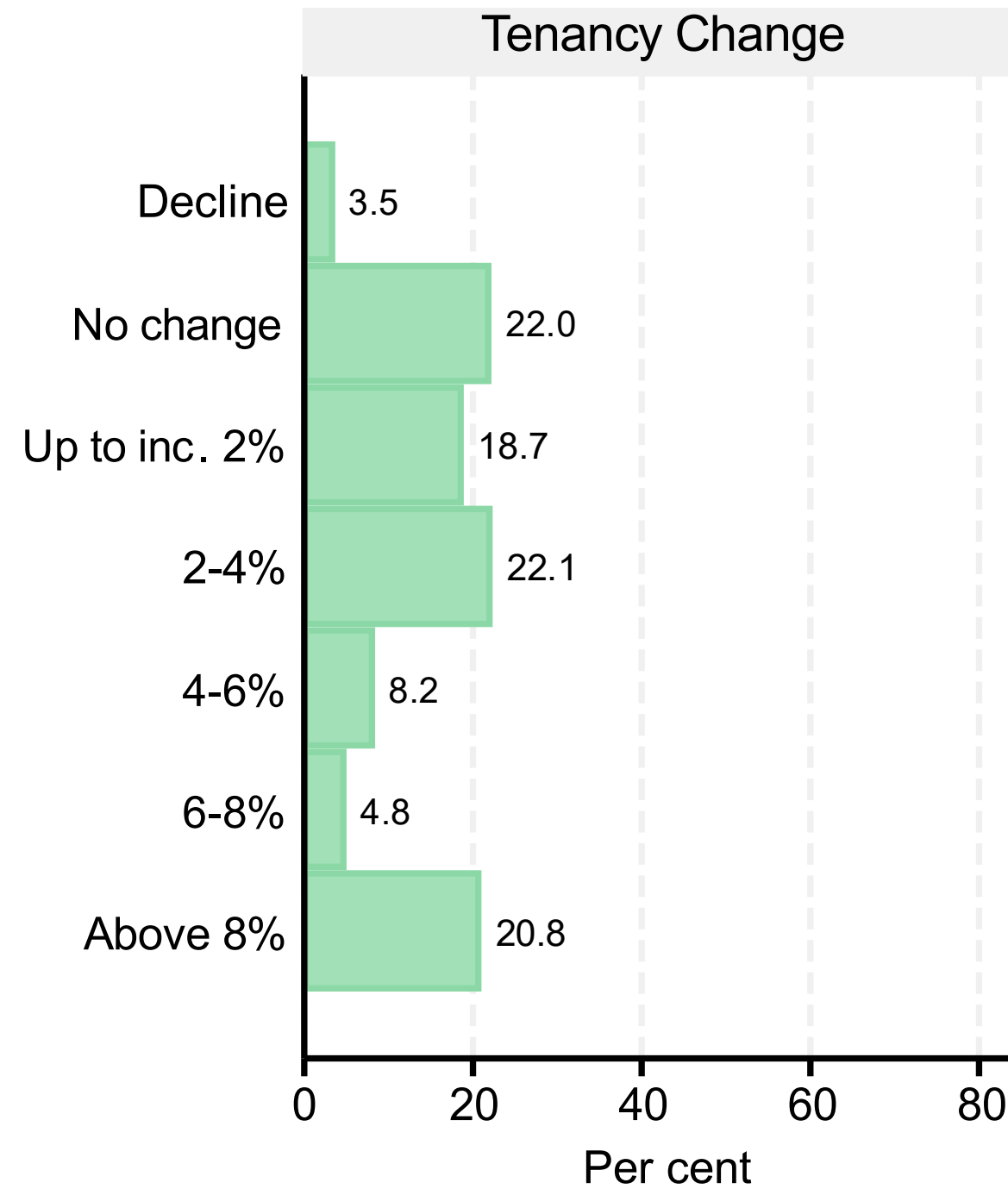
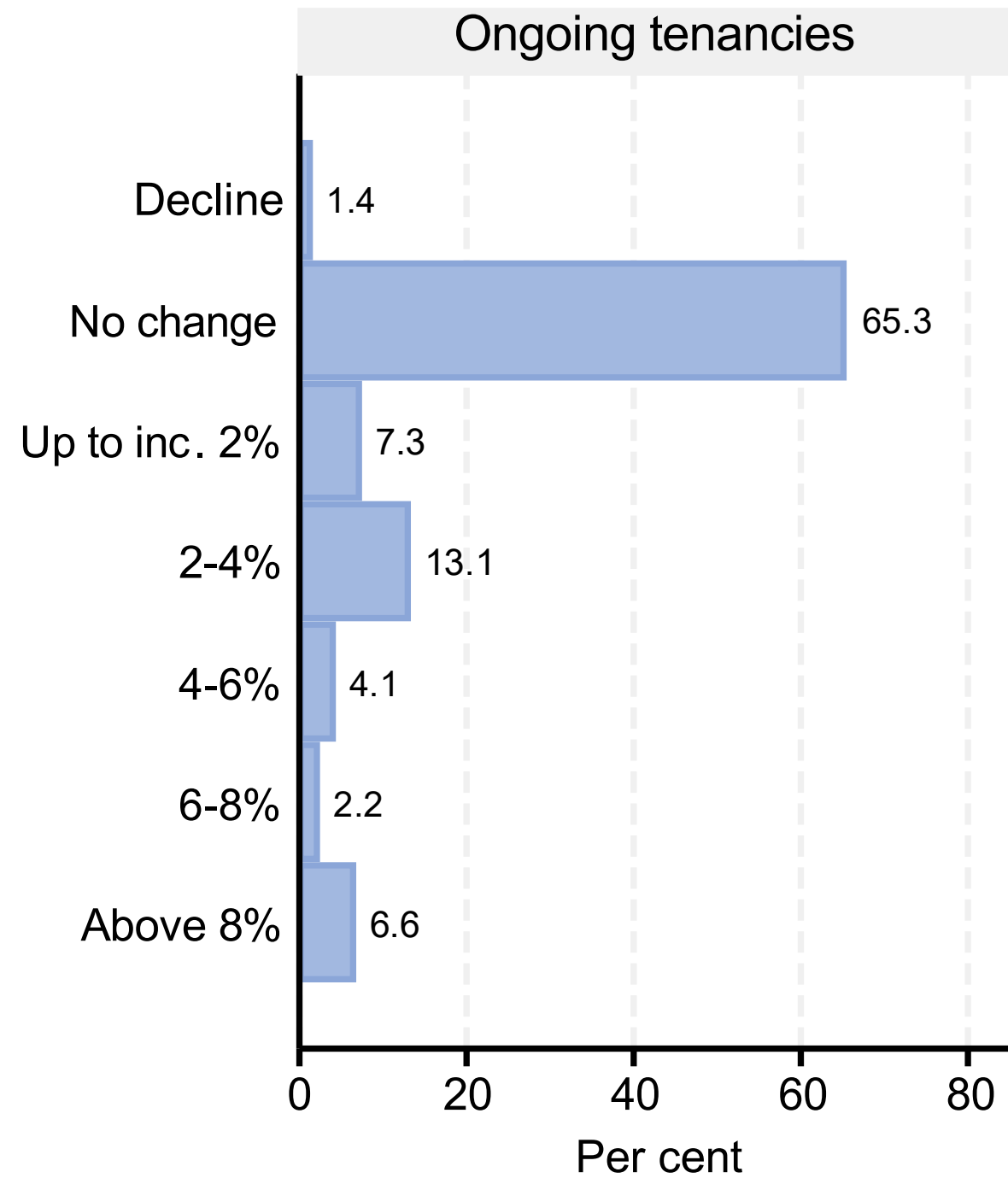
- Nationally property level rents grew by an average of 2.6% per year
- Year-on-year rental growth fell over the period: highest increases for properties seen between Q2 2022 and Q2 2023 (2.7%) and lowest for those seen between Q1 2023 and Q1 2024 (2.3%)

# Annual Rent Change Bands (%) - National



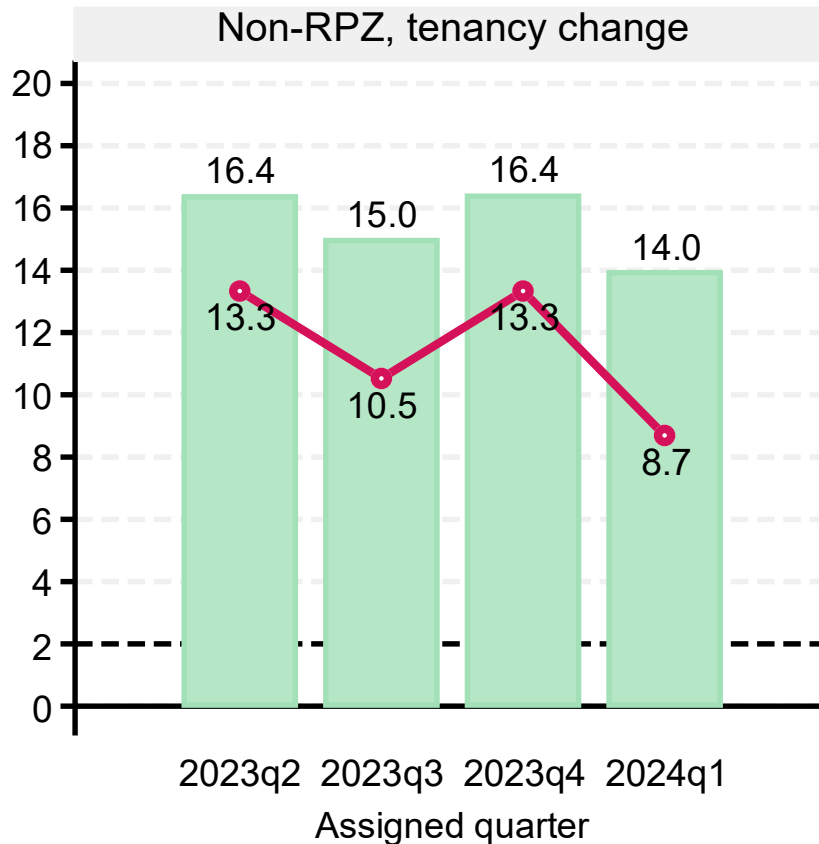
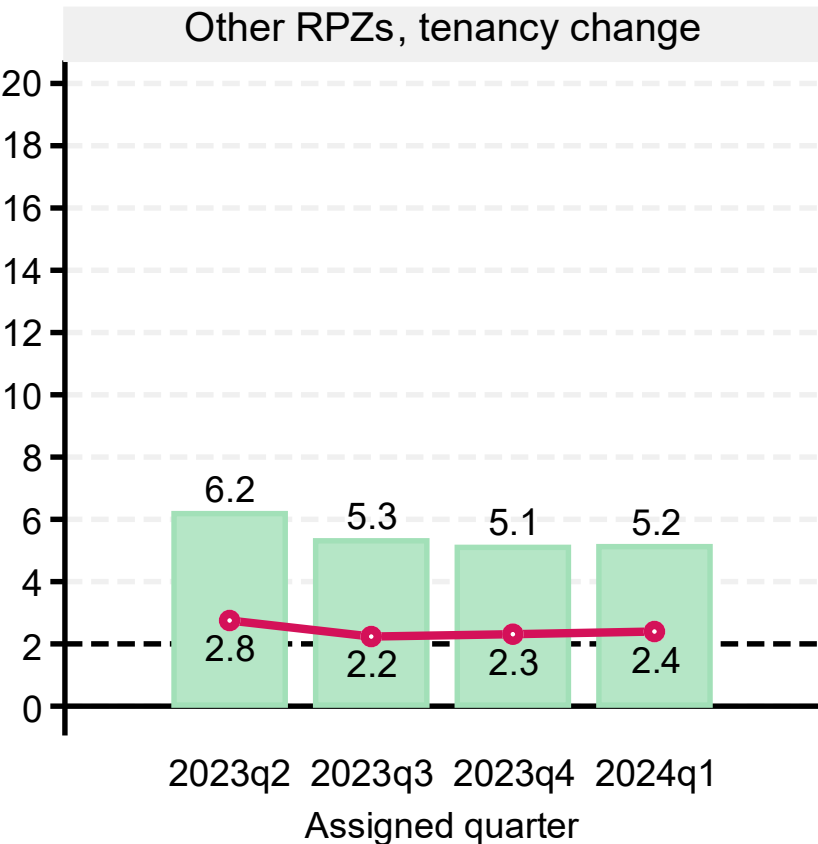
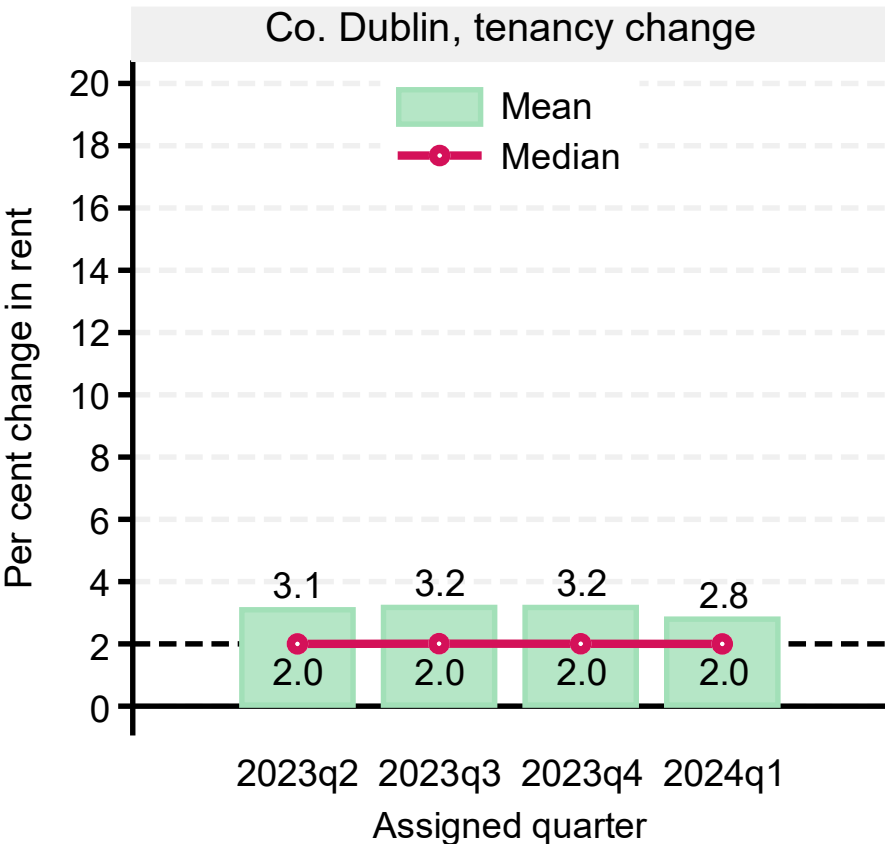
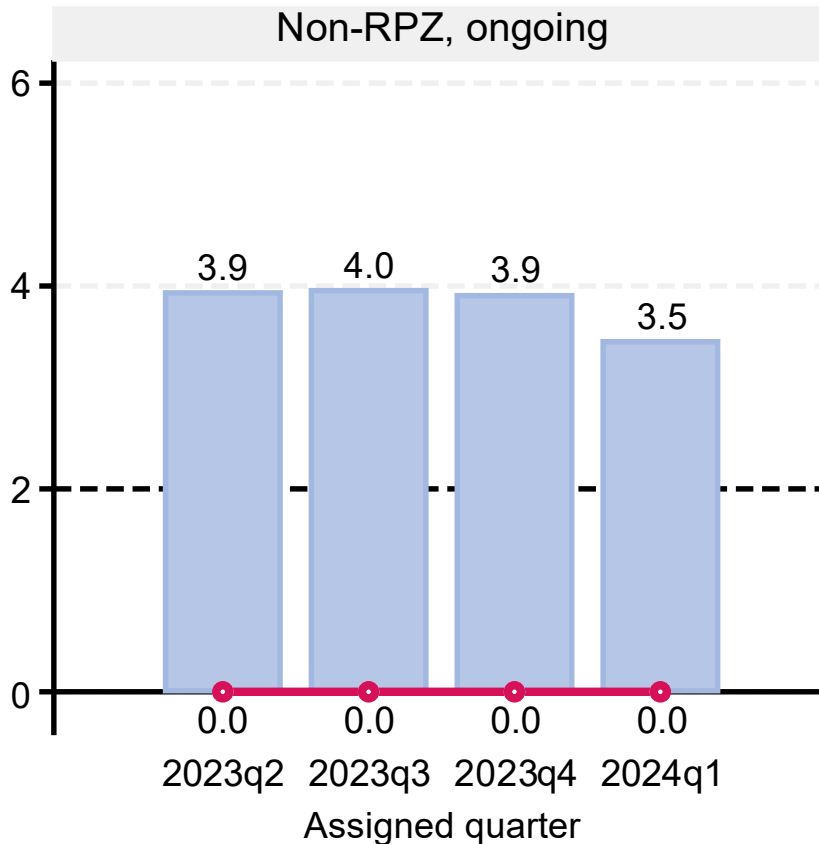
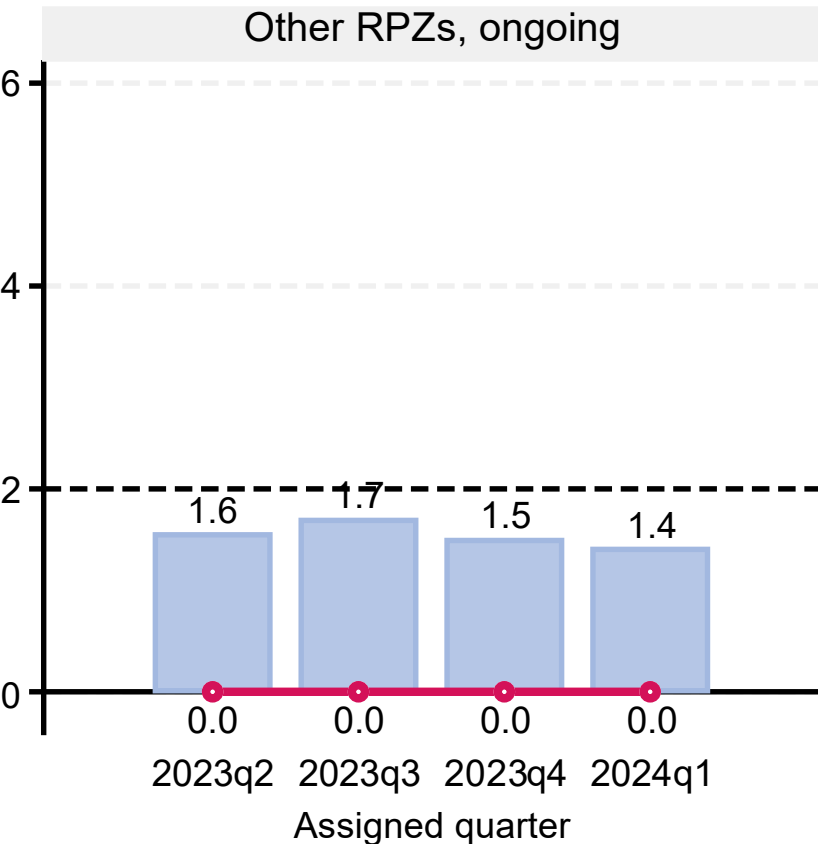
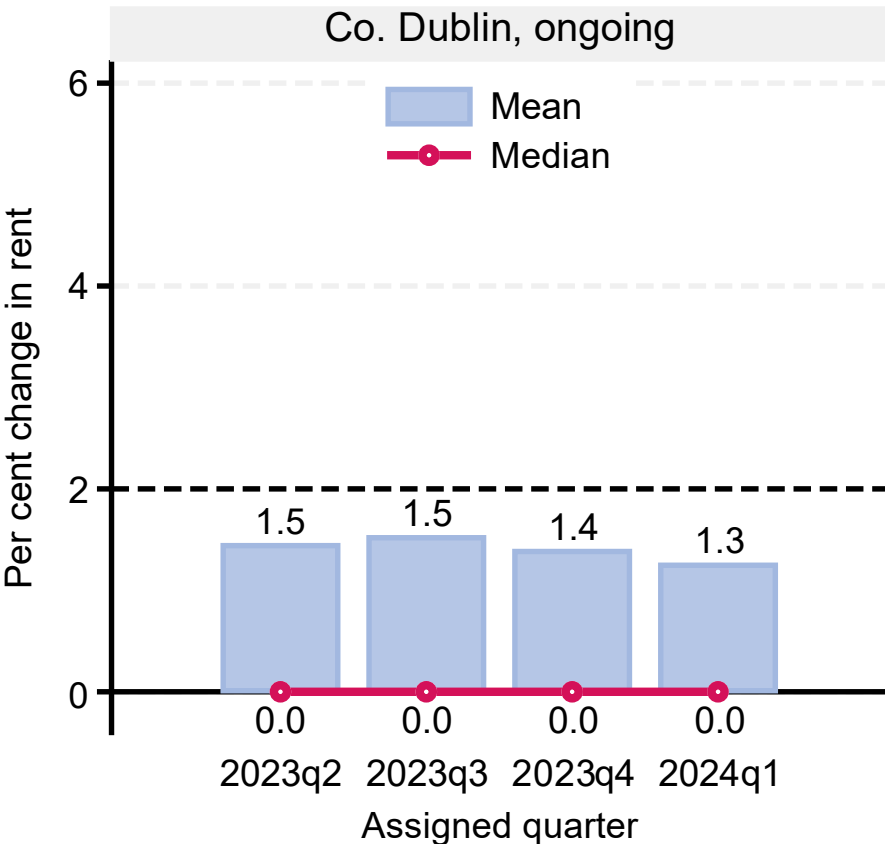
- Nationally 60% of properties saw no increase in rent year-on-year
- Most common range for those that did see a rise was >2-4% (14.6%)

# Annual Rental Change Bands (%) – Ongoing vs Tenancy Change



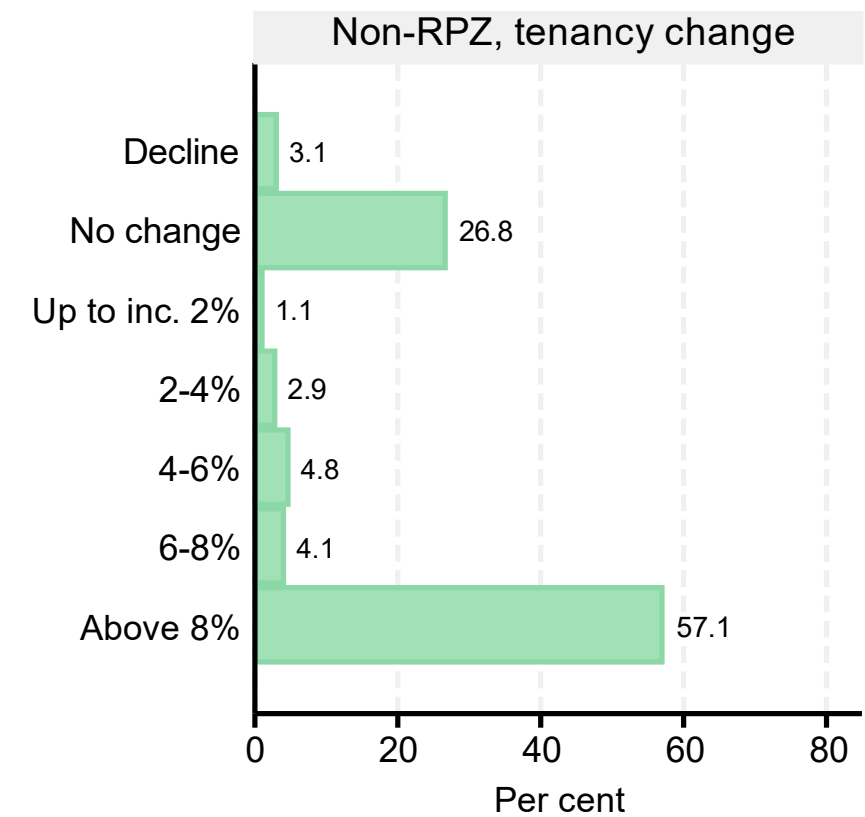
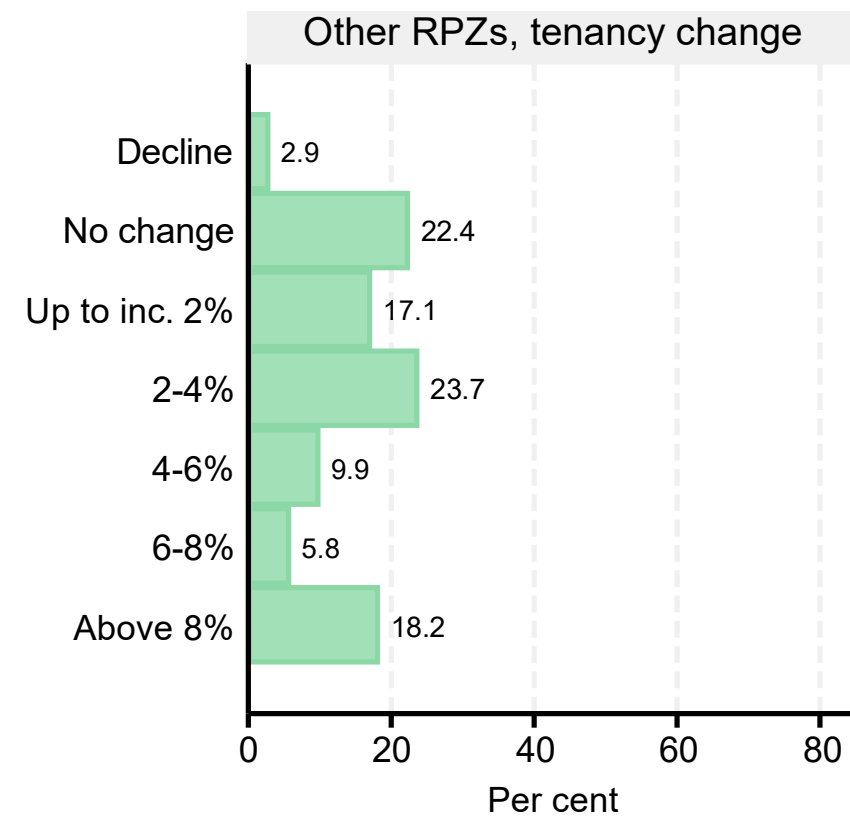
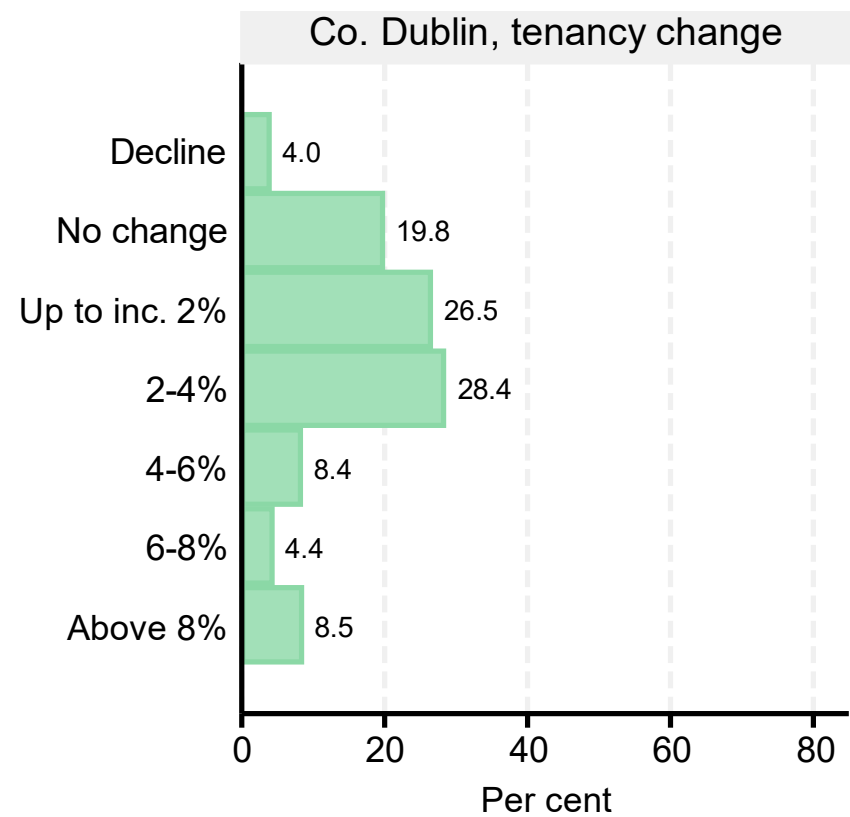
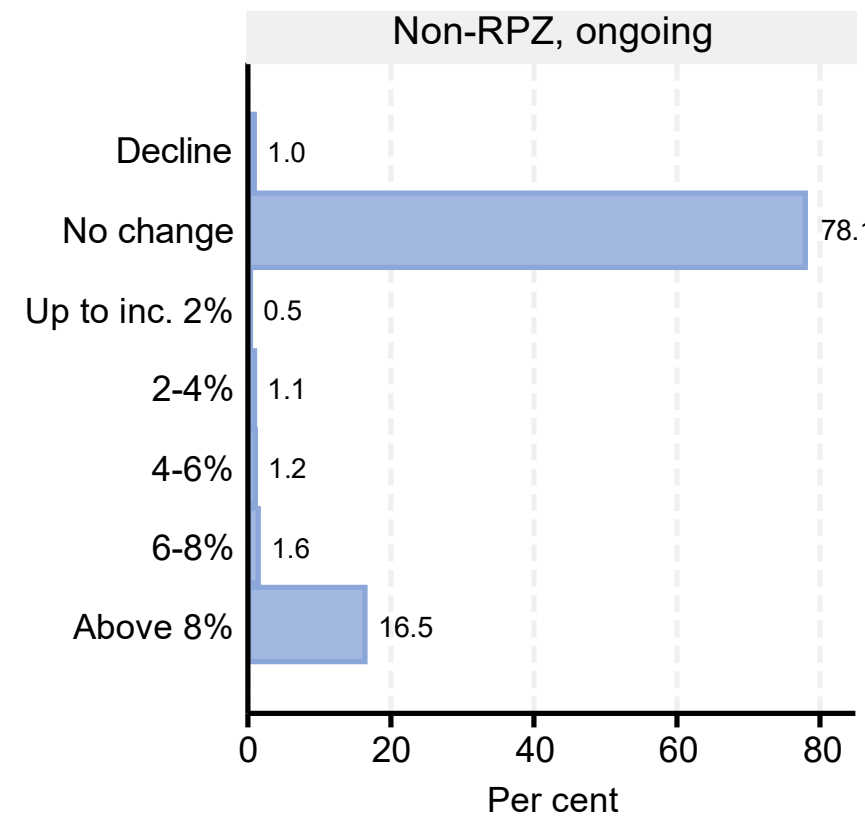
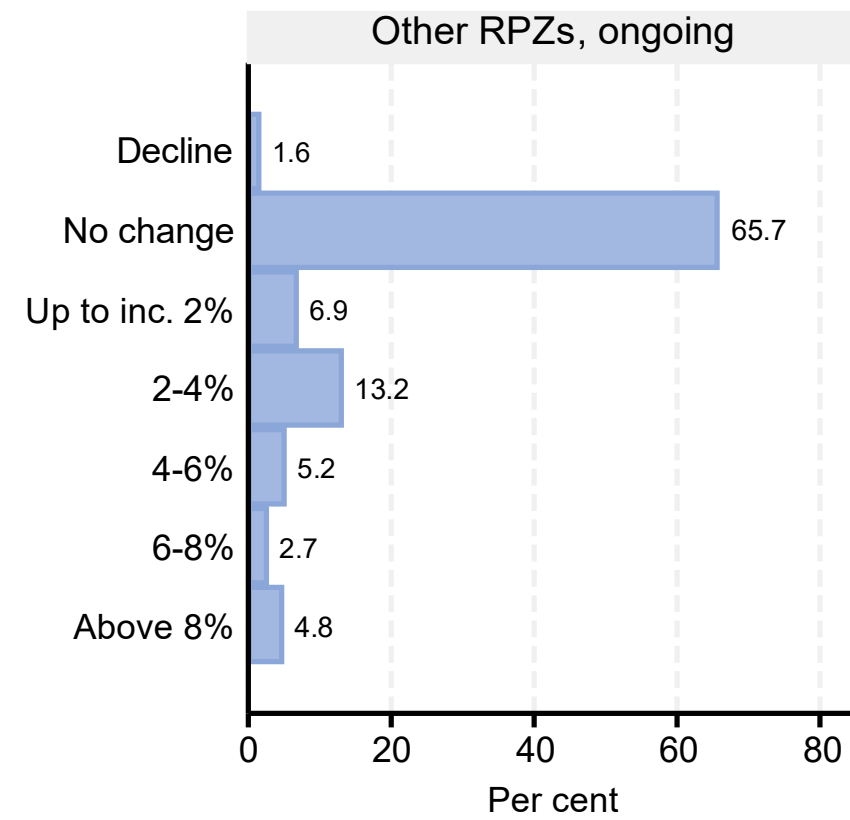
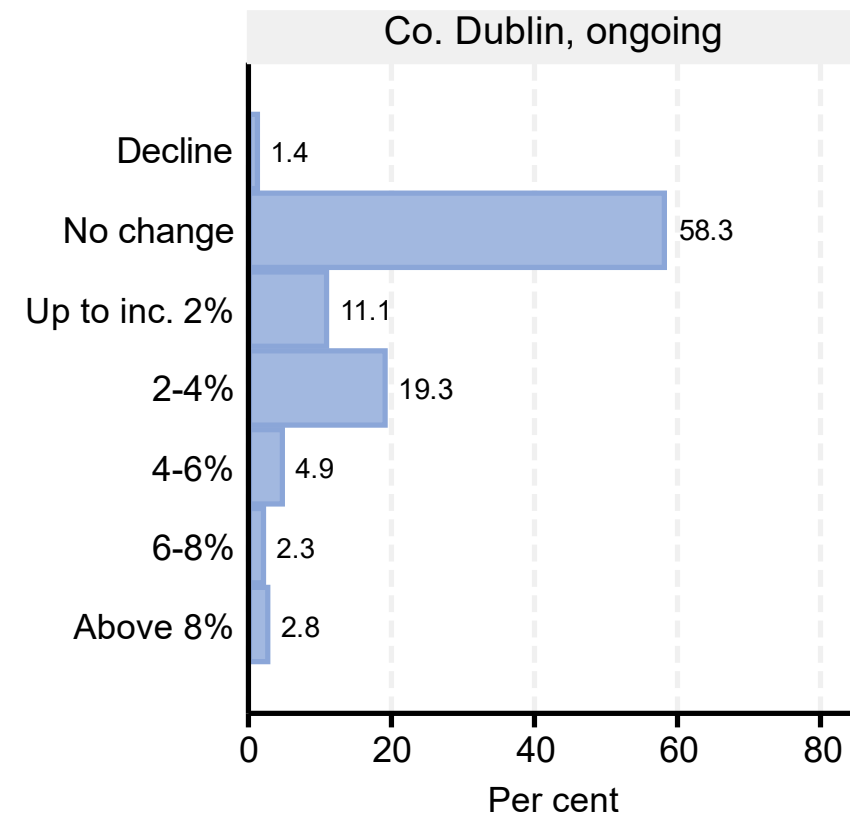
- Rents more likely to increase between tenancies rather than during an ongoing tenancy
- 65% of properties with ongoing tenancies saw no rent change vs only 22% where tenants changed

# Average Y-o-Y Rent Change (%) – by RPZ & Tenancy Type



- Property-level rental growth rates much lower in RPZ vs non-RPZ areas in this period – for both ongoing tenancies and properties that saw tenancy changes

# Annual Rental Change Bands (%) – by RPZ & Tenancy Type



- Properties in non-RPZs more likely to see no change in rent but also more likely to see v large change in rent vs in RPZs where moderate year-on-year changes more likely

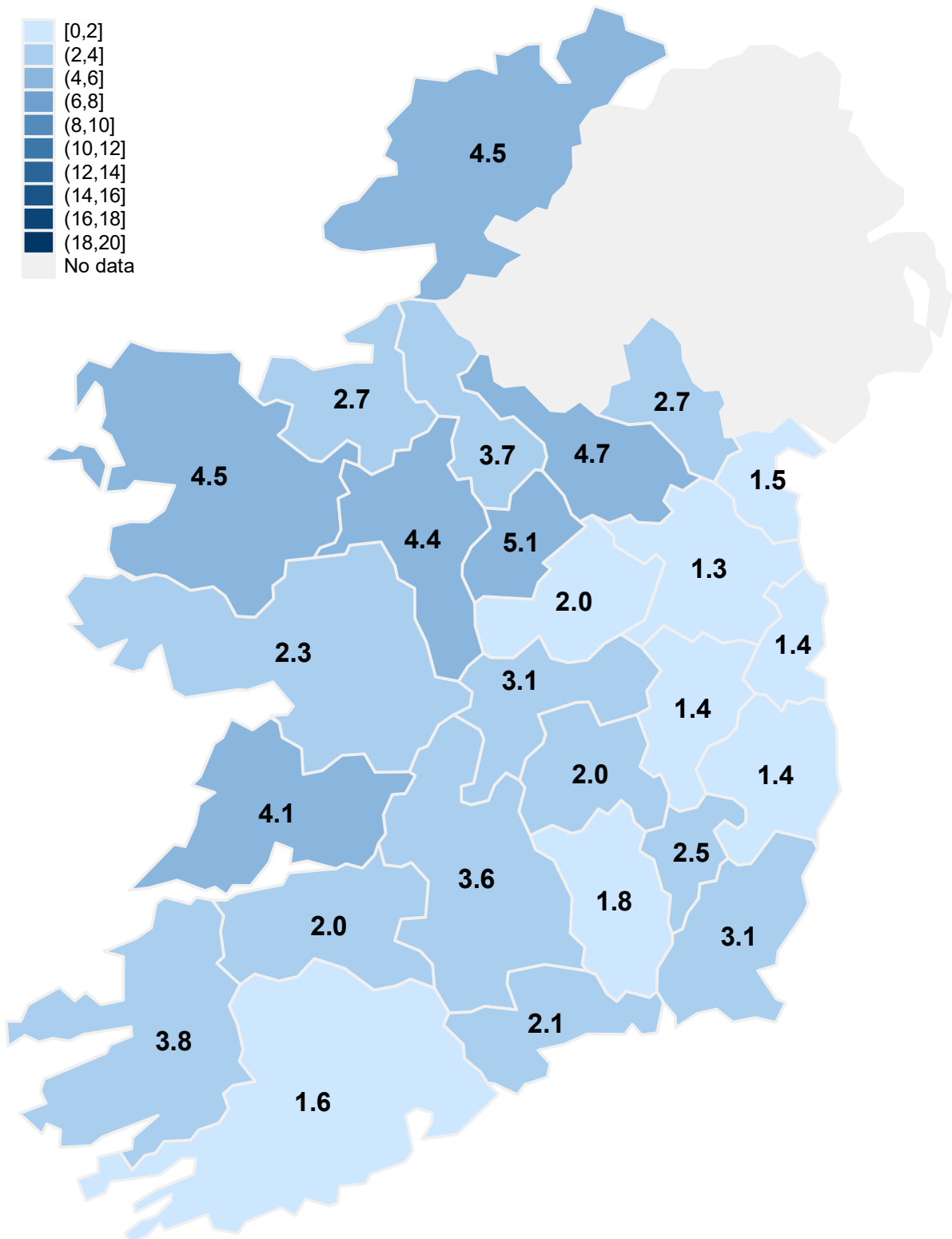
# Summary So Far

- At the individual property level rents grew by an average of 2.6% per year (broadly 2022 vs 2023)
- Nationally, 60% of properties saw no increase in rent from one year to the next
- Landlords more likely to raise rents between vs within tenancy
  - 65% of ongoing saw no change vs 22% where tenants changed
- Properties in non-RPZs more likely to see no change in rent but also more likely to see very large change in rent vs more moderate rises in RPZs
- For ongoing tenancies average annual rent growth:
  - 1.3-1.5% in Dublin
  - 1.4-1.7% in other RPZs
  - 3.5-4% in non-RPZs
- For properties with change in tenants average annual rent growth:
  - 2.8-3.2% in Dublin
  - 5.1-6.2% in other RPZs
  - 14-16.4% in non-RPZs

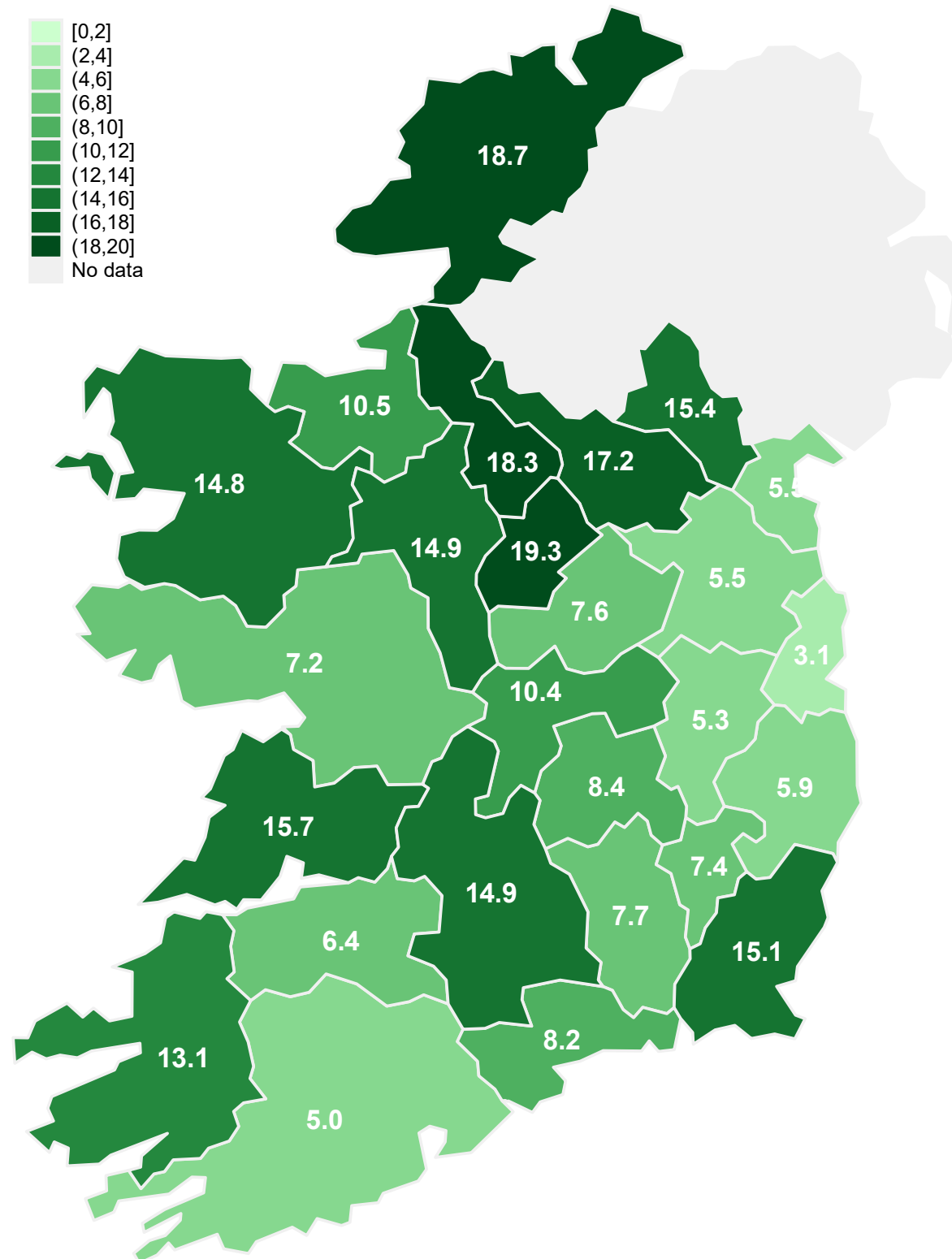


# Average Y-o-Y Property Level Rent Change (%) – by County

## Ongoing tenancies



## Tenancy Change

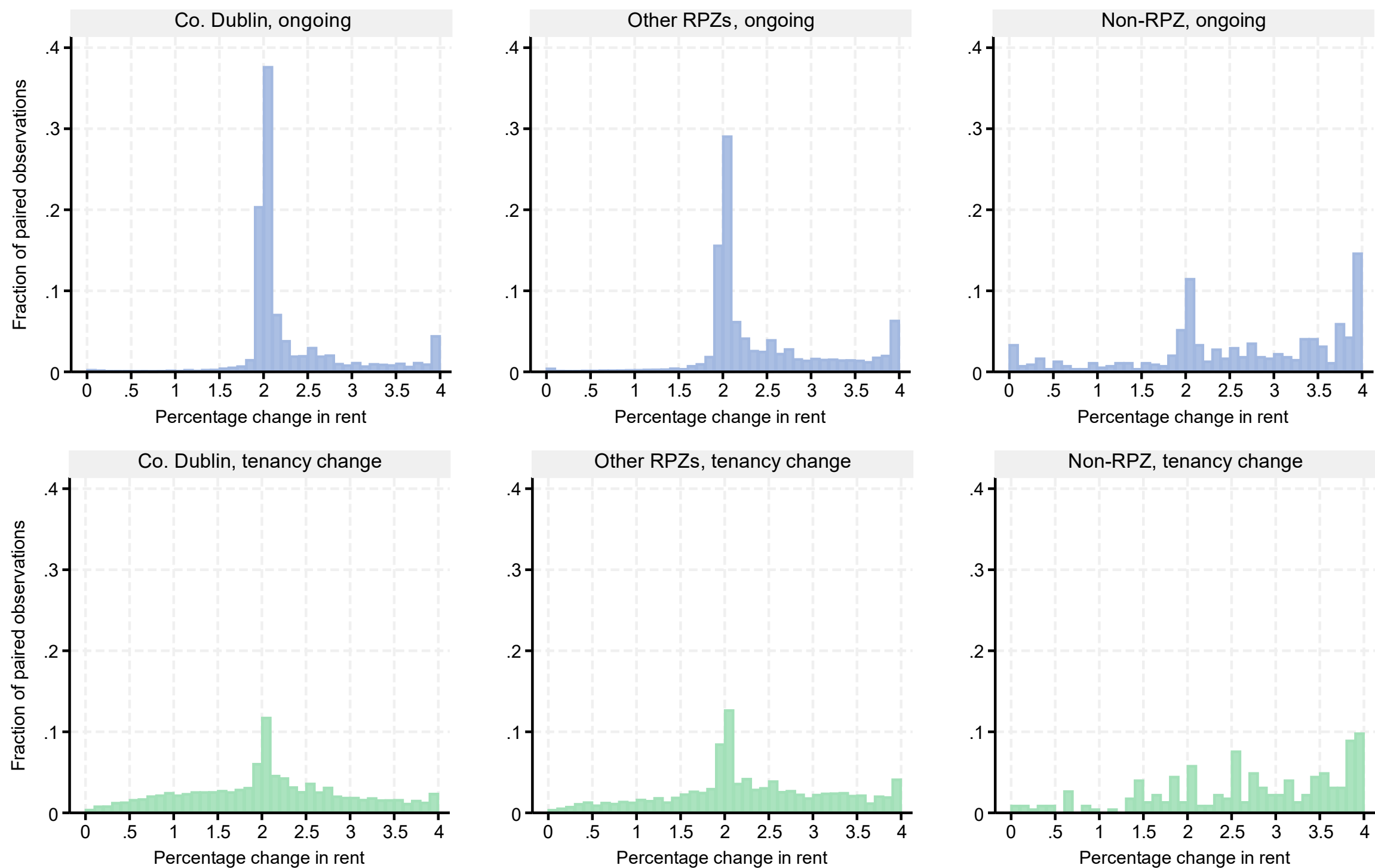


- All counties saw higher rent increases for properties where the tenants changed vs ongoing tenancies
- Largest property level rent increases generally in West and Border counties

# A Closer Look Around 2%

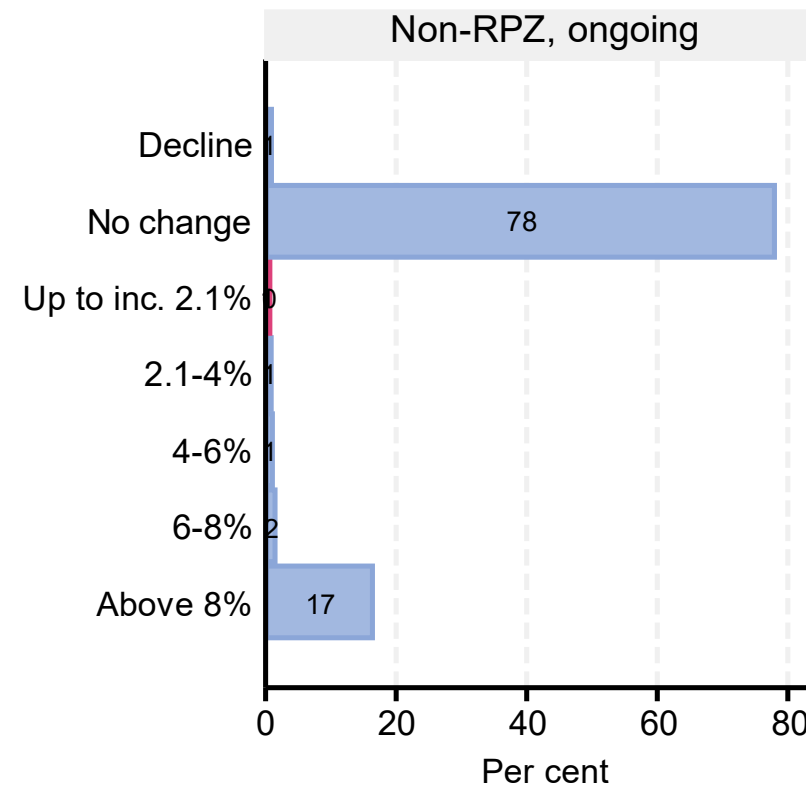
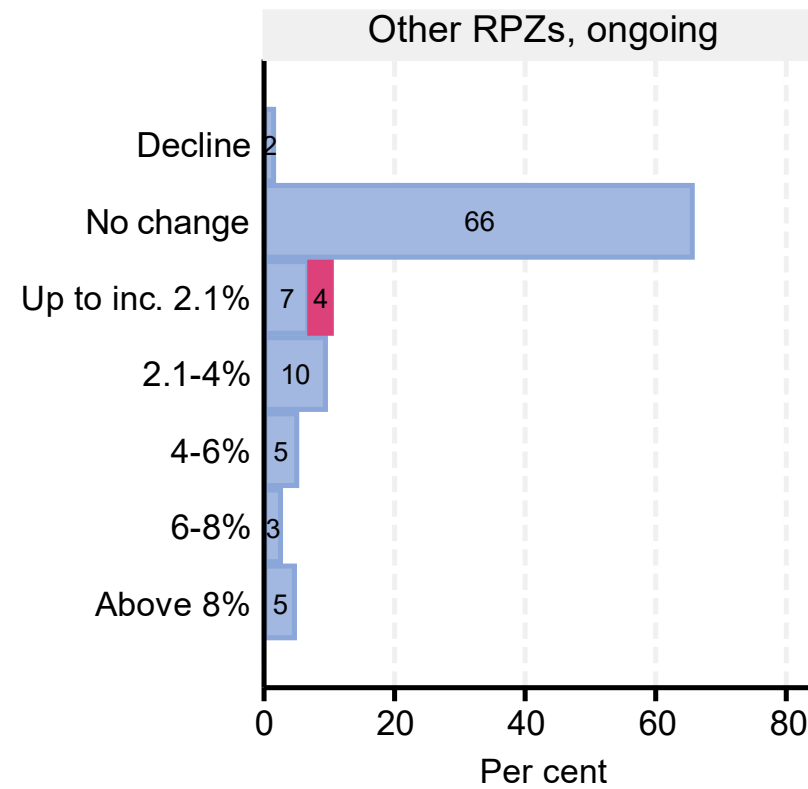
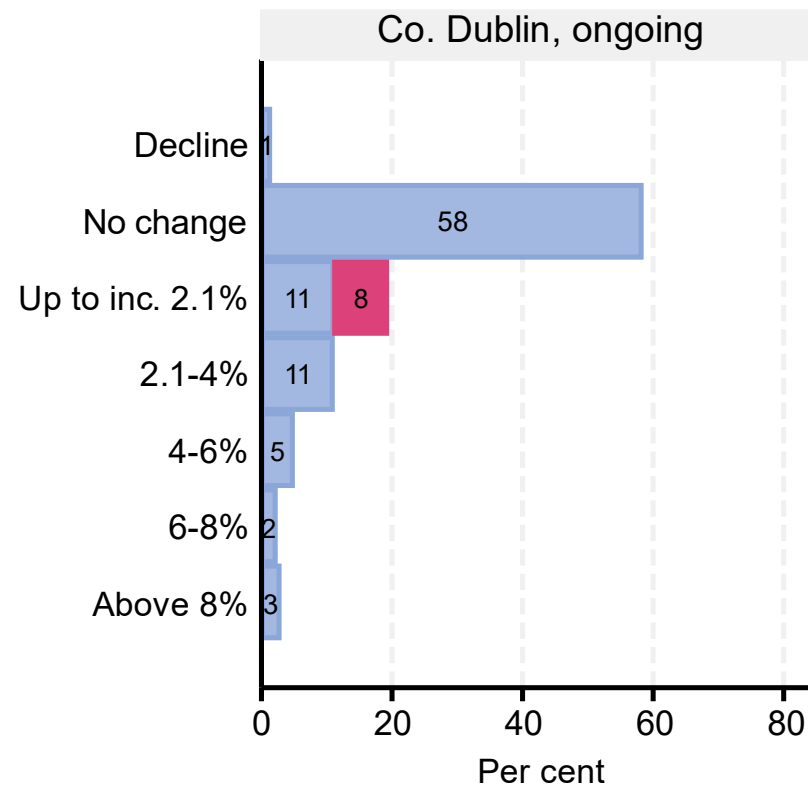
- For Q2 2022 – Q1 2024 annual rental inflation capped at 2% in RPZs
- We see more rent increases >2-4% than up to and including 2% in RPZs
- Are many just over 2%?

# A Closer Look at Rent Changes 0-4%

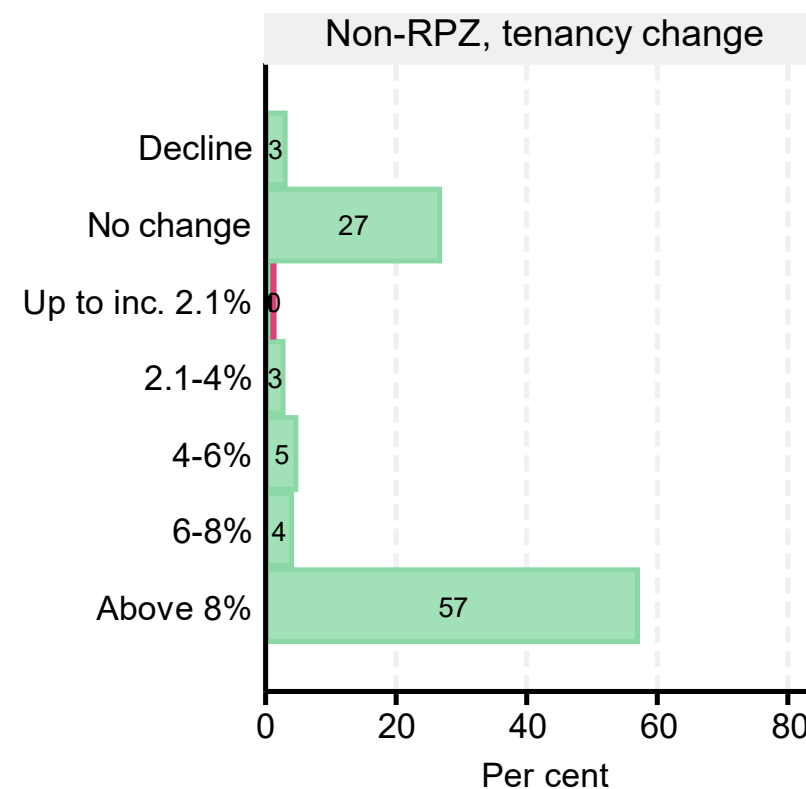
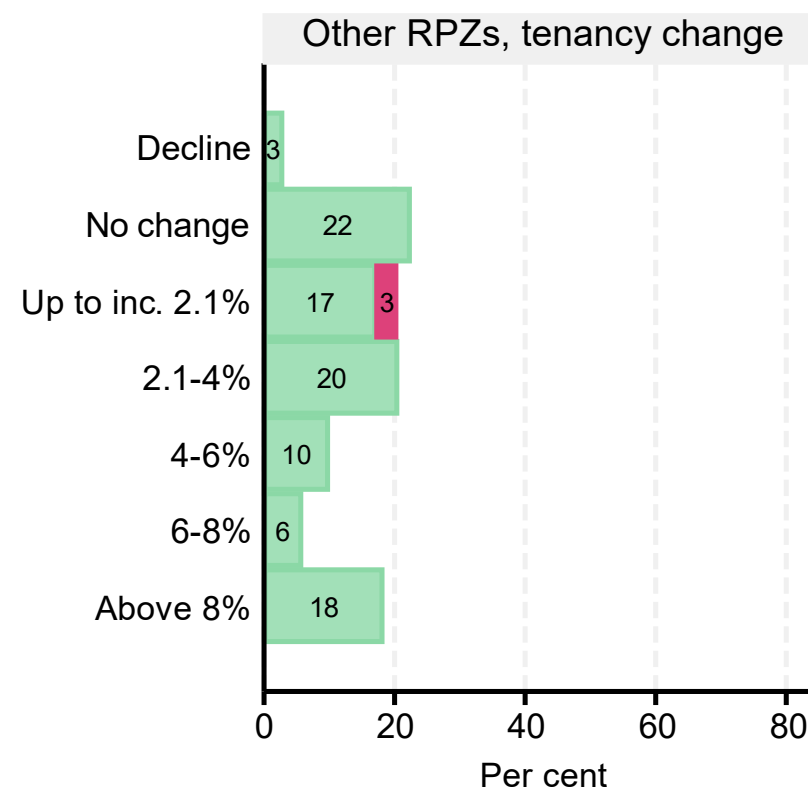
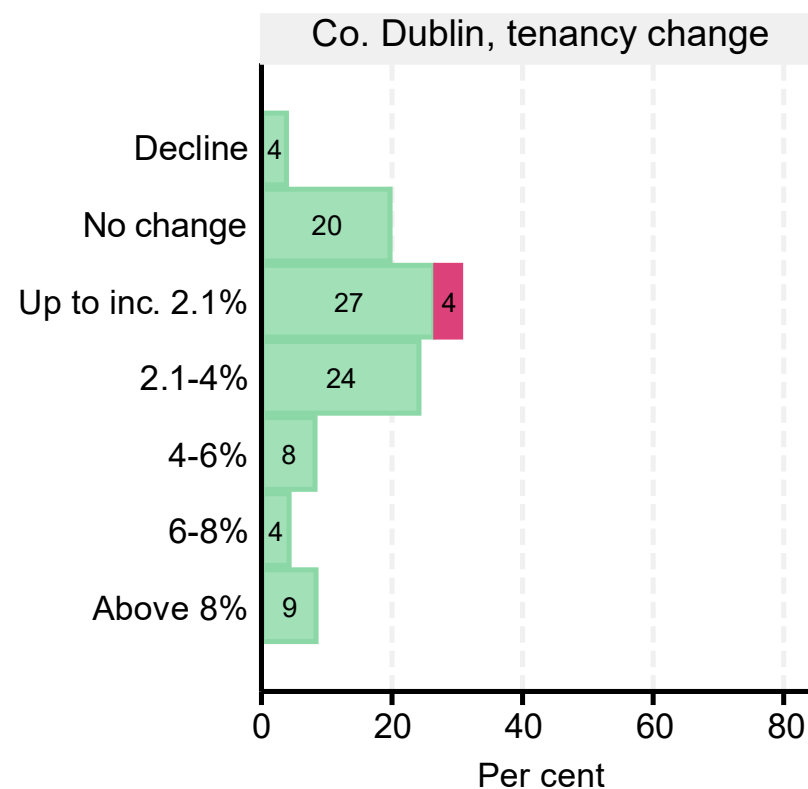


- Clear peaks around 2% in RPZs – for both ongoing & tenancy changes
- Many fractionally above 2.0%. Likely causes:
  - Rounding
  - Rent increase occurs slightly after 1 year

# Annual (Adjusted) Rental Change Bands (%) – by RPZ & Tenancy Type



- Observations in red saw rent increases between 2% and 2.1%



# Summary of Key Findings

- Property level annual rent increases moderate over this period (2.6% on average)
  - 60% saw no increase in rent
- Rental growth clearly lower in RPZs
  - Averages much lower - see fewer no changes, more moderate changes, but far fewer big increases vs non-RPZs
- Landlords much more likely to put prices up between vs within tenancies
- Sizeable numbers of rent increases around 2% in RPZs
- Evidence of a minority facing big increases in RPZs, particularly when change in tenant – suggestive of some possible compliance issues?
  - Variation across RPZ areas – fewer big increases in Dublin & ‘older’ RPZs – hints at possible differences in compliance levels?
  - Further investigation needed to understand cumulative increases (permitted) vs non-compliance

# Concluding Thoughts

- Property level analysis provides complementary insights to those from Rent Index
- Crucial we use appropriate tool for the question in hand
- Rent Index - measures overall PRS price developments, how average rent is changing
  - impacted by **both** individual property rent changes **and** churn in the market (property entry & exit plus movement between new and existing segments)
- Findings show property level rent increases were moderate on average
  - Driven by generally low increases in Dublin & other longer established RPZs
- Rent Index tells us changes in average rents over this time were higher. What can explain this?
  - Different factors driving Rent Index inflation in different areas e.g.
    - Dublin – new supply entering at higher prices – impacts average rent levels
      - DOES NOT mean individual properties seeing large rent rises though
    - Non-RPZ areas – evidence of much larger property level increases – impacting growth in average rents in these areas

- Real benefits of these data will accrue over time as more time periods added

