

## Ireland Rental Update, Q2'23: *Flicker of Light?*

In our June 2023 report, we talked about looking forward to writing a report where we discussed sustained improvements in market conditions but anticipated that we are a number of years from that event. With the latest market data there are, as ever, a multitude of facts and figures, which depending on where one looks, could indicate a market getting better or worse. Those with an optimistic demeanour will point to Dublin and Cork cities, where rental inflation has been cooling for the first time in many years. In Dublin, annual inflation in open-market rents had been as high as 14.3% (in the third quarter of 2022) but is now at 8% (Q2 2023). In Cork, the equivalent figures are 12.1% and 7.4%. So, while still a very long way from 'satisfactory' perhaps we are at the beginning of the end of the madness which has prevailed. Those of a more pessimistic nature would point out that while availability of properties to rent in the centre of Dublin has tripled since August 2022, it is still only at 15% to 20% of what rental accommodation availability in a city of Dublin's size and economic importance should be.

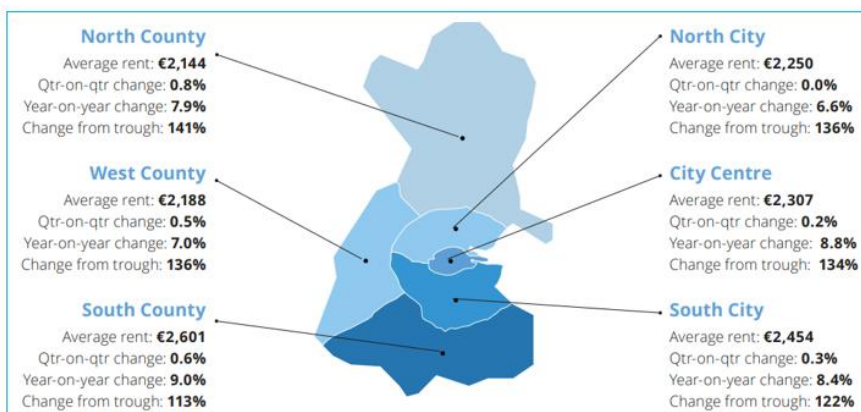
***"The only real litmus test is the net supply of new rental properties coming onto the market."***

In Corporate Care's view the real litmus test is the net supply of new rental properties coming onto the market, this is the only true way of determining if an ease in market conditions is ever to happen. There are unfortunately no grounds for optimism in this regard. While it is valid to point to lower price inflation and ever so slightly improved availability, commentators perhaps forget that demand pressure (particularly in the centre of Dublin) is currently lower as many of the tech companies based there have recently restructured their work forces and have put hiring freezes in place. Once they commence hiring again, it is quite likely that the marginal improvements we are currently seeing will quickly fade.

In Dublin and throughout the country we continue to see new properties coming onto the market, however approximately the same number of rental properties are being withdrawn. Also of concern, the number of tenants who received notices to quit in Q2 2023 reached 5,739, an unprecedented number. When questioned, 63% of these property owners indicated an intention to sell their properties and leave the rental market; 17% wanted their property vacated to make way for a family member; 13% received notice due to a breach of tenant obligations.

### Corporate Care's view:

- We continue to 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 continue to await improved government-published data which as mentioned should be available later this year.
- The government must urgently find ways to encourage property owners to stay in the rental market. If new properties to the market are balanced by or exceeded by properties withdrawn, the outcome is obvious.
- As stated above, the Covid-era ban on evictions which has now been lifted has had a severe and immediate impact on tenants as we suspected.



### Stock doubles - from low base

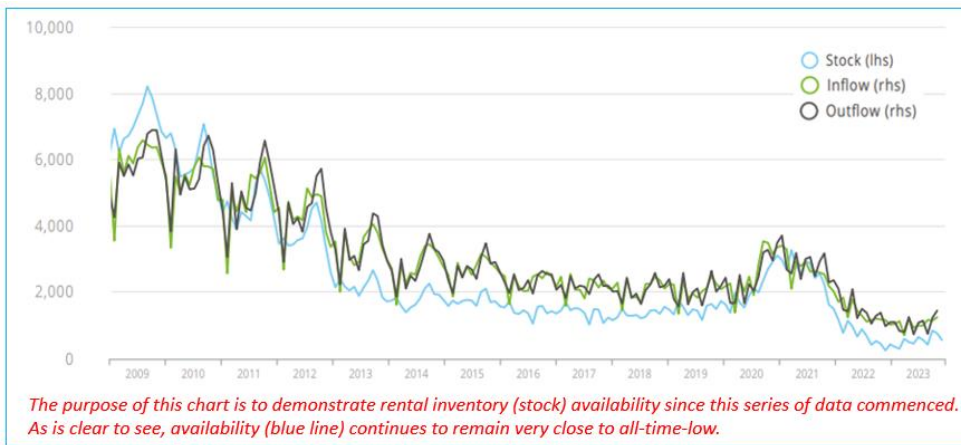
There were just over 600 homes available to rent in Dublin on August 1st, over twice the number available on the same date a year previously - but still extremely low compared to other years.

# 8%

### Room rents up 8%

The cost of renting a room in Dublin was roughly 8% higher on average in the second quarter of 2023 than a year earlier.

**Source:** The daft.ie Rental Price Report 2023 Q2. Note that in Corporate Care's view, for higher quality properties, 15% to 20% should be added to quoted averages.



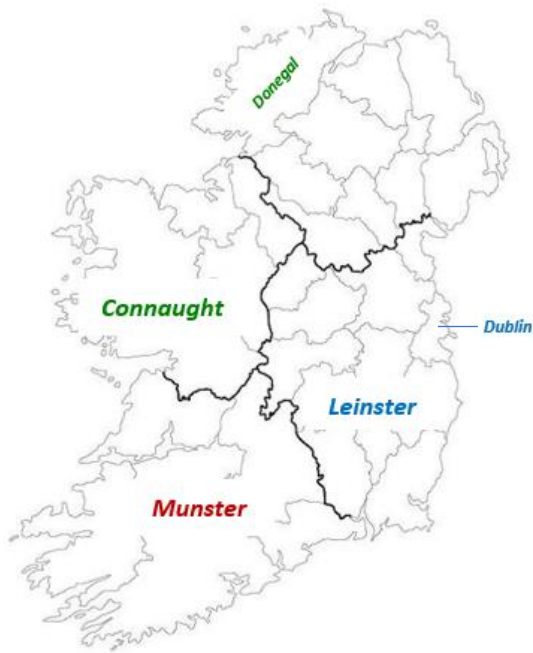
**0.3% increase in 3 months**  
Market rents rose by just 0.3% on average in Dublin in the second quarter of 2023, the second quarter in succession where rents rose only slightly.

**8% up year-on-year**  
Compared to a year ago, market rents in Dublin are 8% higher - the lowest inflation rate in almost two years.

Source: The daft.ie Rental Price Report 2023 Q2.

**Rest-of-Ireland Data:**

Market rents in the first quarter of 2023 were, on average across the country, 10.7% higher than a year previously. This is the seventh consecutive quarter of double digit increases albeit at a slower pace of increase once again. Rents in Q2 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. The employers' group IBEC has stated 'the housing crisis is becoming a critical barrier to the continued growth and development of business investment', a sentiment which is shared right across the business community in Ireland from the SME sector to large scale indigenous employers (for whom attracting overseas talent has become critical) to large multi-national organisations.



**Leinster (excluding Dublin)**

<p><b>Longford</b> Average rent: €1,172 Qtr-on-qtr change: 5.2% Year-on-year change: 20.2% Change from trough: 174%</p>	<p><b>Louth</b> Average rent: €1,624 Qtr-on-qtr change: 4.5% Year-on-year change: 12.1% Change from trough: 155%</p>
<p><b>Westmeath</b> Average rent: €1,476 Qtr-on-qtr change: 4.8% Year-on-year change: 16.4% Change from trough: 166%</p>	<p><b>Meath</b> Average rent: €1,774 Qtr-on-qtr change: 3.3% Year-on-year change: 11.2% Change from trough: 161%</p>
<p><b>Offaly</b> Average rent: €1,399 Qtr-on-qtr change: 4.5% Year-on-year change: 17.2% Change from trough: 153%</p>	<p><b>Kildare</b> Average rent: €1,801 Qtr-on-qtr change: 3.6% Year-on-year change: 12.2% Change from trough: 144%</p>
<p><b>Laois</b> Average rent: €1,372 Qtr-on-qtr change: 5.4% Year-on-year change: 14.0% Change from trough: 160%</p>	<p><b>Wicklow</b> Average rent: €1,883 Qtr-on-qtr change: 3.5% Year-on-year change: 8.4% Change from trough: 131%</p>
<p><b>Kilkenny</b> Average rent: €1,363 Qtr-on-qtr change: 5.1% Year-on-year change: 11.8% Change from trough: 128%</p>	<p><b>Carlow</b> Average rent: €1,422 Qtr-on-qtr change: 5.2% Year-on-year change: 16.5% Change from trough: 132%</p>

**Stock up 50% - from low**  
There were over 225 homes for rent in Leinster (outside Dublin) on August 1st, up over 50% on the same date a year ago but still well below the 2015-2019 average.

**Room rents up 12%**  
The cost of renting a room in Leinster was roughly 12% higher on average in the second quarter of 2023 than a year earlier.

**Munster**

<p><b>Clare</b> Average rent: €1,287 Qtr-on-qtr change: 3.9% Year-on-year change: 12.4% Change from trough: 139%</p>	<p><b>Tipperary</b> Average rent: €1,257 Qtr-on-qtr change: 3.5% Year-on-year change: 15.4% Change from trough: 119%</p>
<p><b>Limerick County</b> Average rent: €1,393 Qtr-on-qtr change: 4.0% Year-on-year change: 19.2% Change from trough: 142%</p>	<p><b>Limerick City</b> Average rent: €1,738 Qtr-on-qtr change: 5.7% Year-on-year change: 11.5% Change from trough: 157%</p>
<p><b>Kerry</b> Average rent: €1,291 Qtr-on-qtr change: 3.1% Year-on-year change: 11.4% Change from trough: 131%</p>	<p><b>Waterford County</b> Average rent: €1,480 Qtr-on-qtr change: 3.3% Year-on-year change: 14.3% Change from trough: 157%</p>
<p><b>Cork County</b> Average rent: €1,410 Qtr-on-qtr change: 2.9% Year-on-year change: 8.8% Change from trough: 136%</p>	<p><b>Waterford City</b> Average rent: €1,471 Qtr-on-qtr change: 5.1% Year-on-year change: 12.1% Change from trough: 151%</p>

**Stock to rent remains at low**  
There were just 173 homes listed for rent in Munster on August 1st, up slightly on the same date a year ago but still extremely low compared to historical averages.

**Room rents up 13%**  
The cost of renting a room in Munster was roughly 13% higher on average in the second quarter of 2023 than a year earlier.

**Connaught & Donegal**

<p><b>Donegal</b> Average price: €1,077 Qtr-on-qtr change: 8.3% Year-on-year change: 22.2% Change from trough: 122%</p>	<p><b>Leitrim</b> Average price: €1,014 Qtr-on-qtr change: 5.7% Year-on-year change: 20.2% Change from trough: 146%</p>
<p><b>Sligo</b> Average price: €1,195 Qtr-on-qtr change: 5.3% Year-on-year change: 16.0% Change from trough: 130%</p>	<p><b>Monaghan</b> Average price: €1,173 Qtr-on-qtr change: 6.1% Year-on-year change: 19.6% Change from trough: 127%</p>
<p><b>Mayo</b> Average price: €1,222 Qtr-on-qtr change: 5.7% Year-on-year change: 24.3% Change from trough: 136%</p>	<p><b>Cavan</b> Average price: €1,227 Qtr-on-qtr change: 5.6% Year-on-year change: 21.3% Change from trough: 160%</p>
<p><b>Galway City</b> Average price: €1,867 Qtr-on-qtr change: 5.3% Year-on-year change: 12.2% Change from trough: 167%</p>	<p><b>Roscommon</b> Average price: €1,203 Qtr-on-qtr change: 5.6% Year-on-year change: 22.8% Change from trough: 144%</p>

**Stock up by half - but still low**  
There were almost 170 homes listed for rent in Connacht-Ulster on August 1st, up over 50% on the same date a year ago but still just one quarter of the 2015-2019 average.

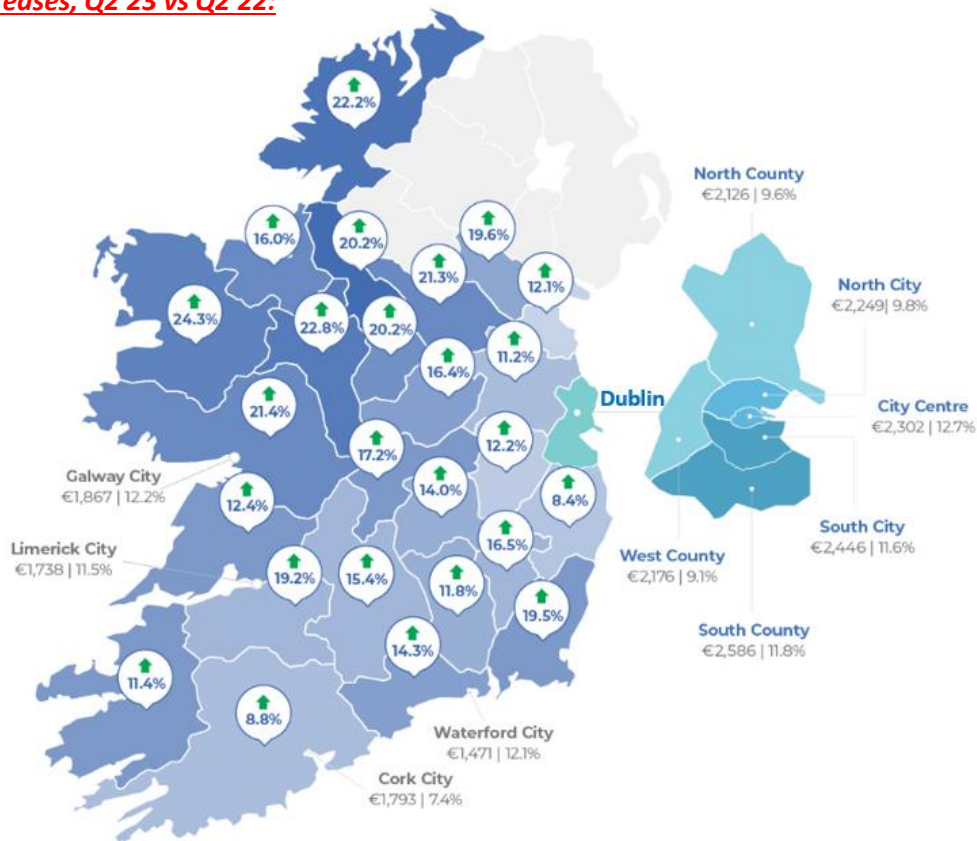
**Room rents up one fifth**  
The cost of renting a room in Connacht-Ulster was over 20% higher on average in the second quarter of 2023 than a year earlier.

Source: The daft.ie Rental Price Report 2023 Q2. Note that in Corporate Care's view, for higher quality properties, 15% to 20% should be added to quoted averages.

Corporate Care has made every effort to ensure that this information is current and correct however we cannot accept responsibility for changes in government policy or health guidelines which may impact our services, or the information contained herein. [www.corporatecare.ie](http://www.corporatecare.ie)



## Nationwide rent increases, Q2'23 vs Q2'22:



Source: The daft.ie Rental Price Report 2023 Q2. 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 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@corporatecare.ie](mailto:info@corporatecare.ie).

**CorporateCare**