



Rent Pressure Zone Report

Proposed Rent Pressure Zone: Bandon-Kinsale Local Electoral Area

Date: 10 July 2020

Having considered a request from the Minister dated 9 July 2020 in respect of the designation of Bandon-Kinsale Local Electoral Area (LEA) as a rent pressure zone, I confirm that **Bandon-Kinsale LEA does meet the criteria** set out in Section 24A(4) of the Residential Tenancies Act 2004 (24A(4)(a) as inserted by section 36 of the Planning and Development (Housing) and Residential Tenancies Act 2016 and 24A(4)(b) as substituted by section 8 of the Residential Tenancies (Amendment) Act 2019) for such designation.

Criteria:

Section 24A (4) of the Residential Tenancies Act 2004 (24A(4)(a) as inserted by section 36 of the Planning and Development (Housing) and Residential Tenancies Act 2016 and 24A(4)(b) as substituted by section 8 of the Residential Tenancies (Amendment) Act 2019) states

(a) the information relating to the area concerned, as determined by reference to the information used to compile each Rent Index quarterly report, shows that the annual rate of increase in the average amount of rent for that area is more than 7 per cent in each of at least 4 of the 6 quarters (each being a period of 3 months that is contemporaneous with the period to which the Rent Index quarterly report concerned relates) preceding the period immediately prior to the date of the proposal by the Housing Agency to the Minister under subsection (1), and

(b) the average rent (determined by reference to the information specified in *paragraph (a)*) in the area in respect of the 3 months to which the most recent Rent Index quarterly report applies is—

(i) in the case of the county of Kildare, the county of Meath, the county of Wicklow or a local electoral area in any one of those counties, above the average rent in the State (other than the Dublin Area) specified in that report, or

(ii) in the case of any—

(I) other county or local electoral area, or

(II) any city, city and county or local electoral area situated in such city or city and county,

above the average rent in the State (other than the Greater Dublin Area) specified in that report.

Methodology

In order to assess whether an area meets the RPZ designation criteria the following process for assessment is followed:

1. The RTB private tenancy data is mapped to each LEA area taking account of the changes to boundary. In producing the rent index, a standardised average rent is provided using a hedonic regression method for each LEA, as well as the following geographical groups: National Standardised Average Rent; Non-Dublin Standardised Average Rent; and, Non-GDA Standardised Average Rent. The Economic and Social Research Institute compile the Rent Index under the direction of the RTB. The primary focus of the RTB Rent Index is to create a mix-adjusted measure of rents; that is, a measure of rents that takes account of the changing mix of properties rented in different time periods.
2. The data is also examined prior to any mix-adjustment to identify outliers and/or data entry errors. This is not a check of all the variables but is focused on those that will form a part of the mix-adjustment process.

- The standardised rent is based on the average rent in the base period, which is then updated using the mix-adjusted index.

Results of the Assessment

1. Criterion A - Annualised growth rate per quarter

RTB Rent Index Q1 2020: Bandon-Kinsale LEA						
	1	2	3	4	5	6
Quarters	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Annualised percentage increase	5.34%	12.19%	7.04%	10.63%	4.19%	7.68%
Greater or less than	<7%	>7%	>7%	>7%	<7%	>7%

Based on our analysis of the standardised average rent in the Bandon-Kinsale LEA, the annual rent inflation has been more than 7% in 4 out of the last 6 quarters. The Bandon-Kinsale LEA therefore does meet this criterion; as the average annual rent inflation for the area must be more than 7% in at least 4 of the last 6 quarters.

2. Criterion B—Standardised Average Rent in LEA Comparison

The standardised average rent for Bandon-Kinsale LEA is compared to the Non-GDA standardised average to determine if the LEA meets RPZ Designation Criterion B. The standardised average rent for Bandon-Kinsale LEA in Quarter 1 2020 was € 1072.02; this is 23.26% above the Non-GDA standardised average rent of €869.70. The Bandon-Kinsale LEA therefore meets Criterion B.

3. Assessment Result

Based on our analysis of the data used to compile the Quarter 1 2020 Rent Index Report, **Bandon-Kinsale LEA does meet the criteria**, as annualised rent inflation has been more than 7% in 4 out of the last 6 quarters and the standardised average rent is above the Non-GDA Standardised Average.

Signed: 

Padraig McGoldrick,
Director,
Residential Tenancies Board