



Rent Pressure Zone Report

Proposed Rent Pressure Zone: Limerick City West LEA, County Limerick

Date: 28th June 2019

Having considered a request from the Minister dated 27th June 2019 in respect of the designation of Limerick City West, Co. Limerick as a rent pressure zone, I confirm that **Limerick City West LEA, Co. Limerick 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 RTB use the Rent Index which has been further developed to take into account of the most recent changes to the legislation as per the Residential Tenancies Act 2019. In addition, all data has been re-mapped to the new Local Electoral Areas which have come into force since the last Rent Index. The process for assessment is as follows:

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.
3. 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 2019: Limerick City West LEA, Co. Limerick						
	1	2	3	4	5	6
Quarters	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Annualised percentage increase	2.12%	7.14%	15.44%	12.64%	5.65%	16.88%
Greater or less than	<7%	>7%	>7%	>7%	<7%	>7%

Based on our analysis of the standardised average rent in the Limerick City West LEA, the annual rent inflation has been more than 7% in 4 out of the last 6 quarters. The Limerick City West 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 Limerick City West LEA is compared to the Non-GDA standardised average to determine if the LEA meets RPZ Designation Criterion B. The standardised average rent for Limerick City West LEA in Quarter 1 2019 was €980.00; this is 16.46% above the Non-GDA standardised average rent of €841.49. The Limerick City West LEA therefore meets Criterion B.

3. Assessment Result

Based on our analysis of the data used to compile the Q1 2019 Rent Index Report, **Limerick City West 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:

Rosalind Carroll,
Director
Residential Tenancies Board



