

**UNDER EMABRGO UNTIL 12.01 AM, 08 February 2024**

## **RTB Publishes Q3 2023 Rent Index Report**

**Q3 2023 RTB Rent Index Report shows rent levels in existing tenancies remain lower than in new tenancies**

- **Q3 2023 Rent Index Report includes information on rent levels in existing tenancies, as well as new tenancies.** In November 2023, the RTB published the Existing Tenancy Rent Index for the first time. This marks the second time Existing Tenancy Rent Index indicators are available, providing insights into the rents paid by sitting tenants.
- **Rent levels in existing tenancies are lower than in new tenancies:** Nationally the standardised average rent in Q3 2023 was higher for new tenancies than for existing tenancies (€1,598 vs €1,357), a difference of €240.35 or 17.7% per month.
- **Nationally, rent levels in both new and existing tenancies have increased:** Nationally, in Q3 2023 the standardised average rent in new tenancies grew by 11.0% year-on-year and in existing tenancies grew by 5.2%.
- The standardised average rent for new tenancies in Dublin in Q3 2023 was €2,113, or €325 (18.2%) higher than the standardised average rent for existing tenancies which stood at €1,788.
- The standardised average rent for new tenancies in Cork in Q3 2023 was €1,386, or €216 (18.5%) higher than the standardised average rent for existing tenancies which stood at €1,170.

08 February 2024 - The Residential Tenancies Board (RTB) has published the Q3 2023 Rent Index report today for the period July to September 2023. Independently analysed by the Economic and Social Research Institute (ESRI), the RTB Rent Index report is based on RTB tenancy registration data.

The Rent Index report includes information on rent levels in existing tenancies, as well as new tenancies. This Report consists of:

- the long standing “New Tenancies Rent Index”, covering the period between Q3 2007 and Q3 2023, and
- The “Existing Tenancies Rent Index”, which captures the rent levels faced by sitting tenants (in tenancies of at least one year in duration) between Q2 2022 and Q3 2023.

The RTB Rent Index Report is the most accurate and authoritative report on the private rental sector in Ireland. The purpose of the report is to measure changes in the rents faced by tenants in new and existing tenancies. The requirement to renew the registration of tenancies with the RTB, introduced in April 2022, now provides a very large sample size containing improved, and more reliable data. This makes the RTB Rent Index Report the only comprehensive data source on quarterly developments in rents for both new and existing tenancies in Ireland.

Speaking on the publication of the report, **Deputy Director of the RTB, Lucia Crimin commented** “The RTB is very pleased to partner once again with the ESRI to produce the Q3 2023 Rent Index report. Although, rent levels are continuing to rise in both new and existing tenancies, standardised

*average rent levels in existing tenancies are lower than in new tenancies The report provides robust insights into the private rental sector by tracking rental price developments in new and existing tenancies.”*

Rent increases in designated Rent Pressure Zones (RPZ) are currently limited to 2% per year under the law. It is important to note that the Existing Tenancies Rent Index does not measure compliance with RPZ legislation and, hence, the 5.2% annual increase in rents in existing tenancies is not to be interpreted as a measure of compliance with the RPZ rules. This is a national figure that is based on existing tenancies, both inside and outside RPZs. Year on year, the set of existing tenancy properties in the index will change as some tenancies end and others reach one year in duration and so are included. For this reason, it is not expected that the Existing Tenancy Rent Index could provide a measure of allowable rent increases in RPZs. The only reliable way to assess compliance with the RPZ rules is to track individual properties over time.

**Ms Crimin continued,** *“The RTB is responsible for ensuring there is compliance by landlords with their legal obligations including registering tenancies and setting rent amounts correctly. In addition to facilitating the production of the Existing Tenancy Rent Index, the new improved tenancy dataset is providing very important information which we are now using to identify potential non-compliance.”*

**- ENDS -**

### **Editors’ Notes**

The purpose of the Rent Index Report is to measure developments in the prices faced by those taking up new tenancies and those renewing existing tenancies in the private rental sector. The analysis in Q3 2023 Rent Index report presents rental indices for new tenancies on a quarterly basis covering the period between Q3 2007 and Q3 2023. The report also includes an Existing Tenancies Rent Index which captures the rent levels faced by those households in continuing tenancies (of at least one year in duration) between Q2 2022 and Q3 2023.

### **Annual Registration**

With the introduction of Annual Registration in 2022, the RTB now has an enhanced capacity to present a clear and accurate picture of the rental sector as every tenancy must be renewed annually on the anniversary of the commencement date of the tenancy. This annual renewal process helps ensure that the RTB has better and more up-to-date data on each tenancy, and automatic removal of tenancies which are not renewed on time by the landlord or their agent. This means that, after an interval, inactive tenancies no longer appear on the register.

### **The Standardised Average Rent**

The growth rates presented in this report are calculated using the relevant standardised average rent level before rounding. Calculating a growth rate based on the rounded standardised average rent levels published in the report may be subject to rounding error.

To calculate the standardised averages and the rental indices of new tenancies, an econometric model is estimated over the time period Q3 2007 to Q3 2023. This model includes characteristic variables for the number of bedrooms, the property type and the number of tenants relative to number of bedrooms. This model specification was updated in 2023 to ensure consistency with the newly produced Existing Tenancies Rent Index (see Appendix 2 & 3 from page 61).

This standardised average rent refers to the development of an average that is consistent over time to changes in different property types or characteristics of the tenancy that may evolve with the market and is done so for new tenancies. The standardised average rent in new tenancies can therefore be compared over time without concern for underlying changes in the data or sample. The purpose of the Q3 2023 Existing Tenancies Rent Index indicators is to facilitate comparison of the prices faced by those continuing in tenancies that commenced in Q3 of a previous year and were re-registered in 2023, with those taking up new rental contracts in Q3 2023 (New Tenancies Rent Index). Methodologically, the same steps outlined for the New Tenancies Rent Index in Appendix 2 are followed to produce the Existing Tenancies Rent Index.

Please note given the systematic change of data collection activities with the commencement of annual registration, prior to beginning the usual Rent Index methodology, the Q3 2023 dataset was subject to additional checks to attempt to ensure the continuity of the underlying data and that they relate to new market registrations only. These checks are documented in Appendix 1 of the report.

### **The Existing Tenancies Rent Index is not a measure of compliance with Rent Pressure Zone Requirements**

The Rent Index is based on the concept of a “standardised average”. The Existing Tenancies standardised average aims to take the group/basket of properties relating to registered sitting tenants in one period and compare these to a similar (but not identical) set of properties which were registered as existing tenancies in another period (in the RTB Index this is either the same quarter of the previous year or the previous quarter). While some of these properties may be present in both periods, not all will be. Year on year, the set of existing tenancy properties in the Index will change for the following reasons:

- Some existing tenancies in any year could finish. If a new tenant then moves into the property, this tenancy would be captured as a new tenancy in the New Tenancies Rent Index, then in the Existing Tenancy Rent Index in the second year of the tenancy.
- As new supply comes online (for example from large build-to-rent developments), these properties will enter the existing rent index for the second year of any of those tenancies. This can lead to a constant new flow of properties into the Existing Tenancy Rent Index. If new properties set rents at higher levels than existing (due to prevailing market conditions), this could put upward pressure on the Existing Tenancy rent index over time.
- If properties leave the market, due to sales, these tenancies would no longer be included in the Existing Tenancy Rent Index.

For these reasons, it is not expected that the Existing Tenancy Rent Index could provide a measure of allowable rent increases in Rent Pressure Zones. The only way to assess compliance is to track individual properties over time; this is outside the scope of the Rent Index.

### **Q3 2023 Rent Index Results Overview**

For further information on rent levels in various geographical areas, please see the Q3 2023 RTB Rent Index report. Details below on the location of information within the report:

- National (Page 7)
- The Dublin Market (Page 24)
- The Greater Dublin Area (GDA) (Page 24)
- Outside the Greater Dublin Area (GDA) (Page 26)
- A Closer Look at Irish Cities (Page 36)
- Local Authorities (Page 37)
- Local Electoral Area (LEA) Rent Developments (Page 39)
- Rental Developments Across Counties (Page 30)

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The Q3 Rent Index Report can be accessed here <https://www.rtb.ie/rtb-publications>