



## Estimated Number of Private Tenancies at the end of 2021

It is necessary for the RTB to publish an estimate for the number of private tenancies in the sector 2021 (point in time end of year). Outlined in this document is the rationale for producing an estimate, along with the methodology used to create the estimate and the reporting changes pending following the introduction of Annual Registration.

### Rationale for Producing an Estimate for 2021

The RTB last published figures on the number of private rented tenancies for the end of 2020. At that point, there were 297,837 private tenancies registered with the RTB. During 2021, the figure for private tenancies on the RTB private tenancy register steadily increased. The growth in the number of private tenancies on the register did not correlate with the recent trend which shows a steady decrease since 2017 nor does it reflect the trend in the number of new tenancies as evidenced in the quarterly Rent Index reports. There are two key reasons for the increase in the number of tenancies on the register:

**1. Changes to the renewal process:** In December 2016, legislation was introduced to change the length of part four tenancies from four to six years. The impact of this resulted in no tenancies being renewed in 2021 and 2022 (except tenancies renewed through annual registration). At the end of a tenancy period, the RTB would write out to a landlord and ask them to renew the tenancy if it is still active. At this point there are three separate scenarios that could occur: the first is that the landlord renews the tenancy; the second is that the landlord informs the RTB that the tenancy is no longer active; and the third is that the tenancy automatically is removed from the RTB register after it is not renewed by the landlord.

**2. Landlords failing to notify the RTB when a tenancy ends:** It is important to note that landlords are legally obliged to notify the RTB when their tenancy ends. However, this is self-reported and there is known low compliance with this obligation, meaning inactive tenancies were not being removed from the register in a timely manner.

**It is important to note that the overall tenancy register is working correctly.** The specific data issue relates to the RTB not being informed by landlords about tenancies that have come to an end, which has resulted in possible inactive tenancies remaining on the register. This caused an artificial increase in the number of private tenancies. The introduction of Annual Registration in April 2022 mitigates this issue.

## Methodology - Estimation of Number of Tenancies in the Private Rented Sector 2021

The RTB created an estimate of the number of private tenancies in the rental sector at the end of 2021. The estimate was developed using existing RTB data available to identify the estimated number of tenancies that would have been removed or renewed on the register in 2021, had the changes to the length of part four tenancies not been introduced. Please see below details of the method used to create the estimated number of private tenancies registered with the RTB at the end 2021:

**Step one:** Using a combination of data from the RTB previous Tenancy Management System and the new system that launched in November 2021, the total number of private tenancies registered with the RTB at the end of 2021 was identified. This inflated figure did not represent the sector at that point in time but rather was a result of tenancies remaining active on the RTB register as a result of landlords not notifying the RTB that a tenancy has ended.

**Step two:** The actual number of tenancies that would have moved to 'awaiting renewal' status in 2021 was identified. Had changes to part four tenancies not been introduced, landlords associated with these tenancies would have renewed these tenancies in 2021, or they would have been removed automatically from the system as outlined above.

**Step three:** The average proportion of tenancies that were renewed each quarter (2017-2020) was identified. This figure was used to estimate the number of renewals that would have occurred in 2021. The number of renewals for 2021 was estimated using the actual number of new private tenancy registrations in 2021 and the average proportion of renewals that had occurred previously (2017-2020).

**Step four:** The total number of tenancies that would have gone to 'awaiting renewal' status in 2021 had the changes to part four tenancies not been introduced was then taken from the total unadjusted number of private tenancies registered with the RTB at the end of 2021. The remaining figure was then added to the estimated number of renewals that would have taken place in 2021.

**Applying this methodology, it is estimated that at the end of 2021 there were 276,223 private tenancies in the private rental sector.**

## Annual Registration

The process for addressing this issue is through annual registration. Annual Registration was introduced in April 2022, which means that every tenancy must be renewed annually on the anniversary of the commencement date of the tenancy. This change greatly improves the data collected and held by the RTB. Importantly, if a tenancy is not renewed, then it will be automatically removed from the system following an 'awaiting renewal' period. The combination of this new register and annual registration means that the issues that caused the inflation of private tenancy figures will not occur again.

