

Ireland Rental Update, Q4'23: Some easing in Dublin. Problems persist nearly everywhere else.

In the seven years that we have been issuing rental accommodation reports for the Irish market, we have generally struggled to find positive news. Then in our last report we talked about some 'slight easing' in the Dublin market, albeit that this easing was counter-balanced by a myriad of continuing problems, ongoing price inflation being the main one. In this report we are happy to confirm that the supply situation in Dublin continues to improve thanks largely to new-build rental supply. However, as always, there is a flip side, the real problem in Dublin has flipped from being one of availability to one of affordability. It could be argued that affordability has long been a problem in Dublin and across Ireland however an influx of new-build properties at high prices has exacerbated this.

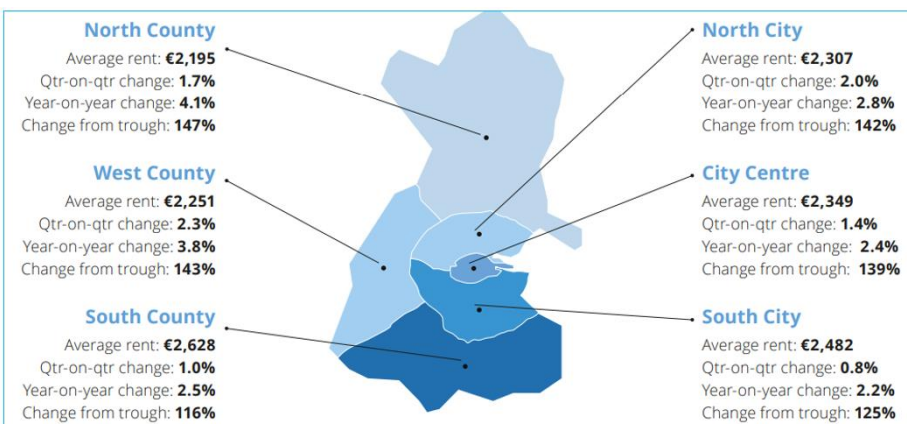
As we have reported in the past, during the pandemic there was what might be termed a realignment of rental demand around the country. Employees who previously had no choice but to live close to or in Dublin found that employers quickly introduced remote working and therefore the employee was free to choose their work/living location. Many voted with their feet and moved to cheaper rental markets outside Dublin which inevitably pushed rents very considerably higher in those areas. In essence, this just took what had been an urban problem (in Dublin & the larger cities) over the preceding decade and made it a national problem. Suddenly, regional towns such as Letterkenny, Athlone, Clonmel etc had rental markets which were every bit as difficult, more difficult in some cases, than in Dublin & Cork. While rent amounts in regional towns will always be somewhat lower, rental inflation % is pretty much the same all over the country. For example, open-market rents in Dublin are 133% higher, while rents in Letterkenny are 138% higher compared to the post-Celtic Tiger market. Roll on to Q1 2024 and the regional situation remains incredibly difficult. While new supply is finally coming on stream in Dublin the same is not happening across the country, it remains to be seen if the Dublin lesson has been properly learned, the proof will be if we see increasing supply in regional towns and cities.

Corporate Care's view:

So where does that leave us and what are the current biggest challenges for people relocating to Ireland searching for suitable rental accommodation? For Corporate Care we are dealing with a market which has subtly changed but which is no less challenging:

- Supply in Dublin has improved but affordability and availability of affordable properties is a bigger challenge than it ever has been.
- Supply and price inflation in regional towns and cities is a monumental problem with no real signs of easing in sight.
- We continue to estimate that for every advertised property, there are two more available. This puts a huge onus on Corporate Care to utilise our network of property sources effectively.

Dublin market data:



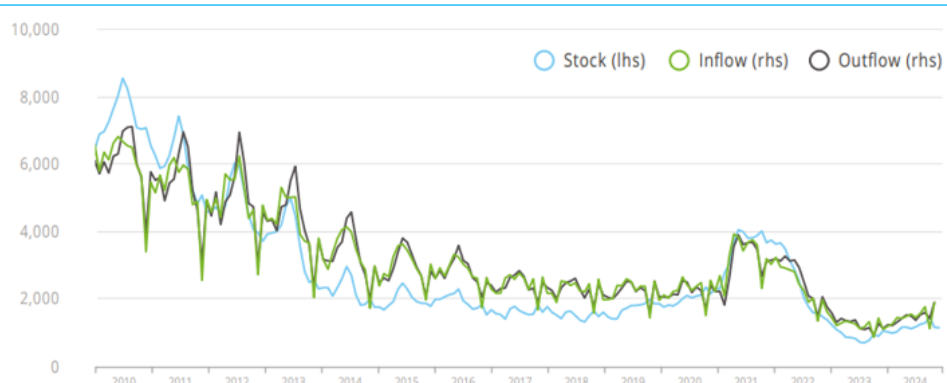
Availability continues to improve

There were almost 1,200 homes available to rent in Dublin on February 1st, up almost 10% on the same date a year previously - but still below the 2015-2019 average of almost 1,800.

4% **Room rents up 4%**

The cost of renting a room in Dublin was just under 4% higher on average in the final quarter of 2023 than a year earlier.

Source: The daft.ie Rental Price Report 2023 Q4. Note that in Corporate Care's view, for higher quality properties, 15% to 20% should be added to quoted



This chart demonstrates rental inventory (stock) availability since this series of data commenced in 2010. As can be clearly seen, availability (blue line) while improving slightly, remains close to the all-time low we saw in 2023.

1.3% increase in 3 months
Market rents rose by 1.3% on average in Dublin in the final quarter of 2023, the fourth quarter in a row of increases below 2%.

2.6% up year-on-year
Compared to a year ago, market rents in Dublin were 2.6% higher - the lowest inflation rate since mid-2021.

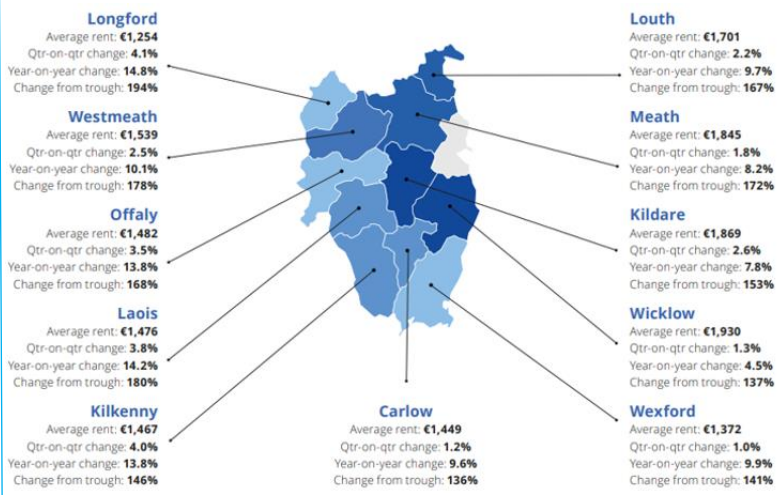
Source: The daft.ie Rental Price Report 2023 Q4.

Rest-of-Ireland Data:

The need for new accommodation outside of Dublin is now more critical than in the capital, in fact it could be argued that the need for new rental accommodation in the larger regional cities and towns has not been addressed at all. Worryingly, completion of new units in Dublin has fallen for the first three months of 2024, general opinion is that unless (government) policy actions are taken to change course, over the next few years, the number of new rental homes built in Dublin will fall again, while it will remain close to zero elsewhere in the country. Across the 54 markets covered in each Daft.ie Rental Report, market rents were almost 7% higher on average at the end of 2023 than a year previously. This however hides an interesting fact: during this period, rental rates in Dublin grew by just 2.6% while the growth rate on average across the rest of the country was 10.6%.



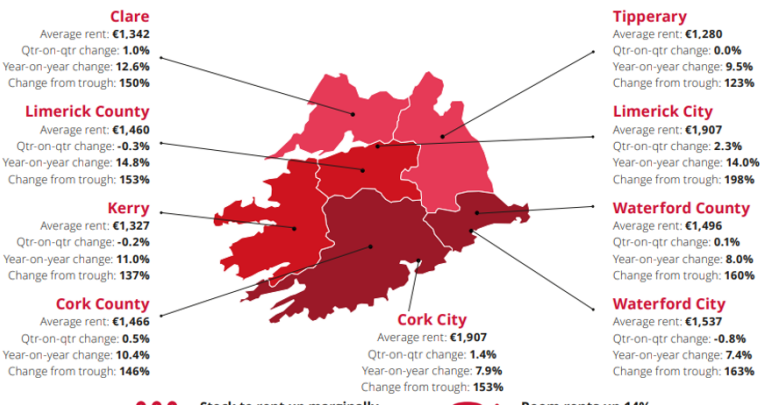
Leinster (excluding



Stock to rent up slightly
There were over 425 homes for rent in Leinster (outside Dublin) on February 1st, up 14% on the same date a year ago but still just half the 2015-2019 average of over 850.

Room rents up 5%
The cost of renting a room in Leinster, outside Dublin, was roughly 5% higher on average in the final quarter of 2023 than a year earlier.

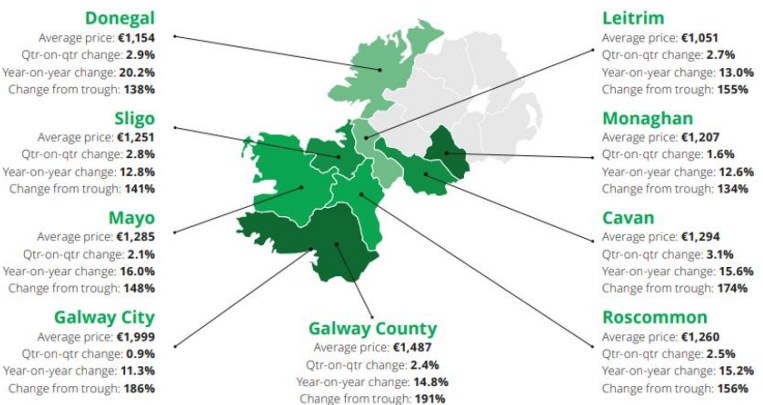
Munster



Stock to rent up marginally
There were just over 320 homes listed for rent in Munster on February 1st, up slightly (6%) on the same date a year ago but still only one third of the 2015-2019 average (of 975).

Room rents up 14%
The cost of renting a room in Munster was roughly 14% higher on average in the final quarter of 2023 than a year earlier.

Connaught & Donegal



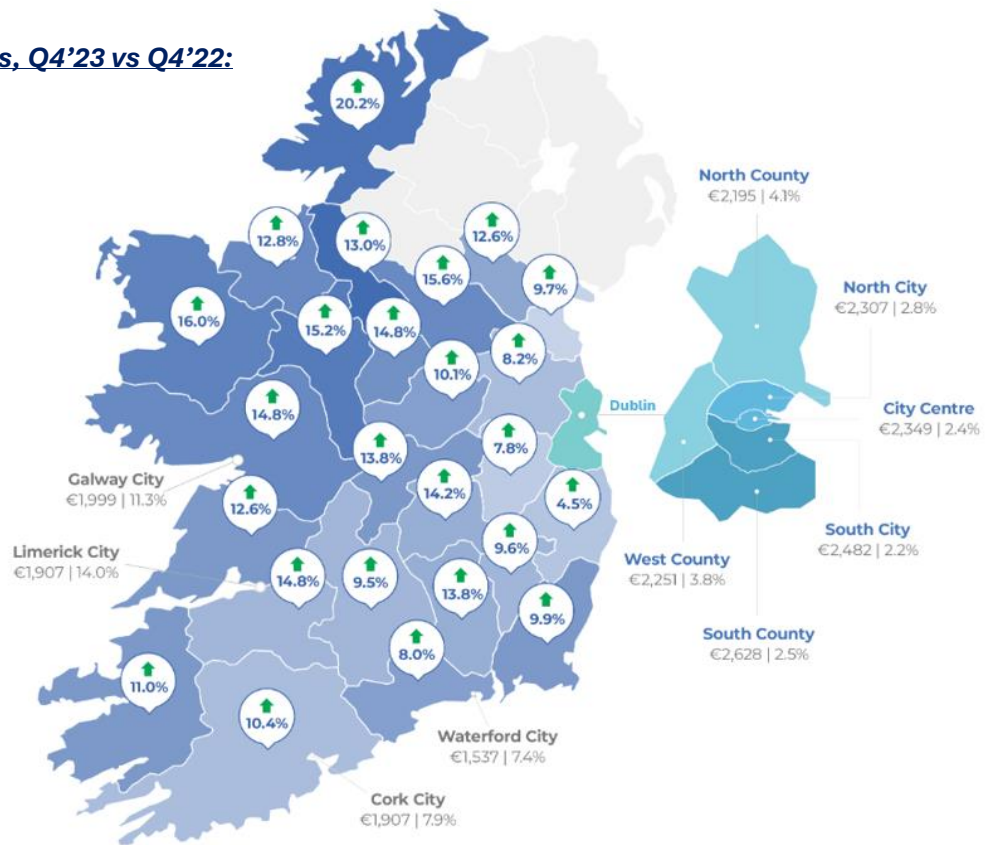
Stock to rent down 13%
There were almost 270 homes listed for rent in Connacht-Ulster on February 1st, down 13% on the same date a year ago - a run of 15 months increasing availability ended in January.

Room rents up 18%
The cost of renting a room in Connacht-Ulster was almost 18% higher on average in the final quarter of 2023 than a year earlier.

Source: The daft.ie Rental Price Report 2023 Q4. Note that in Corporate Care's view, for higher quality properties, 15% to 20% should be added to quoted

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.corporatecarerelocation.com

Nationwide rent increases, Q4'23 vs Q4'22:



Important items to note in the current market:

- The **'40% rule'** has now generally become the **'45% rule'** and is implemented by most property agents across the country. This 'rule' states that a monthly rental payment may not be more than 45% of net monthly salary. While a welcome increase from 40%, it is purely a result of a slight ease in availability and landlords'/agents' desire to ensure properties are fully occupied.
- **Pets:** Bringing a pet rules out 85%+ of an already challenged supply. Clients moving with pets will have restricted choice although in the current market restrictions typically lessen with higher-end properties where demand is lower and supply subsequently higher.
- While the Dublin market has eased somewhat, **we have still not returned to the situation where a client might view 7 or 8 or more properties** for the purpose of comparison. In Cork for example, a client will be lucky to view 2 to 3 properties such is the very restricted supply in that market. The lower end/affordable end of the market remains particularly challenged nationwide and while supply of new properties is improving, particularly in Dublin, it has done nothing to ease the availability of affordable rental accommodation. Our team will continue to 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.
- Pressure on clients to make an immediate decision continues, except for higher-end properties where more time to consider has become the norm once again. Such is the huge demand for affordable 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 a housing need analysis for an employee 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.
- The situation with availability of **Short-Term / Temporary Accommodation** has eased somewhat though demand for newer well-specified properties in key areas remains challenging. Corporate Care have added some additional new-build Temporary accommodation units to our portfolio, please contact us for details.

About this report:

This report and commentary are 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, 6 to 8 weeks after quarter close. The data and market trends represented by the daft.ie data very ably demonstrate the current Irish rental accommodation market. To this we add our own market knowledge and observations and insight 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@corporatecarerelocation.com.

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