

## RTB Publishes Q4 2023 Rent Index Report

### Q4 2023 RTB Rent Index Report shows rent levels in existing tenancies remain lower than in new tenancies

- **Q4 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 third 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 Q4 2023 was higher for new tenancies than for existing tenancies (€1,595 vs €1,374), a difference of €221 or 16.1% per month.
- **Nationally, rent levels in both new and existing tenancies have increased.** In Q4 2023 the standardised average rent in new tenancies grew by 9.1% year-on-year and in existing tenancies grew by 5.9%.
- The Existing Tenancies Rent Index does not measure compliance with RPZ legislation and, hence, the 5.9% annual increase in rents in existing tenancies is not to be interpreted as a measure of compliance with the RPZ rules.
- The standardised average rent for new tenancies in Dublin in Q4 2023 was €2,098, or €293 (16.2%) higher than the standardised average rent for existing tenancies which stood at €1,805.
- The standardised average rent for new tenancies in Cork in Q4 2023 was €1,400, or €242 (20.9%) higher than the standardised average rent for existing tenancies which stood at €1,158.

**02 May 2024** - The Residential Tenancies Board (RTB) has published the Q4 2023 Rent Index report today for the period October to December 2023. Independently analysed by the Economic and Social Research Institute (ESRI), the RTB Rent Index report is based on RTB tenancy registration data.

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.

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 Q4 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 Q4 2023.

Speaking on the publication of the report, **Deputy Director of the RTB, Lucia Crimin commented**

*“The RTB is very pleased to publish the Q4 2023 Rent Index report. The report provides robust insights into the private rental sector by tracking rental price developments in new and existing tenancies. The data for the fourth quarter of 2023 broadly shows a continuation of the trends observed in recent quarters. Although, rent levels are continuing to rise in both new and existing tenancies, standardised average rent levels in existing tenancies remain significantly lower than in new tenancies and, nationally, the standardised average rent for new tenancies remained virtually unchanged from the previous quarter.”*

Rents in a RPZ cannot be increased by more than 2% per annum pro rata or if it is lower, by the increase in the rate of inflation as recorded by the Harmonised Index of the Consumer Prices (HICP). This restriction applies to new and existing tenancies in RPZs (unless an exemption applies). It is important to note that the Existing Tenancies Rent Index does not measure compliance with RPZ legislation and, hence, the 5.9% 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,** *“While the ability to measure the changes in rental prices for ongoing tenancies is a significant step forward, the rent index does not provide insights into rental prices in individual properties or measure compliance with RPZs. However, a core function of the RTB is to ensure compliance with rental law and the RTB takes extremely seriously any potential non-compliance with rental law.*

*Therefore, we have recently commenced analysis on the registration dataset to understand how rent amounts change over time in individual properties both inside and outside Rent Pressure Zones. We expect that by the end of this year, through this process, we will enhance our ability to identify potential non-compliance with rental law – in particular the requirements to register tenancies and to set rent in compliance with RPZ rules.”*

### **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 Q4 2023 Rent Index report presents rental indices for new tenancies on a quarterly basis covering the period between Q3 2007 and Q4 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 Q4 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 Q4 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 59).

This standardised average rent refers to the development of an average that is consistent over time with regard 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 Q4 2023 Existing Tenancies Rent Index indicators is to facilitate comparison of the prices faced by those continuing in tenancies that commenced in Q4 of a previous year and were re-registered in 2023, with those taking up new rental contracts in Q4 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 Q4 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.

### **Q4 2023 Rent Index Results Overview**

For further information on rent levels in various geographical areas, please see the Q4 2023 RTB Rent Index report. Details below on the location of information within the report:

- National (Page 21)
- The Dublin Market (Page 24)
- The Greater Dublin Area (GDA) (Page 25)
- 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 29)

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The Q4 Rent Index Report can be accessed here <https://www.rtb.ie/rtb-publications>





