Bord um Thionóntachtaí Cónaithe
Residential Tenancies Board

Large Landlords Report 100+ Properties

December 2023

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RTB Bord um Thionóntachtaí Cónaithe Residential Tenancies Board

amárach research

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Abbreviations and Glossary

AHB	Approved Housing Body (AHB)	Also called housing associations or voluntary housing associations, they are independent, not-for- profit organisations. They provide affordable rented housing for people who cannot afford to pay private sector rents or buy their own homes; or for particular groups, such as older people, or homeless people.
HAP	Housing Assistance Payment (HAP)	The Housing Assistance Payment (HAP) is a form of social housing support for people who have a long-term housing need. HAP will eventually replace long-term Rent Supplement. The scheme is administered by the local authorities, who pay landlords directly.
LA	Local Authority (LA)	Local authorities are responsible for public services and facilities in a particular area. They provide affordable rented housing for people who cannot afford to pay private sector rents or buy their own homes; or for particular groups, such as older people, or homeless people.
	Pobal HP Deprivation Index (SA) Trutz Haase	A measure of the affluence or deprivation of each small area on a single scale.
	Purpose-built Apartment	CSO definitions (Census 2016)
REIT	Real Estate Investment Trust	A real estate investment trust (REIT) is a company that owns, operates, or finances income-generating real estate. Modeled after mutual funds, REITs pool the capital of numerous investors. This makes it possible for individual investors to earn dividends from real estate investments—without having to buy, manage, or finance any properties themselves.
RAS	Rental Accommodation Scheme (RAS)	RAS is a social housing support introduced to cater for the accommodation needs of persons who are in receipt of long-term rent supplement. Under the RAS scheme, private rented properties provide an additional source of good quality rental accommodation for eligible persons.

Introduction

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1.1 Introduction

The Tenant, Landlord and Letting Agent research study was commissioned by the Residential Tenancies Board (RTB). It is one of the largest studies of the rental sector ever conducted in Ireland.

This study is a central pillar of the RTB research programme, the overall aim of which is to create evidence-based reporting on important issues in the sector.

The purpose of the research project is to provide up-to-date and robust information on the landlords, tenants and letting agents in the rental sector. The research project is part of a strategic priority for the RTB to use data and research to promote a better understanding of the rental sector, monitor trends, assess their impact and influence policy and outcomes. One of the RTB core service areas is providing accurate information, data and insights to inform the public and policymakers.

The first phase of the project was conducted in 2019/2020. As part of this research project, qualitative research was undertaken with individuals and organisations who are classified by the RTB as large sized landlords. In September 2021, follow-on qualitative research was carried out with large landlords only to further explore certain topics. This was succeeded by a third round of research which commenced in April 2022. The 2022 research followed the same methodology as that of 2020/2021 to allow for robust comparability of results.

1.2 Research Objectives

The research objectives for the project were as follows:

- help create an accurate profile of landlords, tenants and letting agents in the private rental sector;
- establish an evidence base of data around the actions and intentions of private landlords and tenants across a range of thematic areas;
- collect information that will facilitate the monitoring of sectoral trends over time; and
- gain insights into the drivers of behaviour of key stakeholders within the sector.

This report presents findings from the large landlord (100+ tenancies) research. Where relevant the results of the 2020 and 2021 research are incorporated to allow for comparability and the identification of sectoral trends.

Private Landlord Research

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2.1 Research Methodology

As was the case in the previous study, this stage of the research project focussed on three groups of private landlords – small landlords (1-2 properties), medium landlords (3-99 properties) and large landlords (100+ properties) and consisted of both quantitative and qualitative elements. The different elements are set out in Table 2.1.

Table 2.1: **Private Landlord Research**

	Quantitative Element	Qualitative Element
Small landlords (1-2 properties)	Nationally representative telephone survey of 500 small landlords. Additional shorter surveys were carried out as follows: ▸ Landlords who had left the sector: - 2022 x 100 surveys - 2020 x 74 surveys ▸ Landlords who increased their portfolios to three properties or more: - 2022 x 80 surveys - 2020 x 66 surveys	One focus group with small landlords who have left the sector.

	Quantitative Element	Qualitative Element
Medium landlords (3-20 properties)	Nationally representative telephone survey of 250 medium landlords.	NA
Medium landlords (21-99 properties)	NA	In total 20 in-depth telephone interviews were conducted over the course of this research: ▸ 2022 x 10 interviews ▸ 2020 x 10 interviews
Large landlords (100+ tenancies)	NA	In total 31 in-depth telephone interviews were conducted over the course of this research: ▸ 2022 x 10 interviews ▸ 2021 x 12 interviews ▸ 2020 x 9 interviews

This report presents the findings from the large landlord (100+ properties) qualitative research. In 2022, there were 10 in-depth telephone interviews completed in total with large landlords. The interviews were semi-structured and each interview lasted an average of 60 minutes. They took place in Quarter 4 2022. A copy of the discussion guide is included in Appendix 1.

Where relevant the results of the research undertaken in Q4 2020 and Q4 2021 are incorporated to allow for comparability and the identification of sectoral trends.

Large Landlords
(100+ properties)

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3.1 The Research Approach

Who Participated?

Qualitative research was undertaken with individuals and organisations who are classified by the Residential Tenancies Board as large sized landlords. Under this classification large scale landlords are those landlords that own 100+ residential properties to rent. In February 2021, there were less than 70 landlords with more than 100 tenancies registered with the RTB. This means that we interviewed a considerable proportion in relation to the overall number. Of those who were interviewed for this research component, the residential portfolios they operated were typically many times that scale. Most interviewees (or their organisations) aspired to build to portfolios of several thousand units.

Recruiting the Participants

The recruitment process to identify and contact participants was as follows.

1. The Residential Tenancies Board wrote to landlords in this category on its database, informed them of the nature of the study and invited them to participate.
2. Once they agreed and gave permission for contact details to be shared, the names and contact details were passed to Amárach Research.
3. Amárach's call centre contacted the potential participants and arranged for a telephone interview.

Across the three waves of research (Q4 2020, Q4 2021, Q4 2022) there were 31 interviews completed in total with large landlords. Due to personnel changes within organisations, some landlords were interviewed just once or twice. The interviews were conducted by Michael McLoughlin – CEO and Michele Cluskey – Associate Director of Amárach Research. Overarching all stages of the research undertaken with landlords, tenants and letting agents, has been a guarantee of confidentiality. The need for confidentiality and anonymity is at the heart of all qualitative research programmes.

The Market Context

The economic recovery from the economic crash in 2008 was fast. Employment growth in Ireland between 2010 and 2020 (before the onset of the pandemic) was 24%. The numbers working grew by 450,000 [1].

Like all countries, Ireland's economy was badly affected by the COVID-19 pandemic. Unprecedented levels of support were deployed by government to help businesses and people. This most likely contributed to the economy recovering quicker than anticipated [2].

In addition to economic growth and labour force growth, the underlying demographic projections continue to be very positive for household formation. Ireland's population has grown from 3.5m in 1990 (of which 2m were living in urban areas) to 5.1m in 2022 (of which 3m were living in urban areas) [3]. The trend is likely to continue – and the CSO forecasts a population of about 5.7m by 2050. A more confident, educated and earning workforce also has rising expectations of what it is paying for and the type of environment in which it wants to live.

Housing completions in the decade after the crash have been nowhere near the amount required as a result of demographic and economic growth. Various estimates have put the number of new houses required at 35,000 to 50,000 per annum over the next decade.

Approximately 30,000 new housing completions were conducted in 2022, according to figures from the Central Statistics Office (CSO). This was an increase of 45% on the previous year. However, forecasts for the year ahead indicate that output will shrink in 2023 due to cost pressures [4].

The global energy crisis has had a trickle effect on the housing market in this country. Builders need raw materials to build new homes. But higher energy costs (transport, electricity etc) mean it is more expensive to produce the materials needed. In addition, there is so much demand for the construction of new homes, there is a shortage of materials as well as workers. This in turn has had a knock-on effect on the cost of materials and wages [5].

3.2 The Qualitative Findings

Profile and Characteristics

This section examines the profile and characteristics of the large landlords that participated in the qualitative research across the three stages of the research (Q4 2020, Q4 2021, Q4 2022).

In total, 31 interviews were conducted with 17 large landlords across the three waves – seven landlords completed one wave, six landlords completed two waves and four landlords completed all three waves of the research.

Given the extent to which these large landlords participated in more than one wave of the research, the profile and characteristics of these participants were broadly similar across all three waves and are summarised below.

The participants were predominantly Dublin based with portfolios that were largely Dublin based (within M50), but some which stretched through other urban areas (e.g. Cork, Limerick) and towns (e.g. Cavan).

They typically owned and managed hundreds and in some cases, thousands of properties. Almost all of these were in Rent Pressure Zones (RPZs).

1 https://www.cso.ie. Labour Force Survey Quarterly Series

2 https://www.gov.ie/en/publication/c48ab-july-jobs-stimulus/

3 https://www.cso.ie/en/csolatestnews/presspages/2022/censusofpopulation2022-preliminaryresults/

4 https://www.irishtimes.com/business/2023/01/26/new-home-completions-rose-45-to-almost-30000-last-year/#:~:text=New%20home%20completions%20rose%20to,cent%20on%20the%20previous%20year.

5 https://www.centralbank.ie/docs/default-source/publications/financial-stability-notes/rising-construction-costs-and-the-residential-real-estate-market-in-ireland.pdf

Most of the organisations were established or active in this sector in the past ten years and residential property represented a core activity that had grown since they started. The majority had other property interests in commercial investment property.

All of those who were interviewed were key decision takers within their organisations. All had practical experience of the market through a series of cycles, most had been involved in the market in different guises for over ten years. Some, but not all, had experience internationally. Many also had previous experience in the commercial property investment sector.

The companies that they represent are usually focussed on letting residential property. Their rental activity is focussed on targeting the medium and high end of the residential rental market.

A number of these large landlords became involved through acquiring apartment blocks and leasing them. This strategy was perceived to offer a good source of income, particularly for those landlords that purchased stock between 2012-2014 when the market was quite low and the value of properties had dropped.

These organisations are ambitious and growing. They take a long-term view of the sector (i.e. 10 years or longer). In the first wave of research, the large landlords that we spoke to envisaged managing property portfolios of several multiples of their current scale in the medium term. However, in the last couple of years many of these landlords have revised their plans for growth, with the market being constantly under review. Current stocks are performing well but there is a reluctance amongst some to increase portfolio size, at least in the short-medium term. The market is perceived to be too expensive at prevailing prices and too competitive. International investors, in particular, are cautious about investing further in Ireland at this point in time. The risk of less favourable returns and further government intervention means that there are other better propositions than investing in the private rental sector in Ireland.

These businesses are funded by a mix of equity and debt (primarily bank loans sourced locally). They are investing with funds sourced from pension funds. The funds that they source for investment are searching for somewhere that will provide a reasonable return.

Many of these organisations, or their key personnel, have experience in residential investment elsewhere (Europe, North America etc).

The nature of their engagement with the sector has several common characteristics:

1. They are typically modern properties, usually completed in the last decade. Some have portfolios which also contain pre '63 properties.
2. They are usually purchased from the developer, through a prefunding agreement or developed in-house.
3. They typically buy in blocks with a minimum of 100 or 150 units. They don't want to have units 'pepper potted' throughout a development. Having complete control enables them to brand, manage, control and handle the estate as an asset. They can then offer consistency across the units to tenants.
4. They see themselves as long-term investors, much more explicitly than other categories of landlords. These landlords are keen to point out that the long-term nature of the investment is their underlying rationale for engagement.

The Interviewees' Sense of the Rental Sector

Large landlords were asked to talk about their perception of the private rental sector.

Across all three waves of the research, the residential rental sector was seen by the interviewees to be fragmented. To date, they believe that it has been dominated by part-time or accidental landlords, that these smaller private landlords are leaving the market and that they will continue to do so, further contributing to a supply shortage of rental properties. This sentiment increased from the first wave onwards. The interviewees see that these departures are because of a more challenging banking, regulatory and taxation environment. Their departure creates a vacuum and opportunity for consolidation. Those that we interviewed are moving into the opportunities created. They believe that the housing market model in Ireland presents this opportunity.

The COVID-19 pandemic had an impact, particularly in terms of activity and the turnover of tenants. Demand for private rental properties was slow up until June 2021 but recovered swiftly since then. During the second half of 2021, rental stock performed well but it was evident that there was a growing reluctance amongst some large landlords to increase portfolio size, at least in the short-term. The market was perceived to be too expensive at prevailing prices and too competitive. While landlords still appeared to be committed to the sector, the scale of government intervention in 2021 had the effect of breeding more caution among investors.

The challenges that these large landlords face appear to have grown since the first and second waves of research. In 2022, interviewees stated that these challenges combine to threaten their long-term commitment to the sector. They include the following:

- The regulatory environment (rent cap, eviction ban etc) which they believe favours tenants over landlords.
- Access to finance (fewer banks in the marketplace).
- Cost of finance (higher interest rates).
- Inflation leading to higher operating costs.
- Increasing demand but shortage of supply of new stock.
- Political uncertainty.
- Planning laws and the judicial review system.
- RTB and the Dispute Resolution Service
- Prospect of an economic downturn.

The Approach of Large Landlords to the Sector

Based on all the interviews conducted in 2020, 2021 and 2022, it is evident that there are several consistent themes across all the participating organisations in how they approach the private rental sector.

1. They typically buy new or nearly new stock or develop themselves.
2. They buy in scale in locations where they own all of one or more blocks. Typically, they are apartments or townhouses. They don't want to have units 'pepper potted' throughout a development.
3. They see what they offer tenants not as a property but as a proposition. They are marketing a location and an environmental context – not just the individual property.
4. Some have their own in-house property management company/department. The advantages of this approach include:
    a. a better, more consistent service offering
    b. more control (no/fewer third parties for maintenance or property management)
    c. onsite teams that manage move-ins and move-outs
    d. less turnover of tenants
    e. A professionally managed rental experience resulting in happier tenants overall.
5. They prefer locations that are near transport, work and population hubs.
6. The focus is almost exclusively on Dublin for future investment – where there is strength and depth in the rental market. Some may look at Cork, but other markets have neither the scale or differentiation required. They will not be investing in smaller towns.

7. Some have their own development capability – and they use that. However even those that do develop also buy property that others have developed if the right opportunity presents itself.
8. The scale and portfolio size of each of these residential businesses means that they must be considered as businesses. They don't appear to be impacted by the organisation's presence, for example, in the commercial property market.

They see the long-term relationships with tenants as fundamental to their success. They are all explicit about this. They have no single preferred tenant type, they are open to all stages and ages although the majority of tenants are aged 20-40. Most have a good mix of tenants with a multi-cultural profile. In some cases, there is a heavy reliance on international workers. There is a preference for people who are working in well remunerated employment and who, will be able to pay the rent (e.g. tech, financial services and medical workers).

One advantage of owning a large development is the opportunity for tenants to move to properties of different scale as they move through the life cycle, although currently due to the lack of vacant units, there is little trading up within schemes.

They see the added extras - gyms, concierge, outdoor areas, communal lounges, cinemas, meeting rooms, parcel storage, rooftop terraces - as being part of the definition of their proposition. All properties that they lease are furnished. Some large landlords are looking at renting out units unfurnished as a way of reducing costs. However, they acknowledge that although they are starting to see a demand for unfurnished, the vast majority of renters here in Ireland still prefer a furnished unit. Many tenants are international students or temporary workers who are looking for a more convenient option when they move to Ireland. Additionally, many Irish landlords prefer to furnish their properties to make them more attractive to tenants and to increase the overall value of the property. Large landlords see their sector as setting the bar for standards in the rental market - almost to the extent of reinventing the residential rental market in Dublin.

As with other stakeholders, there is a widespread acceptance of rental support payments such as Housing Assistance Programme (HAP), although the proportion of HAP tenants in schemes owned by these large landlords is small (<5% in most cases). Given the core of the business model, predictable monthly income on long leases, the availability of a state backed rent is unsurprisingly welcome. While they accept that HAP is a good way of getting people housed quickly, they do wonder about the long-term viability and cost of HAP to the State. Is it a short-term solution being applied to a long-term problem – i.e. the absence of social housing?

Where there is a reluctance to accept HAP, it is usually because the gap between the HAP payment and the rent level is too large to bridge. Some providers run an analysis of rental costs as a percentage of take-home pay scenarios for prospective tenants and one declined a tenancy where rent constituted more than 40% of take-home pay/net salary. In other components of this research (notably the tenant focus groups) we have seen scenarios where tenants are having to commit up to 60% of their take home pay to rent. Institutional landlords take a long-term approach – some of them spend a lot of money on community and they don't want tenants to leave. If they rent a unit to someone for 60% of their salary, they believe that they are not going to be able to afford it in a year's time. That is why they are cautious about the affordability issue.

ESG (Environmental, Social and Governance) is becoming more of a priority for many of these landlords. They aim to add to the community feel by:

- Organising events to engage and build the community.
- Providing more amenities and an excellent onsite service.
- Adding value wherever possible e.g. car sharing service, free servicing of bikes.
- Providing family facilities on larger sites e.g. playgrounds.

Like other stakeholders, they do have concerns about affordability in the wider rental market. They do appear to believe however that they are generally operating in a resilient niche and do not appear to think that it is a barrier to their future development or growth.

In 2022, very few of these large landlords had any properties available to rent at the time of being interviewed.

They all have waiting lists and use word of mouth to find replacement tenants. Some use recognised property websites although for many the use of these is becoming more and more cost prohibitive. However, it still tends to be the main platform when launching new schemes. Many took the opportunity during the COVID-19 pandemic to develop their own websites and this practice has continued. The aim is to try to drive people directly to the website rather than using other property websites for example. That way they can "control the experience from A-Z". Historically, these recognised property websites used to be the main source of finding replacement tenants but that has changed in the last year or two. Referrals are now considered equally important.

In 2022, at least half use a letting agent – in some cases two or even three letting agents are used. Properties are advertised on the letting agent's website or on their own website if they have one.

None of these landlords appear to use incentives as they are not needed with the current level of demand. They acknowledge the use of incentives during the pandemic (e.g. rent free period, rent discount, car parking space) and understand why landlords at the higher end of the market in particular, might choose to leave a property vacant to avoid getting locked into a low rent.

All mentioned that they are experiencing a lower turnaround of lettings than usual – "no one is moving out, there is nowhere to move to". As a consequence, tenants appear to be staying longer. The average length of a tenancy was estimated at 3-4 years or even longer.

Large landlords estimate that there are very few in rent arrears currently. One landlord estimated "1%-2% in arrears, around the same as last year".

The Impact of Scale

The large landlords interviewed across 2020, 2021 and 2022 typically owned and managed hundreds and in some cases, thousands of properties.

They believe that their scale is critical to the long-term viability of their ventures. It minimises the risk from individual tenancies going wrong. All are keen to emphasise that very few go wrong from their perspective. They argue that scale gives them the following advantages:

1. It enables them to create systems (renting, management, administration and tenant relationships) where they can streamline and specialise.
2. They can develop an offer that is beyond the simple characteristics of the property to include facilities such as gyms, cinemas, business centres and other support services, across locations which will attract and retain tenants, in much the same way that people stayed loyal to house builders in the past.

Most of these businesses are funded by a mix of equity and bank debt. In 2020, there was little sense from any of the people that were interviewed that international investment capital was in short supply. However, the view of large landlords interviewed more recently was different – "attracting capital to Dublin has become very problematic".

The ever-increasing cost of delivery is making most schemes economically unviable. The prevailing interest-rate environment is challenging the investment market. The favourable financial conditions that existed from 2009-2021 are unlikely to return anytime soon, as the perceived economic risk moves from deflation to inflation.[6] Rising interest rates and elevated construction costs are the biggest threats to housing supply in 2023. [7]

6 https://www.irishtimes.com/property/commercial-property/2022/11/23/lower-values-and-lower-returns-in-prospect-as-real-estate-adjusts-to-the-new-normal/

7 https://www.irishtimes.com/business/2023/03/14/housing-pipeline-encouraging-but-downside-risks-to-supply-remain/

Those interviewed in 2022 consider Ireland a riskier market currently than six or twelve months previously, especially given the historical volatility of the sector and "the headwinds that we are now facing as an industry". The last two years have seen frequent legislative changes - introduced with little or no forewarning, constant intervention and a lack of support for providing supply. The cost base has increased significantly for these landlords, yet the rental income is capped. As a result, international investors are cautious about investing further in Ireland at this point in time. They feel that the risk of less favourable returns and further government intervention means that investing in government bonds or other European markets might be a better proposition than investing in the private rental sector in Dublin.

A stable regulatory environment is needed for investors. Some investors (mainly pension funds) are considering not investing in Ireland anymore. They may invest in real estate because it is a good hedge against inflation.

Most are not optimistic about the future in Ireland. If possible, they intend to stick to their long-term business plan but acknowledge that there will be little/no growth over the next 5-10 years. One or two mention the possibility they may exit the Irish market in the short term.

It was also suggested that there might be some amalgamation of large landlords in the future – "some of the smaller large landlords might sell off to the bigger large landlords".

Management Approaches Adopted

This section looks at the different approaches adopted by large landlords to managing their private residential property portfolios.

They all state that they want to offer a consistent, high value standardised package to their tenants. They use different models as to how to get there – insourcing and outsourcing. But they do see that the tenant's relationship is with them and that long-term relationships are fundamental. Once again it is one of the reasons why they prefer complete control of an estate - they can then offer and provide a standardised and predictable service, properties that are safe and professionally managed.

Where the management of properties is 100% internalised, there does not appear to be significant cost savings. Some landlords feel it is cheaper to use a letting agent. However, they do believe that they can offer a more professionally managed rental experience overall. These schemes have a dedicated property manager and maintenance team. They may also have full-time cleaners in all the buildings. In some cases, where the maintenance and inspections are looked after by an onsite team, tenants are provided with a resident app. It is in effect a resident's portal that allows them to log a request or issue on their phone to have something replaced or fixed, for example.

Some also use letting agents, whereas others carry that work out in-house. When using a letting agent the strategy is to manage the portfolio through an agent who is responsible for the initial let up, followed by ongoing tenancy management and block management. Other services such as cleaning, security, maintenance and even block management may be outsourced. Even where letting agents are used, most have their own websites to brand and advertise their developments. They use these websites as another source of potential tenants.

One advantage of using a letting agent is that they deal directly with the RTB. Letting agents are seen to offer a specialised service and those that use them would prefer to continue using them well into the future. Letting agents have the expertise including property management, facilities management, health and safety, marketing and research. Some also like that the letting agent acts as a "buffer" between the landlord and the tenant – "they take the risk".

Some landlords that use letting agents still have block managers in their apartment schemes. Their main task is to maintain the common areas. However, the letting agent sub-contracts out most of the work when it comes to repairs and maintenance.

When asked how much is spent on maintenance across their entire property portfolio per annum, most landlords have a ready reckoner of c.20%. This is the standard figure for the sector and includes property tax, insurance, letting agent fees (if applicable), communal landscaping, deep cleaning between lettings, painting and decorating etc.

Some also have a sinking fund set aside to deal with maintenance requests, block service charges etc.

Their management approach does frequently include an estate manager role in-situ on site. This function is typically responsible for day-to-day management of the tenant relationship and the environment.

Before the pandemic annual property inspections, including health and safety and fire inspections were the norm. But some landlords admitted that they (or their letting agent if applicable) are behind on inspections because of COVID-19.

Impact of COVID-19

This section examines the impact of the COVID-19 pandemic on large landlords.

The pandemic impacted in many ways. It slowed down activity, particularly because many were engaged in new developments. It had a particular impact within the canals in Dublin (smaller city centre units), but in suburban locations little/no impact was felt.

It also changed the viewing process of properties for tenants, with viewing as the next to final stage rather than earlier.

While some saw departures from tenancies, the scale and extent of this appeared to be relatively limited. Landlords estimated the vacancy rate at 5%-6% during this period. They did have some (but not many) tenant requests for rent reductions, but they appear to be far more limited than might have been anticipated at the start of the crisis.

COVID-19 led to a decline in demand and rent levels (there were fewer international tenants arriving in the country). Given the absence of financial pressures in their capital structure, some were prepared to live with higher vacancy levels, rather than lock into a lower rent, with long term consequences under RPZ rules. As a consequence of RPZ rules a reduction of €500 in monthly rent on a €2,500 monthly rent could, according to one interviewee, take five years to claw back. This was a reduction that some appeared unwilling to take. Other landlords did lower the rent and are now having to deal with the consequences. Landlords that voluntarily agreed to a rent reduction, even if temporary, may have unintentionally created a new rent ceiling. This ceiling could operate to limit any future rent to 2% per annum above the reduced rent as opposed to the rent prior to the temporary rent reduction.

As a result of the pandemic business was slow up to June 2021, but since then these landlords have seen a big shift in demand. “It has been a tenant’s market, but it is a landlord’s market now”. In 2022, landlords estimated the vacancy rate at c.1% - the majority of interviewees had a handful or no vacant units for rent at the time of interview.

Attitudes to Regulation

The large landlords interviewed across all three waves of the research are professional organisations, where residential rental activity at scale is a core part of their organisation purpose.

They all come from a professional services background and are dealing with regulated entities for funding. They do believe that the regulatory environment is driving smaller landlords from the market and in a sense, this is part of the opportunity that they are seeking to capitalise on. However, they also believe that the frequency and nature of regulatory changes is not helpful to larger landlords. These changes are often described as "haphazard", "reactionary" and "inconsistent" and many believe that the implications of these changes have not been properly thought through. Some see the changes as "heavy handed intervention that would be considered disruptive in any market". Many also dislike the speed at which these changes were put in place – "within the space of a month, the government changed rent control, Stamp Duty and Part 5".

Given their scale and experience, they are comfortable enough dealing with the Residential Tenancies Board (RTB). At least half use one or more letting agents who deal directly with the RTB on their behalf.

They believe that the advent of the RTB and increased regulation has increased professionalism in the sector. It means a better standard of property and a more professional service for tenants. Large landlords don't want any bad press, they don't want to get on the wrong side of the RTB.

The regulation supporting tenants is seen as positive but in terms of the choice that tenants have, they state that there has never been a worse time for tenants. The lack of supply outweighs any positives that there might be from regulations. Tenants are still worse off overall.

Despite the scale of some of the portfolios, most appear not to run into difficulties with tenants on a regular basis. They have some experience of dealing with tenants through RTB processes, but it is not a regular occurrence. Their main reason for bringing a dispute with a tenant to the RTB Dispute Resolution Service is where the dispute relates to withholding of rent or rent arrears. They try to deal with other individual disputes themselves by engaging directly with the tenant on a one-to-one basis. They tend to opt for mediation rather than adjudication.

Like other landlords and letting agents, they believe that the scales are tipped more towards the tenant than the landlord. Collecting bad debts, for example, can take a long time, be very costly and there is still no guarantee of getting the rent. In the most recent wave, there was a growing feeling that more cases are being taken by tenants against landlords because they realise that the legislation is on their side. Landlords find it easier to reach a resolution with tenants on an individual basis because the formal RTB dispute resolution processes may be too time consuming and drawn out. One had a case where the RTB found in their favour, but the tenant was still in situ. The RTB do not appear to have the authority to enforce their own determinations and landlords end up having to go to Court.

Landlords emphasise the importance of prioritising cases so that the more serious ones (where there is overholding for example) get a hearing more quickly. It was suggested that this could be done if there was an organisation other than the RTB that could become involved earlier on in the process.

They are of the opinion that the outcome of most cases "depends entirely on the adjudicator you get".

They believe that Government in its broadest terms has been changing rules and regulation in relation to residential rents on a yearly basis. Given the long-term nature of their commitment, the scale of the investments that they are making and the long-term payback period, the constant change in regulation breeds caution among investors. Legislation, including the new Stamp Duty legislation introduced in May 2021, has had a significant negative impact for some landlords – "it caused chaos with our social housing strategy". Changes such as this may only affect a small proportion of portfolios (houses rather than apartments), but landlords are all agreed that it brings a lot of uncertainty to the investment market – "our partners (international institutional investors) are very nervous when the government are seen to make changes at a whim because of pressure from the opposition".

However, they do all appear committed to the sector.

Attitudes to Rent Pressure Zones (RPZs)

Landlords were asked about the impact of RPZs on the private rental sector. They were also asked how they feel about RPZs as a measure to address rental inflation.

All the properties owned and managed by these large landlords are in RPZs. Rent pressure zones were introduced in December 2016 and are to remain in place until 31 December 2024. However, these landlords believe that RPZ rules will continue into 2025 and beyond.

They accept RPZs as being part of the environmental context and accept that rental price growth in the past was too high. "There should be a balance between tenants and landlords and Government needs to regulate the imbalances".

However, like other stakeholders, they argue that RPZs have had some dysfunctional side effects. Landlords believe that their inability to recalibrate a rent after setting the rent at a lower level previously, means that it may in some instances be more prudent in terms of their goals and objectives to leave property vacant rather than let it. In 2021, the practise of maintaining vacancies was not seen as a widespread practise overall. Some interviewees stated that they were aware of a small number of landlords maintaining vacancies, particularly those with high end units on higher rents. However, most landlords were of the opinion that it is better to get some rent than no rent, even if it means lowering the rent slightly. At the same time they are well aware that a reduction in monthly rent could take several years to claw back. In the most recent research (2022), landlords believe that this is no longer an issue as there are so few vacancies currently and there is no need to reduce rent. In general, they are not in favour of keeping units vacant, their objective is to have every unit leased long term. They believe that the practise of maintaining vacancies was directly linked to the COVID-19 pandemic and was a feature of a dysfunctional market.

Another side effect of RPZs, according to large landlords, is that they have fuelled a two-tier rental system in the private rental market. Existing renters benefit from much lower rent than new entrants to the market. They believe that this acts as a disincentive to moving. Many landlords have properties that are stuck at a lower rent whereas new properties are coming onto the market at higher rents. In 2022, several landlords mentioned that they would like to see a change to the law which allows a property to revert back to market rent once a tenancy expires. They believe that this would encourage investors to buy properties that have previously been rented. Some of these landlords have a significant number of units that are 30%-50% below market rent. It was also suggested that there should be a link to indexation.

Some also argue that the presence of RPZ rules has put a floor underneath the rental market and that rents might have fallen further in the pandemic if the rules had been different.

Landlords maintain that RPZs have disincentivised investment in refurbishment – "we are going to see the quality of stock deteriorate, particularly with smaller landlords". This was a consistent theme across all three waves of the research. In 2021, there was widespread agreement that landlords would struggle to maintain standards or invest in their properties if there was no return. Some of these companies bought their units in poor condition with the objective of refurbishing them. However, because of rent caps there was little/no incentive to invest in their properties and they feared that this would have long term implications for the condition of stock.

During 2021, rent setting rules changed in RPZs. Prior to this, rents could not be increased by more than 4% per annum in an RPZ. However, since December 2021, rents cannot be increased by more than general inflation or 2%, whichever is lower.

In 2022, landlords stated that the 2% rent cap is having a significant impact because of inflation – returns are reducing every year. Some landlords are planning small scale enhancements rather than anything new – they won't let their properties fall into disrepair but at the same time they won't deploy any new capital. A small number of landlords also mentioned that they may look at renting out units unfurnished even though most private renters in Ireland want a furnished unit. Other landlords, whose properties have not been refurbished for a number of years, are trying to refurbish their apartments to demonstrate to tenants that they are committed to looking after the properties. Many of the older units that require refurbishment are already below market rent and this is seen as a major issue. Funds/investors are also looking at ways of recouping costs. One landlord mentioned that they would be investing in solar panels to reduce electricity bills.

They think that the impact of RPZ rules on the sale of assets should be considered. If rents are already set, then they argue that investors may prefer to invest in assets that are new to the market.

In 2022, interviewees stated that one of the unintended consequences of this 2% cap on rent increases is that it is encouraging landlords to push the entry rent as high as they possibly can. Now they believe that the entry rent is the only thing that matters as they don't want to get stuck with a low rent. Landlords consider the 4% increase per annum very favourable compared to other markets. However, 2% is considered too low. The cap on rental income is impacting on the ability of landlords to purchase more property and ultimately it will impact on future investment in Ireland. It is one of the reasons why some investors want to leave the sector.

Rent caps are seen as an issue for the market as a whole. They have the potential to stifle service as well as supply. According to landlords, the ability to meet the demands of tenants including their service expectations is hindered by the rent cap. In that sense, rent caps are seen as an "impediment to innovation". Some of these landlords have set an Environmental, Social and Governance (ESG) strategy. They believe that the rent cap squeezes operational expenses in which ESG is included.

It has been suggested that a rent freeze would ease the burden of tenants struggling during the current cost of living crisis. However, large landlords feel that if it is introduced it will reduce growth/profit even further. In general, landlords are of the opinion that they have more issues to deal with compared to one year ago, such as cost inflation and rising interest rates/financing costs. There are very few deals going through in the private rental sector because of all the issues that landlords are currently facing. There are sites which will remain vacant as they are not currently viable and there is no confidence that there will be any positive developments in the next 12 months. A rent freeze on top of everything else would definitely be the turning point for most landlords. Some landlords are implementing the 2% rent increase for fear that in 12 months' time there will be a rent freeze at short notice. As one landlord clearly put it "a rent freeze would decimate the market".

In 2020, landlords were planning on continuing to invest and expand their portfolios as they were getting a good return on their investment. However, they did mention the possibility of declining rents and the impact that this would have on the return of their investments. In 2021, the research highlighted that not all participants were taking a medium-longer term view of the market as it was perceived to be very competitive. Changes to legislation regarding the RPZ scheme were beginning to impact on their plans at least in the short term. Annual rent increases in RPZs were capped in line with general inflation, whereas previously they were capped at 4% per year. The market as it stood was not one that they were looking to invest in. The cost of construction and availability of labour were also seen by landlords as big issues going forward. Most of the participants were planning to stand still without any further investment.

In 2022, landlords perceive rent controls and the cost of finance to be the biggest restrictions. The planning process is another factor.

The Planning Process

Across all three waves of the research, it emerged that there was significant frustration amongst landlords with the planning and development process.

Large landlords expressed the view that the current planning and judicial review system can be very challenging. Many have proposals for new developments that are under judicial review. They believe that one of the reasons there are very few new schemes coming on stream is because of judicial reviews. The costs of appealing a judicial review are perceived to be prohibitive.

The time taken from buying a site to getting housing units delivered is perceived to be too long and protracted. They estimate it takes four years or longer on average. In 2022, most interviewees felt that the planning process had disimproved in the previous 12 months. They perceive that there is a lack of clarity and structure around the process and that it could be a resourcing issue with An Bord Pleanála.

Incentives Used to Attract Tenants

In 2021 and 2022, landlords were asked whether they use incentives to attract tenants.

In 2021, some landlords stated that they have given rent free periods previously – these rent-free periods generally last 1-4 weeks and are only given in certain circumstances. For example, if a tenant wants to move in straight away and it is two weeks before the lease starts, in certain cases that may be allowed and the rent would be waived – "it's to get them going, it's not an ongoing discount".

During the COVID-19 pandemic some landlords reduced rent or offered rent free periods as an incentive to tenants who had left to return, but there was very little take-up due to uncertainty – "people didn't know when they would be back, it was out of their control".

During the second half of 2021, demand rebounded strongly and in the current market where demand for private rental units far outstrips supply, landlords indicate that they do not offer incentives as a strategy to attract tenants. This is particularly the case for landlords with rental stock outside Dublin where rents are low.

In general, large landlords believe that the future of the rental market lies in providing "amazing amenities" to tenants. The day of large landlords not providing appropriate services is well and truly gone, particularly in the institutional space. Customer service expectations have increased in line with higher rents and landlords are doing their best to meet them. It has become very competitive. Amenities such as rooftop terraces, communal lounges, parcel storage facilities, concierge services, tea/coffee making facilities and Carsharing services (e.g. GoCar) are being offered in some of the newer developments. A number of these newer schemes also offer gyms, cinemas and business centres/meeting rooms. In some cases, Wi-Fi and TV packages are being rolled out in new builds. Other services include the free servicing of bicycles, dog parks and a dog wash (most new schemes allow pets, whereas with most private landlord schemes the rules dictate that no pets are allowed). The aim is to add value wherever possible.

According to landlords, currently most amenities and services are included in the rent. Car parking is charged separately in some cases. There can also be a small charge for communal Wi-Fi. Generally, there is an additional charge for pets because of wear and tear.

Engagement with the RTB

Not all landlords engage directly with the RTB. In fact, in the majority of cases it is the letting agent or property manager that deals directly with the RTB. Some landlords have heard anecdotally about issues with the RTB.

Common concerns include the following:

- Difficulties experienced with the new online RTB portal.
- The annual online registration process has resulted in a huge increase in workload to register tenants. The process is deemed unfriendly, laborious and frustrating. Some landlords/letting agents feel that it is more work than it's worth and have had to revert to paper registration forms.
- The webchat service takes too long and is currently disabled.
- Staff are difficult to get hold of and very slow to respond.
- Answers to queries are unclear, landlords/letting teams need more guidance and clarity around certain issues.
- It is believed that the RTB provide a poor service overall. They are not adequately resourced to deal with the volume of enquiries from tenants and landlords.
- They are too accommodating towards tenants and generally not very supportive of landlords – they need to be more balanced in their approach.
- There is not enough interaction between the RTB and landlords.

- The Dispute Resolution process – “it’s a slow process and too long drawn out”. The RTB lacks the power to enforce the findings and landlords end up having to go to court. In otherwards, the RTB don’t have the authority to enforce their own determinations. “We had only one case with the RTB and it went in our favour but six months later we are still waiting to get the rent”. As a result, some landlords feel that they are better off dealing directly with tenants themselves. The RTB are “too slow and no teeth behind it”.

Some landlords are keen to point out that they have always had a very positive relationship with the RTB. They acknowledge the huge pressure that the RTB has been under in recent years to facilitate the market in terms of adjudication, tribunal hearings and recent changes to their IT systems. Other positive feedback includes:

- They conduct regular landlord forums and are always willing to listen.
- Their systems have become a lot more digital friendly.
- Their service has improved slowly but surely.
- They are very balanced and fair in their dealings with tenants and landlords.
- They produce excellent reports. Unfortunately, they are 6 months late so the sector relies on other industry reports which are less reliable.
- Publicly the RTB has announced that they are working on their IT systems.
- “They are forward thinking and understanding but they need to have a bigger seat at the table when changes are made to the legislation”.

Conclusions

The private residential sector, like other economic sectors, suffered a turbulent 2020 due to the impact of the pandemic. However, the sector proved reasonably resilient and the outlook remained positive for large landlords at the beginning of 2021[8].

The findings from all three waves of this research indicate that landlords are happy with the further professionalisation of the sector. They believe that tenants benefit from their presence in the market through a better standard of property/service and a longer-term approach to tenure which sees residents as long-term “customers” rather than tenants.

The participants in the first wave of research (October 2020) indicated that they planned to continue to invest and expand their portfolios because the return on investment was positive when compared to other asset classes. However, they made it clear that if the return on their investments were to decline then investment funds may seek to go elsewhere, particularly if alternative investments were to generate a more positive return. None of these interviewees talked of exiting the market in the short term (as they were already committed) or crystallising the capital gains that had been made since they entered the sector. This is in contrast with the views of smaller landlords that were also surveyed as part of this research.

The second wave of depth interviews was carried out with large landlords almost one year later in September 2021. Business had been slow up until June 2021 but had recovered since then. However, although these landlords stated that they would like to continue to invest and expand their portfolios, most believed that they would stand still in the short to medium term. None envisaged any further investment during this period and some even mentioned the possibility that they might exit the sector in the medium/long term. The market was perceived to be too expensive at prevailing prices and too competitive in terms of cheap capital. In addition, the scale of government intervention in 2021 (e.g. rent cap in RPZs, Stamp Duty legislation etc) had made investors nervous and as a result the PRS was constantly under review.

8 https://publicpolicy.ie/covid/institutional-investment-in-the-private-rental-sector-in-the-wake-of-the-covid-19-pandemic-a-review-of-international-grey-literature-and-reflections-on-the-irish-context/

The third and final wave of depth interviews was completed in October-November 2022. During this research large landlords pointed out that they were continuing to experience a number of challenges, all of which may lead to a decline in investment returns. The main challenges identified by landlords include the regulatory environment (rent cap, eviction ban), rising interest rates, cost inflation and the continued shortage of supply of housing stock.

They believe that for tenants the growth in the institutional landlord base is in their best interests. Continued improvements in legislation are also in the tenant's favour – if their lease is under a Rent Pressure Zone they are in a stronger position than if they lease a new unit.

Going forward, they firmly believe that the focus will be more about the retention of tenants rather than rental increases – 'it's about making tenancies less transient and more about long term housing for residents'.

Whereas previously the main challenge was perceived to be competition for supply, now there is equal concern about the impact of government intervention, too much regulation and future political uncertainty. As a result, the Irish market has become less attractive to overseas institutional investors.

The cost of construction and availability of labour will continue to have a major impact on supply in the future. The government need to incentivise more building but the planned introduction of the concrete levy goes against this.

A small number of participants see their minimum investment time in the Irish market as 10+ years. Ireland is still seen as a tech hub and it is the closest English speaking country that gives access to the EU from a corporate standpoint. From an expat or employee standpoint most people would rather move here than anywhere else in Europe.

Most believe that there is likely to be an economic downturn at some point (2-4 years) but don't know how they will deal with it until it happens. In the meantime, their goal is to make sure that their properties are in good order and manage their tenancies as best they can – 'try and run a tight ship'. Those that have capital behind them see themselves investing in the bad times when the value of properties drops. However, the current situation with the rent cap is not a market that they see themselves investing in.

Appendix 1

Discussion Guide

Large Landlords (100+ properties)

In-depths Topic Guide

Introduction

Purpose of research.

Ask about recording.

Recording and confidentiality of responses/ contributions.

Explain context of the discussion.

Introductions: Do they manage their property portfolio as an individual owner, a company or a Real Estate Investment Trust (REIT)? If a company, what is their role – owner, employee?

NB: How a landlord manages their property portfolio will frame how the questions are asked throughout the interview (i.e. individual vs company etc).

General Profile Questions/Housing Journey

Ask those who were not interviewed previously or update profile data if interviewed previously:

- Just to get a context, is residential property the primary source of your investment income?
- How long have you been involved in residential property?
- Why did you become involved?
  - What is attractive about the Irish property sector from an investment point of view?
  - For tax purposes? If so, could you elaborate on this.
  - The search for yields relative to other investment categories?
  - The opportunity created by demand and demographics?
- Did you carry out any research prior to entering the sector?
  - Feasibility study?
- In what year did you/your company first start to let properties?
  - First rental property/properties:
    - Did you start with a single unit, a small number of units or a portfolio of say, 20 or more units?
    - What sources of funding did you use?
  - Has your portfolio grown or reduced in size since the first year?
    - Were there any triggers for expanding/reducing the property portfolio?
    - If portfolio has grown, how did you/your company acquire additional units?
      - Built them yourself.
      - Built to let contract.

    - Purchased on open market as new (from builder).
    - Purchased from homeowner (existing dwelling).
    - Bought from another landlord.
  - When did you/your company buy the bulk of your property portfolio?
  - Were you/was your company impacted by the property crisis of a decade ago?
    - If yes, was that impact positive or negative?
      - If positive, was it an opportunity to buy property at a reduced price?
    - How did the crisis impact on your perspective of being a landlord?
  - As well as buying properties have you sold any? Why?
  - Do you believe there is a lifecycle for owning property?
    - What is the average length of time you let a property?
- In relation to your rental properties, are you/is your company focussed on a:
  - Particular type of property?
  - Region?
  - Sector?
- Do you/does your company have a mixed residential and commercial portfolio?
  - If yes, what proportion is residential?
  - How many people does your company employ?
  - Do you just let out your own properties or do you also offer letting services/other services to others?
- What is the current size of your rental portfolio?
  - How many units?
  - What % of units are currently occupied and what % are currently vacant?
    - Is this typical?
  - What % of units are inside/outside RPZs?
  - Are properties concentrated in one area/certain areas or spread around?
  - Where are they located?
    - Which counties?
    - Which cities/towns?
    - Urban/suburban/rural?
- Which property types are in your/your company's portfolio?
  - House (single dwelling)
  - Apartment in a purpose-built development (where there are other owners)
  - Apartment/flat within a converted house
  - Wholly owned by you purpose built block of apartments
  - Bedsit/studio
  - Apartment/flat above or connected to a commercial premises

- What made you/your company choose your current properties?
  - To have a mix
  - Asking prices, yields, low maintenance, demand in the area was high/expected to grow, good access to transport links?
- Are you/your company currently thinking of expanding your portfolio?
- If so, what type of properties are you/your company interested in (e.g. student accommodation, housing for older people etc)?
  - What geographic areas/regions are you most interested in?
  - How do you/your company propose to go about acquiring them?
- Approximately what % of your portfolio are:
  - Currently rented/being refurbished/on the market to let/vacant.
- Typically, how long are properties rented for?
  - What would be the average lease length?
  - Do you offer fixed-term contracts?
- Are you in favour of long-term leases?
  - Why is that?
- What would you say are the most important factors when choosing buy-to-let properties?
  - Location/property/price levels/expectation of high rental income/yield/expectation of increase in capital value?
- In overall terms what approach do you take to financing the purchase of property?
  - E.g. with a mortgage.
  - With other assets.
  - With sale proceeds from other properties?
- How do you fund large scale property purchases?
  - Do you have a financing partner?
  - Have you a co-investor or do you use bank debt?
  - Does the financing structure make a difference to how you view the property?
- Thinking about the bulk of your portfolio do you typically buy property as:
  - Purchased second hand previously rented.
  - Purchased private home.
  - Purchased private home and converted.
  - Purchased as new on the open market.
  - Built-to-let.
- If you were starting again, would you structure your portfolio any differently?
  - What would you like more of?
  - What would you like less of?
  - Why do you say that?

- What was your/your company's total gross income from rental properties in the last 12 months?
  - Has your/your company's total gross income from rental properties increased, decreased or stayed the same in the last 12 months?
    - By what % has your/your company's total gross income from rental properties increased/decreased in the last 12 months?
- What is the gross yield percentage across your/your company's property portfolio?

  Explainer: The gross rental yield is the annual income generated by a property/property portfolio as a percentage of the property's value or purchase price. For example, if the annual rental income is €5,000 and the purchase price is €100, 000, then the gross rental yield is 5% (€5,000/€100,000).
  - Has the gross yield percentage increased, decreased or stayed the same in the last 12 months?
    - By what % has your/your company's gross yield percentage increased/decreased in the last 12 months?

Management of Properties

- Do you use a letting agent for your rental properties?
  - If yes, is that for all or only some tenancies?
    - Is it the same letting agent all the time or do you use different letting agents for different properties?
    - Has this always been the case?
    - What services does the letting agent provide?
    - How likely are you to continue using the services of a letting agent in the future?
      - Why do you say that?
  - If no, why don't you use a letting agent?
    - Has this always been the case?
- At what stage did you begin to use a letting agent or did you stop using a letting agent (as relevant)?
- What do you see as the advantages/disadvantages of using a letting agent?
- Do you use another third party (other than a letting agent) or staff member to help manage the properties on your behalf?

Profile of Tenants

- Could you talk to me about your experiences with tenants?
  - Do you have a preferred tenant profile in mind? Anyone, student, family, single adult, multi-adult household?
  - What are the characteristics of a good tenant?
  - What are the characteristics of a poor tenant?
- Profile of tenants.
  - What are the most common tenant types currently renting in your properties (e.g. single people, couples, families etc)?
- Which sources do you use (main and other) to find tenants for your property portfolio?
  - Letting website/advert in local/national newspaper/word of mouth/local advert/company website/social media etc.

- Do you have properties let to households on rental assistance (e.g. HAP, RAS, Rent Supplement)?
  - If yes, roughly what proportion of your properties are let to tenants on:
    - Housing Assistance Payment (HAP).
    - Rental Accommodation Scheme (RAS).
    - Rent Supplement.
  - How do you think these forms of support impact –
    - On the private rental sector in general?
    - On you as a landlord?
- Do you think that supports like these help regulate the private rental sector and improve standards of accommodation, or not?
  - Why do you say that?
- Have you ever issued a notice of termination?
  - Why?
  - When was the last time?
- How would you describe your relationship with your current portfolio of tenants?
- In your experience what are the main issues arising in a tenancy?

Maintenance of Properties

- How often do you carry out inspections on your properties?
  - Do you personally carry out inspections or is it done through your letting agent/another staff member?
  - In general, how much notice is provided for inspections?
- Do you employ staff to manage and maintain the properties?
  - If not, do you:
    - Do it yourself?
    - Engage professional letting agents to do this work or just use sub-contractors?
  - What are the most common maintenance requests that you have received from tenants?
  - Do you plan maintenance checks on your properties in advance or are they usually done as and when requested by the tenant?
    - If planned, how often do maintenance checks take place? Are they cyclical?
  - Approximately how much is spent on maintenance across your entire property portfolio per annum?
    - Do you have a ready reckoner of what proportion of rent you have to spend every year for a property?
  - Do you have a sinking fund ie money set aside for spending on maintenance?
  - Have you any future plans to carry out refurbishments on your properties?
    - What type of refurbishments do you intend to carry out?
    - Why do you plan on carrying out the refurbishments?

The Overall Sector for Rental Properties

- I'm interested in finding out how the private rental sector has changed in the last year with the relaxing of restrictions (unprompted and open ended)
- What about the impact of:
  - Regulation?
  - Legislation?
  - Tenant expectations?
  - Demand?
  - Rental prices?
  - Competition from within the PRS sector?
  - Rental pressure zones (RPZs)?
  - AirBnB or that model of short-term letting?
- In overall terms do you feel that the sector has changed for better or worse?
  - Why do you say that?
  - Is it better/worse for landlords, tenants or both?
- Would you say that the sector in Ireland has become more/less professional?
  - Why do you think that is?
- Who is most impacted by the changes in the sector?
  - What category of landlord? Why do you say that?
  - What category of tenant? Why do you say that?
- Have there been any unintended consequences of the legislation?
  - If yes, can you be more specific in terms of the legislation?
  - What have the unintended consequences been?
    - Impact on supply and demand in the private rental sector
    - Impact on tenants

Rent Pressure Zones

- Rent Pressure Zone laws were first introduced in December 2016 by then Housing Minister Simon Coveney in order to tackle rapid rent inflation.
  - Are you aware of RPZs?
    - If aware, can you tell me what you know about RPZs?
    - How would you say RPZs have impacted:
      - On the private rental sector in general?
      - On you as a landlord and the rent levels that you charge?
  - Are you aware of exemptions to RPZs?
    - If aware, when last setting the rent level, roughly how many of your properties were exempt from RPZ measures?
      - Why were they exempt (e.g. property was new to the rental sector, property not let at any time in the previous two years, property underwent substantial renovations)?

Legislative Change/HICP RPZ Rules

- During 2021 rent setting rules changed in RPZs. Prior to this, rents could not be increased by more than 4% per annum in an RPZ. However, since December 2021 rents cannot be increased by more than general inflation or 2%, whichever is lower.
  - Are you aware of this recent change to rent setting rules in RPZs?
  - What impact do you think recent legislative changes will have are having on...
    - The sector in general?
    - Your business?
    - Positive/negative?
    - Why do you say that? Please explain.
    - Will it impact on your future investment decisions?
      - If yes, in what way?
      - Would you choose not to invest in a property because it was in an RPZ?
  - In general, how do you feel about RPZs as a measure to address rental inflation?
  - RPZ measures are due to expire at the end of 2024. Do you think that RPZ legislation is working as it should be in the areas they are currently being applied?
    - If RPZs are not working as well as they might
      - What changes do you think should be made, if any, to the current RPZ measures?
      - How would these changes impact
        - Tenants?
        - Landlords?
      - Are there any other measures that could be introduced to deal with rental inflation?
  - What impact do you think a rent freeze would have
    - On the private rental sector in general?
    - On you as a landlord?
  - If there was a rent freeze, would you continue as a landlord or would you leave the sector?

Setting Rent/Rent Review

- How do you establish the 'market rate' on new properties/developments?
  - Has this changed since the onset of the COVID-19 pandemic?
    - If so, how?
- What is your rent setting policy when deciding on the rent level for a new tenant?
  - For properties in RPZs.
  - For properties outside of RPZs.
- How often do you review rent on properties?
- What are the drivers for rent levels in your portfolio? (Unprompted)
  - What about...
    - Market rates?
    - Required rate of return?
    - Financing costs?

- Do you have a single rent setting policy for properties across the board or does it vary?
  - Do you ever reduce rents?
    - If yes, in what circumstances would you consider reducing rents?
    - If no, would you rather leave a unit empty than reduce the rent?
- Do you know what a 'notice of rent review' is?
  - Have you used this in recent rent reviews?

Impact of COVID-19

- Approximately what % of your tenancies are currently in rent arrears?
- And approximately what % of your tenancies were in rent arrears this time last year?

The RTB

- What role do you think the RTB play in the sector?
- Explore awareness of RTB.
  - Understanding of functions of RTB.
    - What does the RTB do?
    - What services are you aware of that the RTB provides for landlords? For tenants?
  - Engagement with the RTB.
    - Have you ever been in contact with the RTB?
      - If yes, why and how (visited website, telephone, via web chat)?
    - Have you seen/heard any recent advertising from the RTB?
      - Where – outdoor, print, social media, other etc?
      - What was it about?
- The RTB Dispute Resolution Service
  - What proportion of tenancies would you say end in some form of dispute?
  - For those that end in a dispute, what are the most likely causes?
    - Rent arrears.
    - Deposit.
      - Why is a deposit most likely to be withheld?
        - Anti-social behaviour
        - Disputes over standards.
        - Overholding.
        - Other.

- Have you/your company ever been a party in a dispute with a tenant that was brought to the RTB Dispute Resolution Services?
  - If yes, how many disputes, if any, have ended up before the RTB in the last 1-2 years?
    - Thinking about the most recent dispute:
      - How long ago was this?
      - What were the factors that led to this dispute?
      - Did you/your company opt for:
        - Mediation
        - Adjudication
        - Dispute still ongoing
      - Were you satisfied with:
        - The outcome of the dispute?
        - The RTB's handling of the process?
  - How would you rate your overall experience (if any) with the RTB? Positive or negative?

Maintaining Vacancies

- What percentage, on average, of your/your company's rental stock is vacant at any given time?
- In your opinion is it more beneficial, to your business model, to maintain vacancies rather than reduce rent?
  - Why is that?
- How often does this practise of maintaining vacancies occur?
  - In the private rental sector in general?
  - In your company?
- With what type of unit does the practise of maintaining vacancies occur?
  - All types/across the board?
  - More likely with modern, high-end units?
- On average, how long can these vacancies be maintained for?
- Do you see this as a temporary or a permanent feature of the sector?
  - Why do you say that?
- How might landlords be persuaded to change this approach of maintaining vacancies in the private rental sector?
- Some countries have a policy whereby if a rental unit is vacant for more than a certain period, the Council acquires it for social housing at a reduced rate.
  - What impact do you think a similar intervention would have on the Irish Private Rental sector?

Incentives to Attract Tenants

- What incentives do you/your company use to attract tenants?
- New appliances or other upgrades (e.g. new carpets)?
- Free parking?
- Free wifi?
  - Gym onsite?
  - Cinema room onsite?
  - Conference facilities?
  - Rent free periods e.g. first month's rent for free?
  - Rent discounts e.g. half a month's rent for free?
  - Any other incentives? Please specify
- If offer rent free periods, ask
  - When did you/your company begin this practice of offering rent free periods?
  - How often does this occur?
    - Regularly/occasionally/rarely?
  - With what type of unit does the practice of offering rent free periods occur?
    - All types/across the board?
    - More likely with modern, high-end units?
  - In general, how long are these rent-free periods?
  - How successful are rent free periods at attracting tenants?
  - Do you consider the 'rent amount' to be the rent paid including any discount or excluding the rent-free period?
  - Are rent free amounts factored into the rent amount recorded on the tenancy registration form?
- In general, how do you/your company charge for services?
  - Separately?
  - Included in the rent?
  - Which services are charged for separately?
  - Which services are included in the rent?

Vacant Property Tax

A new Vacant Property Tax may be introduced by government in the September budget to ensure that empty properties that are habitable are used.

- What impact do you think a Vacant Property Tax would have?
- Would you/your company be willing to reduce rent levels to increase occupancy levels?
  - If no, why not?
- Would a Vacant Property Tax impact your future plans for investment? Please explain.

Future intentions

- What are your intentions for your rental portfolio in the short term (1-2 years)?
  - Do you plan to continue as a landlord or leave the sector?
    - Why?
  - Do you see yourself expanding your portfolio or downsizing?
    - Why (economies of scale etc)?
    - What unit types are you likely to buy/build/sell?
  - If likely to sell, what actions, if any, have you taken in relation to this?
    - Have you had properties valued, served notice of termination, engaged an estate agent, advertised properties for sale?
  - If likely to buy, what actions, if any, have you taken?
- Have you applied for mortgage/loan, had mortgage/loan approval, sale agreed on property?
- What are your intentions for your rental portfolio in the medium to long term (3 years or more)?
  - Do you plan to continue as a landlord or leave the sector?
    - Why?
  - Do you see yourself expanding your portfolio or downsizing?
    - Why (economies of scale etc)?
    - What unit types are you likely to buy/build/sell?
- What types of property are currently in demand and where do you see demand in the future?
  - Unit types?
  - Location?
- Do you see rent levels increasing, decreasing or staying the same in the next 12 months?
- Would you consider reducing rents for new tenants?
- What about rent levels in the medium-longer term? Do you see them increasing, decreasing or staying the same?
- Do you have plans for any future periods of economic downturn?
  - If yes, what are they?

We are nearing the end of the interview now...

This is the last set of questions

- Do you see a role in the future for larger landlords like yourself in the private rental sector?
- Would you recommend residential property as an investment choice?
  - Why do you say that?
- What are the biggest challenges facing landlords like yourself in the private rental sector over the next 2 to 3 years?

Finally....

- Is there anything that you thought might have come up in our discussion that has not or anything that you thought about as we talked through that you would like to raise?

Reiterate confidentiality and close

Notes

Notes

Bord um Thionóntachtaí Cónaithe
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amárach research

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