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Rents – IPAV Says Institutional Investors Keeping Rents Elevated In Dublin, Where They Dominate

Responding to the latest RTB Rent Index for Q3, 2020 IPAV, the Institute of Professional Auctioneers & Valuers, said the moderation in the level of growth in rents is unsurprising in that it was evident in the market for some time but they are still high in the Dublin region “due to the power in the marketplace of institutional landlords and vulture funds.”

Pat Davitt, IPAV Chief Executive said: “Such investors are keeping rents elevated in the Dublin region where today’s Index shows rent for a one-bedroom apartment costs nearly €300 a month more than an apartment with three or more bedrooms outside Dublin.

“Such investors have been facilitated by very attractive tax incentives and are now acquiring almost monopolistic power in the Dublin market, with the ability to use the highest possible comparables when setting new rents.”

New properties were left outside of the RPZ (Rent Pressure Zone) legislation until July 19. This meant that institutional investors buying new properties were able to charge exorbitant rents.

He said this development “needs to be monitored very closely by the RTB to make sure tenants enjoy the kind of respite that the market dynamic between supply and demand would normally deliver.”

He predicted that a phenomenon of ‘froth rents’ will be a point of discussion and debate in 2021.

“I think we have to question whether or not such funds should continue to be allowed buy up full apartment developments, offering bonus prices above market value.”

He said such developments were originally intended for one-off purchasers.

“While the Dublin market will always have a need to cater for large numbers of temporary as well as permanent workers, as any international city does, the fact of the matter is, we are not providing affordable homes for citizens.

“And one arm of the State in the form of the Central Bank is operating over-zealous mortgage lending that is forcing young people into longer-term rent. The Central Bank does not want people exposed to over indebtedness, an admirable policy objective. However, overall State policy is forcing people into poverty over the longer-term by forcing them to rent long-term”

He pointed to the latest Daft.ie rental report for Q3 2020.

“Yet again it illustrates very clearly how much more expensive it is to rent than service a mortgage in every county in Ireland, in some cases renting is almost double that of servicing a mortgage.”

He said although not now on the horizon, if European Central Bank interest rates rise in the next few years there will be “much bitter regret that the younger generations in 2020 were excluded by State policy from accessing mortgages when they could get attractive fixed interest rates for periods of up to ten years.”

Mr Davitt has previously said the rental market needs to be reviewed in its entirety.

Ends

Further information: Pat Davitt, Chief Executive, IPAV Tel. 086-2592976

Mairéad Foley, Foley Ryan Communications Tel. 086-2556764

Note to editors: IPAV is the only representative body in Ireland which solely caters for the professional and educational requirements of auctioneers and valuers practising throughout Ireland. Established in 1971, it has close to 1,300 members nationwide. For further information log onto www.ipav.ie .