

Monday 13th February, 2023

RENTS – IPAV REITERATES CALL FOR ABOLITION OF RENT PRESSURE ZONE LEGISLATION

Commenting on the latest Daft.ie Rent Report for Q 4 2022, IPAV, the Institute of Professional Auctioneers & Valuers, has reiterated its call from several years ago, for the abolition of Rent Pressure Zone legislation, saying it has served to increase rents beyond what would have happened in the absence of such legislation, and it has also accelerated the exit of private landlords from the market.

Pat Davitt, IPAV Chief Executive, welcomed the new data captured by the Daft.ie study in relation to rents payable by existing tenants and noted in particular that while rents of sitting tenants have increased by 19pc on average since the introduction of RPZ legislation in 2016, open market rents have increased by nearly 75pc.

“It gives me no pleasure whatever to say that we predicted several years ago that this would be what would transpire as a result of the legislation.

“That we were correct in our predictions is actually a tragedy,” he said. “It marks a failure of policy, a failure of the system to listen to practitioners in the market, and a failure to take on board international experience.”

IPAV has been calling for several years for policy makers to capture existing as well as new rental levels and has pleaded with the RTB, both publicly and privately, to make such data available.

Mr Davitt said one year ago Minister for Housing, Darragh O’Brien TD, said he was considering dispensing with the current RPZ legislation and replacing it with something better.

“We said then and we say now the Minister must consult more widely with all stakeholders rather than merely taking views from within the civil service or the ‘big players’ in the market.

“One worries when you see references to the German rental model. It makes one feel that policy influencers may be at sea rather than having any kind of real understanding of how the market operates.

“When Rebuilding Ireland was launched in July 2016 we found ourselves writing to the then Minister warning of unintended consequences particularly for those in their 20s and 30s.

“At the time Rebuilding Ireland appeared to us to set out a policy agenda of encouraging rental over buying because it set out two countries as good practice models, Germany and Switzerland. It took a couple of years after that for the Government to declare it was actually in favour of home ownership.”

The ESRI has found an acute drop in home ownership has already happened for younger people. The share of 25-34 year olds living independently who own their own homes more than halved between 2004 and 2019, falling from 60 per cent to just 27 per cent.

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