

# DUBLIN PRS TENANT SURVEY

RESEARCH

Market Dynamics | Tenant Survey Results | Analysis



# AN EVOLVING SECTOR

*Dublin's rental market is undergoing a structural change, with professionally managed institutional capital replacing a fragmented private investor led model.*

## SUMMARY

1. Survey covers over 1,200 renters actively searching for accommodation in Dublin on Daft.ie
2. Results show interesting variations in preferences across tenant groups
3. Comparing the results with a similar Knight Frank survey undertaken in the UK, differences between the Dublin and UK/London markets are explored

IN ASSOCIATION WITH



While institutional investment in Dublin's Private Rented Sector (PRS) is rapidly growing – our forecast for €1.5 billion worth of transactions in 2019 would represent a growth rate of 61% compared to 2018 and a 570% increase on 2017 – it is still in its infancy. As a result, institutional investors

face an informational deficit in relation to the dynamics at play in Dublin, including the tenant types active in the market, what their preferences are, how much rent they expect to pay and their views on professionally managed rental schemes. This report seeks to answer these questions.

### About the survey

Knight Frank have teamed up with Daft.ie to understand Dublin's rental market by undertaking a large-scale survey of those actively looking for rental accommodation in Dublin. Running on the Daft.ie website during the Summer of 2019, the survey received over 1,200 responses and over 1,000 comments. As such, the survey is of a very high quality due to the large sample size and the high level of engagement it garnered, thus providing a valuable insight into Dublin's rental market. The survey also contains a number of qualities that add further value. Firstly, by surveying those actively looking for rental

accommodation rather than sitting tenants, the results give a profile of tenants active in the market at the moment. Secondly, by breaking down tenants into life-cycle stages, we can analyse how responses change by tenant groups. Finally, this survey builds on a similar tenant survey undertaken in the UK by Knight Frank entitled 'Multihousing 2019'. By incorporating and expanding on the questions posed in the UK survey, we are able to compare Dublin with the more mature UK/London PRS market which provides a valuable international perspective.

### Some of the key findings include:

- The well documented shortage of accommodation is clear from the survey with almost half (49%) of respondents searching for accommodation for over two months. €1,200 is the average pro rata share of rent that each respondent in this survey expects to pay per month, representing 38% of their net income – above the 30% rate that is deemed affordable according to conventional wisdom. Notwithstanding, affordability ranks second in importance to accessibility to work when choosing a location to rent suggesting that price isn't the primary concern for renters in Dublin.
- Mortgage financing constraints are given as the main reason for renting rather than buying, with 48% stating that they do not have a sufficient deposit saved with a further 17% stating that renting allows them to live in a location where they can't afford to buy. In contrast, just 6% say they don't want

the responsibility of owning a home while 2% are not buying because they believe that mortgage payments would be higher than renting in Dublin.

- While the preceding suggests that respondents view renting as the less preferred option to buying, this may be due to the current structure of the rental market. When asked for their primary reason for moving, 30% say they are being forced to move, with feedback comments from respondents making it clear that the landlord opting to sell is the primary driver of this. However, when asked about the appeal of professionally managed rental apartment complexes, security of tenure and the reliability of dealing with a management office for maintenance issues are ranked highest – this suggests that the tenancy certainty and professional management that institutional investors offer can address this market defect and increase the appetite for long-term renting in Dublin.

### Comparison with the UK Tenant Survey

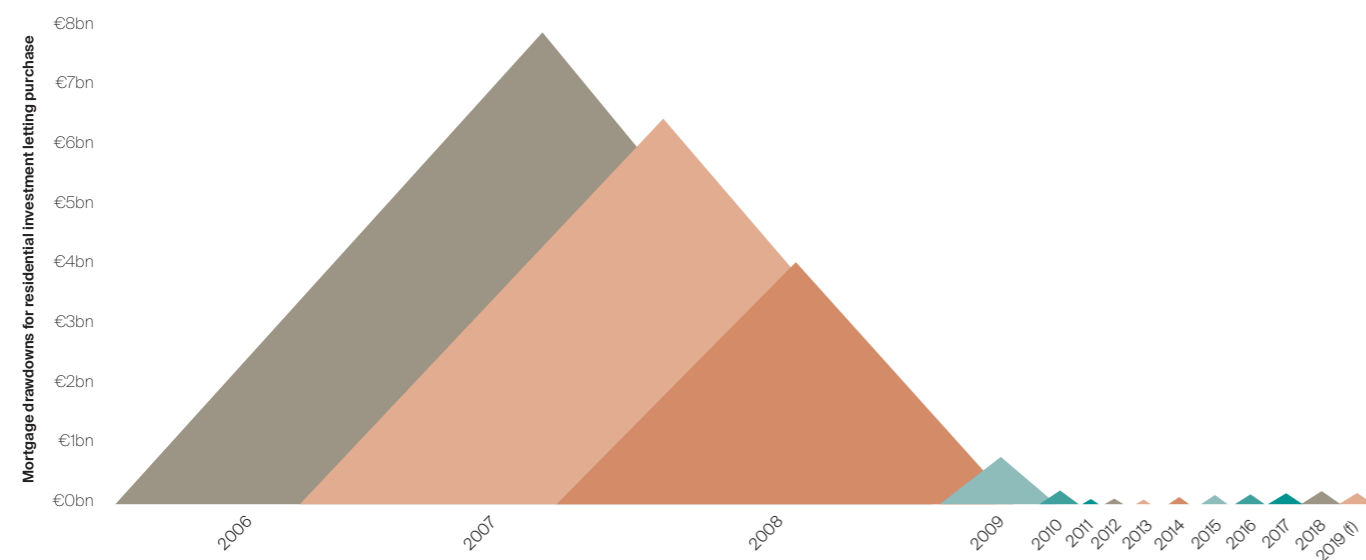
Comparing the results with a similar survey undertaken in the UK by Knight Frank entitled 'Multihousing 2019', we can place Dublin's rental market in an international context.

Firstly, we find that the Dublin rental market has a much younger tenant profile when compared to the UK and London with 22% of the market in Dublin comprising of iGens versus 10% in both the UK and London. Dublin also has a much higher proportion of Nesters at 28% compared to 18% in the UK and 23% in London. In contrast, Sharers account for 27% in London but for 15% in Dublin and 11% in the UK. Mature Families account for 17% of the market in the UK, much higher than the 9% and 10% shares in Dublin and London respectively.

Interestingly, while the difficulty in obtaining a mortgage is well documented in the Dublin case, not having a sufficient deposit is also the number one reason given for renting rather than buying in the UK. When looking at the most important factors for choosing a location to rent, ease of access to work is the most important consideration for Dublin renters compared to affordability for those in the UK, suggesting a greater willingness amongst renters here to pay a premium for location. The advantage of shorter travelling distances in Dublin versus London was evident with 45% living within a 30-minute commute versus 34% in London.

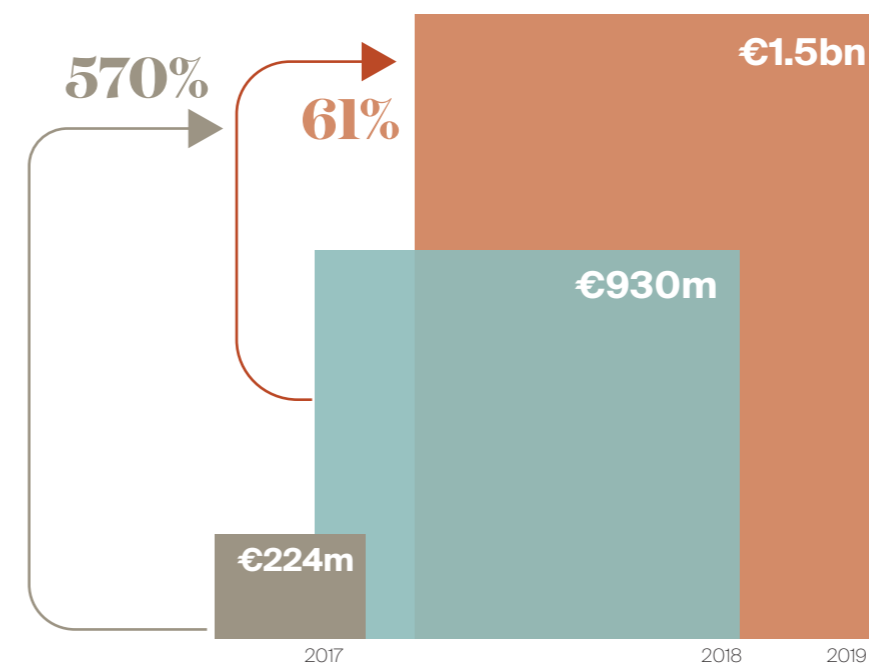
Finally, 30% of respondents in Dublin cited being forced to move as the reason for moving accommodation compared to 9% in the UK, quantifying a real issue that is often only highlighted anecdotally. The transition in Dublin towards greater institutional stock is thus a positive for the market, with our survey also showing that the greater security and reliability of tenure offered by professionally managed PRS schemes ranked as their most attractive features for prospective renters.

### Decline in private investment in the private rented sector



Source: BPF, Knight Frank, data relates to Ireland

### Growth in institutional investment in the private rented sector





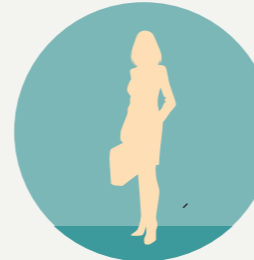






Source: Knight Frank, data relates to Dublin

# TENANT SURVEY RESULTS

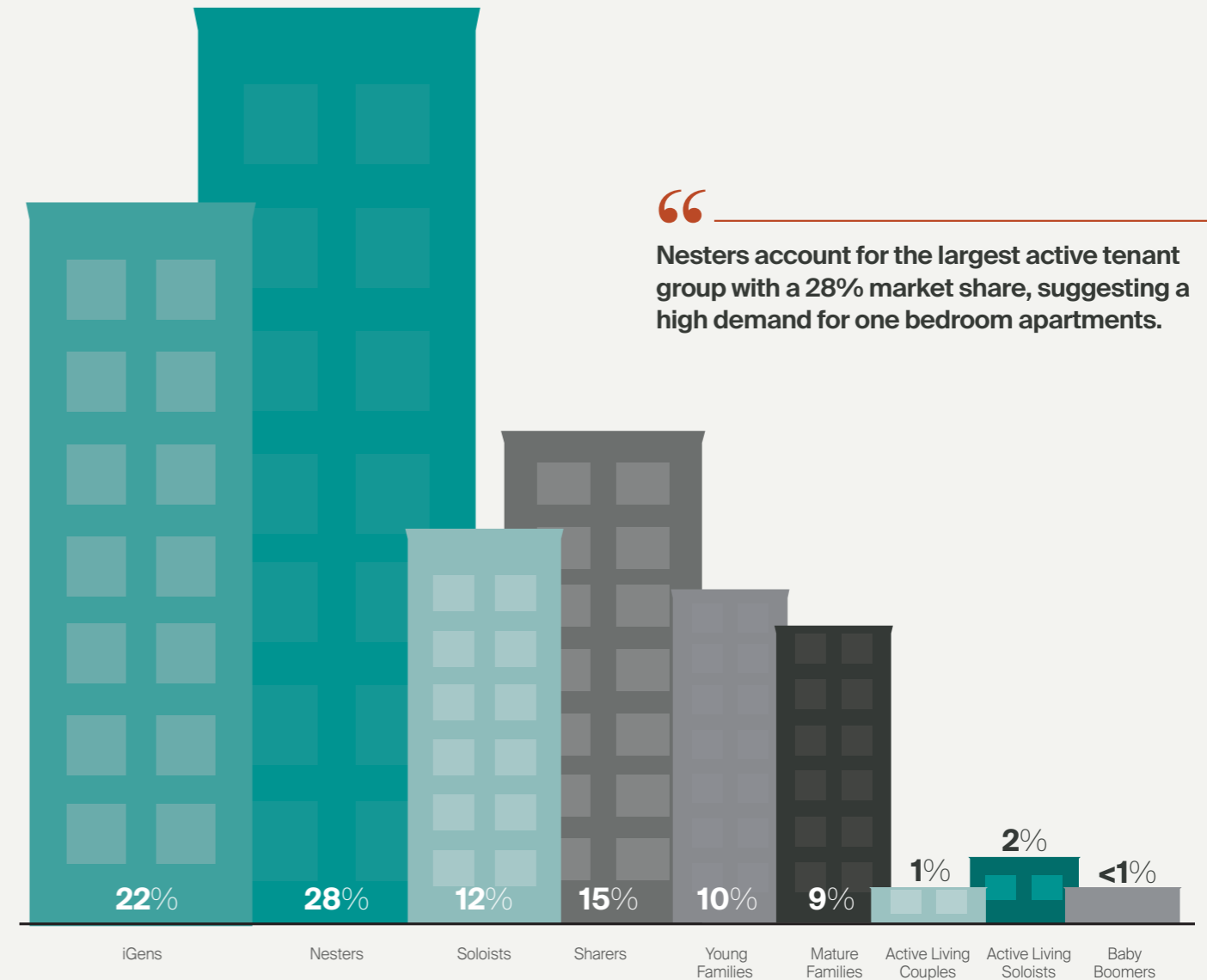
*Our survey shows who is renting, why they are renting, where they are renting and what they are looking for in rental accommodation.*

## Tenant groups

By analysing the wide-ranging and detailed information obtained through our survey, we have been able to identify the main types of tenants currently active in the private rented sector. Members of each group have the same socio-demographic characteristics.

<p><b>iGens</b> Early twenty-somethings in college or first job</p>  <p>Age: <b>under 25</b></p>	<p><b>Nesters</b> Millennials to forty-something couples</p>  <p>Age: <b>25-49</b></p>	<p><b>Soloists</b> Millennials to forty-somethings looking for a place of their own</p>  <p>Age: <b>25-49</b></p>
<p><b>Sharers</b> Millennials to forty-somethings sharing with friends</p>  <p>Age: <b>25-49</b></p>	<p><b>Families</b> Young families, usually with dependent children</p>  <p>Age: <b>under 35</b></p>	<p><b>Families</b> Families with dependent or non-dependent children</p>  <p>Age: <b>over 35</b></p>
<p><b>Active Living</b> Longer-term renters, usually in employment</p>  <p>Age: <b>50-64</b> Soloists</p>	<p><b>Active Living</b> Longer-term renters, usually in employment</p>  <p>Age: <b>50-64</b> Couples</p>	<p><b>Baby Boomers</b> Retired people living in the rented sector</p>  <p>Age: <b>over 65</b></p>

## PROFILE OF RESPONDENTS



“Nesters account for the largest active tenant group with a 28% market share, suggesting a high demand for one bedroom apartments.”

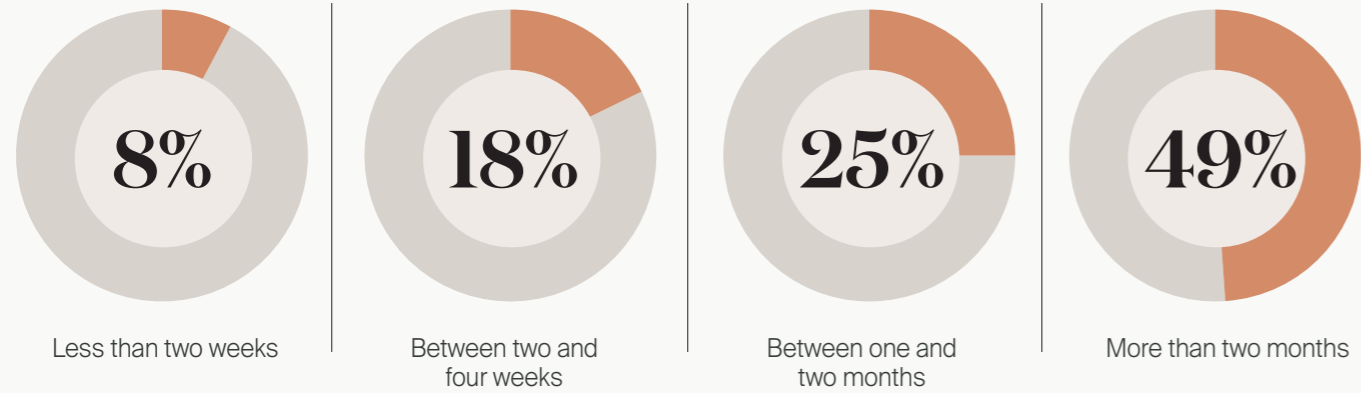
Source: Knight Frank

**€1,200**  
is the average pro rata share of rent that each respondent expects to pay per month, although this ranges from €929 for iGens to €1,761 for mature families.\*

**38%**  
of their net income is what respondents expect to pay on rent. Interestingly, there isn't a wide variation amongst tenant groups.

\*When accounting for this wide range in values, consideration should be given to the fact that iGens are likely to be renting accommodation just for themselves - whether solo or in shared accommodation - while respondents in a mature family are likely to be shouldering the financial responsibility - whether solely or with their partner - for providing accommodation for the entire family.

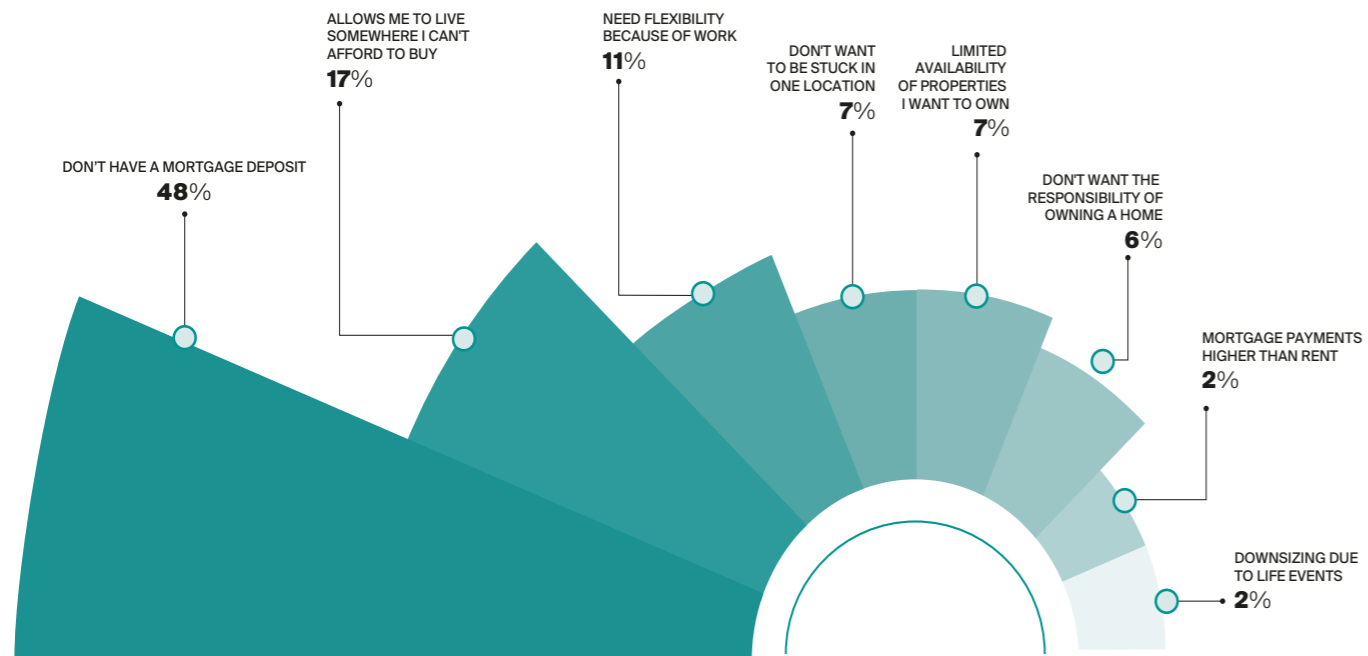
### How long have you been looking for new accommodation?



“ The difficulty in securing rental property is highlighted by the length of time people have been looking for new accommodation, with nearly half (49%) of respondents searching for more than two months.

Source: Knight Frank

### WHY ARE YOU RENTING RATHER THAN BUYING?

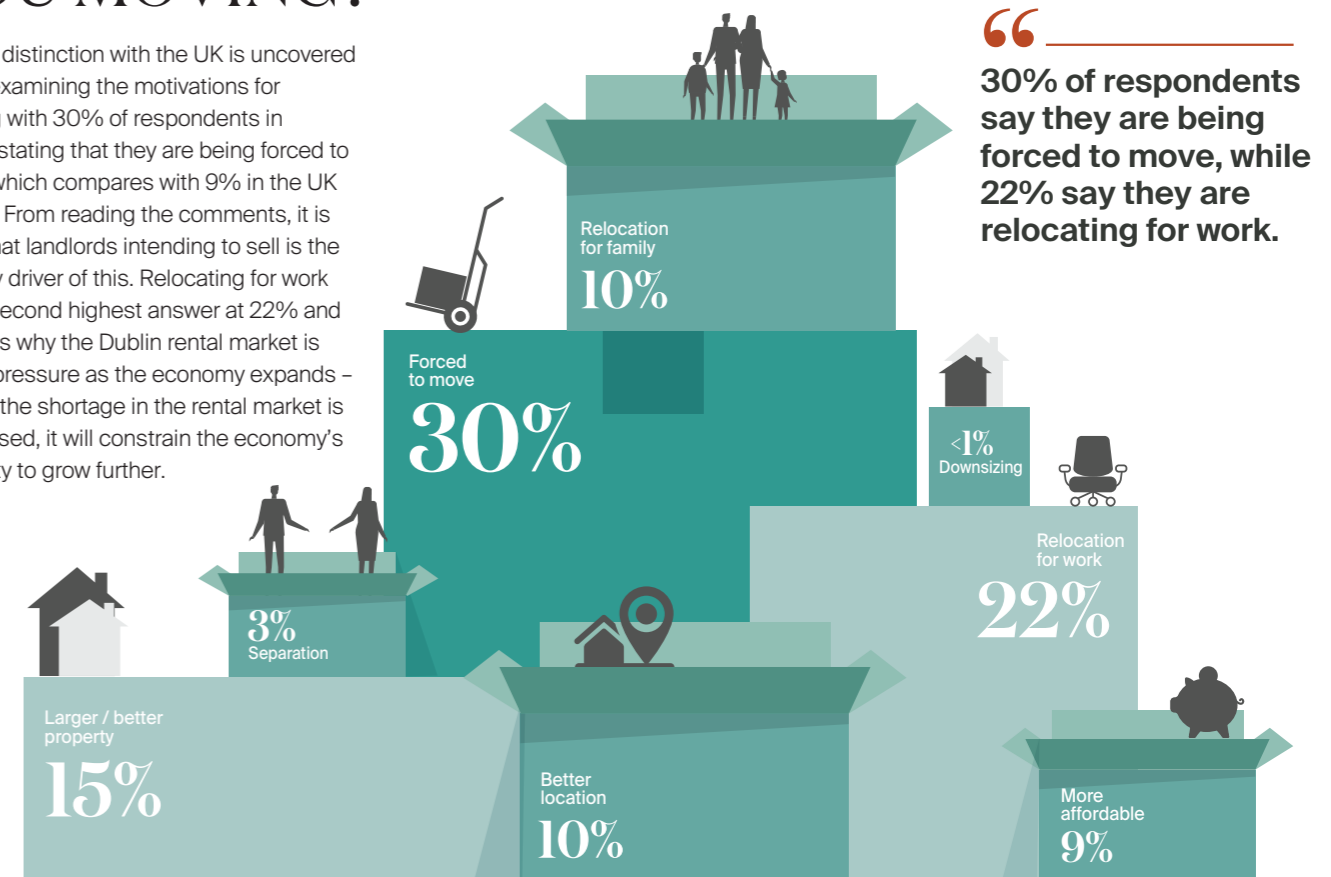


“ 48% cite not having a sufficient deposit as the main reason for renting rather than buying.

Not having a sufficient mortgage deposit is cited as the number one reason for renting rather than buying across all tenant groups. However, the strength of this sentiment does vary with young families having the highest ratio at 62%, double the 31% for iGen's. In contrast, 14% of iGen's cite not wanting the responsibility of owning a home compared to 1% for young families.

### WHY ARE YOU MOVING?

A clear distinction with the UK is uncovered when examining the motivations for moving with 30% of respondents in Dublin stating that they are being forced to move which compares with 9% in the UK survey. From reading the comments, it is clear that landlords intending to sell is the primary driver of this. Relocating for work is the second highest answer at 22% and explains why the Dublin rental market is under pressure as the economy expands – unless the shortage in the rental market is addressed, it will constrain the economy's capacity to grow further.



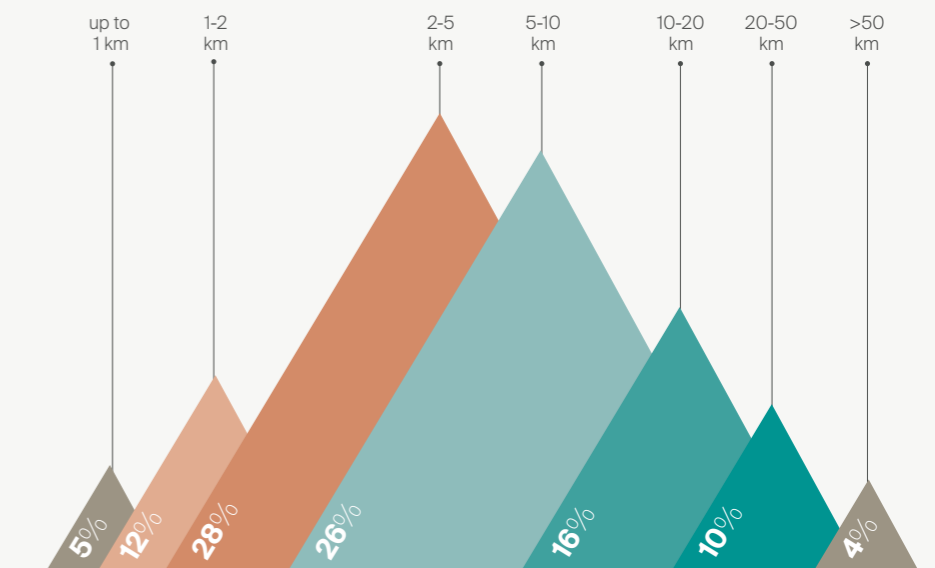
“ 30% of respondents say they are being forced to move, while 22% say they are relocating for work.

Source: Knight Frank

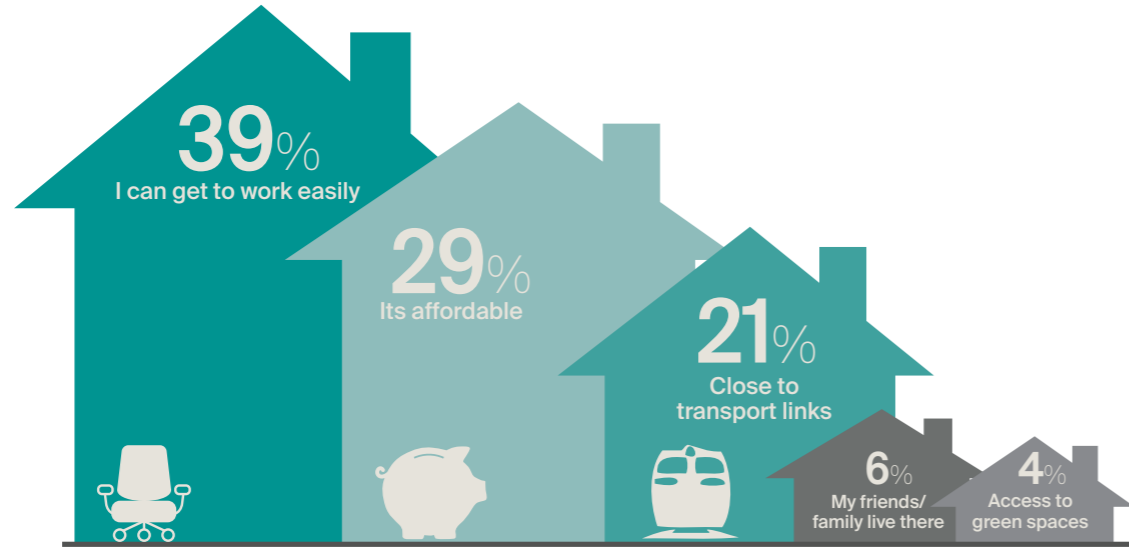
“ 71% of respondents would be willing to move up to 10 km from their previous property.

The survey reveals a willingness by prospective tenants to move significant distances to secure new accommodation with 28% stating they would be willing to move 2-5 km and 26% willing to move 5-10 km with just 5% looking within one kilometre of their current location. This is in contrast to London whereby the highest proportion of renters (21%) moved just one mile away from their previous property, perhaps reflecting the greater density of the city's residential stock which allows renters to source nearby accommodation more easily.

### How far are you looking to rent from your current location?



## MOST IMPORTANT FACTOR WHEN CHOOSING A LOCATION?



“  
Affordability is of secondary importance to ease of access to work for renters.

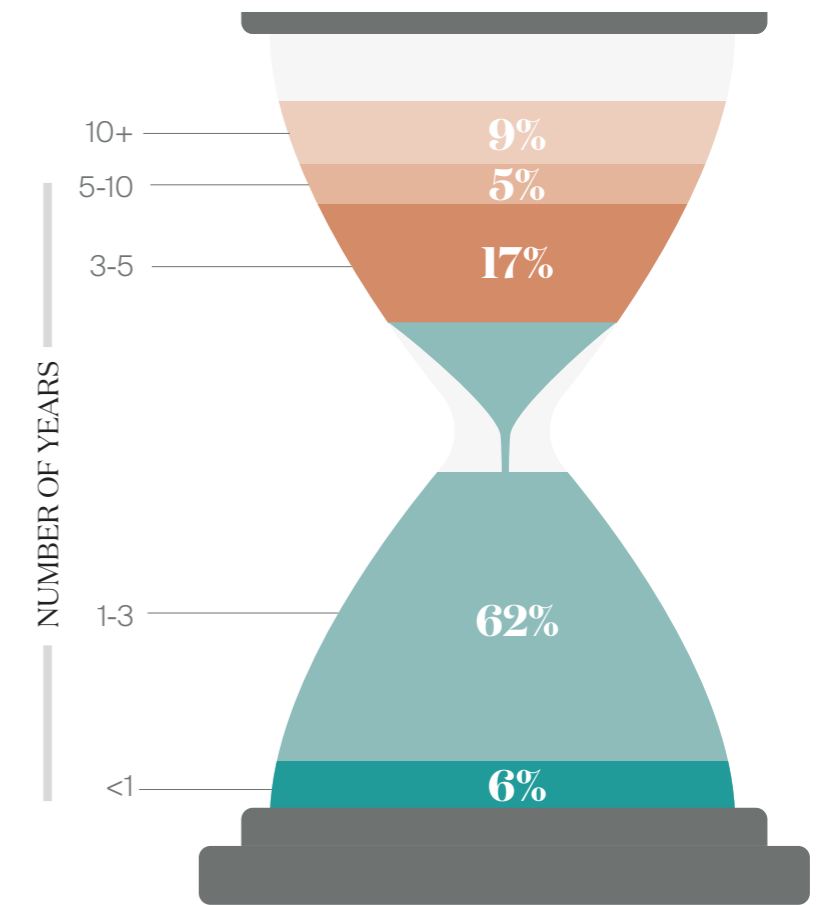
Interestingly, getting to work easily is more important than affordability, which is in contrast to the UK where the latter is the most important factor. This suggests that renters in Dublin are willing to pay a premium for the privilege of being close to work.

Source: Knight Frank

## HOW LONG ARE YOU PLANNING ON RENTING FOR?

The majority (68%) of respondents plan to rent for three years or less.

Source: Knight Frank

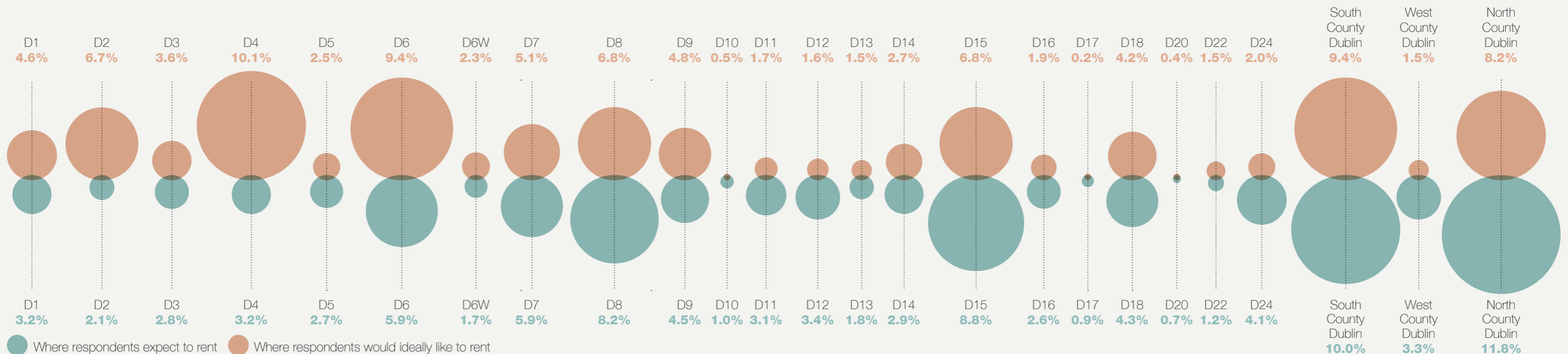


## POSTCODE ANALYSIS

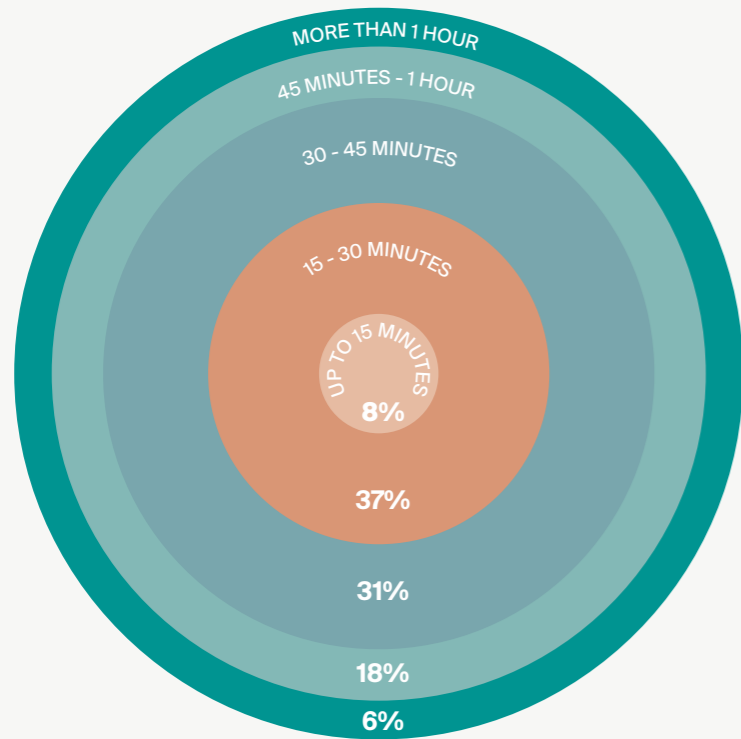
When asked for the postcode in which they expect to rent, North County Dublin is the number one expected destination (11.8%), followed by South County Dublin (10.0%), D15 (8.8%) and D8 (8.2%). When asked to choose their ideal postcode in which to live, D4 (10.1%) has the highest desirability followed jointly by D6 and South County Dublin (both 9.4%) and then North County Dublin (8.2%). Perhaps surprisingly, just 11.3% view the city centre postcodes of D1 and D2 as their ideal location to rent.

No. 1 expected:  
**North County Dublin**

No. 1 ideal:  
**Dublin 4**



## COMMUTING TIME



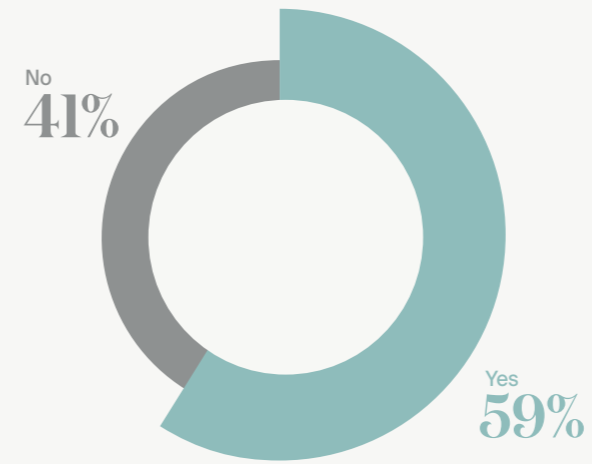
8% of respondents expect their commute to be 15 minutes or less, the same proportion as London. When comparing those living within a commute time of 15 to 30 minutes, differences in city size become apparent with 37% in Dublin living within this bracket compared to just 26% in London.

# 45%

expect their commute to be less than 30 minutes.

Source: Knight Frank

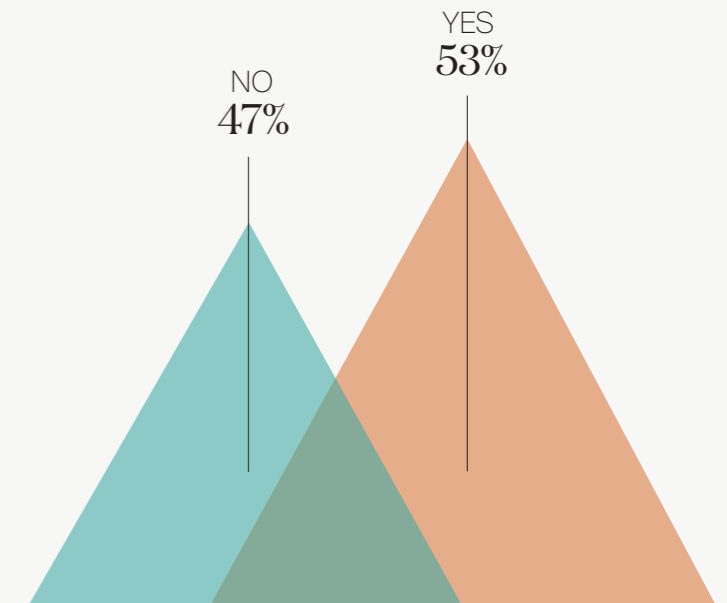
## WILL YOU NEED A CAR PARKING SPACE?



“ The need for a car parking space varies significantly by tenant type and location, ranging from 40% for iGens to 87% for mature families and from 12% in Dublin 2 to 78% in North County Dublin.

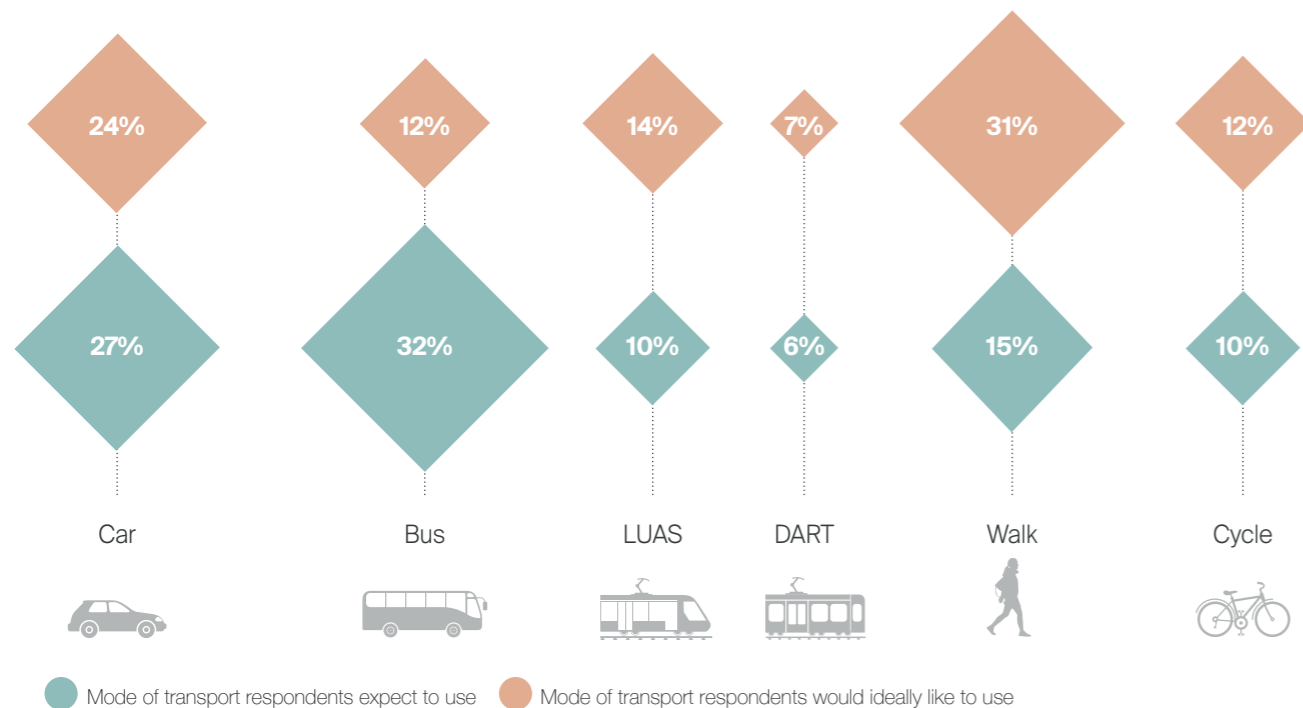
Source: Knight Frank

## WOULD YOU PAY MORE FOR AMENITIES?



## MODE OF TRANSPORT

“ While walking would be the preferred mode of transport among renters, the highest proportion expect to take the bus.



## RANKING OF AMENITIES



“ Interestingly, security and reliability of tenure are the most appealing aspects of a professionally managed rental complex. Perks such as communal areas, gym and shared working spaces are secondary priorities.

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