AN INSTITIÚID UM THAIGHDE EACNAMAÍOCHTA AGUS SÓISIALTA
ESRI ECONOMIC & SOCIAL RESEARCH INSTITUTE

Pricing and affordability of Ireland's new Cost Rental housing tenure: A microdata exploration

Katie Devane, Conor O'Toole & Rachel Slaymaker

ESRI Working Paper No. 826

April 2026

Pricing and affordability of Ireland's new Cost Rental housing tenure: A microdata exploration

Katie Devane[a], Conor O'Toole[a,b] and Rachel Slaymaker*[a,b]

a: Economic Analysis Division, Economic and Social Research Institute
b: Department of Economics, Trinity College Dublin
* Corresponding author: rachel.slaymaker@esri.ie

Acknowledgements: This paper was funded by the Department of Housing, Local Government and Heritage (DHLGH)/ESRI Joint Research Programme. The authors would like to thank members of the Steering Group, officials from the DHLGH Housing Affordability and Cost Rental Policy Unit and officials from the Land Development Agency for their helpful comments and suggestions on a previous draft. We are also grateful to officials in the Residential Tenancies Board for access to the underlying rental microdata. The views expressed in this paper are solely those of the authors.

Abstract

Cost rental, or rental housing at non-market prices, is a new feature of the Irish housing system. Introduced as part of the Affordable Housing Act in 2021, this new tenure aims to lower the lifetime cost of renting by linking rents to economic cost, as well as providing long-term security of tenure. This paper provides the first microdata analysis of Ireland's emerging cost rental sector, drawing on newly available administrative tenancy data. We examine the characteristics and spatial distribution of cost rental supply, estimate like-for-like price differences relative to the private rental sector using hedonic methods, assess affordability impacts, and test for early evidence of broader impacts on the private market. We find that cost rental delivers substantial affordability gains, with both an average and median discount of 29.9 per cent relative to market rents. Simple comparisons understate these differences due to the higher quality of cost rental dwellings. Cost rental provision to date has been highly concentrated in urban areas, particularly in Dublin suburbs and increasing its presence across other urban centres and regional towns facing affordability challenges will be important as the tenure expands. Reviewing the scheme parameterisation and income thresholds over time could help to broaden its reach, both geographically and across relevant households. Finally, moving away from the explicit linkage between initial cost rents and prevailing market rents and basing rents solely on underlying economic costs would enhance the long-term viability of the tenure and mitigate the risk of pro-cyclical supply feedback loops.

1 Introduction

Housing affordability challenges have become increasingly acute in both advanced western economies and further afield (Wetzstein, 2017; Chen, 2011), as the prices of rents and housing in the market economy have decoupled from incomes (Anacker, 2019). International research points to mounting precarity and weak security of tenure in increasingly financialised private rental sectors and this presents challenges to long-term home-making and stability (Bate, 2021; van den Berg et al., 2025). In many countries, the precarious nature of the private rental sector (PRS) for low income households has long been documented (Hulse & Pawson, 2010), but housing affordability pressures now extend far beyond the lowest income groups, increasingly affecting middle-income households too (Orchowska & Buitelaar, 2025).

Within this context, the Irish state introduced a new cost rental tenure as part of the Affordable Housing Act 2021. A key feature of this tenure is that rents are set based on the actual economic cost of provision rather than market prices, positioning it as an intermediate option between income-linked social housing and the market-driven private rental sector. Although inspired by the Austrian cost-based rental model (Norris et al., 2026), the Irish system differs in requiring initial rents to be at least 25 per cent below local market levels. It also targets access through strict eligibility rules and an affordability assessment which typically consists of a 35 per cent rent-to-income cap, although certain providers allow some flexibility.

The aim of this paper is to examine Ireland's emerging cost rental sector, assess how it differs from market-based private rental provision, and its implications for housing affordability and the broader housing system. To do so we draw on newly available administrative tenancy registration microdata from the Irish rental market regulator, the Residential Tenancies Board (RTB). We explore a number of analytical avenues. First, we examine the spatial, dwelling and provider characteristics of the emerging cost rental stock. Second, we estimate hedonic models to assess how cost rental rents compare with rents in the PRS on a like-for-like basis, adjusting for property characteristics and location. This approach enables us to quantify the magnitude of rental discounts relative to prevailing market rents and the consistency of these reductions across locations and providers. Third, we examine the extent to which cost rental can reduce households' rent-to-income burdens, and whether affordability constraints persist within the eligible income band. Finally, we analyse whether cost rental has begun to exert any observable price dampening effects on local PRS markets,

as has been found in the Austria case (Klien et al., 2023). Given the embryonic stage and relatively small size of the sector to date, such impacts are likely to be limited.

Overall, this paper provides the first microdata-based examination of Ireland's nascent cost rental tenure, documenting its early spatial footprint, relative price advantages, affordability implications for eligible households, and potential, though not yet observable, market spillover effects. In doing so, this paper contributes to wider international debates on the role of non-profit and cost-based rental models in responding to affordability pressures. These debates have become increasingly salient in housing systems where affordability constraints now affect a growing share of the population. This is particularly the case in contexts without established unitary rental systems i.e. those lacking broadly accessible, non-narrowly targeted non-profit or social rental sectors that compete with private landlords (Kemeny, 1995).

A number of findings emerge from this research. First, we find that cost rental does provide a substantial price discount relative to the private rental sector. Hedonic estimates show this discount running at approximately 25-30 per cent per quarter. Taking the property and location characteristics of each individual property and adjusting for missing BER values, we estimate both the average and median discount relative to each property's expected private market rent at 29.9 per cent. This highlights that these discounts frequently exceed the policy's minimum threshold of 25 per cent and are understated by simple comparisons due to the newer, higher quality, and more energy efficient nature of the cost rental stock. Second, we show these discounts translate into a considerable affordability benefit using illustrative scenarios. For example, for a household in Dublin with net income of €52K, the rent to income ratio drops from 50 per cent in the PRS to 35 per cent in the cost rental system. Our findings do also suggest the interaction of construction costs, income and affordability thresholds appears to narrow the group of households that can both access and afford the tenure in practice though.

In terms of the spatial distribution of cost rental supply, our research points to the following: while there are 11 local electoral areas that have over 10 per cent of new tenancy registrations from cost rental, the majority of activity in this new tenure is in Dublin County, in particular its suburbs. The broader roll out of the scheme to other urban areas and regional towns, but also towards city centre areas in Dublin should be a key focus going forward. Cost rental homes are smaller than those in the PRS which is a positive development in terms of addressing the undersupply of smaller units in Ireland.

From a policy perspective, we discuss a number of elements. First, in the longer term we suggest the explicit link to market rents be phased out, with initial rents set purely on the basis of economic costs. This would improve the long-term viability of the tenure and remove pro-cyclical supply feedback loops. Second, a reappraisal of the income limits could be considered. Although current income thresholds aim to target households facing acute affordability pressures, a broader income range may be required as the tenure matures. Allowing wider eligibility could support cross-subsidisation and improve development viability while also ensuring more households just above the social housing thresholds are catered for in the tenure. Third, periodic reviews of scheme parameterisation, informed by micro data where feasible, should be undertaken to avoid gaps in provision and ensure that cost rental can function as a stable, viable, broadly accessible component of Ireland's rental system over time.

The remainder of the paper is structured as follows. Section 2 outlines the evolution of Ireland's housing market challenges and the introduction of cost rental. Section 3 introduces the data and provides descriptive statistics. Section 4 presents our formal analysis of pricing and affordability, while section 5 examines the impacts on the broader rental landscape. Finally, section 6 discusses the findings and their policy implications.

2 Background

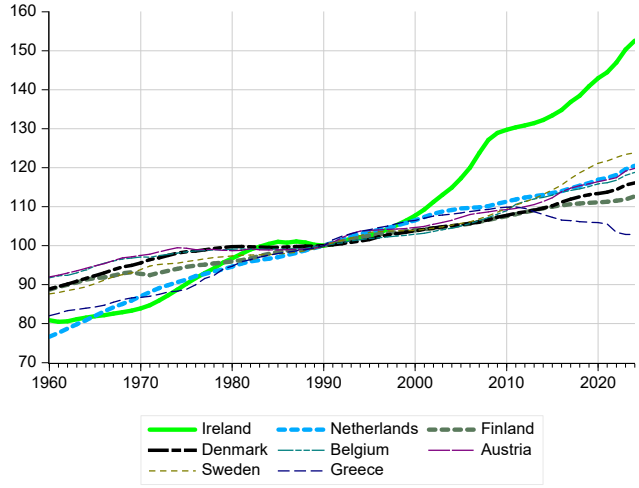
2.1 Irish Context and Background

In the years since the onset of the financial crisis, Ireland has increasingly suffered from a major imbalance in the housing market between demand and supply. Underlying these housing market outcomes are long-term structural demographic changes which have reversed the dynamics of population decline evident from 1850 onwards. Economic decline and poverty had led to very high levels of emigration throughout the century from 1850 to 1950. These trends of economic difficulties and high emigration continued until the 1990s when they began to reverse. Since this point, Ireland has experienced sustained increases in population as the economy has grown rapidly. This trend is clearly shown in Figure 1, especially when compared with other small to mid-sized European economies. Following the financial crisis, which caused a temporary reversal of this trend, Ireland's population growth has continued to be strong since 2012.

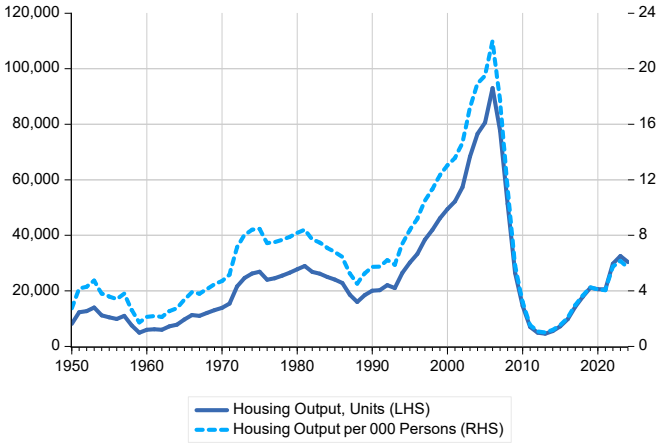
While economic growth and strong increases in employment and wages have accompanied population expansion, investment in housing has not kept pace

Figure 1: Long-term population and housing supply trends

Long-term population trends in a cross-country context



Long-term housing supply trends



Sources: Eurostat, Department of Housing, Local Government and Heritage, CSO.

with the underlying demographic and economic developments. Figure 1 presents the long-term trends in both housing supply and housing supply per capita. At present, Ireland produces fewer housing units per capita than in the early 1970s. Numerous research papers have highlighted the structural undersupply of housing in Ireland at present and the need to considerably expand production (Bergin & Egan, 2024; Conefrey et al., 2024; Housing Commission, 2024).

The combination of strong demand-side pressures and low supply has led to considerable increases in both house prices and rents. Affordability challenges have been well-documented (Corrigan et al., 2019) and extend well up the income distribution; middle-income renters in Ireland experience comparatively worse housing affordability outcomes versus their European peers (Disch & Slaymaker, 2023). This has led to a plethora of policy initiatives targeted at both the demand-side and supply-side to attempt to boost housing production as well as providing affordability supports to households.

Behind the headline trends, Ireland's housing system has traditionally been centred around high rates of homeownership and a dualist rental system (Kemeny, 1995), with a clear divide between the market-based private rental sector and a targeted social housing sector for low-income households. In recent years, there has been a convergence towards a more unitary system but it is still dualist in nature (Norris, 2014). In the decades up to the financial crisis period, with the high rates of homeownership and low social housing provision, the rental sector in Ireland was not seen as a long-term tenure for households. More recently, homeownership has fallen and the rental sector has become increasingly important (Slaymaker et al., 2022). It has been used to house an increasingly large proportion of the population, including those who receive social housing supports (through the Housing Assistance Payment (HAP) scheme). This has occurred alongside notable increases in rents and the deployment of rent control policies aimed at curbing rental inflation (O'Toole et al., 2021; O'Toole, 2023; Slaymaker et al., 2025). The private rental housing stock in Ireland is not necessarily suitable for long-term family housing and is often of low energy efficiency, low quality, and owned by landlords with shorter-term investment horizons than would be suitable for longer-term tenancies (Kren et al., 2025).

Together, these developments point to a gap in the Irish rental market for affordable, long-term, and secure rental housing, serving households in the lower-to-middle part of the income distribution, above those eligible for social housing, but below those able to transition to homeownership.

2.2 Cost Rental and the Affordable Housing Act 2021

In response to these persistent, structural affordability challenges and the aforementioned gap in the rental sector, the Irish government introduced a new rental tenure, that of cost rental, under the Affordable Housing Act 2021. This tenure designates specific dwellings as cost rental units, with rents determined by the underlying economic cost of provision rather than prevailing market conditions. Initial rents are calculated to amortise the full cost of land acquisition, construction, financing, and ongoing management of the dwelling over a minimum 40-year period, incorporating allowances for maintenance and a contingency sinking fund (Affordable Housing Act, 2021).

Widely adopted in other European housing systems, cost rental seeks to insulate tenants from market price volatility and provide a sustainable, long-term rental option. In a comparative study of Austria, Denmark and Finland, Pittini et al. (2021) note that while implementation differs, the core principles of cost recovery, long-term planning and strong governance structures are common to all. Within the Irish context, cost rental introduces an intermediate tenure between social housing, where rents are income-linked under the differential rent system, and private rental, which is market-driven. A defining feature of cost rental is its emphasis on security of tenure: following an initial six-month probationary period, tenancies are of unlimited duration. This offers stability for households seeking long-term rental accommodation and serves as a safeguard against excessive fluctuations in market rents. Emerging evidence on tenant outcomes suggests that cost rental's security of tenure and predictable rent trajectory are central to its appeal in Ireland (Byrne et al., 2024).

Although the Irish cost rental model was inspired by the long-standing Austrian limited-profit housing model, Norris et al. (2026) note the policy transfer has been selective rather than systemic. A notable difference is that while rents are set according to costs, initial rents in the Irish case must also be at least 25 per cent below prevailing market rates. Cost rental legislation, under the Affordable Housing Act 2021, does not specify a required discount relative to market rents. In practice, this minimum discount is a policy requirement which seems designed to demonstrate value for State investment, but it is not a statutory obligation. A further difference is that in Ireland there is no requirement to build reserves intended for future housing development (Byrne et al., 2024); these revolving funds are a key funding mechanism in the Austrian model (Mundt et al., 2018). Cost rental is currently delivered by three types of providers: non-profit

Approved Housing Bodies (AHBs), local (municipal) authorities, and the Land Development Agency (LDA)[1].

Eligibility for cost rental housing is governed by strict criteria designed to target middle-income households above social housing thresholds, but with clear housing affordability constraints. Applicants must have a net annual household income below €66,000 in Dublin (€59,000 elsewhere), not own property, not be in receipt of any social housing supports (e.g. Housing Assistance Payment (HAP) or Rent Supplement) and household size must match the advertised dwelling. The LDA also states that applicants must have permanent residency and tax domicile in Ireland.[2] A further crucial component of the eligibility criteria is that the household can afford to pay the cost rent. Providers are required to assess an applicant's capacity to pay and typically apply the affordability condition that rent should not exceed 35 per cent of net income.[3] Allocation is then conducted via a lottery system.

Financing arrangements are central to the viability of cost rental and its ability to deliver rents at least 25 per cent below market levels. Cost rental is currently financed through five funding streams. Housing Finance Agency (HFA) loans provide long-term, low-interest loans to AHBs and local authorities, typically covering up to half of development costs. The Cost Rental Equity Loan (CREL) for AHBs covers up to 55 per cent of development costs by combining a 40 year state loan with an equity contribution of up to 20 per cent of the capital cost. Local authorities can avail of Affordable Housing Fund (AHF) grants, which offer up to €150,000 per unit as non-repayable capital support. The Secure Tenancy Affordable Rental (STAR) scheme, targeted at the LDA and private investors, introduces subordinated state investment of up to €175,000 (€150,000) per unit in Dublin (elsewhere)[4], interest-free for 50 years, to attract institutional capital. Finally, the Cost Rental Tenant in Situ (CRTiS) scheme enables the Housing Agency to acquire properties from landlords exiting the market, preserving tenancies under cost rental terms for households at risk of homelessness. Complementing these funding instruments, state land policy, per the Land Development Agency Act 2021, facilitates delivery on public or transferred lands, reducing or eliminating commercial land acquisition costs in many schemes.

[1] The LDA is Ireland's state housing delivery body responsible for developing affordable housing on public and acquired land and through homebuilder partnerships.

[2] See: https://lda.ie/affordable-homes/lda-cost-rental

[3] The LDA state this condition explicitly. Other providers may allow some flexibility on a case-by-case basis where applicants can show a history of paying the same or higher rent level in the private rental market.

[4] An additional €25,000 per unit can be obtained if sustainability criteria are met.

2.3 International Evidence

Ireland's development of cost rental is in line with broader international trends. In many countries, governments are expanding the scope of non-market, affordable rental housing. Across Europe, governments are increasingly diversifying rental systems through new hybrid arrangements that blend public, non-profit and private actors. Recent studies highlight the growth of market social housing, including in Belgium, where social rental agencies increasingly manage below-market dwellings on behalf of private owners (Oxenaar & Aalbers, 2025; Oxenaar et al., 2024). This diversification has brought coordination and funding challenges, as evidenced in Flanders (Winters et al., 2024). Similar hybridisation trends are visible elsewhere in Europe, where new below-market rental options are increasingly delivered through private investment funds or state-backed financial vehicles. For example, Belotti (2023) outlines the case of Italian real estate investment mutual funds dedicated to social housing, illustrating the tensions that arise when affordability objectives are pursued through commercialised financing structures, which raise questions about the ability to maintain affordability commitments over time. Evidence also points to the attractiveness and public value of non-profit providers (Seemann et al., 2014) and to the potential of public landlords to raise rents less and renovate more frequently for lower-income market segments (Mangold et al., 2025).

Beyond Europe, similar pressures are reshaping rental regimes. Li & Aalbers (2025) outlines the development of long-term rental apartments in China, their roll out, the development of a transitional housing regime and the changing role of government in their development. Internationally, social housing systems have been strongly influenced by marketisation and privatisation trends, as documented in New Zealand (Murphy, 2020) and other contexts. The development of this form of rental tenure is particularly important for those who have faced challenges accessing homeownership and to those who face the typical challenges of making a long-term home in the financialised private rental sector (Bate, 2021) and to deal with security of tenure in rental housing which is becoming an increasingly challenging issue as rental housing becomes more widespread van den Berg et al. (2025).

Experiences of precarity among low income households in private rental sector developments have been well documented and Hulse & Pawson (2010) note that coordination between housing and public policies and regulations of the PRS is required to move to a more integrated market. Against this backdrop, the expansion of cost rental in Ireland also aligns with Seemann et al. (2014) who

find that non-profit (relative to for-profit) housing associations provide added value to prospective renters beyond what is captured by measurable attributes, and that public bodies should strengthen the capacity of public and non-profit rental providers and housing associations.

3 Data and Summary Statistics

3.1 Overview of Dataset

The administrative microdata used in this research come from the Irish rental market regulator, the Residential Tenancies Board (RTB). Under its statutory remit, the RTB collects information on both new and ongoing rental tenancies. Landlords are legally required to register each tenancy with the RTB at commencement and to renew this registration annually within one month of the anniversary date for the duration of the tenancy. The dataset includes full address details, rent level, tenancy start date, and a range of property-level characteristics such as dwelling type, number of bedrooms, number of tenants and, where available, Building Energy Rating (BER). These data have been used extensively in prior research on the private rental sector (O'Toole et al., 2021; Slaymaker et al., 2024, 2025).

Although cost rental tenancies are excluded from the ESRI/RTB Rent Index, which focuses exclusively on market-price rental developments, they are recorded using the same registration process. Thus all non-profit providers of cost rental housing are legally mandated to register tenancy details with the RTB. This provides a rich, property-level database for the cost rental sector that is directly comparable to the private rental data in terms of variable definitions and structure.

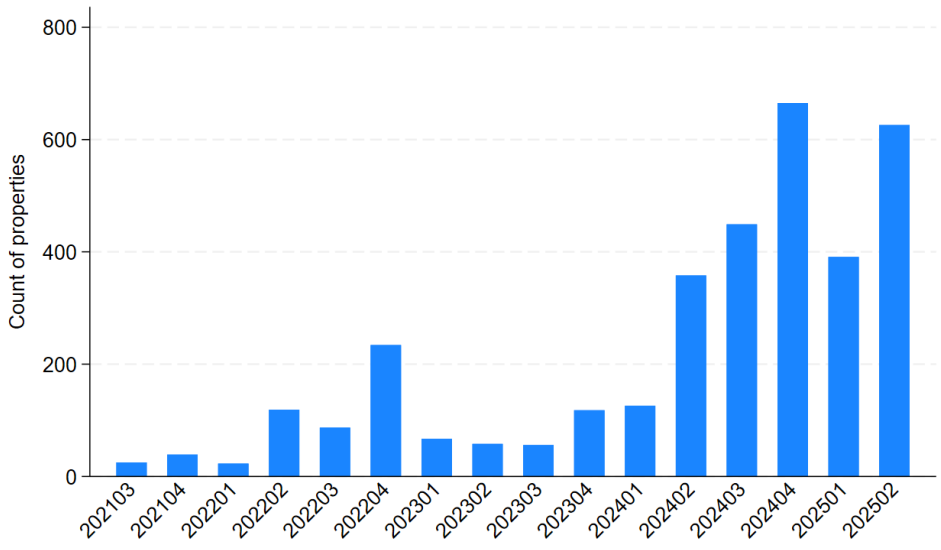
For this analysis several steps are taken to enable comparison between the cost rental and PRS market segments. We identify 3,595 unique cost rental properties, of which 3,442 properties are registered within our sample period (Q3 2021–Q2 2025)[5]. These properties account for 6,105 registrations: 3,610 new tenancies & 2,495 annual registrations. For price analysis, we use the rent recorded at the point of entry into the cost rental sector i.e. the new tenancy price.[6] A number of further cleaning steps were taken to clean the data for

[5] Norris et al. (2026) note 3,899 cost rental properties had been delivered by the end of Q1 2025. Our figures, which are based on tenancy registrations, would be expected to lag behind these delivery numbers, as tenancies are only registered after the property has been occupied. Nonetheless, the relative similarity between our tenancy registration figures and the delivery data is reassuring.

[6] Given the short time horizon and low levels of within-property rental inflation over this period (Slaymaker et al., 2025), this seems appropriate.

analysis.[7] For PRS comparisons, we restrict the sample to new PRS tenancies commenced during the same period (Q3 2021-Q2 2025) within the thirty local electoral areas where cost rental activity is present, providing a geographically consistent comparison group. References to the PRS throughout this paper therefore relate to this subset rather than the national PRS market.

Figure 2: Number of cost rental properties by quarter



*Notes:*Quarter relates to when the property was first occupied.

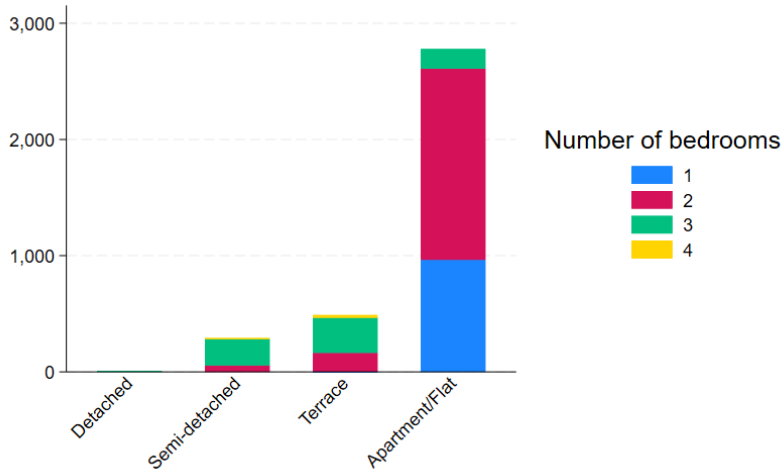
Figure 2 presents the quarterly trajectory of cost rental properties by the quarter in which the properties first appeared in the regulatory data. As the tenure was only established as part of the Affordable Housing Act of 2021, no tenancies of this nature were registered prior to this date. The data reveal a marked expansion in cost rental activity during 2024 and continuing into 2025, with quarterly registrations consistently approaching or exceeding 400 units from Q2 2024 onwards.

3.2 Profile of Cost Rental Sector

Using these data, we explore the profile of the cost rental sector in Ireland, highlighting its geographic distribution, dwelling types and other characteristics. Figure 3 illustrates the composition of cost rental tenancies by dwelling type and bedroom count. The sector is dominated by apartments, with houses repre-

[7] A total of 153 cost rental properties with missing tenancy start dates were dropped. The rental data are trimmed by removing monthly rent outliers below <p(1) and above >p(99) of the distribution. Note this step was done separately for both the cost rental and PRS comparator sub-samples.

Figure 3: Cost rental properties by dwelling type and size



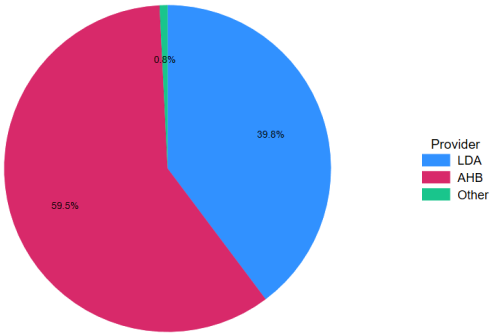
senting a relatively small share of the stock. Most units are one or two-bedroom properties, while larger homes with three and especially four bedrooms are comparatively rare. This emphasis on delivering smaller units within the cost rental programme is crucial to address the shortage of such properties in the Irish housing system (Housing Commission, 2024).

Two further dimensions that we explore relate to the provider of the properties and their location. These are presented in Figures 4a and 4b respectively. To date nearly 60 per cent of cost rental homes have been provided by Approved Housing Bodies (AHBs), Ireland's non-profit housing organisations, with the remaining 40 per cent provided by the state's Land Development Agency (LDA), with only a very small share delivered by local authorities (0.8 per cent). The properties are overwhelmingly located in Dublin (more than 70 per cent). Beyond the capital, provision is currently limited, with the highest numbers in bordering commuter counties (Kildare at 9.8 per cent and Wicklow at 4 per cent) and the cities of Limerick (3.6 per cent) and Cork (3.1 per cent). Fourteen of the twenty-six counties currently see no cost rental provision.

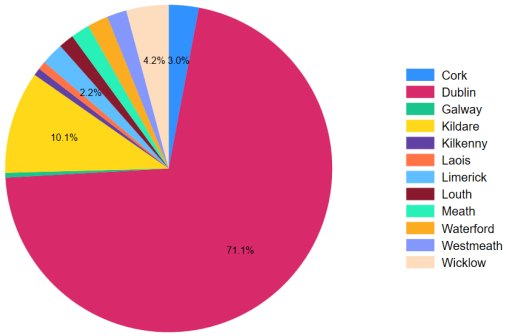
The highly concentrated distribution of cost rental housing in Dublin and the surrounding commuter belt is illustrated in more detail in Figure 5, which maps provision across Ireland's 166 local electoral areas. Given that affordability pressures are most acute in urban centres, at this early stage of the tenure, it is understandable that provision of cost rental is still limited in most parts of the country. Even within Dublin, however, the provision is highly uneven: there are no cost rental homes in the city centre or inner-city neighbourhoods, with

Figure 4: Share of cost rental homes by provider and county

(a) Cost rental properties by provider



(b) Cost rental properties by county



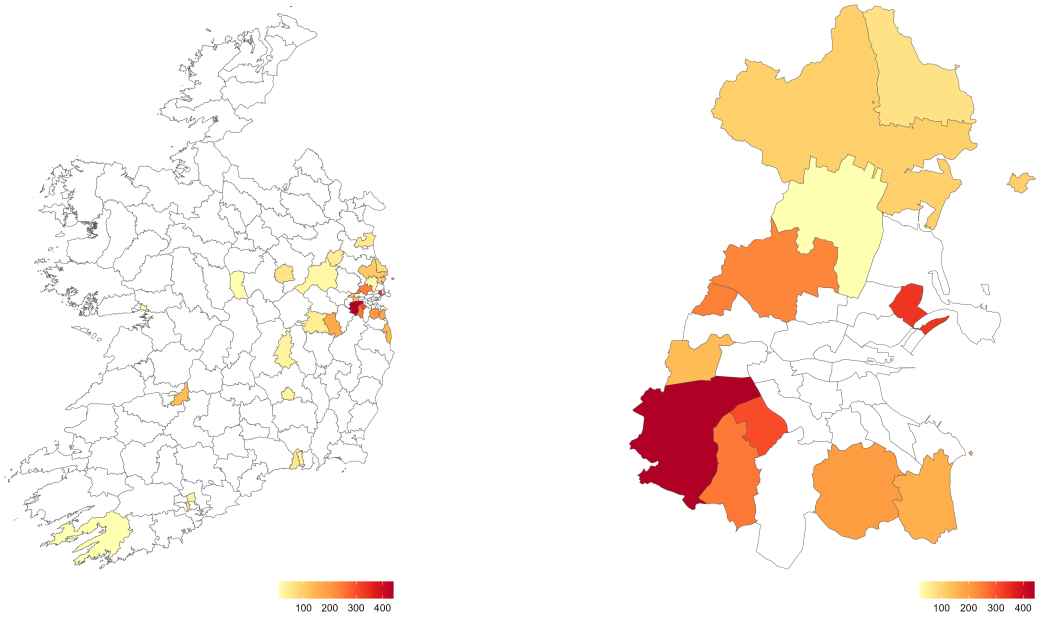
developments instead concentrated in suburban parts of both south and north county Dublin. Two key observations emerge from these spatial patterns. First, the tenure is currently concentrated in urban areas, with virtually no delivery outside major population centres. Second, its roll-out to date has been disproportionately toward suburban locations within the Dublin region. If cost rental is to evolve into a central component of Ireland's rental housing system, its geographic reach will need to expand significantly. This includes greater provision in other large cities such as Cork, Limerick, and Galway, in regional towns facing affordability and availability constraints, and importantly, within Dublin city itself.

Table 1 compares the key characteristics of cost rental homes with PRS properties located in the same LEAs. Cost rental homes tend to be smaller, with a higher prevalence of one (27 vs. 22 per cent) and two-bedroom (54 vs. 38 per cent) units relative to the PRS. Apartments account for 78 per cent of cost rental, compared to around 57 per cent of PRS units in these areas. Virtually all cost rental properties reporting a Building Energy Rating (BER)[8] achieve an A rating; 10 per cent are A1 rated, 40 per cent are A2 rated and a further 10 per cent are A3 rated. This is consistent with current new-build regulatory standards. In contrast, PRS units display a wider distribution of BERs, including notable shares in lower categories (e.g. 16 per cent at C1-3 and 14 per cent at D1 or below), alongside a higher proportion of unreported ratings. These patterns indicate that cost rental stock is typically, newer, smaller, more energy-efficient and more concentrated in Dublin. This has important implications for interpret-

[8] These are self-reported measures.

Figure 5: Number of cost rental properties by local electoral area

(a) National **(b) Dublin**



ing simple rent comparisons as the properties are not comparable across the two tenures. We will return to this in section 4.

Table 1: Descriptive statistics - Cost rental versus PRS

	PRS*	Cost Rental
Region		
Dublin	45.1	71.1
GDA	7.8	16.2
Outside the GDA	47.1	12.7
Housing Type		
House	43.5	22.0
Apartment	56.5	78.0
Number of Bedrooms		
1	21.9	26.8
2	38.4	54.3
3 or more	39.8	19.6
Building Energy Rating		
A1	0.6	9.9
A2	5.0	40.0
A3	2.5	10.4
B(1-3)	7.3	0.0
C(1-3)	16.3	0.0
D1 or below	14.3	0.0
Unknown	53.9	39.6

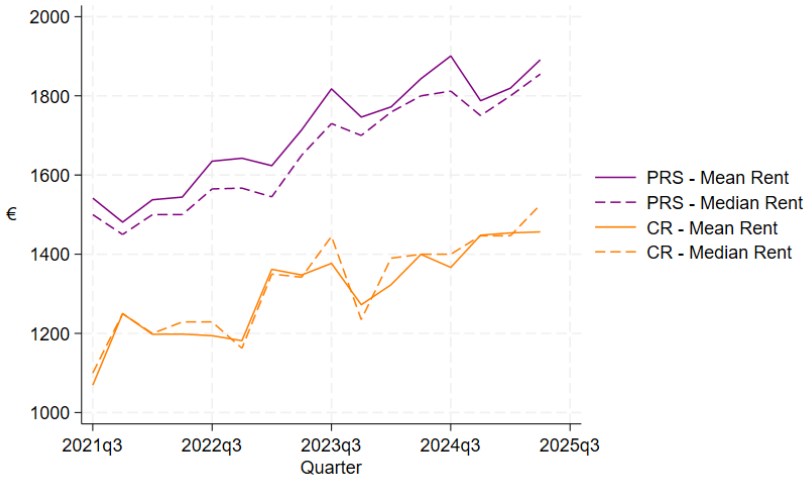
Notes: Sample covers 2021q3-2025q2.

3.3 Trends in Prices

In this section, we explore the evolution of rental prices for cost rental properties by providing a comparison with the PRS. From the outset, it is important to note that, by design, the setting of initial cost rents in Ireland is directly linked to market rents. Norris et al. (2026) note that in the Austrian system that inspired the introduction of cost rental in Ireland, rents are solely based on costs. In contrast, in Ireland, although initial rents must be calculated on a cost basis, they must also be set at least 25 per cent below the prevailing market price for an equivalent property. This creates an inbuilt correlation between market and cost rents at this early stage of the tenure.

Nevertheless, exploring differential trends remains valuable, as differences in inflation dynamics and cost pressures over time may generate divergences in both average inflation rates and rent levels between the cost rental and PRS segments. Furthermore, assessing what constitutes a rent that is 25 per cent below market level may not be straightforward in practice, for instance due to variability in local level data availability. A further caveat is that market rent

Figure 6: Trend in simple average and median rents for Cost Rental and the Private Market



is typically understood as the rent that could be achieved under unrestricted market conditions for a comparable property in the same local area. However, determining what constitutes market rent in the Irish context is complicated by the presence of rent controls, which have held many existing rental property rents below unconstrained market levels, and by persistent supply shortages, which may generate a premium for the unrestricted first letting of newly built dwellings.

To begin our assessment of prices, Figure 6 presents the quarterly simple mean and median rents in our dataset for cost rental and the PRS. It is clear that the prices in cost rental homes are a level step lower than the market prices, in line with their designated pricing. Taking the most recent quarter, Q2 2025, the average cost rent was €1,457 per month, compared to €1,891 in the PRS. The median rents are much closer to the mean rents in cost rental relative to the PRS which indicates a lower skewness in the distribution. This is unsurprising given the uniformity in size, quality and the providers in the cost rental sector compared to the greater variation of properties and landlords in the PRS. A couple of caveats must be noted when comparing simple average prices between the two sectors. First, the small volume of cost rentals prior to 2024 and second, the fact simple averages do not account for differences in property characteristics and location between the two sectors (as seen in Table 1).

One potential implication of these trends is that the inflation rate, or the development in the average rent paid, for the cost rental properties is highly correlated with that of the market rents. The trend in these rent levels appears broadly

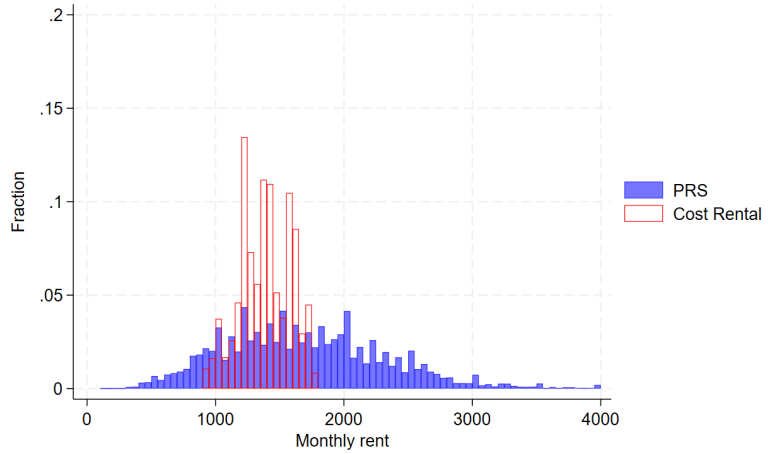
similar between the two markets. In the short-term this is perhaps unsurprising given both high construction inflation over this period and the Rent Pressure Zone (RPZ) rent control policy capping allowable rent increases in the PRS. However, this is also likely related to the cost rent setting policy being explicitly linked to market rents and points to a potential weakness in the Irish system. In addition, Norris et al. (2026) note the majority of cost rental properties provided by AHBs so far have been purchased in 'turnkey' condition from private developers, further tying cost rental to the private market.

One potential benefit of cost rental housing is that it aims to remove the speculative, market driven element from the rent and anchor prices to the underlying economic costs. However, where initial rents are set relative to market prices then, early in the tenure at least, the trend price will co-move with market prices. While on the one hand this ensures a lower rent relative to market prices and acts as a disciplining mechanism promoting value for State investment, it also limits the ability of the tenure to fully realise cost-based pricing as a defining feature of the sector. Moreover, tying initial cost rents to market levels could create challenges if market prices were to fall more sharply than underlying costs during a downturn and will likely amplify pro-cyclical supply patterns. It is important to emphasise, however, that our analysis captures short-term dynamics and focuses on new lettings. As the cost rental sector is nascent, it is currently dominated by newly delivered units priced in line with the market-linked requirements. As the tenure matures and the stock of cost rental properties grows, if cost rents rise at a slower pace than market rents, then the influence of market rent movements on the overall cost rental stock should diminish.

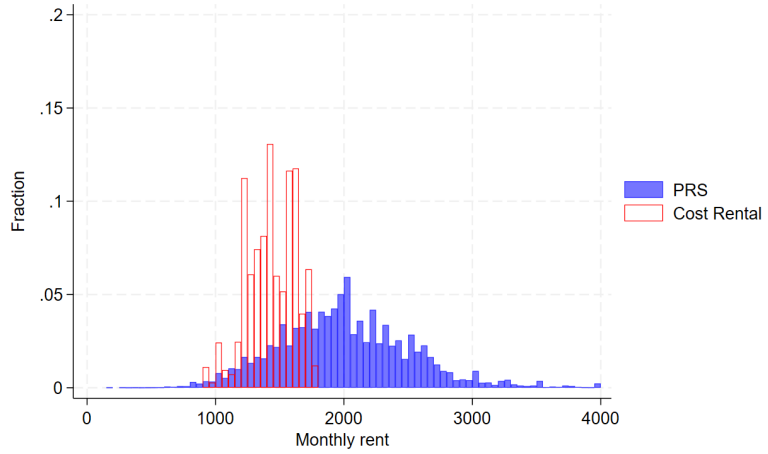
To explore the distribution of prices in more detail, both overall and subnationally, Figure 7 presents histograms showing the fraction of both PRS and cost rents at different monthly rent levels. In Dublin (middle panel), PRS rents are substantially higher and more variable, whereas cost rental remains concentrated at the lower end of the distribution, highlighting its role in mitigating affordability pressures in high-demand urban markets. Outside of Dublin, the cost rental distribution shifts slightly to the left compared to Dublin. PRS rents, however, are considerably lower in these areas, positioning cost rental closer to the middle of the price distribution rather than the lower tail. It is important to note that this comparison includes all areas outside Dublin with some cost rental presence. However, cost rental dwellings are disproportionately located in the counties surrounding Dublin (e.g. Kildare and Wicklow), where PRS rents are higher than in other regions. Consequently, these distributions do not represent a like-for-like comparison. We address this in the following section.

Figure 7: Distribution of new tenancy rents: PRS vs Cost Rental

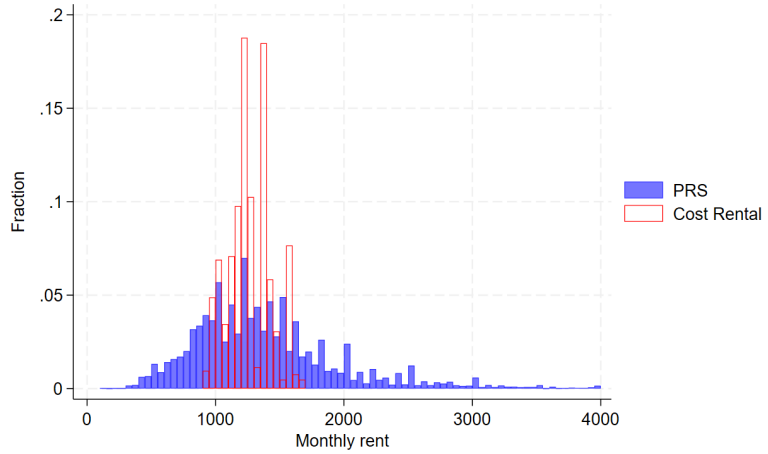
All 30 LEAs with some cost rental



Dublin



Non-Dublin



Notes: Pooled Q3 2021 - Q2 2025

4 Econometric analysis of pricing and affordability

While the descriptive price trends presented in Section 3.3 provide initial insights into how the prices of cost rental properties compare to those in the PRS, simple comparisons of average rents are only partially informative. Such averages fail to account for heterogeneity in property characteristics, location and timing, meaning they do not compare like with like. To assess the extent to which cost rental rents differ from those in the PRS, it is necessary to adopt a formal econometric approach. We therefore estimate a series of hedonic regressions, which model rents as a function of observable property characteristics such as dwelling type, size and location. Specifically we estimate:

$$\ln \text{rent}_{it} = \beta_0 + \beta \mathbf{X}_i + \gamma(\text{Qtr}_t \times \text{Costrental}_i) + \varepsilon_{it} \quad (1)$$

where $\mathbf{X}_i$ includes, no. bedrooms, property type, BER, occupancy and local electoral area (LEA). $\text{Costrental}_i = 1$ if property i is a cost rental home and 0 if in the PRS and we interact this with a quarter dummy variable (Qtr_t). This framework enables us to isolate the marginal effect of tenure type each quarter, i.e. whether a property is cost rental or PRS, while controlling for differences in structural and locational characteristics. By doing so, we estimate a more accurate measure of the price differential attributable to cost rental status, rather than the confounding effects arising from variations in property mix between the two tenures.

Figure 8: Percentage gap between average PRS and cost rental price - Raw versus standardised

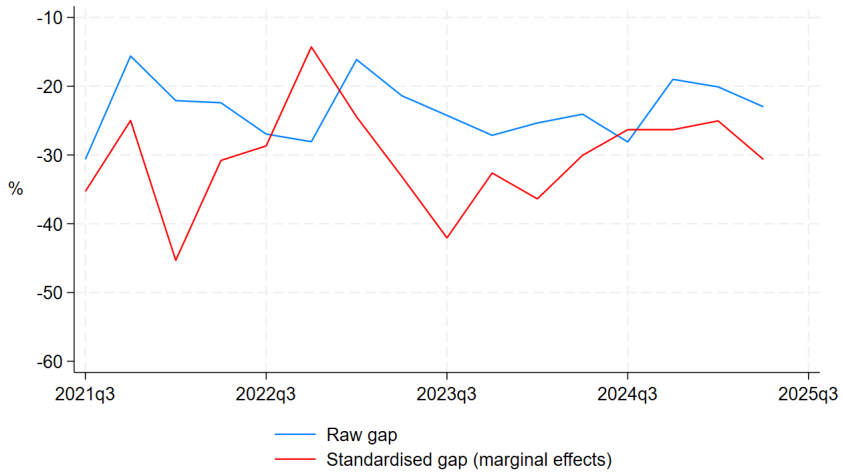


Figure 8 compares the simple gap in the raw averages with the standardised average rent (hedonic) gap between cost rental and PRS rents for new tenancies over time. The standardised gap (red) is generally larger in magnitude and exhibits greater volatility. Given that most cost rental delivery so far occurred in 2024-2025, the estimates toward the end of the sample are particularly informative. In these quarters, hedonic estimates indicate a discount on the average rent of approximately 25-30 per cent, compared to 20-25 per cent based on simple averages. This suggests that raw price comparisons understate the like-for-like price advantage of cost rental. This is consistent with cost rental homes possessing characteristics associated with higher rents, such as superior energy efficiency ratings, which also reflects the modernity of these properties more broadly.

An alternative way to assess the magnitude of the cost rental discount is to estimate the counterfactual market rent for each individual cost rental property, assuming it were instead let in the PRS. To do so we estimate the following hedonic regression on the PRS sample:

$$\ln \text{rent}_i = \beta_0 + \beta_1 \text{no. beds}_i + \beta_2 \text{type}_i + \beta_3 \text{BER}_i + \beta_4 \text{occ}_i + \beta_5 \text{LEA}_i + \beta_6 \text{Qtr}_i + \varepsilon_i \tag{2}$$

Here, the dependent variable is log of monthly rent and the model controls for the number of bedrooms, dwelling type, energy efficiency rating (BER), occupancy status, LEA and quarter. Each β coefficient captures the effect that specific property or locational characteristic has on the overall rent. We then apply these coefficients to the cost rental sample to predict the counterfactual market rent for each cost rental unit. This provides an estimate of the rent the property would command in the private market, based on its observed structural and locational attributes. Finally, we compute the discount factor for each unit as the difference between its predicted PRS rent and its actual cost rental price, thereby quantifying the implicit subsidy associated with the cost rental tenure.

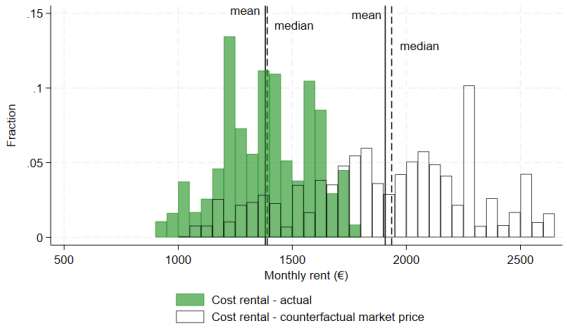
Applying coefficients from the PRS sample to cost rental properties assumes the underlying relationships between property characteristics and rents are broadly similar across the two tenures. We argue this is a reasonable assumption given that both cost rental and the PRS operate as choice-based tenures, where households actively select and apply for properties or developments, in contrast to need-based tenures such as social housing, where allocation is determined by assessed needs. While there may be some minor differences in preferences across the income distribution, these variations are unlikely to significantly alter the

underlying price setting mechanisms. On balance, therefore, we consider this assumption to be appropriate for the purposes of the analysis.

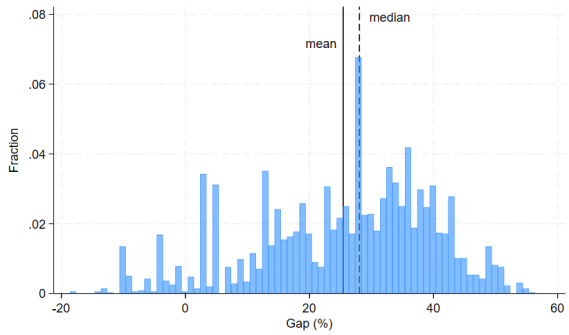
Panel A of Figure 9 shows that the estimated counterfactual PRS price distribution for these cost rental properties is shifted noticeably to the right of their actual price distribution and is considerably more dispersed. The average cost rent is €525 lower per month than the estimated mean price these properties would rent for in the PRS. Turning to discounts, Panel B indicates that nationally the average discount for cost rental relative to comparable PRS properties is estimated at 25.4 per cent, with a median of 28 per cent. Most of the distribution falls within the 25-45 per cent range, illustrating that in many cases the discount substantially exceeds the 25 per cent benchmark.

Figure 9: Distributions of counterfactual PRS price and cost rental discount from market rent

(a) Counterfactual



(b) Distribution of cost rental discount



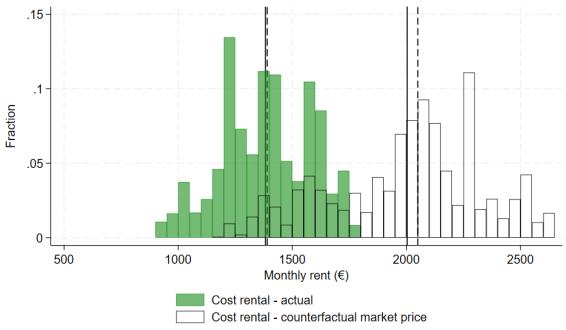
Notes: Cost rental 'discount' is the estimated price that property would cost in the PRS given its location and property attributes minus its actual cost rental price.

At this juncture it is important to acknowledge the limitations of this counterfactual price approach. The most notable challenge arises from small cell sizes and the lack of comparable properties in certain local markets, particularly outside major urban areas. In these contexts, the hedonic model may struggle to accurately capture local price dynamics, leading to imprecise predictions. This issue is compounded by missing data, especially with respect to BER, which is absent for just over half of the PRS sample and 40 per cent of the cost rental sample. Without complete BER controls, the model cannot fully account for the premium associated with the superior energy efficiency performance of the new-build cost rental properties, resulting in predicted PRS rents that may be underestimated. These limitations help explain instances of apparently very low or even negative estimated discounts, which likely reflect data sparsity and spec-

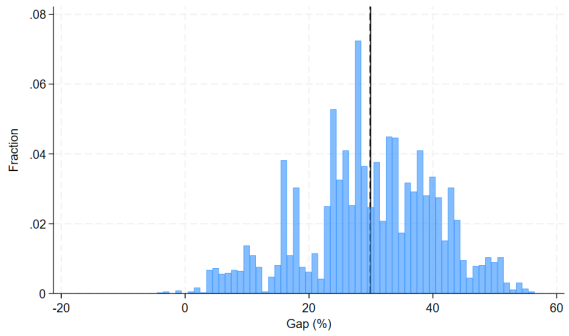
ification error rather than genuine market outcomes. They also help explain why the mean falls below the median in Figure 9.

Figure 10: Distributions of counterfactual PRS price and cost rental discount from market rent - with BER adjustment

(a) Counterfactual



(b) Distribution of cost rental discount



Notes: Cost rental 'discount' is the estimated price that property would cost in the PRS given its location and property attributes minus its actual cost rental price.

To address this issue, we alter our treatment of missing BER cost rental properties. In the estimates presented in Figure 9, for otherwise comparable properties in terms of factors such as location, type and size, the model groups dwellings with unknown BER into a common category. In practice, however, this masks the notable differences between cost rental and PRS properties in this group. Cost rental homes are new-build units that are required to meet A rated energy performance standards, whereas PRS properties with missing BERs are likely to consist largely of older and less energy efficient dwellings (as per those with reported BERs shown in Table 1). We therefore assign all cost rental properties with a missing BER an A3 rating and then re-estimate our counterfactual rents and discounts from market rates[9]. The average cost rent is €625 lower per month than the estimated mean price these properties would rent for in the PRS once we perform this BER adjustment. From panel B of Figure 10 we see this adjustment virtually eliminates those formerly presenting a negative discount relative to market. The median discount to market only shifts slightly, rising from 28 to 29.9 per cent, but there is a bigger increase in the mean (from 25.4 to 29.9 per cent), reflecting the removal of the very low estimated discounts driven by missing BER PRS comparisons.

[9] Note as a further robustness check we used broader regions, counties rather than LEAs outside of Dublin, but this did not materially affect our estimates. This likely reflects a similar lack of comparable PRS properties in the broader area.

Table 3: Mean and median cost rental discount from market rent - by no. bedrooms and provider

	Initial estimates		BER-adjusted estimates	
	Mean (%)	Median (%)	Mean (%)	Median (%)
No. bedrooms:				
1	34.8	37.4	37.5	37.5
2	24.1	27.9	28.8	28.2
≥3	15.8	17.4	22.5	23.3
Provider:				
LDA	32.1	34.1	33.9	34.1
Other	20.7	23.0	27.1	28.1
Total	25.4	28.0	29.9	29.9

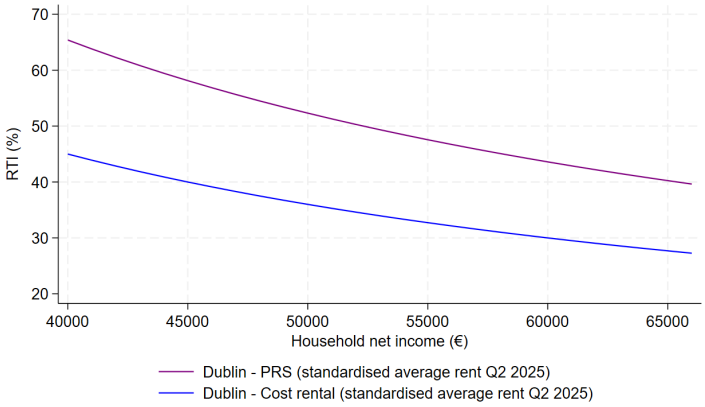
Table 3 illustrates that cost rental dwellings delivered by the LDA exhibit larger discounts than those provided by others (median 34.1 per cent versus 23.0 per cent based on initial estimates). An important caveat is that AHB and local authority schemes are typically smaller in scale and more likely to be concentrated in less active rental markets, where the limited availability of comparable PRS properties may lead to underestimation of the counterfactual market rent in some cases. Indeed we see the gap in the discounts between providers reduce in our BER adjusted estimates (median 34.1 per cent for the LDA versus 28.1 per cent for other providers). This likely also explains the greater spread of estimated discount rates for others relative to the LDA shown in Appendix Figure 15, and for this reason we focus on comparisons at the median rather than mean. Nonetheless, when considering the mechanisms underpinning these discounts, the pattern is unsurprising. Larger LDA led developments benefit from economies of scale and, critically, access to public land, thereby reducing delivery costs. In contrast, as Norris et al. (2026) observe, the LDA has not transferred public land to other cost rental providers to date. Consequently, most other cost rental units have been acquired in turnkey condition from private developers, limiting the scope for cost reductions relative to the private market. Table 3 also shows discount rates achieved are higher for smaller properties. These findings may partly reflect differences in location and scheme scale of the development, as smaller units are often situated in apartment blocks where achieving economies of scale is more feasible than in house developments.

4.1 Impact on affordability

Alongside greater security of tenure and rent stability, a key objective of cost rental is to provide significantly more affordable rental housing than is currently

available in the private rental sector (PRS). Figure 11 illustrates the scale of this affordability benefit. Using average rents for new PRS tenancies and cost rental units in Dublin[10] for Q2 2025, the chart plots the corresponding rent-to-income (RTI) ratios across the range of net household incomes relevant to the scheme.[11] Given the differing cost rental income thresholds and the concentration of cost rental supply in Dublin, this analysis focuses on Dublin only.

Figure 11: Rent-to-income ratio across the income distribution - Cost rental vs. PRS (Dublin)



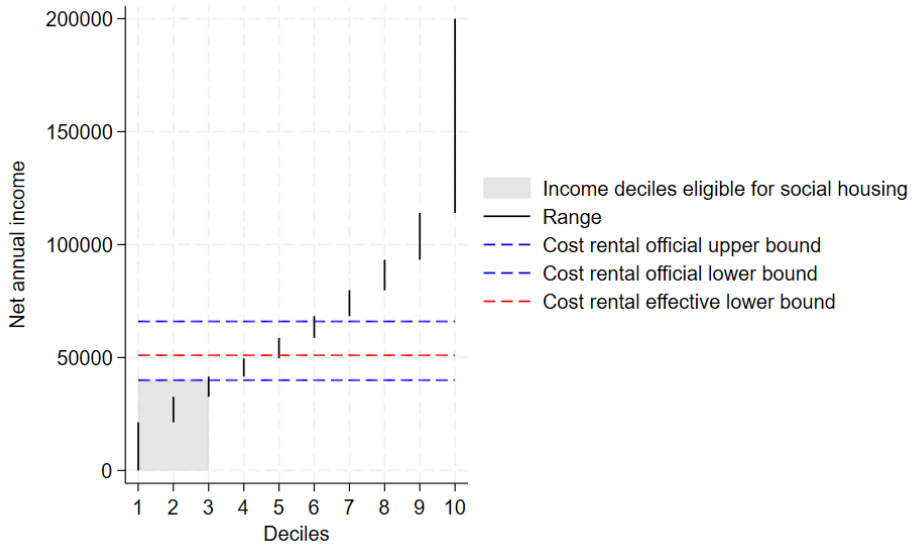
Notes: Calculations based on the average PRS and cost rental rents in Q2 2025. Dublin only (and only LEAs in Dublin with some cost rental presence). Net household income distribution starts from €40,000 i.e. the maximum net income threshold for social housing for a single person household in band 1 and goes up to €66,000 i.e. the maximum threshold for cost rental eligibility in Dublin.

It is important to note that Figure 11 is illustrative; we do not have household-level income data, and households at the lower end of the distribution may not typically be expected to pay the average rent. Nonetheless, this illustration provides useful insights. The gaps between PRS and cost rental RTIs are substantial, highlighting the potential of cost rental to reduce housing cost burdens. For example, at €52,000 net income, the RTI is around 50 per cent in the PRS compared to 35 per cent for cost rental, a difference of 15 percentage points. In practice, some households may trade-off part of this RTI reduction to instead raise the quality or size of dwelling they inhabit. In a survey with a small sample of the earliest cost rental tenants, Byrne et al. (2024) provide some initial evidence of this. They find some tenants maintain or increase their RTI, with some highlighting the ability to improve BER and reduce damp and cold issues, as well as some requiring extra space to accommodate a growing family.

[10] Note this only includes LEAs within Dublin that have some cost rental activity.

[11] We use €40,000 as a lower bound, reflecting the maximum net income eligibility threshold for social housing for a single-person household in Dublin, and €66,000 as an upper bound, representing the maximum allowable under cost rental in Dublin.

Figure 12: Affordability - Net income by decile and cost rental eligibility thresholds



Notes: Range represents the upper and lower bounds of each net income decile. The shaded area approximately represents the part of the income distribution eligible for social housing, although it should be kept in mind that in practice specific thresholds vary depending on household size and location.

The Irish cost rental tenure is narrowly targeted at households above social housing income thresholds but unable to afford PRS rents, as compared to the unitary system in countries like Austria where the majority of the population are eligible (Norris et al., 2026). Despite the clear affordability benefits relative to the PRS, our analysis does suggest that affordability remains challenging for some within this group. For instance, Figure 12 highlights that at current prices, households in the fourth income decile[12] would typically not be able to afford cost rental in Dublin under the 35 per cent RTI condition. In effect, Figure 12 shows that the band of households that are eligible for and can afford cost rental may effectively be even narrower than intended, starting at around €51,000, leaving a group of households above the social housing thresholds, but not able to meet the cost rental affordability criteria either. Evidence from Byrne et al. (2024) reinforces this point. Using a small sample of administrative data from three AHB providers of some of the earliest cost rental homes, they found clear evidence of many tenants exceeding the 35 per cent RTI threshold[13]. This suggests that while cost rental improves affordability relative to the PRS, it does

[12] Note these are national figures, but according to 2024 CSO Survey on Income and Living Conditions (SILC) data, this ranges from €41,547-49,678 (see Appendix Table 7) i.e. would include many households above the maximum social housing thresholds.

[13] It remains unclear the extent to which this willingness to exceed a 35 per cent RTI has continued as the scheme has evolved. The LDA explicitly state they apply the 35 per cent rent to net income threshold.

not eliminate affordability pressures for all households in the target group. It is important to note we use unequivalised household income and average cost rents. A single person household, for example, may face a lower rent for a one-bedroom dwelling, meaning affordability may still be achievable for some at this income level. In contrast, households with more than one person in the fourth income decile are likely to face greater affordability pressures, as their required residual income is higher.

Finally, while these RTIs focus solely on rent prices, cost rental homes are new-build and typically have high BER ratings (A1-A2), which likely results in lower energy costs compared to much of the PRS stock. This additional saving further strengthens the overall affordability case for cost rental. It also highlights that where rigid RTI thresholds are applied, this may potentially rule out households just above a 35 per cent RTI even where their overall costs inclusive of utilities may actually be lower than in the PRS. More broadly, some flexibility around the 35 per cent RTI threshold alongside a willingness to consider residual income may be warranted during affordability assessments[14]. This recognises the inherent difficulties in measuring affordability and that no single indicator provides a complete picture of a household's capacity to meet their housing costs (Corrigan et al., 2019).

5 Broader Impacts

Cost rental housing in Ireland has two broad objectives. First, it aims to deliver a direct benefit to households by enabling access to housing that would otherwise be unattainable in the private market, whether in terms of affordability, quality, security of tenure or a combination of all three. Second, it seeks to generate wider market effects, by exerting downward pressure on private rental prices or, at minimum, moderating PRS rental inflation. While our findings in previous sections provide clear evidence of the first objective being met, this section turns to the second, examining whether cost rental has had measurable spillover impacts on the broader rental market. To do so we first consider the relative scale of cost rental activity, before then econometrically testing for spillover effects on the PRS. It is important to note the infancy of the cost rental tenure and that this second objective is a longer-term aim. As such, we would not necessarily expect to observe spillover effects at this early stage.

[14] As noted in section 2.2, certain providers may allow flexibility on a case-by-case basis.

5.1 Scale of cost rental activity

Table 4: Occupied cost rental properties as a share of new dwelling completions

	Percent
Year	
2021	0.6
2022	1.6
2023	0.9
2024	5.3
2025H1	6.7

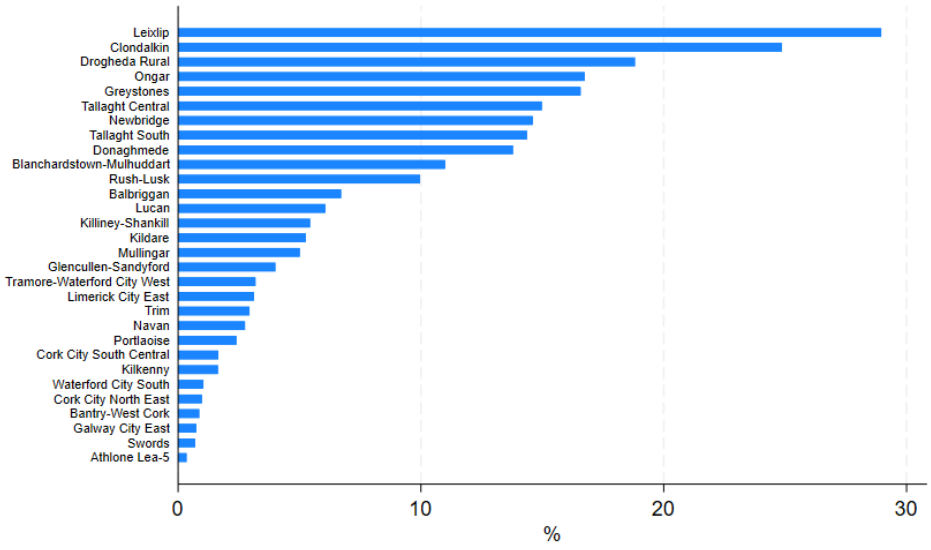
Given the infancy of the cost rental tenure in Ireland, it remains comparatively small overall, with around 3,600 cost rental homes registered with the RTB by the end of Q2 2025 compared to approximately 330,000 PRS dwellings as per Census 2022. While the absolute number of cost rental dwellings remains small relative to the broader PRS, Table 4 shifts the focus to newly occupied cost rental properties as a proportion of total new housing completions. In 2024 and the first half of 2025, occupied cost rental units accounted for 5.3 per cent and 6.7 per cent of all new dwelling completions respectively.[15] Although overall housing completions during this period were modest, these figures suggest that cost rental provision is beginning to make a discernible contribution to new housing supply.

Across the 30 LEAs with a cost rental presence, Figure 13 indicates that cost rental represented 6.4 per cent of all new tenancy registrations Q3 2021-Q2 2025. This proportion was notably higher in certain LEAs, exceeding 10 per cent in 11 LEAs. Regarding price effects, the inclusion of cost rental tenancies reduces the standardised average rent by 4-5 per cent, depending on the quarter, compared to the PRS alone (Figure 14).[16] Note this is a mechanical effect through the inclusion of lower priced cost rental tenancies; it does not represent any wider price dampening effects on the PRS. To date the inclusion of cost rental properties makes little difference to the annual inflation rate. This is unsurprising given rent control measures and the low rates of within property price inflation observed over this period (Slaymaker et al., 2025).

[15] Cost rental figures reflect the date of occupation and registration with the RTB rather than the official completion date.

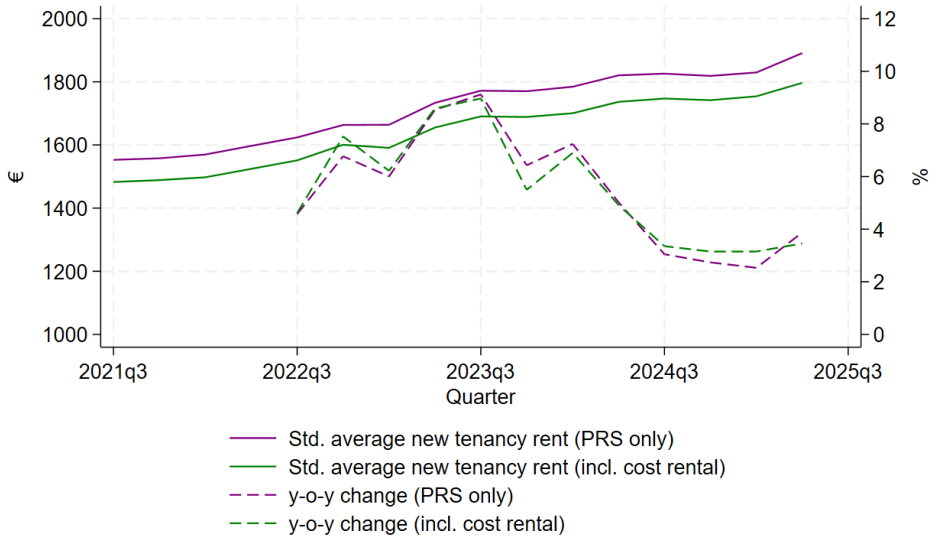
[16] This index is restricted to the 30 LEAs with a cost rental presence and is therefore not comparable to the national ESRI/RTB Rent Index.

Figure 13: Share of all new tenancy registrations that are cost rental - by LEA



Notes: Pooled registrations Q3 2021 - Q2 2025.

Figure 14: Standardised average new tenancy rent and annual inflation - inclusion of cost rentals



5.2 Testing for initial price dampening effects on the private rental sector

There is limited econometric evidence on the PRS price dampening effects associated with the expansion of non-profit or cost rental housing. A notable exception is provided by Klien et al. (2023), who use decennial Census data to estimate the long-term impact of non-profit housing associations (GBV) on the unregulated Austrian PRS. Their findings suggest that a 10 per cent increase in the share of GBV housing is associated with a €0.30-0.40 per square metre reduction in the price differential between the PRS and GBV segments. Importantly, these effects are non-linear: the first meaningful dampening occurs when the GBV share reaches approximately 30 per cent, with a substantially stronger effect at 50 per cent. Beyond a 70 per cent share, the price differential between the two sectors becomes statistically insignificant.

These findings on the impacts of the long-established non-profit, cost-based sector in Austria are noteworthy. It must however be kept in mind that these PRS price dampening effects are a long-term aim, while cost rental in Ireland is only at the initial phase of tenure development, accounting for in the region of 1 per cent of the rental stock so far. Consequently, in our analysis we instead focus on new tenancies rather than the overall stock, and on inflation rates rather than absolute rent levels, as these indicators are more likely to reveal any early spillover effects. Nonetheless, given the nascent scale of cost rental provision, significant PRS price dampening impacts remain highly unlikely. A further complication arises from the presence of rent controls,[17] which may obscure any emerging price adjustments.

We estimate the following equation:

$$\Delta \ln \text{PRS rent}_{jt} = \beta_0 + \beta_1 \text{CR share}_{jt-4} + \beta_2 \mathbf{X}_{jt-4} + \gamma \text{LEA}_j + \mu \text{Qtr}_t + \varepsilon_{jt} \quad (3)$$

The dependent variable ($\Delta \ln \text{PRS rent}_{jt}$) is the annual change in the standardised average rent for new tenancies in LEA j in quarter t. Our key variable of interest (CR share_{jt-4}) is the number of new cost rental tenancies as a share of all new tenancies in LEA j in quarter $t-4$. To address concerns around any potential simultaneity bias, where cost rental shares and PRS rent inflation may move together for reasons unrelated to any underlying relationship, we lag all independent variables by 4 quarters, thereby relating earlier cost rental presence to subsequent PRS rent inflation rather than contemporaneous co-movements. We

[17] Klien et al. (2023) restrict their analysis to the unregulated sector.

control for rent control status (RPZ), the number and the annual change in new PRS tenancies to account for the size and dynamism of the local rental market, the PRS price level and previous annual inflation rate to account for base effects. To account for broader new housing supply in all other tenures we include the log of non-cost-rental dwelling completions. We also include LEA fixed effects to account for the time-invariant characteristics of each area and quarter fixed effects to account for broad changes in economic conditions across periods. In the final column of Table 5 we test for non-linear effects by interacting the share of cost rentals ($t-4$) with a binary indicator equal to one if the cumulative share of cost rentals is sizeable i.e. above 10 per cent ($t-4$).

As anticipated, at this early stage of cost rental delivery, we do not yet find any evidence of price dampening effects on PRS rental inflation: the cost rental share has no statistically significant impact on annual PRS rental price inflation. This however remains an important topic for future research as the sector develops in magnitude relative to PRS. Indeed, future research using regression discontinuity design across neighbouring areas with and without cost rental housing could provide extremely useful insights into the broader impacts. This would need a number of quarters of additional data before it could be implemented.

Table 5: OLS regressions examining price dampening effects of cost rental on the PRS

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Cost rental share (t-4)	0.020	0.018	0.022	-0.004	-0.003	-0.003	0.002
	(0.051)	(0.051)	(0.053)	(0.044)	(0.044)	(0.044)	(0.044)
RPZ (t-4)		-0.064**	-0.066**	-0.010	-0.008	-0.008	-0.008
		(0.026)	(0.027)	(0.024)	(0.024)	(0.024)	(0.024)
Ln PRS tenancies (t-4)			-0.045**	0.004	0.002	0.002	0.002
			(0.019)	(0.016)	(0.016)	(0.016)	(0.016)
Δ ln PRS tenancies (t-4)			0.005	0.015	0.014	0.014	0.014
			(0.014)	(0.010)	(0.010)	(0.010)	(0.010)
Ln PRS rent (t-4)				-0.936***	-0.945***	-0.945***	-0.944***
				(0.093)	(0.094)	(0.094)	(0.094)
Δ ln PRS rent (t-4)				0.021	0.024	0.024	0.024
				(0.060)	(0.061)	(0.061)	(0.061)
Ln completions to date excl. CR (t-4)					0.010	0.010	0.010
					(0.009)	(0.009)	(0.009)
CR share to date $\geq$10%							-0.001
							(0.016)
CR share to date $\geq$10% $\times$ Cost rental share (t-4)							-0.010
							(0.093)
Constant	0.091***	0.090***	0.275***	6.230***	6.272***	6.272***	6.266***
	(0.023)	(0.023)	(0.081)	(0.595)	(0.600)	(0.600)	(0.597)
LEA fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Quarter fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R-squared	0.152	0.157	0.177	0.483	0.484	0.484	0.484
Observations	480	480	480	480	480	480	480

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. Cost rental share is measured as the number of cost rentals as a share of all new tenancies (cost rental and PRS). Variables expressed as 'to date' are cumulative measures from the start of our analysis period 2021Q3 up to the relevant quarter.

6 Discussion and policy implications

The introduction of cost rental housing represents a significant policy innovation which aims to address the long-term, structural affordability challenges within Ireland's rental sector. This paper has provided the first microdata analysis of Ireland's emerging cost rental sector, situating the development of this new tenure within wider international debates on the role of non-profit and cost-based

rental models in response to worsening affordability pressures now affecting a growing share of the population.

Empirically, we find discounts relative to prevailing market rents are substantial and frequently exceed the minimum 25 per cent threshold. These material affordability improvements for households under-served by the PRS are also accompanied by improved security of tenure and high tenant satisfaction (Byrne et al., 2024), highlighting the crucial role cost rental can play in addressing structural affordability challenges. Our findings also highlight noteworthy dwelling quality improvements: the larger gaps observed in standardised versus raw price differences between cost rental and the PRS imply that raw price comparisons understate the like-for-like price advantage of cost rental, consistent with them having better energy performance standards. Above and beyond improvements to households' rent-to-income ratios, this translates into further household savings via reduced utility costs. While cost rental housing currently has a small share of total units, it is rising notably as evidenced by the increases in delivery in 2024 and 2025.

Notwithstanding these benefits, as the tenure expands it is essential to consider the mechanisms through which affordability is achieved, assess their sustainability, and identify potential adjustments that may be required to ensure the tenure's long-term viability. A number of policies underpin the delivery of below market price cost rental units. These implicit subsidies arise from several sources: the cost-based model and removal of developer margins; long-term Housing Finance Agency loans at below-market interest rates; state-backed equity through the Cost Rental Equity Loan (CREL) and Affordable Housing Fund (AHF); targeted investment schemes such as STAR; and, in some cases, access to public land[18]. Lower cost financing spread over extended time horizons is crucial. However, the model currently relies heavily on state funding, with Norris et al. (2026) noting that this approach replicates structural weaknesses in Ireland's existing social housing finance regime. In the longer term, to enhance sustainability, the sector will likely need to transition toward greater self-financing as it develops, potentially through mechanisms such as revolving funds that recycle provider surpluses into future developments.

A distinctive feature of Ireland's cost rental model is that initial rents are set relative to prevailing market rents rather than being set solely on the basis of underlying economic costs. While this tenure is designed to remove the speculative and market-driven elements of pricing, this explicit linkage to market prices means that initial rents will still move with wider market conditions and cyclical

[18] Subsequent to our period of analysis, from October 2025 onwards cost rentals are also exempt from corporation tax.

dynamics. As cost rental is a new tenure, it is currently dominated by newly delivered units priced in line with these market-linked requirements. Over time, as the stock of cost rental properties grows, if cost rents rise at a slower pace than market rents, then the influence of market rent movements on the overall cost rental stock should diminish. Nevertheless, tying initial rents to market levels may amplify pro-cyclical supply patterns and could create challenges if market prices were to fall more sharply than underlying costs during a downturn. While the requirement for cost rents to be set at least 25 per cent below market levels is a commendable target and delivers notable affordability gains, evidence around the optimal parameterisation of this threshold would be advisable. Over the longer term, a more sustainable approach would be to set rents exclusively based on the economic cost of provision and ongoing maintenance. This would fully decouple the tenure from market fluctuations and enable cost rental supply to remain stable throughout the economic cycle. This should facilitate cost rental acting as a counterweight to market prices and inflation in the PRS. Indeed, if cost rental supply expands to the point that it begins to influence market prices, then removing the explicit pricing link becomes even more important.

Linked to this is the question of geographic viability. To date, cost rental delivery has been highly concentrated in Dublin's suburbs and surrounding commuter areas. At present, given construction and land costs, rent levels, the required discount, the higher income thresholds in Dublin and aligning all these with scheme affordability parameters, cost rental appears most feasible in Dublin suburbs. In contrast, there have been no inner city developments to date (potentially due to higher land costs) while provision in towns across the country remains limited. Over time, a more broad-based presence countrywide and in particular in inner city areas where rental densities are comparatively higher, would strengthen the likelihood of cost rental evolving into a central component of Ireland's rental housing system and enhance its potential to exert meaningful price dampening effects on the PRS.

Our findings show that to date the largest discounts relative to market rents arise in the larger LDA-led schemes. However, this should not obscure the distinct and complementary roles of different providers. The LDA is well positioned to deliver cost rental at scale in urban and suburban areas where affordability pressures tend to be most acute. While AHBs and local authorities may also play this role, they could also be important in sustaining rental provision in regional towns. This mirrors the experience of Austria's limited-profit housing associations, which are among the principal providers of rental accommodation in towns across the country (Kössl, 2022).

Given this geographic dispersion in prices and costs, discounts relative to market rents are likely to be lower outside major urban centres at present. Indeed, given high construction costs and comparatively lower rent levels and incomes, feasible discounts in some areas may fall below the currently required 25 per cent. However, even at smaller discounts, cost rental could still play a vital role in providing more affordable accommodation with greater security of tenure in these communities, many of which face mounting affordability and availability pressures in the PRS. In the longer term, this is an important consideration, particularly in areas heavily reliant on small-scale PRS landlords whose age profile and sensitivity to policy changes may place continued rental provision at greater risk. Overall, these factors point towards a viability discussion with a complex interplay of key factors (including construction costs, land costs, funding costs, PRS rent levels and scheme parameters such as income limits and the maximum affordability ratio). Decoupling initial cost rental pricing from market rents may allow an easing of viability constraints and move the sector more towards its European peers.

Beyond these macro level viability considerations, important questions arise regarding eligibility and access in practice. Cost rental is currently aimed at a relatively narrow portion of the income distribution, and in practice, our findings suggest an even narrower base than intended. While protecting households from over-extension and the risk of payment arrears is essential, present costs combined with scheme parameters appear to have resulted in a gap between the upper threshold for social housing and the effective lower bound for cost rental. This is especially the case for those in the fourth income decile.

Addressing these challenges requires cognisance of how different scheme parameters including discount thresholds, income limits and affordability ratios interact to affect both development viability and who can realistically access the tenure. Several policy adjustments could help address these challenges. First, currently the required discount relative to prevailing market rents condition is applied to each individual unit. Greater flexibility, such as applying any discount target at the site level, could enable a degree of cross-subsidisation within a development and increase its viability. This could be an intermediate step in any transition towards market-price decoupling.

Second, at present income limits appear set to target households in the fourth to sixth income deciles. While in the short term it is understandable to target households facing the greatest affordability challenges, longer term, consideration should be given to whether wider income bands may be required. Wider income bands could allow a degree of cross-subsidisation across house-

holds which, in conjunction with applying required discounts at site level, may make developments more viable. For example, allowing differentiated pricing could potentially enable some additional moderate income households to meet the 35 per cent affordability ratio, while maintaining overall scheme viability. Third, although narrow scheme targeting is understandable at this early stage, as the tenure expands consideration could be given to practical eligibility arrangements to widen access. At present, household level affordability assessments may create practical challenges for applicants not currently living as a single household such as couples not yet cohabiting and unrelated persons who currently share accommodation. Finally, as the tenure matures, better integration within the wider housing system will be critical to avoid gaps in provision. One recommendation by the Housing Commission (2024) and Norris et al. (2026) is to move away from income-based eligibility toward a universal cost-based model across both social housing and cost rental, supplemented by sliding scale subsidies for households facing residual affordability challenges. This would reduce the likelihood of gaps in provision by targeting those just above the social housing thresholds and likely most acutely exposed to PRS affordability and accessibility issues.

To conclude, our findings highlight the substantial affordability gains and improvements in dwelling quality, alongside greater security of tenure of cost rental for households underserved by the PRS. These represent meaningful efforts to tackle the structural affordability challenges faced. Embedding a new tenure within an existing housing system is a significant undertaking, and our findings highlight the importance of the continued ramping up of cost rental delivery to ensure the tenure becomes a larger component of Ireland's housing stock into the future. The long-term success of cost rental will likely depend on achieving a sustainable balance between affordability for tenants and financial viability, and broadening geographic reach. Setting rents strictly on the basis of economic costs would help strengthen the tenure's long-term financial resilience and avoid pro-cyclical feedback loops. Finally, scheme parameters should be subject to regular review and adjusted where necessary. These reviews should be informed where possible by detailed micro data to ensure that aims regarding tenant eligibility, affordability, stability and viability remain aligned over time, with cognisance of how these parameters interact in practice.

References

Anacker, K. B. (2019). Introduction: Housing affordability and affordable housing. *International journal of housing policy*, *19*(1), 1–16. doi: https://doi.org/10.1080/19491247.2018.1560544

Bate, B. (2021). Making a home in the private rental sector. *International Journal of Housing Policy*, *21*(3), 372–400. doi: https://doi.org/10.1080/19491247.2020.1851633

Belotti, E. (2023). The invisible hand of the shareholding state: the financialization of italian real-estate investment funds for social housing. *Housing Studies*, *38*(7), 1260–1283. doi: https://doi.org/10.1080/02673037.2021.1935762

Bergin, A., & Egan, P. (2024). Population projections, the flow of new households and structural housing demand. *ESRI Research Series 190*. doi: https://doi.org/10.26504/rs190

Byrne, M., O'Callaghan, C., Sheridan, S., & Sweeney, R. (2024). *The impact of cost rental housing: Security, affordability and place* [Research Report]. Dublin, Ireland.

Chen, Y.-L. (2011). New prospects for social rental housing in taiwan: The role of housing affordability crises and the housing movement. *International Journal of Housing Policy*, *11*(3), 305–318. doi: https://doi.org/10.1080/14616718.2011.599133

Conefrey, T., McCann, F., & O'Brien, M. (2024). Economic policy issues in the irish housing market. *Quarterly Bulletin Signed Articles*.

Corrigan, E., Foley, D., McQuinn, K., O'Toole, C., & Slaymaker, R. (2019). Exploring affordability in the irish housing market. *Economic and Social Review, Vol. 50, No. 1, Spring 2019*. Retrieved from https://www.esri.ie/publications/exploring-affordability-in-the-irish-housing-market-0

Disch, W., & Slaymaker, R. (2023). Housing affordability: Ireland in a cross-country context. *ESRI Research Series 164*. doi: https://doi.org/doi.org/10.26504/rs164

Housing Commission. (2024). *Report of the Housing Commission.* Dublin. Retrieved from https://assets.gov.ie/static/documents/housing-commission-report.pdf

Hulse, K., & Pawson, H. (2010). Worlds apart? lower-income households and private renting in australia and the uk. *International Journal of Housing Policy*, *10*(4), 399–419. doi: https://doi.org/10.1080/14616718.2010.526403

Kemeny, J. (1995). *From public housing to the social market: rental policy strategies in comparative perspective.* Routledge. doi: https://doi.org/10.1080/02815738408730045

Klien, M., Huber, P., Reschenhofer, P., Gutheil-Knopp-Kirchwald, G., & Kössl, G. (2023). *The price-dampening effect of non-profit housing* (Tech. Rep.). WIFO.

Kren, J., Kenny, E., O'Toole, C., Shiel, E., & Slaymaker, R. (2025). Exploring investment requirements for energy efficiency upgrades in the private rental sector. *ESRI Research Series 205*. doi: https://doi.org/10.26504/RS205

Kössl, G. (2022). *The system of limited-profit housing in austria: cost-rents, revolving funds, and economic impacts* (Working Paper No. 2022/04). CIRIEC. (CIRIEC Working Paper Series)

Li, Q., & Aalbers, M. B. (2025). The rise of china's private rental sector: housing policy reforms through the lens of neoliberalism. *Housing Studies*, *0*(0), 1–25. doi: https://doi.org/10.1080/02673037.2025.2568511

Mangold, M., Bohman, H., Johansson, T., & von Platten, J. (2025). Increased rent misspent? how ownership matters for renovation and rent increases in rental housing in sweden. *International Journal of Housing Policy*, *25*(1), 78–100. doi: https://doi.org/10.1080/19491247.2023.2232205

Mundt, A., et al. (2018). Privileged but challenged: The state of social housing in austria in 2018. *Critical Housing Analysis*, *5*(1), 12–25.

Murphy, L. (2020). Neoliberal social housing policies, market logics and social rented housing reforms in new zealand. *International Journal of Housing Policy*, *20*(2), 229–251. doi: https://doi.org/10.1080/19491247.2019.1638134

Norris, M. (2014). Path dependence and critical junctures in Irish rental policy: from dualist to unitary rental markets? *Housing Studies*, *29*(5), 616–637. doi: https://doi.org/doi.org/10.1080/02673037.2013.873114

Norris, M., Jordan, B., & O'Hara, L. (2026). Systemic transformation or scheme adaptation? transferring affordable housing policies between austria and ireland. *International Journal of Housing Policy*, 1–26. doi: https://doi.org/10.1080/19491247.2026.2631409

Orchowska, J., & Buitelaar, E. (2025). The politics of middle-class housing: Comparing the dutch and polish attempts to support housing for the 'squeezed middle'. *International Journal of Housing Policy*, 1–25. doi: https://doi.org/doi.org/10.1080/19491247.2025.2515545

Oxenaar, M., & Aalbers, M. B. (2025). The contradictions of market social housing in brussels: social rental agencies between social mission and assetisation. *International Journal of Housing Policy*, *0*(0), 1–23. doi: https://doi.org/10.1080/19491247.2025.2529648

Oxenaar, M., Conte, V., & Aalbers, M. B. (2024). Emerging financialization in brussels: Institutional investment in niche rental housing markets. *European Urban and Regional Studies*, *0*(0), 09697764241294179. doi: https://doi.org/10.1177/09697764241294179

O'Toole, C. (2023). Exploring rent pressure zones: Ireland's recent rent control regime. *International Journal of Housing Policy*, *23*(4), 712–733. doi: https://doi.org/https://doi.org/10.1080/19491247.2022.2155338

O'Toole, C., Martinez-Cillero, M., & Ahrens, A. (2021). Price regulation, inflation, and nominal rigidity in housing rents. *Journal of Housing Economics*, *52*(C), S1051137721000218. doi: https://doi.org/doi.org/10.1016/j.jhe.2021.101769

Pittini, A., Turnbull, D., & Yordanova, D. (2021). *Cost-based social rental housing in europe: The cases of austria, denmark and finland.* Retrieved from `https://www.housingeurope.eu/resource-1651/cost-based-social-rental-housing-in-europe` (Commissioned and funded by The Housing Agency, Ireland)

Seemann, A.-K., Renner, S., Drevs, F., & Dietrich, M. (2014). Ownership status, symbolic traits, and housing association attractiveness: evidence from the german residential market. *International Journal of Housing Policy*, *14*(4), 411–426. doi: https://doi.org/10.1080/14616718.2014.952958

Slaymaker, R., Banahan, C., & Kren, J. (2025). Understanding trends in property-level rental inflation. *ESRI Survey and Statistical Report Series 133*. doi: https://doi.org/10.26504/sustat133

Slaymaker, R., Kren, J., & Devane, K. (2024). An assessment of property level rental price growth in ireland. *Jointly-published Reports 10*. doi: https://doi.org/doi.org/10.26504/jr10

Slaymaker, R., Roantree, B., Nolan, A., & O'Toole, C. (2022). Future trends in housing tenure and the adequacy of retirement income. *ESRI Research Series 143*. doi: https://doi.org/10.26504/rs143

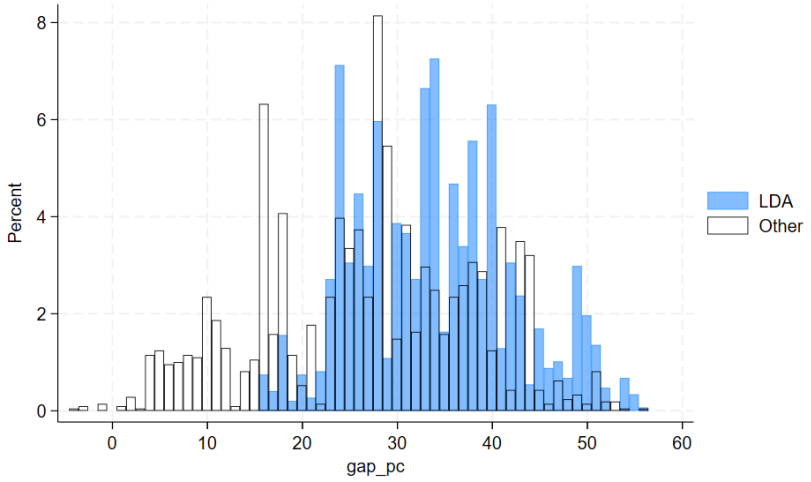
van den Berg, M., Walker, R., Becker, M., Cornell, V., & Baum, F. (2025). 'i just want to be able to be secure': experiences of single mid-life women in private rental housing in australia. *International Journal of Housing Policy*, *0*(0), 1–21. doi: https://doi.org/10.1080/19491247.2025.2482217

Wetzstein, S. (2017). The global urban housing affordability crisis. *Urban studies*, *54*(14), 3159–3177. doi: https://doi.org/10.1177/0042098017711

Winters, S., Dockx, E., & den Broeck, K. V. (2024). Expanding the social rental housing stock in flanders: Money isn't the problem. *Urban Planning*, *9*(0). doi: https://doi.org/10.17645/up.8554

Appendix

Figure 15: Distribution of cost rental discount from market rent - by provider



Notes: Cost rental 'discount' is the approximated price an equivalent tenancy would cost in the PRS minus its actual cost rental price. BER-adjusted estimates used.

Table 7: Net Household Income by Decile

Decile	Mean Net Income	Min Net Income	Max Net Income
1	16,064	.	21,306
2	27,583	21,306	32,590
3	37,344	32,590	41,547
4	45,362	41,547	49,678
5	54,221	49,678	58,719
6	63,426	58,719	68,355
7	74,026	68,355	79,776
8	85,991	79,776	93,276
9	102,734	93,276	114,040
10	169,376	114,040	.

Notes: Authors' calculations from Table 2.3a
https://www.cso.ie/en/releasesandpublications/ep/p-silc/surveyonincomeandlivingconditionssilc2024/householdincome/