

The Supply Side Effects of Rent Controls: Evidence from Ireland

STUDY
#21

Source: Gillespie, T., Kren, J., Lyons, R. C., & O'Toole, C. (2024) Trinity College Dublin TEP Working Paper No. 0624

 [LINK TO STUDY](#)



Study Overview

This 2024 study by Tom Gillespie, Janez Kren, Ronan C. Lyons, and Conor O'Toole investigates how Ireland's rent control policies, introduced after 2016 and further tightened in 2021, affected the rental housing supply. Using district-level data from 2010 to 2023, the study explores whether these policies led landlords to exit the market and reduced available rental housing stock.

Key Findings

1. Landlords Exiting the Market:

- The introduction and tightening of rent controls led to a significant rise in property sales, as landlords chose to sell rather than continue renting under stricter regulations.
- Individual landlords were the most likely to leave the market, compared to corporate landlords.

2. Reduced Rental Listings:

- Both rental listings and tenancy registrations decreased after rent control implementation, indicating a contraction in available rental housing stock.

3. Broader Market Effects:

- Even room rentals, technically exempt from rent controls, saw significant reductions in listings, suggesting spillover effects into unregulated sectors of the market.

4. Impact of 2021 Policy Tightening:

- The effects of rent controls were more pronounced after 2021, when annual rent increases were capped at even lower rates, exacerbating the supply-side issues.

Policy Implications

Market Distortion:

- Rent control policies can discourage landlords from participating in the rental market, reducing housing supply and creating tighter markets for tenants.

Support for Landlords:

- Providing financial or regulatory incentives to landlords could mitigate the risk of market exit and sustain a healthier rental supply.

Balanced Policy Design:

- Policymakers should consider complementary solutions, such as increasing housing supply and targeted rental assistance, to address affordability without disrupting market stability.

Relevance to Legislators

This study highlights that rent control policies, while intended to provide tenant protections, can lead to significant unintended consequences by reducing the overall rental housing supply. It demonstrates the importance of balancing tenant protections with incentives for landlords to maintain and expand rental units.



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