



UK Letting Agent Market Insights:

7 key facts letting agents need to know
about landlords and renters



In conjunction with

dataloft

In this report:

The 2022 HomeLet survey received over 12,000 responses from people currently renting property through letting agents and landlords who work with HomeLet.

Their generous participation, together with feedback from landlords, has allowed us to gain a valuable insight into concerns, motivations and priorities, at a time when the sector is facing increasingly tough economic and legislative pressure.

Foreword

7 key facts letting agents need to know about landlords and renters:

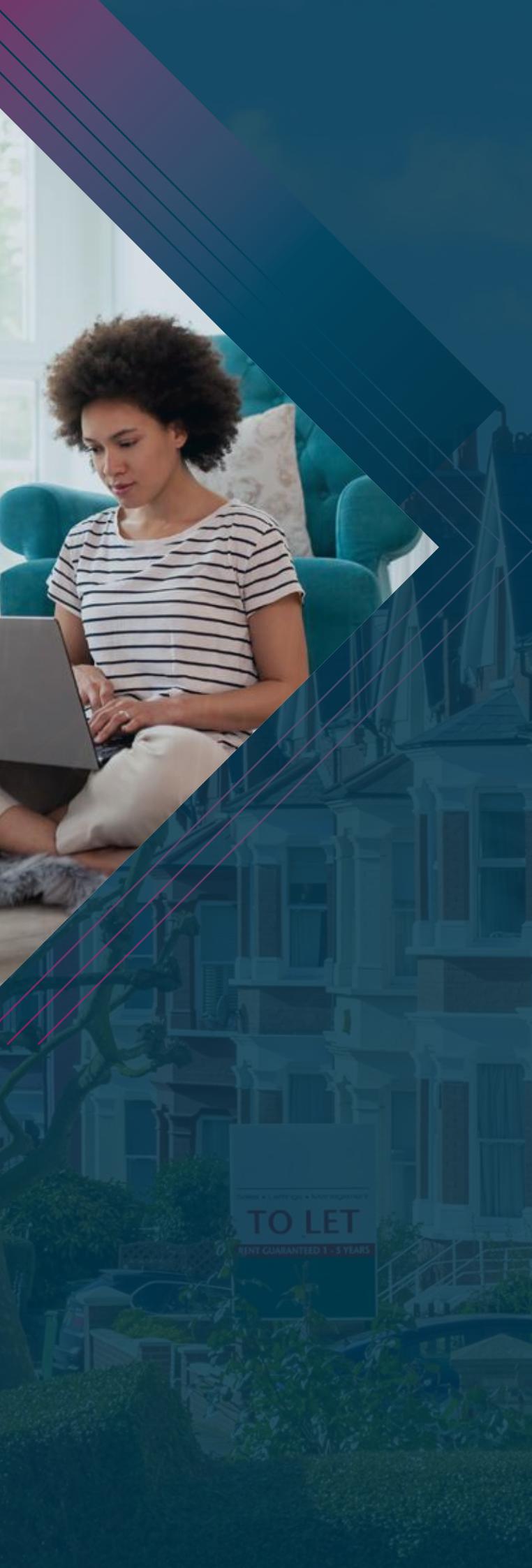
Landlord Insights:

- 01 Portfolio intentions of landlords**
 - Landlords are leaving the sector because of legislative changes
- 02 Agent attraction** – Legislative compliance is the main reason landlords use an agent
- 03 Landlord concerns** – Landlords are concerned about both the cost of living and legislative changes
- 04 Quality tenant referencing** – 70% of landlords rate high-quality tenant referencing as extremely important

Renter Insights:

- 05 Renter concerns** – Cost of living is the primary concern of renters
 - 06 Motives to rent** – Renting suits people for a variety of reasons
 - 07 Renter priorities** – Renters want to feel safe
- Renter profiles** – Key demographics of participants





Foreword

With a cost of living crisis biting, and rental prices on the rise, landlords and tenants alike are feeling the pressure.

Compounding this are new legislative changes that are causing concern for landlords, with the abolition of Section 21 ranking just behind the wider cost of living crisis in terms of challenges landlords expect to face in the next 12 months.



Our survey of over 12,000 renters and landlords has revealed the cost of living crisis as the primary source of concern in the 12 months ahead. With uncertainty across the wider economy, it's understandable that renters are worried about the ongoing affordability of their current property, while landlords are also worried about the prospect of their income not stretching as far and the knock-on impact of raising rents in a strained market.

The second most pressing concern for landlords is legislative changes – namely the abolition of Section 21 – should not come as a surprise, as this is undoubtedly compounding the economic pressures in the sector. Almost a fifth of landlords in our survey are considering reducing or selling their property portfolio, and this is bound to have a direct impact on rental prices going forward. Simply put, a prolonged trend of landlords leaving the market is likely to see demand exceed supply, resulting in a more competitive race to secure a let amongst tenants.”

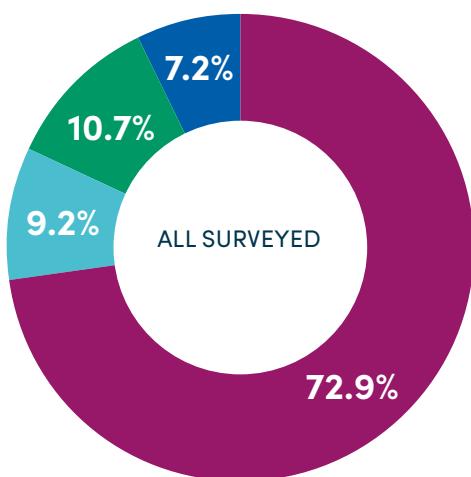
Andy Halstead
Group CEO

Portfolio intentions of landlords

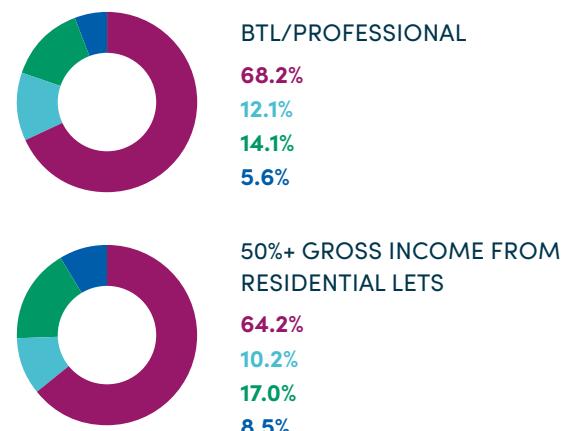
Q

What are your plans for the next 12 months?

We asked landlords to select the option that applied to them the most:



Responses by type of landlord, and % of income received from residential lettings:



Key insights

18% of all landlords **plan to reduce their portfolios or sell them entirely** and leave the sector.

20% of buy-to-let/professional landlords **plan to reduce or sell their portfolios**. This compares to 14% of other types of landlord.

For those landlords whose portfolio of residential lets contributes at least 50% of their gross annual income, **around a quarter (26%) plan to reduce the number of homes they let out, or to leave the sector**.

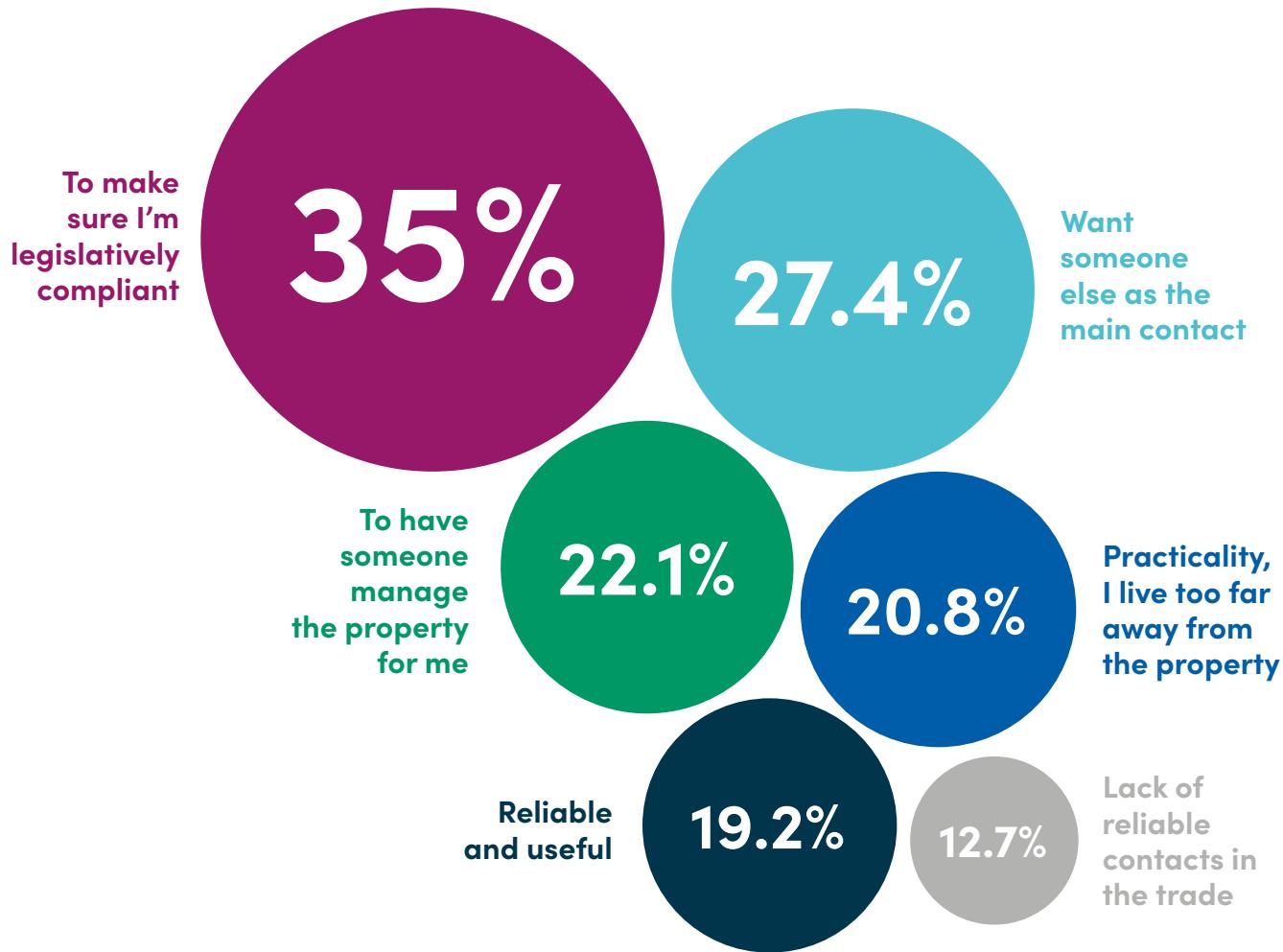
A third of landlords who are **planning to reduce or leave the sector** are doing so because of **changes to legislation** (where a reason was given).

Agent attraction

Q

Why do you use an agent?

We asked landlords to select their reason for appointing a letting agent:



Key insights

81% of landlords surveyed used a letting agent. Of these, almost three quarters (72%) use a letting agent to find a tenant and manage the property, while over a quarter (26%) are used to just find a tenant and the remaining 2% to manage only.

The most common reason cited by landlords as to why they use an agent is to make sure that they are legislatively compliant, accounting for over a third (35%) of all responses. This is unsurprising given the recent reforms that have taken place in the sector and the new ones outlined in the government's White Paper 'A fairer private rented sector' published in June 2022.

Over a quarter (27%) of landlords prefer to employ an agent to be the main point of contact with renters. This was the second most common reason.

Having someone else manage a property for them, geographical barriers and finding that letting agents are reliable and useful, were each given as reasons by around 20% of landlords.

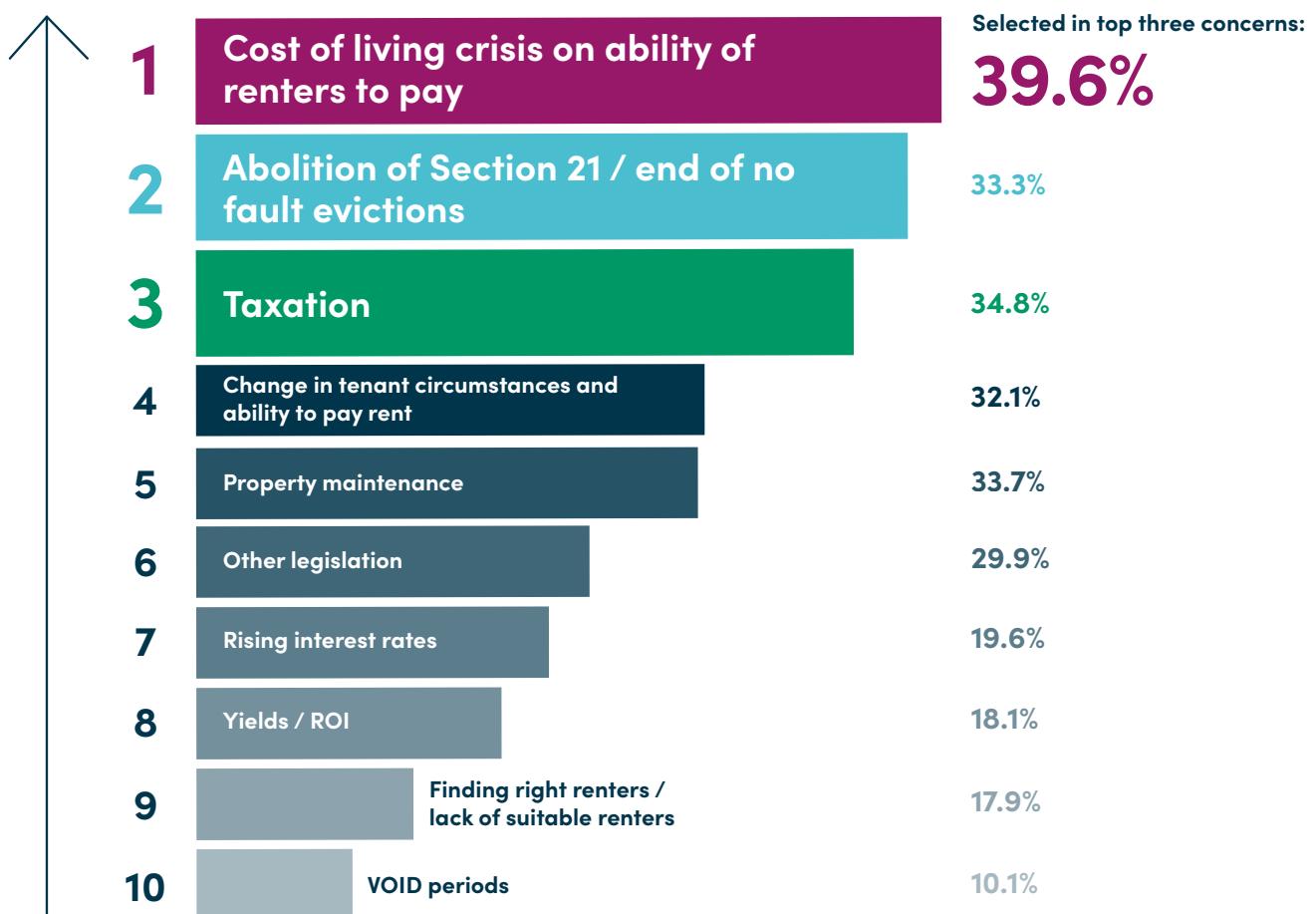
Landlord concerns



As a landlord what are your biggest concerns over the next 12 months?

Landlords prioritised their top concerns.

Selected as top concern:



Key insights

The cost of living crisis is the greatest concern among landlords when considering the next 12 months. It's both the number one concern and had the highest overall ranking score for the top 3 concerns.

Abolition of Section 21 / end of no fault evictions is the second biggest concern, among landlords, followed by taxation.

Property maintenance appeared more frequently in the top three than Abolition of Section 21 / end of no fault evictions, which was generally ranked a higher concern. Taxation was the third most important concern using this measure.

Quality tenant referencing

Q

How important are high-quality checks on prospective tenants?

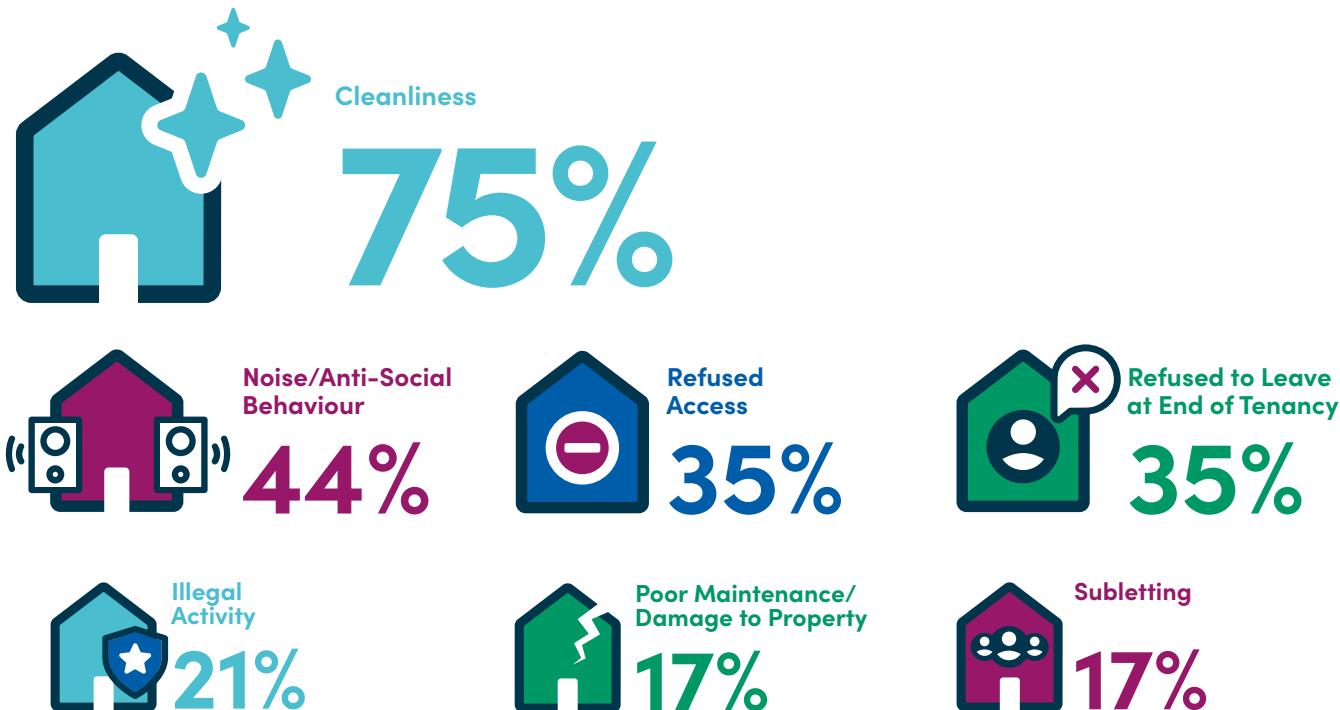


70%

of landlords believe that high-quality checks on tenants are extremely important

On average landlords rate the importance of high-quality checks at
9.2/10

Key concerns for landlords who have had problem renters in the past:



Key insights

Of the landlords who view high-quality checks to be extremely important, 47% have had to deal with problem renters in the past.

High-quality referencing checks are 'extremely important' to most landlords (70%) – highlighting the importance for agents to partner with a trusted, intelligent referencing provider.

35% of landlords have faced issues with tenants refusing to leave their property, illustrating the concern around the abolition of Section 21 evictions.

Over three-quarters of respondents have previously had issues with renters concerning cleanliness.

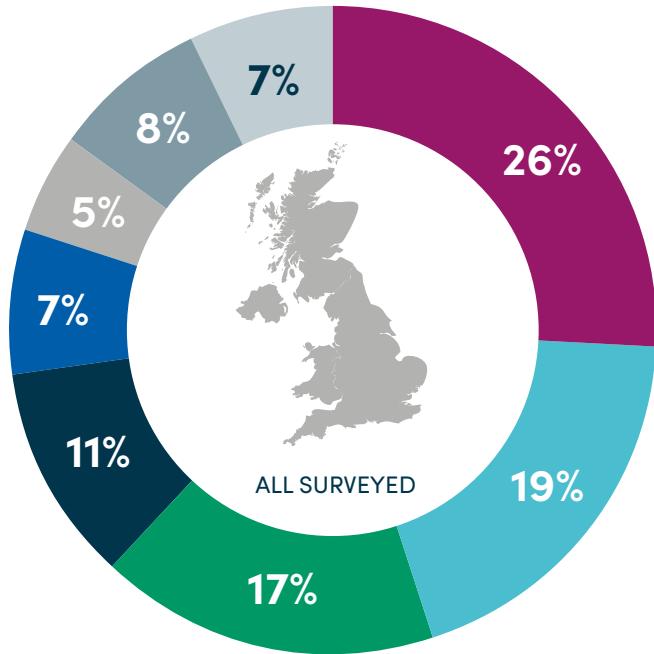
Renter concerns

Q

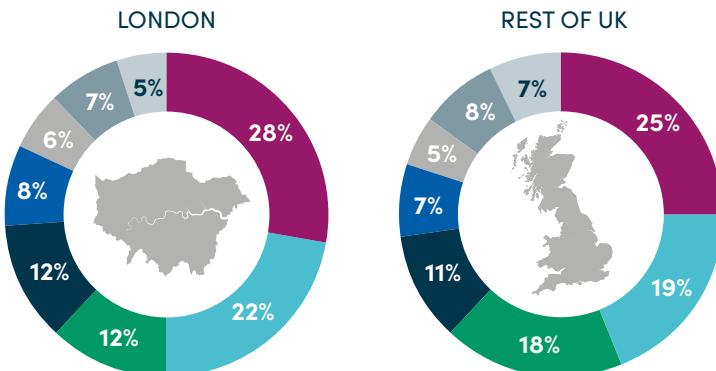
As a renter, what is your biggest concern over the next 12 months?

We asked renters to select their single biggest concern:

- Increase in cost of living/not being able to afford rent
- Landlord increasing the rent
- Being asked to vacate the property/not being able to extend the tenancy
- House prices rising meaning you will not be able to purchase as planned
- Not being able to find a suitable rental property to move to
- Condition of the current property you are renting
- None
- Don't know/Other



Results displayed for London when compared to the rest of the UK:



Key insights

Renters in London are more sensitive to affordability issues. This was reinforced in the July edition of the HomeLet Rental Index which showed that Londoners are spending 34.9% of their gross income on rent (the highest of any UK region).

Incomes are being squeezed as a result of cost of living rises. This, together with concerns about being unable to afford rental payments, is a source of worry for over a quarter of renters in the private rented sector.

Over three-quarters of renters (78%) said that the cost of living crisis will impact on their ability to pay rent.

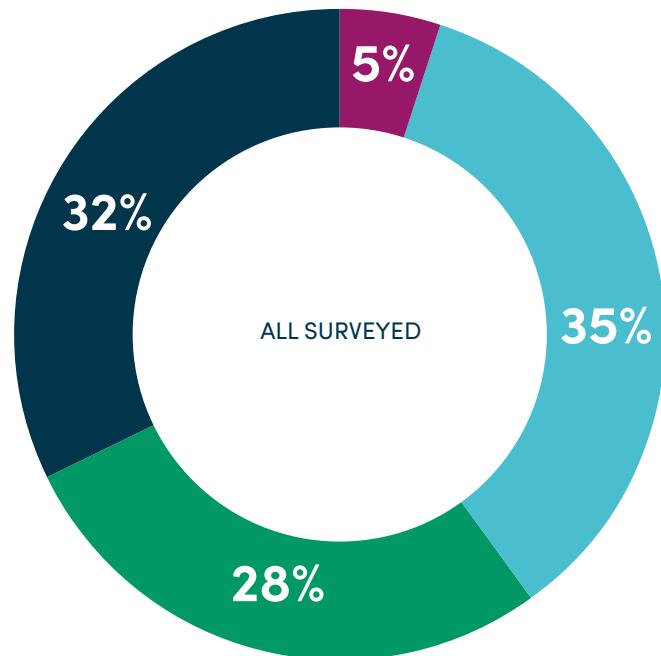
A further 19% are concerned that their landlord will increase their rent; our landlord survey found that 23% planned to increase rents in the next 18 months.

Motives to rent

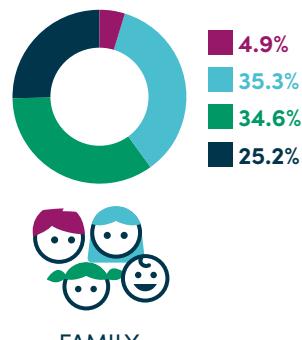
Q

What is the main reason you are currently renting your home?

- I am only renting because I am on a **temporary placement with my job**
- I am only renting while I **save for a deposit to buy** my own home
- I am renting because I am **unable to get a mortgage** (for reasons other than not yet having saved a deposit)
- I prefer to rent at the moment because **I like the flexibility it offers** if I decide to move and live somewhere else



Results by household:



Key insights

Over a third (35%) of renters are renting while they **save for a deposit** to buy their own home. 41% of which, are couples.

28% of respondents rent because they are **unable to get a mortgage** (for reasons other than not yet having saved a deposit). Over a third of families are in this situation (35%).

The majority of renters intend to move within 5 years from their current rental, with only 13% expecting to rent for at least that amount of time and nearly a quarter (23%) expecting to move within a year.

However, nearly another third (32%) rent because they like the **flexibility** that it offers, especially singles (39%) and sharers (37%).

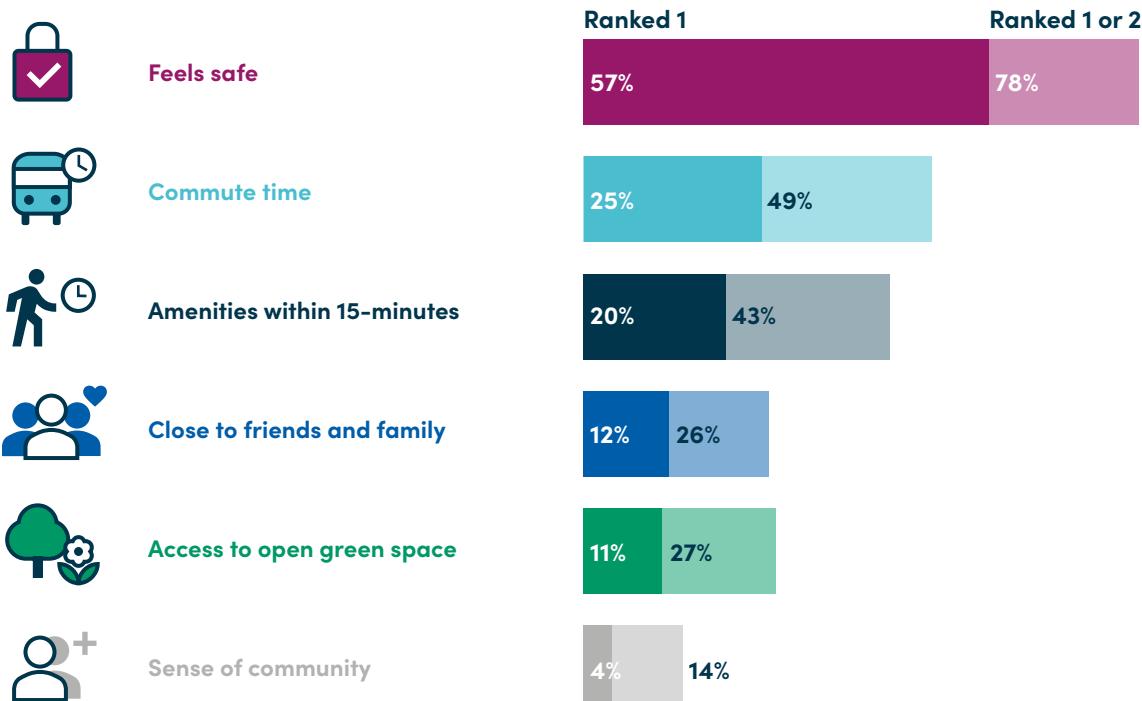
A small number of renters (5%) do so because they are on a **temporary placement** with their job.

Renter priorities

Q

What are the priorities when choosing what neighbourhood to live in?

Renters ranked the following in order of importance:



Ranked 1 (most important) to 5 (least important)

Key insights

Of the neighbourhood characteristics listed, **renters most valued one that feels safe**, with 78% giving it a ranking of 1 or 2, and over half (57%) rating it as the most important.

Commute time was the next most valued attribute for a neighbourhood for renters, with 49% assigning it a ranking of 1 or 2 and 25% claiming it was the most important.

Being close to friends and family and having access to open green space carried similar weightings in terms of importance. Over a quarter ranked these features as being 1 or 2, with just over 10% considering them to be the most important.



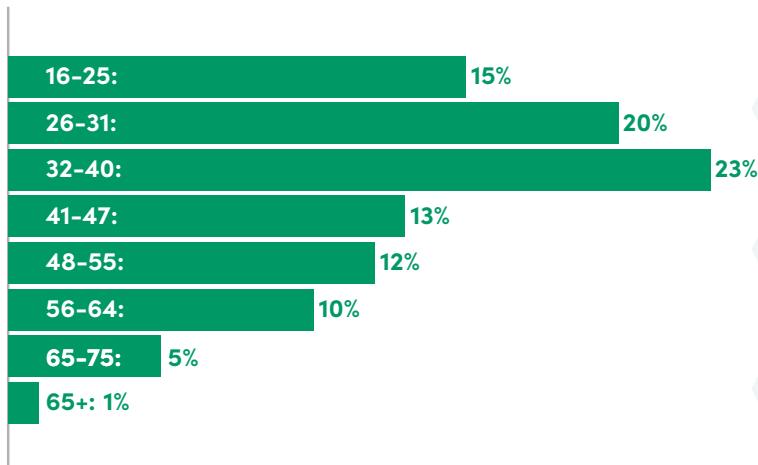
Renter profiles

12,094

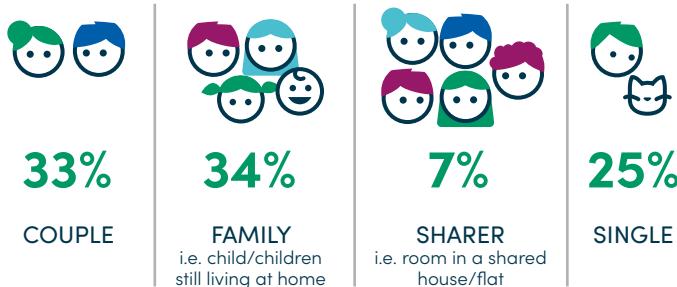
Renters responded

The HomeLet Market Survey shares the views of respondents that span a broad range of ages, tenures and reasons for renting.

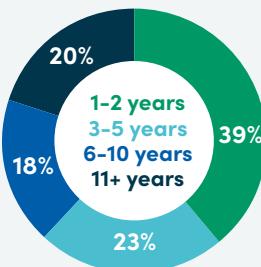
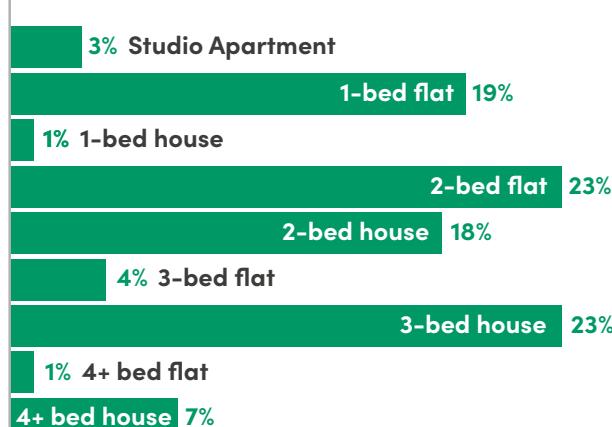
Age:



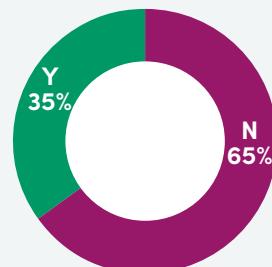
Type of household:



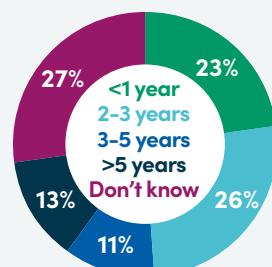
Type of property currently renting:



How long have they been renting?
Not just in this property but in total



Is this their first property?



How long they intend to rent current property?

Privately owned or part of a larger build-to-rent development



NOT SURE

BUILD-TO-RENT
i.e. professionally managed block with additional communal facilities and services

Point of contact for the rental property



LANDLORD



About HomeLet

With over 25 years of experience, we're the UK's leading tenant referencing and specialist protection supplier for the private rented sector. We've got a team of over 300 co-workers dedicated to providing market-leading support to our letting agents, helping them to grow and develop their business.

We always strive to exceed our customers' expectations. Our expertise combined with our innovative approach drives a continual development of our proposition – and the value that we provide for our customers.

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