



# Landlord Survey

Changes, trends and perspectives on the student rental market.

December 2015

Letting Success	5
Rent price & portfolio changes	9
Attitudes about the market	13
Student tenants	19
Rental arrears	22
Student enquires	24
Accreditation	26
Bills inclusive	28
Letting to international students	30
Demographics	32



# Letting Success

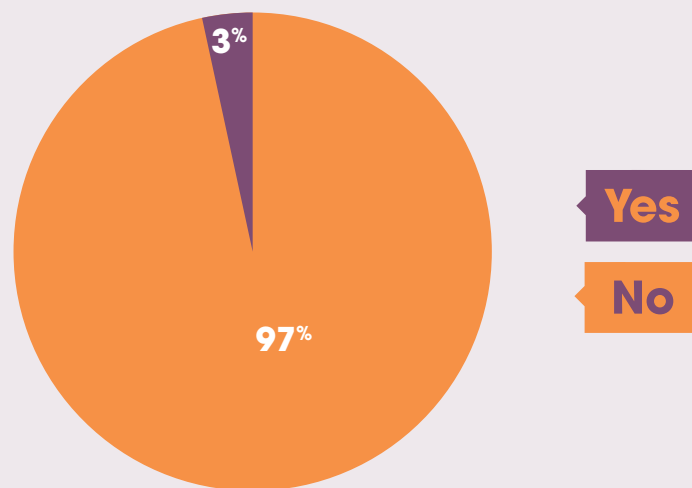
## 2015/16 LETTING YEAR

97% of the respondents reported having let all their properties for the 2015/2016 letting year, an increase of 10% compared to the previous report conducted in June 2015 and December 2014 when only 87% said they let their entire portfolio for the 2014/2015 letting year.

The remaining 3% who have not managed to rent out their properties is consistent with those who in June 2015 responded that they believed they would not manage to rent all of their properties by the beginning of the 2015/2016 academic year.

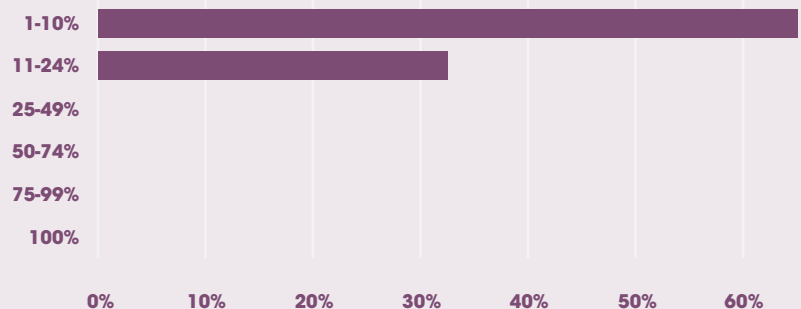
Out of those 3% who reported an incomplete let of their properties, 33% failed to let 1-10% of their portfolio and 67% failed to let 11-24% of it. No respondent failed to let more than 25% of their portfolio.

### Did you let all of your properties for the September 2015 - June 2016 letting year?



Base: 87

### % of properties not let in 15/16 letting year

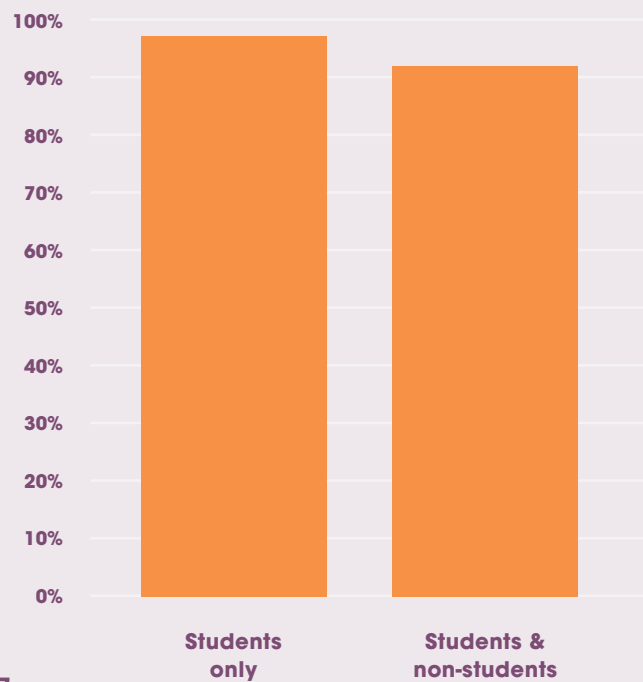


Base: 3

Consistent with previous surveys, those who rent only to students achieved greater letting success. 98% of those who only rent to students managed to let all their properties for the 2015/2016 letting year compared to 95% who rent to both students and non-students.

**98%**  
of respondents  
renting to only  
students let their  
entire portfolio

### Whether respondent let all of their properties for the 2015/16 letting year by tenant type



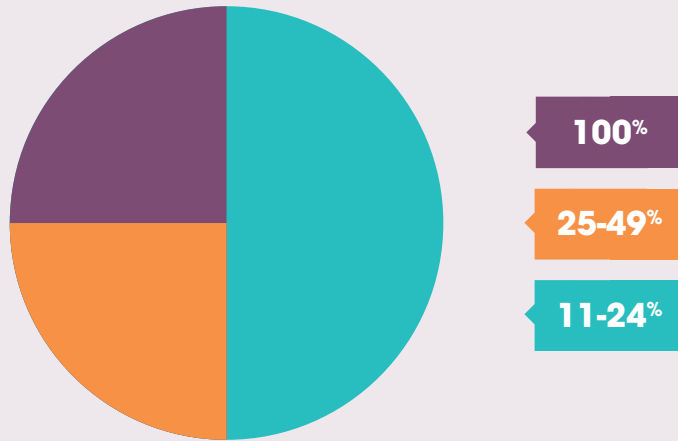
Base: 97

## 2016/17 LETTING YEAR

When asked whether they believe they would manage to let all their properties for the 2016/2017 letting year, 95.4% of the respondents said "Yes". The remaining respondents (4.6%) reported that they do not believe they would reach complete letting success.

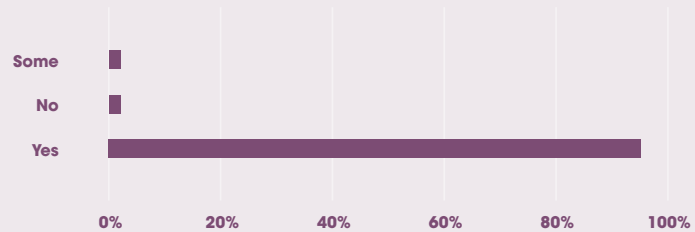
Out of those who believe that they will not manage to let all of their properties, 2 in 4 think that they will fail to let 11-24% of their properties and 1 in 4 believes they will not be able to let out 25-49% of their properties.

### Approximately what percentage of your properties do you believe you will NOT be able to let?



Base: 4

### Do you believe that you will manage to let all your properties for the September 2016 - June 2017 year?



Base: 87

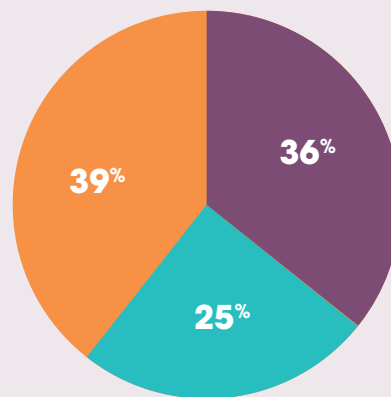


# Rent price & portfolio changes

## 2015/16 RENT INCREASES

36% of the respondents report having increased prices for the 2015/2016 letting year from 2014/2015 and 25% say that they have increased the weekly rent for some of the properties which they manage. The remaining 39% have left prices unchanged. Compared to the 2014/2015 results which looked at price increases for the 2014/2015 letting year, there has been an increase of 5% in the percentage of landlords who increased their prices (from 56% to 61%).

**Did you increase your rents for the September 2015 - June 2016 letting year (compared to 2014/15)?**



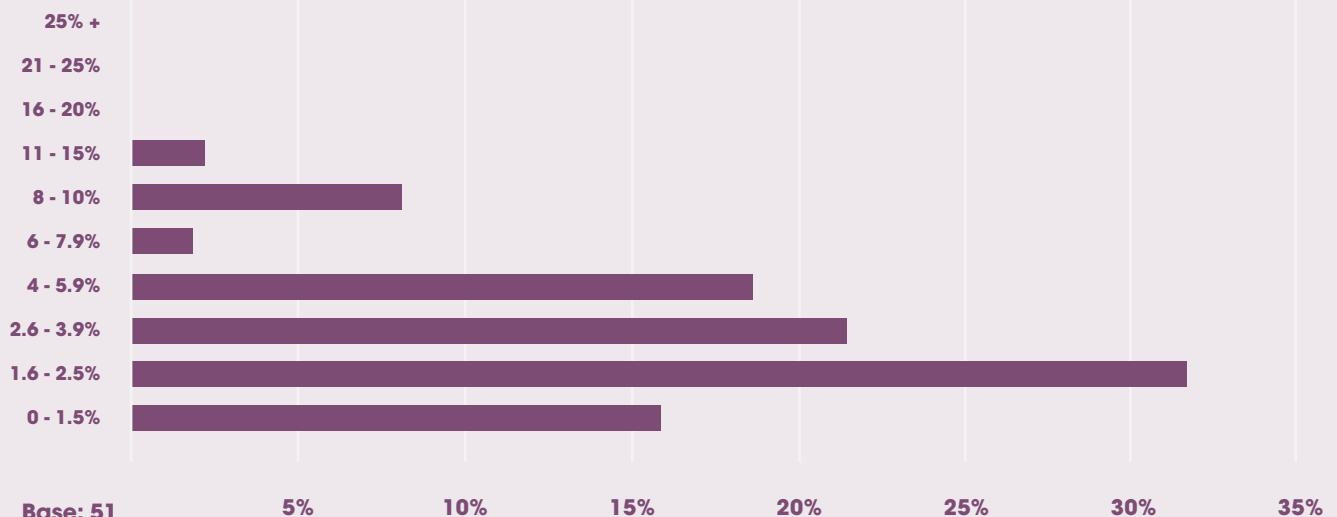
Yes for all

Yes for some

No

Base: 87

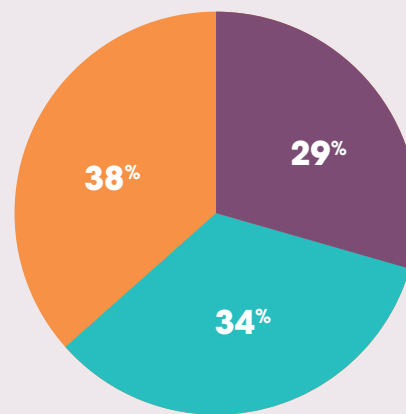
**By approximately how much did you increase rents across your portfolio?**



### 2016/17 RENT INCREASES

When asked about their plans to increase rents for the upcoming letting year 2016/2017, 29% of the respondents reported that they would be doing so for all of their properties, 34% said that they will be doing so for only some of their properties and the remaining 37% will be keeping them constant.

**Have you increased your rents for the upcoming letting year September 2016 - June 2017 (compared to 2015/16)?**



Yes for all

Yes for some

No

Base: 85

**63%**  
reported  
increasing  
rents overall

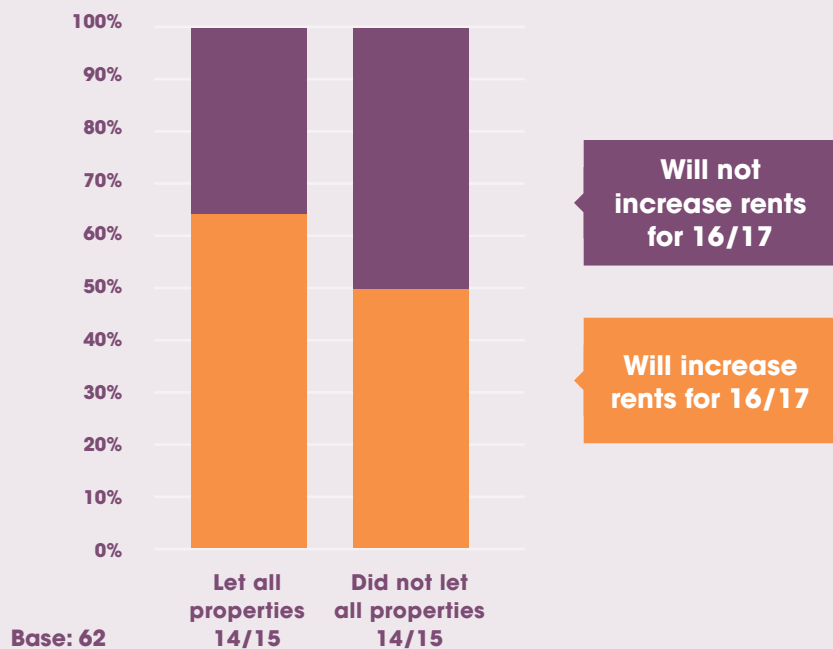
### By approximately how much have you increased rents across your portfolio?



All those who intend to increase their rents plan increases of up to 10%. 38.5% (i.e. the majority) of them intend to increase rent by 1.6-2.5%, followed by 21.2% who plan increases of up to 1.5%.

When looking at the landlords willing to increase their prices in the upcoming letting year by whether they have managed to let all their properties in the current letting year, it is clear that those who have managed to rent out all their properties are more incentivised to increase rents than those who have not (64% vs 50%).

### Whether they plan to increase rents for 2016/2017 letting year by whether they've managed to let all of their properties in previous letting year



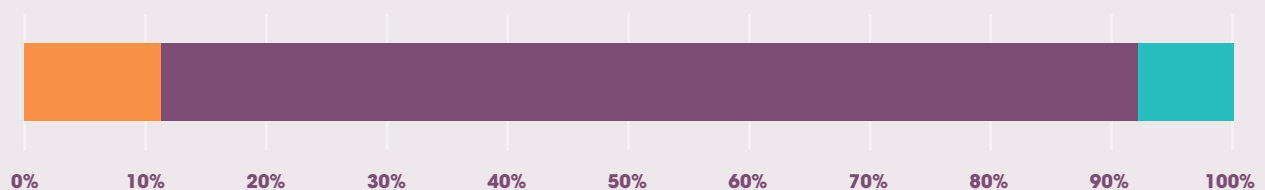


### PORTFOLIO CHANGES

10.8% of the respondents plan to add to their portfolio, less than 12% who plan to reduce their portfolio. This is very different from the results found in summer 2015, when three times more respondents were planning on increasing their portfolio than on reducing it (25.5% and 8%). Moreover, 77% plan on making no changes to their portfolio, 10% more than in June 2015.

Intuitively, portfolio changes are linked to letting success. Those who have not managed to let all their properties are not planning on adding to their portfolio. Moreover, half of them intend to reduce their portfolio. Conversely, those who successfully rented out all their portfolios are in proportion of 11% inclined to increase the size of their portfolio, while 78% would make no changes.

#### Are you planning to change your student property portfolio in the next 12 months?



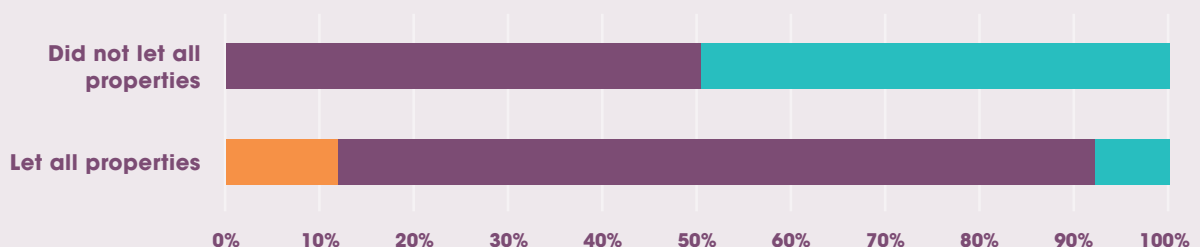
Planning to add to

No plans to  
change size

Planning to reduce

Base: 83

#### Plans to change portfolio size by letting success in the current year



Planning to add to

No plans to  
change size

Planning to reduce

Base: 83

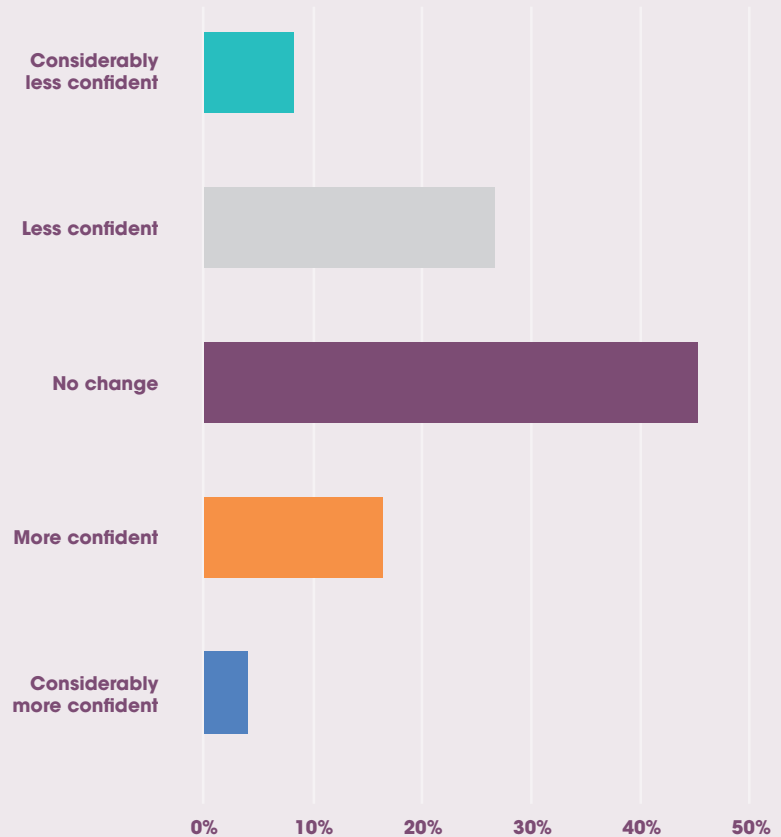
# Attitudes about the market

## MARKET CONFIDENCE

Consistent with previous findings, the majority of the respondents (45%) feel no different than before about the student letting market in terms of confidence. 3.6% feel considerably more confident and 19.9% feel more confident about the upcoming year. Slightly less compared to previous findings, 33.7% of the respondents feel (considerably) less confident about the student accommodation market.

Moreover, confidence is closely linked to letting success. Half of those who did not manage to rent out all their properties feel less confident about the upcoming year while the other half feels considerably less confident. It is those having managed to let all their properties who feel confident (21%) or indifferent (46%).

Market confidence for upcoming letting year compared with 15/16



Base: 83

Market confidence over next 12 months by 2015/16 letting success



Base: 83

## THOUGHTS ON POLICY CHANGES

More than 1 in 3 respondents believes that the amendment of the current HMO licensing criteria on incorporating two storey properties with more than five occupants will have a negative impact on the student letting market. 30.5% were unsure and 19.5% thought it would have a positive impact.

Opinions vary from believing that this amendment will only lead to expenses increases passed onto the tenant to amplified competition in the student letting market.

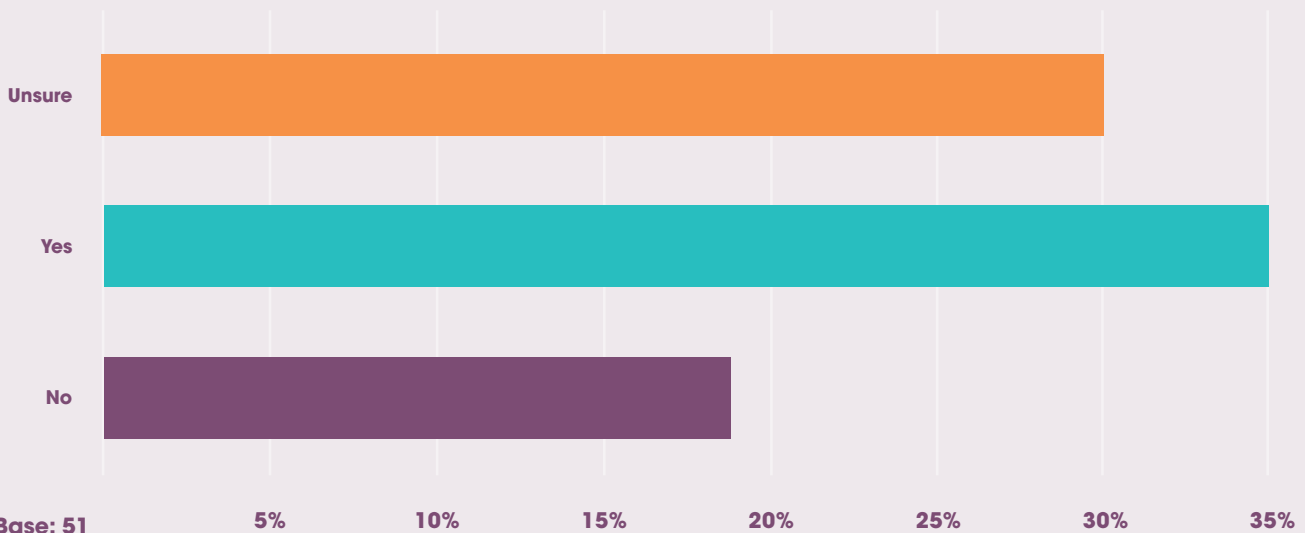
## Typical comments on this issue include:

"Some landlords will pull out in order to save the expense of meeting the criteria required for a licence. However other investors will probably buy them out, leaving the overall student stock the same."

"It will cause rents to rise yet again. Government regulation increases costs which add to rent."

"Broadly, HMOs have increased the level of accommodation although that could also be the result of a more competitive letting market. Overall if a landlord is a good landlord they will be whatever the regulation is - it seems to me that there are still bad landlords out there who let HMO houses that are under spec but little happens."

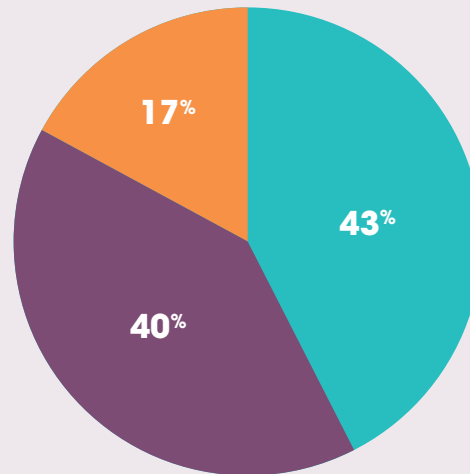
**Do you think the government's initial proposals to amend the current HMO licensing criteria to (potentially) incorporate two storey properties or houses with more than five occupants will have a positive impact on the student accommodation market?**



It is those with more than 10 years of property management experience who mostly believe that the HMO amendment will negatively impact the student accommodation market. Conversely, the majority of those with 6-10 years of experience believe that the impact will be a positive one.

Most of the respondents (43%) believe that introducing a minimum room size clause will positively impact the student accommodation market. 40% say it will negatively affect the market while 17% were unsure of the respective consequences.

**Do you think that the government's proposals to introduce a minimum room size will have a positive impact on the student accommodation market?**



Base: 82

**Do you think the government's initial proposals to amend the current HMO licensing criteria to (potentially) incorporate 2 storey properties or houses with more than 5 occupants will have a positive impact on the student accommodation market by years**



Base: 74

Opinions vary, but the majority support the idea that a smaller room size may actually be in favour of the student who is looking to pay less and can compromise space for a smaller rent and therefore, such a clause would negatively affect those particular tenants. Other landlords, however, believe that it is important to offer tenants a minimum of required liveable conditions and that the specifications should include a minimum size of a room offered to let.

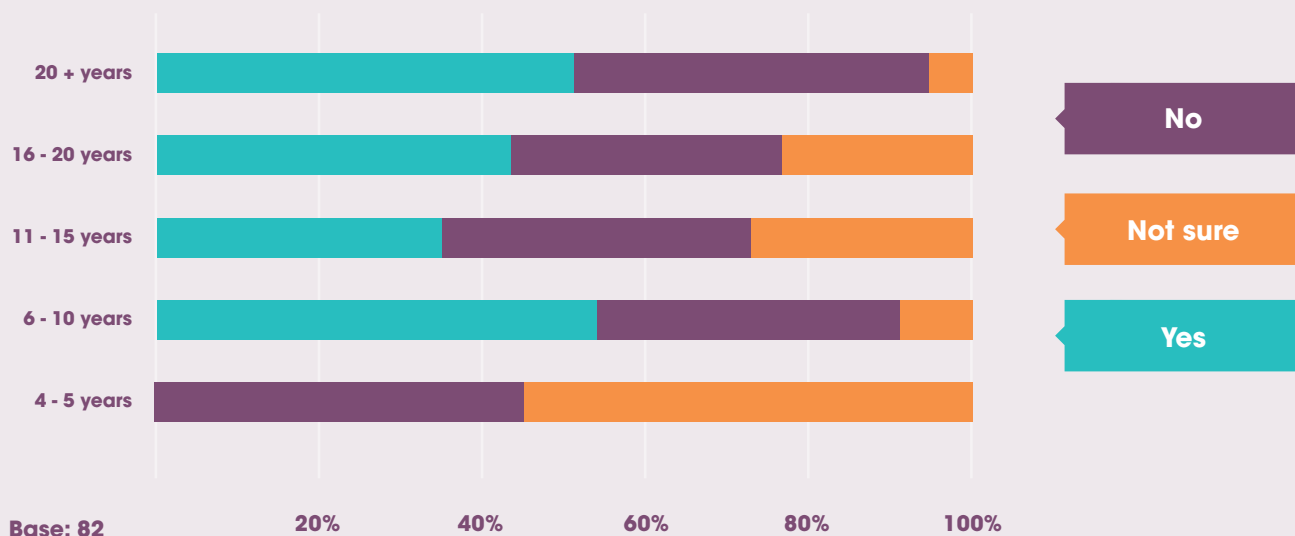
Those with at least 20 years of property management experience were the least unsure about the effect of introducing a minimum room size. 52.38% of them believed that it would have a positive effect and 42.86% of them thought it would impact negatively the student letting market. Conversely, 42% of those with less than 5 years of experience believed the policy would have a negative effect and 58% were unsure about it.

## Typical comments on this issue include:

"HMOs and student accredited properties already have a minimum room size, why should we allow landlords to get away with smaller rooms. Very poor policing. The bulk modern built family homes do not meet the current standards for students. Purpose built blocks will continue to pop up pushing landlords with student house out of the market."

"I don't approve of landlords renting small rooms, but no one forces students to rent them and there will a few who are prepared to exchange a small room for a low rent."

### Do you think that the government's proposals to introduce a minimum room size will have a positive impact on the student accommodation market?

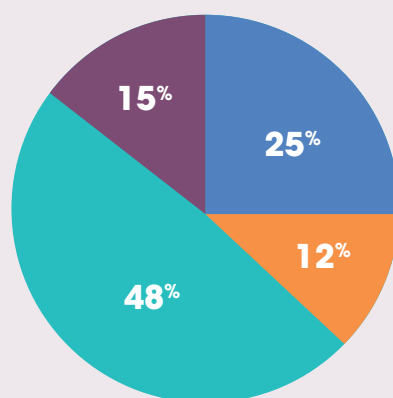


48% of the respondents believe that the changes to mortgage tax relief will negatively affect their operations, while 25% of them reported seeing no difference in their operations due to such changes.

16.7% of the respondents say that they will be increasing rent due to changes to mortgage tax relief and 37.5% say that a price increase is a possibility, but that they have not decided yet.

Moreover, out of those who said that they already planned on increasing the prices for the 2016/2017 letting year, only 22.22% report that their intention is due to changes to mortgage tax relief.

### What will be the impact on your operation of the changes to mortgage tax relief?



Base: 48

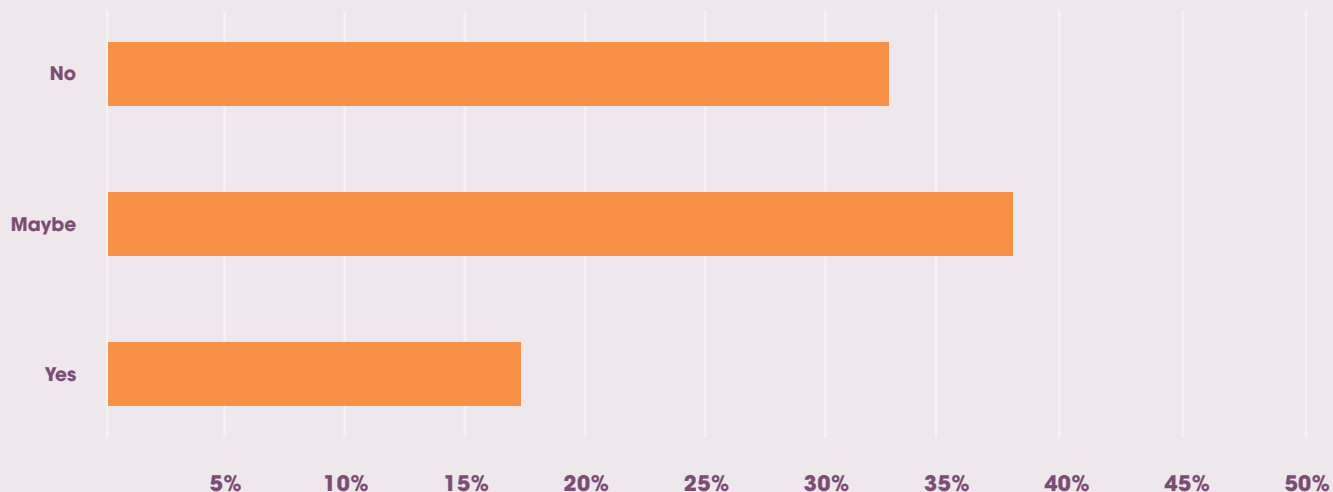
Positive

Negative

Unsure

None

### Will you increase rents as a direct result of the changes to mortgage tax relief?



Base: 48

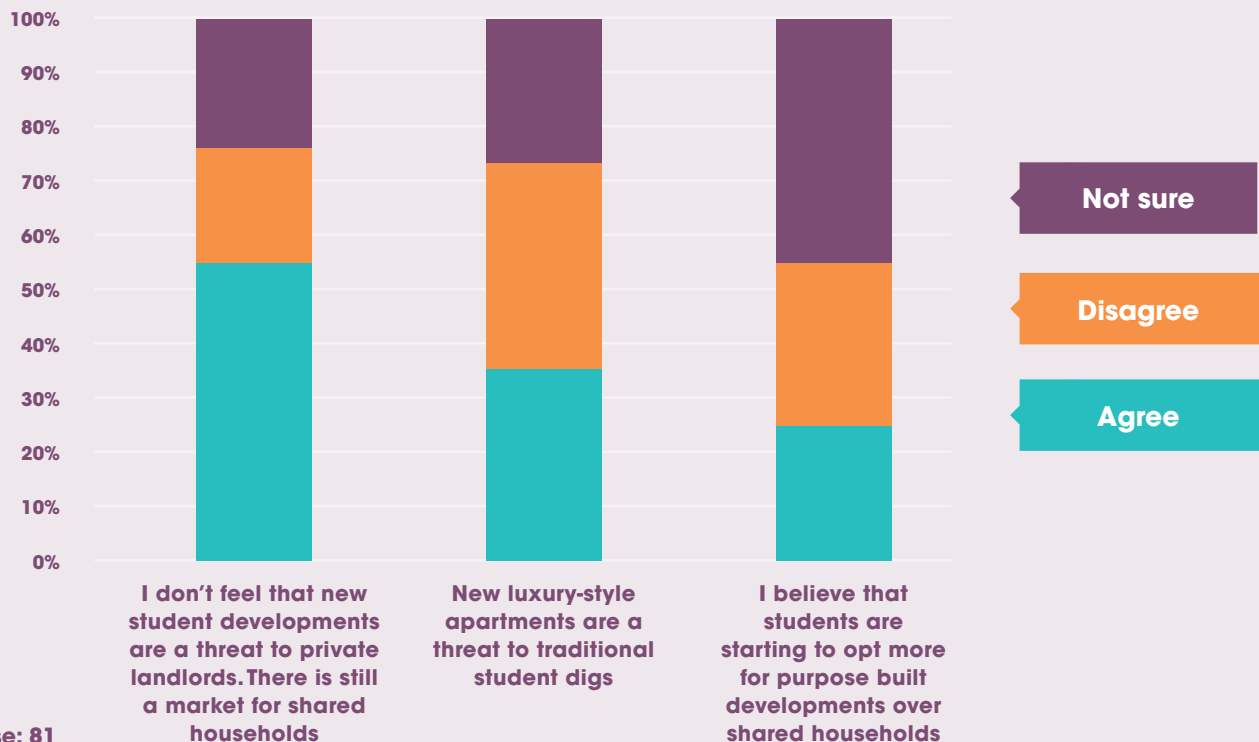


### NEWER PLAYERS IN THE MARKET

When asked about how they felt about the new developments in the student letting market, 56% of the respondents reported that they “don’t feel that new student developments are a threat to private landlords believing that there is still a market for shared households.”. 32.5% find that “new luxury-style

apartments are a threat to traditional student digs”, less by 17.5% than in the previous survey. 22% believe that “students are starting to opt more for purpose developments over shared households, less than those who agreed with this statement in the previous survey (42%).

### Do you agree or disagree with the following statements?



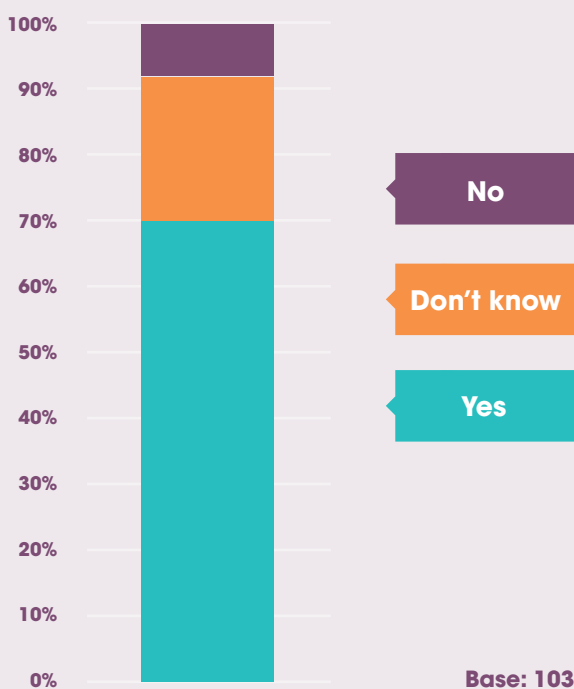
# Student tenants

77.2% believe that students make good tenants, down from 83.5% in our previous findings.

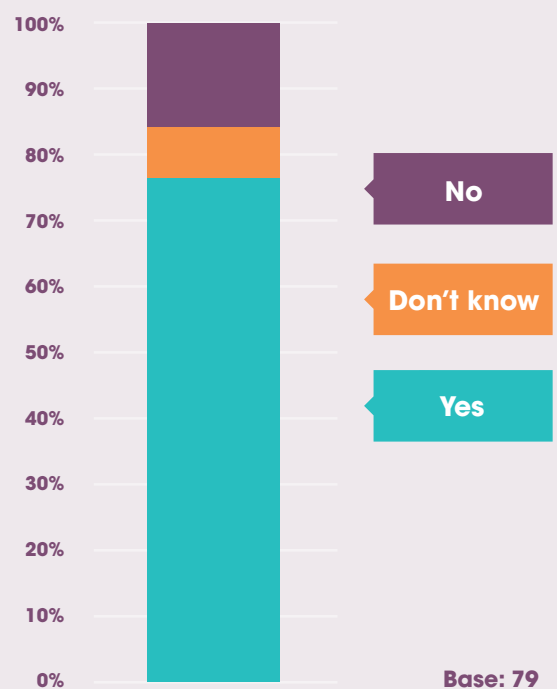
Consistent with our previous findings, two thirds of the respondents believe that it is better to let to students rather than non-students.

**77%**  
of landlords think  
students make  
good tenants

Do you think that it is better to let to students than non-students?



In general, do you think that students make good tenants?



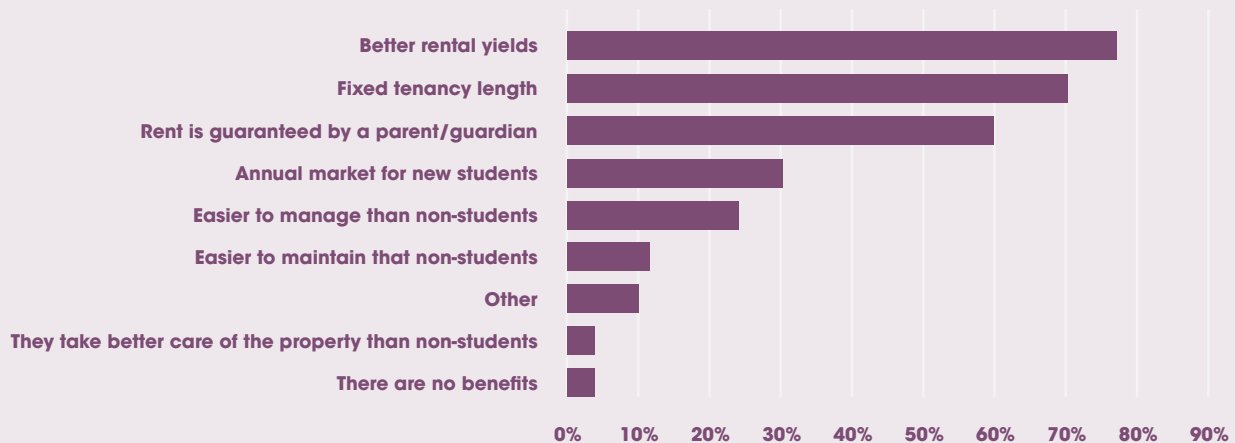
When asked to select the benefits associated with letting to students, 74.7% chose better rental yields, 68.4% also mentioned the fixed tenancy length, followed by other benefits such as the fact that rent is guaranteed by Parents/ Guardian and there is always a market for new students. The results bear the same order and the same % proportions

as the ones obtained in our previous survey.

As far as the main issues associated with renting out to students are concerned, the first two to be mentioned are the same as in our previous findings: respondents find it more time consuming to rent to students than non-students (67.1%) and observe the fact that

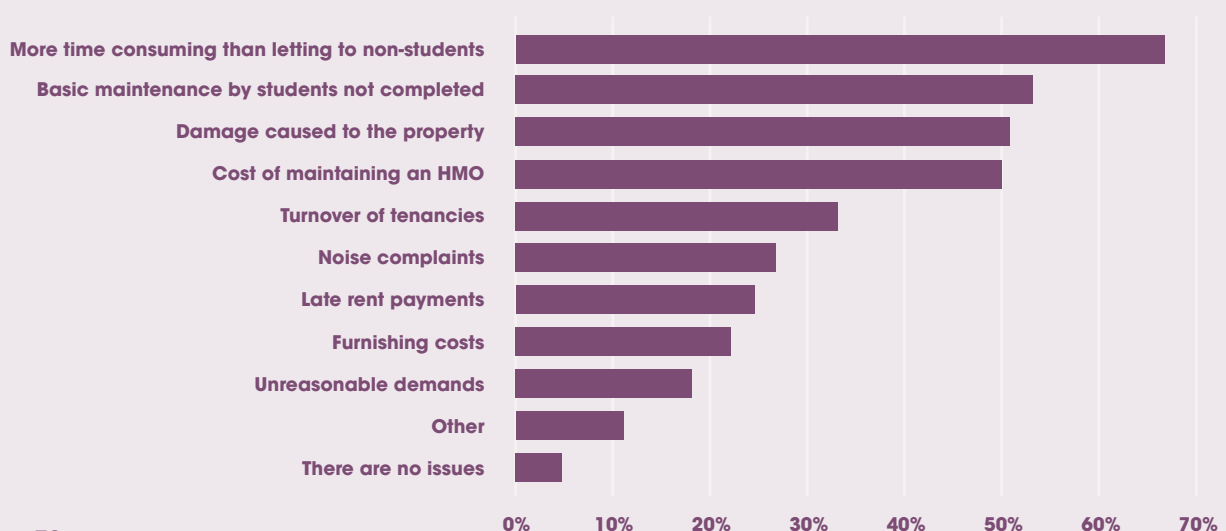
basic maintenance is not completed by students (53.2%). However, while in our previous surveys more respondents believed that the cost of maintaining a HMO represents a third deterrent from letting to students, this time around it has fallen onto the fourth position, having been replaced by damage caused to the property.

### What are the main benefits of renting to students?



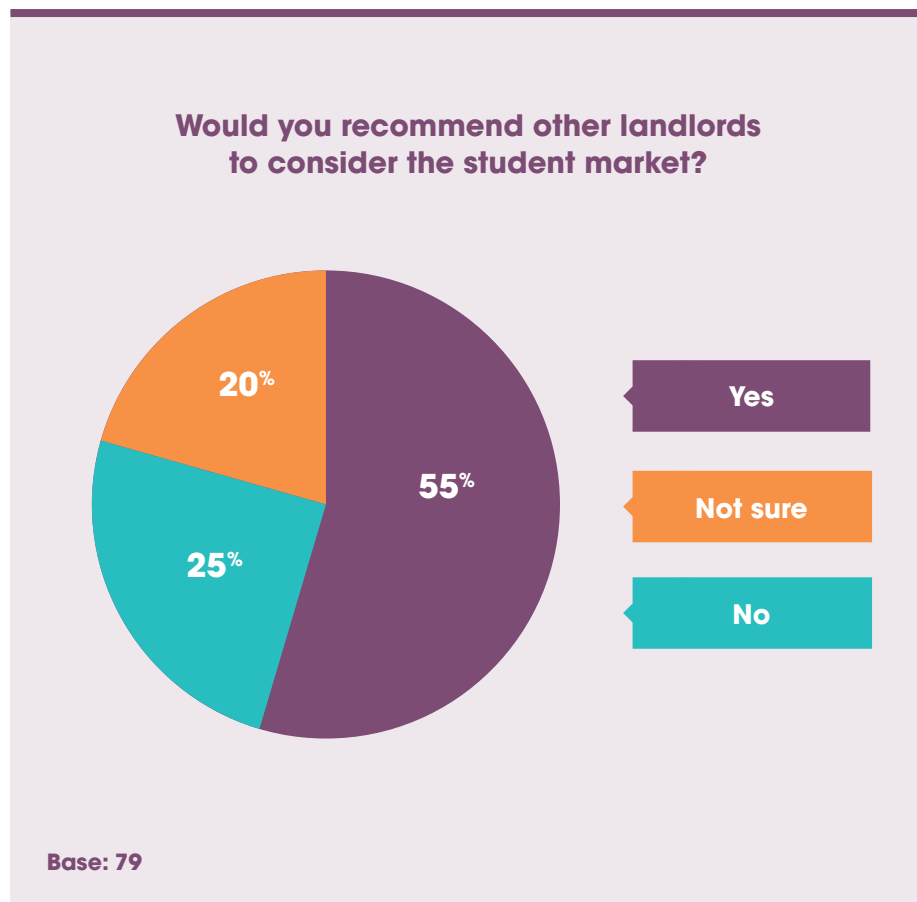
Base: 79

### What are the main issues with letting to students?



Base: 79

Overall, 55% of the respondents recommend other landlords to consider the student market, less by 5% than in our previous findings. There are more respondents this time around (20% compared to 14% in June 2015) who do not know or do not have an opinion on this aspect.



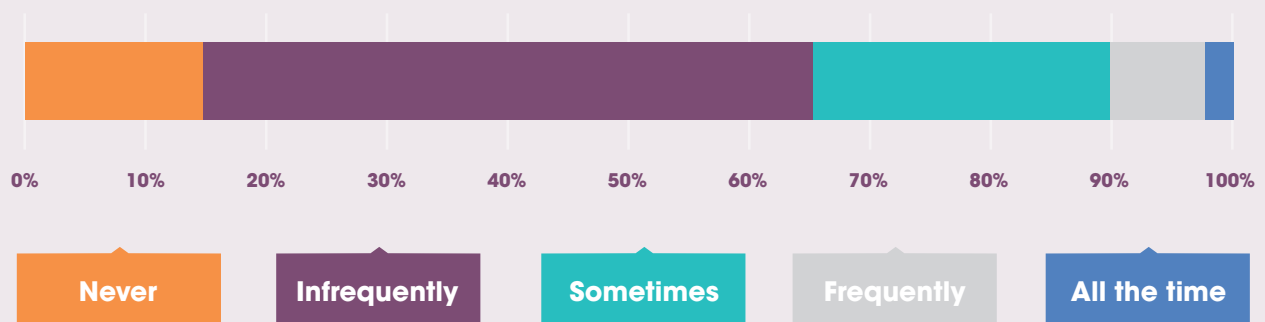
# Rental arrears

1 in 10 report having students in arrears either frequently (7.6%) or all the time (2.5%), less than in previous years when 1 in 8 would say so. One quarter report that they rarely have students in arrears while more than a half say that they only have them infrequently. 13.9% of the respondents say that they have never

had students not able to pay their rent even for a short period of time.

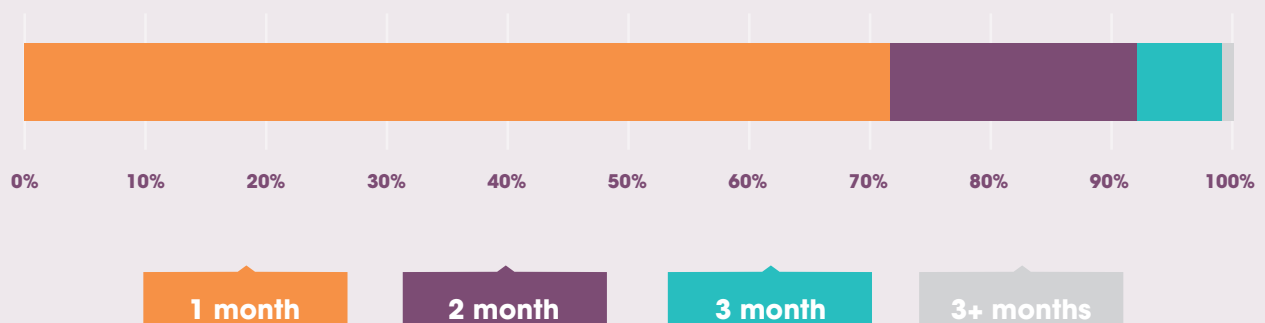
As far as the arrears period is concerned, 72.1% of the respondents report a period of 1 month, 1 in 5 say that arrears last for 2 months and 1 in 7 cases say that students have been in arrears for more than 3 months

## How often do you have student tenants in rental arrears?



Base: 79

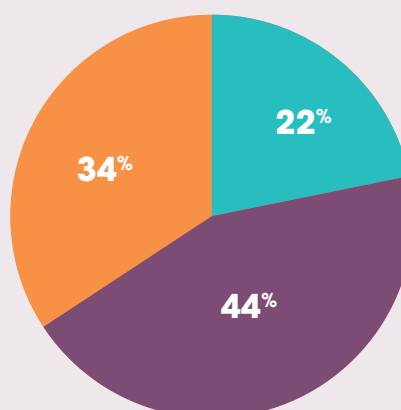
## In your experience, what is the average amount of rental arrears student tenants have?



Base: 79

44% of the respondents believe that students are less likely to go into arrears than non-students, 1% down from our findings in June 2015 and 3% down from our results in December 2014. Moreover, this survey has registered more respondents uncertain on this statement while less than a quarter of them believe that students are more likely to get into rental arrears than non-student tenants.

**In your opinion are student tenants more or less likely to get into rental arrears than non-student tenants?**

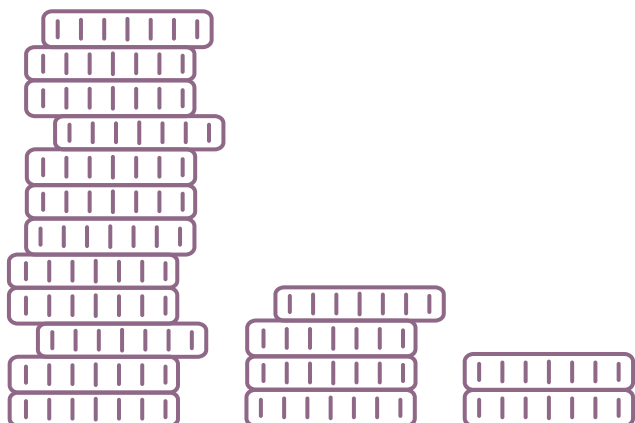


Less likely

More likely

Don't know

Base: 79





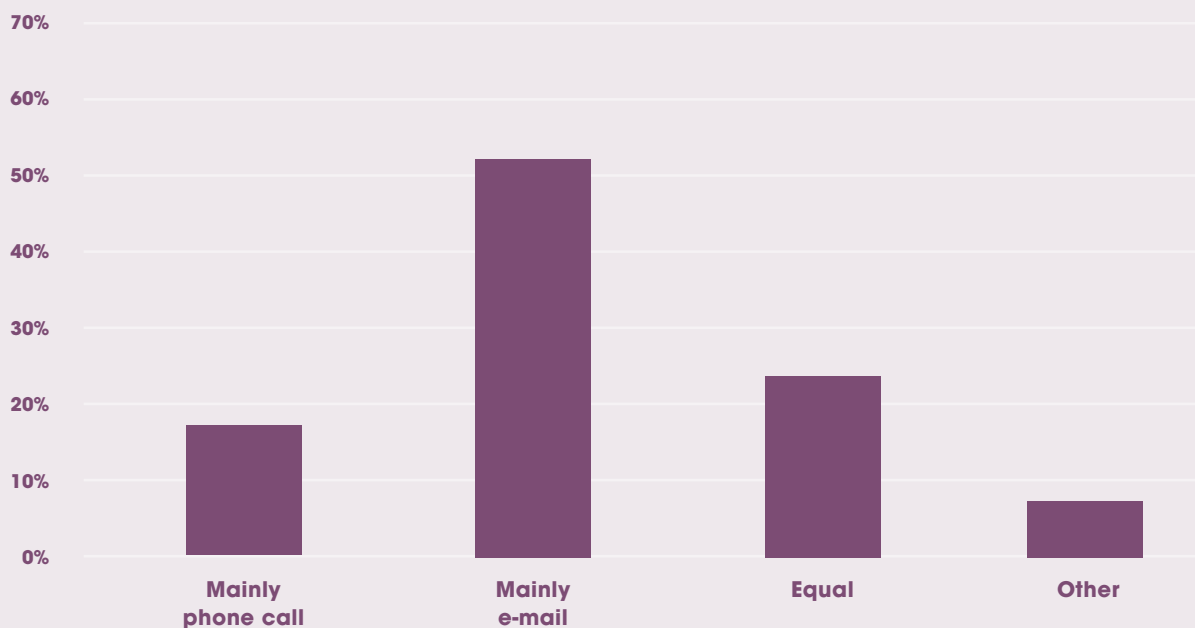
# Student enquiries

The proportion of respondents who say that they mostly receive enquiries from students via e-mail is 51.3%, down by 14.7% from our findings in June 2015, but consistent with our findings in December 2014. 22.5% of the respondents say that they receive roughly the same number of emails and phone calls from students, while 18.8% report receiving mostly phone

calls from students, up by 10% from June 2015 and by 5% from December 2014.

17.5% of the respondents believe that students' method of contact changes over the time, with 50% of them – down from 79% – saying that as the year goes on, phone calls become more frequent than emails.

**When receiving enquiries from students, are they mainly by e-mail or phone call?**



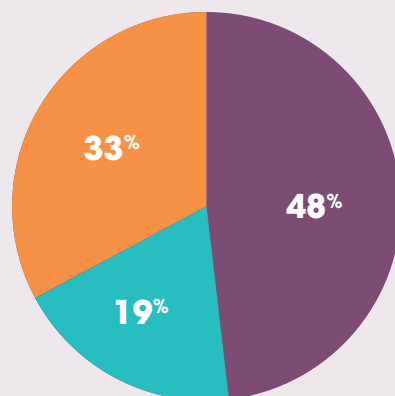
Base: 80

# Accreditation

67.1% of the respondents have had either all their properties (48.1%) or part of them (19%) accredited by an official body, an improvement from previous studies by 4%. Out of these, the majority (68%) had their properties accredited by the council, followed by 47% who had them accredited by the local university. The local council and the university remain the main two accreditation bodies. Out of those who did not have their properties accredited, only 7.69% intend to have them accredited in the future and half of them have not decided yet.

When asked about the main barriers to becoming accredited, similar to our previous findings, 84.6% of the respondents do not actually consider it necessary for successful letting. The second most cited reason is the cost of participation (46.2) followed by the administrative burden (38.5%).

## Have your properties been accredited?



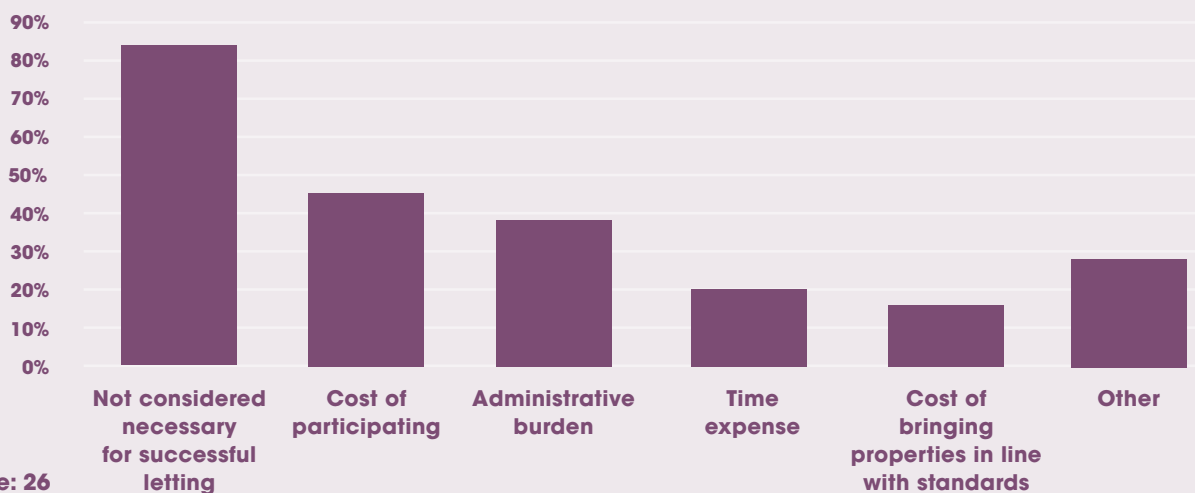
Yes, for all of my properties

Yes, for some of my properties

No

Base: 79

## In your opinion, what are the main barriers to becoming accredited?



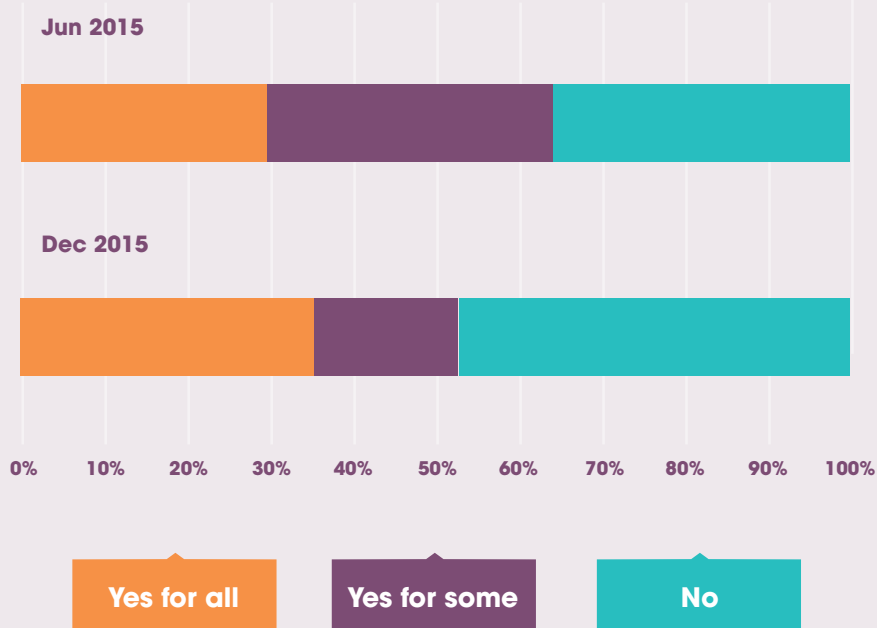
Base: 26

## Bills inclusive

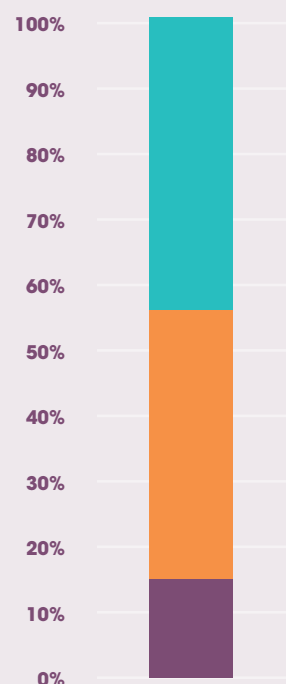
34% of the respondents report that they offer bills inclusive for all their properties, up from 29% in our previous survey in summer 2015. Moreover, the difference is even wider between those who offer bills inclusive rent for some of their properties in December 2015 (19%) and those in June 2015 (29%). The rest of 47% property managers report that they do not offer bills inclusive at all, up from 38% in June 2015.

Out of those who do not offer bills inclusive, only 16% report considering this option in the future. 41% say that they will not offer bills inclusive rent and 43% cannot say so precisely.

### Do you offer bill inclusive rent for your properties?



### Would you consider offering bills inclusive rent in the future?



Base: 37

The bills usually included in rent consist of: internet, gas, electricity and water.

35.7% of the respondents say that they offer all bills included in the rent price.

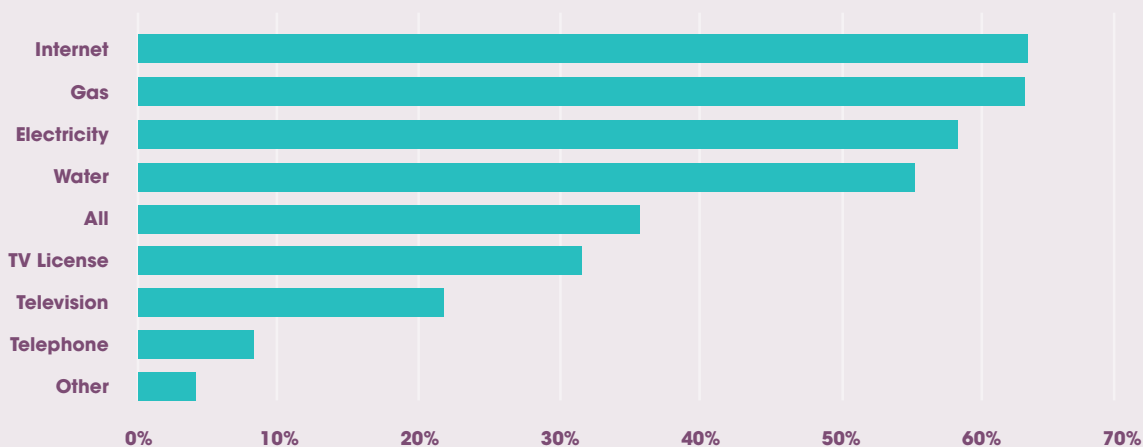
When asked about the reasons which deter them from offering bills inclusive,

the main reason remains fear of additional costs due to over-usage (70%).

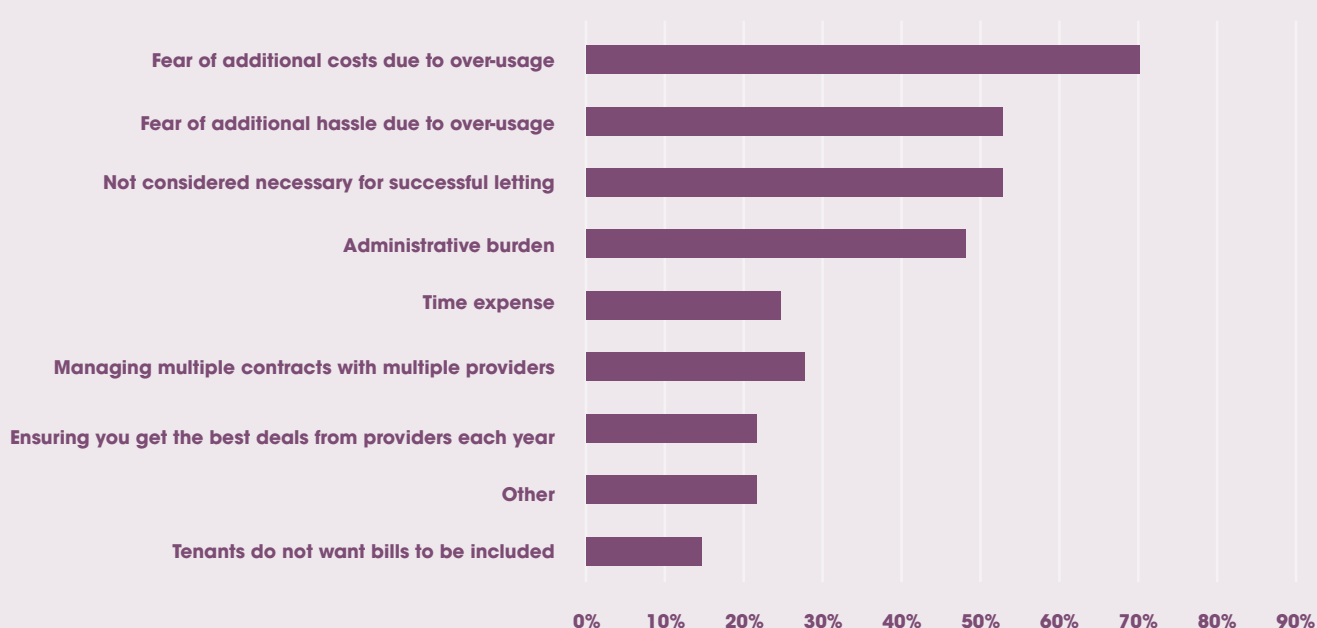
However, this time around and compared to the previous survey in June 2015, the second reason consists of the fact that bills inclusive rent is not necessary for

successful letting followed by fear of additional hassle due to over-usage. At the bottom of the list, only 13.5% of the respondents do not offer bills inclusive rent at the request of the tenants.

### Which bills do you include?



### For what reason would you not consider offering bills inclusive?



# Letting to international students

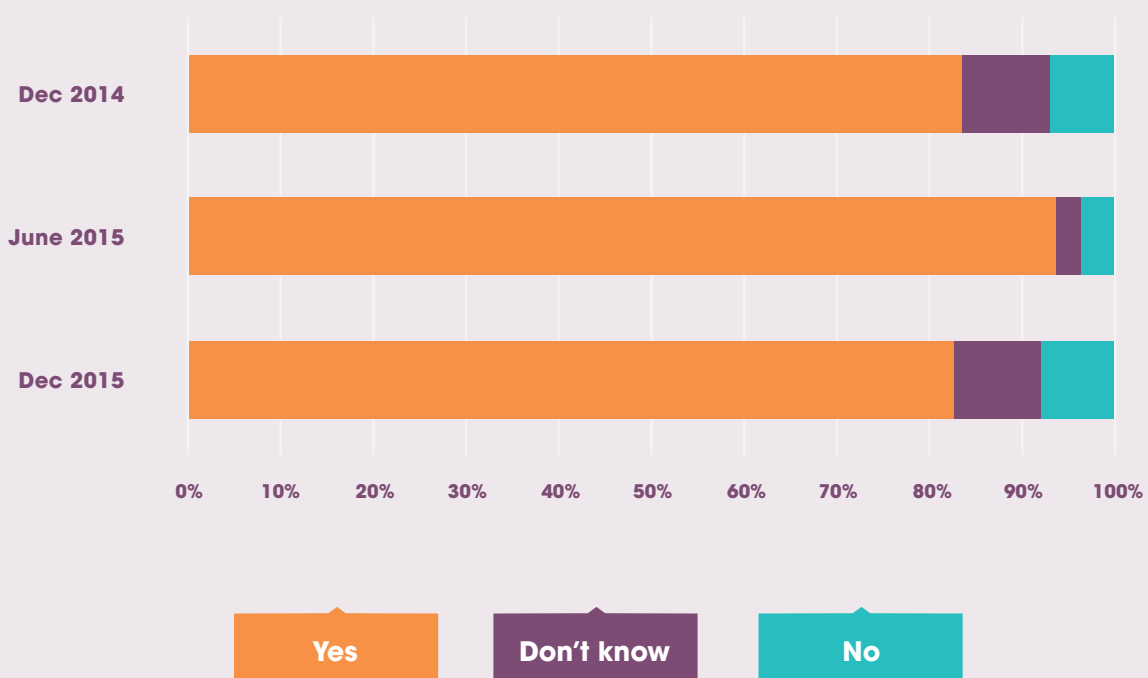
There has been a decrease in the number of landlords (82.3%) who would rent to international students compared to June 2015 and December 2014 and as a consequence an increase in the number of those who would not rent to international students (from 8.29% in December 2014 and 2.94% in June 2015 to 11.4% in December 2015).

64.5% of the respondents would ask international students to pay rent in advance if they cannot provide a

guarantor and one third of these would request for full rent in advance. 1 in 3 respondents says that they would not require rent in advance.

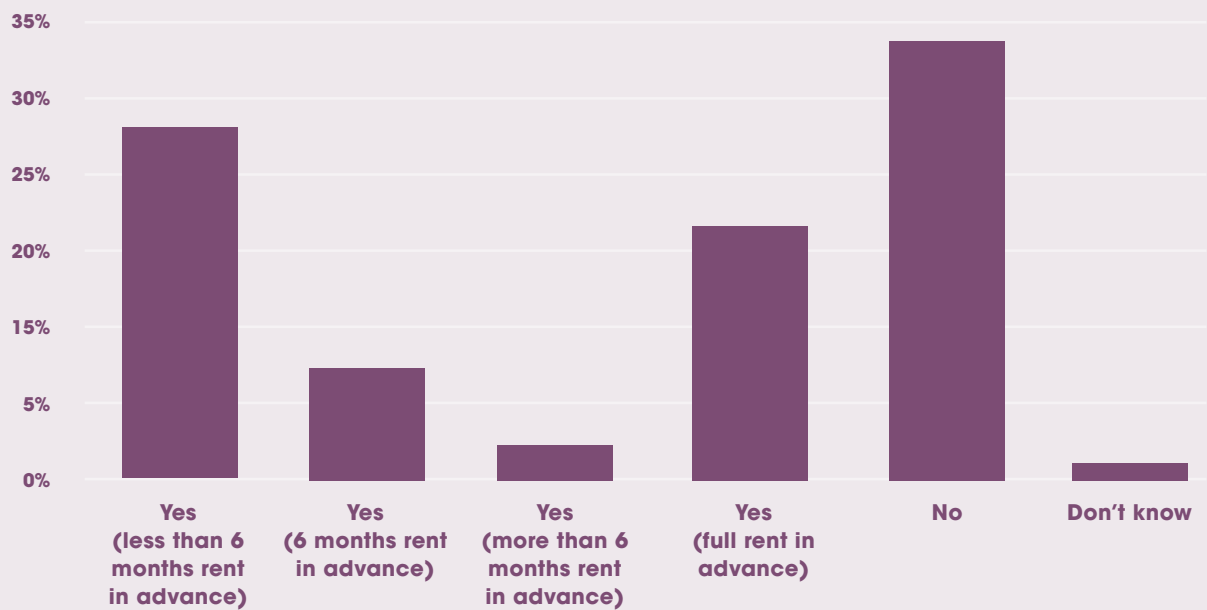
Therefore, the number of respondents who require full rent paid in advance from international students who cannot provide a UK guarantor has slightly decreased, while the number of those who would not require rent in advance at all has increased by 8%.

## Would you rent to international students?



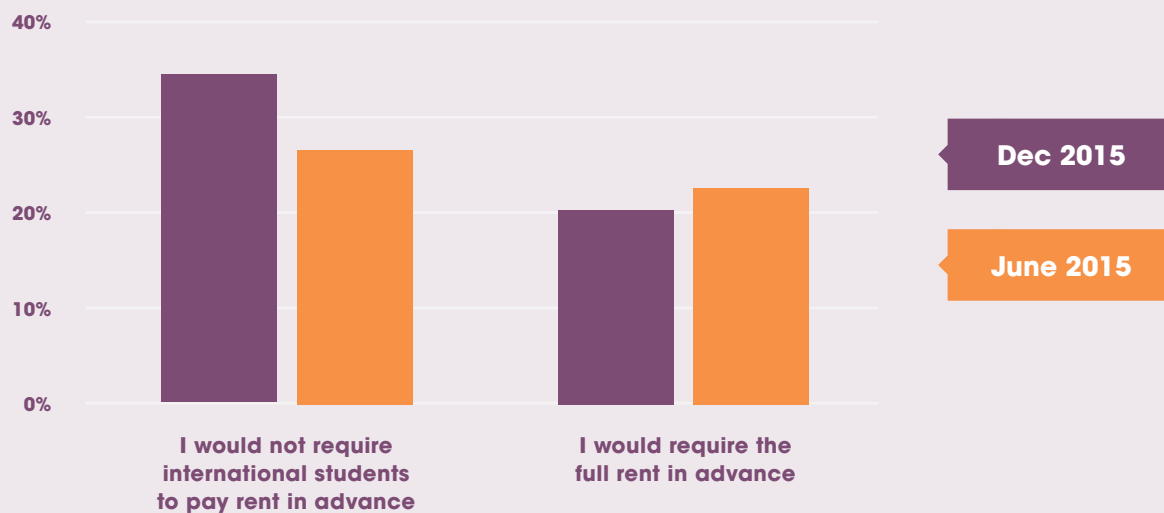
Base: 79

### Would you require international students to pay rent in advance if they cannot provide a guarantor?



Base: 79

### Would you require international students to pay rent in advance if they cannot provide a guarantor?





# Demographics

The survey has been distributed amongst the Accommodation for Students registered users database and has received 87 responses by mid-December.

The respondents were in proportion of 100% landlords. 94% of the respondents let their properties in England, 7% rent out in Scotland and 5% in Wales. None of the respondents rents out in Northern Ireland. There was a fairly distribution across England with 54% of the respondents renting out in the South (including 8% in London), 20% in the Midlands and 21% in the North regions.

About two quarters of the respondents manage a portfolio of 1-3 properties and one third of the respondents have between 4-10 properties included in their portfolio. 18% of the respondents manage more than 10 properties.

As far as experience is concerned, 1 in 4 respondents has been managing properties for 20+ years. 40% of the landlords have 11-19 years of experience, 23% have 6-10 years of experience and 10% have 5 years or less since they started managing properties.

55% of the respondents report that they only rent out to students, while the rest of 45% let their properties to both students and non-students.

More than two thirds of the respondents were new to the survey, meaning that they did not complete the previous Landlord Survey conducted in June 2015. This ensures that the data extracted is significant over time and is not simply the result of a sampling continuity.

