



# Landlord Survey

Changes, trends and perspectives on the student rental market.

November 2016

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## 1.

## Executive Summary:

**86.75%**  
**OF RESPONDENTS**  
**STATE THAT**  
**STUDENTS MAKE**  
**GOOD TENANTS.**

This year's data indicates high rates of success in lettings; 87.21% of respondents let all of their properties for the 2016/2017 academic year, whilst there was also incredibly high confidence for the upcoming academic year, with 85.88% believing that they will let all of their properties for the 2017/18 academic year. The majority of landlords stated that they had increased their rent for the 2016/17 period, but the increase remains consistent with 2015 as the average percentage increase was between 2.6% and 3.9%.

Confidence in the student accommodation market remains unchanged for landlords for the upcoming 12 months. However the data indicates a negative skew, as 38.37% of respondents stated that they felt some level of reduced confidence.

There was a strong association between those respondents who had not been able to let all of their properties for the 2016/17 letting period and their confidence in the student accommodation market for the next 12 months – 80% of this group felt a reduced sense of confidence. Interestingly, those with less letting experience indicated the greatest lessened confidence, with a third of respondents with 5 years or less of experience stating they felt 'less confident'.

Attitudes towards students as tenants

remains positive. Not only did 86.75% of respondents state that students make good tenants, but 68.87% also believe that it is better to let to students rather than non-students. Moreover, 86.75% plan on continuing to let to students and 51.81% would recommend to other landlords that they too enter the student market. The most popular associated benefits with students as tenants were the fixed tenancy length (74.7%), better rental yields (71.08%) and the annual market for new students (61.45%). Only a tiny 2.41% stated there are no benefits at all. Nevertheless, issues with students as tenants remain evidently apparent; 63.86% stated that cleanliness is a central issue, as well as the cost of maintain an HMO (56.63%) and the greater time consumption in comparison with letting to non-students (54.22%).

Rental arrears amongst students appear to remain an inconsistent occurrence, with 40.96% stating that they had students 'infrequently' entering rental arrears and 28.92% indicating that it occurs 'sometimes'. A large majority of respondents indicated that the average amount of rental arrears for students is 1 month (68.57%), with only 2.86% stating the average was for more than 3 months of rent. These figures are consistent with the previous landlord survey, where the majority of respondents indicated that students were in rental arrears of 1 month.



## 2.

## Executive Summary cont:

### THE MOST COMMON REASONS WHY LANDLORDS ARE NOT WILLING TO OFFER BILLS INCLUSIVE RENT ARE DUE TO A FEAR OF ADDITIONAL COSTS DUE TO OVER-USAGE

Relationships between landlords and universities appears to need drastic improvement – on average, of those respondents who had a relationship (61.73%), they rated it as poor. This evidence is further compounded by the fact that 38.27% of respondents stated that their relationship with universities was 'non-existent'.

Universities' role within the student letting market appeared mixed, with 30.86% of respondents to this survey characterising them as 'uninvolved', 27.16% seeing them as 'helpful' and 22.22% describing them as 'a hindrance'.

61.73% of respondents reported to offer bills inclusive rent for all or part of their property portfolio. Electricity (66%), Gas (66%) and Water (62%) were the most commonly offered utilities, with a telephone being provided by none of the respondents. This finding is again consistent with the 2015 landlord survey, which also presented these utilities as the most common.

The most common reasons why landlords are not willing to offer bills inclusive rent are due to a fear of additional costs due to over-usage (73.33%), the associated hassle with that over-usage (73.33%) and a feeling that it is not necessary for successful letting (60%).

82.5% of respondents currently rent (or would consider to rent) to international students and only 18.84% would ask for full rent in advance in instances where they would not be able to provide a guarantor. Contrastingly, a third stated that they would not ask for any rent to be paid upfront in cases such as these.

When considering the government's recent proposal to limit the numbers of international students, 50.72% reported that there would be an impact upon the student accommodation market, while 13.04% felt that there wouldn't and 36.23% were unsure.

Of the 45.83% who stated that the new 'Right to Rent' requirements have had an impact upon themselves, 75% identified this effect to be a negative one.

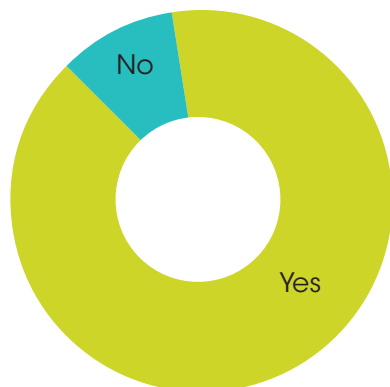
Brexit was a topic that split respondents' opinions too, with 31.65% reporting that it would have an effect on them as a landlord, 45.57% disagreeing and 22.78% being unsure about the decision's potential impact. Of those that thought there would be an impact upon themselves, 88.46% believed that this effect would be negative, with not a single one of the respondents reporting that they thought there would be a positive effect and 11.54% being unsure of the nature of the effect.

# 2016/2017 letting success:

**87.78% OF RESPONDENTS LET ALL OF THEIR PROPERTIES FOR THE ACADEMIC YEAR 2016/2017. OF THOSE WHO DID NOT, 40% DID NOT LET BETWEEN 1-10%, 50% WERE UNABLE TO LET BETWEEN 11% AND 24% AND ONLY 10% WERE UNABLE TO LET 25-49% OF THEIR PORTFOLIO.**

**Q7:** Did you let all of your properties for the current academic year? (2016/17)

Base: 90



There were no significant differences in letting failure when comparing whether or not landlords let to students only (9.76% failure to let all properties) or a mix of students and non-students (14.29% failure to let all properties).

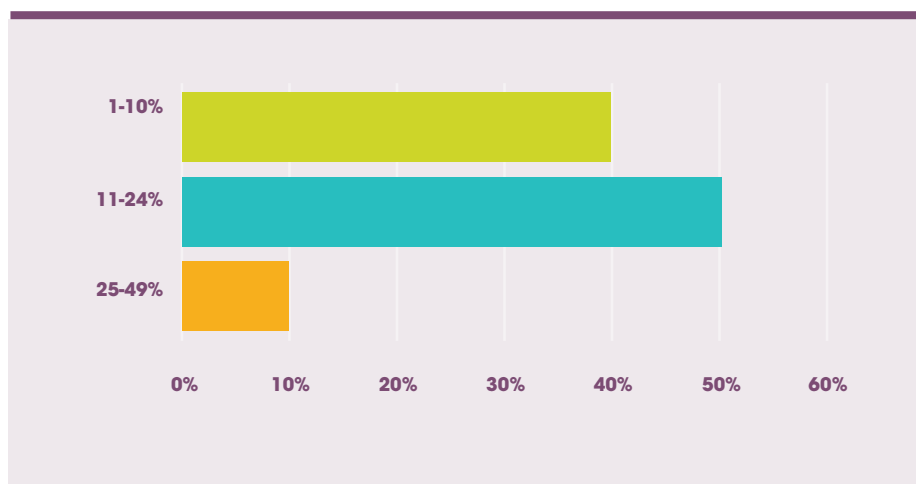
Regional performance appears to have varied somewhat – of those respondents who were unable to let all of their properties, 36.36% were situated within the East Midlands and 27.27% were in the North East. Of those that were successful in letting all of their properties, 55.69% were in the South

(5.06% of which were in London). Unlike previous years of this report, no region celebrated 100% success.

Letting experience was no more indicative of the likelihood to let all properties than it has been in previous years, with nearly all experience brackets showing more than 80% complete success. The only experience bracket that did not fall here were the respondents indicating less than a year of letting experience. Interestingly, only those with 1-3 years or 4-5 years demonstrated a 100% success rate.

**Q8:** Approximately what percentage of your portfolio was NOT let?

Base: 10



## 2017/2018 Forecast:

**FOLLOWING ON FROM THE STRONG LETTING SUCCESS FOR THE 2016/2017 PERIOD, IT IS UNSURPRISING THAT LANDLORD CONFIDENCE FOR THE NEXT ACADEMIC YEAR (2017/2018) IS ALSO HIGH - 85.39% OF RESPONDENTS BELIEVE THAT THEY WILL BE ABLE TO LET ALL OF THEIR PROPERTIES.**

Of those that do not feel that they will be able to let all of their properties for the following academic year, the proportion they estimate will not be let appears to vary slightly. 38.46% approximate that this will be 1-10% of their portfolio, 30.77% reported that it could be 11-24% and 30.77% believed it might be 25-49%.

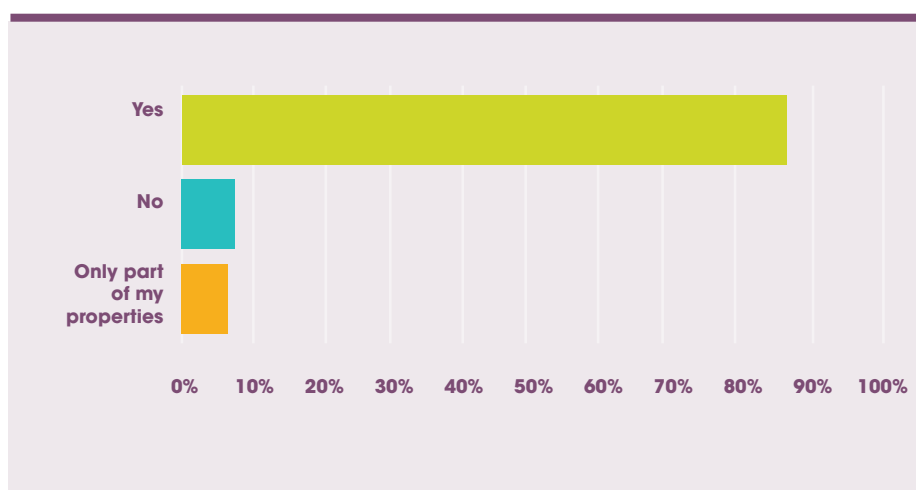
28.74% of respondents reported that they would be increasing the rents for all of their properties in the upcoming September 2017 – June 2018 period. 39.08% stated that they would be increasing rents for part of their portfolio, whilst 32.18% are planning to not raise their rents.

The spatial distribution of rental increases appears somewhat varied also. The three regions with the highest proportion of respondents indicating that they would be increasing rents on all of their properties were the South East (52.63%), West Midlands (42.86%) and the South West (38.10%). Contrastingly, Yorkshire, the North West and the East Midlands had the greatest proportions of respondents indicating that they would not be increasing rents at all - 57.14%, 54.55% and 50% respectively.

Of those that stipulated that they would be increasing their rents for the upcoming year, 47.46% indicated

**Q9:** Do you believe that you will manage to let all your properties for the next academic year? (2017/2018)

Base: 89



# 2017/2018 Forecast cont:

that this increase would be 0-2.5%.

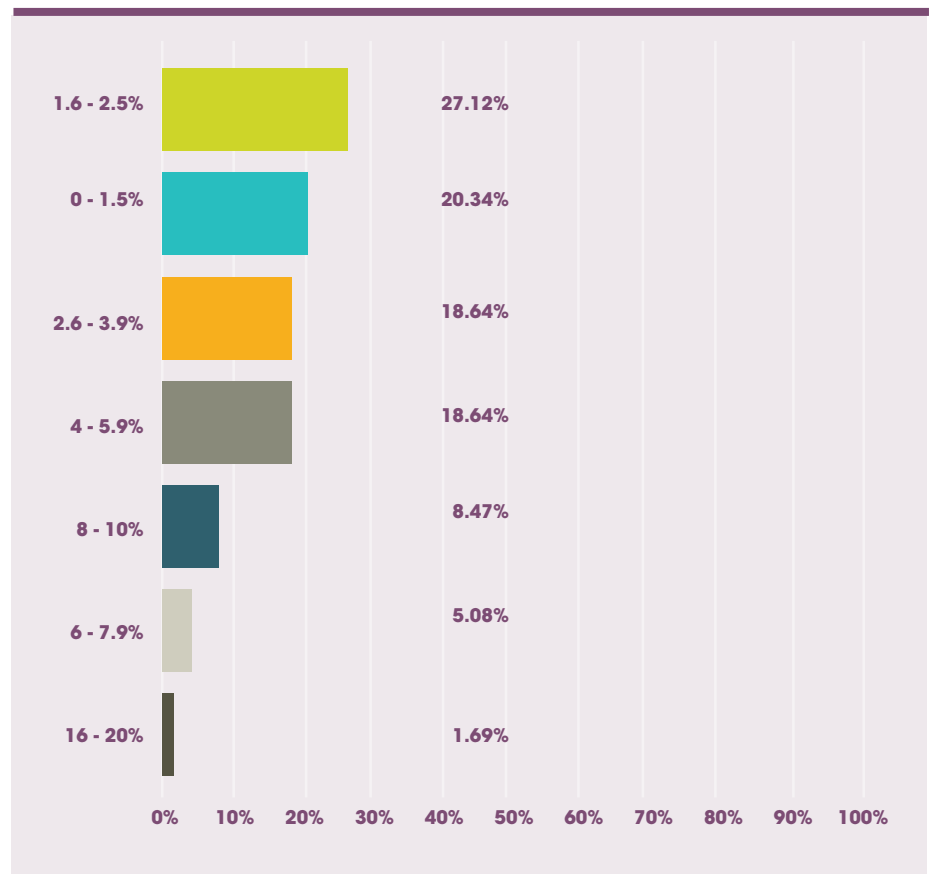
No respondents reported a planned increase of over 20%.

Comparing letting success from 2016/17 with planned rental increases, shows that respondents who had successfully let their entire portfolio for 2016/17 were more likely to increase their rents for 2017/18 and vice versa. For those who had let all their properties for the previous year, 32.47% were raising rents for all of their

properties and 38.96% were raising them for some. Contrastingly, for those respondents who had not let all of their properties in the 2016/17 academic year, 60% stated that they would not be raising their rents at all, whilst only 40% reported a planned increase for some of their properties. This would suggest that rental increases by landlords were generally in-line with market changes and were based on previous successes.

**Q14:** By approximately how much will you increase rents across your portfolio?

Base: 59

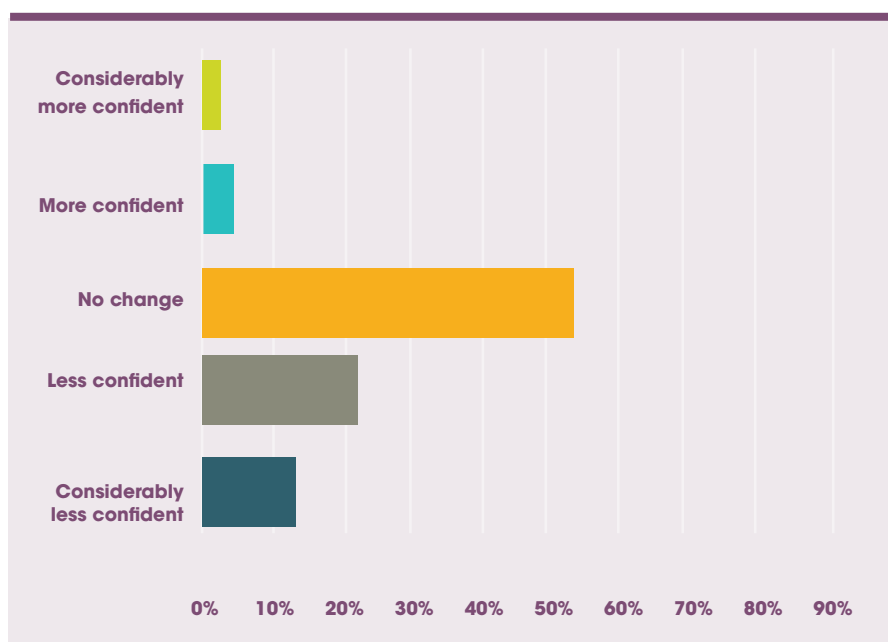


# 2017 Market confidence

**55.81% OF RESPONDENTS IN THE SURVEY INDICATED THAT THEY FELT NO CHANGE IN THEIR CONFIDENCE IN THE MARKET FOR THE FOLLOWING 12 MONTHS, IN COMPARISON WITH THE PREVIOUS ACADEMIC YEAR.**

**Q15:** Over the next 12 months are you more or less confident about the student accommodation market (compared to 2016/17)?

Base: 86



Nevertheless, there did appear to be a slight skew towards a decreased sense of confidence, as 24.42% reported feeling 'less confident' and 13.95% indicated that they were 'considerably less confident'. These results present slight increases in the level of lessened confidence amongst respondents, when compared with the previous landlord survey, where 24.06% had selected 'less confident' and 8.56% had reported feeling 'considerably less confident'.

Only 5% of respondents indicated an increased level of confidence for the next 12 months. Of this small group, there appeared to be no correlation between an increase in confidence

and portfolio size - the only point of analysis that can be extracted here is that all respondents who had the increase in confidence had a portfolio size larger than 3 properties.

Similarly, there were no strong correlations between portfolio size and decreases in confidence, as respondents with small and large portfolio sizes showed the same negative skew as seen when looking at the respondents as a whole. The portfolio size with the biggest proportion of decreased confidence was those with 21-40 properties - 60% of this group showed 'less' or 'considerably less' confidence.

The two regions with the highest proportions of increased confidence were London and the South West with 20% and 14.29% respectively. In contrast, the regions with the highest proportions of decreased confidence were Wales (66.67%), the North West (54.54%) and the North East (50%). In the case of Wales and the North West, these findings are surprising since 100% of respondents from Wales reported that they let all of their properties for the 2016/2017 academic year, as did 81.82% of those from the North West. As a consequence, previous successes may not be an indicator of future confidence as has been seen in previous AFS landlord surveys.



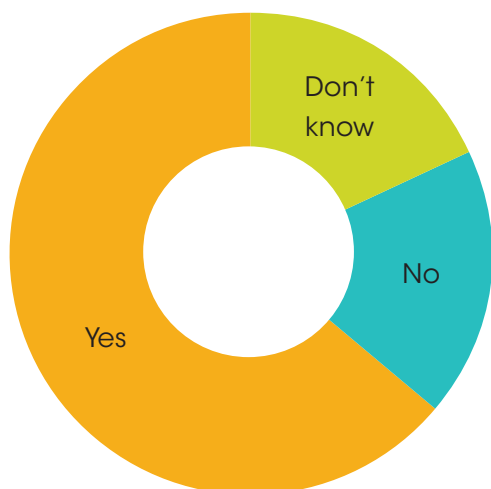
# Student Tenants

**86.75% OF RESPONDENTS INDICATED THAT STUDENTS MAKE GOOD TENANTS GENERALLY, WHILST ONLY 9.64% SAID THAT THEY DIDN'T AND 3.61% WERE UNSURE. FURTHERMORE, 68.67% OF RESPONDENTS STATED THAT IT IS BETTER TO LET TO STUDENTS RATHER THAN NON-STUDENTS, WITH ONLY 16.87% DISAGREEING AND 14.46% BEING UNSURE.**

Regionally, the results appear to be similar. Most areas indicate a large gap between those who think students are better tenants and those who do not. Most notably, Yorkshire (85.71%), the West Midlands (85.71%) and the East Midlands (81.82%) showed the highest rates of respondents favouring students over non-students.

The main benefits associated with letting to students were a fixed tenancy length (74.7%), better rental yields (71.08%) and an annual market for new students (61.45%) - all of which are unsurprising, given the nature of student accommodation. Meanwhile, only 2.41% of respondents indicated that there were no benefits with renting to students.

On balance with the benefits associated with them, the three most common drawbacks or issues associated with student tenants were cleanliness issues (63.86%), the cost of maintaining an HMO (56.63%) and the greater cost in time in comparison with letting to non-students (54.22%). These issues coming out on top might be expected, given that only 2.41% of respondents indicated that one of the benefits of student tenants was that they take better care of the property than non-students. Nevertheless, 86.75% of respondents stated that they plan to continue letting to students in the near future, whilst a very small 4.82% who stated that they didn't.

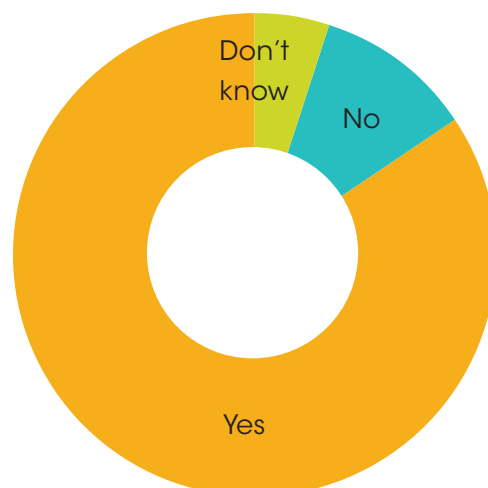


**Q27:** From your experience do you think that it is better to let to students rather than non-students?

Base: 83

**Q5:** In general, do you think that students make good tenants?

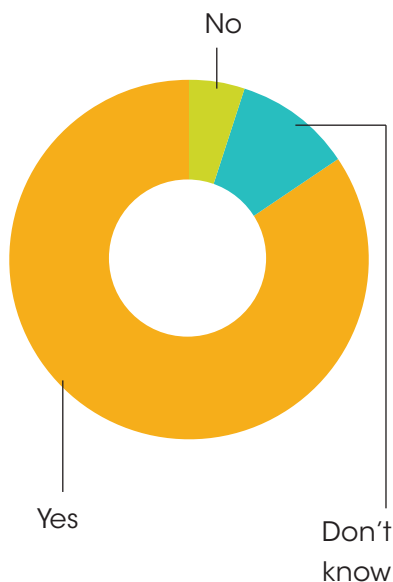
Base: 83



# Student Tenants con't

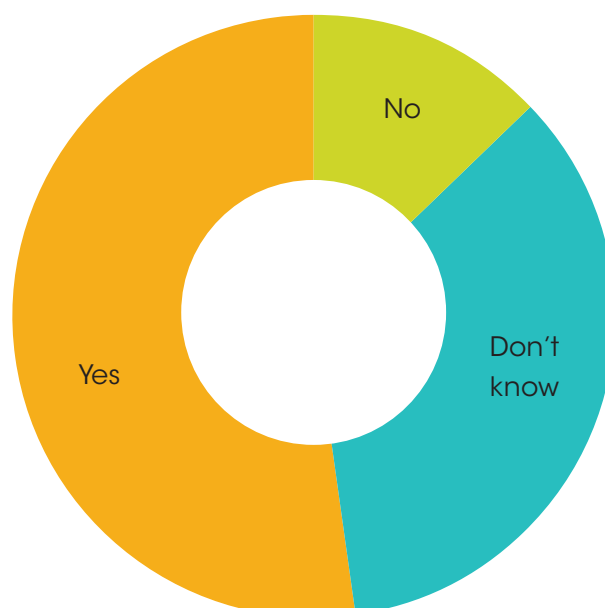
**Q31:** Do you plan to continue letting to students in the immediate future?

Base: 83



**Q32:** Would you recommend other landlords to consider the student market?

Base: 83



Those with larger property portfolios were more likely to indicate problems associated with costs - for example, 100% of respondents with 21 or more properties stated that the cost of maintaining an HMO was a problem associated with student tenants. Moreover, 40% of respondents with 21-40 properties and 66.67% with 41-60 properties indicated the issue of furnishing costs, while only 18.42% of respondents with 1-3 properties did. Results such as these would suggest that the problems for landlords can vary somewhat based on the size of their portfolio and that for those with very large portfolios, maintenance costs are a more important issue.

51.81% of respondents stated that they would recommend the student

market to other landlords. There appeared to be some correlation between recommending the student market and letting success for the 2016/2017 academic term; of those who did successfully let all of their properties, 54.05% would recommend the student market and 28.38% would not. Contrastingly, only 33.33% of respondents who did not successfully let all of their properties stated that they would recommend the market. This suggests that despite there being clear benefits associated with the student market and overall high success with 2016/2017's lettings, landlords may have still been impacted by the fact that they did have complete success across the entirety of their portfolio.

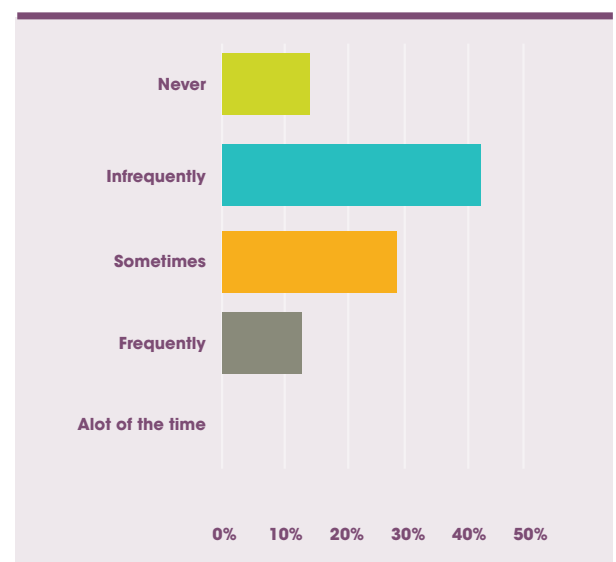
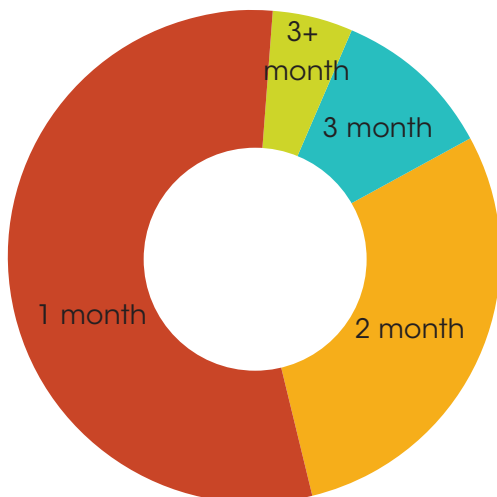
# Rental Arrears

When asked how often they experience student rental arrears, respondents most commonly answered 'infrequently' (40.96%), while 28.92% stated that it happens 'sometimes' and 14.46% reported that it happens 'frequently'. Interestingly, not a single respondent indicated that they have student rental arrears 'a lot of the time'. Moreover, 15.66% stated to never have students in rental arrears. Overall, the figures suggest that there has been a decrease in the level of student rental arrears since the previous AFS landlord survey.

68.57% of the time, students are in arrears for 1 month, in for 2 months 20% of the time and in for 3 or more months 11.43% of the time. 50.6% also believe that students are less likely to get into rental arrears than non-students, while only 19.28% believe that they are more likely.

**Q34:** In your experience, what is the average amount of rental arrears that a student has?

Base: 70



**Q33:** How often do you have student tenants in rental arrears?

Base: 83

# Relationships, Brexit and the Right to rent

## RELATIONSHIPS WITH UNIVERSITIES

For those landlords who have a relationship with their neighbouring universities, the relationship appears to need improvement. When asked to rate their relationship between 1 and 5 (where 'very good' was 1 and 'awful' was 5), the average response was a 3 - 'average'. However, 38.27% of respondents classified their relationship with universities as 'non-existent'. This would suggest that there is a need for great improvement, since there is a large chunk of individuals who do not have them to begin with, and for those that do, they are not very good.

Respondents' opinions about universities' role in the student accommodation market varied somewhat. 30.86% of respondents classified universities as 'uninvolved' in terms of the student letting market and 22.22% described them as 'a hindrance'. Contrastingly 27.16% stated that they were 'helpful'. Regionally, there appeared to be a similar split in opinions towards universities, with no particular sections of the country leaning towards one opinion more than the others.

## BREXIT

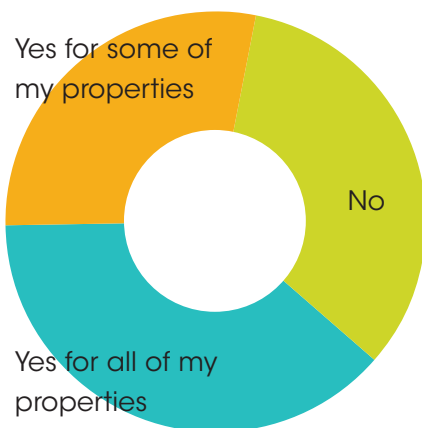
31.65% of respondents felt that the UK's decision to leave the European Union would affect them as a landlord and 45.57% reported that it would not. Of those that did, 88.46% believed that the effect would be negative, while not a single respondent stated that it would have a positive effect. There were no strong correlations between regional location and the anticipated effect of "Brexit". However, there appears to be some relationship between the decision and confidence in the market as individuals who stated that they were less confident in the market, were more likely to indicate that they were to be affected by the UK's departure from the EU.

## RIGHT TO RENT

The impact of the 'Right to Rent' requirements appears varied across the respondents; with there being a 45.83%/41.67% split between those who have and have not been impacted. Of those who have, 75% stated that the new terms have had a negative effect on them.

## Bills inclusive rent

**61.73% OF RESPONDENTS INDICATED THAT THEY PROVIDE BILLS INCLUSIVE RENT FOR ALL (35.8%) OR SOME (25.93%) OF THEIR PROPERTIES - THIS SHOWS A SLIGHT INCREASE FROM THE PREVIOUS LANDLORD SURVEY.**



**Q38:** Do you offer bills inclusive rent for your properties?

Base: 81

Electricity (66%), gas (66%) and water (62%) were the most widely offered utilities. Furthermore, 50% stated they provide internet access too.

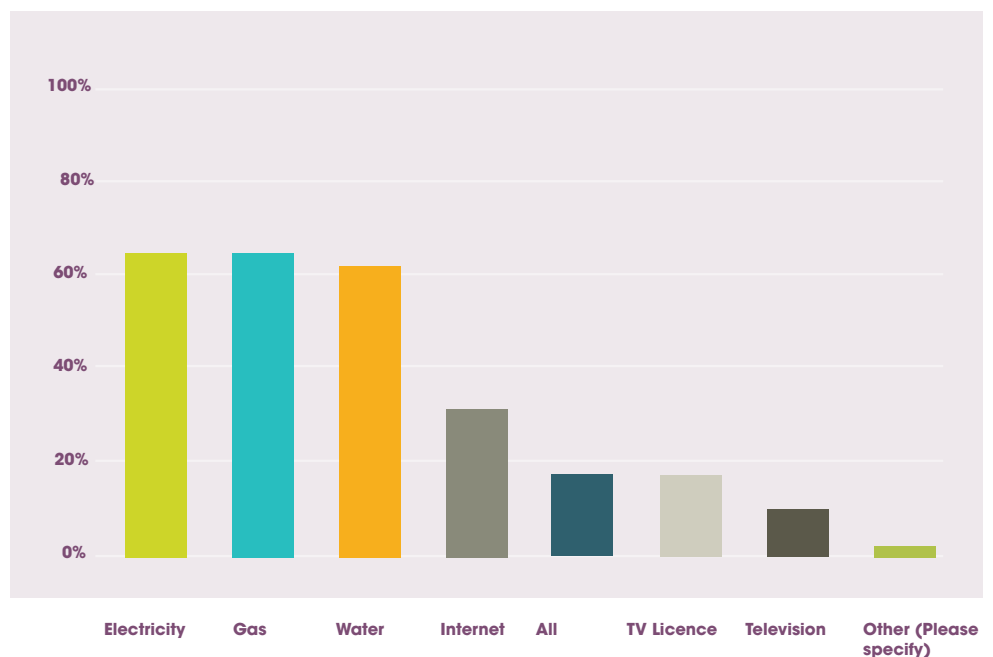
Of those individuals who do not currently offer bills inclusive rent, 63.33% stated that they would not consider doing so in the future and 23.33% indicated that they were unsure of their plans. The most common reasons for not wanting to offer bills inclusive rent were a fear of additional costs due to over-usage (80%), a fear of additional

hassle due to over-usage (73.33%) and believing that it is not a necessary service for successful letting (60%).

Respondents who do offer bills inclusive rent also show lower levels of letting success for 2016/2017 - this would suggest that bills inclusive rent may be offered as a means of improving competitiveness, as was found in the previous landlord survey.

**Q40:** Which bills do you include? (Tick all that apply)

Base: 50





# International Students

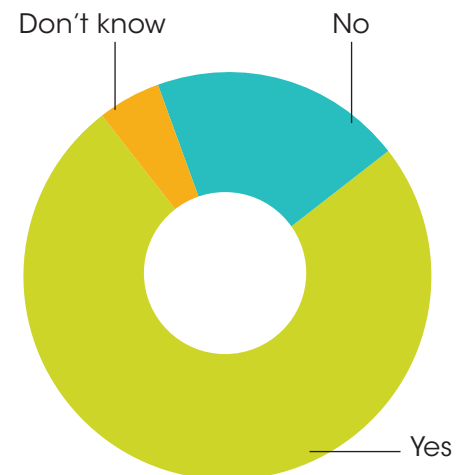
**82.5% OF RESPONDENTS REPORTED THAT THEY WERE EITHER CURRENTLY, OR WOULD CONSIDER, RENTING TO INTERNATIONAL STUDENTS. OF THIS LARGE PROPORTION WHO WERE HAPPY TO RENT TO INTERNATIONAL STUDENTS, 33.33% STIPULATED THAT THEY WOULD NOT REQUIRE THE STUDENT TO PAY RENT IN ADVANCE IF THEY WERE UNABLE TO PROVIDE A GUARANTOR.**

Only 18.84% stated they would require full rent paid in advance, while 52.03% indicated that they would need 6 months or less.

Requesting greater amounts of rent upfront had no correlation with reported perceptions of students as tenants. This would suggest that the negative experiences of students as tenants has not strongly affected respondents' policies.

In relation to the government's recent proposals to limit the number of

international students coming into the UK, 50.72% of respondents indicated that there would be an effect upon the student market, whilst 13.04% thought there would not and 36.23% were unsure.

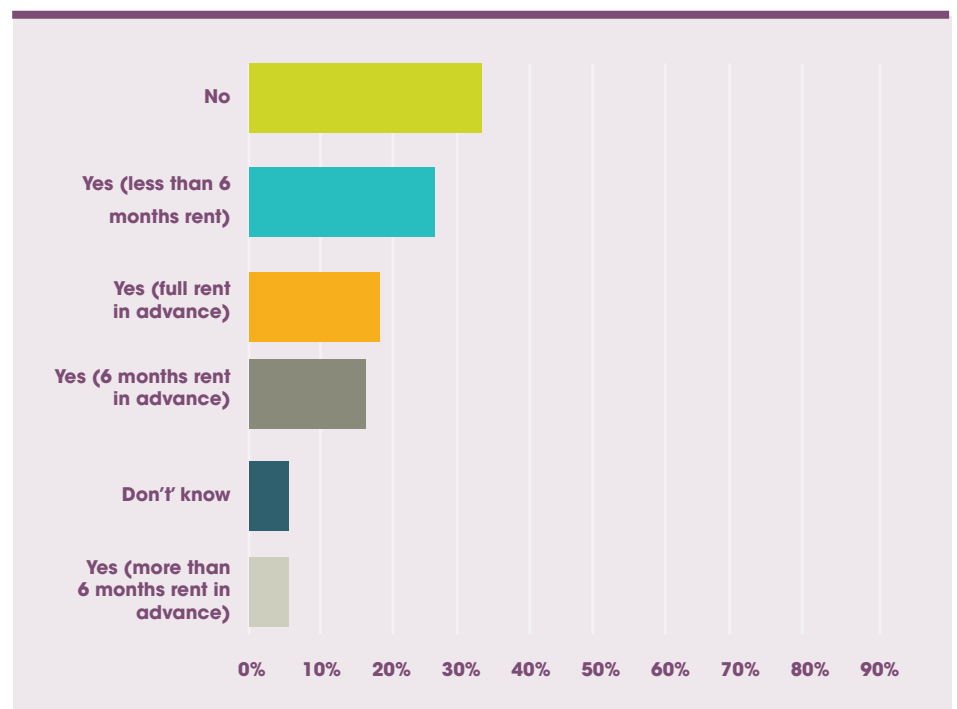


**Q43:** Do you currently (or would you consider) to rent to international students?

Base: 80

**Q44:** When renting to international students, would you require them to pay rent in advance if they cannot provide a guarantor?

Base: 69



# Demographics

**90 RESPONDENTS COMPLETED THE LANDLORD SURVEY. OF THAT GROUP, THE VAST MAJORITY WERE LANDLORDS (93.33%) AND THE REST WERE EITHER LETTINGS AGENTS (2.22%), PRIVATE HALLS MANAGERS (2.22%) OR IDENTIFIED WITH THE 'OTHER' CATEGORY (2.22%).**

The regional spread of the survey's respondents appeared slightly skewed as the South made up the majority of the respondents (52.22%), there were 26.66% of respondents in the North, 22.22% in the Midlands and then 6.67% in Wales and 6.67% in Scotland. Of the 52.22% of respondents situated within the South, 6.67% of those were in London.

There was a fairly even split between respondents who let to students only (45.56%) and those who let to students and non-students (54.44%). This shows a 9.61% in the proportion of respondents who let to students and non-students.

45.56% of respondents had a property portfolio of between 1 and 3 properties, followed by 27.78% with between 4 and 10 properties, 15.56% with 11-20 properties, 5.56% with 21-40 properties and only 3.33% indicating that they managed between 41-60 properties. Additionally, there was 1 respondent who indicated that they managed 1-3 larger private developments.



**90 RESPONDENTS COMPLETED THE LANDLORD SURVEY.**

