



# Landlords Report

Changes, trends and perspectives on the student rental market.

Summer 2015

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“Given our close involvement in the market, we pride ourselves on our understanding of the sector.”

Accommodation For Students is the UK’s number one student accommodation website. Launched in 2000, it has been consistently ranked at the top of the search engines throughout that period.

This success is due to a pure focus on student accommodation, ensuring that on the website there are properties that meets every student’s needs, whether that is a houseshare, flat, studio or room in a halls of residence.

With over 750,000 rooms available on [www.accommodationforstudents.com](http://www.accommodationforstudents.com) and in excess of 30,000 landlords, 2,000 letting agents and 600 private halls of residence, the consistent quality and volume of inventory helps attract almost 2 million students each year to the site and ensures that there are a steady stream of student enquiries throughout the year. This ensures that our advertisers are able to successfully let their property and hence return year after year.

Given our close involvement in the market, we pride ourselves on our understanding of the sector. Over the years we have built on this appreciation by undertaking formal research into the student accommodation market. This programme involves regular research into what students want and need from their accommodation, as well as into their lifestyles more generally.

We also conduct regular research among the landlords and agents that advertise on our site. We recognise that the student accommodation market is rapidly evolving that that our landlords and agents are at the forefront of this and therefore key barometers of this change.

This report is the third we review of our landlord and agents that we have published and we will produce the fourth in January 2016.

# Executive summary

“Two thirds of respondents prefer letting to students than non-students, and over 80% think that students make good tenants in general.”

Letting success in the student market continues to be high, with 87.6% of respondents having let all of their properties in the 2014/15 letting year, including 95.7% of those respondents that let exclusively to students. There was no noticeable correlation between experience of the letting market and letting success.

As with the previous survey, the majority of respondents (56.5%) reported having increased their rents in the 2014/15 letting year compared with 2013/14, though the overwhelming majority of these cases involved rent increases of 1-10%.

There was a significant increase in the proportion of respondents who reported having increased rents for the upcoming letting year 2015/16, with 85% reporting increasing rents on at least one of their properties. The amount by which the rents were raised remained 1-10% in almost all cases.

Over three times as many respondents planned to add to their portfolio (25.5%) than planned to reduce it (8.2%), though confidence in the student letting market for the upcoming year compared with 2014/15 was not particularly strong – only 19% felt more confident about the market, while 34.5% felt less confident.

When asked how they felt about potential changes to the definition of a mandatory licensable HMO (as proposed by the government) the responses were mixed, though comments commonly indicated concern over the increase in regulations and red tape that the changes could cause, and respondents cautioned that the costs may ultimately be passed on to the tenants. Thoughts were also mixed on the threat of newer purpose-built developments to the traditional student house-sharing market.

Views towards students as tenants were generally favourable, as with previous surveys. Two thirds of respondents prefer letting to students than non-students, and over 80% think that students make good tenants in general. 94% plan to continue letting to students in the immediate future and 60% would recommend to other landlords that they should consider letting to students.

Better rental yields, fixed tenancy lengths and the provision of a guarantor continued to be the highlights of letting to students for property managers, while the main concerns continued to be that it is time consuming, that student tenants do not undertake basic maintenance, the cost of maintaining an HMO, and damage to property.





Although most respondents report having had student tenants in rental arrears, this usually only happens infrequently, the arrears typically are for 1 month, and a plurality of respondents report from their experience that students are less likely to go into rental arrears than non-student tenants.

More than 60% of property managers report that student enquiries are mostly received via e-mail, and only 7.8% find that enquiries are mostly received via phone call, though a minority of the respondents reported that phone calls become more common over the course of the year.

63.7% of respondents have had either some or all of their properties accredited by an official body (in most cases the council and/or the university). This is a 5 percentage-point increase from the last survey and is largely accounted

for by an increase in accreditations by the university (up 4.5 points) and the National Landlord Association (up 6 points). Those managers who let only to students were more likely to have their properties accredited, and those who did not have their properties accredited most commonly cite the unnecessaryness of accreditation for successful letting, the cost of participation and the administrative burden as reasons for their decision.

3 in 5 property managers surveyed offer bills inclusive rent on either some (33%) or all (29%) of their properties, in line with previous surveys. Only 23% of those who do not currently offer bills inclusive rent say they would consider offering it in the future, while 43.6% say for sure that they won't, most commonly citing fear of the costs and hassle associated with over-usage, the administrative burden and

the perception that it is not necessary for successful letting as reasons they will not consider offering bills inclusive rent.

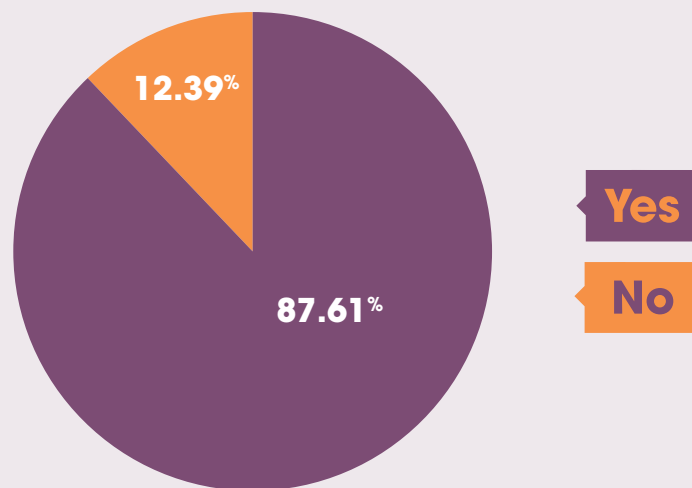
More property managers report being happy to let to international students (93% compared with 84.4% in the previous survey), however this is accompanied by a notable swing in the proportion of landlords who would not require the rent to be paid in advance in the event that the student could not provide a suitable guarantor (down 9 percentage points), and in those who would require the full rent in advance (up 4 points).

# Letting Success

## 2014/15 LETTING YEAR

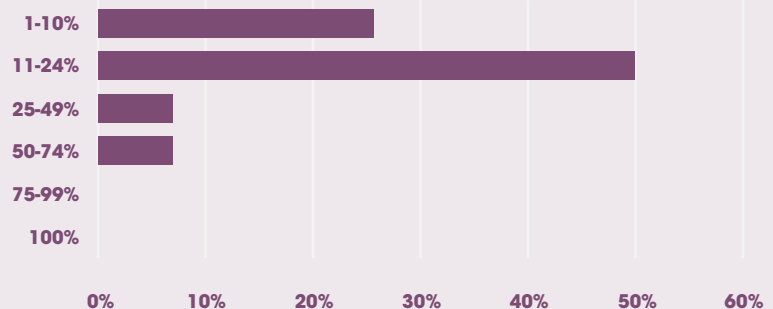
87.6% of respondents reported having let all of their properties for the previous letting year, the same proportion as in the previous survey from Winter 2014. Among those who did not let all their properties, the majority (86%) failed to let less than 25% of their properties, and no respondent failed to let more than 75% of their portfolio.

Did you let all of your properties for the 14/15 letting year?



Base: 113

% of properties not let in 14/15 letting year

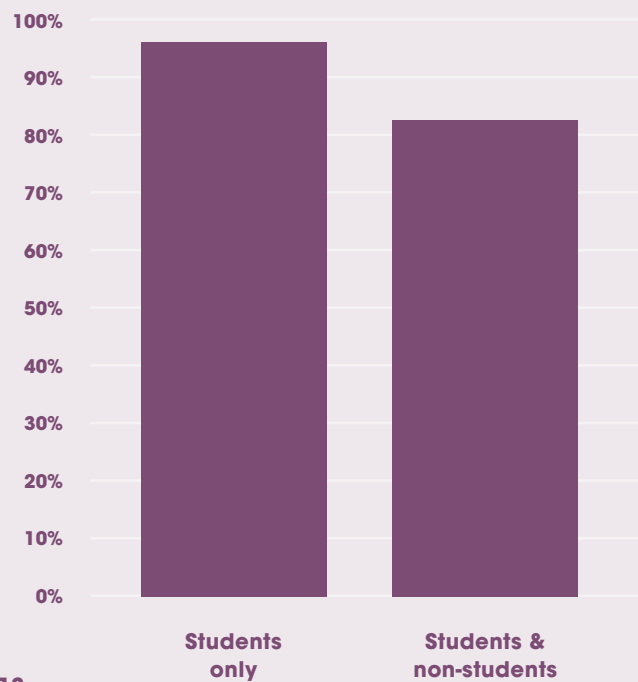


Base: 14

As with previous surveys, those respondents who rent only to students achieved the greatest letting success, with 95.7% letting their entire portfolio, while only 82% of those respondents who let to both students and non-students let all of their properties in the 2014/15 letting year.

**95.7%**  
of respondents  
renting to only  
students let their  
entire portfolio

**Whether respondent let all of their properties for the 2014/15 letting year by whether they only rent to students or not**



Base: 113

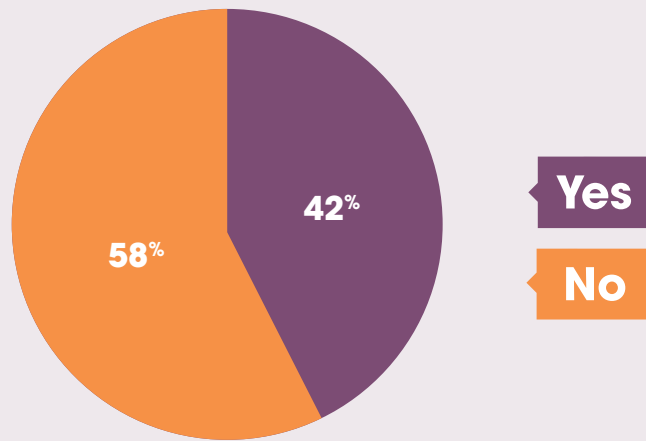
## 2015/16 LETTING YEAR

Only 42.5% of respondents reported having let all of their properties for the upcoming letting year at the time of response (early June). Of those who have not let all of their properties, just over half had only failed to let 25% of their portfolio or less, and only 26% had failed to let more than half of their portfolio.

Again, those who let only to students were more likely to have let all of their properties (47.8%) than those who let to both students and non-students (38.8%). There was no correlation between number of years' experience managing properties and letting success.

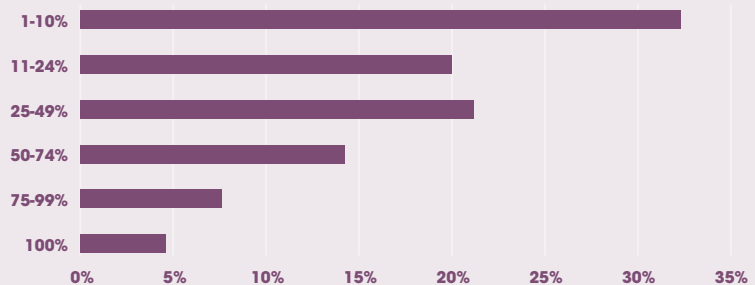
40% of respondents expected to have let all of their properties by August 2015, and 41.5% expect all their properties to be let by September. 9% did not think that all of their properties would be let in the upcoming letting year.

### Have you let all of your properties for the 15/16 year?



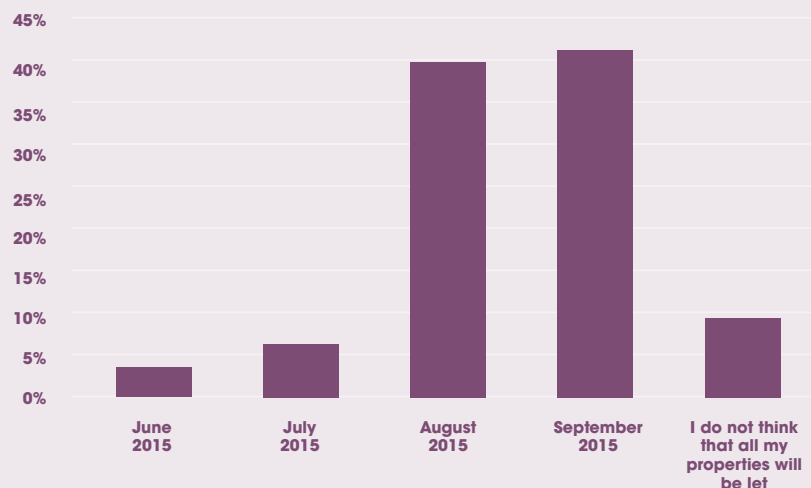
Base: 114

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



Base: 65

### By what time do you expect your properties to be fully let for the 15/16 letting year?



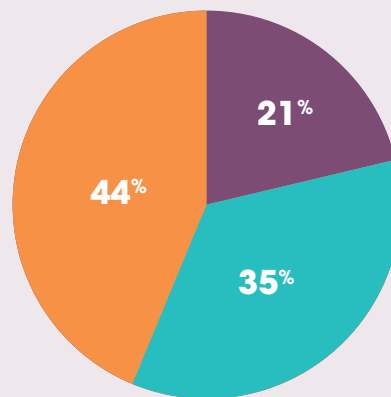
Base: 65

# Rent price & portfolio changes

## 2014/15 RENT INCREASES

The majority of respondents (56%) reported having increased rents in the last letting year, with 21% increasing rents across all their properties. The vast majority of these (93.6%) only increased rents by 1-10%, while the remaining respondents reported increasing rents by 11-15%.

### Did you increase rents for the 14/15 letting year compared with 13/14?



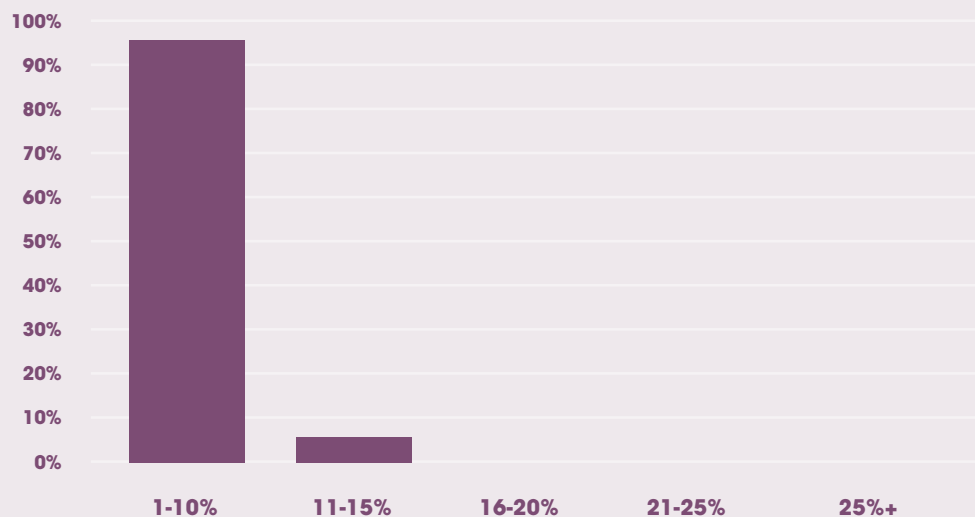
Yes for all

Yes for some

No

Base: 112

### How much the rents were increased by in 14/15



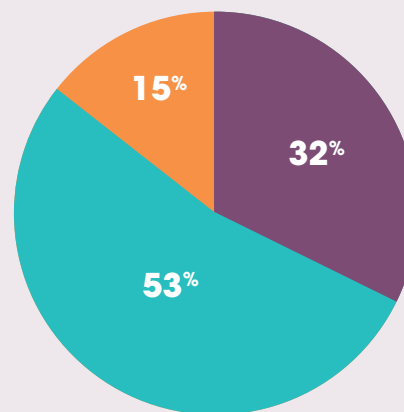
Base: 65



### 2015/16 RENT INCREASES

A significantly higher proportion of respondents reported increasing rents for the upcoming letting year than reported increasing rents in the previous year. 85% reported increasing rents overall, with 32% increasing rents across all their properties. Despite this increase, however, the amount the rent was raised by remained overwhelmingly less than 10%, with 93.3% reporting raising rents by this amount and the remaining respondents having raised rents by 11-15%.

#### Did you increase rents for the 15/16 letting year compared with 14/15?



Yes for all

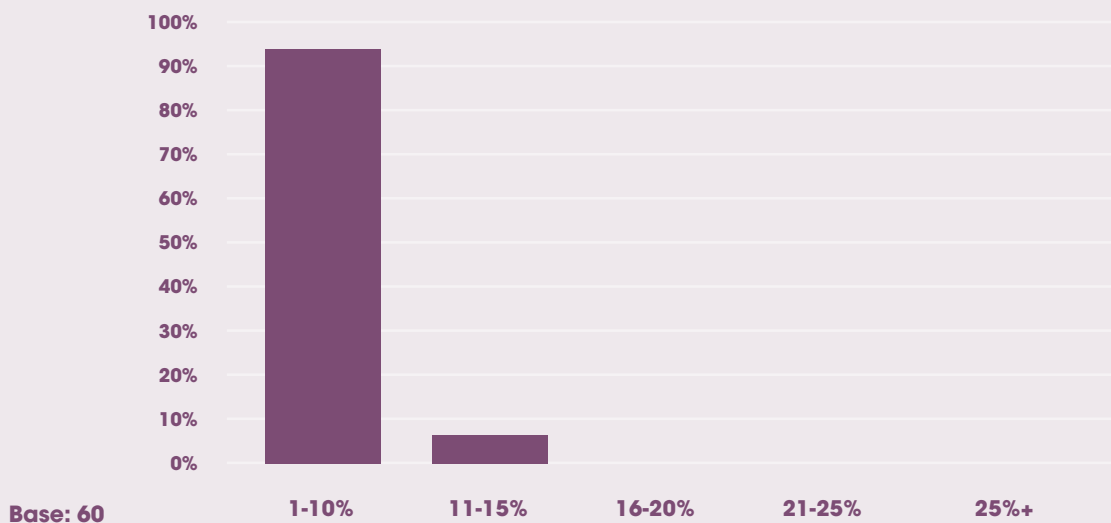
Yes for some

No

Base: 62

**85%**  
reported  
increasing  
rents overall

### How much the rents were increased by in 15/16



Those respondents who let all of their properties in the 2014/15 letting year were more likely to have increased rents for the 2015/16 letting year (87%, compared with 71%), suggesting that the confidence from letting success encourages property managers to increase their rents, while concerns over letting success make managers more likely to leave rents as they are.

### Whether respondent increased rents for 2015/16 letting year by whether respondent let all of their properties in last letting year

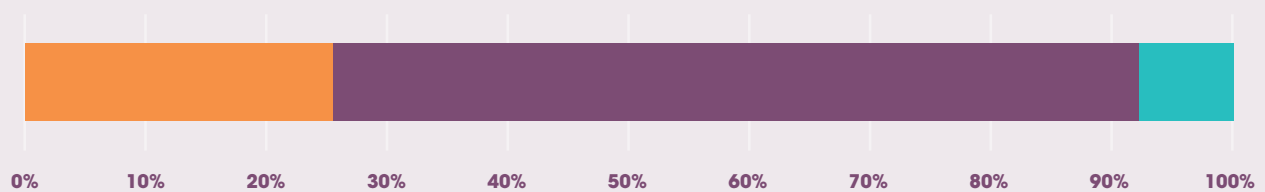


### PLANS FOR PORTFOLIO SIZE

Respondents were over three times as likely to plan to expand their portfolio over the next 12 months (25.5%) than to reduce it (8.2%), though two thirds of respondents reported having no plans to change the size of their portfolio at all.

Portfolio plans were linked to letting success, as those respondents who did not let all of their properties in the previous letting year were significantly more likely to plan to reduce the size of their property portfolio (23.1%) than those who let all their properties (6.2%).

#### Plans for portfolio size over next 12 months



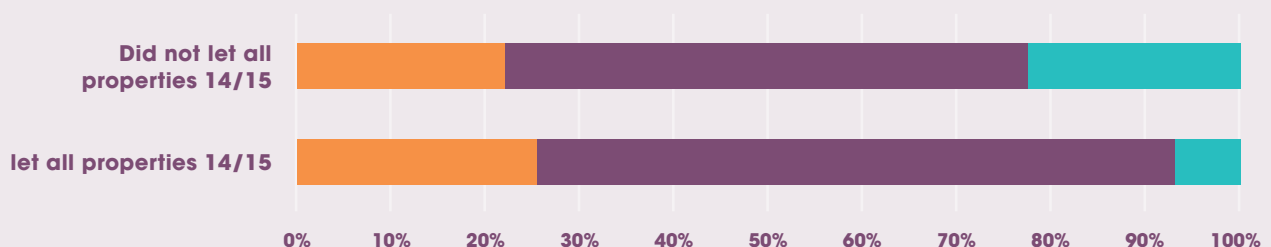
Planning to add to

No plans to  
change size

Planning to reduce

Base: 110

#### Plans to change portfolio size by letting success in previous letting year



Planning to add to

No plans to  
change size

Planning to reduce

Base: 110

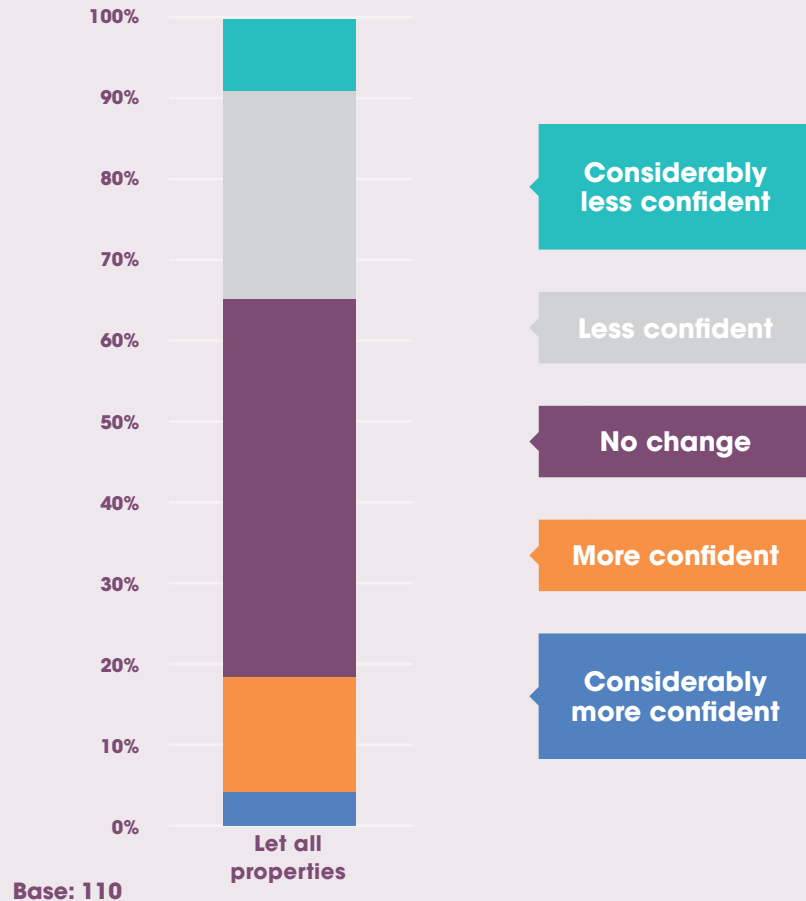
# Attitudes about the market

## MARKET CONFIDENCE

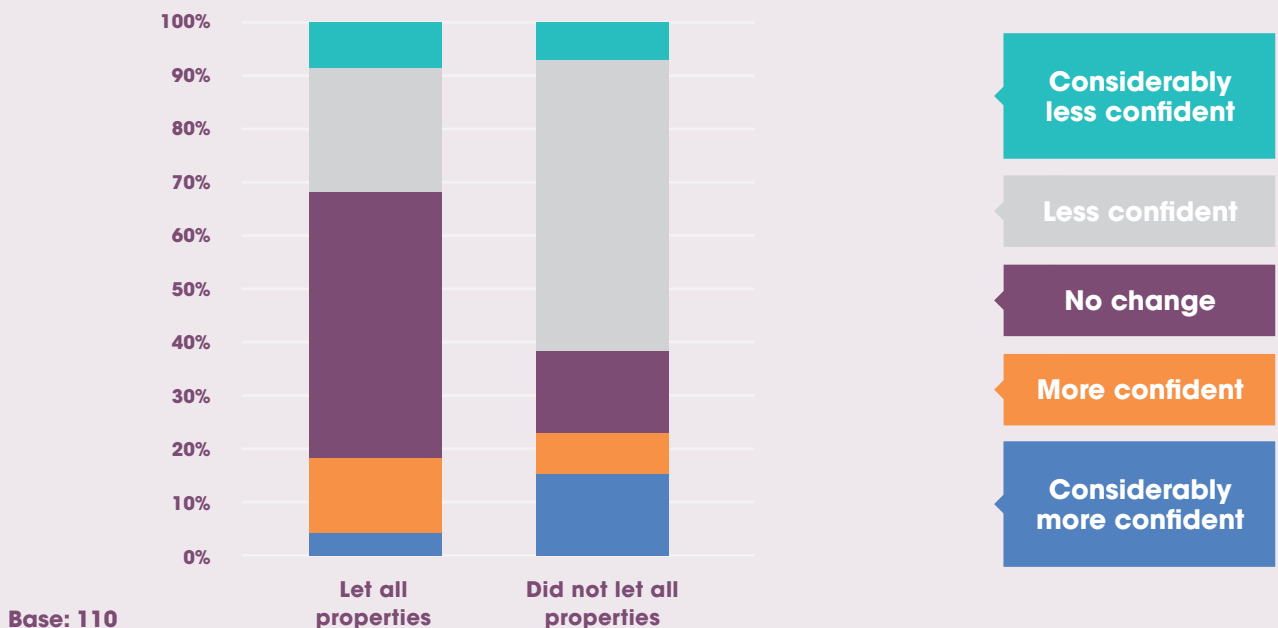
19% of respondents felt more confident about the student accommodation market over the next 12 months compared with the previous letting year, with just 4.6% feeling considerably more confident. 46.4% felt no more or less confident about the upcoming year, while 34.5% felt less confident. Of these 34.5%, 9.1% felt considerably less confident.

There was a striking difference in responses to this question among those who had let all their properties in the previous year and those who had not. Among those who let all of their properties, only 31% were less confident about the market for the coming year, while some 62% of those who did not let all their properties felt less confident.

Market confidence for upcoming letting year compared with 14/15



Market confidence over next 12 months by 2014/15 letting success



## THOUGHTS ON POTENTIAL POLICY CHANGES

When asked about the new government's initial proposals to introduce a mandatory landlord licensing regime, 70% said they were aware of the plans, while there were mixed responses when asked whether they were concerned about the potential change to amend the definition of a mandatory licensable HMO. 41.9% said that they were concerned, 35.1% said that they were not, while 23% were unsure.

Common comments in response to this question indicated that property managers see the changes as introducing more red tape through new rules and regulations, as well as adding expense which would ultimately end up being passed on to the tenant. Several respondents also expressed concern over the ability of the proposals to control so-called rogue landlords.

## Typical comments in response to government's proposed policy changes

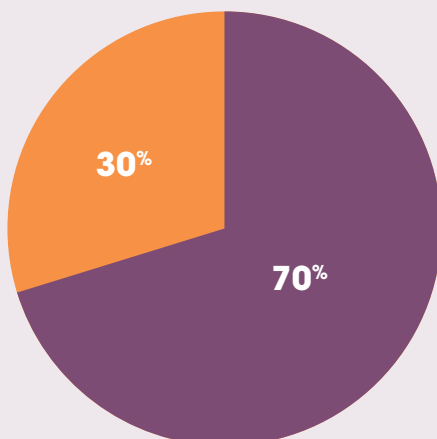
"It will not address the issue of illegal (often called rogue) landlords who will continue, costs and burden of licensing will just increase for legitimate landlords."

"It could add cost ultimately to tenants, thus increasing lower cost rogues."

"More unwanted red tape which is creating over-regulation."

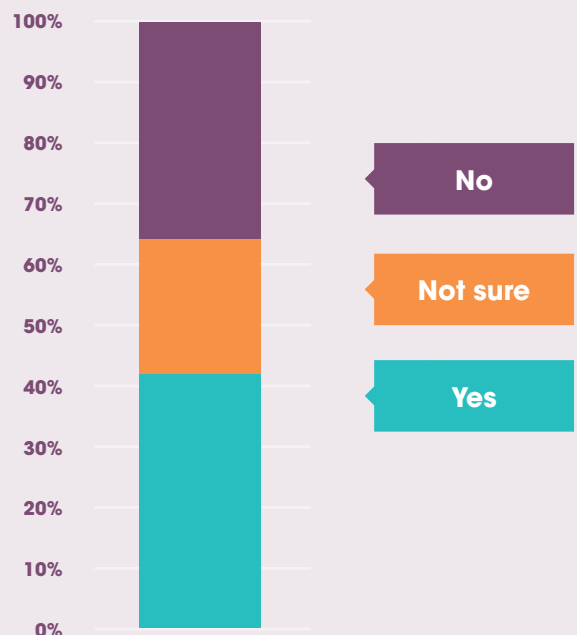
"I want to weed out poor/incompetent landlords. If you are professional, responsible with a strong desire to provide your clients with good quality safe housing you have nothing to worry about."

### Are you aware of the new government's initial proposal to introduce a mandatory landlord licensing regime?



Base: 108

### Are you concerned about the potential change to amend the definition of a mandatory licensable HMO?

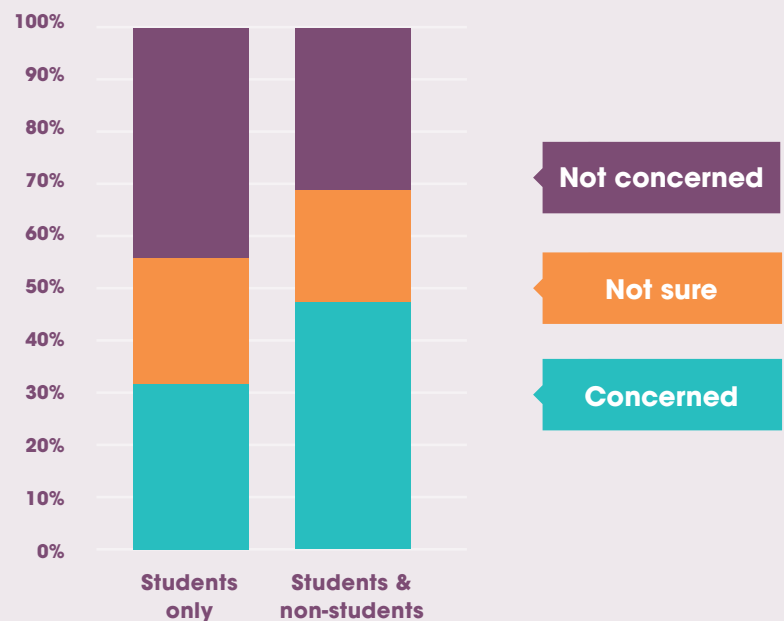


Base: 74



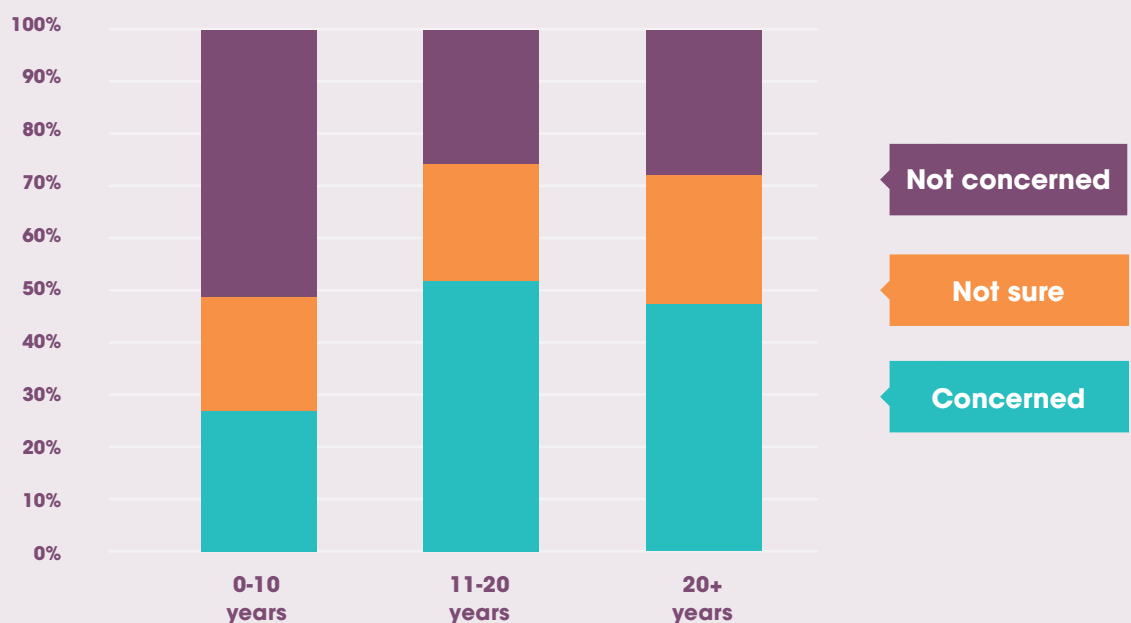
Concern over the regulations was linked to letting experience and to whom the manager lets their properties. Those respondents letting to both students and non-students were notably more concerned about the potential changes, as were those who have been managing properties for longer.

### Concern over potential change in HMO definition by whether respondent lets only to students



Base: 74

### Concern over potential HMO definition change by number of years experience managing property



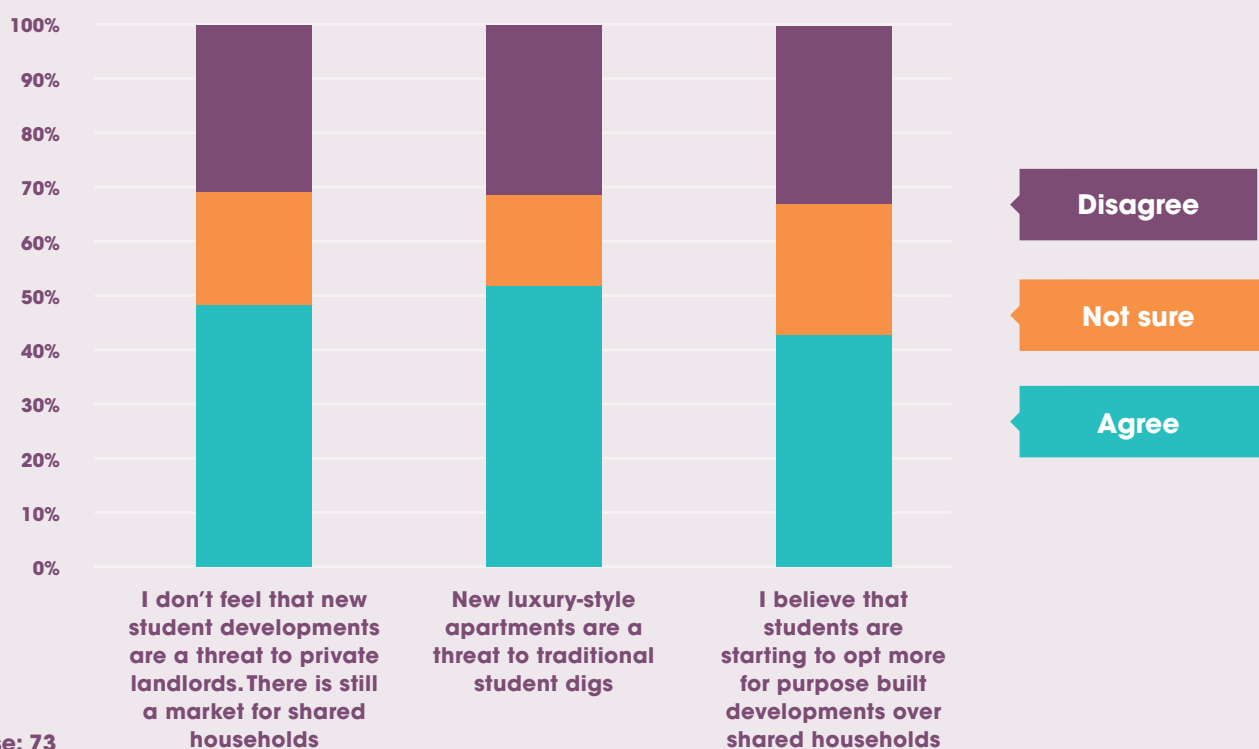
Base: 74

### NEWER PLAYERS IN STUDENT ACCOMMODATION MARKET

When asked how they felt about newer developments in the student accommodation market, around half of the respondents agreed with the statement "I don't feel that new student developments are a threat to private landlords."

There is still a market for shared households", and "New luxury-style apartments are a threat to traditional student digs". 42.3% agreed that students are starting to opt more for purpose-built developments over shared households.

### Attitudes towards the role of new purpose-built developments in the market

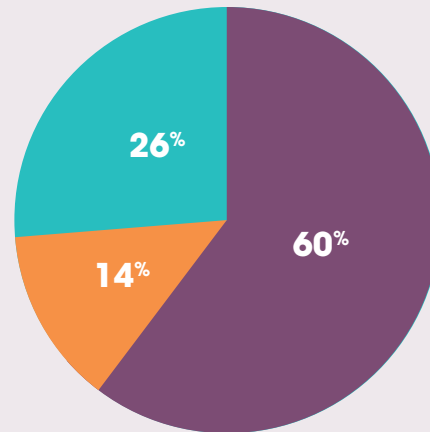


# Student tenants

Two-thirds of respondents claimed that they think it is better to let to students than non-students, and 83.5% think that students make good tenants in general. These results are consistent with previous surveys.

94% of respondents say they plan to continue letting to students in the immediate future, while 60% of respondents would recommend other landlords consider letting to students. Each of these measures are consistent with previous surveys.

Would you recommend other landlords to consider to student market?



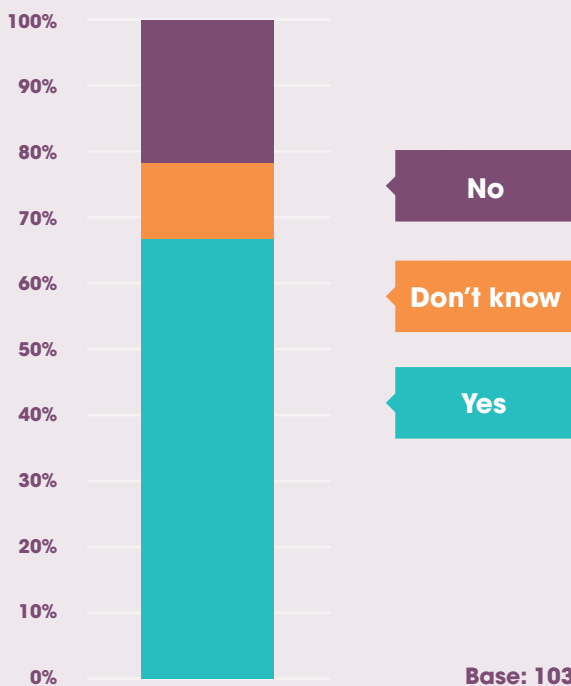
Yes

No

Don't know

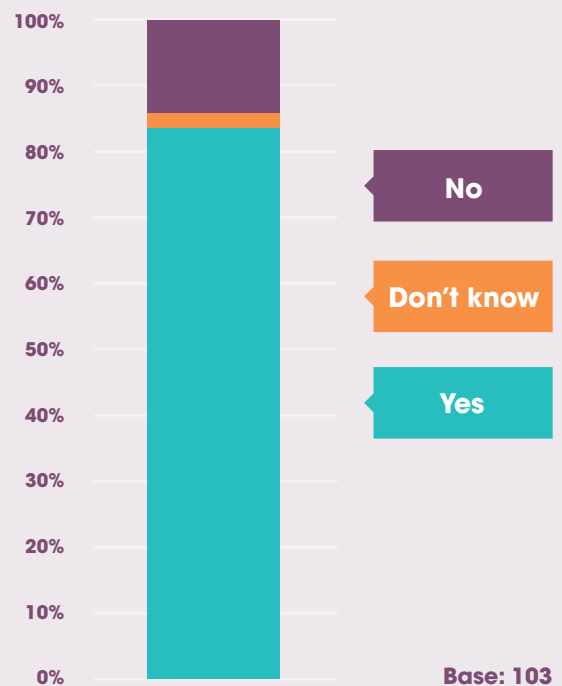
Base: 103

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



Base: 103

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



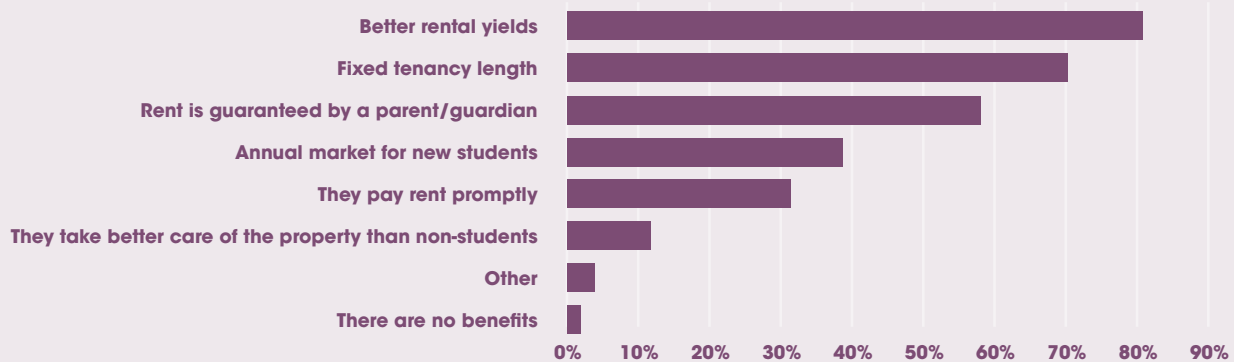
Base: 103

When asked to select the main benefits of letting to students, the majority of respondents cited better rental yields (80.6%), fixed tenancy length (70%), and the rent being guaranteed by a parent or guardian (57.3%), while 38.8% highlighted the annual market for new students.

When asked about the main problems associated with letting to students, no problem was selected by more than half of the respondents, and the most commonly selected problems were that it is more time consuming than letting to non-students (48.5%), basic maintenance

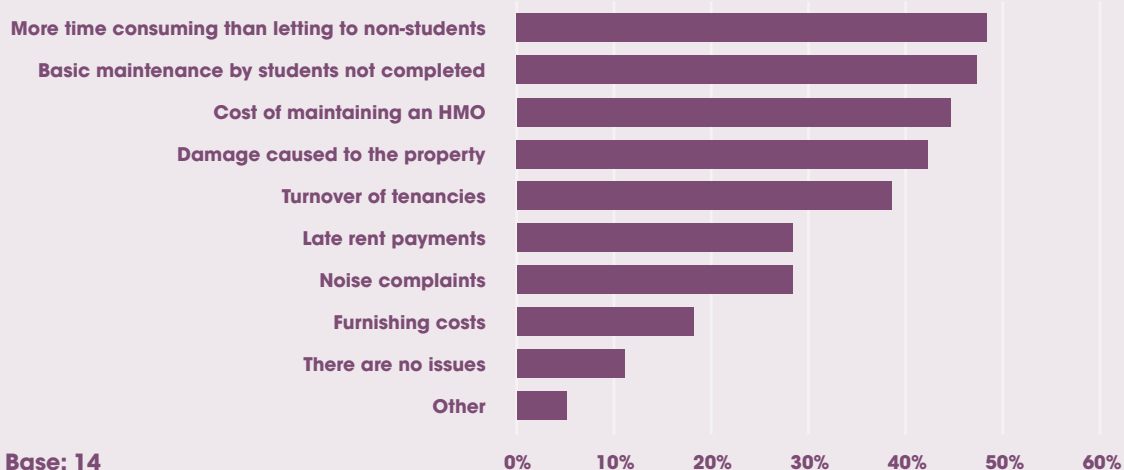
by students is not completed (47.6%), the cost of maintaining an HMO (45.6%), and damage to the property (38.8%). 10.7% believed that there are no problems associated with letting to student tenants.

### Main benefits of letting to students



Base: 14

### Main problems with letting to students



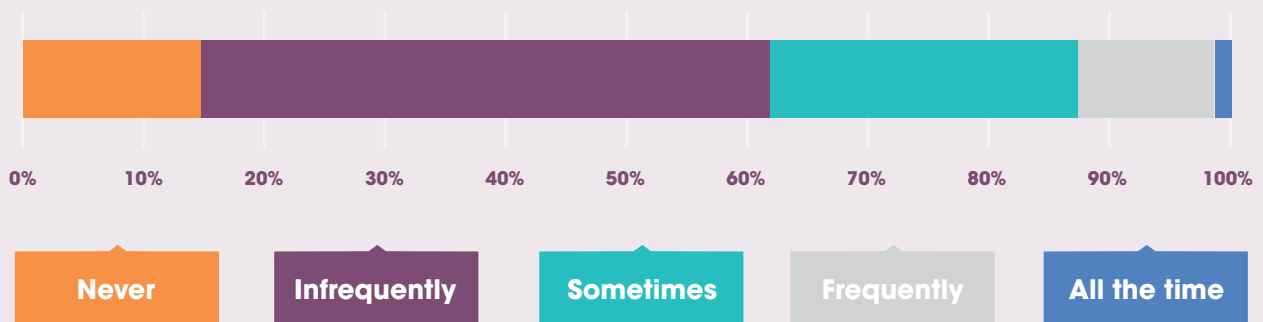
Base: 14

# Rental arrears

1 in 8 respondents reported having students in arrears either frequently (10.7%) or all the time (1.9%), while 14.6% reported never having their student tenants in arrears. The vast majority reported having student tenants in arrears either infrequently (46.6%) or sometimes (26.2%).

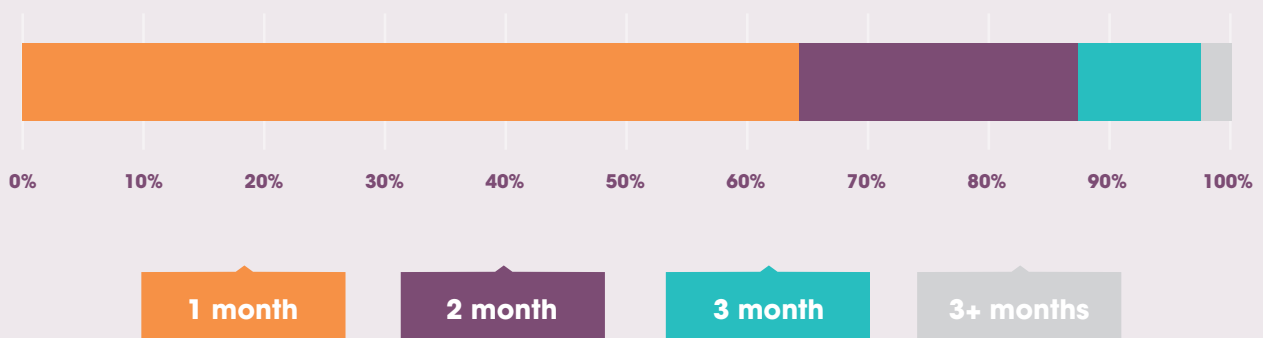
Two thirds of the time, the arrears are only for 1 month, 22.7% of the time the arrears last for two months, and in just 1 in 8 cases the student is in arrears for 3 months or more.

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



Base: 103

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

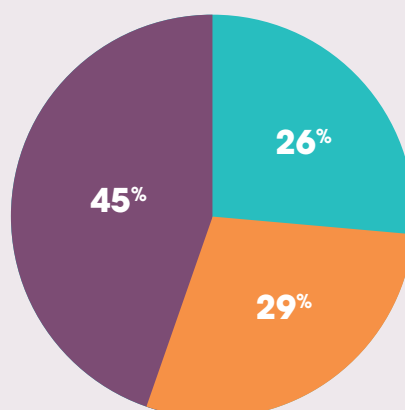


Base: 88



45% of respondents believed that students were less likely than non-student tenants to go into rental arrears, up 4 points from the previous survey. Only a quarter of respondents claimed that students were more likely to get into arrears than non-students.

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

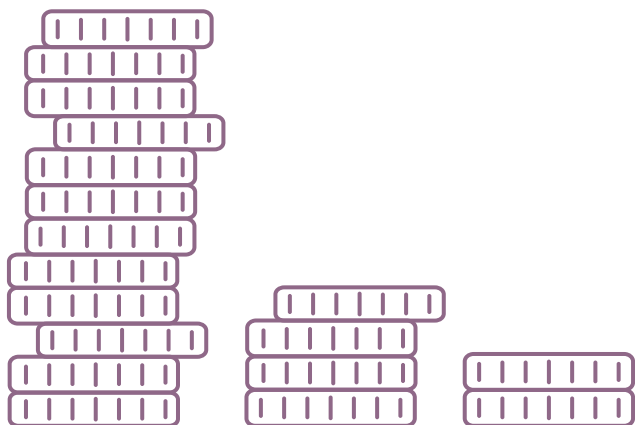


Less likely

More likely

Don't know

Base: 103

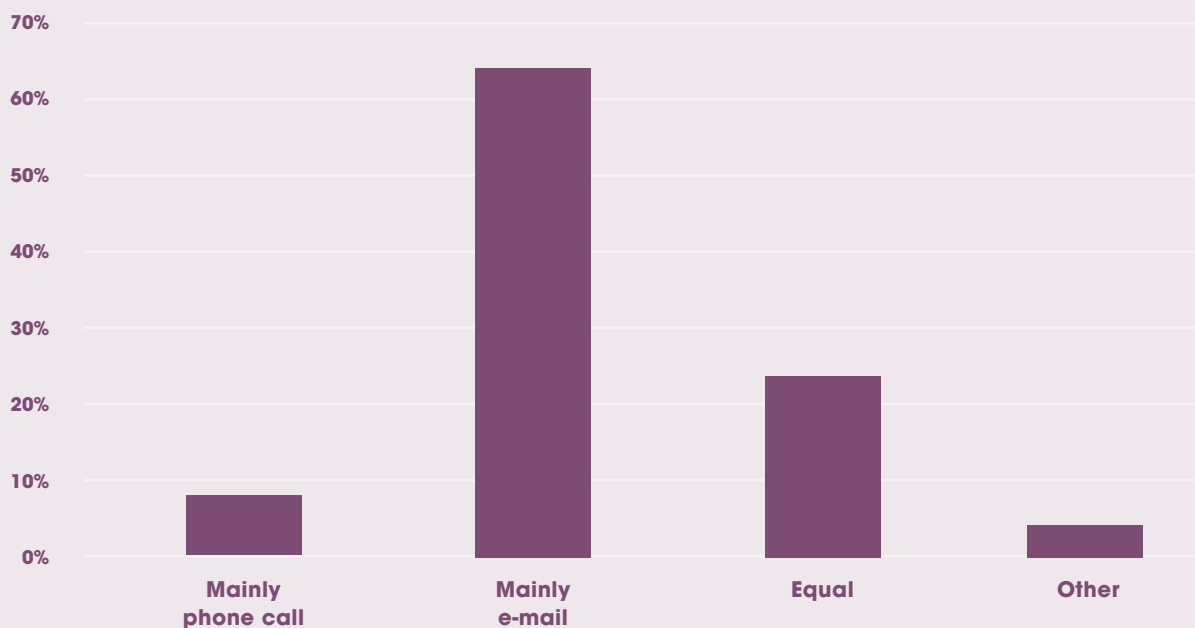


# Student enquiries

The proportion of respondents who report that enquiries received from students are mostly received via e-mail is 64%, up a considerable 16 percentage points from the Winter 2014 survey. 23.3% report receiving roughly the same number of phone call and e-mail enquiries, while only 7.8% mostly receive enquiries via phone call – down 5.5%.

18% of respondents believed that the most frequent method of contact changed over the course of the year, with 79% of those people staying that as the year goes on, phone calls become more common than e-mails, broadly agreeing with the previous survey.

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



Base: 103

# Accreditation

63.7% of respondents reported having either some (14.7%) or all (49%) of their properties accredited by an official body (an improvement on the Winter 2014 survey), of whom the majority had their property accredited by the council (64.6%) and/or the university (55.4%). These were followed by the National Landlord Association (NLA) (20%), the AFS/Unipol Code (15.4%) and local or regional landlord associations (12.3%). University accreditations were up 4.5 percentage points from the previous survey, and NLA accreditations were up 6 points.

Almost half of those who did not have their properties accredited reporting having no plans to get them accredited in the future.

## Have your properties been accredited?



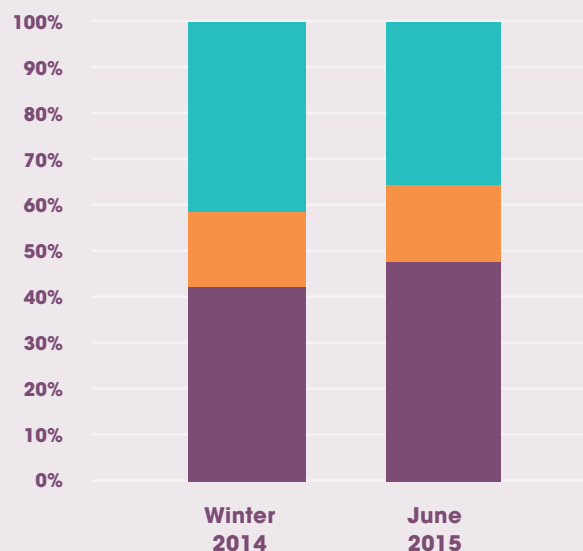
**Yes, for all of  
my properties**

**Yes, for some  
of my properties**

**No**

**Base: 102**

## Have your property(s) been accredited?



**No**

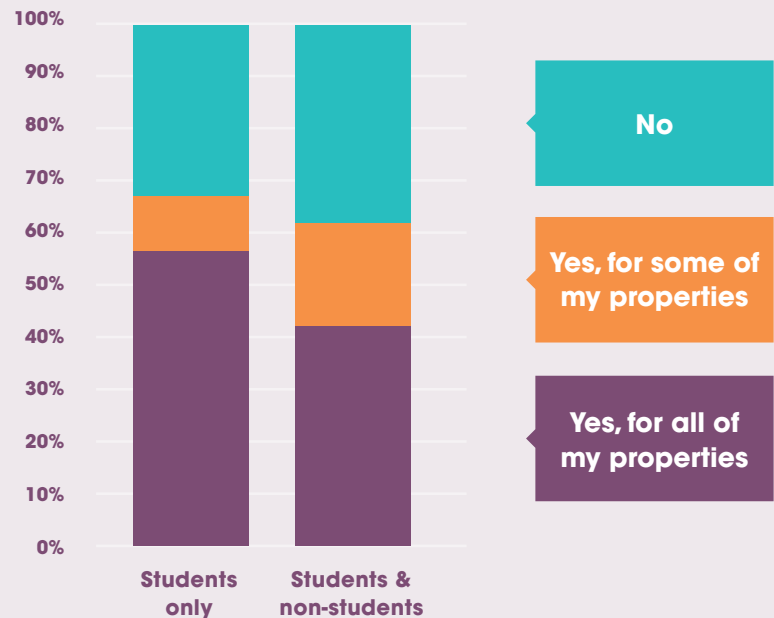
**Yes, for some of  
my properties**

**Yes, for all of  
my properties**

Those property managers who let only to students were more likely to have their properties accredited than those who let to both students and non-students, suggesting that accreditation is seen as more beneficial in the student market than the wider letting market.

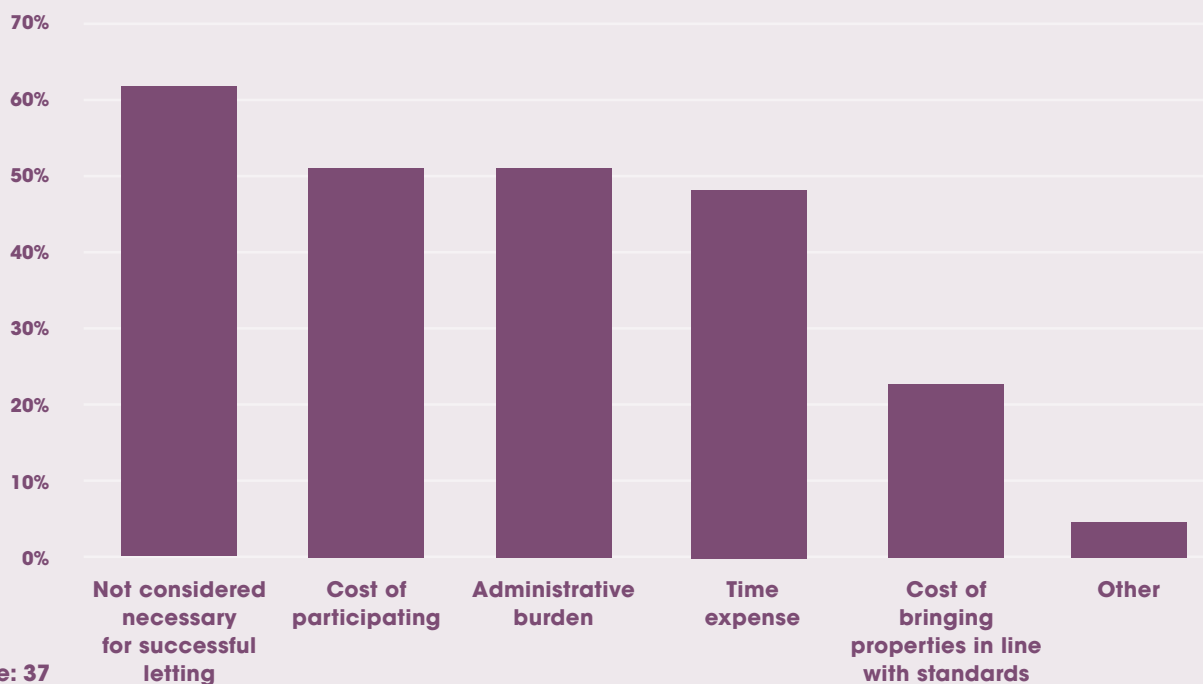
When asked what the main barriers to getting accredited might be, the most common answer (as with previous surveys) was that it was not considered necessary for successful letting (62.2%), while a majority also cited the cost of participating and the administrative burden (51.4% each).

### Have your properties been accredited?



Base: 102

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

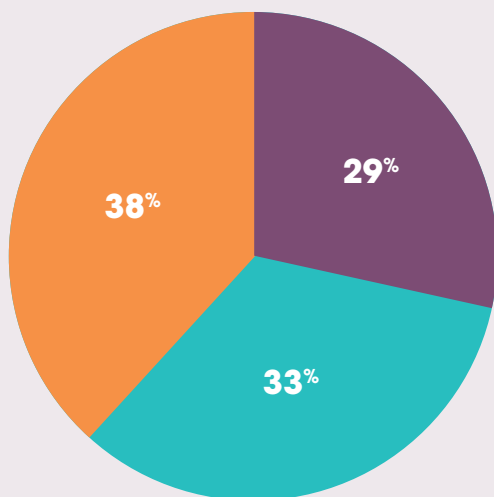


Base: 37

## Bills inclusive

Roughly the same proportion of property managers reported offering bills inclusive rent on either some (33%) or all (29%) of their properties as the Winter 2014 survey. Overall, only around 2 in 5 managers do not offer bills inclusive rents on their properties.

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



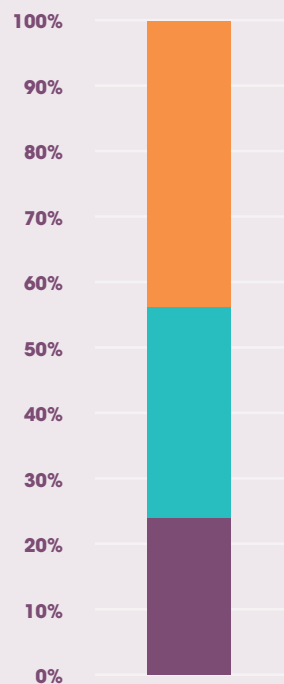
Yes, for all of  
my properties

Yes, for some  
of my properties

No

Base: 102

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



No

Don't know

Yes

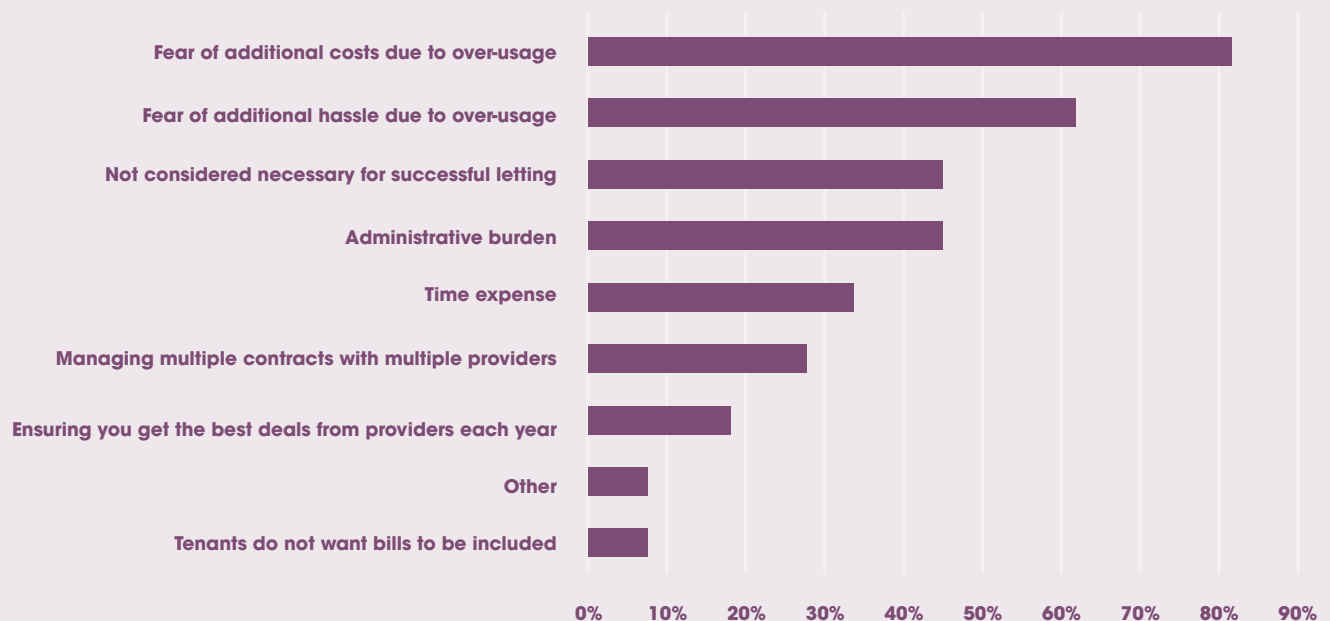
Base: 39



Only 23% of those who do not currently offer bills inclusive rent say they would consider offering it in the future, while 43.6% say for sure that they won't. A third of the respondents were unsure whether they would or not.

The most commonly cited reasons that managers would not consider offering bills inclusive were fear of the costs (82.1%) and hassle (61.5%) of over-usage by tenants. 46.2% cited the administrative burden, and the same proportion felt that they did not need to offer bills inclusive rent as it is not necessary to successful letting.

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



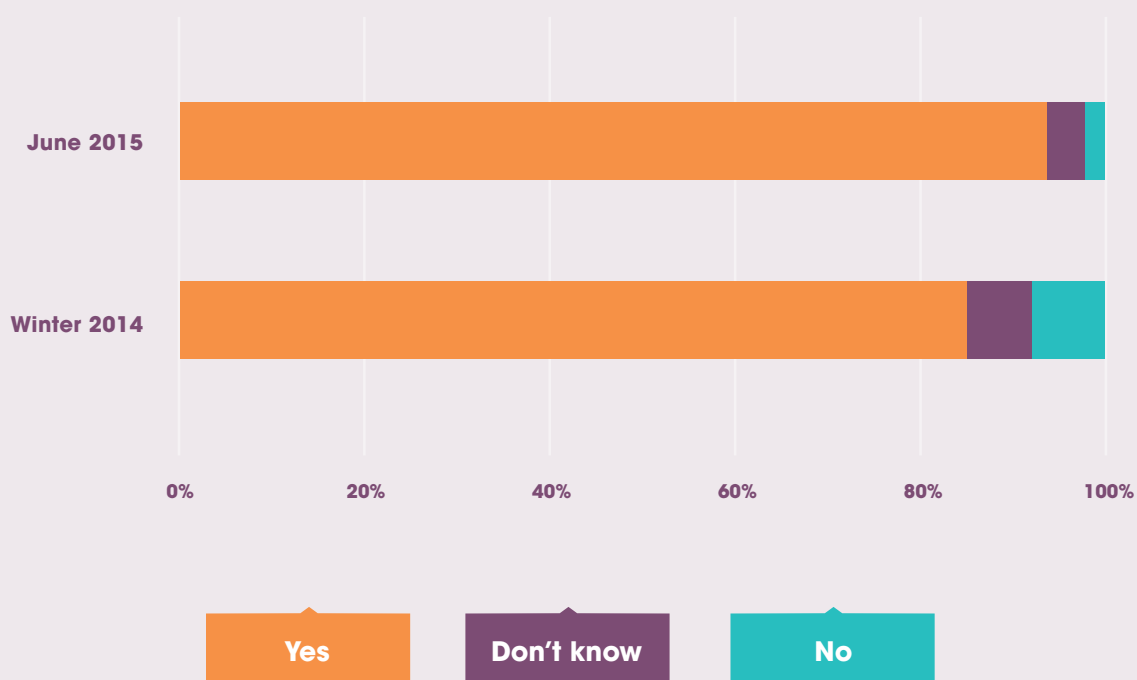
Base: 39

# Letting to international students

There was an increase in the proportion of respondents who report being happy to let to international students, with 93.1% responding positively to this question compared with 84.4% in Winter 2014. However, there was a notable decrease in the proportion who would not ask for rent in advance if the international student has difficulty providing a suitable guarantor – 26.5% compared with 35.5% in the previous survey.

Almost a quarter (23.5%) of those who let to international students say they would require the tenant to pay the full rent in advance if they cannot provide a guarantor, up from 19.1%. 29.4% of respondents would require less than 6 months rent in advance in such circumstances.

## Would you rent to international students?

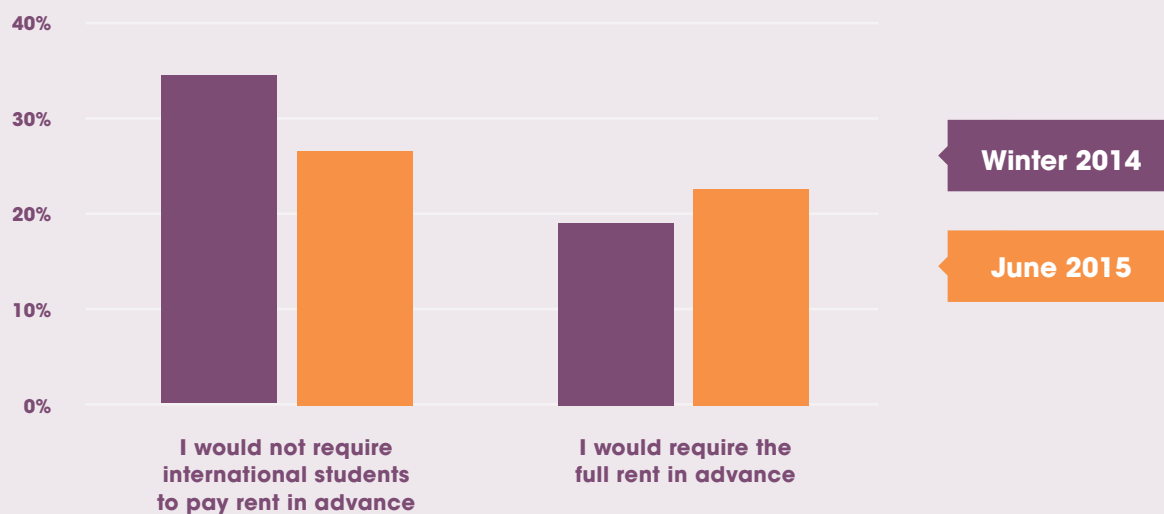


### Would you require international students to pay rent in advance if they cannot provide a guarantor?



Base: 102

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



Base: 102

# Demographics

The survey was distributed among the AccommodationforStudents.com registered user database, and 114 responses were received between 5th June and 21st June.

The vast majority (89.5%) of respondents were landlords, while 8.8% were letting agents and two were private halls managers. One third of all respondents managed 1-3 properties, 36% managed 4-10 properties and 30.7% managed more than 10 properties. Almost 60% of respondents have let properties for more than 10 years, 30.7% for 6-10 years and 9.7% for 5 years or less.

95.6% of the respondents let their properties in England, while 4.4% let their properties in Scotland and 4.4% in Wales. There was a fairly even distribution across England, with 34.2% of respondents letting in the North, 23.7% letting in the Midlands, and 37.7% letting in the South (including 3.5% letting in London).

41.2% of the respondents let exclusively to students, while 58.8% also let to non-students. The majority of respondents were new to the survey and did not fill out the Winter 2014 survey, ensuring that consistencies over time can be read as significant and not simply the product of sampling continuity.

