



Lettings Report

April 2024

LEADERS
ROMANS

GROUP

LEADERS

Romans

scottfraser

PORTICO

GIBBS
GILLESPIE

acorn

LANGFORD
RUSSELL

John Payne

STIRLING
ACKROYD

MOGINIE JAMES

Hose
Rhodes
Dickson

ALEXANDER & CO

PETER BALL & CO

This new quarterly Lettings Report keeps you up to date with market trends and investment hotspots, and gauges landlord and tenant opinions around changing legislation. This quarter we feature the Renters (Reform) Bill and the results of our nationwide survey.



Allison Thompson, National Lettings Managing Director of LRG

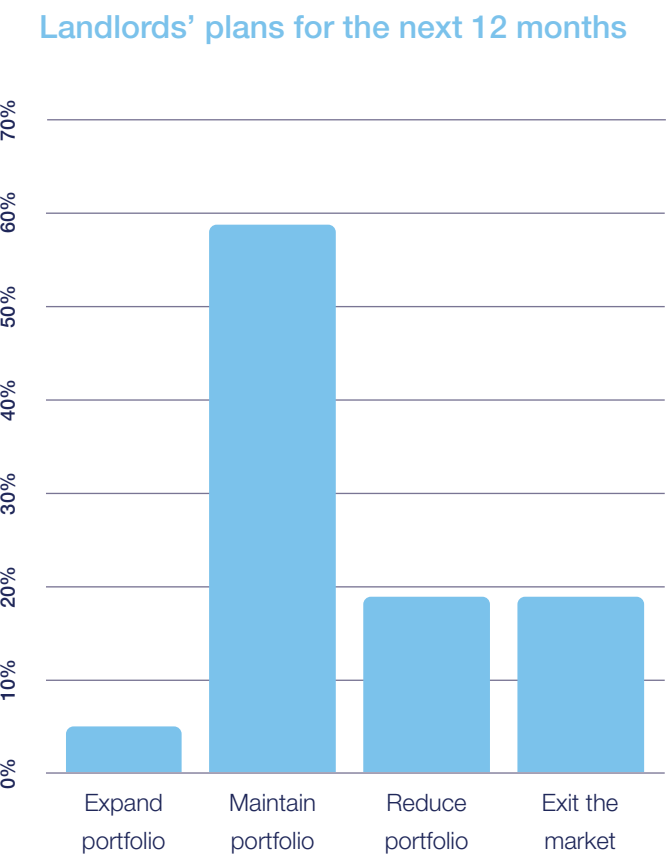
"There are some significant issues with the Renters Reform Bill (The Bill) but LRG have been actively involved in shaping this legislation so it is fairer on landlords. Government depends on landlords to provide homes to some of those most in need, and as local authority housing waiting lists continue to rise, I hope they will take landlords' views into account as the legislation passes through Parliament."



Landlord intentions in light of the Renters (Reform) Bill

Landlords are sticking to the plan

Our research shows two-thirds of landlords intend to maintain or increase their portfolio over the next year* despite the likely enactment of the Renters (Reform) Bill. Moreover, asked whether the Bill influenced their investment decisions, 55% said that they did not plan to change their approach to property investment as a result. While the increasing burden of legislation and tax has caused some landlords to leave the sector, those that remain are resilient.

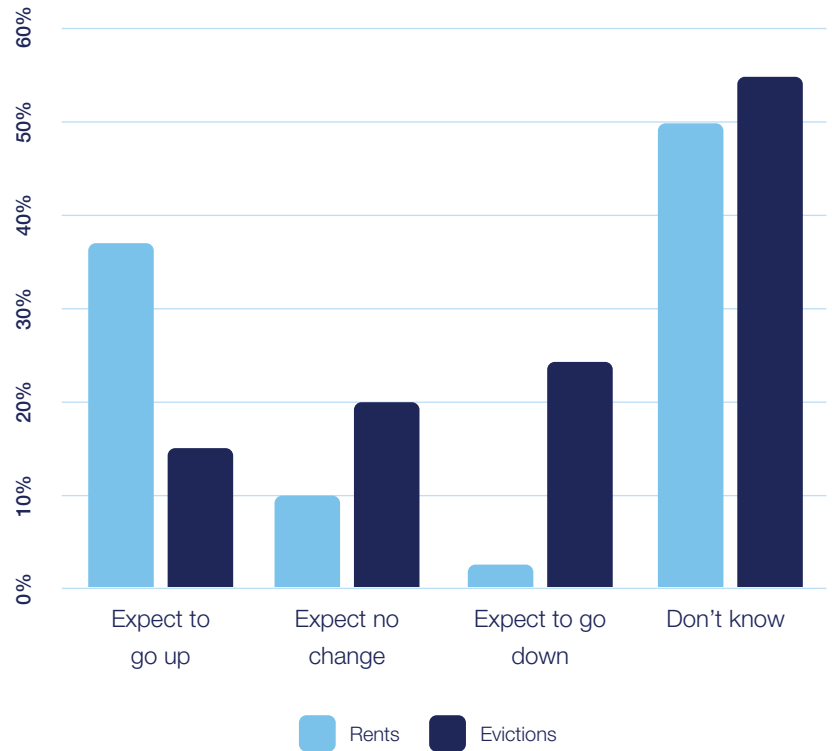


**Our survey had responses from 630 landlords and 595 tenants.*





How tenants expect the Bill to impact them



Tenants not feeling more secure

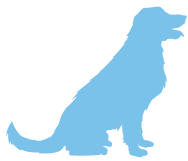
Despite evictions being at the heart of the Bill, less than a quarter of tenants think it will cause evictions to fall. Indeed, a significant number think it will cause them to go up. In other words, they think more legislation will be ineffectual.

More than a third think the Bill will cause rents to go up, with only 4% expecting a rent reduction. This likely reflects a recognition that increasing legislation increases landlords' costs.

Almost half of tenants are not aware of the Bill

Most tenants, however, didn't know what the impact of the Bill would be on either rents or evictions. Nearly half of tenants were not aware of the Bill at all. If the government want this legislation to persuade voters or make a difference in the sector, they haven't communicated its existence effectively or the benefits it is meant to provide.

Tenants' right to request a pet



56%

Landlords said changes regarding pets would have a negative impact



54%

Tenants said changes regarding pets would have a positive impact



54%

Landlords said that the abolition of Section 21 would have a negative impact



41%

Tenants thought banning Section 21 would have a positive impact.

Pets trump no fault evictions

Surprisingly, the aspect of the Bill that caused the greatest concern to landlords was not the potential abolition of Section 21 ("no fault evictions") but a tenant's right to request to keep a pet.

57% of UK households had a pet in 2023*. While the Bill aims to offer more stability for tenants, pets introduce challenges for property maintenance and building management.

Asked whether the proposed change regarding pets was positive or negative, 56% of landlords said that the impact would be negative. In comparison, 54% said that the abolition of Section 21 would have a negative impact.

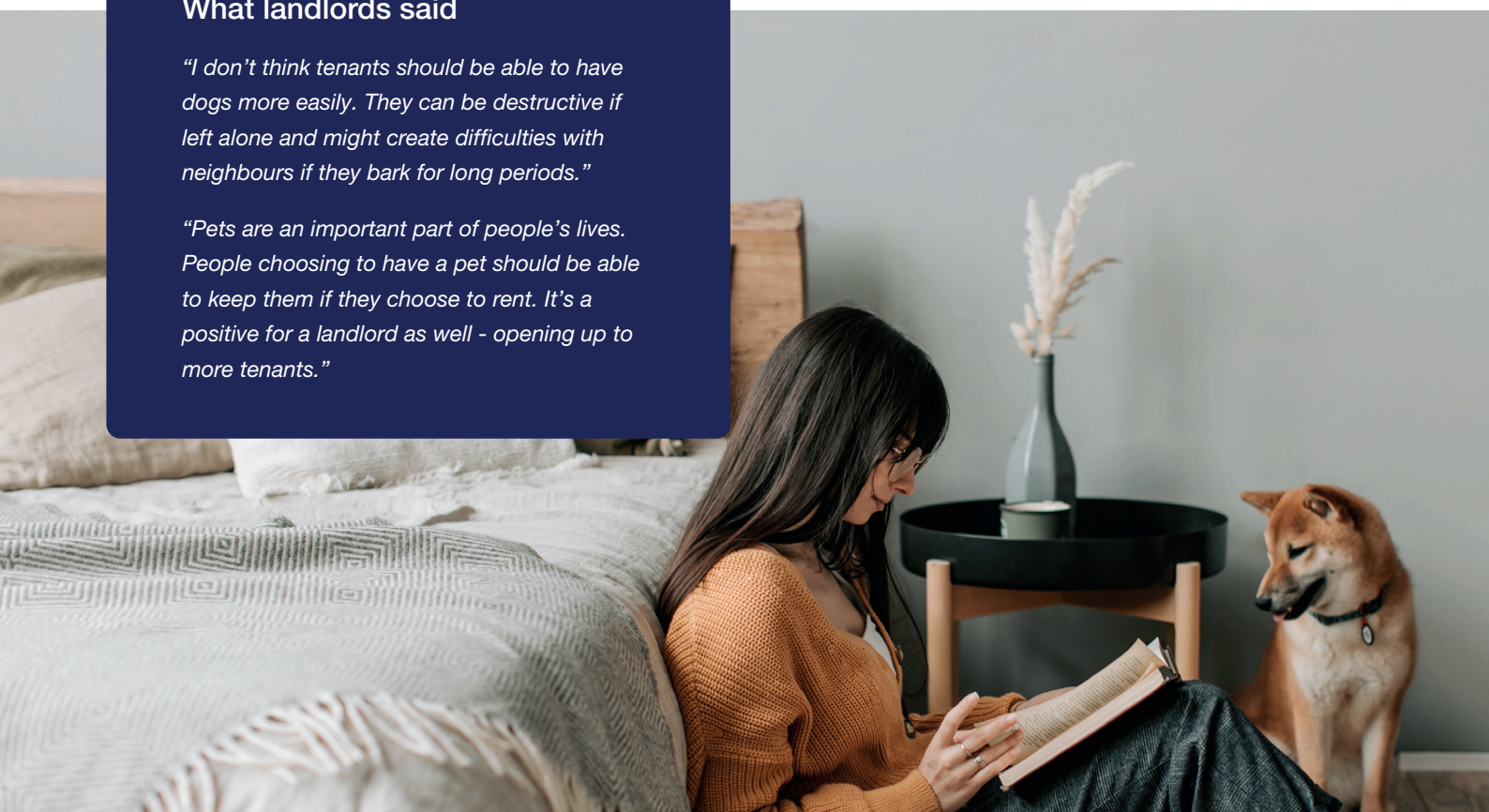
Tenants agreed pets were more important for the opposite reason. 54% thought the right to request a pet was positive. For comparison, only 41% thought banning Section 21 was positive for tenants.

*Share of households owning a pet in the United Kingdom from 2012 to 2023', Statista, www.statista.com

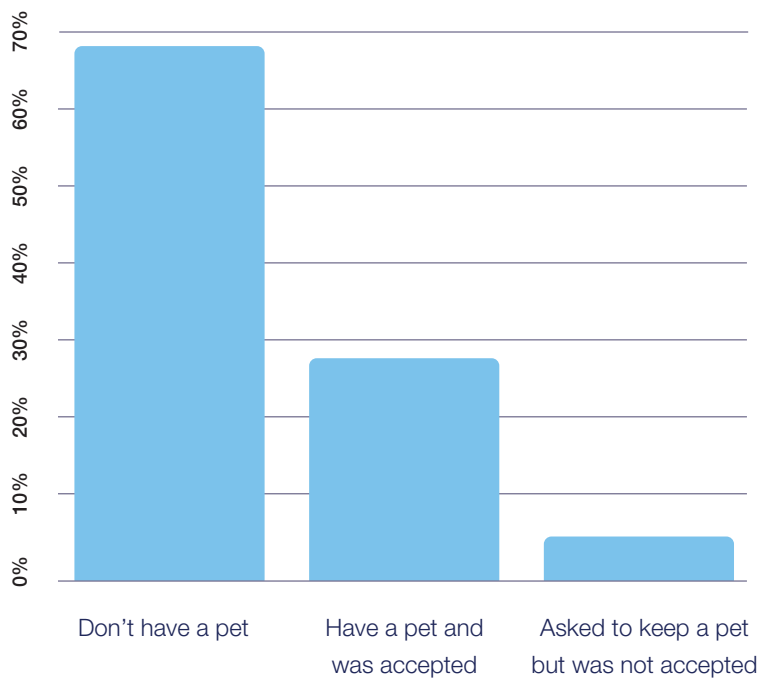
What landlords said

"I don't think tenants should be able to have dogs more easily. They can be destructive if left alone and might create difficulties with neighbours if they bark for long periods."

"Pets are an important part of people's lives. People choosing to have a pet should be able to keep them if they choose to rent. It's a positive for a landlord as well - opening up to more tenants."



Tenants asking to keep a pet on their last move



Are pets a problem?

Despite ruffling feathers, the impact of this change might not be as great as feared. More than two thirds of tenants said when they last moved, they didn't ask to keep a pet as they didn't own one. This may reflect the difficulty in finding rented accommodation that accepts pets but also relates to tenants' circumstances and the types of accommodation they use (such as flats). Over a quarter found somewhere to rent that accepted pets. Only 5% said they couldn't get a pet because the landlord wouldn't accept them.

Even so, allowing tenants to request permission to keep pets would require a change in tenancy agreements and acknowledges the importance of pets in people's lives. It would be a good idea to first make the social sector accept pets to prove the benefits.



Allison Thompson, National Lettings Managing Director of LRG

"The introduction of pet-friendly policies in rental agreements requires careful consideration to balance the interests of tenants and landlords. Not all properties are suitable for pets. It is vital that we seek solutions that address landlords' concerns while also enhancing the lives of tenants."



Protecting landlords' rights



Arrears should affect credit ratings

In response to the Bill, landlords do not believe that doing nothing is an option when it comes to protecting their rights. They are calling for measures to encourage tenant financial responsibility. Top of landlords' wish-list is to see tenants' arrears tracked to impact their credit rating, making them accountable for their financial obligations and benefiting those tenants who do not miss payments. Indeed, it would help tenants who want to get a mortgage. There is also support for a tenant register so that landlords are aware of any issues up front.

What is needed to protect landlords' rights



Preparations landlords have made for the abolition of Section 21



Landlords already taking action

The abolition of Section 21 might make it more difficult for landlords to take possession of their properties. Consequently, landlords are making sure their properties and paperwork do not provide the basis for a claim against them. Nearly one in ten have pre-emptively increased the rent to cover any extra costs, a move that tenants anticipated. One in twenty have even started evicting their tenants on the basis that they won't be able to later. This is particularly the case where the property isn't under the management of an agent where the risk is perceived as higher.

Taking the positives

Landlords saw positives in the draft legislation. Two thirds welcomed making repossession easier if a tenant is at fault and over half supported the introduction of an ombudsman. Many see that change is needed even if they do not think the proposed changes are the right ones.

What landlords said

"It would be good to have a tenant register so future landlords could be aware of previous issues so they can make an informed decision on whether to take the tenant on."

"I think tenants should have security and affordable rents."

"Having a separate court would speed up the process."

"The Bill will make more landlords leave which is likely to result in rent increases because of a shortage."

Other suggestions put forward included more external support for landlords, for example through the Citizens' Advice Bureau, and greater financial assistance with property maintenance to meet energy efficiency targets.

Landlords and tenants agree on what needs to be done

Court reform is needed

Opinion about the Bill has focused on their differences but landlords and tenants have much on which they agree.

There is a consensus across both landlords and tenants that the legal system needs to be more efficient for the rental market. Nearly two-thirds of landlords advocate fast-tracking landlord cases in court while 42% want to see a separate dedicated court for the rental sector.

Tenants also want court reform with nearly half agreeing that fast-tracking cases in court would help them. Indeed, more tenants support a separate court for rental disputes than landlords. Tenants commented that where disputes are concerned, both landlords and tenants would benefit from the being able to get a faster resolution. With all the additional legislation being imposed, there is clear demand for quicker dispute resolution from everyone.

What landlords want to protect their rights



42%
SEPARATE COURT FOR PROPERTY DISPUTES



64%
FAST-TRACK LANDLORD CASES IN COURT

What tenants think will help

SEPARATE COURT FOR PROPERTY DISPUTES



44% HELPS TENANTS
21% MAKES NO DIFFERENCE
2% BAD FOR TENANTS

FAST-TRACK LANDLORD CASES IN COURT



47% HELPS TENANTS
14% MAKES NO DIFFERENCE
6% BAD FOR TENANTS

Tenants have sympathy for landlords

While tenants want more protection, they understand the problems landlords can face. A tenant register would be as popular with tenants as with landlords. Indeed, only 6% fewer tenants think a tenant register would help them than advocate landlord licensing, since they believe this will help good tenants. Many tenants agree they should buy insurance to cover pet damage. Some even think their credit rating should be affected if they don't pay, and commented this would help those who do pay on time.

What tenants think will help

51%

LANDLORD LICENSING

47%

FAST TRACK TENANT CASES IN COURT

45%

TENANT REGISTER

44%

SEPARATE COURT FOR RENTAL DISPUTES

34%

TENANT REQUIRED TO BUY INSURANCES FOR PET DAMAGE

18%

RENT ARREARS AFFECT TENANT CREDIT RATING

What Landlords said

Many landlords stressed that a minority of 'rogue landlords' caused bad press and that 'good' landlords had nothing to fear from the proposed changes.

"Good landlords are rarely mentioned in the press so better oversight and regulation may increase an understanding of the reality of being a landlord, especially the better ones."

"I believe the Bill is generally designed to target 'bad' landlords and therefore I do not believe it will have a great impact on me"

"It encourages tenants and landlords to be responsible, which is a good thing."

Rental Values Q1 2024*

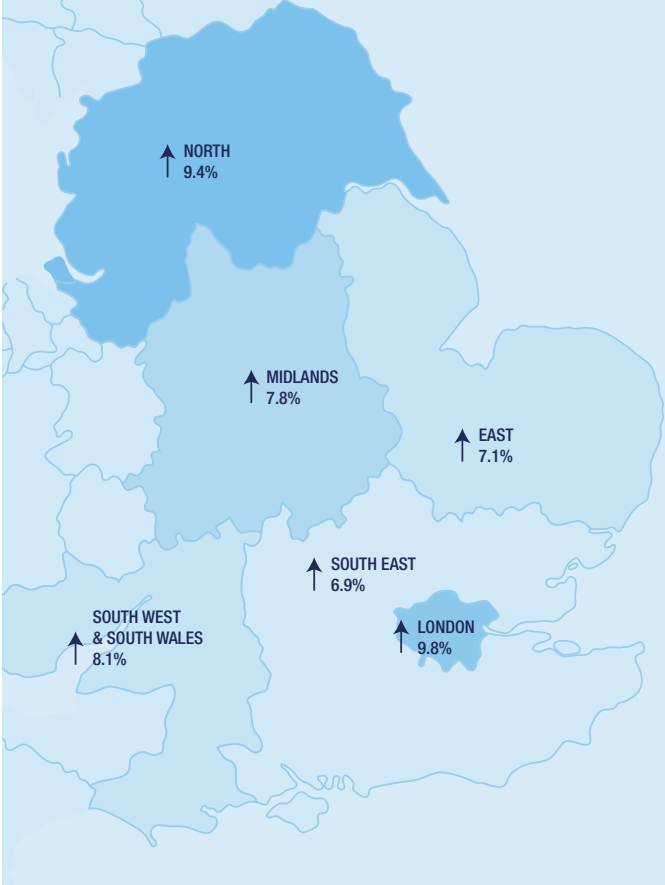
Region	March 24	Feb 24	Month Change	March 23	Year Change
South East	1,160	1,157	0.3%	1,086	6.9%
South West & Wales	1,011	1,008	0.2%	935	8.1%
London	1,686	1,680	0.4%	1,535	9.8%
Midlands	778	775	0.3%	721	7.8%
East	889	889	0.0%	831	7.1%
North	809	806	0.4%	740	9.4%
Total	1,110	1,108	0.2%	1,034	7.4%

*All Tenancies

Regional View Highest increases by region

Region	March 24	Feb 24	Month Change	March 23	Year Change
East					
Felixstowe	846	845	0.1%	772	9.5%
Lincoln	667	659	1.1%	613	8.8%
Woodbridge	873	870	0.3%	807	8.1%
Norwich	809	806	0.3%	755	7.1%
Midlands					
Leamington Spa	910	905	0.6%	746	22.1%
Nottingham	793	789	0.6%	704	12.7%
Loughborough	745	742	0.5%	668	11.5%
Bromsgrove	816	810	0.8%	737	10.7%
North					
Manchester	1,011	1,006	0.5%	844	19.8%
Chester	918	920	-0.2%	810	13.3%
Sheffield	668	660	1.3%	601	11.3%
St Helens	622	620	0.4%	583	6.6%
London					
Woodford	1,792	1,785	0.4%	1,460	22.8%
Ealing Broadway	2,124	2,119	0.3%	1,772	19.9%
Camden	2,239	2,231	0.4%	1,907	17.4%
Walthamstow	1,534	1,528	0.4%	1,359	12.9%
South East					
Dunstable	1,014	1,013	0.2%	898	12.9%
Aylesbury	1,017	1,002	1.5%	903	12.5%
Croydon	1,270	1,266	0.3%	1,149	10.6%
Crawley	1,252	1,251	0.1%	1,138	10.0%
South West & South Wales					
Christchurch	865	851	1.7%	775	11.7%
Stroud	848	844	0.6%	763	11.2%
Bournemouth	939	937	0.3%	859	9.3%
Cirencester	1,052	1,039	1.2%	966	8.9%

Rents were more subdued in Eastleigh (-5.8% on the year), Warrington (0.3%), Epsom (0.8%), Dorking (1.1%) and Northampton (1.4%).



What our regional directors say

“The market in Felixstowe has always been strong. As with every area supply and demand plays a huge part in rental values. Felixstowe has one of the biggest container ports in Europe which brings much to the local economy which in turn bucks the trend in many seaside towns and therefore brings in many potential tenants. The stock has shrunk mainly due to many tenants deciding to stay put instead of moving, this is being driven by the increase in rental prices which reduces the churn and increases the rental values of the available stock.

Interestingly, Woodbridge is also on the list, which is only about 10 miles from Felixstowe. We are seeing the same thing here as the rental have shot up again due to lack of available stock in the area.”

Graham Mitchell, Regional Lettings Director

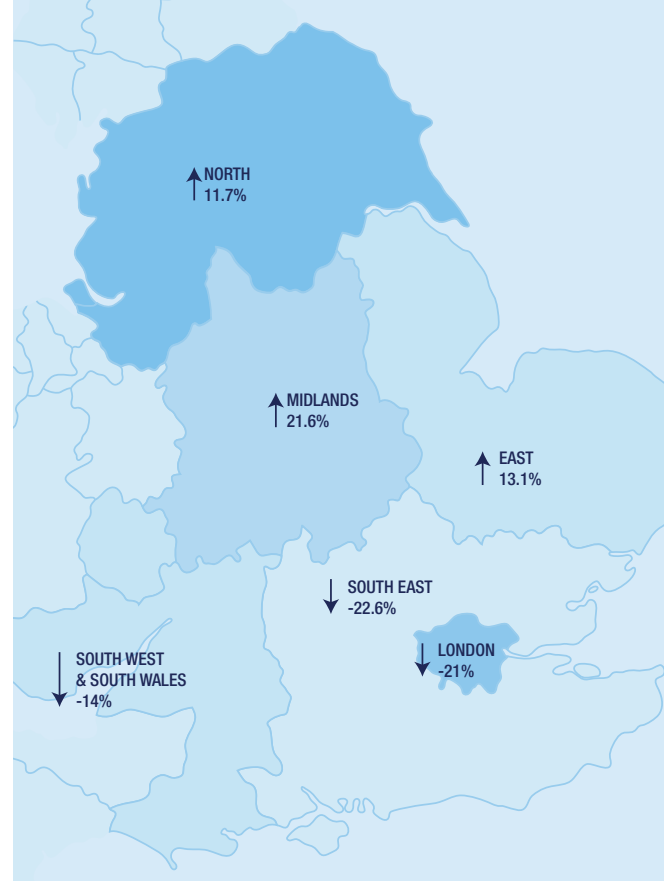
Tenant Property Viewings

Q1 2024

Region	Month Change (Feb-Mar 24)	Year Change (Mar 23-Mar 24)
South East	-3.1%	-22.6%
South West & Wales	-5.6%	-14.0%
London	3.5%	-21.0%
Midlands	20.6%	21.6%
East	-8.4%	13.1%
North	17.9%	11.7%
Total	3.0%	-11.4%

Regional View Highest increases by region

Region	Month Change (Feb-Mar 24)	Year Change (Mar 23-Mar 24)
East		
Felixstowe	122.2%	262.1%
Lincoln	-8.3%	176.9%
St Ives	10.5%	26.7%
Ipswich	-23.7%	16.1%
Midlands		
Wolverhampton	28.8%	490.5%
Kings Norton	-4.9%	130.8%
Nottingham	20.0%	67.6%
Stamford	22.3%	67.5%
North		
Nantwich	15.3%	507.4%
Crewe	10.8%	306.8%
St Helens	16.5%	73.9%
Fallowfield	26.6%	51.7%
London		
Fulham	190.6%	416.7%
Dulwich	-35.2%	400.0%
Clapham	42.7%	47.8%
Camden	82.4%	29.2%
South East		
Bognor Regis	-5.9%	144.4%
Ryde	84.6%	89.5%
Faringdon	26.7%	87.4%
East Oxford	-1.0%	86.4%
South West & South Wales		
Cardiff	-12.9%	20.9%
Bristol	45.6%	18.0%
Cirencester	42.0%	6.7%
Stroud	-41.7%	-14.2%



What our regional directors say

“The data for Christchurch is being driven by both a stock shortage within the local market and location. Christchurch is a seaside town with very high end property so does often drive people to the area with close proximity to Bournemouth town where the work and trade is. Likewise the stock shortage is being caused by the big jump in property value in the area so a lot of landlords looking to release their investment and sell.”

Chris Myers, Regional Lettings Director

“Dunstable in particular has seen a big increase due to the industry and infrastructure in Luton growing, which in turn is bringing new people to the area. Dunstable is on the outskirts of Luton and is seen as more appealing for the renters with the ability to stretch budget, which is why demand is outstripping supply.”

Shaun Barnett, Regional Lettings Director



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