

VESTA

Landlord rental market survey

August 2020

in partnership with



Summary

This survey was conducted between 23rd June and 21st August 2020 to better understand the impact of the COVID-19 pandemic on UK private residential landlords and their tenants.

157 landlords responded to this survey representing over 1,300 properties.

The results point to a robust private rented sector (PRS) underpinned by a vast majority of landlords who provided support to their tenants when a tenant requested financial concessions due to COVID-19.

Confidence also appears to be returning to the market; as landlords are more positive than commentators and economists when it comes to expectations for medium term tenancy demand and house price growth.

However, rental arrears experience indicates that caution needs to be taken by the Government when considering the speed and extent to which support is withdrawn for both landlords and tenants, to ensure that the PRS continues to function for all participants.

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www.vestaproperty.com

Vesta is the marketplace dedicated to buying & selling residential investment property. Vesta focuses on helping landlords to sell their properties with tenants in place; preserving rental income and reducing instability and disruption for tenants.

Since launching in 2018, Vesta has sold over £40 million of property (with a further pipeline of nearly £60 million under offer) and has helped hundreds of tenants to stay in their homes.



www.propertytribes.com

Property Tribes is the #1 property forum for private landlords in the UK. Each month, Property Tribes has on average 600,000 webpage views from around 120,000 visitors who also consume over 400 days of video content.

Highlights

35%

of landlords received a request from a tenant for a rent reduction or payment holiday between March to June 2020 due to COVID-19.

87%

of landlords who received a request from a tenant for a rent reduction or payment holiday due to COVID-19 agreed to a concession. **Extrapolating, we estimate that the total amount of financial support provided by UK landlords to their tenants is already over £722 million.***

76%

of landlords collected more than 90% of rent due to them between March to June 2020. 3% of landlords collected less than half of rent due.

65%

of landlords believe that property prices will increase or stay about the same over the next 12 months.

50%

of landlords plan to buy at least one property over the next 12 months.

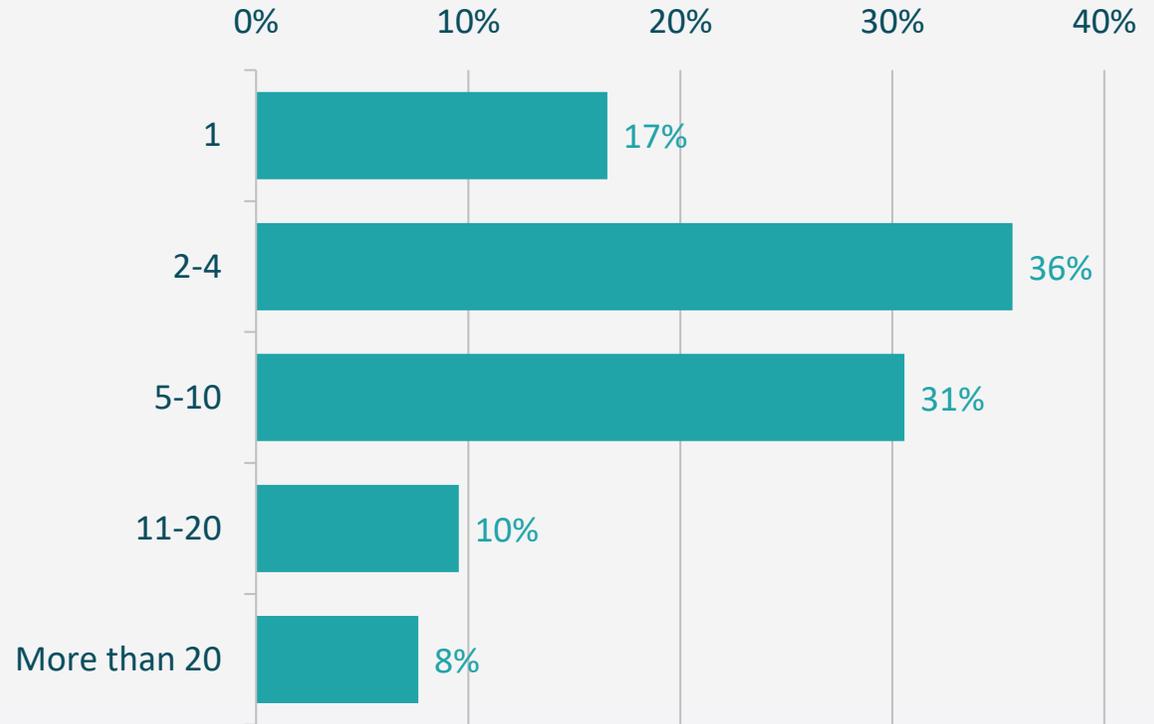
Size of landlords' portfolios

53% of landlords surveyed own less than 5 properties. This compares with a study undertaken in 2016 by the Council of Mortgage Lenders which found that 93% of landlords owned less than 5 properties.* The difference is likely to be indicative of the professional nature of Vesta's customer base and PropertyTribes' members, as well as recent Government tax and compliance changes aimed at professionalizing the PRS.

* Source: The profile of UK private landlords, Council of Mortgage Lenders, December 2016.

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Q1: How many rental properties do you own?



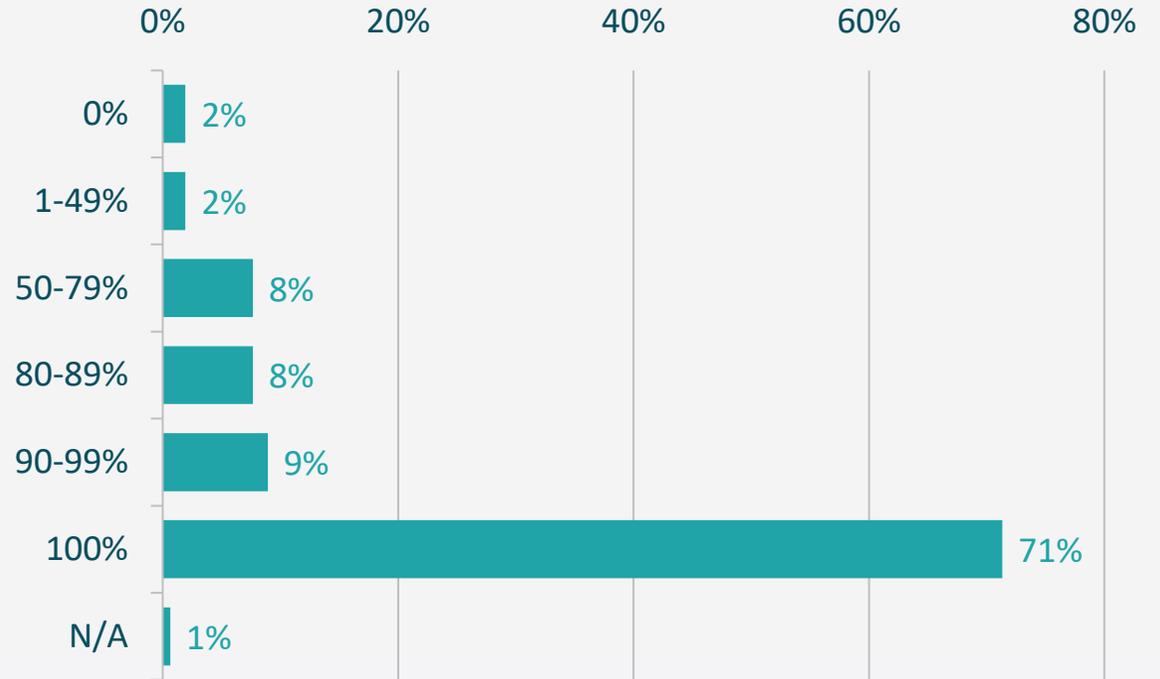
Tenancy occupancy rates

80% of landlords said that 90% or more of their rental properties were currently fully tenanted.

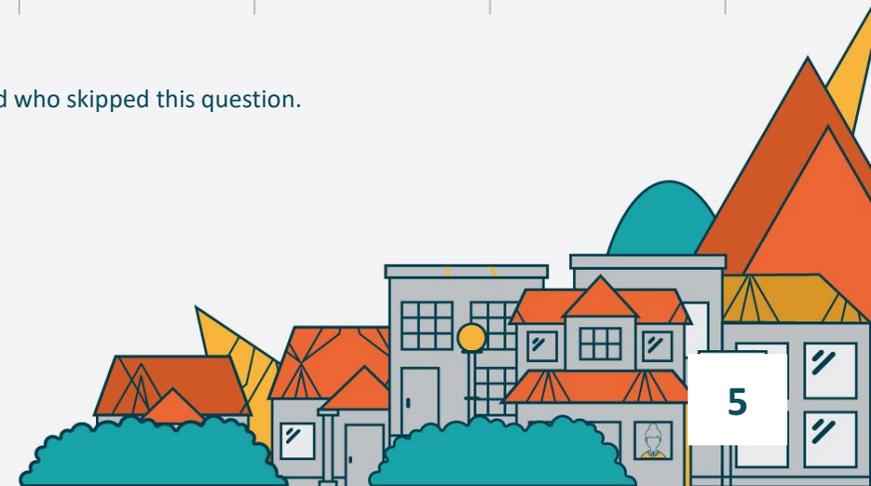
This compares with typical void periods in the UK PRS (prior to the COVID-19 pandemic) of around 3 weeks per year, equivalent to an occupancy rate of approximately 95%.*

* Source: Goodlord Rental Index, Goodlord, December 2019 (average of 20 days void in 2019).

Q2: What percentage of your rental properties are currently fully tenanted?



Note: N/A represents one landlord who skipped this question.



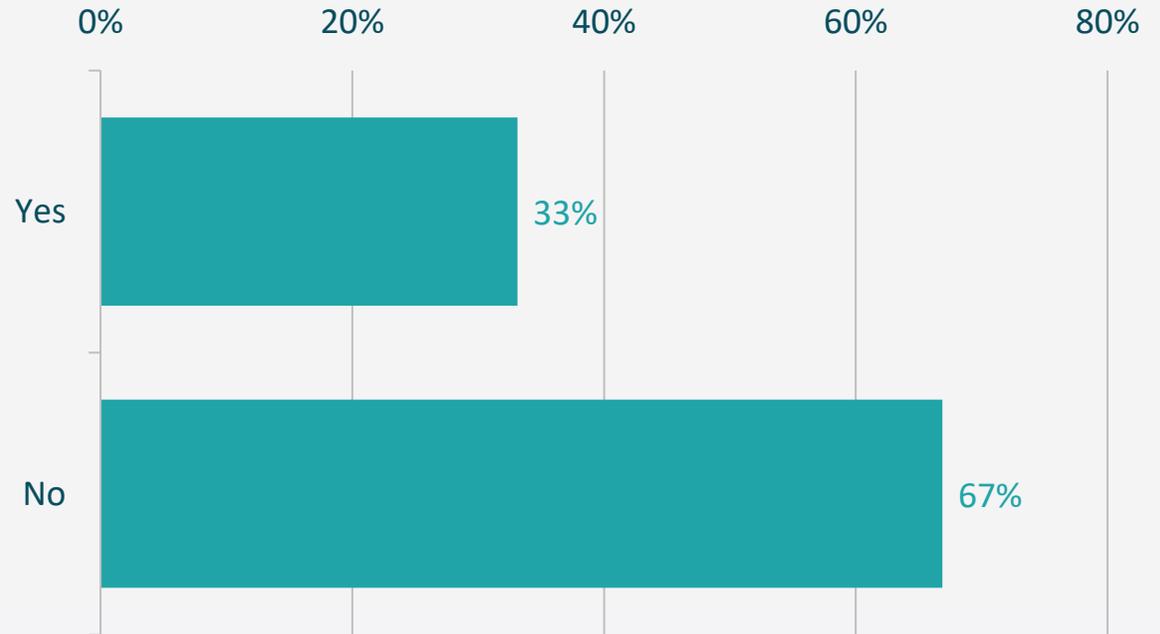
Rental arrears due to COVID-19

1 in 3 landlords said that they had experienced rental arrears as a result of COVID-19 during the four months between March to June 2020.

This implies a higher level of rental arrears than other studies have found; for example, a YouGov survey by Shelter estimated that just 3% of private renters are in rental arrears since the start of the pandemic.*

* Source: Shelter, 6 July 2020.

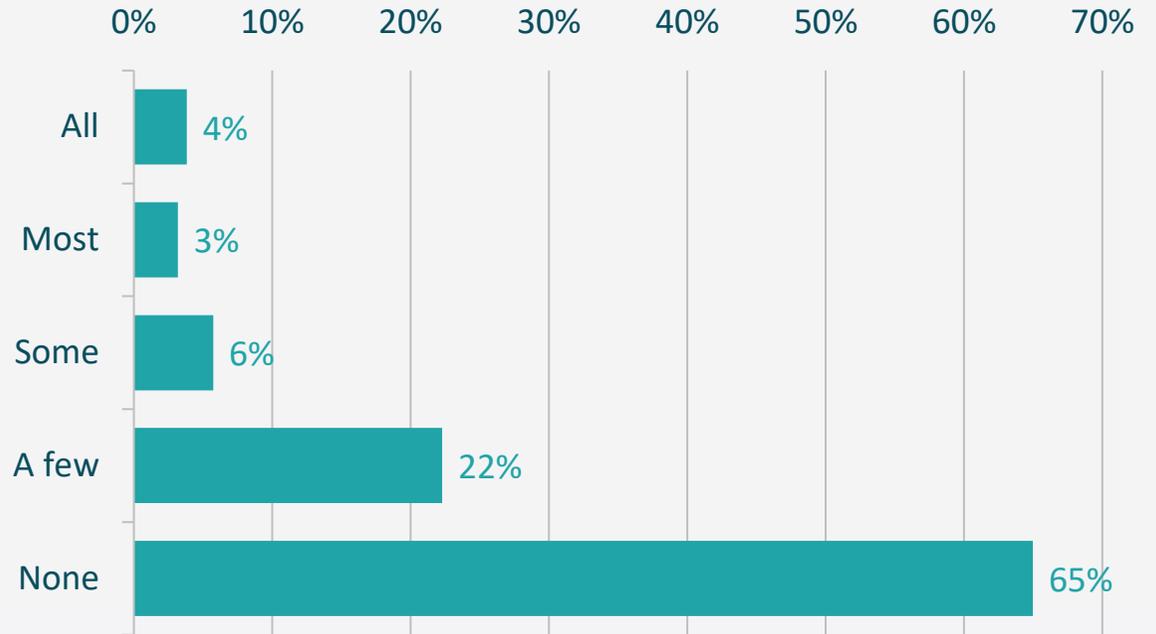
Q3: During the four months of March 2020 to June 2020 (inclusive) have you experienced any rental arrears as a result of COVID-19?



Rent concessions requested due to COVID-19

Unsurprisingly, approximately 1 in 3 landlords also said that they had received a request from a tenant for either a rent reduction or payment holiday due to COVID-19.

Q4: Since March 2020, what proportion of your tenants requested a reduction in rent or a payment holiday citing COVID-19 as the primary reason?



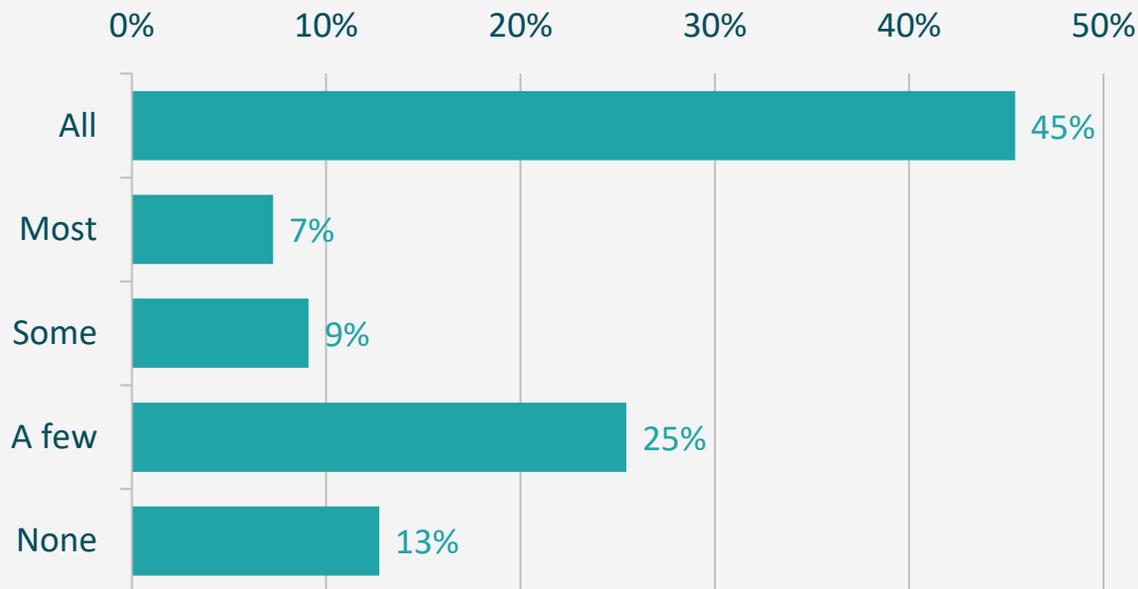
Rent concessions agreed due to COVID-19

87% of landlords who received a request from a tenant for a rent reduction or payment holiday due to COVID-19 agreed to a concession.

This is inline with a recent survey by the National Residential Landlords Association (NRLA) which found that over 90% of landlords responded positively to tenants' requests for support.*

* NRLA, Coronavirus and landlords: A follow-up survey, May 2020.

Q5: Since March 2020, if you have been approached by your tenant for a rent reduction or payment holiday, please indicate what proportion of these requests you accepted and agreed to an arrangement?



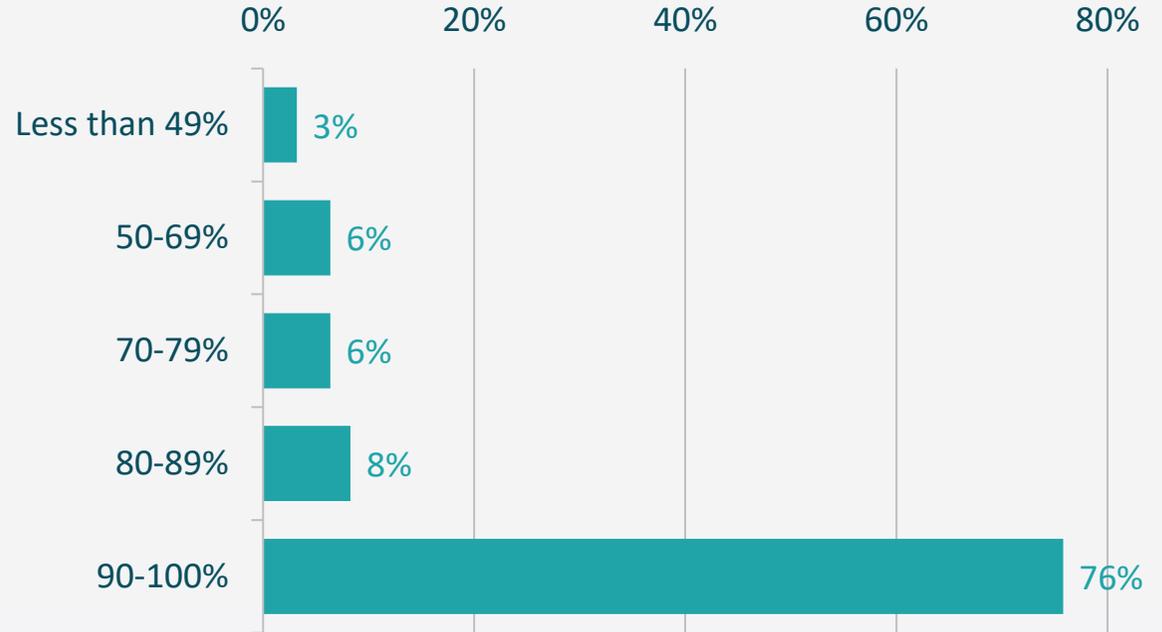
Rent collection rates

76% of landlords collected more than 90% of rent due between March to June 2020.

A further 8% of landlords collected 80%-89% of rent due.

Only 3% of landlords collected less than half of rent due.

Q6: During the four months of March 2020 to June 2020 (inclusive), how much rent did you receive from your tenants?

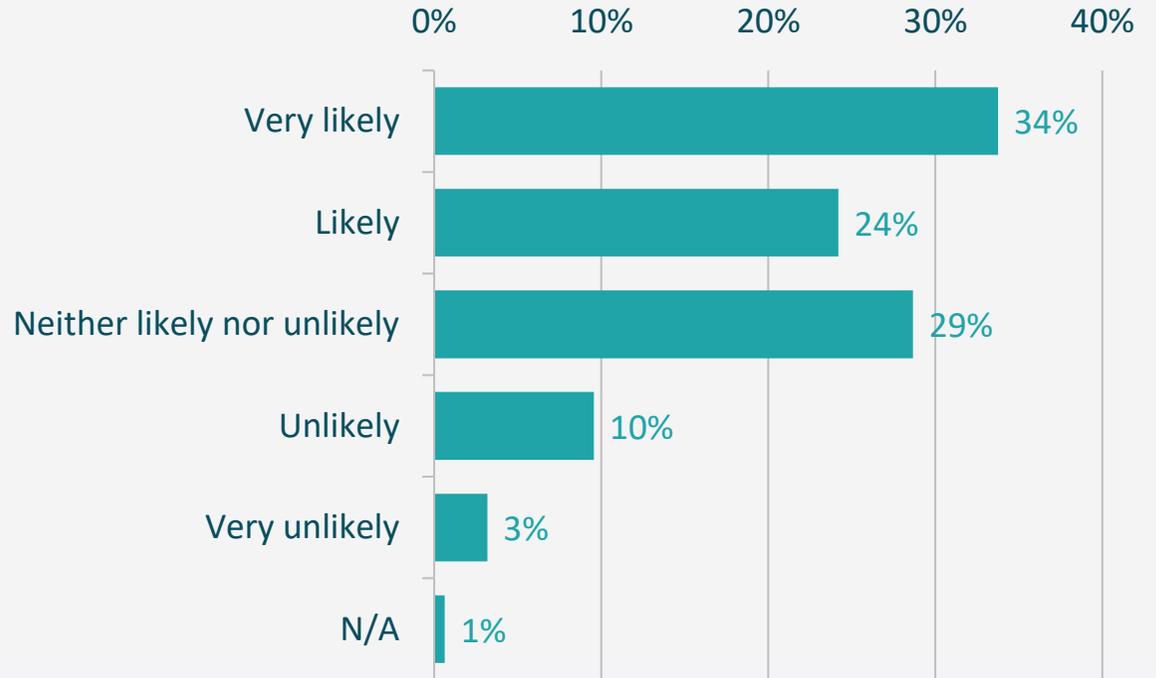


Demand for rental property

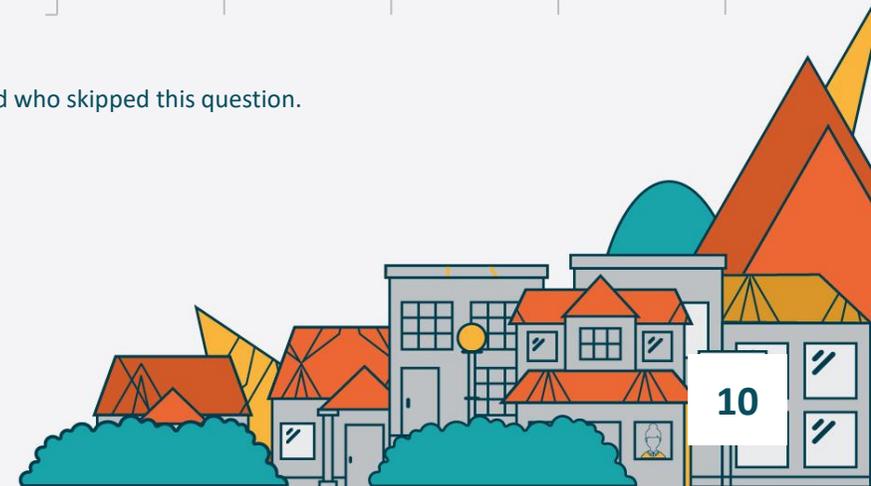
The majority (58%) of landlords are positive about the demand for rental property over the next 12 months.

Just 13% of landlords believe that it is unlikely or very unlikely that the demand for rental property will increase over the next 12 months.

Q7: Do you think that demand for rental properties in the UK will increase over the next 12 months?



Note: N/A represents one landlord who skipped this question.

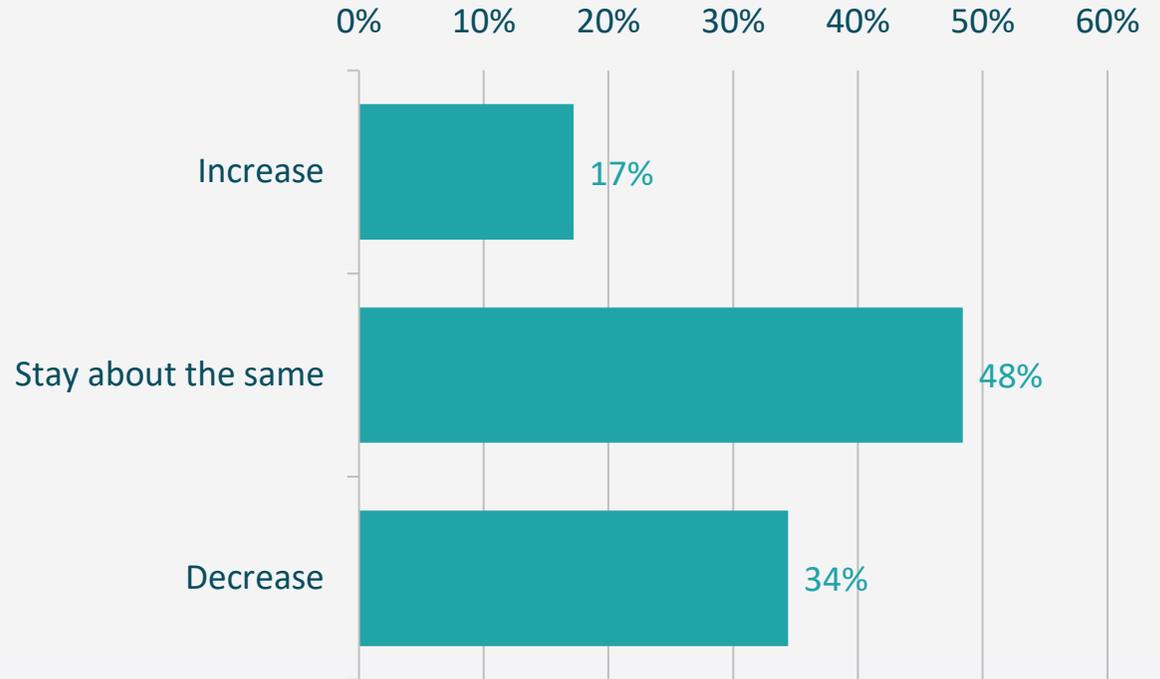


Property price performance

Nearly 2 out of 3 landlords believe that property prices will increase or stay about the same over the next 12 months.

This is positive given the current economic climate and stands at odds with forecasts by economists from major real estate consulting firms who are predicting varying levels of house price falls.

Q8: Do you think property prices will increase, decrease or stay the same over the next 12 months?



Landlords' intentions to buy or sell

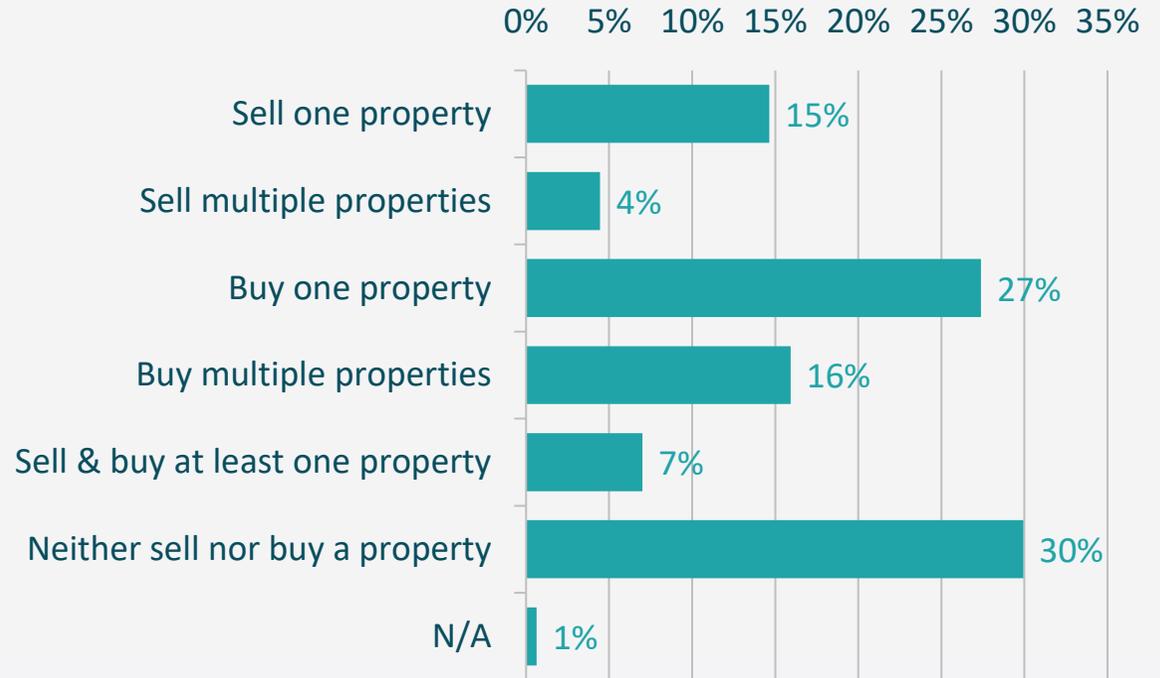
50% of landlords plan to buy at least one property over the next 12 months.

This ties with landlords' expectations for stable to positive house price growth and strong tenancy demand. It also ties with the results from an earlier [study](#) by Vesta, which found that the UK PRS delivered a positive performance during the first half of 2020.*

* <https://www.vestaproperty.com/blog/uk-property-market-performance-update>

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Q9: Are you planning to sell existing or buy additional investment properties in the next 12 months?



Note: N/A represents one landlord who skipped this question.



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