

Belvoir Lettings Index  
and Survey Q1 20  
during COVID-19

# Survey success rate

- We received 35 responses, which is lower than most other quarters but relative to the current circumstances.
  - Past quarters were:
    - Q1 17: 55, Q2 17: 60, Q3 17: 49, Q4 17: 52
    - Q1 18: 54, Q2 18: 52, Q3 18: 58, Q4 18: 56
    - Q1 19: 19, Q2 19: 43, Q3 19: 42, Q4 19: 47
- London, the North East and Wales registered the same number of responses as the previous quarter.
- East Anglia and the East Midlands increased their number of responses.
- Whilst the South East, South West, West Midlands, Yorkshire & Humber, North West, Scotland and Northern Ireland registered less responses than Q4 19.

ANSWER CHOICES	RESPONSES
East Anglia	8.57% 3
East Midlands	22.86% 8
London	2.86% 1
North East	5.71% 2
North West	5.71% 2
South East	14.29% 5
South West	11.43% 4
West Midlands	17.14% 6
Yorkshire	5.71% 2
Wales	2.86% 1
Scotland	2.86% 1
Northern Ireland	0.00% 0
<b>TOTAL</b>	<b>35</b>

# Summary of trends we are tracking

- Belvoir Rental Index: advertised rental trends
  - Understanding by country, region, county and office
- Franchise Survey:-
- Rental trends for different property types and rental sectors
  - Average increases/decreases
- Tenant trends
  - Demand in general, by property type and sector
  - Length of tenancy, arrears and evictions
  - Predictions for rental demand in the next quarter
- Landlord trends
  - Number of landlords selling and buying property to rent
  - Predictions for landlord enquiries in the next quarter
  - Average void periods

# Rental trends

# Rental Index data for: Scotland

- **Dundee**

According to Nick Horan of Dundee, during Q1 2020, there was a general increase in flat rents but only slightly and for house rents there was also a general increase, but mainly for three to four beds. Tenant demand increased across the board. Post lockdown, rental are likely to decrease for all properties due to a significant oversupply of properties being advertised at the moment and landlords who have had properties sitting empty will just want them let as quickly as possible. Tenant demand is likely to increase as there is a backlog of people waiting to move.

# Rental Index data for: Wales

- **Swansea**  
According to Ben Davies, rents and demand remained static across the board for Q1 2020. It is anticipated that post lockdown, rents will remain unchanged with demand increasing.

# Survey results

## Q1 Rental trend breakdown by property type

- Flat rental trends prior to lockdown
  - 53% of offices reported unchanged rents for flats versus Q4 19
  - Just over 38% of offices saw increased rents compared to the previous quarter
  - And just under 9% of offices reported falling rents during Q1 20

A shortage in supply coupled with good demand was the main reason for flat rental increases. Some commented that flats were oversupplied in their area.

# Survey results

## Q1 Rental trend breakdown by property type

- House rental trends prior to lockdown
  - 50% of offices reported static house rents versus Q4 19
  - Just over 44% of offices recorded increased rents compared to the previous quarter
  - And just under 6% of offices reported falling house rents for Q1 20

Continued strong demand together with a shortage in supply was the main factor to increased house rents.



# Rental trend predictions for different rental sectors post lockdown

- The majority of agents are predicting mainly static rents for all property types, with some increases, once they are able to let again

	NO CHANGE	INCREASE	DECREASE	N/A
Flats	58.82% 20	23.53% 8	17.65% 6	0.00% 0
Houses	55.88% 19	29.41% 10	14.71% 5	0.00% 0
Room rents	26.67% 8	3.33% 1	13.33% 4	56.67% 17

There is some uncertainty over the amount of demand for rental properties post lockdown versus the supply

# Tenant trends Q1 20

# Q1 Tenant trend summary

- Q1 20 prior to lockdown:-
  - Tenant demand for flats - mainly static to increasing
  - Demand for houses – fairly evenly split between increasing and static
    - Overall, the demand for houses remains slightly stronger than for flats
  - HMO demand was evenly split between static and decreasing
- Post lockdown, offices predict:
  - Tenant demand to increase for both houses and flats, with houses being slightly preferable.
    - Anticipates more interest for properties with gardens
  - Demand for room rents/HMOs is likely to remain fairly stable or falling

# Q1 Tenant trend summary

- Tenant arrears increasing
  - 3% of offices reported no arrears – the lowest level recorded since start of survey
  - 17.5% of offices reported less than 3 renters in arrears – the lowest recorded level
  - 56% reported 4-10 tenants in rent arrears – the highest level recorded
  - 23.5% of offices reported 11 or more tenants in arrears – also the highest recorded level
    - Unemployment, job losses and delays in benefit payments were the main factors

An increase in tenant arrears but tenant evictions falling

# Q1 Tenant trend summary

- Despite increased arrears, tenant evictions falling
  - 76.5% of offices carried out no evictions – the second highest level recorded since the start of the survey
  - A decrease over the past three quarters in the number of offices carrying out just one eviction at 14.75% - the second lowest number recorded overall
  - A fall in the number of offices evicting 2-3 tenants from 17.5% in Q4 19 to 9% in Q1 20
  - No offices evicted 4 or more renters
    - Unpaid rent, landlord selling and antisocial behaviour were the main reasons for tenant evictions

An increase in tenant arrears but tenant evictions falling

# Tenant enquiries received during lockdown

- All offices reported continuing to receive enquiries from tenants during lockdown:-
  - The majority of offices received most enquiries from tenants looking for a either flats or houses, of varying sizes, however, 2-3 beds were the most popular request
  - Enquiries for houses only were also for a range of sizes, from smaller 2 beds through to higher priced larger houses
  - Understandably there was a lack of enquiries for HMOs/house shares
  - Some of the reasons for tenant enquiries:
    - Breakdown of relationship
    - Downsize in short term to allow finances to recover
    - Houses with gardens

# Have you manage to conclude any lets during lockdown?

- Almost 12% of offices recorded no lets
- Just over 76% of offices concluded between 1-10 lets during lockdown
- Nearly 9% concluded 11-20 lets whilst in lockdown
- Around 3% concluded 21 or more property lets
  - Property types let during this time were mixed and ranged from 1 bed apartments through to 4 bed houses
  - A few lets were to key workers

# What percentage of your properties are empty during lockdown and you can't re-let?

- 8.5% of offices reported no properties empty during lockdown
- 80% of offices reported between 1% and 10% empty properties
- Just under 11.5% of offices had 11% to 25% empty properties



# What do you think will happen to your average number of lets post lockdown?

- The majority of offices predict an increase in the number of lets for both houses and flats after lockdown
- Room rents – these are likely to remain the same or decrease post lockdown

	NO CHANGE	INCREASE	DECREASE
Flats	17.65% 6	58.82% 20	23.53% 8
Houses	14.71% 5	64.71% 22	20.59% 7
Room rents	43.48% 10	13.04% 3	43.48% 10

Offices report any increase in lets is likely to happen gradually as and when restrictions are lifted

# Tenant survey details

# How many tenants are more than one week in arrears?

1 week or more in arrears	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20
None	23.3%	18.5%	18.8%	16.4%	15.0%	14.3%	23.1%	20.4%	13.5%	17.2%	19.6%	15.8%	14.6%	21.4%	10.9%	2.9%
Less than 3	38.3%	37.0%	43.8%	47.3%	35.0%	42.9%	46.2%	50.0%	57.7%	53.5%	50.0%	68.4%	53.7%	54.8%	60.9%	17.7%
4 - 10	35.0%	38.9%	33.3%	30.9%	41.7%	30.6%	19.2%	20.4%	23.1%	17.2%	25.0%	15.8%	29.3%	23.8%	21.7%	55.9%
11 or more	1.7%	5.6%	4.2%	3.6%	8.3%	6.1%	9.6%	9.3%	5.8%	12.1%	5.4%	0.0%	2.4%	0.0%	6.5%	23.5%

- 3% of offices reported no arrears – the lowest level recorded since start of survey
- 17.5% of offices reported less than 3 renters in arrears – the lowest recorded level
- 56% reported 4-10 tenants in rent arrears – the highest level recorded
- 23.5% of offices reported 11 or more tenants in arrears – also the highest recorded level

# How many evictions did you carry out prior to lockdown?

Carried out any evictions	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20
None	71.7%	55.6%	62.5%	54.6%	61.7%	53.1%	55.8%	63.0%	55.8%	53.5%	64.3%	84.2%	56.1%	66.7%	65.2%	76.5%
1	21.7%	20.4%	31.3%	32.7%	20.0%	26.5%	32.7%	20.4%	30.8%	25.9%	26.8%	5.3%	29.3%	23.8%	17.4%	14.7%
2 - 3	3.3%	20.4%	4.2%	7.3%	13.3%	20.4%	9.6%	16.7%	9.6%	13.8%	5.4%	10.5%	12.2%	7.1%	17.4%	8.8%
4 or more	1.7%	3.7%	2.1%	3.6%	1.7%	0.0%	0.0%	0.0%	3.9%	6.9%	3.6%	0.0%	2.4%	2.4%	0.0%	0.0%

- 76.5% of offices carried out no evictions – the second highest level recorded since the start of the survey
- A decrease over the past three quarters in the number of offices carrying out just one eviction at 14.75% - the second lowest number recorded overall
- A fall in the number of offices evicting 2-3 tenants from 17.5% in Q4 19 to 9% in Q1 20
- No offices evicted 4 or more renters

# Is the three month eviction extension causing any problems for you, your tenants or landlords?

	YES	NO	TOTAL
Problems for you	36.36% 12	63.64% 21	33
Problems for your tenants	6.45% 2	93.55% 29	31
Problems for your landlords	50.00% 17	50.00% 17	34

- Offices report:-
  - Problem tenants can't be evicted ie for anti-social behaviour
  - Giving tenants an excuse not to pay rent
  - Tenants already in arrears, it will be worse after another three months
  - Landlords that need to move back into their property cannot do so

# Landlord trends Q1 20

# Q1 Landlord trend summary

- Property supply continues to reduce albeit at a slower rate:-
  - An increase in landlords selling no properties from 4.5% in Q4 to 20.5% in Q1 20
  - An increase in the number of offices seeing landlords selling up to 3 properties versus Q4 to 67.5%
  - A decrease from 28% to 6% for offices seeing landlords selling 4-5 properties in Q1 20
  - A fall in the number of offices seeing landlords selling 6-10 properties compared to the previous quarter
  - No offices saw 11 or more properties sold by landlords during Q1 20 – no change from Q4

# Q1 Landlord trend summary

- The reduction in the number of offices seeing landlords buy more properties to let continues in Q1 20:-
  - The number of landlords buying no properties during Q1 20 remained the same as Q4
  - An increase to 62% from 56.5% in offices seeing landlords buying up to 3 properties versus Q4
  - A fall in the number of offices seeing landlords purchasing between 4-5 properties compared to previous quarter from 11% to 6%
  - There were no offices seeing 6-10 and 11 or more properties being purchased versus Q4 – the same as Q4



# Do you think more landlords will sell post lockdown? If yes, why?

- 60% of offices thought landlords would not sell post lockdown
- 40% thought landlords would sell after lockdown
  - The effects of COVID-19 in addition to current legislation, tenant fee ban and taxes
  - Less hassle and stress
  - Landlords may sell once sales market settles down

# Landlord survey details

# How many landlords sold properties prior to lockdown?

How many landlords have sold	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20
None	10.0%	16.7%	16.7%	18.2%	6.7%	4.1%	11.5%	9.3%	3.9%	5.2%	17.9%	5.3%	9.8%	9.5%	4.4%	20.6%
Up to 3	40.0%	53.7%	50.0%	32.7%	36.7%	57.1%	50.0%	46.3%	48.1%	51.7%	50.0%	47.4%	56.1%	50.0%	56.5%	67.7%
4 - 5	31.7%	20.4%	20.8%	38.2%	36.7%	28.6%	23.1%	31.5%	26.9%	27.6%	23.2%	42.1%	24.4%	33.3%	28.3%	5.9%
6 - 10	11.7%	5.6%	6.3%	7.3%	15.0%	8.2%	15.4%	7.4%	17.3%	12.1%	7.1%	5.3%	7.3%	4.8%	10.9%	5.9%
11 or more	3.3%	3.7%	6.3%	1.8%	1.7%	0.0%	0.0%	5.6%	3.9%	3.5%	1.8%	0.0%	2.4%	2.4%	0.0%	0.0%

Property supply continues to reduce albeit at a slower rate

- An increase in landlords selling no properties from 4.5% in Q4 to 20.5% in Q1 20
- An increase in the number of landlords selling up to 3 properties versus Q4 to 67.5%
- A decrease from 28% to 6% for landlords selling 4-5 properties in Q1 20
- A fall in the number of landlords selling 6-10 properties compared to the previous quarter
- No landlords sold 11 or more properties during Q1 20 – no change from Q4

The main reasons for landlords selling properties were: to free up money, move back in, legislation and taxes

# How many landlords bought property to let prior to lockdown?

How many landlords have bought	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	Q1 20
None	22.3%	31.5%	22.9%	27.3%	21.7%	30.6%	28.9%	27.8%	28.9%	37.9%	32.3%	42.1%	51.2%	54.8%	32.6%	32.4%
Up to 3	45.0%	38.9%	45.8%	41.8%	51.7%	38.8%	48.1%	53.7%	53.9%	43.1%	46.4%	47.4%	39.0%	33.3%	56.5%	61.8%
4 - 5	11.7%	13.0%	18.8%	20.0%	18.3%	16.3%	7.7%	13.0%	11.5%	15.5%	10.7%	10.5%	4.9%	9.5%	10.9%	5.9%
6 - 10	15.0%	14.8%	6.3%	10.9%	3.3%	10.2%	9.6%	3.7%	5.8%	1.7%	1.8%	0.0%	4.9%	2.4%	0.0%	0.0%
11 or more	5.0%	1.9%	4.2%	0.0%	5.0%	2.0%	5.8%	1.9%	0.0%	1.7%	1.8%	0.0%	0.0%	0.0%	0.0%	0.0%

The reduction in the number of offices seeing landlords buy more properties to let continues in Q1 20

- The number of landlords buying no properties during Q1 20 remained the same as Q4
- An increase to 62% from 56.5% in landlords buying up to 3 properties versus Q4
- A fall in the number of landlords purchasing between 4-5 properties compared to previous quarter from 11% to 6%
- There were no offices seeing 6-10 and 11 or more properties being purchased versus Q4 – the same as Q4

Landlords mainly bought 2 or 3 bed properties

# Can you explain how the lockdown has affected your local market?

- Low activity levels, much quieter, market dead/at a standstill, shuddered to a halt, stagnated
- Paused with demand building
- Only able to show properties via video/virtual tours
- Limited viewings
- Remains a steady market
- Increase in rent arrears
- Demand for rents very strong and have introduced a nil contact virtual letting and move in policy
- Only enquiries are from serious tenants

# What do you think will happen when the market opens up again eg busier, same, quieter?

- Around 75% of offices feel they will be busy or busier, or even could be a boom once the market opens up
- 20% of offices think the market will be quiet or quieter than before the lockdown
- For the remaining offices, here are a few of their predictions:
  - It will be busy to start with but feel the market will stall and take a long time to recover
  - Slow to take off and people will gradually come back into the market and it will take a couple of months to get confidence back and people back into work
  - Lots of enquiries but quality is the key

# How do you see the lettings market changing in the future post lockdown?

- Far more remote/virtual/video viewings,
- More offices to operate from home with greater use of technology and fewer staff
- Less applicants coming to the office – High Street offices no longer required
- Increase in PropTech
- Increased popularity in properties with gardens, outdoor space, rural outlook
- Hope DIY landlords will see the importance of letting agents and the protection and support they provide
- Reduced rents due to impact of recession

# Can you let us know about any community support you are giving during this time?

- Offer to sell five houses FOC for NHS and emergency services members
- Offered support to local Key Workers, NHS and Military
- Offer help to elderly neighbours, with shopping and essential goods they have needed. It has brought the community around the office together and it has been a pleasure to help those who have needed it.
- Delivered supply boxes to our venerable tenancies and student portfolio when the lockdown was first announced. We have always historically supported the NHS being part of their current employee reward scheme.
- Empty properties near hospital that have been offered free to NHS staff
- Support local food bank with monthly donation which we have maintained
- Offered free delivery service
- Working with local community, promoting local businesses on social media
- Donations to charities supporting food parcels locally
- Furloughed staff are volunteering with local support groups