

# The English Private Landlord Survey (EPLS) 2018

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Highbury Group, Monday 25<sup>th</sup> March 2019



# Outline

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- Background / methodology
- Landlord profile
- Landlord finances
- Why and how became a landlord
- Views on longer term tenancies
- Compliance with legal requirements
- Why tenancies end
- Willingness to let to households
- Past, recent and future investment
- Conclusions / policy implications
- Further research / analysis

# Background / methodology (I)

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- Government survey of private landlords & agents who own / manage rental property in England – 2001, 2003, 2006 and 2010;
- Aim - understanding of landlord views, characteristics, attitudes and behaviours to inform policy;
- Previous surveys – EHS to access landlords / agents from population of private rented sector households;
- EPLS - accessed landlords via the population of registered landlords / agents with a Tenancy Deposit Protection (TDP) scheme;
- Population data derived from TDPs, sampled, then invites sent out via TDPs;
- TDP population data enabled responses to be weighted to TDP population;
- Pilot followed by main stage field work carried out over March / April 2018

# Background / methodology (II)

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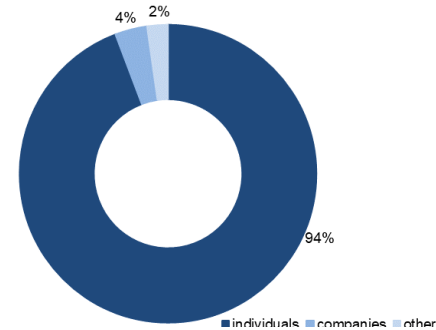
- TDP population – 390k reg. landlords & agents with 3.4m deposits, rep. 1.2m landlords;
- From EHS - est. around 60% of PRS h/holds rent from TDP registered landlord / agent;
- Many characteristics between all PRS households similar to TDP households, however – more likely to be in (full time) work, on higher (and highest) incomes, couples without children, less likely to be retired and to have lived in property shorter period;
- So some skew in popn / sample toward better off households / properties;
- Response rate very low (7.2% compared to 64% PLS 2010);
- However, achieved 7,823 responses compared to around 1,000 in PLS 2010;
- Enabled a much more in-depth and nuanced insights into diverse population than previously possible (e.g. by region, time as landlord, borrowing, etc);
- Because of different methods – strongly advise against comparing EPLS findings with PLS 2010 – future survey will allow comparisons

# Landlord profile (I)

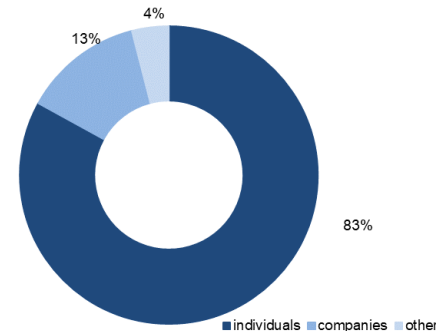
*Population dominated by non-professional individuals renting as a side-line*

- **Landlords** - 94% individuals, 4% companies and 2% other;
- **Tenancies** – 83% individuals, 13% companies and 4% other;
- 4% individuals view role as a full-time business, 14% part-time business and 13% as “residential landlord” (30% of tenancies);
- 13% self-employed as landlord (30% of tenancies);
- 25% have ever belonged to a rental property organisation;

Landlord population by type of landlord



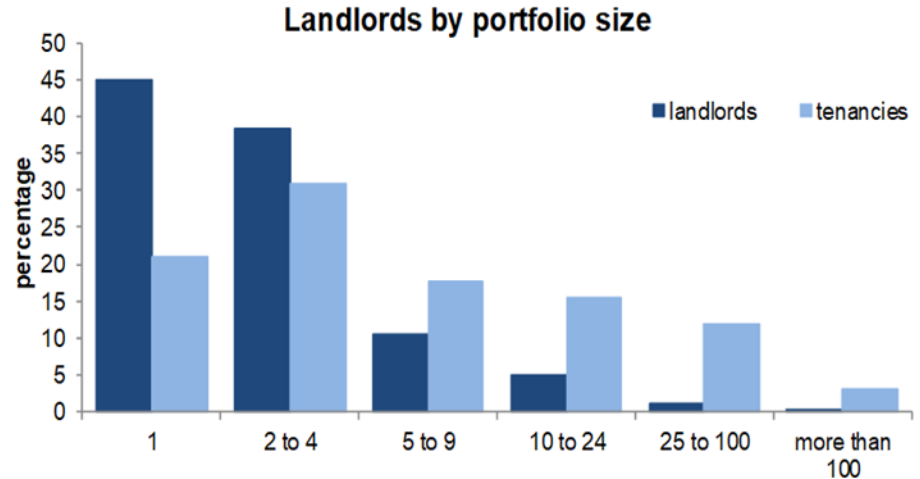
Tenancy population by type of landlord



# Landlord profile (II)

*Although most owned just one or a small number of properties, significant numbers of tenants are being housed by larger portfolio landlords*

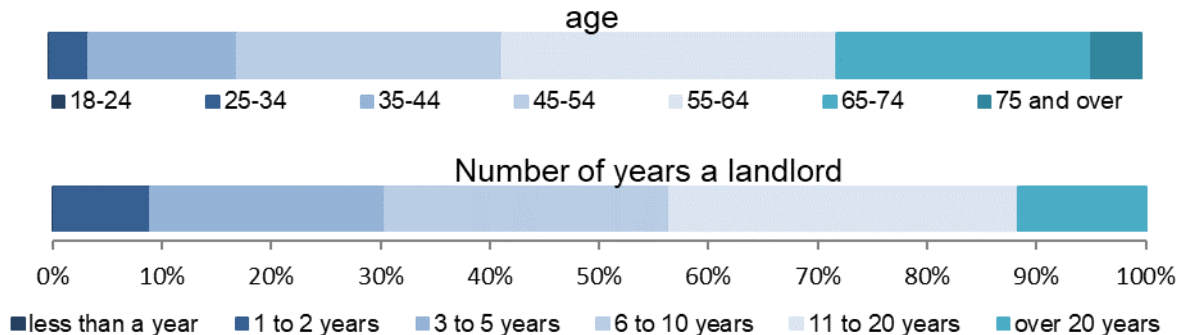
- **Landlords** – Almost half (45%) owned just one property, 38% two to four properties and 17% five or more;
- **Tenancies** – 21% with single property landlord, 31% with two to four properties and almost half (48%) with five or more properties



# Landlord profile (IV)

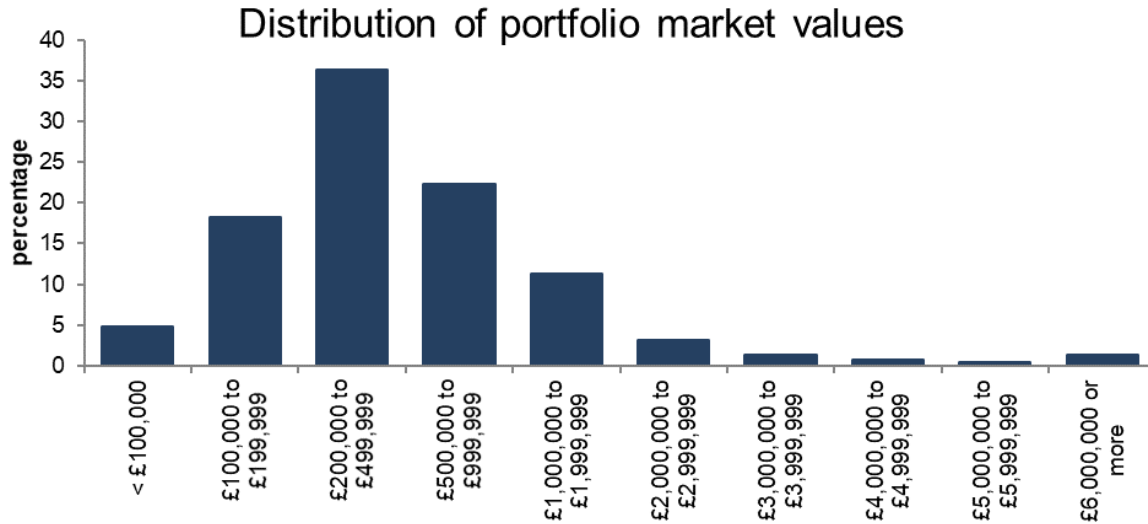
*Most were approaching or in retirement with the majority of tenancies with long standing landlords*

- Avg. age 57yrs old. 59% were 55yrs or older (62% of tenancies), quarter of tenancies with landlords 65yrs or older;
- Avg. time as landlord is 11.5 yrs, with majority (57%) of tenancies with landlords letting for more than 10 years;
- A third (33%) stated they were in retirement



# Landlord finances (I)

- Average (median) portfolio value £400,000, and per property value of £261,000;
- 82% landlord portfolios less than £1m

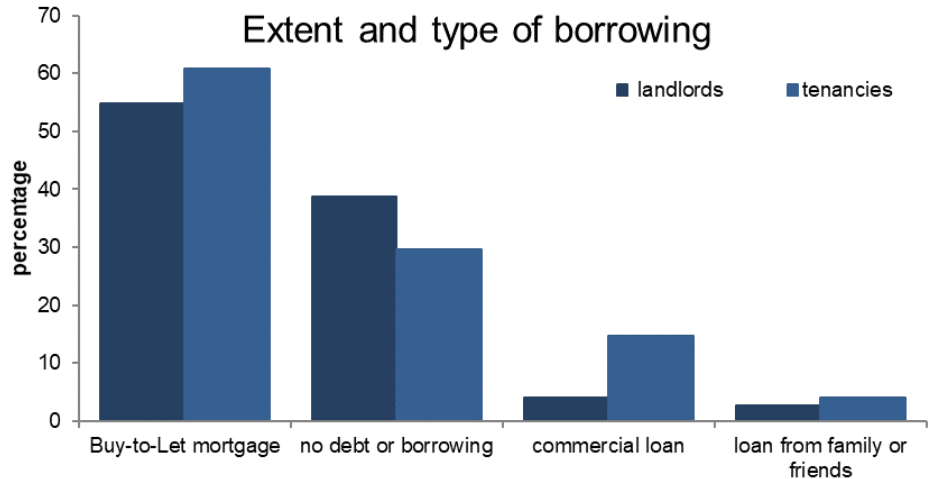




# Landlord finances (II)

*Significant numbers had no rental debt*

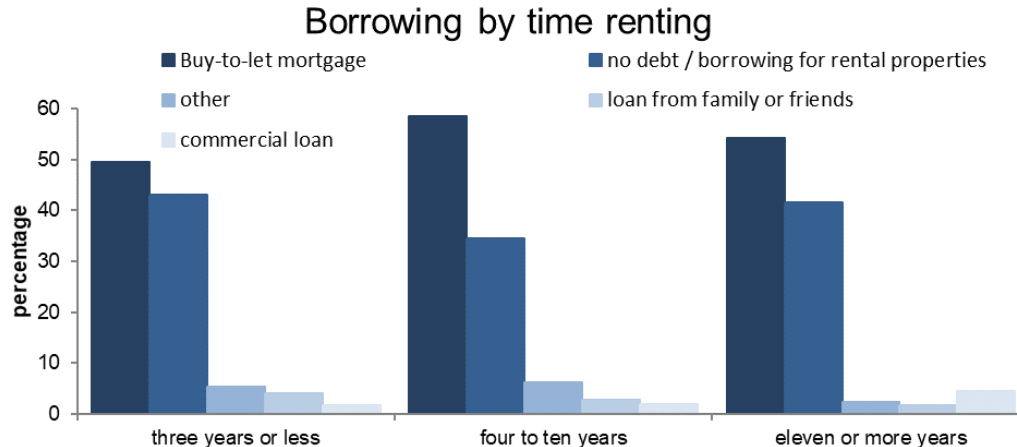
- **Landlords** – over half (55%) were Buy to Let landlords, 39% had no debt and 4% a commercial loan;
- **Tenancies** – 61% with BTL landlords, 30% with landlords with no debt and 15% with commercial loan



# Landlord finances (III)

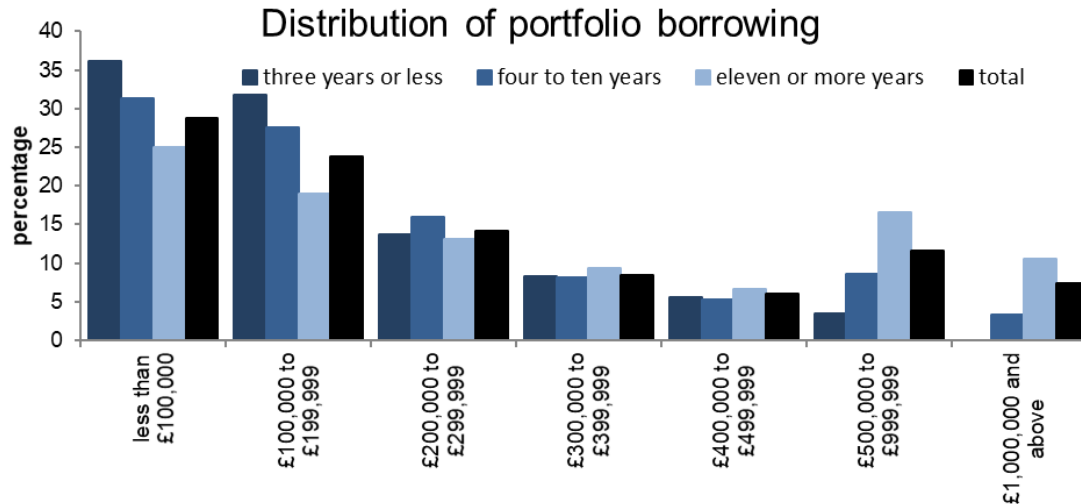
*Recent landlords less likely to currently have a mortgage and more likely to have personal savings to fund rental properties*

- 49% of recent landlords (3yrs or less) had a mortgage, 43% no borrowing;
- 58% of medium term landlords (4-10 yrs) had a mortgage, 35% no borrowing;
- 55% of long standing landlords (> 10yrs) had a mortgage, 42% no borrowing



# Landlord finances (IV)

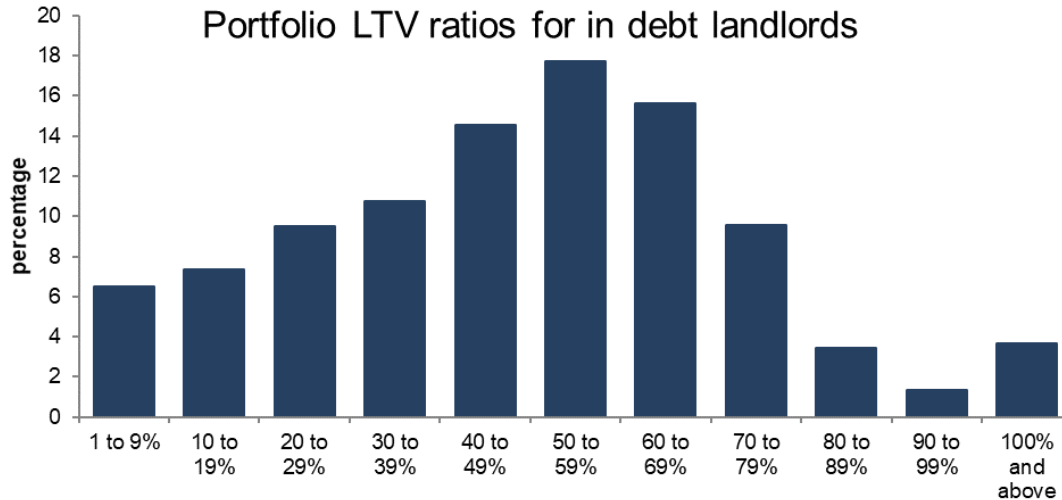
- Avg. loan value £180,000, 81% had less than £500k borrowing;
- Borrowing tended to be higher the longer landlord had been renting



# Landlord finances (V)

*For those with debt, it was generally found to be modest*

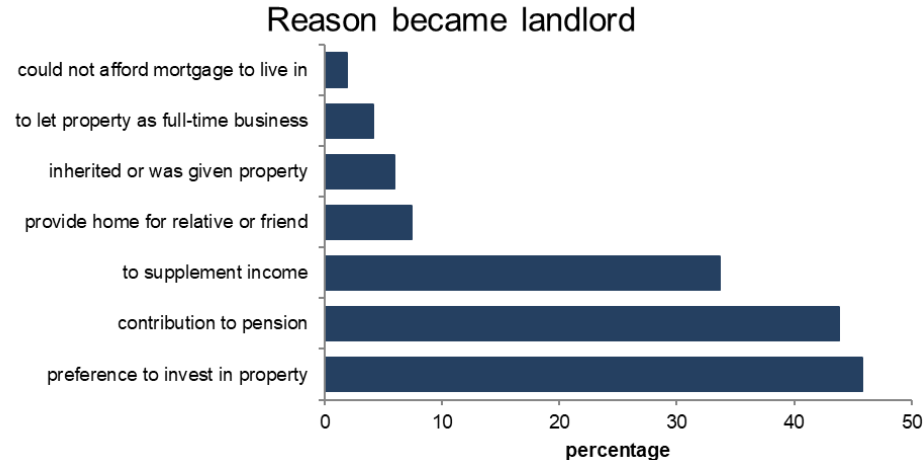
- Avg. loan value £180,000;
- Avg. LTV ratio (those in debt) of 50%, only 18% had more than 70% and 3.7% in negative equity



# Why and how became a landlord (I)

*Most attracted by higher expected relative returns and as a means for supporting their retirement*

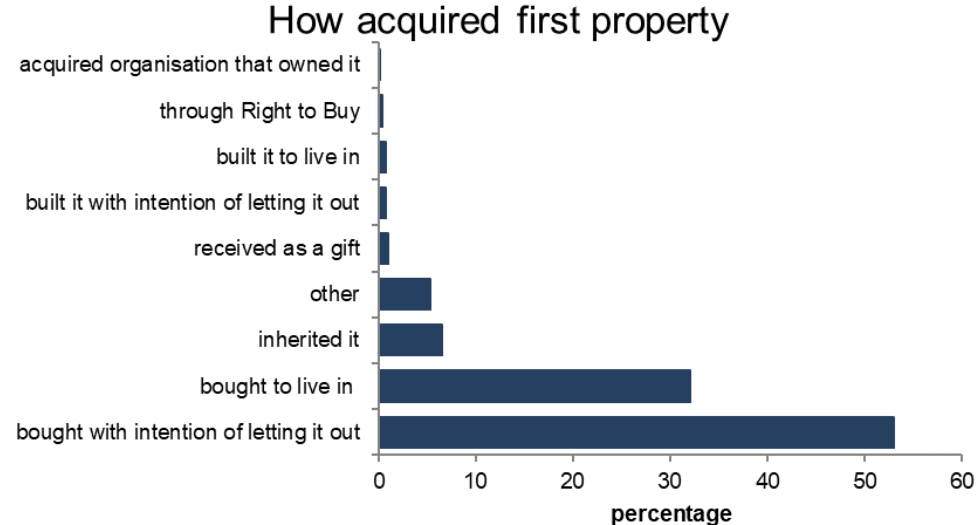
- 46% preferred property to other investments, 44% as contribution to pension, 34% to supplement income;
- 47% as investment for rental income, 30% for capital growth;
- 7.4% to provide home relative / friend;
- 6% through inheritance / gift
- 4.1% to let property as a full-time business



# Why and how became a landlord (II)

*Significant numbers became a landlord after living in the property or are “accidental” landlords who did not intend to let out their first property*

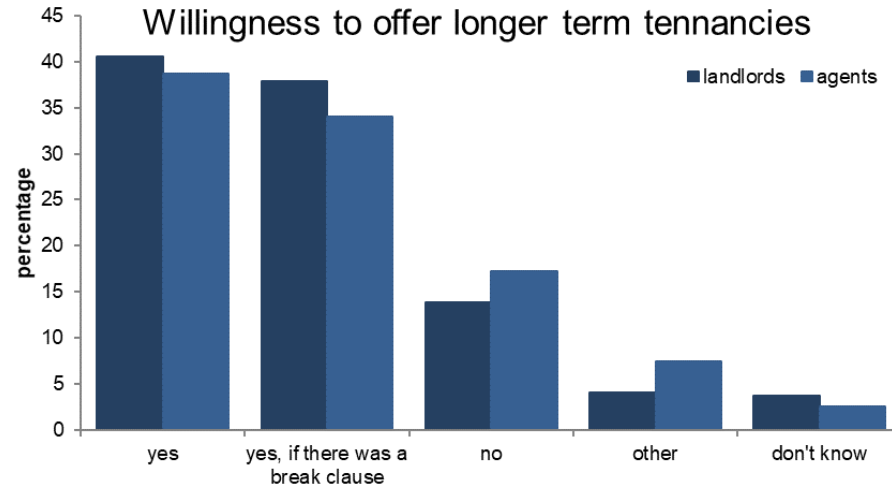
- Only 53% acquired 1<sup>st</sup> property to let out;
- Almost a third (32%) to live in, 8% inheritance / gift and 7% to provide a home for a relative or friend;
- More recent landlords more likely to bought 1<sup>st</sup> property to live in and to have inherited it



# Views on longer term tenancies

*Considerable support for longer term tenancies (more than 12 months)*

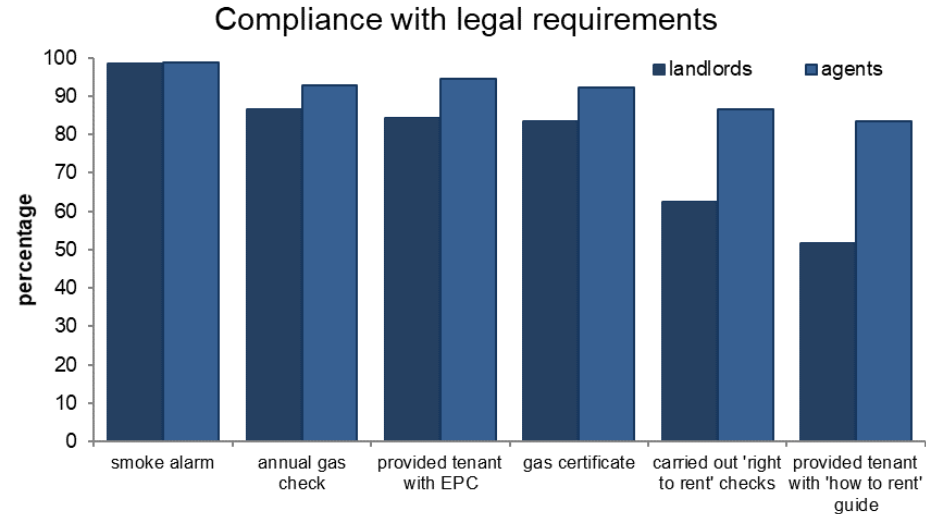
- 40% willing to offer longer tenancies, with another 38% if break-clause to sell or remove problem tenants;
- 48% did not offer them as happy with current arrangements, 42% due to concerns about removing problem tenants;
- 70% would be encouraged to if easier to remove problem tenants



# Compliance with legal requirements (I)

*Agents and larger portfolio landlords were more likely to comply with legal requirements, and landlords more likely to not know if they complied*

- Right to Rent - 87% agents, 62% landlords;
- “How to Rent” guide – 83% agents, 52% landlords;
- Issued EPC – 95% agents, 84% landlords;
- Landlords more likely to not know:
  - R to Rent – 22% llords, 7.6% agents;
  - How to Rent – 22% llords, 6.2% agents;
  - EPC – 7.7% llords, 2.6% agents

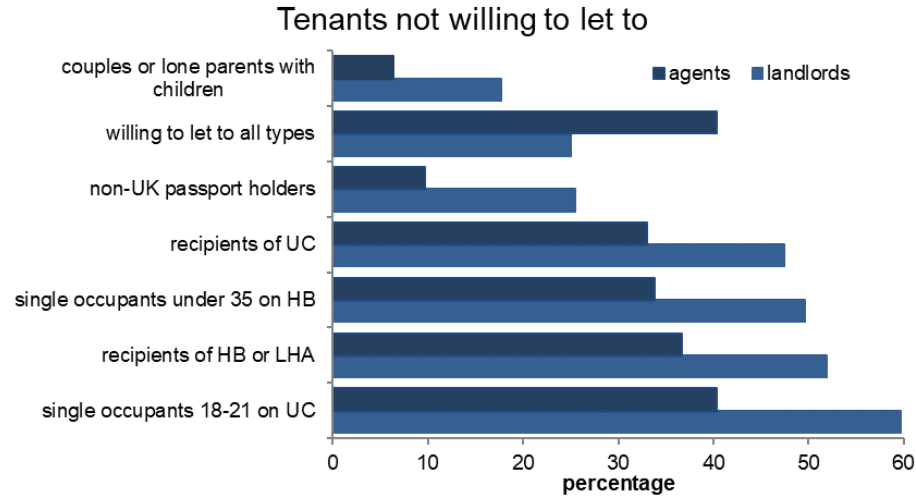




# Compliance with legal requirements (II)

*Significant numbers not willing to let to people on benefits and those with non-UK passports. Agents were more willing to let to all types than landlords*

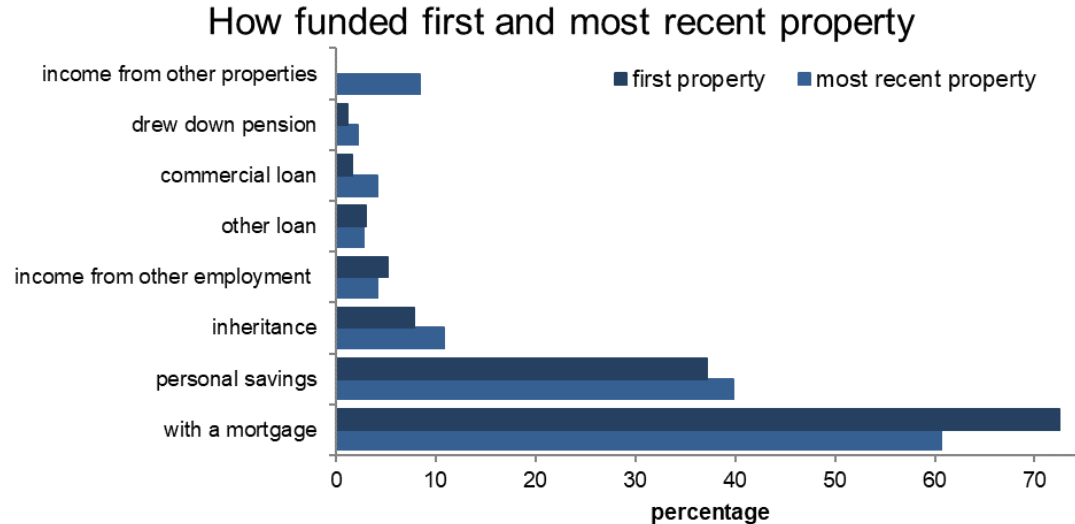
- 58% not willing let single people 18-21 on UC;
- 48% not willing let single people <35 on HB/LHA;
- 50% not willing let to people on HB/LHA;
- 46% not willing let to people on UC;
- 26% landlords and 9.7% agents not willing let non-UK passport holders;
- 40% agents and 25% landlords were willing to let to all types of tenants



# Past, recent and future investment (I)

*Landlords more likely to use a mortgage to fund their first purchase than their most recent purchase*

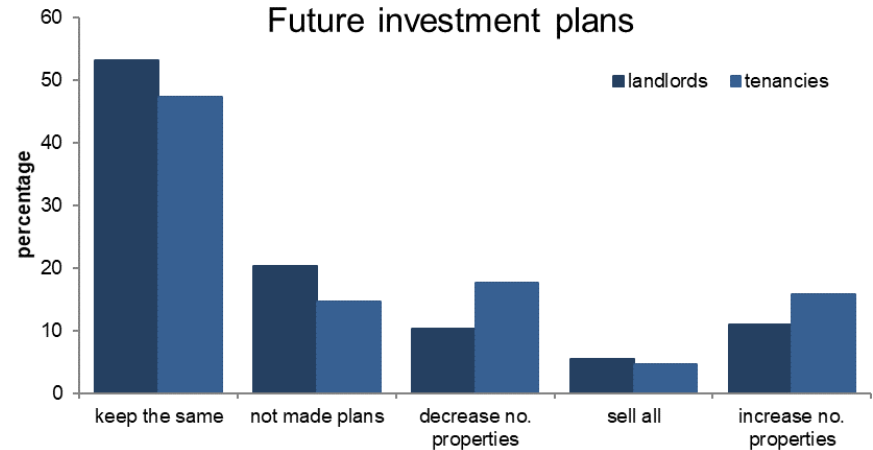
- 1<sup>st</sup> property - 72% mortgage, 37% used personal savings, 8% used an inheritance;
- Most recent – 61% mortgage, 40% personal savings, 11% inheritance



# Past, recent and future investment (II)

*More landlords with more tenancies planned to decrease investment or leave the business than those planning to increase investment*

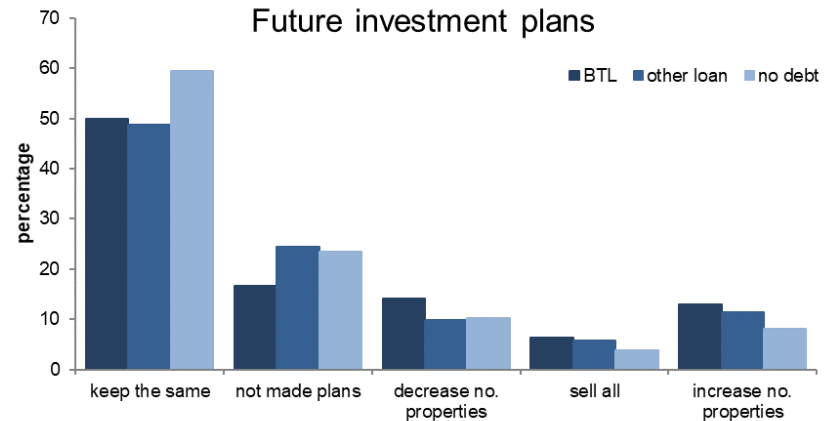
- 53% planned to keep number of properties, 20% not made plans;
- 11% plan to increase (16% tenancies);
- 10% decrease and 5% leave the business (23% of tenancies);
- The main reason for decreasing / leaving was legislative changes (61%), followed by personal (37%) and financial (29%)



# Past, recent and future investment (III)

*BTL landlords landlords were more likely to plan to decrease investment or leave the business*

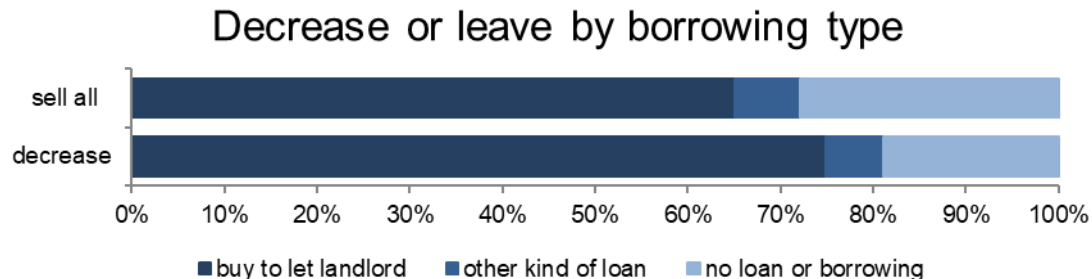
- 14% BTL planned to decrease, 6.3% to sell all;
- No debt landlords much more likely to keep portfolio the same;
- BTL landlords also more likely to increase portfolios (13%);
- BTL more likely to give legislative changes as reason to divest (70%);



# Past, recent and future investment (III)

*The majority of those planning to divest or leave the business were BTL landlords*

- 74% those planning to decrease are BTL landlords;
- 63% of those planning to sell are BTL landlords;
- BTL landlords also much more likely to be aware of recent tax changes than landlords with no debt;
- BTL landlords also more likely to have recently ended a tenancy to sell (14%) Cf. those with no debt (8.8%)



# Conclusions

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- Population continues to be dominated by individuals, with a single or small portfolios, who are non-professionals and rent as a side-line;
- Most landlords are at or approaching retirement and been renting for more than 10 yrs;
- Finances appeared very sound, with 39% having no debt, and those with debt having an avg. LTV of 50%;
- More recent landlords less likely to have mortgage, more likely to use personal savings;
- Only around half acquired 1<sup>st</sup> property to let out, significant number of “accidentals” and inheritance / gift / provide home for relative or friend significant;
- Although most used a mortgage to purchase 1<sup>st</sup> property, less so for most recent property;
- More landlords planned to decrease investment or leave business (23% tenancies) than those planning to increase investment (16% of tenancies);
- BTL landlords more likely to be divesting;

# Further analysis

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- Survey dataset being made available for analysis;
- Possible that TDP registrant and deposit dataset also made available;
- Much more potential for analysis by:
  - landlord archetypes;
  - housing market types;
  - geography;
  - Dynamic analysis over time;
  - Comparison of landlord cohorts over time

# Other information

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- Survey reports are available from:

<https://www.gov.uk/government/collections/english-private-landlord-survey>

- Survey data will be available from the Data Archive:

<http://data-archive.ac.uk/>

- Contact MHCLG [EPLS@communities.gov.uk](mailto:EPLS@communities.gov.uk)

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