Cambridge Centre
for Housing &
Planning Research

Research on the effect of rent stabilisation measures in London

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Contents

Introduction

The London Assembly's Housing Committee commissioned this study as part of an investigation into the likely impact of a range of rent stabilisation measures on London's housing market.

The Cambridge Centre for Housing and Planning Research had recently completed research commissioned by Shelter in the same field looking at the overall national picture[1]. This research has built upon the data from London landlords gathered for this previous research in order to examine the specific London effects in more detail, and has supplemented this with further surveying of London landlords.

The research explored six different scenarios of rent stabilisation and controls:

1. A new default private rental contract of five years with initial rents set by the market and increases limited to CPI. Shelter's proposal for the Stable Rental Contract as included in 'A Better Deal – towards more stable private renting' (2012) was used as the model for this scenario
2. A new default indefinite private rental contract with initial rents set by the market and increases limited to CPI or wage growth (whichever is lower) within the tenancy. Civitas's proposal in 'The Future of Private Renting' (2015) was used as the model for this scenario
3. A temporary, three year freeze on all private rents (including between tenancies) except for new build properties or those rented out for the first time
4. An indefinite cap on all private rents, set at current market rates and indexed to average earnings or the CPI, whichever is the lower. There is a first-year exemption for new build properties or those rented out for the first time.
5. An indefinite cap on all private rents, set at two-thirds of current market rates and indexed to average earnings or the CPI, whichever is the lower. Rents for new build properties and those rented out for the first time would be determined by those for comparable existing rental properties
6. Limits on rent increases within a tenancy that would take them to above market levels coupled with automatic 29 month extensions to a six month probationary tenancy which could be ended by the landlord only if they needed to sell their property, live in it or if there had been a breach of tenancy.

These can be grouped into those which set initial tenancy rents according to the market, but regulate increases within a tenancy (scenarios 1, 2 and 6); those which seek to hold rents at or close to their current level (scenarios 3 and 4), and one which proposes immediate reductions in rents from their current level (scenario 5).

The aim of the research was to explore how landlords might respond to these different types of rent stabilisation and controls and changes to security of tenure with a particular focus on differences between different types of landlords, such as those who let to low income tenants or families.

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[1] Clarke, Morris, Oxley, Udagawa and Williams (2015) *The effects of rent controls on supply and markets* Shelter and University of Cambridge

Methods

Survey work

The research involved re-running the landlords' survey in London and then re-analysing the results along with those obtained previously. An additional question was added to establish whether or not landlords let homes to families, as well as two additional questions exploring possible responses to rent stabilisations or longer tenancy lengths being introduced just in London. In addition, a small number of questions not of interest to the London Assembly were removed.

The original survey ran during February to March 2015 and the London extension during July and August 2015. This is only a short time later, though it should be noted that the extension survey took place after the 2015 general election which may have had an impact on the extent to which landlords were concerned about rent controls. Landlords were requested not to complete the survey if they had already done so earlier in the year, and a check was made for answers that appeared to be duplicates.

The original survey was delivered to landlords via landlord associations, accreditation schemes and student landlord registers. The London extension was sent out via letting agents, the London Landlords Accreditation Scheme and the University of London Housing Services and asked them to send a link and covering email to their landlords. A range of intermediaries were used in order to achieve as broad as possible sample of landlords. However, it cannot be proven to be a representative sample (see Annex 1). The survey asked about what tenants are looking for when they rent properties and how they are likely to react to longer term tenancies and/or lower rents. The survey text can be found in Annex 2.

The survey carried out in February/March 2015 achieved a response of 115 landlords who owned properties in London. The London extension survey was answered by a further 59 landlords with stock in London, making 174 landlord respondents in total. Because of the method of delivery, which relied on organisations voluntarily forwarding the email, it is not possible to calculate a response rate, because the overall size of the mailing list held by the organisations who forwarded the email is not known. Responses came from landlords providing all types of property, including student housing, Houses in Multiple Occupation (HMOs) and large high value homes aimed at affluent tenants. Details of the profile of those who replied are given in Annex 3.

Qualitative research with commercial and institutional landlords

The research for Shelter included only a very small number of responses from commercial property managers, and acknowledged that further research focussing on housebuilders, and in particular the build-to-let market would be useful to establish whether there is any evidence that demand from landlords fuels supply of new housing which would not otherwise be built. This is a particularly important issue in London where the PRS forms a large part of new housing supply. A relatively small number of players are involved in building a large proportion of new PRS properties.

We therefore interviewed ten investors and landlords during August 2015. The landlords included investment houses with significant PRS portfolios, private renting subsidiaries of major housing associations and one adviser to an expanding portfolio. A number of those interviewed were also developers of homes for private rent. All interviewee portfolios included properties in London and most also had additional properties in other urban centres, although the scale of their activities in London was larger than in any other centre. Existing portfolios comprised between 150 and 1,000 homes but expansion plans were substantial with two interviewees intending to create portfolios of 5,000 properties or more.

Context

Tenants living in private rented sector accommodation in London have experienced faster rates of rent increase in recent years than in other parts of England. Average rents for new tenancies in London were 11.9% higher in September-December 2014 than they were in the same period in 2013, compared to a 1.5% increase outside London (Homelet, 2014).

As the previous research for Shelter acknowledged[2] rising rents have increased the cost of Housing Benefit and have therefore become a matter of interest for those concerned about public expenditure. Welfare reforms have imposed limits on housing benefit payments, though it is uncertain whether these curtail rents, or simply prevent low income tenants from accessing rented housing. The recent proposed reduction to the overall welfare cap to £23,000 in London (and £20,000 elsewhere) and freezing of Local Housing Allowance for the next four years will add to these pressures.

The issue of security of tenure has also risen up the political agenda[3] fuelled in part by the growing number of families living in private rented housing, seeking long term homes but subject to short term tenancies.

The merits of rent control have been subject to much debate in the literature, and recently in the press. Polling has shown that the public are broadly in support of the idea of rent controls[4], though there is concern that most people have a limited understanding of the different ways in which this might work or what the wider consequences might be. However, the kinds of rent “control” currently being proposed by various third sector groups in the UK could more accurately be described as rent “stabilisation” rather than control. Stabilisation measures do not aim to bring about significant reductions in rents, but do aim to give tenants more financial security and protect them from rapid rises[5].

Rent stabilisation however usually involves changes to security of tenure – so the research here explores both of these issues together.

The London housing market is distinctive within England. Aside from the high rent levels, London has higher growth in residential property prices than other parts of the country and inner London price growth exceeds that for Outer London.

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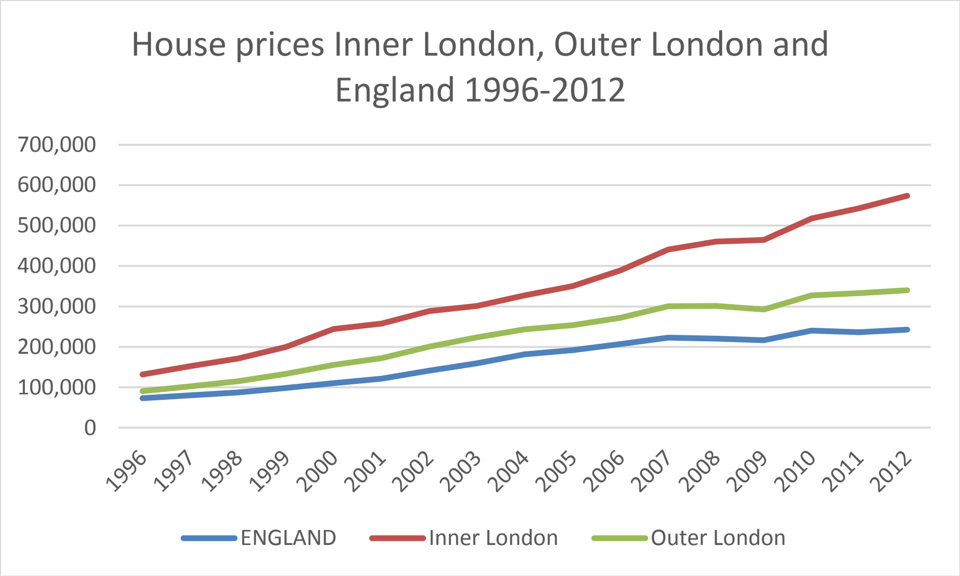
[2] Clarke et al (2015) The effects of rent controls on supply and markets, CCHPR

[3] A better deal: Towards more stable private renting, Shelter, 2012

[4] http://blog.shelter.org.uk/2015/02/the-politics-of-rent-control

[5] Shelter (2015): Making Renting Fit for Families: the impact of different forms of rent regulation



Source: DCLG/Land Registry.

This is important because a landlord with substantial reliance on capital growth might in theory be prepared to accept a lower rental yield (at least for a time), if capital growth is rapid.

However, recent research on the topic of rent controls, commissioned by Camden council[6], concluded that harsh rent controls (long term freezes) would be likely to work badly in the London context and that even more moderate rent stabilisation measures would require different approaches to security of tenure as well as procedures for eviction and sale.

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[6] Whitehead and Scanlon (2014*) Rent stabilisation: Principles and international experience a report for the London Borough of Camden.* London School of Economics

1. Modelling the impact

The recent research for Shelter modelled the likely impact of the different rent control scenarios on the private rented sector's housing supply. The key conclusions from that work for London are summarised here[7].

Past trends

Table 1.2 (below) shows how market rents, CPI and average wages have increased over the past ten years:

Table 1.2: Market rents, CPI and Wage inflation over the last ten years

		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Average 2006-
Market rent inflation (%)	**London**		0.8	0.7	2.5	1.5	-0.3	0.4	2.2	2.5		1.3
	England		1.2	0.9	1.7	1.5	-0.3	0.3	1.4	1.5		1.0
CPI (UK) (%)		2.1	2.3	2.3	3.6	2.2	3.3	4.5	2.8	2.6	1.5	3.0
Wage inflation (England) (%)		1.1	4.3	3.6	3.4	2.1	1.7	0.0	1.5	2.3	0.6	2.4

Sources: Rents: Valuation Office Agency published average rental price and IPHRP. 12-month growth December figures used, except for December 05 where January 06 used instead. Experimental Index of Private Housing Rental Prices - Index levels. January figures used for previous 12 months. CPI: ONS Wage inflation: Average weekly earnings from Annual Survey of Hours and Earnings via ONS

As can be seen private rents have actually risen below wages or CPI on average during the period 2006-2013. This is true both in London and in England as a whole.

This means that had the rent controls being explored here have been in place over the last ten years, assuming no other behavioural impact or supply impact, scenarios 1-4 would, on average, have had very little impact on rents charged. It is possible that individual neighbourhoods or specific properties would have had their rents held down as not all areas follow average trends in rents and there is anecdotal evidence of this occurring in London during the last two years.

Future projections

Past trends do not necessarily predict the future. We have therefore considered the available evidence and drawn on existing projections to look at the most likely future scenario, as shown below:

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[7] It should be noted that this modelling was undertaken prior to the June 2015 budget, so takes no account of the proposed changes to income tax allowances which will affect landlords paying higher rate tax.

Table 1.3: Projected market rents, CPI and wage inflation 2015-2025

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Market rent growth (%) (London)	2.9	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8
CPI (UK) (%)	1.2	1.7	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Wage inflation (England) (%)	1.5	1.4	1.3	1.2	1.1	1.1	1.0	0.9	0.9	0.8	0.8

Source: For CPI (up to 2019); Office for Budget Responsibility, Economic and Fiscal Outlook December 2014. For 2020 and onwards employed the 2019 level. For Rent Inflation and Wage Inflation, CCHPR analyses.

Under these projections the rent control scenarios would all make some impact on rents in some regions, though not in all parts of the country.

The impact of the rent control scenarios on average English rents

The tables below show the likely impact on each of the six scenarios for an average rent of £312 a week[8] drawing on the projections for CPI, wage and market rent inflation made above.

For comparative purposes, we first consider 'scenario 0' – no rent controls:

Table 1.4: Weekly rent projections for London under scenario 0 – with no rent controls

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Market rents	£312	£321	£330	£339	£348	£358	£368	£378	£388	£399	£410

Source: VOA Private rental market statistics 2014-2015; Own calculations

Scenario 1 limits rent increases within a tenancy to CPI, and imposes a default five year tenancy. The table below sets out the ways in which this would reduce rents, for renters who have been in their tenancies for different lengths of time. Rents are assumed to increase to the lowest of a) last year's rent plus CPI or b) market rents. It is assumed that after five years a new tenancy would be issued, re-based to the current market rent.

Table 1.5: Weekly rent projections for London under scenario 1

Years of tenancy	Year										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
0	***£312***	***£321***	***£330***	***£339***	***£348***	***£358***	***£368***	***£378***	***£388***	***£399***	***£410***

[8] www.gov.uk/government/uploads/system/uploads/attachment_data/file/406547/2013-14_Section_1_Households_tables_and_figures_FINAL.xlsx

1	***£312***	£315	£325	£334	£343	£352	£362	£371	£381	£392	£402
2	***£312***	£315	£320	£330	£338	£347	£356	£365	£375	£385	£395
3	***£312***	£315	£320	£324	£334	£342	£351	£359	£369	£378	£388
4	***£312***	£315	£320	£324	£328	£337	£346	£354	£363	£372	£381
5+ years	***£312***	£315	£320	£324	£328	£358	£341	£349	£357	£366	£375

Source: Own calculations drawing on Table 1.2 for projected CPI

The cells shaded in pale blue in the table above (and all tables in this report) are those that will always, necessarily, be at market rents, regardless of what happens to CPI and market rents. Whether the others are at or below market rents depends on what happens to market rent increases and CPI.

Scenario 2 limits rent increases to the lower of either the increase in average earnings, or CPI, whichever is the lower in any given year. The table below sets out the ways in which this would reduce rents, for renters who have been in their tenancies for different lengths of time.

Table 1.6: Weekly rent projections for London under scenario 2

Years of tenancy	Year										
	2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
0	***£312***	£321	£330	£339	£348	£358	£368	£378	£388	£399	£410
1	***£312***	£315	£325	£334	£343	£352	£362	£371	£381	£392	£402
2	***£312***	£315	£320	£330	£338	£347	£356	£365	£375	£385	£395
3	***£312***	£315	£320	£324	£334	£342	£351	£359	£369	£378	£388
4	***£312***	£315	£320	£324	£328	£337	£346	£354	£363	£372	£381
5	***£312***	£315	£320	£324	£328	£332	£341	£349	£357	£366	£375
6	***£312***	£315	£320	£324	£328	£332	£335	£344	£352	£360	£369
7	***£312***	£315	£320	£324	£328	£332	£335	£339	£348	£355	£363
8	***£312***	£315	£320	£324	£328	£332	£335	£339	£342	£351	£358
9	***£312***	£315	£320	£324	£328	£332	£335	£339	£342	£345	£354
10	***£312***	£315	£320	£324	£328	£332	£335	£339	£342	£345	£348

Source: Own calculations

Scenario 3 proposes a temporary three year freeze on all private rents, including between tenancies. It is assumed that after this period they return to market rents, and remain at market levels for the rest of the period. The length of tenancy does not affect tenancies issued under this scenario, but newbuild stock (and that which is being rented out for the first time) is not affected, and nor would be properties entering the PRS for the first time. The table below sets out the ways in which this would reduce rents for stock joining the sector at different points in time.

Table 1.7: Weekly rent projections under scenario 3

Stock entered PRS	Year										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2015 or prior	£312	£312	£312	£339	£348	£358	£368	£378	£388	£399	£410
2016		£321	£321	£339	£348	£358	£368	£378	£388	£399	£410
2017			£330	£339	£348	£358	£368	£378	£388	£399	£410
2018				£339	£348	£358	£368	£378	£388	£399	£410

Source: Own calculations

Scenario 4 is similar to scenario 2 above in that it limits rent increases to the lower of either the increase in average earnings, or CPI, whichever is the lower in any given year. However scenario 4 affects all tenancies except for newbuild or stock entering the PRS for the first time which are assumed to start out at market rents, but then have their rental increase limited in the same manner as other stock.

The table below sets out the ways in which this would reduce rents for stock joining the sector at different points in time.

Table 1.8: Weekly rent projections under scenario 4

Stock entered PRS	Year										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2015 or prior	£312	£315	£320	£324	£328	£332	£335	£339	£342	£345	£348
2016		£321	£325	£330	£334	£337	£341	£344	£348	£351	£354
2017			£330	£334	£338	£342	£346	£349	£352	£355	£358
2018				£339	£343	£347	£351	£354	£357	£360	£363
2019					£348	£352	£356	£359	£363	£366	£369
2020						£358	£362	£365	£369	£372	£375

2021							£368	£371	£375	£378	£381
2022								£378	£381	£385	£388
2023									£388	£392	£395
2024										£399	£402
2025											£410

Source: Own calculations

Scenario 5 is similar to scenario 4 in terms of operation but also proposes, much more radically, that rents are cut to two thirds of their current value immediately, and thereafter allowed to rise only in line with the lower of either wage inflation or CPI. It is assumed that under this scenario, rents on properties entering the PRS would be independently assessed and pegged to the level of comparable properties already in the market.

The table below sets out the ways in which this would reduce rents, using the same projections as above.

Table 1.9: Weekly rent projections under scenario 5

	Year										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Rent	£208	£210	£213	£216	£219	£221	£224	£226	£228	£230	£232

Source: Own calculations

As can be seen, the impact of this scenario is substantial right from the start.

Scenario 6 only stops rents rising to higher than market rents. In a properly functioning market rents cannot rise to higher than market levels (as by definition, they are at market levels if someone is willing to pay them). There is therefore no assumed impact on average rents under this scenario.

The impact on aggregate rent levels

In order to model the impact of rent controls on the sector we need to know not just the impact on affected rents, but the proportion of rents that will be affected. The proportion of renters affected under scenarios 1 and 2 depends upon lengths of tenancy, whilst for scenarios 3 and 4 – which are stock based – it depends on the proportion of stock that enters the PRS each year. This analysis has been carried out for the whole of England because the data sources do not have a sufficient sample size to undertake it just for London.

Using data from the English Housing Survey, the table below shows the proportion of PRS tenants in England who have been resident for different lengths of time, by region.

Table 1.10: Length of residency by private sector households – 2012/13

<table>
<tr><th>Length of residency</th><th>Total (EHS)</th><th>Proportion of all PRS tenants (EHS)</th><th>Estimated proportion by year of tenancy</th></tr>
<tr><td>0</td><td>1,022,602</td><td>36%</td><td>36%</td></tr>
<tr><td>1</td><td>655,028</td><td>23%</td><td>23%</td></tr>
<tr><td>2</td><td>369,745</td><td>13%</td><td>13%</td></tr>
<tr><td>3</td><td rowspan="2">372,584</td><td rowspan="2">13%</td><td>7%</td></tr>
<tr><td>4</td><td>6%</td></tr>
<tr><td>5</td><td rowspan="5">287,201</td><td rowspan="5">10%</td><td>2%</td></tr>
<tr><td>6</td><td>2%</td></tr>
<tr><td>7</td><td>2%</td></tr>
<tr><td>8</td><td>2%</td></tr>
<tr><td>9</td><td>2%</td></tr>
<tr><td>10 or more</td><td>151,756</td><td>5%</td><td>5%</td></tr>
</table>

Source: English Housing Survey and own estimates

The proportion of the PRS stock that has entered the sector within the last year has two components:

Growth in the size of the PRS sector (annual net increase)	*plus*	**Annual flow of properties between owner-occupation and private renting (churn between tenures)**	*equals*	**Number of properties which have entered the PRS in the last year**

Growth in the size of the sector comprises new construction and conversions of properties in other tenures to private renting, minus conversions of private rented properties to another tenure.

The table below shows the net increase in the size of the PRS over the last ten years:

Table 1.11: Number of dwellings in the PRS[9]

[9] Data from prior to 2003 has not been used because of differences in the methodology introduced in 2003.

	Private rented dwellings	Net flow into PRS	Net flow into PRS as proportion of stock
2003	2,549	-	-
2004	2,578	29	1.1%
2005	2,720	142	5.2%
2006	2,987	267	8.9%
2007	3,182	195	6.1%
2008	3,443	261	7.6%
2009	3,705	262	7.1%
2010	3,912	207	5.3%
2011	4,105	193	4.7%
2012[10]	4,286	181	4.2%
Total		**1,737**	**-**
Average		*193*	*5.6%*

Source: DCLG live tables, own calculations

There is no recent data available for flows between owner-occupation and private renting. The English House Condition Survey used to collect this information but was discontinued in 2007. Data from the 1990s however indicates that around 60,000 dwellings per year moved between owner-occupation and private renting, and a similar number in the other direction (Ball, 2004). The size of the PRS was on average 2.0 million dwellings during this period, meaning that 3.0% of dwellings moved between tenures each year.

Adding these figures together gives an estimate of 8.6% of the private rented stock having entered the PRS during the last year (5.6% net increase, some of which is newbuild, and a further 3% 'churn' moving in each direction between owner-occupation and private renting).

The summary table below shows, for comparison, the projected decrease in rental revenue for England for each of the six scenarios:

Table 1.17: Projected decrease in rental revenue in London (% reduction in total market rent paid): Scenarios 1- 5

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Scenario 1	0.0	0.9	1.4	1.7	2.1	1.3	1.7	2.7	2.8	2.9	3.0
Scenario 2	0.0	1.0	1.5	1.8	2.2	2.5	2.7	3.0	3.2	3.4	3.6

[10] Provisional figure

Scenario 3	0.0	2.5	4.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Scenario 4	0.0	1.4	2.5	3.5	4.5	5.5	6.5	7.4	8.2	9.1	9.9
Scenario 5	0.0	34.4	35.2	36.1	37.1	38.1	39.1	40.1	41.2	42.3	43.4
Scenario 6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

As can be seen, Scenario 5 has a much more dramatic impact on rent levels throughout the ten year projection. Scenario 3 has the next biggest short term impact, whereas scenario 4 has the next biggest impact over a longer time span. The impacts of all six scenarios are more significant in London than across England as a whole. This is because of the higher rental growth in London that would otherwise be expected to occur.

These projections are based on average rents, rather than individual level modelling. The actual impacts of rent controls would be more nuanced than this, and would of course vary depending on what actually happens to CPI, wage inflation and market rents.

The impact on the size of the PRS

The output from this analysis produces a projected change to the growth of the PRS, relative to the growth that would otherwise be experienced under scenario 0 (no rent controls).

In order to estimate the impact this will have on the overall size of the PRS, growth of the PRS under scenario 0 (no rent controls) has been estimated as a simple projection based on growth (in absolute terms) during the period 2006-2011 (the last five years for which data are available), as shown in Table 2.3:

Table 2.3: Projected size of the PRS (thousands of dwellings) under scenario 0 (no rent controls) in London

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Increase 2015-25
Scenario 0 (no rent controls)	983	1031	1079	1127	1175	1223	1271	1319	1367	1415	1463	**48.8%**

Drawing on this projection, along with the projected change in growth of the sector under each scenario, we can model the impact on the size of the PRS of each rent control scenario, as shown in Tables 2.4-2.10.

Table 2.4: Scenario 1 projected percentage decrease in size of PRS as a proportion of its size under scenario 0 (no rent controls) in London

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Scenario 1	0.0	0.3	0.7	1.1	1.6	1.8	2.1	2.5	2.9	3.2	3.5
Scenario 2	0.0	0.3	0.7	1.2	1.7	2.1	2.6	3.0	3.5	3.9	4.3
Scenario 3	0.0	0.8	1.9	1.9	1.8	1.7	1.7	1.6	1.5	1.5	1.4
Scenario 4	0.0	0.4	1.1	2.0	2.9	3.9	4.9	5.9	6.9	7.9	8.8
Scenario 5 (upper projection)	0.0	9.9	18.6	26.4	33.3	39.4	44.9	49.8	54.3	58.2	61.8
Scenario 5 (lower projection)	0.0	4.7	8.9	12.8	16.3	19.6	22.7	25.5	28.1	30.5	32.8
Scenario 6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Scenarios 1 and 2 have a similar impact, both projected to reduce the size of the PRS by around three to four percent over the next ten years, relative to the growth that would otherwise be expected to occur. Scenario 3 has a more significant early impact but after that, assuming it is a one off rent freeze and not repeated during the ten year projection, the growth of the sector is projected to recover so the overall impact over ten years is smaller than under Scenarios 1 and 2.

Scenario 4 has a more significant impact, reducing the size of the PRS by nearly nine percent by 2025. Whilst this is higher than across the rest of England as a whole, it should be noted that it is relative to overall growth of the sector of nearly 50 percent between 2015 and 2025 that is otherwise expected to occur. None of the scenarios 1-4 are projected to give a reduction in the size of the sector in absolute terms.

Scenario 5, however is projected to reduce the private rented housing supply most substantially, by between 32.8 and 61.8 percent relative to the size it is projected to have been without rent controls. The upper estimate here represents a decline in absolute terms.

London is projected to be affected more than any other region by all of scenarios except scenario 5, because of the higher rate of rent growth that might otherwise occur.

2. Findings from the Landlords Survey

Landlord responses to increasing tenancy length

Current practice

Most landlords offered tenancies for six or 12 months:

Table 3.1: Types of tenancies currently offered

	Landlords	
12 month assured shorthold	104	56%
6 month assured shorthold	59	32%
Via a company or local authority	5	3%
10-11 months (academic year)	3	2%
Short term (less than 6 months)	3	2%
2-4 years	3	2%
12 months with six month break clause	2	1%
A mixture or other	4	2%
Don't know / Not sure	3	2%
Total	**186**	**100%**

Source: Survey of private landlords March and July-August 2015. Note that some landlords (13) selected more than one main tenancy type.

As can be seen, six to 12 month assured shorthold tenancies are very much the norm at the moment with only four percent of landlords currently offering longer tenancies and five percent offering shorter ones. Comparison with the previous nationwide research suggests that London landlords were much less likely to offer tenancies of only six months (26 percent of London landlords, as compared with 55 percent elsewhere), and more likely to offer 12 month tenancies. Letting properties on longer lets or via a company or local authority and short term lets were also more common in London.

There were no significant identifiable differences between landlords operating in different parts of the market (prestigious, mid-market, budget student or specialist). The previous nationwide research had found that student landlords often offered lets for the academic year, but this analysis found that only six percent of London landlords letting to students usually offered this type of tenancy. This may be because the student market is less differentiated in London, or because demand for housing is higher, so landlords are unwilling to leave a property empty for a month or more.

Landlords who let properties to families were more likely to offer 12 month tenancies.

Table 3.2: Whether landlords let to families by their usual choice of tenancy length for new tenants[11]

	Usual length of tenancy for a new tenancy		Total
	12 month assured shorthold	Other	
No	5 (29%)	12 (71%)	17 (100%)
Not currently	7 (78%)	2 (22%)	9 (100%)
Yes (but not main tenant group)	11 (61%)	7 (39%)	18 (100%)
Yes, let to many families	11 (73%)	4 (27%)	15 (100%)
Total	34 (58%)	25 (42%)	59 (100%)

Source: Survey of private landlords July-August 2015. N=59. $Chi^2(3) = 8.644, p < 0.05$.

Responses to increased tenancy lengths

The rent control scenarios 1, 2 and 6 all involve a longer default tenancy contract. This would be necessary under any tenancy-based rent control in order to prevent landlords evicting tenants whose rents have become sub-market.

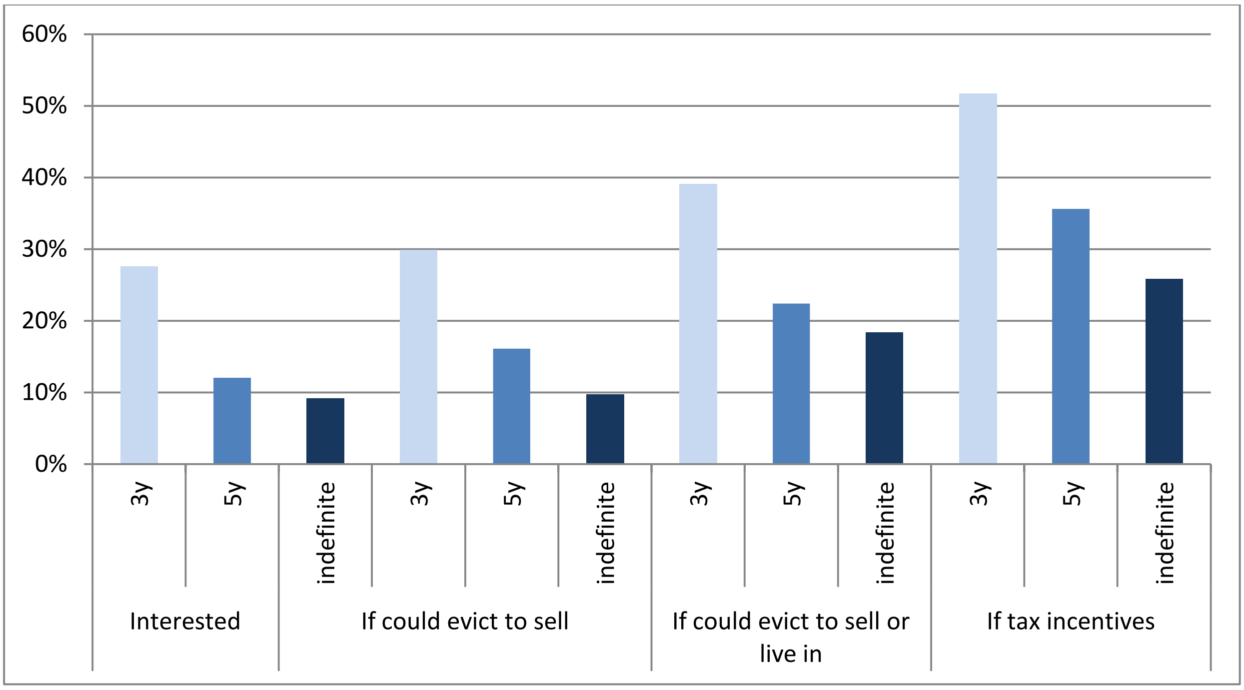
Landlords had mixed views about increasing tenancy lengths. They were asked:

> *Suppose there was a new longer tenancy model available in England. The tenant could end it at any time by giving two months notice, but the landlord could only end it if there had been a breach of tenancy, or if they had exchanged contracts to sell the property? Would you be interested in offering this type of tenancy to new tenants?*
>
> *If you could end a tenancy when you put a property on the market (rather than waiting until exchange of contracts), how likely would you then be to offer them?*
>
> *If there were safeguards in place so that you could end longer term tenancy if you wanted to live in the property (as well as to put it on the market), how likely would you then be to offer them?*
>
> *If there were tax incentives to you to offer longer term tenancies, how likely would you then be to offer them?*

The answers are shown below:

Figure 3.1: Landlord interest in longer tenancies

[11] This question was only asked to the latter group of landlords responding in July and August 2015



Source: Survey of private landlords March and July-August 2015.

As can be seen, landlords found three year tenancies to be of most interest, but were more interested in offering longer term tenancies if there were tax incentives to do so.

There were no clear differences between the responses of landlords who described their properties as 'prestigious', 'mid-market' 'budget' to this question. There was also no statistically significant difference between student and non-student landlords. Landlords letting to families were also no more likely to favour longer tenancies, despite being more likely to offer 12 month tenancies. There were also no statistically significant relationships between landlords' views of indefinite tenancies and letting to tenants in receipt of LHA[12].

Landlords were also asked:

> *If the only tenancies you could use were indefinite, what effect do you think this would be likely to have on your lettings? You would continue to have the same rights to evict the tenants for a breach of tenancy or non-payment of rent, or if you were selling the property. The tenant could end the tenancy with two months notice at any time.*

Their answers are shown below:

Table 3.3: Landlord responses to indefinite tenancies

Response	Number	Percent
No change	29	17

[12] Only landlords responding to the additional survey in July and August 2015 were asked the question about whether they let to tenants in receipt of LHA. Of these, 17 percent of respondents said they did let to people in receipt of LHA, 20 percent had current LHA tenants but would not accept new ones, 17 percent had never been asked to accept tenants in receipt of LHA, and 46 percent said that they would not let to tenants in receipt of LHA.

It would change my choice of tenants, or how I chose them	41	24
I would sell some of my properties	22	13
I would sell all of my properties	45	26
I would keep the property, but leave it empty	2	1
Something else (please specify)	17	10
Don't know / not sure	16	9
Total	**172**	**100**

Source: Survey of private landlords March and July-August 2015.

There were no statistically significant differences between responses from different types of landlords (prestigious, mid-market or budget) to this question.

Landlords who replied “something else” raised a variety of concerns with longer term tenancies. Some were concerned about having to rely on the current process of evicting tenants in breach of their contract in indefinite tenancies, which was seen as cumbersome.

Others raised concerns about the rights of the landlord to raise rents in indefinite tenancies. A few felt that indefinite tenancies would lead to greater uncertainty for landlords, with some indicating that they would only consider this option if the tenant was a family member.

Others were uneasy about tying up their asset in this way.

Those who indicated that it would change their choice of tenants were asked in what way it would alter. Their answers are shown below:

Table 3.4: Ways in which landlords would alter their choice of tenant for indefinite tenancies

Response	Number
Increased checks and references	16
Would not take those on housing benefit	6
Professionals only	3
Would only let to students	3
Would only take those seeking short term housing	3
Would require a larger deposit	2
Would take older tenants only	2
Would not take families	2
Other	3

Source: Survey of private landlords March and July-August 2015.

It is clear that the most common way that landlords think they would respond to longer tenancy lengths is to take greater care over who they offer tenancies to in the first place. Some were explicit that they would be less inclined to house people who were deemed higher risk:

I would take more care to vet tenants before taking them on, and effectively 'set the bar higher' - anyone with 'issues' would be out of luck

Be more selective on my LHA claimants, as in the past I have taken risks with tenants.ie no deposit, bad credit etc.

Go more "up market" with my choice of tenant avoiding lower income applicants

I would want tenants who I can accurately predict their lifecycle so I can plan to manage vacancy. For example, with students you pretty much know when they will leave. I don't want tenants to leave in December -- I'll be sitting empty for months!

Definitely no to benefit claimants or families

Two landlords raised the issue of probationary tenancies – as are often used in the social housing sector, and indicated that they might be happier to offer longer term tenancies to tenants after an initial probationary period of six months.

The 59 landlords who responded to the additional survey in July and August 2015 were also asked how they would respond to changes to tenure security in London but not elsewhere in the country.

Table 3.5: Landlord responses to the introduction of indefinite tenancies in London but not elsewhere in the country

	Number	Percent
No change	11	19
It would change my choice of tenants, or how I choose them	10	17
I would sell some of my London properties and buy new properties elsewhere in the country	4	7
I would sell all of my London properties and buy new properties elsewhere in the country	9	15
I would sell some of my London properties, and not buy any new properties elsewhere in the country	6	10
I would sell all of my London properties, and not buy any new properties elsewhere in the country	7	12
I would keep the property, but leave it empty	0	0
Something else (please specify)	3	5
Don't know/not sure	9	15
Total	59	100

Source: Survey of private landlords July-August 2015.

The majority of landlords would not sell any of their London properties if indefinite tenancies were introduced in London, but not elsewhere, although around half of these landlords would review their choice of tenants or how they choose them. 22 per cent of landlords would sell at least some of their London properties and buy new properties elsewhere and 25 percent of landlords would sell at least some of their London properties and not buy elsewhere. Fifteen percent indicated that they did not know what they would do in this situation.

There were no statistically significant differences between landlords' views on indefinite tenancies in London only and their stock size or usual length of tenancies for new tenants.

Landlord responses to rent stabilisation and controls

Current practice

Landlords were asked 'When you're advertising an empty property, how do you decide what rent to set?'. Their responses are shown below:

Table 3.6: Current rent setting practice for new tenants

Response	Number	Proportion[13]
At the top of the market (as high as possible)	13	8%
Slightly below the top of the market (e.g. in order to get a tenant quickly)	79	46%
Significantly below the market	6	4%
In line with Local Housing Allowance (Housing Benefit levels) in my local area	13	8%
I leave this to the Letting Agent	19	11%
A mixture of the above	39	23%
Don't know	2	1%
Total	**171**	**100%**

Source: Survey of private landlords March and July-August 2015

As might be expected, smaller landlords were more likely to say that they left the decision to their letting agent.

Those who said they set their rents significantly below the market were then asked why. Most indicated that this was a commercial decision in order to attract a good choice of tenant, with just a small number saying they did this because they felt it was wrong to charge higher rents.

Landlords were also asked about their current practice for increasing rents during a tenancy. They were first asked how often they checked the rents on their properties to compare them with the market:

Table 3.7: How often do you check rents on your properties compare with the market?

Response	Landlords	
	Number	Proportion
Regularly, at least every year	58	35%
Regularly, but not every year	12	7%
From time to time, but there's no schedule	40	24%

[13]Proportions given in tables do not always sum to 100 due to rounding.

Rarely	12	7%
Never	6	4%
Usually only when I am putting the property on the market for new tenants	36	21%
I leave this to the Letting Agent	4	2%
Total	**168**	**100%**

Source: Survey of private landlords March and July-August 2015

As can be seen, most landlords check their rents at least from time to time, though one in five only move the rent to market level when they have new tenants.

Landlords who did check their rents at least occasionally were then asked how often they increased their rents for existing tenants. The table below therefore shows this same information on a stock basis (so the landlords' responses have been multiplied by the size of their portfolio).

Table 3.8: How often do you increase rents for existing tenants?

Response	Landlords	
	Number of properties	Proportion of all properties
Regularly, at least every year	999	9%
Regularly, but not every year	1,112	10%
From time to time, but there's no schedule	8,514[14]	73%
Rarely	518	4%
Never	153	1%
I leave this to the Letting Agent	81	1%
Don't know / Not sure	-	-
N/a – rents not checked during a tenancy	239	2%
Total	**11,616**	**100%**

Source: Survey of private landlords March and July-August 2015

As can be seen, only nine percent of private rented dwellings owned by landlords answering this survey had their rent raised at least annually. The majority of properties had their rent raised from time to time, with only a very small minority of properties where the rent was not raised for existing tenants.

Landlords who did increase rents were also asked how much below market rent they would let a property slide before they increased the rent. Landlords owning 70 percent of the stock in the survey said they would always move rents up to the market no matter how small the difference (though this includes the one very large landlord), whilst a further 6 percent of stock was owned by landlords who said they would do so for a five percent difference, 3 percent for a 10 percent difference, and 5 percent for a 15 percent difference. Some landlords said their policy around raising the rents would depend on the tenant – they would be less inclined to raise rents if they wanted their tenant to stay.

[14] It should be noted that these results may be somewhat skewed by one very large landlord with 6,700 properties.

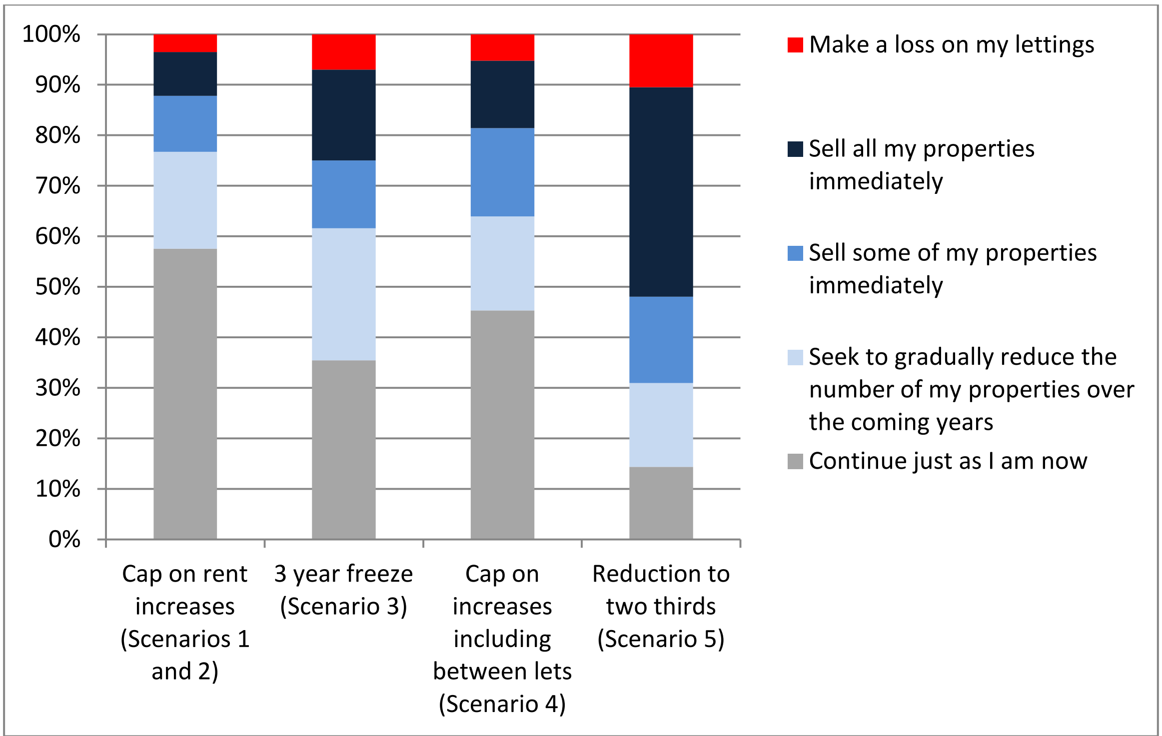
Response to rent stabilisation and control scenarios

Landlords were asked how they would respond to a range of possible rent control scenarios:

- *If the rents you could charge to existing tenants could only be increased in line with inflation each year (currently 0.3%)*
- *If the rents you could charge on all properties (including when letting to new tenants) could only be increased in line with inflation each year (currently 0.3%)*
- *If the rents you could charge on all properties (including when letting to new tenants) were frozen for three years*
- *If the rents you could charge on all properties (including when letting to new tenants) were forced to be reduced to two thirds of current levels, and thereafter could rise only in line with inflation*

Their responses are shown below[15]:

Figure 3.2: Response to rent control scenarios



Source: Survey of private landlords March and July-August 2015

Overall, the response of London landlords to this question was very similar to that of landlords throughout the country. As can be seen, landlords are less concerned about caps to rent increases than they are about a rent freeze. They were most concerned about the prospect of a forced rent reduction, with 45 percent saying they would sell all their stock and exit the sector if this were to happen. Nevertheless, even the prospect of a rent freeze

[15] The information given to landlords about the different rent control scenarios was simplified for the purposes of this question. Scenarios 1 and 2 have been combined because they differ mainly in length of tenancy (explored above) rather than their overall approach to rent control.

resulted in four in ten landlords saying they would look to reduce their involvement in the PRS often not immediately, but over the coming years. The majority of landlords however said that they would not alter their involvement in the sector in response to a cap on rent increases (Scenarios 1 and 2)

If landlords were to do as they say they would do in this survey, the sudden exodus from the market under scenario 5 would cause a substantial impact on the housing market more generally as a very large number of properties come onto the market simultaneously. This is likely to cause a housing market shock and possibly a significant fall in house prices at least until the market corrects itself. It is hard to quantify the extent of this as a fall in prices could trigger landlords to stop selling properties, or new buyers to enter the market. Alternatively, a housing market fall can perpetuate itself as first time buyers hold off buying or landlords try to sell quickly before prices fall further.

Whilst some of the tenants evicted when their landlords sell would be able to take advantage of this situation and buy a home, many others would not be in a position to do this and would struggle to find another private let. The London market is a particularly difficult one for many households who are currently renting to afford to buy as most household incomes are significantly below what would be required to buy.

This landlords survey answers suggest that this effect could also be seen under scenarios one to four. Landlords would suffer no sudden loss of earnings under these scenarios, but their answers to the survey suggest that a significant minority would nevertheless look to sell at least some their properties immediately.

It was clear from the answers to the survey that the response to rent controls was not just related to a projected loss of income – indeed very few landlords suggested in their open answers that they would be likely to make a loss under the rent freeze or capped increases scenarios, and – as discussed above – most did not regularly increase their rents during a tenancy anyway. Instead, the reasons for wanting to reduce their activities in response to rent control appeared to be related more to the bureaucracy and principles involved:

> *It could be impossible to keep up with all the new laws and directives. Also the costs of maintenance and repairs will mean it could end up not being very cost effective to let property.*
>
> *I aim to be a fair landlord providing; reasonable rent for good well maintained properties. My tenants stay as long as they wish, provided they comply with the terms of their contract. For me it is VERY IMPORTANT to have the FREEDOM to decide to whom I rent to, how much I charge and the terms of the contract.*
>
> *This is meant to be a free market led economy. They need to build more to ease rent inflation, not burden the landlords with the Governments shortfall.*
>
> *Being a landlord is a business. I don't see any other field of business activity being controlled and monitored in this way. Why landlords?*

It was clear that many landlords remembered the history of regulated rents in the past. They saw rent controls as regressive, and symptomatic of a political climate that was hostile to landlords' legitimate rights over their own properties:

From experience, as in the post war years rent controls reduced the number of properties available within the private rented sector and I can see no reason whatsoever why the same reduction in rented accommodation would not repeat itself.

I used to let properties in the 60s and 70s and it would be a return to the very dark and miserable ages, not something I would wish to go through a second time.

Having been affected by registered rents in the past, (I have been a landlord for 30 years) it would be a very retrograde step for any politician to interfere with the current market led system. Under the registered rents, no one benefitted from the system neither tenant nor Landlord.

The impact on quality of the PRS

Some landlords highlighted possible issues with maintenance of properties if rents were sub-market, and hence on the quality of the properties within the PRS, with many landlords highlighting problems in the past in the UK or with remaining rent-controlled properties that they still owned:

My company has been in operation since the 1930s renting out properties. Rent controls failed in the past and resulted in poor quality accommodation. We moved from 100% residential to a mix of residential and commercial. You have no incentive to invest in the property. If you look at the properties we have that are still subject to registered rents...the registered rent properties are in a far poorer condition.

Rent controls ... will also result in far more poorly maintained properties as landlords will have less disposable income.

I have been a landlord since 1972. There is now much more choice of accommodation than before the relaxation of rent controls in the 1980s. Landlords had no incentive to improve properties leading to slums.

The main issue raised for London landlords in relation to spending on maintenance was that landlords would have little financial incentive to invest in quality if the rents chargeable were controlled by government rather than responsive to the condition of the property.

The 59 landlords who responded to the additional survey in July and August 2015 were also asked how they would respond to rent stabilisation measures in London but not elsewhere in the country:

Table 3.9: Landlord responses to the introduction of rent stabilisation measures in London but not elsewhere in the country

	Number	Percent
No change	19	37
Sell properties in London and buy new properties elsewhere in the country	16	31
Sell properties in London and not buy new properties elsewhere in the country	14	27
Make a loss on my lettings in London	2	4
Total	**51**	**99**

Source: Survey of private landlords July-August 2015

Landlords indicated that they would take a range of different responses to the introduction of rent stabilisation measures in London, but not elsewhere; 37 per cent would not make any changes, whilst 31 per cent would sell their London properties to buy elsewhere, compared with 27 percent who would sell their London properties and not buy elsewhere.

There were no statistically significant associations between landlords' views on rent stabilisation measures in London only and the size of their stock or their client type.

3. The impact of rent stabilisation and controls on commercial landlords and institutional investors in the PRS

The ten interviews were intended to gain an insight into the views of substantial investors and landlords on the hypothetical rent stabilisation measures modelled in this report, and to gain an understanding of how they might react as landlords and investors to the introduction of such measures in London. In addition, interviewees were questioned as to how their attitudes or behaviour might change if rent stabilisation measures were introduced in different ways and/or in different circumstances. Interviewees were asked about the relative importance to them as investors of capital growth and rental return and current rent setting practice.

The interviewees approached for this exercise saw themselves as a distinct sub-sector within the broader private rented sector. As what might be loosely termed institutional investors, they believed that they could be distinguished from the majority of small landlords and buy-to-let investors by a number of distinct features:

- A commitment to invest at scale in the private rented sector.
- A commitment to invest for the longer term; business plans could be for thirty years.
- Reliance on rental return rather than capital growth.
- A professional attitude to their tenant relations and to the provision of services.

Capital growth versus rental return

Interviewees were asked how they would strike a balance between capital growth and rental return in deciding whether to invest, in order to help understand how they might respond to measures that could affect rental returns.

As discussed earlier, capital growth has been higher in London than elsewhere in England during the last 20 years. The interviews therefore sought to explore whether a reliance on capital growth might make landlords less concerned about rent stabilisation measures in London than elsewhere.

In fact, interviewees almost all placed their main emphasis on rental return rather than capital growth:

> *"We use a 30 year rental model. So rental yield drives it for us."*
>
> *"We only invest for income and rental return is the driver."*
>
> *"Capital growth influences where you buy but after that it is rental return."*
>
> *"The new PRS market is about distributing income."*

While a small minority of interviewees ranked capital growth as close in importance to rental return no one ranked it as more important. Interviewees suggested that an important difference between them and smaller buy-to-let investors was that the latter placed more importance on capital growth.

Investment and rent-setting and the market

Interviewees were asked whether they set rents in order to achieve a certain level of return, in relation to prevailing market rents or according to some other approach. They were also asked their views on possible consequences of decoupling rents from the market by rent controls or stabilisation.

Interviewees were clear that their rent levels were set according to prevailing rent levels for the type of properties and the area. They felt that there was limited scope to charge a premium. In choosing whether to invest in a particular location, they would identify their likely rental return using prevailing rents and decide if that return was sufficient over the life of the project to justify investment.

> *"We are driven by the market and what is achievable."*

This approach to rent-setting and hence ultimately to judging the viability of a potential investment is important since the decision to invest essentially builds in a reliance on the likely trajectory of future rent levels and their maintaining a relationship to the costs of investment (driven heavily by land values), that allow an adequate return on that investment over its life. While this may not make such investors antipathetic to rent stabilisation, it is likely to make them concerned that rental returns are maintained at sufficient levels to justify future investment and that they therefore maintain some coherent relationship to land values over the longer term. This proved to be the case; interviewees saw risks for investors in decoupling rents from the market:

> *"If you completely de-couple from the market you effectively create a new market governed by rent stabilisation."*

> *"This would drive away private investment which would have the effect of reducing supply and therefore driving up rents."*

One investor suggested that the ability to re-base rents to market levels every three years with some link to CPI in between would be workable but felt this should be entered into by covenant at planning/building stage rather than by regulation. Overall, large investors/landlords displayed a strong suspicion of measures that they perceived could allow rents to fall to levels at which they would not support investment in rental properties rather than home ownership at prevailing land values. All interviewees were clear that from their perspective the underlying reason for high rents and volatility of rents in London was related to shortage of new housing supply leading to high property prices and therefore ultimately to higher rents:

> *"The market is determined by supply; should stimulate more housing to address affordability."*

> *"The answer to affordability is to build new supply."*

Limiting rent rises within a tenancy

Interviewees were asked to what extent landlords would welcome proposals to make rent rises predictable for a period of up to five years. Interviewees had no objection to rents being predictable within a longer tenancy, but felt that it should be a two-way commitment, with tenants also committing to stay for a longer term.. They did not think it was appropriate to tie a landlord to a set of rents that rose by (say) CPI but to still allow the tenant to end the tenancy and walk away or re-negotiate at any time after an initial period. In these circumstances, a landlord could not rely on the lower costs a longer term tenancy might bring:

> *"These are one-sided measures – the landlord is committing for a term but the tenant can leave at any time."*

There was a view that five years was probably too long in any case; a minority of interviewees considered that three years might be more acceptable, although here too, it was felt that the contract had to bind both parties.

Interviewees were however aware that tenants may not want to enter into such long term tenancies. Many preferred the flexibility to move around as employment or other circumstances changed. Interviewees pointed out that most tenants tended to be young and at a stage of life where circumstances changed frequently.

Time limited or indefinite stabilisation measures

When asked whether it made a difference to them whether a measure to stabilise rents was time limited or indefinite they were all clear that an indefinite provision would be unacceptable:

> *"It has to be for the length of a tenancy otherwise you get long term dislocation from property values."*

> *"What we have been talking about is the term of the tenancy and reset to market rate at the end of the tenancy."*

All those interviewed believed that there had to be a periodic "rebasing" of rents at market levels and that the logical time for this to happen was at the end of a fixed term tenancy. This view links to a broader perception cited above, that rents could not be decoupled from the market without risking future rental returns and ultimately future investment levels.

The London context

Interviewees were reminded that in many other European countries measures to limit rent increases to some external measure are well-established and relatively uncontroversial. Interviewees were asked whether there was something about the UK or London that would make such measures more difficult to apply. Interviewees considered that one important difference in the UK was the underlying shortage of new housing supply which drove up property prices and created volatility. The combination of volatility and rising prices would make rent stabilisation more difficult to apply without depressing rents to the point where rental returns would be depressed also and future investment compromised.

One interviewee opined that the prevalence of small individual landlords contributed to market volatility also. Another interview suggested that while the European experience was relevant to the UK, it was important that regulators did not just look at rents. He believed that in Germany at least, tax incentives and depreciation allowances were more generous and that international comparisons between different sets of market conditions had to be made in the round.

The appropriate index

Interviewees were asked which index they believed would be most appropriate if rent stabilisation measures were to be imposed. One interviewee suggested that linking or capping rent rises in relation to rises in earnings would be the most appropriate since this offered a more direct link to affordability of the rent. However, the other interviewees were divided in preferring either CPI or RPI favouring whichever might produce the higher figure.

It should be noted that while they were prepared to voice a preference for one index or another, this did not imply support in principle for linking or capping rent increases to an index.

Reducing rents

Interviewees were asked how their organisations would react if rents in London were set initially at (say) two thirds of market levels with future increases limited to inflation.

Interviewees reacted very unfavourably to this proposal:

> *“How can you buy at market price and rent at sub-market rent?”*
>
> *“It would devalue all our current investments.”*
>
> *“We would withdraw from the market.”*

Interviewees believed strongly that implementation of a proposal such as this would lead to a flight of new investment plus disinvestment from existing portfolios by selling off some stock. One interviewee suggested that it would probably be the newer, better stock that would be sold-off since it would be hardest-hit in terms of rental return.

Rent freezes

Interviewees were asked how they would react to a rent freeze for a definite period of perhaps three years.

Although the reaction of interviewees was not as negative as for the previous proposal above, no interviewee was in favour of it:

> *"We have tried to build an investment class – this would send completely the wrong message".*
>
> *"We would invest elsewhere."*
>
> *"Our costs go up annually (staff wages etc.) and we have no control over funding costs - so we would not entertain a rent freeze in any form."*
>
> *"There is no case for rent freezes because of the impact on investment decisions."*

There was concern that a rent freeze would imply to investors that future yields would not meet investor targets and would therefore damage institutional investment. It was seen as unreasonable that rents should be frozen as landlord costs continued to increase.

In was also suggested that a freeze would cause distortion to the rental market in that at the end of the freeze period, rents would have to rise sharply if they were to re-synchronise with land values and restore landlord profitability. Sharp rises would be bad for tenants.

One interviewee suggested that smaller landlords would sell some of their properties back into home ownership, which could ultimately put an upward pressure on rents. Interviewees were asked whether they believed that a rent freeze would affect house prices due to the unwillingness of landlords to pay prices for properties that would not yield sufficient rental return. Interviewees did not believe that the impact of house prices would be significant since the private rented sector is a less powerful driver of the housing market than home ownership.

Reform of the Assured Shorthold Tenancy

Interviewees were asked whether it would be appropriate to conduct a wider re-assessment of the Assured Shorthold Tenancy (AST) in the context of policy makers requiring landlords to give up some control over future rent levels via rent stabilisation.

Interestingly, only two interviewees believed that reform of the AST was necessary or desirable. These interviewees believed that tenants should be offered the opportunity to forgo the right to end the lease at any time after the initial period in return for a lower rent.

Apart from these exceptions all interviewees believed that the AST continued to serve landlords and tenants well:

> *"The AST works incredibly well; re-assessment would worry me."*
>
> *"I am not sure this is an area I would want to go in."*

Four interviewees were currently prepared to offer long term tenancies, although reported that take up from tenants was limited.

Interviewees did not believe that enhanced security of tenure would be of benefit to tenants since they did not value longer lasting tenancies in any case. One interviewee stated that 70 percent of their new tenants preferred a six month AST to a twelve month AST because they wanted the flexibility to move, although their average tenancy length was 26-28 months[16]. The same interviewee also stated that virtually all their evictions were due to serious rent arrears.

One interviewee stated that tenants were more likely to need additional protection in their tenancy where buy-to-let landlords were involved. This view is consistent with a broader perception amongst interviewees that the institutional sector is distinct from the buy-to-let sector in key respects. Interviewees, saw buy-to-let landlords as more concerned with capital growth as opposed to rental return and therefore more likely to "churn" properties to crystallise capital gains. They also saw the institutional sector as more "professional" in its dealings with tenants and in the provision of services such as repairs and maintenance.

Overall, interviewees showed no appetite for reform of the AST or for measures tending to offer tenants more security, although they believed that some further security could be offered by mutual agreement, such as by offering additional six or twelve month periods after the initial period of an AST had expired.

London-specific measures

Interviewees were asked how they would react in relation to investment decisions if rent stabilisation measures (in the form of linking increases in rent to an index such as CPI) were to be implemented in London but not outside.

Some felt that operating under different systems did not in itself pose a problem:

> *"It probably would not make a difference."*
>
> *"In a balanced portfolio it is fine."*
>
> *"If they could suppress the land price it would not make any difference so long as I get the total return."*

Others, however, felt that this could be a reason to reconsider where they invested:

> *"As a PRS landlord backed by a sovereign wealth fund we would not invest in products where the income stream is capped."*
>
> *"We would look outside London; you have to protect your rental income stream."*

What was clear was that interviewees would analyse closely the impact of measures on their rental returns. If those returns were not impaired over the longer term- i.e. rents continued to bear a "viable" relationship to land values and other costs, then new investment would continue to be made. However, if stabilisation reduced longer term returns rather than simply mitigating volatility then a slowdown of investment or even disinvestment would be a possibility.

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[16] Nationally, 55% of private renters have been in their accommodation for less than two years and 38% for less than one year. (English Housing Survey , 2014)

One interviewee did suggest that while they might still consider the London residential market as an investment opportunity despite rent stabilisation, they would probably only do so for development of homes for the home ownership market.

Selective application of rent stabilisation

Exempting new dwellings

Interviewees were clearly of the view that any regulatory measures to cap or control rents would make them less likely to invest in new supply. They were also asked whether there would be an impact on their willingness to be involved in new development of homes in London if new-build properties were exempted from rent stabilisation measures while other properties were included.

This was not a measure that found favour with interviewees. No interviewees agreed that exempting new-build homes would have a positive impact on new development.

Interviewees had some doubts as to whether distinguishing between new-build and existing properties would be workable given how short many private sector tenancies are. In addition, it was suggested that one purpose-built rental block looks much like another to prospective tenants, who would not necessarily realise that they were being asked to pay a higher rent because the property was new. Interviewees were also aware that new-build properties would still fall within the rent stabilisation period after a relatively short time.

More significantly perhaps, interviewees believed that if rents on existing properties were stabilised then that would inevitably set the benchmark for rents across the sector as a whole including new-build. Rental returns would therefore still be reduced relative to where they would have been if no stabilisation measures had been implemented.

Applying rent controls only in “hotspots”

When asked whether rent stabilisation could be applied selectively to some sub-markets in London such as rental “hotspots” of high rents with exemption for other areas such as regeneration areas, interviewees were sceptical, suggesting that such a move could just exacerbate the differences in demand between areas:

> *“You would just make the hotspot more attractive!”*
>
> *“There would be a case for exemption in regeneration areas – but these areas need lower rents!”*
>
> *“Not workable.”*

The risks of market distortion were felt to outweigh any short-term benefits of this proposal. It was suggested that hotspots subject to rent stabilisation would suffer a subsequent dearth of new rental investment, which would ultimately force rents higher. Other hotspots would arise in exempt areas nearby. Two interviewees referred to the impact of inward overseas investment in certain areas of central London but did not believe that rent stabilisation would deal with this issue.

One interviewee suggested that while a case could be made for exempting certain weak markets such as regeneration areas from rent stabilisation on grounds of attracting investment, from a tenant perspective, such areas often required relatively low rents which were affordable for those on lower incomes.

Selective application of rent stabilisation was not seen as an appropriate response by any of the interviewees.

Using the planning system to secure lower rents

An alternative approach to secure lower land costs was proposed by five interviewees. This involved investors offering a covenant to hold land for rental purposes only for a period of 10-15 years. Two interviewees also suggested that this would offer the opportunity to introduce rent stabilisation and one of these suggested that discounted market rent would be a possibility if the financial model supported it. This would be in return for reduced planning obligations. This approach had already been employed by more than one interviewee. Interviewees believed that this policy is already supported by the GLA, and reference can be found in the GLA document *The Mayor's housing covenant; making the private rented sector work for Londoners* (GLA, 2012). Interviewees were concerned that some local authorities in London appeared unaware of this approach or were unwilling to implement it.

4. Conclusions

The previous research into rent controls and stabilisation measures across England gave an indication of what the impact of the six scenarios might be. This additional research and analysis has sought to explore in more detail how London specifically might be affected by such controls and stabilisation measures. As before, the conclusions, however, are very tentative. The quantitative analysis employed here is a simple one, and is inevitably influenced by the assumptions used. Different assumptions would give different results.

The quantitative analysis suggests that the impact of the six scenarios would be more significant in London than in other regions – this is because of the higher rates of rental growth that may otherwise occur. Outside London there are some areas where rent growth is very low, or non-existent, and rent stabilisation measures would therefore have very little impact. This has not been the case in London over recent years, though past trends may not necessarily continue.

Only under scenario 5 (upper projection) did the quantitative modelling suggest that the actual *size* of the sector would decline. The analysis has suggested that scenarios 1-4 and 6 produce only small reductions in average rents, with an average fall in affected rents of between 0 and 15 percent. This leads to an aggregate loss of rental income to the sector of between 0 and 10 percent (as not all tenancies are affected at all times), though it is possible that on a localised level their impact may be more significant.

This is a relatively small loss of income and not, in itself likely to cause a substantial change to the size of the sector. The projected reduction in growth of the PRS is small, compared to the 49 percent growth otherwise projected over the next ten years, with Scenarios 1-4 and 6 all still projected to see growth of the PRS of over 40 percent over the next ten years.

The impact modelled here is the impact on the size of the PRS. Small and gradual changes to the size of the PRS are unlikely to have a substantial impact on house prices, for the reasons discussed earlier. A sudden impact on the size of the PRS (such as under scenario 5), however, would be likely to impact across the housing market and could cause a sudden fall in house prices, with a resultant impact on new housing supply across all tenures.

The survey of London landlords however paints a somewhat different picture. Overall the views of London landlords were very similar to those found across England. The large majority were averse to rent controls, not just because they could reduce their rental incomes, but also because they resented the intrusion into what they saw as a market based transaction. There therefore may be some additional impact of rent controls arising from landlords aversion to the bureaucracy involved, regardless of the actual reduction of rent that may arise. As before, the research has given possible effects but by no means provide a conclusive answer to the size of the effects. The relationship between what people say they would do, and what they actually would do, given a specific situation, is inevitably uncertain. This is particularly so for a politicised issue such as rent controls where there are strong feelings involved. It was clear from the survey that many landlords were strongly opposed on ideological grounds.

The survey was distributed via various mailing lists and letting agencies, but the response rate is unknown it cannot be known whether those answering it were typical of all landlords, and it is possible that answering a survey on rent stabilization measures may have been particularly appealing to those opposed in principle. There is a clear gulf between the economically rational response to rent controls (as modelled in Stage 1) showing little immediate impact for scenarios 1-4, and the stated response of some landlords suggesting that many would nevertheless look to sell some or all of their stock immediately. Landlords appeared to feel that a government-imposed system for determining the rent they could charge was a fundamentally different context to be operating in, and one they strongly opposed, regardless of actual changes to rents charged.

The institutional investors interviewed in many respects shared the views of smaller landlords answering the survey. They were supportive of the concept of longer term tenancies by mutual consent, although felt that such tenancies should bind the tenant as well as the landlord. They were prepared to trade slightly lower rents for the lower costs inherent in a longer term tenancy but only if the tenant was willing to forgo the option to quit the contract on minimal notice. Overall, interviewees felt that the rent stabilisations and controls discussed risked distorting rental markets and deterring investment, particularly if rents were to become seriously decoupled from the market. There was suspicion that such measures could constitute a step towards the kind of rent controls that they perceived had undermined investment in the private rented sector in the period before 1988.

Within the various measures proposed, the most acceptable would be for maximum rent increases to be equivalent to the increase in CPI, within a three to five year tenancy. However, the regulatory imposition of such arrangements was considered undesirable.

The discrepancy between the modelled impact and landlords' stated responses creates a high degree of uncertainty over actual responses. Further research exploring the impact of similar moderate constraints on rent increases (such as under scenarios 1-4 or 6) when introduced in other countries would be useful here.

Landlords were not uniformly opposed to longer tenancy lengths. With the right safeguards in place, it would seem likely that longer tenancies could become more normal in the UK without causing any negative impacts on housing supply.

It is also important to note that this analysis has not looked at the practicalities of rent control, how it would be policed, funded or the detail of how it would operate. Much of the actual impact is likely to rest upon these details. Further research would clearly be needed to better understand the likely impact of any proposed form of rent control.

Nevertheless the analysis employed here does give some indication of the possible scale of impact of the six scenarios explored here, and how they differ one to another in their likely degree of impact in London.

Annex 1: Note on weighting

Consideration was given as to whether to weight the landlords' survey in order to make it more representative of all private landlords.

Creating a representative sample of private landlords is difficult, mainly because there is no obvious sampling frame, and nor is there any population data to weight against. The English Housing Survey did construct a sample of landlords in 2010, from taking contacts supplied by tenants. The DCLG's 2010 Private Landlords Survey should therefore be a reasonably representative landlord sample. It is however five years old, and was based on a sample created during 2007-9. We know from other sources that the PRS is growing very fast in London, with no reason to be sure that the growth is coming from similar types of landlords from those who held stock in 2007-9. More recently, Shelter have worked with YouGov to create a panel of landlords created by asking a household population a screener question of 'do you own any residential property that you let out?'. All answering yes were then invited to complete the survey, of which around 25-40% took part. Shelter therefore acknowledge that this is not a fully representative sample, though they do consider that it gives a good representation of the sector (aside from bigger companies/ institutions). Other recent surveys of private landlords such as that carried out by The Residential Landlords Association or the Association of Residential Letting Agents make no claims of being representative.

There is also an important distinction to make between a ***landlord based weighting*** – where every landlord who lets out property in London has an equal chance of being included; and a ***dwelling-based weighting*** – where every PRS dwelling has an equal chance of its landlord being included in the survey. The distinction is important because the practices of landlords with large portfolios of dwellings will have a greater influence on management practices of the sector as a whole than landlords who let one dwelling only. Thus, while 78% of all landlords let only one dwelling only 40% of all privately rented dwellings were let by those landlords (DCLG, Private Landlords Survey 2010). This survey included information on the precise size of landlords' stock and hence allowed both landlord-based and stock-based data to be produced, though both relate to the profile of survey respondents who could not be known to be representative of the sector overall.

Weighting survey responses has the effect of giving greater priority to the answers given by groups of landlords who – as a group – appear under-represented in the survey responses. This creates additional issues in a relatively small survey, such as this, because it may result in an undue weighting being given to a small number of responses, which could in fact by atypical.

Giving weighted results also implies that conclusions are being drawn about the population overall – rather than just the survey respondents. Given the opportunistic way in which landlords have been sampled here, the unknown response rate, and the potential for non-response bias (which could be related to landlords' level of interest in the issue, rather than criteria – such as size – which can be weighted) this is not an appropriate conclusion to be drawn from this survey.

For all these reasons, the data from the landlords' survey has not been weighted. The results and proportions shown are of survey respondents, and are not necessarily reflective of all London landlords.

Annex 2: Landlords' survey text

Rent Stabilisation Survey 2015[17]

carried out by
Cambridge Centre for Housing and Planning Research, University of Cambridge

Rent controls and stabilisation are ideas which are being talked about increasingly in the media, and which have been endorsed by many charities and some political parties. But different types of control may have different impacts, and we know that they would affect different parts of the country differently. The **London Assembly** has therefore commissioned this research exploring how different types of rent stabilisations and controls might work in practice in London, and how landlords might respond.

The survey is anonymous. Your answers be stored securely, used only for research purposes and would not be passed to any third party.

Please note that the deadline for the research is **9th August 2015.**

Any questions or technical problems?
If you have any questions about the survey please contact [research's details]

We carried out a very similar survey to this in February to March this year, for research commissioned by Shelter on how landlords would react to a range of rent controls. If you completed this previous survey, we do not want you to do so again as we will already have your answers and will re-analyse the responses of London landlords alongside those who reply to this new survey.

So please could you let us know whether you completed this earlier survey?

❍ Yes, I did complete the previous survey in February/March 2015

❍ No, I did not complete the previous survey

If 'Yes…' Is Not Selected, skip to end

Which of these descriptions best describes your situation? (If both of these apply, please answer the question as an individual private landlord)

❍ I rent out one or more properties as an individual private landlord

❍ I rent out a room or rooms within the same property I live in

❍ I work for a commercial landlord

[17] The original survey contained slightly different wording on some questions – for full details see *The effects of rent controls on supply and markets*, CCHPR, May 2015

In which of these areas of England do you let out residential properties?

- ❑ London
- ❑ South East or East of England
- ❑ South West
- ❑ East or West Midlands
- ❑ North East, North West, or Yorkshire and the Humber
- ❑ I don't let out residential properties in England

If ‘London’ Is Not Selected, skip to end

*How many residential properties do you let out to tenants in England? (Please give an estimate if you do not know exactly)*_________________

Skip if work for commercial landlord

Which of the following best describes your current landlord activity?

- ❍ Being a landlord is my full-time and main job
- ❍ Being a landlord is a sideline to boost my current income
- ❍ Being a landlord is a sideline as a longer term investment choice
- ❍ Don't know / Not sure

Which of these descriptions would you say apply to the properties which you let out? You can choose more than one answer.

- ❑ Student Housing
- ❑ Specialist - e.g. retirees, holiday homes
- ❑ Prestigious - aimed at affluent households or individuals with above average incomes
- ❑ Mid-market - aimed at those on average incomes
- ❑ Budget - aimed at those on a tight budget
- ❑ Don't know / Not sure

Answer If ‘I rent out a room or rooms within the same property’ I live in Is Not Selected

Which of these types of property do you let out? You can choose more than one answer.

- ❑ Shared properties (HMOs) or bedsits
- ❑ Whole flats
- ❑ Whole houses
- ❑ Don't know / Not sure

Do you let to families?

- ❑ Yes, I let mainly to families
- ❑ Yes in some properties, but they are not my main tenant group
- ❑ Not currently

- ❑ No
- ❑ Don't know / Not sure

Do you accept tenants who are in receipt of Local Housing Allowance (Housing Benefit)?

- ❑ Yes
- ❑ I have current tenants in receipt of Local Housing Allowance, but would not take new tenants in receipt of Local Housing Allowance
- ❑ No
- ❑ This hasn't arisen - I have never been asked to accept tenants in receipt of Local Housing Allowance
- ❑ Don't know / Not sure

Skip if work for a commercial landlord

Do you use the services of a letting agent?

- ❍ Yes, to find tenants and manage the properties
- ❍ Yes, but only to find tenants. I manage the tenancies myself.
- ❍ No
- ❍ A mixture - I use letting agents for some properties but not for others

Generally speaking, how easy do you usually find it to get tenants for your properties, when a vacancy arises?

- ❍ Very Difficult
- ❍ Quite Difficult
- ❍ Quite Easy
- ❍ Very Easy
- ❍ Don't know / Not sure

Skip if work for a commercial landlord

Which of these statements best describes how you first became a landlord?

- ❍ I inherited a property
- ❍ I bought a property for myself to live in, but then moved elsewhere and decided to let it out
- ❍ I bought a property for myself to live in, but then moved elsewhere was unable to sell the property, so decided to let it out
- ❍ I bought property as an investment (e.g. as a pension) using mainly savings or inheritance
- ❍ I decided to become a landlord and bought a property using mainly savings or inheritance
- ❍ I decided to become a landlord and bought a property using mainly a mortgage or other loans

❍ A different reason (please specify) ____________________

❍ Don't know / Not sure

What lengths of tenancy do you usually use on for new tenancies?

❑ 6 month assured shorthold

❑ 12 month assured shorthold

❑ Something else (please specify) ____________________

❑ Don't know / Not sure

Suppose there was a new longer tenancy model available in England. The tenant could end it at any time by giving two months notice, but the landlord could only end it if there had been a breach of tenancy, or if they had exchanged contracts to sell the property? Would you be interested in offering this type of tenancy to new tenants?

	Definitely	Probably	Probably not	Definitely not	I would leave this decision to my letting agent	Don't know
...for 3 year tenancies?	❍	❍	❍	❍	❍	❍
...for 5 year tenancies?	❍	❍	❍	❍	❍	❍
...for tenancies of indefinite length?	❍	❍	❍	❍	❍	❍

If you could end a tenancy when you put a property on the market (rather than waiting until exchange of contracts), how likely would you then be to offer them....

	Definitely	Probably	Probably not	Definitely not	I would leave this decision to my letting agent	Don't know
...for 3 year tenancies?	❍	❍	❍	❍	❍	❍
...for 5 year tenancies?	❍	❍	❍	❍	❍	❍
...for tenancies of	❍	❍	❍	❍	❍	❍

indefinite length?						

If there were safeguards in place so that you could end longer term tenancy if you wanted to live in the property (as well as to put it on the market), how likely would you then be to offer them…

	Definitely	**Probably**	**Probably not**	**Definitely not**	**I would leave this decision to my letting agent**	**Don't know**
...for 3 year tenancies?	❍	❍	❍	❍	❍	❍
...for 5 year tenancies?	❍	❍	❍	❍	❍	❍
...for tenancies of indefinite length?	❍	❍	❍	❍	❍	❍

If there were tax incentives to you to offer longer term tenancies, how likely would you then be to offer them:

	Definitely	**Probably**	**Probably not**	**Definitely not**	**I would leave this decision to my letting agent**	**Don't know**
...for 3 year tenancies?	❍	❍	❍	❍	❍	❍
...for 5 year tenancies?	❍	❍	❍	❍	❍	❍
...for tenancies of indefinite length?	❍	❍	❍	❍	❍	❍

If the only tenancies you could use were indefinite, what effect do you think this would be likely to have on your lettings? You would continue to have the same rights to evict the tenants for a breach of tenancy or non-payment of rent, or if you were selling the property. The tenant could end the tenancy with two months notice at any time.

- No change
- It would change my choice of tenants, or how I chose them
- I would sell some of my properties
- I would sell all of my properties
- I would keep the property, but leave it empty
- Something else (please specify) ____________________
- Don't know / not sure

Answer If ‘It would change my choice of tenants’ Is Selected

In what way would it change your choice of tenants?

If indefinite tenancies were introduced in London, but existing tenancy types were still available elsewhere in the country, what effect do you think this would be likely to have on your lettings?

- No change
- It would change my choice of tenants, or how I chose them
- I would sell some of my London properties and buy new properties elsewhere in the country
- I would sell all of my London properties and buy new properties elsewhere in the country
- I would sell some of my London properties and would **not** buy new properties elsewhere in the country
- I would sell all of my London properties and would **not** buy new properties elsewhere in the country
- I would keep the property, but leave it empty
- Something else (please specify) ____________________
- Don't know / not sure

When you're advertising an empty property, how do you decide what rent to set?

- At the top of the market (as high as possible)
- Slightly below the top of the market (e.g. in order to get a tenant quickly)
- Significantly below the market
- In line with Local Housing Allowance (Housing Benefit levels) in my local area
- I leave this to the Letting Agent
- A mixture of the above
- Don't know

Answer If ‘Significantly below the market’ Is Selected

Why do you choose to set your rents significantly below the market?

How often do you check rents on your properties compare with the market?

- Regularly, at least every year
- Regularly, but not every year
- From time to time, but there's no schedule
- Rarely
- Usually only when I am putting the property on the market for new tenants
- Never
- I leave this to the Letting Agent
- Don't know / Not sure

Generally speaking how often do you increase rents for existing tenants?

- Regularly, at least every year
- Regularly, but not every year
- From time to time, but there's no schedule
- Rarely
- Never
- I leave this to the Letting Agent
- Don't know / Not sure

Answer If 'Regularly, at least every year Is Selected' Or 'Regularly, but not every year' Is Selected Or ' From time to time, but there's no schedule' Is Selected Or ' Rarely' Is Selected

How much higher would the market value have to be, compared to the existing rent, before you increased it?

- I'd always move it to the market, no matter how small the difference
- 5% higher
- 10% higher
- 15% higher
- Other ____________________
- I leave this to the Letting Agent to decide
- Don't know

If the rents you could charge to existing tenants could only be increased in line with inflation each year (CPI) which of the following would you be most likely to do?

- ❑ Continue just as I am now
- ❑ Seek to gradually reduce the number of my properties over the coming years
- ❑ Sell some of my properties immediately
- ❑ Sell all my properties immediately
- ❑ Make a loss on my lettings

If the rents you could charge on all properties (including when letting to new tenants) could only be increased in line with inflation each year (CPI), which of the following would you be most likely to do?

- ❑ Continue just as I am now
- ❑ Gradually reduce the number of my properties over the coming years
- ❑ Sell some of my properties immediately
- ❑ Sell all my properties immediately
- ❑ Make a loss on my lettings

If some form of rent stabilisation (such as those in the last three questions) was introduced in London but not elsewhere in the country, which of the following would you be most likely to do?

- ❑ Continue just as I am now
- ❑ Sell properties in London and buy new properties elsewhere in the country
- ❑ Sell properties in London and **not** buy new properties elsewhere in the country
- ❑ Make a loss on my lettings

If the rents you could charge on all properties (including when letting to new tenants) were frozen for three years, which of the following would you be most likely to do?

- ❑ Continue just as I am now
- ❑ Gradually reduce the number of my properties over the coming years
- ❑ Sell some of my properties immediately
- ❑ Sell all my properties immediately
- ❑ Make a loss on my lettings

If the rents you could charge on all properties (including when letting to new tenants) were forced to be reduced to two thirds of current levels, and thereafter could rise only in line with inflation, which of the following would you be most likely to do?

- ❑ Continue just as I am now
- ❑ Gradually reduce the number of my properties over the coming years
- ❑ Sell some of my properties immediately
- ❑ Sell all my properties immediately
- ❑ Make a loss on my lettings

Have you got any other comments on the subject of rent stabilisations and controls that you'd like us to take into account in our research?

Annex 3: The profile of London landlords replying to the survey

Which of these descriptions best describes your situation?

Response	Number	Percent
I rent out a room or rooms within the same property I live in	12	7
I rent out one or more properties as an individual private landlord	152	88
I work for a commercial landlord	9	5
Total	**173**	**100**

In which of these areas of England do you let out residential properties?

Response	Number	Percent
London	**174**	-
South East or East of England	22	34
South West	23	35
East or West Midlands	6	9
North East, North West, or Yorkshire and the Humber	14	22
Total landlords	**65**	**100**

How many residential properties do you let out to tenants in England? (Please give an estimate if you do not know exactly)__________________

Response	Number	Percent
1	13	9
2-4	42	30
5-10	30	22
11-20	14	10
21-50	15	11
Over 50	25	18
Total	**139**	**100**

Which of the following best describes your current landlord activity?

Response	Number	Percent
Being a landlord is a sideline as a longer term investment choice	57	35
Being a landlord is a sideline to boost my current income	34	21
Being a landlord is my full-time and main job	68	41
Don't know / Not sure	6	4
Total	**165**	**101**

Which of these descriptions would you say apply to the properties which you let out? You can choose more than one answer.

Response	Number	Percent
Student Housing	40	15
Specialist - e.g. retirees, holiday homes	2	1
Prestigious - aimed at affluent households or individuals with above average incomes	33	13
Mid-market - aimed at those on average incomes	119	46
Budget - aimed at those on a tight budget	63	24
Don't know / Not sure	2	1
Total	**259**	**100**

Which of these types of property do you let out? You can choose more than one answer.

Response	Number	Percent
Shared properties (HMOs) or bedsits	58	21
Whole flats	127	46
Whole houses	90	33
Don't know / Not sure	0	0
Total landlords	**275**	**100**

Do you use the services of a letting agent?

	Number	Percent
Yes, to find tenants and manage the properties	24	15
Yes, but only to find tenants. I manage the tenancies myself.	41	25
No	66	40
A mixture - I use letting agents for some properties but not for others	34	21
Total	**165**	**101**

Generally speaking, how easy do you usually find it to get tenants for your properties, when a vacancy arises?

Response	Number	Percent
Very Easy	77	45
Quite Easy	84	49
Don't know / Not sure	3	2
Quite Difficult	9	5
Very Difficult	0	0
Total	**173**	**101**

Which of these statements best describes how you first became a landlord?

Response	Number	Percent
I inherited a property	9	5
I bought a property for myself to live in, but then moved elsewhere and decided to let it out	30	18
I bought a property for myself to live in, but then moved elsewhere was unable to sell the property, so decided to let it out	10	6
I bought property as an investment (e.g. as a pension) using mainly savings or inheritance	24	15
I decided to become a landlord and bought a property using mainly a mortgage or other loans	64	39
I decided to become a landlord and bought a property using mainly savings or inheritance	11	7
A different reason (please specify)	15	9
Don't know / Not sure	1	1
Total	**164**	**100**