

STATE OF THE LETTINGS
INDUSTRY REPORT

2024



Introduction

This year's *State of the Lettings Industry Report* shows a sector facing its toughest challenges yet, with insights drawn from over 1,500 letting agents, landlords and tenants indicating pressure is mounting on every front.

Landlords are continuing to leave the Private Rented Sector (PRS), and their absence is being felt more strongly than ever. Shrinking supply is causing rents to soar, with half of tenants surveyed stating that they now spend more than 40% of their gross income on rent - a threshold which classes this cohort as being in "rent poverty", according to some metrics. Letting agents are caught in the crossfire, contending with shrinking portfolios, skyrocketing demand, and an increasingly uncertain regulatory environment - causing sentiment to slip to an all-time low.

The consensus among the letting agents and landlords surveyed this year is clear: many of the government's proposed reforms for the PRS risk worsening the challenges the sector is facing.

There's an urgent need for innovative strategies to both support and incentivise the landlords and letting agents to remain part of a sector that not only provides essential housing for millions of tenants, but is also essential to the economy. Let's not forget, more than 100,000 people work in the PRS, and the sector generates millions in revenue every year.

But there are opportunities to address these challenges. With the right strategies and support, the new government can help the sector overcome these challenges - and ensure it remains a sustainable one for decades to come.



"This year's report highlights both the significant challenges and the essential value of the PRS to the wider economy. While we support reforms aimed at raising standards in the industry and improving the quality of housing for tenants, it's equally important that policies support the sustainability of the sector and ensure there are enough rental homes to keep up with the growing demand."

"Reforms must align with broader efforts to increase housing supply throughout the country, especially in high-demand areas. Without this alignment, we risk exacerbating the supply crisis, driving more landlords out of the market and limiting affordable homes for everyone. We're committed to working constructively with all stakeholders to ensure that our sector remains key to the UK's housing solution."



William Reeve, CEO, Goodlord



"It's undeniable that letting agents are feeling the strain, faced with rising demand and a supply shortage. Yet, the resilience of letting agents has always been a cornerstone of the private rented sector. We're consistently impressed by their ability to handle these challenges head-on.

"But despite letting agents' adaptability and commitment to delivering under pressure, it's essential any legislative decisions affecting the sector are carefully considered. The PRS plays a critical role not only in housing millions of people but also in our economy, generating jobs, and supporting communities. We don't want to exacerbate the challenges agents, landlords, and tenants already face. Rushed decisions could have consequences for the entire country."



Tom Goodman, Managing Director, Vouch

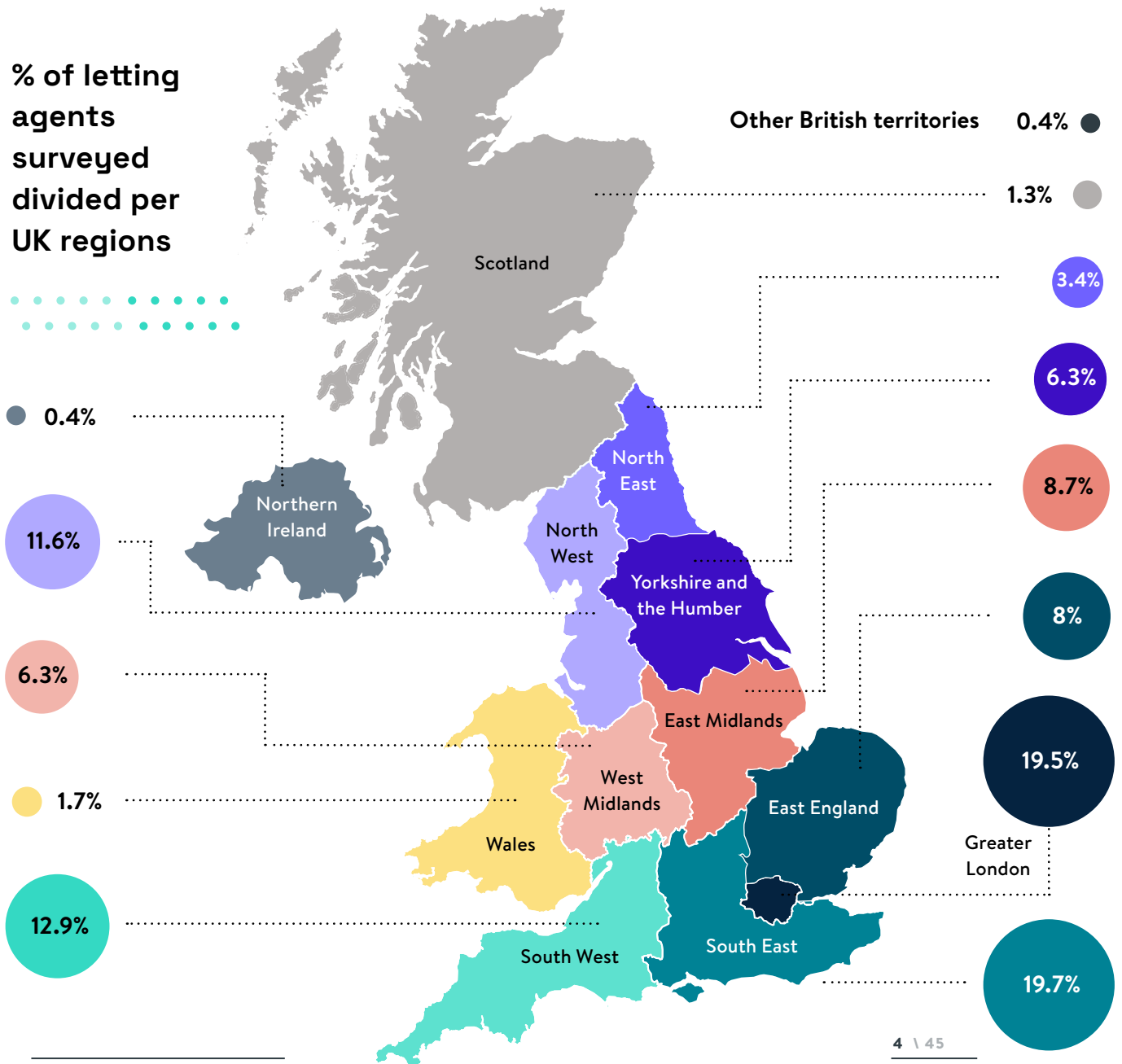


	Response breakdown	4
	<ul style="list-style-type: none"> > Letting Agents > Landlords > Tenants 	
01.	Soaring demand from tenants hits supply constraints	8
	<ul style="list-style-type: none"> > Majority of letting agents report spike in tenant enquiries > Almost half of landlords are leaving the sector > Why are some landlords saying goodbye to the PRS? > Overbidding: Overblown? > Letting agents think Renters' Rights Bill will push more landlords out 	
02.	A tug-of-war between soaring prices and affordability	19
	<ul style="list-style-type: none"> > Despite record rents, many tenants are escaping rent increases > Half of tenants are in 'rent poverty' > Rental arrears on the rise 	
03.	The future of lettings under Labour's legislative agenda	27
	<ul style="list-style-type: none"> > Prospect of Section 21 being axed causing anxiety amongst agents > Tenants don't want periodic tenancies > Two-thirds of landlords will be impacted by changes to minimum energy efficiency standards > Letting agents expect minimal fall out from Decent Homes Standard > Letting agents and tenants split down the middle on pets in lets > Landlords considering exiting the PRS cite reforms as main motivation 	
04.	Uncertainty is taking its toll on industry morale	38
	<ul style="list-style-type: none"> > Letting agents are struggling with stress and mental health challenges > Navigating a challenging market: Letting agents' key priorities and concerns > A-level-equivalent qualifications could be a double-edged sword > Regulation could lead to job losses, with small agencies hit the hardest 	
	What's next for the PRS?	43

Response breakdown

The State of the Lettings Industry Report is based on the most in-depth annual survey of the UK lettings industry. The professional backbone of the PRS, the lettings industry's 100,000-strong workforce is made up of letting agents, landlords, property managers, and suppliers. Together, they manage around 2.5 million privately rented homes, serve over 5 million tenants, and handle half of all rental home moves, making the industry critical to the success of the PRS.

▾ % of letting agents surveyed divided per UK regions



Letting agents

The 500+ letting agents who participated in this year's survey represent a broad cross-section of agencies from throughout the UK.



The average agency in this year's survey has a portfolio of 420 properties and employs 16 people. Just under a fifth (18%) of agencies manage fewer than 100 properties, and 10% have more than 1,000. Forty-two percent of these agencies are run by small teams of fewer than 5 people, and only 5% have more than 100 employees. A quarter (26%) of the letting agents represented in this survey also practise what they preach, and are landlords themselves.

This year's respondents also hold a wealth of industry knowledge, with an average of 12 years' experience, and a significant number hold senior positions, including 36% as Directors or Managing Directors and 25% as Senior Managers. The average annual salary of the letting agents surveyed was £40,000, with 6% of respondents earning more than £80,000.



Landlords

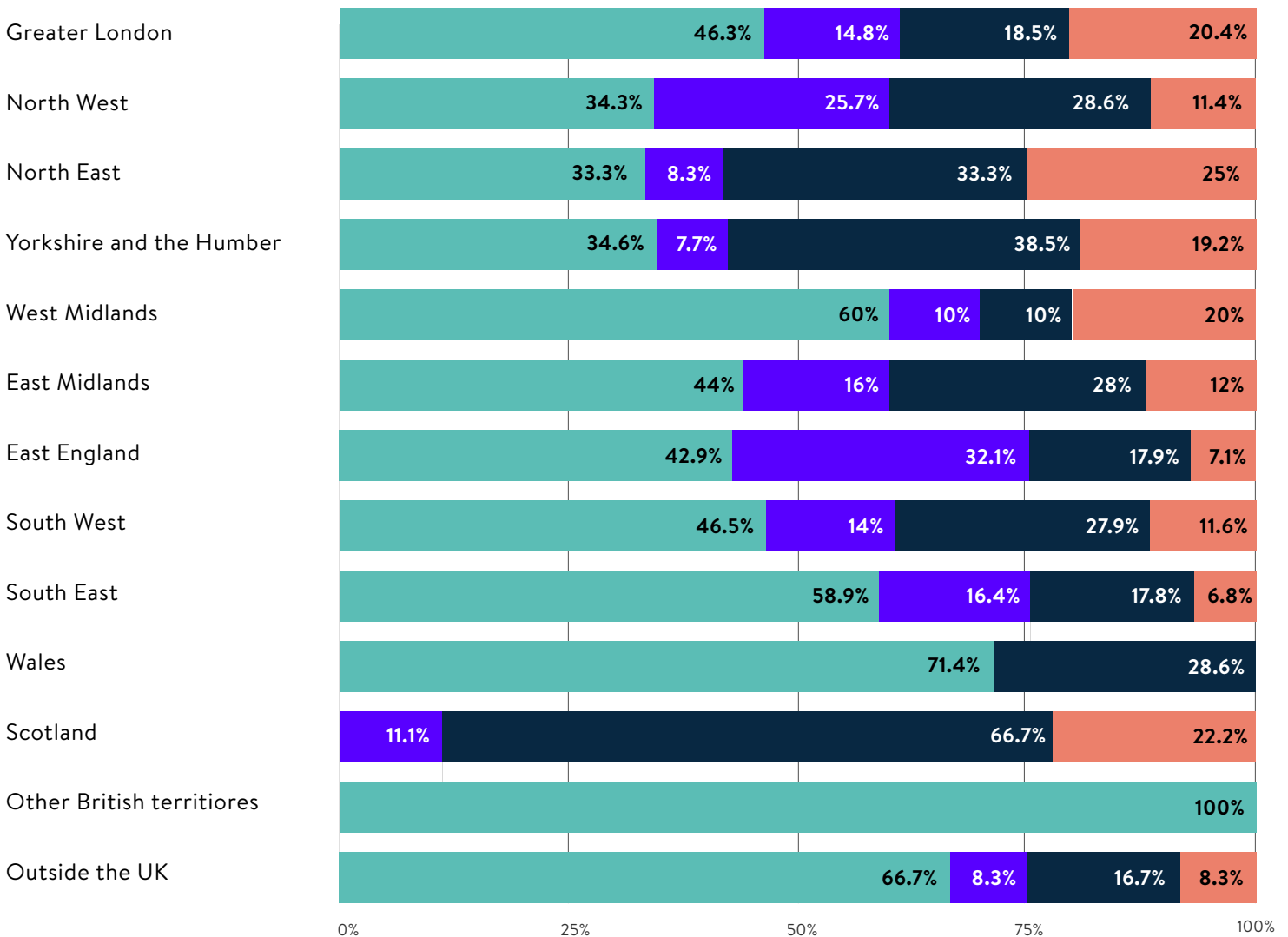
More than 300 landlords participated in this year's survey. On average, each landlord manages about 7 properties, with 92% of their portfolios consisting of residential lets. A fifth (22%) of the landlords represented own just one rental property, 59% between 1-4, and 12% have portfolios of 20 or more properties.



Sixty-three percent of landlords surveyed currently use letting agents. Just under a third (29%) of landlords cited compliance as the main advantage of using a letting agent, up from 17% in 2023. A third (33%) of landlords said sourcing tenants is a key benefit of using a letting agent, up from 24% the previous year.

Do you currently use a letting agent?

- Yes, I currently use a letting agent for my property/all of my properties
- Yes, I currently use a letting agent for some of my properties, but not all
- No, but I have used a letting agent in the past
- No, and I have never used one

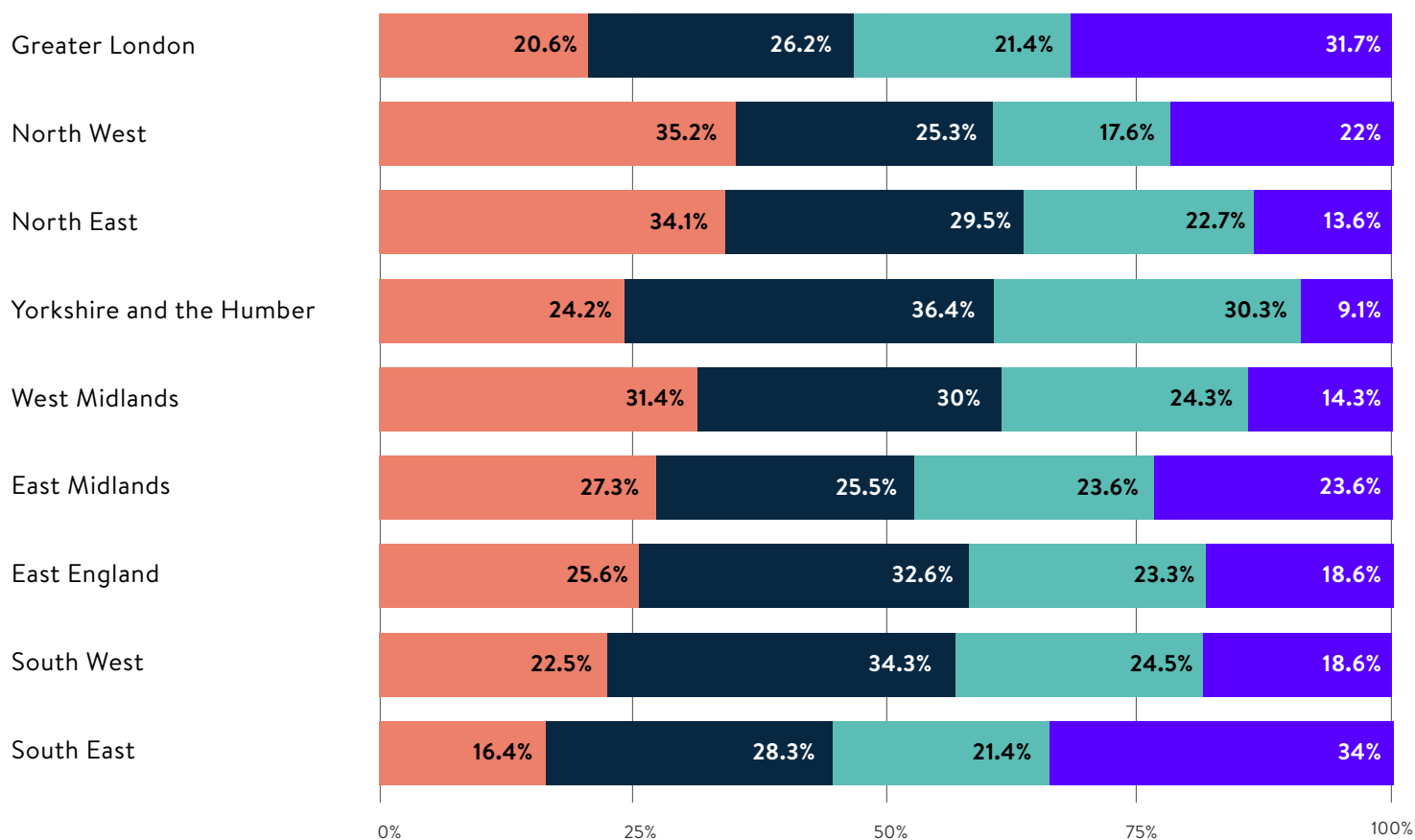


Tenants

The 750+ tenants surveyed this year had an average age of 36 years and average income of £35,100. Three-quarters of tenants (75%) surveyed were in the first year of their current tenancy. Just under a quarter of tenants surveyed (23%) said their experiences with letting agents had been positive.



● I live alone ● I live with a partner ● I live with family ● I live with housemates/flatmates



Forty-two percent of tenants were under 30 years old, reflecting the demographic skew of the renting population, and 16% were over 50. These tenants are primarily composed of full-time workers (68%), with 6% part-time workers, and 15% students.

Living arrangements among tenants vary, with 29% living with a partner, 24% living alone, and 24% sharing with housemates or friends. Those living in shared accommodation earn considerably less than their single-occupant counterparts, with an average income of £25,300.

Financially, many of these tenants are facing significant challenges, with an average of 42% of their take-home pay going towards rent, up from 39% in 2023.

Chapter 1



Soaring demand from tenants hits supply constraints

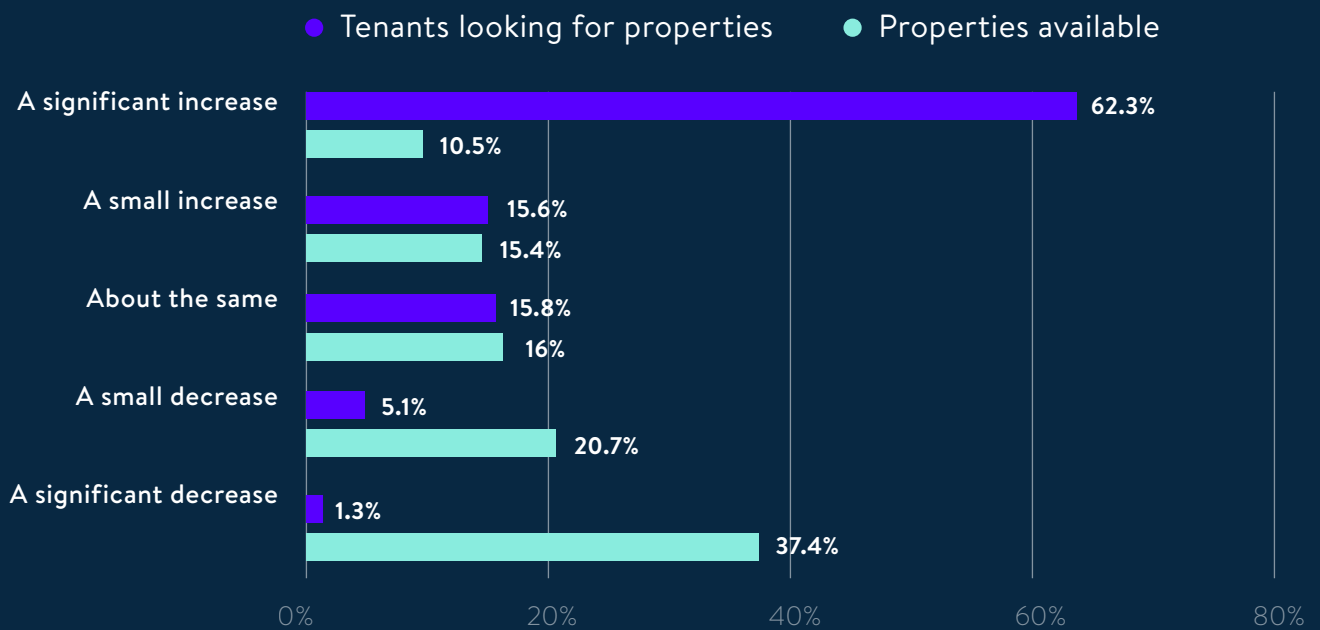
Tenant demand continues to outstrip supply throughout the UK – a challenge that’s set to deepen as more landlords consider leaving the sector.

Majority of letting agents report spike in tenant enquiries

More than three-quarters of agents said they'd seen an increase in the number of tenants searching for properties. Almost half of agents (49.1%) described that increase as "significant".

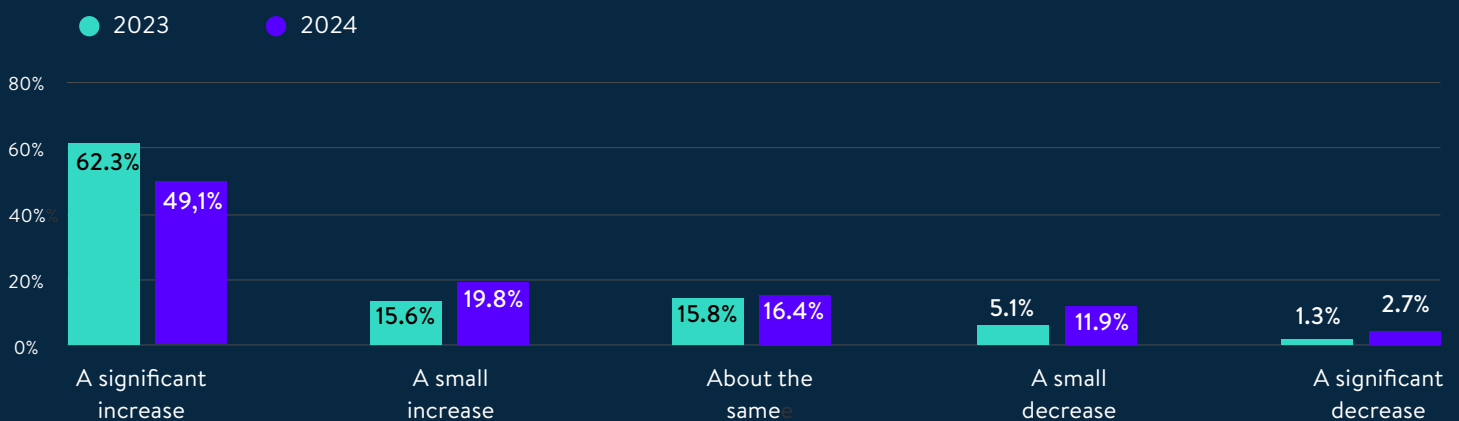


Demand from tenants vs. availability of rental housing in the past year



Letting agents say tenant demand for rental properties has significantly increased, while availability of rental properties has decreased.

Change in number of tenants looking for properties, 2024 vs 2023



For the second consecutive year, letting agents have reported an increase in the number of tenant enquiries.

Another factor that's likely ratcheting up demand for properties is the large level of net migration, with more than 685,000 new people making their homes in the UK over the past year, according to the ONS. In the same period, only 232,470 new homes were built.

At the same time, the supply of rental properties has continued to decline, with more than half (58%) of letting agents reporting a decrease in the number of available properties – with 37.4% noting a “significant” decrease.



“

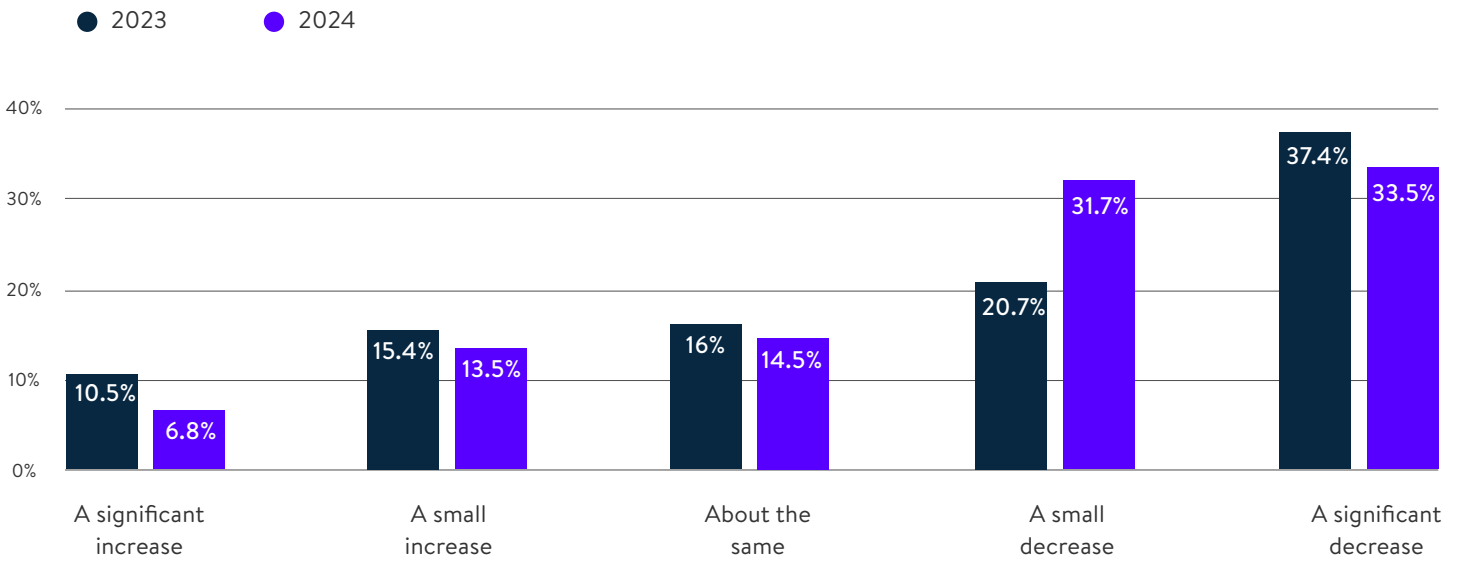
Stock levels have not kept up with the increasing demand and are below the pre-pandemic levels. The imbalance between supply and demand is so vast that, without significant change in government policy on tax – and general attitude towards housing providers – it will take a very long time to reach equilibrium. I cannot see this trend changing any time soon.



Greg Tsuman, PPARLA and Lettings Director of Martyn Gerrard

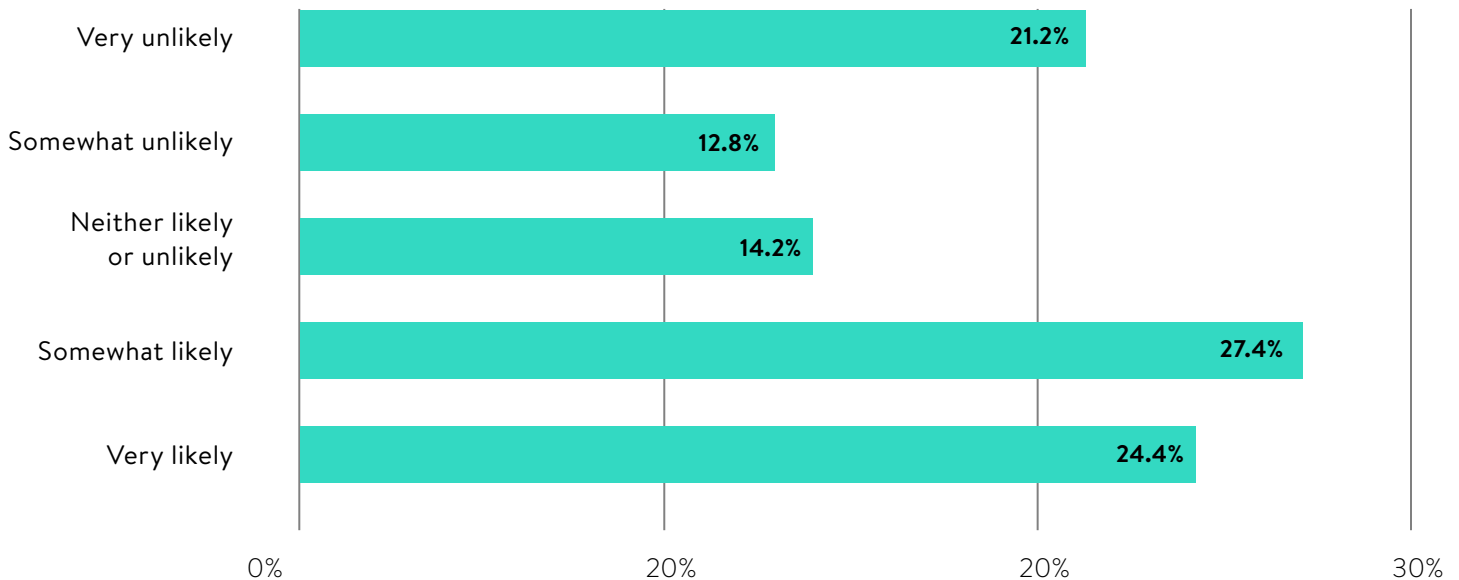


Change in number of properties available, 2024 vs 2023



At the same time, homeownership remains out of reach for many, with a large proportion of tenants expecting to remain in the PRS long-term. Twenty-one percent of tenants believe they're "very unlikely" to purchase a property in the next five years, and a further 12.8% think they're "somewhat unlikely" to purchase one – signalling demand for rental properties won't be slowing down any time soon.

How likely are you to buy a property?



Almost half of landlords are leaving the sector

It's no wonder letting agents are feeling the squeeze, with just under a third of landlords surveyed (29.9%) saying they had either sold one of their rental properties or put one on the market in the past year. A further 17.4% of landlords said they were considering reducing their portfolio in the coming year.



Have you tried to reduce the size of your portfolio in the last 12 months?

Yes - I have put at least one property up for sale/sold at least one property

29.9%

No - I did not sell/attempt to sell any of my properties

52.8%

No - But I am considering reducing my portfolio in the next 12 months

17.4%

0% 10% 20% 30% 40% 50% 60%



WHY ARE SOME LANDLORDS SAYING GOODBYE TO THE PRS?

Of those landlords who reduced their portfolios over the past year, or are thinking about doing so in the next 12 months, there were five key themes:

▶ INCREASING LEGISLATION

The Renters' Rights Bill – in particular the abolition of Section 21 'no-fault' evictions – is a major concern for landlords.

▶ ENERGY EFFICIENCY STANDARDS

Landlords are worried about regulations requiring properties to meet higher energy efficiency standards, which could come at significant costs for some.

▶ ECONOMIC PRESSURES

Rising mortgage rates and increased operational costs are squeezing profit margins.

▶ SHIFTS TO SHORT-TERM RENTALS

Some landlords surveyed are moving their properties into the more lucrative short-term rental market (e.g., Airbnb).

▶ TAXATION AND INVESTMENT ALTERNATIVES

Changes in taxation, along with better investment opportunities outside the rental sector, have also contributed to some landlords selling up.



Policy-wise, the correct balance between the landlords' right to look after their assets and the rights of tenants to live in a rented property needs to be found, unless we are prepared to see a fall in the supply of available homes to rent. Neglecting the role of private landlords in housing supply would be shortsighted, given the high satisfaction levels consistently reported by tenants. This should be better reflected in government comments and policy.



Chris Norris, Campaigns and Policy Director, NRLA

NRLA
NATIONAL RESIDENTIAL
LANDLORDS ASSOCIATION

Landlords are almost universally negative on two of the key planks of the Renters' Rights Bill: axing section 21 and abolishing fixed term tenancies.

Over three-quarters of landlords (77%) said banning 'no-fault' evictions would have a negative impact on the sector, and just under two-thirds (64%) said

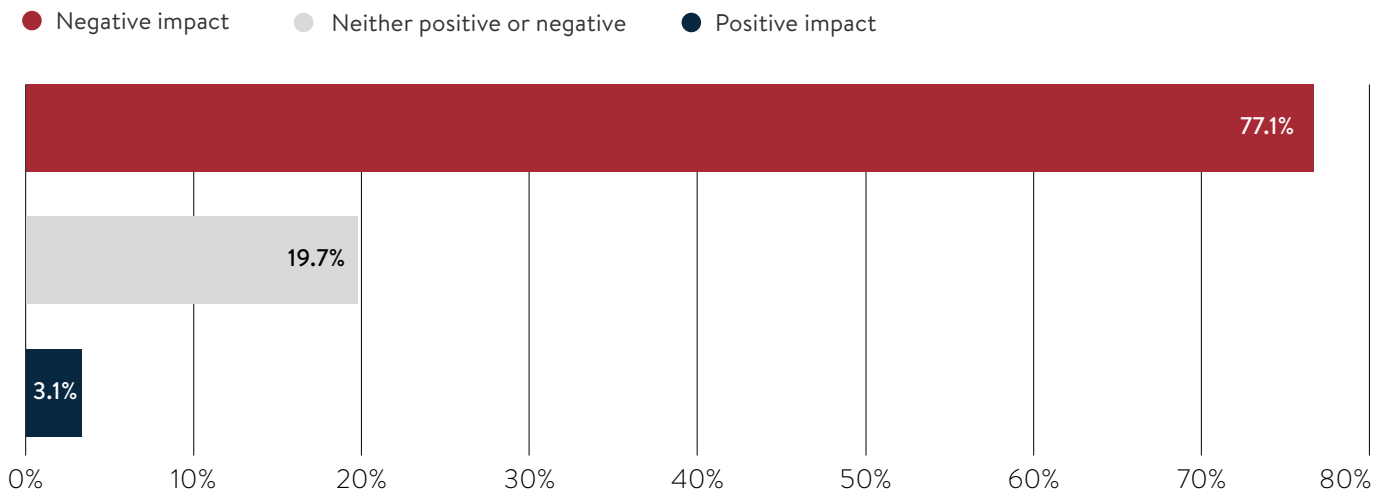
mandating periodic tenancies would have a negative impact.

However, on other prospective measures, views are more balanced – or even positive. Over a third (35.6%) of landlords are feeling positive about new grounds for eviction, a new ombudsman service, a new landlord

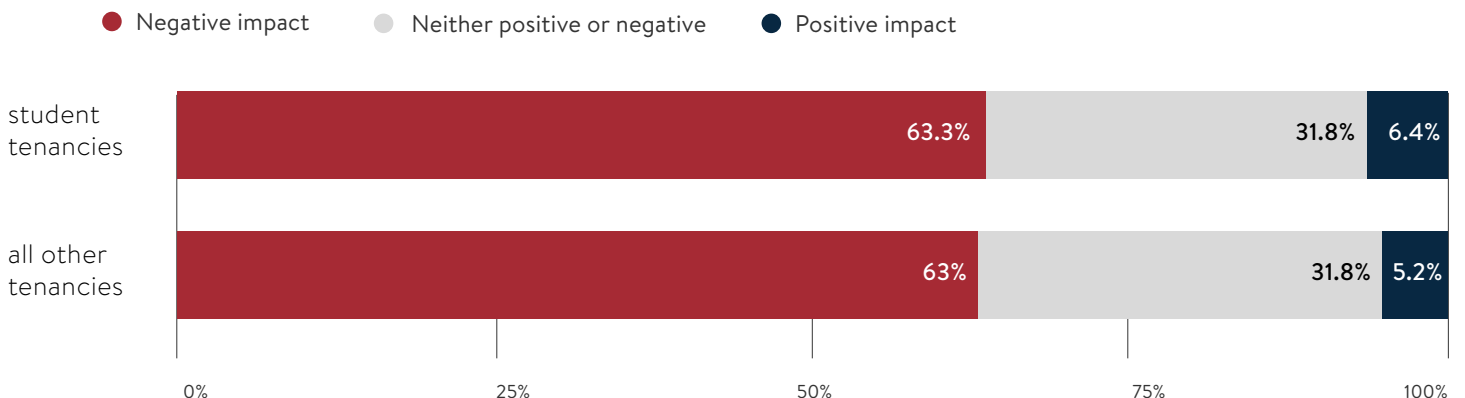
register, and the application of the Decent Homes Standard to the PRS.

The most unpopular reforms amongst landlords are those that restrict their discretion or make impositions on them, such as the 'right to have a pet', banning 'discrimination', and raising the minimum EPC standard to band C.

↘ The new government has said it will abolish Section 21 “no fault” evictions. What impact do you think these changes will have on the sector?

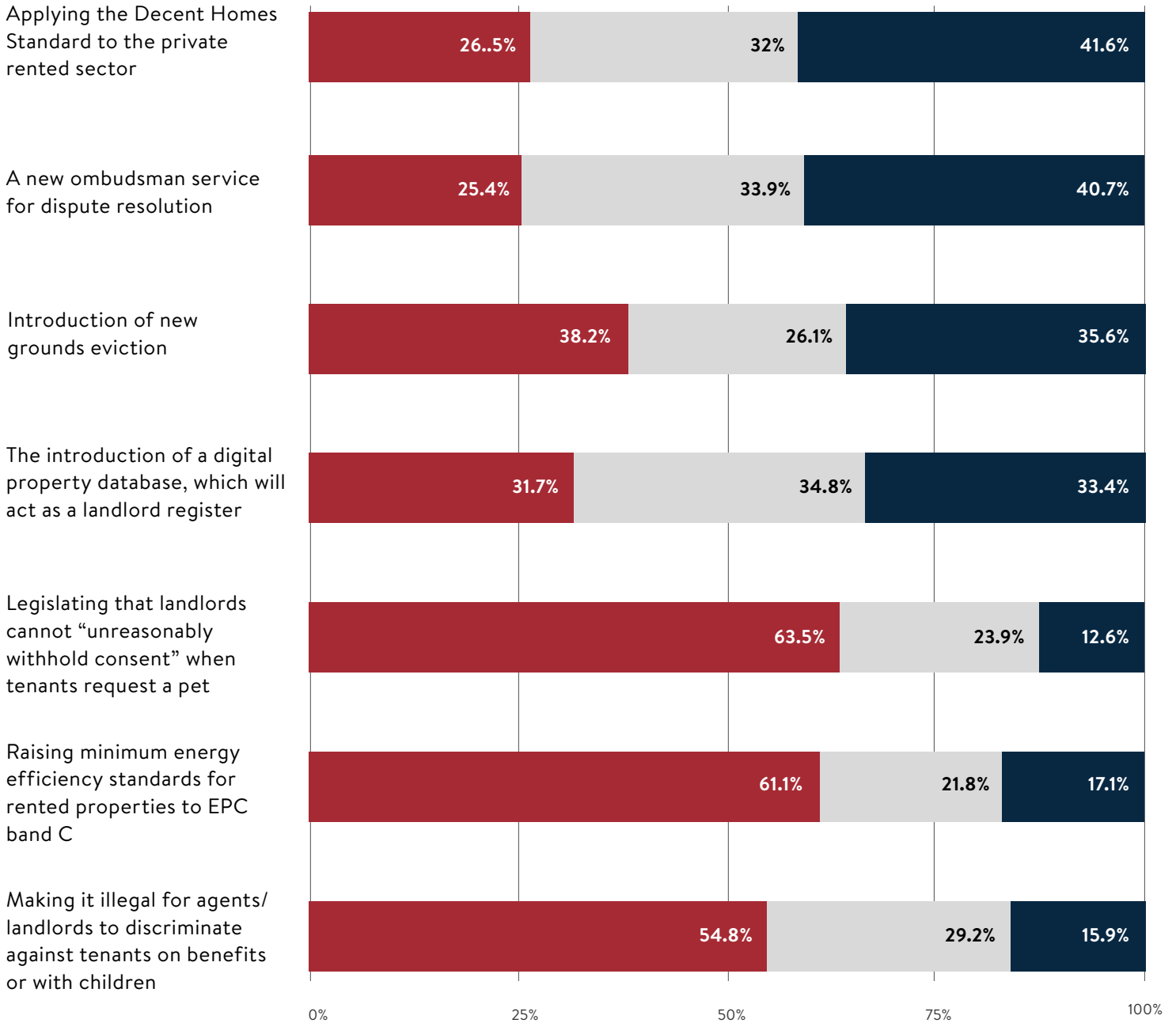


↘ Potential new regulations for England & Wales could abolish fixed-term tenancies - making all tenancies periodic, rolling contracts. What impact do you think this would have for student tenancies and all other tenancies?



What do you feel the impact would be of other potential reforms to the private rented sector (PRS)?

● Negative impact ● Neither positive or negative ● Positive impact



Tenants overpaying as a consequence of bidding wars

Tenants are facing intense competition for limited properties, with media coverage suggesting overbidding is becoming common. Labour's Renters' Rights Bill sets forth the party's intent to "end the unfair practice of pitting renters against each other in bidding wars".



Our survey bears this out, with 1 in 8 tenants reporting paying more rent for their property than the amount for which it was advertised.



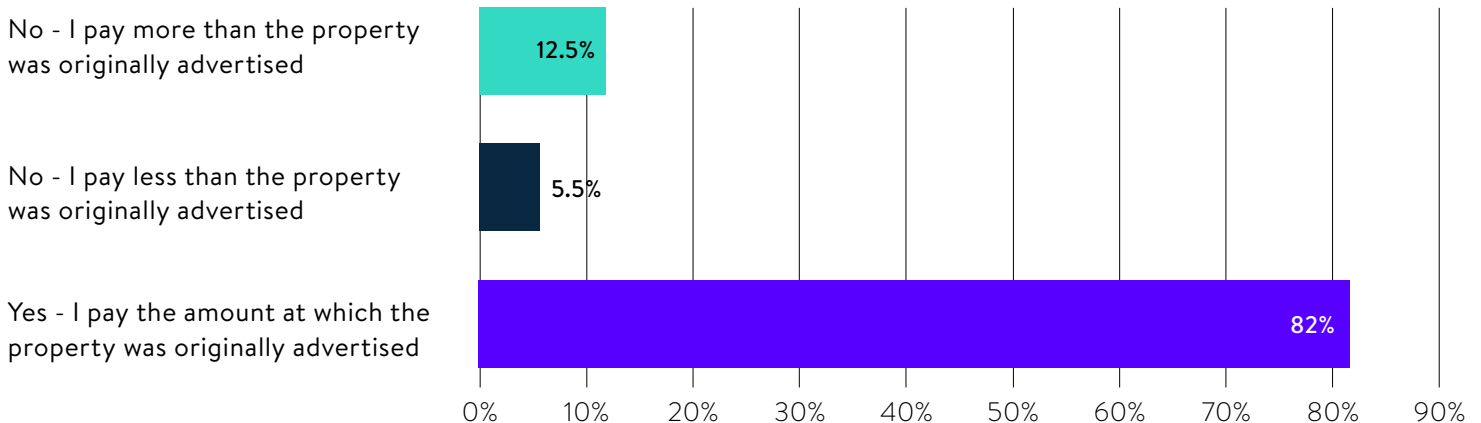
1 in 8



tenants pay more rent for their property than the amount for which it was advertised



Do you rent your property for the same amount it was originally advertised?

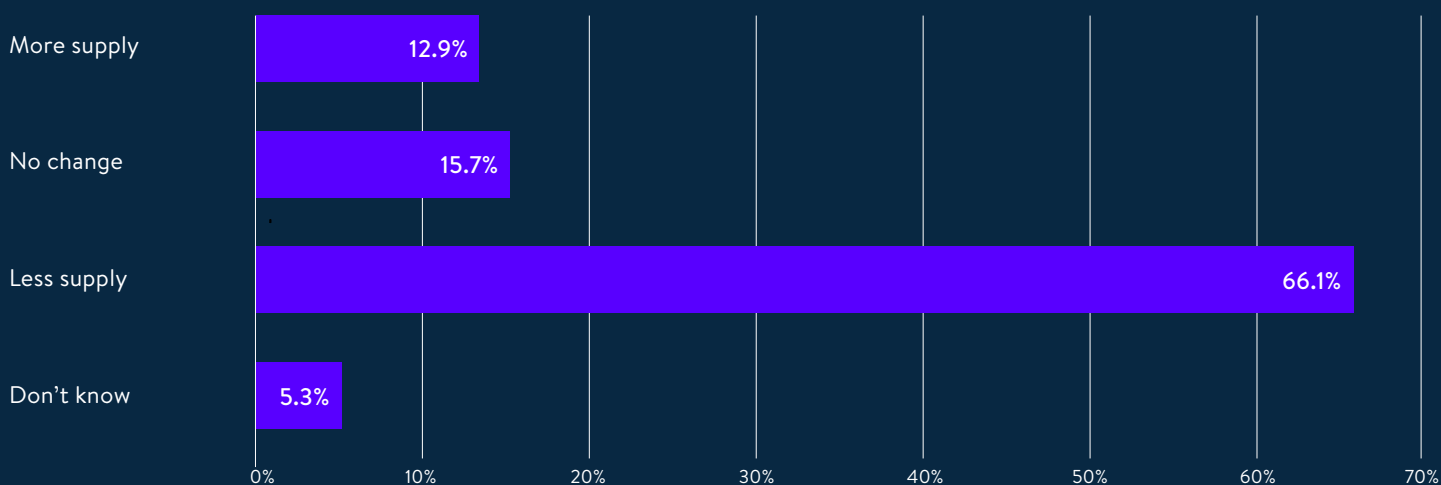


Letting agents think Renters' Rights Bill will push more landlords out

The consensus among letting agents is the Renters' Rights Bill (Labour's take on the long-gestating Renters' (Reform) Bill) will only exacerbate the supply problem. Two-thirds (66%) of letting agents believe it will ultimately lead to fewer rental properties being available.



How do you think the Renters' Right Bill will affect the availability of housing rental supply?





Win more landlords, drive more revenue.

Premium references, with full checks, returned
within 24 hours.

- ✓ **Protect your landlords with anti-fraud technology**
45+ data points checked for fraud, using trusted sources including HMRC, payroll providers & the National Fraud Database.
- ✓ **Access expert help quickly**
Your agency will have a dedicated team of experts to support even the most complicated references, reducing delays.
- ✓ **Extra security for your landlords**
Our fully insurable references are covered until vacant possession, giving your landlords extra security.



Stand out, save time, stay compliant
with Goodlord's PRO referencing. 

goodlord

Chapter 2



A tug-of-war between soaring prices and affordability

In a challenging economy where rents continue to rise, many tenants are under financial pressure. Although many of those surveyed avoided rent increases over the past year, half are now spending an unaffordable portion of their income on rent.

Despite record rents, many tenants are escaping rent increases

Rents surged in 2024, with the average monthly rent in England hitting £1,470 per month in July – the highest average recorded in Goodlord’s Rental Index.



Despite this, nearly half (49%) of those tenants who’ve been in their tenancy for more than a year said they hadn’t experienced a rent increase, and among those who have, 66% said it was “not significant”.

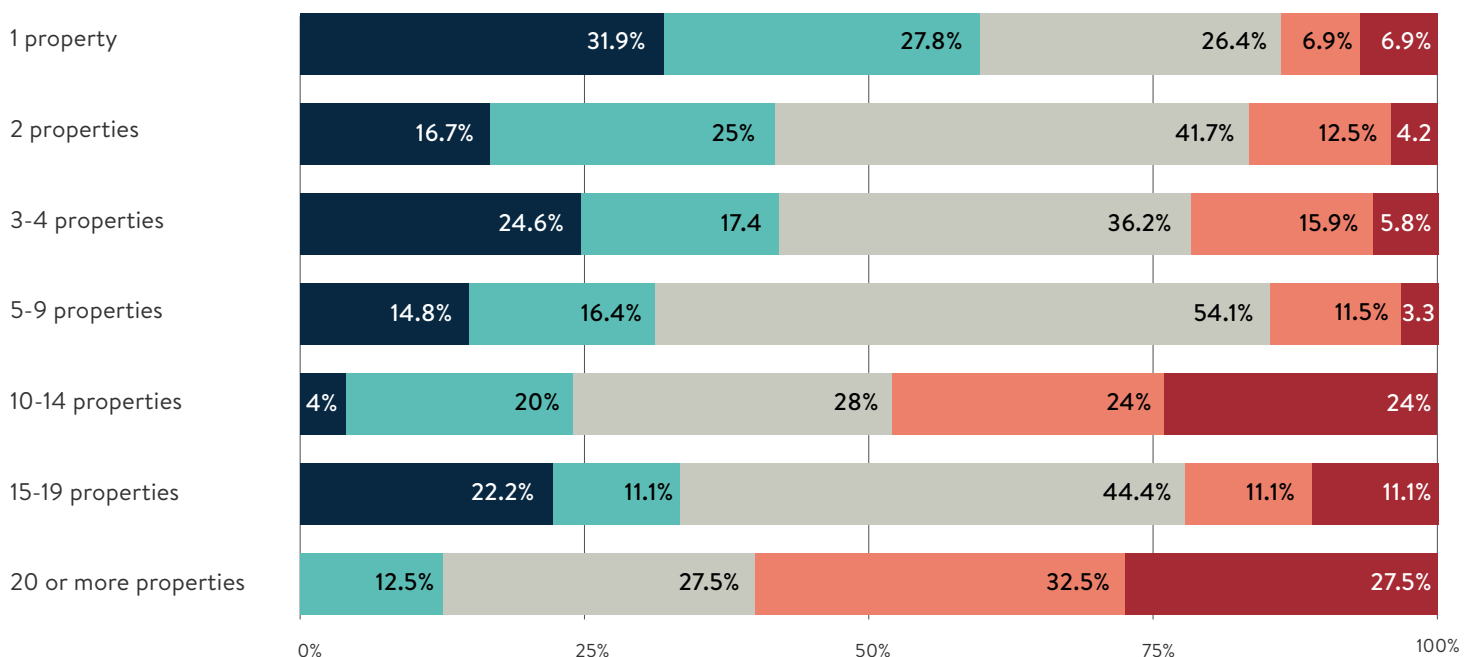
On the flipside, only a fifth (18.5%) of landlords said they hadn’t increased the rent on any of their properties over the past year. Of those who hadn’t increased rent, they were significantly more likely to be landlords with only 1 property.

18.5%

of landlords surveyed said they hadn’t increased the rent on any of their properties over the past year.

How landlords handled rent increases

- I haven’t increased the rent on any of my properties
- I generally increase the rent only for new tenants, not existing ones
- I look for increased rent from current tenants and new tenants, but will negotiate
- I insist on rent increases for existing and new tenants - with exceptions for e.g. financial distress
- I insist on rent increases for existing and new tenants - with exceptions for e.g. financial distress

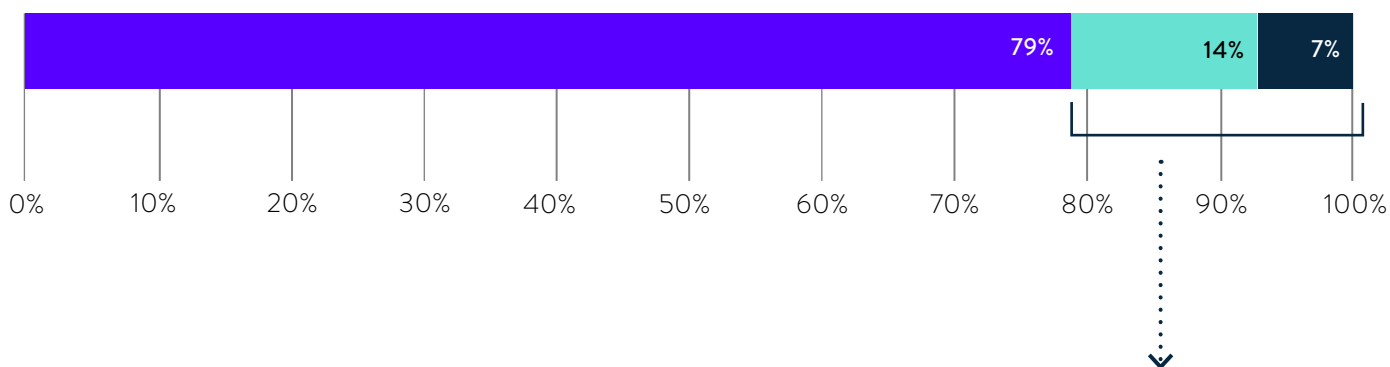


Even when a rent increase isn't significant, tenants – unsurprisingly – don't like them. Thirty-nine percent of tenants said rent increases were unfair, rising to 75% when the increase is considered significant.



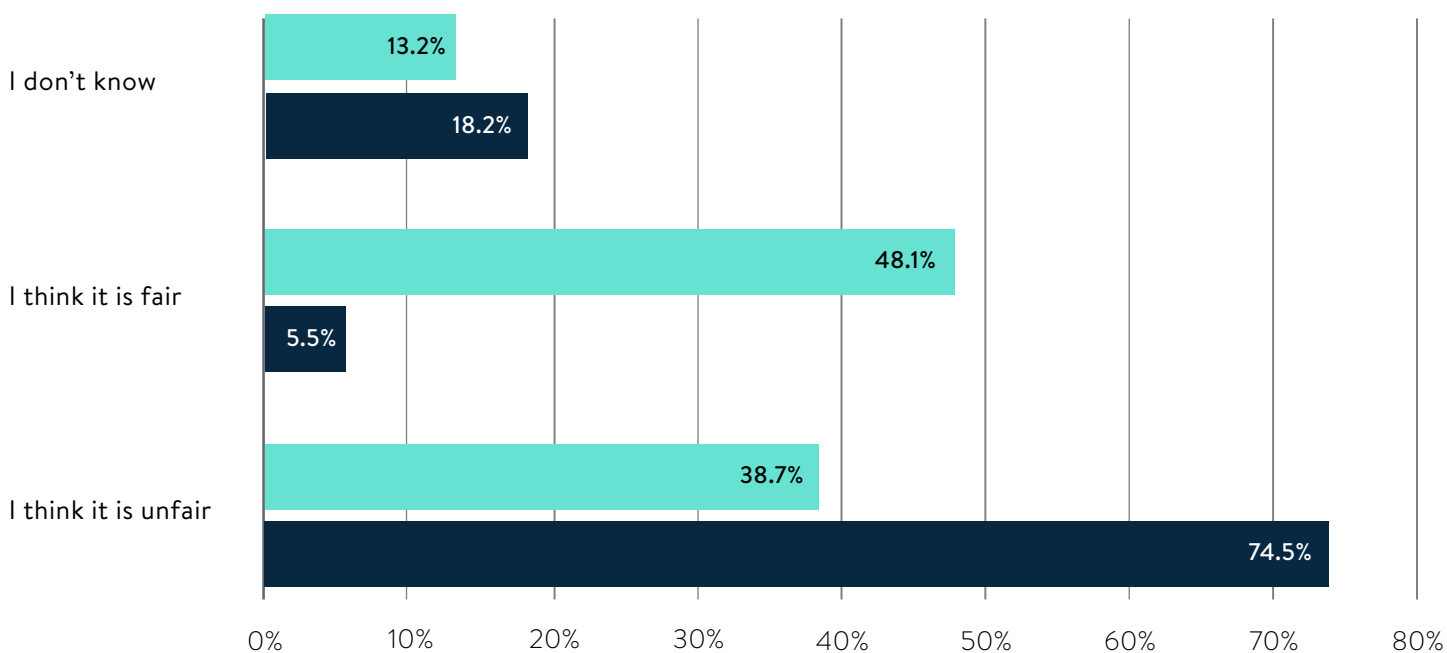
Has your rent increased during your tenancy?

● No / Don't Know
 ● My rent increased significantly
 ● My rent rose - but not significantly



Would you regard the rent increases during your tenancy as fair or not?

● My rent increased significantly
 ● My rent rose - but not significantly



The perception of fairness varies depending on tenants' living arrangements; those living with family are more likely to view rent increases as unfair compared to those living alone.



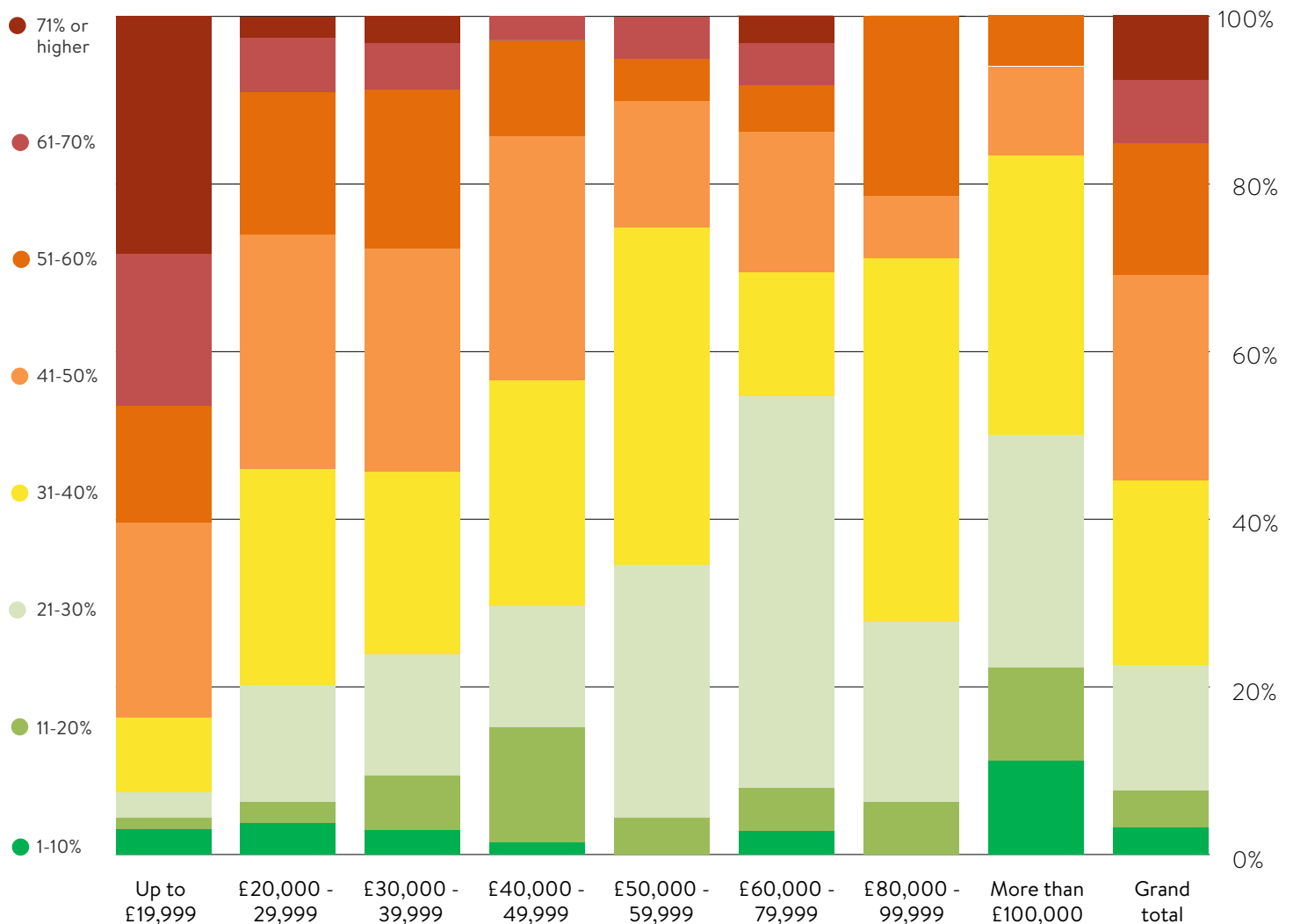
Half of tenants could be in 'rent poverty'

Almost half of tenants surveyed (48%) said they are now spending more than 40% of their income on rent. According to some industry metrics, this would classify these tenants as being in 'rent poverty'.



Tenants on the lowest incomes (<£20k) are more likely to be in 'rent poverty', with just under three-quarters (74%) spending more than 40% of their income on rent. Unsurprisingly, tenants earning more than £50k – the top 15% of earners – are less likely to be struggling with their rent, with fewer than 30% spending an 'unaffordable' proportion of their income on it.

▾ Proportion of income spent on rent by income level





“It certainly feels like we’re nearing a ceiling for realistically affordable rental prices, as rent price inflation starts to slow. At Reposit, we commissioned a survey this year that revealed 38% of tenants have to borrow to fund their cash deposit – up 8% from 2023 – with 20% turning to credit cards at an additional cost.”



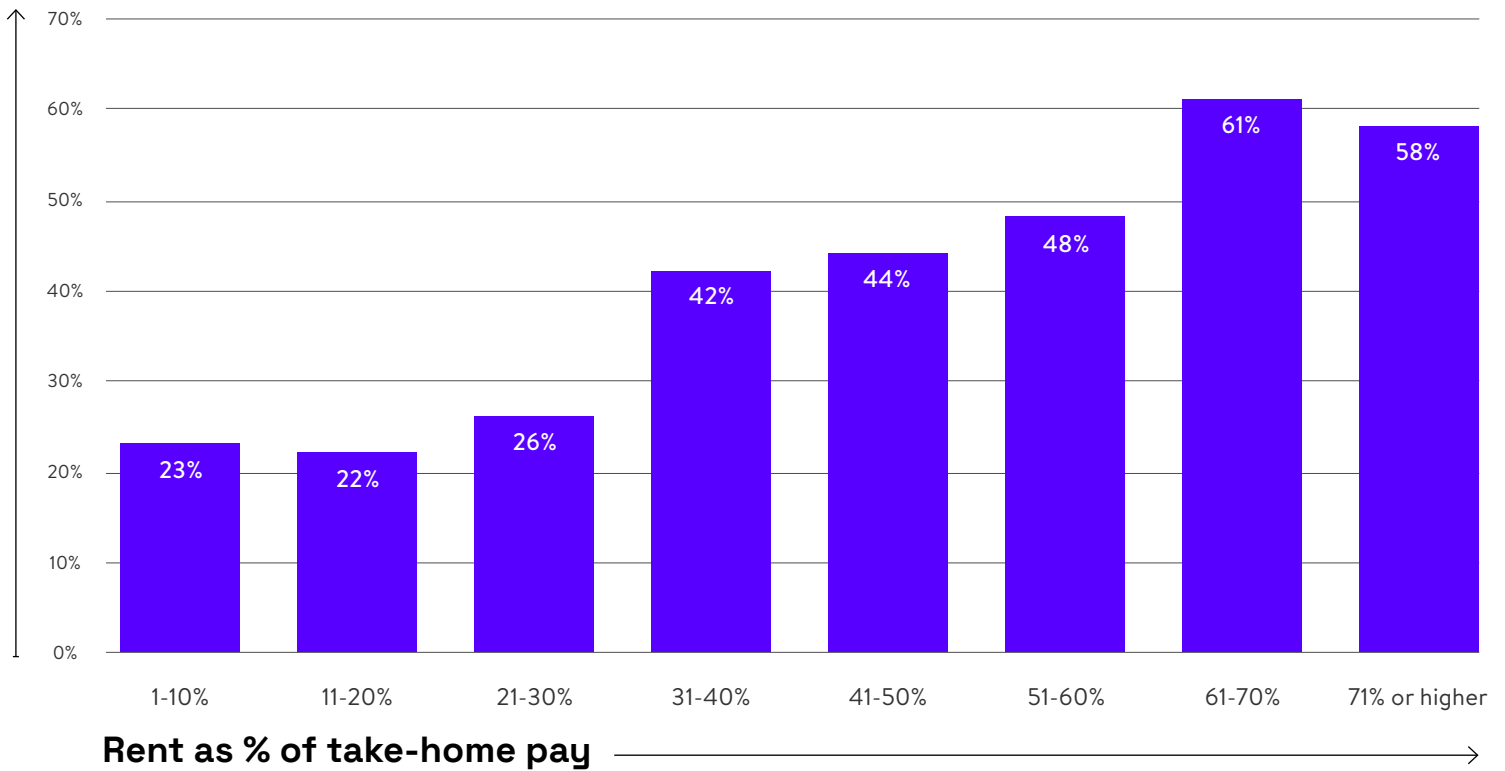
Ben Grech, CEO, Reposit



Faced with a rent increase of 7%, around half (49%) of tenants said they would try and negotiate with their letting agent or landlord – but with the expectation they would end up paying the increased rent if they wanted to stay in the property. Worryingly, a third of tenants said a rent increase would result in them suffering financial distress, and 1 in 5 said they would experience mental health problems as a consequence.

The potential for financial distress increases as rent takes up a larger portion of a tenant’s income – among tenants spending 41-50% of their pay on rent, 40% strongly agreed with the statement that “paying rent is my biggest worry”.

% of tenants who say they would suffer financial distress following a rent increase



“Addressing the affordability challenge will require a multifaceted response, including boosting tenant choice in the market by addressing supply problems, and ensuring the safety net of the Local Housing Allowance remains pegged to at least the 30th percentile for the duration of this Parliament.”



Dr. Jennifer Harris, Head of Policy, Research and Strategy, Tenancy Deposit Scheme

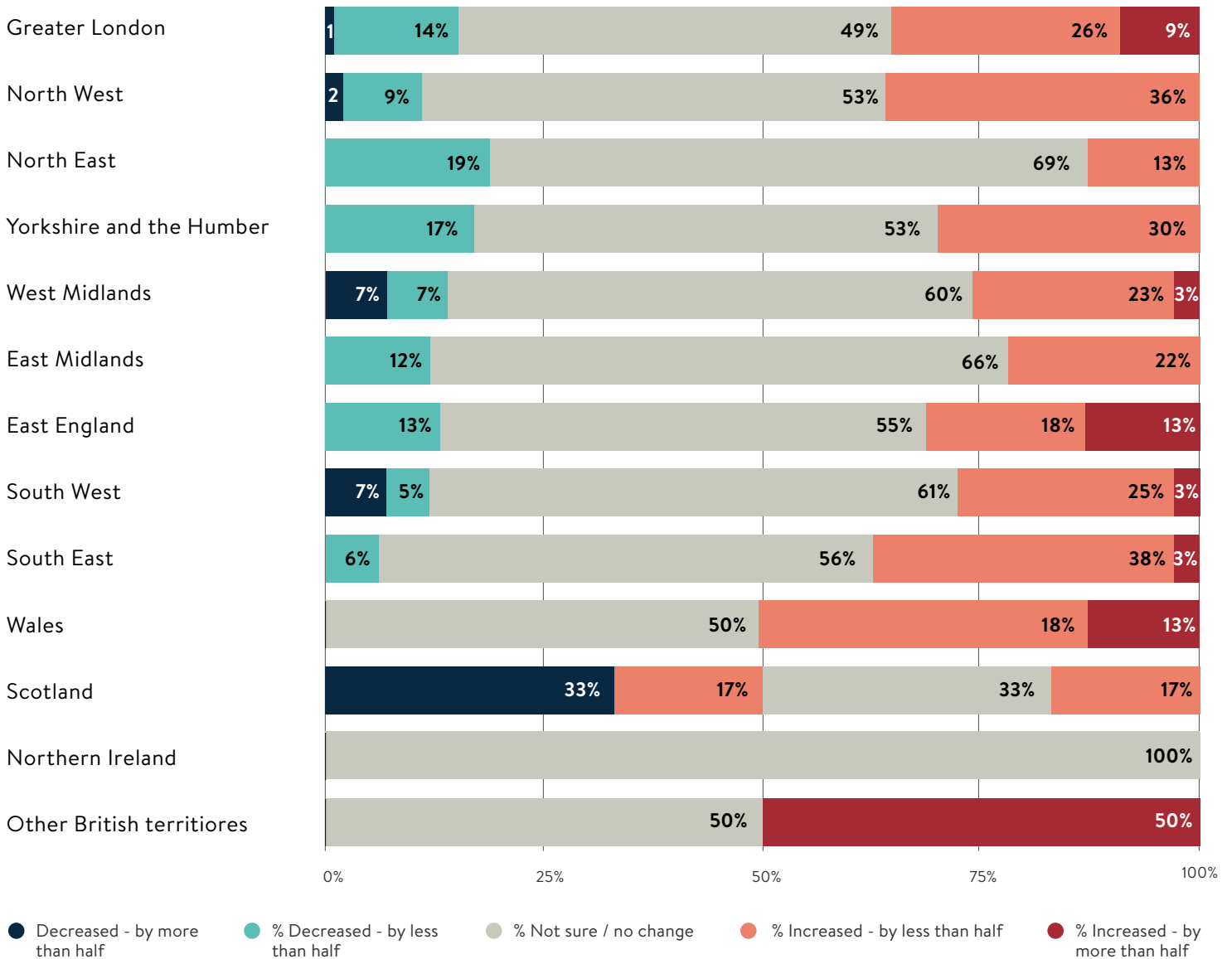


Rental arrears on the rise

The financial strain on some tenants is reflected in the increase in rental arrears over the past year. A net increase in arrears has been reported across most regions, with London seeing the most significant rises.



Are rent arrears increasing or decreasing?



Forty percent of tenants are now required to have a guarantor when applying for a property, a practice more common among those living with housemates or flatmates.

The majority of agents (77.9%) offer their landlords rent protection insurance to safeguard their income against arrears.

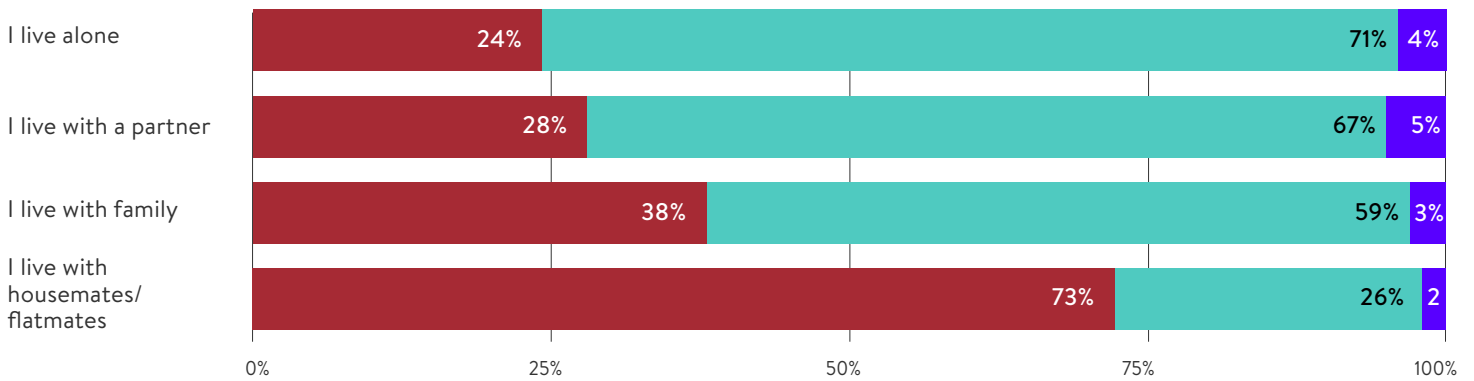


77.9%

of agents offer their landlords rent protection insurance to safeguard their income against arrears.

Who do you rent your property with?

- Yes, I was asked to provide a guarantor for your most recent tenancy agreement
- No, I wasn't asked to provide a guarantor for your most recent tenancy agreement
- I don't remember I don't know



“The pressure on tenants is clear and whilst current balances are proving to be mostly manageable, there will be a tipping point. Landlords have not been immune to the economic challenges in the last few years, and the rise in interest rates, taxation changes and cost of living increases all play a role in increasing rents. Striking the right balance in creating a fairer market for tenants whilst not de-incentivising landlords will be key.



Oli Sherlock, Managing Director, Insurance, Goodlord



Protect your landlords & boost your revenue

With financial strain on tenants growing, **now more than ever, protecting your landlords is key.**

Our Rent Protection Insurance includes:



- ✓ 100% of rent paid until vacant possession
- ✓ 90% rent paid for up to 6 weeks post-possession
- ✓ Up to £250 for damages beyond deposit
- ✓ Claims paid in 4 days on average*
- ✓ Fixed pricing based on rental bandings

*Based on the number of days between the agent returning the payment form and receipt of the payment remittance from LPG confirming payment, for claims made between December 2023 and July 2024.



**EXPERTS IN
PROPERTY
PROTECTION**

**Don't wait, add our
Rent Protection Insurance
to your agency's offerings today.**

goodlord

vouch
a Goodlord
company



[goodlord.co](https://www.goodlord.co)



[vouch.co.uk](https://www.vouch.co.uk)

Oh Goodlord Limited is an Appointed Representative of Goodlord Protect Limited for general insurance products and credit broking. Goodlord Protect Limited is directly authorised by the Financial Conduct Authority, registration number 836727. You can check this information on the Financial Services Register by visiting www.fca.org.uk/register or by telephoning 0800 111 6768 (Freephone) or 0300 500 8082 from the UK. The FCA is the independent watchdog that regulates financial services.

Chapter 3

The future of lettings under Labour's legislative agenda

As the Labour government's legislative agenda takes shape, the PRS is once again bracing for change. While the Conservative Party's Renters' (Reform) Bill never made it through Parliament, Labour's Renters' Rights Bill is expected to become law in 2025.

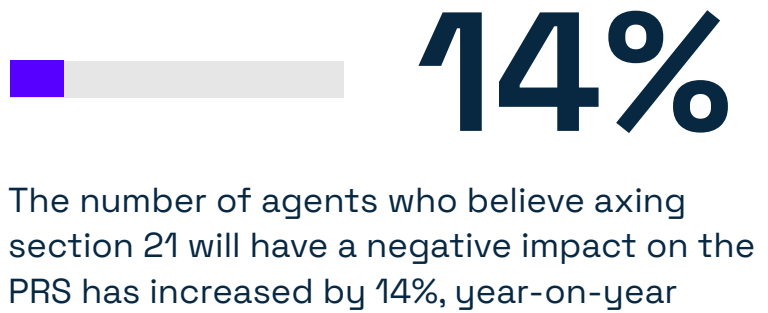
While these reforms aim to protect tenants and improve housing standards, they also present considerable challenges for landlords and letting agents – and our survey reveals even renters have mixed feelings on some of the proposals.

1 Prospect of Section 21 being axed causing anxiety amongst agents

It's believed the ban on section 21 evictions will come into effect as soon as the Renters' Rights Bill receives royal assent – which could happen within a matter of months.

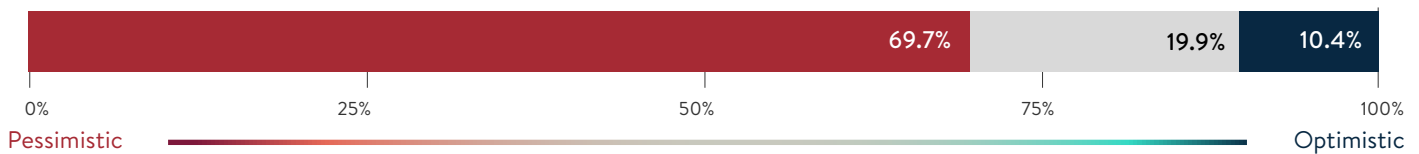


There's real concern amongst letting agents axing section 21 will make the market a more difficult one. The number of agents who believe the legislation would have a negative impact on the sector rose from 56.2% last year to 69.7% this year.



↘ The new government has said it will abolish Section 21 “no-fault” evictions. What impact do you think these changes will have on the sector?

● Negative impact ● Neither positive or negative ● Positive impact



“Most landlords knew that the writing was on the wall for Section 21 when the Renters’ Reform saga was going on and, for some landlords, losing that control is a deal-breaker. That said, there will definitely be landlords waiting for complete certainty before making a decision and when a date is set they will leave.”



Ryan Heaven, Solicitor at Dutton Gregory Solicitors



2 Tenants don't want periodic tenancies

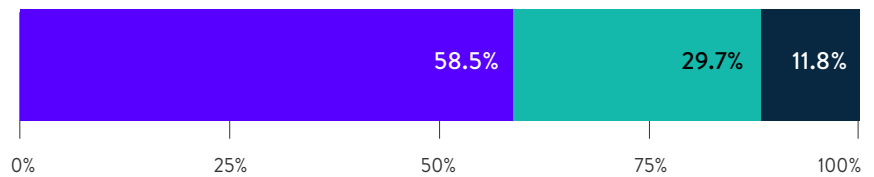
As part of the Renters' Rights Bill, Labour announced its intention to "move to a simpler tenancy structure, where all assured tenancies are periodic". This is a move that's long been supported by several tenant lobby groups. Their reasoning? They believe periodic tenancies give tenants greater flexibility and security.



However, our survey revealed there isn't widespread support for mandating periodic tenancies amongst any of the stakeholders in the PRS – including tenants themselves. A majority (58.5%) of tenants indicated they would prefer a fixed-term, renewable tenancy agreement, and less than a third (29.7%) favoured a rolling, open-ended agreement.

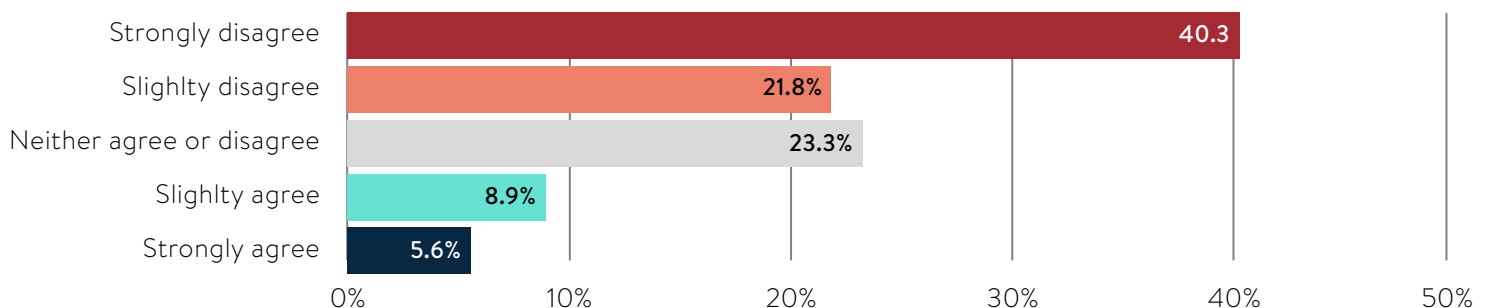
Which tenancy agreement would you prefer?

- I'd prefer a fixed-term, renewable tenancy agreement
- I'd prefer a rolling, open-ended agreement with 4-12 weeks' notice
- I don't mind/ don't know



The argument tenants feel "trapped" by fixed-term tenancies also appears moot. Only 14.6% of tenants reported feeling "trapped" by a fixed-term tenancy, suggesting the perceived benefits of mandatory periodic tenancies may not align with real tenants' preferences.

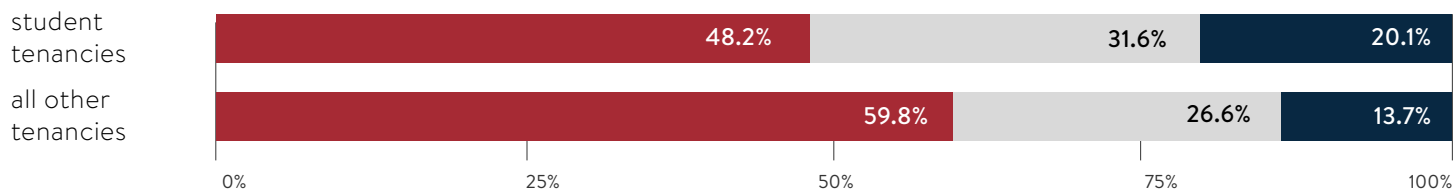
I feel trapped in my current home by the fixed term of my tenancy agreement



Letting professionals also expressed concerns about mandating periodic tenancies, with the majority seeing the move as potentially damaging to the sector.

What impact could abolishing fixed-term tenancies have?

● Negative impact ● Positive impact ● Neither positive or negative



3 Two-thirds of landlords will be impacted by changes to minimum energy efficiency standards

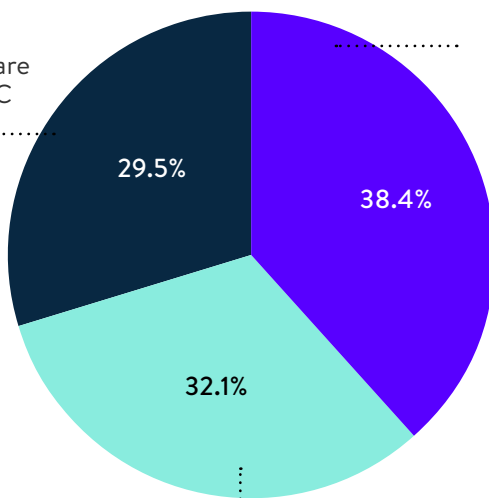
The Labour government has also confirmed its commitment to improving energy efficiency within the PRS, aiming to raise all properties to a minimum Energy Performance Certificate (EPC) rating of Band C by 2030.



This initiative is part of Labour’s “Warm Homes Plan”, which seeks to reduce fuel poverty and make Britain a “clean energy superpower”. Although more than a third of landlords (38.4%) said their properties would already meet the proposed standards, over sixty-percent of landlords (61.6%) said at least one of their properties did not – which means a significant number of landlords could be facing steep costs to upgrade their properties in the near future.

How many of your properties are currently not meeting these requirements / EPC Band D and under?

More than half my properties are not EPC Band C



All my properties are already at EPC Band C or above

Less than half my properties are not EPC Band C



Although the government has pledged to offer grants and low-interest loans to support improvements, half of landlords (52%) said increasing the standards would be a reason for leaving the sector.

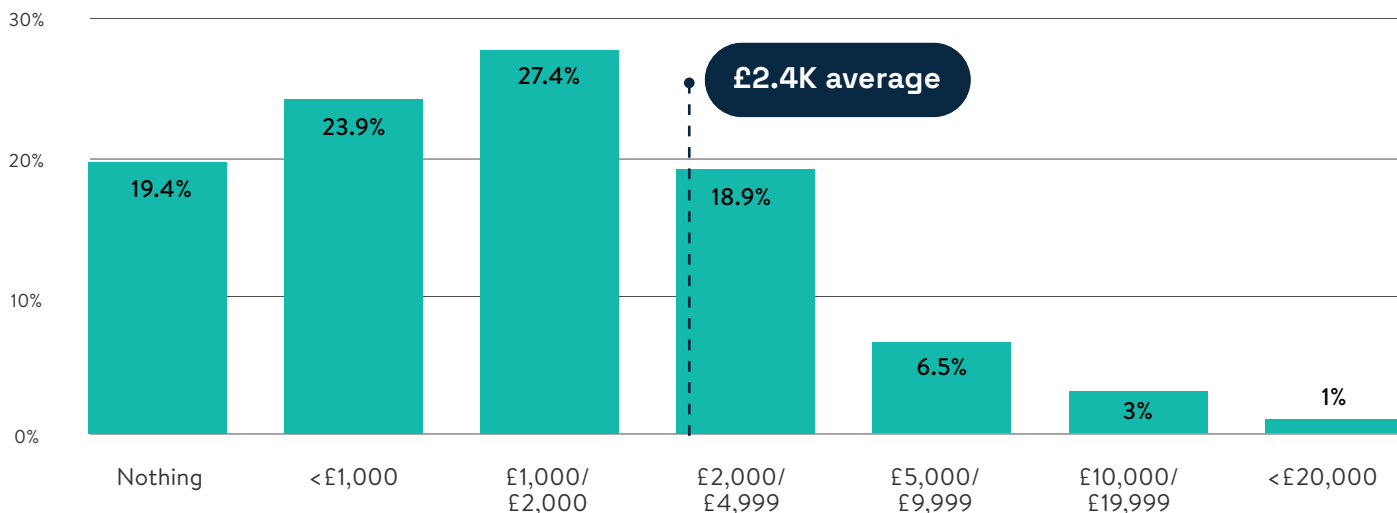
Almost a fifth of landlords whose properties didn't meet the minimum threshold said they weren't prepared to invest anything in upgrading their properties, leaving agents understandably concerned about the impact of raising the standards. More than half of agents (57.7%) feel the changes will have a negative impact on the PRS.

52%

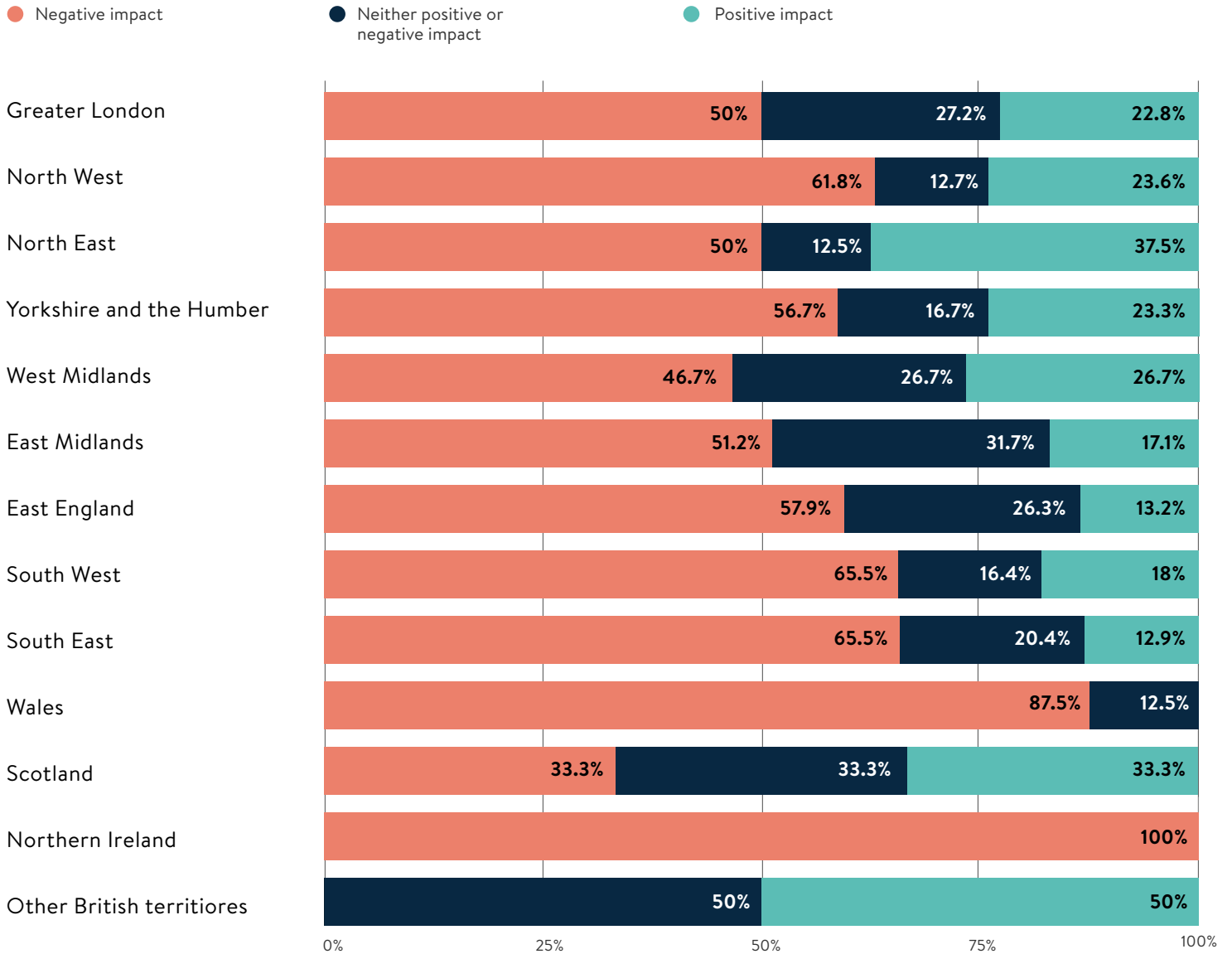
of landlord said increasing the standards would be a reason for leaving the sector.



▾ **For each property that isn't yet EPC Band C or better, how much, if anything, would you be prepared to invest out of your pocket in energy efficiency measures that would improve the EPC rating?**



Will raising minimum energy standards to C or better have a positive or negative impact?



4 Letting agents expect minimal fall out from Decent Homes Standard

Under the Renters' Rights Bill, Labour intends to apply both the Decent Homes Standard and Awaab's Law to the PRS.

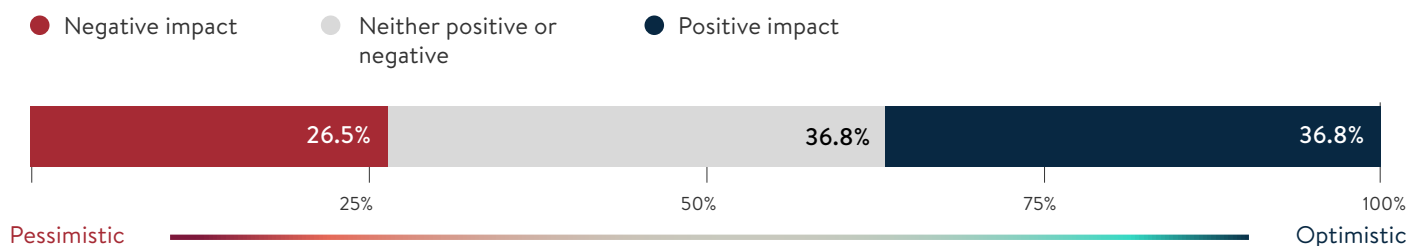


The legislation, which currently applies to social housing only, sets a minimum standard of 'decency' for properties, including ensuring properties are in a reasonable state of repair, with modern facilities, and thermal comfort.

The majority of letting agents felt introducing the standard to the PRS would have either a positive impact or no impact on the sector at all. Just over a quarter (26.5%) thought the Decent Homes Standard would have a negative impact on the PRS.



What impact do you think the impact of applying the Decent Homes Standard to the PRS would be?



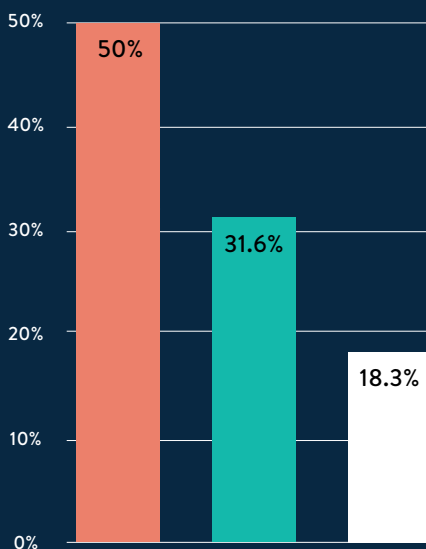
5 Letting agents and tenants split down the middle on pets in lets

The question of whether to make it easier for tenants to keep pets in rental properties – another proposed reform – remains a contentious one, with letting agents and tenants at odds.



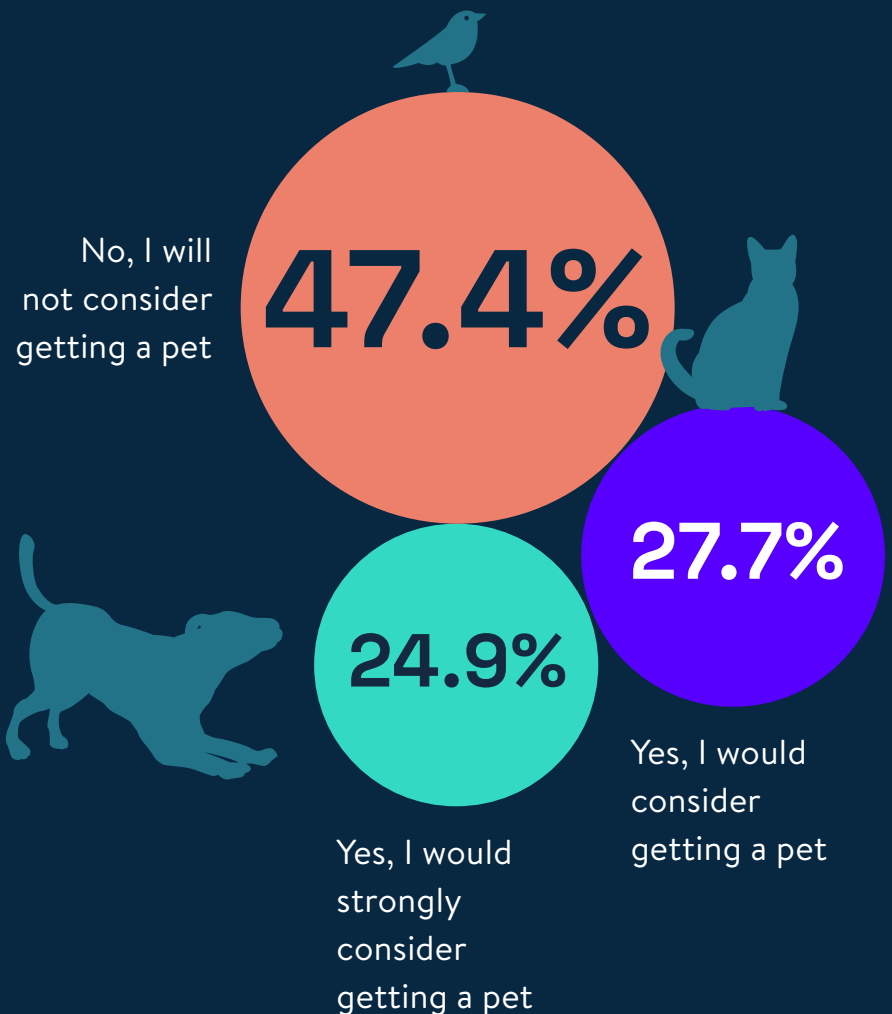
Almost a third of tenants (31.6%) said they didn't have a pet but wanted one, and 47.4% expressed an interest in getting a pet if the rules were relaxed. Letting agents are less enthusiastic. Nearly half think legislating to prevent landlords from "unreasonably withholding consent" for tenants who want a pet would have a negative impact on the sector.

Do you have a pet in your rental property?



- No - and I don't want one
- No - but I would like one
- Yes

If the rules made it easier for tenants to have pets, would you consider getting a pet?



6 Landlords considering exiting the PRS cite reforms as main motivation

The cumulative impact of the proposed reforms is one of the major reasons many landlords are reassessing their investment in the PRS.

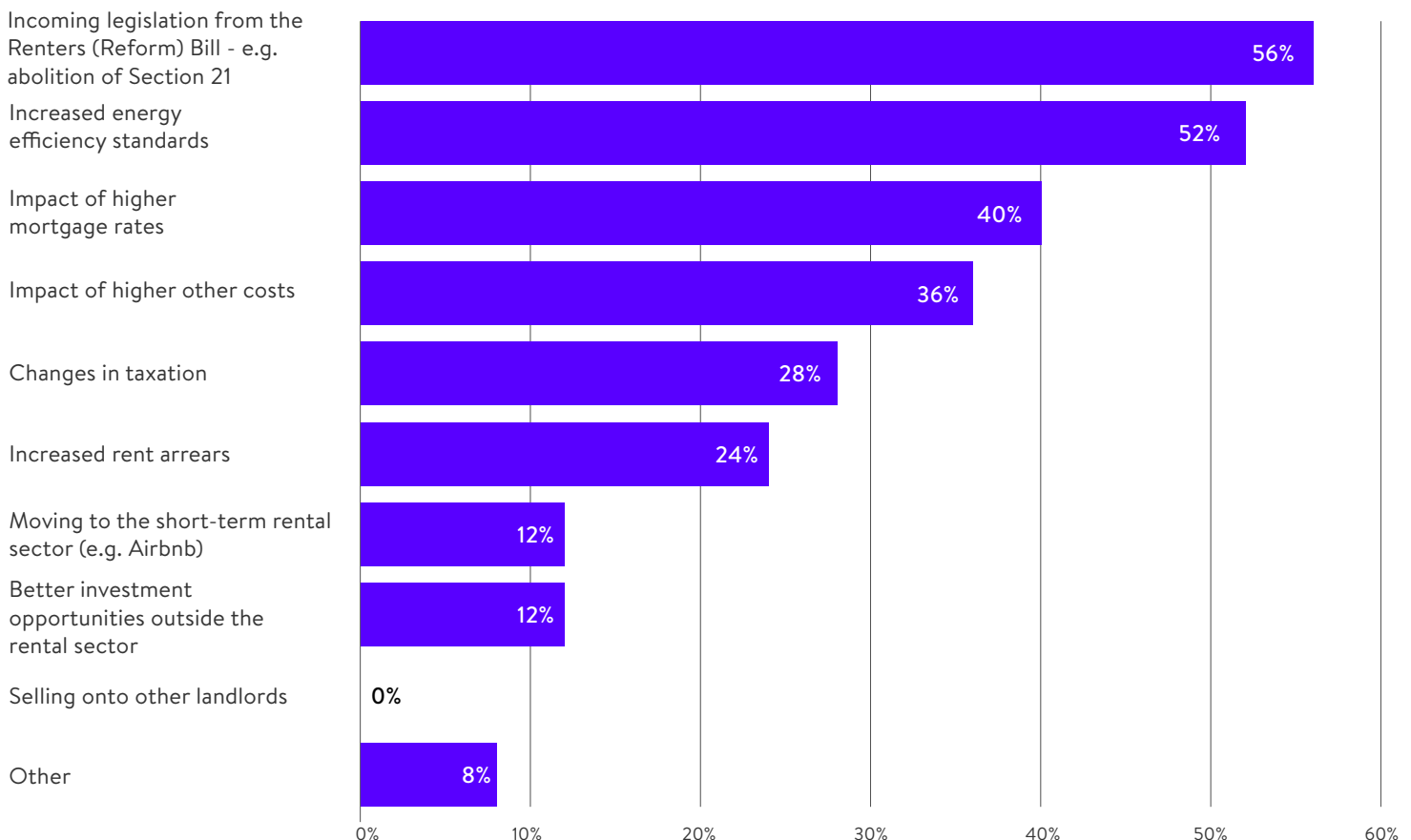


More than half of landlords (56%) planning to downsize or exit the market said incoming legislation would be the primary reason. Rising mortgage rates, increased arrears, and tax changes are also driving landlords to sell up.

57%

of landlords surveyed said they used a letting agent for some or all of their properties

What would be your reason(s) for selling your rental portfolio in the next 12 months?

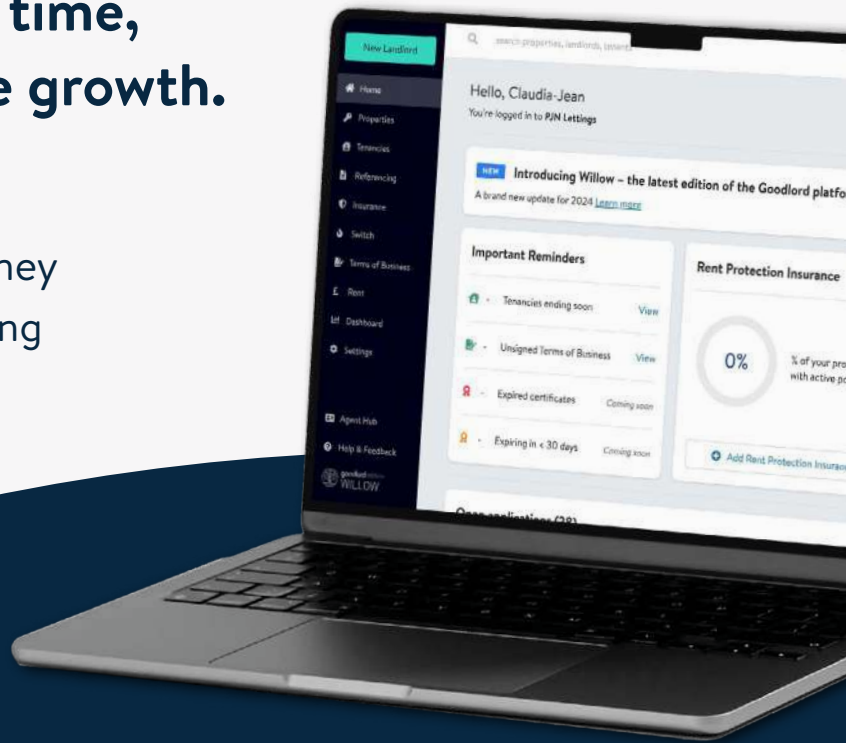


Maximise profits with the leading tenancy management platform



Goodlord helps you save time, stay compliant, and drive growth.

Manage the entire lettings journey in one platform, from referencing to renewals, while enhancing customer experience.



- ✔ Return complete references within 24 hours
- ✔ Automate 38 compliance steps
- ✔ Save 15 hours of admin time weekly
- ✔ Generate extra revenue for your agency

We've generated £7M in revenue opportunity this past year alone.

Get your piece of the pie now.



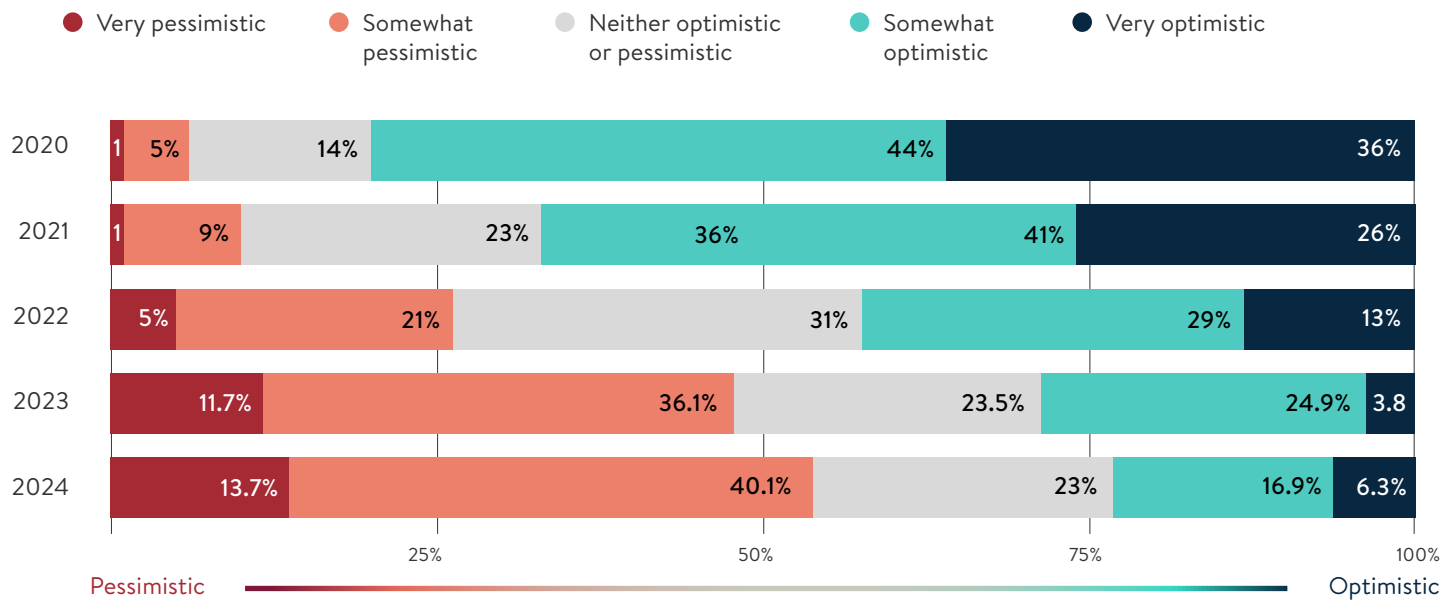
goodlord

Chapter 4

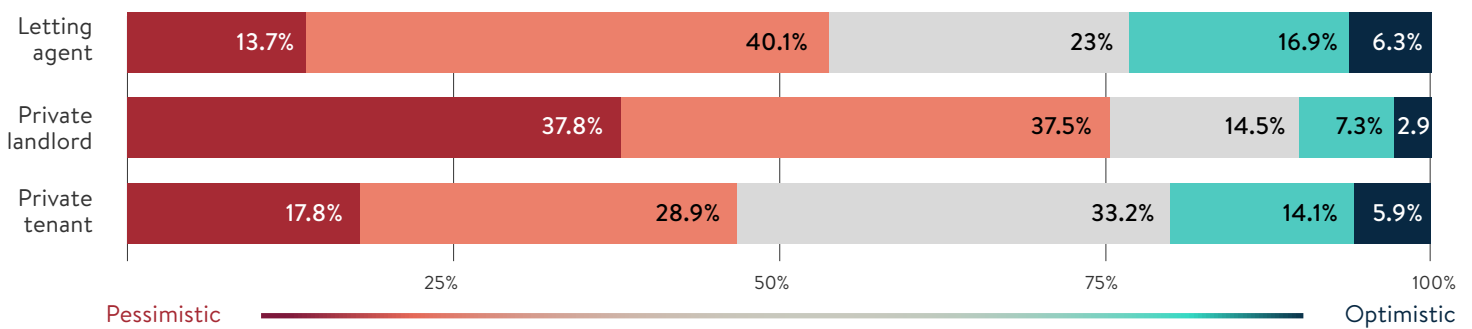
Uncertainty is taking its toll on industry morale

The sentiment in the PRS is worse than it's ever been – the result of a growing sense of unease and uncertainty about the future of the rental market. More than half of letting agents (53.8%) now feel pessimistic about the PRS – the lowest rate in the history of this report, sinking below even the low levels observed in 2023.

Letting agents' sentiment about the private rental sector over time



Sentiment about the private rental sector by stakeholders' type



The sentiment amongst landlords is even worse, with 75% feeling pessimistic about the PRS, and half of those saying they were “very pessimistic”. Despite the financial pressures many are facing, tenants were the least pessimistic about the sector of all groups.



“From being hit with arbitrary taxes to a moratorium on evictions – and now the Renters’ Rights Bill – you can’t blame some landlords and agents for thinking that the government wants them out of the sector. We’re hearing there is a view amongst some policy makers that private and accidental landlords should be replaced by institutional investors, in the belief this would professionalise the PRS.

I’m not entirely convinced this is absolutely necessary, or that it can be achieved without another cycle of big rent hikes. Landlords must act and be treated like all other businesses. If incorporation is seen as a necessity, then they should be given an opportunity to do so without incurring penalties like Stamp Duty Land Tax and Capital Gains Tax.”



Greg Tsuman, PPARLA and Lettings Director of Martyn Gerrard



Letting agents are struggling with stress and mental health challenges

The low sentiment is reflected in the high levels of stress letting agents are experiencing, with 33% of agents citing stress as a significant issue, and 19% report struggling with mental health challenges. And it's no wonder, with 42% of letting agents reporting they simply do not have enough time to manage their workload.



NAVIGATING A CHALLENGING MARKET: LETTING AGENTS' KEY PRIORITIES AND CONCERNS

Letting agents are prioritising attracting new landlords, securing property stock, and ensuring compliance to stay ahead of the competition in a shifting market in the coming year.

▶ WINNING NEW LANDLORDS

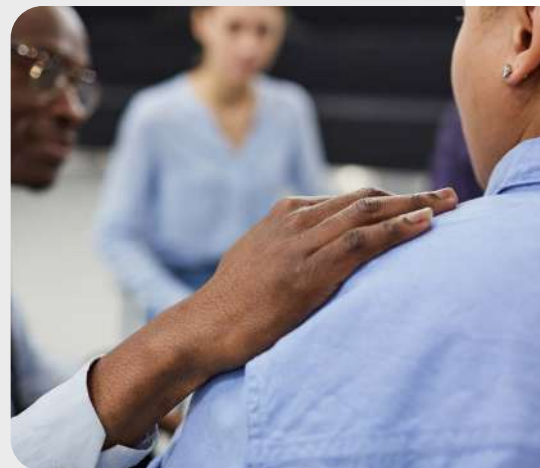
As the market becomes more competitive and the number of landlords decreases, attracting new landlords is a top priority.

▶ STOCK MANAGEMENT

Securing their portfolios – and maintaining a healthy stock of rental properties – is crucial in the coming year.

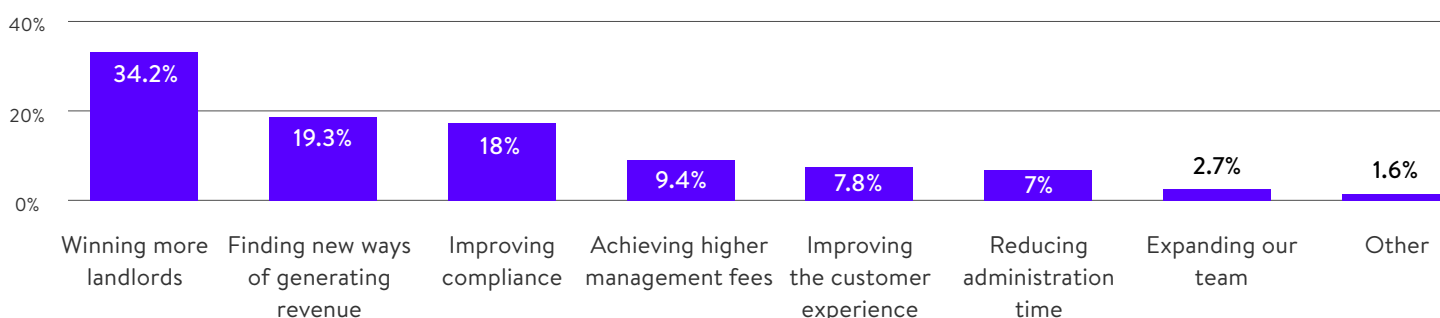
▶ IMPROVING COMPLIANCE

With the introduction of new regulations, ensuring compliance is a critical focus, and essential for avoiding legal and financial penalties.



Agents also expressed concerns about the repossession process, the speed of the courts, and the burden of new compliance requirements. The variation in concerns across regions and agency sizes is notable, with larger agencies more focused on improving customer experience, while smaller agencies are concerned about the administrative burden and time management.

What are the priorities for your business in the coming year?



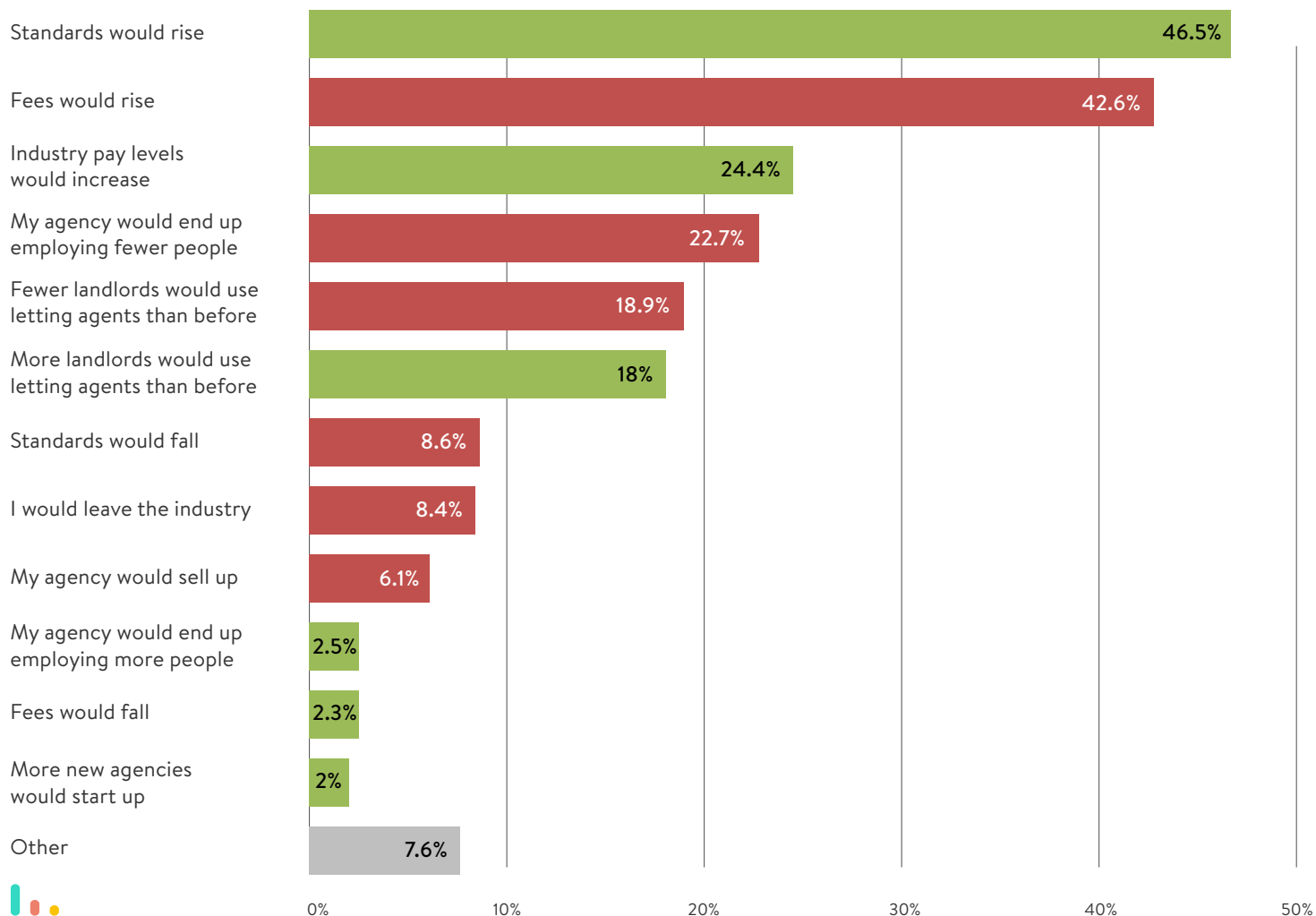
A-level-equivalent qualifications could be a double-edged sword

Labour has previously indicated its support for the recommendations set out in the Regulation of Property Agents Report. This includes requiring all agents to have at least one A-level, and all agency owners to have a degree-level qualification has mixed reviews.



Almost half of letting agents (46.5%) believe the requirement would raise professional standards, and 24.4% believe the net result would be an increase in industry pay levels. At the same time, however, this would mean a concurrent rise in agency fees – which could see cash-strapped landlords turning away from professional agents and bring standards in the industry down, rather than improving them.

↘ If an A-level qualification would be made compulsory by the new legislation, which of the following would you expect to occur?



Regulation could lead to job losses, with small agencies hit the hardest

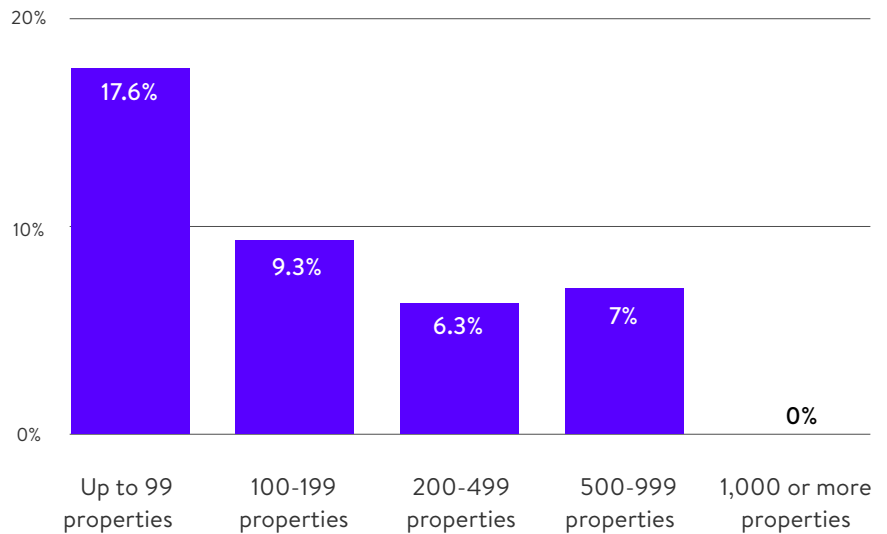
The A-level requirement is prompting serious concerns about job losses, with 22.7% saying their agency would end up employing fewer people as a result of the regulation. A striking 8.4% of letting agents said they would have to leave the industry altogether, and 6.1% believe their agency would have to sell up.



The change would hit small agencies the hardest, with almost a fifth (17.6%) of agents from businesses with portfolios of 100 properties or less saying they would be forced to leave the sector altogether. Just under a tenth (9.3%) of agents working for businesses with portfolios of between 100-199 properties said the requirement would push them out.

In contrast, no one from agencies with portfolios greater than a thousand properties said the requirement would force them to leave the sector.

↘ An “A-level” legislation would mean I would leave the industry vs. portfolio size



Change is always difficult and the fear of the unknown is powerful. However, the rented sector is as big as it's ever been, with rental yields at an all-time high, so there's lots to be optimistic about. Tax, net zero targets and the legislative reforms, will mean additional pressure on the market, but those who adapt to the demands will thrive. The sector needs to work together to support each other and ensure the changes are adopted in the best interests of landlords, their tenants, and their agents.



Sean Hooker, Head of Redress at The Property Redress Scheme

What's next for the PRS?

While this year's report shows a sector under undeniable pressures, there are still reasons to be optimistic.



Despite regulatory pressures, half of landlords have maintained their portfolios, demonstrating a continued commitment to the sector – and soaring demand from tenants indicates the PRS is still a viable long-term investment for landlords. At the same time, the increased use of letting agents by landlords reflects a growing recognition of the value professional management can bring them, particularly when it comes to navigating complex regulatory changes.

However, with supply down overall, and increased pressures on landlords and agents, tenants may be the ones who bear the brunt of the upcoming regulatory changes. For many landlords, significant rent increases

might be their only option if they are to maintain their portfolios.




While the lettings industry has proven time and time again it's a resilient one, the outlook from letting agents and landlords alike shows pessimism about the future of the sector is rife. It's never been more important to provide letting agents and landlords with support and incentives if we want to keep roofs over the heads of our tenants.

There is still time to turn this negative sentiment around and build a sustainable, thriving PRS. But government actions in the coming 12 months will be key to how the sector stands up to the challenges – now and in the long term.





Get 2 months' free referencing*

-  **Consistent, quality referencing** – with a simple and concise report delivered in less than 48 hours**
-  **Stay in control** – with our intuitive and easy to use Vouch Dashboard
-  **Full training and support** – with optional, dedicated support every step of the way

Book your no-obligation chat today and claim 2 months' free referencing!



*For all agents that sign up to an annual contract for either our Core, Student or Core+ service as a new customer

**58% of Core references are completed in less than 48 hours as per data collected from April-June 2024



goodlord



goodlord.co



020 3198 2060



STATE OF THE LETTINGS INDUSTRY REPORT

vouch 
a Goodlord
company



vouch.co.uk



0330 333 7272