



RentBetter

Wave 1 Landlord and Letting Agent Survey Findings

March 2020

IBP Strategy and Research, and Anna Evans

indighouse



indigohouse

Registered office

15 Lauriston Place
Edinburgh
EH3 9EP

Phone: 0131 564 0309

Email: anna.evans@indigohousegroup.com

Web: indigohousegroup.com

Company Number: SC544395

Contents

Executive Summary	i
<i>Background to the Survey</i>	<i>i</i>
<i>Key Findings</i>	<i>i</i>
1. Background, Objectives and Methodology	1
<i>Background</i>	<i>1</i>
1.1 <i>Overview</i>	<i>1</i>
<i>Objectives</i>	<i>1</i>
1.2 <i>Overall Aim and Specific Objectives</i>	<i>1</i>
<i>Methodology</i>	<i>2</i>
1.3 <i>Questionnaire Design, Method of Distribution and Number of Responses</i>	<i>2</i>
1.4 <i>Profile of Landlord and Letting Agent Properties by Local Authority Area Groupings</i>	<i>3</i>
1.5 <i>Limitations</i>	<i>5</i>
2. Your Experience as a Landlord / Letting Agent	6
<i>Introduction</i>	<i>6</i>
2.1 <i>Sample Profile and Basis of Reporting</i>	<i>6</i>
2.2 <i>Time as a Landlord / Letting Agent</i>	<i>6</i>
2.3 <i>How Property for Letting First Acquired (Landlords)</i>	<i>7</i>
2.4 <i>Number of Properties (Landlords)</i>	<i>8</i>
2.5 <i>Types of Property Let to Private Tenants</i>	<i>8</i>
2.6 <i>Business Characteristics</i>	<i>9</i>
2.7 <i>Methods of Sourcing Tenants</i>	<i>11</i>
3. Tenancy Arrangements	14
<i>Introduction</i>	<i>14</i>
3.1 <i>Basis of Reporting</i>	<i>14</i>
3.2 <i>Tenancy Arrangements</i>	<i>14</i>
3.3 <i>Rent increases</i>	<i>15</i>
3.4 <i>Tenants on Housing Benefit/Universal Credit</i>	<i>16</i>
4. Changes to the Private Rented Sector Tenancy Regime	18
4.1 <i>Basis of Reporting</i>	<i>18</i>
4.2 <i>Awareness</i>	<i>18</i>
4.3 <i>Impact of Changes</i>	<i>20</i>
4.4 <i>Dispute Resolution</i>	<i>23</i>

5. Issues and Challenges	28
<i>Introduction</i>	28
5.1 <i>Basis of Reporting</i>	28
5.2 <i>Issues and Challenges</i>	28
6. Expectations and Future Plans.....	34
<i>Introduction</i>	34
6.1 <i>Basis of Reporting</i>	34
6.2 <i>Confidence in the Private Rented Sector.....</i>	34
6.3 <i>Risks.....</i>	35
6.4 <i>Opportunities</i>	38
6.5 <i>Reasons for Perceived Risks and Opportunities.....</i>	42
6.6 <i>Future Plans.....</i>	42

Executive Summary

Background to the Survey

An online survey was conducted with landlords and letting agents operating across Scotland. Responses were mainly gathered through the networking efforts of supportive partners, with supplementary face-to-face interviews being conducted at the Scottish Association of Landlords conference. In total, 539 survey responses were secured (447 from landlords and 92 from letting agents). This report summarises the findings of the survey. These are broken down by landlord / letting agent responses and, where of particular relevance and significance, by location and other respondent criteria.

Key Findings

- Landlords most commonly trade either as sole traders / partnerships, or on an informal basis, rather than as limited companies.
- Use of signed leases for tenancies is almost universal.
- Landlords with more than 10 properties were most likely to apply regular rent increases and this was also the case amongst letting agents. Rent increases are most frequently applied in Edinburgh, and Edinburgh landlords are also less likely to accept new tenants on Universal Credit / Housing Benefit.
- There is high awareness of the Private Residential Tenancy and of the specific dimensions of the tenancy.
- The tenancy is often perceived to have a negative impact on operations as a landlord, this being particularly so in relation to tenants' "28 days' notice to leave" provisions.
- There is limited satisfaction with Private Residential Tenancies (34% amongst landlords and 57% amongst letting agents).
- Awareness of dispute resolution processes (such as the First Tier Housing Tribunal) are high; for those that have experienced these, there is limited satisfaction.
- Landlords and letting agents commonly identify issues and challenges such as physical damage to property and tenants failing to pay their rent.
- Only a minority of landlords (36%) and a slight majority of letting agents (55%) express confidence in the future sustainability of the private rented sector in Scotland, with enhanced rights to tenants frequently being seen as a risk to the sector.

- There largest proportion of landlords plan to make no change in the long term to their business, but there is evidence of a significant proportion of landlords considering disinvestment by selling some or all of their properties.

1. Background, Objectives and Methodology

Background

1.1 Overview

This survey forms part of the overall programme of work commissioned by Nationwide Foundation and being undertaken by Indigo House (under the brand of "Rent Better") to understand the impact on tenants and landlords of changes to the Scottish private rented sector tenancy regime.

This element of work was conducted as an online survey between October and December 2019, with additional face-to-face interviewing being conducted at the Scottish Association of Landlords Scottish Letting Day conference in Edinburgh on 12th November 2019.

This report sets out the key findings and is expected to form the basis for further analysis and discussion as part of the wider study outputs.

Objectives

1.2 Overall Aim and Specific Objectives

The revised Scottish private residential tenancy arrangements started in December 2017 and there was a need to explore the views of landlords and letting agents about the new tenancy regime and any challenges and opportunities presented by this. The survey had the following objectives:

- To build a profile of landlord and letting agent businesses in Scotland in relation to factors such as geographic spread of properties, time in operation, number of properties, types of properties and methods of sourcing tenants.
- To understand tenancy arrangements that landlords and letting agents have in place with tenants, in relation to factors such as formal and informal agreements, how deposits are handled, frequency of rent increases and the types of tenants accepted.
- To test awareness of the introduction of the Private Residential Tenancy on 1st December 2017 and the change from Scottish Assured and Short-Assured Tenancy.
- To test awareness of the specific differences that have been introduced and what impact these have had on landlords and letting agents.
- To gauge overall satisfaction with the Private Residential Tenancy.

- To test awareness of First Tier Housing Tribunals (or former Private Rented Housing Panels) and what issues had been raised amongst those that had experience of them.
- To gauge satisfaction with overall experience of First Tier Housing Tribunals (or former Private Rented Housing Panels).
- To profile the main types of issues and challenges faced by private sector landlords generally and the frequency with which these occur.
- To quantify the overall level of confidence in the future sustainability of the private rented sector in Scotland from a landlord's perspective.
- To understand the extent to which specific risks and opportunities will affect the operation of private sector landlords in Scotland over the next few years.
- To uncover any future changes being actively considered by landlords and letting agents.

Methodology

1.3 Questionnaire Design, Method of Distribution and Number of Responses

The questionnaire was developed by Indigo House, together with IBP Strategy and Research, and was designed as a self-completion survey to be completed online. Indigo House and IBP Strategy and Research enlisted the help of a number of key stakeholder organisations who distributed the survey link to landlords and letting agents on Nationwide Foundation's behalf. In total, 483 responses were received to the survey link.

The number of responses received to the survey link by each stakeholder organisation that distributed it is shown below:

North Ayrshire Council	99
West Lothian Council	58
Scottish Association of Landlords	55
Rettie's	53
South Ayrshire Council	49
Inverclyde Council	43
Dundee City Council	35
SafeDeposits Scotland	33
Glasgow City Council	32

SAL Conference	11
SAL Conference Follow-up	3
Homes for Good	2
Southside Housing Association	1
Stewart Residential	1
Other	8
Total	483

In addition, Indigo House and IBP Strategy and Research were in attendance at the Scottish Association of Landlords Conference in November 2019, where the survey link was promoted and a further 56 face-to-face interviews were conducted.

Overall, a total of 539 individual survey responses were achieved, of which 447 were from individual landlords and 92 from letting agents. Indicatively, this represents a confidence interval of approximately +/- 4.22%, based on a 50% answer and 95% confidence level.¹

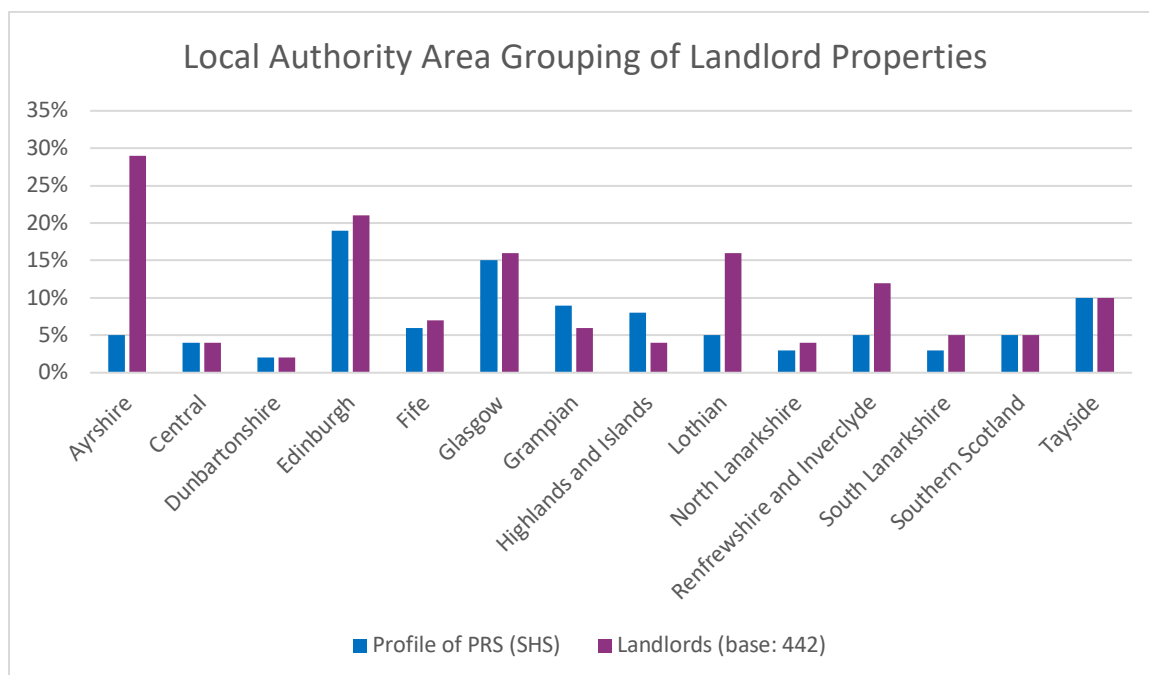
1.4 Profile of Landlord and Letting Agent Properties by Local Authority Area Groupings

Landlords were asked in which areas they operate and have been allocated to the relevant Local Authority Area grouping from the Scottish Household Survey. These figures were influenced significantly by the effectiveness of local partners in engaging with different groups. The profile of landlords, compared to the profile of private renting in the Scottish Household Survey, is illustrated below (it should be noted that landlords could operate in multiple areas so this comparison should be seen as an indicative one). In most instances, the sample profile is broadly reflective of the profile of private renting (as per the Scottish Household Survey). However, in certain areas (especially Ayrshire and Lothians) partners were particularly effective at generating engagement and so there is a disproportionate number of responses from this area, made up for by fewer responses from other areas.

To account for this differential response, the landlord figures specifically have been weighted to reflect the actual profile of private renting as per the Scottish Household Survey.

¹ The confidence interval is quoted on an indicative basis as the nature of the self-completion methodology adopted means that we cannot be certain that the achieved sample characteristics reflect those of a random sample although, as noted, the landlord responses have been weighted to reflect as accurately as possible the known profile of the private rented sector across Scotland.

In the remainder of this report, when figures are quoted for landlords only then it is the weighted figure that is used.^{2,3}



The profile for letting agents is set on the next page. This shows responses from letting agents being gathered from organisations across the country. Given the relatively small number of responses from letting agents, and the fact that many operate across multiple areas, we do not consider it appropriate to weight these responses by area. In the remainder of the report, when an "overall" figure is quoted then this is the sum of the unweighted letting agents figure and the weighted landlords figure.

² It should be noted that some landlords operated in multiple areas and, to undertake this weighting exercise, they had to be allocated to a single area. Of the 447 landlords, 366 operated in a single area. Of the remaining 81, 32 were allocated to the area of the survey "collector" to which they responded and the remaining 49 could not be allocated to a single area and were classified as such for the purposes of the weighting exercise.

³ In a very small number of cases, information on the areas in which the landlords operated was not provided and this is reflected in the base number of responses; this is true also for the letting agent responses.



1.5 Limitations

As the survey was conducted on an online self-completion basis, it is subject to a risk of respondents being atypical of the population of landlords / letting agents as a whole. In addition, as the survey was networked by a range of stakeholders to known contacts, there was a risk of differential response from certain areas or from certain types of landlord / letting agents. These risks were substantially mitigated by having a very broad range of partners encouraging completion of the survey, with coverage across the country and gathered via multiple routes. Where a difference in geographic profile was identified then overall results were weighted to take account of this. Partners that promoted the survey were given standard, objectively worded text with which to do so, helping to minimise differential response from those with particular views and care was taken in questionnaire design to ensure that questions were framed in an objective and non-leading manner.

2. Your Experience as a Landlord / Letting Agent

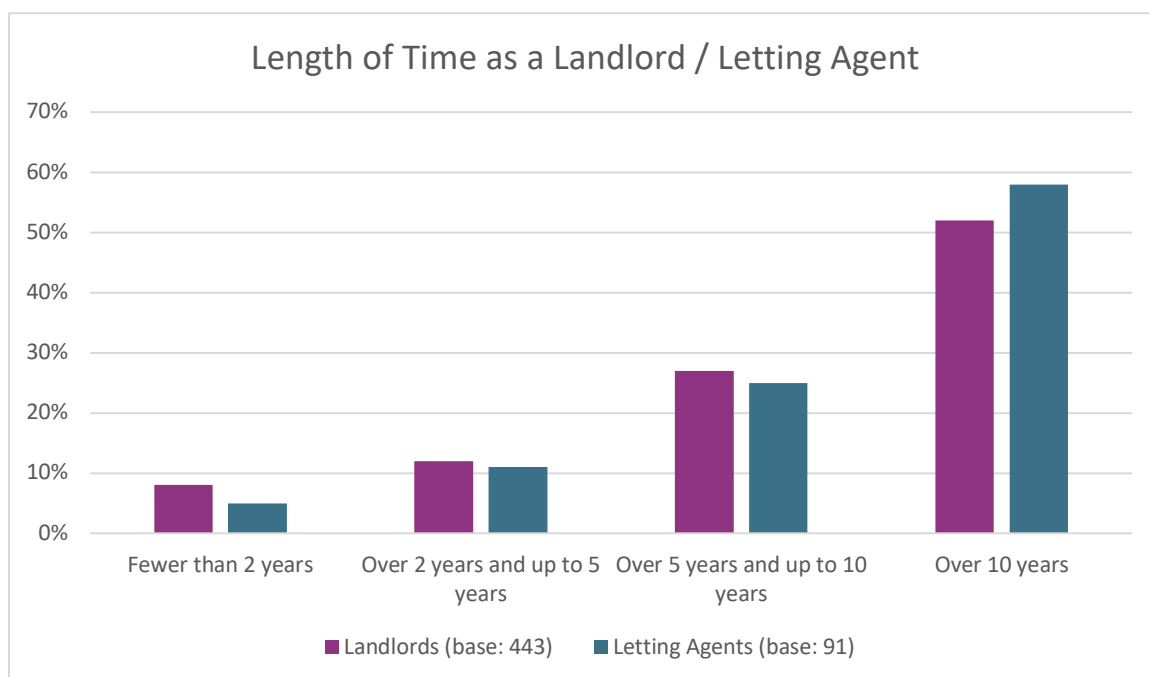
Introduction

2.1 Sample Profile and Basis of Reporting

This section of the survey sought information on the profile and experiences of landlords and letting agents within the private rented sector. Where common questions were asked of both groups, then the charts that follow set out the comparative results for each.⁴ However, certain questions were appropriate only for either landlords or letting agents and have been reported on as such.

2.2 Time as a Landlord / Letting Agent

In the case of both landlords and letting agents, the majority of respondents had been in the private rental business for some time. For landlords, 52% had been for over 10 years and for letting agents this figure was 58%.^{5,6}



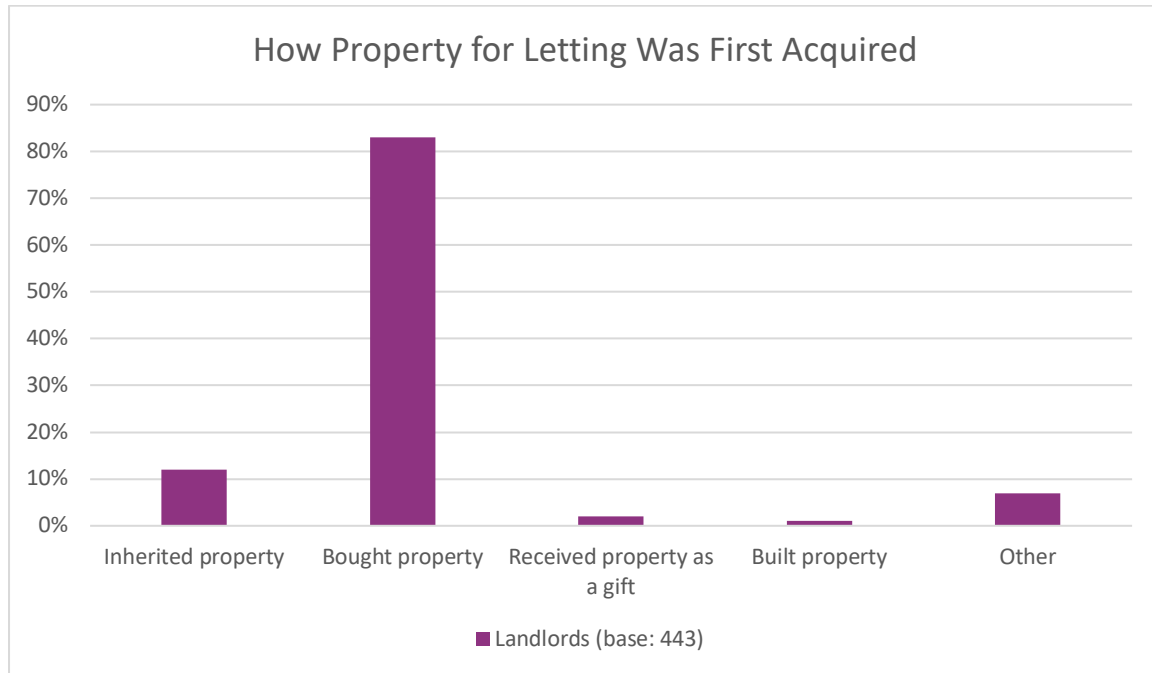
⁴ It has not generally been considered appropriate to provide an overall “merged” figure for these questions.

⁵ It should be noted that, throughout, the individual base number of responses to a particular question may be lower than the total number of responses, due to some respondents not answering a particular question or giving a “don’t know” or “prefer not to say” response.

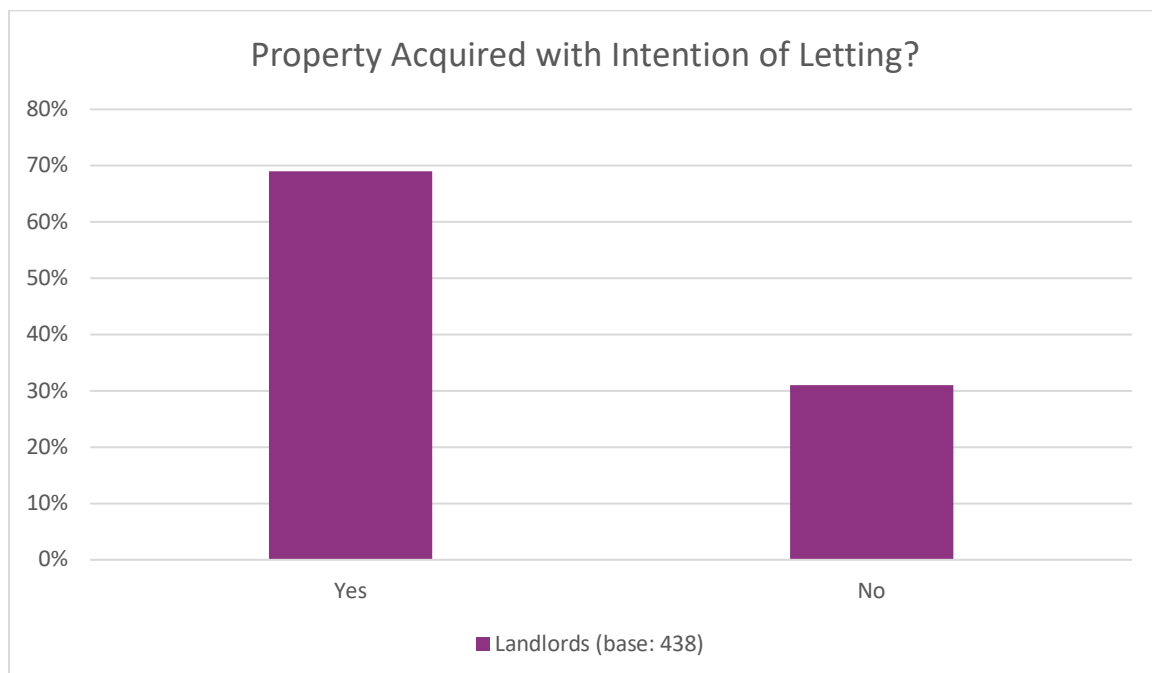
⁶ Throughout the report, some figures may not sum to 100% due to rounding.

2.3 How Property for Letting First Acquired (Landlords)

Landlords specifically were asked, thinking back to when they first started letting properties in the private rented sector, how they acquired the property or properties they let out. This was most commonly by buying the property (83%) with 12% of landlords indicating that they inherited the first property that they let out.



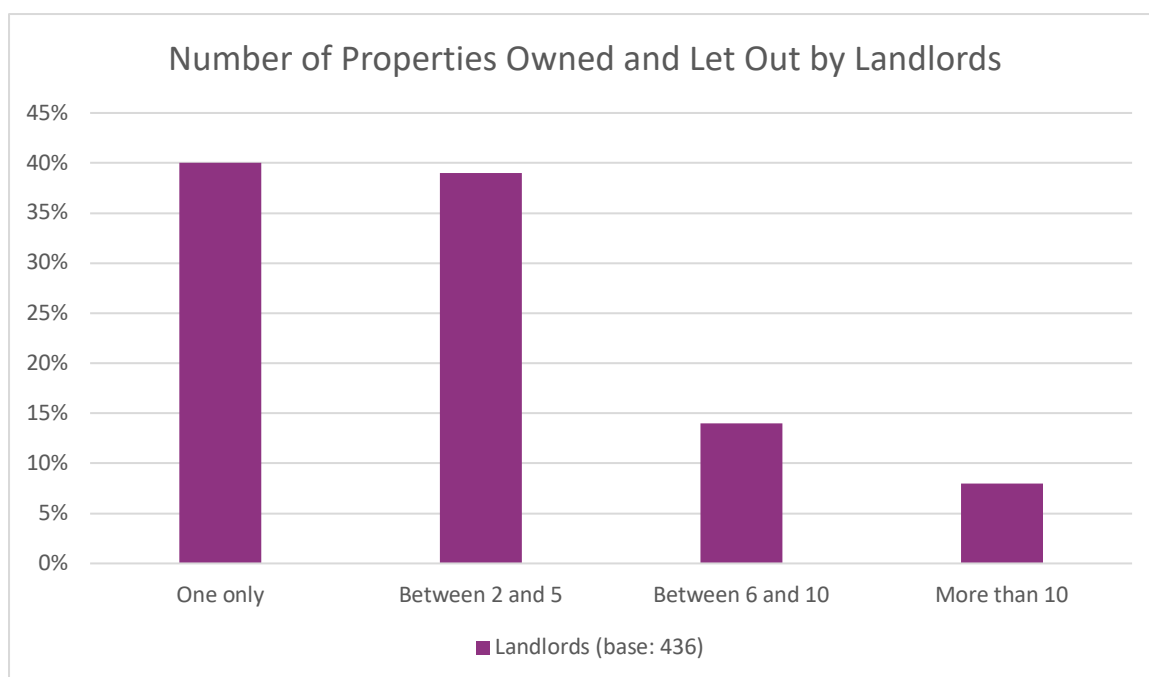
Overall, 69% of these landlords acquired the property with the intention of letting it from the start but a significant minority (31%) indicated that this was not the case.



It is worth noting that 47% of letting agents also own and let properties directly (i.e. they are themselves landlords).

2.4 Number of Properties (Landlords)

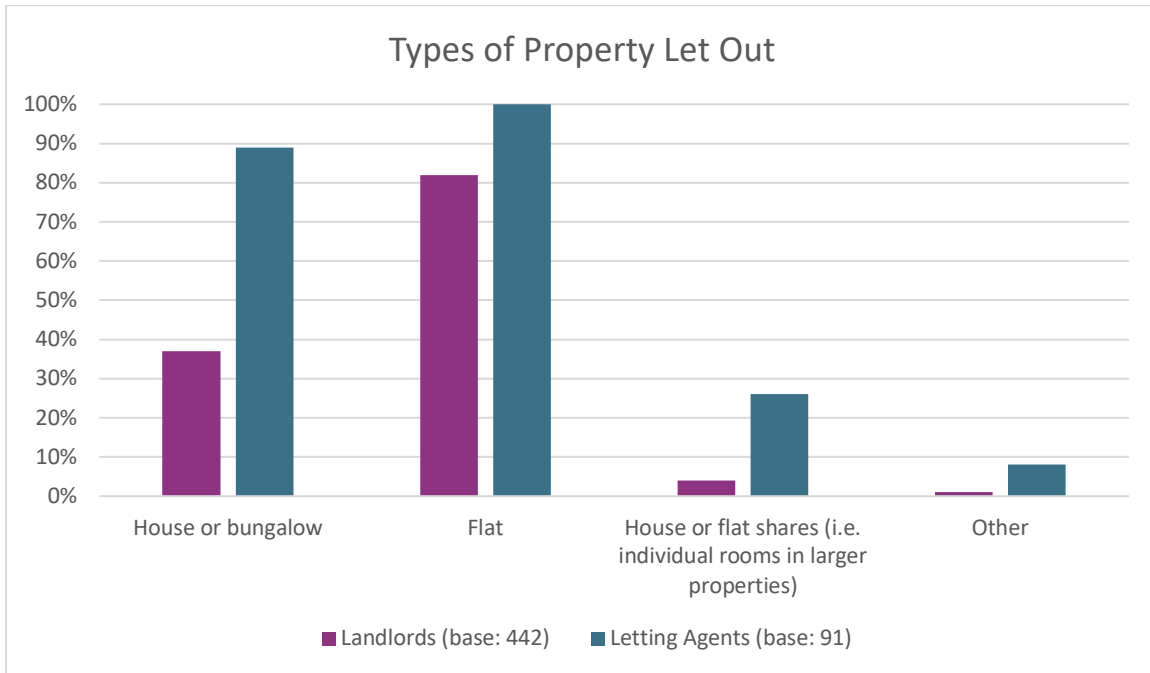
Most commonly, landlords let out a single property (40%) although 39% let out between 2 and 5 properties.



2.5 Types of Property Let to Private Tenants

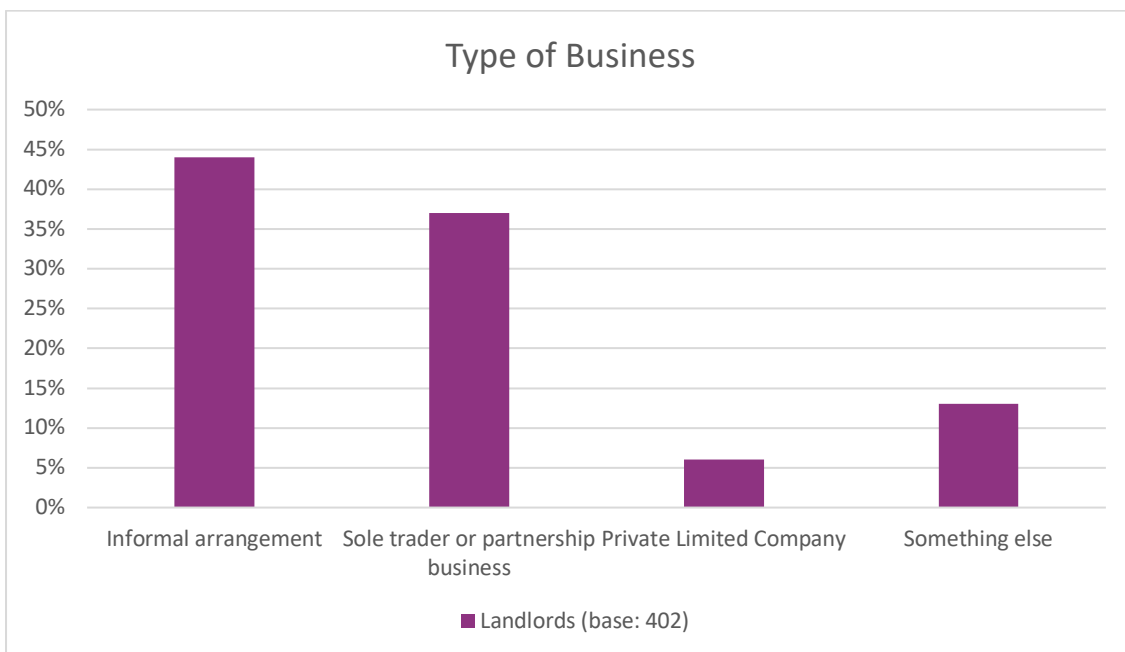
Landlords most commonly say that they let out flats (82%) followed by houses / bungalows (37%); they were less likely to be involved in house shares (4%). As might be expected, letting agents commonly let out flats (100%) and houses / bungalows (89%) and were also more likely to be involved in letting flat or house shares (26%).⁷

⁷ Multiple responses were allowed for this question.



2.6 Business Characteristics

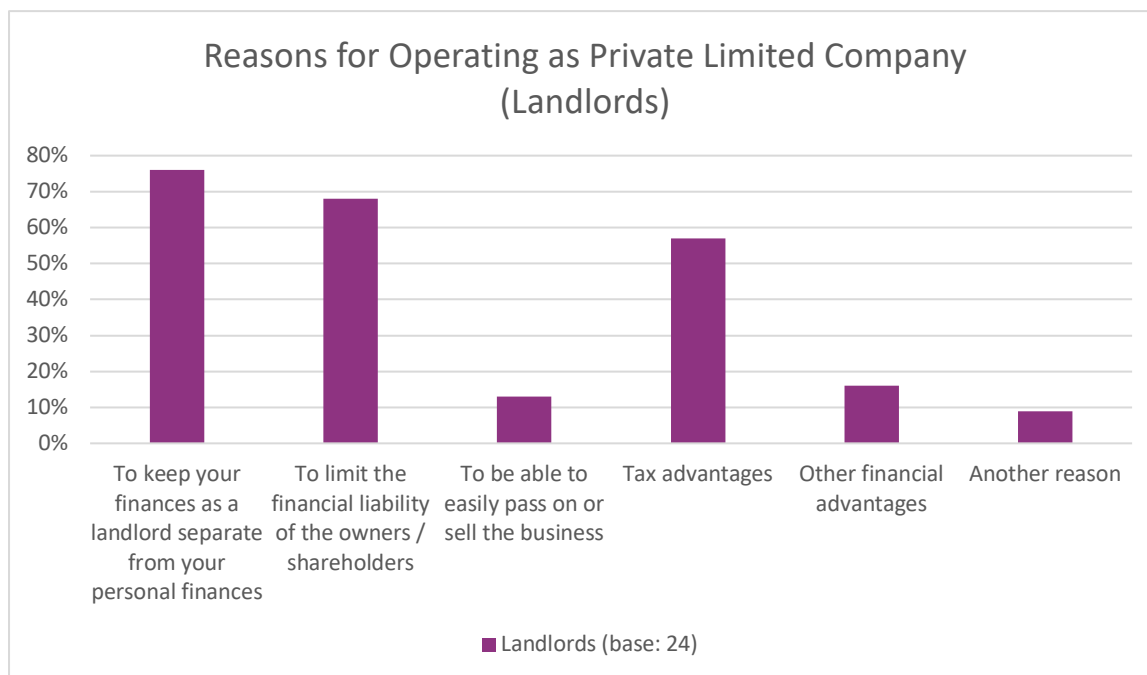
44% of landlords say that their business as a private sector landlord is best described as an "informal arrangement" whilst 37% are sole traders or partnership arrangements. Only 6% were private limited companies. The significant proportion of "something else" responses to this question is noted and this was reflective of some respondents not seeing their letting of a property as a "business" as such, with typical comments made relating to things like: it being a property to retire to; letting through a letting agent; jointly owned properties; and, some people being unsure how to interpret the question.



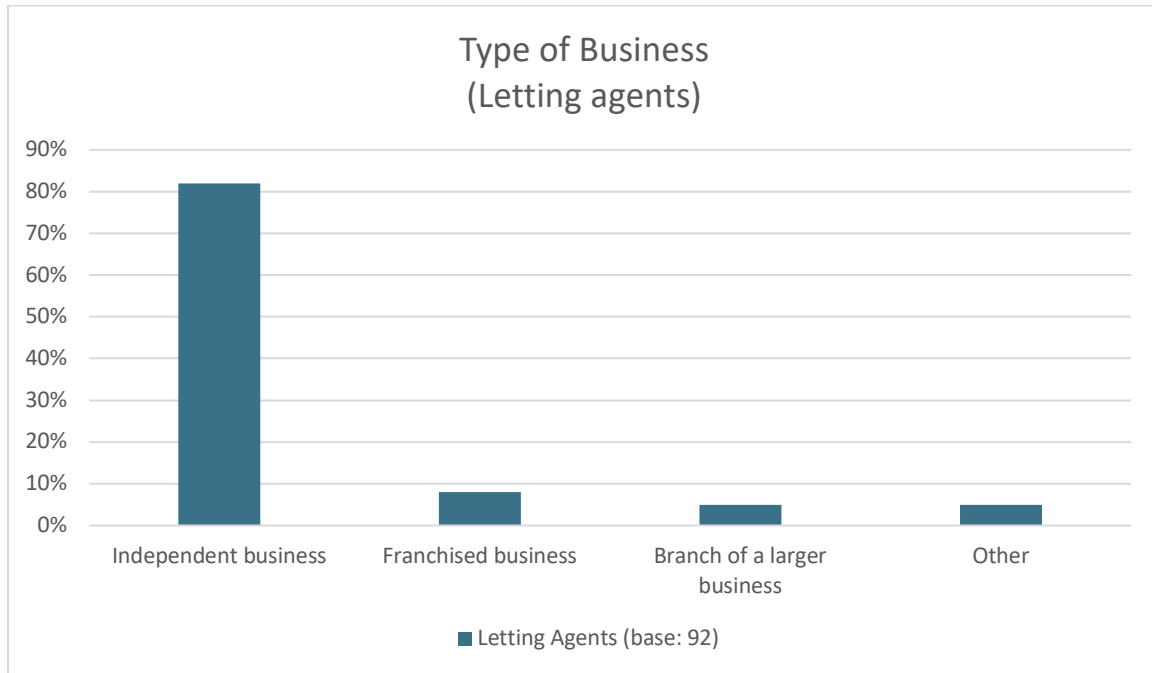
Amongst the small number of landlords that were private limited companies, a broad spread of company ages was apparent, but with 49% having been established as a private limited company for more than 10 years and only 1% for fewer than 2 years.



The most common reasons given by those landlords for acting as a private limited company were to keep their finances as a landlord separate from their personal finances (76%), to limit the financial liability of the owners / shareholders (68%) and tax advantages (57%).



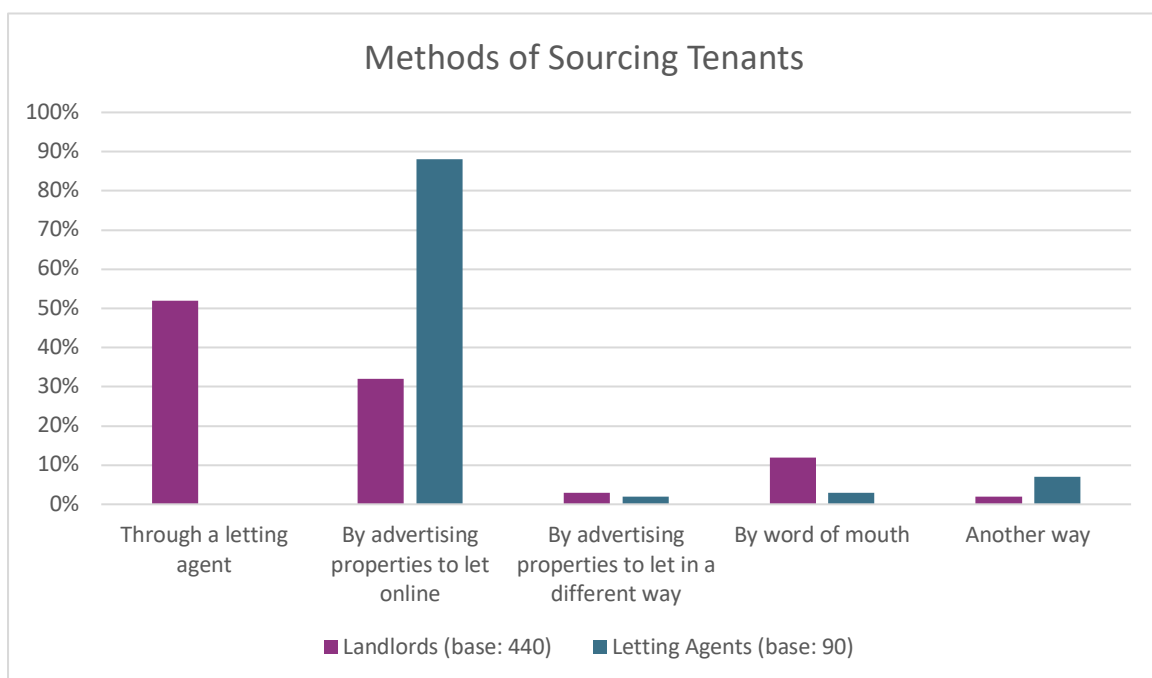
The great majority of letting agents were independent businesses (82%) but with a small number being either franchise operations (8%) or branches of larger businesses (5%).



2.7 Methods of Sourcing Tenants

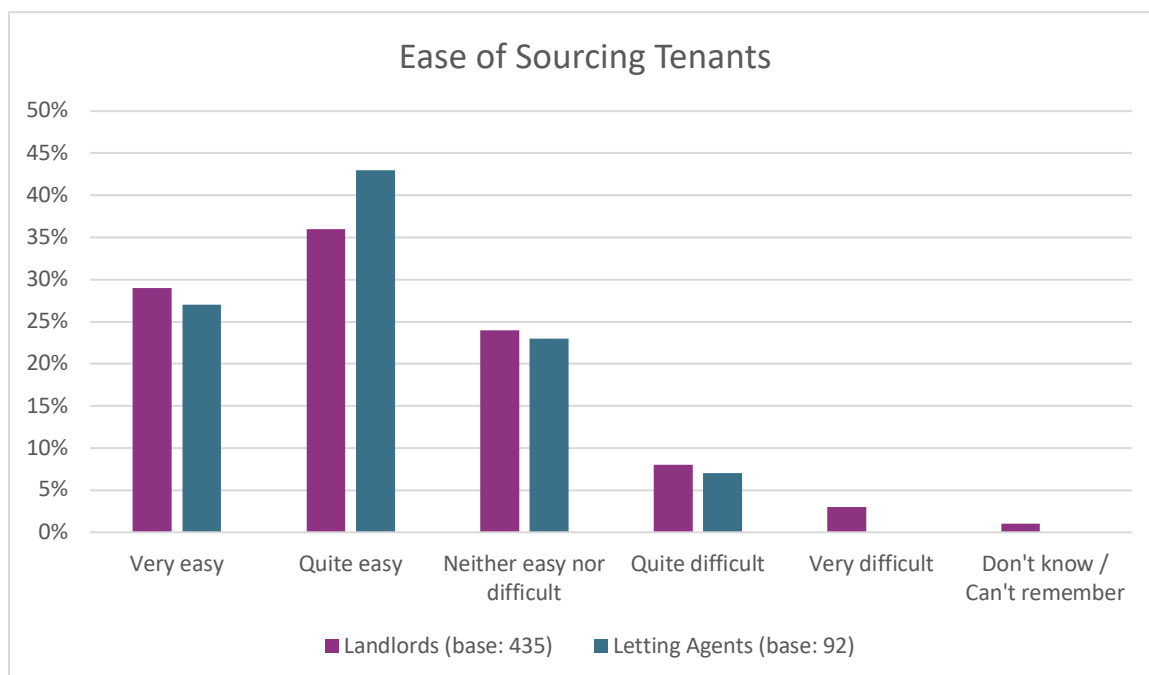
For landlords, the most common method of finding tenants was through letting agents (52%) followed by advertising online (32%) and with word of mouth playing a role in a number of cases (12%).

Amongst letting agents, online advertising is the most predominant means of finding tenants (88%).



29% of landlords say that it is very easy to source tenants and 36% that it is quite easy (65% total). For letting agents, the comparative figures were 27% and 43% (70% total).

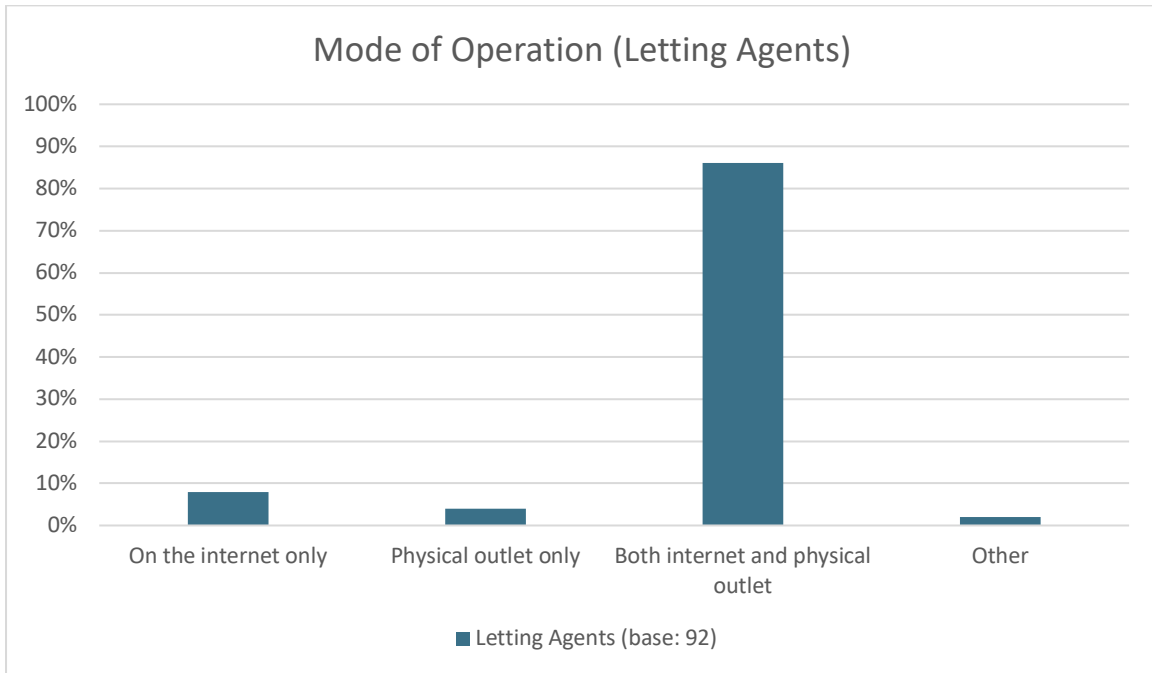
City-based landlords were slightly more likely to say that they found it easy to source tenants (72% of landlords operating in Edinburgh and 71% of those operating in Glasgow said it was easy to do so).⁸ Areas (in terms of Local Authority groupings) where landlords were least likely to say it was easy to source tenants included Ayrshire (53%), Grampian (44%) and South Lanarkshire (43%).⁹



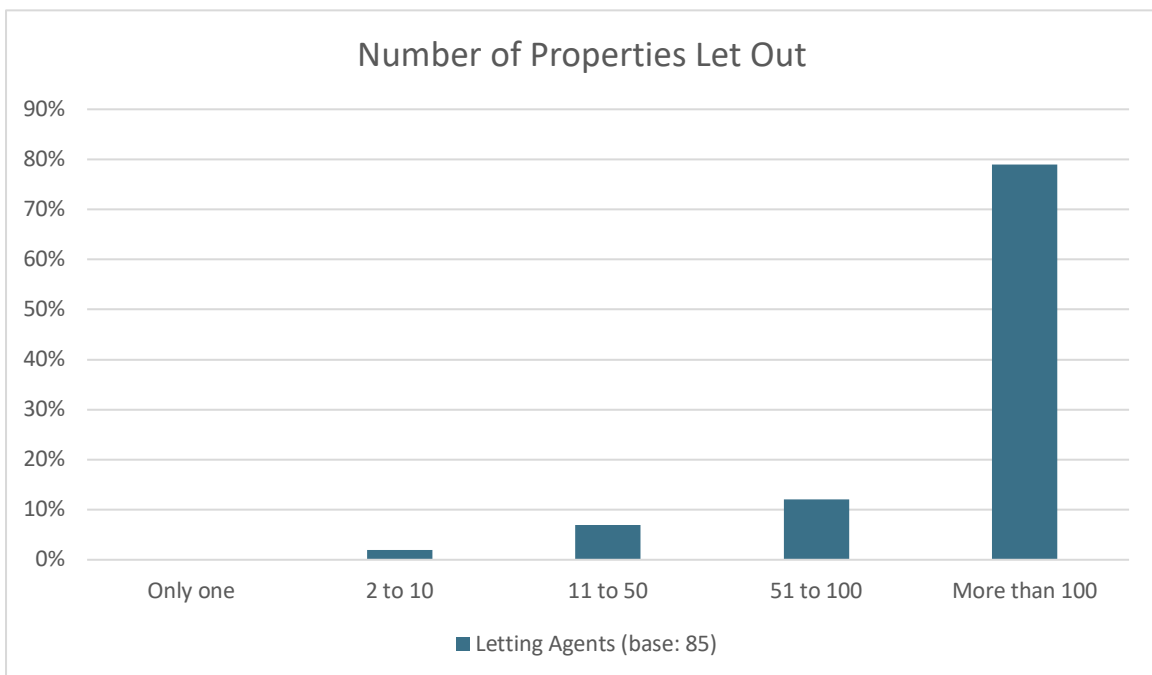
Letting agents overwhelmingly operate on both the internet and with physical outlets (86%) but with 8% being internet only and 4% being physical only.

⁸ Where specific breakdown figures for particular Local Authority Grouping areas or other categories of respondents are quoted in relation to the landlord findings, then this is the unweighted figure.

⁹ The relatively low base number of landlords operating in some of these areas should be noted. We have commented only where there were 20 or more respondents in each category.



Letting agents most commonly let out more than 100 properties (this being the case for 79% of letting agent respondents that gave a response to this question).



3. Tenancy Arrangements

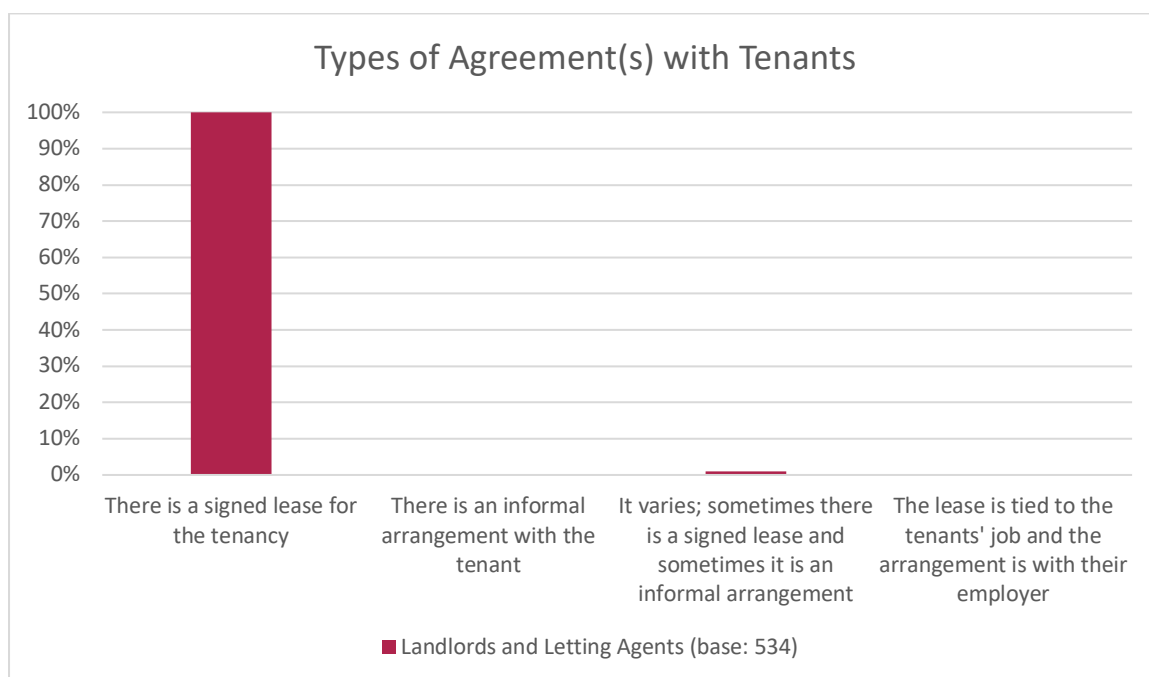
Introduction

3.1 Basis of Reporting

This section deals with the types of arrangement that landlords and letting agents have with their tenants. We have reported on these figures for respondents as a whole (including both landlords and letting agents) but identify in the main body of the text where there are significant differences between these groups or by other respondent criteria.

3.2 Tenancy Arrangements

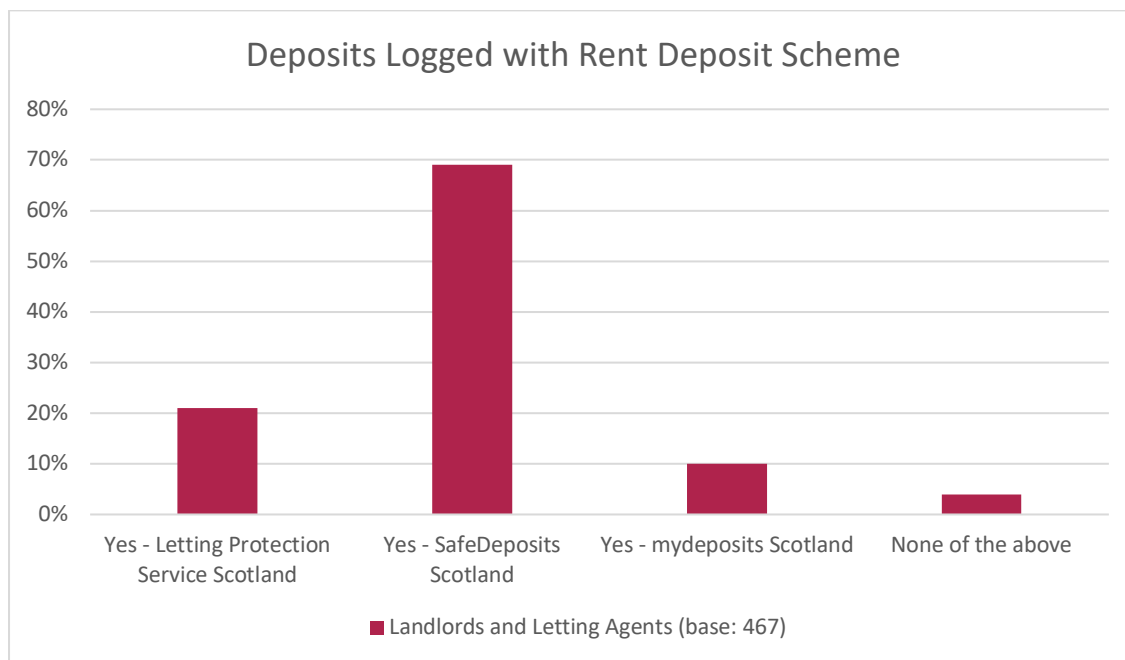
100% of respondents indicated that there is a signed lease for their tenancies.¹⁰



Only 4% of landlords and 1% of letting agents indicate that new tenants are **not** required to give a deposit. Most commonly, one month's rent was sought (this was the case amongst 71% of respondents overall and was 72% amongst landlords and 62% amongst letting agents). 30% of letting agents indicated that they required six weeks' rent.

In only 4% of cases, respondents indicated that they did not use a Rent Deposit Scheme (all such respondents were from landlords rather than letting agents). The most commonly used scheme was SafeDeposits Scotland (used by 66% of landlords and 84% of letting agents).

¹⁰ A very small number of respondents did give alternative answers but the figure for there being signed leases rounds up to 100%.



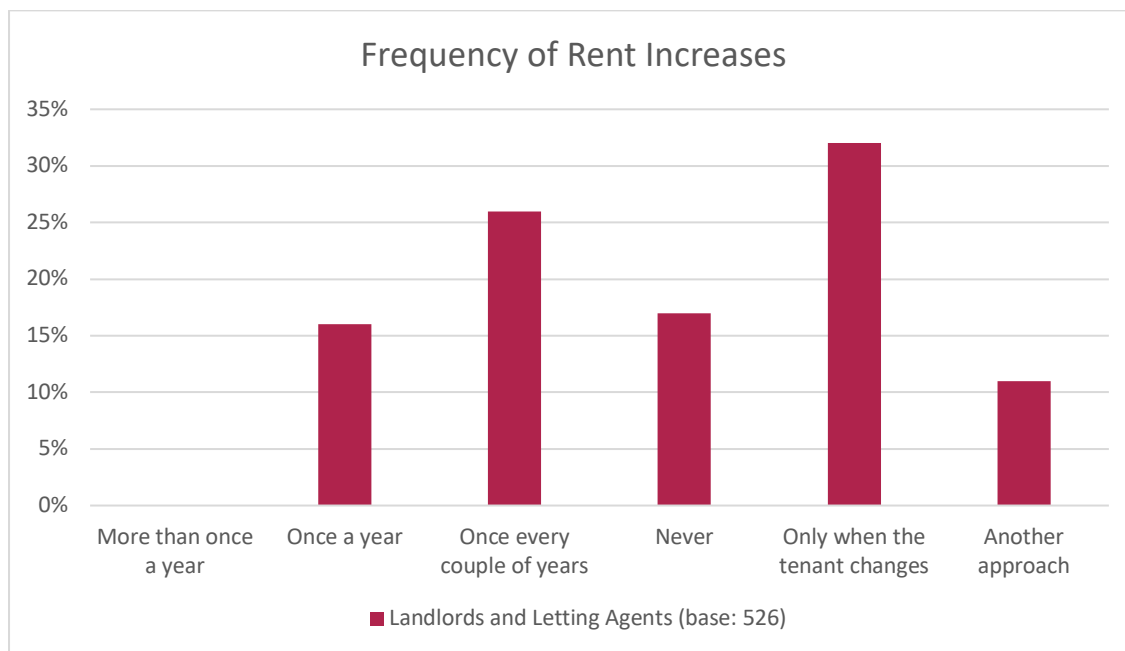
3.3 Rent increases

A variety of approaches to applying rent increases were apparent. The single most common approach overall was to increase rents only when the tenant changed (this was the case for 32% of respondents overall and 36% of landlords, but only 17% of letting agents). Letting agents were much more likely to say that they increased rents once a year (34% compared to 13% of landlords) or once every couple of years (39% compared to 23% of landlords).

It is worth noting that rent increases were considerably more likely than average to be applied frequently in Edinburgh, with 30% of respondents indicating that they applied rent increases annually and a further 31% that they did so once every couple of years. By contrast, only 9% of landlords operating in Grampian and 8% of landlords operating in Ayrshire indicated that they applied rent increases once a year.¹¹

The number of properties that landlords have also has some bearing on how frequently they increase rents. Those with more than 10 properties were significantly more likely to apply rent increases yearly (20% indicated that they do so). However, there is not a direct correlation between numbers of properties and likelihood of applying regular rent increases. For example, those with between 6 and 10 properties were least likely to apply annual rent increases (only 5% said that they did so) and less likely to do so than those with fewer properties. There was no clear pattern in terms of when rent increases were applied in relation to whether the landlord operated on an informal or more formal business basis.

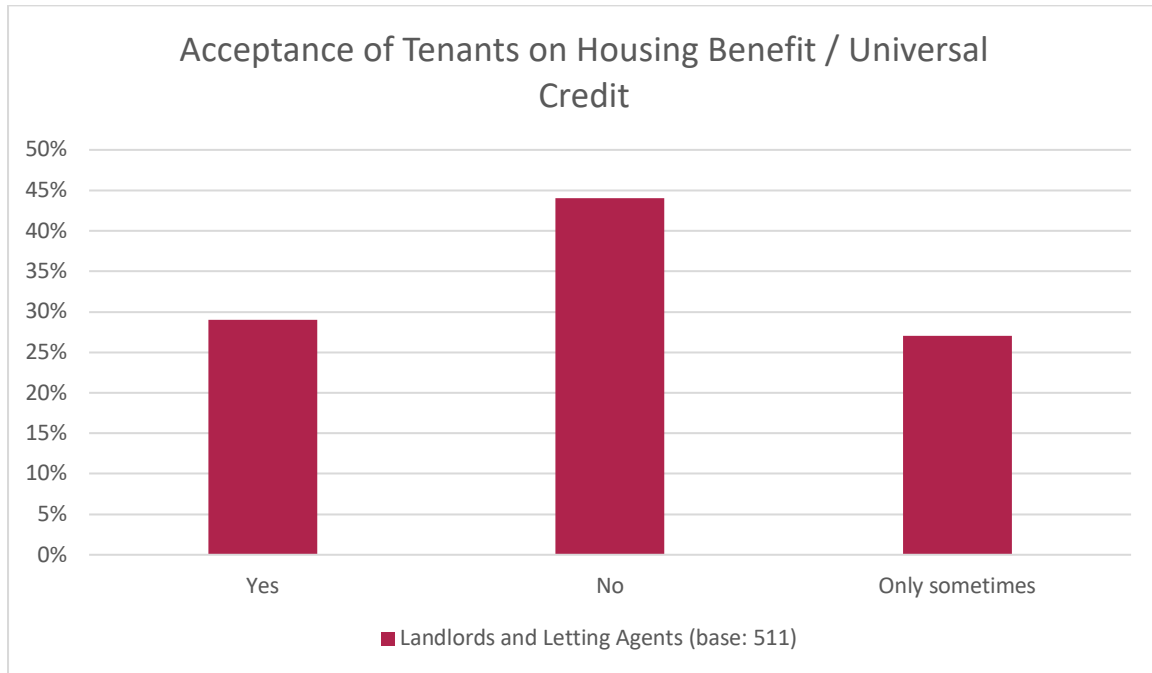
¹¹ We have commented only where there were 20 or more respondents in each category.



3.4 Tenants on Housing Benefit/Universal Credit

Overall, 25% of respondents indicated that they accept new tenants where the rent for the property is paid in full or part by Universal Credit / Housing Benefit with a further 25% saying that they do so "only sometimes". Letting agents were more likely to say that they do so (37% indicating that they do so and 52% that they do sometimes, with the comparable figures for landlords being 22% and 19%); this reflects the wider range of properties/markets that letting agents will deal with compared to individual landlords. Larger landlords were much more likely to accept tenants on Universal Credit / Housing Benefit (41% indicated that they did so) and sole traders / partnerships, and private limited company landlords were also more likely than average to do so (32% in each case).

There were some notable geographical distinctions in response to this question. Those operating in certain areas were much more likely than average to accept tenants on this basis (e.g. 72% of respondents operating Dunbartonshire, 68% in North Lanarkshire and 55% in South Lanarkshire did so). Conversely, only 19% of those operating in Edinburgh indicated that they accepted tenants on this basis.



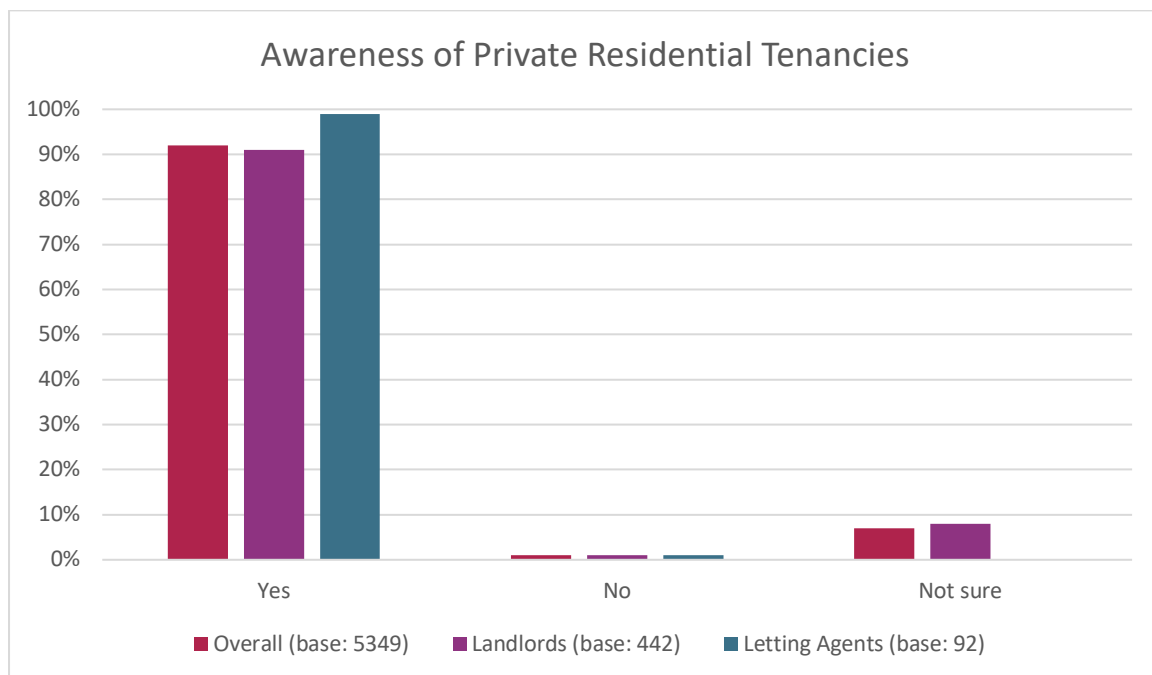
4. Changes to the Private Rented Sector Tenancy Regime

4.1 Basis of Reporting

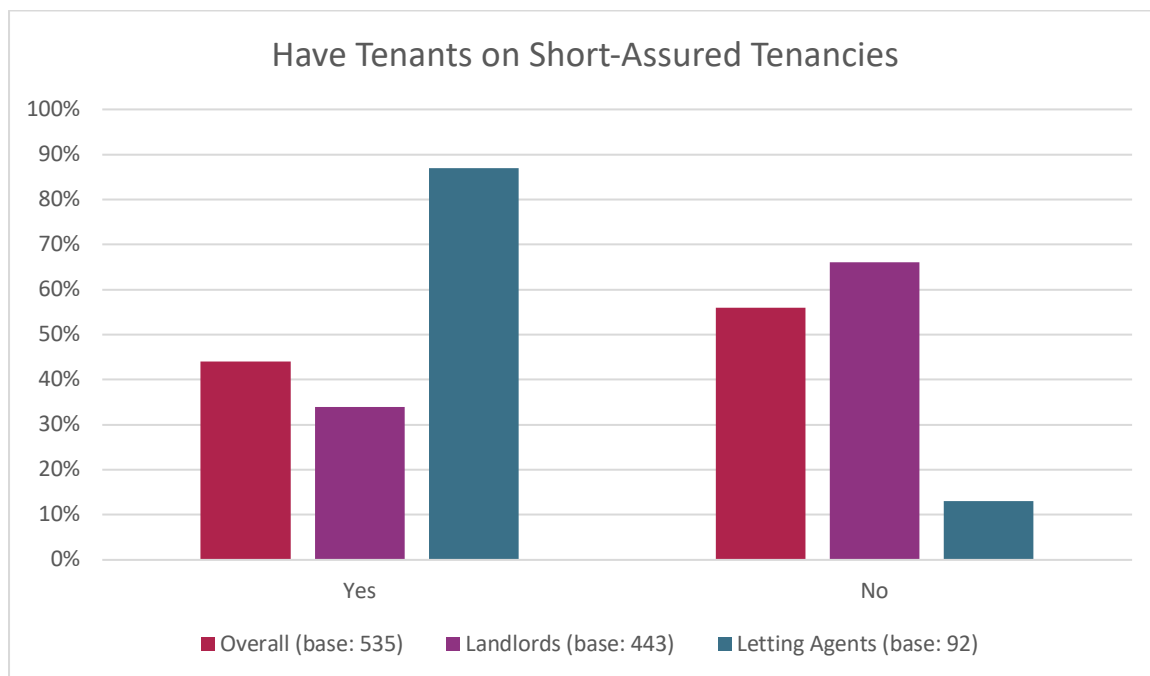
This section explored views on a number of aspects of the private rented sector tenancy regime in Scotland as implemented over recent years. As the distinct views and experiences of landlords and letting agents are of particular relevance here, we have illustrated the overall results for each question alongside the specific results for landlords and letting agents.

4.2 Awareness

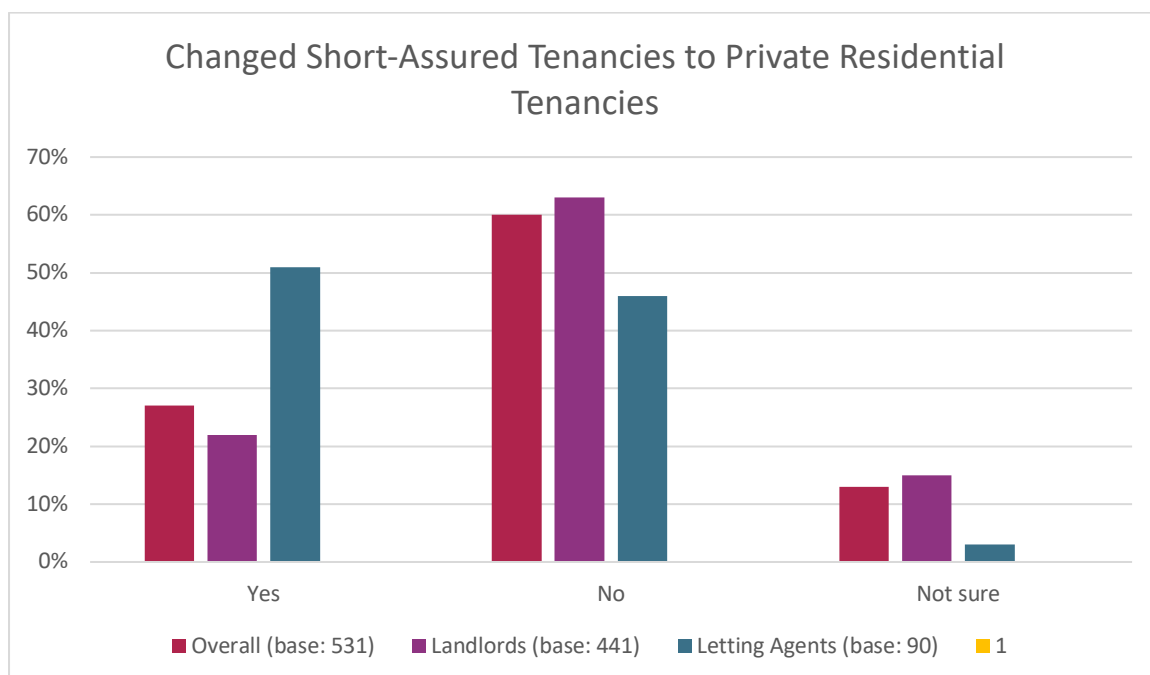
92% of respondents overall (91% of landlords and 99% of letting agents) indicated that they were aware of the introduction of Private Residential Tenancies on 1st December 2017.



A significant minority of respondents had tenants on Short Assured Tenancies (SAT) - 44%. This figure was 34% for landlords and 87% for letting agents, reflecting the more extensive activities of individual letting agents as compared to individual landlords.

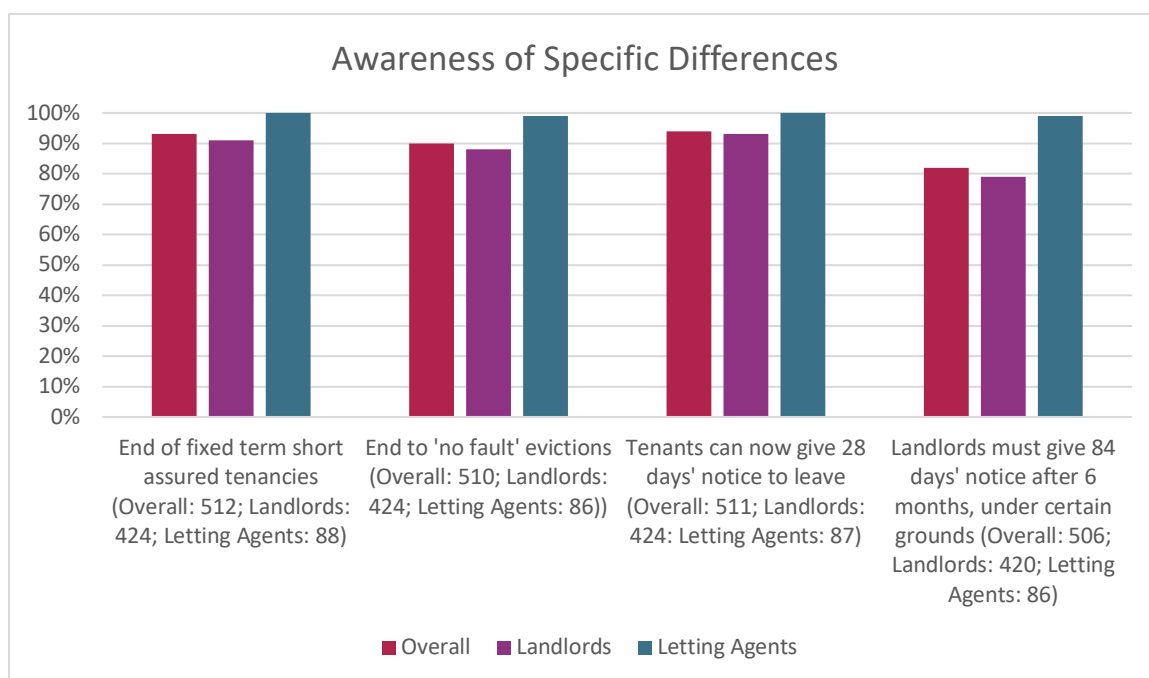


27% of respondents indicated that they had changed prior existing SAT tenancies to the new Private Residential Tenancy with 60% indicating that they had not done so. 13% indicated that they were not sure if they had done so. Amongst landlords, 22% indicated that they had changed prior existing SAT tenancies to the new Private Residential Tenancy and 51% of letting agents indicated that they had done so.



Respondents were then asked about their awareness of certain specific differences to the private rented sector tenancy regime within Scotland that had been introduced:

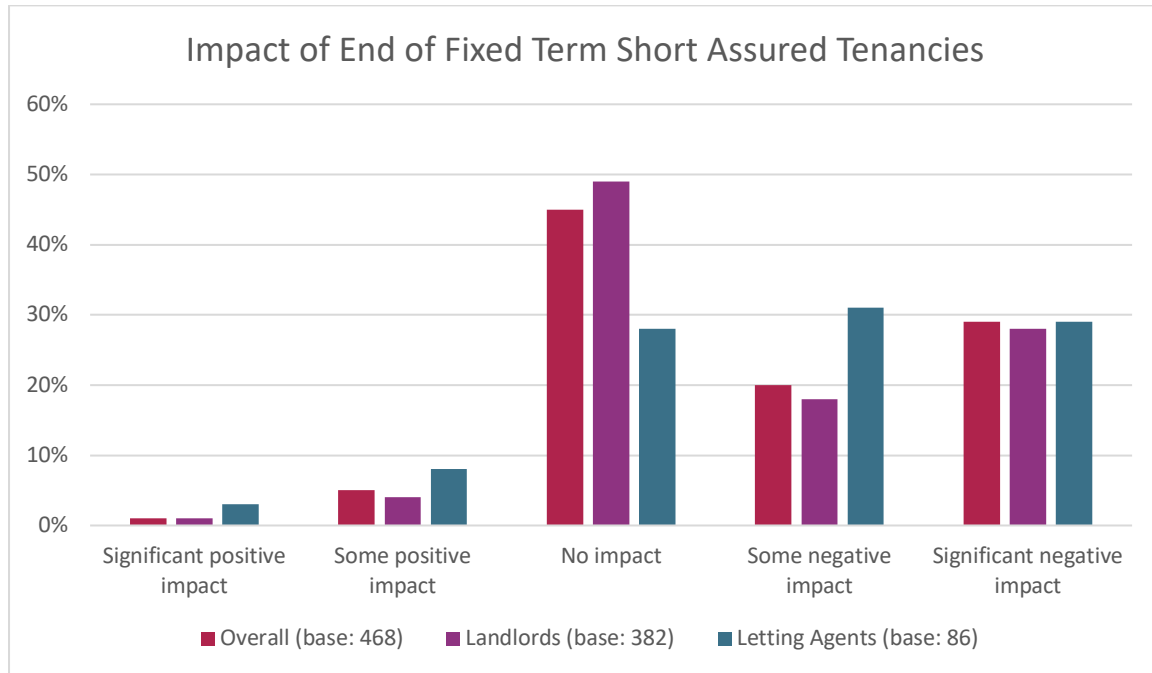
- 93% were aware of the end of fixed term short assured tenancies (91% landlords, 100% letting agents);
- 90% were aware of an end to “no fault” evictions (88% landlords, 99% letting agents);
- 94% were aware that tenants can now give 28 days’ notice to leave (93% landlords, 100% letting agents); and,
- 82% were aware that landlords must give 84 days’ notice after 6 months, under certain grounds (79% landlords, 99% letting agents).



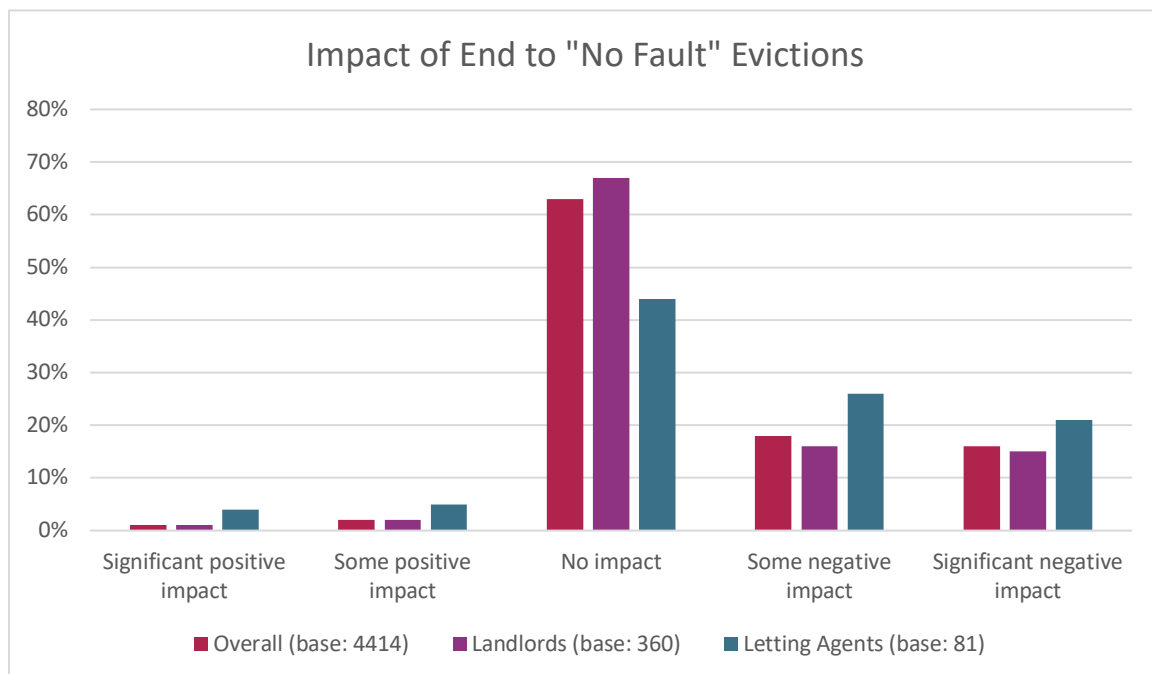
4.3 Impact of Changes

Respondents were quite likely to express a negative view about the end of fixed term Short Assured Tenancies on them as a landlord; 49% overall did so - 46% of landlords and 60% of letting agents.

The fact that a significant proportion of respondents (45% overall) stated that they saw no impact of the end of fixed term Short Assured Tenancies (landlords 49%, and much lower proportion of letting agents at 28%), may in part reflect the fact that many are still using Short Assured Tenancies. This may impact on all the different dimensions of the tenancy explored below.

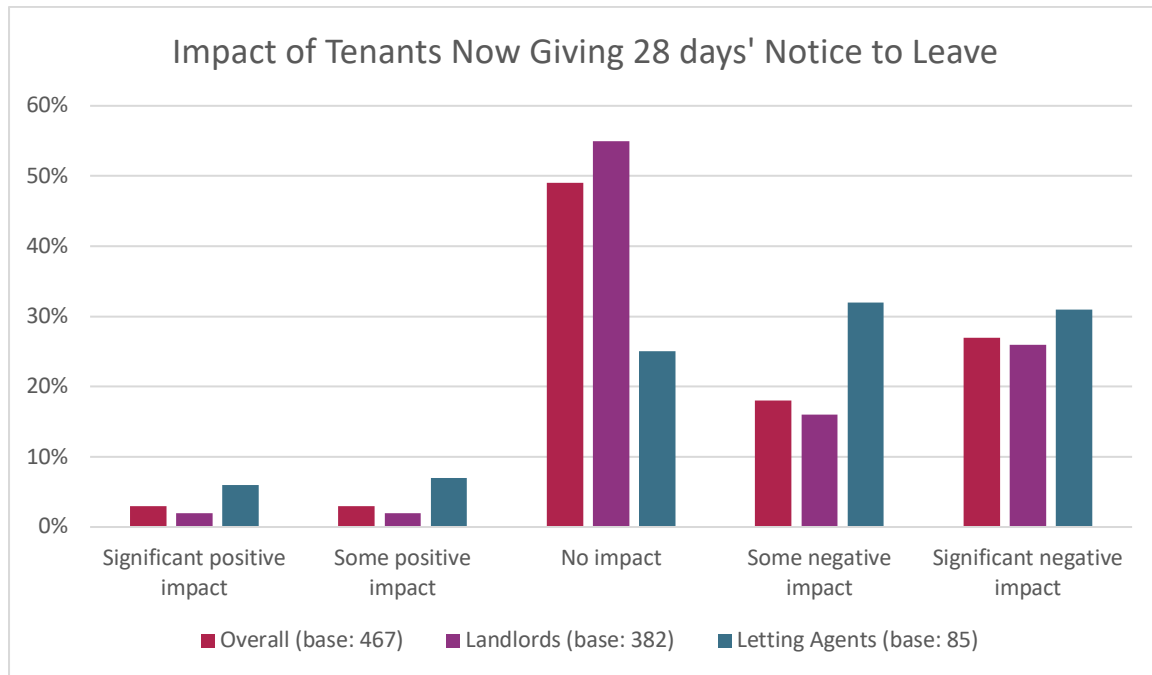


In relation to an end to "no fault" evictions, again, there were high proportion of 'no impact' at 63% although this varied significantly between landlords and letting agents (67% of landlords and 44% of letting agents). A much lower proportion of respondents saw negative impacts at 34% overall (31% of landlords and 47% of letting agents). However, only 3% of respondents overall felt that this had a positive impact (higher amongst letting agents at 9%).

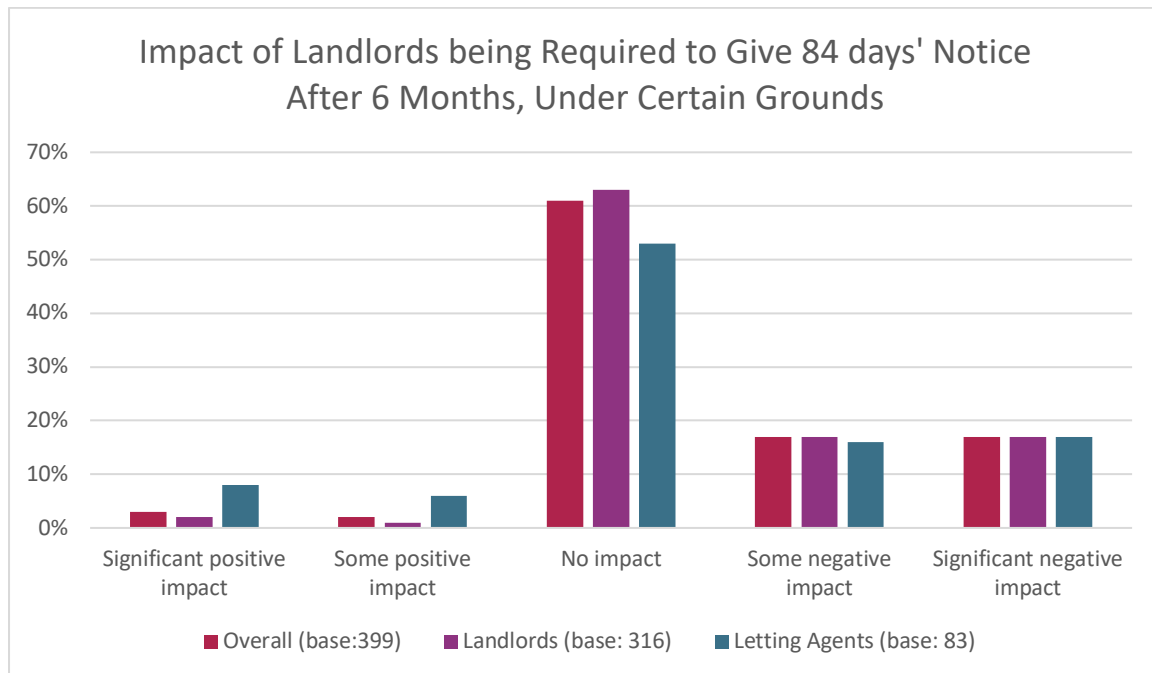


Again, nearly half of all respondents saw no impact (55% of landlords and 25% of letting agents) from tenants being able to give 28 days' notice to leave. Most other respondents

were likely to express a negative view (45% overall - 42% of landlords and 63% of letting agents).



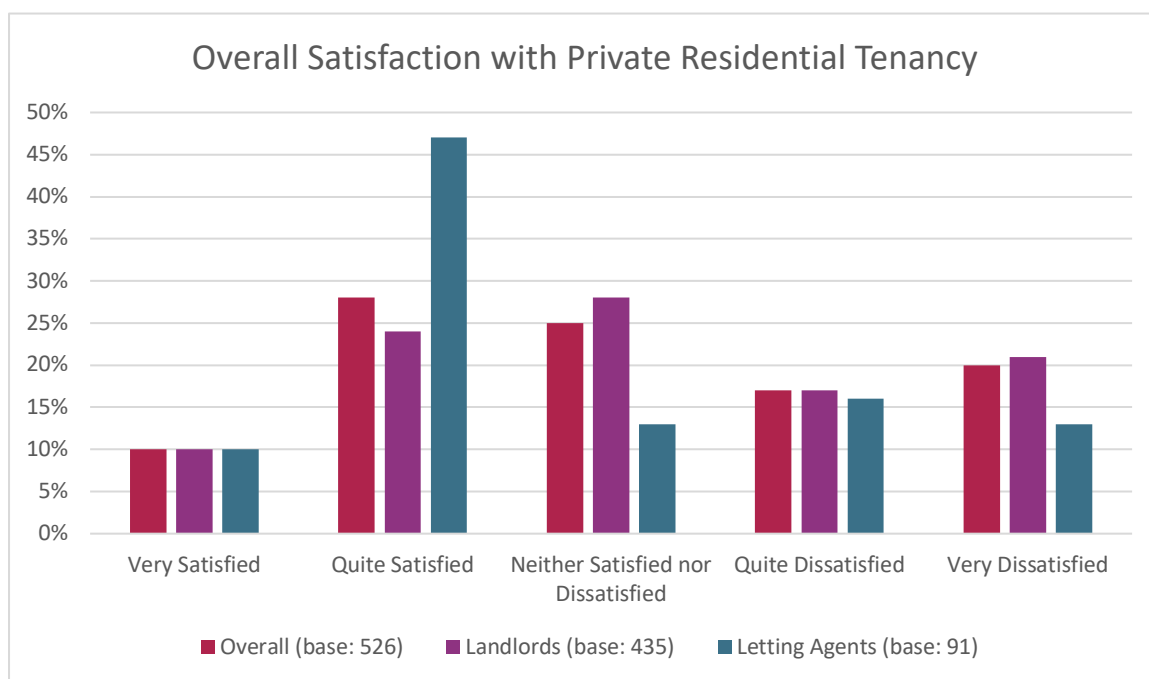
Over 60% of respondents saw no impact of landlords having to give 84 days' notice after 6 months under certain grounds. Just over a third of respondents expressed negative views in relation to this (34% of landlords and 33% of letting agents).



In terms of overall satisfaction with the PRT, similar proportions were satisfied and dissatisfied. Overall 38% were satisfied, with letting agents more likely to be satisfied than landlords (57% letting agents compared to 34% landlords).

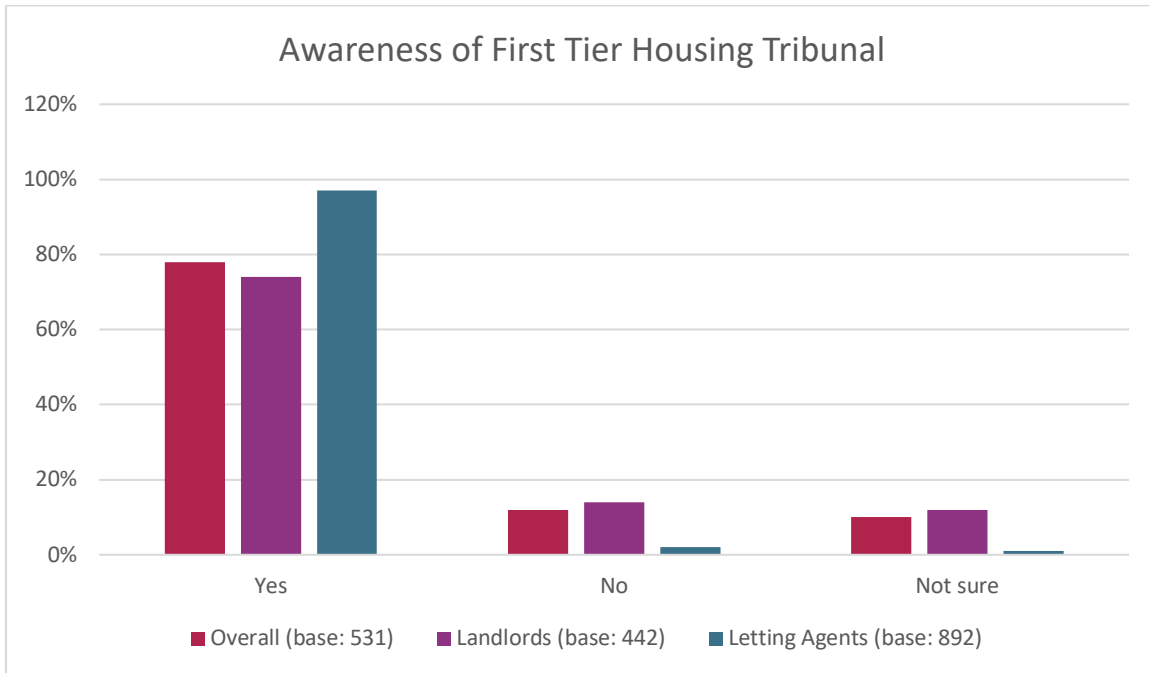
Overall 37% were dissatisfied, with landlords more likely to be dissatisfied (38% landlords compared to 29% of letting agents).

Landlords with only one property were slightly more likely to express satisfaction (40%) and less likely to express outright dissatisfaction (24%).

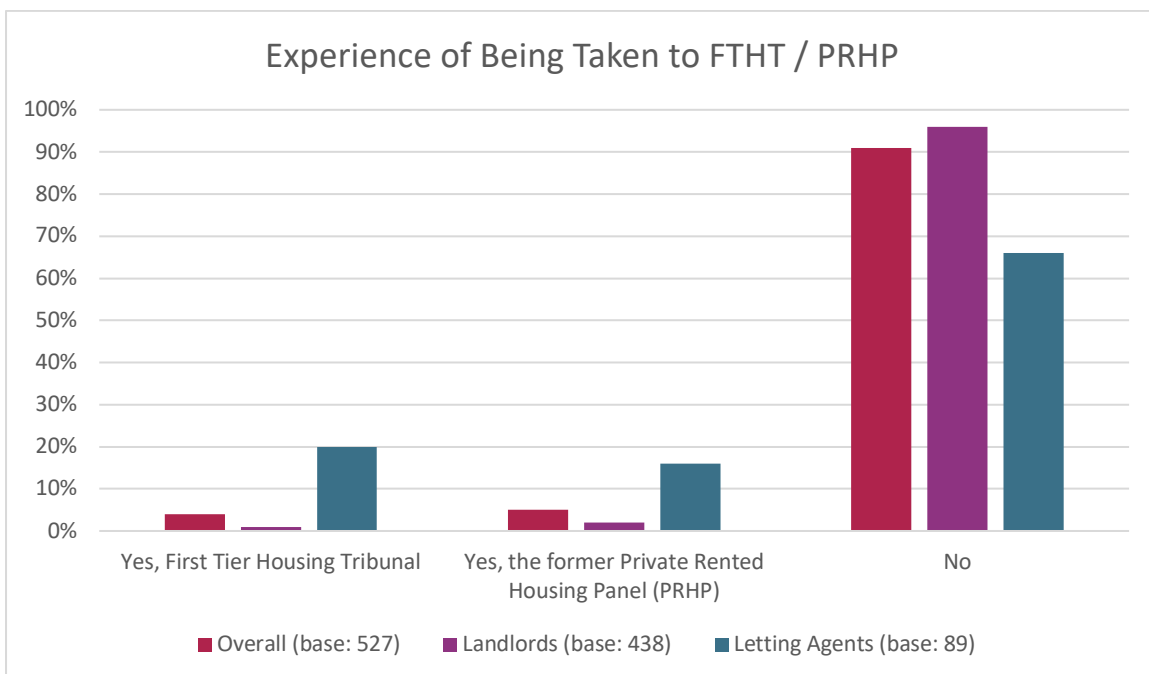


4.4 Dispute Resolution

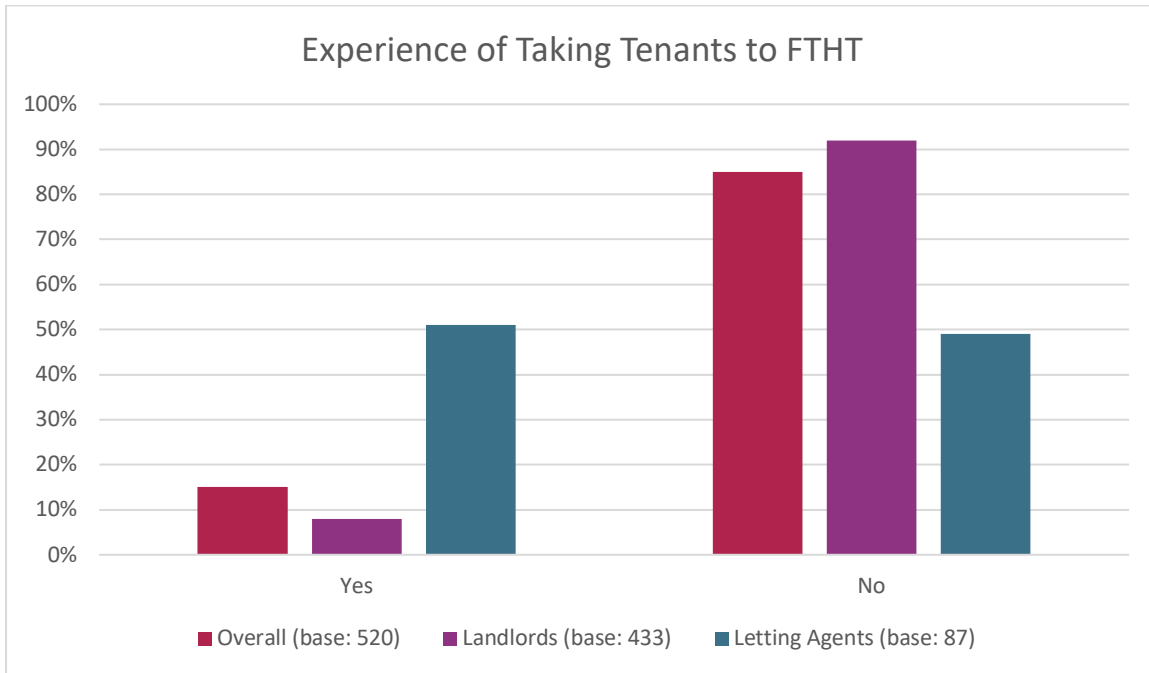
Awareness of the First Tier Housing Tribunal was 78% overall, this being 74% amongst landlords and 97% amongst letting agents.



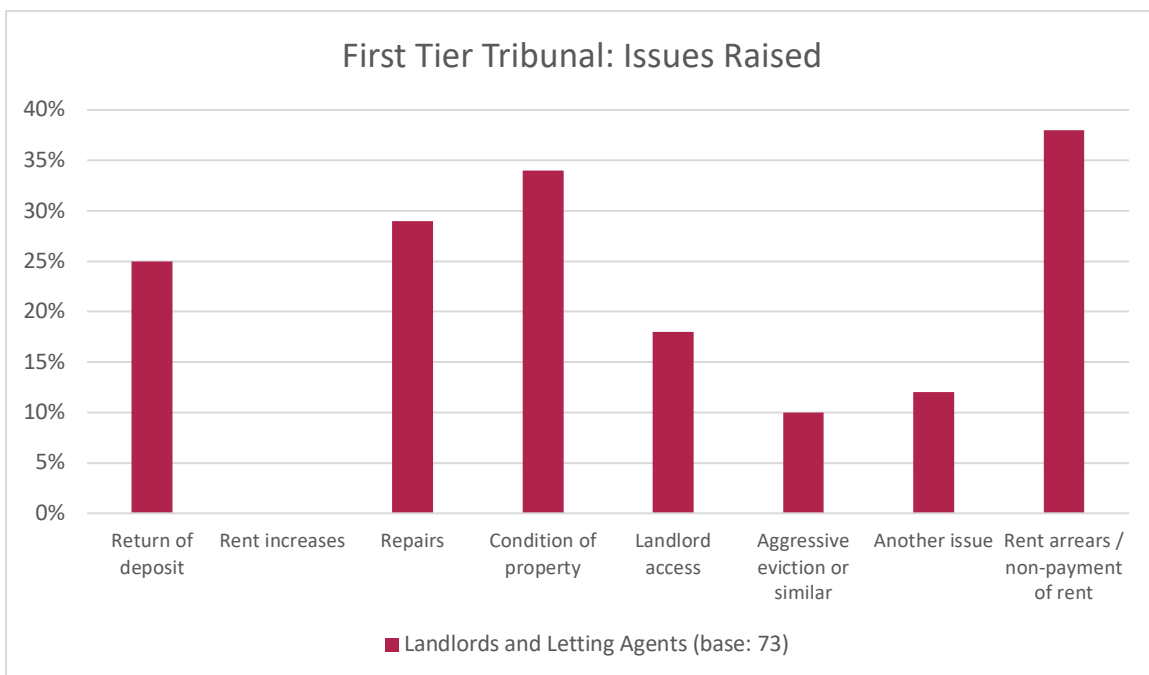
Overall, 4% of respondents indicated that they had been taken to a First Tier Tribunal or the former Private Rented Housing Panel by a tenant. For landlords, the figure was 1% but, as might reasonably be expected, the figures were considerably higher for letting agents (20% for the FTHT and 16% for the PRHP).



15% of respondents indicated that they had taken a tenant to a First Tier Housing Tribunal. This figure was significantly higher amongst letting agents (51% compared to 8% of landlords).

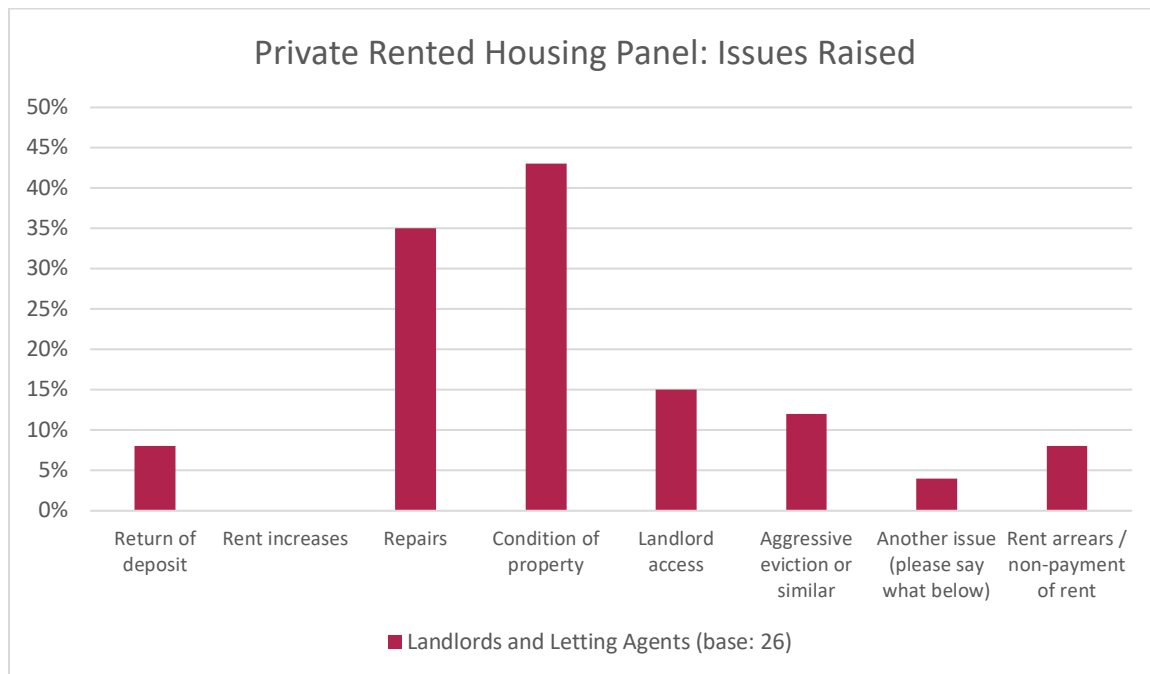


A profile of the spread of issues raised at these First Tier Tribunals is shown below, highlighting a broad range of issues such as rent arrears/non-payment of rent (38%), condition of property (32%), repairs (27%), return of deposit (23%) and landlord access (18%). It should be noted that "rent arrears / non-payment of rent" was not included in the initial list of prompted options but has been included in the chart below due to its prevalence amongst "another issue" responses.

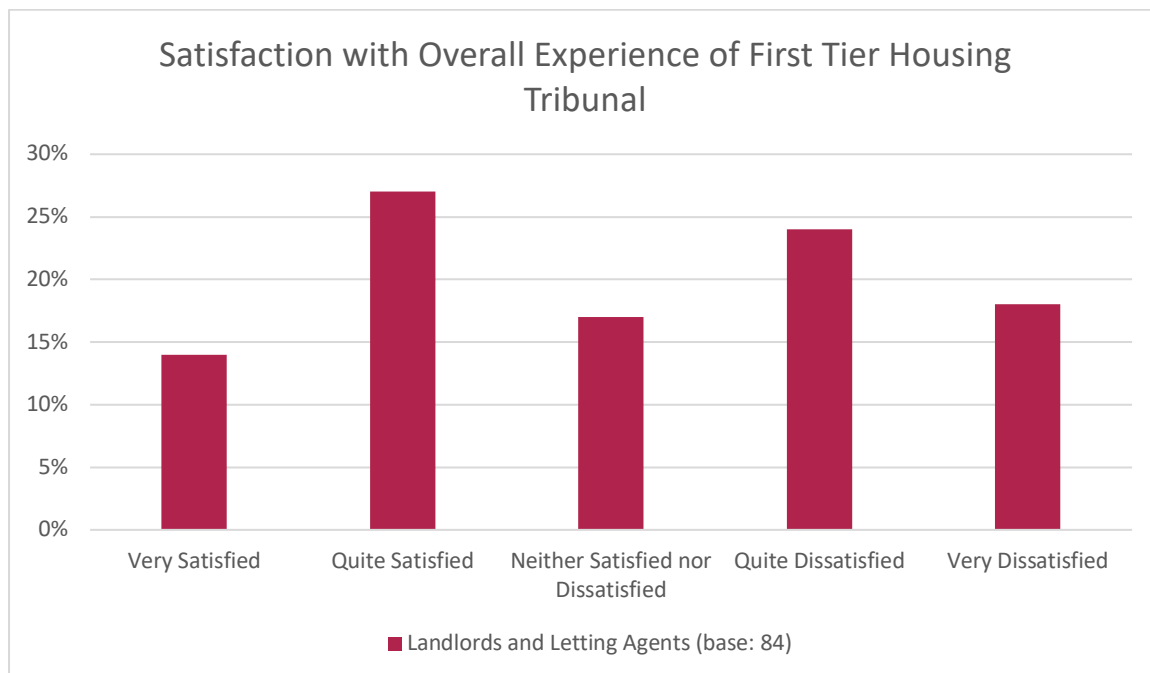


The profile of the issues raised at former Private Rented Housing Panels, shown below, again highlights a broad range of issues such as repairs (35%), condition of property (also 35%) and

landlord access (15%). Again, "rent arrears / non-payment of rent" was not included as a prompted option and is included in the chart below for consistency with landlord/letting agents, including this in their open responses.¹²

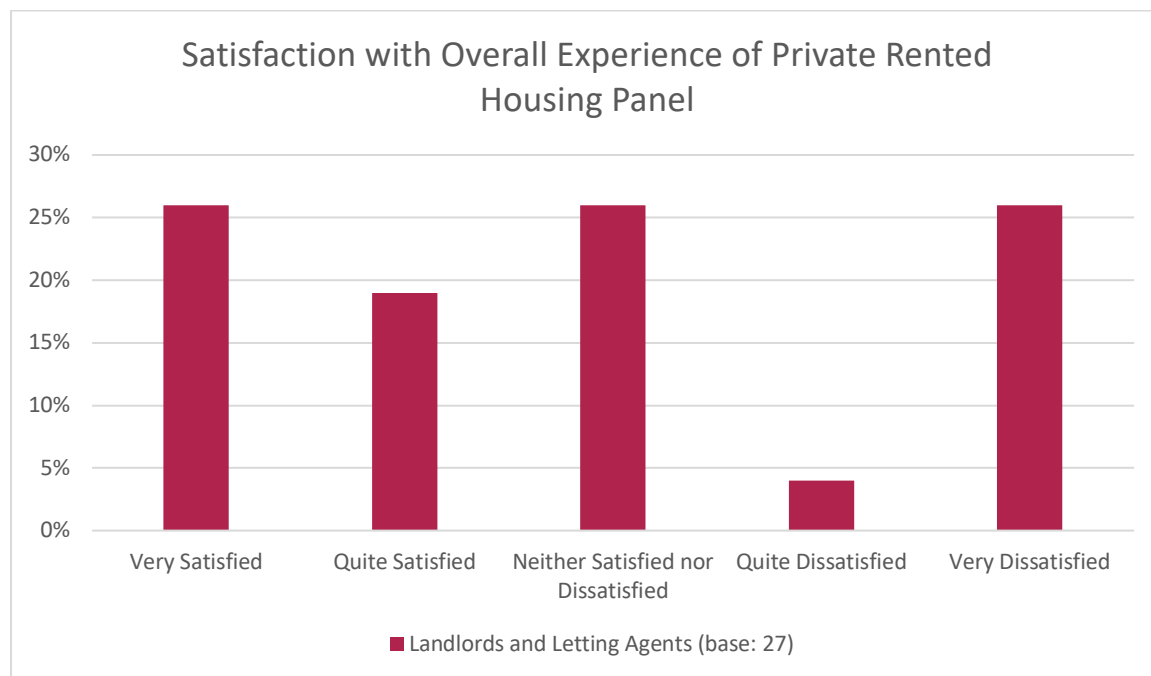


Amongst those with experience of First Tier Housing Tribunals, levels of satisfaction are mixed with 41% being very or quite satisfied and 42% being very or quite dissatisfied. 17% were neither satisfied nor dissatisfied.



¹² The very low base number of respondents should be noted.

Amongst those with experience of Private Rented Housing Panels, respondents were slightly more likely to be very or quite satisfied (45%) than very or quite dissatisfied (30%). A further 26% were neither satisfied nor dissatisfied.¹³



¹³ Again, the low base number of respondents should be noted.

5. Issues and Challenges

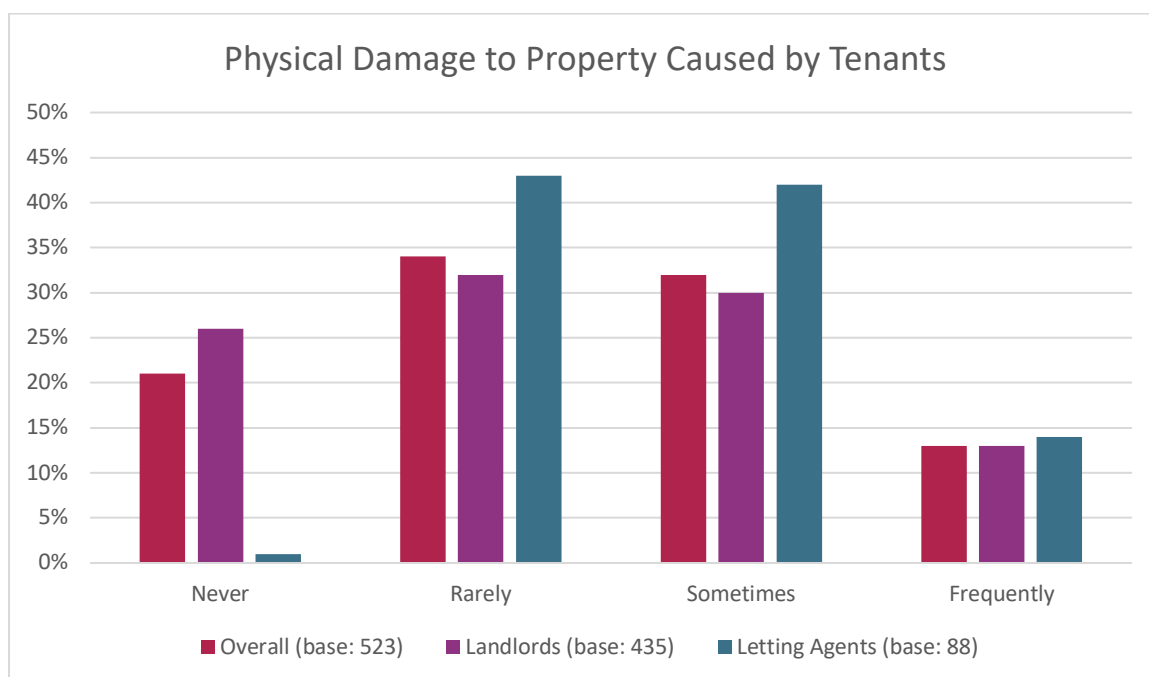
Introduction

5.1 Basis of Reporting

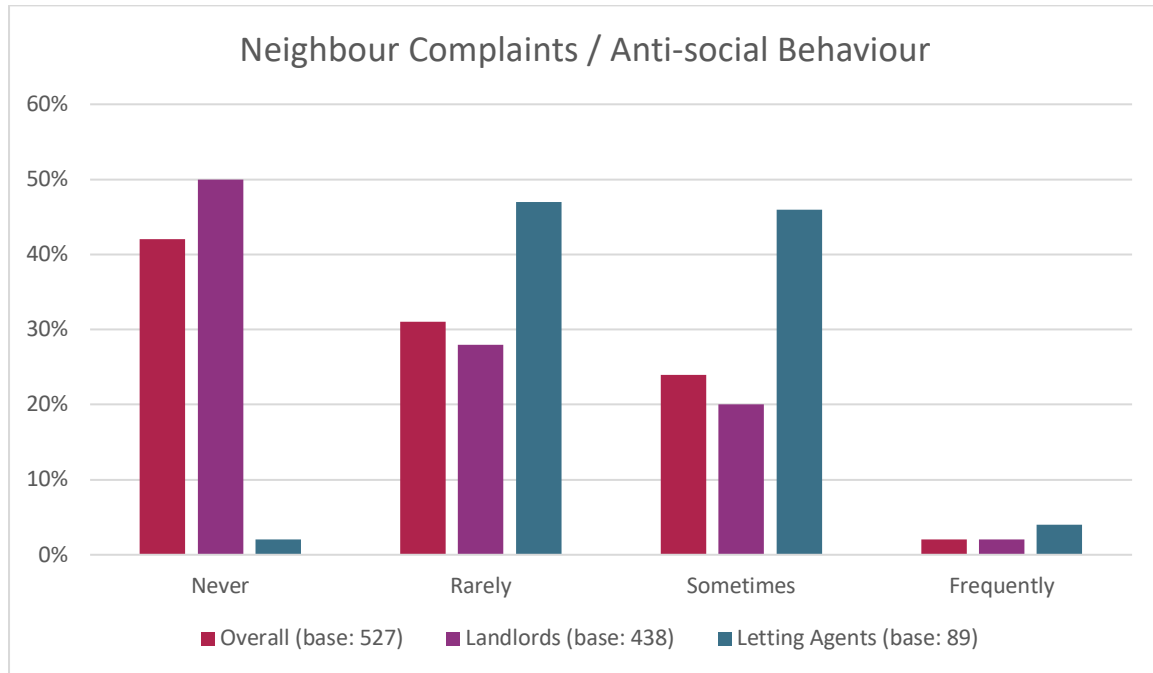
This section set out a number of typical issues and challenges that may be experienced by landlords in the private rented sector, with a view to understanding which issues and challenges were most frequently experienced. Again, as the distinct experiences of landlords and letting agents are of particular relevance here, we have illustrated the overall results for each question alongside the specific results for landlords and letting agents.

5.2 Issues and Challenges

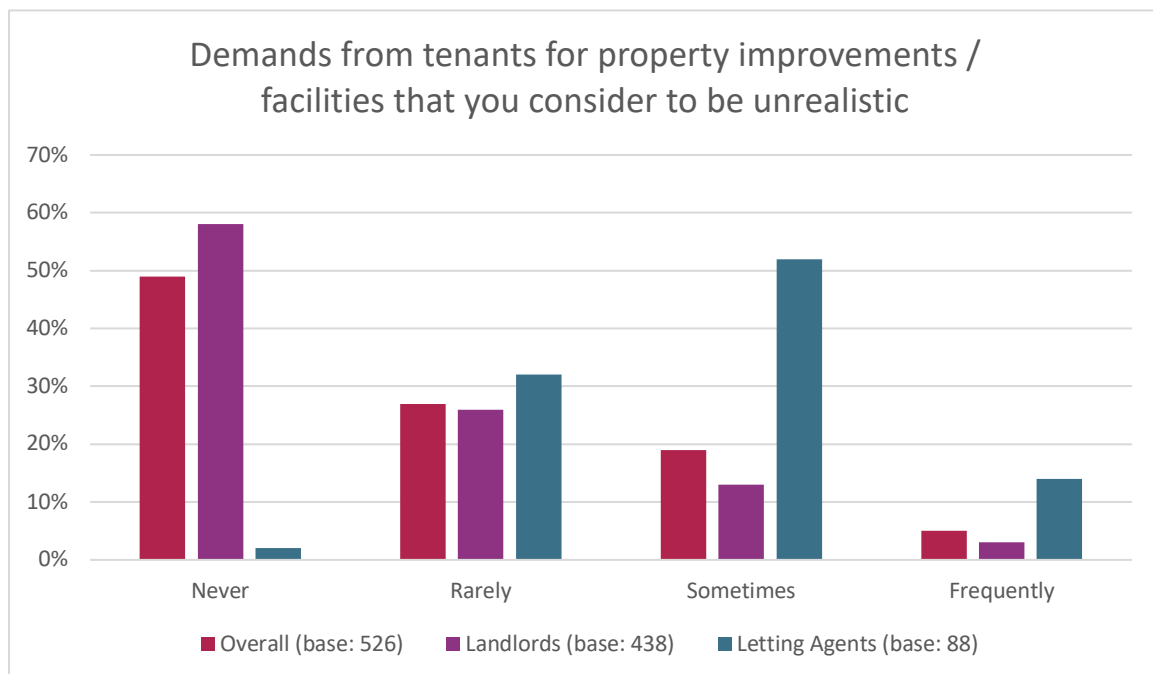
79% of respondents overall (74% of landlords and 99% of letting agents) indicated that they had experienced physical damage to property (either rarely, sometimes or frequently).



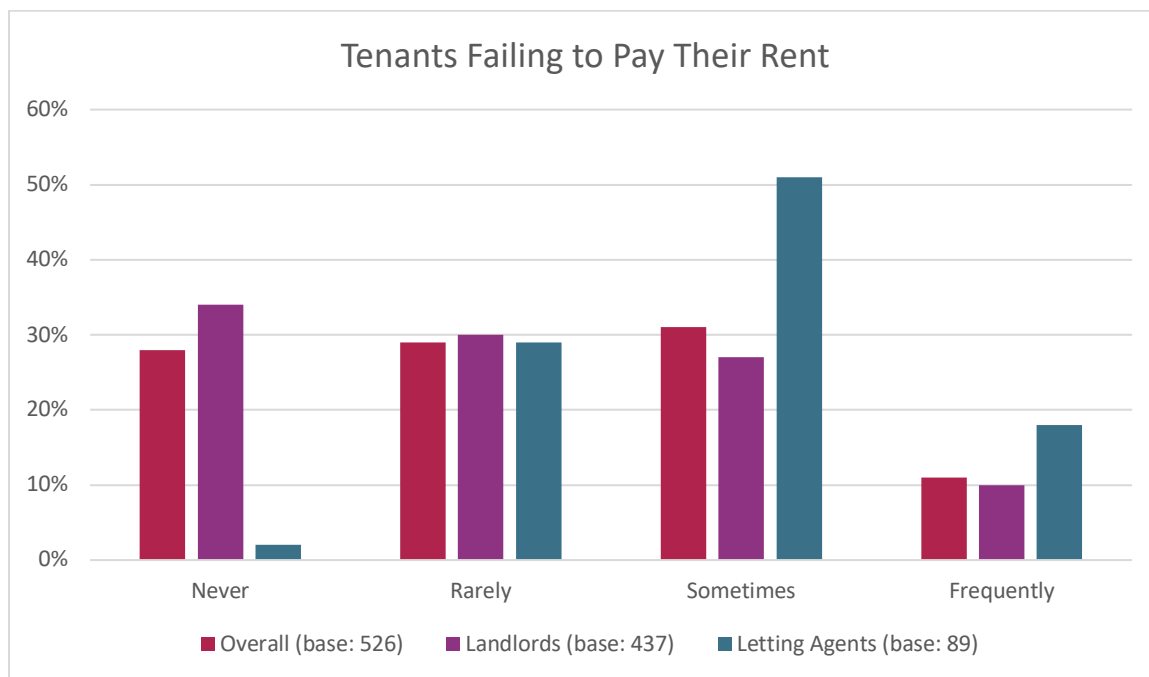
A lower proportion of respondents overall (50% of landlords but 98% of letting agents) indicated that they had experienced neighbour complaints or anti-social behaviour (either rarely, sometimes or frequently). The proportion of those experiencing this issue frequently was very low (2% overall, 2% for landlords and 4% for letting agents).



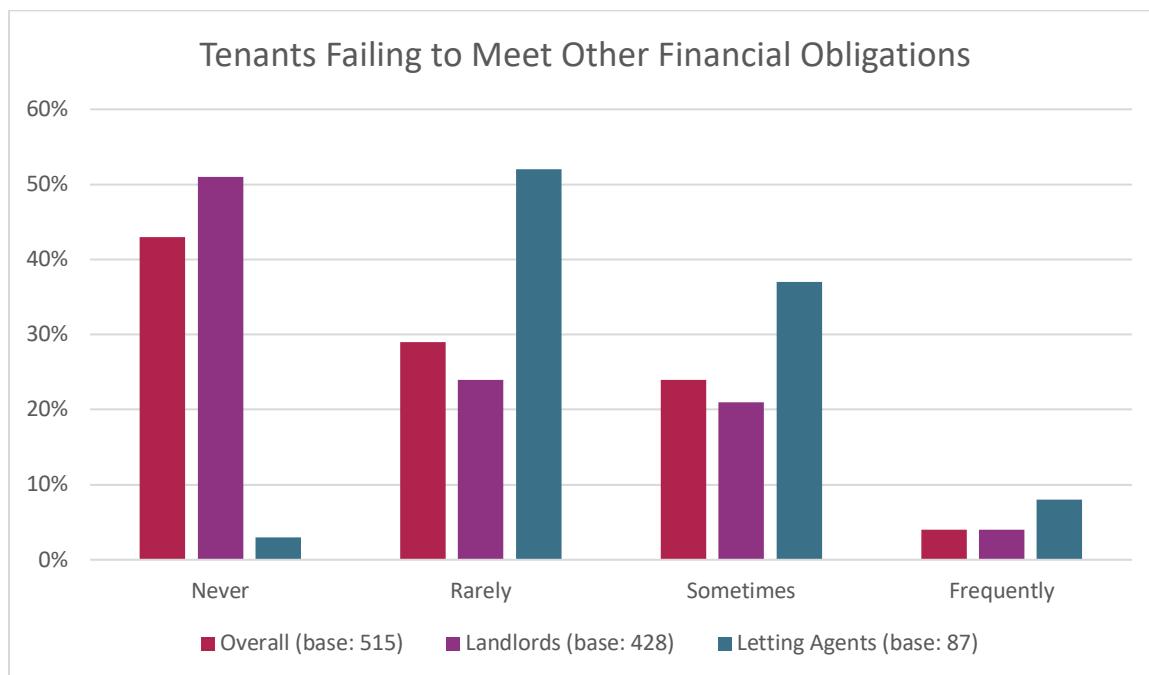
51% of respondents overall (42% of landlords and 98% of letting agents) indicated that they had experienced demands from tenants for property improvements or facilities that they considered to be unrealistic (either rarely, sometimes or frequently). Again, the proportion of those experiencing this issue frequently was relatively low (5% overall, 3% for landlords and 14% for letting agents).



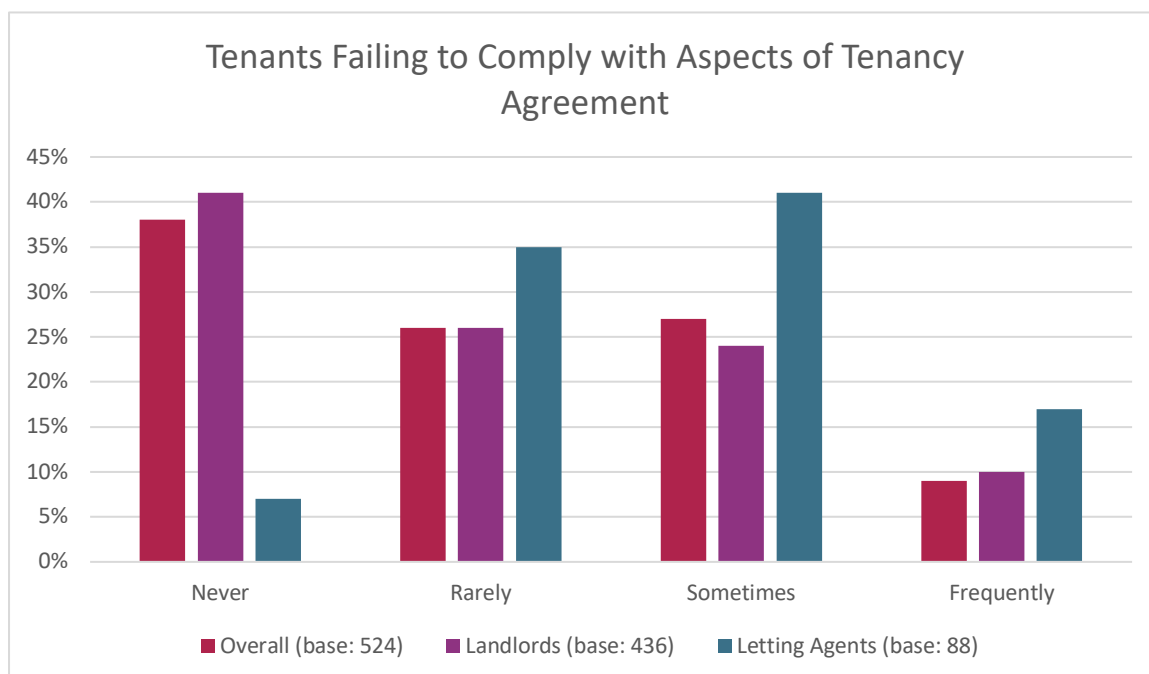
The majority of respondents overall (72% - 66% of landlords and 98% of letting agents) indicated that they had experienced tenants failing to pay their rent (either rarely, sometimes or frequently). A significant minority of those experiencing this issue indicated that they experienced it frequently (11% overall, 10% for landlords and 18% for letting agents).



57% of respondents overall (49% of landlords and 97% of letting agents) indicated that they had experienced tenants failing to meet other financial obligations (either rarely, sometimes or frequently). However, the proportion of those experiencing this issue frequently was relatively low (4% overall, 4% for landlords and 8% for letting agents).

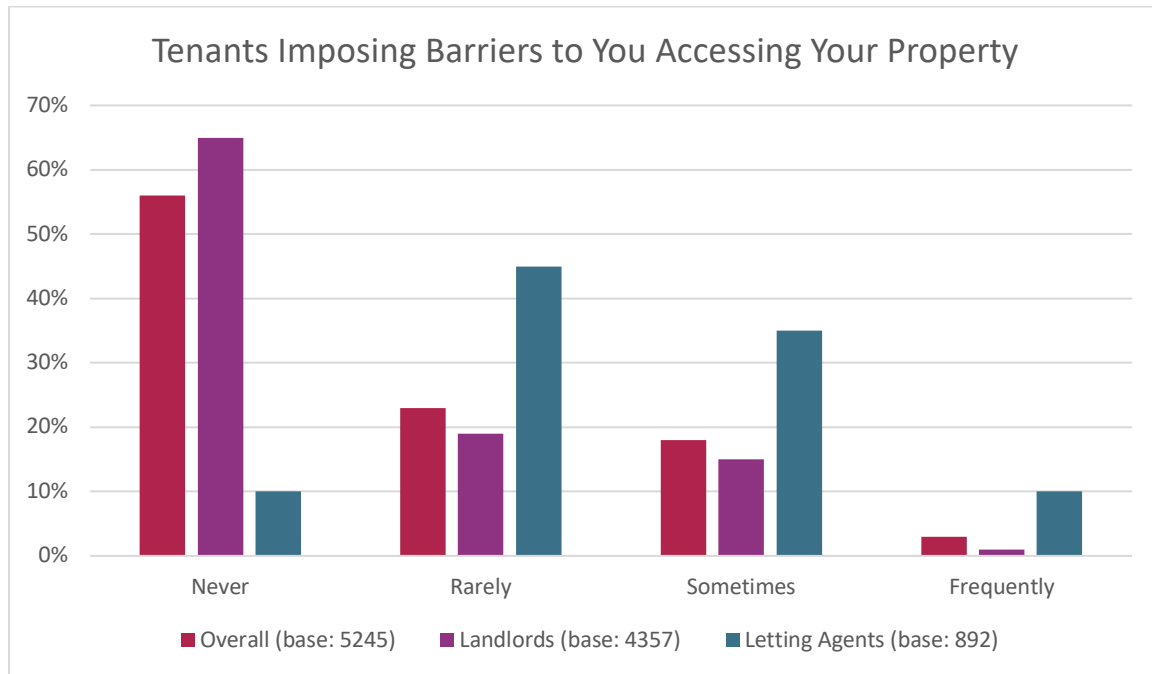


The majority of respondents overall (62% - 56% of landlords and 93% of letting agents) indicated that they had experienced tenants failing to comply with aspects of their tenancy agreement (either rarely, sometimes or frequently). A reasonably significant minority of respondents indicated that they experienced it frequently (9% overall - 7% for landlords and 17% for letting agents).

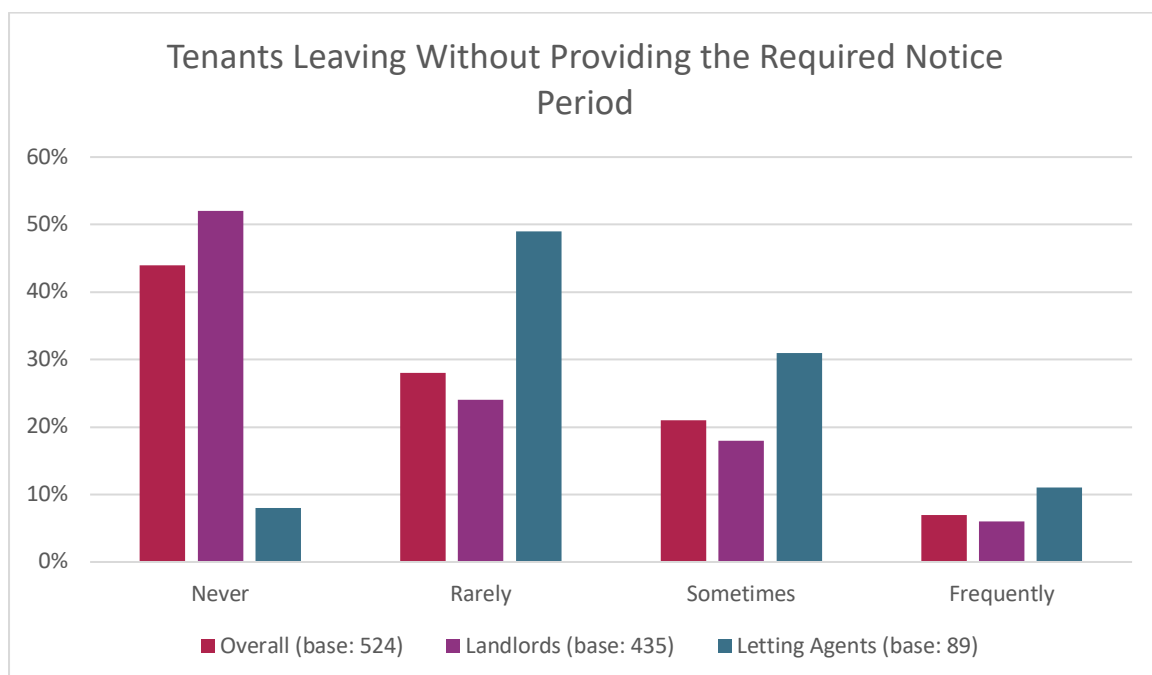


Over 56% of respondents overall had never experienced tenants imposing barriers to them accessing their property. However, this varied considerably between landlords (65%) and letting agents (10%). 44% of respondents overall (35% of landlords and 90% of letting agents)

indicated that they had experienced barriers (either rarely, sometimes or frequently). The proportion of those experiencing this issue frequently was relatively low (38% overall - 1% for landlords and 10% for letting agents).



The majority of respondents overall (56% - 48% of landlords and 92% of letting agents) indicated that they had experienced tenants leaving without providing the required notice period (either rarely, sometimes or frequently). The proportion of those that indicated that they experienced this issue frequently was 7% overall - 6% for landlords and 11% for letting agents.



Respondents were then given the opportunity to comment on an open response basis on any other issues and challenges that they faced. There were 119 responses to this (107 landlords and 12 letting agents) and these were coded to a framework, with the frequency of these responses tabulated below. As landlord responses were predominant in these responses, with comparatively few responses from letting agents, we have provided figures only for respondents as a whole. We have also shown only those themes which were referenced by 5% or more respondents.¹⁴

A number of the themes that emerged from these comments were essentially re-statements of the issues raised in the prompted list from the previous question and these are noted as "existing prompted themes" in the table below. Such themes most commonly included physical damage to property, tenants leaving without the required notice, rents not being paid and tenants not complying with their tenancy agreement. The most common "additional themes" included generally expressed concerns over landlord rights as well as specific comments on properties not being looked after (e.g. being allowed to get dirty or damp), specific issues with tenants on benefits and bad debts.¹⁵

Theme	Base: 119
General comments about landlord rights (additional theme)	28%
Physical damage (existing prompted theme)	22%
Property not being looked after (e.g. dirt, damp) (additional theme)	18%
Rents not paid (existing prompted theme)	17%
Tenants leaving without required notice (existing prompted theme)	17%
Tenants not complying with tenancy agreement (existing prompted theme)	13%
Specific issues with tenants on benefits (additional theme)	9%
Tenants not meeting other obligations (existing prompted theme)	8%
Bad debt and ability to get recompense (additional theme)	8%
Ani-social behaviour (existing prompted theme)	5%

¹⁴ Full details are included in the appendices.

¹⁵ It should be noted that individual responses could be coded to multiple themes and therefore sum to greater than 100%.

6. Expectations and Future Plans

Introduction

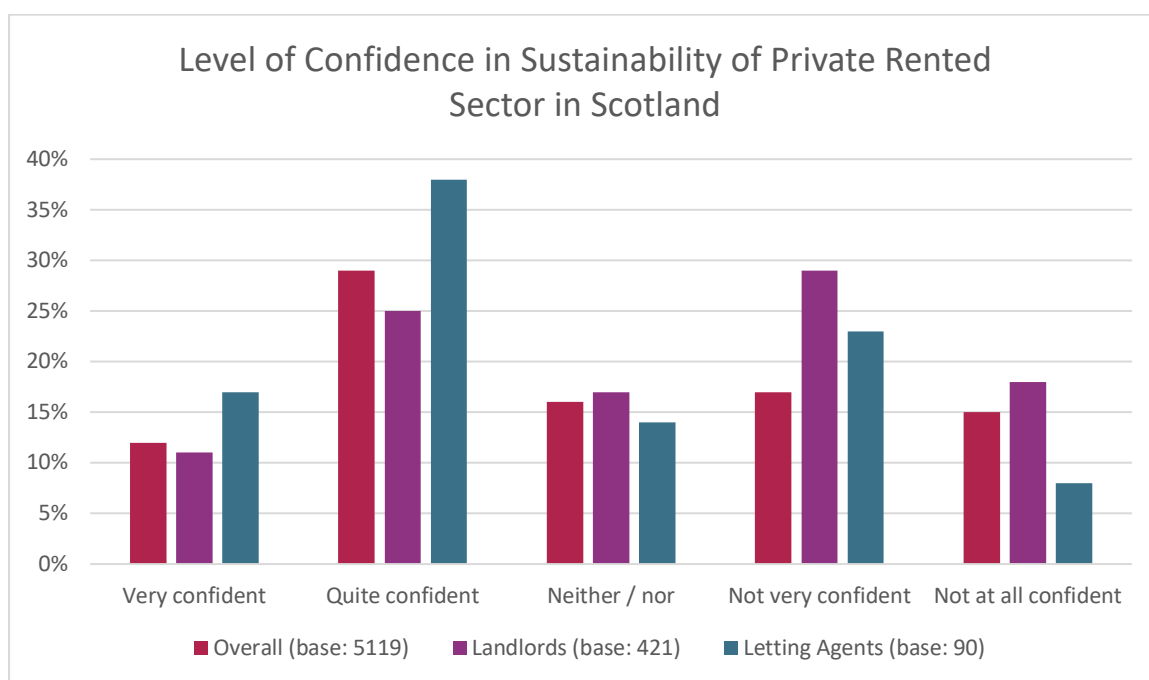
6.1 Basis of Reporting

This section provides an indication of confidence in the future sustainability of the private rented sector from the perspective of landlords and letting agents. It also explores perceived future risks and opportunities and what future plans landlords and letting agents are actively making. Once more, as the distinct experiences of landlords and letting agents are of particular relevance here, we have illustrated the overall results for each question alongside the specific results for landlords and letting agents.

6.2 Confidence in the Private Rented Sector

There was broadly similar positive and negative confidence about the sustainability of the PRS. Overall 41% were either very or quite confident in the future sustainability of the private rented sector – this was lower for landlords at 36% and higher for letting agents at 55%. By comparison, overall 42% were not very or not at all confident – higher for landlords at 47% and lower for letting agents at 31%.

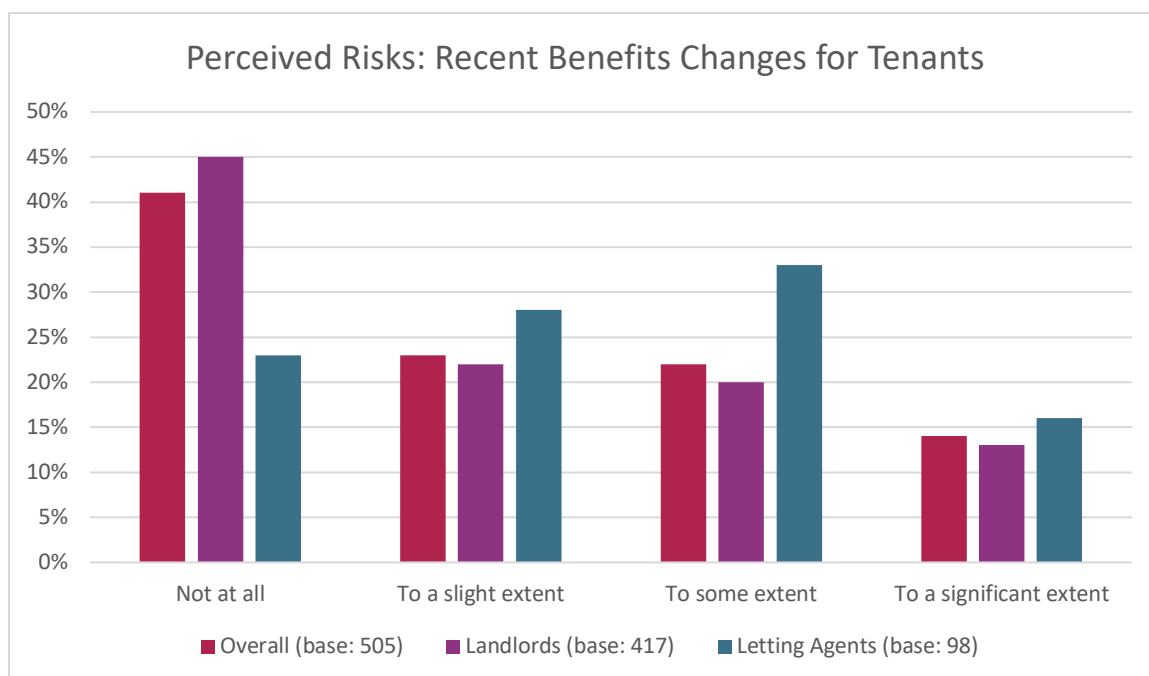
Landlords in Glasgow (30%), Grampian (29%), and South Lanarkshire (19%) were less likely than those in other areas to indicate that they were confident in the future sustainability of the sector. Landlords with more than 10 properties (30%) and private limited company landlords were also slightly less likely than others to express confidence.



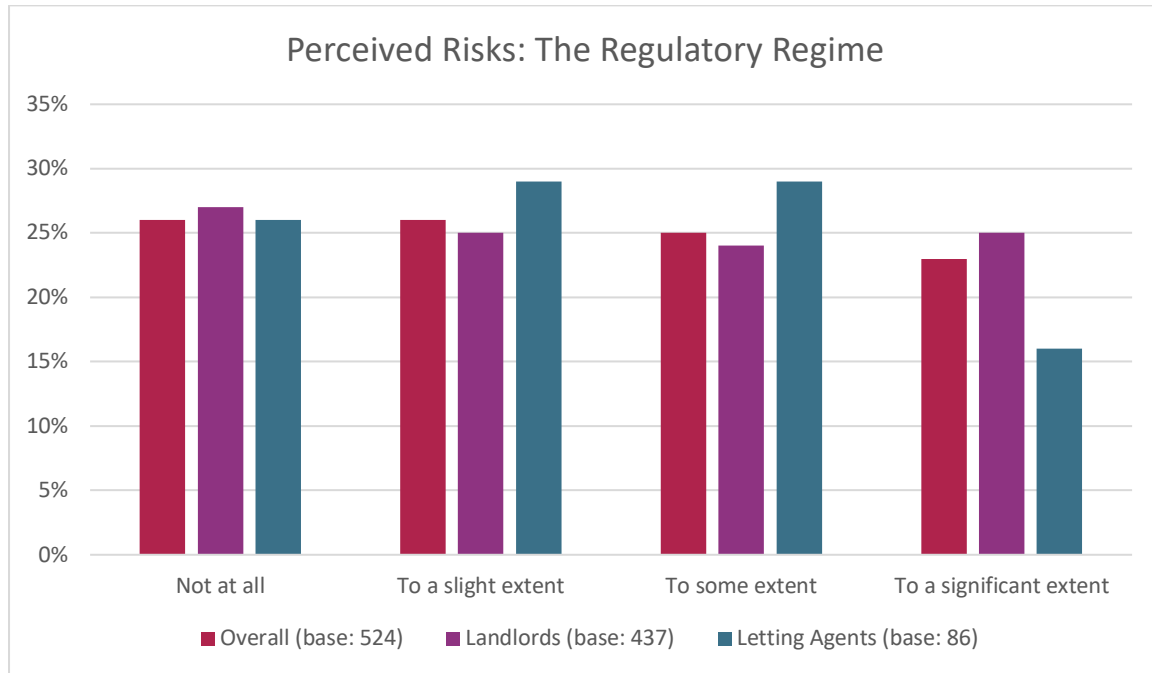
6.3 Risks

Respondents were then asked to comment on the extent to which certain factors represented a risk to their operation as a private sector landlord in Scotland over the next few years.

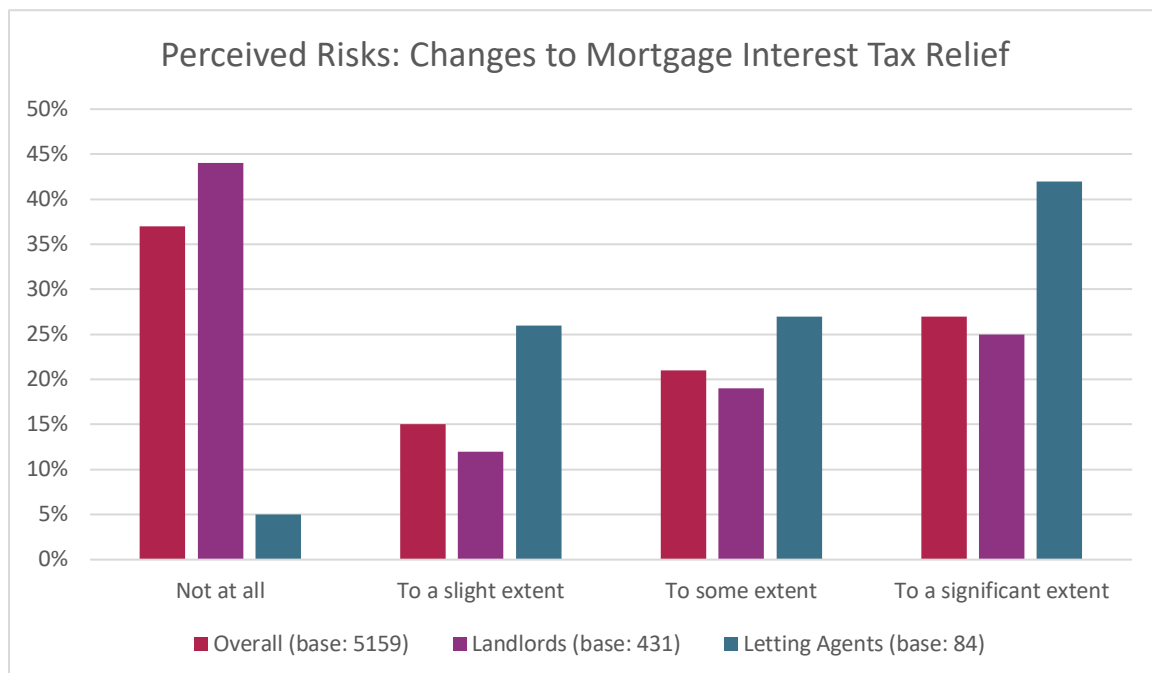
Overall, 36% of respondents considered recent benefit changes for tenants to be a risk, to either some or a significant extent, with 14% considering this the case to a significant extent. Letting agents considered this a higher risk - 49% (including 16% that considered the risk significant). A slightly lower proportion of landlords considered this to be a risk to either some or a significant extent compared to the average at 33% (including 13% who considered the risk to be a significant one).



48% of respondents considered the regulatory regime (including landlord registration, health and safety requirements and so on) to be a risk to some or a significant extent, with 23% considering this to be the case to a significant extent. 49% of landlords considered this to be a risk to some or a significant extent (including 25% who considered the risk to be a significant one) and 45% of letting agents considered this to be so (including 16% that considered the risk to be significant).



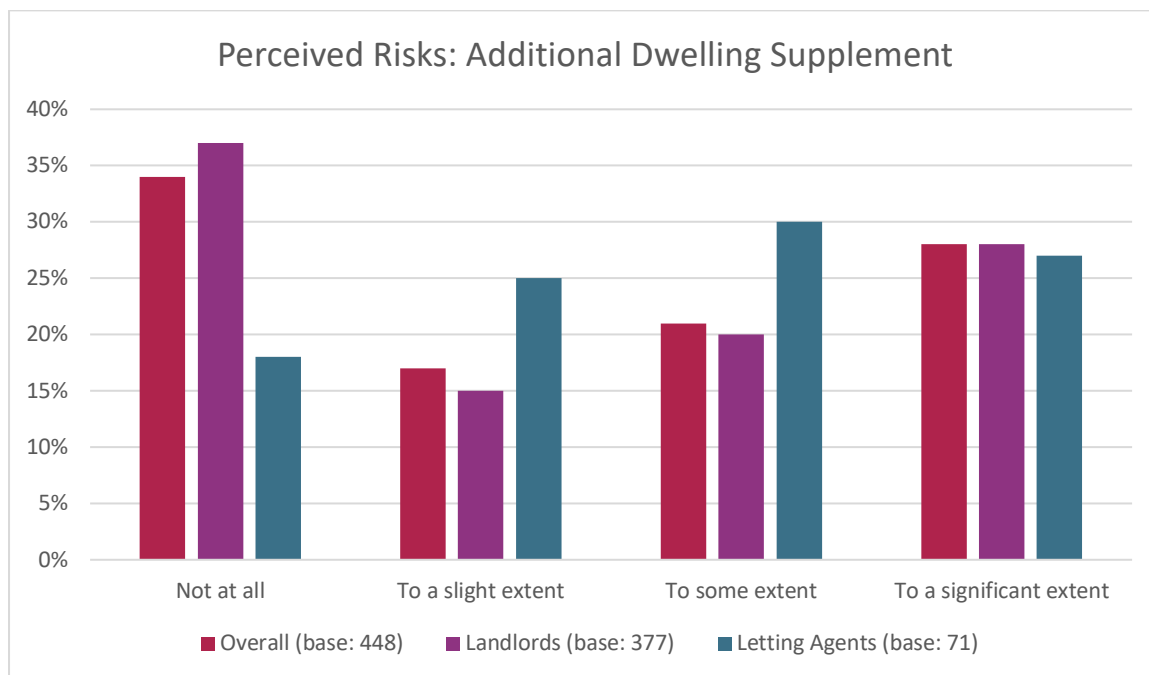
48% of respondents considered changes to mortgage interest tax relief to be a risk to their operations to either some or a significant extent, with 27% considering this the case to a significant extent. 44% of landlords considered this to be a risk to some or a significant extent (including 25% who considered the risk to be a significant one) but letting agents were particularly likely to see this as a risk to some or a significant extent (69% did so, including 42% that considered the risk to be significant).



Respondents were particularly likely to see enhanced rights given to private sector tenants as a risk to their operations. Overall, 64% considered this a risk to some or a significant extent, with 35% considering this the case to a significant extent. 63% of landlords considered this to be a risk to some or a significant extent (including 34% who considered the risk to be a significant one) and 68% of letting agents considered this to be so (including 41% that considered the risk to be significant).



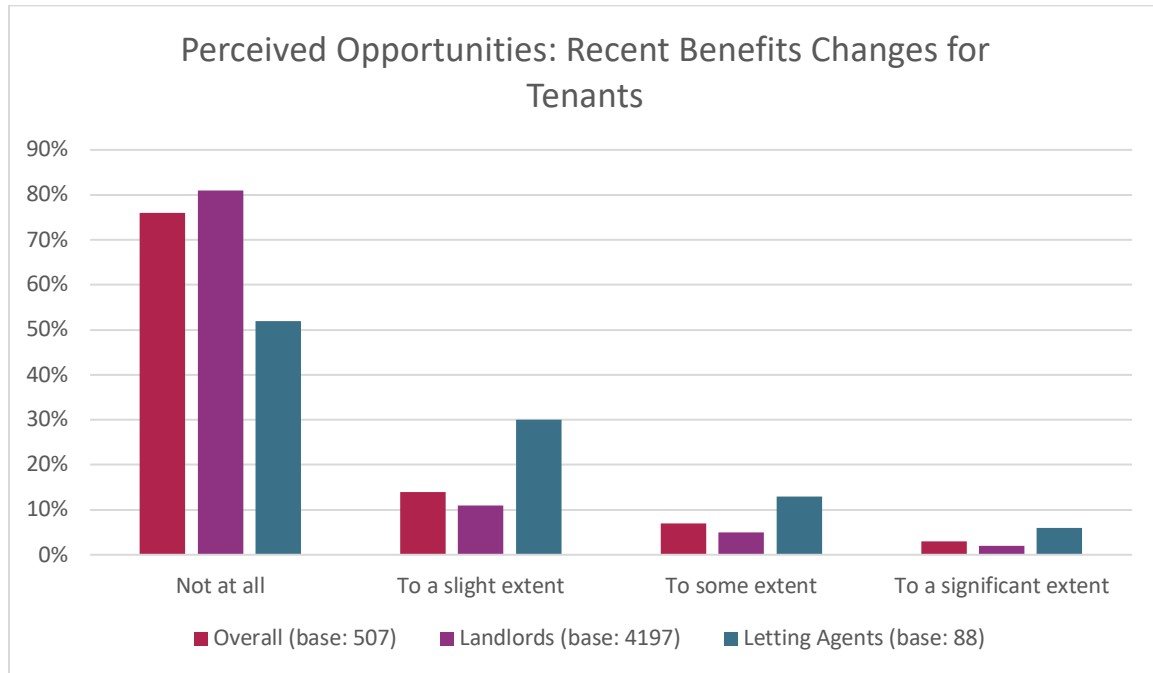
Overall, 49% of respondents considered the Additional Dwelling Supplement (ADS) to be a risk to their operations to some or a significant extent, with 28% considering this to be the case to a significant extent. 48% of landlords considered this to be a risk to some or a significant extent (including 28% who considered the risk to be a significant one) and 57% of letting agents considered this to be so (including 27% that considered the risk to be significant).



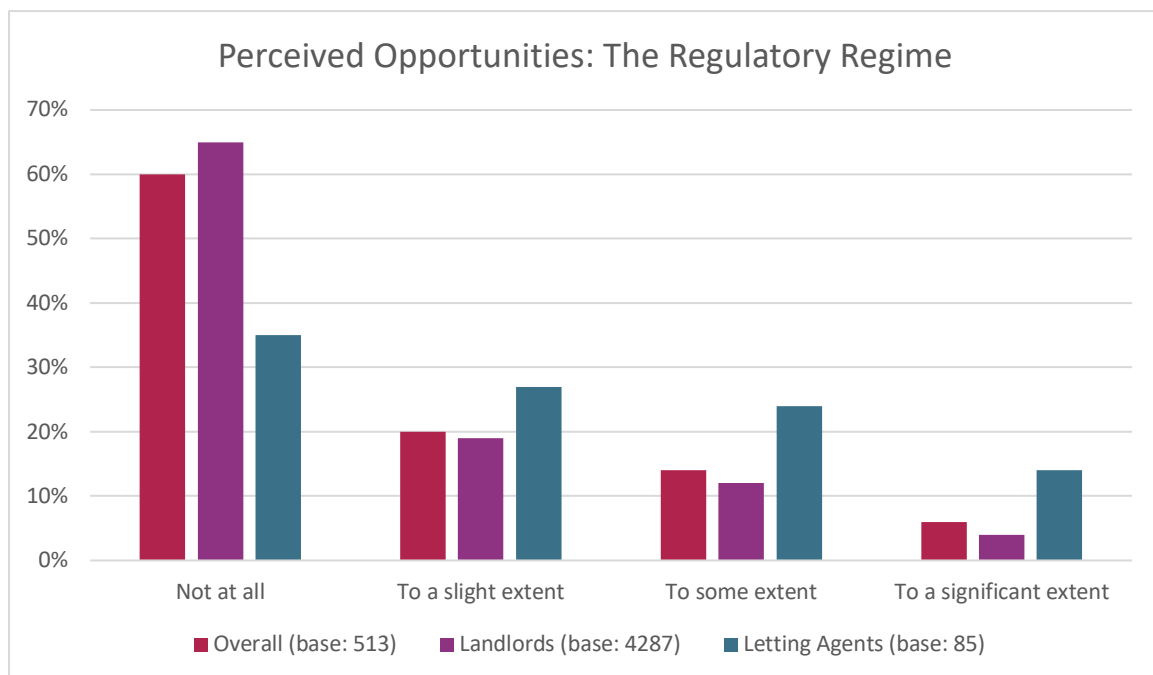
6.4 Opportunities

Respondents were also asked about the extent to which they saw each of these changes as opportunities and these results are noted below; across the board, respondents were significantly less likely to perceive these issues as an opportunity than they were to perceive them as a risk.

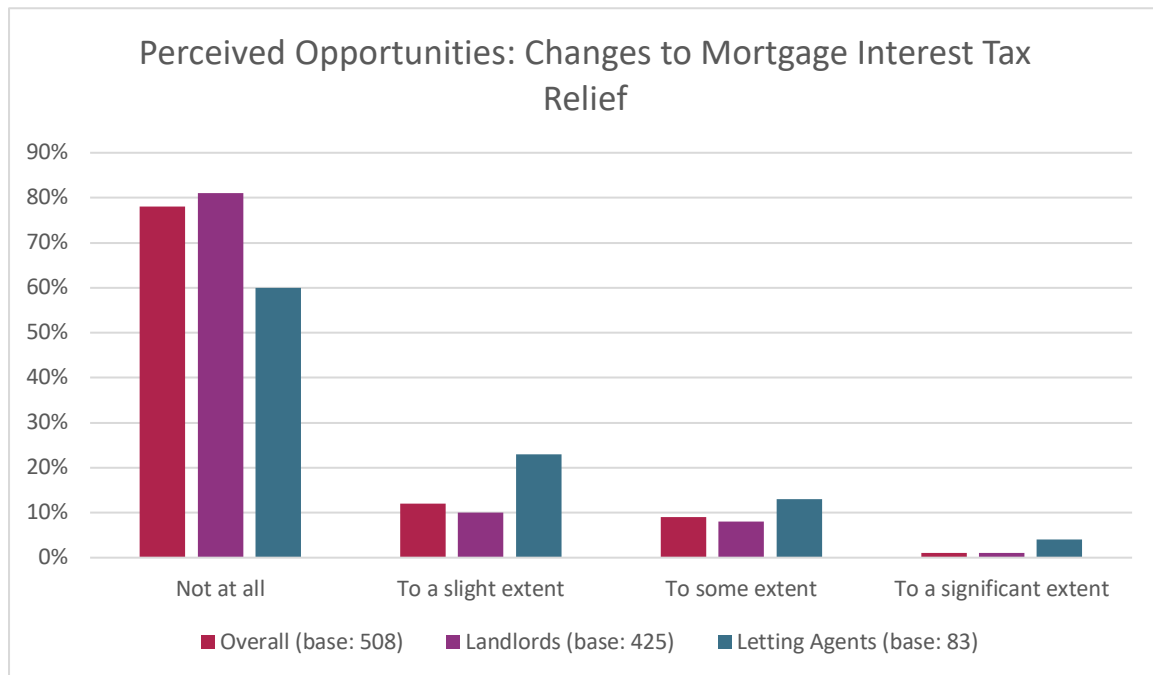
10% of respondents considered recent benefit changes for tenants to be an opportunity to some or a significant extent, with 3% considering this the case to a significant extent. 7% of landlords considered this to be an opportunity to some or a significant extent (including 2% who considered the opportunity to be a significant one) and 19% of letting agents considered this to be so (including 6% that considered the opportunity to be a significant one).



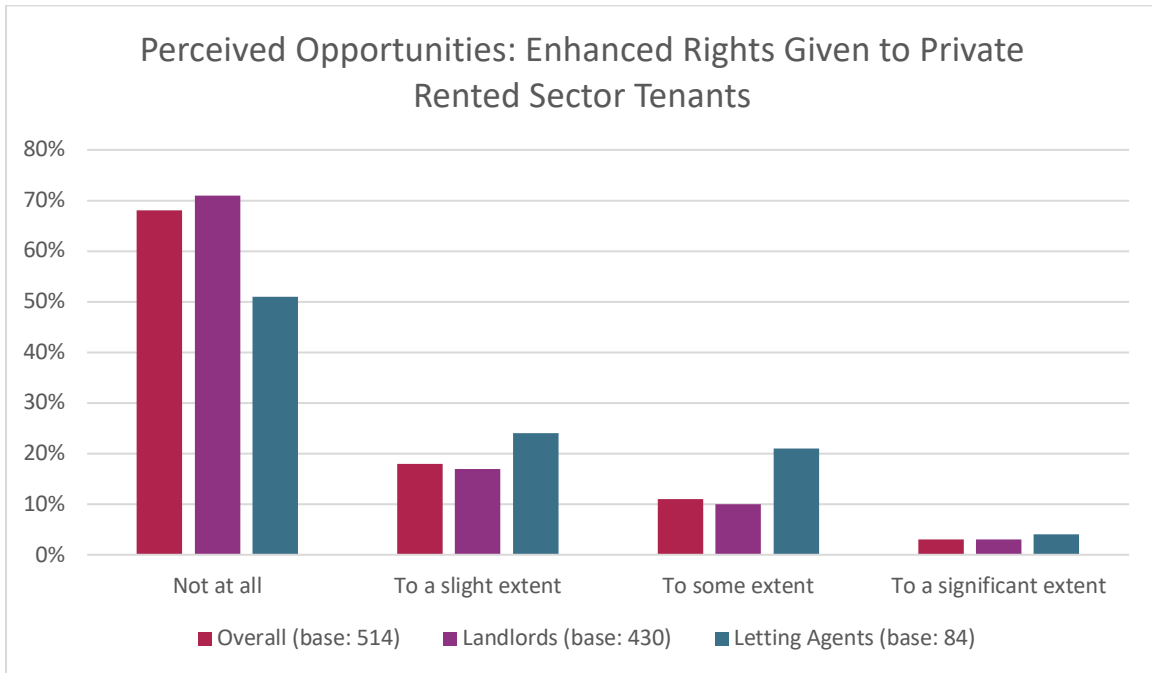
20% of respondents considered the regulatory regime (including landlord registration, health and safety requirements and so on) to be an opportunity to some or a significant extent, with 6% considering this the case to a significant extent. 16% of landlords considered this to be an opportunity to some or a significant extent (including 4% who considered the opportunity to be a significant one) and 38% of letting agents considered this to be so (including 14% that considered the opportunity to be a significant one).



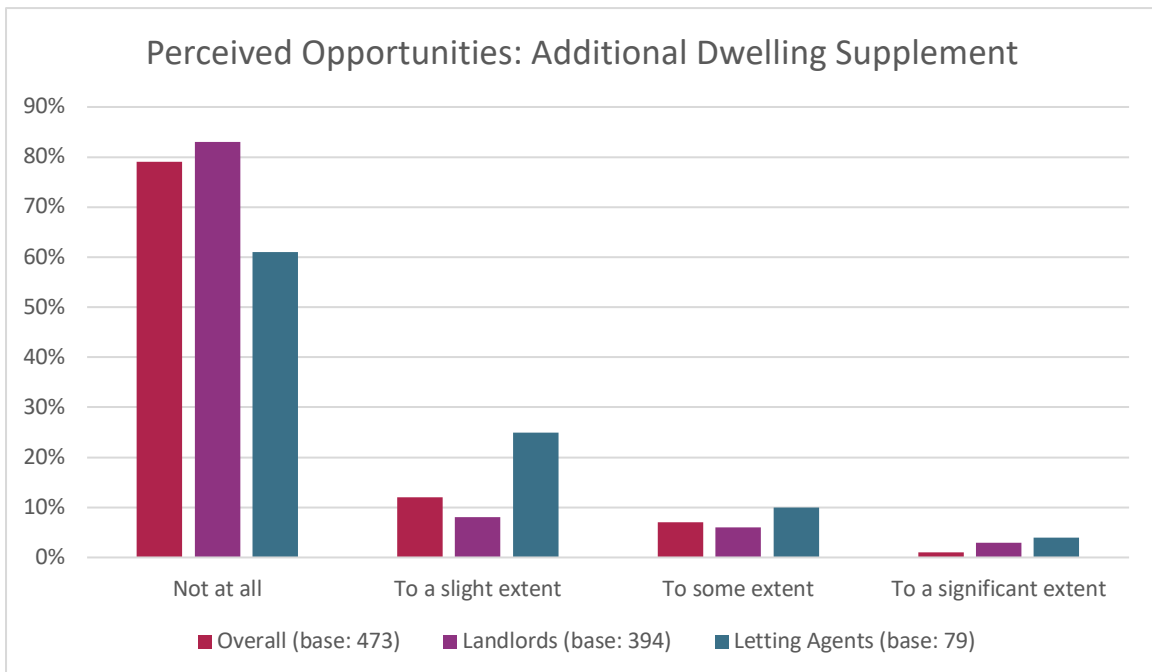
10% of respondents considered changes to mortgage interest tax relief to be an opportunity to some or a significant extent, with only 1% considering this the case to a significant extent. 9% of landlords considered this to be an opportunity to some or a significant extent (including 1% who considered the opportunity to be a significant one) and 17% of letting agents considered this to be so (including 4% that considered the opportunity to be a significant one).



14% of respondents considered enhanced rights given to private rented sector tenants to be an opportunity to some or a significant extent, with 3% considering this the case to a significant extent. 13% of landlords considered this to be an opportunity to some or a significant extent (including 3% who considered the opportunity to be a significant one) and 25% of letting agents considered this to be so (including 4% that considered the opportunity to be a significant one).



8% of respondents considered the Additional Dwelling Supplement (ADS) to be an opportunity to some or a significant extent, with only 1% considering this to be the case to a significant extent. 8% of landlords considered this to be an opportunity to some or a significant extent (including 1% who considered the opportunity to be a significant one) and 14% of letting agents considered this to be so (including 4% that considered the opportunity to be a significant one).



6.5 Reasons for Perceived Risks and Opportunities

Respondents were then given the opportunity to comment on an open response basis on their reasons for their responses to these questions on risks and opportunities. There were 143 responses to this (132 landlords and 11 letting agents) and these were coded to a framework, with the frequency of these responses tabulated below. As landlord responses were predominant in these responses, with comparatively few responses from letting agents, we have provided figures only for respondents as a whole. We have also shown only those themes which were referenced by 5% or more respondents.¹⁶

A number of the themes that emerged from these comments were essentially re-statements of the issues raised in the prompted lists on risks and opportunities and reflected the fact that risks were much more commonly perceived than opportunities. These themes are noted as "existing prompted theme" in the table below. Such themes most commonly included general comments about the regulatory regime, comments on enhanced rights to private sector tenants and the Additional Dwelling Supplement. The most common "additional themes" included comments about intentions to sell / disinvest along with issues relating to the cost of being a landlord and the workload associated with it.¹⁷

Theme	Base: 143
Regulatory regime (existing prompted theme)	43%
Comments about selling / disinvesting (additional theme)	23%
Comments on enhanced rights to private rented sector tenants (existing prompted theme)	22%
Additional costs of being a landlord (additional theme)	21%
Tax issues (additional theme)	11%
Additional Dwelling Supplement (existing prompted theme)	9%
Additional workload of being a landlord (additional theme)	6%

6.6 Future Plans

Respondents were asked which, if any, of a number of potential changes they were actively considering at present.

¹⁶ Full details are included in the appendices.

¹⁷ It should be noted that individual responses could be coded to multiple themes and therefore sum to greater than 100%.

- A significant proportion of respondents (35%) indicated that they were actively considering selling properties that they currently let (38% for landlords and 20% for letting agents (reflecting that fewer letting agents are also landlords).
- 23% of respondents indicated that they were actively considering stopping being a landlord altogether (this being 27% amongst landlords and 14% amongst letting agents).
- Fewer respondents, though still a significant minority (17% overall) indicated that they were considering buying properties to let in the private rented sector (16% for landlords and 21% for letting agents).
- A significant minority (15% overall) indicated that they were actively considering moving properties currently let in the private rented sector to short-term lets. This figure was 16% for landlords and 11% for letting agents.
- A relatively small minority also indicated that they were actively considering buying additional properties as short-term lets (6% overall, 5% of landlords and 12% of letting agents).

Some specific geographical distinctions should be noted. Firstly, landlords in some areas were more likely to say that they were considering selling some properties that they currently let out within the private rented sector. These areas included South Lanarkshire (where 57% of landlords indicated that they were actively considering doing so, Ayrshire (55%), Glasgow (54%) and Renfrewshire & Inverclyde (52%). Landlords in Edinburgh (18%), Grampian (19%) and Highlands & Islands (22%) were more likely than others to indicate that they were actively considering moving properties currently let in the private rented sector to short-term lets.¹⁸

Landlords with between 6 and 10 properties were more likely than others to be considering selling properties that they currently let out in the private rented sector (64% said they were actively considering this) and were also more likely to say that they were considering moving properties to short-term lets (21%). Single property landlords were less likely than others to say that they were considering selling properties (30% indicated that this was the case). This group were less likely to indicate that they were considering moving properties to short-term lets (6% indicated that they were actively considering doing so). Interestingly, those with 10 or more properties were also considerably less likely to indicate that they were considering doing so (3%).

¹⁸ We have generally commented only where there are 20 or more respondents in a particular category but have made an exception for the Highlands & Islands category in relation to the short-term lets issue, where there were 18 respondents.

27% of landlords indicated that they were actively considering selling all the properties that they let privately and stopping being a landlord. There are some notable geographical distinctions in relation to this question. Areas where a particularly high proportion of landlords indicate that they are actively considering disposing of all of their properties include: North Ayrshire (41%); Tayside (40%); South Lanarkshire (39%); Southern Scotland (38%); and, Fife (36%). Edinburgh landlords were much less likely to say that this was the case (20%).

Landlords with between 2 and 5 properties were considerably more likely than average to say that they were considering disposal of all of their properties (39% indicated that this was so). There was not, however, any significant distinction according to whether landlords described their business as an informal arrangement, a sole trader / partnership / a Private Limited Company or another arrangement.

