

Private Landlord Perceptions Survey

DECEMBER 2007

Private sector renting is increasing in the Bridging NewcastleGateshead (BNG) Housing Market Renewal area, reflecting the national picture. It is therefore important that our work takes this into account and that we better understand landlords' intentions for their property portfolios, their target markets etc.

The study

This study, carried out by the Centre for Regional Economic and Social Research (CRESR), Sheffield Hallam University, between February 2006 and February 2007 highlights key issues within the private rented sector housing market, including market trends and the perceptions and management practices of private rented sector landlords.

Although BNG don't operate in North Tyneside, we felt there was sufficient overlap of housing markets and enough landlords operating across local authority boundaries to mean it made sense to include North Tyneside in the study area.

The research was steered by BNG, Newcastle Private Rented Project, Gateshead Private Rented Sector Team and North Tyneside Private Landlord Services, and concluded with recommendations for the steering group, and other partners, to take forward.

Building a picture

The following research methods were used:

- Postal questionnaire survey (576 responses)
- In-depth landlord interviews (32 landlords)
- Landlord focus groups (2 groups of landlords)
- Key Actor interviews (8 individuals)

We were able to reach not just those landlords already engaged with the Private Rented Sector Teams and Local Authorities, but those who'd had minimal contact in the past.

Key Points

- A small number of landlords control a large amount of stock in the private rented sector locally.
- There is an increasingly high level of competition in the sector.
- More landlords are planning to increase their portfolios than reduce them.
- 1/3 of respondents had been involved with landlord accreditation schemes.
- Nearly all landlords with experience of accreditation found it useful.
- Perceptions of Newcastle and Gateshead Private Rented Sector Teams were overwhelmingly positive.
- BNG and partners will continue to target efforts to improve standards in transitional and neighbourhood management areas.

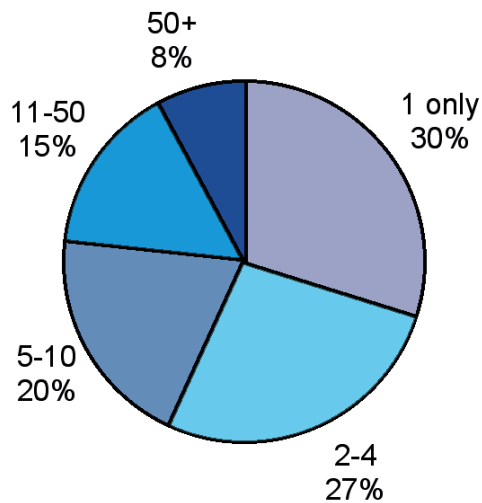
Landlord characteristics

- 42% of landlords were private individuals, 39% couples and 13% 'companies'
- Two-thirds of landlords had other paid employment in addition to being a landlord
- 69% of respondents had been landlords for 5 years +
- Most commonly cited tenant 'sub-markets' were 'housing benefit recipients' (44%), 'full-time workers' (43%), 'young professionals' (38%) and students (25%)
- 64% of respondents were men; 29% were under the age of 44
- 89% of landlords were White British, 8% Asian and 3% 'other'

Landlord portfolios

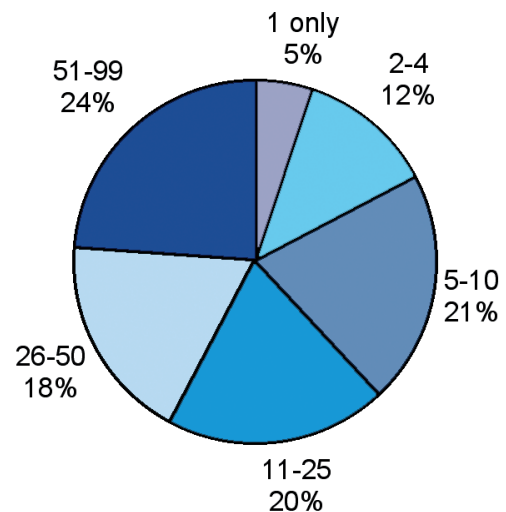
- Most landlords (79%) have stock in only one local authority area
- Purpose-built Tyneside flats are the most common property type
- There are a large number of small landlords locally, around 32% of respondents own only one property, and 57% have four or less...
- ... BUT 42% of stock is owned by landlords with 50 or more properties

The proportions of landlords by portfolio size



■ 1 only ■ 2-4 ■ 5-10 ■ 11-50 ■ 50+

Properties Managed by Portfolio Size



■ 1 only ■ 2-4 ■ 5-10 ■ 11-25 ■ 26-50 ■ 51-99

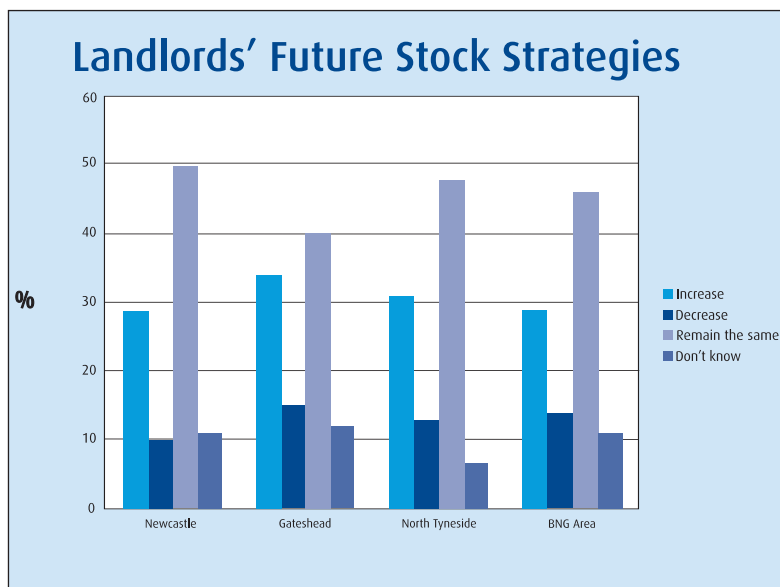
- Landlords with city centre/ riverside apartments were most likely to report that some of their properties were empty, followed by landlords who owned a 'house(s) converted into self-contained flats' or a 'house(s) converted into bedsits'.

Landlords' views on the market for rented accommodation

- Relatively buoyant market...
- ... particularly so in Gateshead, which was identified as a potential growth area for landlords as it was seen as relatively affordable
- Some concern was expressed over the high level of competition, partly due to the boom in buy-to-let mortgages and the potential impact of proposed additional purpose built student accommodation
- Landlords were more optimistic over future growth in the sector than other stakeholders interviewed

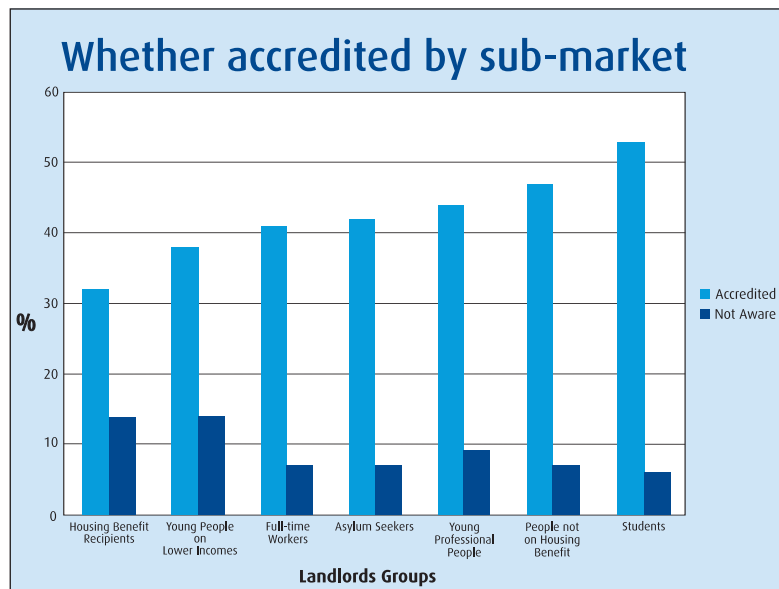
Landlords' plans for the future

- Despite concerns over the high level of competition, the majority of landlords expected to expand their portfolios over the coming years
- Larger landlords were most likely to be planning to acquire more property, as were accredited landlords
- Most activity, in terms of increases/decreases to landlord portfolios, is likely to be in Gateshead over the next 5 years



Landlord practices, accreditation and interaction with the local authorities

- Most landlords don't use letting agents (only 16% do)
- Smaller landlords are more likely to report difficulties finding tenants
- Larger landlords are least likely to be engaged with Local Authority services generally...
- ...but more likely to be involved in accreditation schemes
- Accreditation schemes were highly popular with users (94% found accreditation useful)...
- ...and most landlords are aware of accreditation
- Those landlords who were accredited tended to have less issues with problematic tenants and finding and keeping tenants
- Those landlords who mainly let to students were most likely to be accredited and most likely to be aware of accreditation
- At the other end of the scale those landlords who mainly let to housing benefit recipients were least likely to be accredited and least likely to be aware of accreditation
- Users valued the work of Newcastle Private Rented Project and Gateshead Private Rented Sector Team and most private landlords who had used the services provided by local authorities had enjoyed a positive experience...



- ...however some landlords plan not to ever engage with local authorities or the Private Rented Sector Teams as they associate these bodies with interference
- In terms of encouraging engagement with Local Authorities, the potential for financial benefits was by far the main incentive identified by landlords
- Many landlords were concerned about the impact of 'licensing' activity, with many being particularly concerned about the impact of mandatory licensing.

Next steps

Private rented accommodation is a highly important housing product, particularly as owner occupation has become increasingly unaffordable for many households, and BNG and partners will continue to work to improve standards in the sector.

BNG will continue to support the work of Newcastle Private Rented Project and Gateshead Private Rented Sector Team, and continue to endorse accreditation and landlord engagement, while accepting there will be some landlords who will be reluctant to go down this route.

Through our consultation activity and other means, for instance through the Regional Landlord Conference, BNG and partners will continue to work with landlords, residents and other stakeholders.

BNG and partners will also work to improve and update housing market intelligence, pooling our knowledge so we can work in partnership to target interventions at areas most in need, typically those in transition and neighbourhood management areas.

Further information

The study was carried out by the Centre for Regional Economic and Social Research (CRESR), Sheffield Hallam University, between February 2006 and February 2007.

This work complements other studies, including the BNG Student and Graduate study and Promoting Equality and Social Cohesion through Housing Market Renewal. Summaries of each of these studies are available on Bridging NewcastleGateshead's website: www.bridgingng.org.uk.