

A shrinking private rented sector?

propertymark

JUNE 2022

Joint Propertymark and BBC survey report

KEY FINDINGS:

53%

of buy-to-let properties sold in March 2022 left the PRS.

84%

of respondents told us that the number of new investors in the PRS has decreased over the past three years.

49%

reduction in properties available to rent per branch in March 2022 compared to March 2019.

443

SURVEY SUMMARY

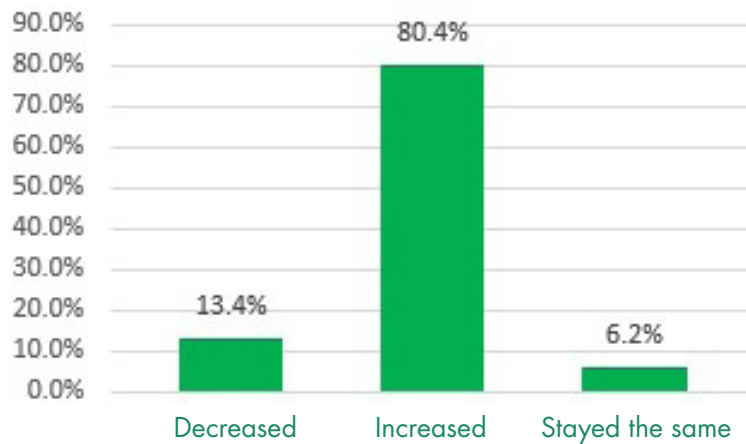
The shrinking private rented sector (PRS) report received 443 responses between 30 March and 29 April 2022.

Sales and lettings agents were invited to participate in the study through posts on social media, trade media, and a direct mailer from Propertymark to its members. 64 per cent of respondents were lettings agents, one per cent were sales, and 35 per cent both. Four per cent of responses were from Wales, one per cent from Northern Ireland, seven per cent from Scotland, and 88 per cent from England (of which London 15 per cent). Respondents reported working for business that had a combined total of over 4,000 branches across the UK.

MOVEMENTS IN THE MARKET

Respondents agreed overwhelmingly that the number of landlords leaving the PRS has increased over the past three years (80 per cent). 84 per cent also told us that they believed the number of new landlords entering the market fell over the same period. This is reflected in the view that the amount of buy-to-let properties sold over the past three years has increased (74 per cent).

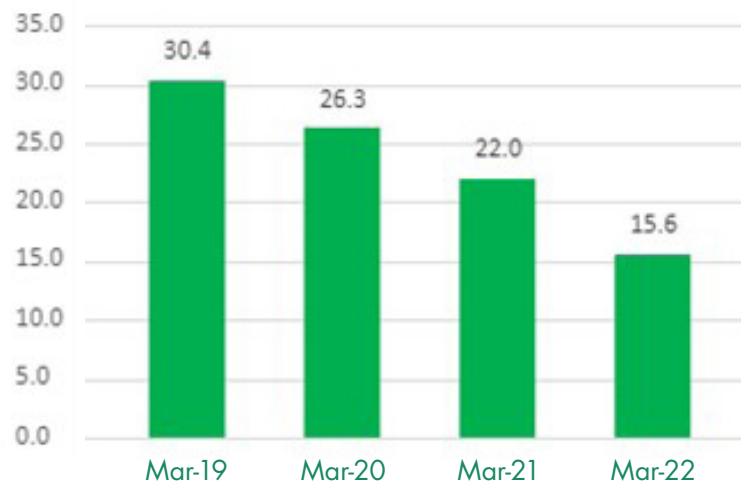
THE NUMBER OF LANDLORDS WITHDRAWING FROM THE PRS IN THE PAST THREE YEARS



AVAILABLE FOR RENT

The UK average number of properties available to rent per branch decreased from 30.4 to just 15.6 between March 2019 and March 2022, clearly revealing the loss of available places for renters to live.

AVERAGE NUMBER OF PROPERTIES AVAILABLE FOR RENT PER BRANCH

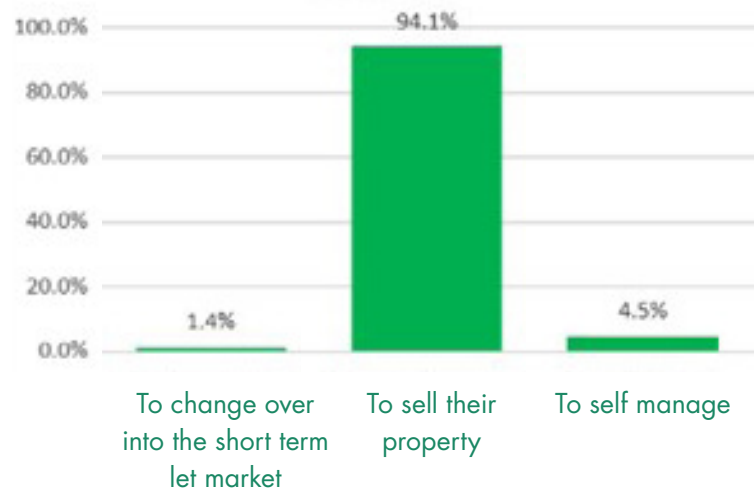


LEAVING AGENTS' MANAGEMENT

The vast majority of respondents (91 per cent) told us that the primary reason landlords leave PRS management by a letting agent is to sell their property. Only four per cent said it was to move to self-management, while one per cent said the primary reason was to move to short-term lets (other reasons: four per cent).

Across the UK there does not appear to be broad agreement as to whether the number of investors buying properties for short-term lets has increased, decreased or stayed the same over the past three years. There is a similar picture when breaking results down by nation. However, one locality which was in broad agreement that the number of investors had decreased (56 per cent) was London.

IF A LANDLORD NO LONGER WANTS PRS MANAGEMENT, WHAT IS THE MOST COMMON REASON?



THE SHRINKING PRS

Over 2019–2021 the average number of buy-to-let properties bought and sold per estate agent branch has been fairly indistinguishable. However, in March this year (2022) we saw a marked difference for the first time. Survey results reveal that the average number of buy-to-let properties sold in March was 9.6, while the number purchased by investors was only 4.5. These figures suggest that less than half of PRS properties sold are currently returning to the sector. The rest are transferring to owner-occupier dwellings.





Nathan Emerson
CEO | Propertymark

“ Our research presents a worrying picture for private renters. The number of properties available to rent has been diminishing with a large portion of landlords choosing to sell their properties. A lack of property is the root cause for rent increases and rising figures on social housing lists.

We know from our qualitative research that the most common reasons for landlords to choose to sell their properties and no longer provide homes are around risk, finances and viability.

Landlords and letting agents have been the subject of extreme legislation changes as the UK Government tries to improve the sector. However, without a middle ground, these changes are actually proving detrimental to those they are supposed to protect. Sadly we do not see this improving as the sector braces itself for more changes within the anticipated Renter's Reform Bill and upcoming energy efficiency targets.

ENDS

ABOUT PROPERTYMARK



Propertymark is the leading professional body for estate and letting agents, commercial agents, auctioneers, valuers, and inventory providers comprising nearly 18,000 members. We are member-led with a Board which is made up of practicing agents and we work closely with our members to set professional standards through regulation, accredited and recognised qualifications, an industry leading training programme and mandatory Continuing Professional Development.

The lettings division of Propertymark is the UK's foremost professional and regulatory body for letting agents; representing almost 10,000 members. Our members operate to professional standards far higher than the law demands and we campaign for greater regulation in this growing and increasingly important sector of the property market. By using an Propertymark Protected agent, consumers have the peace of mind their agent will provide a professional service and their money is safeguarded by Propertymark's Client Money Protection (CMP) scheme.

EDITOR NOTES

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