

Cost of Living (Tenant Protection) (Scotland): Letting Agent Insight

propertymark

DECEMBER 2022

KEY FINDINGS:

 **90%**

of agents have had landlords express a desire to withdraw property from the PRS because of the temporary measures.

 **91%**

of agents say their landlords are now more inclined to raise rents between tenancies as a result of the measures.

 **92%**

of agents report their landlords are relying on them as a source of information about the measures.

 **44%**

of served notices to leave are queued for processing from April 2023.

EXECUTIVE SUMMARY

The Cost of Living (Tenant Protection) (Scotland) Act 2022 came into force on 28 October 2022 and introduced temporarily restrictions on landlords from increasing the amount of rent they can charge and restrictions on evictions from residential tenancies.

Included within the law is a requirement for Scottish Ministers to report on the impact of the legislation. This means that every three months Scottish Ministers must review and report on the need for the measures in the Act to either be continued or to end based on the evidence available at the time.

In November, Patrick Harvie MSP wrote to Propertymark asking us to provide feedback on behalf of property agents across Scotland. We commissioned a survey and report the results here, which were also returned to the Scottish Government on 8 December 2022.

SIZE OF THE PRIVATE RENTED SECTOR IN SCOTLAND

NEW MEASURES ENCOURAGE LANDLORDS TO SELL

90 per cent of agents reported having landlords express a desire to withdraw their property from the PRS specifically because of the new measures. Of this 96 per cent wanted to sell, 2 per cent to transfer into holiday lets, and 2 per cent other reasons.

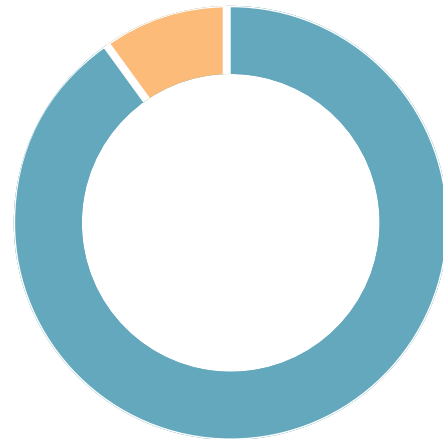


Figure 1: Agents reporting landlords have expressed a desire to sell because of the new measures.

● Landlords want to sell
● No change



● To sell
● To holiday let
● Other

69%

Figure 2: Reasons given by landlords expressing a desire to withdraw property.

Further to this, 69 per cent of agents reported having an increase in Landlords serving notice in order to sell because of the new measures. Of all the notices served to tenants, an average of 44 per cent do not meet the exemption criteria and are awaiting processing from April 2023.

RENTS

LANDLORDS NOW MORE LIKELY TO RAISE RENTS

91 per cent of agents reported that their landlords are now more inclined to raise rents between tenancies as a result of the measures.



LANDLORDS

LANDLORDS RELY ON AGENTS AS SOURCE OF INFORMATION REGARDING NEW MEASURES

92 per cent of agents reported their landlords are relying on them as a source of information about the measures.

When discussing the legislation with their landlords, agents reported that landlords' major concerns revolved around the struggle with increasing costs while being unable to raise rents as quickly as needed and a perceived bias against landlords, both when compared to tenants and with other industries – even the energy companies are having the shortfall on consumer prices covered by the government. Landlords in Scotland are not having their costs covered by the Scottish Government during this period.

As a mark of their professionalism, letting agents have tried to calm the nerves of their landlords by providing reassurance. Agents reported that they had reminded their landlords that these measures are only temporary at present, property will continue to be a good investment for the future and highlighted the work of industry bodies such as Propertymark in lobbying on their behalf.

Further to the impact on landlords, the new measures have also had serious impact on letting agents. One agent noted: "Not being able to increase our rents has had a major impact on our costs and therefore we're having to assess how we continue operating. We could be losing staff as a result, which means decreased services and quality of tenure for our tenants."

Propertymark will survey agents again in the new year as we continue to monitor the impact of the changes.

Landlords' comments regarding the new measures:

Struggling with increasing costs while being unable to raise rents as quickly as needed.

Planning on selling up.

Legislation is biased toward the tenant.

Previously reluctant to raise rents, now more eager.

Landlords have been singled out.

Landlords have lost control of their assets.

Selling vacant properties rather than letting them.

“ The measures introduced under the legislation are disproportionate to the scale of the problem and have only driven more landlords out of the sector. Feedback from Propertymark members shows that because of the measures introduced by the Scottish Government the desire for landlords to remain in the sector and increase the number of homes for people to rent is stalling.

Alarming, the temporary nature of the legislation means that the impact is not fully realised yet but if the changes are extended then there will be greater consequences. The private rented sector is a key solution to resolve the housing crisis but if the Scottish Government continue with policies that disincentive landlords this will only make the situation worse.

Timothy Douglas, Head of Policy and Campaigns at Propertymark



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.

EDITOR NOTES

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