



**NRLA**

RESEARCH  
OBSERVATORY



**Quarterly  
Report  
Quarter 2  
2020**

**In Focus:  
Student  
Landlords**

### **About the NRLA**

The NRLA represents the interests of landlords in the private rented sector (PRS) across England and Wales. In April 2020, the merger between the two largest communities of landlords, the National Landlords Association and the Residential Landlords Association, was officially completed.

With both organisations combining, the NRLA has over 80,000 members, ensuring landlords have a unified voice in Whitehall and Cardiff.

We represent a growing community of landlords who trust and rely on us to deliver day-to-day support, expert advice, and Government campaigning. They participate in our learning activities which makes them better landlords. We offer a range of high-quality services relevant to their needs.

Now, and in the future, we campaign to improve the private rented sector for both landlords and tenants, engaging with policymakers at all levels of Government. Our vision is to make the renting experience better for everyone involved in the private rented sector.

We continually campaign using evidence-backed positions to achieve this vision, we hope we can create an increasingly positive public perception around landlords. In doing so we reinforce the vital role landlords have in supplying homes across Great Britain.

### **The NRLA Research Observatory**

The NRLA aims to provide high-quality research and analysis on the economic, social, and political issues facing the private rented sector.

This will be achieved through the NRLA in-house research team and through various projects commissioned from external research providers. Our activities seek to influence decision makers and translate into an improved renting experience for all stakeholders.

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## Executive Summary

The NRLA Quarter 2 survey recorded 1,708 responses from members and associates. In this survey we asked landlords about their properties, attitudes and experiences in the preceding months. This report focuses on the "student landlords" section.

In a time of uncertainty due to coronavirus, how universities operate has a significant impact upon their towns and cities. Landlords operating in the student market are especially receptive to how universities have responded to this challenge, the NRLA asked these landlords about their experiences towards the end of the 2019/20 academic year.

Coronavirus measures are still in place and seemingly continuing into 2021. It is important we gauge how the student market has been, and will continue to be, affected by the measures introduced as they make up large portions of the stock of housing in towns and cities.

### Student landlords

The typical student landlord owns a small portfolio of properties, almost three quarters own between 1 and 4 properties (74.3%). These properties tend to be located in the "student areas" of towns and cities (54.2%).

Student landlords identified UK undergraduates as their most common tenant group, almost two thirds of student landlords let to this grouping (64.0%). This is unsurprising as undergraduates make up the majority of students in the UK.

### Coronavirus and student landlords

Due to the coronavirus, student landlords have most commonly experienced several issues with their tenancies. Most commonly: requests for rent reductions (20.1%) and students vacating properties early (19.4%).

Student landlords have granted rent reductions more commonly than not (61.1%), furthermore, almost 40% of landlords granted rent holidays when requested (39.4%).

Student landlords have identified further difficulties due to coronavirus, such as finding new tenants (24.5%) and undertaking maintenance/repairs (21.1%). Coronavirus measures such as social distancing make these tasks more difficult than usual.

### **Student landlord portfolio decisions**

If coronavirus begins to affect business, most student landlords will look to let their properties to non-students (30.2%). Other strategies include holding property until students return (23.7%) or offering rent reductions whilst the virus continues to affect business (21.9%).

If student landlords begin to look outside of the market, they will look to continue to use their properties as a HMO (51.6%). Many identified local planning rules such as Article 4 as impediments to changing tenant groups (34.7%).

### **Student landlords - expectations**

Student landlords will most commonly lose between 10% and 20% of their income (49.4%). Despite this, almost two thirds of student landlords have tenancies agreed for next year (65.4%).

Landlords are considering looking for non-student tenants due to uncertainties in the student market (56.2%).

### **Student landlords and Local Housing Allowance (LHA)**

If student landlords are concerned by a potential drop in demand from students, they could potentially switch their typical tenant group and rent to those on Local Housing Allowance (LHA).

The majority of student landlords stated this would not appeal to them (66.0%). The most common reasons for this hesitancy were concerns about letting to LHA claimants (43.2%) and the reduction in income being too great (31.7%).

### Conclusions

Universities have returned this term in as normal manner as possible. With measures still in place and the risk of more stringent measures being implemented nationally, this could change. How universities respond to new measures could affect student landlords and their business at a time when they are hoping to bounce back from coronavirus and the end of the 2019-20 academic year.

Flexibility is required to ensure the supply of accommodation is maintained and sustained.

# 1. Introduction

## 1.1 About this report

This report forms the 2020 Quarter 2 edition of our research series *In Focus*. Each quarter the NRLA Research Observatory asks a sample of members to participate in a topic-based survey.

From this survey there are two key outputs – firstly the *Landlord Confidence Index* which provides a rolling snapshot of the motivations and behaviours of landlords. Secondly, these *In Focus* reports which a commentary on the topics which influence the PRS and the landlords who supply homes across England & Wales<sup>1</sup>.

Given the stresses and strains placed on the housing market by coronavirus, it has been decided to split *In Focus* into two separate reports. One report reviews *Regulation and Regulatory Issues*. This report however looks specifically at the issues presently faced by a particular group of landlords who let property to students.

## 1.2 About this survey

This survey took place in June/July 2020. The survey invited a subset of NRLA members to participate in the research. This subset was determined largely by organisational factors and limitations<sup>2</sup> at the time of undertaking the fieldwork.

### 1.2.1 Survey responses

The survey received 1,795 responses. The responses were “cleaned” so that those who had answered less than the first 30% of the survey (which covered the questions that form the *Landlord Confidence Index*) were excluded from the final sample.

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<sup>1</sup> Predominantly, although there are a few landlords from Scotland and Northern Ireland. Other participants in the PRS (for example representatives of letting agents, professional service providers and tenants) also contribute to selected parts of the survey. These are indicated where appropriate.

<sup>2</sup> These are linked to the practicalities arising from the afore mentioned merger rather than any research-based factors.



This left 1,707 respondents included in the analysis. Of these, 1,645 responses (96.4%) were from currently active landlords. Only a proportion of these operate in the “student market” – this is discussed later.

### **1.2.2 Presentation of the analysis**

Please note the following – which reflect requests from members:

- Only a handful of questions will necessitate or require a response. Participants are generally free to ignore questions.
- Questions are often accompanied with a “does not apply” or “not relevant” option. These are excluded from the analysis – we endeavour to point out where this occurs and any change in the data once this group is incorporated into the results.
- We exclude (especially where a question invites multiple responses) options which elicited a low response from participants. This is done purely for reasons of clarity and space. Again, we do try and highlight where this occurs.

As a result of the above it should not be assumed the base (or denominator) for each question is identical.

## 2. Student landlords

### 2.1 Introduction

This section looks at “student landlords” and the market they operate in. Landlords were asked whether they let property in what would be considered the student market. An affirmative response does not necessarily mean these landlords’ entire portfolios are student-based – many landlords will have a portion of their portfolio in the “student market”.

Many universities made changes to the way they carried out their courses during the coronavirus pandemic. In-person lectures and seminars were replaced with online substitutes as the country went into lockdown.

As a new term approaches and measures to protect the public are still in place, universities must still be wary of how the coronavirus could impact teaching and campus-life.

This section considers the following:

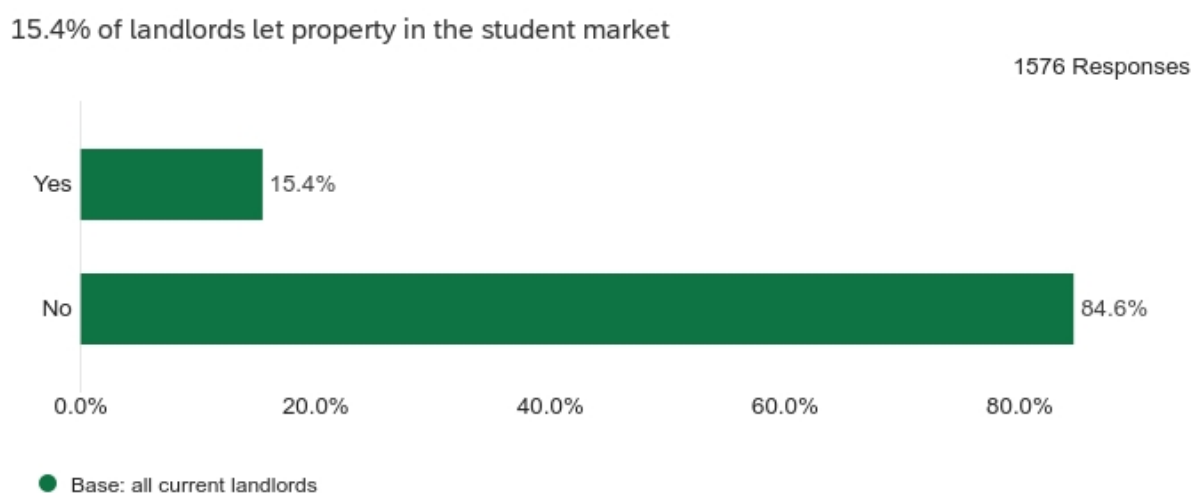
- How does a student landlord typically operate?
- How have student landlords been affected by the coronavirus pandemic?
- How are student landlords responding to issues and planning to move forward?

## 2.2 About the sample

### 2.2.1 Student landlords in the market

The graph below shows the proportion of NRLA members who let property to students:

**Graph 2.1: Do you own property which you typically let in the "student market"?**



From the above chart:

- The majority of current landlords do not let any property in the student market (84.6%).
- In total 243 respondents stated they presently let property to students. From this point, this is the group referred to as “student landlords”.

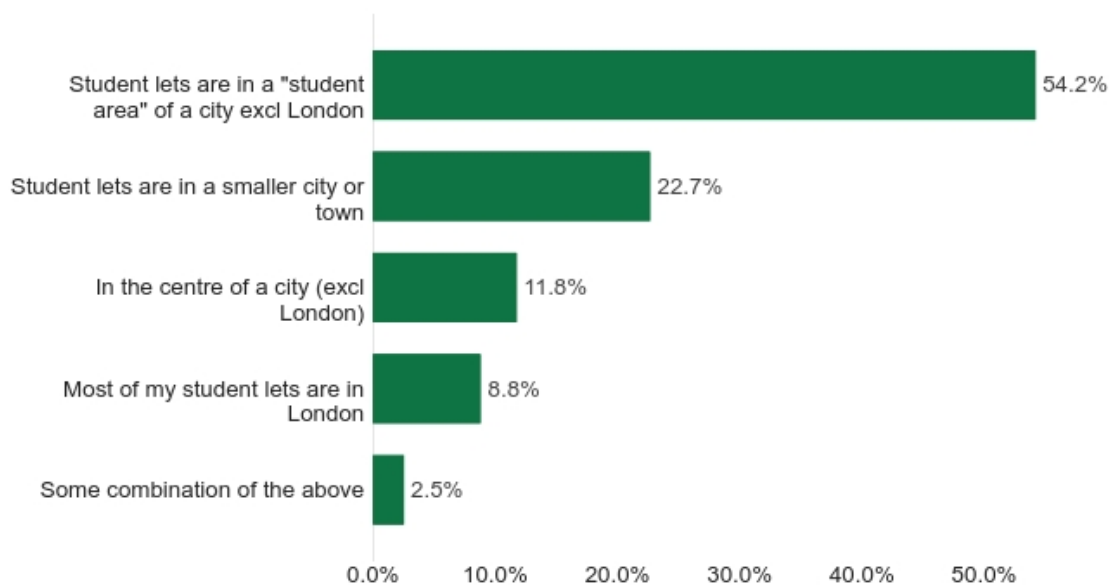
### 2.2.2 Student let locations

University accommodation varies amongst different towns and cities across the UK. Some cities have specific areas with high concentrations of student lets. The survey asked student landlords where their properties are located:

## Graph 2.2: Where are *most* of your student lets?

Over half of landlords identified their student lets are in a student area of a city (54.2%)

238 Responses



● Base: all student landlords

From the above chart:

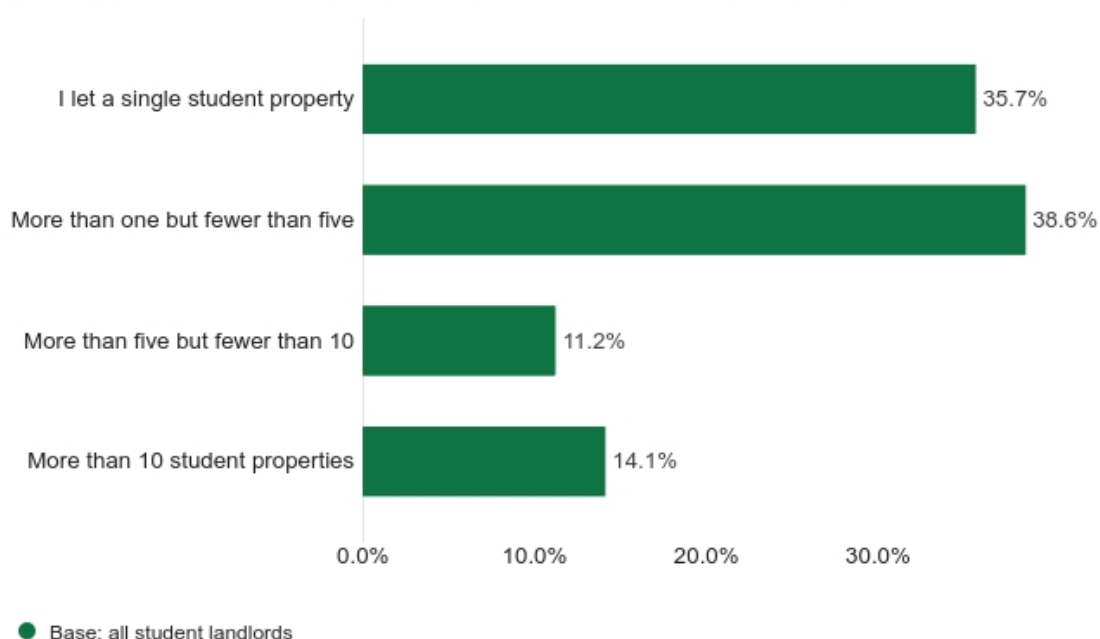
- Most – more than half – of student landlords stated that they let their student properties in areas of a city which are well known for being home to students.
  - Examples include Fallowfield (Manchester), Headingley (Leeds) or Hunter’s Bar (Sheffield).
- Almost a quarter of student landlords stated their student lets are in a smaller city or town (22.7%).

### 2.2.3 Size of student let portfolio

The majority of NRLA members own multiple properties to let. Student landlords were asked what the typical size of their portfolio looks like:

**Graph 2.3: How many student properties do you let?**

Almost three quarters of student landlords let between 1 and 4 student properties (74.3%)



From the above chart:

- Around 15% of student landlords let more than 10 properties in this market (14.1%)
  - A significant proportion of student property will be concentrated amongst this small group of landlords.

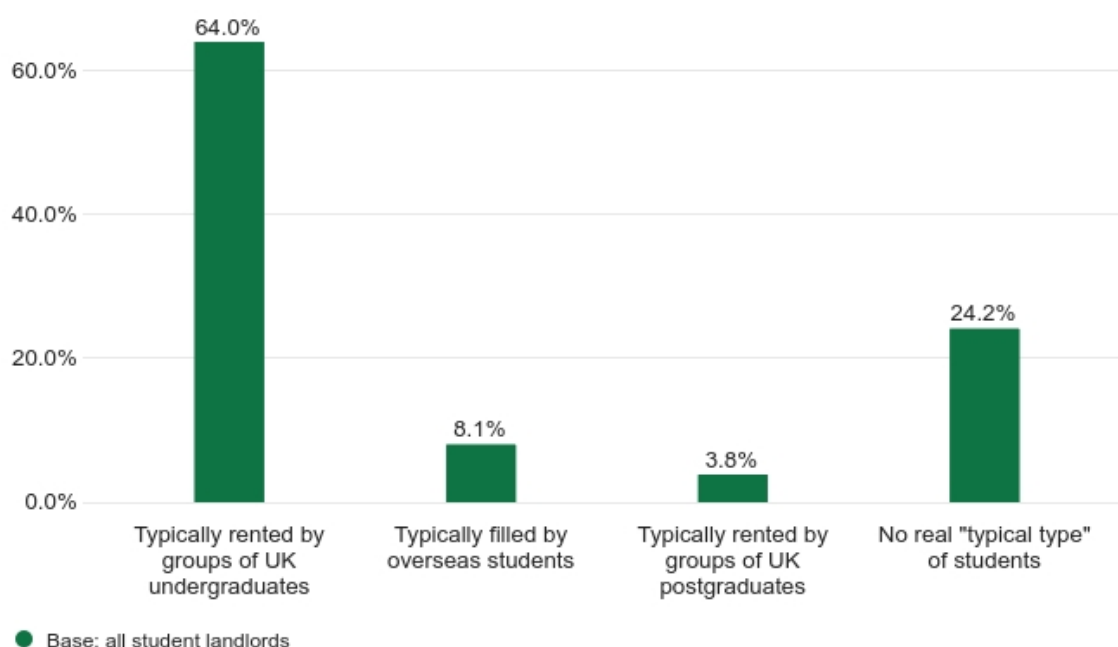
## 2.2.4 Student tenant profile

Landlords can often look to let to specific groups of tenants; we asked student landlords whether they had a typical group of students that they would look to let property to:

**Graph 2.4: Typical student tenant groups**

The majority of student properties are rented by UK undergraduates (64.0%)

240 Responses



From the above chart:

- UK undergraduates – not surprisingly – are the largest group of students to whom NRLA landlords let property. Almost two thirds (64.0%) of landlords let mostly to this group.
- Around a quarter of landlords identified no typical type of student they regularly let their properties to (24.2%).

### 3. Coronavirus and student landlords

This section looks at how coronavirus has affected the student market. It focuses on how landlords are responding to the stresses the virus has placed upon both

their tenants and letting businesses.

#### 3.1.1 Requests for support

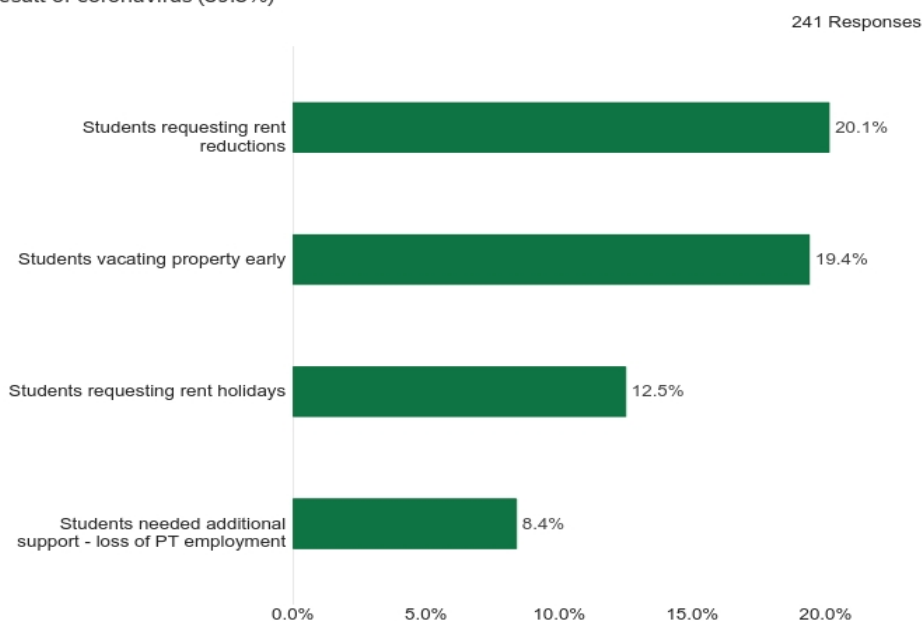
Students have been affected by the coronavirus and their ability to sustain their tenancies. Landlords and tenants have several options to ease the difficulties coronavirus causes.

##### Nature of support requests

Landlords have provided support in many different ways. The survey asked student landlords about their experience with requests for certain types of support.

**Graph 3.1: Have you experienced any of the following problems with existing student tenants as a result of coronavirus? (Multiple responses)**

Students have requested rent reductions and vacated properties early most commonly as a result of coronavirus (39.5%)



● Base: all student landlords

From the above chart:

- Overall, students have not been as harshly affected by the coronavirus as the general renting population.
  - The most common problem for student landlords is students requesting rent reductions (20.1% of landlords reporting a request for such a rent reduction). This is less than half the number of landlords in the wider market whose tenants have requested reprofiling of their tenancy terms<sup>3</sup>.

### Landlord response

The survey asked student landlords how they responded to requests for additional support from student tenants:

**Table 3.1: Did you grant students rent reductions when asked?**

	No of responses	Percentage of respondents
Granted	66	61.1%
Not granted	42	38.9%
<b>Total</b>	<b>108</b>	<b>100.0%</b>

Base: all current student landlords receiving rent reduction requests

- The majority of student landlords have granted rent reductions when tenants have asked (61.1%).

<sup>3</sup> [Our second coronavirus survey](#) showed around 44% of landlords stated they have received at least one request from a tenant to reprofile their terms and conditions in some way.



**Table 3.2: Did you grant students rent holidays when asked?**

	No of responses	Percentage of respondents
Granted	26	39.4%
Not granted	40	60.6%
<b>Total</b>	<b>66</b>	<b>100.0%</b>

Base: all current student landlords receiving rent holiday requests

From the above table:

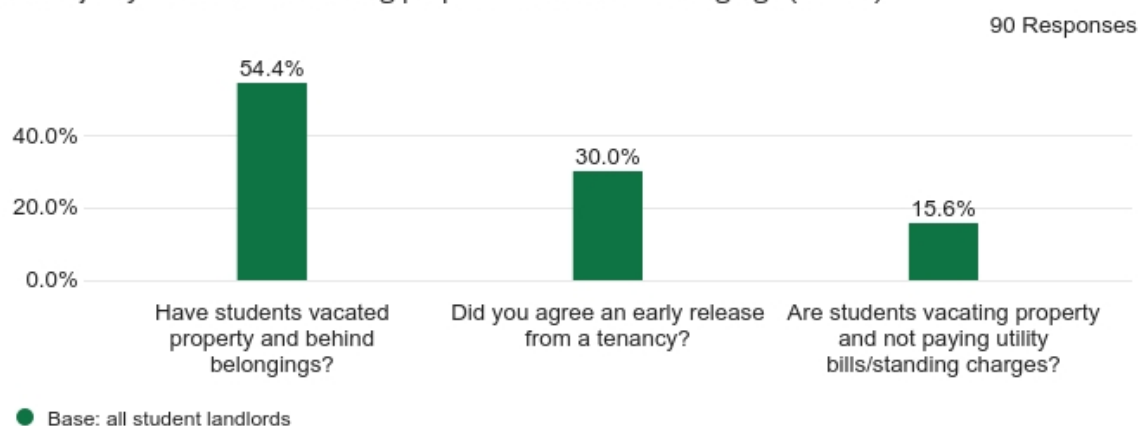
- Overall, student landlords have tended not to grant students rent holidays when requested (60.6% declining such requests).
- Note far fewer landlords reported receiving requests for rent holidays compared to requests for rent reductions.

### 3.1.2 Students vacating properties early

As lectures and seminars shifted online during lockdown, many students opted to leave their tenancies early. We asked landlords how this has affected their student lets:

**Graph 3.2: Issues with students vacating properties early**

The majority of students vacating properties have left belongings (54.0%)



From the above chart:

- The main issue with students vacating properties early has been individuals leaving their belongings behind.

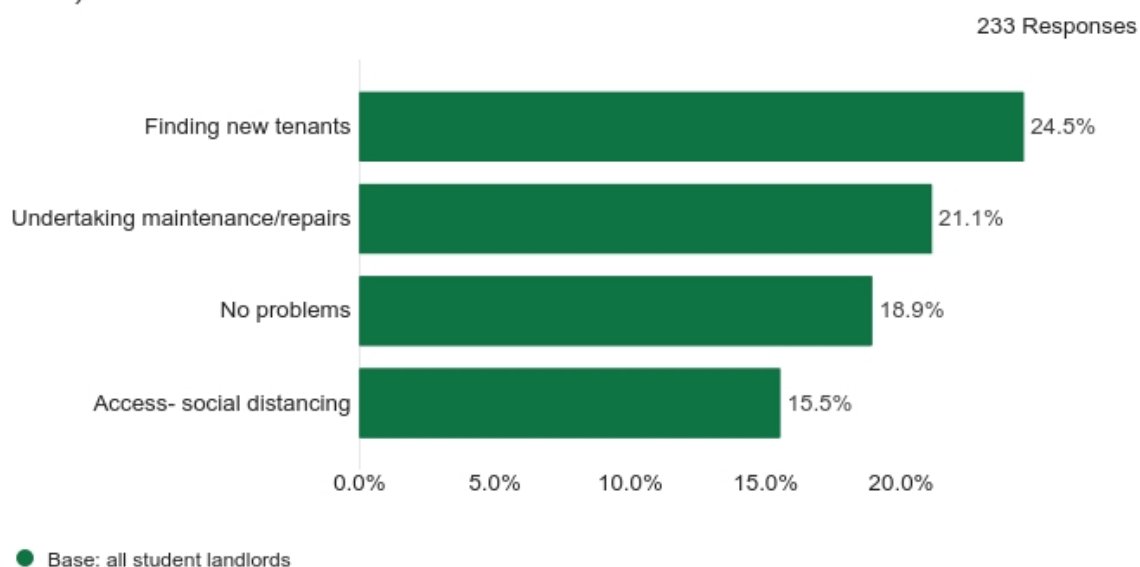
### 3.1.3 Other problems caused by coronavirus

Regulations enforcing social distancing or tenants potentially shielding are examples of how coronavirus may be affecting landlords' regular business.

The survey asked landlords about the difficulties they faced in managing their properties:

#### Graph 3.3: Other problems created by coronavirus (Multiple response)

Around a quarter of student landlords have struggled to find new tenants due to coronavirus (24.5%)



From the above chart:

- The two most common problems student landlords have faced during the pandemic have been:
- Finding new tenants (24.5% of landlords reporting difficulties)
- Undertaking maintenance and repairs (21.1%).

These two issues are discussed in a little more detail below:

### Finding new tenants

The most common problem for student landlords during coronavirus has been finding new tenants. Measures implemented to stop the spread of the virus made the usual process of finding tenants difficult: landlords were asked which restrictions had been most common:

**Table 3.3: Key problems in finding new tenants (Multiple responses)**

	No of responses	Percentage of respondents
Drop in demand because of uncertainty over teaching	51	53.5%
Accessing property to show prospective tenants	41	40.6%
Social distancing whilst showing prospective tenants	40	39.6%
Getting students who want to move in signed up	35	34.7%
Scheduled tenants looking to cancel contracts	78	77.2%
None of the above	3	3.0%
<b>Total</b>	<b>101</b>	<b>n/a</b>

Base: all current student landlords with problems finding new tenants

Thus:

- The most common experience has been a drop in demand due to uncertainty over how teaching will commence in the coming year.
  - (53.5% of landlords reported this was a problem).
- Around 40% of student landlords reported difficulty accessing property to show prospective new tenants (40.6%)
  - A similar proportion (39.6%) of landlords also found social distancing a problem in similar circumstances.

### Undertaking maintenance and repairs

It is a landlord’s responsibility to look after their properties, but this has been more difficult during the pandemic.

The survey asked landlords about whether they had experienced any of a number of specific problems:

**Table 3.4: Which of these problems with undertaking maintenance/repairs have you experienced (Multiple responses)**

	<b>No of responses</b>	<b>Percentage of respondents</b>
Access to property	60	69.0%
Find trade-staff to take on work	48	55.2%
Accessing materials to do work myself	30	34.5%
None of the above	6	6.9%
<b>Total</b>	<b>87</b>	<b>n/a</b>

Base: all current student landlords with problems undertaking repairs and maintenance

From the above table:

- Most landlords having trouble with repairs and maintenance have found accessing the property the most difficult aspect (69.0%).

## 4. Student landlord portfolio decisions

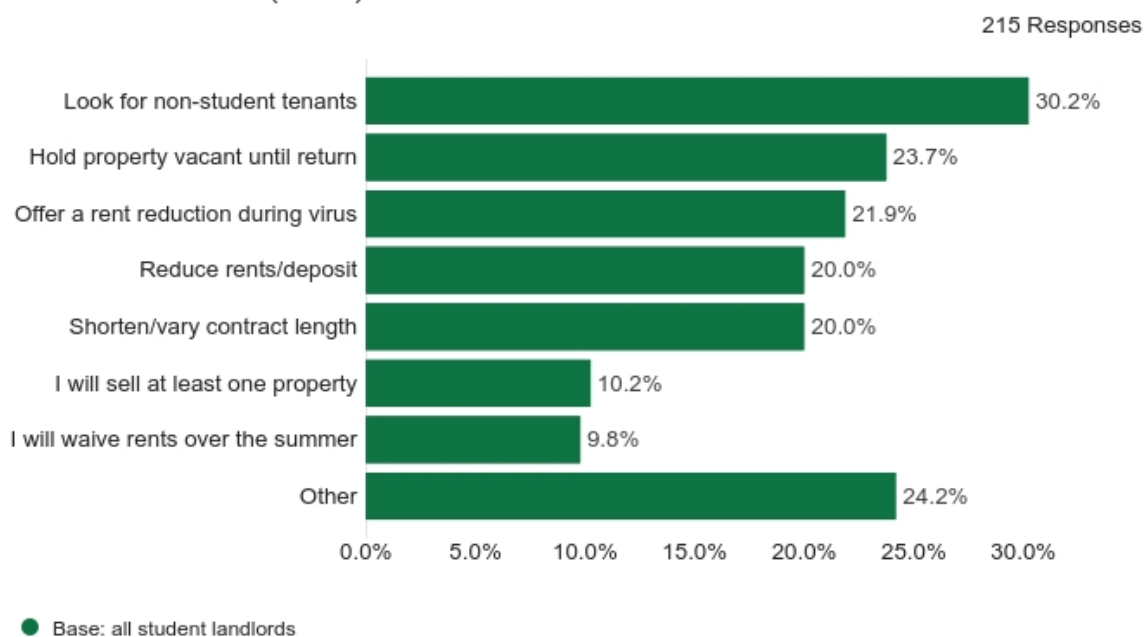
Student landlords are heavily dependent on universities' decisions on teaching and campuslife. Consequently, landlords may have to consider different strategies to secure their investments.

### Alternative strategies student landlords are considering

The survey asked student landlords what their likely reaction would be if coronavirus begins to affect their business:

**Graph 4.1: Likely landlord strategy in response to coronavirus (Multiple responses)**

Landlords will most commonly look to let to non-students in reaction to the coronavirus impact on the student market (30.2%)



From the above chart:

- Reducing rents and deposits are common response strategies to the impact of coronavirus.

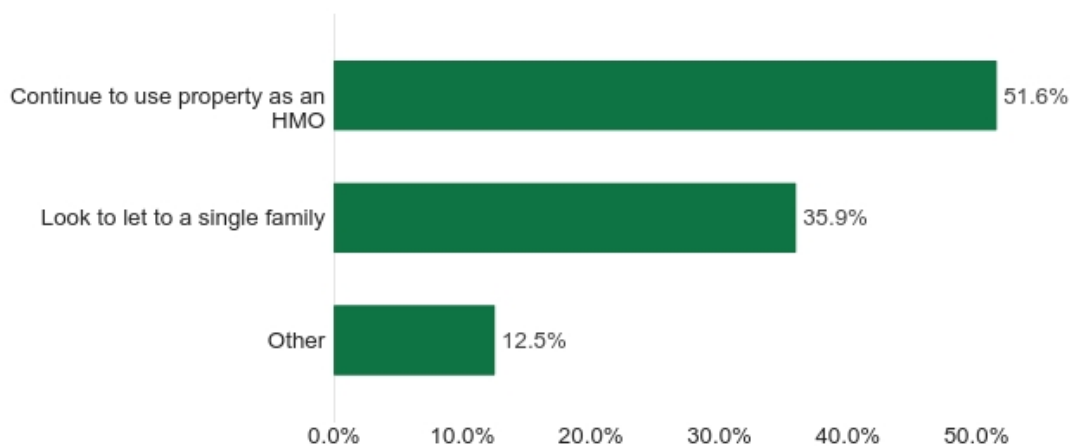
## 4.1 Letting outside the student market

Almost a third (30.2%) of student landlords will look to let to non-students if the effects of coronavirus are too damaging to their current investments. We asked how landlords will look to use their properties if they should choose to do so:

### Graph 4.2: How will you approach letting outside the student market? (E&W)

A majority of landlords will look to continue using their property as a HMO (51.6%)

64 Responses



● Base: all student landlords looking to let outside the student market

From the above chart:

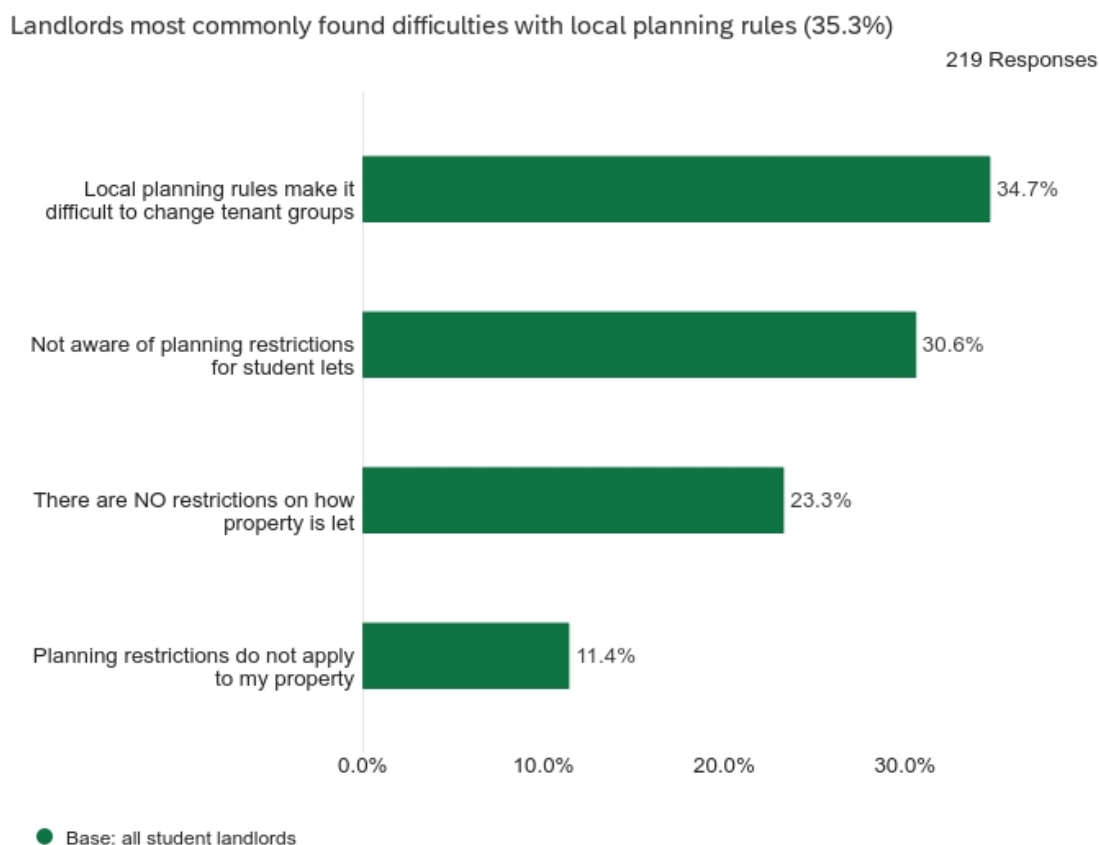
- Continuing to use property as a HMO (51.6%) is more favourable to student landlords than looking to let to single families (35.9%).

### Awareness of regulations

In some instances, regulations such as Article 4 in England can prevent landlords from developing properties without local authority permission.

This means it could be difficult for a student landlord wishing to leave the student market temporarily. We asked student landlords for their opinion:

**Graph 4.3: Awareness of regulations or planning conditions (eg Article 4) which limit landlords' ability to rent property/properties to non-students? (England only)**



From the above chart:

- Combined, over a third of landlords believed there are no restrictions on their property or how their property is let (33.7%).
- A similar proportion (34.7%) however stated there were such restrictions which covered their properties.





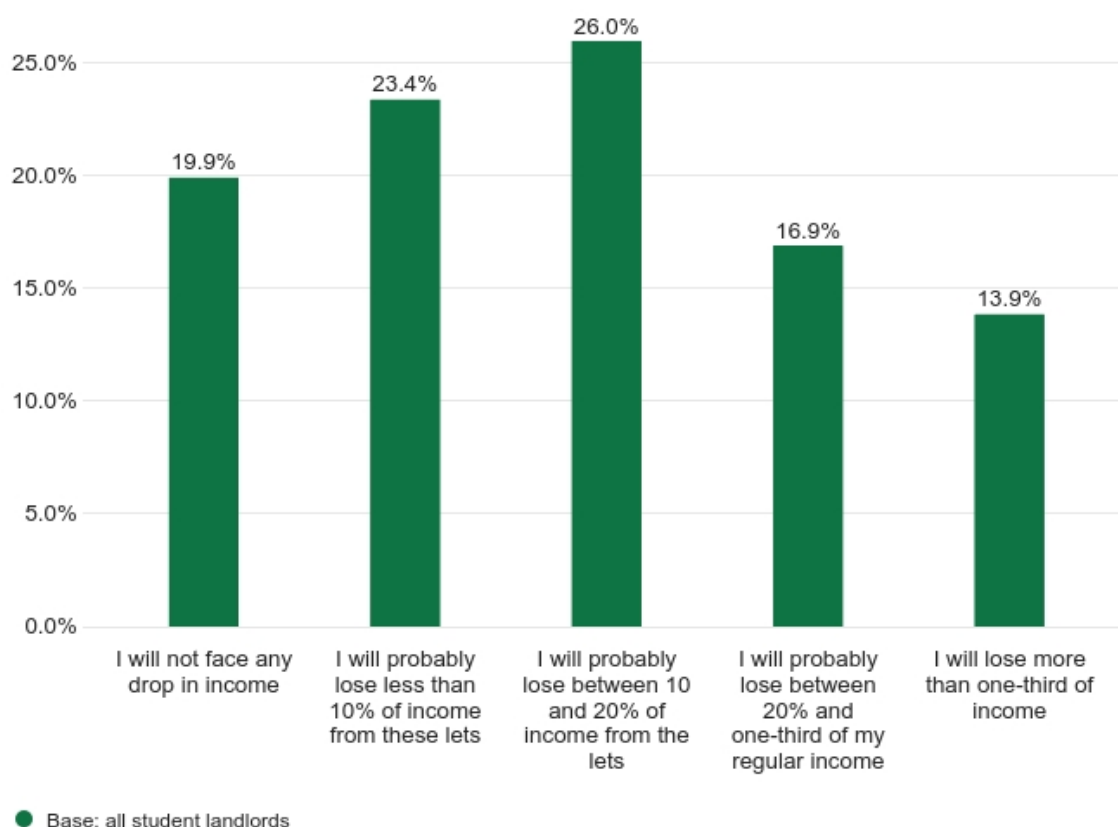
## 5. Student landlords - expectations

In this section we asked student landlords what their expected income drop will be following coronavirus:

**Graph 5.1: Across your entire portfolio of student lets which of the following is most likely to apply over the next twelve months**

Landlords will most commonly lose between 10% and 20% of their income

231 Responses



From the above chart:

- Around a fifth of student landlords will not face any drop in income due to coronavirus (19.1%).
- Almost a third of student landlords will lose more than 20% of their business (30.8%).

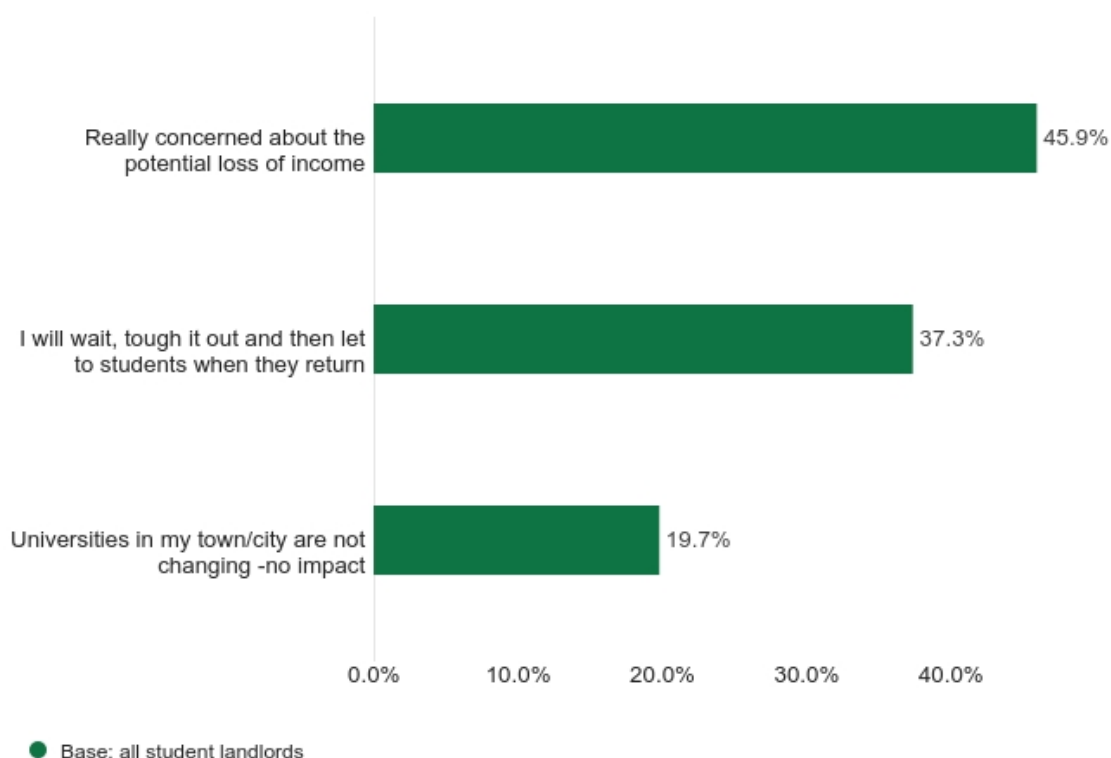
## 5.1 Student landlord business outlook

Student landlords have been concerned about the impact of altering the academic calendar and teaching schedule on the rental market.

**Graph 5.2: Which of the following statements reflect your views on the current business outlook for your student properties (Multiple responses)**

Landlords are most commonly concerned with potential loss of income (45.9%)

233 Responses



From the above chart:

- Almost half of landlords (45.9%) are “really concerned” about a potential loss of income.
- Around a third (37.3%) would, if necessary, hold property vacant until students returned in greater numbers as the academic year unfolds.

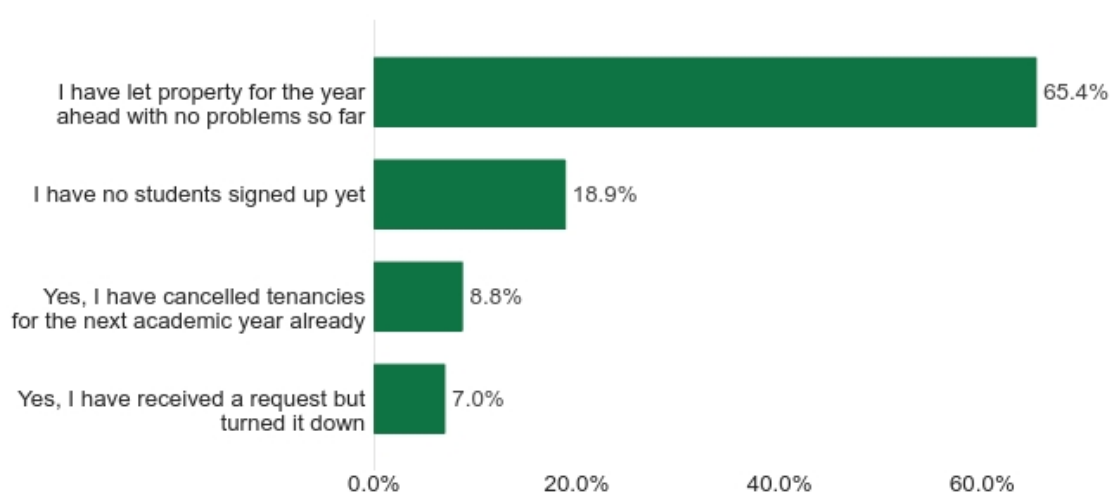
### Tenancy cancellations

Given uncertainty, the survey asked landlords what their experience of tenancy cancellations and students seeking cancellations had been for 2020/2021 and how they have responded:

#### Graph 5.3: Landlords already discussing tenancy cancellations for 2020/2021?

Almost two thirds of landlords have tenancies agreed for next year (65.4%)

228 Responses



● Base: all student landlords

At the time data was collected (June 2020):

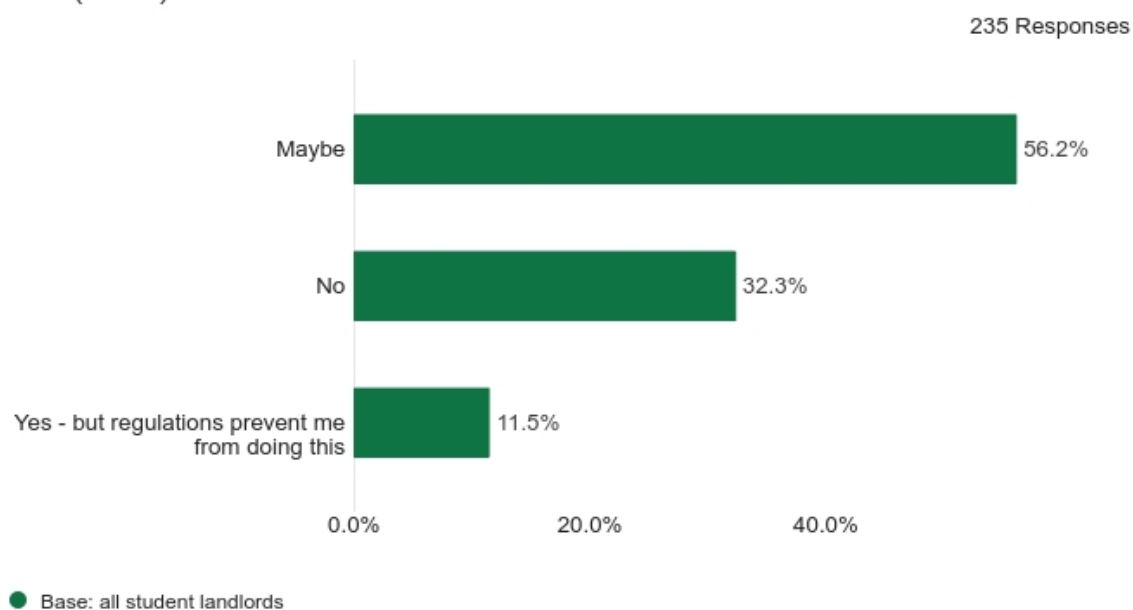
- Most landlords (65.4%) reported no problems with lets for the next academic year.
- However, over a quarter of student landlords reported they either had no students signed up or had cancelled upcoming tenancies for the next academic year (27.7%).

### Switching tenant markets

If subject to the same difficulties as the 2019/20 academic year, landlords with a portfolio of student properties may be looking to opt out of the student market and look for individuals not linked to their tenure by their universities.

**Graph 5.4: As a result of current uncertainties in the student market are you now thinking about looking for non-student tenants?**

Landlords are considering looking for non-student tenants due to uncertainties in the student market (56.2%)



From the above chart:

- Landlords are showing some interest in alternative markets – only a third (32.3%) ruling out non-student tenants.
  - Regulations are currently preventing over 10% of student landlords from looking for non-student tenants (11.5%).

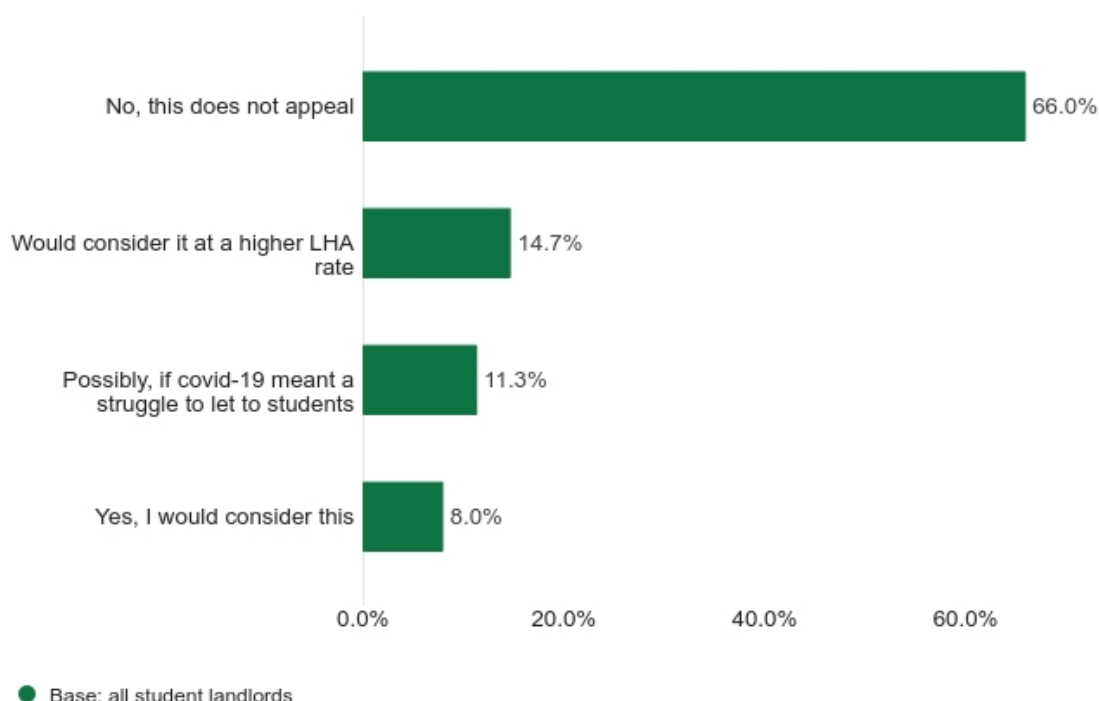
## 6. Student landlords and Local Housing Allowance (LHA)

Given uncertainty in the student market, we asked landlords whether they would be consider letting their property at LHA rates.

By switching the use of their property away from students, these landlords could provide homes for tenants who needed to claim support for rent. The numbers of benefit claimants are expected to rise when furlough and other forms of government support ends.

**Graph 6.1: Landlords response to whether they would consider letting property at current Local Housing Allowance (LHA) rates**

Around two thirds of landlords would not consider letting property at current LHA rates (66.0%)  
238 Responses

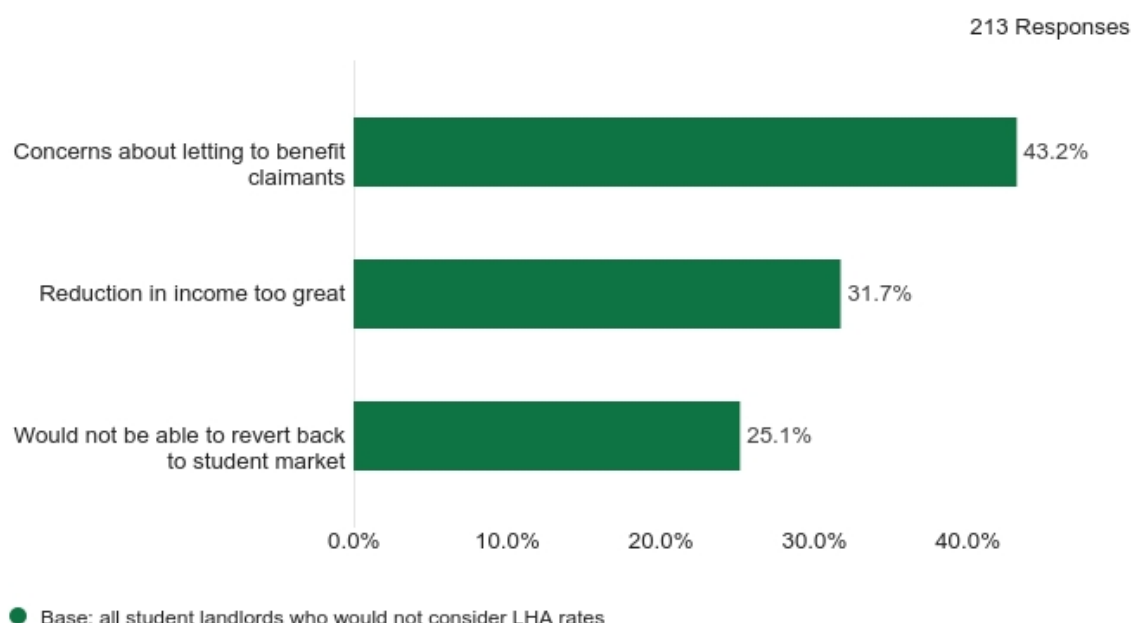


From the above chart, although most (66.0%) landlords would not consider letting at LHA rates, one-in-three would at least give it some thought:

- Over a quarter of student landlords would consider letting property at LHA rates if the student market were to struggle or if the LHA rate was raised (26.0%).
- Fewer than 10% (8.0%) of landlords would consider such a move on the basis of the current offer and LHA rates.

**Graph 6.2: Why would letting your property at LHA rates not appeal? (E&W)**

Letting to benefit claimants ranks as the most common concern amongst landlords wary of letting at LHA rates (43.2%)



From the above chart:

- The reduction in income would be too much for almost a third of student landlords (31.7%).
- A quarter of landlords (25.1%) feel they would not be able to revert to the student market when the market returns to more usual levels.

## 7. Conclusions

### Student landlords

Most NRLA student landlords let their properties to UK undergraduates, these lets are located primarily in the “student areas” of towns and cities. The portfolio size of these landlords is on the smaller side, with the three quarters owning between 1 and 4 properties.

### Coronavirus and student landlords

Student landlords receive fewer requests for tenant support than landlords who provide housing for other segments of the population. However, the proportion of student landlords granting rent holidays and reductions is still considerable. Students are also vacating their properties early due to coronavirus. This has left landlords with belongings left in their properties on top of a hole in their finances.

Student landlords are also experiencing several difficulties with new tenancies.

Coronavirus regulations have meant that business management tasks such as finding new tenants and maintenance work are more difficult than usual.

Accessing their properties has been identified as a major issue for landlords in both showing new tenants and undertaking essential maintenance work.

### Student landlords and portfolio decisions

Over 40% of student landlords stated they would lose between 10% and one-third (33%) of their income in the next year. This is a figure which gives rise to concern about the sustainability of businesses which have specialised in supplying homes in this market.

If the financial impact of coronavirus begins to bite, many student landlords will look to new markets in which to let their properties.

Student landlords will achieve this by continuing to let the property as an HMO. However, over a third of student landlords identified regulations such as Article 4 as a barrier to



switching tenant groups. To maintain the supply of housing, local authorities should show some flexibility in their regulations to enable landlords to temporarily make this change.

In addition, there are clear opportunities to encourage student landlords to let their property at LHA rates. This could be vital in meeting any future housing and homeless crisis in 2020 and 2021 as the economy reacts to the end of Covid-19 support.

To encourage student landlords to make this switch, there does however need to be concerted action and policy support.

### Final comments

After some initial trepidation, research by Universities UK indicates many universities are looking to start the 2020/21 academic year in as normal a manner as possible<sup>4</sup>. A resurgence of the virus nationally, or local lockdowns could cause more uncertainty during the next year. As of September 2020, the government has introduced new coronavirus measures with warnings of more to come if the infection rate does not subside<sup>5</sup>.

How universities respond to new measures could affect student landlords and their business at a time when they are hoping to bounce back from Covid-19 and the end of the 2019-2020 academic year.

Flexibility is required to ensure the supply of accommodation is maintained and sustained.

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<sup>4</sup> 97% of [universities surveyed](#) confirmed that they will provide in-person teaching at the start of term this year (Universities UK, 2020).

<sup>5</sup> The Prime Minister's statement on [new coronavirus measures](#) (Gov.uk, 2020)