

Richard Blanco:

Hello, and welcome to Listen Up Landlords with Ben Beadle and me, Richard Blanco. 2021 is drawing to a close. We are leaving behind six month notice periods, stamp duty holidays, a buoyant housing market, recovering rents and landlord confidence. So what does 2022 have in store for us? Ben, give us some pithy predictions for the next year.

Ben Beadle:

Well hopefully all of those things won't be shattered in one foul swoop so what do we have to look forward to next year? Well, we know that we're going to see the Renter's Reform Bill progress in the form of the published white paper. That's it. There's still loads of round tables going on. So it may well be later into 2022, and we should forget about the energy conundrum that's coming down the track. Currently, we are parked on the level crossing and the train's not far away and I think that's going to cause some issues for landlords. So energy and wider reform, Richard, I think.

Richard Blanco:

Yes. I have a dream, Ben, that Michael Gove, who is the secretary of state for housing now of course, might suddenly decide that he doesn't want a Renter's Reform Bill, and we keep Section 21 after all. Did you see a pig just fly past then?

Ben Beadle:

Well, what an interesting thing you dream about, Richard, is all I can say on that.

Richard Blanco:

The other thing is what might happen to interest rates, of course, and a lot of people expected them to go up in November, that's bank based rate, and it didn't do, and people are predicting they might go up to 1% or more next year. Often these predictions come to nothing and rates just stay where they are, they've been where, so low for so long. So that's going to be interesting, I think next year.

Ben Beadle:

It will be, and I think to quote my favourite eighties pop band, the only way is up, but given where we are at the moment, as we heard on our previous podcast, Richard, that we think that the pace of increase might be slightly slower, and the one thing we know is money's cheap at the moment, and that should hopefully give those that are thinking of investing in the market a little bit of a welcome boost for the medium term at least.

Richard Blanco:

We shouldn't forget of course those people who are still mired in court delays and have tenants in arrears, because there's a lot of that still going on isn't there, from the pandemic?

Ben Beadle:

I mean there is. I mean we are really pleased to see the 65 million pound debt fund announced in England, but we have real concerns about how that money's going to be distributed. So that will be a great help. We shouldn't sniff at that, but we need to make sure that it gets the people that need it, and that will help both renters and landlords, which is exactly what we need.

Richard Blanco:

Well, we've invited four esteemed guests to give us their perspectives on the year ahead. Vanessa Warwick is a broadcaster and founder of online community Property Tribes, Russell Quirk is co-founder of property PR agency, Proper PR, and Theresa Wallace is head of customer services for lettings at Savills, and Jamie Fraser is a Hertfordshire based portfolio landlord and campaigner. So let's start with some general crystal ball gazing and I'd like to start off with you, Vanessa. Tell us what issues are landlords talking about online at the moment, Vanessa, what's irking them?

Vanessa Warwick:

There's so much going on, coming from many different quarters. I think landlords are very concerned about the energy price hikes, particularly in respect of those that obviously have bills included like HMOs and holiday lets. Landlords are very concerned about EPC ratings and the impact that's going to have on properties in the future. Still, Section 24 continues to rumble along in the background.

Richard Blanco:

The challenges of finance, where you can only get 20% tax relief on finance charges.

Vanessa Warwick:

Indeed, and I think lack of certainty within the market. Speaking from my 20-odd years experience, we really are in uncharted waters and it's very hard to plan anything. I think landlords just feel that they're being hammered from all sides and I suspect they feel that it's going to get worse before it gets better.

Richard Blanco:

Russell, Vanessa is sounding quite burdened by what's going on there. I mean, optimism or pessimism, is now a good time to be a landlord or indeed a developer?

Russell Quirk:

Undoubtedly, landlords were having a better time three or four years ago before the government started hammering them left, right, and centre on all sorts, and I think no doubt, there will be some pressure on landlords, particularly around environmental improvements, and that's definitely coming down the tracks. But I think if we take a step back and look at where landlords are with regard to yields and particularly capital appreciation, which never seems to be talked about really. But the overall result is that landlords, in my opinion, shoot me down in flames one of you I'm sure, but are doing okay. Rents are rising, so we've seen that there's been quite significant rent rises over the last 12 months, according to Zoopla, I think up 11% year on year, that won't be sustained obviously.

Russell Quirk:

But if you look at the bare bones numbers, the economics around being a landlord insofar as capital appreciation and rents, it's not a bad asset class to be in, particularly when you look at comparables. So if you look at the FTSE 100, the FTSE 250, if you look at metals, look at a whole bunch of other things, classic cars, art, whatever other asset class a landlord might look to as an alternative, property actually, despite everything, has done okay. I'm definitely more optimistic than Vanessa, because look next year, I don't think we'll see capital appreciation of double figures we have in some regions of the UK over the last 12 months, but we will still see capital growth

Ben Beadle:

Jamie, Russell's presented a slightly more positive outlook there. I mean, where do you stand on this? What challenges might landlords be facing next year?

Jamie Fraser:

I'm more firmly with Vanessa on this, I'm afraid. I'm quite negative as I have been for some time now. All of the things she mentioned are spot on. I think the energy prices, the EPC issues, they're only going to burn landlords further, and one of the things that bothers me actually is if you look to the devolved governments in Wales and Scotland, we've got the possibility now of extra taxes on second homes, a land value tax being mooted, rent caps, certainly rent pressure zones. I think all of these things are just helping to stall the market in terms of landlord confidence. I think these are the kind of things that some frankly misguided government is going to introduce and it's going to make things endlessly worse. So I don't feel the same kind of confidence that Russell touches on, maybe in terms of prices perhaps, but I don't feel it overall because no matter how much those rents go up, it gets worse and worse for the person supplying.

Ben Beadle:

Theresa, what will the knock-on effect be to your business and other agents?

Theresa Wallace:

I think we've got a few challenges next year, and one that I'm particularly concerned about is cladding. We've got the Building Safety Bill, we've got the Fire Safety Act, but cladding is something that already affects us because it's now included in the Consumer Protection Regulations, and what that actually means is applicants must be told if any property has cladding before they even view it, and that's any property, it's not just a block of flats over a certain size. And that information can be hard to come by, and if there is cladding, we then need to find out if it's safe and share that information with applicants. So just definitely one big challenge, and I'm finding that very challenging at the moment. Also, and it's already been mentioned, but getting landlords ready for Energy Efficiency Legislation, because I think landlords could actually make a start now, but until we know what the legislation will actually say and also what grants are available, and if they were to spend money now, will that be offset against any possible future caps?

Theresa Wallace:

So that seems to be a waiting game. I think we've got changes and we're going to have to do some education to ensure that there's going to be compliance with the Renter's Reform Bill once we actually know the detail of that. But I think that that bill could bring the biggest changes that we have seen since the 1988 Housing Act was introduced, and just lastly, quickly I wanted to touch on is the lack of stock across most locations. That's going to mean huge competition between agents for the best properties. It's becoming a very fast paced market with very quick turnarounds of properties from listing for sale or to let.

Richard Blanco:

Yes. Interesting what you say about energy efficiency, Theresa, and I'm starting to put aside £10,000 per property ready for 2026. That's supposed to be the capped amount that landlords are going to have to pay, and it's something that I would encourage other landlords to start to think about, that you may

have to spend up to 10,000 on each of your properties. But let's move on now to the economy and the housing market, and I've been looking at figures. I've been looking at ONS figures, which they do lack a bit, it's 12 months to September 2021, but average UK house prices at a record high have going up 11.8%. Interestingly in London, it's 2.8% over the 12 months to September, and the places that are doing better are the Northeast, East Midlands, Wales, and the Northwest. Do you think, Theresa, we're still banking on a kind of Nike Swoosh recovery? There's lots of talk course about V's and W's and so on, wasn't there? Are there any dangers of a recession? I mean, we still seem to be steaming ahead.

Theresa Wallace:

Well, we do, and employment is the highest it's ever been, and we've already started to see that actually translate into higher wage growth, and I think inflation will mean pressure on incomes, but we do find that people are much less willing to compromise on the housing quality than other outgoings. So I think that all points to continued rental recovering next year. In London, average rents are rising fast, but they still haven't hit their pre-pandemic peak. So that suggests that we'll see the capital outperform, especially next year, I think, as it makes up lost ground.

Richard Blanco:

Yes, and Zoopla figures say that London has experienced 15 months of falls in rents, but they're up 4.7% in the third quarter. But also, rental demand is doubling in Manchester, Edinburgh, London, and Central Leeds. If you compare quarter three with quarter one, and what issues do you think the sales and lettings markets will be contending with next year?

Theresa Wallace:

You mentioned then about those figures. I can just quickly tell you that we launched seven units in Manchester recently, and literally nearly instantly we had 92 inquiries. Now that's unprecedented, and that shows you that the lack of stock at the moment is something that I don't think I've experienced actually in over 30 years.

Richard Blanco:

Who would have thought it after a pandemic. I mean, it's very strange what's happened to the market this year, you couldn't make it up, could you?

Theresa Wallace:

No, you couldn't.

Richard Blanco:

What can you tell us, Theresa, I know Savills is quite involved with the international investor market. How is the international investor appetite evolving? Because we know from sort of 2014 onwards, we saw a real fall, particularly in prime central London. There are other prime areas in the country where international investors have tended to invest. They were put off by changes to the tax regime. Are they starting to come back now? Are they seeing the UK as a safe Haven?

Theresa Wallace:

Yeah, I think overall, since the travel restrictions have eased, we are seeing a return of international investor appetite. However, not all of it is buy, to let, there are some who, they're purchasing for an

occasional home in the UK or on behalf of students to live here during their studies. But when we looked at different areas, the Middle East, there's a significant uptick in demand, especially with travel easing there, and that's both the secondhand and new homes. India, they seem to be focused on core market stock, and we've also seen a recent spike in Americans buying in the prime and super prime markets, particularly in the country. Then Hong Kong, still very active in the new homes market, but travel restrictions have made it hard for secondhand and traditional housing purchases, where they're more inclined to come and view. But I think buyers from Hong Kong and China, they are shifting towards larger apartments with sort of short to midterm rental investment, but potential longer term if it's for their own or their family use. So overall, appetite is still there.

Ben Beadle:

Russell, maybe I'll bring you in at this point, strikes me that the housing market here is incredibly resilient. It's been strong for a very long period of time. Surely are we due a correction anytime soon? What's your outlook?

Russell Quirk:

Well, it certainly defied most of the experts who prophesized all sorts of doom and gloom, didn't they? A 35% drop in house prices as a consequence of the pandemic, and of course the exact opposite has happened. The market of course has had a lot of stimulus, not just from the stamp duty holiday, which of course everybody benefited from, landlords and maybe less so first time buyers, because they were already off the hook for stamp duty anyway. The significant stimulus, the one thing that's driven house prices over the last decade or two has been ridiculously low interest rates. So it's had a lot of help and I suspect will continue to have that help if the market starts to falter. I do expect the government, I think, to step in with something or other in the future, because I think the government now understands that a healthy housing market underpins a healthy economy, one leads to the other.

Russell Quirk:

Will we see a correction? Look, we certainly will not see a drop in property values in 2022, and if there are still so-called experts out there saying that's going to happen, then they need to go back to school, frankly, because the fundamentals are too strong in terms of lack of supply, demand, low cost of money, and as I say, stimulus, and also a lot of people that are now deciding that they're going to buy despite stamp duty holidays, they didn't want to put their best foot forward during the uncertainty of the pandemic, and I think Theresa's exactly right in terms of where foreign buyers, overseas buyers come in. Of course, that's, what's held the London market back for the last two years, and what we'll now see is as different countries open up, because of course we are very aware that Middle East, China, Europe are all going through different stages of COVID and a reaction to COVID as their, whatever it is now, third, fourth, fifth wave.

Russell Quirk:

We will start to see that coming back strongly, particularly actually, if we are more COVID resilient as a country, as well as having a decent growing economy and so on. So I don't expect to see a correction, but I do expect to see a softening of growth. My prediction, of course there's no such thing as one market anymore, so anybody that tries to tar the market with one brush, you can no longer do that. But if we were looking at ONS figures in 12 months' time, I suspect UK wide, we will still have seen an increase in UK property values of about four or 5%.

Ben Beadle:

And do you think that the levelling up agenda, thinking about the shift from South to North in that way, it might have an impact on capital growth over the medium term?

Russell Quirk:

It's definitely having, and I think there has already been a rush to the North on certain international buyers. I mean the Middle East in particular, my friends up there, and actually believe it or not as a consequence of the investment in Newcastle Football Club, I've got a client StripeHomes who have said, "Look, we are being inundated now with inquiries from that part of the world, because they think that will lead to area regeneration and therefore house price increases and of course demand from tenants and buyers." So I think some of that's already happened. I think the throwaway levelling up Northern Powerhouse lines do not in themselves balance the national economy, so that Manchester, Birmingham and Leeds are as strong as London. London will always be London for a whole bunch of reasons, culturally, economically, and so on. So I think that, do we need to see a balancing? Yes, but London is always going to be the centre of our economy, and I don't think there's any change in that.

Richard Blanco:

Looking at the Savills figures, they predict that over the next five years, London will be the weakest region with 5.6% of capital growth and the strongest in Northwest 18.8%. So they are banking on stronger capital growth in the Northwest. Jamie, you are based in Hertfordshire, I'm based in London as well, I haven't bought for two or three years. I mean, what's all of this looking like to you, Jamie? Is next year going to be a good time to buy? Are you holding? Are you selling? What are you up to?

Jamie Fraser:

It's possibly a combination of those things. I think as far as next year is concerned, we've got nothing to worry about. If you happen to believe in the 18-year property cycle, the next kind of crash or correction is 2026, and I would strongly suggest from the way things have been in the last year or so, and going forward that will be the way it pans out. I think for the next two or three years, it's going to be fine. If you're in the Southeast and you hold, even if that correction were to occur in four or five years' time, you will come out the other side stronger because every correction reestablishes itself to a higher point than before. So as long as you're not buying in 2025-ish, looking for a short exit, I imagine that things are going to be good. Certainly, here where I am, prices are very, very strong, indeed. Very strong, and I can't see them getting any weaker.

Richard Blanco:

Do you have any fears around Brexit, Jamie? Because I've always thought that I have quite a lot of Eastern European tenants in London and there's a bit of me that thinks where is that supply of tenants going to come from in future? What are your feelings on Brexit and the impact it could have on lettings?

Jamie Fraser:

I have no fears of it at all actually. I rent to a lot of Eastern Europeans, myself over two towns, Stevenage and Peterborough. They've always been a very strong side of the market. But in all honesty, I haven't seen any weakening. I had one family who went back to Poland which was mainly planned anyway, because they were having children, they wanted to raise their children in Poland, but all of my other Eastern European tenants are still here, I still get inquiries regularly from Eastern Europeans, and I have

the distinct feeling that even if they were all to go, certainly where I am in the Southeast, there would be an endless queue of people waiting to replace them. Each property I market gets between 15 and 20 applicants almost immediately. So I don't have any fears about it, myself, no.

Ben Beadle:

Wow. Vanessa, what's your thinking on Brexit and any associated impact on lettings?

Vanessa Warwick:

I just quickly wanted, just to clarify something. Earlier, I was asked what the Property Tribes communities' thoughts were, I am actually still very committed to property investment myself, and still very optimistic about it. There are many different flavours of property investment. As Russell said, everything is a micro or even macro-market, it can differ from one street to the next. Local knowledge is everything in property investment. So I'm still feeling positive about it, I'm still very committed to it. I'm expanding my holiday lets, they're not subject to all of these rules and regulations and you're dealing with guests, not tenants. So I'm completely still on board with everything to do with property investment, I have been for the last 20 years, always serve me well and I believe it will continue to do so. To answer your question, Ben, Brexit on its own is a massive thing, then we have a worldwide pandemic.

Vanessa Warwick:

Those two combined together, they're huge. I don't know what impact they're going to have, but I do believe that they are going to have some kind of impact, how long that takes to come through. I worry about sustainability of all the activity that we have going on at the moment. When you see places like the big cities up North, they have hundreds of thousands of apartments and tower blocks in the pipeline. How sustainable is that, in terms of people wanting to purchase those? It's very, very tricky, but I think it's just knowing your local area, making wise investments decisions, and then just really committing to seeing those decisions through over the long term, and if you do that, I think you'll come out of it okay.

Richard Blanco:

Just wanted to bring up this issue of whether the low interest rate era is coming to an end, just very briefly. What's your instinct on that, Jamie? Do you think we're going to see a hiking interest rates next year?

Jamie Fraser:

That's a tough one. I should think a small rise is on the cards and it's been discussed long enough now for us to think that that's probably going to happen. But then I also tend to echo what you said earlier, which is that they talk about these things an awful lot and nothing really changes. Certainly from a personal perspective, I'm not really at all frightened of any interest rises, they'd have to go up quite substantially before they hurt me. But it's difficult to say. I think if they were to go up, it will probably be by a very small amount.

Richard Blanco:

And Theresa and Russell just briefly, any thoughts on that?

Theresa Wallace:

I think we will see an increase. When you look at the retail price index, that's just been announced recently, it's the highest that I've known it in I think in over 25 years. So this pressure coming isn't known and I don't know how far it'll go, but I do think we have got some rises on the horizon at some stage.

Richard Blanco:

But I think those inflationary pressures will fall out. I mean, it's about the hiking gas prices and various other fall outs from the pandemic. So I think that's going to level itself out soon. I don't know, Russel, briefly if you've got anything else to add?

Russell Quirk:

The reason I think that rates didn't go up by way of the last meeting of the monetary committee was because they realised that the things that are driving inflation are completely outside of the consumer's control. So what's the point in penalising the consumer by way of higher rate costs when we are talking about, energy, for instance, the [inaudible 00:22:08], the behest of Vladimir Putin and his mates. So it seems pointless. I do think we'll see a rate rise, unfortunately, because that seems to be what it is, the only mandate that the Bank of England have, which is to control inflation. I also agree that it will be temporary. And of course, we were bound to get an inflationary spike as we recover from the pandemic. So I think we'll see a small rate rise, and by small I mean a quarter or a half. So wow, we'll end up with base rates at maybe half a percent. I think most of us on this panel, remember when they were 10 to 15%, don't we?

Richard Blanco:

Not quite old enough for that one, Russell. But yes, we do remember those horror stories. It's incredible, isn't it? We've been living with low rates for so long. I think the last time interest rates were 5.75% was the 5th of July, 2007, and they were reduced to half a percent on the 5th of March, 2009. So that's how long they've been this low for. This is Listen Up Landlords, and today we're discussing our predictions for 2022 with Russell Quirk, co-founder of property PR agency, Proper PR, Theresa Wallace, head of customer services at Savills, Jamie Fraser, Hertfordshire based portfolio, landlord and campaigner, and Vanessa Warwick, broadcaster and founder of Property Tribes.

Ben Beadle:

Right, folks. We are moving onto broader policy issues now. The Renter's Reform Bill, Theresa, you've joined me on a few of these white paper discussions with the minister, Eddie Hughes. What's your take on the situation?

Theresa Wallace:

The government are beginning to understand the difficulties surrounding such a huge change. You can't abolish Section 21 without many other things having to happen, and one of them is court reform and there just didn't seem to be any appetite for that. Obviously, that means investment as well. So the other thing is, I don't think abolishing Section 21 is going to meet the objective, and I think that's what the government should be looking at. It's the lack of social housing that is the real problem, and expecting landlords to fill that gap. That's not really what the PRS has grown into. I mean, we could talk about this for hours, I know, but it remains to be seen what they actually decide, but the fact that it's been delayed because I think it is such a complex change, there are so many other factors that have to be taken into consideration and that have to come into play before they can actually abolish it. So it would be interesting to see what they do and I just hope they make the right decision for everybody.

Ben Beadle:

No, I absolutely agree with that. And you mentioned, Theresa, about the need for social housing in Wales, the idea of rent control with applied and labour working together. Do you see the PRS shrinking? Do you see any significant investment in social housing going to happen?

Theresa Wallace:

I don't see it shrinking, certainly not in the short term, not with the way that the demand is and the way that the supply is changing. I mean, Build-to-Rent, I think the government think that that will plug the hole for the landlords that we are losing, and it certainly will plug a hole, but let's remember, it's under 2% at the moment of the stock. Having said that, there is massive investment going into Build-to-Rent, and you've got some big names that are entering it, and looking at building a substantial number compared to what we've even got at the moment.

Ben Beadle:

I mean, you're right. Even if the whole pipeline of Build-to-Rent is actually constructed, it will still only equate to 5% of the total housing stock rented. So if you do have some smaller landlords exit the market, and the point I made to Chris Pincher a few weeks ago was by all means, Build-to-Rent is one of the tools in your toolbox, isn't it? But so are small landlords, so ought to be more homes built that are affordable.

Theresa Wallace:

Absolutely, and also Build-to-Rent needs to diversify because two bedroom apartments, yes, there is a need for them, but we need family homes, and that's what a lot of the private landlords provide is the family homes that we need for families with children with some outside space. So I feel there is always a place there for the private landlord.

Richard Blanco:

Russell, I want to address this issue of landlords bailing out. In some of our figures with NRLA research show that 20% of landlords wanted to reduce their portfolios within the next 12 months, that was about halfway through 2021. 14% wanted to increase, so there was a kind of net number of lands that wanted to reduce the amount of properties, and some of that is because of the abolition of Section 21, one might assume the extra burdens of energy efficiency. What do you think, Russell? Do you think we're going to see the PRS starting to shrink when we see the next sort of English Housing Survey?

Russell Quirk:

I don't think so, and I think there's probably a big difference between what a landlord might say in a survey in the heat of the moment and what they actually do. I think it's very, very easy to say, "Look, I'm a bit miff now that the government keep bashing me," and so you think that you are going to bail out, but then when you actually look at the numbers, and look the data, the statistics, the facts that show that it used to be 70% of households were owned. That's now down to about 60%. What has to fill the gap is the PRS, right? So clearly demand is increasing. We've still got traditional demand factors around people living longer, so forget immigration for a second. People are living longer, and also over 20% now of all households are single occupier. So demand is not going away.

Russell Quirk:

So I think if landlords think that yes, they are in some ways being penalised, particularly around Section 21, because there is no such thing as no fault evictions, this is a myth that's been pedalled by the media. So I don't think PRS is shrinking because I think in the cold light of day, landlords will realise that demand is there, rents are going up and the returns are still pretty good. Despite, as I said at the beginning I suppose, the fact that there is some friction being turned on landlords in terms of legislation and policy coming down the tracks. But I still don't think that's enough to deter landlords that really know their stuff from taking advantage of what is actually a healthy asset class.

Richard Blanco:

Jamie, where are you on the issue of MEES, that's energy efficiency standards? I've got mostly Victorian houses. The prospect of me getting them to see by 2026, that's the latest date that I've seen, I just don't know how I'm going to do it. I mean, do you think this whole issue is starting to bite now? Are landlords starting to think and worry about it?

Jamie Fraser:

Yeah. I think this is one of the quieter issues really, behind regulation and legislation and tax, which is really going to come to the floor. I think this is going to cause an awful lot of problems for an awful lot of landlords. I also worry about the number of landlords who actually aren't aware. We know from our time at the NRLA that lots of landlords do not keep up with legislation and they're going to fall behind and are probably quite a lot of properties and not going to meet these standards either because the landlords aren't aware of their obligations or because it isn't possible for them to do it, and consequently, I think it's inevitable that some of those people are going to be forced out of the market, and that only tightens supply, doesn't it?

Richard Blanco:

Theresa hinted that there could be some changes around Section 21. Do you think, as I kind of fantasised at the beginning of the podcast that Michael Gove might sort of bring in some sweeping change and decide to keep it?

Jamie Fraser:

Well, from your lips to his ears, really, I mean, I would love for that to be the case, but I don't see it. So I don't see that Michael Gove, whatever his personal feelings may be, I don't see that Michael Gove is going to change anything that the government hasn't fantasised already.

Richard Blanco:

You've campaigned against the Section 24 finance changes, and you pointed to the fact that in Ireland, there was a reduction in the size of the private rented sector because of similar finance changes there. Do you think we might see an English Housing Survey that shows the PRS shrinking and the government might do some kind of U-turn on Section 24?

Jamie Fraser:

Well, again, this has been my passionate wish for the last five years now. We did see that in Ireland and we are seeing it here. Rents have risen considerably, homelessness has gone up considerably, I personally put that all down to Section 24 and we have seen the PRS shrinking. The official figures in our own magazine show this to be the case. We're down from what, 20.7% to 18.7% across the country,

and in the Southeast, it's down to 16% of the market being in the PRS. We've seen the obvious consequences of that in rents and homelessness. So yes, there is no doubt in my mind that Section 24 is the cause of those problems. It has already been seen to be the case in Ireland, but sadly, I really do not think the government will ever backtrack on it. I think the right thing for them to do would be to admit it was a mistake and backtrack, but they're not going to and we will only see worse consequences as a result.

Richard Blanco:

Well, we want to end by having a brief focus on agents and that starts predictably with you, Theresa on this. Now, you'll remember the reform of Property Agents Working Group that was chaired by Lord Best, it reported in July, 2019, and it recommended that agents and staff should be licenced, that there should be compulsory qualifications, a regulatory body should be set up with a code of practise, and we've seen nothing happen since then. There has of course been a pandemic, minor matter, since then. Will we see any kind of revival do you think, Theresa, in 2022?

Theresa Wallace:

I wish. I don't think it would be 2022, but I wish we did. I know that there does still remain a ministerial commitment to professionalising the sector. So RoPA hasn't actually gone away, but it definitely is not high priority at the moment. There are so many other things I think on the agenda, like the Renter's Reform Bill, the Energy Efficiency, Section 21's, Lifetime Deposits, Landlord Register, Landlord Redress, so many things that they're looking at that I just think RoPA keeps getting pushed by back and back. But I'm a keen supporter of regulating agents, I think that's where they should start. They want to do so much with landlords, but I think start with the agents, get them regulated. That will improve a lot of the issues that are out there, and then move on from that.

Richard Blanco:

Where do you think the balance is heading, Theresa, between online and high street read agents? Savills has its own online agency as well, doesn't it, which is branded differently?

Theresa Wallace:

Yes. I think it's harder and harder for online agents because of the amount of legislation that we have to comply with. There is so much, and it's just growing. Year on year, there's more and more. You really have to know what you're doing now. Sometimes, it feels like you nearly need to be solicitors because of the amount of legal implications in everything that is done. But even though you've got online agents out there, I can't say that we have noticed a massive impact from them. I still think that the traditional agents, there is still a big place for them.

Richard Blanco:

And Jamie, I'm curious what's happening with you around this, because you know, I recently decided not to pay a high street agent, 2,500 to find me a tenant. I paid an online agent 29 pounds and found the tenant myself. I had to do a few viewings of course and place the advert and so on. Now, savvy landlords like you and I probably can get away with this because we know where all the legislations at, but do you detect any shifts here, Jamie? What do you think's the balance between online and the high street around agents?

Jamie Fraser:

Well, that's a difficult one. I've never been an agent, so I don't fully understand all the pressures that they have to contend with. I mean, I'm very good friends with a guy in Stevenage who had a franchise and took it out of the high street and put it online, and said it worked a lot better for him with all of the lower overheads. But really, I think Theresa has got a very good point. I think there should always be a place for traditional larger, more professional high street agents. In my mind, there is no substitute. This is the same with online shopping as well, by the way, there's no substitute for being able to walk into somewhere, see somebody face-to-face, have some physical interaction with paperwork. There's a lot less misunderstanding there, and there is somewhere where you can always go to get redress or queries answered. So I would like to see high street agents remain as much as possible.

Richard Blanco:

Ben, there was considerable consolidation between agents around 2019. I think there were 25,000 agents at the time and something like 7,000 in a survey said that they were showing signs of financial distress, and we saw quite a shift in the market then.

Ben Beadle:

That's right. I mean, NRLA research has shown that there's 168 pieces of separate legislation out there. So if the landlord isn't doing it, then the agent should be doing it on their behalf, and that is going to cause a great deal of pressure if you have a significant portfolio. So it would seem to me that added to things like the Tenant Fees Act that banned the collection of traditional admin and referencing fees, that would've squeezed some agents, particularly those that weren't able to diversify or be a bit more creative about their revenue stream. So it's no surprise to me that we see agents like Leaders Romans Group continuing to acquire smaller businesses. Russell, maybe bring you in here, you've got a view about online agents and the like, but do you think that we will see greater consolidation in this sector over the next few years?

Russell Quirk:

Do I think that online agents are going to have greater prominence? No. Because online agents have been around for 17 years and with all the money particularly, and you talk about the sales market with all of the money that has been spent on TV and Google Adverts and so on. If the proposition was going to work, then online agency from a sales perspective would have a much, much greater market share. Market shares actually dropped, so it got to an 8% peak, and it's now about 6%. So only 6% of properties that are transacted go through a so-called online estate agent, the likes of Savills, Yopa, and Purplebricks and so on. I think lettings is different because I think most customers as in sellers versus landlords understand the difference between the emotion that goes into buying and selling a home and the more transactional nature of a letting. So I think there's a huge difference as a landlord.

Russell Quirk:

And it's interesting that, Richard, you said what you did in terms of the disparity between the high street agent fee and an open rent or other online letting agent fee, I suppose, like if it's you and you know your stuff, then it works. But on the basis that a big chunk of landlords are not sophisticated, they don't have portfolios and their own admin staff and so on. I think I would definitely urge caution when it comes to kind of going into it with your eyes wide open. If you want help advice and as Theresa rightly says, when it comes to the raft of legislation of policy that exists and will continue to be added on, there is no substitute for a decent agent that charges a decent fee.

This transcript was exported on Dec 16, 2021 - view latest version [here](#).

Richard Blanco:

Well, there we have it, a veritable compilation of nuggets of wisdom and foresight for you to ponder and feast on over the festive season.

Ben Beadle:

Absolutely, and for more information on the topics covered in this episode, please head to nrla.org.uk, and if you follow the NRLA on social media, you'll be sure to keep up to date on the very latest issues, PRS.

Richard Blanco:

Listen Up Landlords is brought to you by the National Residential Landlords Association, and our producer, Sally Walmsley. But for now, thank you very much to all of our guests and to you for listening.