

RENTAL CONFIDENCE INDEX 2024

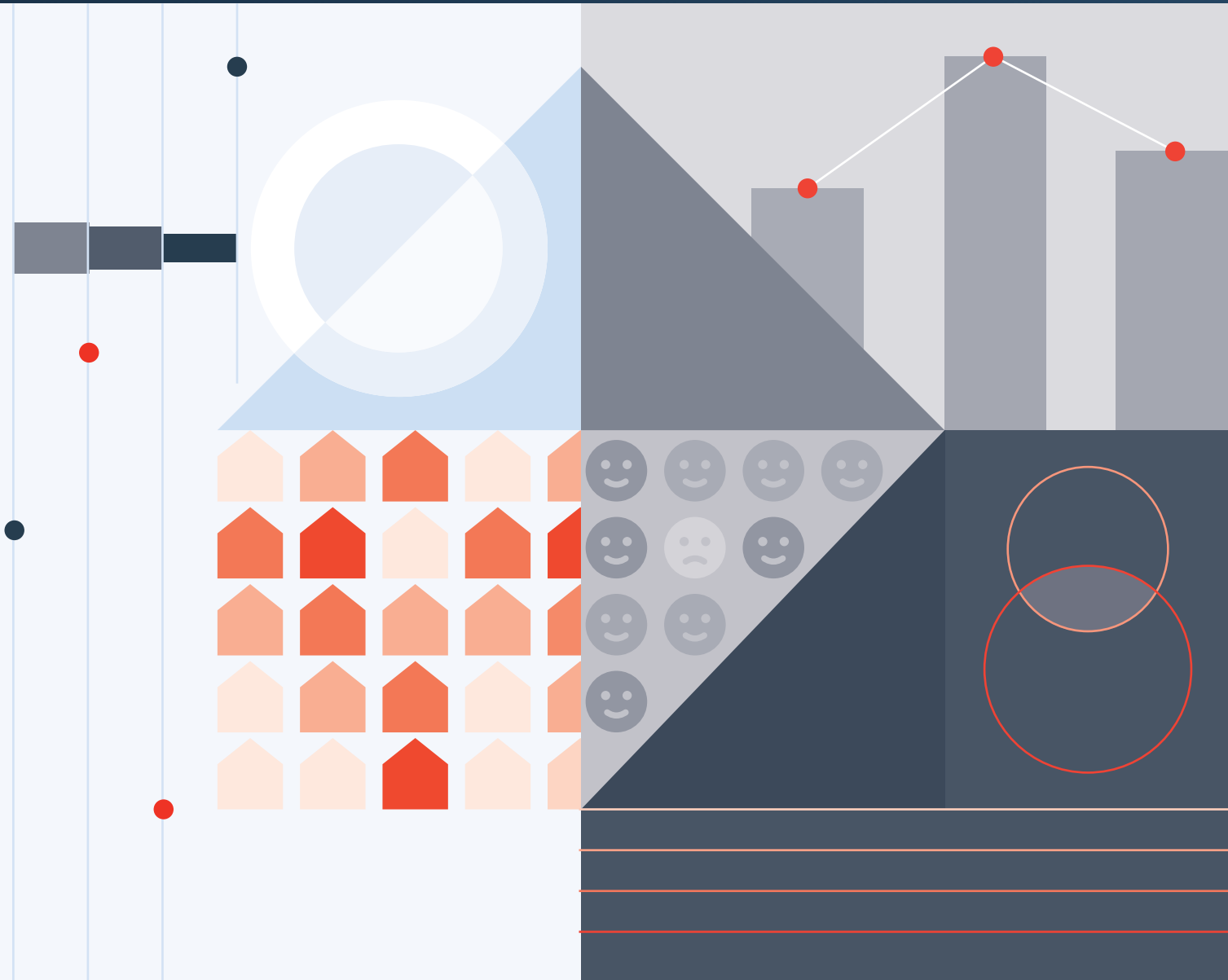


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Managing Director
PayProp UK

INTRODUCTION

Happier start to 2024 – but is the PRS out of the woods?

Landlords, tenants and agents alike faced tough times in 2022 as the private rented sector (PRS) was hit by rising rents, mortgage rates and inflation.

But throughout 2023 and 2024, the picture has changed significantly. Inflation is lower and mortgage rates are down. But how has this affected the fortunes of the lettings industry?

Landlord costs still high

For currently leveraged landlords it is certainly good news that mortgage rates have eased, but they are still at least double the levels seen in 2021. And inflation may have fallen, but the majority of costs in the [basket of goods](#) and services that make up that headline rate are still increasing.

For unleveraged landlords looking to invest in new stock, there may be bargains to be had in parts of the country that suffered a drop in property prices. Conditions there are pushing leveraged landlords to sell, with mortgage payments outstripping rent and tax bills.

The recent reduction in capital gains tax will also increase the sales yield and proposition for landlords.

But other changes to the PRS, including new or proposed legislation in Wales, England and Scotland, could put a dampener on any new investment. Indeed, the [Bank of England](#) has acknowledged that “the PRS has been moderately declining overall, although measuring changes in the size of the PRS is challenging. These trends reflect the regulatory and economic pressures facing BTL landlords”.

Tenants at affordability limit

Following last year’s rent rises, recent data from the Office for National Statistics (ONS) shows that the average London tenant spends 35% of their income on rent, compared to an England-wide average of 26%. As a result, many of them may well have reached their affordability ceiling, which the ONS places at 30% of income. It will be increasingly important for landlords with tight margins to work with letting agents who can help identify the right tenant at the right rent.

Rental income is a key metric for buy-to-let (BTL) lenders, making it hard for the 45% of BTL properties that are mortgaged to be re-mortgaged if their rental income doesn’t match the stricter lending criteria underpinning new, higher-interest loans.

For tenants who are struggling financially, wage increases and lower inflation will help.

The April rise in Local Housing Allowance may boost income for some, but others could miss

out on the increase if they exceed the benefits cap which limits the total amount a person can claim. Energy prices also rose by 5% in January, although these are forecast to fall by 14% when the new pricing arrangement is introduced in April.

Data from the Bank of England shows a steady increase from 10% to 14% in the share of tenants who were “in any rental arrears at some point in the last 12 months” – a concerning rise for landlords, but not the increase some might have expected given the pressures tenants have faced.

Brighter horizons

There is some evidence of returning confidence in the property market, with forecasts of a base rate cut if inflation maintains a downward trajectory. If wages continue to rise faster than inflation we could see more first-time buyers, relieving pressure on tenant placement in the PRS, as well as a drop in the percentage of income spent by tenants on rent.

But all of this depends on a stable economy, something that the Conservative Party will be hoping can reverse the poll lead that the Labour Party has over it as we head towards a general election. Which party will be trusted by landlords, agents and tenants remains unclear. All parties would do well to look at further reducing the tax burden landlords currently face and to support renters who are ready to move on from renting. These incentives could prove crucial as people go to the polls later in the year. ■

Key survey results

PayProp's annual Rental Confidence Index survey continued to draw responses from across the industry, but the largest group represented are estate agency owners/business partners (39.5%).

Technology

- The property sector remains positive about PropTech investment, with 68.5% of respondents agreeing that increasing automation is more productive and 70.2% agreeing that it is cheaper than the alternative.
- The majority of respondents feel automation will have a positive impact on their jobs over the next five years. While this marks a drop from the previous year (66.9% vs 68.4% in 2022), it may be because of increasing concern over fraudulent actors using automation to launch more sophisticated attacks on real estate businesses, or that more have already digitised and automated their processes and may not perceive much additional benefit from further digitisation.

Agents

- The majority of agencies continue to be based in the office, with a drop in hybrid working.
- Employee earnings growth matches or exceeds inflation, according to over 50% of respondents.
- Hiring is an issue, with 57.7% receiving only 1 to 5 qualified applicants for job openings. This could be exacerbated if agents are regulated and require specific qualifications.
- The biggest priority for agencies remains signing more landlords, and their biggest challenge is finding new rental properties.
- Almost half of respondents charge a 10% agency commission on rentals.
- Over 40% have guaranteed rent properties as part of the agency portfolio.
- Almost 30% of participants had considered selling their agencies, a 10% increase over 2022.

Landlords

- Over 80% of respondents expect landlords to increase rents in 2024.
- 54.4% say that landlords are selling or planning to sell some properties.
- The majority of properties sold by landlords (66.7%) are going to first-time buyers.
- Knowledge about compliance remains patchy. Respondents report that only 13.8% of landlords fully understand their legal obligations when letting a property.

Tenants

- Rent increases were higher than usual in 2023, mirroring media reports.
- Accordingly, there has only been a small uptick (27.4% vs 21.9% last year) in respondents reporting higher than usual tenant arrears.
- Demand also remains high: agencies marketing vacant properties find a tenant for 80% of empty stock within two weeks.
- The biggest reason cited by respondents for tenants moving (50%) is that landlords are selling the property.

Regulation

- Respondents are well aware of proposals made to regulate the PRS across the UK, with only 2.4% unaware.
- 46.8% are neutral on the proposed regulations, perhaps reflecting the changes and concessions that have been sought as the Renters (Reform) Bill has progressed through Parliament.
- However, a significant minority (35.5%) have a negative view of these proposals, suggesting more work is needed to sell it to the industry.
- 87.1% of respondents feel that the government favours tenants more than agents or landlords.

Future

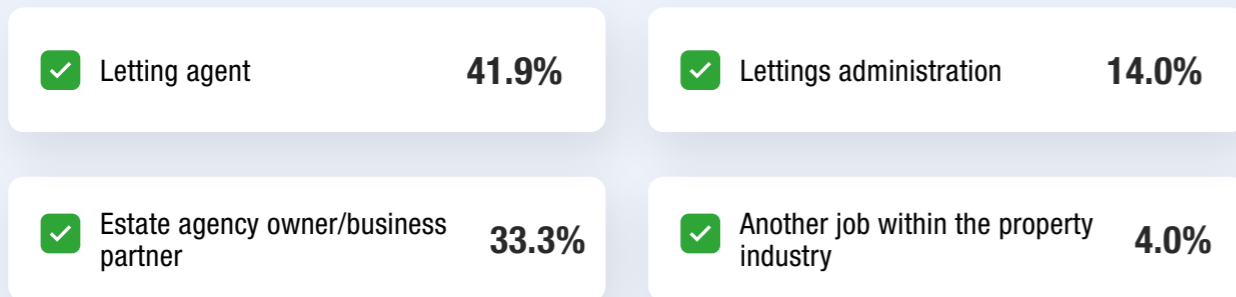
- The majority (51.6%) feel optimistic about the future of the private rented sector.
- Over 65% of respondents expect to still be working in property in five years. ■

Who took part?

In late 2023, we once again invited our clients and other property professionals across the UK to air their views and share their experiences in PayProp's annual industry survey – the cornerstone of our Rental Confidence Index.

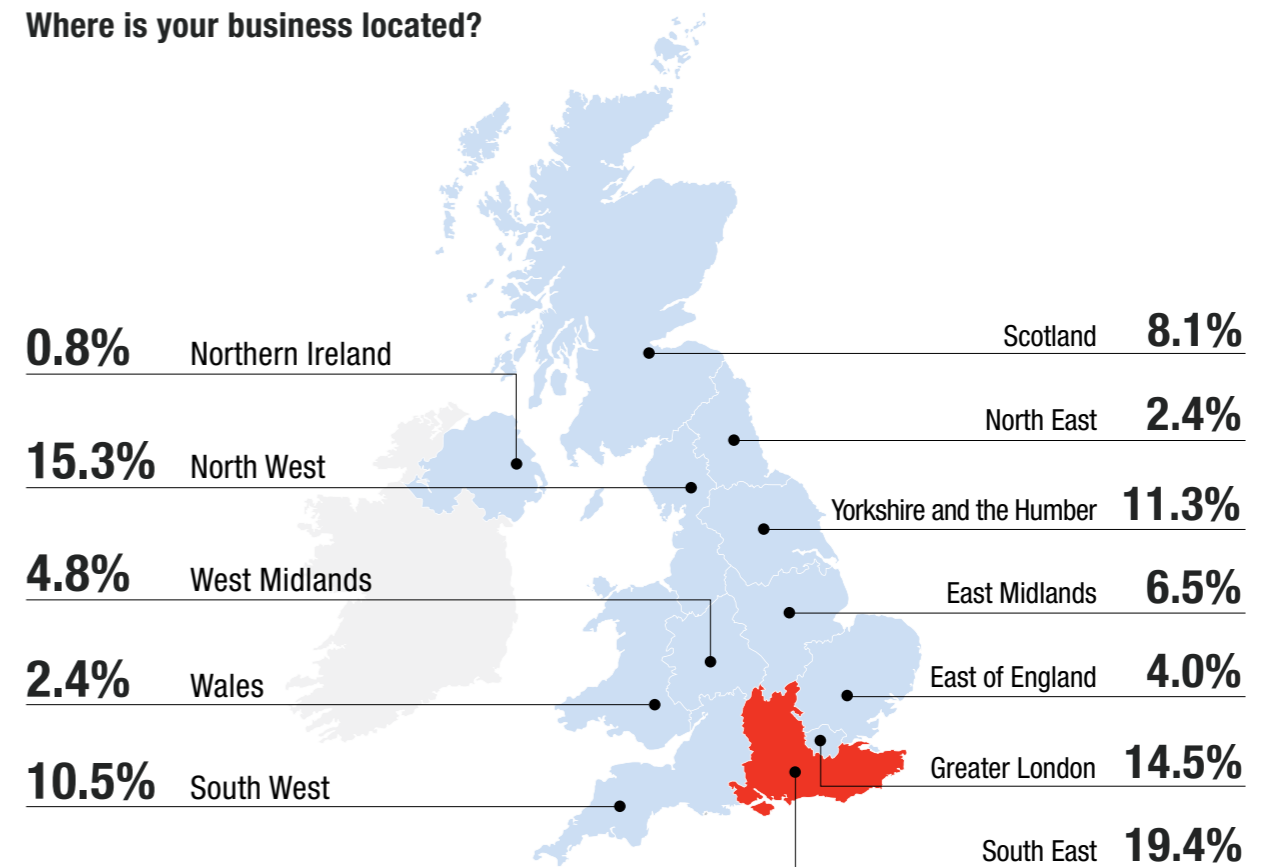
As before, the objective was to gain insights into their confidence in the industry, views on regulation and prospects for 2024. We also asked respondents for their perceptions and experiences of PropTech, the current state of their business and prevailing rental market trends. Below, we run through the results, sharing the expert views of property professionals on 2023 and their strategic approaches for 2024.

Once again, our survey attracted a **wide range of interest** from across the industry.

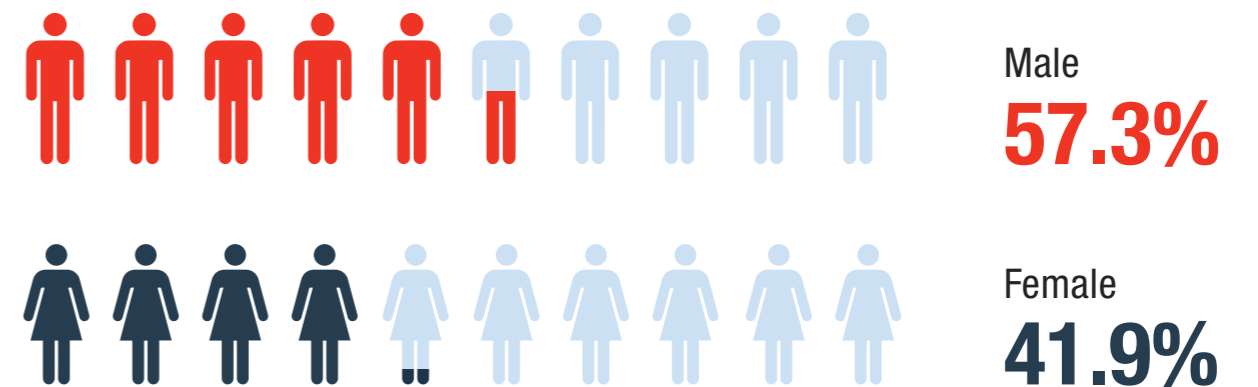


PayProp users made up 87.9% of respondents.

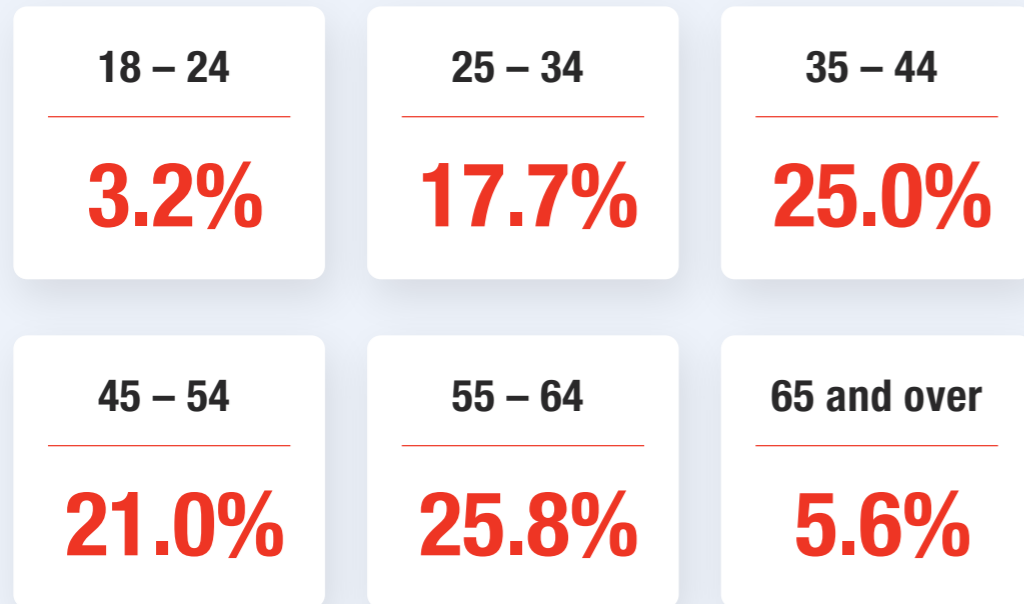
Where is your business located?



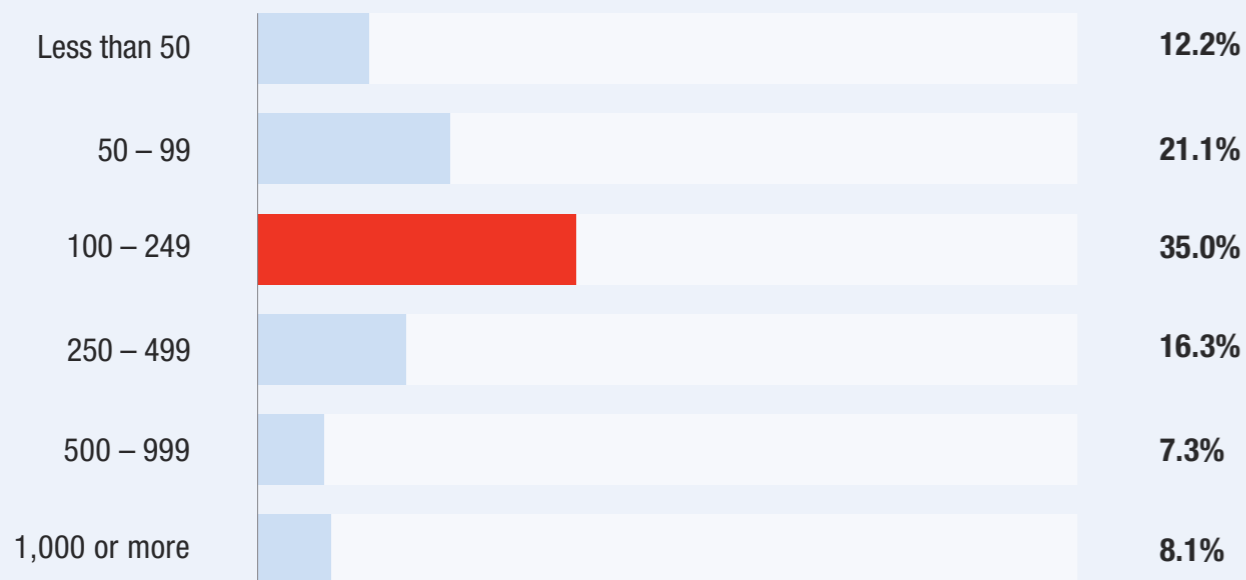
Survey participants' gender



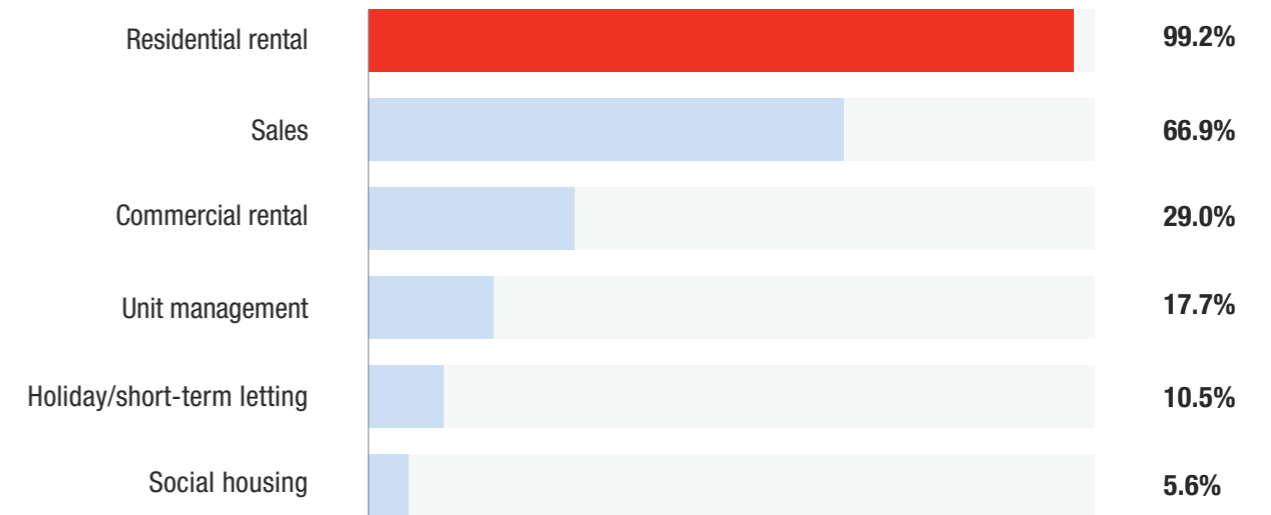
How old are you?



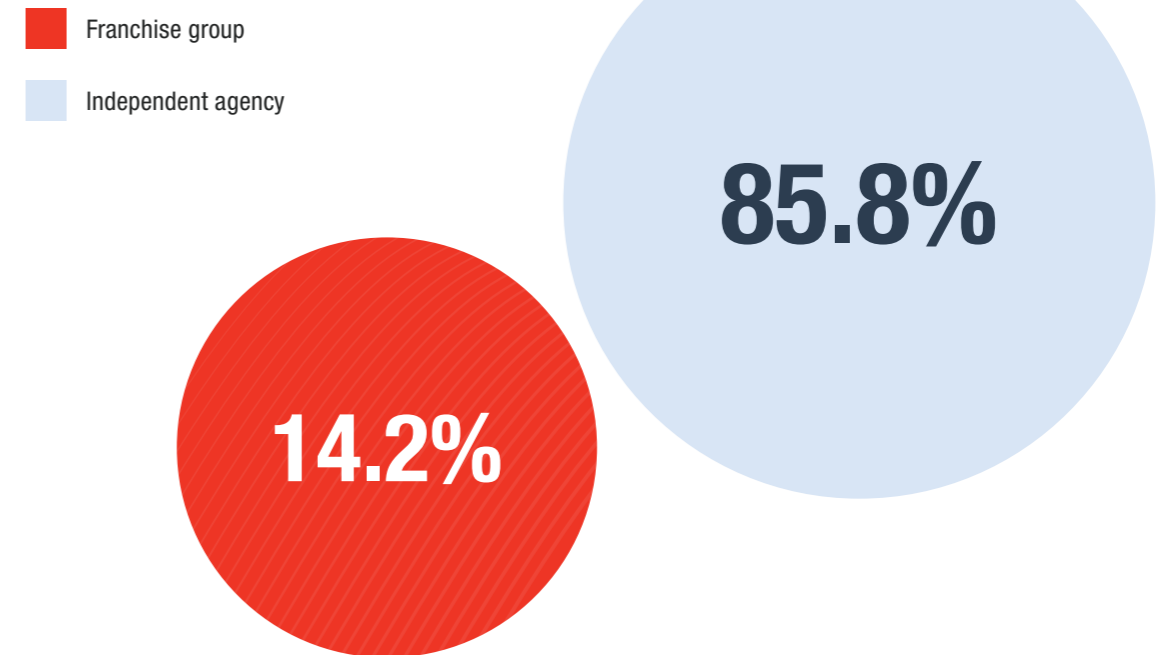
Approximately how many properties do you/does your agency manage?



What services does your agency offer?



Are you part of a franchise group or are you with an independent agency?



Agencies that use PayProp grow on average 20% in the first year.

*Percentage based on average growth increase of PayProp UK clients from 2020 - 2023.



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Technology and automation

Technology has freed many lettings professionals from endless admin tasks, unlocking team capacity across the country and around the world to focus on building the relationships that make the property industry. But **what do industry experts look for when investing in technology, and how do they see it impacting their business?**

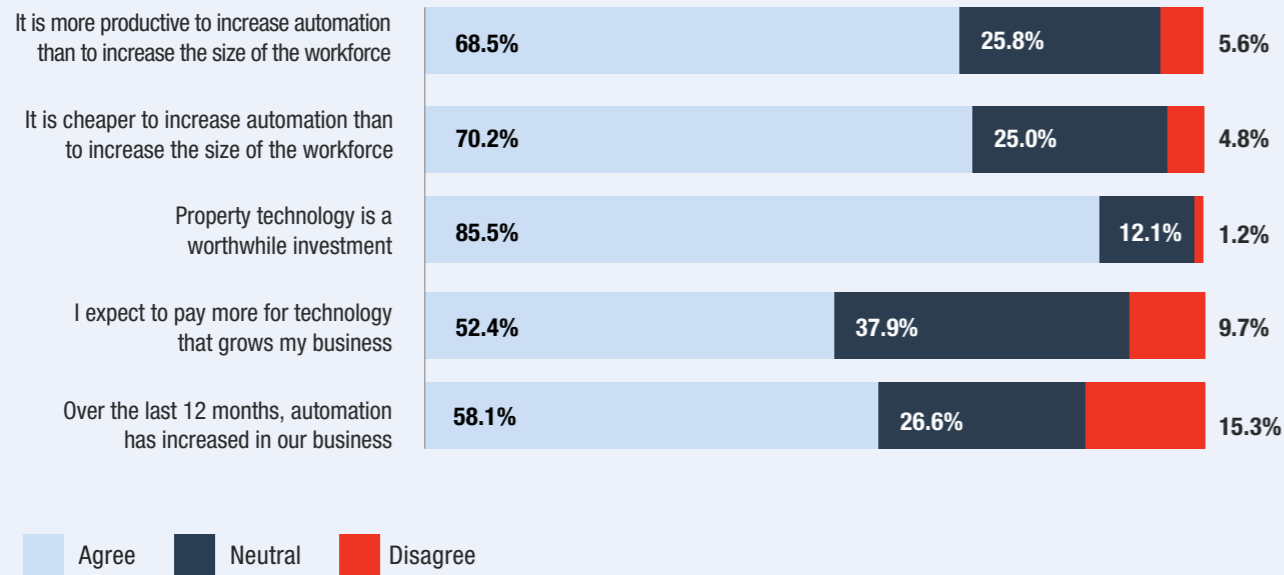
Return on investment

In our 2022 Index, strong majorities believed that increasing automation is more productive (64.6%) and cheaper (65.1%) than expanding the workforce.

The 2023 data indicates that this view has become entrenched, possibly because of [higher wages](#) seen in 2023: 68.5% agreed that increasing automation is more productive, and 70.2% agreed it is cheaper.

The willingness to invest in PropTech also remains high, with 85.5% agreeing it is a worthwhile investment, compared to 80.7% in 2022.

Benefits of technology



Function over form?

As the lettings landscape continues to evolve in a year typified by high rent prices and low stock levels, so do the **priorities of lettings professionals.**

In 2023, functionality emerged as the primary concern among those surveyed, with a massive 73.4% naming it their top criterion when selecting PropTech solutions.

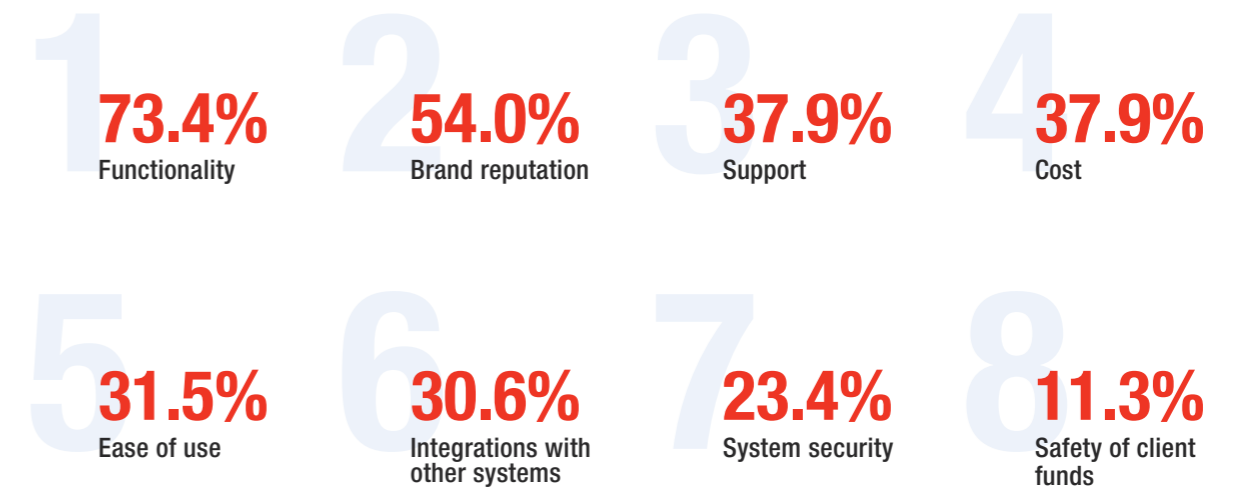
The brand reputation of PropTech tools is also a significant consideration, putting it in second position with 54%.

Online reviews, recommendations from fellow property professionals and industry awards will all help drive businesses' buying decisions. It is also noteworthy that support climbs to the third spot, highlighting the growing importance of responsive and accessible assistance in navigating the complexities of modern lettings management.

Integrations with other systems (30.6%) and system security (23.4%) continue to feature strongly, albeit slightly less so than the previous year. Nevertheless, these remain integral buying considerations.

Notably, safety of client funds fell in priority, taking up eighth position with 11.3%. This may indicate a growing confidence in existing safeguards or a heightened focus on other aspects of tech adoption.

PropTech buying considerations



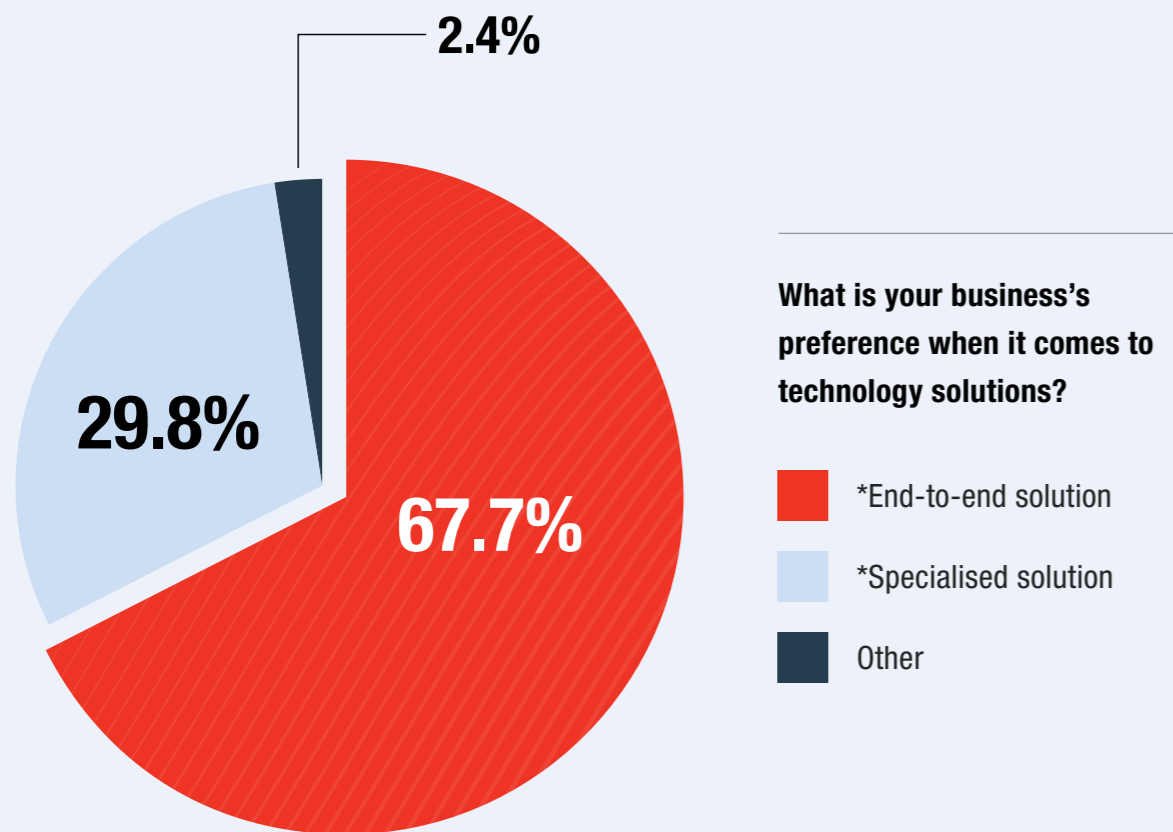
Participants ranked the PropTech selection criteria in order of importance.

For example: 73.4% of participants ranked functionality in their top 3 criteria for selecting PropTech

Data from the 2022 survey

Safety of client funds: 80.6%	Cost: 36.8%	Ease of use: 14.8%
System security: 60.0%	Functionality: 36.1%	Integrations with other systems: 5.2%
Support: 38.1%	Brand reputation: 28.4%	

This focus on functionality is also evident in a follow-up question, where **over 65% of respondents said they prefer end-to-end tech solutions** rather than specialised platforms.



**End-to-end solution: Provides a more integrated approach, covering multiple aspects of a given business operation.*

**Specialised solution: Excels at addressing a specific need within your business but doesn't necessarily address the broader range of needs.*

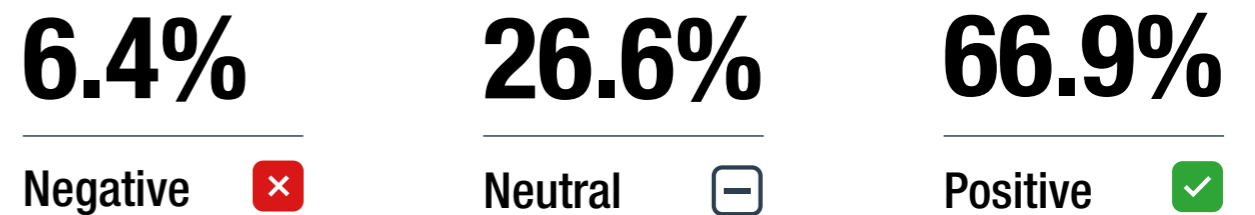
Impact of automation

In our 2022 survey, a big majority (68.4%) were positive about the ongoing impact of automation on their jobs over the next five years. The **new data shows a more diverse range of opinions**: 66.9% still had a positive view, but those with negative views increased to 6.4%.

This change of attitude may mean respondents have already automated the processes they feel could benefit from it, and see limited scope for automation beyond that. Alternatively, views could have been influenced by multiple warnings from the likes of [PwC](#) and [others](#) on the potential for generative AI to be used to commit fraud, increasing the workload of letting agencies and putting their clients at risk.

However, AI may be equally useful in detecting fraud by allowing agents to filter out fraudulent rent applications, property listings and documents.

What impact do you think automation will have on your job in the next five years?



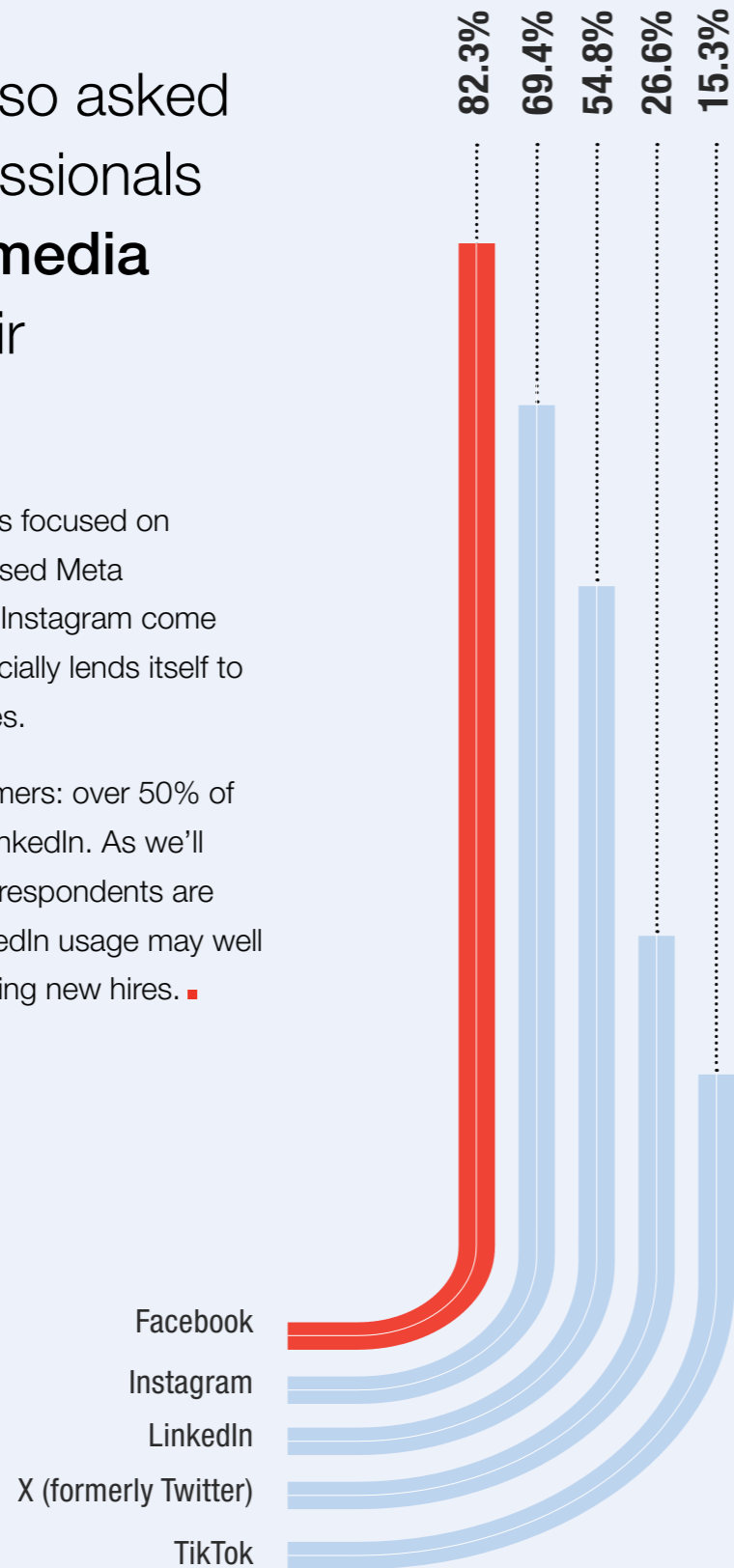
Social media

In 2023, we also asked property professionals which **social media platforms** their agency used.

Not surprisingly for agencies focused on lettings, the consumer-focused Meta networks of Facebook and Instagram come out on top. Instagram especially lends itself to showcasing rental properties.

But it's not all about consumers: over 50% of respondents actively use LinkedIn. As we'll later discover, over 30% of respondents are currently recruiting, so LinkedIn usage may well be driven by agencies seeking new hires. ■

Which social media platforms does your agency use?



Agents

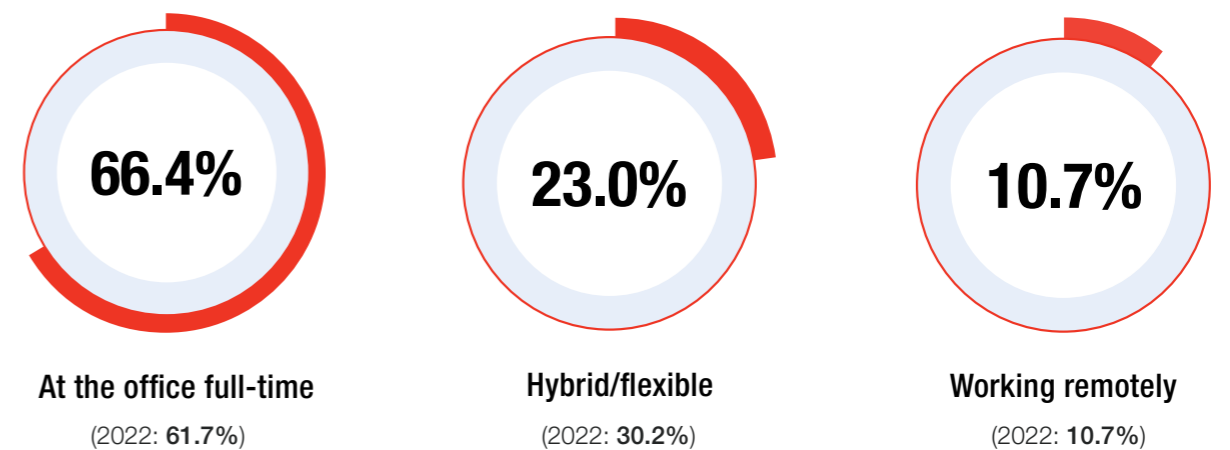
Employee spotlight

Extrapolated from the survey results, most **PRS professionals are currently working in the office full-time (66.4%)**.

Meanwhile, 23% of respondents reported a hybrid/flexible work arrangement, and 10.7% said they work remotely.

However, fewer property professionals said they have a hybrid working arrangement (versus 30.2% in 2022). Being based in the office full-time remains the most popular option, so while some agencies have adapted to remote work, most still prefer teams to be together in person.

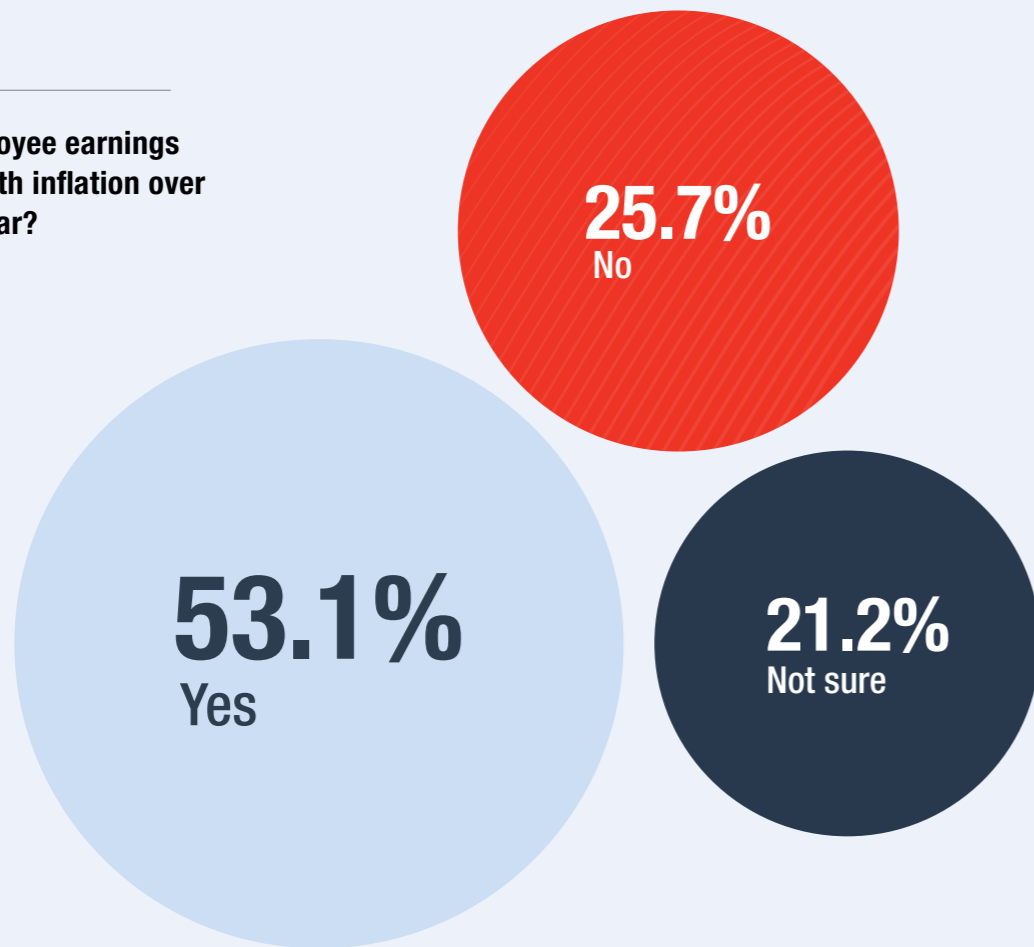
Currently, our team is:



Despite the ongoing cost of living crisis, most respondents said their wages are keeping pace with inflation – an important consideration for keeping property professionals in the private rented sector.

However, over a quarter claim their earnings have not risen to take account of inflation. Despite [record rent increases](#) in 2023, there are [fewer properties](#) to rent and sales have also [fallen](#), perhaps limiting some agencies' options to increase pay.

Have employee earnings kept up with inflation over the last year?

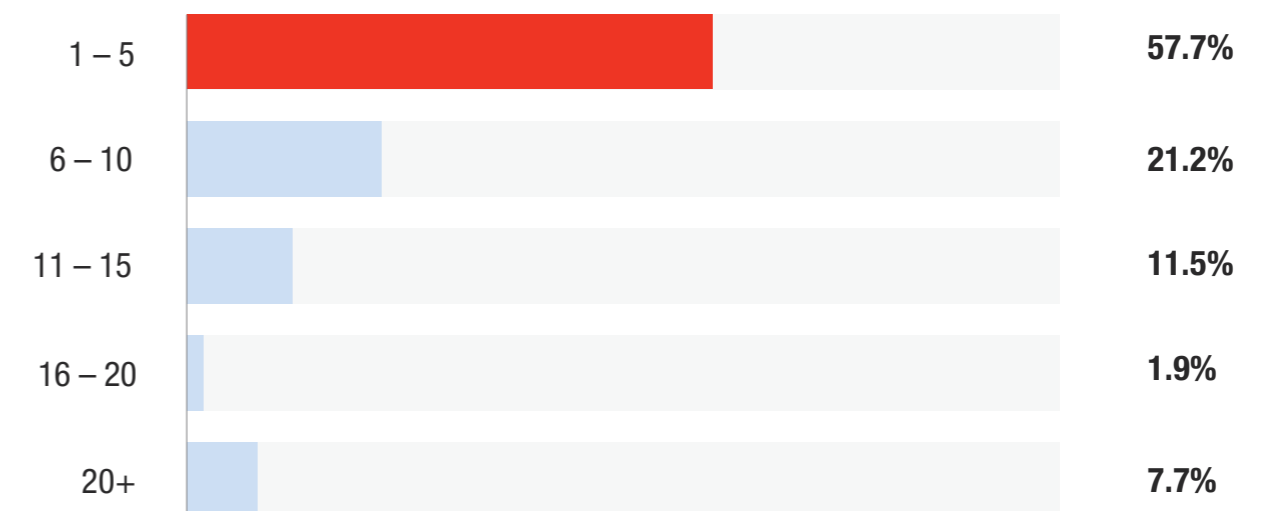


Over 40% of respondents said their workplace was recruiting, but **are there enough qualified applicants out there to fill the vacancies?**

Despite job vacancies dropping in consecutive months since the [highs](#) of May 2022, the average agency job listing is only attracting 1 to 5 qualified applicants, although the majority of respondents reported earlier that employee earnings in the industry are keeping pace with inflation. This suggests the wages on offer are attractive to applicants.

The current lack of talent could also become more acute if [proposals](#) to regulate the property agents become a reality and agents are required to gain qualifications to undertake sales and letting activities.

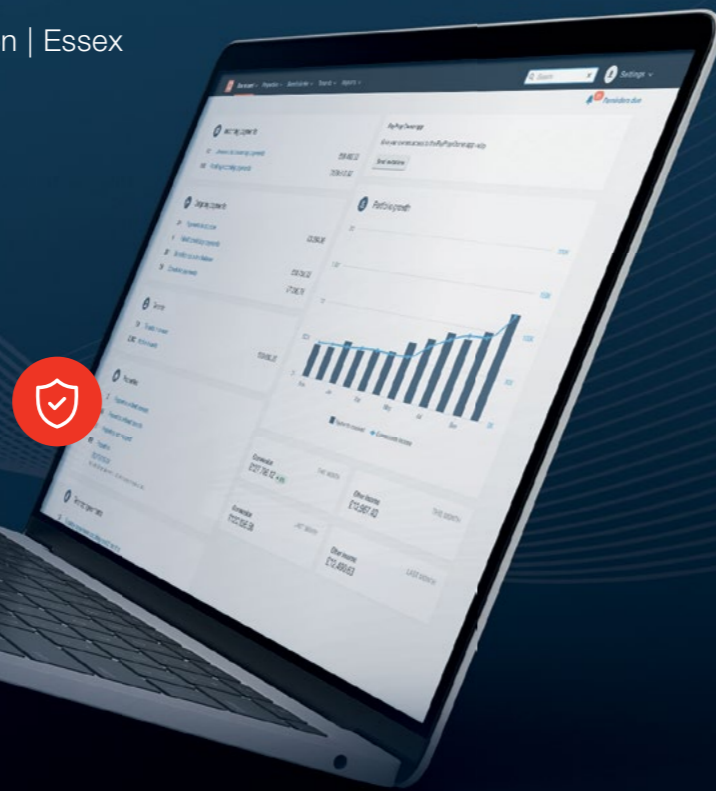
If you are recruiting at the moment, on average how many qualified applicants are applying per job post?



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Neil Baldock
Charles David Casson | Essex



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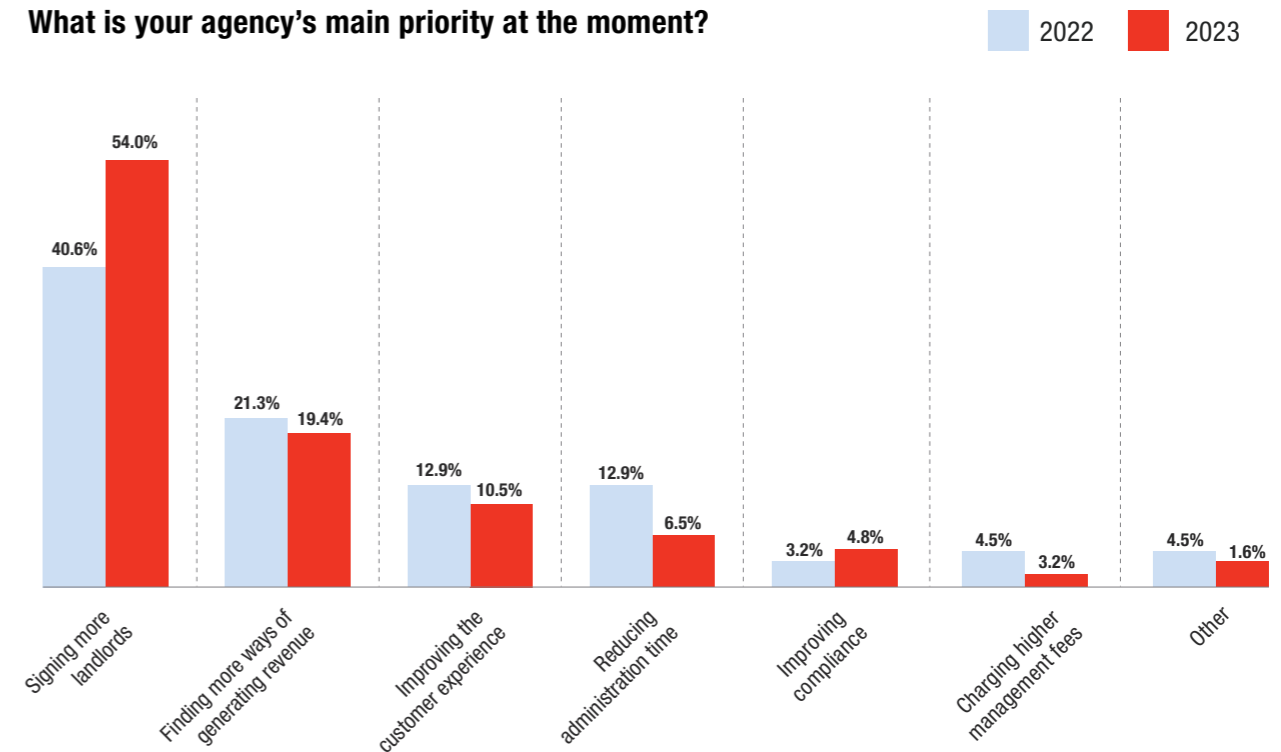
Business priorities

In 2023, **signing more landlords continued to be the biggest focus** for those surveyed, with 54% listing it as their top priority – an increase of almost 15% on 2022.

This is not surprising, as statistics suggest that more landlords are exiting the sector than are entering it. Monthly commission payments also provide property businesses with a stable income when sales are sluggish. At the other end of the scale, charging higher management fees fell to the lowest priority recorded, from the third-lowest in 2022.

Despite rising costs for businesses due to high interest rates, it seems most agencies are content with their commission structures. As we will see later, most respondents take commission as a percentage so rising rents will have also increased their commission amounts without changing the percentage they charge.

What is your agency's main priority at the moment?



The biggest reported challenge for those surveyed remains **finding new properties.**

With such a large number of landlords reducing their portfolios, this trend looks set to continue. Complying with regulations also moves up the list of challenges, as more legislation looks probable in 2024.

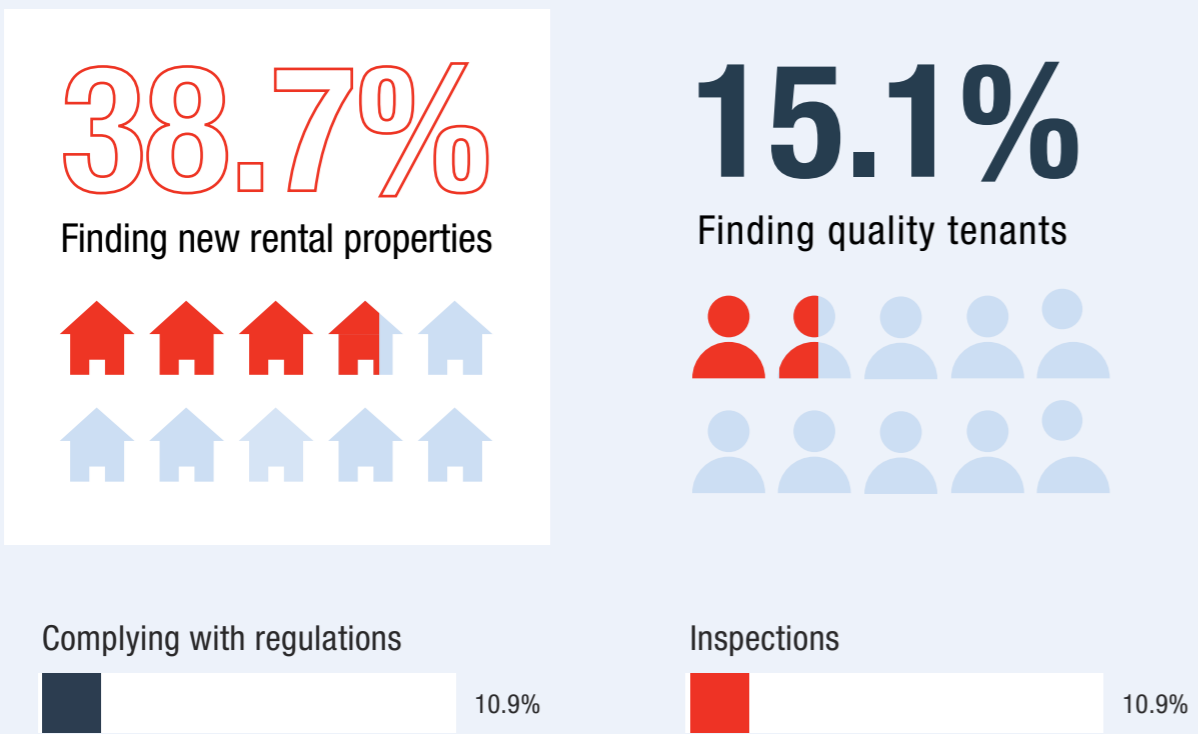
In good news for agencies, managing arrears is less of a concern despite record rent increases.

However, one of the tools agents use to evict non-paying tenants in England – Section 21 of the Housing Act 1988 – is likely to be removed, meaning agents will need to go to court under Section 8 to evict a tenant in arrears. The time it takes to get a court date (currently [22 weeks](#)) may well slow down evictions and make managing arrears more difficult.

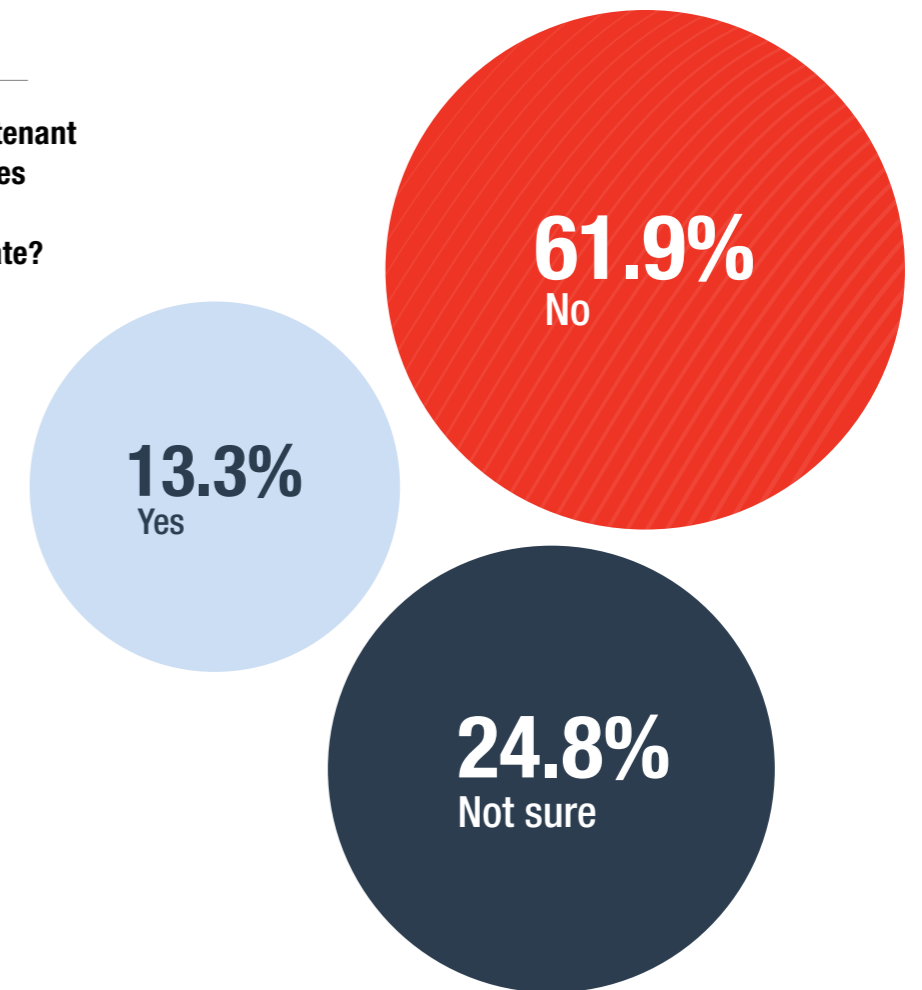
Despite high energy prices, most survey participants reported **no difference** in the number of tenants enquiring about **properties with higher energy efficiency.**

This could be due to a lack of choice – the tight supply of rental properties in the PRS may have encouraged tenants to be less choosy.

What is the most challenging part of the letting process in your business?



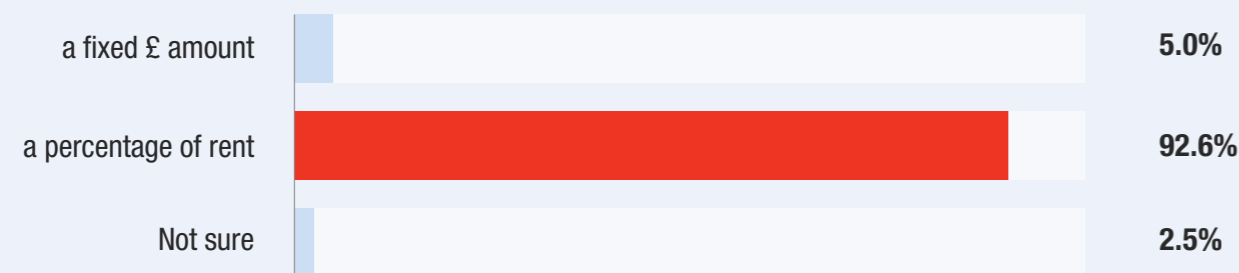
Do you receive more tenant enquiries for properties with a high Energy Performance Certificate?



Focus on fees

According to our survey results, the commission structure used by agencies is almost universal – only 5% charge a fixed fee, the rest applying the far more common practice of charging a percentage of rent. While a fixed fee may help attract some landlords, a more agile percentage will pay off in the long term, as long as rents keep on rising. That way agencies will earn more income without having to raise their percentage fee at the risk of losing clients.

I charge an average monthly management fee (commission) that is



However, some agencies have managed to raise fees beyond the average 10%, with 14.6% of those surveyed charging 12% commission, and 4.9% charging 15%.

What percentage commission do you charge on average (exclusive of VAT)?



With the [rising number](#) of Section 21 evictions by bailiffs, it is not surprising that agencies are using guaranteed rent offers as a way of attracting new landlords and protecting current ones from tenants who cannot or will not pay the rent.

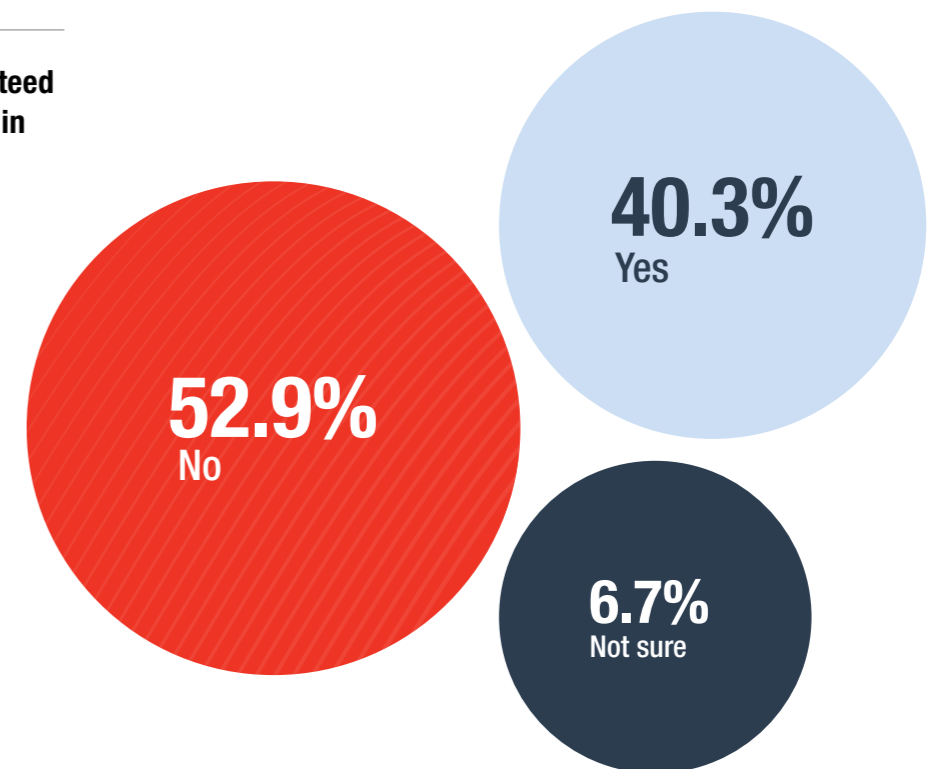
For respondents in Greater London, the percentage using guaranteed rents rose to 50%. This tracks as affordability is at its worst in London. [Recent data](#) from the Office for National Statistics shows that the average London tenant spends 35% of their income on rent, compared to an England-wide average of 26%.

However, most agencies are hedging their bets. We asked respondents with guaranteed rent properties how much of their rental portfolios it covered. The most common answer was 5%, but a significant 17.1% guarantee rents for 50% of their portfolios.

If new legislation makes it harder to evict tenants in 2024, this could encourage more landlords to seek out guaranteed rents as a way of protecting their rental income

– but it may also discourage agencies from offering them, as they could be responsible for paying rent even if tenants don't.

Do you use guaranteed rent for properties in your portfolio?



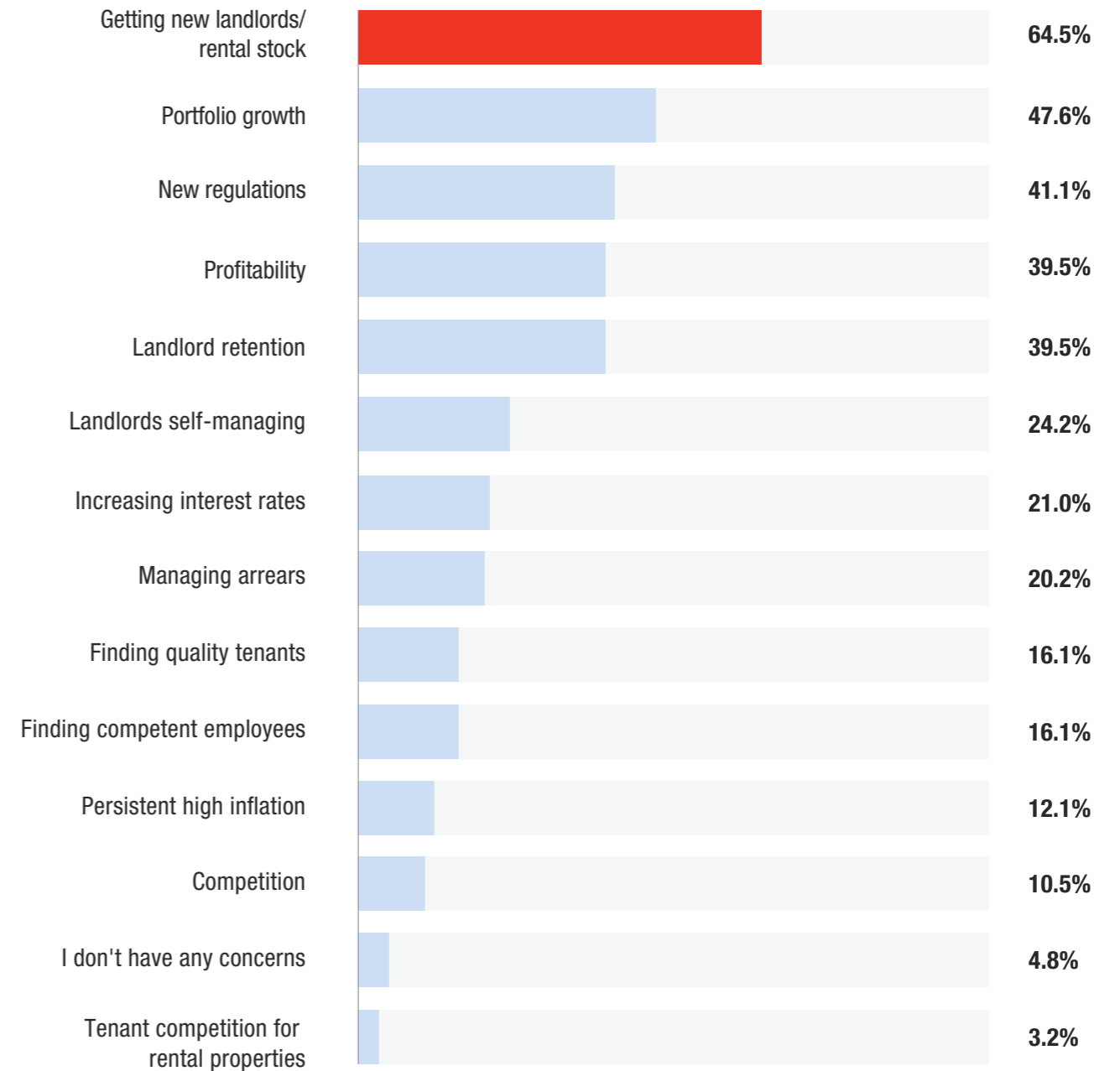
Tasks for 2024

Looking at concerns for 2024, over half of the industry professionals we surveyed (64.5%) said their **biggest worry was finding new landlords and rental properties**, an increase of almost 20% on 2022.

Portfolio growth remained the second biggest concern, while complying with new regulations jumped to third as property professionals across the UK prepared for changes this year.

Interestingly, not many respondents were concerned about tenant competition. It may be a nice problem for landlords to have as competition for rental properties pushes up prices, but responsible letting agencies will feel the need to consider all rental applicants to find the best possible tenant for the property. As application fees are illegal, agencies must absorb the cost of checking all applicants or else pass it on to the landlord.

Concerns for 2024



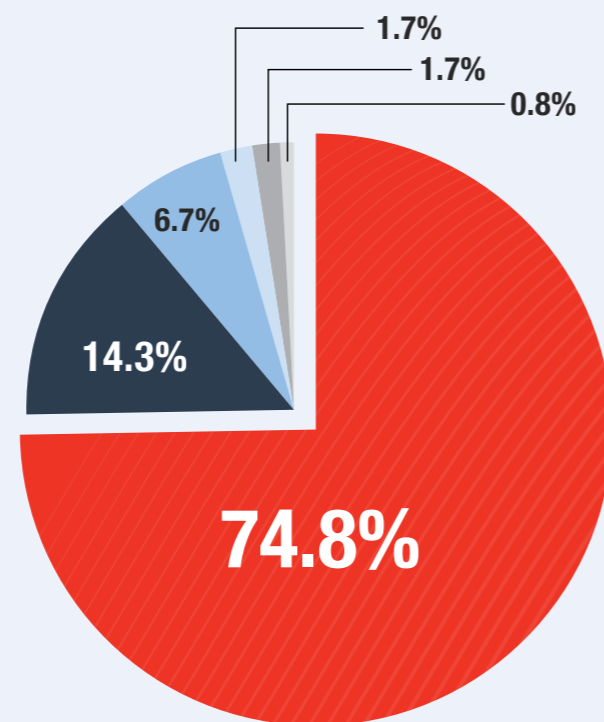
It won't come as a shock that **increasing the number of managed rentals** ranks top among respondents' profitability strategies for 2024.

More rental stock will generate more commission, and using efficient PropTech to manage properties may result in very few additional overheads to cover, boosting an agency's bottom line.

With the focus on more managed rentals, it is no surprise to see reductions in staff, office space or technology rank bottom of the list as all those will be required to ensure the business has enough capacity to accommodate a growing rental portfolio.

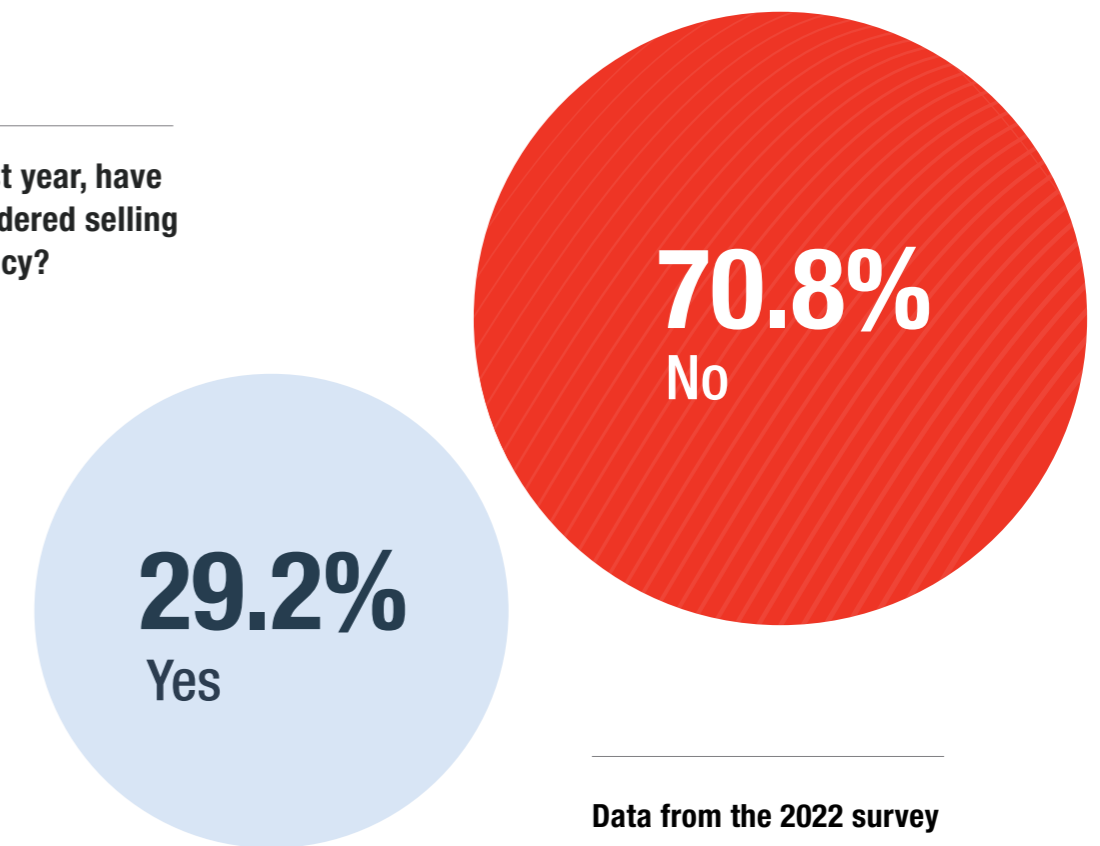
How would you increase profit in your agency in 2024?

- Increase the number of managed rentals
- Offer additional services and products
- Reduce office space
- Reduce staff to increase the bottom line
- Reduce the use of technology to save on costs
- Use property technology to increase productivity



Agency acquisitions appear to be on the rise as the industry saw a range of consolidations in 2023. **Fewer than a third of respondents considered selling up**, but this was 9% more than had considered selling in 2022.

In the past year, have you considered selling your agency?

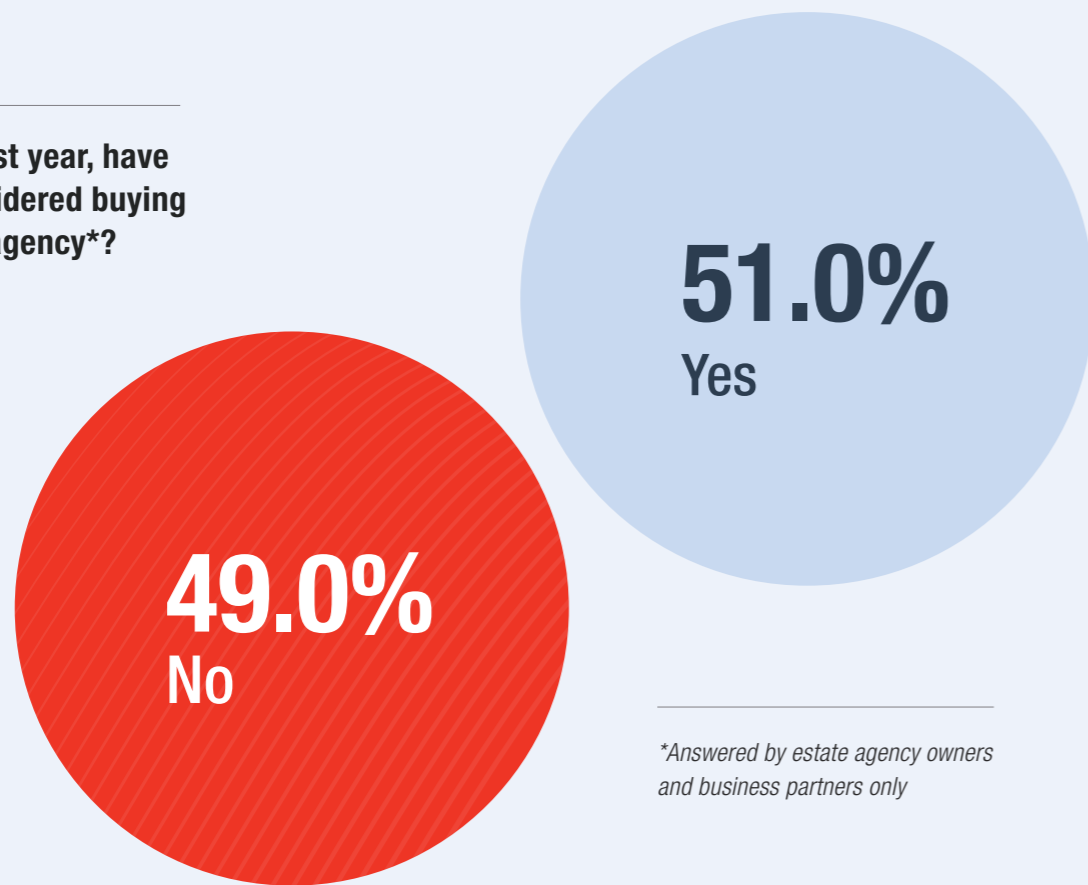


Data from the 2022 survey

No: 79.8%
Yes: 20.2%

With such a keen focus on upping agencies' managed rentals, acquiring a rental book or competitor wholesale becomes an attractive strategy. As it happened, **more than half of respondents had considered buying another agency**, showing that they indeed see this as a viable path to growth.

In the past year, have you considered buying another agency*?



Landlords

We asked respondents to **share the discussions they were having with landlords in 2023**. Despite record rent increases, this item dominated the agenda for 2024.

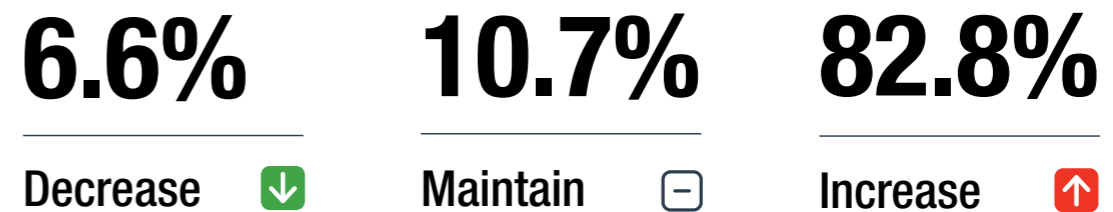
Rent report

It is common knowledge that higher mortgage rates and inflation combined with stiff competition for rental properties will push up prices, and that is exactly what we're seeing in the survey results. Without more supply to balance out affordability restrictions and a fall in landlord costs, especially leveraged ones will have motivation and opportunity to increase rents.

The share of landlords expected to increase rents in 2024 is 18.5% higher than it was in last year's survey.

But with inflation estimated to fall into the 2% range during 2024 and many financial institutions banking on an interest rate cut, economic headwinds aren't the only reason for increasing costs – as we can see in the next subset of our survey data.

Do you expect landlords to increase, decrease or maintain current rental prices in the next year?

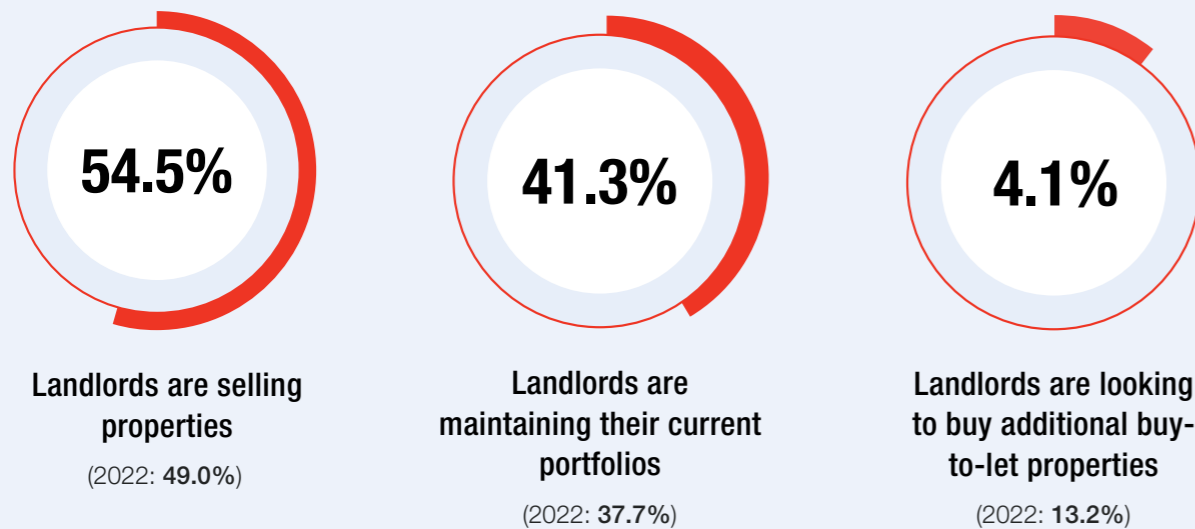


The shrinking PRS?

More than half of respondents reported that **landlords were selling properties in 2023, 5.5% more than 2022's result.**

While there has been a small increase in the number of landlords maintaining their portfolios, perhaps waiting to see whether mortgage rates and inflation improve, only 4.1% were looking to expand in 2023.

What are your landlords' current plans and activities?



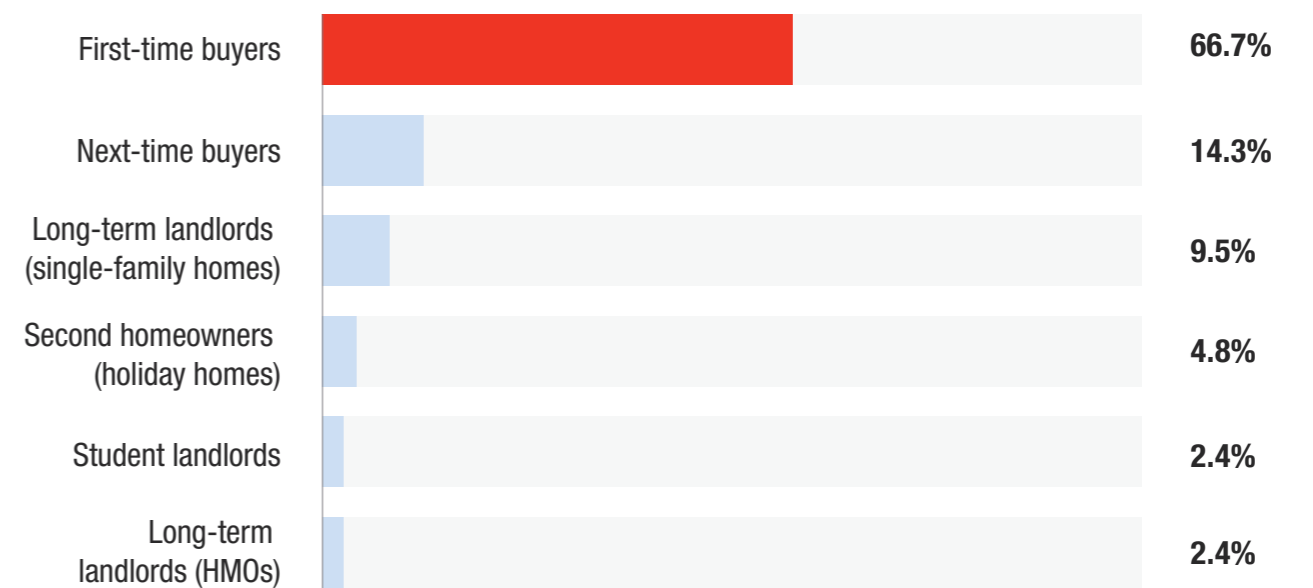
This year, we also asked **respondents who were buying the properties** that landlords were selling.

While it is encouraging that over 60% were being sold to first-time buyers – who were either tenants or still living at home,

less than 10% were being sold to other landlords who planned to keep the property as a single family rental home.

This will inevitably mean fewer rental properties and higher rents due to fewer PRS properties.

Who is your agency selling landlords' properties to?

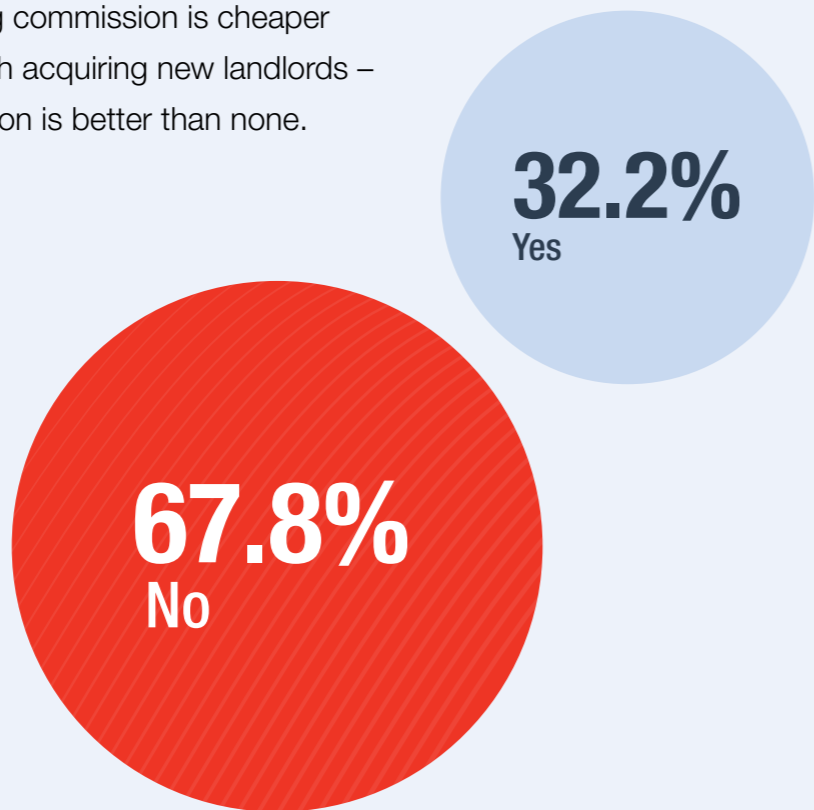


Commission and compliance

Cost pressures seemed to be driving landlord activity in 2023 with knock-on effects on agencies, resulting in a 13.9% increase in agencies lowering commission to keep a landlord as a client.

While the majority of agencies are holding fast with their commission structure, it seems a growing number are willing to compromise to keep hold of existing stock, presumably because lowering commission is cheaper than the costs associated with acquiring new landlords – and because some commission is better than none.

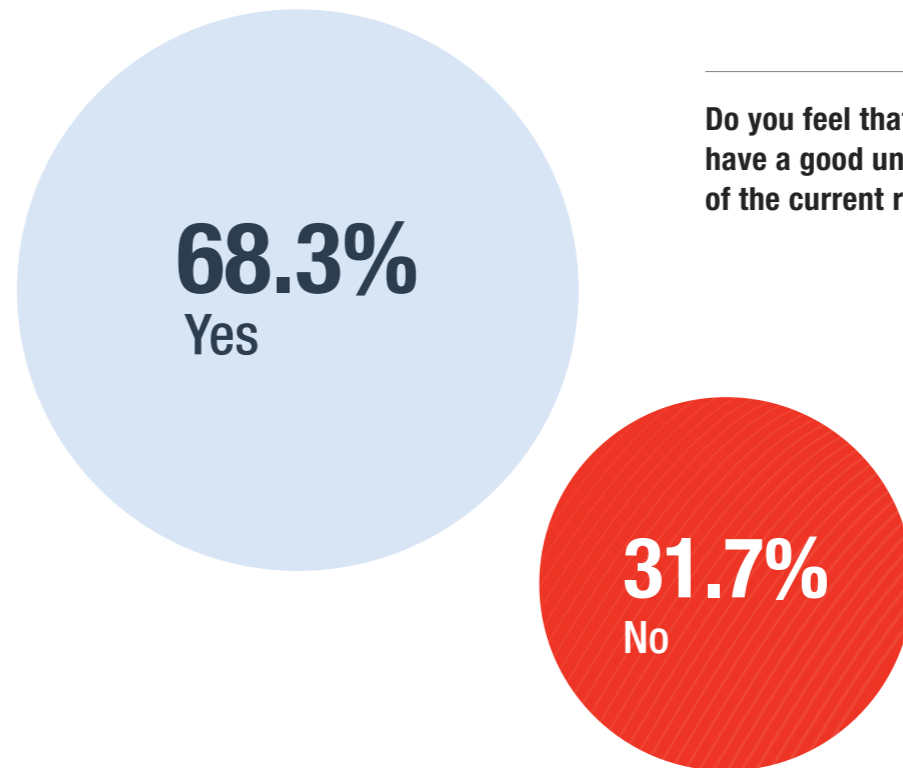
Have you lowered your commission due to cost pressures to keep a landlord as a client?



In any case, the commission charged would seem to be well justified as only 13.8% of respondents felt landlords had a good understanding of all the property compliance issues they face when letting a property.

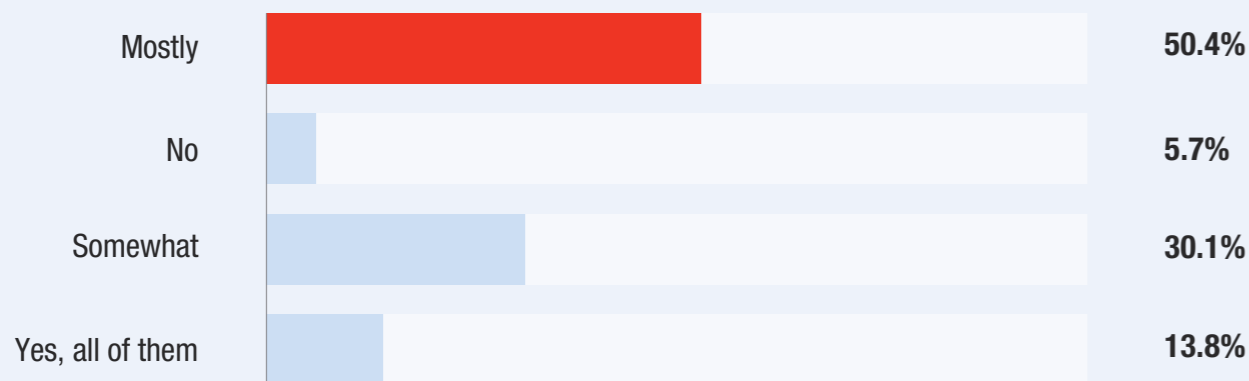
Failing to meet compliance obligations could result in fines or a banning order across much of the UK, and agents are well positioned to help landlords ensure their properties are fit to be let.

Do you feel that landlords have a good understanding of the current rental market?



With more legislation on the way in England, Scotland and Wales, **there has never been a better time for landlords to engage a professional agent** to help them adapt.

Do you feel that landlords are generally aware of their property compliance expectations (e.g. gas safety, electricity certificates etc.)?



Tenants

With landlords selling and upping rent in 2023, **how did tenants cope?**

Rents and arrears

As has been widely reported, tenants had to contend with big rises in rents in 2023.

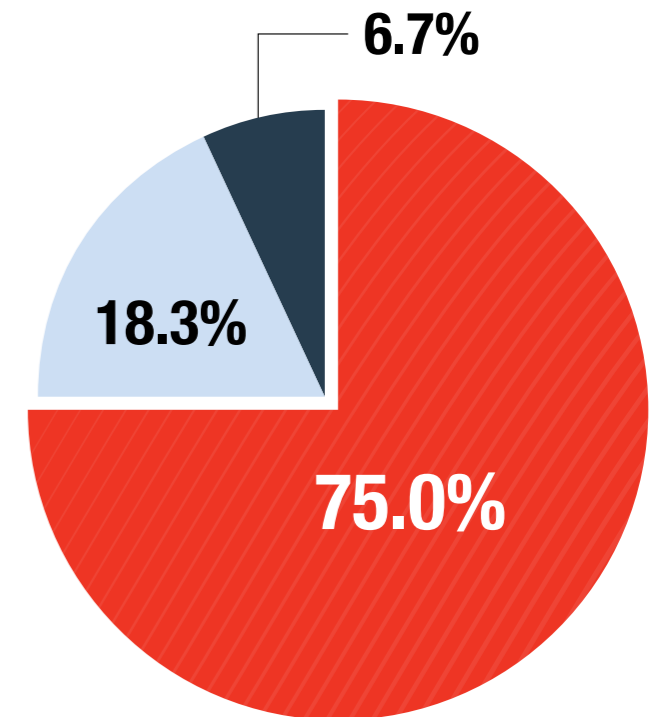
However, while landlord costs remain high and supply tight, it is unlikely that tenants will be able to negotiate much of a discount on asking rents. This is likely to fuel calls for rent controls – discussed in the regulation section of this report.

This is borne out in our responses, with 75% of those surveyed passing on higher-than-usual rent increases.

A small glimmer of hope for tenants is the 4% increase in those passing on lower-than-usual rent increases from the previous survey.

This year, the rental increases that you have implemented have been:

- Higher than usual
- The same as always
- Lower than usual

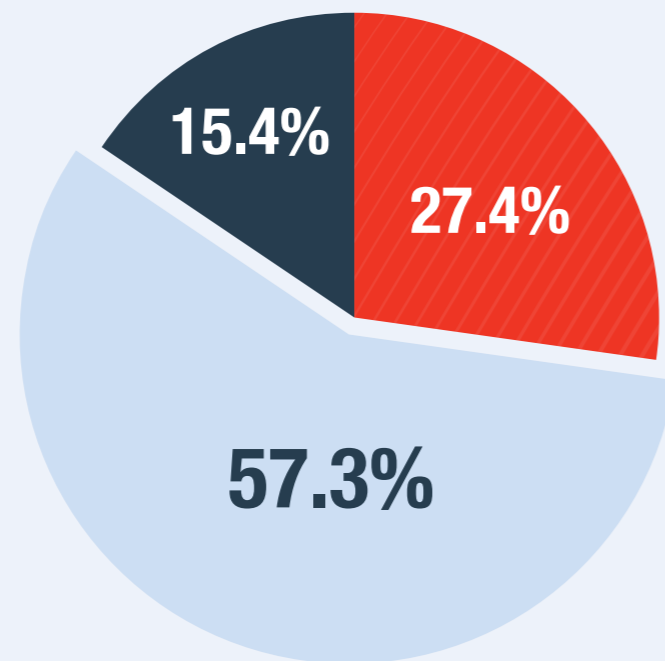


Higher rent increases may have had an impact on arrears, with a small uptick of 5.5% in those reporting higher-than-usual tenant arrears compared with 2022.

It has been reported that tenants are at the very limit of what they can afford, so continued rent increases may push more tenants into arrears in 2024.

This year, tenant arrears have been:

- Higher than usual
- The same as always
- Lower than usual



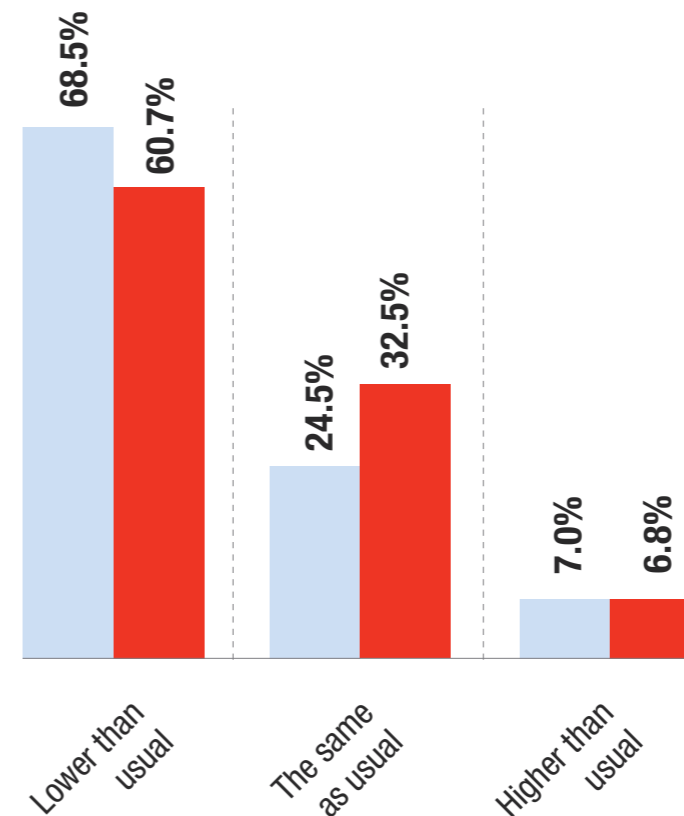
Scarcity showing

The origins of higher rent increases can be seen in the stats below, with over 60% of respondents having a lower-than-usual number of vacant properties on their books.

Despite the high figure, it is a 7.8% drop compared to our 2022 survey report, which explains why some respondents reported unchanged vacancy levels.

This year, the number of vacant properties on your book has been:

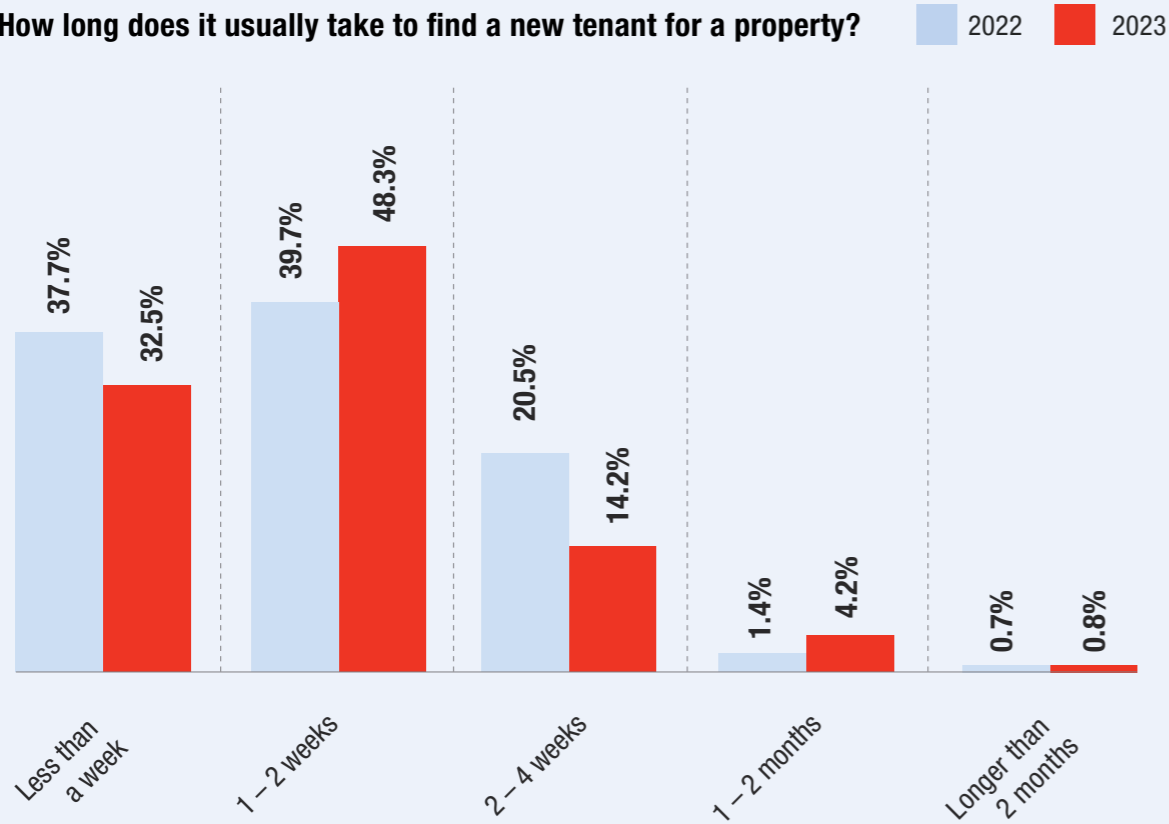
- 2022
- 2023



As a consequence of having fewer vacant properties, those that do come onto the market do not stay for long before being snapped up: **over 80% of listed rental properties are let within two weeks.**

But compared to 2022, 2023 showed a 5.2% decrease in properties for which a tenant is found in less than a week. This may be due to landlords waiting to get the results from higher volumes of tenant referencing applications and credit checks per property, so they can let to the least risky applicant. Agencies may also be taking longer to sort through all the applicants for the property, which according to [Rightmove](#) reached an average of 25 in 2023.

How long does it usually take to find a new tenant for a property?

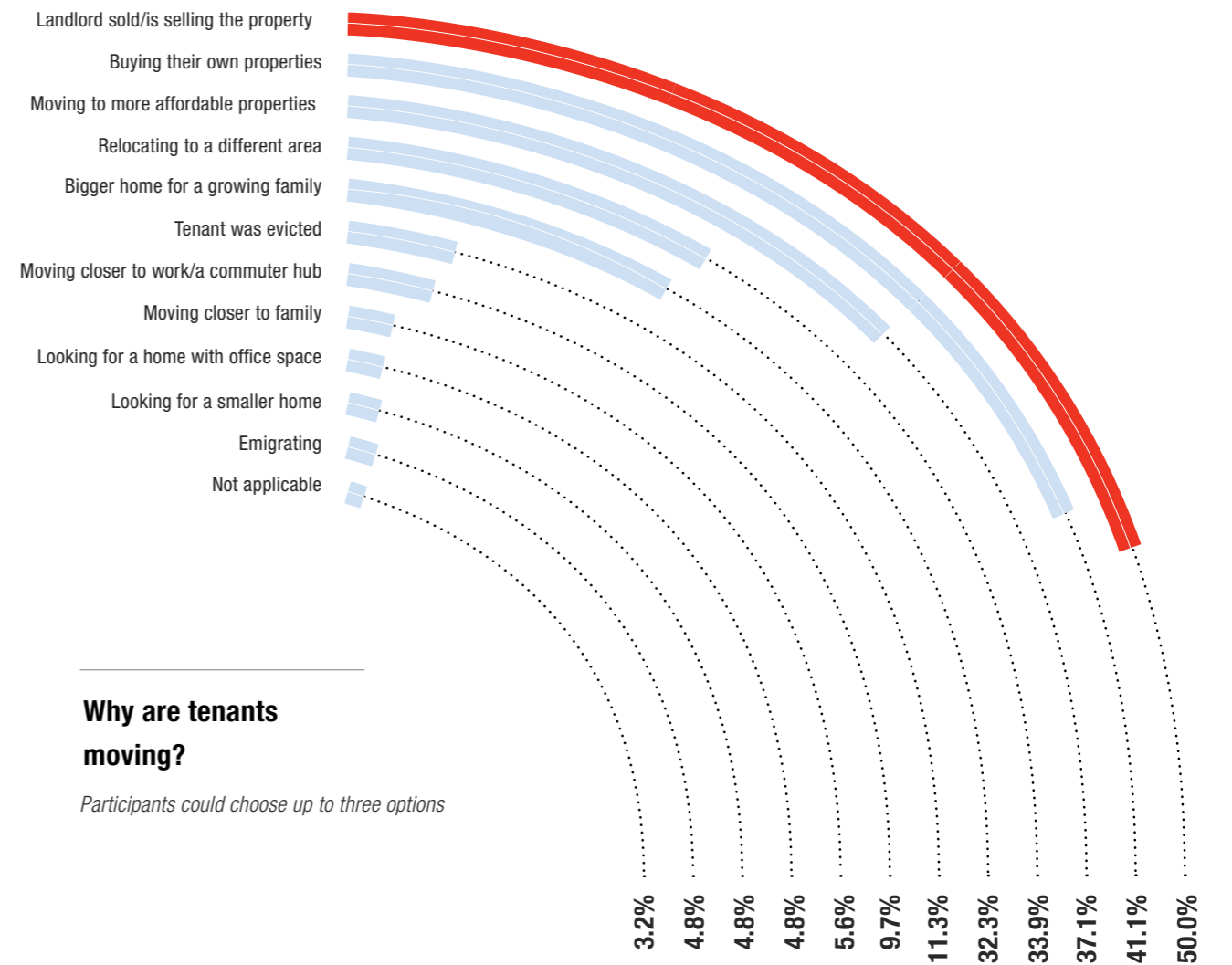


Finally, we looked at **why tenants were moving.**

The biggest reason, cited by 50% of respondents, was that the landlord was selling the property. Another key motivation was affordability.

While it is encouraging that over 40% of tenants moving in 2023 were moving into their own home, these are likely to be the tenants that were most able to afford the rent,

in all likelihood leaving the PRS worse off. Affordability will no doubt be a key concern for agents in 2024, making thorough tenant vetting and credit checks a key aspect of new tenancies. ■



Why are tenants moving?

Participants could choose up to three options

Regulation

2023 marked the emergence of long-trailed proposals for eviction reform in England, further rent controls in Scotland, and consultations on the future of the PRS in Wales.

What is on the cards for the UK PRS, and what do property professionals think of the proposed policies?

England

In England, the Renters (Reform) Bill had its first and second reading in parliament. Based on the [“A fairer private rented sector”](#) white paper first published in 2022. The Bill contains, among other policies:

- Removing Section 21 evictions
- Converting the majority of PRS tenancies from assured shorthold tenancies (ASTs) to periodic tenancies
- Introducing additional grounds for possession under Section 8, including repeated rent arrears
- Allowing tenants to appeal rent increases at a first-tier tribunal, with the court able to either raise or lower the rent based on market rents
- Establishing a new Private Rented Sector Ombudsman to provide binding resolutions in tenant/landlord disputes
- Outlawing blanket bans against families and tenants that claim benefits
- Creating a new Privately Rented

Property Portal that landlords must register with and where they must prove compliance with laws that govern the PRS

- Giving tenants the legal right to request leave to keep a pet and obliging landlords to consider and not “unreasonably” refuse
- Digitisation of the court process and other overhauls to reduce waiting times for court dates

While the passage of this bill has been slow, Housing Secretary Michael Gove has [pledged](#) that a key measure

contained within the Bill, the removal of Section 21 evictions, will be implemented in England by the next general election which is expected in 2024. Despite recent concessions that have provided more clarity over court reforms, student rentals and local licensing, these changes add up to the biggest reform of the English PRS in decades and, as we will see below (“How do you feel about those proposals and changes?”), they have proved controversial among some property professionals. While some in the industry reportedly see the intended benefits, others do not.

Wales

The Welsh government spent part of 2023 consulting on their latest green paper [“A Call for Evidence on securing a path towards Adequate Housing – including Fair Rents and Affordability”](#). The paper has significant implications for the PRS as it proposed a range of rent control measures that could be applied to the industry. A white paper outlining the consultation responses and the position of the Welsh government is expected in 2024.

Despite housing policy being mostly devolved to the Welsh Parliament, the PRS in Wales may also be subject to the same restrictions on blanket bans against families and tenants on benefits as England, if the Renters (Reform) Bill becomes law.

Scotland

In Scotland, the government persisted with a form of [rent controls](#) that initially prevented landlords from raising rents within tenancies. In April 2023, this was revised so that rents could rise by 3% – or up to 6% if a landlord appealed to a rent officer and demonstrated that their costs had increased. The legislation also implemented a temporary moratorium on some evictions.

Later in 2023, the government revealed its successor to the temporary rent cap. According to Minister for Zero Carbon Buildings, Active Travel and Tenants’ Rights Patrick Harvie, the government would seek to put in place new [rent adjudication procedures](#) to facilitate the transition. The details emerged in early 2024, forcing disputed rent increases to be put before a rent officer. While rent increases at or below 6% could be allowed, any differences between current rent and market rent above 6% would be tapered according to the following [formula](#):

Where C is the current rent, and D% is the market difference expressed as a percentage:

$$\text{Amount (£)} = C \times \left(106\% + \frac{(D\% - 6\%)}{3} \right)$$

Disputed in-tenancy rent increases beyond 12% will not be allowed. This lays bare how crucial it will be in 2024 to have a good working relationship between

tenants, landlords and agents. Landlords may not be able to afford to operate a rental property at below-market rates, while some tenants may be able to afford rent increases beyond 12% if their rents have not increased in years and their wages have kept pace with inflation. Ultimately an agent’s ability to negotiate a fair rent increase without involving a rent officer could be the difference between landlords selling up and staying in the sector.

The Scottish government has also introduced a new [Housing Bill](#). It includes new homelessness prevention duties, a new system of rent controls, rights for tenants to keep pets and the ability to personalise rental properties.

In addition, after [scrapping](#) plans to require non-exempted rental properties to reach Energy Performance Certificate (EPC) C, minimum energy efficiency targets are back on the agenda. Towards the end of 2023, the government put forward a [consultation](#) proposing specific energy efficiency measures that private landlords will need to implement by 2028. These include 270 mm loft insulation, cavity wall insulation, draught-proofing, heating controls, 80 mm hot water cylinder insulation and suspended floor insulation. The consultation suggests that in most cases this will enable properties to reach an EPC C.

Northern Ireland

Despite the lack of a functioning government for most of 2023, agencies in Northern Ireland saw the implementation of [The Private Tenancies Act \(Northern Ireland\) 2022](#). This Act required landlords to provide a free tenancy information notice to tenants within 28 days of the tenancy starting, provide receipts to any tenant who pays the rent or makes any payments related to the tenancy in cash, and protect a tenant’s deposit within 28 days of receiving it. The policy also restricts the amount of the deposit a landlord can take, and varies the amount of notice a tenant or landlord must give the other party depending on how long the tenancy has existed.

There was a new Intermediate Rent Policy [announced](#) in March of that year. The policy is designed to:

- create a new supply of homes
- provide high-quality housing at below-market rents for those on low to moderate incomes
- offer homes for rent at a minimum 20% discount on prevailing private market rents for similar properties within a locality
- provide homes of a size and type suitable for the number of occupants, in locations where people wish to live
- alleviate some of the up-front barriers

to accessing a rented home and target rented homes at eligible lower-to moderate-income households

- offer enhanced security of tenure by providing for tenancies of up to five years at a time, with the option to renew leases subject to agreement between the landlord and tenant
- offer tenants access to effective and prompt property management and tenancy support services

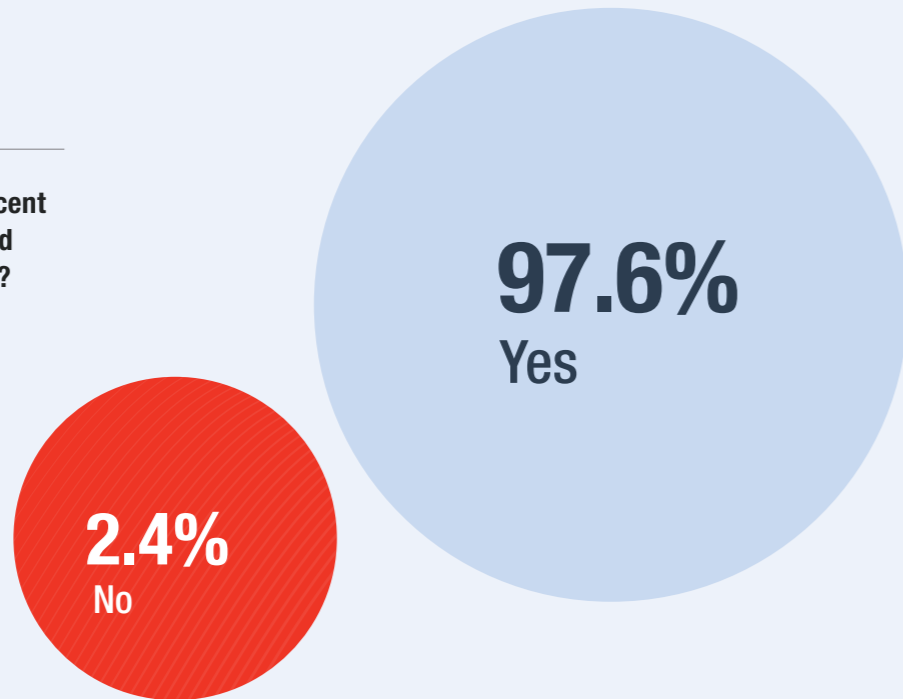
While this policy is targeted at new and refurbished properties rather than those already in the PRS, it could indicate the new government’s priorities as it seeks to address policies for the housing market in Northern Ireland. Action is anticipated as the country has the highest annual rent increase (9.5%) in the UK, according to the [Office for National Statistics](#), and [Propertymark](#) expects further regulation to be forthcoming in 2024.

Across the UK, respondents are even more conscious of new and proposed regulatory measures than they were in 2022.

With the passage of the Renters (Reform) Bill never far from the front pages of the industry media and consultations on rent controls in both Scotland and Wales, this is no surprise.

As letting agents are trusted by landlords and tenants to provide high-value advice specific to the sector, keen awareness of the rules potentially coming down the line is a testament to the sector's professionalism.

Are you aware of the recent legislative proposals and changes to the industry?



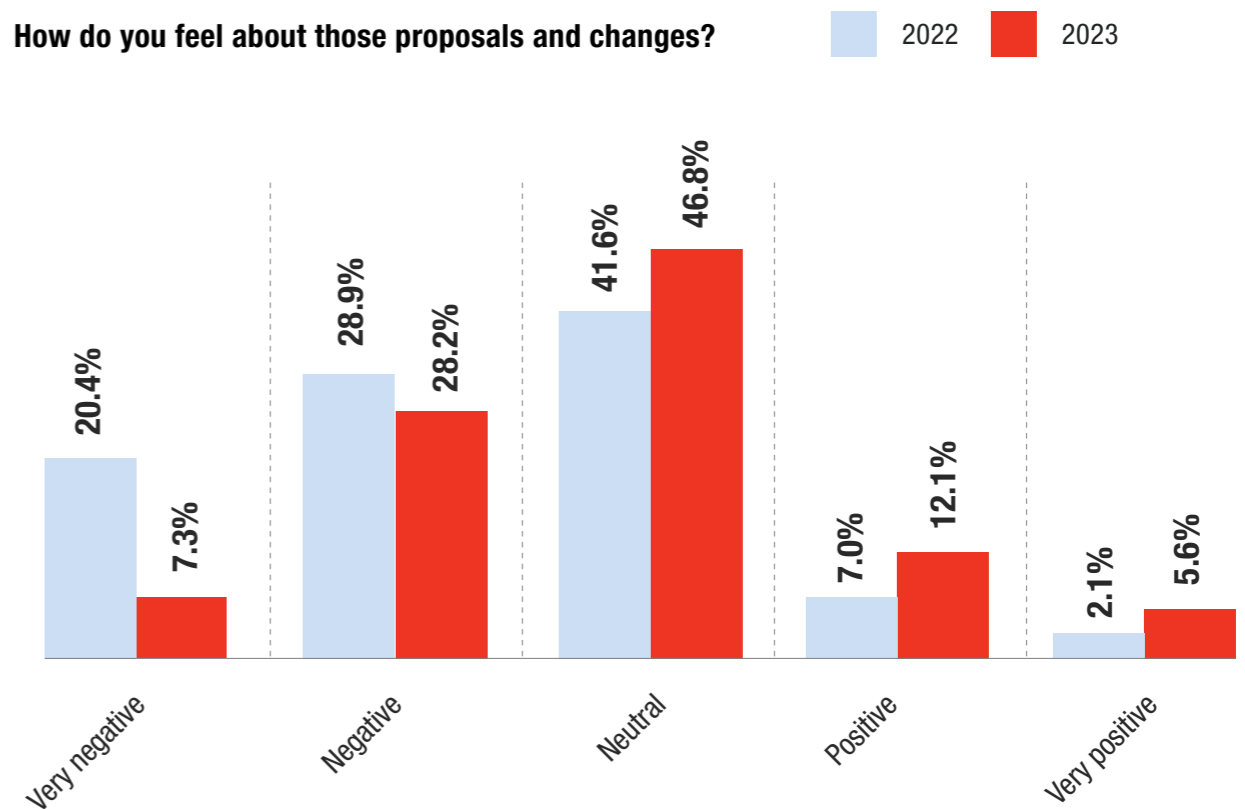
Respondents' views on the legislative proposals show an interesting change compared with last year's survey.

There has been a big drop in those with very negative views (a 13.1% decrease when compared to 2022), perhaps as amendments have been tabled to address the Bill's perceived imbalance between the rights of the tenant and those of the landlord to regain possession of their property.

In 2023, while more are still negative than positive, the biggest group of respondents are neutral, perhaps seeing a business opportunity in helping landlords adapt to the new regulations

– or believing that the new laws will have little effect on their day-to-day work.

How do you feel about those proposals and changes?



It is clear who respondents across the UK feel are the beneficiaries of these new legislative changes. Once again, **agents feel the least favoured, and 3% more respondents view tenants as the main beneficiaries of these reforms than in 2022.**

Given that the proposed reforms in Scotland and Wales are designed to reduce rent pressures on tenants, and in England to protect them from ‘unfair’ evictions, it is perhaps easy to see why respondents feel this way.

However, it appears that MPs are listening to the concerns of agent and landlord groups about [student rentals](#) and [court reposessions](#), and have sought to address them in amendments to the Renters (Reform) Bill. Perhaps this flexibility, at least in England, could change some minds. ■

Who do you feel is currently favoured by government?



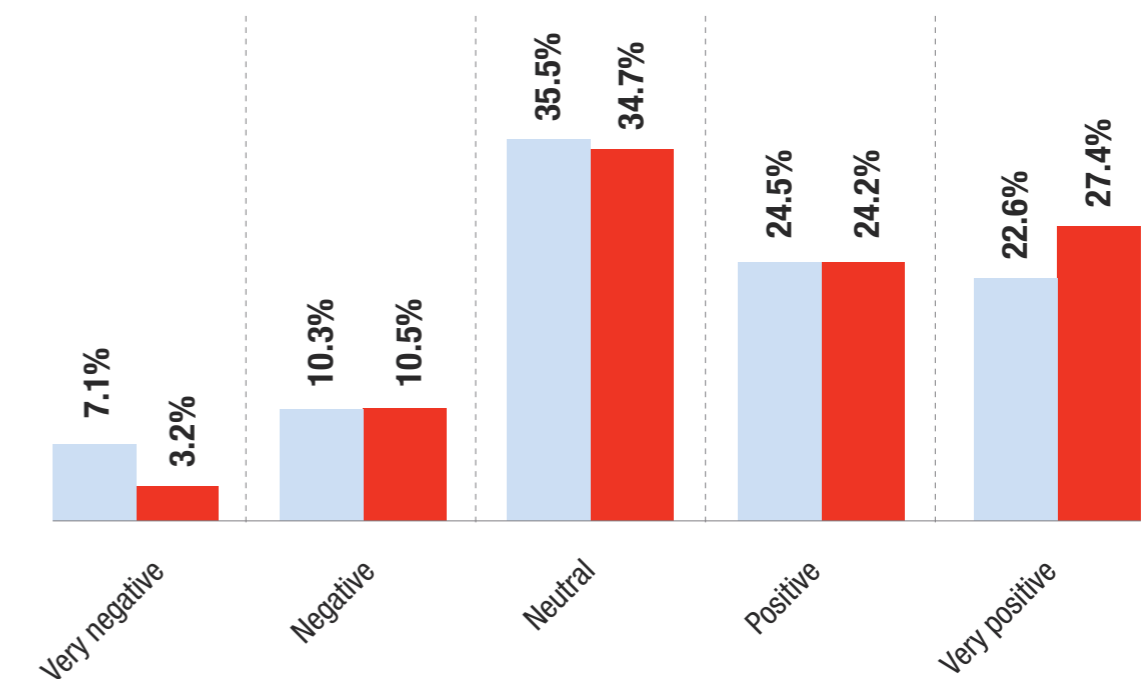
Future

Buoyed by record rent rises in 2023, property professionals are a little more **optimistic about the future of the industry**, with a 4.8% increase in those feeling very positive about the sector.

There was also movement on the other side, with a 3.9% reduction in those feeling very negative about what the future holds.

However, the biggest percentage of property professionals (34.7%) felt neutral about the industry, showing that for some respondents, high rents do not translate into high confidence.

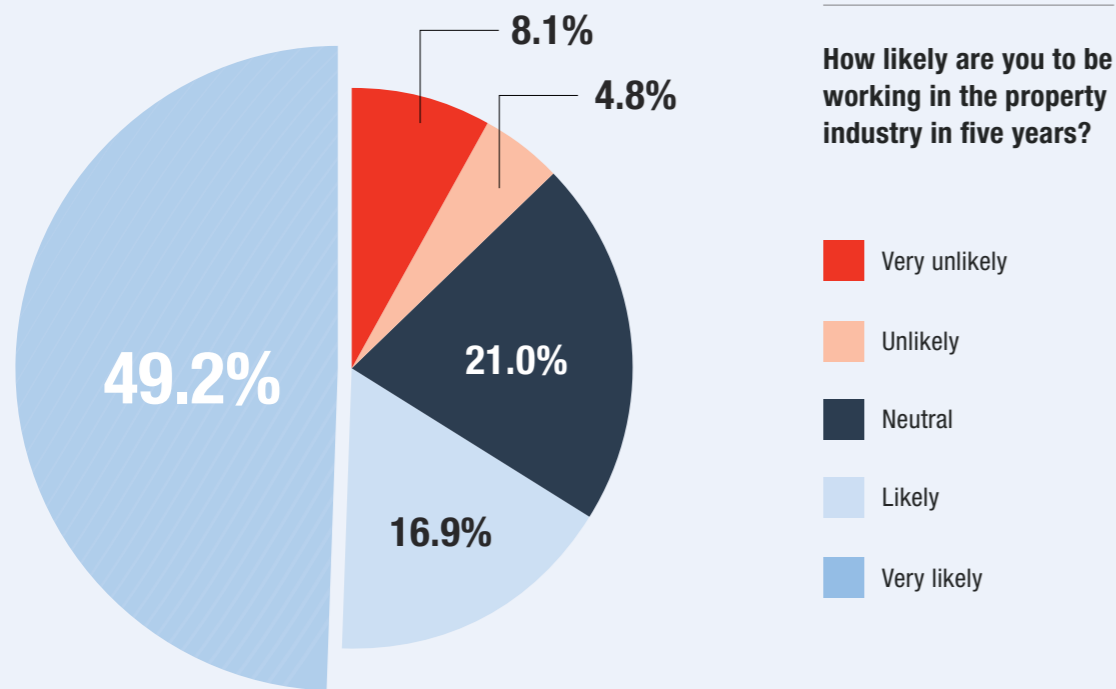
How optimistic are you about the future of the rental industry? 2022 2023



While optimism may be up, fewer respondents are committed to working in the industry in five years.

Some of this could be attributed to the 25.8% of respondents in the 55 – 64 age bracket who are more likely to be considering retirement, but the 4.3% drop is a notable concern.

Proposals for more regulation of property agents could also be a factor. With a potential change of government on the horizon and some parties committed to regulating property agents, some within the PRS may not be keen on going back to school to earn any mandated qualifications, and would rather seek employment elsewhere or retire. ■



Rental Confidence Index 2024

The PayProp Rental Confidence Index is an annual publication outlining the perceptions of letting agents and other property professionals about the UK rental market. It is compiled from survey results collected by PayProp.

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