



Supplementary report to the Local Government, Housing and Planning Committee

During the evidence session held in parliament on 18 June 2024 SAL chief executive John Blackwood committed to providing further data to committee members on the following points:

1. Value of unclaimed tenancy deposits

Most recent government figures show the value of unclaimed deposits is currently just short of £5.5 million and has increased significantly in the last 12 months.

	Mar-21	Mar-22	Mar-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
UNCLAIMED DEPOSITS VALUE										
SafeDeposits	909,154	824,215	1,146,874	1,516,013	1,475,382	1,382,778	1,395,788	1,489,689	1,436,633	1,540,813
MyDeposits	1,775,906	1,831,284	1,817,335	1,979,259	2,038,802	2,034,725	2,035,566	2,040,791	2,054,440	2,062,980
LPS	616,199	651,196	696,739	1,719,084	1,752,993	1,785,406	1,791,733	1,801,519	1,807,229	1,815,462
Total	3,301,259	3,306,695	3,660,948	5,214,356	5,267,177	5,202,909	5,223,087	5,331,999	5,298,302	5,419,255

2. Numbers of landlords leaving the private rented sector

Scottish Government landlord registration figures show a reduction of 30,000 landlords and nearly 15,000 properties since 2016:

	Number of registered landlords	Number of registered properties
December 2016	268,513	361,335
March 2024	238,331	346,816
Difference	-30,182	-14,519

The most recent Scottish Household Survey report from 2022 states:

The SHS results suggest that the proportion of households in the private rented sector decreased from 15% (360,000 households) in 2017 to 14% (340,000 households) in 2019 and 13% (320,000 households) in 2022. Administrative data on the size of the private rental sector from properties registered as part of the Scottish Landlord Register indicates a similar decrease – from 15% (361,884 households) in 2017 to 14% (342,425 households) in 2019 and 13% (338,237 households) in 2022.

Write ups from SAL’s most recent landlord and letting agent member surveys can be found overleaf and show the number of landlords leaving/planning to leave the sector.

3. Prevalence of rent increases

The survey write ups overleaf also show the prevalence of rent increases.

45% of respondents to the landlord survey have done rent increases on their tenanted properties during 2023. A previous survey in December 2022 revealed that prior to the rent freeze just 8% of landlords increased their rent on an annual basis.

Letting agent members responding to our agent survey reported that in 2023 33% of tenants had been issued with a rent increase compared to just 12% of tenants in 2022.

There was a freeze on most rent increases from 6 September 2022 to 31 March 2023. From 1 April 2023 to 31 March 2024 most rent increases were capped at 3%.

4. Ending joint tenancies

SAL is concerned that the proposal will result in tenants being made homeless by their co-tenant giving notice to end the tenancy for all.

If the landlord and remaining tenant(s) are unable to agree on new tenancy terms (perhaps because they can't afford the rent on their own, are unable to find a suitable replacement tenant or the landlord no longer wishes to let the property) then all tenants must move out at the end of the notice period. If they fail to do so the landlord can apply for an eviction order from the tribunal. This type of eviction application is not subject to a reasonableness test so must be granted by the tribunal if they are satisfied that the tenancy has been correctly ended.

In cases of domestic violence this process could be used as a method of coercive control. The perpetrator of domestic abuse could give notice to end the tenancy and make their victim homeless (particularly where they have control over the victim's finances in a way that means the landlord is concerned about the victim's ability to pay rent and therefore about offering a new lease).

We acknowledge that there are some exceptional circumstances in which it may be desirable for a tenant to be removed from a joint lease and we would suggest that new powers are put in place to allow the tribunal to decide on cases like this based on submissions from all parties to the lease, similar to the procedures in place under the Matrimonial Homes Act 1981 and Civil Partnership Act 2004 which can already be used in cases of domestic abuse.



Landlord portfolio and investment survey

In December 2023 SAL conducted a survey of its landlord members to find out about the size of their rental property portfolios and how this has changed/will change over time, along with the reasons behind their investment decisions. Many of the survey questions were repeats of questions asked in a previous survey in December 2022.

The headline findings from the survey are that the size of the private rented sector is reducing and will reduce dramatically over the next 5 years, and that there has been a huge increase in the number of landlords doing mid tenancy rent increases.

We had responses to the survey from 697 landlord members who own 5480 properties, an average of 7.9 properties per landlord. Based on an extrapolation of data from this survey and a similar survey we conducted in December 2023 of our letting agent members, we estimate that SAL members are involved in owning or managing approximately 159,300 properties in Scotland, 47% of the 340,000 properties in the Scottish private rented sector.

Survey findings were as follows:

1. There has been a significant increase in the proportion of landlords planning to reduce their portfolio size in the next 5 years. 56% of respondents are now planning to reduce their portfolio size (this time last year it was 44%). Only 9% of respondents are now planning to increase their portfolio size (this time last year it was 13%). In February 2022 when we asked a similar question about plans for the next 10 years, these figures were 34% and 19% respectively.
2. Those responding to the survey reported having already withdrawn an average of 6.4% of their properties from the sector during 2023. Extrapolating this figure across the whole of the private rented sector in Scotland suggests that around 21,760 homes (6.4% of 340,000 homes) could have been lost from the sector in the last year and not yet reflected in landlord registration figures due to the three-year renewal cycle.
3. When asked about their reasons for withdrawing properties from the sector, the most common reasons given were (figures in brackets are from the December 2022 survey):
 - Perceived hostility towards landlords from government/politicians - 83% (78%)
 - Concern about proposal to introduce rent controls - 75% (61%)
 - Increasing regulation in the sector - 74% (63%)
4. Landlords were asked how they will go about withdrawing their properties from the market. For 58% of properties the landlord will serve notice to evict their tenants. For 29% of properties the landlord will wait until the tenants choose to move out. Just 22% will be sold to another landlord with tenants in place.

5. 45% of respondents have done rent increases on their tenanted properties during 2023. The previous survey in December 2022 revealed that prior to the rent freeze just 8% of landlords increased their rent on an annual basis.
6. 72% of tenants are paying rent below market value (in December 2022 this was reported to be 54%). 23% are paying more than 20% below market value (in December 2022 this was reported to be 13%).
7. 59% of respondents have a mortgage on at least one of their rental properties. 9.7% of properties now have outgoings (including any mortgage repayments) which exceed the rental income.

These findings paint a very concerning picture for the future of the private rented sector and it is certain that the Cost of Living (Tenant Protection) (Scotland) Act 2022 has contributed significantly to landlords' plans to exit the sector and their more assertive approach to rent increases. It is the most vulnerable in society who will suffer from a reduction in the size of the private rented sector and increasing rents.

The survey findings have assisted with SAL's response to a Scottish Government call for evidence seeking information on the impact of the measures on private landlords and those involved in the provision of private rental accommodation.



Letting agent business and market survey

In December 2023 SAL conducted a survey of its letting agent members to find out how their businesses were faring in the current climate.

84 agents responded to the survey with a collective portfolio of 17,093 private rented sector (PRS) properties under management. Respondents manage an average of 203 properties. Based on an extrapolation of data from this survey and a similar survey we conducted in December 2023 of our landlord members, we estimate that SAL members are involved in owning or managing approximately 159,300 properties in Scotland, 47% of the 340,000 properties in the Scottish private rented sector.

Agents responding to the survey reported that 8% of their previously managed properties have been withdrawn from the private rented sector during 2023, which supports widespread anecdotal evidence of an exodus of landlords from the sector.

On average respondents employ 4.5 members of staff (full time equivalent). 14% have fewer members of staff than this time last year, 13% have more staff and 73% have seen no change in the number of staff employed compared to December 2022.

At the time the survey was carried out, just 3% of the properties under management were being marketed for new tenants. The average time taken to find suitable tenants for available properties was reported to be 11 days, with an average of 47 enquiries per property.

Agents responding to the survey estimated that around 50% of their tenants are paying a rent which is below the open market rental value. This compares to a figure of 40% reported in an identical survey question 12 months ago.

The most significant survey finding was that during 2023 33% of tenants had been issued with a rent increase compared to just 12% of tenants in 2022. This is undoubtedly due to rapidly increasing mortgage rates combined with rent cap legislation and concerns about future rent controls leading landlords to be more assertive about increasing rent as often as permitted.