

Good afternoon Mark,

I wanted to let you know that I picked up either covid or this winter flu virus that is doing the rounds at the moment and annoyingly won't be well enough to attend the panel meeting tomorrow evening. I had a lengthy chat with Liz yesterday and she has spoken to a few local letting agents in Southampton who have provided some local intelligence about rent levels, viewings and the general supply and demand situation in the area which I believe will prove most useful as part of the discussions. Liz will be attending via online and will be presenting these findings and is happy to answer any questions raised in the meeting.

The general overview of what I was going to present tomorrow evening would be the national perspective when it comes to current trends in supply and demand what in general, the NRLA is calling for solution wise:

- According to findings published by research consultancy BVA-BDRC (research commissioned by the NRLA), over one in ten (12%) of landlords in England and Wales sold properties earlier on this year (Q2 2023). In contrast, only 5% purchases properties during this same period
- 37% of landlords in the same survey plan to cut the number of properties they let over the coming year meaning that the proportion of landlords who plan to downsize their portfolio is at an all-time high
- Only 8% said they plan to increase the number of properties they let in the market
- The loss of rental properties comes despite strong demand from tenants. Two thirds (67%) of landlords polled reported that tenant demand had increased in the second quarter of the year-another all-time high
- Amidst growing mortgage costs and ongoing uncertainty about proposed reforms for the PRS, the NRLA warns that the supply crisis will only deepen without urgent action from the Government
- The NRLA calls for ministers to scrap tax changes which deliberately seek to deter landlords from investing in desperately needed private rented housing. This includes the 3% stamp duty levy on the purchase of homes to rent out, as well as the decision to restrict mortgage interest relief on long term homes to rent.

The NRLA commissioned another survey by BVA-BDRC for Q3 2023, which asked similar questions and expanded on some areas, to assess if these trends would continue as the year progressed. The results from this Q3 survey were as follows:

- 71% of landlords reported increased tenant demand in Q3 2023, a record high. This is up from 65% the same time last year, and 22% in Q3 in 2019 before COVID lockdown measures were introduced by the Government
- Strongest demand was in the West Midlands, where 76% of landlords reported increased demand, followed by 75% saying the same in Wales and 74% in the South East (excluding London)
- Despite record demand, more than one in 10 (12%) landlords said they sold property in Q3 2023. This is more than double the 5% of landlords who confirmed they purchased property in the same period
- Similarly, 28% of respondents said they plan to cut the number of properties they rent out over the next 12 months. This contrasts with the 8% of landlords who plan to increase the number they let over the coming year
- The NRLA warns that the ongoing imbalance between the demand for, and supply of, private rented housing will continue to erode the purchasing power of tenants.

Crucially, this will put any gains which result from the Chancellor's decision to unfreeze housing benefit rates at risk.

- In addition, without measures from the Government to support the supply of private rented housing, tenants will continue to struggle to hold criminal landlords to account given the shortage of alternative accommodation across the sector
- Ben Beadle, the NRLA's Chief Exec, said about these findings: " Would be renters face a desperate situation as ever growing numbers seek to access a dwindling number of available homes. The Government needs to accept the folly of a tax system that makes investment in holiday lets more sustainable than long term homes to rent. We need pro-growth tax measures".
- Research by Capital Economics for the NRLA found that removing the 3% stamp duty levy on the purchase of additional homes would see almost 900,000 new private rented homes made available across the UK over the next ten years. As a result of increases in income and corporation tax receipts, the modelling suggests this would lead to a £10 billion boost to the Treasury revenue over the same period.

Once again, I apologise for not being able to make the meeting, but I hope the above information can help the discussions taking place tomorrow. Have a lovely Christmas and Happy New Year.

Best wishes,

Samantha Watkin
Senior Policy Officer
National Residential Landlords Association