



## How has Covid-19 changed the UK rental market?

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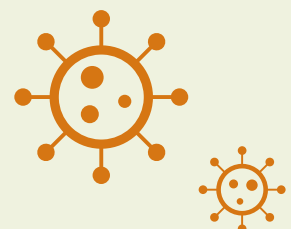
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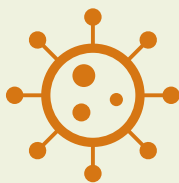


## Introduction

As the UK enters lockdown two, a new wave of uncertainty has rippled through the country, with potential investors and landlords asking, “how has Covid-19 affected the rental market?”

The future continues to look unclear, and lockdown has changed the way people lead their lives. After being cooped up in their properties and working from home since March, people’s habits and opinions on what they want out of their homes have shifted, which has had a dramatic impact on the UK rental market. Not only this, but during the rental market in Covid-19, UK rental prices have also changed, making it hard to know exactly how to act in the current climate.

So, if you want to understand “how has Covid-19 affected the rental market?” and to find more about the rental market post Covid-19, this is the blog for you.





## The Rental Market Covid Impact

Financially, despite some changes, the UK rental market has generally remained strong and stable. In July 2020, a Savills report found that there was a 60% increase in new applicants registering in prime rental markets than in the twelve weeks prior to lockdown. People are clearly still hungry for new properties, with the Guardian reporting the number of homes let between May and September was up by 1.3% in the top 10% of neighbourhoods.

Many landlords are still confident within the current economic climate, with Rightmove finding that one in six are considering expansion. It's clear to see why this is happening with the stamp duty holiday giving investors more bang for their buck, making it an excellent opportunity for new investors and seasoned industry experts to purchase property.

Of course, the rental market with coronavirus was always going to feel some impact, but this impact has been far less than anticipated. The National Residential Landlords Association (NRLA) found that 48% of landlords expect a slight negative impact, with private sector rent arrears having the potential to total as much as £437m. It should be noted though that the NRLA found that 9 out of 10 tenants continue to pay rent, highlighting that the impact is far less than first imagined.

Despite the arrears, there is still plenty of room for investors to earn serious money. Although nationally the total number of homes let between May and September fell by 5.3% compared with 2019, which can be attributed to a reduction in people moving for new jobs and an increase in redundancies, house prices are continuing to rise at their fastest rate since 2016.



**The North West is set to boom, with a staggering 27.3% increase in house prices by 2024.**

The UK market has recovered so well in fact that Savills has updated its five-year house price forecast, predicting a national 20% growth by 2024, compared to its original 15% estimation. The North West, in particular, is set to boom, with a staggering 27.3% increase in house prices by 2024. If you want to get involved in North West buy to let property investment, be sure to check out RWInvest's exciting opportunities with properties like One Baltic Square in Liverpool and Merchant's Wharf in Manchester.



Along with these headline price growths which show how secure an investment into property can be, there is also more money going directly into landlords' pockets. As mentioned earlier, during the rental market in Covid-19, UK rental prices have changed, with Rightmove finding the asking rent outside of London has hit a record £845, up 3.4% on the same time last year. The rental market with coronavirus has clearly not had the negative

impact that was first imagined. While those statistics are substantial, The Office of National Statistics has found different findings, although they are still positive, with a 1.5% increase in the twelve months to June 2020.

All signs continue to point to the fact that now is an excellent time to invest during the Covid-19 pandemic.

## Habit Changes in Rental Market from Coronavirus

It's clear that Covid-19 has changed peoples lives. After working at home essentially since March, people have stayed inside their properties perhaps more than ever before. This has led to many changing their view on their homes and what they want in their ideal property.

Several studies have been conducted, with all finding significant changes in the priorities of residents. For seasoned investors and those considering if buy to let investing is right for them, understanding what tenants want and therefore what type of property to provide for them is key. Savills found that tenants are looking for extra space now, particularly green spaces like gardens or even a home office. These demands for roomier properties have seen an increase in demand for larger family homes, particularly in London and the commuter zone. The demand for larger homes isn't the only thing to have changed, with Rightmove finding a significant rise in the number of people searching for homes further from town and city centres.

Similarly, Build Magazine has reported that the top ten property features that are deemed the most important have significantly changed. Coming in at number one is the desire for fast broadband which moved from second. This has no doubt been impacted by the fact that people staying at home will want fast broadband for both leisure activities like Netflix, and to ensure workflow remains high.

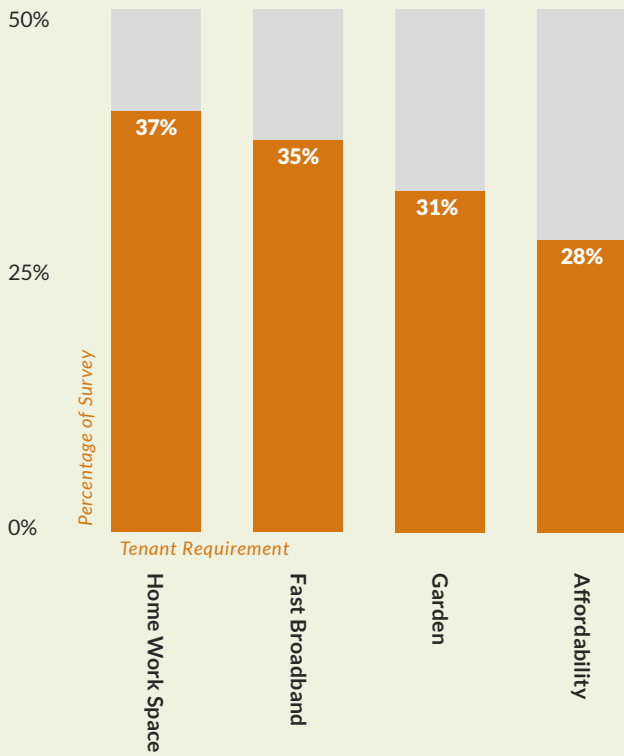
The number two and three features have also dramatically switched. Coming in at number two is the need for outdoor space, with being close to a park or having access to an outside green space ranking at number three. These features have been catapulted forward in the rankings from the 7th and 9th spots, respectively. Onsite security has gone down from 3rd to 4th and perhaps most surprisingly, the need for excellent transport links has went from the top spot all the way to 5th.

***'Covid-19 has led to an increase in people working from home, pushing fast broadband to number one in the top 10 tenant desires of 2020.'***





### Tenant Habit Changes (Rightmove)



Property company Rightmove has also noticed habit changes. They have found that 37% now want space to work at home, 35% want fast broadband and 31% want a garden. Interestingly, affordability is now considered less important comparatively, with only 28% citing it as vital.

It's unclear whether or not these changes will persist in the rental market post Covid-19, when the world returns to some semblance of normal. Regardless, in the current market, home offices, some form of outdoor space and fast broadband seem an attractive feature for tenants.

These habits haven't just impacted what properties tenants want, but they have also impacted how tenants (and investors) want to see properties. Capitalising on VR technology, companies like ourselves at RWInvest have started to provide online viewings with virtual tours and sceneshares. This seems to be the next normal for property investment with investors wanting to remain safe.

The market seems to have got more congested too. With a lack of travel, both international and domestically due to restrictions, many landlords who own holiday lets have opted to put their houses up for long-term rentals. The Guardian reports this has led to a 41% increase in stock levels in London. It's clear that competition in the market is increasing, and now may be the time to act to get ahead of the curve.





## All Signs Still Point to Renting

Despite the wealth of changes to the market, one thing has remained clear—renting is the future. Savills found in a June survey that half of the respondents said if they were unable to secure a property in the next six months, renting would be a viable option. Half of those that said this then admitted that they would rent happily, signifying a wider trend of people choosing to rent as part of a lifestyle decision. If you were wondering “how has Covid-19 affected the rental market?” then hopefully all your queries have been answered. The rental market Covid impact has been far less significant than first imagined. While

the habits of tenants have certainly changed, with those looking to rent placing an emphasis on wanting a home office, green space and fast broadband, the overall makeup of the market has remained consistent.

During the rental market in Covid-19, UK rent prices have increased by 3.4% outside of London, and with an eye-catching predicted 27.3% increase in house prices in the North West, now seems like the perfect time to build a portfolio and get involved with buy to let investing.





## Invest in the UK Rental Market With RWinvest

If you are ready to invest in the UK rental market, why not consider RWinvest? We are an award-winning market leader in UK property investment with 15 years' experience and specialism in buy to let investments. All of our properties come equipped with the necessities tenants want in the current market, with high speed wifi. Some properties also fulfill other demands, like One Baltic Square's large communal garden area, which is perfect for getting fresh air during lockdown. We're happy to talk you through all the fantastic opportunities currently available and will help you start investing right now during these unprecedented times. Contact our specialist and expert sales team today to learn more.



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