



Sigma Capital  
Group plc

# THE RENTAL EXPERIENCE: SETTING THE STANDARD

RESEARCH BY SIGMA CAPITAL GROUP PLC

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Sigma provides private rented housing across the UK under its consumer brand, Simple Life. Focusing on priority areas for regeneration, Sigma delivers new, good-quality and well-located homes to rent whilst also providing strong social-economic benefits.

## THE CONTEXT

The UK rental market is one of dramatic variations and inconsistencies. Average monthly rental costs, for example, vary from £527 in the North East, to an average of £959 across the UK as a whole, up to £1,598 in Greater London (HomeLet).

On a macro level, however, there is a continued need for quality rental stock. As Zoopla points out, **rental demand rose 8% between 2018 and 2019**, while supply dropped by 4%.

Demand is, of course, being driven by rising house prices pricing buyers out of the market, but also partly by the growing trends of people renting as a lifestyle choice.

Another contributing factor is the c.40,000 buy to let properties leaving the market each year (Savills Research) because of the decreasingly attractive nature of the investment due to taxation.

**DESPITE THE DIVERGENCE OF SUPPLY AND DEMAND, ACCORDING TO THE ZOOPLA RENTAL MARKET REPORT (JAN 2020), THE OFFICE FOR NATIONAL STATISTICS (ONS) ESTIMATES THAT RENTING IS NO LESS AFFORDABLE IN GENERAL, WITH AVERAGE EARNINGS HAVING GROWN BY 3.8% IN 2019, COMPARED TO THE 2.6% GROWTH OF THE COST TO RENT.**

Nonetheless, it means the market has become more competitive - and it will continue to do so unless those trends are reversed.

## THE REPORT

For landlords and agents, it's crucial to understand what that means and how you should react.

Much of our work at Sigma focuses on creating new neighbourhoods, particularly in areas of regeneration. We offer a long-term, high-quality rental solution at attainable rents for the everyday person, but much of what is involved in that – helping renters find homes, managing tenancies and maintenance with renters and providing services to those in properties – applies across the rental sector.

In producing this report, we've sought to provide insight into how collectively, anyone in the rental market can improve the rental offering and, in turn, strengthen their own business.

It details demographics and attitudes among renters, explores their lives and the pressures acting upon them, as well as identifying actions that can be taken within the industry to strengthen services provided.

I hope our findings serve to help providers within the industry and contribute to a continued conversation about better serving renters in the UK.

**Graham Barnet**  
**Founder & CEO, Sigma Capital Group**





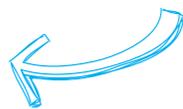
# THE APPROACH

Our research was carried out H2 2019 and was designed to be representative of all renters in England and to provide a robust snapshot of the full rental market.

The insights shared in this report presents the qualitative data obtained in Stage 2 of our research, and the quantitative data obtained in Stage 3 of our research.

Participants in Stage 2 were an even mix of age, gender and location from North to South, whilst also a mix of attitudes to renting obtained in Stage 1.

Stage 3 of our research included a total of 2,000 participants renting their home. The breakdown of participants by age, **gender\***, region, life stage and other demographics was allowed to fall out naturally.



The research comprised three stages:

## STAGE ONE

### Identifying the target consumer:

Quantitative profiling to ensure we recruit a range of rental attitudes to explore in qualitative Stage 2.

- 10 minute online quantitative profiling survey
- 1,000 participants



## STAGE TWO

### Understanding the target consumer:

Qualitative immersions and exploration of the lives and attitudes of modern renters.

- 10-day online community with 16 participants
- 4 x in-home immersions
- 4 x focus groups



## STAGE THREE

### Understanding the rental market:

Quantitative view of the private rental market to gain robust data and quantify insights from Stage 2.

- 15 minute quantitative survey
- 2,000 participants





## WHAT DOES THE RENTAL LANDSCAPE LOOK LIKE?

Despite the continued growth of the rental sector as a whole and among older renters, there remain a number of common negative perceptions about renting:

- Renting can be seen as expensive and becoming increasingly so
- Renting can be seen as dead money instead of an investment
- There can be **restrictions**\* about what is allowed within rented properties
- Service within the rental industry can be seen as poor and inconsistent
- Renting can be seen as temporary and there can be a sense of **insecurity**†



**FOR RENT**

† **34%** VIEW THE RISK OF HAVING TO MOVE IF THE LANDLORD DECIDES TO SELL, AS A BARRIER TO RENTING



\* **13%** of people said they're not allowed to decorate, hang pictures or shelves, which is seen as a barrier to renting

## WHAT DOES THE RENTAL LANDSCAPE LOOK LIKE?

The experience of renting can often be shaped by factors that are beyond the control of renters. An example of this may be where for some people wages may remain the same but rents increase, making the 'end goal' of home ownership for many increasingly unattainable.

Other factors lead to a feeling of resentment whilst renting:

- A LACK OF CHOICE
  - The economic and political climate is backing renters into a corner with many people having no choice but to rent, while others are in a position to buy properties to let
- GENERATIONAL FRICTION
  - Younger generations perceive it to be harder to either rent or buy property than it was for their parents' and grandparents' generations
- GOVERNMENT INITIATIVES
  - Many government initiatives focus on home ownership, with few providing incentives to rent privately

- Initiatives available can give the impression that the aspiration should be to buy, with little done to position renting as an alternative aspiration or an 'equal' option
- NEGATIVE PRESS
  - Rental 'horror stories' are prominent in the media, while home ownership is more likely to be championed
- There is little if any in the way of positive media representation for the rental sector

These issues have all been part of a wider perception that renting long-term is not aspirational and therefore has rarely been framed as a positive lifestyle choice. However, attitudes towards renting are changing and there is increasing recognition that renting offers many benefits, including:

- More freedom
- **Less hassle\***
- Better choice
- Lower risk



## WHAT DOES THE RENTAL LANDSCAPE LOOK LIKE?

As has been the case in other sectors – like cars, music and films – the housing sector has also seen a move away from ownership towards rental or pay-as-you-go models. This is driven by factors including a greater recognition of rental benefits, access to more or better options and an increased expectation in society for instant access.

Although finances are one of the main concerns for renters, they are also linked to the main benefits of renting. These include the freeing up of disposable income and the minimising of maintenance costs. There is an opportunity to better educate renters about these pros and cons.

Finances play a crucial role in how positively people may feel about renting and fore fronting the financial benefits of renting will, naturally, challenge negative perceptions.

Some renters don't expect their financial situation to change in the near future and recognise that they will be renting long-term, so it's important to demonstrate a positive financial picture of the benefits of long-term renting.

Those benefits include:



Access to  
disposable  
income



Reduced  
financial  
responsibility



Minimising cost  
of maintenance



Leveraging on making  
locations and property  
size/types more attainable

In order to help people see renting more positively, the rental experience needs to be improved across the journey.

Ultimately, there is a need in the UK to reframe renting. More can be made of the benefits and more can be done to alleviate feelings of negativity and resentment about renting. The status quo that home ownership should be the ultimate goal can be challenged and a view of renting as a long-term option can be fostered.



*I like renting, it means that we can up and go... We have friends that have moved abroad, it's something we might do.*



**HEATHER**  
Simple Life Resident

## WHO ARE RENTERS?

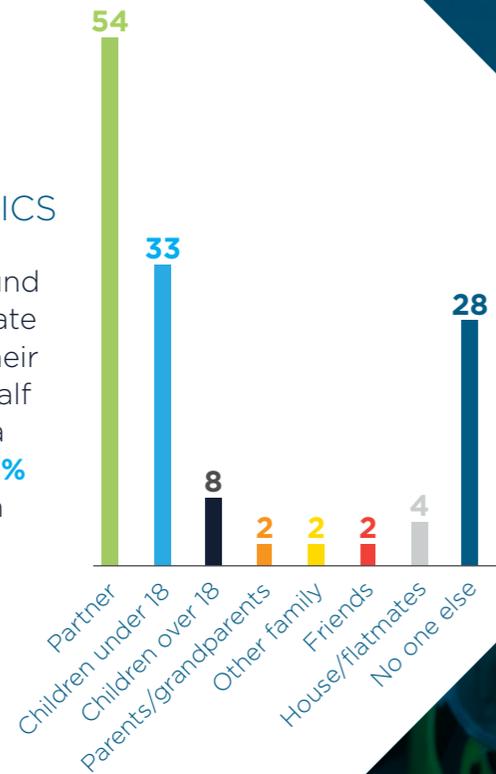
Renters come from across the demographic spectrum, but there are trends that can provide an insight into how rental services might be shaped.

## WHO ARE RENTERS?

# A SNAPSHOT

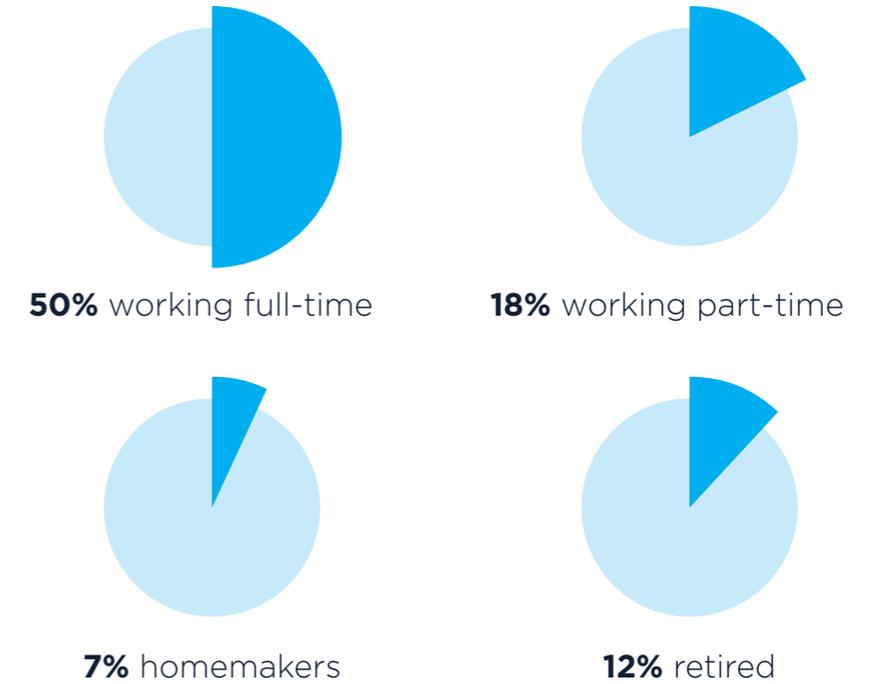
### DEMOGRAPHICS

Our research found that **28%** of private renters live on their own. Just over half (**54%**) live with a partner, while **33%** live with children under 18.



**LOUISE**  
Simple Life Resident

Well over half of renters are in work, with **50%** working full-time and **18%** part-time. **4%** of renters are unemployed, **7%** are homemakers and **12%** are retired.



### TRANSPORTATION

While we found that **71%** have access to a car, fewer (**54%**) drive to work. Otherwise, **32%** walk, **40%** commute via public transport and **5%** cycle.



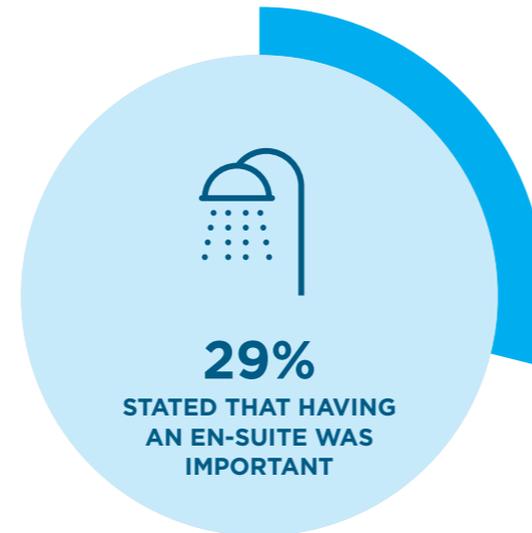
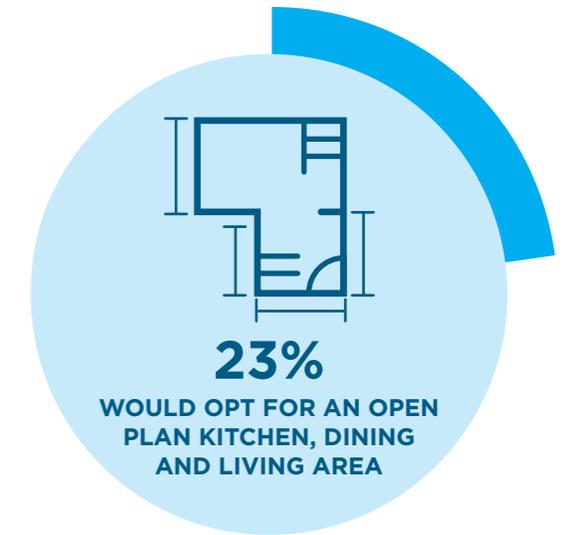
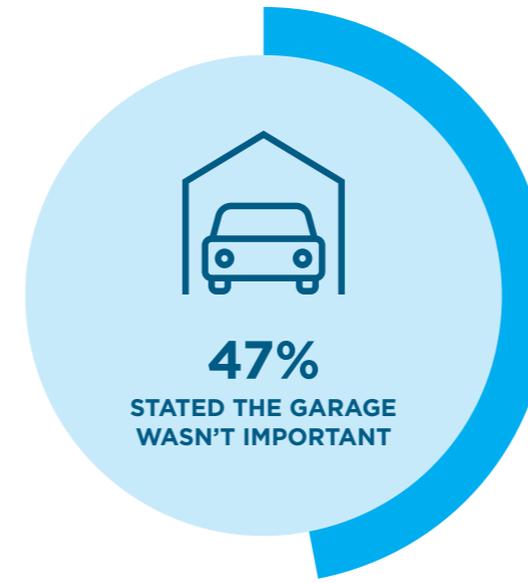
## WHO ARE RENTERS?

## RENTAL REQUIREMENTS

In terms of the importance of living spaces when choosing a place to live, according to our research, **61%** view the garden as being one of the requirements at the top of their list, with **47%** stating that a garage wasn't important. **23%** of renters would opt for an open plan kitchen, dining and living area, slightly less than having an en-suite bathroom, which was important to **29%** of people.

However, a good-quality kitchen was high on the agenda for **82%** of renters, with only **4%** ranking it as not important and the other **14%** feeling indifferent about it.

Location of the property was important to **86%** of renters, with just **4%** feeling that their living location wasn't important and **10%** ranking it as neither important nor unimportant.



## WHO ARE RENTERS?

### PETS

Half of private renters have at least one pet, with an even split between the most popular pets: dogs and cats. Within our focus groups, it was communicated strongly that pets are very much part of the family and not something that they see could be compromised on when renting.

### ATTITUDE TO RENTING



**46%**



**24%**



**22%**



**8%**

Finally, our research showed that almost half of renters (**46%**) are quite happy renting, while **24%** are very happy, **22%** are not very happy and **8%** are not at all happy.

## WHO ARE RENTERS?

# NECESSITY

There is no single reason why people rent, and each rental journey is different. But for many people, renting is the only realistic option.

The reasons for renting can be broken down into push and pull factors, which are often situational:

## PUSH FACTORS

those resulting in less choice and control:

- Financial challenges, such as not being able to save for a deposit, or not having an adequate credit rating
- Changes in personal circumstances, such as separating from a partner

“

*My world was turned upside down when I split with my partner earlier this year...I had to find a place to live quickly.*

To what extent do you agree or disagree with the following statements regarding renting your home?

	<i>Agree</i>
I'm renting as it is all I can afford at the moment	<b>69%</b>
I'm renting as I can't afford to buy the size of house I want or need	<b>62%</b>
I'm just renting until I can afford to buy somewhere	<b>43%</b>
I'm renting as I can't get a mortgage due to my credit rating/income	<b>43%</b>
I'm renting as my personal circumstances changed and I needed to find somewhere else to live	<b>38%</b>
I choose to rent because I like the flexibility it offers	<b>36%</b>
I'm not interested in buying a house, so renting suits me	<b>33%</b>
I choose to rent as it helps to free up money for other things	<b>29%</b>
I'm renting until I know the area a bit better and look to buy somewhere	<b>17%</b>

## WHO ARE RENTERS?

## PULL FACTORS

those resulting in more choice and control:

- Freedom e.g. moving out of parents' home for the first time
- Releasing equity e.g. retirees selling up and going travelling
- 'Try before you buy'. Getting to know an area, or a 'type of house' before taking the plunge and buying
- Enabling people to live in a larger home or in an area where they would not be able to afford to buy

Which type of property do you prefer?

Semi-detached house	<b>43%</b>
Flat/apartment	<b>39%</b>
Detached house	<b>37%</b>
Terraced house	<b>30%</b>
Bungalow	<b>21%</b>
Townhouse	<b>11%</b>

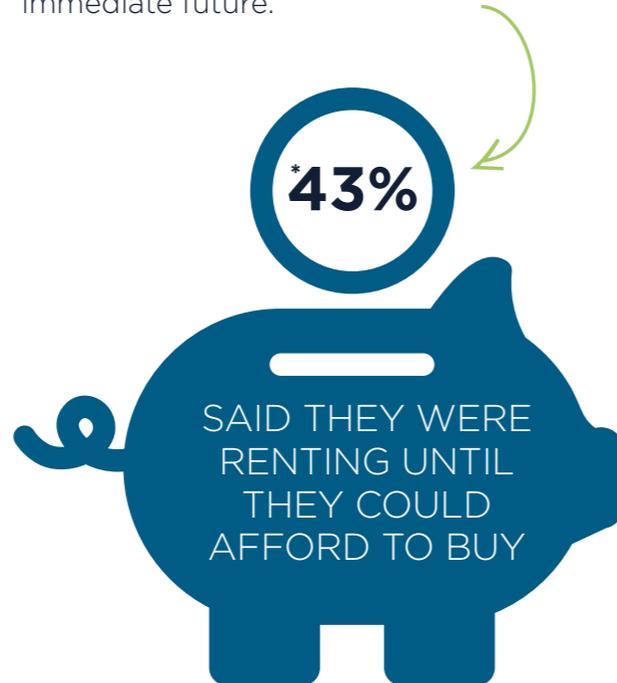


## WHO ARE RENTERS?

In focus groups, even renters who claim renting is a shorter-term plan have often found themselves renting for much longer than intended.

Indeed, most (**54%**) have been renting for six years or more, with the average private renter having been renting for seven years.

Although most renters would prefer to be in a position to **buy\***, there is appetite for longer-term contracts, with the recognition that buying may not be an option in the immediate future.



*We work hard but we could never afford to buy unless something massive changed - it's impossible for us to save up the deposit we'd need to get somewhere.*



THE  
AVERAGE  
PRIVATE  
RENTER  
HAS  
BEEN  
RENTING  
FOR  
SEVEN  
YEARS

## WHO ARE RENTERS?

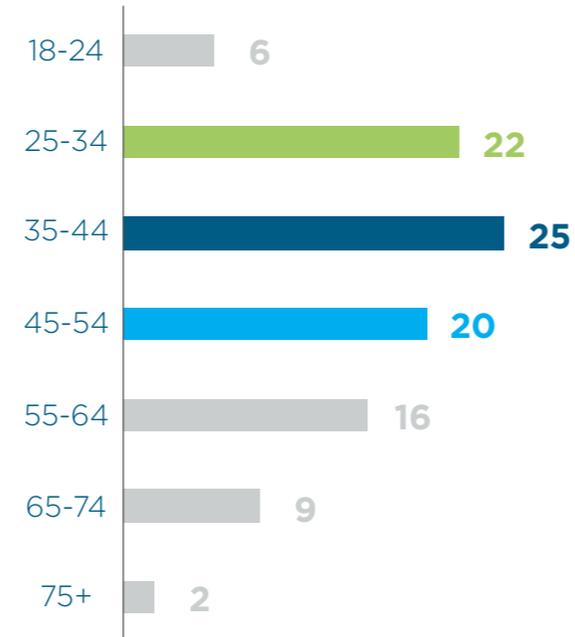
# ALL AGES

In 2019, renters are older, more affluent and rent for longer than you might think.

While younger households aged **25-34** still make up a large group of renters (**22%**), the gap between these and older households has been closing in recent years with those aged **35-44** making up the largest group at **25%** and those aged **45-54** at **20%**.

ONS figures show that, **“HOUSEHOLDS IN THE PRIVATE RENTED SECTOR ARE GETTING OLDER; BETWEEN 2007 AND 2017, THE PROPORTION OF HOUSEHOLD REFERENCE PERSONS AGED 45 TO 54 INCREASED FROM 11% TO 16% WHILE THOSE AGED 16 TO 24 DROPPED FROM 17% TO 12%.”**

Despite this, our research found that many older renters believe that they are in the significant minority. Some feel a degree of shame that they don't own a home to hand down to their children and won't openly talk about the fact that they rent – which may be a contributory factor in why they feel they are in the minority when they are not.



Indeed, participants in a number of the focus groups carried out noted how surprised they were to be with a number of other renters their own age, having expected to be the oldest in the group surrounded by much younger participants.

As a result of this misconception, renters in this segment can feel like a forgotten group and that they are not marketed to with rental or housing products.

Many, however, don't see the need for purchasing a home and don't understand why home ownership is viewed with such strong importance within society. While it has historically been typical among younger generations for purchasing a home to be the ultimate, long-term goal, this has been less the case for older generations for whom financial security may already be assured.

## WHO ARE RENTERS?

# AFFLUENT

The National Readership Survey (NRS) social grade classification system provides a broad insight into income as it is based on occupation level.

More than half of private renters (56%) fall within the ABC1 categories of upper middle class (higher managerial, administrative or professional), middle class (intermediate managerial, administrative or professional) and lower middle class (supervisory or clerical and junior managerial, administrative or professional), suggesting they broadly likely to be earning adequately to buy a property.

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# TIME POOR

- YOUNGER RENTERS
  - Lifestyles are typically built around work and can often be aligned with the 'work hard, play hard' mantra.
  - They may be living for the weekend, spending time seeing friends and going out
- THOSE WITH FAMILIES
  - Lifestyles **revolve around the family\***, with mornings and evenings taken up looking after kids
  - For parents, it can be a struggle to get some time alone when kids are the priority
- OLDER RENTERS
  - Typically have more time for what is important to them, including family and friends
  - May be enjoying retirement but still feeling like there isn't enough time in the day

THE MAJORITY OF RENTERS PERCEIVE THEMSELVES TO BE TIME POOR. THE REASONS FOR THIS CAN BE BROADLY SPLIT INTO THREE DIFFERENT RENTER CATEGORY TYPES.



**\* 33%**  
OF RENTERS  
HAVE CHILDREN  
UNDER 18

## WHO ARE RENTERS?

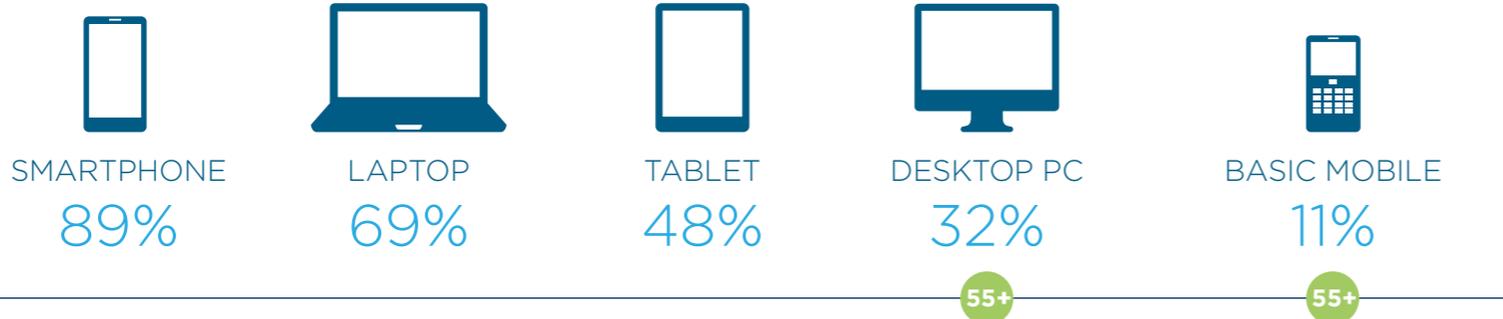
# MEDIA

Understanding how to reach renters is naturally important for landlords and agents from a marketing and communications perspective. Our research provided insights into how renters are positioned within the current media landscape.

Needless to say, the data reflects the changing trends of what media we consume and how we consume it. The landscape is more fragmented, although this allows for more targeted activity.

Device ownership is common with the vast majority of renters owning at least one device. **89%** have a smartphone, **69%** a laptop and **48%** a tablet.

Which of the following devices do you personally use?



## WHO ARE RENTERS?

### MEDIA CONSUMPTION

While social media and streaming services are now major parts of the media ecosystem, live TV remains the number one most prevalent media channel, with **80%** watching live TV and **67%** on demand TV at least once a week.

The BBC is also the most common platform for TV viewing, but there is a wide spread of viewership across all channels.

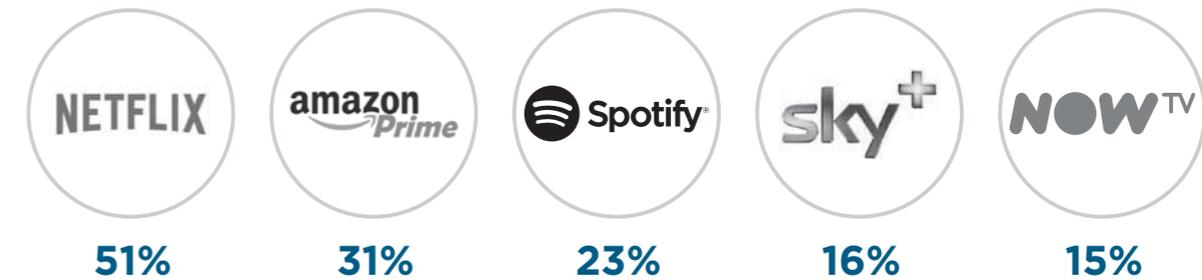
Older audiences are more likely to be watching and engaging with TV channels including the BBC, ITV and Channel 4 than younger audiences. Women are more likely to be watching ITV or E4, while men are more likely to favour Film4 or Dave.

**More than half of renters currently have access to Netflix** and many use more than one subscription service.

A high proportion of renters subscribe to a television streaming service, with **51%** subscribing to Netflix, **31%** to Amazon Prime and **15%** to Now TV.



Which of the following do you have?



<b>Netflix</b>	<b>51%</b>
Amazon Prime	<b>31%</b>
Spotify	<b>23%</b>
Sky+	<b>16%</b>
Now TV	<b>15%</b>
Amazon Music	<b>11%</b>
Sky Q	<b>9%</b>
Google Play	<b>8%</b>
Deezer	<b>2%</b>
Other	<b>19%</b>

## WHO ARE RENTERS?



**67%** listen to live FM or digital radio at least weekly, compared to **44%** who use music streaming services and just over a quarter (**27%**) who listen to podcasts with the same regularity.

While the BBC is again the most common platform for listening to the radio, age is a key differentiator. Live radio continues to offer a significant communications opportunity, although there are considerations according to specific audiences here.

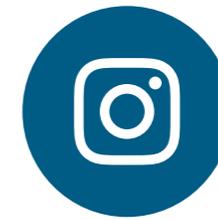
There is an increasing expectation of being able to access content on demand via platforms like Netflix, iPlayer and Spotify.

## WHO ARE RENTERS?

**CHARLIE**  
Simple Life Resident



**72%**



**39%**



**33%**

Social media is also now a significant part of the media landscape, with **72%** of respondents using Facebook at least weekly, **39%** Instagram and **33%** Twitter.

Almost half (**47%**) are already involved in or would be interested in getting involved in an online community like a Residents' Facebook Group.

## WHO ARE RENTERS?

Online channels are significantly more important to younger renters – those aged 18-34 are more likely to be engaging with almost all online offerings.

**39%** of respondents read printed newspapers at least once a week, while half (**50%**) do so via an app and **31%** printed magazines.

The BBC is the most commonly used news source, but a wide variety of alternative sources are used by many.

Which of the following sources do you regularly read / use, either online or offline?

BBC	<b>49%</b>
Daily Mail	<b>28%</b>
Metro	<b>26%</b>
The Guardian	<b>24%</b>
Local newspaper	<b>23%</b>
Sky News	<b>22%</b>
The Sun	<b>21%</b>
The Mirror	<b>13%</b>
The Independent	<b>12%</b>
The Times	<b>11%</b>
The Daily Telegraph	<b>11%</b>
Mail on Sunday	<b>9%</b>
Evening Standard	<b>9%</b>
Buzzfeed	<b>9%</b>
The Sunday Times	<b>8%</b>
The Huffington Post	<b>8%</b>
The Sunday Sun	<b>7%</b>
The Observer	<b>7%</b>
Daily Express	<b>7%</b>
The i	<b>6%</b>
The Sunday Mirror	<b>5%</b>
The Star	<b>5%</b>
Sunday Telegraph	<b>5%</b>
The Financial Times	<b>4%</b>
Sunday Express	<b>4%</b>
The Independent on Sunday	<b>4%</b>
The Economist	<b>3%</b>
Vice	<b>3%</b>
The People	<b>3%</b>
CityAM	<b>2%</b>
Other	<b>3%</b>



## WHAT ARE THE MAIN CONCERNS FOR RENTERS?

# WHAT ARE THE MAIN CONCERNS FOR RENTERS?

BASED ON OUR RESEARCH, THE CONCERNS OF RENTERS CAN BE GROUPED INTO THREE MAIN CATEGORIES: FINANCIAL, SERVICE AND INDEPENDENCE.

### FINANCIAL

The main reason for renting is financial and is tied to some of the 'push' factors that make people feel they have no choice. There is also a perceived lack of financial benefit when renting, with three out of five citing at least one financial frustration, such as:

- I'm not investing money in a property of my own
- There were hidden fees when I moved in
- **Rental payments are more expensive than mortgage payments<sup>†</sup>**
- I'm worried about losing my deposit when I move out
- I'm worried about my landlord trying to unfairly keep some or all of my deposit



*I'm often reluctant to press the landlord to fix or replace something in case he decides to put the property on the market sooner rather than later.*

### SERVICE

Disenfranchisement among renters due to poor communication in the industry is prolific. Landlord related concerns include:

- It is hard to get hold of my landlord
- My landlord is not very helpful or reliable
- I could have to move out at any time if my landlord sells the house or changes their mind
- I feel untrusted and my privacy invaded by the number of inspections from my landlord

### INDEPENDENCE

Renters want to feel that they are making a home, not simply renting a property, but the prominence of short-term contracts leaves many worried that they could be made to leave unexpectedly.

In addition, there can be too many restrictions placed on renters, such as on decorating, which prevent them from feeling 'at home' or in control.

## WHAT IS THE RENTAL EXPERIENCE LIKE?

There is no universal rental experience and each renter has a different story. Inconsistencies in how renters are treated mean that expectations within the industry are also not consistent.

Much of this comes down to a lack of standardisation within the rental market leading to different experiences and levels of service from different landlords and agents.

Each landlord and agent has slightly different processes, standards and expectations, making it difficult for renters to know what to expect and leading to fear of potential repercussions.

Too many grey areas within the market and a lack of standardisation leave renters second guessing about issues such as the responsibilities of the landlord versus the responsibilities of the tenant. By establishing norms in the industry, expectations could be aligned and a better experience fostered for both parties.

## RENTAL JOURNEY

Most renters revert to a formulaic process, with five distinct stages in the lifecycle of the rental journey:

The searching process is a means to an end, meaning renters often take a very functional approach. Most people search within a certain distance of the area in which they are looking, with other criteria – such as number of bedrooms and furnished or unfurnished – only then applied.

The vast majority of renters search almost exclusively online and the process is often a solo mission, with partners and family excluded or disengaged.



*Normally I just have a look on my own and put it in front of my partner when I get chance – it is a joint decision, but I have to do all of the searching.*

## WHAT IS THE RENTAL EXPERIENCE LIKE?

### PAIN POINTS

The rental journey has a number of stages and can be complex. This means there is potential for a number of 'pain points.'

These pain points span the whole rental journey, from perceived inflexibility when first arranging a viewing up to the fear of having a deposit withheld when preparing to move out.

Common complaints include renters feeling like they are in competition with others, like they must rush to rent a property or like the landlord or agent acts as if they are doing them a favour by providing them with a home.

The resulting experience for renters is a very different one to that of those buying a home, giving a sense to renters of their being second-class citizens.

In addition, many people find the process for renting and the industry as a whole confusing. There can be a lack of clarity about the roles of landlords, letting agents and estate agents, as well as about terms like PRS, build-to-rent and private / professional landlord.

While people have become accustomed to ever-improving standards of customer service in other industries and sectors, that is not the case in the rental sector. Renters can be reluctant to make requests that are within their rights for fear of damaging their relationship with their landlord or to avoid feeling like a burden.

This was borne out by one focus group respondent who commented:

“

*[My decking is] now in a dangerous condition. I cannot afford to get this repaired but I am reluctant to press the landlord to replace it in case he decides to put the property on the market sooner rather than later.*

The discrepancy from other sectors is exemplified by the use of the term 'tenant' rather than 'customer', the latter conveying an inherent degree of balance between the parties involved that is not perceived to be the case for 'tenants'.

## HOW CAN THE RENTAL EXPERIENCE BE IMPROVED?

As is the case in any industry, the better the service provided by landlords and agents, the more likely they are to make sales. It is very much in their interests to ensure that the experience for renters at each stage of the rental journey is as good as possible.

There are lots of things across the journey that can be done to achieve this. The challenge for landlords and agents is to manage expectations and provide clear guidance to renters – this is something that is missing at the moment.

“

*I remember being charged £50 for signing something once and having no idea what it was for – I just did it though because we'd gone too far by then.*



## HOW CAN THE RENTAL EXPERIENCE BE IMPROVED?

### SEARCHING

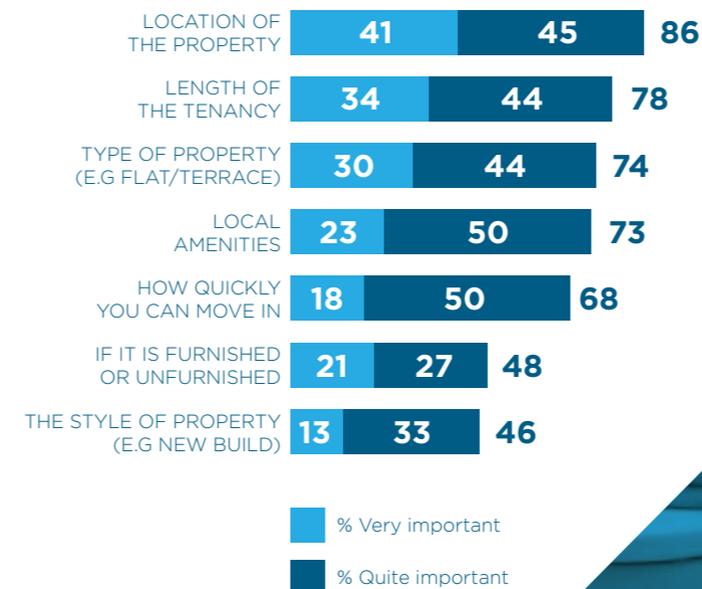
While finding properties that match the desired specifications can be relatively straightforward using today's online search tools, the viewing process can be hard work and time-consuming. It can be difficult to arrange viewing times that suit all parties, repeat viewings can feel like an imposition and renters can feel pressured to indicate whether or not they are interested in the property.

To begin with, highlighting and showcasing the type of properties and the locations that are most in demand will help to capture attention early in renters' searching processes.

In addition, doing whatever is possible to make the viewing process an enjoyable experience ensures that renters are left with a good impression and a sense of what to expect of dealings later in the rental.

Landlords and agents might offer flexible viewing times, offer to pick up and drop off renters before and after viewings or allow viewers to "test drive" furnished properties for an evening to get a feel for them.

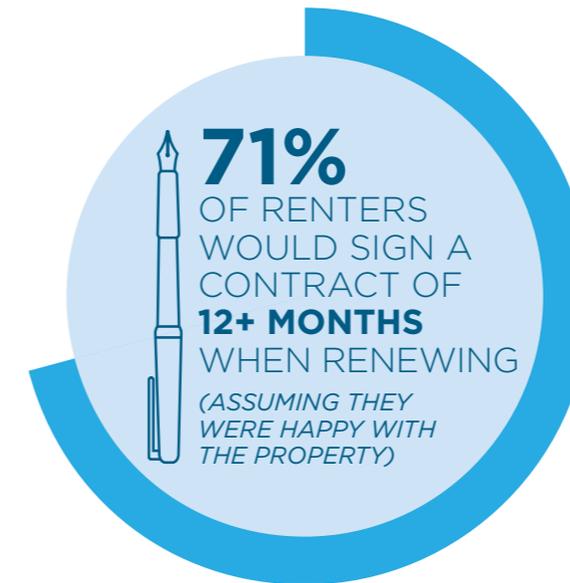
New kitchens and bathrooms present an opportunity to 'wow' renters and should feature heavily in communications materials. This is a simple way to differentiate a property over many others on the market - and communicating that they are regularly refreshed conveys not only the quality of the property, but a quality of service.



HOW CAN THE RENTAL EXPERIENCE BE IMPROVED?

## SIGNING

A SIGNIFICANT PROPORTION WANT TO SIGN FOR EVEN LONGER. **41%** CLAIM THEIR PREFERRED CONTRACT LENGTH WOULD BE **2+ YEARS** WHEN RENEWING, ASSUMING THEY ARE HAPPY IN THE PROPERTY



A lack of simplicity and transparency at the signing and moving in stage can lead to cynicism, so providing clarity here can help to maintain a good relationship with renters going forward.

Renters often expect to be hit with hidden charges, and it can feel like the terms of the contract are out of their control. Providing transparency, options and time for renters to review contracts provides reassurance and, again, helps to maintain good relationships going forward.

OLDER RENTERS ARE MORE LIKELY TO BE LOOKING FOR **LONGER TERM CONTRACTS**, WHILE THOSE IN THE SOUTH ARE MORE LIKELY TO WANT TO COMMIT LONGER TERM WHEN FIRST SIGNING FOR A PROPERTY

The appetite for longer term contracts demonstrates renters wanting to settle and 'make a home'. In any other industry, you would expect perks for loyal customers, so landlords need to consider how they might reward customers for longer term rental.

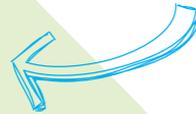
Older renters and renters in the south of the UK are more likely to be looking for longer term contracts, which can be preferable for landlords and agents and could be rewarded accordingly.

## HOW CAN THE RENTAL EXPERIENCE BE IMPROVED?



### **Sigma recently decided to abolish pet rent across its portfolio.**

Some careful analysis undertaken across the portfolio illustrated that when compared with non pet occupying households, the impact of pet ownership on end of tenancy works was negligible, especially compared alongside the mental and physical well-being benefits that pets are known to provide.



The reluctance for renters to pay more for keeping pets illustrates their importance – they are often seen as part of the family – and choosing to forego such charges can be an act of good faith on the part of landlords and agents.

Decisions typically revolve around location and length of tenancy. Finding a place to rent in the desired area for the desired length of time is key, so offering flexibility around the length of tenancy can be a selling point.

As discussed, there is a widespread appetite for long-term rentals and there is an opportunity for landlords and agents to cater for this demand in terms of the contract lengths they offer. But there are also things that can be done to cater for and encourage long-term habitation once renters have moved in.

Not having to pay for or carry out maintenance is one of the main benefits of renting and there is a low bar for issues about which renters will contact landlords or agents. Younger renters are more expectant here, while older renters are more likely to say they'd fix certain issues themselves. There is a need to clarify who to contact for certain maintenance issues.

Elsewhere, a third of private renters prefer part or fully-furnished properties, presenting an opportunity for upselling furniture packs.



*[My ideal landlord would...] be easy to contact, quick to resolve any issue and flexible. They would not bother me too much, they would trust me.*

## HOW CAN THE RENTAL EXPERIENCE BE IMPROVED?

### MOVING IN

When people are moving into a property, they are trying to create a home by doing things like getting to know the local area, meeting neighbours and personalising and decorating the property. Landlords and agents have an opportunity to help renters feel at home and, therefore, how long they may wish to stay.

Common factors that lessen the extent to which people may feel at home include prohibitive restrictions when it comes to decorating, inadequate responses to legitimate requests about the property and overly regular visits or check-ups on the property.



Proactive steps that can be taken to help people feel at home might include giving them a welcome hamper with essential supplies like bread, tea and milk, providing a guide to the local area and arranging a return visit to see how they are settling in.

There is a need to agree what is permissible when it comes to decorating as there is no industry standard. Older renters and those in the north have greater expectations about what they should be allowed to do.

Most private renters, believe it is reasonable to expect a visit every 6-12 months. However, there is potential appetite for visits to be reduced the longer a tenant stays in place, as a reward for loyalty and respectful treatment of the property.

## HOW CAN THE RENTAL EXPERIENCE BE IMPROVED?

### LIVING

Renters with experience of both landlords and letting agents have a preference for dealing with landlords directly. They are seen as more trustworthy, proactive, contactable and generous than agents.

Older renters generally have more positive views of both landlords and letting agents, which may be a reflection that they have lower expectations or that they have had more opportunity to find more positive, longer term rental situations.

Renters generally have high expectations over the speed of response from their landlord. When looking at age, we can see that older renters are happy for some queries, such as contractual enquiries, to take longer but are more demanding when there is a major disruption and are more likely to expect a response within an hour.

While renters prefer phone calls for communication with landlords and agents most of the time, they can see the advantage of other forms of communication in certain circumstances. Email, for example, is seen as more suitable when giving notice of leaving or when raising a contractual query.

In short, how you should deal with renters during their tenancy to ensure good service depends very much on their preferences. These vary broadly between demographics, but more importantly from individual to individual. Landlords and agents should spend the time to get to know their tenants and tailor their service accordingly where possible.

Which words do you associate with a landlord?



HOW CAN THE RENTAL  
EXPERIENCE BE IMPROVED?

## MOVING OUT

Although the moving out stage of the rental journey could be seen as the least valuable for landlords and agents, it can also be used to as an opportunity to differentiate their service from that of their competitors.

By outlining a very clear and transparent process for the moving out stage at the beginning of the searching and signing stages of the process, landlords and agents can provide peace of mind to prospective tenants.

In addition, a smooth and friendly process here can be harnessed to build reputation, with reviews from happy former tenants, and to increase the chance of repeat business elsewhere.

## IN CONCLUSION...

The UK's rental market has become more competitive. Changes to tax legislation in 2016 caused a drop in investment from private landlords, while rising property prices have pushed would-be buyers out of the buying market.

As a result, landlords have a larger market of potential customers but must do more to distinguish themselves from their competitors. Failure to do so means potentially receiving lower income for rental properties or missing out on the business altogether.

It can be easy just to focus on the searching and signing stages of the rental journey when making improvements to a service, such as by making viewings as enjoyable as possible and by ensuring transparency and flexibility in contracts.

Landlords and agents should also consider how they can improve the moving in, living and moving out stages of their offers as these can be used as incentives for prospective renters and encourage repeat business from existing or previous renters.

To drive higher rental standards and to establish more consistency throughout the rental experience, the industry also has a responsibility to promote rental as an aspirational living solution, rather than as a poor second to purchasing a property.

Ultimately, by understanding how they can better serve their customers at each stage with a shared experience, landlords, agents and the industry as a whole can ensure better business performance in the current competitive rental climate.

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**EDINBURGH**

18 Alva Street  
Edinburgh EH2 4QG

0333 999 9926  
[www.sigmacapital.co.uk](http://www.sigmacapital.co.uk)

**MANCHESTER**

Floor 3, 1 St Ann Street  
Manchester M2 7LR

**LONDON**

40 Gracechurch Street  
London EC3V 0BT