



The impact of Covid-19 on UK landlords

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As the UK looks to recover from the effects of the pandemic, it's vital that we recognise the significant contribution of landlords to the economy, and the important role they play in providing safe and affordable housing in our towns and cities.

Alan Thomas

Simply Business UK CEO

Foreword

The impact of the pandemic has been felt across all corners of the country – and that's no different for the 2.6m landlords who let out residential properties in the UK.

The extent of that impact is made clear in our latest research. Tenants' financial challenges, the introduction of the eviction ban, and a perceived lack of government support have all resulted in a prolonged period of uncertainty – with the majority of landlords losing out financially as a result of the pandemic.

So it comes as no surprise that a fifth of landlords are planning to sell property as a direct result of Covid-19. Contributing over £16 billion annually in pre-tax spending, an exodus of smaller landlords from the buy-to-let market could have a devastating impact on the UK economy. But more than this, landlords are crucial to our communities, offering much-needed accommodation to over 4.4 million households.

Despite their clear importance, many have felt an acute lack of support in the last 18 months. While the government rightfully rallied around tenants who faced job losses and reduced incomes, landlords believed they weren't offered the same protection.

Our research shows that a significant number of landlords felt excluded by government support measures, and questioned the impact of some initiatives – just seven per cent of landlords took advantage of a mortgage payment holiday. Many had to dip into their own personal savings to make up for the loss in rental income, while others struggled to deal with difficult tenants.

Despite more than a third of landlords expecting it to take over 12 months to recoup losses, for the most part landlords remain resilient – 59% of landlords still think property is a worthwhile investment, while almost a third are optimistic about their future letting property.

Insuring over 300,000 landlords has given us a unique insight into the impact of Covid-19 on this audience. And now more than ever – as the UK looks to recover from the effects of the pandemic – it's vital that we recognise their significant contribution to the economy, and the important role they play in providing safe and affordable housing in our towns and cities.



Alan Thomas
Simply Business UK CEO

Executive summary

The coronavirus pandemic and subsequent lockdowns have led to tenants being unable to pay their rent, causing a knock-on effect for landlords. Indeed, over half of landlords have told us that they've lost money because of Covid-19.

And while the government created a support package to help people through the pandemic, many landlords told us that more should have been done to support landlords.

To make up for lost rental income, some landlords have turned to their savings, and landlords expect that it'll take a considerable amount of time to recoup their losses.

The pandemic has strained some landlords' relationship with their tenants – a quarter said their relationship is now more difficult. But landlords have been flexible with tenants, offering rent reductions and payment plans.

The future outlook is largely positive – 59% of landlords still think property is a worthwhile investment, while almost a third are optimistic about the future.

We surveyed 560 landlords from across the UK to get a thorough understanding of how Covid-19 has impacted them, and what the future holds for the buy-to-let market.



Key findings

1

Over half of landlords lost money because of Covid-19

2

34% said that the government should've supported tenants with rent payments

3

A **quarter of landlords** had to turn to their savings to make up for the loss of rental income

4

Almost a **quarter of landlords (23%)** felt that the pandemic has made their relationship with their tenants more difficult than before

5

59% of landlords still think letting property is a worthwhile investment

6

But only **8%** bought new property during the pandemic, with another **7%** planning to buy property in the coming months

The cost of Covid-19 for landlords

The pandemic has had a serious impact on the economy and tenants' finances, causing a knock-on effect for landlords. In fact, 45% told us that they found it difficult being a landlord during the pandemic.

Over half of the landlords (51%) we spoke to said they lost money due to Covid-19, potentially affecting their ability to pay their buy-to-let mortgage, make property improvements, or expand their portfolios.

What were the main reasons for landlords losing money?

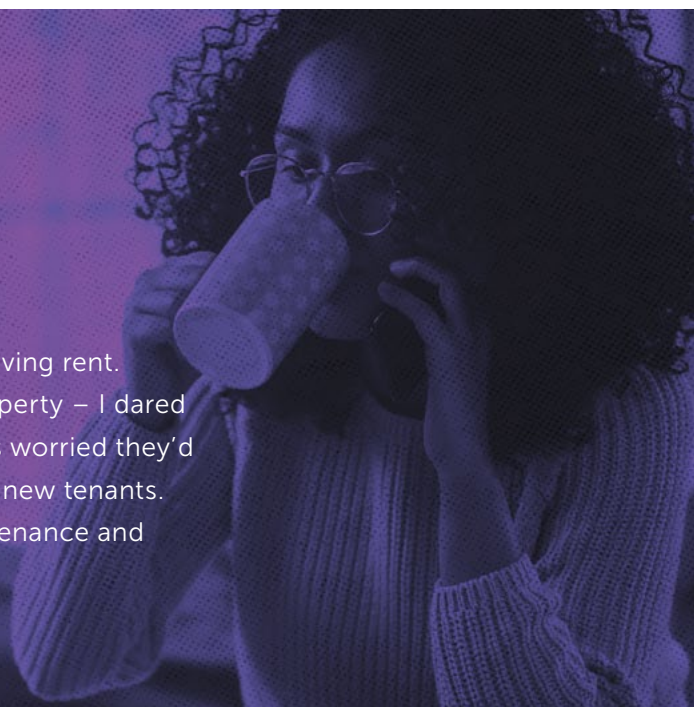
The most common reason for landlords losing money was **because their tenants couldn't pay their rent (27%)**.

Another **8% of landlords** told us that they couldn't find suitable new tenants during the pandemic, which caused them to lose out on rental income.



One landlord said:

"I consider myself lucky as I'm still receiving rent. But my tenants didn't look after my property – I dared not bring it up with them because I was worried they'd stop paying rent and it's difficult to find new tenants. I'll just have to budget for a large maintenance and repair bill once the pandemic is over."





How much rental income did landlords lose?

Of the landlords who lost rental income, **47%** lost between **£2,001 and £10,000**. However, **14% of landlords who lost money lost more than £10,000** – an amount which could have a serious impact on their finances and future plans.

Of those who lost rental income, this is how much they lost:



A lack of government support

While there's been a range of support schemes throughout the pandemic to protect tenants, **many landlords felt this passed greater risk on to them.**

43%

felt that landlords should have been compensated by the government for losses in rental income



41%

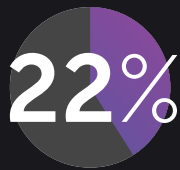
said that they needed more support when dealing with difficult tenants

34%

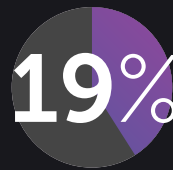
thought that the government should have better supported tenants so they could continue to pay their rent

Did support go far enough?

The stamp duty holiday introduced by the government in March 2020 was designed to incentivise people to buy property during the pandemic – but some landlords felt it could have gone further.



thought that the three per cent stamp duty-surcharge for buy-to-let properties should have been removed



said that all new rental market legislation should have been paused

Challenges of the eviction ban

The housing market was forced to close temporarily and the emergency legislation banning tenant evictions during the coronavirus pandemic received a mixed response from landlords.

21% said that it shouldn't have been introduced at all

19% said that while they understood the need for an eviction ban, it should have been shorter

18% said that the eviction ban stopped them from evicting problem tenants during the pandemic

One landlord said:

"The government had tough decisions to make, but solely focusing on an eviction ban shifted all of the risk to landlords. I agree that evictions needed to be avoided during the height of the pandemic, but the risk balance didn't seem correct."



How did landlords make up for the loss of rental income?

Coronavirus affected the income of many people across the country, which meant that tenants struggled to pay rent. Naturally, this impacted landlords, many of whom have mortgages to pay.

A quarter (25%) of landlords told us that they had to turn to their savings to make up for the loss of rental income, while **8%** reduced their living costs.

And only a small number (**7%**) of landlords took advantage of a mortgage payment holiday, a measure put in place by the Financial Conduct Authority (FCA) that let landlords defer payments for up to six months.

How long will it take to recoup losses?

47% of landlords think it'll take more than six months to recoup their losses, with some believing it will take them **over five years**

21% told us that they plan to sell property because of the pandemic

One landlord said:

"We took a mortgage holiday and had interest added to our mortgage. This was because we had a two-month period when our tenant couldn't pay their rent. That's an extra £1000 every month on our mortgage, but we don't want to charge our tenant for the interest."



The landlord-tenant relationship

Maintaining a positive relationship with tenants is an important part of being a good landlord. It increases the chances of a long-term tenancy, rent being paid on time, and the property being looked after.

But according to **23%** of the landlords we spoke to, Covid-19 has made the relationship with their tenants more difficult than before. At the same time, just 3% of landlords said their relationship with tenants has improved.

A man with glasses is sitting in a chair, looking thoughtful. He is wearing a dark sweater and has his hand near his chin. The background is blurred, showing what appears to be a bookshelf. The entire image has a blue tint and a halftone dot pattern.

One landlord said:

"I have a property management agent who was very proactive. They helped to ease any strains and kept the communication going between the tenants and myself."

How did landlords support tenants?

Although it wasn't possible for all, some landlords were able to help their tenants during the pandemic.



Do repayment plans reduce rent arrears?

As the pandemic affected renters' ability to pay rent, over a quarter (28%) of landlords we spoke to arranged a repayment plan with tenants.

Repayment plans are seen as an effective way of reducing rent arrears as they give tenants an affordable schedule to stick to, while landlords can recoup the rent they're owed. But did they work in practice?



Looking ahead

Looking forward, it's clear that there's still a level of uncertainty for landlords when it comes to the rental market. Just 15% per cent said they have recently bought or plan to buy a property, but over half still consider letting property a worthwhile investment.

59%

of landlords still think letting property is a worthwhile investment

17%

worry that good tenants will be harder to find going forward

35%

are worried about further regulation to the rental market

31%

are feeling positive about the future

Long-term impact on property prices

And despite the phasing out of the stamp duty holiday, over half of landlords believe that we'll see an increase in property prices as a result of the pandemic.

21%

think prices will stay the same

12%

think they'll get somewhat/significantly lower

56%

think that long term property prices will get somewhat/significantly higher

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