

Letting to Students

The United Kingdom boasts some of the oldest and most prestigious universities across the globe— attracting a huge amount of both British and international students. As a result of the robust student population, the student let market has been resilient even during the recent recession. Yet, letting to students is not without risk and poses unique challenges that are not present with the average tenant. Therefore, as a landlord, it would be beneficial to educate yourself on the market, the advantages and risks—and to purchase student let insurance to ensure you are covered for those additional risks.

The Student Let Market

In 2012, the government introduced an increase of up to £9,000 in university tuition fees which caused a steep decline in student enrolment by 7.4 per cent. Still, the number of students who rented in 2012 to 2013 rose by nearly 11,000—a growth of nearly 2 per cent over the previous year, according to real estate firm Savills. The rise of student tenants was accompanied by an emphasis placed on landlords to increase the quality of the available flats to match the increase in tuition.

In the years following the hike in university tuition, student enrolment has steadily recovered with nearly half a million new students enrolled for the 2014-2015 academic year—an increase of 4 per cent, according to the Higher Education Statistics Agency. More than 2 million students will attend university during the 2014-2015 academic year, with tuition costs and limited university housing persuading nearly 70 per cent to let.

Despite periodic downtrends in enrolment, the consistent international and UK student population will ensure that the student let market stays resilient. With a regular and dependable reserve of potential tenants,

landlords that let to students can boast a vacancy rate of a mere 3 per cent, according to the Financial Times. The trend of slowly rising student enrolment and the number of students looking to rent has been predicted to continue, according to CBRE Global Research and Consulting—which makes student let property a smart investment.

While the UK student population is more than 2 million, there are only half a million available student beds. This provides landlords with a lucrative opportunity to house the remaining 1 million students.

Advantages of Letting to Students

The student let market has displayed marked growth for the past four years—with an increase of 1.6 per cent for 2013 to 2014, according to real estate consulting firm Knight Frank. In addition to the reliable, steady growth, the market offers these four additional benefits for landlords who let to students:

1. Student tenants tend to have lower expectations for provided appliances, furnishings or decor than their professional counterparts.
2. As a part of their applications, you may require that student tenants have their parents or guardians act as the guarantors for their leases. In the event that the students cannot pay their rent for a particular month, their guarantors will be then obligated to make the payments.

Provided by **Crendon Insurance Brokers Ltd**

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3. The potential profit yields can be higher than other housing lets due to competitive pricing when compared to university housing costs and the ability to include a greater number of tenants.
4. With an excess demand for student housing, it should be relatively simple to find student tenants. Depending on what universities are nearby, you may be able to advertise on their student housing sites.

This list is not comprehensive—the advantages of letting to students are varied and numerous.

Risks of Letting to Students

Despite the dependable growth and the potential for high financial yields in the student let market, there are four marked risks for landlords.

1. Generally, maintenance bills are higher than they are with professional tenants as students can be tougher on the appliances, decor and furnishings due to their recklessness, alcohol consumption and the short terms of their leases.
2. It may be possible that there are stretches of time where you have no tenants due to holidays or a gap between academic years.
3. There is a growing trend of universities providing purpose-built private student accommodations that would reduce the demand for private lettings.
4. If your student tenants are particularly noisy, you could be penalised by your local council.

This list is also not comprehensive—there are other risks you may face as a landlord letting to students.

Preparing to Let to Students

As a landlord, there are preparations and requirements you must consider before you let to students. To best prepare, follow this advice:

- Provide new tenants with a clear, detailed packet of information concerning local amenities and their responsibilities for the care of the property. Include rules specific to students such as: Do not

climb on the roof, do not burn candles, do not light fireworks by the property, etc.

- Before the new tenants move in, take a detailed inventory of the condition of appliances, decor and the general structural quality of the property, such as walls, floors, doors, etc. Include a clause in the provided packet of information outlining that any damages, repairs or replacements are the responsibility of the tenants.
- Require that each student supplies references of current employment, or, if he or she cannot, you should require that he or she has a guarantor accept financial and legal responsibility for him or her.
- As a part of the background check for a potential tenant, contact the student's university to identify any possible behavioural problems that may have led to him or her being evicted from university housing.

In addition to these precautions, there are two legal regulations you must comply with:

- If you are a landlord in the following areas, you must verify that your tenants are legally allowed to live in the country:
 - Birmingham
 - Walsall
 - Sandwell
 - Dudley
 - Wolverhampton
- You must ensure that your property complies with the House in Multiple Occupation (HMO) regulations by doing the following:
 - Install smoke detectors for licenced HMOs.
 - Carry out annual gas safety checks.
 - Check electrics every five years.
 - Ensure the property is not overcrowded.

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- Provide adequate cooking and washing facilities.
- Make sure communal areas and shared facilities are clean and in good repair.
- Make sure there are enough rubbish bins/bags.
- Standard HMOs meet the following criteria:
 1. At least three tenants live there, forming more than one 'household'.
 2. The tenants share toilet, bathroom and/or kitchen facilities.
- Large HMOs meet the following criteria:
 1. The property is at least three storeys high.
 2. At least five tenants live there, forming more than one 'household'.
 3. The tenants share toilet, bathroom and/or kitchen facilities.

(Note: A household is defined as a single person or members of the same family who live together.)

Student Let Insurance

While the properties that you let are most likely protected with several forms of cover—home, landlord's insurance, etc.—damage and incidents caused by student tenants may not always be covered. Therefore, to ensure that both your properties and investments are properly protected, purchase student let insurance. This specific form of cover can provide peace of mind for complications involving:

- Cost of repairs to the building, either caused by tenants or the elements
- Legal expenses for any court cases between yourself and your tenants
- A percentage of compensation for the loss of rent
- Compensation for repairs or replacement for items that are stolen
- Cover provided for the property

- Liability cover provided for you, the landlord

These six items do not reflect all of the possible inclusions that student let insurance can provide you as a landlord. Yet, they are some of the most common.

Letting to Students Can Prove to be Lucrative

The student let market should be buoyant and stable for years to come. If you are a landlord, are interested in letting one or more of your properties to students, and would like to learn more about either the market or student let insurance, contact **Crendon Insurance Brokers** today.