

# OUR FINDINGS: LETTING AGENT FEES RESEARCH

Prepared for ARLA  
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## INTRODUCTION

In response to the Government's intention to ban letting agent fees the Association of Residential Letting Agents (ARLA) wanted to understand what makes up letting agent fees.

In order to achieve this, Opinium conducted an online survey of ARLA agents between 1<sup>st</sup> and 21<sup>st</sup> December 2016. 1,008 agents responded to the survey.

Agents were asked:

1. What services they charge for
2. What work is involved in providing these services
3. How long does these services take to complete (in hours)
4. The impact the ban will have on rent prices, numbers of staff, and the quality of rental properties

Questions 1 to 3 were asked as open questions and the responses manually coded into common responses.



## IF YOU ONLY HAVE ONE MINUTE

Agents are most likely to charge for collecting references (96%) and for creating tenancy agreements (89%)

Agents spend the most time on conducting credit checks, viewings and collecting references (each averaging about 8 hours of work)

Agents overwhelmingly think that rent prices will increase as a result of banning fees

Six in ten agents think that the ban on fees will cause the quality of properties to decline

Over four in ten agents think it will mean staff numbers reduce in the medium to long term

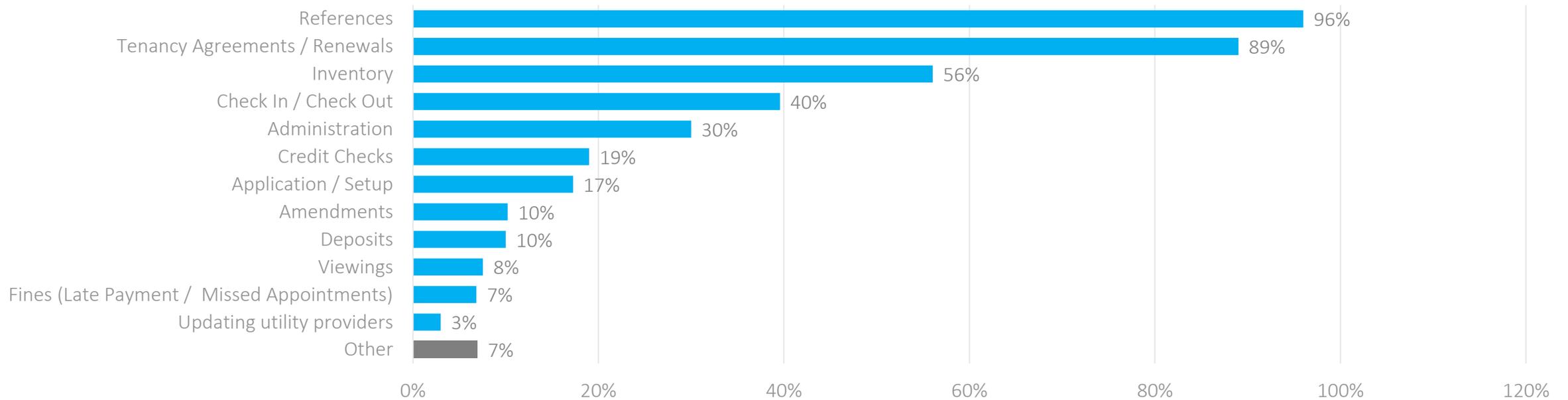
# SERVICES IN SUMMARY

Services that agents charge for and how long these take

## WHAT AGENTS CHARGE FEES FOR

Almost all agents charge for collecting references (96%) and for creating tenancy agreements (89%). Over half of agents said they charged for conducting an inventory (56%).

Services that agents charge for (% of agents mentioning each one)

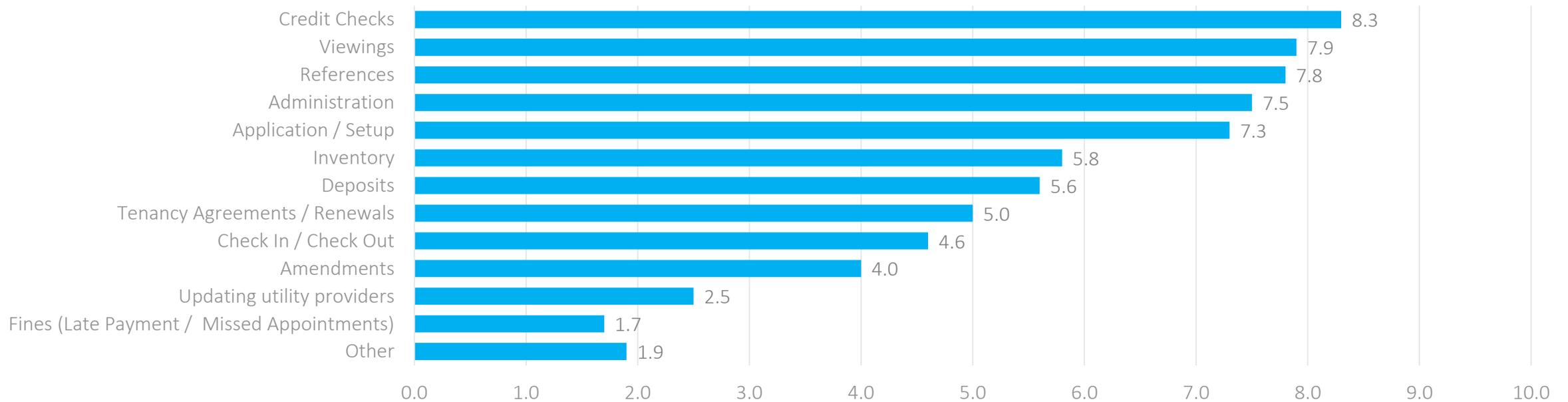


BASE 1,008 AGENTS: CODED DATA BASED ON RESPONSES TO THE QUESTION "WHAT SERVICES DO YOU CHARGE FOR?"

## HOW LONG AGENTS SPEND ON TASKS

Agents spend the most time on conducting credit checks, viewings and collecting references, each averaging about 8 hours of work. Many agents indicated that conducting credit checks and collecting references takes a number of days, if not weeks, and requires regular calls and emails to prospective tenants and others to gather the relevant information.

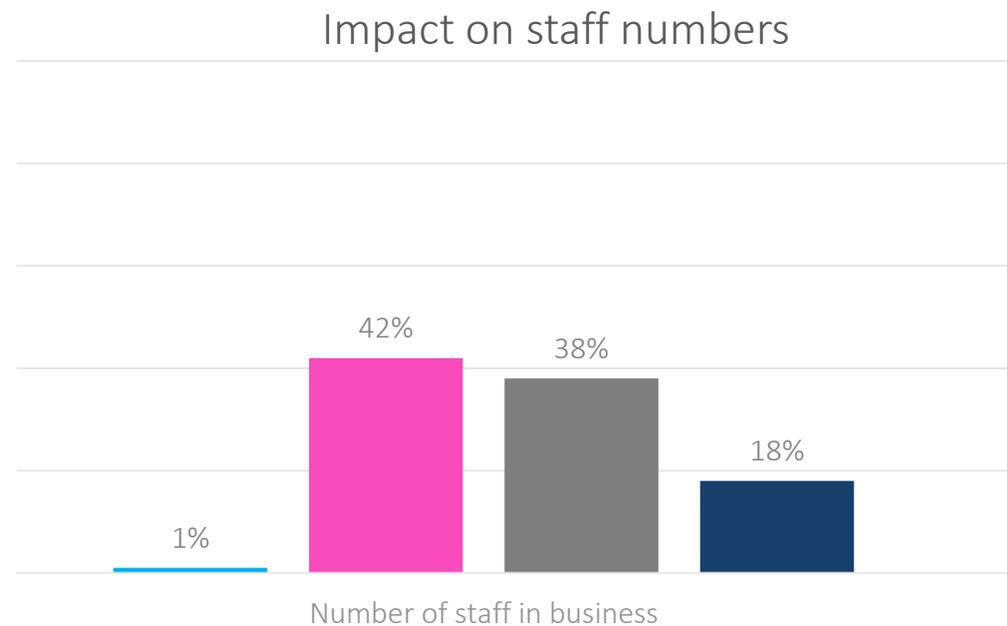
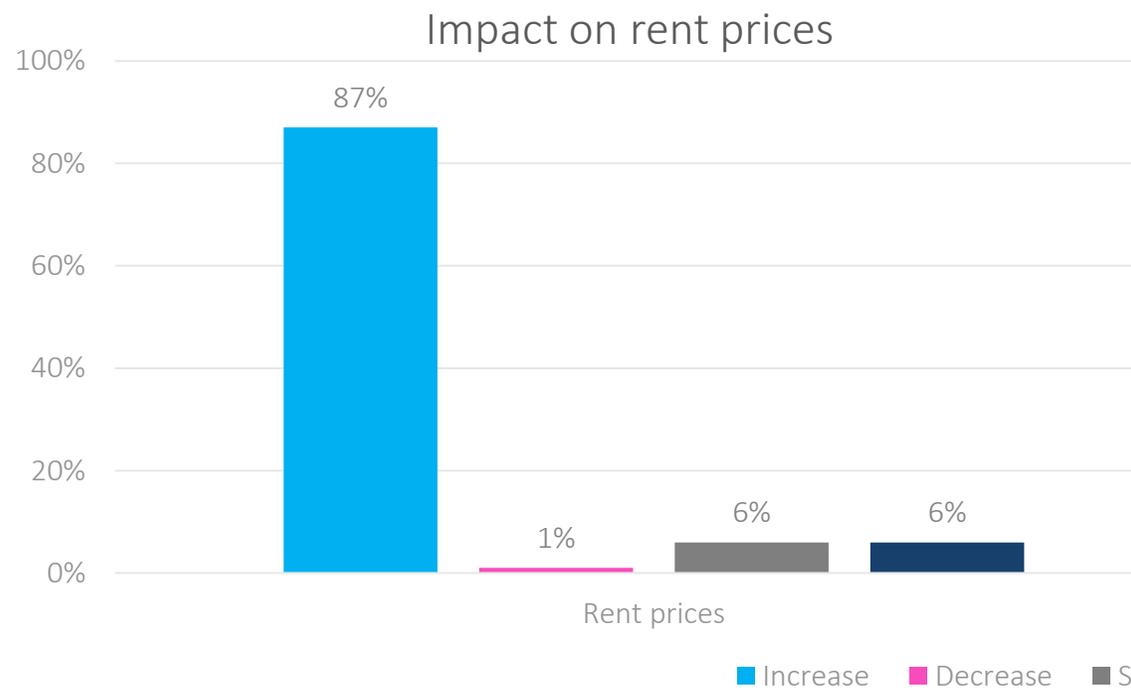
Time that agents spend on tasks related to fees (hours)



BASE 1,008 AGENTS: CODED DATA BASED ON RESPONSES TO THE QUESTION "HOW LONG DOES THIS SERVICE TAKE YOU TO COMPLETE?"

## THE IMPACT ON RENTS AND STAFF

Agents overwhelmingly think that rent prices will increase as a result of banning fees in the medium to long term. Over four in ten think it will mean staff numbers reduce in the medium to long term.

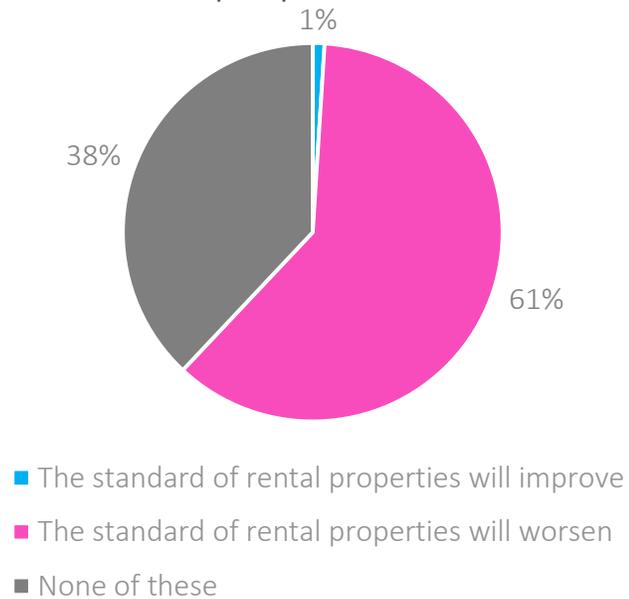


BASE 1,008 AGENTS: HOW WILL THE LETTING AGENT FEES BAN, ANNOUNCED IN THE AUTUMN STATEMENT, AFFECT THE PRIVATE RENTED SECTOR IN THE MEDIUM TO LONG TERM?

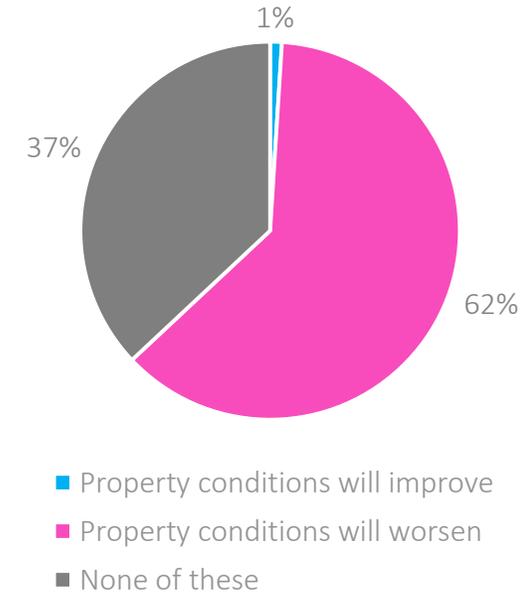
## IMPACT ON QUALITY

Six in ten agents think that the quality of properties will decline, both in terms of the standards of management and condition of rental properties.

The standards of management for rental properties



The condition of rental properties



BASE 1,008 AGENTS: WHICH OF THESE STATEMENTS DO YOU AGREE WITH?

# SERVICES IN DETAIL

Services that agents charge for, how long these take and what is involved

## REFERENCES

On average, it takes agents 8 hours to fully conduct references. Agents indicated that collecting references was one of the most time consuming parts of their job, with them needing to chase prospective tenants and referees over several weeks.

This includes:

- Supervising the tenant's completion of reference forms,
- Completing all referencing paper work,
- Sending reference requests to referees,
- Checking employer and credit references,
- Liaising with an external referencing companies.



*“Writing to the tenants’ referees and finding out their credit worthiness, employment history and tenancy history.”*

*“It can take weeks for referencing. Some people take longer than others especially when we’re dealing with people overseas and people with complicated employment arrangements.”*

## TENANCY AGREEMENTS

On average, it takes agents 5 hours to finalise tenancy agreements. Agents stated that drafting the agreement and chasing the tenant's and landlord's signature was the most time consuming aspect.

This includes:

- Negotiating tenant requirements,
- Drafting the agreement,
- Getting both the landlord and tenant(s) to check and sign the document,
- Amending the agreement if issues arise,
- Logging information into a database system.



*"It is never as simple as just taking an offer, writing tenancy agreements and issuing paperwork. Tenants constantly call asking for further information or information they have already been supplied."*

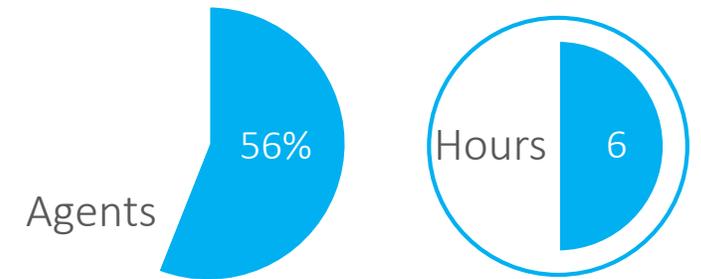
*"The time it takes to complete a tenancy agreement varies, it depends on how many special conditions are requested within the tenancy agreement, and how much help the tenants need in understanding the agreement."*

## INVENTORY CHECKS

On average, it takes agents 6 hours to fully conduct inventory checks. Agents indicated that chasing tenants for a signed copy of the inventory report was one of the most time consuming aspects of undertaking inventory checks.

This includes:

- Completing room-by-room check in and check out inventory inspections,
- Creating and distributing an inventory condition report,
- Taking date stamped photographs of inventory,
- Moving superfluous inventory into storage.



*“At the start of the tenancy we carry out a full service with a detailed examination of inventory room-by-room and gardens/out buildings etc. with tenant to confirm condition.”*

*“We sit down with the tenant at the property and we go through the drafted inventory report and ask the tenant to sign and return it to us within 5 days.”*

## CHECKING IN / OUT

On average, it takes agents 5 hours to complete checking in / out procedures. Agents stated that adding/removing a tenant before the end of the tenancy was particularly time consuming, as it required the agreement to be redrafted and new references to be collected etc.

This includes:

- Meeting tenants at the property, and drafting a check in / out report,
- Talking to the landlord and tenant to deal with disputes,
- Organising cleaning if required,
- If checking in, provide tenants with instructions on how to use appliances,
- Taking meter readings,
- Test smoke and carbon monoxide detectors.



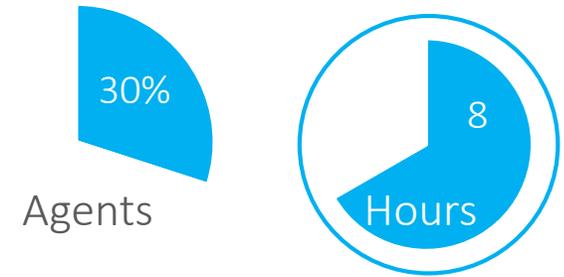
*“If a tenant has decided they want to break the tenancy before the end of the fixed term, we need to liaise with the Landlord and try to get the agreement to break the legally binding contract subject to a new tenant being found. Then we need to re-market the property, conduct viewings, assess new applicants, liaise with landlord and current tenant on progress.”*

## ADMINISTRATION

On average, it takes agents 8 hours to undertake their administrative work. Agents suggested that preparing, processing and distributing paperwork was the most time consuming aspect.

This includes:

- Preparation of relevant paperwork,
- Adding/removing the property to/from the market,
- Preparing a tenancy pack with useful information about the property,
- Uploading tenants details onto computer system and merging with Landlord details,
- General printing and postage where required.



*“We register all tenants contact details on a database.”*

*“We process all tenancies in line with our company standard and ensure that all relevant paperwork is completed ready for the move in day.”*

## APPLICATION / SETUP FEES

On average, it takes agents 7 hours to process application / setup fees.

This includes:

- Administering new tenants, calculating the cost of setting up referencing, financial credit checks, and beginning the process of arranging a tenancy agreement.
- Viewing fees are also sometimes included, as some agents state that they can conduct up to 20 viewings for a single property.



*“Our tenant application fee includes the tenant's contribution towards their referencing and form processing, meeting them at the property and completing the 'move-in checks.' For example checking they have hot water, central heating, electrics, gas, and smoke alarms on move in.”*

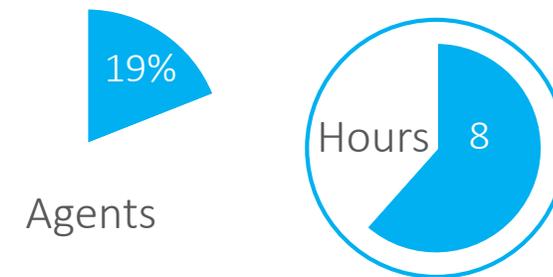
*“Setup fees cover the cost of the tenant's contribution towards completion of the full photographic inventory (circa 800 photos), together with a written schedule of condition, inventory, independent check out inspection at the end of the tenancy.”*

## CREDIT CHECKS / RIGHT TO RENT CHECKS

On average, it takes agents 8 hours to fully conduct credit and right to rent checks. Many agents, however, use an external credit checking company and therefore the completion time is dependant upon the third party company.

This includes:

- Collecting employment information,
- On boarding an external credit checking company,
- Liaising with the tenant's previous landlord,
- Checking passport or other Visa documents,
- Checking credit history.



*“Meeting the clients in their homes to ensure they are suitable for the property. Gathering relevant information such as ID, visa details if necessary.”*

*“We outsource the checks to a third party company who look into the employment history, rental history and the credit history.”*

## AMENDMENTS, DEPOSITS AND VIEWINGS

While conducted less often, on average, it takes agents 4 hours to complete amendments, 6 hours for deposits and 8 hours for viewings. Agents indicated that making adjustments to tenancy agreements is very time consuming, with the need to get both the landlord and the tenant to agree upon the suggested changes.

These include:

- Registering and holding the security deposit,
- Co-ordination of deposit return to the tenant,
- Conducting multiple property viewings with tenants,
- Negotiating any proposed contract changes requested by the tenant with the landlord.

*“Booking the tenant’s viewings into a diary, travelling to the viewings to meet them there and showing them around the properties and answering any questions they may have.”*

*“Amending the tenancy agreement, creating addendums, negotiating with the landlord on behalf of the tenant.”*

# FOR ANY QUESTIONS

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+44 (0) 207 566 9777



PROPERTYPROFESSIONALS@LANSONS.COM



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<sup>07</sup> Op  
Opinium

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