



JLL Tenant Survey Report

2022

Survey Insights

The 2022 JLL Tenant Survey examines how living priorities have changed. We asked what our tenants wanted from their homes and how this could change in the future. More than 950 people responded.

Current pressures on the cost of living, coupled with the legacy of the pandemic have forced us to re-think our priorities, particularly concerning our homes.

The rising cost of energy means energy efficiency is becoming a priority. But even before prices began to rise legislation was muted to improve efficiency of rental stock. The government proposing all newly let residential buildings would need to have an EPC rating of C or above by the end of 2025. But will rising costs mean tenant demand, not just the threat of legislation, will lead to more energy efficient homes in the future?

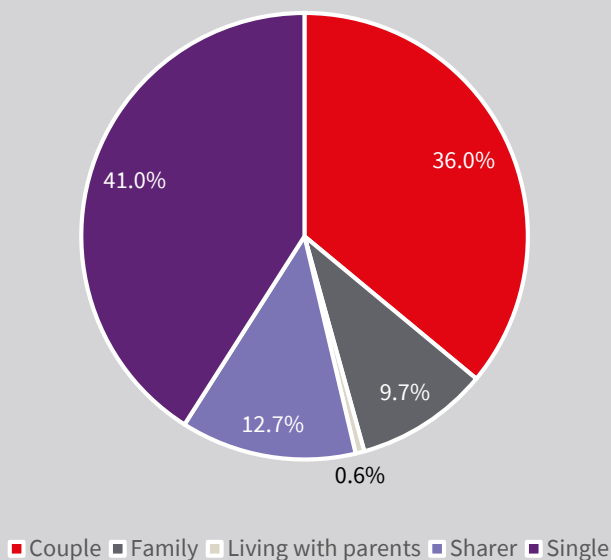
Tenant Demographics

Over two thirds of tenants surveyed (77%) are either living as a couple or by themselves. An additional 12.7% are sharers.

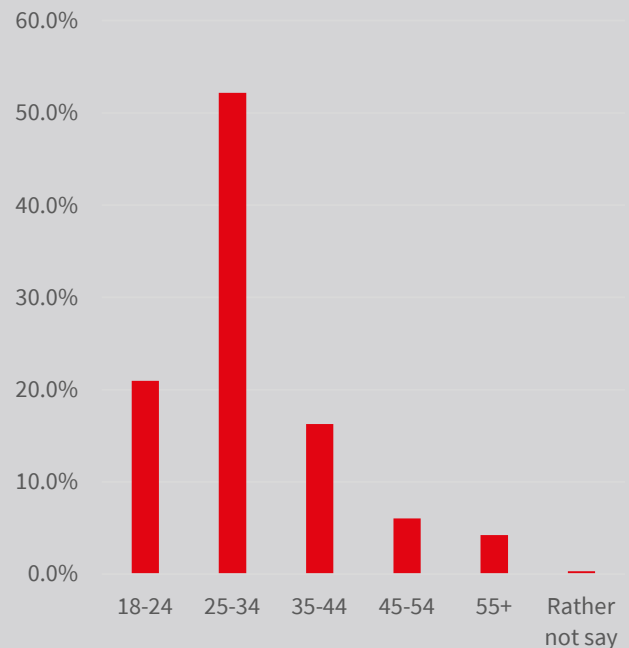
The majority (52%) of our tenants are aged 25-34, with an additional 21% aged 18-24. These age cohorts are likely defined as students or young professionals. On average, our tenants spend 30%-40% of their income on rent. With London tenants more likely to be spending more than 30% of their income.

Tenant Demographics

Current Living Arrangements



Age of respondents



Source: JLL Research

Changing living priorities

The vast majority (88%) of tenants are happy with where they live, with just 12% of respondents saying they were unhappy in their current home.

There are some common themes in tenant priorities, often mirroring the living priorities of buyers too.

Outside space

Memories of lockdown continue to influence tenants in their views on outside space. 52% of respondents said private outside space was more important to them now, with less than 10% of respondents rating it as less important. As well as private outside space, proximity to shared greenspaces also ranked highly on tenants wish lists. Just over half (51%) of respondents now placed higher importance on access to shared greenspace and parks, with less than 8% seeing this attribute as less important.

Energy efficiency

Rising inflation and costs of living pressures remain a concern for both tenants and purchasers. 66% of survey respondents rated energy efficiency

and running costs as more important now than pre-pandemic.

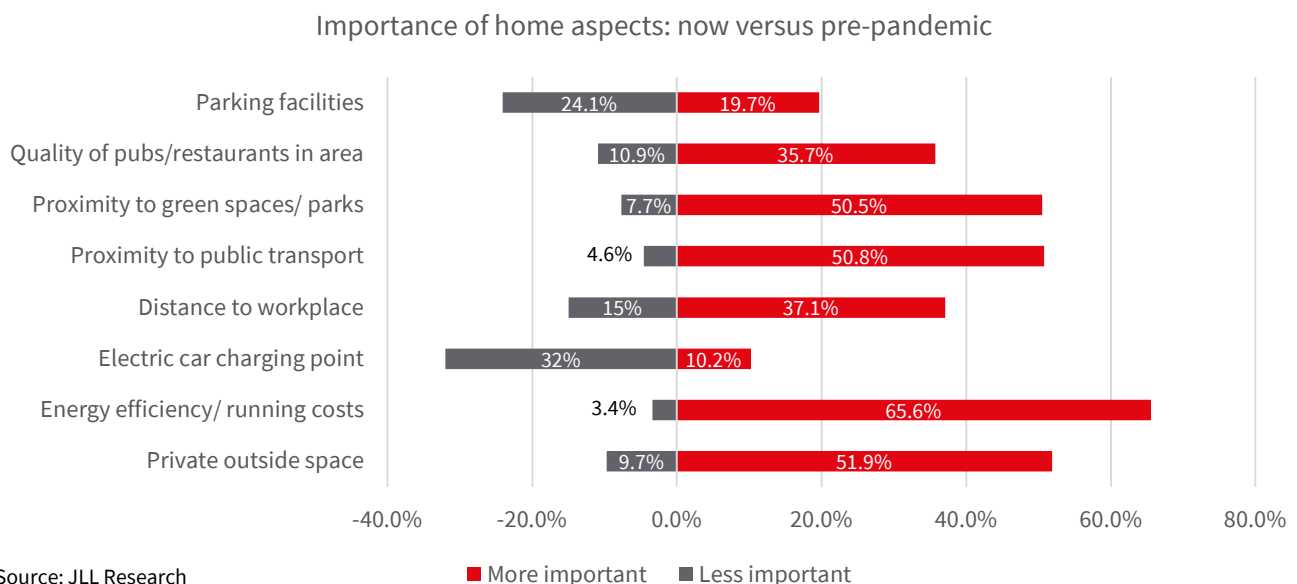
Currently the government are capping energy bills, with the average home paying a maximum of £2,500 per annum. Price caps are in place for six months before being reviewed.

With uncertainty over energy prices still an issue, we anticipate tenants will pay more attention to the efficiency of their rented homes moving forward. This is good news for landlords with more efficient properties, particularly new or recently built homes. [JLL analysis of EPC data shows that homes in bands A-C will be paying on average £3,246 less per annum on their energy bills](#) than homes in band G.

Public transport

Connectivity and accessibility remain important considerations for tenants. Over half (51%) of respondents still consider proximity to public transport as more important now versus pre-pandemic, with just 5% seeing it as less important. Despite most tenants working from home an average of three days per week, the distance between home and work is more important now than it has been before.

Tenant's thoughts on living priorities now versus pre-pandemic



Amenity provision

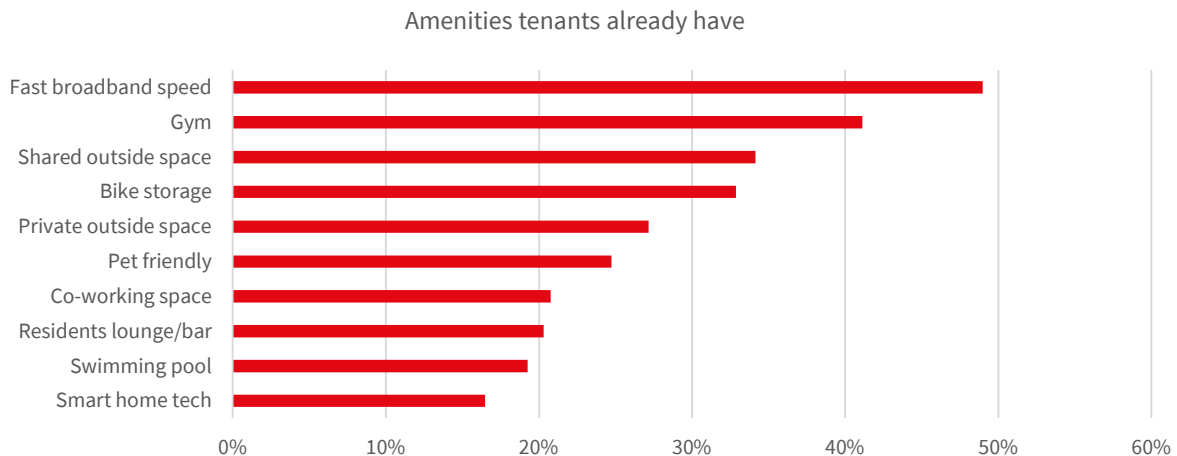
Which amenities could command a premium?

As part of our research to identify which amenities were most valued by tenants, we asked what tenants already have in their building. And for respondents who did not have these amenities already, what they would be prepared to pay a premium for.

Almost half of tenants already feel they have fast broadband, with over 40% having access to a gym and a third having access to shared outside space.

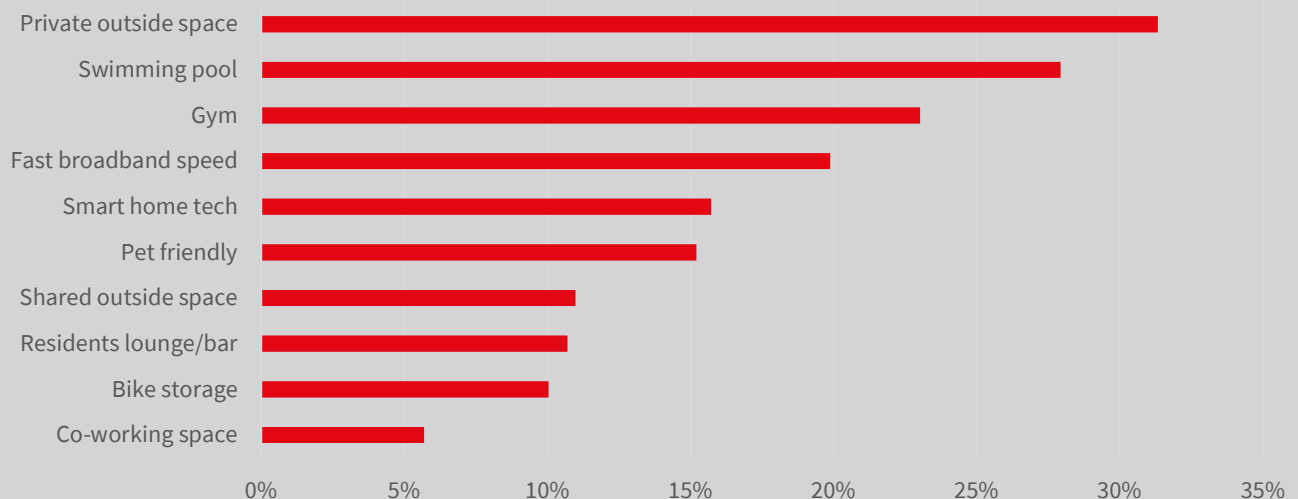
When looking at amenities tenants do not have in their current property, over a third of respondents would be prepared to pay more for private outside space, followed by 28% for a swimming pool and 23% for a gym.

Although fewer tenants would be prepared to pay for co-working spaces, over 400 respondents agreed it would be nice to have. This was a similar story for a residents lounge/bar, shared outside space and smart home tech.



Which amenities could command a rental premium?

Amenities which residents would potentially pay more for



Source: JLL Research



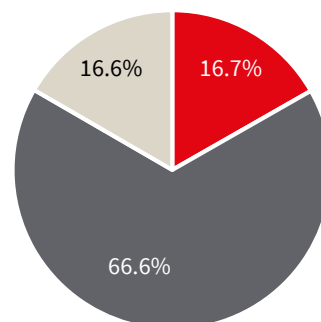
Energy efficiency in the lettings market

85% of respondents said the environmental efficiency of their home was important to them. There are several reasons for this, but ultimately the rising cost of living and energy bills, which have more than doubled for most households, are a primary motivator.

When searching for their current home, only 37% of tenants said environmental efficiency formed part of their decision to rent the property they are in now.

But 83% said the environmental efficiency of their next home will be either crucial or important to them. Considering over 60% of respondents expect that their next home will be another rental property, there is an opportunity for landlords to not only ensure their properties are more environmentally efficient, but also to attract a larger pool of potential tenants.

How important will the environmental efficiency of your home be in your next move?



■ Crucial ■ Important ■ Not important

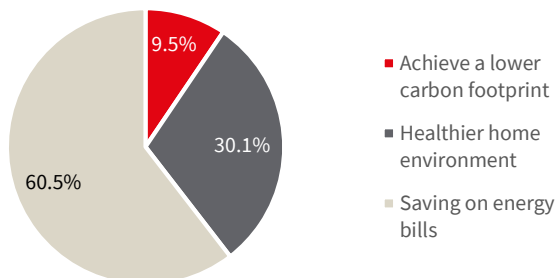
Source: JLL Research

Tenant attitudes towards an environmentally friendly home

When asked why the environmental efficiency of a home is important to tenants, the majority (60.5%) said it was to save on energy bills. Almost a third said they wanted a healthier home environment, with 9.5% wanting to achieve a lower carbon footprint.

Back in April, we discussed [how the rising costs of energy was going to affect UK homes](#). With another increase in the energy price cap due in October, and revision to the cap scheduled to be more frequent, it is no surprise that tenants are concerned about the rising cost of energy.

Why the environmental efficiency of a home is important to tenants



How can landlords attract tenants to a more environmentally friendly home?

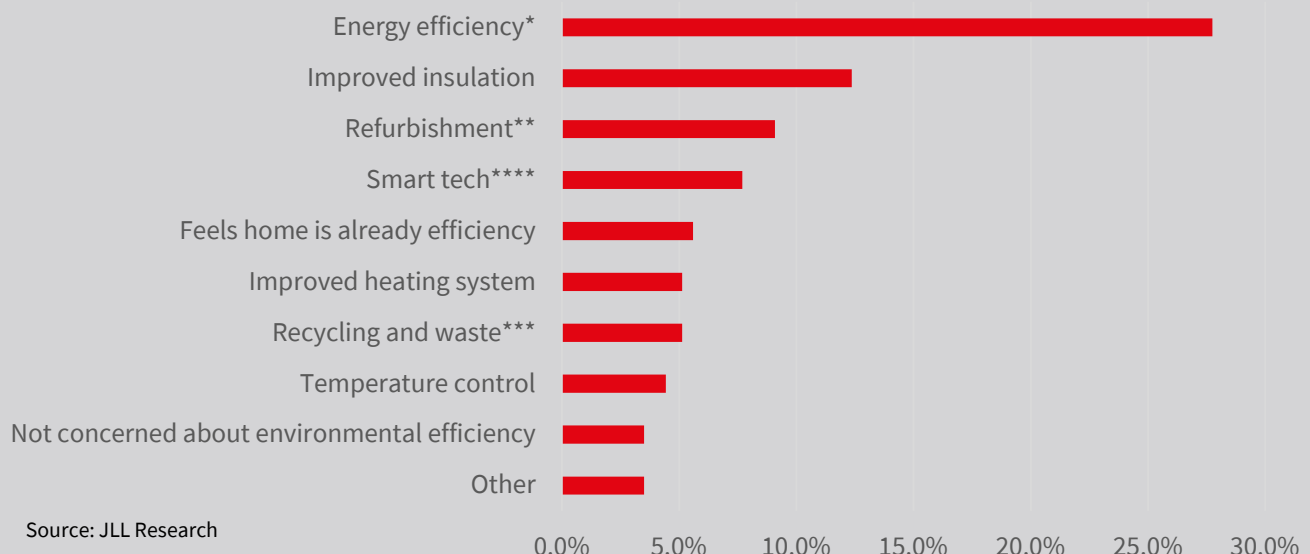
We asked tenants what steps they would like to see their landlord take to improve the environmental efficiency of their home.

General improvements in energy efficiency were the most common answer, with respondents referring to improvements such as the removal of old boilers and the addition of solar panels.

Improved insulation was also a common response, with tenants keen to have greater control over temperatures or live in a home with an improved heating system. Many also stated a preference towards smart tech and smart meters, although in some responses it was clear that tenants are unsure of the other options available to make a property more energy efficient.

There remains some ambiguity amongst tenants surrounding what it means to have an environmentally efficient home. A handful of tenants said they were unsure of what it meant, whilst others already felt their home was efficient, likely due to already renting in a modern building.

Steps tenants would like to see their landlord take to improve the environmental efficiency of their home



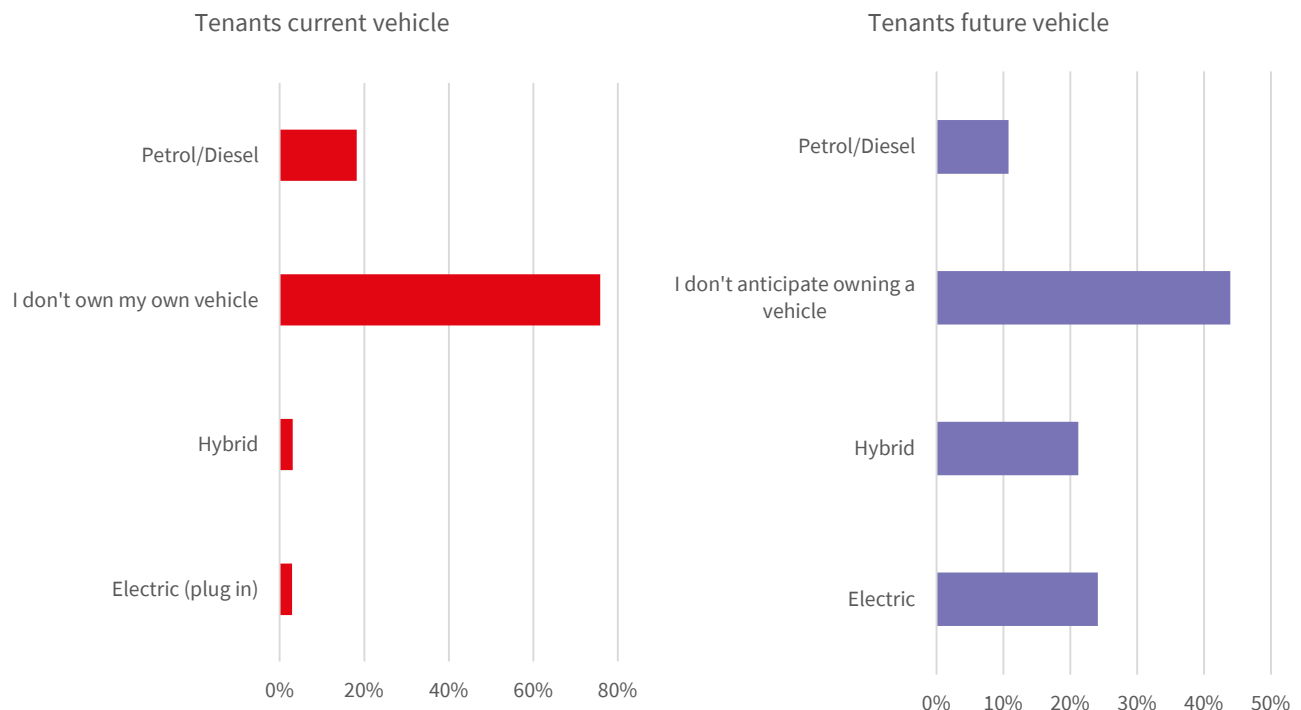
Lessons from the EV market

[In a previous JLL survey conducted earlier this year](#), we surveyed potential buyers registered with JLL and asked them the same question on electric vehicles - What their current vehicle was and what they thought their future vehicle might be.

Attitudes towards electric vehicles are much the same for both buyers and tenants, despite fewer tenants owning a vehicle. Just 8% of buyers currently drive an electric or hybrid vehicle, with 70% expecting to drive one in the future. Just 6% of tenants drive an electric or hybrid vehicle, with over 45% of tenants expecting that their next car will be an electric or hybrid vehicle.

The UK population has been quick to adopt electric and hybrid vehicles in a bid to reduce their carbon footprint. The hope is that this same positive approach to sustainability will filter through into our homes, particularly if there are benefits to be had such as reduction in energy bills, much the same as a reduction in fuel usage with an electric or hybrid vehicle.

Tenant attitudes towards electric vehicles show a positive attitude towards adopting environmentally efficient technologies



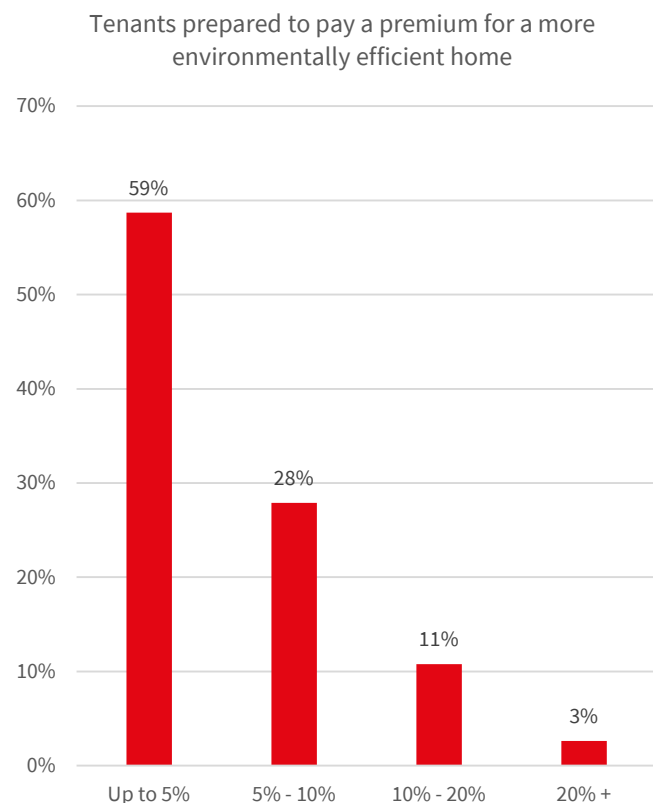
Source: JLL Research

Can more environmentally efficient rental homes command a premium?

We know that having an environmentally efficient home is beneficial to tenants, with a reduction in energy bills and a healthier home environment, but are landlords able to benefit in the same way?

Current government proposals suggest landlords who let their properties for residential purposes will need to ensure their property obtains a minimum of EPC rating C by 2025 for all new lets. Some fear a subset of landlords could be forced to sell their properties as they cannot afford or are not will to make upgrades necessary to achieve a C rating. But perhaps some will be more inclined to invest if the improvements increase rentability, mitigate voids and even support higher rents.

When asked if tenants were prepared to pay a premium for a more environmentally efficient home when renting their existing property, over 40% said yes. Of those who said yes, the majority (59%) would pay up to 5% premium, with a further 28% prepared to pay 5-10% premium for a more environmentally friendly home.



What does this mean for the sector?

On 17 October 2022 Jeremy Hunt gave his first speech as the newly appointed Chancellor. He announced that the original two-year energy price cap of £2,500 per annum, would now last for six months. Although this provides some relief for households across the UK, the reduction of the two-year guarantee to six months means there will be more uncertainty on energy prices in the near future.

With new legislation coming into force from 2025 and tenants increasingly demanding more energy efficient homes, landlords who are unable to offer these properties may find fewer potential tenants and possibly see falls in rents achieved and longer voids.

The increased cost of living will undoubtedly impact budgets, but the survey suggests tenants will be more focused on the energy efficiency of future lets. This could even mean tenants are prepared to pay more for an environmentally efficient home if it results in a reduction in energy bills and living costs.

It is likely then, that to reduce energy payments tenants will continue to search for homes which are most energy efficient. With modern flats most likely to be rated highest in terms of EPC, we expect that these properties will become increasingly sought after.

Source: JLL Research

Looking forward...

Over 60% of tenants are expecting that their next home will be another rental property. With the rising cost of living and higher mortgage rates, combined with the end of Help to Buy making it more difficult to access the first rung of the housing ladder.

With tenants likely to stay in rented for longer, where they live and the quality or accommodation and amenities on offer become more important. Tenants appear to be far more drawn to amenities based around leisure and open space, and the privacy of having your own outside space.

We see similar trends amongst buyers, who often prioritise homes with private outside space or proximity to green spaces. Leisure based amenities are likely to command a premium on rental prices. It is also likely that tenants may start to weigh up options and be prepared to pay a premium for a more energy efficient home, if it means a reduction in energy bills.

For most tenants, their choice of rental property is a balancing act, with prospective renters weighing up space, location, facilities and price. Unsurprisingly, when tenants were asked what they would like to change about their home, most said they wanted more space, however this was often tied with wanting improved affordability, mainly referring to their rental budgets. Looking ahead, tenants are likely to be most attracted to rental homes in which they feel they get 'the most value for their money'. This is likely to include or be within proximity to, some sort of leisure facility, be close to transport connections and be in a central location surrounding by good local amenities.



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