

UMEGA LETTINGS • IMPROVING THE LIVES OF TENANTS AND LANDLORDS

UMEGA 2020

THE DATA AND TRENDS OF A BIG YEAR



January 2021

UMEGA 2020

2020 was a year like no other.

It was a year in which we had to be more connected to the information at our disposal and learn faster than any other year to stay on top of what our customers needed.

We learned a ton and in this report we've captured the key metrics and learning points from a massive year for Umega. The report is to help us understand better what happened in 2020 and take what we learned forward into 2021 and beyond.



THE DATA AND TRENDS OF A BIG YEAR

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Portfolio Size

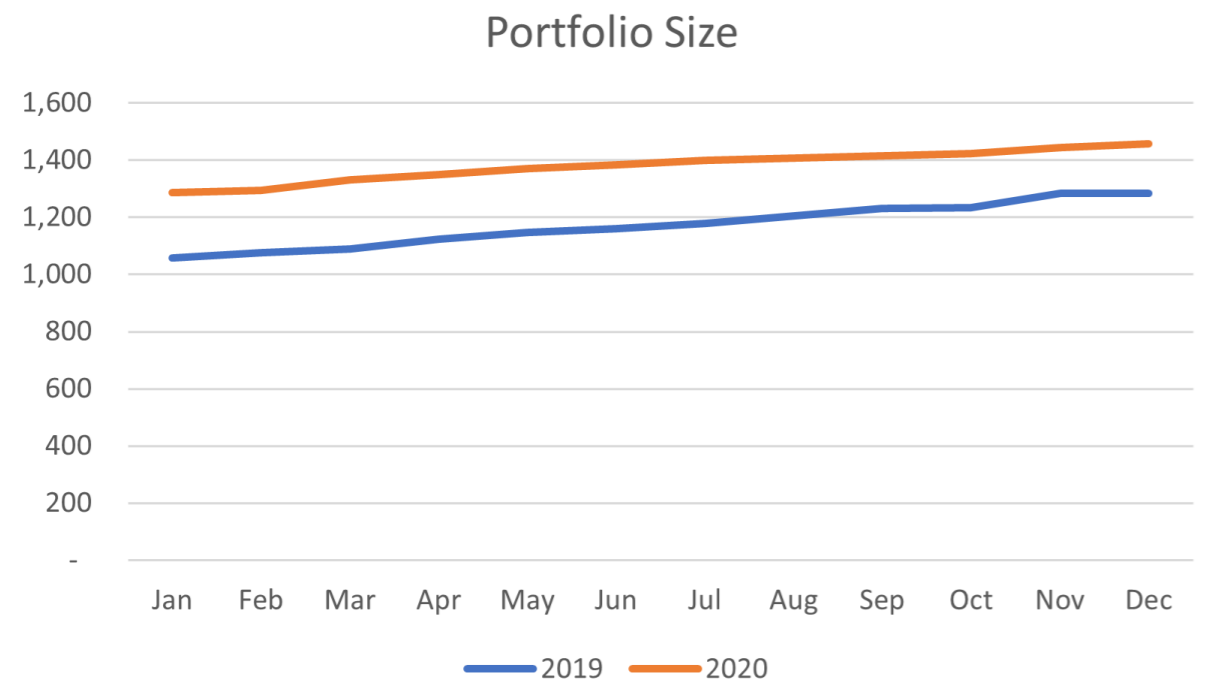


by Andy Whitmey



Looking at what's happened to the size of the Umega portfolio, we've maintained a steady growth over the past 12 months which is remarkable considering everything that we've had to deal with. Comparing 2019 and 2020 we can see two almost parallel lines of consistent growth in the number of tenant and landlord relationships we're trusted with.

With just over 1,000 properties at the beginning of 2019 to around 1,450 at the end of 2020. We should be extremely proud that we've managed to maintain this growth while continuing to look after our existing portfolio, improve our service and cope with everything that COVID has thrown at us.



Customer Service Levels



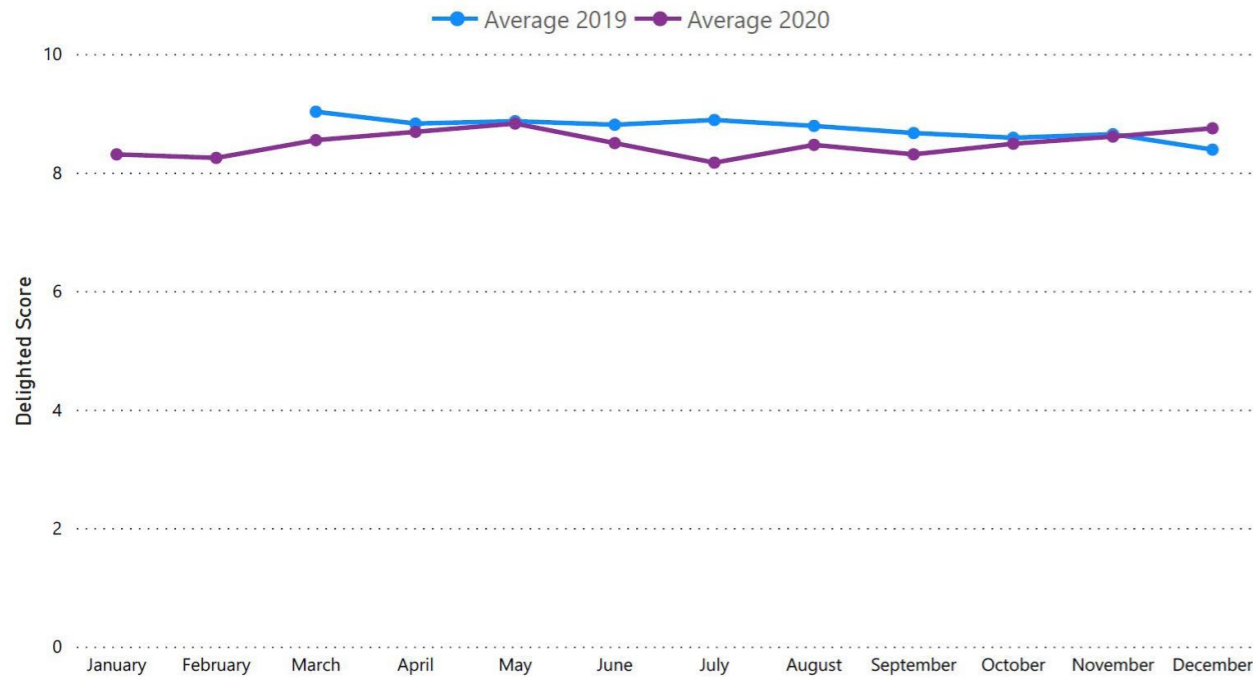
by Danielle Kerr

We've compared our average customer service scores (from Delighted) for 2019 and 2020.

We can see consistently high customer service scores across the 2 years, which might be surprising given just how different 2019 and 2020 were from our perspectives.



Delighted Scores 2019 & 2020 Compared

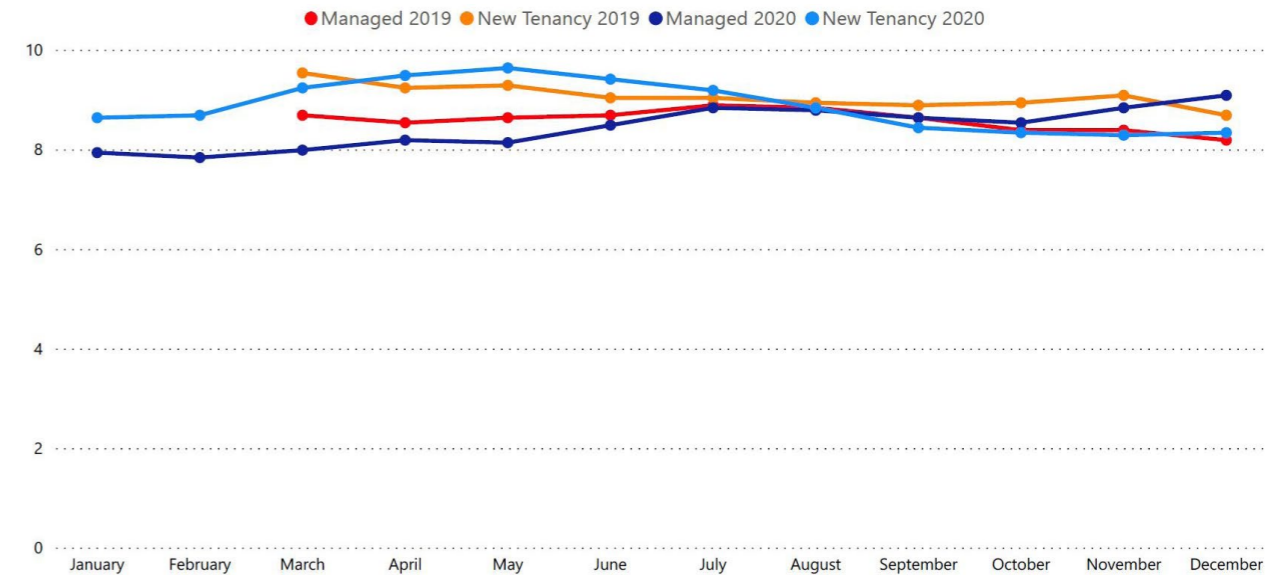


The next chart shows a little more detail, with a breakdown between the scores for managed and new tenancy. In both cases, the customer service scores have remained consistently high in 2020, despite the challenges we've faced within both the RM & KMM departments.

Our new tenancy scores peaked during the first lockdown when both landlords and tenants were just grateful we'd managed to assist with securing a let for them and moving them in safely. These have dropped slightly towards from then onwards as customers grew less patient with the growing market list, and increasing enquiries when the market exploded after lockdown 1. The NTT & PMT have worked hard to adapt to a very unfamiliar market dynamic and have coped tremendously.

Interestingly, our scores for managed properties have climbed throughout the year and are now the highest they've ever been. I wholeheartedly believe this is due to the care, attention and dedication to continually being there for our customers, working with both landlords and tenants to help them understand and navigate the difficulties of 2020 brilliantly.

Delighted Scores by Managed & New Tenancy



I'm really proud to see the outputs of the work that's gone into our customer service this year - thank you team Umega!

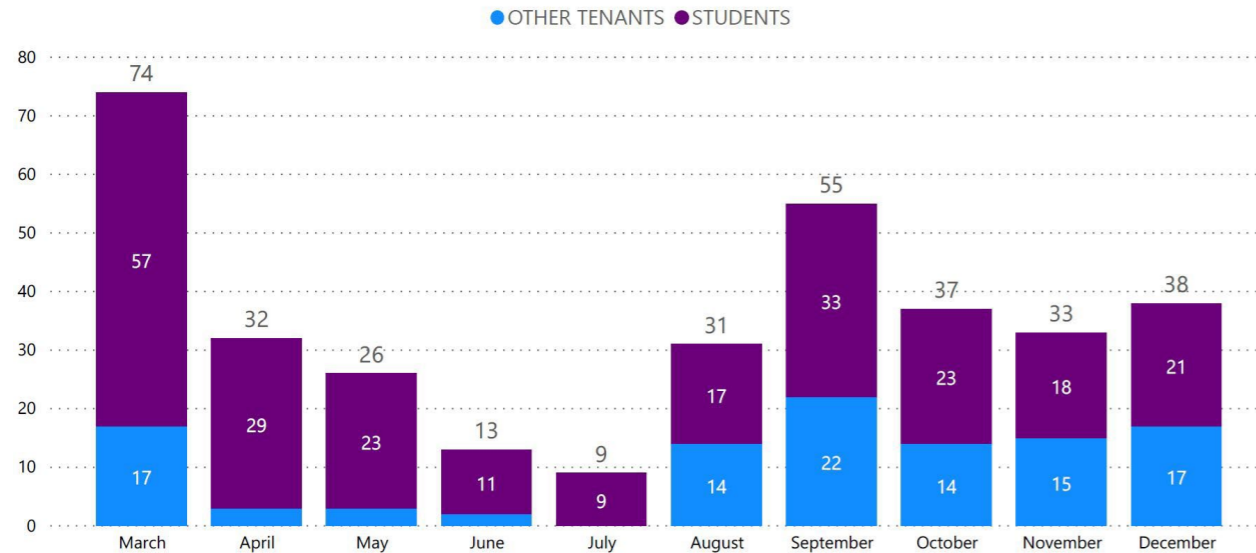
Notices Served

From reviewing the number of notices served each month after COVID hit, we can see the surge in notice served that happened when we first went into lockdown in the spring. All of us who worked through the first COVID lockdown will remember how many tenants' circumstances changed and the high numbers of tenancies that came to an end will not be a surprise.

It's interesting to see how few notices were served by professional tenants compared to student tenancies. For professional tenancies, 17 were served in March and then almost none until August. It's safe to say that this number would have been a lot higher had the RM Dept not done such a good job in Keeping Tenancies Going that came under financial pressure.

The volume of student notices served shows how crazy things were between March and July. Usually, we would not expect student notices to be served until May/June time but in 2020 we had a whopping 109 student tenancies serve notice between March and May.

Count of Notices Served During 2020



Inspections

by Nikki Moore

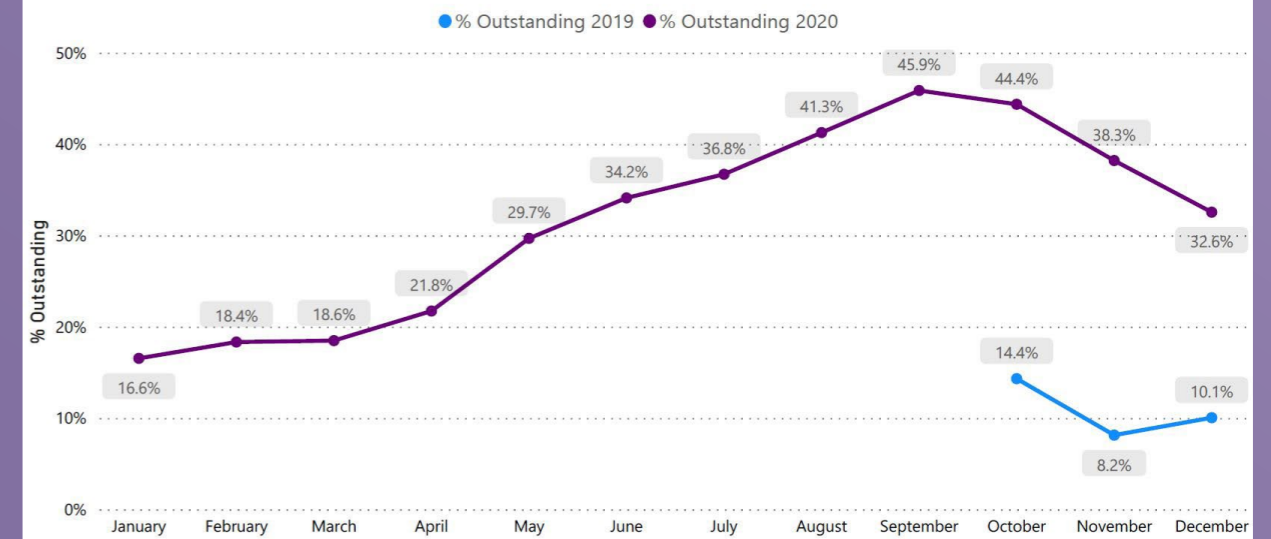


We came into 2020 with the portfolio in reasonable shape with 90% up to date on their inspections... then COVID hit! The challenges we faced due to frequently changing restrictions on entering people's homes have been difficult to navigate and it wasn't until the summer was over that we were able to turn the tide on outstanding inspections.

We finished the year with two thirds of the portfolio up to date which is down from a low point in September when almost half of the portfolio had an overdue inspection. With the latest lockdown, we have to take a pragmatic approach to what we can and can't do relating to property inspections. We expect the proportion of properties with overdue inspections to rise again however this time we are better prepared to deal with the restrictions.

The plan for the first half of 2021 is to have all properties booked in for an inspection which will allow us to ensure that we have a more proactive approach and a better understanding of workflow, by utilising the tools we have; remote inventory base inspections, zoom chat facility (for walk throughs) and the inspection specific dashboards. Even if restrictions don't lift in the near future, the downturn in inspections will be minimised.

% of Portfolio w. Outstanding Inspections 2019 & 2020 Compared



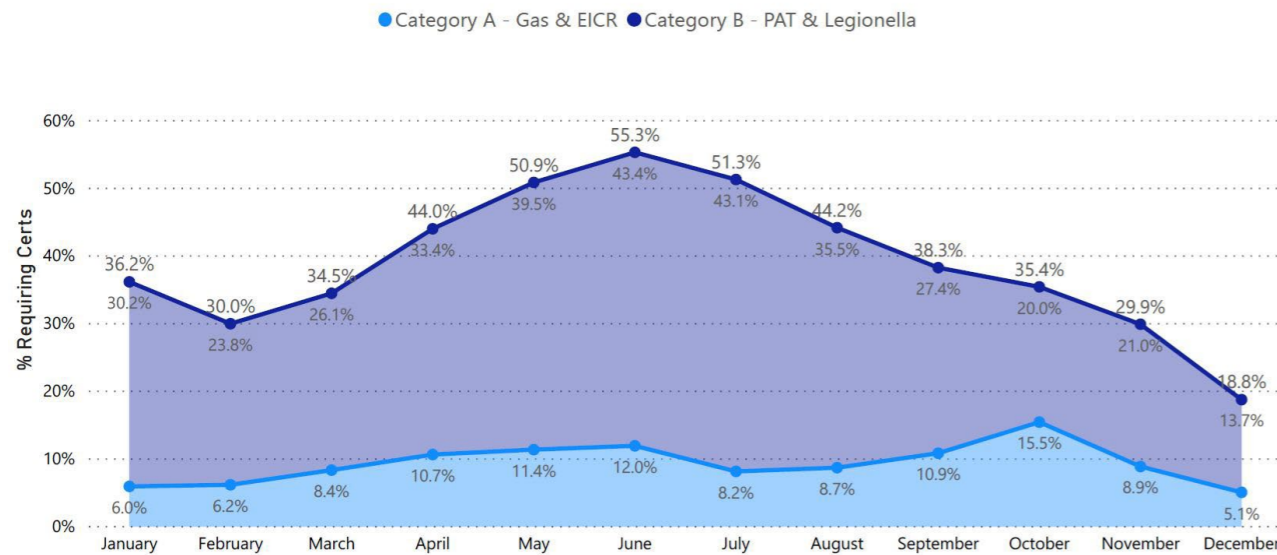
Legal Certificates

Legal certificates are a real success story of 2020.

We came into 2020 struggling to stay ahead of them with many urgently being conducted at the last minute. Then government advice in the spring lockdown was that legal certificates should lapse if properties were tenanted. This lasted until restrictions eased in June and gave us a mountain to climb to get on top of them.

A huge amount of work was put into legal certificates in the second half of the year and we finished 2020 with our legal certificates in good shape and continuing to improve.

2020 % of Portfolio Requiring Legal Certs



On The Market

by Emily Hazlitt



The start of 2020 was gearing up to be another great year for property lettings at Umega. We were ready to challenge the 2019 numbers and hit big. But instead, COVID hit first.

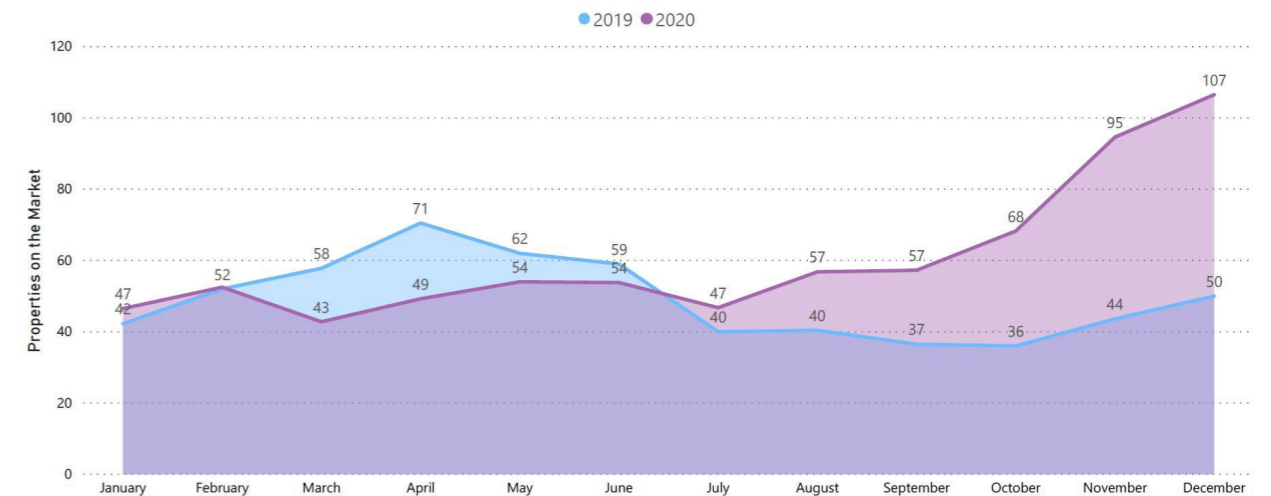
The impact being an unforeseen, immediate pause button being pressed on the movement of the Edinburgh market. Suddenly there was a large number of properties in-line to become untenanted, and due to restrictions entering tenanted properties, we experienced huge backlogs getting re-lets turned round and on to the market. Delays in obtaining marketing material was only half the story - some properties were having to wait weeks for cleaners' availability too! The

PMT and NTT worked relentlessly to continue to let properties with dwindling enquiry numbers and, as Summer moved on, a very saturated market.

We saw more flats let in July 2020 than we did in July 2019 as everyone who couldn't move in Spring hit the market in a flurry of activity throughout Summer. It slowed the market numbers for a while, but it wasn't enough to turn the tide. The backlog created throughout March, plus a slower market overall this year, has had a lasting impact on market numbers. As the Summer came to an end, the seasonal interest in the market started to quieten down and we can see the 2020 market list started to climb, and climb, and climb.

We ended the year with a Umega-record of an average of 107 properties on the market for the month of December. January has been a big month in 2019 and 2020 but starting the year in a national lockdown has had an impact on enquiry levels and market movement is still slow, meaning the market list could take months to reduce again to pre-COVID levels.

Market List 2019 & 2020 Compared



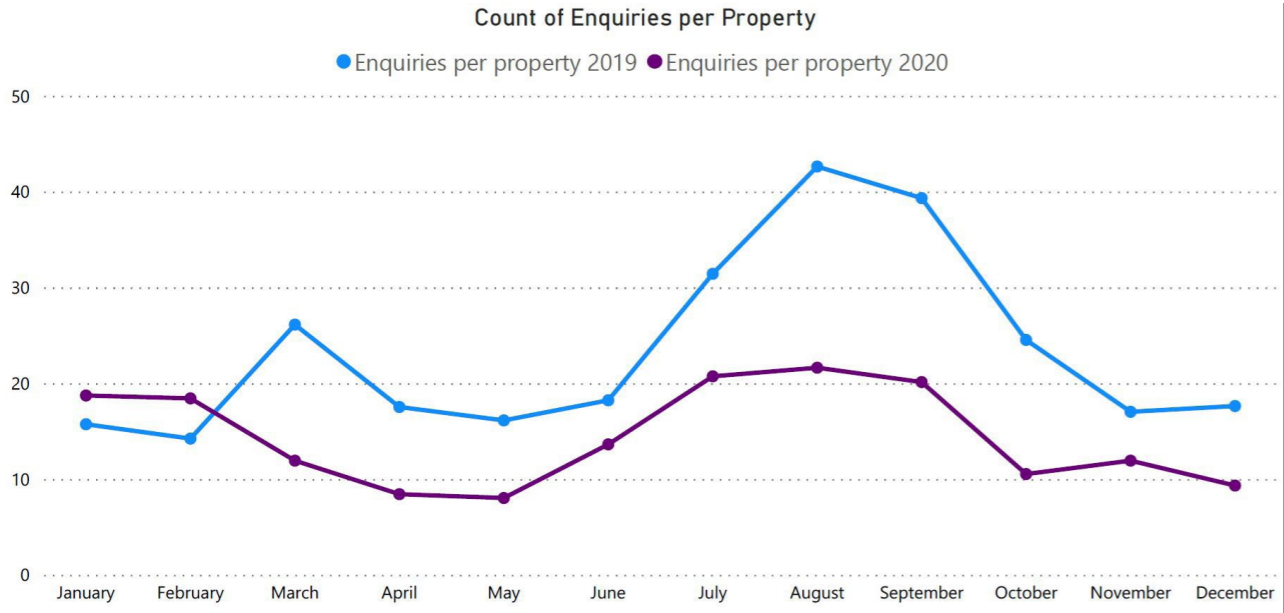


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Tenant Enquiries

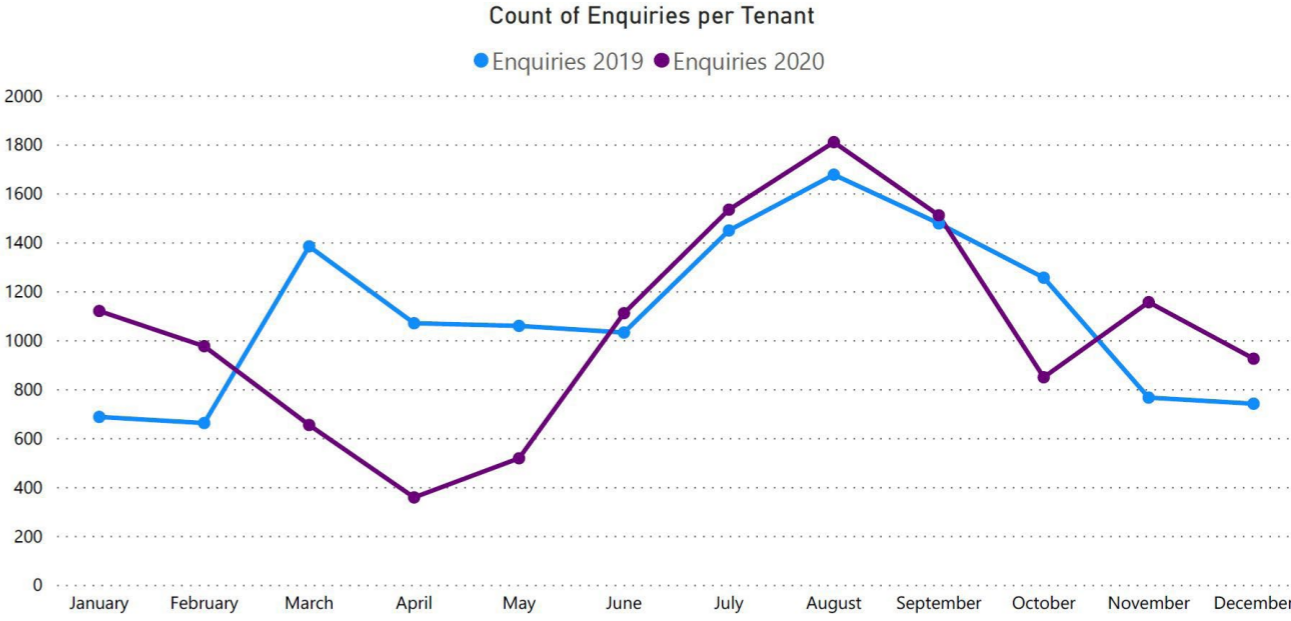
The chart below shows the average number of enquiries received during the month for every property we had on the market.

Despite 2020 starting the year with a higher number of enquiries per property than in 2019, COVID quickly reversed this trend with less interest in properties on the market due to lockdown. Tenant enquiries were back up in volume towards the end of the year but due to the higher number of properties on the market, the average enquiries per property remained below 2019 levels to the end of the year.



To illustrate this point, the chart below shows the total number of tenant enquiries received each month.

We can see here that, outside of the spring lockdown period, 2019 and 2020 had almost the same volume of total tenant enquiries each month.



Void Periods

The **void period** is the time that a rental property is vacant between tenancies and is not generating rent.

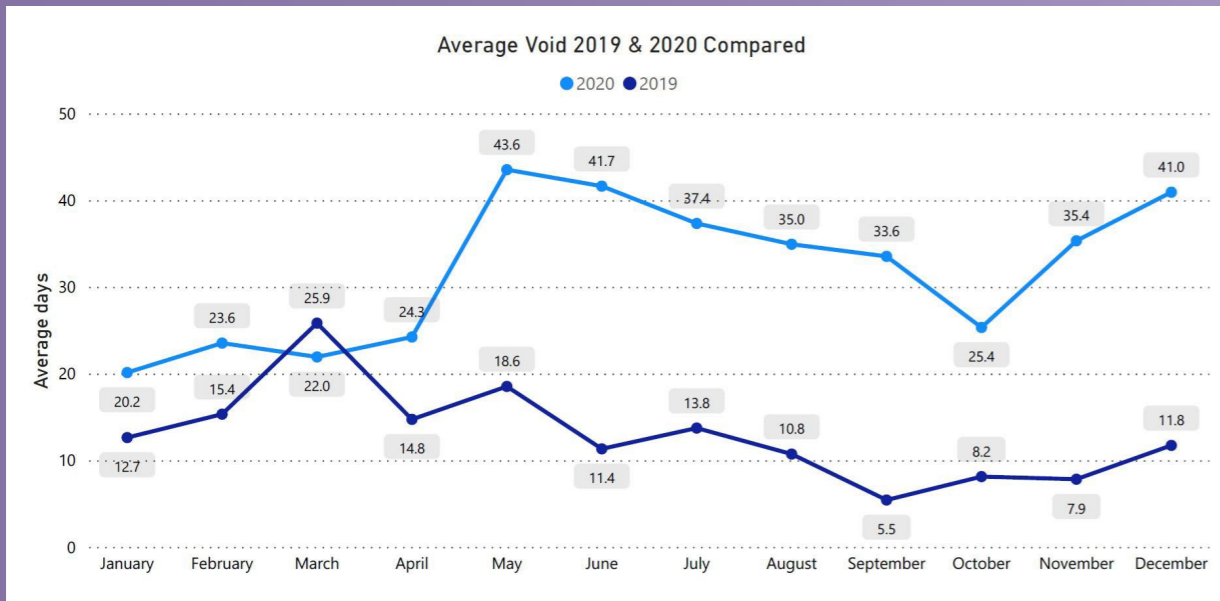


by Erin Whyte

The rental market in Edinburgh has always moved fast driven by an imbalance of tenant demand versus property supply.

Void periods were no different. During the pandemic, the market stayed resilient and interest from tenants remained strong. However, the restrictions from Covid impacted our ability to quickly turn around a property between tenancies.

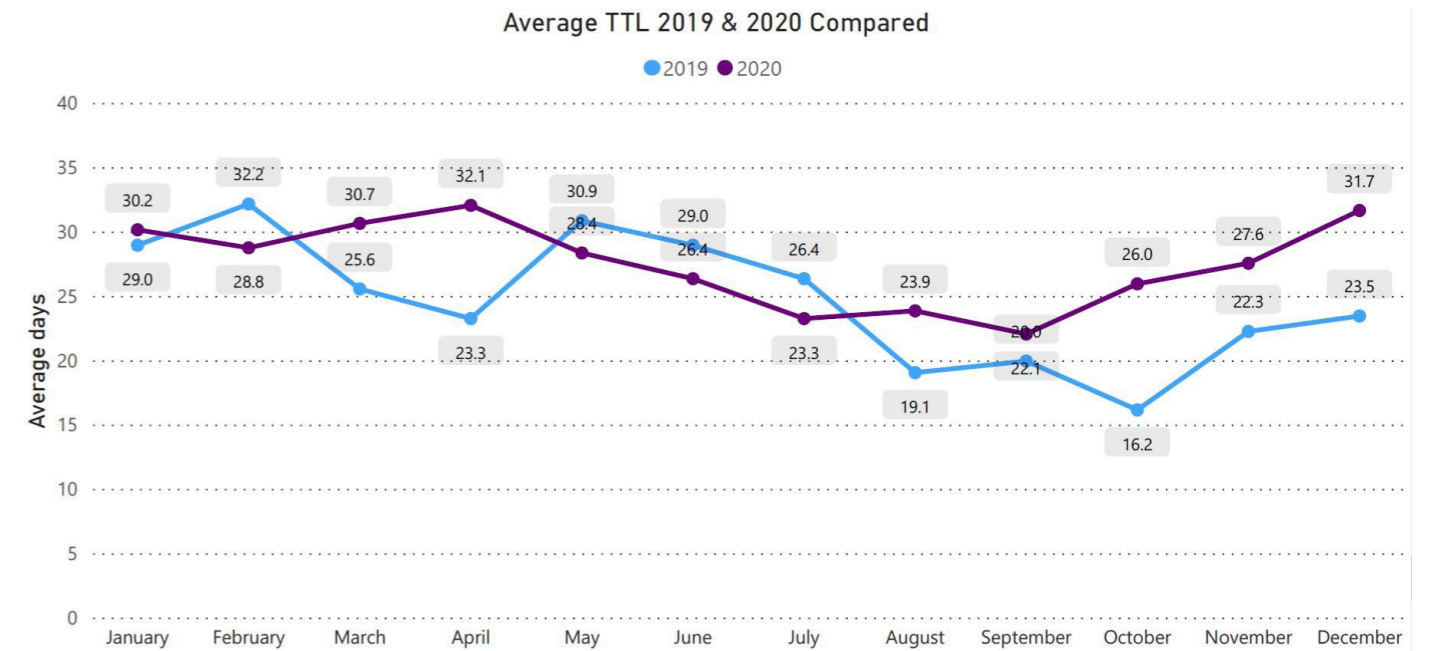
We advertised properties once we could enter safely and collated new marketing materials to facilitate virtual/online viewings. Our reaction to the pandemic was to prioritize staff and customer safety and ultimately the implications of doing so dramatically increased void periods compared to 2019.



Time to Let (TTL)

Time to let (TTL) is the average time each rental property is advertised on the market before a suitable new tenancy is agreed.

Considering how similar the TTLs were for 2020 compared to 2019 we can see that there was still sufficient demand throughout most of the year for our advertised properties.



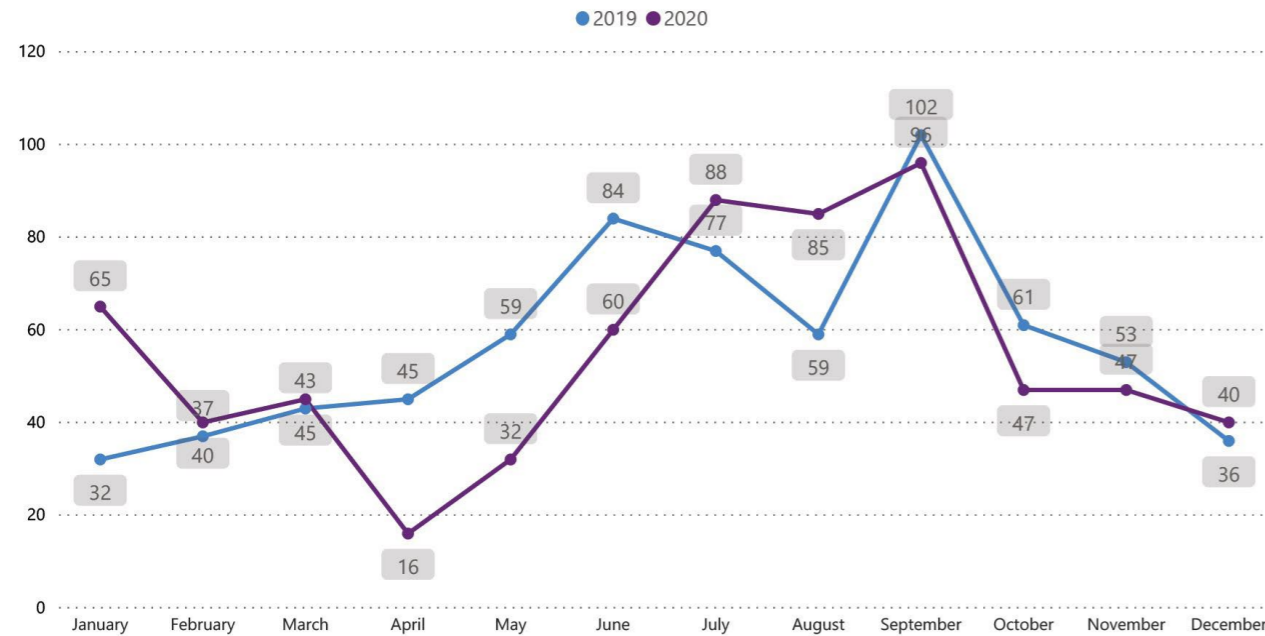
Move ins

The move in data for the year shows the impact of COVID on 2020 compared to the redictable seasonality of 2019.

2020 got off to a flyer with an eye-watering 65 move-ins in January and then fell into the predictable seasonal rhythm that we saw in 2019... until COVID.

Move-ins from April to June were significantly down on 2019 and then move-ins recovered from July and for the rest of the year, although not enough to keep our market list below 100 at the end of the year.

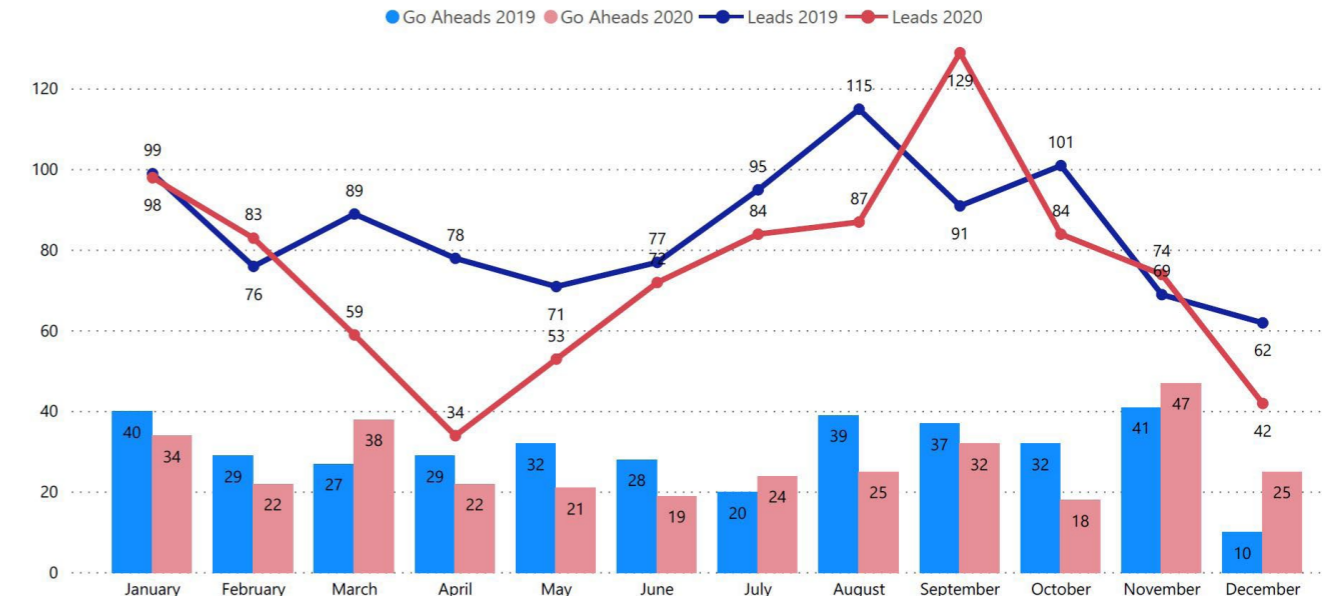
Count of Move-ins 2019 & 2020 Compared



New Landlords

2020 and 2019 show very similar patterns and levels of new landlord enquiries and go-aheads with COVID creating a bit of drop in the spring and a recovery at the end of the summer.

Count of Leads & Go Aheads 2019 & 2020 Compared

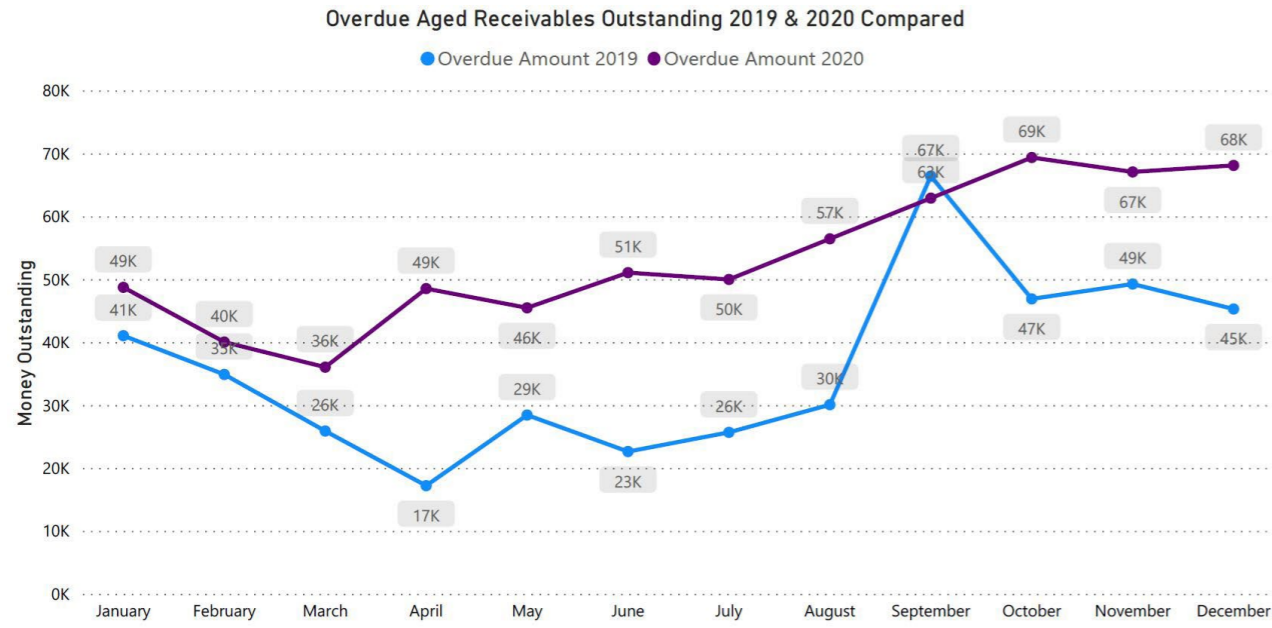


Overdue Aged Receivables

This is a measure of how much money is overdue to us for services that we have provided, usually relating to maintenance work.

We started 2020 with a good focus on our Aged Receivables and we were managing it relatively well until COVID hit and our Aged Receivables increased steadily eating into our cashflow. We started work at the end of 2020 to get this area of the business back under control which can be seen by the levelling out of the 2020 totals in the chart.

These remained high at the end of the year with more work needed to bring these back down to a sustainable level.



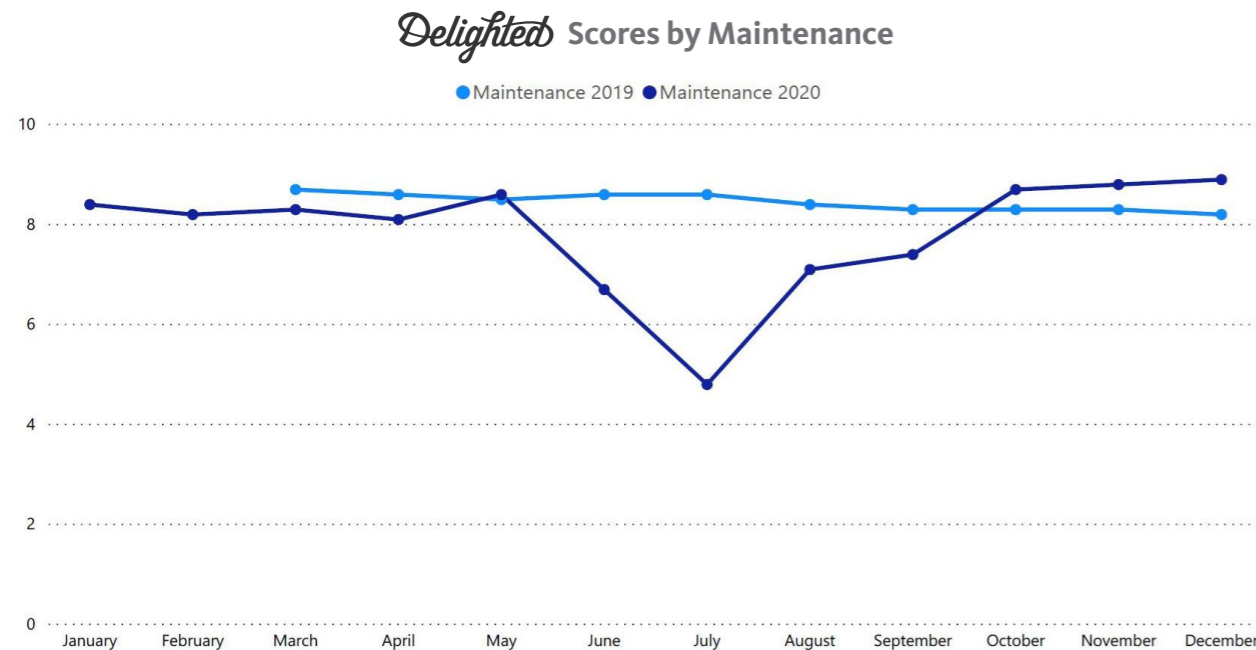
Maintenance

Service Scores

The Maintenance Team have navigated particularly strange circumstances this year, with most of the team spending a number of months on furlough when we were not allowed to carry out work in occupied properties.

Scores for maintenance started to take a hit towards the end of the first lockdown. This was caused by two low scores pulling down the other high scores we received, and the customers did not respond with a reason for these scores, however it is most likely down to the fact that we hadn't been able to do any work for so long!

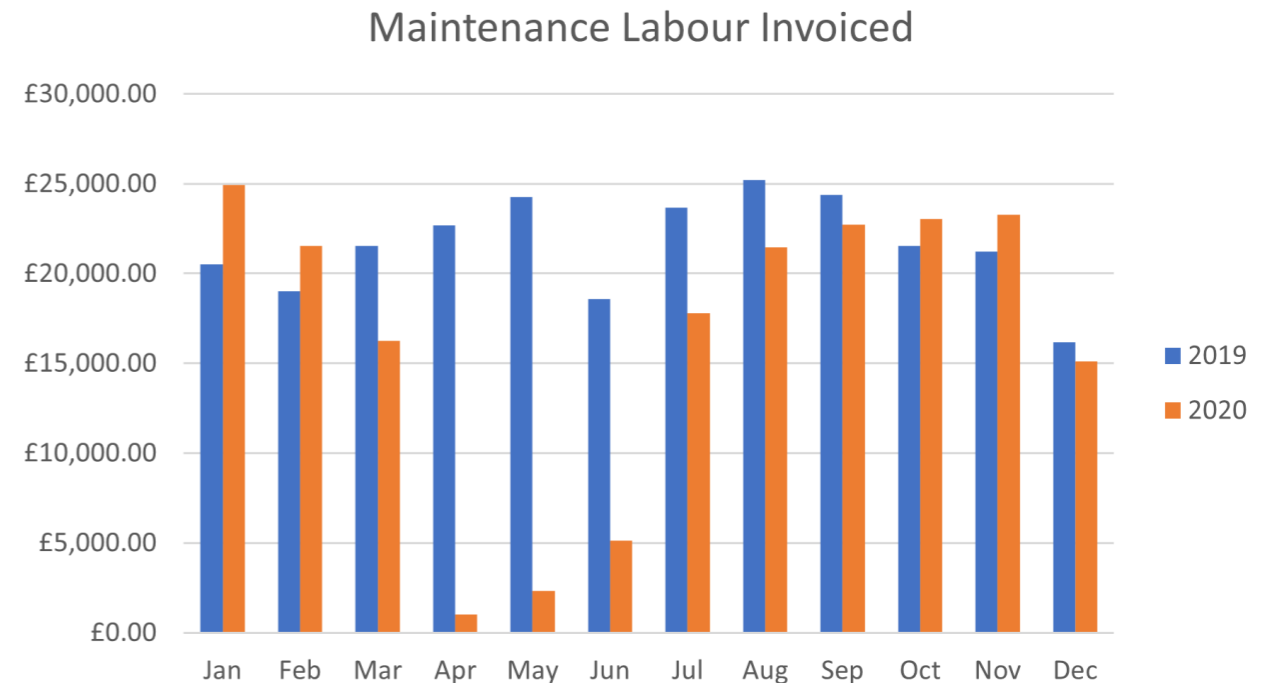
The service scores rose again quickly once the team came back and remained at record high levels for the last 3 months of the year, with many customers showing appreciation for the diligence and care shown by our team of Technicians when visiting their properties



Labour Invoiced

Plans for growing our in-house maintenance services in line with portfolio growth were abandoned when COVID hit.

Our in-house maintenance services were restricted more than any other aspect of our business by COVID. In the springtime, all non-essential work in tenanted properties had to stop and this was quickly followed by many of our material suppliers closing in lockdown. This meant that we furloughed nearly all of our maintenance team and the chart showing the amount of in-house maintenance labour invoiced monthly almost completely dried up between March and July. From July until the end of the year, we were able to open our in-house maintenance services back up only for them to be suspended again in the final week of the year.



Financial Turnover (Total Income)

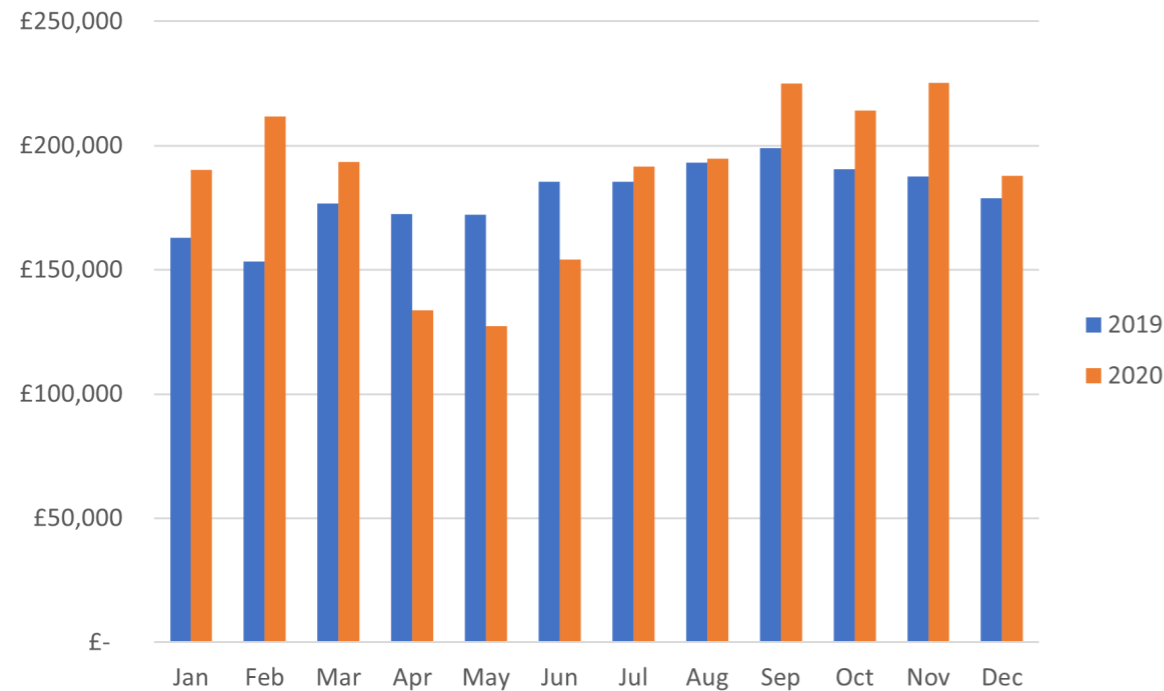


by Neil McInnes

We can see that our total income had grown from 2019 due to our larger portfolio but our income dropped significantly during lockdown and took 6 months to recover due to reduced management fees due to empty properties and temporary rent reductions and the suspension of most of our maintenance activities.

Our finances started to get back to pre-COVID levels through the last 4 months of the year but with another lockdown in place, we're expecting income to drop again.

Monthly Turnover



Profit

by Neil McInnes

The profit comparison 2019 and 2020 is a tale of 2 years.

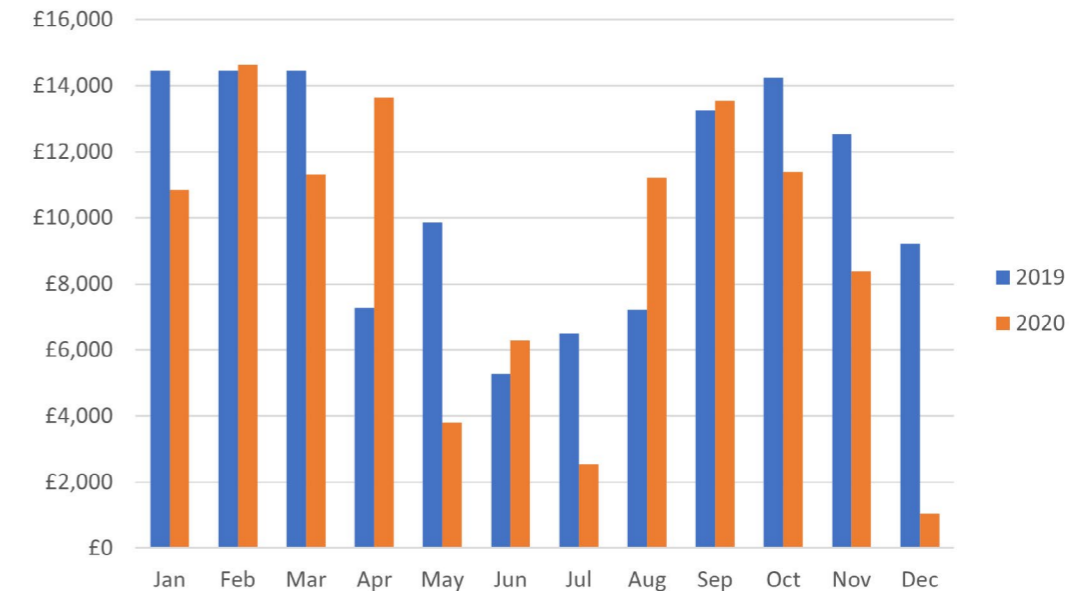
2019 was a big expansion year for Umega. We invested heavily in our new office and we scaled our team significantly. This led to lower profits than we posted in 2018 and 2020 was supposed to be the year where we returned to good profitability... until COVID hit and due to our significant drop in planned income, we quickly reset our financial goals to be remaining profitable and not running out of cash! (How quickly things had changed)

We successfully navigated the most challenging year and we are lucky that we work in a sector that has been relatively unaffected by the impacts of COVID on the economy. We benefited from government grants relating to furlough, office rates relief and small business support. This kept us going through a tough six months financially and we've deferred a VAT payment to HMRC in line with government allowances.

It'll take time for our business to recover from the (ongoing) financial impacts of last year but we are in a good financial position where we can confidently plan our future as a business.

Monthly Profit

Rolling 3 month average





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