

Prepared for  
**The Association of Residential Letting Agents**

**ARLA Survey  
of  
Residential Investment Landlords**

**March 2012**

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## **1. INTRODUCTION & BACKGROUND**

ARLA surveys residential landlords through its Internet website with a view to canvassing the opinions of residential landlords on a number of topics.

During the first quarter of 2012, ARLA conducted the first survey of the year. This survey ran during the month of March.

Through many of its members completing questionnaires, The Residential Landlords Association (RLA) has assisted greatly with this research enhancing the sample size and making the results more robust.

## **2. METHODOLOGY**

The method by which the data for this research was collected was through visitors to ARLA's web site taking the opportunity presented to complete an on-line questionnaire which included 21 questions.

The questions were devised by ARLA and included questions which were aimed at getting a better understanding of the profile of residential landlords and also at understanding better their views and opinions.

During the period when the questionnaire was available for completion, a total of 1,505 people went through the process of answering some or all of the questions.

These responses were analysed by the software running the survey and tables of data were produced on which this report is based.

### 3. RESULTS

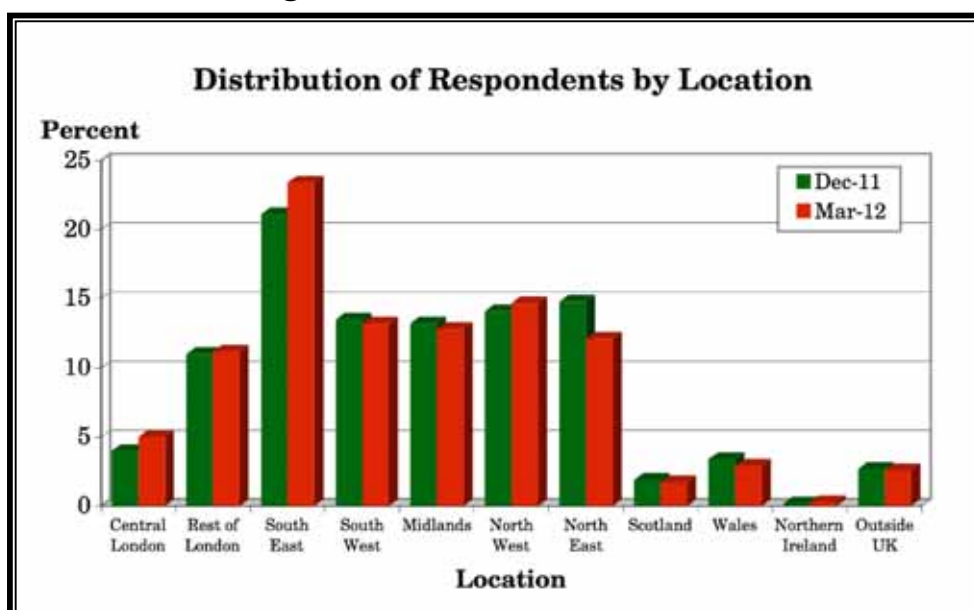
The following sections detail the results of the ARLA survey of residential landlords conducted during the first quarter of 2012. In addition to the overall results for the whole country, for some of the questions, data has been included for each of the regions making up the UK as shown in the table in section 3.1 below except that Scotland, Wales & Northern Ireland have been combined to make the sample more robust.

With effect from the first quarter of 2011, the sample was greatly increased from between 200 and 300 respondents to more than 1,000 respondents but this did not result in significant changes to the profile of the sample and data from subsequent surveys should, therefore, be comparable with data from earlier surveys unless stated otherwise.

#### 3.1 Where do you live? (Q.1)

Four out of ten respondents to the survey (40%) were from the South East of England (including London) with almost one in six (16%) being from London itself. The North West (15%) was the region producing the next highest proportion of respondents followed by the South West (13%), the Midlands (13%) and the North East (12%). Little more than one in forty respondents (2.6%) were living outside the UK when they completed the questionnaire.

Location	Percent of Respondents (%)		
	Sep 11	Dec 11	Mar 12
Central London	4.9	4.0	5.0
Rest of London ( <i>within M25</i> )	8.7	11.0	11.2
South East ( <i>outside M25</i> )	24.2	21.1	23.4
South West	11.3	13.5	13.2
Midlands	13.0	13.2	12.8
North West	13.7	14.1	14.7
North East	14.5	14.8	12.1
Scotland	1.7	1.9	1.7
Wales	3.9	3.4	2.9
Northern Ireland	0.7	0.2	0.3
Outside UK	3.4	2.7	2.6
Base: All answering	(1,048)	(1,345)	(1,441)



Compared with the fourth quarter of 2011, the main differences are that there were more respondents from Central London and the Rest of the South East and fewer from the North East.

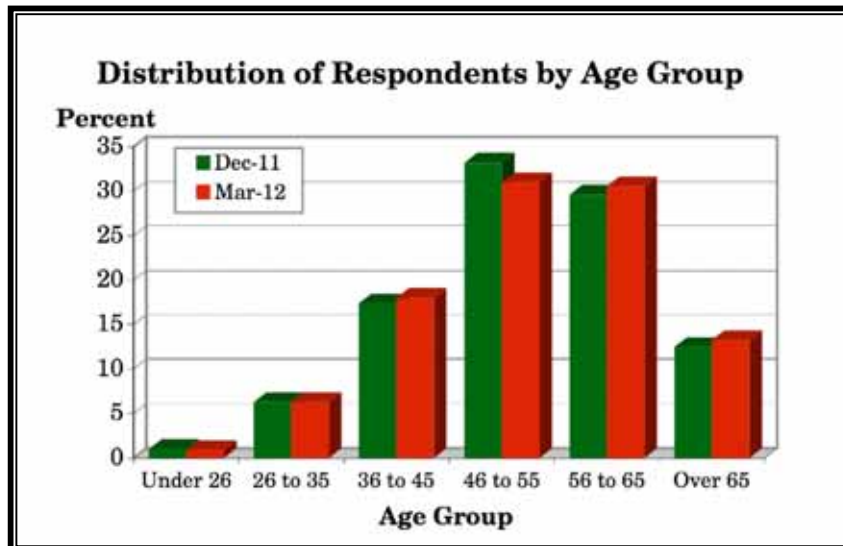
### 3.2 How old are you? (Q.2)

More than six out of ten respondents (62%) were aged between 46 and 65 with these respondents being equally split between those who were between 46 and 55 and those who were between 56 and 65. Nearly a further two out of ten (18%) were aged between 36 and 45.

At the extreme ends of the age scale, one in eight respondents (13%) were aged over 65 with not much more than half as many (7%) being aged 35 or under on this occasion.

Analysis of the results from this question reveals that the average age of respondents to the survey was 52.4 years, a figure which is up marginally from 52.2 years three months ago, reversing the change seen then.

Age Group	Percent of Respondents (%)		
	Sep 11	Dec 11	Mar 12
Under 26	0.8	1.0	0.9
26 to 35	5.3	6.3	6.3
36 to 45	17.8	17.4	18.0
46 to 55	34.5	33.2	31.0
56 to 65	29.1	29.6	30.6
Over 65	12.7	12.5	13.3
<b>Average (years)</b>	<b>52.4</b>	<b>52.2</b>	<b>52.4</b>
Base: All answering	(1,042)	(1,343)	(1,440)



Compared with the last survey three months ago, the main changes are that there were fewer respondents aged 46 to 55 (down from 33% to 31%) and slightly more in each of the other age bands except for the two at the younger end of the scale which were unchanged or, in the case of those under 26, marginally less.

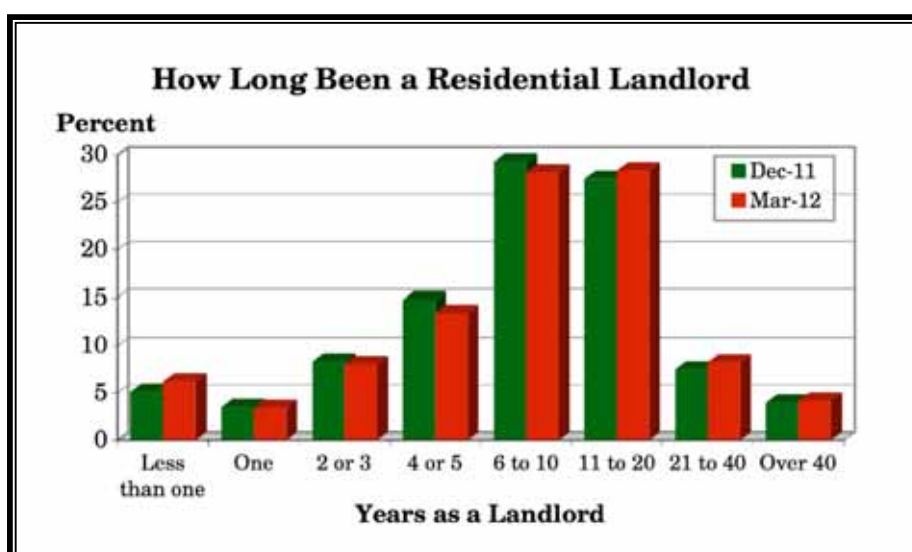


### 3.3 How long have you owned residential property to let? (Q.3)

Only one in ten respondents (10%) had been residential landlords for one year or less whilst one in eight (12%) had been residential landlords for more than 20 years.

However, the vast majority, amounting to nearly eight out of ten (78%) had been residential landlords for between 2 and 20 years with the largest proportions, nearly three out of ten (28%) in each case, having been residential landlords for between 6 and 10 years and between 11 and 20 years.

<b>Years as a Landlord</b>	<b>Percent of Respondents (%)</b>		
	<b>Sep 11</b>	<b>Dec 11</b>	<b>Mar 12</b>
Less than one	5.3	5.1	6.2
One	2.2	3.5	3.4
2 or 3	9.1	8.3	8.0
4 or 5	14.0	14.8	13.4
6 to 10	30.2	29.3	28.2
11 to 20	26.0	27.5	28.4
21 to 40	7.9	7.5	8.2
Over 40	5.3	4.0	4.2
<b>Average (years)</b>	<b>12.2</b>	<b>11.6</b>	<b>11.9</b>
Base: All answering	(1,025)	(1,309)	(1,409)

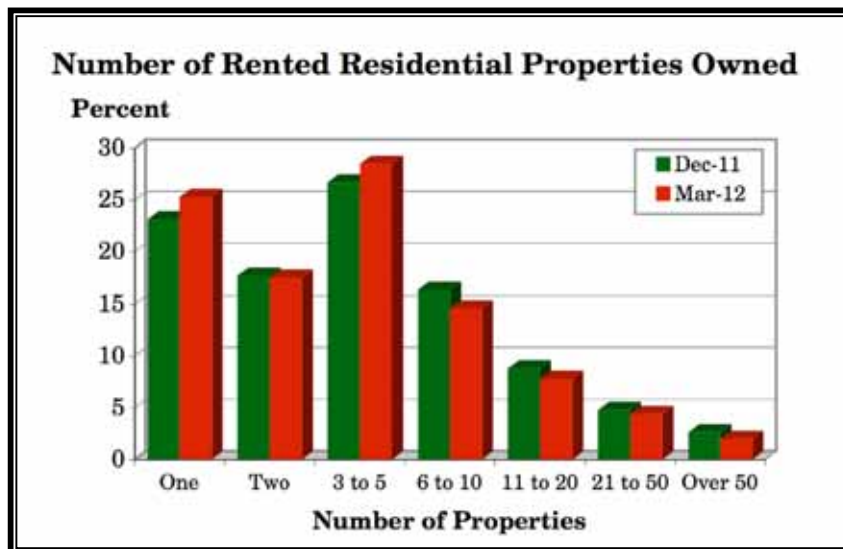


Simple analysis of these figures indicates that the average time for which respondents had been residential landlords was 11.9 years, a figure which is up from 11.6 years three months ago, partially reversing the fall seen then.

### 3.4 How many rented residential properties do you currently have in your portfolio? (Q.4)

More than four out of ten respondents (43%) had only one or two properties in their portfolios with only a third as many (14%) having more than ten properties in theirs.

Number of Properties	Percent of Respondents (%)		
	Sep 11	Dec 11	Mar 12
One	23.2	23.1	25.3
Two	15.7	17.7	17.5
3 to 5	29.5	26.7	28.5
6 to 10	15.1	16.3	14.6
11 to 20	10.5	8.8	7.8
21 to 50	4.3	4.8	4.4
Over 50	1.9	2.6	2.0
<b>Average (no. of properties)</b>	<b>7.5</b>	<b>8.0</b>	<b>7.2</b>
Base: All answering	(1,022)	(1,298)	(1,402)



Analysis of these results shows that the average size of respondents' portfolios was 7.2 properties, down from an average of 8.0 properties three months ago, which more than reverses the change seen then.

As can be seen from the chart below, over the year to June 2005, the average number of properties in respondents' portfolios rose by 40%, from 4.1 to 5.7 properties before falling back to 4.4 properties by the end of 2006.

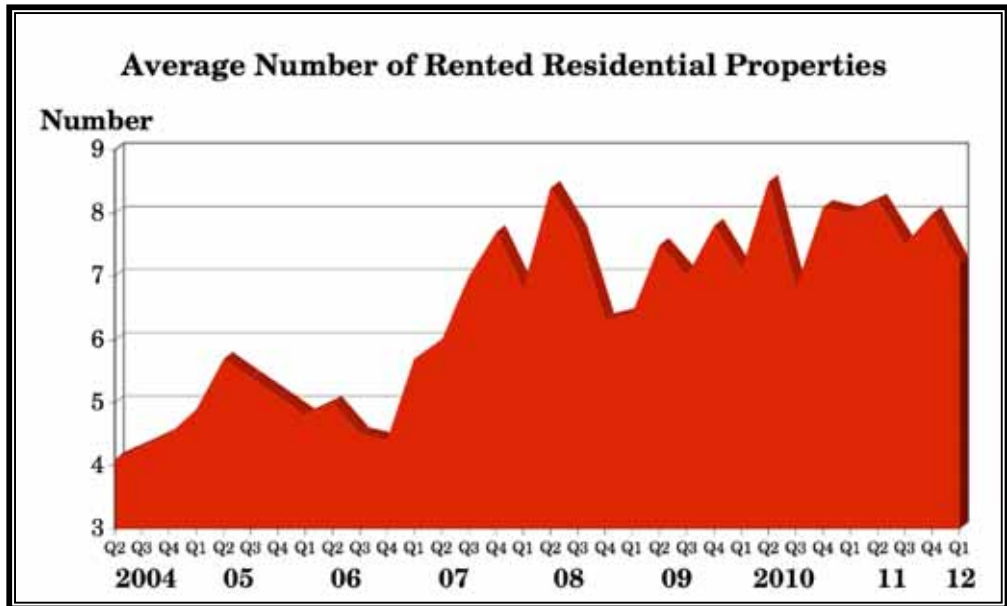
Throughout 2007, the average rose rapidly but two successive falls in the second half of 2008 took the figure to its lowest level since the third quarter of 2007.

The results from 2009 showed an increasing number of properties in respondents portfolios although the average number did fluctuate from quarter to quarter.

During 2010, the average levelled off at between 7 and 8 properties, despite quite large fluctuations and during the first half of 2011, the

figure stabilised at around 8 properties before falling quite sharply with the results from the third quarter 2011 survey.

Since then there has been an increase followed by a bigger decrease this quarter with the result that, despite the quite marked fluctuations, a downward trend is evident over the last year.



## Regional Analysis

The results for this question for each of the regions of the UK are shown in the table below from which it can be seen that there is a tendency for the average number of properties owned to increase as one moves north with the North West and the North East having the highest proportion saying they had more than 20 properties (12% in both cases) and Central London having the lowest proportion (2%) for respondents living within the UK.

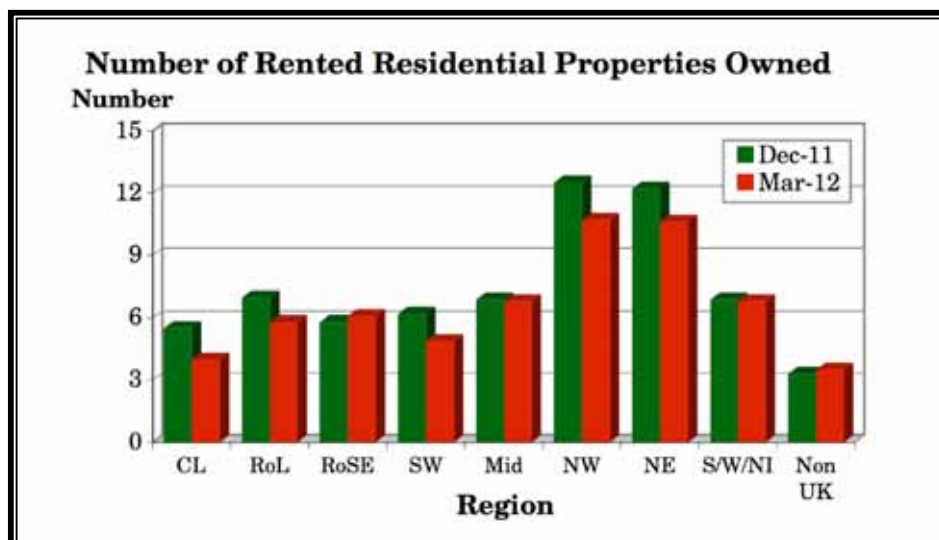
Number of Properties	Region								
	CL	ROL	SE	SW	MID	NW	NE	S,W & NI	Non UK
One	34.8	26.5	24.5	31.5	23.3	19.6	20.5	29.6	33.3
Two	16.7	20.5	19.0	15.8	16.1	16.7	13.5	22.5	22.2
3 to 5	31.8	27.8	30.0	30.4	28.9	25.8	28.7	22.5	30.6
6 to 10	10.6	13.9	15.6	14.1	18.3	13.4	17.0	9.9	8.3
11 to 20	4.5	7.9	6.4	4.9	7.8	12.4	8.8	8.5	5.6
21 to 50	1.5	2.0	3.7	3.3	4.4	7.2	6.4	5.6	-
Over 50	-	1.3	0.9	-	1.1	4.8	5.3	1.4	-

Base: All answering (1,395)

Analysing these results to produce regional averages reveals that landlords in the North West and the North East had the highest average number (11 properties) with those in the rest of the country having much lower average numbers (between 4 and 7 properties). Those living Outside the UK, however, had the lowest average number at 3.5 properties.

Geographic Region	Average Number of Properties (%)		
	Sep 11	Dec 11	Mar 12
Central London	6.2	5.5	4.0
Rest of London ( <i>within M25</i> )	5.5	7.0	5.8
South East ( <i>outside M25</i> )	6.0	5.8	6.1
South West	6.6	6.2	4.9
Midlands	7.4	6.9	6.8
North West	11.2	12.5	10.7
North East	10.4	12.2	10.6
Scotland/Wales/NI	5.5	6.9	6.8
Outside UK	3.5	3.3	3.5

Base: All answering (1,021) (1,296) (1,395)



Compared with three months ago, Central London, the Rest of London, the South West, the North West and the North East all had noticeably lower average numbers of properties this time with the remaining regions having changed very little.

**3.5 In the last 12 months, have you bought or sold any properties within your portfolio? (Q.5)**

A quarter of those answering this question (25%) said they had bought properties for their portfolios during the last 12 months with less than a third as many (7%) saying they had sold properties during the same period.

Number of Properties	Percent of Respondents – Mar 12 (%)	
	Bought	Sold
None	74.6	92.9
One	15.1	5.4
2 to 5	8.6	1.6
5 to 10	1.0	0.1
More than 10	0.5	0.1
All	0.1	-
Base: All answering	(1,348)	(1,158)



Compared with three months ago, as can be seen in the table below, there has been very little change, with the proportion saying they had bought properties in the preceding 12 months remaining at 25% and the proportion saying they had sold properties falling a little from 8% to 7%.

Number of Properties	Percent of Respondents (%)			
	Bought		Sold	
	Dec 11	Mar 12	Dec 11	Mar 12
None	74.9	74.6	91.8	92.9
One	15.0	15.1	6.3	5.4
2 to 5	8.5	8.6	1.6	1.6
5 to 10	0.8	1.0	0.2	0.1
More than 10	0.5	0.5	0.1	0.1
All	0.3	0.1	0.1	-
Base: All answering	(1,254)	(1,348)	(1,081)	(1,158)

## Regional Analysis

The table below shows, for each region, the proportions of respondents saying they had bought properties in the 12 months preceding the survey from which it can be seen that the majority of respondents in each region (between 64% and 82%) had not bought any properties.

Number of Properties Bought	Region								
	CL	ROL	SE	SW	MID	NW	NE	S,W & NI	Non UK
None	74.6	77.1	76.2	81.6	71.1	74.6	64.4	74.3	77.8
One	16.9	14.4	14.6	12.1	16.8	12.9	21.3	15.7	13.9
2 to 5	5.1	8.5	7.9	5.7	11.6	9.5	10.0	7.1	8.3
5 to 10	-	-	1.0	0.6	0.6	2.5	2.5	-	-
More than 10	3.4	-	-	-	-	0.5	1.9	1.4	-
All	-	-	0.3	-	-	-	-	1.4	-

Base: All answering (1,341)

The table below shows the proportions of respondents saying they had sold properties in the 12 months preceding the survey from which it can be seen that the vast majority of respondents in each region (between 86% and 100%) had not sold any properties.

Number of Properties Sold	Region								
	CL	ROL	SE	SW	MID	NW	NE	S,W & NI	Non UK
None	86.0	94.6	92.0	93.7	95.1	92.5	89.1	100.0	97.1
One	12.3	3.1	6.9	6.3	4.2	4.0	6.3	-	2.9
2 to 5	-	2.3	1.1	-	0.7	3.5	3.9	-	-
5 to 10	-	-	-	-	-	-	0.8	-	-
More than 10	1.8	-	-	-	-	-	-	-	-
All	-	-	-	-	-	-	-	-	-

Base: All answering (1,151)

Simple calculations using these results produce the proportions of respondents from each region who said they had bought properties or who said they had sold properties in the 12 months preceding the survey and these are shown in the chart and table below.



Geographic Region	Percent of Respondents – Mar 12 (%)	
	Bought	Sold
Central London	25.4	14.0
Rest of London ( <i>within M25</i> )	22.9	5.4
South East ( <i>outside M25</i> )	23.8	8.0
South West	18.4	6.3
Midlands	28.9	4.9
North West	25.4	7.5
North East	35.6	10.9
Scotland/Wales/NI	25.7	-
Outside UK	22.2	2.9
Base: All answering	(1,341)	(1,151)

The regions with the highest proportions of landlords saying they had bought properties were the North East (36%) and the Midlands (29%). The region with the lowest proportion saying they had bought properties was the South West (18%).

When it comes to the proportions saying they had sold properties, the regions with the highest proportions were Central London (14%) and the North East (11%) and those with the lowest proportions were Scotland, Wales & Northern Ireland (0%) and Outside the UK (3%).

Compared with three months ago, as can be seen in the table below, there were noticeable increases in the proportion saying they had bought properties in the last 12 months for Central London (up from 20% to 25%), the Rest of London (up from 20% to 23%), the North East (up from 29% to 36%) and for those Outside the UK (up from 10% to 22%).

Conversely, the South West saw its proportion fall (down from 21% to 18%) as did the North West (down from 31% to 25%) with the other regions changing little.

With regard to selling properties, compared with three months ago, there were noticeable increases in the proportion saying they had sold properties in the last 12 months for Central London (up from 7% to 14%), the North East (up from 9% to 11%) and noticeable decreases everywhere else with the exception of the Rest of the South East which saw its proportion change very little.

Geographic Region	Percent of Respondents (%)			
	Bought		Sold	
	Dec 11	Mar 12	Dec 11	Mar 12
Central London	20.0	25.4	7.1	14.0
Rest of London ( <i>within M25</i> )	19.9	22.9	8.1	5.4
South East ( <i>outside M25</i> )	23.4	23.8	7.6	8.0
South West	21.1	18.4	7.3	6.3
Midlands	29.2	28.9	10.1	4.9
North West	31.4	25.4	10.6	7.5
North East	28.9	35.6	8.5	10.9
Scotland/Wales/NI	24.3	25.7	3.7	0.0
Outside UK	9.7	22.2	6.5	2.9
Base: All answering	(1,252)	(1,341)	(1,080)	(1,151)



**3.6 In the next 12 months, do you expect to buy any further properties to let? (Q.6)**

A quarter of respondents (25%) said that they expected to acquire further properties to let during the next 12 months but almost half (49%) said that they did not.

In addition, more than a further quarter (27%) were unsure whether or not they would acquire further properties to let in the next year.

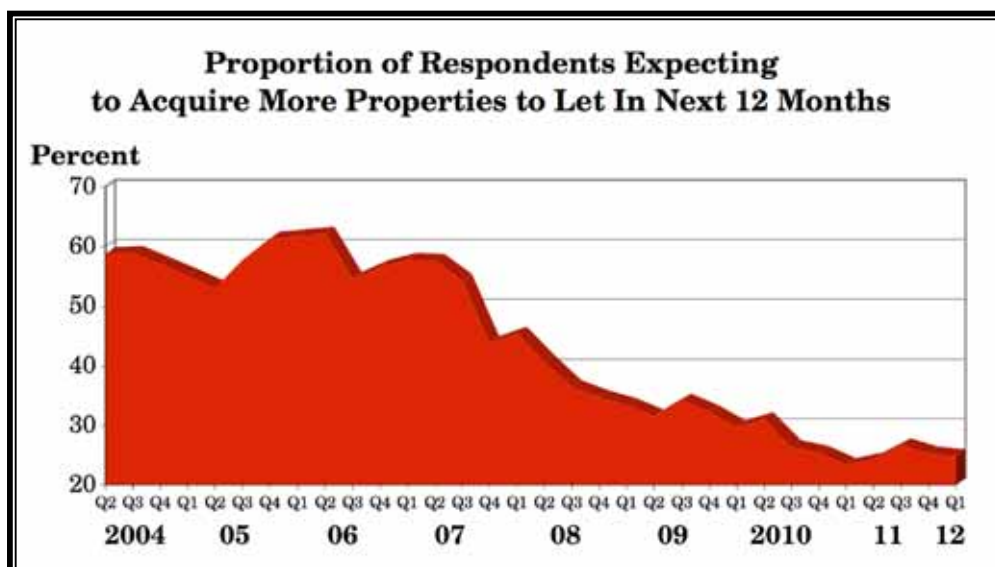
Response	Percent of Respondents (%)		
	Sep 11	Dec 11	Mar 12
Yes	26.7	25.3	24.8
No	46.2	49.5	48.6
Don't know	27.1	25.2	26.6
Base: All answering	(987)	(1,288)	(1,395)

Compared with three months ago, the proportion saying they expected to acquire further properties to let in the next 12 months fell slightly from 25.3% to 24.8% whilst the proportion saying they did not also fell slightly from 49.5% to 48.6% with the consequence that the proportion who were unsure was up a little from 25.2% to 26.6%.

As the chart below shows, having declined for a year between June 2004 and June 2005, the proportion of respondents expecting to acquire further BTL properties in the next 12 months rose for the next four quarters. The substantial downturn seen towards the end of 2006 returned the figure to its former level before it began slowly to increase again.

However, for most of the last five years the proportion has been falling and with the results from the beginning of 2011, it reached it's lowest level since these surveys began.

After that it increased for a couple of quarters in mid-2011 but has now fallen for two quarters in succession and it remains to be seen what will happen as the rest of 2012 unfolds.



## Regional Analysis

The results for this question for each of the regions of the UK are shown in the table below from which it can be seen that there is little correlation between where in the country a region is located and the proportion of respondents who say they expect to buy property in the next 12 months although the figures do range from 18% in the South West to 32% in the Midlands.

In addition, quite a high proportion of respondents in every region (between 25% and 29%) said they were unsure whether they would buy properties in the next 12 months or not with the result that between 43% and 56% said they did not expect to be buying properties in the next 12 months

Response	Region								
	CL	ROL	SE	SW	MID	NW	NE	S,W & NI	Non UK
Yes	22.7	26.5	22.2	18.0	32.4	24.0	30.6	22.9	25.0
No	48.5	46.5	51.4	56.3	42.5	47.5	44.1	50.0	50.0
Not sure	28.8	27.1	26.5	25.7	25.1	28.4	25.3	27.1	25.0

Base: All answering (1,388)



As can be clearly seen from the chart above and the table below, compared with three months ago, there have been one or two quite marked changes.

In particular, the North West saw the proportion saying they did expect to buy properties in the 12 months following the survey fall from 31% to 24%, more than reversing the change seen three months ago. Also, Scotland, Wales & Northern Ireland saw the proportion saying so fall from 27% to 23%.

In the other direction, the figure for those living Outside the UK saying they expected to be buying properties in the next 12 months rose from 18% to 25%, reversing the change seen in the last quarter of 2011 and that for the South West rose from 15% to 18%, partially reversing the fall seen three months ago.

In all the other regions, changes compared with three months ago were relatively small.

<b>Geographic Region</b>	<b>Percent Expecting to Buy Properties (%)</b>		
	<b>Sep 11</b>	<b>Dec 11</b>	<b>Mar 12</b>
Central London	30.6	23.1	22.7
Rest of London ( <i>within M25</i> )	18.2	24.5	26.5
South East ( <i>outside M25</i> )	22.3	23.1	22.2
South West	20.5	15.3	18.0
Midlands	42.4	30.6	32.4
North West	27.5	30.6	24.0
North East	28.5	29.8	30.6
Scotland/Wales/NI	27.0	26.8	22.9
Outside UK	25.7	18.2	25.0
Base: All answering	(1021)	(1,286)	(1,388)

3.7 **In the next 12 months, do you expect to sell some or all of your let residential properties? (Q.7)**

More than seven out of ten respondents to this survey (72%) said that they did not expect to sell any of their let residential properties in the next 12 months.

Nevertheless, more than one in ten (11%) said they did have such expectations with a further 17% being unsure whether they would be selling any properties in the next 12 months or not.

Response	Percent of Respondents (%)		
	Sep 11	Dec 11	Mar 12
Yes	8.6	9.7	10.9
No	73.6	72.8	72.4
Not sure	17.8	17.5	16.7
Base: All answering	(1,019)	(1,296)	(1,400)

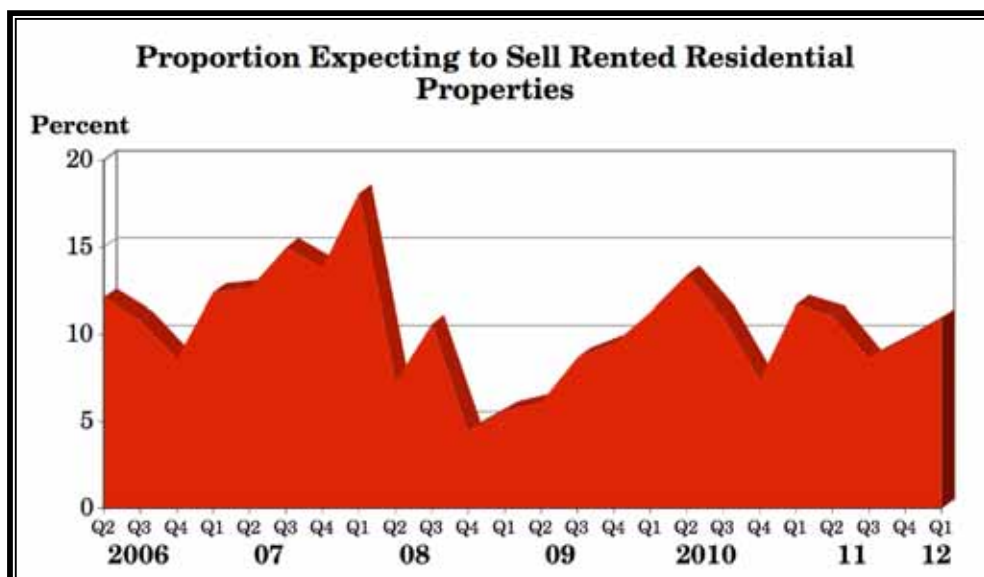
Compared with three months ago, the proportion saying they do not intend to sell some or all of their properties in the next 12 months has fallen a little again, this time from 73% to 72% and the proportion saying that they are unsure has fallen a little again, this time from 18% to 17%, with the result that the proportion saying they do have such intentions is little changed.

As can be seen from the chart below, the proportion of respondents saying they expect to sell residential properties in the next 12 months rose during 2007 and the early part of 2008 before plummeting to a quarter of its former level by the end of 2008.

In 2009 and the first half of 2010, the proportion expecting to sell properties increased steadily but the results from the third quarter brought an abrupt end to that upward trend with the first fall in the figure for nearly two years.

The results from the first quarter 2011 survey produced a sharp rise, more than reversing the fall seen in the last quarter of 2010 but the results from the middle of 2011 largely eroded that increase.

The increase seen at the end of 2011, followed by another small increase this quarter suggests that the overall trend is for a fairly stable proportion of around 10% of respondents to be expecting to sell properties in the 12 months to come.



## Regional Analysis

The results for this question for each of the regions of the UK are shown in the table below from which it can be seen that there was considerable variation between the regions in terms proportions of respondents saying they expected to sell properties in the 12 months following the survey but these variations seem to have little to do with where the region is located within the UK.

The regions with the highest proportions saying they expected to sell properties in the next 12 months were the Midlands (15%) and those living outside the UK (14%). The region with the lowest proportion of respondents saying they expected to sell properties in the next 12 months was Scotland, Wales & Northern Ireland (4%).

Again, quite a high proportion of respondents in every region (between 11% and 21%) said they were unsure whether they would sell properties in the next 12 months or not with the result that around three quarters of respondents for each region (between 69% and 79%) said they did not expect to be selling properties in the next 12 months

Response	Region								
	CL	ROL	SE	SW	MID	NW	NE	S,W & NI	Non UK
Yes	12.1	9.6	9.8	9.3	14.5	12.6	11.1	4.2	13.9
No	72.7	69.9	74.2	73.1	69.3	69.4	73.7	78.9	75.0
Not sure	15.2	20.5	16.0	17.6	16.2	18.0	15.2	16.9	11.1

Base: All answering (1,393)



As can be clearly seen from the chart above and the table below, compared with three months ago, there have been substantial changes in some regions.

In particular, Central London saw the proportion saying they expected to sell properties in the 12 months following the survey fall sharply from 19% to 12%. Scotland, Wales & Northern Ireland also saw a substantial fall in the proportion expecting to sell with the

figure decreasing from 7% to 4% as did as did the North East, albeit to a lesser extent, falling from 12% to 11%.

Most of the other regions saw substantial increases in the proportion expecting to sell properties in the next 12 months but there were two exceptions.

The exceptions were the Rest of the South East and the South West, which saw their proportions change little.

<b>Geographic Region</b>	<b>Percent Expecting to Sell Properties (%)</b>		
	<b>Sep 11</b>	<b>Dec 11</b>	<b>Mar 12</b>
Central London	18.4	18.5	12.1
Rest of London ( <i>within M25</i> )	7.9	6.4	9.6
South East ( <i>outside M25</i> )	7.8	9.1	9.8
South West	9.7	9.1	9.3
Midlands	6.0	9.4	14.5
North West	12.2	9.9	12.6
North East	7.3	12.4	11.1
Scotland/Wales/NI	4.6	7.0	4.2
Outside UK	8.6	9.1	13.9
Base: All answering	(1021)	(1,294)	(1,393)

### 3.8 How long ago did you first become a (Buy to Let) residential investment landlord? (Q.8)

More than six out of ten respondents to this survey (61%) had become residential landlords since the beginning of 2000 with more than half of these having done so since the beginning of 2006.

Nevertheless, more than one in eight respondents (13%) had first become residential landlords earlier than 1990 and had therefore been landlords for more than 22 years.

When Became a Landlord	Percent of Respondents (%)		
	Sep 11	Dec 11	Mar 12
Prior to 1990	14.2	12.2	12.9
1991 to 1996	12.1	12.1	11.4
1997 to 1999	13.9	15.0	15.1
2000 to 2005	31.4	32.0	29.3
2006 onwards	28.3	28.8	31.3
<b>Average (no. of years ago)</b>	<b>12.2</b>	<b>12.0</b>	<b>11.9</b>

Base: All answering (1,006) (1,283) (1,381)

Compared with three months ago, the main changes are that the proportion of respondents who said they had become landlords between 2000 and 2005 was down from 32% to 29% and the proportion who said they had become landlords from 2006 onwards was up from 29% to 31% with the result that the proportion who had become landlords prior to 2000 remaining unchanged at 39%.

The current average length of time since respondents first became landlords, at 11.9 years, is down marginally from an average of 12.0 years three months ago.



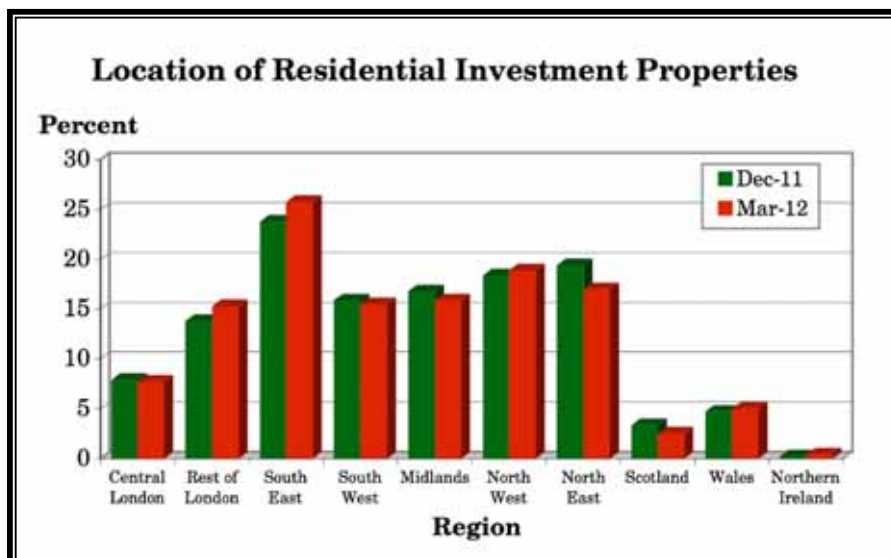
### 3.9 Where are your residential investment properties located? (Q.9)

Almost half of respondents (49%) said that they had properties in the South East (including London) with nearly a quarter (23%) saying they had properties in London itself.

Location	Percent of Respondents (%)		
	Sep 11	Dec 11	Mar 12
Central London	7.8	7.9	7.7
Rest of London ( <i>inside M25</i> )	11.9	13.8	15.3
South East ( <i>outside M25</i> )	26.3	23.8	25.8
South West	13.3	15.9	15.5
Midlands	16.0	16.8	15.9
North West	18.1	18.4	18.9
North East	19.3	19.4	17.0
Scotland	2.6	3.3	2.5
Wales	5.4	4.7	5.0
Northern Ireland	0.8	0.2	0.4
Base: All answering	(1,006)	(1,286)	(1,384)

Compared with three months ago, most regions had roughly similar levels of respondents with properties in the region.

However, two regions had noticeably more respondents with properties in the region this quarter and they were the Rest of London (up from 14% to 15%) and the Rest of the South East (up from 24% to 26%). Also, one region, the North East, had noticeably fewer (down from 19% to 17%).



Comparing the distribution of properties with the distribution of respondents, as can be seen in the table and chart below, shows that a noticeably higher proportion of landlords said they had properties in every region. This suggests that landlords tend to own properties in more than one region.

The extent to which the proportion of respondents with properties in a region exceeded the proportion of respondents living in that region





**3.10 What proportion of the residential properties you have bought are of each type? (Q.10)**

Respondents to this survey were more likely to have bought properties in good condition than any of the other types listed with more than a third of respondents (34%) saying that more than three quarters of the properties they had bought were of this type.

Proportion of Properties	Percent of Respondents - Mar 12 (%)					
	Off plan	New build	Refurb-ished	In need of refurb.	Good cond.	Poor cond.
None	91.2	83.5	82.0	47.1	34.9	76.5
Up to 25%	4.1	7.2	4.8	11.4	11.2	9.3
26% to 50%	2.3	4.2	3.9	13.2	12.2	5.2
51% to 75%	1.4	1.4	2.5	8.4	8.2	2.2
Over 75%	1.1	3.8	6.8	19.9	33.5	6.8

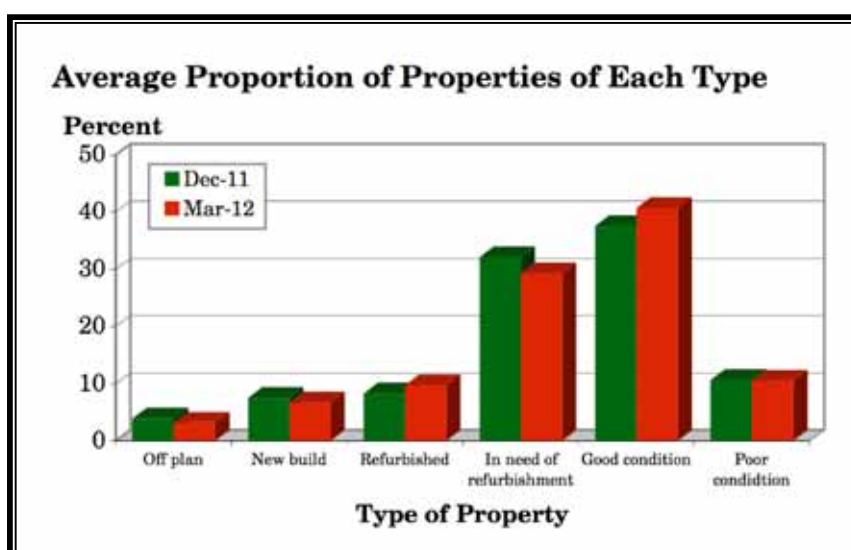
Base: All answering (1,300)

Analysis of these responses confirms that the most popular type of property with landlords has been those in good condition with, on average, more than four out of ten properties bought (41%) being of that type. Next most popular have been properties in need of refurbishment (29%).

Least likely to have been bought by landlords, were properties which have been bought off plan or which have never been occupied (3%) followed by those which were new builds (7%), those which were refurbished (10%) and those in poor condition (11%).

Type of Property	Average Percent of Properties (%)			
	Jun 11	Sep 11	Dec 11	Mar 12
Off plan/never occupied	3.4	3.3	3.9	3.2
New build	7.1	7.3	7.5	6.7
Refurbished	9.1	7.6	8.3	9.7
In need of refurbishment	31.5	31.8	32.1	29.3
Good condition	38.7	38.0	37.6	40.7
Poor condition	10.2	12.1	10.6	10.5

Base: All answering (1,318) (943) (1,194) (1,300)



Compared with three months ago, there have been some changes in the average proportions of each type of property with those in need of refurbishment becoming noticeably less popular (down from 32% to 29%) and those in good condition becoming noticeably more popular (up from 38% to 41%).

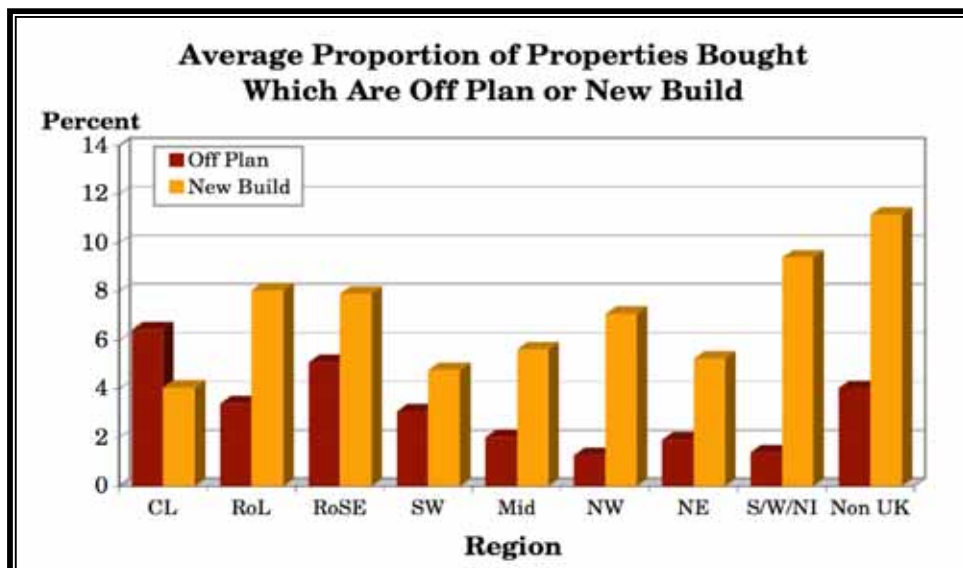
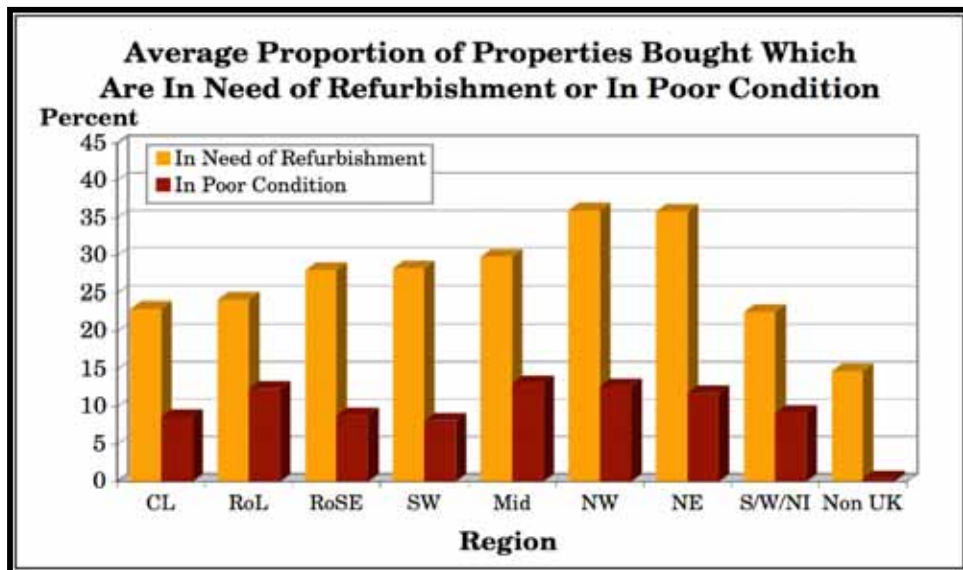
## Regional Analysis

The average proportions of property types which have been bought by respondents from each of the regions of the UK are shown in the table below, from which it can be seen that there are some quite marked differences between the regions.

Response	Region								
	CL	ROL	SE	SW	MID	NW	NE	S,W & NI	Non UK
Off plan/never occ.	6.4	3.4	5.1	3.1	2.0	1.3	1.9	1.4	4.0
New build	4.0	8.1	7.9	4.8	5.6	7.1	5.3	9.4	11.2
Refurbished	11.9	8.1	8.3	8.7	8.0	11.5	11.5	14.0	11.2
In need of refurb	23.0	24.1	28.1	28.4	29.9	36.1	35.9	22.6	14.7
Good condition	45.9	43.9	41.7	46.9	41.4	31.4	33.6	43.4	58.4
Poor condition	8.6	12.4	8.9	8.2	13.1	12.7	11.8	9.2	0.4

Base: All answering (1,350)

As can be seen from the charts below, landlords in the north of England are more likely to have bought properties in need of refurbishment and properties in poor condition whilst those in the south of the country, in Scotland, Wales & Northern Ireland or from outside the UK are more likely to have bought properties which are off plan/never been occupied or which are new builds.



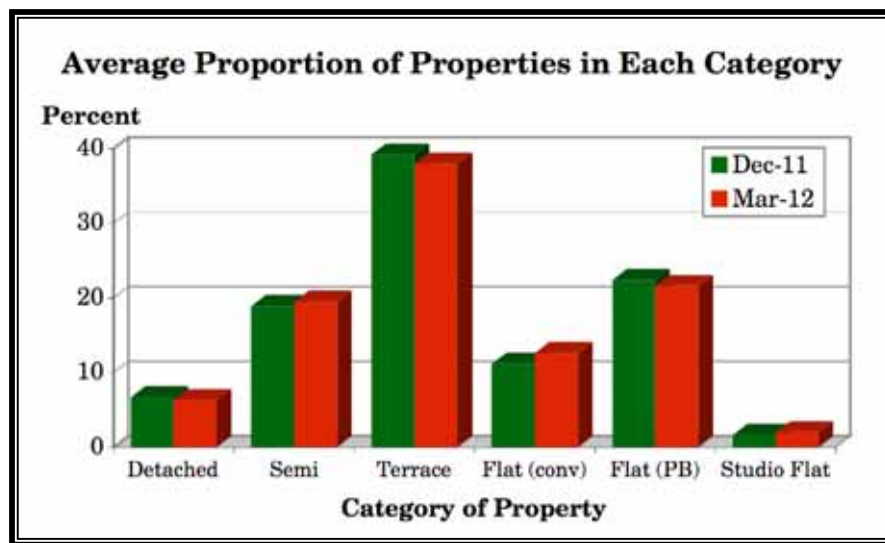
**3.11 What proportion of the residential properties you have bought fall into the following categories? (Q.11)**

Respondents have tended to favour terraced houses with more than a quarter (27%) saying that more than three quarters of the properties they have bought have been in this category. Least popular with landlords are properties at each end of the spectrum with only 3% of respondents saying that more than three quarters of their purchases have been detached houses and even fewer (less than 1%) saying that more than three quarters of theirs have been studio flats.

Proportion of Properties	Percent of Respondents - Mar 12 (%)					
	Detached	Semi	Terrace	Flat (Conv)	Flat (PB)	Studio Flat
None	81.2	54.9	33.7	72.2	59.1	92.2
Up to 25%	9.9	15.7	12.0	9.3	9.9	5.3
26% to 50%	5.4	14.8	17.8	7.6	11.2	1.6
51% to 75%	0.4	4.0	9.4	4.1	5.3	0.3
Over 75%	3.1	10.7	27.0	6.8	14.6	0.5

Base: All answering (1,154)

Analysis of these responses confirms that the most popular properties have been terraced houses (38%) followed by purpose built flats/maisonettes (22%) and semi-detached houses (20%).



Category of Property	Average Percent of Properties (%)		
	Sep 11	Dec 11	Mar 12
Detached house	6.8	6.7	6.3
Semi-detached house	18.8	18.9	19.5
Terraced house	37.2	39.2	38.0
Flat/maisonette (conv)	12.8	11.2	12.6
Flat/maisonette (PB)	22.1	22.4	21.6
Studio Flat	2.4	1.6	2.0
Base: All answering	(859)	(1,075)	(1,154)

Compared with three months ago, there has been little change but converted flats/maisonettes comprised a slightly higher proportion this time (up from 11% to 13%) mainly at the expense of terraced houses (down from 39% to 38%)

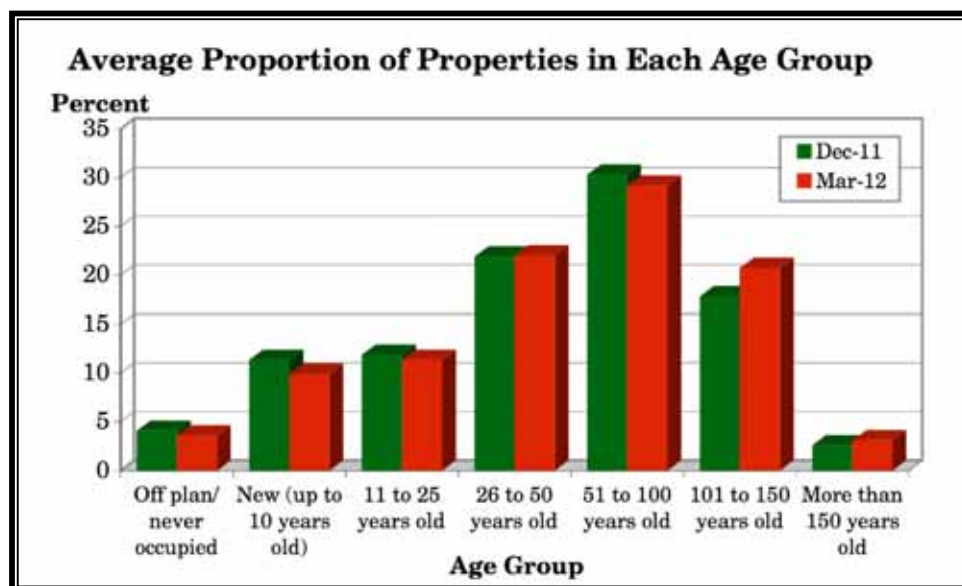
**3.12 What proportion of the residential properties you have bought fall into each age band? (Q.12)**

Respondents have tended to favour properties which are between 51 and 100 years old with more than two out of ten (21%) saying that more than three quarters of the properties they have bought have been in this age band. Least popular with landlords are properties at each extremity of the age scale, with those being bought off plan only having 1.3% of respondents saying that more than three quarters of their purchases have been in those age bands and those over 150 years old only having 1.8% saying so.

Proportion of Properties	Percent of Respondents - Mar 12 (%)						
	Off plan	New (up to 10)	11 to 25	26 to 50	51 to 100	101 to 150	Over 150
None	90.1	77.1	75.6	59.1	48.9	64.7	93.3
Up to 25%	4.4	9.2	7.2	9.8	9.5	7.3	2.5
26% to 50%	3.0	5.4	8.2	10.5	13.2	7.8	1.5
51% to 75%	1.2	2.5	2.1	5.7	7.9	3.6	1.0
Over 75%	1.3	5.9	6.9	15.0	20.6	16.6	1.8

Base: All answering (1,158)

Analysis of these responses confirms that the most popular properties have been those which are between 51 and 100 years old (29%) followed by those between 26 and 50 years old (22%) and those between 101 and 150 years old (21%).



Age of Property	Average Percent of Properties (%)			
	Jun 11	Sep 11	Dec 11	Mar 12
Off plan/never occupied	4.1	4.1	4.1	3.6
New (up to 10 years old)	10.0	10.0	11.4	9.9
11 to 25 years old	13.2	12.8	11.9	11.4
26 to 50 years old	19.7	19.5	21.9	22.0
51 to 100 years old	31.7	31.1	30.3	29.2
101 to 150 years old	18.6	19.3	17.8	20.7
More than 150 years old	2.8	3.2	2.6	3.1
Base: All answering	(1,166)	(845)	(1,060)	(1,158)

Compared with the survey in the fourth quarter of 2011, properties which are between 101 and 150 years were more popular this time (up from 18% to 21%) mainly at the expense of properties up to 10 years old (down from 11% to 10%) and properties between 51 and 100 years old (down from 30% to 29%) with all the other property age bands seeing only marginal differences.

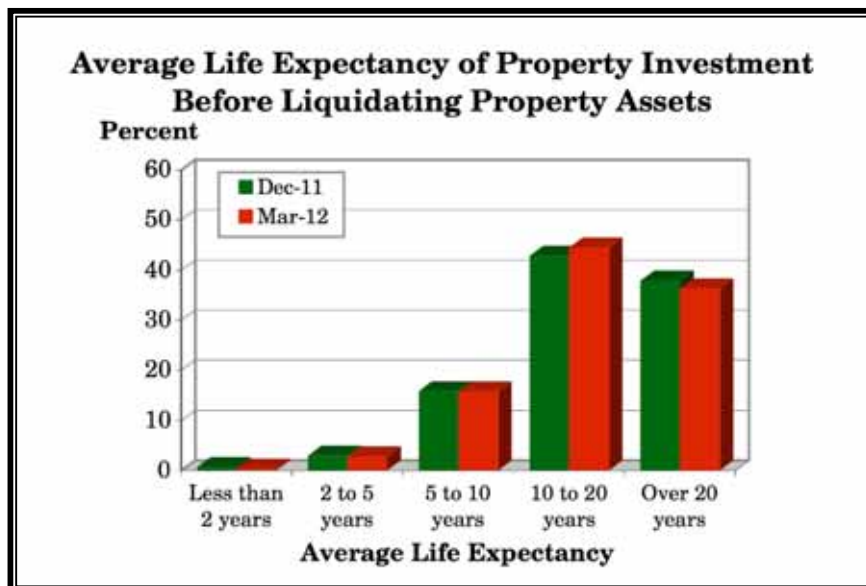
**3.13 From original acquisition time, what do you expect to be the average life expectancy of your property investment before you liquidate your property assets? (Q.13)**

Clearly the vast majority of residential landlords are in the business for the long term with more than eight out of ten (81%) saying that the average life expectancy of their property investments is more than 10 years.

In fact, only one in thirty respondents (3.2%) said they saw their investment as being for 5 years or less and less than one in two hundred (0.4%) saw it as being very short term (i.e. for less than 2 years).

Average Life Expectancy	Percent of Respondents (%)		
	Sep 11	Dec 11	Mar 12
Less than 2 years	0.5	0.6	0.4
2 to 5 years	3.6	2.9	2.8
5 to 10 years	15.4	15.8	15.8
10 to 20 years	45.0	42.9	44.5
Over 20 years	35.5	37.9	36.4
<b>Average (years)</b>	<b>19.0</b>	<b>19.4</b>	<b>19.2</b>
Base: All answering	(985)	(1,243)	(1,338)

Simple analysis of these results reveals that the average life expectancy of their property investments for all respondents is 19.2 years, a figure which is down a little from 19.4 years three months ago, partially reversing the change seen then.



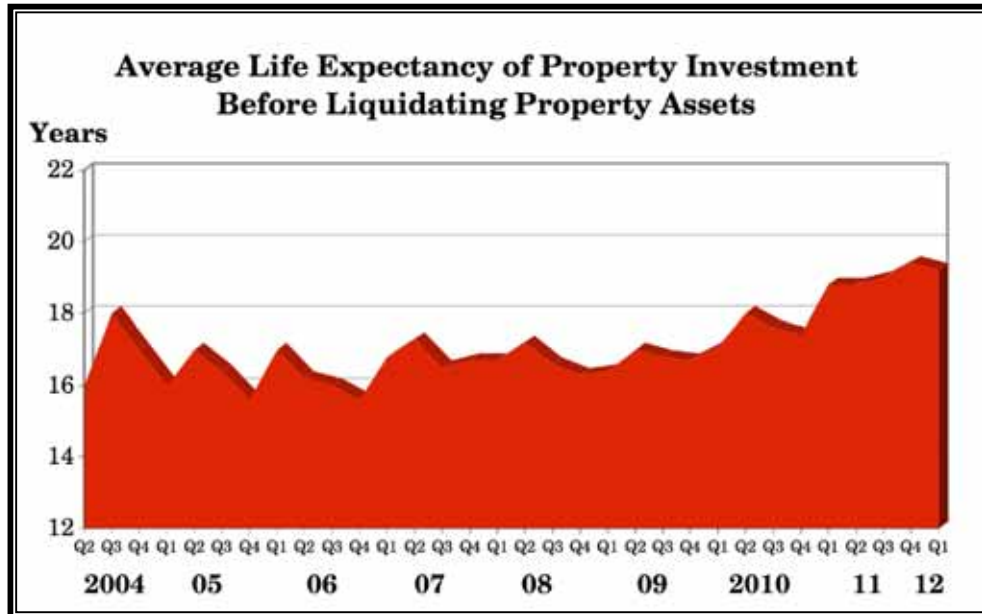
As can be seen from the chart below, the average life expectancy of respondents' property investments declined slowly until the beginning of 2007 despite an increase after every decline of two or three quarters.

After that, it increased for two quarters before levelling off at between 16 and 17 years where it remained until the beginning of 2010.



The results from the first half of 2010 indicated that an upward trend might be beginning to establish itself but the results from the last two quarters of 2010 ended that.

However, the results from the first quarter 2011 survey suggested that the upward trend was, in fact, continuing and the results from the rest of 2011 showed that the long term trend was quite firmly upwards.



The decline seen this quarter may be no more than a temporary adjustment and it remains to be seen whether this is the case or whether a downward trend has begun.

**3.14 Are you aware of the Government's Green Deal Proposal for improving PRS housing energy performance? (Q.14)**

Almost half of respondents to this survey (49%) said that they were aware of the Government's Green Deal Proposal for improving Private Rented Sector housing energy performance.

Nevertheless, a slight majority of 51% said they were not aware of proposal.

<b>Response</b>	<b>Percent of Respondents (%)</b>			
	<b>Jun 11</b>	<b>Sep 11</b>	<b>Dec 11</b>	<b>Mar 12</b>
Yes	42.9	47.7	48.1	48.6
No	57.1	52.3	51.9	51.4
Base: All answering	(1,363)	(980)	(1,237)	(1,339)

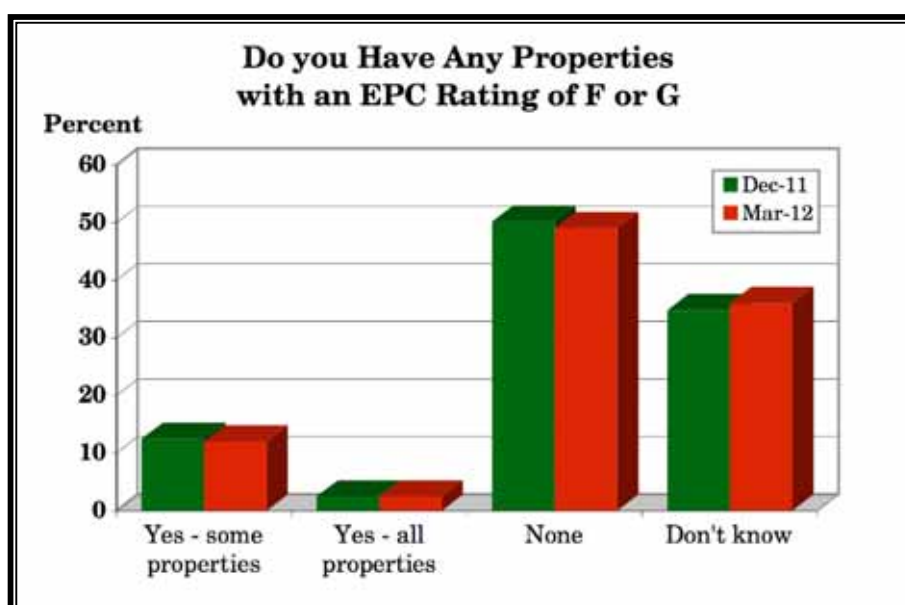
Compared with three months ago, the proportion who said they were aware of the Government's Green Deal Proposal for improving Private Rented Sector housing energy performance was again up marginally.

**3.15 Do you have any properties with an EPC rating of F or G? (Q.15)**

More than one in seven respondents to this survey (15%) said that they had at least some properties with an Energy Performance Certificate rating of F or G but only one in forty (2.5%) said that this was the case for all their properties.

Almost half of all respondents (49%) said that none of their properties had EPC ratings of F or G whilst more than a third (36%) said they did not know if any of their properties had such EPC ratings.

Response	Percent of Respondents (%)			
	Jun 11	Sep 11	Dec 11	Mar 12
Yes - some properties	14.4	11.6	12.5	12.0
Yes - all properties	2.6	2.9	2.5	2.5
None	46.6	50.3	50.2	49.1
Don't know	35.4	35.2	34.8	36.0
Base: All answering	(1,370)	(985)	(1,243)	(1,341)



Compared with the fourth quarter of 2011, there has been little change with the proportion saying that they had at least some properties with an EPC rating of F or G falling marginally (from 15.0% to 14.5%) reversing the change seen then.

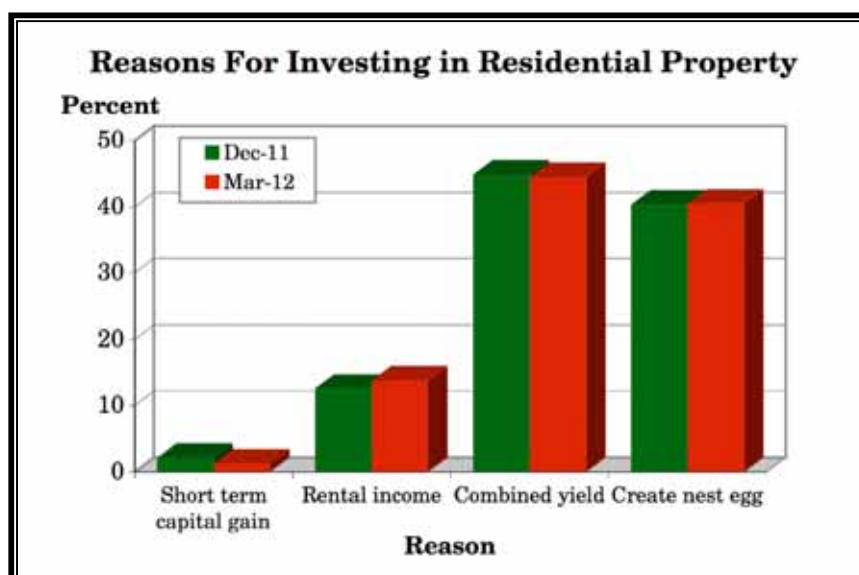
The proportion saying that they had no such properties decreased slightly from 50% to 49% with the proportion who were unsure rising from 35% to 36%).

### 3.16 Why did you first decide to invest in residential property? (Q.16)

Most respondents either said that they had become residential landlords in order to achieve a combined yield from rental income and capital appreciation (45%) or that they had done so in order to create a nest egg for their long term future (41%).

Only one in a hundred respondents (1%) said that they became residential landlords in order to make a short term capital gain over a period of less than 5 years but quite a substantial minority of one in seven (14%) said that they had done so in order to obtain a stream of rental income.

Reason	Percent of Respondents (%)	
	Dec 11	Mar 12
Short term capital gain (less than 5 years)	2.1	1.2
Rental income	12.6	13.8
Combined yield from rent & capital apprec.	44.9	44.5
Create nest egg for long term future	40.4	40.5
Base: All answering	(1,230)	(1,329)



Compared with three months ago, the only noticeable changes were that there were more respondents who said they had first decided to invest in residential property to achieve a stream of rental income (up from 13% to 14%) and fewer saying they had done so in order to achieve a short term capital gain (down from 2% to 1%).

There was very little change in the proportions saying they had done so in order to achieve a combined yield from rental income and capital appreciation (down from 44.9% to 44.5%, reversing the change seen three months ago) or to create a nest egg for their long term future (up from 40.4% to 40.5%).

Over the past seven years since this question was first asked, the proportions of respondents saying that they had first decided to invest in residential property in order to create a nest egg for the long term future and those saying they had done so in order to achieve a combined yield from rental income and capital appreciation have

remained between 35% and 55% with any changes taking place each quarter simply mirroring each other.



**3.17 When you decided which lettings agency to use, did you consider whether the agent was licensed/regulated? (Q17)**

More than a third of respondents to this question (36%) said that they did consider whether an agent was licensed or regulated when they were deciding which lettings agency to use with less than half as many (14%) saying that they did not, leaving nearly half of all respondents who either did not know whether they did or did not (3%), or simply did not use a lettings agent (47%).

Response	Percent of Respondents (%)			
	Jun 11	Sep 11	Dec 11	Mar 12
Yes	35.2	35.8	34.5	36.0
No	16.9	14.6	16.9	13.6
Don't know	2.2	3.3	2.9	3.4
Don't use a letting agent	45.9	46.0	45.7	47.0
Base: All answering	(1,368)	(971)	(1,239)	(1,334)



Compared with three months ago, the main change is that the proportion saying they do consider whether an agent is licensed or regulated when they are deciding which lettings agency to use is up from 35% to 36% with the proportion saying they do not falling from 17% to 14%. However, these changes largely just reverse the changes seen then.

When figures are calculated just for those who do use a lettings agent, more than two thirds (68%) say they do consider whether the agent is licensed or regulated when deciding which one to use.

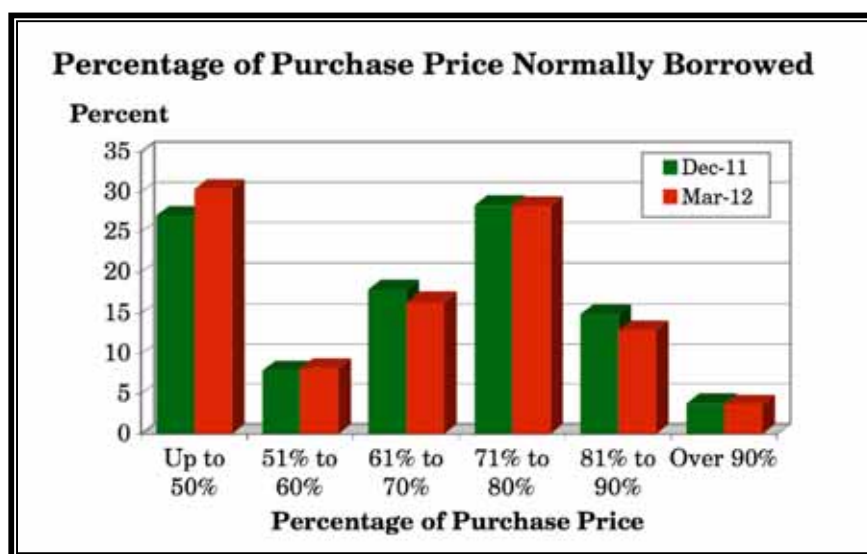
Response	Percent of Respondents (%)			
	Jun 11	Sep 11	Dec 11	Mar 12
Yes	64.8	66.7	63.5	67.9
No	31.1	27.2	31.1	25.7
Don't know	4.1	6.1	5.3	6.4
Base: All using agent & answering	(742)	(522)	(673)	(707)

**3.18 What percentage of the purchase price of a buy to let property do you normally borrow from a lender? (Q.18)**

Nearly six out of ten respondents (58%) said that they normally borrow between 61% and 90% of the purchase price of a buy to let property. Nevertheless, a substantial minority of three out of ten (30%) said they normally borrow less than half of the purchase price.

Analysis of these figures reveals that the average proportion of the purchase price of a buy to let acquisition is currently 59%.

Percent of Purchase Price	Percent of Respondents (%)			
	Jun 11	Sep 11	Dec 11	Mar 12
Up to 50%	24.6	28.4	27.1	30.4
51% to 60%	7.7	7.8	7.9	8.2
61% to 70%	14.1	14.9	17.9	16.4
71% to 80%	30.8	31.3	28.4	28.3
81% to 90%	18.5	14.2	14.9	12.9
Over 90%	4.3	3.4	3.8	3.7
<b>Average (%)</b>	<b>62.8</b>	<b>60.2</b>	<b>60.7</b>	<b>58.9</b>
Base: All answering	(1,252)	(886)	(1,140)	(1,228)

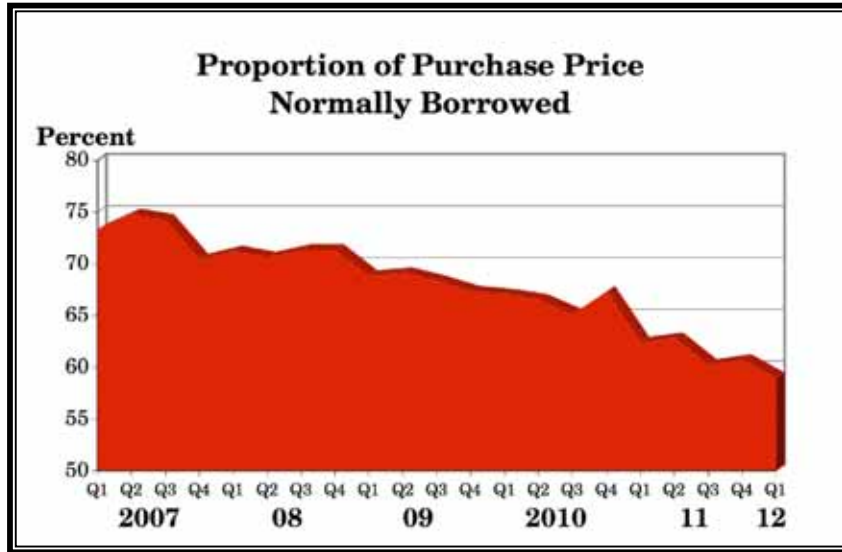


Compared with three months ago, the average proportion of the purchase price of a buy to let property which respondents normally borrow has fallen slightly from 61% to 59%.

As can be seen from the chart below, over the last five years, the average proportion of a property's price which is usually borrowed by respondents rose initially and then fell at the end of 2007 before levelling out at between 70% and 72% throughout 2008.

At the beginning of 2009, the average fell again and, despite an upturn three months later, the average proportion being borrowed declined steadily to reach another all time low with the results from the survey in the third quarter of 2010.

The results from the last quarter 2010 survey, however, brought an end to this downward trend but a big fall in the average in the first quarter of 2011 indicated that this was a temporary increase and the long term trend continues to be for the proportion of the purchase price of a buy to let property which is normally borrowed to fall.



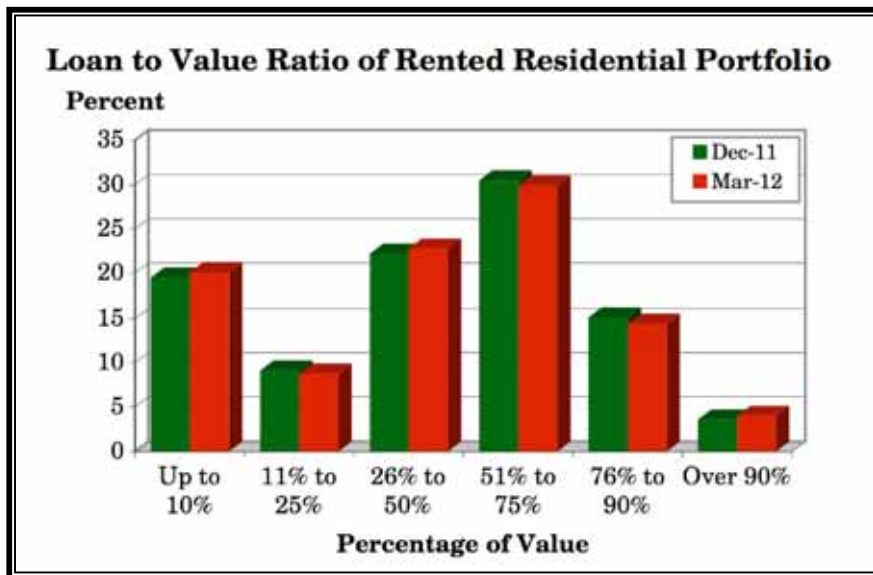


**3.19 What is the approximate overall loan to value ratio of your rented residential portfolio? (Q.19)**

The largest proportion of respondents, amounting to three out of ten (30%) said that the approximate overall loan to value ratio of their rented residential portfolio was between 51% and 75% with nearly a further quarter (23%) saying it was between 26% and 50%.

Analysis of these figures reveals that the average loan to value ratio of respondents' portfolios is 46%.

Loan to Value Ratio	Percent of Respondents (%)			
	Jun 11	Sep 11	Dec 11	Mar 12
Up to 10%	17.9	19.9	19.5	20.1
11% to 25%	8.7	9.7	9.1	8.8
26% to 50%	21.3	21.4	22.2	22.8
51% to 75%	31.5	30.6	30.5	29.9
76% to 90%	16.8	14.5	15.1	14.4
Over 90%	3.9	3.8	3.6	4.0
<b>Average (%)</b>	<b>48.0</b>	<b>45.8</b>	<b>46.2</b>	<b>45.9</b>
Base: All answering	(1,246)	(873)	(1,136)	(1,205)



Compared with the last survey three months ago, the average loan to value ratio of respondents' portfolios has fallen marginally from 46.2% to 45.9% reversing the change seen then.

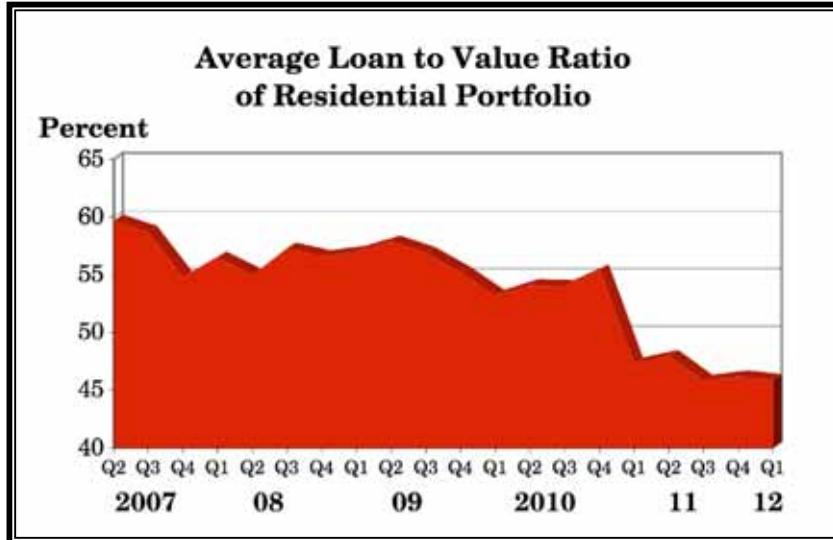
As can be seen from the chart below, the average loan to value ratio of respondents' property portfolios did tend to fluctuate between 55% and 60% during 2007 and 2008.

However, the trend from the middle of 2009 until the first quarter of 2010 was for the average loan to value ratio to decline quite consistently.

This trend came to an end in the spring/summer of 2010 with the first increase for a year and the results during the rest of 2010 indicated that the average figure was on an upward trend.

Against this backdrop, the big fall in the figure seen in the first quarter of 2011 is quite likely to be a result of the big increase in the number of respondents.

Nevertheless, the results from the rest of 2011 and beginning of 2012 confirm a trend for the overall loan to value ratio to decline, if a little erratically, with each fall in the average exceeding the increase which followed it.



**3.20 What proportion of properties you let are Houses in Multiple Occupation (HMOs), i.e. houses occupied by 3 or more unrelated tenants? (Q.20)**

Only a minority of respondents (23%) had any let properties which were Houses in Multiple Occupation (HMOs) although one in thirteen (8%) said that all of their let properties were HMOs.

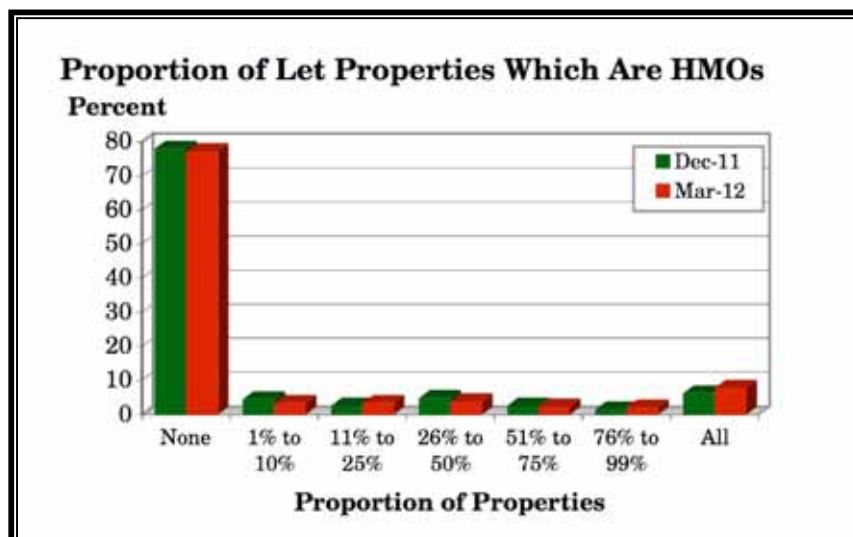
Simple analysis of these figures reveals that, for respondents to this survey, the average proportion of their properties which are HMOs is 13.4%.

However, amongst those who have any such properties at all, the average proportion is much higher at 59%.

Proportion of Properties	Percent of Respondents (%)			
	Jun 11	Sep 11	Dec 11	Mar 12
None	76.5	77.3	78.1	77.2
1% to 10%	5.3	4.3	4.5	3.4
11% to 25%	3.6	3.2	2.5	3.4
26% to 50%	4.1	4.9	4.8	3.9
51% to 75%	2.4	2.5	2.5	2.3
76% to 99%	1.6	1.1	1.5	2.1
All	6.5	6.7	6.2	7.8
<b>Average (%)</b>	<b>11.9</b>	<b>11.9</b>	<b>11.6</b>	<b>13.4</b>

Base: All answering (1,348) (959) (1,219) (1,311)

Compared with the last survey, the overall average proportion of HMOs is up significantly from 11.6% to 13.4%.

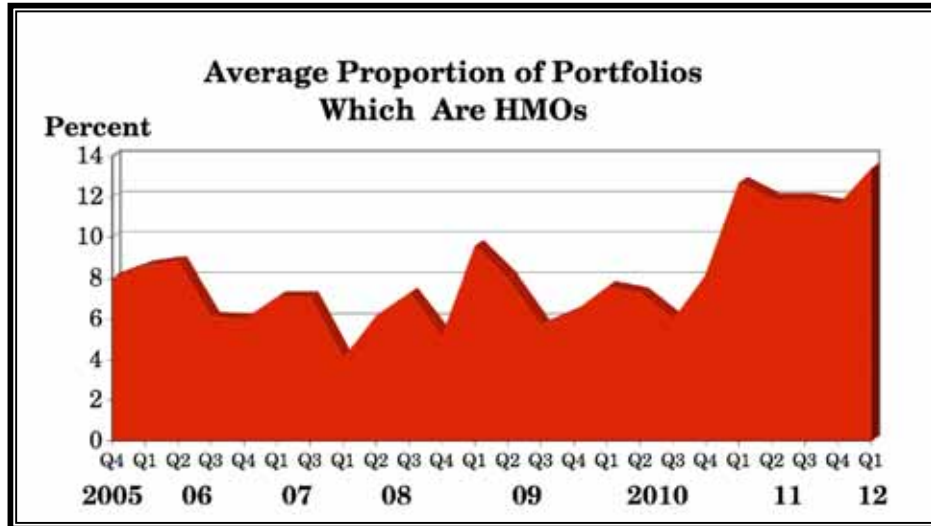


The proportion for those with any HMOs at all is also up significantly, from 53% to 59%.

The chart below shows how the average proportion of properties which are HMOs has changed over the last six years and whilst the figure fluctuated quite a lot during 2008, 2009 and 2010, it appears, overall, to have increased a little over that period whilst remaining in the range 5% to 10%.

The results from the first quarter of 2011, however, saw a quite dramatic change to this figure, almost certainly accounted for by the increased respondent base, and this was confirmed by the results during the rest of 2011 which produced a gently declining average proportion of HMOs.

Against this backdrop, the increase seen in the first quarter of 2012 suggests that a change has occurred but it remains to be seen whether this will be borne out by future surveys.



**3.21 Which of the following categories best applies to recent new tenants? (Q21)**

The results from this question show that three of the listed types of tenant are more likely to describe recent new tenants than are the other two with married or a couple being the most likely at 32%.

Behind this, were single occupant at 24% and family with younger children (baby/toddler/primary school) at 23%.

Least likely to be the categories which best apply to recent new tenants were students (11%) and family with older children (teenagers/young adults) at 5%.

One in fifteen respondents (7%) said that none of the listed categories best applied to recent new tenants.

Type of Tenant	Percent of Respondents (%)	
	Dec 11	Mar 12
Married or a couple	33.4	31.7
Students	9.5	10.7
Family with younger children	22.6	22.7
Family with older children	4.6	4.6
Single occupant	23.4	23.7
None of the above	6.6	6.5
Base: All answering	(1,215)	(1,315)

Compared with three months ago, the only noticeable changes are that the proportion saying the description which best applies to recent tenants is married or a couple is down from 33% to 32% whilst that for students is up from 10% to 11%.

