

Prepared for
The Association of Residential Letting Agents

**ARLA Survey
of
Residential Investment Landlords**

June 2012

Prepared by

O M Carey Jones
5 Henshaw Lane, Yeadon, Leeds, LS19 7RW
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CONTENTS

	Page
1. INTRODUCTION & BACKGROUND	4
2. METHODOLOGY	5
3. RESULTS	6
3.1 Where do you live? (Q.1)	6
3.2 How old are you? (Q.2)	8
3.3 How long have you owned residential property to let? (Q.3)	9
3.4 How many rented residential properties do you currently have in your portfolio? (Q.4)	11
3.5 In the last 12 months, have you bought or sold any properties within your portfolio? (Q.5)	15
3.6 In the next 12 months, do you expect to buy any further properties to let? (Q.6)	19
3.7 In the next 12 months, do you expect to sell some or all of your let residential properties? (Q.7)	22
3.8 How long ago did you first become a (Buy to Let) residential investment landlord? (Q8)	25
3.9 Where are your residential investment properties located? (Q.9)	26
3.10 What proportion of the residential properties you have bought are of each type? (Q.10)	28
3.11 What proportion of the residential properties you have bought fall into the following categories? (Q.11)	31
3.12 What proportion of the residential properties you have bought fall into each age band? (Q.12)	32
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)	34
3.14 Are you aware of the Government's Green Deal Proposal for improving PRS housing energy performance? (Q.14)	36

3.15	Do you have any properties with an EPC rating of F or G? (Q.15)	37
3.16	Why did you first decide to invest in residential property? (Q.16)	38
3.17	When you decided which lettings agency to use, did you consider whether the agent is licensed/regulated? (Q17)	40
3.18	What percentage of the purchase price of a buy to let property do you normally borrow from a lender? (Q.18)	41
3.19	What is the approximate overall loan to value ratio of your rented residential portfolio? (Q.19)	43
3.20	What proportion of the properties you let are Houses in Multiple Occupation? (Q.20)	45
3.21	Which of the following categories best applies to recent new tenants (Q.21)	47

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 second quarter of 2012, ARLA conducted the second survey of the year. This survey ran during the month of June.

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 1,134 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

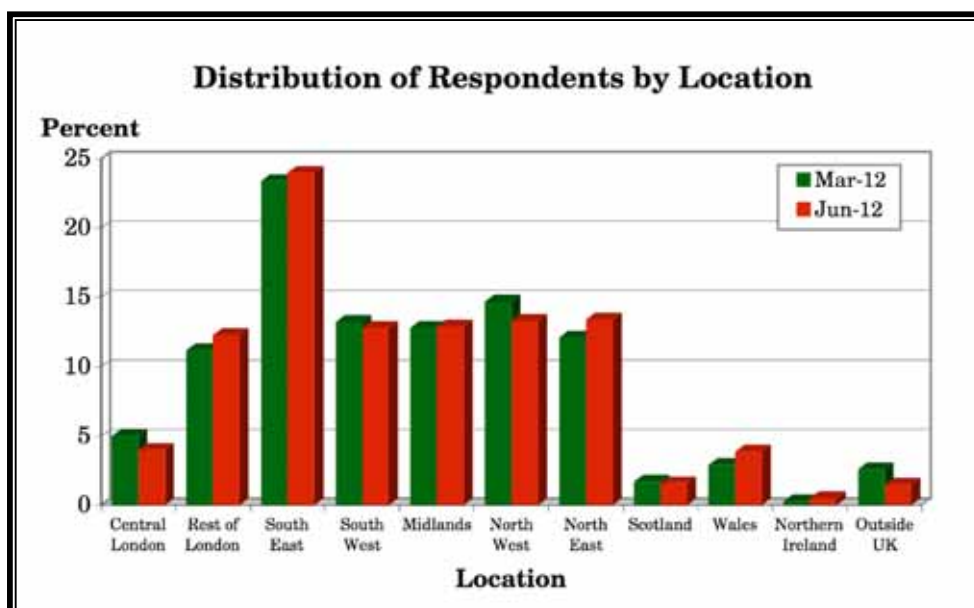
The following sections detail the results of the ARLA survey of residential landlords conducted during the second quarter of 2012. In addition to the overall results for the whole country, for some of the questions, data has been included for each of the regions making up the UK as shown in the table 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 East (13.4%) was the region producing the next highest proportion of respondents followed by the North West (13.3%), the Midlands (12.9%) and the South West (12.8%). Only about one in seventy respondents (1.5%) were living outside the UK when they completed the questionnaire.

Location	Percent of Respondents (%)		
	Dec 11	Mar 12	Jun 12
Central London	4.0	5.0	4.0
Rest of London (<i>within M25</i>)	11.0	11.2	12.3
South East (<i>outside M25</i>)	21.1	23.4	24.0
South West	13.5	13.2	12.8
Midlands	13.2	12.8	12.9
North West	14.1	14.7	13.3
North East	14.8	12.1	13.4
Scotland	1.9	1.7	1.6
Wales	3.4	2.9	3.9
Northern Ireland	0.2	0.3	0.5
Outside UK	2.7	2.6	1.5
Base: All answering	(1,345)	(1,441)	(1,089)



Compared with the first quarter of 2012, the main differences are that there were fewer respondents from Central London, the North West and from Outside the UK and more from the Rest of London, the North East and Wales.

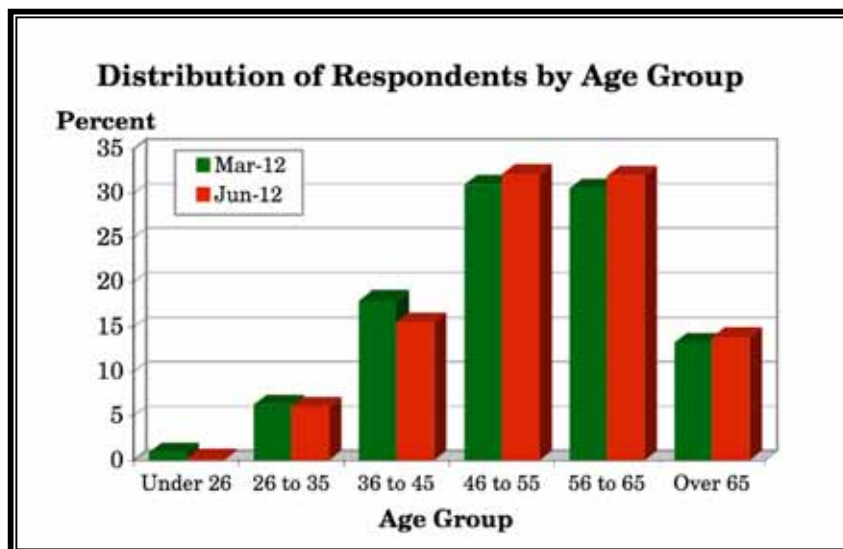
3.2 How old are you? (Q.2)

Nearly two thirds of respondents (64%) 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 one in six (16%) were aged between 36 and 45.

At the extreme ends of the age scale, one in seven respondents (14%) were aged over 65 with less than half as many (6%) 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 53.2 years, a figure which is up from 52.4 years three months ago.

Age Group	Percent of Respondents (%)		
	Dec 11	Mar 12	Jun 12
Under 26	1.0	0.9	0.2
26 to 35	6.3	6.3	6.1
36 to 45	17.4	18.0	15.6
46 to 55	33.2	31.0	32.2
56 to 65	29.6	30.6	32.0
Over 65	12.5	13.3	13.9
Average (years)	52.2	52.4	53.2
Base: All answering	(1,343)	(1,440)	(1,090)



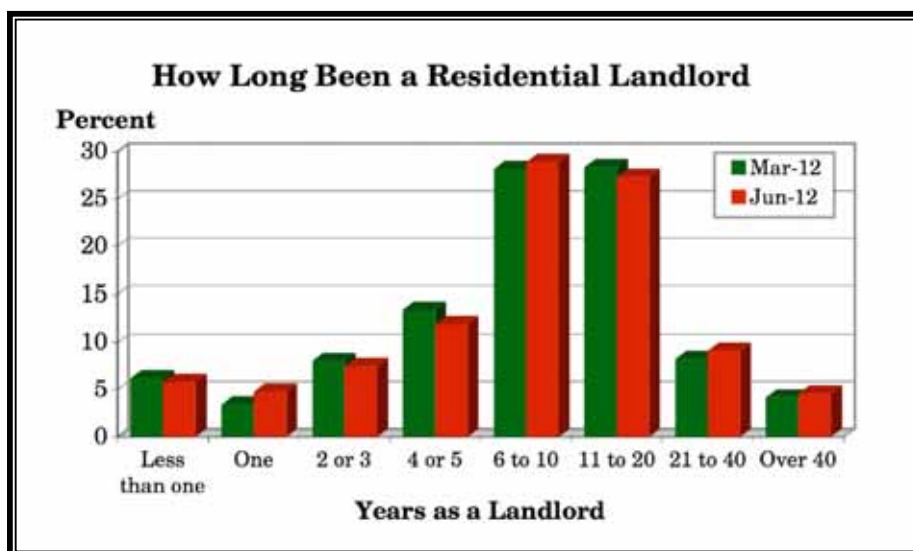
Compared with the last survey three months ago, the main changes are that there were fewer respondents aged 36 to 45 (down from 18% to 16%) and slightly more in each of the other age bands except for the two at the younger end of the scale which were a little lower, especially those aged under 26.

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

Only a little more than one in ten respondents (11%) had been residential landlords for one year or less whilst one in seven (14%) had been residential landlords for more than 20 years.

However, the vast majority, amounting to more than three quarters (76%) had been residential landlords for between 2 and 20 years with the largest proportion, almost three out of ten (29%) having been residential landlords for between 6 and 10 years. This group was closely followed by those who had been residential landlords for between 11 and 20 years (27%).

Years as a Landlord	Percent of Respondents (%)		
	Dec 11	Mar 12	Jun 12
Less than one	5.1	6.2	5.8
One	3.5	3.4	4.8
2 or 3	8.3	8.0	7.5
4 or 5	14.8	13.4	11.9
6 to 10	29.3	28.2	28.9
11 to 20	27.5	28.4	27.4
21 to 40	7.5	8.2	9.1
Over 40	4.0	4.2	4.6
Average (years)	11.6	11.9	12.2
Base: All answering	(1,309)	(1,409)	(1,073)



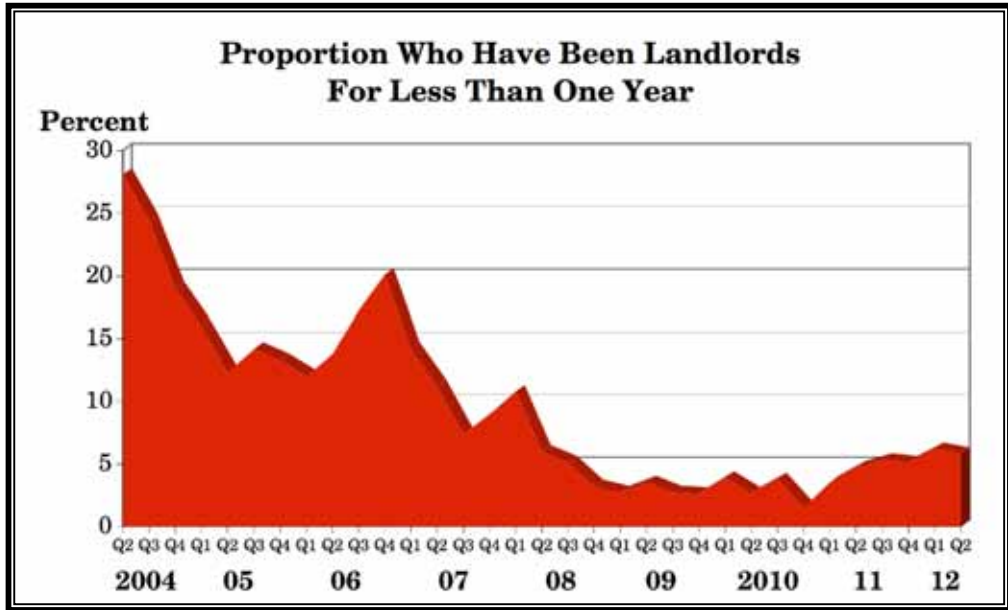
Simple analysis of these figures indicates that the average time for which respondents had been residential landlords was 12.2 years, a figure which is up from 11.9 years three months ago.

As the chart below shows, over the period during which this question has been asked, the proportion of relatively new landlords, i.e. those who have been residential landlords for less than one year, has declined massively from 28% to just 6%, perhaps reflecting the boom period of the early 2000s when a lot of new people entered the private rented sector as landlords.

Despite a couple of sharp increases in the figure in the second half of 2006 and the winter of 2007/2008, the trend was firmly downwards

until the end of 2010, reaching it's all time lowest figure in the last quarter of that year.

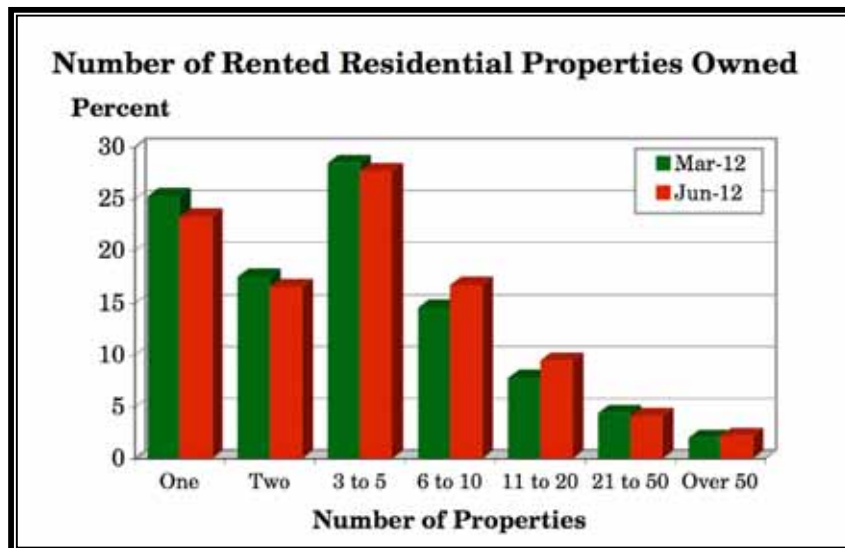
Since then, the figure has been on a rising trend although it is still at a very low level compared with 8 years ago.



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

Four out of ten respondents (40%) had only one or two properties in their portfolios with less than half as many (16%) having more than ten properties in theirs.

Number of Properties	Percent of Respondents (%)		
	Dec 11	Mar 12	Jun 12
One	23.1	25.3	23.3
Two	17.7	17.5	16.5
3 to 5	26.7	28.5	27.7
6 to 10	16.3	14.6	16.7
11 to 20	8.8	7.8	9.5
21 to 50	4.8	4.4	4.1
Over 50	2.6	2.0	2.2
Average (no. of properties)	8.0	7.2	7.6
Base: All answering	(1,298)	(1,402)	(1,069)



Analysis of these results shows that the average size of respondents' portfolios was 7.6 properties, up from an average of 7.2 properties three months ago, partially reversing 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.

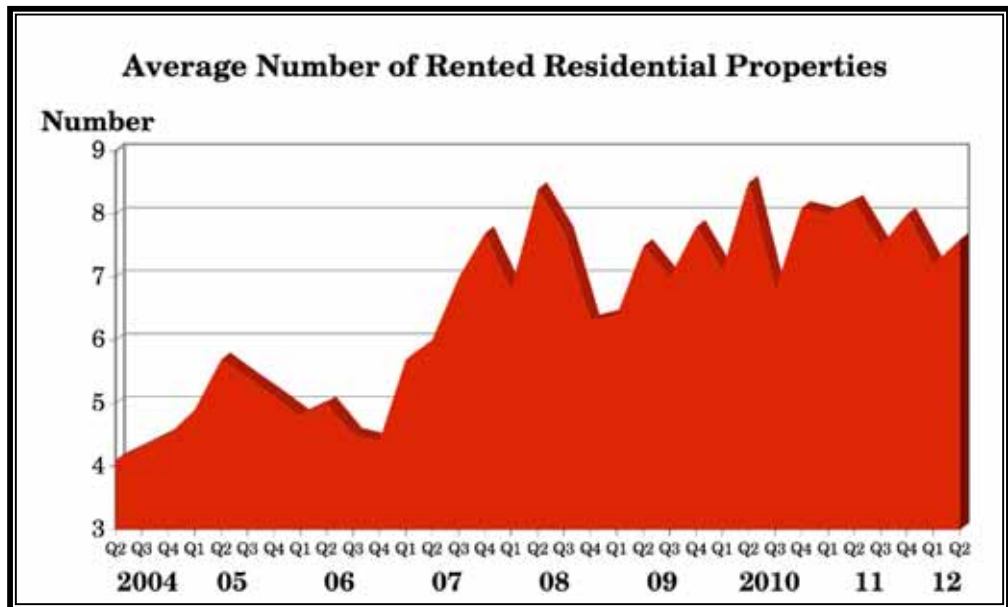
Throughout 2007, the average rose rapidly but two successive falls in the second half of 2008 took the figure to its lowest level since the third quarter of 2007.

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 have been alternating increases and decreases, something which has continued this quarter, but despite the quite marked fluctuations, there is now a clear downward trend.



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 East having the highest proportion saying they had more than 20 properties (16%) and the Rest of London and the South East having the lowest proportion (3% in each case).

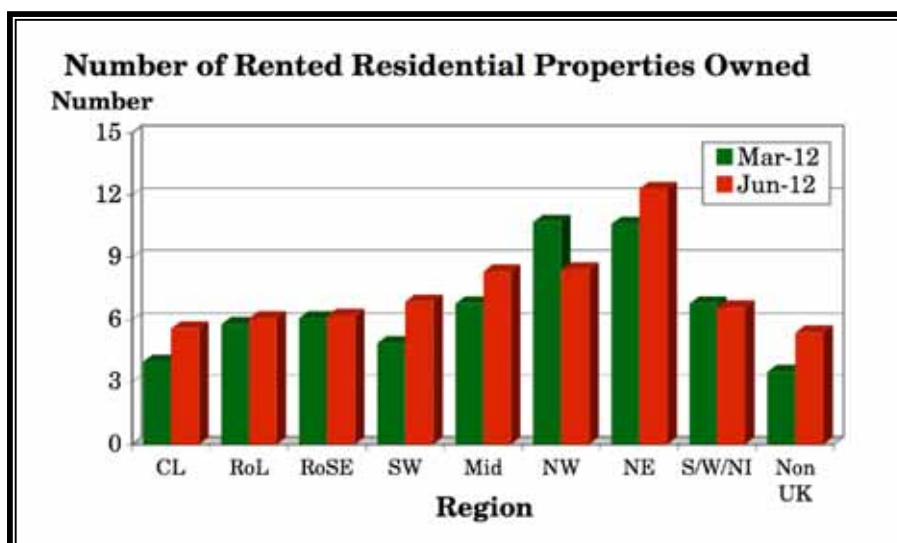
Number of Properties	Region								
	CL	ROL	SE	SW	MID	NW	NE	S,W & NI	Non UK
One	29.3	26.0	23.8	23.0	21.0	20.0	18.3	31.7	43.8
Two	22.0	18.3	21.1	17.0	9.4	7.9	14.1	25.4	25.0
3 to 5	26.8	28.2	29.5	30.4	27.5	28.6	26.1	20.6	6.3
6 to 10	7.3	15.3	14.2	14.1	23.2	22.9	19.0	9.5	12.5
11 to 20	9.8	9.2	8.0	8.9	13.0	15.7	6.3	4.8	6.3
21 to 50	4.9	1.5	1.5	5.9	3.6	2.9	9.9	6.3	6.3
Over 50	-	1.5	1.9	0.7	2.2	2.1	6.3	1.6	-

Base: All answering (1,067)

Analysing these results to produce regional averages reveals that landlords in the North East had the highest average number (12 properties), followed by the North West and the Midlands (8 properties in both cases) with those in the rest of the country having lower average numbers (between 5 and 7 properties).

Geographic Region	Average Number of Properties (%)		
	Dec 11	Mar 12	Jun 12
Central London	5.5	4.0	5.6
Rest of London (<i>within M25</i>)	7.0	5.8	6.1
South East (<i>outside M25</i>)	5.8	6.1	6.2
South West	6.2	4.9	6.9
Midlands	6.9	6.8	8.3
North West	12.5	10.7	8.4
North East	12.2	10.6	12.3
Scotland/Wales/NI	6.9	6.8	6.6
Outside UK	3.3	3.5	5.4

Base: All answering (1,296) (1,395) (1,067)

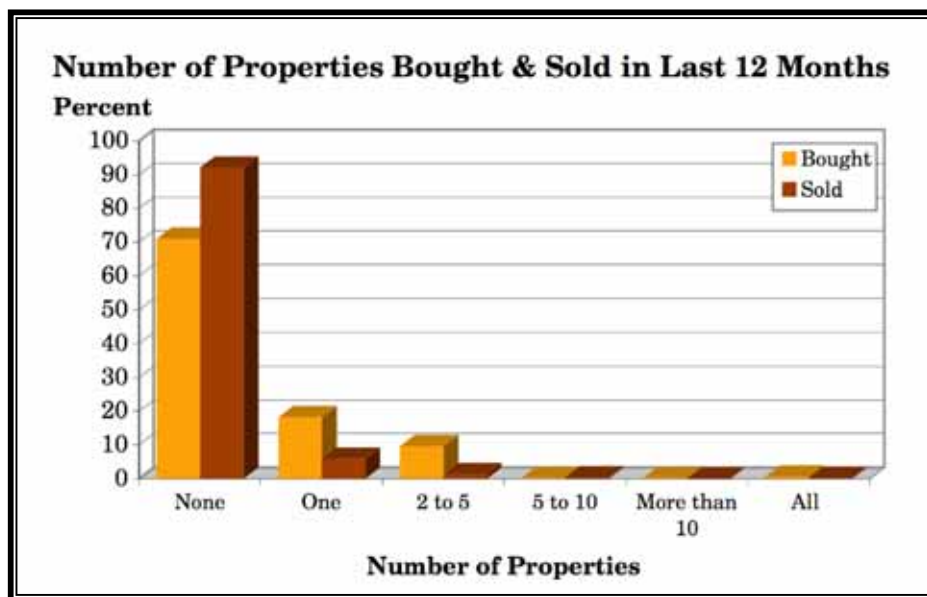


Compared with three months ago, Central London, the South West, the Midlands, the North East and those living Outside the UK all had noticeably higher average numbers of properties this time with all the remaining regions, bar one, having changed very little. The exception was the North West, which saw a sharp decline from 11 properties to 8 properties.

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

Almost three out of ten of those answering this question (29%) said they had bought properties for their portfolios during the last 12 months with less than a third as many (8%) saying they had sold properties during the same period.

Number of Properties	Percent of Respondents - Jun 12 (%)	
	Bought	Sold
None	71.0	92.1
One	18.2	5.9
2 to 5	9.7	1.4
5 to 10	0.3	0.4
More than 10	0.3	-
All	0.6	0.2
Base: All answering	(1,030)	(851)



Compared with three months ago, as can be seen in the table below, there has been an increase in the proportion saying they had bought properties in the preceding 12 months (up from 25% to 29%) with the proportion saying they had sold properties also increasing, but only a little, from 7% to 8%.

Number of Properties	Percent of Respondents (%)			
	Bought		Sold	
	Mar 12	Jun 12	Mar 12	Jun 12
None	74.6	71.0	92.9	92.1
One	15.1	18.2	5.4	5.9
2 to 5	8.6	9.7	1.6	1.4
5 to 10	1.0	0.3	0.1	0.4
More than 10	0.5	0.3	0.1	-
All	0.1	0.6	-	0.2
Base: All answering	(1,348)	(1,030)	(1,158)	(851)

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 59% and 76%) had not bought any properties.

Number of Properties Bought	Region								
	CL	ROL	SE	SW	MID	NW	NE	S,W & NI	Non UK
None	72.5	73.0	71.8	76.4	59.0	75.4	68.1	75.4	62.5
One	12.5	17.5	19.8	16.5	28.4	12.7	18.1	8.2	25.0
2 to 5	10.0	9.5	6.7	6.3	11.9	11.9	13.0	13.1	6.3
5 to 10	2.5	-	0.4	-	-	-	-	1.6	-
More than 10	-	-	0.4	0.8	-	-	0.7	-	-
All	2.5	-	0.8	-	0.7	-	-	1.6	6.3

Base: All answering (1,028)

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 82% and 98%) had not sold any properties.

Number of Properties Sold	Region								
	CL	ROL	SE	SW	MID	NW	NE	S,W & NI	Non UK
None	90.3	88.7	92.0	89.2	94.0	95.7	92.1	98.0	81.8
One	6.5	7.5	6.1	8.1	5.0	3.5	6.1	2.0	9.1
2 to 5	-	3.8	0.9	2.7	-	0.9	0.9	-	9.1
5 to 10	-	-	0.9	-	-	-	0.9	-	-
More than 10	-	-	-	-	-	-	-	-	-
All	3.2	-	-	-	1.0	-	-	-	-

Base: All answering (849)



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 – Jun 12 (%)	
	Bought	Sold
Central London	27.5	9.7
Rest of London (<i>within M25</i>)	27.0	11.3
South East (<i>outside M25</i>)	28.2	8.0
South West	23.6	10.8
Midlands	41.0	6.0
North West	24.6	4.3
North East	31.9	7.9
Scotland/Wales/NI	24.6	2.0
Outside UK	37.5	18.2
Base: All answering	(1,028)	(849)

The regions with the highest proportions of landlords saying they had bought properties were the Midlands (41%), Outside the UK (38%) and the North East (32%). All the other regions had similar proportions of respondents saying they had bought properties (between 24% and 28%) although there was a clear distinction between those in the South East and the other three.

When it comes to the proportions saying they had sold properties, the region with the highest proportion was those living Outside the UK (18%). With regard to respondents living within the UK, there was a clear suggestion that those in the south of the country were more likely to have sold properties in the last 12 months than those in the north of the country.

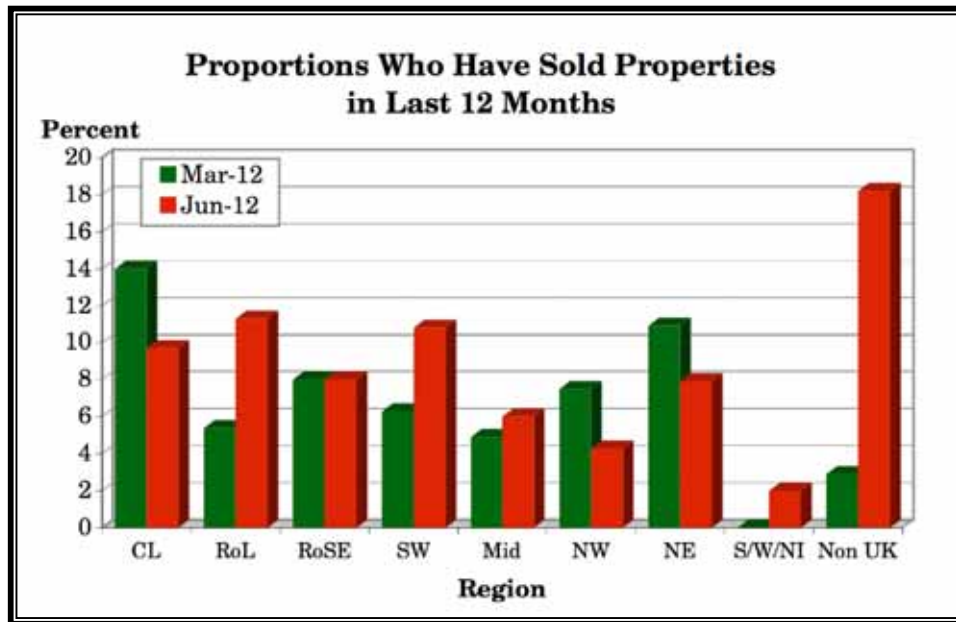
Compared with three months ago, as can be seen in the chart below, there were noticeable increases in the proportion saying they had bought properties in the last 12 months for all regions from the Midlands southwards with the regions north of the Midlands showing decreases.



With regard to selling properties, compared with three months ago, there were some interesting variations with substantially fewer of those in Central London saying they had sold properties in the last 12 months and substantially more in the Rest of London saying they

had done so with the proportion for those in the Rest of the South East being unchanged.

Beyond the south east, the more southerly regions showed increases and the more northerly ones decreases in the proportion saying they had sold properties in the last 12 months.



Another thing that is quite clear from these figures is that those respondents living Outside the UK have upped their activity sharply with the proportion buying having risen from 22% to 38% and the proportion selling from 3% to 18%.

Geographic Region	Percent of Respondents (%)			
	Bought		Sold	
	Mar 12	Jun 12	Mar 12	Jun 12
Central London	25.4	27.5	14.0	9.7
Rest of London (<i>within M25</i>)	22.9	27.0	5.4	11.3
South East (<i>outside M25</i>)	23.8	28.2	8.0	8.0
South West	18.4	23.6	6.3	10.8
Midlands	28.9	41.0	4.9	6.0
North West	25.4	24.6	7.5	4.3
North East	35.6	31.9	10.9	7.9
Scotland/Wales/NI	25.7	24.6	-	2.0
Outside UK	22.2	37.5	2.9	18.2
Base: All answering	(1,341)	(1,028)	(1,151)	(849)

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 (26%) were unsure whether or not they would acquire further properties to let in the next year.

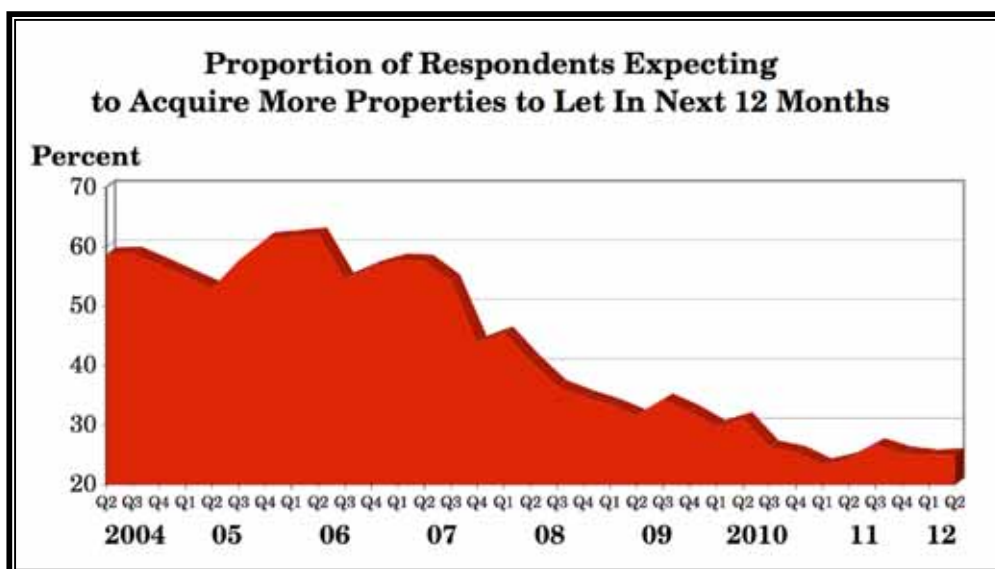
Response	Percent of Respondents (%)		
	Dec 11	Mar 12	Jun 12
Yes	25.3	24.8	25.0
No	49.5	48.6	48.7
Don't know	25.2	26.6	26.3
Base: All answering	(1,288)	(1,395)	(1,057)

Compared with three months ago, there has been virtually no change in the results from this question.

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 before falling for two quarters in succession. The results from this quarter do nothing to change the fairly static overall position which has existed for 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 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 20% in the South West to 31% in Scotland, Wales & Northern Ireland with a slight bias towards respondents from regions in the north of the country being more likely to be expecting to buy properties.

In addition, quite a high proportion of respondents in every region (between 13% and 33%) said they were unsure whether they would buy properties in the next 12 months or not with the result that between 42% and 63% 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	27.5	22.3	25.8	20.1	26.8	25.2	25.5	31.1	25.0
No	50.0	47.7	48.4	52.2	46.4	54.7	41.8	45.9	62.5
Not sure	22.5	30.0	25.8	27.6	26.8	20.1	32.6	23.0	12.5

Base: All answering (1,055)



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 Rest of London, the Midlands and the North East all saw the proportion saying they did expect to buy properties in the 12 months following the survey fall.

In the other direction, Central London, the Rest of the South East, the South West, the North West and Scotland, Wales & Northern Ireland all saw an increase in the proportion saying they expected to be buying properties in the next 12 months.

Those respondents living Outside the UK, were the only group to show no change in the proportion expecting to buy properties in the coming 12 months.

Geographic Region	Percent Expecting to Buy Properties (%)		
	Dec 11	Mar 12	Jun 12
Central London	23.1	22.7	27.5
Rest of London (<i>within M25</i>)	24.5	26.5	22.3
South East (<i>outside M25</i>)	23.1	22.2	25.8
South West	15.3	18.0	20.1
Midlands	30.6	32.4	26.8
North West	30.6	24.0	25.2
North East	29.8	30.6	25.5
Scotland/Wales/NI	26.8	22.9	31.1
Outside UK	18.2	25.0	25.0
Base: All answering	(1,286)	(1,388)	(1,055)

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, one in ten (10%) said they did have such expectations with a further 18% being unsure whether they would be selling any properties in the next 12 months or not.

Response	Percent of Respondents (%)		
	Dec 11	Mar 12	Jun 12
Yes	9.7	10.9	10.2
No	72.8	72.4	71.7
Not sure	17.5	16.7	18.0
Base: All answering	(1,296)	(1,400)	(1,064)

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 72.4% to 71.7% whilst the proportion saying that they do have such intentions has also fallen a little, from 10.9% to 10.2% with the result that the proportion saying they are unsure whether they will or not is up from 16.7% to 18.0%.

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 of 2010 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 increases seen over the winter of 2011/2012, followed by the small fall seen this quarter suggest 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 some of 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 correlation 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 North East (16%), Central London (15%) and those living outside the UK (13%). The region with the lowest proportion of respondents saying they expected to sell properties in the next 12 months was the North West (7%).

Again, quite a high proportion of respondents in every region, other than those living outside the UK, (between 10% and 22%) 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 65% and 77%) 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	15.0	9.2	9.3	10.3	9.5	7.1	15.5	9.7	12.5
No	75.0	70.2	72.9	72.1	73.0	70.7	64.8	77.4	87.5
Not sure	10.0	20.6	17.8	17.6	17.5	22.1	19.7	12.9	-

Base: All answering (1,062)



As can be clearly seen from the chart above and the table below, compared with three months ago, there have been some 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 rise from 12% to 15%. The North East also saw a substantial rise in the

proportion expecting to sell with the figure rising from 11% to 16% as did Scotland, Wales & Northern Ireland, from 4% to 10%.

On the other hand, the Midlands saw its proportion of respondents saying they expected to sell properties in the 12 months to come fall from 15% to 10% whilst the North West saw its proportion fall from 13% to 7%.

The remaining regions saw little change in the proportion saying they expected to sell properties in the next 12 months.

Geographic Region	Percent Expecting to Sell Properties (%)		
	Dec 11	Mar 12	Jun 12
Central London	18.5	12.1	15.0
Rest of London (<i>within M25</i>)	6.4	9.6	9.2
South East (<i>outside M25</i>)	9.1	9.8	9.3
South West	9.1	9.3	10.3
Midlands	9.4	14.5	9.5
North West	9.9	12.6	7.1
North East	12.4	11.1	15.5
Scotland/Wales/NI	7.0	4.2	9.7
Outside UK	9.1	13.9	12.5
Base: All answering	(1,294)	(1,393)	(1,062)

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

Six out of ten respondents to this survey (60%) had become residential landlords since the beginning of 2000 with almost a third (33%) having done so since the beginning of 2006.

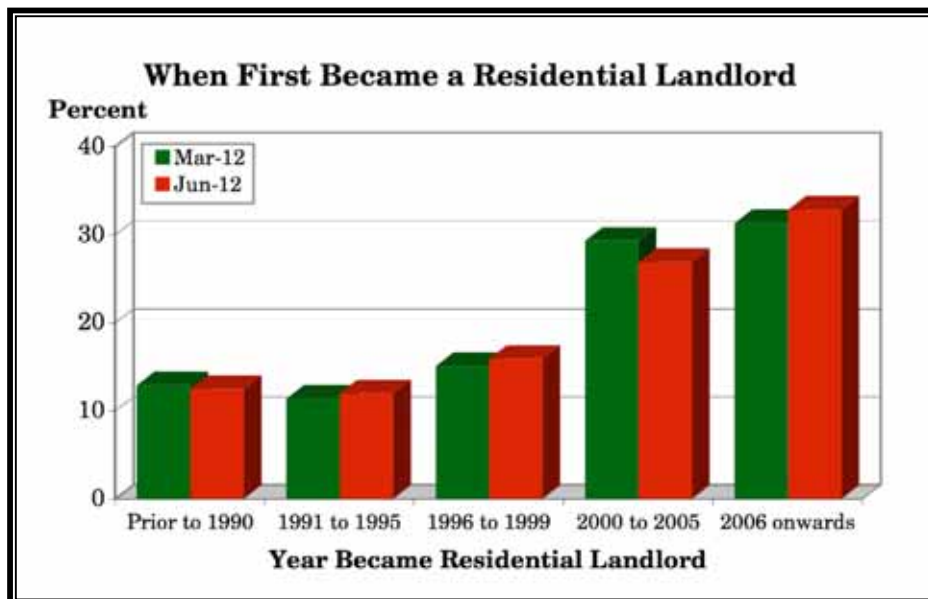
Nevertheless, more than one in eight respondents (13%) had first become residential landlords earlier than 1990 and had therefore been landlords for more than 22 years.

When Became a Landlord	Percent of Respondents (%)		
	Dec 11	Mar 12	Jun12
Prior to 1990	12.2	12.9	12.5
1991 to 1996	12.1	11.4	12.0
1997 to 1999	15.0	15.1	15.9
2000 to 2005	32.0	29.3	26.9
2006 onwards	28.8	31.3	32.8
Average (no. of years ago)	12.0	11.9	11.8

Base: All answering (1,283) (1,381) (1,052)

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 29% to 27% and the proportion who said they had become landlords from 2006 onwards was up from 31% to 33% with the result that the proportion who had become landlords prior to 2000 was little changed, up from 39% to 40%.

The current average length of time since respondents first became landlords, at 11.8 years, is down marginally from an average of 11.9 years three months ago.



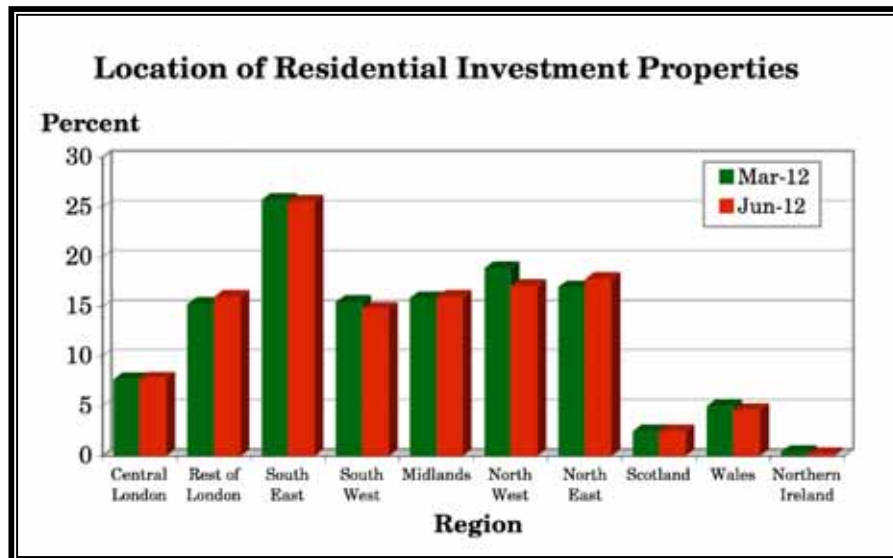
3.9 Where are your residential investment properties located? (Q.9)

Almost half of respondents (49%) said that they had properties in the South East (including London) with almost a quarter (24%) saying they had properties in London itself.

Location	Percent of Respondents (%)		
	Dec 11	Mar 12	Jun 12
Central London	7.9	7.7	7.8
Rest of London (<i>inside M25</i>)	13.8	15.3	16.0
South East (<i>outside M25</i>)	23.8	25.8	25.6
South West	15.9	15.5	14.8
Midlands	16.8	15.9	16.0
North West	18.4	18.9	17.1
North East	19.4	17.0	17.8
Scotland	3.3	2.5	2.5
Wales	4.7	5.0	4.6
Northern Ireland	0.2	0.4	0.2
Base: All answering	(1,286)	(1,384)	(1,054)

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 15% to 16%) and the North East (up from 17% to 18%). Also, two regions had noticeably fewer this time and they were the North West (down from 19% to 17%) and the South West (down from 16% to 15%).



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

was greatest, in proportional terms, for Central London (95%), followed by Scotland (56%) and the North East (33%).

Location **Percent of Landlords & Properties – Jun 12 (%)**
Landlords **Properties**

Central London	4.0	7.8
Rest of London (<i>inside M25</i>)	12.3	16.0
South East (<i>outside M25</i>)	24.0	25.6
South West	12.8	14.8
Midlands	12.9	16.0
North West	13.3	17.1
North East	13.4	17.8
Scotland	1.6	2.5
Wales	3.9	4.6
Northern Ireland	0.5	0.2

Base: All answering (1,089) (1,054)



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 three out of ten respondents (31%) saying that more than three quarters of the properties they had bought were of this type.

Proportion of Properties	Percent of Respondents - Jun 12 (%)					
	Off plan	New build	Refurb-ished	In need of refurb.	Good cond.	Poor cond.
None	91.9	82.5	83.0	43.7	40.1	78.3
Up to 25%	4.0	7.6	5.7	10.5	9.9	7.2
26% to 50%	1.8	4.2	3.2	12.5	12.2	4.6
51% to 75%	0.7	1.4	2.2	8.7	7.2	2.5
Over 75%	1.6	4.3	5.9	24.6	30.5	7.3

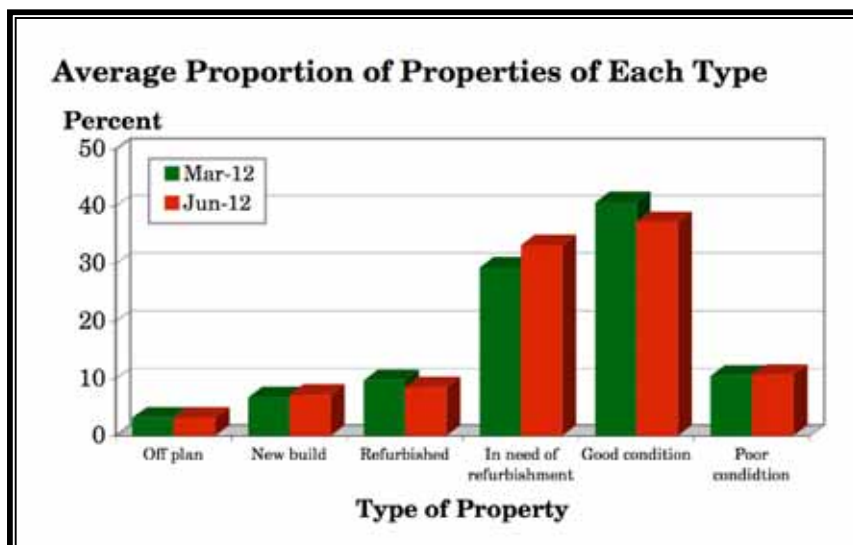
Base: All answering (962)

Analysis of these responses confirms that the most popular type of property with landlords has been those in good condition with, on average, nearly four out of ten properties bought (37%) being of that type. Next most popular have been properties in need of refurbishment (33%).

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 (9%) and those in poor condition (11%).

Type of Property	Average Percent of Properties (%)			
	Sep 11	Dec 11	Mar 12	Jun 12
Off plan/never occupied	3.3	3.9	3.2	3.1
New build	7.3	7.5	6.7	7.2
Refurbished	7.6	8.3	9.7	8.5
In need of refurbishment	31.8	32.1	29.3	33.2
Good condition	38.0	37.6	40.7	37.3
Poor condition	12.1	10.6	10.5	10.7

Base: All answering (943) (1,194) (1,300) (962)



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 more popular (up from 29% to 33%) and those in good condition becoming noticeably less popular (down from 41% to 37%). However, these changes simply reverse the changes seen three months ago.

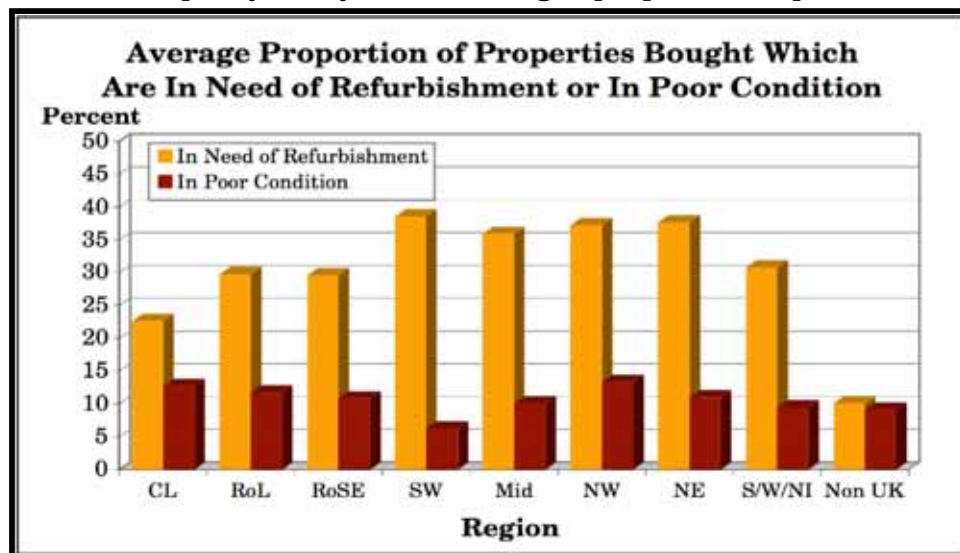
Regional Analysis

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.

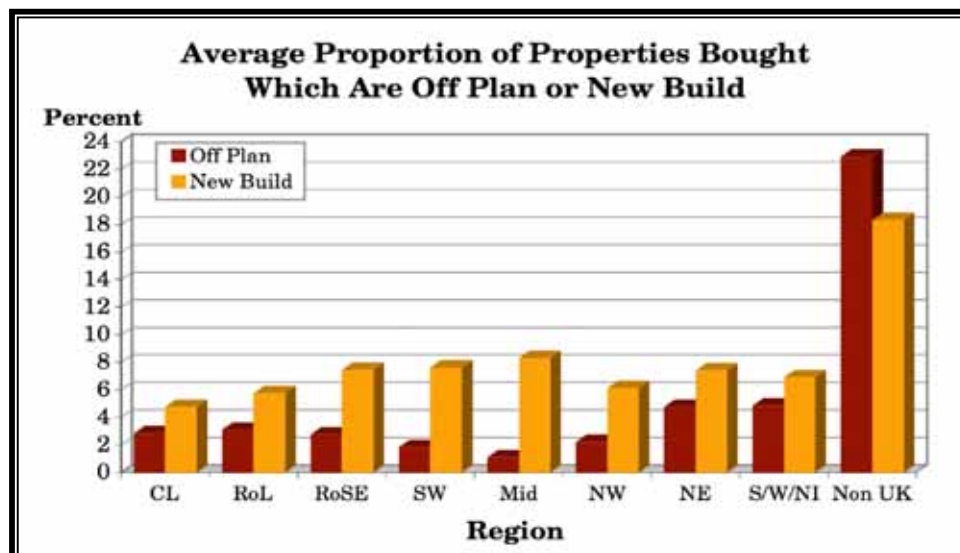
Response	Region								
	CL	ROL	SE	SW	MID	NW	NE	S,W & NI	Non UK
Off plan/never occ.	2.9	3.1	2.8	1.9	1.1	2.2	4.8	4.8	22.9
New build	4.8	5.8	7.5	7.6	8.3	6.1	7.4	6.9	18.3
Refurbished	11.5	12.1	8.8	4.6	5.2	8.8	10.7	7.6	9.2
In need of refurb	22.6	29.8	29.6	38.5	35.9	37.2	37.7	30.7	10.1
Good condition	45.5	37.5	40.4	41.1	39.4	32.3	28.5	40.4	30.3
Poor condition	12.7	11.7	10.9	6.3	10.1	13.3	11.0	9.5	9.2

Base: All answering (1,021)

Landlords in the north and south west of England are more likely than those in the south east or Scotland, Wales & Northern Ireland to have bought properties in need of refurbishment but, apart from in the South West, are equally likely to have bought properties in poor condition.



On the other hand, those in the south of the country, excluding London, are a little more likely to have bought properties which are new builds whilst those outside the UK have a strong preference for both Off Plan and New Builds.



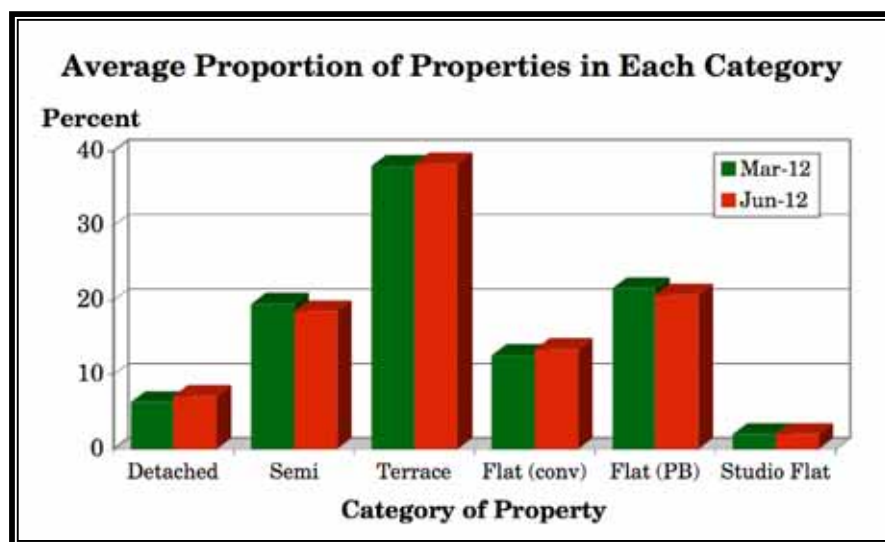
3.11 What proportion of the residential properties you have bought fall into the following categories? (Q.11)

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 4% 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 - Jun 12 (%)					
	Detached	Semi	Terrace	Flat (Conv)	Flat (PB)	Studio Flat
None	79.7	55.2	32.4	70.9	58.7	93.2
Up to 25%	11.0	18.0	12.8	10.5	12.4	4.2
26% to 50%	4.1	11.9	17.8	6.6	9.9	1.1
51% to 75%	1.6	5.4	10.5	3.8	5.4	0.9
Over 75%	3.6	9.5	26.5	8.1	13.6	0.6

Base: All answering (888)

Analysis of these responses confirms that the most popular properties have been terraced houses (38%) followed by purpose built flats/maisonettes (21%) and semi-detached houses (19%).



Category of Property	Average Percent of Properties (%)		
	Dec 11	Mar 12	Jun 12
Detached house	6.7	6.3	7.1
Semi-detached house	18.9	19.5	18.5
Terraced house	39.2	38.0	38.3
Flat/maisonette (conv)	11.2	12.6	13.4
Flat/maisonette (PB)	22.4	21.6	20.7
Studio Flat	1.6	2.0	2.0
Base: All answering	(1,075)	(1,154)	(888)

Compared with three months ago, there has been very little change in the results from this question.

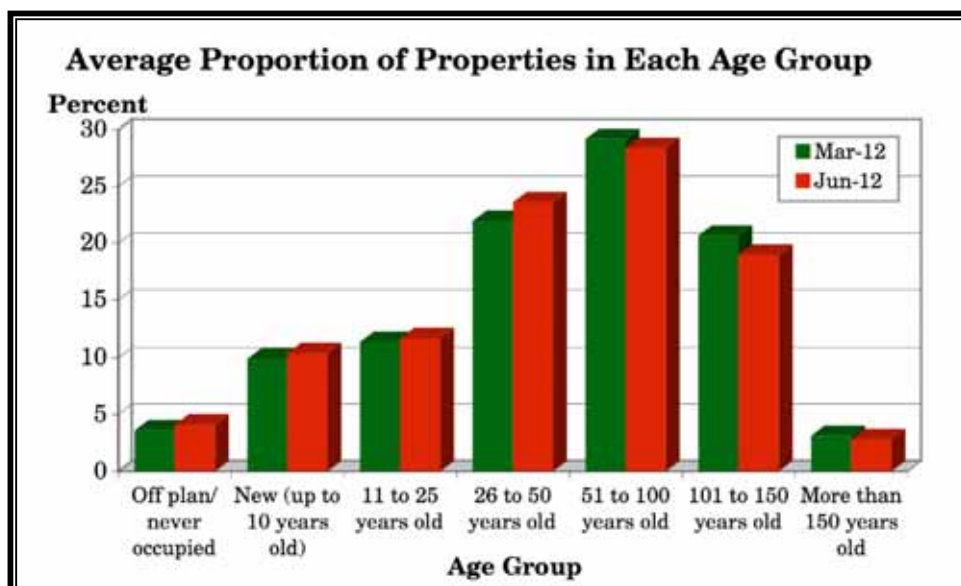
3.12 What proportion of the residential properties you have bought fall into each age band? (Q.12)

Respondents have tended to favour properties which are between 51 and 100 years old with two out of ten (20%) 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 2.2% of respondents saying that more than three quarters of their purchases have been in that age band and those over 150 years old only having 1.6% saying so.

Proportion of Properties	Percent of Respondents - Jun 12 (%)						
	Off plan	New (up to 10)	11 to 25	26 to 50	51 to 100	101 to 150	Over 150
None	89.9	75.9	74.7	56.6	50.9	66.7	93.8
Up to 25%	4.4	9.6	8.0	10.3	9.4	7.6	2.2
26% to 50%	2.4	5.6	7.1	11.1	11.6	6.9	1.6
51% to 75%	1.1	2.9	3.9	4.9	7.8	4.2	0.8
Over 75%	2.2	6.0	6.3	17.0	20.3	14.6	1.6

Base: All answering (890)

Analysis of these responses confirms that the most popular properties have been those which are between 51 and 100 years old (28%) followed by those between 26 and 50 years old (24%) and those between 101 and 150 years old (19%).



Age of Property	Average Percent of Properties (%)			
	Sep 11	Dec 11	Mar 12	Jun 12
Off plan/never occupied	4.1	4.1	3.6	4.1
New (up to 10 years old)	10.0	11.4	9.9	10.4
11 to 25 years old	12.8	11.9	11.4	11.7
26 to 50 years old	19.5	21.9	22.0	23.6
51 to 100 years old	31.1	30.3	29.2	28.4
101 to 150 years old	19.3	17.8	20.7	19.0
More than 150 years old	3.2	2.6	3.1	2.8
Base: All answering	(845)	(1,060)	(1,158)	(890)

Compared with the survey in the first quarter of 2012, the main differences are that properties which are between 101 and 150 years were less popular this time (down from 21% to 19%) mainly to the benefit of properties between 26 and 50 years old (up from 22% to 24%).

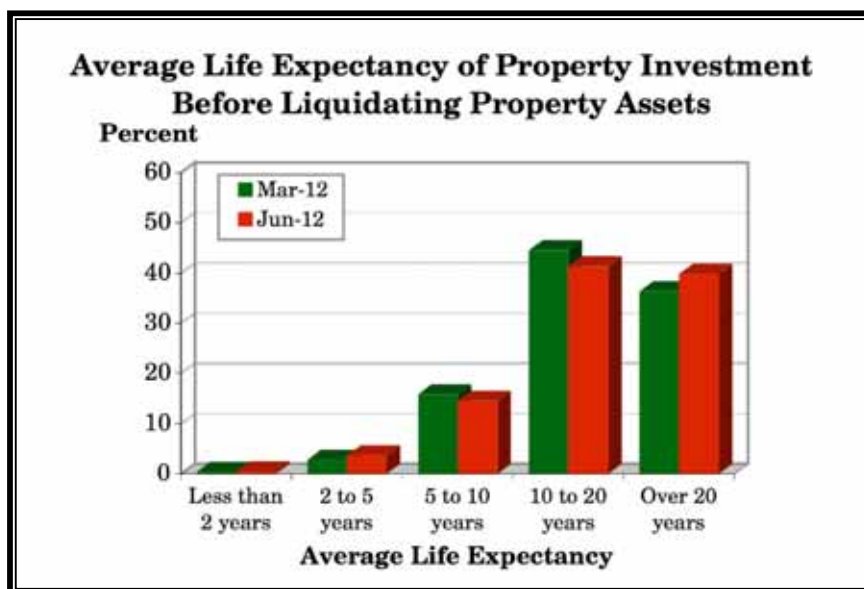
3.13 From original acquisition time, what do you expect to be the average life expectancy of your property investment before you liquidate your property assets? (Q.13)

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 twenty-five respondents (4.2%) said they saw their investment as being for 5 years or less and only one in two hundred (0.5%) saw it as being very short term (i.e. for less than 2 years).

Average Life Expectancy	Percent of Respondents (%)		
	Dec 11	Mar 12	Jun 12
Less than 2 years	0.6	0.4	0.5
2 to 5 years	2.9	2.8	3.7
5 to 10 years	15.8	15.8	14.6
10 to 20 years	42.9	44.5	41.4
Over 20 years	37.9	36.4	39.8
Average (years)	19.4	19.2	19.7
Base: All answering	(1,243)	(1,338)	(1,025)

Simple analysis of these results reveals that the average life expectancy of their property investments for all respondents is 19.7 years, a figure which is up from 19.2 years three months ago, more than reversing the change seen then.



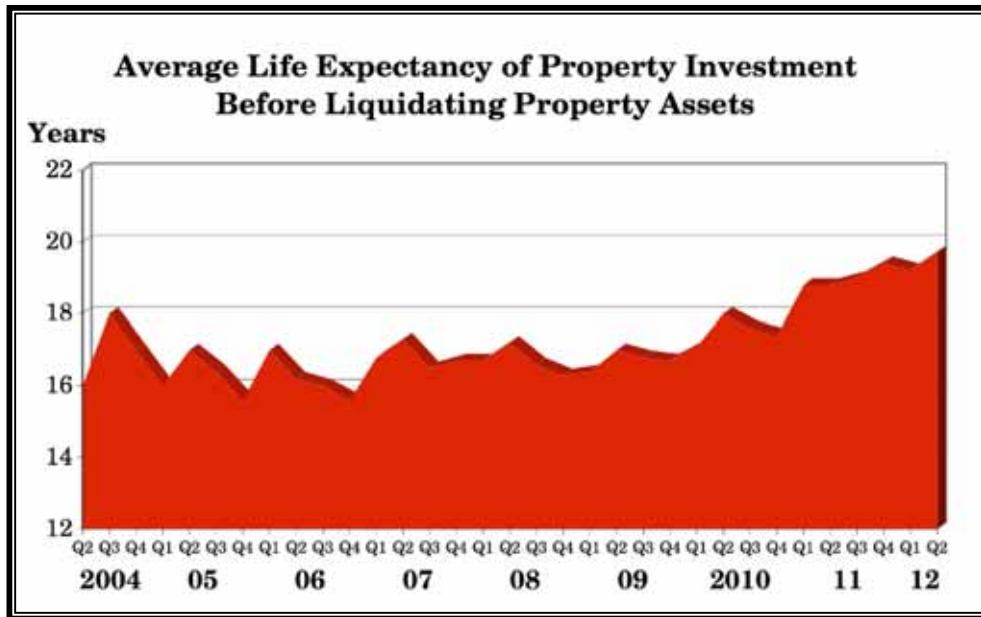
As can be seen from the chart below, the average life expectancy of respondents' property investments declined slowly until the beginning of 2007 despite an increase after every decline of two or three quarters.

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 small decline seen three months ago has been followed by an increase this quarter, which serves to confirm the long term upward trend over the last three years.



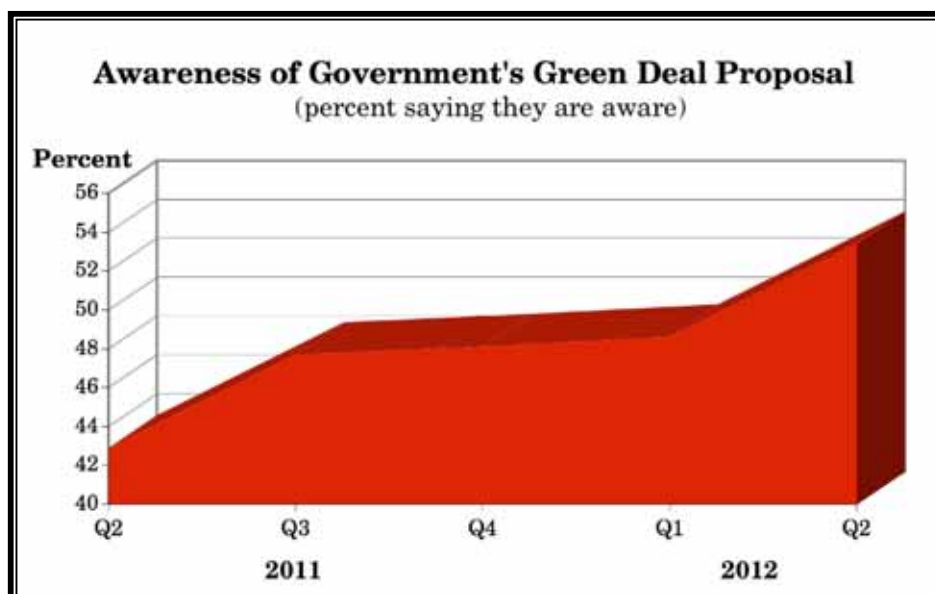
3.14 Are you aware of the Government's Green Deal Proposal for improving PRS housing energy performance? (Q.14)

More than half of respondents to this survey (53%) said that they were aware of the Government's Green Deal Proposal for improving Private Rented Sector housing energy performance.

Nevertheless, a substantial minority of 47% said they were not aware of the proposal.

Response	Percent of Respondents (%)			
	Sep 11	Dec 11	Mar 12	Jun 12
Yes	47.7	48.1	48.6	53.4
No	52.3	51.9	51.4	46.6
Base: All answering	(980)	(1,237)	(1,339)	(1,021)

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 up quite sharply and the ongoing trend, as can be seen from the chart below, is clearly upwards.

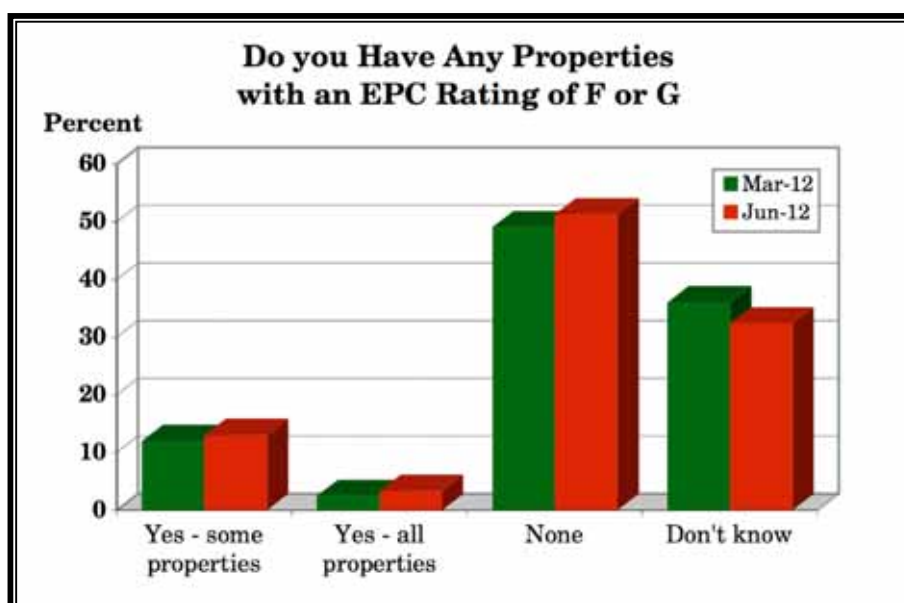


3.15 Do you have any properties with an EPC rating of F or G? (Q.15)

One in six respondents to this survey (16%) said that they had at least some properties with an Energy Performance Certificate rating of F or G but only one in thirty (3.3%) said that this was the case for all their properties.

More than half of all respondents (51%) said that none of their properties had EPC ratings of F or G whilst almost a third (33%) said they did not know if any of their properties had such EPC ratings.

Response	Percent of Respondents (%)			
	Sep 11	Dec 11	Mar 12	Jun 12
Yes - some properties	11.6	12.5	12.0	13.0
Yes - all properties	2.9	2.5	2.5	3.3
None	50.3	50.2	49.1	51.3
Don't know	35.2	34.8	36.0	32.4
Base: All answering	(985)	(1,243)	(1,341)	(1,025)



Compared with the first quarter of 2012, there has been little change with the proportion saying that they had at least some properties with an EPC rating of F or G rising from 15% to 16%.

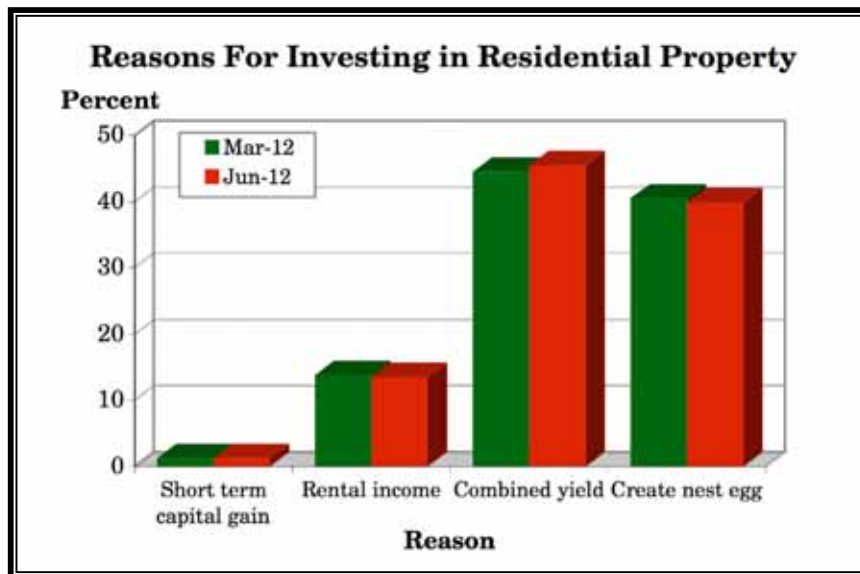
The proportion saying that they had no such properties also increased, from 49% to 51% with the proportion who were unsure falling from 36% to 32%.

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 (46%) or that they had done so in order to create a nest egg for their long term future (40%).

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 (%)	
	Mar 12	Jun 12
Short term capital gain (less than 5 years)	1.2	1.2
Rental income	13.8	13.5
Combined yield from rent & capital apprec.	44.5	45.5
Create nest egg for long term future	40.5	39.9
Base: All answering	(1,329)	(1,018)

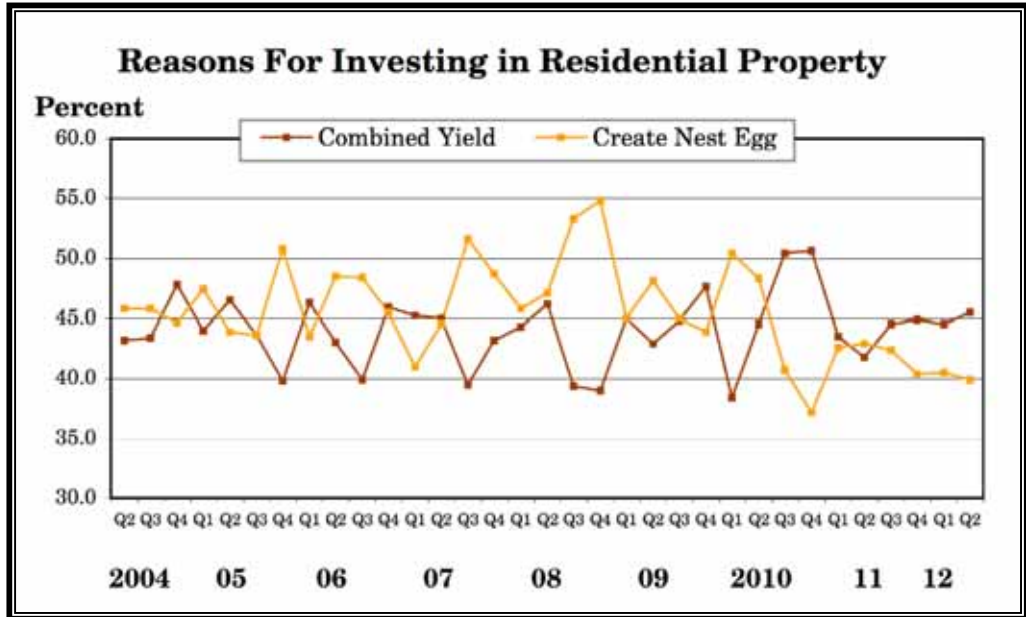


Compared with three months ago, the only noticeable changes were that there were more respondents who said they had first decided to invest in residential property in order to achieve a combined yield from rental income and capital appreciation (up from 45% to 46%) and fewer saying they had done so in order to create a nest egg for their long term future (down from 41% to 40%).

There was very little change in the proportion saying they had done so in order to achieve a rental income (down from 13.8% to 13.5%) and no change in the proportion saying they had done so to achieve a short term capital gain (unchanged at 1.2%).

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 (35%) 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 (15%) saying that they did not, leaving more than half of all respondents who either did not know whether they did or did not (3%), or simply did not use a lettings agent (48%).

Response	Percent of Respondents (%)			
	Sep 11	Dec 11	Mar 12	Jun 12
Yes	35.8	34.5	36.0	34.6
No	14.6	16.9	13.6	14.5
Don't know	3.3	2.9	3.4	2.8
Don't use a letting agent	46.0	45.7	47.0	48.1
Base: All answering	(971)	(1,239)	(1,334)	(1,018)



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 down from 36% to 35% with the proportion saying they do not rising from 14% to 15%. However, these changes largely just reverse the changes seen then.

When figures are calculated just for those who do use a lettings agent, two thirds (67%) say they do consider whether the agent is licensed or regulated when deciding which one to use.

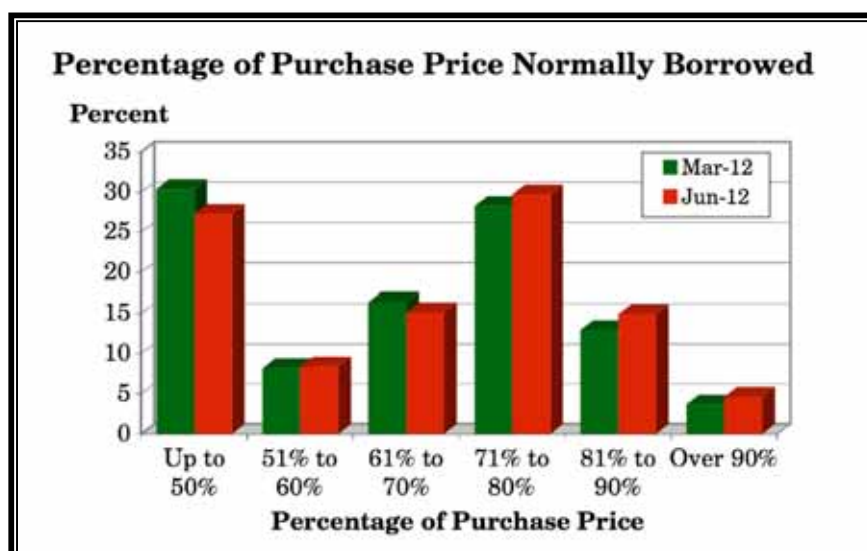
Response	Percent of Respondents (%)			
	Sep 11	Dec 11	Mar 12	Jun 12
Yes	66.7	63.5	67.9	66.7
No	27.2	31.1	25.7	27.9
Don't know	6.1	5.3	6.4	5.4
Base: All using agent & answering	(522)	(673)	(707)	(528)

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

Six out of ten respondents (60%) said that they normally borrow between 61% and 90% of the purchase price of a buy to let property. Nevertheless, a substantial minority of more than a quarter (27%) 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 61%.

Percent of Purchase Price	Percent of Respondents (%)			
	Sep 11	Dec 11	Mar 12	Jun 12
Up to 50%	28.4	27.1	30.4	27.3
51% to 60%	7.8	7.9	8.2	8.4
61% to 70%	14.9	17.9	16.4	15.1
71% to 80%	31.3	28.4	28.3	29.7
81% to 90%	14.2	14.9	12.9	14.9
Over 90%	3.4	3.8	3.7	4.6
Average (%)	60.2	60.7	58.9	60.9
Base: All answering	(886)	(1,140)	(1,228)	(913)



Compared with three months ago, the average proportion of the purchase price of a buy to let property which respondents normally borrow has risen from 59% to 61%, reversing the change seen then.

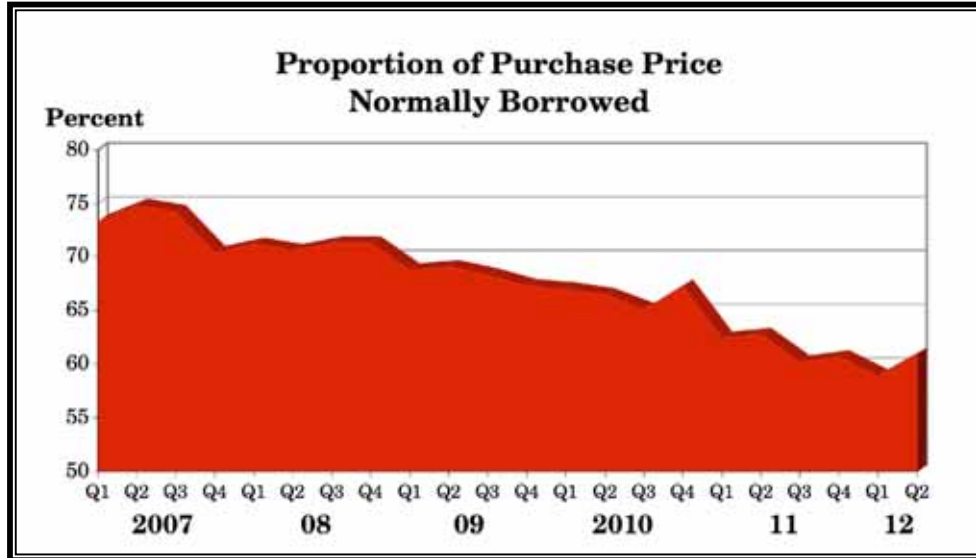
As can be seen from the chart below, over the last five years, the average proportion of a property's price which is usually borrowed by respondents rose initially and then fell at the end of 2007 before levelling out at between 70% and 72% throughout 2008.

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. After that, despite some fluctuation, the average proportion borrowed continued to decline.

Against this backdrop, the increase seen this quarter, which is the largest since the fourth quarter of 2010, could indicate a change to the long term downward trend but results from future surveys will be needed to confirm this.

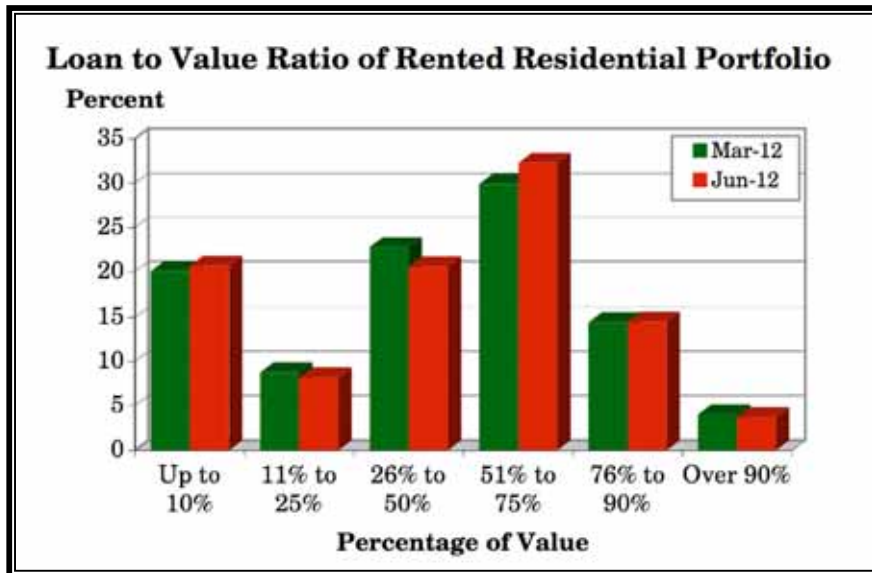


3.19 What is the approximate overall loan to value ratio of your rented residential portfolio? (Q.19)

The largest proportion of respondents, amounting to almost a third (32%) said that the approximate overall loan to value ratio of their rented residential portfolio was between 51% and 75% with more than two out of ten (21%) 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 (%)			
	Sep 11	Dec 11	Mar 12	Jun 12
Up to 10%	19.9	19.5	20.1	20.7
11% to 25%	9.7	9.1	8.8	8.2
26% to 50%	21.4	22.2	22.8	20.6
51% to 75%	30.6	30.5	29.9	32.3
76% to 90%	14.5	15.1	14.4	14.5
Over 90%	3.8	3.6	4.0	3.7
Average (%)	45.8	46.2	45.9	46.3
Base: All answering	(873)	(1,136)	(1,205)	(894)



Compared with the last survey three months ago, the average loan to value ratio of respondents' portfolios has risen marginally from 45.9% to 46.3%, once again, merely reversing the change seen three months earlier.

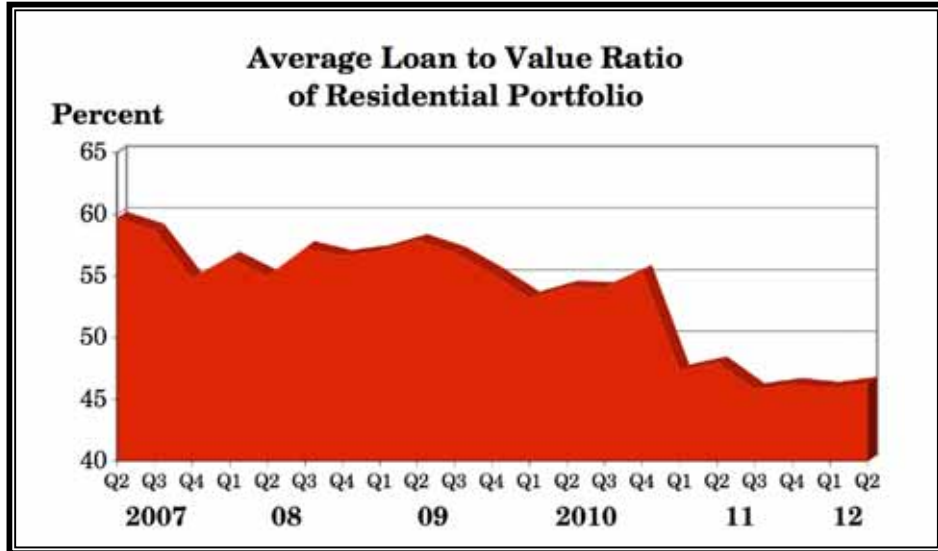
As can be seen from the chart below, the average loan to value ratio of respondents' property portfolios did tend to fluctuate between 55% and 60% during 2007 and 2008.

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 have been a result of the big increase in the number of respondents.

The results from the second half of 2011 and first half of 2012 confirm that the current trend is for the overall loan to value ratio to remain steady at around 46%.



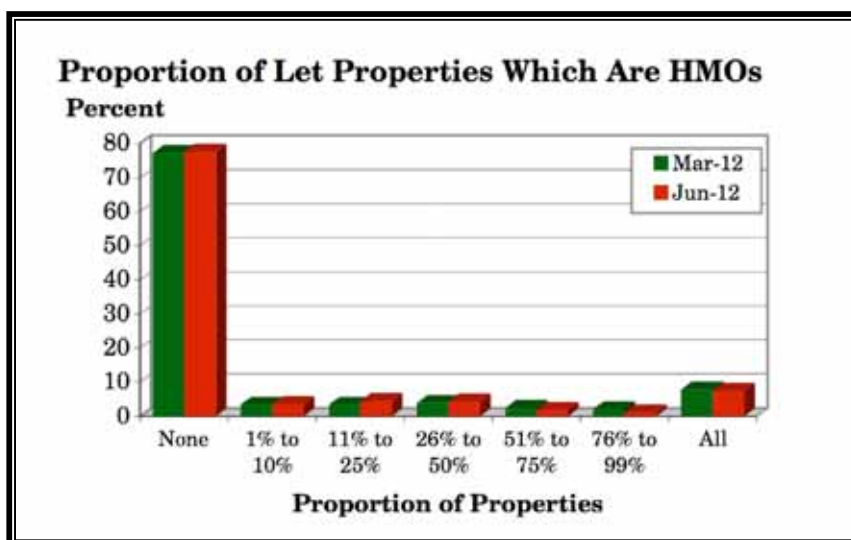
3.20 What proportion of properties you let are Houses in Multiple Occupation (HMOs), i.e. houses occupied by 3 or more unrelated tenants? (Q.20)

Only a minority of respondents (22%) 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 12%.

However, amongst those who have any such properties at all, the average proportion is much higher at 54%.

Proportion of Properties	Percent of Respondents (%)			
	Sep 11	Dec 11	Mar 12	Jun 12
None	77.3	78.1	77.2	77.6
1% to 10%	4.3	4.5	3.4	3.5
11% to 25%	3.2	2.5	3.4	4.4
26% to 50%	4.9	4.8	3.9	4.2
51% to 75%	2.5	2.5	2.3	1.8
76% to 99%	1.1	1.5	2.1	1.1
All	6.7	6.2	7.8	7.5
Average (%)	11.9	11.6	13.4	12.1
Base: All answering	(959)	(1,219)	(1,311)	(1,006)



Compared with the last survey, the overall average proportion of HMOs is down from 13% to 12%.

The proportion for those with any HMOs at all is also down, from 59% to 54% but these changes simply reverse the changes seen three months ago.

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 suggested that a change had occurred but that has been negated by the results from this quarter.



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

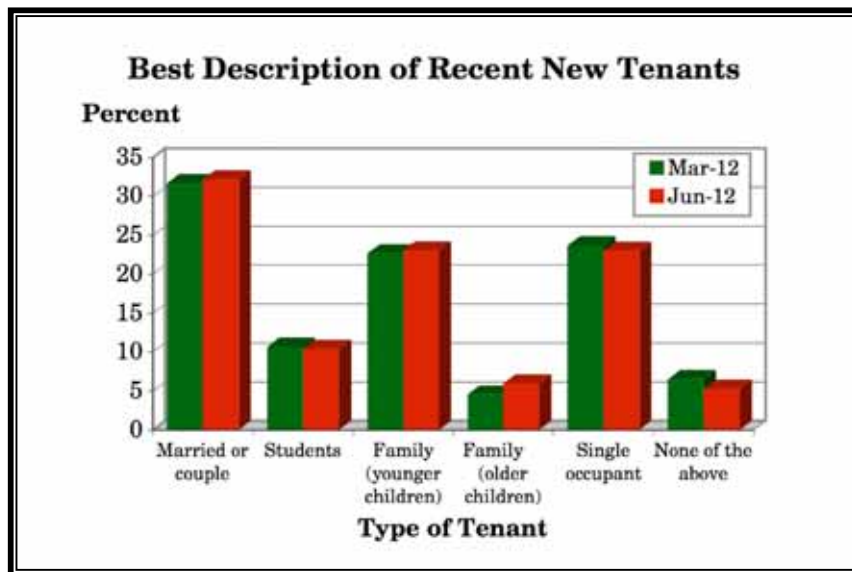
The results from this question show that three of the listed types of tenant are more likely to describe recent new tenants than are the other two with married or a couple being the most likely at 32%.

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

Least likely to be the categories which best apply to recent new tenants are students (10%) and family with older children (teenagers/young adults) at 6%.

One in twenty respondents (5%) said that none of the listed categories best applied to recent new tenants.

Type of Tenant	Percent of Respondents (%)	
	Mar 12	Jun 12
Married or a couple	31.7	32.2
Students	10.7	10.4
Family with younger children	22.7	23.1
Family with older children	4.6	6.0
Single occupant	23.7	23.0
None of the above	6.5	5.3
Base: All answering	(1,315)	(1,000)



Compared with three months ago, the main changes are that the proportion saying the description which best applies to recent tenants is families with older children is up from 5% to 6% whilst that for none of the above is down from 7% to 5%.