

Prepared for

**The Association of Residential Letting Agents
& the ARLA Group of Buy to Let Mortgage Lenders**

**ARLA Survey
of
Residential Investment Landlords**

December 2010

Prepared by

O M Carey Jones
5 Henshaw Lane, Yeadon, Leeds, LS19 7RW
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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 fourth quarter of 2010, ARLA conducted the fourth survey of the year. This survey ran during the month of December 2010.

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 20 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 292 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

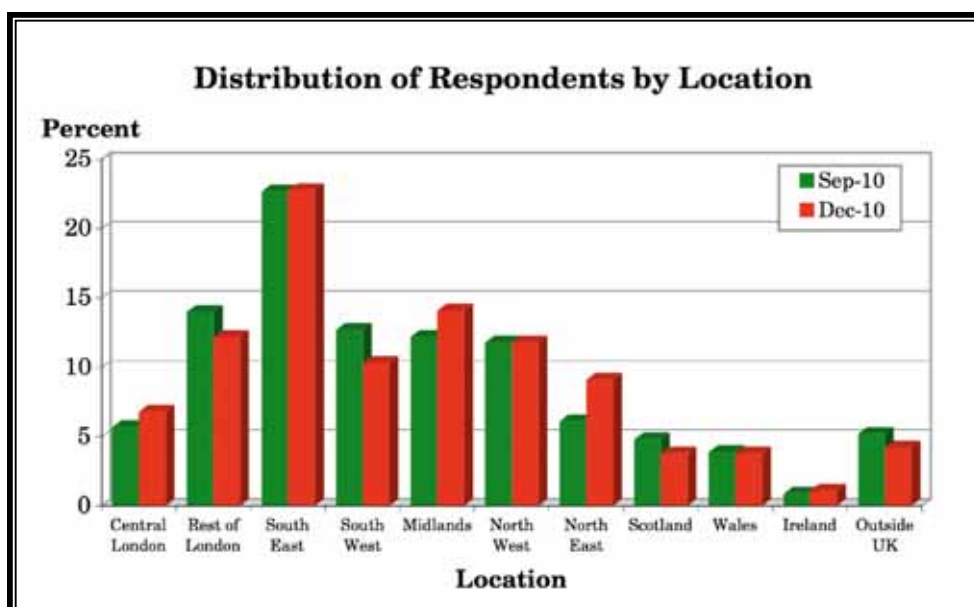
The following sections detail the results of the ARLA survey of residential landlords conducted during the fourth quarter of 2010.

3.1 Where do you live? (Q.1)

More than four out of ten respondents to the survey (42%) were from the South East of England (including London) with almost two out of ten (19%) being from London itself. The Midlands (14%) was the region producing the next highest proportion of respondents followed by the North West (12%) and the South West (10%).

One in twenty five respondents (4%) were living outside the UK when they completed the questionnaire.

Location	Percent of Respondents (%)		
	Jun 10	Sep 10	Dec 10
Central London	5.6	5.7	6.8
Rest of London (<i>within M25</i>)	8.3	14.0	12.2
South East (<i>outside M25</i>)	25.5	22.7	22.8
South West	11.3	12.7	10.3
Midlands	14.6	12.2	14.1
North West	9.3	11.8	11.8
North East	7.9	6.1	9.1
Scotland	5.3	4.8	3.8
Wales	6.3	3.9	3.8
Northern Ireland	1.3	0.9	1.1
Outside UK	4.6	5.2	4.2
Base: All answering	(302)	(229)	(263)



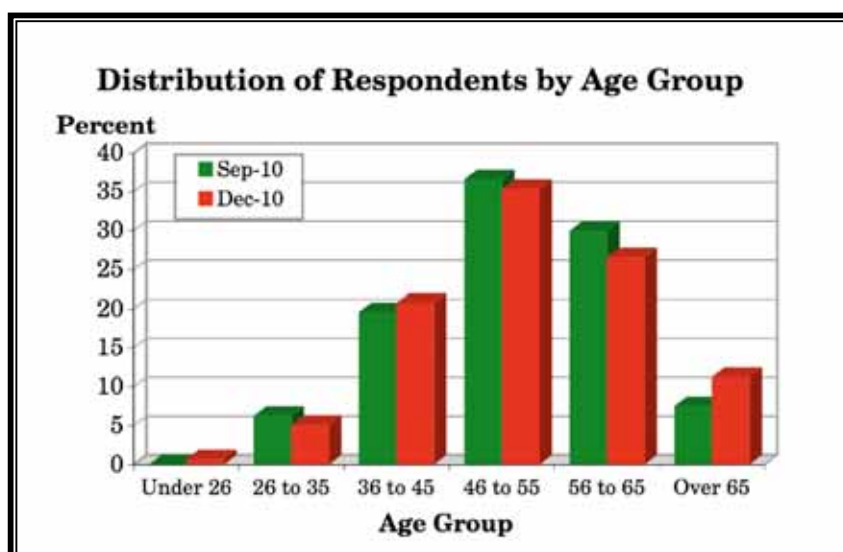
Compared with the third quarter of 2010, the main differences in the composition of the sample by geographic region are that there were fewer respondents from the Rest of London, the South West, Scotland and living outside the UK and more from Central London, the Midlands and the North East.

3.2 How old are you? (Q.2)

More than a third of respondents (35%) were aged between 46 and 55 with more than another quarter (27%) being aged between 56 and 65. More than a further two out of ten (21%) were aged between 36 and 45.

Only a little more than one in twenty respondents (6%) were aged 35 or under with more than one in ten (11%) being over 65 on this occasion.

Age Group	Percent of Respondents (%)		
	Jun 10	Sep 10	Dec 10
Under 26	1.0	-	0.7
26 to 35	4.0	6.3	5.1
36 to 45	21.5	19.6	20.8
46 to 55	37.1	36.7	35.4
56 to 65	30.1	30.0	26.6
Over 65	6.3	7.5	11.3
Average (years)	51.0	51.3	51.6
Base: All answering	(302)	(240)	(274)



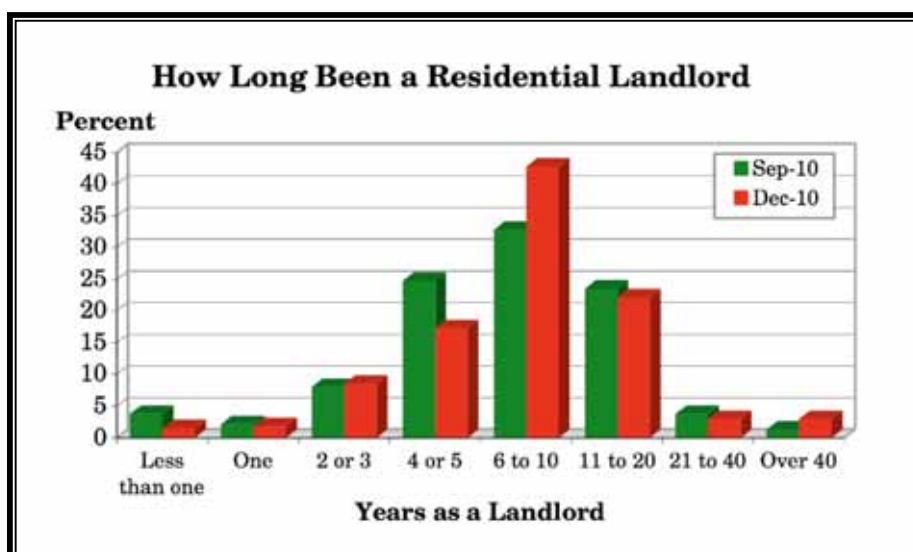
Analysis of the results from this question reveals that the average age of respondents to the survey was 51.6 years, a figure which is up slightly from 51.3 years three months ago.

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

One in thirty respondents (3.3%) had been residential landlords for one year or less whilst nearly twice as many (6%) had been residential landlords for more than 20 years.

However, the vast majority, amounting to more than eight out of ten (82%) had been residential landlords for between 2 and 20 years with the largest proportion, more than four out of ten (43%), having been residential landlords for between 6 and 10 years.

Years as a Landlord	Percent of Respondents (%)		
	Jun 10	Sep 10	Dec 10
Less than one	2.6	3.8	1.5
One	2.6	2.1	1.8
2 or 3	11.3	8.0	8.5
4 or 5	24.5	24.8	17.3
6 to 10	34.4	32.8	42.8
11 to 20	16.9	23.5	22.1
21 to 40	5.0	3.8	3.0
Over 40	2.6	1.3	3.0
Average (years)	9.5	9.3	11.4
Base: All answering	(302)	(238)	(271)

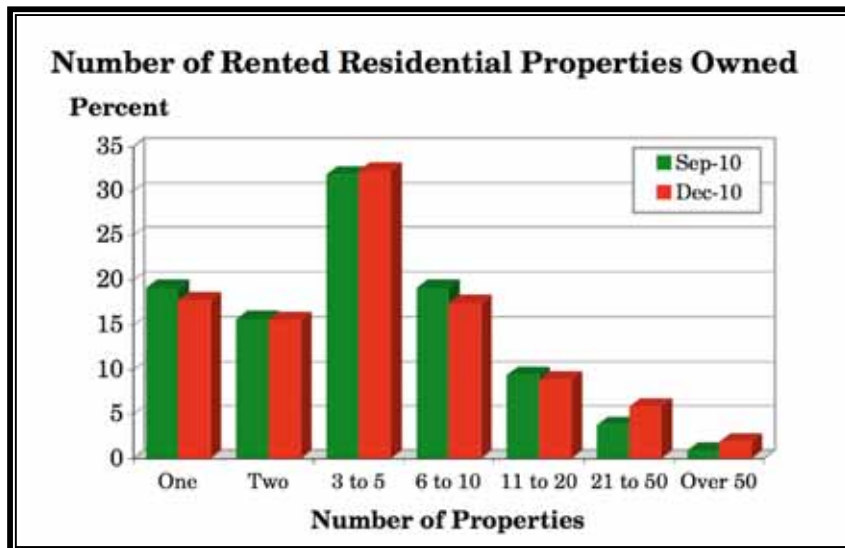


Simple analysis of these figures indicates that the average time for which respondents had been residential landlords was 11.4 years, a figure which is up substantially from 9.3 years three months ago largely as a result of a lot more respondents having been residential landlords for between 6 and 10 years (up from 33% to 43%) and a lot fewer for 4 or 5 years (down from 25% to 17%).

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

A third of respondents (33%) had only one or two properties in their portfolios with only half as many (17%) having more than ten properties in theirs.

Number of Properties	Percent of Respondents (%)		
	Jun 10	Sep 10	Dec 10
One	19.7	19.1	17.8
Two	18.0	15.7	15.6
3 to 5	28.3	31.9	32.3
6 to 10	17.0	19.1	17.5
11 to 20	9.0	9.4	8.9
21 to 50	5.0	3.8	5.9
Over 50	3.0	0.9	1.9
Average (no. of properties)	8.5	6.8	8.1
Base: All answering	(300)	(235)	(269)



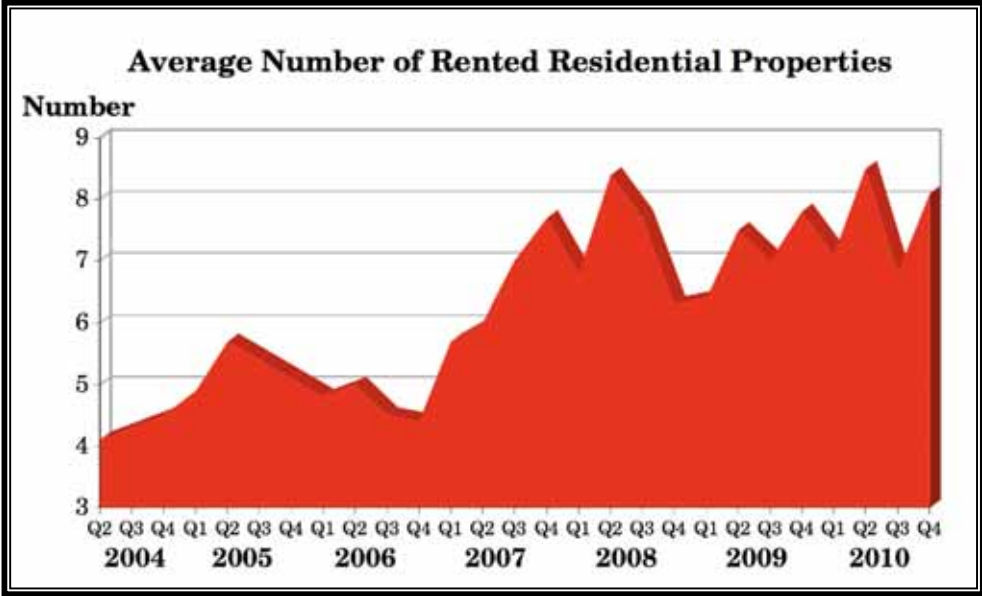
Analysis of these results shows that the average size of respondents' portfolios was 8.1 properties, up quite sharply from an average of 6.8 properties three months ago but this increase merely reverses most of the change seen then.

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.

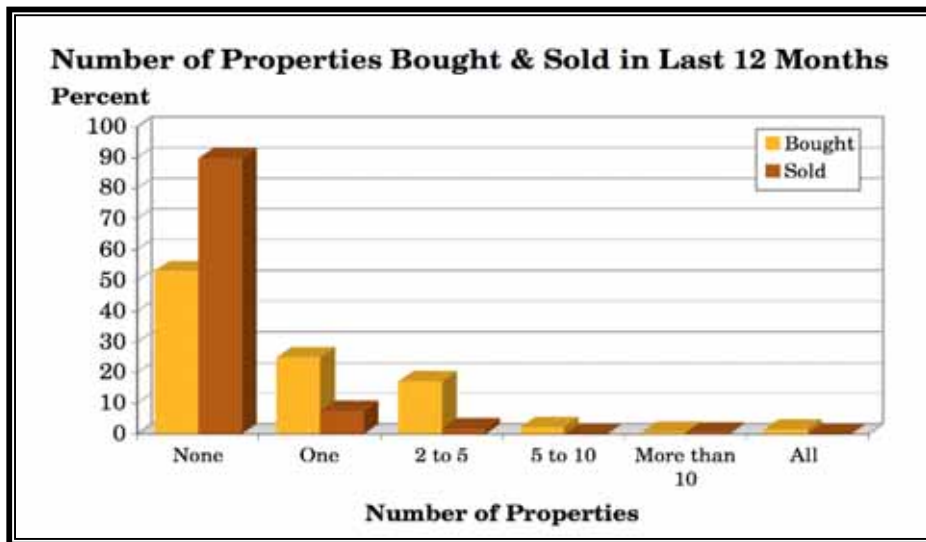
During 2010, the average has levelled off despite quite large fluctuations quarter by quarter.



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

Nearly half of those answering this question (47%) said they had bought properties for their portfolios during the last 12 months but only one in ten (10%) said they had sold properties during the year.

Number of Properties	Percent of Respondents - Dec 10 (%)	
	Bought	Sold
None	53.1	89.8
One	25.0	7.6
2 to 5	17.2	1.9
5 to 10	2.3	-
More than 10	0.8	0.6
All	1.6	-
Base: All answering	(128)	(157)



However, around half of respondents in each case (56% in the case of bought and 46% in the case of sold) did not answer the question and the table below shows the results if all respondents are included.

Number of Properties	Percent of Respondents - Dec 10 (%)	
	Bought	Sold
None	23.3	48.3
One	11.0	4.1
2 to 5	7.5	1.0
5 to 10	1.0	-
More than 10	0.3	0.3
All	0.7	-
Not stated	56.2	46.2

Base: All respondents (292)

If these respondents are assumed not to have bought or sold any properties, the proportions who have bought and sold are reduced substantially, from 47% to 21% in the case of bought and from 10% to 5% in the case of sold.

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 did expect to acquire further properties to let during the next 12 months but more than half (52%) said that they did not.

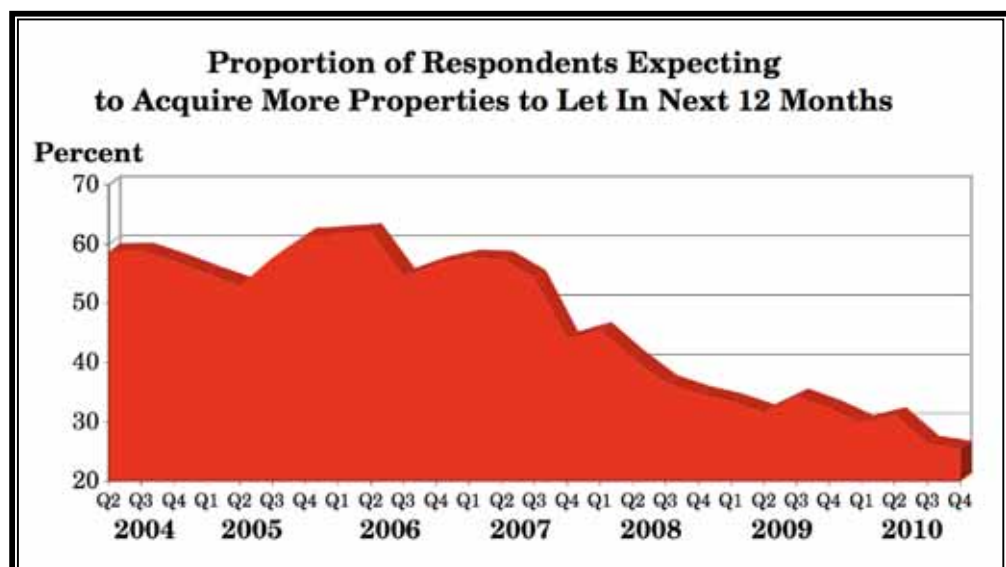
In addition, nearly a further quarter (23%) were unsure whether or not they would acquire further properties in the next year.

Response	Percent of Respondents (%)		
	Jun 10	Sep 10	Dec 10
Yes	31.1	26.3	25.4
No	50.5	46.9	51.5
Don't know	18.3	26.8	23.1
Base: All answering	(289)	(228)	(268)

Compared with three months ago, the proportion saying they expect to acquire further property to let in the next 12 months has fallen slightly from 26% to 25% whilst the proportion saying they will not has increased from 47% to 52%, more than reversing the change seen three months ago, with the consequence that the proportion who were unsure fell from 27% to 23%.

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 four years ago returned the figure to its former level before it began slowly to increase again.

However, for most of the last three years the proportion has been falling and with the results from this survey has again reached its lowest level since these surveys began more than six years ago.



This question was altered slightly for this quarter but comparisons with previous surveys are still valid as the change was in the wording not in the meaning.

3.7 In the next 12 months, do you expect to sell some or all of your let residential properties? If YES, why? (Q.7 & Q.8)

Eight out of ten respondents to this survey (80%) said that they did not expect to sell any of their let residential properties in the next 12 months.

Nevertheless, a small minority of more than one in fifteen (7%) said they did have such expectations with more than a further one in ten (13%) being unsure whether they would be selling any properties in the next 12 months or not.

Response	Percent of Respondents (%)		
	Jun 10	Sep 10	Dec 10
Yes	13.4	11.0	7.4
No	76.3	78.5	80.0
Not sure	10.4	10.5	12.6
Base: All answering	(299)	(237)	(270)

Compared with three months ago, the proportion saying they do intend to sell some or all of their properties in the next 12 months has fallen again, this time from 11% to 7%) whilst the proportions saying they do not and that they are unsure have risen to compensate for this fall.

The following question (Q.6) asked of those who had said that they did expect to sell some or all of their let residential properties, why that was their intention.

The 20 respondents who said they did intend to sell some or all of their properties in the next 12 months were fairly equally split between those who were intending to do so because their personal circumstances had changed (45%) and those who were intending to do so for other reasons (55%).

Why Intend to Sell Properties	Percent of Respondents (%) Dec 10
Retiring	-
My personal circumstances have changed	45.0
Other reasons	55.0
Base: All expecting to sell some or all properties	(20)

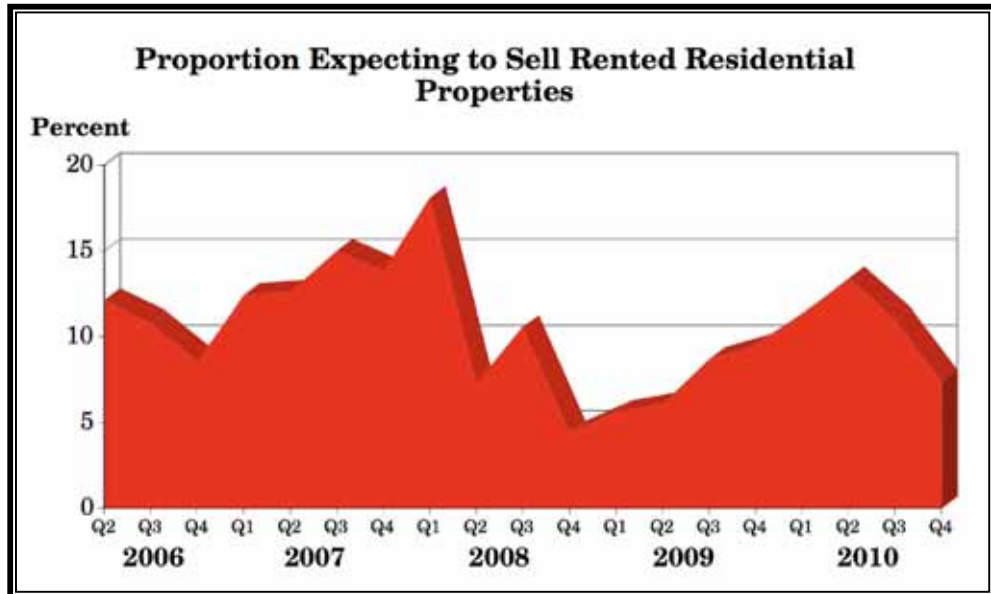
The eleven respondents who said there were other reasons gave a range of reasons but five said they were doing so to raise capital and two said they were doing so to make other investments.

As can be seen from the chart below, the proportion of respondents saying they expected 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 this survey, producing another sharp fall, confirm that the change seen three months ago was not a temporary blip but a change to the trend which is now clearly downwards.



3.8 How long ago did you first become a (Buy to Let) residential investment landlord? (Q.9)

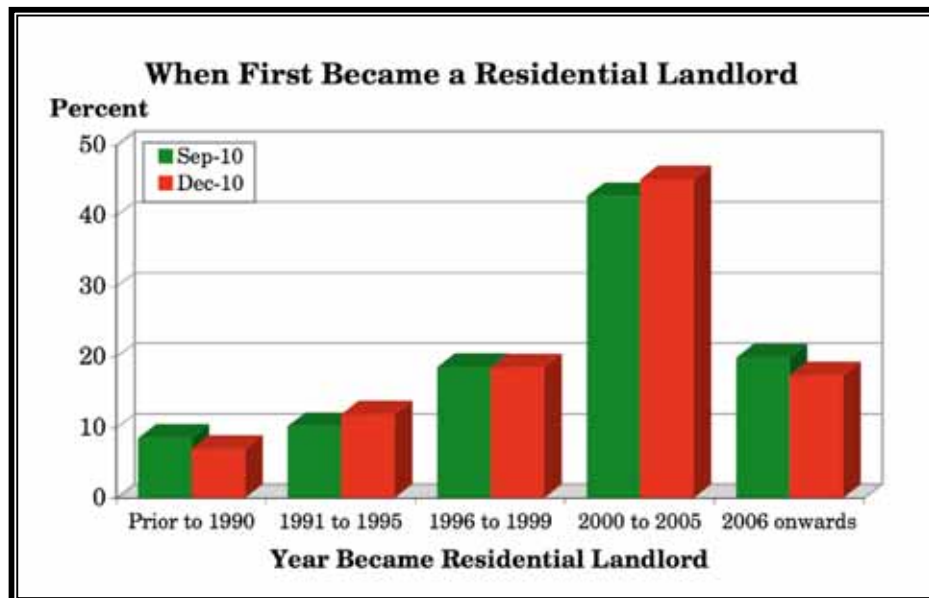
More than six out of ten respondents to this survey (63%) had become residential landlords since the beginning of 2000 with approaching two out of ten (17%) having done so since the beginning of 2006.

Nevertheless, more than one in fifteen respondents (7%) had first become residential landlords earlier than 1990 and had therefore been landlords for 20 years or longer.

When Became a Landlord	Percent of Respondents (%)		
	Jun 10	Sep 10	Dec 10
Prior to 1990	8.0	8.5	7.0
1991 to 1996	7.7	10.2	11.9
1997 to 1999	15.7	18.6	18.5
2000 to 2005	40.8	42.8	45.2
2006 onwards	27.8	19.9	17.4
Base: All answering	(299)	(236)	(270)

Compared with three months ago, the proportion of respondents who said they had become landlords prior to 2000 was unchanged at 37% and the proportion who said they had become landlords from 2000 onwards was therefore also unchanged at 63%.

The current average length of time since respondents first became landlords, at 9.8 years ago, is down marginally from an average of 9.9 years three months ago.



3.9 Where are your residential investment properties located? (Q.10)

More than half of respondents (53%) 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 (%)		
	Jun 10	Sep 10	Dec 10
Central London	7.0	8.4	9.4
Rest of London (<i>inside M25</i>)	13.1	13.9	13.5
South East (<i>outside M25</i>)	29.2	26.7	29.6
South West	12.8	12.7	10.5
Midlands	18.8	15.9	20.6
North East	14.1	12.7	12.7
North West	15.8	13.9	15.4
Scotland	8.7	6.8	7.1
Wales	7.4	4.8	5.6
Northern Ireland	0.7	1.2	0.4
Base: All answering	(298)	(234)	(267)

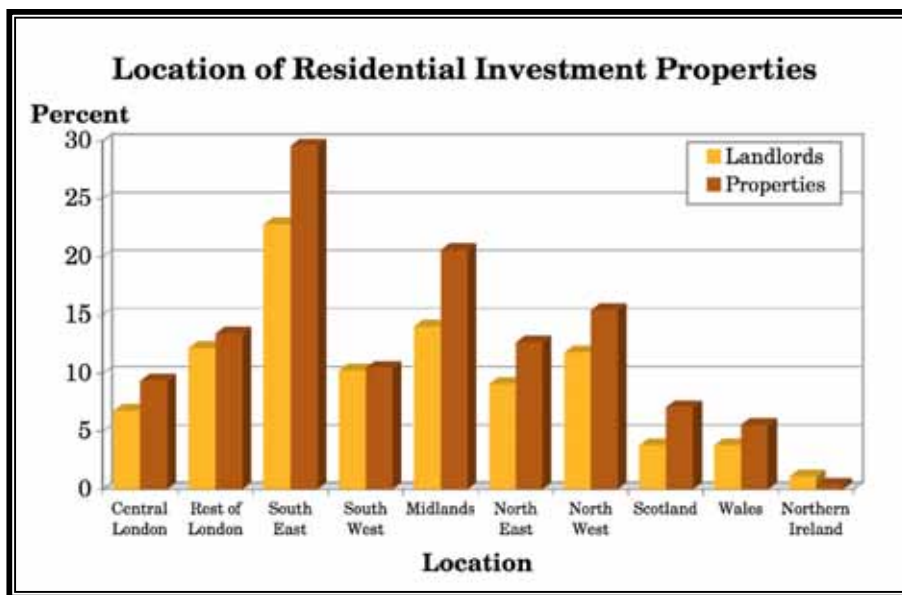
Compared with three months ago, the main differences are that there were more respondents with properties in Central London, the Rest of the South East, the Midlands, the North West and Wales and fewer with properties in the South West and Northern Ireland. The proportions for the other regions were virtually unchanged.



Comparing the distribution of properties with the distribution of respondents shows that, with the exception of Northern Ireland a 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 Scotland with Wales, the Midlands and the North East quite close behind.

Location	Percent of Landlords & Properties - Dec 10 (%)	
	Landlords	Properties
Central London	6.8	9.4
Rest of London (<i>inside M25</i>)	12.2	13.5
South East (<i>outside M25</i>)	22.8	29.6
South West	10.3	10.5
Midlands	14.1	20.6
North East	9.1	12.7
North West	11.8	15.4
Scotland	3.8	7.1
Wales	3.8	5.6
Northern Ireland	1.1	0.4
Base: All answering	(263)	(267)



3.10 What proportion of the residential properties you have bought are of each type? (Q.11)

Respondents to this survey were more likely to have bought properties in good condition than any of the other types listed with nearly a third of respondents (32%) saying that more than three quarters of the properties they had bought were of this type.

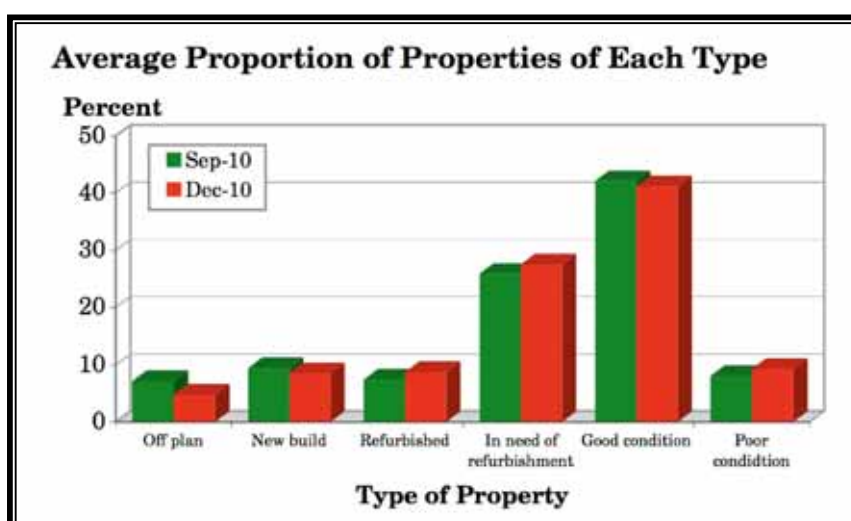
Proportion of Properties	Percent of Respondents - Dec 10 (%)					
	Off plan	New build	Refurb-ished	In need of refurb.	Good cond.	Poor cond.
None	87.7	78.2	80.2	49.2	31.7	75.8
Up to 25%	4.8	9.1	7.5	10.7	11.5	11.1
26% to 50%	4.0	6.4	4.8	14.7	15.9	6.0
51% to 75%	2.0	2.4	2.8	7.1	9.1	2.4
Over 75%	1.6	4.0	4.8	18.3	31.8	4.8

Base: All answering (252)

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 (28%).

Least likely to have been bought by landlords were properties which have been bought off plan or which have never been occupied (5%) followed by those which were new builds although there was little difference between these and those which were refurbished or in poor condition (approximately 9% for each).

Type of Property	Average Percent of Properties (%)			
	Mar 10	Jun 10	Sep 10	Dec 10
Off plan/never occupied	5.9	4.9	7.2	4.8
New build	7.6	6.7	9.4	8.5
Refurbished	9.4	10.2	7.4	8.7
In need of refurbishment	25.5	27.5	25.9	27.5
Good condition	43.1	41.0	42.1	41.2
Poor condition	8.5	9.7	8.1	9.3
Base: All answering	(330)	(276)	(216)	(252)



Compared with three months ago, there has been little change in the average proportions of each type of property although off plan, new builds and those in good condition were a little less popular and those which were refurbished, in need of refurbishment or in poor condition were a little more popular but these changes largely just reverse the changes seen in the previous survey.

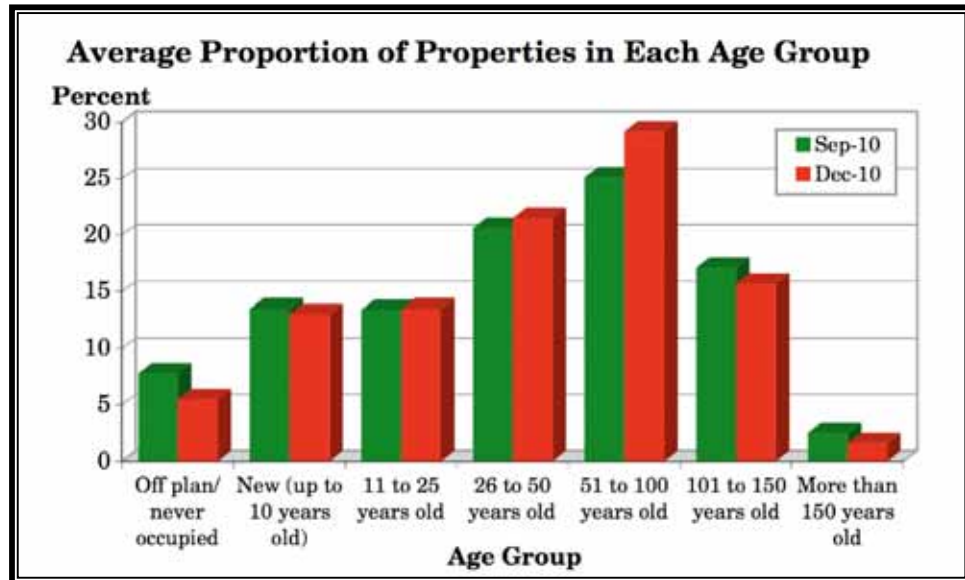
3.11 What proportion of the residential properties you have bought fall into each age band? (Q.12)

Respondents have tended to favour properties which are between 51 and 100 years old with nearly two out of ten (18%) saying that more than three quarters of the properties they have bought have been in this age band. Least popular with landlords are properties over 150 years old with only 1% saying that more than three quarters of their purchases have been in that age band.

Proportion of Properties	Percent of Respondents – Dec 10 (%)						
	Off plan	New (up to 10)	11 to 25	26 to 50	51 to 100	101 to 150	Over 150
None	84.6	70.5	68.7	52.4	46.9	67.8	94.6
Up to 25%	6.3	9.1	11.3	15.4	10.4	10.9	3.6
26% to 50%	5.4	10.4	9.1	15.4	14.1	7.7	0.9
51% to 75%	2.3	3.6	3.6	4.1	10.4	2.3	0.0
Over 75%	1.4	6.3	7.3	12.7	18.1	11.3	0.9

Base: All answering (221)

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%) with properties in the other age bands (apart from those at each extreme of the scale) being roughly equally popular (between 13% and 16%).



Age of Property	Average Percent of Properties (%)			
	Mar 10	Jun 10	Sep 10	Dec 10
Off plan/never occupied	7.2	6.1	7.8	5.5
New (up to 10 years old)	12.9	11.6	13.5	13.0
11 to 25 years old	15.0	12.4	13.4	13.5
26 to 50 years old	19.6	23.2	20.6	21.5
51 to 100 years old	29.5	27.5	25.1	29.2
101 to 150 years old	13.6	15.6	17.1	15.7
More than 150 years old	2.1	3.6	2.5	1.6
Base: All answering	(282)	(249)	(194)	(221)

Compared with the survey in the third quarter of 2010, old properties (over 100 years old) tended to be a little less popular, as did properties which were off plan/never occupied, with mid-range properties (25 to 100 years old) being a little more popular.

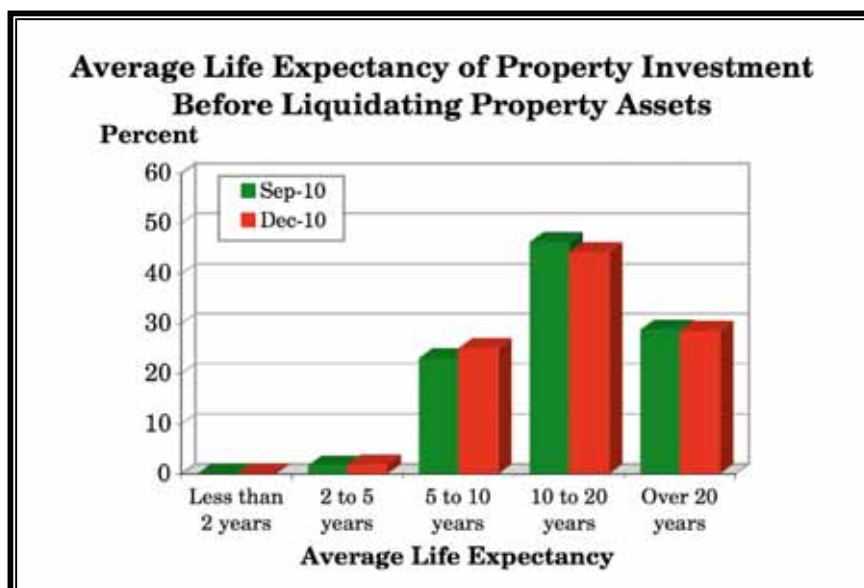
3.12 **From original acquisition time, what do you expect to be the average life expectancy of your property investment before you liquidate your property assets? (Q.13)**

Clearly the vast majority of residential landlords are in the business for the long term with nearly three quarters (73%) saying that the average life expectancy of their property investments is more than 10 years.

In fact, only one in fifty respondents (2%) said they saw their investment as being for 5 years or less and none saw it as being very short term (i.e. for less than 2 years).

Average Life Expectancy	Percent of Respondents (%)		
	Jun 10	Sep 10	Dec 10
Less than 2 years	1.0	-	-
2 to 5 years	4.1	1.7	1.9
5 to 10 years	17.3	23.1	25.2
10 to 20 years	47.3	46.3	44.3
Over 20 years	30.3	28.8	28.6
Average (years)	18.0	17.6	17.4
Base: All answering	(294)	(229)	(262)

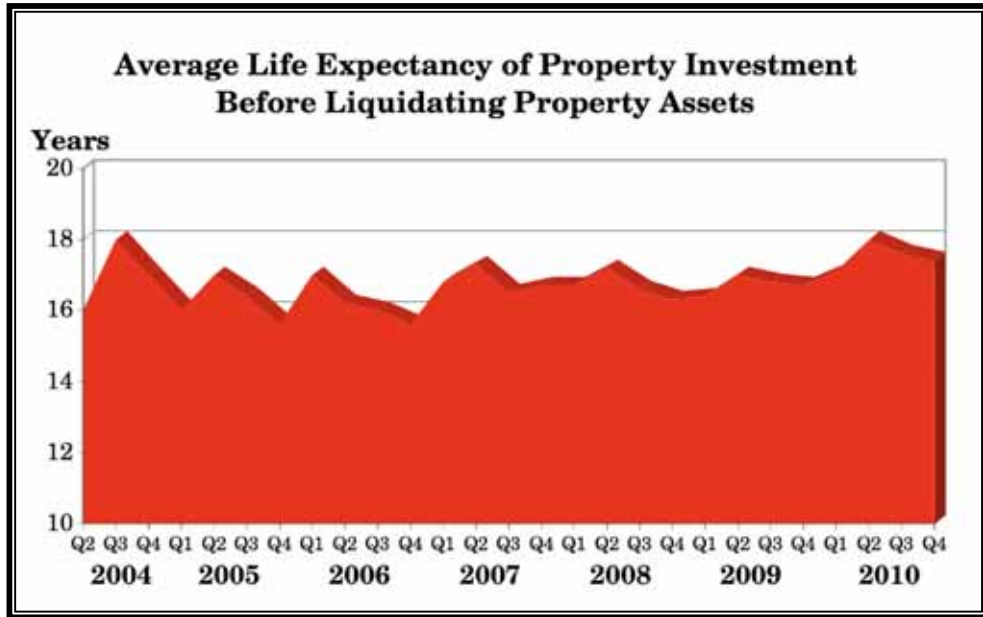
Simple analysis of these results reveals that the average life expectancy of their property investments for all respondents is 17.4 years, a figure which is down slightly from 17.6 years three months ago.



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% where it remained until this year.

The results from the first half of this year indicated that an upward trend might be beginning to establish itself but the results from the last two quarters of the year have put an end to that.



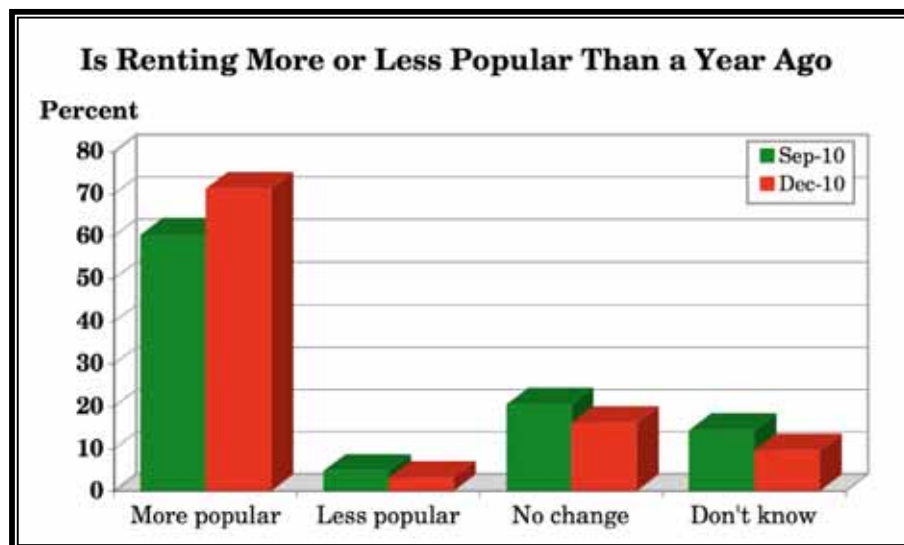
3.13 Do you feel renting is more popular than a year ago? (Q.14)

More than seven out of ten respondents to this question (71%) said that they felt renting was more popular now than a year ago whilst one in six (16%) said there had been no change with only less than one in thirty (3%) saying they felt renting was now less popular.

Change	Percent of Respondents (%)			
	Mar 10	Jun 10	Sep 10	Dec 10
More popular	38.1	42.9	60.3	71.3
Less popular	5.0	7.8	4.8	3.1
No change	36.7	34.7	20.5	16.1
Don't know	20.2	14.6	14.4	9.6
Base: All answering	(341)	(294)	(229)	(261)

Compared with three months ago, the proportion saying renting is now more popular than a year ago is again up quite sharply, this time from 60% to 71% with the proportion saying there had been no change decreasing from 21% to 16% and the proportion taking the opposite view decreasing from 5% to 3%.

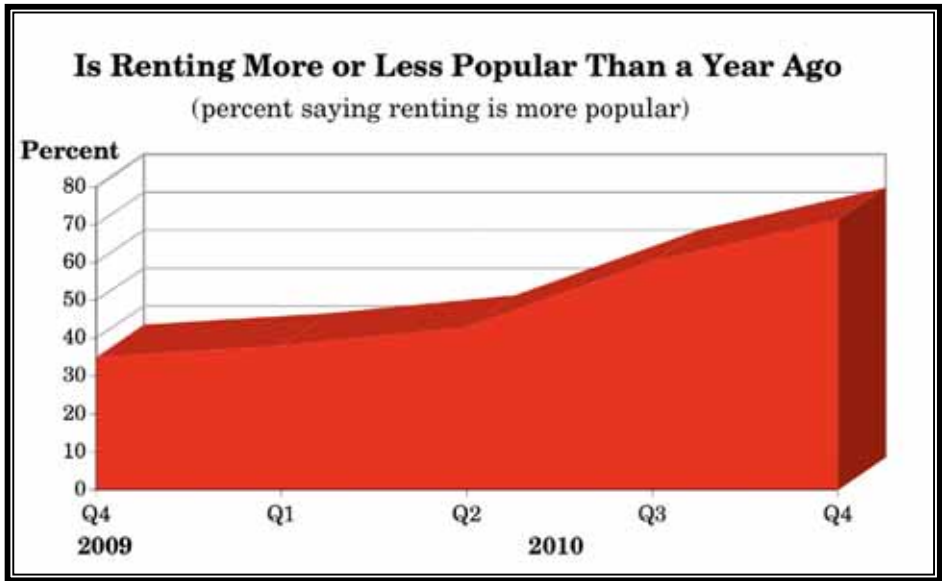
The proportion saying they don't know whether renting is more popular or not is down from 14% to 10%.



As the chart below shows, the proportion of respondents who think renting is more popular than it was a year earlier has been rising steadily since the question was first asked a year ago.

Over the winter/spring of 2009/2010, this increase, whilst quite marked (rising from 35% to 42% by the second quarter of 2010), was relatively gentle until the middle of the year when it started to increase much more sharply.

In the second half of the year, the proportion has shot up, first from 43% to 60% in the third quarter of the year and then from 60% to 71% in the last quarter and it now stands at double the figure seen a year ago.



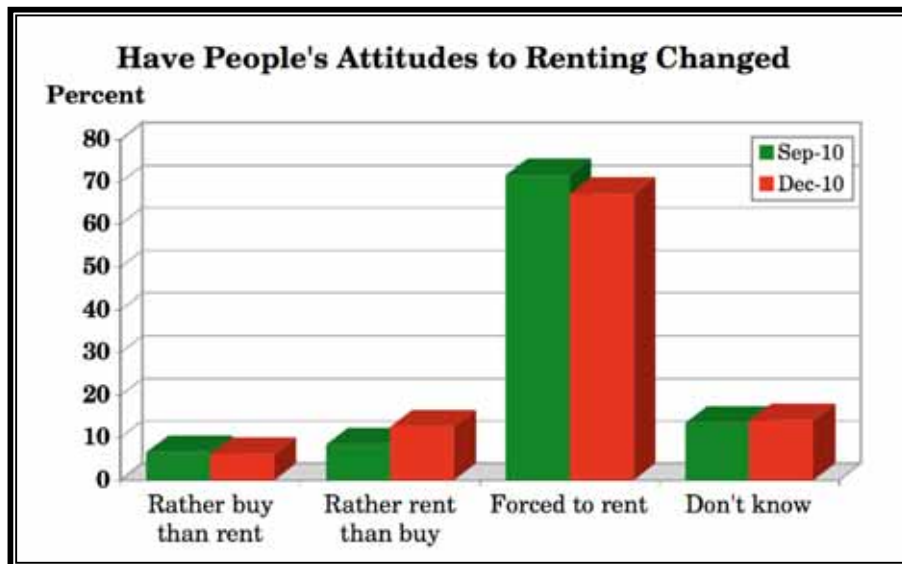
3.14 Do you feel people's attitudes to renting have changed? (Q.15)

More than two thirds of respondents to this question (67%) said they felt that consumers were being forced to rent rather than buy but, interestingly, more than twice as many said they felt that consumers would rather rent a house than buy one (13%) as said they would rather buy a house than rent one (6%) with almost one in seven (14%) being unsure.

Attitude	Percent of Respondents (%)			
	Mar 10	Jun 10	Sep 10	Dec 10
Rather buy than rent	5.9	7.9	6.6	6.1
Rather rent than buy	7.9	8.6	8.3	12.6
Forced to rent	59.2	64.4	71.6	67.2
Don't know	26.7	19.2	13.5	14.1
Base: All answering	(340)	(292)	(229)	(262)

Compared with the last survey in the third quarter of 2010, the proportion saying consumers are being forced to rent has fallen, for the first time since the question was first asked, from 72% to 67%.

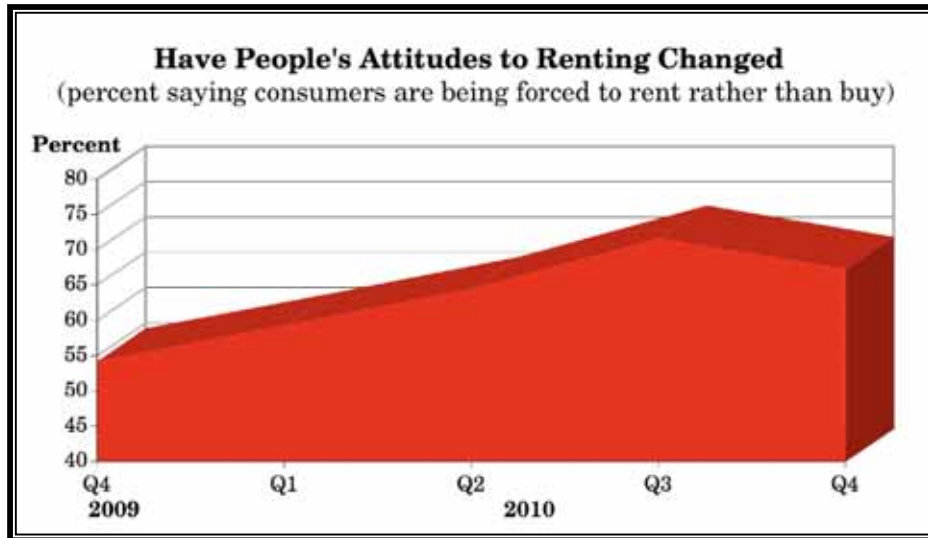
Meanwhile, the proportion saying consumers would rather rent than buy has risen sharply from 8% to 13% to compensate with the result that there were only relatively small changes in the proportions who said they thought consumers would rather buy than rent or that they did not know.



Looking at what has happened since this question was first asked a year ago, as the chart below shows, there was a steadily increasing proportion of respondents saying that they thought consumers were being forced to rent rather than buy with the figure rising from 54% a year ago to a peak of 72% three months ago.

Against this backdrop, the fall in the proportion believing this to be the case (from 72% to 67%) seen in the results from this quarter, when considered in conjunction with the increase in the proportion saying they think consumers would now rather rent than buy (up

from 8% to 13%) suggests that perhaps a proportion of respondents now feel that some consumers, whilst not being forced to rent rather than buy, are taking the view that housing market conditions make renting a more appealing proposition.

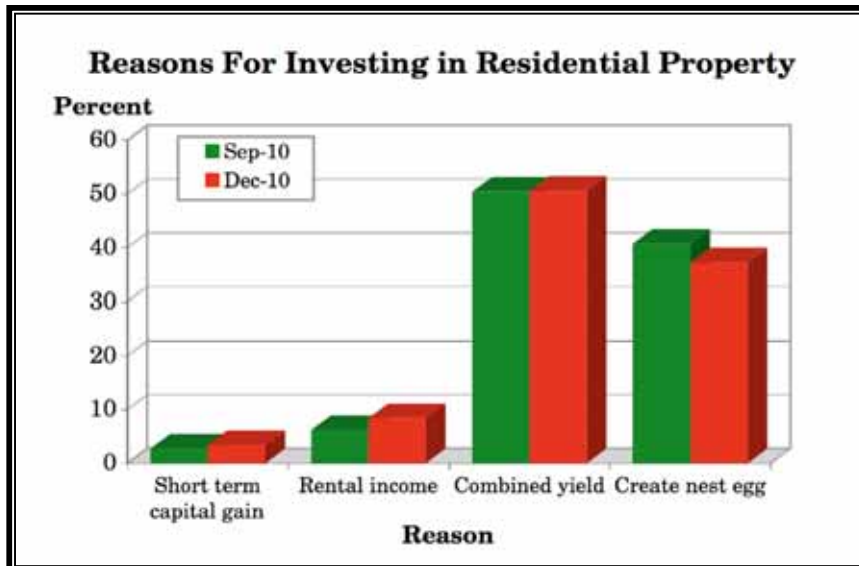


3.15 Why did you first decide to invest in residential property? (Q.16)

Most respondents either said they had become residential landlords in order to achieve a combined yield from rental income and capital appreciation (51%) or that they had done so in order to create a nest egg for their long term future (37%).

Only one in thirty respondents (3.4%) said they became landlords in order to make a short term capital gain over a period of less than 5 years but more than twice as many (8.4%) said they had done so in order to obtain a stream of rental income.

Reason	Percent of Respondents (%)	
	Sep 10	Dec 10
Short term capital gain (less than 5 years)	2.7	3.4
Rental income	6.2	8.4
Combined yield from rent & capital apprec.	50.4	50.6
Create nest egg for long term future	40.7	37.2
Base: All answering	(226)	(261)



Compared with three months ago, there were fewer respondents who said they had first decided to invest in residential property to create a nest egg for the long term future (down from 41% to 37%) and more saying they had done so to achieve rental income (up from 6.2% to 8.4%) or for short term capital gain (up from 2.7% to 3.4%).

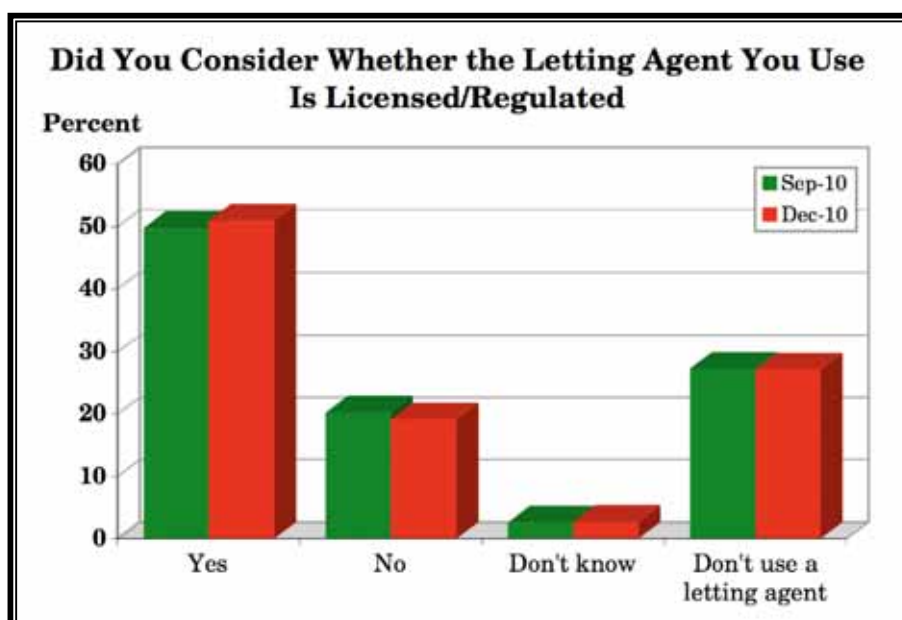
Over the past six years since this question was first asked, the proportions of respondents saying that they had first decided to invest in residential property in order to create a nest egg for the long term future and those saying they had done so to achieve a combined yield from rental income and capital appreciation have remained between 40% and 50% with any changes taking place each quarter simply mirroring each other.

Having said that, for the first time this quarter, the proportion saying they had first decided to invest in residential property in order to create a nest egg for the long term future fell below 40% for the first time and was not matched by an increase in the proportion saying they had done so to achieve a combined yield from rental income and capital appreciation.

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

More than half of respondents to this question (51%) said that they did consider whether an agent is licensed or regulated when they were deciding which lettings agency to use but almost two out of ten (19%) said that they did not, leaving three out of ten who either did not know whether they did or not (3%), or simply did not use a lettings agent (27%).

Response	Percent of Respondents (%)		
	Jun 10	Sep 10	Dec 10
Yes	47.8	49.8	51.0
No	20.1	20.3	19.2
Don't know	3.5	2.6	2.7
Don't use a letting agent	28.7	27.3	27.2
Base: All answering	(289)	(227)	(261)



Compared with three months ago, the proportion saying they do consider whether a prospective lettings agent is licensed or regulated is up slightly from 50% to 51%.

When figures are calculated just for those who do use a lettings agent, seven out of ten (70%) say they do consider whether the agent is licensed or regulated when deciding which one to use.

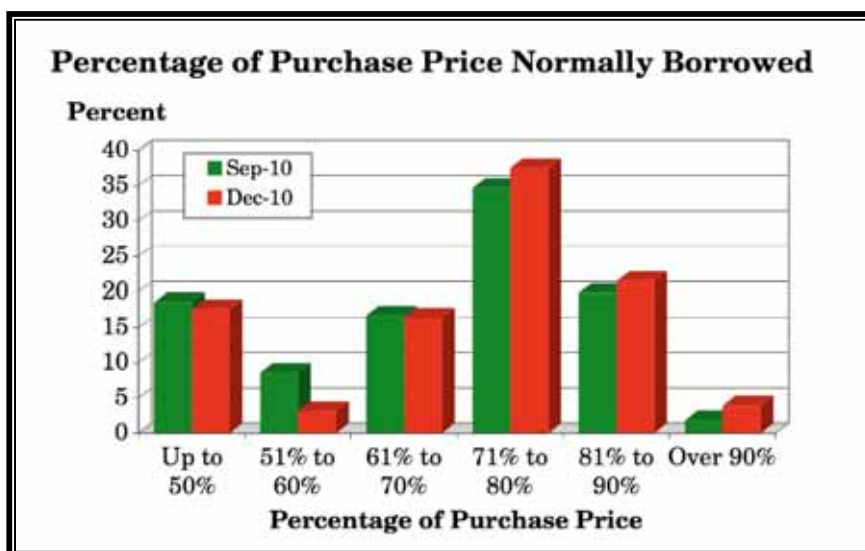
Response	Percent of Respondents (%)		
	Jun 10	Sep 10	Dec 10
Yes	66.9	68.5	70.0
No	28.2	27.9	26.3
Don't know	4.9	3.6	3.7
Base: All using agent & answering	(206)	(165)	(190)

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

Three quarters of respondents (75%) said that they normally borrow between 61% and 90% of the purchase price of a buy to let property. Nevertheless, a sizeable minority of nearly two out of ten respondents (18%) 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 67.3%.

Percent of Purchase Price	Percent of Respondents (%)			
	Mar 10	Jun 10	Sep 10	Dec 10
Up to 50%	17.1	19.3	18.5	17.6
51% to 60%	7.0	3.2	8.6	3.1
61% to 70%	11.9	14.0	16.7	16.4
71% to 80%	39.3	37.9	34.7	37.5
81% to 90%	22.3	22.8	19.8	21.5
Over 90%	2.4	2.8	1.8	3.9
Average (%)	67.0	66.5	65.1	67.3
Base: All answering	(328)	(285)	(222)	(256)

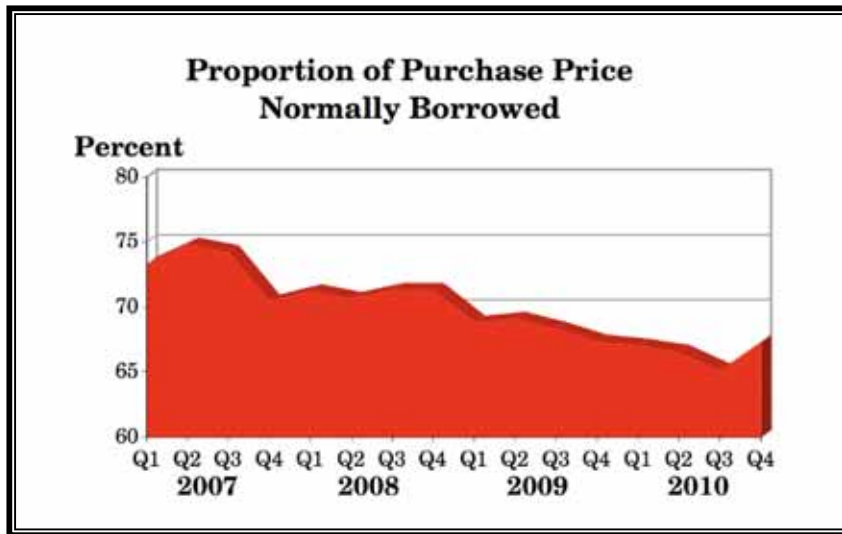


Compared with three months ago, the average proportion of the purchase price of a buy to let property which respondents normally borrow has risen, for the first time in 18 months, from 65.1% to 67.3%.

As can be seen from the chart below, over the last four 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 three months ago.

The results from this quarter have brought an end to this downward trend but it remains to be seen whether this heralds a change to the long term trend in the average proportion of the purchase price being borrowed.

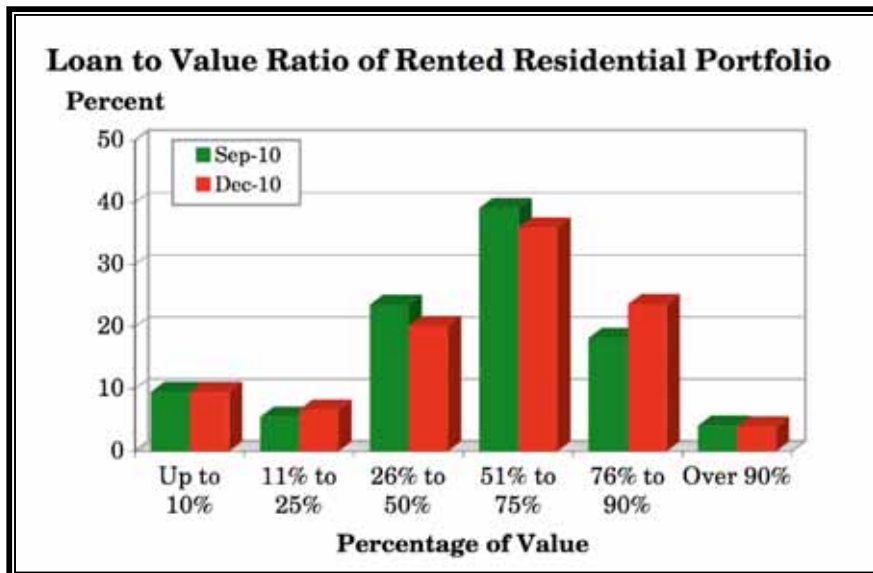


3.18 What is the approximate overall loan to value ratio of your rented residential portfolio? (Q.19)

The largest proportion of respondents, amounting to more than a third (36%) said that the approximate overall loan to value ratio of their rented residential portfolio was between 51% and 75% with almost a further quarter (24%) saying it was between 76% and 90%.

Analysis of these figures reveals that the average loan to value ratio of respondents' portfolios is 55.4%.

Loan to Value Ratio	Percent of Respondents (%)			
	Mar 10	Jun 10	Sep 10	Dec 10
Up to 10%	13.1	12.0	9.5	9.5
11% to 25%	9.2	6.4	5.5	6.7
26% to 50%	15.0	18.7	23.6	20.2
51% to 75%	36.4	37.5	39.1	36.0
76% to 90%	22.9	21.2	18.2	23.7
Over 90%	3.4	4.2	4.1	4.0
Average (%)	53.2	54.1	54.0	55.4
Base: All answering	(327)	(283)	(220)	(253)

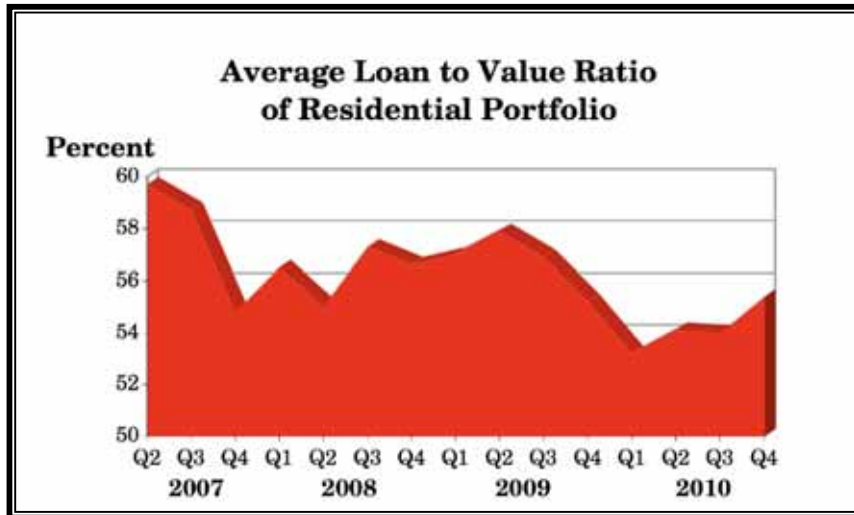


Compared with the last survey three months ago, the average loan to value ratio of respondents' portfolios has risen from 54.0% to 55.4%

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 and it fell from 58% in the summer of last year to 53% nine months ago.

This trend came to an end in the spring/summer of 2010 with the first increase for a year and the results since then indicate that the average figure is now on an upward trend.



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.21)

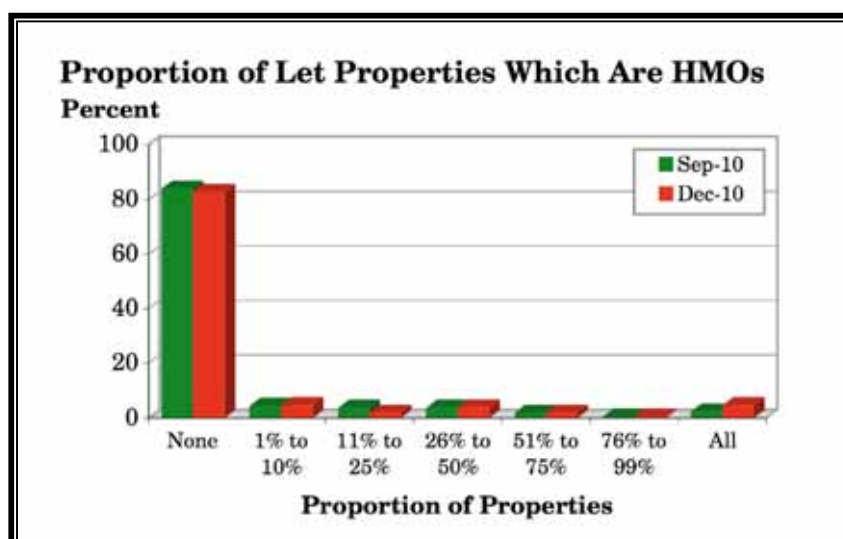
Only a minority of respondents (17%) had any let properties which were Houses in Multiple Occupation (HMOs) although there were twelve (4.6%) who said that all of their let properties were HMOs.

Simple analysis of these figures reveals that, for respondents to this survey, the average proportion of their properties which are HMOs is 8.2%.

However, amongst those who have any such properties at all, the average proportion is much higher at 47.5%.

Proportion of Properties	Percent of Respondents (%)			
	Mar 10	Jun 10	Sep 10	Dec 10
None	83.1	85.2	84.0	82.7
1% to 10%	4.7	2.8	4.4	4.6
11% to 25%	1.8	2.8	3.6	1.9
26% to 50%	4.4	3.1	3.6	3.8
51% to 75%	1.5	1.7	1.8	1.9
76% to 99%	0.3	0.7	0.4	0.4
All	4.1	3.8	2.2	4.6
Average (%)	7.6	7.3	6.0	8.2
Base: All answering	(338)	(290)	(225)	(260)

Compared with the last survey, the overall average proportion of HMOs is up from 6.0% to 8.2% and the proportion for those with any at all is up quite sharply from 37% to 48% reversing the change seen three months ago.



The chart below shows how the average proportion of properties which are HMOs has changed over the last five years and whilst the figure has fluctuated quite a lot, it appears, overall, to have increased a little over the last three years.

