

Prepared for
The Association of Residential Letting Agents

**ARLA Survey
of
Residential Investment Landlords**

March 2011

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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)	7
3.3 How long have you owned residential property to let? (Q.3)	8
3.4 How many rented residential properties do you currently have in your portfolio? (Q.4)	9
3.5 In the last 12 months, have you bought or sold any properties within your portfolio? (Q.5)	11
3.6 In the next 12 months, do you expect to buy any further properties to let? (Q.6)	12
3.7 In the next 12 months, do you expect to sell some or all of your let residential properties? (Q.7)	13
3.8 How long ago did you first become a (Buy to Let) residential investment landlord? (Q8)	14
3.9 Where are your residential investment properties located? (Q.9)	15
3.10 What proportion of the residential properties you have bought are of each type? (Q.10)	17
3.11 What proportion of the residential properties you have bought fall into each age band? (Q.11)	19
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.12)	21
3.13 Do you feel renting is more popular than a year ago (Q.13)	23
3.14 Are you aware of the Government's Green Deal Proposal for improving PRS housing energy performance? (Q.14)	25
3.15 Do you have any properties with an EPC rating of F or G? (Q.15)	26

3.16	Why did you first decide to invest in residential property? (Q.16)	27
3.17	When you decided which lettings agency to use, did you consider whether the agent is licensed/regulated? (Q17)	29
3.18	What percentage of the purchase price of a buy to let property do you normally borrow from a lender? (Q.18)	30
3.19	What is the approximate overall loan to value ratio of your rented residential portfolio? (Q.19)	32
3.20	What proportion of the properties you let are Houses in Multiple Occupation? (Q.20)	34

1. INTRODUCTION & BACKGROUND

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

During the first quarter of 2011, ARLA conducted the first survey of the year. This survey ran during the month of March 2011.

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.

For this survey, the database of landlords to be contacted was expanded hugely and as a result there was a six-fold increase in the number of responses. During the period when the questionnaire was available for completion, a total of 1,671 people went through the process of answering some or all of the questions.

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

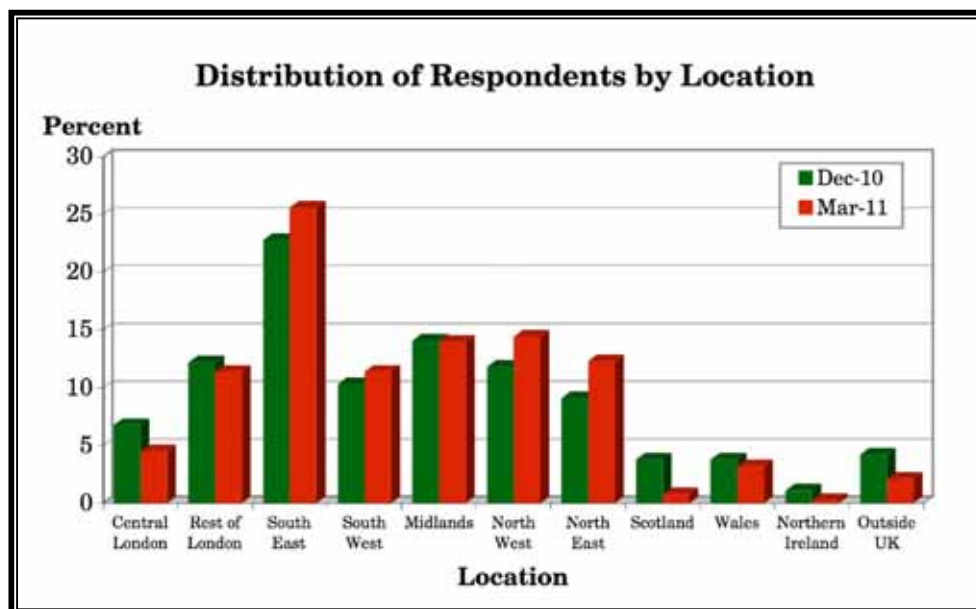
3. RESULTS

The following sections detail the results of the ARLA survey of residential landlords conducted during the first quarter of 2011.

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 one in six (16%) being from London itself. The North West and the Midlands (14% each) were the regions producing the next highest proportion of respondents followed by the North East (12%) and the South West (11%). One in fifty respondents (2%) were living outside the UK when they completed the questionnaire.

Location	Percent of Respondents (%)		
	Sep 10	Dec 10	Mar 11
Central London	5.7	6.8	4.5
Rest of London (<i>within M25</i>)	14.0	12.2	11.4
South East (<i>outside M25</i>)	22.7	22.8	25.6
South West	12.7	10.3	11.4
Midlands	12.2	14.1	14.0
North West	11.8	11.8	14.4
North East	6.1	9.1	12.3
Scotland	4.8	3.8	0.8
Wales	3.9	3.8	3.2
Northern Ireland	0.9	1.1	0.3
Outside UK	5.2	4.2	2.1
Base: All answering	(229)	(263)	(1,608)



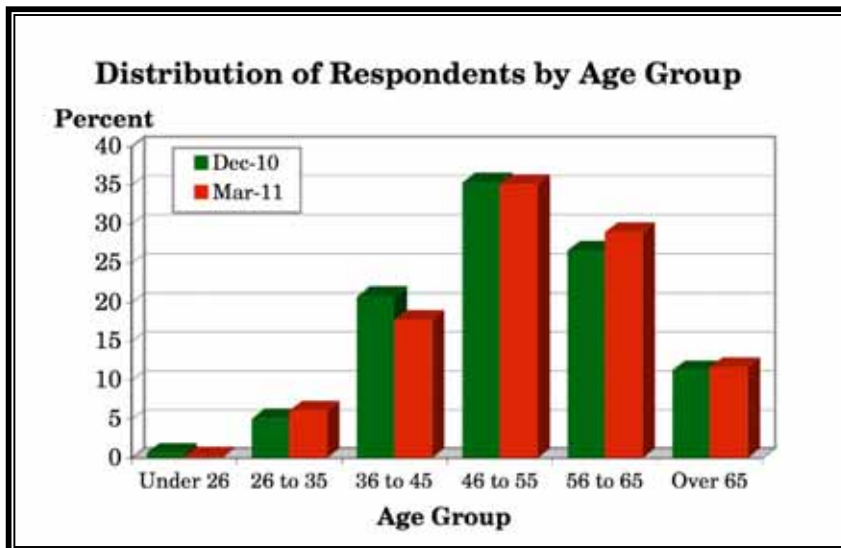
Compared with the fourth quarter of 2010, the main differences in the composition of the sample by geographic region are that there were fewer respondents from Central London, the Rest of London, Scotland, Wales, Northern Ireland and from outside the UK and more from the Rest of the South East, the South West, the North West and the North East. Perhaps surprisingly, given the huge increase in the number of respondents, the geographical spread has not changed very much.

3.2 How old are you? (Q.2)

More than a third of respondents (35%) were aged between 46 and 55 with almost three out of ten (29%) being aged between 56 and 65. Nearly another two out of ten (18%) 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 (12%) being over 65 on this occasion.

Age Group	Percent of Respondents (%)		
	Sep 10	Dec 10	Mar 11
Under 26	-	0.7	0.2
26 to 35	6.3	5.1	6.1
36 to 45	19.6	20.8	17.8
46 to 55	36.7	35.4	35.2
56 to 65	30.0	26.6	29.0
Over 65	7.5	11.3	11.7
Average (years)	51.3	51.6	52.2
Base: All answering	(240)	(274)	(1,604)



Analysis of the results from this question reveals that the average age of respondents to the survey was 52.2 years, a figure which is up slightly from 51.6 years three months ago.

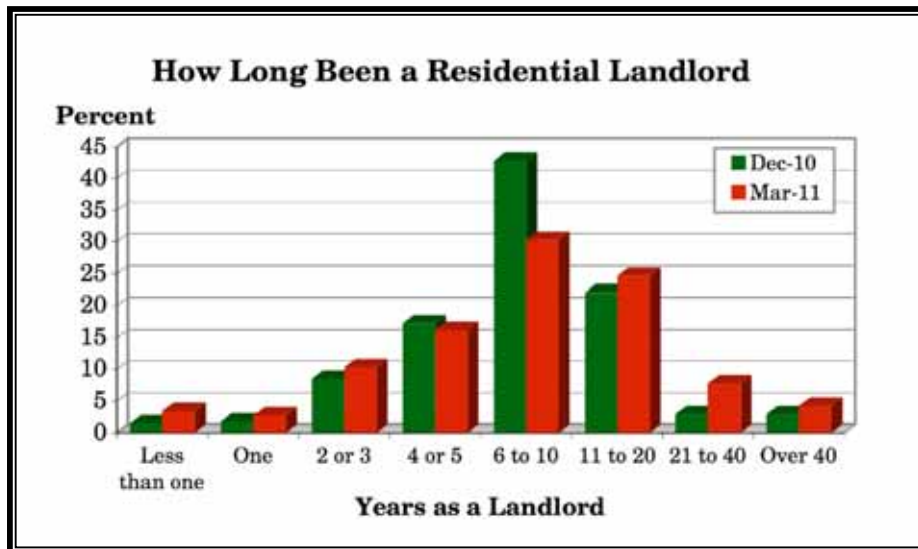
Again, given the big increase in the number of respondents, there is remarkable consistency in the distribution of respondents by age compared with three months ago.

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

More than one in twenty respondents (6%) had been residential landlords for one year or less whilst twice as many (12%) 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, three out of ten (30%), having been residential landlords for between 6 and 10 years.

Years as a Landlord	Percent of Respondents (%)		
	Sep 10	Dec 10	Mar 11
Less than one	3.8	1.5	3.5
One	2.1	1.8	2.8
2 or 3	8.0	8.5	10.3
4 or 5	24.8	17.3	16.3
6 to 10	32.8	42.8	30.3
11 to 20	23.5	22.1	24.7
21 to 40	3.8	3.0	7.8
Over 40	1.3	3.0	4.3
Average (years)	9.3	11.4	11.6
Base: All answering	(238)	(271)	(1,585)



Simple analysis of these figures indicates that the average time for which respondents had been residential landlords was 11.6 years, a figure which is up slightly from 11.4 years three months ago.

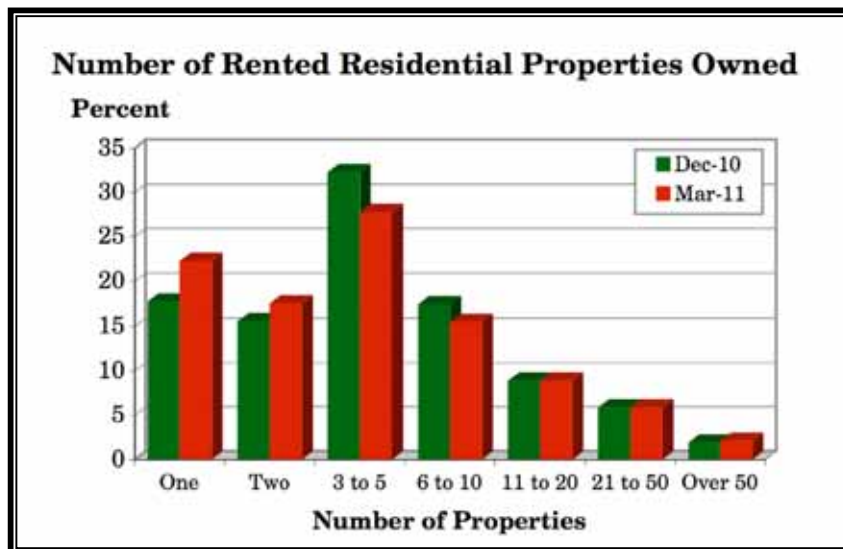
Interestingly, compared with three months ago, despite the virtually static average length of time respondents had been landlords, on this occasion twice as many had been landlords for a year or less (up from 3% to 6%) and twice as many had been landlords for more than 20 years (up from 6% to 12%) with fewer having been landlords for between 2 and 20 years (down from 91% to 82%).

These changes may have something to do with the big increase in the number of respondents this time but, given there were increases at both ends of the scale they are unlikely to have had a significant impact on the comparability of the results of the survey.

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 (17%) having more than ten properties in theirs.

Number of Properties	Percent of Respondents (%)		
	Sep 10	Dec 10	Mar 11
One	19.1	17.8	22.3
Two	15.7	15.6	17.6
3 to 5	31.9	32.3	27.8
6 to 10	19.1	17.5	15.5
11 to 20	9.4	8.9	8.9
21 to 50	3.8	5.9	5.9
Over 50	0.9	1.9	2.1
Average (no. of properties)	6.8	8.1	8.0
Base: All answering	(235)	(269)	(1,577)



Analysis of these results shows that the average size of respondents' portfolios was 8.0 properties, down marginally from an average of 8.1 properties three months ago.

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 quarter by quarter, and the results

from this quarter continue to maintain this fairly static position despite the big increase in the number of respondents.



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

Almost four out of ten of those answering this question (39%) said they had bought properties for their portfolios during the last 12 months but only a third as many (13%) said they had sold properties during the year.

Number of Properties	Percent of Respondents – Mar 11 (%)	
	Bought	Sold
None	60.7	86.6
One	21.1	8.9
2 to 5	15.3	2.7
5 to 10	1.8	0.5
More than 10	0.5	0.2
All	0.6	1.1
Base: All answering	(834)	(845)



Around half of respondents in each case (50% in the case of bought and 49% in the case of sold) did not answer this question and if these respondents are assumed not to have bought or sold any properties, the proportions who have bought and sold are reduced substantially, from 39% to 20% in the case of bought and from 13% to 7% in the case of sold, as shown in the table below.

Number of Properties	Percent of Respondents – Mar 11 (%)	
	Bought	Sold
None	30.3	43.8
One	10.5	4.5
2 to 5	7.7	1.4
5 to 10	0.9	0.2
More than 10	0.2	0.1
All	0.3	0.5
Not stated	50.1	49.4

Base: All respondents (1,671)

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

Nearly a quarter of respondents (23%) said that they did expect to acquire further properties to let during the next 12 months but more than half (51%) said that they did not.

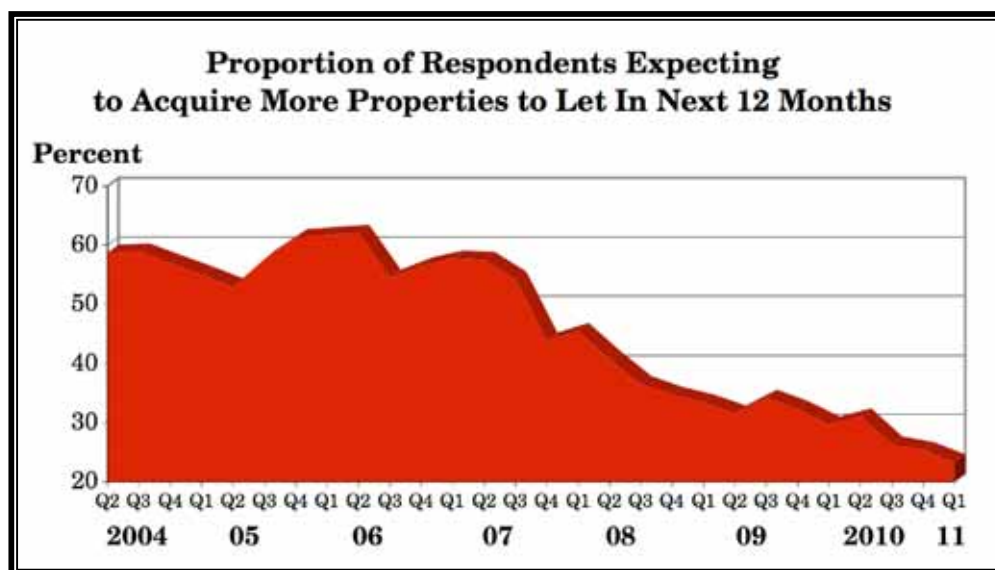
In addition, more than a further quarter (26%) were unsure whether or not they would acquire further properties in the next year.

Response	Percent of Respondents (%)		
	Sep 10	Dec 10	Mar 11
Yes	26.3	25.4	23.3
No	46.9	51.5	50.6
Don't know	26.8	23.1	26.1
Base: All answering	(228)	(268)	(1,564)

Compared with three months ago, the proportion saying they expect to acquire further property to let in the next 12 months has again fallen a little, this time from 25% to 23% whilst the proportion saying they will not has also fallen, from 52% to 51% with the consequence that the proportion who were unsure rose from 23% to 26%.

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 it has again reached it's lowest level since these surveys began more than six years ago.



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

Nearly three quarters of respondents to this survey (73%) said that they did not expect to sell any of their let residential properties in the next 12 months.

Nevertheless, more than one in ten (12%) said they did have such expectations with a further 15% being unsure whether they would be selling any properties in the next 12 months or not.

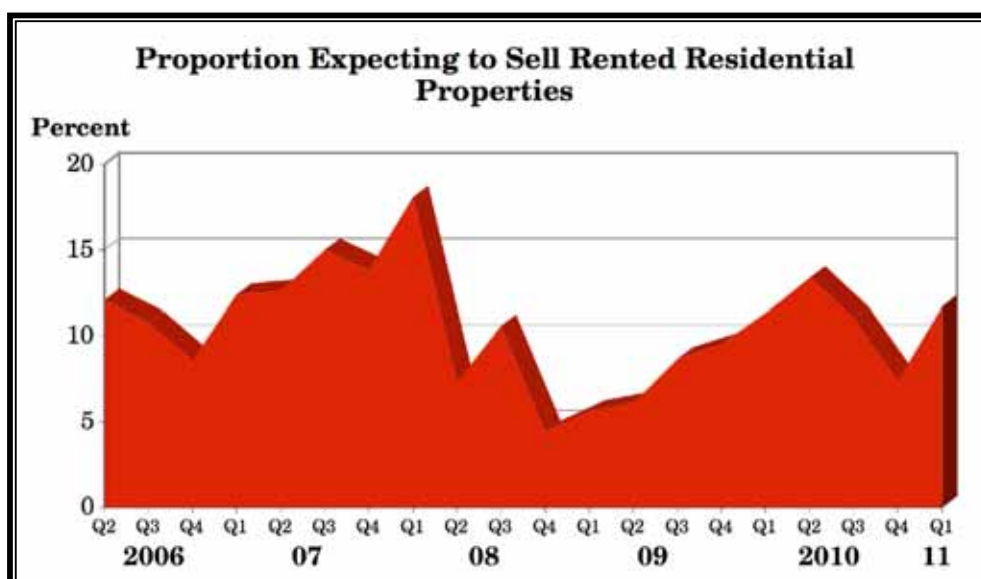
Response	Percent of Respondents (%)		
	Sep 10	Dec 10	Mar 11
Yes	11.0	7.4	11.7
No	78.5	80.0	73.1
Not sure	10.5	12.6	15.2
Base: All answering	(237)	(270)	(1,572)

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 from 80% to 73% whilst the proportion saying they do have such intentions has risen from 7% to 12%. Meanwhile, the proportion saying that they are unsure has risen, from 13% to 15%.

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 a sharp rise, have more than reversed the change seen three months ago but, given the consistency in the profile of the sample despite the big increase in numbers, it is unlikely that the results from this question have been affected by the increased number of respondents and it remains to be seen what will happen to the figure in the future.



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 more than a quarter (26%) having done so since the beginning of 2006.

Nevertheless, one in seven respondents (14%) had first become residential landlords earlier than 1990 and had therefore been landlords for more than 20 years.

When Became a Landlord	Percent of Respondents (%)		
	Sep 10	Dec 10	Mar 11
Prior to 1990	8.5	7.0	14.4
1991 to 1996	10.2	11.9	11.0
1997 to 1999	18.6	18.5	14.8
2000 to 2005	42.8	45.2	33.6
2006 onwards	19.9	17.4	26.2
Base: All answering	(236)	(270)	(1,558)

Compared with three months ago, the proportion of respondents who said they had become landlords prior to 1990 was up from 7% to 14% and the proportion who said they had become landlords from 2006 onwards was up from 17% to 26% with the result that the proportion who had become landlords between 1991 and 2005 was down from 76% to 59%.

The current average length of time since respondents first became landlords, at 11.0 years, is up from an average of 9.8 years three months ago.



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

Nearly half of respondents (47%) said that they had properties in the South East (including London) with more than two out of ten (22%) saying they had properties in London itself.

Location	Percent of Respondents (%)		
	Sep 10	Dec 10	Mar 11
Central London	8.4	9.4	7.2
Rest of London (<i>inside M25</i>)	13.9	13.5	14.4
South East (<i>outside M25</i>)	26.7	29.6	25.8
South West	12.7	10.5	13.1
Midlands	15.9	20.6	19.1
North East	12.7	12.7	15.6
North West	13.9	15.4	18.4
Scotland	6.8	7.1	2.0
Wales	4.8	5.6	4.7
Northern Ireland	1.2	0.4	0.6
Base: All answering	(234)	(267)	(1,546)

Compared with three months ago, the main differences are that there were noticeably more respondents with properties in the South West, the North East and the North West and noticeably fewer with properties in Central London, the Rest of the South East and Scotland. The proportions for the other regions were little changed.



Comparing the distribution of properties with the distribution of respondents shows that, with the exception of the Rest of the South East, 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 Scotland followed by

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 almost a third of respondents (33%) saying that more than three quarters of the properties they had bought were of this type.

Proportion of Properties	Percent of Respondents – Mar 11 (%)					
	Off plan	New build	Refurb-ished	In need of refurb.	Good cond.	Poor cond.
None	91.5	84.1	82.1	47.1	35.5	76.0
Up to 25%	3.8	7.1	5.7	9.2	13.2	9.2
26% to 50%	2.3	3.7	3.8	12.9	12.1	5.0
51% to 75%	1.0	1.4	1.9	8.1	6.5	2.5
Over 75%	1.4	3.8	6.4	22.7	32.8	7.3

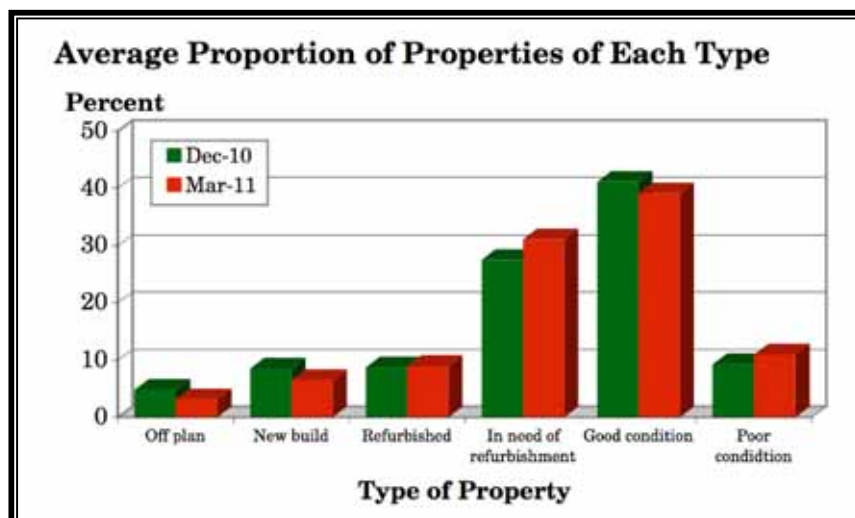
Base: All answering (1,456)

Analysis of these responses confirms that the most popular type of property with landlords has been those in good condition with, on average, almost four out of ten properties bought (39%) being of that type. Next most popular have been properties in need of refurbishment (31%).

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%) although there was little difference between these and those which were refurbished or in poor condition (9% and 11% respectively).

Type of Property	Average Percent of Properties (%)			
	Jun 10	Sep 10	Dec 10	Mar 11
Off plan/never occupied	4.9	7.2	4.8	3.2
New build	6.7	9.4	8.5	6.5
Refurbished	10.2	7.4	8.7	9.0
In need of refurbishment	27.5	25.9	27.5	31.1
Good condition	41.0	42.1	41.2	39.1
Poor condition	9.7	8.1	9.3	11.0

Base: All answering (276) (216) (252) (1,456)



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 in need of refurbishment or in poor condition were a little more popular.

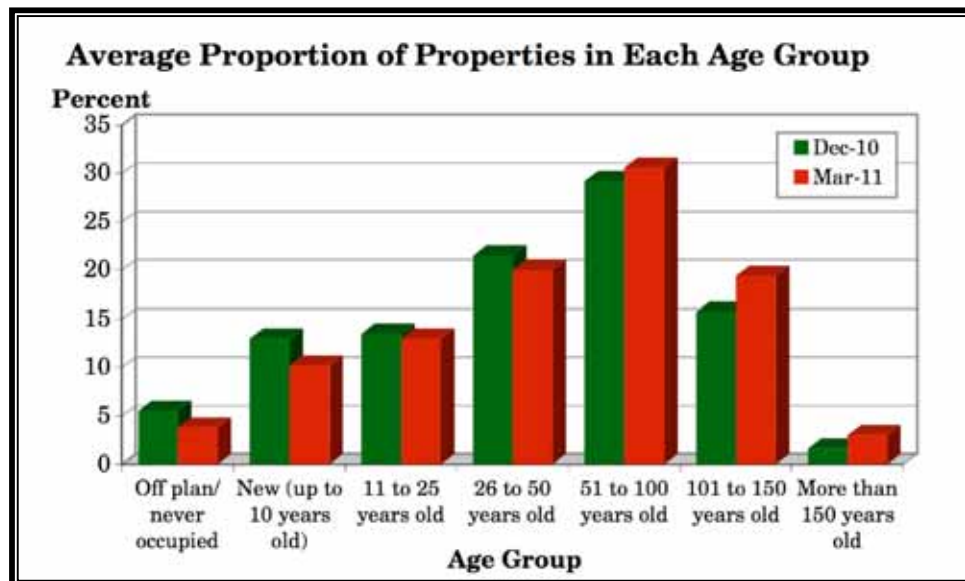
3.11 What proportion of the residential properties you have bought fall into each age band? (Q.11)

Respondents have tended to favour properties which are between 51 and 100 years old with almost a quarter (24%) 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 scale, with those being bought off plan and those over 150 years old only managing 2% of respondents, in each case, saying that more than three quarters of their purchases have been in those age bands.

Proportion of Properties	Percent of Respondents - Mar 11 (%)						
	Off plan	New (up to 10)	11 to 25	26 to 50	51 to 100	101 to 150	Over 150
None	90.2	75.2	72.6	60.4	48.8	66.8	93.7
Up to 25%	4.2	10.9	9.4	11.3	10.1	7.3	2.4
26% to 50%	2.7	5.7	6.6	10.7	10.3	6.6	1.1
51% to 75%	1.1	2.1	3.0	4.1	6.4	4.0	0.8
Over 75%	1.8	6.1	8.4	13.5	24.3	15.3	2.0

Base: All answering (1,288)

Analysis of these responses confirms that the most popular properties have been those which are between 51 and 100 years old (31%) followed by those between 26 and 50 years old (20%) and those between 101 and 150 years old (19%).



Age of Property	Average Percent of Properties (%)			
	Jun 10	Sep 10	Dec 10	Mar 11
Off plan/never occupied	6.1	7.8	5.5	3.8
New (up to 10 years old)	11.6	13.5	13.0	10.2
11 to 25 years old	12.4	13.4	13.5	13.0
26 to 50 years old	23.2	20.6	21.5	20.0
51 to 100 years old	27.5	25.1	29.2	30.6
101 to 150 years old	15.6	17.1	15.7	19.4
More than 150 years old	3.6	2.5	1.6	3.0
Base: All answering	(249)	(194)	(221)	(1,288)

Compared with the survey in the fourth quarter of 2010, older properties (over 50 years old) tended to be a little more popular with newer properties (up to 50 years old) being a little less popular.

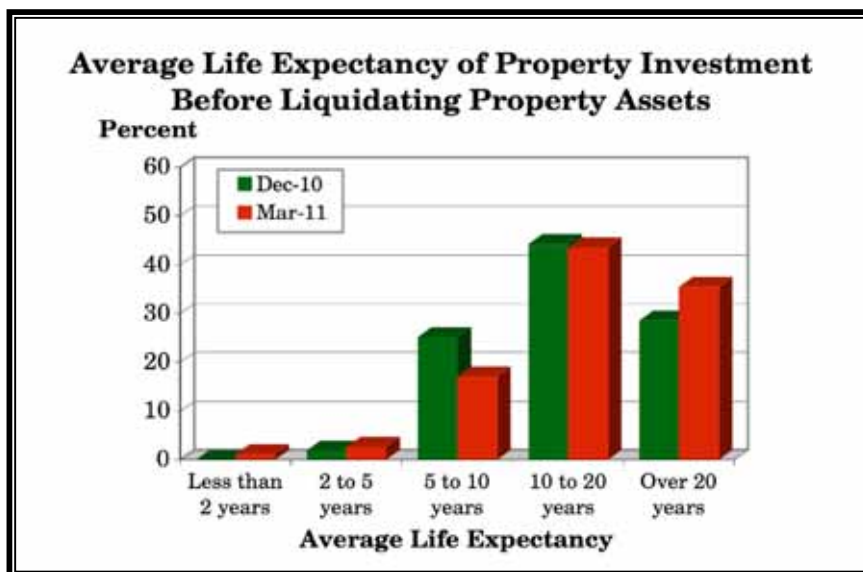
3.12 **From original acquisition time, what do you expect to be the average life expectancy of your property investment before you liquidate your property assets? (Q.12)**

Clearly the vast majority of residential landlords are in the business for the long term with almost eight out of ten (79%) saying that the average life expectancy of their property investments is more than 10 years.

In fact, only one in twenty-five respondents (4%) said they saw their investment as being for 5 years or less and only one in a hundred (1%) saw it as being very short term (i.e. for less than 2 years).

Average Life Expectancy	Percent of Respondents (%)		
	Sep 10	Dec 10	Mar 11
Less than 2 years	-	-	1.1
2 to 5 years	1.7	1.9	2.7
5 to 10 years	23.1	25.2	17.1
10 to 20 years	46.3	44.3	43.6
Over 20 years	28.8	28.6	35.5
Average (years)	17.6	17.4	18.8
Base: All answering	(229)	(262)	(1,531)

Simple analysis of these results reveals that the average life expectancy of their property investments for all respondents is 18.8 years, a figure which is up from 17.4 years three months ago.

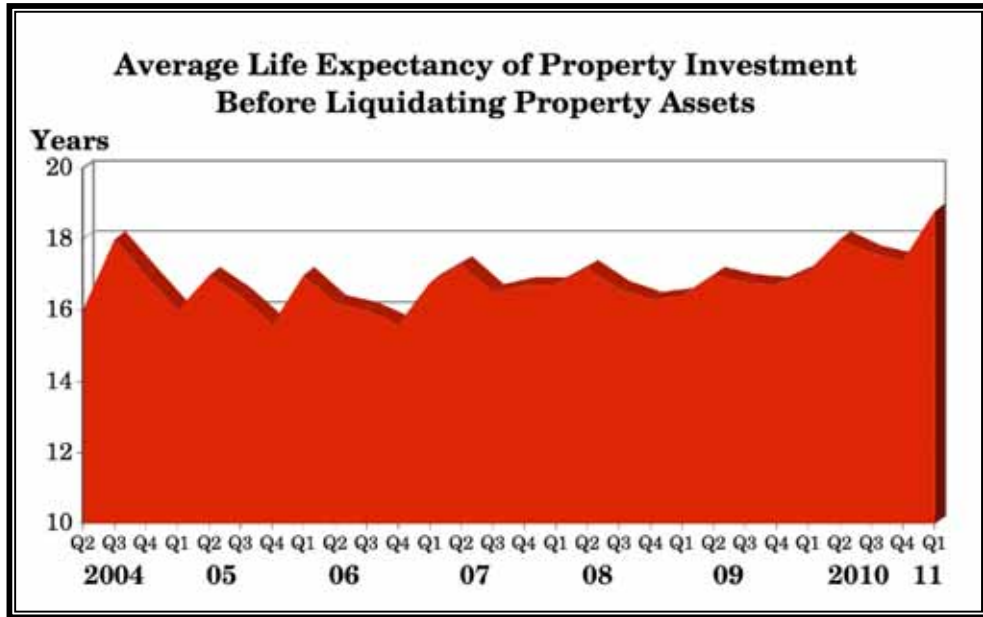


As can be seen from the chart below, the average life expectancy of respondents' property investments declined slowly until the beginning of 2007 despite an increase after every decline of two or three quarters.

After that, it increased for two quarters before levelling off at between 16% and 17% where it remained until 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, The results from this survey, however, suggest that the upward trend is, in fact, continuing despite the downturn seen in the second half of last year.



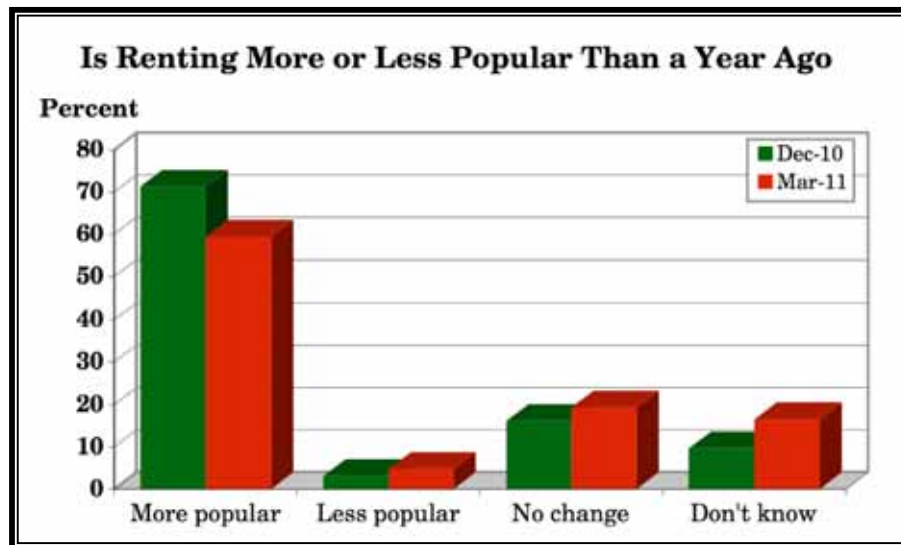
3.13 Do you feel renting is more popular than a year ago? (Q.13)

Almost six out of ten respondents to this question (59%) said that they felt renting was more popular now than a year ago whilst less than two out of ten (19%) said there had been no change and only one in twenty (5%) said they felt renting was now less popular.

Change	Percent of Respondents (%)			
	Jun 10	Sep 10	Dec 10	Mar 11
More popular	42.9	60.3	71.3	59.4
Less popular	7.8	4.8	3.1	4.8
No change	34.7	20.5	16.1	19.3
Don't know	14.6	14.4	9.6	16.5
Base: All answering	(294)	(229)	(261)	(1,529)

Compared with three months ago, the proportion saying renting is now more popular than a year ago is down quite sharply from 71% to 59% with the proportion taking the opposite view increasing from 3% to 5% and the proportion saying there had been no change also rising, from 16% to 19%.

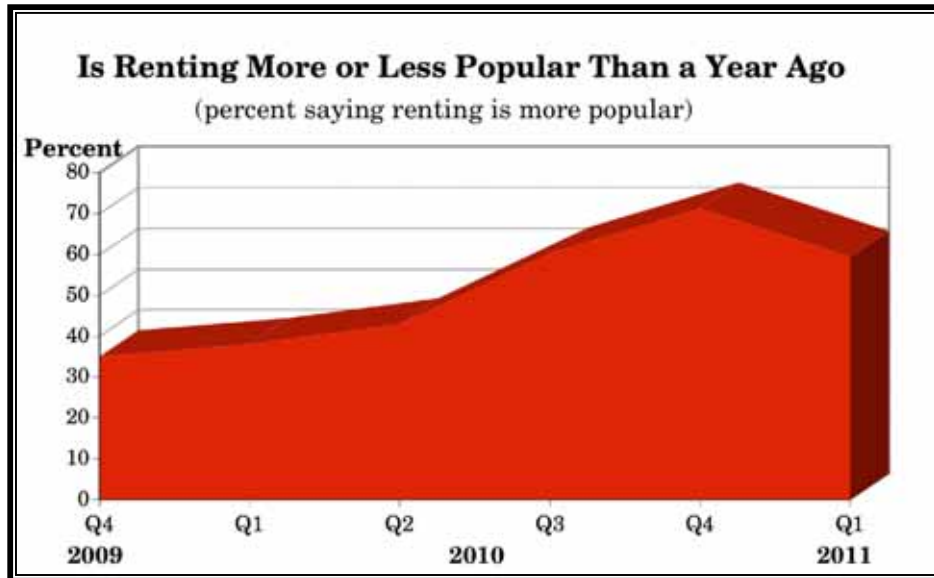
The proportion saying they don't know whether renting is more popular or not is up from 10% to 17%. However, all these changes simply reverse the changes seen three months ago.



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

Over the winter/spring of 2009/2010, this increase (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 2010, the proportion shot up, first from 43% to 60% in the third quarter of the year and then from 60% to 71% in the last quarter but the reduction seen this quarter has brought an end to the upward trend and returned the figure to where it was six months ago.



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

Four out of ten respondents to this survey (40%) said that they were aware of the Government's Green Deal Proposal for improving Private Rented Sector housing energy performance.

Nevertheless, the majority of six out of ten (60%) said they were not aware of it.

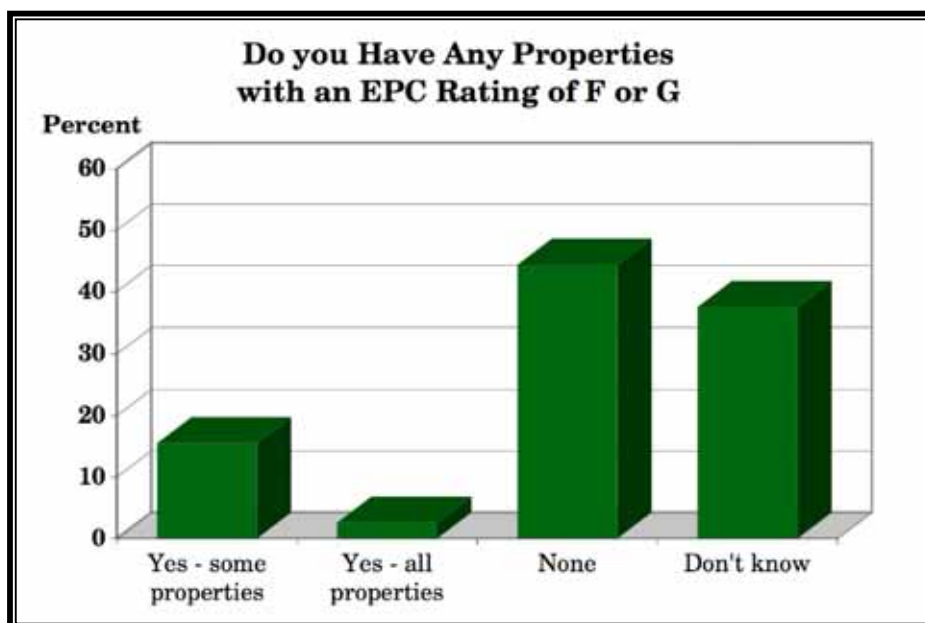
Response	Percent of Respondents (%) Mar 11
Yes	39.9
No	60.1
Base: All answering	(1,520)

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

Nearly two out of ten respondents to this survey (18%) said that they had at least some properties with an Energy Performance Certificate rating of F or G but only one in forty (2.6%) said that this was the case for all their properties.

More than four out of ten respondents (44%) said that none of their properties had EPC ratings of F or G and nearly as many (38%) said they did not know if any of their properties had such EPC ratings.

Response	Percent of Respondents (%)
	Mar 11
Yes - some properties	15.5
Yes - all properties	2.6
None	44.4
Don't know	37.5
Base: All answering	(1,520)

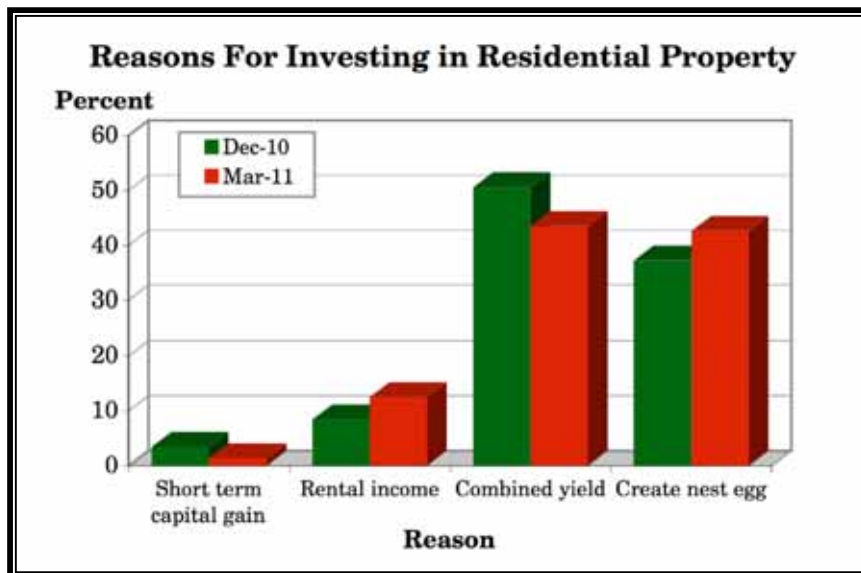


3.16 Why did you first decide to invest in residential property? (Q.16)

Most respondents either said they had become residential landlords in order to achieve a combined yield from rental income and capital appreciation (44%) or that they had done so in order to create a nest egg for their long term future (43%).

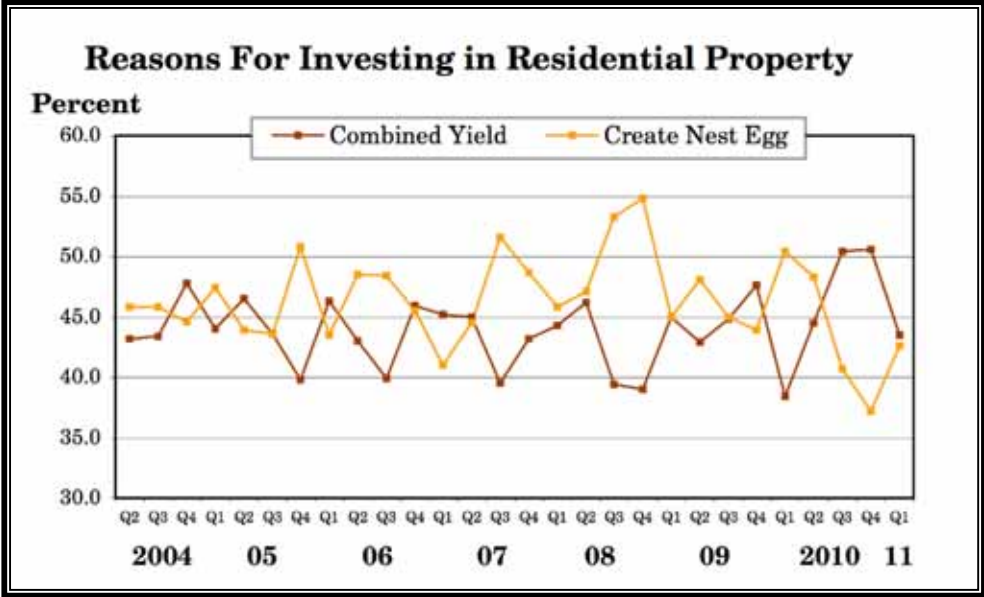
Only a little more than one in a hundred respondents (1.3%) said they became landlords in order to make a short term capital gain over a period of less than 5 years but quite a substantial minority of one in eight (12.5%) said they had done so in order to obtain a stream of rental income.

Reason	Percent of Respondents (%)	
	Dec 10	Mar 11
Short term capital gain (less than 5 years)	3.4	1.3
Rental income	8.4	12.5
Combined yield from rent & capital apprec.	50.6	43.5
Create nest egg for long term future	37.2	42.6
Base: All answering	(261)	(1,515)



Compared with three months ago, there were fewer respondents who said they had first decided to invest in residential property to achieve a combined yield from rental income and capital appreciation (down from 51% to 44%) and more saying they had done so to create a nest egg for the long term future (up from 37% to 43%). There was also a higher proportion this time saying they had done so in order to achieve rental income (up from 8.4% to 12.5%) and a lower proportion who said they had done so for short term capital gain (down from 3.4% to 1.3%).

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 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 is licensed/regulated? (Q17)

More than a third of respondents to this question (34%) said that they did consider whether an agent is 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 who either did not know whether they did or not (3%), or simply did not use a lettings agent (48%).

Response	Percent of Respondents (%)		
	Sep 10	Dec 10	Mar 11
Yes	49.8	51.0	33.8
No	20.3	19.2	15.4
Don't know	2.6	2.7	2.7
Don't use a letting agent	27.3	27.2	48.2
Base: All answering	(227)	(261)	(1,520)



Compared with three months ago, the main change is that the proportion saying they do not use a lettings agent is up sharply from 27% to 48% and it seems probable that this is a result of the increased respondent base rather than any change which has taken place in the market as this proportion has been very stable at around 27% for the three quarters preceding this survey.

When figures are calculated just for those who do use a lettings agent, nearly two thirds (65%) say they do consider whether the agent is licensed or regulated when deciding which one to use.

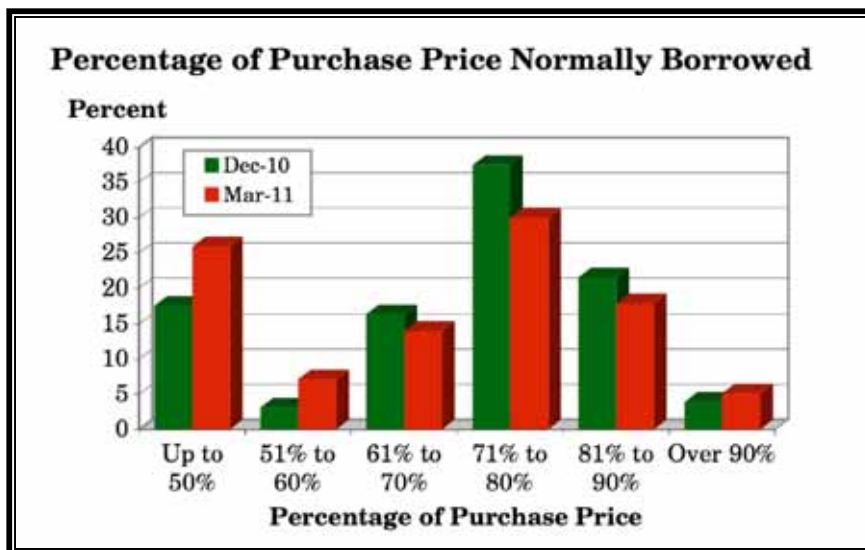
Response	Percent of Respondents (%)		
	Sep 10	Dec 10	Mar 11
Yes	68.5	70.0	65.1
No	27.9	26.3	29.7
Don't know	3.6	3.7	5.2
Base: All using agent & answering	(165)	(190)	(788)

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

More than six out of ten respondents (62%) 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 three quarters (26%) 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 62%.

Percent of Purchase Price	Percent of Respondents (%)			
	Jun 10	Sep 10	Dec 10	Mar 11
Up to 50%	19.3	18.5	17.6	25.9
51% to 60%	3.2	8.6	3.1	7.1
61% to 70%	14.0	16.7	16.4	14.0
71% to 80%	37.9	34.7	37.5	30.0
81% to 90%	22.8	19.8	21.5	17.9
Over 90%	2.8	1.8	3.9	5.1
Average (%)	66.5	65.1	67.3	62.4
Base: All answering	(285)	(222)	(256)	(1,365)



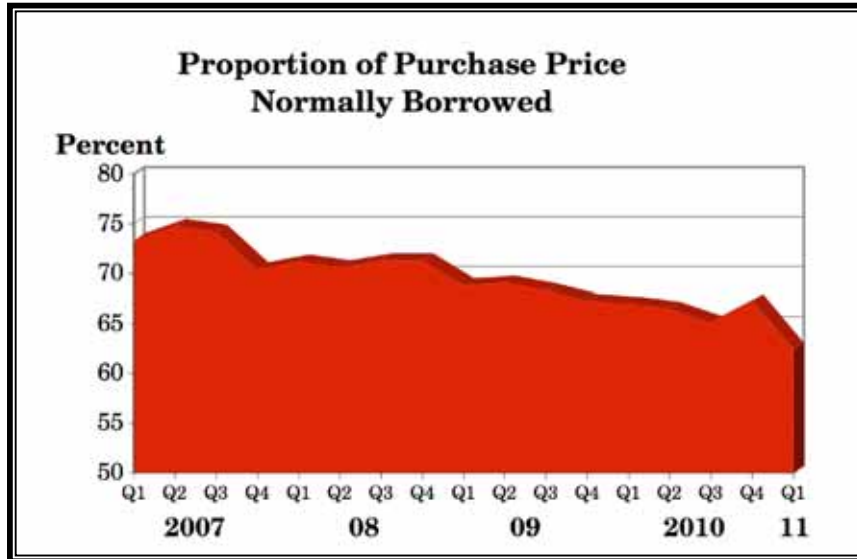
Compared with three months ago, the average proportion of the purchase price of a buy to let property which respondents normally borrow has fallen, quite sharply, from 67% to 62% as a result of a big increase in the proportion saying they borrow less than half of the purchase price.

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 six months ago.

The results from three months ago, however, brought an end to this downward trend and it remains to be seen whether the big fall in the average this quarter is indicative of a return to a falling trend or a result of the increased number of respondents.

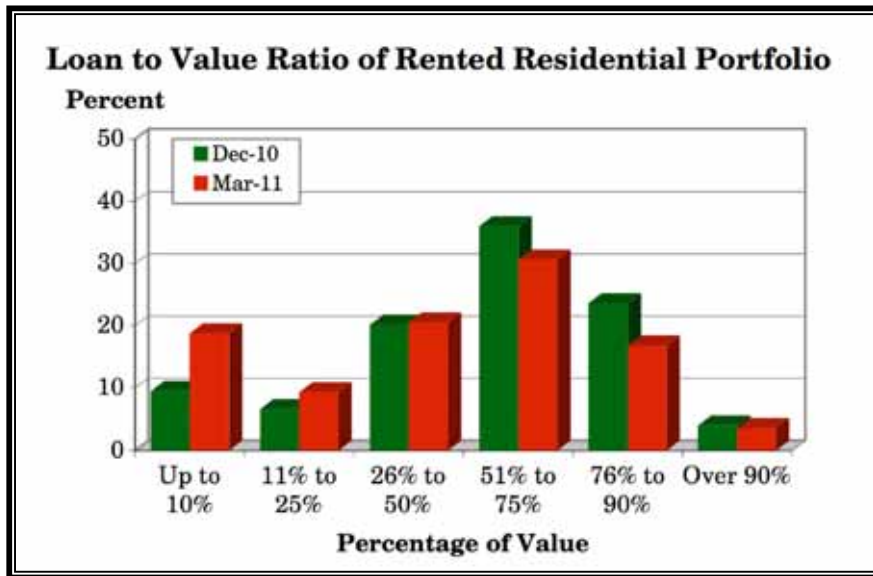


3.19 What is the approximate overall loan to value ratio of your rented residential portfolio? (Q.19)

The largest proportion of respondents, amounting to more than three out of ten (31%) said that the approximate overall loan to value ratio of their rented residential portfolio was between 51% and 75% with more than a further 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 47%.

Loan to Value Ratio	Percent of Respondents (%)			
	Jun 10	Sep 10	Dec 10	Mar 11
Up to 10%	12.0	9.5	9.5	18.8
11% to 25%	6.4	5.5	6.7	9.3
26% to 50%	18.7	23.6	20.2	20.6
51% to 75%	37.5	39.1	36.0	30.7
76% to 90%	21.2	18.2	23.7	16.9
Over 90%	4.2	4.1	4.0	3.6
Average (%)	54.1	54.0	55.4	47.3
Base: All answering	(283)	(220)	(253)	(1,340)



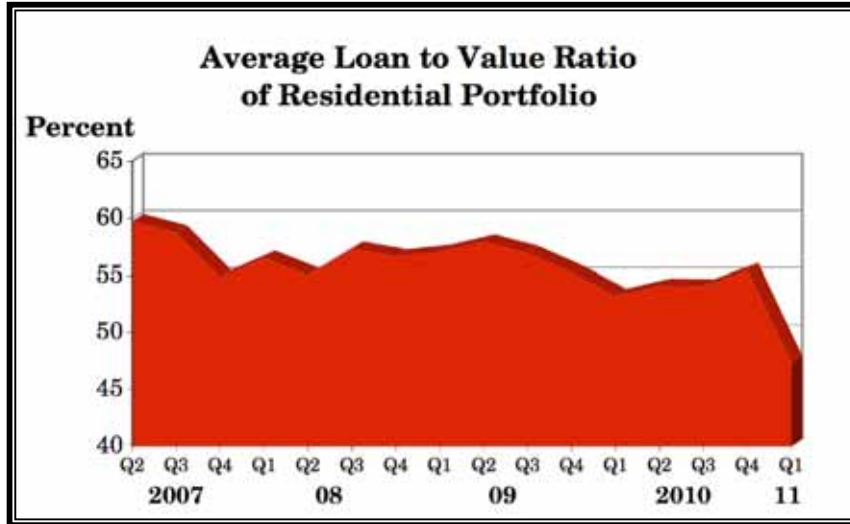
Compared with the last survey three months ago, the average loan to value ratio of respondents' portfolios has fallen sharply from 55% to 47% and again, given the relatively small changes seen in this figure quarter by quarter over the last three years, it seems likely that this change is also, at least in part, the result of the increased respondent base rather than a change in the market itself.

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 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 this quarter is quite likely to be a result of the big increase in the number of respondents.



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 (24%) had any let properties which were Houses in Multiple Occupation (HMOs) although there were 104 (7%) who said that all of their let properties were HMOs.

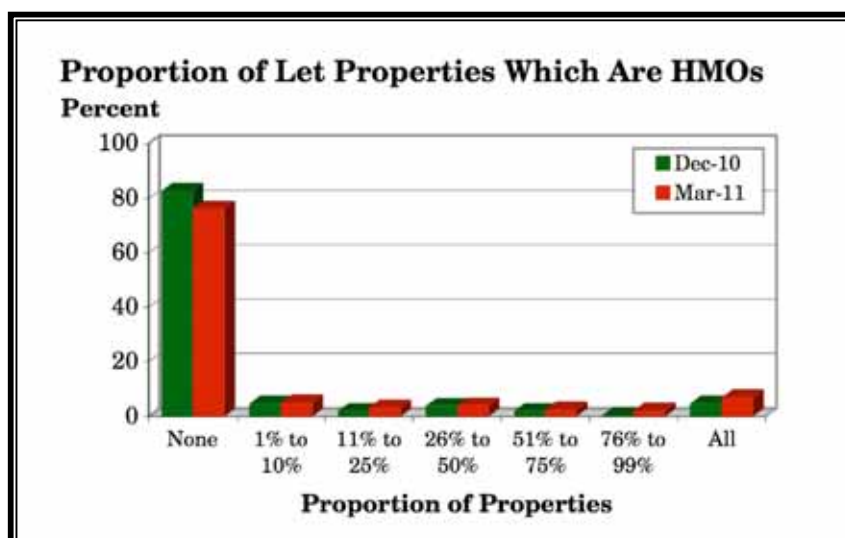
Simple analysis of these figures reveals that, for respondents to this survey, the average proportion of their properties which are HMOs is 13%.

However, amongst those who have any such properties at all, the average proportion is much higher at 53%.

Proportion of Properties	Percent of Respondents (%)			
	Jun 10	Sep 10	Dec 10	Mar 11
None	85.2	84.0	82.7	76.3
1% to 10%	2.8	4.4	4.6	5.0
11% to 25%	2.8	3.6	1.9	3.3
26% to 50%	3.1	3.6	3.8	4.0
51% to 75%	1.7	1.8	1.9	2.5
76% to 99%	0.7	0.4	0.4	2.0
All	3.8	2.2	4.6	7.0
Average (%)	7.3	6.0	8.2	12.7

Base: All answering (290) (225) (260) (1,492)

Compared with the last survey, the overall average proportion of HMOs is up quite sharply from 8% to 12% and the proportion for those with any at all is up from 48% to 53%. Again, as this figure has consistently remained within the range 5% to 10% for the last five years, it is likely that most of this change is due to the change in the respondent base.



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 whilst remaining in the range 5% to 10%.

However, as noted above, the results from this quarter have seen a quite dramatic change to this figure, probably accounted for by the increased respondent base.

