

Prepared for
The Association of Residential Letting Agents

**ARLA Survey
of
Residential Investment Landlords**

September 2011

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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 third quarter of 2011, ARLA conducted the third survey of the year. This survey ran during the month of September 2011.

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 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 1,090 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

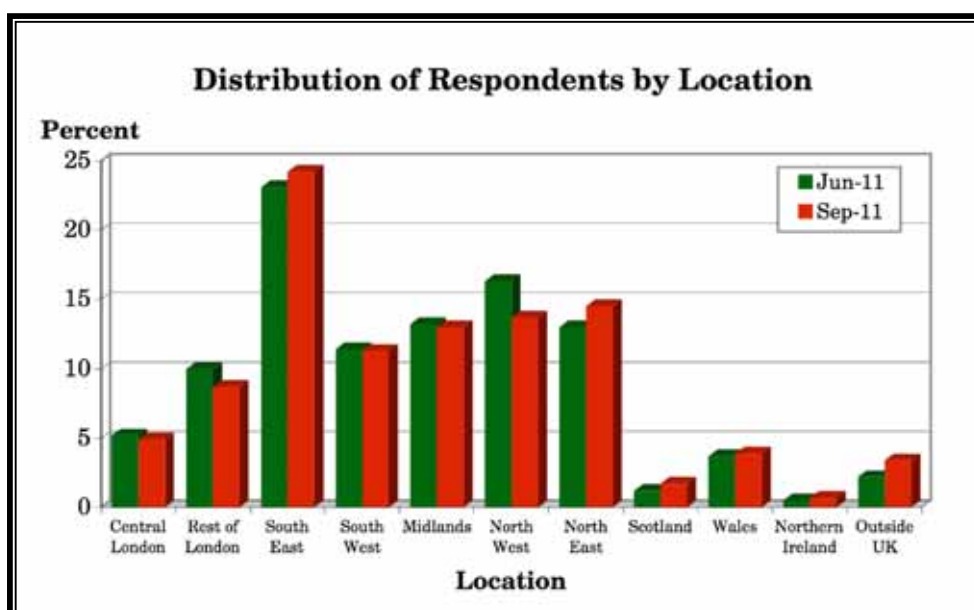
The following sections detail the results of the ARLA survey of residential landlords conducted during the third quarter of 2011. In addition to the overall results for the whole country, for some of the questions, data has been included for each of the regions making up the UK as shown in the table 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)

Nearly four out of ten respondents to the survey (38%) were from the South East of England (including London) with nearly one in seven (14%) being from London itself. The North East (15%) was the region producing the next highest proportion of respondents followed by the North West (14%) and the Midlands (13%). One in thirty respondents (3.4%) were living outside the UK when they completed the questionnaire.

Location	Percent of Respondents (%)		
	Mar 11	Jun 11	Sep 11
Central London	4.5	5.2	4.9
Rest of London (<i>within M25</i>)	11.4	10.0	8.7
South East (<i>outside M25</i>)	25.6	23.1	24.2
South West	11.4	11.4	11.3
Midlands	14.0	13.2	13.0
North West	14.4	16.3	13.7
North East	12.3	13.0	14.5
Scotland	0.8	1.2	1.7
Wales	3.2	3.7	3.9
Northern Ireland	0.3	0.5	0.7
Outside UK	2.1	2.2	3.4
Base: All answering	(1,608)	(1,456)	(1,048)



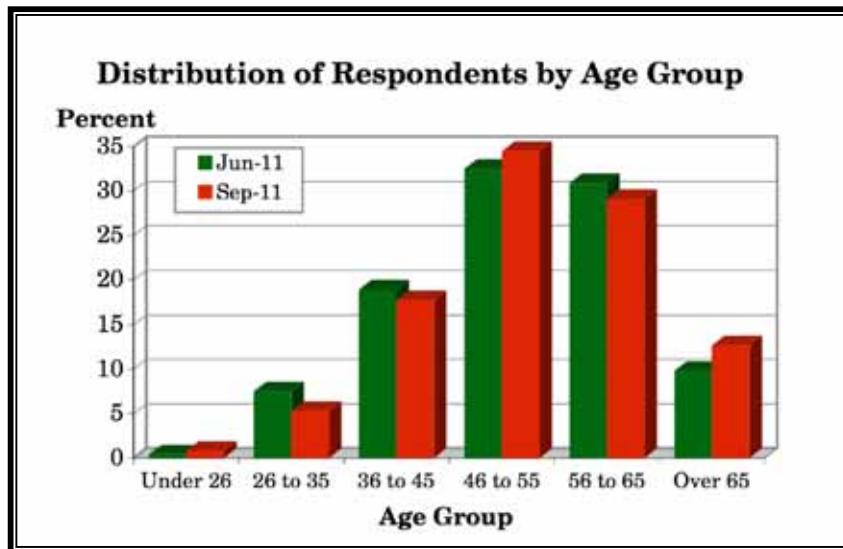
Compared with the second quarter, the main differences are that there were fewer respondents from the Rest of London and more from the Rest of the South East and fewer from the North West with more from the North East. Scotland and Outside the UK also saw noticeable increases in their proportions of respondents.

3.2 How old are you? (Q.2)

More than a third of respondents (35%) were aged between 46 and 55 with almost a further three out of ten (29%) being aged between 56 and 65. Less than two out of ten (18%) were aged between 36 and 45.

At the extremes of the age scale, more than one in eight respondents (13%) were aged over 65 with less than half as many (6%) being 35 or under on this occasion.

Age Group	Percent of Respondents (%)		
	Mar 11	Jun 11	Sep 11
Under 26	0.2	0.4	0.8
26 to 35	6.1	7.5	5.3
36 to 45	17.8	18.9	17.8
46 to 55	35.2	32.5	34.5
56 to 65	29.0	30.9	29.1
Over 65	11.7	9.8	12.7
Average (years)	52.2	51.5	52.4
Base: All answering	(1,604)	(1,448)	(1,042)



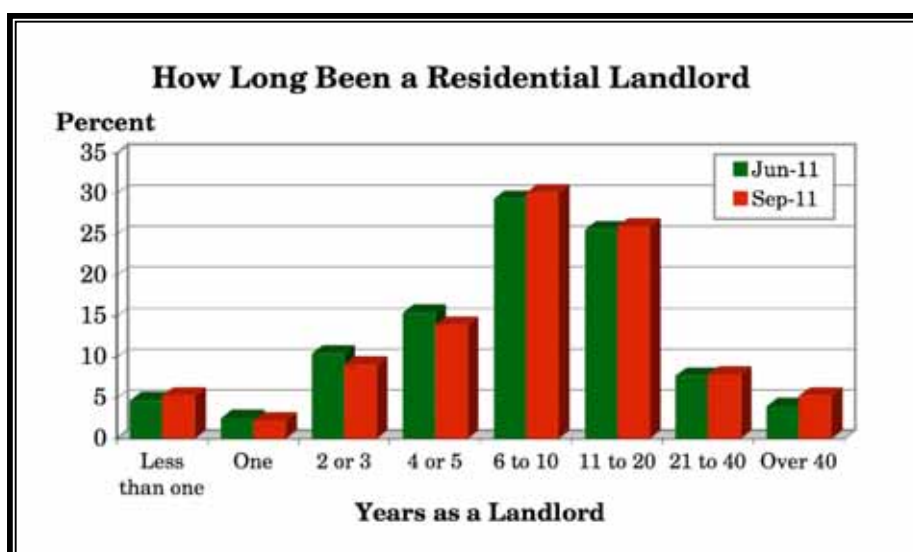
Analysis of the results from this question reveals that the average age of respondents to the survey was 52.4 years, a figure which is up slightly from 51.5 years three months ago reversing the change seen then.

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

Less than one in ten respondents (8%) had been residential landlords for one year or less whilst more than one in eight (13%) had been residential landlords for more than 20 years.

However, the vast majority, amounting to almost eight out of ten (79%) 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 (%)		
	Mar 11	Jun 11	Sep 11
Less than one	3.5	4.7	5.3
One	2.8	2.5	2.2
2 or 3	10.3	10.5	9.1
4 or 5	16.3	15.5	14.0
6 to 10	30.3	29.4	30.2
11 to 20	24.7	25.6	26.0
21 to 40	7.8	7.7	7.9
Over 40	4.3	4.0	5.3
Average (years)	11.6	11.5	12.2
Base: All answering	(1,585)	(1,423)	(1,025)



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 11.5 years three months ago.

Compared with three months ago, there has been little change in the distribution of respondents in terms of how long they had been landlords although the proportion who had been landlords for less than a year was up for the third time in succession, this time from 4.7% to 5.3%, again taking the figure to its highest level since the third quarter of 2008.

Also, the proportion who had been residential landlords for between 2 and 5 years was down from 26% to 23% whilst the proportion who had been landlords for 6 or more years was up from 67% to 69%.

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

Almost four out of ten respondents (39%) 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 (%)		
	Mar 11	Jun 11	Sep 11
One	22.3	22.3	23.2
Two	17.6	17.0	15.7
3 to 5	27.8	27.3	29.5
6 to 10	15.5	16.2	15.1
11 to 20	8.9	9.4	10.5
21 to 50	5.9	5.0	4.3
Over 50	2.1	2.8	1.9
Average (no. of properties)	8.0	8.2	7.5
Base: All answering	(1,577)	(1,411)	(1,022)



Analysis of these results shows that the average size of respondents' portfolios was 7.5 properties, down from an average of 8.2 properties three months ago and more than reversing the change seen then.

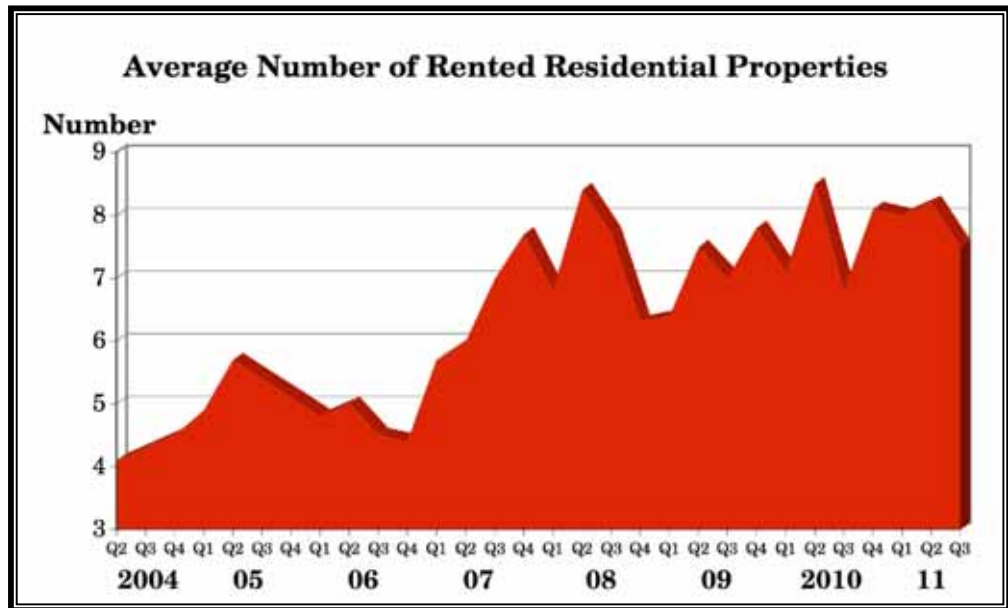
As can be seen from the chart below, over the year to June 2005, the average number of properties in respondents' portfolios rose by 40%, from 4.1 to 5.7 properties before falling back to 4.4 properties by the end of 2006.

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 quarter by quarter. During the first

half of 2011, the figure stabilised at around 8 properties but has fallen quite sharply with the results from this quarter.



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 those in the North East having the highest proportion (12%) saying they have more than 20 properties and the South East having the lowest proportion (3%) along with Scotland, Wales & Northern Ireland (also 3%).

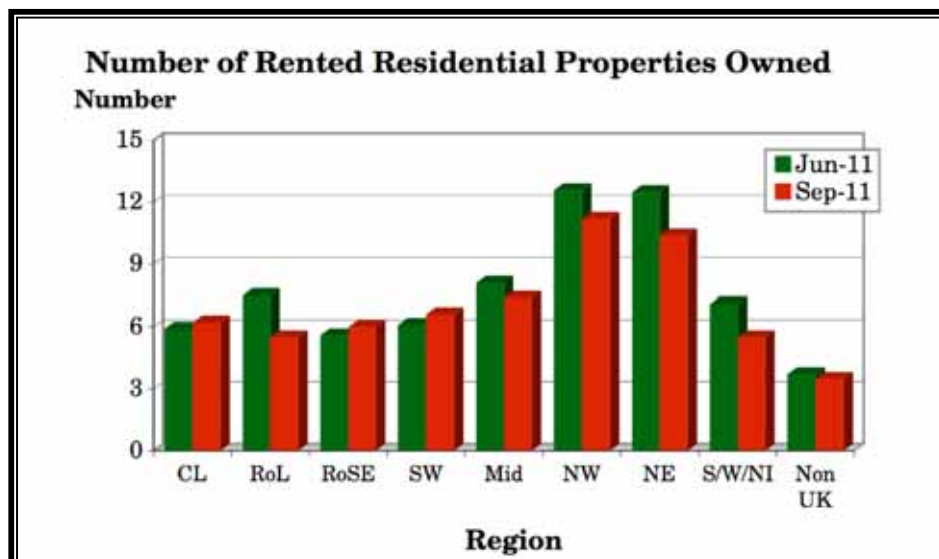
Number of Properties	Region								
	CL	ROL	SE	SW	MID	NW	NE	S,W & NI	Non UK
One	20.4	36.4	24.7	14.9	19.7	16.9	20.0	31.3	48.6
Two	18.4	12.5	21.5	16.7	12.1	13.4	10.7	18.8	14.3
3 to 5	32.7	27.3	30.4	37.7	29.5	25.4	26.7	31.3	22.9
6 to 10	12.2	13.6	10.5	18.4	21.2	17.6	19.3	7.8	5.7
11 to 20	12.2	6.8	9.7	7.9	10.6	15.5	11.3	7.8	8.6
21 to 50	4.1	2.3	1.6	3.5	6.8	6.3	8.7	1.6	-
Over 50	-	1.1	1.6	0.9	-	4.9	3.3	1.6	-

Base: All answering (1,021)

Analysing these results to produce regional averages reveals that landlords in the North East and the North West have the highest average number of properties (11 and 10 respectively) and those in London, the South East and Scotland, Wales & Northern Ireland the lowest (6 properties).

Geographic Region	Average Number of Properties (%)	
	Q2.11	Q3.11
Central London	5.9	6.2
Rest of London (<i>within M25</i>)	7.5	5.5
South East (<i>outside M25</i>)	5.6	6.0
South West	6.1	6.6
Midlands	8.1	7.4
North West	12.6	11.2
North East	12.5	10.4
Scotland/Wales/NI	7.1	5.5
Outside UK	3.7	3.5

Base: All answering (1,409) (1021)



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

Nearly a quarter of those answering this question (23%) said they had bought properties for their portfolios during the last 12 months with only a quarter as many (6%) saying they had sold properties during the year.

Number of Properties	Percent of Respondents – Sep 11 (%)	
	Bought	Sold
None	77.0	93.5
One	13.1	5.2
2 to 5	8.6	1.0
5 to 10	0.9	0.1
More than 10	0.3	0.1
All	0.1	-
Base: All answering	(978)	(863)



Compared with three months ago, as can be seen in the table below, there has been some change with the proportion saying they have bought properties in the preceding 12 months rising from 20% to 23% and the proportion saying they have sold properties falling slightly from 5.8% to 6.4%.

Number of Properties	Percent of Respondents (%)			
	Bought		Sold	
	Jun 11	Sep 11	Jun 11	Sep 11
None	79.8	77.0	94.2	93.5
One	11.8	13.1	4.1	5.2
2 to 5	7.2	8.6	1.3	1.0
5 to 10	0.9	0.9	0.2	0.1
More than 10	0.2	0.3	0.1	0.1
All	0.1	0.1	0.1	-

Base: All answering

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 70% and 85%) had not bought any properties.

Number of Properties Bought	Region								
	CL	ROL	SE	SW	MID	NW	NE	S,W & NI	Non UK
None	74.5	83.3	78.6	81.0	71.5	69.6	77.1	81.3	85.3
One	6.4	10.7	13.9	11.4	13.1	15.6	15.7	12.5	8.8
2 to 5	19.1	6.0	5.9	6.7	14.6	11.9	6.4	4.7	2.9
5 to 10	-	-	1.3	-	0.8	1.5	0.7	1.6	2.9
More than 10	-	-	0.4	1.0	-	0.7	-	-	-
All	-	-	-	-	-	0.7	-	-	-

Base: All answering (977)

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 90% and 97%) had not sold any properties.

Number of Properties Sold	Region								
	CL	ROL	SE	SW	MID	NW	NE	S,W & NI	Non UK
None	90.5	92.2	94.8	94.8	91.4	96.4	91.5	91.1	96.9
One	7.1	6.5	3.8	4.1	8.6	3.6	6.9	3.6	3.1
2 to 5	2.4	1.3	0.9	1.0	-	-	0.8	5.4	-
5 to 10	-	-	0.5	-	-	-	-	-	-
More than 10	-	-	-	-	-	-	0.8	-	-
All	-	-	-	-	-	-	-	-	-

Base: All answering (863)

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 – Sep 11 (%)	
	Bought	Sold
Central London	25.5	9.5
Rest of London (<i>within M25</i>)	16.7	7.8
South East (<i>outside M25</i>)	21.4	5.2
South West	19.0	5.2
Midlands	28.5	8.6
North West	30.4	3.6
North East	22.9	8.5
Scotland/Wales/NI	18.8	8.9
Outside UK	14.7	3.1
Base: All answering	(977)	(863)

The regions with the highest proportions of landlords saying they had bought properties were the North West (30%), the Midlands (29%) and Central London (26%). The region with the lowest proportion saying they had bought properties was the Rest of London (17%).

When it comes to the proportions saying they had sold properties, the region with the highest proportion was Central London (10%) and that with the lowest proportion was the North West (4%).

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

More than a quarter of respondents (27%) said that they did expect to acquire further properties to let during the next 12 months but nearly half (46%) said that they did not.

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

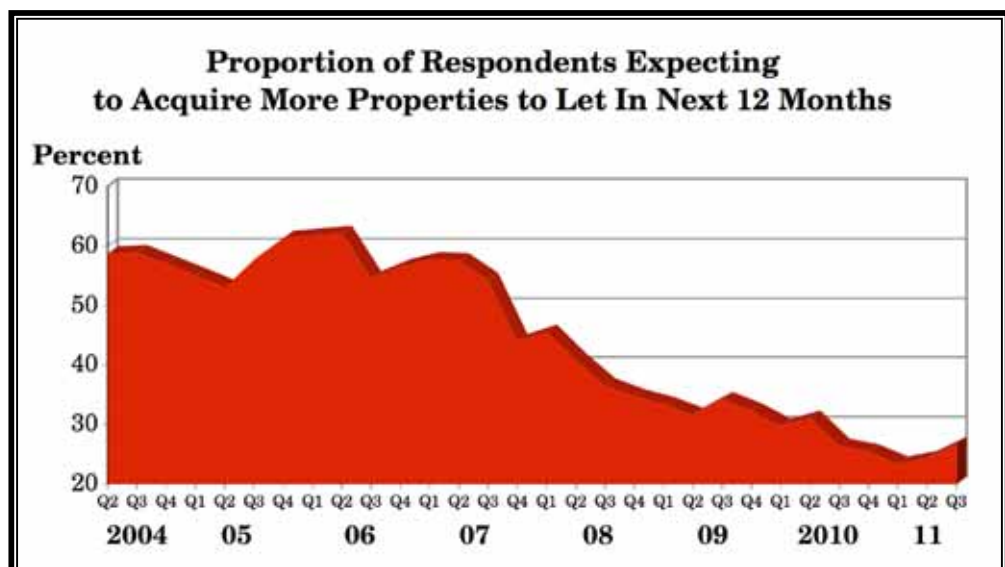
Response	Percent of Respondents (%)		
	Mar 11	Jun 11	Sep 11
Yes	23.3	24.3	26.7
No	50.6	50.1	46.2
Don't know	26.1	25.6	27.1
Base: All answering	(1,564)	(1,412)	(987)

Compared with three months ago, the proportion saying they expected to acquire further property to let in the next 12 months rose from 24% to 27% whilst the proportion saying they did not fell from 50% to 46% with the consequence that the proportion who were unsure was up a little from 26% to 27%.

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

However, for most of the last four years the proportion has been falling and with the results from the survey six months ago it reached it's lowest level since these surveys began.

Against this backdrop, the rise seen with the results from the last two surveys suggest that a change in the long term trend may be becoming established.



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 three regions had significantly lower proportions of respondents saying they expected to buy properties in the 12 months following the survey. These were the Rest of London (18%), the South West (21%) and Rest of the South East (22%). All the other regions, bar one, had between 26% and 31% saying they expected to buy properties. The Midlands was a case on its own with more than four out of ten (42%) saying they expected to buy properties in the next 12 months.

In addition, a quite high proportion of respondents in every region (between 21% and 35%) said they were unsure whether they would buy properties in the next 12 months or not with the result that around a third to a half of respondents for each region (between 35% and 53%) 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	30.6	18.2	22.3	20.5	42.4	27.5	28.5	27.0	25.7
No	34.7	51.1	48.3	52.7	36.8	44.9	47.9	44.4	51.4
Not sure	34.7	30.7	29.3	26.8	20.8	27.5	23.6	28.6	22.9

Base: All answering (996)



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

In particular, the Rest of London saw the proportion saying they did expect to buy properties in the 12 months following the survey fall from 30% to 18% and the Midlands saw the proportion saying so rise from 30% to 42%.

Apart from these two regions, changes compared with three months ago were relatively small although the proportions for the rest of the

South East and the South West were noticeably higher and that for Central London was noticeably lower.

Geographic Region	Percent Expecting to Buy Properties (%)	
	Q2.11	Q3.11
Central London	32.4	30.6
Rest of London (<i>within M25</i>)	29.5	18.2
South East (<i>outside M25</i>)	18.4	22.3
South West	16.0	20.5
Midlands	29.9	42.4
North West	26.8	27.5
North East	25.4	28.5
Scotland/Wales/NI	25.7	27.0
Outside UK	25.0	25.7
Base: All answering	(1,409)	(1021)

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

almost three quarters of respondents to this survey (74%) said that they did not expect to sell any of their let residential properties in the next 12 months.

Nevertheless, nearly one in ten (9%) 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.

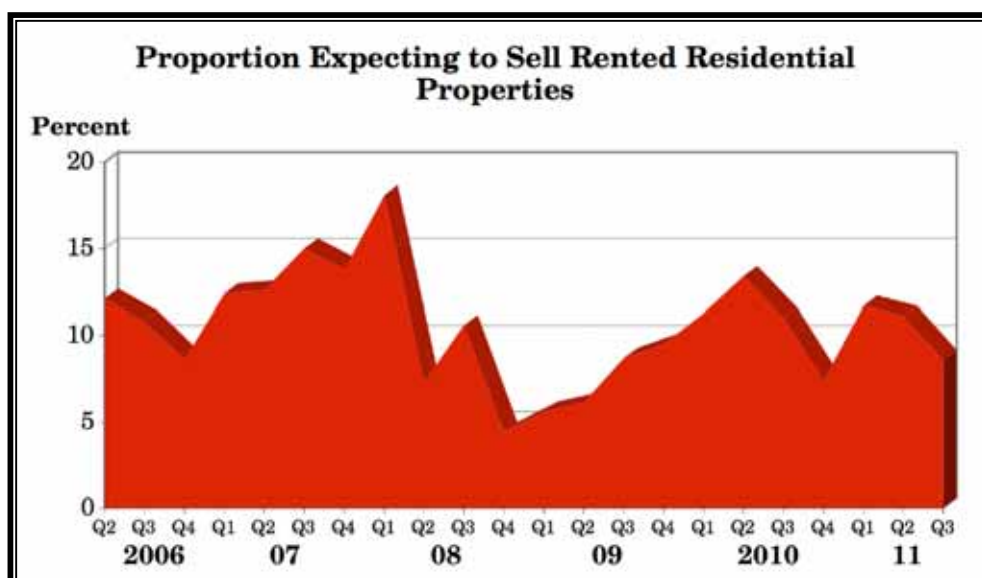
Response	Percent of Respondents (%)		
	Mar 11	Jun 11	Sep 11
Yes	11.7	11.1	8.6
No	73.1	70.7	73.6
Not sure	15.2	18.2	17.8
Base: All answering	(1,572)	(1,419)	(1,019)

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 risen from 71% to 74%, more than reversing the change seen then and the proportion saying they do have such intentions has fallen, from 11% to 9% with the result that the proportion saying that they are unsure is virtually unchanged at 18%.

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 the first quarter 2011 survey produced a sharp rise, more than reversing the change seen in the last quarter of 2010 but the results from the last two quarters have largely eroded that increase.



Regional Analysis

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

The regions with the highest proportions saying they expected to sell properties in the next 12 months were Central London (18%) and the North West (12%). The regions with the lowest proportions of respondents saying they expected to sell properties in the next 12 months were the Midlands (6%) and Scotland, Wales & Northern Ireland (5%).

Again, quite a high proportion of respondents in every region (between 13% and 23%) said they were unsure whether they would sell properties in the next 12 months or not with the result that around seven out of ten respondents for each region (between 67% and 82%) 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	18.4	7.9	7.8	9.7	6.0	12.2	7.3	4.6	8.6
No	67.3	71.9	77.0	70.8	81.2	67.6	69.5	81.5	68.6
Not sure	14.3	20.2	15.2	19.5	12.8	20.1	23.2	13.8	22.9

Base: All answering (1,018)



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, the Midlands saw the proportion saying they did expect to sell properties in the 12 months following the survey fall by half from 12% to 6%.

Most of the other regions also saw the proportions expecting to sell properties in the next 12 months decline but there were two exceptions.

The exceptions were Central London which saw its proportion rise from 15% to 18% and the South West which saw its proportion rise from 8% to 10%.

Geographic Region	Percent Expecting to Buy Properties (%)	
	Q2.11	Q3.11
Central London	14.9	18.4
Rest of London (<i>within M25</i>)	9.4	7.9
South East (<i>outside M25</i>)	10.2	7.8
South West	8.0	9.7
Midlands	12.4	6.0
North West	14.8	12.2
North East	10.7	7.3
Scotland/Wales/NI	9.3	4.6
Outside UK	9.7	8.6
Base: All answering	(1,409)	(1021)

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

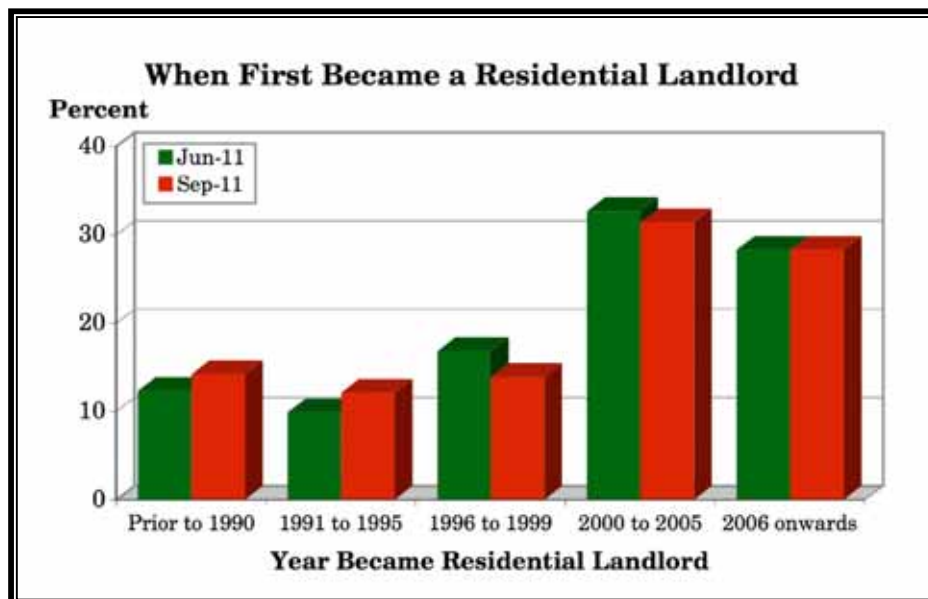
Six out of ten respondents to this survey (60%) had become residential landlords since the beginning of 2000 with nearly half of these (28%) having done so since the beginning of 2006.

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 (%)		
	Mar 11	Jun 11	Sep 11
Prior to 1990	14.4	12.3	14.2
1991 to 1996	11.0	9.9	12.1
1997 to 1999	14.8	16.8	13.9
2000 to 2005	33.6	32.7	31.4
2006 onwards	26.2	28.3	28.3
Average (years)	11.0	10.6	12.2
Base: All answering	(1,558)	(1,408)	(1,006)

Compared with three months ago, the proportion of respondents who said they had become landlords prior to 1990 was up from 12% to 14%, reversing the change seen then, and the proportion who said they had become landlords from 2006 onwards was unchanged at 28% with the result that the proportion who had become landlords between 1991 and 2005 fell from 59% to 57%.

The current average length of time since respondents first became landlords, at 12.2 years, is up from an average of 10.6 years three months ago.



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

Nearly half of respondents (46%) said that they had properties in the South East (including London) with two out of ten (20%) saying they had properties in London itself.

Location	Percent of Respondents (%)		
	Mar 11	Jun 11	Sep 11
Central London	7.2	6.8	7.8
Rest of London (<i>inside M25</i>)	14.4	14.1	11.9
South East (<i>outside M25</i>)	25.8	26.9	26.3
South West	13.1	14.3	13.3
Midlands	19.1	17.2	16.0
North East	15.6	19.1	19.3
North West	18.4	20.1	18.1
Scotland	2.0	2.6	2.6
Wales	4.7	4.9	5.4
Northern Ireland	0.6	0.8	0.8
Base: All answering	(1,546)	(1,400)	(1,006)

Compared with three months ago, the main differences are that most regions had noticeably fewer respondents with properties in each region.

However, one region had noticeably more respondents with properties in the region and that was Central London (up from 7% to 8%) and two had marginally more, these being the North East and Wales. Also, two regions had unchanged proportions and these were Scotland and Northern Ireland.



Comparing the distribution of properties with the distribution of respondents shows that a noticeably higher proportion of landlords said they had properties in every region. This suggests that landlords tend to own properties in more than one region.

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

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

Respondents to this survey were more likely to have bought properties in good condition than any of the other types listed with three out of ten respondents (30%) saying that more than three quarters of the properties they had bought were of this type.

Proportion of Properties	Percent of Respondents - Sep 11 (%)					
	Off plan	New build	Refurb-ished	In need of refurb.	Good cond.	Poor cond.
None	90.7	82.7	85.2	46.0	36.6	74.4
Up to 25%	5.0	7.8	4.3	10.4	12.8	9.1
26% to 50%	1.8	3.6	3.4	11.8	11.9	5.3
51% to 75%	1.2	0.8	2.0	7.8	8.9	3.3
Over 75%	1.4	5.0	5.1	24.0	29.8	7.8

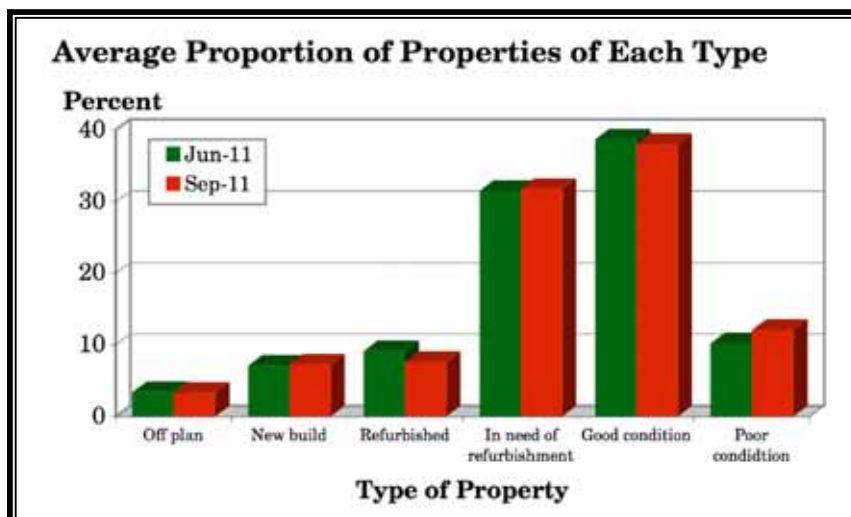
Base: All answering (943)

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 (38%) being of that type. Next most popular have been properties in need of refurbishment (32%).

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 (8%) with those in poor condition comprising almost one in eight properties (12%).

Type of Property	Average Percent of Properties (%)			
	Dec 10	Mar 11	Jun 11	Sep 11
Off plan/never occupied	4.8	3.2	3.4	3.3
New build	8.5	6.5	7.1	7.3
Refurbished	8.7	9.0	9.1	7.6
In need of refurbishment	27.5	31.1	31.5	31.8
Good condition	41.2	39.1	38.7	38.0
Poor condition	9.3	11.0	10.2	12.1

Base: All answering (252) (1,456) (1,318) (943)



Compared with three months ago, there has been very little change in the average proportions of each type of property although those in poor condition seem to be a little more popular now and refurbished properties a little less popular.

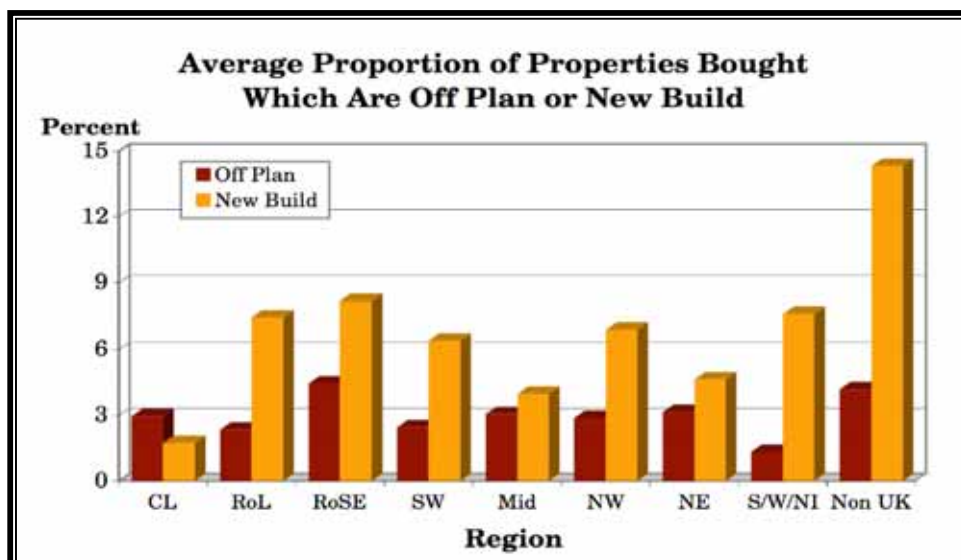
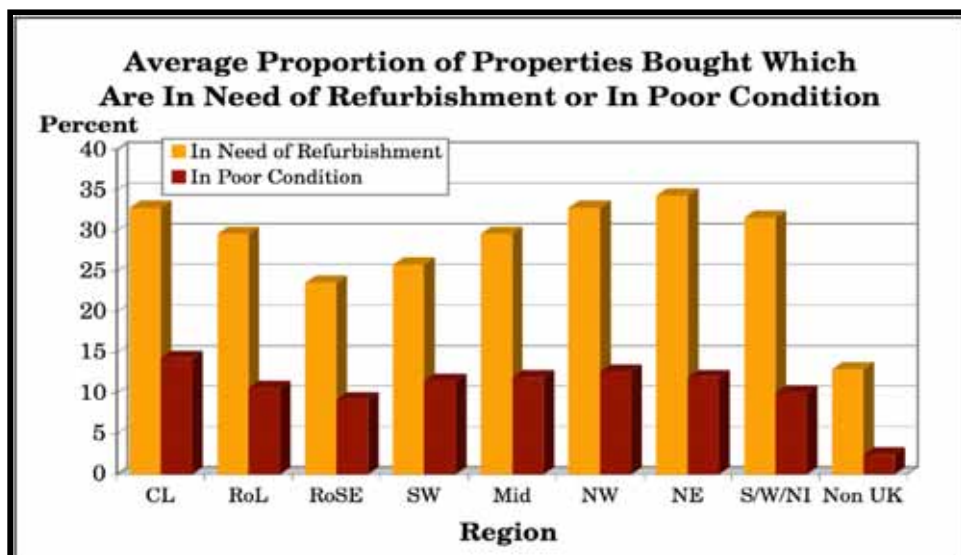
Regional Analysis

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	3.4	2.6	5.1	3.0	3.4	3.1	3.2	1.5	5.0
New build	2.0	8.4	9.3	7.7	4.4	7.3	4.7	8.6	17.1
Refurbished	8.8	6.9	6.8	3.4	8.1	9.0	10.3	4.9	10.4
In need of refurb	37.6	33.3	26.8	31.2	32.6	34.9	35.0	35.5	15.4
Good condition	31.9	36.8	41.7	40.8	38.4	32.3	34.6	38.2	49.2
Poor condition	16.4	12.0	10.4	13.9	13.2	13.5	12.2	11.3	2.9

Base: All answering (943)

As can be seen from the charts below, landlords in London and in the north of the country are more likely to have bought properties in need of refurbishment and properties in poor condition whilst those in the south of the country (excluding Central London), although this is a little less clear, are more likely to have bought properties which are off plan/never been occupied or which are new builds.



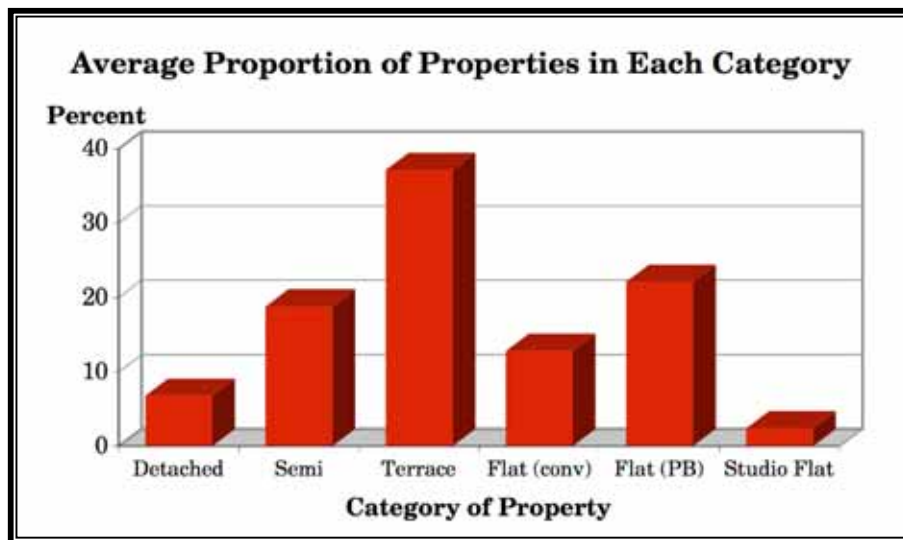
3.11 What proportion of the residential properties you have bought fall into the following categories? (Q.11)

Respondents have tended to favour terraced houses with a quarter (25%) 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, 2%, saying that more than three quarters of theirs have been studio flats.

Proportion of Properties	Percent of Respondents - Sep 11 (%)					
	Detached	Semi	Terrace	Flat (Conv)	Flat (PB)	Studio Flat
None	80.9	57.0	34.8	72.3	58.3	92.4
Up to 25%	10.2	16.5	12.0	9.4	10.9	4.7
26% to 50%	4.1	11.2	16.6	6.9	9.4	1.2
51% to 75%	0.8	3.8	11.3	4.2	6.5	0.7
Over 75%	4.0	11.4	25.3	7.2	14.8	1.0

Base: All answering (859)

Analysis of these responses confirms that the most popular properties have been terraced houses (37%) followed by purpose built flats/maisonettes (22%) and semi-detached houses (19%).



Category of Property	Average Percent of Properties (%) Sep 11
Detached house	6.8
Semi-detached house	18.8
Terraced house	37.2
Flat/maisonette (conv)	12.8
Flat/maisonette (PB)	22.1
Studio Flat	2.4
Base: All answering	(859)

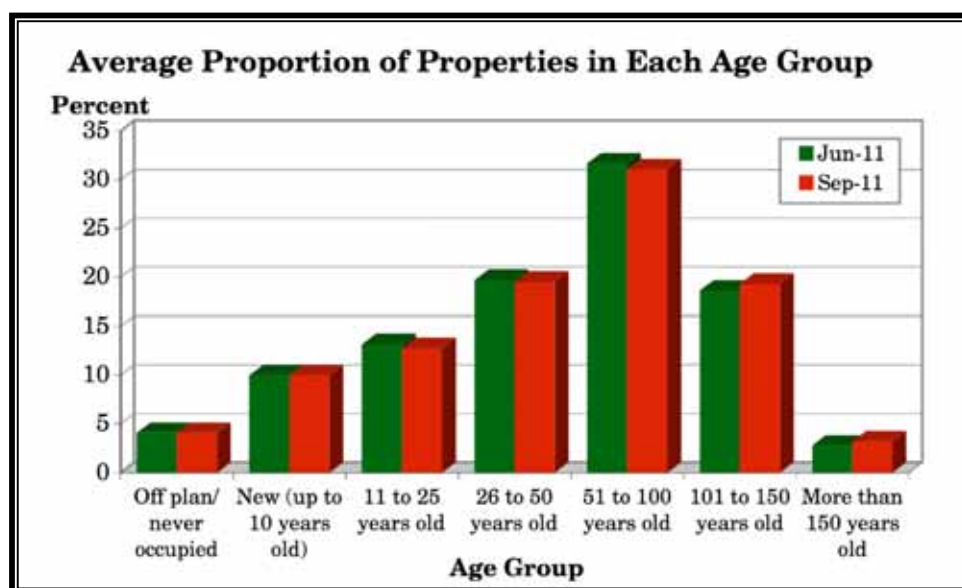
3.12 What proportion of the residential properties you have bought fall into each age band? (Q.12)

Respondents have tended to favour properties which are between 51 and 100 years old with more than two out of ten (22%) 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 and those over 150 years old only managing 2.0% and 2.5% respectively of respondents saying that more than three quarters of their purchases have been in those age bands.

Proportion of Properties	Percent of Respondents - Sep 11 (%)						
	Off plan	New (up to 10)	11 to 25	26 to 50	51 to 100	101 to 150	Over 150
None	89.1	76.2	73.5	62.2	47.4	67.1	93.6
Up to 25%	5.3	10.4	8.0	10.2	8.9	7.2	2.1
26% to 50%	2.4	5.0	7.7	10.2	12.3	6.4	1.4
51% to 75%	1.2	2.2	2.6	3.9	9.0	4.0	0.4
Over 75%	2.0	6.2	8.2	13.5	22.4	15.3	2.5

Base: All answering (845)

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 (%)			
	Dec 10	Mar 11	Jun 11	Sep 11
Off plan/never occupied	5.5	3.8	4.1	4.1
New (up to 10 years old)	13.0	10.2	10.0	10.0
11 to 25 years old	13.5	13.0	13.2	12.8
26 to 50 years old	21.5	20.0	19.7	19.5
51 to 100 years old	29.2	30.6	31.7	31.1
101 to 150 years old	15.7	19.4	18.6	19.3
More than 150 years old	1.6	3.0	2.8	3.2
Base: All answering	(221)	(1,288)	(1,166)	(845)

Compared with the survey in the second quarter, the only noticeable differences were that properties which are more than 100 years old were a little more popular at the expense of those between 11 and 100 years old.

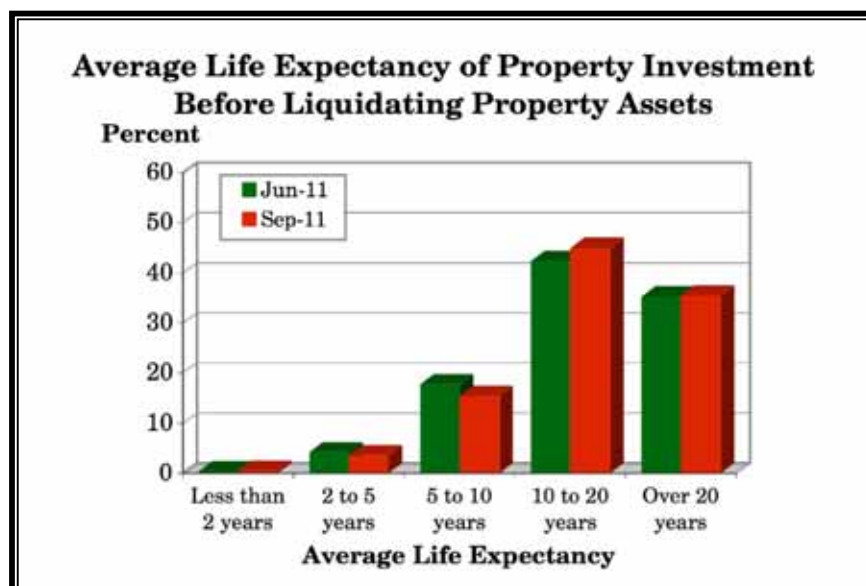
3.13 **From original acquisition time, what do you expect to be the average life expectancy of your property investment before you liquidate your property assets? (Q.13)**

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%) said they saw their investment as being for 5 years or less and just 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 (%)		
	Mar 11	Jun 11	Sep 11
Less than 2 years	1.1	0.4	0.5
2 to 5 years	2.7	4.2	3.6
5 to 10 years	17.1	17.7	15.4
10 to 20 years	43.6	42.4	45.0
Over 20 years	35.5	35.3	35.5
Average (years)	18.8	18.8	19.0
Base: All answering	(1,531)	(1,375)	(985)

Simple analysis of these results reveals that the average life expectancy of their property investments for all respondents is 19.0 years, a figure which is up slightly from 18.8 years three months ago.

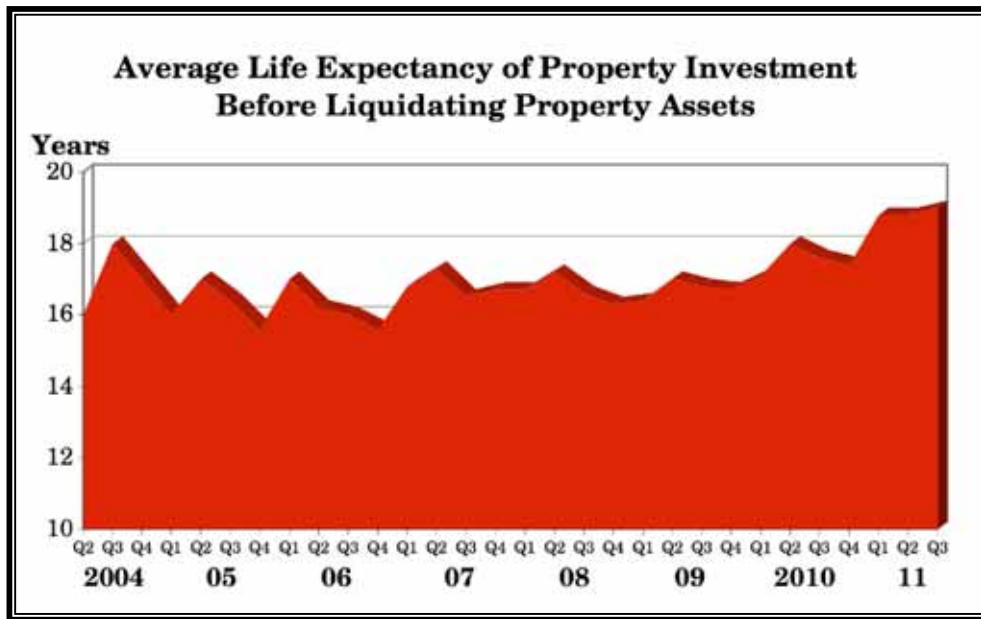


As can be seen from the chart below, the average life expectancy of respondents' property investments declined slowly until the beginning of 2007 despite an increase after every decline of two or three quarters.

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 the first quarter 2011 survey, however, suggested that the upward trend was, in fact, continuing and the results from the last two quarters show that the long term trend is now upwards.



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

Nearly half of respondents to this survey (48%) said that they were aware of the Government's Green Deal Proposal for improving Private Rented Sector housing energy performance.

Nevertheless, a slight majority of 52% said they were not aware of proposal.

Response	Percent of Respondents (%)		
	Mar 11	Jun 11	Sep 11
Yes	39.9	42.9	47.7
No	60.1	57.1	52.3
Base: All answering	(1,520)	(1,363)	(980)

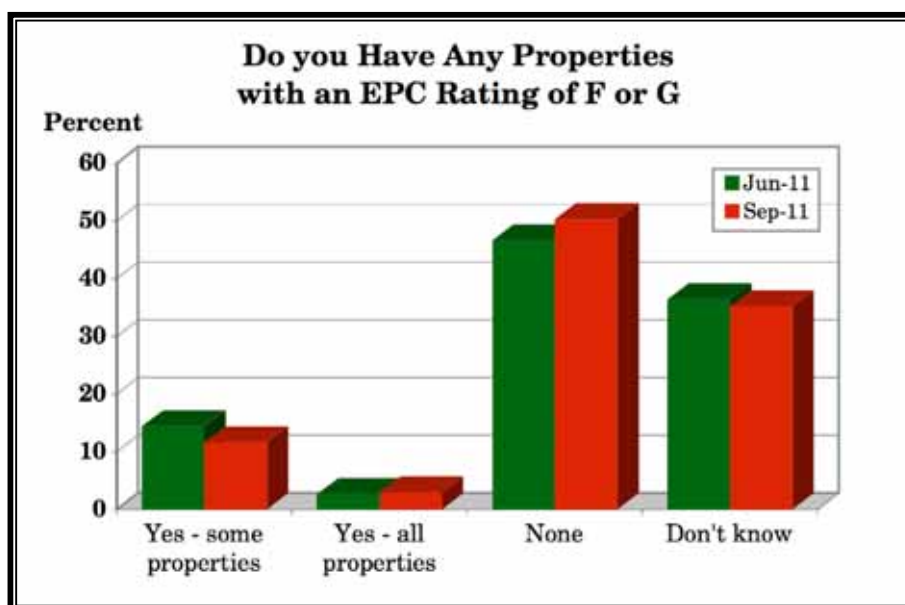
Compared with three months ago, the proportion who said they were aware of the Government's Green Deal Proposal for improving Private Rented Sector housing energy performance rose again, this time from 43% to 48%.

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

More than one in seven respondents to this survey (15%) said that they had at least some properties with an Energy Performance Certificate rating of F or G but less than one in thirty (3%) said that this was the case for all their properties.

Half of all respondents (50%) said that none of their properties had EPC ratings of F or G whilst more than a third (35%) said they did not know if any of their properties had such EPC ratings.

Response	Percent of Respondents (%)		
	Mar 11	Jun 11	Sep 11
Yes - some properties	15.5	14.4	11.6
Yes - all properties	2.6	2.6	2.9
None	44.4	46.6	50.3
Don't know	37.5	35.4	35.2
Base: All answering	(1,520)	(1,370)	(985)



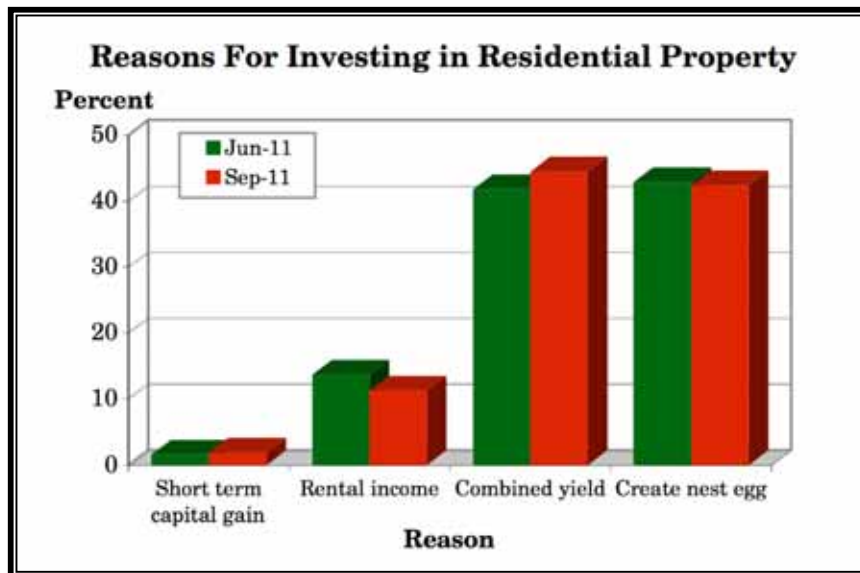
Compared with the second quarter, the proportion saying that they had at least some properties with an Energy Performance Certificate rating of F or G was again down a little, this time from 17% to 14% with the proportion saying that none of their properties did rising from 47% to 50%.

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 (45%) or that they had done so in order to create a nest egg for their long term future (42%).

Only one in fifty respondents (2%) 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 more than one in ten (11%) said they had done so in order to obtain a stream of rental income.

Reason	Percent of Respondents (%)	
	Jun 11	Sep 11
Short term capital gain (less than 5 years)	1.6	1.9
Rental income	13.7	11.3
Combined yield from rent & capital apprec.	41.8	44.5
Create nest egg for long term future	42.9	42.4
Base: All answering	(1,365)	(968)

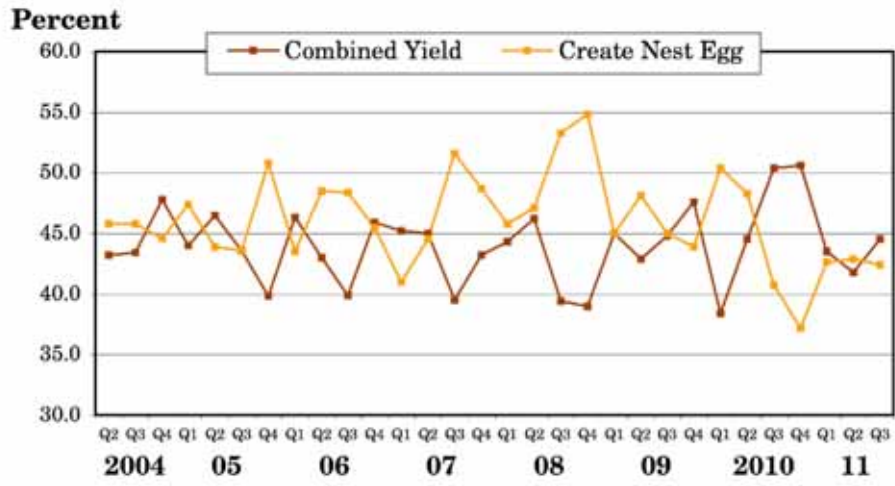


Compared with three months ago, there were more respondents who said they had first decided to invest in residential property to achieve a combined yield from rental income and capital appreciation (up from 42% to 45%, more than reversing the change seen then) and fewer saying they had done so in order to achieve rental income (down from 14% to 11%, again more than reversing the last change).

There was very little change in the proportions saying they had done so to create a nest egg for the long term future (down from 42.9% to 42.4%) or for short term capital gain (up from 1.6% to 1.9%).

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.

Reasons For Investing in Residential Property



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

More than a third of respondents to this question (36%) said that they did consider whether an agent was licensed or regulated when they were deciding which lettings agency to use with less than half as many (15%) saying that they did not, leaving nearly half of all respondents who either did not know whether they did or did not (3%), or simply did not use a lettings agent (46%).

Response	Percent of Respondents (%)		
	Mar 11	Jun 11	Sep 11
Yes	33.8	35.2	35.8
No	15.4	16.9	14.6
Don't know	2.7	2.2	3.3
Don't use a letting agent	48.2	45.8	46.0
Base: All answering	(1,520)	(1,368)	(971)



Compared with three months ago, the main change is that the proportion saying they do not consider whether an agent is licensed or regulated when they are deciding which lettings agency to use is down from 17% to 15% with the proportion saying they don't know rising from 2% to 3% and those saying they do also rising slightly, from 35% to 36%.

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.

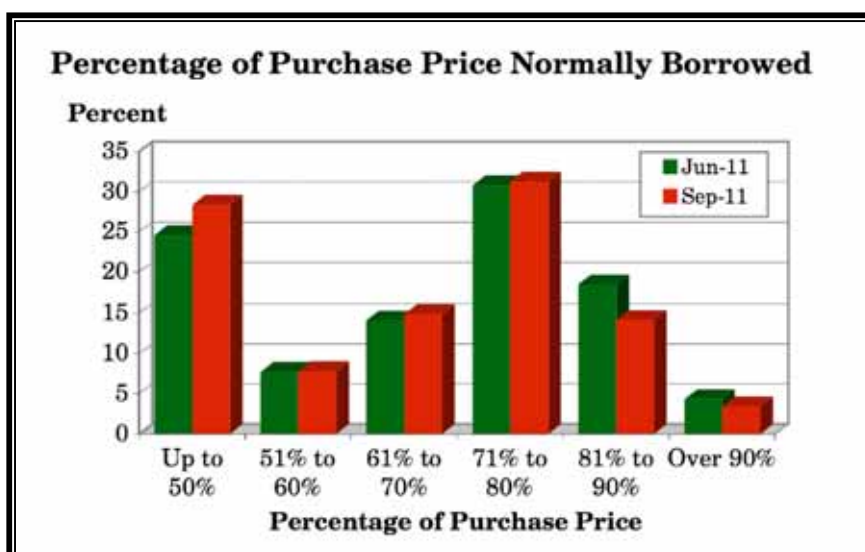
Response	Percent of Respondents (%)		
	Mar 11	Jun 11	Sep 11
Yes	65.1	64.8	66.7
No	29.7	31.1	27.2
Don't know	5.2	4.1	6.1
Base: All using agent & answering	(788)	(742)	(522)

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 nearly three out of ten (28%) 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 60%.

Percent of Purchase Price	Percent of Respondents (%)			
	Dec 10	Mar 11	Jun 11	Sep 11
Up to 50%	17.6	25.9	24.6	28.4
51% to 60%	3.1	7.1	7.7	7.8
61% to 70%	16.4	14.0	14.1	14.9
71% to 80%	37.5	30.0	30.8	31.3
81% to 90%	21.5	17.9	18.5	14.2
Over 90%	3.9	5.1	4.3	3.4
Average (%)	67.3	62.4	62.8	60.2
Base: All answering	(256)	(1,365)	(1,252)	(886)



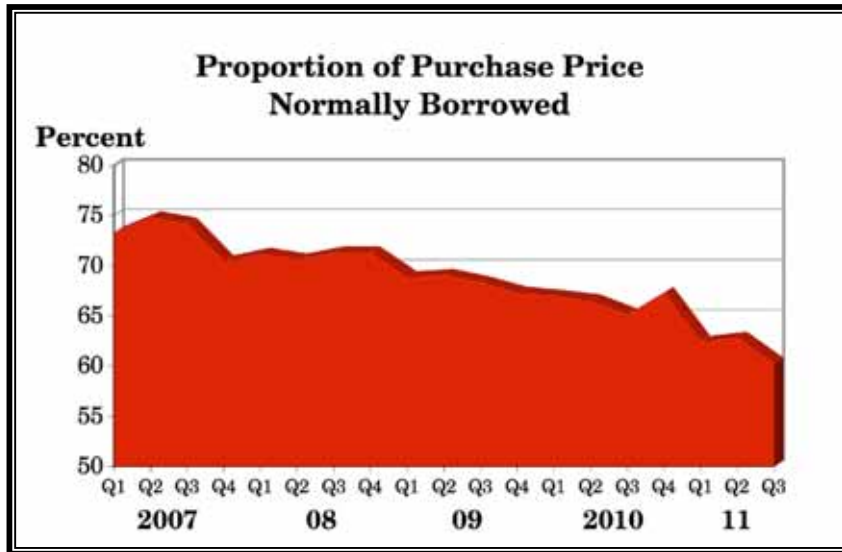
Compared with three months ago, the average proportion of the purchase price of a buy to let property which respondents normally borrow has fallen from 63% to 60%.

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

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

The results from the last quarter 2010 survey, however, brought an end to this downward trend but a big fall in the average in the first

quarter of 2011 indicated that this was a temporary increase and the decrease this quarter confirms that the long term trend in the average proportion of the purchase price which is normally borrowed remains downwards.

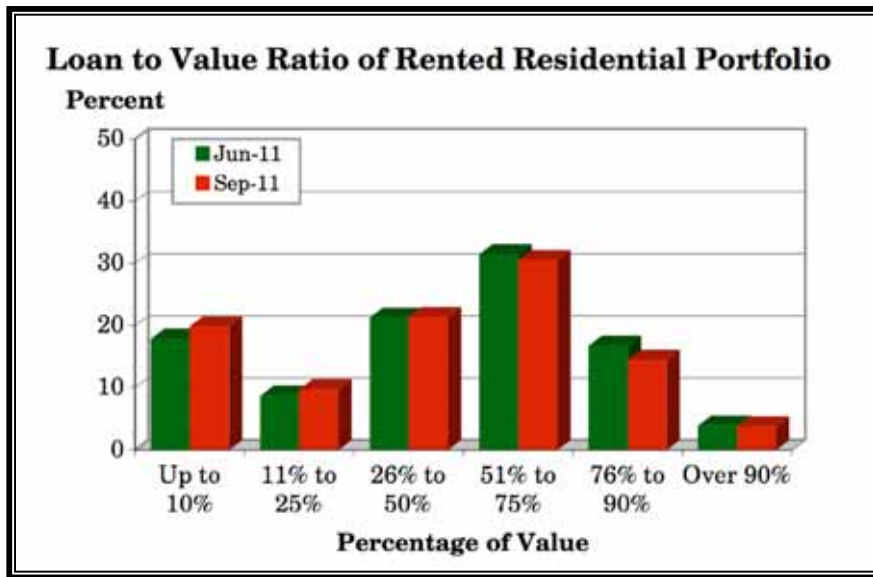


3.19 What is the approximate overall loan to value ratio of your rented residential portfolio? (Q.19)

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 46%.

Loan to Value Ratio	Percent of Respondents (%)			
	Dec 10	Mar 11	Jun 11	Sep 11
Up to 10%	9.5	18.8	17.9	19.9
11% to 25%	6.7	9.3	8.7	9.7
26% to 50%	20.2	20.6	21.3	21.4
51% to 75%	36.0	30.7	31.5	30.6
76% to 90%	23.7	16.9	16.8	14.5
Over 90%	4.0	3.6	3.9	3.8
Average (%)	55.4	47.3	48.0	45.8
Base: All answering	(253)	(1,340)	(1,246)	(873)



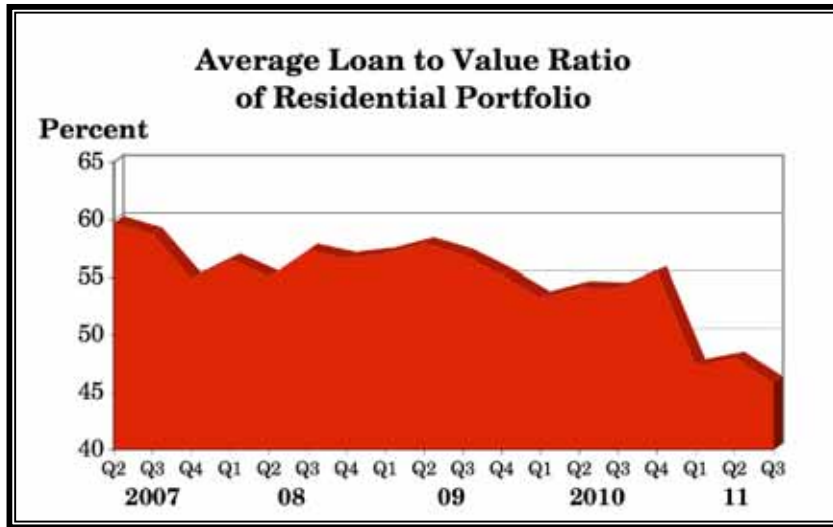
Compared with the last survey three months ago, the average loan to value ratio of respondents' portfolios has fallen from 48% to 46% more than reversing the increase seen then.

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

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

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

Against this backdrop, the big fall in the figure seen in the first quarter of 2011 is quite likely to be a result of the big increase in the number of respondents and the results from three months ago tend to confirm this although the results from this quarter suggest that perhaps the trend is for a lower overall loan to value ratio.



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

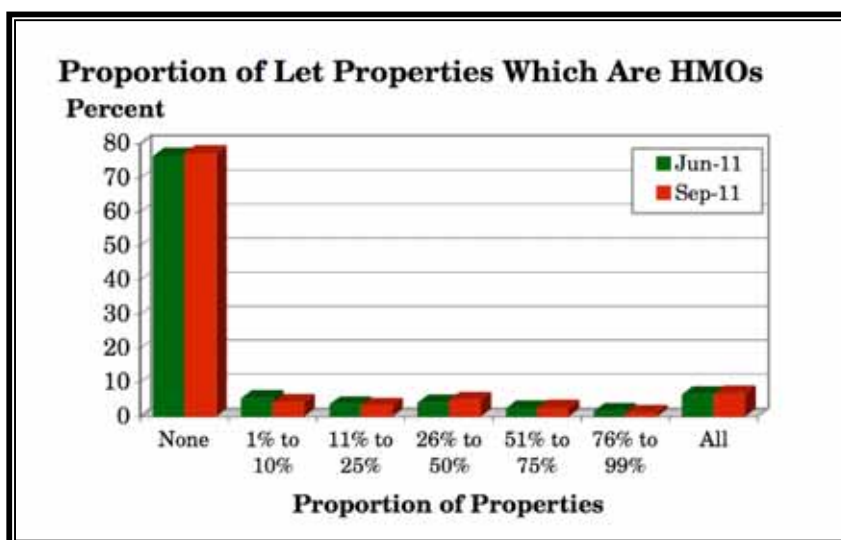
Only a minority of respondents (23%) had any let properties which were Houses in Multiple Occupation (HMOs) although one in fifteen (6.7%) said that all of their let properties were HMOs.

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 53%.

Proportion of Properties	Percent of Respondents (%)			
	Dec 10	Mar 11	Jun 11	Sep 11
None	82.7	76.3	76.5	77.3
1% to 10%	4.6	5.0	5.3	4.3
11% to 25%	1.9	3.3	3.6	3.2
26% to 50%	3.8	4.0	4.1	4.9
51% to 75%	1.9	2.5	2.4	2.5
76% to 99%	0.4	2.0	1.6	1.1
All	4.6	7.0	6.5	6.7
Average (%)	8.2	12.7	11.9	11.9
Base: All answering	(260)	(1,492)	(1,348)	(959)

Compared with the last survey, the overall average proportion of HMOs is unchanged at 12% but the proportion for those with any at all is up a little from 51% to 53% reversing the slight change 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 has been confirmed by the little changed figure from the last two quarter's surveys.

