

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

**ARLA Survey  
of  
Residential Investment Landlords**

**December 2011**

**Prepared by**

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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 2011, ARLA conducted the fourth survey of the year. This survey ran during the month of December 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 1,390 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

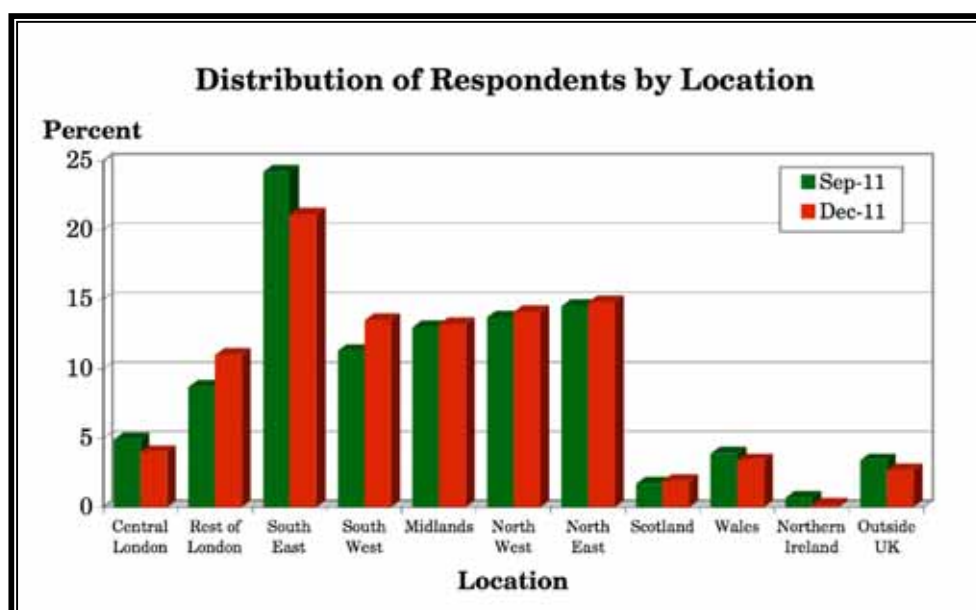
The following sections detail the results of the ARLA survey of residential landlords conducted during the fourth quarter of 2011. In addition to the overall results for the whole country, for some of the questions, data has been included for each of the regions making up the UK as shown in the table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

More than a third respondents to the survey (36%) were from the South East of England (including London) with more than one in seven (15%) being from London itself. The North East (15%) was the region producing the next highest proportion of respondents followed by the North West (14%), the South West (14%) and the Midlands (13%). Little more than one in forty respondents (2.7%) were living outside the UK when they completed the questionnaire.

Location	Percent of Respondents (%)		
	Jun 11	Sep 11	Dec 11
Central London	5.2	4.9	4.0
Rest of London ( <i>within M25</i> )	10.0	8.7	11.0
South East ( <i>outside M25</i> )	23.1	24.2	21.1
South West	11.4	11.3	13.5
Midlands	13.2	13.0	13.2
North West	16.3	13.7	14.1
North East	13.0	14.5	14.8
Scotland	1.2	1.7	1.9
Wales	3.7	3.9	3.4
Northern Ireland	0.5	0.7	0.2
Outside UK	2.2	3.4	2.7
Base: All answering	(1,456)	(1,048)	(1,345)



Compared with the third quarter, the main differences are that there were more respondents from the Rest of London and the South West and fewer from the Rest of the South East.

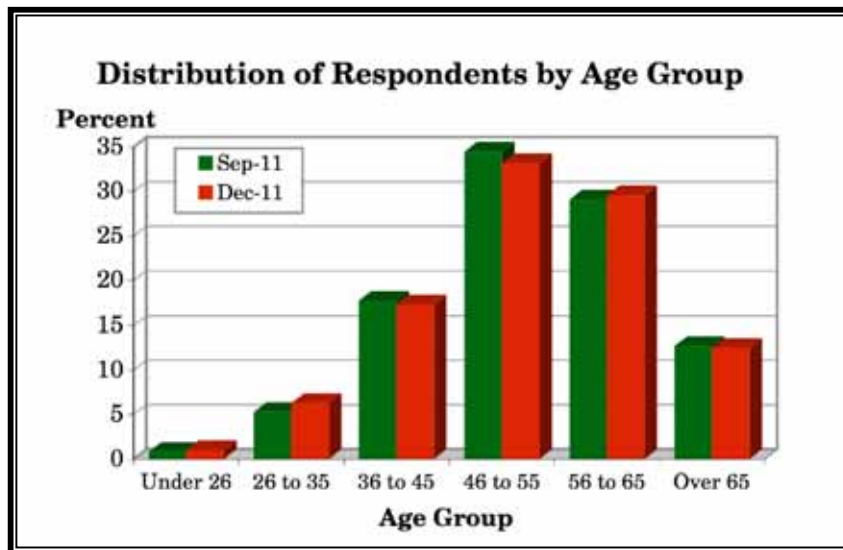
### 3.2 How old are you? (Q.2)

A third of respondents (33%) were aged between 46 and 55 with a further three out of ten (30%) being aged between 56 and 65 and less than two out of ten (17%) being aged between 36 and 45.

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

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

Age Group	Percent of Respondents (%)		
	Jun 11	Sep 11	Dec 11
Under 26	0.4	0.8	1.0
26 to 35	7.5	5.3	6.3
36 to 45	18.9	17.8	17.4
46 to 55	32.5	34.5	33.2
56 to 65	30.9	29.1	29.6
Over 65	9.8	12.7	12.5
<b>Average (years)</b>	<b>51.5</b>	<b>52.4</b>	<b>52.2</b>
Base: All answering	(1,448)	(1,042)	(1,343)



Compared with the last survey three months ago, the main changes are that there were slightly more respondents aged 25 to 35 (up from 5% to 6%) and aged 56 to 65 (up from 29% to 30%) and fewer aged 46 to 55 (down from 35% to 33%).

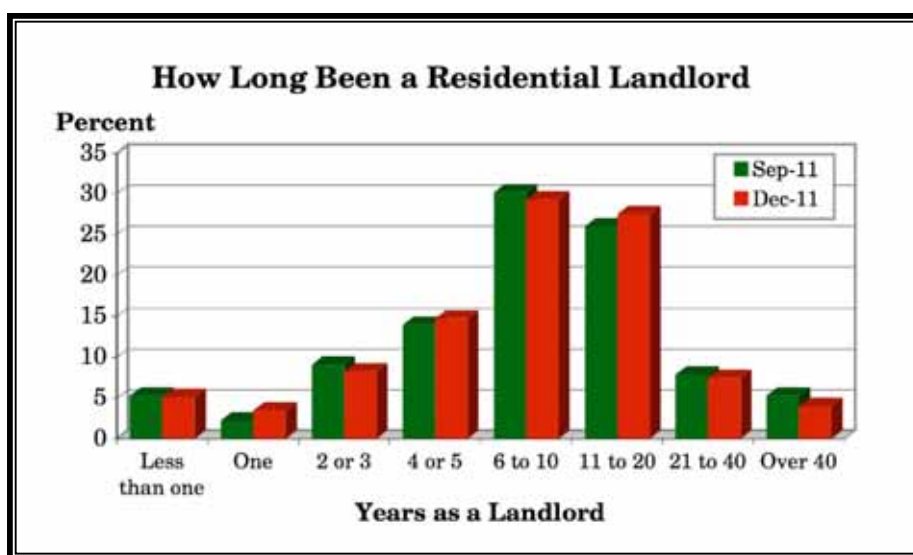


### 3.3 How long have you owned residential property to let? (Q.3)

Less than one in ten respondents (9%) had been residential landlords for one year or less whilst more than one in ten (12%) had been residential landlords for more than 20 years.

However, the vast majority, amounting to eight out of ten (80%) had been residential landlords for between 2 and 20 years with the largest proportion, almost three out of ten (29%), having been residential landlords for between 6 and 10 years.

Years as a Landlord	Percent of Respondents (%)		
	Jun 11	Sep 11	Dec 11
Less than one	4.7	5.3	5.1
One	2.5	2.2	3.5
2 or 3	10.5	9.1	8.3
4 or 5	15.5	14.0	14.8
6 to 10	29.4	30.2	29.3
11 to 20	25.6	26.0	27.5
21 to 40	7.7	7.9	7.5
Over 40	4.0	5.3	4.0
<b>Average (years)</b>	<b>11.5</b>	<b>12.2</b>	<b>11.6</b>
Base: All answering	(1,423)	(1,025)	(1,309)

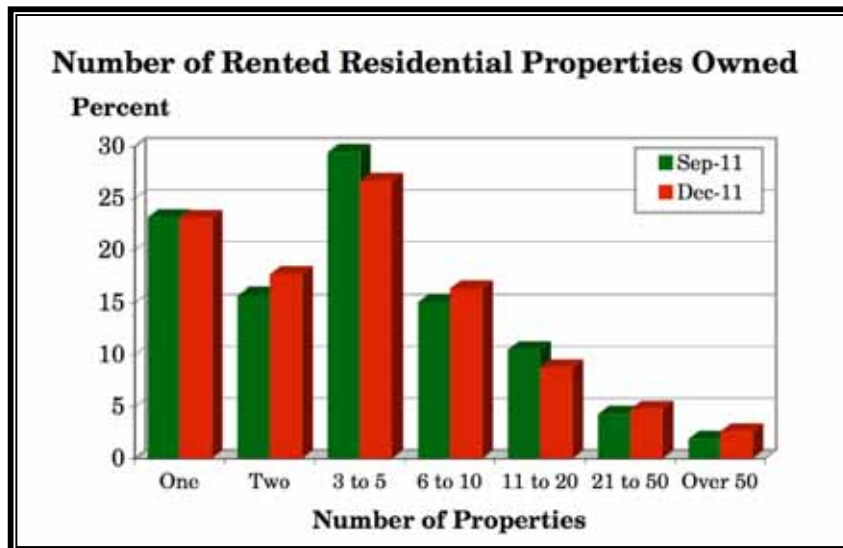


Simple analysis of these figures indicates that the average time for which respondents had been residential landlords was 11.6 years, a figure which is down from 12.2 years three months ago.

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

More than four out of ten respondents (41%) had only one or two properties in their portfolios with considerably less than half as many (16%) having more than ten properties in theirs.

Number of Properties	Percent of Respondents (%)		
	Jun 11	Sep 11	Dec 11
One	22.3	23.2	23.1
Two	17.0	15.7	17.7
3 to 5	27.3	29.5	26.7
6 to 10	16.2	15.1	16.3
11 to 20	9.4	10.5	8.8
21 to 50	5.0	4.3	4.8
Over 50	2.8	1.9	2.6
<b>Average (no. of properties)</b>	<b>8.2</b>	<b>7.5</b>	<b>8.0</b>
Base: All answering	(1,411)	(1,022)	(1,298)



Analysis of these results shows that the average size of respondents' portfolios was 8.0 properties, up from an average of 7.5 properties three months ago and partially reversing the change seen then.

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

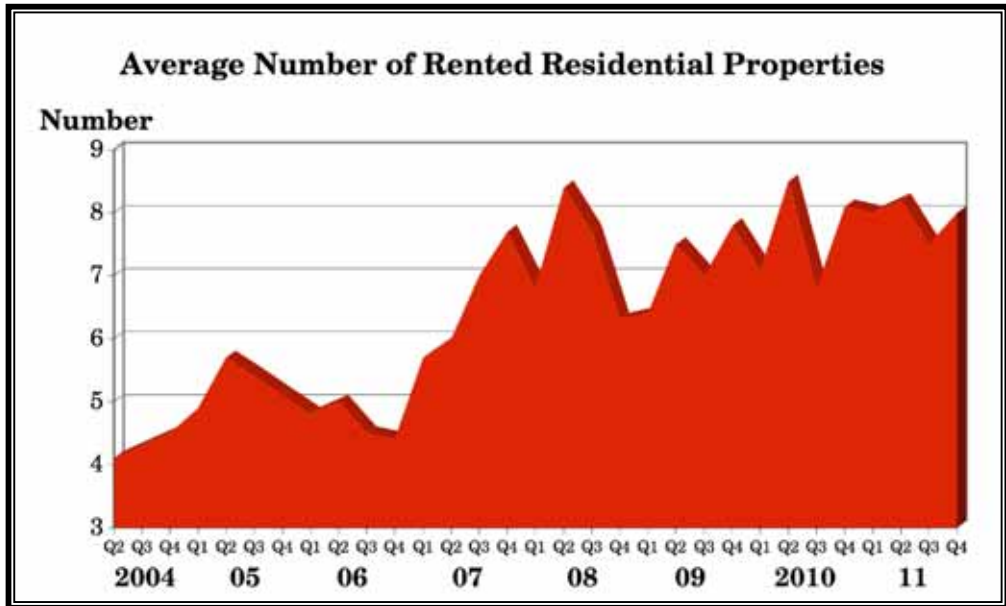
Throughout 2007, the average rose rapidly but two successive falls in the second half of 2008 took the figure to its lowest level since the third quarter of 2007.

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

During 2010, the average levelled off at between 7 and 8 properties, despite quite large fluctuations quarter by quarter. During the first

half of 2011, the figure stabilised at around 8 properties but then fell quite sharply with the results from the third quarter survey.

The results from this survey, which largely reverse the fall seen three months ago suggest that the average number of properties owned continues to be fairly stable at about 8 properties.



## 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 saying they have more than 20 properties (16%) and Central London, along with the Rest of the South East and the South West having much lower proportions (4% in each case) whilst Outside the UK had none at all.

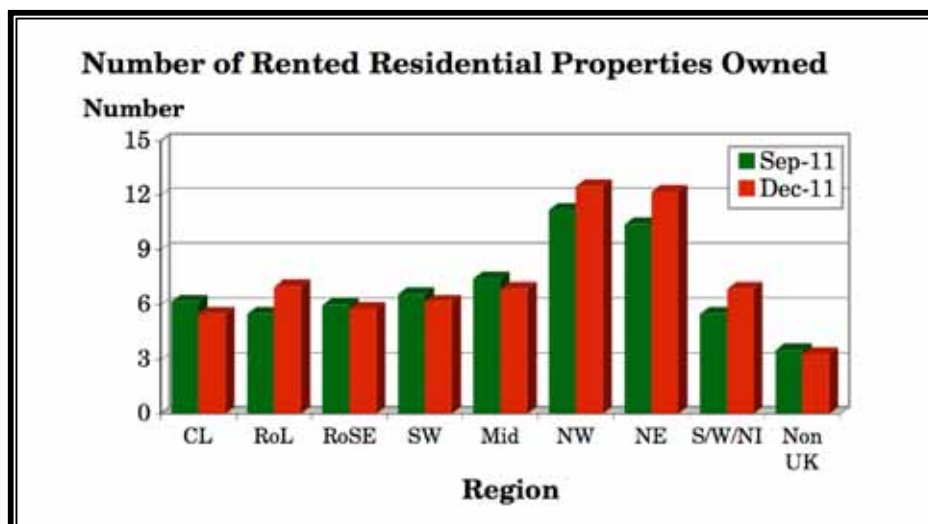
Number of Properties	Region								
	CL	ROL	SE	SW	MID	NW	NE	S,W & NI	Non UK
One	27.8	26.6	26.4	23.7	19.7	15.4	20.7	28.2	35.3
Two	25.9	15.1	20.1	17.5	20.8	9.9	15.5	22.5	26.5
3 to 5	29.6	29.5	29.3	28.8	28.3	23.1	23.3	19.7	20.6
6 to 10	7.4	12.9	15.0	19.2	17.3	20.3	16.1	15.5	14.7
11 to 20	5.6	10.1	5.5	6.8	8.1	18.7	8.3	7.0	2.9
21 to 50	1.9	4.3	2.2	2.8	4.6	7.1	9.8	5.6	-
Over 50	1.9	1.4	1.5	1.1	1.2	5.5	6.2	1.4	-

Base: All answering (1,296)

Analysing these results to produce regional averages reveals that landlords in the North West and the North East have the highest average number (12 properties) and those Outside the UK the lowest (3 properties) with those in Central London, the Rest of the South East and the Midlands also having low average numbers (around 6 properties in each case).

Geographic Region	Average Number of Properties (%)		
	Q2.11	Q3.11	Q4.11
Central London	5.9	6.2	5.5
Rest of London ( <i>within M25</i> )	7.5	5.5	7.0
South East ( <i>outside M25</i> )	5.6	6.0	5.8
South West	6.1	6.6	6.2
Midlands	8.1	7.4	6.9
North West	12.6	11.2	12.5
North East	12.5	10.4	12.2
Scotland/Wales/NI	7.1	5.5	6.9
Outside UK	3.7	3.5	3.3

Base: All answering (1,409) (1,021) (1,296)



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

A quarter of those answering this question (25%) said they had bought properties for their portfolios during the last 12 months with only a third as many (8%) saying they had sold properties during the year.

Number of Properties	Percent of Respondents – Dec 11 (%)	
	Bought	Sold
None	74.9	91.8
One	15.0	6.3
2 to 5	8.5	1.6
5 to 10	0.8	0.2
More than 10	0.5	0.1
All	0.3	0.1
Base: All answering	(1,254)	(1,081)



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 23% to 25% and the proportion saying they have sold properties also rising, from 6% to 8%.

Number of Properties	Percent of Respondents (%)			
	Bought		Sold	
	Sep 11	Dec 11	Sep 11	Dec 11
None	77.0	74.9	93.5	91.8
One	13.1	15.0	5.2	6.3
2 to 5	8.6	8.5	1.0	1.6
5 to 10	0.9	0.8	0.1	0.2
More than 10	0.3	0.5	0.1	0.1
All	0.1	0.3	-	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 69% and 90%) had not bought any properties.

Number of Properties Bought	Region								
	CL	ROL	SE	SW	MID	NW	NE	S,W & NI	Non UK
None	80.0	80.1	76.6	78.9	70.8	68.6	71.1	75.7	90.3
One	10.0	15.4	15.7	13.5	16.7	16.0	14.7	15.7	3.2
2 to 5	8.0	3.7	6.1	7.0	10.1	12.6	12.1	8.6	6.5
5 to 10	2.0	0.7	1.1	-	1.2	0.6	1.1	-	-
More than 10	-	-	-	0.6	0.6	1.1	1.1	-	-
All	-	-	0.4	-	0.6	1.1	-	-	-

Base: All answering (1,252)

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 89% and 96%) had not sold any properties.

Number of Properties Sold	Region								
	CL	ROL	SE	SW	MID	NW	NE	S,W & NI	Non UK
None	92.9	91.9	92.4	92.7	89.9	89.4	91.5	96.3	93.5
One	2.4	7.3	6.4	6.6	6.5	7.1	6.7	1.9	6.5
2 to 5	4.8	0.8	0.8	0.7	1.4	3.5	1.8	1.9	-
5 to 10	-	-	0.4	-	0.7	-	-	-	-
More than 10	-	-	-	-	0.7	-	-	-	-
All	-	-	-	-	0.7	-	-	-	-

Base: All answering (1,080)

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.



<b>Geographic Region</b>	<b>Percent of Respondents - Dec 11 (%)</b>	
	<b>Bought</b>	<b>Sold</b>
Central London	20.0	7.1
Rest of London ( <i>within M25</i> )	19.9	8.1
South East ( <i>outside M25</i> )	23.4	7.6
South West	21.1	7.3
Midlands	29.2	10.1
North West	31.4	10.6
North East	28.9	8.5
Scotland/Wales/NI	24.3	3.7
Outside UK	9.7	6.5

Base: All answering (1,252) (1,080)

The regions with the highest proportions of landlords saying they had bought properties were the North West (31%), the Midlands (29%) and the North East (29%). The regions with the lowest proportion saying they had bought properties were Outside the UK (10%), Central London (20%) and the Rest of London (also 20%).

When it comes to the proportions saying they had sold properties, the region with the highest proportions were again the North West (11%), the Midlands (10%) and the North East (9%) and that with the lowest proportion was Scotland, Wales & Northern Ireland (4%).

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

A quarter of respondents (25%) said that they expected to acquire further properties to let during the next 12 months but half (50%) said that they did not.

In addition, a further quarter (25%) were unsure whether or not they would acquire further properties in the next year.

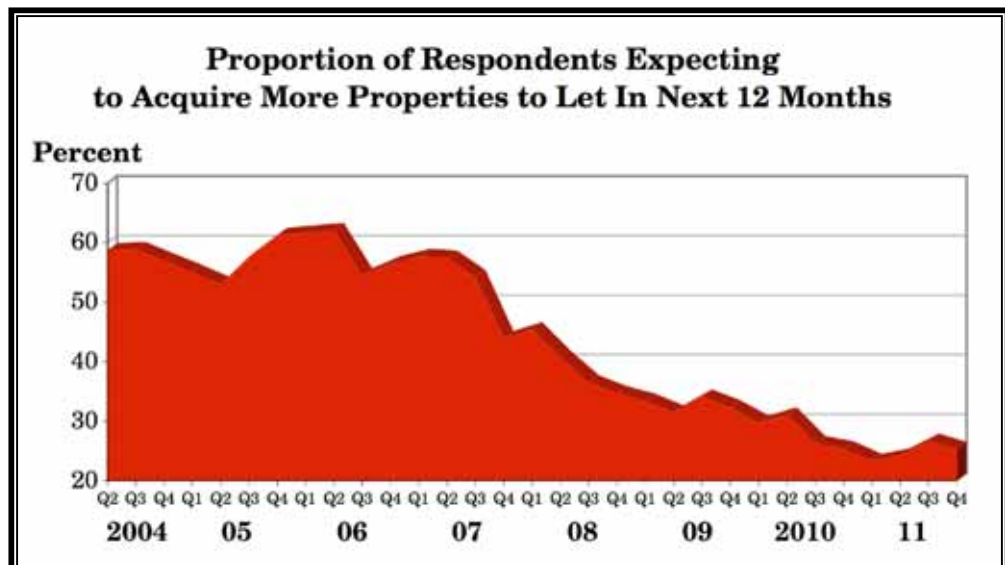
Response	Percent of Respondents (%)		
	Jun 11	Sep 11	Dec 11
Yes	24.3	26.7	25.3
No	50.1	46.2	49.5
Don't know	25.6	27.1	25.2
Base: All answering	(1,412)	(987)	(1,288)

Compared with three months ago, the proportion saying they expected to acquire further property to let in the next 12 months fell from 27% to 25% whilst the proportion saying they did not rose from 46% to 50% with the consequence that the proportion who were unsure was down from 27% to 25% but all these changes largely just reverse the changes seen three months ago.

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

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

After that it increased for a couple of quarters in mid-2011 and, although the decline seen with the results from this survey has only partially eroded that increase, the figure remains at an historically low level.





## 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 the regions in the south of the country (and also Outside the UK) had noticeably lower proportions of respondents saying they expected to buy properties in the 12 months following the survey (between 15% and 25%) than those in the north of the country (including the Midlands) had higher proportions saying they expected to buy properties (between 27% and 31%).

In addition, quite a high proportion of respondents in every region (between 15% and 28%) said they were unsure whether they would buy properties in the next 12 months or not with the result that between 41% and 62% 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	23.1	24.5	23.1	15.3	30.6	30.6	29.8	26.8	18.2
No	61.5	48.2	52.7	59.3	45.9	41.1	42.4	49.3	66.7
Not sure	15.4	27.3	24.2	25.4	23.5	28.3	27.7	23.9	15.2

Base: All answering (1,286)



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

In particular, the Midlands saw the proportion saying they did expect to buy properties in the 12 months following the survey fall from 42% to 31% but this change did no more than reverse the change seen then. Also, Central London saw the proportion saying so fall from 31% to 23%, the South West from 21% to 15% and Outside the UK from 26% to 18%.

In the other direction, the Rest of London saw the proportion saying they expected to be buying properties in the next 12 months rise from 18% to 25%.

In all the other regions, changes compared with three months ago were relatively small although the North West and the North East both had noticeable increases.

<b>Geographic Region</b>	<b>Percent Expecting to Buy Properties (%)</b>		
	<b>Q2.11</b>	<b>Q3.11</b>	<b>Q4.11</b>
Central London	32.4	30.6	23.1
Rest of London ( <i>within M25</i> )	29.5	18.2	24.5
South East ( <i>outside M25</i> )	18.4	22.3	23.1
South West	16.0	20.5	15.3
Midlands	29.9	42.4	30.6
North West	26.8	27.5	30.6
North East	25.4	28.5	29.8
Scotland/Wales/NI	25.7	27.0	26.8
Outside UK	25.0	25.7	18.2
Base: All answering	(1,409)	(1021)	(1,286)

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

Response	Percent of Respondents (%)		
	Jun 11	Sep 11	Dec 11
Yes	11.1	8.6	9.7
No	70.7	73.6	72.8
Not sure	18.2	17.8	17.5
Base: All answering	(1,419)	(1,019)	(1,296)

Compared with three months ago, the proportion saying they do not intend to sell some or all of their properties in the next 12 months has fallen a little from 74% to 73%, partially reversing the change seen then and the proportion saying they do have such intentions has risen a little from 9% to 10%, also partially reversing the change seen three months ago, 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 fall seen in the last quarter of 2010 but the results from the middle of 2011 largely eroded that increase.

The increase seen this quarter continues the recent trend for the figure to fluctuate without moving very much from a median of around 9%.



## 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 (19%) and, some way behind, the North East (12%). The regions with the lowest proportions of respondents saying they expected to sell properties in the next 12 months were the Rest of London (6%) and Scotland, Wales & Northern Ireland (7%).

Again, quite a high proportion of respondents in every region (between 9% and 23%) said they were unsure whether they would sell properties in the next 12 months or not with the result that around three quarters of respondents for each region (between 66% 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	18.5	6.4	9.1	9.1	9.4	9.9	12.4	7.0	9.1
No	72.2	70.2	75.2	72.7	77.8	70.2	65.8	81.7	75.8
Not sure	9.3	23.4	15.7	18.2	12.9	19.9	21.8	11.3	15.2

Base: All answering (1,294)



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

In particular, the North East saw the proportion saying they expected to sell properties in the 12 months following the survey rise from 7% to 12%. The Midlands also saw a substantial rise in the proportion expecting to sell with the figure rising from 6% to 9% as

did Scotland, Wales & Northern Ireland, albeit to a lesser extent, rising from 5% to 7%.

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

The exceptions were the Rest of London, which saw its proportion fall from 8% to 6%, and the North West which saw its proportion fall from 12% to 10%.

<b>Geographic Region</b>	<b>Percent Expecting to Sell Properties (%)</b>		
	<b>Q2.11</b>	<b>Q3.11</b>	<b>Q4.11</b>
Central London	14.9	18.4	18.5
Rest of London ( <i>within M25</i> )	9.4	7.9	6.4
South East ( <i>outside M25</i> )	10.2	7.8	9.1
South West	8.0	9.7	9.1
Midlands	12.4	6.0	9.4
North West	14.8	12.2	9.9
North East	10.7	7.3	12.4
Scotland/Wales/NI	9.3	4.6	7.0
Outside UK	9.7	8.6	9.1
Base: All answering	(1,409)	(1021)	(1,294)

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

More than six out of ten respondents to this survey (61%) had become residential landlords since the beginning of 2000 with nearly half of these (29%) having done so since the beginning of 2006.

Nevertheless, almost one in eight respondents (12%) had first become residential landlords earlier than 1990 and had therefore been landlords for more than 20 years.

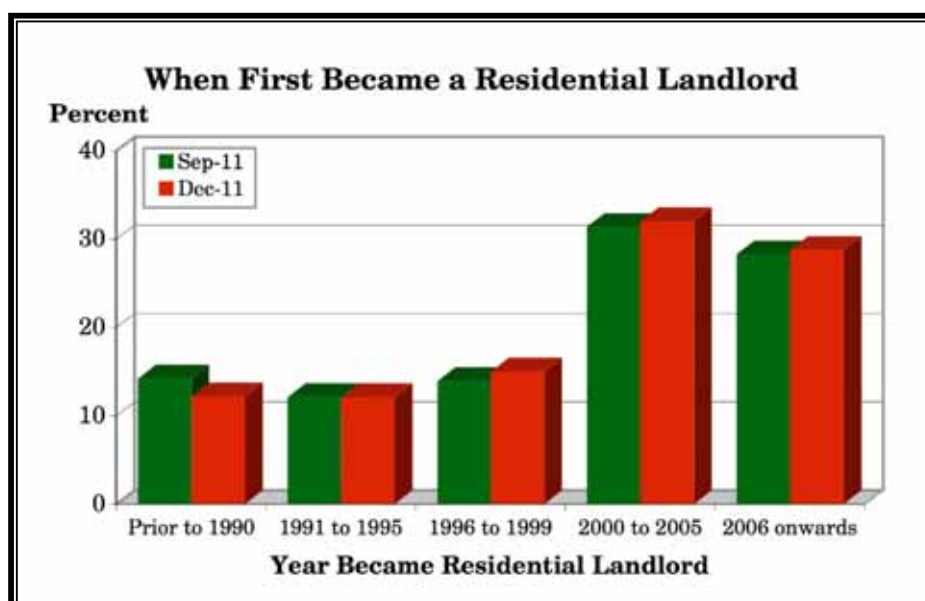
When Became a Landlord	Percent of Respondents (%)		
	Jun 11	Sep 11	Dec 11
Prior to 1990	12.3	14.2	12.2
1991 to 1996	9.9	12.1	12.1
1997 to 1999	16.8	13.9	15.0
2000 to 2005	32.7	31.4	32.0
2006 onwards	28.3	28.3	28.8

**Average (no. of years ago)    10.6            12.2            12.0**

Base: All answering            (1,408)            (1,006)            (1,283)

Compared with three months ago, the proportion of respondents who said they had become landlords prior to 1990 was down from 14% to 12%, again reversing the change seen three months earlier, and the proportion who said they had become landlords from 2006 onwards was little changed, rising from 28% to 29% with the result that the proportion who had become landlords between 1991 and 2005 rose from 57% to 59%.

The current average length of time since respondents first became landlords, at 12.0 years, is down slightly from an average of 12.2 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 more than two out of ten (22%) saying they had properties in London itself.

Location	Percent of Respondents (%)		
	Jun 11	Sep 11	Dec 11
Central London	6.8	7.8	7.9
Rest of London ( <i>inside M25</i> )	14.1	11.9	13.8
South East ( <i>outside M25</i> )	26.9	26.3	23.8
South West	14.3	13.3	15.9
Midlands	17.2	16.0	16.8
North West	20.1	18.1	18.4
North East	19.1	19.3	19.4
Scotland	2.6	2.6	3.3
Wales	4.9	5.4	4.7
Northern Ireland	0.8	0.8	0.2
Base: All answering	(1,400)	(1,006)	(1,286)

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

However, two regions had noticeably more respondents this quarter with properties in the region and they were the Rest of London (up from 12% to 14%) and the South West (up from 13% to 16%). Also, one region, the Rest of the South East, had noticeably fewer (down from 26% to 24%).



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

The extent to which the proportion of respondents with properties in a region exceeded the proportion of respondents living in that region was greatest, in proportional terms, for Central London (98%) and





**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 - Dec 11 (%)					
	Off plan	New build	Refurb-ished	In need of refurb.	Good cond.	Poor cond.
None	89.7	82.6	83.5	45.3	36.9	75.5
Up to 25%	4.8	7.5	4.9	9.4	12.7	10.0
26% to 50%	2.7	3.6	4.2	14.0	12.8	5.5
51% to 75%	0.8	1.7	1.8	7.7	7.5	2.6
Over 75%	2.0	4.7	5.6	23.6	30.1	6.4

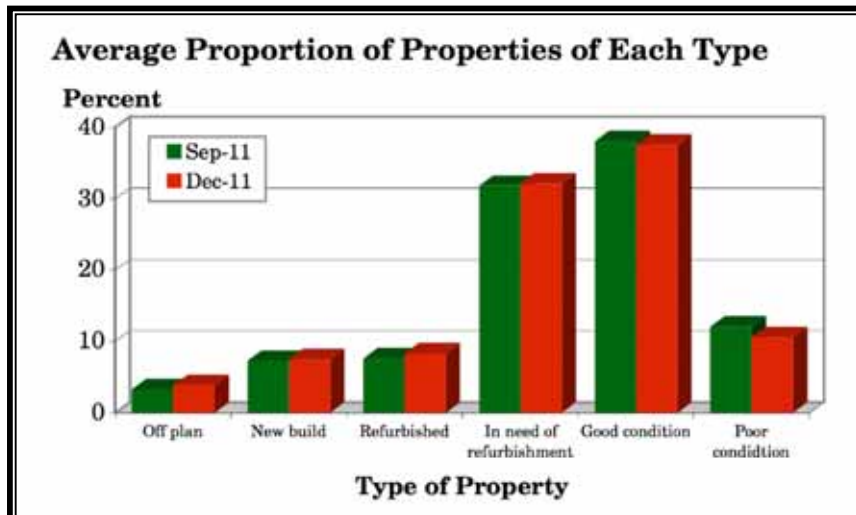
Base: All answering (1,194)

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 (4%) followed by those which were new builds (8%) and those which were refurbished (8%) with those in poor condition comprising a little over one in ten properties (11%).

Type of Property	Average Percent of Properties (%)			
	Mar 11	Jun 11	Sep 11	Dec 11
Off plan/never occupied	3.2	3.4	3.3	3.9
New build	6.5	7.1	7.3	7.5
Refurbished	9.0	9.1	7.6	8.3
In need of refurbishment	31.1	31.5	31.8	32.1
Good condition	39.1	38.7	38.0	37.6
Poor condition	11.0	10.2	12.1	10.6

Base: All answering (1,456) (1,318) (943) (1,194)



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 less popular now (down from 12% to 11%).

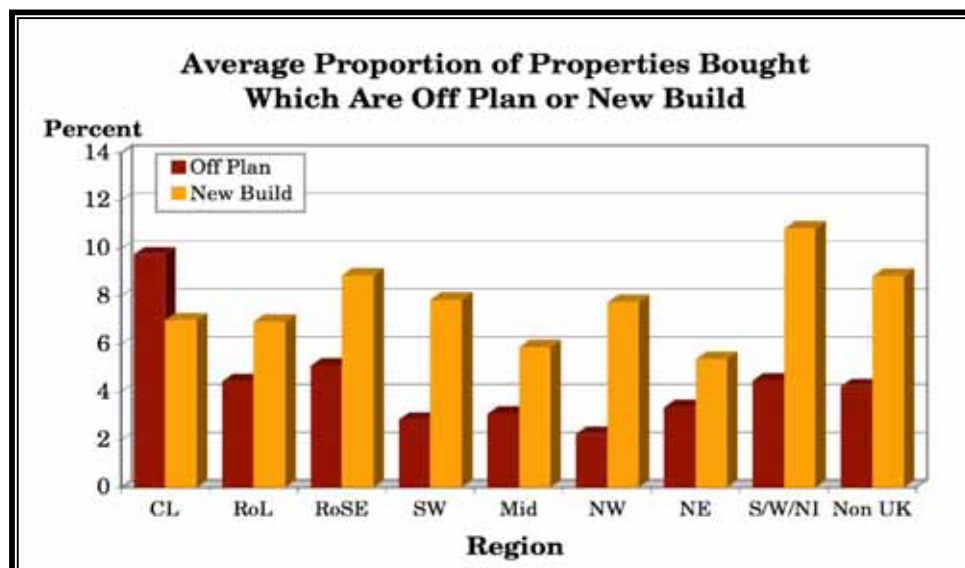
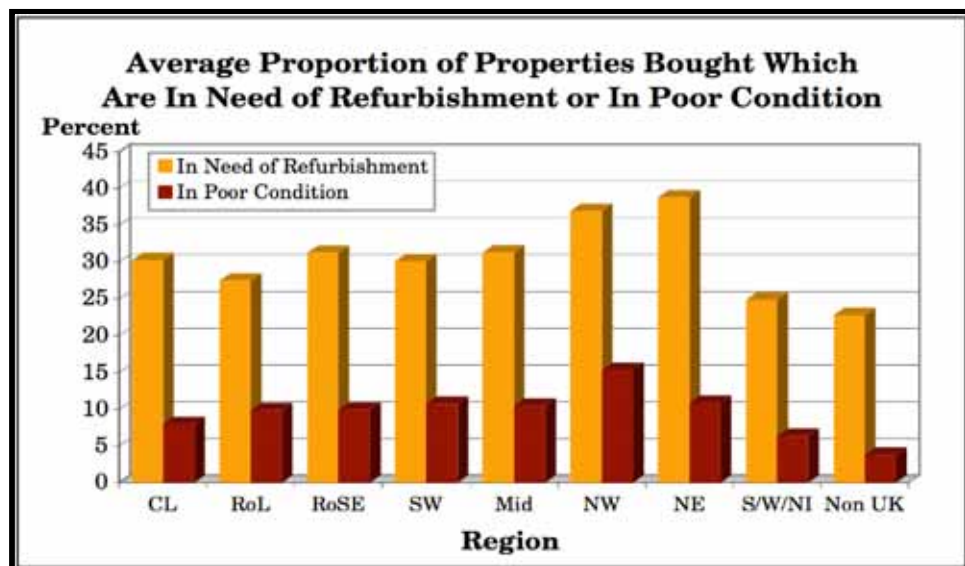
## Regional Analysis

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.	9.8	4.4	5.1	2.8	3.1	2.2	3.3	4.5	4.2
New build	7.0	6.9	8.9	7.9	5.9	7.8	5.4	10.8	8.9
Refurbished	9.5	8.1	6.8	9.4	11.6	8.0	7.1	5.1	11.8
In need of refurb	30.2	27.5	31.3	30.1	31.3	36.9	38.8	24.9	22.8
Good condition	35.5	43.2	38.0	39.1	37.7	29.8	34.5	48.4	48.5
Poor condition	8.0	9.8	9.9	10.7	10.5	15.3	10.9	6.3	3.8

Base: All answering (1,233)

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



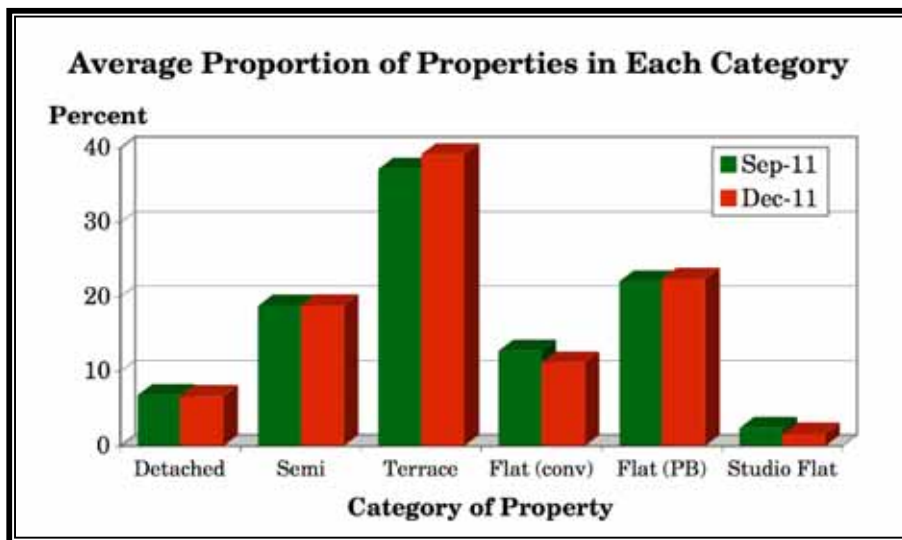
**3.11 What proportion of the residential properties you have bought fall into the following categories? (Q.11)**

Respondents have tended to favour terraced houses with nearly three out of ten (28%) 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 (1%) saying that more than three quarters of theirs have been studio flats.

Proportion of Properties	Percent of Respondents - Dec 11 (%)					
	Detached	Semi	Terrace	Flat (Conv)	Flat (PB)	Studio Flat
None	79.7	54.2	32.3	73.9	56.5	94.6
Up to 25%	11.4	18.6	12.2	9.0	11.7	3.4
26% to 50%	4.8	12.7	16.9	8.8	11.1	1.0
51% to 75%	0.5	4.0	10.8	2.4	6.2	0.3
Over 75%	3.6	10.5	27.8	5.9	14.5	0.7

Base: All answering (1,075)

Analysis of these responses confirms that the most popular properties have been terraced houses (39%) followed by purpose built flats/maisonettes (22%) and semi-detached houses (19%).



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

Compared with three months ago, there has been little change but terraced houses comprised a higher proportion this time (up from 37% to 39%) mainly at the expense of converted flats/maisonettes (down from 13% to 11%)

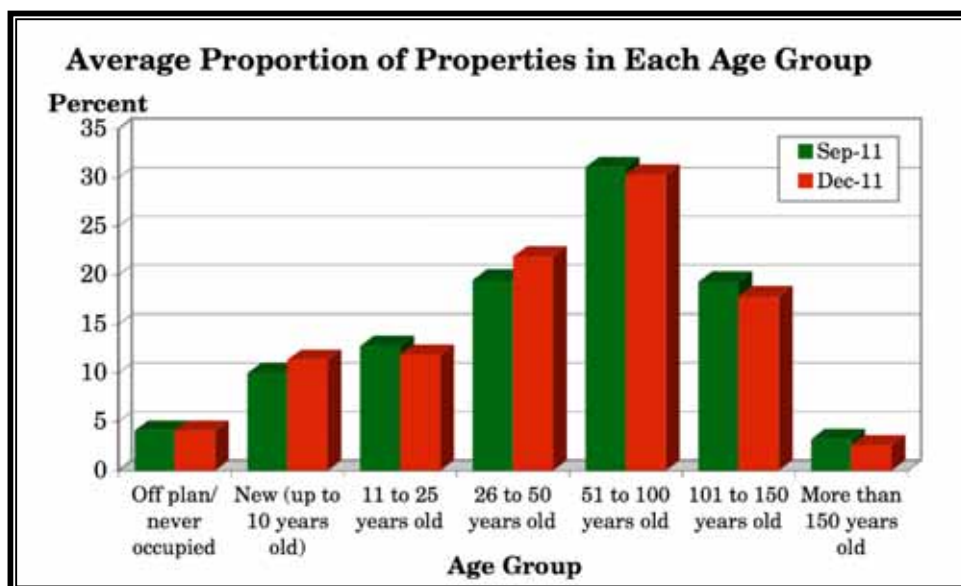
**3.12 What proportion of the residential properties you have bought fall into each age band? (Q.12)**

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 both only managing 2.0% of respondents saying that more than three quarters of their purchases have been in those age bands.

Proportion of Properties	Percent of Respondents - Dec 11 (%)						
	Off plan	New (up to 10)	11 to 25	26 to 50	51 to 100	101 to 150	Over 150
None	89.1	74.6	72.8	56.6	47.5	68.9	94.2
Up to 25%	5.5	9.2	10.0	12.5	9.0	7.5	2.6
26% to 50%	2.4	6.5	7.6	11.8	14.4	6.0	0.8
51% to 75%	1.0	3.1	2.5	3.7	7.5	3.5	0.4
Over 75%	2.1	6.6	7.1	15.4	21.5	14.1	2.0

Base: All answering (1,060)

Analysis of these responses confirms that the most popular properties have been those which are between 51 and 100 years old (30%) followed by those between 26 and 50 years old (22%) and those between 101 and 150 years old (18%).



Age of Property	Average Percent of Properties (%)			
	Mar 11	Jun 11	Sep 11	Dec 11
Off plan/never occupied	3.8	4.1	4.1	4.1
New (up to 10 years old)	10.2	10.0	10.0	11.4
11 to 25 years old	13.0	13.2	12.8	11.9
26 to 50 years old	20.0	19.7	19.5	21.9
51 to 100 years old	30.6	31.7	31.1	30.3
101 to 150 years old	19.4	18.6	19.3	17.8
More than 150 years old	3.0	2.8	3.2	2.6
Base: All answering	(1,288)	(1,166)	(845)	(1,060)

Compared with the survey in the third quarter, properties which are between 25 and 50 years were more popular this time (up from 20% to 22%) as were properties up to 10 years old (up from 10% to 11%) with all the other property age bands being slightly less popular apart from off plan/never occupied which was unchanged.

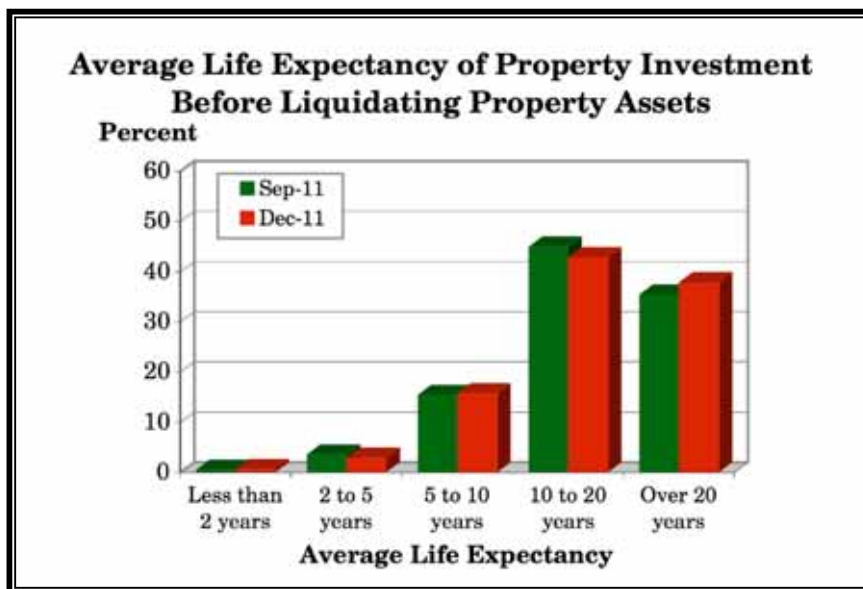
3.13 **From original acquisition time, what do you expect to be the average life expectancy of your property investment before you liquidate your property assets? (Q.13)**

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, less than one in twenty-five respondents (3.5%) said they saw their investment as being for 5 years or less and only slightly more than one in two hundred (0.6%) saw it as being very short term (i.e. for less than 2 years).

Average Life Expectancy	Percent of Respondents (%)		
	Jun 11	Sep 11	Dec 11
Less than 2 years	0.4	0.5	0.6
2 to 5 years	4.2	3.6	2.9
5 to 10 years	17.7	15.4	15.8
10 to 20 years	42.4	45.0	42.9
Over 20 years	35.3	35.5	37.9
<b>Average (years)</b>	<b>18.8</b>	<b>19.0</b>	<b>19.4</b>
Base: All answering	(1,375)	(985)	(1,243)

Simple analysis of these results reveals that the average life expectancy of their property investments for all respondents is 19.4 years, a figure which is up from 19.0 years three months ago.

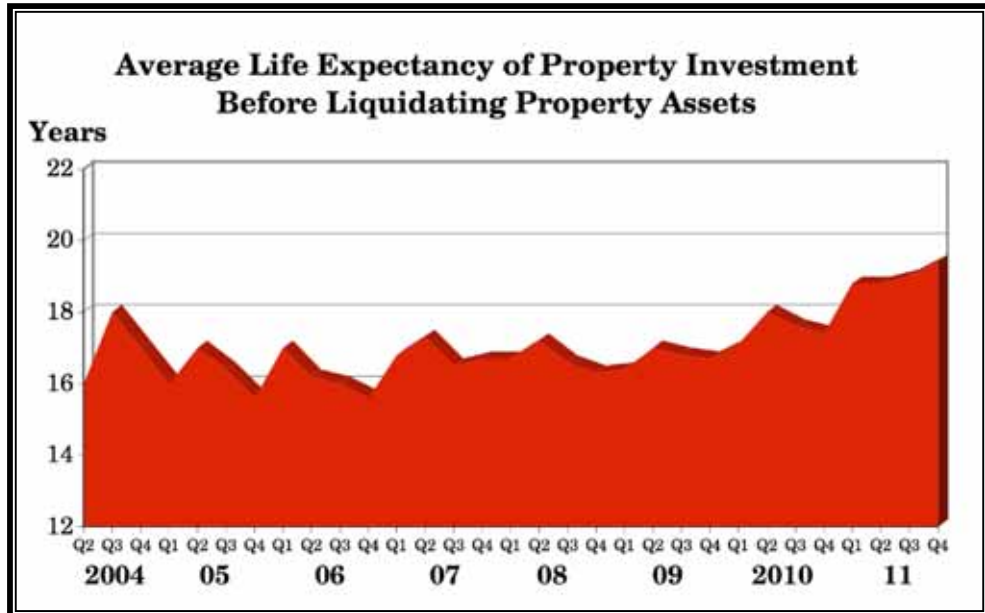


As can be seen from the chart below, the average life expectancy of respondents' property investments declined slowly until the beginning of 2007 despite an increase after every decline of two or three quarters.

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

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

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

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

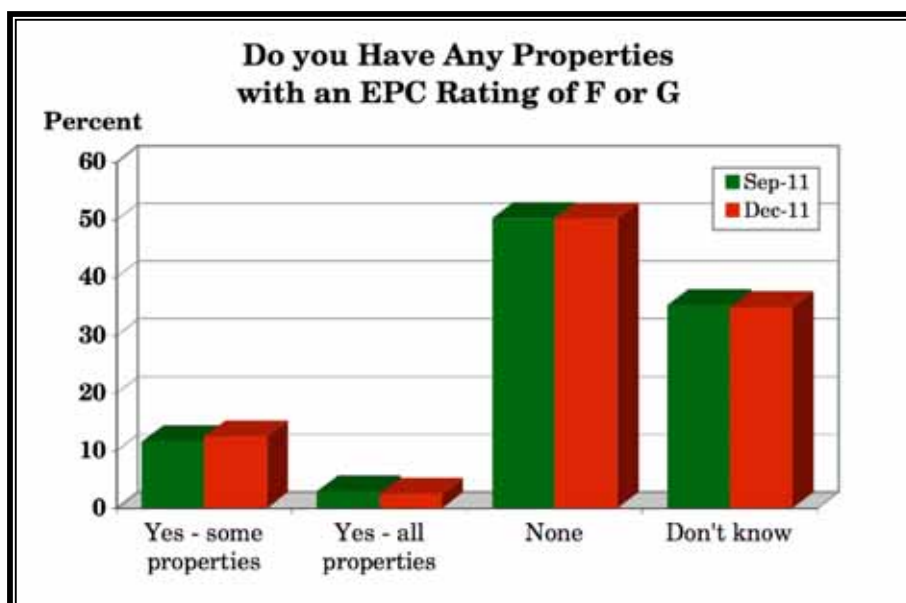
Compared with three months ago, the proportion who said they were aware of the Government's Green Deal Proposal for improving Private Rented Sector housing energy performance was up very marginally.

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

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

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 (%)		
	Jun 11	Sep 11	Dec 11
Yes - some properties	14.4	11.6	12.5
Yes - all properties	2.6	2.9	2.5
None	46.6	50.3	50.2
Don't know	35.4	35.2	34.8
Base: All answering	(1,370)	(985)	(1,243)



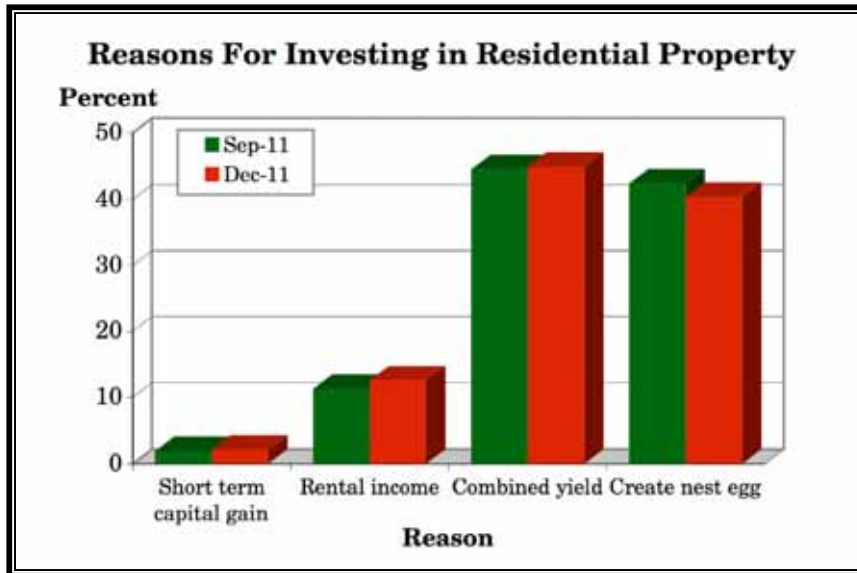
Compared with the third quarter, the proportion saying that they had at least some properties with an Energy Performance Certificate rating of F or G has increased marginally (from 14.5% to 15.0%) with the proportion saying that they had no such properties being virtually unchanged.

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

Most respondents either said that they had become residential landlords in order to achieve a combined yield from rental income and capital appreciation (45%) or that they had done so in order to create a nest egg for their long term future (40%).

Only one in fifty respondents (2%) said that 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 (13%) said that they had done so in order to obtain a stream of rental income.

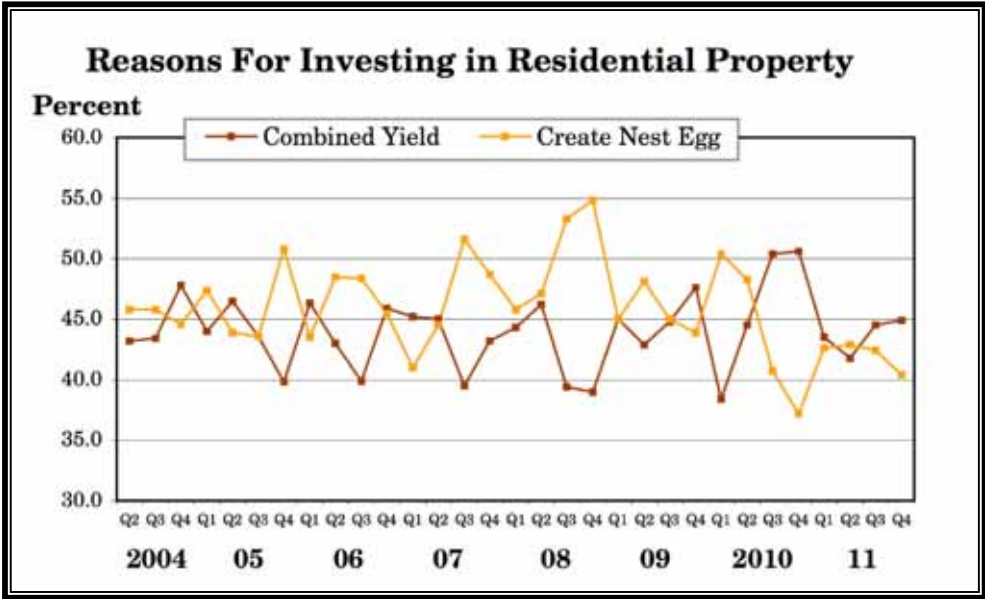
Reason	Percent of Respondents (%)	
	Sep 11	Dec 11
Short term capital gain (less than 5 years)	1.9	2.1
Rental income	11.3	12.6
Combined yield from rent & capital apprec.	44.5	44.9
Create nest egg for long term future	42.4	40.4
Base: All answering	(968)	(1,230)



Compared with three months ago, the two main changes were that there were more respondents who said they had first decided to invest in residential property to achieve a stream of rental income (up from 11% to 13%) and fewer saying they had done so in order to create a nest egg for their long term future (down from 42% to 40%).

There was very little change in the proportions saying they had done so in order to achieve a combined yield from rental income and capital appreciation (up from 44.5% to 44.9%) or for short term capital gain (up from 1.9% to 2.1%).

Over the past seven years since this question was first asked, the proportions of respondents saying that they had first decided to invest in residential property in order to create a nest egg for the long term future and those saying they had done so in order to achieve a combined yield from rental income and capital appreciation have remained between 35% and 55% with any changes taking place each quarter simply mirroring each other.



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

More than a third of respondents to this question (35%) said that they did consider whether an agent was licensed or regulated when they were deciding which lettings agency to use with less than half as many (17%) 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 (%)		
	Jun 11	Sep 11	Dec 11
Yes	35.2	35.8	34.5
No	16.9	14.6	16.9
Don't know	2.2	3.3	2.9
Don't use a letting agent	45.8	46.0	45.7
Base: All answering	(1,368)	(971)	(1,239)



Compared with three months ago, the main change is that the proportion saying they do consider whether an agent is licensed or regulated when they are deciding which lettings agency to use is down from 36% to 35% with the proportion saying they do not rising from 15% to 17%. However, these changes largely just reverse the changes seen then.

When figures are calculated just for those who do use a lettings agent, nearly two thirds (64%) say they do consider whether the agent is licensed or regulated when deciding which one to use.

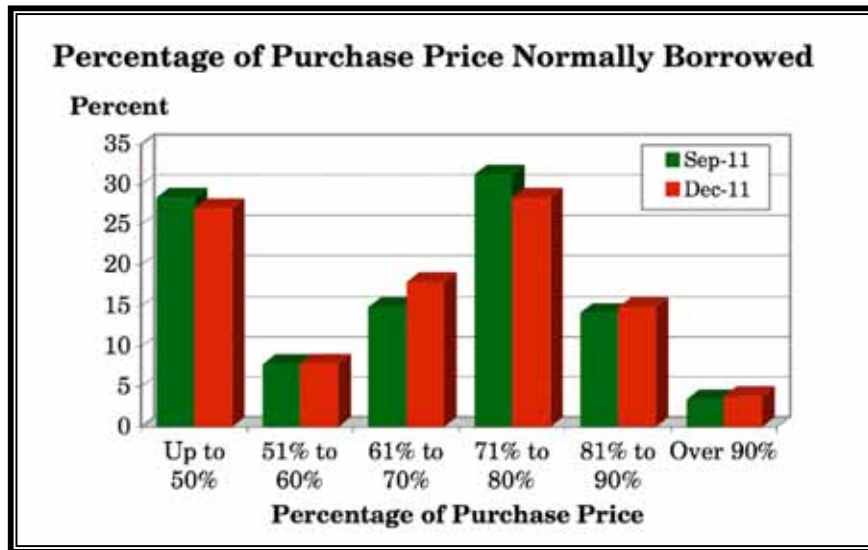
Response	Percent of Respondents (%)		
	Jun 11	Sep 11	Dec 11
Yes	64.8	66.7	63.5
No	31.1	27.2	31.1
Don't know	4.1	6.1	5.3
Base: All using agent & answering	(742)	(522)	(673)

**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 (61%) said that they normally borrow between 61% and 90% of the purchase price of a buy to let property. Nevertheless, a substantial minority of more than a third (35%) said they normally borrow less than half of the purchase price.

Analysis of these figures reveals that the average proportion of the purchase price of a buy to let acquisition is currently 61%.

<b>Percent of Purchase Price</b>	<b>Percent of Respondents (%)</b>			
	<b>Mar 11</b>	<b>Jun 11</b>	<b>Sep 11</b>	<b>Dec 11</b>
Up to 50%	25.9	24.6	28.4	27.1
51% to 60%	7.1	7.7	7.8	7.9
61% to 70%	14.0	14.1	14.9	17.9
71% to 80%	30.0	30.8	31.3	28.4
81% to 90%	17.9	18.5	14.2	14.9
Over 90%	5.1	4.3	3.4	3.8
<b>Average (%)</b>	<b>62.4</b>	<b>62.8</b>	<b>60.2</b>	<b>60.7</b>
Base: All answering	(1,365)	(1,252)	(886)	(1,140)



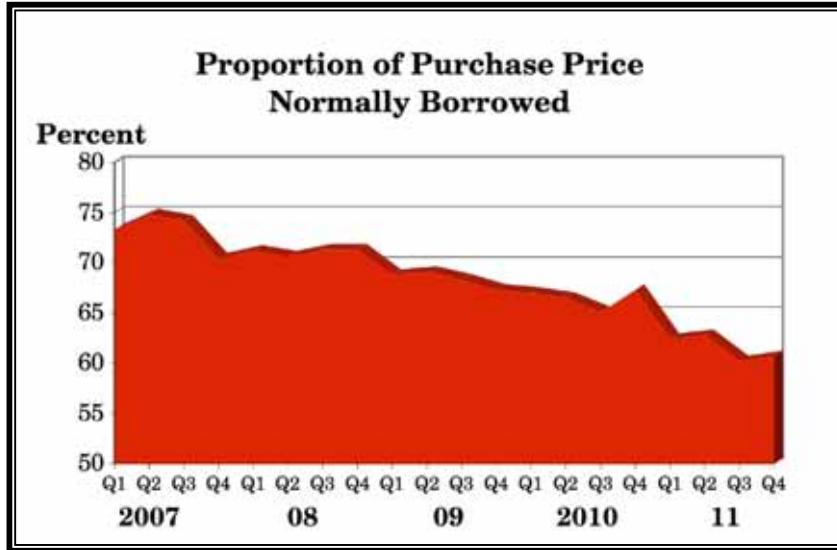
Compared with three months ago, the average proportion of the purchase price of a buy to let property which respondents normally borrow has risen slightly from 60% to 61%.

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

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

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

quarter of 2011 indicated that this was a temporary increase and the long term trend continues to be for the proportion of the purchase price of a buy to let property which is normally borrowed to fall.

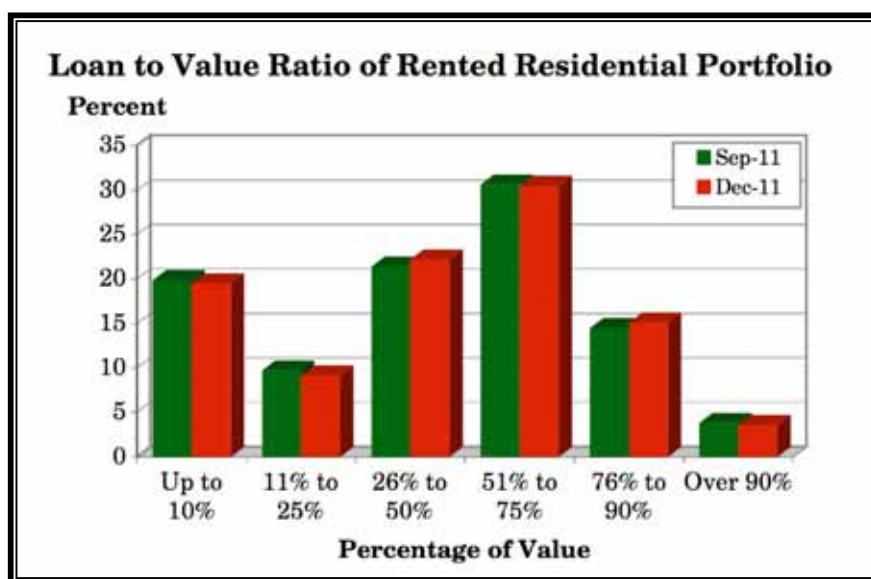


**3.19 What is the approximate overall loan to value ratio of your rented residential portfolio? (Q.19)**

The largest proportion of respondents, amounting to 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 (22%) saying it was between 26% and 50%.

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

<b>Loan to Value Ratio</b>	<b>Percent of Respondents (%)</b>			
	<b>Mar 11</b>	<b>Jun 11</b>	<b>Sep 11</b>	<b>Dec 11</b>
Up to 10%	18.8	17.9	19.9	19.5
11% to 25%	9.3	8.7	9.7	9.1
26% to 50%	20.6	21.3	21.4	22.2
51% to 75%	30.7	31.5	30.6	30.5
76% to 90%	16.9	16.8	14.5	15.1
Over 90%	3.6	3.9	3.8	3.6
<b>Average (%)</b>	<b>47.3</b>	<b>48.0</b>	<b>45.8</b>	<b>46.2</b>
Base: All answering	(1,340)	(1,246)	(873)	(1,136)



Compared with the last survey three months ago, the average loan to value ratio of respondents' portfolios has risen marginally from 45.8% to 46.2%.

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

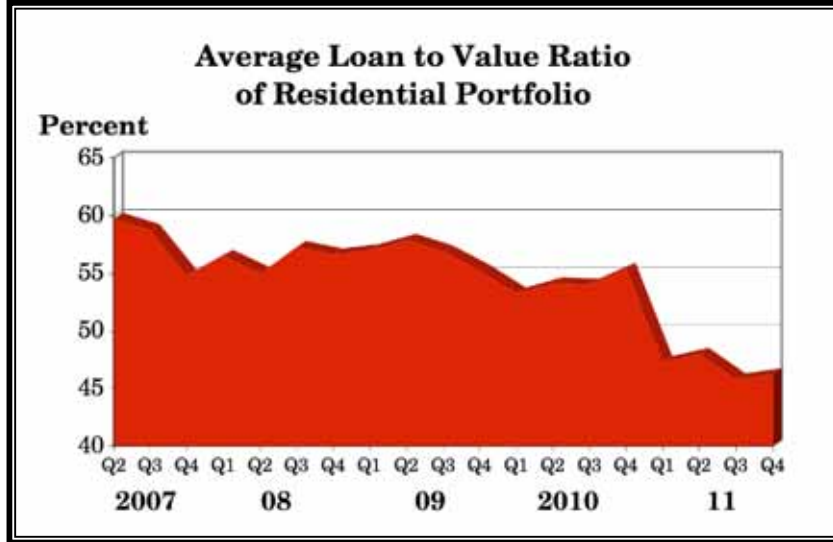
However, the trend from the middle of 2009 until the first quarter of 2010 was for the average loan to value ratio to decline quite consistently.

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



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

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



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

Only a minority of respondents (22%) had any let properties which were Houses in Multiple Occupation (HMOs) although more than one in twenty (6%) 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 11.6%.

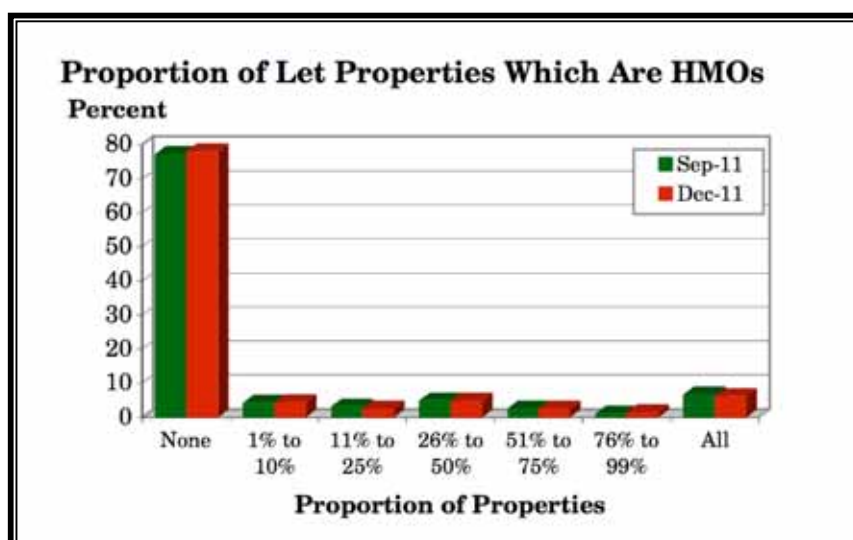
However, amongst those who have any such properties at all, the average proportion is much higher at 53%.

<b>Proportion of Properties</b>	<b>Percent of Respondents (%)</b>			
	<b>Mar 11</b>	<b>Jun 11</b>	<b>Sep 11</b>	<b>Dec 11</b>
None	76.3	76.5	77.3	78.1
1% to 10%	5.0	5.3	4.3	4.5
11% to 25%	3.3	3.6	3.2	2.5
26% to 50%	4.0	4.1	4.9	4.8
51% to 75%	2.5	2.4	2.5	2.5
76% to 99%	2.0	1.6	1.1	1.5
All	7.0	6.5	6.7	6.2
<b>Average (%)</b>	<b>12.7</b>	<b>11.9</b>	<b>11.9</b>	<b>11.6</b>

Base: All answering (1,492) (1,348) (959) (1,219)

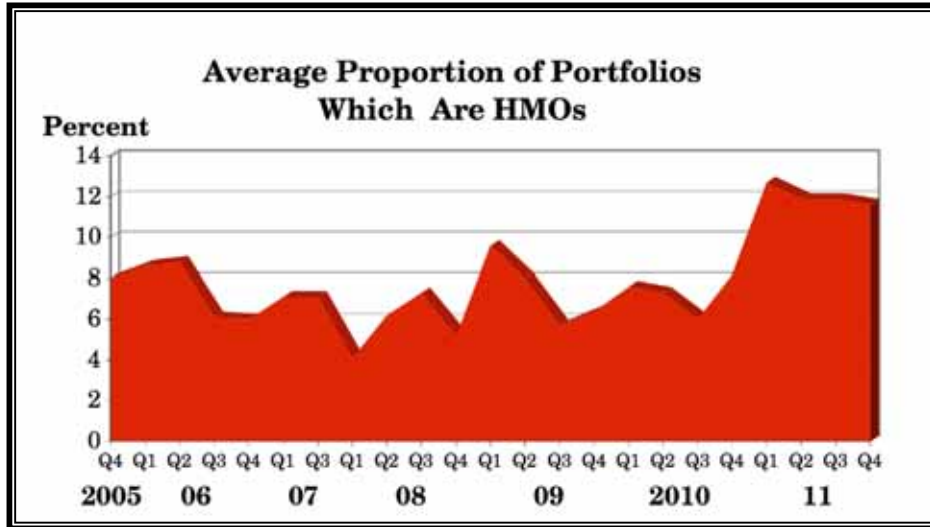
Compared with the last survey, the overall average proportion of HMOs is down marginally from 11.9% to 11.6%.

However, the proportion for those with any at all is up marginally, from 52.5% to 52.9%.



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 results during the rest of the year which have produced a gently declining average proportion of HMOs.



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

The results from this question show that three of the listed types of tenant are more likely to describe recent new tenants than are the other two with married or a couple being the most likely at 33%.

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

Least likely to be the categories which best apply to recent new tenants were students at 10%) and family with older children (teenagers/young adults) at 5%.

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

Type of Tenant	Percent of Respondents (%)
Married or a couple	33.4
Students	9.5
Family with younger children	22.6
Family with older children	4.6
Single occupant	23.4
None of the above	6.6

Base: All answering (1,215)

