

Prepared for

**The Association of Residential Letting Agents**

**ARLA Members Survey  
of the  
Private Rented Sector**

**Second Quarter 2011**

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**June, 2011**

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## **1. INTRODUCTION & BACKGROUND**

ARLA is keen to ensure that the service it provides to its members is relevant to their needs and takes account of the specific and unique requirements of residential letting agents and their investor landlords.

In order to help achieve this, ARLA has commissioned research to ensure that they are kept up to date with agents' requirements and concerns as they change with economic conditions, hopes and fears.

The research is conducted by Owen Carey Jones who specialises in the UK mortgage market and currently conducts several regular quarterly surveys of residential landlords and financial advisers on behalf of a number of clients.

## 2. **METHODOLOGY**

ARLA members were emailed during May with the URL for the on-line survey and asked to go on-line to complete the survey and by the closing date 479 members had completed the survey on-line. These responses were analysed and tables of data produced upon which this report is based.

### 3. SUMMARY

- Compared with three months ago, average weighted rental returns for houses have fallen from 5.2% to 5.0% but this change merely reverses the change seen three months ago. Average weighted rental returns for flats, however, are up for the second time in succession, this time from 5.1% to 5.2%.
- On balance ARLA members report increased achievable rent levels over the last six months on all types of rented property and the average proportion of respondents across all property types now saying they think achievable rent levels have increased over the last six months has risen from 53% to 56%.
- The overall average capital asset value of rented houses has fallen by 2.8% over the last three months as a result of falls of 5.3% and 6.2% respectively in the Rest of the South East and the Rest of the UK. However, respondents from offices managing properties in Prime Central London reported a slight increase of 0.3% in the average value of houses in their area and the fall in the overall average value this time comes after a big increase of 11.6% three months ago.
- Over the same period, the average value of rented flats throughout the country rose by 1.8% with this increase being entirely accounted for by a rise of 7.3% for those managing properties in Prime Central London. For those in the Rest of the South East, the average value of rented flats fell by 1.4% whilst for those in the Rest of the UK, average values of flats fell by 7.1%.
- During the last three months there has been some strengthening of demand in the rented residential property sector with the overall proportion of respondents saying that there are more tenants than properties available for them rising from 68% to 74%, more than wiping out the decline seen over the last six months. This increase came as a result of increases from 74% to 82% for those managing properties in Prime Central London and from 74% to 84% for those in the Rest of the South East. For those in the Rest of the UK, the figure also rose but only from 60% to 61%.
- Suggesting a slight increase in buying and selling activity amongst residential landlords, the proportions of ARLA members who think landlords are currently selling properties and of those who think they are currently buying properties have both increased marginally over the last three months. However, the increase for those who think they are currently buying (up from 15.1% to 15.9%) was a little larger than the increase for those who think they are currently selling (up from 14.2% to 14.4%) with the result that a gap between the two has widened a little.
- Compared with three months ago, the average void period is unchanged at 2.9 weeks (20 days) whilst the average number of new tenancies signed up in the preceding three months has fallen slightly, against the seasonal trend, from 33.5 to 33.0 tenancies.

- The average proportion of ARLA members' offices' portfolios which are made up of investment property is down a little from 54% to 53% and the average number of purely investment properties which are managed by ARLA members' offices has also fallen slightly from 135 to 134 properties but this fall comes after a substantial increase three months ago.
- On average, ARLA members say that tenants remain in the same property for a period of 18.9 months, a figure which is down very slightly from 19.0 months in the first quarter when it reached an all time high.
- Following a substantial reduction from 59% to 39% three months ago in the proportion of ARLA members' offices who believe that they are seeing an increase in rental property coming onto the market because it cannot be sold, there was a small increase in the proportion this time from 39% to 40% and detached and semi-detached houses continue to be the type of property most likely to be coming onto the market for this reason.
- There has been virtually no change in the proportion of ARLA members' offices saying that they have seen an increase in the number of tenants struggling to meet rental payments in the last six months with the figure falling only marginally from 42.7% to 42.4%. Equally, there has only been a marginal decrease (from 42.7% to 42.2%) in the proportion saying that they have seen an increase in tenants haggling with landlords over rents in the last six months.
- There has been an rise in the proportion of ARLA members' offices saying that they are aware of an increase in tenants asking lenders for references on potential landlords to ensure they are financially viable with the figure rising from 7% to 10% and partially reversing the decline seen three months ago.
- More than half of ARLA members' offices (51%, unchanged compared with three months ago) say that none of their potential or existing tenant clients ask them if they are licensed, a figure which falls to four out of ten (40%, up from 38% three months ago) when it relates to potential or existing landlord clients. Nevertheless, a small minority (2% and 5% respectively) say that most or all of their potential and existing tenant and landlord clients ask this question. Less than one in ten ARLA members' offices (9%, up from 7% three months ago) think that the proportion of potential or existing clients asking if they are licensed has increased over the last 12 months.
- ARLA members' offices are most likely to encounter, as new prospective tenants, people who would be first time buyers except that they cannot get a mortgage with those who have been renting for some years because they prefer renting to buying coming a close second. Least likely to be encountered are people who are having/have had their house repossessed although this type is a little more likely to be encountered in the north of the country.

#### 4. **RESULTS**

The following sections detail the results of the survey for the second quarter of 2011. The results have been broken down into three broad geographic areas which are Prime Central London (comprising London & South East based respondents who manage properties in Prime Central London), the Rest of the South East and the Rest of the UK.

Data has also been included for each of the regions making up the UK as shown in the table in section 4.1 below but it should be remembered that the number of respondents from some regions is relatively small and data for these regions should therefore be treated with a degree of caution as it will tend to vary quarter by quarter quite independently of any actual changes which may have taken place.

For this reason, wherever sufficient data is available, we have included comparative data averaged over three quarters. This is known as a three quarter moving average and helps to iron out any temporary fluctuations occurring quarter by quarter because of relatively small sample sizes.



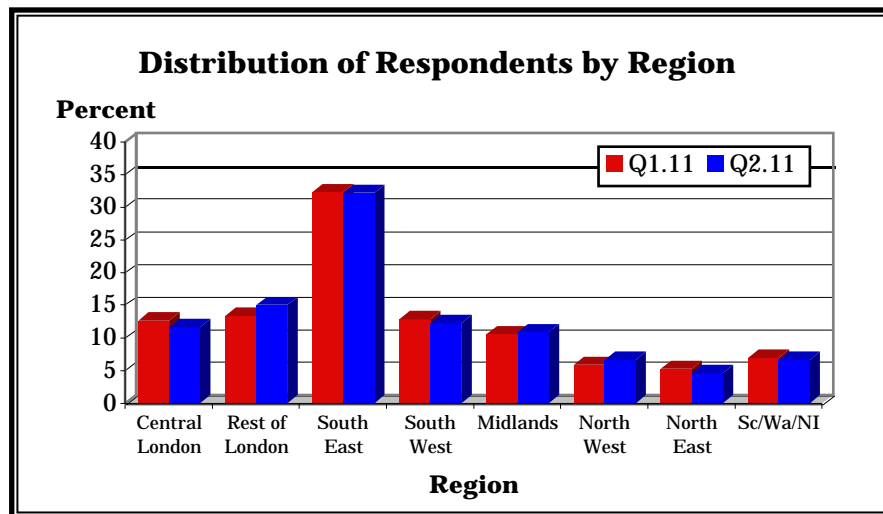
#### 4.1 Geographic Location (Q.1)

The South East, including London, was the region with the highest proportion of ARLA member offices responding, accounting for almost six out of ten respondents (59%).

After the South East, the South West (12%) and the Midlands (11%), were the regions with the most respondents.

Geographic Region	Percent of Respondents (%)		
	Q4.10	Q1.11	Q2.11
Central London	11.0	12.7	11.7
Rest of London ( <i>inside M25</i> )	12.3	13.4	15.0
South East ( <i>excl. London</i> )	34.7	32.3	32.2
South West	11.9	12.9	12.3
Midlands	12.3	10.6	10.9
North West	7.2	5.9	6.7
North East	5.4	5.3	4.6
Scotland/Wales/NI	5.2	7.0	6.7
Base: All respondents	(554)	(529)	(479)

Compared with the first quarter survey, with the exception of the Rest of London which had a noticeably increased proportion of respondents for the second time in succession, all the other regions had similar proportions responding.



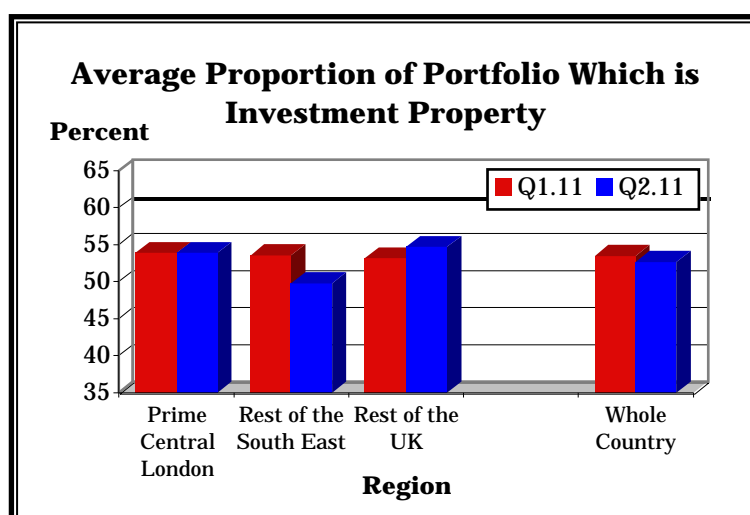
## 4.2 Proportion of Portfolio Made Up of Investment Property (Q.3)

Almost eight out of ten respondents (79%) said that more than a quarter of their portfolio is investment property with more than a quarter (26%) saying that more than three quarters of theirs is investment property. Investment properties comprise a tenth or less of their portfolio for only around one in fifteen offices (6.5%).

Analysis of the responses to this question reveals that, on average, investment properties account for 53% of ARLA member offices' portfolios.

Proportion of Portfolio	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
None	1.9	1.7	2.0	1.9
Up to 10%	3.9	4.5	5.1	4.6
11% to 25%	11.7	19.0	8.6	13.2
26% to 50%	23.3	21.8	23.4	22.8
51% to 75%	32.0	31.3	29.4	30.7
Over 75%	26.2	21.2	29.4	25.7
Not stated	1.0	0.6	2.0	1.3
Base: All respondents	(103)	(179)	(197)	(479)

For offices in the Rest of the South East, investment properties appear to make up a slightly smaller proportion of their portfolios with the average being 50% compared with 54% for those in the Rest of the UK and 55% for offices managing properties in Prime Central London.



Compared with the last survey in the first quarter of 2011, the average proportion of portfolios which are in the form of investment property is down a little from 54% to 53% with the decrease in the Rest of the South East largely being balanced by the increase in the average for the Rest of the UK. The average for Prime Central London was unchanged.

<b>Geographic Area</b>	<b>Average Proportion of Portfolio (%)</b>			
	<b>Q3.10</b>	<b>Q4.10</b>	<b>Q1.11</b>	<b>Q2.11</b>
Prime Central London	54.5	52.8	53.9	53.9
South East	53.2	52.0	53.6	49.8
Rest of UK	54.8	55.0	53.2	54.7
All Regions	54.1	53.4	53.5	52.7
Base: All respondents	(454)	(554)	(529)	(479)

As can be seen from the chart below, the proportion of respondents' portfolios which is made up of investment property, having levelled off for a period of a year from mid-2002 to mid-2003, rose sharply between mid-2003 and mid-2004.

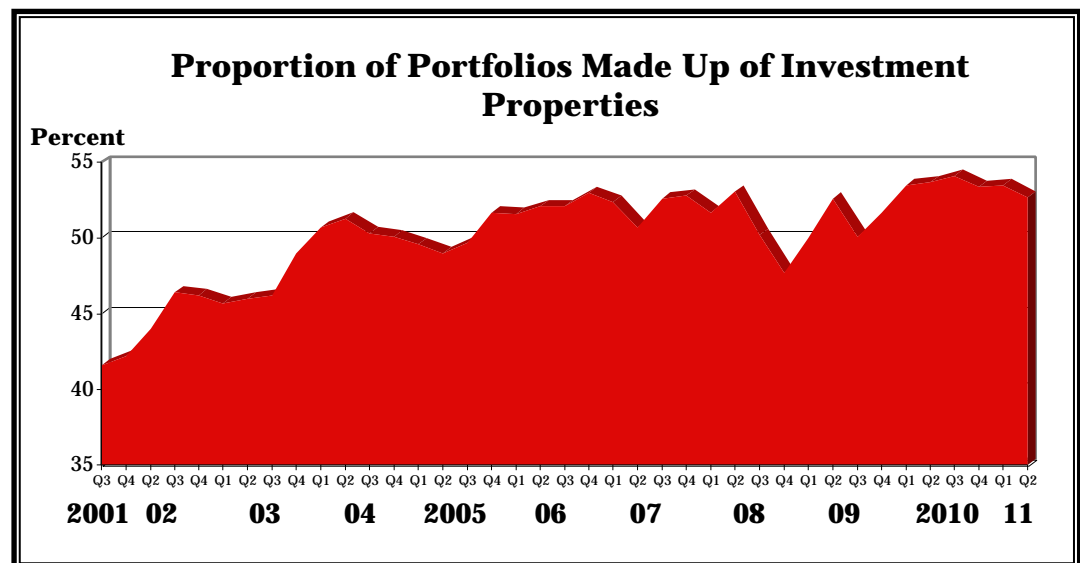
At the end of 2004 the figure levelled off again before slowly reducing during the first half of 2005.

However, both surveys for the second half of 2005 showed the figure was on the increase again and during 2006 this upward trend continued.

Surveys for the first two quarters of 2007 saw falls in the average figure but overall, until the first quarter of 2008, the figure was fairly steady at between 50% and 53%.

After that there were two consecutive falls taking the figure down to its lowest level for 5 years before it bounced back sharply and the results from the next eighteen months showed an upward trend.

Results during 2010, however, brought an end to that upward trend with the average levelling off at between 53% and 54% although there was a fall at the end of the year and that, taken with the fall seen this quarter suggests that a downward trend may now be establishing itself.

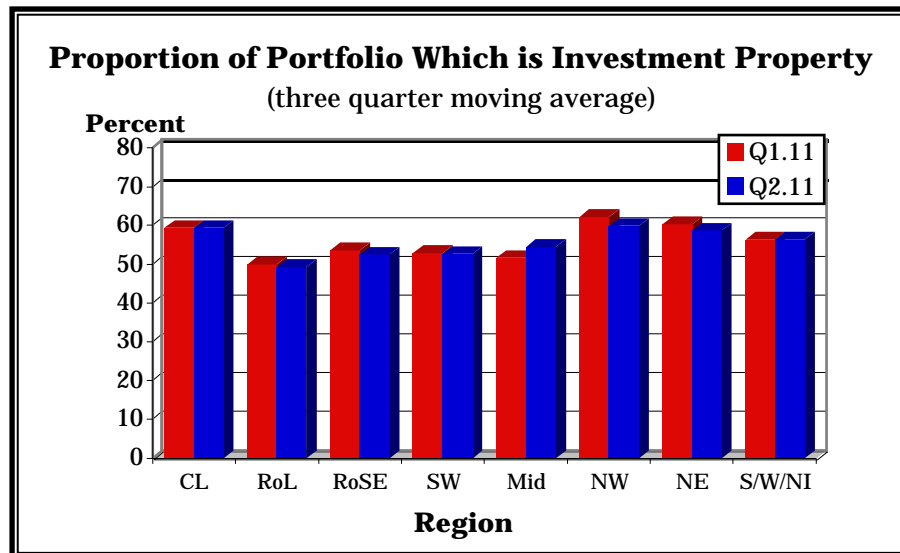


### Regional Analysis

Three quarter moving average proportions for each of the regions of the UK are shown in the table below from which it can be seen that there is not a great deal of difference between the regions on this question although, for offices in Central London and the North of England, investment properties do form a higher proportion of their investment portfolios.

Geographic Region	Average Proportion of Portfolio (%) (three quarter moving average)			
	Q3.10	Q4.10	Q1.11	Q2.11
Central London	61.2	60.0	59.3	59.3
Rest of London	50.3	51.2	50.0	49.2
Rest of South East	52.3	52.6	53.7	52.5
South West	51.7	51.8	52.9	52.6
Midlands	52.6	52.1	51.6	54.5
North West	64.2	63.9	62.3	59.9
North East	58.6	58.2	60.3	58.8
Scotland/Wales/NI	56.4	57.0	56.3	56.4
Base: All respondents	(454)	(554)	(529)	(479)

Compared with the three survey moving average from three months ago, there has been very little change.



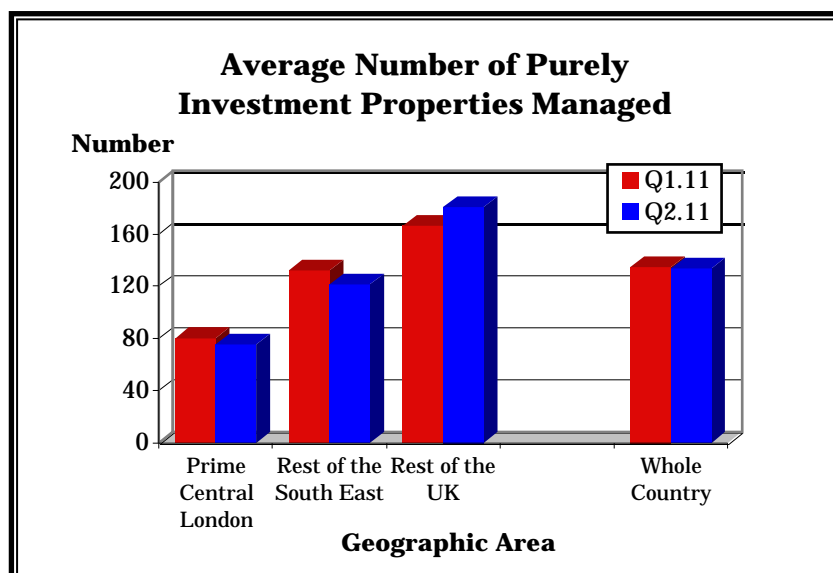
### 4.3 Number of Purely Investment Properties Managed (Q.4)

By and large, ARLA members' offices manage substantial numbers of purely investment properties with more than four out of ten (44%) saying that they manage over a hundred properties and more than eight out of ten (82%) managing in excess of 20 properties.

Analysis of these responses shows that the average number of purely investment properties managed by ARLA members' offices is currently 134.

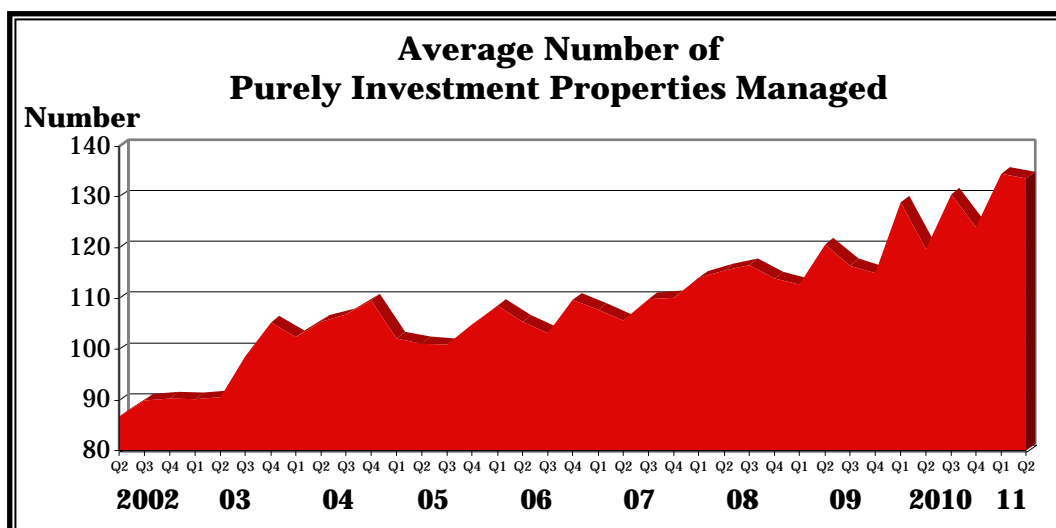
Number of Properties	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Up to 5	6.8	3.4	1.5	3.3
6 to 10	8.7	5.0	3.6	5.2
11 to 20	7.8	10.1	4.1	7.1
21 to 50	24.3	20.1	16.2	19.4
51 to 100	16.5	19.6	18.3	18.4
Over 100	34.0	39.7	53.8	44.3
Not stated	1.9	2.2	2.5	2.3
Base: All respondents	(103)	(179)	(197)	(479)

Offices managing properties in Prime Central London tend to manage considerably fewer properties on average than their counterparts elsewhere in the country with the average numbers being 75 for Prime Central London, 122 for the Rest of the South East and 181 for the Rest of the UK.



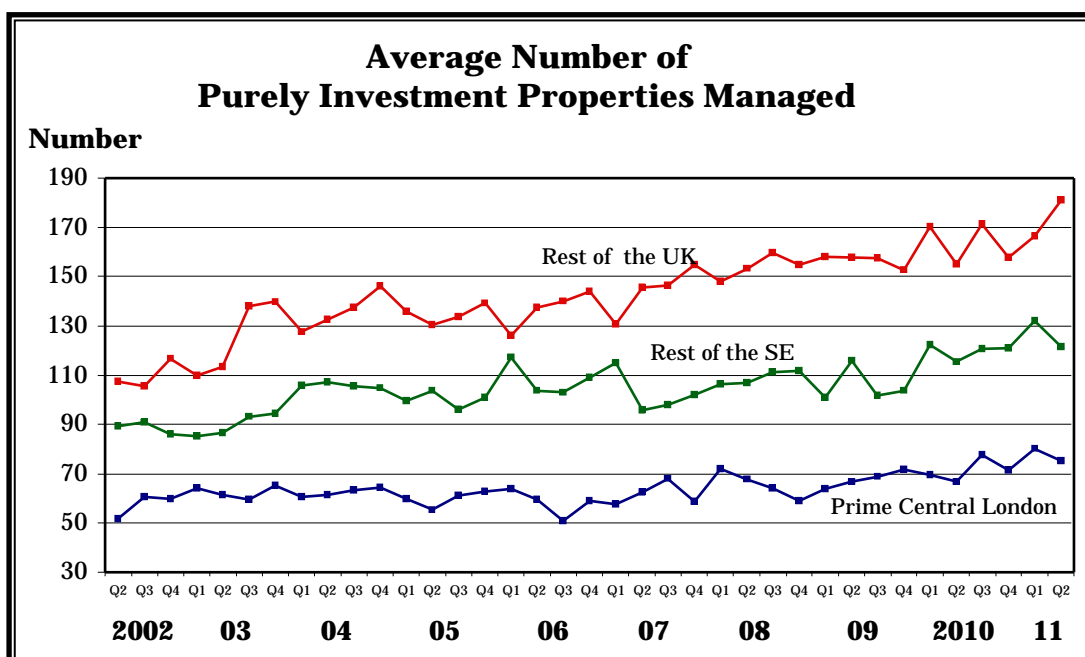
Compared with the first quarter, the average number of properties managed is down slightly from 135 to 134 but the long term trend remains upward as can be seen in the chart below.

The little changed overall position seen this time comes as a result of the decreases for Prime Central London and the Rest of the South East being outweighed by the increase for the Rest of the UK.



Geographic Area	Average Number of Properties			
	Q3.10	Q4.10	Q1.11	Q2.11
Prime Central London	77.7	71.5	80.2	75.3
South East	120.8	121.1	132.0	121.6
Rest of UK	171.1	157.8	166.5	180.9
All Regions	130.6	124.0	134.5	133.68
Base: All respondents	(454)	(554)	(529)	(479)

As can be seen from the chart below, the average number of properties managed by ARLA members in the Rest of the UK, having risen rapidly during 2002 and 2003, stayed in the range 130 to 150 properties until mid 2007 after which it hit a rising trend but during 2009 it levelled off again and fluctuated wildly during 2010. The big increase seen this time, taking the figure to an all time high, may herald a return of the upward trend.



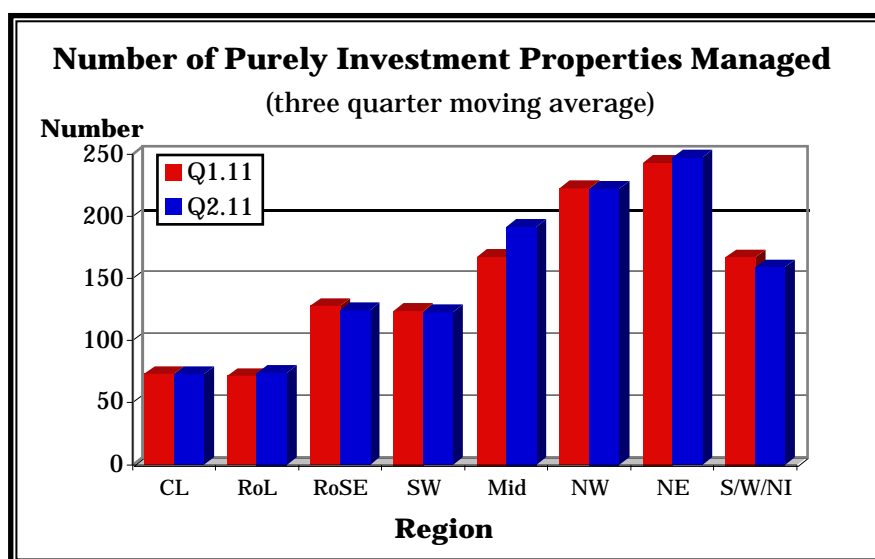
The average for the Rest of the South East evidenced a slight rising trend until the beginning of 2006, after which it declined although each decline was followed by a period of recovery. After mid 2007, the average rose fairly steadily but fluctuated quite wildly during 2009 whilst overall maintaining its level at around 110 properties. As with the Rest of the UK, the Rest of the South East exhibited some fluctuations during 2010 but now appears to be on a rising trend despite the reduction seen on this occasion.

For Prime Central London the figure had been relatively steady at an average of between 60 and 70 properties for some time despite occasionally moving outside this range although there was a trend for the figure to increase from mid 2006 until the beginning of 2008 when it levelled off and started to fall. During 2009, the figure rose steadily to reach a figure only marginally below its all time high and since then it has continued to climb as a result of alternating increases with smaller decreases.

## Regional Analysis

Looking at the results for the individual regions of the UK reveals that the three quarter moving average number of purely investment properties managed by respondents' offices appears to be higher in the northern half of the country with the highest number (248) being found in the North East and the lowest number (73) in Central London.

Geographic Region	Average Number of Properties (three quarter moving average)			
	Q3.10	Q4.10	Q1.11	Q2.11
Central London	69	69	73	73
Rest of London	73	71	72	74
Rest of South East	114	113	128	125
South West	117	114	124	123
Midlands	176	172	168	192
North West	225	206	223	222
North East	219	200	243	248
Scotland/Wales/NI	207	190	167	159
Base: All respondents	(454)	(554)	(529)	(479)



Compared with the results from the first quarter, there was little change other than a noticeable increase in the three quarter moving average number of properties managed in the Midlands, which rose from 168 to 192 properties.



#### 4.4 Average Value of Rented Residential Properties (Q.5)

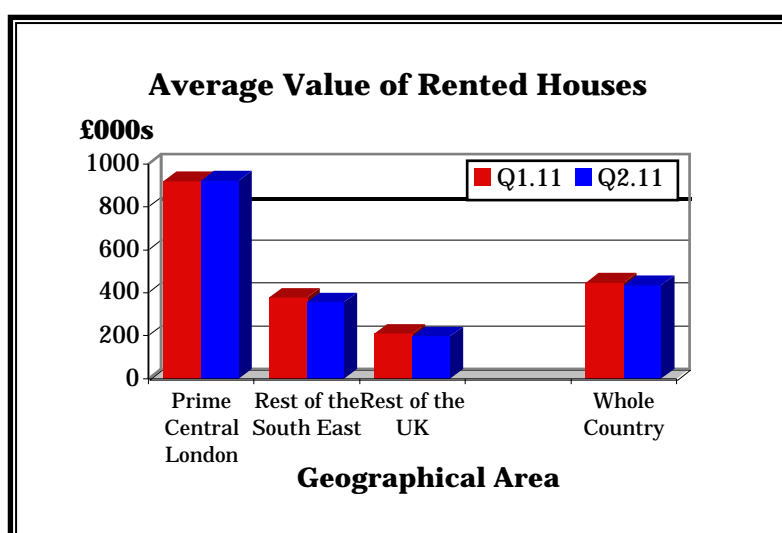
##### **Houses**

Almost half of respondents (49%) say that the average value of a rented house in their area is between £150,000 and £350,000.

Only one in forty offices (2.5%) say the average is below £100,000 but for almost one in ten respondents (9%), the average in their area is in excess of £1 million.

Analysis of these figures gives an overall weighted average value for a rented house of £435,500.

Average Value of Houses	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Up to £100,000	-	0.6	5.6	2.5
£100,001 to £150,000	1.9	2.8	27.9	12.9
£150,001 to £200,000	1.0	22.9	38.1	24.4
£200,001 to £350,000	9.7	41.9	16.8	24.6
£350,001 to £500,000	15.5	15.6	7.1	12.1
£500,001 to £750,000	14.6	9.5	1.5	7.3
£750,001 to £1 Million	16.5	1.7	-	4.2
Over £1 Million	36.9	3.4	-	9.2
Not stated	3.9	1.7	3.0	2.7
Base: All respondents	(103)	(179)	(197)	(479)



There are big differences between the values of rented houses in the different geographical areas with the average for those managing properties in Prime Central London being £921,500 compared with £356,000 for the Rest of the South East and £197,500 for the Rest of the UK.

Compared with the last survey, the overall weighted average value of rented houses has fallen by 2.8% from £447,900 to £435,500 but this fall comes after a big increase in the previous quarter.

<b>Geographic Area</b>	<b>Average Value of Rented Houses (000s)</b>			
	<b>Q3.10</b>	<b>Q4.10</b>	<b>Q1.11</b>	<b>Q2.11</b>
Prime Central London	865.2	800.7	919.0	921.5
South East	325.5	323.8	376.0	356.0
Rest of UK	215.0	222.0	210.5	197.5
All Regions (weighted)	414.9	401.4	447.9	435.5
Base: All respondents	(454)	(554)	(529)	(479)

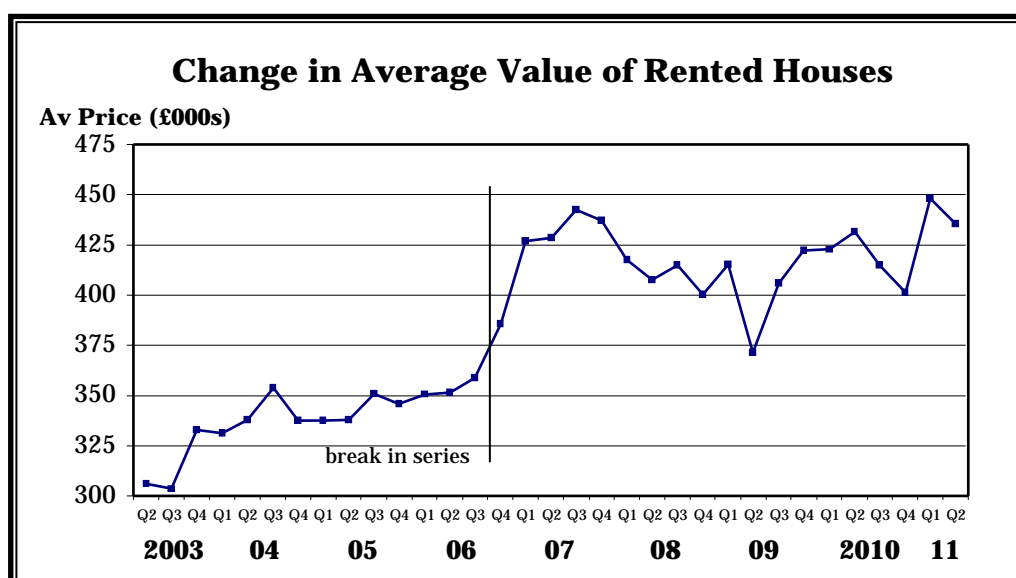
Within this overall change, the average value of a rented house in Prime Central London has risen marginally by 0.3% since the last survey but the average for the Rest of the South East has fallen by 5.3% and the average for the Rest of the UK has fallen by 6.2%.

As can be seen from the chart below, between May 2003 and August 2004 the average value of a rented house increased by 16% from £306,100 to £353,800 and, after stabilising for a couple of years, continued rising until the summer of 2007 when it peaked at £442,600.

After that, the average fell by 16% before stabilising during 2008 but then fell sharply in mid 2009 to reach a three year low before bouncing back equally sharply in the following two quarters.

The results from the surveys in the first half of 2010 confirmed that these increases were not temporary blips but, in the second half of 2010, the average value turned down, ending the upward trend which had run from mid 2009 to mid 2010.

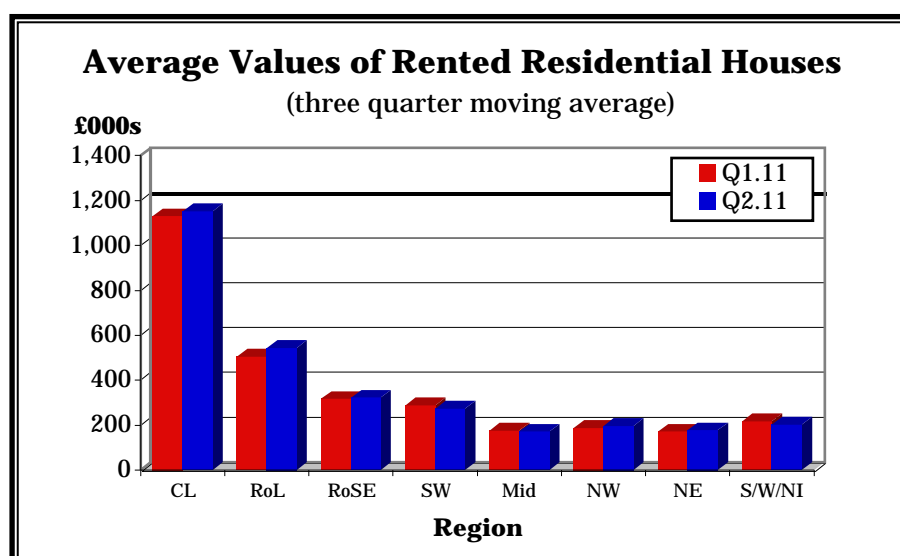
Against this backdrop, the results from the first quarter of 2011 showed a sharp increase leading to the highest average value for rented houses since these surveys began and the decline seen this quarter still leaves the average close to its all time high.



## Regional Analysis

Data relating to individual regions of the UK shows that, not unexpectedly, by and large the further north rented houses are located, the lower is their average value with properties from the Midlands northwards being at a similar level of value, well below those in the south.

Geographic Region	Average Value of Rented Houses (000s) (three quarter moving average)			
	Q3.10	Q4.10	Q1.11	Q2.11
Central London	1,163	1,142	1,129	1,153
Rest of London	474	483	505	544
Rest of South East	301	304	315	322
South West	270	281	286	273
Midlands	159	164	176	170
North West	183	192	190	198
North East	180	178	171	177
Scotland/Wales/NI	208	217	219	202
Base: All respondents	(454)	(554)	(529)	(479)



Compared with three months ago, the three quarter moving average values of rented houses have increased for all but three regions, these being the South West, the Midlands and Scotland, Wales & Northern Ireland.

## Flats

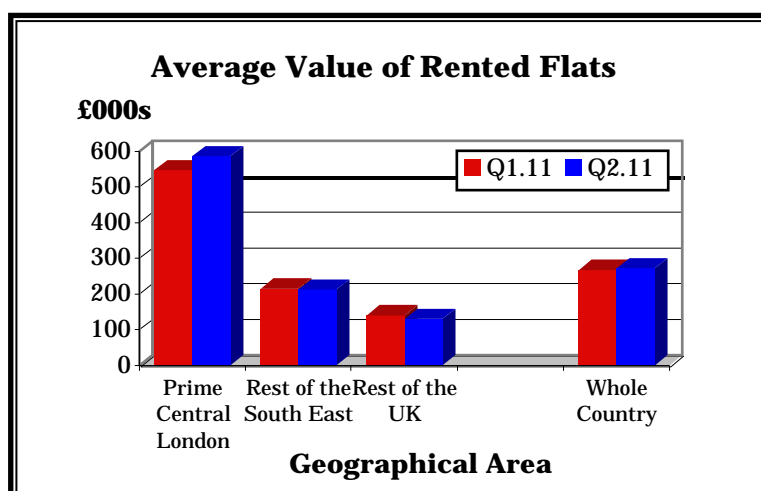
Nearly half of respondents (48%) say that the average value of a rented flat in their area is between £100,000 and £200,000.

However, one in seven respondents (14%), say the average value of a rented flat in their area is below £100,000 compared with little more than one in forty (2.7%) who say the average value is in excess of £1 million.

Analysis of these figures gives an overall weighted average value for a rented flat of £272,200.

Average Value of Flats	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Up to £100,000	1.9	6.7	27.9	14.4
£100,001 to £150,000	1.9	26.8	43.7	28.4
£150,001 to £200,000	4.9	32.4	15.7	19.6
£200,001 to £350,000	18.4	20.7	6.1	14.2
£350,001 to £500,000	27.2	3.4	0.5	7.3
£500,001 to £750,000	16.5	2.2	-	4.4
£750,001 to £1 Million	9.7	1.1	-	2.5
Over £1 Million	11.7	0.6	-	2.7
Not stated	7.8	6.1	6.1	6.5
Base: All respondents	(103)	(179)	(197)	(479)

As with rented houses, there are big differences between the values of rented flats in the different geographical areas with the average for Prime Central London being more than half a million pounds (£587,100) compared with £211,500 in the Rest of South East and £129,900 in the Rest of the UK.



Compared with the first quarter, in contrast to the average value of rented houses, the overall weighted average value of a rented flat has risen by 1.8% from £267,400 to £272,200.

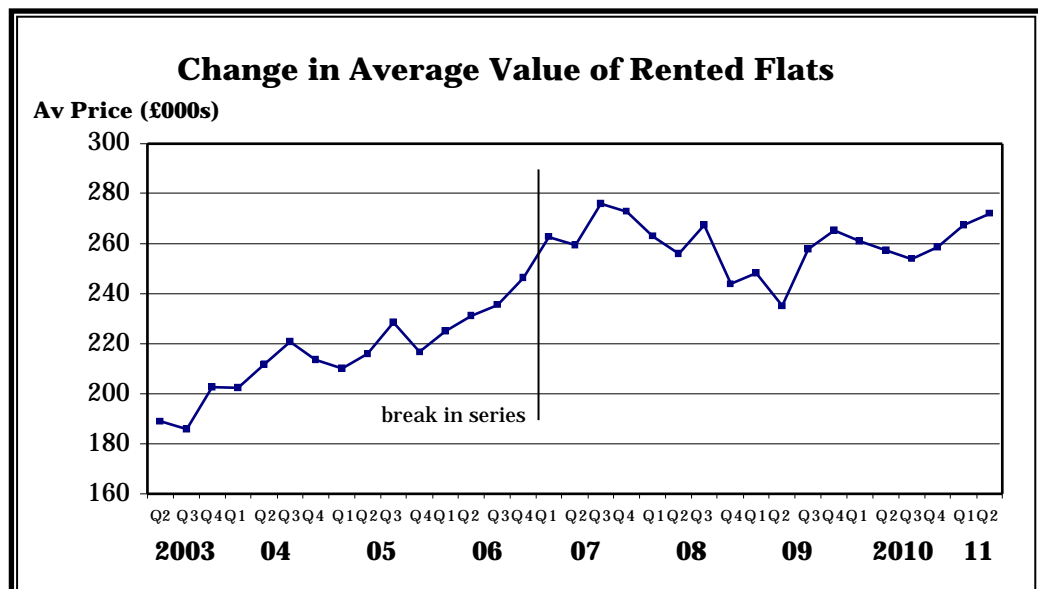
Within that overall change, however, the average value of rented flats in the Rest of the UK fell by 7.1% whilst that for Prime Central London rose by 7.3% and that for the Rest of the South East fell by 1.4%.

<b>Geographic Area</b>	<b>Average Value of Rented Flats (000s)</b>			
	<b>Q3.10</b>	<b>Q4.10</b>	<b>Q1.11</b>	<b>Q2.11</b>
Prime Central London	510.4	522.5	547.1	587.1
South East	200.8	205.4	214.4	211.5
Rest of UK	142.9	142.2	139.8	129.9
All Regions (weighted)	253.9	258.5	267.4	272.2
Base: All respondents	(454)	(554)	(529)	(479)

As can be seen from the chart below, between 2003 and 2007, the average value of a rented flat increased by 46% from £189,100 in the second quarter of 2003 to £275,800 in the third quarter of 2007 despite the occasional temporary downturn.

However, after that, average values of flats fell by 15%, reaching a three year low of £234,900 in the second quarter of 2009 before bouncing back sharply.

The first three quarters of 2010, however, saw small falls in the average value of rented flats but, despite these declines, the figure remained at about the same level as a year earlier and the increases seen in the last three quarters confirm that average values for rented flats are now on the increase again.

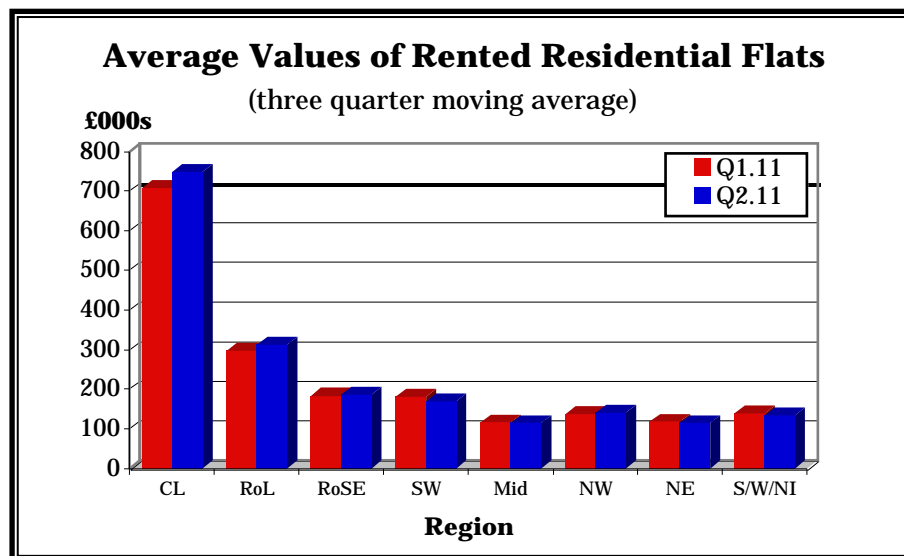


## Regional Analysis

As was the case for values of rented houses, results for individual regions of the UK show that, not unexpectedly, by and large the further north rented flats are located, the lower is their average value. The chart below showing the three quarter moving averages shows this quite clearly.

Geographic Region	Average Value of Rented Flats (000s) (three quarter moving average)			
	Q3.10	Q4.10	Q1.11	Q2.11
Central London	693	697	709	748
Rest of London	281	289	297	313
Rest of South East	178	180	183	185
South West	174	176	181	169
Midlands	109	110	116	114
North West	139	145	138	141
North East	125	123	118	114
Scotland/Wales/NI	134	135	139	134
Base: All respondents	(454)	(554)	(529)	(479)

Compared with three months ago, there have been increases in the three quarter moving average values of rented flats in four regions (Central London, the Rest of London, the Rest of the South East and the North West) and decreases for the other four (the South West, the Midlands, the North East and Scotland, Wales & Northern Ireland).



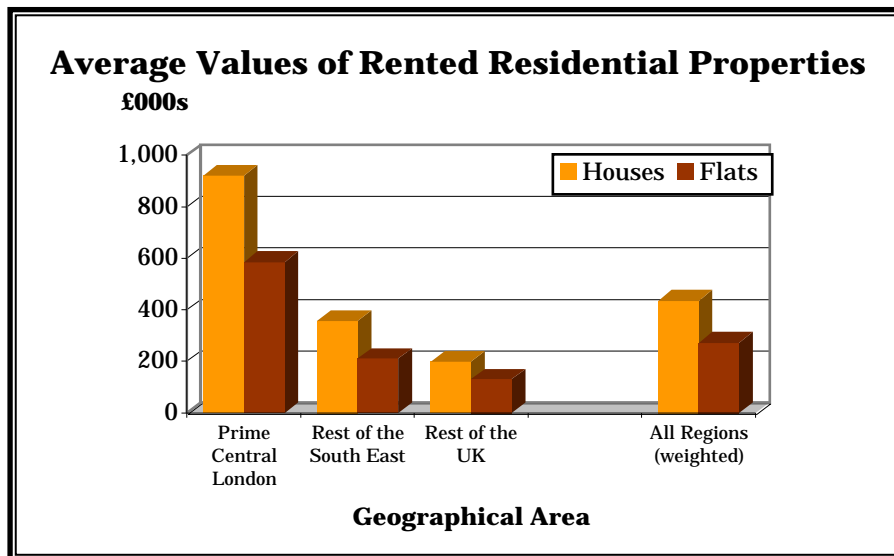
## Summary

As was to be expected, average values of rented houses are much higher than those of rented flats with the smallest difference being seen in the Rest of the UK where the average figure for houses is now 52% higher than that for flats.

The differences between the values of houses and flats for those managing properties in Prime Central London and in the Rest of the South East are higher than that for the Rest of the UK with the respective figures being 57% and 68% respectively.

Geographic Area	Average Value of Properties (000s)	
	Houses	Flats
Prime Central London	921.5	587.1
Rest of the South East	356.0	211.5
Rest of the UK	197.5	129.9
All Regions (weighted)	435.5	272.2

Base: All respondents (479)



Compared with the first quarter, there has been some divergence between houses and flats with houses seeing a fall of 2.8% and flats seeing an increase of 1.8%.

With regard to the broad geographic areas, however, the Rest of the UK has seen falls in average values for both houses and flats (6.2% and 7.1% respectively) whereas the Rest of the South East has seen smaller falls, particularly for flats (down by only 1.4% compared with 5.3% for houses), and Prime Central London has seen increases for both, particularly for flats (up by 7.3% compared with just 0.3% for houses).

### Regional Analysis

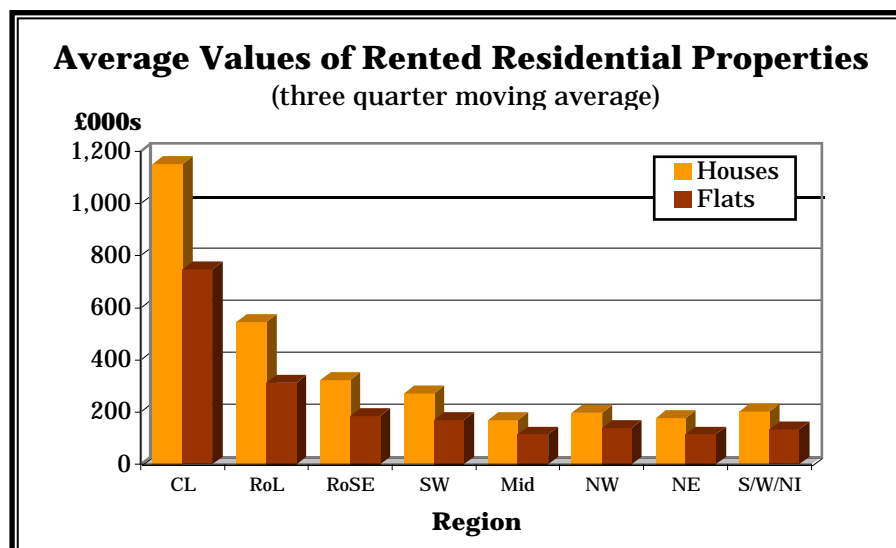
Looking at average values of rented houses compared with average values of rented flats within individual regions confirms, not surprisingly, that across all regions, houses command higher prices than flats.

However, more interestingly, the data for the three quarter moving average shows that the relative difference is much more marked in the south of the England (excluding Central London) where rented house values are between 62% and 74% higher than rented flat values and much less marked in the north of England where rented house values are only between 40% and 55% higher than rented flat values.

However, compared with three months ago, this difference between the north and south is once again a little less marked than it was.

Geographic Region	Average Value of Properties (000s) (three quarter moving average)	
	Houses	Flats
Central London	1,153	748
Rest of London	544	313
Rest of South East	322	185
South West	273	169
Midlands	170	114
North West	198	141
North East	177	114
Scotland/Wales/NI	202	134

Base: All respondents (479)





#### 4.5 Average Rental Return on Rented Residential Property (Q.6)

##### **Houses**

According to ARLA members' offices, a rental return of between 4% and 5% is the norm for rented houses with almost half of respondents (49%) saying that this applies to their area. Analysis of these results reveals a weighted average rental return on rented houses of 5.0%.

<b>Average Return</b>	<b>Percent of Respondents (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
Less than 4%	23.3	12.3	11.2	14.2
4% to 5%	47.6	53.1	46.7	49.3
6%	7.8	16.8	17.3	15.0
7%	4.9	5.0	7.1	5.8
8%	3.9	6.1	6.1	5.6
9% to 10%	1.9	1.7	5.1	3.1
11% to 12%	1.9	0.6	-	0.6
12% to 15%	-	1.1	-	0.4
Over 15%	-	-	0.5	0.2
Not stated	8.7	3.4	6.1	5.6
Base: All respondents	(103)	(179)	(197)	(479)

There is considerable difference in rates of return between the three broad geographic areas with the average for those managing properties in Prime Central London being the lowest at 4.5% compared with 5.0% for the Rest of the South East and 5.3% for the Rest of the UK.

<b>Geographic Area</b>	<b>Average Rental Return (%)</b>			
	<b>Q3.10</b>	<b>Q4.10</b>	<b>Q1.11</b>	<b>Q2.11</b>
Prime Central London	4.5	4.7	4.8	4.5
South East	5.0	4.9	5.3	5.0
Rest of UK	5.3	5.3	5.2	5.3
All Regions (weighted)	5.0	5.0	5.2	5.0
Base: All respondents	(454)	(554)	(529)	(479)

Compared with the first quarter, the overall average weighted rental return on houses is down from 5.2% to 5.0% but this merely reverses the change seen then.

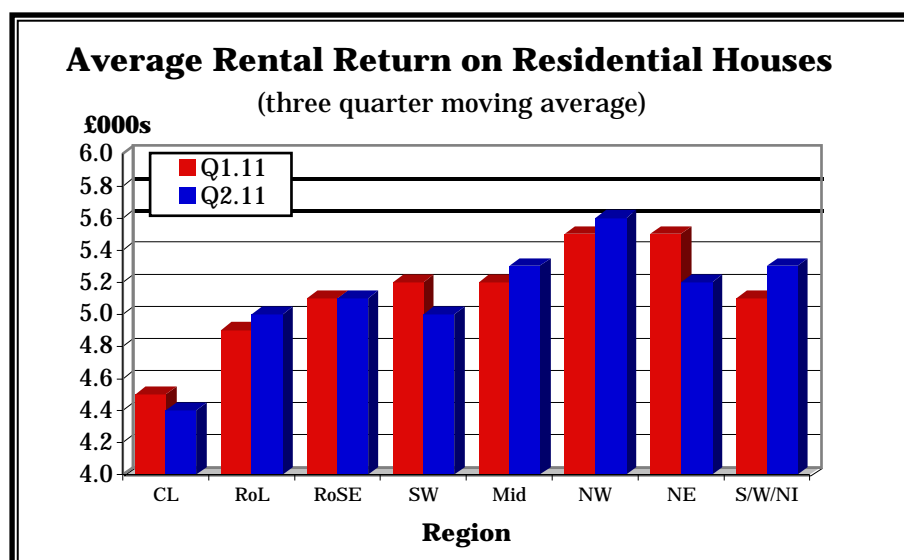
Within this overall position, the average rental return on houses in Prime Central London is down from 4.8% to 4.5% whilst the average rental return on houses in the Rest of the South East is down from 5.3% to 5.0% and that for the Rest of the UK, contrastingly, is up from 5.2% to 5.3%. Again, these changes largely just reverse earlier changes which have taken place over the last six months.

## Regional Analysis

Results for individual regions of the UK show that by and large the further away from London rented houses are located, the higher is the average rental return earned from them with the lowest three quarter moving average rental return (4.4%) to be found in Central London and the highest (5.6%) to be found in the North West.

Geographic Region	Average Rental Return on Houses (%) (three quarter moving average)			
	Q3.10	Q4.10	Q1.11	Q2.11
Central London	4.3	4.4	4.5	4.4
Rest of London	4.6	4.6	4.9	5.0
Rest of South East	4.8	4.9	5.1	5.1
South West	5.2	5.2	5.2	5.0
Midlands	5.3	5.2	5.2	5.3
North West	5.3	5.3	5.5	5.6
North East	5.6	5.6	5.5	5.2
Scotland/Wales/NI	5.4	5.2	5.1	5.3
Base: All respondents	(454)	(554)	(529)	(479)

Compared with three months ago, there have been some changes with increases in the three quarter moving average rental returns earned on houses in the Rest of London, the Midlands, the North West and Scotland, Wales & Northern Ireland and decreases in Central London, the South West and the North East with the Rest of the South East having an unchanged three quarter moving average.



## **Flats**

A rental return of between 4% and 5% also appears to be the norm for rented flats with approaching half of respondents (45%) saying that this applies to their area. Analysis of these results reveals a weighted average rental return on rented flats of 5.2%.

<b>Average Return</b>	<b>Percent of Respondents (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
Less than 4%	11.7	6.7	11.7	9.8
4% to 5%	45.6	45.8	42.6	44.5
6%	17.5	23.5	16.8	19.4
7%	6.8	6.1	7.1	6.7
8%	2.9	4.5	5.6	4.6
9% to 10%	1.0	1.1	4.6	2.5
11% to 12%	1.0	0.6	0.5	0.6
12% to 15%	-	0.6	-	0.2
Over 15%	-	-	0.5	0.2
Not stated	13.6	11.2	10.7	11.5
Base: All respondents	(103)	(179)	(197)	(479)

As was the case with rented houses, there is some difference in the rental rates of return for rented flats between the different geographical areas, with the average for those managing properties in Prime Central London being 4.9% compared with 5.2% for those in the Rest of the South East and 5.3% for those in the Rest of the UK.

<b>Geographic Area</b>	<b>Average Rental Return (%)</b>			
	<b>Q3.10</b>	<b>Q4.10</b>	<b>Q1.11</b>	<b>Q2.11</b>
Prime Central London	5.1	4.8	4.8	4.9
South East	5.0	5.1	5.3	5.2
Rest of UK	5.2	5.1	5.1	5.3
All Regions (weighted)	5.1	5.0	5.1	5.2
Base: All respondents	(454)	(554)	(529)	(479)

Compared with the last survey in the first quarter, the overall weighted average rental return on flats is up a little from 5.1% to 5.2%, the second increase in succession.

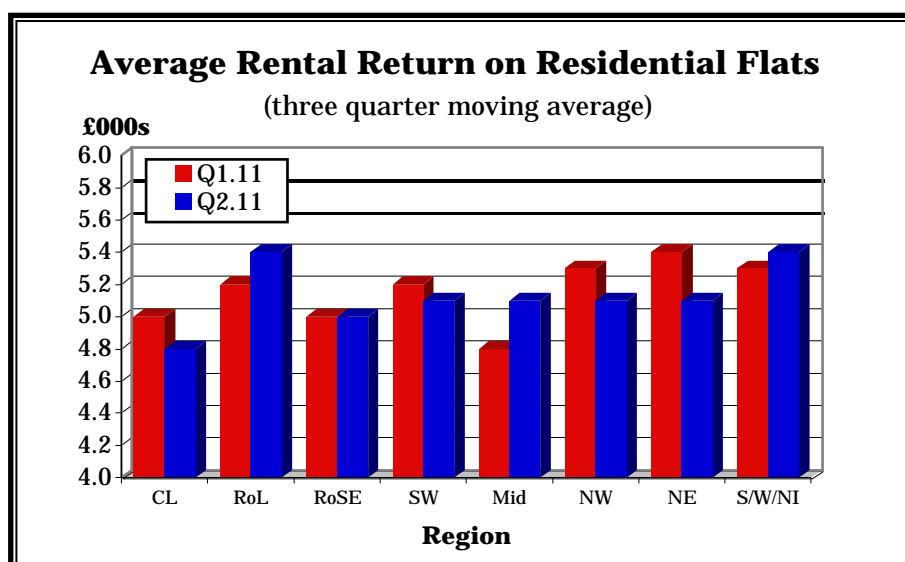
Within this overall slight increase, the averages for Prime Central London and for the Rest of the UK rose (from 4.8% to 4.9% and from 5.1% to 5.3% respectively) whilst that for the Rest of the South East fell from 5.3% to 5.2%.

## Regional Analysis

Contrary to what was found to be the case with rental returns on houses, results for individual regions of the UK show that rental returns on flats in each region exhibit no pattern related to where they are located with the highest three quarter moving average rental return (5.4%) being obtained in the Rest of London and in Scotland, Wales & Northern Ireland and the lowest (4.8%) in Central London.

Geographic Region	Average Rental Return on Flats (%) (three quarter moving average)			
	Q3.10	Q4.10	Q1.11	Q2.11
Central London	5.0	5.0	5.0	4.8
Rest of London	5.1	5.1	5.2	5.4
Rest of South East	5.0	4.9	5.0	5.0
South West	5.3	5.3	5.2	5.1
Midlands	4.9	4.8	4.8	5.1
North West	5.4	5.1	5.3	5.1
North East	5.2	5.5	5.4	5.1
Scotland/Wales/NI	5.5	5.4	5.3	5.4
Base: All respondents	(454)	(554)	(529)	(479)

Compared with three months ago, there have been some changes in the three quarter moving average rental returns for flats with reductions being seen in Central London, the South West, the North West and the North East and increases in the Rest of London, the Midlands and Scotland, Wales & Northern Ireland whilst the average for the Rest of the South East was unchanged.



## Summary

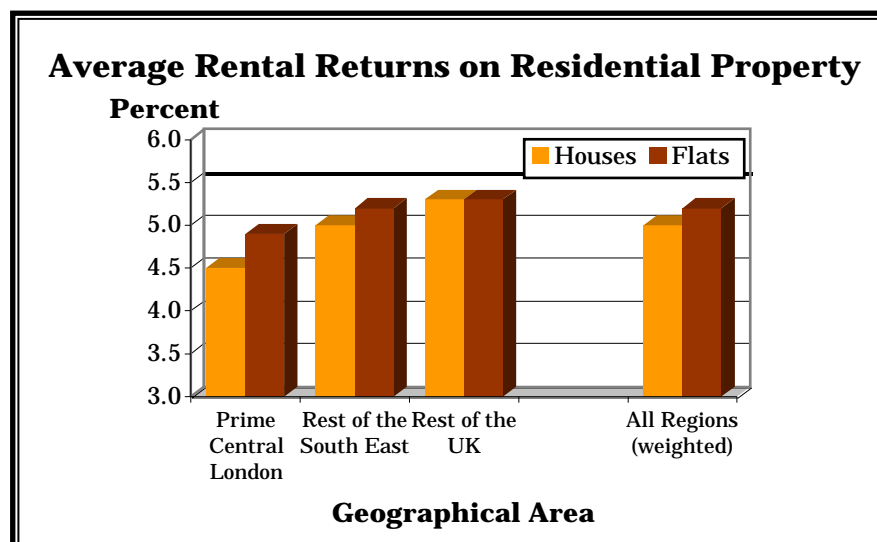
The lowest average rental returns are currently being earned on houses in Prime Central London (4.5%) with the highest returns being earned on both houses and flats in the Rest of the UK (5.3%).

Geographic Area	Average Rental Return (%)	
	Houses	Flats
Prime Central London	4.5	4.9
Rest of the South East	5.0	5.2
Rest of the UK	5.3	5.3

All Regions (weighted)

5.0      5.2

Base: All respondents (479)



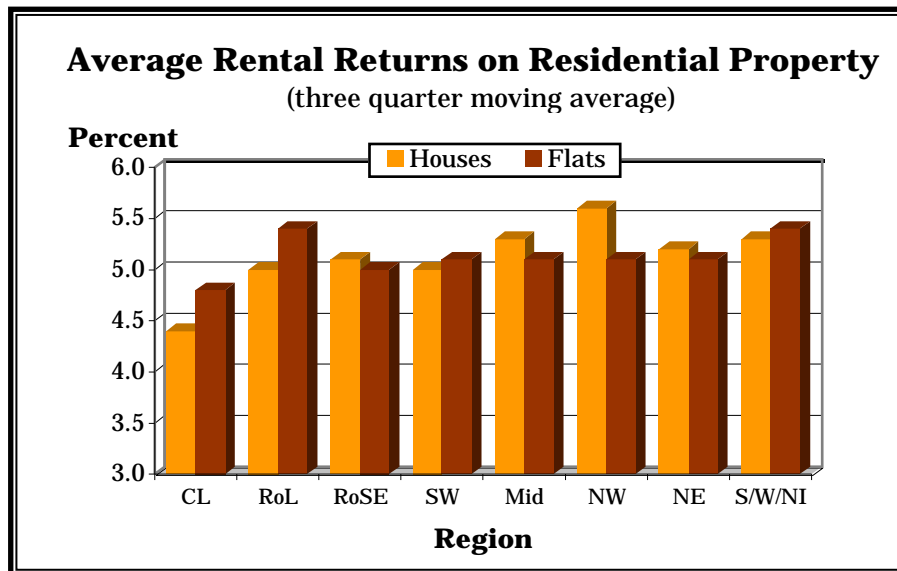
Overall flats now seem to be achieving higher average rental rates of return than houses and this also applies to Prime Central London and the Rest of the South East but in the Rest of the UK houses and flats are achieving similar average rental rates of return.

*Regional Analysis*

As can be seen from the table and chart below, which show the three quarter moving average rental returns, flats tend to outperform houses on rental return in London, the South West and Scotland, Wales & Northern Ireland whilst houses tend to do better everywhere else.

<b>Geographic Region</b>	<b>Average Rental Return Three Quarter Moving Average (%)</b>	
	<b>Houses</b>	<b>Flats</b>
Central London	4.4	4.8
Rest of London	5.0	5.4
Rest of South East	5.1	5.0
South West	5.0	5.1
Midlands	5.3	5.1
North West	5.6	5.1
North East	5.2	5.1
Scotland/Wales/NI	5.3	5.4

Base: All respondents (479)



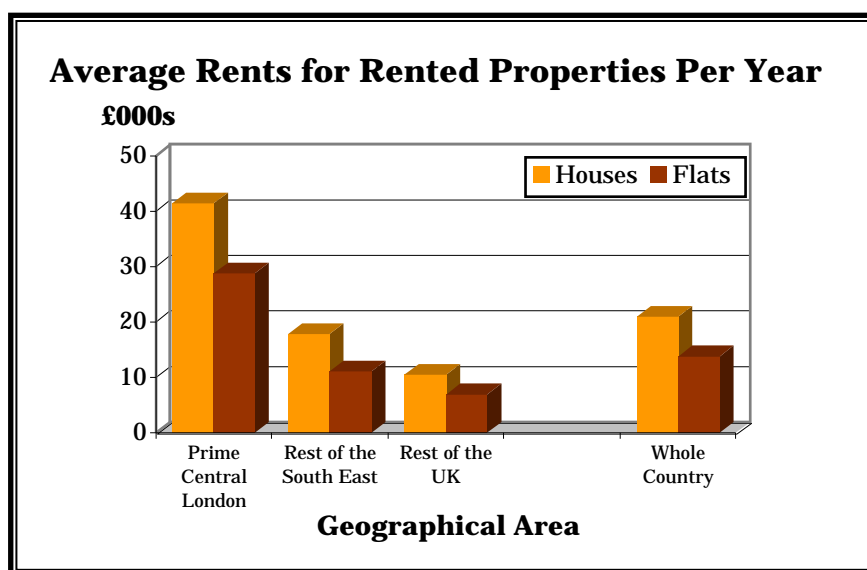
## Average Rents

The table below shows the average rents being received by landlords based on the average rental returns and average property values quoted above.

Geographic Area	Average Rents - Q2.11					
	HOUSES			FLATS		
	Week (£)	Month (£)	Year (£000)	Week (£)	Month (£)	Year (£000)
Prime Central London	797	3,456	41.5	553	2,397	28.8
Rest of the South East	342	1,483	17.8	212	917	11.0
Rest of the UK	201	872	10.5	132	574	6.9
Whole Country	402	1,741	20.9	265	1,149	13.8

Base: All respondents (479)

In the case of the Rest of the South East, the average rent for a house is 62% more than that for a flat. In the Rest of the UK the difference is lower at 52% with the difference for those managing properties in Prime Central London being the lowest at 44%.



Compared with the last survey, weighted average rents for houses are down by 7.5% as a result of falls of 6.0% for those managing properties in Prime Central London, 10.7% for those in the Rest of the South East and 4.4% for those in the Rest of the UK.

Average rents for flats, on the other hand, rose overall (by 2.6%) as a result of a big increase of 9.5% for those managing properties in Prime Central London with average rents for those in the Rest of the South East and the Rest of the UK both falling (by 3.2% and 3.4% respectively).

Geographic Area	Average Rents - Q1.11					
	HOUSES			FLATS		
	Week (£)	Month (£)	Year (£000)	Week (£)	Month (£)	Year (£000)
Prime Central London	848	3,676	44.1	505	2,188	26.3
Rest of the South East	383	1,661	19.9	219	947	11.4
Rest of the UK	211	912	10.9	137	594	7.1
Whole Country	435	1,883	22.6	258	1,120	13.4

Base: All respondents (529)

### Regional Analysis

Further analysis of the responses to this question enables average rents to be derived for each of the geographic regions included in the survey and these are shown for this quarter and last quarter in the tables below.

Geographic Region	Average Rents - Q2.11 Three Quarter Moving Average (%)					
	HOUSES			FLATS		
	Week (£)	Month (£)	Year (£000)	Week (£)	Month (£)	Year (£000)
Central London	969	4,199	50.4	691	2,993	35.9
Rest of London	525	2,276	27.3	326	1,411	16.9
Rest of South East	316	1,371	16.4	180	778	9.3
South West	265	1,147	13.8	167	726	8.7
Midlands	174	756	9.1	111	483	5.8
North West	212	918	11.0	139	603	7.2
North East	176	763	9.2	112	487	5.8
Scotland/Wales/NI	205	890	10.7	139	603	7.2

Base: All respondents (479)

Compared with three months ago, there appear to have been quite wide variations with regard to changes in average rents with regions in the south east, particularly the Rest of London, seeing increases and those elsewhere seeing falls with the exception of houses in the North West and flats in the Midlands which both saw increases.

Geographic Region	Average Rents - Q1.11 Three Quarter Moving Average (%)					
	HOUSES			FLATS		
	Week (£)	Month (£)	Year (£000)	Week (£)	Month (£)	Year (£000)
Central London	967	4,192	50.3	681	2,951	35.4
Rest of London	474	2,054	24.6	298	1,293	15.5
Rest of South East	309	1,338	16.1	176	764	9.2
South West	286	1,241	14.9	180	780	9.4
Midlands	175	758	9.1	108	468	5.6
North West	200	868	10.4	140	608	7.3
North East	181	786	9.4	122	528	6.3
Scotland/Wales/NI	215	932	11.2	142	616	7.4

Base: All respondents (529)



#### 4.6 Average Void Period Per Year (Q.7)

Average void periods for rented residential properties tend to be quite short with almost eight out of ten ARLA members' offices (79%) reporting averages of 4 weeks or less per year and, in addition, a further one in six (17%) saying the average is between 5 and 6 weeks.

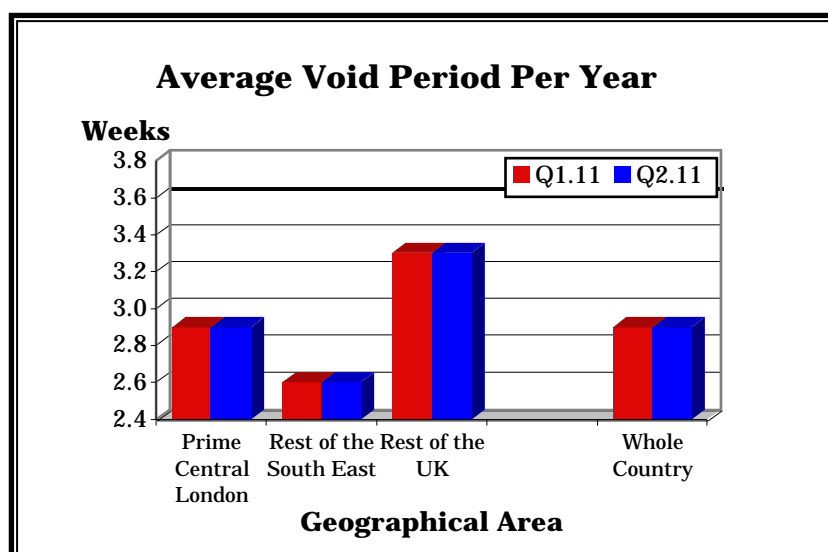
These figures indicate an overall average void period of 2.9 weeks (20 days) per year.

Average Void Period	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Less than 2 weeks	29.1	40.2	18.8	29.0
2 to 4 weeks	50.5	44.7	54.3	49.9
5 to 6 weeks	16.5	12.8	20.8	16.9
7 to 8 weeks	1.0	1.7	1.5	1.5
More than 8 weeks	-	0.6	0.5	0.4
Don't know	1.0	-	2.5	1.3
Not stated	1.9	-	1.5	1.0
Base: All respondents	(103)	(179)	(197)	(479)

Respondents from the Rest of the UK experience the highest average void period at 3.3 weeks (23 days) compared with 2.9 weeks (20 days) for Prime Central London and 2.6 weeks (18 days) for the Rest of the South East.

Compared with the first quarter survey, the average void period for the whole country is unchanged at 2.9 weeks (20 days).

As can be seen from the chart and table below, on this occasion, average void periods are also unchanged for each of the three broad geographic areas.

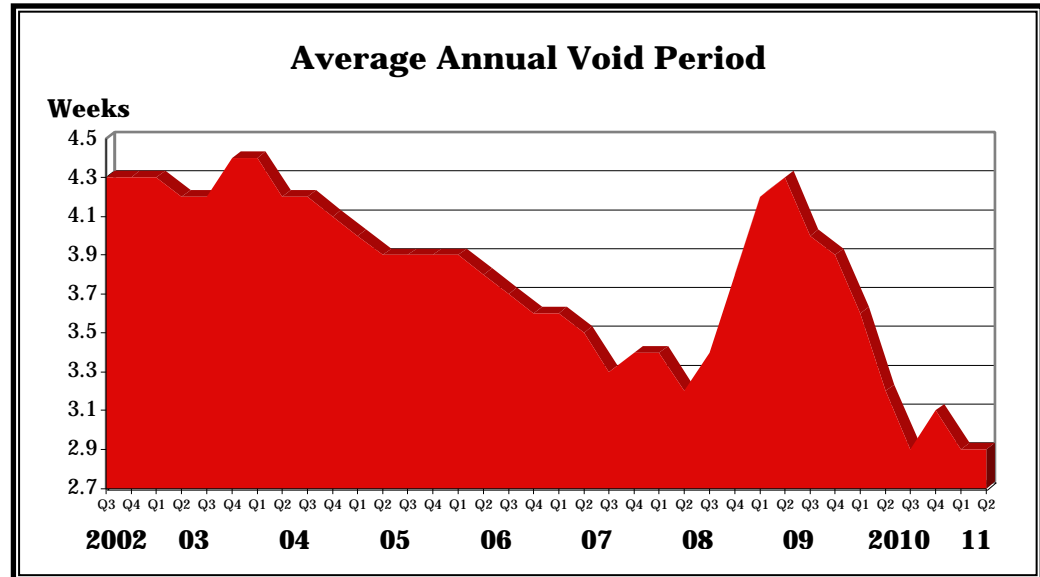


<b>Geographic Area</b>	<b>Average Void Period (weeks)</b>			
	<b>Q3.10</b>	<b>Q4.10</b>	<b>Q1.11</b>	<b>Q2.11</b>
Prime Central London	2.8	2.8	2.9	2.9
South East	2.5	2.8	2.6	2.6
Rest of UK	3.3	3.4	3.3	3.3
Whole Country	2.9	3.1	2.9	2.9
Base: All respondents	(454)	(554)	(529)	(479)

The chart below shows how the overall average void period has changed since these surveys first began and this shows that, until mid-2008 the average void period had been declining for some time and had fallen by a quarter from a high of 4.4 weeks (31 days) per year in the winter of 2003/2004 to 3.2 weeks (22 days) nearly two years ago.

The rapid rise in average void periods that followed took the figure to 4.3 weeks (31 days) close to its all-time high. However, the figure then fell rapidly between mid 2009 and mid 2010, reaching its lowest level since these surveys began ten years ago.

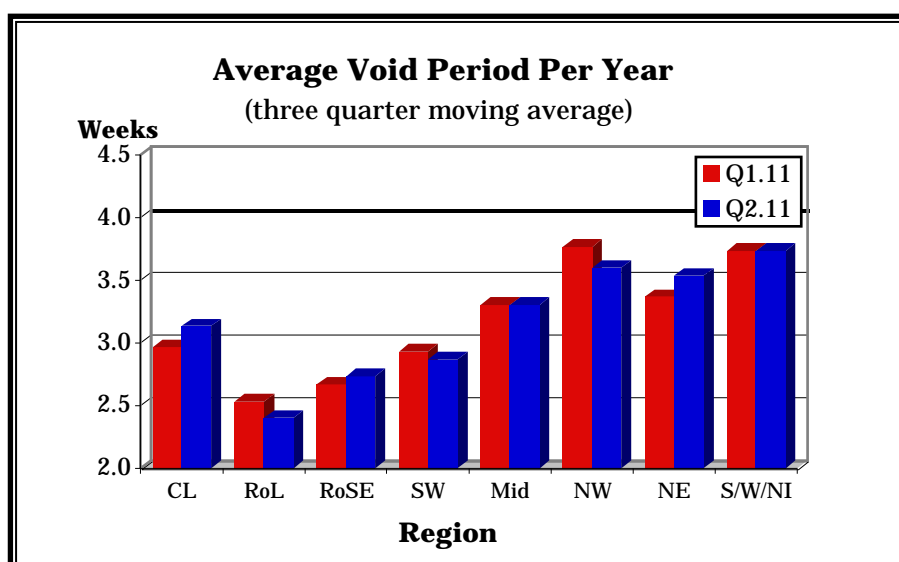
The results from six months ago halted this decline but the decrease three months ago reversed that increase and those results along with the results from this quarter suggest that the decline in void periods has now ended.



## Regional Analysis

As can be seen from the table below, showing figures for each region of the UK, the three quarter moving average void period is lower in the Rest of London (2.4 weeks) than anywhere else in the country with the averages tending to increase as one goes north.

Geographic Region	Average Void Period (weeks) (three quarter moving average)			
	Q3.10	Q4.10	Q1.11	Q2.11
Central London	3.4	3.1	3.0	3.1
Rest of London	2.6	2.6	2.5	2.4
Rest of South East	3.0	2.8	2.7	2.7
South West	3.2	3.0	2.9	2.9
Midlands	3.7	3.4	3.3	3.3
North West	3.8	3.7	3.8	3.6
North East	3.4	3.3	3.4	3.5
Scotland/Wales/NI	3.7	3.7	3.7	3.7
Base: All respondents	(454)	(554)	(529)	(479)



Compared with three months ago, the figures for the three quarter moving average void periods have increased for some regions and decreased for others with no pattern to these changes based on geography being evident.

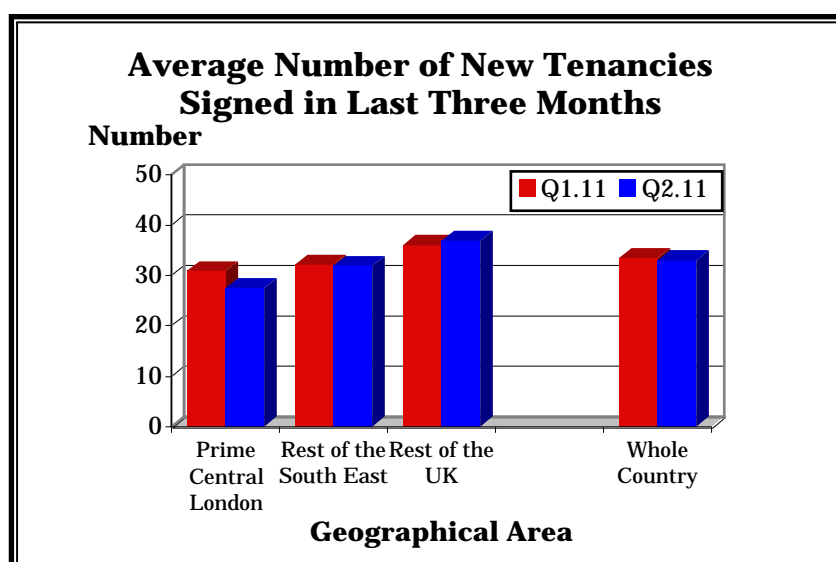
#### 4.7 Number of New Tenancies (Not Renewals) Signed Up in the Last Three Months (Q.8)

Nearly eight out of ten ARLA members' offices (78%) have signed up more than 10 new tenancies (other than renewals) in the last three months with more than half (53%) having signed up more than 20 and nearly a quarter (23%) more than 50.

Analysis of these results reveals that, on average, ARLA members' offices have each signed up 33 new tenancies in the last three months.

Number of Tenancies	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
None	1.9	1.1	0.5	1.0
Up to 5	7.8	8.4	5.6	7.1
6 to 10	15.5	14.0	10.2	12.7
11 to 20	32.0	25.1	21.3	25.1
21 to 50	26.2	28.5	34.0	30.3
Over 50	15.5	21.8	26.9	22.5
Not stated	1.0	1.1	1.5	1.3
Base: All respondents	(103)	(179)	(197)	(479)

Those in the Rest of the UK have fared better than those in the Rest of the South East and those managing properties in Prime Central London with the average figures being 28 for Prime Central London, 32 for the Rest of the South East and 37 for the Rest of the UK.

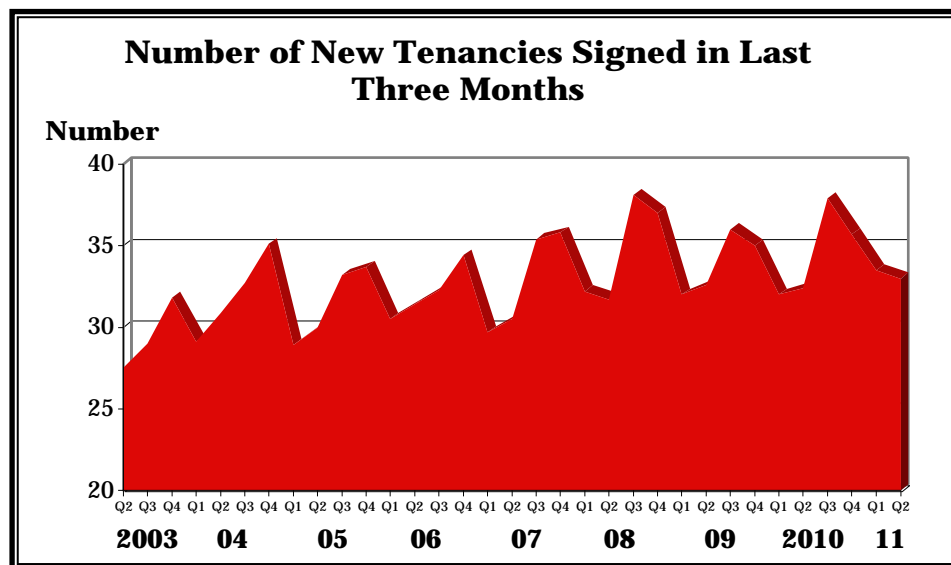


Compared with the last survey, there has been a small decline in the average number of new tenancies signed up in the preceding three months from 34 to 33.

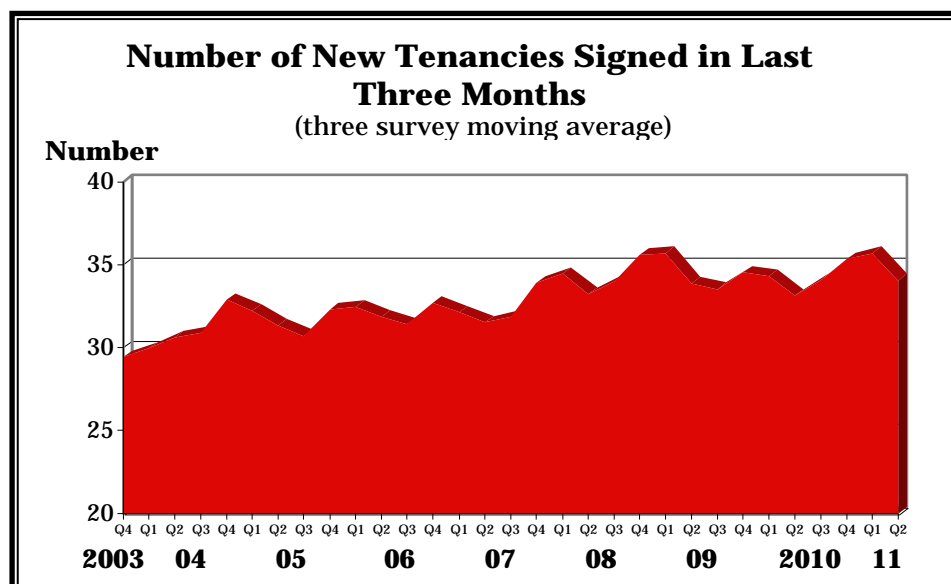
Within this overall position, respondents managing properties in Prime Central London saw their average fall from 31 to 28 new tenancies whilst the average for the Rest of the South East was unchanged at 32 new tenancies and those in the Rest of the UK saw their average rise from 36 to 37 new tenancies.

Geographic Area	Number of New Tenancies			
	Q3.10	Q4.10	Q1.11	Q2.11
Prime Central London	35.1	33.2	30.9	27.5
South East	34.6	34.8	32.1	31.9
Rest of UK	42.2	37.8	36.0	36.9
All Regions	37.9	35.7	33.5	33.0
Base: All respondents	(454)	(554)	(529)	(479)

As can be seen from the chart below, the fall seen this quarter is against the seasonal trend over the last eight years with the second quarter normally seeing an increase in the average number of new tenancies, 2008 and now 2011 being the exceptions to this.



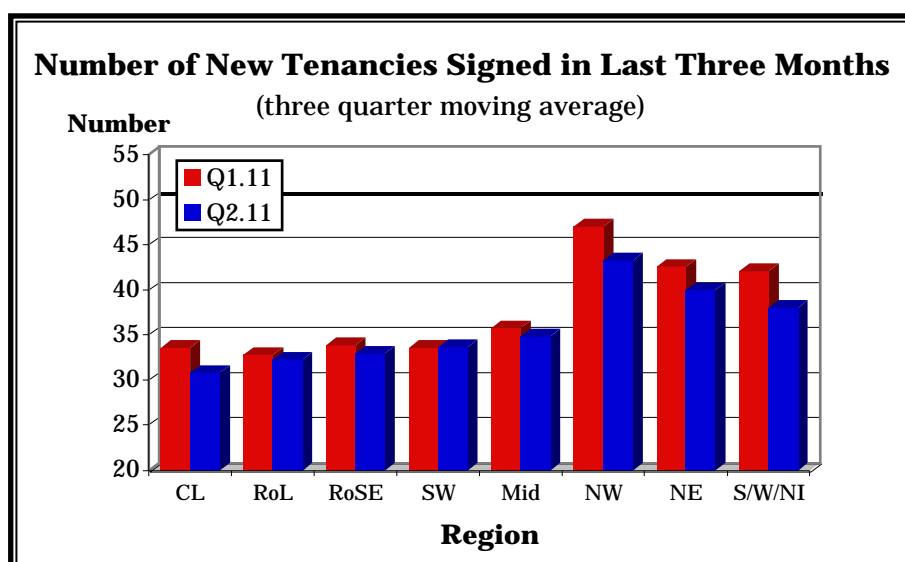
Looking past these seasonal variations, as can be seen in the graph of the three quarter moving average below, the trend over most of the last eight years has been for the average number of new tenancies being signed up to increase.



## Regional Analysis

The number of new tenancies signed up in the three months preceding the survey tends to be higher in the north than in the south of the country with the smallest three quarter moving average figure (31) being in Central London and the largest (43) being in North West.

Geographic Region	Number of New Tenancies (three quarter moving average)			
	Q3.10	Q4.10	Q1.11	Q2.11
Central London	30.8	33.3	33.6	30.8
Rest of London	32.4	33.9	32.8	32.3
Rest of South East	31.8	33.1	33.9	32.9
South West	31.8	32.3	33.6	33.7
Midlands	36.7	36.7	35.7	34.8
North West	43.9	44.6	47.1	43.3
North East	37.7	39.8	42.6	40.0
Scotland/Wales/NI	41.7	43.9	42.0	38.0
Base: All respondents	(454)	(554)	(529)	(479)



Compared with the results from the last quarter, the three quarter moving average number of new tenancies is down for most regions, the exception being the South West which saw a marginal increase.

#### 4.8 Balance of Supply & Demand in the Rented Residential Property Sector (Q.9)

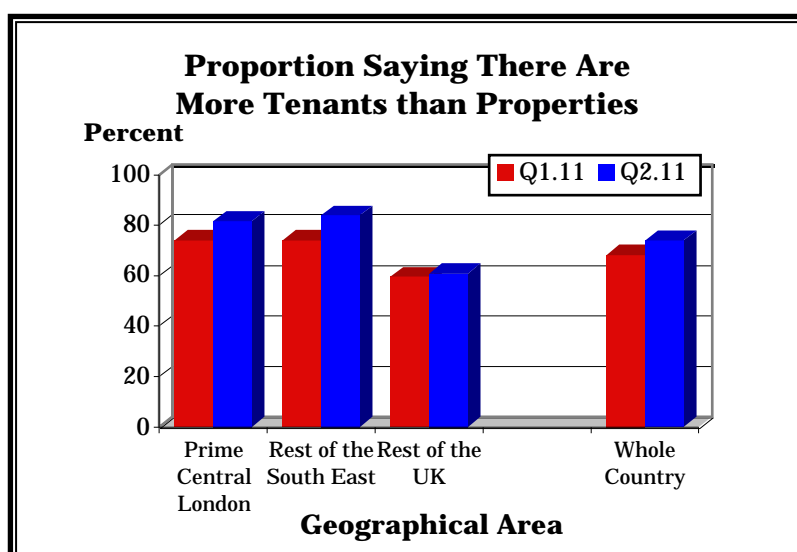
Almost three quarters of ARLA members' offices (74%) say that there are currently more tenants than there are properties available for them. This compares with only a little over one in ten (11%) who now believe that there are more residential properties available for rent than there are tenants to fill them. However, nearly one in seven (13%) believe that supply of and demand for rented residential properties is in balance.

These figures suggest that, overall, the supply of rented residential properties is currently insufficient to meet demand for them with demand being strongest in the Rest of the South East where only 5% of respondents say there are more properties than tenants compared with 84% saying there are more tenants than properties.

Prime Central London shows a similarly strong level of demand with 11% saying there are more properties than tenants compared with 82% saying there are more tenants than properties.

For those in the Rest of the UK the situation is a little less positive for landlords with 17% saying there are more properties than tenants and 61% saying there are more tenants than properties.

Balance of Supply and Demand	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Lot more props than tenants	-	0.6	3.6	1.7
Few more props than tenants	10.7	3.9	13.2	9.2
Equal nos of props & tenants	5.8	10.6	19.8	13.4
Few more tenants than props	32.0	35.2	25.9	30.7
Lot more tenants than props	49.5	48.6	35.0	43.2
Not stated	1.9	1.1	2.5	1.9
Base: All respondents	(103)	(179)	(197)	(479)



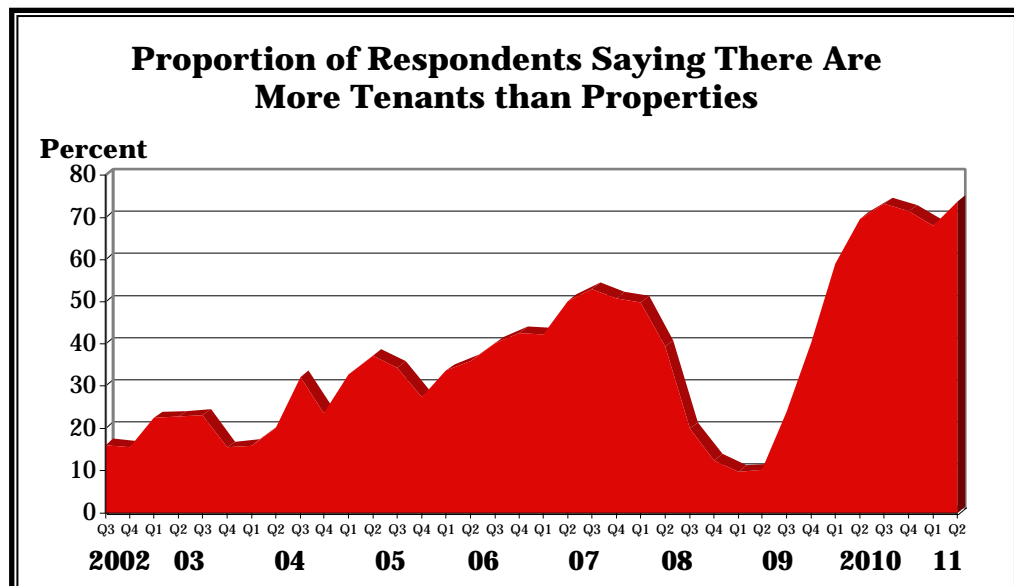
Compared with the first quarter of the year, there has been an improvement in the balance of supply and demand with the overall proportion who now say there are more tenants than properties rising from 68% to 74%.

This increase is reflected in all the broad geographic regions but particularly in Prime Central London and the Rest of the South East (up from 74% to 82% and from 74% to 84% respectively) with the Rest of the UK increasing only marginally (from 60% to 61%).

<b>Geographic Area</b>	<b>Proportion Saying There Are More Tenants than Properties (%)</b>			
	<b>Q3.10</b>	<b>Q4.10</b>	<b>Q1.11</b>	<b>Q2.11</b>
Prime Central London	73.1	82.9	74.1	81.6
South East	81.2	73.3	74.1	83.8
Rest of UK	66.5	64.4	59.5	60.9
All Regions	73.3	71.5	68.1	73.9
Base: All respondents	(454)	(554)	(529)	(479)

As the chart below shows, the large decline during 2008 in the proportion of respondents saying that there are more tenants than properties bottomed out during the first half of 2009 before bouncing back strongly to reach its highest ever level nine months ago.

The two falls that followed over the winter of 2010/2011 suggested that a downward trend was becoming established but the increase seen this quarter has instead produced in a fairly static position over the last year.



Looking at changes for each of the broad geographic areas over the last six years, as can be seen from the chart below, the most dramatic changes have taken place in Prime Central London where the proportion of respondents saying that there are more tenants than there are properties available for them rose massively, from a low of 6% in the last quarter of 2002 to 72% in the second quarter of 2007.

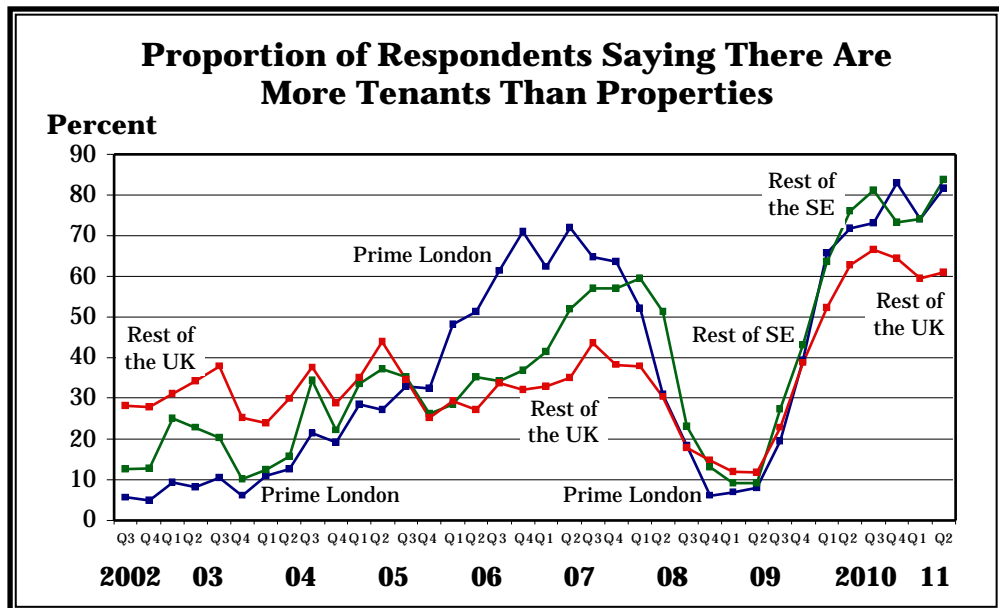


After that, it fell back even more dramatically to 6% in the last quarter of 2008 before starting to rise again and it reached its highest ever figure at 83% six months ago before falling back a little three months ago and then hitting its second highest ever figure (82%) with the results from this quarter.

In the Rest of the South East, the figure also rose, though not as dramatically, growing nearly sixfold from a low of 10% in the last quarter of 2003 to a high of 59% in the Spring of 2008.

The huge fall during the second half of 2008 placed the Rest of the South East in a similar situation to the rest of the country where it remained until nine months ago when it again took the lead. However, the reduction seen six months ago put it in second place behind Prime Central London and the results from the last two quarters show it to now be neck and neck with Prime Central London.

In the Rest of the UK, whilst the figure remained relatively steady at between 30% and 40% for most of the period between 2002 and 2008, it too declined sharply in the second half of 2008 before bouncing back in 2009 and proceeding to reach a new high each quarter until nine months ago when it declined for the first time in more than a year something which continued with the results from three months ago but which has now halted with the results from this quarter.

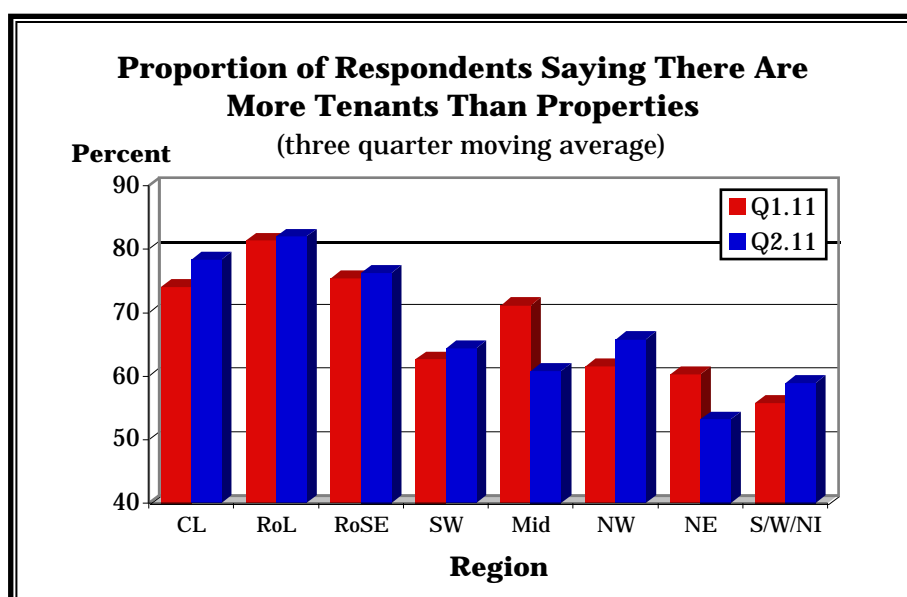


### Regional Analysis

The balance of supply and demand in terms of the percentage of respondents saying there are more tenants than there are properties for them is clearly tilted much more in favour of residential landlords in the south of the country, particularly in the South East.

This is evident from the chart below, which shows the three quarter moving average proportion of respondents saying there are more tenants than properties.

Geographic Region	Proportion Saying There Are More Tenants than Properties (%) (three quarter moving average)			
	Q3.10	Q4.10	Q1.11	Q2.11
Central London	66.3	70.3	74.0	78.4
Rest of London	76.4	82.6	81.3	82.0
Rest of South East	72.8	76.4	75.4	76.2
South West	64.6	69.1	62.6	64.4
Midlands	61.9	66.3	71.1	60.8
North West	62.3	66.3	61.5	65.8
North East	57.8	60.2	60.2	53.2
Scotland/Wales/NI	51.0	53.5	55.7	58.9
Base: All respondents	(454)	(554)	(529)	(479)



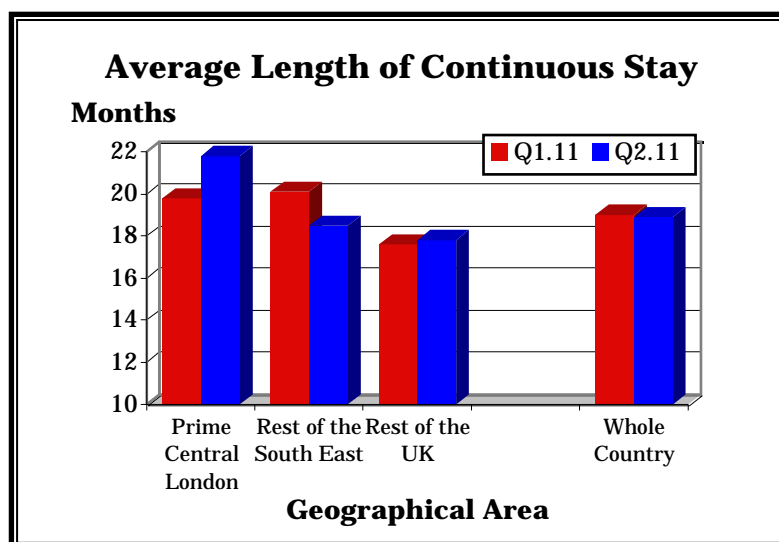
Compared with the three quarter moving average figures from three months ago, there have been mixed fortunes which seem to have no bearing on geographic location with some regions seeing a reduction in tenant demand and some seeing an increase.

#### 4.9 Average Length of Continuous Stay in Property (Q.10)

More than seven out of ten respondents (72%) say that the average length of a tenancy is between 13 and 24 months with the largest proportion (41%) saying it is between 13 and 18 months. Based on these figures, tenants tend to stay in the same property for an average of 18.9 months.

Average Length of Continuous Stay	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
6 to 9 months	-	0.6	1.5	0.8
10 to 12 months	2.9	10.1	15.7	10.9
13 to 18 months	28.2	42.5	45.2	40.5
19 to 24 months	45.6	30.7	24.9	31.5
More than 24 months	22.3	14.0	9.6	14.0
Don't know	-	1.1	1.0	0.8
Not stated	1.0	1.1	2.0	1.5
Base: All respondents	(103)	(179)	(197)	(479)

The average time a tenant stays in the same property is longest for those managing properties in Prime Central London at 21.8 months compared with 18.5 months for the Rest of the South East and 17.8 months for the Rest of the UK.



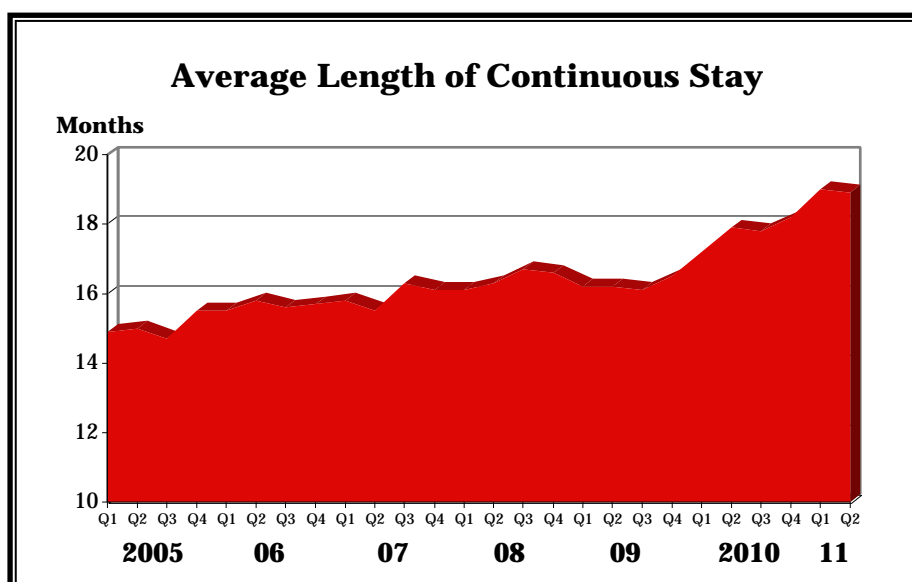
Geographic Area	Average Continuous Stay (months)			
	Q3.10	Q4.10	Q1.11	Q2.11
Prime Central London	18.2	19.2	19.8	21.8
South East	18.6	18.6	20.1	18.5
Rest of UK	16.8	17.4	17.6	17.8
All Regions	17.8	18.2	19.0	18.9
Base: All respondents	(454)	(554)	(529)	(479)

Compared with the last survey, there has been virtually no change in the average length of a tenancy (down marginally from 19.0 to 18.9 months) and this is reflected in the figures for those in the Rest of the UK (up from 17.6 to 17.8 months).

For those managing properties in Prime Central London, however, the average continuous stay has increased from 19.8 to 21.8 months whilst for those in the Rest of the South East it has decreased from 20.1 to 18.5 months.

As can be seen from the chart below, the overall average length of stay in a property has been on a rising trend for some time with the increases seen over the last eighteen months showing a stronger rising trend.

Although the small decrease seen this time may herald a change to this long term trend, it is a small change and the average remains at an historically high level.



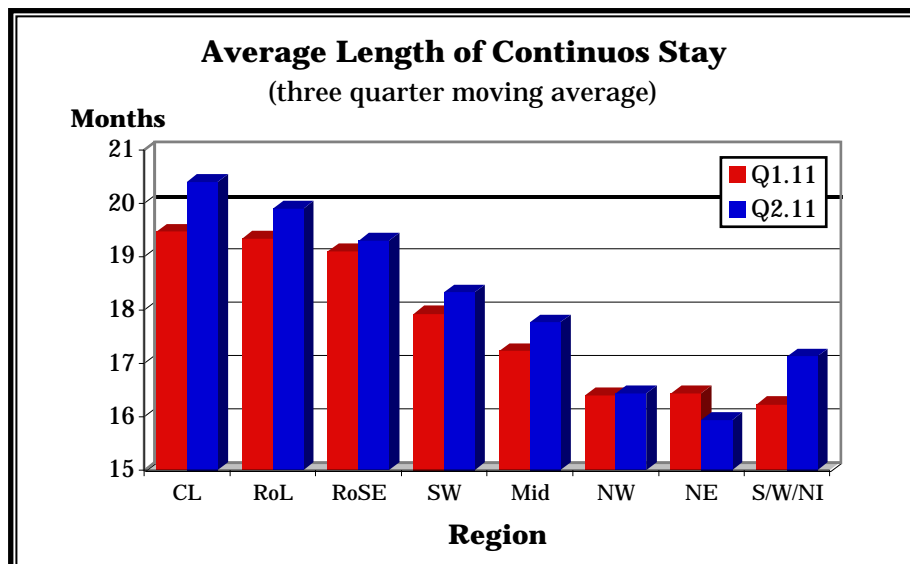
### Regional Analysis

As with most of the other regional analysis of results from this survey, there is a clear progression as one moves away from London.

In this case, looking at the three quarter moving average figures, the progression is from a relatively long continuous stay of 20.4 months in Central London to a relatively short stay of 15.9 months in the North East.

Geographic Region	Average Continuous Stay (months) (three quarter moving average)			
	Q3.10	Q4.10	Q1.11	Q2.11
Central London	19.0	19.0	19.5	20.4
Rest of London	19.1	19.4	19.3	19.9
Rest of South East	18.1	18.6	19.1	19.3
South West	16.9	17.5	17.9	18.3
Midlands	16.1	16.8	17.2	17.8
North West	16.2	16.1	16.4	16.4
North East	16.4	16.3	16.4	15.9
Scotland/Wales/NI	16.3	16.5	16.2	17.1
Base: All respondents	(454)	(554)	(529)	(479)

Compared with three months ago, there has been an increase in the average length of tenancies in all regions with the exceptions of the North West which had an unchanged average and the North East which saw its average decrease.



#### 4.10 Change in Achievable Rent Levels Over Last 6 Months (Q.11)

##### *Whole Country*

In the case of each of the listed property types, between 43% and 64% of ARLA members' offices believe that achievable rent levels have increased over the last six months whilst only between 3% and 9% believe they have fallen.

<b>Response</b>	<b>Percent of Respondents (%)</b>					
	<b>Det House</b>	<b>Semi House</b>	<b>Terr House</b>	<b>Conv Flat</b>	<b>PB Flat</b>	<b>Studio Flat</b>
Increased a lot	8.4	9.6	10.9	11.7	14.0	9.0
Increased a little	45.9	54.1	52.6	39.9	45.1	34.0
Stayed the same	25.7	23.0	27.1	32.2	30.7	32.2
Decreased a little	5.6	2.9	3.1	5.8	6.3	7.3
Decreased a lot	0.4	-	0.4	0.8	0.8	1.9
Don't know	12.5	9.2	4.8	7.1	2.1	13.8
Not stated	1.5	1.3	1.0	2.5	1.0	1.9

Base: All respondents (479)

These figures tend to suggest that, on average, achievable rent levels have increased significantly over the past six months.

##### *Prime Central London*

Within the overall figures, the situation in Prime Central London is a little stronger than average with between 43% and 84% saying that achievable rent levels for each type of property have risen.

The proportions who think achievable rent levels in Prime Central London have decreased are a little lower than those for the whole country with only between 3% and 5% saying they think this is the case.

<b>Response</b>	<b>Percent of Respondents (%)</b>					
	<b>Det House</b>	<b>Semi House</b>	<b>Terr House</b>	<b>Conv Flat</b>	<b>PB Flat</b>	<b>Studio Flat</b>
Increased a lot	12.6	14.6	19.4	30.1	30.1	24.3
Increased a little	30.1	37.9	46.6	48.5	53.4	46.6
Stayed the same	17.5	16.5	17.5	6.8	9.7	11.7
Decreased a little	3.9	3.9	3.9	3.9	1.9	2.9
Decreased a lot	1.0	-	-	-	1.0	1.0
Don't know	32.0	23.3	9.7	5.8	1.9	9.7
Not stated	2.9	3.9	2.9	4.9	1.9	3.9

Base: All respondents (103)

It would appear from these figures that, on average, achievable rent levels in Prime Central London have also increased significantly over the past six months.

### *Rest of the South East*

With regard to the Rest of the South East, the picture is also stronger than that for the whole country with between 48% and 79% of respondents saying that achievable rent levels have increased compared with between 1% and 6% saying they have decreased.

<b>Response</b>	<b>Percent of Respondents (%)</b>					
	<b>Det House</b>	<b>Semi House</b>	<b>Terr House</b>	<b>Conv Flat</b>	<b>PB Flat</b>	<b>Studio Flat</b>
Increased a lot	7.3	9.5	11.7	12.3	15.1	8.4
Increased a little	62.0	67.6	67.0	48.0	52.5	39.7
Stayed the same	19.0	16.2	18.4	27.9	26.3	31.8
Decreased a little	4.5	2.2	1.1	3.4	4.5	5.0
Decreased a lot	-	-	-	-	-	0.6
Don't know	6.7	4.5	1.7	7.3	1.7	14.5
Not stated	0.6	-	-	1.1	-	-

Base: All respondents (179)

These figures tend to suggest that achievable rent levels in the South East have also increased significantly in the last six months.

### *Rest of the UK*

For the Rest of the UK, the position is considerably less favourable than that for the whole country with between 24% and 57% of offices say that achievable rent levels for each type of property have increased compared with between 3% and 15% saying achievable rent levels have decreased over the last six months.

<b>Response</b>	<b>Percent of Respondents (%)</b>					
	<b>Det House</b>	<b>Semi House</b>	<b>Terr House</b>	<b>Conv Flat</b>	<b>PB Flat</b>	<b>Studio Flat</b>
Increased a lot	7.1	7.1	5.6	1.5	4.6	1.5
Increased a little	39.6	50.3	42.6	27.9	34.0	22.3
Stayed the same	36.0	32.5	40.1	49.2	45.7	43.1
Decreased a little	7.6	3.0	4.6	9.1	10.2	11.7
Decreased a lot	0.5	-	1.0	2.0	1.5	3.6
Don't know	7.6	6.1	5.1	7.6	2.5	15.2
Not stated	1.5	1.0	1.0	2.5	1.5	2.5

Base: All respondents (197)

Nevertheless, it appears from these figures that achievable rent levels in the Rest of the UK have increased over the last six months.

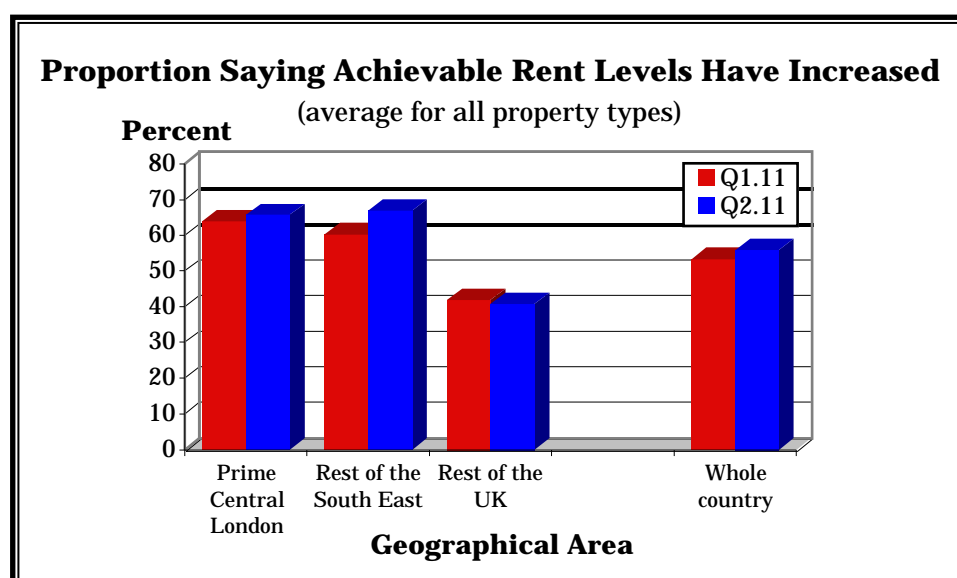
## Summary

The table and chart below show the proportion of ARLA members' offices from each geographical area who say they believe achievable rent levels have increased over the last six months for each type of property.

Geographic Area	Percent Saying Achievable Rents Levels Have Increased (%)					
	Det House	Semi House	Terr House	Conv Flat	PB Flat	Studio Flat
Prime Central London	42.7	52.4	66.0	78.6	83.5	70.9
Rest of the South East	69.3	77.1	78.8	60.3	67.6	48.0
Rest of the UK	46.7	57.4	48.2	29.4	38.6	23.9
Whole country	54.3	63.7	63.5	51.6	59.1	43.0

Base: All respondents (479)

Compared with three months ago, the average proportion of respondents saying achievable rents across all property types have increased has increased from 53% to 56%.



Geographic Area	Percent Saying Achievable Rents Have Increased (%)			
	Q3.10	Q4.10	Q1.11	Q2.11
Prime Central London	62.7	66.1	63.9	65.7
Rest of the South East	63.6	60.8	60.3	66.9
Rest of the UK	43.7	43.7	41.9	40.7
All regions	55.1	54.7	53.4	55.8
Base: All respondents	(454)	(554)	(529)	(479)

As between the broad geographic areas, the average proportion of respondents managing properties in Prime Central London who say achievable rent levels across all property types have increased is up from 64% to 66% but that for the Rest of the South East has risen more, from 60% to 67% whilst that for the Rest of the UK is down a little from 42% to 41%.

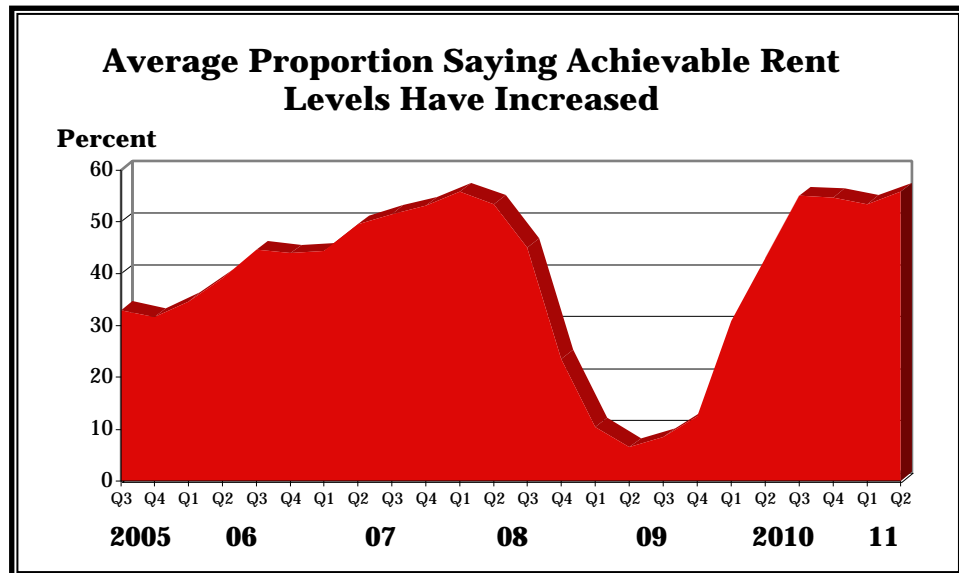


Having been fairly settled at around 32% until the last quarter of 2005, the figure for the overall average proportion of respondents saying that achievable rent levels have risen increased steadily during 2006 and 2007 and into early 2008.

However, the proportion of respondents in the second quarter of 2008 saying that achievable rent levels had increased fell from 56% to 53% and this was followed by three successive big declines with another smaller decline in the following quarter.

As a result, between the first quarter of 2008 and the second quarter of 2009, the figure fell from 56% to 7%.

From mid 2009, however, the figure rose steadily to reach 55% six months ago before levelling off with the results from the last three surveys although the increase seen this time may herald a return to the upward trend.

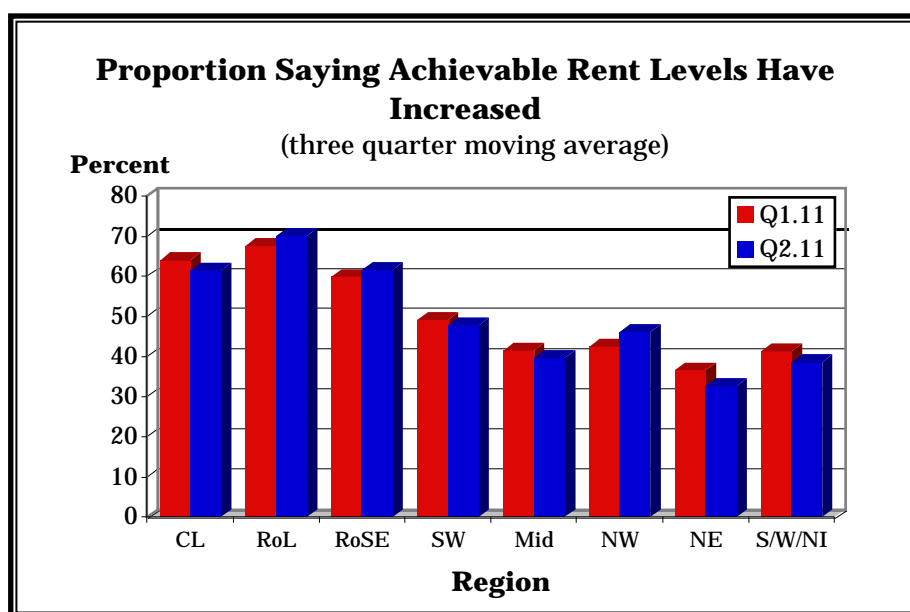


## Regional Analysis

Looking at the three quarter moving averages for each region within the UK, the proportion of respondents saying that achievable rent levels in their region across all property types have increased is highest for respondents in the Rest of London (70%) and lowest for the those in the North East (33%).

As can be seen from the chart below, the proportion of respondents saying that achievable rent levels have increased tends to decline as one moves away from London.

Geographic Region	Percent Saying Achievable Rents Have Increased (%) (three quarter moving average)			
	Q3.10	Q4.10	Q1.11	Q2.11
	Central London	59.4	64.8	64.0
Rest of London	51.2	61.3	67.7	70.1
Rest of South East	46.2	56.0	59.9	61.6
South West	37.9	47.1	49.1	47.8
Midlands	27.3	34.9	41.5	39.7
North West	31.0	37.0	42.4	46.1
North East	33.3	37.6	36.6	32.7
Scotland/Wales/NI	35.4	39.4	41.3	38.6
Base: All respondents	(454)	(554)	(529)	(479)



Compared with the first quarter survey, there has clearly been a further strong improvement in achievable rent levels in all regions although, with the exceptions of the Rest of London, the Rest of the South East and the North West all regions had lower three quarter moving average proportions saying achievable rent levels had increased.

**4.11 Are You Seeing an Increase in Rental Property Coming Onto the Market Because It Cannot Be Sold? (Q.12)**

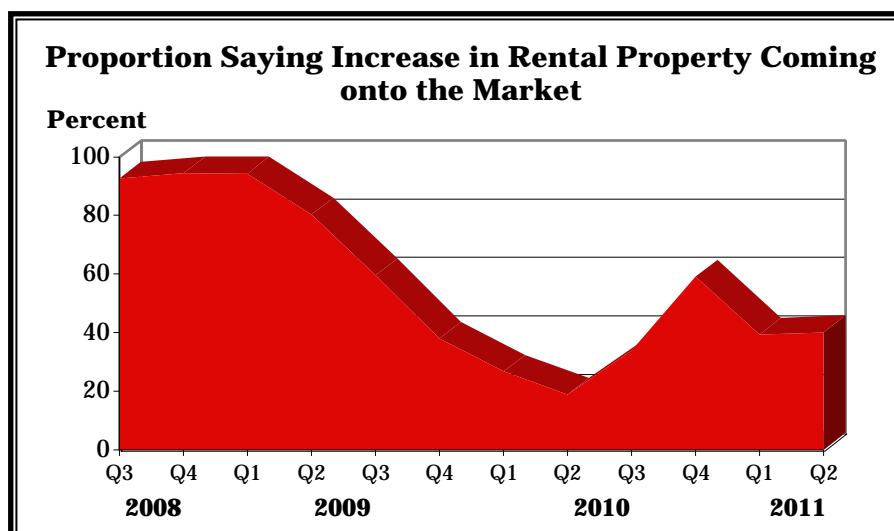
Four out of ten ARLA members' offices (40%) said that they had seen an increase in rental property coming onto the market because it could not be sold.

<b>Response</b>	<b>Percent of Respondents (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
Yes	21.4	35.2	54.3	40.1
No	62.1	56.4	37.1	49.7
Don't know	15.5	5.0	6.1	7.7
Not stated	1.0	3.4	2.5	2.5
Base: All respondents	(103)	(179)	(197)	(479)

There were big differences between the broad geographic areas on this question with those managing properties in Prime Central London being the least likely to say they are seeing an increase in rental property coming onto the market because it cannot be sold (21%) and those in the Rest of the UK being the most likely to (54%) with those in the Rest of the South East falling between these two extremes (35%).

<b>Response</b>	<b>Percent of Respondents (%)</b>			
	<b>Q3.10</b>	<b>Q4.10</b>	<b>Q1.11</b>	<b>Q2.11</b>
Yes	33.9	59.2	39.3	40.1
No	55.1	35.4	50.7	49.7
Don't know	8.1	3.6	7.4	7.7
Not stated	2.9	1.8	2.6	2.5
Base: All respondents	(454)	(554)	(529)	(479)

Compared with the first quarter, there was a small increase (from 39% to 40%) in the proportion saying they are seeing an increase in rental property coming onto the market because it cannot be sold.

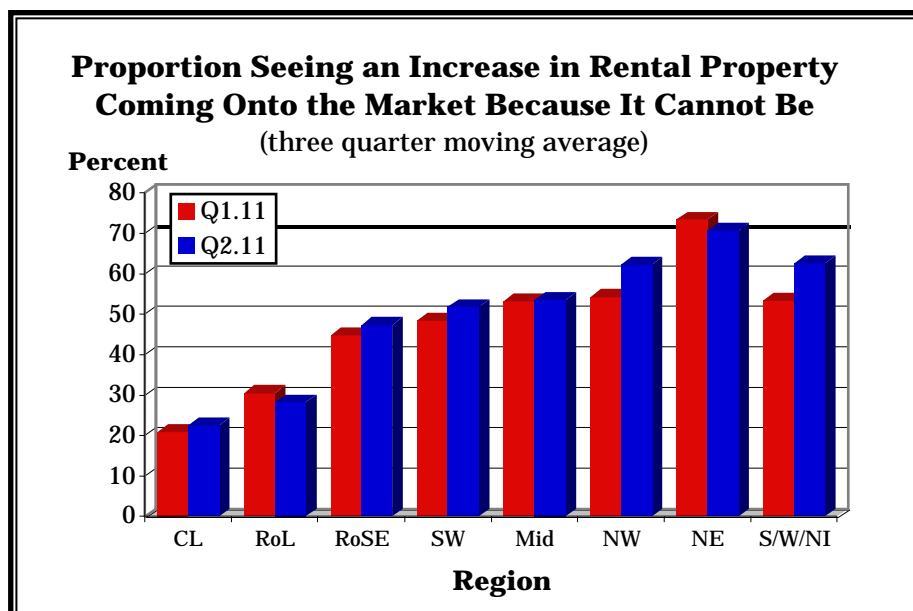


### Regional Analysis

The three quarter moving average figures for the individual regions making up the UK show that the North East is the region with the largest proportion of respondents (71%) saying that they are seeing an increase in rental property coming onto the market because it cannot be sold with Central London having the smallest proportion (23%).

There appears to be a bias towards a higher proportion of respondents believing this to be the case the further away from London they are although the figures for Scotland, Wales & Northern Ireland are an exception to this.

Geographic Region	Percent of Respondents (%) (three quarter moving average)			
	Q3.10	Q4.10	Q1.11	Q2.11
Central London	8.6	20.2	20.9	22.6
Rest of London	18.0	25.4	30.5	28.2
Rest of South East	22.5	36.1	44.7	47.3
South West	28.8	40.5	48.4	51.8
Midlands	33.0	44.2	53.2	53.5
North West	49.9	48.6	54.3	62.3
North East	49.0	61.3	73.4	70.6
Scotland/Wales/NI	39.7	47.4	53.4	62.6
Base: All respondents	(454)	(554)	(529)	(479)



Compared with three months ago, the three quarter moving average proportion of respondents saying there had been an increase in rental property coming onto the market because it could not be sold was little changed although the North West and Scotland, Wales and Northern Ireland saw quite large increases (from 54% to 62% and from 53% to 63% respectively).

**4.12 For Which Types of property Are You Seeing an Increase in Rental Properties Coming Onto the Market Because They Cannot Be Sold? (Q.13)**

For those respondents who said they were seeing an increase in property coming onto the rental market because it could not be sold, the type of property which the highest proportion thought were increasingly coming onto the rental market because they could not be sold were semi-detached houses (60%).

These were followed by detached houses (57%), purpose built flats/maisonettes (40%) and terraced houses (40%) with converted flats (27%) lagging some way behind but not as much as studio flats (12%) which respondents did not think were coming onto the rental market for this reason anything like as much as other property types.

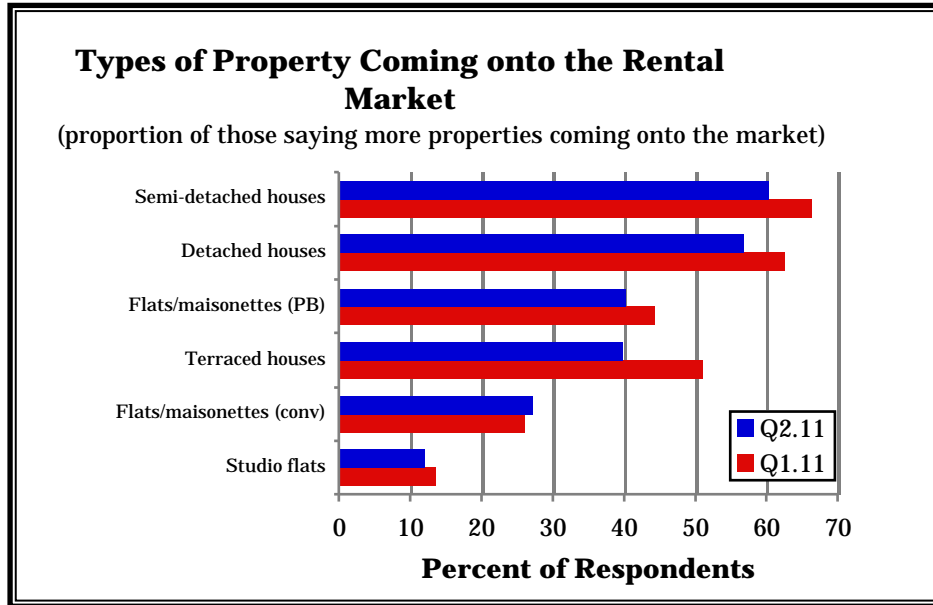
Type of Property	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Detached houses	22.7	60.9	61.1	56.8
Semi-detached houses	22.7	59.4	68.5	60.3
Terraced houses	18.2	40.6	43.5	39.7
Flats/maisonettes (conv)	54.5	29.0	20.4	27.1
Flats/maisonettes (PB)	72.7	36.2	36.1	40.2
Studio flats	27.3	13.0	8.3	12.1
Base: All seeing increase	(22)	(63)	(107)	(192)

There are some big differences in responses to this question as between offices managing properties in Prime Central London and those in the rest of the country with respondents from offices managing properties in Prime Central London much less likely to think there has been an increase in houses of any description coming onto the rental market because they cannot be sold and more likely to think there has been an increase in all kinds of flats doing so.

Type of Property	Percent of Respondents (%)			
	Q3.10	Q4.10	Q1.11	Q2.11
Detached houses	61.7	61.0	62.5	56.8
Semi-detached houses	68.2	59.1	66.3	60.3
Terraced houses	45.5	48.8	51.0	39.7
Flats/maisonettes (conv)	29.9	33.8	26.0	27.1
Flats/maisonettes (PB)	50.0	45.7	44.2	40.2
Studio flats	13.6	15.5	13.5	12.1
Base: All seeing increase	(154)	(328)	(208)	(192)

Compared with the last survey in the first quarter, the main changes are that this time lower proportions said they thought there had been an increase in any of the types of property coming onto the market because they could not be sold with the exception of converted

flats/maisonettes which were the only type to see an increase and even this was only a small increase from 26% to 27%.



## Regional Analysis

With regard to regional differences in the types of property which respondents are increasingly seeing coming onto the market because they cannot be sold, Central London and the Rest of London show the lowest proportions of respondents saying this is the case for houses of any description.

Type of Property	Percent of Respondents (%)							
	Region							
	CL	RoL	SE	SW	Mid	NW	NE	S/W/NI
Detached	-	18.2	71.4	60.7	83.3	36.4	54.5	68.2
Semi-detached	-	45.5	65.1	75.0	83.3	68.2	54.5	54.5
Terraced	-	18.2	47.6	46.4	45.8	45.5	45.5	36.4
Flat/maisonette (conv)	63.6	54.5	30.2	35.7	12.5	22.7	9.1	13.6
Flat/maisonette (PB)	90.9	63.6	38.1	32.1	37.5	50.0	36.4	27.3
Studio flat	27.3	27.3	14.3	17.9	8.3	9.1	-	-
Base: All seeing increase	(11)	(11)	(63)	(28)	(24)	(22)	(11)	(22)

With regard to individual property types, detached and semi-detached houses are most likely to be seen by respondents in the Midlands to be increasingly coming onto the market (83% for both types) and least likely to be seen to be doing so in Central London (0% for both types).

However, terraced houses are fairly equally likely to be seen by respondents in all regions other than Central London, the Rest of London and Scotland, Wales & Northern Ireland to be increasingly coming onto the market (between 45% and 48% respectively) and least likely to be seen to be doing so in Central London (0%).

When it comes to flats, conversions are most likely to be seen by respondents in Central London to be increasingly coming onto the market (64%) and least likely to be seen to be doing so in the North East (9%).

With purpose built flats, again they are most likely to be seen by respondents in Central London to be increasingly coming onto the market (91%) and least likely to be seen to be doing so in Scotland, Wales & Northern Ireland (27%).

In the case of studio flats, they seem to be most likely to be coming onto the market because they cannot be sold in both Central London and the Rest of London (27% in both cases) and least likely to be doing so in the North East and in Scotland, Wales & Northern Ireland (0% in both cases)

**4.13 Have You Seen an Increase in the Number of Tenants Struggling to Meet Rental Payments in the Last 6 Months? (Q.14)**

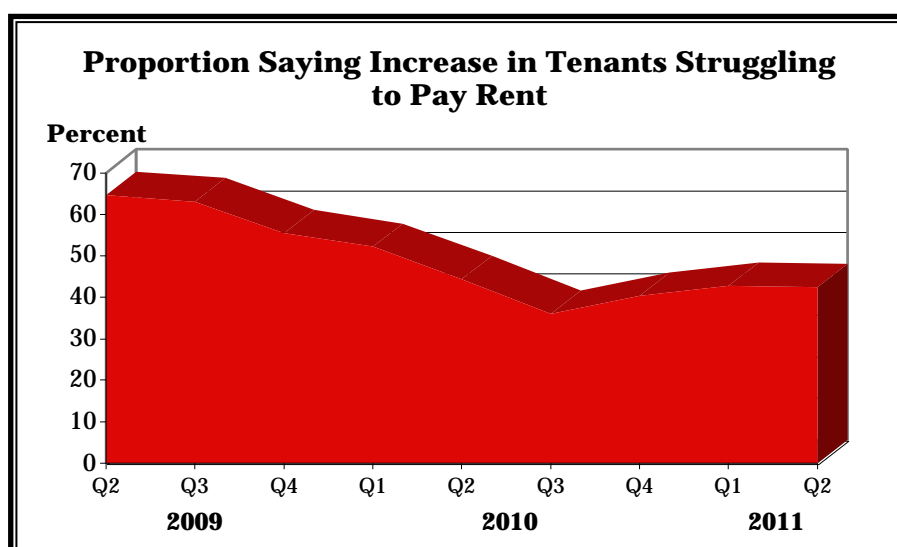
More than four out of ten ARLA members' offices (42%) said that they had seen an increase in the number of tenants struggling to meet rental payments in the last six months.

<b>Response</b>	<b>Percent of Respondents (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
Yes	22.3	41.9	53.3	42.4
No	75.7	57.5	45.2	56.4
Not stated	1.9	0.6	1.5	1.3
Base: All respondents	(103)	(179)	(197)	(479)

There was considerable difference between each of the three broad geographical areas on this question with respondents from offices which manage properties in Prime Central London being the least likely to think this was the case (22%) and those in the Rest of the UK being the most likely to do so (53%). Those from the Rest of the South East fell between the two (42%).

<b>Response</b>	<b>Percent of Respondents (%)</b>			
	<b>Q3.10</b>	<b>Q4.10</b>	<b>Q1.11</b>	<b>Q2.11</b>
Yes	35.9	40.4	42.7	42.4
No	63.2	59.2	56.1	56.4
Not stated	0.9	0.4	1.1	1.3
Base: All respondents	(454)	(554)	(529)	(479)

Compared with the first quarter, there has been very little change in the proportion saying they have seen an increase in the number of tenants struggling to meet rental payments in the last six months.



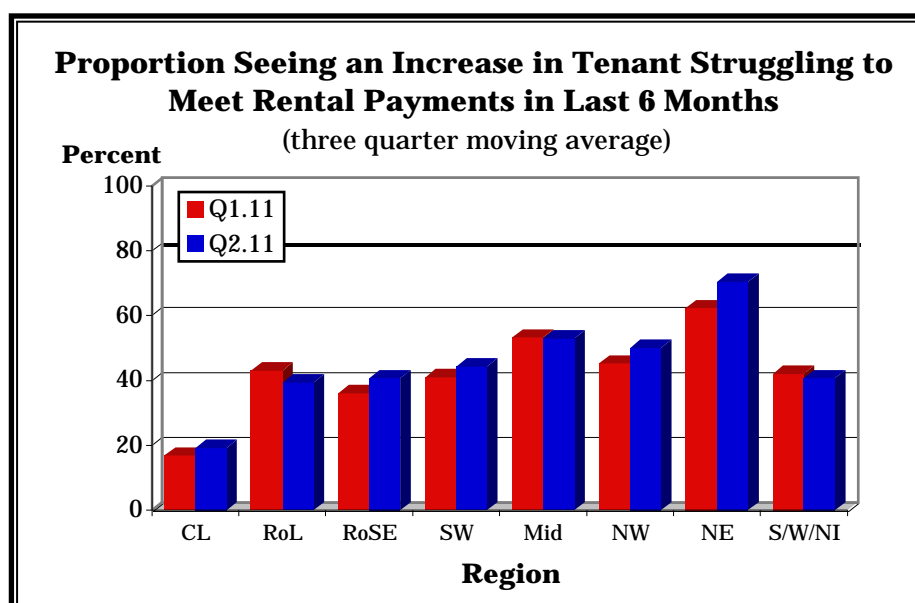


## Regional Analysis

With two exceptions all regions had broadly similar three quarter moving average proportions (between 39% and 53%) saying they had seen an increase in tenants struggling to meet rental payments in their area in the last six months.

The exceptions were Central London where the three quarter moving average was 19% and, at the other end of the scale, the North East on 70%.

Geographic Region	Percent of Respondents (%) (three quarter moving average)			
	Q3.10	Q4.10	Q1.11	Q2.11
Central London	17.5	15.1	16.9	19.1
Rest of London	50.4	43.5	43.1	39.4
Rest of South East	41.3	38.0	36.1	40.8
South West	44.9	41.4	41.1	44.3
Midlands	58.4	56.3	53.2	52.9
North West	56.0	44.2	45.2	50.1
North East	59.5	56.8	62.4	70.4
Scotland/Wales/NI	47.9	42.5	42.1	40.8
Base: All respondents	(454)	(554)	(529)	(479)



Compared with three months ago, there was little change in the three quarter moving averages for most regions with the North East showing the biggest change, an increase from 62% to 70%, in the proportion of respondents saying that they had seen an increase in the number of tenants struggling to meet rental payments in the last 6 months.

**4.14 Are You Aware of an Increase in Tenants Asking Lenders for References on Potential Landlords to Ensure They Are Financially Viable? (Q.15)**

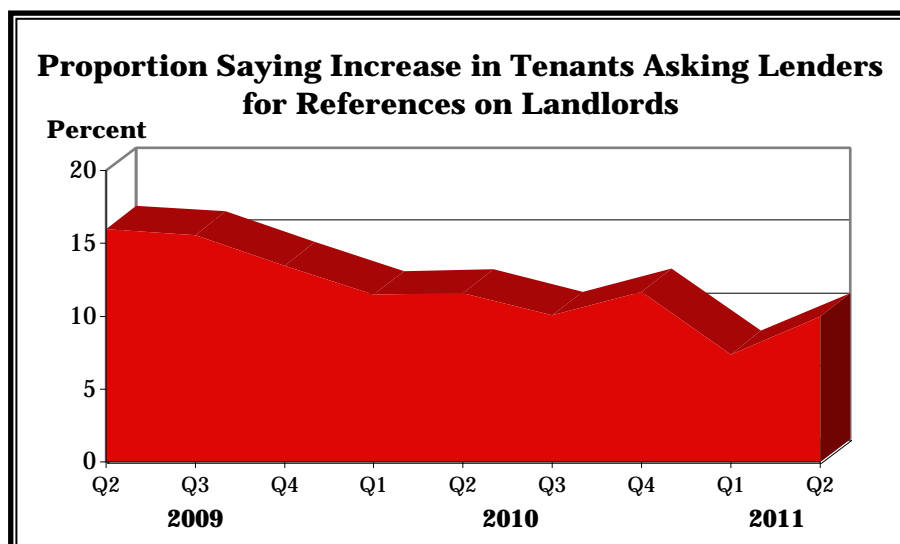
One in ten ARLA members' offices (10%) said that they were aware of an increase in tenants asking lenders for references on potential landlords to ensure they were financially viable with the vast majority (89%) saying they were not aware of any such increase.

<b>Response</b>	<b>Percent of Respondents (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
Yes	13.6	8.9	9.1	10.0
No	85.4	91.1	89.8	89.4
Not stated	1.0	-	1.0	0.6
Base: All respondents	(103)	(179)	(197)	(479)

Respondents from offices managing properties in Prime Central London were more likely than those from the rest of the country to be aware of an increase in tenants asking lenders for references on potential landlords with 14% saying they were aware of this compared with 9% of those in the rest of the country.

<b>Response</b>	<b>Percent of Respondents (%)</b>			
	<b>Q3.10</b>	<b>Q4.10</b>	<b>Q1.11</b>	<b>Q2.11</b>
Yes	10.1	11.7	7.4	10.0
No	88.8	87.7	90.9	89.4
Not stated	1.1	0.5	1.7	0.6
Base: All respondents	(454)	(554)	(529)	(479)

Compared with the last survey, there has been an increase in the proportion saying they are aware of an increase in tenants asking lenders for references on potential landlords with the figure rising from 7% to 10% but this only partially reverses the big decrease seen then and takes the figure to where it was nine months ago.

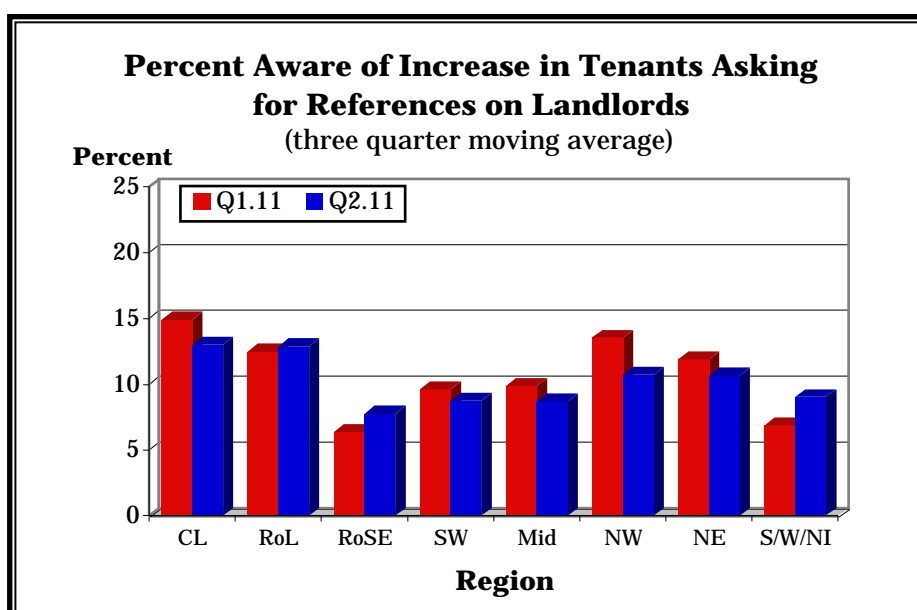


## Regional Analysis

There was a lot of variation between regions on this question and it bore little relation to how far away from London the region was.

Nevertheless, the regions with the highest three quarter moving average proportions of respondents aware of an increase in tenants asking for references on landlords were Central London and the Rest of London (13% in both cases) whilst the region with the lowest proportion was the Rest of the South East (8%). The other regions varied between these two extremes.

Geographic Region	Percent Aware of Increase in Tenants Asking for References on Landlords (%) (three quarter moving average)			
	Q3.10	Q4.10	Q1.11	Q2.11
	Central London	11.5	13.8	14.9
Rest of London	15.8	15.9	12.5	12.9
Rest of South East	9.1	8.1	6.3	7.8
South West	9.0	11.5	9.6	8.7
Midlands	7.7	9.1	9.9	8.7
North West	18.8	15.6	13.5	10.7
North East	14.0	14.4	11.9	10.6
Scotland/Wales/NI	10.2	7.9	6.9	9.0
Base: All respondents	(454)	(554)	(529)	(479)



Compared with the results from the survey in the first quarter, the biggest changes in the three quarter moving averages were the decreases for the North West (down from 14% to 11%) and Central London (down from 15% to 13%) and the increases for Scotland, Wales & Northern Ireland (up from 7% to 9%) and the Rest of the South East (up from 6% to 8%).

**4.15 Have You Seen an Increase in Tenants Haggling With Landlords Over Rents in the Last 6 Months? (Q.16)**

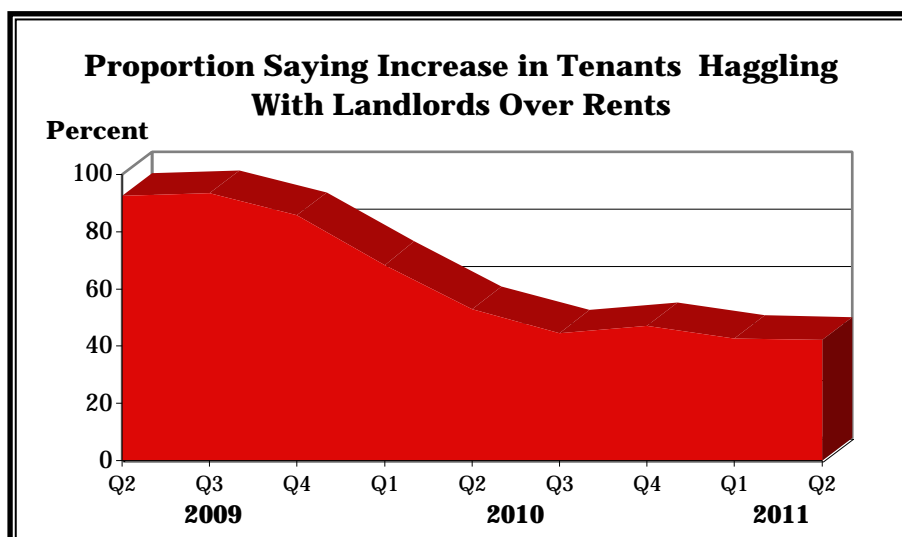
More than four out of ten ARLA members' offices (42%) said that they had seen an increase in tenants haggling with landlords over rents in the last six months.

<b>Response</b>	<b>Percent of Respondents (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
Yes	34.0	36.3	51.8	42.2
No	64.1	63.7	46.7	56.8
Not stated	1.9	-	1.5	1.0
Base: All respondents	(103)	(179)	(197)	(479)

There was considerable difference between the broad geographic areas on this question with offices managing properties in Prime Central London being least likely to have encountered tenants haggling over the rent (34%, compared with 36% for the Rest of the South East and 52% for the Rest of the UK).

<b>Response</b>	<b>Percent of Respondents (%)</b>			
	<b>Q3.10</b>	<b>Q4.10</b>	<b>Q1.11</b>	<b>Q2.11</b>
Yes	44.5	47.1	42.7	42.2
No	54.6	51.8	55.6	56.8
Not stated	0.9	1.1	1.7	1.0
Base: All respondents	(454)	(554)	(529)	(479)

Compared with the last survey, there has been a slight decrease in the proportion of respondents saying they have seen an increase in tenants haggling with landlords over rents in the last six months with the figure falling from 42.7% to 42.2%.

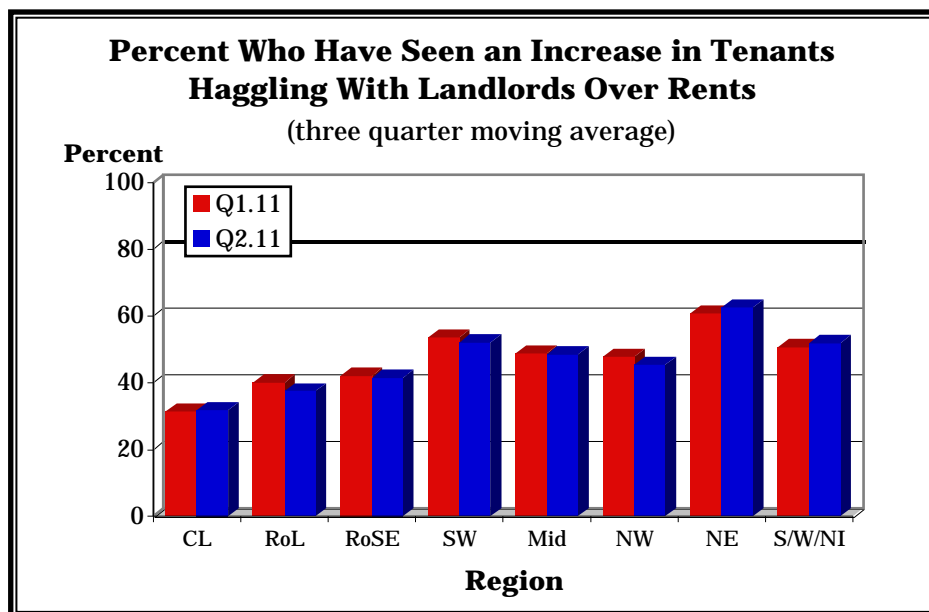


### Regional Analysis

The region with the highest three quarter moving average proportion of respondents saying they had seen an increase in tenants haggling with landlords over rents in the preceding six months was the North East (63%) and the region with the lowest proportion was Central London (32%) . The other regions varied between these two extremes with a tendency to increase with distance from London.

Geographic Region	Percent Who Have Seen an Increase in Tenants Haggling With Landlords Over Rents (%) (three quarter moving average)			
	Q3.10	Q4.10	Q1.11	Q2.11
Central London	37.5	30.3	31.4	31.8
Rest of London	50.7	43.3	40.1	37.5
Rest of South East	53.7	45.2	42.0	41.5
South West	64.8	57.7	53.6	52.0
Midlands	63.3	55.4	48.8	48.5
North West	62.6	53.7	47.8	45.4
North East	65.7	63.8	60.8	62.5
Scotland/Wales/NI	59.4	53.9	50.7	51.9
Base: All respondents	(454)	(554)	(529)	(479)

Compared with the three quarter moving average figures from the last survey, there was little change in the proportions saying they had seen an increase in tenants haggling over rents in the preceding six months.



#### 4.16 What Proportion of Potential/Existing Landlord & Tenant Clients Ask If You Are Licensed? (Q.17)

##### *Landlords*

A quarter of ARLA members' offices (25%) said that at least some of their potential and existing landlord clients ask them if they are licensed with one in twenty (5%) saying that all or most of them do.

However, a higher proportion, amounting to four out of ten (40%), said that none of theirs do and more than a further third (34%) said that hardly any of theirs do.

<b>Proportion</b>	<b>Percent of Respondents (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
All	-	0.6	0.5	0.4
Most	5.8	3.9	4.1	4.4
Some	21.4	15.6	23.9	20.3
Hardly any	27.2	40.8	30.5	33.6
None	42.7	39.1	39.6	40.1
Not stated	2.9	-	1.5	1.3
Base: All respondents	(103)	(179)	(197)	(479)

There was little difference between the broad geographic areas on this question although those in the South East seem to be less likely than their counterparts elsewhere to encounter landlords asking them if they are licensed (20% saying at least some do compared with 27% for Prime Central London and 28% for the Rest of the UK).

##### *Tenants*

When it comes to their potential or existing tenants, fewer respondents said that theirs asked them if they were licensed with only one in ten (10%) saying that at least some of their potential and existing tenant clients ask them if they are licensed and only 2% saying that most or all of them do. Conversely, more than half (51%) said that none of theirs do and nearly a further four out of ten (37%) said that hardly any of theirs do.

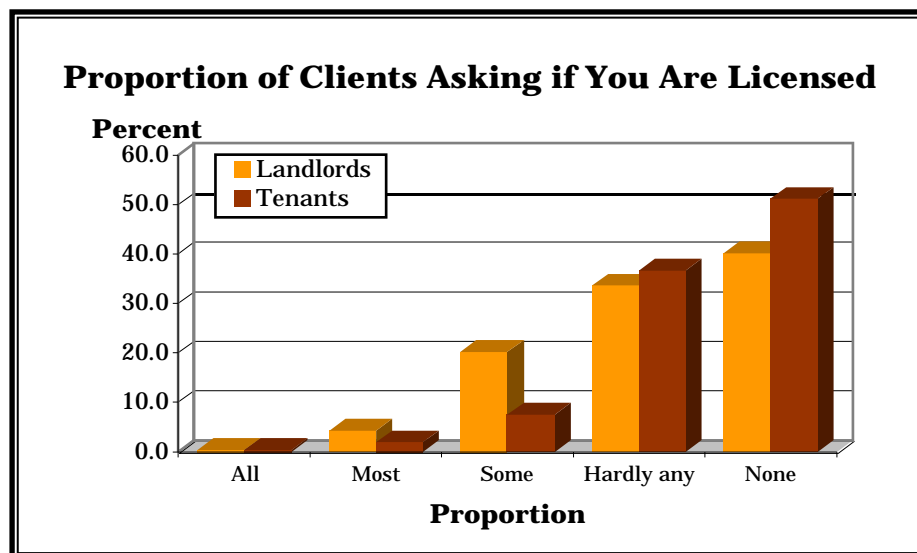
<b>Proportion</b>	<b>Percent of Respondents (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
All	-	0.6	0.5	0.4
Most	1.9	2.2	1.5	1.9
Some	7.8	6.1	8.6	7.5
Hardly any	36.9	37.4	36.0	36.7
None	48.5	52.5	51.3	51.1
Not stated	4.9	1.1	2.0	2.3
Base: All respondents	(103)	(179)	(197)	(479)

There was little difference between the broad geographic areas on this question with between 9% and 11% saying that at least some of their potential and existing tenant clients ask them if they are licensed.

*Summary*

It would appear that few respondents' potential and existing landlord and tenant clients ask them if they are licensed and whilst some clearly do ask this question, for the majority of respondents it comes up only very rarely, if at all.

Looking at differences between landlords and tenants, it seems that landlord clients are more likely to ask the question with 25% of respondents saying at least some of them do compared with less than half as many (10%) saying that at least some of their tenant clients ask them this question.

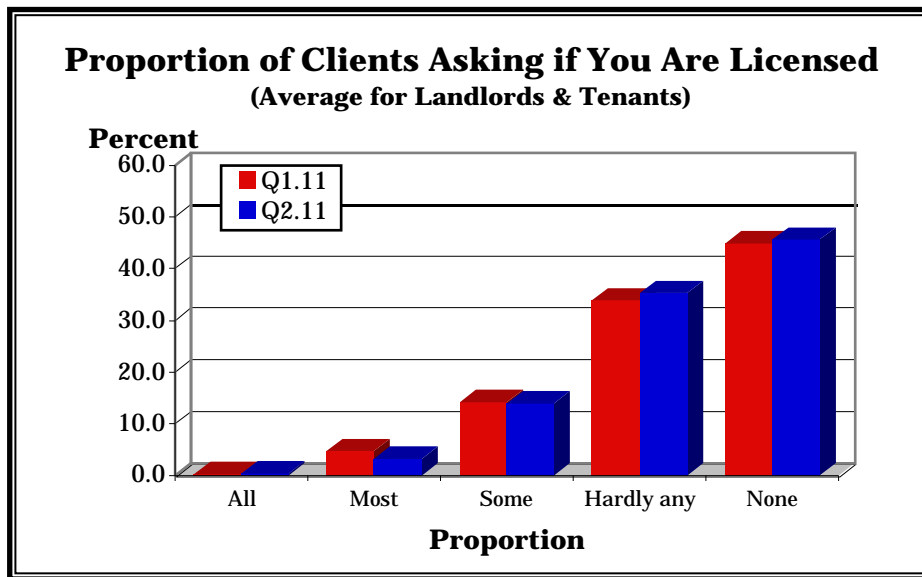


Proportion	Percent of Respondents (%)	
	Landlords	Tenants
All	0.4	0.4
Most	4.4	1.9
Some	20.3	7.5
Hardly any	33.6	36.7
None	40.1	51.1
Not stated	1.3	2.3

Base: All respondents (479)

Compared with three months ago, as can be seen from the table and chart below showing the average for both landlords and tenants, there has been very little change.

Proportion	Average For Landlords & Tenants (%)			
	Q3.10	Q4.10	Q1.11	Q2.11
All	0.9	0.3	0.2	0.4
Most	4.4	3.2	4.7	3.1
Some	13.4	16.6	14.2	13.9
Hardly any	33.4	35.1	33.8	35.2
None	46.7	43.9	44.9	45.6
Not stated	1.2	0.9	2.2	1.8
Base: All respondents	(454)	(554)	(529)	(479)





### Regional Analysis

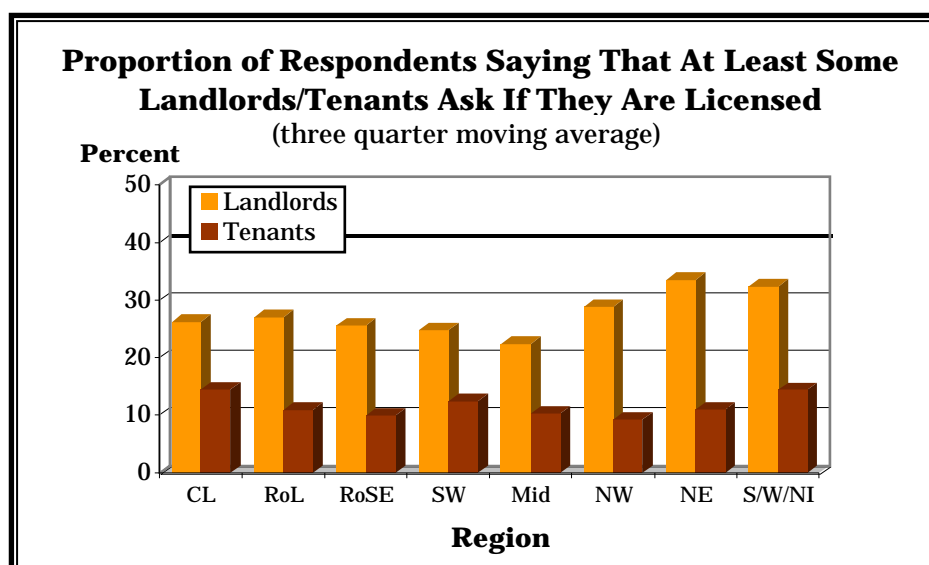
The region with the highest three quarter moving average proportion of respondents saying that at least some of their potential or existing landlord clients ask them if they are licensed was the North East (34%) and the region with the lowest three quarter moving average proportion was the Midlands (22%). The other regions varied between these two extremes.

With regard to potential or existing tenant clients, despite far fewer respondents saying that at least some of theirs ask the question, the highest three quarter moving average proportions were in Central London and Scotland, Wales & Northern Ireland (14.5% and 14.4% respectively) and the lowest in the North West (9%)

Geographic Region	Percent of Respondents Saying At Least Some Clients(%) (three quarter moving average)	
	Landlords	Tenants
Central London	26.2	14.5
Rest of London	27.0	10.9
Rest of South East	25.6	9.9
South West	24.8	12.4
Midlands	22.4	10.3
North West	28.8	9.2
North East	33.5	11.0
Scotland/Wales/NI	32.4	14.4

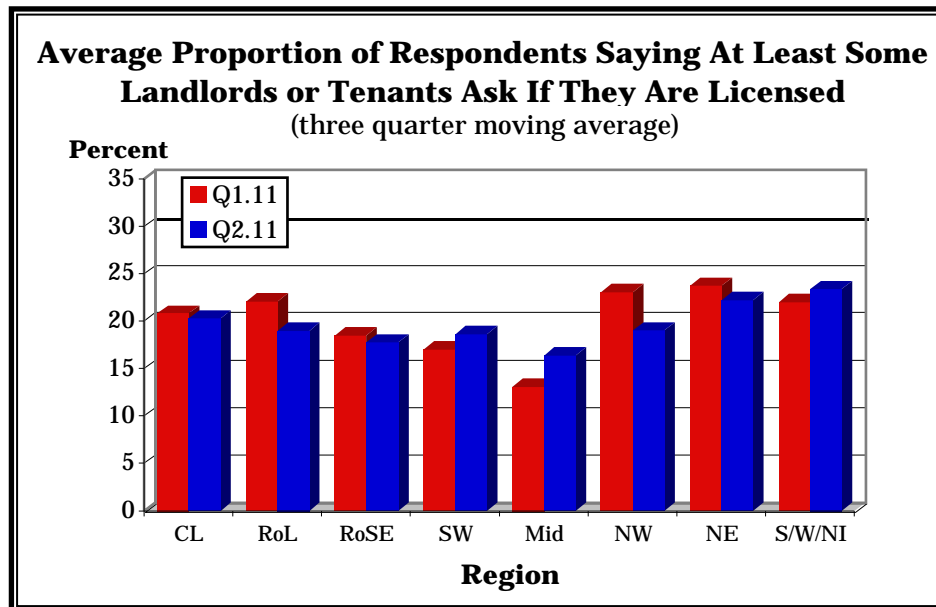
Base: All Respondents (479)

The region showing the greatest difference between the three quarter moving average proportion of landlords asking if respondents are licensed and the three quarter moving average proportion of tenants doing so is the North East (34% compared with 11%) and the region showing the least difference is Central London (26% compared with 15%).



Compared with three months ago, looking at the three quarter moving average for both landlords and tenants combined, there have been increases for the South West, the Midlands and Scotland, Wales & Northern Ireland and decreases for all the other regions.

Geographic Region	Percent of Respondents Saying At Least Some Clients (%) (3Q moving average for Landlords & Tenants)		
	Q4.10	Q1.11	Q2.11
Central London	20.4	20.8	20.3
Rest of London	24.0	22.1	19.0
Rest of South East	18.8	18.5	17.8
South West	15.2	17.0	18.6
Midlands	13.2	13.1	16.4
North West	24.1	23.1	19.0
North East	25.9	23.7	22.2
Scotland/Wales/NI	19.9	22.0	23.4
Base: All respondents	(554)	(529)	(479)



**4.17 Have You Seen an Increase in the Last 12 Months in the Proportion of Potential/Existing Landlord and Tenant Clients Asking if You Are Licensed? (Q.18)**

Less than one in ten ARLA members' offices (9%) said that they had seen an increase in the proportion of landlord and tenant clients asking them if they are licensed in the last twelve months with the majority (89%) saying they had not.

<b>Response</b>	<b>Percent of Respondents (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
Yes	6.8	8.4	8.1	8.7
No	83.5	82.1	80.2	89.1
Don't know/not sure	7.8	-	-	1.8
Not stated	1.9	-	-	0.5
Base: All respondents	(103)	(179)	(197)	(479)

In terms of differences the broad geographic regions on this question, respondents managing properties in Prime Central London are least likely to have seen an increase (7% compared with 8% for both the Rest of the South East and the Rest of the UK).

Compared with three months ago, more respondents said they had seen an increase in landlords and tenants asking if they are licensed with the figure rising from 7% to 9%, once again reversing the change seen three months earlier.

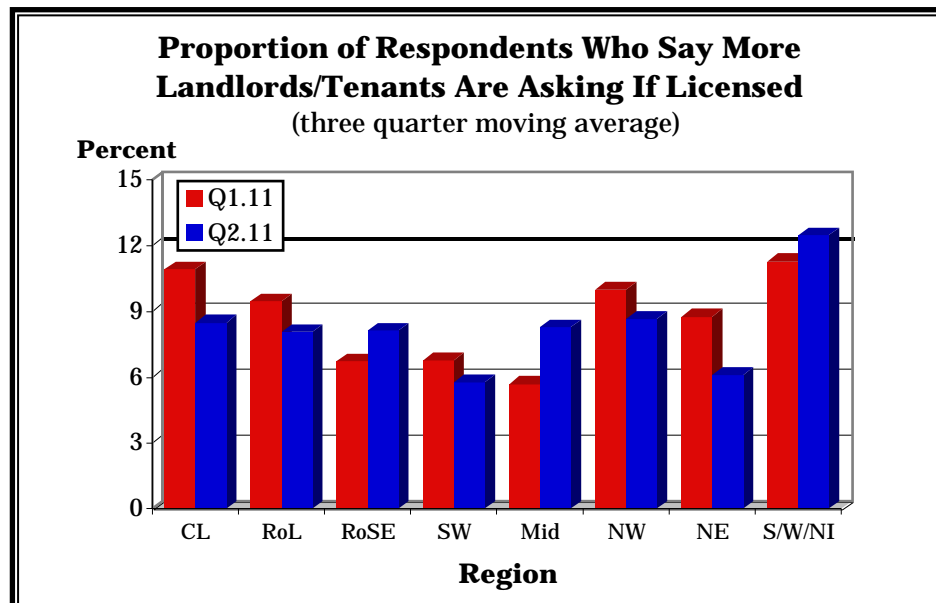
<b>Response</b>	<b>Percent of Respondents (%)</b>			
	<b>Q3.10</b>	<b>Q4.10</b>	<b>Q1.11</b>	<b>Q2.11</b>
Yes	7.9	8.8	7.4	8.7
No	81.9	80.9	83.0	89.1
Don't know/not sure	8.4	8.8	7.9	1.8
Not stated	1.8	1.4	1.7	0.5
Base: All respondents	454)	(554)	(529)	(479)

### Regional Analysis

Looking at differences between individual regions on this question, the region with the highest three quarter moving average proportion saying they had seen an increase in the last 12 months of landlords and tenants are asking if they are licensed was Scotland, Wales & Northern Ireland (13%) and the regions with the lowest three quarter moving average proportions were the South West and the North East (6% in both cases).

Geographic Region	Percent Who Have Seen an Increase in Landlords/Tenants Asking if They Are Licensed (%) (three quarter moving average)		
	Q4.10	Q1.11	Q2.11
	Central London	9.8	10.9
Rest of London	9.6	9.5	8.1
Rest of South East	7.7	6.7	8.1
South West	8.7	6.8	5.8
Midlands	5.4	5.7	8.3
North West	9.3	10.0	8.7
North East	13.5	8.8	6.1
Scotland/Wales/NI	11.4	11.3	12.5
Base: All respondents	(554)	(529)	(479)

Compared with three months ago, there have been some changes with decreases for Central London, the Rest of London, the South West, the North West and the North East and increases for the Rest of the South East, the Midlands and Scotland, Wales & Northern Ireland.

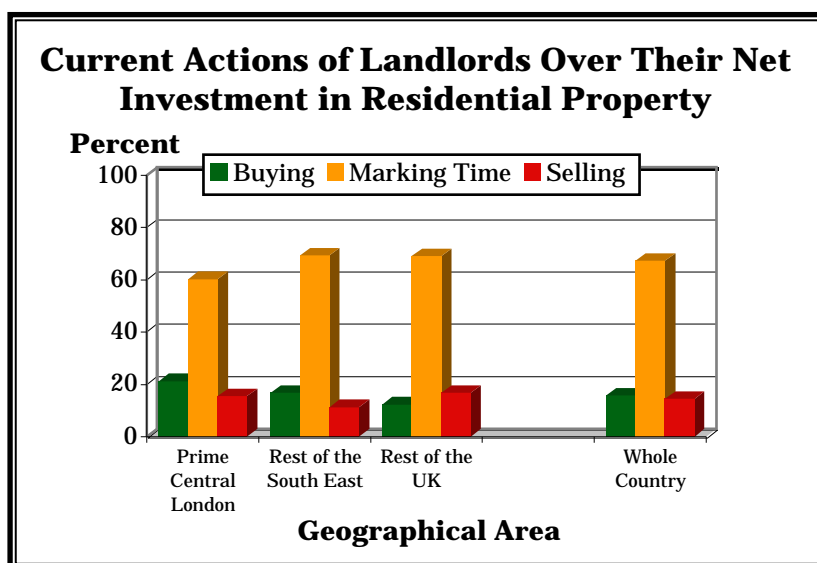


#### 4.18 How Are Landlords Currently Acting Over Their NET Investment in Residential Property (Q.19)

More than two thirds of ARLA members' offices (67%) think that residential landlords are currently marking time with regard to their net investment in residential property.

However, one in six (16%) think landlords are increasing their net investment by buying more properties but nearly as many (14%) think landlords are decreasing their net investment by selling properties.

How Landlords Are Currently Acting	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Buying	21.4	16.8	12.2	15.9
Marking time	60.2	69.3	69.0	67.2
Selling	15.5	11.2	16.8	14.4
Not stated	2.9	2.8	2.0	2.5
Base: All respondents	(103)	(179)	(197)	(479)



Looking at the broad geographic areas there are some differences with more of those in the Rest of the UK believing that landlords are selling than believe they are buying (12% saying they are buying compared with 17% saying they are selling).

Compared with this, for those managing properties in Prime Central London, a higher proportion believe that landlords are buying than think they are selling (21% say they are buying compared with 16% saying they are selling).

The distribution of responses for those in the Rest of the South East is similar to that for Prime Central London but with lower proportions saying landlords are buying and saying they are selling (17% say landlords are buying compared with 11% saying they are selling).

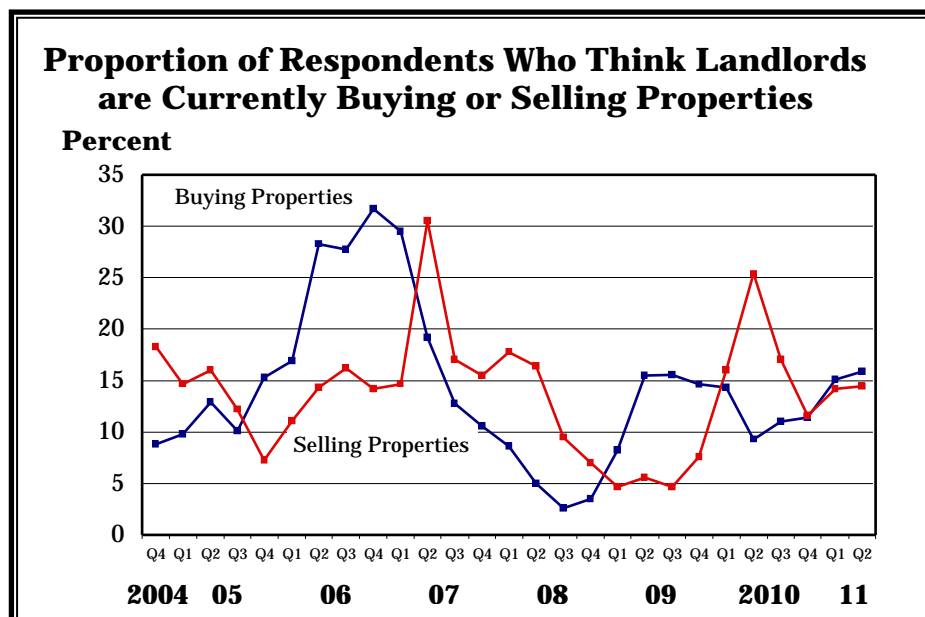
<b>How Currently Acting</b>	<b>Percent of Respondents (%)</b>			
	<b>Q3.10</b>	<b>Q4.10</b>	<b>Q1.11</b>	<b>Q2.11</b>
Buying	11.0	11.4	15.1	15.9
Marking time	69.6	75.8	67.3	67.2
Selling	17.0	11.6	14.2	14.4
Not stated	2.4	1.3	3.4	2.5
Base: All respondents	(454)	(554)	(529)	(479)

Compared with three months ago, there has been little change in both the proportion saying landlords are buying properties (up from 15.1% to 15.9%), the proportion saying landlords are selling properties (up from 14.2% to 14.4%) and the proportion saying they are making time (down from 67.3% to 67.2%).

As the graph below shows, during the autumn of 2005, the relationship between the proportion believing that landlords are buying properties and the proportion believing they are selling properties reversed. However, in the second quarter of 2007, this reversed again with a higher proportion of respondents saying landlords were selling properties than said they were buying properties.

At the beginning of 2009, the relationship between these figures reversed again and the changed relationship was maintained for the rest of 2009. However, the results from the first quarter 2010 survey closed the gap and whilst the results from the following survey saw the proportion selling outstripping the proportion buying by quite a large margin, the results from the last two surveys of 2010 moved the situation back to a more balanced picture which continued with the results from three months ago.

The results from this survey whilst showing little change have opened up the gap between buyers and sellers a little in favour of those currently buying properties but the difference is quite small.



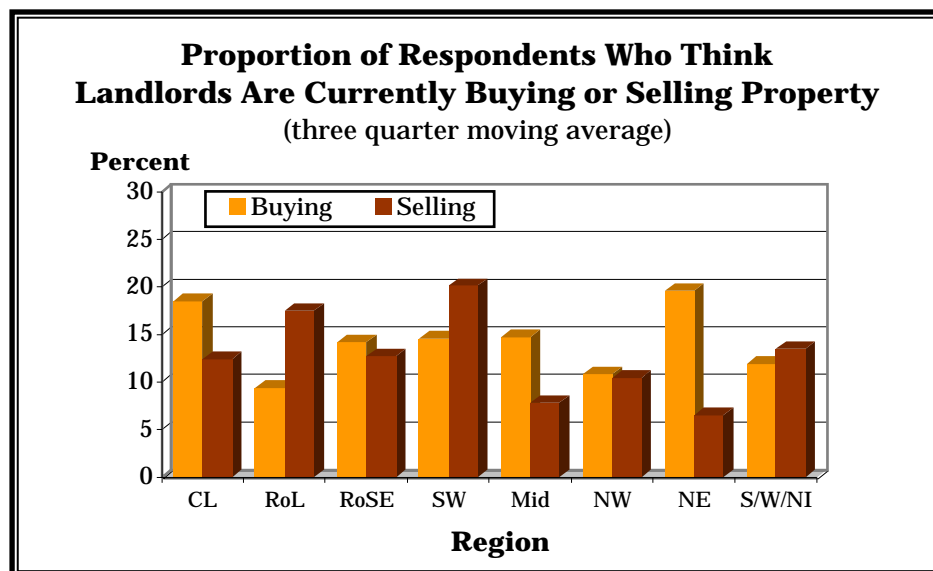
### Regional Analysis

There was a wide variation in the three quarter moving average figures for the different regions on this question with the region showing the greatest margin of respondents saying landlords are buying over those saying they are selling being the North East (20% for buying compared with 7% for selling).

In the opposite direction, the biggest margin of respondents saying landlords are selling over those saying they are buying was for the Rest of London (9% for buying compared with 18% for selling).

Geographic Region	Percent of Respondents – Q2.11 (%) (three quarter moving average)	
	Buying	Selling
Central London	18.5	12.4
Rest of London	9.4	17.5
Rest of South East	14.2	12.7
South West	14.6	20.1
Midlands	14.7	7.8
North West	10.8	10.4
North East	19.6	6.5
Scotland/Wales/NI	11.9	13.5

Base: All respondents (479)

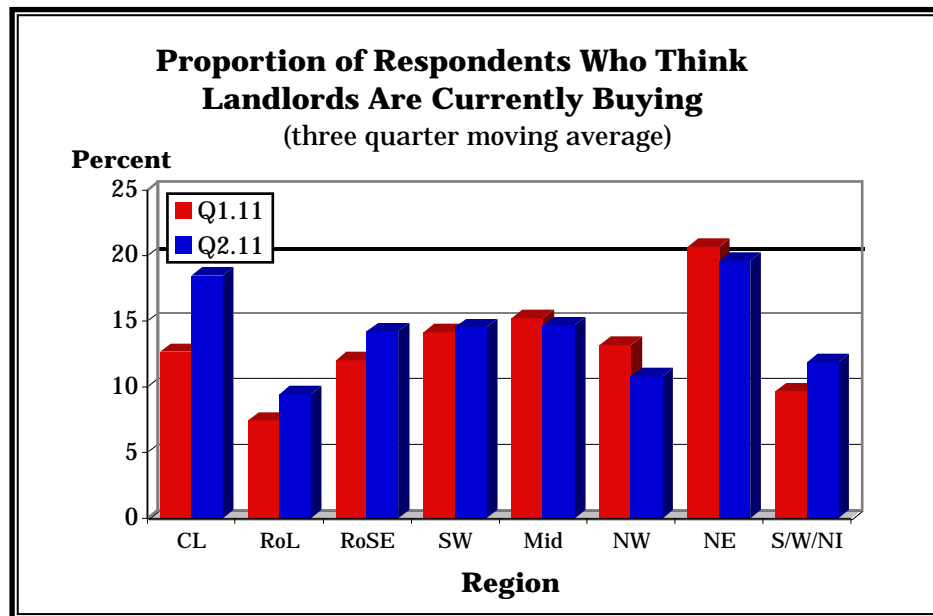


Compared with three months ago, there have been some noticeable changes in the three quarter moving averages in terms of the proportion of respondents who think landlords are currently buying properties.

The largest increases in the proportions saying landlords are buying have been the increases for Central London (where the figure rose from 13% to 19%), the Rest of London (up from 7% to 9%), the Rest of the South East (up from 12% to 14%) and Scotland, Wales & Northern Ireland (up from 10% to 12%) and the largest decrease was in the North

West where the figure fell from 13% to 11%. All the remaining regions showed relatively small changes.

<b>Geographic Region</b>	<b>Percent Saying Landlords Are Currently Buying (%)</b> (three quarter moving average)			
	<b>Q3.10</b>	<b>Q4.10</b>	<b>Q1.11</b>	<b>Q2.11</b>
Central London	15.7	13.4	12.7	18.5
Rest of London	10.0	7.2	7.4	9.4
Rest of South East	9.8	9.0	12.0	14.2
South West	10.1	13.1	14.2	14.6
Midlands	15.5	13.6	15.3	14.7
North West	8.8	8.5	13.2	10.8
North East	18.6	15.2	20.7	19.6
Scotland/Wales/NI	7.5	6.1	9.7	11.9
Base: All respondents	(454)	(554)	(529)	(479)





**4.19 Types of New Prospective Tenants Currently Encountered Most Often (Q.20)**

Analysis of the results for this question enable average rankings for each type of new prospective tenant and these are shown in the table below.

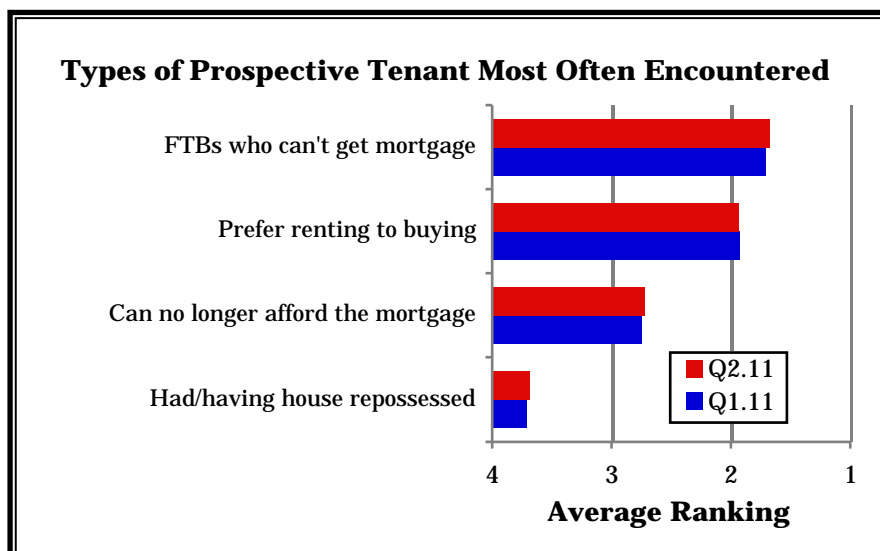
Clearly, two types of new prospective tenant are encountered more often than the others with these being those who would be first time buyers except that they cannot get a mortgage (average ranking of 1.7) and those who have been renting for some years because they prefer renting to buying (average ranking of 1.9).

Behind these, those who are having to/have had to sell their house because they can no longer afford the mortgage (average ranking of 2.8) are more often encountered by respondents than those who are having/have had their house repossessed (average ranking of (3.7)

Type of Tenant	Average Ranking			
	Prime London	Rest of SE	Rest of UK	All Regions
FTBs who can't get mortgage	2.0	1.6	1.6	1.7
Can no longer afford the mortgage	2.8	2.7	2.7	2.7
Had/having house repossessed	3.7	3.8	3.6	3.7
Prefer renting to buying	1.8	1.9	2.0	1.9
Base: All respondents	(103)	(179)	(197)	(479)

Looking at the broad geographic areas the main difference is that those managing properties in Prime Central London appear to be more likely to encounter those who have been renting for some years because they prefer renting to buying (average ranking of 1.8) than those who would be first time buyers except that they cannot get a mortgage (average ranking of 2.0) whereas those in the rest of the country find the reverse to be the case

Compared with three months ago, there has been virtually no change in the overall average rankings.



<b>Geographic Region</b>	<b>Average Ranking</b>	
	<b>Q1.11</b>	<b>Q2.11</b>
FTBs who can't get mortgage	1.7	1.7
Can no longer afford the mortgage	2.8	2.7
Had/having house repossessed	3.7	3.7
Prefer renting to buying	1.9	1.9
Base: All respondents	(529)	(479)

### *Regional Analysis*

There was more variation between the individual regions on this question with the main one being that respondents who manage properties in Prime Central London were more likely to encounter those who have been renting for some years because they prefer renting to buying (average ranking of 1.7) than they were to encounter those who would be first time buyers except that they cannot get a mortgage (average ranking of 2.1).

Respondents in all the other regions ranked them the other way round with the exception of those in Scotland, Wales & Northern Ireland who ranked them both equally (average ranking of 1.8).

<b>Type of Tenant</b>	<b>Average Ranking - Q2.11</b>							
	<b>Region</b>							
	<b>CL</b>	<b>RoL</b>	<b>SE</b>	<b>Mid</b>	<b>SW</b>	<b>NW</b>	<b>NE</b>	<b>S/W/NI</b>
FTBs who can't get mortgage	2.1	1.6	1.7	1.6	1.7	1.5	1.5	1.8
Can no longer afford the mortgage	2.8	2.9	2.7	2.7	2.7	2.5	2.5	3.0
House repossessed	3.9	3.8	3.8	3.7	3.5	3.7	3.5	3.4
Prefer renting to buying	1.7	1.9	1.9	2.0	2.0	2.2	2.4	1.8

Base: All respondents (479)

One other noticeable difference is that respondents from regions outside London and the South East appear to be a bit more likely to encounter those who are having/have had their house repossessed with average rankings of between 3.5 and 3.7 compared with average rankings of between 3.8 and 3.9 for the south eastern regions.

In the table below are the results from this question for the first quarter from which it can be seen that there has been little change in the ranking of the different types of tenant in terms of why they are choosing to rent property.

<b>Type of Tenant</b>	<b>Average Ranking - Q1.11</b>							
	<b>Region</b>							
	<b>CL</b>	<b>RoL</b>	<b>SE</b>	<b>Mid</b>	<b>SW</b>	<b>NW</b>	<b>NE</b>	<b>S/W/NI</b>
FTBs who can't get mortgage	2.1	1.8	1.7	1.5	1.8	1.3	1.6	1.6
Can no longer afford the mortgage	2.8	2.8	2.8	2.8	2.8	2.9	2.3	2.6
House repossessed	3.8	3.8	3.8	3.8	3.7	3.3	3.5	3.4
Prefer renting to buying	1.5	1.9	2.0	1.9	1.7	2.2	2.1	2.4

Base: All respondents (529)