

Prepared for

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

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

First Quarter 2010

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1. INTRODUCTION & BACKGROUND

The mortgage lenders who make up the ARLA group of buy to let mortgage lenders are keen to ensure that the service they provide to ARLA 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 the ARLA group of buy to let mortgage lenders 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

With effect from this survey, postal questionnaires have been replaced by an on-line survey. ARLA members were emailed at the beginning of March and given the URL for the on-line survey and asked to go on-line to complete the survey.

A follow up email was sent two weeks later and by the closing date 531 members had completed the survey on-line. These responses were analysed and tables of data produced on which this report is based.

3. SUMMARY

- Compared with three months ago, average weighted rental returns for houses are unchanged at 5.0% but those for flats are up slightly from 5.0% to 5.1%.
- On balance ARLA members report increased achievable rent levels over the last six months on all types of rented property other than studio flats and the proportion of respondents now saying they think achievable rent levels have increased over the last six months has risen for the third time in a row, this time quite sharply from 13% to 31%.
- The overall average capital asset value of rented houses has risen marginally by 0.1% over the last three months as a result of an increase of 4.8% for those managing properties in Prime Central London. For those in the Rest of the South East average values of houses fell 1.6% and for those in the Rest of the UK they fell by 9.7%.
- Over the same period the average value of rented flats throughout the country fell by 1.7% as a result of falls of 2.0% for those in the Rest of the South East and 6.6% and for those in the Rest of the UK. For those managing properties in Prime Central London the average value of rented flats rose by 0.5%.
- During the last three months there has been a further very dramatic change in the balance of supply and demand in the rented residential property sector with the overall proportion of respondents saying that there are more tenants than properties available for them again rising sharply, this time from 41% to 59% and this change is reflected across the country.
- Equal proportions of ARLA members think that landlords are currently buying properties as think they are currently selling properties (14% in each case) and there has been an increase since the last survey in the proportion saying landlords are now selling with the figure rising from 8% to 14%.
- Compared with three months ago, the average void period has again fallen, this time from 3.9 weeks (27 days) to 3.6 weeks (25 days) and the average number of new tenancies signed up in the preceding three months has fallen from 35 to 32 in line with seasonal trends.
- The average proportion of ARLA members' offices' portfolios which are made up of investment property has risen from 52% to 54% compared with the fourth quarter of 2009 and the average number of purely investment properties which are managed by ARLA members' offices has risen from 115 to 129 properties over the same period.
- On average, ARLA members say that tenants remain in the same property for a period of 17.2 months, a figure which is up from 16.5 months in the fourth quarter of 2009.

- For the fourth time in row, a substantially reduced proportion of ARLA members (27%, down from 38% in the fourth quarter of 2009 and from 94% this time last year) believe that they are seeing an increase in rental property coming onto the market because it cannot be sold.
- More than half of ARLA members' offices (52%, down from 55% in the fourth quarter of 2009) say that they have seen an increase in the number of tenants struggling to meet rental payments in the last six months but only a little over one in ten ARLA members' offices (12%, down from 14% three months ago) say that they are aware of an increase in tenants asking lenders for references on potential landlords to ensure they are financially viable.
- Less than half of ARLA members' offices (47%, down from 51% in the fourth quarter of 2009) say that they think investor landlords are being tempted back to the market because of the minimal interest rates on savings with only 31% disagreeing and the remainder being unsure whether landlords are or not.
- Almost seven out of ten ARLA members' offices (69%, down sharply from 86% in the fourth quarter of 2009) say that they have seen an increase in tenants haggling with landlords over rents in the last six months.

4. RESULTS

The following sections detail the results of the survey for the first quarter of 2010. 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.

In addition, data has been included in this report for each of the regions making up the UK as shown in the table 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.

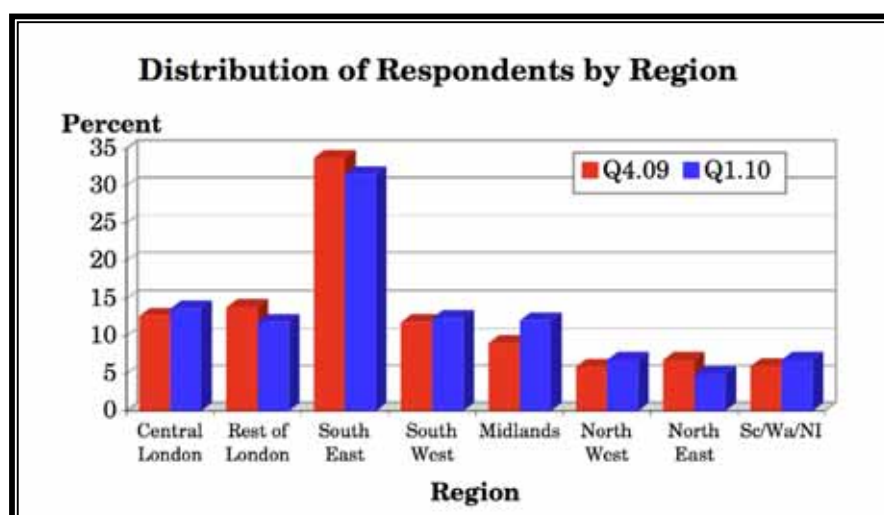
4.1 Geographic Location (Q.1)

The South East, including London, was the region with the highest proportion of ARLA member offices responding, accounting for nearly six out of ten respondents (57%).

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

Geographic Region	Percent of Respondents (%)		
	Q3.09	Q4.09	Q1.10
Central London	11.0	12.7	13.7
Rest of London (<i>inside M25</i>)	10.6	13.9	11.9
South East (<i>excl. London</i>)	33.2	33.7	31.5
South West	11.7	11.9	12.4
Midlands	12.1	9.1	12.1
North West	6.1	5.9	6.8
North East	8.1	6.8	4.9
Scotland/Wales/NI	7.2	6.0	6.8
Base: All respondents	(639)	(733)	(531)

Compared with the fourth quarter 2009 survey, the main changes are that there were more respondents from the Midlands and fewer from the South East and the Rest of London.



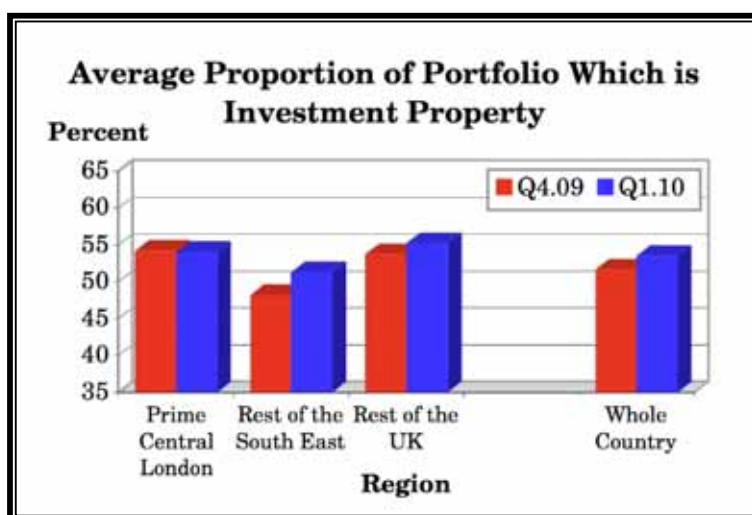
4.2 Proportion of Portfolio Made Up of Investment Property (Q.4)

More than eight out of ten respondents (82%) said that more than a quarter of their portfolio is investment property with more than a quarter (27%) saying that more than three quarters of theirs is investment property. Investment properties comprise a tenth or less of their portfolio for only one in twenty offices (5%).

Analysis of the responses to this question reveals that, on average, investment properties account for 54% of ARLA member offices' portfolios.

Proportion of Portfolio	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
None	-	1.5	-	0.6
Up to 10%	2.0	4.5	6.1	4.7
11% to 25%	9.8	12.4	11.0	11.3
26% to 50%	29.4	27.9	21.1	25.2
51% to 75%	27.5	30.8	29.8	29.8
Over 75%	27.5	21.9	30.3	26.6
Not stated	3.9	1.0	1.8	1.9
Base: All respondents	(102)	(201)	(228)	(531)

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 51% compared with 54% for offices managing properties in Prime Central London and 55% for those in the Rest of the UK.



Compared with the last survey in the fourth quarter of last year, the average proportion of portfolios which are in the form of investment property is up from 52% to 54% as a result of increases in the Rest of the South East and the Rest of the UK. The average for Prime Central London was virtually unchanged.

Geographic Area	Average Proportion of Portfolio (%)			
	Q2.09	Q3.09	Q4.09	Q1.10
Prime Central London	52.8	55.6	54.2	54.0
South East	48.0	44.9	48.2	51.3
Rest of UK	56.2	51.9	53.7	55.2
All Regions	52.6	50.1	51.7	53.5
Base: All respondents	(730)	(639)	(733)	(531)

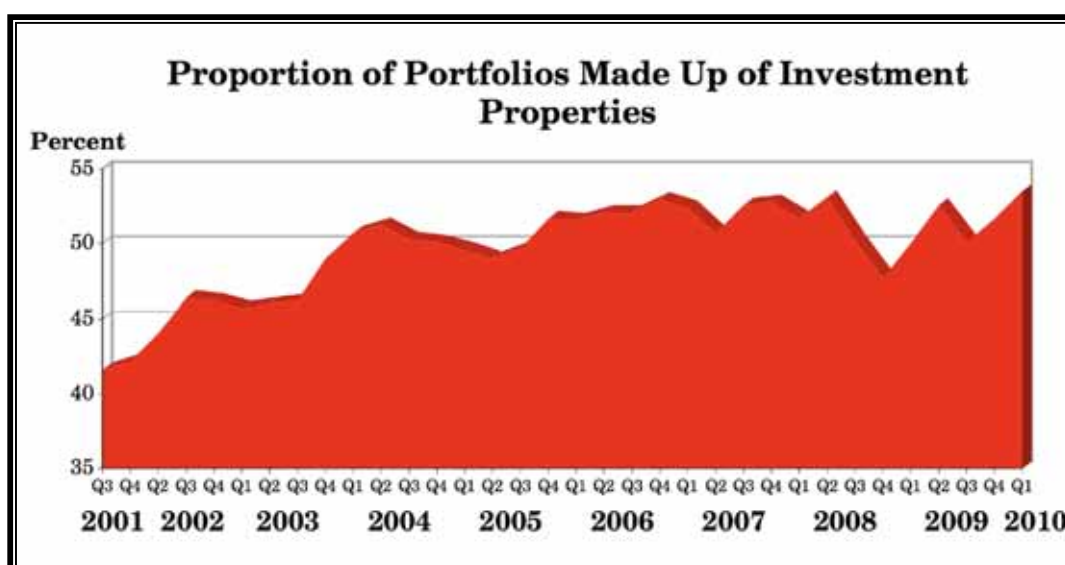
As can be seen from the chart below, the proportion of respondents' portfolios which is made up of investment property, having levelled off for a period of a year from mid-2002 to mid-2003, rose sharply between mid-2003 and mid-2004.

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 last eighteen months suggest that the trend is now upwards despite the fall seen in the autumn of 2009.

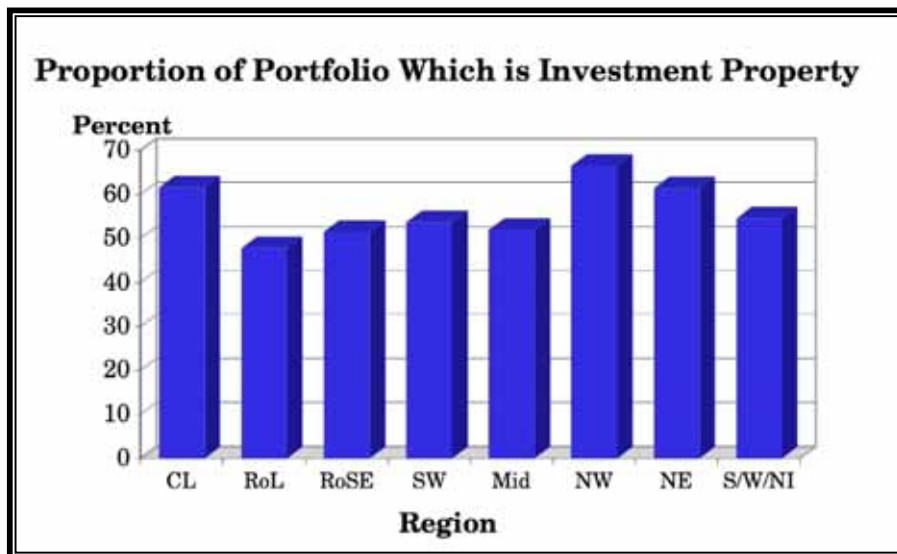


Regional Analysis

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 regions in the north of the country investment properties do form a higher proportion of their investment portfolios.

Geographic Region	Average Proportion of Portfolio (%)
	Q1.10
Central London	61.6
Rest of London	47.8
Rest of South East	51.5
South West	53.7
Midlands	51.9
North West	66.5
North East	61.4
Scotland/Wales/NI	54.5
Base: All respondents	(531)



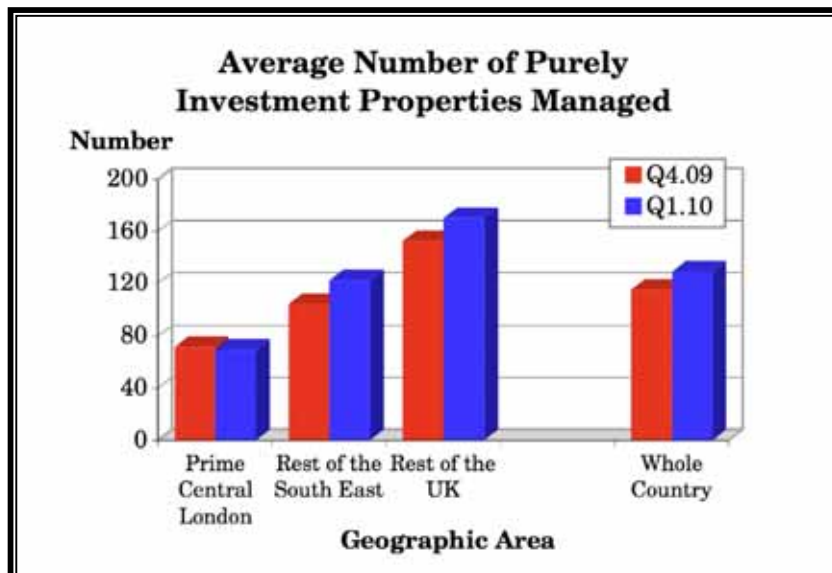
4.3 Number of Purely Investment Properties Managed (Q.5)

By and large, ARLA 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 almost eight out of ten (79%) manage in excess of 20 properties.

Analysis of these responses shows that the average number of purely investment properties managed by ARLA offices is currently 129.

Number of Properties	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Up to 5	5.9	4.5	2.2	3.8
6 to 10	2.0	6.0	4.4	4.5
11 to 20	15.7	11.9	5.7	10.0
21 to 50	23.5	17.4	18.9	19.2
51 to 100	17.6	16.4	14.5	15.8
Over 100	30.4	42.3	52.2	44.3
Not stated	4.9	1.5	2.2	2.4
Base: All respondents	(102)	(201)	(228)	(531)

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 70 for Prime Central London, 122 for the Rest of the South East and 170 for the Rest of the UK.



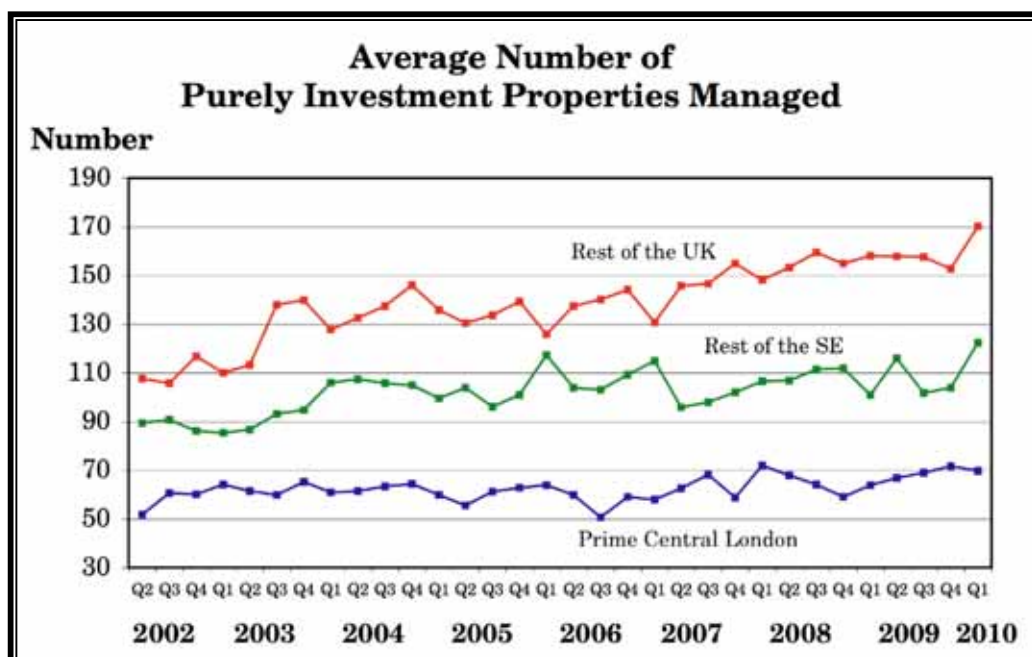
Compared with the last quarter of 2009, the average number of properties managed is up quite sharply from 115 to 129 as a result of increases for both the Rest of the South East (up from 104 to 122) and the Rest of the UK (up from 153 to 170). The average for Prime Central London, on the other hand, fell a little from 72 to 70 properties.

Geographic Area	Average Number of Properties			
	Q2.09	Q3.09	Q4.09	Q1.10
Prime Central London	66.7	68.9	71.7	69.7
South East	115.9	101.7	103.9	122.3
Rest of UK	157.7	157.4	152.8	170.1
All Regions	120.7	116.5	115.0	128.9
Base: All respondents	(730)	(639)	(733)	(531)

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. The results from this survey show quite a sharp increase in the figure but it remains to be seen if this is the beginning of a new upward trend.

For Prime Central London the figure has 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 but still within its normal range where it remains with the small fall seen this time.

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. The large increase seen in this quarter's survey is comparable to that seen for the Rest of the UK but again it remains to be seen whether or not this marks the beginning of an upward trend.

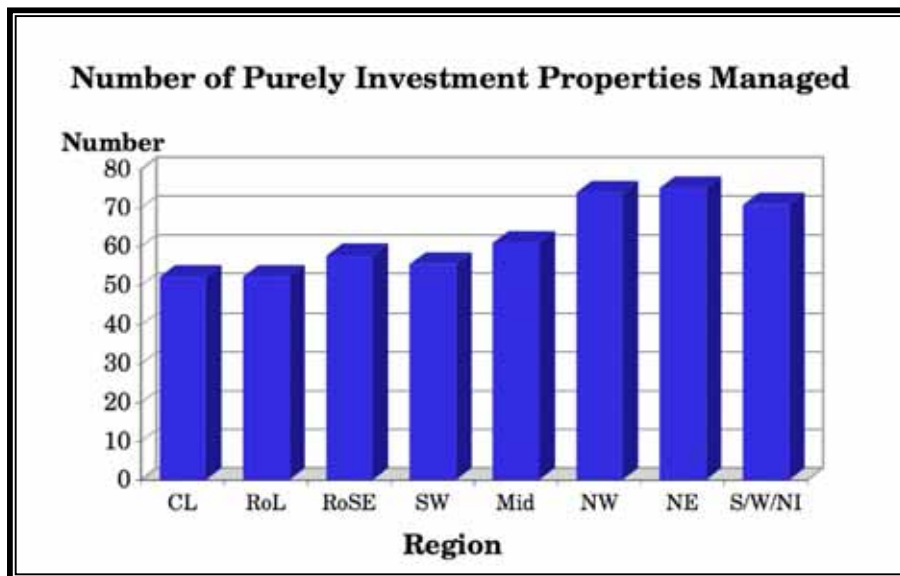


Regional Analysis

Looking at the results for the individual regions of the UK reveals that the average number of purely investment properties managed by respondents' offices appears to rise the further north the region is with the highest number (75) being found in the North East and the lowest number (52) in London.

Geographic Region	Average Number of Properties Q1.10
Central London	52.3
Rest of London	52.3
Rest of South East	57.8
South West	55.5
Midlands	61.0
North West	74.0
North East	75.2
Scotland/Wales/NI	70.9

Base: All respondents (531)



4.4 Average Value of Rented Residential Properties (Q.6)

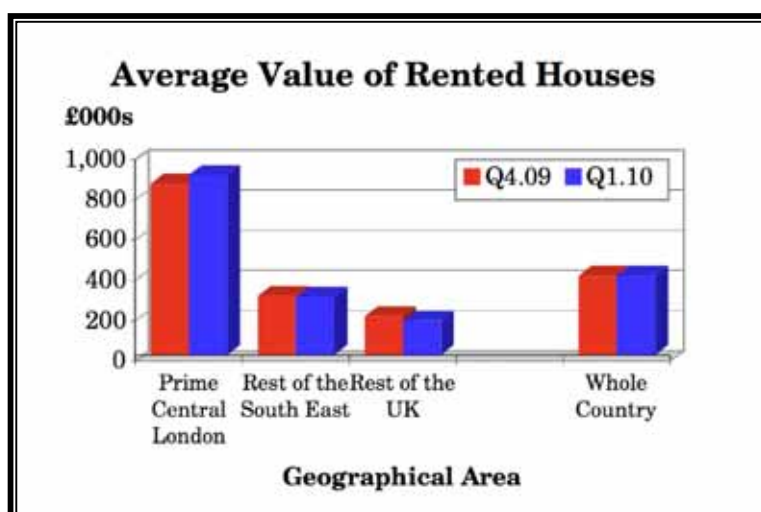
Houses

More than half of respondents (52%) say that the average value of a rented house in their area is between £150,000 and £350,000.

Less than one in forty offices (2.3%) say the average is below £100,000 but for nearly one in twelve respondents (8%), 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 £422,700.

Average Value of Houses	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Up to £100,000	1.0	1.0	3.9	2.3
£100,001 to £150,000	-	6.0	28.1	14.3
£150,001 to £200,000	2.0	22.9	39.0	25.8
£200,001 to £350,000	9.8	42.3	18.4	25.8
£350,001 to £500,000	14.7	14.4	5.7	10.7
£500,001 to £750,000	15.7	5.0	-	4.9
£750,001 to £1 Million	14.7	3.5	0.9	4.5
Over £1 Million	37.3	1.5	0.4	7.9
Not stated	4.9	3.5	3.5	3.8
Base: All respondents	(102)	(201)	(228)	(531)



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 £924,500 compared with £321,000 in the Rest of the South East and £202,600 in the Rest of the UK.

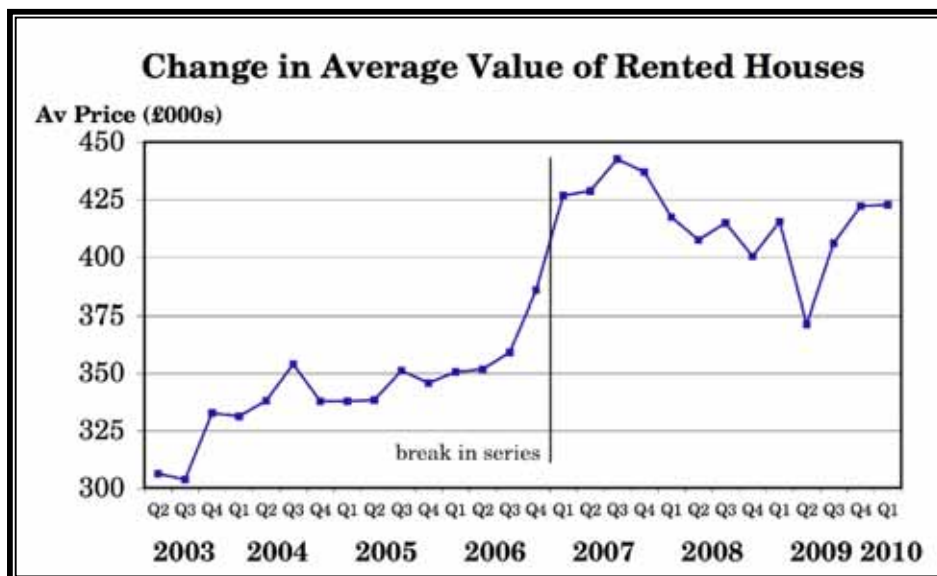
Compared with the last survey, the overall weighted average value of rented houses has risen marginally by 0.1% from £422,200 to £422,700 to again reach the highest figure since November 2007.

Geographic Area	Average Value of Rented Houses (000s)			
	Q2.09	Q3.09	Q4.09	Q1.10
Prime Central London	775.0	857.3	882.0	924.5
South East	278.8	316.6	326.1	321.0
Rest of UK	208.3	205.2	224.3	202.6
All Regions (weighted)	371.3	405.9	422.2	422.7
Base: All respondents	(730)	(639)	(733)	(531)

Within this overall change, the average price of a rented house in Prime Central London has risen by 4.8% since the last survey. The averages for the rest of the country appear to tell a different story with that for the Rest of the South East falling by 1.6% and that for the Rest of the UK falling by a much bigger 9.7% but these changes largely only reverse the changes seen last time and are probably not significant.

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 six months ago to reach a three year low before bouncing back equally sharply in the following two quarters. The results from this quarter show a virtually unchanged overall average value not that far away from it's peak in mid 2007.



Flats

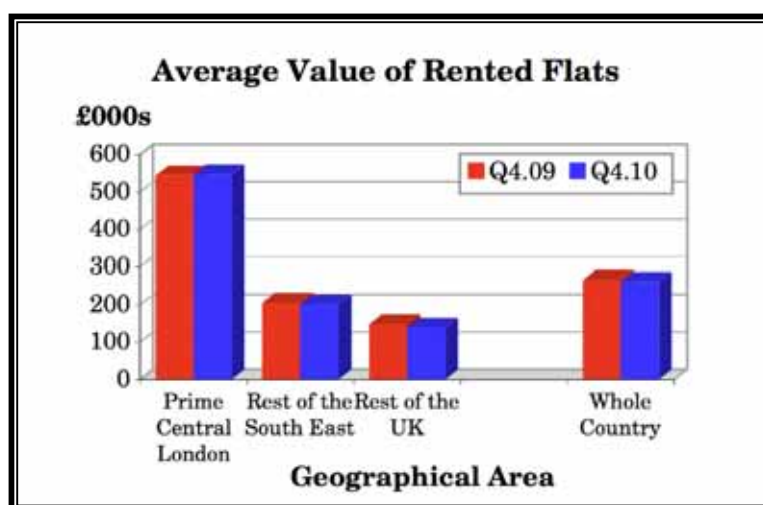
More than half of respondents (51%) say that the average value of a rented flat in their area is between £100,000 and £200,000.

However, more than one in seven respondents (15%), say the average value of a rented flat in their area is below £100,000 compared with just one in fifty (2.1%) 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 £260,900.

Average Value of Flats	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Up to £100,000	1.0	7.5	27.6	14.9
£100,001 to £150,000	1.0	27.4	42.1	28.6
£150,001 to £200,000	9.8	33.8	18.0	22.4
£200,001 to £350,000	20.6	18.9	4.8	13.2
£350,001 to £500,000	19.6	5.0	1.3	6.2
£500,001 to £750,000	19.6	2.5	-	4.7
£750,001 to £1 Million	12.7	0.5	-	2.6
Over £1 Million	9.8	-	0.4	2.1
Not stated	5.9	4.5	5.7	5.3
Base: All respondents	(102)	(201)	(228)	(531)

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 (£547,000) compared with £201,000 in the Rest of South East and £138,100 in the Rest of the UK.



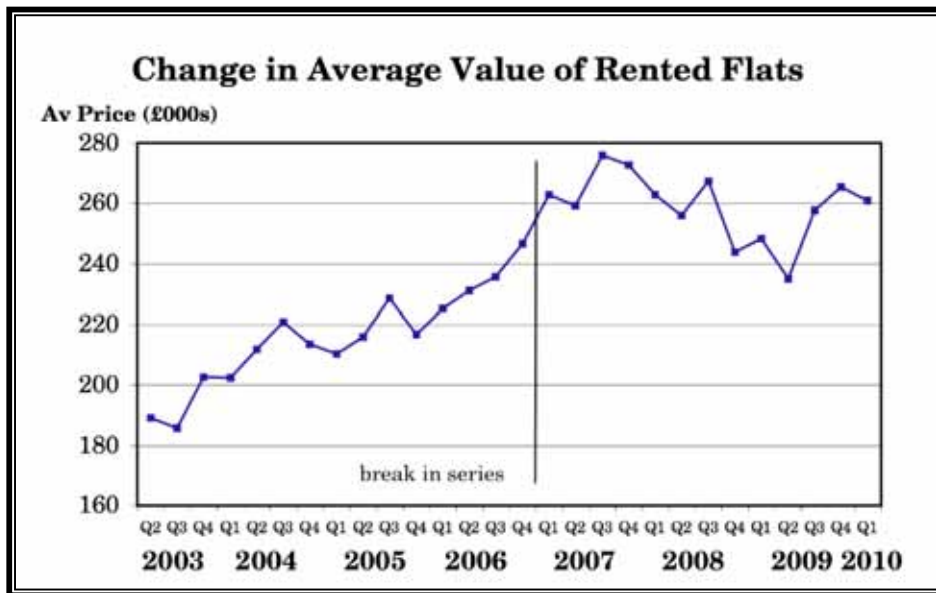
Compared with the fourth quarter 2009 survey, the overall weighted average value of a rented flat has fallen by 1.7% from £265,400 to £260,900.

Within that overall change, however, the average value of rented flats in Prime Central London rose by 0.5% whilst that for the Rest of the South East fell by 2.0% and that for the Rest of the UK fell by 6.6%.

Geographic Area	Average Value of Rented Flats (000s)			
	Q2.09	Q3.09	Q4.09	Q1.10
Prime Central London	483.2	544.8	544.4	547.0
South East	174.0	197.9	205.2	201.0
Rest of UK	140.0	134.0	147.9	138.1
All Regions (weighted)	234.9	257.7	265.4	260.9
Base: All respondents	(730)	(639)	(733)	(531)

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 nine months ago before bouncing back sharply and, despite the decline seen this quarter, the figure is again close to its all time high, as is the case with the average price of rented houses.



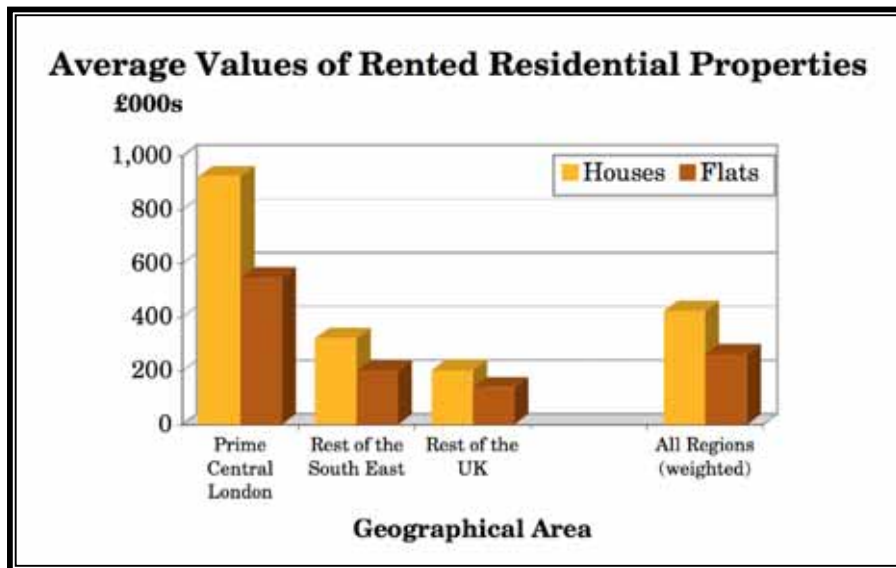
Summary

As was to be expected, average values of rented houses are much higher than those of rented flats with the biggest difference being seen by those managing properties in Prime Central London where the average figure for houses is 69% higher than that for flats.

There is also a big difference between the values of houses and flats in the Rest of the South East and in the Rest of the UK although the differences are less marked at 60% and 47% respectively.

Geographic Area	Average Value of Properties (000s)	
	Houses	Flats
Prime Central London	924.5	547.0
Rest of the South East	321.0	201.0
Rest of the UK	202.6	138.1
All Regions (weighted)	422.7	260.9

Base: All respondents (531)



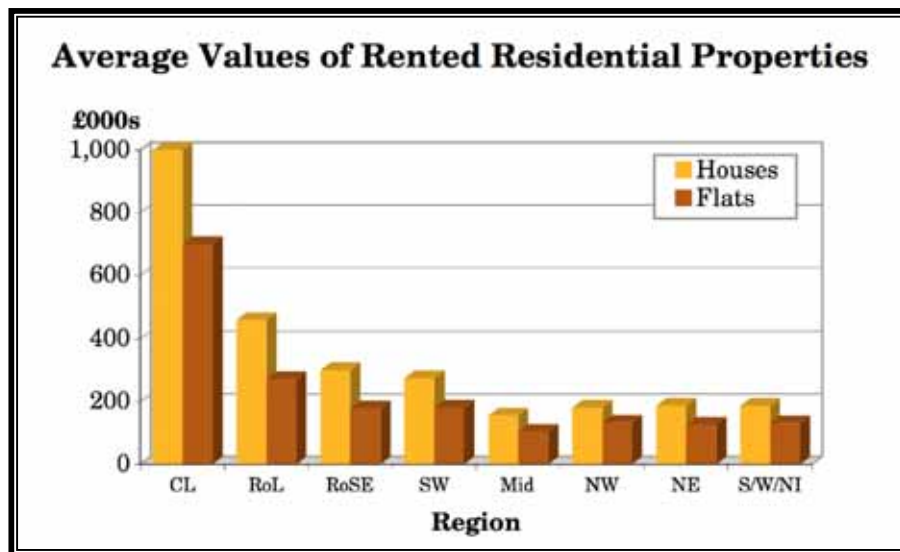
Compared with the fourth quarter of 2009, in the case of both houses and flats, there have been falls in the overall values of rented properties in the Rest of the South East and the Rest of the UK but increases for Prime Central London.

Regional Analysis

Data relating to individual regions of the UK shows that, not unexpectedly, by and large the further north rented properties are located, the lower is their average value although the lowest average values are in fact to be found in the Midlands.

Geographic Region	Average Value of Properties (000s)	
	Houses	Flats
Central London	1,139	699
Rest of London	461	273
Rest of South East	301	179
South West	275	182
Midlands	157	105
North West	181	134
North East	187	127
Scotland/Wales/NI	188	131

Base: All respondents (531)



4.5 Average Rental Return on Rented Residential Property (Q.7)

Houses

According to ARLA members' offices, a rental return of between 4% and 5% is the norm for rented houses with nearly half of respondents (46%) saying that this applies to their area. Analysis of these results reveals a weighted average rental return on rented houses of 5.0%.

Average Return	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Less than 4%	30.4	17.9	9.2	16.6
4% to 5%	44.1	46.8	45.6	45.8
6%	5.9	14.9	16.2	13.7
7%	3.9	4.5	9.2	6.4
8%	2.0	3.0	3.5	3.0
9% to 10%	3.9	4.5	3.1	3.8
11% to 12%	1.0	0.5	1.8	1.1
12% to 15%	-	-	0.4	0.2
Over 15%	-	0.5	1.8	0.9
Not stated	8.8	7.5	9.2	8.5
Base: All respondents	(102)	(201)	(228)	(531)

There is some 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 4.2% compared with 4.9% for the Rest of the South East and 5.6% for the Rest of the UK.

Geographic Area	Average Rental Return (%)			
	Q2.09	Q3.09	Q4.09	Q1.10
Prime Central London	4.7	4.2	4.6	4.2
South East	5.1	5.2	4.9	4.9
Rest of UK	5.3	5.4	5.4	5.6
All Regions (weighted)	5.1	5.1	5.0	5.0
Base: All respondents	(730)	(639)	(733)	(531)

Compared with the third quarter of 2009, the overall average weighted rental return on houses is unchanged at 5.0%.

However, within this overall static position, the average rental return on houses in Prime Central London is down from 4.6% to 4.2%, reversing the change seen last time, whilst the average rental return on houses in the Rest of the South East is unchanged at 4.9% and that for the Rest of the UK is up from 5.4% to 5.6%.

Flats

A rental return of between 4% and 5% also appears to be the norm for rented flats with more than four out of ten respondents (43%) saying that this applies to their area. Analysis of these results reveals a weighted average rental return on rented flats of 5.1%.

Average Return	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Less than 4%	21.6	10.0	11.0	12.6
4% to 5%	48.0	42.3	41.7	43.1
6%	7.8	24.9	16.7	18.1
7%	2.9	4.5	6.1	4.9
8%	1.0	4.0	4.4	3.6
9% to 10%	4.9	2.5	3.1	3.2
11% to 12%	1.0	0.5	0.9	0.8
12% to 15%	-	0.5	0.4	0.4
Over 15%	-	0.5	1.3	0.8
Not stated	12.7	10.4	14.5	12.6
Base: All respondents	(102)	(201)	(228)	(531)

As was the case with rented houses, there is some difference in the rates of return for rented flats between the different geographical areas, with the average for those managing properties in Prime Central London being 4.5% compared with 5.2% for those in the Rest of the South East and 5.4% for the Rest of the UK.

Geographic Area	Average Rental Return (%)			
	Q2.09	Q3.09	Q4.09	Q1.10
Prime Central London	5.0	4.6	4.9	4.5
South East	5.1	5.2	4.9	5.2
Rest of UK	5.0	5.2	5.3	5.4
All Regions (weighted)	5.0	5.1	5.0	5.1
Base: All respondents	(730)	(639)	(733)	(531)

Compared with the last survey in the fourth quarter of 2009, the overall weighted average rental return on flats is up slightly from 5.0% to 5.1% reversing the change seen then.

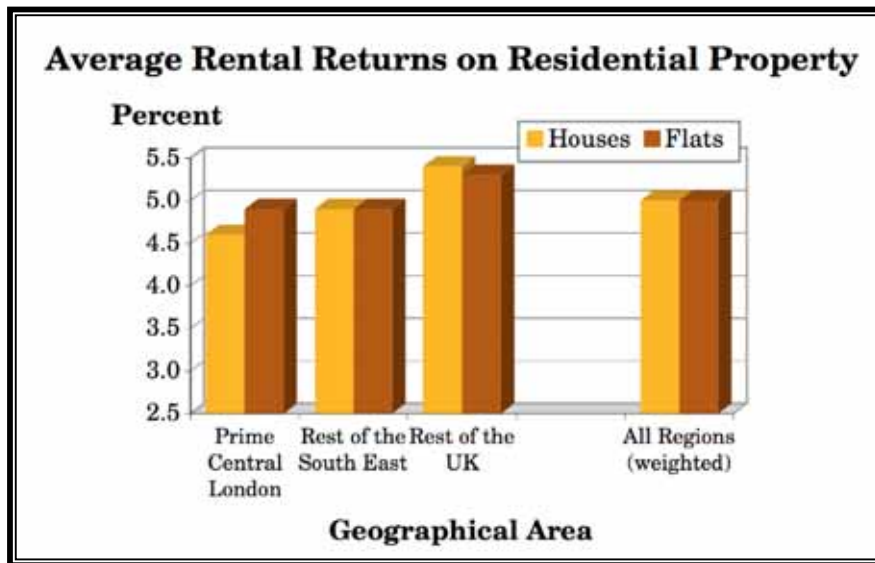
However, within this overall slight increase, the average for Prime Central London has fallen from 4.9% to 4.5%, once again reversing the change seen in the previous survey, whilst the average for the Rest of the South East has increased from 4.9% to 5.2%, also reversing the previous change. The average for the Rest of the UK, however, rose from 5.3% to 5.4% in line with its trend over the last year.

Summary

The lowest average rental returns are currently being earned on houses in Prime Central London (4.2%) with the highest returns being earned on houses in the Rest of the UK (5.6%).

Geographic Area	Average Rental Return (%)	
	Houses	Flats
Prime Central London	4.2	4.5
Rest of the South East	4.9	5.2
Rest of the UK	5.6	5.4
All Regions (weighted)	5.0	5.1

Base: All respondents (531)



There is little difference between flats and houses overall but flats seem to do better than houses in Prime Central London and the Rest of the South East and worse than houses in the Rest of the UK.

Regional Analysis

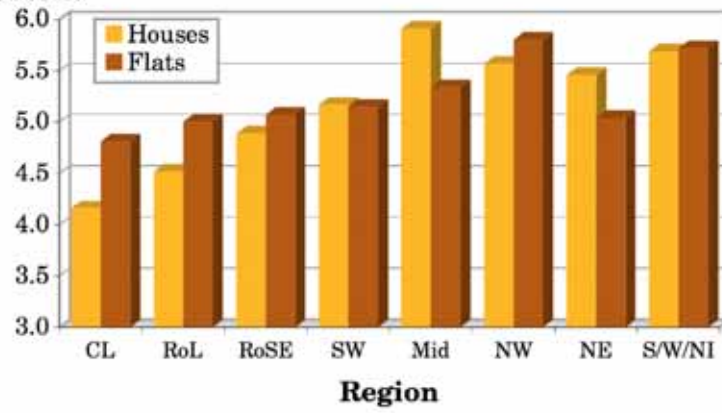
As can be seen from the chart below, rental returns tend to increase as one moves north although the North East seems to be an exception to this general rule.

Geographic Region	Average Rental Return (%)	
	Houses	Flats
Central London	4.2	4.8
Rest of London	4.5	5.0
Rest of South East	4.9	5.1
South West	5.2	5.2
Midlands	5.9	5.3
North West	5.6	5.8
North East	5.5	5.0
Scotland/Wales/NI	5.7	5.7

Base: All respondents (531)

Average Rental Returns on Residential Property

Percent



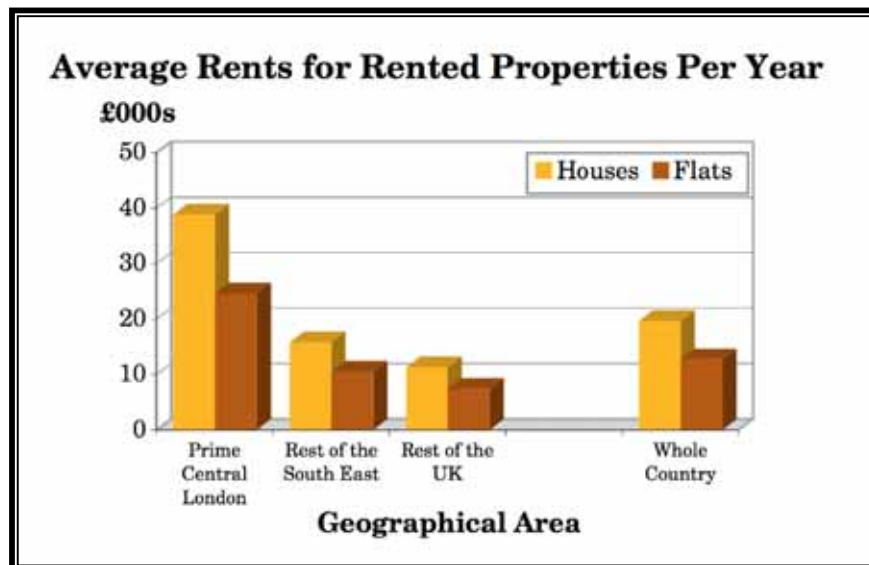
Average Rents

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 - Q1.10					
	HOUSES			FLATS		
	Week (£)	Month (£)	Year (£000)	Week (£)	Month (£)	Year (£000)
Prime Central London	747	3,236	38.8	473	2,051	24.6
Rest of the South East	302	1,311	15.7	201	871	10.5
Rest of the UK	218	945	11.3	143	621	7.5
Whole Country	378	1639	19.7	246	1064	12.8

Base: All respondents (531)

In the case of the Rest of the South East, the average rent for a house is 51% more than that for a flat. In the Rest of the UK, the difference is bigger at 52% but for those managing properties in Prime Central London, the difference is the greatest with average rent of a house being 58% higher than that of a flat.



Compared with the last survey, weighted average rents for houses are down by 4% as a result of falls across the board including a fall of 4% for those managing properties in Prime Central London, 2% for those in the Rest of the UK and 6% for respondents in the Rest of the South East.

Average rents for flats are also down, by 3% overall, as a result of a fall of 8% for those managing properties in Prime Central London a fall of 5% for those in the Rest of the UK with average rents for those in the Rest of the South East rising by 4% in contrast.

Geographic Area	Average Rents - Q4.09					
	HOUSES			FLATS		
	Week (£)	Month (£)	Year (£000)	Week (£)	Month (£)	Year (£000)
Prime Central London	780	3,381	40.6	513	2,223	26.7
Rest of the South East	307	1,332	16.0	193	838	10.1
Rest of the UK	233	1,009	12.1	151	653	7.8
Whole Country	406	1,758	21.1	257	1,113	13.4

Base: All respondents (733)

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.

However, it should be noted that the number of respondents for some of the regions is relatively small with the smallest number (26) being for the North East.

Geographic Region	Average Rents - Q1.10					
	HOUSES			FLATS		
	Week (£)	Month (£)	Year (£000)	Week (£)	Month (£)	Year (£000)
Prime Central London	747	3,236	38.8	497	2,153	25.8
Rest of London	373	1,617	19.4	297	1,286	15.4
Rest of South East	282	1,223	14.7	177	768	9.2
South West	275	1,190	14.3	182	788	9.5
Midlands	178	770	9.2	107	462	5.5
North West	195	844	10.1	150	648	7.8
North East	197	855	10.3	122	529	6.3
Scotland/Wales/NI	206	894	10.7	144	623	7.5

Base: All respondents (531)

Geographic Region	Average Rents - Q4.09					
	HOUSES			FLATS		
	Week (£)	Month (£)	Year (£000)	Week (£)	Month (£)	Year (£000)
Prime Central London	780	3,381	40.6	513	2,223	26.7
Rest of London	396	1,715	20.6	303	1,313	15.8
Rest of South East	287	1,242	14.9	171	742	8.9
South West	259	1,122	13.5	173	751	9.0
Midlands	198	856	10.3	124	535	6.4
North West	332	1,440	17.3	216	936	11.2
North East	192	833	10.0	117	506	6.1
Scotland/Wales/NI	188	813	9.8	124	536	6.4

Base: All respondents (733)

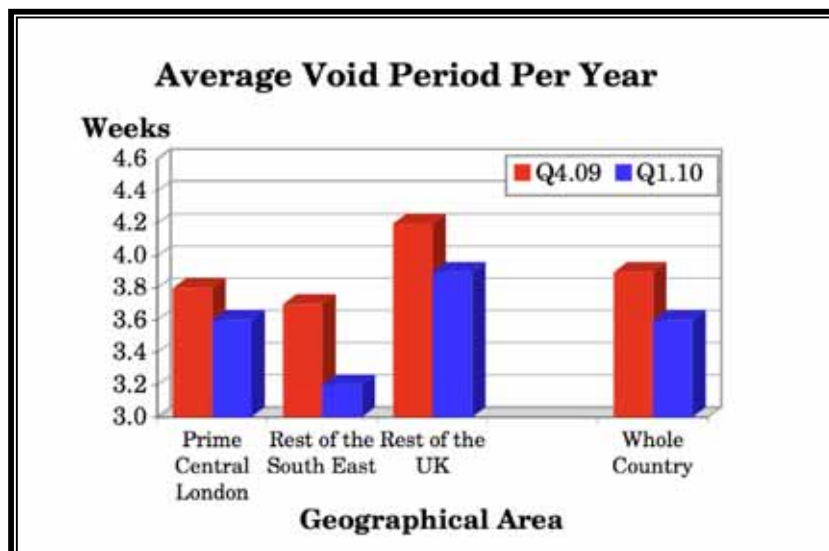
4.6 Average Void Period Per Year (Q.8)

Average void periods for rented residential properties tend to be quite short with nearly seven out of ten of ARLA members' offices (68%) reporting averages of 4 weeks or less per year and, in addition, nearly a further quarter (23%) saying the average is between 5 and 6 weeks.

These figures indicate an overall average void period of 3.6 weeks (25 days) per year.

Average Void Period	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Less than 2 weeks	20.6	23.9	8.3	16.6
2 to 4 weeks	48.0	51.7	52.6	51.4
5 to 6 weeks	18.6	17.9	28.9	22.8
7 to 8 weeks	7.8	5.0	5.3	5.6
More than 8 weeks	2.0	-	0.4	0.6
Don't know	1.0	1.0	3.5	2.1
Not stated	2.0	0.5	0.9	0.9
Base: All respondents	(102)	(201)	(228)	(531)

Respondents from the Rest of the South East experience the lowest average void period at 3.2 weeks (22 days) compared with 3.6 weeks (25 days) for Prime Central London and 3.9 weeks (27 days) for the Rest of the UK.



Compared with the last quarter of 2009, the average void period for the whole country is down from 3.9 weeks (27 days) to 3.6 weeks (25 days), the third fall in a row.

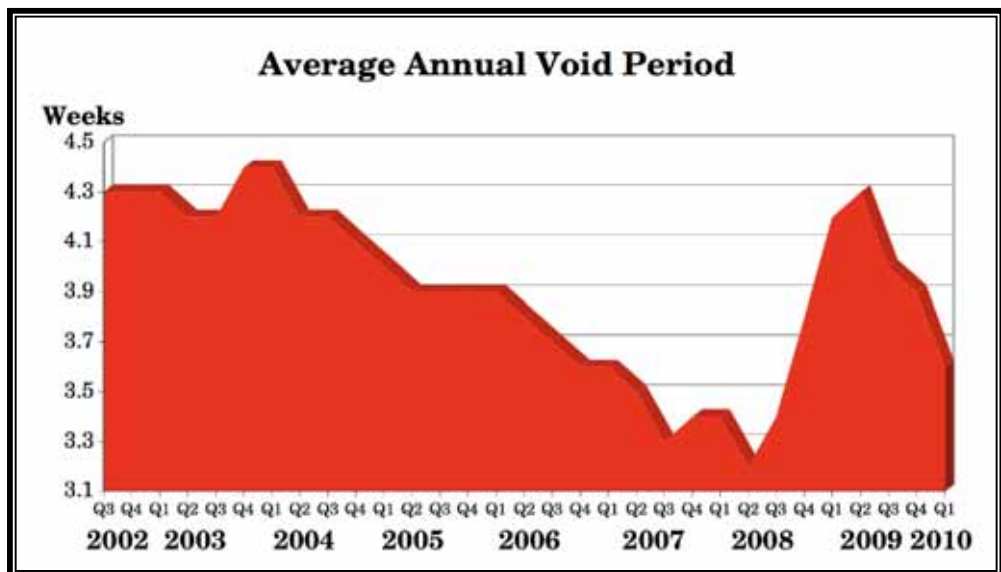
Average void periods have decreased in all the three main geographical areas with the greatest decrease being for those in the Rest of the South East (down from 3.7 weeks to 3.2 weeks).

Geographic Area	Average Void Period (weeks)			
	Q2.09	Q3.09	Q4.09	Q1.10
Prime Central London	4.4	4.0	3.8	3.6
South East	4.0	3.8	3.7	3.2
Rest of UK	4.4	4.2	4.2	3.9
Whole Country	4.3	4.0	3.9	3.6
Base: All respondents	(730)	(639)	(733)	(531)

As can be seen from the chart below, 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.

Against this background, the fall in the figure seen in the last three quarters confirms that the trend has now turned downwards again.

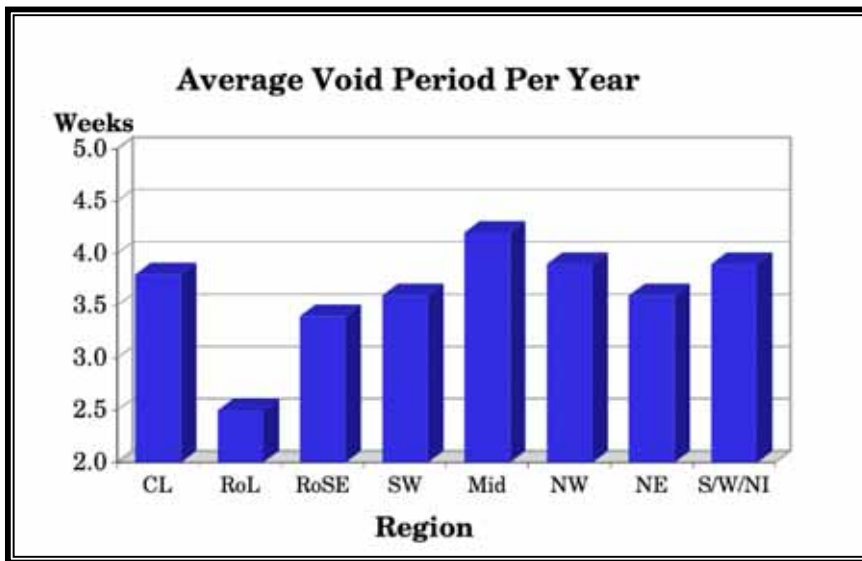


Regional Analysis

Clearly average void periods are lowest in outer London (2.5 weeks) than anywhere else in the country with most other regions having averages between 3.5 weeks and 4.0 weeks per year.

The exceptions to this are the Rest of the South East at 3.4 weeks and the Midlands which has the highest average void period at 4.2 weeks per year.

Geographic Region	Average Void Period (weeks) Q1.10
Central London	3.8
Rest of London	2.5
Rest of South East	3.4
South West	3.6
Midlands	4.2
North West	3.9
North East	3.6
Scotland/Wales/NI	3.9
Base: All respondents	(531)



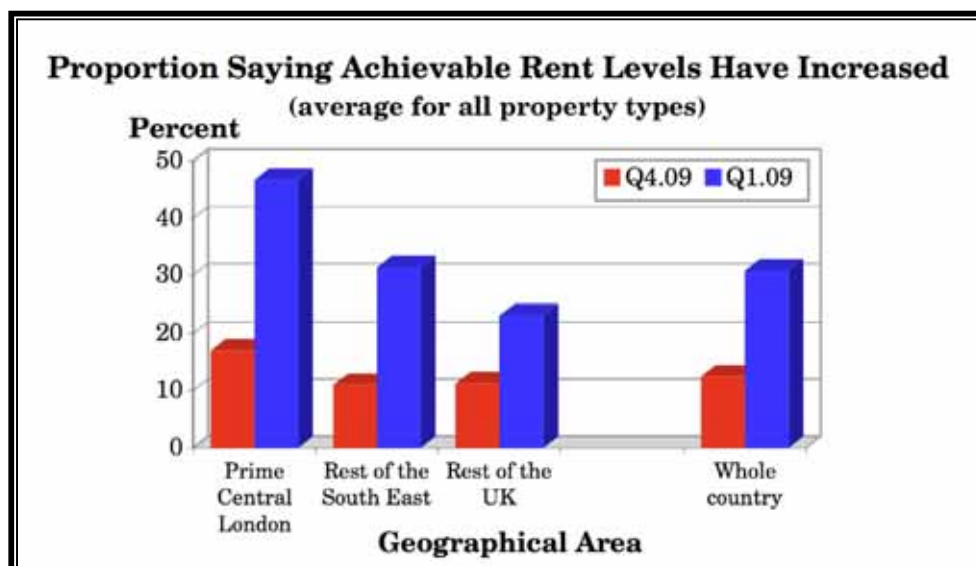
4.7 Number of New Tenancies (Not Renewals) Signed Up in the Last Three Months (Q.9)

More than three quarters of ARLA members' offices (76%) have signed up more than 10 new tenancies (other than renewals) in the last three months with more than half (51%) having signed up more than 20 and more than two out of ten (22%) more than 50.

Analysis of these results reveals that, on average, ARLA members' offices have each signed up 32 new tenancies in the last three months.

Number of Tenancies	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
None	1.0	0.5	-	0.4
Up to 5	2.9	10.9	10.1	9.0
6 to 10	23.5	13.9	9.6	13.9
11 to 20	25.5	26.4	21.9	24.3
21 to 50	30.4	28.4	30.7	29.8
Over 50	14.7	19.4	26.3	21.5
Not stated	2.0	0.5	1.3	1.1
Base: All respondents	(102)	(201)	(228)	(531)

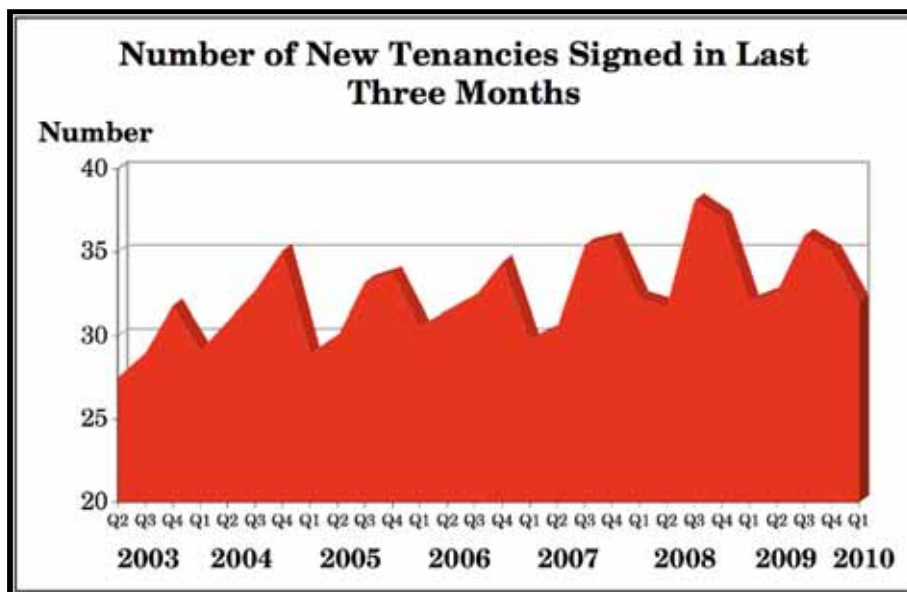
Those managing properties in Prime Central London have fared less well than those in the Rest of the South East and the Rest of the UK with the average figures being 28 for Prime Central London, 30 for the Rest of the South East and 35 for the Rest of the UK.



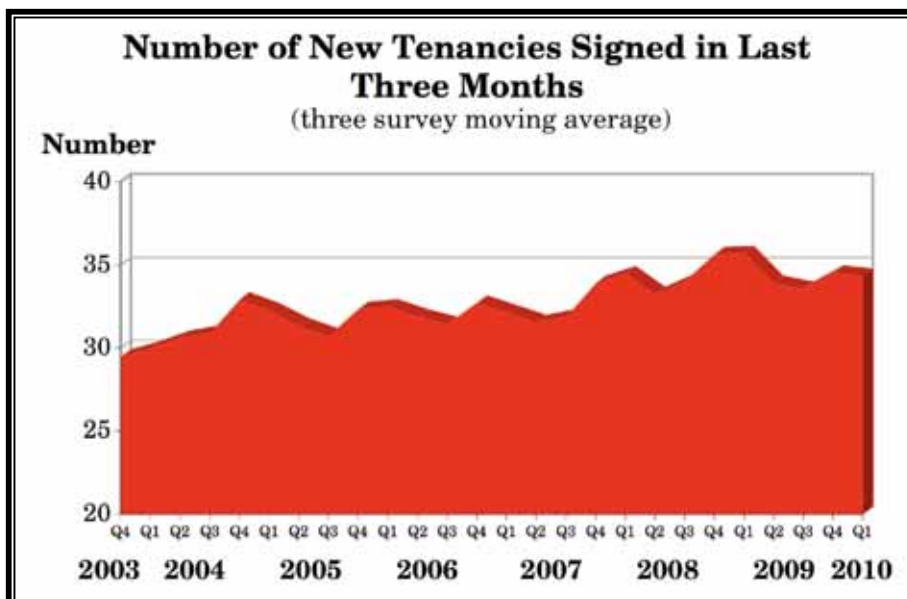
Compared with the last survey, there has been a fall in the average number of new tenancies signed up in the preceding three months from 35 to 32 with this overall decline being reflected in the figures for all of the three broad geographical areas although it was Prime Central London which showed the largest decrease (from 35 to 28).

Geographic Area	Number of New Tenancies			
	Q2.09	Q3.09	Q4.09	Q1.10
Prime Central London	27.5	30.3	35.0	28.1
South East	32.4	33.4	31.5	30.1
Rest of UK	35.1	40.4	38.5	35.4
All Regions	32.6	36.0	35.0	32.0
Base: All respondents	(730)	(639)	(733)	(531)

As can be seen from the chart below, the fall seen this quarter is in line with the seasonal trend with the first quarter normally seeing a substantial fall in the average number of new tenancies.



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



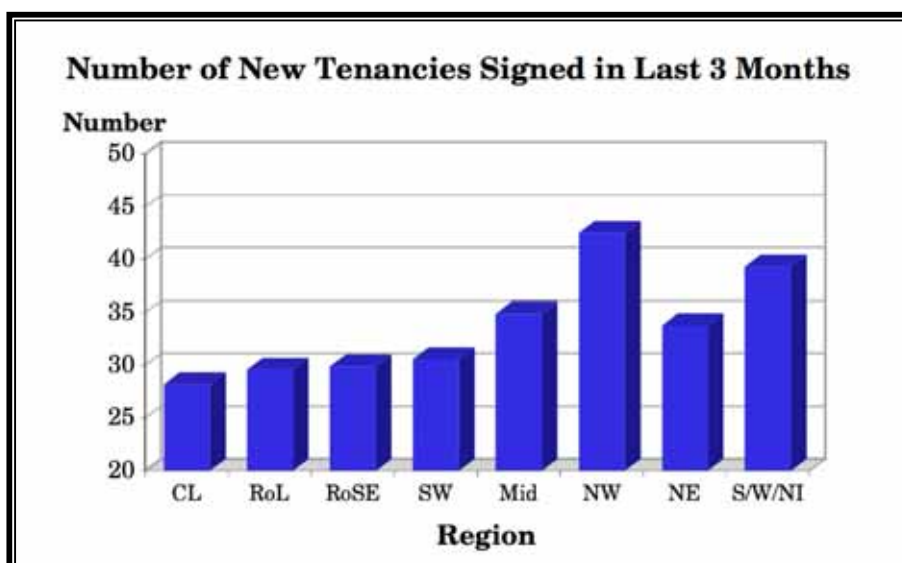
Regional Analysis

The average number of new tenancies signed up in the three months preceding the survey tends to increase as one moves away from London with the smallest average number (28) being in central London and the largest (43) being in the North West.

Although the average for the North East (34) is considerably below that for the North West and that for Scotland, Wales and Northern Ireland and marginally below that for the Midlands it is still relatively high compared with the south of the country.

Geographic Region	Number of New Tenancies Q1.10
Central London	28.2
Rest of London	29.6
Rest of South East	29.9
South West	30.6
Midlands	34.9
North West	42.5
North East	33.8
Scotland/Wales/NI	39.3

Base: All respondents (531)



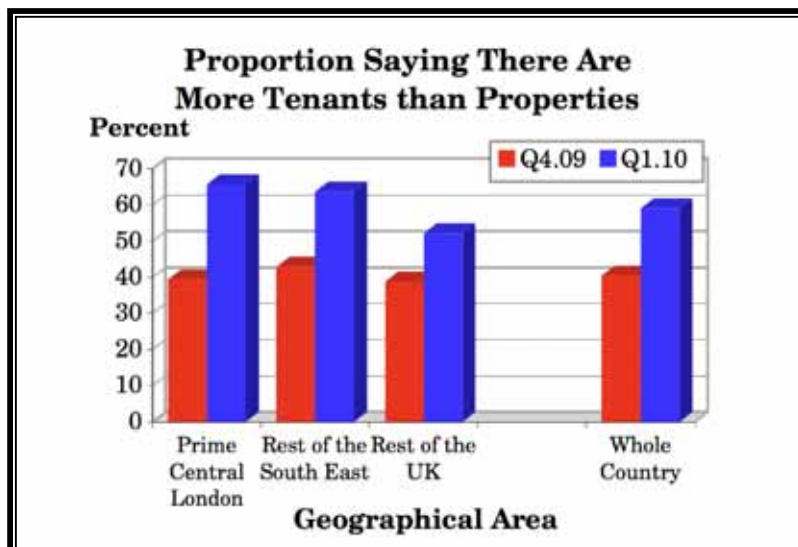
4.8 Balance of Supply & Demand in Rented Residential Property Sector (Q.10)

Almost six out of ten ARLA members' offices (59%) say that there are currently more tenants than there are properties available for them. This compares with just two out of ten (20%) who now believe that there are more residential properties available for rent than there are tenants to fill them. However, another two out of ten (20%) 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 15% of respondents say there are more properties than tenants compared with 64% saying there are more tenants than properties.

Prime Central London shows the second strongest level of demand with 18% saying there are more properties than tenants compared with 66% saying there are more tenants than properties. For those in the Rest of the UK the situation is the least positive with 25% saying there are more properties than tenants and 52% 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	3.9	4.0	7.9	5.6
Few more props than tenants	13.7	10.9	17.5	14.3
Equal nos of props & tenants	14.7	20.4	21.1	19.6
Lot more tenants than props	37.3	28.9	26.3	29.4
Few more tenants than props	28.4	34.8	25.9	29.8
Not stated	2.0	1.0	1.3	1.3
Base: All respondents	(102)	(201)	(228)	(531)

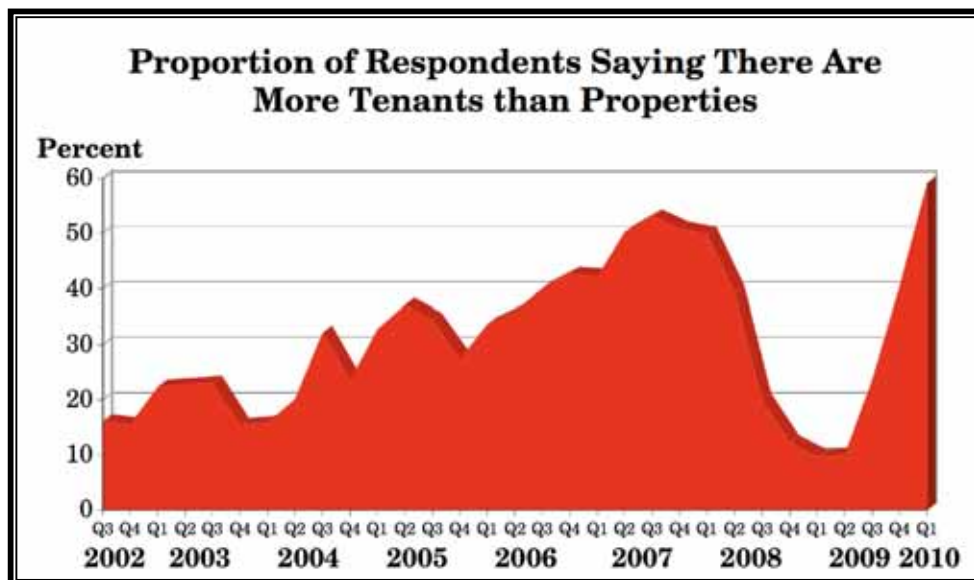


Compared with the last quarter of 2009, there has been another big change in the balance of supply and demand with the overall proportion who now say there are more tenants than properties rising sharply, for the third time in a row, this time from 41% to a record breaking 59%.

This improvement is reflected in all the broad geographic areas but the largest improvement is for those managing properties in Prime Central London where the proportion saying that there are more tenants than properties has shot up from 39% to 66%.

Geographic Area	Proportion Saying There Are More Tenants than Properties (%)			
	Q2.09	Q3.09	Q4.09	Q1.10
Prime Central London	8.1	19.4	39.4	65.7
South East	9.2	27.4	43.0	63.7
Rest of UK	11.8	22.8	38.8	52.2
All Regions	10.1	23.8	40.5	59.1
Base: All respondents	(730)	(639)	(733)	(531)

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 and has now bounced back strongly to reach its highest level since this question was first asked nearly eight years ago.

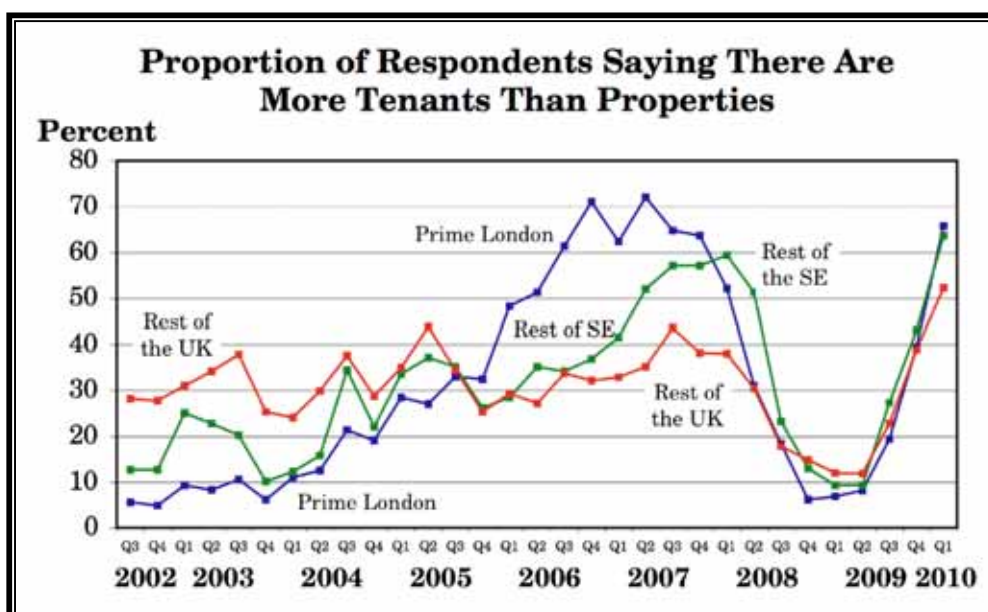


Looking at changes for each of the broad geographic areas over the last six years, as can be seen from the chart below, the most dramatic changes have taken place in Prime Central London where the proportion of respondents saying that there are more tenants than there are properties available for them rose massively, from a low of 6% in the last quarter of 2002 to 72% in the second quarter of 2007 after which it fell back even more dramatically to 6% in last quarter of 2008 before starting to rise again.

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, which had been doing better than elsewhere, in a similar situation to the rest of the country where it remains.

In the Rest of the UK, whilst the figure had remained relatively steady at between 30% and 40% for most of the last six years, it too declined sharply in 2008 before bouncing back in 2009.

In all cases, the downward trend has clearly come to an end and the balance of supply and demand is now moving back strongly in favour of landlords.

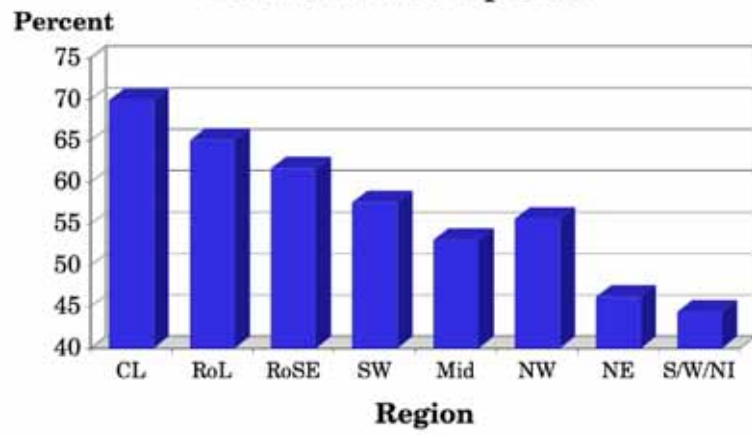


Regional Analysis

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 and London.

Geographic Region	Proportion Saying There Are More Tenants than Properties (%)	
	Q1.09	Q1.10
Central London	69.9	69.9
Rest of London	65.1	65.1
Rest of South East	61.7	61.7
South West	57.6	57.6
Midlands	53.1	53.1
North West	55.6	55.6
North East	46.2	46.2
Scotland/Wales/NI	44.4	44.4
Base: All respondents	(531)	(531)

Proportion of Respondents Saying There Are More Tenants Than Properties

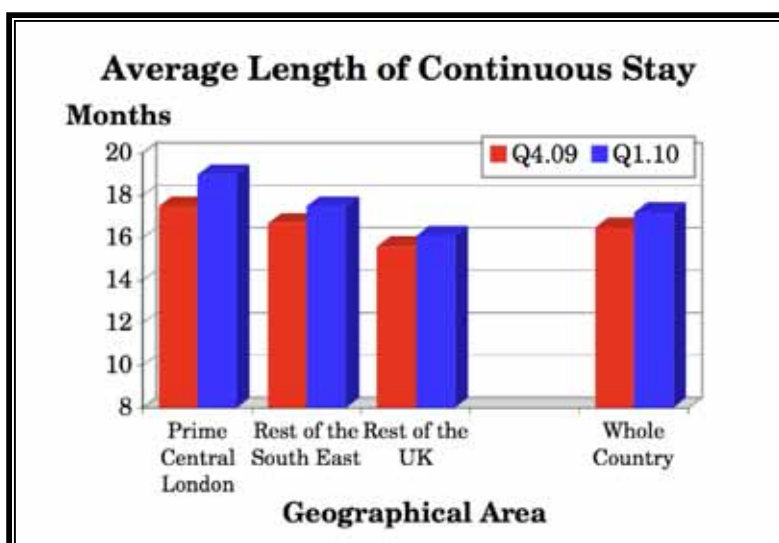


4.9 Average Length of Continuous Stay in Property (Q.11)

Getting on for nine out of ten respondents (86%) say that the average length of a tenancy is between 10 and 24 months with the largest proportion (44%) saying it is between 13 and 18 months. Based on these figures, tenants tend to stay in the same property for an average of 17.2 months.

Average Length of Continuous Stay	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
6 to 9 months	1.0	2.5	3.9	2.8
10 to 12 months	6.9	16.4	23.2	17.5
13 to 18 months	37.3	45.3	44.7	43.5
19 to 24 months	37.3	25.9	18.0	24.7
More than 24 months	12.7	9.0	5.7	8.3
Don't know	2.9	0.5	2.6	1.9
Not stated	2.0	0.5	1.8	1.3
Base: All respondents	(102)	(201)	(228)	(531)

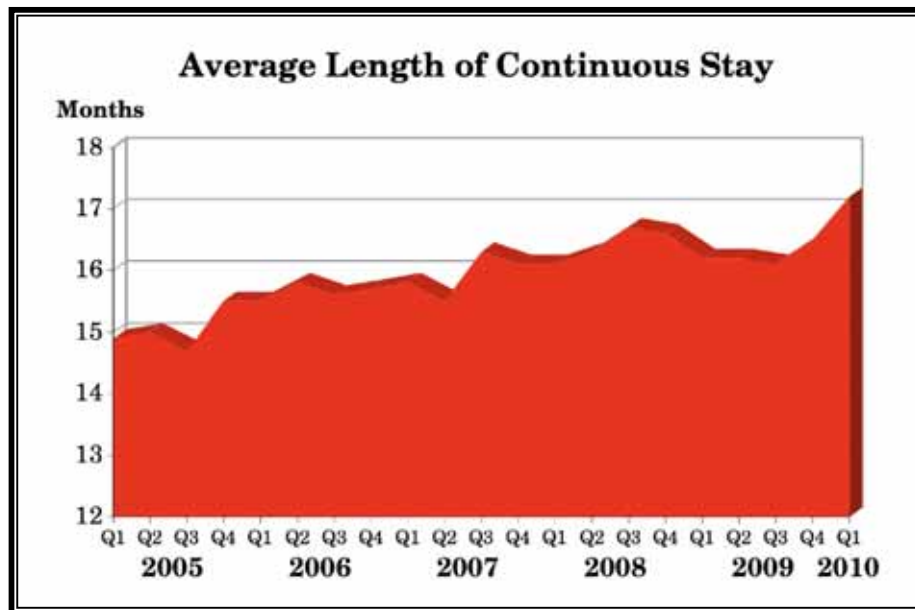
The average time a tenant stays in the same property is longest for Prime Central London at 19.0 months compared with 17.5 months for the Rest of the South East and 16.1 months for the Rest of the UK.



Geographic Area	Average Continuous Stay (months)			
	Q2.09	Q3.09	Q4.09	Q1.10
Prime Central London	17.3	17.2	17.5	19.0
South East	16.5	16.6	16.7	17.5
Rest of UK	15.4	15.3	15.6	16.1
All Regions	16.2	16.1	16.5	17.2
Base: All respondents	(730)	(639)	(733)	(531)

Compared with the last survey, there has been an overall increase in the average length of a tenancy and this is reflected in all of the broad geographic regions although the increase is smallest for those in the Rest of the UK.

As can be seen from the chart below, the overall average length of stay in a property has been on a gently rising long term trend for some time with the increase seen this quarter being the second in a row and the largest seen for nearly three years.

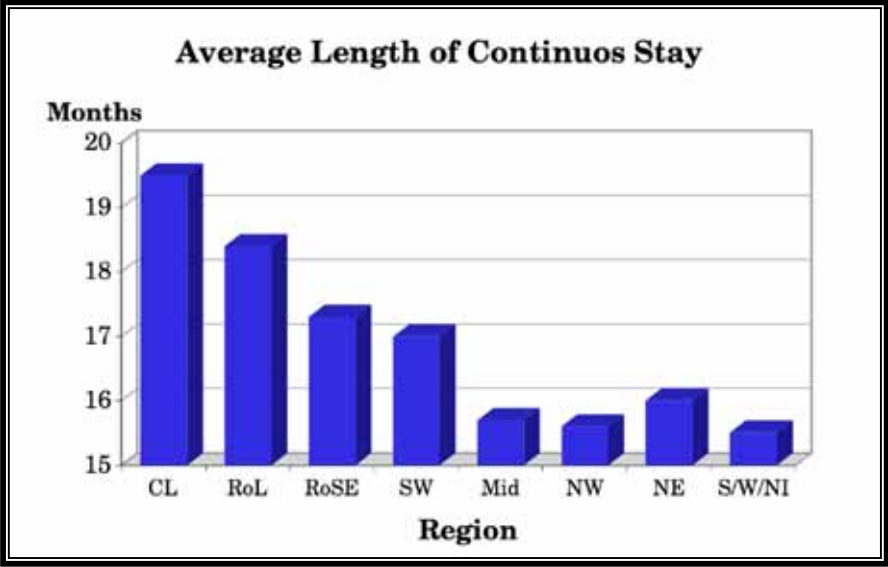


Regional Analysis

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

In this case the progression is from a relatively long continuous stay of 19.5 months in Central London to a relatively short stay of 15.5 months in Scotland, Wales & Northern Ireland.

Geographic Region	Average Continuous Stay (months)
	Q1.10
Central London	19.5
Rest of London	18.4
Rest of South East	17.3
South West	17.0
Midlands	15.7
North West	15.6
North East	16.0
Scotland/Wales/NI	15.5
Base: All respondents	(531)



4.10 Change in Achievable Rent Levels Over Last 6 Months (Q.12)

Whole Country

In the case of each of the listed property types, between 25% and 34% of ARLA members' offices believe that achievable rent levels have increased over the last six months whilst between 15% and 26% believe they have fallen.

Response	Percent of Respondents (%)					
	Det House	Semi House	Terr House	Conv Flat	PB Flat	Studio Flat
Increased a lot	2.3	2.4	1.7	1.7	2.4	1.3
Increased a little	26.7	31.1	32.0	27.9	31.3	23.9
Stayed the same	33.7	40.5	42.2	37.3	36.5	35.2
Decreased a little	18.5	14.1	16.4	21.5	22.6	19.2
Decreased a lot	2.6	1.3	1.5	1.9	3.0	5.8
Don't know	14.1	8.7	3.8	7.3	3.0	12.1
Not stated	2.1	1.9	2.4	2.4	1.1	2.4

Base: All respondents (531)

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

Prime Central London

Within the overall figures, the situation in Prime Central London is considerably better than average with between 33% and 57% 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 much lower than those for the whole country with only between 9% and 17% saying they think this is the case.

Response	Percent of Respondents (%)					
	Det House	Semi House	Terr House	Conv Flat	PB Flat	Studio Flat
Increased a lot	2.0	3.9	2.0	3.9	2.9	1.0
Increased a little	31.4	33.3	46.1	52.9	53.9	47.1
Stayed the same	17.6	20.6	27.5	31.4	30.4	28.4
Decreased a little	11.8	12.7	15.7	7.8	8.8	7.8
Decreased a lot	2.0	1.0	1.0	1.0	2.9	1.0
Don't know	32.4	25.5	3.9	1.0	0.0	10.8
Not stated	2.9	2.9	3.9	2.0	1.0	3.9

Base: All respondents (102)

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

Rest of the South East

With regard to the Rest of the South East, the picture is very close to that for the whole country with between 24% and 37% of respondents saying that achievable rent levels have increased compared with between 15% and 21% saying they have decreased.

Response	Percent of Respondents (%)					
	Det House	Semi House	Terr House	Conv Flat	PB Flat	Studio Flat
Increased a lot	1.5	2.5	2.0	1.0	3.0	2.0
Increased a little	27.9	31.8	31.8	28.4	34.3	22.4
Stayed the same	36.8	43.3	46.3	39.3	38.8	37.3
Decreased a little	20.4	14.9	13.9	18.9	18.4	14.4
Decreased a lot	1.0	1.0	1.0	1.0	2.0	7.0
Don't know	11.4	5.5	3.5	9.5	3.0	14.4
Not stated	1.0	1.0	1.5	2.0	0.5	2.5

Base: All respondents (201)

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

Rest of the UK

For the Rest of the UK, the position is a little less favourable than that for the whole country with between 16% and 31% of offices say that achievable rent levels for each type of property have increased compared with between 16% and 36% saying rent levels have decreased over the last six months.

Response	Percent of Respondents (%)					
	Det House	Semi House	Terr House	Conv Flat	PB Flat	Studio Flat
Increased a lot	3.1	1.8	1.3	1.3	1.8	0.9
Increased a little	23.7	29.4	25.9	16.2	18.4	14.9
Stayed the same	38.2	46.9	45.2	38.2	37.3	36.4
Decreased a little	19.7	14.0	18.9	29.8	32.5	28.5
Decreased a lot	4.4	1.8	2.2	3.1	3.9	7.0
Don't know	8.3	3.9	3.9	8.3	4.4	10.5
Not stated	2.6	2.2	2.6	3.1	1.8	1.8

Base: All respondents (228)

It appears from these figures that achievable rent levels in the Rest of the UK have remained stable over the last six months.

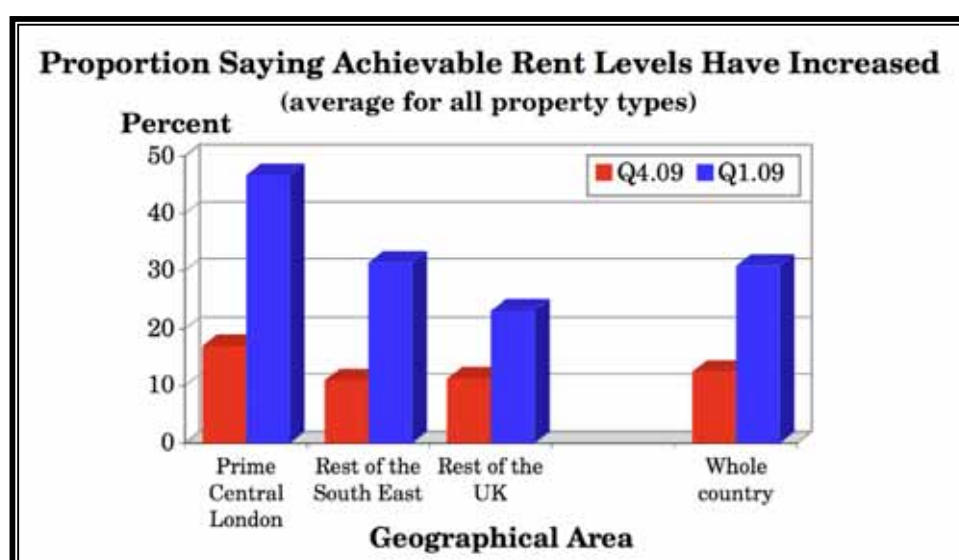
Summary

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	33.3	37.3	48.0	56.9	56.9	48.0
Rest of the South East	29.4	34.3	33.8	29.4	37.3	24.4
Rest of the UK	26.8	31.1	27.2	17.5	20.2	15.8
Whole country	29.0	33.5	33.7	29.6	33.7	25.2

Base: All respondents (531)

Compared with three months ago, the average proportion of respondents saying achievable rents across all property types have increased has more than doubled, rising from 13% to 31%.



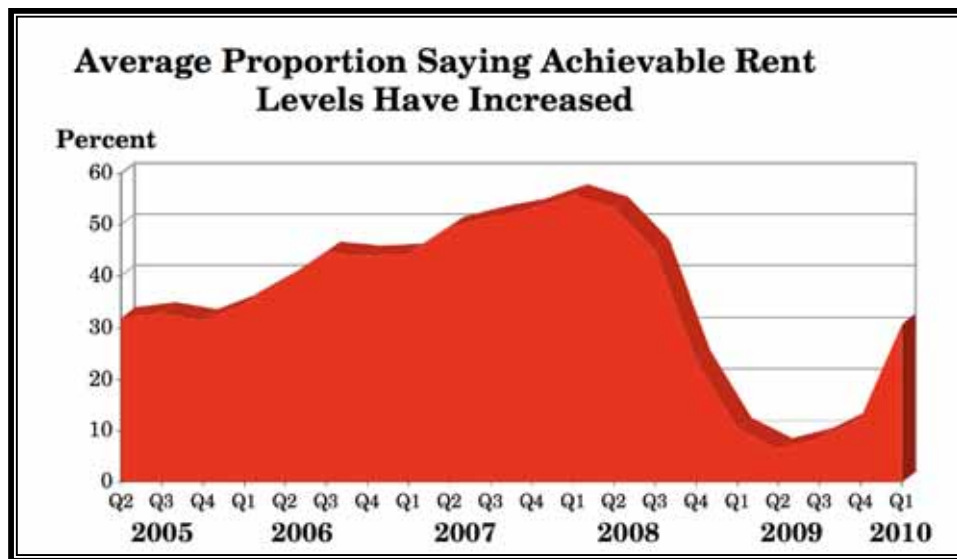
Geographic Area	Percent Saying Achievable Rents Have Increased (%)			
	Q2.09	Q3.09	Q4.09	Q1.10
Prime Central London	3.6	5.5	17.0	46.7
Rest of the South East	7.4	7.6	11.0	31.4
Rest of the UK	7.1	10.4	11.3	23.1
All regions	6.5	8.5	12.5	30.8
Base: All respondents	(730)	(639)	(733)	(531)

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 the most from 17% to 47%. The average for the Rest of the South East is also up substantially from 11% to 31% whilst that for the Rest of the UK has risen the least, from 11% to 23%.

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%.

The results from the last three surveys, on the other hand, show that the decline has bottomed out and the average is now rising strongly.



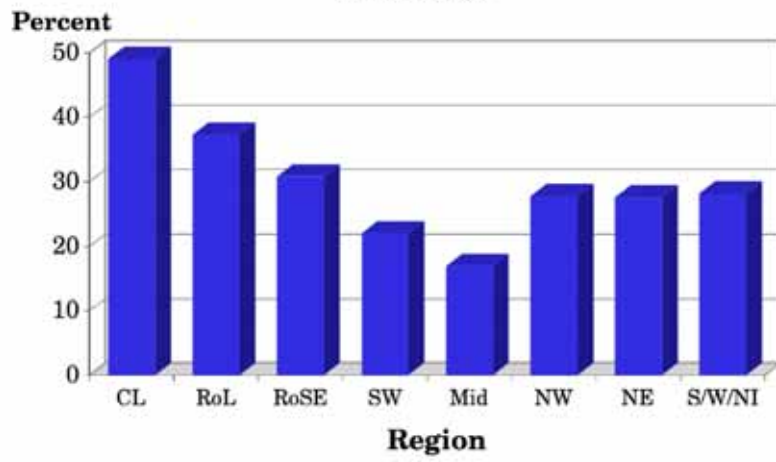
Regional Analysis

The proportion of respondents saying that achievable rent levels in their area have increased is highest for respondents in Central London (49%) and lowest for the those in the Midlands (17%).

However, respondents from the north of the country appear to have a fairly consistent view with 28% saying that achievable rent levels have increased.

Geographic Region	Percent Saying Achievable Rents Have Increased (%)
	Q1.10
Central London	49.1
Rest of London	37.3
Rest of South East	30.8
South West	22.0
Midlands	16.9
North West	27.8
North East	27.6
Scotland/Wales/NI	28.2
Base: All respondents	(531)

Proportion Saying Achievable Rent Levels Have Increased



4.11 Are You Seeing an Increase in Rental Property Coming Onto the Market Because It Cannot Be Sold? (Q.13)

Nearly three out of ten ARLA members' offices (27%) said that they had seen an increase in rental property coming onto the market because it could not be sold.

Response	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Yes	7.8	21.4	39.9	26.7
No	80.4	66.7	53.5	63.7
Don't know	9.8	8.5	5.7	7.5
Not stated	2.0	3.5	0.9	2.1
Base: All respondents	(102)	(201)	(228)	(531)

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 and those in the Rest of the UK being the most likely to.

Response	Percent of Respondents (%)			
	Q2.09	Q3.09	Q4.09	Q1.10
Yes	80.3	59.6	37.9	26.7
No	16.2	36.0	55.5	63.7
Don't know	3.4	4.1	6.1	7.5
Not stated	0.1	0.3	0.4	2.1
Base: All respondents	(730)	(639)	(733)	(531)

Compared with the fourth quarter of 2009, there has been another big drop (from 38% to 27%) in the proportion saying they have seen an increase in rental property coming onto the market because it cannot be sold.

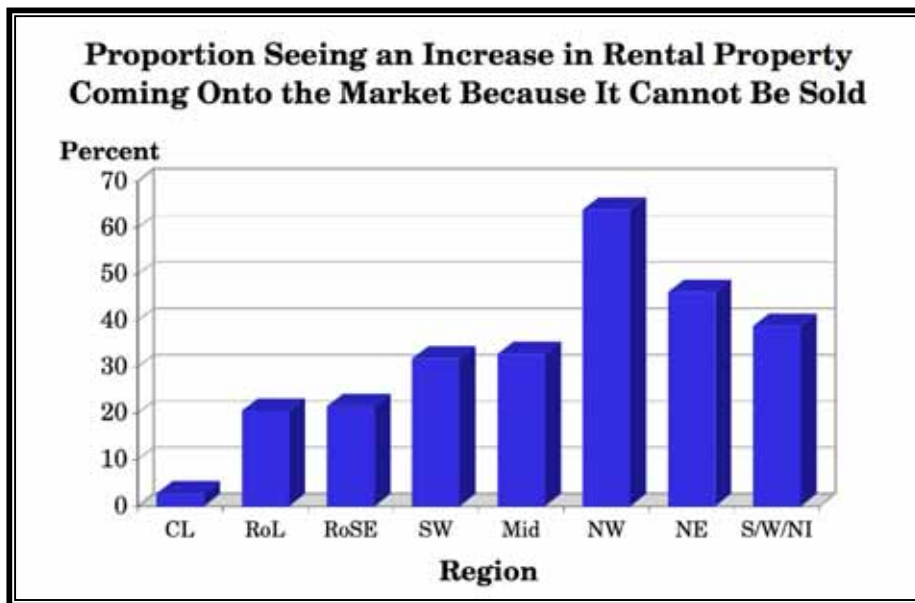
The proportion saying they are seeing an increase in rental property coming onto the market because it cannot be sold has now fallen massively from 94% to 27% since the beginning of 2009.

Regional Analysis

The North West was the region with the largest proportion of respondents (64%) 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 (3%).

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.

Geographic Region	Percent of Respondents (%) Q1.10
Central London	2.7
Rest of London	20.6
Rest of South East	21.6
South West	31.8
Midlands	32.8
North West	63.9
North East	46.2
Scotland/Wales/NI	38.9
Base: All respondents	(531)



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.14)

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 (54%), purpose built flats/maisonettes (42%) and terraced houses (39%) with converted flats (26%) lagging some way behind but not as much as studio flats (18%) which respondents did not think were coming onto the rental market for this reason anything like as much as other property types.

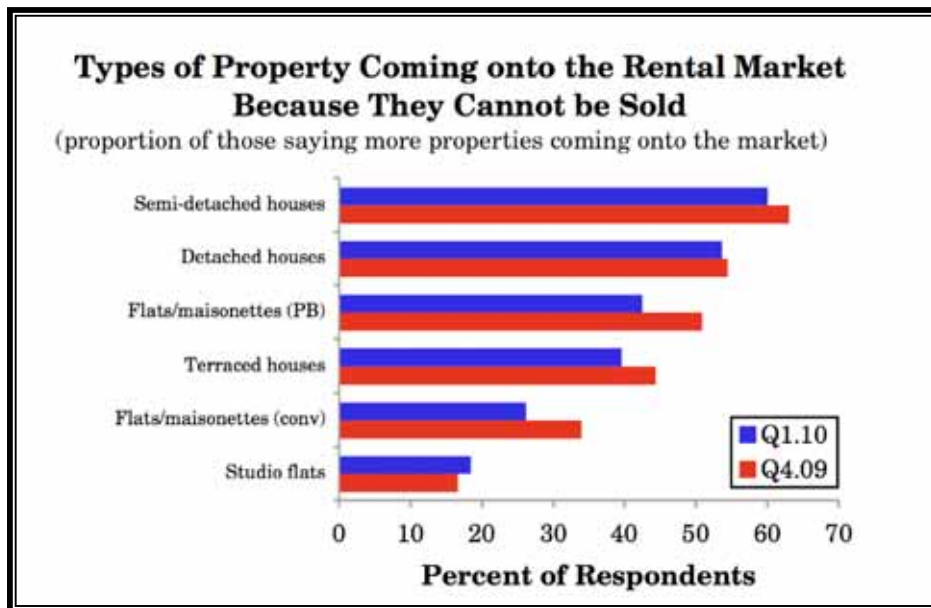
Type of Property	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Detached houses	37.5	60.5	51.6	53.5
Semi-detached houses	25.0	62.8	61.5	59.9
Terraced houses	37.5	41.9	38.5	39.4
Flats/maisonettes (conv)	25.0	46.5	16.5	26.1
Flats/maisonettes (PB)	87.5	39.5	39.6	42.3
Studio flats	25.0	18.6	17.6	18.3
Base: All seeing increase	(8)	(43)	(91)	(142)

There are some big differences in responses to this question as between each of the three broad geographic areas with respondents from offices managing properties in Prime Central London much less likely to think there has been an increase in detached houses coming onto the rental market because they cannot be sold (38% compared with 61% for the Rest of the South East and 52% for the Rest of the UK).

This also applies to semi-detached houses but these respondents were much more likely to think that there had been an increase in purpose built flats coming onto the rental market because they cannot be sold (88% compared with 40% for both the Rest of the South East and the Rest of the UK but it should be remembered that only eight respondents managing properties in Prime Central London said they thought there had been an increase in properties coming onto the rental market because they could not be sold.

Compared with the last survey in the fourth quarter of 2009, 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 (other than studio flats) and the biggest reductions were for flats/maisonettes and terraced houses.

Type of Property	Percent of Respondents (%)			
	Q2.09	Q3.09	Q4.09	Q1.10
Detached houses	66.2	62.5	54.3	53.5
Semi-detached houses	66.2	64.6	62.9	59.9
Terraced houses	49.3	43.8	44.2	39.4
Flats/maisonettes (conv)	36.0	28.3	33.8	26.1
Flats/maisonettes (PB)	48.5	46.7	50.7	42.3
Studio flats	17.2	14.7	16.5	18.3
Base: All seeing increase	(586)	(381)	(278)	(142)



4.13 Have You Seen an Increase in the Number of Tenants Struggling to Meet Rental Payments in the Last 6 Months? (Q.15)

More than half of ARLA members' offices (52%) said that they had seen an increase in the number of tenants struggling to meet rental payments in the last six months.

Response	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Yes	31.4	53.7	60.1	52.2
No	67.6	45.8	39.0	47.1
Not stated	1.0	0.5	0.9	0.8
Base: All respondents	(102)	(201)	(228)	(531)

There was some 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 (31%) and those in the Rest of the UK being the most likely to do so (60%). Those from the Rest of the South East fell between the two (54%).

Response	Percent of Respondents (%)			
	Q2.09	Q3.09	Q4.09	Q1.10
Yes	64.7	63.1	55.4	52.2
No	35.1	36.6	44.2	47.1
Not stated	0.3	0.3	0.4	0.8
Base: All respondents	(730)	(639)	(733)	(531)

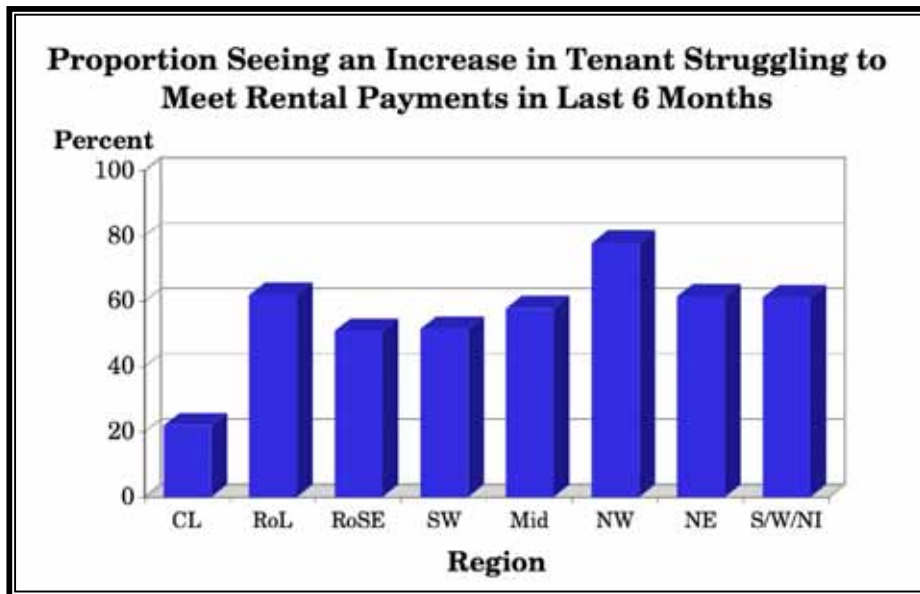
Compared with the last quarter of 2009, there has been a small fall (from 55% to 52%) in the proportion saying they have seen an increase in the number of tenants struggling to meet rental payments in the last six months.

Regional Analysis

With two exceptions all regions had broadly similar proportions (between 50% and 62%) 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 only 22% of respondents said they had seen an increase in tenants struggling to meet rental payments in the last six months and the North West where 78% said they had seen this in their area.

Geographic Region	Percent of Respondents (%) Q1.10
Central London	21.9
Rest of London	61.9
Rest of South East	50.9
South West	51.5
Midlands	57.8
North West	77.8
North East	61.5
Scotland/Wales/NI	61.1
Base: All respondents	(531)



4.14 Are You Aware of an Increase in Tenants Asking Lenders for References on Potential Landlords to Ensure They Are Financially Viable? (Q.16)

Only a little more than one in ten ARLA members' offices (12%) said that they were aware of an increase in tenants asking lenders for references on potential landlords to ensure they were financially viable.

Response	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Yes	11.8	12.4	10.5	11.5
No	87.3	87.1	88.2	87.6
Not stated	1.0	0.5	1.3	0.9
Base: All respondents	(102)	(201)	(228)	(531)

There was little difference between the broad geographic areas on this question.

Response	Percent of Respondents (%)			
	Q2.09	Q3.09	Q4.09	Q1.10
Yes	16.0	15.6	13.5	11.5
No	83.7	83.7	86.1	87.6
Not stated	0.3	0.6	0.4	0.9
Base: All respondents	(730)	(639)	(733)	(531)

Compared with the last survey, there has been another fall in the proportion saying they are aware of an increase in tenants asking lenders for references on potential landlords with the figure falling from 14% to 12%.

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 but see the note of caution below.

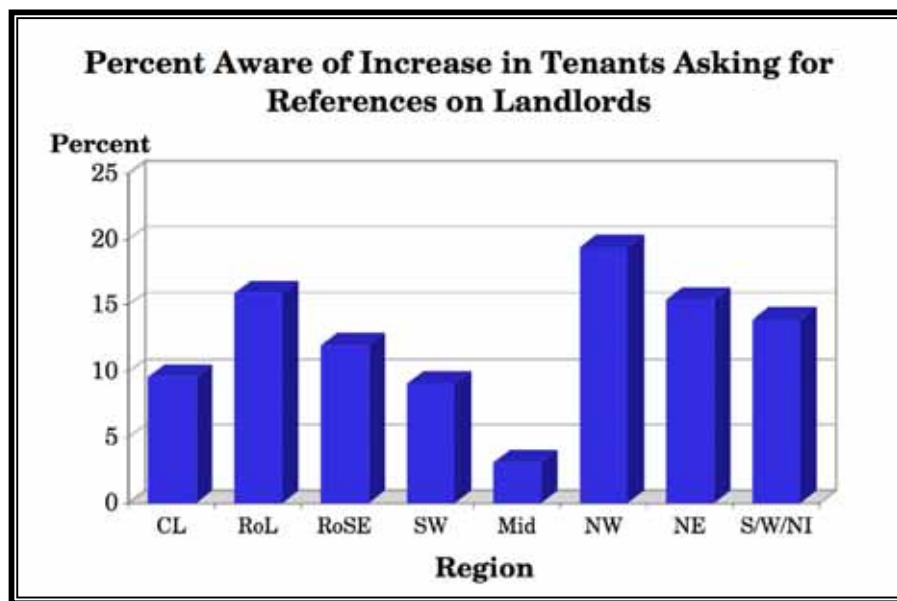
In assessing the results from this question, it must be remembered that a relatively small proportion of respondents answered Yes to the question (only 4 out of 26 in the North East) and that the results are therefore subject to a substantial level of sampling error (e.g. two fewer respondents in the North East answering Yes would take the percentage down from 15.4% to 7.7% and two extra would take it up from 15.4% to 23.1%).

Bearing that in mind, the region with the highest proportion of respondents aware of an increase in tenants asking for references on landlords was the North West (19%) and the region with the lowest proportion was the Midlands (3%). The other regions varied quite widely between these two extremes.

Geographic Region **Percent Aware of Increase in Tenants Asking for References on Landlords (%)**
Q1.10

Central London	9.6
Rest of London	15.9
Rest of South East	12.0
South West	9.1
Midlands	3.1
North West	19.4
North East	15.4
Scotland/Wales/NI	13.9

Base: All respondents (531)



4.15 Do You Think Investor Landlords Are Being Tempted Back to the Market Because of the Minimal Interest Rates on Savings? (Q.17)

Nearly half of ARLA members' offices (47%) said that they thought investor landlords were being tempted back to the market because of the minimal interest rates on savings.

Only a little over three out of ten respondents (31%) disagreed with the remainder (22%) saying they did not know whether they were or not.

Response	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Yes	38.2	50.2	46.9	46.5
No	29.4	31.3	30.7	30.7
Don't know	31.4	17.9	21.5	22.0
Not stated	1.0	0.5	0.9	0.8
Base: All respondents	(102)	(201)	(228)	(531)

Respondents from the Rest of the South East were more likely than others to think investor landlords are being tempted back to the market because of the minimal interest rates on savings with 50% saying they did think so compared with 38% and 47% respectively for Prime Central London and the Rest of the UK .

Response	Percent of Respondents (%)			
	Q2.09	Q3.09	Q4.09	Q1.10
Yes	50.3	52.6	51.0	46.5
No	28.9	25.2	30.0	30.7
Don't know	20.5	22.2	18.8	22.0
Not stated	0.3	-	0.1	0.8
Base: All respondents	(730)	(639)	(733)	(531)

Compared with the fourth quarter 2009 survey, there has been a decrease (from 51% to 47%) in the proportion saying that they think investor landlords are being tempted back to the market because of the minimal interest rates on savings.

Regional Analysis

As with the previous question, there were some quite large differences between regions on this question which are difficult to explain.

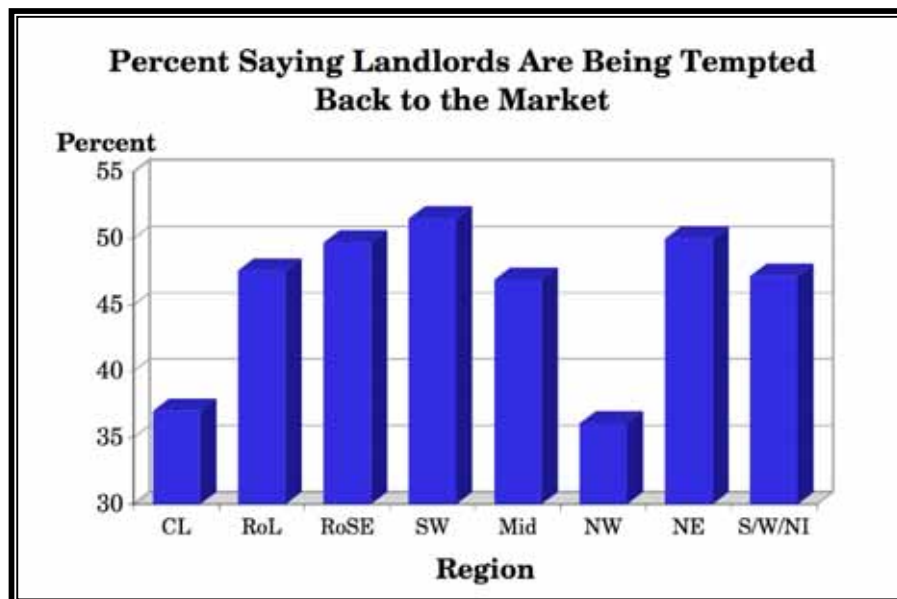
Again, therefore, despite the fact that higher proportions of respondents answered this question in the affirmative (between 36% and 52%), the

results may still be subject to a significant level of sampling error because of the relatively low numbers of respondents from some of the regions.

Having said that, the region with the highest proportion of respondents saying landlords are being tempted back to the market because of the minimal interest rates on savings was the South West (52%) and the region with the lowest proportion was the North West (36%). The other regions varied quite widely between these two extremes.

Geographic Region	Percent Saying Landlords Are Being Tempted Back to the Market (%)
	Q1.10
Central London	37.0
Rest of London	47.6
Rest of South East	49.7
South West	51.5
Midlands	46.9
North West	36.1
North East	50.0
Scotland/Wales/NI	47.2

Base: All respondents (531)



4.16 Have You Seen an Increase of Tenants Hagglng With Landlords Over Rents in the Last 6 Months? (Q.18)

Almost seven out of ten ARLA members' offices (69%) said that they had seen an increase in tenants hagglng with landlords over rents in the last six months.

Response	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Yes	53.9	70.1	73.7	68.5
No	45.1	29.4	25.4	30.7
Not stated	1.0	0.5	0.9	0.8
Base: All respondents	(102)	(201)	(228)	(531)

There was some difference between the broad geographic regions on this question with offices managing properties in Prime Central London being considerably less likely to have encountered tenants hagglng over the rent with 54% saying they have seen this compared with 70% for the Rest of the South East and 74% for the Rest of the UK.

Response	Percent of Respondents (%)			
	Q2.09	Q3.09	Q4.09	Q1.10
Yes	92.5	93.4	85.7	68.5
No	7.1	6.6	14.2	30.7
Not stated	0.4	-	0.1	0.8
Base: All respondents	(730)	(639)	(733)	(531)

Compared with the last survey, there has been a substantial reduction in the proportion of respondents saying they had seen an increase in tenants hagglng with landlords over rents in the last six months with the figure falling from 86% to 69%.

Regional Analysis

The higher proportions of respondents answering this question in the affirmative (between 51% and 87%), despite still involving relatively small numbers for some of the smaller regions, do give the results more credibility especially as the higher proportions answering in the affirmative were from the smaller regions and these results are, therefore, subject to a much smaller degree of sampling error.

The region with the highest proportion of respondents saying they had seen an increase in tenants hagglng with landlords over rents in the last six months was the North West (86%) and the region with the lowest proportion was Central London (51%) . The other regions varied between these two extremes.

Geographic Region	Percent Who Have Seen an Increase in Tenants Haggling With Landlords Over Rents (%)
	Q1.10
Central London	50.7
Rest of London	61.9
Rest of South East	71.9
South West	74.2
Midlands	76.6
North West	86.6
North East	69.2
Scotland/Wales/NI	61.1
Base: All respondents	(531)



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

Nearly seven out of ten ARLA members' offices (68%) think that residential landlords are currently marking time with regard to their net investment in residential property.

However, a substantial 14% think landlords are increasing their net investment by buying more properties, a figure which compares with a slightly larger proportion (16%) who 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	14.7	14.9	13.6	14.3
Marking time	59.8	68.7	71.1	68.0
Selling	22.5	15.4	13.6	16.0
Not stated	2.9	1.0	1.8	1.7
Base: All respondents	(102)	(201)	(228)	(531)



Geographically, it would appear from responses to this question that landlords in the Rest of the South East and the Rest of the UK are equally as likely to be buying properties as they are to be selling properties but for those managing properties in Prime Central London, the proportion selling outweighs the proportion buying.

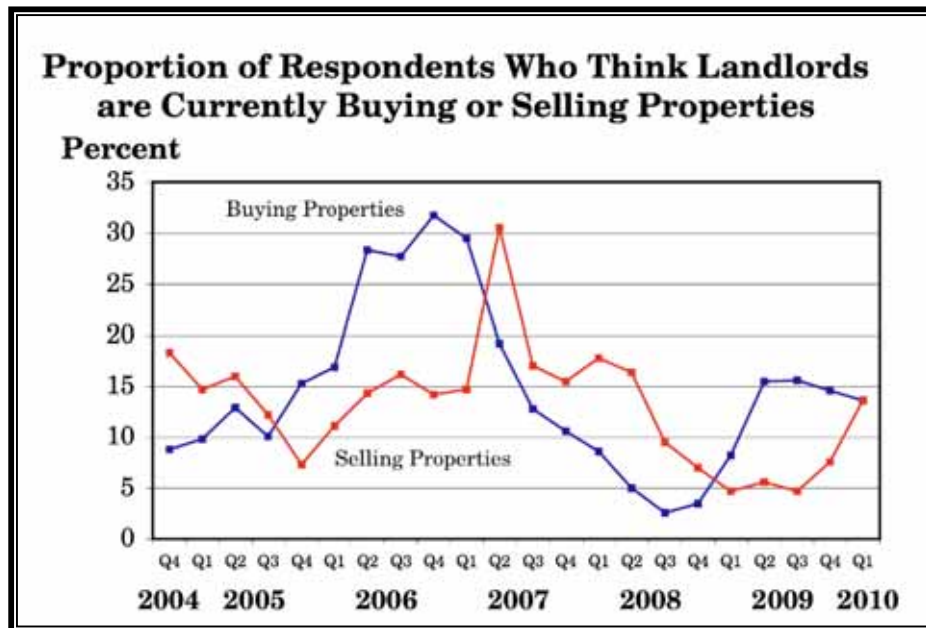
How Currently Acting	Percent of Respondents (%)			
	Q2.09	Q3.09	Q4.09	Q1.10
Buying	15.5	15.6	14.6	13.6
Marking time	77.5	78.1	75.4	71.1
Selling	5.6	4.7	7.6	13.6
Not stated	1.4	1.6	2.3	1.8
Base: All respondents	(730)	(639)	(733)	(531)

Compared with three months ago, there has been little change in the proportion saying landlords are buying but the proportion saying landlords are selling properties has again nearly doubled, this time from 8% to 14%.

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.

A year ago the relationship between these figures reversed again and the changed relationship was been maintained for the rest of 2009. However, the results from this quarter's survey have closed the gap and it may be that the relationship between the proportion saying they are buying and those saying they are selling is about to reverse once again.



Regional Analysis

There was quite a variation between the regions with some having a higher proportion of respondents saying landlords were currently selling properties and some having a higher proportion saying landlords were currently buying properties.

These differences seem to be related, to a degree, to where in the UK the region is positioned with regions in the North of the country tending to have more respondents saying landlords are buying than are selling and the reverse applying to those regions in the south of the country.

The regions with the largest differences between the proportion saying landlords are selling and the proportion saying landlords are buying were, in the case of those regions with a higher proportion saying

landlords are selling, the South West (5% buying, 15% selling) and Central London (15% buying, 23% selling).

The regions with the biggest difference but with more saying landlords are buying were the North East (27% buying, 15% selling) and the Midlands (20% buying, 11% selling)

Geographic Region	Percent of Respondents - Q1.10 (%)	
	Buying	Selling
Central London	15.1	23.3
Rest of London	15.9	12.7
Rest of South East	14.4	17.4
South West	4.5	15.2
Midlands	20.3	10.9
North West	11.1	11.1
North East	26.9	15.4
Scotland/Wales/NI	11.0	16.7

Base: All respondents (531)

