

Prepared for

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

**Bank of Ireland Mortgages  
Cheltenham & Gloucester  
GMAC Residential Funding  
Mortgage Express  
NatWest  
Paragon Mortgages**

**ARLA Members Survey  
of the  
Buy to Let sector**

**Third Quarter 2007**

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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**

Having considered the objectives of this project, it was decided that the most appropriate method to use was postal questionnaires.

Questionnaires were sent to 2,067 letting offices of ARLA members in August 2007 and 463 validly completed questionnaires were returned by the due date. These responses were input to our research analysis software and tables of data produced on which this report is based.

### 3. SUMMARY

- The overall average capital asset value of rented houses has risen by 3.3% over the last three months as a result of rises of 0.3% in Prime Central London, 7.2% in the Rest of the South East and 3.9% in the Rest of the UK.
- Over the same period the average value of rented flats throughout the country rose by 6.4% as a result of rises of 6.7% in Prime Central London, 8.5% in the Rest of the South East and 1.8% in the Rest of the UK.
- The average weighted rental returns for houses are up from 4.8% to 5.0% compared with three months ago, reversing the change seen then, whilst the equivalent figure for flats is unchanged at 5.0%.
- On balance ARLA members report increased achievable rent levels over the last six months on all types of rented property with higher proportions in the Rest of the South East (53% compared with 49%) and in the Rest of the UK (43% compared with 39%) saying this was the case although in Prime Central London the proportion was virtually unchanged at 67%.
- The demand for rented residential properties has continued to outstrip supply, particularly for members managing properties in Prime Central London with nearly two thirds of these (65%, albeit down from 72%) now saying there are more tenants than there are properties available for them. Meanwhile, the proportion of members in the Rest of the South East who say there are more tenants than properties has increased from 52% to 57% and the proportion of those in the Rest of the UK who say this has increased from 35% to 44%.
- One in six ARLA members (16%) say that landlords are currently buying more properties, a figure which is down from 19% in the second quarter but the proportion who now say landlords are currently selling properties has fallen much more, by a third from 31% to 21%, with the result that the proportion saying landlords are marking time has increased from 44% to 59%.
- Compared with the second quarter, the average void period has fallen a little from 3.5 weeks (25 days) to 3.3 weeks (23 days) and the average number of new tenancies signed up in the preceding three months was 35, up from 31 in the first quarter as a result of seasonal factors.
- The average proportion of ARLA members' offices' portfolios which are made up of investment property, at 53%, is up from 51% in the second quarter of the year.
- The average number of purely investment properties which are managed by ARLA members' offices is also up compared with three months ago from 106 properties to 110 properties.
- On average, ARLA members say that tenants remain in the same property for a period of 16.3 months, a figure which is up from 15.5 months in May.

- More than seven out of ten ARLA members (72%, up from 68% three months ago) believe that buy to let landlords do at least sometimes see their involvement as a form of disciplined savings although only 7% say this is frequently the case.
- More than four out of ten ARLA members (41%, up marginally from 40% in May) believe that landlords tend to be cautious about their investment in buy to let property with an unchanged 35% being unsure whether they are or not and an unchanged 22% believing they are not.
- Although nearly a quarter of respondents (24%) were unsure about it, nearly half (46%) believed that the majority of landlords would sell at least some of their properties if tax relief on mortgage interest ceased to be allowed. A further one in ten (10%) believed landlords would do nothing whilst 16% thought that a mixture of these options would apply.
- On average, ARLA members believe that 37% of landlords (down from 45% three months ago) are unaware of tenancy deposit protection but in the case of tenants, this figure rises to 54% although this figure is down substantially from 65% in May.
- According to ARLA members, two thirds of landlords (67%, up from 57% three months ago) are members of the Tenancy Deposit Scheme (supported by ARLA, the NAEA and RICS) with only a few having joined other tenancy deposit protection organisations. However, they also believe that 8% of landlords are unaware of the need to join one of these organisations although this figure has halved from 16% in the last three months.

## 4. RESULTS

The following sections detail the results of the survey for the third quarter of 2007. The regional breakdown of results splits the South East into two component parts - London & South East based respondents who manage properties in Prime Central London and the Rest of the South East.

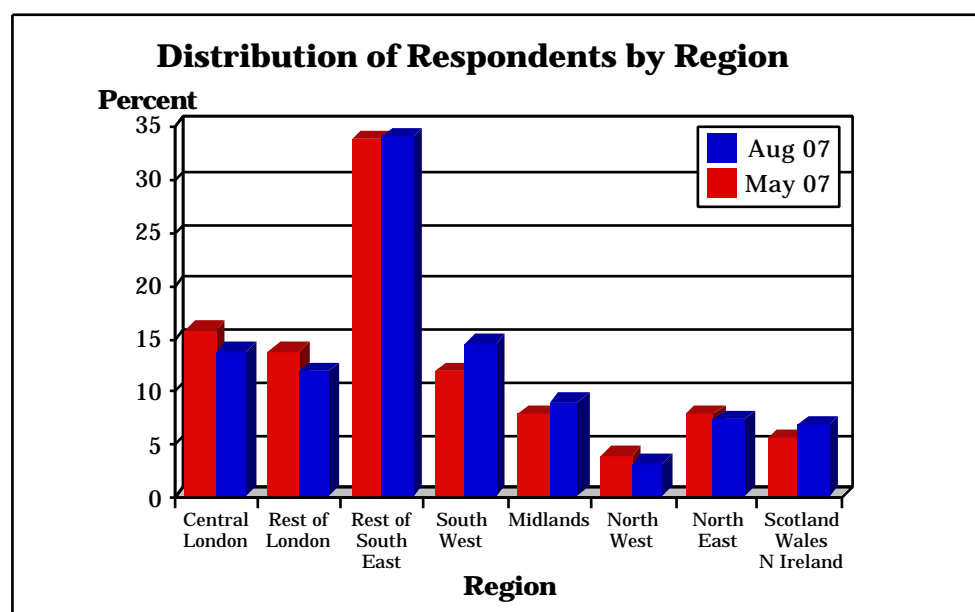
### 4.1 Geographic Location (Q.1)

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 with 15% was the region with the most respondents.

Region	Percent of Respondents (%)		
	Feb 07	May 07	Aug 07
Central London	14.3	15.8	13.8
Rest of London ( <i>inside M25</i> )	12.0	13.8	11.7
South East ( <i>excl. London</i> )	34.3	33.7	33.9
South West	12.4	11.7	14.5
Midlands	9.7	7.8	8.9
North West	3.8	3.9	3.2
North East	8.0	7.8	7.3
Scotland/Wales/NI	5.5	5.6	6.7
Base: All respondents	(525)	(463)	(463)

Compared with the May survey, there has been little change in the regional breakdown of respondents although this time there were fewer respondents from Central London, the Rest of London, the North West and the North East and more from the South West, the Midlands and Scotland/Wales/Northern Ireland.



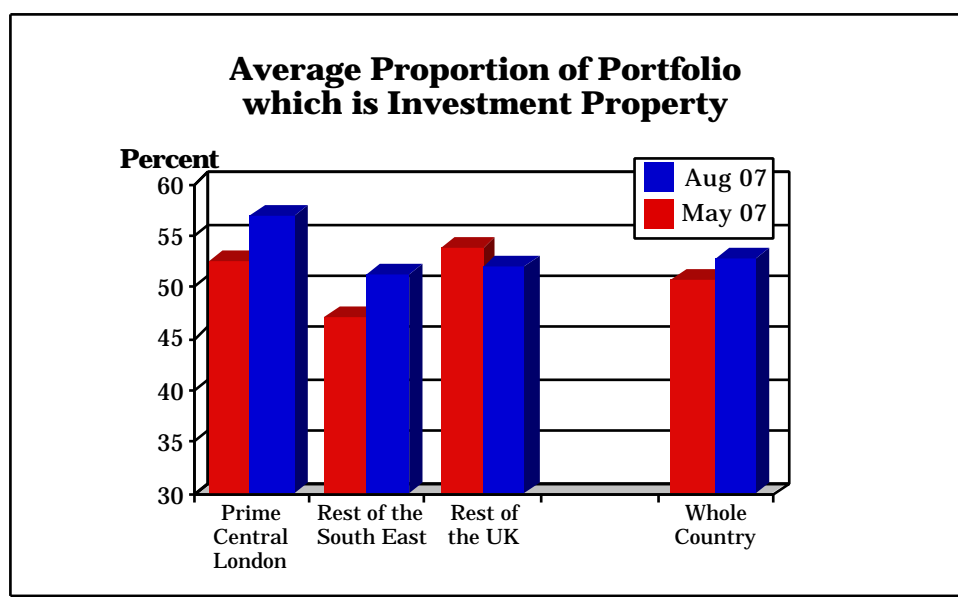
#### 4.2 Proportion of Portfolio Made Up of Investment Property (Q.4)

Most respondents (83%) said that more than a quarter of their portfolio is investment property with two out of ten (20%) saying that more than three quarters of theirs is investment property. Investment properties comprise a tenth or less of their portfolio for less than one in twenty five offices (3.7%).

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	-	-	-	-
Up to 10%	3.3	3.8	3.7	3.7
11% to 25%	7.7	10.9	15.4	12.1
26% to 50%	30.8	28.3	19.1	25.1
51% to 75%	28.6	40.2	39.4	37.6
Over 75%	29.7	15.2	19.7	19.9
Not stated	-	1.6	2.7	1.7
Base: All respondents	(91)	(184)	(188)	(463)

For offices managing properties in Prime Central London, investment properties appear to make up a greater proportion of their portfolios with the average being 57% compared with 52% for offices in the Rest of the UK and 51% for offices in the Rest of the South East.



Compared with the last survey in May, the average proportion of portfolios which are in the form of investment property is up from 51% to 53% as a result of increases for both Prime Central London and the Rest of the South East.

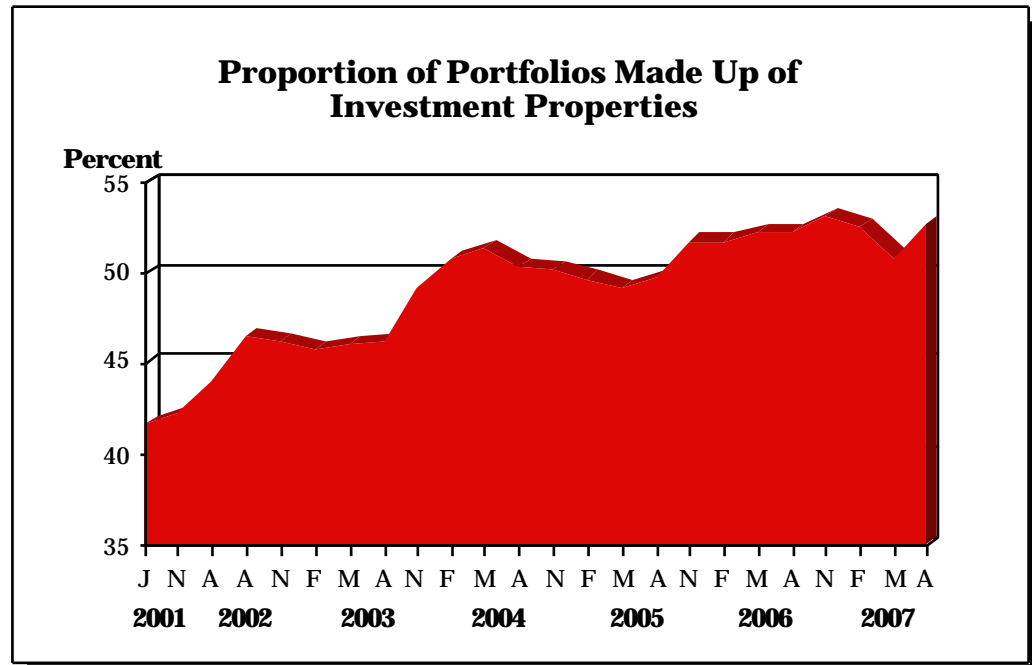
<b>Geographic Region</b>	<b>Average Proportion of Portfolio (%)</b>			
	<b>Nov 06</b>	<b>Feb 07</b>	<b>May 07</b>	<b>Aug 07</b>
Prime Central London	53.8	53.8	52.3	56.9
South East	51.4	53.1	47.0	51.1
Rest of UK	54.5	51.0	53.6	51.9
All Regions	53.0	52.4	50.7	52.6
Base: All respondents	(372)	(525)	(463)	(463)

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 overall average figure but the results from this survey have returned the figure to close to the all time high reached in the last quarter of 2006.



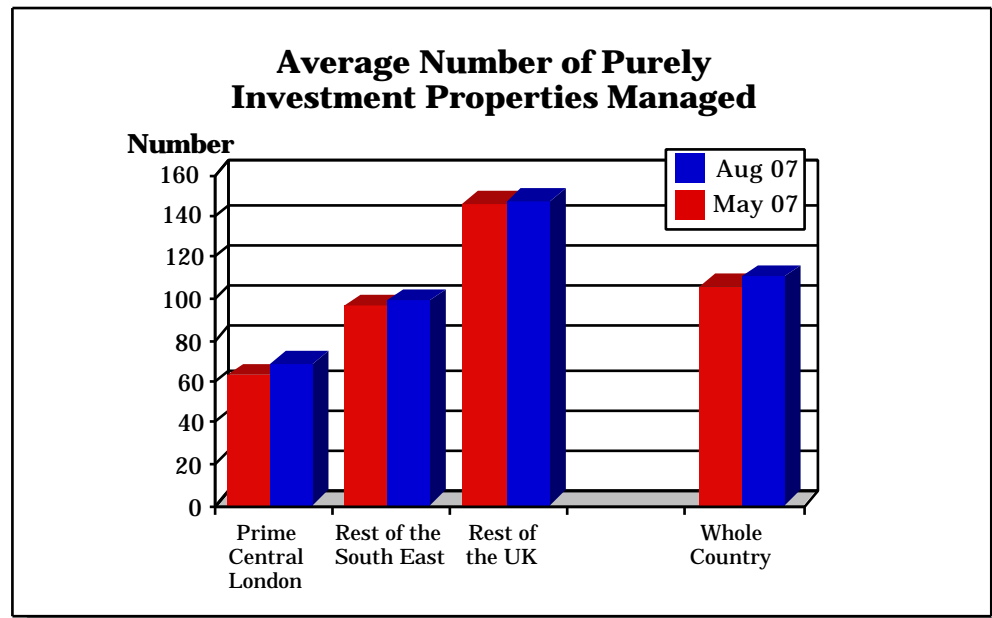
### 4.3 Number of Purely Investment Properties Managed (Q.5)

By and large, ARLA offices manage substantial numbers of purely investment properties with a third (34%) saying that they manage over a hundred properties and almost eight out of ten (79%) managing in excess of 20 properties.

Analysis of these responses shows that the average number of purely investment properties managed by ARLA offices is currently 110.

Number of Properties	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Up to 5	3.3	4.3	2.7	3.5
6 to 10	7.7	5.4	2.1	4.5
11 to 20	14.3	12.0	8.0	10.8
21 to 50	24.2	21.2	20.2	21.4
51 to 100	20.9	27.2	23.4	24.4
Over 100	27.5	28.3	41.5	33.5
Not stated	2.2	1.6	2.1	1.9
Base: All respondents	(91)	(184)	(188)	(463)

Offices in Prime Central London tend to manage considerably fewer properties on average than their counterparts elsewhere in the country with the average numbers being 68 for Prime Central London, 98 for the Rest of the South East and 146 for the Rest of the UK.



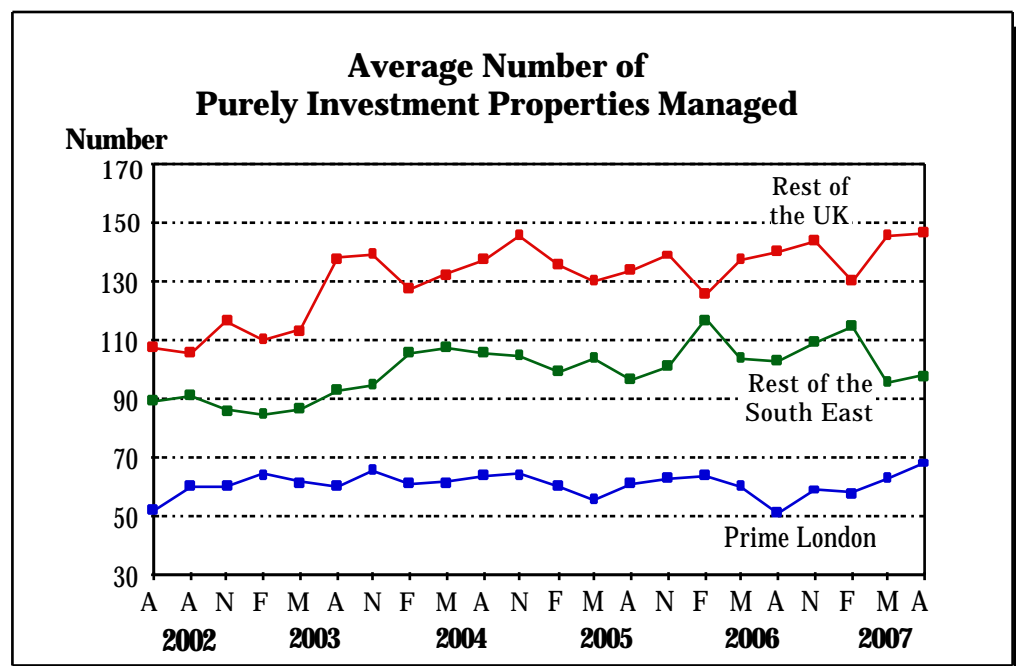
Compared with three months ago, the average number of properties managed is up from 106 to 110 properties as a result of increases in the averages for Prime Central London and the Rest of the South East. The average for the Rest of the UK, in contrast, was virtually unchanged.

Geographic Region	Average Number of Properties			
	Nov 06	Feb 07	May 07	Aug 07
Prime Central London	59.1	57.9	62.4	68.1
South East	109.2	114.8	95.9	97.9
Rest of UK	144.0	130.7	145.7	146.4
All Regions	109.7	107.8	105.6	109.9
Base: All respondents	(372)	(525)	(463)	(463)

As can be seen from the chart below, the average number of properties managed by ARLA members in the Rest of the UK has stayed in the range 130 to 150 properties for most of the last four years.

For Prime Central London the figure has also been relatively steady at an average of between 60 and 65 properties for some time despite occasionally moving a little outside this band as on this occasion.

The average for the Rest of the South East, however, has seen a slight rising trend over the last five years and, despite staying level during 2004 and 2005, rose from 90 properties five years ago to around 110 properties during 2006. However, the sharp downturn in the figure last quarter took the average back close to where it was four years ago from which it has bounced back a little this quarter.



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

The response bands for this question were changed for the February 2007 survey with the amalgamation of the two lowest bands into one band of up to £100,000 and the addition of a new band at Over £1 million. This change may have exaggerated the increase in prices for Prime Central London and the Rest of the South East a little in the February survey but has probably not affected the figures much.

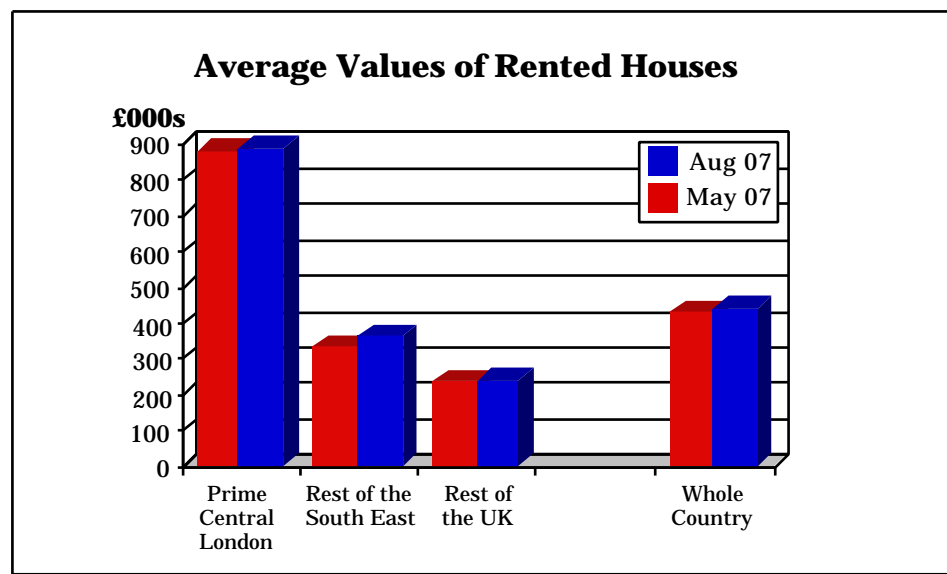
##### **Houses**

More than half of respondents (54%) say that the average value of a rented house in their area is between £150,000 and £350,000.

Only slightly more than one in two hundred offices (0.6%) say the average is below £100,000 but for around one in thirteen 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 £442,600.

Average Value of Houses	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Up to £100,000	-	-	1.6	0.6
£100,001 to £150,000	-	1.6	16.0	7.1
£150,001 to £200,000	3.3	19.6	40.4	24.8
£200,001 to £350,000	9.9	41.3	27.7	29.6
£350,001 to £500,000	15.4	25.0	8.0	16.2
£500,001 to £750,000	14.3	4.9	2.1	5.6
£750,001 to £1 Million	18.7	2.7	1.1	5.2
Over £1 Million	31.9	2.7	0.5	7.6
Not stated	6.6	2.2	2.7	3.2
Base: All respondents	(91)	(184)	(188)	(463)



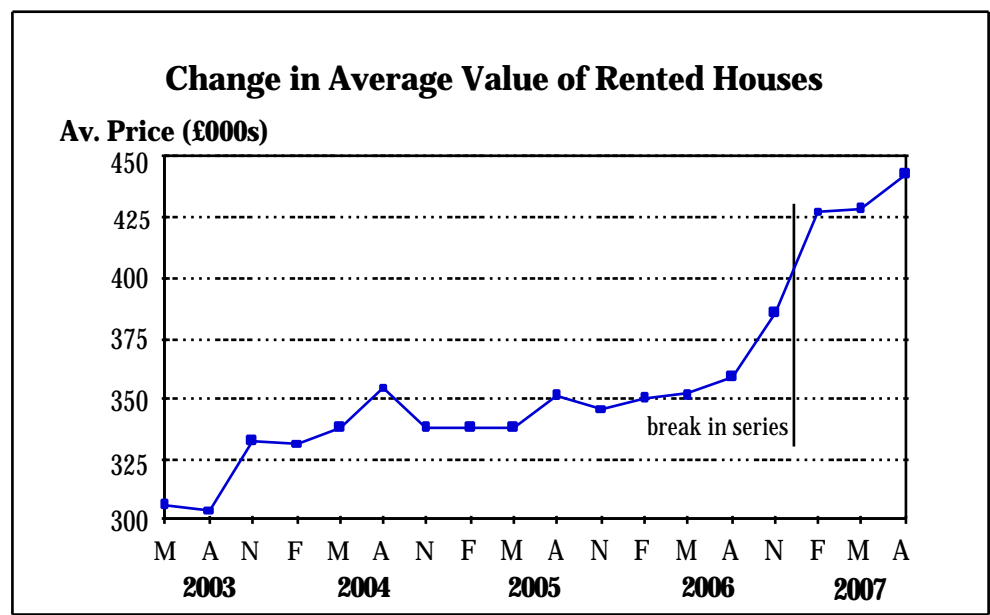
There are big differences between the values of rented houses in the different regional areas with the average for Prime Central London approaching a million pounds (£887,600) compared with less than half that figure (£359,000) in the Rest of the South East and only a little more than a quarter of it (£238,800) in the Rest of the UK.

Compared with the last survey, the overall weighted average value of rented houses has risen by 3.3% from £428,600 to £442,600.

<b>Geographic Region</b>	<b>Average Value of Rented Houses (000s)</b>			
	<b>Nov 06</b>	<b>Feb 07</b>	<b>May 07</b>	<b>Aug 07</b>
Prime Central London	770.6	866.2	885.0	887.6
South East	289.2	334.0	335.0	359.0
Rest of UK	240.7	239.2	229.9	238.8
All Regions (weighted)	385.6	426.9	428.6	442.6
Base: All respondents	(372)	(525)	(463)	(463)

Within this overall change, the average price of a rented house in Prime Central London has only risen marginally by 0.3% whilst that for the Rest of the South East is up quite sharply by 7.2%. The average for the Rest of the UK fell between these two extremes, rising by a more modest 3.9%.

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, has again been rising since the end of 2005, something which has continued with the results from this survey.



## Flats

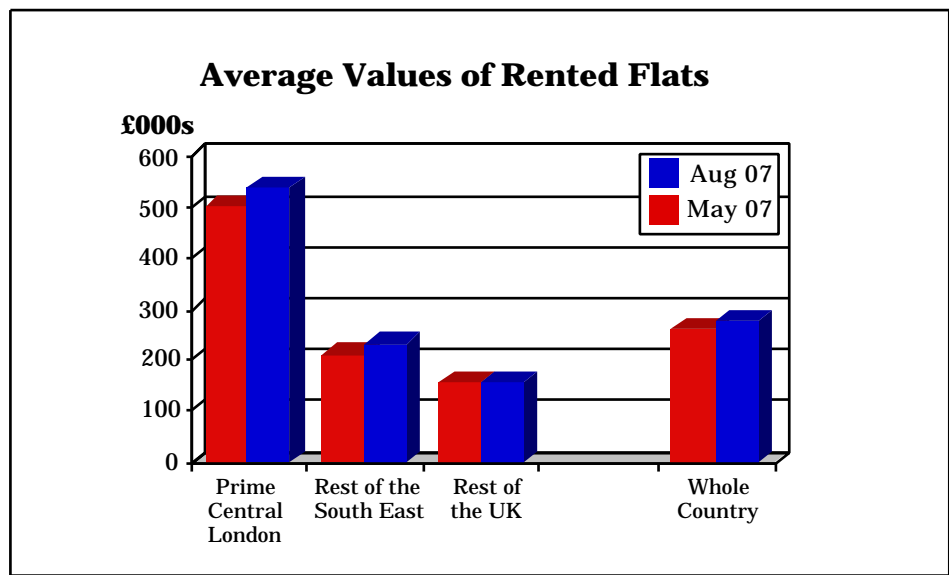
More than half of respondents (53%) say that the average value of a rented flat in their area is between £100,000 and £200,000.

However, more than one in twenty respondents (6%), say the average value of a rented flat in their area is below £100,000 compared with less than one in fifty (1.7%) 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 £275,800.

Average Value of Flats	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Up to £100,000	-	1.6	12.8	5.8
£100,001 to £150,000	2.2	18.5	44.7	25.9
£150,001 to £200,000	8.8	34.8	27.7	26.8
£200,001 to £350,000	20.9	32.6	9.0	20.7
£350,001 to £500,000	30.8	6.5	1.1	9.1
£500,001 to £750,000	15.4	2.2	1.1	4.3
£750,001 to £1 Million	8.8	0.5	-	1.9
Over £1 Million	8.8	-	-	1.7
Not stated	4.4	3.3	3.7	3.7
Base: All respondents	(91)	(184)	(188)	(463)

As with rented houses, there are big differences between the values of rented flats in the different regional areas with the average for Prime Central London being more than half a million pounds (£534,800) compared with £228,400 in the Rest of South East and just £155,700 in the Rest of the UK.

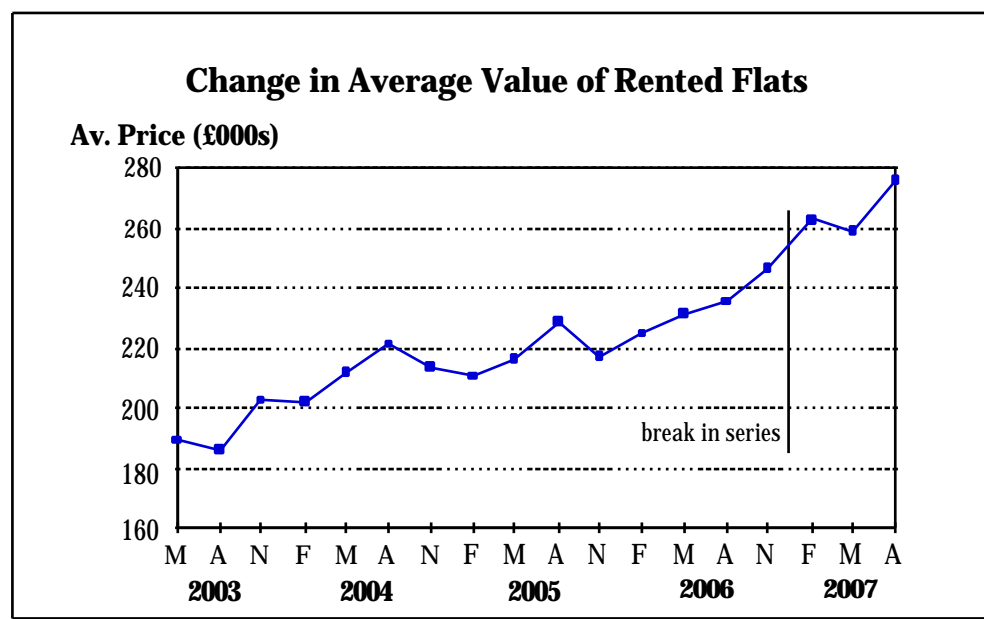


Compared with three months ago, the overall weighted average value of a rented flat has risen by 6.4% from £259,300 to £275,800.

Geographic Region	Average Value of Rented Flats (000s)			
	Nov 06	Feb 07	May 07	Aug 07
Prime Central London	476.6	504.2	501.0	534.8
South East	190.2	211.6	210.5	228.4
Rest of UK	158.4	159.9	153.0	155.7
All Regions (weighted)	246.5	262.8	259.3	275.8
Base: All respondents	(372)	(525)	(463)	(463)

Within that overall change, the average value of rented flats in the Rest of the South East has risen by 8.5% and in Prime Central London by 6.7%. The increase for the Rest of the UK was more muted at 1.8%.

As can be seen from the chart below, over the last four years, the average value of a rented flat has increased by 46% from £189,100 in the second quarter of 2003 to £275,800 now despite the occasional temporary downturn.



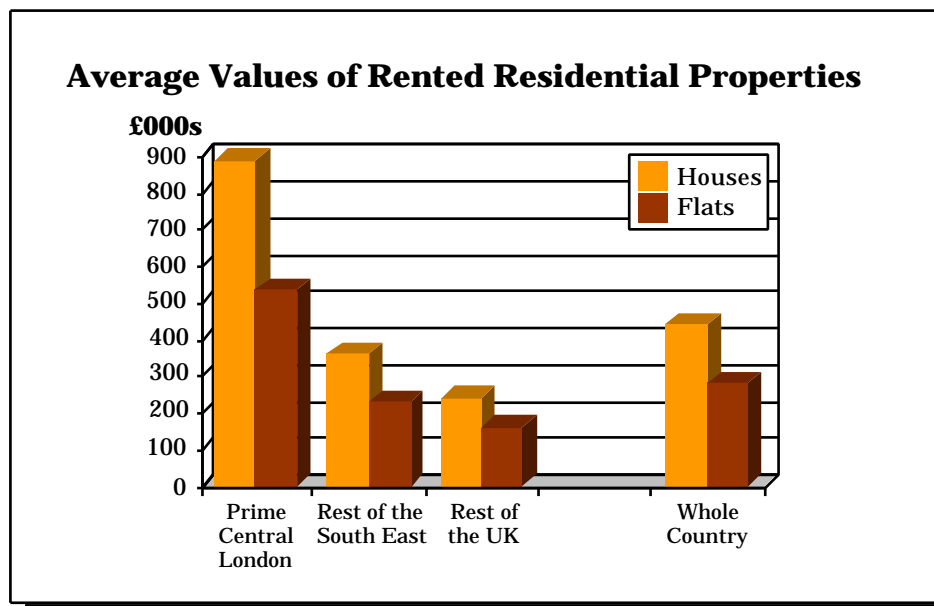
## Summary

As was to be expected, average values of rented houses are much higher than those of rented flats with the figure for houses in Prime Central London being 66% higher than that for flats.

There is also a big difference between the values of houses and flats in the rest of the country although the difference is a little less marked at 57% for the Rest of the South East and 53% for the Rest of the UK.

Geographic Region	Average Value of Properties (000s)	
	Houses	Flats
Prime Central London	887.6	534.8
South East	359.0	228.4
Rest of UK	238.8	155.7
All Regions (weighted)	442.6	275.8

Base: All respondents (463)



#### 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 more than half of all respondents (52%) 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%	20.9	14.1	14.9	15.8
4% to 5%	46.2	51.6	54.3	51.6
6%	6.6	17.9	13.3	13.8
7%	4.4	3.3	1.6	2.8
8%	5.5	2.7	3.2	3.5
9% to 10%	4.4	2.7	3.7	3.5
11% to 12%	2.2	1.1	0.5	1.1
12% to 15%	-	1.6	1.1	1.1
Over 15%	-	-	1.1	0.4
Not stated	9.9	4.9	6.4	6.5
Base: All respondents	(91)	(184)	(188)	(463)

There is some difference in rates of return between the three broad geographic areas with the average for Prime Central London being the lowest at 4.8% compared with 5.0% for the rest of the South East and the Rest of the UK.

<b>Geographic Region</b>	<b>Average Rental Return (%)</b>			
	<b>Nov 06</b>	<b>Feb 07</b>	<b>May 07</b>	<b>Aug 07</b>
Prime Central London	5.3	4.7	4.7	4.8
South East	5.0	5.0	4.8	5.0
Rest of UK	4.8	5.1	5.0	5.0
All Regions (weighted)	5.0	5.0	4.8	5.0
Base: All respondents	(372)	(525)	(463)	(463)

Compared with three months ago, the overall average weighted rental return on houses is up from 4.8% to 5.0%, reversing the change seen then.

The average rental return on houses in Prime Central London is up from 4.7% to 4.8% and that for the Rest of the South East is also up, from 4.8% to 5.0%, whilst that for the Rest of the UK is unchanged at 5.0%.

## **Flats**

A rental return of between 4% and 5% also appears to be the norm for rented flats with more than half of respondents (56%) saying that this applies to their area. Analysis of these results reveals a weighted average rental return on rented flats 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%	11.0	11.4	13.3	12.1
4% to 5%	52.7	56.5	55.9	55.5
6%	9.9	14.7	12.2	12.7
7%	3.3	4.3	4.8	4.3
8%	6.6	2.2	3.7	3.7
9% to 10%	6.6	2.7	1.6	3.0
11% to 12%	1.1	1.1	0.5	0.9
12% to 15%	-	-	0.5	0.2
Over 15%	-	1.1	1.1	0.9
Not stated	8.8	6.0	6.4	6.7
Base: All respondents	(91)	(184)	(188)	(463)

There is some difference in the rates of return for rented flats between the different geographical areas, with the average for Prime Central London, at 5.1%, being the highest and that the Rest of the South East, at 4.9%, being the lowest.

<b>Geographic Region</b>	<b>Average Rental Return (%)</b>			
	<b>Nov 06</b>	<b>Feb 07</b>	<b>May 07</b>	<b>Aug 07</b>
Prime Central London	5.6	5.2	5.1	5.1
South East	5.1	5.2	4.9	4.9
Rest of UK	4.8	5.0	5.0	5.0
All Regions (weighted)	5.1	5.1	5.0	5.0
Base: All respondents	(372)	(525)	(463)	(463)

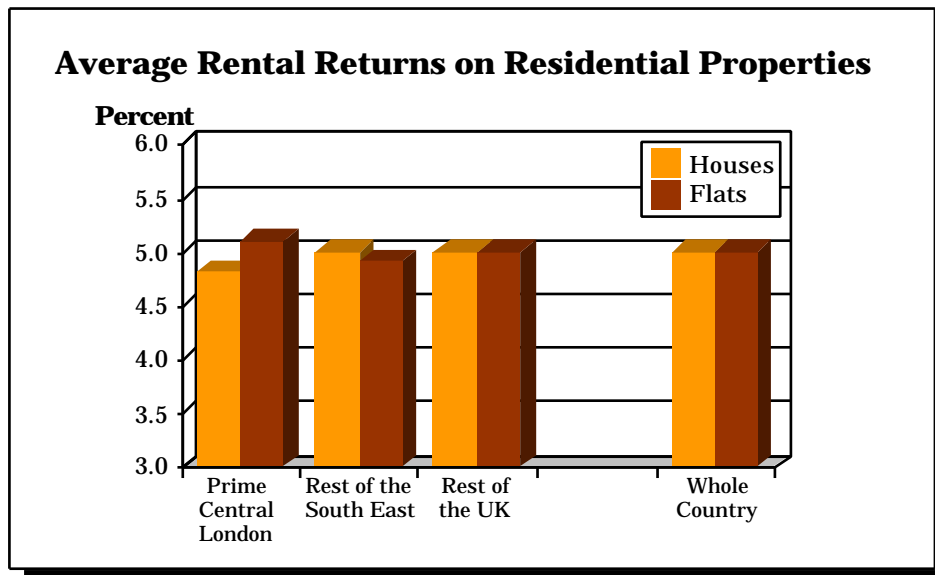
Compared with the last survey in May, the overall weighted average rental return on flats is unchanged, something which also applies to each of the broad geographic areas.

**Summary**

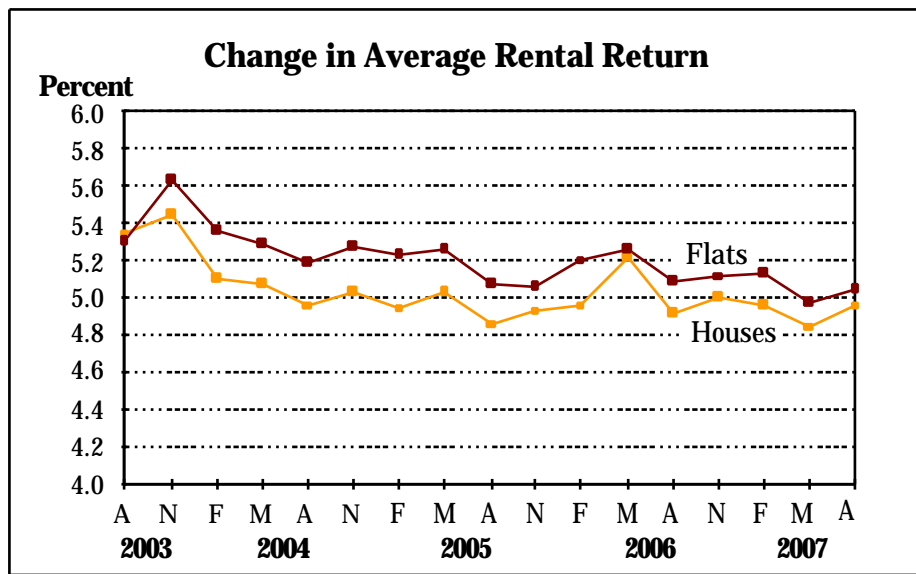
The lowest rental returns are currently being earned on houses in Prime Central London (4.8%) whilst, at the other end of the scale, average rental returns are highest for flats in Prime Central London (5.1%).

Geographic Region	Average Rental Return (%)	
	Houses	Flats
Prime Central London	4.8	5.1
South East	5.0	4.9
Rest of UK	5.0	5.0
All Regions (weighted)	5.0	5.0

Base: All respondents (463)



Overall, flats appear to earn a higher gross return in Prime Central London than do houses but this does not apply to the same extent in the Rest of the South East and not at all in the Rest of the UK.



As can be seen in the chart above, after quite a long period of declining average rental returns, the averages for both houses and flats turned upwards in the autumn of 2005. The very sharp reduction a year ago followed a sharp increase, but the long term trend still appears to be downwards despite the increase seen this quarter.

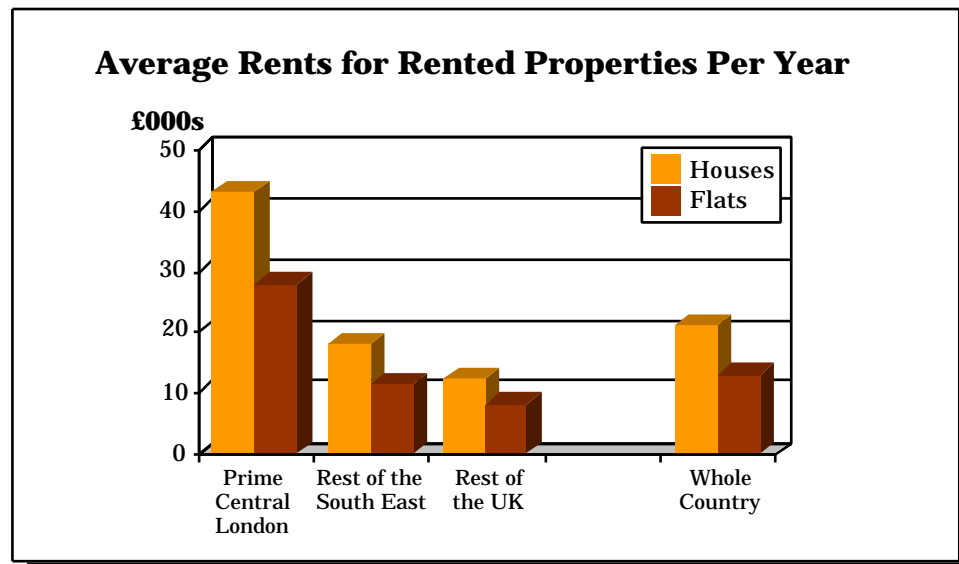
### **Average Rents**

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

Geographic Region	Average Rents - Aug 07					
	HOUSES			FLATS		
	Week (£)	Month (£)	Year (£000)	Week (£)	Month (£)	Year (£000)
Prime Central London	819	3,550	42.6	525	2,273	27.3
South East	345	1,496	18.0	215	933	11.2
Rest of UK	230	995	11.9	150	649	7.8
All Regions (weighted)	399	1,730	20.8	248	1,076	12.9

Base: All respondents (463)

In the case of all the broad geographic regions, the average rent of a house is more than half as much again as the average rent for a flat (between 53% and 60% higher).



Compared with three months ago, average rents for houses are up by 6% as a result of rises of 12% for the Rest of the South East, 4% for the Rest of the UK and 2% for respondents managing properties in Prime Central London.

Average rents for flats are also up overall by 6% with rises recorded in all the three main geographic areas. For respondents in the Rest of the South East average rents for flats rose by 9% compared with rises of 7%

for respondents managing properties in Prime Central London and 2% for respondents in the Rest of the UK.

<b>Geographic Region</b>	<b>Average Rents - May 07</b>					
	<b>HOUSES</b>			<b>FLATS</b>		
	<b>Week</b>	<b>Month</b>	<b>Year</b>	<b>Week</b>	<b>Month</b>	<b>Year</b>
	<b>(£)</b>	<b>(£)</b>	<b>(£000)</b>	<b>(£)</b>	<b>(£)</b>	<b>(£000)</b>
Prime Central London	800	3,466	41.6	491	2,129	25.6
South East	309	1,340	16.1	198	860	10.3
Rest of UK	221	958	11.5	147	638	7.7
All Regions (weighted)	399	1,730	20.8	248	1,076	12.9

Base: All respondents (463)

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 (15) being for the North West.

<b>Geographic Region</b>	<b>Average Rents - Aug 07</b>					
	<b>HOUSES</b>			<b>FLATS</b>		
	<b>Week</b>	<b>Month</b>	<b>Year</b>	<b>Week</b>	<b>Month</b>	<b>Year</b>
	<b>(£)</b>	<b>(£)</b>	<b>(£000)</b>	<b>(£)</b>	<b>(£)</b>	<b>(£000)</b>
Prime Central London	819	3,550	42.6	525	2,273	27.3
Rest of London	456	1,976	23.7	305	1,322	15.9
Rest of South East	317	1,372	16.5	198	859	10.3
South West	251	1,087	13.0	164	710	8.5
Midlands	207	895	10.7	130	564	6.8
North West	219	951	11.4	145	628	7.5
North East	188	815	9.8	120	518	6.2
Scotland/Wales/NI	246	1,068	12.8	165	716	8.6

Base: All respondents (463)

<b>Geographic Region</b>	<b>Average Rents - May 07</b>					
	<b>HOUSES</b>			<b>FLATS</b>		
	<b>Week</b>	<b>Month</b>	<b>Year</b>	<b>Week</b>	<b>Month</b>	<b>Year</b>
	<b>(£)</b>	<b>(£)</b>	<b>(£000)</b>	<b>(£)</b>	<b>(£)</b>	<b>(£000)</b>
Prime Central London	800	3,466	41.6	491	2,129	25.6
Rest of London	448	1,942	23.3	285	1,235	14.8
Rest of South East	276	1,196	14.4	178	769	9.2
South West	266	1,152	13.8	160	694	8.3
Midlands	200	865	10.4	132	572	6.9
North West	201	870	10.4	162	700	8.4
North East	184	797	9.6	142	614	7.4
Scotland/Wales/NI	182	787	9.4	145	629	7.6

Base: All respondents (463)

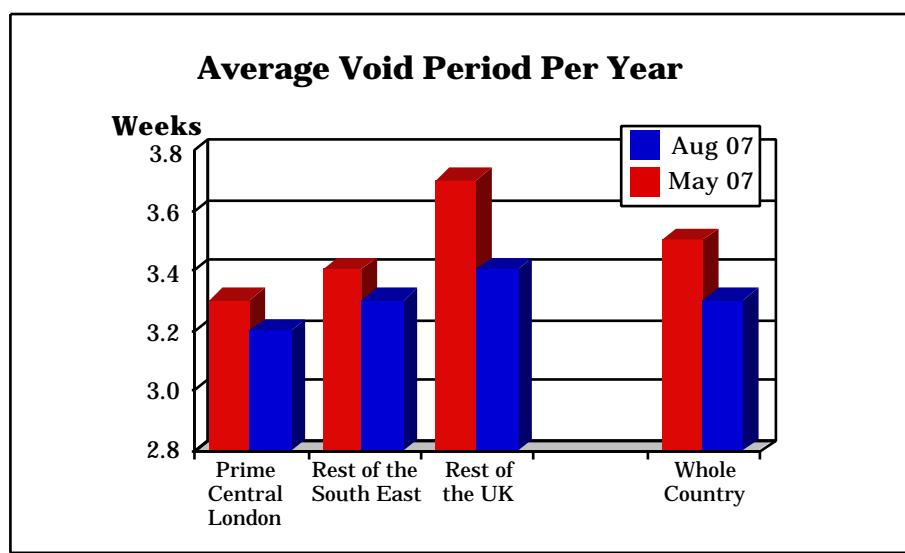
#### 4.6 Average Void Period Per Year (Q.8)

Average void periods for rented residential properties tend to be quite short with nearly three quarters of ARLA members' offices (73%) reporting averages of 4 weeks or less per year and, in addition, almost two out of ten (19%) saying the average is between 5 and 6 weeks.

These figures indicate an overall average void rate of 3.3 weeks (23 days) per year.

Average Void Period	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Less than 2 weeks	20.9	16.8	17.0	17.7
2 to 4 weeks	59.3	58.2	51.1	55.5
5 to 6 weeks	15.4	17.4	22.9	19.2
7 to 8 weeks	2.2	4.3	3.7	3.7
More than 8 weeks	1.1	-	-	0.2
Don't know	-	2.2	4.3	2.6
Not stated	1.1	1.1	1.1	1.1
Base: All respondents	(91)	(184)	(188)	(463)

Respondents from the Rest of the UK experience a slightly higher void period than average at 3.4 weeks (24 days) whilst the average void period for the Rest of the South East is 3.3 weeks (23 days) and that for Prime Central London is 3.2 weeks (22 days).

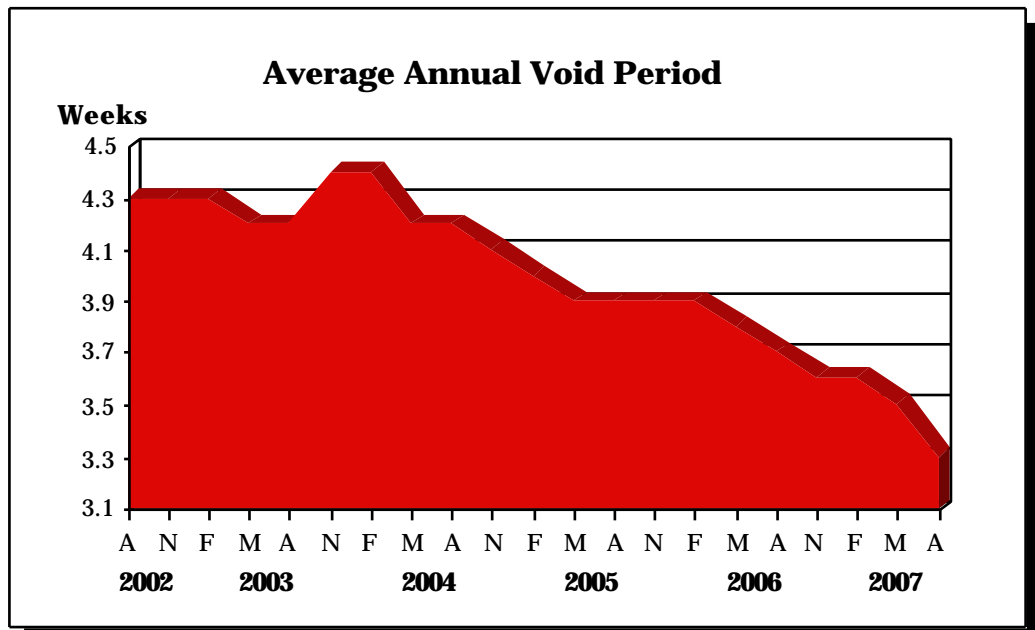


Compared with three months ago, the average void period for the whole country is down a little from 3.5 weeks (25 days) to 3.3 weeks (23 days).

There are some differences in the figures for each of the broad geographic areas with that for the Rest of the UK falling by 0.3 weeks (2.1 days) whilst those for Prime Central London and the Rest of the South East have only fallen by 0.1 weeks (0.7 days).

<b>Geographic Region</b>	<b>Average Void Period (weeks)</b>			
	<b>Nov 06</b>	<b>Feb 07</b>	<b>May 07</b>	<b>Aug 07</b>
Prime Central London	3.7	3.5	3.3	3.2
South East	3.4	3.6	3.4	3.3
Rest of UK	3.8	3.7	3.7	3.4
All Regions	3.6	3.6	3.5	3.3
Base: All respondents	(372)	(525)	(463)	(463)

As can be seen from the chart below, the average has been declining for some time and has fallen by a quarter from a high of 4.4 weeks (31 days) per year in the winter of 2003/2004 to 3.3 weeks (23 days) now.



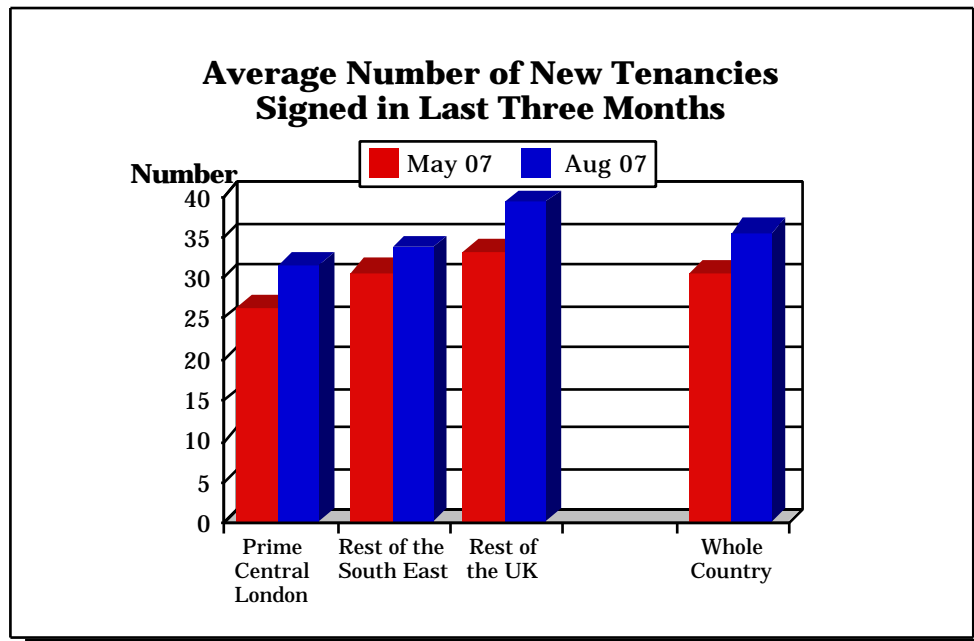
**4.7 Number of New Tenancies (Not Renewals) Signed Up in the Last Three Months (Q.9)**

more than eight out of ten ARLA members' offices (82%) have signed up more than 10 new tenancies (other than renewals) in the last three months with almost six out of ten (59%) having signed up more than 20 and a quarter (25%) more than 50.

Analysis of these results reveals that, on average, ARLA members' offices have each signed up 35 new tenancies in the last three months.

Number of Tenancies	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
None	-	-	-	-
Up to 5	4.4	6.5	4.3	5.2
6 to 10	8.8	11.4	14.4	12.1
11 to 20	35.2	23.4	18.6	23.8
21 to 50	34.1	38.0	29.3	33.7
Over 50	17.6	20.7	32.4	24.8
Not stated	-	-	1.1	0.4
Base: All respondents	(91)	(184)	(188)	(463)

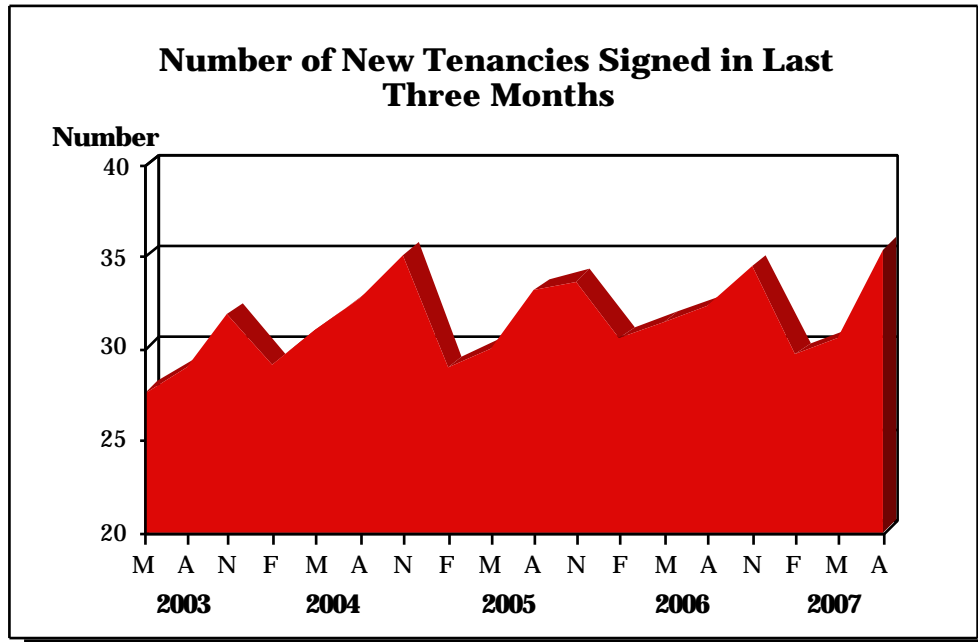
Offices managing properties in Prime Central London have fared less well than those in the Rest of the South East and those in the Rest of the UK with the average figures being 31 for Prime Central London compared with 34 for the Rest of the South East and 39 for the Rest of the UK.



Compared with the last survey, there has been quite a sharp increase in the average number of new tenancies signed up in the preceding three months from 31 to 35. This increase is reflected in increases for each of the three broad geographic areas.

<b>Geographic Region</b>	<b>Number of New Tenancies</b>			
	<b>Nov 06</b>	<b>Feb 07</b>	<b>May 07</b>	<b>Aug 07</b>
Prime Central London	30.3	26.8	26.1	31.4
South East	33.8	28.7	30.6	33.5
Rest of UK	37.6	32.3	33.1	39.1
All Regions	34.4	29.7	30.5	35.4
Base: All respondents	(372)	(525)	(463)	(463)

As can be seen from the chart below, the increase seen this quarter appears to be seasonal with similar increases in the average number of new tenancies occurring in the third quarter for each of the last four years.



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

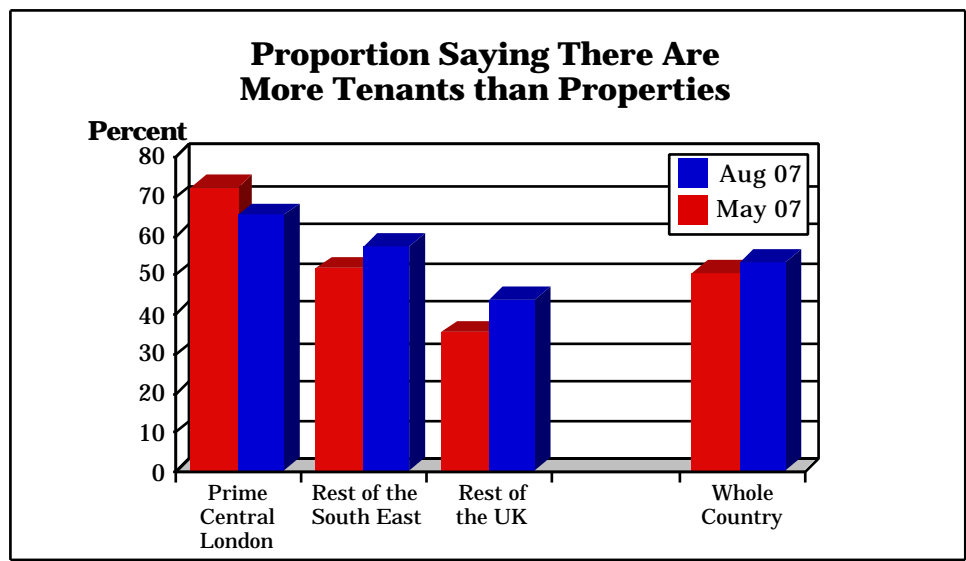
More than half of ARLA members' offices (53%) say that there are currently more tenants than there are properties available for them.

This compares with only a third as many (18%) who believe that there are more residential properties available for rent than there are tenants to fill them. However, nearly three out of ten (28%) believe that supply of, and demand for, rented residential properties is in balance.

These figures suggest that, overall, the demand for and supply of rented residential properties is fairly well balanced although demand may be outstripping supply in some places.

<b>Balance of Supply and Demand</b>	<b>Percent of Respondents (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
Lot more props than tenants	1.1	2.2	7.4	4.1
Few more props than tenants	5.5	13.6	18.1	13.8
Equal nos of props & tenants	27.5	26.1	29.8	27.9
Lot more tenants than props	36.3	31.0	21.8	28.3
Few more tenants than props	28.6	26.1	21.8	24.8
Not stated	1.1	1.1	1.1	1.1
Base: All respondents	(91)	(184)	(188)	(463)

Once again, Prime Central London has the highest proportion of respondents saying that there are more tenants than properties (65%) with the comparative figure for the Rest of the South East being 57% and that for the Rest of the UK being 44%.



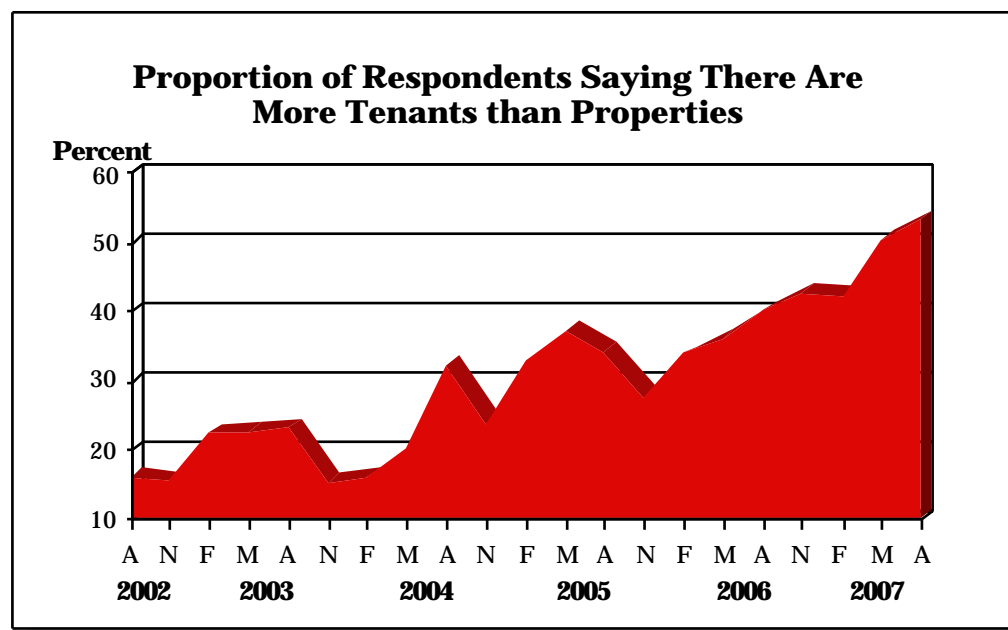
Compared with three months ago, there has been an overall improvement with the proportion of respondents saying there are more tenants than properties rising from 50% to 53% suggesting that the

situation with regard to the balance of supply and demand has continued to improve since May.

However, there is some divergence from this overall average for each of the three main geographic areas with the average for those managing properties in Prime Central London falling from 72% to 65% whilst that for the Rest of the UK rose from 35% to 44% and that for the Rest of the South East from 52% to 57%.

<b>Geographic Region</b>	<b>Proportion Saying There Are More Tenants than Properties (%)</b>			
	<b>Nov 06</b>	<b>Feb 07</b>	<b>May 07</b>	<b>Aug 07</b>
Prime Central London	71.0	62.3	72.0	64.8
South East	36.8	41.5	51.9	57.1
Rest of UK	32.1	32.9	35.1	43.6
All Regions	42.7	42.3	50.3	53.1
Base: All respondents	(372)	(525)	(463)	(463)

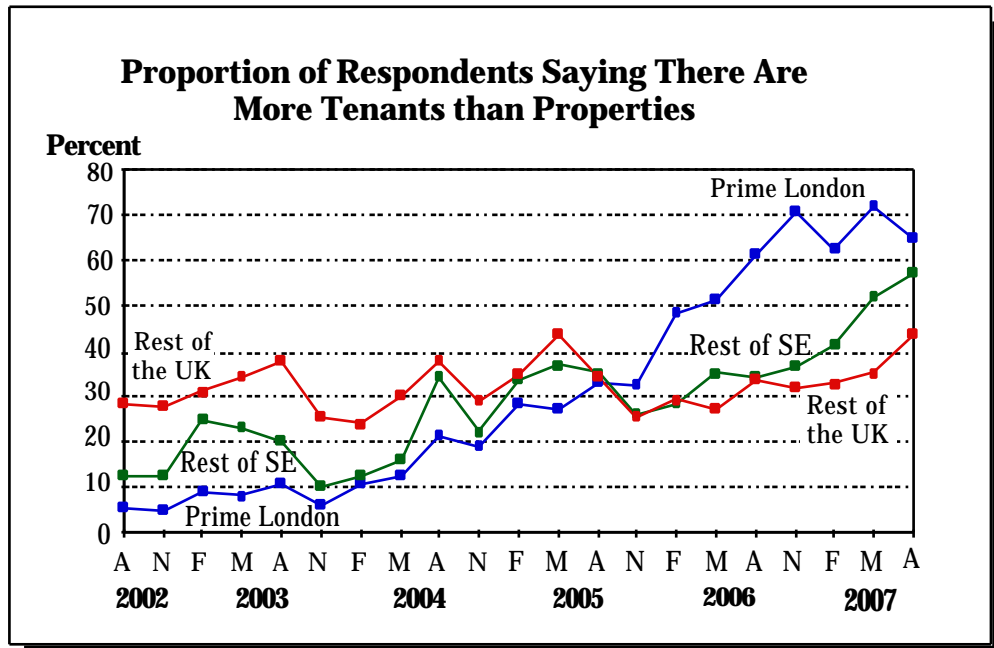
As the chart below shows, the proportion of respondents saying that there are more tenants than properties is now at its highest level since this question was first asked five years ago.



Looking at changes for each of the broad geographic areas over the last five years, as can be seen from the chart below, the most dramatic turnaround has taken place in Prime Central London where the proportion of respondents saying that there are more tenants than there are properties available for them has risen thirteenfold, from a low of 5% in the last quarter of 2002 to 65% now.

In the Rest of the South East, the figure has also risen but not as dramatically, growing nearly sixfold from a low of 10% in the last quarter of 2003 to the present figure of 57%.

In the Rest of the UK, on the other hand, the figure has remained relatively steady at between 30% and 40% although it has strayed outside this band from time to time.

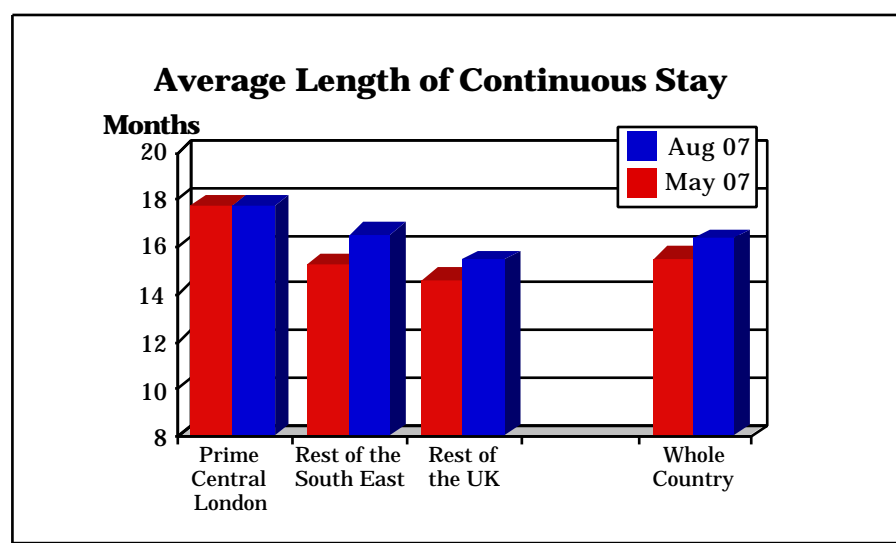


#### 4.9 Average Length of Continuous Stay in Property (Q.11)

Nearly three quarters of tenants (73%) remain in the same property for between 10 and 18 months. Based on these figures, tenants tend to stay in the same property for an average of 16.3 months.

Average Length of Continuous Stay	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
6 to 9 months	2.2	1.6	6.4	3.7
10 to 12 months	11.0	23.9	30.3	24.0
13 to 18 months	47.3	51.1	46.8	48.6
19 to 24 months	31.9	17.9	11.2	17.9
More than 24 months	6.6	4.9	3.7	4.8
Don't know	1.1	0.5	0.5	0.6
Not stated	-	-	1.1	0.4
Base: All respondents	(91)	(184)	(188)	(463)

The average time a tenant stays in the same property is longest for Prime Central London at 17.7 months compared with 16.5 months for the Rest of the South East and 15.4 months for the Rest of the UK.

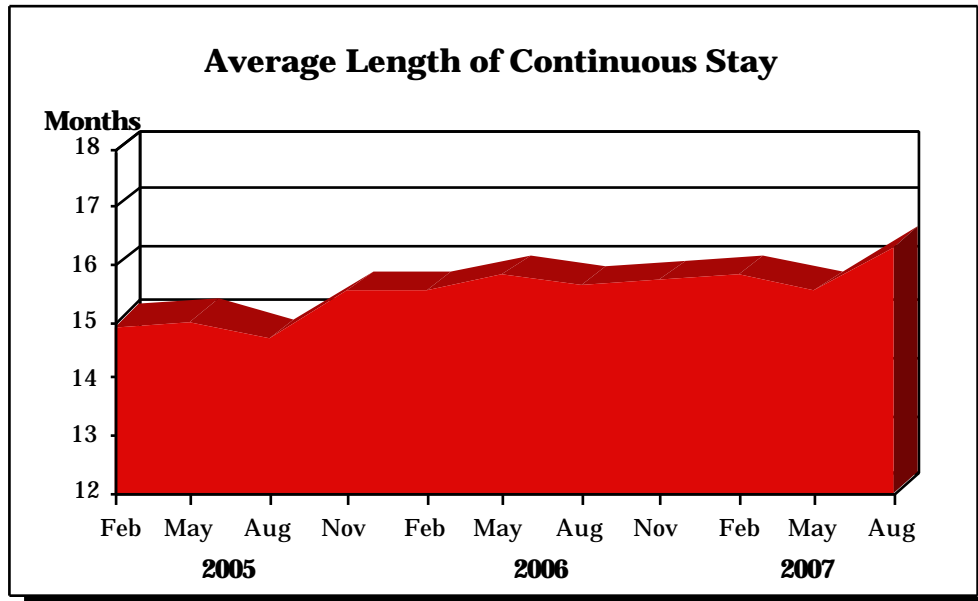


Geographic Region	Average Continuous Stay (months)			
	Nov 06	Feb 07	May 07	Aug 07
Prime Central London	17.2	17.4	17.7	17.7
South East	15.8	16.1	15.2	16.5
Rest of UK	14.7	14.6	14.6	15.4
All Regions	15.7	15.8	15.5	16.3
Base: All respondents	(372)	(525)	(463)	(463)

Compared with the last survey, there have been increases in the averages for the Rest of the South East and the Rest of the UK with the

average for the Rest of the South East rising from 15.2 months to 16.5 months and that for the Rest of the UK rising from 14.6 months to 15.4 months whilst that for Prime Central London has remained unchanged at 17.7 months.

As can be seen from the chart below, the average length of stay in a property has not changed much over the last two and a half years although it has risen slightly and the increase seen this quarter is the second largest we have seen.



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

##### *All Regions*

In the case of each of the listed property types, between 43% and 57% of ARLA members' offices believe that achievable rent levels have increased over the last six months whilst only between 3% and 11% 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	5.8	5.6	5.6	7.6	10.4	7.6
Increased a little	44.9	50.3	51.8	41.0	42.8	35.4
Stayed the same	32.6	31.5	32.4	34.3	31.3	36.5
Decreased a little	5.4	2.4	2.4	7.8	10.6	6.5
Decreased a lot	0.6	0.4	0.4	0.4	0.4	0.6
Don't know	8.6	7.8	5.4	6.9	2.6	11.4
Not stated	1.9	1.9	1.9	1.9	1.9	1.9

Base: All respondents (463)

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, there is a bigger spread between property types in Prime Central London with between 54% and 79% saying that achievable rent levels for each type of property have risen.

With regard to the proportions who think achievable rent levels in Prime Central London have decreased, the spread is smaller and at a lower level than for the whole country with between 2% and 6% 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	14.3	13.2	17.6	27.5	34.1	19.8
Increased a little	39.6	41.8	47.3	51.6	45.1	48.4
Stayed the same	18.7	18.7	18.7	8.8	12.1	19.8
Decreased a little	2.2	1.1	1.1	4.4	5.5	2.2
Decreased a lot	1.1	2.2	2.2	1.1	-	-
Don't know	23.1	22.0	12.1	5.5	2.2	8.8
Not stated	1.1	1.1	1.1	1.1	1.1	1.1

Base: All respondents (91)

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

### *Rest of the South East*

With regard to the Rest of the South East, the picture is close to the overall average for the whole country with between 42% and 61% of respondents saying that achievable rent levels have increased compared with between 2% and 9% 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	4.9	3.8	2.7	4.3	7.1	6.5
Increased a little	50.5	57.1	57.1	41.3	47.3	35.9
Stayed the same	29.9	28.3	32.1	38.6	32.1	36.4
Decreased a little	4.9	2.2	2.2	7.6	8.7	6.0
Decreased a lot	-	-	-	-	-	0.5
Don't know	7.6	6.5	3.8	6.0	2.7	12.5
Not stated	2.2	2.2	2.2	2.2	2.2	2.2

Base: All respondents (184)

These figures tend to suggest that 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, whilst still being strongly positive, is the least positive. Nevertheless, many more respondents say that achievable rent levels have increased than say they have decreased.

Between 31% and 52% of offices say that achievable rent levels for each type of property have increased whilst only between 3% and 16% believe 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	2.7	3.7	2.7	1.1	2.1	2.7
Increased a little	42.0	47.9	48.9	35.6	37.2	28.7
Stayed the same	42.0	41.0	39.4	42.6	39.9	44.7
Decreased a little	7.4	3.2	3.2	9.6	14.9	9.0
Decreased a lot	1.1	-	-	0.5	1.1	1.1
Don't know	2.7	2.1	3.7	8.5	2.7	11.7
Not stated	2.1	2.1	2.1	2.1	2.1	2.1

Base: All respondents (188)

As with the other geographical areas, it appears from these figures that achievable rent levels in the Rest of the UK have increased significantly over the last six months.

## Summary

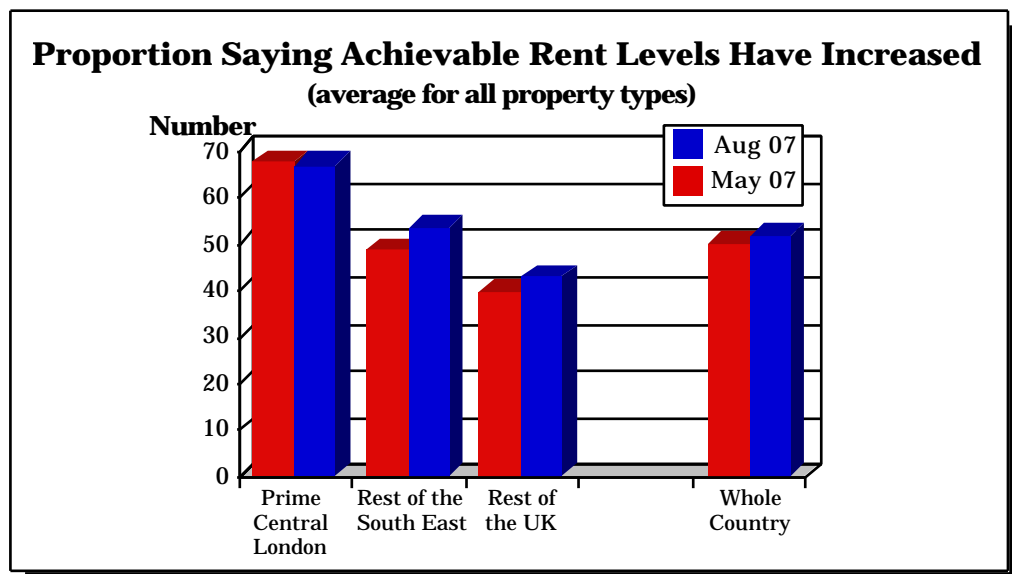
The table and chart below show the proportion of ARLA members' offices from each geographical area who say they believe achievable rent levels have increased for each type of property.

Geographic Region	Percent Saying Achievable Rents Levels Have Increased (%)					
	Det House	Semi House	Terr House	Conv Flat	PB Flat	Studio Flat
Prime Central London	53.8	54.9	64.8	79.1	79.1	68.1
Rest of the South East	55.4	60.9	59.8	45.7	54.3	42.4
Rest of the UK	44.7	51.6	51.6	36.7	39.4	31.4
All regions	50.8	55.9	57.5	48.6	53.1	43.0

Base: All respondents (463)

Compared with three months ago, the average proportion of respondents saying achievable rents across all property types have increased has risen from 50% to 52%.

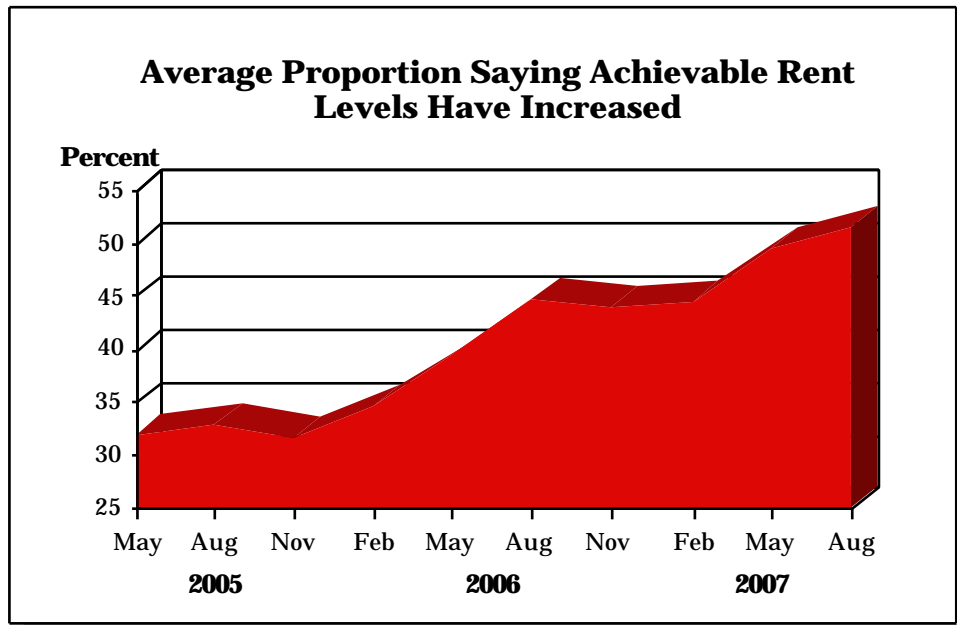
As between the geographic regions, the average proportion of respondents saying achievable rent levels across all property types have increased for Prime Central London is virtually unchanged at 67%. The average for the Rest of the South East is up, from 49% to 53% as is the average for the Rest of the UK, from 39% to 43%.



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 significantly for most of 2006.

Over the winter of 2006/2007, achievable rent levels stabilised but the last two surveys have again seen an increase in the proportion saying achievable rent levels have increased and the figure has now reached another all time high.

<b>Geographic Region</b>	<b>Percent Saying Achievable Rents Have Increased (%)</b>			
	<b>Nov 06</b>	<b>Feb 07</b>	<b>May 07</b>	<b>Aug 07</b>
Prime Central London	60.8	63.8	67.4	66.7
Rest of the South East	38.5	41.7	48.5	53.1
Rest of the UK	39.7	37.1	39.3	42.6
All regions	43.9	44.3	49.5	51.5
Base: All respondents	(372)	(525)	(463)	(463)



**4.11 Extent to Which BTL Landlords See Their Involvement as a Form of Disciplined Savings (Q.13)**

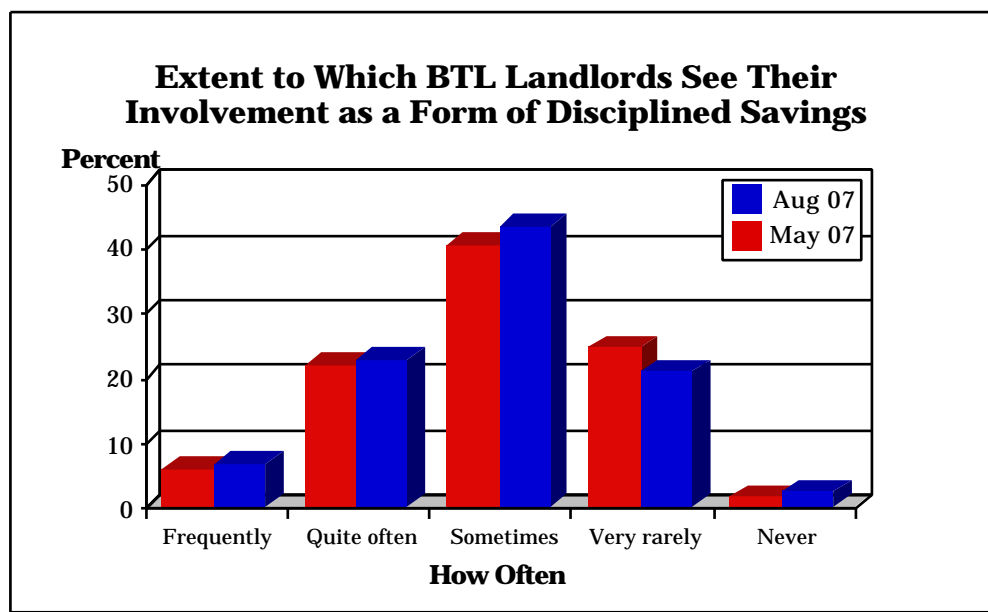
There was a weighting of responses to this question towards the middle option with the highest proportion (43%) saying that landlords do sometimes see their involvement in buy to let as a form of disciplined savings.

Only a few respondents felt either that landlords frequently took this view (7%) or that landlords never did (2%).

<b>How Often</b>	<b>Percent of Respondents (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
Frequently	11.0	6.5	4.3	6.5
Quite often	20.9	21.2	25.0	22.7
Sometimes	38.5	42.9	45.7	43.2
Very rarely	22.0	23.4	18.1	21.0
Never	4.4	1.6	1.6	2.2
Not stated	3.3	4.3	5.3	4.5
Base: All respondents	(91)	(184)	(188)	(463)

There were no big differences between the three broad geographic areas regarding this question although respondents from offices managing properties in Prime Central London were more likely to think that BTL landlords frequently saw their investment as a form of disciplined savings (11% compared with 7% for the Rest of the South East and 4% for the Rest of the UK).

Compared with three months ago, there was little change in the responses to this question although there was a slight shift towards the Frequently end of the spectrum.



<b>How Often</b>	<b>Percent of Respondents (%)</b>	
	<b>May 07</b>	<b>Aug 07</b>
Frequently	5.8	6.5
Quite often	21.8	22.7
Sometimes	40.4	43.2
Very rarely	24.4	21.0
Never	1.5	2.2
Not stated	6.0	4.5
Base: All respondents	(463)	(463)

4.12 **Do Investor Landlords Tend to be Cautious in Terms of Equity and/or Rental Income (Q.14)**

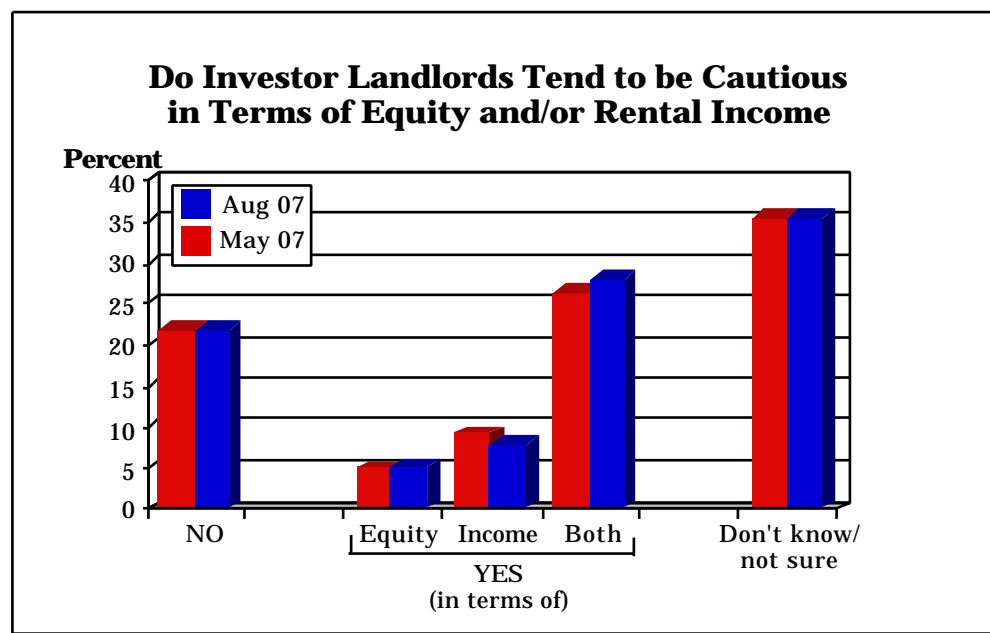
More than a third of respondents (35%) were unsure whether investor landlords tended to be cautious in terms of equity and/or rental income but more than four out of ten (41%) believed that investor landlords were cautious, at least in terms of one or the other if not both.

Nevertheless, more than a fifth of respondents (22%) did not think investor landlords were cautious in these terms.

Response	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
No	15.4	24.5	22.3	21.8
YES, in terms of:				
- equity	4.4	6.0	4.3	5.0
- rental income	8.8	6.0	9.0	7.8
- both	34.1	25.5	27.1	27.9
Don't know/not sure	37.4	35.3	34.6	35.4
Not stated	-	2.7	2.7	2.2
Base: All respondents	(91)	(184)	(188)	(463)

The main difference in responses to this question as between respondents from each of the three broad geographic areas was that those from offices managing properties in Prime Central London were much more likely than others to think that investor landlords were cautious.

Compared with the survey in May, there has been hardly any change in the overall results from this question.



<b>Response</b>	<b>Percent of Respondents (%)</b>	
	<b>May 07</b>	<b>Aug 07</b>
No	21.8	21.8
YES, in terms of:		
- equity	4.8	5.0
- rental income	9.1	7.8
- both	26.3	27.9
Don't know/not sure	35.4	35.4
Not stated	2.6	2.2
Base: All respondents	(463)	(463)

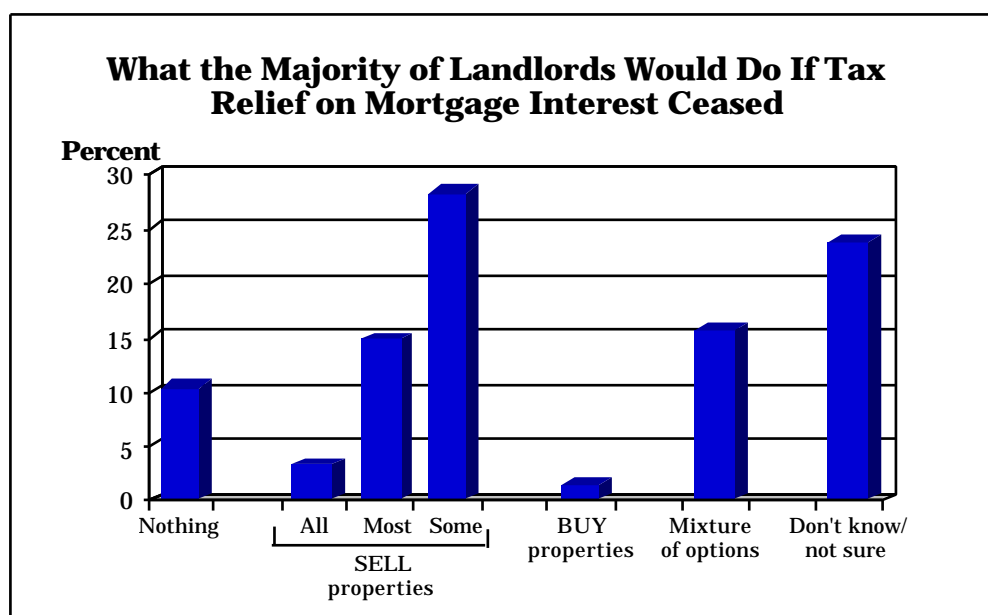
#### 4.13 What the Majority of Landlords Would Do If Tax Relief on Mortgage Interest Ceased (Q.15)

Almost a quarter of respondents (24%) were unsure what the majority of landlords would do if tax relief on mortgage interest ceased to be allowed but nearly half (46%) believed that landlords would sell at least some of their properties if such a change was made.

One in ten respondents (10%) thought the majority of landlords would do nothing in the event that mortgage interest tax relief was abolished whilst 16% thought the result would be a mixture of the options of selling, buying or doing nothing.

Action	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Nothing	18.7	8.2	8.5	10.4
<b>SELL</b>				
- all of their properties	3.3	2.2	4.3	3.2
- most of their properties	14.3	13.6	16.0	14.7
- some of their properties	25.3	27.7	29.8	28.1
Buy more properties	3.3	1.1	0.5	1.3
A mixture of these options	12.1	17.4	15.4	15.6
Don't know/not sure	22.0	25.5	22.9	23.8
Not stated	1.1	4.3	2.7	3.0
Base: All respondents	(91)	(184)	(188)	(463)

Respondents from offices managing properties in Prime Central London were much more likely than others to think that investor landlords would do nothing (19% compared with 8% for other respondents).



#### 4.14 **Proportion of Landlords and Tenants Who Are Aware of Tenancy Deposit Protection (Q.15)**

##### *Landlords*

The majority of respondents (68%) believed that more than half of landlords were aware of tenancy deposit protection with only 13% believing that less than a quarter were aware of it.

Analysis of these figures reveals that, on average, respondents believe that more than six out of ten landlords (63%) are aware of tenancy deposit protection.

<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>
None	-	-	1.1	0.4
Up to 10%	5.5	3.3	6.9	5.2
11% to 25%	6.6	4.9	11.2	7.8
26% to 50%	15.4	15.2	17.6	16.2
51% to 75%	26.4	28.3	25.5	26.8
76% to 90%	26.4	21.2	18.1	21.0
Over 90%	18.7	24.5	17.0	20.3
Not stated	1.1	2.7	2.7	2.4
Base: All respondents	(91)	(184)	(188)	(463)

Looking at differences between the three geographic areas, it appears that landlords in the Rest of the UK are slightly less likely to be aware of tenancy deposit protection with the average for respondents from that area being 58% compared with 67% for the Rest of the South East and 64% for Prime Central London.

##### *Tenants*

Respondents were fairly well spread across the range of responses to this question in terms of whether they thought tenants were aware of tenancy deposit protection, with 55% believing that less than half of tenants were aware of it compared with 41% who thought that more than half were aware of it.

Analysis of these figures reveals that, on average, respondents think that less than half of tenants (46%) are currently aware of tenancy deposit protection.

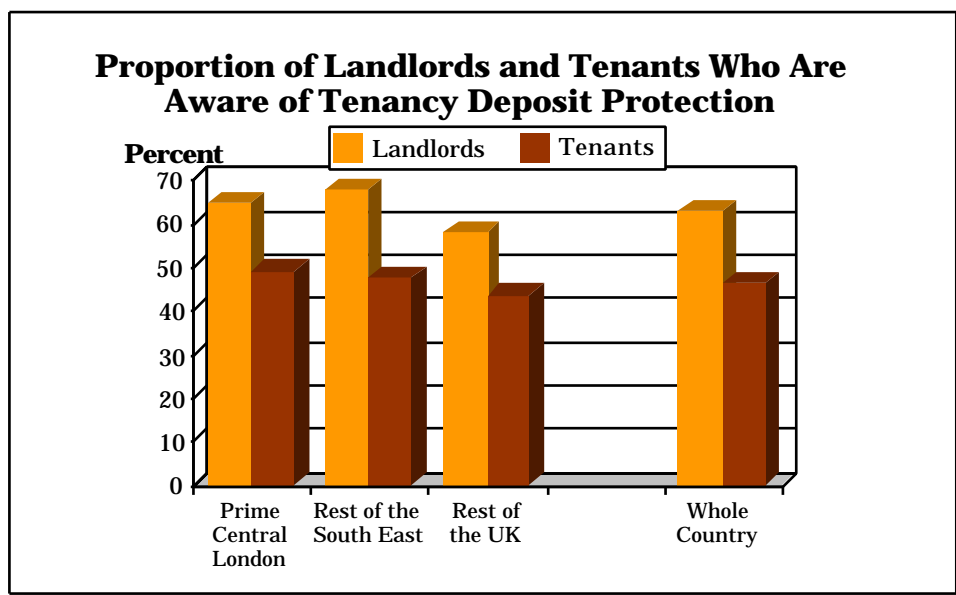
Looking at differences between the three geographic areas, it appears that tenants in Prime Central London are slightly more likely to be aware of tenancy deposit protection with the average for respondents from that area being 49% compared with 47% for the Rest of the South East and 43% for the Rest of the UK.

<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>
None	1.1	0.5	3.2	1.7
Up to 10%	7.7	12.5	17.0	13.4
11% to 25%	15.4	15.2	14.4	14.9
26% to 50%	29.7	26.1	21.8	25.1
51% to 75%	22.0	20.1	18.1	19.7
76% to 90%	13.2	12.0	10.6	11.7
Over 90%	8.8	10.3	9.6	9.7
Not stated	2.2	3.3	5.3	3.9
Base: All respondents	(91)	(184)	(188)	(463)

### Summary

It would appear from responses to this question that, according to ARLA members' perceptions, there is a considerable lack of awareness of tenancy deposit protection amongst landlords and tenants with more than half of tenants (54%) and getting on for four out of ten landlords (37%) being unaware of it.

<b>Landlords/Tenants</b>	<b>Percent of Respondents (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
Landlords	64.3	67.3	57.8	62.9
Tenants	48.6	47.2	43.3	46.0
Base: All respondents	(91)	(184)	(188)	(463)



Compared with the results from the last survey three months ago, there appears to have been a substantial increase in awareness of tenancy

deposit protection with the proportion of landlords aware of it increasing from 55% to 63% and the proportion of tenants aware of it increasing from 35% to 46%.

Nevertheless substantial minorities of both landlords and tenants would appear, according to ARLA members, to be unaware of the legislation.

<b>Landlords/ Tenants</b>	<b>Percent of Respondents Aware (%)</b>	
	<b>May 07</b>	<b>Aug 07</b>
Landlords	54.5	62.9
Tenants	35.4	46.0
Base: All respondents	(463)	(463)

#### 4.15 **Proportion of Landlords Who Have Joined Each Tenancy Deposit Protection Organisation (Q.16)**

This question sought to determine ARLA members' estimation of the proportions of landlords who had joined or been signed up for each of the main tenancy deposit protection organisations.

However, it is clear from many responses that a relatively high proportion had little idea of the answer to this question and two out of ten did not answer it. A further proportion clearly answered the question in terms of the landlords they had dealings with rather than the market as a whole and we believe that this has tended to inflate the figures for membership of the Tenancy Deposit Scheme supported by ARLA, NAEA & RICS.

For these reasons, the results from this question need to be treated with a degree of caution.

Nevertheless, those respondents who did answer the question provide some pointers to the actual situation regarding membership of tenancy deposit protection organisations.

##### *Tenancy Deposit Scheme (supported by ARLA, NAEA & RICS)*

More than four out of ten ARLA members' offices (45%) said that they thought more than half of landlords had joined the Tenancy Deposit Scheme.

Analysis of the responses to this question suggests that, overall, two thirds of landlords (67%) have joined this organisation.

<b>Proportion of Landlords</b>	<b>Percent of Respondents (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
None	9.9	15.2	16.5	14.7
Up to 10%	8.8	6.0	3.7	5.6
11% to 25%	7.7	2.2	2.7	3.5
26% to 50%	14.3	7.1	3.2	6.9
51% to 75%	6.6	9.2	10.1	9.1
76% to 90%	9.9	11.4	14.9	12.5
Over 90%	20.9	29.9	19.1	23.8
Don't know	5.5	4.3	3.7	4.3
Not stated	16.5	14.7	26.1	19.7
Base: All respondents	(91)	(184)	(188)	(463)

It would appear that landlords in the Rest of the South East are more likely than their counterparts in the rest of the country to have joined this organisation with 70% having done so compared with 65% of those in the Rest of the UK and 62% of those in Prime Central London.

*Tenancy Deposit Solutions (run through the NLA)*

Getting on for half of ARLA members' offices (46%) said that they thought no landlords had joined Tenancy Deposit Solutions which is run through the National Landlords Association.

Nevertheless, analysis of the responses to this question suggests that, overall, 7% of landlords have joined this organisation.

<b>Proportion of Landlords</b>	<b>Percent of Respondents (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
None	40.7	50.5	43.1	45.6
Up to 10%	17.6	15.8	19.7	17.7
11% to 25%	9.9	6.5	3.2	5.8
26% to 50%	4.4	2.7	2.7	3.0
51% to 75%	2.2	1.1	0.5	1.1
76% to 90%	1.1	-	-	0.2
Over 90%	-	1.1	-	0.4
Don't know	7.7	7.6	4.8	6.5
Not stated	16.5	14.7	26.1	19.7
Base: All respondents	(91)	(184)	(188)	(463)

It would appear that landlords in Prime Central London are more likely than their counterparts in the rest of the country to have joined this organisation with 11% having done so compared with 7% of those in the Rest of the South East and 5% of those in the Rest of the UK.

*Tenancy Deposit Protection Service (the custodial scheme)*

Four out of ten ARLA members' offices (40%) said that they thought no landlords had joined the Tenancy Deposit Protection Service (the custodial scheme).

Again, analysis of the responses to this question suggests that, overall, more than one in eight landlords (13%) have joined this organisation.

<b>Proportion of Landlords</b>	<b>Percent of Respondents (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
None	41.8	47.3	31.4	39.7
Up to 10%	14.3	16.8	18.6	17.1
11% to 25%	7.7	7.6	8.0	7.8
26% to 50%	8.8	3.3	2.7	4.1
51% to 75%	-	2.7	2.7	2.2
76% to 90%	2.2	0.5	3.7	2.2
Over 90%	1.1	-	2.1	1.1
Don't know	7.7	7.1	4.8	6.3
Not stated	16.5	14.7	26.1	19.7
Base: All respondents	(91)	(184)	(188)	(463)

It would appear that landlords in the Rest of the UK are considerably more likely than their counterparts in the rest of the country to have joined this organisation with 17% having done so compared with 13% of those in Prime Central London and 9% of those in the Rest of the South East.

### *Don't Take Deposits*

More than four out of ten ARLA members' offices (43%) said that they thought at least some landlords did not take deposits from tenants and analysis of the responses to this question suggests that, overall, more than one in twenty landlords (6%) don't take deposits and therefore do not need to join a scheme.

<b>Proportion of Landlords</b>	<b>Percent of Respondents (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
None	54.9	61.4	53.2	56.8
Up to 10%	7.7	6.0	10.1	8.0
11% to 25%	-	2.2	2.1	1.7
26% to 50%	1.1	0.5	1.1	0.9
51% to 75%	2.2	1.6	-	1.1
76% to 90%	-	-	0.5	0.2
Over 90%	1.1	2.7	0.5	1.5
Don't know	16.5	10.9	6.4	10.2
Not stated	16.5	14.7	26.1	19.7
Base: All respondents	(91)	(184)	(188)	(463)

Landlords in Rest of the South East seem to be least likely to take tenancy deposits with, on average, 7% not doing so compared with 6% for Prime Central London and 4% for the Rest of the UK .

### *Unaware of Need to Join a Scheme*

Almost half of ARLA members' offices (49%) said that they didn't believe that any landlords were unaware of the need to join a tenancy deposit protection organisation but analysis of the responses to this question suggests that, overall, around one in thirteen landlords (8%) are currently unaware of the need to join a scheme.

<b>Proportion of Landlords</b>	<b>Percent of Respondents (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
None	50.5	54.3	48.4	51.2
Up to 10%	9.9	10.9	6.9	9.1
11% to 25%	4.4	4.3	4.3	4.3
26% to 50%	-	1.6	4.3	2.4
51% to 75%	2.2	0.5	1.6	1.3
76% to 90%	-	1.1	0.5	0.6
Over 90%	2.2	1.1	0.5	1.1
Don't know	14.3	11.4	7.4	10.4
Not stated	16.5	14.7	26.1	19.7
Base: All respondents	(91)	(184)	(188)	(463)

It would appear that landlords in the Rest of the UK and in Prime Central London are a little more likely than their counterparts in the rest of the country to be unaware of the need to join a tenancy deposit organisation with 8% (in both cases) being unaware compared with 7% of those in the Rest of the South East.

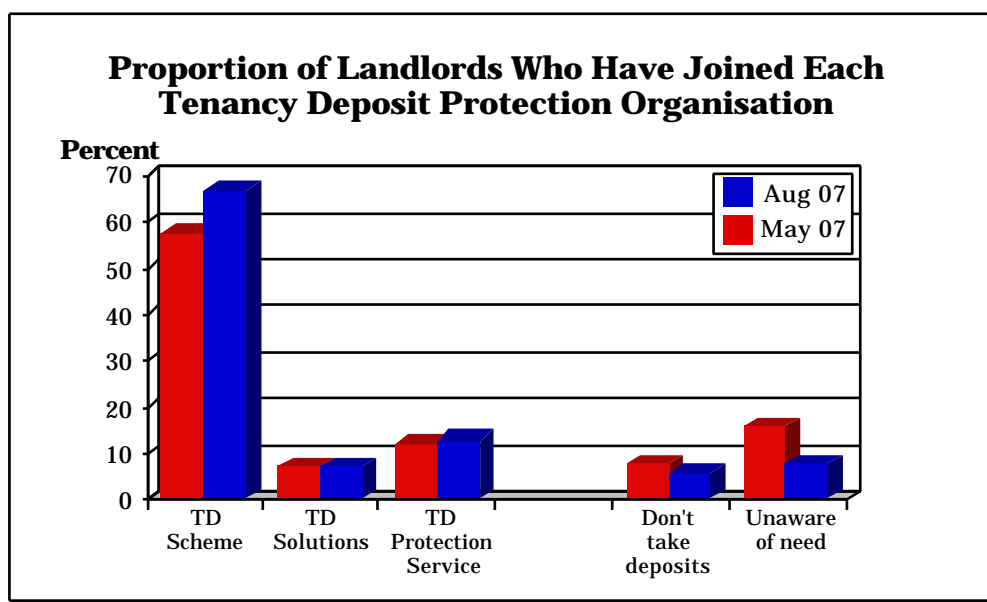
### *Summary*

The results from this question suggest that landlords have tended to join the Tenancy Deposit Scheme (supported by ARLA, the NAEA & RICS) rather than one of the other schemes, but see the note of caution above regarding this.

<b>Scheme Joined</b>	<b>Average Proportion of Landlords (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
TD Scheme	61.8	70.0	65.4	66.6
TD Solutions	10.6	7.3	5.0	7.1
TD Protection Service	13.3	8.6	17.4	12.9
Don't take deposits	5.9	7.3	3.9	5.7
Unaware of need	8.4	6.9	8.3	7.7
Base: All respondents	(91)	(184)	(188)	(463)

There appears to still be a significant minority of landlords (8%) who are unaware of the need to join a tenancy deposit protection organisation

although this figure has halved (from 16% to 8%) in the last three months. Apart from this the only significant change compared with the survey in May is an increase in the proportion signed up to the Tenancy Deposit Scheme from 57% to 67%.



Scheme Joined	Average Proportion of Landlords (%)	
	May 07	Aug 07
TD Scheme	57.4	66.6
TD Solutions	7.2	7.1
TD Protection Service	11.9	12.9
Don't take deposits	7.7	5.7
Unaware of need	15.7	7.7
Base: All respondents	(463)	(463)

**4.16 How Are Landlords Currently Acting Over Their NET Investment in Residential Property (Q.18)**

Almost six out of ten ARLA members' offices (59%) think that residential landlords are currently marking time with regard to their net investment in residential property.

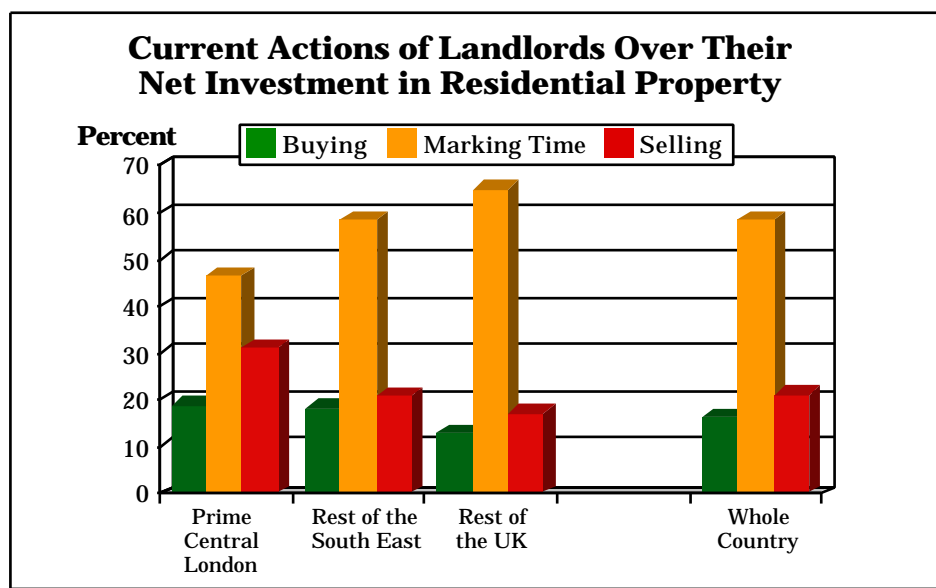
However, more than two out of ten respondents (21%) think landlords are decreasing their net investment by selling properties, a figure which compares with one in six (16%) who think landlords are increasing their net investment by buying more properties.

<b>How Landlords Are Currently Acting</b>	<b>Percent of Respondents (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
Buying	18.7	17.9	12.8	16.0
Marking time	46.2	58.2	64.9	58.5
Selling	30.8	20.7	17.0	21.2
Not stated	4.4	3.3	5.3	4.3
Base: All respondents	(91)	(184)	(188)	(463)

Geographically, it would appear from responses to this question that landlords in Prime Central London are now considerably more likely to be selling properties (31%) than they are to be buying properties (19%).

However, this is not the case with landlords in the Rest of the South East where roughly equal proportions of respondents say landlords are buying (18%) as say they are selling (21%).

The situation in the Rest of the UK is similar to that in the Rest of the South East with 13% of respondents saying landlords are buying compared with 17% who say they are selling.



Compared with three months ago, there has been a quite dramatic change with the proportion of respondents who think landlords are currently selling properties reducing by a third from 31% to 21% and the proportion saying landlords are buying falling from 19% to 16%. Conversely, the proportion saying landlords are marking time has risen, from 44% to 59%.

<b>How Currently Acting</b>	<b>Percent of Respondents (%)</b>			
	<b>Nov 06</b>	<b>Feb 07</b>	<b>May 07</b>	<b>Aug 07</b>
Buying	31.7	29.5	19.2	16.0
Marking time	53.2	53.0	43.8	58.5
Selling	14.2	14.7	30.5	21.2
Not stated	0.8	2.9	6.5	5.3
Base: All respondents	(372)	(525)	(463)	(463)

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, the results from the last quarter's survey suggested that this has reversed again with more landlords selling properties than buying them and this has been confirmed by this quarter's results, albeit the gap between the two has closed quite a lot.



# Questionnaire