

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  
  
Fourth Quarter 2007**

**Prepared by:**

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## **CONTENTS**

	<b>Page</b>
1. INTRODUCTION & BACKGROUND	3
2. METHODOLOGY	4
3. SUMMARY	5
4. RESULTS	7

## **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 2,070 letting offices of ARLA members in November 2007 and 517 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 fallen by 1.3% over the last three months as a result of falls of 5.2% in the Rest of the South East and 4.5% in the Rest of the UK. Conversely, average values of houses for those managing properties in Prime Central London have increased by 2.9%.
- Over the same period the average value of rented flats throughout the country fell by 1.1% as a result of falls of 0.4% in Prime Central London, 2.3% in the Rest of the South East and 0.6% in the Rest of the UK.
- The average weighted rental returns for houses are down from 5.0% to 4.8% compared with three months ago, reversing the change seen then, whilst the equivalent figure for flats is down from 5.0% to 4.9%.
- On balance ARLA members report increased achievable rent levels over the last six months on all types of rented property with higher proportions in Prime Central London (72% compared with 67% three months ago) and in the Rest of the UK (44% compared with 43%) saying this was the case although in the Rest of the South East the proportion was down slightly from 53% to 52%.
- 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 (64%, down marginally from 65% three months ago) now saying there are more tenants than there are properties available for them. Meanwhile, the proportion of members in the Rest of the UK who say there are more tenants than properties has also fallen (from 44% to 38%) but the proportion of those in the Rest of the South East who say this has remained constant at 57%. Overall, the proportion saying there are more tenants than properties available for them is now at its second highest level since these surveys began more than five years ago and has increased more than threefold, from 15% to 50%, in the last five years.
- More than one in ten ARLA members (11%) say that landlords are currently buying more properties, a figure which is down from 16% in the third quarter but the proportion who now say landlords are currently selling properties has fallen to a similar extent, from 21% to 16%, with the result that the proportion saying landlords are marking time has increased quite sharply from 59% to 71%.
- Compared with the third quarter, the average void period has risen a little from 3.3 weeks (23 days) to 3.4 weeks (24 days) and the average number of new tenancies signed up in the preceding three months was 36, up a little from 35 in the third 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 unchanged compared with the third quarter of the year and the average number of purely investment properties which are managed by ARLA members' offices is also unchanged at 110 properties.

- On average, ARLA members say that tenants remain in the same property for a period of 16.1 months, a figure which is down from 16.3 months in August.
- Nearly eight out of ten ARLA members (78%, up from 72% three months ago) believe that buy to let landlords do at least sometimes see their involvement as a form of disciplined savings although only 6% say this is frequently the case.
- More than four out of ten ARLA members (44%, up from 41% in August) believe that landlords tend to be cautious about their investment in buy to let property with 32% (down from 35%) being unsure whether they are or not and an unchanged 22% believing they are not.
- Although nearly a quarter of respondents (24%, unchanged compared with three months ago) were unsure about it, nearly half (46%, also unchanged) 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 8% (down from 10%) believed landlords would do nothing whilst two out of ten (20%, down from 16%) thought that a mixture of these options would apply.
- On average, ARLA members believe that 35% of landlords (down from 37% three months ago) are unaware of tenancy deposit protection but in the case of tenants, this figure rises to 51% although this figure is down a little from 54% in August.
- According to ARLA members, almost seven out of ten landlords (69%, up from 67% 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 6% of landlords (down from 8% three months ago) are unaware of the need to join one of these organisations.

## 4. RESULTS

The following sections detail the results of the survey for the fourth 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.

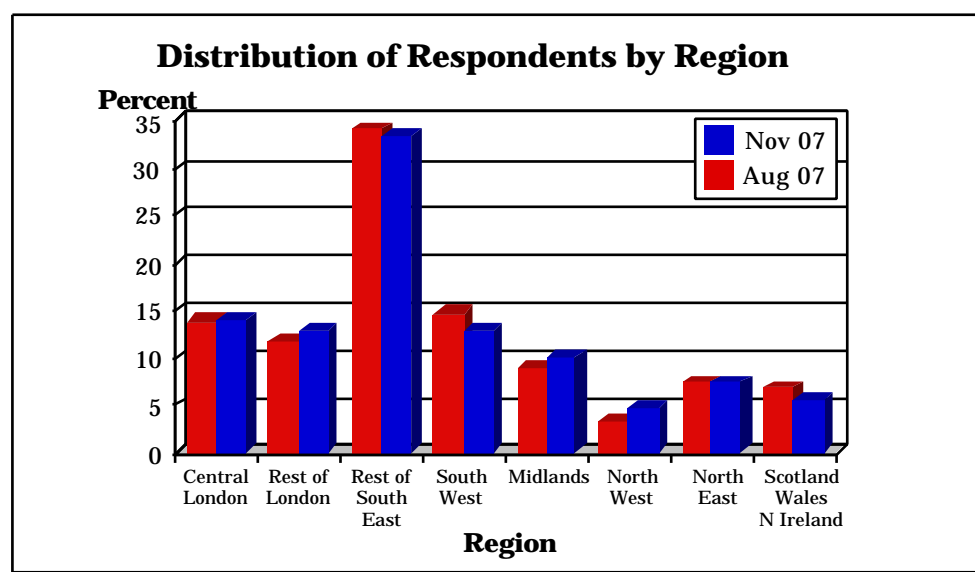
### 4.1 Geographic Location (Q.1)

The South East, including London, was the region with the highest proportion of ARLA member offices responding, accounting for six out of ten respondents (60%).

After the South East, the South West with 13% was the region with the most respondents.

Region	Percent of Respondents (%)		
	May 07	Aug 07	Nov 07
Central London	15.8	13.8	13.9
Rest of London ( <i>inside M25</i> )	13.8	11.7	12.8
South East ( <i>excl. London</i> )	33.7	33.9	33.3
South West	11.7	14.5	12.8
Midlands	7.8	8.9	9.9
North West	3.9	3.2	4.6
North East	7.8	7.3	7.2
Scotland/Wales/NI	5.6	6.7	5.6
Base: All respondents	(463)	(463)	(517)

Compared with the August survey, there has been little change in the regional breakdown of respondents with the main differences being that there were fewer respondents from the South West and Scotland/Wales/Northern Ireland and more from the Rest of London, the Midlands and the North West.



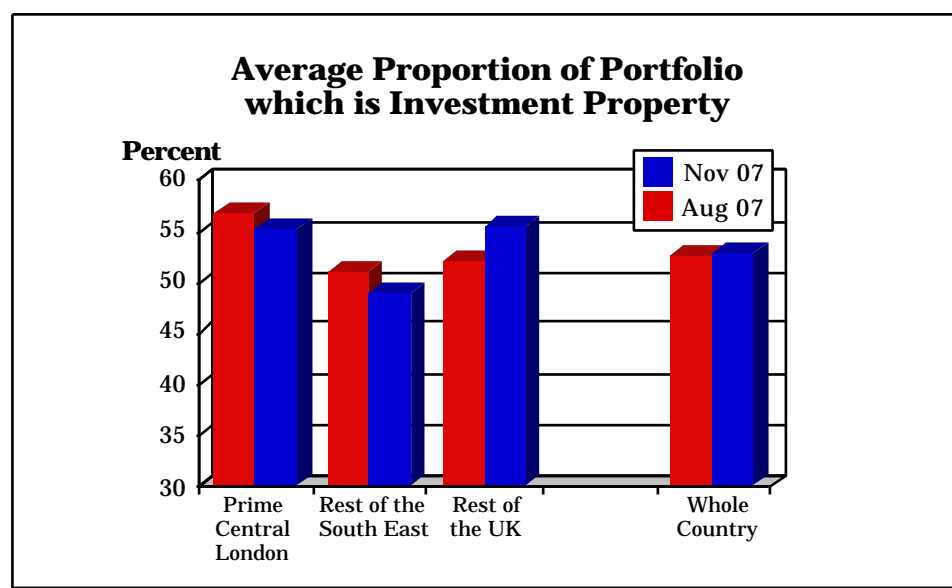
## 4.2 Proportion of Portfolio Made Up of Investment Property (Q.4)

Most respondents (83%) said that more than a quarter of their portfolio is investment property with more than two out of ten (22%) saying that more than three quarters of theirs is investment property. Investment properties comprise a tenth or less of their portfolio for just one in twenty offices (5%).

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

Proportion of Portfolio	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
None	-	1.0	0.5	0.6
Up to 10%	2.8	5.9	3.9	4.4
11% to 25%	10.3	12.8	9.7	11.0
26% to 50%	25.2	29.6	25.1	26.9
51% to 75%	34.6	33.0	35.3	34.2
Over 75%	25.2	16.7	25.1	21.9
Not stated	1.9	1.0	0.5	1.0
Base: All respondents	(107)	(203)	(207)	(517)

For offices in the Rest of the South East, investment properties appear to make up a smaller proportion of their portfolios with the average being 49% compared with 55% for offices managing properties in Prime Central London and for those in the Rest of the UK.



Compared with the last survey in August, the average proportion of portfolios which are in the form of investment property is marginally up, from 52.6% to 52.8%, as a result of an increase for the Rest of the UK.

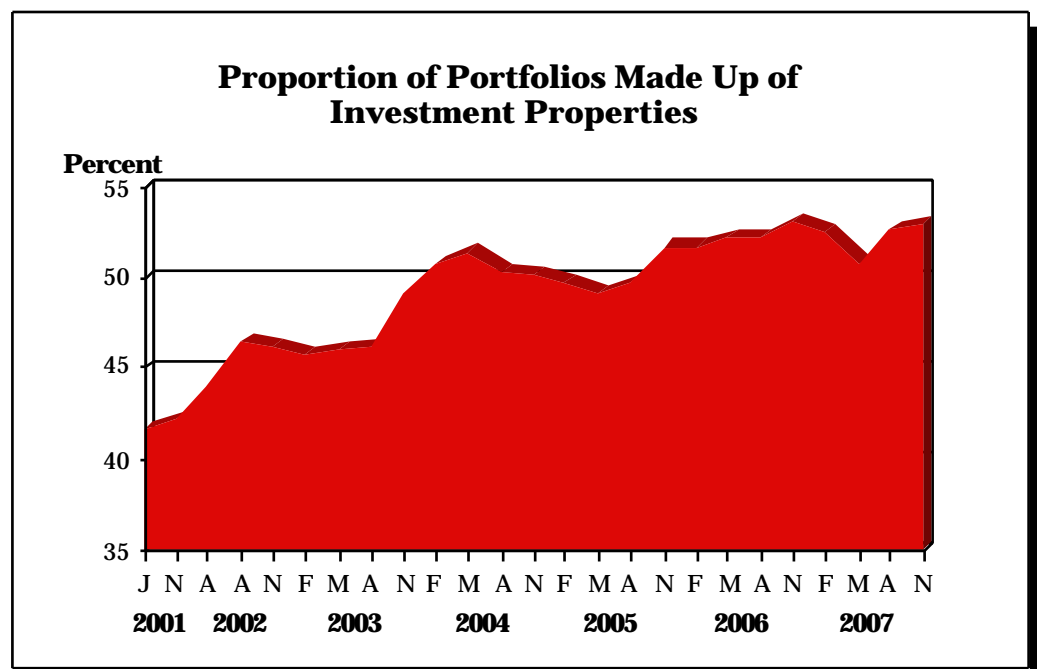
<b>Geographic Region</b>	<b>Average Proportion of Portfolio (%)</b>			
	<b>Feb 07</b>	<b>May 07</b>	<b>Aug 07</b>	<b>Nov 07</b>
Prime Central London	53.8	52.3	56.9	55.1
South East	53.1	47.0	51.1	48.9
Rest of UK	51.0	53.6	51.9	55.3
All Regions	52.4	50.7	52.6	52.8
Base: All respondents	(525)	(463)	(463)	(517)

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 the last two surveys have brought the figure very close to the all time high reached in the last quarter of 2006.



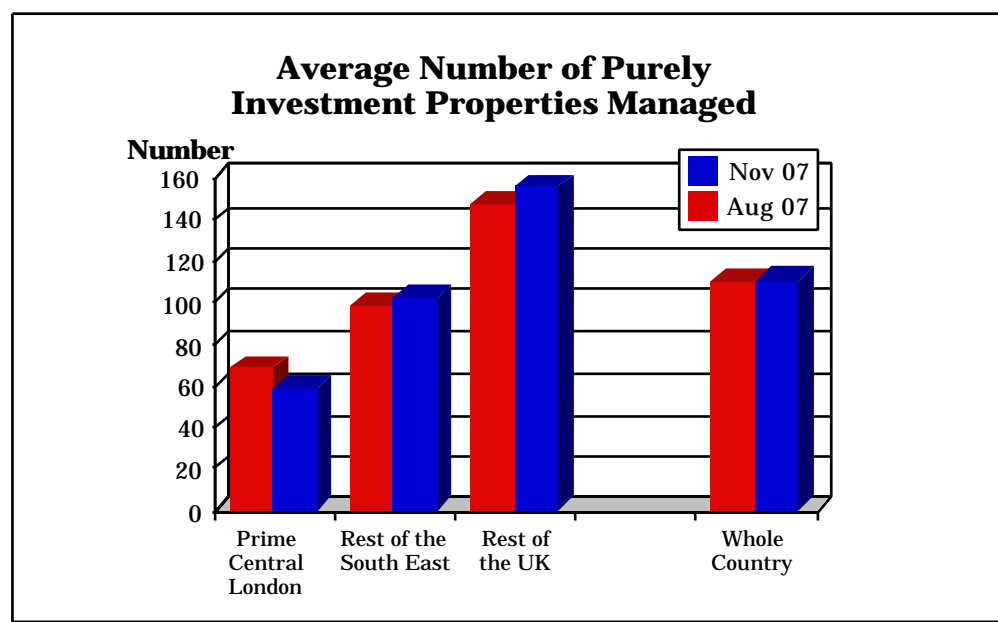
### 4.3 Number of Purely Investment Properties Managed (Q.5)

By and large, ARLA offices manage substantial numbers of purely investment properties with more than a third (35%) saying that they manage over a hundred properties and more than three quarters (77%) 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	3.7	5.4	1.9	3.7
6 to 10	7.5	6.9	3.9	5.8
11 to 20	15.9	10.3	9.2	11.0
21 to 50	29.0	19.2	17.9	20.7
51 to 100	23.4	23.2	18.4	21.3
Over 100	18.7	31.5	45.9	34.6
Not stated	1.9	3.4	2.9	2.9
Base: All respondents	(107)	(203)	(207)	(517)

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 59 for Prime Central London, 102 for the Rest of the South East and 155 for the Rest of the UK.



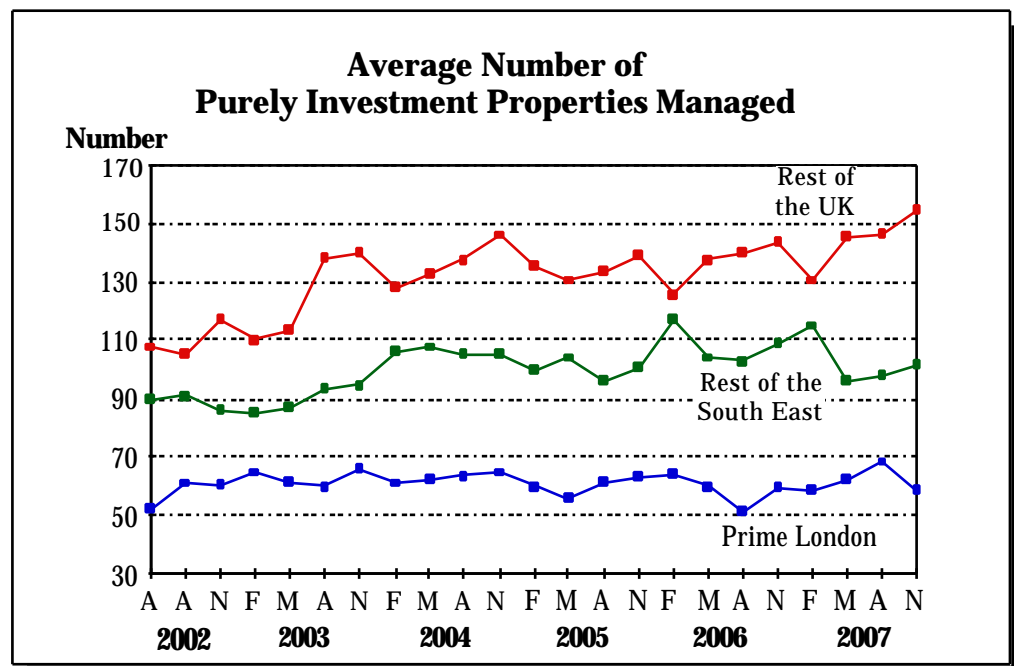
Compared with three months ago, the average number of properties managed is up marginally from 109.9 to 110.2 properties as a result of increases in the averages for the Rest of the South East and the Rest of the UK. The average for Prime Central London, in contrast, was down.

Geographic Region	Average Number of Properties			
	Feb 07	May 07	Aug 07	Nov 07
Prime Central London	57.9	62.4	68.1	58.7
South East	114.8	95.9	97.9	102.0
Rest of UK	130.7	145.7	146.4	154.8
All Regions	107.8	105.6	109.9	110.2
Base: All respondents	(525)	(463)	(463)	(517)

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, has stayed in the range 130 to 150 properties for most of the last four years but has now broken out of this band to reach an all time high.

For Prime Central London the figure has also been relatively steady at an average of between 60 and 70 properties for some time despite occasionally falling below 60, as on this occasion.

The average for the Rest of the South East, however, had evidenced 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 in the second quarter of this year took the average back close to where it was four years ago from which it has since bounced back a little in the second half of 2007.



#### 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.

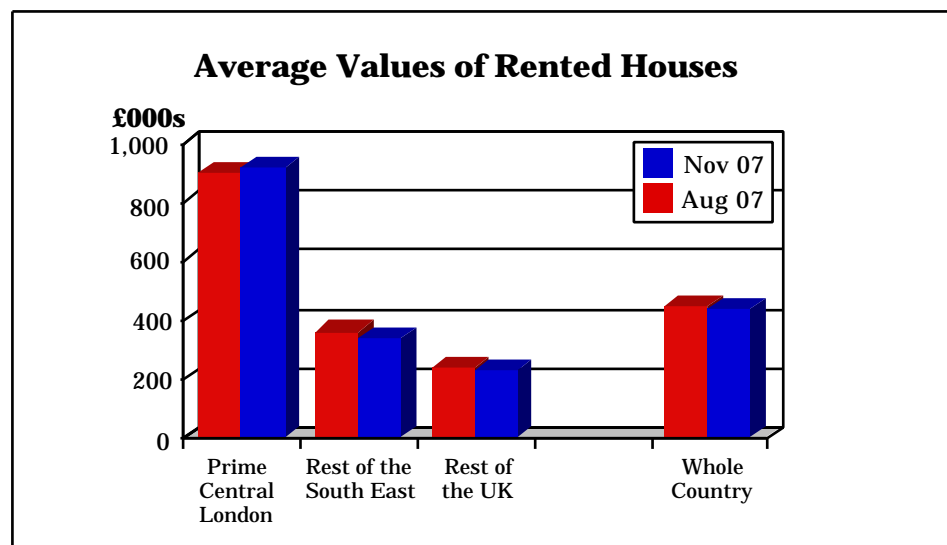
##### **Houses**

More than half of respondents (56%) say that the average value of a rented house in their area is between £150,000 and £350,000.

Less than one in a hundred offices (0.8%) 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 £436,900.

Average Value of Houses	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Up to £100,000	-	-	1.9	0.8
£100,001 to £150,000	-	5.9	14.0	7.9
£150,001 to £200,000	0.9	23.6	44.0	27.1
£200,001 to £350,000	6.5	39.4	30.4	29.0
£350,001 to £500,000	20.6	16.3	6.8	13.3
£500,001 to £750,000	16.8	7.9	1.0	7.0
£750,001 to £1 Million	14.0	3.4	0.5	4.4
Over £1 Million	34.6	2.0	0.5	8.1
Not stated	6.5	1.5	1.0	2.3
Base: All respondents	(107)	(203)	(207)	(517)



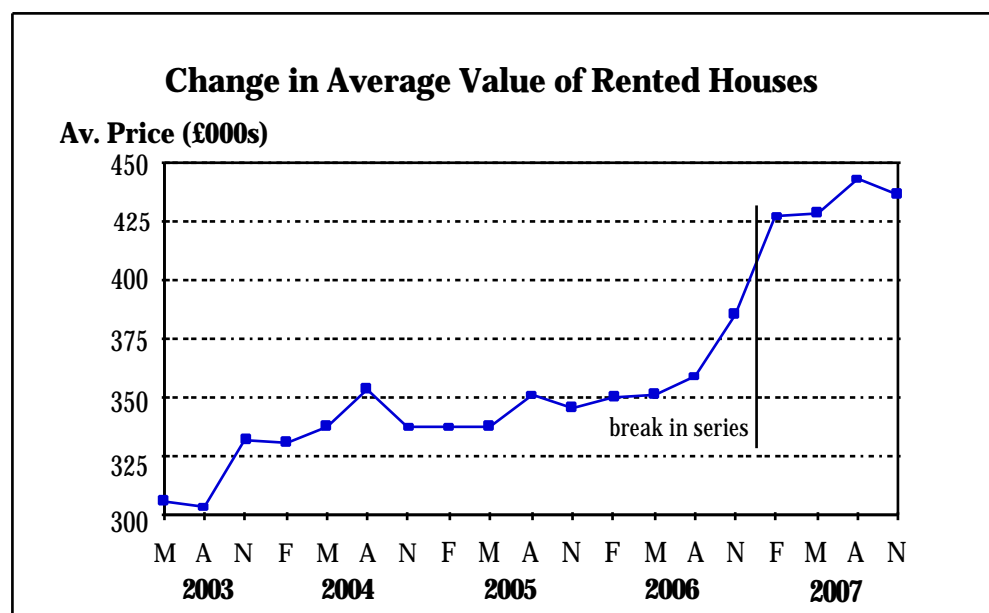
There are big differences between the values of rented houses in the different regional areas with the average for Prime Central London approaching a million pounds (£913,300) compared with not much more than a third of that figure (£340,300) in the Rest of the South East and only a quarter of it (£228,000) in the Rest of the UK.

Compared with the last survey, the overall weighted average value of rented houses has fallen by 1.3% from £442,600 to £436,900.

Geographic Region	Average Value of Rented Houses (000s)			
	Feb 07	May 07	Aug 07	Nov 07
Prime Central London	866.2	885.0	887.6	913.3
South East	334.0	335.0	359.0	340.3
Rest of UK	239.2	229.9	238.8	228.0
All Regions (weighted)	426.9	428.6	442.6	436.9
Base: All respondents	(525)	(463)	(463)	(517)

Within this overall change, the average price of a rented house in Prime Central London has risen by 2.9% whilst that for the Rest of the South East has fallen by 5.2% and the average for the Rest of the UK has fallen by 4.5%.

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 this quarter when it fell for the first time in two years.



## Flats

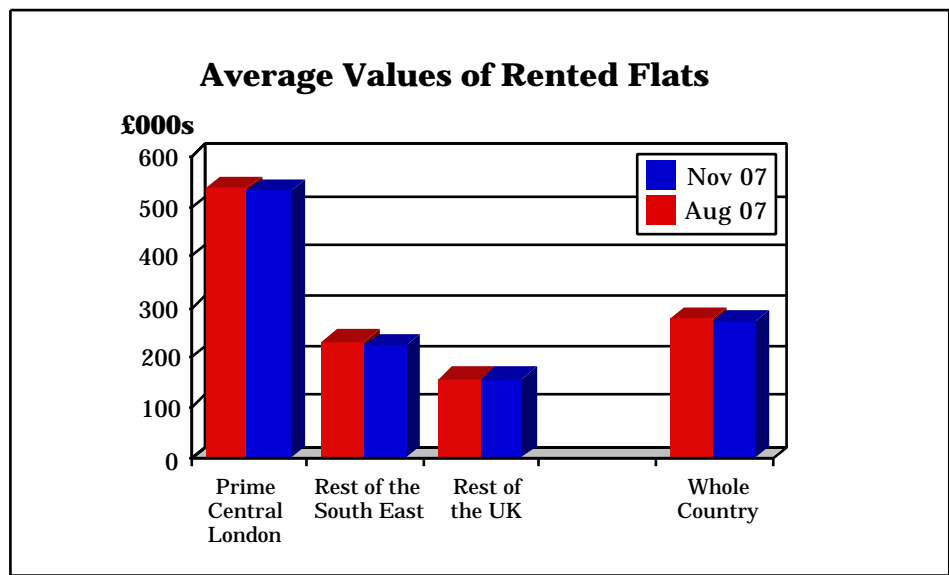
More than half of respondents (51%) say that the average value of a rented flat in their area is between £100,000 and £200,000.

However, more than one in 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 (1.5%) who say the average value is in excess of £1 million.

Analysis of these figures gives an overall weighted average value for a rented flat of £272,700.

Average Value of Flats	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Up to £100,000	-	3.0	12.1	6.0
£100,001 to £150,000	0.9	24.6	43.5	27.3
£150,001 to £200,000	6.5	29.6	27.5	24.0
£200,001 to £350,000	23.4	29.6	10.1	20.5
£350,001 to £500,000	29.0	5.9	1.0	8.7
£500,001 to £750,000	18.7	1.5	0.5	4.6
£750,001 to £1 Million	8.4	1.5	-	2.3
Over £1 Million	7.5	-	-	1.5
Not stated	5.6	4.4	5.3	5.0
Base: All respondents	(107)	(203)	(207)	(517)

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 (£532,400) compared with £223,200 in the Rest of South East and just £154,800 in the Rest of the UK.

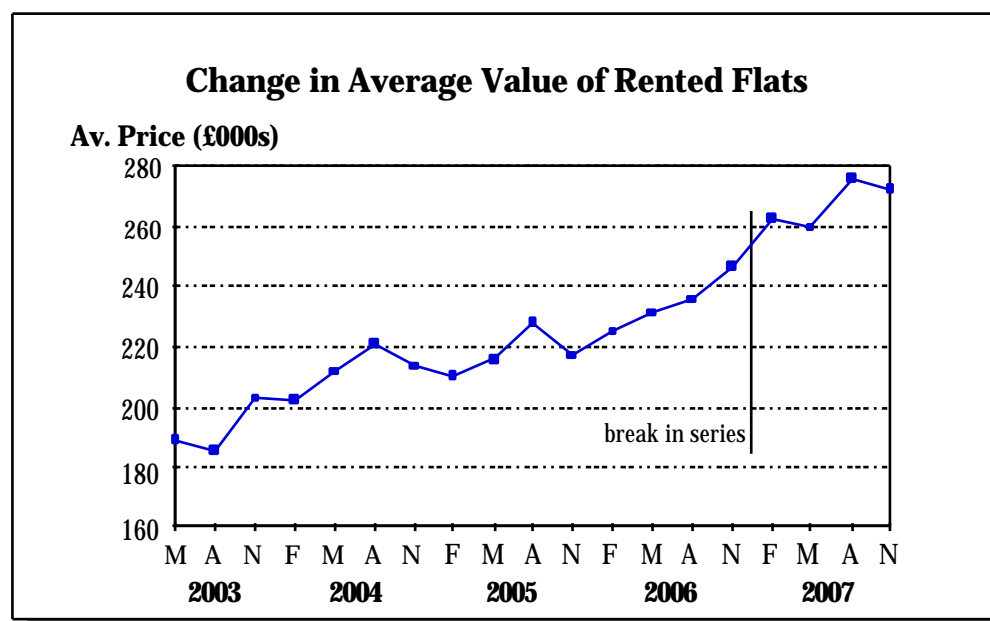


Compared with three months ago, the overall weighted average value of a rented flat has fallen by 1.1% from £275,800 to £272,700.

Geographic Region	Average Value of Rented Flats (000s)			
	Feb 07	May 07	Aug 07	Nov 07
Prime Central London	504.2	501.0	534.8	532.4
South East	211.6	210.5	228.4	223.2
Rest of UK	159.9	153.0	155.7	154.8
All Regions (weighted)	262.8	259.3	275.8	272.7
Base: All respondents	(525)	(463)	(463)	(517)

Within that overall change, the average value of rented flats in the Rest of the South East has fallen by 2.3%. The falls for Prime Central London and the Rest of the UK were more muted at 0.4% and 0.6% respectively.

As can be seen from the chart below, over the last four years, the average value of a rented flat had increased by 46% from £189,100 in the second quarter of 2003 to £275,800 despite the occasional temporary downturn. It remains to be seen whether the lower figure this quarter is anything more than another temporary downturn



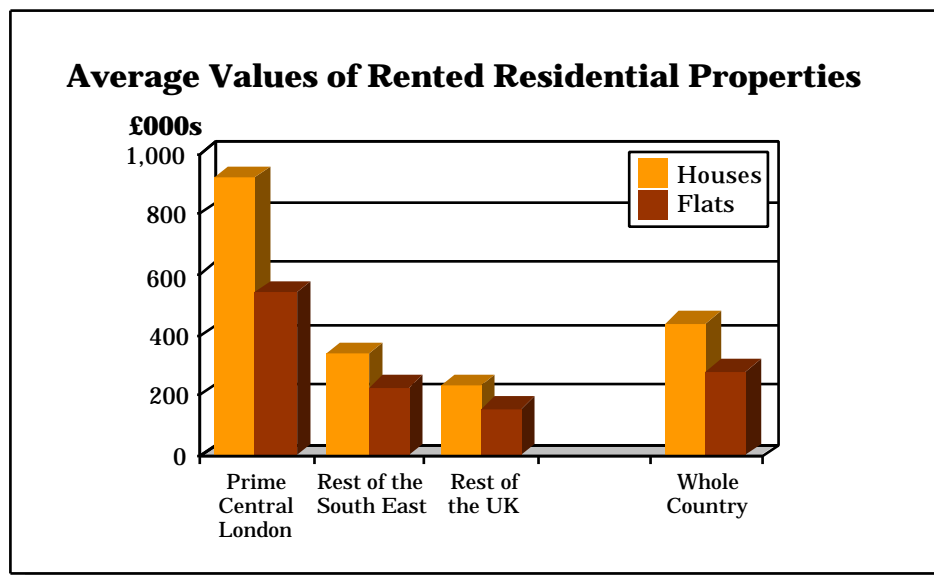
## Summary

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 72% 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 52% for the Rest of the South East and 47% for the Rest of the UK.

Geographic Region	Average Value of Properties (000s)	
	Houses	Flats
Prime Central London	913.3	532.4
South East	340.3	223.2
Rest of UK	228.0	154.8
All Regions (weighted)	436.9	272.7

Base: All respondents (517)



## 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 (54%) saying that this applies to their area. Analysis of these results reveals a weighted average rental return on rented houses of 4.8%.

<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%	25.2	15.3	14.5	17.0
4% to 5%	47.7	53.2	58.0	54.0
6%	9.3	9.9	12.6	10.8
7%	0.9	5.9	1.4	3.1
8%	2.8	2.5	2.9	2.7
9% to 10%	3.7	3.4	6.3	4.6
11% to 12%	-	0.5	1.9	1.0
12% to 15%	-	-	-	-
Over 15%	-	1.0	-	0.4
Not stated	10.3	8.4	2.4	6.4
Base: All respondents	(107)	(203)	(207)	(517)

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 4.3% compared with 4.9% for the Rest of the South East and the Rest of the UK.

<b>Geographic Region</b>	<b>Average Rental Return (%)</b>			
	<b>Feb 07</b>	<b>May 07</b>	<b>Aug 07</b>	<b>Nov 07</b>
Prime Central London	4.7	4.7	4.8	4.3
South East	5.0	4.8	5.0	4.9
Rest of UK	5.1	5.0	5.0	4.9
All Regions (weighted)	5.0	4.8	5.0	4.8
Base: All respondents	(525)	(463)	(463)	(517)

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

The average rental return on houses in Prime Central London is down from 4.8% to 4.3% and those for the Rest of the South East and the Rest of the UK are also down but by much less, from 5.0% to 4.9% in both cases.

The larger fall in the average rental return for Prime Central London is almost certainly the result of that area seeing a rise in house values compared with falls in values for the rest of the country.

## **Flats**

A rental return of between 4% and 5% also appears to be the norm for rented flats with more than half of respondents (52%) saying that this applies to their area. Analysis of these results reveals a weighted average rental return on rented flats of 4.9%.

<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%	15.9	11.3	17.4	14.7
4% to 5%	56.1	51.2	51.7	52.4
6%	8.4	14.8	12.6	12.6
7%	1.9	4.9	1.9	3.1
8%	5.6	2.0	3.4	3.3
9% to 10%	3.7	2.5	4.8	3.7
11% to 12%	-	0.5	1.4	0.8
12% to 15%	-	-	-	-
Over 15%	-	1.0	-	0.4
Not stated	8.4	11.8	6.8	9.1
Base: All respondents	(107)	(203)	(207)	(517)

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 4.7%, being the lowest and that for the Rest of the South East, at 5.0%, being the highest.

<b>Geographic Region</b>	<b>Average Rental Return (%)</b>			
	<b>Feb 07</b>	<b>May 07</b>	<b>Aug 07</b>	<b>Nov 07</b>
Prime Central London	5.2	5.1	5.1	4.7
South East	5.2	4.9	4.9	5.0
Rest of UK	5.0	5.0	5.0	4.8
All Regions (weighted)	5.1	5.0	5.0	4.9
Base: All respondents	(525)	(463)	(463)	(517)

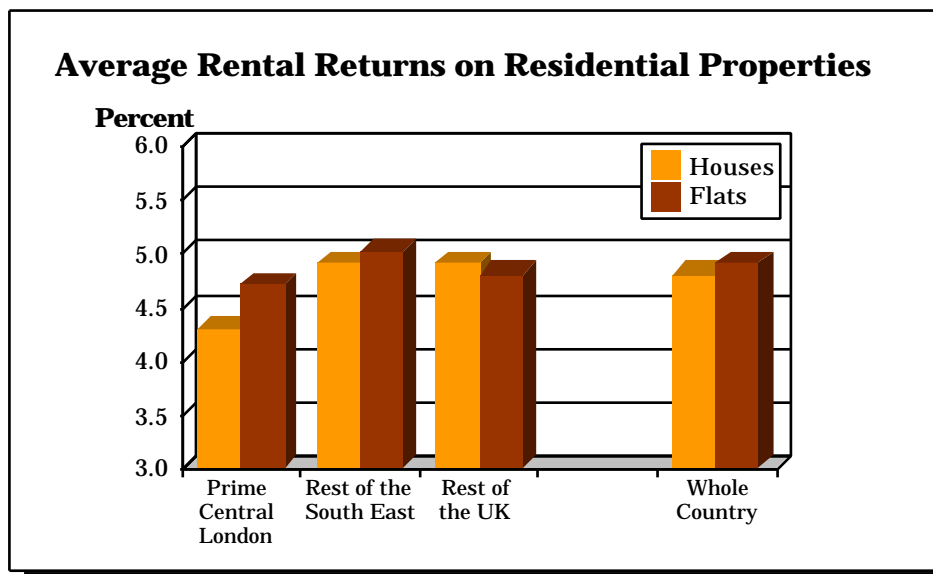
Compared with the last survey in August, the overall weighted average rental return on flats is down a little from 5.0% to 4.9%. The averages for Prime Central London and the Rest of the UK are also down, reflecting the overall reduction, but that for the Rest of the South East is up slightly from 4.9% to 5.0%, probably as a result of the larger than average fall in values of flats in that area.

## Summary

The lowest rental returns are currently being earned on houses in Prime Central London (4.3%) whilst, at the other end of the scale, average rental returns are highest for flats in Rest of the South East (5.0%).

Geographic Region	Average Rental Return (%)	
	Houses	Flats
Prime Central London	4.3	4.7
South East	4.9	5.0
Rest of UK	4.9	4.8
All Regions (weighted)	4.8	4.9

Base: All respondents (517)



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.

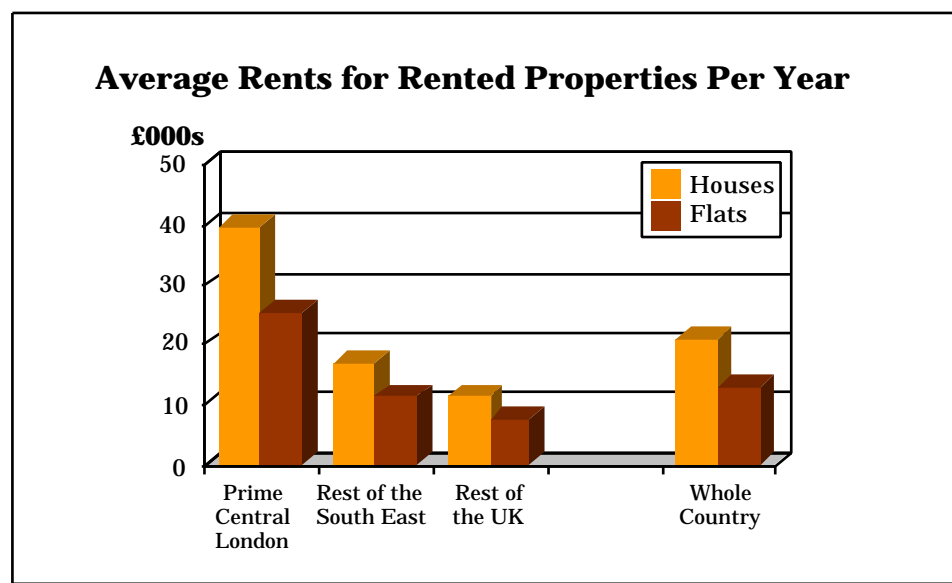
## Average Rents

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 - Nov 07					
	HOUSES			FLATS		
	Week (£)	Month (£)	Year (£000)	Week (£)	Month (£)	Year (£000)
Prime Central London	755	3,273	39.3	481	2,085	25.0
South East	321	1,390	16.7	215	930	11.2
Rest of UK	215	931	11.2	143	619	7.4
All Regions (weighted)	387	1,677	20.1	255	1,105	13.3

Base: All respondents (517)

In the case of all the broad geographic regions, the average rent of a house is around half as much again as the average rent for a flat (between 49% and 57% higher).



Compared with three months ago, weighted average rents for houses are down by 7% as a result of falls of 8% for respondents managing properties in Prime Central London, 7% for the Rest of the South East and 6% for the Rest of the UK.

Average rents for flats are also down overall but only by 5% with falls recorded in all the three main geographic areas.

For respondents managing properties in Prime Central London, average rents for flats fell by 8% compared with falls of 5% for respondents in the Rest of the South East and just 0.3% for respondents in the Rest of the UK.

<b>Geographic Region</b>	<b>Average Rents - Aug 07</b>					
	<b>HOUSES</b>			<b>FLATS</b>		
	<b>Week (£)</b>	<b>Month (£)</b>	<b>Year (£000)</b>	<b>Week (£)</b>	<b>Month (£)</b>	<b>Year (£000)</b>
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)	417	1,808	21.7	264	1,145	13.7

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 (24) being for the North West.

<b>Geographic Region</b>	<b>Average Rents - Nov 07</b>					
	<b>HOUSES</b>			<b>FLATS</b>		
	<b>Week (£)</b>	<b>Month (£)</b>	<b>Year (£000)</b>	<b>Week (£)</b>	<b>Month (£)</b>	<b>Year (£000)</b>
Prime Central London	755	3,273	39.3	481	2,085	25.0
Rest of London	434	1,879	22.5	286	1,238	14.9
Rest of South East	295	1,278	15.3	195	846	10.2
South West	234	1,014	12.2	152	659	7.9
Midlands	193	835	10.0	127	550	6.6
North West	218	947	11.4	172	744	8.9
North East	210	909	10.9	125	541	6.5
Scotland/Wales/NI	202	874	10.5	146	631	7.6

Base: All respondents (517)

<b>Geographic Region</b>	<b>Average Rents - Aug 07</b>					
	<b>HOUSES</b>			<b>FLATS</b>		
	<b>Week (£)</b>	<b>Month (£)</b>	<b>Year (£000)</b>	<b>Week (£)</b>	<b>Month (£)</b>	<b>Year (£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)

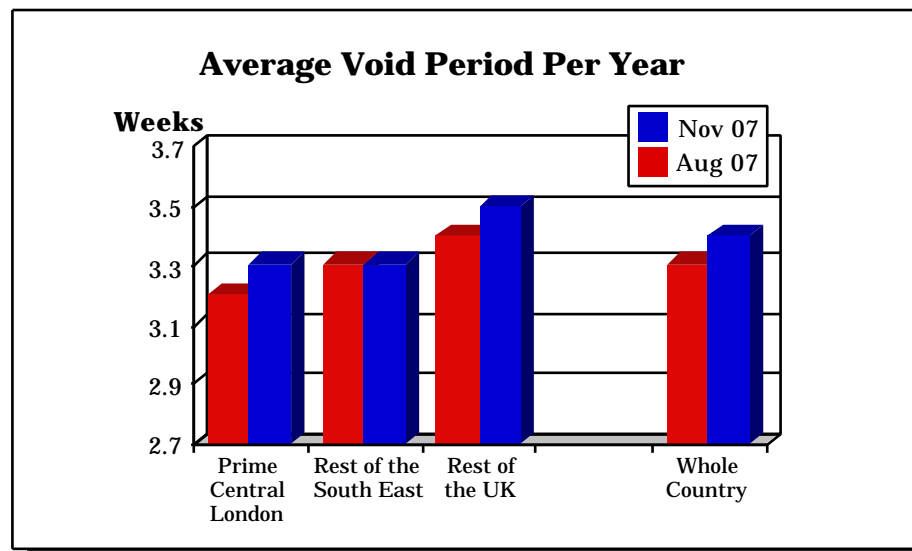
#### 4.6 Average Void Period Per Year (Q.8)

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, two out of ten (20%) saying the average is between 5 and 6 weeks.

These figures indicate an overall average void rate of 3.4 weeks (24 days) per year.

Average Void Period	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Less than 2 weeks	28.0	19.7	15.9	19.9
2 to 4 weeks	43.9	56.7	54.6	53.2
5 to 6 weeks	22.4	17.2	21.7	20.1
7 to 8 weeks	3.7	4.4	3.9	4.1
More than 8 weeks	0.9	1.0	0.5	0.8
Don't know	0.9	1.0	1.9	1.4
Not stated	-	-	1.4	0.6
Base: All respondents	(107)	(203)	(207)	(517)

Respondents from the Rest of the UK experience a slightly higher average void period than average at 3.5 weeks (25 days) whilst the average 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).

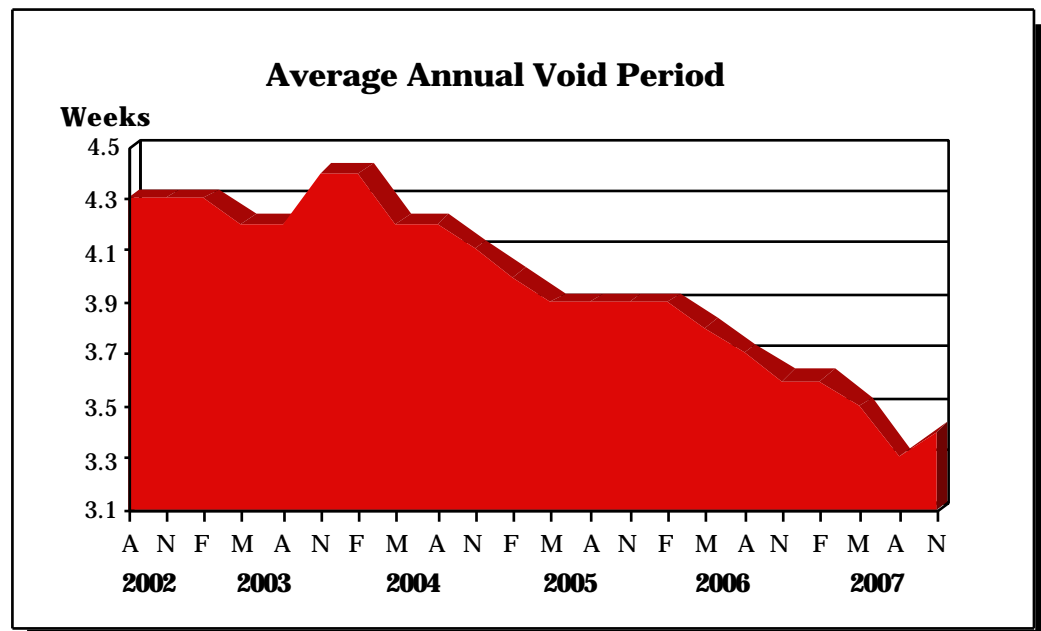


Compared with three months ago, the average void period for the whole country is up slightly from 3.3 weeks (23 days) to 3.4 weeks (24 days).

There are some differences in the figures for each of the broad geographic areas with that for the Rest of the UK rising slightly whilst those for Prime Central London and for the Rest of the South East are unchanged.

<b>Geographic Region</b>	<b>Average Void Period (weeks)</b>			
	<b>Feb 07</b>	<b>May 07</b>	<b>Aug 07</b>	<b>Nov 07</b>
Prime Central London	3.5	3.3	3.2	3.2
South East	3.6	3.4	3.3	3.3
Rest of UK	3.7	3.7	3.4	3.5
All Regions	3.6	3.5	3.3	3.4
Base: All respondents	(525)	(463)	(463)	(517)

As can be seen from the chart below, the average void period 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) three months ago. Against this background of a steadily declining void rate, the increase this quarter, which is the first increase in the figure for four years, may foreshadow a change to the long term trend.



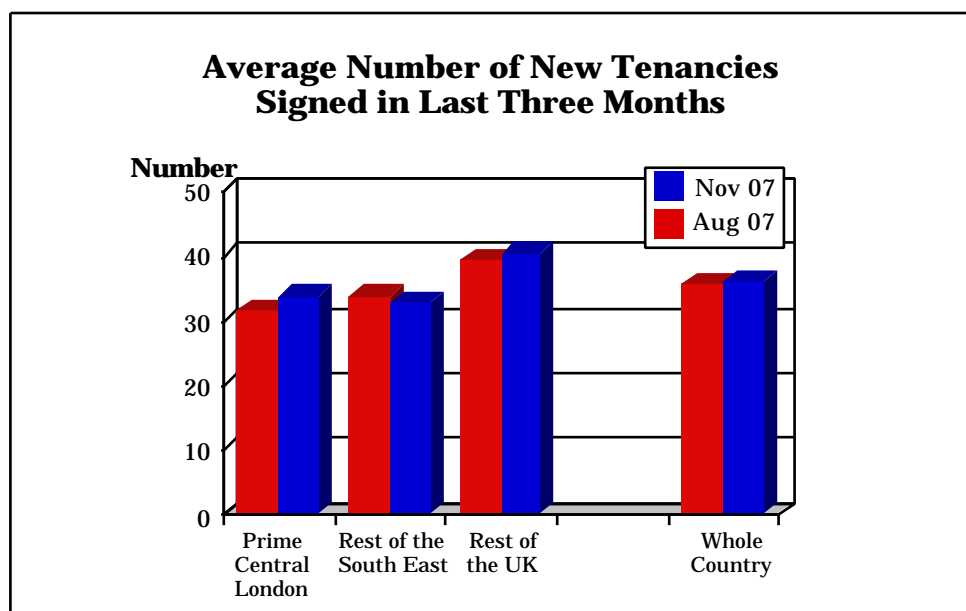
#### 4.7 Number of New Tenancies (Not Renewals) Signed Up in the Last Three Months (Q.9)

More than eight out of ten ARLA members' offices (81%) have signed up more than 10 new tenancies (other than renewals) in the last three months with more than six out of ten (61%) 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 36 new tenancies in the last three months.

Number of Tenancies	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
None	-	1.5	0.5	0.8
Up to 5	6.5	7.4	6.3	6.8
6 to 10	10.3	11.3	9.7	10.4
11 to 20	22.4	22.2	17.9	20.5
21 to 50	41.1	37.9	30.9	35.8
Over 50	19.6	19.7	33.3	25.1
Not stated	-	-	1.4	0.6
Base: All respondents	(107)	(203)	(207)	(517)

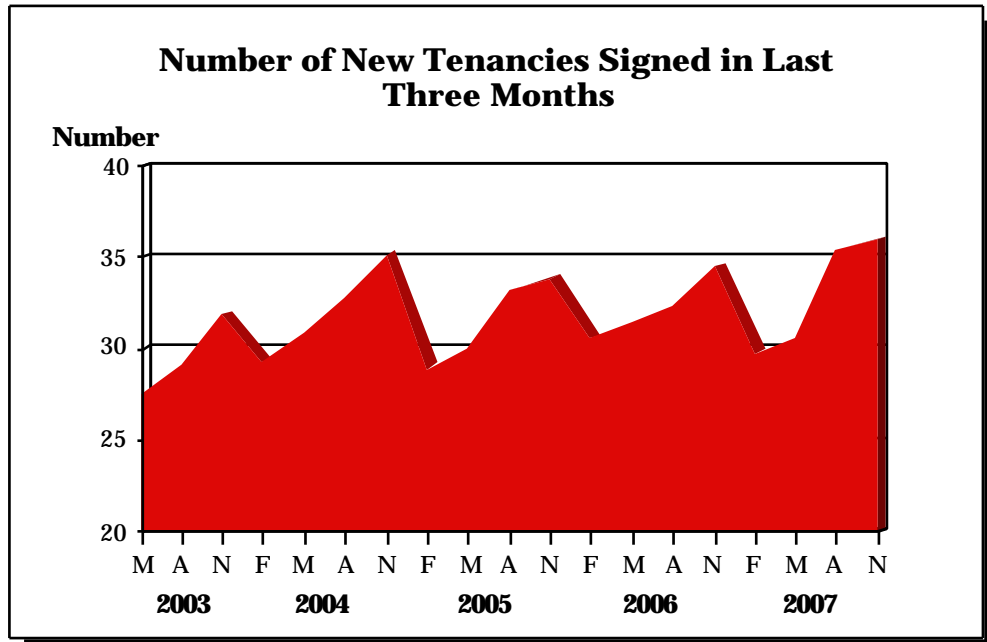
Offices managing properties in Prime Central London and in the Rest of the South East have fared less well than those in the Rest of the UK with the average figures being 34 for Prime Central London and 33 for the Rest of the South East compared with 40 for the Rest of the UK.



Compared with the last survey, there has been a small increase in the average number of new tenancies signed up in the preceding three months from 35 to 36. This increase is reflected in increases for Prime Central London and the Rest of the UK but the average for the Rest of the South East declined a little.

<b>Geographic Region</b>	<b>Number of New Tenancies</b>			
	<b>Feb 07</b>	<b>May 07</b>	<b>Aug 07</b>	<b>Nov 07</b>
Prime Central London	26.8	26.1	31.4	33.6
South East	28.7	30.6	33.5	32.6
Rest of UK	32.3	33.1	39.1	40.1
All Regions	29.7	30.5	35.4	35.8
Base: All respondents	(525)	(463)	(463)	(517)

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 fourth quarter for each of the last four years.



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

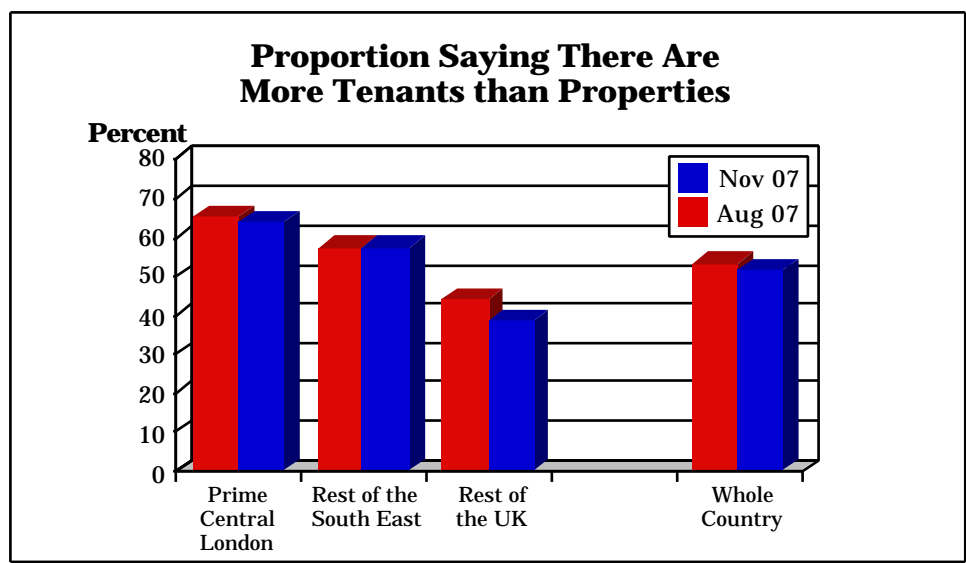
More than half of ARLA members' offices (51%) say that there are currently more tenants than there are properties available for them.

This compares with less than half as many (23%) who believe that there are more residential properties available for rent than there are tenants to fill them. However, a quarter (25%) 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 is outstripping supply in most 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	7.5	4.4	6.8	6.0
Few more props than tenants	14.0	18.2	17.9	17.2
Equal nos of props & tenants	13.1	20.2	36.2	25.1
Lot more tenants than props	40.2	34.5	18.8	29.4
Few more tenants than props	23.4	22.7	19.3	21.5
Not stated	1.9	-	1.0	0.8
Base: All respondents	(107)	(203)	(207)	(517)

Once again, Prime Central London has the highest proportion of respondents saying that there are more tenants than properties (64%) with the comparative figure for the Rest of the South East being 57% and that for the Rest of the UK being 38%.



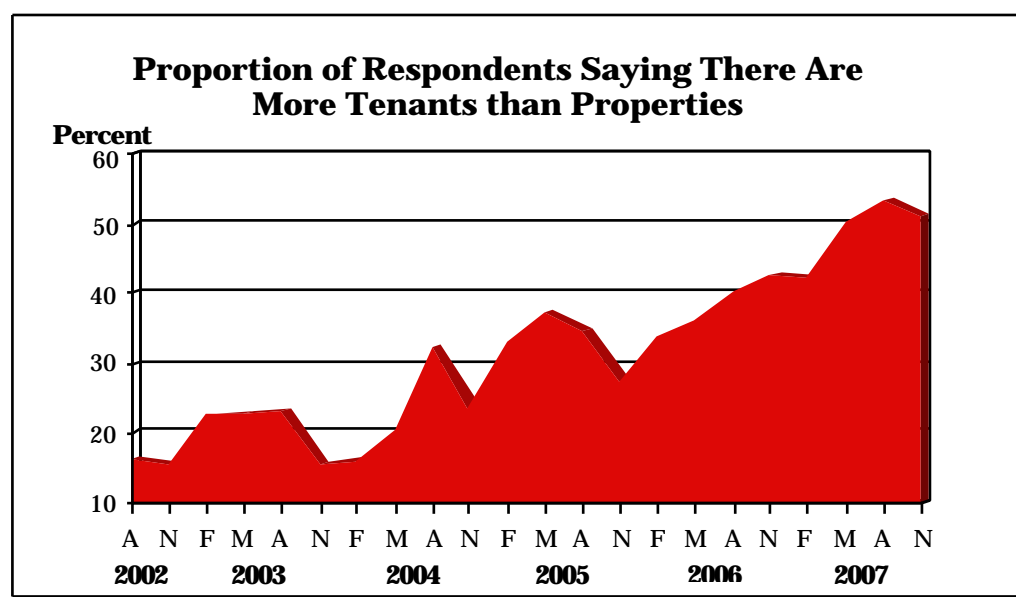
Compared with three months ago, there has been an overall decline with the proportion of respondents saying there are more tenants than properties falling from 53% to 50% suggesting that the situation with

regard to the balance of supply and demand has deteriorated a little since August although the figure is still at an historically high level.

There is some divergence from this decline in the overall proportion saying there are more tenants than properties for each of the three main geographic areas with the proportion for those managing properties in Prime Central London falling from 65% to 64% and that for the Rest of the UK falling from 44% to 38% whilst that for the Rest of the South East was unchanged at 57%.

<b>Geographic Region</b>	<b>Proportion Saying There Are More Tenants than Properties (%)</b>			
	<b>Feb 07</b>	<b>May 07</b>	<b>Aug 07</b>	<b>Nov 07</b>
Prime Central London	62.3	72.0	64.8	63.6
South East	41.5	51.9	57.1	57.1
Rest of UK	32.9	35.1	43.6	38.2
All Regions	42.3	50.3	53.1	50.9
Base: All respondents	(525)	(463)	(463)	(517)

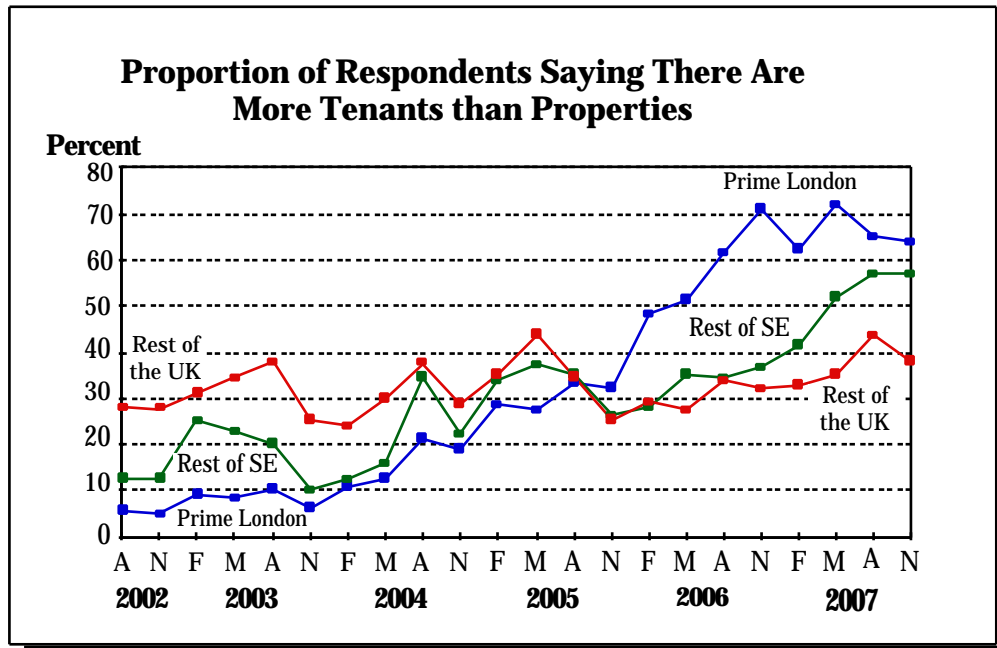
As the chart below shows, despite the decline this quarter, the proportion of respondents saying that there are more tenants than properties is at its second highest level since this question was first asked more than five years ago.



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 almost thirteenfold, from a low of 5% in the last quarter of 2002 to 64% 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.

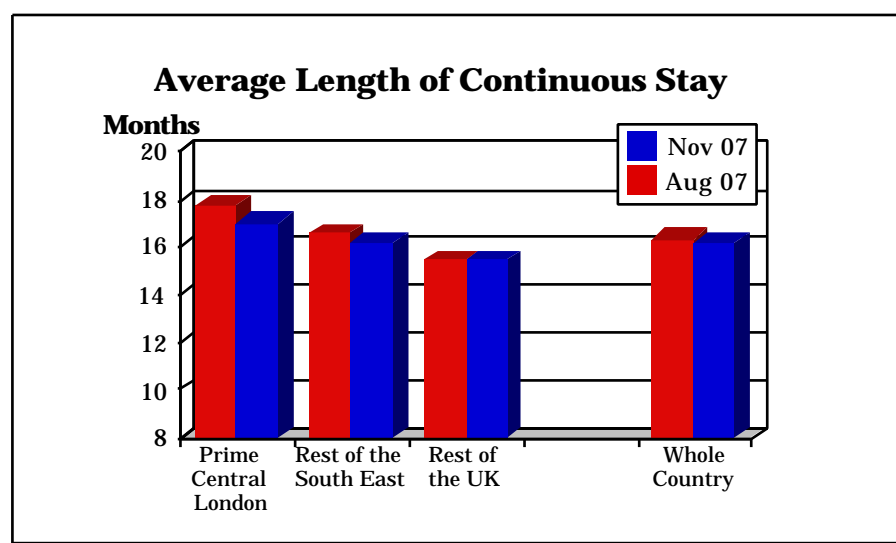


#### 4.9 Average Length of Continuous Stay in Property (Q.11)

Almost three quarters of tenants (74%) 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 16.1 months.

Average Length of Continuous Stay	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
6 to 9 months	2.8	1.0	6.8	3.7
10 to 12 months	15.9	20.2	27.5	22.2
13 to 18 months	47.7	58.6	48.3	52.2
19 to 24 months	27.1	14.8	12.6	16.4
More than 24 months	5.6	4.9	3.9	4.6
Don't know	-	0.5	0.5	0.4
Not stated	0.9	-	0.5	0.4
Base: All respondents	(107)	(203)	(207)	(517)

The average time a tenant stays in the same property is longest for Prime Central London at 17.0 months compared with 16.2 months for the Rest of the South East and 15.4 months for the Rest of the UK.

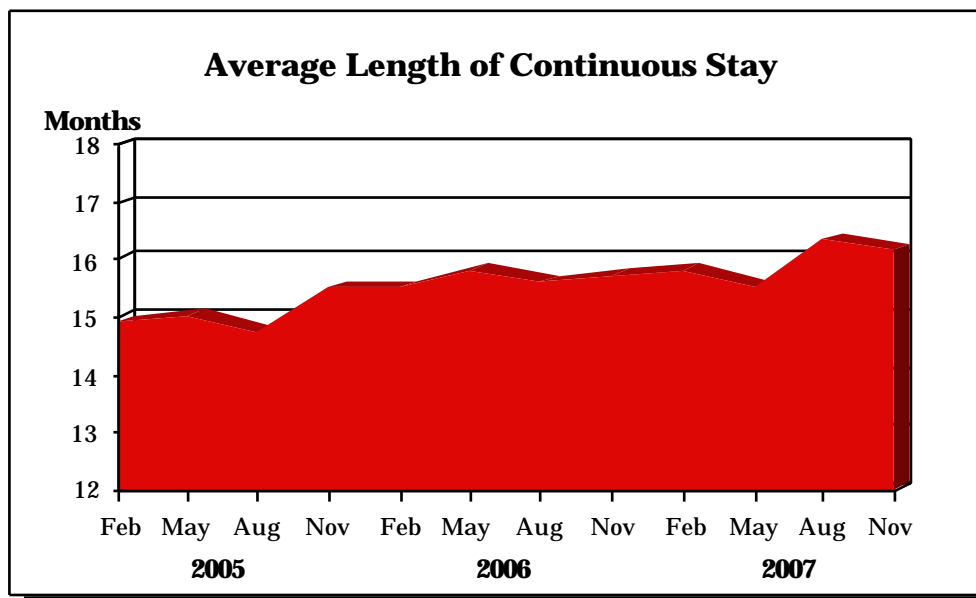


Geographic Region	Average Continuous Stay (months)			
	Feb 07	May 07	Aug 07	Nov 07
Prime Central London	17.4	17.7	17.7	17.0
South East	16.1	15.2	16.5	16.2
Rest of UK	14.6	14.6	15.4	15.4
All Regions	15.8	15.5	16.3	16.1
Base: All respondents	(525)	(463)	(463)	(517)

Compared with the last survey, there have been decreases in the averages for Prime Central London (from 17.7 to 17.0 months) and for

the Rest of the South East (from 16.5 to 16.2 months) with the average for the Rest of the UK remaining unchanged at 15.4 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 decrease seen this quarter still leaves the figure at its second highest ever level.



#### 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 46% and 57% of ARLA members' offices believe that achievable rent levels have increased over the last six months whilst only between 5% 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	7.2	7.0	7.9	11.2	11.2	10.3
Increased a little	43.3	50.3	49.5	41.2	43.5	35.8
Stayed the same	30.9	29.0	31.9	34.6	32.1	32.9
Decreased a little	7.9	5.4	5.0	4.8	9.3	6.2
Decreased a lot	1.0	-	-	0.4	1.2	1.0
Don't know	8.9	7.5	4.8	7.0	1.9	13.2
Not stated	0.8	0.8	0.8	0.8	0.8	0.8

Base: All respondents (517)

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 53% and 87% 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 4% 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	18.7	18.7	26.2	36.4	34.6	28.0
Increased a little	34.6	41.1	48.6	45.8	52.3	49.5
Stayed the same	12.1	11.2	9.3	6.5	6.5	8.4
Decreased a little	3.7	4.7	5.6	3.7	5.6	3.7
Decreased a lot	1.9	-	-	-	-	0.9
Don't know	29.0	24.3	10.3	7.5	0.9	9.3
Not stated	-	-	-	-	-	-

Base: All respondents (107)

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 45% and 59% of respondents saying that achievable rent levels have increased compared with between 4% and 8% 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	5.4	5.9	3.4	5.4	5.9	7.9
Increased a little	47.3	53.2	50.7	42.9	45.8	36.9
Stayed the same	31.5	30.0	36.0	39.4	36.9	34.5
Decreased a little	7.4	5.4	3.9	3.0	6.9	3.9
Decreased a lot	0.5	-	-	0.5	1.0	1.5
Don't know	6.4	3.9	4.4	7.4	2.0	13.8
Not stated	1.5	1.5	1.5	1.5	1.5	1.5

Base: All respondents (203)

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 54% of offices say that achievable rent levels for each type of property have increased whilst only between 6% and 15% 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	2.9	1.9	2.9	3.9	4.3	3.4
Increased a little	44.0	52.2	48.8	37.2	36.7	27.5
Stayed the same	40.1	37.2	39.6	44.4	40.6	44.0
Decreased a little	10.6	5.8	5.8	7.2	13.5	9.7
Decreased a lot	1.0	-	-	0.5	1.9	0.5
Don't know	1.0	2.4	2.4	6.3	2.4	14.5
Not stated	0.5	0.5	0.5	0.5	0.5	0.5

Base: All respondents (207)

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

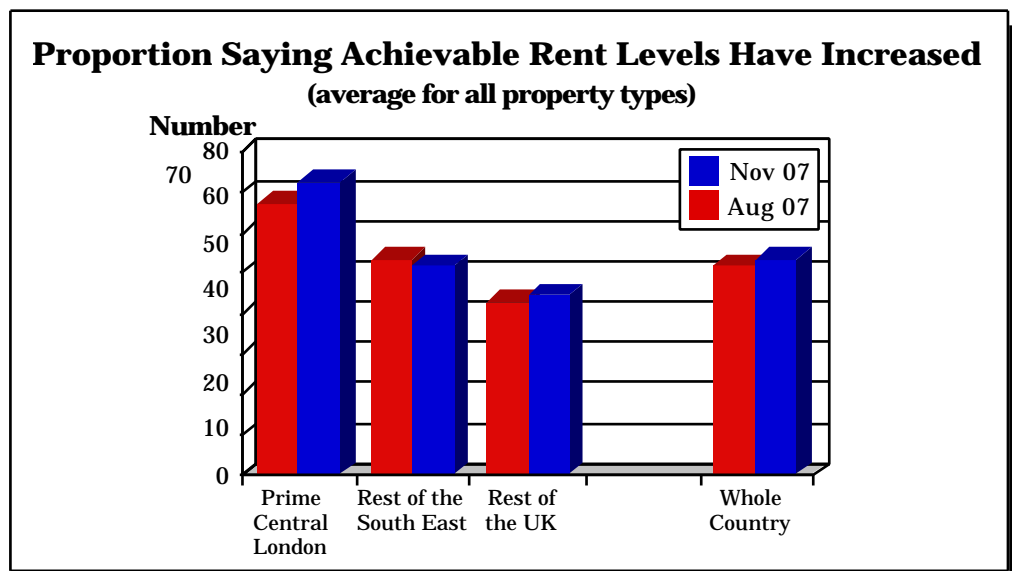
The table and chart below show the proportion of ARLA members' offices from each geographical area who say they believe achievable rent levels have increased for each type of property.

Geographic Region	Percent Saying Achievable Rents Levels Have Increased (%)					
	Det House	Semi House	Terr House	Conv Flat	PB Flat	Studio Flat
Prime Central London	53.3	59.8	74.8	82.2	86.9	77.6
Rest of the South East	52.7	59.1	54.2	48.3	51.7	44.8
Rest of the UK	46.9	54.1	51.7	41.1	41.1	30.9
All regions	50.5	57.3	57.4	52.4	54.7	46.0

Base: All respondents (517)

Compared with three months ago, the average proportion of respondents saying achievable rents across all property types have increased has risen from 52% to 53%.

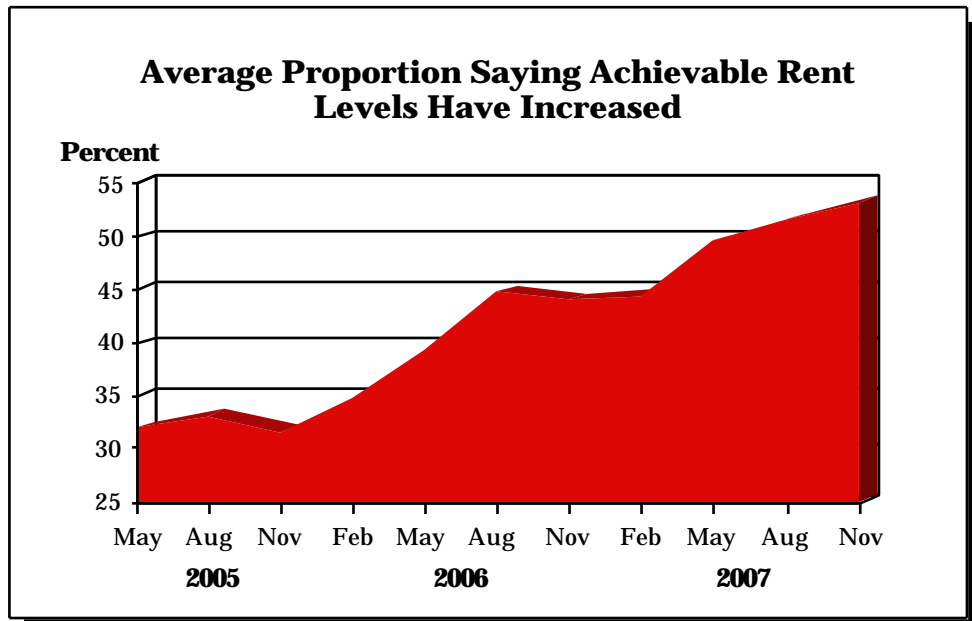
As between the geographic regions, the average proportion of respondents saying achievable rent levels across all property types have increased for Prime Central London is up from 67% to 72%. The average for the Rest of the UK is also up, from 43% to 44% whilst that for the Rest of the South East is down from 53% to 52%.



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 three 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>Feb 07</b>	<b>May 07</b>	<b>Aug 07</b>	<b>Nov 07</b>
Prime Central London	63.8	67.4	66.7	72.4
Rest of the South East	41.7	48.5	53.1	51.8
Rest of the UK	37.1	39.3	42.6	44.3
All regions	44.3	49.5	51.5	53.1
Base: All respondents	(525)	(463)	(463)	(517)



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

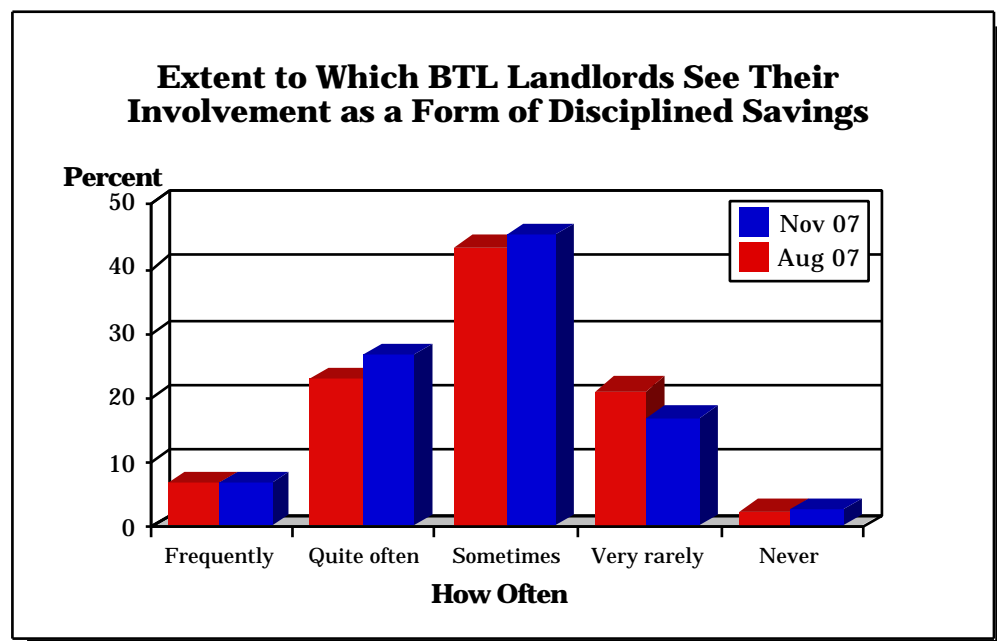
There was a weighting of responses to this question towards the middle option with the highest proportion (45%) saying that landlords do sometimes see their involvement in buy to let as a form of disciplined savings.

Only a few respondents felt either that landlords frequently took this view (6%) or that landlords never did (3%).

<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	6.5	7.9	4.8	6.4
Quite often	24.3	26.6	27.1	26.3
Sometimes	49.5	42.4	44.9	44.9
Very rarely	15.9	14.8	18.8	16.6
Never	2.8	3.0	1.9	2.5
Not stated	0.9	5.4	2.4	3.3
Base: All respondents	(107)	(203)	(207)	(517)

There were no big differences between the three broad geographic areas regarding this question.

Compared with three months ago, there was little change in the responses to this question although there was an increase in the proportion saying that landlords quite often saw their involvement as a form of disciplined savings and a corresponding reduction in the proportion saying that they rarely did.



<b>How Often</b>	<b>Percent of Respondents (%)</b>		
	<b>May 07</b>	<b>Aug 07</b>	<b>Nov 07</b>
Frequently	5.8	6.5	6.4
Quite often	21.8	22.7	26.3
Sometimes	40.4	43.2	44.9
Very rarely	24.4	21.0	16.6
Never	1.5	2.2	2.5
Not stated	6.0	4.5	3.3
Base: All respondents	(463)	(463)	(517)

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

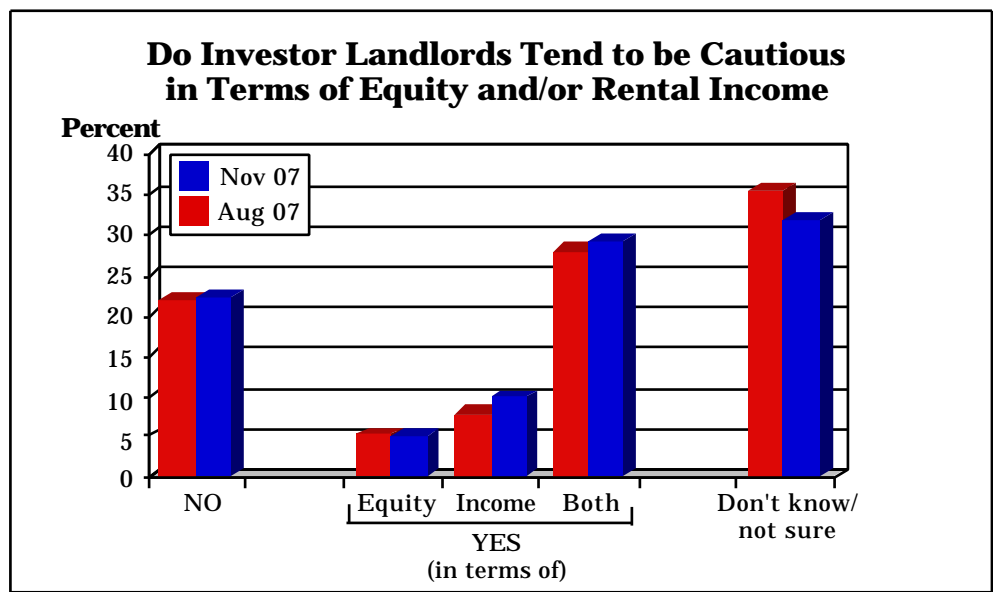
Almost a third of respondents (32%) were unsure whether investor landlords tended to be cautious in terms of equity and/or rental income but more than four out of ten (44%) believed that investor landlords were cautious, at least in terms of one or the other if not both.

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	15.0	20.7	27.1	22.1
YES, in terms of:				
- equity	4.7	3.9	5.8	4.8
- rental income	14.0	9.4	7.7	9.7
- both	31.8	27.6	29.0	29.0
Don't know/not sure	31.8	35.5	28.0	31.7
Not stated	2.8	3.0	2.4	2.7
Base: All respondents	(107)	(203)	(207)	(517)

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 more likely than others to think that investor landlords were cautious.

Compared with the survey in August, there has been hardly any change in the overall results from this question although fewer respondents said they didn't know or weren't sure.



<b>Response</b>	<b>Percent of Respondents (%)</b>		
	<b>May 07</b>	<b>Aug 07</b>	<b>Nov 07</b>
No	21.8	21.8	22.1
YES, in terms of:			
- equity	4.8	5.0	4.8
- rental income	9.1	7.8	9.7
- both	26.3	27.9	29.0
Don't know/not sure	35.4	35.4	31.7
Not stated	2.6	2.2	2.7
Base: All respondents	(463)	(463)	(517)

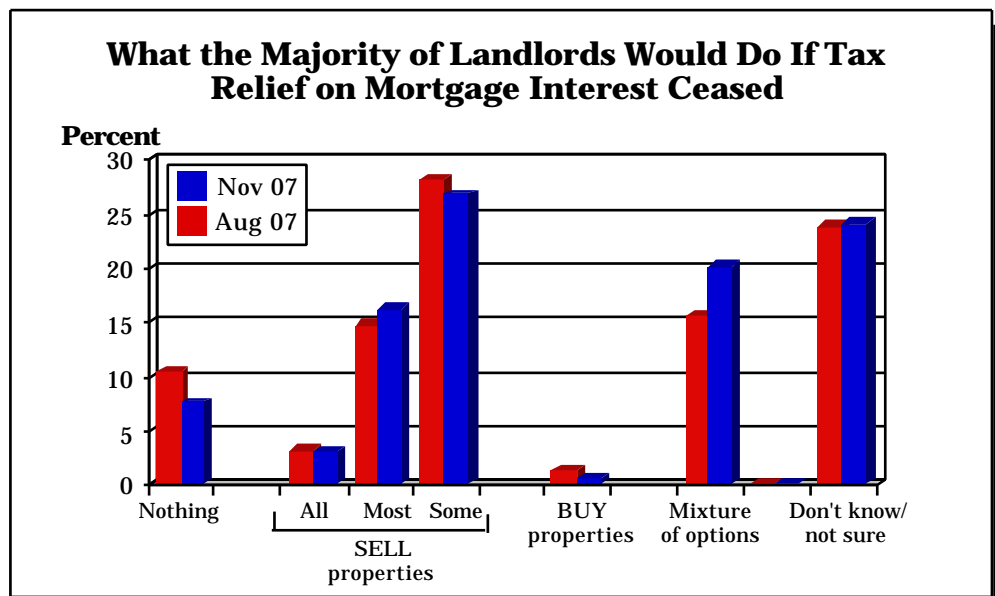
**4.13 What the Majority of Landlords Would Do If Tax Relief on Mortgage Interest Ceased (Q.15)**

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.

Less than one in ten respondents (8%) thought the majority of landlords would do nothing in the event that mortgage interest tax relief was abolished whilst two out of ten (20%) 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	8.4	10.8	4.3	7.7
<b>SELL</b>				
- all of their properties	3.7	3.4	2.4	3.1
- most of their properties	8.4	15.8	20.8	16.2
- some of their properties	32.7	27.1	23.2	26.7
Buy more properties	0.9	0.5	0.5	0.6
A mixture of these options	24.3	16.3	21.7	20.1
Don't know/not sure	20.6	24.1	25.6	24.0
Not stated	0.9	2.0	1.4	1.5
Base: All respondents	(107)	(203)	(207)	(517)

Respondents from offices in the Rest of the South East were more likely than others to think that investor landlords would do nothing (11% compared with 8% for offices managing properties in Prime Central London and 4% for those in the Rest of the UK).



Compared with the last survey in August, fewer respondents thought that landlords would do nothing if tax relief on mortgage interest ceased with more thinking that they would adopt a mixture of buying and selling properties. The proportion saying they would sell at least some of their properties was unchanged at 46%.

<b>Response</b>	<b>Percent of Respondents (%)</b>	
	<b>Aug 07</b>	<b>Nov 07</b>
Nothing	10.4	7.7
<b>SELL</b>		
- all of their properties	3.2	3.1
- most of their properties	14.7	16.2
- some of their properties	28.1	26.7
Buy more properties	1.3	0.6
A mixture of these options	15.6	20.1
Don't know/not sure	23.8	24.0
Not stated	3.0	1.5
Base: All respondents	(463)	(517)

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

##### *Landlords*

The majority of respondents (69%) believed that more than half of landlords were aware of tenancy deposit protection with only 11% believing that less than a quarter were aware of it.

Analysis of these figures reveals that, on average, respondents believe that nearly two thirds of landlords (65%) 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	0.9	-	-	0.2
Up to 10%	5.6	3.4	3.4	3.9
11% to 25%	4.7	6.9	7.2	6.6
26% to 50%	27.1	12.8	20.8	19.0
51% to 75%	19.6	24.6	24.2	23.4
76% to 90%	22.4	30.0	20.3	24.6
Over 90%	18.7	21.7	21.3	20.9
Not stated	0.9	0.5	2.9	1.5
Base: All respondents	(107)	(203)	(207)	(517)

Looking at differences between the three geographic areas, it appears that landlords in the Rest of the South East are a little more likely to be aware of tenancy deposit protection with the average for respondents from that area being 68% compared with 64% for the Rest of the UK and 61% 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 51% believing that less than half of tenants were aware of it compared with 46% who thought that more than half were aware of it.

Analysis of these figures reveals that, on average, respondents think that just under half of tenants (49%) are currently aware of tenancy deposit protection.

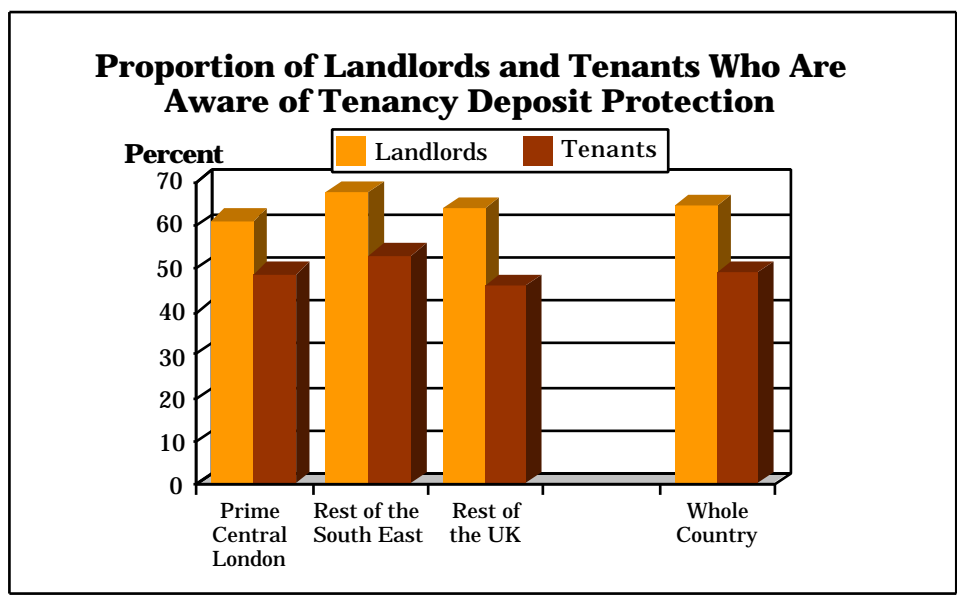
Looking at differences between the three geographic areas, it appears that tenants in the Rest of the South East are more likely to be aware of tenancy deposit protection with the average for respondents from that area being 53% compared with 48% for Prime Central London and 46% for the Rest of the UK.

<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	1.9	1.0	0.5	1.0
Up to 10%	9.3	6.9	15.0	10.6
11% to 25%	15.9	15.3	15.9	15.7
26% to 50%	25.2	22.7	25.1	24.2
51% to 75%	21.5	22.2	18.4	20.5
76% to 90%	17.8	19.2	9.2	14.9
Over 90%	6.5	10.8	12.1	10.4
Not stated	1.9	2.0	3.9	2.7
Base: All respondents	(107)	(203)	(207)	(517)

*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 (51%) and more than a third of landlords (35%) being unaware of it.

<b>Landlords/Tenants</b>	<b>Percent of Landlords/Tenants Aware (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
Landlords	60.7	67.7	63.5	64.6
Tenants	48.3	53.0	45.6	49.1
Base: All respondents	(107)	(203)	(207)	(517)



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

protection with the proportion of landlords aware of it increasing from 63% to 65% and the proportion of tenants aware of it increasing from 46% to 49%.

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 Landlords/Tenants Aware (%)</b>		
	<b>May 07</b>	<b>Aug 07</b>	<b>Nov 07</b>
Landlords	54.5	62.9	64.6
Tenants	35.4	46.0	49.1
Base: All respondents	(463)	(463)	(517)

#### 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 one in six 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 half of ARLA members' offices (52%) 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, almost seven out of ten landlords (69%) 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	9.3	6.9	12.1	9.5
Up to 10%	10.3	3.0	1.0	3.7
11% to 25%	7.5	3.9	4.3	4.8
26% to 50%	4.7	7.4	8.2	7.2
51% to 75%	14.0	8.9	9.7	10.3
76% to 90%	14.0	19.2	11.1	14.9
Over 90%	21.5	29.1	27.1	26.7
Don't know	3.7	6.4	9.7	7.2
Not stated	15.0	15.3	16.9	15.9
Base: All respondents	(107)	(203)	(207)	(517)

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 72% having done so compared with 66% of those in the Rest of the UK and 67% of those in Prime Central London.

*Tenancy Deposit Solutions (run through the NLA)*

More than four out of ten ARLA members' offices (41%) 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	36.4	40.4	43.5	40.8
Up to 10%	18.7	13.8	14.5	15.1
11% to 25%	7.5	6.9	3.4	5.6
26% to 50%	2.8	3.9	1.4	2.7
51% to 75%	-	1.0	0.5	0.6
76% to 90%	-	-	0.5	0.2
Over 90%	-	1.0	0.5	0.6
Don't know	19.6	17.7	18.8	18.6
Not stated	15.0	15.3	16.9	15.9
Base: All respondents	(107)	(203)	(207)	(517)

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 8% having done so compared with 6% of those in Prime Central London and 5% of those in the Rest of the UK.

*Tenancy Deposit Protection Service (the custodial scheme)*

More than a third of ARLA members' offices (34%) 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	33.6	35.5	32.9	34.0
Up to 10%	17.8	17.2	13.0	15.7
11% to 25%	7.5	5.9	9.2	7.5
26% to 50%	1.9	6.4	3.4	4.3
51% to 75%	0.9	2.0	4.8	2.9
76% to 90%	-	1.5	1.4	1.2
Over 90%	-	1.0	1.9	1.2
Don't know	23.4	15.3	16.4	17.4
Not stated	15.0	15.3	16.9	15.9
Base: All respondents	(107)	(203)	(207)	(517)

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 16% having done so compared with 7% of those in Prime Central London and 12% of those in the Rest of the South East.

### *Don't Take Deposits*

Nearly half of ARLA members' offices (47%) said that they thought all landlords took deposits from tenants and analysis of the responses to this question suggests that, overall, only a little 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	42.1	52.7	44.0	47.0
Up to 10%	6.5	6.9	12.6	9.1
11% to 25%	0.0	1.5	1.0	1.0
26% to 50%	1.9	1.0	1.0	1.2
51% to 75%	-	-	0.5	0.2
76% to 90%	0.9	1.0	-	0.6
Over 90%	6.5	0.5	0.5	1.7
Don't know	27.1	21.2	23.7	23.4
Not stated	15.0	15.3	16.9	15.9
Base: All respondents	(107)	(203)	(207)	(517)

Landlords in Prime Central London seem to be least likely to take tenancy deposits with, on average, 17% not doing so compared with 4% for both the Rest of the South East and the Rest of the UK .

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

Getting on for half of ARLA members' offices (46%) 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 sixteen landlords (6%) 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	43.9	48.8	44.0	45.8
Up to 10%	7.5	6.9	5.3	6.4
11% to 25%	1.9	2.5	6.3	3.9
26% to 50%	0.9	3.0	3.4	2.7
51% to 75%	-	1.5	2.4	1.5
76% to 90%	-	-	1.4	0.6
Over 90%	-	-	-	-
Don't know	30.8	22.2	20.3	23.2
Not stated	15.0	15.3	16.9	15.9
Base: All respondents	(107)	(203)	(207)	(517)

It would appear that landlords in the Rest of the UK are the ones most likely to be unaware of the need to join a tenancy deposit scheme with almost one in ten (9%) being unaware of the need compared with one in twenty (5%) in the Rest of the South East and one in forty (2.4%) in Prime Central London.

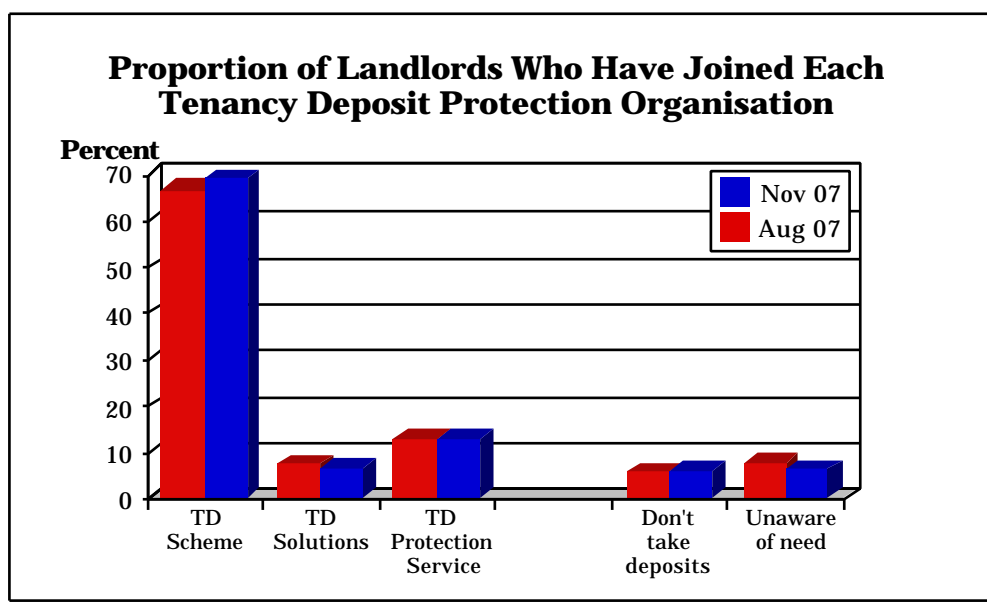
### *Summary*

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	67.3	71.7	66.4	68.6
TD Solutions	6.3	7.9	5.1	6.5
TD Protection Service	7.0	11.8	15.7	12.6
Don't take deposits	17.0	3.8	3.5	6.0
Unaware of need	2.4	4.8	9.3	6.3
Base: All respondents	(107)	(203)	(207)	(517)

There appears to still be a significant minority of landlords (6%) who are unaware of the need to join a tenancy deposit protection organisation

although this figure has more than halved (from 16% to 6%) in the last six months. Apart from this the only noticeable change compared with the survey in August is an increase in the proportion signed up to the Tenancy Deposit Scheme from 67% to 69%.



Scheme Joined	Average Proportion of Landlords (%)		
	May 07	Aug 07	Nov 07
TD Scheme	57.4	66.6	68.6
TD Solutions	7.2	7.1	6.5
TD Protection Service	11.9	12.9	12.6
Don't take deposits	7.7	5.7	6.0
Unaware of need	15.7	7.7	6.3
Base: All respondents	(463)	(463)	(517)

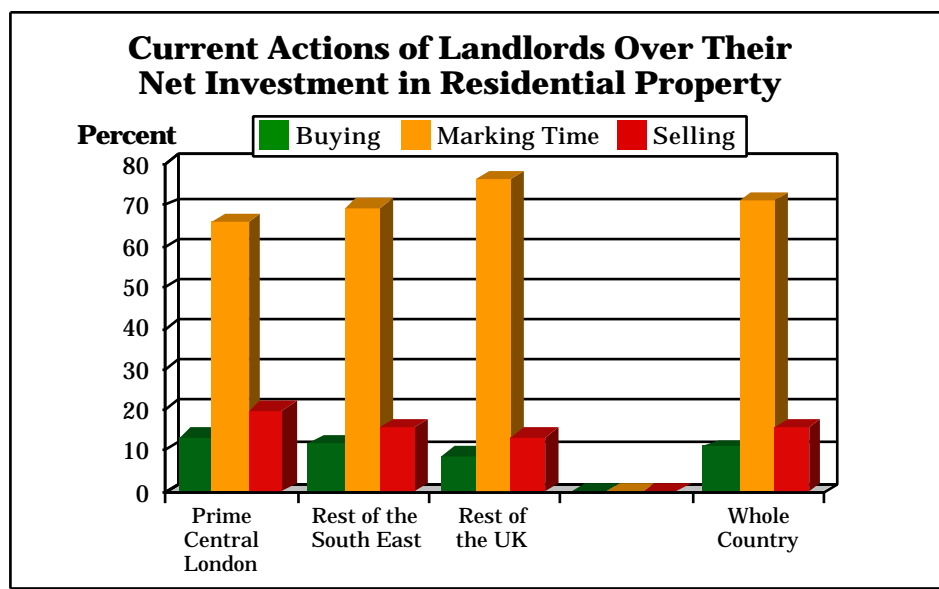
#### 4.16 How Are Landlords Currently Acting Over Their NET Investment in Residential Property (Q.18)

More than seven out of ten ARLA members' offices (71%) think that residential landlords are currently marking time with regard to their net investment in residential property.

However, nearly one in six respondents (16%) think landlords are decreasing their net investment by selling properties, a figure which compares with more than one in ten (11%) who think landlords are increasing their net investment by buying more properties.

How Landlords Are Currently Acting	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Buying	13.1	11.3	8.7	10.6
Marking time	65.4	69.0	75.8	71.0
Selling	19.6	15.8	13.0	15.5
Not stated	1.9	3.9	2.4	2.9
Base: All respondents	(107)	(203)	(207)	(517)

Geographically, it would appear from responses to this question that landlords in all areas are a little more likely to be selling properties than they are to be buying properties.



Compared with three months ago, there has been a significant change with the proportion of respondents who think landlords are currently marking time increasing from 59% to 71%. This increase follows a similar increase three months ago and the figure for those marking time has now increased from 44% to 71% over the last six months.

The consequence of this is that the proportions of landlords who are selling and who are buying have both reduced with the proportion buying

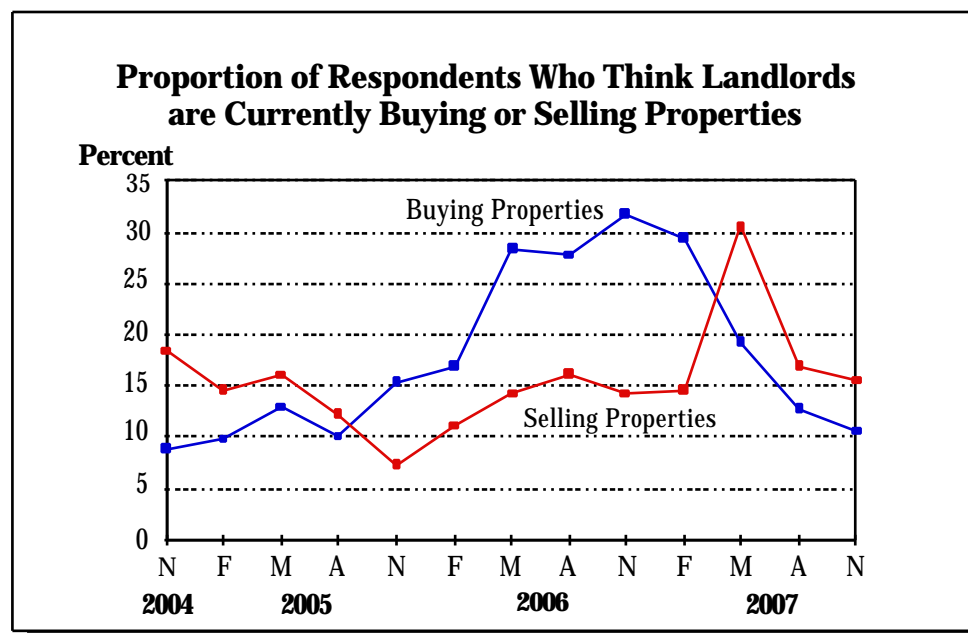
properties falling from 16% to 11% in the last three months and the proportion selling properties falling to a similar degree, from 21% to 16%.

<b>How Currently Acting</b>	<b>Percent of Respondents (%)</b>			
	<b>Feb 07</b>	<b>May 07</b>	<b>Aug 07</b>	<b>Nov 07</b>
Buying	29.5	19.2	16.0	10.6
Marking time	53.0	43.8	58.5	71.0
Selling	14.7	30.5	21.2	15.5
Not stated	2.9	6.5	5.3	2.9
Base: All respondents	(525)	(463)	(463)	(517)

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 three quarters' surveys show that this has reversed again with more landlords now selling properties than are buying them.

As can be seen from the graph below, the situation now is very similar to that which pertained during 2004 and 2005 before the proportion of landlords buying properties increased rapidly in 2006.



# Questionnaire