

Prepared for

**The Association of Residential Letting Agents  
& the ARLA Panel of Mortgage Lenders:**

**Birmingham Midshires  
GMAC Residential Funding  
Mortgage Express  
NatWest Mortgage Services  
Paragon Mortgages  
The Mortgage Business**

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

**Fourth Quarter 2006**

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## 1. **INTRODUCTION & BACKGROUND**

The mortgage lenders who make up the ARLA panel of 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 ARLA panel 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 1,576 letting offices of ARLA members in November 2006 and 372 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 7.4% over the last three months as a result of rises of 11.4% in Prime Central London and 21.3% in the Rest of the UK. In contrast, the average value for the Rest of the South East fell by 4.4%.
- Over the same period the average value of rented flats throughout the country rose by 4.7%, again as a result of increases in Prime Central London (3.5%) and the Rest of the UK (16.0%) with prices of flats in the Rest of the South East falling marginally by 0.3%.
- The average weighted rental returns for houses have risen a little from 4.9% to 5.0% compared with three months ago whilst the equivalent figure for flats has remained unchanged at 5.1%.
- On balance ARLA members report increased achievable rent levels over the last six months on all types of rented property with a higher proportion this quarter (61% compared with 56% in August) saying that this is the case in Prime Central London. Conversely, there was a decrease for the Rest of the South East (39% compared with 42% in August) whilst the figure for the Rest of the UK was little changed.
- The balance between the supply of and demand for rented residential properties has continued to improve, particularly for members managing properties in Prime Central London with more than seven out of ten of these (71%) now saying there are more tenants than there are properties available for them, a figure which is up from 61% three months ago. The proportion of members in the Rest of the South East who say there are more tenants than properties is also up (from 34% to 37%) whilst the proportion of those in the Rest of the UK who say this is down from 34% to 32%.
- More than three out of ten ARLA members (32%) say that landlords are currently buying more properties, a figure which is up from 28% in the third quarter and which compares with only 14% who say landlords are currently selling properties.
- Compared with the third quarter, the average void period is again down slightly, from 3.7 weeks to 3.6 weeks (25 days) reflecting decreases in Prime Central London and the Rest of the South East.
- The average number of new tenancies signed up in the fourth quarter of 2006 was 34.4, up from 33.3 in the third quarter largely as a result of seasonal factors although the long term trend is for this figure to increase slowly.
- The average proportion of ARLA members' offices' portfolios which are made up of investment property, at 53%, is up marginally from 52% in the third quarter of the year.
- The average number of purely investment properties which are managed by ARLA members' offices is up compared with three months ago from 103 properties to 109 properties.

- On average, ARLA members say that tenants remain in the same property for a period of 15.7 months, a figure which is up marginally from 15.6 months in August.
- The cost of alterations needed to comply with new regulations is seen by ARLA members' offices as having had the greatest impact on landlords' decisions on whether or not to stay in the HMO market. However, too much bureaucracy, too many new rules and the cost of obtaining HMO licences are all seen to have had nearly as much effect on those decisions.
- More than four out of ten ARLA members' offices (81%) say they have noticed an increase over the last two years in immigrants who have come to Britain from new EU member states (e.g. Poland) and who want to rent residential property and two thirds (66%) say they have had at least some impact on the market although only 5% believe they have boosted it dramatically.
- Most ARLA members' offices (72%) say that it is at least quite difficult to obtain references on prospective new tenants who are immigrants from new EU member states with 8% saying it is impossible.
- More than three quarters of ARLA members' offices (77%) expect to see an increase over the next two years in immigrants who have come to Britain from new EU member states (e.g. Romania) and who want to rent residential property.

## 4. RESULTS

The following sections detail the results of the survey for the fourth quarter of 2006. 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.

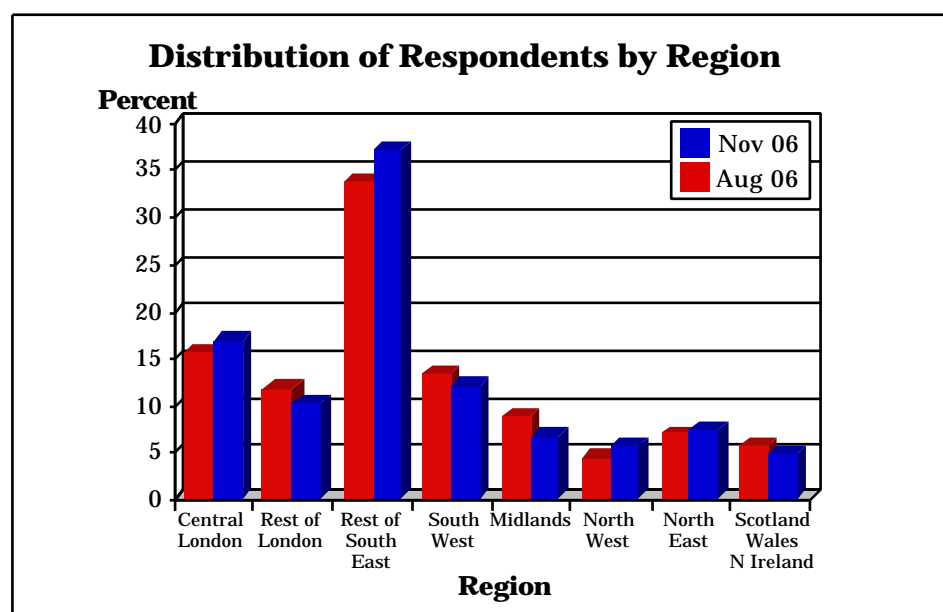
### 4.1 Geographic Location (Q.1)

The South East, including London, was the region with the highest proportion of ARLA member offices responding, accounting for more than six out of ten respondents (64%).

After the South East, the South West with 12% was the region with the most respondents.

Region	Percent of Respondents (%)		
	May 06	Aug 06	Nov 06
Central London	16.4	15.7	16.9
Rest of London ( <i>inside M25</i> )	12.3	11.8	10.2
South East ( <i>excl. London</i> )	33.6	33.7	37.1
South West	13.8	13.3	12.1
Midlands	8.3	8.9	6.5
North West	3.6	4.2	5.4
North East	6.6	6.9	7.3
Scotland/Wales/NI	5.3	5.5	4.6
Base: All respondents	(470)	(451)	(372)

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



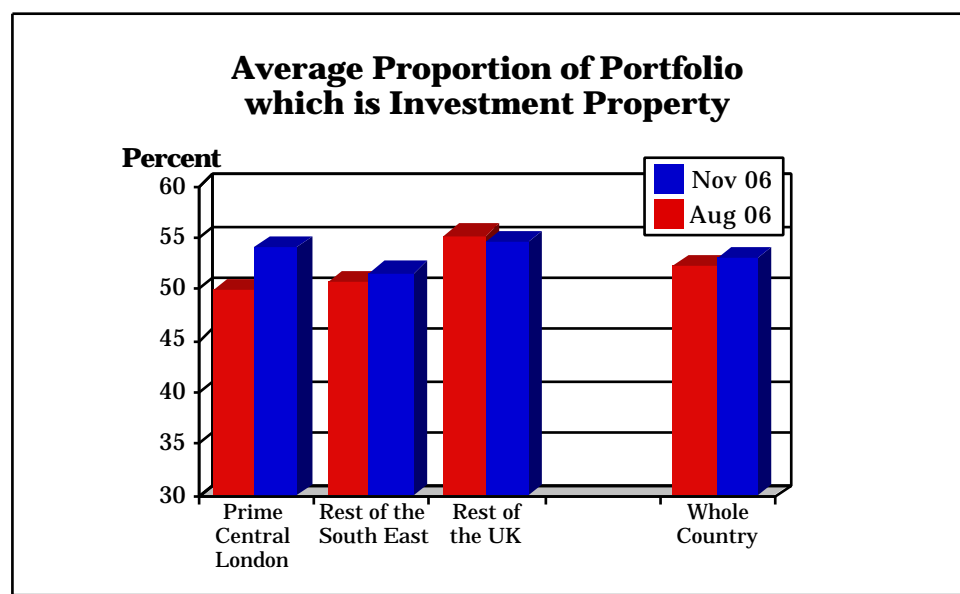
## 4.2 Proportion of Portfolio Made Up of Investment Property (Q.4)

Most respondents (84%) said that more than a quarter of their portfolio is investment property with nearly six out of ten (57%) saying that more than half is investment property. Investment properties comprise a tenth or less of their portfolio for only about one in twenty offices (5.4%).

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	-	0.6	-	0.3
Up to 10%	2.4	6.5	5.2	5.1
11% to 25%	10.8	11.0	8.2	9.9
26% to 50%	30.1	27.1	24.6	26.9
51% to 75%	27.7	36.1	37.3	34.7
Over 75%	26.5	18.7	23.1	22.0
Not stated	2.4	-	1.5	1.1
Base: All respondents	(83)	(155)	(134)	(372)

For offices in the Rest of the South East, investment properties appear to make up a slightly smaller proportion of their portfolios with the average being 51% compared with 55% for offices in the Rest of the UK and 54% for offices managing properties in Prime Central London.



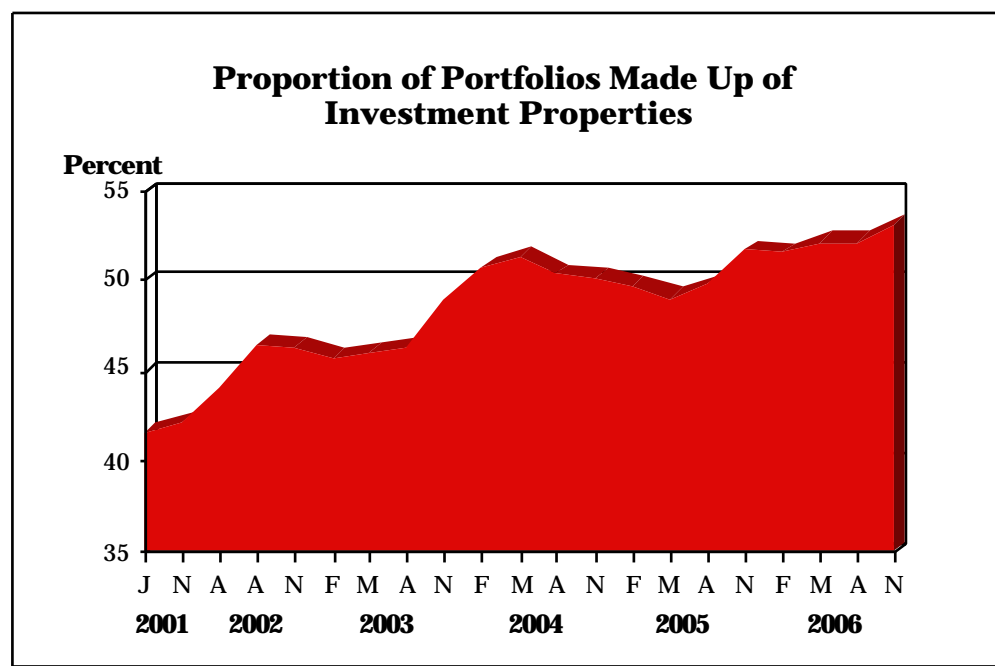
Compared with the last survey in August, the average proportion of portfolios which are in the form of investment property is up very slightly from 52% to 53% largely as a result of an increase from 50% to 54% in the average for Prime Central London.

<b>Geographic Region</b>	<b>Average Proportion of Portfolio (%)</b>			
	<b>Feb 06</b>	<b>May 06</b>	<b>Aug 06</b>	<b>Nov 06</b>
Prime Central London	51.7	51.2	49.8	53.8
South East	50.9	52.8	50.6	51.4
Rest of UK	52.5	52.0	55.1	54.5
All Regions	51.6	52.1	52.1	53.0
Base: All respondents	(443)	(470)	(451)	(372)

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 the results from 2006 have delivered a continuing upward trend.



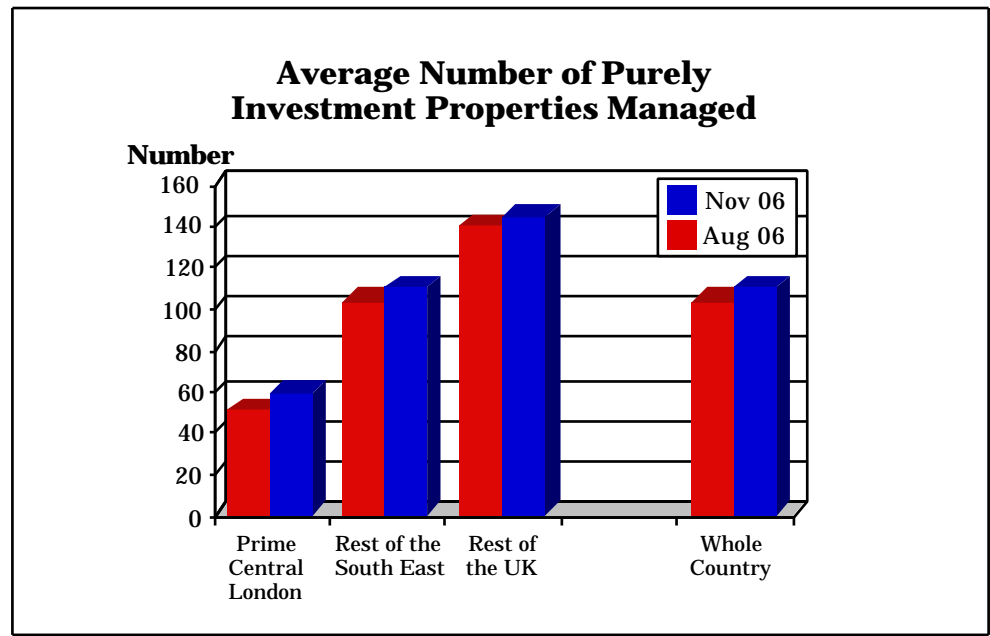
### 4.3 Number of Purely Investment Properties Managed (Q.5)

By and large, ARLA offices manage substantial numbers of purely investment properties with a third (33%) saying that they manage over a hundred properties and eight out of ten (80%) 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	2.4	1.3	0.7	1.3
6 to 10	6.0	7.1	3.7	5.6
11 to 20	21.7	9.0	6.0	10.8
21 to 50	26.5	20.0	19.4	21.2
51 to 100	15.7	28.4	28.4	25.5
Over 100	22.9	32.9	39.6	33.1
Not stated	4.8	1.3	2.2	2.4
Base: All respondents	(83)	(155)	(134)	(372)

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 59 for Prime Central London, 109 for the Rest of the South East and 144 for the Rest of the UK.



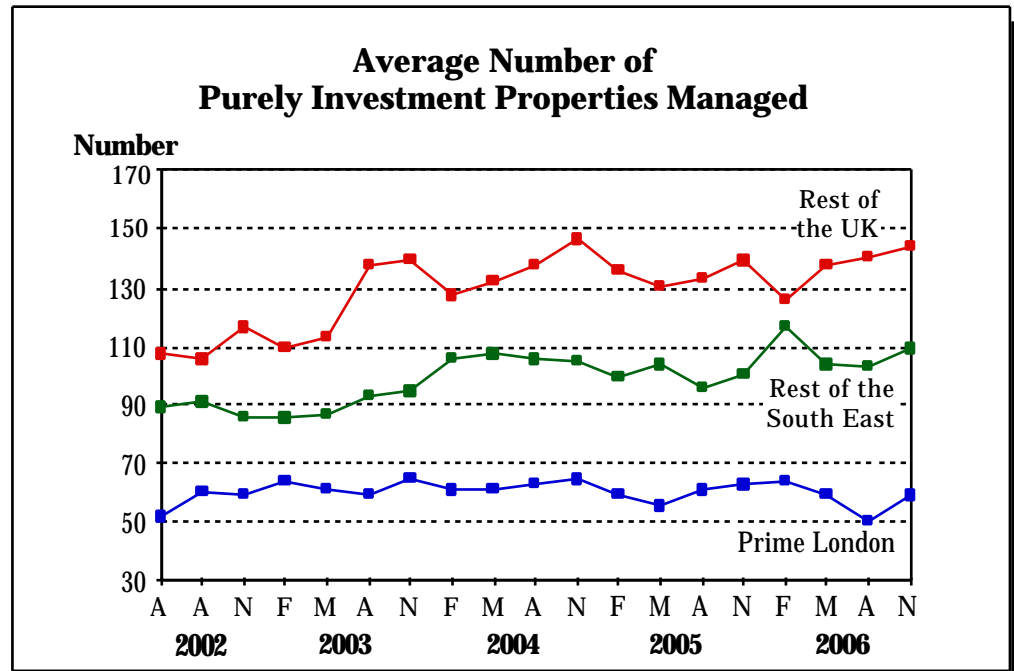
Compared with three months ago, the average number of properties managed is up from 103 to 110 properties as a result of increases in the averages for each of the three broad geographic areas.

Geographic Region	Average Number of Properties			
	Feb 06	May 06	Aug 06	Nov 06
Prime Central London	63.9	59.7	50.8	59.1
South East	117.2	103.8	103.1	109.2
Rest of UK	125.9	137.5	140.1	144.0
All Regions	108.6	105.4	103.2	109.7
Base: All respondents	(443)	(470)	(451)	(372)

As can be seen from the chart below, the average number of properties managed by ARLA members in the Rest of the UK, having increased over the medium term from 106 properties in April 2002 to 146 properties by the end of 2004 before declining for 18 months, has been rising for most of 2006.

The average for the Rest of the South East showed a sharp upward trend in 2003 before levelling off in 2004 and there was a gentle downward trend after that. However, the results from the last few surveys suggest that the figure is on the increase again even though there was quite a sharp decrease in the second quarter of this year.

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



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

##### **Houses**

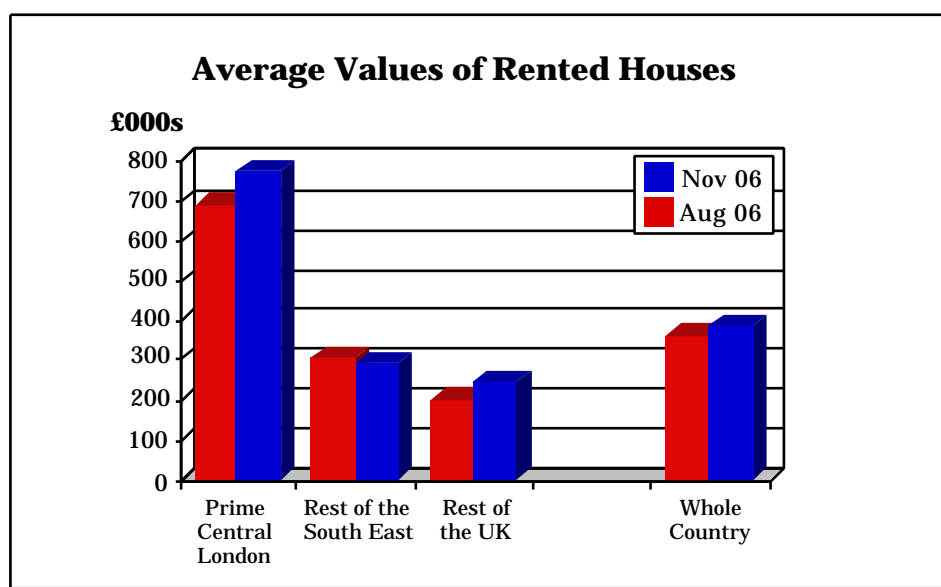
More than half of respondents (53%) say that the average value of a rented house in their area is between £150,000 and £350,000.

Only one in a hundred offices (1%) say the average is below £100,000 but for nearly one in seven respondents (14%), the average in their area is in excess of £750,000.

Analysis of these figures gives an overall weighted average value for a rented house of £385,600.

Average Value of Houses	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Up to £75,000	-	-	-	-
£75,001 to £100,000	-	0.6	2.2	1.1
£100,001 to £150,000	-	7.7	21.6	11.0
£150,001 to £200,000	-	28.4	34.3	24.2
£200,001 to £350,000	9.6	37.4	29.9	28.5
£350,001 to £500,000	13.3	16.8	6.0	12.1
£500,001 to £750,000	19.3	4.5	0.7	6.5
Over £ 750,000	53.0	1.9	3.0	13.7
Not stated	4.8	2.6	2.2	3.0
Base: All respondents	(83)	(155)	(134)	(372)

There are big differences between the values of rented houses in the different regional areas with the average for Prime Central London being more than three quarters of a million pounds (£770,600) compared with less than half that figure (£289,200) in the Rest of the South East and £240,700 in the Rest of the UK.

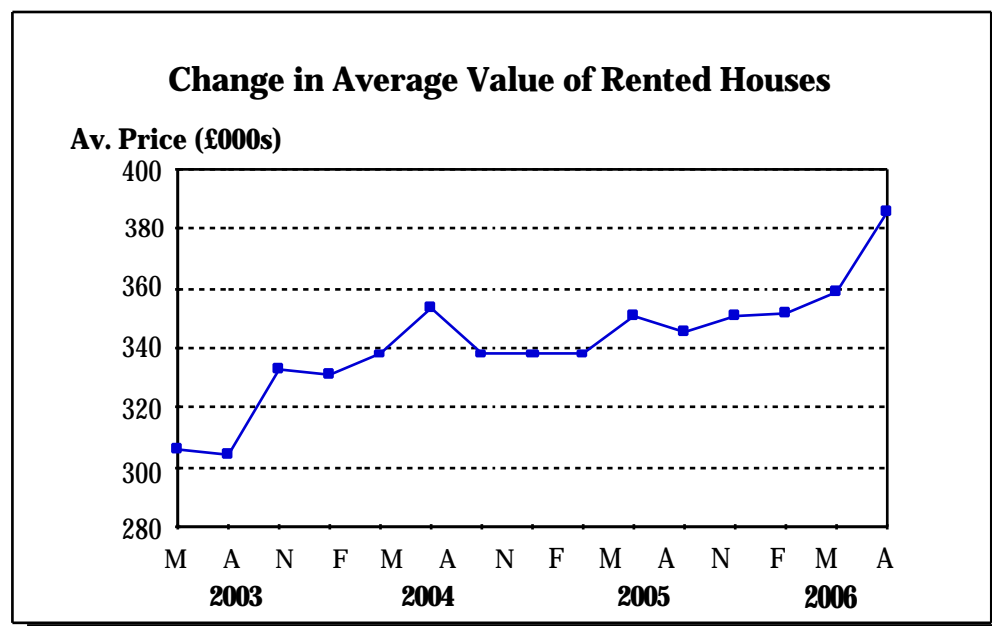


Compared with the last survey, the overall weighted average value of rented houses has risen by 7.4% from £358,900 to £385,600.

<b>Geographic Region</b>	<b>Average Value of Rented Houses (000s)</b>			
	<b>Feb 06</b>	<b>May 06</b>	<b>Aug 06</b>	<b>Nov 06</b>
Prime Central London	652.4	668.3	691.9	770.6
South East	283.1	295.8	302.5	289.2
Rest of UK	226.4	201.6	198.4	240.7
All Regions (weighted)	350.5	351.5	358.9	385.6
Base: All respondents	(463)	(443)	(470)	(372)

Within this overall change, the average price of a rented house in Prime Central London has risen by 11.4% whilst that for the Rest of the UK is up by a huge 21.3%. The average for the Rest of the South East, however, is down by 4.4%.

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 about a year, has been rising fairly steadily since the end of last year. This latest increase, however, is large by comparison with previous increases.



## Flats

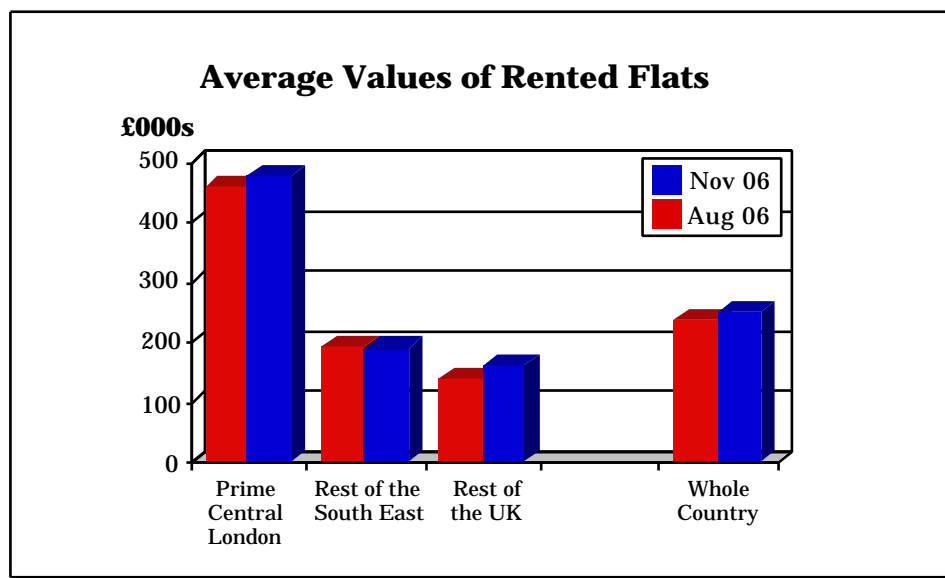
More than half of respondents (52%) say that the average value of a rented flat in their area is between £100,000 and £200,000.

However, almost one in ten respondents 9%, say the average value of a rented flat in their area is below £100,000 compared with only 3% who say the average value is in excess of £750,000.

Analysis of these figures gives an overall weighted average value for a rented flat of £246,500.

Average Value of Flats	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Up to £75,000	0.0	0.6	3.0	1.3
£75,001 to £100,000	0.0	7.7	12.7	7.8
£100,001 to £150,000	2.4	25.2	40.3	25.5
£150,001 to £200,000	4.8	38.7	24.6	26.1
£200,001 to £350,000	21.7	18.1	10.4	16.1
£350,001 to £500,000	39.8	4.5	2.2	11.6
£500,001 to £750,000	12.0	0.0	0.7	3.0
Over £ 750,000	13.3	0.6	0.0	3.2
Not stated	6.0	4.5	6.0	5.4
Base: All respondents	(83)	(155)	(134)	(372)

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 £476,600 compared with £190,200 in the Rest of South East and £158,400 in the Rest of the UK.

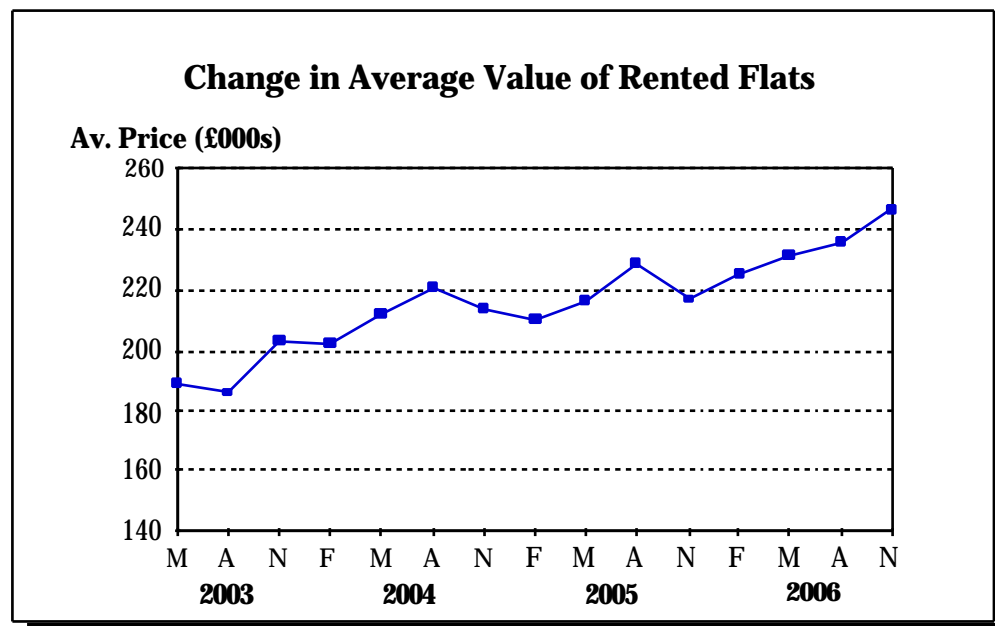


Compared with three months ago, the overall weighted average value of a rented flat has risen by 4.6% from £236,500 to £246,500.

<b>Geographic Region</b>	<b>Average Value of Rented Flats (000s)</b>			
	<b>Feb 06</b>	<b>May 06</b>	<b>Aug 06</b>	<b>Nov 06</b>
Prime Central London	412.6	444.1	460.3	476.6
South East	180.0	187.1	190.8	190.2
Rest of UK	152.1	139.1	136.2	158.4
All Regions (weighted)	225.1	231.2	235.6	246.5
Base: All respondents	(443)	(470)	(451)	(372)

Within that overall change, the average value of rented flats in the Rest of the UK has risen by 16% and in Prime Central London by 3.5%. In contrast, the average for the Rest of the South East is virtually unchanged.

As can be seen from the chart below, over the last three and a half years, the average value of a rented flat has increased by 30% from £189,100 to £246,500 despite the occasional temporary downturn.



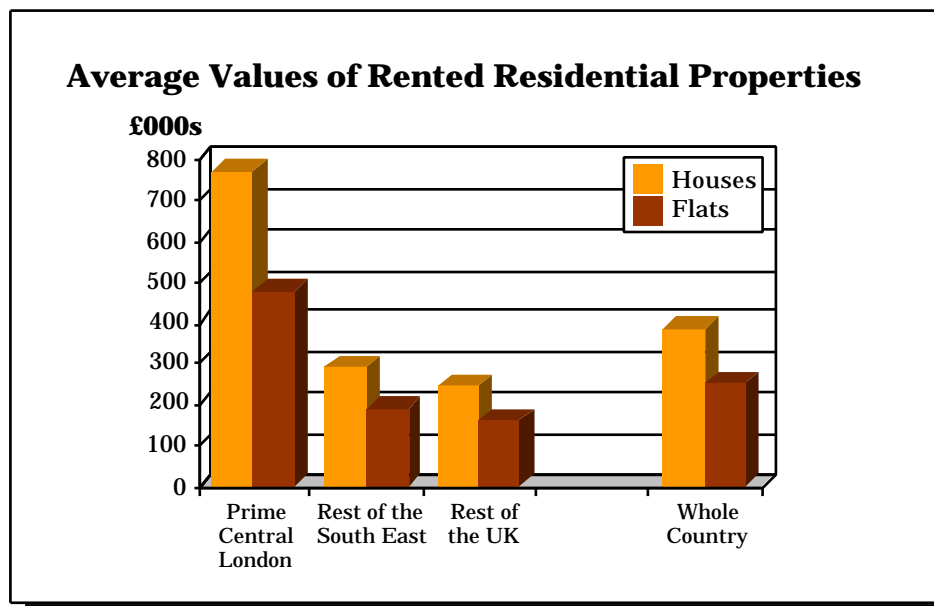
## Summary

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 62% 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 both the Rest of the South East and the Rest of the UK.

Geographic Region	Average Value of Properties (000s)	
	Houses	Flats
Prime Central London	770.6	476.6
South East	289.2	190.2
Rest of UK	240.7	158.4
All Regions (weighted)	385.6	246.5

Base: All respondents (372)



#### 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 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%	9.6	16.1	14.9	14.2
4% to 5%	63.9	45.8	57.5	54.0
6%	9.6	16.8	9.7	12.6
7%	2.4	6.5	6.0	5.4
8%	2.4	3.2	1.5	2.4
9% to 10%	3.6	2.6	3.7	3.2
11% to 12%	-	0.6	1.5	0.8
12% to 15%	1.2	0.6	-	0.5
Over 15%	2.4	0.6	-	0.8
Not stated	4.8	7.1	5.2	5.9
Base: All respondents	(83)	(155)	(134)	(372)

There is some difference in rates of return between the three broad geographic areas with the average for Prime Central London (5.3%) being the highest and that for the Rest of the UK (4.8%) being the lowest. This may, to some extent, be a reflection of the differing degrees by which values have increased over the last three months.

<b>Geographic Region</b>	<b>Average Rental Return (%)</b>			
	<b>Feb 06</b>	<b>May 06</b>	<b>Aug 06</b>	<b>Nov 06</b>
Prime Central London	4.8	5.0	4.6	5.3
South East	5.0	5.2	4.8	5.0
Rest of UK	5.0	5.4	5.3	4.8
All Regions (weighted)	5.0	5.2	4.9	5.0
Base: All respondents	(443)	(470)	(451)	(372)

Compared with three months ago, the overall average weighted rental return on houses is up a little from 4.9% to 5.0%.

The average rental return on houses in Prime Central London has risen sharply from 4.6% to 5.3% whilst that for the Rest of the South East is only up from 4.8% to 5.0% and the average for the Rest of the UK has fallen quite dramatically, from 5.3% to 4.8% perhaps as a result of the big increase in house values.

## **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 5.1%.

<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%	3.6	9.0	14.9	9.9
4% to 5%	65.1	53.5	53.7	56.2
6%	14.5	13.5	12.7	13.4
7%	1.2	4.5	2.2	3.0
8%	1.2	1.9	4.5	2.7
9% to 10%	7.2	4.5	3.0	4.6
11% to 12%	1.2	1.3	1.5	1.3
12% to 15%	-	-	-	-
Over 15%	2.4	0.6	-	0.8
Not stated	3.6	11.0	7.5	8.1
Base: All respondents	(83)	(155)	(134)	(372)

There is considerable difference in the rates of return for rented flats between the different geographical areas, with the average for Prime Central London being the highest at 5.6% and that for the Rest of the UK the lowest at 4.8%.

<b>Geographic Region</b>	<b>Average Rental Return (%)</b>			
	<b>Feb 06</b>	<b>May 06</b>	<b>Aug 06</b>	<b>Nov 06</b>
Prime Central London	5.1	5.3	5.0	5.6
South East	5.4	5.3	4.9	5.1
Rest of UK	5.0	5.2	5.4	4.8
All Regions (weighted)	5.2	5.3	5.1	5.1
Base: All respondents	(443)	(470)	(451)	(372)

Compared with the last survey in August, the overall weighted average rental return on flats is unchanged 5.1%.

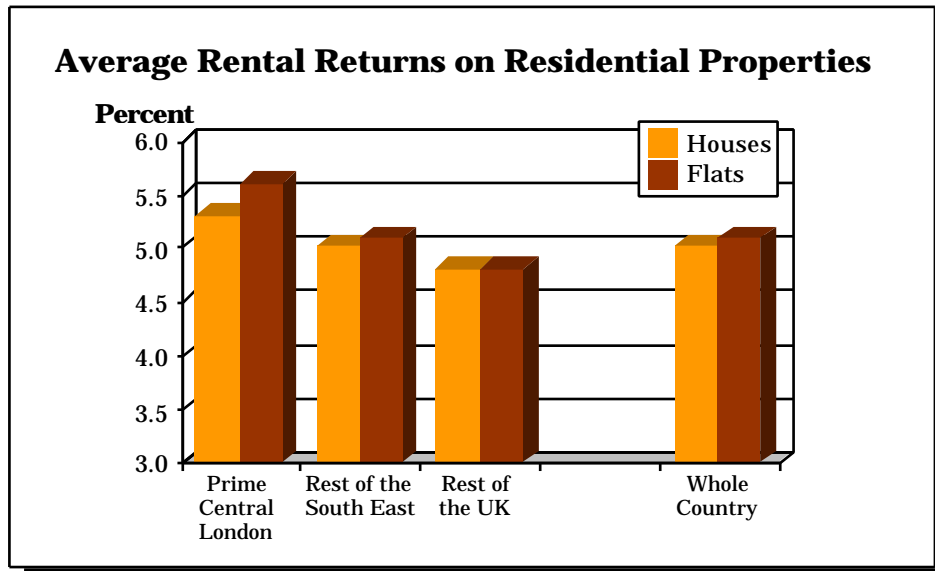
Within this, there has been wide divergence from the overall for each of the broad geographic areas with the average for Prime Central London rising from 5.0% to 5.6%, the average for the Rest of the South East also rising, but by less, from 4.9% to 5.1% and that for the Rest of the UK falling sharply from 5.4% to 4.8%.

**Summary**

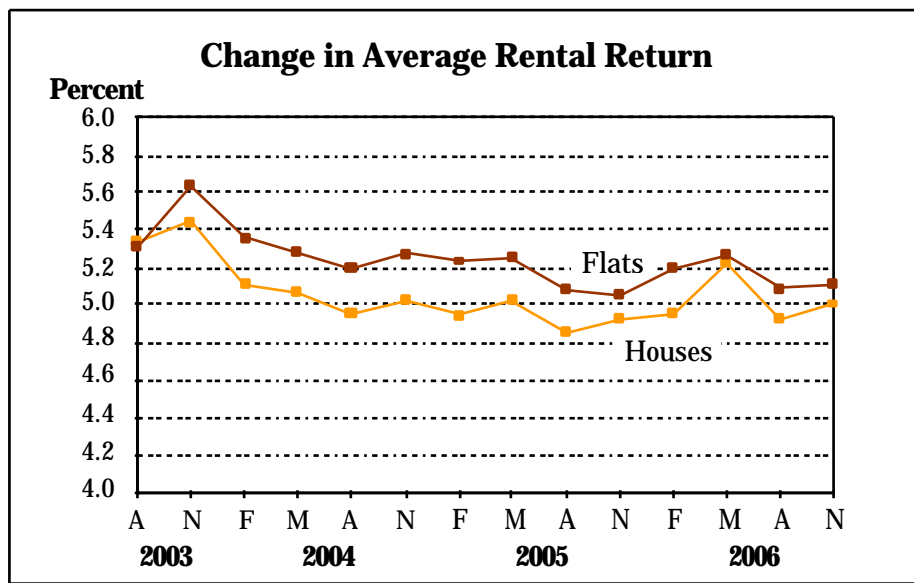
The lowest rental returns are currently being earned on houses and flats in the Rest of the UK (4.8%) whilst, at the other end of the scale, average rental returns are highest for flats in Prime Central London (5.6%).

Geographic Region	Average Rental Return (%)	
	Houses	Flats
Prime Central London	5.3	5.6
South East	5.0	5.1
Rest of UK	4.8	4.8
All Regions (weighted)	5.0	5.1

Base: All respondents (372)



Overall, flats appear to earn a slightly higher gross return than do houses particularly in Prime Central London.



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 last year. The very sharp reduction three months ago followed a sharp increase, and the results from this survey suggest that the slight upward movement may still be continuing.

### **Average Rents**

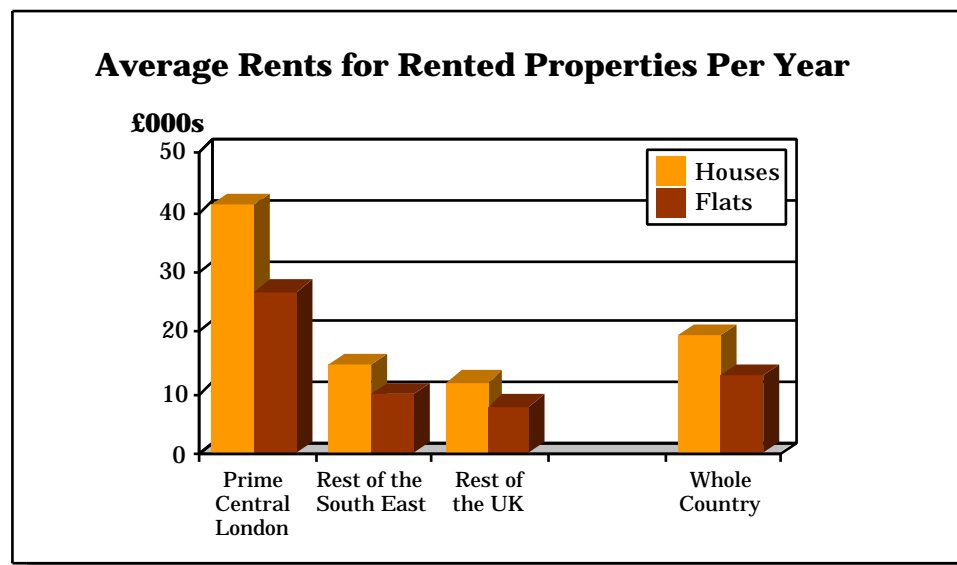
The table below shows the average rents being received by landlords based on the average rental returns and average property values quoted above.

<b>Geographic Region</b>	<b>Average Rents</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	785	3,403	40.8	513	2,224	26.7
South East	278	1,205	14.5	187	808	9.7
Rest of UK	222	963	11.6	146	634	7.6
All Regions (weighted)	371	1,608	19.3	243	1,051	12.6

Base: All respondents (372)

In the case of Prime Central London and the Rest of the UK, the average rent of a house is more than half as much again as the average rent for a flat (53% and 52% higher respectively).

There is also a marked differences in the Rest of the South East where average house rents are 49% higher than average flat rents.



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 in the table below.

However, it should be noted that the number of respondents for some of the regions is relatively small with the smallest number (17) being for Scotland, Wales & Northern Ireland.

<b>Geographic Region</b>	<b>Average Rents</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	785	3,403	40.8	513	2,224	26.7
Rest of London	356	1,541	18.5	239	1,034	12.4
Rest of South East	268	1,162	13.9	178	772	9.3
South West	256	1,110	13.3	172	745	8.9
Midlands	179	775	9.3	111	483	5.8
North West	243	1,055	12.7	148	643	7.7
North East	181	784	9.4	124	537	6.4
Scotland/Wales/NI	183	792	9.5	156	674	8.1

Base: All respondents (372)

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

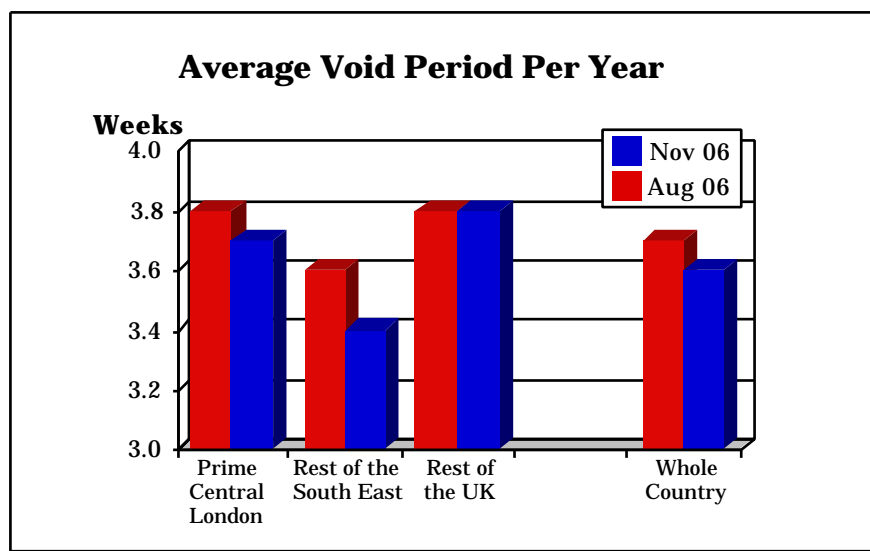
Average void periods for rented residential properties tend to be quite short with seven out of ten ARLA members' offices (70%) reporting averages of 4 weeks or less per year and, in addition, nearly a quarter (23%) say the average is between 5 and 6 weeks.

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

Average Void Period	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Less than 2 weeks	14.5	14.8	9.0	12.6
2 to 4 weeks	51.8	60.0	57.5	57.3
5 to 6 weeks	24.1	19.4	26.1	22.8
7 to 8 weeks	8.4	4.5	6.0	5.9
More than 8 weeks	-	-	-	-
Don't know	1.2	-	0.7	0.5
Not stated	-	1.3	0.7	0.8
Base: All respondents	(83)	(155)	(134)	(372)

Respondents with properties in Prime Central London and the Rest of the UK experience a slightly higher void rate than average at 3.7 weeks (26 days) and 3.8 weeks (27 days) per year respectively.

Compared with that, the average void period for the Rest of the South East is below average at 3.4 weeks (24 days).



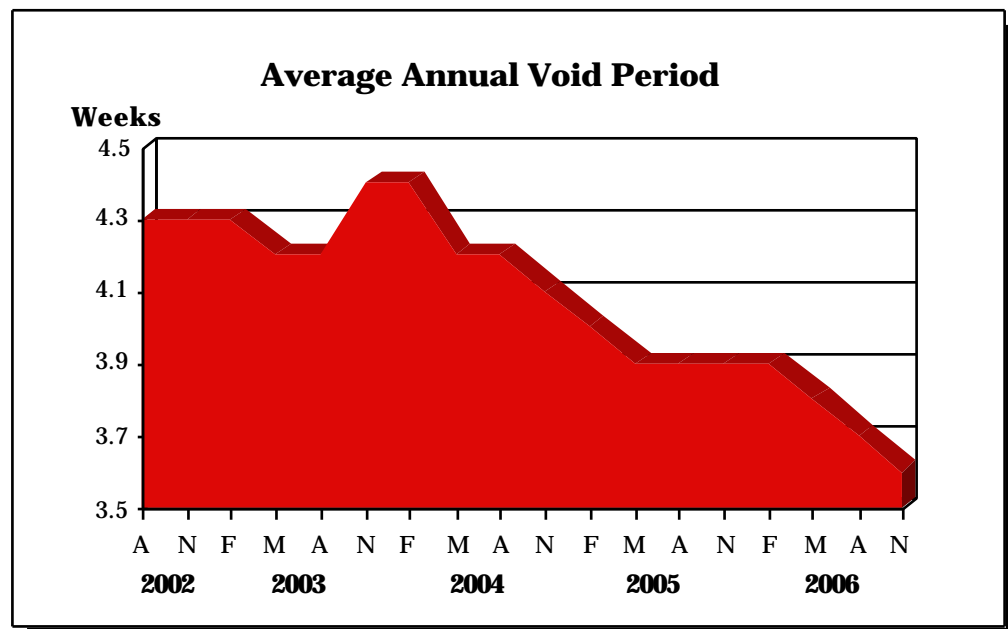
Compared with three months ago, the average void period for the whole country has again fallen slightly, this time from 3.7 weeks to 3.6 weeks.

This overall relatively static position is reflected in the figures for each of the broad geographic areas although the average void period for the Rest

of the South East has fallen from 3.6 weeks to 3.4 weeks and that for Prime Central London from 3.8 weeks to 3.7 weeks per year.

<b>Geographic Region</b>	<b>Average Void Period (weeks)</b>			
	<b>Feb 06</b>	<b>May 06</b>	<b>Aug 06</b>	<b>Nov 06</b>
Prime Central London	4.1	4.0	3.8	3.7
South East	3.7	3.7	3.6	3.4
Rest of UK	3.9	3.8	3.8	3.8
All Regions	3.9	3.8	3.7	3.6
Base: All respondents	(443)	(470)	(451)	(372)

As can be seen from the chart below, whilst this quarter's decrease is small, the average has been declining for some time and has now fallen by 18% from a high of 4.4 weeks (31 days) per year in the winter of 2003/2004 to 3.6 weeks (25 days) now.



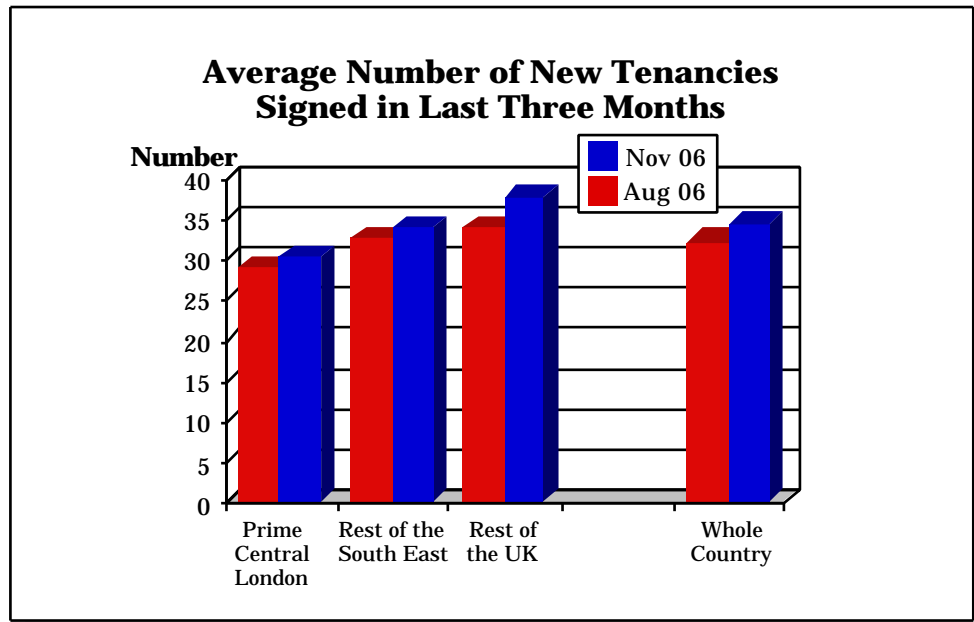
**4.7 Number of New Tenancies (Not Renewals) Signed Up in the Last Three Months (Q.9)**

More than eight out of ten ARLA members' offices (84%) have signed up more than 10 new tenancies (other than renewals) in the last three months with six out of ten (60%) having signed up more than 20 and more than two out of ten (22%) more than 50.

Analysis of these results reveals that, on average, ARLA members' offices have each signed up 34 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	6.0	5.8	3.7	5.1
6 to 10	9.6	12.9	9.0	10.8
11 to 20	22.9	26.5	21.6	23.9
21 to 50	50.6	31.6	38.8	38.4
Over 50	10.8	23.2	26.1	21.5
Not stated	-	-	0.7	0.3
Base: All respondents	(83)	(155)	(134)	(372)

Offices managing properties in Prime Central London have fared less well than those in the Rest of the South East and those the Rest of the UK with the average figures being 30 for Prime Central London compared with 34 for the Rest of the South East and 38 for the Rest of the UK.

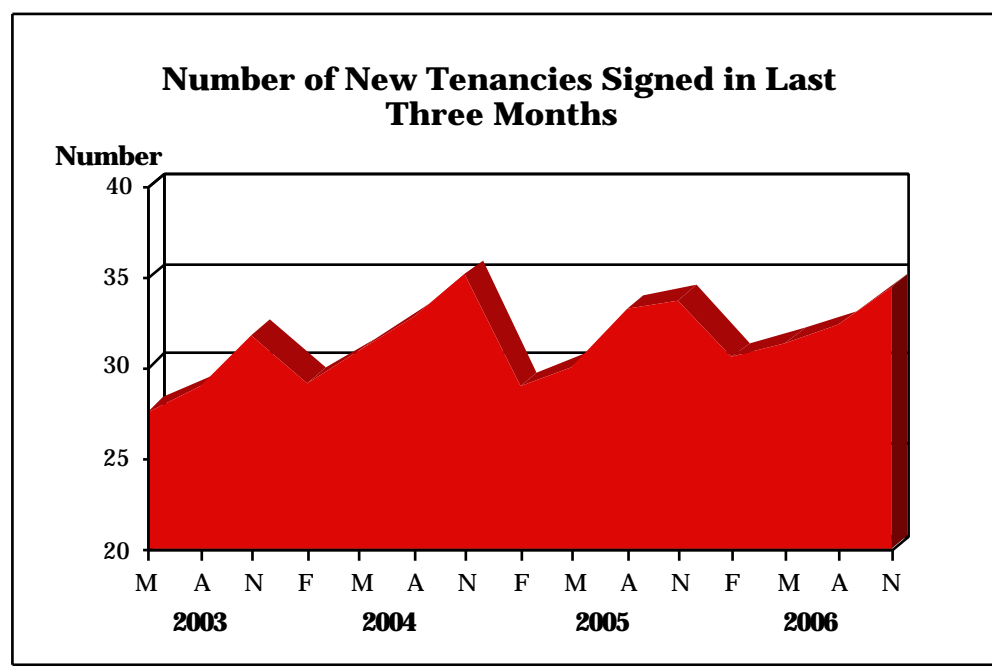


Compared with the last survey, there has been an increase in the average number of new tenancies signed up in the preceding three months from 32 to 34. This increase is mostly accounted for by the relatively big increase for the Rest of the UK (up from 34 to 38) with the

numbers for Prime Central London and the Rest of the South East changing comparatively little.

<b>Geographic Region</b>	<b>Number of New Tenancies</b>			
	<b>Feb 06</b>	<b>May 06</b>	<b>Aug 06</b>	<b>Nov 06</b>
Prime Central London	28.2	28.7	29.0	30.3
South East	32.4	31.8	32.7	33.8
Rest of UK	29.8	32.8	33.9	37.6
All Regions	30.5	31.4	32.3	34.4
Base: All respondents	(443)	(470)	(451)	(372)

As can be seen from the chart below, the improvement seen this quarter appears to be seasonal with increases in the average number of new tenancies occurring in the fourth quarter for each of the last four years. However, having said that, there does appear to be a gentle upward trend in the average.



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

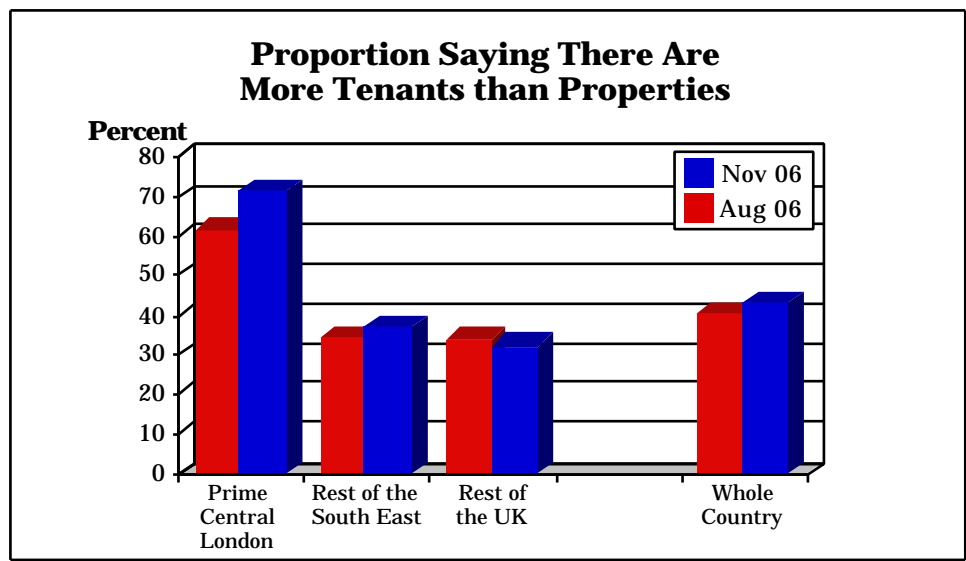
More than four out of ten ARLA members' offices (43%) say that there are currently more tenants than there are properties available for them.

This compares with a smaller proportion (27%) who believe that there are more residential properties available for rent than there are tenants to fill them. However, three out of ten (30%) 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	3.6	5.8	7.5	5.9
Few more props than tenants	10.8	20.6	28.4	21.2
Equal nos of props & tenants	14.5	36.8	32.1	30.1
Lot more tenants than props	37.3	18.1	15.7	21.5
Few more tenants than props	33.7	18.7	16.4	21.2
Not stated	-	-	-	-
Base: All respondents	(83)	(155)	(134)	(372)

Once again, Prime Central London has the highest proportion of respondents saying that there are more tenants than properties (71%) with the comparative figure for the Rest of the South East being 37% and for the Rest of the UK being 32%.



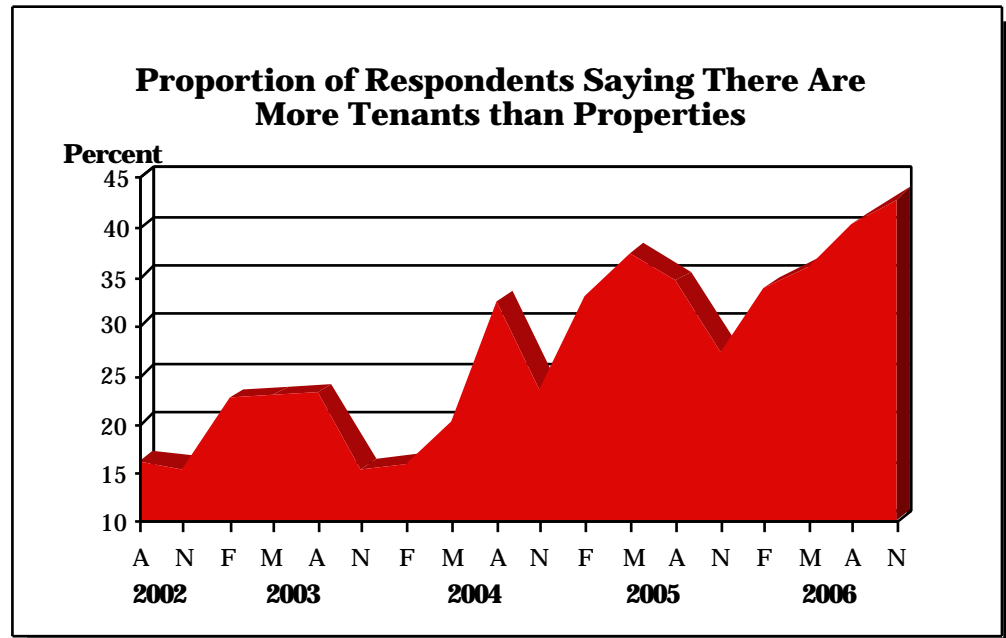
Compared with three months ago, there has been another big improvement for Prime Central London with the proportion of respondents saying there are more tenants than properties rising from

61% to 71%. The Rest of the South East also experienced an improvement, rising from 34% to 37% whilst the Rest of the UK saw a decline in its fortunes with the figure for that region falling slightly from 34% to 32%.

Overall, more than four out of ten respondents to this survey (43%, up from 40% three months ago) said there were more tenants than properties suggesting that the situation with regard to the balance of supply and demand has continued to improve since August.

<b>Geographic Region</b>	<b>Proportion Saying There Are More Tenants than Properties (%)</b>			
	<b>Feb 06</b>	<b>May 06</b>	<b>Aug 06</b>	<b>Nov 06</b>
Prime Central London	48.2	51.3	61.4	71.0
South East	28.4	35.2	34.2	36.8
Rest of UK	29.3	27.2	33.7	32.1
All Regions	33.7	36.0	40.1	42.7
Base: All respondents	(443)	(470)	(451)	(372)

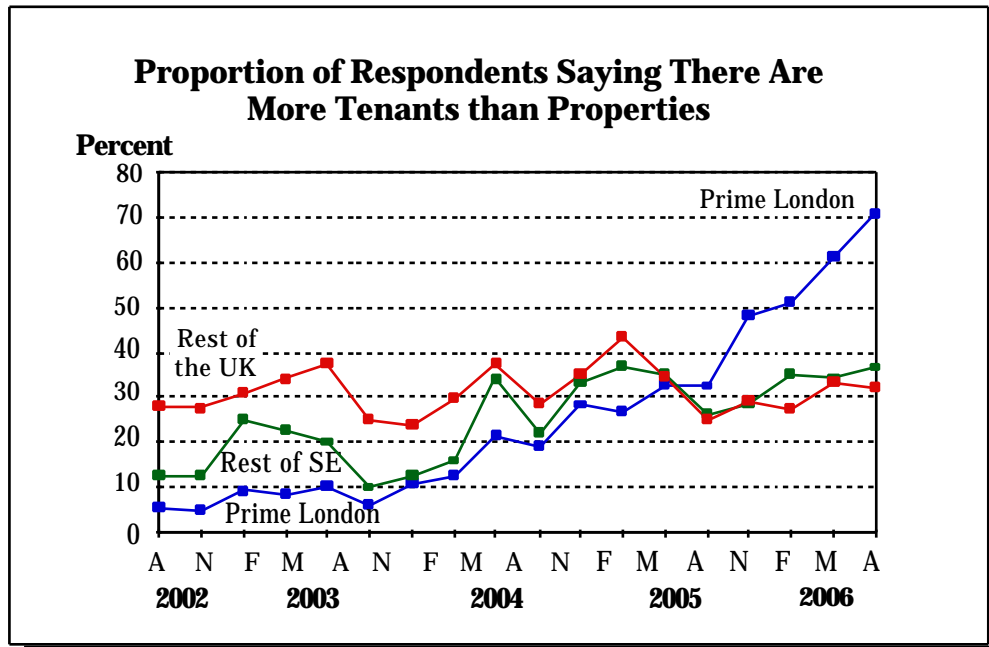
As the chart below shows, the proportion of respondents saying that there are more tenants than properties is now at an historically high level, in fact the highest level since this question was first asked more than four years ago.



Looking at changes for each of the broad geographic areas over the last four 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 fourteenfold, from a low of 5% in the last quarter of 2002 to a high of 71% in the fourth quarter of 2006.

In the Rest of the South East, the figure has also risen but not as dramatically, growing nearly fourfold from a low of 10% in the last quarter of 2003 to the present figure of 37%.

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.

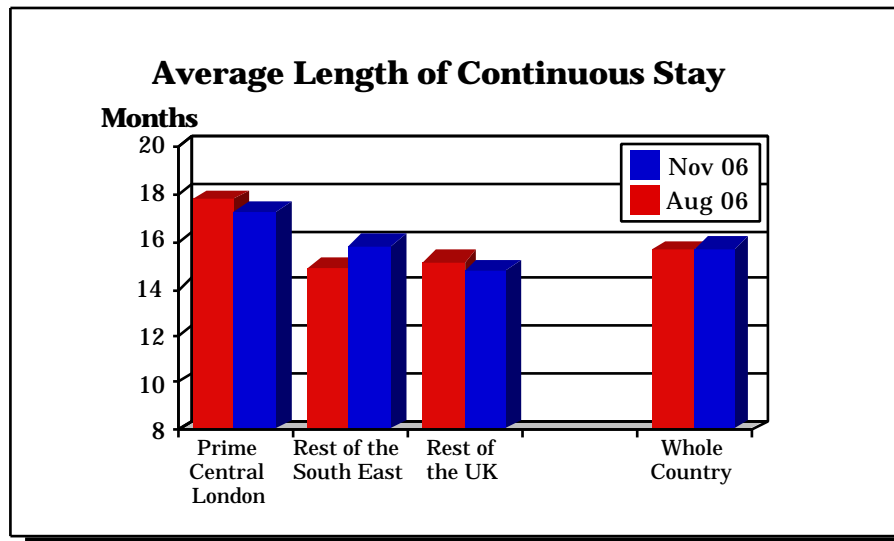


#### 4.9 Average Length of Continuous Stay in Property (Q.11)

Three quarters of tenants (75%) 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 15.7 months.

Average Length of Continuous Stay	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
6 to 9 months	2.4	1.9	4.5	3.0
10 to 12 months	14.5	26.5	35.8	27.2
13 to 18 months	54.2	50.3	41.0	47.8
19 to 24 months	21.7	14.8	12.7	15.6
More than 24 months	7.2	5.2	3.7	5.1
Don't know	-	-	0.7	0.3
Not stated	-	1.3	1.5	1.1
Base: All respondents	(83)	(155)	(134)	(372)

The average time a tenant stays in the same property is longest for Prime Central London at 17.2 months compared with 15.8 months for the Rest of the South East and 14.7 months for the Rest of the UK.

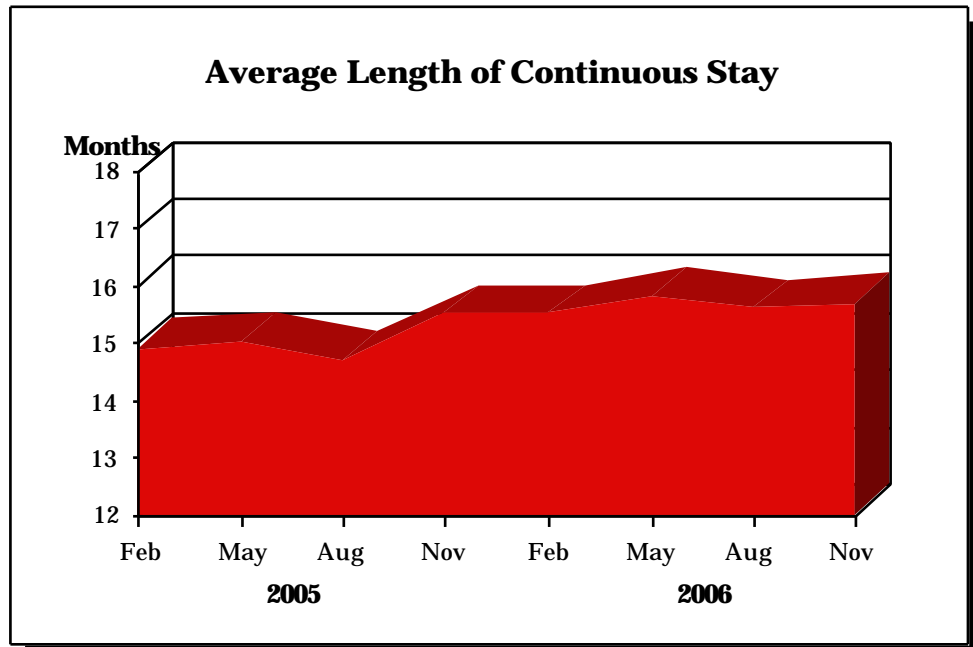


Geographic Region	Average Continuous Stay (months)			
	Feb 06	May 06	Aug 06	Nov 06
Prime Central London	16.3	17.8	17.7	17.2
South East	15.7	15.8	14.8	15.8
Rest of UK	14.6	14.6	15.1	14.7
All Regions	15.5	15.8	15.6	15.7
Base: All respondents	(443)	(470)	(451)	(372)

Compared with the last survey, there has been little change in these figures although the average for the Rest of the UK has risen from 14.8

months to 15.8 months whilst that for the rest of the UK has fallen a little from 15.1 months to 14.7 months and that for Prime Central London has also fallen a little from 17.7 months to 17.2 months.

As can be seen from the chart below, the average length of stay in a property has changed little over the last two years although it has been drifting gently upwards.



#### 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 36% and 50% 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	2.2	3.0	4.0	5.4	6.2	4.6
Increased a little	36.6	40.9	46.2	41.1	41.7	31.7
Stayed the same	40.6	41.1	39.8	38.7	37.6	46.5
Decreased a little	7.8	4.8	4.3	8.3	9.4	6.5
Decreased a lot	2.2	0.5	0.3	0.5	1.6	0.5
Don't know	10.5	9.4	5.1	5.4	3.0	8.9
Not stated	0.3	0.3	0.3	0.5	0.5	1.3

Base: All respondents (372)

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 42% and 77% 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 than for the whole country with between 2% and 4% 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	6.0	7.2	8.4	20.5	19.3	12.0
Increased a little	36.1	41.0	55.4	56.6	56.6	45.8
Stayed the same	18.1	20.5	21.7	14.5	18.1	27.7
Decreased a little	3.6	2.4	2.4	3.6	2.4	1.2
Decreased a lot	-	-	-	-	-	-
Don't know	36.1	28.9	12.0	4.8	3.6	13.3
Not stated	-	-	-	-	-	-

Base: All respondents (83)

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 a little less positive with between 33% and 44% of respondents saying that achievable rent levels have increased compared with between 5% and 11% 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	1.3	1.3	3.2	1.9	2.6	3.2
Increased a little	35.5	40.6	40.6	34.8	36.1	29.7
Stayed the same	51.0	48.4	47.7	48.4	46.5	50.3
Decreased a little	6.5	4.5	4.5	8.4	9.7	7.1
Decreased a lot	2.6	-	-	0.6	1.3	0.0
Don't know	3.2	5.2	3.9	5.2	3.2	7.7
Not stated	-	-	-	0.6	0.6	1.9
Not stated	0.6	0.6	0.6	0.6	0.6	0.6

Base: All respondents (155)

Nevertheless, 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 27% and 49% of offices say that achievable rent levels for each type of property have increased whilst only between 6% 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	0.7	2.2	2.2	0.0	2.2	1.5
Increased a little	38.1	41.0	47.0	38.8	38.8	25.4
Stayed the same	42.5	45.5	41.8	42.5	39.6	53.7
Decreased a little	11.9	6.7	5.2	11.2	13.4	9.0
Decreased a lot	3.0	1.5	0.7	0.7	3.0	1.5
Don't know	3.0	2.2	2.2	6.0	2.2	7.5
Not stated	0.7	0.7	0.7	0.7	0.7	1.5

Base: All respondents (134)

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 graph below show the proportion of ARLA members' offices from each geographical area who say they believe achievable rent levels had increased for each type of property.

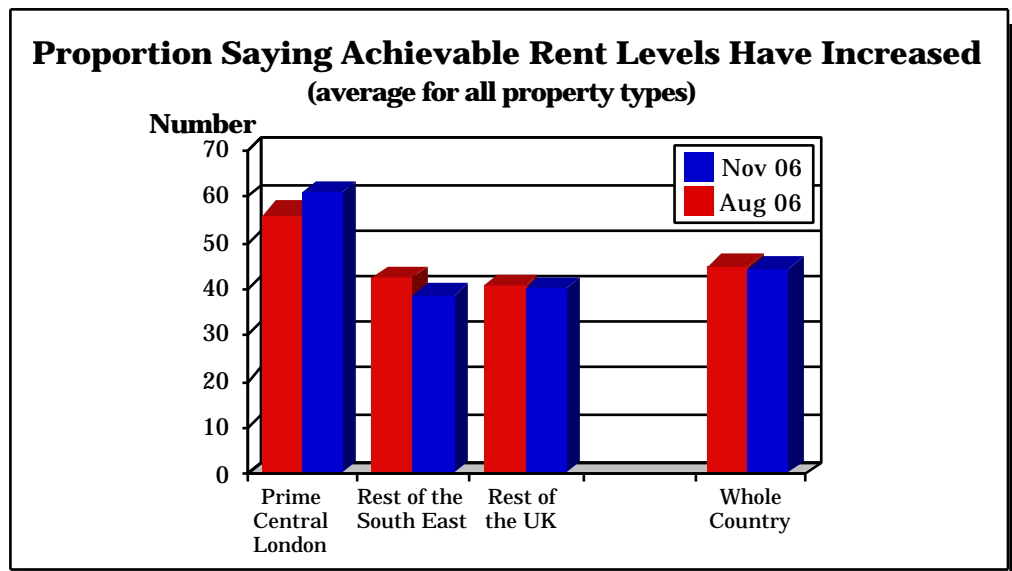
Geographic Region	Percent Saying Achievable Rents Have Increased (%)					
	Det House	Semi House	Terr House	Conv Flat	PB Flat	Studio Flat
Prime Central London	42.2	48.2	63.9	77.1	75.9	57.8
Rest of the South East	36.8	41.9	43.9	36.8	38.7	32.9
Rest of the UK	38.8	43.3	49.3	38.8	41.0	26.9
All regions	38.7	43.8	50.3	46.5	47.8	36.3

Base: All respondents (372)

Compared with three months ago, there has been a small decrease in the average proportion of respondents saying achievable rents across all property types have increased from 45% to 44%.

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 again up sharply from 56% to 61%.

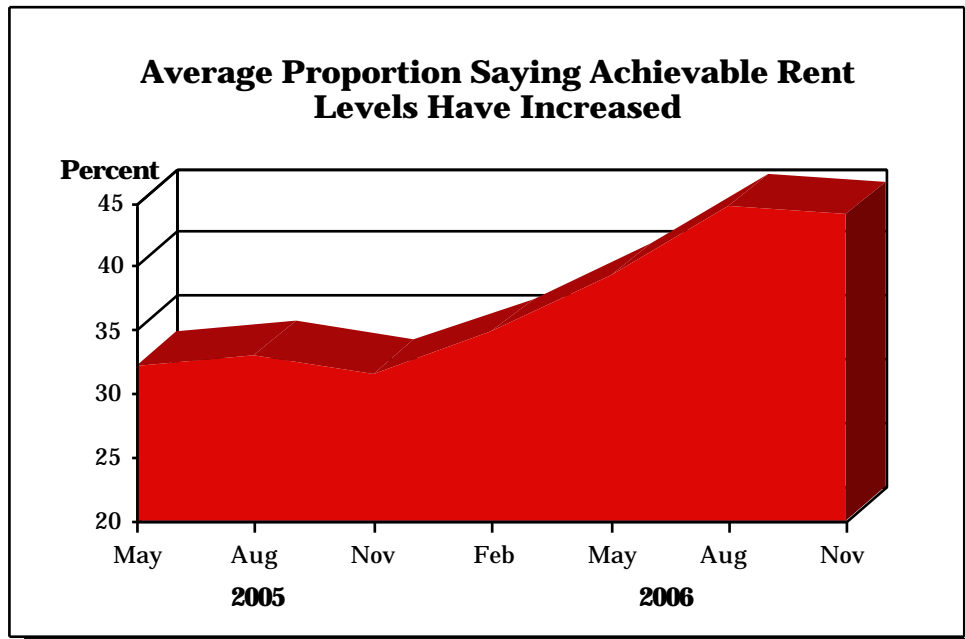
The comparative figure for the Rest of the South East tells a different story falling from 42% to 39% whilst that for the Rest of the UK is unchanged at 40%.



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.

The results from this survey suggest that this rising trend may now have ceased but that does not alter the fact that a much higher proportion of respondents are still saying that achievable rent levels have increased.

<b>Geographic Region</b>	<b>Percent Saying Achievable Rents Have Increased (%)</b>			
	<b>Feb 06</b>	<b>May 06</b>	<b>Aug 06</b>	<b>Nov 06</b>
Prime Central London	37.3	46.8	55.9	60.8
Rest of the South East	29.2	34.7	42.2	38.5
Rest of the UK	39.3	39.1	40.4	39.7
All regions	34.7	39.2	44.6	43.9
Base: All respondents	(443)	(470)	(451)	(372)



#### 4.11 **Importance of Factors Affecting Decision to Leave HMO Market (Q.13)**

This question sought to establish what were the most significant factors affecting decisions by landlords with Houses in Multiple Occupation (HMOs) to leave the HMO market.

Although an “other” option was included hardly any respondents used it and those that did merely used it to qualify their choice of one of the four listed options.

Furthermore, a high proportion of respondents (40%) did not answer the question at all and it is clear from comments written on some of the questionnaires that this was probably because they have no connection with HMOs and did not therefore have a view.

##### *Too Much Bureaucracy under New Regulations*

More than half of ARLA members’ offices (53%) said that they thought too much bureaucracy under new regulations was either extremely or quite important to landlords in making a decision to leave the HMO market with nearly three out of ten (28%) saying it was an extremely important factor.

When the non responses are excluded, the proportion saying this factor was extremely important rises from 28% to 46%.

<b>Level of Importance</b>	<b>Percent of Respondents (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
Extremely important	30.1	25.2	29.9	28.0
Quite important	25.3	20.6	29.9	25.0
Not very important	3.6	5.8	2.2	4.0
Not at all important	1.2	1.9	-	1.1
Don't know/not sure	2.4	1.3	3.0	2.2
Not stated	37.3	45.2	35.1	39.8
Base: All respondents	(83)	(155)	(134)	(372)

Respondents from the Rest of the UK were most likely to rate this factor as either extremely or quite important (60%) whilst those from the Rest of the South East were least likely to do so (46%) with those from Prime Central London falling in between the two (55%).

##### *Too Many New Rules to Comply With*

Getting on for six out of ten ARLA members’ offices (56%) said that they thought too many new rules to comply with was either extremely or quite important to landlords in making a decision to leave the HMO market with three out of ten (30%) saying it was an extremely important factor.

When the non responses are excluded, the proportion saying this factor was extremely important rises from 30% to 50%.

<b>Level of Importance</b>	<b>Percent of Respondents (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
Extremely important	26.5	24.5	38.8	30.1
Quite important	34.9	23.9	21.6	25.5
Not very important	1.2	3.2	2.2	2.4
Not at all important	-	1.9	-	0.8
Don't know/not sure	-	1.3	2.2	1.3
Not stated	37.3	45.2	35.1	39.8
Base: All respondents	(83)	(155)	(134)	(372)

Respondents from Prime Central London and the Rest of the UK were more likely to rate this factor as either extremely or quite important (61% and 60% respectively) whilst those from the Rest of the South East were less likely to do so (48%).

#### *Cost of Obtaining HMO Licences*

Half of ARLA members' offices (50%) said that they thought the cost of obtaining HMO licences was either extremely or quite important to landlords in making a decision to leave the HMO market with nearly three out of ten (28%) saying it was an extremely important factor.

When the non responses are excluded, the proportion saying this factor was extremely important rises from 28% to 46%.

<b>Level of Importance</b>	<b>Percent of Respondents (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
Extremely important	28.9	23.9	32.1	28.0
Quite important	22.9	20.6	23.1	22.0
Not very important	9.6	4.5	8.2	7.0
Not at all important	1.2	3.9	-	1.9
Don't know/not sure	-	1.9	1.5	1.3
Not stated	37.3	45.2	35.1	39.8
Base: All respondents	(83)	(155)	(134)	(372)

Respondents from the Rest of the UK were most likely to rate this factor as either extremely or quite important (55%) whilst those from the Rest of the South East were least likely to do so (45%) with those from Prime Central London falling in between the two (52%).

### *Cost of Alterations Needed to Comply With New Regulations*

Approaching six out of ten ARLA members' offices (56%) said that they thought the cost of alterations needed to comply with new regulations was either extremely or quite important to landlords in making a decision to leave the HMO market with almost four out of ten (39%) saying it was an extremely important factor.

When the non responses are excluded, the proportion saying this factor was extremely important rises from 39% to 65%.

<b>Level of Importance</b>	<b>Percent of Respondents (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
Extremely important	39.8	33.5	44.8	39.0
Quite important	20.5	14.8	17.9	17.2
Not very important	2.4	3.9	2.2	3.0
Not at all important	-	1.9	-	0.8
Don't know/not sure	-	0.6	-	0.3
Not stated	37.3	45.2	35.1	39.8
Base: All respondents	(83)	(155)	(134)	(372)

Respondents from the Rest of the UK were most likely to rate this factor as either extremely or quite important (63%) whilst those from the Rest of the South East were least likely to do so (48%) with those from Prime Central London falling in between the two (60%).

### *Summary*

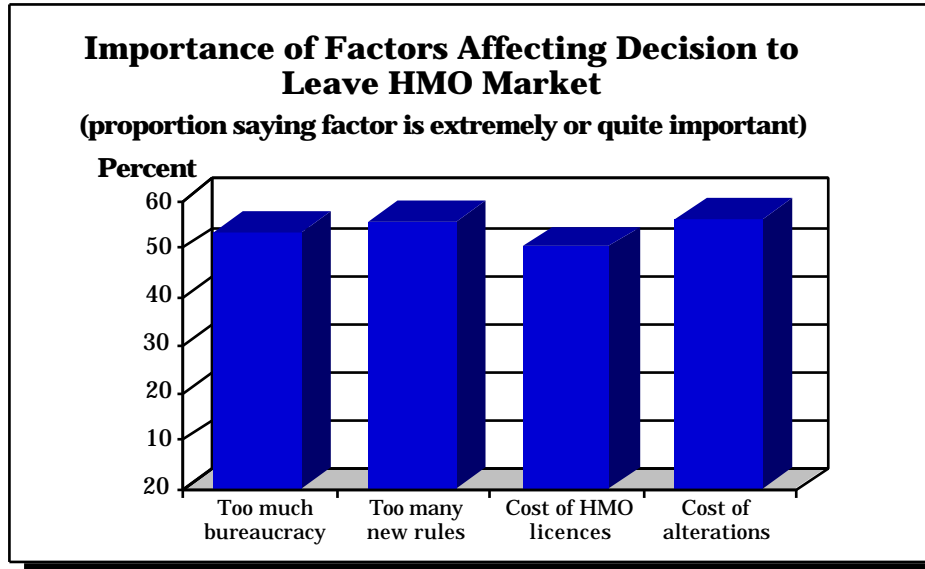
The results from this question make it quite clear that those respondents who have an involvement with HMOs believe that all of the four listed factors have played a significant part in any decisions by landlords with HMOs to leave the HMO market.

<b>Factor</b>	<b>Percent of Respondents (%)</b>					
	<b>Ext</b>	<b>Quite</b>	<b>Not very</b>	<b>Not at all</b>	<b>Don't know</b>	<b>Not stated</b>
Too much bureaucracy	28.0	25.0	4.0	1.1	2.2	39.8
Too many new rules	30.1	25.5	2.4	0.8	1.3	39.8
Cost of HMO licences	28.0	22.0	7.0	1.9	1.3	39.8
Cost of alterations needed	39.0	17.2	3.0	0.8	0.3	39.8

Base: All respondents (372)

Having said that, at the extremely important level, there are some distinctions between the factors with the most important being seen to be the cost of alterations needed under the new regulations with almost four out of ten ARLA members' offices (39%) saying this factor was extremely important.

This compares with three out of ten (30%) saying that too many new rules to comply with was an extremely important factor and slight less (28% in each case) saying the other two factors were extremely important.



In terms of differences between the three broad geographical areas, it is clear that HMOs are less relevant to offices in the Rest of the South East with 45% not answering the question compared with 37% in Prime Central London and 35% in the Rest of the UK.

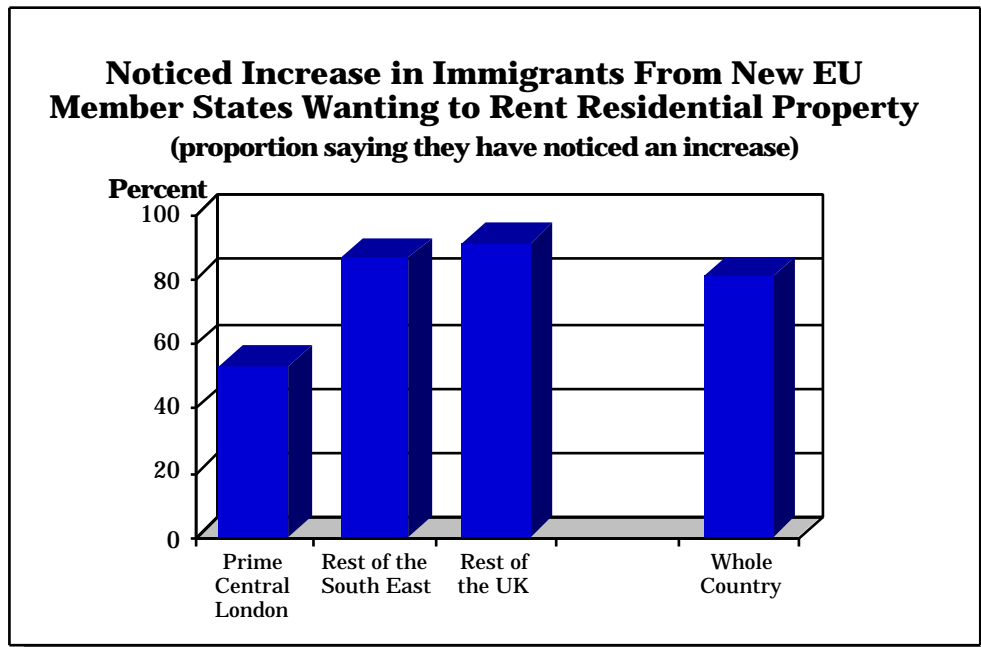
This difference is the main reason for the differences in the proportions rating each factor as either extremely or quite important

**4.12 Noticed An Increase Over the Last Two Years in Immigrants Wanting to Rent Residential Property Who Have Come to Britain From Countries which have Joined the European Union (EU) During That Period (Q.14)**

More than eight out of ten ARLA members' offices (81%) said they had noticed an increase over the last two years in immigrants wanting to rent residential property who have come to Britain from countries which have joined the EU during that period (e.g. Poland).

<b>Response</b>	<b>Average Proportion of Tenants (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
Yes	53.0	86.5	91.0	80.6
No	45.8	12.9	6.8	18.1
Not stated	1.2	0.6	2.3	1.3
Base: All respondents	(83)	(155)	(134)	(372)

There is a substantial difference in the response to this question depending on the location of the respondents with only a little over half of respondents (53%) from offices managing properties in Prime Central London saying they have noticed an increase compared with nearly nine out of ten (87%) for the Rest of the South East and even more (91%) for the Rest of the UK.



#### 4.13 **Extent to Which Immigrants From New EU Member States Have Affected the Private Rental Market (Q.15)**

Most respondents believe that immigrants from new EU member states have had at least some impact on the private rental market but only a small minority of one in twenty (5%) believe that they have boosted it dramatically. Equally, only a minority of less than one in ten (8%) think they have not affected the private rental market at all.

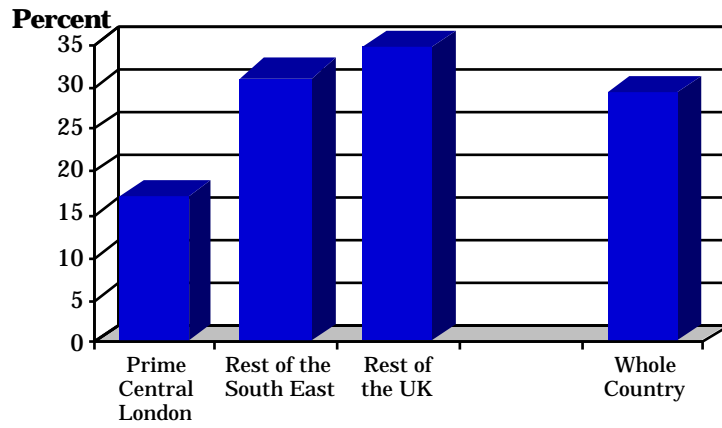
<b>Effect on Market</b>	<b>Percent of Respondents (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
Boosted it dramatically	2.4	5.8	4.5	4.6
Made a significant impact	14.5	25.2	29.9	24.5
Had some effect	27.7	37.4	42.5	37.1
Had only a minimal effect	27.7	20.6	12.7	19.4
Not affected it at all	13.3	5.8	7.5	8.1
Other effect	9.6	2.6	1.5	3.8
Not stated	4.8	2.6	1.5	2.7
Base: All respondents	(83)	(155)	(134)	(372)

Geographically, there are some noticeable differences, the main one being that respondents from offices which manage properties in Prime Central London are less likely to think immigrants from new EU member states have had any real impact with more than four out of ten (41%) saying the impact has been, at most, minimal. This compares with 26% of those in the Rest of the South East and just 20% of those in the Rest of the UK.

The reverse is also true, as can be seen from the table and chart below, with 34% of respondents in the Rest of the UK saying immigrants have affected the market either dramatically or significantly compared with 31% of those in the Rest of the South East and just 17% for those in Prime Central London.

<b>Geographic Region</b>	<b>Percent Saying affected Market Dramatically or Significantly (%)</b>
Prime Central London	16.9
Rest of the South East	31.0
Rest of the UK	34.4
All Regions	29.1
Base: All respondents	(372)

**Extent to Which Immigrants From New EU Member States Have Affected Private Rental Market  
(proportion saying dramatically or significantly)**



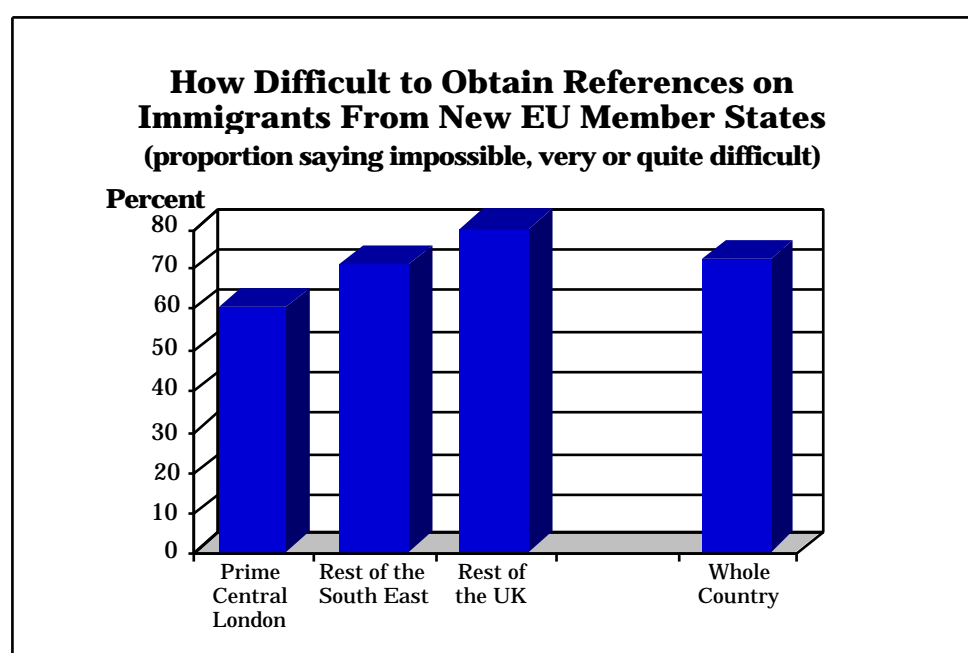
#### 4.14 How Difficult to Obtain References on Immigrants From New EU Member States (Q.16)

One in twelve respondents (8%) said that it was impossible to get references on prospective tenants who are immigrants from new EU member states but more (14%) say it is quite easy. The majority (72%), however, consider it to be at least quite difficult to obtain such references.

How Difficult	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Impossible	6.0	6.5	11.2	8.1
Very difficult	22.9	21.9	37.3	27.7
Quite difficult	31.3	42.6	31.3	36.0
Quite easy	7.2	16.8	14.2	13.7
Very easy	-	-	-	-
Don't know	28.9	9.0	4.5	11.8
Not stated	3.6	3.2	1.5	2.7
Base: All respondents	(83)	(155)	(134)	(372)

Geographically, respondents who manage properties in Prime Central London are much more likely not to have a view about the difficulty of obtaining references on immigrants (29% compared with 9% for the Rest of the South East and 5% for the Rest of the UK).

Apart from this, the main difference between the regions is that respondents from the Rest of the UK are much more likely to say that they find it either impossible or very difficult to obtain such references (49% compared with 29% for Prime Central London and 28% for the Rest of the South East).



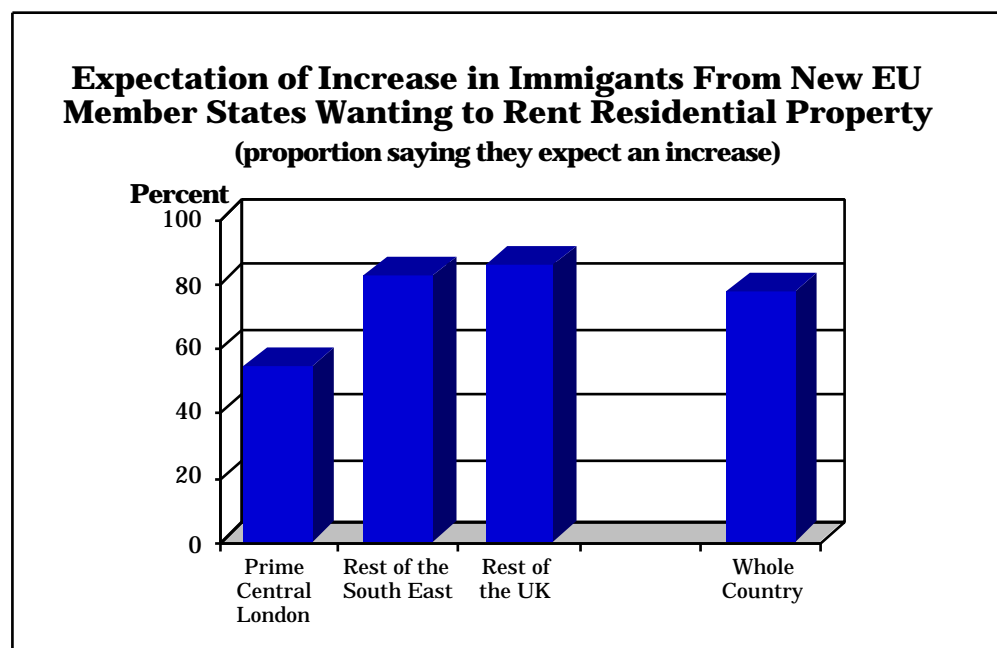
<b>Geographic Region</b>	<b>Percent Saying Impossible, Very or Quite Difficult (%) Nov 06</b>
Prime Central London	60.2
Rest of the South East	71.0
Rest of the UK	79.8
All Regions	71.8
Base: All respondents	(372)

**4.15 Expectation of Increase in Immigrants From New EU Member States Wanting to Rent Residential Property in Next Two Years (Q.17)**

More than three quarters of ARLA members' offices (77%) said that they expected to see an increase over the next two years in immigrants wanting to rent residential property who have come to Britain from countries which are new EU member states (e.g. Romania).

<b>Response</b>	<b>Average Proportion of Tenants (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
Yes	54.2	82.6	85.8	77.4
No	13.3	0.6	3.0	4.3
Don't know	31.3	14.2	10.4	16.7
Not stated	1.2	2.6	0.7	1.6
Base: All respondents	(83)	(155)	(134)	(372)

Clearly ARLA members' offices in the Rest of the UK and the Rest of the South East are much more affected by the arrival of immigrant tenants than are those managing properties in Prime Central London with more than eight out of ten of these (86% and 83% respectively) saying they expect to see an increase compared with just 54% of Prime Central London respondents.



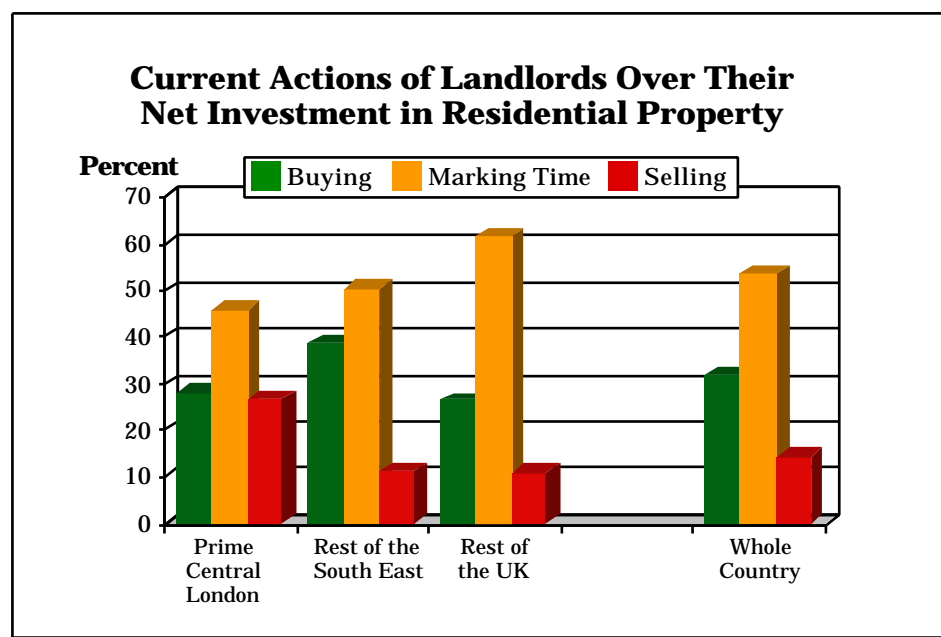
#### 4.16 How Are Landlords Currently Acting Over Their NET Investment in Residential Property (Q.18)

More than half of ARLA members' offices (53%) think that residential landlords are currently marking time with regard to their net investment in residential property.

However, whilst around one in seven respondents (14%) think landlords are decreasing their net investment by selling properties, more than twice as many (32%) think they 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	27.7	38.7	26.1	31.7
Marking time	45.8	50.3	61.2	53.2
Selling	26.5	11.0	10.4	14.2
Not stated	-	-	2.2	0.8
Base: All respondents	(83)	(155)	(134)	(372)

Geographically, respondents in the Rest of the South East are most likely to think that landlords are buying property (39%) and those in the Rest of the UK are least likely to believe this to be the case (26%) with respondents who manage properties in Prime Central London also being less likely than those in the Rest of the South East to believe landlords are currently buying property (28%).

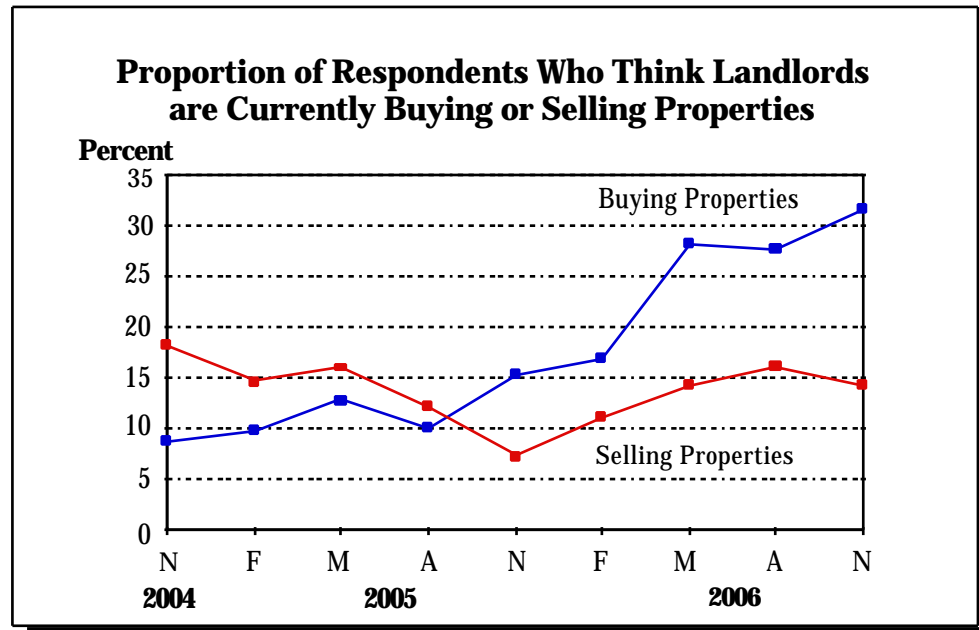


Compared with three months ago, there has been an increase in the proportion of respondents who think landlords are currently buying more properties (up from 28% to 32%) and a decrease in the proportion saying

landlords are selling (down from 16% to 14%) with the proportion saying landlords are marking time falling from 55% to 53%.

<b>How Currently Acting</b>	<b>Percent of Respondents (%)</b>			
	<b>Feb 06</b>	<b>May 06</b>	<b>Aug 06</b>	<b>Nov 06</b>
Buying	16.9	28.3	27.7	31.7
Marking time	70.0	56.2	54.5	53.2
Selling	11.1	14.3	16.2	14.2
Not stated	2.0	1.3	1.6	0.8
Base: All respondents	(443)	(470)	(451)	(372)

As the graph below shows, during the autumn of last year, the relationship between the proportion believing that landlords are buying properties and the proportion believing they are selling properties reversed with those saying landlords are buying now exceeding, by a wide margin, those saying they are selling.



# Questionnaire