

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  
  
Second Quarter 2007**

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## 1. **INTRODUCTION & BACKGROUND**

The mortgage lenders who make up the ARLA group of buy to let mortgage lenders are keen to ensure that the service they provide to ARLA members is relevant to their needs and takes account of the specific and unique requirements of residential letting agents and their investor landlords.

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

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

## 2. **METHODOLOGY**

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

Questionnaires were sent to 1,912 letting offices of ARLA members in May 2007 and 463 validly completed questionnaires were returned by the due date. These responses were input to our research analysis software and tables of data produced on which this report is based.

### 3. SUMMARY

- The overall average capital asset value of rented houses has risen by 0.4% over the last three months as a result of rises of 2.2% in Prime Central London and 0.3% in the Rest of the South East. In contrast, the average value for the Rest of the UK fell by 3.9%.
- Over the same period the average value of rented flats throughout the country fell by 1.3% as a result mainly of a fall of 4.3% in the prices of flats in the Rest of the UK. Prices of flats in Prime Central London also fell but only marginally (0.6%) as did prices in the Rest of the South East (0.5%).
- The average weighted rental returns for houses are down from 5.0% to 4.8% compared with three months ago and the equivalent figure for flats is also down, from 5.1% to 5.0%.
- 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 (67% compared with 64% in February) saying that this is the case in Prime Central London. There was also a higher proportion in the Rest of the South East (49% compared with 42%) and in the Rest of the UK (39% compared with 37%).
- The demand for rented residential properties has continued to outstrip supply, particularly for members managing properties in Prime Central London with more than seven out of ten of these (72%) now saying there are more tenants than there are properties available for them, a figure which is the highest we have seen. Meanwhile, the proportion of members in the Rest of the South East who say there are more tenants than properties is up from 42% to 52% and the proportion of those in the Rest of the UK who say this is up from 33% to 35%.
- Almost two out of ten ARLA members (19%) say that landlords are currently buying more properties, a figure which is down from 30% in the first quarter and the proportion who now say landlords are currently selling properties has more than doubled from 15% to 31%.
- Compared with the first quarter, the average void period has fallen a little from 3.6 weeks (25 days) to 3.5 weeks (24 days) and the average number of new tenancies signed up in the preceding three months was 31, up slightly from 30 in the first quarter as a result of seasonal factors.
- The average proportion of ARLA members' offices' portfolios which are made up of investment property, at 51%, is down marginally from 52% in the first quarter of the year.
- The average number of purely investment properties which are managed by ARLA members' offices is also down a little compared with three months ago from 108 properties to 106 properties.
- On average, ARLA members say that tenants remain in the same property for a period of 15.5 months, a figure which is down a little from 15.8 months in February.

- Nearly seven out of ten ARLA members (68%) 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.
- Four out of ten ARLA members (40%) believe that landlords tend to be cautious about their investment in buy to let property with 35% being unsure whether they are or not and 22% believing they are not.
- On average, ARLA members believe that 45% of landlords are unaware of tenancy deposit protection but in the case of tenants, this figure rises to 65%.
- According to ARLA members, more than half of landlords (57%) 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 16% of landlords are unaware of the need to join one of these organisations.
- ARLA members believe that tenants and letting agents are equally positive about tenancy deposit protection (57% and 55% respectively) although they say that 20% of letting agents are negative about it whereas virtually none believe that tenants are negative towards it. On the other hand, they believe that twice as many landlords feel negative about it as feel positive (38% compared with 19%).

## 4. RESULTS

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

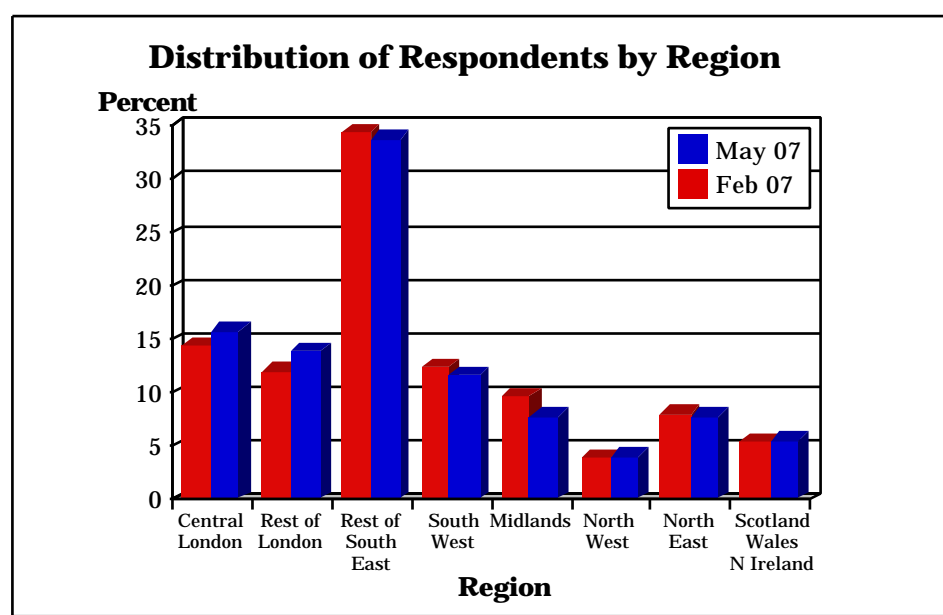
### 4.1 Geographic Location (Q.1)

The South East, including London, was the region with the highest proportion of ARLA member offices responding, accounting for more than six out of ten respondents (63%).

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

Region	Percent of Respondents (%)		
	Nov 06	Feb 07	May 07
Central London	16.9	14.3	15.8
Rest of London ( <i>inside M25</i> )	10.2	12.0	13.8
South East ( <i>excl. London</i> )	37.1	34.3	33.7
South West	12.1	12.4	11.7
Midlands	6.5	9.7	7.8
North West	5.4	3.8	3.9
North East	7.3	8.0	7.8
Scotland/Wales/NI	4.6	5.5	5.6
Base: All respondents	(372)	(525)	(463)

Compared with the February survey, there has been little change in the regional breakdown of respondents although this time there were a few more respondents from Central London and the Rest of London and a few less from the South West and the Midlands.



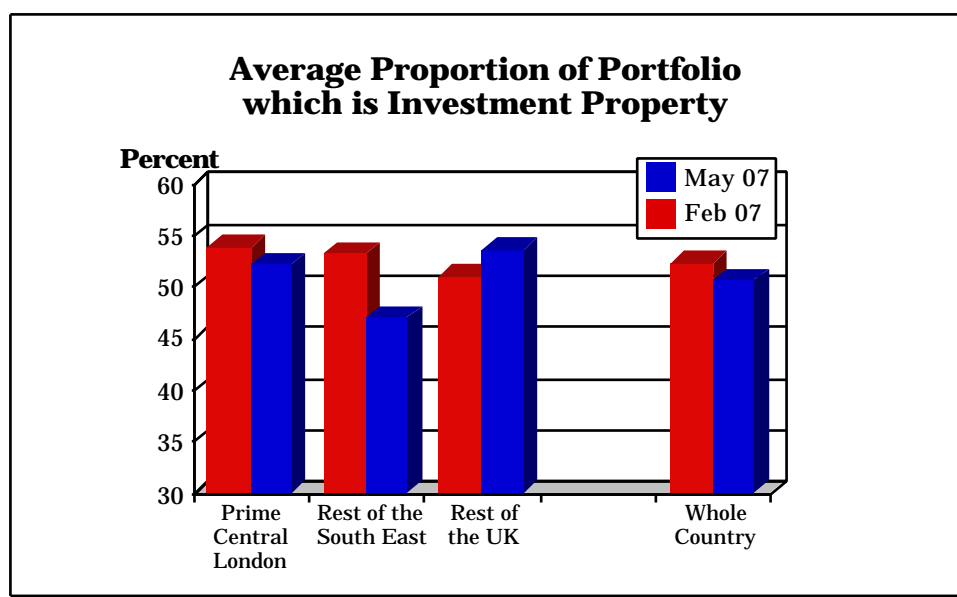
## 4.2 Proportion of Portfolio Made Up of Investment Property (Q.4)

Most respondents (80%) said that more than a quarter of their portfolio is investment property with almost two out of ten (19%) saying that more than three quarters of theirs is investment property. Investment properties comprise a tenth or less of their portfolio for only one in twenty offices (5%).

Analysis of the responses to this question reveals that, on average, investment properties account for 51% of ARLA member offices' portfolios.

Proportion of Portfolio	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
None	-	1.1	1.2	0.9
Up to 10%	4.7	4.3	3.5	4.1
11% to 25%	6.5	14.1	14.0	12.3
26% to 50%	29.0	31.4	19.3	26.3
51% to 75%	39.3	32.4	33.9	34.6
Over 75%	17.8	14.1	25.7	19.2
Not stated	2.8	2.7	2.3	2.6
Base: All respondents	(107)	(185)	(171)	(463)

For offices in the Rest of the UK, investment properties appear to make up a greater proportion of their portfolios with the average being 54% compared with 52% for offices managing properties in Prime Central London and 47% for offices in the Rest of the South East.



Compared with the last survey in February, the average proportion of portfolios which are in the form of investment property is down again, this time from 52% to 51%, mainly as a result of the decrease from 53% to 47% in the average for the Rest of the South East.

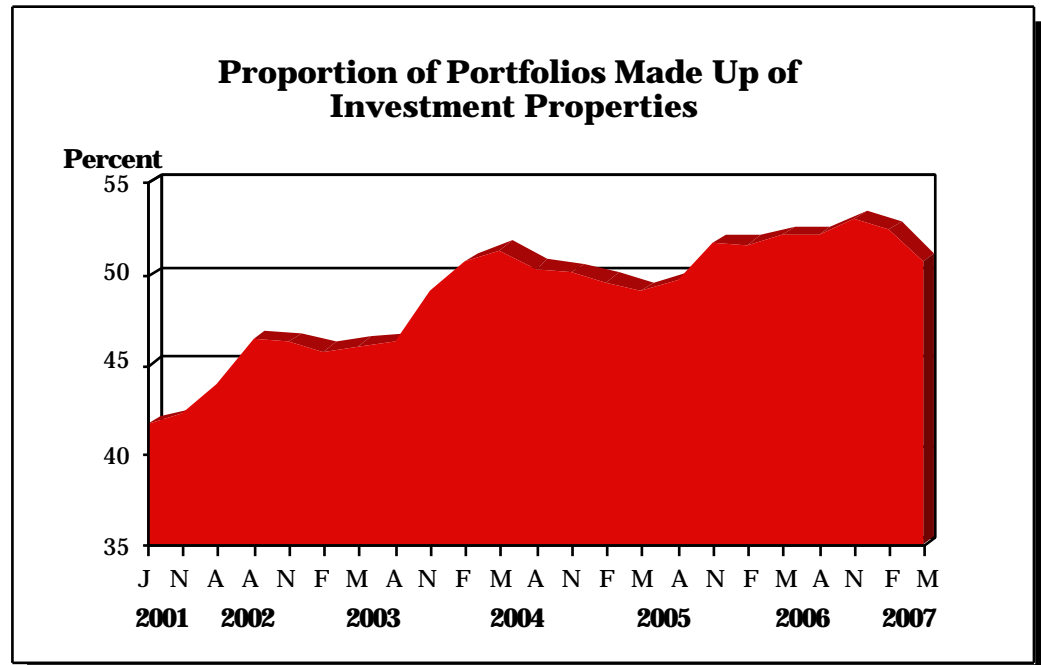
<b>Geographic Region</b>	<b>Average Proportion of Portfolio (%)</b>			
	<b>Aug 06</b>	<b>Nov 06</b>	<b>Feb 07</b>	<b>May 07</b>
Prime Central London	49.8	53.8	53.8	52.3
South East	50.6	51.4	53.1	47.0
Rest of UK	55.1	54.5	51.0	53.6
All Regions	52.1	53.0	52.4	50.7
Base: All respondents	(451)	(372)	(525)	(463)

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

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

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

However, both surveys in 2007 have seen falls in the overall average figure which now appears to have turned downwards with quite a substantial fall in historical terms this time.



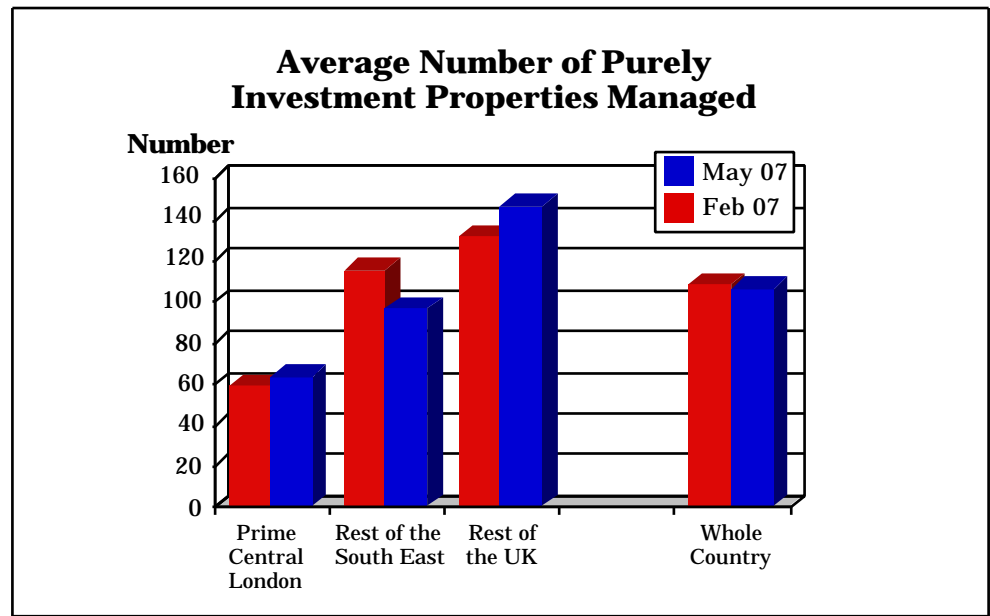
### 4.3 Number of Purely Investment Properties Managed (Q.5)

By and large, ARLA offices manage substantial numbers of purely investment properties with more than three out of ten (32%) saying that they manage over a hundred properties and nearly eight out of ten (78%) 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 106.

Number of Properties	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Up to 5	8.4	4.3	2.3	4.5
6 to 10	5.6	3.8	2.9	3.9
11 to 20	15.9	9.7	7.6	10.4
21 to 50	21.5	24.3	19.3	21.8
51 to 100	20.6	27.6	25.1	25.1
Over 100	24.3	27.0	40.9	31.5
Not stated	3.7	3.2	1.8	2.8
Base: All respondents	(107)	(185)	(171)	(463)

Offices in Prime Central London tend to manage considerably fewer properties on average than their counterparts elsewhere in the country with the average numbers being 62 for Prime Central London, 96 for the Rest of the South East and 146 for the Rest of the UK.



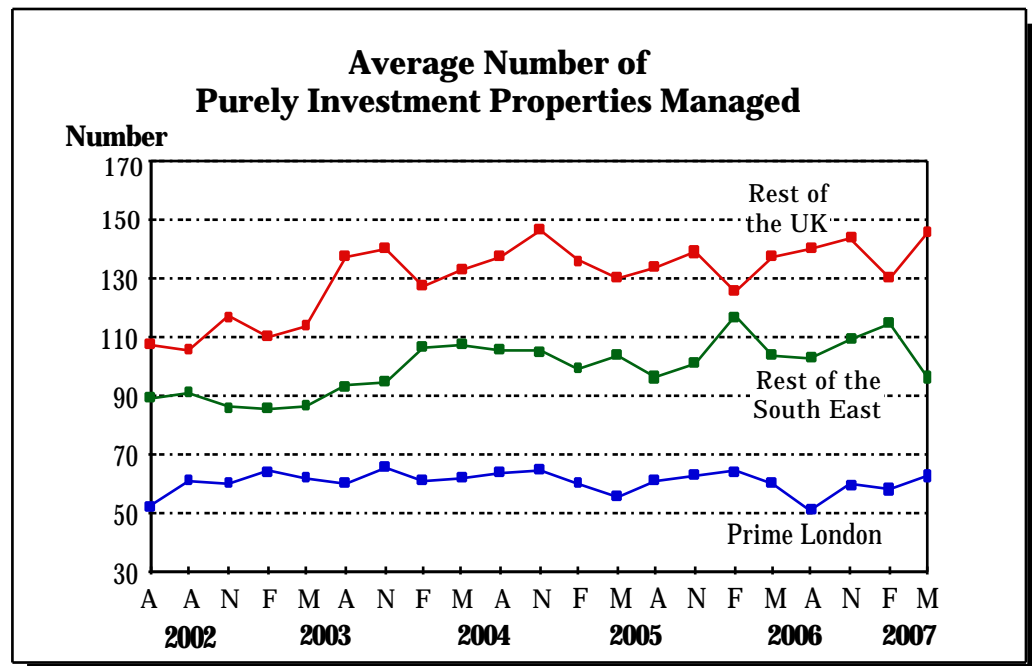
Compared with three months ago, the average number of properties managed is down a little from 108 to 106 properties as a result of a large decrease in the average for the Rest of the South East. The average for the Rest of the UK, in contrast, rose quite sharply whilst that for Prime Central London also rose but less markedly.

<b>Geographic Region</b>	<b>Average Number of Properties</b>			
	<b>Aug 06</b>	<b>Nov 06</b>	<b>Feb 07</b>	<b>May 07</b>
Prime Central London	50.8	59.1	57.9	62.4
South East	103.1	109.2	114.8	95.9
Rest of UK	140.1	144.0	130.7	145.7
All Regions	103.2	109.7	107.8	105.6
Base: All respondents	(451)	(372)	(525)	(463)

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

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

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



#### 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.

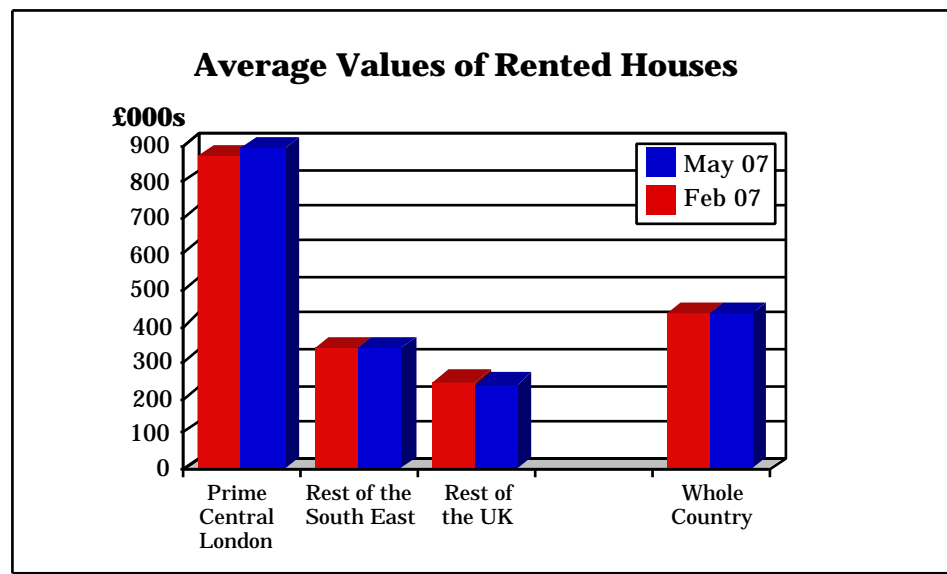
##### **Houses**

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

Only slightly more than one in a hundred offices (1.1%) say the average is below £100,000 but for almost one in ten respondents (9%), the average in their area is in excess of £1 million.

Analysis of these figures gives an overall weighted average value for a rented house of £428,600.

Average Value of Houses	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Up to £100,000	0.9	-	2.3	1.1
£100,001 to £150,000	-	3.2	21.1	9.1
£150,001 to £200,000	2.8	25.4	39.8	25.5
£200,001 to £350,000	9.3	43.2	22.8	27.9
£350,001 to £500,000	15.0	16.2	9.4	13.4
£500,001 to £750,000	17.8	5.4	2.9	7.3
£750,001 to £1 Million	16.8	2.2	-	4.8
Over £1 Million	32.7	2.7	0.6	8.9
Not stated	4.7	1.6	1.2	2.2
Base: All respondents	(107)	(185)	(171)	(463)



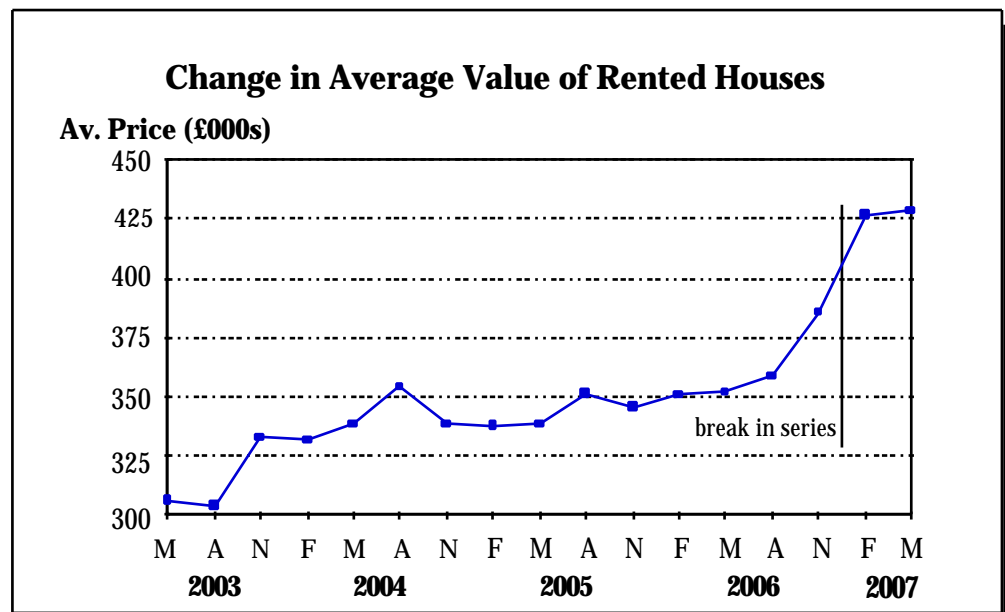
There are big differences between the values of rented houses in the different regional areas with the average for Prime Central London approaching a million pounds (£885,000) compared with less than half that figure (£335,000) in the Rest of the South East and only a little more than a quarter of it (£229,000) in the Rest of the UK.

Compared with the last survey, the overall weighted average value of rented houses has risen marginally by 0.4% from £426,900 to £428,600.

<b>Geographic Region</b>	<b>Average Value of Rented Houses (000s)</b>			
	<b>Aug 06</b>	<b>Nov 06</b>	<b>Feb 07</b>	<b>May 07</b>
Prime Central London	691.9	770.6	866.2	885.0
South East	302.5	289.2	334.0	335.0
Rest of UK	198.4	240.7	239.2	229.9
All Regions (weighted)	358.9	385.6	426.9	428.6
Base: All respondents	(470)	(372)	(525)	(463)

Within this overall change, the average price of a rented house in Prime Central London has risen by 2.2% whilst that for the Rest of the South East is up by 0.3%. The average for the Rest of the UK, however, is down by 3.9%.

As can be seen from the chart below, between May 2003 and August 2004 the average value of a rented house increased by 16% from £306,100 to £353,800 and, after stabilising for a couple of years, has again been rising since the end of 2005 although this latest increase is quite small compared with previous increases.



## Flats

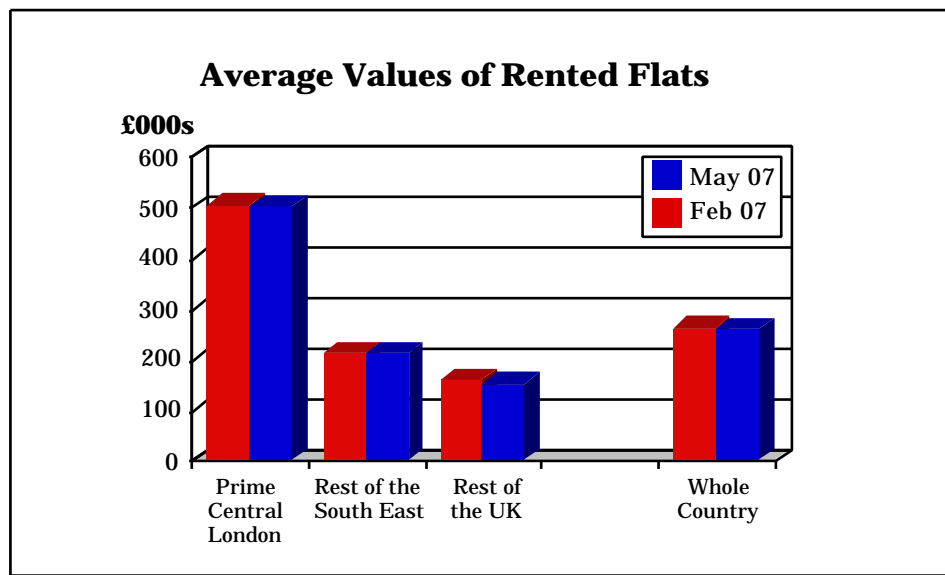
More than half of respondents (53%) say that the average value of a rented flat in their area is between £100,000 and £200,000.

However, more than one in twenty respondents (6%), say the average value of a rented flat in their area is below £100,000 compared with less than one in fifty (1.7%) who say the average value is in excess of £1 million.

Analysis of these figures gives an overall weighted average value for a rented flat of £259,300.

Average Value of Flats	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Up to £100,000	0.9	2.7	12.9	6.0
£100,001 to £150,000	0.9	21.1	40.4	23.5
£150,001 to £200,000	8.4	41.1	30.4	29.6
£200,001 to £350,000	26.2	25.4	9.4	19.7
£350,001 to £500,000	28.0	4.3	1.2	8.6
£500,001 to £750,000	20.6	-	-	4.8
£750,001 to £1 Million	6.5	0.5	-	1.7
Over £1 Million	6.5	0.5	-	1.7
Not stated	1.9	4.3	5.8	4.3
Base: All respondents	(107)	(185)	(171)	(463)

As with rented houses, there are big differences between the values of rented flats in the different regional areas with the average for Prime Central London being just over half a million pounds (£501,000) compared with £210,500 in the Rest of South East and just £153,000 in the Rest of the UK.

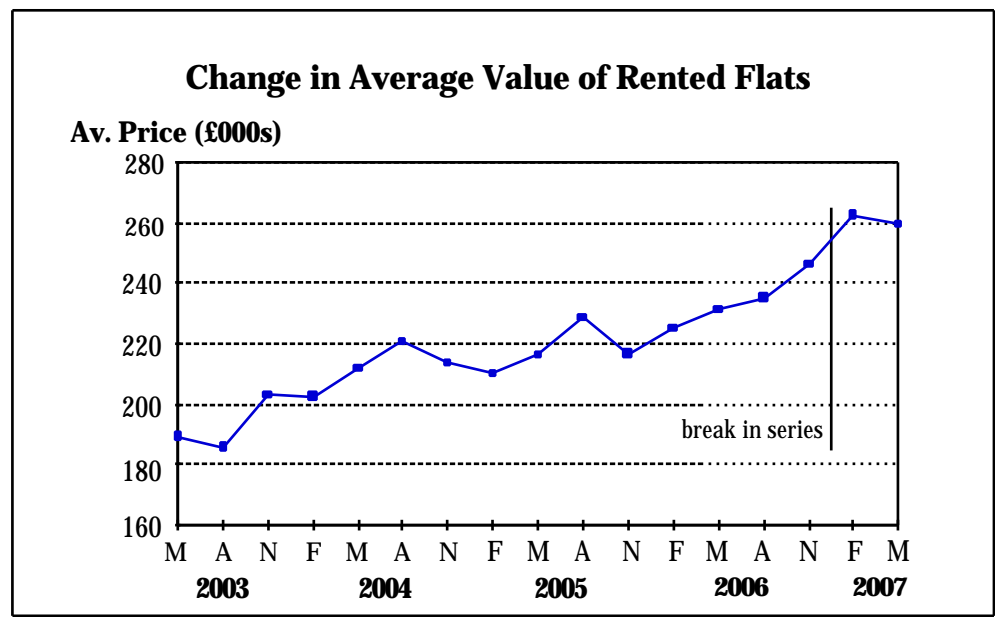


Compared with three months ago, the overall weighted average value of a rented flat has fallen by 1.3% from £262,800 to £259,300.

Geographic Region	Average Value of Rented Flats (000s)			
	Aug 06	Nov 06	Feb 07	May 07
Prime Central London	460.3	476.6	504.2	501.0
South East	190.8	190.2	211.6	210.5
Rest of UK	136.2	158.4	159.9	153.0
All Regions (weighted)	235.6	246.5	262.8	259.3
Base: All respondents	(451)	(372)	(525)	(463)

Within that overall change, the average value of rented flats in the Rest of the South East has fallen by 0.5% and in Prime Central London by 0.6% but the biggest fall was for the Rest of the UK where average prices of flats fell by 4.3%.

As can be seen from the chart below, over the last four years, the average value of a rented flat has increased by 37% from £189,100 in the second quarter of 2003 to £259,300 despite the occasional temporary downturn. Whether this latest fall is also a temporary decline remains to be seen.



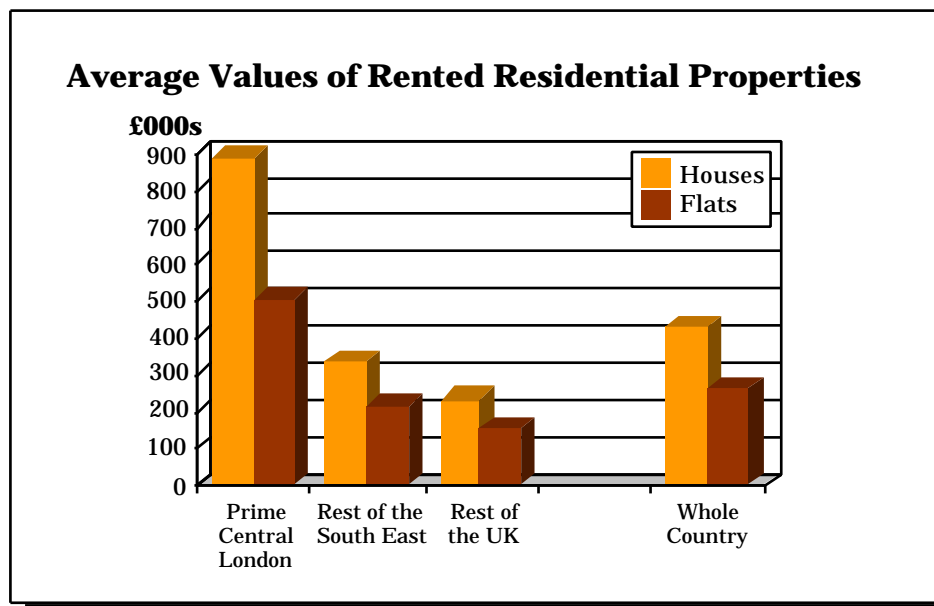
## Summary

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 77% 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 59% for the Rest of the South East and 50% for the Rest of the UK.

Geographic Region	Average Value of Properties (000s)	
	Houses	Flats
Prime Central London	885.0	501.0
South East	335.0	210.5
Rest of UK	229.9	153.0
All Regions (weighted)	428.6	259.3

Base: All respondents (463)



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

##### **Houses**

According to ARLA members' offices, a rental return of between 4% and 5% is the norm for rented houses with more than half of all respondents (51%) 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%	20.6	20.0	14.6	18.1
4% to 5%	53.3	48.6	52.6	51.2
6%	4.7	11.9	14.0	11.0
7%	2.8	4.9	5.8	4.8
8%	3.7	4.3	1.8	3.2
9% to 10%	3.7	3.2	3.5	3.5
11% to 12%	0.9	1.6	1.8	1.5
12% to 15%	-	-	0.6	0.2
Over 15%	0.9	0.5	0.6	0.6
Not stated	9.3	4.9	4.7	5.8
Base: All respondents	(107)	(185)	(171)	(463)

There is some difference in rates of return between the three broad geographic areas with the average for Prime Central London (4.7%) being the lowest and that for the Rest of the UK (5.0%) being the highest.

<b>Geographic Region</b>	<b>Average Rental Return (%)</b>			
	<b>Aug 06</b>	<b>Nov 06</b>	<b>Feb 07</b>	<b>May 07</b>
Prime Central London	4.6	5.3	4.7	4.7
South East	4.8	5.0	5.0	4.8
Rest of UK	5.3	4.8	5.1	5.0
All Regions (weighted)	4.9	5.0	5.0	4.8
Base: All respondents	(451)	(372)	(525)	(463)

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

The average rental return on houses in Prime Central London, however, is unchanged at 4.7% whilst that for the Rest of the South East has fallen from 5.0% to 4.8% and that for the Rest of the UK has fallen from 5.1% to 5.0%.

## **Flats**

A rental return of between 4% and 5% also appears to be the norm for rented flats with more than half of respondents (53%) saying that this applies to their area. Analysis of these results reveals a weighted average rental return on rented flats of 5.0%.

<b>Average Return</b>	<b>Percent of Respondents (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
Less than 4%	12.1	13.0	15.8	13.8
4% to 5%	55.1	53.5	50.3	52.7
6%	11.2	14.6	15.2	14.0
7%	1.9	4.3	3.5	3.5
8%	3.7	1.1	1.8	1.9
9% to 10%	3.7	3.8	3.5	3.7
11% to 12%	2.8	0.5	1.8	1.5
12% to 15%	-	1.1	1.2	0.9
Over 15%	0.9	-	0.6	0.4
Not stated	8.4	8.1	6.4	7.6
Base: All respondents	(107)	(185)	(171)	(463)

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

<b>Geographic Region</b>	<b>Average Rental Return (%)</b>			
	<b>Aug 06</b>	<b>Nov 06</b>	<b>Feb 07</b>	<b>May 07</b>
Prime Central London	5.0	5.6	5.2	5.1
South East	4.9	5.1	5.2	4.9
Rest of UK	5.4	4.8	5.0	5.0
All Regions (weighted)	5.1	5.1	5.1	5.0
Base: All respondents	(451)	(372)	(525)	(463)

Compared with the last survey in February, the overall weighted average rental return on flats is down from 5.1% to 5.0%.

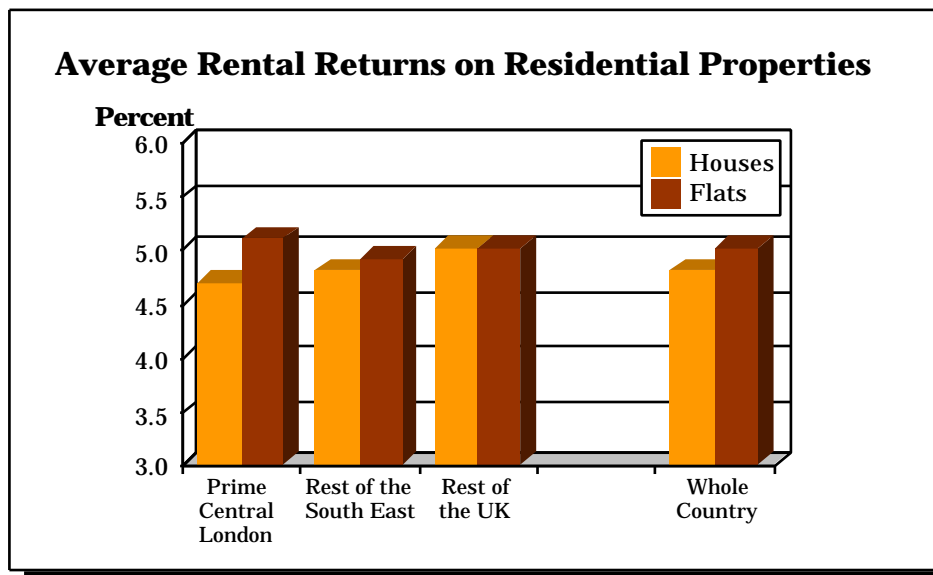
Within this, there has been some divergence from the overall for each of the broad geographic areas although the average for Prime Central London fell by a similar amount (from 5.2% to 5.1%) whilst that for the Rest of the South East fell more sharply (from 5.2% to 4.9%) and that for the Rest of the UK remained unchanged at 5.0%.

**Summary**

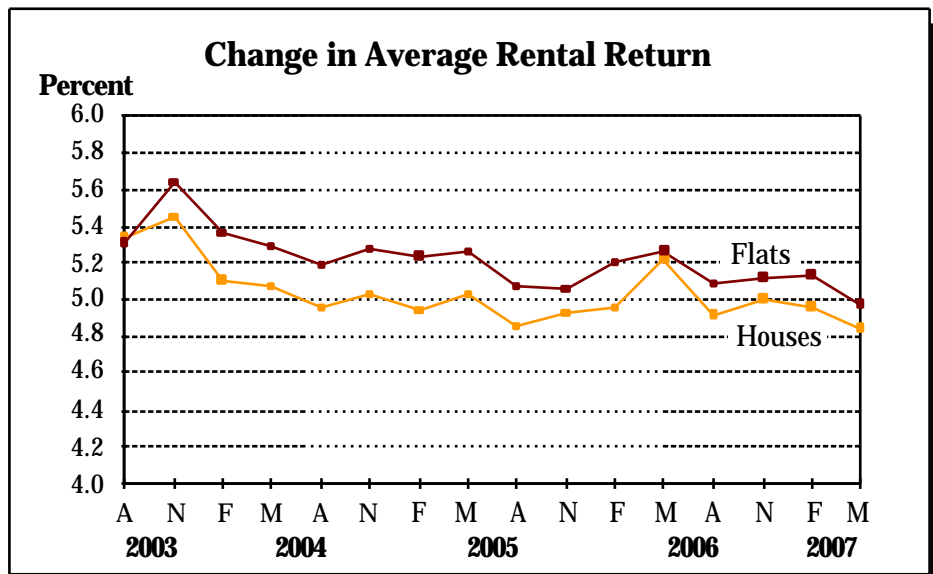
The lowest rental returns are currently being earned on houses in Prime Central London (4.7%) whilst, at the other end of the scale, average rental returns are highest for flats in Prime Central London.

Geographic Region	Average Rental Return (%)	
	Houses	Flats
Prime Central London	4.7	5.1
South East	4.8	4.9
Rest of UK	5.0	5.0
All Regions (weighted)	4.8	5.0

Base: All respondents (463)



Overall, flats appear to earn a slightly higher gross return than do houses, particularly in Prime Central London, although this no longer seems to be the case in the Rest of the UK.



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

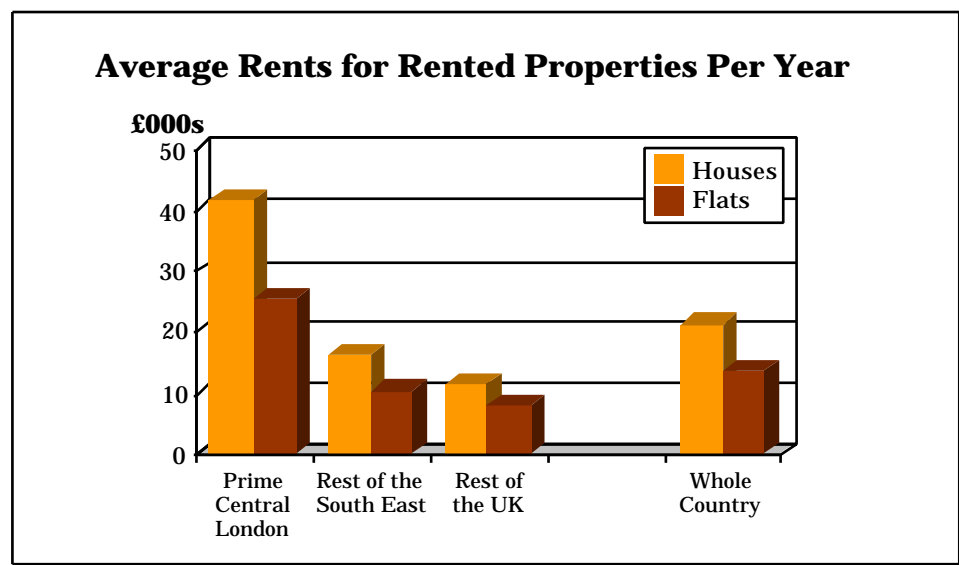
### **Average Rents**

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 - May 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	800	3,466	41.6	491	2,129	25.6
South East	309	1,340	16.1	198	860	10.3
Rest of UK	221	958	11.5	147	638	7.7
All Regions (weighted)	399	1,730	20.8	248	1,076	12.9

Base: All respondents (463)

In the case of all the broad geographic regions, the average rent of a house is at least half as much again as the average rent for a flat (between 50% and 63% higher).



Compared with three months ago, average rents for houses are down by 2% as a result of falls of 6% for the Rest of the UK and 4% for the Rest of the South East. Conversely, on average, respondents managing properties in Prime Central London reported an increase of 2% in average house rents for their area.

Average rents for flats are also down overall, by 4%, with falls recorded in all the three main geographic areas. For respondents managing

properties in Prime Central London average rents for flats fell by 3% compared with falls of 4% for respondents in the Rest of the South East and 6% for respondents in the Rest of the UK.

<b>Geographic Region</b>	<b>Average Rents - Feb 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	783	3,393	40.7	504	2,185	26.2
South East	321	1,392	16.7	212	917	11.0
Rest of UK	235	1,017	12.2	154	666	8.0
All Regions (weighted)	407	1,765	21.2	259	1,124	13.5

Base: All respondents (525)

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 (18) being for the North West.

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

Base: All respondents (463)

<b>Geographic Region</b>	<b>Average Rents - Feb 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	783	3,393	40.7	504	2,185	26.2
Rest of London	479	2,075	24.9	324	1,404	16.9
Rest of South East	295	1,277	15.3	185	802	9.6
South West	274	1,189	14.3	181	786	9.4
Midlands	175	759	9.1	115	498	6.0
North West	235	1,017	12.2	151	654	7.8
North East	227	983	11.8	149	648	7.8
Scotland/Wales/NI	244	1,059	12.7	164	711	8.5

Base: All respondents (525)

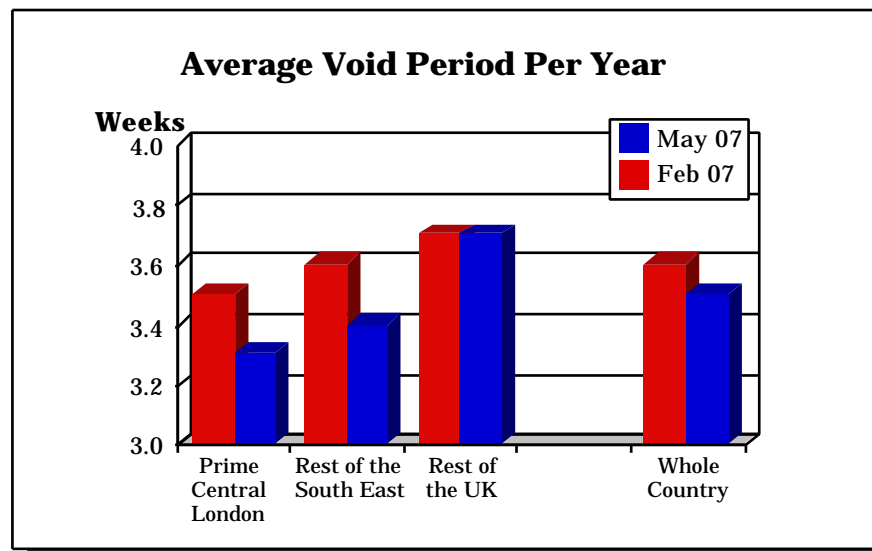
#### 4.6 Average Void Period Per Year (Q.8)

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, more than two out of ten (21%) saying the average is between 5 and 6 weeks.

These figures indicate an overall average void rate of 3.5 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	15.0	14.1	13.5	14.0
2 to 4 weeks	61.7	60.5	54.4	58.5
5 to 6 weeks	16.8	20.5	22.8	20.5
7 to 8 weeks	2.8	2.7	7.6	4.5
More than 8 weeks	0.0	0.5	1.2	0.6
Don't know	3.7	1.6	0.6	1.7
Not stated	-	-	-	-
Base: All respondents	(107)	(185)	(171)	(463)

Respondents from the Rest of the UK experience a slightly higher void period than average at 3.7 weeks (26 days) whilst the average void period for the Rest of the South East is 3.6 weeks (25 days) and that for Prime Central London is 3.5 weeks (24 days).

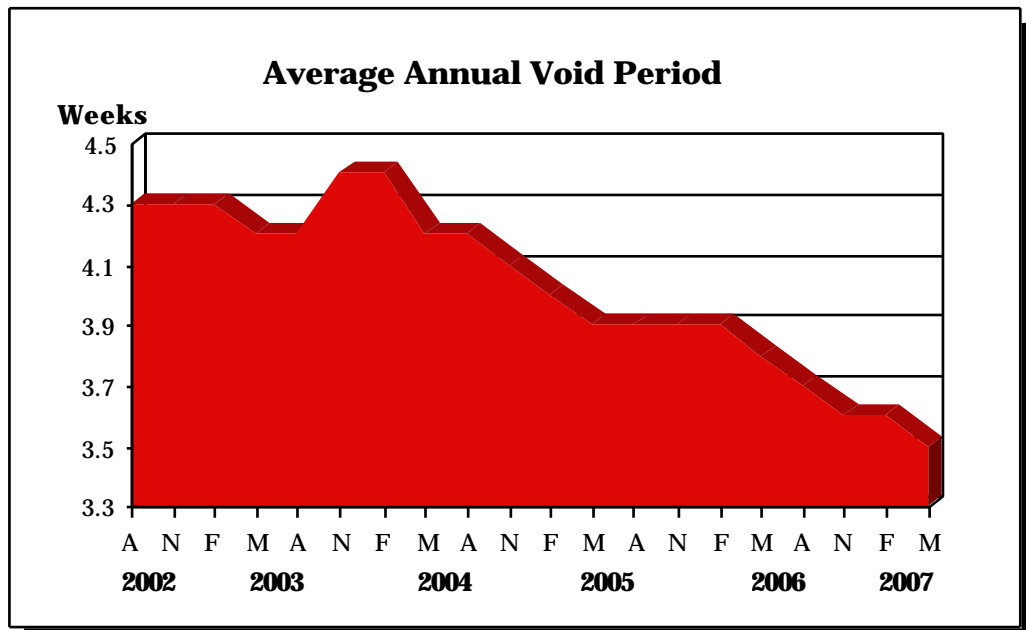


Compared with three months ago, the average void period for the whole country is down a little from 3.6 weeks (25 days) to 3.5 weeks (24 days).

This overall relatively static position hides some differences in the figures for each of the broad geographic areas with that for the Rest of the UK remaining unchanged whilst those for Prime Central London and the Rest of the South East have fallen by 0.2 weeks (1.4 days).

<b>Geographic Region</b>	<b>Average Void Period (weeks)</b>			
	<b>Aug 06</b>	<b>Nov 06</b>	<b>Feb 07</b>	<b>May 07</b>
Prime Central London	3.8	3.7	3.5	3.3
South East	3.6	3.4	3.6	3.4
Rest of UK	3.8	3.8	3.7	3.7
All Regions	3.7	3.6	3.6	3.5
Base: All respondents	(451)	(372)	(525)	(463)

As can be seen from the chart below, the average has been declining for some time and has fallen by about a fifth from a high of 4.4 weeks (31 days) per year in the winter of 2003/2004 to 3.5 weeks (24 days) now.



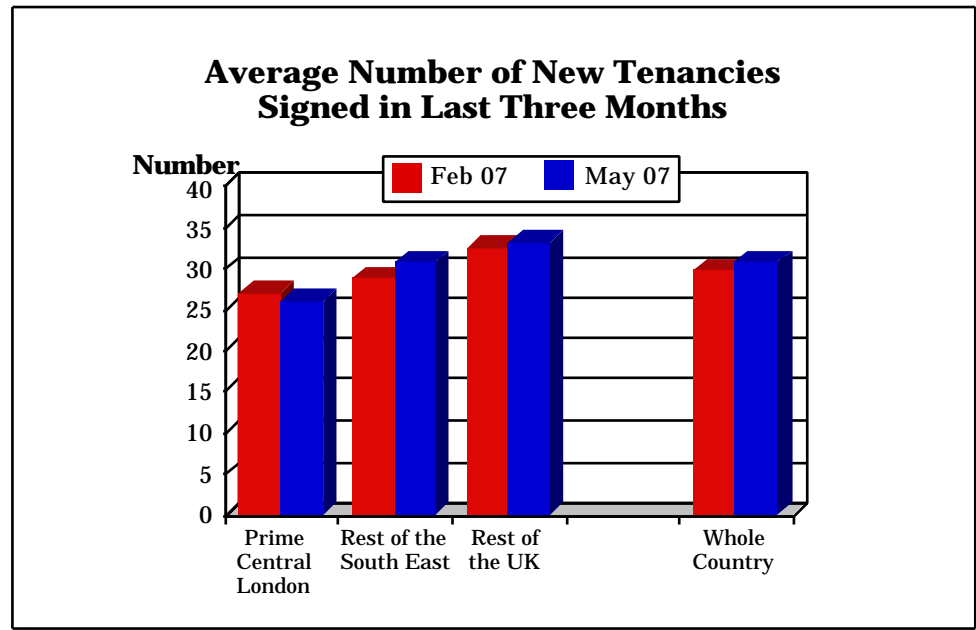
**4.7 Number of New Tenancies (Not Renewals) Signed Up in the Last Three Months (Q.9)**

Nearly eight out of ten ARLA members' offices (78%) have signed up more than 10 new tenancies (other than renewals) in the last three months with more than half (51%) having signed up more than 20 and nearly two out of ten (18%) more than 50.

Analysis of these results reveals that, on average, ARLA members' offices have each signed up 31 new tenancies in the last three months.

Number of Tenancies	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
None	1.9	0.5	1.2	1.1
Up to 5	3.7	8.1	5.8	6.3
6 to 10	16.8	13.0	14.0	14.3
11 to 20	33.6	27.6	22.8	27.2
21 to 50	33.6	31.4	33.9	32.8
Over 50	10.3	18.4	21.6	17.7
Not stated	-	1.1	0.6	0.6
Base: All respondents	(107)	(185)	(171)	(463)

Offices managing properties in Prime Central London have fared less well than those in the Rest of the South East and those in the Rest of the UK with the average figures being 26 for Prime Central London compared with 31 for the Rest of the South East and 33 for the Rest of the UK.

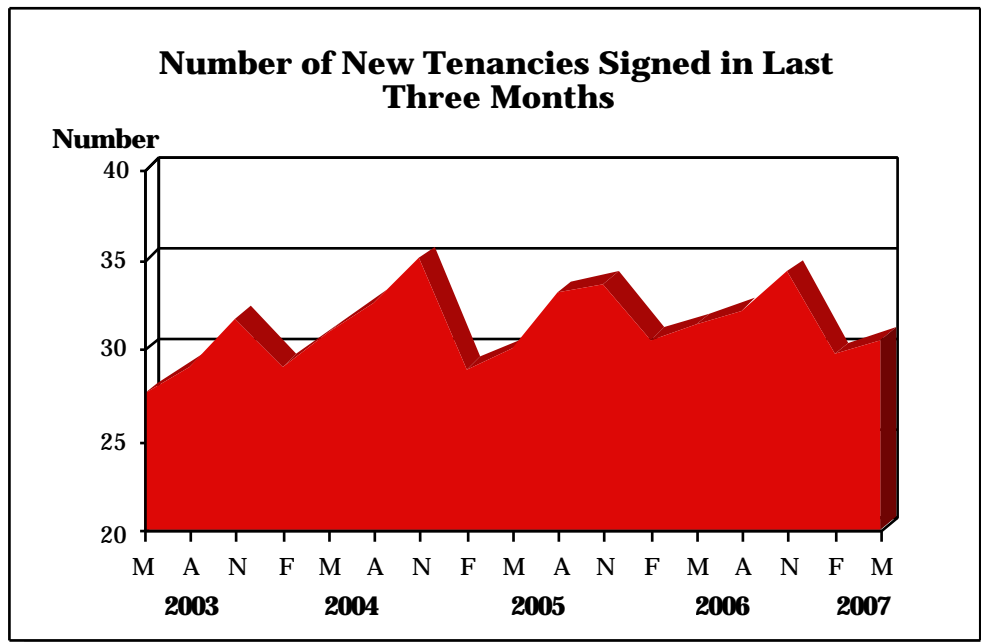


Compared with the last survey, there has been an increase in the average number of new tenancies signed up in the preceding three months from 30 to 31. This increase is reflected in increases for the Rest of the South East and the Rest of the UK with the average for

respondents from offices managing properties in Prime Central London falling a little in contrast.

<b>Geographic Region</b>	<b>Number of New Tenancies</b>			
	<b>Aug 06</b>	<b>Nov 06</b>	<b>Feb 07</b>	<b>May 07</b>
Prime Central London	9.0	30.3	26.8	26.1
South East	32.7	33.8	28.7	30.6
Rest of UK	33.9	37.6	32.3	33.1
All Regions	32.3	34.4	29.7	30.5
Base: All respondents	(451)	(372)	(525)	(463)

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



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

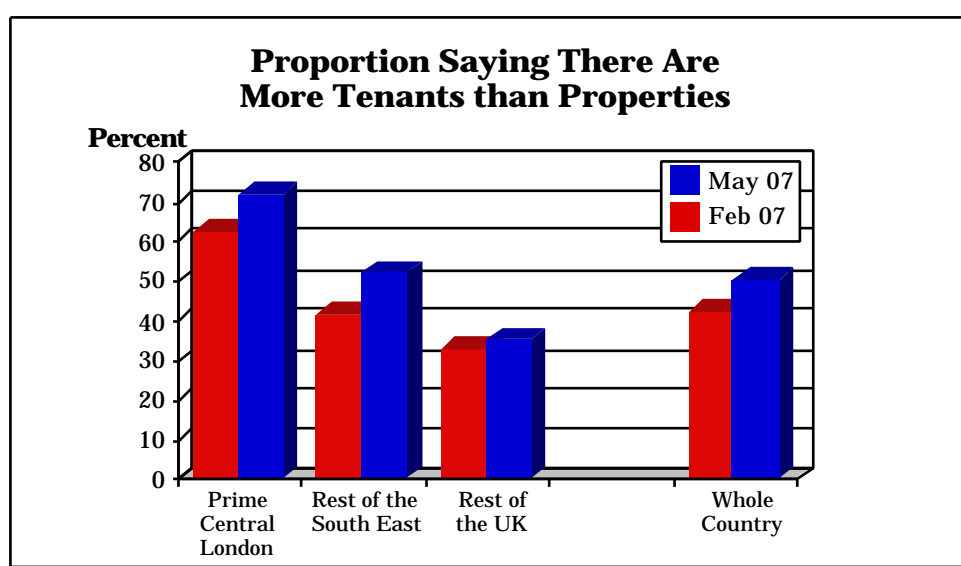
Half of ARLA members' offices (50%) say that there are currently more tenants than there are properties available for them.

This compares with only around half as many (26%) who believe that there are more residential properties available for rent than there are tenants to fill them. However, nearly a quarter (23%) 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.

Balance of Supply and Demand	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Lot more props than tenants	2.8	3.2	12.9	6.7
Few more props than tenants	9.3	20.0	23.4	18.8
Equal nos of props & tenants	14.0	24.3	28.1	23.3
Lot more tenants than props	43.0	28.6	19.3	28.5
Few more tenants than props	29.0	23.2	15.8	21.8
Not stated	1.9	0.5	0.6	0.9
Base: All respondents	(107)	(185)	(171)	(463)

Once again, Prime Central London has the highest proportion of respondents saying that there are more tenants than properties (72%) with the comparative figure for the Rest of the South East being 52% and that for the Rest of the UK being 35%.



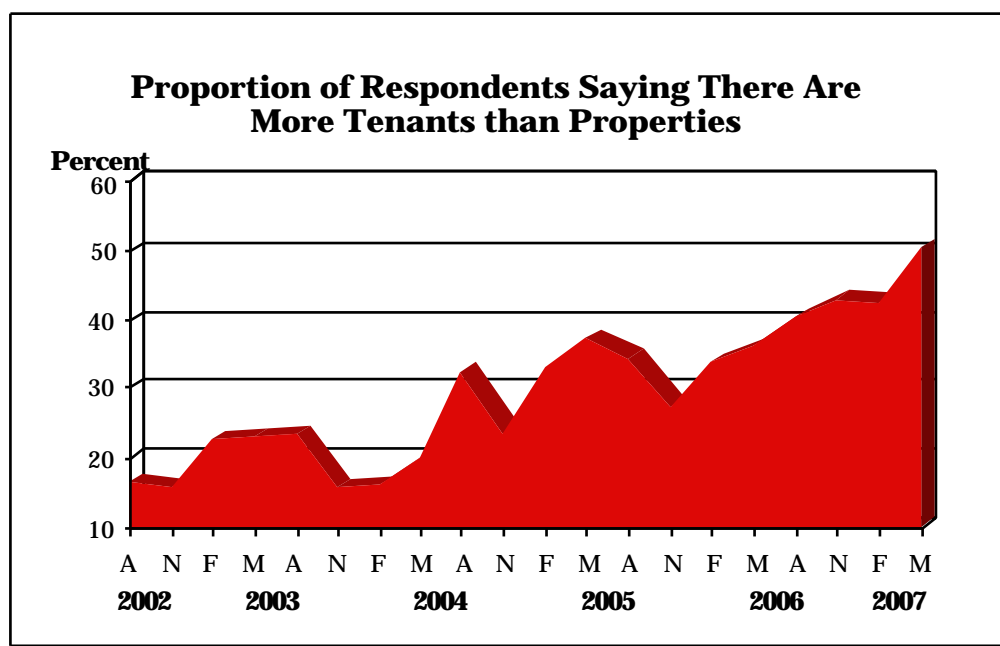
Compared with three months ago, there has been an improvement for each of the three main geographic areas with the proportion of respondents saying there are more tenants than properties rising in each

case although the increase for the Rest of the UK is smaller than that for the other two areas.

Overall, half of respondents to this survey (50%, up from 42% three months ago) said there were more tenants than properties suggesting that the situation with regard to the balance of supply and demand has improved quite dramatically since February.

<b>Geographic Region</b>	<b>Proportion Saying There Are More Tenants than Properties (%)</b>			
	<b>Aug 06</b>	<b>Nov 06</b>	<b>Feb 07</b>	<b>May 07</b>
Prime Central London	61.4	71.0	62.3	72.0
South East	34.2	36.8	41.5	51.9
Rest of UK	33.7	32.1	32.9	35.1
All Regions	40.1	42.7	42.3	50.3
Base: All respondents	(451)	(372)	(525)	(463)

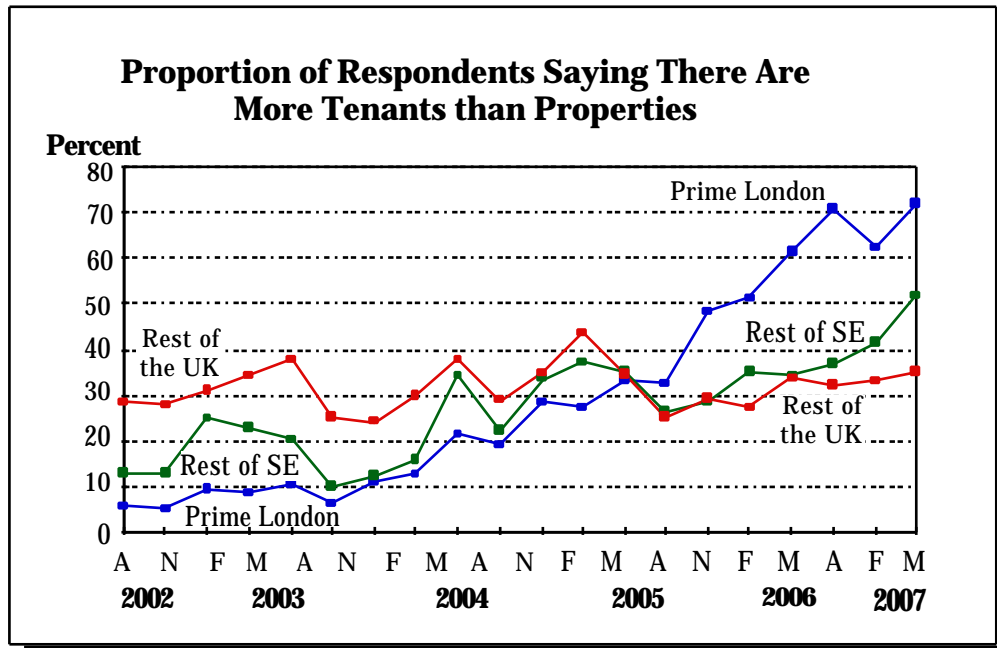
As the chart below shows, the proportion of respondents saying that there are more tenants than properties is now at its highest level since this question was first asked nearly five years ago.



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 nearly fifteenfold, from a low of 5% in the last quarter of 2002 to a high of 72% now.

In the Rest of the South East, the figure has also risen but not as dramatically, growing more than fivefold from a low of 10% in the last quarter of 2003 to the present figure of 52%.

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.

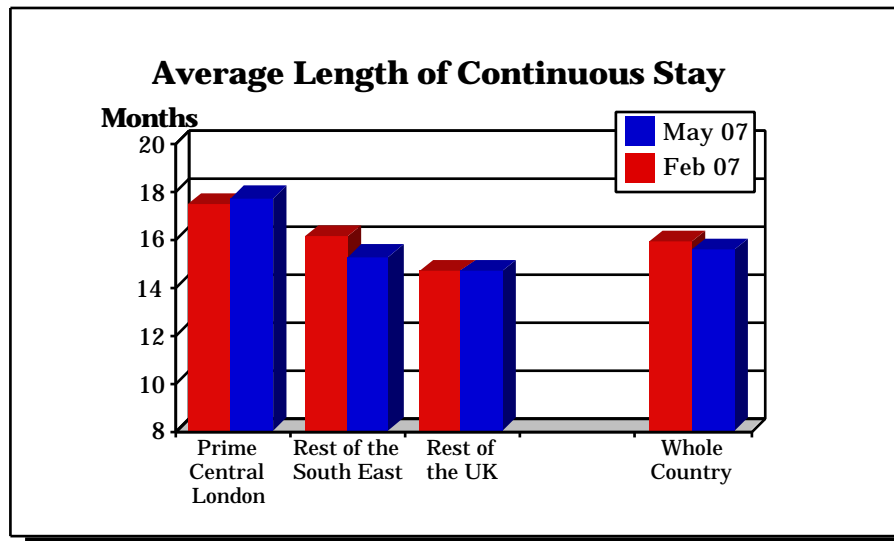


#### 4.9 Average Length of Continuous Stay in Property (Q.11)

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 15.5 months.

Average Length of Continuous Stay	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
6 to 9 months	0.9	2.7	9.4	4.8
10 to 12 months	20.6	28.1	29.8	27.0
13 to 18 months	44.9	50.8	46.2	47.7
19 to 24 months	24.3	11.4	9.4	13.6
More than 24 months	8.4	4.3	4.7	5.4
Don't know	-	1.1	-	0.4
Not stated	0.9	1.6	0.6	1.1
Base: All respondents	(107)	(185)	(171)	(463)

The average time a tenant stays in the same property is longest for Prime Central London at 17.7 months compared with 15.2 months for the Rest of the South East and 14.6 months for the Rest of the UK.

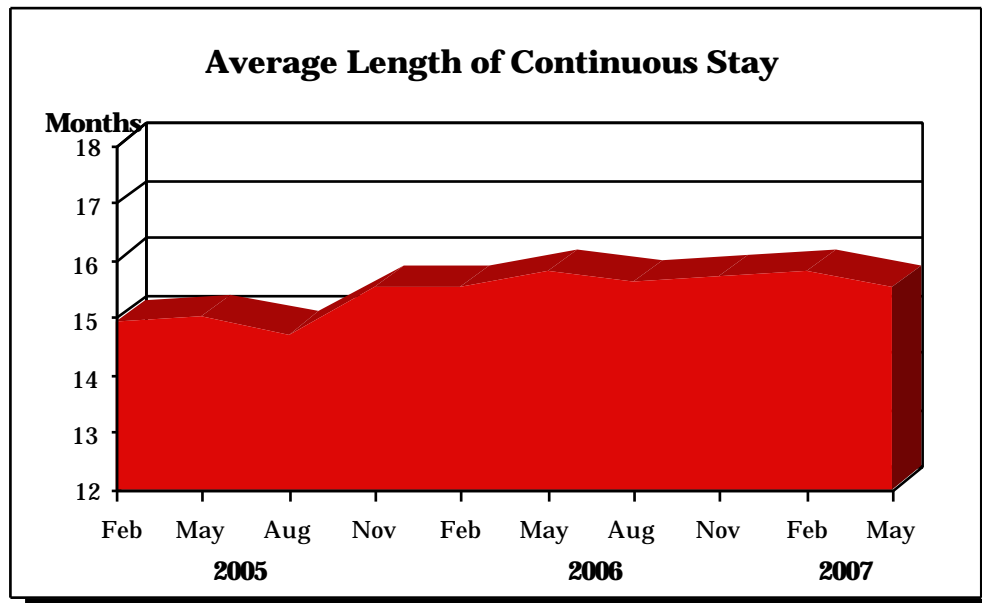


Geographic Region	Average Continuous Stay (months)			
	Aug 06	Nov 06	Feb 07	May 07
Prime Central London	17.7	17.2	17.4	17.7
South East	14.8	15.8	16.1	15.2
Rest of UK	15.1	14.7	14.6	14.6
All Regions	15.6	15.7	15.8	15.5
Base: All respondents	(451)	(372)	(525)	(463)

Compared with the last survey, there has been little change in these figures although the average for the Rest of the South East has fallen

from 16.1 months to 15.2 months and that for Prime Central London has increased from 17.4 months to 17.7 months whilst that for the Rest of the UK has remained unchanged at 14.6 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.



#### 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 40% and 56% of ARLA members' offices believe that achievable rent levels have increased over the last six months whilst only between 3% and 11% believe they have fallen.

<b>Response</b>	<b>Percent of Respondents (%)</b>					
	<b>Det House</b>	<b>Semi House</b>	<b>Terr House</b>	<b>Conv Flat</b>	<b>PB Flat</b>	<b>Studio Flat</b>
Increased a lot	4.8	4.1	5.8	5.8	6.7	5.2
Increased a little	43.0	50.1	50.3	42.5	43.6	34.8
Stayed the same	36.3	34.3	34.3	36.7	34.6	41.3
Decreased a little	5.0	2.8	2.6	6.3	8.9	4.5
Decreased a lot	0.6	-	0.4	0.6	1.7	1.1
Don't know	9.1	7.3	5.2	6.9	3.5	12.1
Not stated	1.3	1.3	1.3	1.1	1.1	1.1

Base: All respondents (463)

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

##### *Prime Central London*

Within the overall figures, there is a bigger spread between property types in Prime Central London with between 54% and 80% 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 0% and 3% saying they think this is the case.

<b>Response</b>	<b>Percent of Respondents (%)</b>					
	<b>Det House</b>	<b>Semi House</b>	<b>Terr House</b>	<b>Conv Flat</b>	<b>PB Flat</b>	<b>Studio Flat</b>
Increased a lot	12.1	10.3	15.9	20.6	19.6	14.0
Increased a little	42.1	47.7	50.5	58.9	57.9	55.1
Stayed the same	14.0	18.7	18.7	15.0	17.8	20.6
Decreased a little	0.9	-	1.9	1.9	0.9	0.9
Decreased a lot	-	-	0.9	-	0.9	-
Don't know	29.0	21.5	10.3	2.8	1.9	8.4
Not stated	1.9	1.9	1.9	0.9	0.9	0.9

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 36% and 57% of respondents saying that achievable rent levels have increased compared with between 3% 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	3.8	1.6	2.7	2.2	4.9	3.2
Increased a little	46.5	55.7	53.0	41.6	43.2	32.4
Stayed the same	38.4	34.1	35.1	43.2	38.4	45.4
Decreased a little	5.9	4.3	3.2	4.3	6.5	2.7
Decreased a lot	1.1	-	0.5	0.5	1.1	0.5
Don't know	2.7	2.7	3.8	6.5	4.3	14.1
Not stated	1.6	1.6	1.6	1.6	1.6	1.6

Base: All respondents (185)

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 26% and 50% of offices say that achievable rent levels for each type of property have increased whilst only between 2% and 19% 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	1.2	2.9	2.9	0.6	0.6	1.8
Increased a little	39.8	45.6	47.4	33.3	35.1	24.6
Stayed the same	48.0	44.4	43.3	43.3	40.9	49.7
Decreased a little	6.4	2.9	2.3	11.1	16.4	8.8
Decreased a lot	0.6	-	-	1.2	2.9	2.3
Don't know	3.5	3.5	3.5	9.9	3.5	12.3
Not stated	0.6	0.6	0.6	0.6	0.6	0.6

Base: All respondents (171)

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

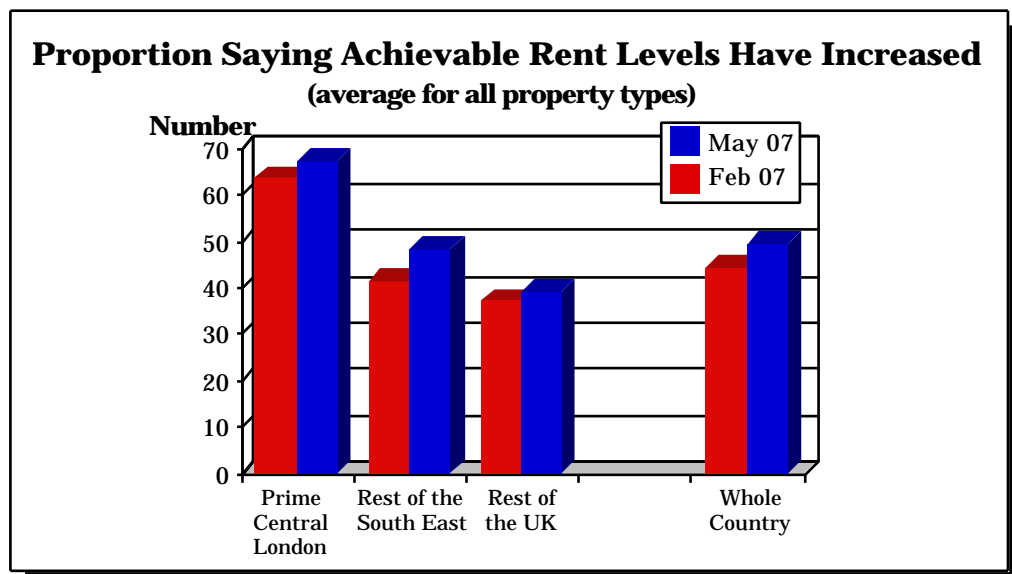
The table and graph below show the proportion of ARLA members' offices from each geographical area who say they believe achievable rent levels have increased for each type of property.

Geographic Region	Percent Saying Achievable Rents Levels Have Increased (%)					
	Det House	Semi House	Terr House	Conv Flat	PB Flat	Studio Flat
Prime Central London	54.2	57.9	66.4	79.4	77.6	69.2
Rest of the South East	50.3	57.3	55.7	43.8	48.1	35.7
Rest of the UK	40.9	48.5	50.3	33.9	35.7	26.3
All regions	47.7	54.2	56.2	48.4	50.3	40.0

Base: All respondents (463)

Compared with three months ago, the average proportion of respondents saying achievable rents across all property types have increased has risen from 44% to 50%.

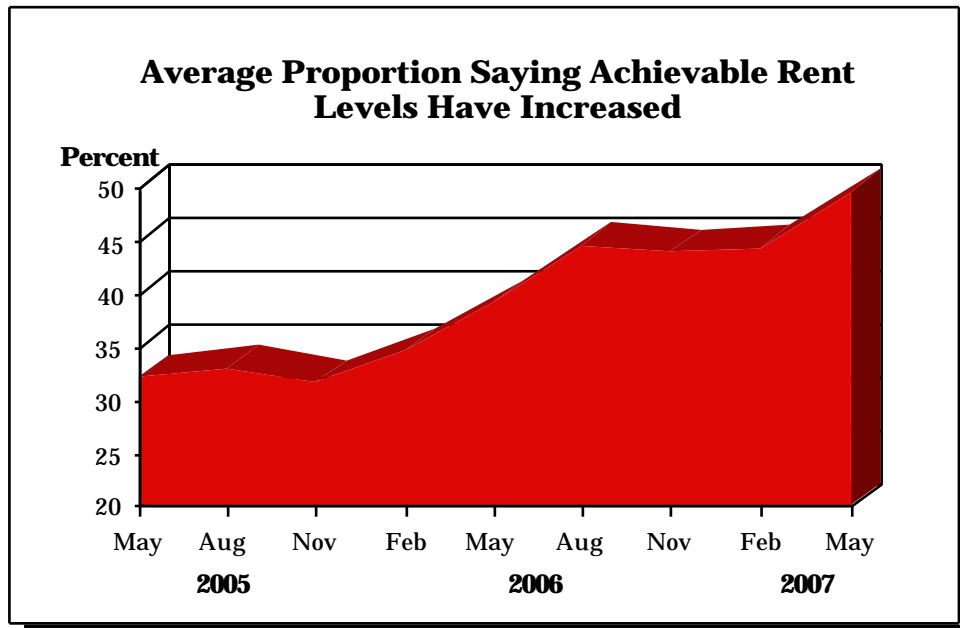
As between the geographic regions, the average proportion of respondents saying achievable rent levels across all property types have increased for Prime Central London is again up, this time from 64% to 67%. The average for the Rest of the South East is also up, from 42% to 49% as is the average for the Rest of the UK, from 37% to 39%.



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 the two surveys preceding this last one suggested that the rising trend had ceased but this survey has again seen an increase in the proportion saying achievable rent levels have increased and the figure has now reached a new all time high.

<b>Geographic Region</b>	<b>Percent Saying Achievable Rents Have Increased (%)</b>			
	<b>Aug 06</b>	<b>Nov 06</b>	<b>Feb 07</b>	<b>May 07</b>
Prime Central London	55.9	60.8	63.8	67.4
Rest of the South East	42.2	38.5	41.7	48.5
Rest of the UK	40.4	39.7	37.1	39.3
All regions	44.6	43.9	44.3	49.5
Base: All respondents	(451)	(372)	(525)	(463)



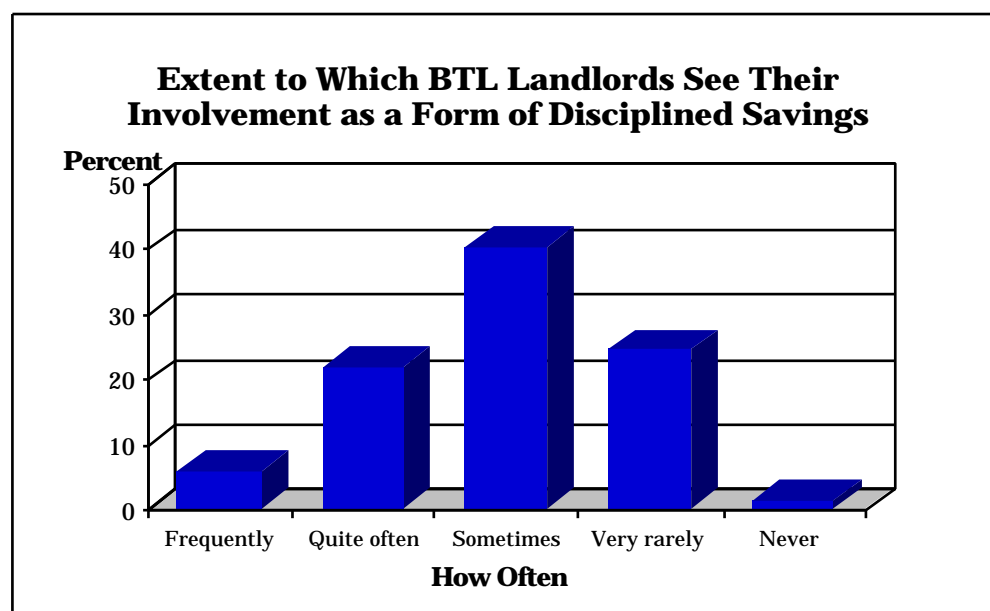
#### 4.11 Extent to Which BTL Landlords See Their Involvement as a Form of Disciplined Savings (Q.13)

There was a weighting of responses to this question towards the middle option with the highest proportion (40%) 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 (2%).

How Often	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Frequently	2.8	8.1	5.3	5.8
Quite often	28.0	21.1	18.7	21.8
Sometimes	38.3	38.9	43.3	40.4
Very rarely	21.5	24.9	25.7	24.4
Never	-	2.2	1.8	1.5
Not stated	9.3	4.9	5.3	6.0
Base: All respondents	(107)	(185)	(171)	(463)

There were no big differences between the three broad geographic areas regarding this question although respondents from the Rest of the UK tended to think that BTL landlords saw their investment as a form of disciplined savings slightly less frequently.



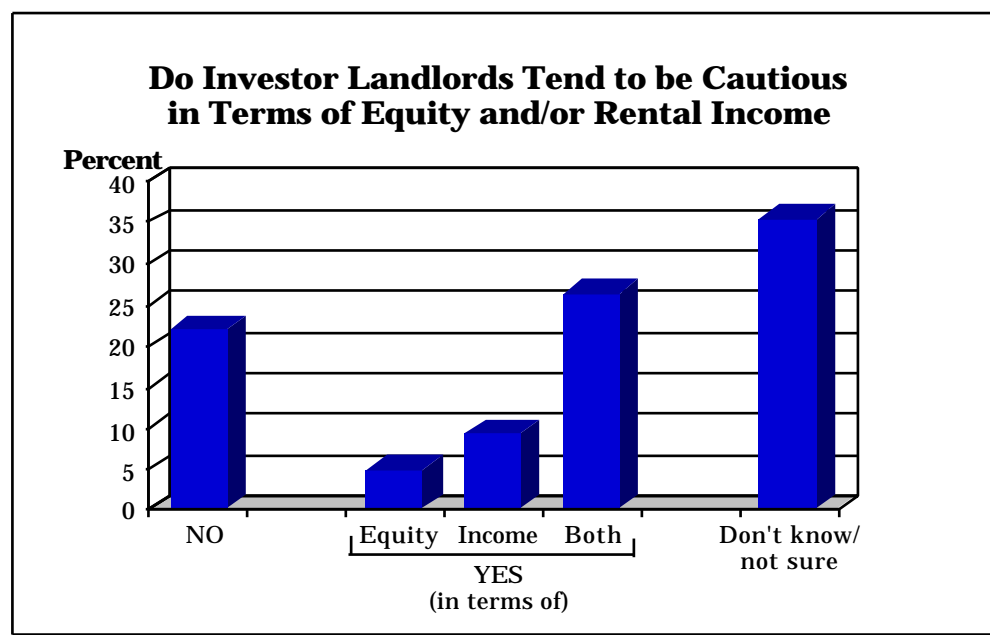
4.12 **Do Investor Landlords Tend to be Cautious in Terms of Equity and/or Rental Income (Q.14)**

More than a third of respondents (35%) were unsure whether investor landlords tended to be cautious in terms of equity and/or rental income but four out of ten (40%) 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	16.8	23.8	22.8	21.8
YES, in terms of:				
- equity	6.5	3.8	4.7	4.8
- rental income	12.1	8.6	7.6	9.1
- both equity & rental income	25.2	24.9	28.7	26.3
Don't know/not sure	37.4	36.8	32.7	35.4
Not stated	1.9	2.2	3.5	2.6
Base: All respondents	(107)	(185)	(171)	(463)

There was not much difference in responses to this question as between respondents from each of the three broad geographic areas although those from offices managing properties in Prime Central London were more likely than others to think that investor landlords were cautious.



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

##### *Landlords*

Respondents were spread across the range of responses to this question in terms of whether landlords were aware of tenancy deposit protection with 56% believing that more than half were aware of it and 42% thinking that less than half were.

Analysis of these figures reveals that, on average, respondents think that 55% of landlords 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	1.1	1.2	1.1
Up to 10%	10.3	7.6	8.8	8.6
11% to 25%	9.3	14.6	14.0	13.2
26% to 50%	16.8	21.6	18.7	19.4
51% to 75%	28.0	20.0	25.7	24.0
76% to 90%	18.7	11.9	18.1	15.8
Over 90%	14.0	22.2	9.9	15.8
Not stated	1.9	1.1	3.5	2.2
Base: All respondents	(107)	(185)	(171)	(463)

Looking at differences between the three geographic areas, it appears that landlords in the Rest of the UK are slightly less likely to be aware of tenancy deposit protection with the average for respondents from that area being 53% compared with 55% for the Rest of the South East and 56% for Prime Central London.

##### *Tenants*

Although respondents were again spread across the range of responses to this question in terms of whether tenants were aware of tenancy deposit protection, there was much more of a bias towards the lower proportions with only 27% believing that more than half of tenants were aware of it compared with 67% thinking that less than half were.

Analysis of these figures reveals that, on average, respondents think that little more than a third of tenants (35%) are aware of tenancy deposit protection.

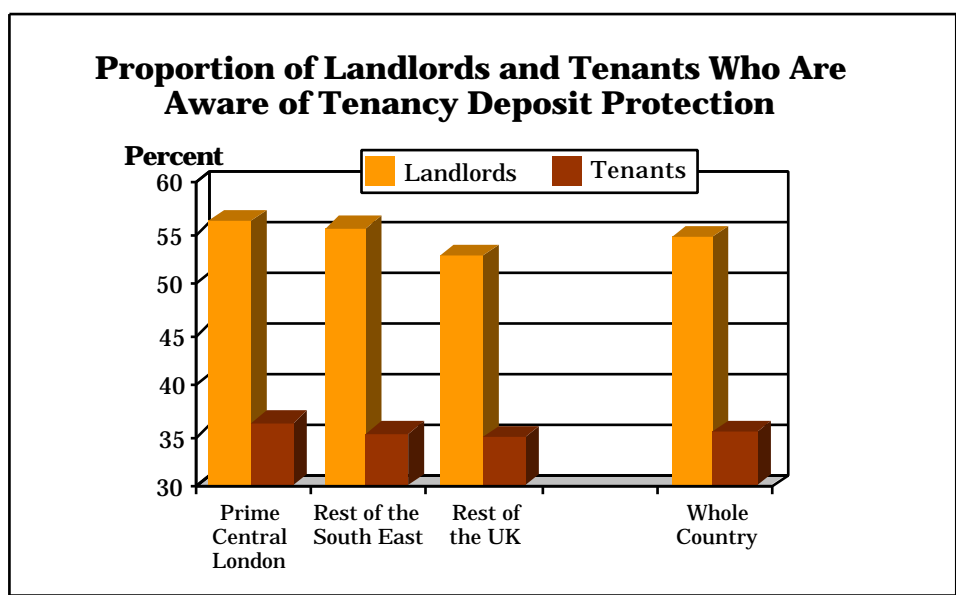
Looking at differences between the three geographic areas, it appears that tenants in Prime Central London are slightly more likely to be aware of tenancy deposit protection with the average for respondents from that area being 36% compared with 35% for the Rest of the South East and the Rest of the 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	0.9	4.3	4.7	3.7
Up to 10%	20.6	18.4	18.1	18.8
11% to 25%	26.2	28.1	21.6	25.3
26% to 50%	18.7	18.9	18.7	18.8
51% to 75%	14.0	13.5	15.8	14.5
76% to 90%	11.2	5.9	5.3	6.9
Over 90%	3.7	8.1	5.3	6.0
Not stated	4.7	2.7	10.5	6.0
Base: All respondents	(107)	(185)	(171)	(463)

### Summary

It would appear from responses to this question that, according to ARLA members' perceptions, there remains a lack of awareness of tenancy deposit protection amongst landlords and tenants with nearly two thirds of tenants (65%) and getting on for half of landlords (45%) being unaware of it.

<b>Landlords/Tenants</b>	<b>Percent of Respondents (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
Landlords	56.1	55.3	52.6	54.5
Tenants	36.2	35.3	34.9	35.4
Base: All respondents	(107)	(185)	(171)	(463)



#### 4.14 **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 almost a quarter 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 a third of ARLA members' offices (35%) said that they thought more than half of landlords had joined the Tenancy Deposit Scheme.

Analysis of the responses to this question suggest that, overall, more than half of landlords (57%) 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	11.2	16.2	20.5	16.6
Up to 10%	8.4	4.3	5.8	5.8
11% to 25%	7.5	2.7	2.9	3.9
26% to 50%	9.3	8.6	5.3	7.6
51% to 75%	6.5	5.9	9.9	7.6
76% to 90%	5.6	16.2	9.4	11.2
Over 90%	14.0	19.5	13.5	16.0
Don't know	10.3	7.0	5.8	7.3
Not stated	27.1	19.5	26.9	24.0
Base: All respondents	(107)	(185)	(171)	(463)

It would appear that landlords in the Rest of the South East are more likely than their counterparts in the rest of the country to have joined this organisation with 63% having done so compared with 54% of those in Prime Central London and 52% of those in the Rest of the UK.

*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	32.7	45.4	40.9	40.8
Up to 10%	15.9	10.8	11.1	12.1
11% to 25%	3.7	4.3	4.1	4.1
26% to 50%	2.8	3.8	1.2	2.6
51% to 75%	0.9	3.8	0.6	1.9
76% to 90%	0.0	0.0	0.0	0.0
Over 90%	0.0	0.0	0.6	0.2
Don't know	16.8	12.4	14.6	14.3
Not stated	27.1	19.5	26.9	24.0
Base: All respondents	(107)	(185)	(171)	(463)

It would appear that landlords in the Rest of the South East are more likely than their counterparts in the rest of the country to have joined this organisation with 9% having done so compared with 7% 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 (36%) 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, around one in eight landlords (12%) 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	28.0	43.8	31.6	35.6
Up to 10%	15.0	11.9	12.3	12.7
11% to 25%	6.5	6.5	7.6	6.9
26% to 50%	2.8	3.8	3.5	3.5
51% to 75%	0.9	2.2	2.9	2.2
76% to 90%	0.9	0.0	1.2	0.6
Over 90%	0.0	1.1	2.3	1.3
Don't know	18.7	11.4	11.7	13.2
Not stated	27.1	19.5	26.9	24.0
Base: All respondents	(107)	(185)	(171)	(463)

It would appear that landlords in the Rest of the UK are considerably more likely than their counterparts in the rest of the country to have joined this organisation with 16% having done so compared with 10% of those in Prime Central London and 9% of those in the Rest of the South East.

### *Don't Take Deposits*

More than half of ARLA members' offices (51%) said that they thought at least some landlords did not take deposits from tenants and analysis of the responses to this question suggests that, overall, around one in twelve landlords (8%) 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	41.1	58.4	43.3	48.8
Up to 10%	1.9	2.7	3.5	2.8
11% to 25%	2.8	1.1	1.2	1.5
26% to 50%	0.9	0.5	2.3	1.3
51% to 75%	2.8	0.0	0.6	0.9
76% to 90%	1.9	1.1	1.2	1.3
Over 90%	1.9	2.2	0.0	1.3
Don't know	19.6	14.6	21.1	18.1
Not stated	27.1	19.5	26.9	24.0
Base: All respondents	(107)	(185)	(171)	(463)

Landlords in Prime Central London seem to be least likely to take tenancy deposits with, on average, 14% not doing so compared with 6% for both the Rest of the South East and the Rest of the UK .

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

Nearly four out of ten ARLA members' offices (38%) 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 seven landlords (16%) 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	29.9	47.6	33.9	38.4
Up to 10%	5.6	7.0	4.1	5.6
11% to 25%	6.5	3.2	3.5	4.1
26% to 50%	6.5	2.7	2.9	3.7
51% to 75%	0.9	3.2	2.3	2.4
76% to 90%	0.9	1.6	3.5	2.2
Over 90%	0.9	2.2	2.9	2.2
Don't know	21.5	13.0	19.9	17.5
Not stated	27.1	19.5	26.9	24.0
Base: All respondents	(107)	(185)	(171)	(463)

It would appear that landlords in the Rest of the UK are considerably more likely than their counterparts in the rest of the country to be unaware of the need to join a tenancy deposit organisation with 20% being unaware compared with 15% of those in Prime Central London and 13% of those in the Rest of the South East.

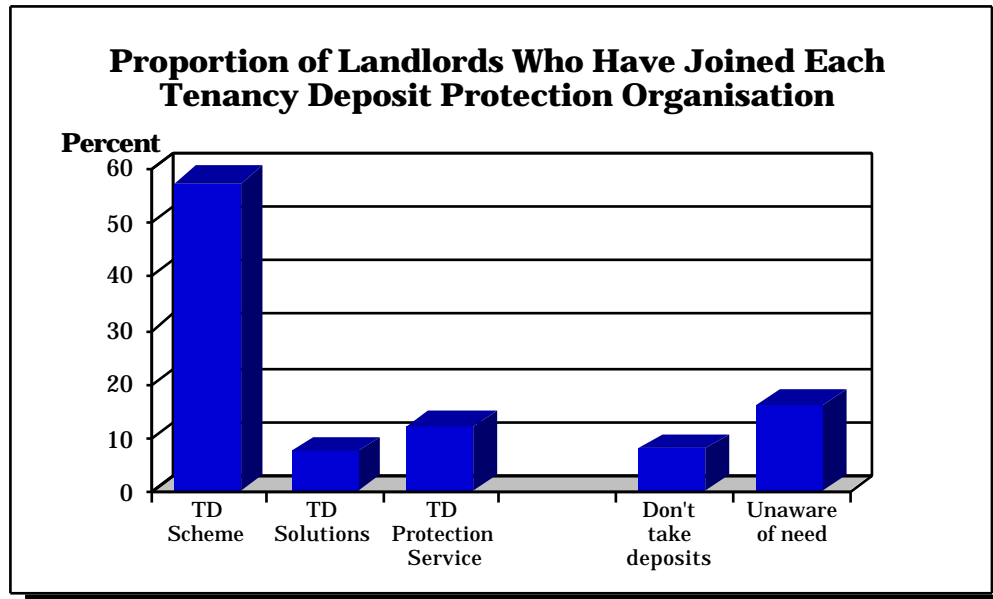
### *Summary*

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

<b>Scheme Joined</b>	<b>Percent of Respondents (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
TD Scheme	54.3	62.9	52.3	57.4
TD Solutions	6.9	8.8	5.4	7.2
TD Protection Service	9.9	9.4	16.1	11.9
Don't take deposits	14.0	6.1	5.9	7.7
Unaware of need	14.9	12.7	20.3	15.7
Base: All respondents	(107)	(185)	(171)	(463)

There appears to still be a relatively high proportion of landlords (16%) who are unaware of the need to join a tenancy deposit protection

organisation suggesting that continued publicity about the subject would be useful.



#### 4.15 **How Landlords, Tenants and Letting Agents Feel About Tenancy Deposit Protection (Q.17)**

##### *Landlords*

Twice as many ARLA members' offices think that landlords feel negative about tenancy deposit protection as think they feel positive about it (38% compared with 19%).

However, more than a further third (34%) think landlords are indifferent to it with 6% of being unsure how landlords feel about the subject.

<b>How Landlords Feel</b>	<b>Percent of Respondents (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
Positive	21.5	18.9	17.0	18.8
Negative	25.2	41.1	41.5	37.6
Indifferent	46.7	30.8	28.7	33.7
Don't know	2.8	7.0	7.6	6.3
Not stated	3.7	2.2	5.3	3.7
Base: All respondents	(107)	(185)	(171)	(463)

Respondents from offices which manage properties in Prime Central London are much less likely to think that landlords feel negative about tenancy deposit protection (25% compared with 41% for both the Rest of the South East and the Rest of the UK) and more likely to think they are indifferent to it.

##### *Tenants*

Hardly any ARLA members' offices think that tenants feel negative about tenancy deposit protection (less than 1%) with most (57%) thinking that they feel positive about it although quite a high proportion (29%) think tenants are indifferent to it.

<b>How Tenants Feel</b>	<b>Percent of Respondents (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
Positive	59.8	55.7	55.6	56.6
Negative	-	0.5	1.2	0.6
Indifferent	27.1	32.4	26.9	29.2
Don't know	10.3	9.7	11.1	10.4
Not stated	2.8	1.6	5.3	3.2
Base: All respondents	(107)	(185)	(171)	(463)

Respondents from offices which manage properties in Prime Central London are a little more likely to think that tenants feel positive about

tenancy deposit protection (60% compared with 56% for both the Rest of the South East and the Rest of the UK).

### *Letting Agents*

More than half of ARLA members' offices (55%) think that letting agents as a whole feel positive about tenancy deposit protection but a fifth (20%) believe that letting agents feel negative about it. Almost another fifth (19%) say that letting agents are indifferent to it.

<b>How Letting Agents Feel</b>	<b>Percent of Respondents (%)</b>			
	<b>Prime London</b>	<b>Rest of SE</b>	<b>Rest of UK</b>	<b>All Regions</b>
Positive	58.9	55.1	52.0	54.9
Negative	18.7	18.9	22.2	20.1
Indifferent	19.6	18.9	18.1	18.8
Don't know	-	3.2	1.8	1.9
Not stated	2.8	3.8	5.8	4.3
Base: All respondents	(107)	(185)	(171)	(463)

Respondents from offices which manage properties in Prime Central London are a little more likely to think that letting agents feel positive about tenancy deposit protection (59% compared with 55% for the Rest of the South East and 52% for the Rest of the UK).

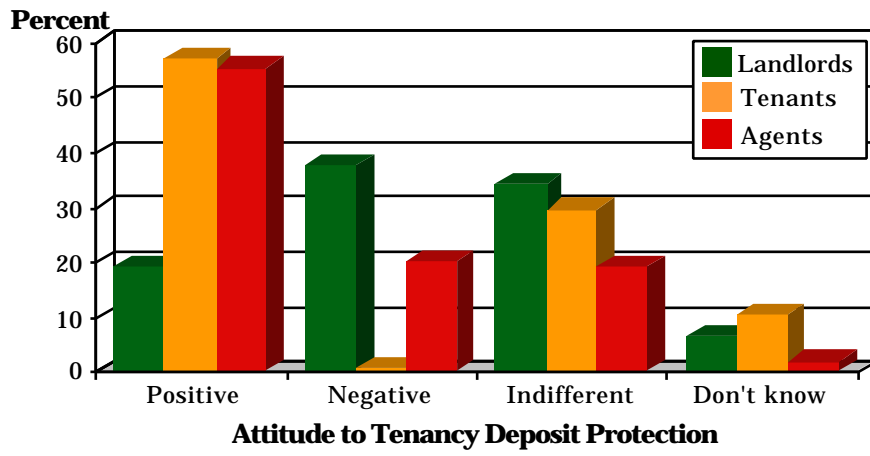
### *Summary*

Results from this question suggest that both tenants and letting agents are, on the whole, quite positive about tenancy deposit protection with most feeling either positive about it or indifferent to it.

On the other hand, as might have been expected, twice as many landlords feel negative about it as feel positive about it with, again, a substantial proportion being indifferent.

<b>How Feel</b>	<b>Percent of Respondents (%)</b>		
	<b>Landlords</b>	<b>Tenants</b>	<b>Agents</b>
Positive	18.8	56.6	54.9
Negative	37.6	0.6	20.1
Indifferent	33.7	29.2	18.8
Don't know	6.3	10.4	1.9
Not stated	3.7	3.2	4.3
Base: All respondents	(463)		

### How Landlords, Tenants and Letting Agents Feel About Tenancy Deposit Protection



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

More than four out of ten ARLA members' offices (44%) think that residential landlords are currently marking time with regard to their net investment in residential property.

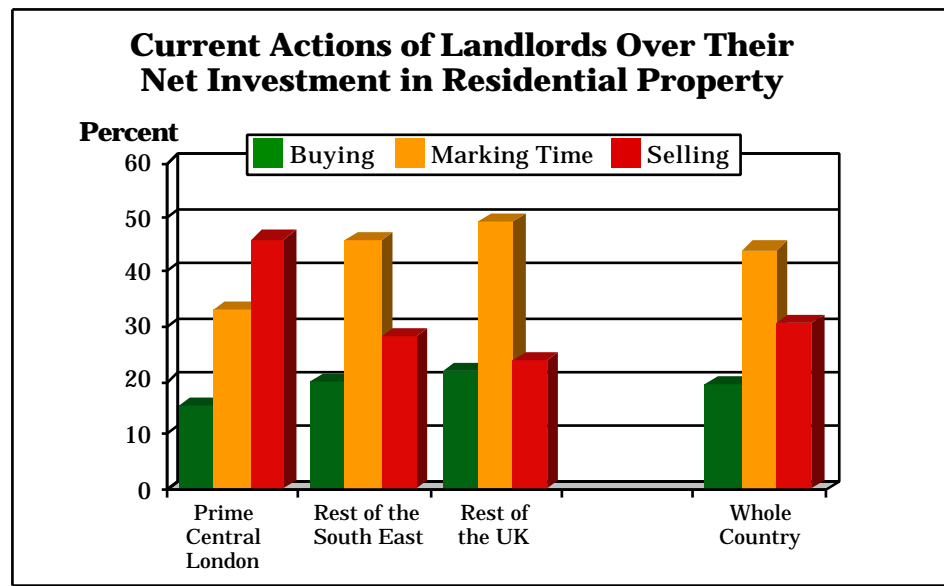
However, more than three out of ten respondents (31%) think landlords are decreasing their net investment by selling properties, a figure which compares with less than two out of ten (19%) who think landlords are increasing their net investment by buying more properties.

How Landlords Are Currently Acting	Percent of Respondents (%)			
	Prime London	Rest of SE	Rest of UK	All Regions
Buying	15.0	19.5	21.6	19.2
Marking time	32.7	45.4	49.1	43.8
Selling	45.8	28.1	23.4	30.5
Not stated	6.5	7.0	5.8	6.5
Base: All respondents	(107)	(185)	(171)	(463)

Geographically, it would appear from responses to this question that landlords in Prime Central London are now more than three times as likely to be selling properties (46%) as they are to be buying properties (15%).

However, this is not the case with landlords in the Rest of the UK where roughly equal proportions of respondents say landlords are buying (22%) as say they are selling (23%).

The situation in the Rest of the South East falls between these two extremes with 20% of those respondents saying landlords are buying compared with 28% who say they are selling.

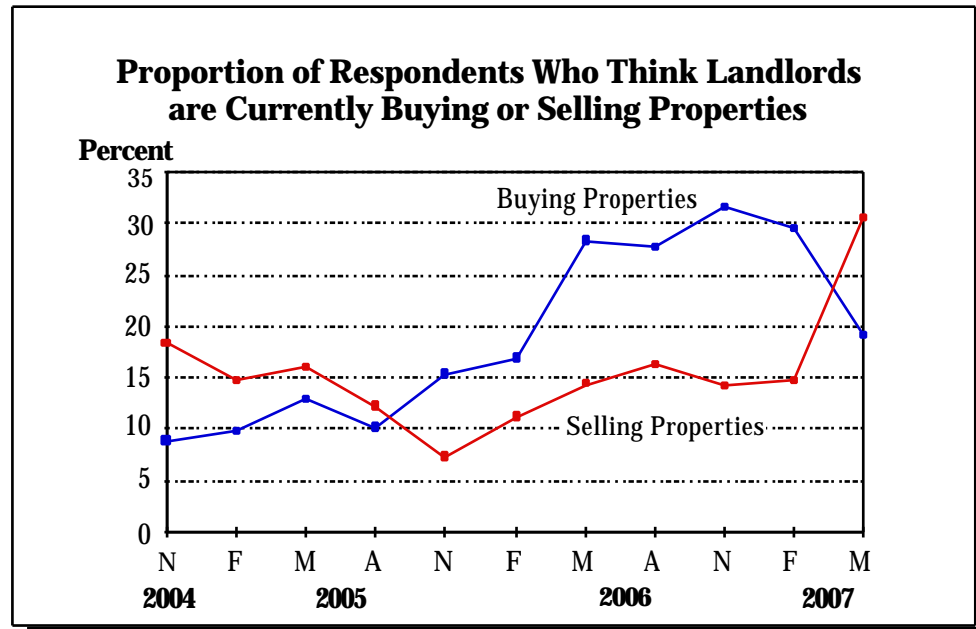


Compared with three months ago, there has been a quite dramatic change with the proportion of respondents who think landlords are currently selling properties more than doubling from 15% to 31% and the proportion saying landlords are buying falling from 30% to 19%. The proportion saying landlords are marking time has also fallen, from 53% to 44%.

<b>How Currently Acting</b>	<b>Percent of Respondents (%)</b>			
	<b>Aug 06</b>	<b>Nov 06</b>	<b>Feb 07</b>	<b>May 07</b>
Buying	27.7	31.7	29.5	19.2
Marking time	54.5	53.2	53.0	43.8
Selling	16.2	14.2	14.7	30.5
Not stated	1.6	0.8	2.9	6.5
Base: All respondents	(451)	(372)	(525)	(463)

As the graph below shows, during the autumn of 2005, the relationship between the proportion believing that landlords are buying properties and the proportion believing they are selling properties reversed.

However, the results from this quarter's survey suggest that this has now reversed again with more landlords selling properties than are buying them.



# Questionnaire