



Private landlords: Not out of crisis yet

London 2nd June 2010: The latest research from BDRC Continental's quarterly survey of 500 private landlords shows optimism has risen for the fifth consecutive quarter and is now at its highest level since the financial crisis hit in 2007 (www.bdrc-continental.com). While almost a third of landlords claim to be making enough profits to save money and an increased proportion of landlords (23%) are now expecting to expand their portfolio, the future looks brighter for some, but not all. The research also shows that while there are early signs of recovery, voids and rental arrears continue to undermine market prospects.

Optimism reaches its highest level

The research indicates landlords' optimism continues to recover with more than a half of respondents (57%) considering their business prospects for the next three months as good. Over the last three quarters prospects for capital gains have also improved most steadily, with 48% rating them positively.

Improved profitability for portfolio landlords partly explains why optimism has broken through: 79% of all landlords say they are making profits up from 73% in the third quarter of 2009. Almost a third of respondents (32%) claim to be making enough profit to save money and this figure reaches 48% of professional landlords, those with 20 properties or more.

Buying and selling intentions

Compared to the last quarter, where a 'wait and see' approach prevailed, an increased proportion of landlords are expecting to expand their portfolio (23% vs. 19% Q4 09) or to sell

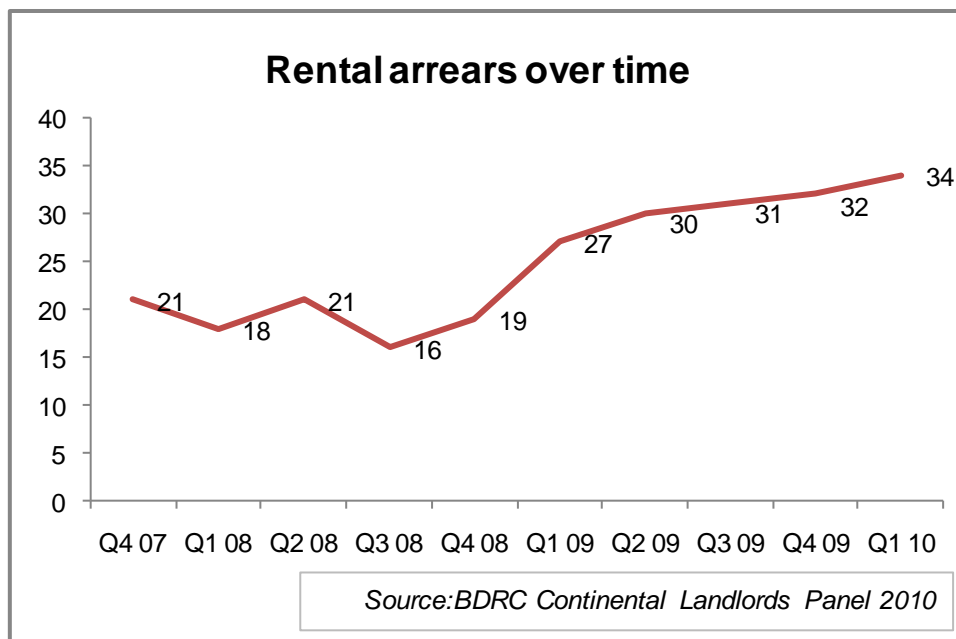
some of their properties (15% vs. 13% Q4 09) in the next three months. Nearly half of professional landlords (45%) expect to buy a property in the next quarter. Consequently 21% of all landlords and 41% of professional landlords are likely to seek further mortgage finance in the next three months. The impact of the proposed CGT regime changes will be assessed in the next wave of the research in June.

Securing finance gradually becoming easier

The good news is that securing mortgage funding is slowly becoming less of a struggle for landlords. The research reveals that the proportion of those who found it difficult to raise funding has decreased gradually from 51% in January 2009 to 44% in Q2 2010. There have been further signs of an improvement in the mortgage market with low interest rates of 3.6% on average, helping borrowers meet their monthly payments. The proportion that missed a mortgage repayment dropped from 5% to 3% in the last three consecutive quarters. The results also reveal only 3% of respondents (vs 5% in the last quarter) expect to miss a mortgage payment in the next quarter.

But rental arrears highest ever seen in the research

The findings suggest that despite the recovery of landlords' confidence, the rental market remains challenging. The inexorable climb of rental arrears continues with 34% of landlords being affected in the last 12 months, the highest proportion ever recorded in the survey.



Mark Long Director at BDRC Continental says “Although there are indicators in this quarter’s research that suggest the private rental market is stabilizing, it is too early to refer to this as

a 'recovery'. Britain's private landlords still have to cope with uncertain economic conditions and arrears are at the highest level since the research began in 2006. The research also shows that two thirds of landlords don't intend to change the price of the rent charged to tenants in the next 3 months."

Ends

Note to editors

The current wave of the Landlords Panel was carried out in March 2010 and consisted of 519 x 25 minute online surveys with residential property landlords. Participants need to own at least one residential or holiday property in the UK. The majority have residential lettings. The participants are selected to ensure that the sample represents the total UK population of landlords by their letting portfolio. There have been 13 previous waves of the Landlords Panel since mid-October 2006. You can find out more on our website:

<http://www.bdrc-continental.com/business-sectors/financial/mortgages-borrowing/landlords-panel/>

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About BDRC Continental

BDRC Continental is the UK's largest independent market research agency. Established in 1991, the company has built an unrivalled reputation as a full service consultancy with specialist expertise across a number of sectors including business to business, financial services, hotels, meetings & hospitality, media & advertising, internet & telecoms, Government & not for profit, culture & leisure and tourism, travel & transport.

BDRC Continental is staffed by highly experienced researchers with great reputations in their individual fields as well as in the market research industry. The company is renowned for its consultative approach and ability to add value to clients' businesses by bringing insights from multiple markets to the research. This cross-disciplinary approach enables BDRC Continental to provide intelligence that is informed by a deep understanding of the client's issues and the wider market context. As well as undertaking bespoke research for a wide variety of clients, the company conducts a number of syndicated studies and has developed proprietary techniques including AdForensics and ZMET Visionary Thinking. www.bdrc-continental.com