

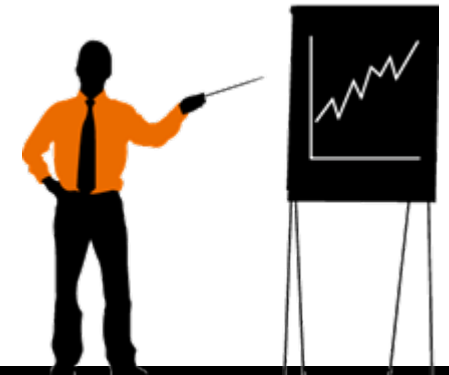
Buy to Let

Survey Report 2009

497 completed surveys.
13 probing questions.
One must-read report.

Time to look at the detail?
It's common sense.

FOR INTERMEDIARY USE ONLY



Buy to Let survey 2008 results

In quarter 1 2009, just under 500 brokers responded to our survey on their Buy to Let market experiences for 2008 and expectations for the coming months. The results are insightful:

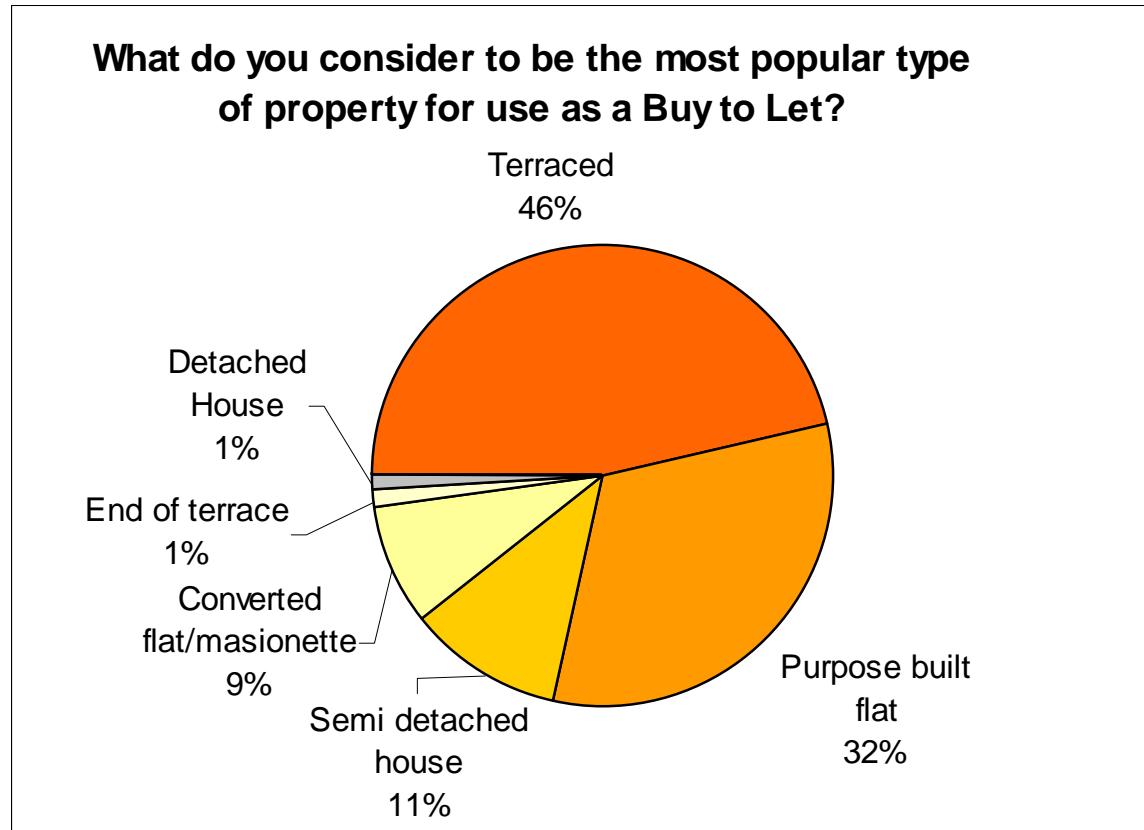
- The proportion of brokers expecting demand for rental property to increase in the coming 6 months has fallen significantly from the study conducted five months earlier. However, an expected increase does still represent the view of the majority.
- 6 in 10 brokers say it now takes longer to source a Buy to Let product than it did a year earlier. This may be due, at least in part, to the sharp reduction in the number of products in the market, and the tighter lending criteria imposed by lenders.

Buy to Let survey 2008 results

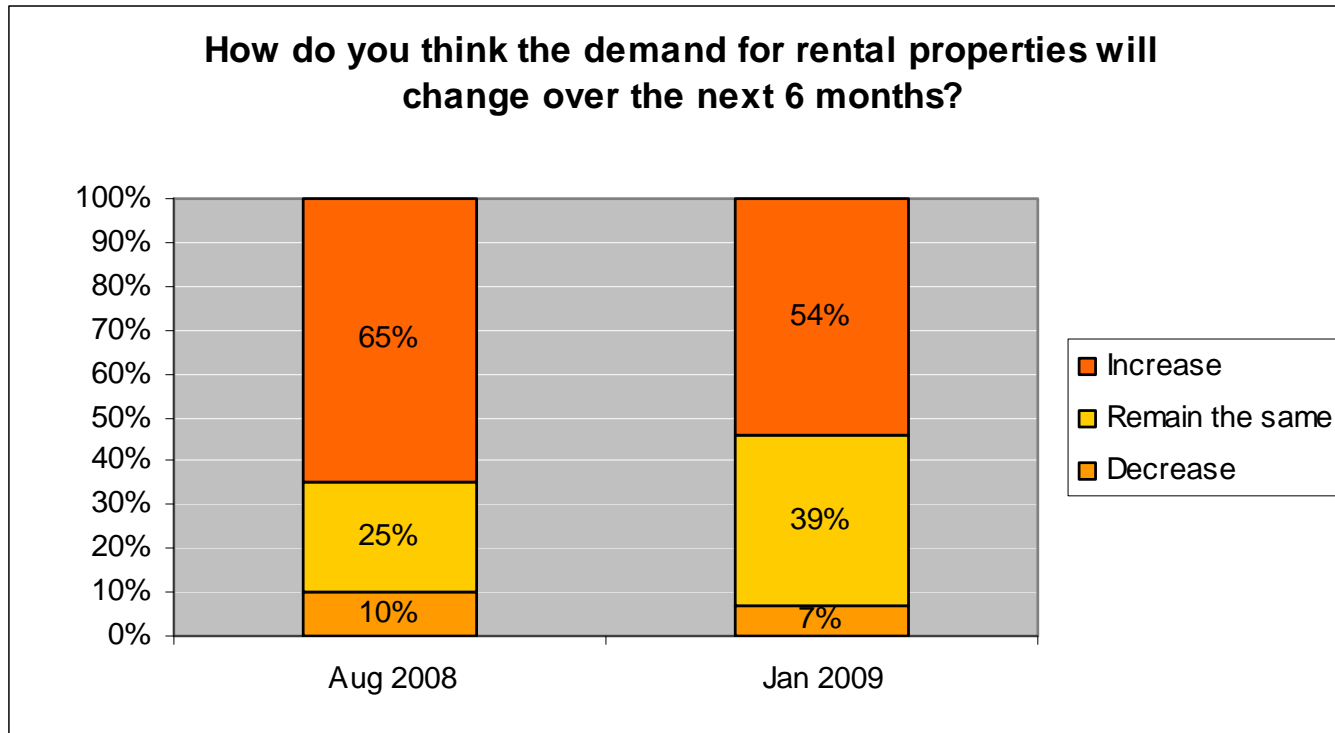
- The changes to Capital Gains Tax imposed in April 2008 seem to have had no impact on landlords' purchase or sales behaviour.
- Growing numbers of landlords are opting for fixed rate deals which may be due to a desire for security in a changing market.
- The majority of brokers expect a reduction in new landlords entering the market, however professional landlords are expected to expand their portfolio this year.



Terraced house and purpose-built flats together account for 78% of BTL properties.

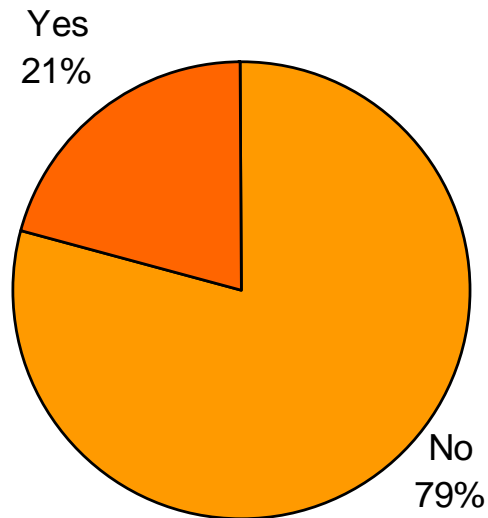


Demand for rental properties is expected to increase, although strength of feeling has weakened since the previous survey.



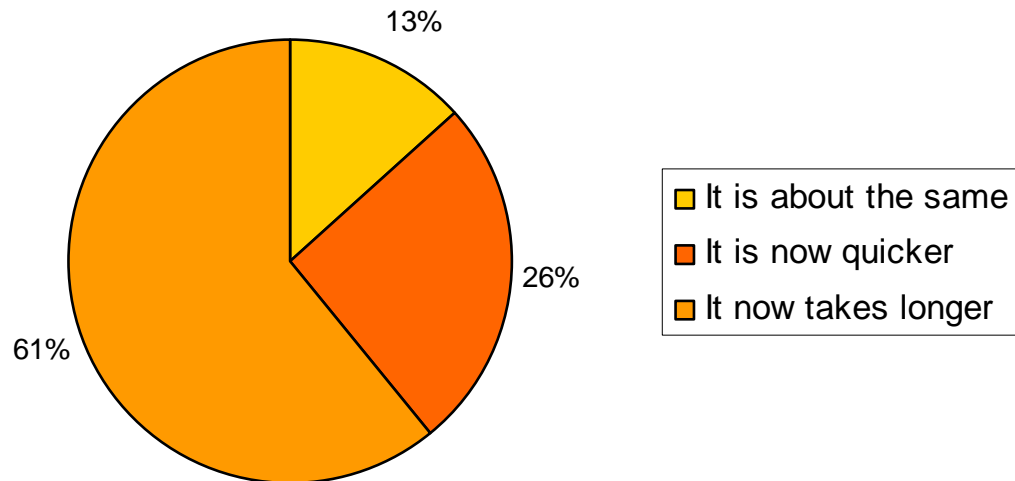
1 in 5 brokers expect amateur landlords to purchase a property this year.

Do you think amateur landlords (those with 1-2 properties) will continue purchasing property this year?



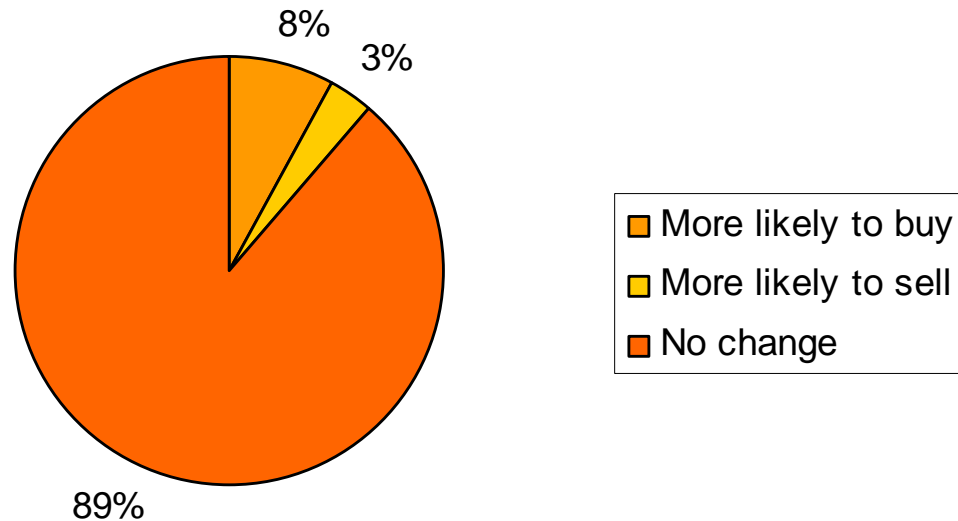
Brokers are finding it now takes longer to source a Buy to Let product.

Is there any difference in the amount of time it takes for you to source a BTL product compared to this time last year?

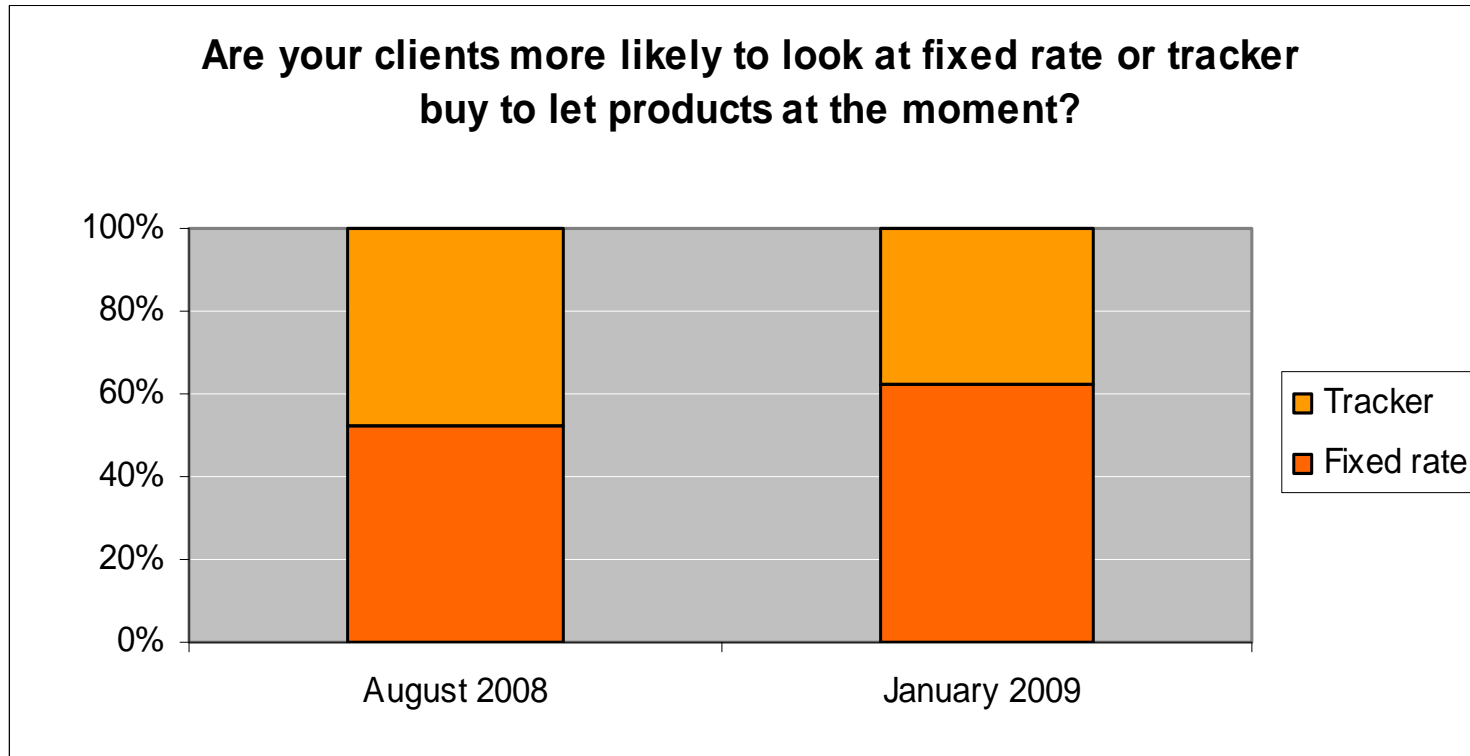


Nine in ten brokers feel that the change to Capital Gains Tax has had no effect on landlords' purchase/sales activity.

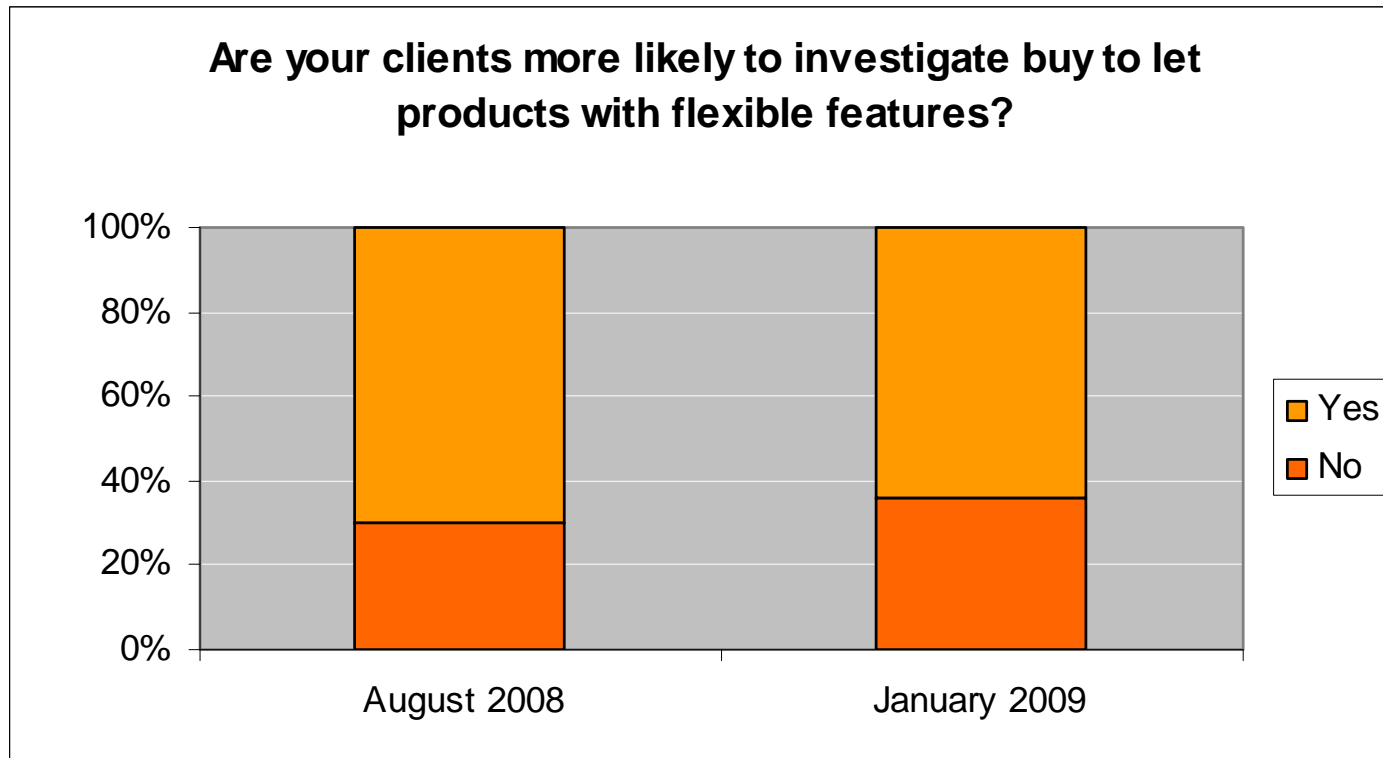
What effect if any has the changes to Capital Gains Tax legislation had on your clients appetite to purchase BTL property?



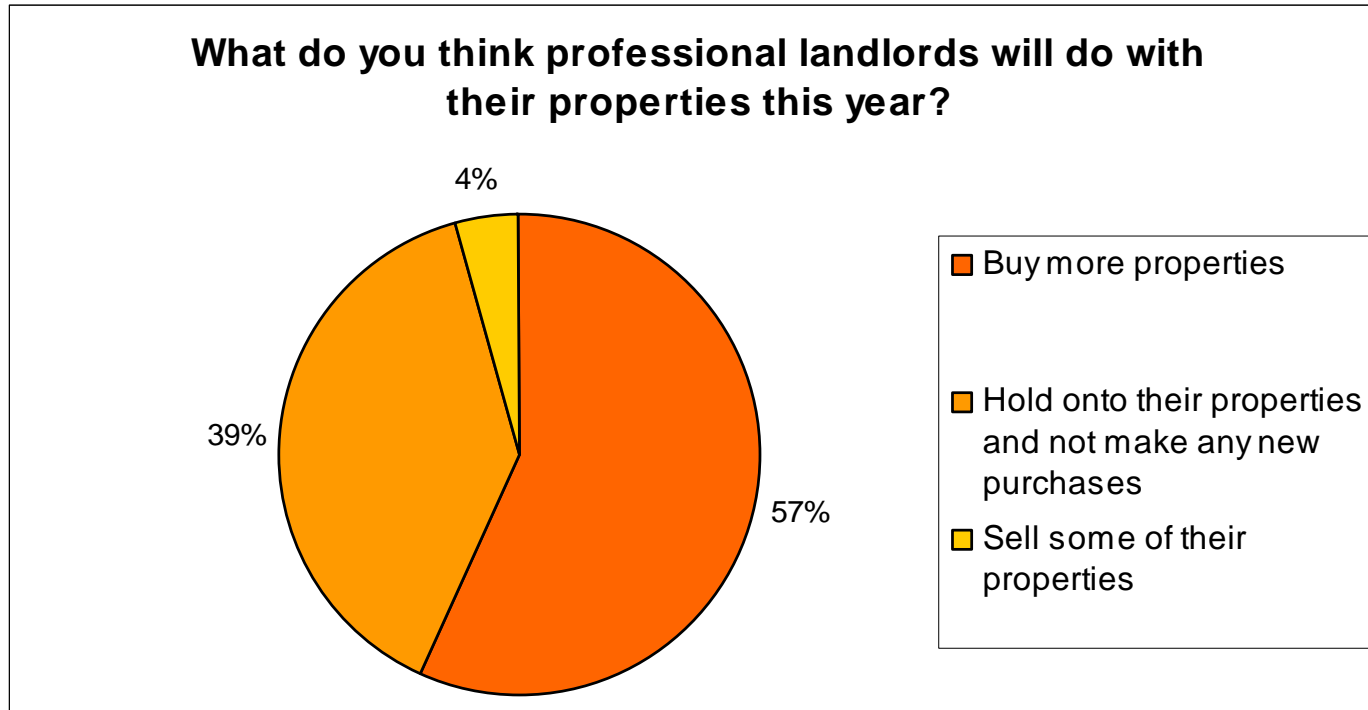
Fixed rate products grew in popularity between August 2008 and January 2009.



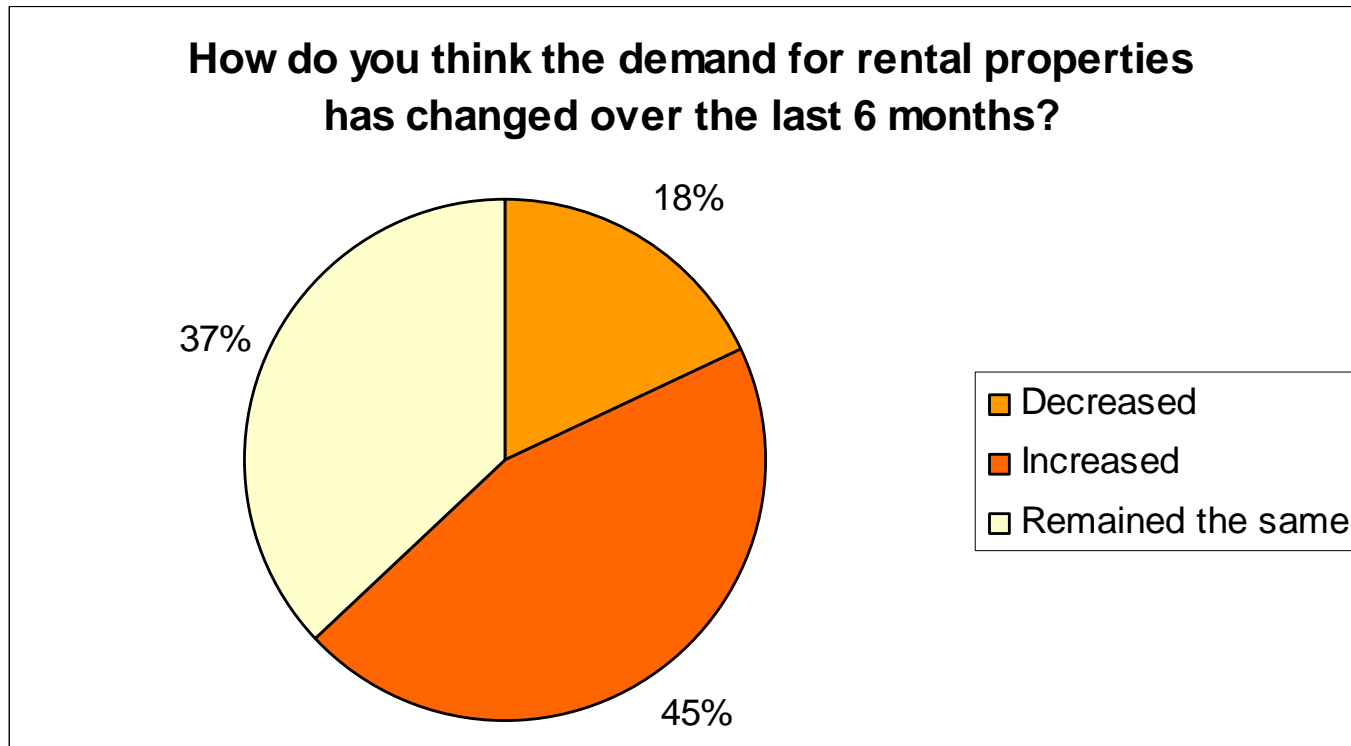
Flexible product features are still important, but for a declining majority of landlords.



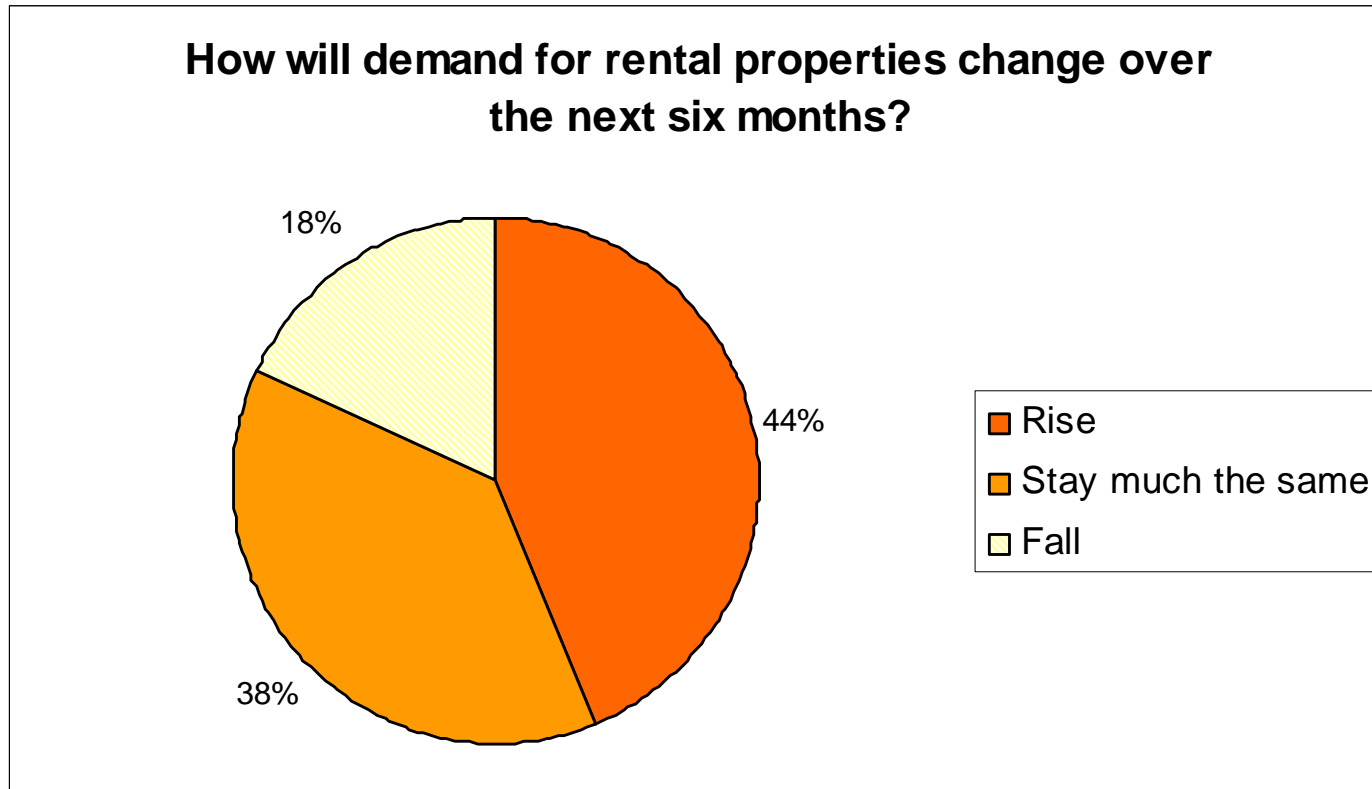
The majority of brokers expect professional landlords to expand their Buy to Let property portfolio this year.



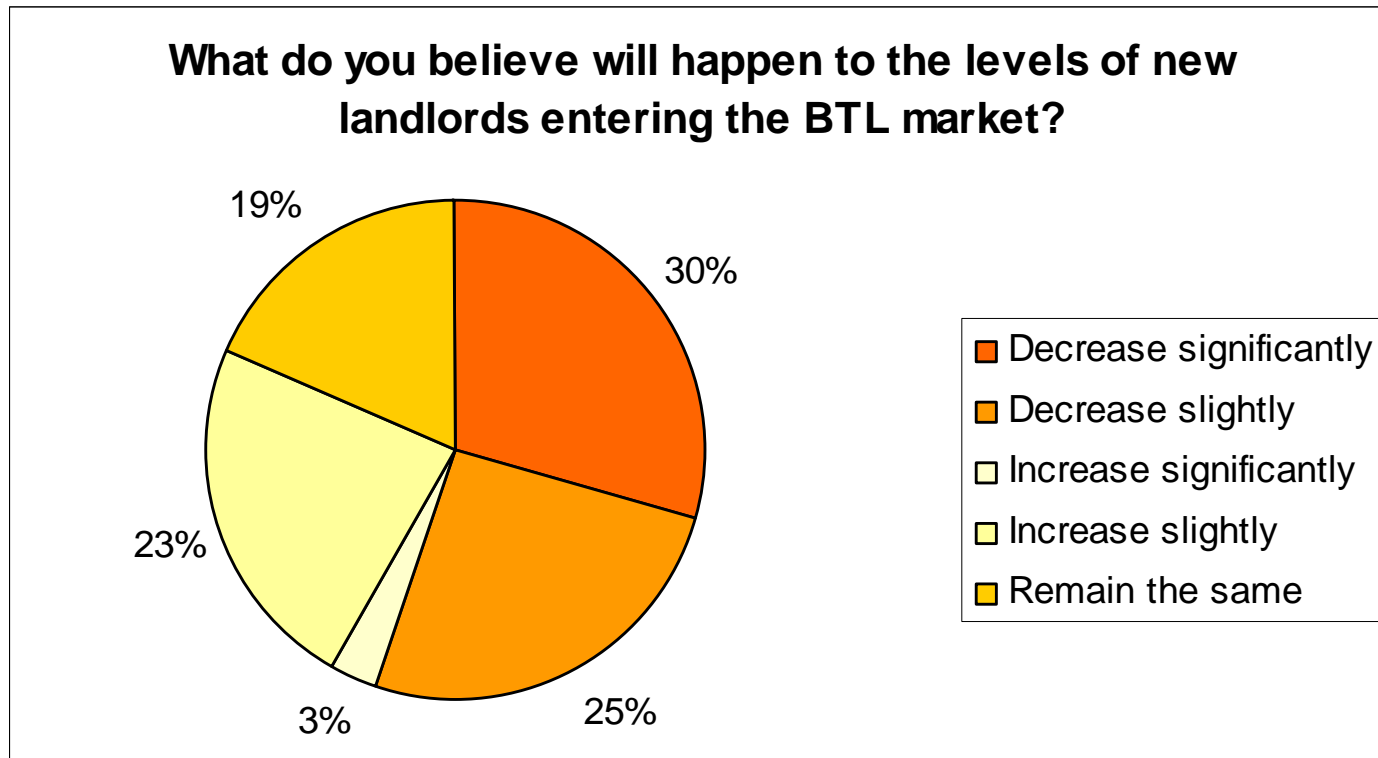
45% of brokers saw an increase in demand for rental properties in the second half of 2008 against 18% who saw a decline.



44% of brokers expected growth in demand for rental properties in the first half of 2009, against 18% which expected a fall.



The majority of brokers expect to see a reduction in the number of new landlords entering the Buy to Let market.



In summary

The results of the latest survey show that there will be an expected reduction in new landlords entering the market. However the good news is that the current established professional landlords are expected to continue to expand their portfolio this year, with the belief that the demand for rental property will increase.

The results are fascinating, thank you to everyone took part.



T332 V1 (04-2009)

This communication is for use by and restricted to professional intermediaries. Under no circumstances should the communication be given, copied or distributed to actual or potential borrowers'