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The profile of UK private landlords

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The views expressed in this report are those of the authors and do not necessarily reflect those of the Council of Mortgage Lenders.

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Executive Summary

Landlords and what they own

Over 60% of landlords in the survey owned only a single rented property. Only 7% owned five or more, but these larger landlords accounted for nearly 40% of the rented dwellings.

Almost half of all properties in the sample were purchased using a buy-to-let (BTL) mortgage. Landlords with one or more BTL mortgage tended to have larger and more valuable portfolios than non-BTL landlords – with almost a quarter of BTL landlords having portfolios with a value of at least half a million pounds.

BTL landlords are somewhat younger than other landlords. About one third of all landlords in the survey are retired, with retirees concentrated among non-BTL landlords.

About a third of landlords said their rental income was between £5,000 and £10,000 per annum. The mean rental income was much higher at £17,300 – and higher still for BTL landlords at over £20,000.

How landlords run their businesses

The main sources of finance for the purchase of existing portfolios were personal savings (used by 41% of landlords), BTL mortgages (36%) and inherited funds (17%). Landlords who had no mortgages said they preferred to avoid debt, had inherited the properties or had paid off earlier loans.

Among BTL landlords, half were paying £5,000 or less in mortgage interest per annum. Of the two-thirds of landlords who estimated their yield, around 50% thought they made between 3% and 5% - although estimates ranged from negative to over 10%.

Pension and investment purposes dominated the reasons for becoming a landlord. One-third of landlords saw their holdings as a form of pension; one-third looked for income and capital growth and 27% said property was better than other investments.

Only 15% of landlords had made any transaction in the last year, and more than twice as many had bought than sold. Looking to the future, though, more landlords expect to sell (15%) than buy (9%). This includes the 36% of BTL landlords concerned about tax changes. However half of all landlords expected to keep the same number of units.

How landlords see the future

More than three-quarters of BTL landlords were relatively unworried about meeting higher interest payments. Younger landlords were slightly more concerned as were those with only one unit.

Some 65% of landlords said they were aware of, and had at least a fairly good understanding of, the stamp duty changes that took effect in April 2016. This fell to 52% for the mortgage interest tax relief changes; to 41% for wear and tear changes; and 39% for capital gains changes.

Overall

The private rented sector, and within this the BTL subsector, are both still growing. The sector is also quite stable. Forty-three per cent of landlords surveyed acquired their first properties ten years or more ago, and 14 per cent before 1996—that is, before BTL mortgages were available.

While the majority of dwellings included in the sample were backed by a loan, most landlords have no borrowing. Those who have BTL mortgages report relatively low loan-to-value (LTV) ratios, even when they have just a single investment property. Many landlords with more than one property have some unencumbered or lower-LTV properties in their portfolios.

The average net rental return is relatively low at around 3-5%. However the current economic environment offers few investment alternatives for those seeking regular income - and the average rental income was £17,300 per annum.

Most landlords work on a 'need to know' basis. The majority of landlords will not be immediately affected by the most publicised tax changes, as they are unmortgaged and do not intend to purchase more rental property.

Those who will be most affected by the various changes are not small-time accidental landlords or investors with only a single unit, but rather the more 'professional' landlords: landlords with sizeable portfolios who are more likely to transact (and therefore be exposed to higher Stamp Duty Land Tax (SDLT) and Capital Gains Tax), as well as more likely to have BTL mortgages and incomes high enough to be impacted by the change in the treatment of mortgage interest. We estimate that about a quarter of BTL landlords will be negatively affected by the change in mortgage tax treatment. These landlords are also the most financially aware, so understanding the behaviour of these groups is probably the most important element in predicting the future.

Chapter 1: Introduction

Introduction

The private rented sector in the UK grew from 9.4% of the housing stock in 2000 to 19% of a considerably larger overall stock in 2014—that is, the number of units rented privately increased by almost 125% over a fifteen-year period. Much of this growth came through the change of tenure of existing housing, as owner-occupied and social rented units were purchased by landlords—mostly private individuals, including in particular those funded by Buy to Let (BTL) mortgages.

This growth—or at least this degree of growth—was predicted neither by government nor informed commentators. The sector was deregulated in 1988 but did not grow significantly until the mid- 1990s, when BTL mortgages were introduced. After 2000 the sector grew more rapidly in the face of worsening affordability in the owner-occupied sector and the 2007/8 crisis which made it increasingly difficult for households, particularly potential first-time buyers, to meet deposit requirements and obtain a mortgage. At the same time there is some evidence that private renting is now a positive choice for certain households.

Unfortunately, the growth in the private rented sector has not been matched by improved statistical evidence about the make-up of the sector in terms of either dwellings or owners. In particular there is little known about the average size of holdings, where ownership is concentrated, how ownership is funded and traded or about landlords' intentions. This lack of data has become increasingly worrying: when the discussion at the Treasury Select Committee turned to BTL earlier this year Martin Taylor, external member of the Bank of England's Financial Policy Committee, said,

"We are expressing mild concern about Buy to Let. We note that it has different characteristics from owner occupied. We do not understand its characteristics quite so well, because it has not been going so long. We do not have historical data."

(House of Commons, 26th January, 2016)

Over the last two years the government has raised concerns around BTL investors and the private rental sector, particularly in the context of falling owner-occupation. Statements from various official bodies have suggested that:

- BTL investors have crowded out first time buyers;
- a sustainable high-quality private rented sector needs to be dominated by professional landlords with large holdings; and
- the BTL sector is a potential cause of economic instability as landlords invest in the upturn and sell in the downturn thus amplifying price pressures (up or down).

The detailed evidence to assess these concerns is not currently available. What evidence there is, which is discussed in some detail in Scanlon, Whitehead and Williams (2016), would suggest that some of these concerns are overstated. Yet despite the dearth of evidence the government has recently introduced a number of taxation and regulatory policies that will have negative impacts on the profitability and viability of BTL landlords and private individual landlords generally. These landlords provide the vast majority of private lettings and will continue to do so for the foreseeable future. The changes (discussed in greater detail in Scanlon, Whitehead and Williams 2016) were the

- Imposition of a 3% Stamp Duty Land Tax surcharge for purchases of rental properties and second homes [from April 2016]

- Retention of capital-gains-tax rates of 18% (basic rate) and 28% (higher rate) on disposals of residential property that is not a primary residence; rate reduced to 10%/20% for gains on other asset types [for gains accruing on or after April 2016]

- Removal of 10% wear-and-tear allowance on furnished properties; now only actual expenditure allowed [from April 2016]

- Removal of landlords' ability to deduct interest paid on buy-to-let mortgages from taxable income; replaced by a flat tax credit of 20% of interest paid [phased from April 2017]

In this context the CML decided to undertake a new landlord survey. This would allow comparison with their 2004 survey of the BTL sector (see Scanlon and Whitehead 2005) but also look more widely at landlords across the sector, regardless of their financing. The objective was to provide up-to-date information on private landlords and why they are in the market; the attributes of dwellings and portfolios; how ownership is financed and the rates of return achieved; landlords' responses to changes in government policy and their short- and longer-term intentions with respect to their portfolios.

Chapter 2: Key findings

Key findings

Landlords and what they own

Some 62% of landlords in the survey owned only a single rented property. Only 7% owned five or more. However these larger landlords owned nearly 40% of the dwellings, while fewer than 30% were owned as single units.

Around a third of landlords had at least one BTL mortgage but almost half of all properties in the sample were purchased using such a loan. Landlords with one or more BTL mortgage tended to have larger and more valuable portfolios than non-BTL landlords –almost a quarter of BTL landlords had portfolios valued at half a million pounds or more as against under 15% of other landlords.

Over 60% of the landlords in our sample were aged 55 or older. BTL landlords were somewhat younger than other landlords. About one third of all landlords in the survey were retired, with retirees concentrated among non-BTL landlords. Even among those who bought their first property in the last two years, only just under half were in full-time employment.

The age profile of BTL landlords has changed strikingly since our 2004 survey, when fewer than one in four were in the older age groups. The rate of new investors coming to the sector (although not the number) seems to have slowed since 2004: in that year 18% of BTL landlords said they had bought their first property in the preceding two years, but only about a third as many (7.3%) in the 2016 survey had entered so recently.

About a third of landlords said their rental income was between £5,000 and £10,000 per annum. The mean rental income was much higher at £17,300, and the figure was higher still for BTL landlords at over £20,000. Respondents reported a median household income (including rental income) in the range of £60,000 - £69,000, considerably more than double the national average. More than 30% of BTL landlords had incomes of £70,000-plus.

Landlords tended to own rental units in the region where they lived; if they owned property elsewhere it was usually in adjoining regions. The most commonly owned units were flats and terraced houses, with BTL landlords more likely to own these types than other landlords.

The most usual tenant types identified were couples or singles – especially younger couples– but almost 30% of landlords said they housed at least some families with children. Only 6% said they rented to households claiming Local Housing Allowance– slightly more among BTL landlords. This response probably reflects their target client group rather than the actuality, as many landlords, especially those using agents, may not be aware of how the rent is paid.

How landlords run their businesses

Only 3% of the landlords in the survey used a limited company status. The larger the holding the more likely the landlords were to be thinking of changing to this status, with just over 10% of those with five or more units planning to do so.

The main sources of finance that had been used to purchase landlords' current portfolios were personal savings (41%), BTL mortgages (36%) and inherited funds (17%). Landlords who had no mortgages said they preferred to avoid debt, they inherited the property or they had paid off earlier loans. Non-BTL landlords were far more likely to have acquired the property without purchasing it and somewhat more likely to be renting out what was once their owner-occupied property.

In the words of survey respondents – replies to

Q: How will the changing environment for landlords affect you over the next decade?

A: I only buy houses if I have spare cash so not concerned about mortgage issues. The changes of relief for wear and tear will affect me but not massively. I am in a position where I can sell if I want to at any time and since I have 100% equity in my houses and at present am well clear of tax liability.

Response from 2016 CML survey

Of those with a BTL mortgage almost two-thirds had only a single unit covered by such loan. One in five BTL landlords also owned unencumbered properties (usually one or two).

Among BTL landlords, half paid £5,000 or less in mortgage interest per annum. A third of landlords did not estimate their net yield; among those who did around 50% thought they made between 3% and 5% - although estimates ranged from negative to over 10%.

Pension and investment purposes dominated the reasons for becoming a landlord. One-third of landlords saw their holdings as a form of pension; one third looked for income and capital growth and 27% said property was better than other investments. Seventy-five per cent said financial reasons were behind their decision to continue being landlords.

Over 85% of landlords (80% among BTL landlords) had made no transactions in the last year. The vast majority of transactions were of one unit. Landlords were more than twice as likely to have bought than to have sold, although there were more sales than purchases of five-plus units.

Looking ahead to June 2017, the picture was rather different: more landlords said they intended to sell (15%) than buy (9%). Looking five years into the future some 50% expected to keep the same number of units.

A: I think the impact of my lettings (as they currently stand) will be minimal as I am actively reducing my mortgage debt and thus increasing rental yield over time. However I am now very discouraged from buying any additional properties which is something I would definitely have done if George Osborne had not introduced these new rules.

Response from 2016 CML survey

Landlords who intended to buy cited good yields and poor returns elsewhere, as well as possible house price rises and tenant demand. Anticipated sales mainly reflected established exit plans, but 36% of BTL landlords who expected to sell said the decision related to taxation changes (as compared to 13% of non-BTL landlords).

Over a third of landlords never used an agent, managing all of their properties themselves. A similar proportion used an agent to manage all their properties fully (bearing in mind that most landlords owned just a single unit). The remainder either used an agent to do some tasks, or for only some properties. BTL landlords were more likely to use agents. Almost 40% of landlords – more among non-BTL landlords – said they were prepared to offer leases longer than one year. Most who did not offer them said there was no demand.

A: I leave this up to our Letting Manager and our Accountant.

Response from 2016 CML survey

How landlords see the future

More than three-quarters of BTL landlords were relatively unconcerned about meeting higher interest payments. Younger landlords were slightly more concerned as were those with only one unit. Most did not expect revenues to increase significantly over the next five years, but at least a third of landlords thought they could raise rents for new tenants and a quarter for existing tenants (more for BTL landlords in both cases) if they faced problems. However when asked what their first action would be if cash flow deteriorated, the most common answer was 'don't know' – mainly because they did not expect such a change. To the extent that there is evidence of potential problems these seem to be concentrated among the youngest owners. They usually own only one unit but might, on other evidence, have more than average levels of other debt.

Understanding of recent tax changes was mixed and in some cases limited. Some 65% of landlords said they were aware of, and had at least a fairly good understanding of, the stamp duty changes. This fell to 52% for the mortgage interest tax relief changes; 41% for wear and tear changes; and 39% for capital gains changes. In all cases BLT landlords were at least somewhat more aware. Awareness seems in the main to reflect current 'need to know' and can be expected to increase as the changes bite.

Chapter 3: Method

Method

Our original intention was to update and expand the 2004 CML research (Scanlon and Whitehead 2005), which was based on a postal survey completed by 1,340 customers of 12 buy-to-let mortgage lenders. In the event the current survey (reproduced as Annex B) differed substantially from its 2004 predecessor because of the wider remit of the current project, which looked at the entire individual landlord sector, the different market and regulatory conditions, and our assessment of the relative importance of various topics. In designing the current questionnaire we drew on other recognised surveys of landlords, both commercial and official, including the 2010 Private Landlords Survey (DCLG 2010) as well as regular landlord-panel surveys run by our research partners BDRC Continental.

The current report is based on an online survey of private landlords across the UK. The survey was carried out in early June 2016 by BDRC Continental, who worked with two online survey specialists (YouGov and Research Now). The overall sample size was 2,517 landlords, and the distribution was designed to capture a representative number across all the UK regions, including Northern Ireland. There are no reliable data about the number of private landlords across the country, either overall or by region, and there is no survey that can be grossed up to determine the overall size of the sector. We do however have information about the number of dwellings by region (DCLG Tables 100-108). The online survey was designed to capture 2,500 responses, with the number of results per region reflecting the proportion of dwellings per region. The target samples ranged from 335 (SE England) to 50 (Northern Ireland). The Northern Ireland target was the only one not achieved; there were 28 responses).

Our method reflects current best practice in commercial and academic surveys of this type. With our partners we worked to design an unbiased sample frame, but we cannot entirely rule out the possibility of bias. YouGov and Research Now research participants are recruited from a wide range of different sources including standard advertising and strategic partnerships with a broad range of websites. When a new panel member is recruited, a host of socio-demographic information is recorded for each individual. For nationally representative samples, YouGov draws a sub-sample of the panel that is representative of adults in terms of age, gender, social class and type of newspaper (upmarket, mid-market, red-top, no newspaper), and invites this sub-sample to complete a survey. Once the survey is complete, the final data are statistically weighted to the national profile of all adults aged 18+ (including people without internet access).

This particular survey was run as a ‘bespoke project’, which allows targeting of specific sub-groups on the research panels – in this case, private landlords. YouGov and Research Now used a pre-tested question to screen respondents to the survey. Only those who identified themselves as owning ‘Residential property rented out to others’ were included in the survey. The screener question was multiple choice, so respondents could say they owned more than one type of property (e.g., residential property for own use, plot of land etc.).

We believe this survey to be the largest to date of UK landlords. The information it provides can also be read against findings from earlier studies to get an indication of how the sector is evolving. Each of the major landlord surveys had a somewhat different thematic focus, geographical coverage and method, so the results are not necessarily strictly comparable. The 2004 CML survey covered only those landlords with some BTL borrowing from specific mortgage lenders, and the relatively large sample size permitted some regional analysis. The 2010 Private Landlords Survey for DCLG included both leveraged and unleveraged landlords (England only), but the sample size was somewhat smaller (1,051, about half of whom were agents rather than landlords). Regional breakdowns were not provided. Table 1, below, compares the samples of the current survey with CML's 2004 survey and the DCLG 2010 Private Landlords Survey.

Table 1:
Samples of various major surveys of private landlords

	Current	CML 2004	DCLG 2010
Number of landlords	2,517	1,340	1,051 (452 from agents rather than directly from landlords)
Method of identification	YouGov and Research now panels	Paper survey distributed to customers of 12 BTL lenders	Tenants responding to English Housing Survey identified their landlords who were then interviewed
Regional split available?	Yes	Yes	No
Leveraged/unleveraged	Landlord weighted: 34%/66% Dwelling weighted: 63%/37%	All leveraged	Not asked as such; 56% of dwellings bought with mortgage

In addition to landlord-specific surveys there are more general surveys of assets (see for example Lord et al 2013, which analyses the data on private landlords in the Wealth and Assets Survey), but these do not include detailed published assessment of landlords and their holdings.

Chapter 4: The landlords and what they own

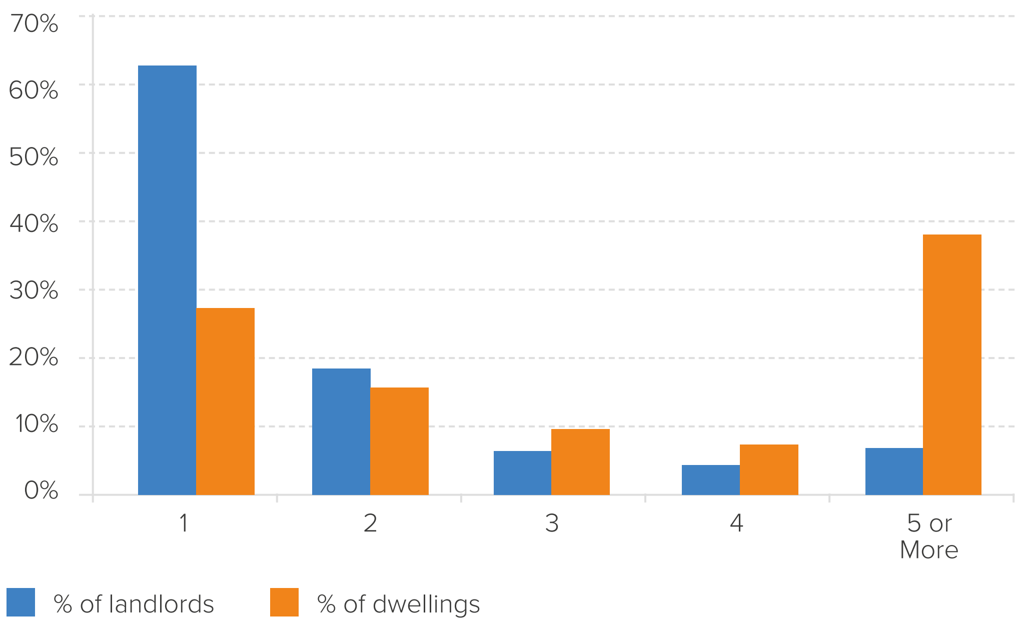
The landlords and what they own

Portfolio size and value

The survey covered 2,517 private landlords across the UK, who owned a total of 5,627 rented dwellings. Some 34% of landlords had at least one Buy-to-Let mortgage (hereafter called BTL landlords); in terms of dwellings, 47% of the rented properties in the survey were backed by a BTL mortgage, and a further 16% by some other type of loan (commercial mortgage or 'consent to let'). This is fairly consistent with the findings of the 2010 Private Landlords Survey, which found that landlords had used a mortgage (though not necessarily a BTL mortgage) to acquire 56% of PRS dwellings.

The majority of all landlords in our survey—some 62%—owned only a single investment property. These single-property landlords owned about 28% of PRS dwellings in the sample (Figure 1). At the other end of the scale, only 7% of landlords owned five or more dwellings but they accounted for 38% of the stock.

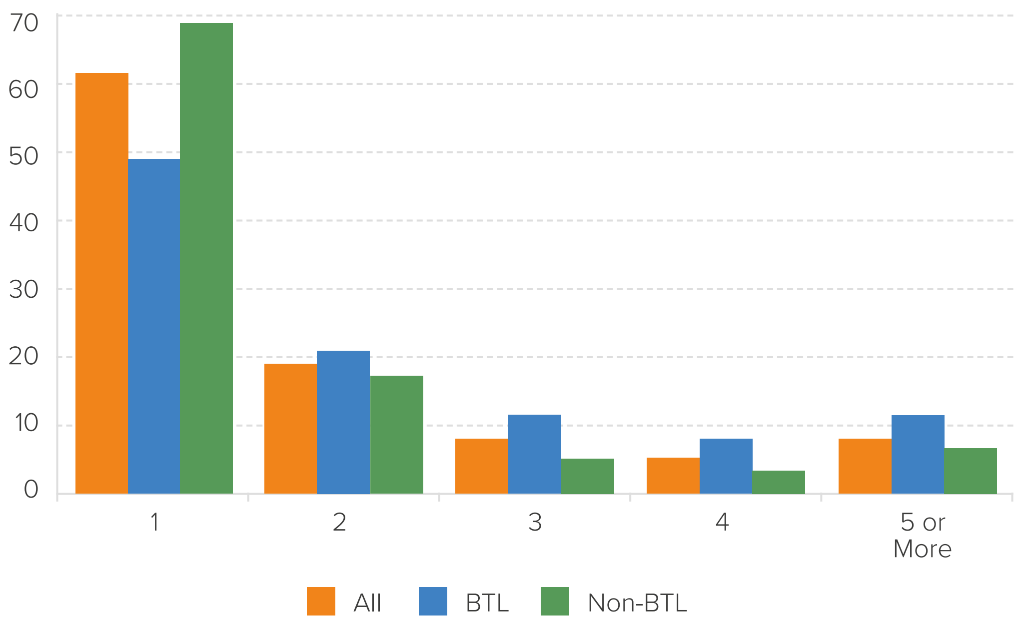
Figure 1:
Distribution of PRS portfolio size: all landlords (2016)
Landlord-weighted and dwelling weighted



Source: CML Landlord Survey 2016

There was a large difference between BTL and non-BTL landlords in this regard, with BTL landlords much more likely to have multi-unit portfolios. The mean size of BTL portfolios was 2.7 (median 2); the figures for non-BTL landlords were 1.99 and 1, respectively.

Figure 2:
Residential portfolio size in units: BTL and non-BTL landlords (2016)

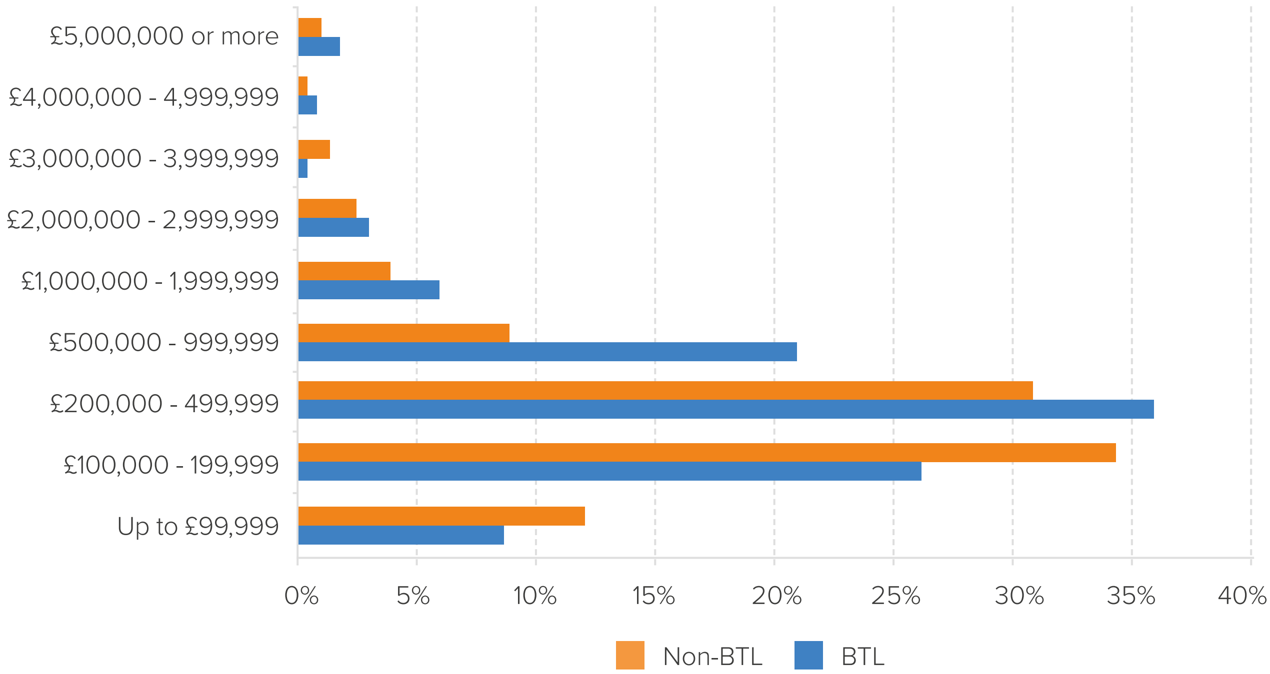


Source: CML Landlord Survey 2016

Non-BTL landlords were more likely to have portfolios worth £200,000 or less, reflecting the fact that more than two-thirds of this group owned only a single property. BTL landlords tended to have higher-value portfolios (Figure 3). The median portfolio value for non-BTL landlords was £150,000, while for BTL landlords and indeed for landlords overall it was £350,000.

We can look to the holdings of those landlords with only one property to get an idea of values of *individual* units. Overall, 61% of landlords with a single property put its value at £199,000 or less. The figure was nearly the same for those with BTL mortgages (62%) and those without (61%).

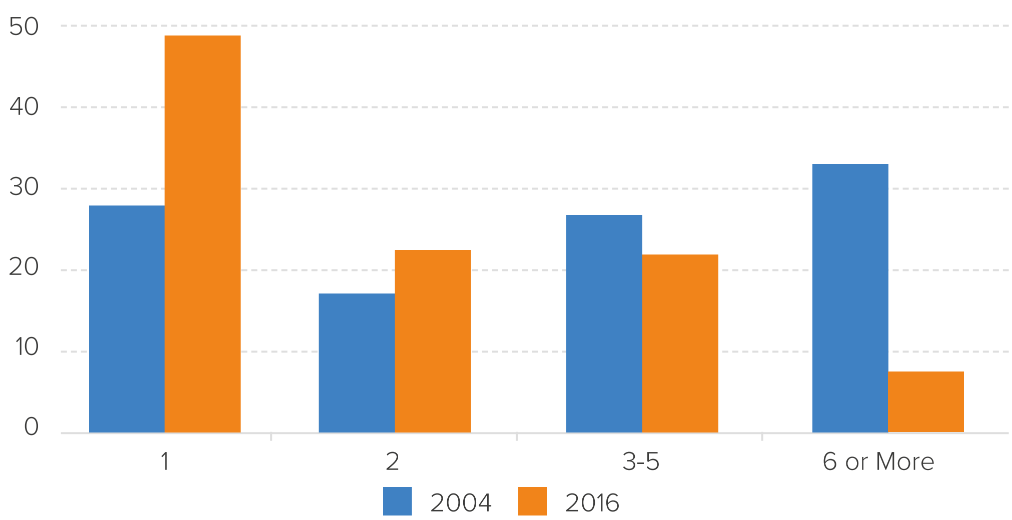
Figure 3:
Distribution of portfolio values for BTL and non-BTL landlords (2016)



Source: CML Landlord Survey 2016

Figure 4 compares the portfolio sizes of BTL landlords in 2004 and 2016. As compared to 2004, a far higher proportion of today's BTL landlords own a single rented unit. In the 2016 survey 8% of BTL landlords owned six or more units, as compared to 32% in 2004. This suggests that overall, portfolio sizes have declined--although we must be careful here, as the 2004 survey sample may have been biased towards landlords with larger portfolios.

Figure 4:
Portfolio size (units) of BTL landlords, 2004 and 2016



Source: CML BTL Survey 2004 & CML Landlord Survey 2016

Tables 2a and 2b give the distribution of portfolio values among BTL landlords in 2016 and 2004. Each survey required respondents to select the band into which their portfolio value fell (rather than allowing an open response). The values for 2004 have been inflated by the ONS house price index to make them comparable with 2016 figures. The resulting value bands are not aligned because of this inflation, and because the original bandings were somewhat different. Nevertheless they allow a broad comparison of the distribution of values. In both periods, about 40% of BTL landlords owned a single property worth the same as an average dwelling or less (£214,000 in June 2016; £156,000 in 2004), while a small minority owned multi-million-pound portfolios.

The earlier survey indicated a higher proportion of BTL landlords with high-value portfolios—23.5% of the 2004 respondents owned portfolios worth over £1.4 million in today's prices, while according to the 2016 survey only 10.5% of landlords had portfolios worth £1 million or more. We see two possible explanations for this striking difference: first, that the overall expansion of the BTL sector since 2004 has been mostly in the form of landlords owning a small number of units – often only one.. This 'long tail' of single-unit owners (50% of BTL landlords in 2016, vs 27% in 2004) means the proportion of multi-unit, high-value portfolios has been shrinking (even if the number of such portfolios has not decreased). The second possibility is that one or both of the sampling procedures for the two survey exercises produced some bias—in particular that the sample for the 2004 survey might have included a higher proportion of larger landlords.

Table 2a
Distribution of portfolio values among BTL landlords (2016)

Portfolio value	% of BTL landlords
Up to £99,999	9%
£100,000 to £199,999	27%
£200,000 to £499,999	37%
£500,000 to £999,999	16.2%
£1 million – 2 million	6%
£2 million – 5 million	3.2%
Over £5 million	1.3%

Source: CML Landlord Survey 2016

Table 2b
Distribution of portfolio values* among BTL landlords (2004)

Portfolio value	% of BTL landlords
Up to £70,000	0.6%
£70,000 - £139,999	5.8%
£140,000 - £349,999	25.3%
£350,000 -£699,999	23.7%
£700,000 - £1.4million	21.4%
£1.4 million - £7 million	20.4%
£7 million - £14 million	1.8%
Over £14 million	1.3%

Notes. *2005 price bands inflated by ONS house price index to 2016 values
Source: CML BTL Survey 2004

Types of units and tenants

The most commonly-owned dwelling was a flat, either in a purpose-built block or a converted property. Some 41% of landlords owned this type of unit. BTL landlords were more likely to own flats or terraced houses (both regarded as typical buy-to-let investments) and less likely to own detached homes or bungalows.

Table 3
Types of units owned:
% of BTL and non-BTL landlords owning each type of unit (2016)

Multiple responses permitted

	All	BTL	Non-BTL
Base: All private landlords	**2,517**	**861**	**1,656**
Individual flat(s) in purpose-built block or converted house	41%	47%	38%
House – terraced	35%	44%	30%
House – semi-detached	25%	26%	25%
House - detached	13%	11%	14%
Bungalow	7%	4%	8%
Entire block of flats or converted house	6%	7%	6%
Other	2%	1%	2%
House of Multiple Occupation (i.e. HMO)	1%	2%	1%

Source: CML Landlord Survey 2016

Landlords were asked what types of tenants they housed. The response categories were not mutually exclusive—for example, a hypothetical tenant household might be categorised as white-collar, young couple and worker from another country. Even so, the answers illuminate what landlords saw as their markets. The most frequently named categories were white-collar or professional workers, young couples and families with children—and BTL landlords were somewhat more likely than non-BTL to say they housed such tenants.

Very little: having spent much of my life as a tenant, I now strive to be an excellent landlord. Safety legislation (means of escape, smoke etc detectors) are something I would do anyway, as is maintenance to a high standard. I own the rental property outright, so capital and mortgage considerations are unlikely to apply (inheritance tax will affect my heirs, not me).

Response from 2016 CML survey

Table 4
Types of tenants housed:
% of BTL and non-BTL landlords housing each household type (2016)

Multiple responses permitted

	All	**BTL**	**Non-BTL**
Base: All private landlords	**2,517**	**861**	**1,656**
White collar/ clerical or professional workers	32%	34%	30%
Young couples	31%	35%	28%
Families with children	28%	30%	27%
Young singles	17%	21%	15%
Older singles	14%	12%	15%
Older couples	12%	10%	12%
Blue collar/ manual workers	10%	12%	9%
Retired	7%	7%	8%
Workers from other countries	7%	8%	6%
Students	6%	7%	6%
Executive/ company lets	4%	4%	4%
Other	4%	2%	5%
Don't know	3%	3%	3%

Source: CML Landlord Survey 2016

Only 6% of landlords said they housed LHA claimants; BTL landlords were rather more likely than non-BTL to say they did (8% vs 5%). This low level across all landlords is inconsistent with evidence from e.g. the English Housing Survey 2014/15, which showed that 28% of all private renters were in receipt of housing benefit. However as housing benefit is generally paid to the tenant and many landlords use agents to manage the properties, landlords would not necessarily be aware of whether their tenants were in this category.

Experience as a landlord

According to the 2016 survey, most landlords (61%) were aged 55 or over. Non-BTL landlords were somewhat older than BTL landlords. This age profile accords with that found by a recent study that looked at national household survey data; the authors said 'those currently aged between 40 and 60 appear to represent a super-cohort where "generation landlord" is ...concentrated' (Ronald and Kadi 2016 p. 14).

The age profile of BTL landlords is considerably older than the 2004 survey showed; that survey indicated that only 24% of BTL landlords were 55 or older; the largest single category at that time, with about 1/3 of landlords, was aged 35-44.

Analysis of when landlords bought their first properties tends to suggest that private landlords are an ageing group. The cohort surveyed in 2004 is still largely invested in the sector -- almost 40% of BTL landlords said they had purchased their first property at least ten years ago. In 2004 the bulk of BTL landlords were aged between 35 and 54; those individuals today would be aged between 47 and 66 and indeed this is the age of the majority of BTL landlords in our survey. The 2004 survey indicated that 45% of landlords were relatively young (under 45), but only 20% of landlords surveyed in 2016 (and 22% of BTL landlords) were in these younger age groups.

Table 5
Age distributions of BTL and non-BTL landlords (2004 and 2016)

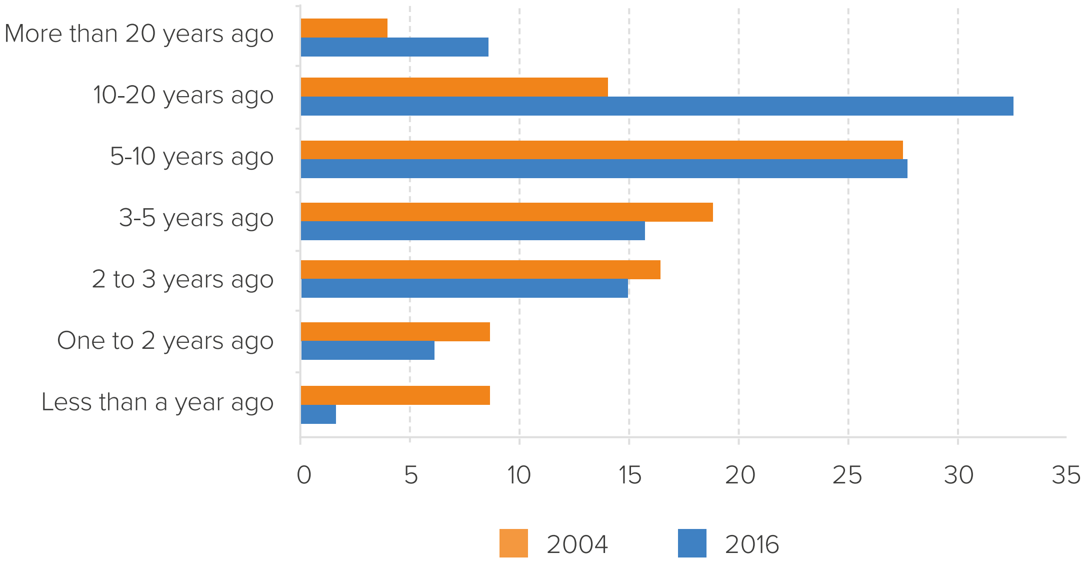
% of landlords surveyed

		Age					
		Under 25	**25-34**	**35-44**	**45-54**	**55-64**	**65 or over**
2016	All landlords	0%	6%	13%	20%	32%	29%
	Non-BTL	0%	5%	11%	17%	33%	33%
	BTL	0%	6%	16%	26%	30%	22%
2004	respondent age in 2004	n/a	12%	33%	31%	21%	3%
	respondent age in 2016			10%	29%	31%	30%

Source: CML Landlord survey 2016 & CML BTL Survey 2004; CML 2005; author's calculations

On the evidence of this survey, the rate of new investors coming to the sector has slowed since 2004. In that year 18% of BTL landlords said they had bought their first property in the preceding two years, but only about a third as many (7.3%) were recent entrants in the 2016 survey.

Figure 5:
When BTL landlords acquired their first properties (2004 and 2016)



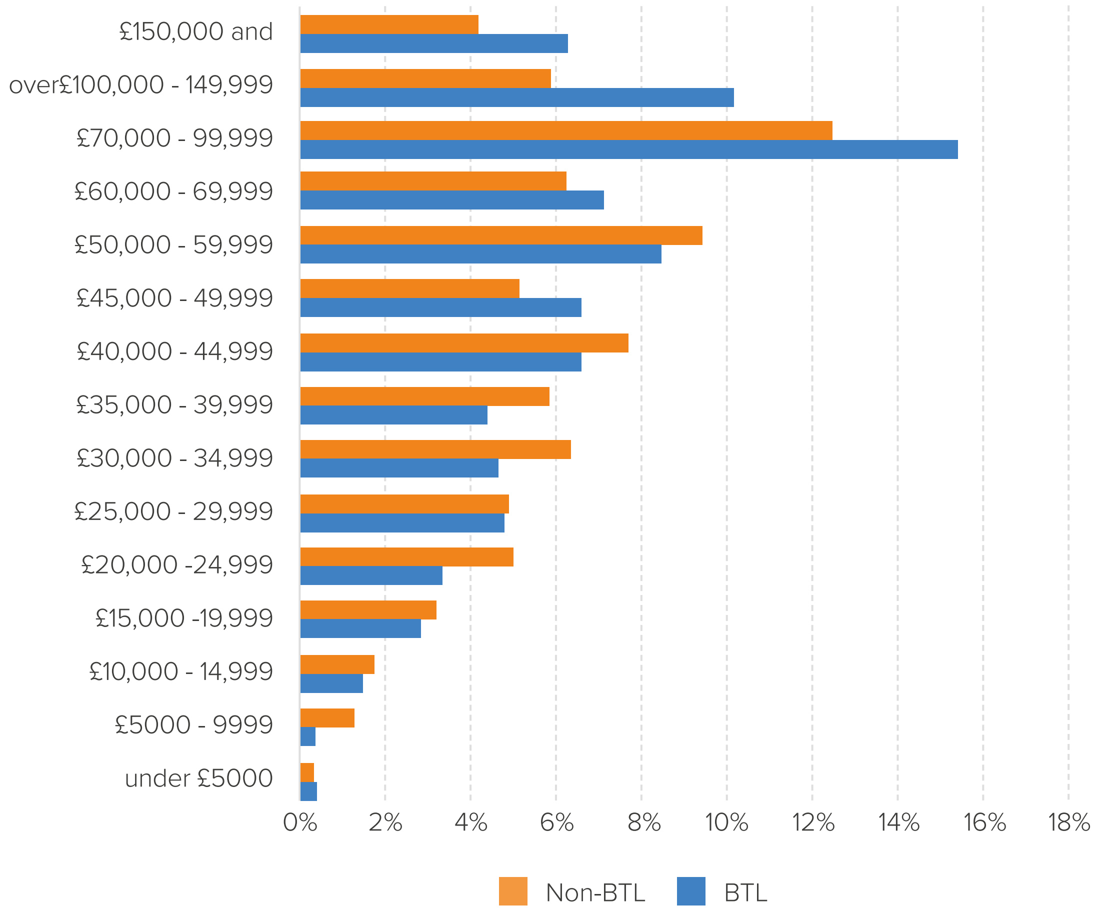
Source: CML BTL Survey 2004 & CML Landlord Survey 2016

Employment status and income

About a third of landlords worked full-time and a similar proportion were retired. Only 6% said they were self-employed as landlords. Non-BTL landlords, who were older as a group, were almost twice as likely to be retired as those with BTL mortgages. Unsurprisingly, those landlords who bought their first property recently tended to be in work, while those who had been in the business for a long time were more likely to be retired. Over half of landlords who bought their first property more than 20 years ago were now retired.

The median gross income band, including rental receipts, for respondents to our survey was £60,000 – 69,999. For comparison, UK median household income as of end-2015 was about £25,700. Non-BTL landlords were more likely than BTL landlords to have annual incomes below £45,000—consistent with the fact that more were pensioners and held smaller portfolios. BTL landlords were more likely to have annual incomes over £60,000.

Figure 6:
Total landlord gross household income:
BTL and non-BTL (including rental income)



Source: CML Landlord Survey 2016

Where landlords own properties

We wanted to ensure that our survey results covered all UK regions, so the survey technique was designed to produce numbers of landlords per region that reflected the regional distribution of dwellings per DCLG Live Tables. The regional spread therefore was predetermined and not the result of random sampling. It almost certainly underrepresents London, as the capital has a higher proportion of PRS dwellings (and presumably therefore of landlords too).

It is interesting to look at whether there were important regional differences between the proportions of BTL and non-BTL landlords. London has the highest proportion of BTL landlords (40%, as compared to 34% for the UK overall), followed closely by the South East and North East of England. The lowest proportions of BTL investors were in Wales (28%) and Northern Ireland (25%), though the latter is based on a small sample size.

The spatial pattern of rental properties owned was very similar to that of landlords' home bases. The majority of landlords own only a single property, usually not far from where they live. Table 6 shows cross-regional patterns of ownership. Each row shows where the landlords based in that region own property, so for example 90% of landlords based in the North East own property in the North East, 2% own property in the North West, etc. The light-blue cells show properties owned in the same region where the landlord lives. The figure is nowhere less than 80% (East of England), indicating that landlords overwhelmingly own properties close to home. The orange cells indicate concentrations of cross-regional holdings—that is, where 5% or more of landlords based in one region own property in another. These show that where landlords own property in another region, it tends to be a neighbouring area (e.g. Yorkshire landlords owning property in the North West).

Table 6
Region where landlord is based by region where rental property located (2016)

% of landlords based in each region.
Rows may not sum to 100% as multiple responses permitted. '0' values omitted

	Region where rental property/ies located											
Region where landlord based	**NE**	**NW**	**YH**	**EM**	**WM**	**EE**	**L**	**SE**	**SW**	**W**	**S**	**NI**
North East (NE)	**90%**	2%	4%	1%	1%	3%	1%	1%	1%		3%	
North West (NW)	2%	**92%**	1%	1%	2%	1%	3%	1%	1%	2%	1%	
Yorkshire & Humberside (YH)	2%	5%	**90%**	3%		1%	4%			1%	2%	
East Midlands (EM)	2%	2%	3%	**90%**	1%	3%	3%	1%	3%	1%	1%	
West Midlands (WM)		2%	1%	3%	**90%**		2%	1%	3%	1%		
East of England (EE)	2%	1%	2%	6%	1%	**80%**	7%	6%	1%	1%	3%	
London (L)	1%	3%	2%	1%	3%	3%	**88%**	8%	3%	1%	2%	
South East (SE)	2%	2%	3%	3%	2%	2%	7%	**84%**	4%	2%	1%	
South West (SW)	1%	1%	1%	2%	2%	1%	4%	4%	**89%**	1%	1%	
Wales (W)	2%	1%		4%	2%		3%		4%	**91%**	2%	
Scotland (S)	1%						2%	1%		1%	**96%**	
Northern Ireland (NI)*		4%	7%			7%	7%					**82%**

Notes. *Northern Ireland figures based on small sample
Source: CML Landlord Survey 2016

Chapter 5: How landlords run their businesses

How landlords run their businesses

Ownership model

The overwhelming majority of landlords owned their properties as individuals, couples or in a group—that is, not through a company. There was no significant difference between BTL and non-BTL landlords in this regard.

Only about 3% of landlords who were not currently operating through companies were planning to move to a limited-company structure. Companies pay corporation tax (currently 20%, but reducing to 18% from 2020) rather than individual income tax on earnings from lettings, and can fully offset mortgage interest against rental income, which will no longer be possible for BTL landlords from 2017. However moving to company status can be costly as landlords must crystallise and pay tax on any capital gains since the properties were first acquired, and pay SDLT on the transfer. BTL landlords were slightly more likely to be considering this than non-BTL (5% vs 3%), as were those with larger portfolios (5 or more units) – see Annex Table 18. Even among larger landlords, though, only about 10% said they were planning to move to company status.

How rental incomes relate to overall incomes

About two-thirds of landlords said less than 25% of their household income came from rent. BTL landlords tended to have bigger and more valuable portfolios (figures 2 and 3) and higher incomes (Figure 6). They were slightly more likely than non BTL (mainly unleveraged) landlords to say that more than 50% of their income came from rent (9% vs 7%), but the difference was not large.

Table 7
Percentage of household income from rent: BTL and non-BTL landlords (2016)

	All	BTL	Non-BTL
Base: All private landlords who gave a household income	**2,039**	**717**	**1,322**
0% - Nothing (units not currently occupied)	5%	4%	6%
Less than 25%	65%	66%	64%
25-49%	19%	17%	20%
50-74%	5%	6%	4%
75% or more	3%	3%	3%
Don't know	2%	2%	2%
Prefer not to say	1%	1%	1%

Source: CML Landlord Survey 2016

Median annual gross rental income was £7,500 but the mean was £17,300, as there were some landlords with very high rental incomes. BTL landlords on average reported higher mean rental incomes (£20,200 vs £15,700). About a third of landlords earned between £5,000 and £10,000 in gross rental income per year, the equivalent of owning a single property renting for between £416 and £830/month.

Rental income supplemented the earnings from the main job or pension for about two-thirds of landlords. About one in twenty said they made a profitable full-time living from being a landlord. The remainder broke even (18%) or experienced negative cash flow (8% of all landlords, and 9% of BTL landlords). These landlords may expect capital gains in the longer term, and/or have other non-financial motivations for owning the property.

> It will make it harder to break even and continue to upkeep and maintain the properties. It might make me consider selling. I think the changes sadly hit all of those landlords (like myself) that just had a little money (and luck) to buy a property or 2 to supplement the pension. Indeed it's my only pension at the moment (my workplace still hasn't rolled out the workplace pension because they don't want to spend the money and I don't have any others. I haven't had a pay rise since October 2014 either, and that was only 1%). I am not flushed with millions, I can't buy whatever properties I would like, it was never about making a fortune, it was about saving enough so I could retire without any worries. Or at least try to.
>
> *Response from 2016 CML survey*

Transactions – previous and planned

Fewer than one in seven landlords had bought or sold any properties in the last 12 months and there were more than twice as many buyers as sellers. BTL landlords were more likely than non-BTL to have transacted, and were more active in both selling and buying. Most landlords bought or sold just a single unit, though a small minority bought more than five.

Most landlords did not expect to make changes to their portfolios over the next 12 months (that is, to June 2017), but over a longer five-year time horizon more were likely to say they would transact. Although in the preceding twelve months more landlords had bought than sold, a higher proportion said they planned to sell some or all of their holdings in the future.

Looking at recent acquisitions and purchase plans,

- 11% of all landlords had bought one or more units in the last year
- Almost twice as many BTL landlords (16%) as non-BTL landlords (9%) had purchased
- More BTL than non-BTL landlords planned to increase their portfolios, with 19% of BTL landlords expecting to add units in the next five years.

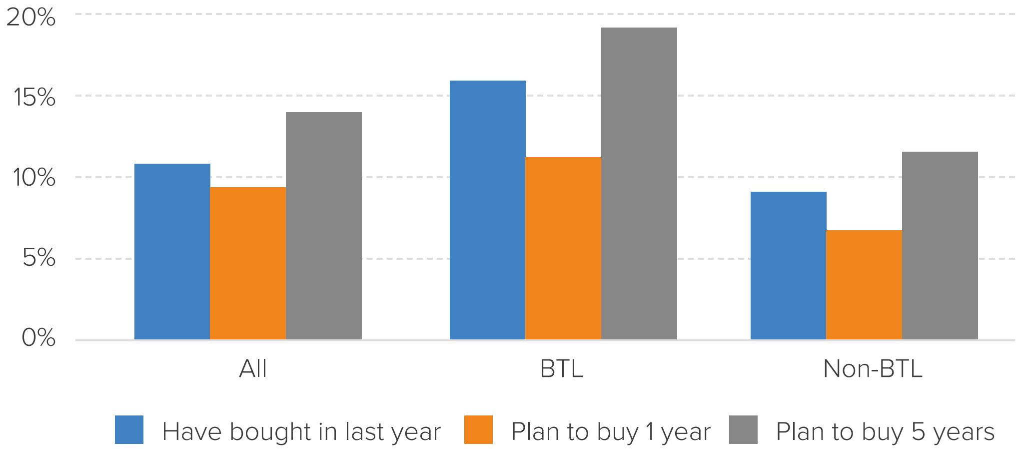
Looking at disposals and sales plans,

- more than a quarter of all landlords said they planned to reduce their portfolios or leave the market altogether in the next five years

- BTL landlords were more likely to say they would sell some or all of their holdings than non-BTL landlords.

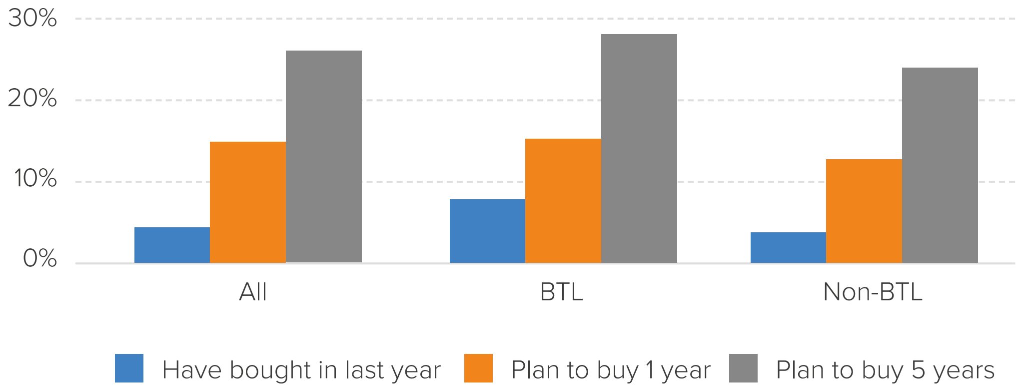
BTL landlords were more active in the market generally—they were more likely than non-BTL landlords to be planning purchases or sales. However the BTL landlords with plans to sell outnumbered those who intended to buy.

Figure 7a:
Acquisitions and purchase plans for BTL and non-BTL landlords (2016)



Source: CML Landlord Survey 2016

Figure 7b:
Disposals and sale plans for BTL and non-BTL landlords (2016)



Source: CML Landlord Survey 2016

Assuming that landlords with larger portfolios are more likely to run their operations as a business (whether or not they own the units under a company structure), we might expect them to manage their portfolios more actively. Our analysis (Table 8) tends to support this: landlords with larger portfolios overall were somewhat more likely than those with smaller portfolios to say they planned to sell in the next year or five years, and also more likely to say they intended to increase their holdings. Of large-portfolio landlords who said they would sell, most planned to decrease their holdings but not to sell up altogether.

We were especially interested in the plans of landlords with large BTL portfolios, as they are likely to be most affected by the change in the tax treatment of mortgage interest. Landlords with large BTL portfolios (five or more units backed by BTL mortgages) are a subset of the group of large landlords overall, and their plans were not dissimilar: about 30% intended to sell some or all of their holdings in the next five years, while a quarter planned to increase their portfolios (Table 9).

Looking at the net results, over the next 12 months 9% of all landlords expected to increase their holdings while 5% expected to dispose of some units and 10% to sell everything—giving a net 6% of all landlords expecting to reduce their portfolios. Looking over five years the pattern was even stronger; 14% expected to expand while 27% expected to reduce or eliminate their portfolios, giving a net 14% of all landlords expecting to divest. BTL landlords were slightly less likely to say they intended to divest, but the pattern was not very different—in the next year a net 5% of BTL landlords expected to reduce or eliminate their portfolios, while the figure was 11% looking five years ahead.

Table 8
All landlords' plans to transact over next year and five years, by overall portfolio size (2016)

Overall portfolio size (units)	Increase rental holdings in next:		Keep the same number in next:		Decrease holdings but not leave the rental market in next:		Sell all rental holdings in next:		Don't know	
	1 year	5 years	1 year	5 years	1 year	5 years	1 year	5 years	1 year	5 years
1	6%	10%	74%	52%	0%	1%	14%	28%	6%	8%
2	12%	18%	71%	51%	9%	10%	4%	13%	4%	7%
3	11%	18%	69%	48%	12%	18%	3%	11%	4%	6%
4	18%	23%	63%	39%	15%	18%	1%	9%	4%	10%
5 or more	18%	25%	58%	40%	15%	24%	2%	6%	7%	4%
All	**9%**	**14%**	**71%**	**50%**	**5%**	**6%**	**10%**	**21%**	**6%**	**8%**

Source: CML Landlord Survey 2016

Table 9
BTL landlords' plans to transact over next year and five years, by BTL portfolio size (2016)

Number of units backed by BTL mortgage	Increase rental holdings in next:		Keep the same number in next:		Decrease holdings but not leave the rental market in next:		Sell all rental holdings in next:		Don't know	
	1 year	5 years	1 year	5 years	1 year	5 years	1 year	5 years	1 year	5 years
1	8%	15%	72%	48%	3%	5%	12%	25%	6%	6%
2	19%	26%	63%	45%	12%	11%	3%	11%	4%	8%
3	14%	21%	58%	29%	23%	35%	3%	13%	3%	3%
4	19%	24%	58%	40%	19%	16%	0%	4%	4%	16%
5 or more	15%	25%	60%	43%	18%	25%	0%	4%	7%	4%
All	**11%**	**19%**	**68%**	**45%**	**7%**	**10%**	**9%**	**19%**	**5%**	**6%**

Source: CML Landlord Survey 2016

Landlords who said they were likely to transact were asked for the reasons. Those expecting to buy most often cited investment motives (good rental yields, poor performance of other asset classes). A third cited 'steady/rising house prices'. BTL landlords were more likely than non-BTL landlords to mention rising tenant demand and the current low levels of interest rates as reasons to invest.

Those who planned to reduce their portfolios or leave the market entirely in the next one to five years most often said this was part of a planned exit from the market. BTL landlords were much more likely than non-BTL landlords to say that tax changes were behind their plans to sell (31% vs 5% for mortgage tax relief, and 21% vs 11% for other tax changes). Cumulatively, 36% of BTL landlords intending to sell said tax considerations were one reason as compared to 13% for non-BTL landlords.

Table 10

Reasons to reduce portfolio: BTL and non-BTL landlords (2016)

Multiple responses permitted

	All	BTL	Non-BTL
Base: All private landlords who plan to reduce portfolio or leave the market in the next 1 or 5 years	**669**	**246**	**423**
As part of exit plan (i.e. to stop being a landlord)	44%	41%	46%
Did not intend to be a landlord	23%	15%	28%
Approaching retirement age	18%	21%	17%
Regulatory burden	17%	19%	15%
Other*	15%	13%	17%
Health/ age issues	15%	11%	18%
Other tax changes (e.g. SDLT, capital gains tax, wear & tear etc.)	15%	21%	11%
Changes to mortgage tax relief	14%	31%	5%
Issues managing tenants	13%	13%	13%
Stagnating house prices	5%	6%	5%
Rental income consistently not paying off mortgages	4%	6%	4%
Rising interest rates	3%	5%	2%
Worsening personal finance situation	3%	3%	3%
Tightening of lending criteria	3%	5%	1%
Worsening general economic environment	2%	2%	2%
Falling house prices over the last 3 to 6 months	2%	2%	2%
Improved performance/returns in stock market or other asset classes	2%	1%	3%
Changes in housing benefit	1%	2%	1%
Falling tenant demand	1%	2%	1%
Don't know	1%	1%	1%
Proportions citing ANY tax change as reason to sell	**21%**	**36%**	**13%**

Source: CML Landlord Survey 2016

**'other' answers mostly to do with needing the money for some reason—to help children buy, to allow them to buy a bigger house, to fund a self-build. Some said the rental property was too far away to manage easily.*

How acquisitions were financed

The main sources of finance originally used for acquisitions were personal savings, BTL mortgages and inherited funds. Only 4% of landlords reported using funds released from a pension pot, although it must be remembered that this possibility had only been generally available since April 2015. Non-BTL landlords were six times more likely to have acquired their property without buying it (18% vs 3% for BTL landlords), and were 50% more likely to be renting property originally purchased for their own occupation, with consent of the lender ('consent to let'). Twelve per cent of non-BTL landlords had consent to let on one property, vs 8% of BTL landlords.

Table 11
Sources of finance for current portfolio: BTL and non-BTL landlords (2016)

Multiple responses permitted

	All	BTL	Non-BTL
Base: All private landlords	**2,517**	**861**	**1,656**
Personal savings	41%	41%	41%
Buy-to-let mortgage	36%	89%*	9%*
Inherited funds/ windfall	17%	15%	19%
Not purchased but acquired another way	13%	3%	18%
Cash proceeds from previous property sale	13%	14%	12%
Remortgage on main owner-occupied home	12%	15%	10%
Consent to let property bought w/owner-occupier mortgage	10%	8%	12%
Remortgage within buy-to-let portfolio	6%	14%	2%
Other loan/ finance from commercial bank	4%	4%	4%
Funds released from a pension pot	4%	4%	4%
Other source**	3%	1%	4%
Don't know	2%	1%	3%

Source: CML Landlord Survey 2016

**This table gives responses to Q11: 'Which, if any, of the following sources of finance have you ever used to finance the rented properties you currently own?' The BTL/Non-BTL columns were defined by Q12: whether the respondent has any properties currently backed by a BTL mortgage. The 9% may be landlords who bought with a BTL mortgage but later repaid it. The 89% should logically be 100%; the discrepancy is unexplained.*

***'Other' explanations include several that should be included above (eg inheritance, gift). Also some respondents said they purchased with a standard owner-occupier mortgage which they paid off before the property was rented out—this option is not covered in the possible responses as it is not consent to let. One person won an apartment in a press competition.*

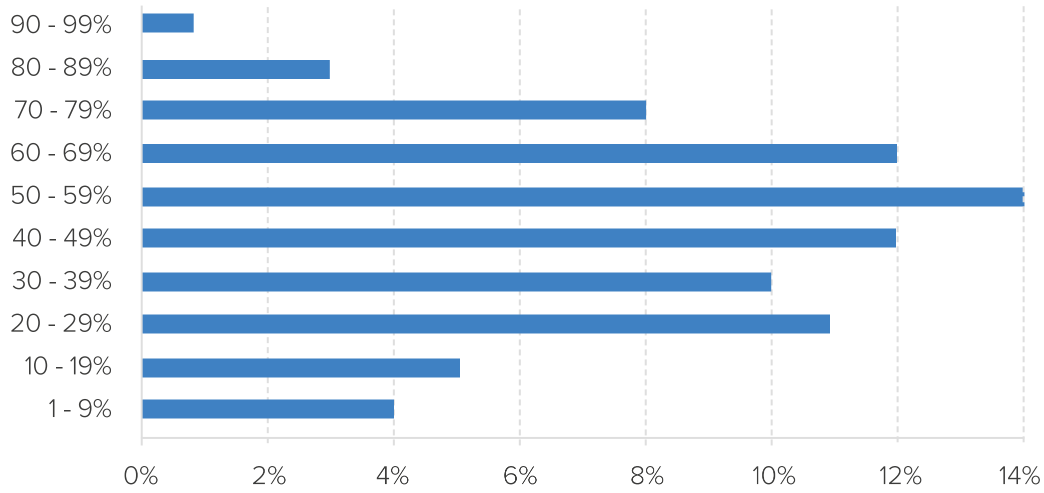
Of landlords with a BTL mortgage, most (65%) had only a single property backed by such a loan. The few landlords with commercial mortgages (80 out of the sample of 2,517) also mostly reported that these backed only a single unit. The distinction between BTL and non-BTL landlords was not binary: 20% of landlords with BTL mortgages reported that they also owned some unencumbered property. Most owned a single unencumbered unit, but more than 10% of this group owned four or more unencumbered units in addition to their mortgaged properties.

Some 49% of the respondents had no mortgage debt at all. This was an unexpectedly high figure given that the 2010 Private Landlords Survey reported that 77% of landlords used a BTL mortgage or other type of loan to acquire their rented property (DCLG 2010 Annex Table 4.4b). We asked the reasons for this. As expected, many landlords had no mortgage debt because their acquisition of rented property was unintentional (inheritance, letting a previously owner-occupied property). But perhaps surprisingly the largest proportion by far of those without debt--44%--said they had no mortgage as they preferred to purchase outright.

Some 70% of BTL borrowers owed less than £200,000 on their BTL loans, partly because most had only one or two mortgaged properties. The pattern for the small minority with commercial loans was similar, though some had very high debts.

We asked landlords to estimate the overall loan-to-value ratios on their mortgaged portfolios—that is, not including any unencumbered properties. Over half (56%) had LTVs of below 60%, with only 1% reporting LTVs of over 90%. More than 10% said they did not know what their overall LTV was, even though the online questionnaire gave instructions for calculating the figure. The 2004 survey showed 8.5% of landlords had overall portfolio LTVs of 80% or higher, compared to 5% of BTL landlords in the current survey. The figure for BTL landlords with a single investment property, who made up 17% of all survey respondents, was the same—just over 5% had LTVs of 80% or higher. This suggests that the proportion of highly-leveraged landlords—a source of concern to government and the industry in recent years—has fallen.

Figure 8:
Overall portfolio LTVs for BTL landlords* (2016)



Source: CML Landlord Survey
**11% 'don't know'; 3% 'prefer not to say*

About a quarter of landlords with BTL mortgages paid less than £2,500 per annum in mortgage interest, with another quarter paying between £2,500 and £5,000. Some 13% said they did not know how much their annual interest payments were.

Landlords were asked to provide overall net yields on their residential rental portfolios, based on current market values rather than historic acquisition prices. There was a spread ranging from zero or negative (5%) to 10% or more (6%), with the highest numbers saying their yields were between 3 and 5% per annum. This is consistent with the figure of 2.6% annual income-only yield reported by Investment Property Databank (IPD) for institutional investors in UK residential property in 2015 (IPD 2016). The distributions of yields for BTL and non-BTL landlords were not very different.

Although the question gave instructions for calculating a net yield, a third of landlords said they did not know what their yield was. This proportion was the same for BTL and non-BTL landlords.

Why be a landlord?

Respondents were asked why they had originally become landlords and how they saw their current roles. Investment motives were most frequently cited by both BTL and non-BTL landlords, although the BTL landlords were the more likely to say these were their original motivations. About a fifth of landlords indicated they had acquired properties in order to provide an income ('to supplement earnings'). Non-BTL landlords were more likely to have acquired properties by accident or to provide a home for a relative or friend.

In terms of how they now view their investments, landlords are most likely to see them as investments combining capital growth and rental income, or as pensions, and of course the two are not mutually exclusive. Only about a tenth said they were exclusively interested in income returns. BTL landlords were twice as likely as non-BTL to say they are interested in capital growth only, but the proportions for both were small (6% and 3% respectively). Asked for the single most important reason they owned rental property, about two-thirds of landlords said it was to provide an income and capital return (together) or as pension provision.

Table 12
Most important current role as landlord: BTL and non-BTL landlords (2016)

Single response

	All	BTL	Non-BTL
Base: All private landlords	**2,517**	**861**	**1,656**
Investment for capital growth and rental income	33%	36%	32%
Contribution to pension	29%	32%	27%
Investment for rental income only	10%	8%	11%
Temporary/ accidental as cannot sell property(ies)	8%	6%	9%
Somewhere for me/my family to live	7%	5%	8%
Investment for capital growth only	4%	6%	3%
Don't know	4%	3%	4%
Other	4%	2%	4%
Full-time business	1%	1%	1%
Housing an employee	0%	0%	0%

Source: CML Landlord Survey 2016

Use of agents and length of leases

Over a third of landlords never used an agent, managing all of their properties themselves. A similar proportion used an agent to manage all their properties fully (bearing in mind that most landlords owned just a single unit). The remainder either used an agent to do some tasks, or for only some properties. BTL landlords were somewhat less likely than non-BTL landlords to manage their properties themselves.

More than a third of landlords said they were prepared to offer leases longer than 12 months on at least some of their units, although it was not possible to determine the extent to which tenants took up the offer. Non-BTL landlords were more likely to offer this option than BTL landlords. Of those who did not offer longer leases most said there was no demand for them. Almost half of landlords used agents to find their tenants, and it is generally in agents' interest to agree shorter leases with more frequent renewals, so this may affect landlords' perceptions both of whether longer leases were offered and of tenant demand.

Chapter 6: How landlords see the future

How landlords see the future

Recent tax changes: awareness and effects

We wanted to gauge landlords' awareness of these changes, and their assessment of the degree to which these changes would affect their businesses. The policy that was best understood was the increase in Stamp Duty Land Tax on the purchase of rental property, probably because it had already come fully into effect when the survey was run and had been widely publicised. Some 60% of landlords had a good or fairly good understanding of this change, while 15% said they were not aware of it at all.

There was less awareness of the change in deductibility for mortgage interest, which will first begin to apply in April 2017 and will not be fully implemented until 2020. Just over half of landlords had a good or fairly good understanding of this change; although 24% (including 14% of BTL landlords, many of whom would be directly affected) had never heard of it. Awareness among higher-income BTL landlords – that is, singles with incomes over £45,000 or couples with incomes over £100,000—was only slightly higher (darker blue column Table 13).

Table 13
Awareness and understanding of tax changes: BTL and non-BTL landlords, and high-income BTL landlords (2016)

Policies left-to-right in order of degree of landlord awareness

	SDLT			Deductibility of mortgage interest				Wear and tear allowance			Differential taxation of capital gains on residential property		
	All	BTL	Non-BTL	All	BTL	Of which higher-income BTL	Non-BTL	All	BTL	Non-BTL	All	BTL	Non-BTL
Base: All private landlords	**2,517**	861	1,656			503							
Aware of it and fully understand the details	**30%**	34%	27%	**23%**	25%	**28%**	22%	**17%**	26%	23%	**16%**	16%	16%
Aware and have fairly good understanding of the details	**31%**	31%	31%	**29%**	34%	**34%**	27%	**24%**	26%	22%	**23%**	24%	22%
Aware but do not understand the details	**24%**	24%	24%	**24%**	27%	**24%**	22%	**23%**	28%	39%	**26%**	29%	25%
Not aware of this at all	**15%**	11%	18%	**24%**	14%	**15%**	29%	**35%**	28%	39%	**35%**	31%	37%

Source: CML Landlord Survey 2016

The change in the treatment of mortgage interest will have serious financial implications for some landlords, but not all will be affected. Many basic-rate taxpayers will see their taxes unchanged though the accounting technique will be different.

Those affected will be BTL landlords currently paying higher- or additional-rate taxes, and landlords who are currently basic-rate taxpayers but whose rental income will take them into the higher-rate tax bands when the accounting change is introduced. In the survey just over half of BTL landlords reported household incomes of £43,000 or more, the level that would put an individual taxpayer in the higher- or additional-rate tax band. The survey asked about household income, but income tax is charged to individuals. To adjust for this we halved the reported household incomes for those living as couples (reflecting the conservative assumption that both adults work and have equal incomes). This reduced the proportion that were in higher tax bands but the number is still significant. On this basis we estimate that about a quarter of BTL landlords will be negatively affected by the change in mortgage tax treatment.

Simple. If the Government keeps making life difficult for small-scale landlords, we'll just sell up, make two people homeless, sell the properties and retire. And then the Council will have two more people to re-house while we enjoy the Caribbean on a cruise. The recent changes to legislation are designed to force 'part time' landlords out of business and leave the doors open to the major players, and ethical, amateur players like ourselves can't afford them. We run value for money, not for profit lets with good equipment, full adherence to the highest standards of safety and a positive and productive relationship with tenants (how many landlords do you know who are taken down the pub by their tenants?) and are being penalised for this. We could sell up, invest the money and get a better rate of return but we choose not to, and Cameron has declared war on us.

Response from 2016 CML survey

Awareness of the fact that the reduction in the rate of capital gains tax will not apply to residential property, and of the change to wear-and-tear allowance, was lower still. More than a third of landlords were unaware of at least one of these changes.

As well as the UK-wide tax changes there have been significant alterations to the regulatory framework for private landlords in Scotland, where housing policy is a devolved responsibility. The Private Housing (Tenancies) (Scotland) Act 2016, which comes into force in 2017, effectively introduces unlimited tenancies in the PRS (though they are structured as renewals rather than indefinite leases). If tenants believe rent increases within a tenancy are unreasonable they can appeal to the Rent Officer, who can determine a 'fair' rent. In addition, local authorities will be able to designate 'rent pressure zones' where rent caps will apply. These measures can be expected to affect the returns of landlords with properties in Scotland, but our questionnaire did not ask about them specifically.

Expectations and contingency plans

The great majority of landlords expected net income to stay the same or increase slightly over the next five years. BTL landlords were less optimistic than non-BTL landlords, with 16% of the former expecting to see income fall as compared to 8% of the latter.

When asked to indicate the range of strategies they would use to cope with falling incomes, landlords were most likely to say they would seek to raise rents for new tenants (chosen by 34% of all landlords, and 41% of BTL landlords). Somewhat fewer said they would raise rents for existing tenants (25% overall and 34% of BTL landlords). However when asked what their main response to falling incomes would be, the highest proportion of respondents (18%) said 'don't know'; only 16% and 12% said they would raise rents for new and existing tenants respectively. This suggests that many landlords will look for other options before choosing to raise rents. BTL landlords were less likely than non-BTL landlords to say they had no plan for coping with income reduction.

Table 14
Main coping strategy if cash-flow position worsened: BTL and non-BTL landlords (2016)

	All	BTL	Non-BTL
Base: All private landlords	**2,517**	**861**	**1,656**
Don't know	18%	12%	22%
Increase rents for new tenants	16%	16%	17%
Sell all rental properties	14%	14%	13%
Increase rents for existing tenants	12%	14%	11%
Use income from other sources	10%	9%	10%
Sell some rental properties	8%	11%	6%
Not buy any more rental properties	7%	6%	8%
Other	4%	2%	5%
Reduce reliance on mortgage debt	3%	6%	1%
Reduce usage of letting/ full management agents	2%	3%	2%
Refinance Buy-To-Let loans to reduce mortgage costs	2%	5%	0%
Spend less on property maintenance	1%	1%	2%
Prioritise certain property types/ tenant types	1%	1%	1%
Slow down the purchase of rental properties	1%	2%	1%

Source: CML Landlord Survey 2016
Single Response

We compared the landlords who expressed worry to BTL landlords overall, and found that those who were worried were likely to have higher debt (36% of the worried had BTL liabilities of £200,000 or more as compared to 23% overall; 12% of those worried had liabilities over £500k compared to 6% overall) and were slightly younger on average than BTL landlords as a whole. Most of those who were worried - 54% - owned just a single rented unit.

Chapter 7:
Discussion and conclusions

Discussion and conclusions

CML commissioned this report to get a better picture of private landlords and their financial arrangements, in the light of the sector's strong growth since 2004, when their last survey was carried out, and the dearth of information about landlords. While the 2004 study looked at BTL landlords only, this survey covered all private individual landlords to try to understand the position of BTL within the overall market.

The goals of this study were

- to situate BTL landlords within the sector overall
- to understand landlords' financial arrangements better and
- to explore their likely responses to last year's changes in taxation.

In 2004 there were fears that landlords selling up in a declining market could trigger wider house-price falls. Our findings then suggested that the market was fairly robust, and that most BTL landlords were confident that a fall in the market would not force them to sell. These predictions were put to the test in 2008, when house prices in the UK as in much of the rest of the world fell in the wake of the global financial crisis. There was no mass sell-off of rental properties, and indeed the market has continued to grow since then. Even so there are continued concerns, particularly on the part of the Bank of England, that landlords' behaviour could amplify any future house-price movement and particularly could exacerbate a fall.

In summary

The results of this survey show that the sector is

(i) Growing

The evidence especially on turnover makes it clear that the private rented sector, and within this the BTL subsector, are both still growing. However there is some limited indication that those with the largest holdings (five plus) both trade more regularly and have a somewhat stronger preference for reducing activity in certain circumstances.

(ii) Relatively stable

Forty-three per cent of landlords surveyed acquired their first properties ten years or more ago, and 14 per cent before 1996—that is, before BTL mortgages were available. Overall the scale of transactions activity is quite low. The vast majority of landlords expect to remain in the sector for at least another five years.

(iii) Maturing

Because so many landlords have been in the market for quite some time they have gained experience and knowledge, whether or not they have varied their portfolios. Those entering the market over the last ten years also tend to be older than those who entered the market in the first decade of BTL. Many are using their properties to supplement their incomes, often their retirement incomes. The importance of capital gains is recognised, but is not dominant.

Younger households have found it increasingly difficult to enter owner-occupation, especially since the turn of the century. Most individual landlords are already owner-occupiers; they commonly purchase investment properties after buying their own homes, or rent out their first homes when they move up. Younger households are therefore in the future likely to become landlords rather later than their peers of the earlier generation, as the survey shows.

(iv) Increasingly diversified

The average portfolio size in this survey was smaller than we found in 2004, when there was a relatively large (although absolutely small) number of landlords with sizeable portfolios. This may indicate that overall, portfolio sizes have declined--although we must be careful here, as the 2004 survey sample may have captured more landlords with larger portfolios.

(v) Relatively unleveraged

While the majority of dwellings included in the sample are mortgaged, most landlords have no borrowing.

Those who have a BTL mortgage report relatively low LTV ratios, even when they have just a single investment property. Many landlords with more than one property have some unencumbered or lower-LTV properties in their portfolios. However there is evidence of a small sub-group of somewhat younger, more highly leveraged owners who might face problems if interest rates and other costs were to rise significantly and therefore might have to realise capital to address these issues.

(vi) Not particularly profitable

While there is considerable variation in yields (when landlords provided this information), the average net rental return was relatively low at around 3-5%. In areas where there is considerable potential for capital gains, landlords will still do very well when realising their assets, but there are large swathes of the country where prices have not risen in real terms. In such cases, any decline in rental return could impact significantly on landlords' preparedness to remain in the sector. Against this there are often few alternative investments available especially owners looking for regular income - and the average rental income was £17,300 per annum.

(vii) Mainly part-time

Only 6% of owners see their role as landlords as full-time, and about the same proportion say they make their living from their holdings. Large numbers of landlords are not motivated solely by financial considerations, or do not closely monitor their financial returns. However the larger the holding the more financially aware landlords are, so understanding the behaviour of these groups is probably the most important element in predicting the future.

(viii) Not very knowledgeable

Responses suggest that landlords work on a need-to-know basis. Therefore on average they are not particularly knowledgeable about the circumstances of their tenants or about future tax changes. The majority of landlords will not be directly affected by the most publicised tax changes, as they are unmortgaged and do not intend to purchase more rental property.

A caveat

While this is the largest survey to date of individual landlords it is still relatively small. Moreover response depended on the goodwill of respondents so the range of questions that could be included was limited. Most importantly in order to achieve coverage across all regions the sample was chosen to ensure the inclusion of landlords by region in proportion to current DCLG evidence on numbers of dwellings by region. This means that especially if holding size varies significantly by region the results can only be indicative of the overall pattern of behaviour and certainly cannot be grossed up to national totals.

Even so, our findings provide a clear picture of a relatively large sample of landlords and a starting point for a more comprehensive survey planned by DCLG in 2017. Landlords' financial models, the focus of this report, received scant attention in the 2010 survey and we hope that the next version will correct that omission.

Conclusions

This report shows that the strong growth in the sector over the past decade has not altered some of the long-established understandings about UK landlords (Crook & Kemp 2010): most have small portfolios, close to where they live; they are in the business largely but by no means exclusively for financial reasons; on the whole they have higher-than-average incomes. Despite these broad patterns, one of the striking things about landlords is their heterogeneity—which is not surprising given that the dwellings they invest in can be seen variously as more or less passive financial investments; as potential homes for children, grandchildren, or themselves in later years; and/or as active businesses.

Although the survey found much continuity with 2004, it also threw up some intriguing anomalies, and some questions. Compared to previous studies of UK landlords, this one indicates that the average portfolio size is smaller. Perhaps more interestingly, the proportion of private landlords with BTL mortgages, at 37%, is substantially lower than other studies have found. Ours is the largest survey to date—but the significant discrepancy between our findings and others (eg the 2010 Private Landlords Survey) points to the need for definitive data in this area.

The need for robust data is especially pressing given recent policy changes around the PRS. A suite of tax changes was put in place last year with the aim of discouraging investment by small individual landlords. Will they have this effect? The likely impacts of these policies will depend on the proportion of landlords affected by them and on the financial consequences for each landlord, but also on behavioural and attitudinal factors. The survey has given some useful and unexpected insights into each of these.

The tax increases have already affected new purchasers of private rented properties, who since April 2016 have had to pay a 3% Stamp Duty Land Tax surcharge. About 11% of landlords in our survey said they had bought property in the last year, and 14% said they intended to buy units sometime in the next five years. This change will directly affect only a minority of existing landlords; perhaps the most important effect will be to deter those not currently invested in the sector, who by definition were not captured by our survey.

Interestingly, our survey suggests that the majority of private landlords will be unaffected by the changes to mortgage interest tax relief as they have no loans. These changes, which are to be phased in from 2017, will increase effective tax rates for about a quarter of BTL landlords. Those most affected will be landlords with large mortgaged portfolios.

The only tax change likely to affect all landlords at some point is the decision not to reduce capital gains tax on residential property, as was done for other asset classes. However as CGT is payable at some future (and, for most landlords, uncertain) moment of sale, rather than at the time of acquisition, the effects on current buying decisions may well be hard to discern. On the other hand, nearly half of landlords surveyed said they were motivated partly or exclusively by the prospect of capital growth, so the introduction of a significant tax disadvantage could at the margin shift investment to other asset classes, as was the government's stated intention.

This brings us to the question of how landlords make decisions and specifically, especially in the context of tax changes, whether these are the economically 'rational' decisions that are presumably expected. The fact that relatively few landlords are leveraged despite the clear tax benefits (which will be reduced but not eliminated by recent changes) is evidence that many operate using something other than an efficient, economically rational financial model. This is unsurprising given that many have mixed or indeed entirely non-financial motivations for being a landlord. The survey showed that even amongst landlords with BTL mortgages - who will be most affected but equally should be most business-minded - the degree of financial sophistication was far from uniform.

All this suggests that the response to the government's tax changes may be weaker and less clear-cut than was anticipated. This is in line with a recent international comparative study of the effects of government-policy changes on the PRS in Denmark, the Netherlands, Germany and England (Whitehead et al 2016). This research found that while there had been major changes in the PRS over time in each country, the shifts were mostly attributable to wider economic and demographic changes rather than to specific policy interventions.

The landlords who will be most affected by the changes are those at the most professional end of the sector—those with large, leveraged portfolios. They will be particularly hard-hit by the changes in the treatment of mortgage interest, which will be phased in over the next four years, and many may choose to divest or moderate their investment strategy. This seems at odds with the government's longstanding aim of professionalising the sector.

Endnotes

[i] Scanlon, Whitehead and Williams (2016) contains a discussion of this question and provides four estimates for the overall number of UK landlords using different source information and calculation methods. The figures range from 1.08 million to 2.49 million. Other estimates include those of Ronald and Kadi (2016), who give a figure of 'more than 2.12 million' in 2012 based on the British Household Panel Survey, and the 2010 Private Landlords Survey, which estimates 1.464 million landlords in England; using population proportions to gross up gives a UK number of 1.77 million. A 2015 HMRC impact paper suggested a figure of 2.15 million (HMRC 2015).

[ii] YouGov, the survey administrators, say 'Any percentages calculated on bases fewer than 50 respondents must not be reported as they do not represent a wide enough cross-section of the target population to be considered statistically reliable. These have been italicised.' The italics occur in column headings only (columns mostly provide information YouGov's already holds about panel members (marital status, level of education etc). The row labels—that is, the answers to our questions---do not contain any italicised entries, suggesting that the first-order breakdowns can be regarded as statistically valid. For example, the 80 respondents who said they had commercial mortgages were asked how much they paid annually in mortgage interest. The distribution of mortgage payments can be regarded as reliable, but any *further* breakdown (eg crosstabs with portfolio size) cannot, because the numbers in each category are so small (ranging from 1 to

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Annex A: Supplementary tables

Table 15
Employment status by when acquired first property: all landlords (2016)

When got 1st property	Work FT	Work PT	Retired	Self-employed as landlord	Self-employed (other)	Full time carer	Un- employed	Student
< 1 year ago	49%	12%	18%	2%	8%	4%	8%	0%
1-2 years ago	48%	10%	25%	0%	11%	4%	0%	1%
2-3 years ago	41%	11%	29%	1%	9%	7%	1%	0%
3-5 years ago	41%	13%	29%	1%	8%	5%	3%	1%
5-10 years ago	36%	8%	35%	2%	11%	6%	1%	1%
10-20 years ago	29%	11%	41%	2%	12%	5%	0%	0%
> 20 years ago	17%	10%	52%	6%	12%	1%	0%	0%

Source: CML Landlord Survey 2016

Table 16
Likelihood of having a BTL loan by region (2016)

% of landlords surveyed in each region Highest-lowest by % of BTL landlords

	BTL		Non-BTL	
	Count	%	Count	%
Total	**861**	**34%**	**1,656**	**66%**
London	139	40%	205	60%
South East (excluding London)	149	38%	245	62%
North East	43	38%	69	62%
East of England	67	35%	125	65%
East Midlands	51	33%	104	67%
North West	81	33%	167	67%
West Midlands	65	32%	141	68%
Scotland	81	32%	176	68%
Yorkshire and the Humber	61	32%	129	68%
South West	85	31%	190	69%
Wales	32	28%	84	72%
Northern Ireland	7	25%	21	75%

Source: CML Landlord Survey 2016

Table 17
Form of ownership: BTL and non-BTL landlords (2016)

	All	BTL	Non-BTL
Base: All private landlords	**2,517**	**861**	**1,656**
Couple	45%	49%	44%
Individual	42%	41%	42%
Group of individuals (i.e. family/ friends)	7%	5%	8%
Other	3%	3%	3%
Limited company	3%	3%	3%

Source: CML Landlord Survey 2016

Table 18
Landlord plans to move to a limited-company structure by portfolio size (2016)

Portfolio size	Yes, I am/ we are	No, I am not/ we aren't	Don't know	Number
1	1.7%	92.4%	5.9%	1,493
2	5.2%	87.6%	7.2%	445
3	4.1%	86.5%	9.4%	170
4	9.0%	80.0%	11.0%	100
5 or more	10.7%	78.0%	11.3%	124

Source: CML Landlord Survey 2016

Table 19
When first property was acquired: all landlords and BTL landlords (2016)

% of landlords surveyed

	2016		2004
	All	**BTL**	**BTL**
Less than a year ago	2%	1%	9%
One to 2 years ago	6%	6%	9%
2 to 3 years ago	16%	15%	16%
3-5 years ago	12%	11%	19%
5-10 years ago	25%	28%	28%
10-20 years ago	27%	32%	14%
More than 20 years ago	11%	8%	4%

Source: CML Landlord Survey 2016

Table 20
Profitability of rental business (considering current income only): BTL and non-BTL landlords (2016)

Single response

	All	BTL	Non-BTL
Base: All private landlords	**2,517**	**861**	**1,656**
Income supplements earnings from job or pension	66%	61%	69%
Letting activity breaks even	18%	23%	16%
Small loss on my letting activity	6%	7%	5%
Profitable full-time living from letting property(ies)	5%	5%	5%
Large loss on my letting activity	2%	2%	2%
Don't know	3%	1%	4%

Source: CML Landlord Survey 2016

Table 21
Number of units transacted: BTL and non-BTL landlords (2016)

% of landlords surveyed in each region Highest-lowest by % of BTL landlords

	By landlords who BOUGHT			By landlords who SOLD		
	All who bought	BTL	Non-BTL	All who sold	BTL	Non-BTL
	286	139	147	113	53	60
1	81%	74%	87%	75%	70%	80%
2	14%	22%	7%	16%	23%	10%
3	1%	1%	1%	5%	4%	7%
4	0%	-	1%	-	-	-
5	1%	1%	1%	4%	4%	3%
More than 5	2%	3%	1%	-	-	-
Mean	1.46	1.51	1.41	1.41	1.45	1.37
Median	1.00	1.00	1.00	1.00	1.00	1.00

Source: CML Landlord Survey 2016

Table 22
Plans for portfolio over next 12 months and 5 years: BTL and non-BTL landlords (2016)

Base: All private landlords (not planning to leave market in next year)	All		BTL		Non-BTL	
	1 year	**5 years**	**1 year**	**5 years**	**1 year**	**5 years**
	2,517	**(2,371)**	**861**	**(814)**	**1,656**	**(1,557)**
Increase number of units	9%	14%	11%	19%	7%	12%
Keep the same number	71%	50%	68%	45%	73%	53%
Decrease number of units but not leave the market	5%	6%	7%	10%	3%	4%
Leave the market altogether	10%	21%	9%	19%	10%	22%
Don't know	6%	8%	5%	6%	6%	8%

Source: CML Landlord Survey 2016

Table 23
Reasons to increase portfolio: BTL and non-BTL landlords (2016)

Multiple responses permitted

Base: All private landlords who plan to increase the portfolio over the next 1 or 5 years	All	BTL	Non-BTL
	377	**165**	**212**
Good rental yields	**41%**	41%	41%
Continuing poor performance of stock market or other asset classes	**33%**	31%	34%
Steady/ rising house prices	**33%**	33%	32%
Rising tenant demand	**32%**	36%	29%
Stable/ low interest rates (at current levels)	**27%**	35%	22%
Other	**13%**	14%	12%
Improved employment prospects/ bonuses/ extra income to fund the property	**12%**	15%	11%
To help children/ other family members into the housing market	**12%**	13%	10%
For children to live in at university	**7%**	10%	5%
Don't know	**2%**	2%	3%

Source: CML Landlord Survey 2016

Table 24
Number of properties backed by a BTL mortgage, for those who have (2016)

Base: All private landlords with a BTL mortgage	**861**
1	65%
2	16%
3	9%
4	3%
5	2%
6	2%
7	1%
8	0%
9	0%
10	0%
More than 10	2%
Mean	2.12
Median	1.00

Source: CML Landlord Survey 2016

Table 25
Gross rental income previous year: BTL and non-BTL landlords (2016)

	All	**BTL**	**Non-BTL**
Base: All private landlords	**2,517**	**861**	**1,656**
£0 - Nothing	**2%**	2%	3%
£1 to 4,999	**17%**	16%	18%
£5,000 to 9,999	**31%**	26%	34%
£10,000 to 19,999	**21%**	24%	20%
£20,000 to 49,999	**11%**	15%	9%
Over £50,000	**3%**	4%	3%
Don't know	**4%**	6%	3%
Prefer not to say	**8%**	6%	9%

Source: CML Landlord Survey 2016

Table 26
Number of unencumbered units, for those who have: BTL and non-BTL landlords (2016)

Base: All landlords with an unencumbered property	All 1,438	BTL 174	Non-BTL 1,264
1	**68%**	57%	70%
2	**18%**	23%	17%
3	**5%**	8%	5%
4	**3%**	5%	3%
5	**2%**	2%	2%
6	**1%**	1%	2%
7	**0%**	2%	0%
8	**0%**	-	0%
9	**0%**	-	0%
10	**0%**	-	0%
More than 10	**1%**	2%	1%
Mean	**1.80**	**2.10**	**1.75**
Median	**1.00**	**1.00**	**1.00**

Source: CML Landlord Survey 2016

Table 27
Annual mortgage interest payments on BTL loans, for those who have (2016)

Base: All private landlords with properties currently backed by a BTL mortgage	861
£1 to £2,499	23%
£2,500 - 4,999	23%
£5,000 - 7,499	12%
£7,500 - 9,999	8%
£10,000 - 14,999	6%
£15,000 - 19,999	3%
£20,000 - 29,999	3%
£30,000 - 39,999	1%
£40,000 - 49,999	1%
£50,000 - 74,999	1%
£75,000 - 99,999	0%
£100,000 or more	1%
Don't know	13%
Prefer not to say	5%

Source: CML Landlord Survey 2016

Table 28
Reason for having no mortgage debt, for those without (2016)

Single response

Base: All private landlords who don’t owe money or have a commercial/ BTL mortgage	1,222
Preferred to purchase outright	44%
Had mortgage(s) but paid it/ them off	18%
Inherited the property/ properties	18%
Purchased property to live in then rented it out	14%
Other*	4%
Have/ had access to other types of borrowing	2%

Notes. *’other’ answers almost all list other sources of funds—inheritance, pension pot—not covered by ‘other types of borrowing’

Source: CML Landlord Survey 2016

Table 29
Current overall net yield: BTL and non-BTL landlords (2016)

Base: All private landlords	All 2,517	BTL 861	Non-BTL 1,656
0% or less (i.e. negative)	5%	4%	5%
1%	3%	4%	3%
2%	5%	7%	5%
3%	10%	10%	10%
4%	11%	9%	12%
5%	12%	12%	12%
6%	7%	7%	7%
7%	4%	4%	4%
8%	4%	4%	3%
9%	1%	1%	1%
10% or more	6%	6%	7%
Don't know	32%	33%	32%

Source: CML Landlord Survey 2016

Table 30
Original motivations for becoming a landlord: BTL and non-BTL landlords (2016)

Multiple responses permitted

Base: All private landlords	All 2,517	BTL 861	Non-BTL 1,656
Contribution to pension	**34%**	44%	28%
Investment for capital growth and rental income	**33%**	38%	31%
Rather invest in property than other investments	**27%**	33%	24%
To supplement earnings	**20%**	22%	19%
By accident - inherited property or couldn't sell one	**15%**	10%	18%
To provide a home for relative/child/ friend	**14%**	12%	15%
Let a property when met partner or moved	**13%**	13%	13%
Other	**8%**	8%	8%
Enjoy managing/ letting and property development	**7%**	11%	6%
To get on the property ladder	**4%**	6%	4%
Don't know/ can't recall	**2%**	1%	2%
Wanted to run full-time business in this area	**1%**	2%	1%

Source: CML Landlord Survey 2016

Table 31
All current roles as landlord: BTL and non-BTL landlords (2016)

Multiple responses permitted

Base: All private landlords	All 2,517	BTL 861	Non-BTL 1,656
Investment for capital growth and rental income	**43%**	47%	41%
Contribution to pension	**39%**	43%	37%
Investment for rental income only	**10%**	8%	11%
Somewhere for me/my family to live	**10%**	9%	10%
Temporary/ accidental as cannot sell property(ies)	**9%**	7%	10%
Other	**5%**	3%	5%
Investment for capital growth only	**4%**	6%	3%
Don't know	**3%**	3%	4%
Full-time business	**2%**	3%	1%
Housing an employee	**0%**	0%	0%

Source: CML Landlord Survey 2016

Table 32
Use of letting or management agent: BTL and non-BTL landlords (2016)

Base: All private landlords	All 2,517	BTL 861	Non-BTL 1,656
Let and manage all properties themselves	**37%**	33%	39%
Use agents to fully manage all properties	**36%**	36%	37%
Use agents to find tenants for all properties	**10%**	11%	9%
Sometimes use an agent to find tenants and manage some properties	**6%**	8%	5%
Combination of let-only and full management for all properties	**5%**	6%	5%
Sometimes use an agent to find tenants for some properties	**5%**	7%	4%
Don't know	**1%**	0%	2%

Source: CML Landlord Survey 2016

Table 33
Whether offer leases longer than 12 months on any units: BTL and non-BTL landlords (2016)

Base: All private landlords	All 2,517	BTL 861	Non-BTL 1,656
Currently offer	**39%**	35%	41%
Would offer but there is no demand	**17%**	21%	14%
Do not offer even though there is demand	**14%**	13%	14%
Do not offer and there is no demand	**22%**	24%	22%
Don't know	**8%**	6%	9%

Source: CML Landlord Survey 2016

Table 34
'I am worried' about ability to meet BTL payments if interest rates rise (2016)

Base: All private landlords with BTL mortgages	861
Strongly agree	5%
Tend to agree	17%
Neither agree nor disagree	19%
Tend to disagree	34%
Strongly disagree	23%
Don't know	3%

Source: CML Landlord Survey 2016

Table 35
Cash-flow expectations over next five years: BTL and non-BTL landlords (2016)

Base: All private landlords	All 2517	BTL 861	Non-BTL 1656
Increase a lot	**3%**	4%	3%
Increase a little	**40%**	38%	40%
Stay the same	**41%**	39%	43%
Decrease a little	**6%**	9%	4%
Decrease a lot	**5%**	7%	4%
Don't know	**5%**	3%	6%

Source: CML Landlord Survey 2016

Table 36
Possible coping strategies if cash-flow position worsened: BTL and non-BTL landlords (2016)

Multiple responses permitted

Base: All private landlords	All 2,517	BTL 861	Non-BTL 1,656
Increase rents for new tenants	**34%**	41%	30%
Increase rents for existing tenants	**25%**	34%	21%
Not buy any more rental properties	**20%**	27%	16%
Sell all rental properties	**17%**	18%	17%
Don't know	**17%**	10%	20%
Use income from other sources	**15%**	16%	14%
Sell some rental properties	**14%**	20%	10%
Reduce reliance on mortgage debt	**7%**	15%	3%
Reduce usage of letting/ full management agents	**6%**	8%	5%
Refinance Buy-To-Let loans to reduce mortgage costs	**6%**	16%	1%
Spend less on property maintenance	**5%**	7%	4%
Prioritise certain property types/ tenant types	**5%**	8%	4%
Other	**4%**	2%	5%
Slow down the purchase of rental properties	**4%**	5%	3%

Source: CML Landlord Survey 2016

Annex B: Survey questionnaire

[property_ownership_AW]
Which, if any, of the following do you own in the UK?

- ☐ Residential property for own use – owned outright
- ☐ Residential property for own use – on mortgage
- ☐ Residential property rented out to others
- ☐ Plot of land over 1 acre with no development
- ☐ Commercial property - i.e. property used for business purposes, either used by yourself or rented to someone else
- ☐ Not sure
- ☐ None of these

[OBL_Q1]
You previously told us that you own a residential property that you rent out to others...
In what year did you first start letting residential property in the UK? (Please type your answer in the box below)

[OBL_Q2]
For the following question, if you have more than one property, please think about how you manage the majority of your properties.

Which ONE, if any, of the following BEST describes how you manage your letting property(ies)?

- ☐ As an individual
- ☐ As a couple (i.e. with my partner)
- ☐ As a group of individuals (i.e. family/ friends etc.)
- ☐ As part of a limited company (i.e. registered with Companies House as a public or private company)
- ☐ As part of another organisation (please specify)
- ☐ Other (please specify)
- ☐ Don't know

[OBL_Q3]
You said you manage your letting property(ies) [answer in Q2]...

Are you currently planning to move to a limited company structure (i.e. registered with Companies House as a public or private company)?

- ☐ Yes, I am/ we are
- ☐ No, I am not/ we aren't
- ☐ Don't know

[profile_work_stat]
Which of the following best describes your employment status?

- ☐ Full time employee (30 or more hours per week)
- ☐ Part time employee (Less than 29 hours per week)
- ☐ Self-employed (as a landlord)
- ☐ Self-employed (other)
- ☐ Student
- ☐ Retired
- ☐ Full time carer
- ☐ Unemployed

[OBL_Q4]
Thinking about where you MAINLY manage your letting properties (either from your home or in an office), regardless of where your property(ies) is/ are located...In which area of the UK do you mainly manage your letting property(ies) from?

- ☐ East of England
- ☐ East Midlands
- ☐ Greater London (i.e. outside Zone 6)
- ☐ London (Outer Zones 3-6)
- ☐ London (Inner Zones 1-2)
- ☐ North East
- ☐ Northern Ireland
- ☐ North West
- ☐ Scotland
- ☐ South East (excluding London)
- ☐ South West
- ☐ Wales
- ☐ West Midlands
- ☐ Yorkshire and the Humber

[profile_gross_household]
Gross HOUSEHOLD income is the combined income of all those earners in a household from all sources, including wages, salaries, or rents and before tax deductions. What is your gross household income?

- ☐ under £5,000 per year
- ☐ £5,000 to £9,999 per year
- ☐ £10,000 to £14,999 per year
- ☐ £15,000 to £19,999 per year
- ☐ £20,000 to £24,999 per year
- ☐ £25,000 to £29,999 per year
- ☐ £30,000 to £34,999 per year
- ☐ £35,000 to £39,999 per year
- ☐ £40,000 to £44,999 per year
- ☐ £45,000 to £49,999 per year
- ☐ £50,000 to £59,999 per year
- ☐ £60,000 to £69,999 per year
- ☐ £70,000 to £99,999 per year
- ☐ £100,000 to £149,999 per year
- ☐ £150,000 and over
- ☐ Don't know
- ☐ Prefer not to answer

[OBL_Q6]
You previously said your current gross household income was [answer in Q7]...

Approximately what proportion, if any, of your current gross household income would you say is rent received from residential lettings?

- ☐ 0% - Nothing (e.g. not currently occupied)
- ☐ Less than 25%
- ☐ Between 25% and 49%
- ☐ Between 50% and 74%
- ☐ 75% or more
- ☐ Don't know
- ☐ Prefer not to say

[OBL_Q7]
For the following question, by 'residential unit', we mean any houses, flats and bedsits that you may rent out to others. Please do not include the units that are only holiday lettings. How many residential units do you currently own? (Please type your answer as a whole number in the box below)

[OBL_Q8]
Which, if any, of the following type(s) of residential letting properties do you own? (Please select all that apply. If any of your answers don't show in the list below, please type them in the 'Other' box)

- ☐ Flat(s) – individual unit(s) in a purpose-built block or converted house
- ☐ Flats – A block of individual units or entire converted house that's been split into flats
- ☐ House - detached
- ☐ House – semi-detached
- ☐ House – terraced
- ☐ Bungalow
- ☐ House of Multiple Occupation (i.e. HMO)
- ☐ Other (please specify)
- ☐ Don't know

[OBL_Q9]
In which area(s) of the UK do you let rental properties? (Please select all that apply)

- ☐ East of England
- ☐ East Midlands
- ☐ Greater London (i.e. outside Zone 6)
- ☐ London (Outer Zones 3-6)
- ☐ London (Inner Zones 1-2)
- ☐ North East
- ☐ Northern Ireland
- ☐ North West
- ☐ Scotland
- ☐ South East (excluding London)
- ☐ South West
- ☐ Wales
- ☐ West Midlands
- ☐ Yorkshire and the Humber

[OBL_Q10]
What is the approximate total market value of your residential letting property portfolio (i.e. the value of all properties which you rent out, if you were to sell those properties today)? (Please select the option that best applies. If you are unsure, please give a rough estimate)

- ☐ Up to £99,999
- ☐ £100,000 to £199,999
- ☐ £200,000 to £499,999

☐ £500,000 to £999,999
☐ £1,000,000 to £1,999,999
☐ £2,000,000 to £2,999,999
☐ £3,000,000 to £3,999,999
☐ £4,000,000 to £4,999,999
☐ £5,000,000 or more
☐ Don't know/ Prefer not to say

[OBL_Q13a_multiple]
How many residential units (i.e. flats, houses etc.) have you bought and/ or sold in the last year (i.e. since June 2015)?

☐ BOUGHT
☐ SOLD
☐ Not applicable – I/ we haven't bought or sold any residential units in the last year

[OBL_Q11]
Which, if any, of the following sources of finance have you ever used to finance the rented properties you currently own? (Please select all that apply)

☐ Personal savings
☐ Inherited funds/ windfall
☐ Remortgage on my main owner-occupied home
☐ Remortgage within buy-to-let portfolio
☐ Buy-To-Let mortgage
☐ Consent to let property originally purchased with an owner-occupier mortgage
☐ Other loan/ finance from commercial bank
☐ Cash proceeds from a previous property sale
☐ Funds released from a pension pot
☐ Did not purchase the properties but acquired them in some other way (e.g. inheritance, a house I/partner previously lived in)
☐ Other source (please specify)
☐ Don't know

[OBL_Q12]
How many of your residential rented units are currently...

a) Backed by a buy-to-let mortgage?
b) Backed by a commercial mortgage (i.e. from a bank/ financial provider)?
c) Backed by an owner-occupier mortgage, and rented out with the consent of the lender (i.e. you have 'consent to let')?
d) Unencumbered (i.e. you own your property outright)?

[OBL_Q13]
Approximately how much money in total do you currently owe on your residential letting properties through Buy-To-Let mortgage borrowing? (Please select the option that BEST applies)

☐ Less than £100,000
☐ £100,000 to £199,999
☐ £200,000 to £499,999
☐ £500,000 to £999,999
☐ £1,000,000 to £1,999,999
☐ £2,000,000 to £2,999,999
☐ £3,000,000 to £3,999,999
☐ £4,000,000 to £4,999,999
☐ £5,000,000 or more
☐ Don't know
☐ Prefer not to say
☐ Not applicable - I don't have a Buy-to-let mortgage on my property(ies)

[OBL_Q14]
Approximately how much money do you currently owe on your residential letting properties through commercial mortgage borrowing (i.e. from a bank/ financial provider)? (Please select the option that BEST applies)

☐ Less than £100,000
☐ £100,000 to £199,999
☐ £200,000 to £499,999
☐ £500,000 to £999,999
☐ £1,000,000 to £1,999,999
☐ £2,000,000 to £2,999,999
☐ £3,000,000 to £3,999,999
☐ £4,000,000 to £4,999,999
☐ £5,000,000 or more
☐ Don't know
☐ Prefer not to say
☐ Not applicable - I don't have a commercial mortgage on my property(ies)

[OBL_Q16]

You said you don't currently owe any money on a commercial or Buy-To-Let mortgage on any of your properties... Which, if any, of the following are reasons for this? (Please select all that apply. If any of your answers don't show in the list below, please type them in the 'Other' box)

- ☐ Inherited the property/ properties
- ☐ Purchased property to live in myself and then rented it out
- ☐ Had mortgage(s) but paid it/ them off
- ☐ Preferred to purchase outright
- ☐ Have/ had access to other types of borrowing
- ☐ Other (please specify)
- ☐ Don't know

[OBL_Q17]

Which of the following providers do you have Buy To Let mortgages with? (Please select all that apply. If any of your answers don't show in the list below, please type them in the 'Other' box)

- ☐ Accord
- ☐ Aldermore
- ☐ Axis
- ☐ Barnsley Building Society
- ☐ BM Solutions (Birmingham Midshires)
- ☐ Barclays/ Woolwich
- ☐ Bradford & Bingley
- ☐ Bristol & West
- ☐ Chelsea Building Society
- ☐ Exact
- ☐ Fleet Mortgages
- ☐ Foundation Home Loans (Paratus)
- ☐ GMAC-RFC
- ☐ Coventry Building Society (Godiva)
- ☐ Hinkley & Rugby Building Society
- ☐ HSBC
- ☐ Investec
- ☐ Kensington
- ☐ Landbay
- ☐ Leeds Building Society
- ☐ Kent Reliance
- ☐ Lloyds Banking Group (Halifax, Lloyds)
- ☐ Mortgage Express
- ☐ Mortgage Trust
- ☐ National Australia Bank
- ☐ National Counties
- ☐ NatWest
- ☐ Newbury
- ☐ Northern Rock
- ☐ Norwich & Peterborough Building Society
- ☐ Nottingham
- ☐ OneSavings Bank
- ☐ Paragon
- ☐ Pepper Homeloans
- ☐ Platform
- ☐ Post Office/ Bank of Ireland
- ☐ Precise Mortgages
- ☐ Principality
- ☐ RBS
- ☐ Saffron
- ☐ Santander/ Abbey
- ☐ Shawbrook
- ☐ Skipton Building Society
- ☐ TSB
- ☐ The Mortgage Works (TMW) / Nationwide
- ☐ Virgin Money
- ☐ Yorkshire Building Society
- ☐ Other
- ☐ Don't know

[OBL_Q18]

For the following question, by 'loan-to-value percentage', we mean how much you owe on your Buy-To-Let mortgages in relation to how much all of your Buy-to-Let rental properties are worth. What do you estimate the average 'loan-to-value percentage' is across all your properties subject to a Buy-To-Let mortgage?

- ☐ 1 – 9%
- ☐ 10% - 19%
- ☐ 20% - 29%
- ☐ 30% - 39%
- ☐ 40% - 49%
- ☐ 50% - 59%
- ☐ 60% - 69%
- ☐ 70% - 74%
- ☐ 75% - 79%
- ☐ 80% - 89%
- ☐ 90% - 99%
- ☐ 100%
- ☐ Don't know
- ☐ Prefer not to say

[OBL_Q19]
Approximately what are your total annual mortgage interest payments on Buy-To-Let mortgages ? (Please select the option that best applies)

☐ £1 to £2,499
☐ £2,500 to £4,999
☐ £5,000 to £7,499
☐ £7,500 to £9,999
☐ £10,000 to £14,999
☐ £15,000 to £19,999
☐ £20,000 to £29,999
☐ £30,000 to £39,999
☐ £40,000 to £49,999
☐ £50,000 to £74,999
☐ £75,000 to £99,999
☐ £100,000 or more
☐ Don't know
☐ Prefer not to say

[OBL_Q20]
Approximately what are your total annual mortgage interest payments on commercial mortgages (i.e. from a bank/ financial provider)? (Please select the option that best applies)

☐ £1 to £2,499
☐ £2,500 to £4,999
☐ £5,000 to £7,499
☐ £7,500 to £9,999
☐ £10,000 to £14,999
☐ £15,000 to £19,999
☐ £20,000 to £29,999
☐ £30,000 to £39,999
☐ £40,000 to £49,999
☐ £50,000 to £74,999
☐ £75,000 to £99,999
☐ £100,000 or more
☐ Don't know
☐ Prefer not to say

[OBL_Q21]
Thinking about the last 12 months (i.e. since beginning of June 2015)... Approximately what has been the gross rental income (i.e. before tax deductions) you received from your residential lettings?

☐ £0 - Nothing
☐ £1 to £4,999
☐ £5,000 to £9,999
☐ £10,000 to £19,999
☐ £20,000 to £49,999
☐ £50,000 to £74,999
☐ £75,000 to £99,999
☐ £100,000 to £149,999
☐ £150,000 to £199,999
☐ £200,000 to £249,999
☐ £250,000 or more
☐ Don't know
☐ Prefer not to say

[OBL_Q22]
For the following question, by 'overall net rental yield', we mean the calculation whereby you subtract annual expenses (e.g. mortgage payments, maintenance and other costs of letting) from annual rent, divide this result by the total cost of the property and multiply the result by 100. For example, if your annual rental income is £15,000 after you have paid all your external costs and your rental property is worth £150,000, then the overall net rental yield is 10%. Based on current property values, what is your overall net rental yield across all your letting property(ies)? (Please select the option that best applies. If you haven't calculated a yield or don't know how to, please select the 'Not applicable' option

☐ 0% or less (i.e. negative)
☐ 1%
☐ 2%
☐ 3%
☐ 4%
☐ 5%
☐ 6%
☐ 7%
☐ 8%
☐ 9%
☐ 10% or more
☐ Don't know

[OBL_Q23]
Which, if any, of the following would you say were your motivations for first becoming a landlord? (Please select all that apply. If any of your answers don't show in the list below, please type them in the 'Other' box)

☐ I/ we wanted to run full-time business in this area
☐ I'd/ we'd rather invest in property than other investments

- ☐ To get return on investment growth & rental income
- ☐ I/ we wanted to supplement my/ our earnings
- ☐ By accident - I inherited property or couldn't sell one
- ☐ I enjoy managing/ letting and property development
- ☐ To provide a home for a relative/ child/ friend
- ☐ To get on the property ladder
- ☐ As a contribution to my/ our pension
- ☐ Let a property when I met my partner or moved area
- ☐ Other (please specify)
- ☐ Don't know/ can't recall

[OBL_Q24]
Which, if any, of the following describes how you currently view your role(s) as a residential landlord? (Please select all that apply. If any of your answers don't show in the list below, please type them in the 'Other' box)

- ☐ A full-time business that I/ we run
- ☐ Investment for capital growth only
- ☐ Investment for rental income only
- ☐ Investment for capital growth and rental income
- ☐ It provides/ will provide somewhere for me/ my family to live
- ☐ It was temporary/ accidental because I/ we cannot sell the property(ies)
- ☐ As a contribution to my/ our pension
- ☐ Housing an employee
- ☐ Other (please specify)
- ☐ Don't know

[OBL_Q24_single]
And which ONE, if any, of the following roles would you say is the MOST IMPORTANT to you?

- ☐ A full-time business that I/ we run
- ☐ Investment for capital growth only
- ☐ Investment for rental income only
- ☐ Investment for capital growth and rental income
- ☐ It provides/ will provide somewhere for me/ my family to live
- ☐ It was temporary/ accidental because I/ we cannot sell the property(ies)
- ☐ As a contribution to my/ our pension
- ☐ Housing an employee
- ☐ Other
- ☐ Don't know

[OBL_Q37]
Generally, which types of tenants do you tend to have in any of the property(ies) that you own? (Please select all that apply)

- ☐ Young singles
- ☐ Young couples
- ☐ Families with children
- ☐ Older couples
- ☐ Retired
- ☐ Students
- ☐ Local Housing Allowance (LHA) claimants
- ☐ Blue collar/ manual workers
- ☐ White collar/ clerical or professional workers
- ☐ Executive/ company lets
- ☐ Workers from other countries
- ☐ Older singles
- ☐ Other
- ☐ Don't know

[OBL_Q25]
For the following question, please only think about your rental income and not how much your property(ies) is/ are currently worth if you were to sell. Which ONE, if any, of the following statements BEST describes the extent to which your letting activity is profitable or not?

- ☐ I make a profitable full-time living from letting my property(ies)
- ☐ The income I/ we get supplements earnings from my 'day job' or pension
- ☐ I 'break even' on my letting activity
- ☐ I make a small loss on my letting activity
- ☐ I make a large loss on my letting activity
- ☐ Don't know

[OBL_Q26]
Before taking this survey, how aware, if at all, were you of the following recent tax change?

a) Additional Stamp Duty Land Tax for landlords
b) Change in deductibility of mortgage interest from rental income
c) Reduction in capital gains tax for other assets does not apply to residential property

d) Revision to wear and tear allowance

- ☐ I was not aware of this at all
- ☐ I was aware of it, but do not understand the details
- ☐ I was aware of it and have a fairly good understanding of the details
- ☐ I was aware of it and fully understand the details

[OBL_Q27]
Do you employ the services of a letting or management agent to manage your properties? (Please select the option that BEST applies)

- ☐ Yes - let only for all of my properties
- ☐ Yes - Full management for all of my properties
- ☐ Yes - a combination of let only and full management for all of my properties
- ☐ Yes - I sometimes use an agent to let some of my properties
- ☐ Yes - I sometimes use an agent to let and manage some of my properties
- ☐ No - I let and manage all of my properties myself
- ☐ Don't know

[OBL_Q28]
Do you currently offer to let on tenancies for longer than a 12 month period on any of your properties? (Please select the option that BEST applies)

- ☐ Yes, I currently do offer this
- ☐ No, I would offer this but there is no demand
- ☐ No, I don't offer this even though there is demand
- ☐ No, I don't offer this and there is no demand
- ☐ Don't know

[OBL_Q29]
As a reminder, by 'residential unit', we mean any houses, flats and bedsits that you may rent out to others. Please do not include the units that are only holiday lettings. Which ONE, if any, of the following statements BEST describes your plans for the number of rental units you own over the next 12 months (i.e. between now and June 2017)? (Please select the option that BEST applies)

- ☐ Increase the number of rental units I have
- ☐ Keep the same number of rental units I have
- ☐ Decrease the number of rental units I have, but not leave the rental market
- ☐ Leave the rental market altogether (i.e. sell my current rental units)
- ☐ Don't know

[OBL_Q30]
And what are your plans for your rental units over the next five years (i.e. between now and June 2021)? (Please select the option that BEST applies)

- ☐ Increase the number of units
- ☐ Keep the same number
- ☐ Decrease the number of units, but not leave the rental market
- ☐ Leave the market altogether
- ☐ Don't know

[OBL_Q31a]
You said at some point you plan to increase the number of rental units you own... Which, if any, of the following are reasons for this? (Please select all that apply. If any of your answers don't show in the list below, please type them in the 'Other' box)

- ☐ Steady/ rising house prices
- ☐ Stable/ low interest rates (at current levels)
- ☐ Continuing poor performance of stock market or other asset classes
- ☐ I/ we have good rental yields
- ☐ I/ we need to help our children/ other family members into the housing market
- ☐ For our children to live somewhere whilst at university
- ☐ Improved employment prospects/ bonuses/ extra income to fund the property
- ☐ Rising tenant demand
- ☐ Other (please specify)
- ☐ Don't know

[OBL_Q32a]
You said at some point you plan to decrease the number of rental units you own and/ or leave the market altogether… Which, if any, of the following are reasons for this? (Please select all that apply. If any of your answers don't show in the list below, please type them in the 'Other' box)

- ☐ Stagnating house prices
- ☐ Falling house prices over the last 3 to 6 months
- ☐ Rising interest rates
- ☐ Rental income consistently not paying off mortgages
- ☐ Approaching retirement age
- ☐ Changes in housing benefit
- ☐ Improved performance/ returns in the stock market or other asset classes
- ☐ Worsening personal finance situation (i.e. through unemployment)
- ☐ Worsening general economic environment (i.e. rising unemployment)
- ☐ Changes to mortgage tax relief
- ☐ Tightening of lending criteria
- ☐ Falling tenant demand
- ☐ As part of my 'exit plan' (i.e. to stop being a landlord)
- ☐ Issues managing tenants
- ☐ Regulatory burden
- ☐ Health/ age issues
- ☐ Other tax changes (e.g. SDLT, capital gains tax, wear and tear etc.)
- ☐ Did not intend to be a landlord
- ☐ Other (please specify)
- ☐ Don't know

[OBL_Q33]
To what extent do you agree or disagree with the following statements about Buy-To-Let lending? (Please select one option per row)

a) I am worried about my ability to repay should Buy-To-Let mortgage interest rates begin to rise
b) Buy-To-Let lenders do not consider my individual circumstances as a landlord
c) Buy-To-Let Lending criteria is too conservative (e.g. rental cover rates, LTV etc.)
d) Regulatory pressures will narrow Buy-To-Let lending criteria and slow market growth
e) I am worried that stricter lending criteria (e.g. interest rate stress testing, higher rental income cover rates etc.) will damage my chances of getting new Buy-To-Let finance in the future

- ☐ Strongly agree
- ☐ Tend to agree
- ☐ Neither agree nor disagree
- ☐ Tend to disagree
- ☐ Strongly disagree
- ☐ Don't know
- ☐ Not applicable I don't have a Buy-To-Let mortgage on my property(ies)

[OBL_Q34]
For the following questions, by 'net rental income', we mean the amount of income received from tenants, minus the expenses incurred on the ownership of rented property(ies). Do you expect your net rental income (i.e. the 'cash flow' from your letting activities) to increase, decrease, or stay the same over the next five years (i.e. between now and June 2021)?

- ☐ Increase a lot
- ☐ Increase a little
- ☐ Stay the same
- ☐ Decrease a little
- ☐ Decrease a lot
- ☐ Don't know

[OBL_Q35]
For the following question, please imagine your net rental income (i.e. your 'cash flow' from your letting activities) decreased over the next five years… In which, if any, of the following ways do you think you would try to deal with it (i.e. compensate for your losses)? (Please select all that apply. If any of your answers don't show in the list below, please type them in the 'Other' box) property(ies). Do you expect your net rental income (i.e. the 'cash flow' from your letting activities) to increase, decrease, or stay the same over the next five years (i.e. between now and June 2021)?

- ☐ Reduce usage of letting/ full management agents
- ☐ Spend less on property maintenance
- ☐ Increase rents for existing tenants
- ☐ Increase rents for new tenants
- ☐ Sell some of my rental properties
- ☐ Sell all of my rental properties

- ☐ Not buy any more rental properties
- ☐ Slow down the purchase of rental properties
- ☐ Prioritise certain property types/ tenant types
- ☐ Refinance Buy-To-Let loans to reduce mortgage costs
- ☐ Reduce reliance on mortgage debt
- ☐ Use income from other sources (e.g. employment etc.)
- ☐ Other (please specify)
- ☐ Don't know

[OBL_Q35_single]
And which ONE, if any, of the following do you think would be the MAIN way you would deal with it?

- ☐ Reduce usage of letting/ full management agents
- ☐ Spend less on property maintenance
- ☐ Increase rents for existing tenants
- ☐ Increase rents for new tenants
- ☐ Sell some of my rental properties
- ☐ Sell all of my rental properties
- ☐ Not buy any more rental properties
- ☐ Slow down the purchase of rental properties
- ☐ Prioritise certain property types/ tenant types
- ☐ Refinance Buy-To-Let loans to reduce mortgage costs
- ☐ Reduce reliance on mortgage debt
- ☐ Use income from other sources (e.g. employment etc.)
- ☐ Other
- ☐ Don't know

[OBL_Q36]
How do you think the changing environment for landlords will affect you/ your lettings over the next decade (i.e. between now and June 2026)?
(Please type your answer in the box below, giving as much detail as possible

Council of Mortgage Lenders

The Council of Mortgage Lenders

The Council of Mortgage Lenders (CML) is the trade association representing the mortgage industry. Its members comprise banks, building societies, insurance companies and other specialist residential mortgage lenders, which together represent around 98% of the UK mortgage assets.

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