

The Rightmove Consumer Confidence Survey

The UK's leading survey of consumers from the UK's leading property website

Consumer Rental Forecast

Under embargo until Monday, 4th February, 2012

Rental price growth set to ease as private landlords step in

- Rental price growth likely to slow in 2013 as new and existing private landlords look to invest:
 - One in eight (12%) 'accidental landlords' expects to buy an additional investment property this year, completing the transformation from 'credit-crunch casualty' to active buy-to-let investor
 - Proportion of 'virgin landlords', looking to invest for the first time, at highest level for more than a year (44%)
 - Further Rightmove research finds that 74% of professional landlords intend to expand their portfolios in 2013
- More 'accidental', 'virgin' and 'professional' landlords enticed to invest by:
 - Sustained tenant demand: more than half (53%) of tenants remain 'trapped', and proportion of 'lifestyle renters' jumps to a new high of one in six (16%)
 - Attractive return on investment: 60% would accept a gross yield of 6%, broadly in line with Rightmove's research which finds average UK rental yields of 5.73%

Overview

Rightmove's first Rental Market Forecast of 2013 finds that the property supply shortage that has plagued the rental sector in recent years looks set to ease this year as more private landlords prepare to invest in the buy-to-let sector. An increase in landlords – from experienced 'professional' landlords to 'virgin' landlords investing for the first time – is likely to have a cooling-effect on rental price growth, much to the relief of beleaguered tenants.

Miles Shippside, director and housing market analyst at Rightmove comments: "Buy-to-let investors, attracted by evidence of sustained demand and strong yields, will provide much needed supply relief to 'Generation Rent'. A marketplace where landlords are achieving satisfactory returns will relieve some of the supply pressure in 2013, though the task seems to be falling on the comparatively rag-tag army of private landlords rather than more strategic institutional investment."

Signs that pool of landlords is growing but changing in composition

A feature of the rental market over the last few years has been the rise of the 'accidental landlord', an owner-occupier who ends up letting a property out as a result of circumstance, and a moribund sales market, not design. Rightmove's latest research indicates that many accidental landlords are keen to leave their 'amateur' status behind and invest further. One in eight accidental landlords (12%) has found their unplanned, and in most cases unwanted, foray into property letting so rewarding that they now want to build a portfolio by purchasing additional

property to let. Accidental landlords make up around 30% of all private landlords according to Rightmove's research and are largely seen as a casualty of the credit-crunch. However, rising rents and a lack of voids have alleviated their plight. Though not all will be willing or able to buy another property to rent out, 68% stated that they intend to hold onto their rental property. Just 16% stated that they still want to sell it as soon they can.

Shipside comments: "Though not landlords by design, many of those accidentally thrust into the landlord arena have not only survived but thrived in many instances. From being one of the major casualties of the post-credit crunch market, some accidental landlords are now major beneficiaries. They provide a fascinating insight into the structural shift we have seen in the private rented sector over the past few years. The growth in rental demand and appeal of the buy-to-let sector to lenders has helped turn a chance encounter with the rental market into a further and valuable source of fresh supply to satisfy the needs of those trapped by 'Generation Rent'."

Separate investor research by Rightmove shows that 74% of professional landlords also intend to add to their rental portfolio in the next 12 months, giving a much needed boost to the available housing stock. As well as existing landlords adding to the rental stock supply, the proportion of 'virgin landlords' intending to purchase a buy-to-let property for the first time in 2013 is now at its highest level for more than a year.

Shipside adds: "While the cavalry charge from major institutions seeking to invest in the private rented sector has so far failed to materialise, private landlords, whether accidental, virgin or professional, are perhaps enjoying the respite and seizing the opportunities that come with having the battlefield to themselves."

Landlords enticed by sustained demand and attractive returns on investment

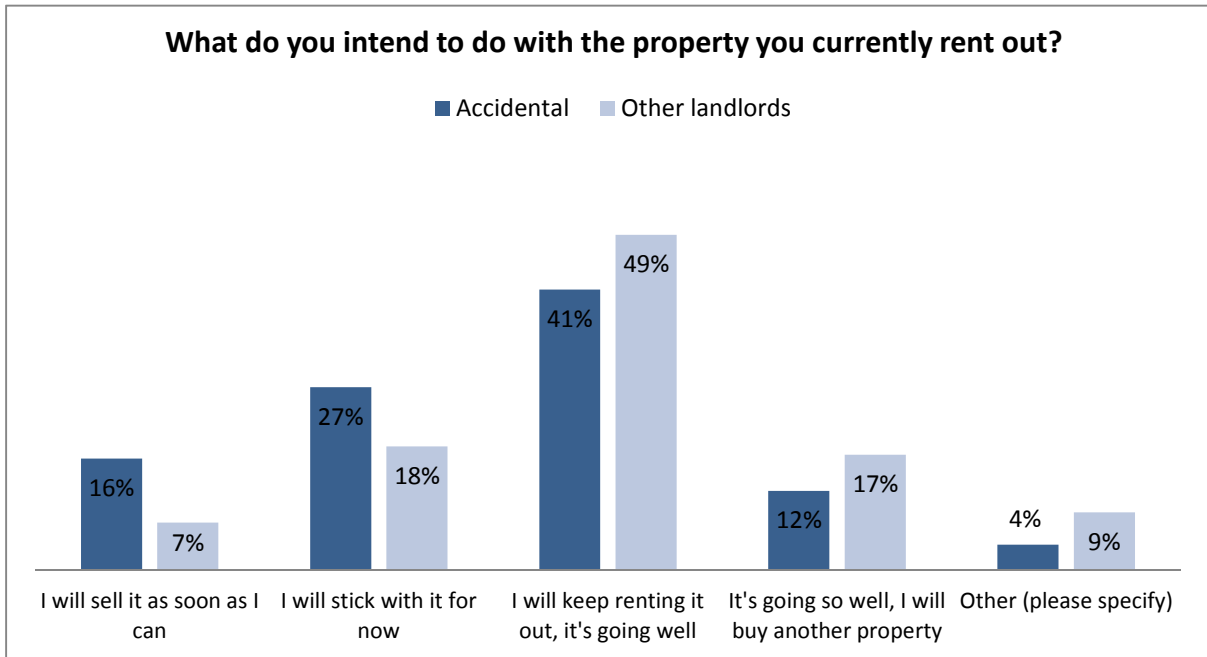
Landlords are attracted to invest by a combination of sustained demand and attractive yields. The proportion of 'trapped renters' – those tenants who state they would like to buy but can't afford to - remains stubbornly high at 53%. They are joined by a growing proportion of tenants who state that they are not interested in buying as renting suits them. This group now stands at one in six (16%), the highest level ever recorded by Rightmove. In addition, those tenants who expect to stay in rented accommodation for three years or more has jumped from 32% in last quarter's survey to 37% this quarter.

As well as tenant demand, buy-to-let landlords also require an enticing return in order to invest, and the current private rental sector appears to offer that for many investors. 60% of landlords surveyed report that they would accept a yield of 6%. This is broadly in line with Rightmove research which finds that the average UK rental yield is 5.73%.

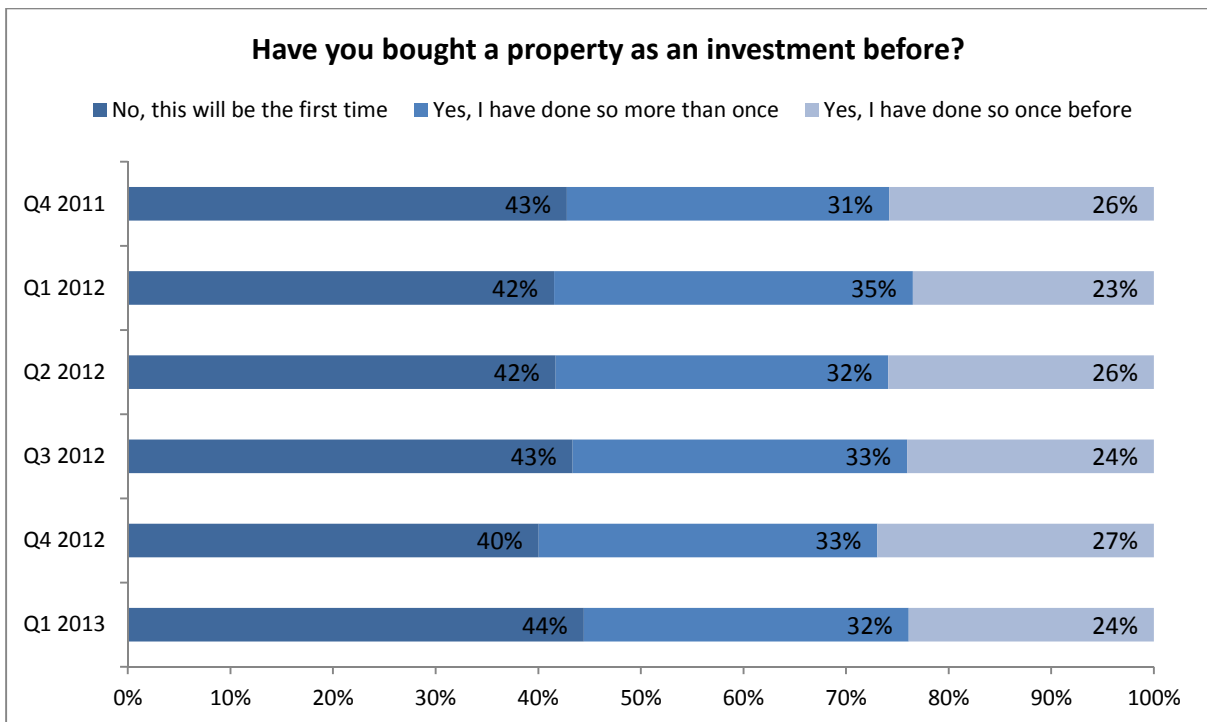
Shipside notes: "In locations where property prices have fallen substantially or rents have risen more dramatically, landlords have invested and many seem willing to invest again. Some higher priced areas remain unattractive to the hard-nosed investor or risk-averse lenders. Those areas will continue to see the supply of rental property outstripped by demand putting further upwards pressure on rents. However, overall greater supply of rental property coming on tap is good news for tenants as it is likely to lessen the pace of rental growth in 2013."

APPENDICES

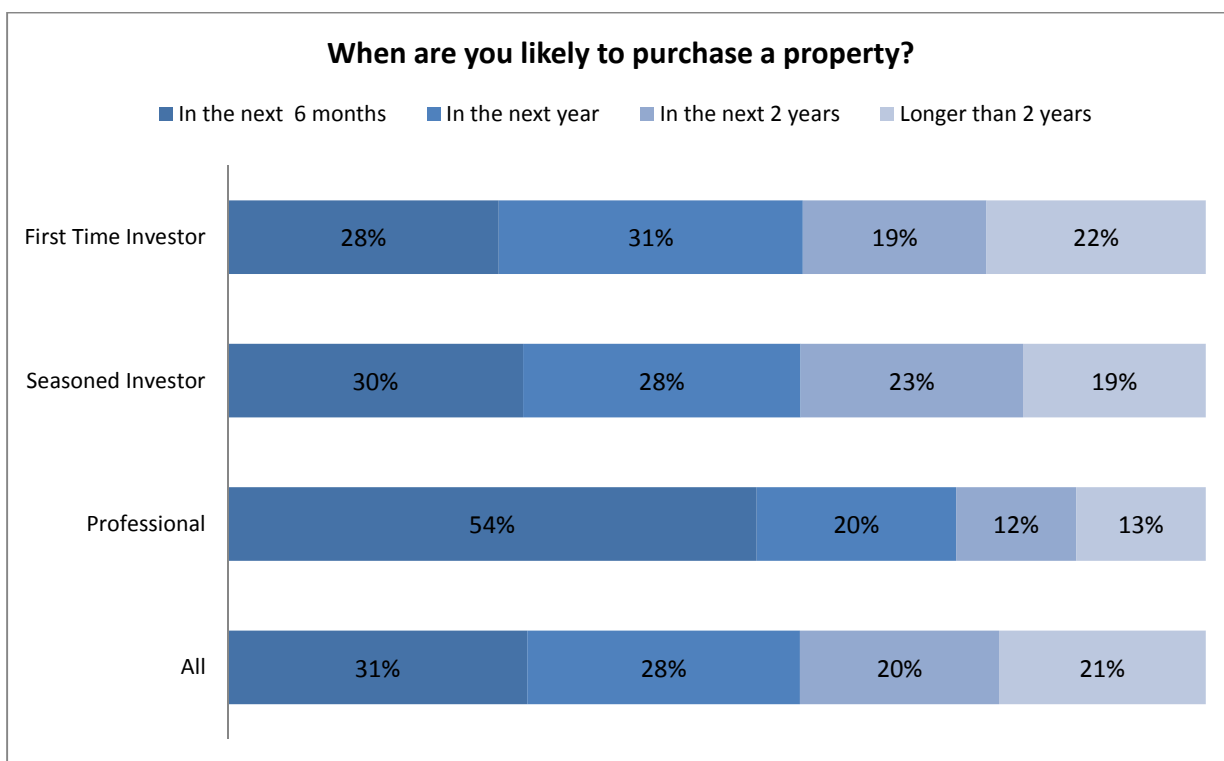
Landlord Intentions



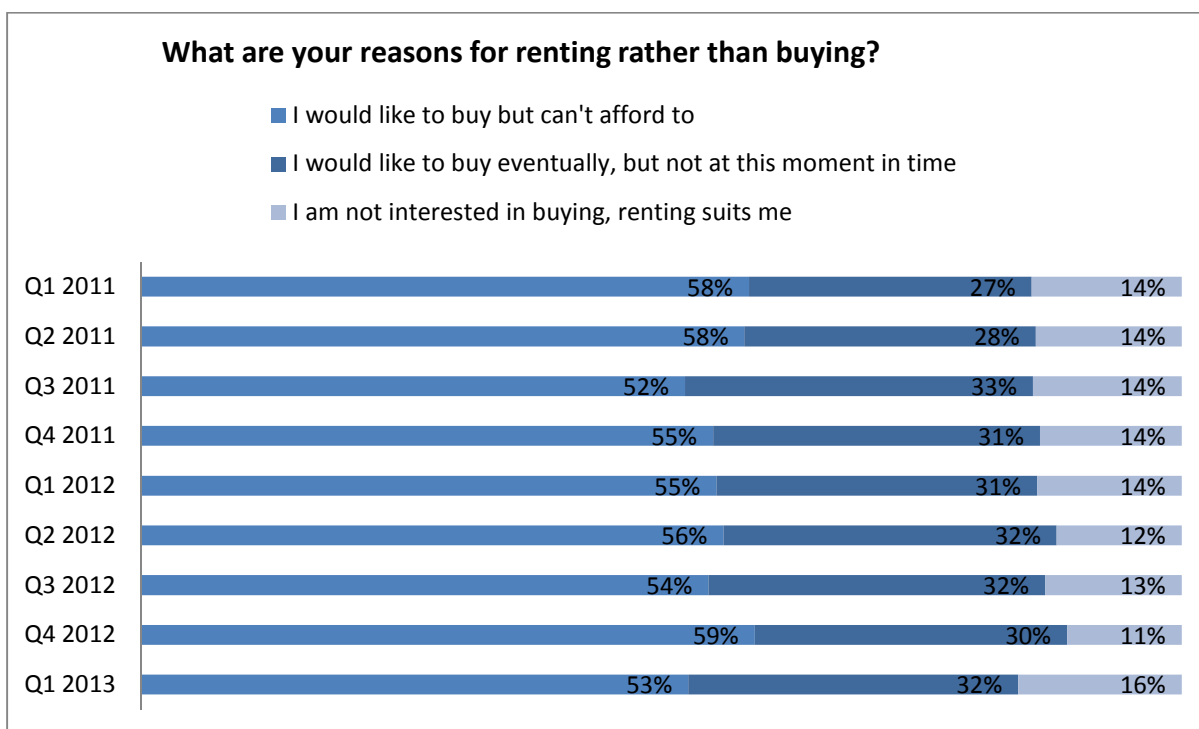
Composition of Investors - Trend



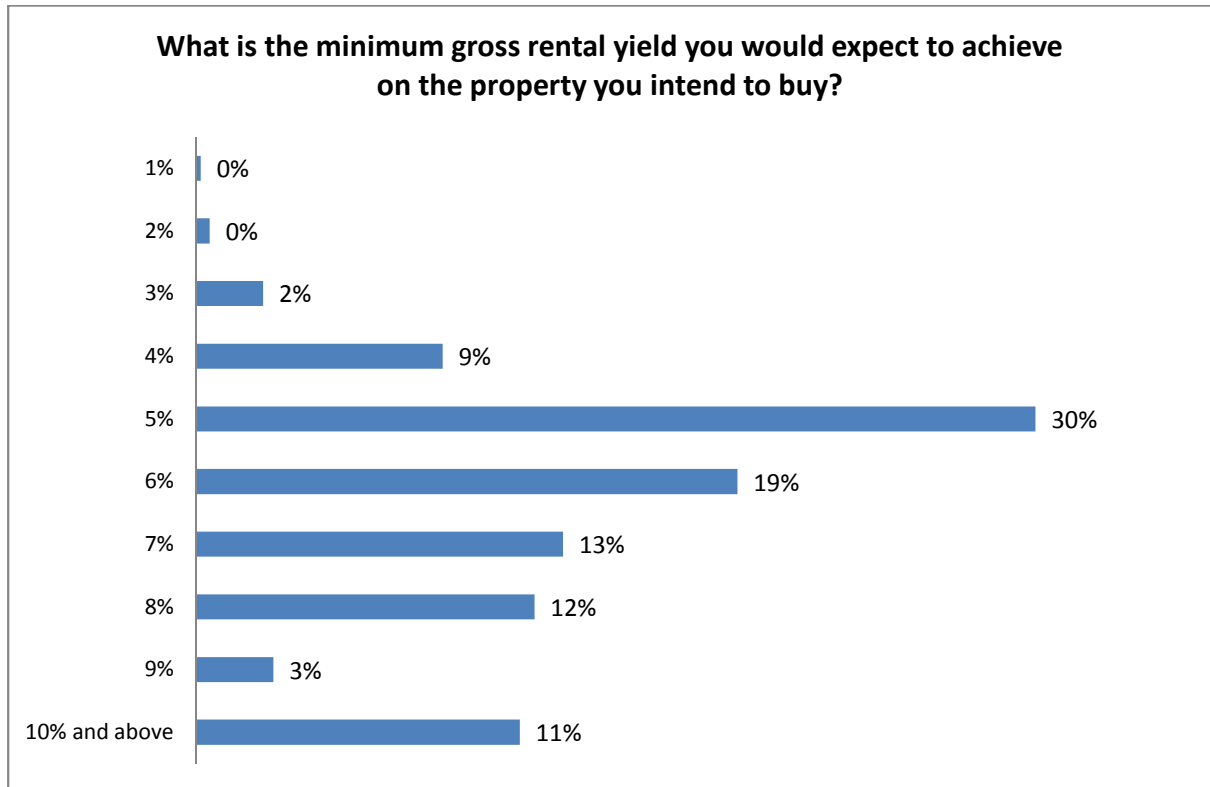
Plans for future property purchase - Investor



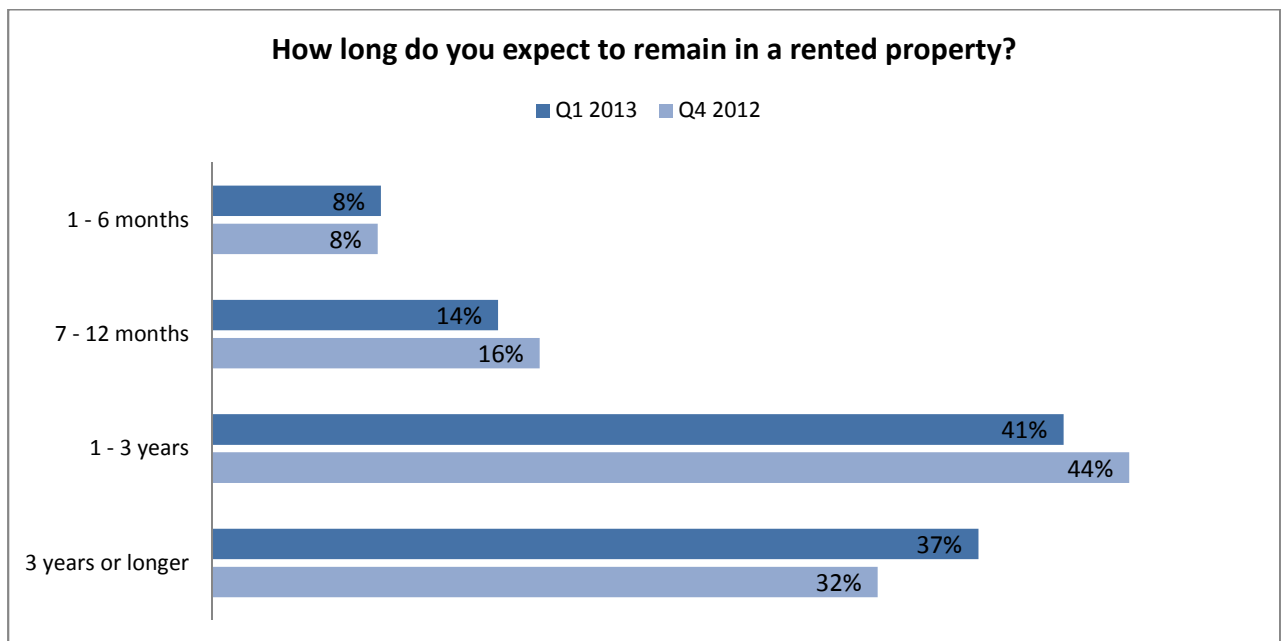
Reasons for renting



Landlords expected gross rental yield



Renters housing plans for the future



About this survey

The data presented as part of this release is taken from the quarterly Rightmove Consumer Confidence Survey. The survey seeks the views and attitudes of home-movers towards a key British obsession – the housing market. Started in early 2009, more than 120,000 people responded to the survey in its first year alone.

The Rightmove Consumer Confidence Survey provides a UK-wide picture of home-mover confidence by collecting opinions on a range of factors affecting the housing market and perceptions of it.

As one of the Top 10 most visited websites in the UK, Rightmove attracts a wide demographic and one that very closely matches the working-age profile of the UK. Rather than purely seeking the views of those currently active in the housing market, Rightmove's database ensures a much wider, more representative sample.

Matthew James, consumer and market insight manager at Rightmove, comments: "The Rightmove Consumer Confidence Surveys provide a fascinating early indicator of the trends that we can expect to see a bit further down the line. The rental market can be difficult to judge but plays a key role in the state of the wider UK property market. Drawing upon the views and expectations of tenants themselves, provides a valuable insight into how the market can be expected to perform."

All responses were completed via an online questionnaire between **Wednesday, 2nd of January and Wednesday, 16th of January 2013**. A total of 10,008 responses were received from respondents who currently rent/let and who expect to do so over the next 12 months during this time.

Data is weighted using Census data available from the Office for National Statistics to help ensure the results are representative of the UK and its regions.