

TMW Rental Income Analysis

Q1 2017



the mortgage works 

Gross Rental Income Analysis Q1 2017 - Methodology

For intermediary use only

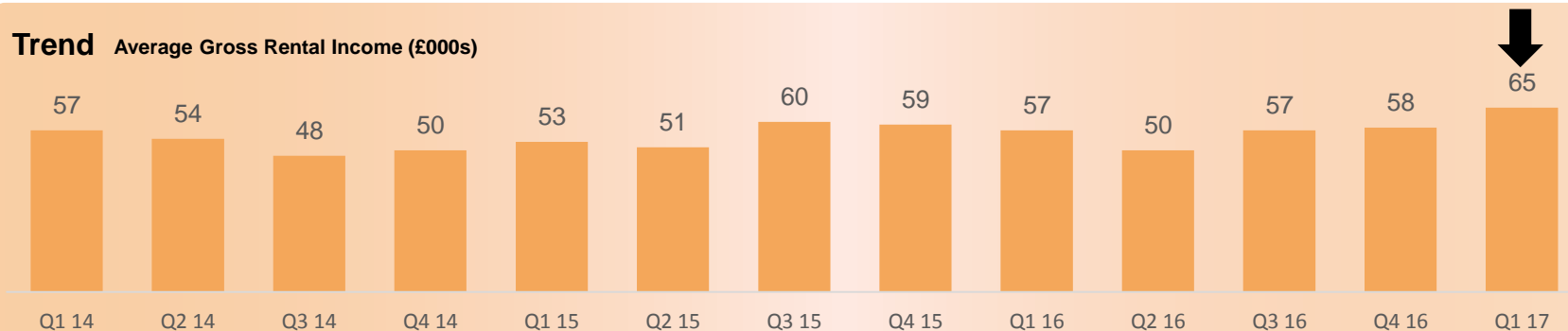
We asked landlords to self-select their annual gross rental income. This report outlines the results along with rental trends and future rental intentions.

The basis for the analysis in this report is derived from the following question:

Over the last 12 months, in which band is the gross rental income you receive from your residential letting portfolio?

- The average gross rental income earned in the last 12 months is **£65,000**, up by £7,000 on Q4 2016.

Trend Average Gross Rental Income (£000s)



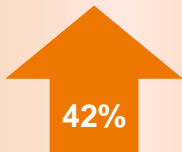
Gross Rental Income Analysis Q1 2017 - Overall

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- The average gross rental income earned in the last 12 months is **£65,000**, up by £7,000 on Q4 2016.
- This level of income is the **highest recorded in the last 3 years**.
- BTL landlords are **generating a gross rental income which is 60% higher than that of unencumbered landlords**.



Annual rental
income per
property



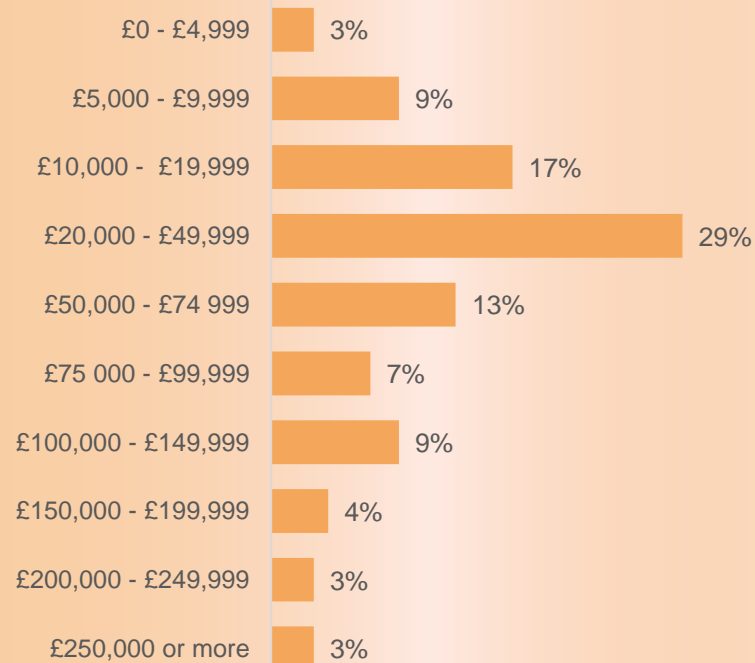
Increased
rents in *last*
12 months



Plan to
increase
rents in *next*
6 months

Annual Gross Rental Income

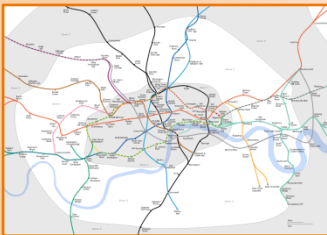
Average: **£65,000**



Regions

- **7 of the 12 UK regions** achieve a rental income **above the national average**.
- Landlords in **London generated the highest gross rental income** in the 12 months to Q4 2016 **at around £85,000**.
- **Income was lowest in the North West** at around half that level.
- Landlords in the central London travel zones received rental incomes **in excess of £88,000**, but our data continues to indicate that rents are coming under increasing pressure as tenant demand softens in the capital.

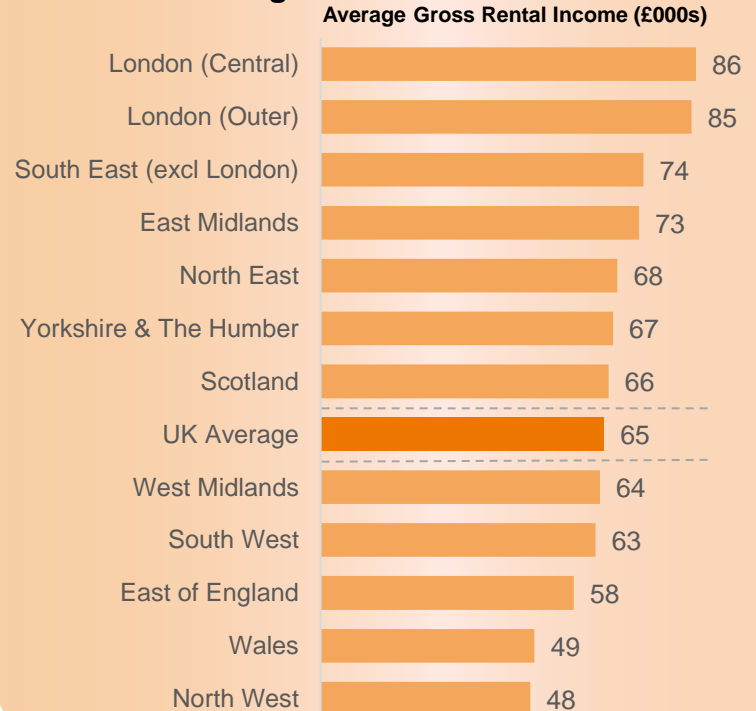
Spotlight on London



- London Zone 1-2: **£88,000**
- London Zone 3-6: **£92,000**

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Standard UK Region

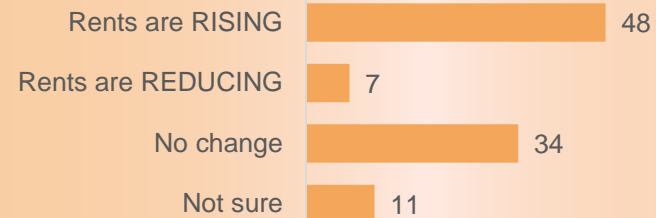


Rental trends & intentions

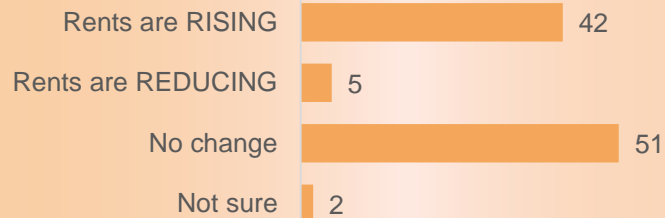
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- **Just under half of landlords (48%) think that rents are increasing** in the areas that they are letting property, down 5% on Q4 2016.
- Over 4 in 10 landlords have **increased rents for at least some of their properties** in the last year.
- **1 in 3 plan to increase rents** in the next 6 months. Portfolio landlords will be much more aggressive in driving rental increases.
- **1 in 5 landlords operating in Central London report that rents are falling locally**, with 10% having decreased rents themselves in the last year.

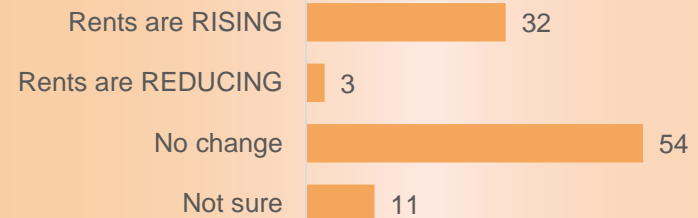
Current trend in landlords' areas (%)



Across landlords' portfolio in LAST 12 months (%)



Across landlords' portfolio in NEXT 6 months (%)

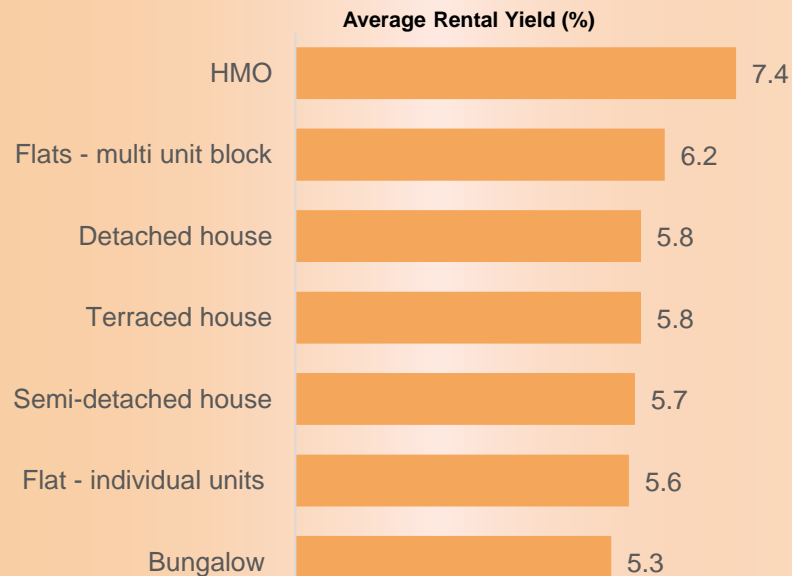


Portfolio

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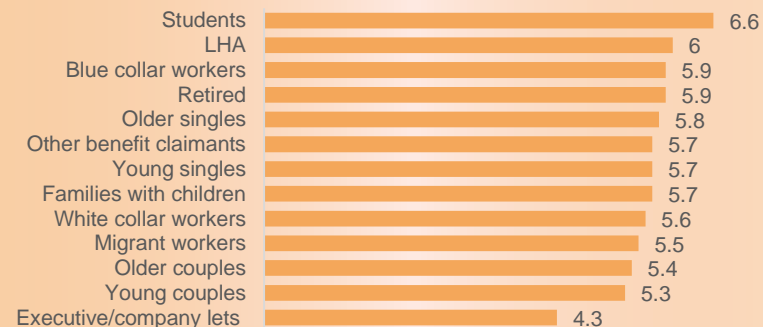
Property type

(Landlords were also asked to self define the overall rental yield they currently receive from their letting portfolio - taking into account current rental income, current portfolio value, any mortgages, maintenance and other running costs)



Tenant type

Average Rental Yield (%)



Portfolio size

Average Gross Rental Income (£000s)



Financials

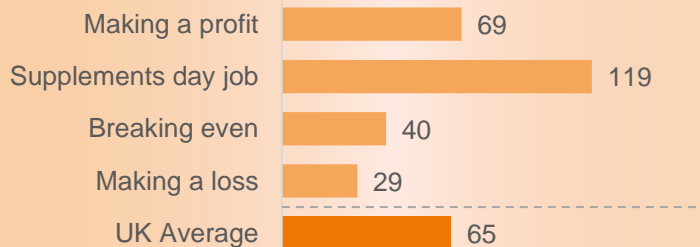
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- BTL landlords are **generating a gross rental income which is significantly higher (60%)** than that of unencumbered landlords.
- Landlords currently **in a financial loss-making situation achieve the weakest rental income** at just £29,000 on average.
- Those **self-employed as a landlord (24%)** are rewarded with the **highest levels of rental income** at £109,000 on average.

BTL Borrowing Average Gross Rental Income (£000s)



Profitability Average Gross Rental Income (£000s)



Employment Status Average Gross Rental Income (£000s)

