

TMW Rental Income Analysis

the mortgage works 

Q4 2018



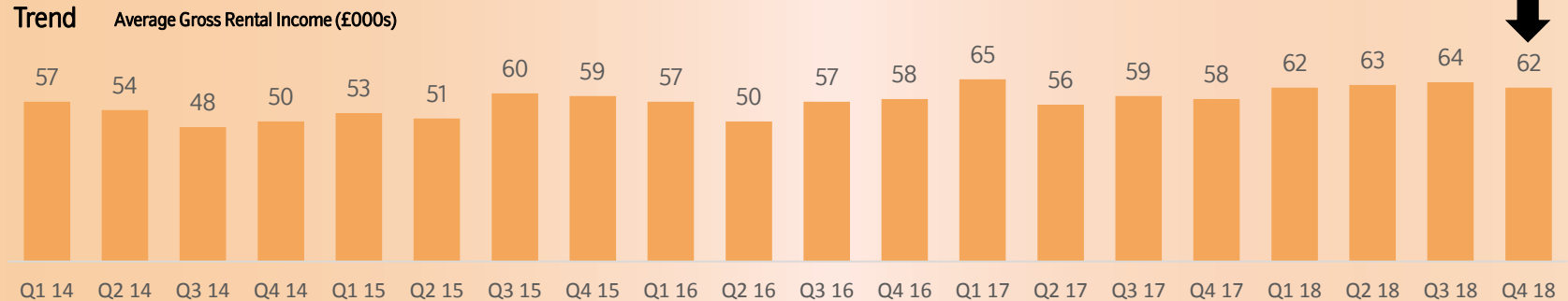
Gross Rental Income Analysis Q4 2018 - Methodology

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?

- In Q4 2018 the average gross rental income earned in the last 12 months is **£62,000**, down by £2,000 from Q3.



Gross Rental Income Analysis Q4 2018 - Overall

For intermediary use only

- The typical landlord generated **£62,000** in gross rental income in the last 12 months which is slightly down on Q3, but up £4,000 year-on-year.
- Landlords who borrow to fund their **BTL portfolio** continue to generate a higher gross rental income, achieving an average of **£72k** a year. **Unleveraged landlords achieve only 64% of this figure (£46k).**
- In Q4 more landlords reported that they had increased their rents in the last year, with 38% saying this was the case vs. 33% in Q3. In the next 6 months, 28% of landlords expect to put rents up across their own portfolio, with this more likely amongst those with larger portfolios.



Annual rental
income per
property



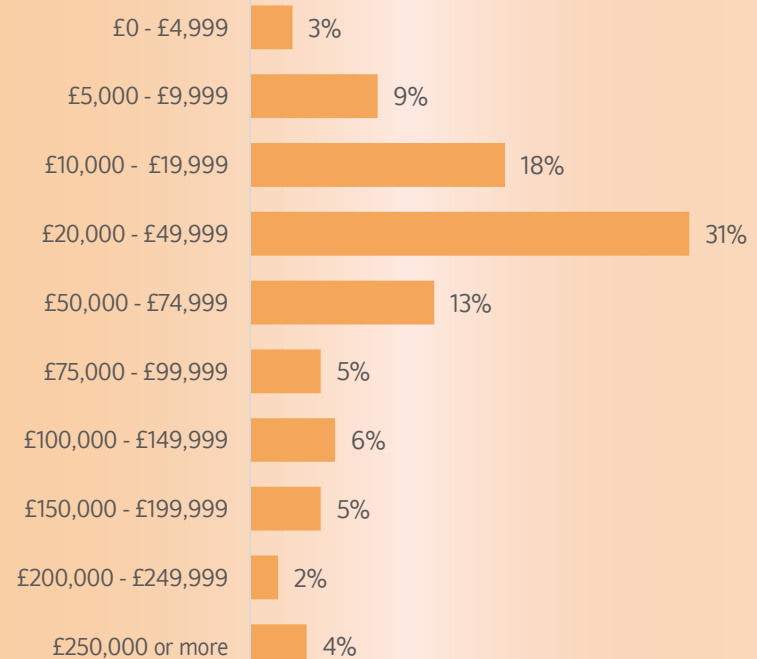
Increased rents
in last 12 months



Plan to increase
rents in next 6
months

Annual Gross Rental Income

Average: £62,000

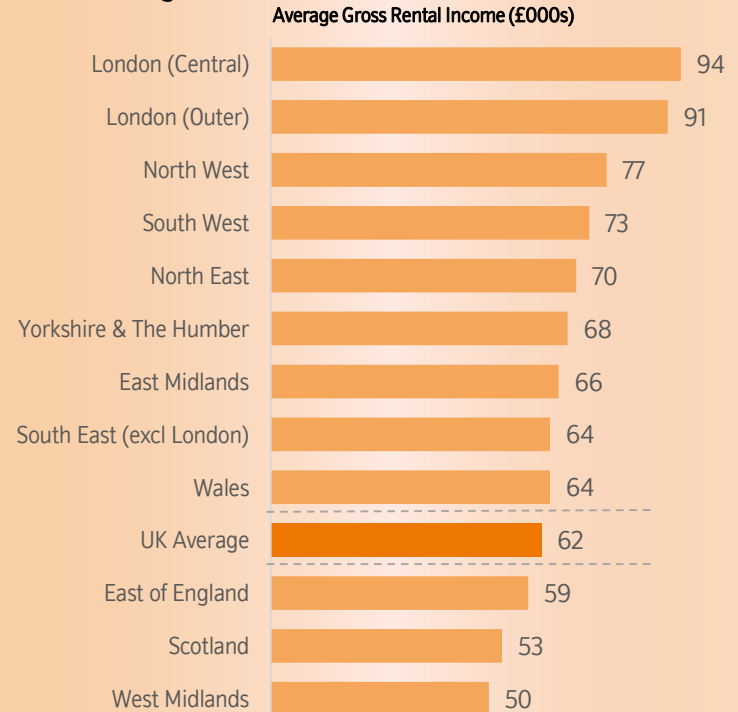


Regions

- **9 of the 12 UK regions** achieve a gross rental income **above the national average**.
- The **highest gross rental income** is achieved by landlords operating in **Central London**, who generated £94k on average in the last year.
- Annual income is **lowest in the West Midlands**, where **£50k** was generated on average in the last year.
- The last quarter has seen significant growth in the gross annual rental income achieved by those operating in the **North West (+£18k vs. Q3)** and the **South West (+£14k vs. Q3)**.

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Standard UK Region

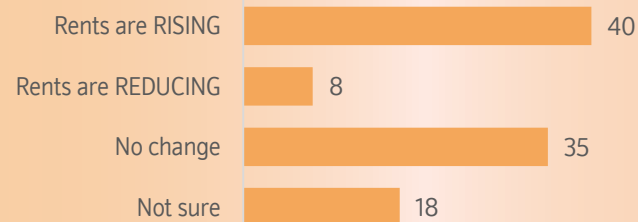


Rental trends & intentions

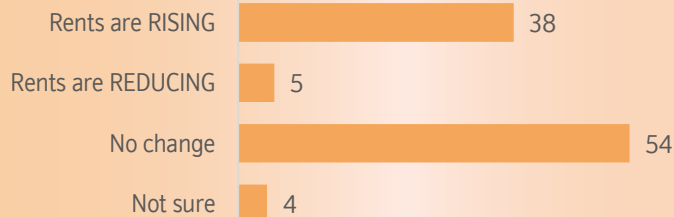
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- **40% of landlords report that rents are rising** in the areas they let properties, up from 33% who thought this was the case at the start of the year.
- The proportion that have put rents up across their own portfolio in the last year has also risen, from 30% in Q1 to 38% in Q4.
- Compared to the start of 2018, a higher proportion of landlords now intend to increase rents in the next 6 months, at 28% in Q4 vs. 24% in Q1.
- Regionally, those with property in **Wales are most likely to intend to put their rents up in the next year (41%)**, those in **Outer London the least likely (16%)**.

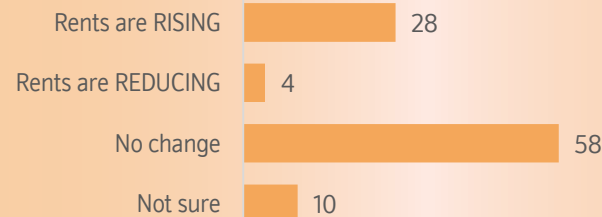
Current trend in landlords' areas (%)



Across landlords' portfolio in LAST 12 months (%)



Across landlords' portfolio in NEXT 6 months (%)

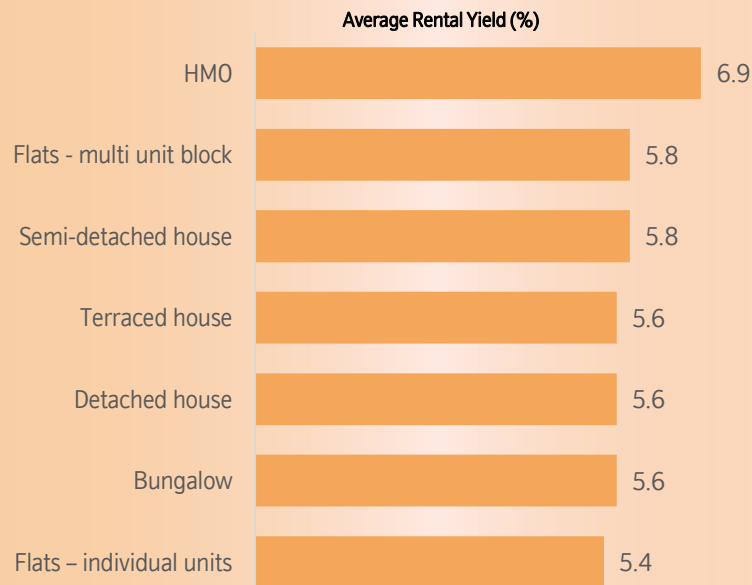


Portfolio

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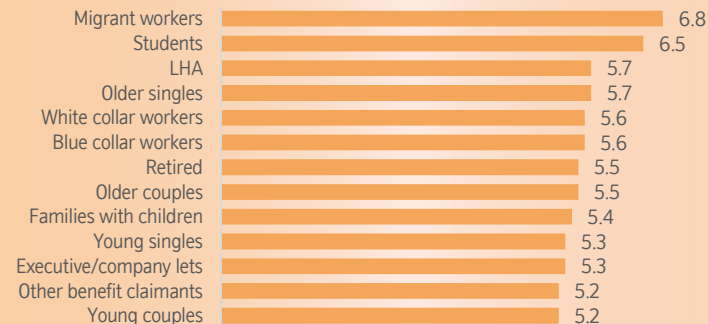
Property type

(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)



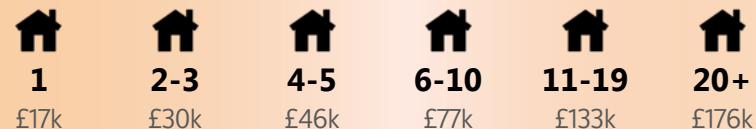
Tenant type

Average Rental Yield (%)



Portfolio size

Average Gross Rental Income (£000s)



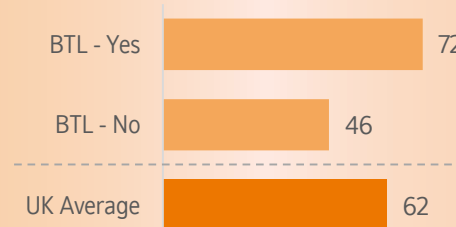
Financials

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- Landlords who have BTL mortgage borrowing generate a gross rental income which is significantly higher than those who own their portfolio outright (£72k vs. £46k).
- Landlords who make a profit from their letting activity achieve an average gross rental income of £65k, while loss making landlords typically only manage to achieve just over half of this, at £37k.
- Those who operate as a self-employed landlord generate the highest gross rental income, averaging £112k per year, whilst those who are retired generate the lowest amount, at £36k on average.

BTL Borrowing

Average Gross Rental Income (£000s)



Profitability

Average Gross Rental Income (£000s)



Employment Status

Average Gross Rental Income (£000s)

