

the mortgage works 

Rental Income Analysis

Q2 2019

Gross Rental Income Analysis Q2 2019: Methodology

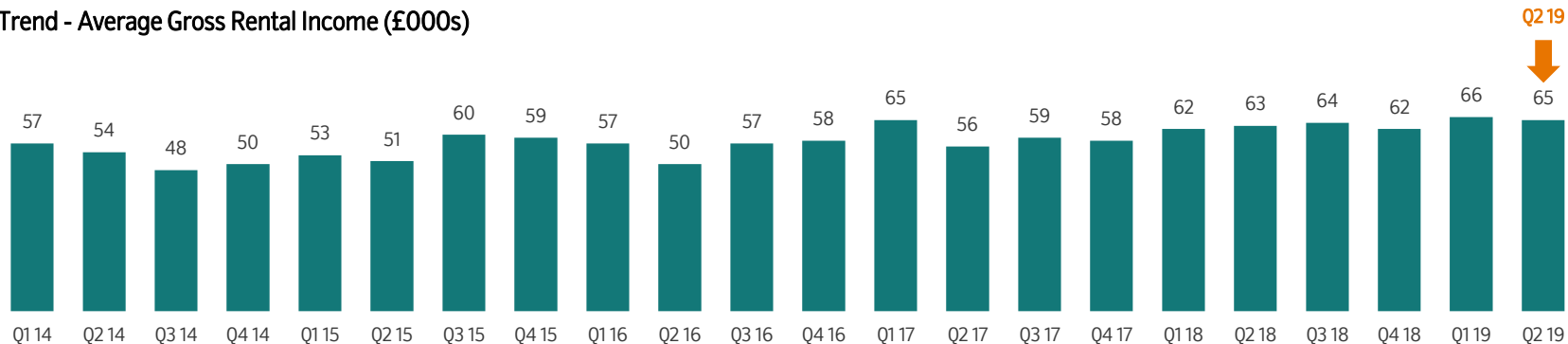
We asked landlords to self-select their annual gross rental income. This report outlines the results along with current rental trends and future rental intentions.

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 Q2 2019 the average gross rental income earned in the last 12 months is **£65,000**, down by £1,000 from Q1 2019.

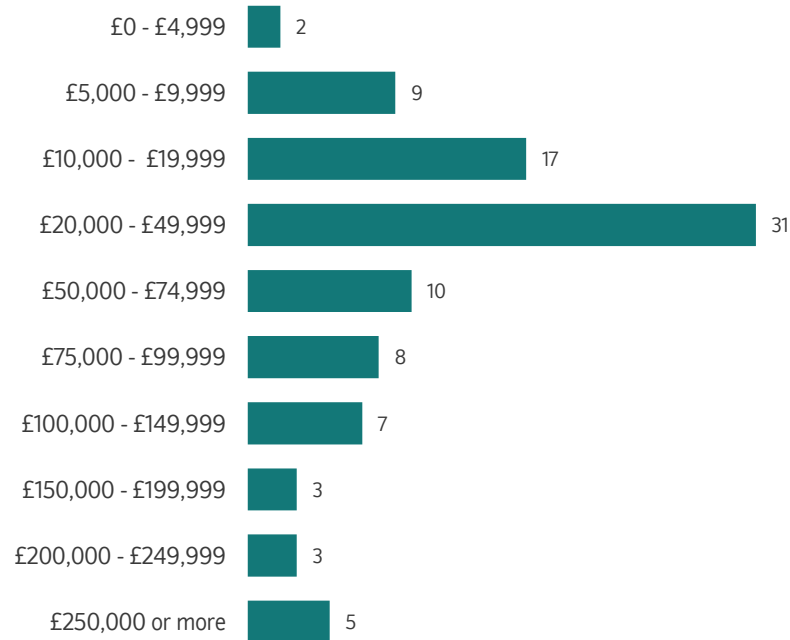
Trend - Average Gross Rental Income (£000s)



Gross Rental Income Analysis Q2 2019: Overall

Annual Gross Rental Income (%)

Average: £65,000



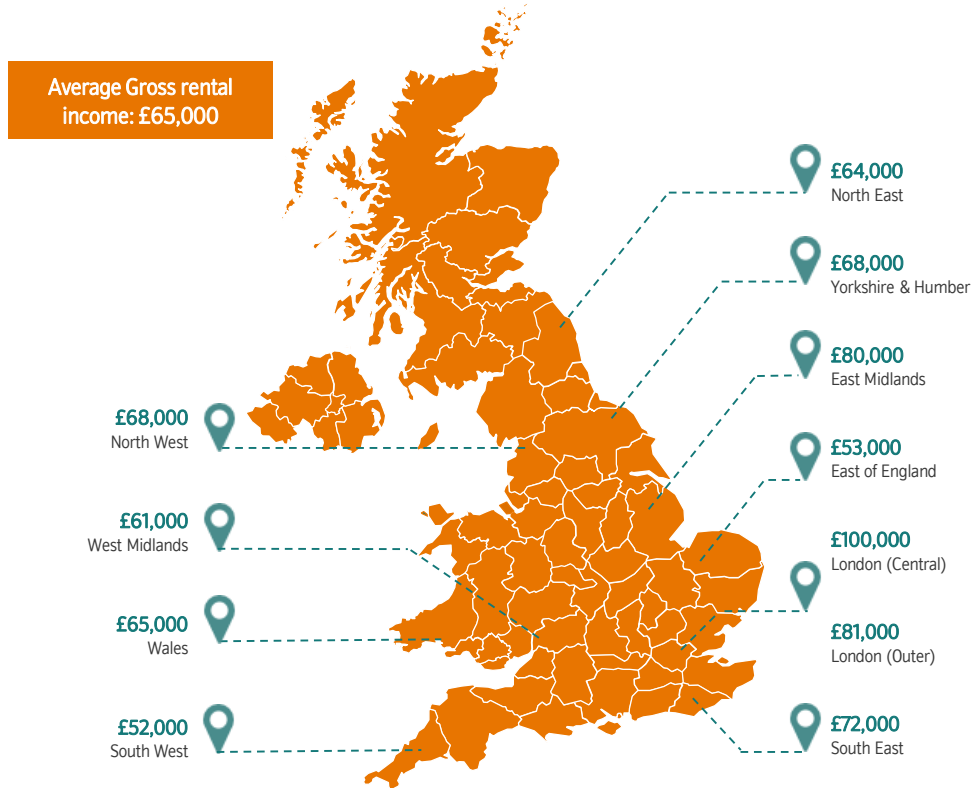
In Q2, the typical landlord reported generating **£65,000** per year in gross rental income from their portfolio, which is £1,000 lower than the average rental income generated in Q1 19.

Despite this slight fall in gross rental income, the average **annual rental income per property** has increased, to **£7,558** (vs. £6,700 in Q1 19).

In Q2 2019, fewer landlords reported that they had increased their rents in the last 12 months, with just 26% saying this was the case vs. 32% in Q1 (-6%pts). The proportion of landlords intending to increase rents has remained stable this quarter, with 24% planning to put rents up in the next 6 months.



Regional Income Analysis



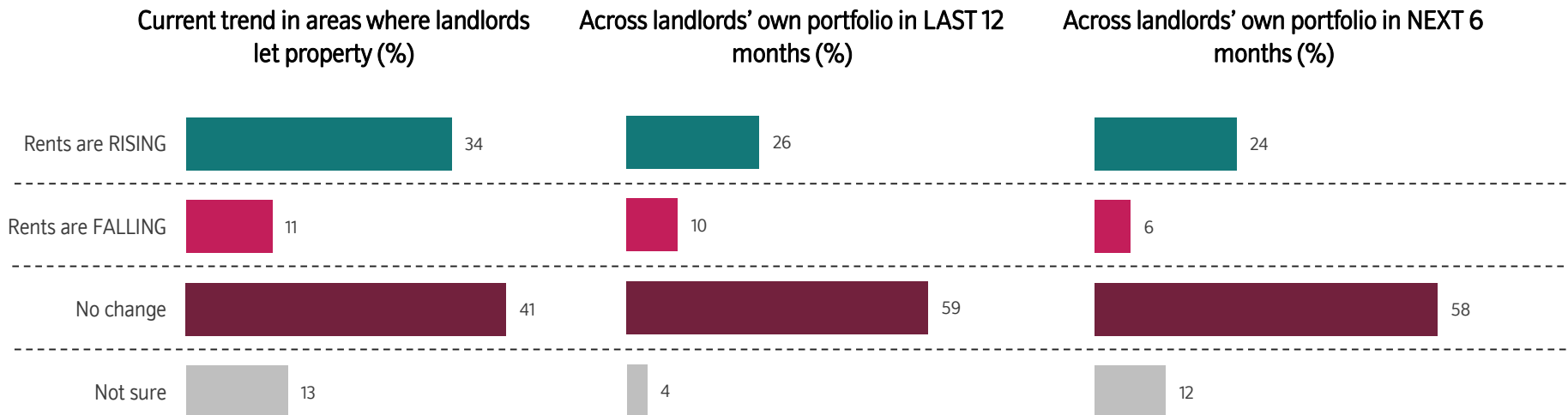
6 of the 11 standard regions in England & Wales achieve a gross rental income above the national average.

Central London continues to achieve the highest average gross rental income at £100,000 per year, however this has decreased by £3,000 from Q1 2019. Those in Outer London have seen a £3,000 increase in average annual gross rental income, to £81,000 this quarter.

The North East, West Midlands, South West and East of England all generate an average gross rental income that is below the national average, with the South West generating the lowest average income, at £52,000 per year.

NOTE: Base size too small to report Scotland results separately

Rental Trends & Intentions



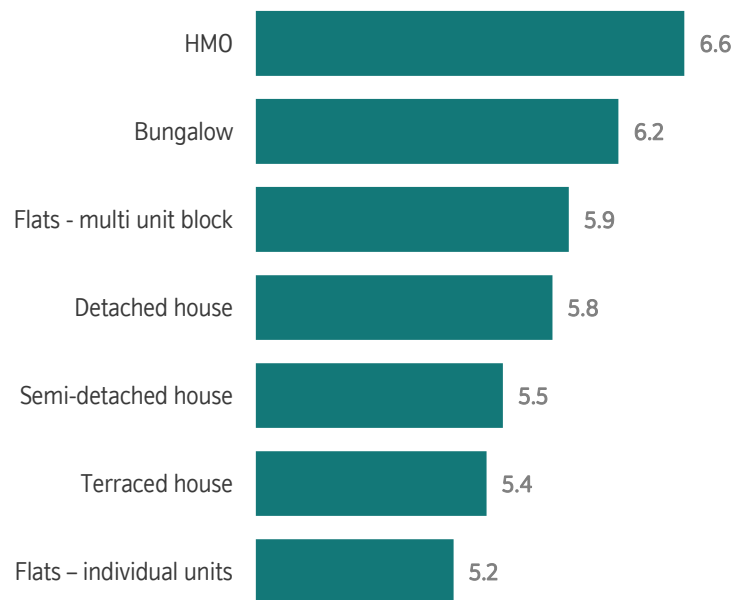
Just over 1 in 3 landlords report that rents are rising in the areas they let properties, the same as in Q1. Landlords' future outlook for their portfolios has also remained stable this quarter, **with 24% of landlords anticipating rental increases in the next 6 months**. However, there has been a fall in landlords who have put rents up across their own portfolios in the last 12 months, down from 32% in Q1 2019, to 26% in Q2 2019.

There are some significant regional variations, with landlords with **properties in the South West most likely to intend to put their rents up in the next 6 months (36%)**, those in London the least likely (12%). Compared to their smaller counterpart, landlords with larger portfolios are more likely to be looking to increase rents in the next 6 months, with 36% of 11+ property landlords planning to raise rents compared to just 21% of landlords with 1 – 10 properties.

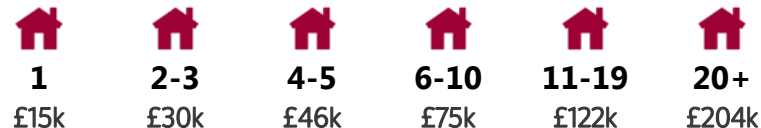
Portfolio Analysis

Average Rental Yield by Property Type (%)

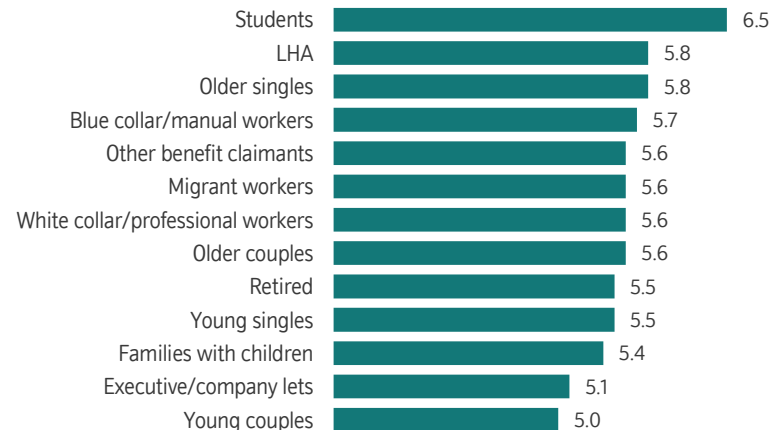
(Landlords were also asked to self-define the overall rental yield they currently receive from their letting portfolio - taking into account current rental income, current portfolio value, any mortgages, maintenance and other running costs)



Average Gross Rental Income by Portfolio Size (£000s)



Average Rental Yield by Tenant Type (%)



Landlords Financial Analysis

Average Gross Rental Income by Profitability (£000's)

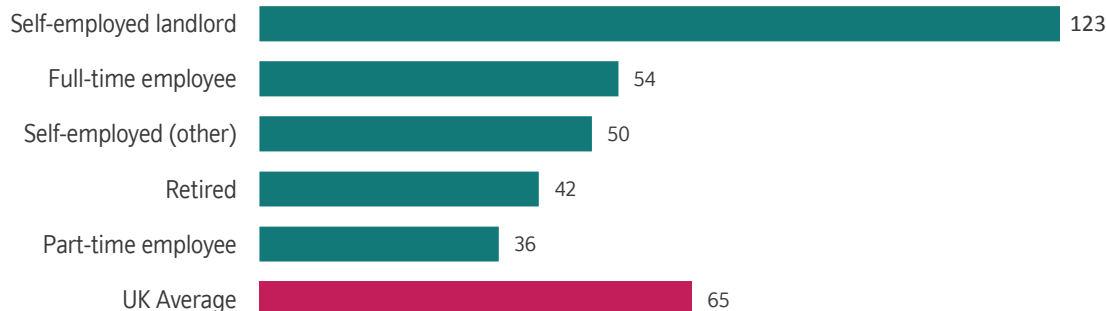


Landlords who make a profit from their letting activity achieve an average gross rental income of **£68k** (-£2k vs. Q1 2019). Loss making landlords typically manage to achieve just over two thirds of this at £47k.

Those who operate as a **self-employed landlord generate the highest gross rental income**, averaging £123k per year, whilst those who are part-time employed generate the lowest amount, at £36k on average.

Landlords with BTL mortgage borrowing continue to generate a **significantly higher gross rental income** than those who own their portfolio outright (£75k vs. £47k).

Average Gross Rental Income by Employment Status (£000's)



Average Gross Rental Income by BTL Lending (£000's)

