

the mortgage works 

Rental Income Analysis

Q3 2019

Gross Rental Income Analysis Q3 2019: Methodology

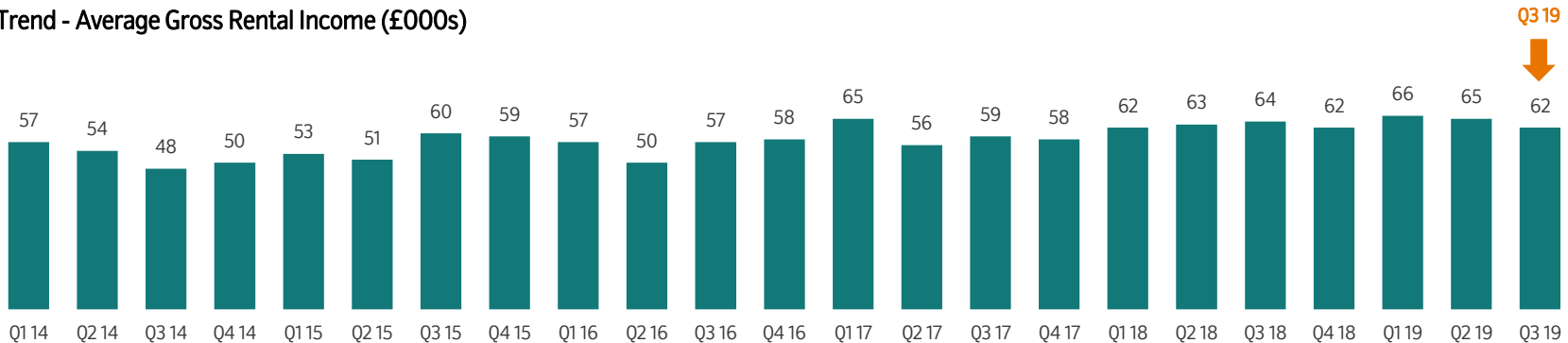
We asked landlords to self-select their annual gross rental income. This report outlines the results along with current rental trends and future rental intentions.

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 Q3 2019 the average gross rental income earned in the last 12 months is **£62,000**, down by £3,000 from Q2 2019.

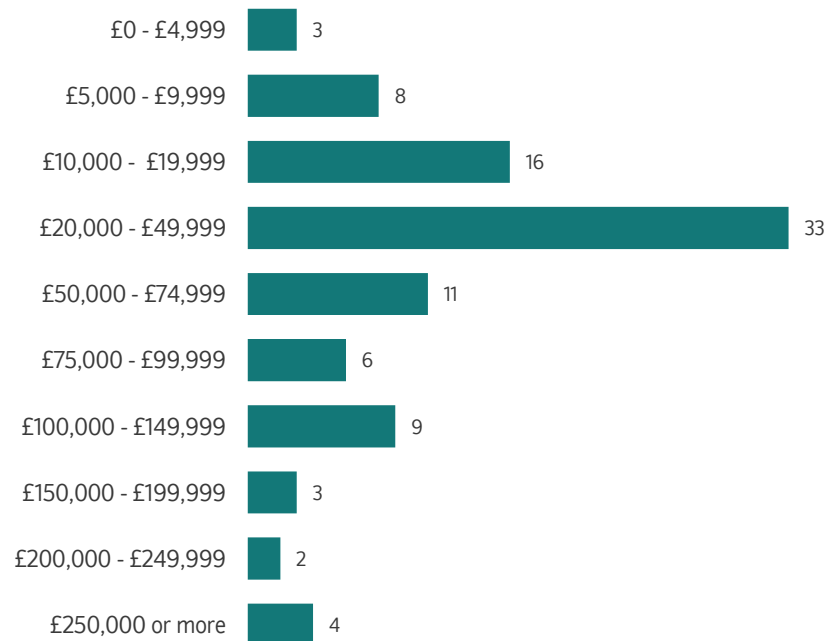
Trend - Average Gross Rental Income (£000s)



Gross Rental Income Analysis Q3 2019: Overall

Annual Gross Rental Income (%)

Average: £62,000



In Q3, the typical landlord reported generating **£62,000** per year in gross rental income from their portfolio, which is £3,000 lower than the average rental income achieved in Q2 19.

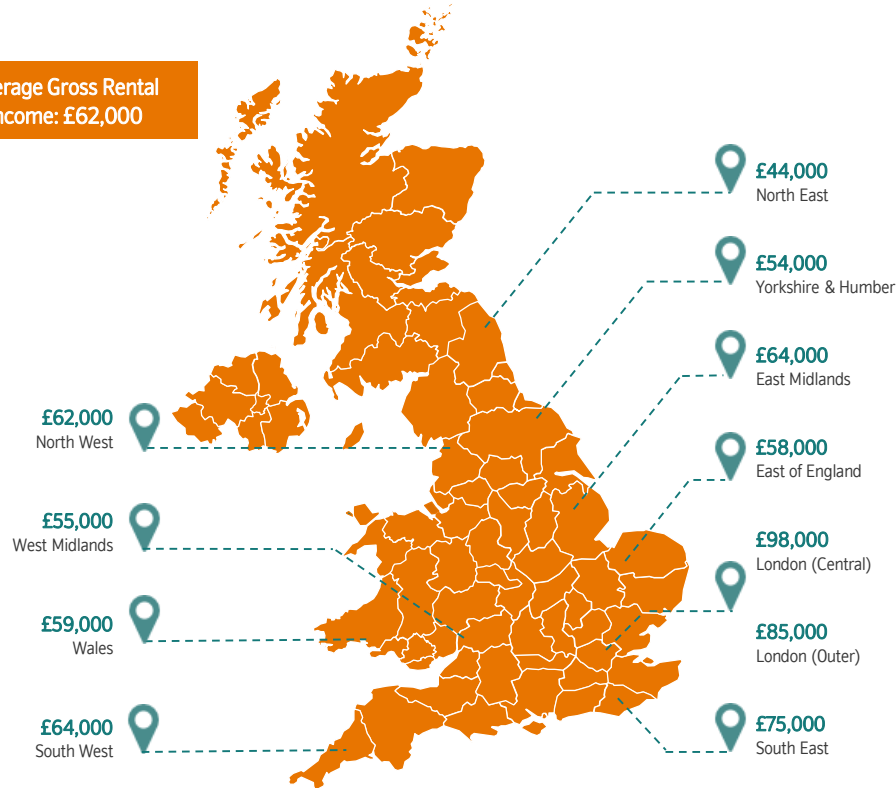
Despite this fall in gross rental income, due to smaller portfolio sizes, the average **annual rental income per property** has increased to **£8,073** (vs. £7,558 in Q2 19).

In Q3 2019, more landlords reported that they had increased their rents in the last 12 months, with 29% saying this was the case vs. 26% in Q2 (+3%pts). The proportion of landlords intending to increase rents in the next 6 months has remained relatively stable this quarter at 23% (vs. 24% in Q2).



Regional Income Analysis

Average Gross Rental
Income: £62,000



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

The highest average gross rental income continues to be achieved by those operating in Central London, at £98,000 per year. The other regions achieving an above average gross rental incomes in Q3 are Outer London, the South East, South West and East Midlands.

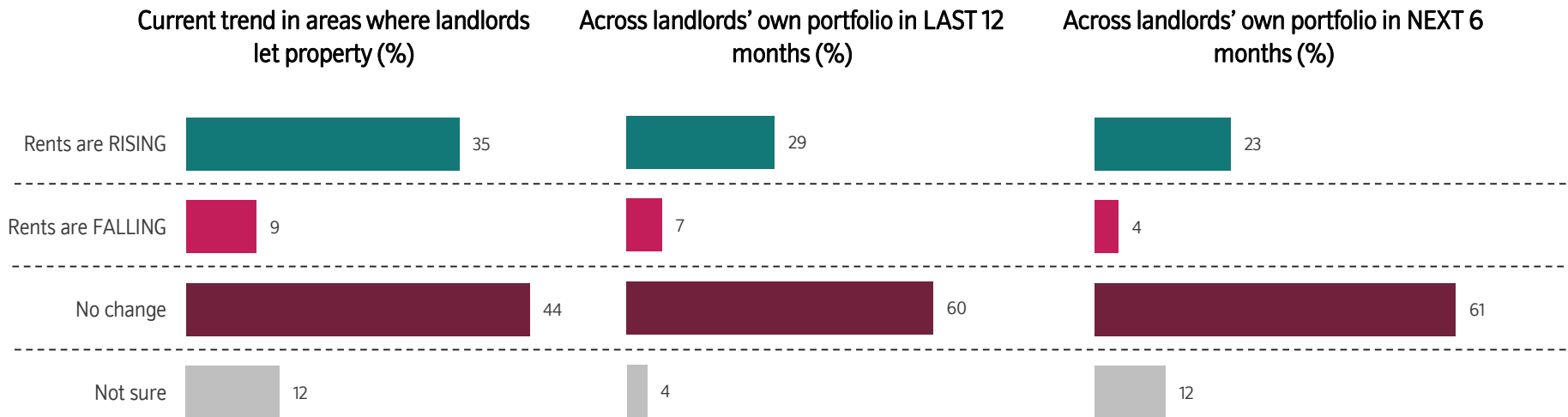
The North West generates a gross rental income in-line with the national average.

The North East, Yorkshire & Humber, West Midlands, Wales and East of England all generate an average gross rental income that is below the national average, with the North East generating the lowest average income in Q3, at £44,000 per year.

NOTE: Base size too small to report Scotland results separately

Source: BVA BDRCLandlord Panel research Q3 2019
The Mortgage Works (UK) plc is a wholly owned subsidiary of Nationwide Building Society, Nationwide House, Pipers Way, Swindon. SN38 1NW T1393

Rental Trends & Intentions



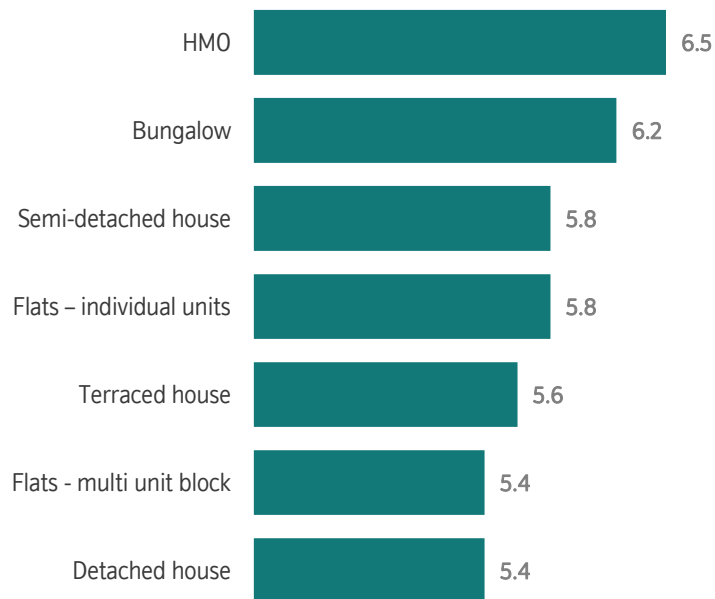
Similarly to Q2, **just over 1 in 3 landlords report that rents are rising in the areas they let properties**. Landlords' future intentions for their portfolios have also remained largely unchanged, **with 23% intending to increase their rents in the next 6 months**. However, there has been a slight increase in landlords who have put rents up across their own portfolios in the last 12 months, up from 26% in Q2 2019, to 29% in Q3 2019.

Intentions vary significantly by region, with **landlords operating in Wales most likely to intend to put their rents up in the next 6 months (38%)**, whilst those in the North East are least likely (14%). Compared to their smaller counterparts, landlords with larger portfolios continue to be more likely to be looking to increase rents in the next 6 months, with 32% of 11+ property landlords planning to raise rents compared to just 21% of landlords with 1 – 10 properties.

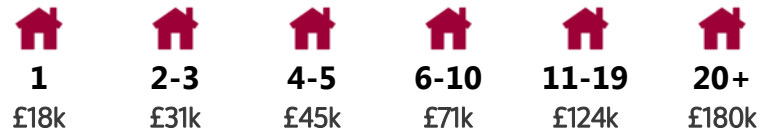
Portfolio Analysis

Average Rental Yield by Property Type (%)

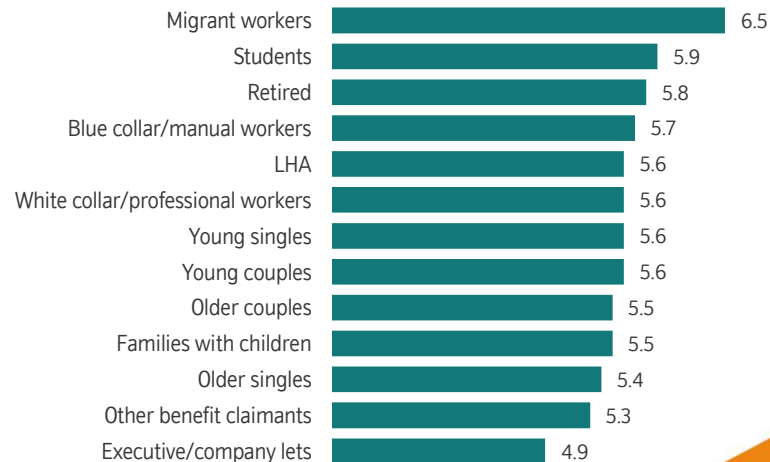
(Landlords were also asked to self-define the overall rental yield they currently receive from their letting portfolio - taking into account current rental income, current portfolio value, any mortgages, maintenance and other running costs)



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)

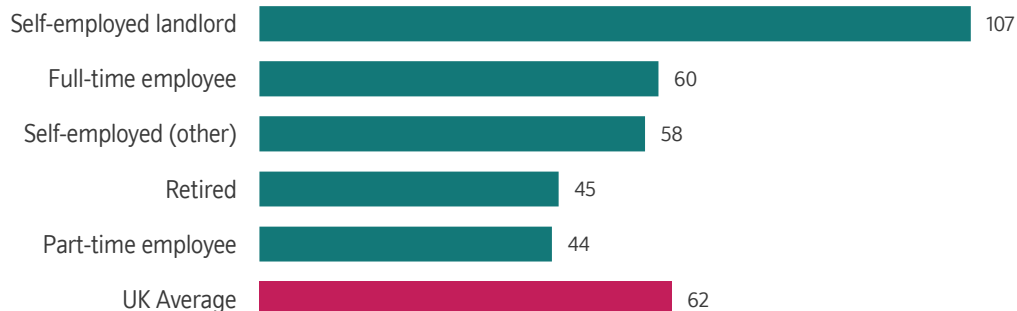


In Q3, landlords who make a profit from their letting activity achieve an average gross rental income of **£64k** (-£4k vs. Q2 2019). Loss making landlords typically manage to achieve just under two thirds of this at £40k.

Those who operate as a **self-employed landlord generate the highest gross rental income**, averaging £107k per year, whilst those who are part-time employed generate the lowest amount, at £44k on average.

Landlords with BTL mortgage borrowing continue to generate a significantly higher gross rental income than those who own their portfolio outright (£72k vs. £45k).

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



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

