

the mortgage works 

Rental Income Analysis

Q1 2021

Fieldwork took place **14th March 2021 – 5th April 2021**



For intermediary use only

Gross Rental Income Analysis Q1 2021: Methodology

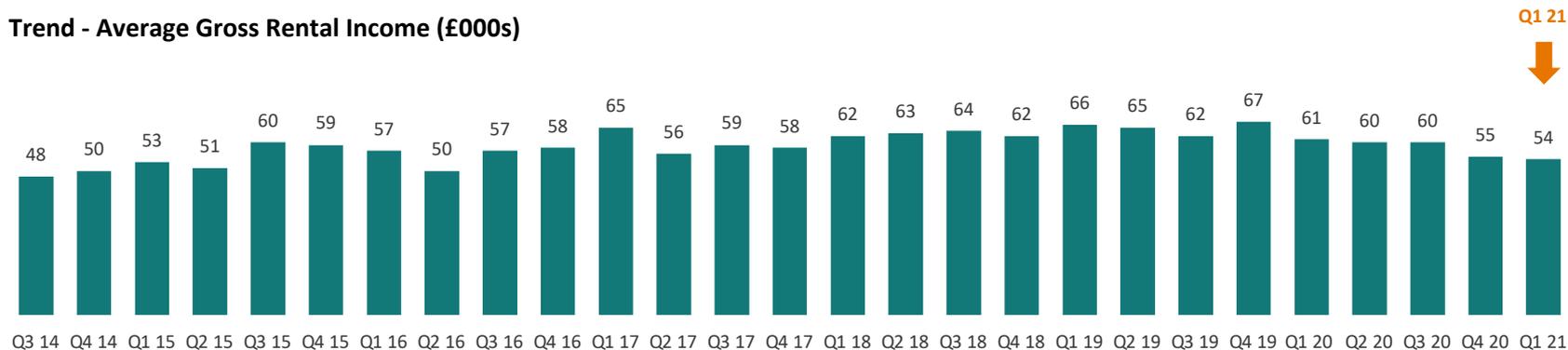
We asked landlords to self-select their annual gross rental income. This report outlines the results along with current rental trends and future rental intentions.

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 Q1 2021 the average gross rental income achieved by landlords in the last 12 months is **£54,000**, which is down £1,000 from Q4 2020.

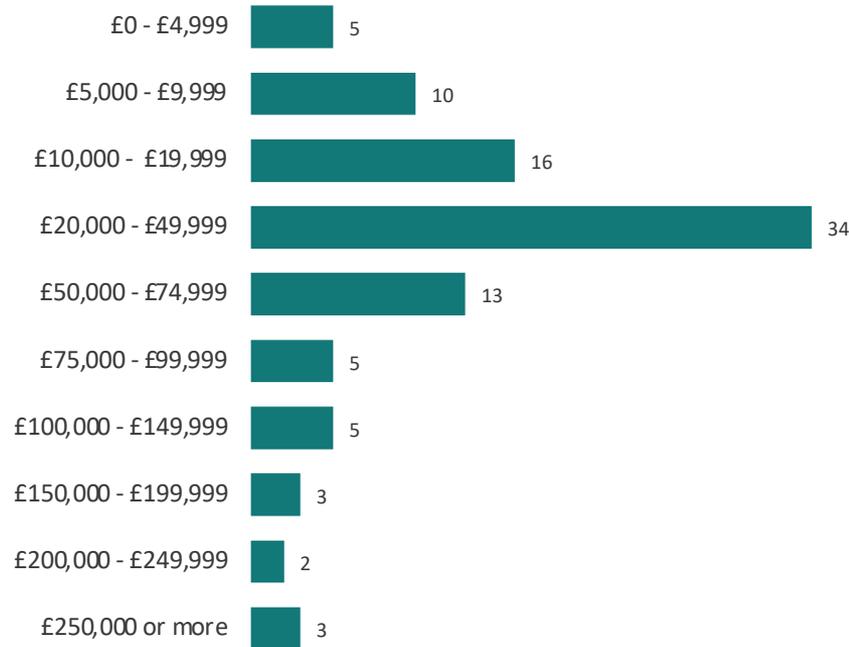
Trend - Average Gross Rental Income (£000s)



Gross Rental Income Analysis Q1 2021: Overall

Annual Gross Rental Income (%)

Average: £54,000



The average gross rental income generated by landlords has been slowly trending downwards since Q4 '19, now standing at £54,000 (-£13,000 vs. Q4 2019).

However, due to the size of the typical landlord's portfolio also falling over this timeframe (from 8.9 in Q4 '19, to 7.3 in Q1 '21), the annual rental income generated per property has only edged down marginally, to £7,397 (down £131 from Q4' 19).

Compared to last quarter, more landlords now report that they intend to increase rents in the next 6 months (+7% to 22%), although the proportion who have increased rents in the last 12 months remains largely unchanged at 21% (vs. 22% in Q4 2020).



Regional Income Analysis



In Q1, the majority of standard regions in England & Wales achieve a gross rental income above the national average of £54,000 per year (9 out of the 11).

The highest average gross rental income is achieved by those with rental property in Wales (£69,000), which is also the region where we see the largest average portfolio sizes in Q1 (14.1 properties vs. 7.3 on average). As a result of their significantly larger average portfolio size, landlords with property in this region have overtaken landlords with property in London who have traditionally generated the highest gross rental incomes on average.

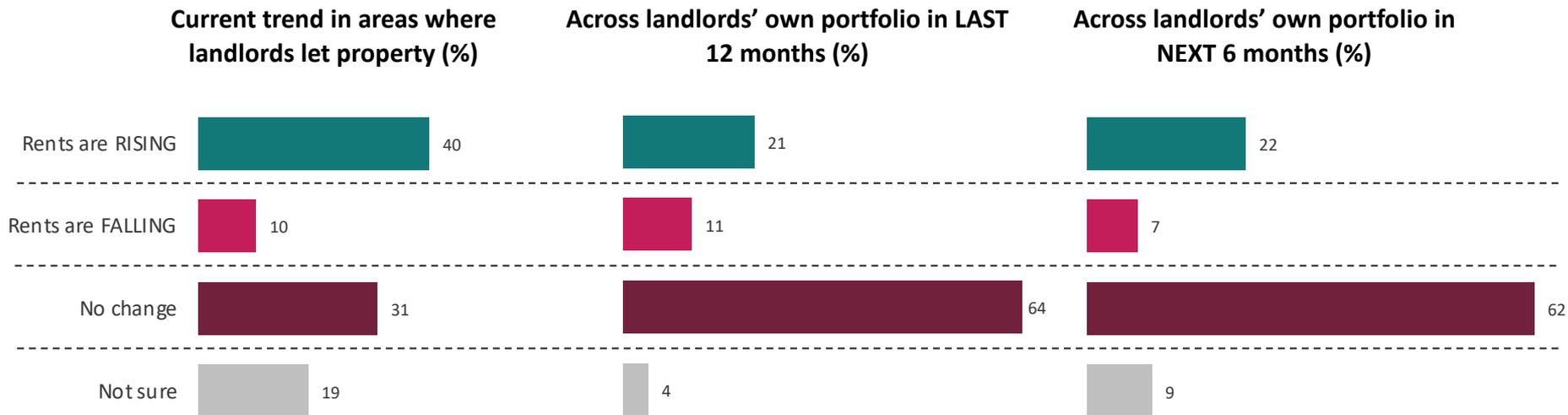
The other regions achieving above average gross rental incomes in Q1 are Yorks & Humber, North West, West Midlands, South West, East Midlands, South East and London (Central & Outer). **The North East and East of England are the only regions who currently generate an average gross rental income that is below the national average, at £44,000 and £43,000 respectively.**

NOTE: Base size too small to report Scotland results separately

*Caution: Small Base

Source: BVA BDRC Landlord Panel research Q1 2021
 The Mortgage Works (UK) plc is a wholly owned subsidiary of Nationwide Building Society, Nationwide House, Pipers Way, Swindon. SN3 1NW
 T1611

Rental Trends & Intentions



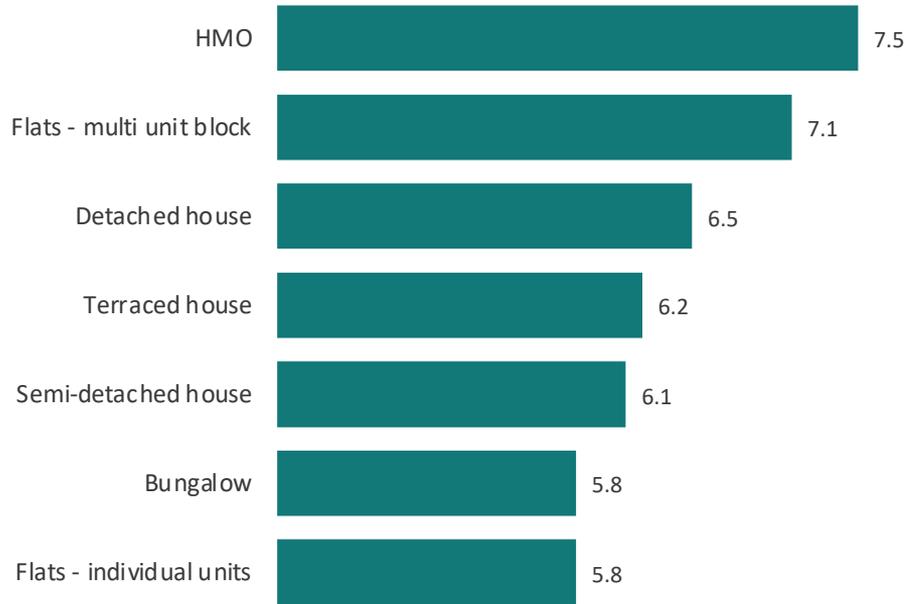
4 in 10 landlords report that rents are rising in the areas where they let property (up 6%pts from Q4 '20), whilst **just over 2 in 10 say that they have increased rents across their own portfolio** in the last 12 months (unchanged from Q4).

Compared to Q4, more landlords now intend to levy rent increases across their own portfolios in the next 6 months (22% in Q1 '21 vs. 15% in Q4 '20). This uplift has been largely driven by an increase in the proportion of larger landlords planning to raise their rents; 45% of landlords with 20+ properties now plan to put their rents up in the next 6 months (vs. 30% in Q4 '20). At a regional level, landlords with property in the West Midlands are most likely to looking to increase their rents in the next 6 months (31%), whilst those in Central London are most likely to be intending to reduce their rents (33%).

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 Region (%)

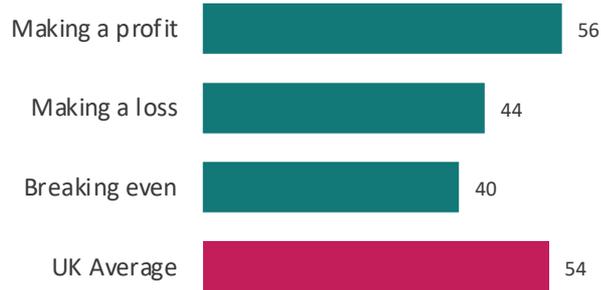


NOTE: Base size too small to report Scotland results separately

*Caution: Small Base

Landlords Financial Analysis

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



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



Landlords who make a profit from their letting activity continue to achieve the highest average gross rental income, at £56k, whilst landlords making a loss or breaking even on their portfolio both generate a typical gross rental income that is below the UK average, at £44k and £40k respectively.

Those who operate as a self-employed landlord also generate a significantly higher average gross rental income, at £101k per year, whilst those who are retired achieve the lowest amount, at £42k per year on average.

Landlords with BTL mortgage borrowing continue to generate a significantly higher gross rental income than those who own their portfolio outright (£62k vs. £43k).

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

