

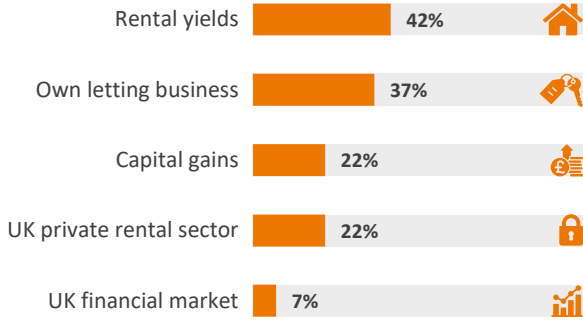
Overall UK

Landlords Outlook & Confidence

Following Q1 where all 5 key indicators recorded a 14-year low, confidence is up year-on-year for 3 of the 5 key indicators. Landlords remain least positive about the outlook for the UK economy, with just 7% feeling positive about prospects in the next 3 months.

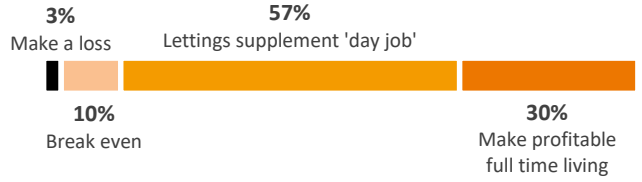
Profitability remains strong, with 87% making a profit in Q2 (its highest point since the end of 2018). The average rental yield achieved by landlords saw an uptick to 5.8% from historic lows in Q1. However, recent tenant demand has been impacted, with those saying it has increased at an all time low of just 14%.

Expectations for the next 3 months rated as good/very good (%)



Landlords Balance Sheet

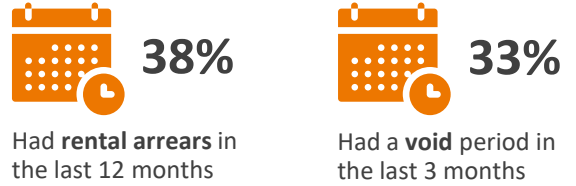
Profitability



Financials



Problems Experienced



PRS Dynamics



7.0

Properties in the average portfolio



14%

Report increasing tenant demand



5%

Bought a property in the last 3 months



5%

Sold a property in the last 3 months

BTL Dynamics

61%

Have a mortgage on at least one property



£415,000

Total amount owed through BTL mortgage borrowing



4.8

Average number of BTL loans held

the mortgage works

East of England

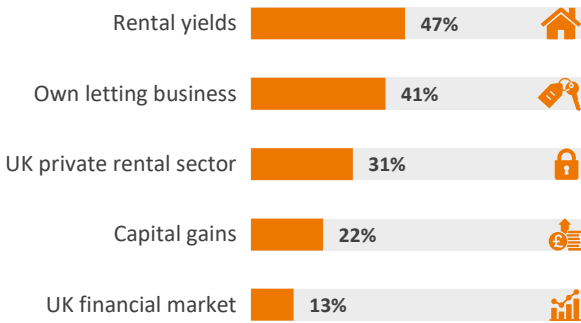
Landlords Outlook & Confidence

Landlords operating in the East of England are more positive than average across 4 of the 5 confidence indicators. Rental yields are below the UK average (-0.4% pts), despite expectations for yields in the next 3 months being high, with 47% feeling positive.

Profitability remains strong and above the national average at 90% in Q2 (up +5% pts from Q1). However, it remains the case that fewer report tenant demand is increasing following a downward trend from Q4. Potentially indicating profits may be impacted in the future.

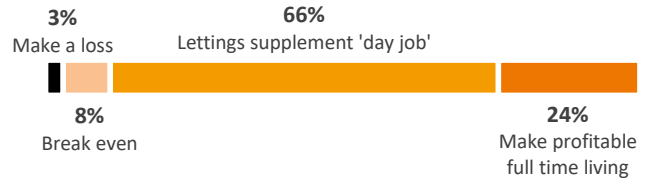
Sales and purchase activity are broadly in line with the average landlord, at 7% and 6% respectively.

Expectations for the next 3 months rated as good/very good (%)



Landlords Balance Sheet

Profitability



Financials



Problems Experienced



PRS Dynamics



6.7

Properties in the average portfolio



11%

Report increasing tenant demand



6%

Bought a property in the last 3 months



7%

Sold a property in the last 3 months

BTL Dynamics



£457,000

Total amount owed through BTL mortgage borrowing



6.0

Average number of BTL loans held

the mortgage works

East Midlands

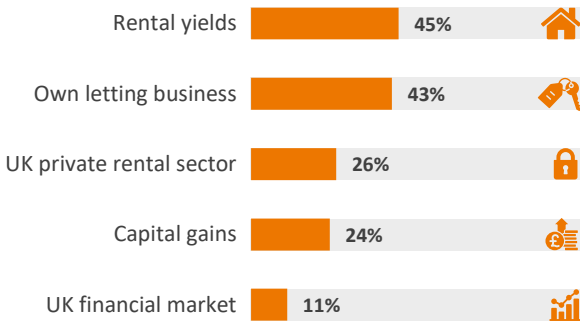
Landlords Outlook & Confidence

Landlords with rental property in the East Midlands return to their traditional positive outlook this quarter. All confidence indicators are above the UK average, particularly confidence in their own letting business (+6% pts vs. average).

Profitability is in line with the national average at 87%, a recovery of +8% pts from Q1. Additionally, the region achieves an above average rental yield at 6.0% (vs. 5.8%).

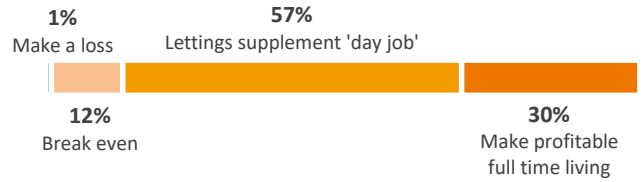
Landlords in the region continue to experience rental arrears and void periods more frequently than average, with the incidence of rental arrears up by 11% pts from Q1. This is likely due to the combined impact of coronavirus and the greater exposure due to this regions' larger than average portfolio size.

Expectations for the next 3 months rated as good/very good (%)

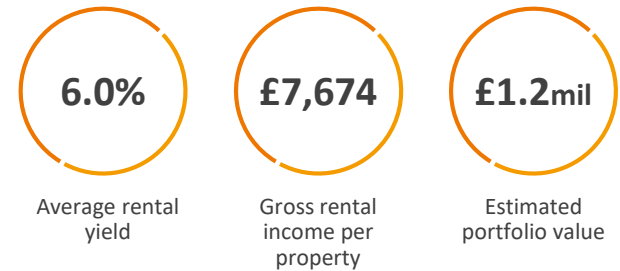


Landlords Balance Sheet

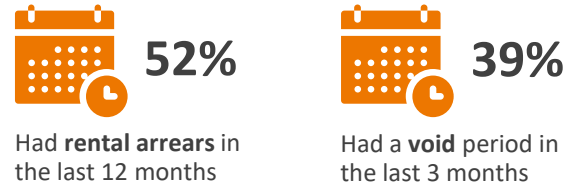
Profitability



Financials



Problems Experienced



PRS Dynamics



8.6

Properties in the average portfolio



17%

Report increasing tenant demand



9%

Bought a property in the last 3 months



11%

Sold a property in the last 3 months

BTL Dynamics

69%

Have a mortgage on at least one property



£552,000

Total amount owed through BTL mortgage borrowing



6.1

Average number of BTL loans held

the mortgage works

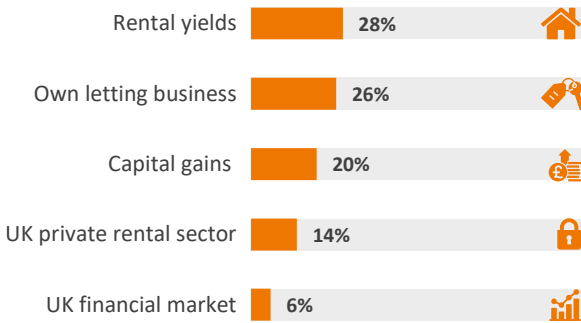
Central London

Landlords Outlook & Confidence

Landlords operating in Central London remain less likely than average to be feeling 'good' or 'very good' across all confidence indicators, including capital gains (for the first time). London continues to be one of the most negatively impacted regions by Covid-19. The low level of confidence is likely driven by the (equal) lowest reported levels of increasing tenant demand, lowest profitability and highest incidence of void periods experienced of all regions.

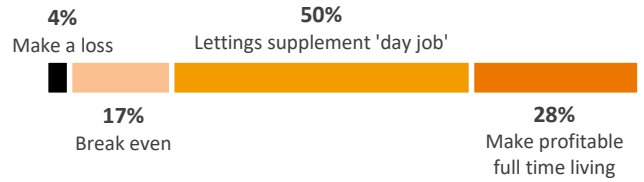
Landlords in the region continue to generate the lowest average rental yields (5.0%) and have smaller than average portfolio sizes (5.6 properties). However, portfolio value and gross rental income are the highest of all regions, at £2.2M and £16,250 respectively.

Expectations for the next 3 months rated as good/very good (%)



Landlords Balance Sheet

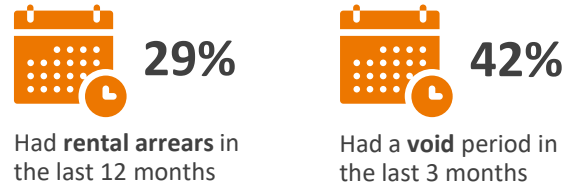
Profitability



Financials



Problems Experienced



PRS Dynamics



5.6

Properties in the average portfolio



9%

Report increasing tenant demand



7%

Bought a property in the last 3 months



3%

Sold a property in the last 3 months

BTL Dynamics



£637,000

Total amount owed through BTL mortgage borrowing



3.8

Average number of BTL loans held

the mortgage works

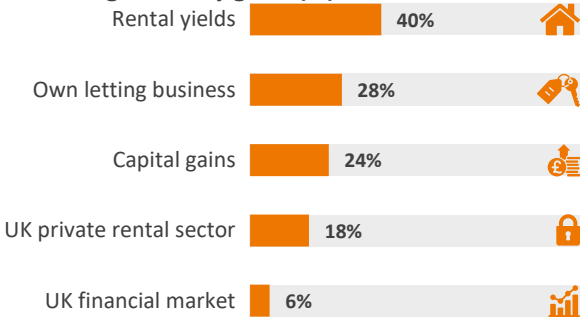
Outer London

Landlords Outlook & Confidence

Similarly to Central London, landlords operating in Outer London exhibit below average confidence across all indicators except capital gains. Outer London Landlords have also been severely impacted by Covid-19 and record the (equal) lowest levels of increasing tenant demand and 2nd lowest average yield of all the regions, at 5.1%.

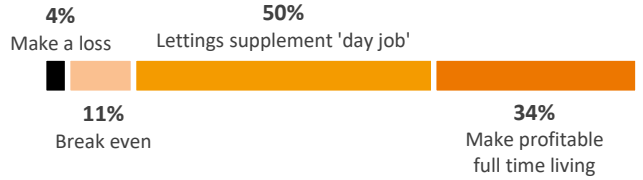
Outer London landlords are more likely to have experienced rental arrears than Central London landlords, but less likely to have had a void period. 84% make a profit from their lettings activity, which is below the national average, but it has not been as severely impacted as in Central London. Similarly, to Central London these landlords are more likely to be investing in rather than divesting property.

Expectations for the next 3 months rated as good/very good (%)



Landlords Balance Sheet

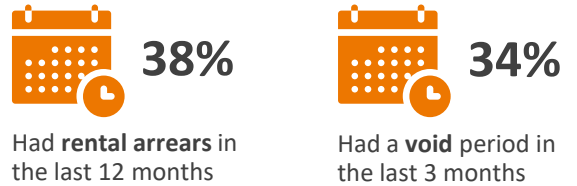
Profitability



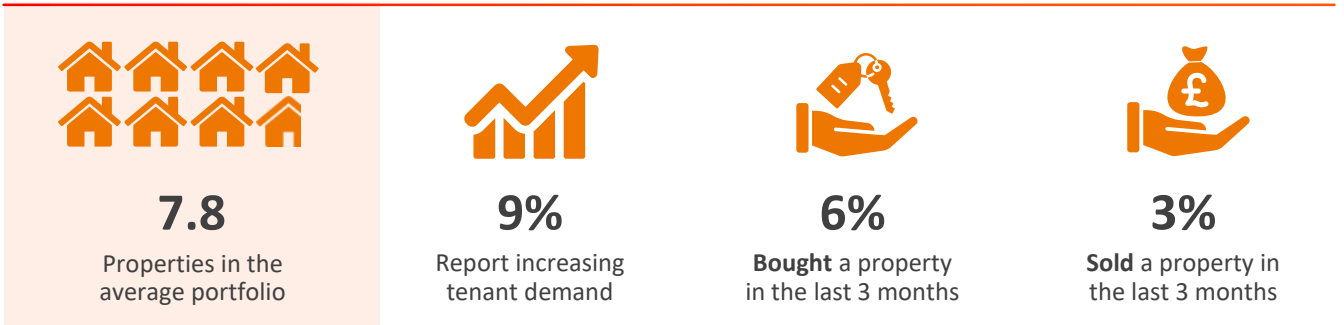
Financials



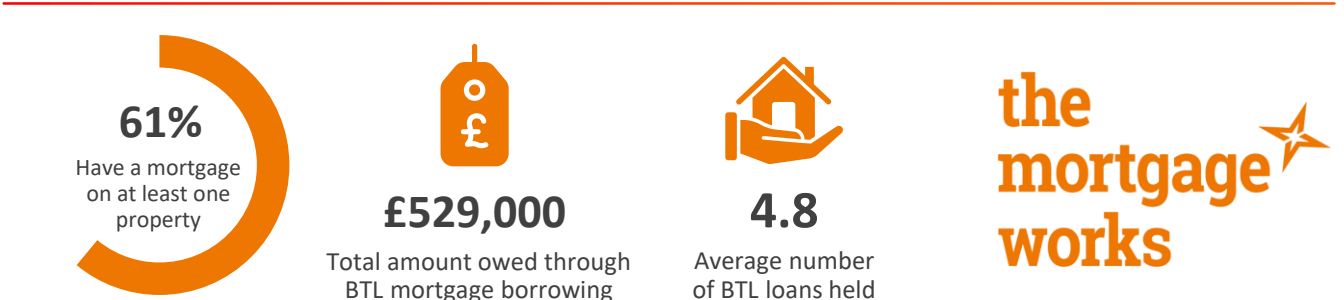
Problems Experienced



PRS Dynamics



BTL Dynamics



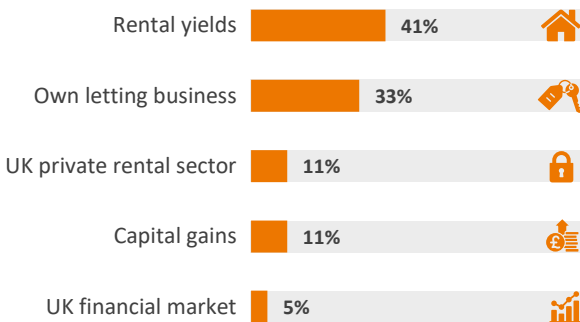
North East England

Landlords Outlook & Confidence

Landlords in the North East are less confident than the average landlord across all indicators and the least confident of all regions in the prospects for the UK's PRS, financial market (equal) and capital gains.

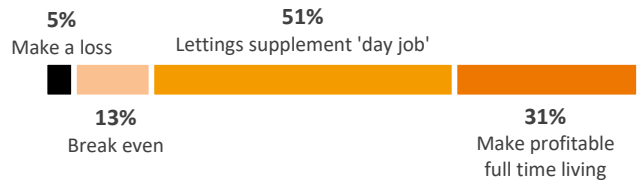
Those operating in the North East have the highest incidence of rental arrears and an above average level of void periods. This is likely linked to them having an above average portfolio size of 8.4 properties. Landlords in this region are more likely to be buying, with 9% purchasing property in the last 3 months vs. 3% selling. North East landlords are most likely to borrow to fund their portfolio, with the typical leveraged landlord owing £363,000 across 5.4 BTL loans.

Expectations for the next 3 months rated as good/very good (%)

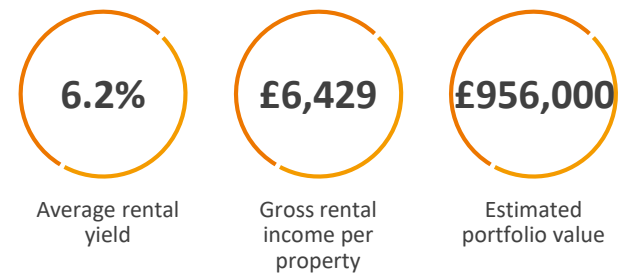


Landlords Balance Sheet

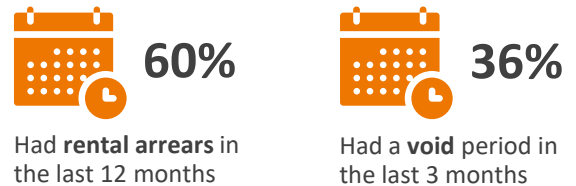
Profitability



Financials



Problems Experienced



PRS Dynamics



8.4

Properties in the average portfolio



14%

Report increasing tenant demand



9%

Bought a property in the last 3 months



3%

Sold a property in the last 3 months

BTL Dynamics



£363,000

Total amount owed through BTL mortgage borrowing



5.4

Average number of BTL loans held

the mortgage works

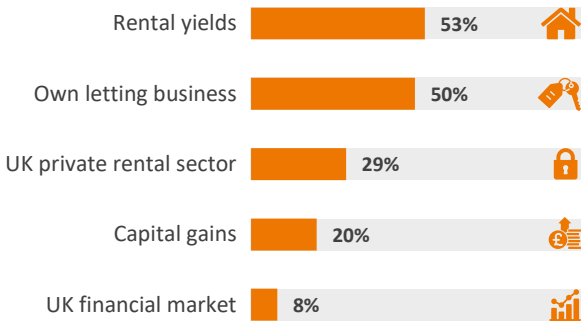
North West England

Landlords Outlook & Confidence

North West landlord confidence is above average across 4 of the 5 indicators. Additionally, this region has the highest confidence across the UK in prospects for their own letting business. This is underpinned by the North West achieving the highest rental yield (6.5%) of all regions for the second consecutive quarter.

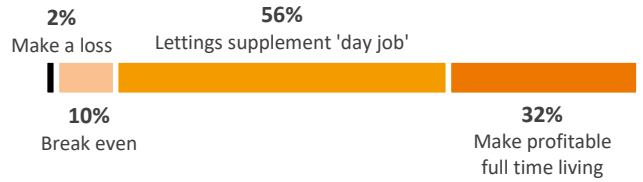
Tenant demand, profitability and portfolio size are in line with the average landlord. However this region experiences a higher incidence of arrears (+10% pts) and void periods (+2% pts) which may indicate future impacts on profitability. 2 in 3 landlords in this region borrow to fund their portfolio equating to 5.4 BTL loads held on average.

Expectations for the next 3 months rated as good/very good (%)



Landlords Balance Sheet

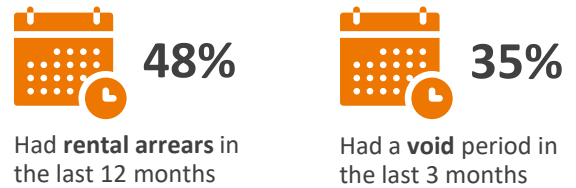
Profitability



Financials



Problems Experienced



PRS Dynamics



7.0

Properties in the average portfolio



14%

Report increasing tenant demand



7%

Bought a property in the last 3 months



5%

Sold a property in the last 3 months

BTL Dynamics



£346,000

Total amount owed through BTL mortgage borrowing



5.4

Average number of BTL loans held

the mortgage works

South East England

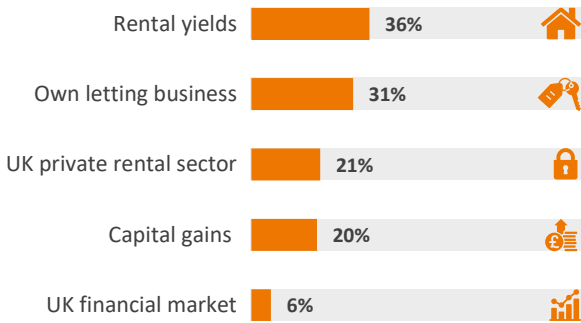
Landlords Outlook & Confidence

Landlords operating in the South East are generally a little more pessimistic than average in Q2, tracking below the UK on most of the confidence indices. Notwithstanding this, they still generate a gross rental income per property £1,300 above the average.

Property acquisition and divestment levels were also below average in the most recent period, and perceived tenant demand increases are exactly on the national average.

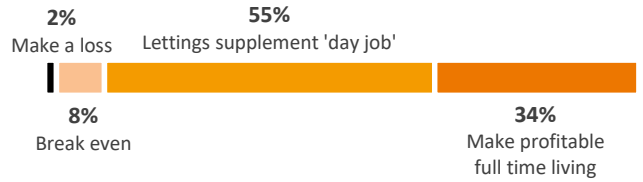
Financial stresses result in a slightly higher proportion of landlords breaking even or loss-making than average (13% vs 10%).

Expectations for the next 3 months rated as good/very good (%)

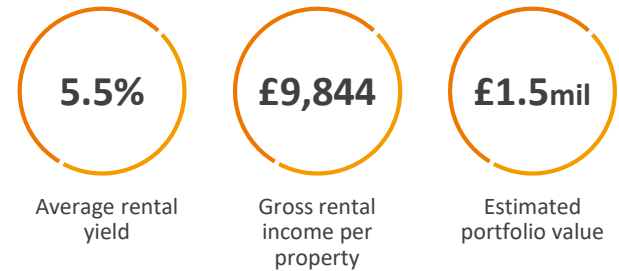


Landlords Balance Sheet

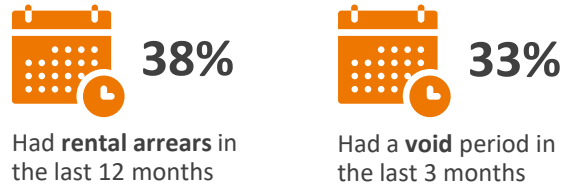
Profitability



Financials



Problems Experienced



PRS Dynamics



6.4

Properties in the average portfolio



14%

Report increasing tenant demand



4%

Bought a property in the last 3 months



4%

Sold a property in the last 3 months

BTL Dynamics

61%

Have a mortgage on at least one property



£462,000

Total amount owed through BTL mortgage borrowing



4.6

Average number of BTL loans held

the mortgage works

South West England

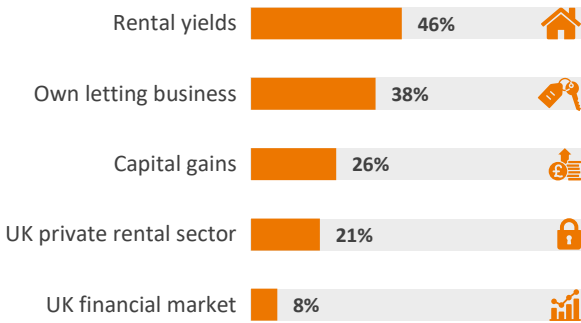
Landlords Outlook & Confidence

Confidence amongst landlords in the South West has improved since Q1, and has now moved ahead of the national average on 4 of the 5 confidence indicators (from 4 being behind the average in Q1).

Portfolios are larger than average in this area (7.8 vs 7.0 properties) and are underpinned by stronger than average tenant demand currently. That said, the incidence of property sales was a little higher than the UK average.

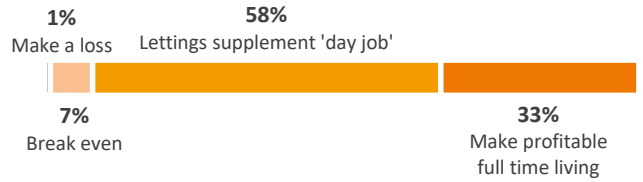
BTL landlords in the South West carry a higher than average level of borrowing (+£75k) on almost the average number of mortgage products.

Expectations for the next 3 months rated as good/very good (%)

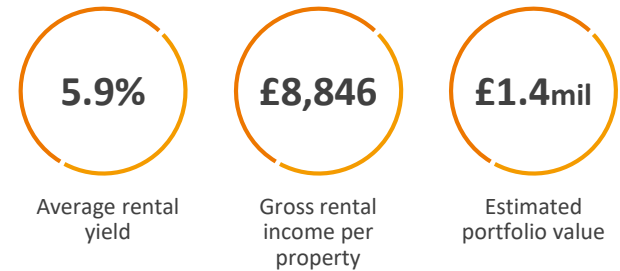


Landlords Balance Sheet

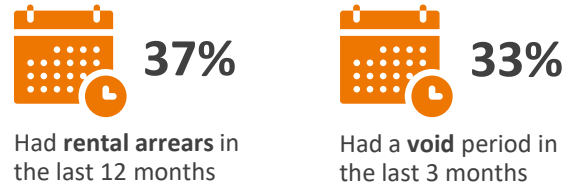
Profitability



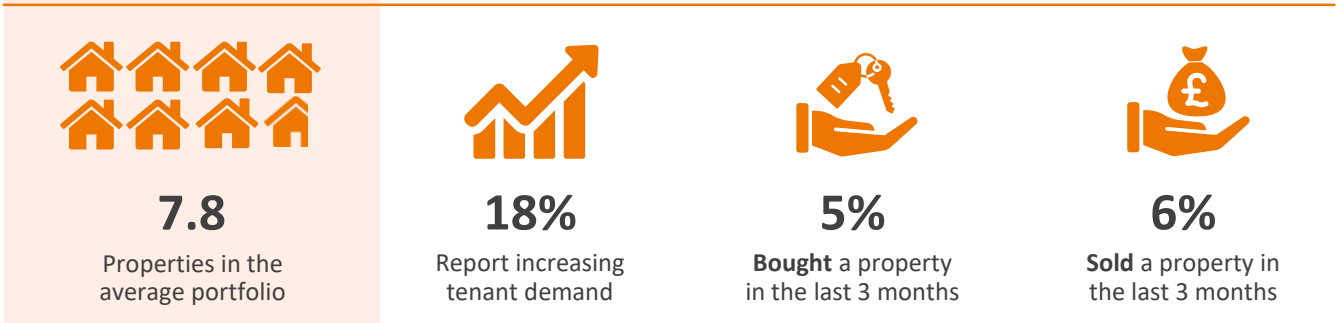
Financials



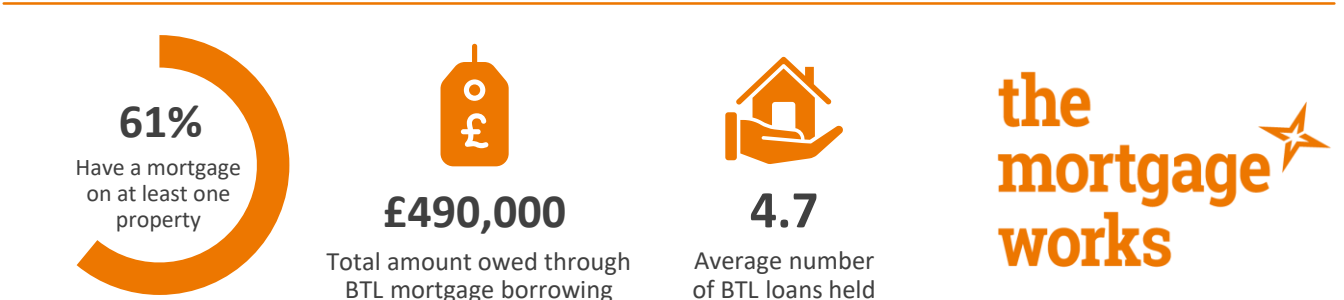
Problems Experienced



PRS Dynamics



BTL Dynamics



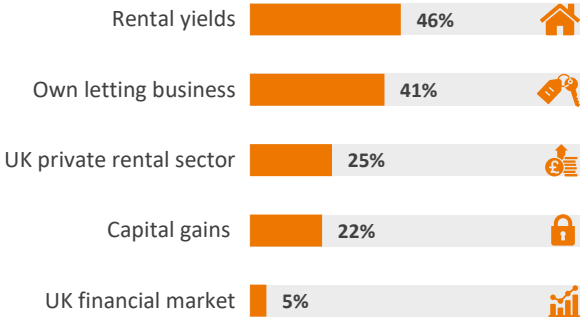
West Midlands

Landlords Outlook & Confidence

Landlords operating in the West Midlands have the largest average portfolios of all regions. This is the likely explanation for the above average incidence of rental arrears (50% vs. 38%) and void periods (41% vs. 33%) in the last 3 months. Although the West Midlands is one of the most negatively impacted regions by Covid-19, rental yields, tenant demand and profitability are either above or in line with the average.

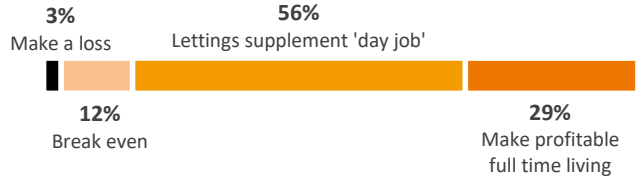
Close to 2 in 3 West Midlands landlords borrow against their portfolio, with the typical leveraged landlord owing a total of £497,000 across 7.0 BTL loans (the highest number of BTL loans held across all regions).

Expectations for the next 3 months rated as good/very good (%)



Landlords Balance Sheet

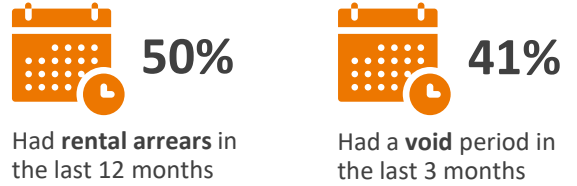
Profitability



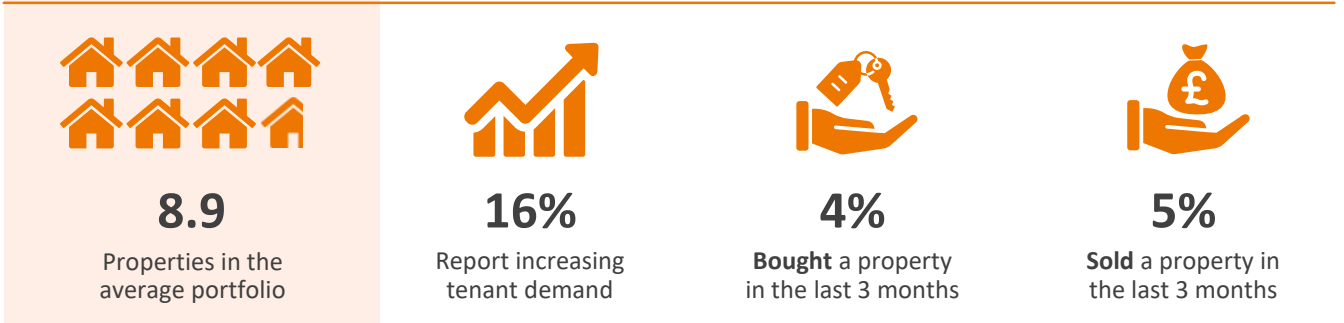
Financials



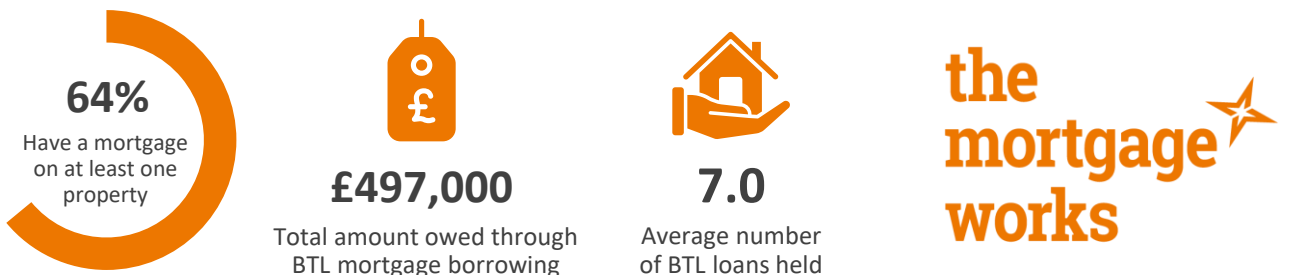
Problems Experienced



PRS Dynamics



BTL Dynamics



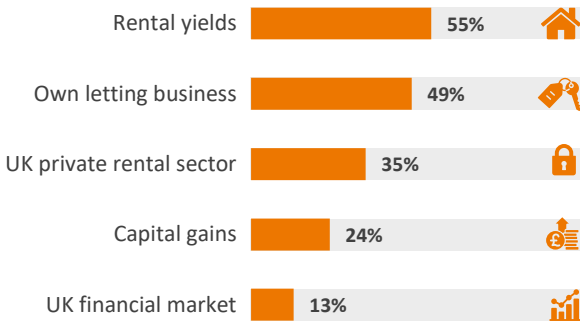
Yorkshire and the Humber

Landlords Outlook & Confidence

Yorks & Humber landlords are more upbeat than average across all 5 indicators, achieving the highest confidence in rental yields across all regions. Reflecting this, the region experiences the highest recorded increasing tenant demand (10% pts above average), and the highest degree of profitability at 92%.

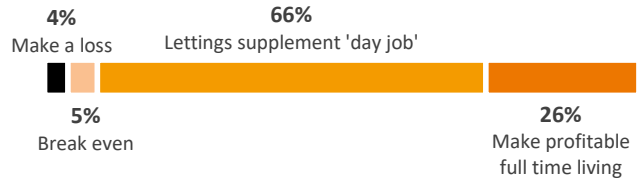
Compared to previous quarters the incidence of rental arrears (34%) and void periods (38%) have fallen to levels more in line with the average landlord. Yorks & Humber landlords continue to be more likely to be looking to grow their portfolio with more recently buying and fewer selling compared to the typical landlord.

Expectations for the next 3 months rated as good/very good (%)



Landlords Balance Sheet

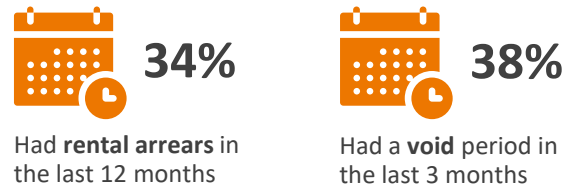
Profitability



Financials



Problems Experienced



PRS Dynamics



7.4

Properties in the average portfolio



24%

Report increasing tenant demand



9%

Bought a property in the last 3 months



1%

Sold a property in the last 3 months

BTL Dynamics

62%

Have a mortgage on at least one property



£320,000

Total amount owed through BTL mortgage borrowing



5.4

Average number of BTL loans held

the mortgage works