

Overall UK

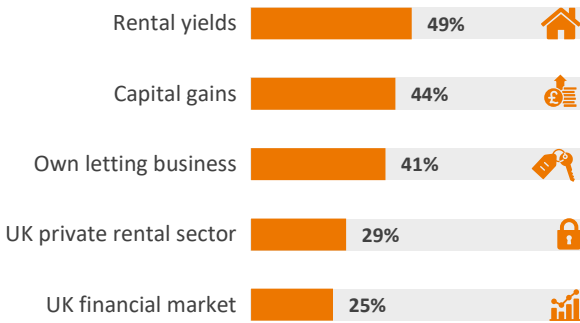
Landlords Outlook & Confidence

Landlord confidence is up year-on-year across all 5 key business indicators, with the highest proportion of landlords now feeling upbeat about the prospects for the UK's financial market since Q1 '17, and capital gains since the end of 2015.

Helping drive this confidence is the uplift in perceptions of rising tenant demand, which has reached a 5-year high of 39%, and a fall in the incidence of both rental arrears and void periods, which have declined to their lowest point for around 4-years (at 33% and 27% respectively).

However, the typical void duration remains high, increasing by 5 days vs. Q1, to 107 days on average.

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



Landlords Balance Sheet

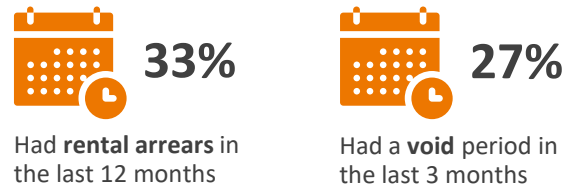
Profitability



Financials



Problems Experienced



PRS Dynamics



6.9

Properties in the average portfolio



39%

Report increasing tenant demand



6%

Bought a property in the last 3 months



8%

Sold a property in the last 3 months

BTL Dynamics

60%

Have a mortgage on at least one property



£351,000

Total average amount owed through BTL mortgage borrowing



4.6

Average number of BTL loans held

the mortgage works

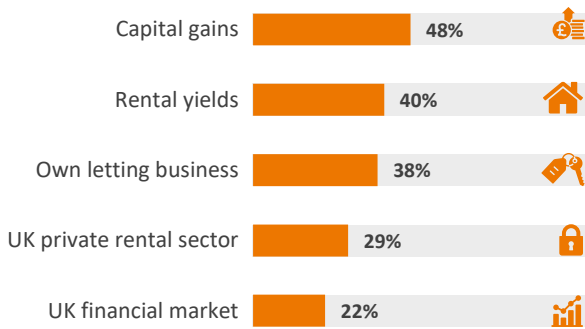
East of England

Landlords Outlook & Confidence

Contrary to the national trend, optimism amongst landlords operating in the East of England declined across 4 of the 5 key indicators vs. Q1, particularly for landlords' own lettings business (-12%pts) and rental yields (-9%pts). Only confidence in capital gains increased vs. Q1 (+6%pts)

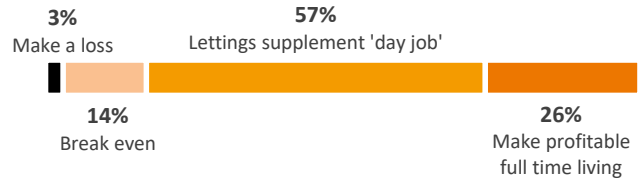
This decline in optimism is likely due to the below average rental yields achieved in this region (5.6% vs. 5.8% nationally), as well as the above average incidence of rental arrears (38% vs. 33%). In addition, although the proportion of landlords perceiving an increase in tenant demand improved by 10%pts vs. Q1, it remains below the national average at 33% (vs. 39% nationally).

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



Landlords Balance Sheet

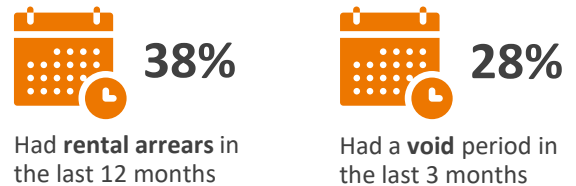
Profitability



Financials



Problems Experienced



PRS Dynamics



8.0

Properties in the average portfolio



33%

Report increasing tenant demand



9%

Bought a property in the last 3 months



10%

Sold a property in the last 3 months

BTL Dynamics

64%

Have a mortgage on at least one property



£344,000

Total average amount owed through BTL mortgage borrowing



5.9

Average number of BTL loans held

the mortgage works

East Midlands

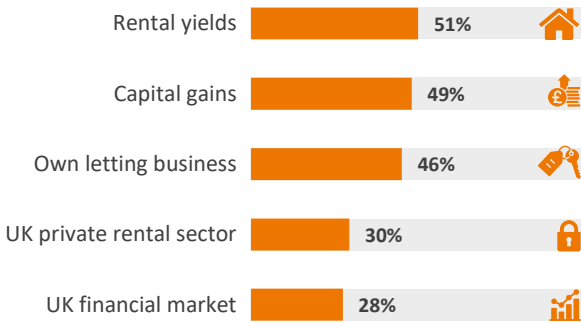
Landlords Outlook & Confidence

Confidence amongst landlords with property in the East Midlands has increased across all 5 key optimism indicators vs. Q1. Landlords in this region are also now the (joint) most confident about the near-term prospects for capital gains.

Rental yields continue to be above average in this region (6.2% vs. 5.8% nationally), however profitability declined by 7%pts vs. Q1, with only 79% of landlords now making a profit.

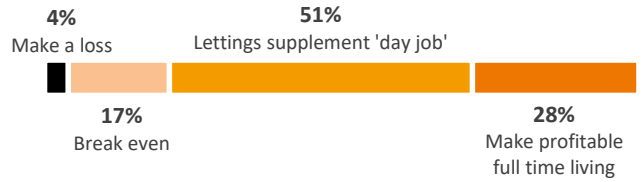
Perceptions of increasing tenant demand improved by 4%pts vs. Q1 to 37%, which is now only marginally below the UK average. Elsewhere, the incidence of voids and arrears remained stable at 35% and 30% respectively, with both staying slightly above the national average.

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

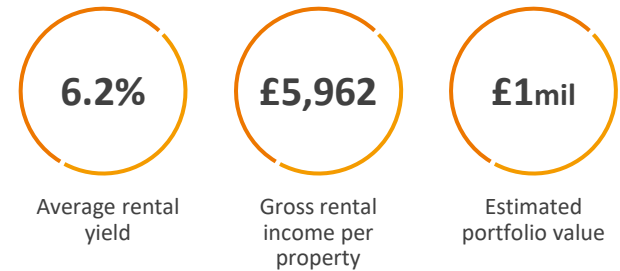


Landlords Balance Sheet

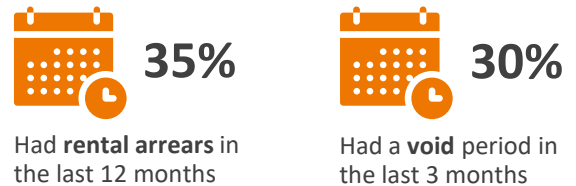
Profitability



Financials



Problems Experienced



PRS Dynamics



8.9

Properties in the average portfolio



37%

Report increasing tenant demand



10%

Bought a property in the last 3 months



15%

Sold a property in the last 3 months

BTL Dynamics

61%

Have a mortgage on at least one property



£367,000

Total average amount owed through BTL mortgage borrowing



7.0

Average number of BTL loans held

the mortgage works

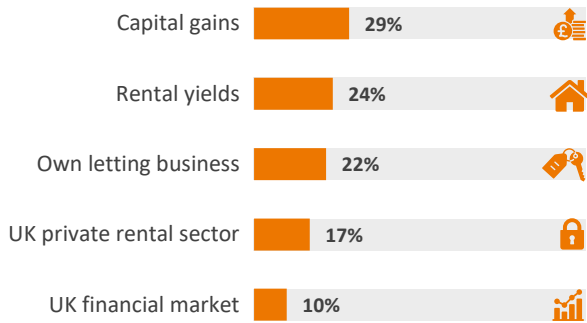
Central London

Landlords Outlook & Confidence

Central London continues to be the UK region experiencing the most 'pain', with landlords from this region reporting the lowest rental yields (2.1%pts below the national level) and the lowest tenant demand of all regions (29%pts below the national average).

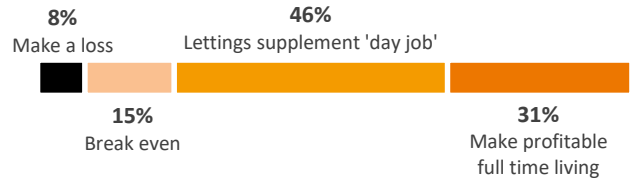
As a result, landlords in Central London are the least optimistic of all regions about the prospects for their own letting business and rental yields. Positively, the region achieved the lowest incidence of rental arrears at 26%, and the incidence of voids fell by 10%pts vs. Q1, to 29%. There were no properties purchased by landlords operating in Central London in Q2, whilst selling activity was nearly double the national average, at 14%.

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

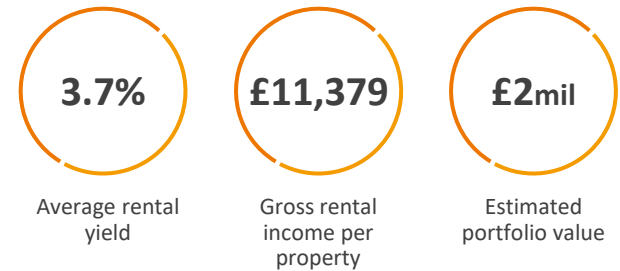


Landlords Balance Sheet

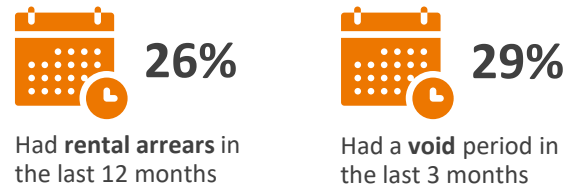
Profitability



Financials



Problems Experienced



PRS Dynamics



5.8

Properties in the average portfolio



10%

Report increasing tenant demand



0%

Bought a property in the last 3 months



14%

Sold a property in the last 3 months

BTL Dynamics

61%

Have a mortgage on at least one property



£430,000

Total average amount owed through BTL mortgage borrowing



3.1

Average number of BTL loans held

the mortgage works

Outer London

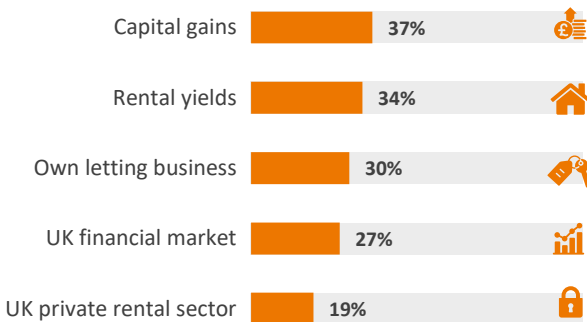
Landlords Outlook & Confidence

Landlords operating in Outer London saw expectations for the UK's financial market (+15%) and capital gains (+5%) improve vs. Q1. However, the other three confidence indicators declined by 2-3%pts this quarter.

This is likely driven by landlords in the region experiencing the highest incidence of rental arrears, at 43%, and seeing an increase in the incidence of voids, to an above average 35%. Additionally, the proportion of landlords who identify increasing levels of tenant demand stands at just 30%, which is 9%pts below the national average.

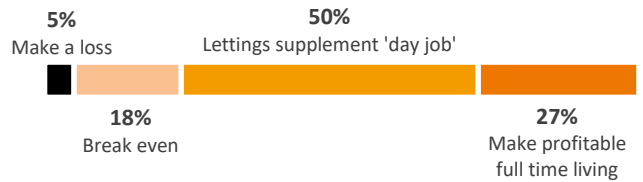
Despite this, the incidence of recent sales activity in Outer London is the lowest of all regions, at just 4%.

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



Landlords Balance Sheet

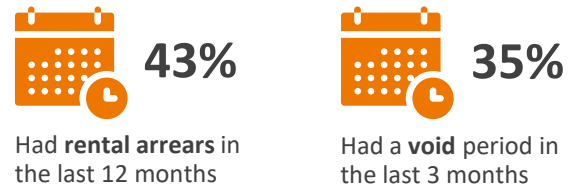
Profitability



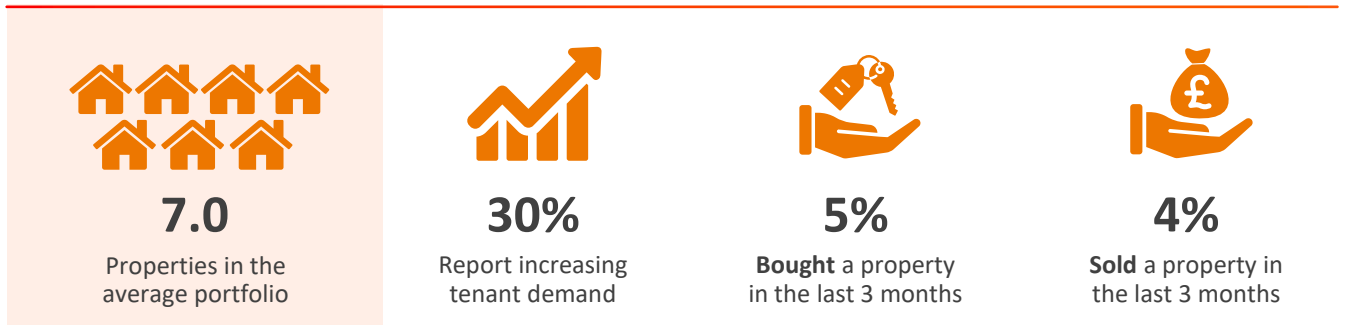
Financials



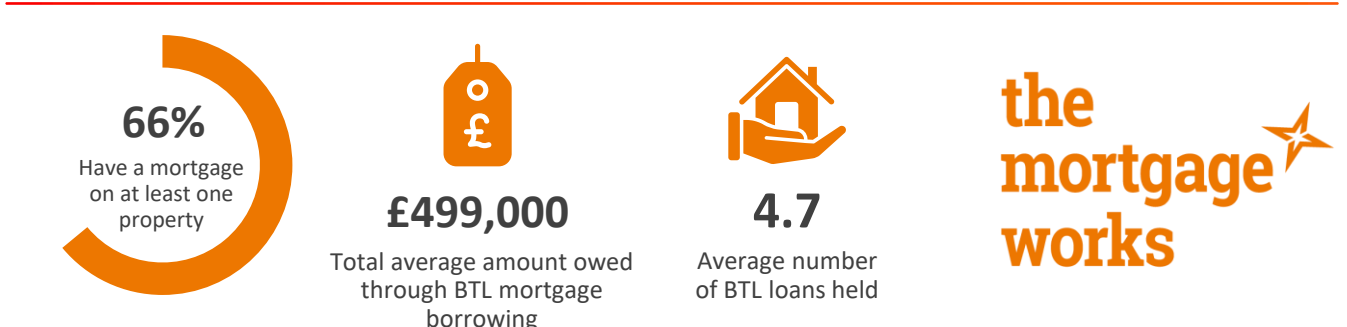
Problems Experienced



PRS Dynamics



BTL Dynamics



North East England

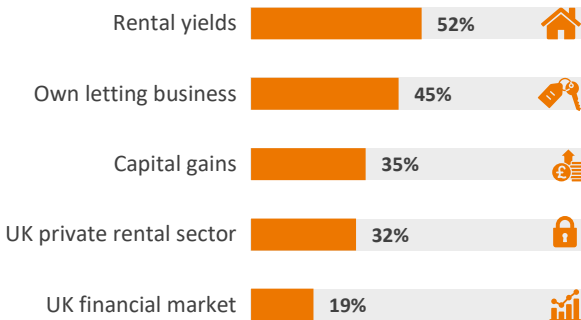
Landlords Outlook & Confidence

For landlords with property in the North East all key indicators, bar confidence in the UK financial market, improved vs. Q1, significantly so for the prospects for capital gains (+11%pts), the UK's PRS (+8%pts) and rental yields (+7%pts).

Whilst the incidence of voids is the highest of all regions in the NE, at 42%, the incidence of rental arrears declined by 10%pts vs. Q1, to 39%.

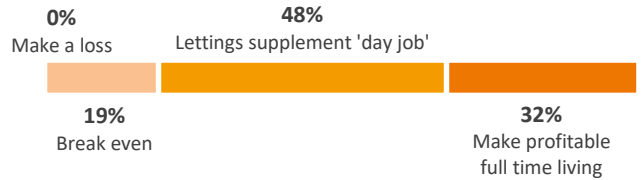
Recent sales activity in this region is the highest nationally, at 16%, with a larger proportion of landlords in the NE being leveraged (74% have a BTL mortgage on at least 1 property vs. the national average of 60%).

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



Landlords Balance Sheet

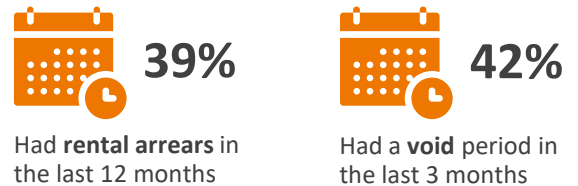
Profitability



Financials



Problems Experienced



PRS Dynamics



8.6

Properties in the average portfolio



39%

Report increasing tenant demand



10%

Bought a property in the last 3 months



16%

Sold a property in the last 3 months

BTL Dynamics



£489,000

Total average amount owed through BTL mortgage borrowing



5.5

Average number of BTL loans held

the mortgage works

North West England

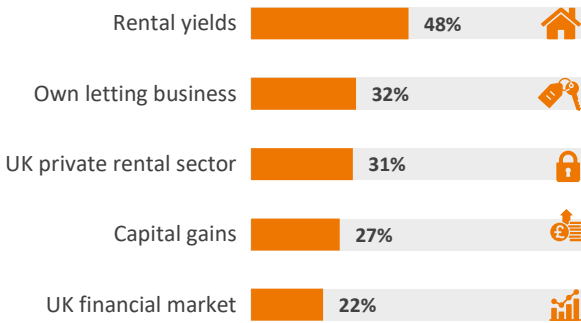
Landlords Outlook & Confidence

Optimism amongst landlords in the North West has declined across 2 of the 5 indicators vs. Q1. Confidence in landlords own letting business has fallen 12%pts, whilst confidence in the UK's PRS is down by 15%pts.

This is likely due to the below average reported tenant demand in this region (33% vs. 39%) and a further decline in the average rental yield achieved (-0.7%, to 5.4%).

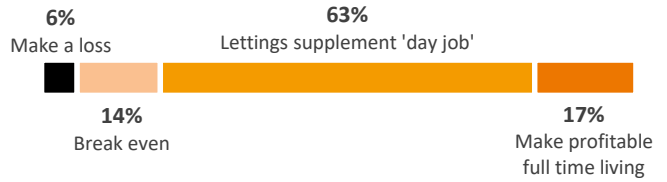
More positively, the incidence of arrears declined by 13%pts, to 33%, and the incidence of voids remained relatively stable at 35% (although the latter is above the national average).

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

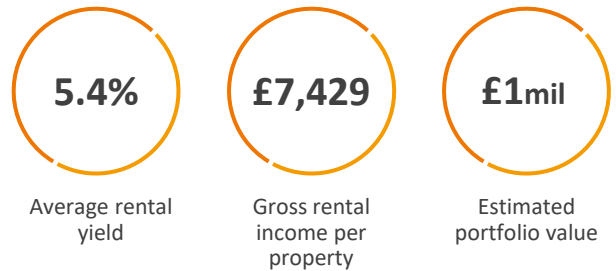


Landlords Balance Sheet

Profitability



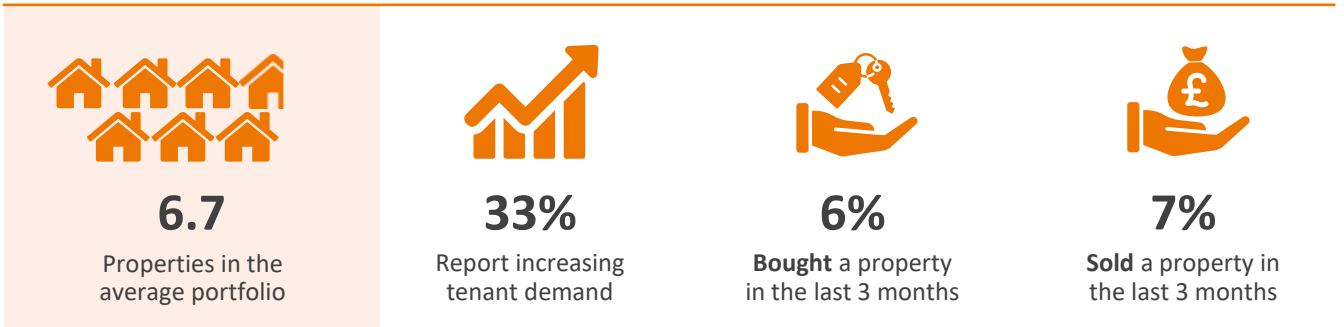
Financials



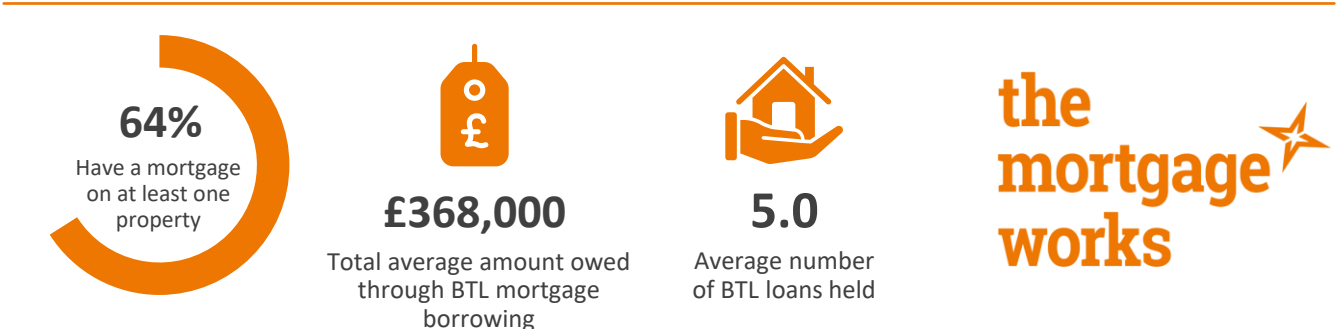
Problems Experienced



PRS Dynamics



BTL Dynamics



South East England

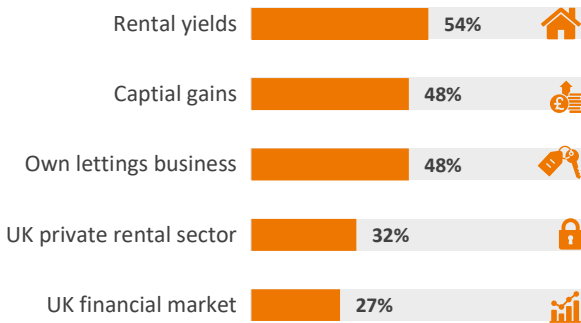
Landlords Outlook & Confidence

Landlords in the South East see confidence increase or remain stable across all 5 key indicators vs. Q1. Optimism around rental yields and landlords own lettings business is the highest of all regions, at 54% and 48% respectively.

Helping to drive this positivity is the above average profitability (88% vs. 83% nationally) and high tenant demand (41% vs. 39% nationally). Additionally the incidence of arrears declined significantly vs. Q1 (-9%pts, to 29%), as did the incidence of voids (-13%pts), which is now the lowest of all regions at just 22%.

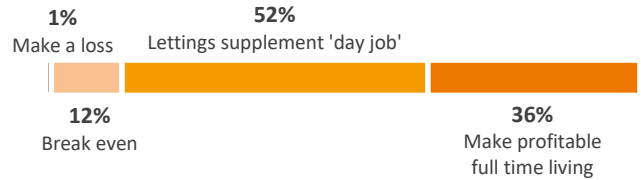
Recent sales activity is slightly above average in this region, at 11% vs. 8% nationally.

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

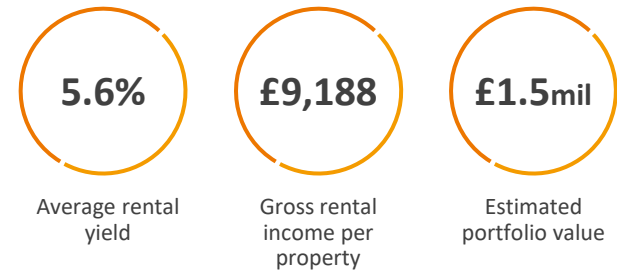


Landlords Balance Sheet

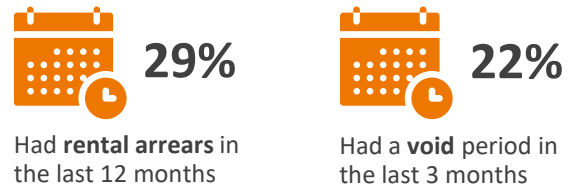
Profitability



Financials



Problems Experienced



PRS Dynamics



6.5

Properties in the average portfolio



41%

Report increasing tenant demand



5%

Bought a property in the last 3 months



11%

Sold a property in the last 3 months

BTL Dynamics

61%

Have a mortgage on at least one property



£449,000

Total average amount owed through BTL mortgage borrowing



5.0

Average number of BTL loans held

the mortgage works

South West England

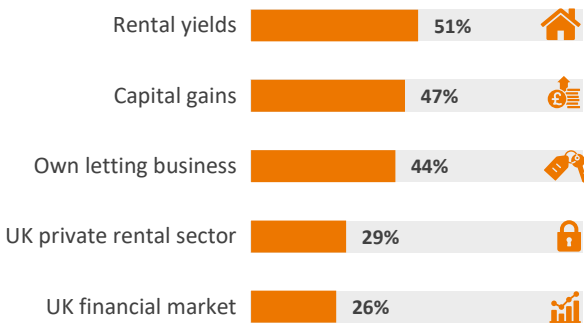
Landlords Outlook & Confidence

Although landlords in the SW's confidence is ahead or in-line with the national average for all 5 key indicators, optimism is down across 3 of the 5 indicators vs. Q1.

Confidence in rental yields has declined most significantly (-14%pts), potentially driven by a fall in achieved rental yields (-0.6%pts), and also in overall profitability (-11%pts). However despite these declines, both measure remain above the equivalent national average figures.

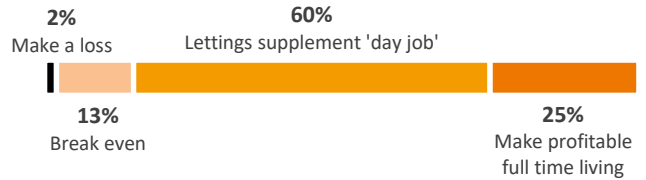
More positively, reported tenant demand is 10%pts above the national average, and the incidence of arrears and voids fell by 4%pts and 3%pts respectively in Q2 '21.

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



Landlords Balance Sheet

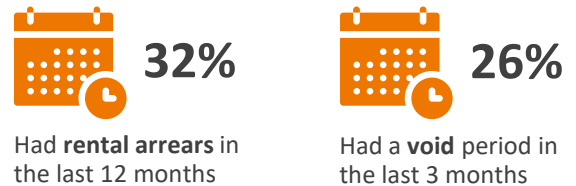
Profitability



Financials



Problems Experienced



PRS Dynamics



5.8

Properties in the average portfolio



49%

Report increasing tenant demand



5%

Bought a property in the last 3 months



7%

Sold a property in the last 3 months

BTL Dynamics

58%

Have a mortgage on at least one property



£325,000

Total average amount owed through BTL mortgage borrowing



5.0

Average number of BTL loans held

the mortgage works

Wales

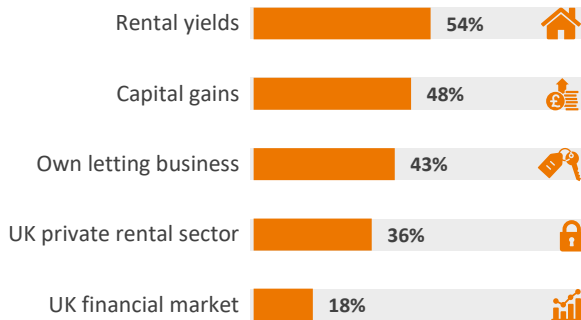
Landlords Outlook & Confidence

After initial pessimism in Q1, landlords in Wales are now among the most optimistic in the UK. Confidence has increased significantly across 4 of the 5 indicators vs. Q1, particularly prospects for rental yields and landlords own letting business, which are now the highest of all regions.

Landlords in Wales also report the highest level of perceived tenant demand in Q2 (52%), as well as above average profitability (86% vs. 83% nationally). However, rental arrears continue to be above the UK average, at 39%.

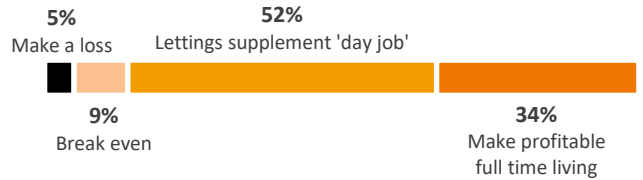
Landlords in Wales remain more likely than the average landlord to have been active in the BTL property market in the last 3 months, with 11% buying and 11% selling.

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



Landlords Balance Sheet

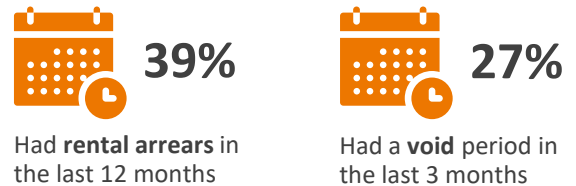
Profitability



Financials



Problems Experienced



PRS Dynamics



6.5

Properties in the average portfolio



52%

Report increasing tenant demand



11%

Bought a property in the last 3 months



11%

Sold a property in the last 3 months

BTL Dynamics

54%

Have a mortgage on at least one property



£279,000

Total average amount owed through BTL mortgage borrowing



6.7

Average number of BTL loans held

the mortgage works

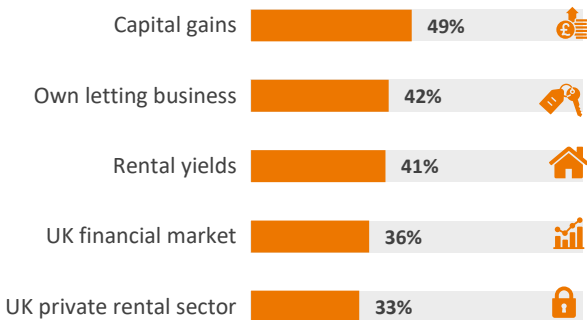
West Midlands

Landlords Outlook & Confidence

4 of the 5 confidence indices have increased or are in-line with Q1, with only West Midlands landlords' confidence in rental yields seeing a decline (-4%pts). This fall is likely linked to the decline in achieved rental yield vs. Q1 (-0.2%pts to 5.7%), and below average perceptions of rising tenant demand (33% vs. 39% nationally). Despite this, landlords operating in the West Midlands record slightly above average levels of profitability, at 85% vs. 83% nationally.

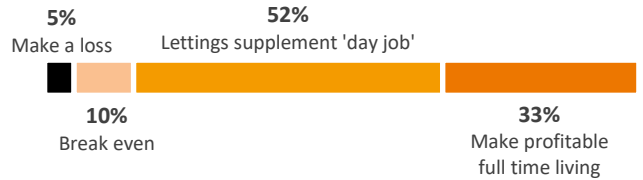
Landlords in the West Midlands currently manage the largest portfolios in the UK on average, at 11.7 properties (vs. 6.9 nationally), with recent investment activity of 11% suggesting this is unlikely to change anytime soon (the joint highest level of all region).

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

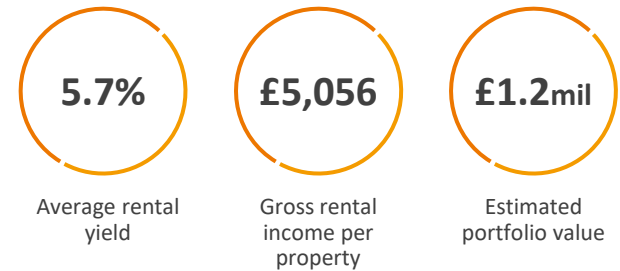


Landlords Balance Sheet

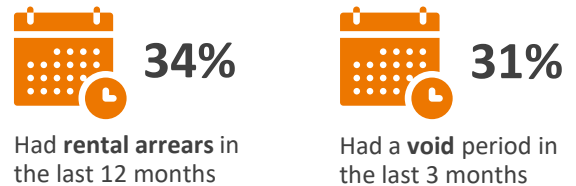
Profitability



Financials



Problems Experienced



PRS Dynamics



11.7

Properties in the average portfolio



33%

Report increasing tenant demand



11%

Bought a property in the last 3 months



6%

Sold a property in the last 3 months

BTL Dynamics

60%

Have a mortgage on at least one property



£319,000

Total average amount owed through BTL mortgage borrowing



4.9

Average number of BTL loans held

the mortgage works

Yorkshire and the Humber

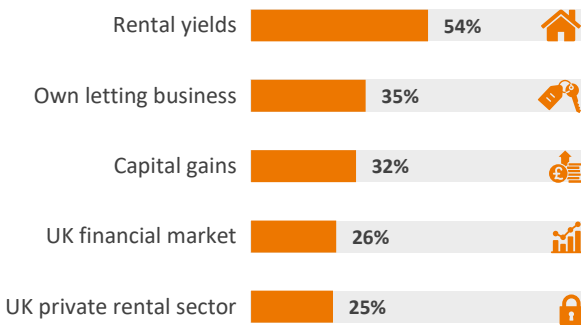
Landlords Outlook & Confidence

Q2 saw a decline in optimism amongst landlords in Yorkshire & Humber across 3 of the 5 attitudinal business indices, with confidence declining most significantly in prospects for landlords own letting business (-11%pts) vs. Q1.

Despite the declining confidence in their own letting business, this region achieves the highest rental yield nationally, at 6.6% (+0.8%pts above average). Perceived tenant demand is also higher than the UK average, at 43%. Landlords in this region are however, less likely to be profit making (75% vs. 83% UK average) and record a high incidence of rental arrears (42%).

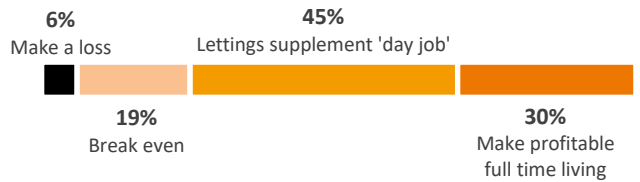
Landlords in Yorkshire & Humber tend to manage large portfolios (10.3 properties), and are more likely to be leveraged (67%).

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

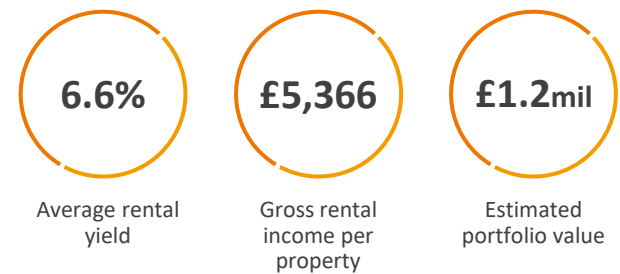


Landlords Balance Sheet

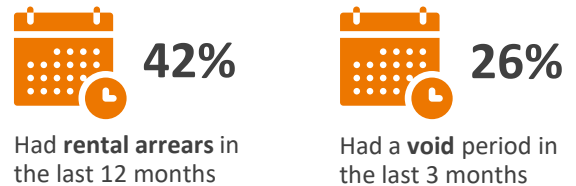
Profitability



Financials



Problems Experienced



PRS Dynamics



10.3

Properties in the average portfolio



43%

Report increasing tenant demand



9%

Bought a property in the last 3 months



4%

Sold a property in the last 3 months

BTL Dynamics



£308,000

Total average amount owed through BTL mortgage borrowing



3.6

Average number of BTL loans held

the mortgage works