

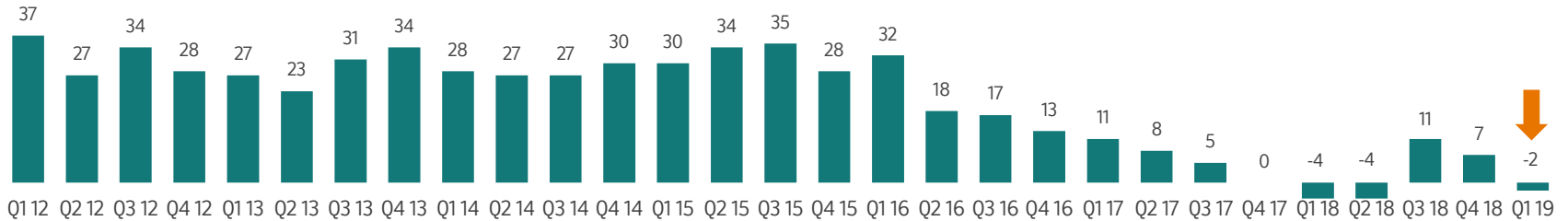
the mortgage works 

Tenant Demand Report

Q1 2019

Tenant Demand Report Q1 2019: Methodology

The TMW Tenant Demand Index has fallen 9pts from Q4 2018, taking it to near record low level of -2 at the start of 2019:



For many years, BVA BDRC have surveyed landlords about whether they see rental demand increasing, decreasing or staying the same in the areas that they let properties.

Landlords are asked the following question:

In your opinion what has happened to tenant demand in the last 3 months?

In Q1 2019, the results were:

Increased significantly	4%
Increased slightly	15%
No change	37%
Decreased slightly	16%
Decreased significantly	5%
Unsure	22%

The **TMW Tenant Demand Index** is based on a simple calculation:

% landlords reporting tenant demand is *increasing* significantly or slightly 4 + 15 = 19%

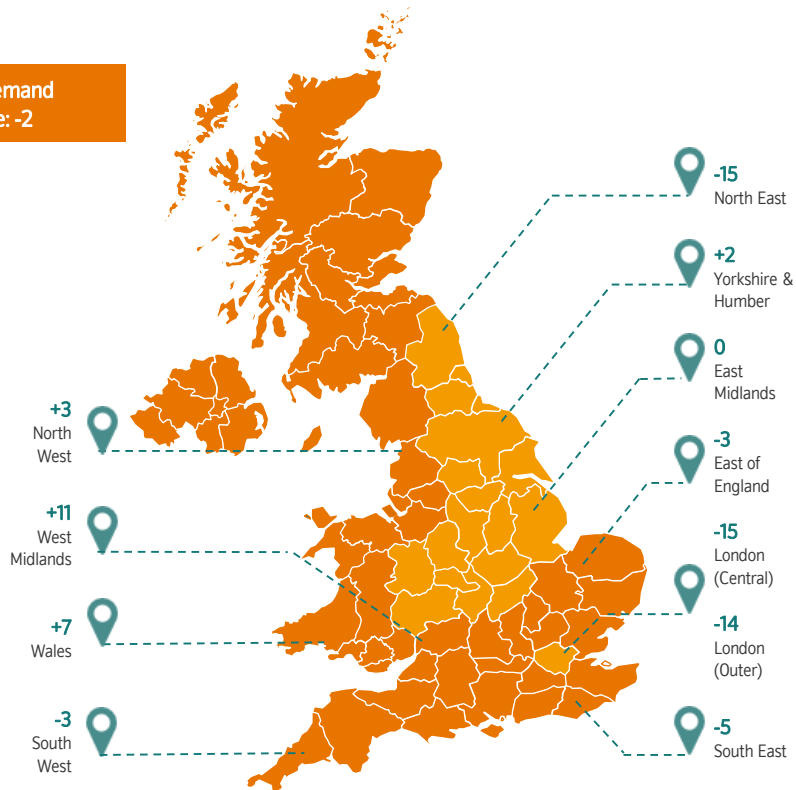
MINUS

% landlords reporting tenant demand is *decreasing* slightly or significantly 16 + 5 = 21%

Q1 2019 Tenant Demand Index = -2

Tenant Demand Report Q1 2019: Regional Analysis

UK Tenant Demand Index average: -2



5 of the 11 standard UK regions achieve a Tenant Demand Index Score above the UK average, which sits at -2 this quarter.

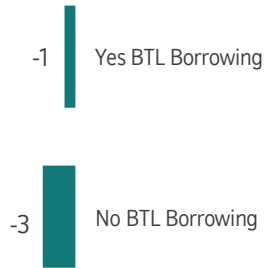
Landlords in the West Midlands are the most likely to report that tenant demand has grown, with a Tenant Demand Index Score of +11. Following the West Midlands, Wales have the second highest TDI score at +7.

There have been falls in reported tenant demand across 7 of the 10 regions, with the South West seeing the most significant decline (-27pts vs. Q4 18).

Landlords with properties in Central London and the North East continue to have the lowest score on the Tenant Demand Index, with both currently at -15.

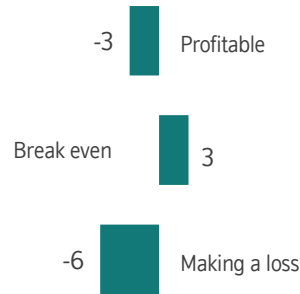
Tenant Demand Report Q1 2019

BTL Borrowing



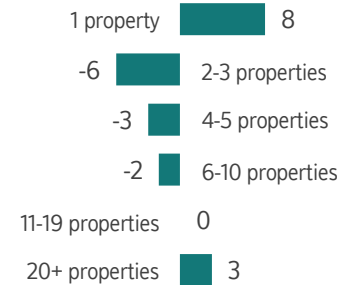
Reported tenant demand has fallen this quarter among landlords with and without BTL borrowing (-6pts & -13pts respectively). Landlords with BTL borrowing continue to score higher on the Tenant Demand Index, however this is now only marginal.

Profitability



Landlords who are 'breaking even' report the highest levels of increased tenant demand. Reported tenant demand has fallen across all groups in this measure, with those making a loss reporting the biggest fall in tenant demand, down -6pts from Q4 2018, to -6.

Portfolio Size



Landlords at the two extremes of the portfolio size spectrum currently report the strongest demand from tenants, with both **single property and 20+ property landlords achieving a positive TDI score** in Q1 2019.