

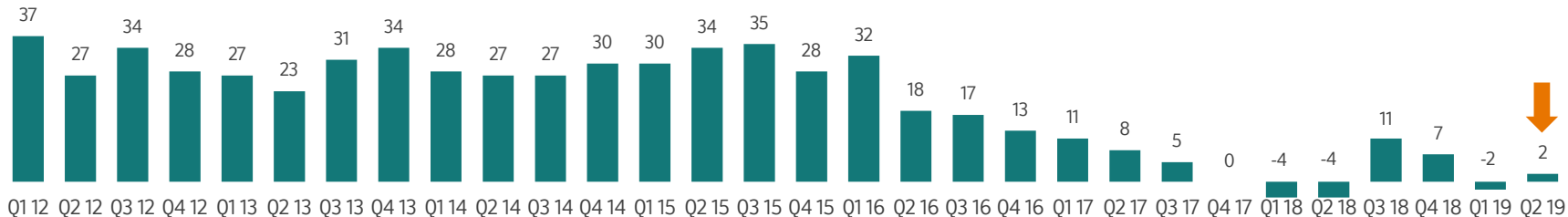
the mortgage works 

Tenant Demand Report

Q2 2019

Tenant Demand Report Q2 2019: Methodology

The TMW Tenant Demand Index has edged up 4pts from Q1 2019, taking it back into positive territory at +2:



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 Q2 2019, the results were:

Increased significantly	6%
Increased slightly	17%
No change	32%
Decreased slightly	16%
Decreased significantly	5%
Unsure	23%

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

% landlords reporting tenant demand is *growing* significantly or slightly 6 + 17 = 23%

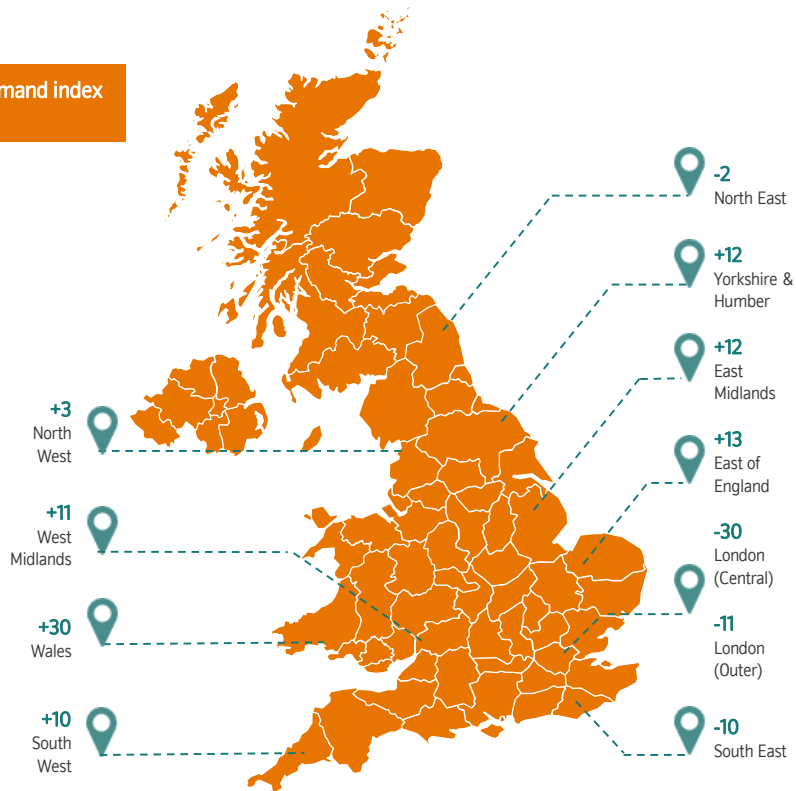
MINUS

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

Q2 2019 Tenant Demand Index = +2

Tenant Demand Report Q2 2019: Regional Analysis

UK tenant demand index average: +2



7 of the 11 standard regions in England & Wales achieve a Tenant Demand Index Score above the UK average, which sits at +2 this quarter.

Landlords in Wales are the most likely to report that tenant demand has grown, with a Tenant Demand Index Score of +30. The East of England has the second highest TDI score at +13.

There have been falls in reported tenant demand across 2 of the 10 regions, with **Central London seeing the most significant decline** (-15pts vs. Q1 19). As a result, landlords with properties in **Central London continue to have the lowest score on the Tenant Demand Index**, currently at -30.

NOTE: Base size too small to report Scotland results separately

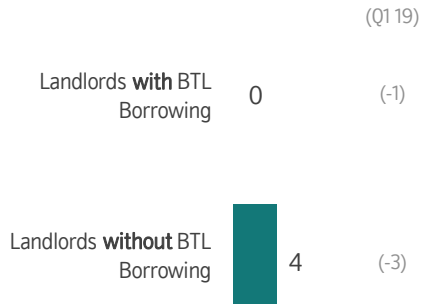
Source: BVA BDRCLandlord Panel research Q2 2019
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Tenant Demand Report Q2 2019

Tenant Demand Index calculation:

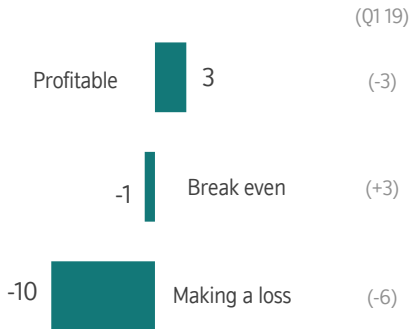
$$\% \text{ landlords reporting tenant demand is growing significantly or slightly} \quad \text{MINUS} \quad \% \text{ landlords reporting tenant demand is decreasing slightly or significantly}$$

BTL Borrowing (Q2 TDI Score)



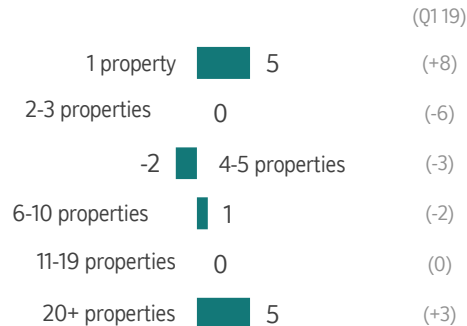
Reported tenant demand has risen this quarter among landlords both with and without BTL borrowing (+1pts & +7pts respectively). Landlords without BTL borrowing now have a higher Tenant Demand Index score than those with BTL Borrowing, at +4.

Profitability (Q2 TDI Score)



Landlords who are making a profit report the highest levels of increased tenant demand. Reported tenant demand has fallen across those 'breaking even' and 'making a loss', with those making a loss recording the biggest fall in Tenant Demand Index, down -4pts from Q1 2019, to -10.

Portfolio Size (Q2 TDI Score)



Landlords at the two extremes of the portfolio size spectrum continue to report the strongest demand from tenants, with both **single property and 20+ property landlords achieving a TDI score of +5** in Q2 2019.