

the mortgage works 

# Tenant Demand Report

Q1 2021

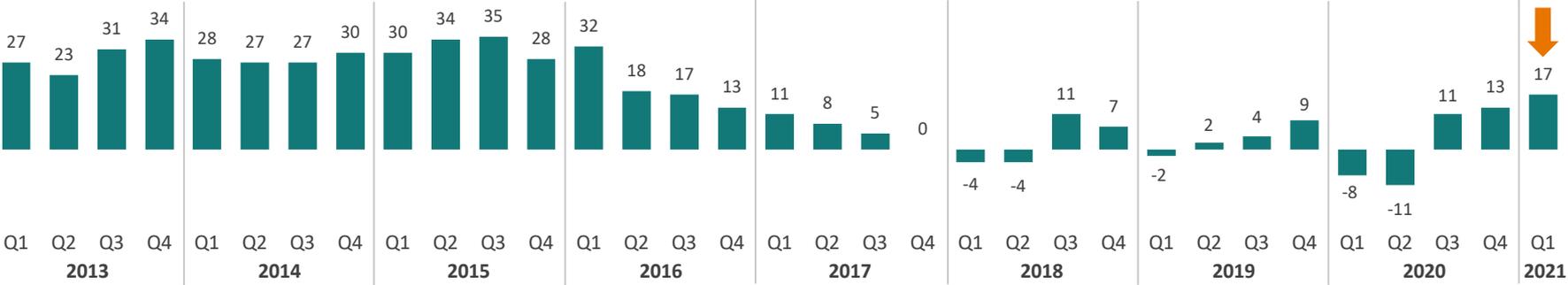
Fieldwork took place 14<sup>th</sup> March 2021 – 5<sup>th</sup> April 2021



For intermediary use only

# Tenant Demand Report Q1 2021: Methodology

The TMW Tenant Demand Index sees an uplift of +4 points from Q4'20, recovering strongly from all time lows of -11 recorded in Q2'20



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 2021, the results were:

Increased significantly	11%
Increased slightly	20%
No change	25%
Decreased slightly	8%
Decreased significantly	6%
Unsure	29%

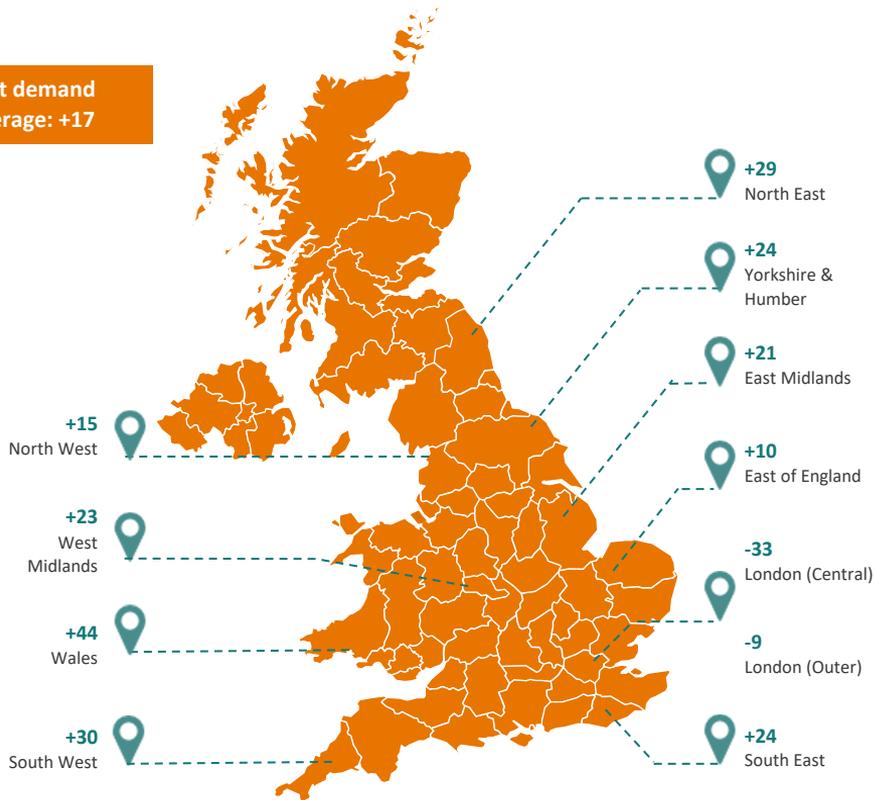
The **TMW Tenant Demand Index** is based on a simple calculation:

% landlords reporting tenant demand is growing significantly or slightly	11 + 20 = 31%
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MINUS	
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% landlords reporting tenant demand is decreasing slightly or significantly	8 + 6 = 14%
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<b>Q1 2021 Tenant Demand Index</b>	<b>= +17</b>

Source: BVA BDRC Landlord Panel research Q1 2021  
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 T1612

# Tenant Demand Report Q1 2021: Regional Analysis

UK tenant demand index average: +17



In Q1 '21, 7 of the 11 standard regions in England & Wales achieve a TDI score above the UK average, which increased by 4-points vs. Q4 '20 to +17.

Wales currently achieves the highest TDI score (+44), with the other regions achieving an above average TDI score including the West Midlands, South West, East Midlands, Yorks & Humber, North East and South East.

2 regions continue to have a negative Tenant Demand Index score and remain significantly below other regions in the UK in Q1 2021; Outer London at -9 and Central London at -33. However, both London regions did see an improvement in their TDI scores vs. Q4 '20, with Central London seeing a 12-point uplift and Outer London recording a 10-point increase.

Outside of London, only the North West and East of England record TDI scores that are below the national average in Q1 '21, at +15 and +10 respectively.

NOTE: Base size too small to report Scotland results separately

Source: BVA BDRC Landlord Panel research Q1 2021  
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# Tenant Demand Report Q1 2021

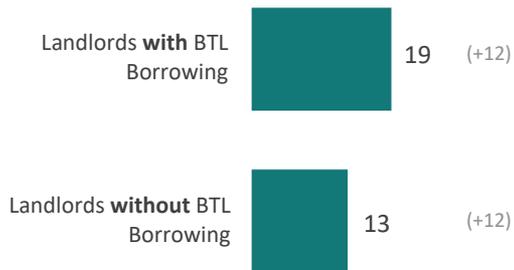
Tenant Demand Index calculation:

% landlords reporting tenant demand is growing significantly or slightly	MINUS	% landlords reporting tenant demand is decreasing slightly or significantly
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## BTL Borrowing

(Q1 TDI Score)

(Q4 '20)



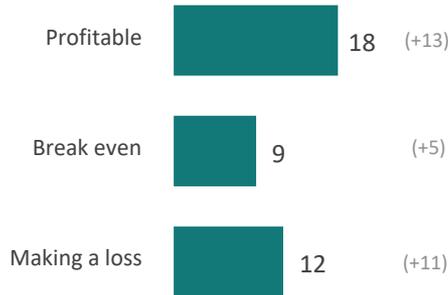
The TDI score for landlords with BTL borrowing improved by +7 points vs. Q4 '20, whilst the TDI score for those without BTL borrowing remained largely unchanged, at +13.

As a result, landlords with BTL borrowing now achieve a higher Tenant Demand Index score than those without borrowing (+19 vs. +13).

## Profitability

(Q1 TDI Score)

(Q4 '20)



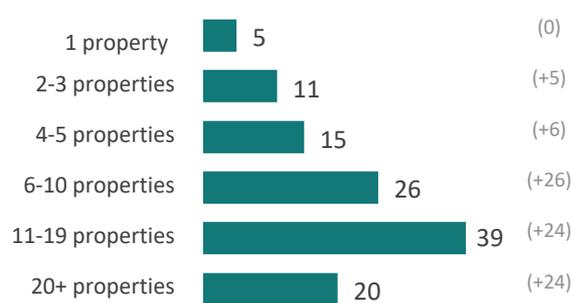
In Q1 '21, all landlords across the profitability spectrum continue to achieve TDI scores in positive territory.

Landlords who make a profit from their lettings activity achieve the highest TDI score, at +18, whilst those who break even or make a loss achieve lower, but relatively similar, TDI scores of +9 and +12 respectively.

## Portfolio Size

(Q1 TDI Score)

(Q4 '20)



Landlords with 6+ properties in their portfolio continue to achieve the most positive TDI scores.

In Q1, landlords with 11-19 properties achieved the highest TDI score of +39.

Landlords in the smaller portfolio size brackets also saw their TDI scores improve this quarter, most notably for landlords with 4-5 properties, who recorded a 9pt increase, to +15.