

the mortgage works 

Tenant Demand Report

Q3 2021

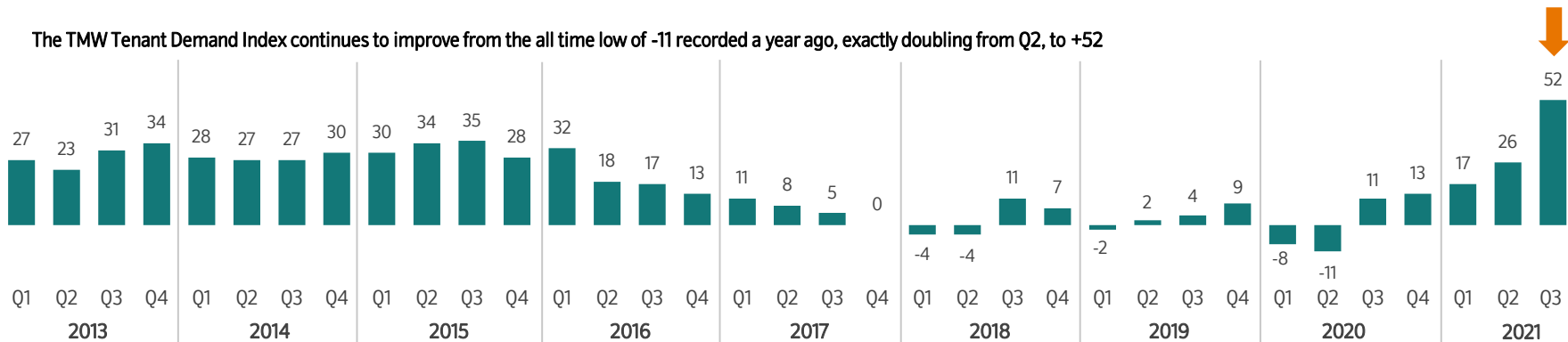
Fieldwork took place 5 September – 27 September 2021



For intermediary use only

Tenant Demand Report Q3 2021: Methodology

The TMW Tenant Demand Index continues to improve from the all time low of -11 recorded a year ago, exactly doubling from Q2, to +52



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 Q3 2021, the results were:

| | |
|-------------------------|-----|
| Increased significantly | 30% |
| Increased slightly | 28% |
| No change | 20% |
| Decreased slightly | 4% |
| Decreased significantly | 1% |
| Unsure | 17% |

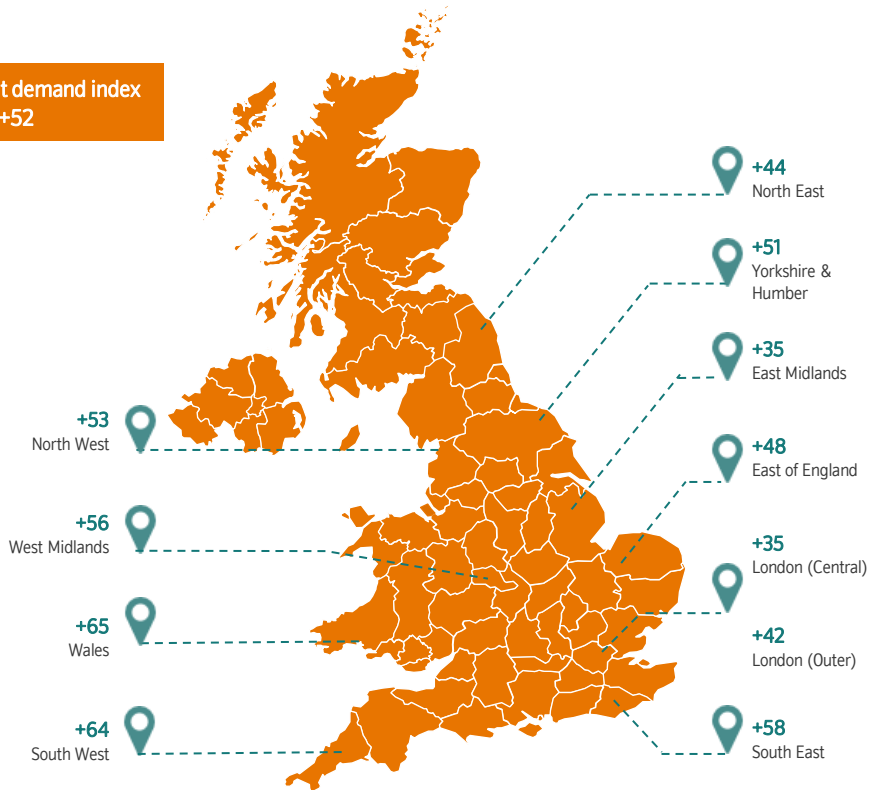
The **TMW Tenant Demand Index** is based on a simple calculation:

| | |
|---|----------------|
| % landlords reporting tenant demand is growing significantly or slightly | 30 + 28 = 57%* |
| ----- | |
| MINUS | |
| ----- | |
| % landlords reporting tenant demand is decreasing slightly or significantly | 1 + 4 = 5% |
| Q3 2021 Tenant Demand Index | = +52 |

*NOTE: Calculation accounts for rounding

Tenant Demand Report Q3 2021: Regional Analysis

UK tenant demand index average: +52



In Q3 '21, 5 of the 11 standard regions in England & Wales achieve a TDI score above the UK average, which has doubled from +26 in Q2 '21, to +52.

Wales currently achieves the highest TDI score (+65), closely followed by the South West (+64). The other regions achieving an above average TDI score are the North West, West Midlands, South West and the South East.

The two London regions return to positive TDI scores (Outer London at +42 and Central London at +35), but are still some way below the UK average.

Outside of London, the East of England, North East and East Midlands record TDI scores that are below the national average in Q3 '21 (at +48, +44 and +35 respectively).

NOTE: Base size too small to report Scotland results separately

Source: BVA BDRCLandlord Panel research Q3 2021
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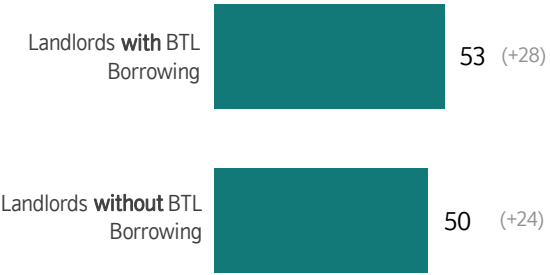
Tenant Demand Report Q3 2021

Tenant Demand Index calculation:

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

BTL Borrowing (Q3 TDI Score)

(Q2 '21)

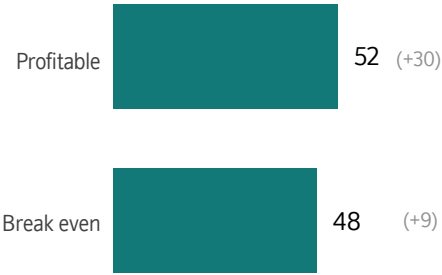


The TDI score for landlords both with and without BTL borrowing continues to improve significantly, up by a further +25 points and +26 points respectively vs. Q2 '21.

Landlords with BTL borrowing continue to achieve a Tenant Demand Index score that is marginally above that recorded by those without borrowing (+53 vs. +50).

Profitability (Q3 TDI Score)

(Q2 '21)

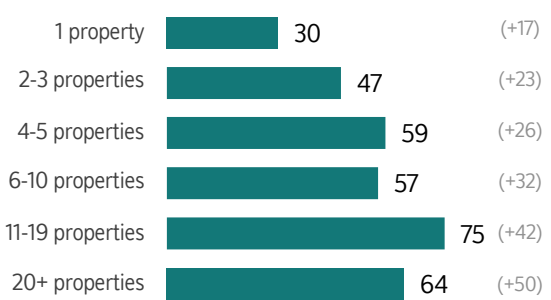


Landlords who break even from their lettings activity record the greatest uplift in TDI score this quarter, up +39 points to +48.

However, profitable landlords continue to achieve a higher TDI score at +52, after also recording a sizeable uplift in TDI Score vs. Q2 '21 (+22 points).

Portfolio Size (Q3 TDI Score)

(Q2 '21)



Landlords with larger portfolios continue to achieve the most positive TDI scores. In Q3, landlords with 11-19 properties achieve the highest TDI score, at +75 (up a significant +33 points from Q2 '21).

However, landlords in the smaller portfolio size brackets also see notable improvements this quarter, with the TDI scores for landlords with 2 – 5 properties increasing by at least 20 points.

Source: BVA BDRG Landlord Panel research Q3 2021
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