

Overall UK

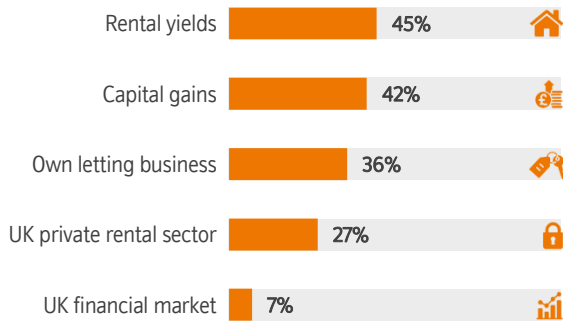
Landlords Outlook & Confidence

There has been negative movement across each of the key landlord confidence indicators this quarter. The most significant movements relate to rental yields (-11%), landlords' own lettings business (-10%) and capital gains (-8%).

Overall profitability has also edged down since Q1, to 83% (-4%), whilst rental demand has reduced very slightly (-2%), and the incidence of reported arrears has marginally increased (+3%).

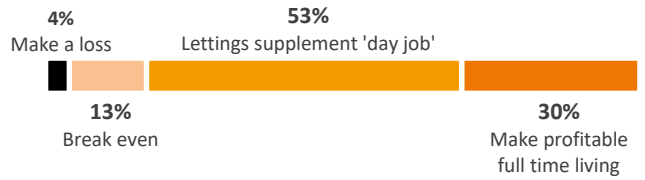
Recent purchase/divestment activity is unchanged quarter on quarter, with a 4% bias to sales in the last 3 month period.

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



Landlords Balance Sheet

Profitability



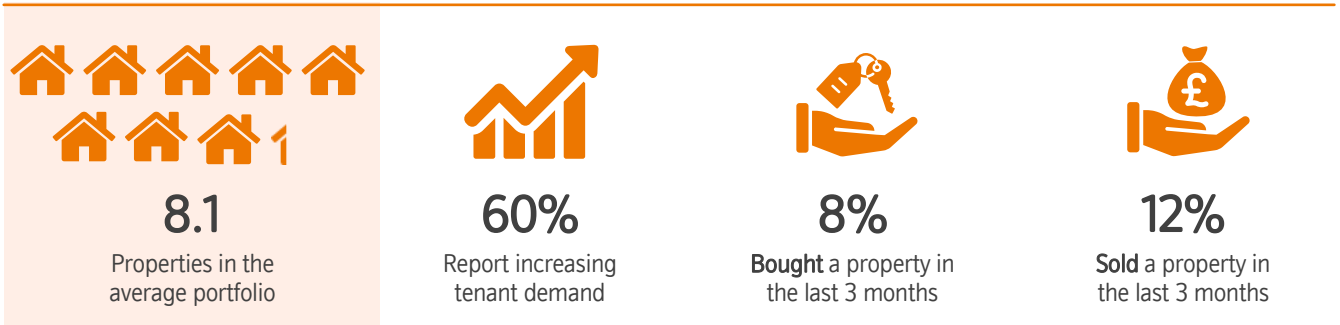
Financials



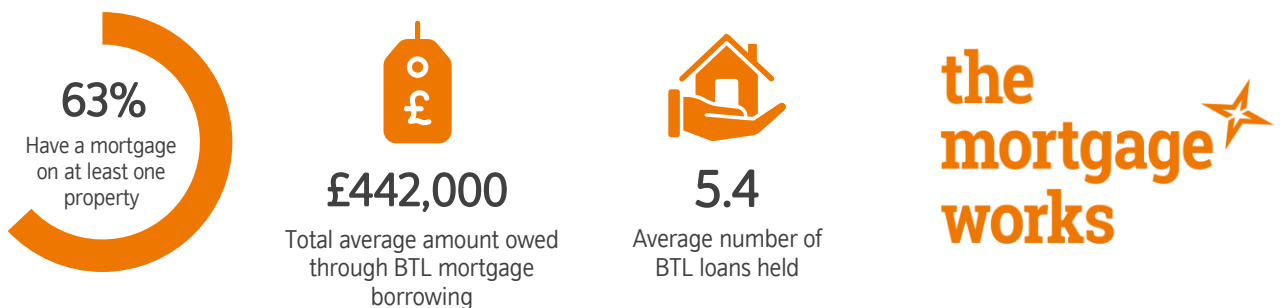
Problems Experienced



PRS Dynamics



BTL Dynamics



East of England

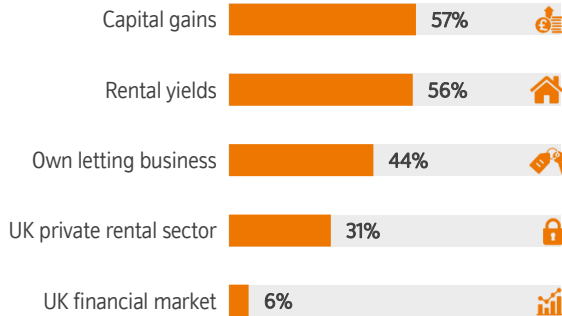
Landlords Outlook & Confidence

Confidence amongst landlords in the East of England remains above that of the average landlord, whilst only 2 of the 5 key indicators record a drop in optimism vs. Q1 (UK private rental sector and UK financial market).

However, fewer report making a profit in this region in Q2 (-4%, to 86%) and there has been an increase in those experiencing rental arrears in the last year (+4%, to 37%).

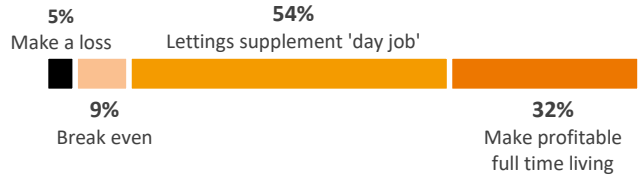
Although landlords in the East of England are less likely to report increasing tenant demand compared to the typical landlord (55% vs. 60% nationally), the incidence of void periods remains below average at 22%.

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



Landlords Balance Sheet

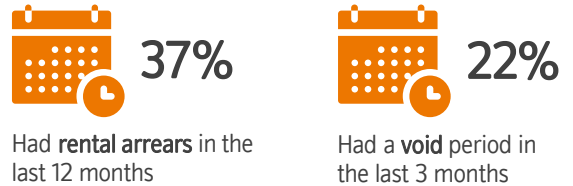
Profitability



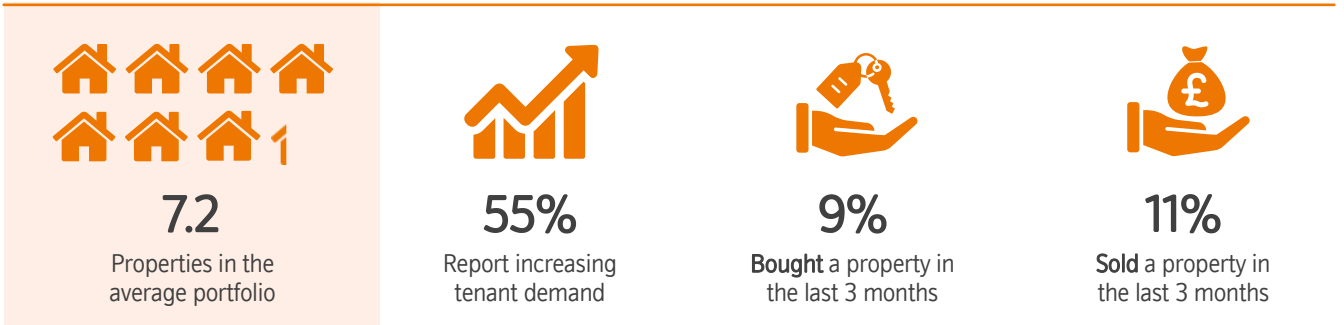
Financials



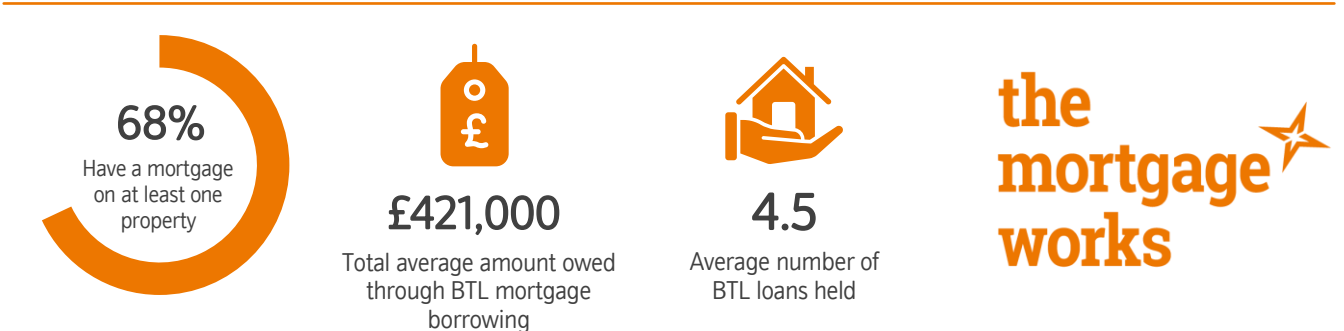
Problems Experienced



PRS Dynamics



BTL Dynamics



East Midlands

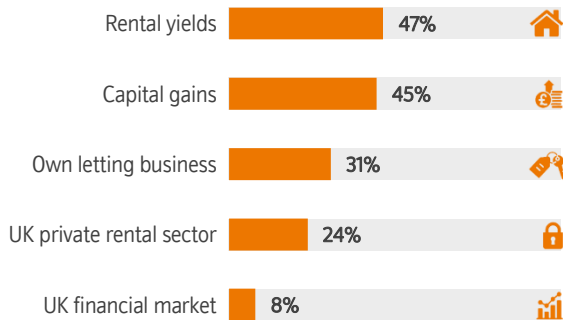
Landlords Outlook & Confidence

It has been a negative quarter for landlords in the East Midlands. Expectations have fallen across all 5 confidence metrics, with optimism for landlords' own lettings business most seriously affected (-10%). Stated profitability has also reduced (-6%, to 88%).

On the upside, there has been a significant fall in the incidence of rental arrears (from 44% in Q1, to 27%), and yields have edged up by 0.3% to 5.9%.

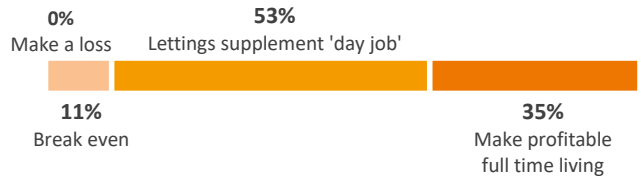
Q2 also sees an uptick in recent property divestment in the region (+6%, to 16%), while there has been a slight fall in purchasing activity (-2%, to 10%).

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

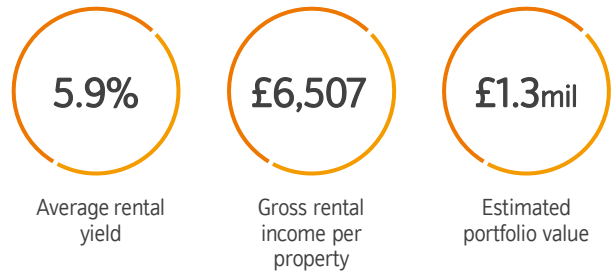


Landlords Balance Sheet

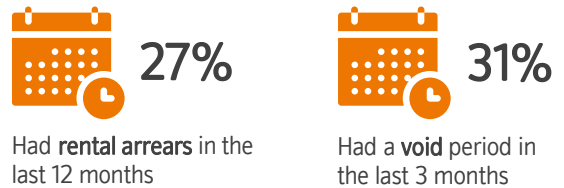
Profitability



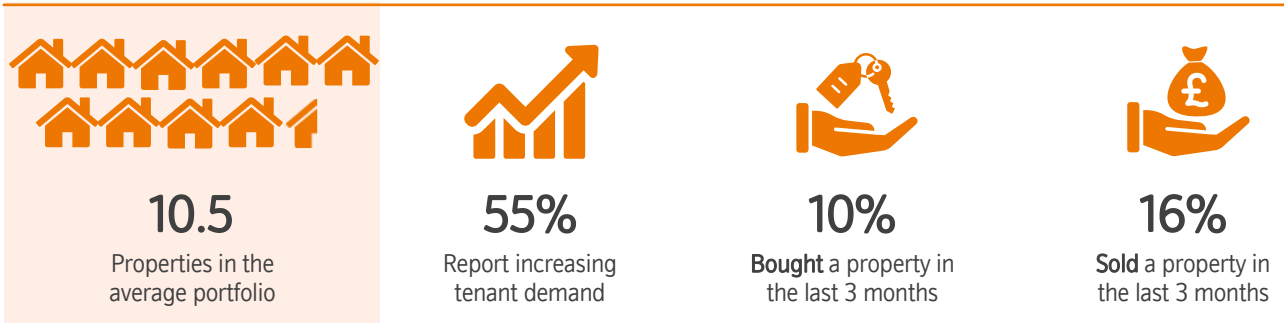
Financials



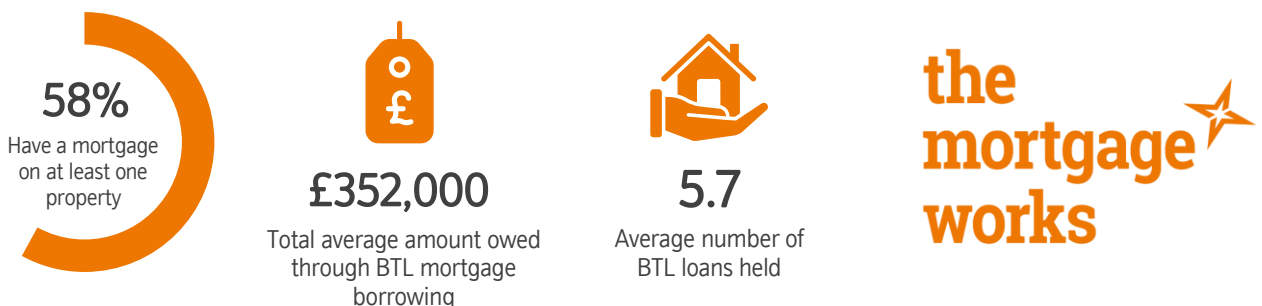
Problems Experienced



PRS Dynamics



BTL Dynamics



Central London

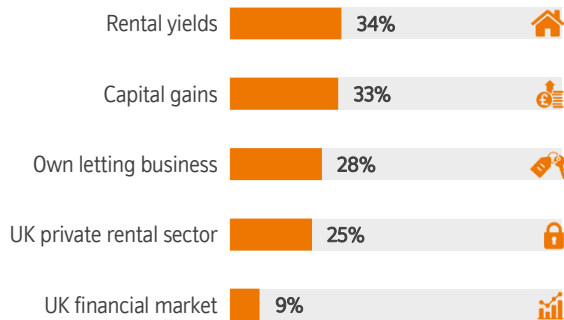
Landlords Outlook & Confidence

Confidence among landlords letting in the centre of the capital has collapsed this quarter. This is evidenced by a 26% reduction in rental yields confidence, a 19% fall in capital gains optimism, and a 20% slump in expectations for their own lettings business in the next quarter.

Fewer now report they are able to generate a profit (-6%, to 80%), with a higher proportion now saying that they only 'break even' (17%). More negativity comes through when we look at recent voids (+3% vs. Q1 '22) and particularly reported arrears (+18% vs. Q1 '22).

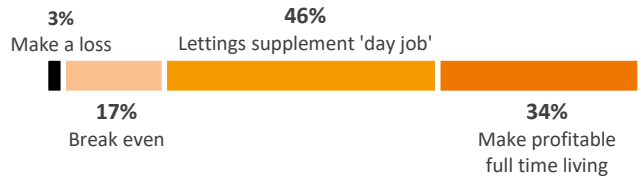
Recent divestment has almost trebled from 4% to 11% in recent months, though 1 in 10 have added to their portfolio.

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



Landlords Balance Sheet

Profitability



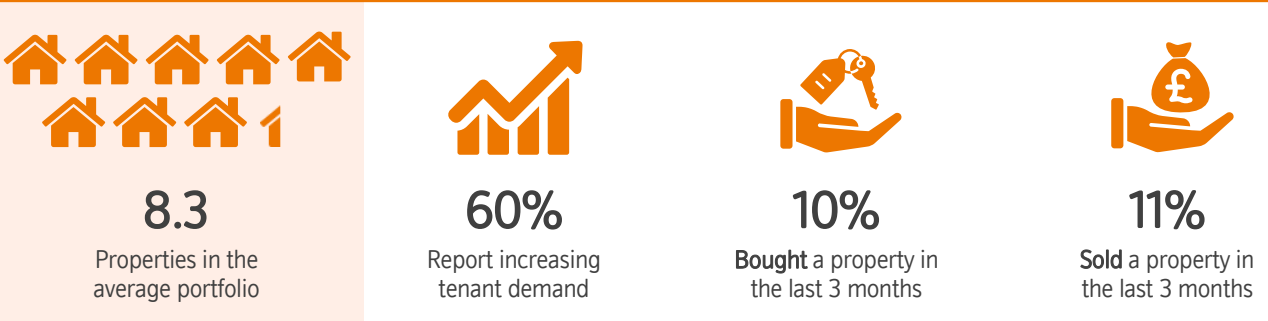
Financials



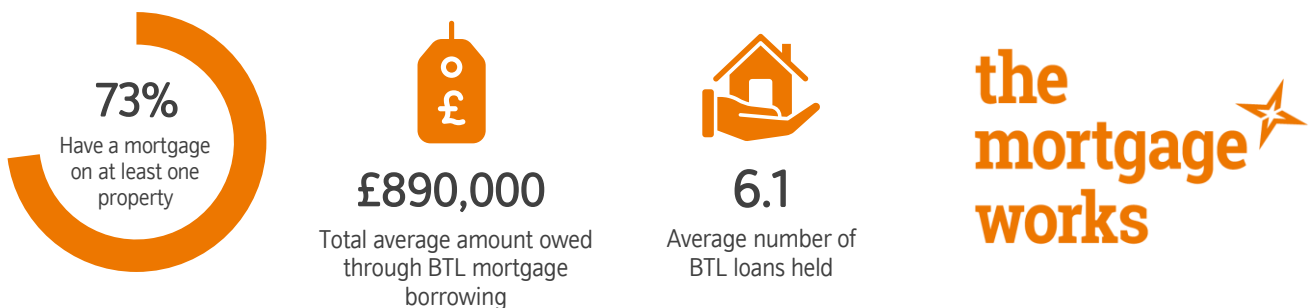
Problems Experienced



PRS Dynamics



BTL Dynamics



Outer London

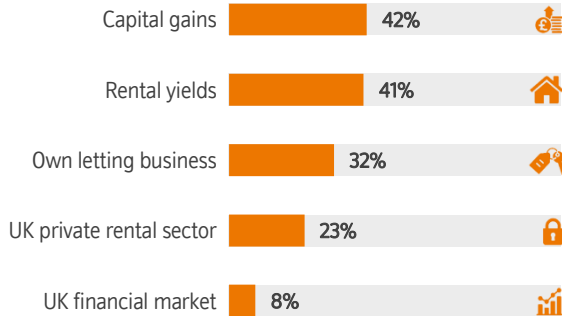
Landlords Outlook & Confidence

Landlords operating around the boundary of London are generally more upbeat than those letting in more central areas of the capital. That said, there have been declines in confidence across all of the optimism metrics vs. Q1 '22, most notably for capital gains and yields which are both down by 10%.

As with several other regions, landlords in Outer London reported an increase in arrears across their portfolio (+6%), although this didn't prevent yields picking up by 0.5% in Q2.

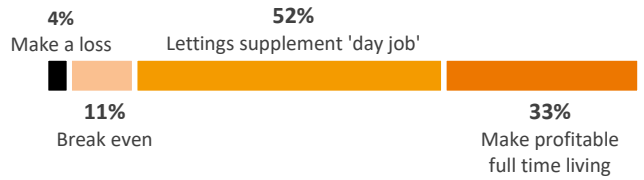
Property acquisition and sales activity fell (by 2%) this quarter, with both now marginally below the national average.

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



Landlords Balance Sheet

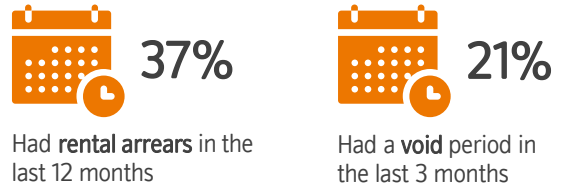
Profitability



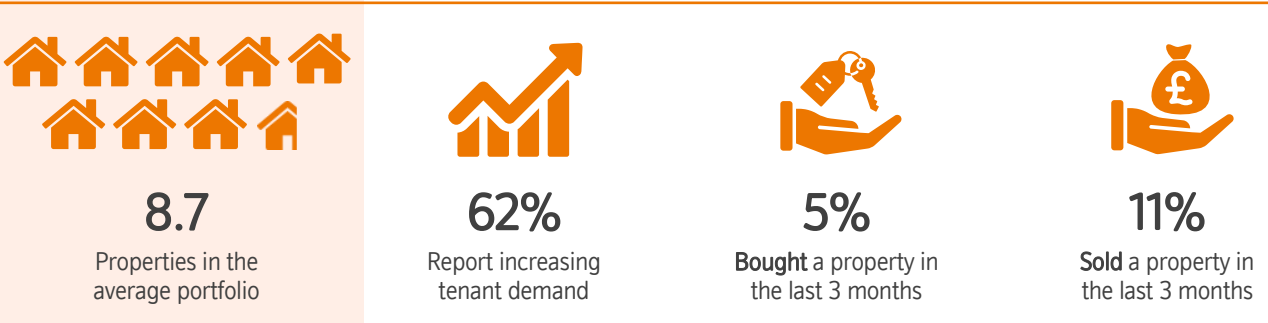
Financials



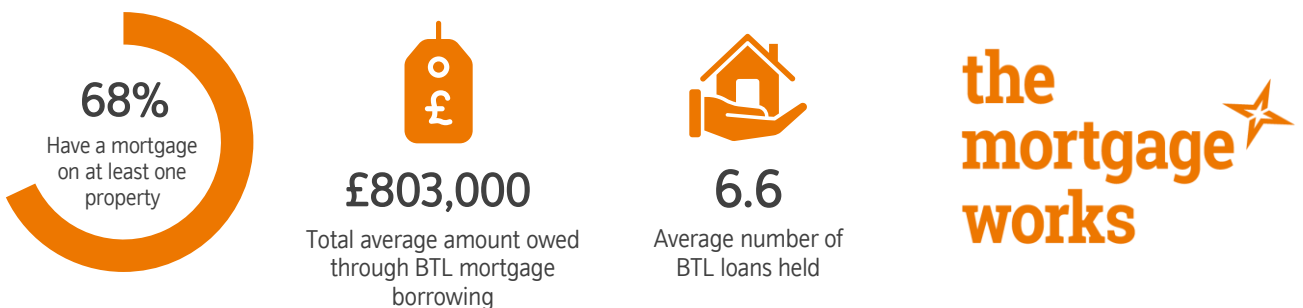
Problems Experienced



PRS Dynamics



BTL Dynamics



North East England

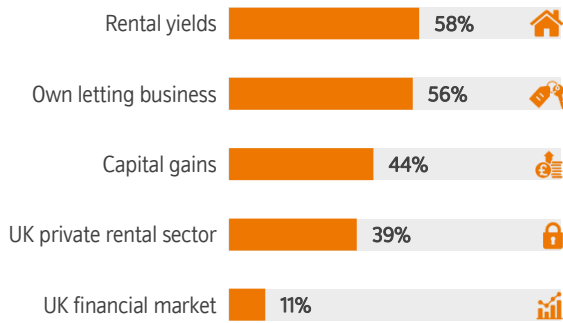
Landlords Outlook & Confidence

Landlords in the North East of England buck the general trend this quarter, with increased optimism recorded across each of the key indicators. Indeed this group of landlords are the most upbeat in the country in Q2 '22.

Reported arrears rates are down (-8% to 47%), although the incidence of voids has ticked up a little and both remain some way ahead of the national average. This is likely linked to portfolios being larger than average in this region. Reassuringly however, landlords in the North East saw a significant increase in tenant demand in Q2.

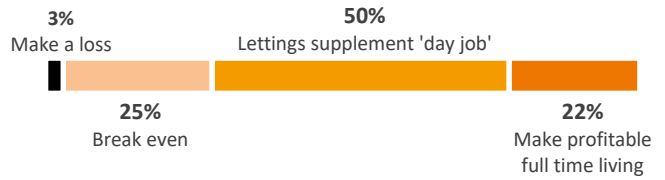
The North East is one of the most active areas in terms of recent property purchase (19%) and sales (22%) activity.

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

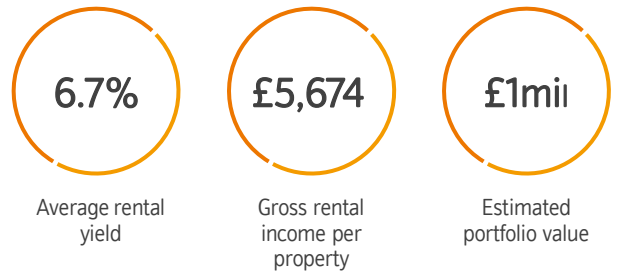


Landlords Balance Sheet

Profitability



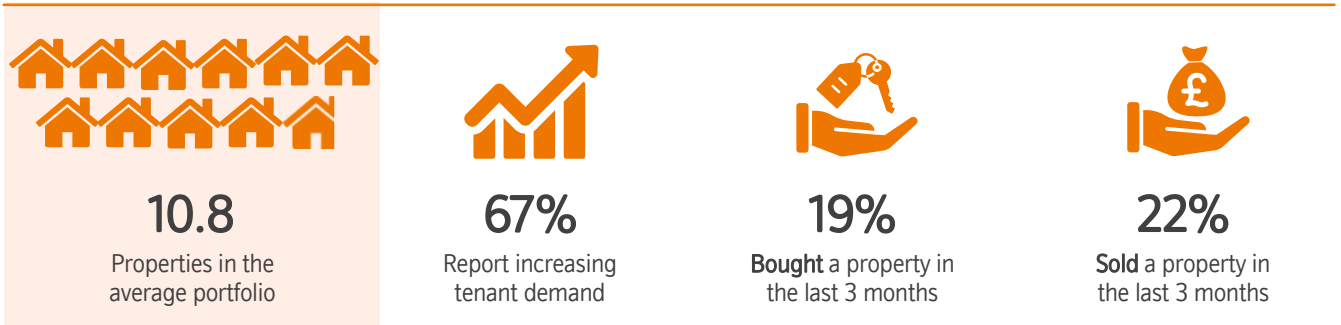
Financials



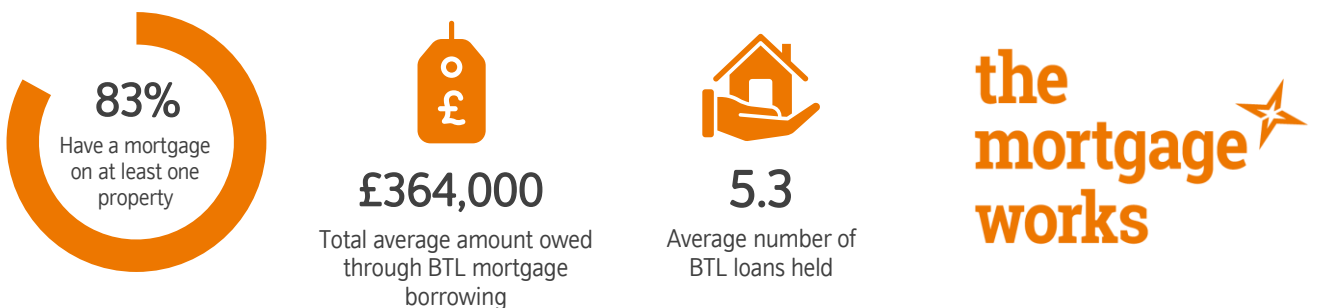
Problems Experienced



PRS Dynamics



BTL Dynamics



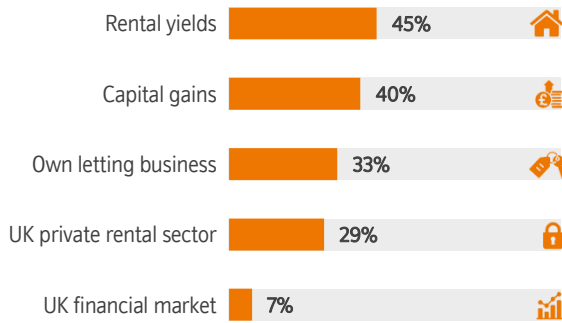
North West England

Landlords Outlook & Confidence

As with many other regions, the confidence of landlords in the North West has been badly dented this quarter. Each key optimism indicator has reduced, most notably for rental yields (-11%) and landlords' own lettings business (-12%). Overall profitability has fallen (by 6%), as has perceived tenant demand (-7%).

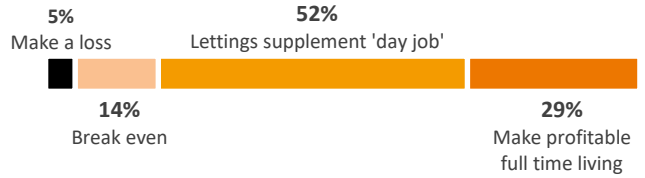
Notwithstanding these negative movements, landlords operating in the North West have been more likely to purchase a property vs. Q1 (+3%) and no more likely to sell than they were last quarter. A further glimmer of hope was offered by the fact that average rental yields in the region increased by 0.5% in Q2, to 6.4% which is well above the national average.

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

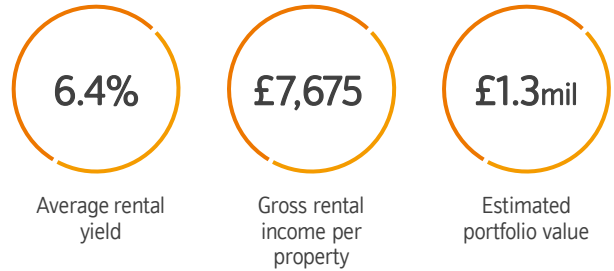


Landlords Balance Sheet

Profitability



Financials



Problems Experienced



PRS Dynamics



8.9

Properties in the average portfolio



60%

Report increasing tenant demand



10%

Bought a property in the last 3 months



10%

Sold a property in the last 3 months

BTL Dynamics



£553,000

Total average amount owed through BTL mortgage borrowing



7.4

Average number of BTL loans held

the mortgage works

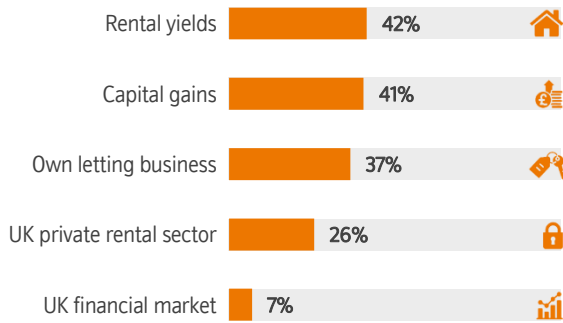
South East England

Landlords Outlook & Confidence

In Q2 '22, landlords in the South East are much less optimistic about their broader near-term prospects than they were at the start of the year, with all confidence indices down vs. the first quarter. In addition, the proportion making a profit from their lettings activity fell by 5%, with more now reporting they only 'break even' (+6% to 14%).

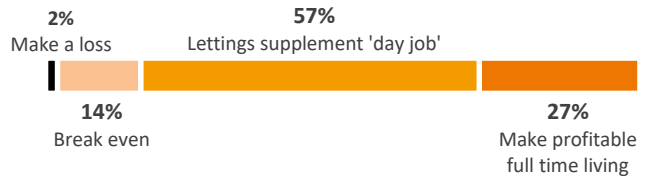
As with many other regions, landlords here were more likely to report an increase in arrears in Q2, although voids were down by 6%. Elsewhere, recent tenant demand held up at 59%, whilst the incidence of property purchase and sales levels were unchanged vs. Q1.

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



Landlords Balance Sheet

Profitability



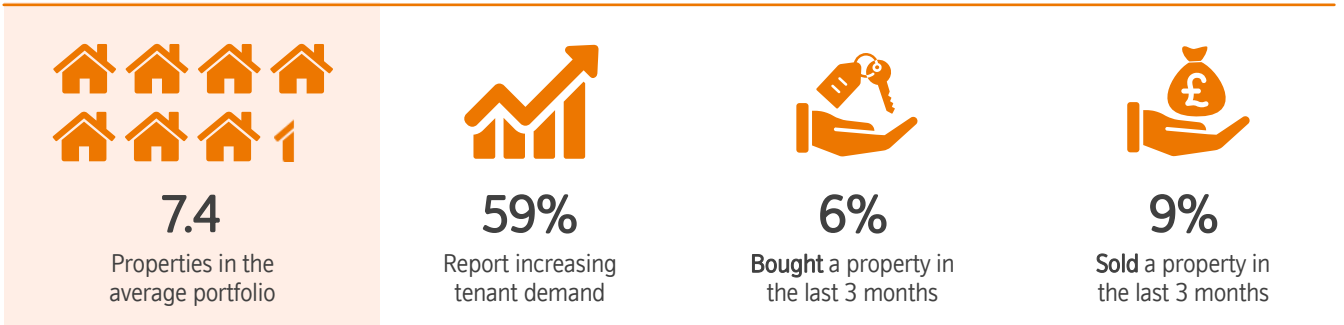
Financials



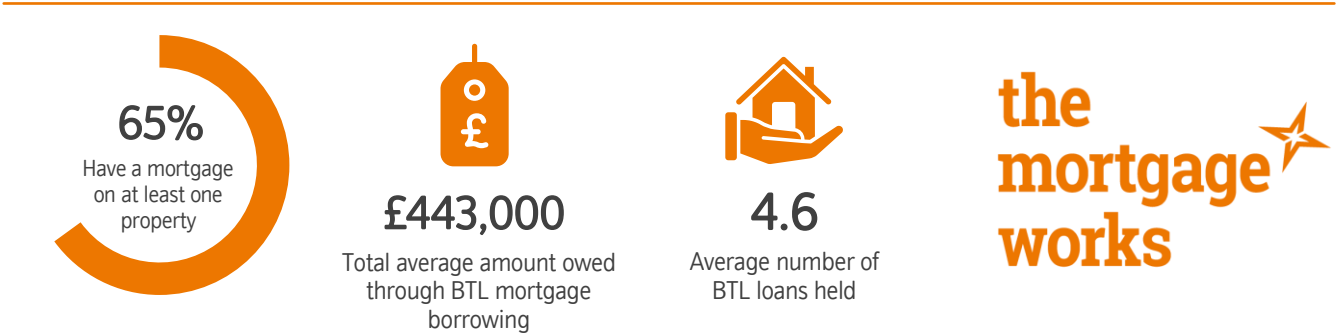
Problems Experienced



PRS Dynamics



BTL Dynamics



South West England

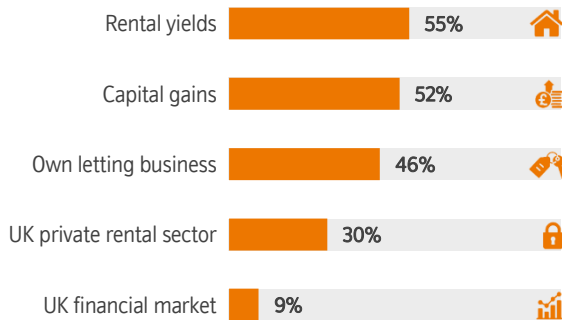
Landlords Outlook & Confidence

The proportion of landlords making a profit in the South West increased this quarter (+4% to 91%). Elsewhere, recent tenant demand remains the strongest in the country, at 72%.

Notwithstanding these positive aspects to their business, overall sentiment softened, in particular landlords were less bullish regarding rental yields and the UK's private rental sector (both -10% vs. Q1 '22).

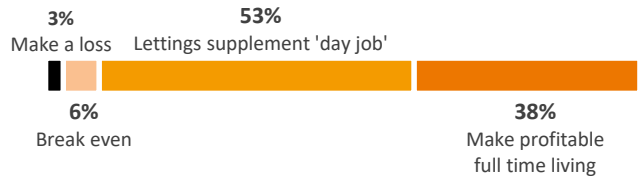
Property purchase rates remained unchanged at 10% in Q2, while divestment fell by 3% to 8%. Overall yields stayed largely stable and just above the national average, at 5.9%.

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



Landlords Balance Sheet

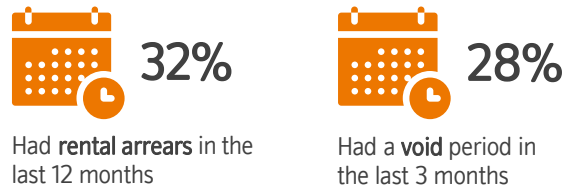
Profitability



Financials



Problems Experienced



PRS Dynamics



9.8

Properties in the average portfolio



72%

Report increasing tenant demand



10%

Bought a property in the last 3 months



8%

Sold a property in the last 3 months

BTL Dynamics

59%

Have a mortgage on at least one property



£499,000

Total average amount owed through BTL mortgage borrowing



5.7

Average number of BTL loans held

the mortgage works

Wales

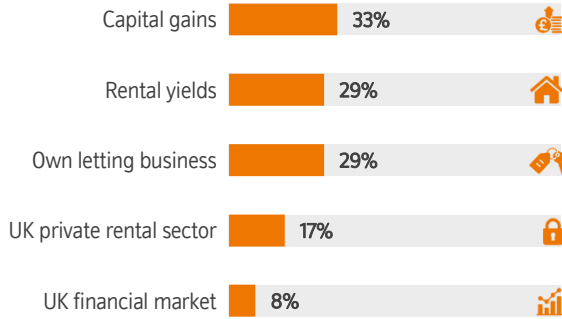
Landlords Outlook & Confidence

Landlords operating in Wales are least likely to report making a profit in Q2 '22, with 17% only breaking even and almost 1 in 10 making a loss of some kind (both +3% vs. Q1).

Yields fell by 0.5% this quarter and both arrears and voids increased to make this a somewhat painful period in this region. Indeed, at 40% the incidence of voids was the highest in the UK and 14% above the all landlord average.

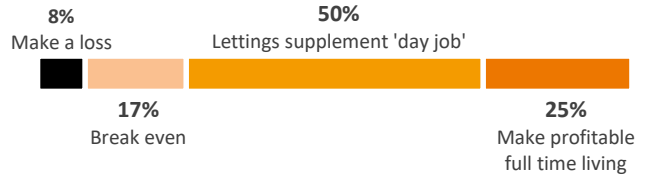
However, despite a 10% fall in those reporting increasing tenant demand vs. Q1, this metric remains 5% above the UK average at 65%.

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



Landlords Balance Sheet

Profitability



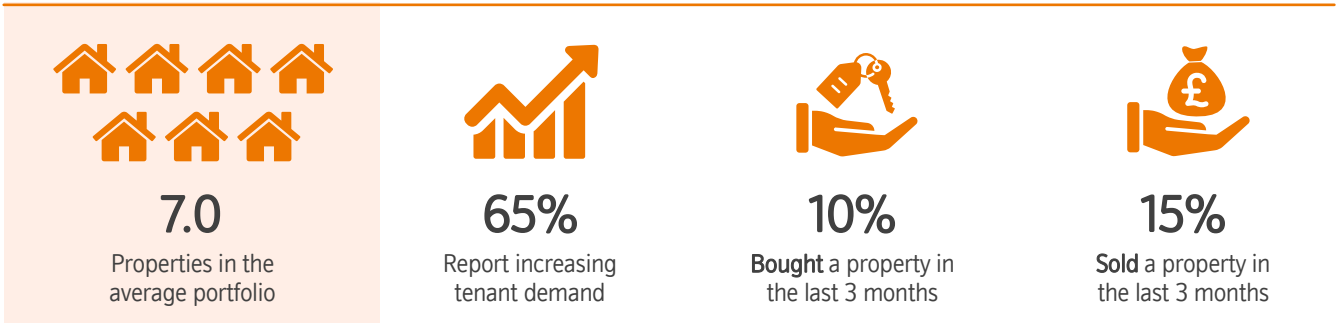
Financials



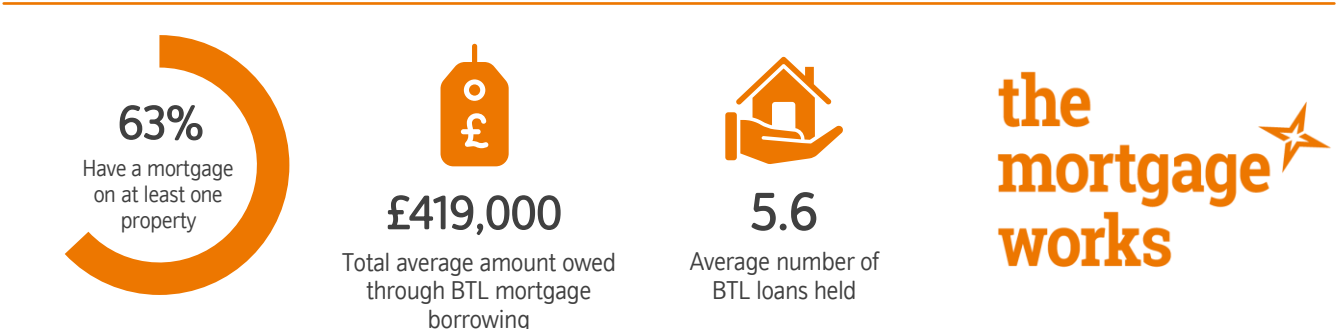
Problems Experienced



PRS Dynamics



BTL Dynamics



West Midlands

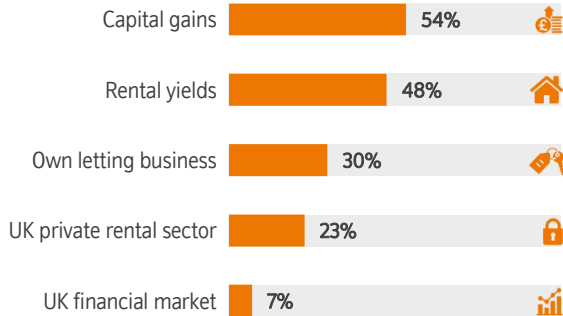
Landlords Outlook & Confidence

The proportion of landlords in the West Midlands reporting a financial loss trebled from 3% in Q1 '22 to 9% in Q2, this is the highest rate across all of the individual regions. Feeding into this was a reduction in the average achieved yield (-0.4%) and a +6% increase in rental arrears across the portfolios.

Unsurprisingly, optimism for each of the key business indicators was also down this quarter, most notably for rental yields (-14%) and the broader private rental sector (-15%).

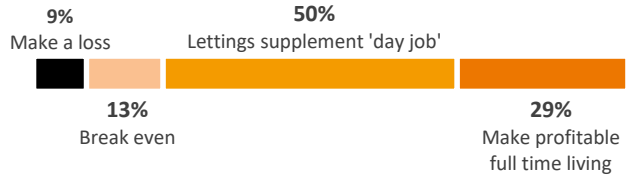
In better news for this region, the incidence of voids more than halved to 14% (the lowest of all regions) and property divestment also fell, from 10% to 5%.

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



Landlords Balance Sheet

Profitability



Financials



Problems Experienced



PRS Dynamics



9.2

Properties in the average portfolio



48%

Report increasing tenant demand



13%

Bought a property in the last 3 months



5%

Sold a property in the last 3 months

BTL Dynamics

54%

Have a mortgage on at least one property



£393,000

Total average amount owed through BTL mortgage borrowing



6.3

Average number of BTL loans held

the mortgage works

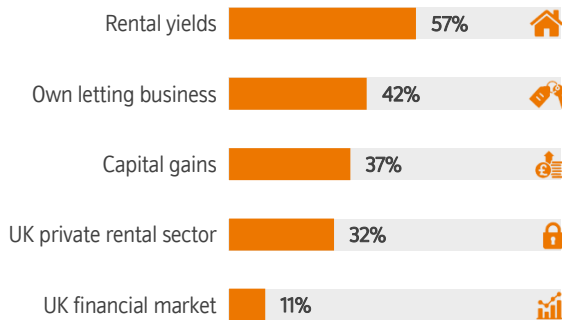
Yorkshire and The Humber

Landlords Outlook & Confidence

Yields picked up strongly for landlords operating in Yorks & Humber, increasing by 1.4% vs. Q1 to 6.8%, the largest wave on wave movement across any of the regions. In further positive news for landlords in this region, there was a significant fall in the incidence of rental arrears (-13%) and to a lesser extent, void periods (-4%).

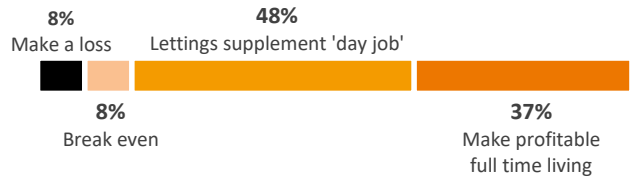
However, this didn't insulate landlords in the region from feeling less optimistic about the majority of key indicators compared to Q1, with the most notable falls in confidence for capital gains and landlords' own letting business (both -6%).

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



Landlords Balance Sheet

Profitability



Financials



Problems Experienced



PRS Dynamics



15.5

Properties in the average portfolio



66%

Report increasing tenant demand



12%

Bought a property in the last 3 months



18%

Sold a property in the last 3 months

BTL Dynamics



£421,000

Total average amount owed through BTL mortgage borrowing



7.6

Average number of BTL loans held

the mortgage works