

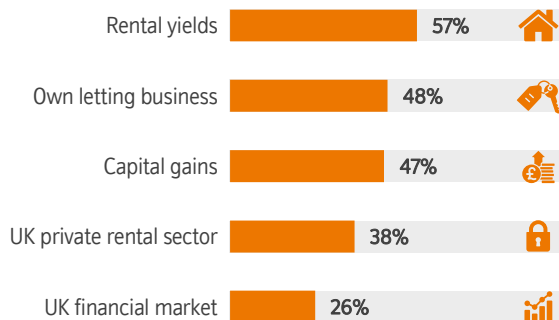
Overall UK

Landlords Outlook & Confidence

Landlord confidence continues to improve in Q3, and is now at a 5-year high for all of the key confidence indicators. Confidence in capital gains has seen the strongest increase year-on-year (+23%), although landlords continue to be most positive about the prospects for rental yields (57% feel 'good' or 'very good').

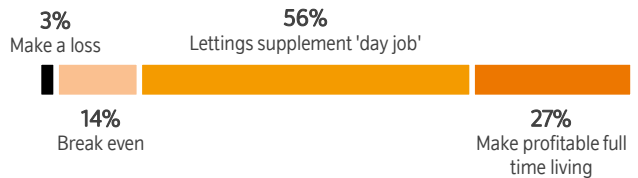
Perceptions of increasing tenant demand are at an all time high, with 57% reporting increasing demand (+18% since Q2 and +28% Y-o-Y). However, there has been little change in overall profitability and rental yields increase by just 0.1% this quarter.

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



Landlords Balance Sheet

Profitability



Financials



Problems Experienced



PRS Dynamics



6.9

Properties in the average portfolio



57%

Report increasing tenant demand



10%

Bought a property in the last 3 months



9%

Sold a property in the last 3 months

BTL Dynamics

62%

Have a mortgage on at least one property



£425,000

Total average amount owed through BTL mortgage borrowing



5.2

Average number of BTL loans held

the mortgage works

East of England

Landlords Outlook & Confidence

Optimism among landlords operating in the East of England has increased across all the key indicators this quarter after declining in Q2. Confidence in rental yields far outstrips the other indicators, and is considerably ahead of the UK average following a 24%pt increase this quarter.

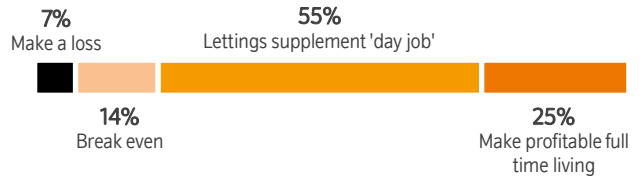
Confidence in future rental yields is borne out by achieved yields, with a 0.5% increase in average yield since Q2, to 6.1%. Additionally, this region is seeing rising tenant demand, with half now reporting demand is on the up (+17% vs. Q2), and the proportion experiencing a recent void has halved to just 14%.

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



Landlords Balance Sheet

Profitability



Financials



Problems Experienced



PRS Dynamics



6.1

Properties in the average portfolio



50%

Report increasing tenant demand



11%

Bought a property in the last 3 months



11%

Sold a property in the last 3 months

BTL Dynamics



£477,000

Total average amount owed through BTL mortgage borrowing



5.5

Average number of BTL loans held

the mortgage works

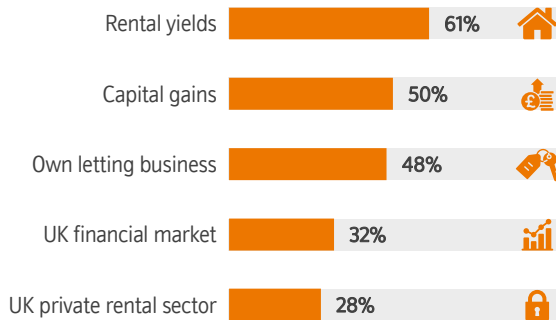
Central London

Landlords Outlook & Confidence

Landlords in Central London see a significant increase in confidence across the key indicators this quarter, with confidence amongst these landlords now in-line with or outstripping the UK average on 4 of the 5 metrics; over 3 in 5 rate rental yields as 'good' or 'very good' (+37%pts vs. Q2) and half are confident in prospects for capital gains (+21%pts vs. Q2).

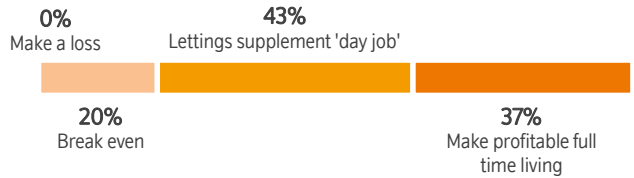
This confidence is reflected in a considerable increase in average achieved rental yield since Q2 (+2.2%, to 5.9%) and improved perceptions of tenant demand (50% increasing vs. 10% in Q2). However, incidence of void periods has also increased to 39% (from 29% in Q2) and is now the highest of all regions.

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

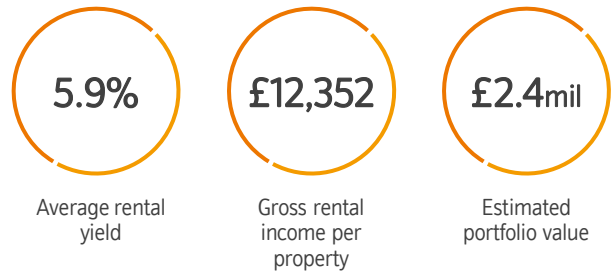


Landlords Balance Sheet

Profitability



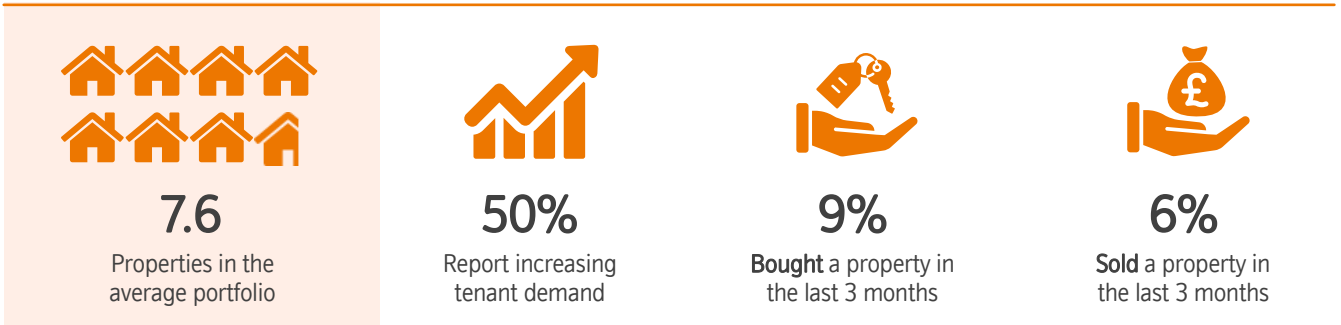
Financials



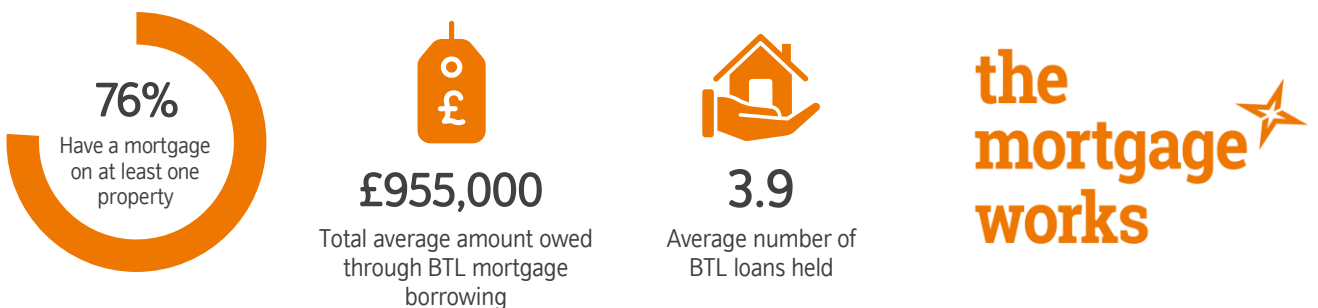
Problems Experienced



PRS Dynamics



BTL Dynamics



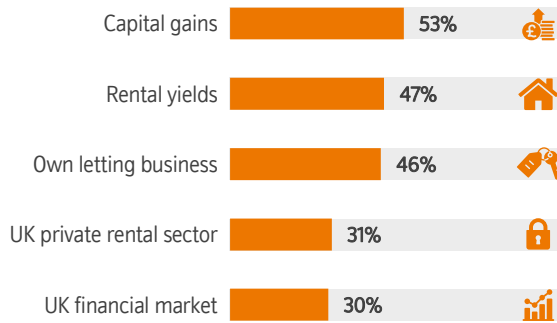
Outer London

Landlords Outlook & Confidence

Optimism amongst landlords operating in Outer London has risen across all the key indicators, with expectations for capital gains (+16%pts) and landlords' own letting business (+16%pts) seeing particularly marked increases. Confidence in rental yields has also increased considerably since Q2 (+13%pts) despite achieved yields declining marginally (-0.1%).

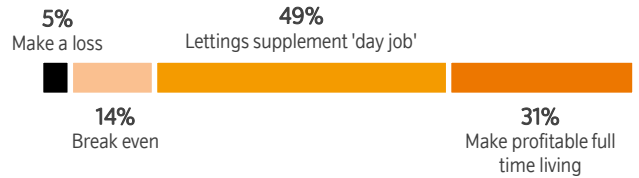
In Q3, there has been a considerable uplift in purchase behaviour, with 12% of landlords having bought a property in the last 3 months (+7%pts vs. Q2), putting the region slightly ahead of the UK average despite a higher than average level of void periods and slightly less tenant demand.

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



Landlords Balance Sheet

Profitability



Financials



Problems Experienced



PRS Dynamics



8.4

Properties in the average portfolio



49%

Report increasing tenant demand



12%

Bought a property in the last 3 months



10%

Sold a property in the last 3 months

BTL Dynamics



£810,000

Total average amount owed through BTL mortgage borrowing



5.9

Average number of BTL loans held

the mortgage works

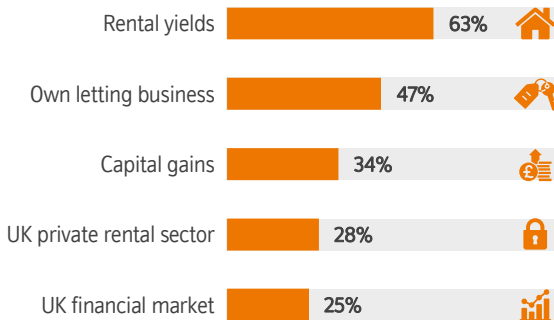
North East England

Landlords Outlook & Confidence

For landlords operating in the North East confidence increased for 4 of the 5 indicators compared to Q2, whilst property purchase levels are the highest of any region (19%). However, confidence in the UK's private rental sector has declined slightly and is considerably below the UK average (28% vs. 38%).

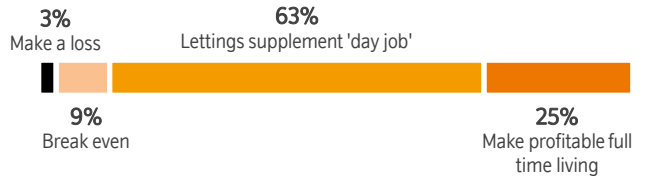
The incidence of rental arrears and void periods is higher than the UK average in this region, at 47% and 31% respectively. Despite this, there is strong confidence in future rental yields which is reflected in an above average current yield of 6.2% and an increase in profitability, with 88% now making a profit from their letting business (+8%pts vs. Q2).

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



Landlords Balance Sheet

Profitability



Financials



Problems Experienced



PRS Dynamics



6.9

Properties in the average portfolio



50%

Report increasing tenant demand



19%

Bought a property in the last 3 months



16%

Sold a property in the last 3 months

BTL Dynamics



£248,000

Total average amount owed through BTL mortgage borrowing



4.0

Average number of BTL loans held

the mortgage works

North West England

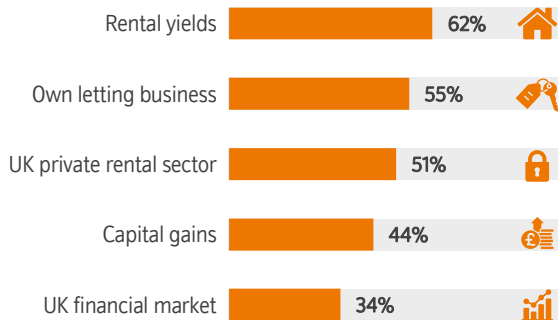
Landlords Outlook & Confidence

Optimism amongst landlords operating in the North West has increased considerably this quarter, with all but one metric (capital gains) outstripping the UK average and confidence in the UK financial market being the highest of any region.

This is linked to an almost doubling in the proportion of landlords reporting increasing tenant demand (61% vs 33% in Q2), a 0.6% increase in average rental yields and a 10%pts increase in the number of landlords able to make a profitable full time living from their letting business.

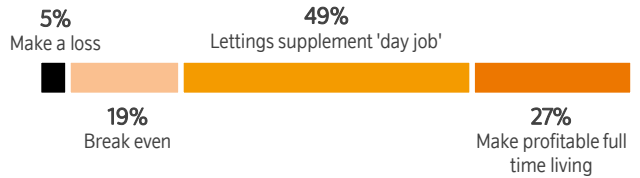
However, there has been an increase in the incidence of rental yields with 2 in 5 landlords having had a property empty in the last year (+9%pts vs. Q2).

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



Landlords Balance Sheet

Profitability



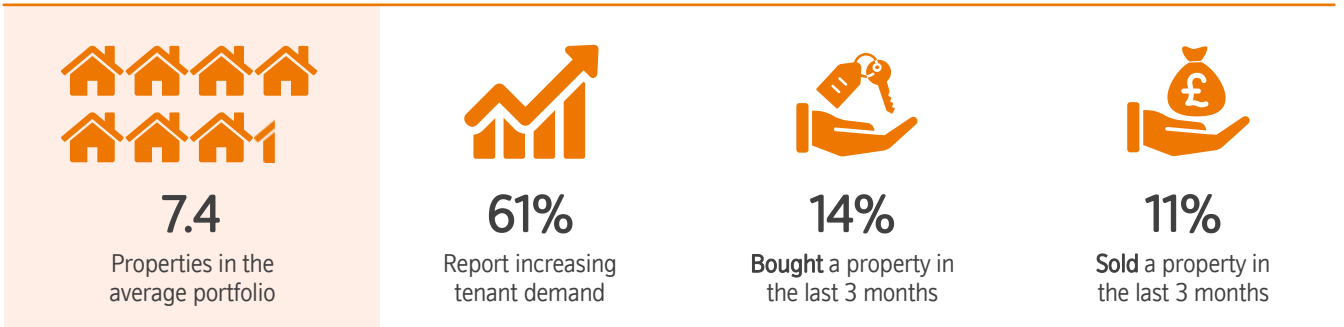
Financials



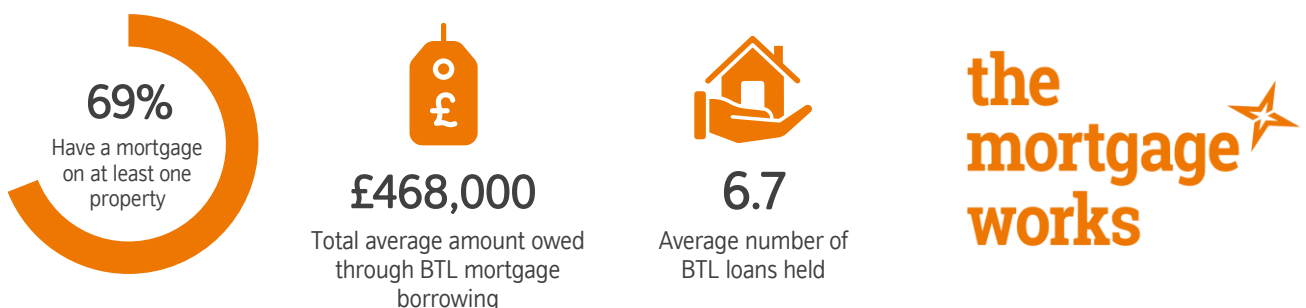
Problems Experienced



PRS Dynamics



BTL Dynamics



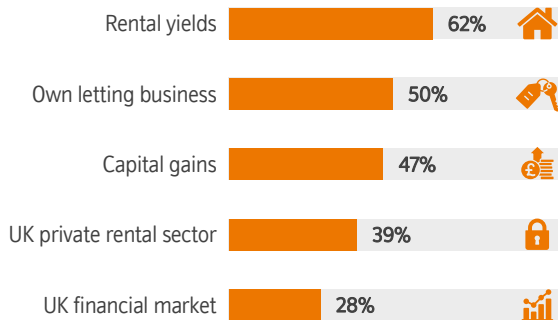
South East England

Landlords Outlook & Confidence

Confidence amongst landlords in the South East increases across 4 of the 5 indicators, with a considerable growth in confidence seen for rental yields (+8%pts) and the UK private rental sector (+7%pts).

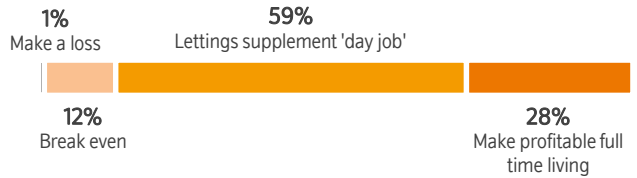
This increase in confidence is linked to a rise in tenant demand, with 3 in 5 landlords now reporting increasing demand (+21%pts), although profitability and rental yields remain stable compared to last quarter. Increasing confidence is also borne out in landlords' purchase behaviour, with an increase in landlords buying property (+4%pts) and decline in those who have sold (11%pts).

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



Landlords Balance Sheet

Profitability



Financials



Problems Experienced



PRS Dynamics



6.1

Properties in the average portfolio



62%

Report increasing tenant demand



9%

Bought a property in the last 3 months



6%

Sold a property in the last 3 months

BTL Dynamics

62%

Have a mortgage on at least one property



£508,000

Total average amount owed through BTL mortgage borrowing



5.1

Average number of BTL loans held

the mortgage works

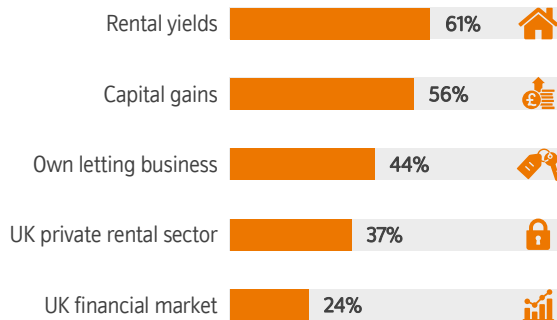
East Midlands

Landlords Outlook & Confidence

Optimism among landlords operating in the East Midlands has increased for 3 of the 5 key indicators this quarter, most notably rental yields (+10%pts) where confidence is slightly ahead of the UK average. However, confidence in landlords' own letting business has edged down since Q2 (-2%pts), as has confidence in the UK's financial market (-4%pts).

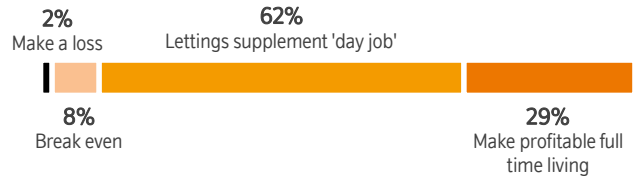
Overall profitability increases this quarter with over 9 in 10 landlords now making a profit (up from 79% in Q2), the highest of any region; rental yields are also considerably above the UK average (6.5% vs. 5.9%) and have increased slightly from Q2 (+0.3%). Conversely, rental arrears are at the highest level of any region with over half of landlords having experienced arrears in the last 12 months.

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



Landlords Balance Sheet

Profitability



Financials



Problems Experienced



PRS Dynamics



9.0

Properties in the average portfolio



43%

Report increasing tenant demand



11%

Bought a property in the last 3 months



13%

Sold a property in the last 3 months

BTL Dynamics



£559,000

Total average amount owed through BTL mortgage borrowing



7.4

Average number of BTL loans held

the mortgage works

South West England

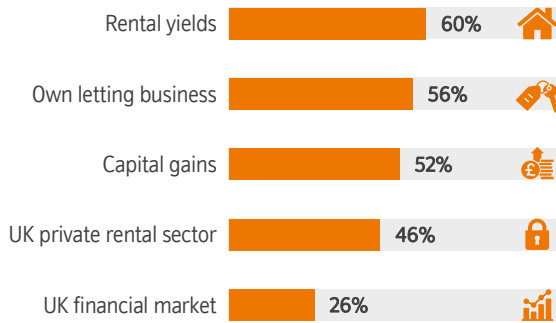
Landlords Outlook & Confidence

In the South West, landlord confidence outstrips the UK average for 3 of the 5 confidence indicators, and has increased or remained stable this quarter for all 5 indicators.

Confidence in landlords' own letting business is the highest of any region at 56%, possibly driven by over 2 in 3 landlords reporting increasing tenant demand (+20%pts from Q2).

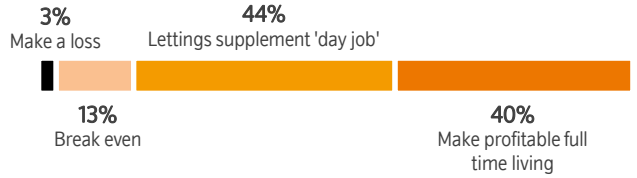
However, profitability and rental yields remain consistent with last quarter and there has been a slight increase in incidence of rental arrears and void periods since Q2.

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



Landlords Balance Sheet

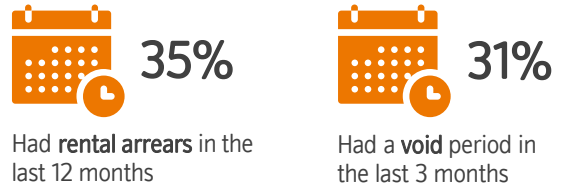
Profitability



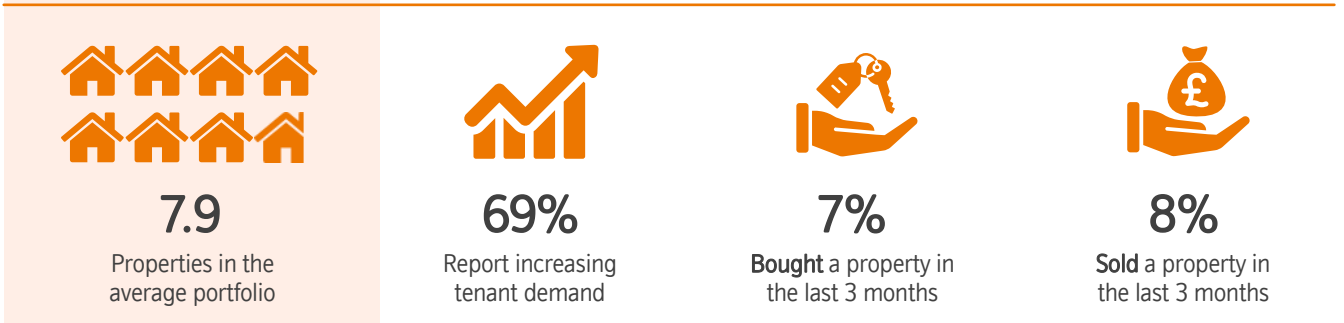
Financials



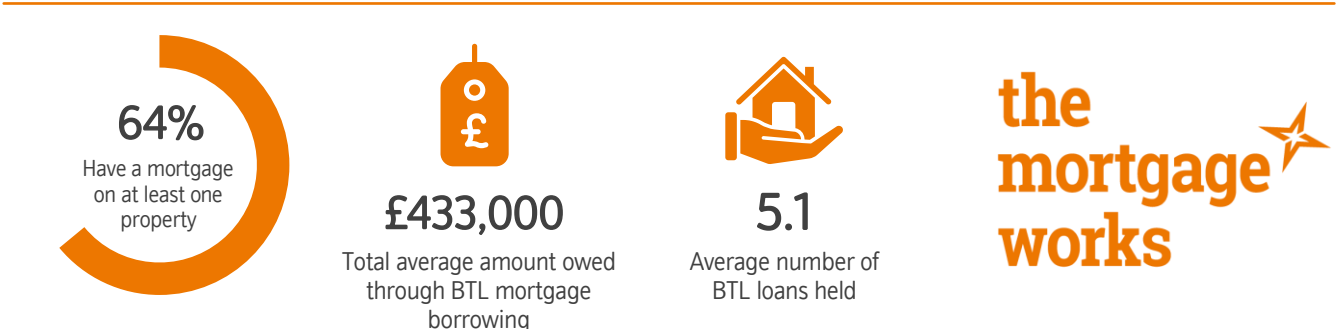
Problems Experienced



PRS Dynamics



BTL Dynamics



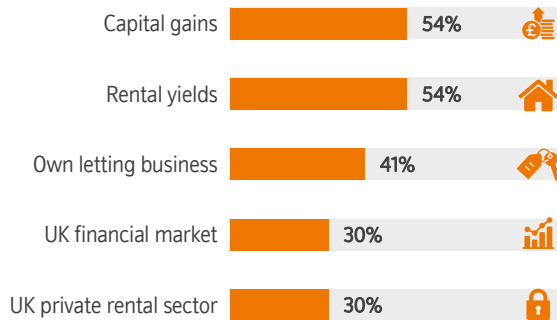
Wales

Landlords Outlook & Confidence

Amongst landlords operating in Wales future expectations are mixed, with confidence in capital gains and the UK financial market improving, while overall confidence in the UK private rental sector has declined since Q2 (-6%pts).

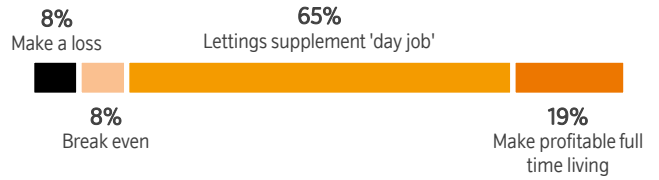
A mixed picture is also seen across the other key metrics; profitability and rental yields remain consistent from last quarter and there has been a 13%pt rise in the proportion of landlords reporting increasing tenant demand, but just 3% of landlords have bought a property in the last 3 months (-8%pts) and the average portfolio size has declined by 1.1 properties since last quarter.

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



Landlords Balance Sheet

Profitability



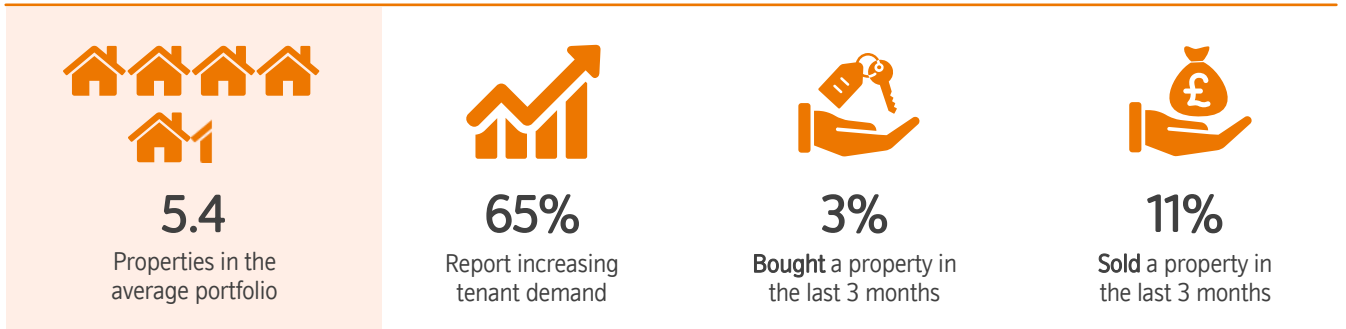
Financials



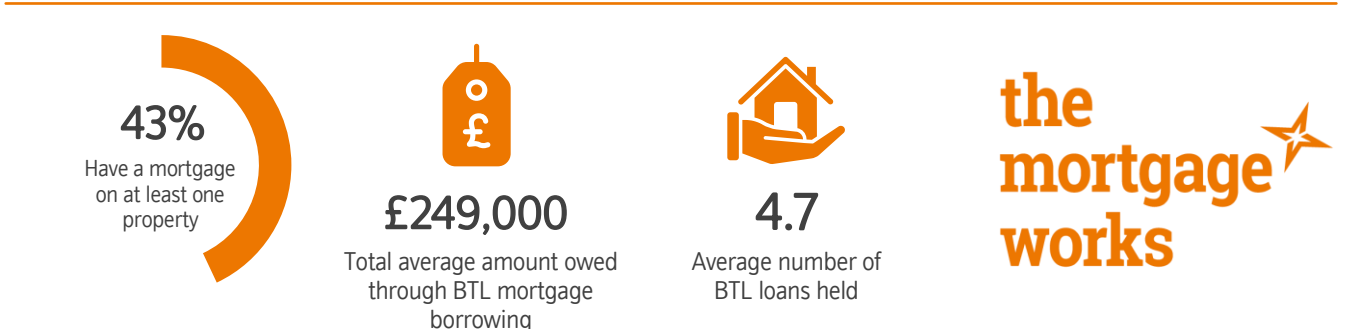
Problems Experienced



PRS Dynamics



BTL Dynamics



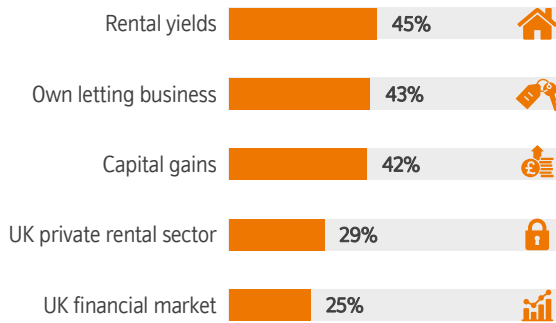
West Midlands

Landlords Outlook & Confidence

Unlike other regions, confidence has remained stable or declined on most of the key indicators among landlords operating in the West Midlands, with only confidence in rental yields increasing since Q2 (+4%pts); this may be linked to a drop in the number of landlords able to make a full time living from letting (-10%pts vs. Q2).

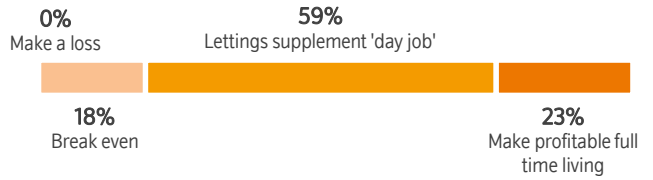
Average portfolio size has declined considerably this quarter as landlords now hold an average of 7.0 properties (-4.1) and there has been an increase in landlords saying they sold a property in the last 3 months (+5%pts). However, on a more positive note, the proportion of landlords reporting rising tenant demand has increased considerably to 63% (+30%pts).

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



Landlords Balance Sheet

Profitability



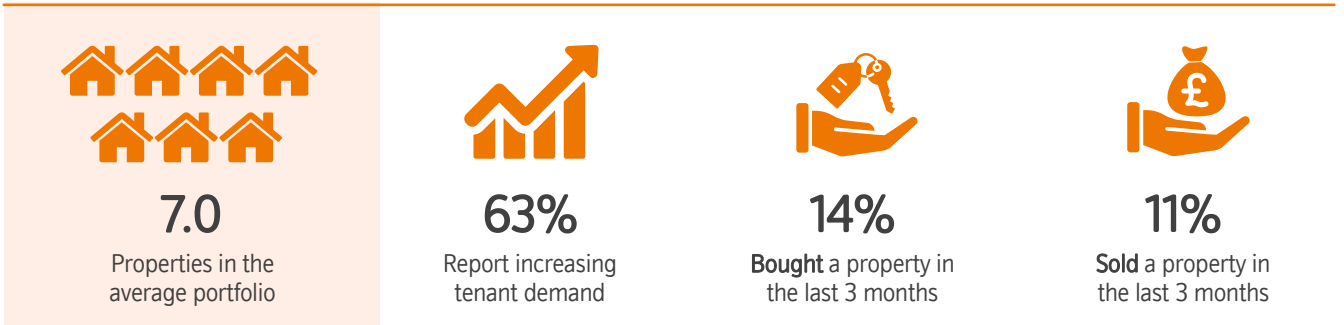
Financials



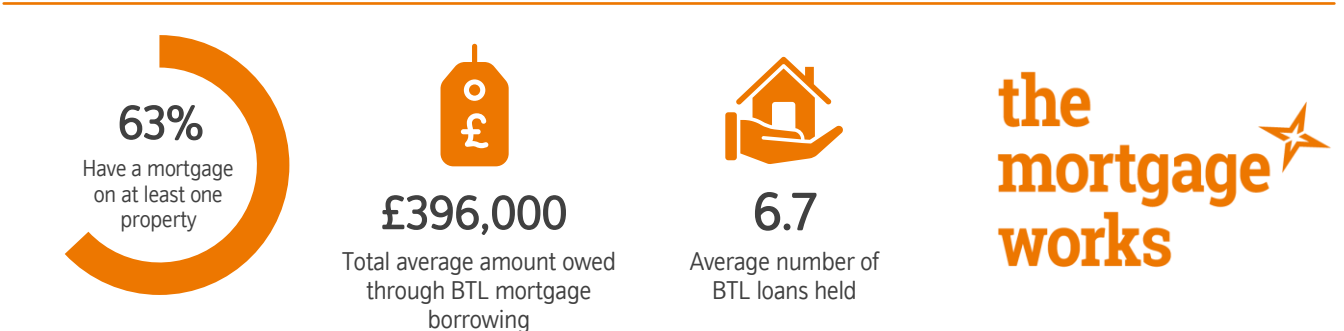
Problems Experienced



PRS Dynamics



BTL Dynamics



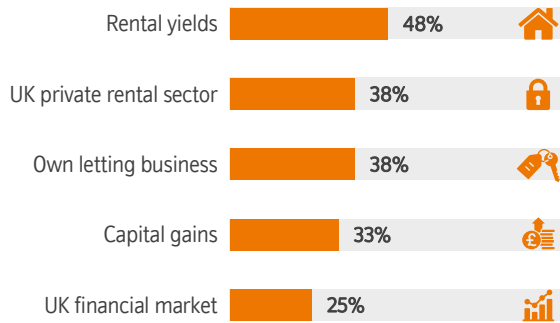
Yorkshire and the Humber

Landlords Outlook & Confidence

In Yorks & Humber confidence in the UK private rental sector has increased considerably (+13%pts) and there has been a slight uplift in confidence in landlords' own letting business (+3%pts), however, other metrics have seen only marginal increases and confidence in rental yields is down by 6%pts this quarter and is considerably behind the UK average.

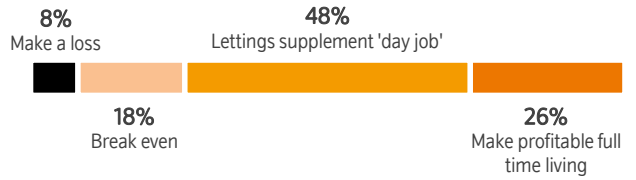
This decline is linked to a 0.8% drop in achieved rental yields since Q2, and an increase in the incidence of rental arrears (+6%pts). However, Yorks & Humber sees the largest portfolio size of any region and more landlords report having recently bought property compared to the UK average.

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



Landlords Balance Sheet

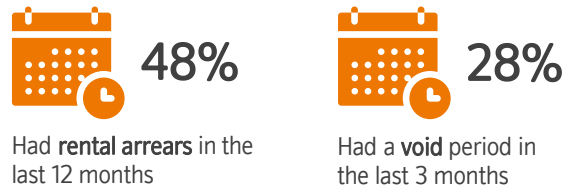
Profitability



Financials



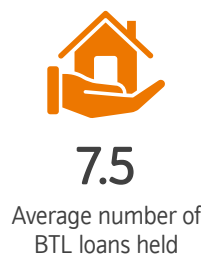
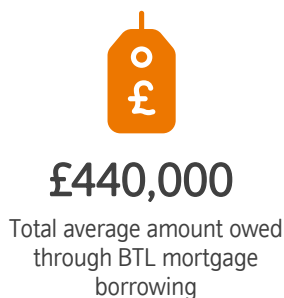
Problems Experienced



PRS Dynamics



BTL Dynamics



the mortgage works