

the mortgage works 

Rental Income Analysis

Q3 2021

Fieldwork took place 5 September – 27 September 2021



For intermediary use only

Gross Rental Income Analysis Q3 2021: Methodology

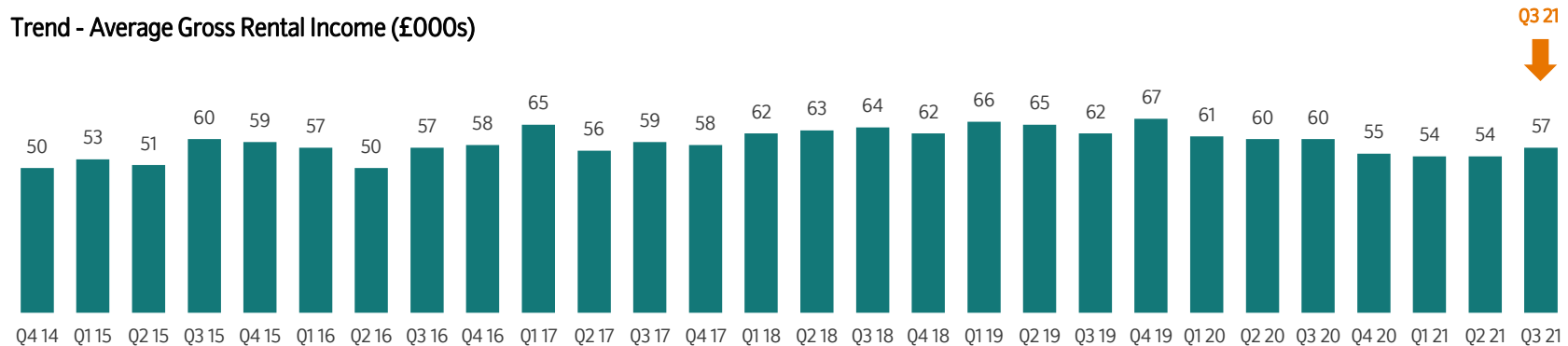
We asked landlords to self-select their annual gross rental income. This report outlines the results along with current rental trends and future rental intentions.

The basis for the analysis in this report is derived from the following question:

Over the last 12 months, in which band is the gross rental income you receive from your residential letting portfolio?

In Q3 2021 the average gross rental income achieved by landlords in the last 12 months was **£57,000**, which is £3,000 higher than Q2 2021.

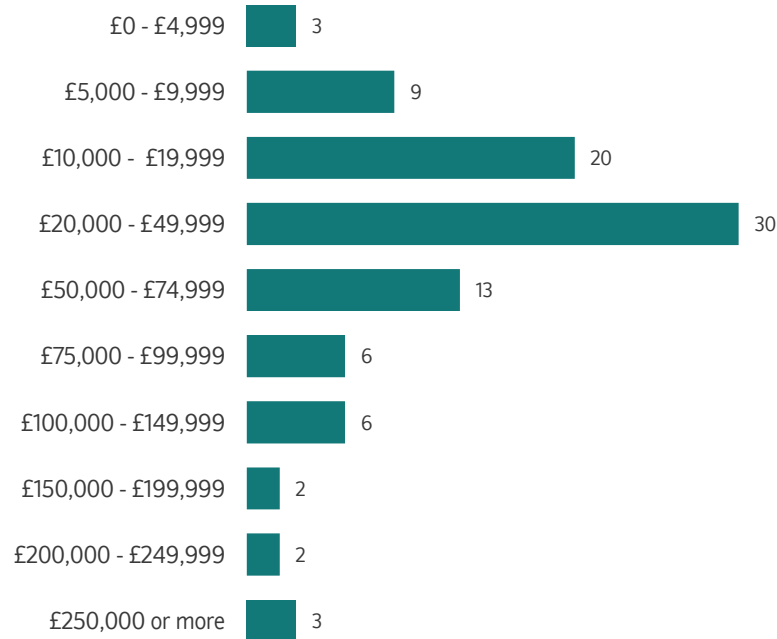
Trend - Average Gross Rental Income (£000s)



Gross Rental Income Analysis Q3 2021: Overall

Annual Gross Rental Income (%)

Average: £57,000



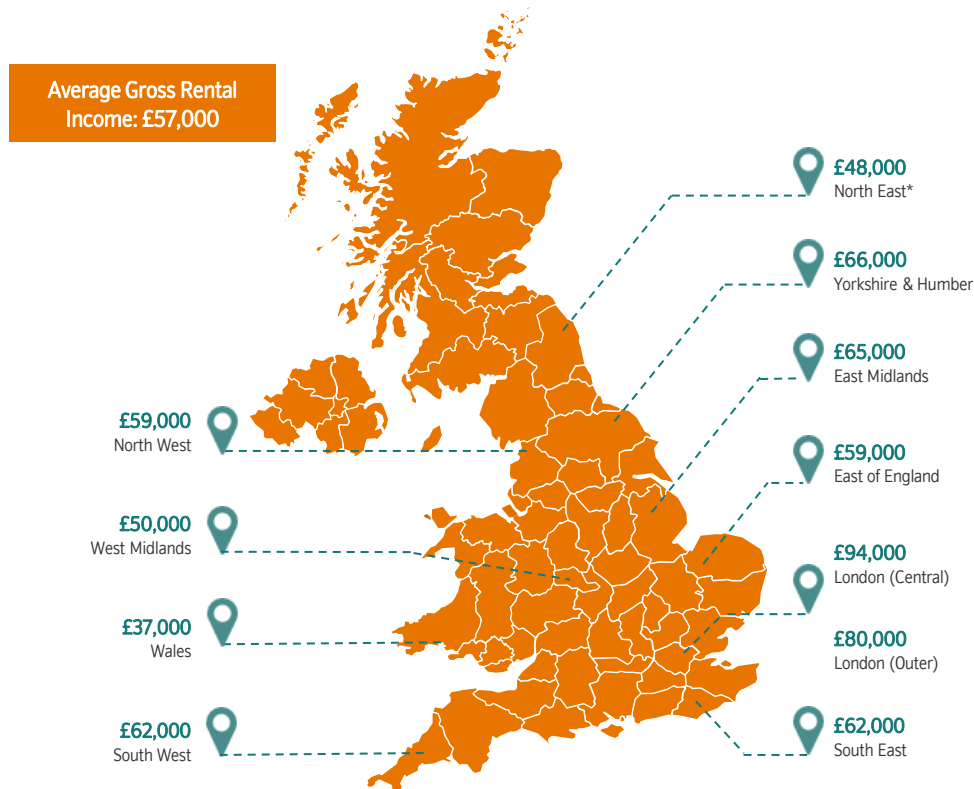
After 3 consecutive quarters of relative stability in the average gross rental income generated by landlords, **Q3 sees an uplift of £3,000, to £57,000.**

The **annual rental income generated per property** has also increased to **£8,142** (up £293 from Q2 '21), this represents a 3% increase from the previous quarter.

More landlords now report that they have increased rents in the last 12 months (+7%pts to 33%), with the proportion who intend to increase rents in the next 6 month also up vs. Q2 (+4%pts to 33%).



Regional Income Analysis



In Q3, 8 of the 11 standard regions in England & Wales achieve a gross rental income above the national average of £57,000 per year.

The highest average gross rental income is currently achieved by landlords with rental property in Central London (£94,000), followed by those who operate in Outer London (£80,000). The other regions achieving above average gross rental incomes in Q3 are the North West, South West, Yorkshire & the Humber, East Midlands, East of England and the South East

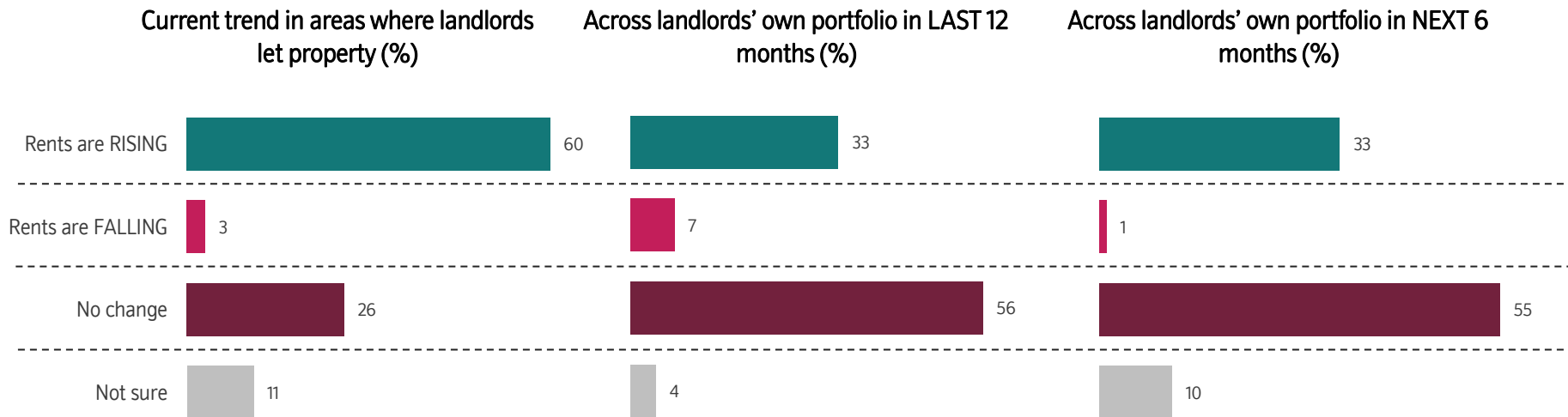
There are three regions that fall below the national average for rental income generation, these are the North East, the West Midlands and Wales. At £37,000, Wales has the lowest regional gross rental income this quarter, however the North East (£48,000) and West Midlands (£50,000) also sit somewhat below the national average.

NOTE: Base size too small to report Scotland results separately

*Caution: Small Base

Source: BVA BDRCLandlord Panel research Q3 2021
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Rental Trends & Intentions



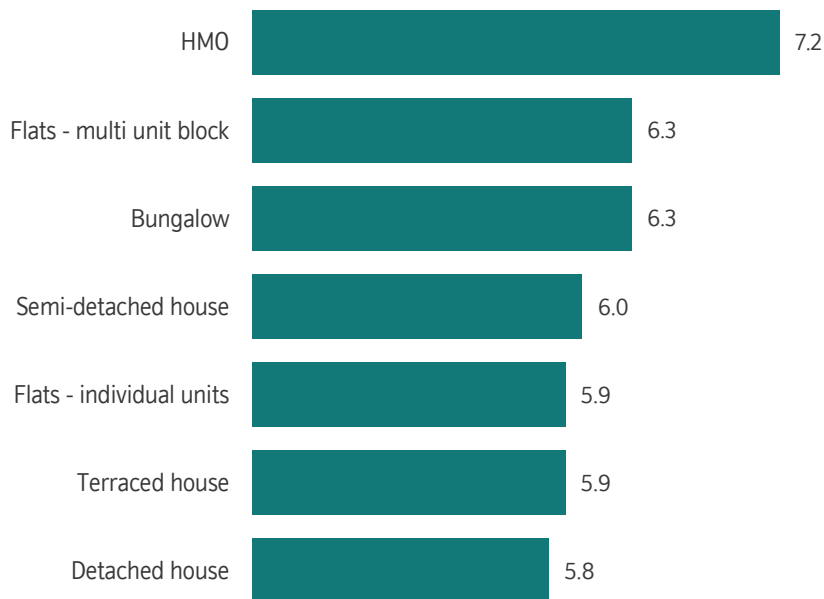
60% of landlords now report that rents are rising in the areas where they let property (up 10%pts from Q2 '21), whilst **33% increased rents across their own portfolio** in the last 12 months (up 7%pts from Q2 '21).

In comparison, the proportion of landlords who intend to levy rent increases across their own portfolios in the next 6 months saw a more moderate rise (+4%pts to 33% in Q3 '21). At a regional level, landlords with property in the South West continue to be most likely to be looking to increase their rents in the next 6 months (41%). Central London is the region that records the most significant shift vs. Q2 '21, with fewer planning to reduce rents (-21%pts, to 6%), and more now intending to make 'no change' (+36%pts, to 61%).

Portfolio Analysis

Average Rental Yield by Property Type (%)

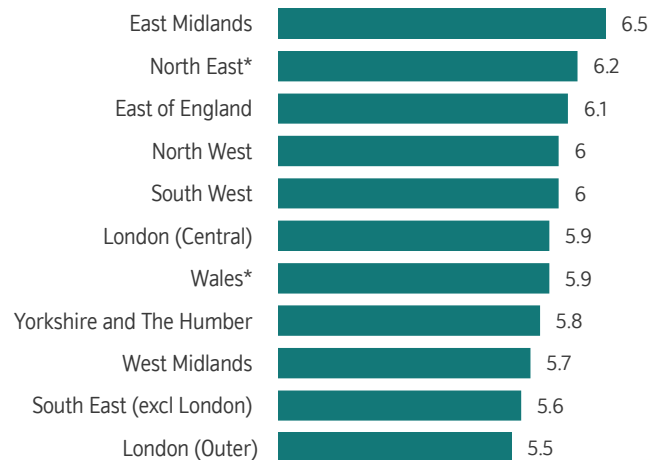
(Landlords were also asked to self-define the overall rental yield they currently receive from their letting portfolio - taking into account current rental income, current portfolio value, any mortgages, maintenance and other running costs)



Average Gross Rental Income by Portfolio Size (£000s)



Average Rental Yield by Region (%)



NOTE: Base size too small to report Scotland results separately

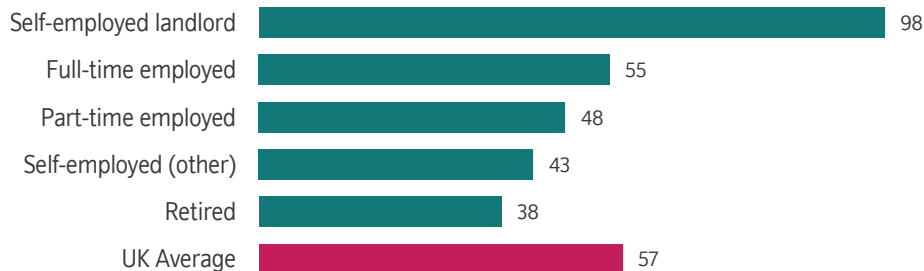
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Landlords Financial Analysis

Average Gross Rental Income by Profitability (£000's)



Average Gross Rental Income by Employment Status (£000's)



The rental income achieved by landlords who make a profit is approximately in-line with the national average at £58k, whilst the typical gross rental income generated by loss making landlords is significantly below this average, at £46k.

Those who operate as a self-employed landlord generate a significantly higher average gross rental income than other landlords, at £98k per year, whilst those who are self employed (not as a landlord) or retired achieve the lowest gross rental incomes on average, at £43k and £38k per year respectively.

Landlords with BTL mortgage borrowing also continue to generate a significantly higher gross rental income than those who own their portfolio outright (£68k vs. £37k). The gap in average rental income achieved by those with BTL and those without has increased from £17k in Q2 '21 to £31k this quarter.

Average Gross Rental Income by BTL Lending (£000's)

