

the mortgage works 

Rental Income Analysis

Q4 2021

Fieldwork took place 5th December – 21st December 2021



For intermediary use only

Gross Rental Income Analysis Q4 2021: Methodology

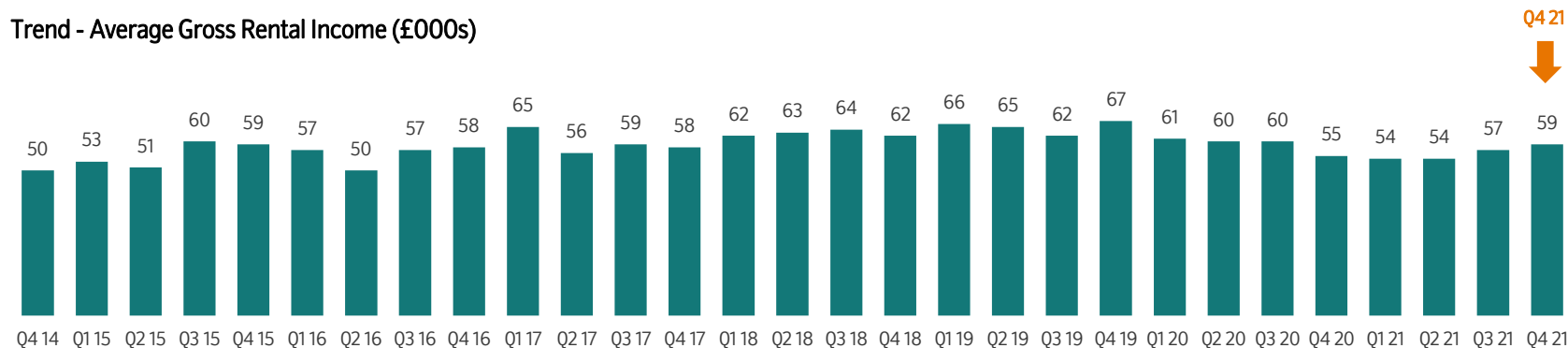
We asked landlords to self-select their annual gross rental income. This report outlines the results along with current rental trends and future rental intentions.

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 Q4 2021 the average gross rental income achieved by landlords in the last 12 months was **£59,000**, which is £2,000 higher than Q3 2021.

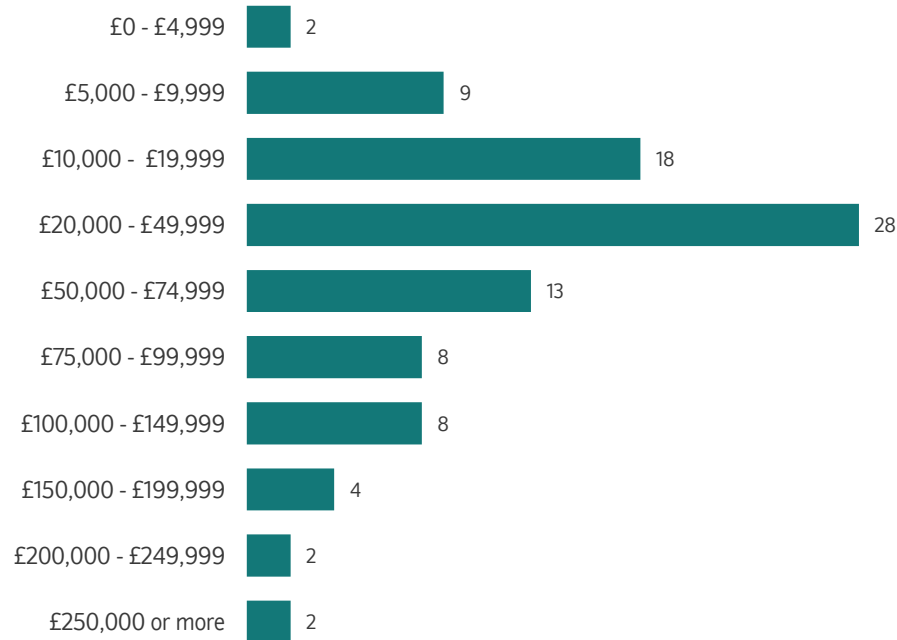
Trend - Average Gross Rental Income (£000s)



Gross Rental Income Analysis Q4 2021: Overall

Annual Gross Rental Income (%)

Average: £59,000



The second half of 2021 saw the average gross rental income generated by landlords steadily increase, with an uplift of £2,000 in Q4 to £59,000.

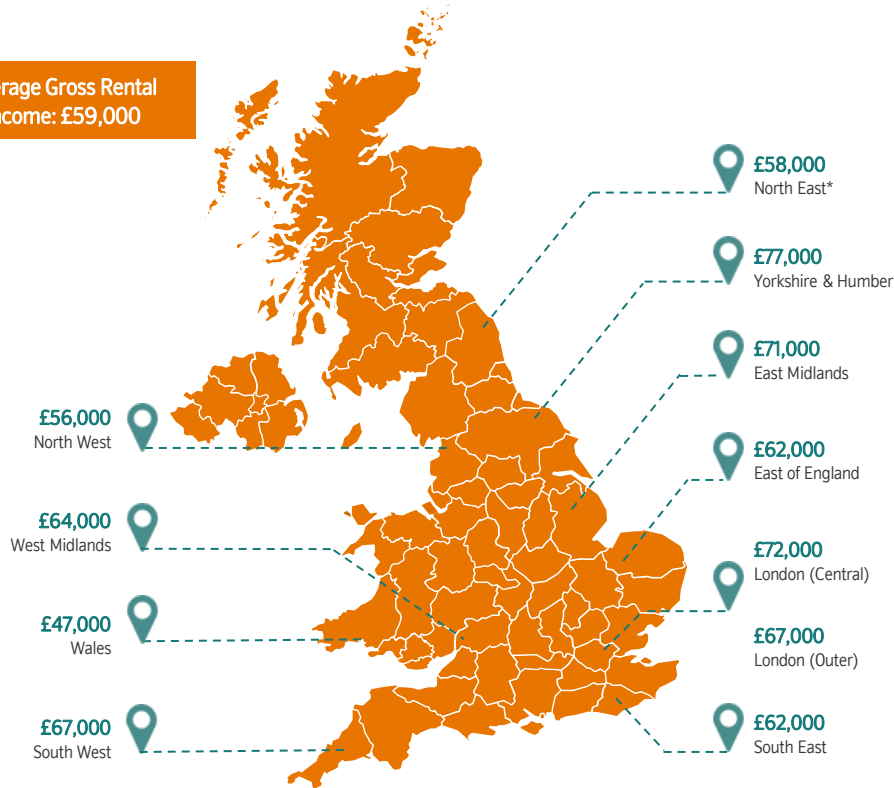
The annual rental income generated per property has also risen to £8,550 (up £408 from Q3 '21), this represents a 5% increase from the previous quarter.

The proportion of landlords reporting that they have increased rents in the last 12 months continues to rise significantly (+9%pts to 42%), with those intending to increase rents in the next 6 months also up vs. Q3 (+6%pts to 39%).



Regional Income Analysis

Average Gross Rental
Income: £59,000



In Q4, 8 of the 11 standard regions in England & Wales achieve a gross rental income above the national average of £59,000 per year.

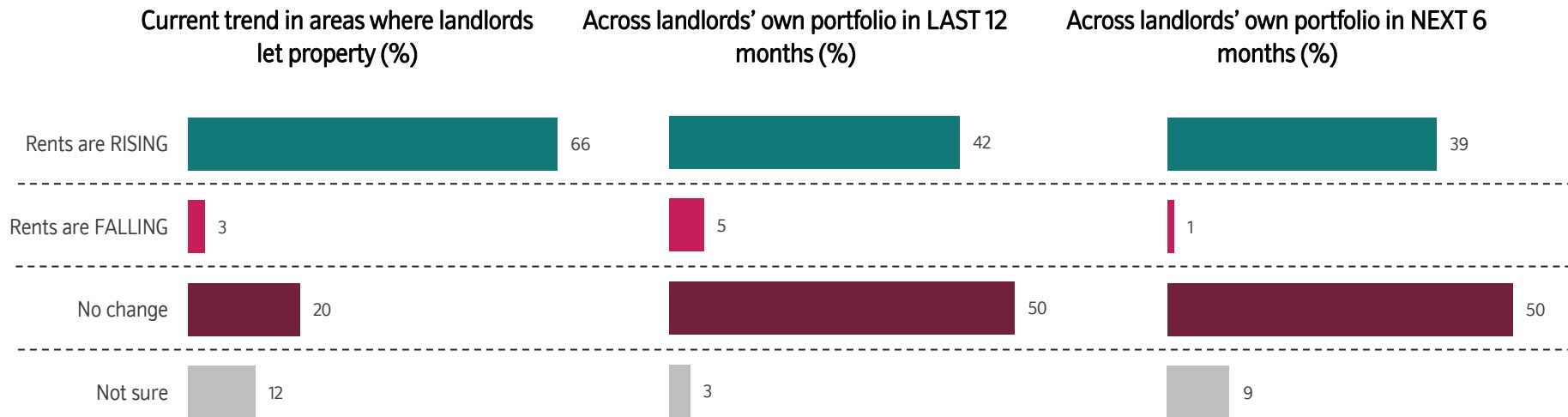
The highest average gross rental income is currently achieved by landlords with rental property in Yorkshire & the Humber at £77,000, who also have the largest average portfolio size of 11.8 properties (almost twice the UK average of 6.9 properties). The other regions achieving above average gross rental incomes in Q4 are the East Midlands, West Midlands, East of England, South West, South East, Central London and Outer London.

There are three regions that fall below the national average for rental income generation, these are the North East, the North West and Wales. At £47,000, Wales continues to have the lowest regional gross rental income this quarter, £12,000 below the national average. However, the North East (£58,000) and North West (£56,000) sit only slightly below the national average.

NOTE: Base size too small to report Scotland results separately

*Caution: Small Base

Rental Trends & Intentions



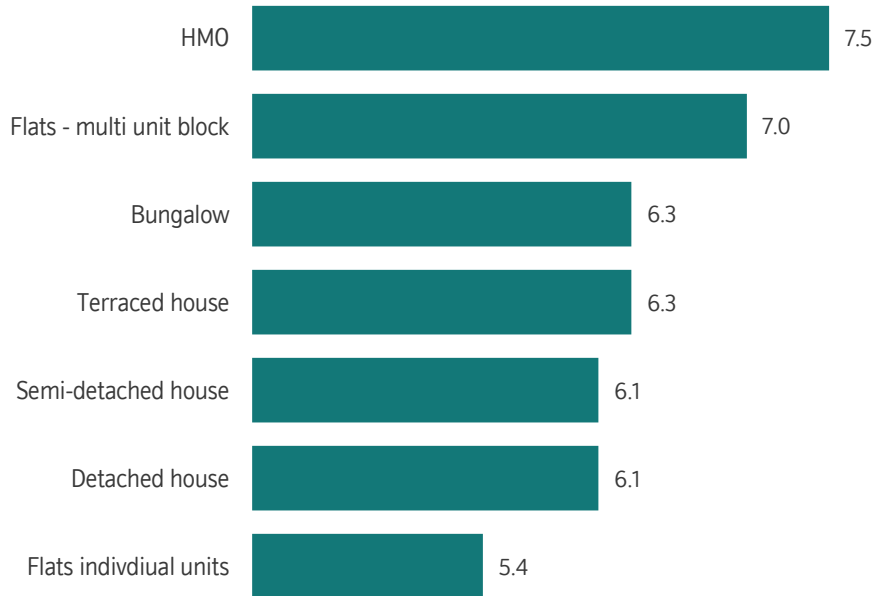
66% of landlords now report that rents are rising in the areas where they let property (up 6%pts from Q3 '21 and 32%pts from a year ago), whilst **42% increased rents across their own portfolio** in the last 12 months (up 9%pts from Q3 '21).

The proportion of landlords who intend to levy rent increases across their own portfolio in the next 6 months also saw a rise (+6%pts to 39% in Q4 '21). At a regional level, landlords with property in the South West continue to be the most likely to be looking to increase their rents in the next 6 months (55%), whilst those in the East of England are the least likely (29%). Wales is the region that records the most significant shift from Q3 '21, with more planning to increase rents (+24%pts to 43%), and fewer intending to make 'no change' (-22%pts to 48%).

Portfolio Analysis

Average Rental Yield by Property Type (%)

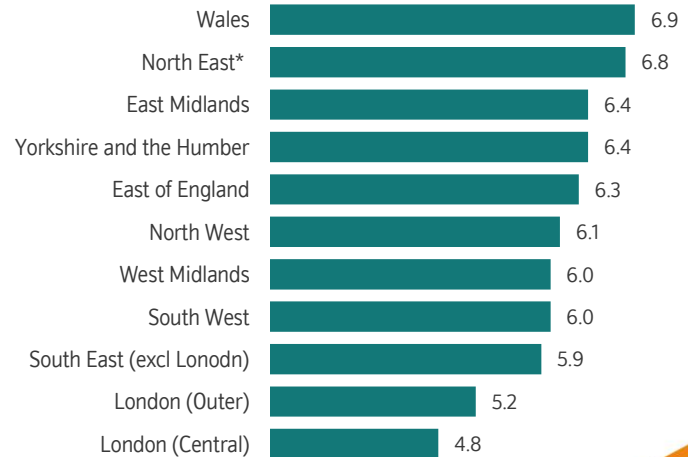
(Landlords were also asked to self-define the overall rental yield they currently receive from their letting portfolio - taking into account current rental income, current portfolio value, any mortgages, maintenance and other running costs)



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



Average Rental Yield by Region (%)



NOTE: Base size too small to report Scotland results separately

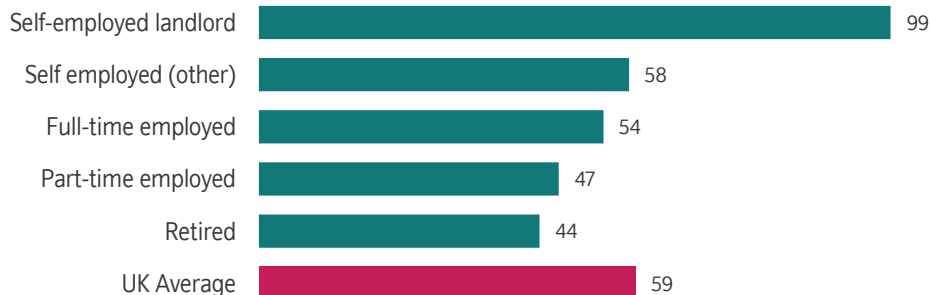
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Landlords Financial Analysis

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



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



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



The rental income achieved by landlords who make a profit is slightly above the national average at £61k. Conversely, both landlords who break even from their lettings activity and those making a loss generate an average gross rental income that is below the UK average at £46k and £54k respectively.

Those who operate as a self-employed landlord continue to generate a significantly higher average gross rental income than other landlords, at £99k per year, whilst those who are part-time employed (£47k) or retired (£44k) achieve the lowest gross rental incomes on average.

Landlords with BTL mortgage borrowing also continue to achieve an average gross rental income that is significantly higher than those who own their portfolio outright (£69k vs. £42k). However, the gap in average rental income achieved by those with BTL borrowing and those without has decreased slightly from £31k in Q3 '21, to £27k in this quarter.