

the mortgage works 

# Rental Income Analysis

Q2 2022

Fieldwork took place 19<sup>th</sup> May – 8<sup>th</sup> June 2022



For intermediary use only

# Gross Rental Income Analysis Q2 2022: Methodology

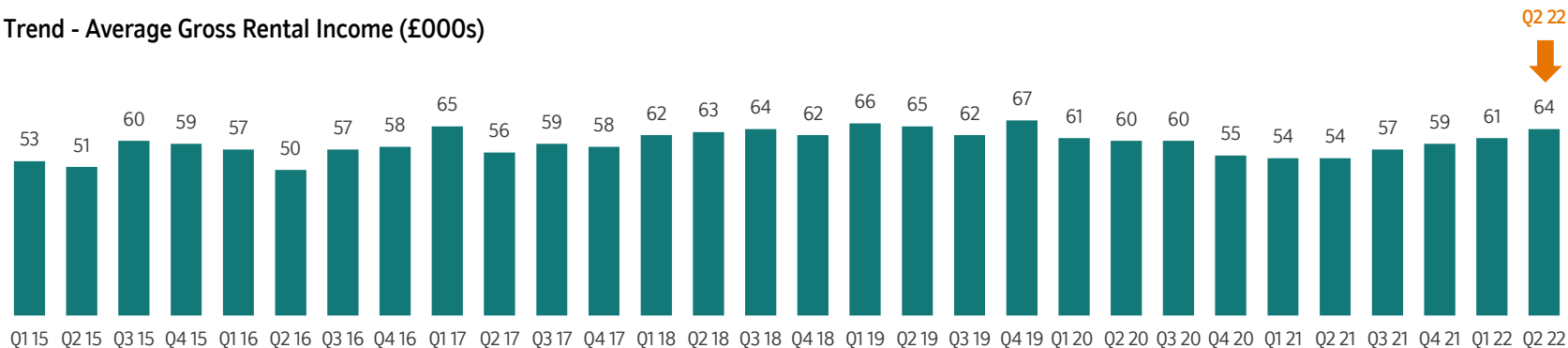
We asked landlords to self-select their annual gross rental income. This report outlines the results along with current rental trends and future rental intentions.

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 Q2 2022 the average gross rental income achieved by landlords in the last 12 months was **£64,000**, which is £3,000 higher than Q1 2022 and up £10,000 vs. Q2 2021.

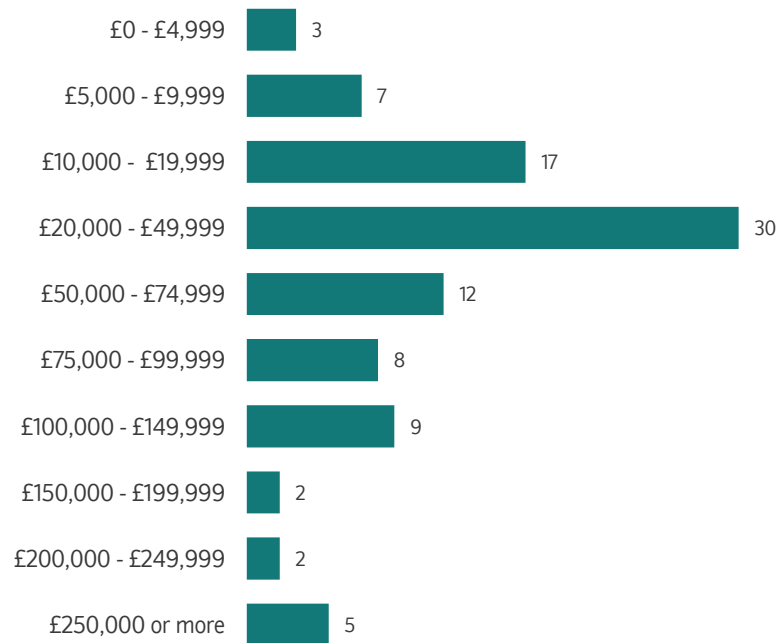
Trend - Average Gross Rental Income (£000s)



# Gross Rental Income Analysis Q2 2022: Overall

## Annual Gross Rental Income (%)

Average: £64,000



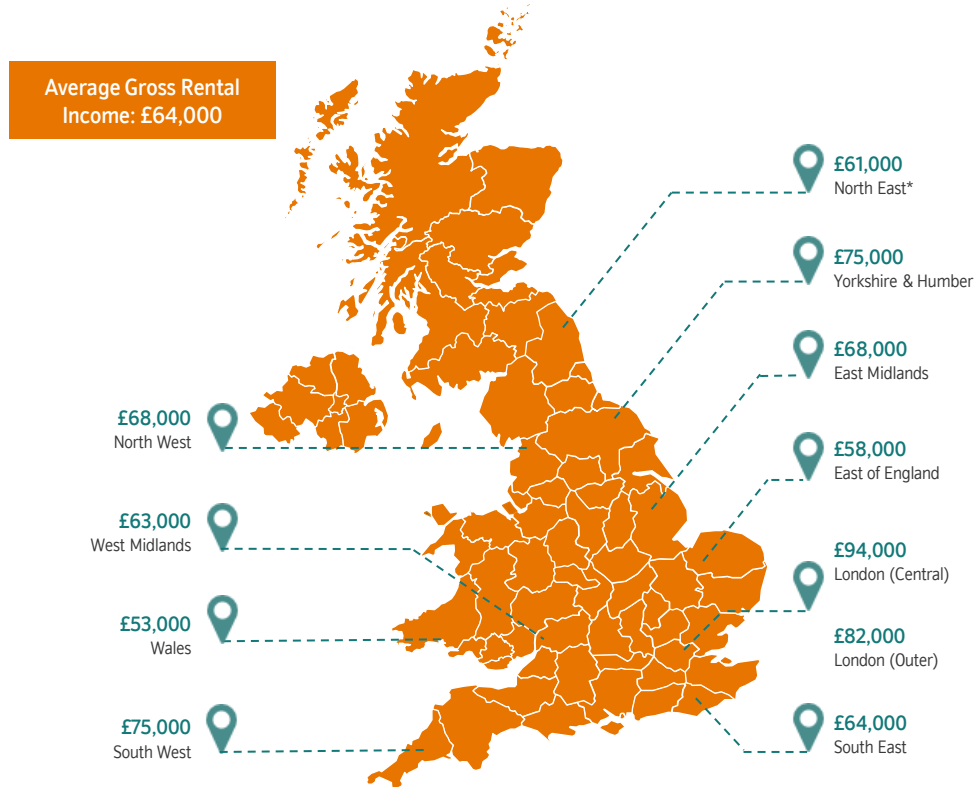
The average gross rental income generated by landlords continues to increase, with an uplift of £3,000 in Q2 '22 to £64,000.

The annual rental income generated per property has in turn risen to £7,891 (up £266 from Q2 '22), this represents a 3% increase from the previous quarter.

57% of landlords have increased their rents in the last year, up 7%pts vs. Q1 '22. Looking forward, the proportion of landlords intending to raise their rents in the next 6 months remains largely stable vs. Q1 '22, at 43%.



# Regional Income Analysis



In Q2 '22, 6 of the 11 standard regions in England & Wales achieve a gross rental income above the national average of £64,000 per year.

The highest average gross rental income is currently achieved by landlords with rental property in Central London (£94,000) and Outer London (£82,000). Central London takes the top spot following a notable increase in gross rental income vs. Q1 '22, up a substantial £23k.

Landlords with property in Yorkshire & Humber and the South West follow London, achieving an average annual gross rental income of £75,000, with North West and East Midlands landlords also generating above average gross rental incomes.

The West Midlands, Wales, the North East, and the East of England currently fall below the national average for rental income. Meanwhile, landlords operating in the South East achieve a typical annual gross rental income which is in-line with the national average.

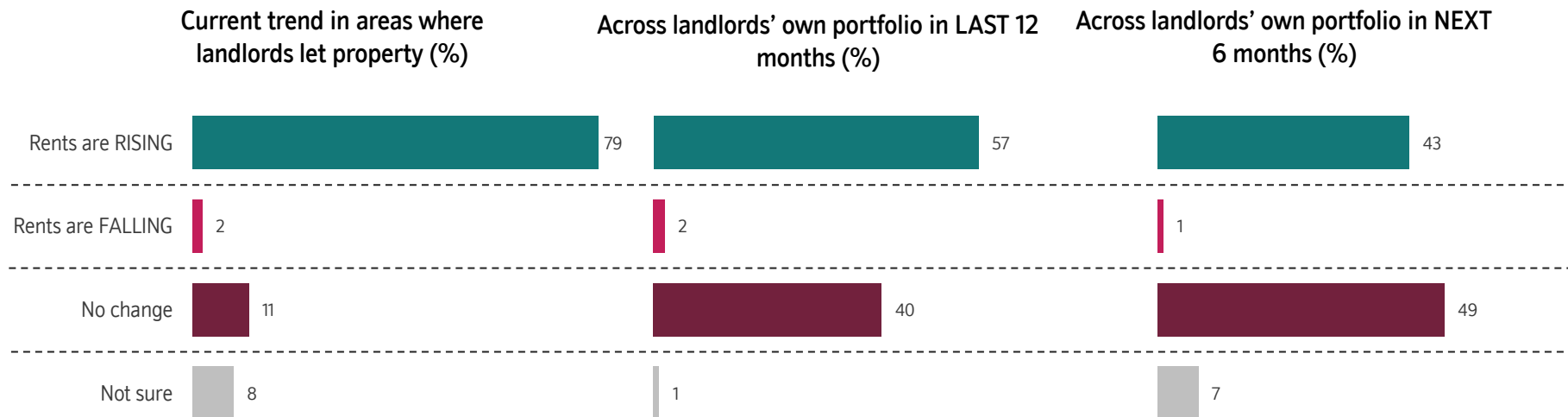
NOTE: Base size too small to report Scotland results separately

\*Caution: Small Base

Source: BVA BDRC Landlord Panel research Q2 2022

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# Rental Trends & Intentions



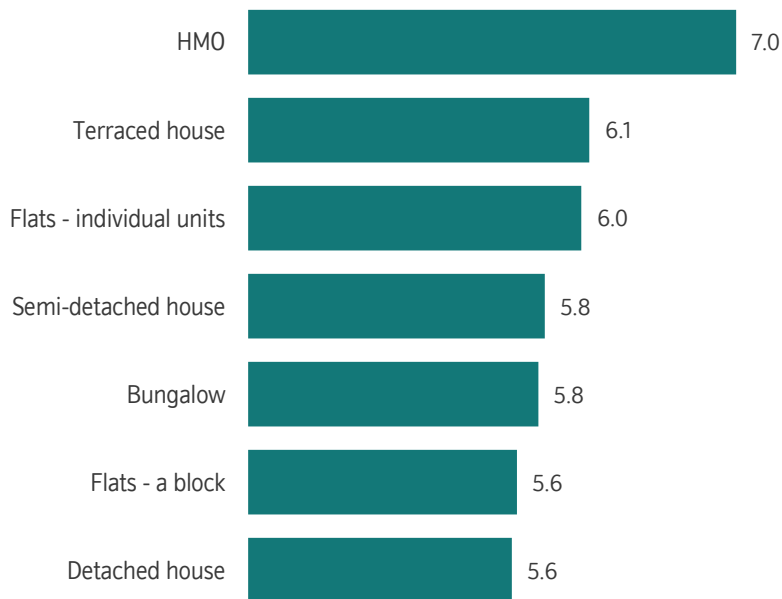
The proportion of landlords who report that rents are rising in the areas where they let property continues to increase and now stands at 79%, up 6%pts from Q1 '22 and 29%pts from a year ago. Similarly, 57% have increased rents across their own portfolio in the last 12 months, which represents a 7%pts uplift from Q1 '22 and a 21%pts rise from a year ago.

43% of landlords also now say they intend to levy rent increases across their own portfolio in the next 6 months, up 14%pts from a year ago. At a regional level, landlords with property in Yorkshire and the Humber are the most likely to be looking to increase their rents in the next 6 months (51%), whilst those in Wales are the least likely (35%). The East Midlands and Outer London are the regions that record the most significant uplift in those planning to increase rents in the next 6 months from Q1 '21, both up +7%pts.

# Portfolio Analysis

## Average Rental Yield by Property Type (%)

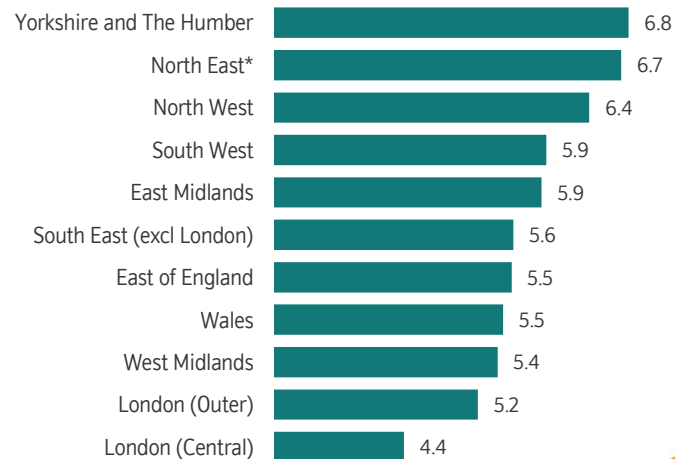
(Landlords were also asked to self-define the overall rental yield they currently receive from their letting portfolio - taking into account current rental income, current portfolio value, any mortgages, maintenance and other running costs)



## Average Annual Gross Rental Income by Portfolio Size



## Average Rental Yield by Region (%)

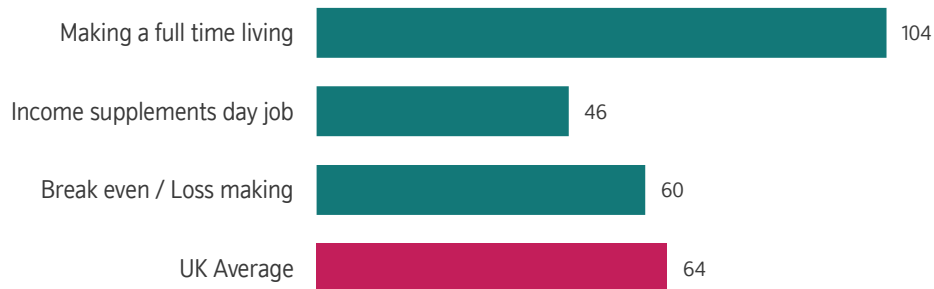


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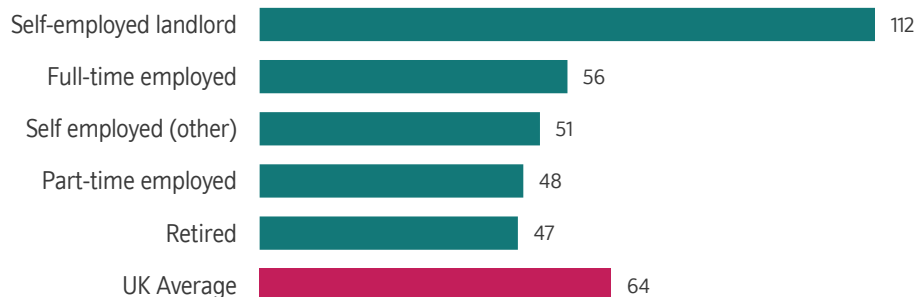
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# Landlords Financial Analysis

## 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 profitable full time living from their lettings activity remains significantly above the national average at £104k. Conversely, landlords who generate an income that supplements their day job earnings and those who break even / make a loss achieve average gross rental incomes below the UK average at £46k and £60k respectively.

Those who operate as a self-employed landlord continue to generate a significantly higher average gross rental income than other landlords, at £112k per year (up by £7k vs. Q1 '22), whilst those who are part-time employed (£48k) or retired (£47k) achieve the lowest gross rental incomes on average.

It also remains the case that landlords with BTL mortgage borrowing achieve an average gross rental income that is significantly higher than those who own their portfolio outright (£73k vs. £50k). The gap in average annual rental income achieved by those with BTL borrowing and those without increased from £16k in Q1 '22 to £23k this quarter.