

the mortgage works 

Rental Income Analysis

Q4 2022

Fieldwork took place 25 November – 30 December 2022



For intermediary use only

Gross Rental Income Analysis Q4 2022: Methodology

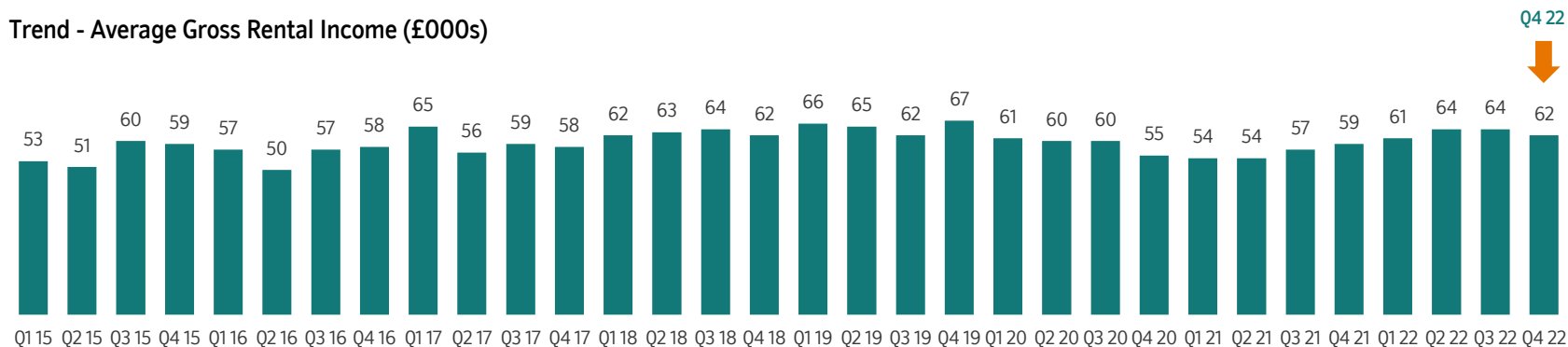
We asked landlords to self-select their annual gross rental income. This report outlines the results along with current rental trends and future rental intentions.

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 Q4 2022 the average gross rental income achieved by landlords in the last 12 months decreased by £2k since Q3, but is up by £3k vs. a year ago.

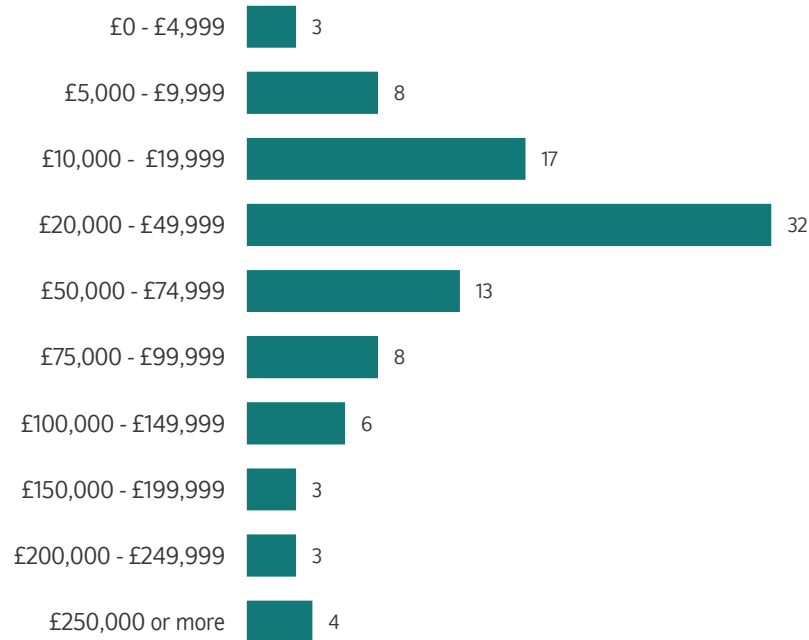
Trend - Average Gross Rental Income (£000s)



Gross Rental Income Analysis Q4 2022: Overall

Annual Gross Rental Income (%)

Average: £62,000



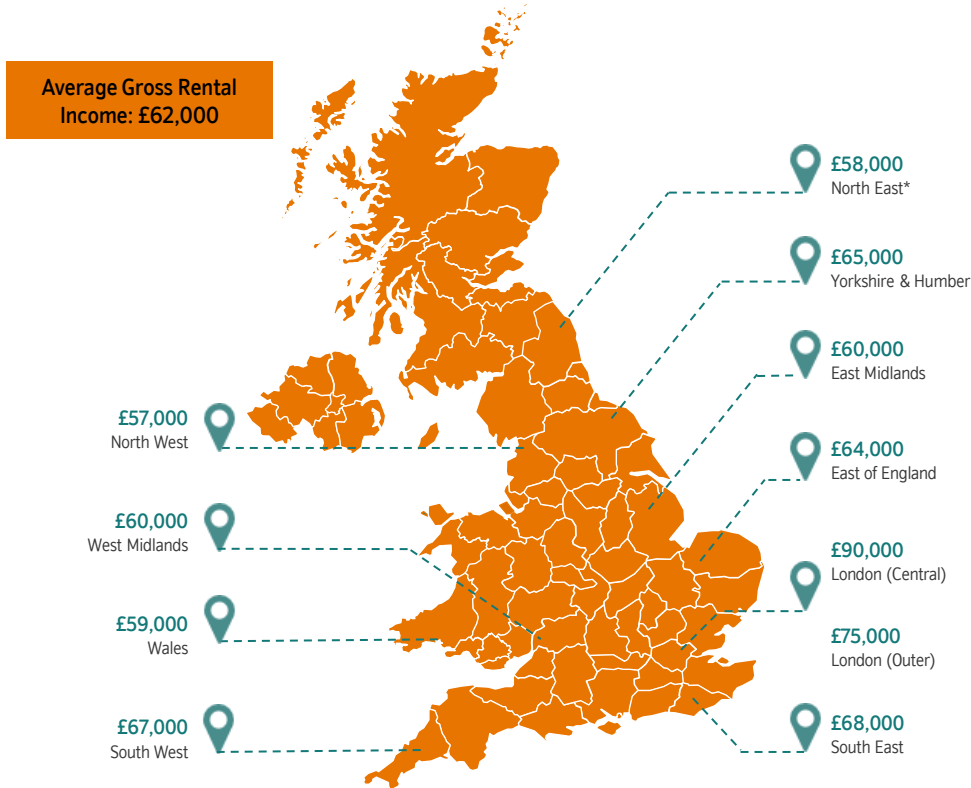
Following a period of growth, the average gross rental income generated by landlords has slightly decreased since Q3 '22 to £62,000.

Despite this, the annual rental income generated per property has increased, up by almost £300 to £8,267 vs. Q3.

The proportion of landlords who have increased their rents in the last year (58%), and landlords who are intending to raise rents in the next 6 months (46%) have also seen an increase since last quarter by +2% and +3% respectively.



Regional Income Analysis



In Q4 '22, 6 of the 11 standard regions in England & Wales achieve a gross rental income above the national average of £62,000 per year.

Central London maintains the highest average gross rental income of £90,000, which although has decreased by £4k since Q3, is still considerably higher than all other regions.

The other regions achieving an above average gross rental income include: Outer London, the East of England, Yorkshire & Humber, South East and the South West.

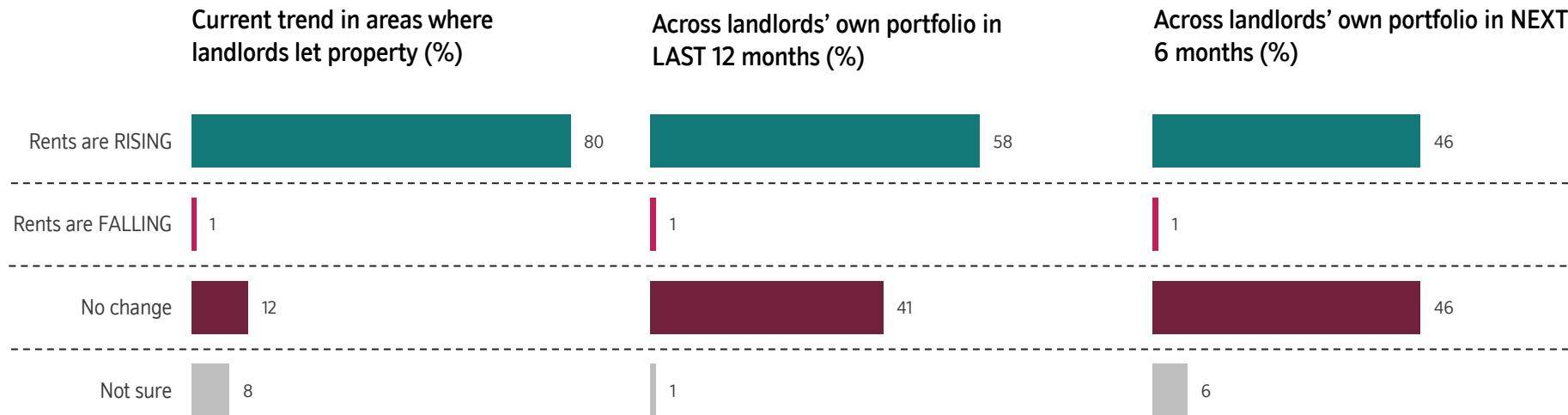
5 regions currently fall below the national average. The regions achieving the lowest gross rental income this quarter are the North West (£57,000) and the North East (£58,000), sitting below the national average by £5k and £4k respectively.

NOTE: Base size too small to report Scotland results separately

*Caution: Small Base

Source: BVA BDRCLandlord Panel research Q4 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 has slightly decreased this quarter to 80%, down 3%pts from Q3 '22, however this is still up by 14%pts since this time last year.

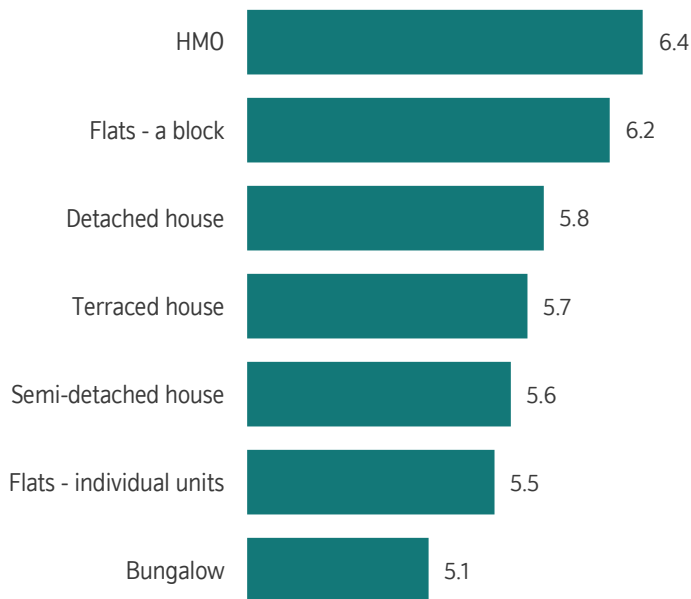
The proportion of landlords who have increased rents across their own portfolio in the last 12 months continues to remain mostly stable this quarter at 58% (slightly increasing by just 2%pt versus Q3). This is up by 17%pts from a year ago. Similarly, the incidence of landlords who now say they intend to levy rent increases across their own portfolio in the next 6 months has also slightly increased by 3%pts, and is up by 7%pts since last year.

At a regional level, landlords with property in the East Midlands and the North West are the most likely to be looking to increase their rents in the next 6 months (at 54%), whilst those in the Wales (39%) and Central London are least likely (38%). Most regions have remained fairly stable versus Q3, with the exception of the North East (+9%pts to 46%) and the North West (+14% to 54%).

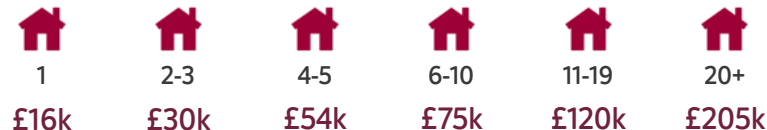
Portfolio Analysis

Average Rental Yield by Property Type (%)

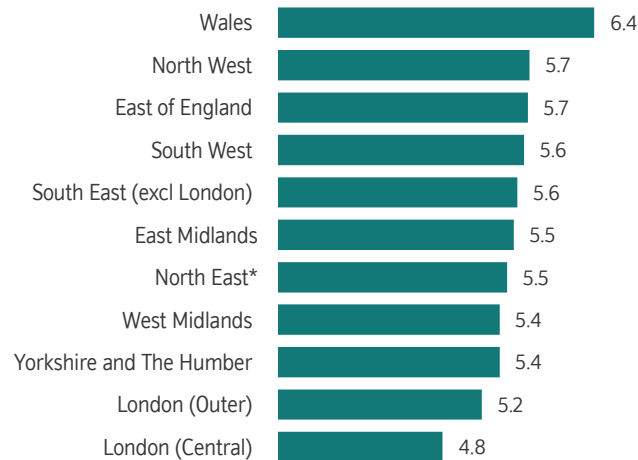
(Landlords were also asked to self-define the overall rental yield they currently receive from their letting portfolio - taking into account current rental income, current portfolio value, any mortgages, maintenance and other running costs)



Average Annual Gross Rental Income by Portfolio Size



Average Rental Yield by Region (%)

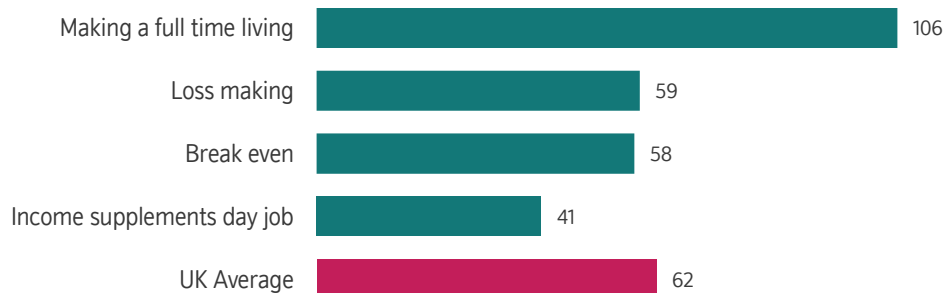


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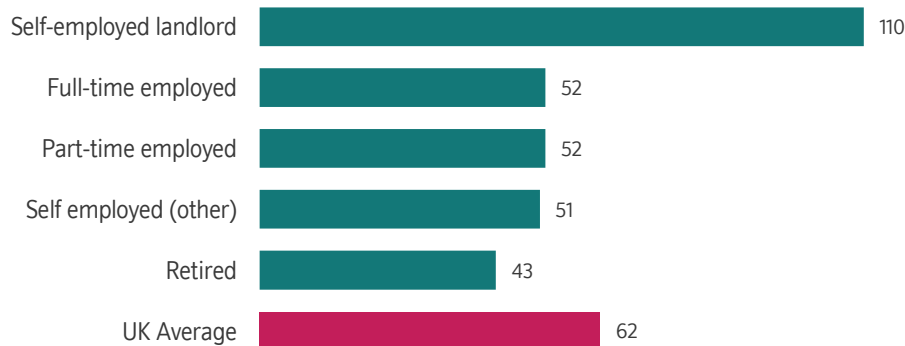
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Landlords Financial Analysis

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)



Landlords who make a profitable full time living from their lettings activity continue to achieve a rental income considerably higher than the national average at £106k, although this is down by £7k this quarter. Landlords who break even (£58k) are now achieving a slightly lower rental income than those who make a loss (£59k). Both averages however sit closer to the UK average this quarter versus Q3. Those that generate an income that supplements their day job earnings achieves the lowest average gross rental income at £41k, £21k below the UK average.

Self-employed landlords continue to generate the highest average gross rental income, currently more than 2 times higher than other landlords at £110k per year. Full-time employed landlords have seen a decrease in their rental income this quarter of £9k. Those who are part-time employed (£51k) or retired (£43k) continue to achieve the lowest gross rental incomes on average.

Landlords with BTL mortgage borrowing continue to generate an average gross rental income that is considerably higher than those who own their portfolio outright (£72k vs. £43k), although this has decreased since Q3 by £5k.