

the mortgage works 

Rental Income Analysis

Q1 2023

Fieldwork took place 24 March – 12 April 2023



For intermediary use only

Gross Rental Income Analysis Q1 2023: Methodology

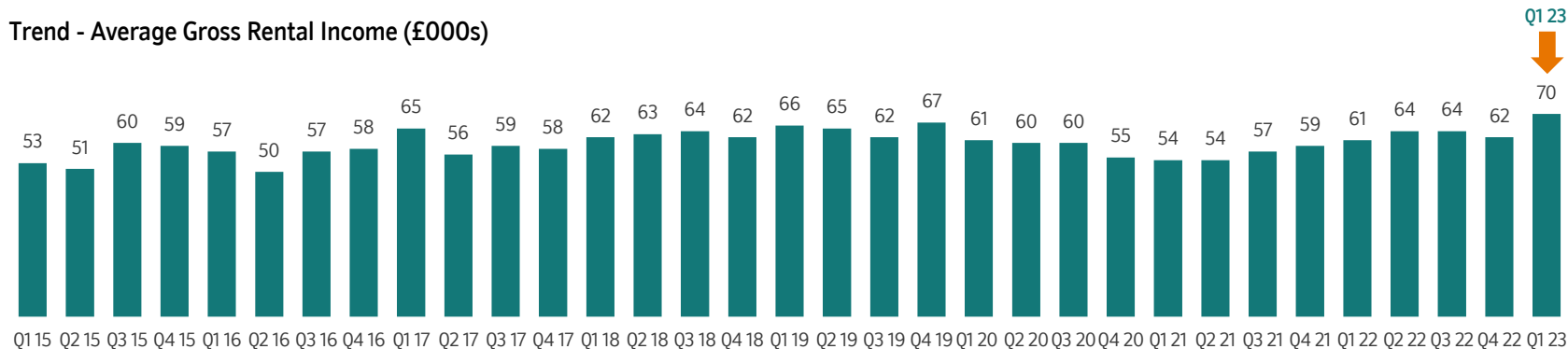
We asked landlords to self-select their annual gross rental income. This report outlines the results along with current rental trends and future rental intentions.

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 Q1 2023 the average gross rental income achieved by landlords in the last 12 months increased by £8k since Q4, up £9k vs. a year ago.

Trend - Average Gross Rental Income (£000s)



Gross Rental Income Analysis Q1 2023: Overall

Annual Gross Rental Income (%)

Average: £70,000



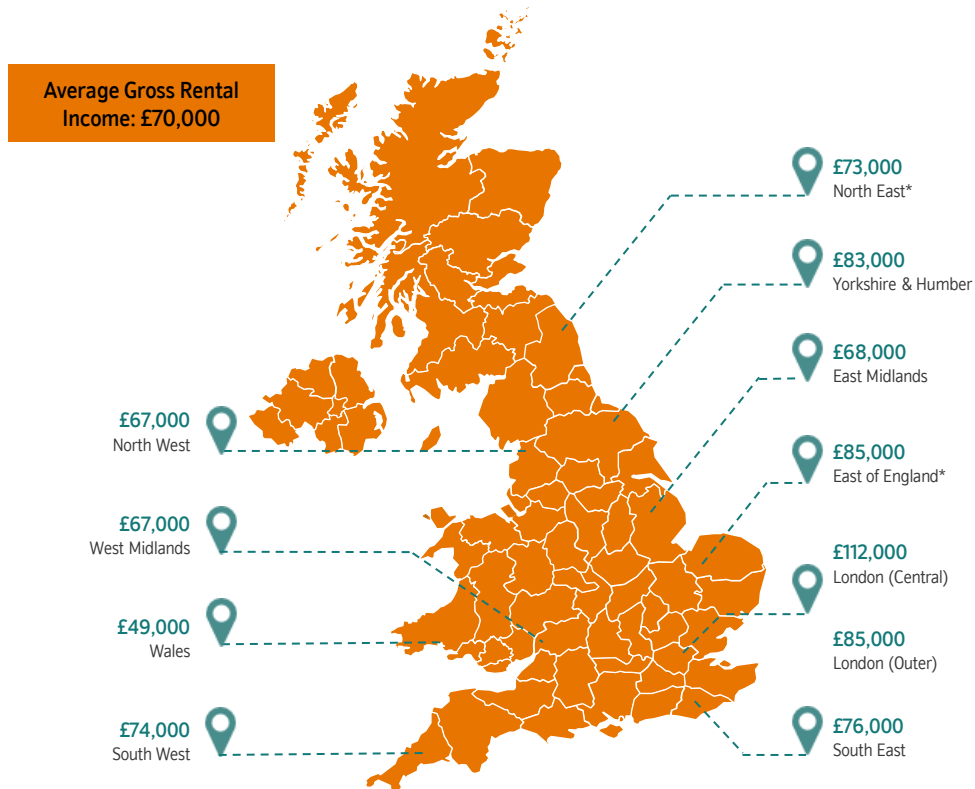
Following a slight dip in Q4, the average gross rental income generated by landlords reached an all time high of £70k this quarter.

As a result, the annual rental income generated per property has increased, up by approximately £1k.

The proportion of landlords who have increased their rents in the last year (63%), and landlords who are intending to raise rents in the next 6 months (52%) continues to increase, up by +5% and +6% respectively vs. Q4.



Regional Income Analysis



Q1'23 sees significant changes in average gross rental income vs. Q4 for many regions across the UK. Perhaps the first sign of some recent significant increases starting to filter through.

Average gross rental income in Central London has seen a large shift in Q1, up by £22k since Q4 and maintains the highest regional average by a significant margin. Other notable increases are seen across the UK including: the North East (+£15k), Yorkshire and the Humber (+£18k), the East of England (+£19k), Outer London (+£10k) and the North West (+£10k).

4 regions currently fall below the national average. The region achieving the lowest gross rental income this quarter is Wales (£49k), down by £10k vs. Q4, sitting below the national average by £21k.

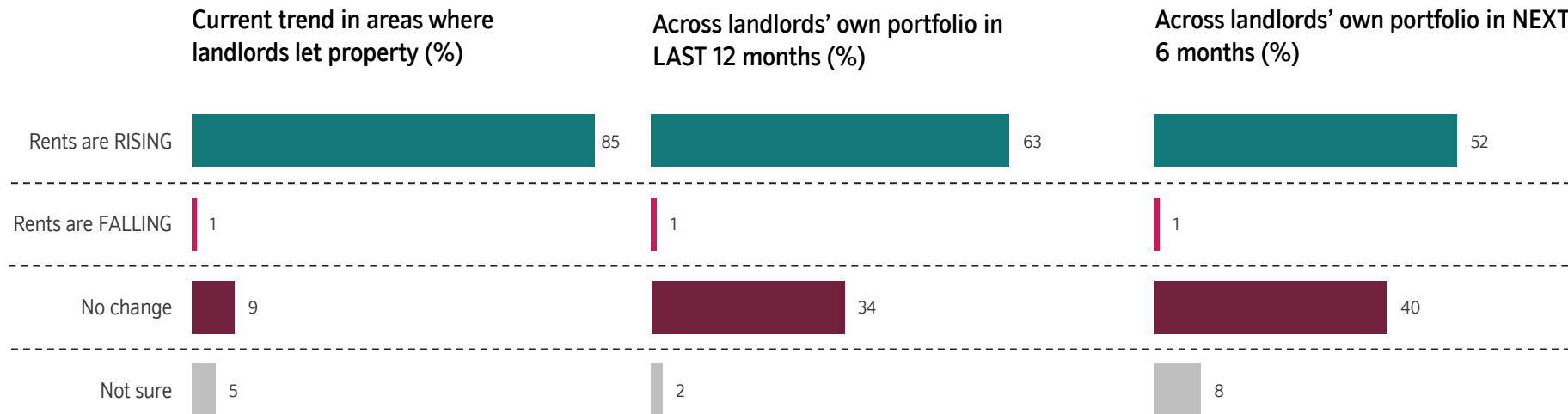
Disparity between regions has increased quite significantly this quarter, with a £63k gap between Central London and Wales.

NOTE: Base size too small to report Scotland results separately

*Caution: Small Base

Source: BVA BDRCLandlord Panel research Q1 2023
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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 increased this quarter to 85% (+5%pts from Q4 '22) and is up by 12%pts since this time last year.

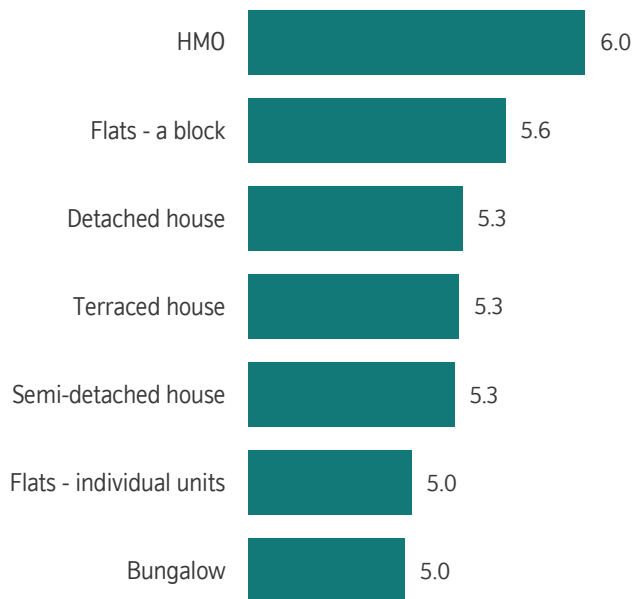
The proportion of landlords who have increased rents across their own portfolio in the last 12 months has also increased this quarter to 63% (up by 5%pt versus Q4). This is up by 13%pts from a year ago. Similarly, the incidence of landlords who now say they intend to levy rent increases across their own portfolio in the next 6 months has also increased by 6%pts, and is up by 10%pts since last year.

At a regional level, landlords with property in the North East are the most likely to be looking to increase their rents in the next 6 months (at 73%), whilst those in the East of England are least likely (38%).

Portfolio Analysis

Average Rental Yield by Property Type (%)

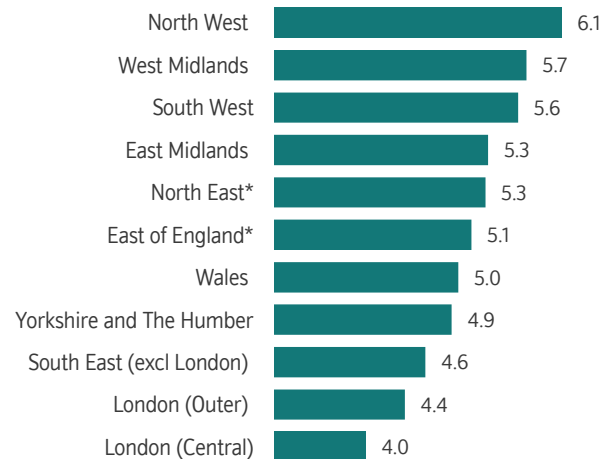
(Landlords were also asked to self-define the overall rental yield they currently receive from their letting portfolio - taking into account current rental income, current portfolio value, any mortgages, maintenance and other running costs)



Average Annual Gross Rental Income by Portfolio Size



Average Rental Yield by Region (%)

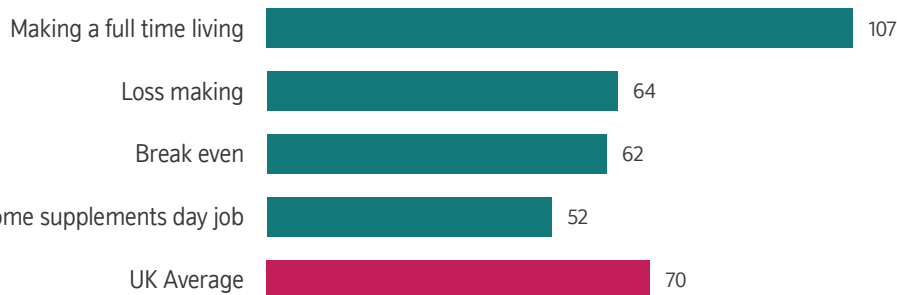


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Landlords Financial Analysis

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

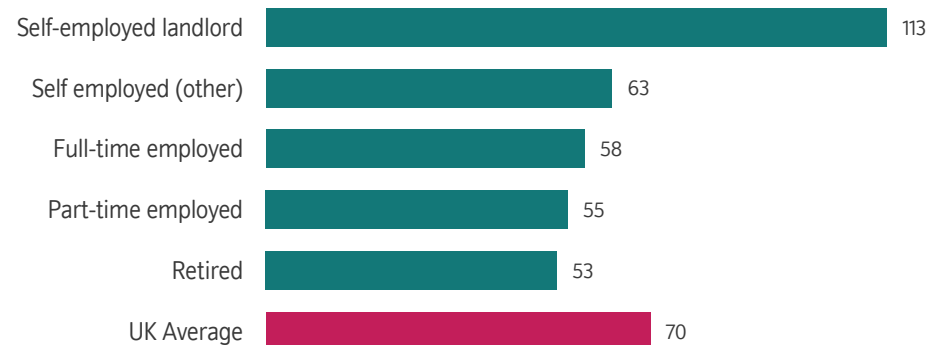


Average Gross Rental Income by BTL Lending (£000's)



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 £107k. Both landlords who break even and landlords who make a loss have seen increases in their average gross rental income this quarter, up by £4k and £5k respectively. Despite this, both averages sit further away from the national average this quarter vs. Q4. Those that generate an income that supplements their day job earnings continue to achieve the lowest average gross rental income at £52k, although this is up by £9k vs. Q4.

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



All landlord types have seen an increase in their gross rental income this quarter. Self-employed landlords continue to generate the highest average gross rental income, and this up by £3k vs. Q4. Other landlords have seen more significant shifts this quarter, particularly other self-employed workers (up by £12k vs Q4), surpassing both full-time and part-time landlords. Those who are retired (£53k) continue to achieve the lowest gross rental incomes on average, although this up by £10k since last quarter.

Both leveraged and unleveraged landlords have seen an increase in their average gross rental income in Q1. Leveraged landlords continue to generate incomes considerably higher than unleveraged landlords.