

the mortgage works 

Tenant Demand Report

Q2 2021

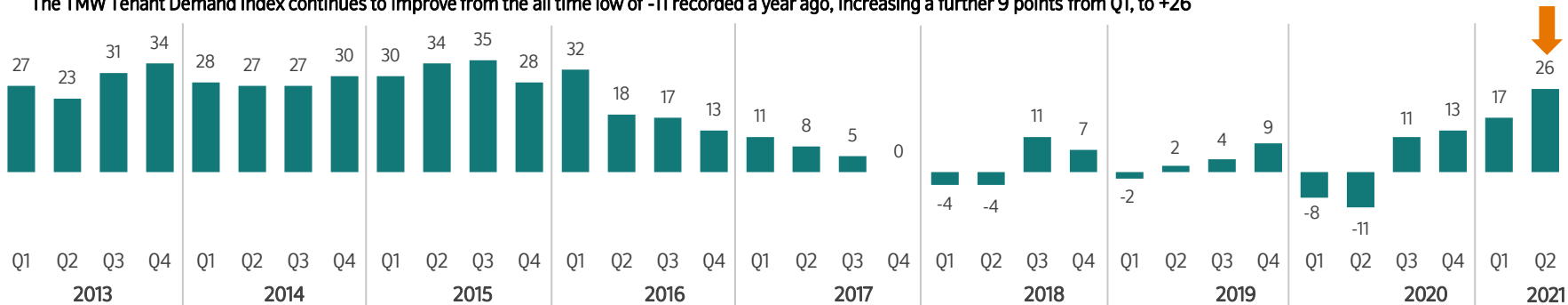
Fieldwork took place 20th June – 5th July 2021



For intermediary use only

Tenant Demand Report Q2 2021: Methodology

The TMW Tenant Demand Index continues to improve from the all time low of -11 recorded a year ago, increasing a further 9 points from Q1, to +26



For many years, BVA BDRC have surveyed landlords about whether they see rental demand increasing, decreasing or staying the same in the areas that they let properties.

Landlords are asked the following question:

In your opinion what has happened to tenant demand in the last 3 months?

In Q2 2021, the results were:

Increased significantly	18%
Increased slightly	20%
No change	24%
Decreased slightly	6%
Decreased significantly	6%
Unsure	26%

The **TMW Tenant Demand Index** is based on a simple calculation:

% landlords reporting tenant demand is <i>growing</i> significantly or slightly	18 + 20 = 38%

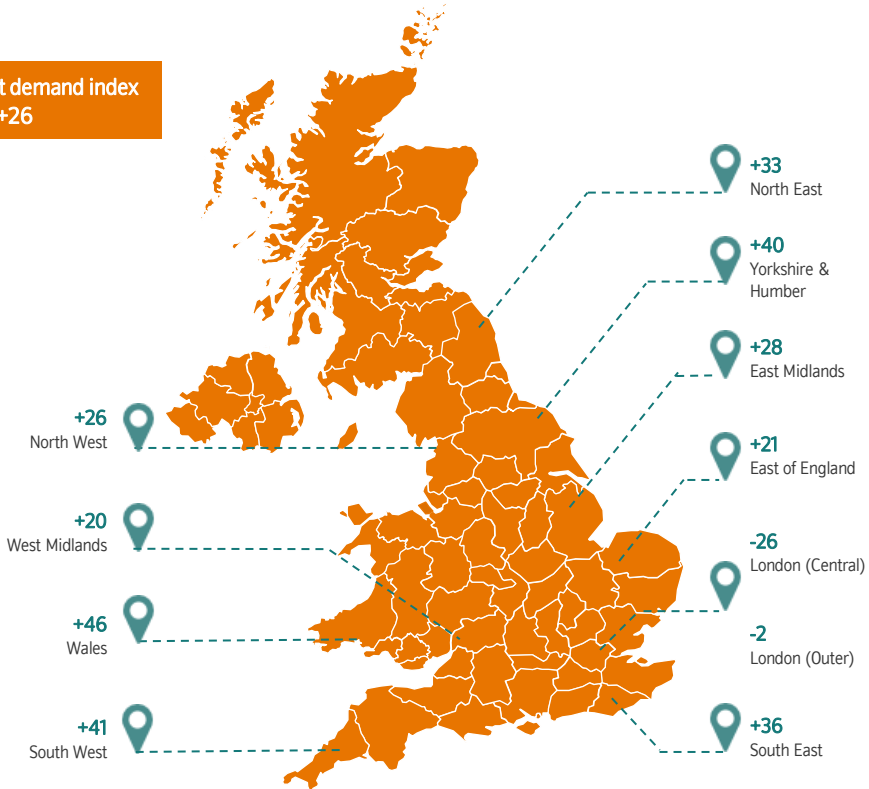
MINUS	

% landlords reporting tenant demand is <i>decreasing</i> slightly or significantly	6 + 6 = 12%

Q2 2021 Tenant Demand Index	= +26

Tenant Demand Report Q2 2021: Regional Analysis

UK tenant demand index average: +26



In Q2 '21, 6 of the 11 standard regions in England & Wales achieve a TDI score above the UK average, which increased by 9 points vs. Q1 '21 to +26.

Wales currently achieves the highest TDI score (+46), with the other regions achieving an above average TDI score including the South West, East Midlands, Yorkshire & Humber, South East and North East.

The two London regions continue to record negative TDI scores (Outer London at -2 and Central London at -26), and as a result remain significantly below other regions in the UK in Q2 '21. However, both London regions continue to see improvements to their TDI scores, with Central London seeing a 6 point uplift vs. Q1 '21 and Outer London recording a 7 point increase.

Outside of London, only the West Midlands and East of England record TDI scores that are below the national average in Q2 '21 (at +20 and +21 respectively), whilst the North West generate a TDI score in-line with the UK average.

NOTE: Base size too small to report Scotland results separately

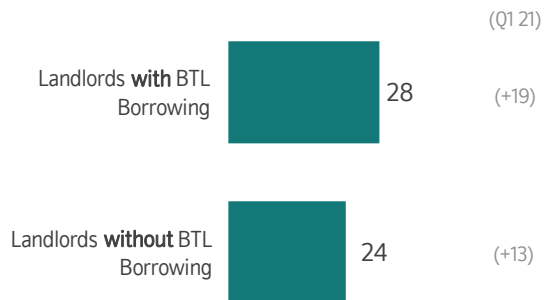
Source: BVA BDRCLandlord Panel research Q2 2021
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Tenant Demand Report Q2 2021

Tenant Demand Index calculation:

% landlords reporting tenant demand is growing significantly or slightly	MINUS	% landlords reporting tenant demand is decreasing slightly or significantly
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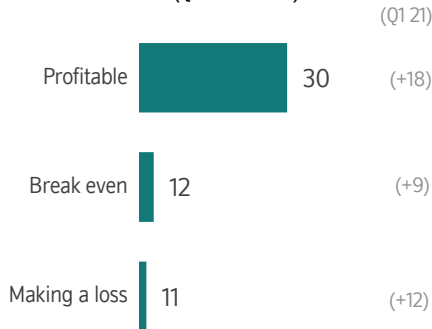
BTL Borrowing (Q2 TDI Score)



The TDI score for landlords both with and without BTL borrowing continue to improve, up by a further +9 points and +11 points respectively vs. Q1 '21.

Landlords with BTL borrowing continue to achieve a Tenant Demand Index score that is slightly above that recorded by those without borrowing (+28 vs. +24).

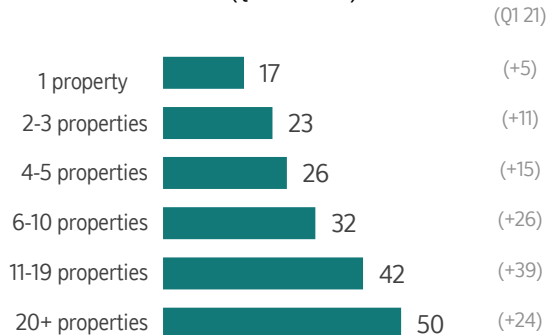
Profitability (Q2 TDI Score)



Landlords who make a profit from their lettings activity record a notable uplift in TDI score this quarter, up +12 points to +30.

As a result, profit making landlords now achieve a significantly higher TDI score than those who either break even (+12) or make a loss from their lettings activity (+11).

Portfolio Size (Q2 TDI Score)



Landlords with larger portfolios continue to achieve the most positive TDI scores. In Q2, landlords with 20+ properties achieve the highest TDI score, at +50 (up a significant 26 points from Q1 '21).

However, landlords in the smaller portfolio size brackets also see their TDI scores improve this quarter, with 1 – 5 property landlords all seeing TDI scores increase by at least +10 points.

Source: BVA BDRG Landlord Panel research Q2 2021
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