

the mortgage works 

# Tenant Demand Report

Q1 2022

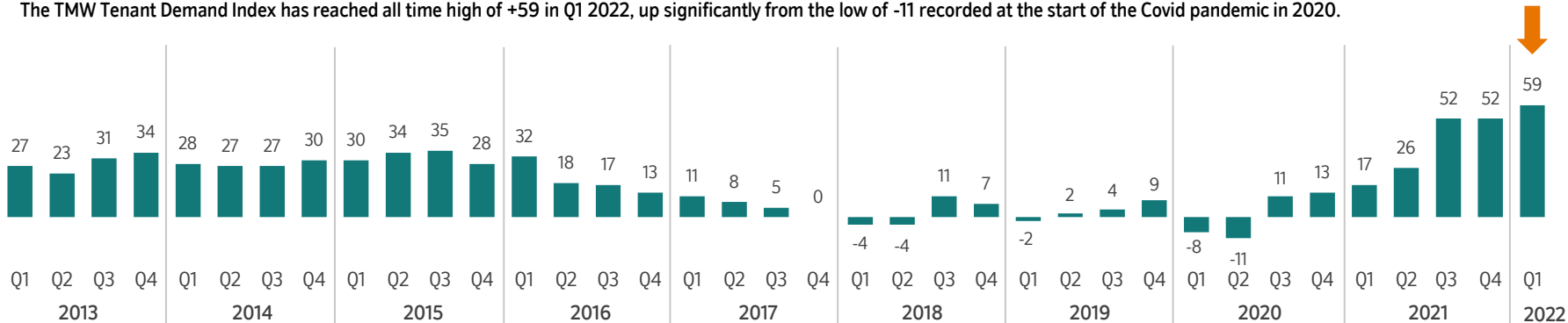
Fieldwork took place 6<sup>th</sup> – 24<sup>th</sup> March 2022



For intermediary use only

# Tenant Demand Report Q1 2022: Methodology

The TMW Tenant Demand Index has reached all time high of +59 in Q1 2022, up significantly from the low of -11 recorded at the start of the Covid pandemic in 2020.



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 Q1 2022, the results were:

Increased significantly	34%
Increased slightly	28%
No change	18%
Decreased slightly	2%
Decreased significantly	1%
Unsure	17%

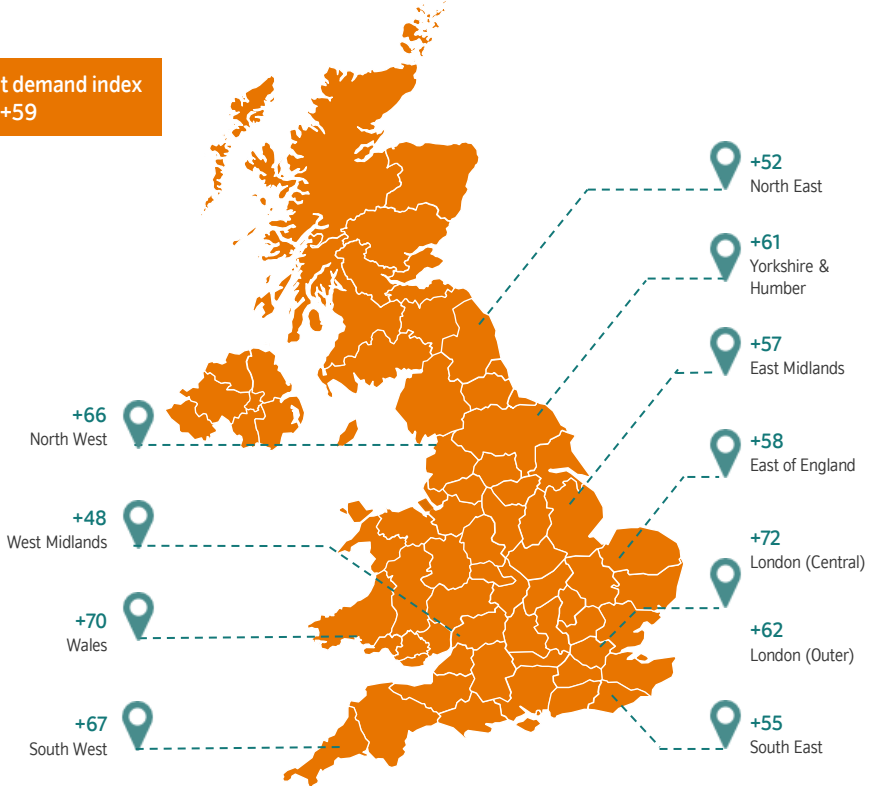
The **TMW Tenant Demand Index** is based on a simple calculation:

% landlords reporting tenant demand is growing significantly or slightly	34 + 28 = 62%
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MINUS	
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% landlords reporting tenant demand is decreasing slightly or significantly	2 + 1 = 3%
<b>Q1 2022 Tenant Demand Index</b>	<b>= +59</b>

\*NOTE: Calculation accounts for rounding

# Tenant Demand Report Q1 2022: Regional Analysis

UK tenant demand index average: +59



In Q1 '22, 6 of the 11 standard regions in England & Wales achieve a TDI score above the current UK average, which has reached an all-time high of +59.

Central London currently achieves the highest TDI score (+72), closely followed by Wales (+70), the South West (+67) and the North West (+66).

5 regions record a TDI score that falls below the national average; most notably the West Midlands (+48) and the North East (+52).

However, all 11 regions have seen an increase in their TDI score from Q4 '21, with the most substantial increase posted by landlords with property in Central and Outer London (+21pts and +22pts vs. Q4 '21 respectively).

The gap between the region with the lowest TDI and the region with the highest TDI has also continued to narrow, from 77pts a year ago, to 24pts in Q1 '22.

NOTE: Base size too small to report Scotland results separately

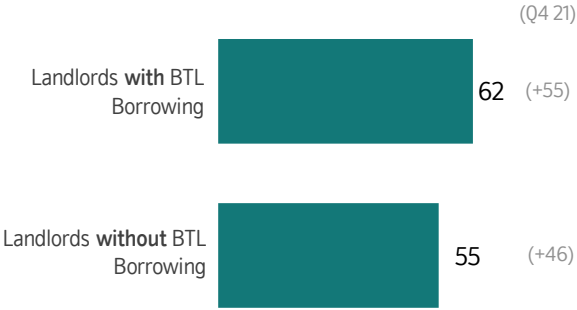
Source: BVA BDRCLandlord Panel research Q1 2022  
 The Mortgage Works (UK) plc is a wholly owned subsidiary of Nationwide Building Society, Nationwide House, Pipers Way, Swindon. SN38 1NW T1814

# Tenant Demand Report Q1 2022

Tenant Demand Index calculation:

$$\begin{matrix} \% \text{ landlords reporting tenant demand is} \\ \text{growing significantly or slightly} \end{matrix} \quad \text{MINUS} \quad \begin{matrix} \% \text{ landlords reporting tenant demand is} \\ \text{decreasing slightly or significantly} \end{matrix}$$

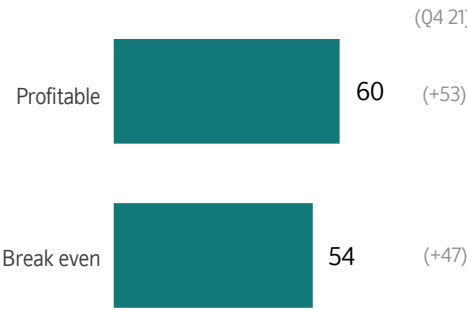
### BTL Borrowing (Q1 TDI Score)



The TDI scores for landlords both with and without BTL borrowing are up from Q4 '21, continuing the upward trend recorded throughout 2021.

Landlords with BTL borrowing continue to achieve a Tenant Demand Index score that is above that recorded by those without borrowing (+62 vs. +55).

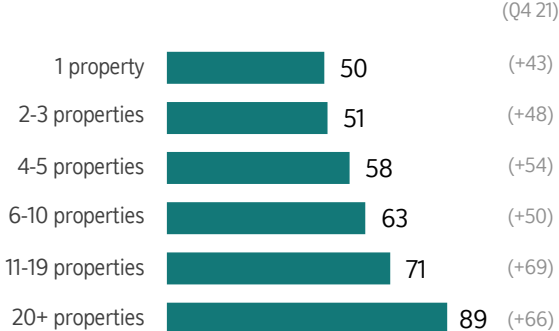
### Profitability (Q1 TDI Score)



The TDI score for landlords making a profit from their lettings activity remains slightly above that of those who break even, at +60 (vs. +54).

Both landlord groups see a 7pt increase in their TDI score from Q4'21, with the gap between the two groups therefore remaining unchanged at 6pts.

### Portfolio Size (Q1 TDI Score)



Landlords with larger portfolios continue to achieve the most positive TDI scores. In Q1, landlords with 20+ properties achieved the highest TDI score, at +89. This group has also seen the most notable improvement vs. Q4 '21, with their TDI score increasing by 23pts.

However, landlords across all portfolio sizes have seen an uplift in their TDI score from Q4 '21.

Source: BVA BDRG Landlord Panel research Q1 2022  
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