

the mortgage works 

# Tenant Demand Report

Q2 2022

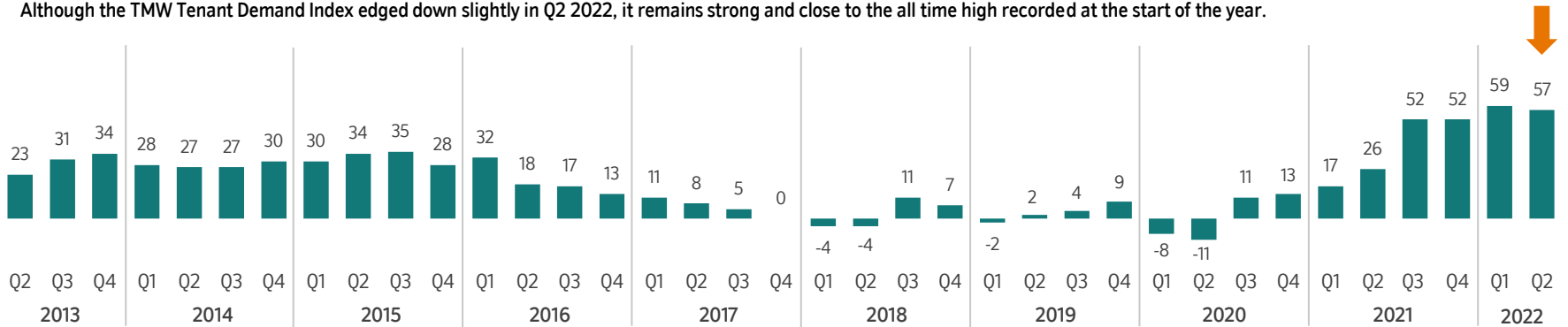
Fieldwork took place 19<sup>th</sup> May – 8<sup>th</sup> June 2022



For intermediary use only

# Tenant Demand Report Q2 2022: Methodology

Although the TMW Tenant Demand Index edged down slightly in Q2 2022, it remains strong and close to the all time high recorded at the start of the year.



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 2022, the results were:

Increased significantly	35%
Increased slightly	26%
No change	16%
Decreased slightly	3%
Decreased significantly	1%
Unsure	20%

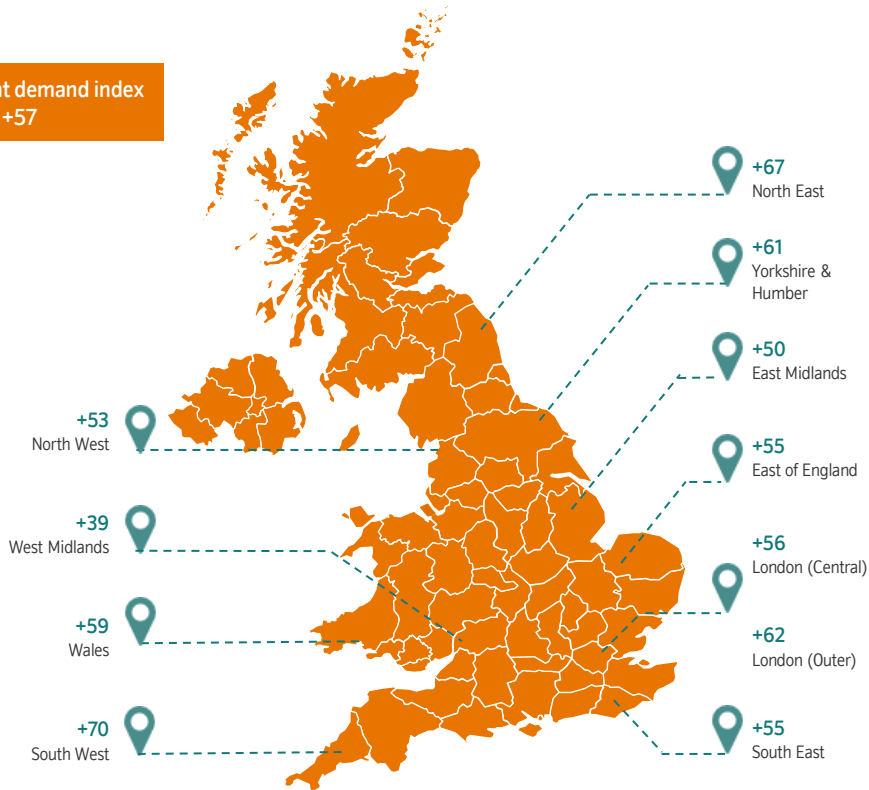
The **TMW Tenant Demand Index** is based on a simple calculation:

% landlords reporting tenant demand is growing significantly or slightly	35 + 26 = 61%
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MINUS	
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% landlords reporting tenant demand is decreasing slightly or significantly	3 + 1 = 4%
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<b>Q2 2022 Tenant Demand Index</b>	<b>= +57</b>

\*NOTE: Calculation accounts for rounding

# Tenant Demand Report Q2 2022: Regional Analysis

UK tenant demand index average: +57



In Q2 '22, 5 of the 11 standard regions in England & Wales achieve a TDI score above the current UK average, which remains high at +57.

The South West currently records the highest TDI score (+70), closely followed by North East (+67), Outer London (+62) and Yorkshire and the Humber (+61).

6 regions record a TDI score that falls below the national average; most notably the West Midlands (+39) and the East Midlands (+50).

Additionally, after increases at the start of the year, 6 regions have seen their TDI score decline in Q2 '22. The most substantial decreases are posted by landlords with property in Central London and the North West (-16pts and -13pts vs. Q1 '22 respectively).

NOTE: Base size too small to report Scotland results separately

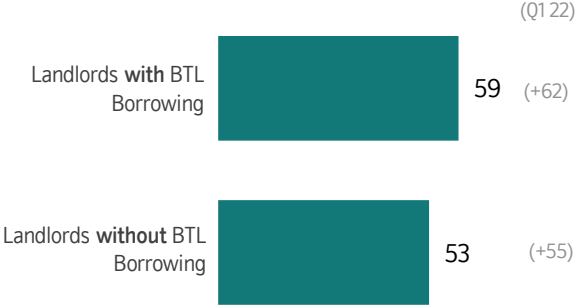
Source: BVA BDRCLandlord Panel research Q2 2022  
 The Mortgage Works (UK) plc is a wholly owned subsidiary of Nationwide Building Society, Nationwide House, Pipers Way, Swindon. SN38 1NW T1836

# Tenant Demand Report Q2 2022

Tenant Demand Index calculation:

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

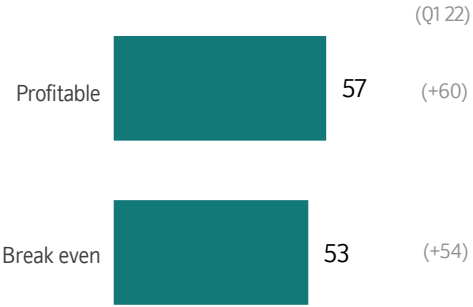
### BTL Borrowing (Q2 TDI Score)



The TDI scores for landlords both with and without BTL borrowing have decreased slightly in Q2 '22 (by 3%pts and 2%pts respectively).

Landlords with BTL borrowing continue to achieve a Tenant Demand Index score that is above that recorded by those without borrowing (+59 vs. +53).

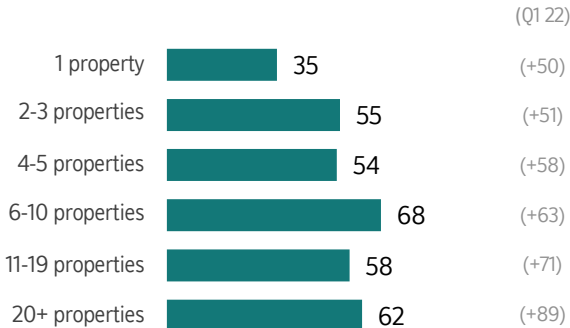
### Profitability (Q2 TDI Score)



The TDI score for landlords making a profit from their lettings activity remains slightly above that of those who break even, at +57 (vs. +53).

Landlords who make a profit saw their TDI score edge down by 3pts vs. Q1 '22, while the TDI score of those who break even remained largely stable. As a result, the gap between the two slightly decreased to 4pts (from 6pts in Q1 '22).

### Portfolio Size (Q2 TDI Score)



Landlords with 6-10 properties achieve the most positive TDI score this quarter at +68, overtaking those with the largest portfolios. This group has also seen the most improvement vs. Q1 '22, with their TDI score increasing by 5pts.

Landlords across other portfolio sizes have generally seen a fall in their TDI score from Q1 '22, most notably so for landlords with 20+ properties (-27pts).