

the mortgage works 

Tenant Demand Report

Q1 2023

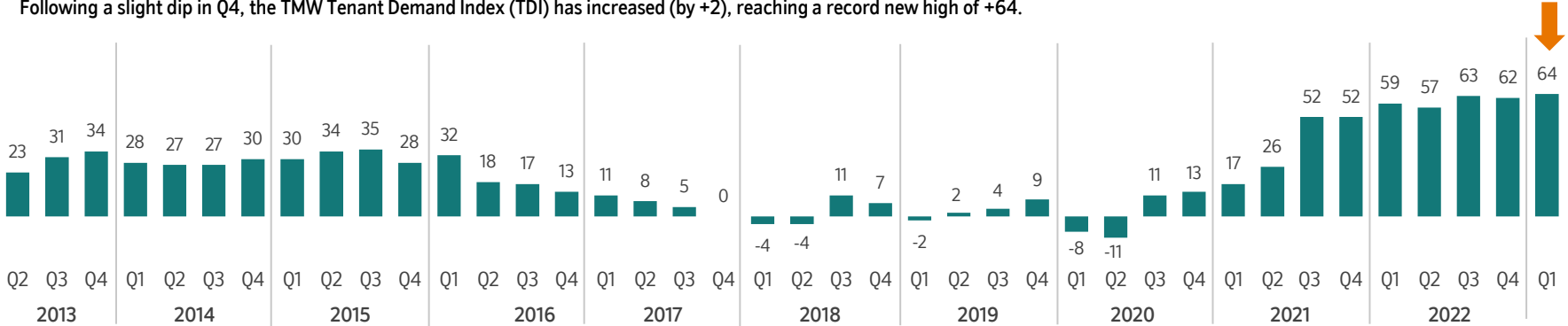
Fieldwork took place 24 March – 12 April 2023



For intermediary use only

Tenant Demand Report Q1 2023: Methodology

Following a slight dip in Q4, the TMW Tenant Demand Index (TDI) has increased (by +2), reaching a record new high of +64.



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 2023, the results were:

Increased significantly	44%
Increased slightly	23%
No change	15%
Decreased slightly	3%
Decreased significantly	1%
Unsure	15%

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

% landlords reporting tenant demand is growing significantly or slightly	44 + 23 = 67%

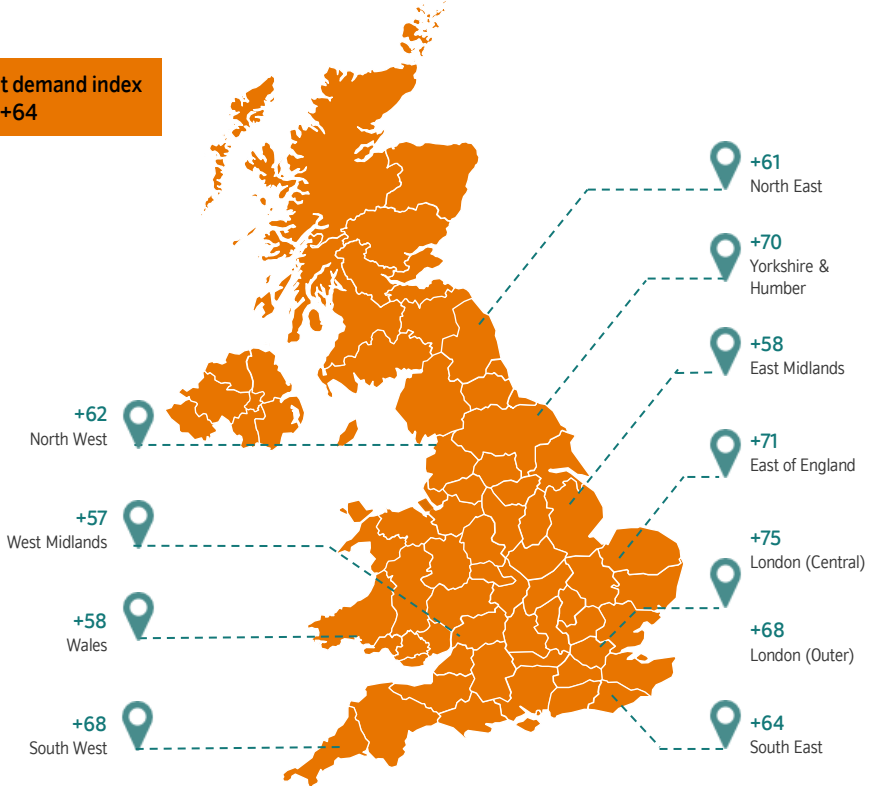
MINUS	

% landlords reporting tenant demand is decreasing slightly or significantly	3 + 1 = 3%
Q4 2022 Tenant Demand Index	= +64

*NOTE: Calculation accounts for rounding

Tenant Demand Report Q1 2023: Regional Analysis

UK tenant demand index average: +64



The UK average TDI score once again reaches an all time high of 64+, up by +2 pts versus this Q4. 5 regions achieve a score above this.

6 regions have seen an increase in TDI score this quarter, most notably: the Yorkshire & Humber (+11pts) and the East of England (+8pts).

Meanwhile, 3 regions have seen decreases in TDI score, with the North East having the most significant drop vs. Q4 (-11pts).

Central London remains at the high score achieved in Q4, again achieving the highest TDI score amongst UK regions. The West Midlands (+57), although has seen an increase of +5pts this quarter, continues to generate the lowest TDI score again this quarter. This is followed closely by the East Midlands (+58) and Wales (+58).

NOTE: Base size too small to report Scotland results separately

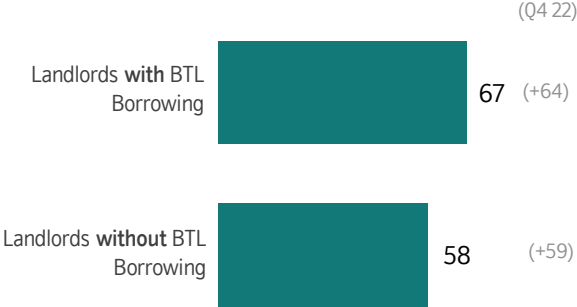
Source: BVA BDRC Landlord Panel research Q1 2023
 The Mortgage Works (UK) plc is a wholly owned subsidiary of Nationwide Building Society, Nationwide House, Pipers Way, Swindon. SN38 1NW T1907

Tenant Demand Report Q1 2023

Tenant Demand Index calculation:

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

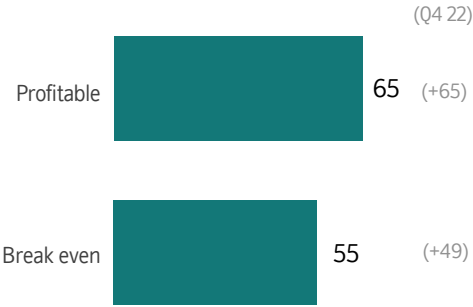
BTL Borrowing (Q1 TDI Score)



Landlords with BTL borrowing report a higher TDI score in Q1 '23 (+3pts to +67), after experiencing a slight dip in Q4. Landlords without BTL borrowing remain fairly stable again this quarter at +58 (-1pt vs. Q4)

Landlords with BTL borrowing continue to achieve a higher TDI score than landlords that don't (+67 vs. +58).

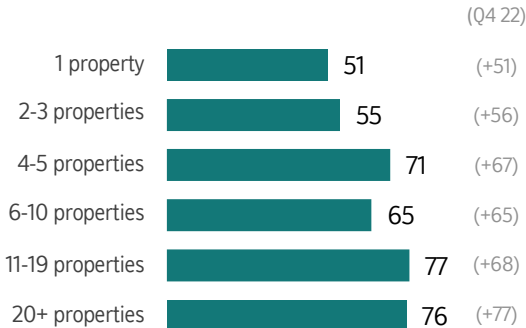
Profitability (Q1 TDI Score)



Landlords making a profit from their lettings activity continue to achieve a higher TDI score than those who break even (+65 vs. +55).

Whilst the TDI score for profit making landlords has remained stable, those who break even have seen a an increase in 6pts. This has caused the gap in TDI scores to reduce to 10pts (vs. 16pts in Q4).

Portfolio Size (Q1 TDI Score)



Typically landlords with larger portfolio sizes continue to achieve the most positive TDI scores this quarter. Landlords with 11-19 properties record the highest score in Q1, bypassing 20+ property landlords at +77, up by 9pts since Q4. The TDI scores for landlords with the smallest portfolio size (one single property) remains the lowest at 51+ vs other portfolio sizes.