

the mortgage works 

# Tenant Demand Report

Q2 2023

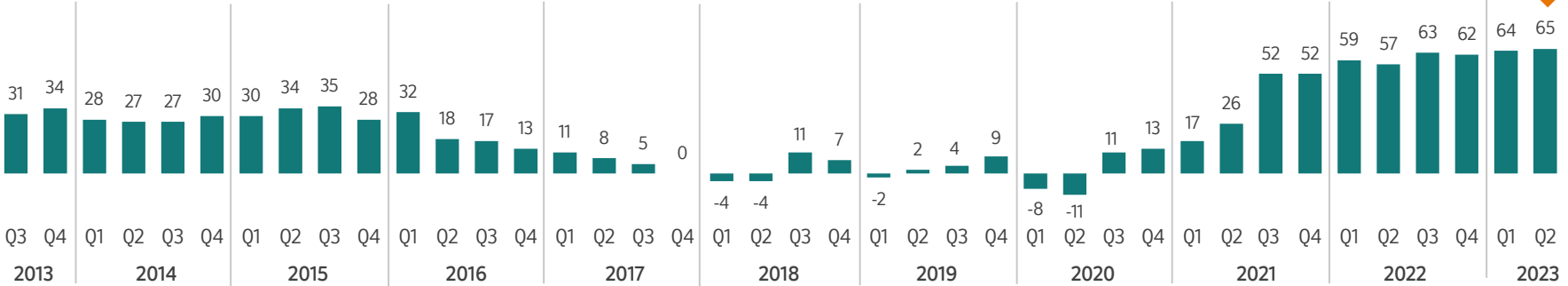
Fieldwork took place 1 July – 21 July 2023



For intermediary use only

# Tenant Demand Report Q2 2023: Methodology

In Q2 2023, the TMW Tenant Demand Index (TDI) rose by a modest 1%, reaching a new record high of +65.



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 2023, the results were:

Increased significantly	44%
Increased slightly	23%
No change	15%
Decreased slightly	1%
Decreased significantly	1%
Unsure	17%

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

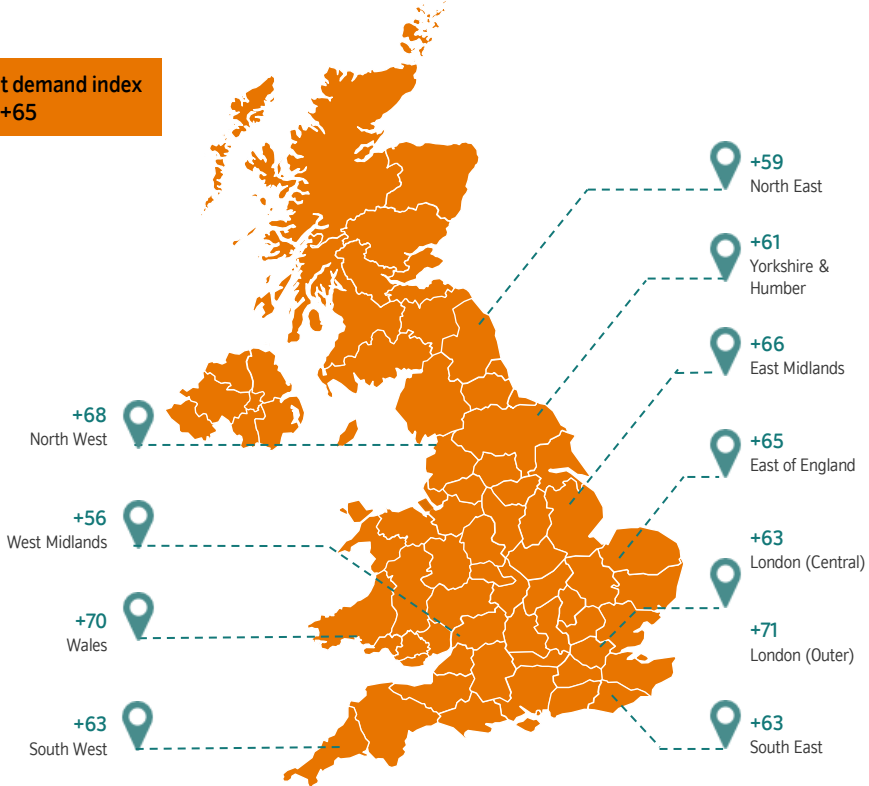
% landlords reporting tenant demand is growing significantly or slightly	44 + 23 = 67%
-----	
MINUS	
-----	
% landlords reporting tenant demand is decreasing slightly or significantly	1 + 1 = 2%
<b>Q2 2023 Tenant Demand Index</b>	<b>= +65</b>

\*NOTE: Calculation accounts for rounding

Source: BVA BDRC Landlord Panel research Q2 2023  
 The Mortgage Works (UK) plc is a wholly owned subsidiary of Nationwide Building Society, Nationwide House, Pipers Way, Swindon. SN38 1NW T1939

# Tenant Demand Report Q2 2023: Regional Analysis

UK tenant demand index average: +65



Once again, the UK average TDI score once again reaches a new record high of +65, following an uplift of +1pt versus this Q1. 5 regions meet, or achieve, a score above this.

4 regions have seen an increase in TDI score this quarter, most notably: Wales (+12pts) and the East Midlands (+8pts).

Meanwhile, 7 regions have seen decreases in TDI score, with London (Central) having the most significant drop vs. Q1 (-12pts).

Outer London becomes the highest scoring region in Q2, achieving a TDI score of +71 (up +3 pts since Q1). The West Midlands (+56) continues to generate the lowest TDI score again this quarter, after seeing a further decrease of -1pt. This is followed closely by the North East +59.

NOTE: Base size too small to report Scotland results separately

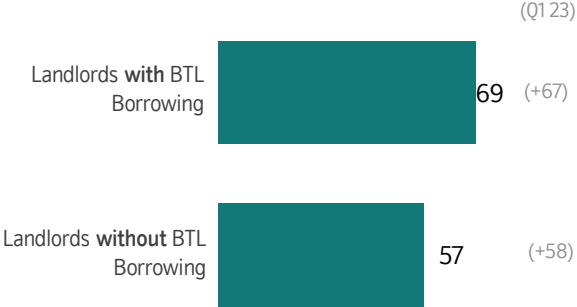
Source: BVA BDRCLandlord Panel research Q2 2023  
 The Mortgage Works (UK) plc is a wholly owned subsidiary of Nationwide Building Society, Nationwide House, Pipers Way, Swindon. SN38 1NW T1939

# Tenant Demand Report Q2 2023

Tenant Demand Index calculation:

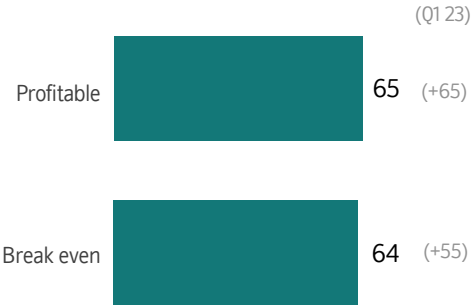
$$\begin{matrix} \% \text{ landlords reporting tenant demand is} \\ \text{growing significantly or slightly} \end{matrix} \quad \text{MINUS} \quad \begin{matrix} \% \text{ landlords reporting tenant demand is} \\ \text{decreasing slightly or significantly} \end{matrix}$$

### BTL Borrowing (Q2 TDI Score)



Mirroring the previous quarter, landlords with BTL borrowing report a higher TDI score in Q2 '23 (+2pts to +69). Landlords without BTL borrowing see another modest fall in score, same as Q1, (-1pt) to sit at +57. Landlords with BTL borrowing consistently achieve a higher TDI score than landlords that don't (+69 vs. +57).

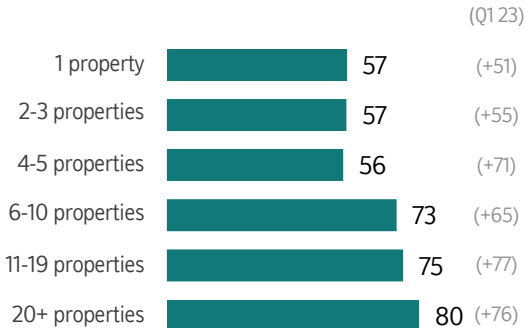
### Profitability (Q2 TDI Score)



The TDI score for landlords gaining profit from their rental activities remains consistent, and these specific landlords consistently attain a higher TDI score.

Nevertheless, this lead has been reduced as landlords who 'break even' experience a notable increase of +9 pts in Q2 (this group also observed a rise of +6 pts in Q1).

### Portfolio Size (Q2 TDI Score)



The trend continues where landlords possessing larger portfolios maintain the highest TDI scores. Landlords owning 20+ properties attain the highest score in Q2, surpassing the previous highest score in Q1 obtained by those with 11-19 properties.

Landlords with 4-5 properties secure the lowest score in Q2.