

TMW Rental Income Analysis

Q3 2017



the mortgage works 

Gross Rental Income Analysis Q3 2017 - Methodology

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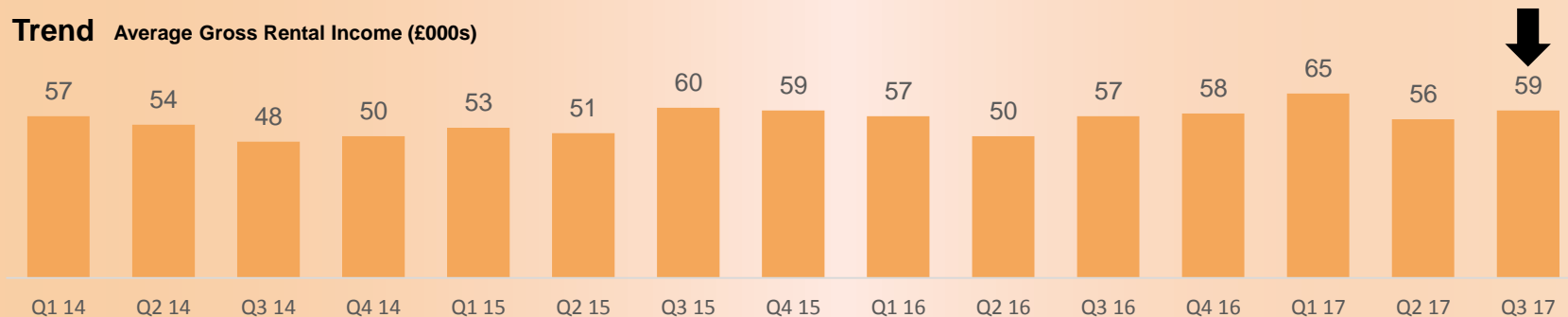
We asked landlords to self-select their annual gross rental income. This report outlines the results along with rental trends and future rental intentions.

The basis for the analysis in this report is derived from the following question:

Over the last 12 months, in which band is the gross rental income you receive from your residential letting portfolio?

- The average gross rental income earned in the last 12 months is **£59,000**, up by £3,000 from Q2.

Trend Average Gross Rental Income (£000s)



Gross Rental Income Analysis Q3 2017 - Overall

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- The average gross rental income earned in the last 12 months is **£59,000**, up by £3,000 since Q2 and recovering slightly from the £9,000 drop recorded last quarter.
- BTL landlords are generating a gross rental income (£70k) which is **56% higher** than that of unencumbered landlords (£39k).
- **3 in 10** landlords propose to **increase rents in the next 6 months**, up from 1 in 4 who planned to do so in Q2. As with Q2, **4 in 10** landlords have **increased rents over the past year**.



**Annual rental
income per
property**



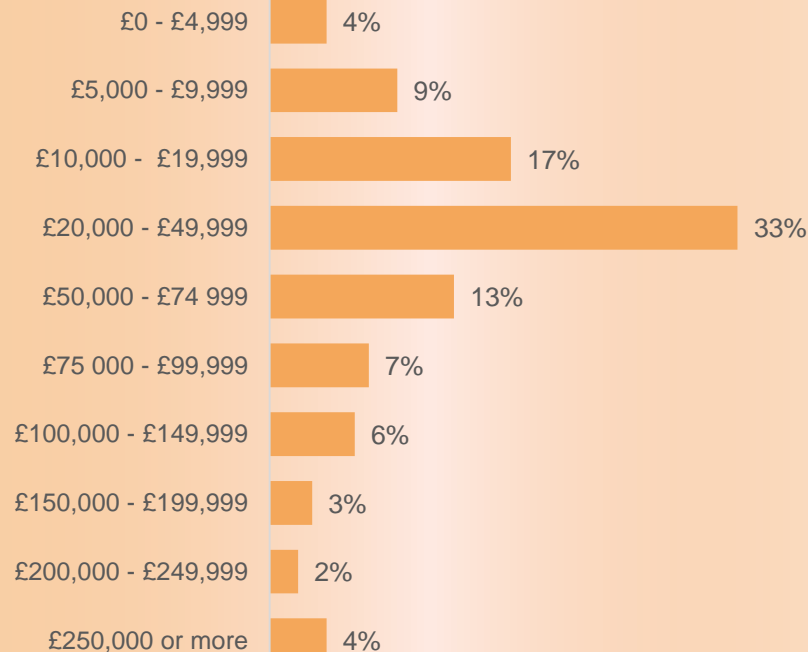
**Increased
rents in *last*
12 months**



**Plan to
increase
rents in *next*
6 months**

Annual Gross Rental Income

Average: £59,000

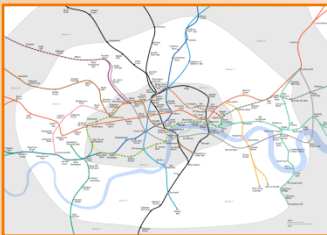


Regions

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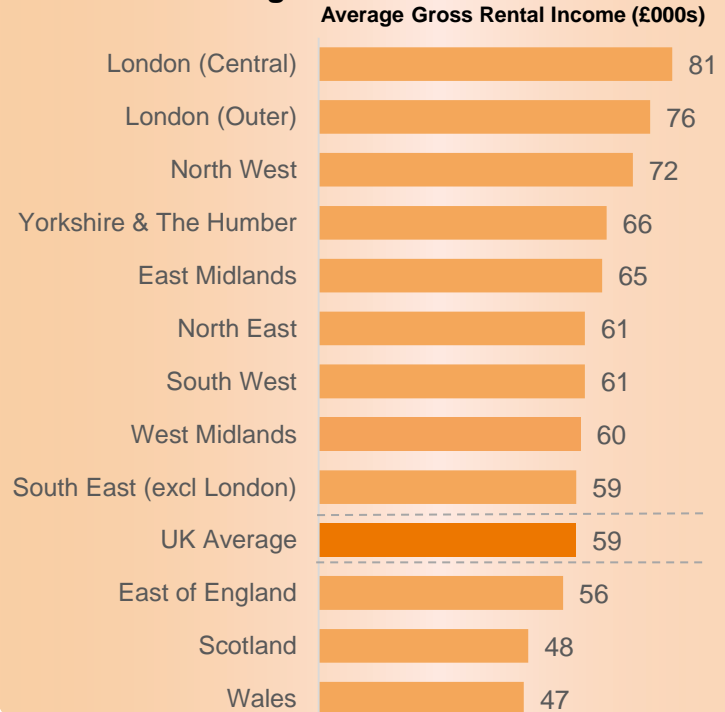
- **9 of the 12 UK** regions achieve a rental income **above the national average**.
- Landlords in **Central London generated the highest gross rental income** in the 12 months to Q3 2017 at **£81,000**.
- **Income was lowest in Wales and Scotland**, with income in Scotland down significantly from last quarter (by 31%).
- Landlords in **London zones 1-2** received rental incomes of **£90,000**, the highest level recorded in 2017. Those operating in zones 3-4 have also seen an increase in income this quarter (+£6,000 vs. Q2). This may be a result of the **slight strengthening in tenant demand** reported by landlords in Central London this quarter (5% more reporting an increase in demand compared to Q2).

Spotlight on London



- London Zone 1-2: **£90,000**
- London Zone 3-4: **£79,000**

Standard UK Region

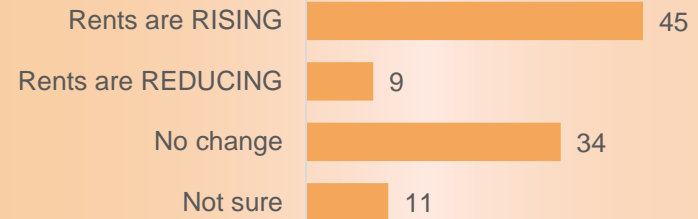


Rental trends & intentions

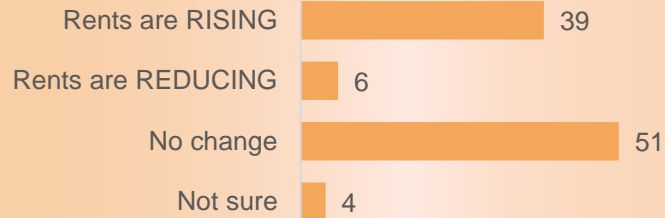
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- **45% of landlords think that rents are increasing** in the areas that they are letting property, **up 6%** on Q2 2017.
- Just under 4 in 10 landlords have **increased rents for at least some of their properties** in the last year, remaining constant from Q2.
- **1 in 3 plan to increase rents** in the next 6 months, a slight increase from Q2. Portfolio landlords will be much more aggressive in driving rental increases.
- **1 in 3 landlords operating in Central London report that rents are falling locally**, with 19% having decreased rents themselves in the last year.

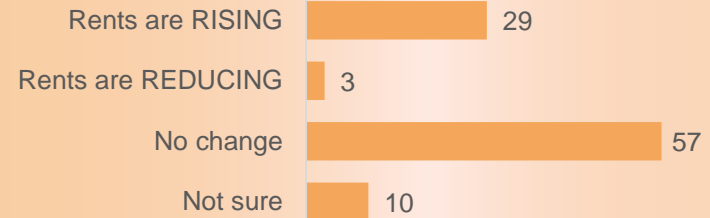
Current trend in landlords' areas (%)



Across landlords' portfolio in LAST 12 months (%)



Across landlords' portfolio in NEXT 6 months (%)

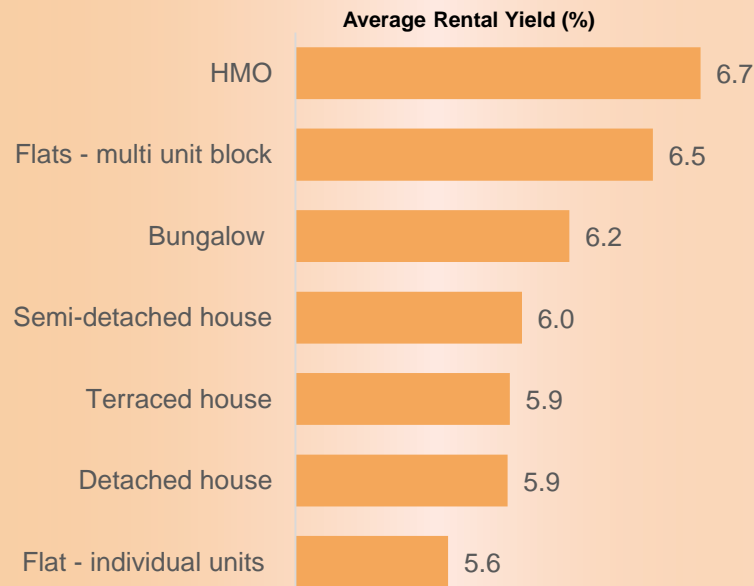


Portfolio

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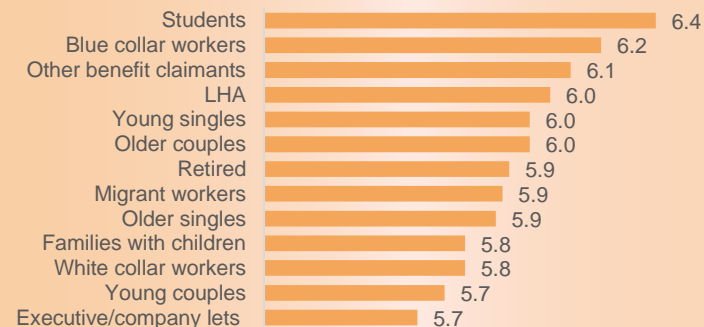
Property type

(Landlords were also asked to self define the overall rental yield they currently receive from their letting portfolio - taking into account current rental income, current portfolio value, any mortgages, maintenance and other running costs)



Tenant type

Average Rental Yield (%)



Portfolio size

Average Gross Rental Income (£000s)



Financials

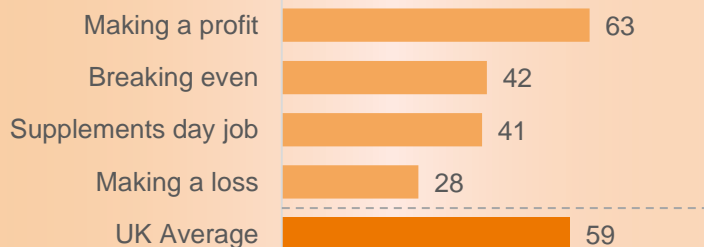
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- BTL landlords are **generating a gross rental income which is significantly higher (£31,000)** than that of unencumbered landlords.
- Landlords currently **in a financial loss-making situation achieve the weakest rental income** at just £28,000 on average.
- Those completely focused on letting and **self-employed as a landlord** (24%) continue to generate the **highest levels of rental income** at £109,000 on average, although this is down by **£3,000** from Q2.

BTL Borrowing Average Gross Rental Income (£000s)



Profitability Average Gross Rental Income (£000s)



Employment Status Average Gross Rental Income (£000s)

