

the mortgage works 

Rental Income Analysis

Q4 2019

Gross Rental Income Analysis Q4 2019: Methodology

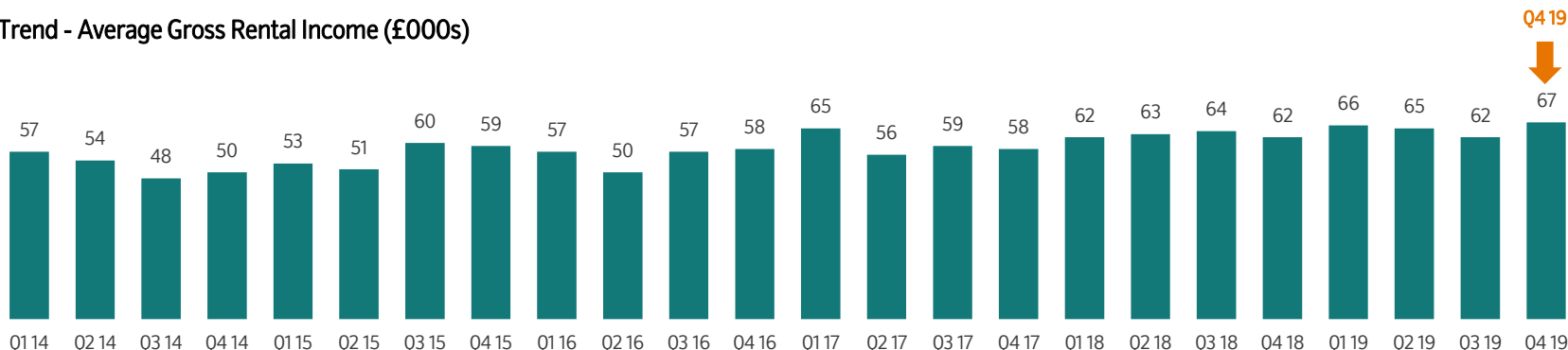
We asked landlords to self-select their annual gross rental income. This report outlines the results along with current rental trends and future rental intentions.

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?

In Q4 2019 the average gross rental income earned in the last 12 months is **£67,000**, up by £5,000 from Q3 2019.

Trend - Average Gross Rental Income (£000s)



Gross Rental Income Analysis Q4 2019: Overall

Annual Gross Rental Income (%)

Average: £67,000



In Q4, the typical landlord reported generating **£67,000** per year in gross rental income from their portfolio, which is £5,000 higher than the average rental income achieved in Q3 19.

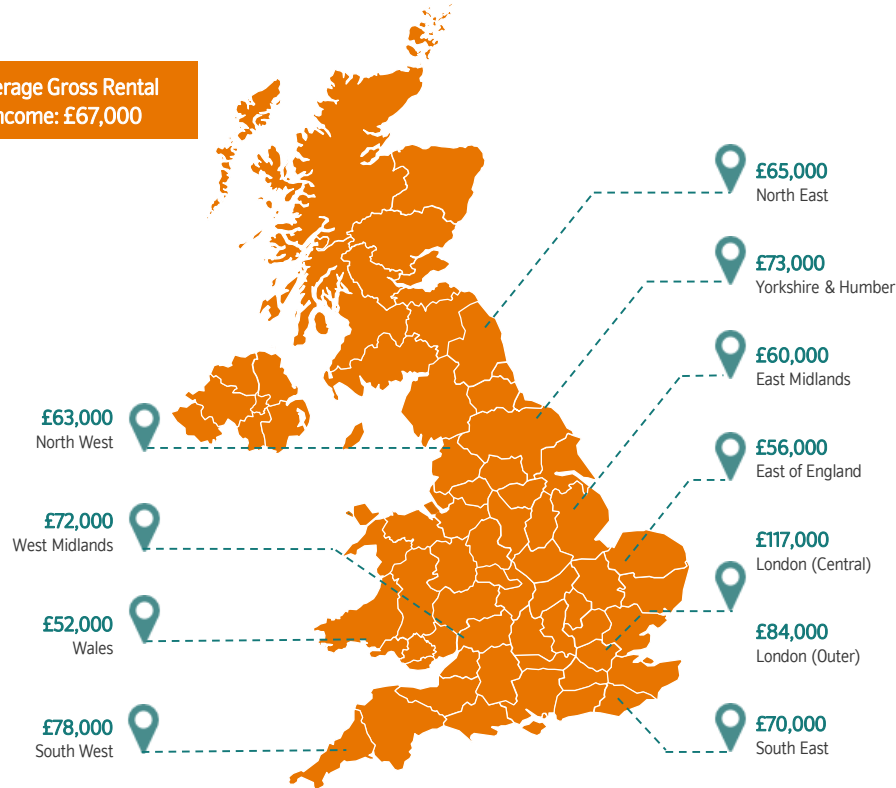
Despite this uplift in gross rental income, due to larger portfolio sizes in Q4, the average **annual rental income per property** has fallen to **£7,528** (vs. £8,073 in Q3 19).

In Q4 2019, more landlords reported that they had increased their rents in the last 12 months, with 34% saying this was the case vs. 29% in Q3 (+5%pts). The proportion of landlords intending to increase rents in the next 6 months also rose this quarter, to 28% (vs. 23% in Q3).



Regional Income Analysis

Average Gross Rental
Income: £67,000



6 of the 11 standard regions in England & Wales achieve a gross rental income above the national average.

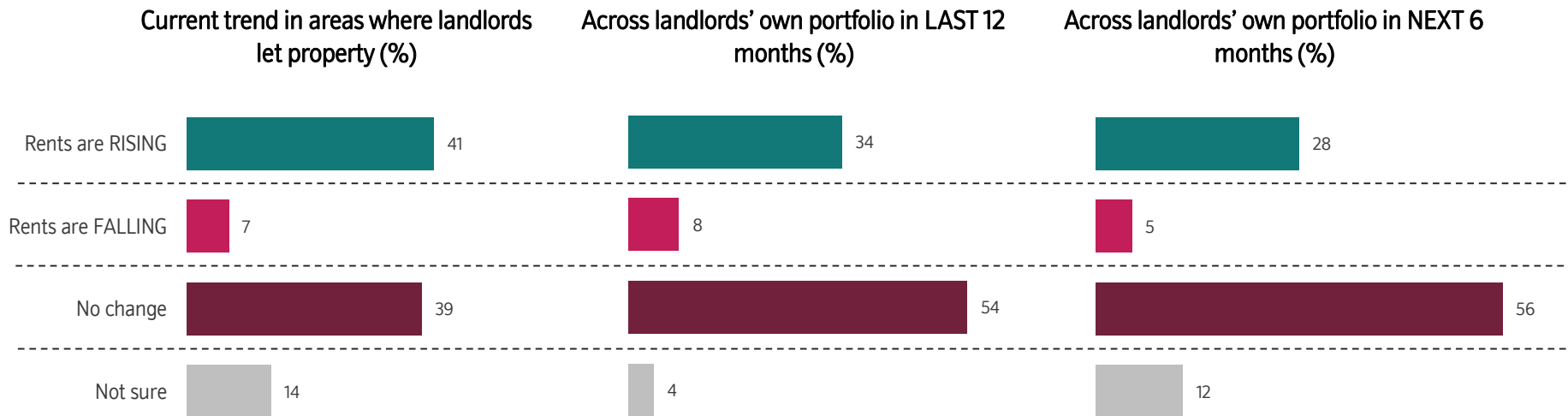
The highest average gross rental income continues to be achieved by those operating in Central London, at £117,000 per year. The other regions achieving above average gross rental incomes in Q4 are the South East, West Midlands, South West, Outer London and Yorks & Humber.

The North West, East Midlands, North East, Wales and East of England all generate an average gross rental income that is below the national average, with Wales generating the lowest average income in Q4, at £52,000 per year.

NOTE: Base size too small to report Scotland results separately

Source: BVA BDRCLandlord Panel research Q4 2019
The Mortgage Works (UK) plc is a wholly owned subsidiary of Nationwide Building Society, Nationwide House, Pipers Way, Swindon. SN38 1NW T1430

Rental Trends & Intentions



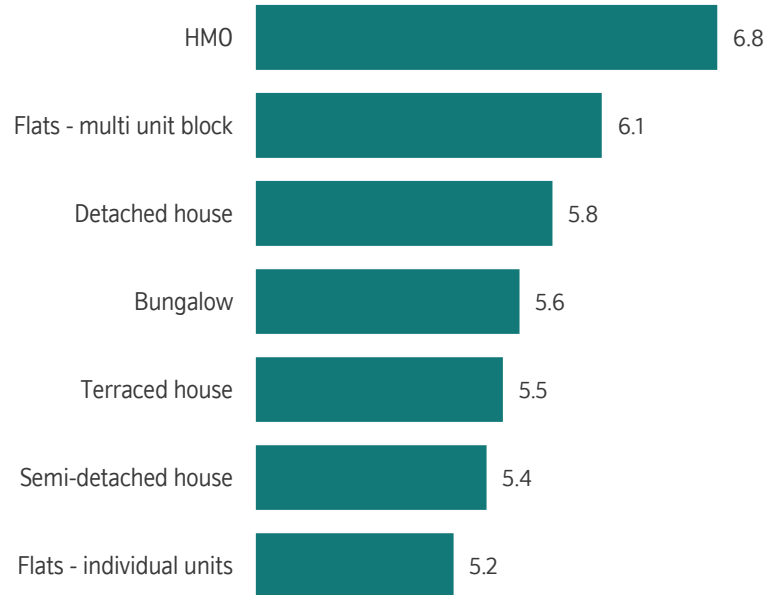
In Q4, **landlords were more likely both to have recently levied a rental increase, or to intend to do so in the first half of 2020**. Just over 1 in 3 landlords increased their rents over the last year, up from 29% who reported this was the case in Q3, whilst 28% intend to raise their rents in the next 6 months (up from 23% last quarter).

Intentions vary significantly by region, with **landlords operating in the East Midlands most likely to intend to put their rents up in the next 6 months (41%)**, whilst those in Central London are least likely (15%). Compared to their smaller counterparts, landlords with larger portfolios continue to be more likely to be looking to increase rents in the next 6 months, with 38% of 11+ property landlords planning to raise rents compared to just 26% of landlords with 1 – 10 properties.

Portfolio Analysis

Average Rental Yield by Property Type (%)

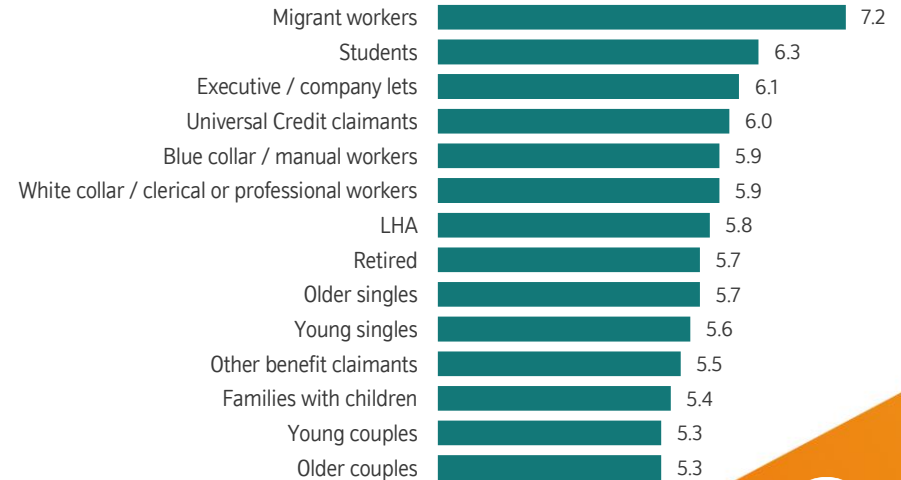
(Landlords were also asked to self-define the overall rental yield they currently receive from their letting portfolio - taking into account current rental income, current portfolio value, any mortgages, maintenance and other running costs)



Average Gross Rental Income by Portfolio Size (£000s)



Average Rental Yield by Tenant Type (%)



Landlords Financial Analysis

Average Gross Rental Income by Profitability (£000's)

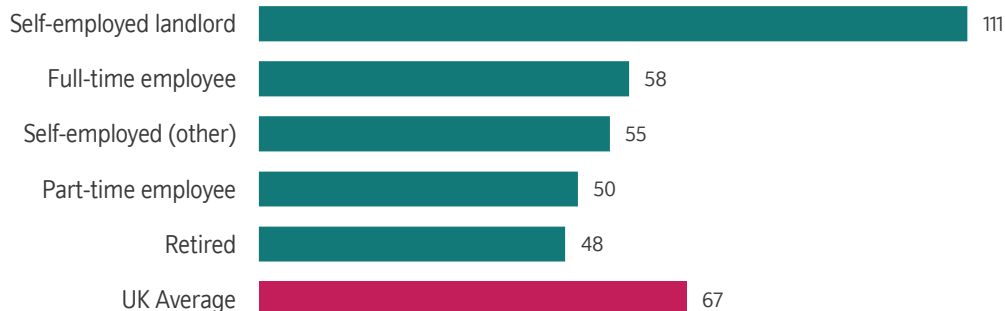


In Q4, landlords who make a profit from their letting activity achieve an average gross rental income of **£68k** (+£4k vs. Q3 2019). Loss making landlords typically manage to achieve around £10,000 less than this per year, at £58k.

Those who operate as a **self-employed landlord generate the highest gross rental income**, averaging £111k per year, whilst those who are retired generate the lowest amount, at £48k on average.

Landlords with BTL mortgage borrowing continue to generate a significantly higher gross rental income than those who own their portfolio outright (£75k vs. £54k).

Average Gross Rental Income by Employment Status (£000's)



Average Gross Rental Income by BTL Lending (£000's)

