

TMW Rental Income Analysis

Q2 2018



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Gross Rental Income Analysis Q2 2018 - Methodology

For intermediary use only

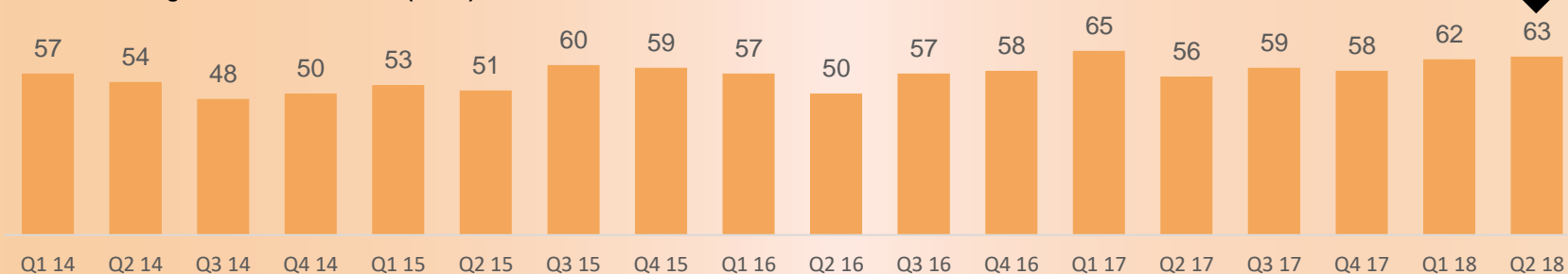
We asked landlords to self-select their annual gross rental income. This report outlines the results along with rental trends and future rental intentions.

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?

- In Q2 2018 the average gross rental income earned in the last 12 months is **£63,000**, up by £1,000 from Q1.

Trend Average Gross Rental Income (£000s)



Gross Rental Income Analysis Q2 2018 - Overall

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- The average gross rental income generated in the last 12 months is **£63,000**, up £1,000 from Q1 and up £8,000 year-on-year.
- Landlords who borrow to fund their **BTL portfolio** continue to generate a higher gross rental income, achieving an average of **£72k** a year. **Unencumbered landlords achieve only 67% of this figure (£48k).**
- There has been a slight increase (**+1%**) in the number of landlords **reporting increasing rents in the last 12 months**, whilst the number of landlords planning on increasing rents in the next 6 months has remained stable from Q1, at 24%.



**Annual rental
income per
property**



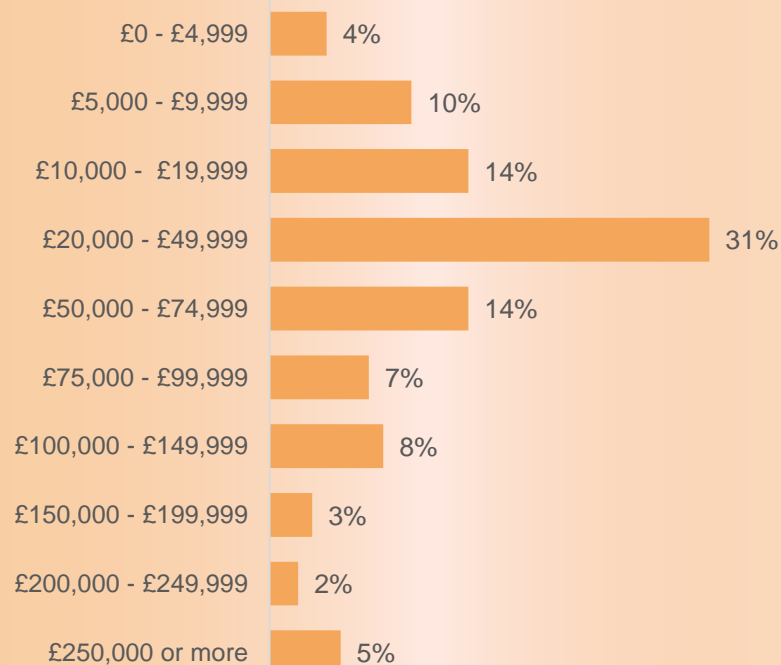
**Increased
rents in *last*
12 months**



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

Annual Gross Rental Income

Average: £63,000

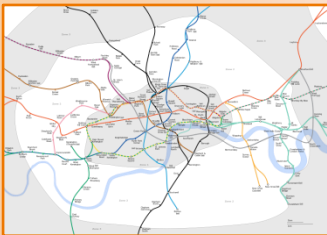


Regions

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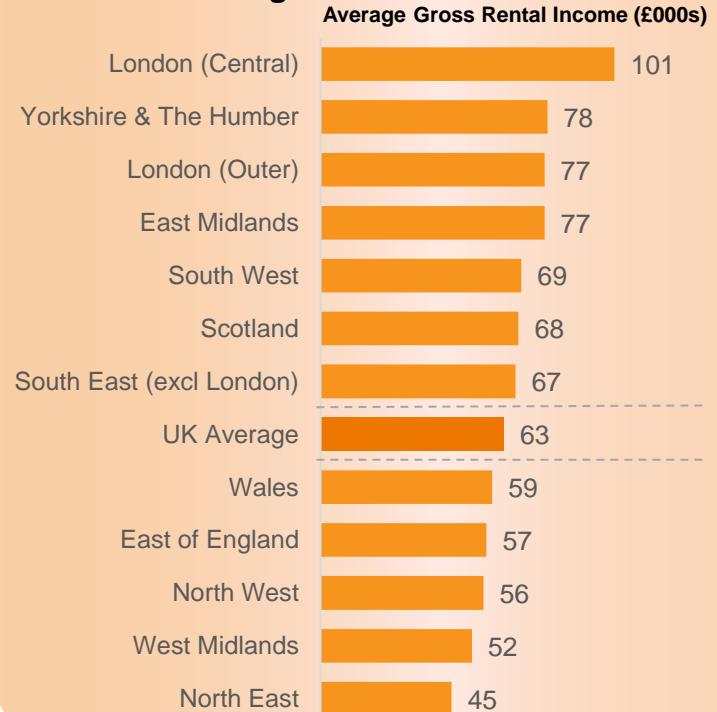
- **7 of the 12 UK regions** achieve a gross rental income **above the national average**.
- The **highest gross rental income** is achieved by landlords operating in **Central London**, who generated £101k on average in the last year.
- Annual income is **lowest in the North East**, where **£45k** was generated on average in the last year.
- The last quarter has seen significant growth in the gross annual rental income achieved by those operating in **Yorkshire and the Humber (+£13k vs. Q1)** and the **East Midlands (+£16k vs. Q1)**.

Spotlight on London



- London Zone 1-2: **£101,000**
- London Zone 3-4: **£81,000**

Standard UK Region

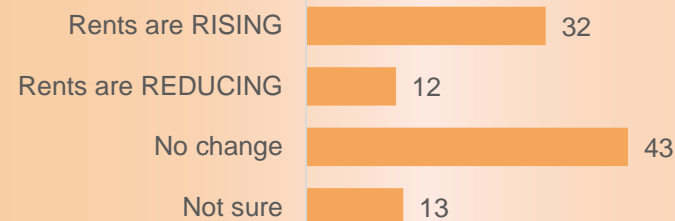


Rental trends & intentions

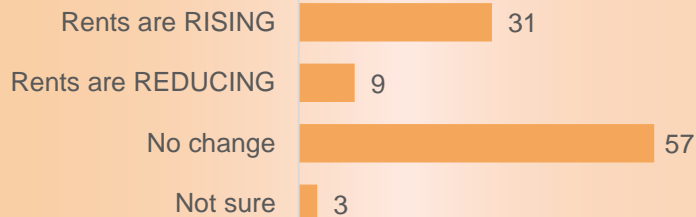
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- **32% of landlords think that rents are rising** in the areas they let properties, **down 1%** from Q1.
- The **proportion that have put rents up across their own portfolio in the last year has also remained relatively stable**, down just 1% from Q1 to 31%.
- The number of landlords planning to **increase rents in the next 6 months** is unchanged at **24%**. By comparison, **just 7% intend to reduce rents** (+2% vs. Q1).
- Regionally, those with property in the **East Midlands are most likely to intend to put their rents up in the next year (42%)**, those in **North East the least likely (16%)**.

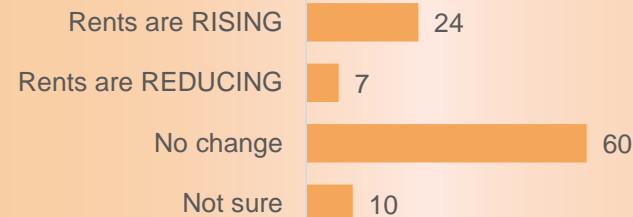
Current trend in landlords' areas (%)



Across landlords' portfolio in LAST 12 months (%)



Across landlords' portfolio in NEXT 6 months (%)

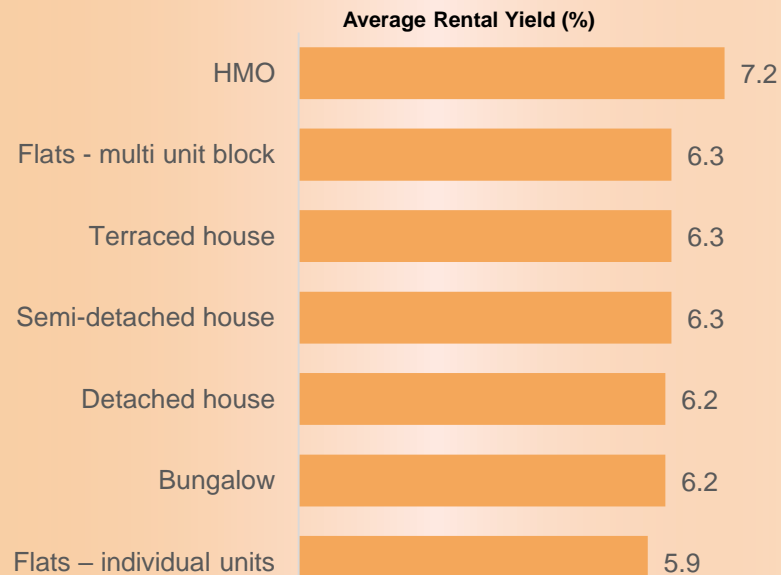


Portfolio

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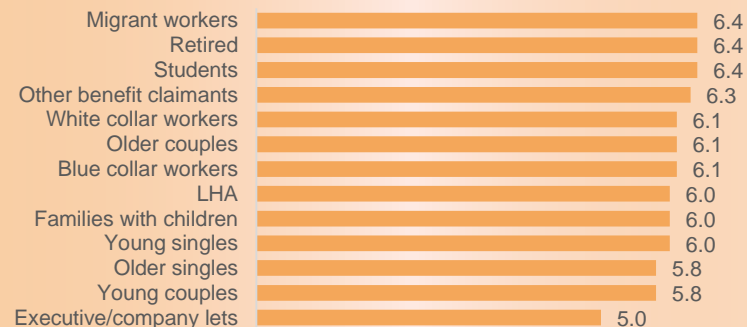
Property type

(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)



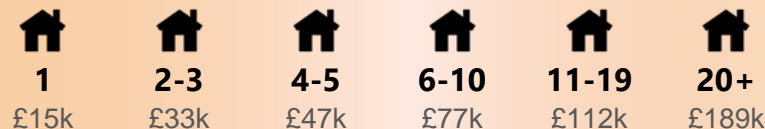
Tenant type

Average Rental Yield (%)



Portfolio size

Average Gross Rental Income (£000s)



Financials

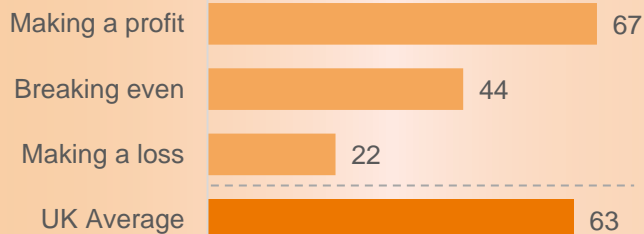
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- **Mortgaged BTL landlords generate a gross rental income which is significantly higher** than that of unencumbered landlords (£72k vs. £48k).
- **Profit making landlords report the highest annual gross rental income**, at £67k on average, which is around three times more than the income achieved by those making a loss from their portfolio (£22k).
- Those who operate as a **self-employed landlord generate the highest gross rental income**, averaging £108k per year, although this is down by £4k from Q1.

BTL Borrowing Average Gross Rental Income (£000s)



Profitability Average Gross Rental Income (£000s)



Employment Status Average Gross Rental Income (£000s)

