

# TMW Tenant Demand Report

Q4 2018



# Tenant Demand Report Q4 2018 - Methodology

For intermediary use only

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 Q4, the results were:

Increased significantly	6%
Increased slightly	18%
No change	36%
Decreased slightly	13%
Decreased significantly	4%
Unsure	23%

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

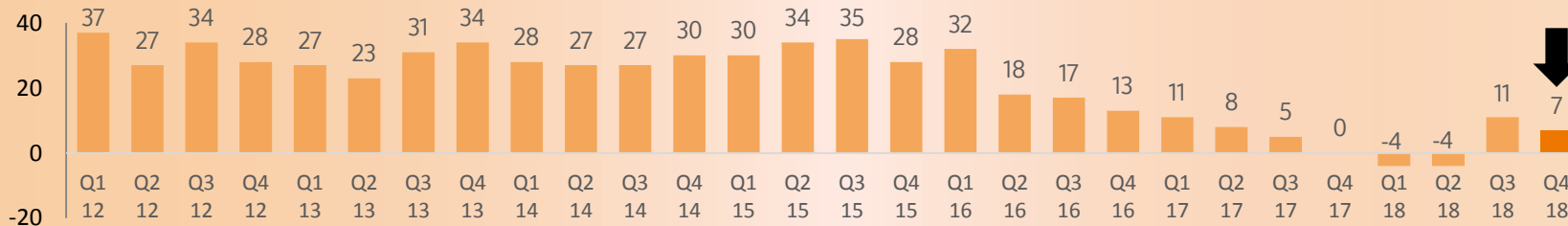
% landlords reporting tenant demand is *growing* significantly or slightly  
**MINUS**  
 % landlords reporting tenant demand is *decreasing* slightly or significantly

Specifically, the results for Q4 2018 are:

% landlords reporting tenant demand is <i>growing</i> significantly or slightly	6 + 18 = 24%
MINUS	
% landlords reporting tenant demand is <i>decreasing</i> slightly or significantly	13 + 4 = 17%
<b>Tenant Demand Index</b>	<b>= +7</b>

The figures shown on the following slides are all derived from this calculation

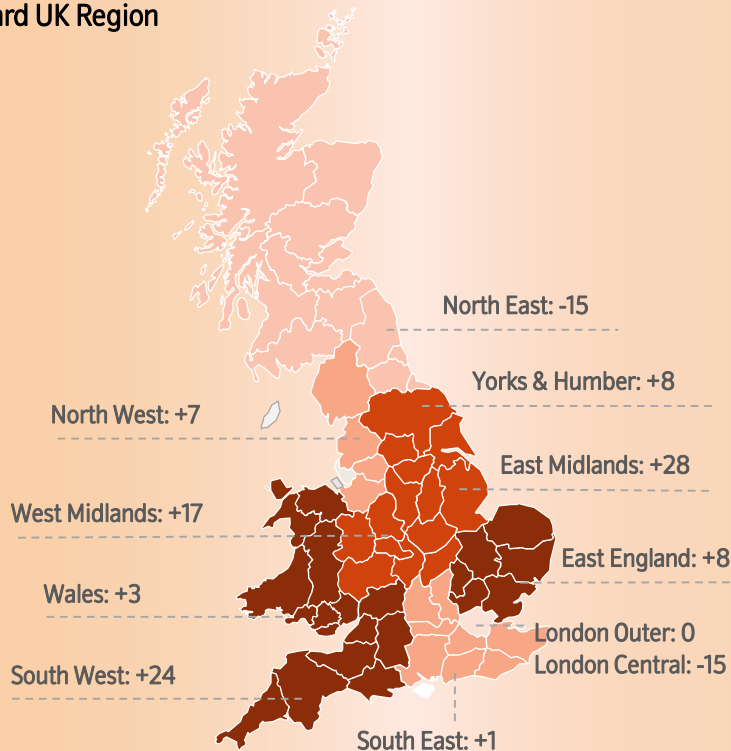
The TMW Tenant Demand Index has increased from the record lows seen in the first half of 2018, to now stand at +7 in Q4.



# Tenant Demand Report Q4 2018 - Regions

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## Standard UK Region

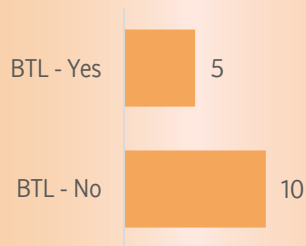


- 6 of the 10 standard UK regions achieve a Tenant Demand Index Score equal to or above the UK average.
- Landlords operating in the **East Midlands** remain the most likely to report tenant demand has grown, with a **Tenant Demand Index Score of +28**. Landlords with property in the South West and West Midlands also report increasing tenant demand, with TDI scores of +24 and +17 respectively.
- The 4 regions below the average are the **North East, South East, Wales and London**, where the TDI score ranges between +3 and -15.
- It is landlords with properties in **Central London and the North East who are most likely to report declining tenant demand** (at around 3 in 10), with over a quarter of landlords operating in these regions rating current demand for rental properties as 'weak'.

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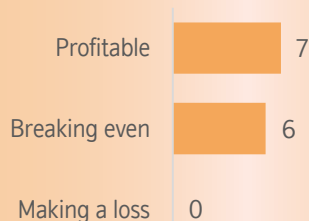
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## BTL Borrowing



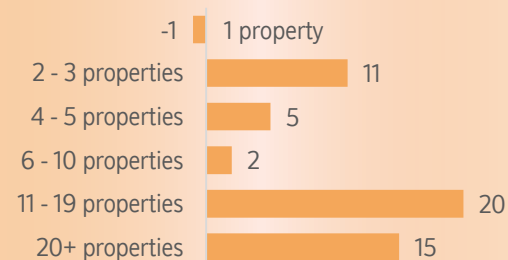
- Landlords with BTL borrowing remain less likely to report seeing an increase in recent tenant demand than those without a BTL mortgage.

## Profitability



- Landlords who are currently making a loss from their lettings activity are equally likely to say tenant demand is decreasing as they are to say it is increasing, resulting in a Tenant Demand Index Score of 0 in Q4 2018.

## Portfolio Size



- No clear trend for perceptions of recent tenant demand based on a landlords portfolio size. Currently, at -1, landlords with a single property are the only group with a negative Tenant Demand Index score.