

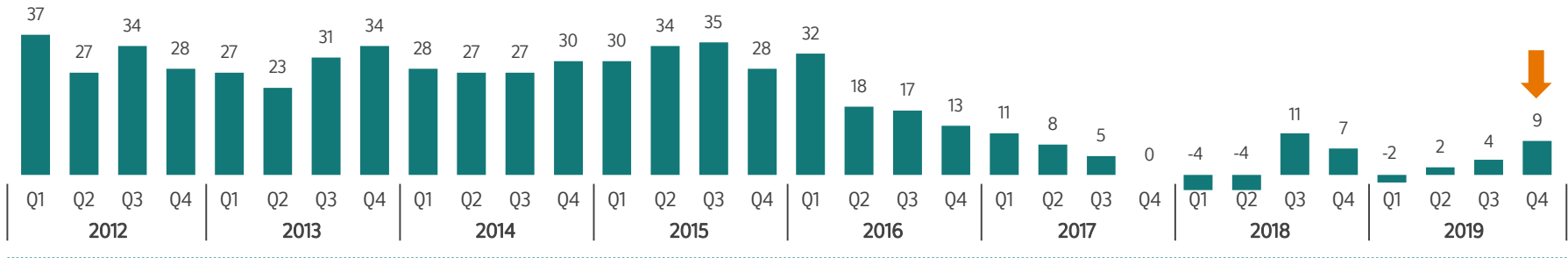
the mortgage works 

Tenant Demand Report

Q4 2019

Tenant Demand Report Q4 2019: Methodology

The TMW Tenant Demand Index increases for a 3rd successive quarter, to its highest point for over a year (+9):



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 2019, the results were:

Increased significantly	6%
Increased slightly	19%
No change	35%
Decreased slightly	13%
Decreased significantly	3%
Unsure	24%

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

% landlords reporting tenant demand is growing significantly or slightly	6 + 19 = 25%

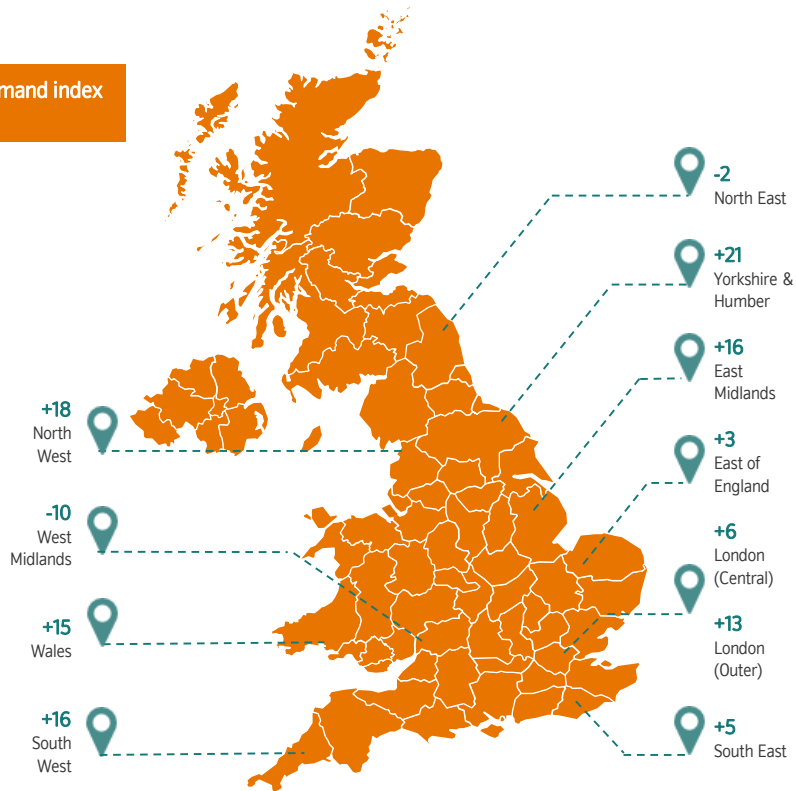
MINUS	

% landlords reporting tenant demand is decreasing slightly or significantly	13 + 3 = 16%

Q4 2019 Tenant Demand Index	= +9

Tenant Demand Report Q4 2019: Regional Analysis

UK tenant demand index average: +9



6 of the 11 standard regions in England & Wales achieve a Tenant Demand Index score above the UK average, which sits at +9 this quarter.

Landlords in Yorkshire & Humber continue to be most likely to report seeing a growth in tenant demand, with a Tenant Demand Index score of +21. The North West currently has the second highest TDI score at +18.

2 of the 11 regions have a negative Tenant Demand Index score, with a higher proportion of landlords operating in the West Midlands and the North East reporting a decrease in tenant demand than report an increase.

Landlords with property in the West Midlands now have the lowest Tenant Demand Index Score, at -10.

NOTE: Base size too small to report Scotland results separately

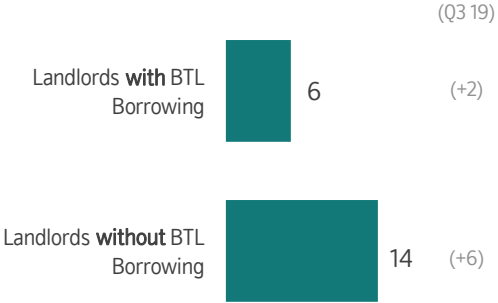
Source: BVA BDRCLandlord Panel research Q4 2019
 The Mortgage Works (UK) plc is a wholly owned subsidiary of Nationwide Building Society, Nationwide House, Pipers Way, Swindon. SN38 1NW
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Tenant Demand Report Q4 2019

Tenant Demand Index calculation:

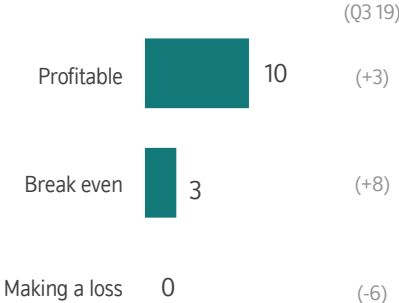
$$\% \text{ landlords reporting tenant demand is growing significantly or slightly} \text{ MINUS } \% \text{ landlords reporting tenant demand is decreasing slightly or significantly}$$

BTL Borrowing (Q4 TDI Score)



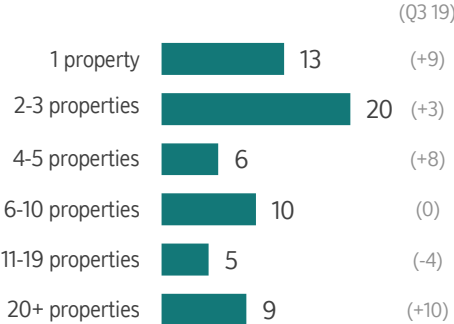
This quarter sees a further increase in reported tenant demand among landlords both with and without BTL borrowing (+4 and +8 vs. Q3 respectively). Landlords without BTL borrowing continue to achieve a higher Tenant Demand Index score than those with BTL Borrowing (+14 vs. +6).

Profitability (Q4 TDI Score)



Landlords who are making a profit report the highest levels of tenant demand in Q4, with a TDI score of +10. Reported tenant demand has fallen across those 'making a loss', down 6pts from Q3, leaving this segment with the lowest TDI score (0).

Portfolio Size (Q4 TDI Score)



Smaller landlords now report the strongest demand from tenants, with 2-3 property landlords achieving the highest TDI score of +20 in Q4 2019. Only landlords with 4-5 properties and those with 20+ properties saw a fall in their TDI score in Q4, down 2pts and 1pt respectively.