

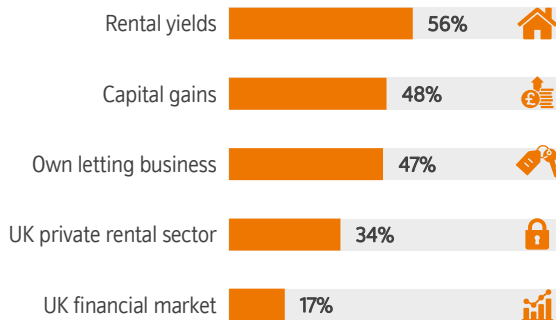
Overall UK

Landlords Outlook & Confidence

Landlord confidence has generally edged down slightly from the 5-year high seen in Q3 2021. Optimism in Rental Yields, Capital Gains and landlords' Own Letting Business remains fairly stable, but confidence in the UK's Financial Market drops sharply to 17% (-9%), the lowest level recorded in 2021. Despite this, profitability has remained high and stable throughout 2021 at around 85%.

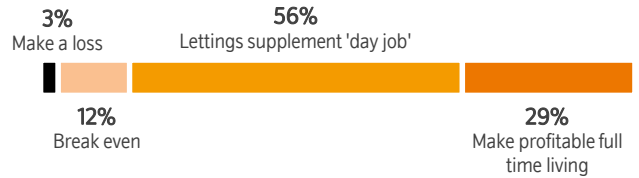
After a sizeable increase to an all-time high of 57% in Q3, the proportion of landlords reporting increasing tenant demand stabilises in Q4, at 56%. The incidence of voids continues to decline, down 9% from a year ago to 25%, with arrears also falling vs. Q4 2020 (-5% to 36%).

Expectations for the next 3 months rated as good/very good (%)



Landlords Balance Sheet

Profitability



Financials



Problems Experienced



PRS Dynamics



6.9

Properties in the average portfolio



56%

Report increasing tenant demand



5%

Bought a property in the last 3 months



11%

Sold a property in the last 3 months

BTL Dynamics



£419,000

Total average amount owed through BTL mortgage borrowing



4.5

Average number of BTL loans held

the mortgage works

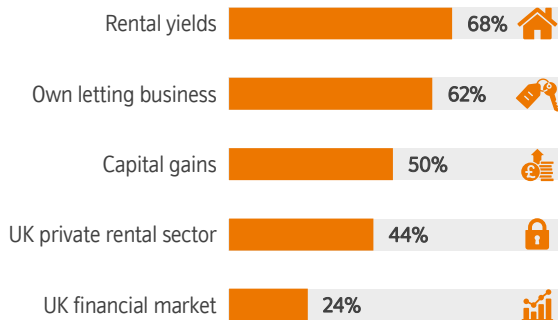
East of England

Landlords Outlook & Confidence

Confidence amongst landlords in the East of England continues to increase and remains above the national average for all 5 of the key optimism indicators, most notably prospects for their Own Lettings Business (62% vs. average of 47%).

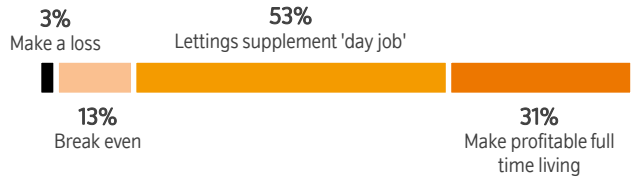
All other measures are broadly in-line with the national average, including profitability, incidence of voids and arrears, recent sales / purchase activity and the proportion reporting increasing tenant demand. The size, value and income generated by landlords in the East of England are also very similar to the national average.

Expectations for the next 3 months rated as good/very good (%)



Landlords Balance Sheet

Profitability



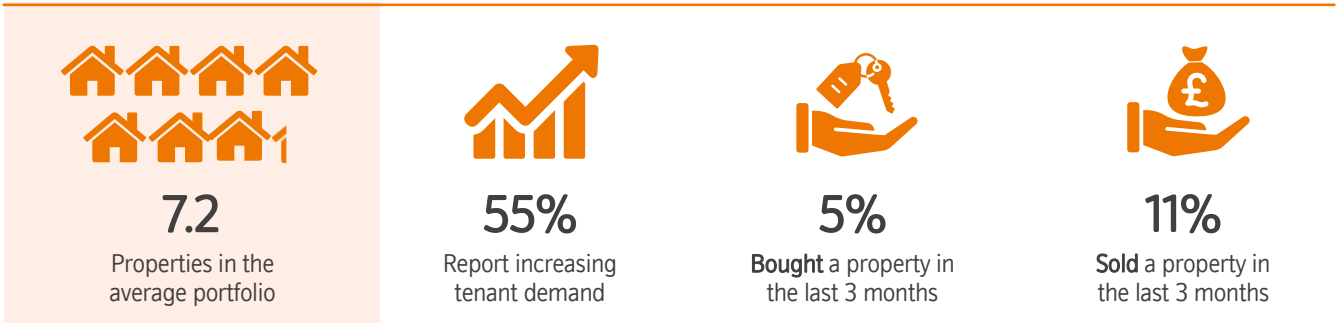
Financials



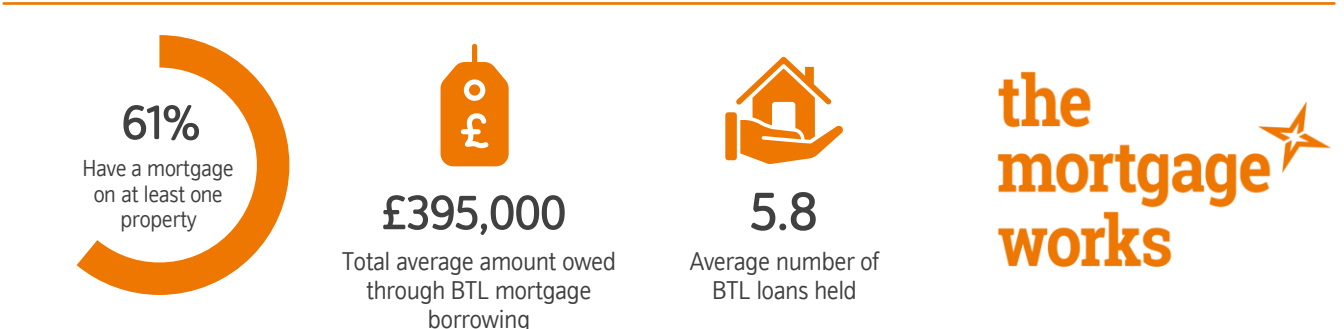
Problems Experienced



PRS Dynamics



BTL Dynamics



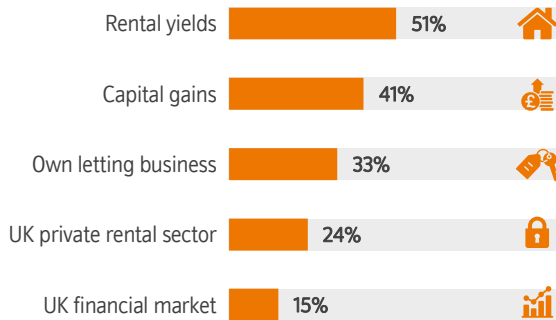
Central London

Landlords Outlook & Confidence

Central London landlords continue to be less upbeat than the average landlord, particularly around prospects for their Own Letting Business (33% confident vs. 47% overall) and the wider UK Private Rental Sector (24% confident vs. 34% overall). The proportion rating the prospects as good or very good also fell across all measures vs. Q3. Consequently, recent purchase activity is minimal at just 1% (vs. 5% nationally).

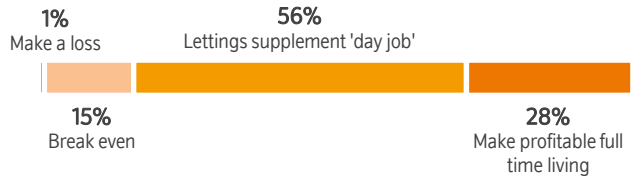
More positively, rental arrears remain below the UK average at 29% and the incidence of voids has fallen 10% vs. Q3, to 24%. Landlords reporting increasing tenant demand also continues to recover in this region, up significantly from just 7% a year ago, to 56% in Q4 '21.

Expectations for the next 3 months rated as good/very good (%)



Landlords Balance Sheet

Profitability



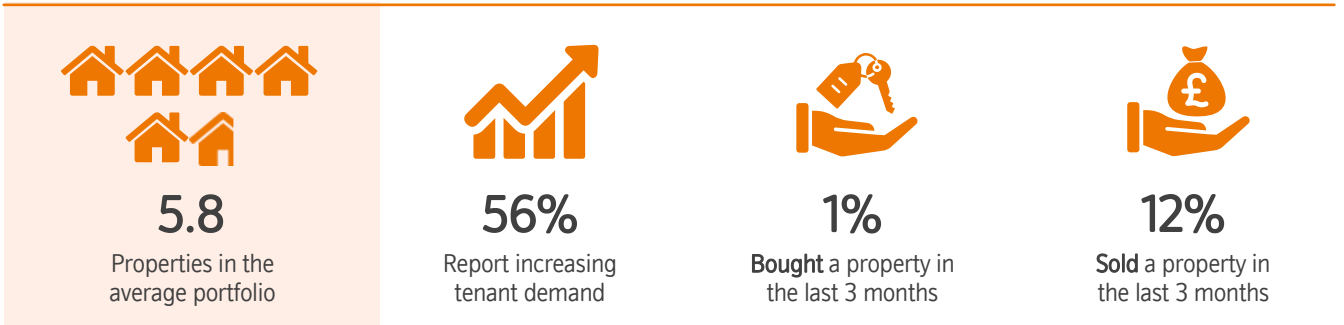
Financials



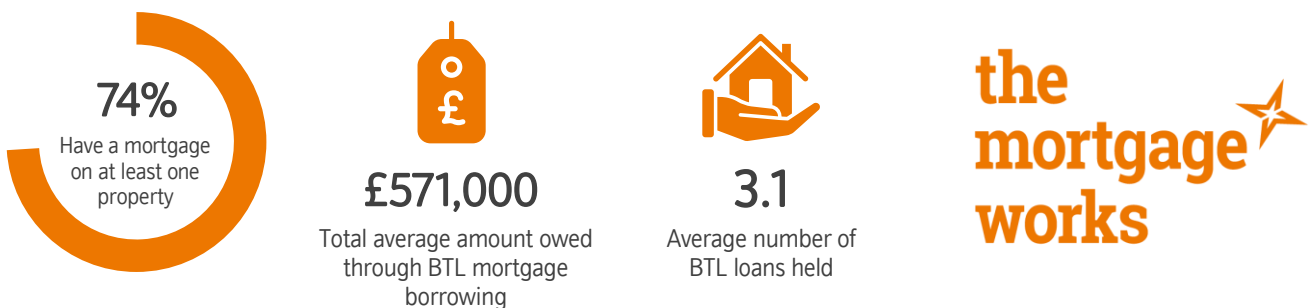
Problems Experienced



PRS Dynamics



BTL Dynamics



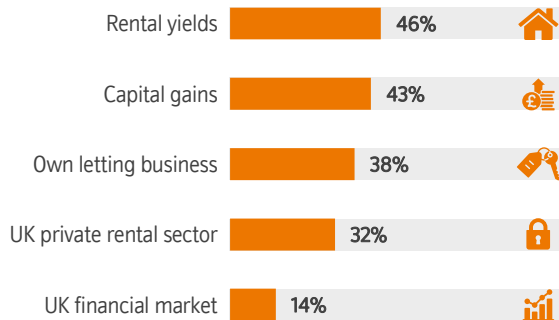
Outer London

Landlords Outlook & Confidence

Following a decline in confidence vs. Q3, landlords in Outer London are now amongst the least optimistic in the country. Just 46% feel upbeat about their prospects for Rental Yields (vs. 56% of all landlords) and linked to this, Outer London landlords are less positive about the outlook for their Own Lettings Business (38% confident vs. 47% overall).

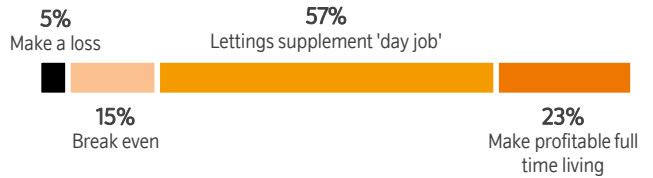
Profitability in this region is also slightly below average at 80%, whilst achieved rental yields are 0.8% lower than the typical landlord, at 5.2%. Perceptions of rising tenant demand are also 10% below average at 46%. Despite this, the incidence of arrears and voids are similar to the national picture.

Expectations for the next 3 months rated as good/very good (%)



Landlords Balance Sheet

Profitability



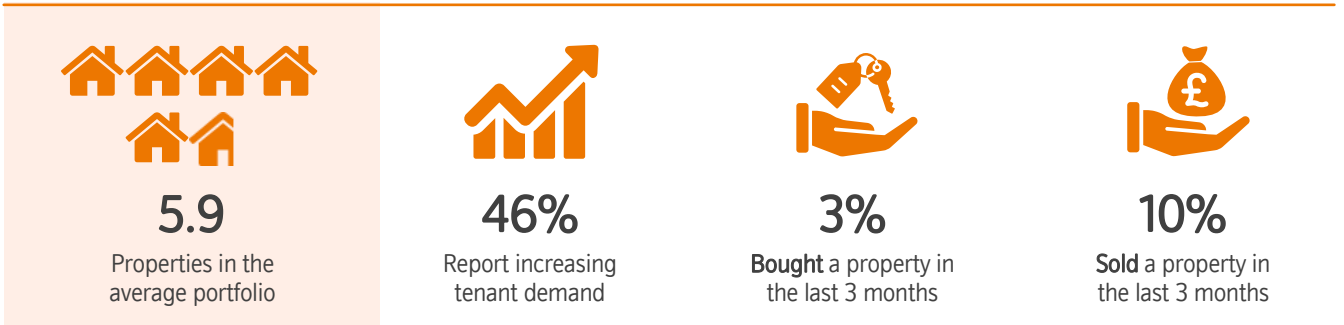
Financials



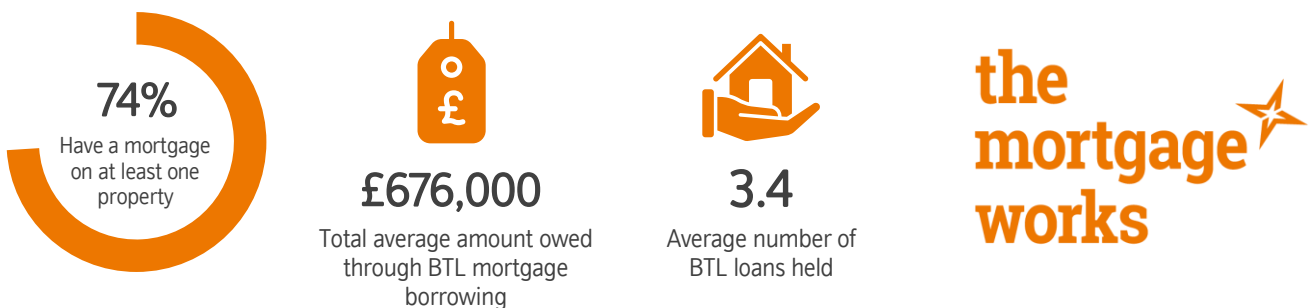
Problems Experienced



PRS Dynamics



BTL Dynamics



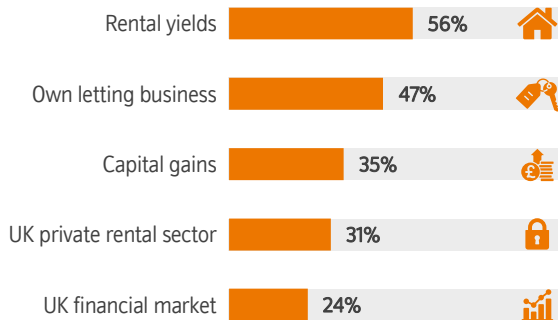
North East England

Landlords Outlook & Confidence

There has been little change in confidence amongst landlords with property in the North East this quarter, with the exception of a decline in those feeling positive about the outlook for Rental Yields (-7% to 56%). Compared to the national picture, landlords in this region continue to be less confident about the prospects for Capital Gains (13% below the UK average at 35%).

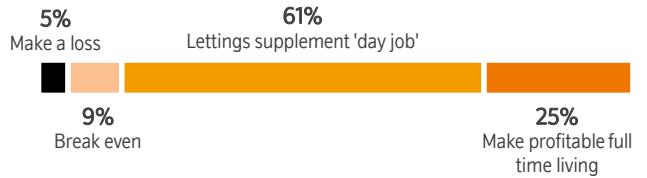
However, the expectation of lower capital gains is likely to be traded off against on-going income, with this region achieving one of the highest average yields, at 6.8%. The incidence of both voids and rental arrears are both higher than average in the North East, as is recent purchase and sales activity.

Expectations for the next 3 months rated as good/very good (%)



Landlords Balance Sheet

Profitability



Financials



Problems Experienced



PRS Dynamics



7.6

Properties in the average portfolio



48%

Report increasing tenant demand



11%

Bought a property in the last 3 months



14%

Sold a property in the last 3 months

BTL Dynamics



£370,000

Total average amount owed through BTL mortgage borrowing



6.3

Average number of BTL loans held

the mortgage works

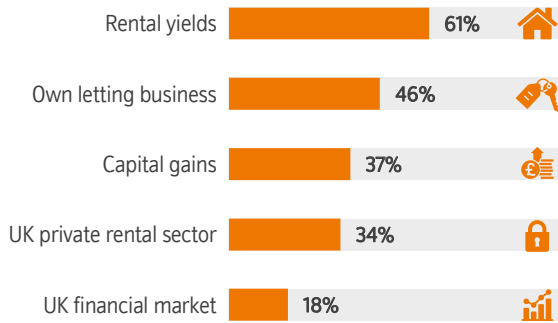
North West England

Landlords Outlook & Confidence

Confidence amongst landlords in the North West is generally in-line with the national average although, similarly to their North East neighbours, landlords in this region are less optimistic about their prospects for Capital Gains (37% confident vs. 48% of all landlords).

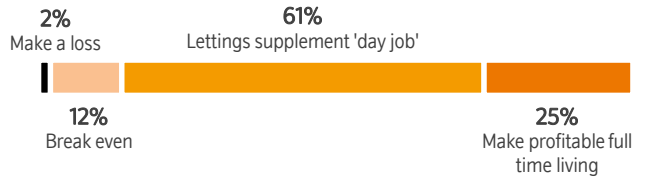
The incidence of recent rental arrears has edged up vs. Q3 and is above average in this region, at 49% (vs. 36% nationally). However, voids and perceptions of increasing demand are both similar to the UK average, at 27% and 55% respectively. Landlords in this region continue to be more likely to have both bought (10%) and sold (14%) property in the last 3 months.

Expectations for the next 3 months rated as good/very good (%)



Landlords Balance Sheet

Profitability



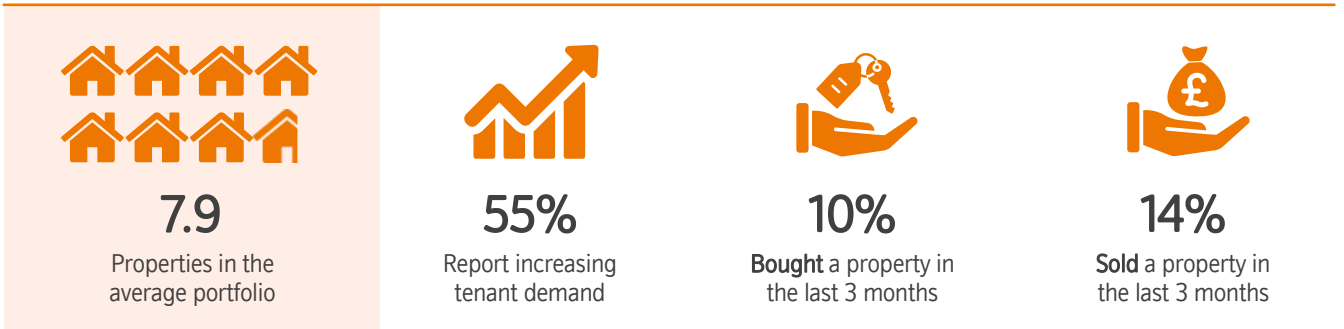
Financials



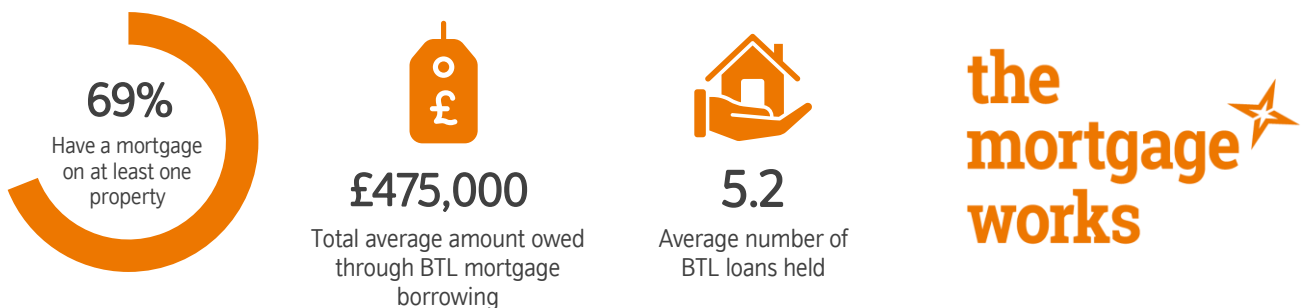
Problems Experienced



PRS Dynamics



BTL Dynamics



South East England

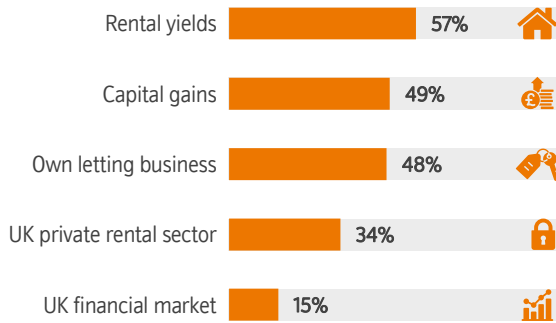
Landlords Outlook & Confidence

Confidence among landlords operating in South East England declines for 4 of the 5 of the key confidence indicators this quarter after increasing in Q3. In particular, confidence in the UK financial market has dropped by 13% since Q3.

This decline in confidence may be linked to a decrease in the proportion of landlords reporting rising tenant demand (-9%), although it remains relatively strong overall with over half of landlords perceiving demand to be increasing.

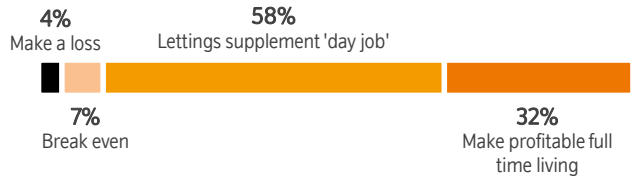
Conversely, average rental yields have increased since Q3 (+0.3%), and gross rental income remains strong, being the highest of any region outside London.

Expectations for the next 3 months rated as good/very good (%)



Landlords Balance Sheet

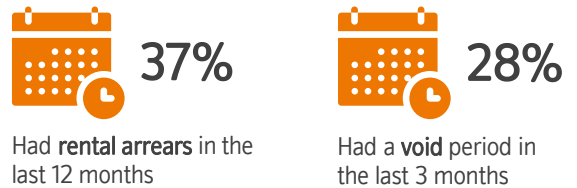
Profitability



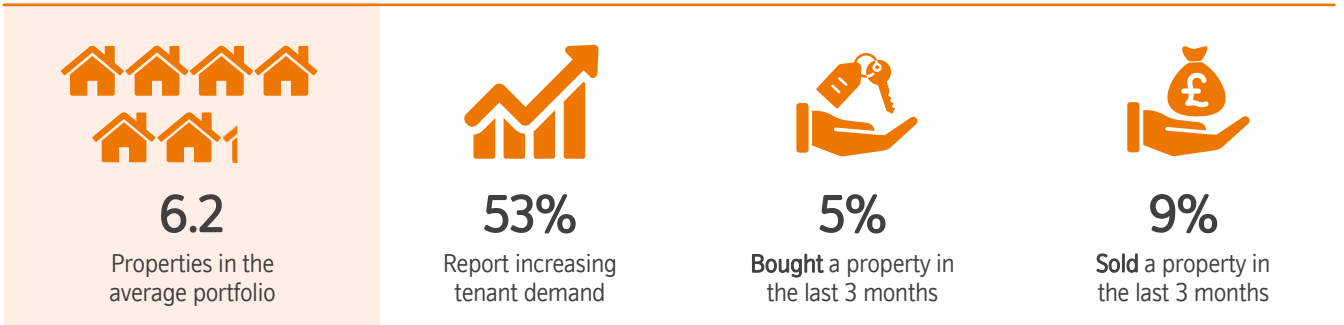
Financials



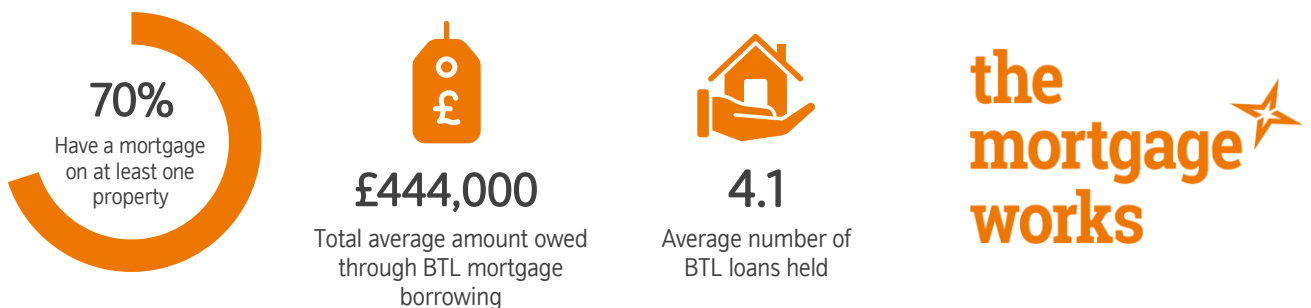
Problems Experienced



PRS Dynamics



BTL Dynamics



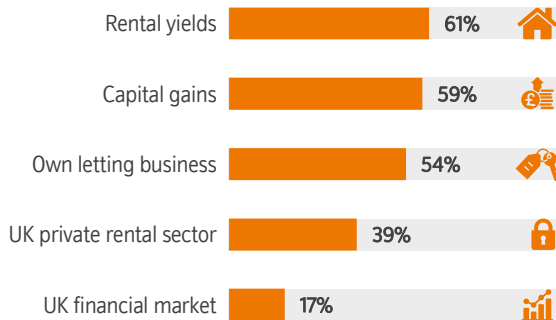
East Midlands

Landlords Outlook & Confidence

Optimism among landlords operating in the East Midlands remains relatively stable on 3 of the 5 key indicators this quarter. On the other two measures, confidence in the UK financial market has followed the national trend, falling to 17% (-7% vs. Q3), whilst more are now upbeat about their own lettings business prospects (+10% to 54%).

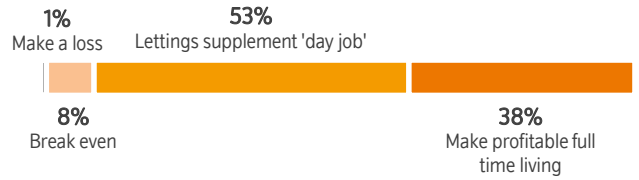
Although fewer landlords with property in the East Midlands experienced rental arrears this quarter (-10% to 42%), the incidence remains above the UK average of 36%. Landlords in this region also continue to be more acquisitive than average, with 11% buying a property in the last 3 months, perhaps linked to the higher rental yield being achieved (6.4%) and higher level of profit making (91%).

Expectations for the next 3 months rated as good/very good (%)



Landlords Balance Sheet

Profitability



Financials



Problems Experienced



PRS Dynamics



8.9

Properties in the average portfolio



50%

Report increasing tenant demand



11%

Bought a property in the last 3 months



10%

Sold a property in the last 3 months

BTL Dynamics

57%

Have a mortgage on at least one property



£414,000

Total average amount owed through BTL mortgage borrowing



6.8

Average number of BTL loans held

the mortgage works

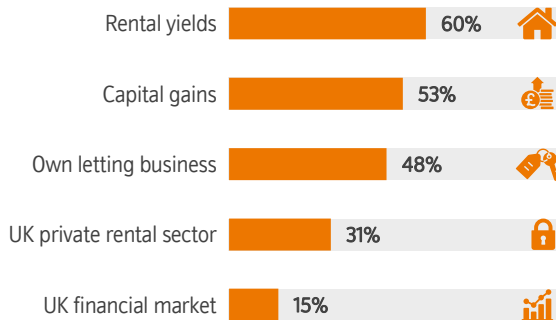
South West England

Landlords Outlook & Confidence

Confidence amongst landlords with property in the South West has fallen for 3 of the 5 optimism indicators and is below the UK average for the UK Private Rental Sector and UK Financial Market. However, confidence in rental yields remains strong, and the actual achieved yield is stable and in-line with the overall UK average (6%).

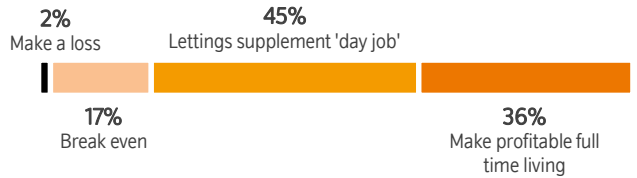
Perceptions of tenant demand remain relatively stable with 68% reporting increasing demand, and there has been a considerable decline in the proportion of landlords experiencing void periods since last quarter (-8%). As a result, the South West now has the (joint) lowest incidence of void periods across all regions, at 23%.

Expectations for the next 3 months rated as good/very good (%)



Landlords Balance Sheet

Profitability



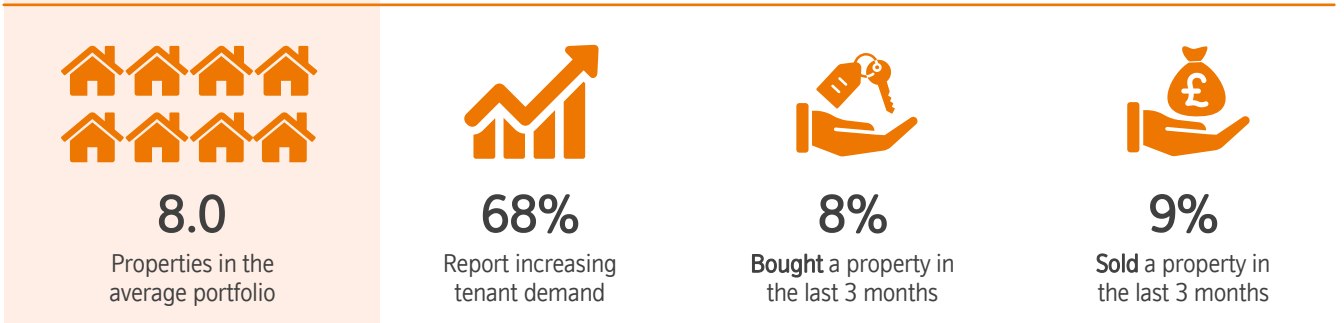
Financials



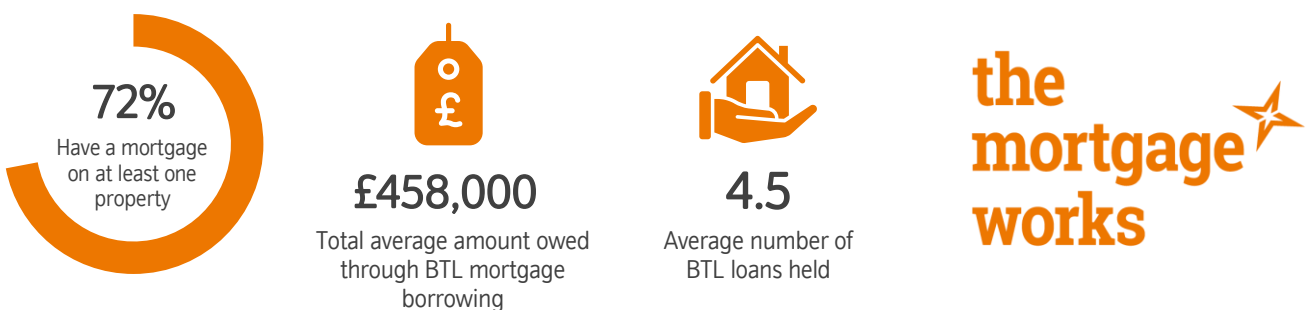
Problems Experienced



PRS Dynamics



BTL Dynamics



Wales

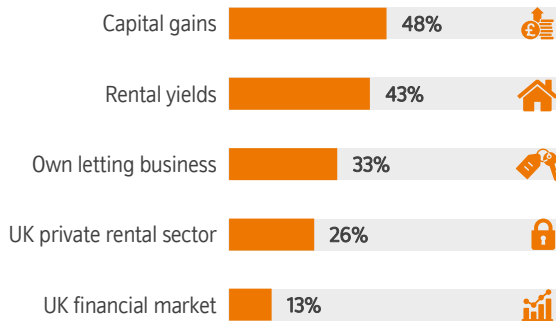
Landlords Outlook & Confidence

Wales sees the lowest level of profitability of all regions with just 13% making a profitable full time living, despite a high average rental yield of 6.9% (an increase of 1.0% since Q3). This may be linked to a high incidence of void periods, with almost 2 in 5 having experienced voids in the last 3 months (+15% since Q3).

Similarly, confidence in all the key optimism metrics is down considerably from last quarter, and all except prospects for Capital Gains are below the UK average.

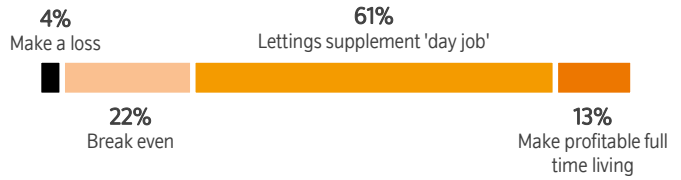
However, tenant demand is strong with 63% reporting increasing tenant demand, 7% more than the UK-wide average.

Expectations for the next 3 months rated as good/very good (%)



Landlords Balance Sheet

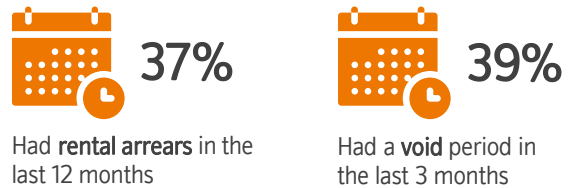
Profitability



Financials



Problems Experienced



PRS Dynamics



9.9

Properties in the average portfolio



63%

Report increasing tenant demand



6%

Bought a property in the last 3 months



17%

Sold a property in the last 3 months

BTL Dynamics

65%

Have a mortgage on at least one property



£508,000

Total average amount owed through BTL mortgage borrowing



5.2

Average number of BTL loans held

the mortgage works

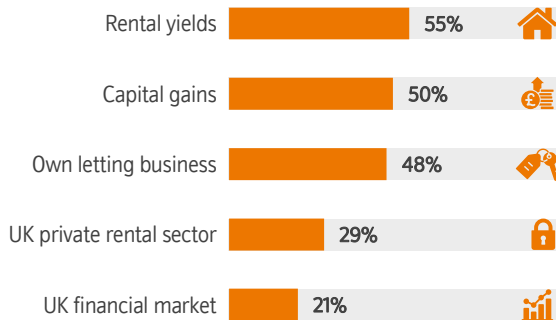
West Midlands

Landlords Outlook & Confidence

For landlords operating in the West Midlands, confidence has increased for 3 of the 5 key optimism metrics, with a 10% increase in those upbeat about the prospects for rental yields, likely linked to a 0.3% rise in achieved rental yields since last quarter. Landlords operating in this region have also seen a reduction in void periods in the last 3 months (-6%), although more now report experiencing a rental arrear (+10%).

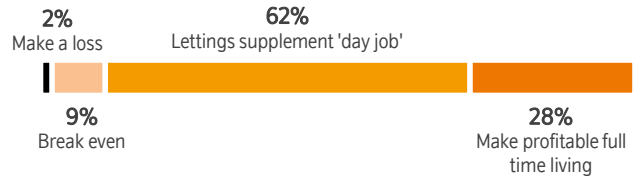
However, perceptions of rising tenant demand have decreased with only just under half of landlords now reporting increasing tenant demand vs. 63% last quarter (-15%).

Expectations for the next 3 months rated as good/very good (%)



Landlords Balance Sheet

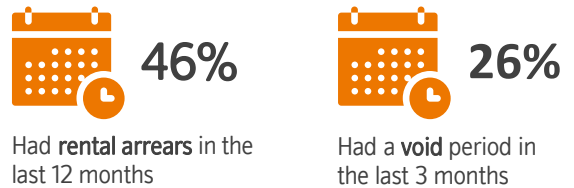
Profitability



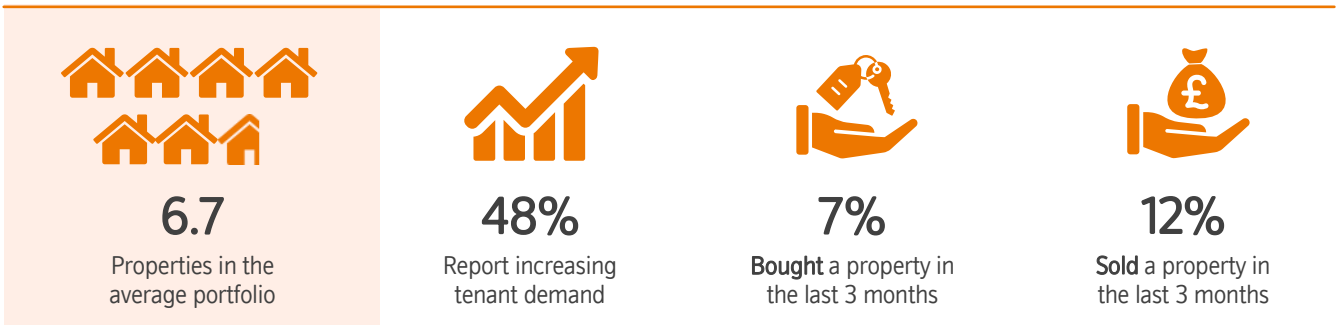
Financials



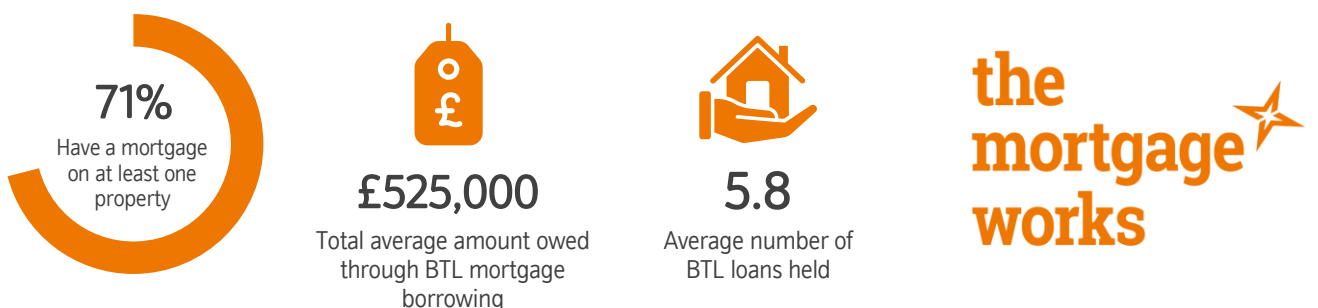
Problems Experienced



PRS Dynamics



BTL Dynamics



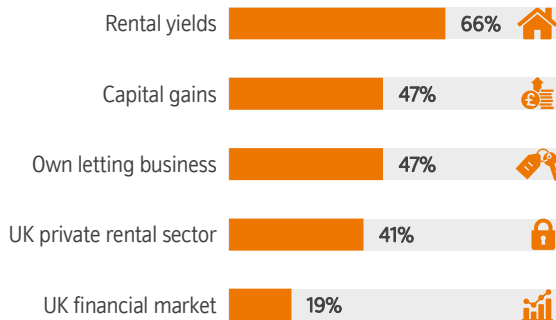
Yorkshire and the Humber

Landlords Outlook & Confidence

In Yorks & Humber, confidence increases vs. Q3 for all key indicators except the UK Financial Market, although confidence on this metric marginally outperforms the UK average. Landlords are particularly more upbeat about the prospects for rental yields (+18%) and capital gains (+14%), with confidence in landlords' own letting business and the UK private rental sector seeing more modest increases.

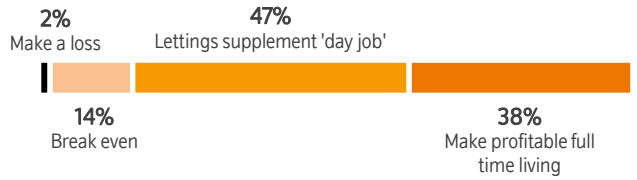
Landlords operating in Yorks & Humber continue to have the largest average portfolio size of all regions, but recent property sales now significantly outweigh purchases (19% sold vs. 2% purchased in the last 3 months), with the proportion of landlords selling property now higher than in any other region.

Expectations for the next 3 months rated as good/very good (%)



Landlords Balance Sheet

Profitability



Financials



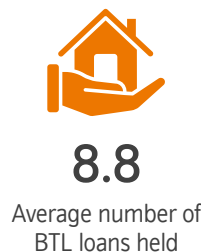
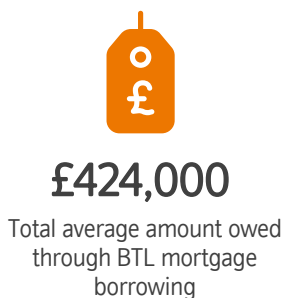
Problems Experienced



PRS Dynamics



BTL Dynamics



the mortgage works