

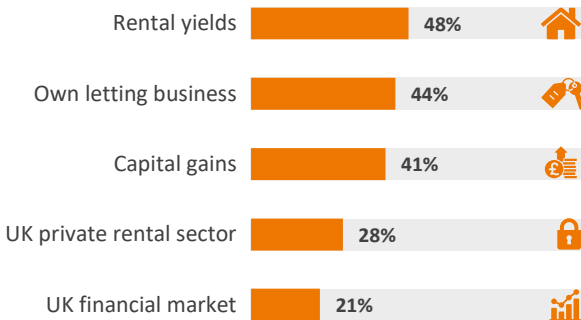
Overall UK

Landlords Outlook & Confidence

Q1 sees levels of landlord confidence significantly higher across all 5 key optimism indicators vs. the start of the pandemic a year ago. All optimism indicators are now at their highest levels since Q2 '18 with the exception of prospects for the UK's financial market.

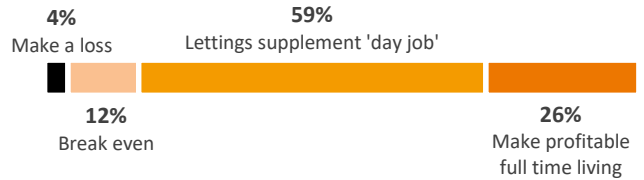
Additionally, rental yields reached a 3-year high to stand at 6.0%. Despite a slight decline in overall profitability vs. Q4 (-3%pts to 85%), loss making remained minimal at just 4%. Perceptions of increasing tenant demand remain high standing at 31%. Around 1 in 3 landlords have had a recent void, remaining largely unchanged vs. Q4, however the typical void duration continues to be high at 102 days.

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



Landlords Balance Sheet

Profitability



Financials



Problems Experienced



PRS Dynamics



7.3

Properties in the average portfolio



31%

Report increasing tenant demand



7%

Bought a property in the last 3 months



7%

Sold a property in the last 3 months

BTL Dynamics

59%

Have a mortgage on at least one property



£331,000

Total average amount owed through BTL mortgage borrowing



4.8

Average number of BTL loans held

the mortgage works

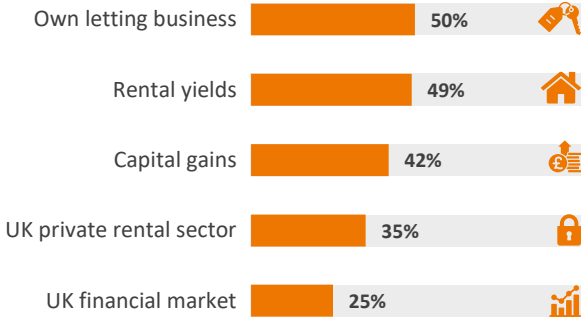
East of England

Landlords Outlook & Confidence

Optimism amongst landlords operating in the East of England increased across all key indicators vs. Q4, particularly for the UK's PRS (+16%pts) and landlords' own lettings business (+17%pts). Landlords in this region are also now the most confident about prospects for the UK PRS and UK financial market.

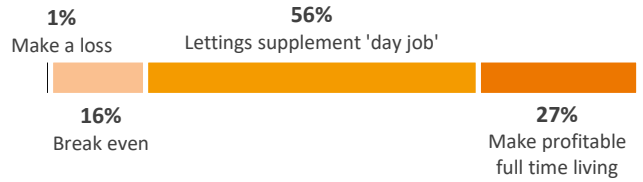
Helping to drive this optimism is the low incidence of arrears (36%), which is the lowest of all regions. The proportion of landlords perceiving an increase in tenant demand also increased by 3%pts vs. Q4, although it remains below the national average on this measure (at 23% vs. 31% nationally). Property acquisition levels remain stable at 4%, whilst divestment activity increased from Q4 (+3%pts), to 9%.

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



Landlords Balance Sheet

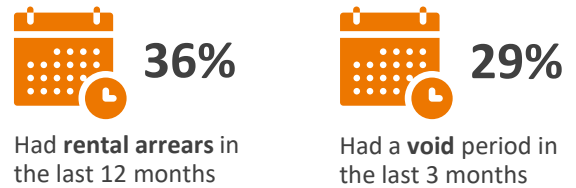
Profitability



Financials



Problems Experienced



PRS Dynamics



6.9

Properties in the average portfolio



23%

Report increasing tenant demand



4%

Bought a property in the last 3 months



9%

Sold a property in the last 3 months

BTL Dynamics

56%

Have a mortgage on at least one property



£228,000

Total average amount owed through BTL mortgage borrowing



3.3

Average number of BTL loans held

the mortgage works

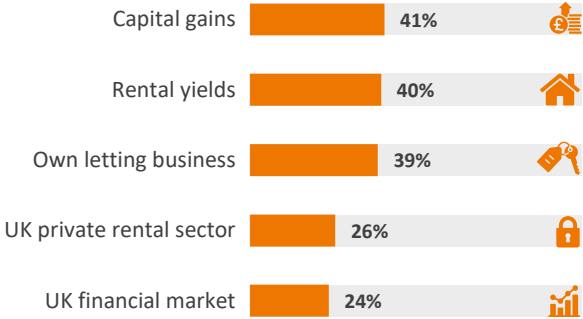
East Midlands

Landlords Outlook & Confidence

Confidence amongst landlords with property in the East Midlands has increased significantly vs. Q1 '20 across the 5 key optimism indicators. However this reading has fallen on some measures vs. Q4 '20, particularly for rental yields (-9%pts).

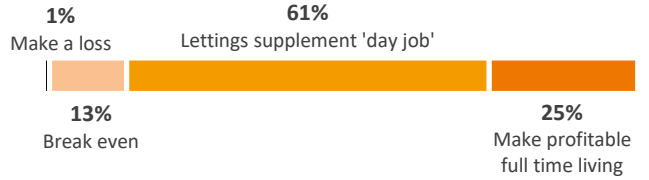
Despite this quarterly decline in confidence, rental yields continue to be above average in this region (6.3% vs. 6.0%) and profitability remains resilient, with 86% of landlords making a profit. Perceptions of increasing tenant demand also remain stable and broadly in line with the national average, at 33%. However, the incidence of voids rose to 39% (+2%pts vs. Q4) and is now the joint highest across all regions (although the typical void duration declined significantly to 70 days, down 34 days from Q4).

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



33%

Report increasing tenant demand



10%

Bought a property in the last 3 months



12%

Sold a property in the last 3 months

BTL Dynamics



£333,000

Total average amount owed through BTL mortgage borrowing



5.1

Average number of BTL loans held

the mortgage works

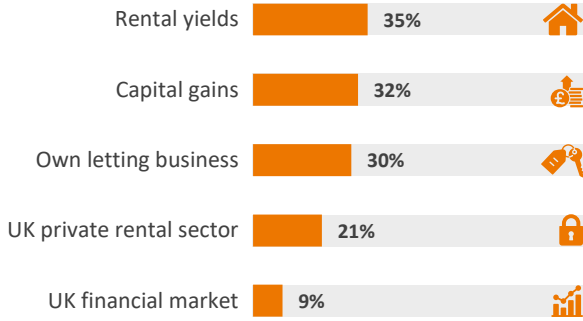
Central London

Landlords Outlook & Confidence

Despite confidence improving across 4 of the 5 indicators vs. Q4, Central London continues to be the UK region experiencing the most 'pain'. Landlords in Central London are the least optimistic of all regions about the prospects for their own letting business, rental yields and the UK's financial market.

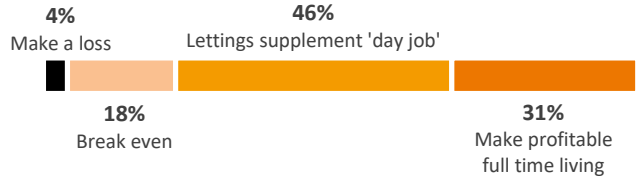
A key driver of this is the very low level of reported increasing tenant demand, which is 23% below the national average, at just 8%. Despite declining 11%pts from Q4, 4 in 10 had a void in the last 3 months, which is the joint highest at a regional level. However, there are signs of recovery with rental yields improving for two consecutive quarters, improving a further 0.3% from Q4, to 5.4%.

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



Landlords Balance Sheet

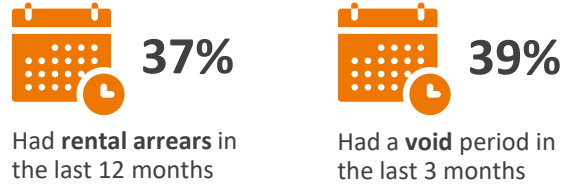
Profitability



Financials



Problems Experienced



PRS Dynamics



6.3

Properties in the average portfolio



8%

Report increasing tenant demand



4%

Bought a property in the last 3 months



4%

Sold a property in the last 3 months

BTL Dynamics

63%

Have a mortgage on at least one property



£411,000

Total average amount owed through BTL mortgage borrowing



3.7

Average number of BTL loans held

the mortgage works

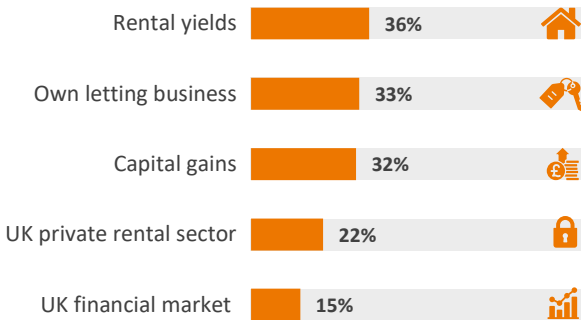
Outer London

Landlords Outlook & Confidence

Outer London landlords' expectations for their own letting business, capital gains and the UK's PRS all improved significantly vs. Q4 (by +10%pts). This is likely driven by the significant uplift in rental yields from Q4 (+0.5% to 5.5%). Additionally, the proportion of landlords who identify perceived increased demand stands at 25% (+7%pts from Q4), around three times the perceived increased demand in Central London.

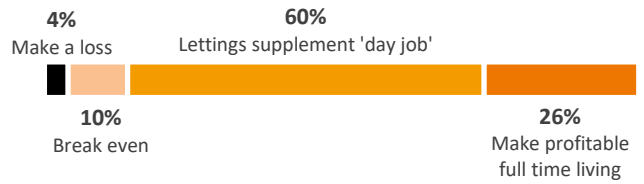
A higher proportion experienced a rental arrear (41% vs. 37% in Central London), although voids incidence was lower (at 33% vs. 39% in Central London). Recent purchase and sales activity remains below the national average of 7%, with buying activity at 4% and selling activity at 6%.

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

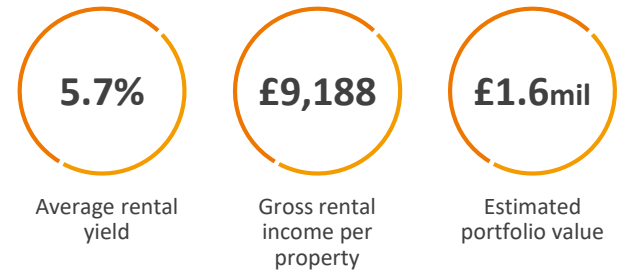


Landlords Balance Sheet

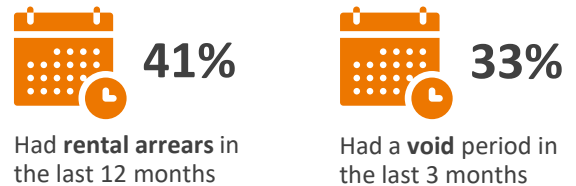
Profitability



Financials



Problems Experienced



PRS Dynamics



6.5

Properties in the average portfolio



25%

Report increasing tenant demand



4%

Bought a property in the last 3 months



6%

Sold a property in the last 3 months

BTL Dynamics

64%

Have a mortgage on at least one property



£431,000

Total average amount owed through BTL mortgage borrowing



4.6

Average number of BTL loans held

the mortgage works

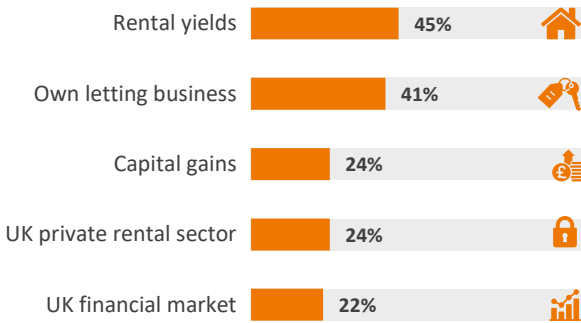
North East England

Landlords Outlook & Confidence

Q1 sees an uplift in the general sentiment of landlords in the NE of England. All confidence indicators improved vs. Q4, significantly so for confidence in rental yields, the UK's financial market (+9%pts) and landlords own letting business (+8%pts).

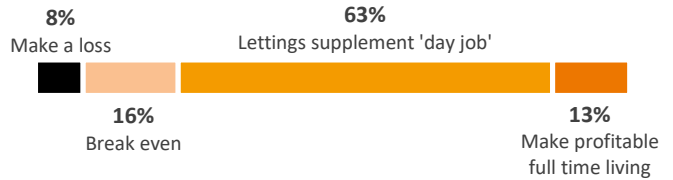
Helping to drive some of these improvements was the increase in rental yields (+0.4% from Q4) to stand at 6.6%, and a fall in the incidence of rental arrears (-4%pts), although this remains the highest nationally at 47%. Similarly, the incidence of voids remains the equal highest nationally, at 39%. A larger proportion of landlords in the NE are BTL leveraged, with 84% having a BTL mortgage on at least 1 property vs. the national average of 59%.

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

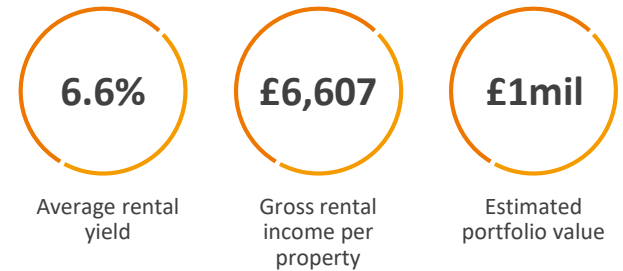


Landlords Balance Sheet

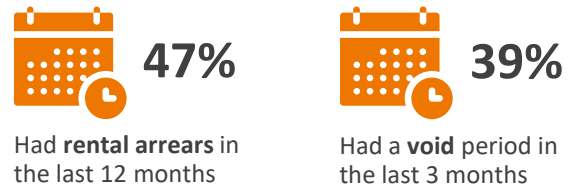
Profitability



Financials



Problems Experienced



PRS Dynamics



6.7

Properties in the average portfolio



37%

Report increasing tenant demand



13%

Bought a property in the last 3 months



13%

Sold a property in the last 3 months

BTL Dynamics



£456,000

Total average amount owed through BTL mortgage borrowing



5.8

Average number of BTL loans held

the mortgage works

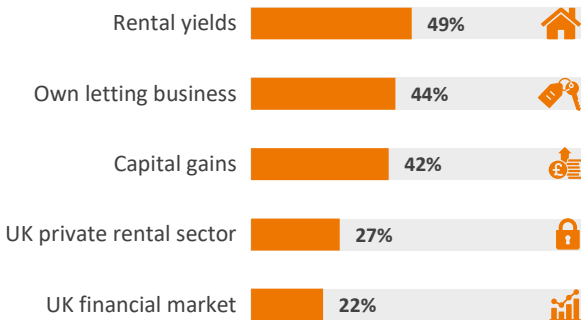
North West England

Landlords Outlook & Confidence

Optimism among landlords in the NW has risen on 3 of the 5 indicators vs. Q4. Confidence in rental yields has declined 4%pts whilst confidence in the UK's PRS has remained stable at 27%. The NW reports a decline in rental yields (-0.2%, to 6.1%) although the region continues to be broadly in-line with the national average of 6.0%. The incidence of arrears declined by 7%pts and the incidence of voids fell by 4%pts, to stand at 46% and 36% respectively. However both figures are above the UK average of 38% and 32%.

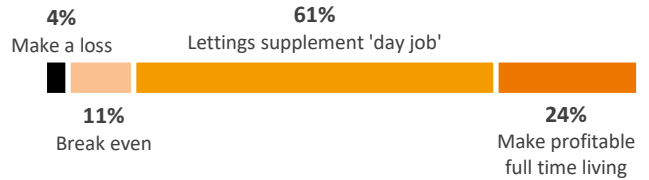
The NW continues to have above average recent investment/ divestment activity with both standing at 9%. This indicates the net position of stock in the NW remains unchanged.

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



Landlords Balance Sheet

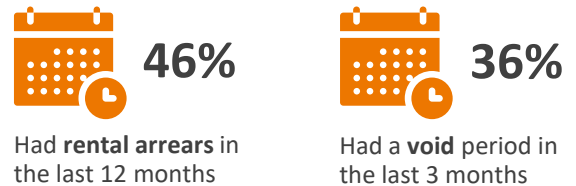
Profitability



Financials



Problems Experienced



PRS Dynamics



9.4

Properties in the average portfolio



27%

Report increasing tenant demand



9%

Bought a property in the last 3 months



9%

Sold a property in the last 3 months

BTL Dynamics



£302,000

Total average amount owed through BTL mortgage borrowing



6.7

Average number of BTL loans held

the mortgage works

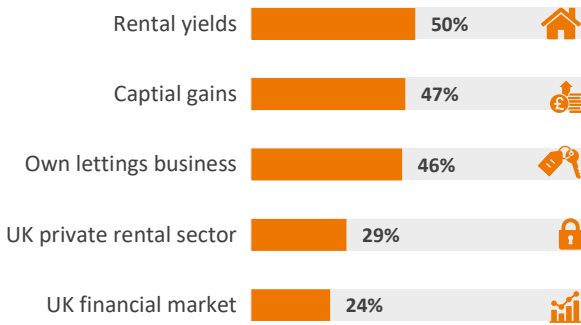
South East England

Landlords Outlook & Confidence

Landlords in the South East see confidence increasing significantly across all 5 key optimism indicators vs. Q4. This is particularly the case for capital gain prospects (+18%pts, to 47%) which is the highest across all regions.

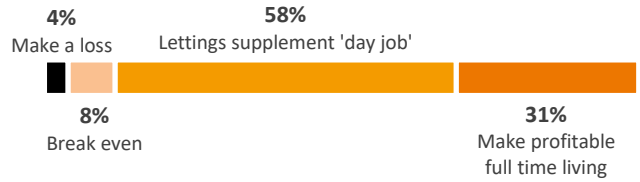
In comparison to Q4, the incidence of voids increased (+2%pts) whilst the incidence of arrears remained stable at 38%. The incidence of arrears is in line with the national average whilst the frequency of voids is slightly higher than the national average (+3%pts). Landlords with property in the South East have a rental yield below the national average (5.5% vs. 6.0% nationally) however, overall profitability is above average (89% vs. 85%).

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



Landlords Balance Sheet

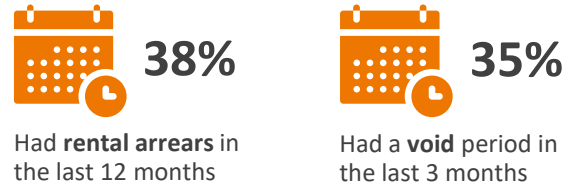
Profitability



Financials



Problems Experienced



PRS Dynamics



7.2

Properties in the average portfolio



35%

Report increasing tenant demand



9%

Bought a property in the last 3 months



5%

Sold a property in the last 3 months

BTL Dynamics

61%

Have a mortgage on at least one property



£357,000

Total average amount owed through BTL mortgage borrowing



4.3

Average number of BTL loans held

the mortgage works

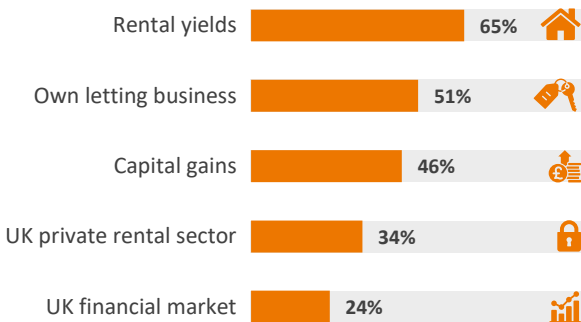
South West England

Landlords Outlook & Confidence

Landlords in the SW are among the most optimistic in the UK. Confidence is ahead of the national average for all 5 key indicators and SW landlords have the highest optimism of all regions for rental yields (65% vs. 38% nationally) and for their own letting businesses (51% vs. 44% nationally).

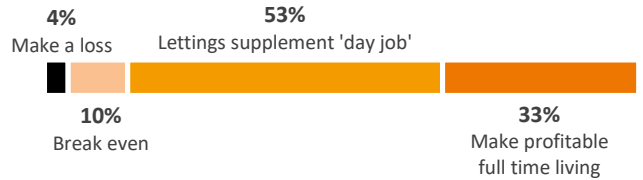
Helping to drive this confidence, is the significant strengthening in yields vs. Q4 (+1.0%), to 6.7%, the highest across all regions. Reported tenant demand is also 8%pts above average and the incidence of arrears fell by 2%pts vs. Q4. However, the incidence of recent voids increased, up by 2%pts to, 29%. Profitability is also down from the highs recorded in Q4 (-7%pts) however remains in line with the national average of 85%.

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

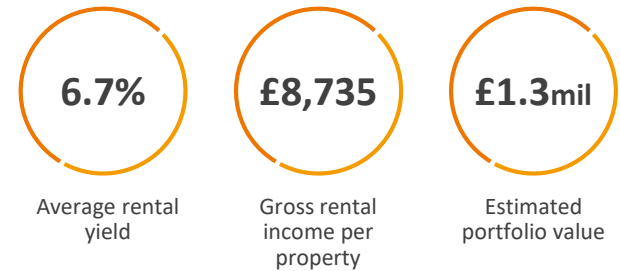


Landlords Balance Sheet

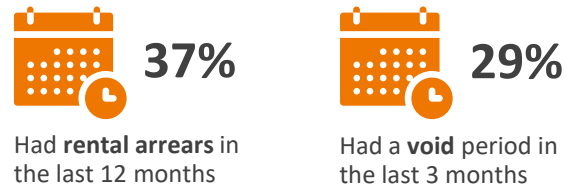
Profitability



Financials



Problems Experienced



PRS Dynamics



6.6

Properties in the average portfolio



39%

Report increasing tenant demand



7%

Bought a property in the last 3 months



6%

Sold a property in the last 3 months

BTL Dynamics

61%

Have a mortgage on at least one property



£344,000

Total average amount owed through BTL mortgage borrowing



4.1

Average number of BTL loans held

the mortgage works

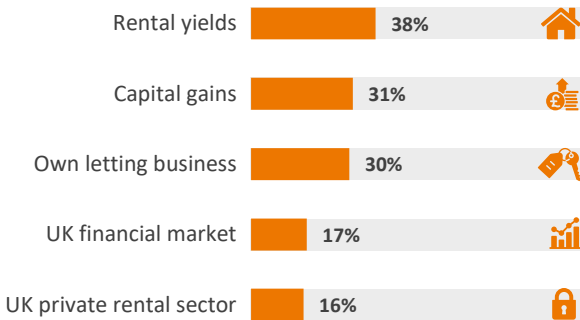
Wales

Landlords Outlook & Confidence

Landlords in Wales are among the most pessimistic in the UK when it comes to confidence levels. Confidence readings are below the national average across all 5 indicators and are lowest of all regions for capital gains, the UK's PRS and for their own letting business.

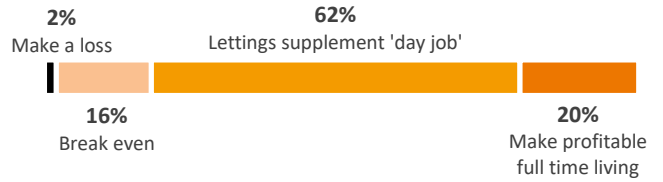
Rental arrears are above the UK national average in Wales at 44% (vs. 38%), and the incidence of a recent void period is joint highest, standing at 39%. In terms of portfolio financials and dynamics, yields (6.3% vs. 6.0%), portfolio size (14.2 properties vs. 7.3) and perceptions of increasing tenant demand (46% vs. 31%) are all above the national average. Landlords in Wales are also more likely than the average landlord to have been active in the BTL property market in the last 3 months, with 11% buying and 10% selling.

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

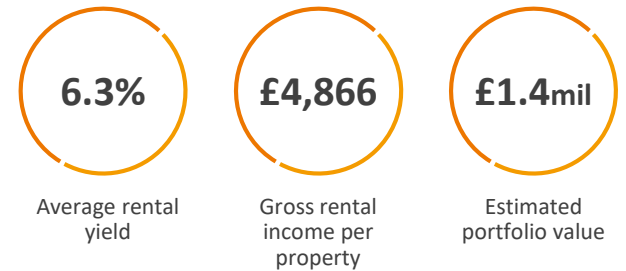


Landlords Balance Sheet

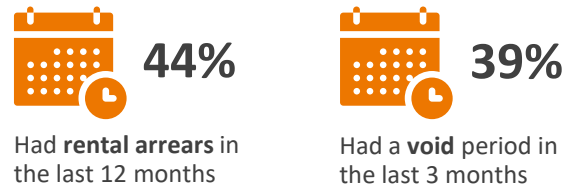
Profitability



Financials



Problems Experienced



PRS Dynamics



14.2

Properties in the average portfolio



46%

Report increasing tenant demand



11%

Bought a property in the last 3 months



10%

Sold a property in the last 3 months

BTL Dynamics

59%

Have a mortgage on at least one property



£605,000

Total average amount owed through BTL mortgage borrowing



9.8

Average number of BTL loans held

the mortgage works

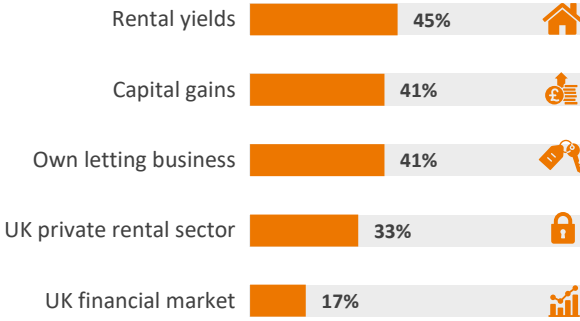
West Midlands

Landlords Outlook & Confidence

4 of the 5 confidence indices are up vs. the preceding quarter, with only West Mids landlord confidence in the prospects for their own lettings business seeing a decline vs. Q4 (-2%pts). This is likely driven by the fall in perceptions of increasing tenant demand vs. Q4 (-5%pts) to 33%, although this remains 2% above the national average. Additionally the region records the highest levels of profit at 90%, 5%pts above the national average.

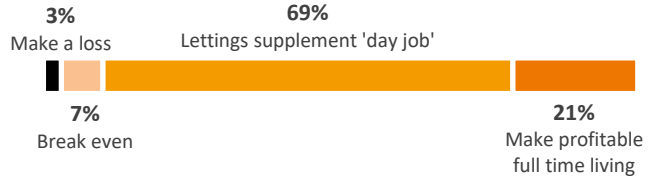
Landlords in the West Midlands manage above average sized portfolios in the UK (9.7 vs. 7.3 properties nationally). However, in Q1 this region had slightly higher divestment than purchase activity (9% vs. 7%), indicating that the net position of stock in the West Midlands is decreasing.

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



Landlords Balance Sheet

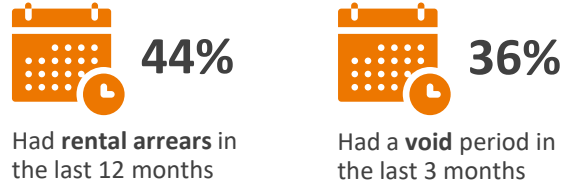
Profitability



Financials



Problems Experienced



PRS Dynamics



9.7

Properties in the average portfolio



33%

Report increasing tenant demand



7%

Bought a property in the last 3 months



9%

Sold a property in the last 3 months

BTL Dynamics

60%

Have a mortgage on at least one property



£378,000

Total average amount owed through BTL mortgage borrowing



6.4

Average number of BTL loans held

the mortgage works

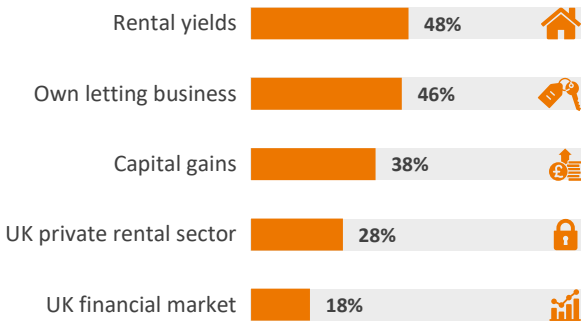
Yorkshire and the Humber

Landlords Outlook & Confidence

Q1 saw an uplift in confidence amongst landlords in Yorks & Humber across all bar one of the attitudinal business indices, with confidence declining in the short-term prospects for the UK's PRS (-3%pts vs. Q4).

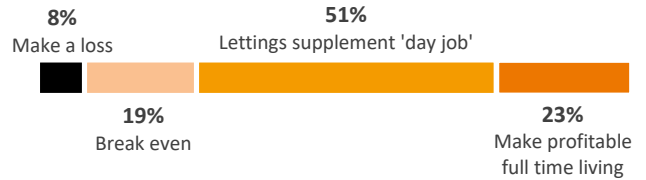
In this region, the incidence of arrears is 7%pts above the national average, at 45%, while voids are in-line with the average (33%). Additionally this region is less likely to be profit making (74%) and achieves a below average rental yield (5.7% vs. 6.0%). Landlords in Yorks & Humber tend to manage relatively large portfolios (8.7 properties), but are less likely to be leveraged (55% vs. 59% on average). The region has the same level of buying/ selling activity (8%), with levels similar to the national average of 7%.

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

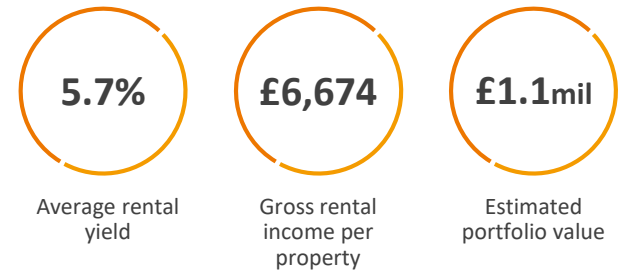


Landlords Balance Sheet

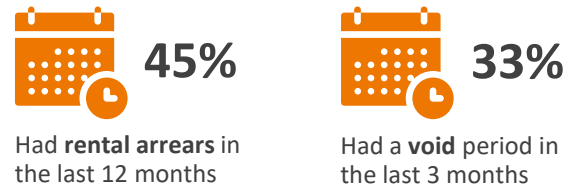
Profitability



Financials



Problems Experienced



PRS Dynamics



8.7

Properties in the average portfolio



33%

Report increasing tenant demand



8%

Bought a property in the last 3 months



8%

Sold a property in the last 3 months

BTL Dynamics

55%

Have a mortgage on at least one property



£229,000

Total average amount owed through BTL mortgage borrowing



4.8

Average number of BTL loans held

the mortgage works