

the mortgage works 

# Rental Income Analysis

Q3 2023

Fieldwork took place 23 September – 13 October 2023



For intermediary use only

# Gross Rental Income Analysis Q3 2023: Methodology

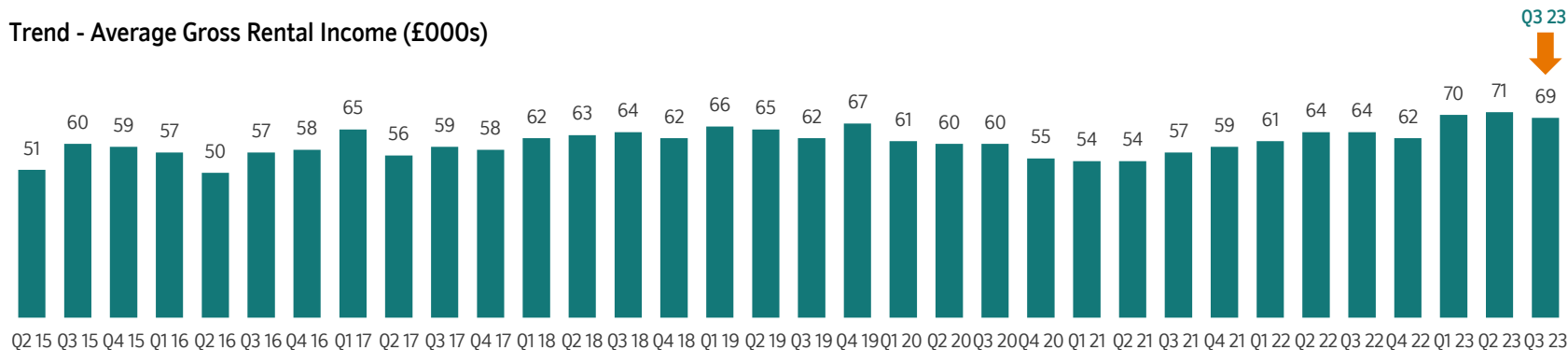
We asked landlords to self-select their annual gross rental income. This report outlines the results along with current rental trends and future rental intentions.

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 Q3 2023 the average gross rental income achieved by landlords in the last 12 months has edged back down by £2k, after reaching an all-time high in Q2.

Trend - Average Gross Rental Income (£000s)

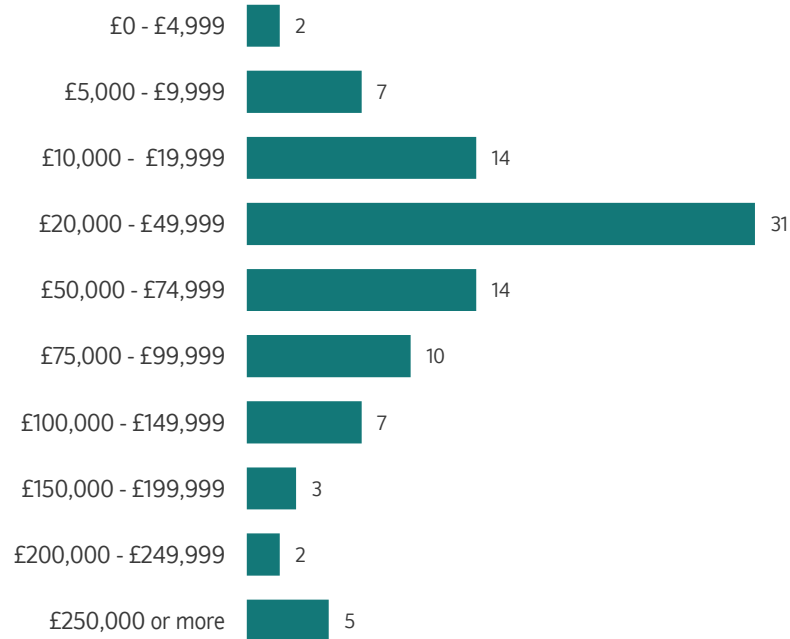


Q3 23  
↓

# Gross Rental Income Analysis Q3 2023: Overall

## Annual Gross Rental Income (%)

Average: £69,000



After two consecutive quarters of increases in the average gross rental income, Q3 experiences a modest decrease of £2k vs Q2.

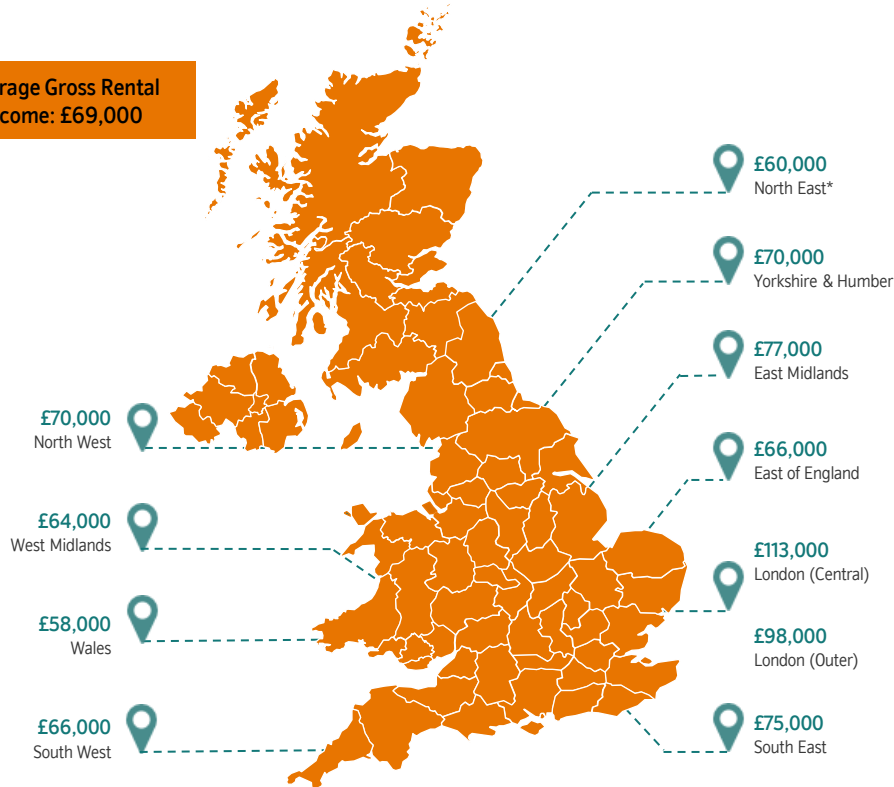
Albeit the annual rental income generated per property has increased in Q3, up approximately £567 since Q2.

The proportion of landlords increasing rents in their own portfolio, both in the last year and looking ahead in the next 6 months, continues to increase, up by 5% and 3% respectively.



# Regional Income Analysis

Average Gross Rental Income: £69,000



Mirroring Q2'23, Q3'23 experiences various shifts in average gross rental income across several UK regions.

Central London makes a notable recovery this quarter, increasing back up to Q1 levels by £21k vs Q2, and maintaining its position as the highest regional average. Outer London also sees a significant uplift this quarter of £19k vs Q2, now following behind Central London in second place.

Currently, five regions fall below the national average, with Wales continuing to achieve the lowest gross rental income for Q3 at £58k.

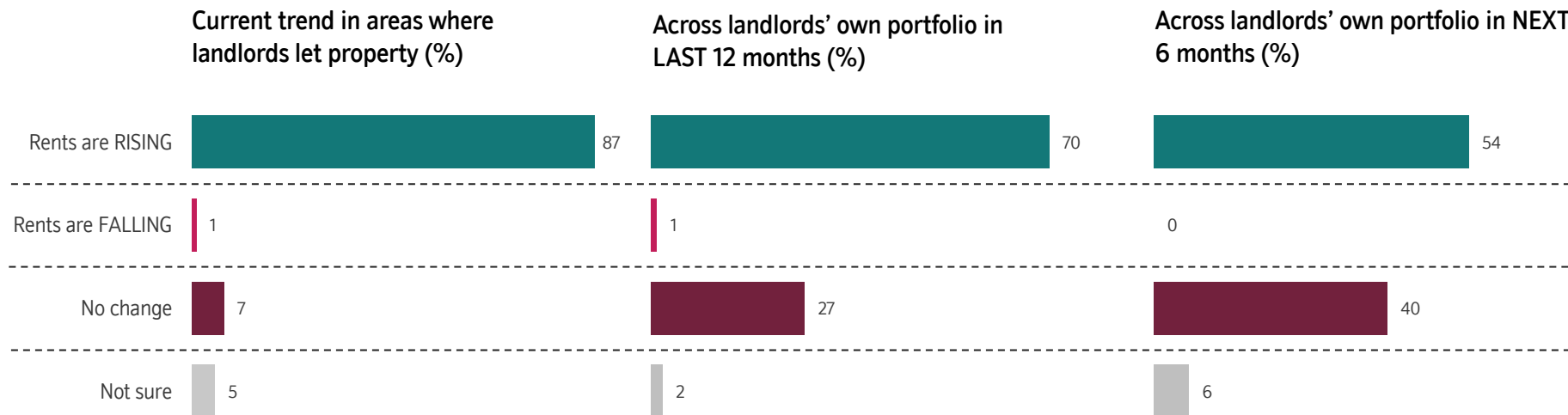
The disparity between the highest and lowest scoring regions (Central London and Wales) has considerably widened from £30k in Q2 to £55k in Q3.

NOTE: Base size too small to report Scotland results separately

\*Caution: Small Base

Source: BVA BDRc Landlord Panel research Q3 2023  
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# Rental Trends & Intentions



The percentage of landlords reporting rent increases in the areas where they have rental properties remains stable in Q3 at 87%.

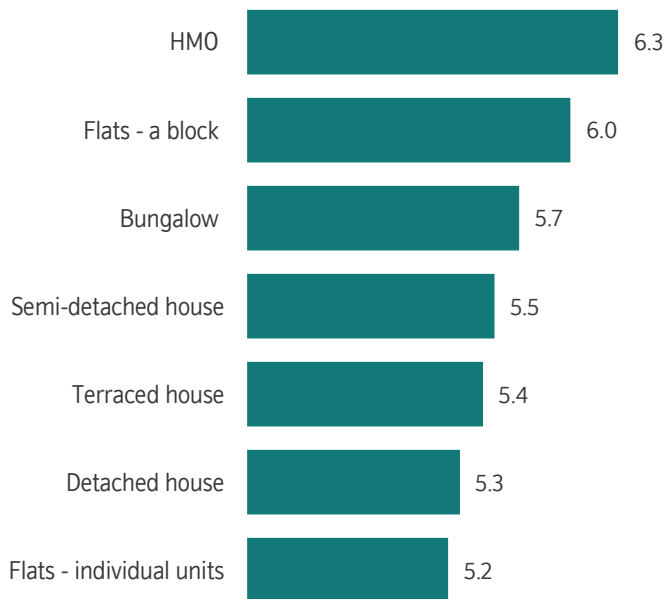
The proportion of landlords increasing rents across their own portfolio in the last 12 months and in the next 6 months has increased by 5% and 3% respectively. A lower proportion of landlords are stating 'no change' in rents, and only a very small minority (0-1%) report falling rents.

At a regional level, landlords with property in the North West and the South East are the most likely to increase their rents in the next 6 months, with 61% and 60% expressing this intention respectively. Those in the East of England and Wales are least likely (at 45%).

# Portfolio Analysis

## Average Rental Yield by 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)



## Average Annual Gross Rental Income by Portfolio Size



## Average Rental Yield by Region (%)

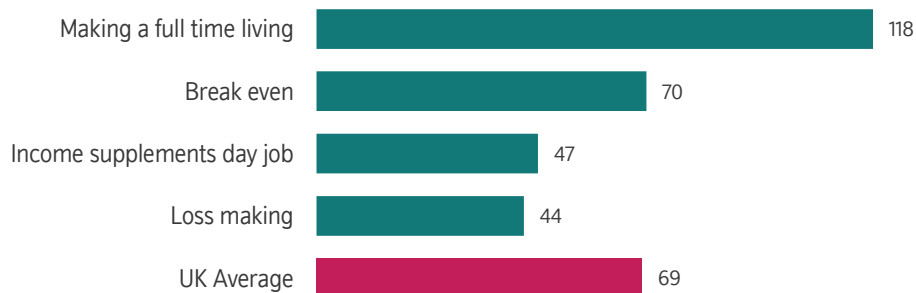


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# Landlords Financial Analysis

## Average Gross Rental Income by Profitability (£000's)



## Average Gross Rental Income by BTL Lending (£000's)



Landlords who gain a profitable full-time income from their rental activities experienced a £5k decrease in Q3, albeit still sitting substantially higher than the national average at £118k (by £49k). Landlords making a loss observed a significant decrease in their average income (by £20k vs Q2), now generating the lowest average vs. other landlord groups. Landlords who break even however see another increase in average income generated this quarter (up by £6k vs Q2).

Average gross rental income for self-employed landlords remains fairly consistent with Q2 at £122k, continuing to generate the highest average amongst the landlords. Both self-employed (other landlords) and part-time employed landlords have seen uplifts vs Q2 of £6k and £7k respectively, whilst full-time employed landlords experienced a decrease of £9k vs Q2. Retired landlords remain stable at £48k this quarter.

In Q3, leveraged and unleveraged landlords' average income remained mostly stable, with leveraged landlords continuing to generate significantly higher incomes than unleveraged landlords.

## Average Gross Rental Income by Employment Status (£000's)

