

the mortgage works 

Tenant Demand Report

Q3 2022

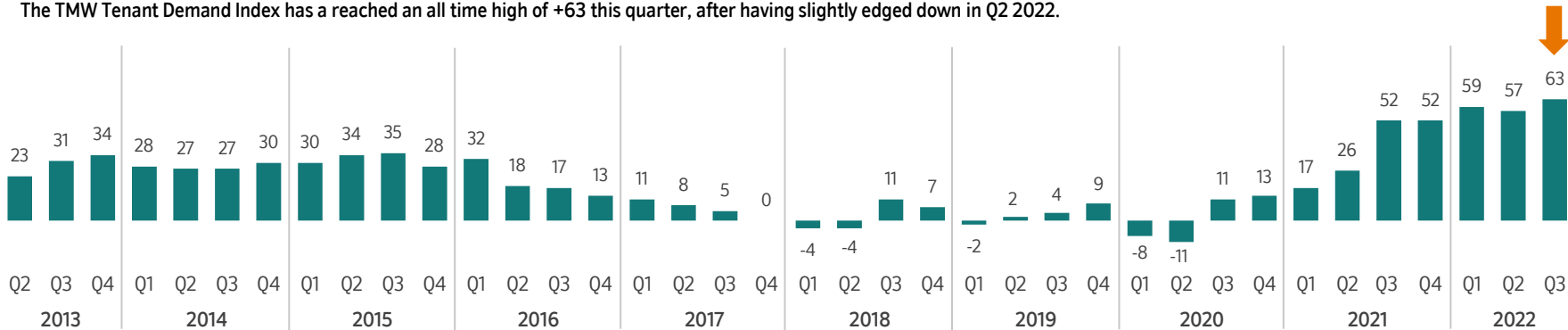
Fieldwork took place 22nd August – 12th September 2022



For intermediary use only

Tenant Demand Report Q3 2022: Methodology

The TMW Tenant Demand Index has reached an all time high of +63 this quarter, after having slightly edged down in Q2 2022.



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 Q3 2022, the results were:

| | |
|-------------------------|-----|
| Increased significantly | 39% |
| Increased slightly | 26% |
| No change | 16% |
| Decreased slightly | 1% |
| Decreased significantly | 0% |
| Unsure | 19% |

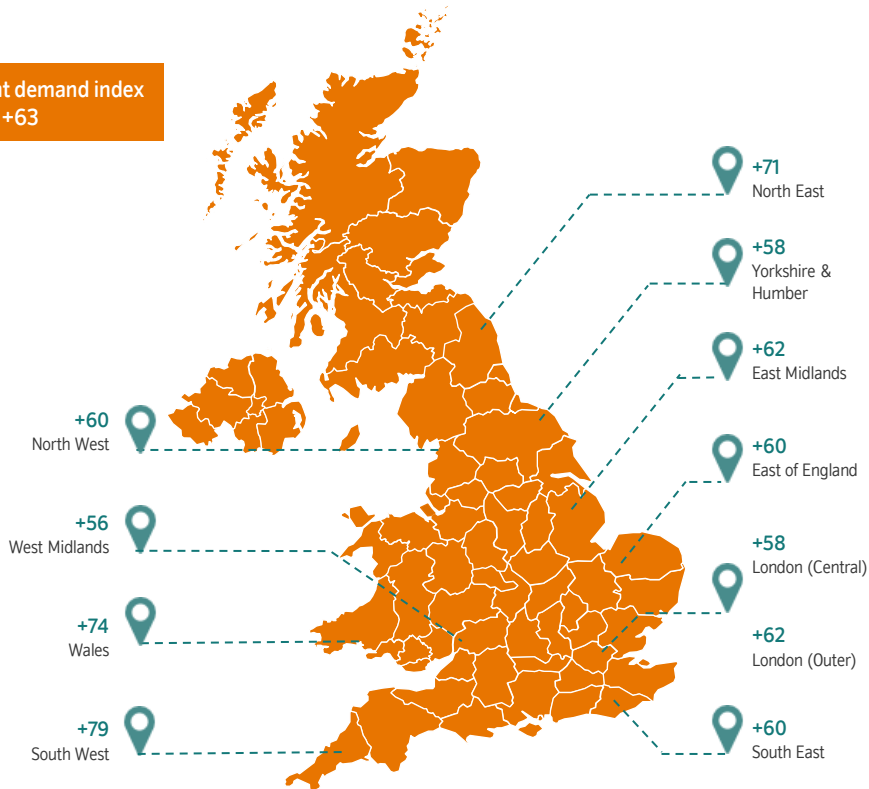
The **TMW Tenant Demand Index** is based on a simple calculation:

| | |
|---|---------------|
| % landlords reporting tenant demand is growing significantly or slightly | 39 + 26 = 65% |
| ----- | |
| MINUS | |
| ----- | |
| % landlords reporting tenant demand is decreasing slightly or significantly | 0 + 1 = 1% |
| Q3 2022 Tenant Demand Index | = +63 |

*NOTE: Calculation accounts for rounding

Tenant Demand Report Q3 2022: Regional Analysis

UK tenant demand index average: +63



The UK average TDI score reaches a new all time high of +63 in Q3 '22. Just 3 standard regions achieve a score above this, although almost all regions have seen an increase in their TDI score this quarter.

The most substantial increases in TDI score are seen from landlords with properties in the West Midlands (+17pts), Wales (+15pts) and the East Midlands (+12pts). Only Outer London (+/-0pts) and Yorkshire & Humber (-3pts) do not record an increase this quarter.

The South West continues to record the highest TDI score (+79), closely followed by Wales (+74) and the North East (+71).

8 regions currently record a TDI score that falls below the national average, however most regions sit just below this average by only 1 - 3pts. The West Midlands (+56) continue to generate the lowest TDI score, followed closely by Yorkshire and the Humber (+58) and Central London (+58).

NOTE: Base size too small to report Scotland results separately

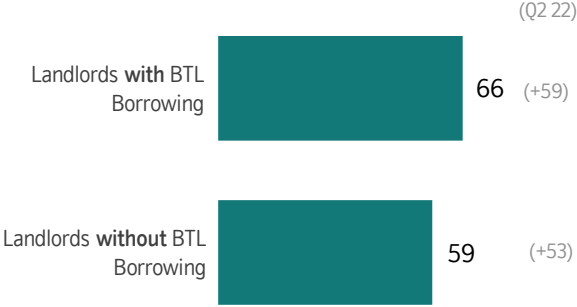
Source: BVA BDRCLandlord Panel research Q3 2022
 The Mortgage Works (UK) plc is a wholly owned subsidiary of Nationwide Building Society, Nationwide House, Pipers Way, Swindon. SN38 1NW T1870

Tenant Demand Report Q3 2022

Tenant Demand Index calculation:

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

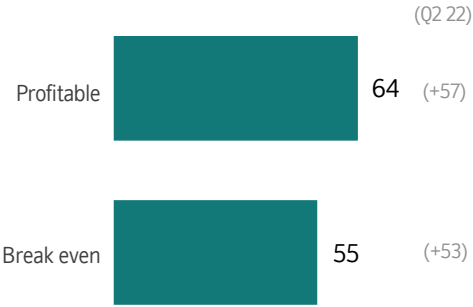
BTL Borrowing (Q3 TDI Score)



Landlords both with and without BTL borrowing report an increased TDI score in Q3 '22, up by 7pts and 6pts respectively.

Compared to those who don't use a mortgage to fund their portfolio, landlords with BTL borrowing continue to achieve a higher TDI score (+66 vs. +59).

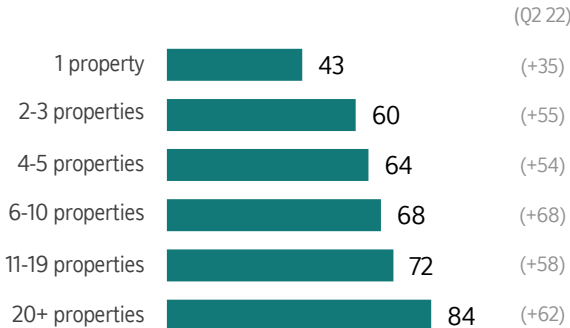
Profitability (Q3 TDI Score)



Landlords making a profit from their lettings activity continue to achieve a higher TDI score than those who break even (+64 vs. +55).

The TDI score for both profit making landlords and those who break even has increased since Q2 '22, with profitable landlords seeing the biggest rise (+7pts). As a result, the gap in TDI score between the two has increased to 9pts (from 4pts in Q2 '22).

Portfolio Size (Q3 TDI Score)



Landlords with larger portfolios achieve the most positive TDI scores this quarter, with 20+ property landlords recording the highest TDI score at +84. These very largest landlords also see the most improvement vs. Q2 '22, with their TDI score up by 22pts.

Landlords across all other portfolio sizes have also seen an uplift in their TDI score vs. Q2, particularly those operating at the larger end of the market.