

the mortgage works 

Tenant Demand Report

Q4 2022

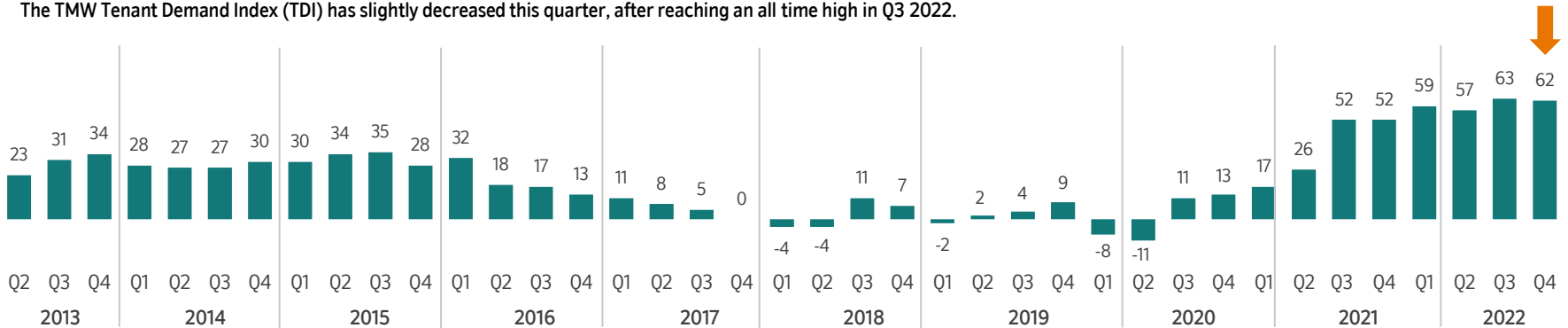
Fieldwork took place 25 November – 30 December 2022



For intermediary use only

Tenant Demand Report Q4 2022: Methodology

The TMW Tenant Demand Index (TDI) has slightly decreased this quarter, after reaching an all time high in Q3 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 Q4 2022, the results were:

Increased significantly	39%
Increased slightly	26%
No change	17%
Decreased slightly	3%
Decreased significantly	1%
Unsure	14%

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

% landlords reporting tenant demand is growing significantly or slightly	39 + 26 = 65%

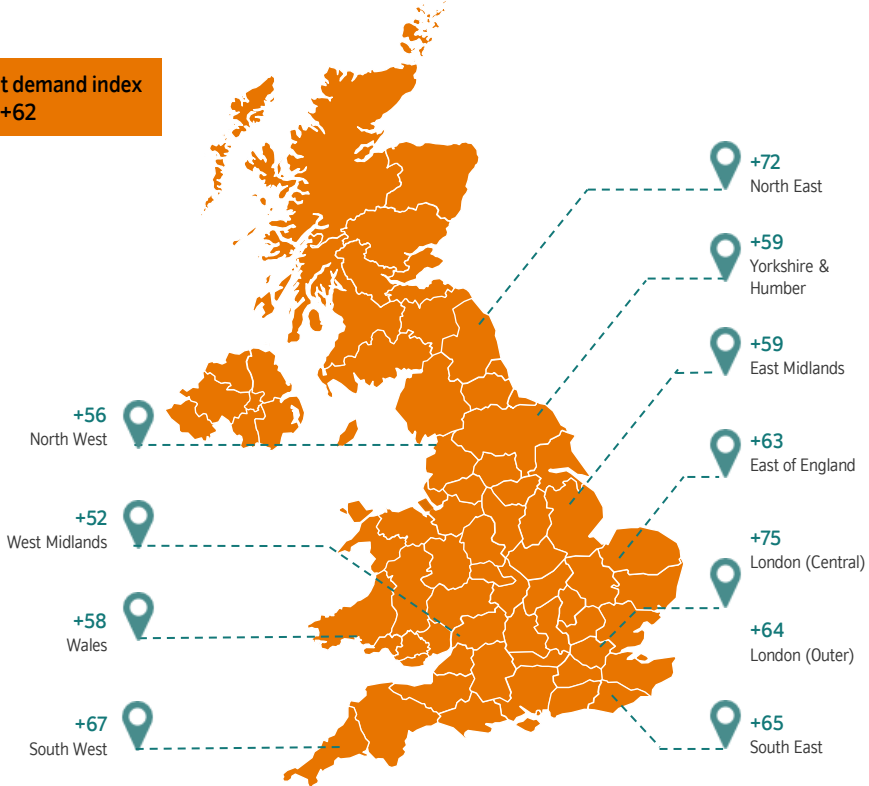
MINUS	

% landlords reporting tenant demand is decreasing slightly or significantly	3 + 1 = 3%
Q4 2022 Tenant Demand Index	= +62

*NOTE: Calculation accounts for rounding

Tenant Demand Report Q4 2022: Regional Analysis

UK tenant demand index average: +62



Although the UK average TDI score remains high at +62, it has seen slight decrease this quarter, down by 1pt since Q3. 6 standard regions achieve a score above this.

The most substantial increases in TDI score are seen from landlords with properties in Central London which increased by 17pts versus Q3, now achieving the highest TDI score. This is closely followed by the North East (+72).

The South West and Wales have seen the largest decreases in TDI score vs. Q3 by -12pts and -16pts respectively.

5 regions currently record a TDI score that falls below the national average. The West Midlands (+52) continues to generate the lowest TDI score again this quarter, and has seen a further decrease of -4pts vs. Q3. This is followed closely by the North West (+56) and Wales (+58).

NOTE: Base size too small to report Scotland results separately

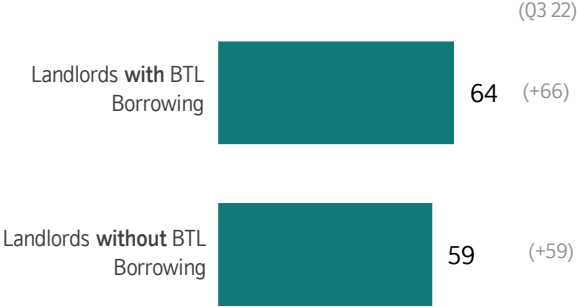
Source: BVA BDRCLandlord Panel research Q4 2022
 The Mortgage Works (UK) plc is a wholly owned subsidiary of Nationwide Building Society, Nationwide House, Pipers Way, Swindon. SN38 1NW T1894

Tenant Demand Report Q4 2022

Tenant Demand Index calculation:

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

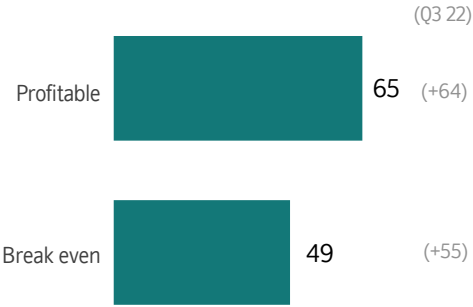
BTL Borrowing (Q4 TDI Score)



Landlords with BTL borrowing report a slightly decreased TDI score in Q4 '22 (-2pts to +64 vs. Q3), whilst landlords without BTL borrowing remain stable at +59.

Landlords with BTL borrowing continue to achieve a higher TDI score than landlords that don't (+64 vs. +59).

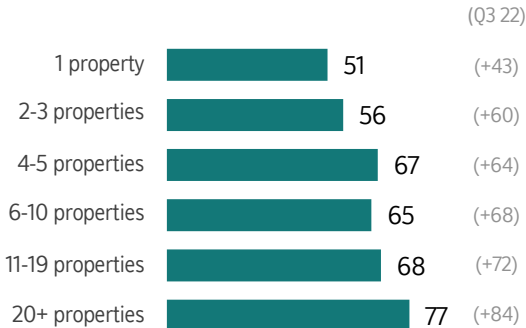
Profitability (Q4 TDI Score)



Landlords making a profit from their lettings activity continue to achieve a higher TDI score than those who break even (+65 vs. +49).

The TDI score for profit making landlords has slightly increased since last quarter (by +1pt), whilst those who break even have seen a decrease of 6pts. This has caused the gap in TDI score between the two to widen to 16pts.

Portfolio Size (Q4 TDI Score)



Landlords with the largest portfolio sizes continue to achieve the most positive TDI scores this quarter. Landlords with 20+ properties continue to record the highest score at +77, they have seen a decrease vs. Q3 (by -7pts). Meanwhile, landlords with just one property continue to report an increase (+8pts vs. Q3), reducing the gap between landlords with the smallest and largest portfolios.