

the mortgage works 

Tenant Demand Report

Q3 2023

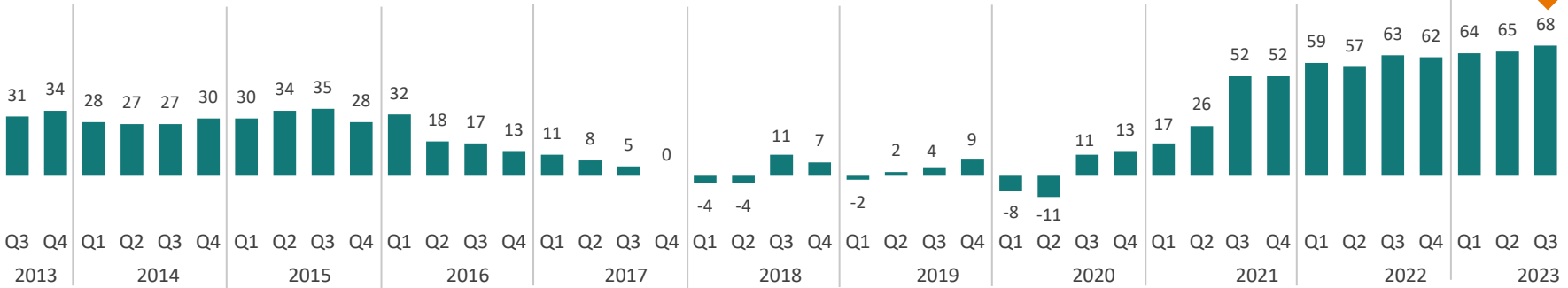
Fieldwork took place 23 September – 13 October 2023



For intermediary use only

Tenant Demand Report Q3 2023: Methodology

In Q3 2023, the TMW Tenant Demand Index (TDI) rose by 3%, reaching a new record high of +68.



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 2023, the results were:

Increased significantly	48%
Increased slightly	23%
No change	15%
Decreased slightly	2%
Decreased significantly	1%
Unsure	11%

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

% landlords reporting tenant demand is growing significantly or slightly	48 + 23 = 71%

MINUS	

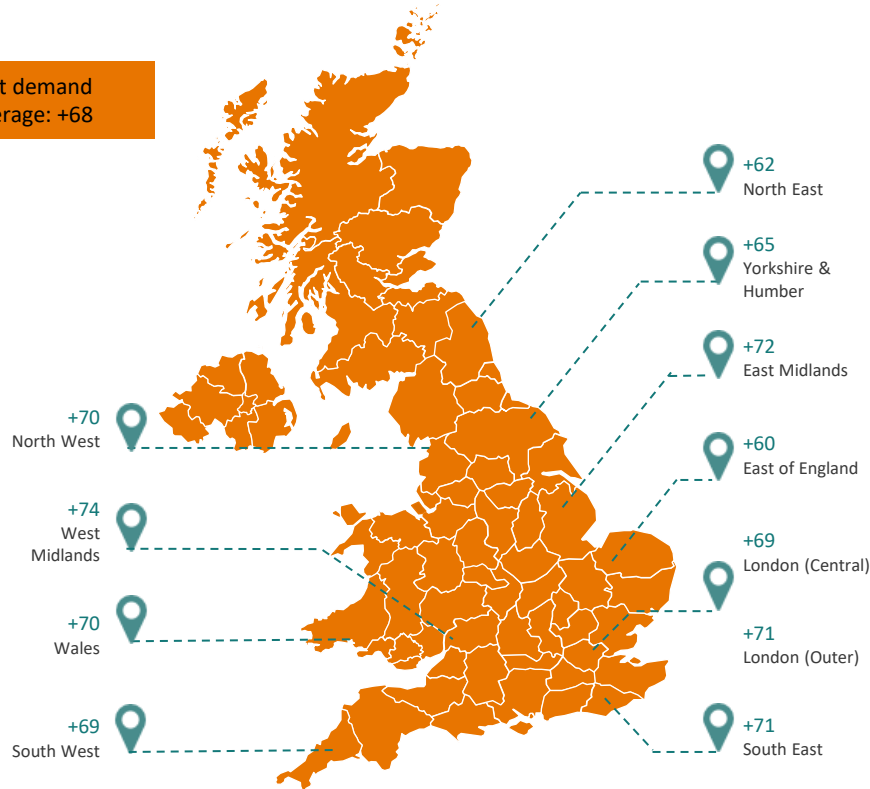
% landlords reporting tenant demand is decreasing slightly or significantly	2 + 1 = 3%

Q3 2023 Tenant Demand Index	= +68

*NOTE: Calculation accounts for rounding

Tenant Demand Report Q2 2023: Regional Analysis

UK tenant demand index average: +68



The UK average TDI score reaches a new record high for the third consecutive quarter in Q3 of +68 (up 3pts vs Q2). The majority of regions achieve a score above this, with the exception of the North East (+62), Yorkshire & Humber (+65) and East of England (+60).

8 regions have also seen an increase in TDI score this quarter, most notably the West Midlands which has increased by 18pts since last quarter to +74.

Only 1 region, namely the East of England, saw a decrease in its TDI score this quarter (down 5pts vs Q2). Both Outer London and Wales remained consistent at +71 and +70 respectively.

The West Midlands substantially moves up the ranks from being the lowest scoring region in Q2 to now surpassing Outer London as the highest scoring region in Q3. The East of England generates the lowest TDI score this quarter of +60.

NOTE: Base size too small to report Scotland results separately

Source: BVA BDRC Landlord Panel research Q3 2023

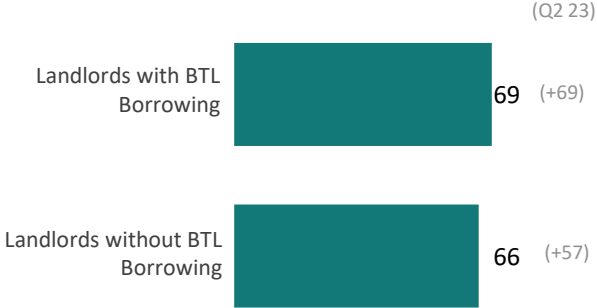
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Tenant Demand Report Q3 2023

Tenant Demand Index calculation:

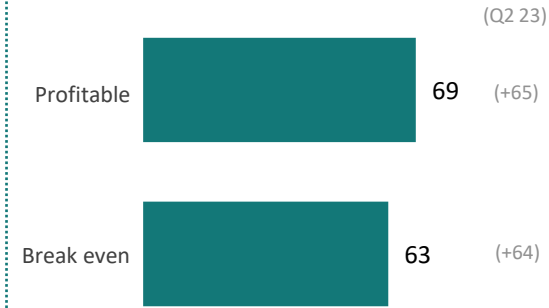
$$\% \text{ landlords reporting tenant demand is growing significantly or slightly} \quad \text{MINUS} \quad \% \text{ landlords reporting tenant demand is decreasing slightly or significantly}$$

BTL Borrowing (Q3 TDI Score)



Whilst landlords with BTL borrowing report an unchanged TDI score vs Q2, landlords without borrowing have seen an increase of 9pts. As a result, although landlords with BTL borrowing continue to achieve a higher TDI score than landlords without BTL borrowing, this lead has substantially narrowed this quarter (to 3pts in Q3 vs 12pts in Q2).

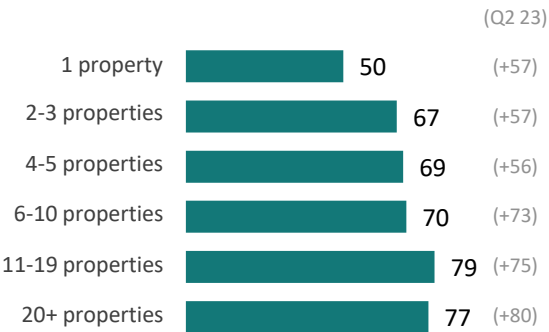
Profitability (Q3 TDI Score)



The TDI score for landlords gaining profit from their rental activities has increased by 4pts vs Q2.

Landlords who break however, after experiencing two consecutive upticks in TDI score in the first half of this year, experience a slight decrease in Q3 of 1pt vs Q2, widening the gap between to two landlord types this quarter.

Portfolio Size (Q3 TDI Score)



Most portfolio sizes experience an increase in their TDI score this quarter, with the exception of landlords with 20+ properties (which has decreased by 3pts vs Q2). Landlords with larger portfolios typically continue to achieve higher TDI scores vs. those with smaller portfolios, though landlords owning 11-19 properties attain the highest score in Q3 at 79pts, surpassing the largest portfolio size of 20+ properties at 77pts.