

the mortgage works 

# Rental Income Analysis

Q1 2019

# Gross Rental Income Analysis Q1 2019: Methodology

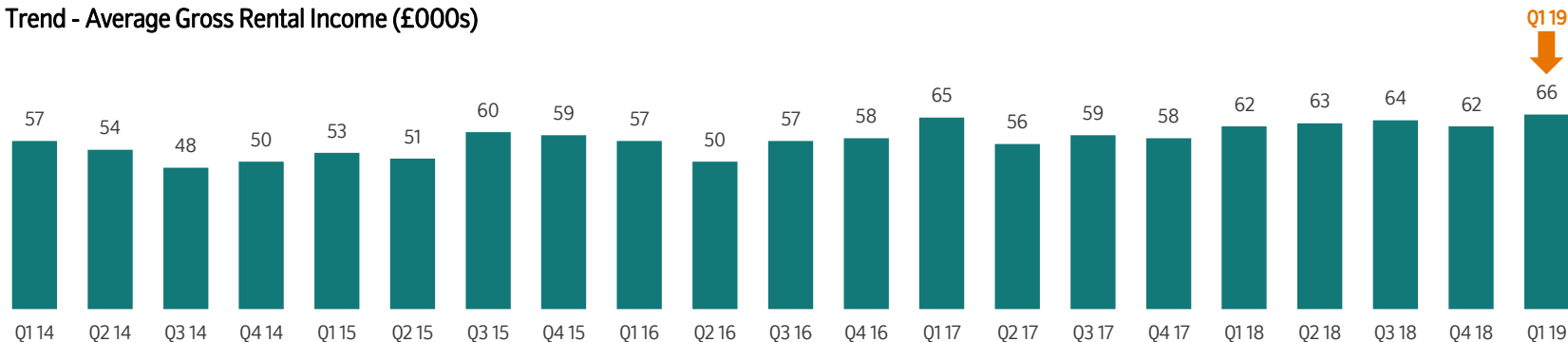
We asked landlords to self-select their annual gross rental income. This report outlines the results along with current rental trends and future rental intentions.

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 Q1 2019 the average gross rental income earned in the last 12 months is **£66,000**, up by £4,000 from Q4 2018.

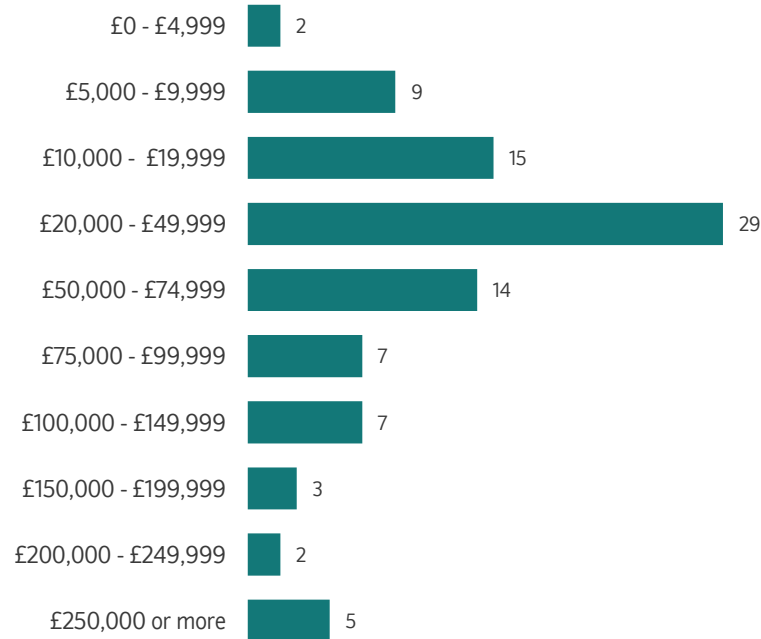
Trend - Average Gross Rental Income (£000s)



# Gross Rental Income Analysis Q1 2019: Overall

## Annual Gross Rental Income (%)

Average: £66,000



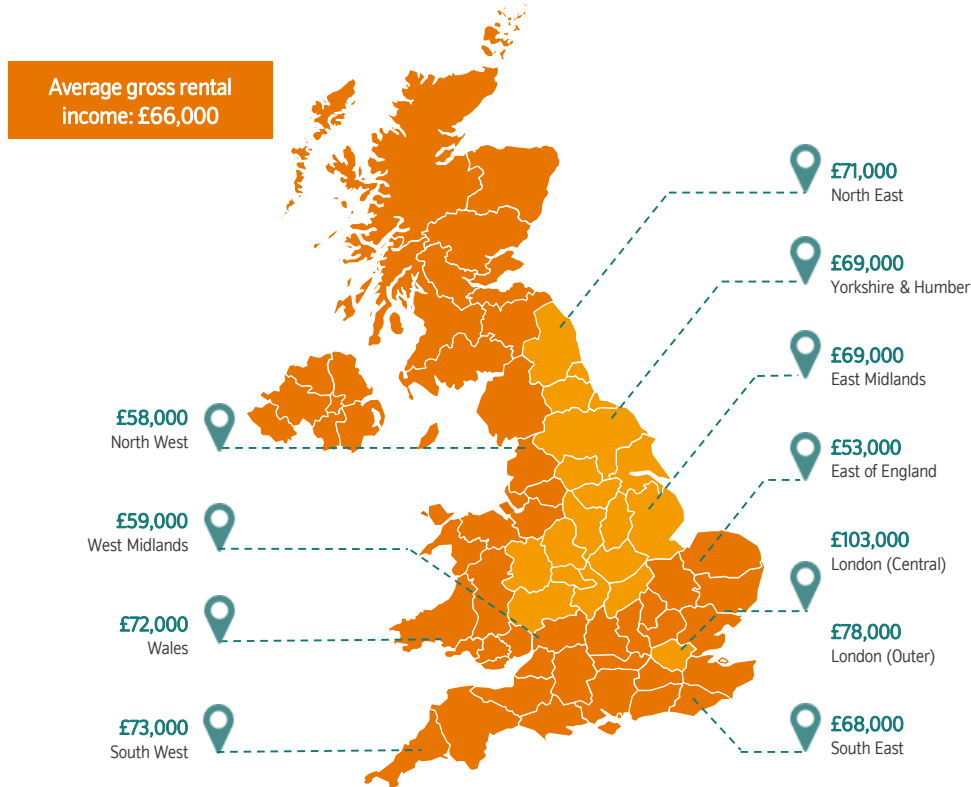
The typical landlord generated **£66,000** in gross rental income in the last 12 months which is £4,000 higher than the average rental income generated in Q4 18.

Despite the rise in gross rental income, the average **annual rental income per property** has fallen slightly, to **£6,700** (vs. £7,380 in Q4 18).

In Q1 2019, fewer landlords reported that they have increased their rents in the last 12 months, with just 32% saying this was the case vs. 38% in Q4 (-6%pts). Similarly, there was a slight fall in landlords intending to increase rents in the next 6 months, with 24% planning to raise rents, compared to 28% last quarter (-4%pts).



# Regional Income Analysis

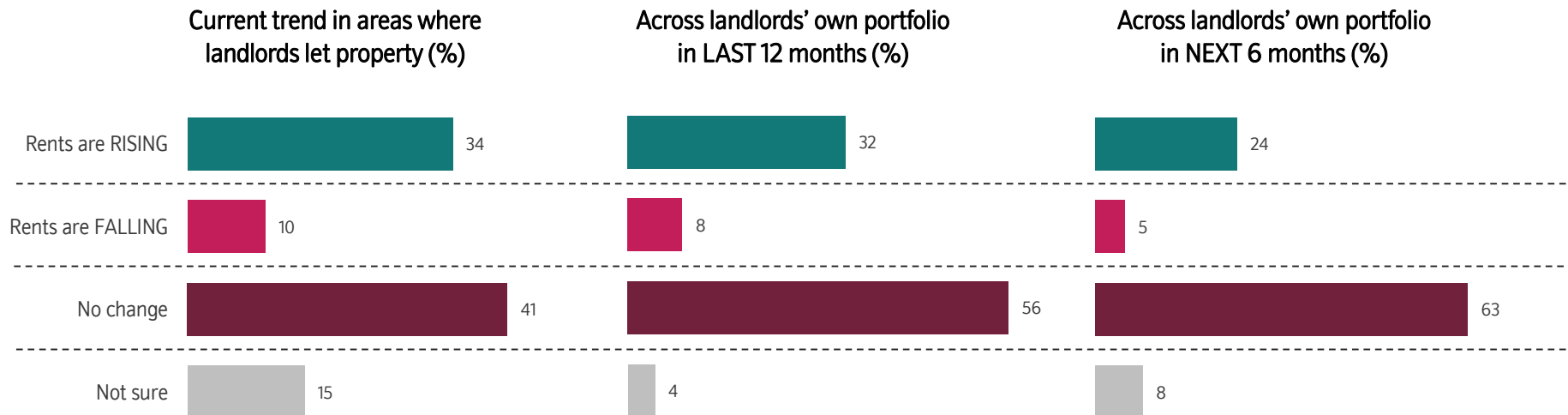


**8 of the 11 UK regions** achieve a gross rental income **above the national average**.

The **North West, West Midlands and East of England** all generate an **average gross rental income that is below the national average**, with the East of England generating the lowest average income, at £53,000 per year.

**Central London** continues to achieve the **highest average gross rental income** at £103,000 per year, an increase of £9,000 from Q4 2018. However, those in **Outer London** have seen a £13,000 fall in average annual gross rental income, to £78,000.

# Rental Trends & Intentions



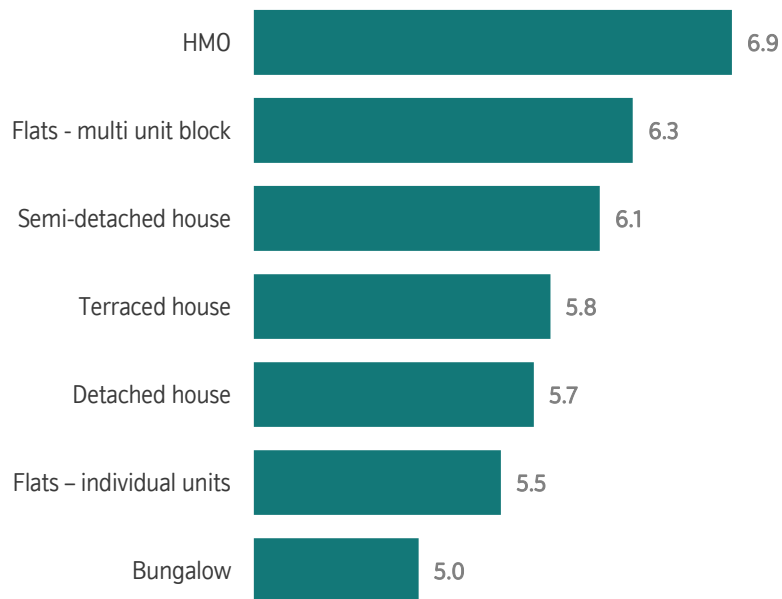
**34% of landlords report that rents are rising in the areas they let properties**, -6%pts from last quarter. There has been a similar fall in landlords who have put rents up across their own portfolios in the last 12 months, down from 38% in Q4 2018, to 32% in Q1 2019. This trend is reflected in landlords' future outlook for their portfolios, **with 24% of landlords anticipating rental increases in the next 6 months** (vs. 28% in Q4 2018).

At a regional level, landlords with **properties in the West Midlands are most likely to intend to put their rents up in the next 6 months (39%)**, those in London the least likely (14%). **Larger landlords with 11+ properties are also more likely than their smaller counterparts to be planning a rent increase** in the next 6 months (34% vs. 22%).

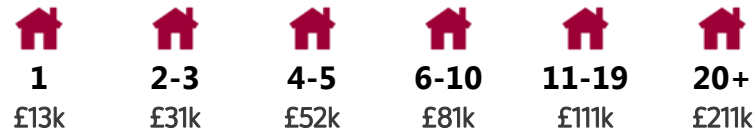
# Portfolio Analysis

## Average Rental Yield by Property Type (%)

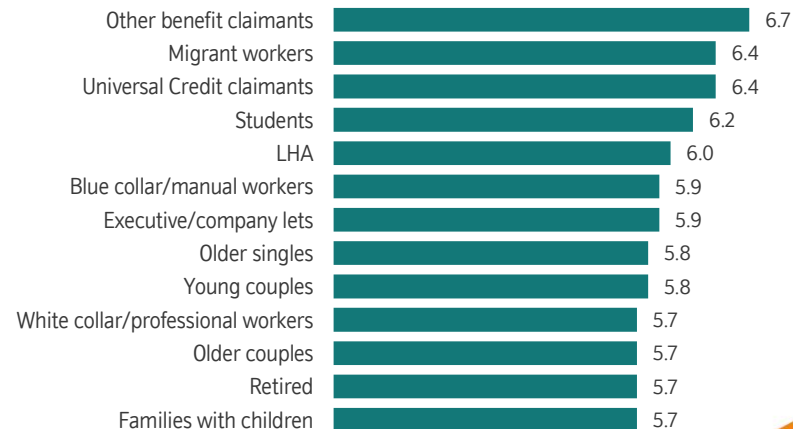
(Landlords were also asked to self-define the overall rental yield they currently receive from their letting portfolio - taking into account current rental income, current portfolio value, any mortgages, maintenance and other running costs)



## Average Gross Rental Income by Portfolio Size (£000s)

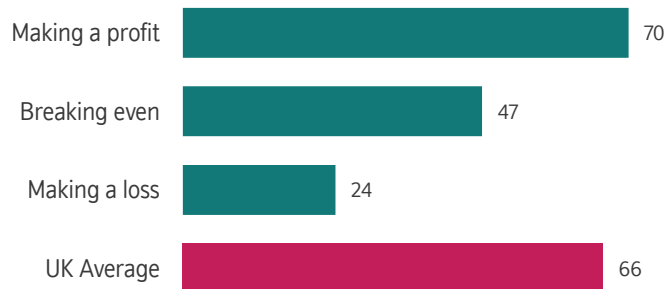


## Average Rental Yield by Tenant Type (%)



# Landlords Financial Analysis

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

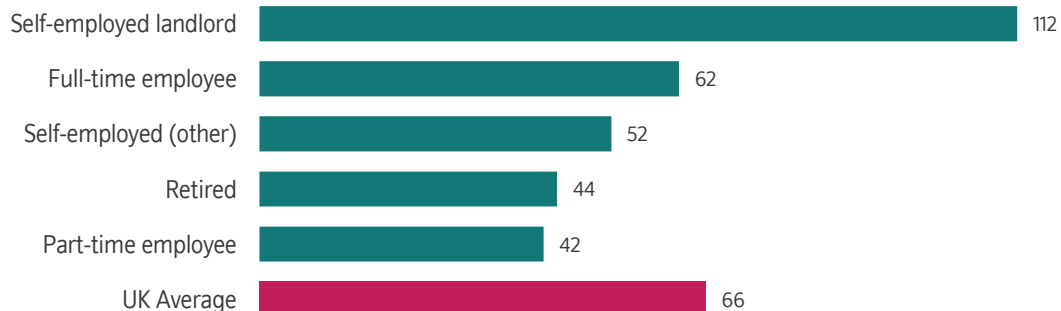


Landlords who make a profit from their letting activity achieve an average gross rental income of £70k (+5k vs. Q4 2018), while loss making landlords typically only manage to achieve just over a third of this at £24k (-£13k vs Q4 2018).

Those who operate as a **self-employed landlord generate the highest gross rental income**, averaging £112k per year, whilst those who are part-time employed generate the lowest amount, at £42k on average.

Landlords with BTL mortgage borrowing continue to generate a **significantly higher gross rental income** than those who own their portfolio outright (£74k vs. £52k).

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



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

