

Fleet  
Mortgages

# Rental Barometer Q1 2025

INTERMEDIARY USE ONLY



Everything starts with a good conversation.

# The Buy-to-Let Mortgage Market

Latest market data from Fleet Mortgages - reflecting on the Q1 2025 period - continues to evidence a strong North/South divide when comparing rental yields typical for each region, with regions of the North East, North West and Yorkshire & Humberside leading the way with the highest rental yields averaging 8.6%, closely followed by the Midlands and Wales with typical rental yields of 7.4%.

In contrast, properties located within Southern regions - Greater London, the South East and South West, observed typical rental yields of 6.4%.

Annual rental yields increased 3.1% on an annual basis across all regions Fleet lends within, with only one region - Yorkshire and Humberside - observing a marginal annual decrease (8.5% to 8.1%).

Rents across all Fleet lending areas averaged £1,279 during Q1 2025, with the highest rents observed within Greater London, the South West and East Anglia.

Affordability pressures have continued throughout Q1 following periods of continued swap rate volatility, with typical, fixed-rate pricing broadly similar to the previous quarter.

Fleet continues to observe a high demand (39%) from landlords looking to acquire properties to add to their rental portfolios, with over 55% of landlords holding four or more properties within their rental portfolio.

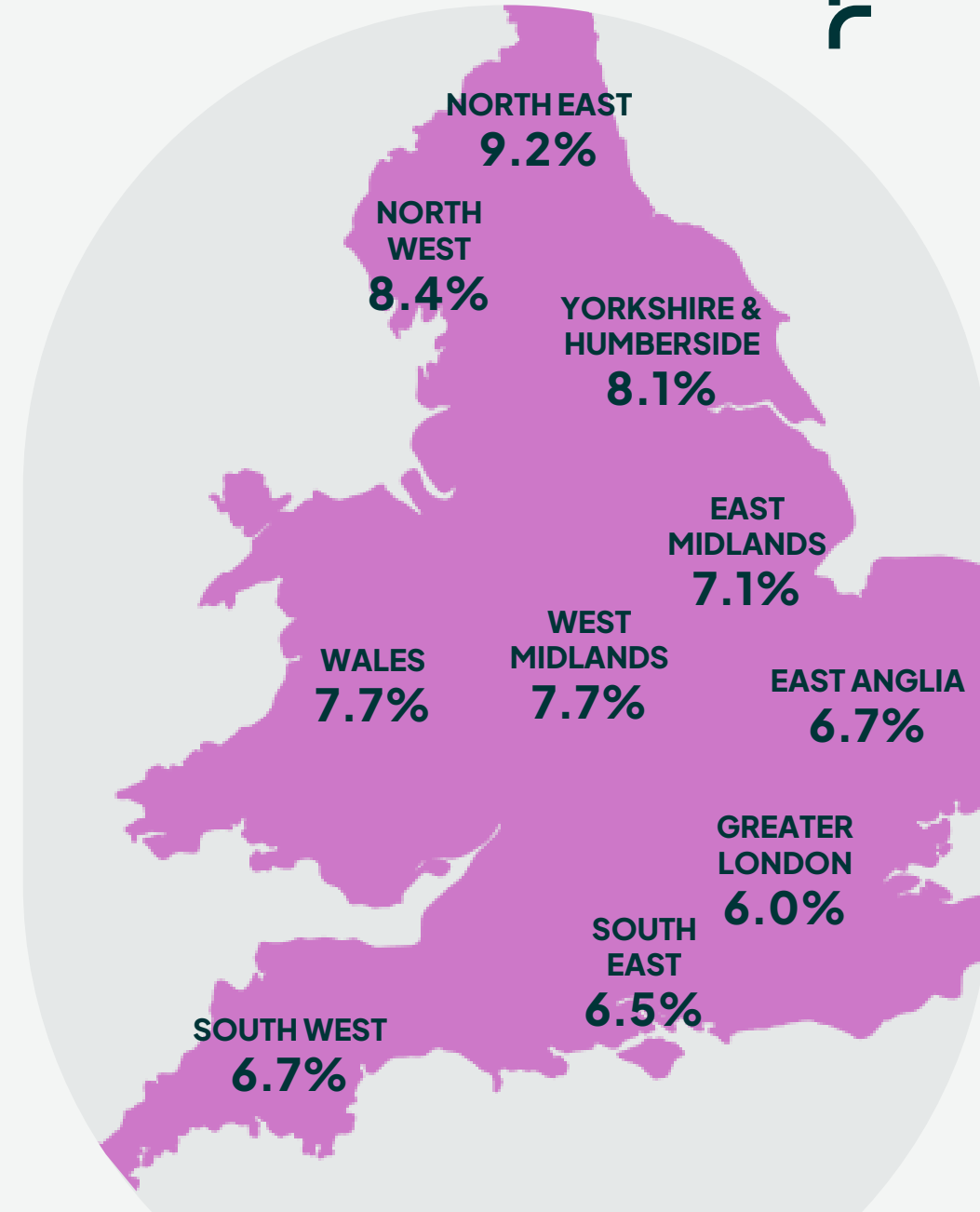


# Q1 2025 Rental Yields

Fleet's latest data reveals the average rental yield generated from buy-to-let properties across all regions averaged 7.4% in Q1 2025, representing a static market when compared to Q4 2024, and representative of a 3.1% increase over the same period 12 months ago.

As with earlier quarters, Fleet data reveals the highest average monthly rent per property (£2,185) is generated within Greater London (an increase of 6.3% from Q4), followed by the South East region at £1,575. Properties located within the North East region typically contain the most affordable rental stock, commanding a monthly rent of £739.

Average rental yield  
by region Q1 2025





# Q1 2025 Rental Yields

| Geographic Region List   | Average Rental Yield by Region |         |         |         |         |                           |
|--------------------------|--------------------------------|---------|---------|---------|---------|---------------------------|
|                          | Q1 2024                        | Q2 2024 | Q3 2024 | Q4 2024 | Q1 2025 | Quarter on Quarter change |
| West Midlands            | 7.6%                           | 8.0%    | 7.6%    | 6.6%    | 7.7%    | 1.1%                      |
| East Anglia              | 6.4%                           | 6.8%    | 5.9%    | 6.3%    | 6.7%    | 0.4%                      |
| Greater London           | 5.9%                           | 6.1%    | 5.9%    | 5.8%    | 6.0%    | 0.2%                      |
| North West               | 7.9%                           | 8.4%    | 8.0%    | 8.3%    | 8.4%    | 0.1%                      |
| South East               | 6.1%                           | 6.4%    | 6.1%    | 6.4%    | 6.5%    | 0.1%                      |
| North East               | 8.4%                           | 10.1%   | 9.7%    | 9.3%    | 9.2%    | -0.1%                     |
| South West               | 6.2%                           | 6.9%    | 6.1%    | 6.9%    | 6.7%    | -0.2%                     |
| Wales                    | 7.4%                           | 8.3%    | 7.2%    | 8.2%    | 7.7%    | -0.5%                     |
| Yorkshire and Humberside | 8.5%                           | 7.6%    | 7.7%    | 8.6%    | 8.1%    | -0.5%                     |
| East Midlands            | 6.6%                           | 7.5%    | 7.5%    | 7.7%    | 7.1%    | -0.6%                     |



# Market Indicators

Average five-year, fixed-rate buy-to-let products within Fleet’s peer market have remained broadly static over the last quarter, priced marginally under 5.5%. Typical two-year, fixed-rate products have reduced ~15bps, with average interest rates during the quarter close to 5.15%.

| Indicator   | Q4 2024  | Q1 2025  |
|---|----------|----------|
| Bank Base Rate  | 4.75%    | 4.50%    |
| Average 75% 2-Year Fixed Rate (Limited Company peer market) | 5.33%    | 5.16%    |
| Average 75% 5-Year Fixed Rate (Limited Company peer market) | 5.45%    | 5.48%    |
| Average 75% Fleet 2-year Fixed Rate                         | 4.71%    | 4.63%    |
| Average 75% Fleet 5-year Fixed Rate                         | 5.11%    | 5.15%    |
| Average Rent Cover at Origination                           | 182%     | 190%     |
| Average Loan Size   | £202,000 | £207,000 |
| Percentage Purchase Business                                | 44%      | 39%      |



## Borrowing Entity

Latest Fleet data continues to highlight the dominance of the limited company landlord within the specialist buy-to-let market. In line with previous quarters, almost 80% of all applications received during Q1 2025 were held in a limited company name.

| Borrower Type    | Q1 2025 |
|------------------|---------|
| Private Investor | 21%     |
| Limited Company  | 79%     |

## Landlord Portfolios

Data for Q1 2025 reveals the average number of properties held within a typical landlord’s portfolio is nine properties, with over 55% of applications received from landlords holding four or more rental properties during the last quarter.

| Number of Investment Properties | Q4 2024 | Q1 2025 |
|---------------------------------|---------|---------|
| 1-3 BTL properties              | 31%     | 33%     |
| 4-5 BTL properties              | 7%      | 7%      |
| 6-14 BTL properties             | 34%     | 29%     |
| 15+ BTL properties              | 17%     | 17%     |
| First-time Landlord             | 11%     | 14%     |

Everything starts with a good conversation. Get in touch with the team today



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