

Fleet  
Mortgages

# Rental Barometer

## Q2 2025

INTERMEDIARY USE ONLY





# The Buy-to-Let Mortgage Market

The Q2 2025 Rental Barometer shows a slight uplift in average rental yields to 7.5%, up from 7.4% in Q1, with Wales (9%) and the North West (8.8%) leading the regional rankings.

Greater London remains lowest at 6%, underlining the North/South yield divide and reflecting the often higher house prices found in Southern regions.

Rental values have risen 2.9% quarter-on-quarter, driven by a continuation of tenant demand and supply not meeting that demand.

Greater London now commands average monthly rents of £2,328, a 6.5% increase from Q1, while Yorkshire & Humberside is now the most affordable region with average monthly rents of £861.

Fleet's lending data shows landlords remain active and committed to expanding portfolios where appropriate and where opportunity presents itself, with 39% looking to purchase and 54% owning four or more properties.

The attraction of buy-to-let for new landlords also remains strong, with first-time landlord applications holding steady at 14% over the quarter.

On pricing, Fleet's average two- and five-year fixed rates fell to 4.35% and 5.13% respectively, highlighting the competitiveness of pricing, and continuing to outperform peer market averages rates (4.93% and 5.27%).

Overall, the buy-to-let sector continues to demonstrate resilience, supported by competitive rates, consistent rental yield, profitability and landlord commitment and ambition.



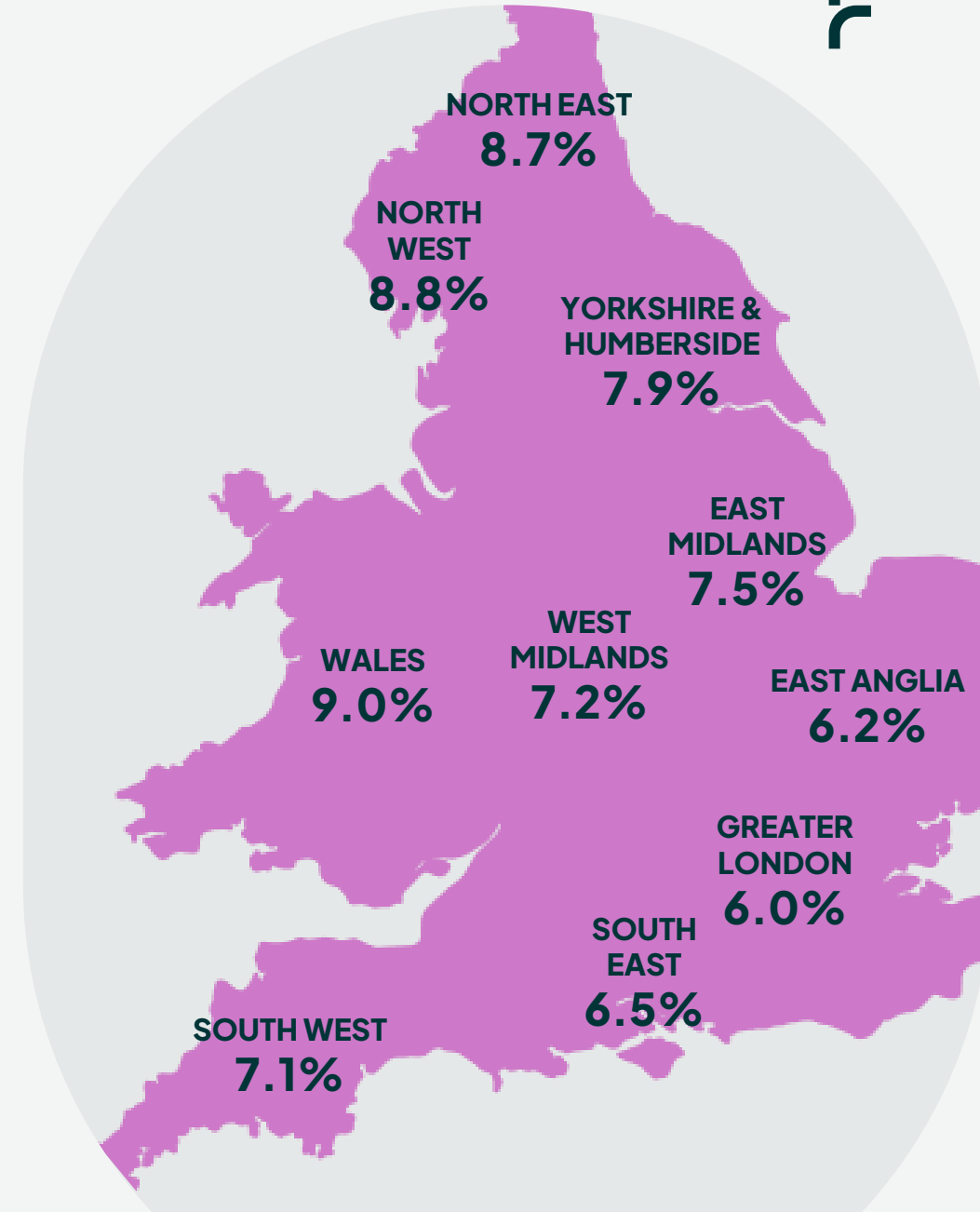
## Q2 2025 Rental Yields

Fleet's latest data reveals the average rental yield generated from buy-to-let properties across all regions averaged 7.5% in Q2 2025, representing a marginal 0.1% increase from the previous quarter and a broadly static market when compared to Q2 2024.

On a regional basis, while growth continues to be observed at a modest rate across many regions, the four regions of East Anglia, Greater London, the North East and West Midlands observed annual rental yield decreases during Q2 2025, with the East Midlands observing flat growth. On a quarterly basis, decreases were observed from East Anglia, the North East, West Midlands, and Yorkshire and Humberside.

Wales leads the way for rental yields in Q2 2025 at an average 9%, closely followed by the North West and North East regions. In contrast, Greater London is once again the region with the lowest rental yield at 6%, followed by the South East at 6.5% and reflective of higher house prices in those areas.

**Average rental yield  
by region Q2 2025**







# Q2 2025 Rental Yields

Geographic Region List	Average Rental Yield by Region					
	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Quarter on Quarter change
Wales	8.3%	7.2%	8.2%	7.7%	9.0%	1.3%
South West	6.9%	6.1%	6.9%	6.7%	7.1%	0.4%
North West	8.4%	8.0%	8.3%	8.4%	8.8%	0.4%
East Midlands	7.5%	7.5%	7.7%	7.1%	7.5%	0.4%
Greater London	6.1%	5.9%	5.8%	6.0%	6.0%	-
South East	6.4%	6.1%	6.4%	6.5%	6.5%	-
North East	10.1%	9.7%	9.3%	9.2%	8.7%	-0.5%
East Anglia	6.8%	5.9%	6.3%	6.7%	6.2%	-0.5%
West Midlands	8.0%	7.6%	6.6%	7.7%	7.2%	-0.5%
Yorkshire and Humberside	7.6%	7.7%	8.6%	8.1%	7.9%	-0.2%



# Q2 2025 Rents by Region

Geographic Region List	Average Rent by Region					Quarter on Quarter change
	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	
North East	£768	£702	£706	£739	£900	21.8%
Wales	£1,121	£906	£1,080	£984	£1,061	7.8%
Greater London	£2,024	£2,134	£2,056	£2,185	£2,328	6.5%
East Midlands	£1,304	£1,084	£1,298	£1,113	£1,173	5.4%
East Anglia	£1,594	£1,385	£1,409	£1,570	£1,640	4.4%
North West	£1,090	£1,030	£1,042	£1,156	£1,167	1%
Yorkshire and Humberside	£1,086	£905	£966	£869	£861	-1%
South West	£1,586	£1,298	£1,734	£1,385	£1,363	-1.6%
South East	£1,492	£1,572	£1,693	£1,575	£1,520	-3.5%
West Midlands	£1,210	£1,290	£1,462	£1,217	£1,146	-5.8%

On a quarterly basis, average rents across all Fleet lending areas increased 2.9% from Q1 to Q2 2025, with the highest rents observed within Greater London, the South East and East Anglia.



# Market Indicators

The modest drop in Bank Base Rate from 4.5% to 4.25% during Q2 2025, along with continued shifts downwards in swaps, has started to feed through into buy-to-let mortgage pricing, helping ease some of the affordability constraints suffered by landlord borrowers in previous quarters.

This is particularly evident in the two-year fixed rate space, where Fleet's own average pricing fell by 28bps to 4.35%, compared to a 23bps drop across the wider peer market. This sharper downward movement continues to underline Fleet's competitive edge on product pricing.

Overall, the market data continues to paint a picture of recovery and continued strength. Pricing is softening in landlords' favour, but prudent portfolio management remains key, especially as landlords balance borrowing levels, rental yields and long-term sustainability in an evolving policy environment.

Indicator	Q1 2025	Q2 2025
Bank Base Rate	4.50%	4.25%
Average 75% 2-Year Fixed Rate (Limited Company peer market)	5.16%	4.93%
Average 75% 5-Year Fixed Rate (Limited Company peer market)	5.48%	5.27%
<b>Average 75% Fleet 2-year Fixed Rate</b>	4.63%	4.35%
<b>Average 75% Fleet 5-year Fixed Rate</b>	5.15%	5.13%
Average Rent Cover at Origination	190%	187%
Average Loan Size	£207,000	£198,000
Percentage Purchase Business	39%	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, over 80% of all applications received during Q2 2025 were submitted in a limited company name.

Borrower Type	Q2 2025
Private Investor	19%
Limited Company	81%

## Landlord Portfolios

Data for Q2 2025 reveals the average number of properties held within a typical landlords’ portfolio is 10, with over 54% of applications received during the last quarter from landlords holding four or more rental properties.

Encouragingly, and in line with Q1, 14% of all applications in Q2 were received from first-time landlords.

Number of Investment Properties	Q1 2025	Q2 2025
1-3 BTL properties	33%	32%
4-5 BTL properties	7%	6%
6-14 BTL properties	29%	32%
15+ BTL properties	17%	16%
First-time Landlord	14%	14%

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



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