

Fleet
Mortgages

Rental Barometer

Q3 2025

INTERMEDIARY USE ONLY





The Buy-to-Let Mortgage Market

Average rents across Fleet's lending areas rose 3.2% between Q2 and Q3, with Greater London (£2,165), the South East (£1,662), and the West Midlands (£1,563) recording the highest levels. Annual rent growth stood at 10.4%, driven by increases in the North East (20.8%) and the West Midlands (21.2%).

Quarterly variations remain a feature of the market, with declines seen in East Anglia (-8.5%), Wales (-7.6%) and Greater London (-7%) balanced out by strong growth in regions such as the South West (+10.9%) and the South East (+9.3%). The West Midlands stood out with a particularly sharp increase of 36.4% across Q3.

The long-term rental trend remains upwards and reflects the ongoing imbalance between tenant demand and the supply of available homes, although recent reports suggest this discrepancy may be starting to narrow.

The Q3 data reflects a sector that continues to adapt to shifting conditions. Landlords are consolidating into larger, more professional structures, while new investors are still entering the market in smaller numbers. The forthcoming Renters' Rights Bill is likely to shift this further, accelerating this process, with landlords increasingly moving to limited company structures and expanding portfolios to manage compliance costs and regulatory obligations more effectively.

Despite these challenges, tenant demand remains robust, ensuring upward pressure on rents and supporting yields. The market is steadily becoming more professional, increasingly driven by experienced, well-capitalised landlords.



Q3 2025 Rental Yields

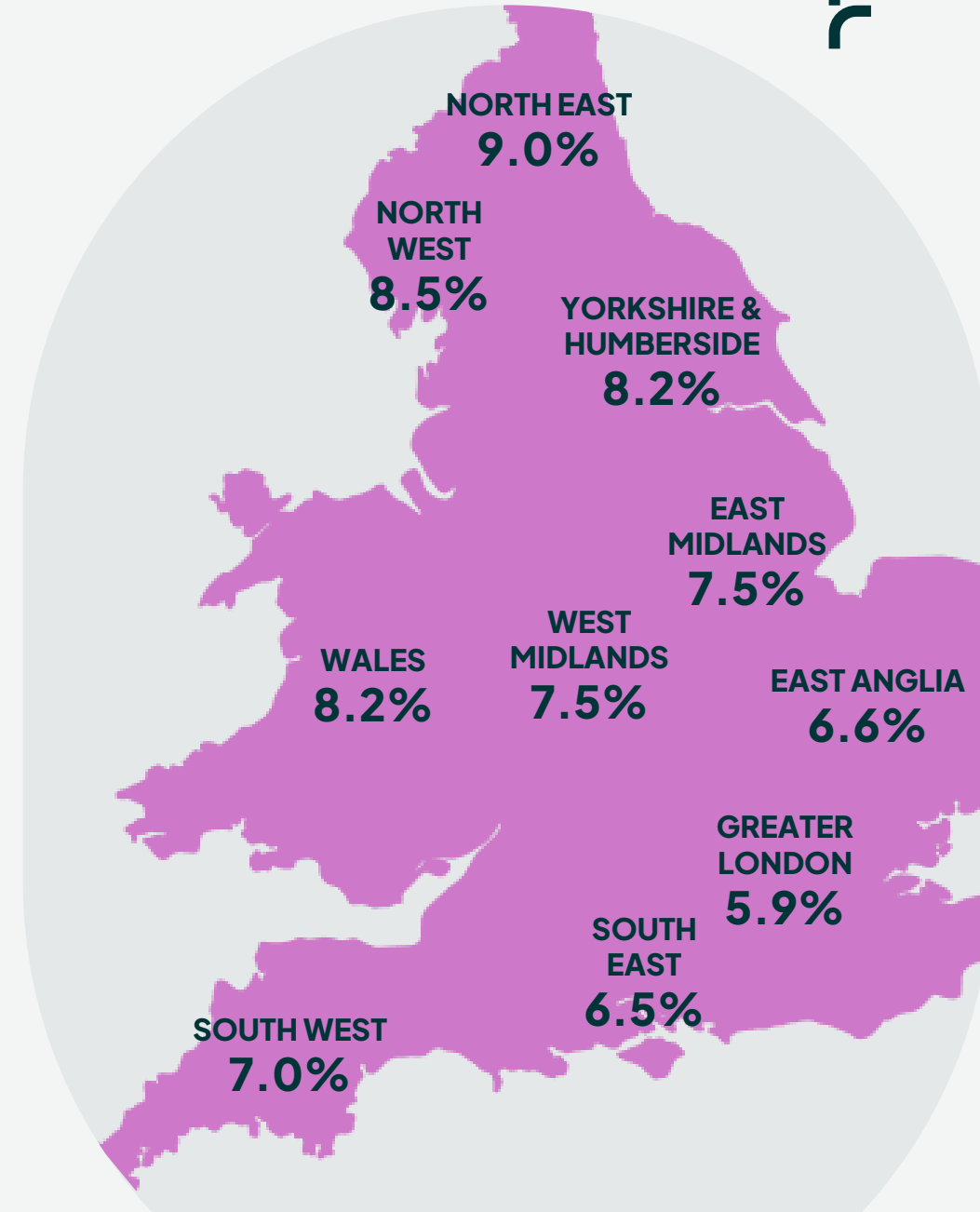
Rental Yields Edging Upwards

Fleet's data for Q3 2025 shows average rental yields continuing to edge upwards, with growth of 0.1% during the quarter, matching the same increase recorded in Q2. On an annual basis, yields rose by 0.3%, a more modest uplift compared to earlier years, but nonetheless a sign of resilience given the economic and regulatory headwinds landlords face.

On a regional basis, performance remained strongest in the North East (9%), the North West (8.5%), Wales (8.2%) and Yorkshire & Humberside (8.2%), where yields comfortably outpaced those in the South. At the other end of the scale, yields in Greater London (5.9%), the South East (6.5%), and East Anglia (6.6%) were the lowest.

These regional contrasts continue to shape investment decisions, with many professional landlords targeting higher-yielding areas for portfolio expansion.

Average rental yield
by region Q3 2025





Q3 2025 Rental Yields

Geographic Region List	Average Rental Yield by Region					
	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Quarter on Quarter change
North East	9.7%	9.3%	9.2%	8.7%	9.0%	0.3%
North West	8.0%	8.3%	8.4%	8.8%	8.5%	-0.3%
Wales	7.2%	8.2%	7.7%	9.0%	8.2%	-0.8%
Yorkshire and Humberside	7.7%	8.6%	8.1%	7.9%	8.2%	0.3%
East Midlands	7.5%	7.7%	7.1%	7.5%	7.5%	-
West Midlands	7.6%	6.6%	7.7%	7.2%	7.5%	0.3%
South West	6.1%	6.9%	6.7%	7.1%	7.0%	-0.1%
East Anglia	5.9%	6.3%	6.7%	6.2%	6.6%	0.4%
South East	6.1%	6.4%	6.5%	6.5%	6.5%	-
Greater London	5.9%	5.8%	6.0%	6.0%	5.9%	-0.1%



Q3 2025 Rents by Region

Geographic Region List	Average Rent by Region						
	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Quarter on Quarter change	Yearly change
West Midlands	£1,290	£1,462	£1,217	£1,146	£1,563	36.4%	21.2%
Yorkshire & Humberside	£905	£966	£869	£861	£1,079	25.3%	19.2%
South West	£1,298	£1,734	£1,385	£1,363	£1,512	10.9%	16.5%
South East	£1,572	£1,693	£1,575	£1,520	£1,662	9.3%	5.7%
North West	£1,030	£1,042	£1,156	£1,167	£1,157	-0.9%	12.3%
East Midlands	£1,084	£1,298	£1,113	£1,173	£1,125	-4.1%	3.8%
North East	£702	£706	£739	£900	£848	-5.8%	20.8%
Greater London	£2,134	£2,056	£2,185	£2,328	£2,165	-7%	1.5%
Wales	£906	£1,080	£984	£1,061	£980	-7.6%	8.2%
East Anglia	£1,385	£1,409	£1,570	£1,640	£1,501	-8.5%	8.4%



Market Indicators

Bank Base Rate fell from 4.25% to 4% in Q3 2025, leading to improvements in affordability as mortgage pricing also tracked lower. Peer market averages declined by around 20bps on two-year fixes and 15bps on five-year fixes, with Fleet's own five-year products also reduced by 10bps to 5.04%.

While affordability conditions improved slightly, the average rent cover ratio at application dipped from 187% in Q2 to 171% in Q3. Average loan sizes decreased from £198k to £194k, however - in line with the previous quarter - Fleet continues to observe a strong demand (38%) from landlords looking to add properties to their rental portfolios.

Indicator	Q2 2025	Q3 2025
Bank Base Rate	4.25%	4.0%
Average 75% 2-Year Fixed Rate (Limited Company peer market)	4.93%	4.73%
Average 75% 5-Year Fixed Rate (Limited Company peer market)	5.27%	5.13%
Average 75% Fleet 2-year Fixed Rate	4.35%	4.35%
Average 75% Fleet 5-year Fixed Rate	5.13%	5.04%
Average Rent Cover at Origination	187%	171%
Average Loan Size	£198k	£194K
Percentage Purchase Business	39%	38%



Borrowing Entity

Limited company borrowing continues to dominate the specialist buy-to-let market, accounting for 81% of all applications received in Q3. This trend highlights how landlords are increasingly professionalising their operations in order to benefit from tax efficiencies. That is only likely to continue if the mooted changes from the Government – namely the potential addition of national insurance on rental income for individual landlords – comes to fruition at the November Budget.

Borrower Type	Q3 2025
Private Investor	19%
Limited Company	81%

Landlord Portfolios

Over 61% of applications in Q3 were from portfolio landlords holding four or more properties. Notably, the share of applications from landlords with 15+ properties grew to 23%, up from 16% in Q2. At the same time, first-time landlord applications represented 12% of the total, showing that new entrants remain active despite affordability and regulatory challenges.

Number of Investment Properties	Q2 2025	Q3 2025
1-3 BTL properties	32%	27%
4-5 BTL properties	6%	7%
6-14 BTL properties	32%	31%
15+ BTL properties	16%	23%
First-time Landlord	14%	12%

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



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