

Fleet
Mortgages

Rental Barometer

Q1 2026

INTERMEDIARY USE ONLY





The Buy-to-Let Mortgage Market

A quarter in two distinct sections

The first quarter of 2026 can be split into two distinct periods, not just for the buy-to-let market, but the entire UK mortgage market. January and February provided a relatively stable backdrop, with improving affordability and a sense that pricing would continue to ease.

However, March brought a clear shift in conditions that is likely to be felt for some time to come. The war in Iran and the ongoing conflict in the Middle East have driven volatility in global markets, pushing up swap rates and forcing lenders to react quickly in terms of pricing and product availability.

This has led to product withdrawals and rate increases across the market, with buy-to-let particularly exposed given its sensitivity to funding costs. As a result, activity, especially on the purchase side, is likely to come under increased pressure.

While the full impact of these changes will take time to feed through and is unlikely to be fully reflected until later in the year, the direction of travel is clear. Both advisers and landlords will need to adjust to a more uncertain and fast-moving environment than was expected at the start of the quarter.





Q1 2026 Rental Yields

Rental yields continue to show positive moves

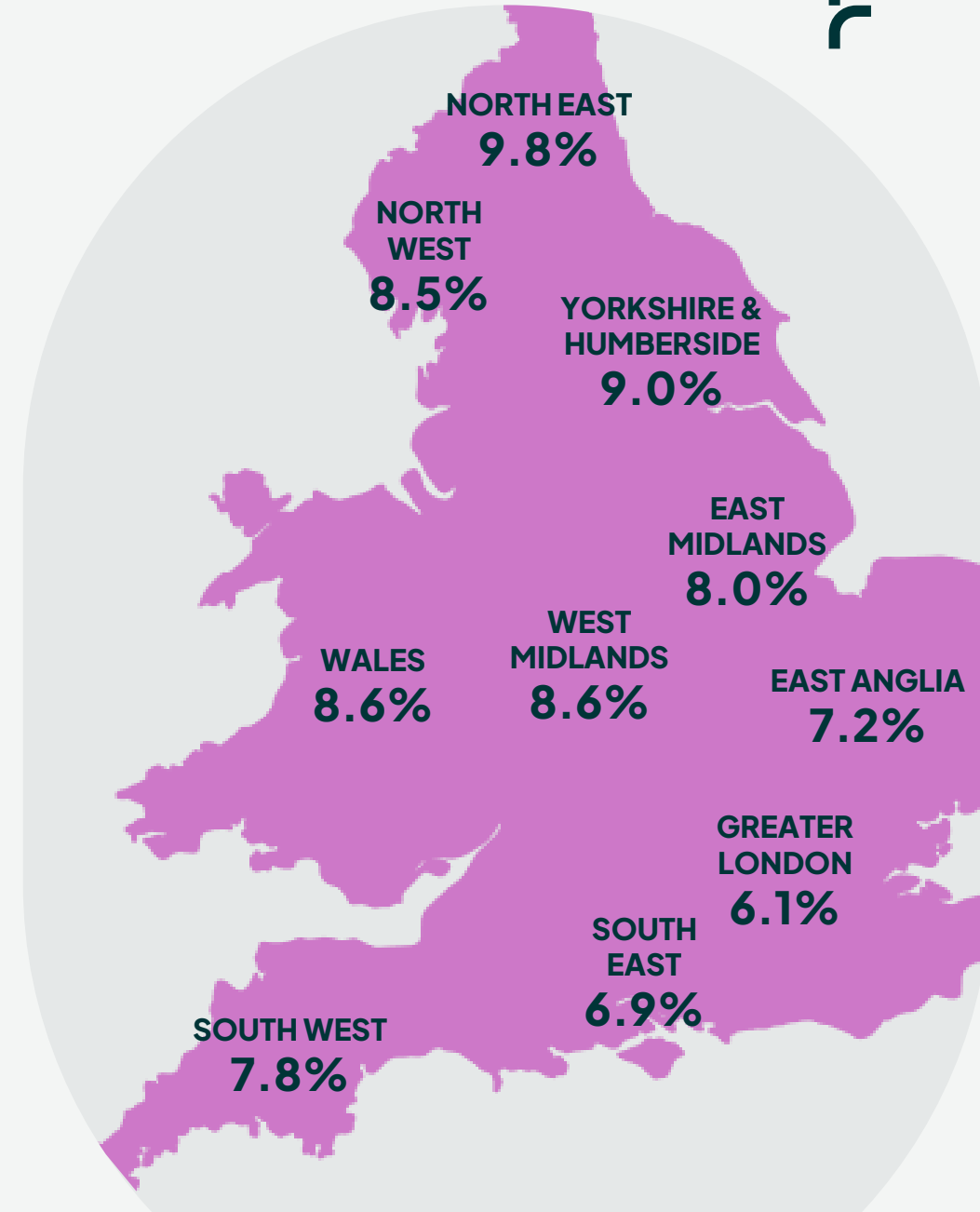
Fleet's data for Q1 2026 shows average rental yields continuing to edge upwards, with growth of 0.4% observed during the quarter, rising 0.7% year-on-year. This reflects a market where rental income continues to support landlord returns, even as wider economic conditions begin to shift.

On an annual basis, the strongest rental growth was observed within the regions of the North East (33.5%), Yorkshire & Humberside (31%) and the West Midlands (29%), where yields continue to outpace those in the South. This ongoing regional divergence highlights how landlords are increasingly targeting areas where income returns remain strongest, particularly as financing costs remain a key consideration.

Interestingly, the North West region observed broadly flat rental growth compared to Q1 2025, with rents increasing by less than 1%. This may suggest a degree of pricing resistance in what has historically been a strong-performing region, or a market that is beginning to stabilise following previous periods of strong growth.

Across the rest of the country, yields have either held firm or continued to trend upwards, with notable quarterly increases in Wales, the South West and West Midlands. This points to continued tenant demand across a broad range of locations, although the pace of growth is becoming more varied

Average rental yield by region Q1 2026





Q1 2026 Rental Yields

Geographic Region List	Average Rental Yield by Region					Quarter on Quarter change
	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026	
North East	9.2%	8.7%	9.0%	9.6%	9.8%	0.2%
Yorkshire and Humberside	8.1%	7.9%	8.2%	8.3%	9.0%	0.7%
West Midlands	7.7%	7.2%	7.5%	8.1%	8.6%	0.5%
Wales	7.7%	9.0%	8.2%	7.6%	8.6%	1.0%
North West	8.4%	8.8%	8.5%	8.2%	8.5%	0.3%
East Midlands	7.1%	7.5%	7.5%	8.0%	8.0%	0.0%
South West	6.7%	7.1%	7.0%	7.4%	7.8%	0.4%
East Anglia	6.7%	6.2%	6.6%	7.2%	7.2%	0.0%
South East	6.5%	6.5%	6.5%	6.6%	6.9%	0.3%
Greater London	6.0%	6.0%	5.9%	6.3%	6.1%	-0.2%



Q1 2026 Rents by Region

Geographic Region List	Average Rent by Region					Quarter on Quarter change	Yearly change
	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026		
Greater London	£2,185	£2,328	£2,165	£2,388	£2,567	7.5%	17.5%
South East	£1,575	£1,520	£1,662	£1,765	£1,747	-1.0%	10.9%
East Anglia	£1,570	£1,640	£1,501	£1,796	£1,642	-8.6%	4.6%
West Midlands	£1,217	£1,146	£1,563	£1,399	£1,573	12.4%	29.3%
South West	£1,385	£1,363	£1,512	£1,552	£1,491	-3.9%	7.7%
East Midlands	£1,113	£1,173	£1,125	£1,473	£1,375	-6.7%	23.5%
Wales	£984	£1,061	£980	£958	£1,187	23.9%	20.6%
North West	£1,156	£1,167	£1,157	£1,112	£1,167	5.0%	1.0%
Yorkshire & Humberside	£869	£861	£1,079	£1,394	£1,139	-18.3%	31.0%
North East	£739	£900	£848	£834	£987	18.4%	33.6%



Market Indicators

Bank Base Rate was held at 3.75% throughout the quarter, with the last MPC meeting in March seeing a unanimous decision to hold. However, prior to the conflict in Iran, the expectation was that rates would be cut – now the direction of travel looks much less certain as we wait to see the inflationary pressures that are brought to bear and how the MPC might react.

While peer market pricing averages (prior to the swap market volatility observed during March) declined by around 10bps on two-year fixes and 5bps on five-year fixes. Fleet’s own two-year products reduced by 10bps during the period, with five-year products reducing by an average 6bps to 4.91%.

Average loan sizes continued their upward trajectory, increasing to £210k with Fleet continuing to observe strong demand from landlords looking to add properties to their rental portfolios, with a third doing so across the quarter.

Indicator	Application data by application date				
	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Bank Base Rate	4.50%	4.25%	4.00%	3.75%	3.75%
Average 2-Year Fixed Rate (Market)	5.16%	4.93%	4.43%	4.34%	4.26%
Average 5-Year Fixed Rate (Market)	5.48%	5.27%	4.98%	4.84%	4.78%
Average Fleet 2-Year Fixed Rate	4.63%	4.35%	4.35%	4.27%	4.17%
Average Fleet 5-Year Fixed Rate	5.15%	5.13%	5.04%	4.97%	4.91%
Average Rent Cover at Origination	190%	187%	171%	183%	172%
Average Loan Size	£207k	£198k	£194k	£206k	£210k
Percentage Purchase Business	39%	39%	38%	37%	33%
Average number of Investment Properties	9	10	12	14	16



Borrowing Entity

Limited company borrowing continues to dominate the specialist buy-to-let market, increasing to 78% of all applications received in Q1. This trend highlights how landlords are increasingly professionalising their operations in order to benefit from tax efficiencies.

Borrower Type	Q1 2026
Private Investor	22%
Limited Company	78%

Landlord Portfolios

Over 63% of applications received during the quarter were from portfolio landlords holding four or more properties. Notably, the share of applications from landlords with 15+ properties grew further to 30%, up from 25% in Q4. At the same time, first-time landlord applications represented 11% of the total, showing that new entrants remain active despite affordability and regulatory challenges.

Number of Investment Properties	Q4 2025	Q1 2026
1-3 BTL properties	28%	26%
4-5 BTL properties	6%	7%
6-14 BTL properties	30%	26%
15+ BTL properties	25%	30%
First-time Landlord	11%	11%

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



Chris Barwick

Senior BDM: North East

07464 544 446

Chris.barwick@fleetmortgages.co.uk



Stella Brookman

Senior BDM: South East

07977 439 721

Stella.brookman@fleetmortgages.co.uk



Dave Horsman

Key Account Manager: Central & South London

07377 246 387

Dave.horsman@fleetmortgages.co.uk



David Lockwood

BDM: North London

07929 264 379

David.lockwood@fleetmortgages.co.uk



Giovanna Streatfield

Senior BDM: South

07981 802 332

Giovanna.streatfield@fleetmortgages.co.uk



Donna Spence

Senior BDM: North West

07464 544 443

Donna.spence@fleetmortgages.co.uk



Katy Williams

Senior BDM: Midlands

07464 927 175

Katy.williams@fleetmortgages.co.uk

