

Fleet
Mortgages

Rental Barometer

Q2 2026

INTERMEDIARY USE ONLY





The Buy-to-Let Mortgage Market

Another quarterly tale of two halves

If the first quarter of 2026 was defined by markets moving from calm to uncertainty, then the second quarter has effectively told the opposite story. The opening weeks of Q2 were dominated by the financial markets' reaction to the conflict in Iran, with inflation concerns, rising swap rates and funding costs creating a more challenging environment for lenders, advisers and landlord borrowers alike. Pricing came under significant pressure across the entire mortgage market with lenders having little choice but to respond as conditions changed almost daily.

As the quarter has progressed however, the mood has shifted. Greater stability has returned to financial markets following the agreed peace plan, swap rates have eased and lenders have once again been able to price accordingly. At the same time, Fleet has been able to reintroduce products and make rate reductions, which has hopefully provided advisers with more affordable options for landlord clients.

There are, of course, reasons to remain measured. Recent years have shown that periods of market volatility can emerge quickly and unexpectedly, driven by geopolitical events, inflationary pressures or changes in sentiment. Rather than viewing these episodes as exceptional, we are all increasingly having to accept they are now part of a normal operating environment and, as a result, we need to plan accordingly.

The encouraging aspect is that the underlying fundamentals remain supportive. The Monetary Policy Committee has maintained BBR at 3.75%, inflation has avoided the sharp increases many had feared at the start of the quarter and lender competition has strengthened as funding conditions have improved.

While uncertainty can never be ruled out completely, the market ends Q2 in a considerably healthier position than it finished Q1.





Q2 2026 Rental Yields

Annual rental yields show increases while quarter-on-quarter sees levelling out

The Q2 2026 Rental Barometer reveals a 0.3% annual increase to average rental yields across England and Wales - all the regions Fleet lends within - moving up to 7.8% over the period. Quarter-on-quarter, however, there has been a slight drop in average rental yields, down from 8.1% in the first three months of 2026.

In terms of individual regions, the North East (9.2%) and the North West (8.8%) lead the rankings while Greater London remains at the bottom of the table with 6.3%, albeit up from 6.1% in Q1 this year.

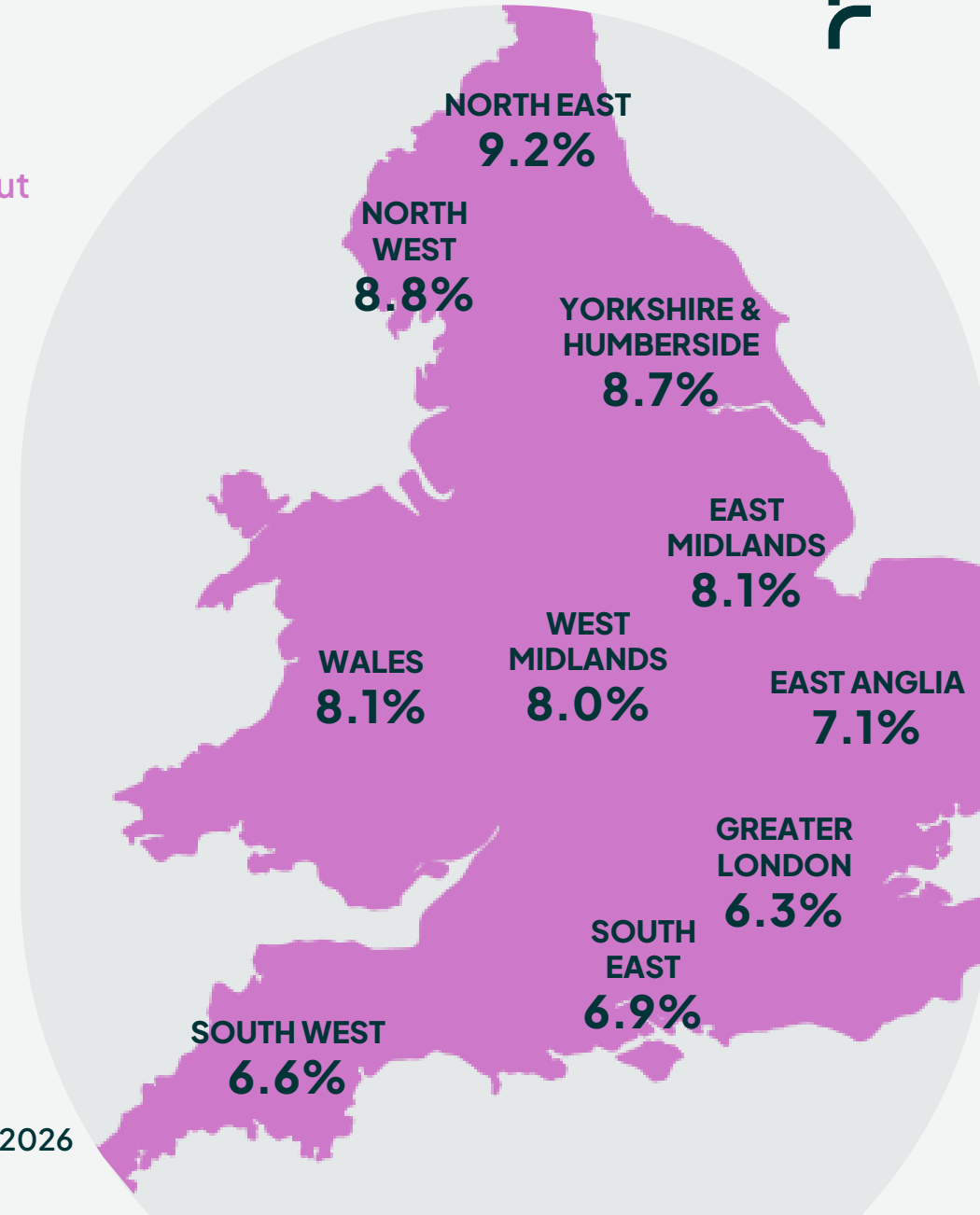
In that sense, these latest figures confirm the ongoing North/South yield divide and reflect the often higher house prices found in Southern regions.

The highest rental values however continue to be found in Greater London, which has average monthly rents of £2,364, representing a 1.5% annual increase, while the North East is now the most affordable region with average monthly rents of £844.

Fleet's lending data shows landlords remain active and committed to expanding portfolios where appropriate and where opportunity presents itself, with 36% looking to purchase and 62% owning four or more properties. The attraction of buy-to-let for new landlords also remains, with first-time landlord applications holding steady at 9% over the quarter.

On pricing, Fleet's average two- and five-year fixed rates increased to 4.50% and 5.35% respectively, continuing to outperform peer market averages rates (4.78% and 5.44%) highlighting the competitiveness of pricing.

On a regional basis, while growth continues to be observed at a modest rate across many regions, the two regions of the South West and Wales both observed annual rental yield decreases this quarter, with the North West observing flat growth. On a quarterly basis, decreases were observed across most regions, the exceptions being the East Midlands, Greater London and the North West.



Average rental yield by region Q2 2026



Q2 2026 Rental Yields

Geographic Region List	Average Rental Yield by Region					Quarter on Quarter change
	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026	
North East	8.7%	9.0%	9.6%	9.8%	9.2%	-0.6%
North West	8.8%	8.5%	8.2%	8.5%	8.8%	0.3%
Yorkshire and Humberside	7.9%	8.2%	8.3%	9.0%	8.7%	-0.3%
Wales	9.0%	8.2%	7.6%	8.6%	8.1%	-0.5%
East Midlands	7.5%	7.5%	8.0%	8.0%	8.1%	0.1%
West Midlands	7.2%	7.5%	8.1%	8.6%	8.0%	-0.6%
East Anglia	6.2%	6.6%	7.2%	7.2%	7.1%	-0.1%
South East	6.5%	6.5%	6.6%	6.9%	6.9%	-
South West	7.1%	7.0%	7.4%	7.8%	6.6%	-1.2%
Greater London	6.0%	5.9%	6.3%	6.1%	6.3%	0.2%



Q2 2026 Rents by Region

Geographic Region List	Average Rent by Region					Quarter on Quarter change	Yearly change
	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026		
Greater London	£2,328	£2,165	£2,388	£2,567	£2,364	-7.9%	1.6%
South East	£1,520	£1,662	£1,765	£1,747	£1,628	-6.8%	7.1%
East Anglia	£1,640	£1,501	£1,796	£1,642	£1,515	-7.7%	-7.6%
South West	£1,363	£1,512	£1,552	£1,491	£1,423	-4.6%	4.4%
West Midlands	£1,146	£1,563	£1,399	£1,573	£1,370	-12.9%	19.6%
East Midlands	£1,173	£1,125	£1,473	£1,375	£1,353	-1.6%	15.4%
Wales	£1,061	£980	£958	£1,187	£1,214	2.3%	14.4%
North West	£1,167	£1,157	£1,112	£1,167	£1,188	1.8%	1.8%
Yorkshire & Humberside	£861	£1,079	£1,394	£1,139	£1,064	-6.6%	23.6%
North East	£900	£848	£834	£987	£844	-14.5%	-6.2%



Market Indicators

Bank Base Rate was held at 3.75% throughout the quarter as the MPC sought to maintain monetary stability and control inflation. 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 how severe the inflationary pressures might be, and how the MPC seeks to deal with this.

Indicator	Application data by application date				
	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026
Bank Base Rate	4.25%	4.00%	3.75%	3.75%	3.75%
Average 2-Year Fixed Rate (Market)	4.93%	4.43%	4.34%	4.26%	4.78%
Average 5-Year Fixed Rate (Market)	5.27%	4.98%	4.84%	4.78%	5.44%
Average Fleet 2-Year Fixed Rate	4.35%	4.35%	4.27%	4.17%	4.50%
Average Fleet 5-Year Fixed Rate	5.13%	5.04%	4.97%	4.91%	5.35%
Average Rent Cover at Origination	187%	171%	183%	172%	144%
Average Loan Size	£198k	£194k	£206k	£210k	£197k
Percentage Purchase Business	39%	38%	37%	33%	36%
Average number of Investment Properties	10	12	14	16	16



Borrowing Entity

Limited company borrowing continues to dominate the specialist buy-to-let market, remaining stable at 78% of all applications received in Q2. This trend highlights how landlords are increasingly professionalising their operations in order to benefit from tax efficiencies.

Borrower Type	Q2 2026
Private Investor	22%
Limited Company	78%

Landlord Portfolios

Over 62% of applications received during the quarter were from portfolio landlords holding four or more properties. Notably, the share of applications from landlords with 6-14 properties grew further to 30%, up from 26% in Q1. At the same time, first-time landlord applications represented 9% of the total, showing new entrants remain active despite affordability and regulatory challenges.

Number of Investment Properties	Q1 2026	Q2 2026
1-3 BTL properties	26%	29%
4-5 BTL properties	7%	6%
6-14 BTL properties	26%	30%
15+ BTL properties	30%	26%
First-time Landlord	11%	9%

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



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