

Rental Barometer

Q3 2026



The Buy-to-Let Mortgage Market

Another quarter on the rollercoaster

If there was a hope at the end of Q2 that the buy-to-let mortgage market might be heading into a more settled period, the last three months have provided another reminder of just how quickly conditions can change.

There have certainly been periods during Q3 when geopolitical tensions appeared to be easing, but the conflict involving Iran and the US has continued and, more recently, intensified again, driving energy prices higher and placing renewed pressure on the inflation outlook. Higher energy prices and ongoing inflation concerns have continued to affect financial markets, with knock-on implications for swap rates, lender funding costs and mortgage pricing.

Indeed, the Bank of England's September Monetary Policy Committee (MPC) meeting underlined just how much the outlook has shifted, with Bank Base Rate held at 3.75%, albeit with three members voting for an increase to 4%.

The Bank also highlighted the impact of higher and more volatile energy prices, with inflation reaching 3.1% in August and expected to rise further over the coming quarters.

For the mortgage market, the result has been another quarter in which pricing has moved in both directions and lenders have had to react quickly as funding conditions have changed. The average market two-year fixed rate increased from 4.78% in Q2 to 4.89% in Q3, while the equivalent five-year rate rose from 5.44% to 5.57%.

Fleet's own average two-year pricing also increased from 4.5% to 4.61%, although our average five-year rate fell from 5.35% to 5.17%, highlighting how individual parts of the market have moved differently during the quarter.





The Buy-to-Let Mortgage Market (continued)

Uncertainty has affected activity

The level of uncertainty we have seen was always likely to have some impact on landlord activity and our Q3 figures suggest this has been the case, with purchase business easing from 36% of applications in Q2 to 34% in Q3.

Average rental cover at origination has also fallen from 144% to 132%, reflecting the continuing affordability pressures facing borrowers as mortgage rates and funding costs remain elevated.

However, it would be wrong to interpret those figures as evidence of landlords stepping away from the market, particularly when the wider data continues to point towards further professionalisation and portfolio growth.

The average number of investment properties owned by Fleet borrowers has increased again from 16 in Q2 to 18 in Q3, while 66% of applications came from landlords owning four or more properties. Those with 15 or more buy-to-let properties now account for 30% of applications, up from 26% last quarter, while first-time landlord activity has also edged higher from 9% to 10%.

Perhaps this tells us something about how professional landlords now approach periods of uncertainty because, while individual purchases might be delayed or brought forward according to market conditions, the longer-term direction continues to be towards growing portfolios and landlords treating buy-to-let as a long-term property business.



Average landlord
portfolio size

18 Properties



Q3 2026 Rental Yields

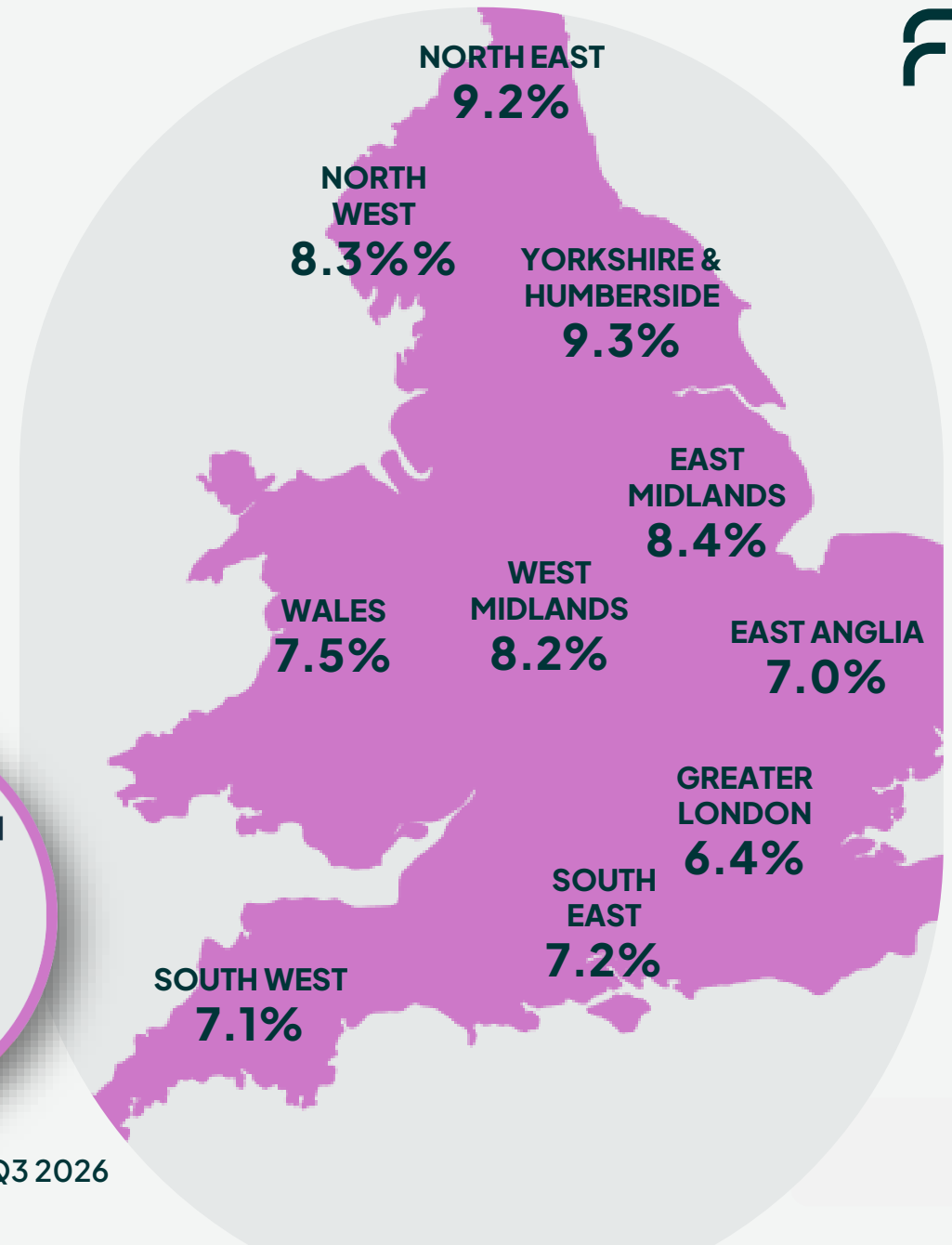
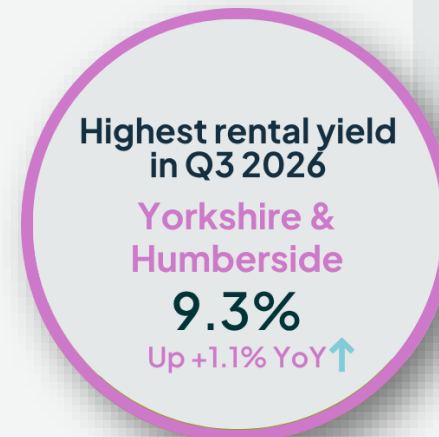
Rental fundamentals remain supportive

There is also plenty of encouragement within the rental data itself, with the Q3 Rental Barometer revealing that average yields across England and Wales are up again year-on-year by 0.4% to 7.9%.

Yorkshire & Humberside has moved to the top of the regional table at 9.3%, just ahead of the North East at 9.2%.

Greater London remains the lowest-yielding region at 6.4%, although average monthly rents there have increased to £2,597; while the North East remains the most affordable with average monthly rents of £792.

On a regional basis, growth continues to be observed at a modest rate across many regions, with only two – the North West and Wales – showing an annual fall, and only three – East Anglia, the North West and Wales – showing a quarterly dip, with the North East remaining unchanged for the second quarter running at 9.2%.



Average rental yield by region Q3 2026

Q3 2026

Renters' Rights Act becomes embedded with more change to come

Alongside the financial market uncertainty, landlords have also spent Q3 becoming accustomed to the first phase of the Renters' Rights Act, which came into force in May, while attention is now turning towards the next stage of implementation.

The new property registration service begins its regional rollout in the West Midlands on the 15th December, before extending across England during 2027, meaning regulatory change will remain another important consideration for landlords and their advisers.

The broader picture therefore remains mixed but, importantly, not negative. Q3 has delivered another period of financial market volatility and that has inevitably affected

pricing and activity, yet professional landlords continue to grow portfolios, yields remain strong and new investors are still entering the sector.

As we move towards the final quarter of the year, predicting where markets go next remains extremely difficult, particularly while geopolitical and inflationary risks remain elevated.

What Q3 has shown once again, however, is that periods of volatility do not necessarily change the longer-term plans of committed landlords, even if they influence precisely when and how those plans are put into action.





Q3 2026 Rental Yields

Geographic Region List	Average Rental Yield by Region						
	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026	Quarter on Quarter change	Annual change
Yorkshire and Humberside	8.2%	8.3%	9.0%	8.7%	9.3%	0.6%	1.1%
North East	9.0%	9.6%	9.8%	9.2%	9.2%	-	0.2%
East Midlands	7.5%	8.0%	8.0%	8.1%	8.4%	0.3%	0.9%
North West	8.5%	8.2%	8.5%	8.8%	8.3%	-0.5%	-0.2%
West Midlands	7.5%	8.1%	8.6%	8.0%	8.2%	0.2%	0.7%
Wales	8.2%	7.6%	8.6%	8.1%	7.5%	-0.6%	-0.7%
South East	6.5%	6.6%	6.9%	6.9%	7.2%	0.3%	0.7%
South West	7.0%	7.4%	7.8%	6.6%	7.1%	0.5%	0.1%
East Anglia	6.6%	7.2%	7.2%	7.1%	7.0%	-0.1%	0.4%
Greater London	5.9%	6.3%	6.1%	6.3%	6.4%	0.1%	0.5%



Q3 2026 Rents by Region

Geographic Region List	Average Rent by Region						
	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026	Quarter on Quarter change	Yearly change
Greater London	£2,165	£2,388	£2,567	£2,364	£2,597	9.9%	20.0%
East Anglia	£1,501	£1,796	£1,642	£1,515	£1,912	26.2%	27.4%
South East	£1,662	£1,765	£1,747	£1,628	£1,611	-1.0%	-3.1%
West Midlands	£1,563	£1,399	£1,573	£1,370	£1,504	9.8%	-3.8%
South West	£1,512	£1,552	£1,491	£1,423	£1,494	5.0%	-1.2%
East Midlands	£1,125	£1,473	£1,375	£1,353	£1,355	0.2%	20.4%
North West	£1,157	£1,112	£1,167	£1,188	£1,355	14.1%	17.1%
Yorkshire & Humberside	£1,079	£1,394	£1,139	£1,064	£1,249	17.4%	15.8%
Wales	£980	£958	£1,187	£1,214	£1,079	-11.1%	10.1%
North East	£848	£834	£987	£844	£792	-6.2%	-6.6%



Market Indicators

Bank Base Rate remained at 3.75% throughout Q3, although the direction of travel became increasingly uncertain as geopolitical tensions, higher energy prices and renewed inflationary pressures changed market expectations. The September MPC meeting resulted in another 6-3 vote in favour of holding Bank Rate, with three members voting for an increase to 4%, while the Bank highlighted higher energy prices as a growing upside risk to inflation.

This leaves the outlook for the final quarter finely balanced, with the next MPC decision in November likely to depend heavily on the inflation and economic data published between now and then.

Indicator	Application data by application date				
	Q3 2025	Q4 2025	Q1 2026	Q2 2026	Q3 2026
Bank Base Rate	4.00%	3.75%	3.75%	3.75%	3.75%
Average 2-Year Fixed Rate (Market)	4.43%	4.34%	4.26%	4.78%	4.89%
Average 5-Year Fixed Rate (Market)	4.98%	4.84%	4.78%	5.44%	5.57%
Average Fleet 2-Year Fixed Rate	4.35%	4.27%	4.17%	4.50%	4.61%
Average Fleet 5-Year Fixed Rate	5.04%	4.97%	4.91%	5.35%	5.17%
Average Rent Cover at Origination	171%	183%	172%	144%	132%
Average Loan Size	£194k	£206k	£210k	£197k	£202K
Percentage Purchase Business	38%	37%	33%	36%	34%
Average number of Investment Properties	12	14	16	16	18



Borrowing Entity

Limited company borrowing continues to dominate the specialist buy-to-let market, although its share fell quarter-on-quarter from 78% to 71% of all applications received.

Borrower Type	Q3 2026
Private Investor	29%
Limited Company	71%



Landlord Portfolios

Over 66% of applications received during the quarter were from portfolio landlords holding four or more properties, with the changing composition of applications continuing to underline the increasingly professional nature of the sector.

The share from landlords with 15-plus properties increased to 30%, compared with 26% in Q2 and 23% a year ago, while those with between one and three properties fell to 24%, compared with 29% last quarter and 27% in Q3 2025. At the same time, first-time landlord applications increased slightly to 10% of the total, showing new entrants remain active despite affordability and regulatory challenges.

Number of Investment Properties	Q2 2026	Q3 2026
1-3 BTL properties	29%	24%
4-5 BTL properties	6%	6%
6-14 BTL properties	30%	30%
15+ BTL properties	26%	30%
First-time Landlord	9%	10%

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



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