

Fleet
Mortgages

Rental Barometer

Q3 2024

INTERMEDIARY USE ONLY



Everything starts with a good conversation.

The Buy-to-Let Mortgage Market

Latest Q3 market data from Fleet Mortgages reveals a continued upward trend in the number of landlords selecting a Fleet product for the purpose of funding a new property purchase to build their property portfolios, increasing from the longer-term trend of 30% to 42% of applications received during the quarter. A typical landlord now holds 12 properties within their rental portfolio.

This continued increase in the number of landlords looking to acquire property to build their portfolios is perhaps in part driven by the

reduction to the Bank of England interest rate in August, marking the first cut since the onset of the pandemic in March 2020.

With additional reductions expected before the end of the year, an improved affordability picture within the sector is on the horizon as lenders continue to reduce rates against the backdrop of reducing swap rates.



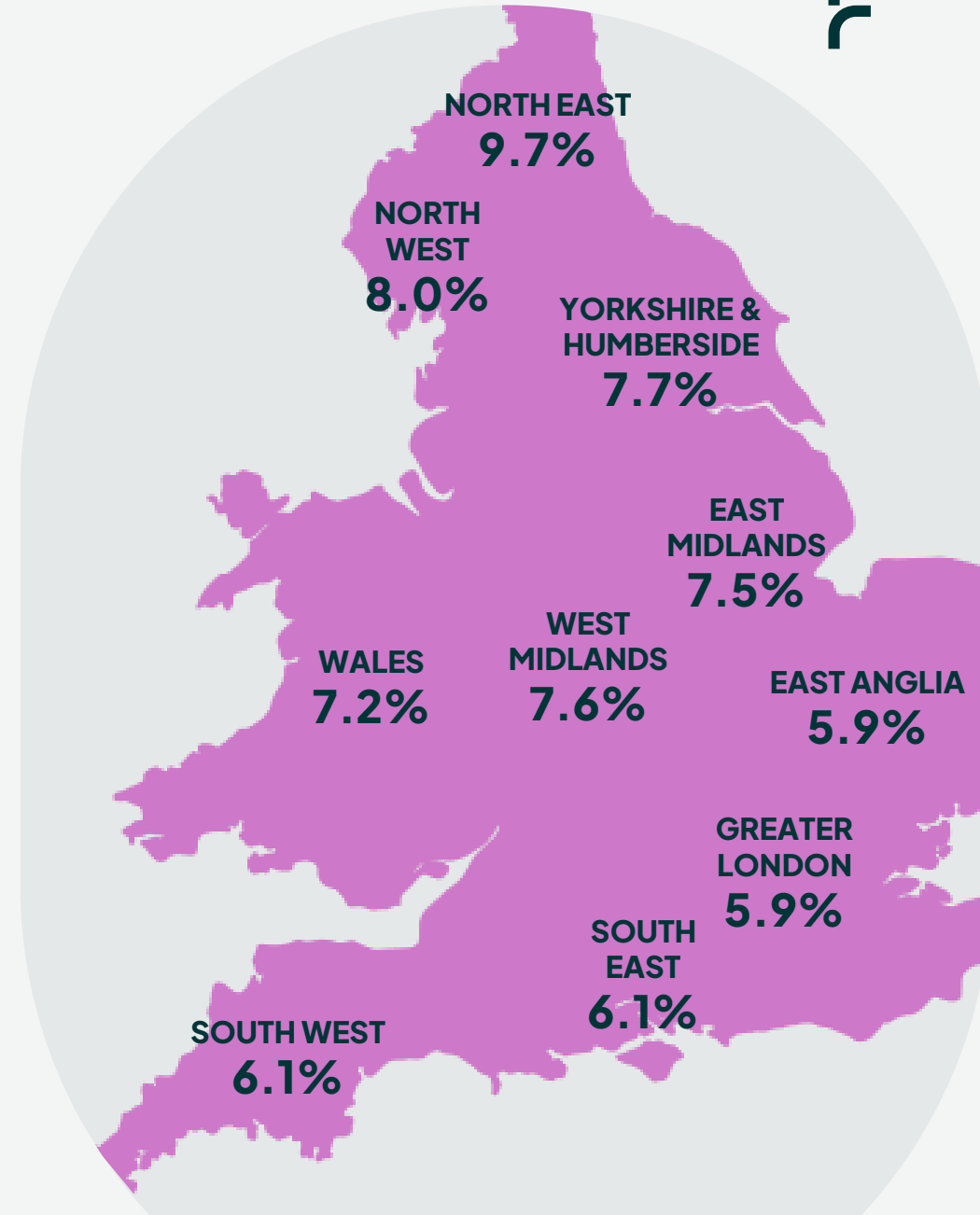


Q3 2024 Rental Yields

According to Fleet's data, the average rental yield generated from buy-to-let properties across all regions averaged 7.2% in Q3 2024, representing a slight decrease from Q2 and being broadly static compared to the same period 12 months ago.

Similar to Q2, rental yields from properties located within the North East continue to generate the highest yields based on Q3 application data, increasing 1.3% year-on-year. More broadly, properties located within the North continue to observe the highest rental yields, with properties located within the Midlands benefiting from some of the largest annual rental yield growth (1.1% in the East Midlands and 1.2% in the West Midlands).

Fleet data reveals the highest average monthly rent per property (£2,134) is generated within Greater London, followed by the South East region at £1,572. Properties located within the North East region typically contain the most affordable rental stock, commanding a monthly rent of £702.



**Average rental yield
by region Q3 2024**



Q3 2024 Rental Yields

Geographic Region List	Average Rental Yield by Region					y/y change
	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	
North East	8.4%	8.0%	8.4%	10.1%	9.7%	1.3%
West Midlands	6.4%	7.1%	7.6%	8.0%	7.6%	1.2%
East Midlands	6.4%	6.5%	6.6%	7.5%	7.5%	1.1%
South East	5.5%	5.8%	6.1%	6.4%	6.1%	0.6%
Greater London	5.4%	5.6%	5.9%	6.1%	5.9%	0.5%
North West	7.6%	8.0%	7.9%	8.4%	8.0%	0.4%
Yorkshire and Humberside	7.4%	7.6%	8.5%	7.6%	7.7%	0.3%
Wales	7.0%	7.7%	7.4%	8.3%	7.2%	0.2%
South West	5.9%	6.3%	6.2%	6.9%	6.1%	0.2%
East Anglia	5.8%	6.0%	6.4%	6.8%	5.9%	0.1%



Market Indicators

As a result of reducing swaps during the quarter, average five-year, fixed-rate, buy-to-let products within Fleet's peer market reduced 38bps - from 5.73% during Q2 to 5.35% during Q3 2024 - with average rates over 100bps lower than those observed during the same period in 2023.

A similar trend was also observed within the two-year fixed-rate buy-to-let market with average rates on these products within Fleet's peer market decreasing 34bps from 5.68% during the quarter and remain ~90bps lower when compared to the same time period in 2023.

Indicator	Q2 2024	Q3 2024
Bank Base Rate	5.25%	5.00%
Ave. 75% 2-Year Fixed Rate (Limited Company peer market)	5.68%	5.34%
Ave. 75% 5-Year Fixed Rate (Limited Company peer market)	5.73%	5.35%
Ave. 75% Fleet 2-year Fixed Rate	5.05%	5.02%
Ave. 75% Fleet 5-year Fixed Rate	5.69%	5.24%
Ave. Rent Cover at Origination	175%	176%
Ave. Loan Size	£171,000	£196,000
Percentage Purchase Business	42%	43%



Borrowing Entity

Latest Fleet data continues to highlight the dominance of the limited company landlord within the specialist buy-to-let market, with over 75% of all Q3 2024 applications held in a limited company name, representing a 9% increase year-on-year.

Borrower Type	Q3 2024
Private Investor	23%
Limited Company	77%

Landlord Portfolios

Data for Q3 2024 reveals the average number of properties held within a typical landlord's portfolio has increased to 12 properties from the longer-term average of 11 properties. This continues to evidence that landlords remain committed to the market longer-term, with over 58% of applications received during the last quarter from landlords holding four or more rental properties.

Number of Investment Properties	Q2 2024	Q3 2024
1-3 BTL properties	34%	31%
4-5 BTL properties	8%	8%
6-14 BTL properties	28%	30%
15+ BTL properties	19%	21%
First-time Landlord	11%	10%

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

Senior BDM: Central & South London/South East

07377 246 387

Dave.horsman@fleetmortgages.co.uk



David Lockwood

BDM: North London

07929 264 379

David.lockwood@fleetmortgages.co.uk



Josh Parker

Senior BDM: South West

07471 992 978

Josh.parker@fleetmortgages.co.uk



Donna Spence

Senior BDM: North West

07464 544 443

Donna.spence@fleetmortgages.co.uk



Giovanna Streatfield

Senior BDM: South

07981 802 332

Giovanna.streatfield@fleetmortgages.co.uk



Katy Williams

Senior BDM: Midlands

07464 927 175

Katy.williams@fleetmortgages.co.uk

