

Fleet
Mortgages

Rental Barometer

Q4 2024

INTERMEDIARY USE ONLY



Everything starts with a good conversation.

The Buy-to-Let Mortgage Market

Latest market data from Fleet Mortgages reflecting on the period Q4 2024 reveals average rental yields are now 0.6% higher than compared to 12 months ago. The North East, East Midlands and Yorkshire & Humberside top the regions for the highest annual rental inflation, while the year-on-year change in rents within the West Midlands region has resulted in a decrease of 0.5%.

Average monthly rental values across all Fleet lending areas increased 9% annually, averaging £1,345 during Q4, with the highest rents observed within Greater London and the South West. Affordability pressures have continued throughout Q4 following increases to swap rates, with five-year interest rates typically 10bps higher compared to the previous quarter.

Despite Stamp Duty Land Tax changes announced during this year's Budget, Fleet continues to observe high demand (44%) from landlords looking to add properties to their rental portfolios. A typical landlord now holds 12 properties within their rental portfolio.



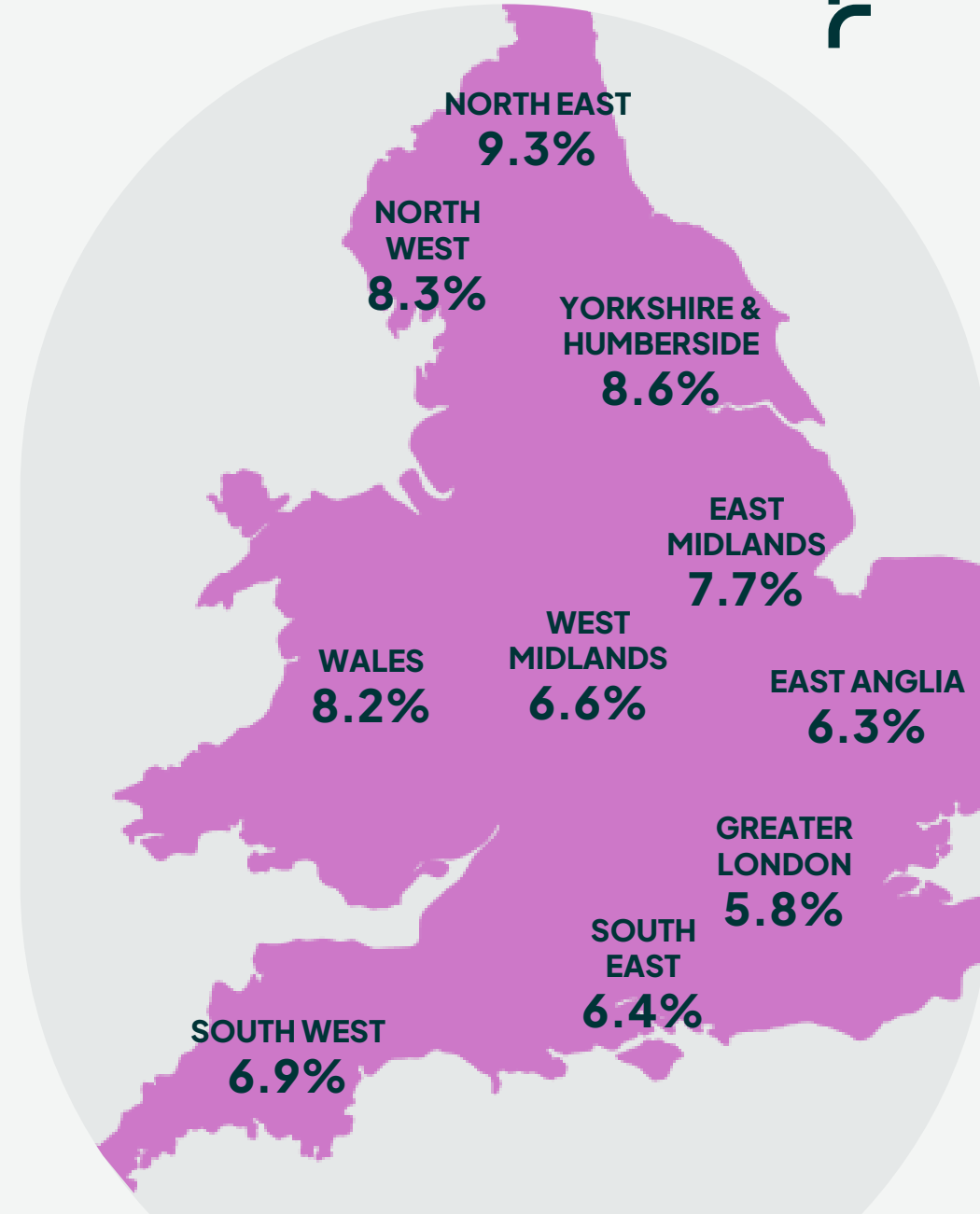


Q4 2024 Rental Yields

Fleet's latest data reveals the average rental yield generated from buy-to-let properties across all regions averaged 7.4% in Q4 2024, representing a broadly static market when compared to Q3 2024, and representative of a 0.6% increase over the same period 12 months ago.

As observed during previous quarters, rental yields from properties located within the North East continue to generate the highest yields based on Q4 application data, increasing 1.3% annually, albeit Q4 data is beginning to reflect a slight decrease compared to Q3. More broadly, properties located within Yorkshire and Wales have observed the largest quarterly increases in rental yields, with both regions up ~1% during the quarter.

As with earlier quarters, Fleet data reveals the highest average monthly rent per property (£2,056) is generated within Greater London, followed by the South West region at £1,734. Properties located within the North East region typically contain the most affordable rental stock, commanding a monthly rent of £706.



Average rental yield by region Q4 2024



Q4 2024 Rental Yields

Geographic Region List	Average Rental Yield by Region					Quarter on Quarter change
	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	
West Midlands	7.1%	7.6%	8.0%	7.6%	6.6%	1.0%
Wales	7.7%	7.4%	8.3%	7.2%	8.2%	1.0%
Yorkshire and Humberside	7.6%	8.5%	7.6%	7.7%	8.6%	0.9%
South West	6.3%	6.2%	6.9%	6.1%	6.9%	0.8%
East Anglia	6.0%	6.4%	6.8%	5.9%	6.3%	0.4%
South East	5.8%	6.1%	6.4%	6.1%	6.4%	0.3%
North West	8.0%	7.9%	8.4%	8.0%	8.3%	0.3%
East Midlands	6.5%	6.6%	7.5%	7.5%	7.7%	0.2%
Greater London	5.6%	5.9%	6.1%	5.9%	5.8%	-0.1%
North East	8.0%	8.4%	10.1%	9.7%	9.3%	-0.4%



Market Indicators

As a result of increasing swaps during the quarter, average five-year, fixed-rate buy-to-let products within Fleet’s peer market increased 10bps – from 5.35% during Q3 – to 5.45% during Q4 2024.

The two-year fixed-rate market observed greater stability with average interest rates remaining close to 5.3%.

Indicator	Q3 2024	Q4 2024
Bank Base Rate	5.00%	4.75%
Average 75% 2-Year Fixed Rate (Limited Company peer market)	5.34%	5.33%
Average 75% 5-Year Fixed Rate (Limited Company peer market)	5.35%	5.45%
Average 75% Fleet 2-year Fixed Rate	5.02%	4.71%
Average 75% Fleet 5-year Fixed Rate	5.24%	5.11%
Average Rent Cover at Origination	176%	182%
Average Loan Size	£196,000	£202,000
Percentage Purchase Business	43%	44%



Borrowing Entity

Latest Fleet data continues to highlight the dominance of the limited company landlord within the specialist buy-to-let market, with almost 80% of all applications received during Q4 2024 held in a limited company name, representing a 2% increase over Q3 and an 11% increase year-on-year.

Borrower Type	Q4 2024
Private Investor	21%
Limited Company	79%

Landlord Portfolios

Data for Q4 2024 reveals the average number of properties held within a typical landlord's portfolio has remained at 12 properties, with over 58% of applications received during the last quarter from landlords holding four or more rental properties

Number of Investment Properties	Q3 2024	Q4 2024
1-3 BTL properties	31%	31%
4-5 BTL properties	8%	7%
6-14 BTL properties	30%	34%
15+ BTL properties	21%	17%
First-time Landlord	10%	11%

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



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