

Fleet
Mortgages

Rental Barometer Q2 2024

INTERMEDIARY USE ONLY



Everything starts with a good conversation.

The Buy-to-Let Mortgage Market

Following the renewed optimism referenced within the Q1 Rental Barometer report, the outlook during Q2 felt a little subdued. Continued volatility in the swap rate markets resulted in upward pricing changes from many lenders, which presented some affordability constraints for a number of landlords rolling off lower five-year fixed rates and looking to remortgage away from higher revert rates.

The general housing market also appeared more subdued, with flat house price growth expected to continue until the outcome of the General Election is known and the first of the long-awaited Bank of England Base Rate reductions is confirmed, now expected in either August or September.

That said, the latest Fleet market data reveals a surprising increase to the share of property purchase business received during Q2, increasing from the longer-term trends of 30% to 42% of applications received during the quarter, as more landlords looked to acquire additional rental stock to build their portfolios.



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Rental Yields

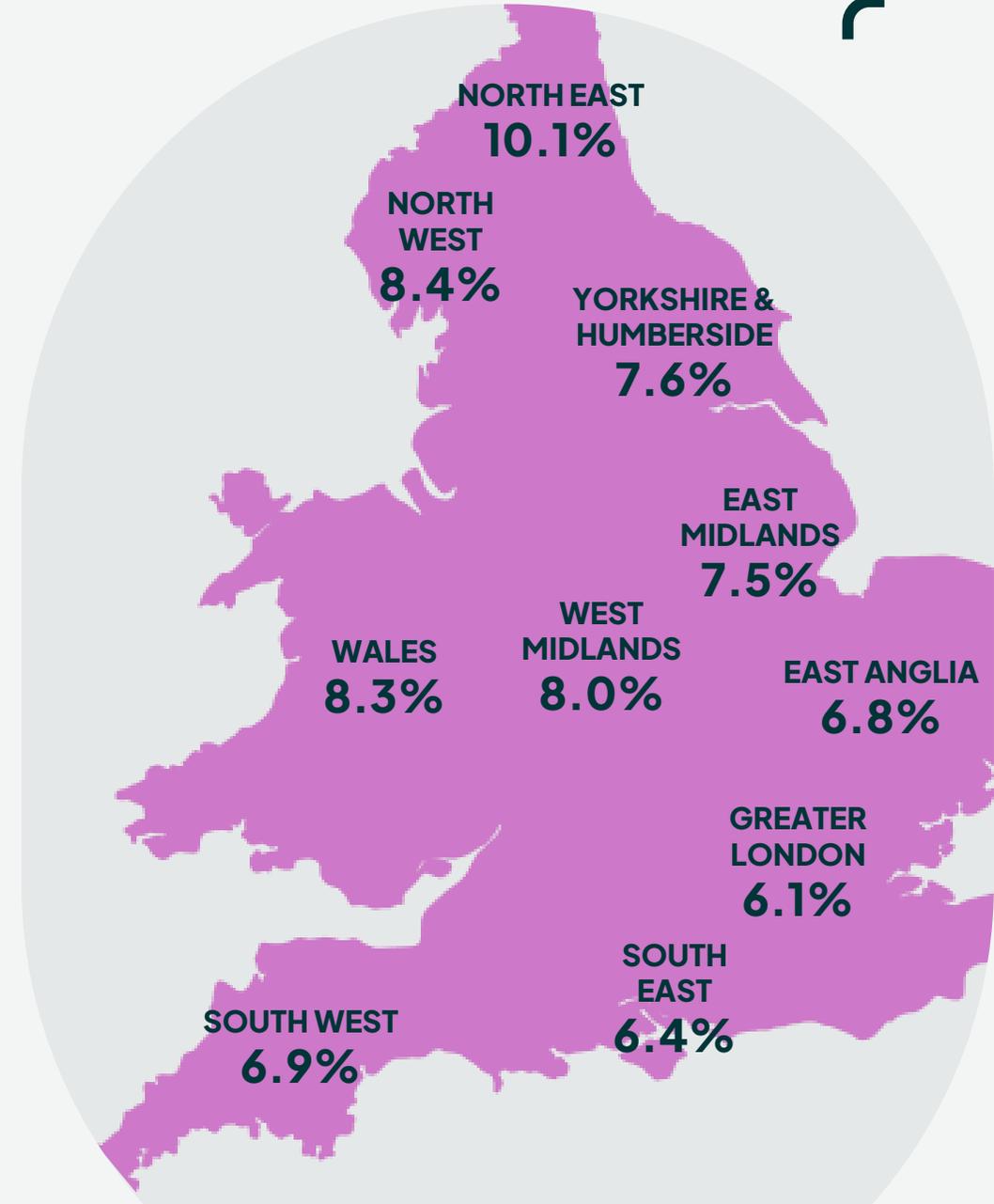
According to Fleet's data, rental yields across England and Wales averaged 7.6% in Q2 2024, up 1% from 6.6% over the same period 12 months ago.

Rental yields within the North East generated the highest yields based on Q2 application data, increasing 1.6% year-on-year with positive increases to yields across all regions when compared to Q2 2023 data.

Increases to yields within the North East region were closely followed by the West Midlands at 1.4% and Wales at 1.3% growth per annum.

Fleet data reveals the highest average monthly rent per property (£2,024) is generated within Greater London, followed by East Anglia at £1,594.

Properties located within the North East region typically see the most affordable rental stock, commanding a monthly rent of £768.



**Average rental yield
by region Q2 2024**



Rental Yields

Geographic Region List	Average rental yield by region					
	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	y/y change
North East	8.5%	8.4%	8.0%	8.4%	10.1%	1.6%
West Midlands	6.6%	6.4%	7.1%	7.6%	8.0%	1.4%
Wales	7.0%	7.0%	7.7%	7.4%	8.3%	1.3%
East Anglia	5.6%	5.8%	6.0%	6.4%	6.8%	1.2%
East Midlands	6.5%	6.4%	6.5%	6.6%	7.5%	1.0%
North West	7.5%	7.6%	8.0%	7.9%	8.4%	0.9%
South East	5.5%	5.5%	5.8%	6.1%	6.4%	0.9%
Greater London	5.3%	5.4%	5.6%	5.9%	6.1%	0.8%
South West	6.4%	5.9%	6.3%	6.2%	6.9%	0.5%
Yorkshire and Humberside	7.3%	7.4%	7.6%	8.5%	7.6%	0.3%



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 21bps - from 5.52% during Q1 - to 5.73% during Q2 2024, with average rates broadly similar to those observed during the same period in 2023.

Average two-year, fixed-rate buy-to-let products within Fleet’s peer market increased 8bps from 5.60% during the quarter and remain ~15bps lower when compared to the same time period in 2023.

Indicator	Q1 2024	Q2 2024
Bank Base Rate	5.25%	5.25%
Ave. 75% 2-Year Fixed Rate (Limited Company peer market)	5.60%	5.68%
Ave. 75% 5-Year Fixed Rate (Limited Company peer market)	5.52%	5.73%
Ave. 75% Fleet 2-year Fixed Rate	4.89%	5.02%
Ave. 75% Fleet 5-year Fixed Rate	5.12%	5.52%
Ave. Rent Cover at Origination	175%	178%
Ave. Loan Size	£196,000	£171,000
Percentage Purchase Business	30%	42%



Borrowing Entity

Latest Fleet data continues to highlight the dominance of the limited company landlord within the specialist buy-to-let market, with 80% of all Q2 2024 applications held in a limited company name, representing an increase of 6% over Q1 2024 data and a 15% increase year on year.

Borrower Type	Q2 2024
Private Investor	20%
Limited Company	80%

Landlord Portfolios

Data for Q2 2024 reveals the average number of properties held within a typical landlords' portfolio has remained constant at 11 properties year-on-year, evidencing that landlords remain committed to the market longer-term with over 55% of applications received during the last quarter from landlords holding four or more rental properties

Number of Investment Properties	Q1 2024	Q2 2024
1-3 BTL properties	29%	34%
4-5 BTL properties	7%	8%
6-14 BTL properties	30%	28%
15+ BTL properties	24%	19%
First-time Landlord	10%	11%

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



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