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HSBC Identifies Buy to Let Hotspots in England & Wales

- Southampton tops the list with a rental yield of 7.82%
- Hull, Manchester and Nottingham are also in the top ten due to affordable purchase prices
- Blackpool is the top seaside town for BTL investors with a yield of 7.81%

Rental yields of 7.82% and private rental accommodation making up almost a quarter of its housing stock make Southampton the best place in England and Wales for buy to let (BTL) investors according to research from HSBC.

Of the fifty towns and cities with the highest concentration of private rental housing stock, Southampton topped the list for rental yield due to relatively affordable housing and an average rent of £901 per month. The relatively inexpensive property prices in Blackpool, Hull Manchester and Nottingham mean that these four Northern areas make up the rest of the top 5, offering strong returns for BTL investors with yields of 7.81%, 7.77%, 7.60% and 7.55% respectively. In sixth place, Coventry is the only other city offering returns above seven per cent with a yield of 7.13%.

Despite the high proportion of private rentals in the capital, London does not score highly in terms of rental yields due to the comparably high property prices. The top performing borough in the capital, Southwark, is 13th overall while the affluent London boroughs of Hammersmith and Fulham and Kensington and Chelsea are ranked in the bottom two places in the top 50 due to the high initial outlay to purchase a property, generating returns of just 3.42% and 3.34% respectively.

Table 1: Top 10 BTL Hotspots by Rental Yield

Location	Average Property Price	Average Rent (Monthly)	Rental Yield (gross)
1. Southampton	£138,311	£901	7.82%
2. Blackpool	£75,943	£494	7.81%
3. Kingston upon Hull	£69,519	£450	7.77%
4. Manchester	£102,631	£650	7.60%
5. Nottingham	£83,313	£524	7.55%
6. Coventry	£104,970	£624	7.13%
7. Slough	£171,581	£975	6.82%
8. Oxford	£244,893	£1,375	6.74%

9. Liverpool	£91,012	£498	6.57%
10. Portsmouth	£141,971	£775	6.55%

Seaside Towns

Due to holiday rentals and seasonal work, many seaside towns are BTL hotspots with 17 of the top 50 areas found on the coast. Blackpool tops the seaside town list with a yield of 7.81%. The rest of the top ten is made up of southern seaside areas, including holiday destinations such as Brighton, Bournemouth and Eastbourne. While property prices tend to be higher in these areas, rents are also above average, meaning yields are strong for investors.

Table 2: Top 10 Seaside BTL Hotspots by Rental Yield

Location	Average Property Price	Average Rent (Monthly)	Rental Yield (gross)
1. Blackpool	£75,943	£494	7.81%
2. Bournemouth	£170,493	£825	5.81%
3. Brighton and Hove	£229,622	£1,049	5.48%
4. Torbay	£139,168	£598	5.16%
5. Southend-on-Sea	£152,171	£650	5.13%
6. Shepway	£181,399	£695	4.60%
7. Eastbourne	£177,408	£675	4.57%
8. Isles of Scilly	£180,227	£654	4.35%
9. Hastings	£177,408	£550	3.72%
10. Thanet	£181,399	£524	3.47%

London

Due to London's high property prices, its rental yields are relatively modest on the whole. Southwark tops the list of boroughs with a yield of 6.15%. Areas in Outer London offer some of the strongest yields in the capital including Newham, Enfield, Brent and Kingston upon Thames. Just three of the top ten areas are in inner London and each of these is in the East of the city, traditionally the more affordable end of the capital.

Table 3: Top 10 London BTL Hotspots by Rental Yield

Location	Average Property Price	Average Rent (Monthly)	Rental Yield (gross)
1. Southwark	£401,405	£2,058	6.15%
2. Newham	£229,141	£1,126	5.90%
3. Enfield	£261,163	£1,200	5.51%
4. Brent	£337,723	£1,517	5.39%

5. Kingston upon Thames	£333,122	£1,363	4.91%
6. Hounslow	£285,927	£1,148	4.82%
7. Wandsworth	£428,987	£1,694	4.74%
8. Lewisham	£283,031	£1,101	4.67%
9. Tower Hamlets	£364,296	£1,387	4.57%
10. Harrow	£306,381	£1,148	4.50%

Peter Dockar, head of [mortgages](#) at HSBC commented,

“Buy to let remains a good investment for those looking for above average returns. Twenty-three of the top 50 areas offer yields above 5%, significantly more than is available from more traditional savings options.

“However, it is clear there is a fine line between a property in a desirable area, the rents that can be achieved and the returns that can be yielded so it is key landlords do their research as often the most popular locations may not offer the best return.”

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ENDS

Data Sources

Housing Tenure data from ONS 2011 Census: Tenure, local authorities in England and Wales
Average House Price by Local Area from Land Registry Housing Report February 2013
Median rent for all property types by Local Area from www.home.co.uk

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