INVESTMENT OPPORTUNITIES

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BLOG
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The best spots for landlords to invest in 2025

This is a year of change for landlords. The proposed Renters' Rights Bill will bring big changes, many likely to hit landlord profits – especially if they have to go to costly court evictions. Tenants' budgets are being stretched by the rising cost of living slowing rental growth; and the rise in Stamp Duty has dampened the prospects of investing in new rental properties.

So now would be a perfect time to find new affordable opportunities to boost your portfolio that also maximise your return on investment and keep the cost of Stamp Duty down. With that in mind, Hamptons estate agency recently compiled a list of the best places to invest with a deposit of £25,000, covering the minimum 25% needed on a buy-to-let.

Hamptons' top 10 areas for the highest buy-to-let returns

The top three locations all offer an average gross yield of over 10% from a £25,000 deposit, making them an excellent option. They are Blaenau Gwent in Wales, an area with low house prices and a sizeable market of young couples and families; County Durham, again with low property prices but excellent links to London and Edinburgh; and Blackpool, with a boost through the regeneration of tourist hot spots.

Here's the full list:

Local Authority	Region	Average lat price	Up-front costs (25% deposit and stamp duty)	Monthly rent	Gross yield
Blaenau Gwent	Wales	£72,780	£21,839	£672	11.1%
County Durham	North East	£79,750	£23,928	£689	10.4%
Blackpool	North West	£81,380	£24,419	£673	10.1%
Burnley	North West	£72,750	£21,828	£614	10.1%
Merthyr Tydfil	Wales	£70,360	£21,108	£594	10.1%
Hartlepool	North East	£66,890	£20,065	£554	9.9%
Hyndburn	North West	£75,720	£22,716	£601	9.5%
Redcar & Cleveland	North East	£80,430	£24,132	£622	9.3%
Middlesborough	North East	£78,170	£23,449	£593	9.1%
North East Lincolnshire	Yorkshire & The Humber	£80,390	£24,120	£606	9.1%

(Source: Hamptons)

Zoopla's highest yielding areas

The most recent yield lists published by Zoopla were back in April 2024. They found that the top 17 UK cities producing the highest rental yields were all in the North of England or Scotland – primarily because southern cities have much higher house prices, bringing the gross yield down.

Here's the full list:

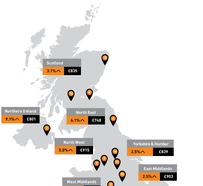
City	Average gross yield	Average monthly rent	Average price of a buy-to-let property
Sunderland	8.96%	£626	£83,842
Aberdeen	8.03%	£689	£102,920
Burnley	8.00%	£566	£84,869
Dundee	7.96%	£774	£116,690
Glasgow	7.95%	£951	£143,617
Middlesborough	7.92%	£613	£92,862
Blackburn	7.52%	£661	£105,460
Hull	7.45%	£612	£98,617
Newcastle	7.45%	£833	£134,245
Liverpool	7.44%	£801	£129,172

(Source: Zoopla Rental Market Report March 2024)

They also looked at the best regions for rental yields, and found the North-East, Scotland, North-West, Wales and Yorkshire & Humber offered the best gross yields.

Where are rents rising fastest?
Zoopla's latest report, published in March 2025, looked at which cities had the healthiest rises in rents, with the following results:

Region / City	
Annual % change in rents	Average rent (pcm)*



City	Annual % charge in rents	Average rent (pcm)*
Belfast	9.2%	£819
Newcastle	6.2%	£904
Liverpool	5.4%	£864
Cardiff	4.8%	£1,170
Cambridge	3.8%	£1,612
Southampton	3.8%	£1,165
Manchester	3.2%	£1,139
Edinburgh	3.0%	£1,320
Birmingham	2.9%	£987
Bristol	2.2%	£1,415
Sheffield	2.0%	£841
Aberdeen	1.8%	£716
Glasgow	1.3%	£982
Leeds	0.4%	£998
Nottingham	-1.2%	£978

UK (ex. London)	3.9%	£1,059
UK	3.0%	£1,284

**Average 1-4 bed properties*
(Source: Zoopla Rental Market Report March 2025)

While rents are increasing at a lower rate than at any time over the last 3 years, the top eight cities still managed to beat the national average – with Newcastle topping the list at 6.2% compared with 3.0% across the UK.

A bit of good news

This latest report covered a number of factors affecting the rental market, but underlying it all one fact stood out that holds some hope for landlords – there are still 12 renters chasing every property for rent.

While that figure may be down on 2022-24 levels, it's still higher than pre-pandemic levels. Which is why they also expect UK rents to increase 3-4% over 2025.

KEY TAKE OUTS

- Big changes in both the law and the market mean it's more important than ever for landlords to maximise the return on any buy-to-let investment
- Hamptons' data showed the top 3 places for the highest buy-to-let returns were Blaenau Gwent, County Durham and Blackpool
- The top 9 in the list were all in the North-West, North-East or Wales
- Zoopla's 2024 list of highest yielding areas was topped by Sunderland, Aberdeen and Burnley – with the top 17 cities all in the North of England or Scotland
- Zoopla's 2025 report showed the fastest rising rents are in Belfast, Newcastle, Liverpool and Cardiff
- The 2025 report also showed 12 renters still chasing every rental home, with rents expected to rise 3-4% in 2025

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