

Molo's new research reveals highest and lowest rental yields in England and Wales

The Central Valleys in Wales offer one of the highest rental yields in England and Wales

Highlights

- With a gross rental yield of 7.96%, the Central Valleys in Wales is the highest rental yield area in England and Wales for buy-to-let property
- Camden and the City of London has the lowest rental yield, with average gross rental yields at 3.58%
- Average rental yields are lower in London (4.12%) than in the rest of England and Wales (4.98%)
- Expert reveals tips for how landlords can improve their rental yield

Monday, 18th September 2023: Landlord profits are at their lowest level in 16 years, according to [new data](#) from the National Residential Landlords Association. With this in mind, it's important that those looking to purchase buy-to-let properties invest wisely in areas where they will see a good rental yield. But which areas in the UK offer the best chance at making a high return?

To find out, digital mortgage lender [Molo](#) has conducted new research, using internal data to reveal where in England and Wales offers the highest and lowest rental yields. Simply put, gross rental yield is calculated as annual rental income divided by property price. The study found that the current average rental yield for England and Wales is 4.98%.

Alongside the study, Molo has also created a [rental yield calculator](#), to offer first time and experienced landlords a fast and easy way to discover the viability of their current or future property investments, as well as being able to compare locations.

With a gross rental yield of 7.96%, the Central Valleys is the highest yielding location in the UK for a buy-to-let property

Interestingly, when it comes to the top ten places for high rental yield, all of these are either in the North, Midlands or Wales.

The study has revealed that the Central Valleys is one of the best locations across England and Wales for high rental yields. The gross rental yield in the area is 7.96%,

which is almost double the national average. The average monthly rental income in the area is £697, which is relatively low compared with other areas, while average property prices in the Central Valleys are within the 10 lowest in the country, at £100,786.

Following very closely behind as one of the best locations across England and Wales for high rental yields are Hartlepool and Stockton-on-Tees in the North East of England. Gross rental yields in the area are only slightly below the Central Valleys, at 7.90%. While average monthly rental income is over £100 less than in the Central Valleys, at £592, and the average property values are also significantly lower, at £85,774.

The third best place for rental yield is another area in the North East, South Teesside, which sees a gross rental yield of 7.66%. Swansea (gross yield of 7.30%) and Coventry (gross yield of 7.06%) round off the top five ranking places in the UK for rental yield.

Rank	Region	Location	Gross Yield	Avg Monthly Rent	Avg Property Value
1	Wales	Central Valleys	7.96%	£697	£100,786
2	North East	Hartlepool and Stockton-on-Tees	7.90%	£592	£85,774
3	North East	South Teesside	7.66%	£646	£96,500
4	Wales	Swansea	7.30%	£948	£150,297
5	West Midlands	Coventry	7.06%	£1,096	£179,347

CEO at Molo, Francesca Carlesi explains, *“From a rental yield perspective, areas to target at the moment include locations in the north of the country (with low property prices and high rental prices), as well as commuter cities (with a high demand for properties). However, it’s important to also consider fast growing cities or university areas which will allow a steady stream of tenants and have strong capital investment growth.”*

Camden and the City of London is the lowest yielding location, with average gross rental yields at 3.58%

With a gross rental yield of 3.58%, which is one third less than the national average, Camden and the City of London has been revealed as the lowest yielding rental location for buy-to-let property. While average monthly rental income is one of the highest on the list, at £2,268, the average property price is very expensive here too, at £672,104 – the sixth highest on the list.

West Essex is another area that has a low rental yield, meaning it can be difficult to make a profit on a buy-to-let property, with a gross rental yield of 3.64%. Average monthly rental income is relatively high compared to the national average, at £1,800, but property prices are expensive in the area, at £548,000.

Dorset (gross yield of 3.67%), Bromley (gross yield of 3.69%), and North Yorkshire (gross yield of 3.70%) round off the top five lowest yielding areas in England and Wales.

Rank	Region	Location	Gross Yield	Avg Monthly Rent	Avg Property Value
1	London	Camden and City of London	3.58%	£2,268	£672,104
2	East of England	West Essex	3.64%	£1,800	£548,000
3	South West	Dorset	3.67%	£850	£270,000
4	London	Bromley	3.69%	£1,606	£483,636
5	Yorkshire and the Humber	North Yorkshire County Council	3.70%	£779	£244,000

Speaking about how landlords can improve their rental yield, Vice President of Strategy at Molo, Mark Michaelides says: "While the rental yield plays a central role in your returns, it is determined primarily by location. Landlords looking for additional ways to maximise rental income may consider home improvements, such as a new bathroom, kitchen or extension, which can increase both the rental potential and overall value. Making your buy-to-let more energy efficient is another way to boost

rental income, as it may make the property more desirable to tenants due to lower energy bills.”

— ENDS —

Notes to Editor:

About Molo

Molo is an award-winning fintech startup that is transforming the mortgage industry as Europe’s only digitally native mortgage lender. Since it launched in 2018, Molo uses technology to deliver simpler and faster online mortgage lending - making homeownership easier for all.

Molo’s primary goal is to transform the broken mortgage market, moving away from cumbersome, inefficient, and slow processes, to fast, near real-time decisions. Since its launch, Molo has led change in the UK mortgage industry originating over £300m in online mortgage loans to date. Molo among others is backed by ColCap Financial Limited and has won several awards, including ‘Best Digital Mortgage Lender’ at the Fintech Awards and ‘Best Online Mortgage Lender’ at the Lending Awards.

For further information about Molo Finance please visit [Molo’s website](#).

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Sources & Methodology

In order to calculate the average gross yield of a location, Molo used internal data for monthly rental income. To calculate the average property price, it combined internal data on average property value and conveyancing fees, as well as stamp duty.

Stamp duty was calculated by taking the average property value for a location according to the following:

- 3% up to £500,000 8% between £500,001 and £925,000
- 13% between £925,001 and £1.5 million
- 5% above £1.5 million

Gross yield was then calculated by taking the annual rental income and dividing it by the sum of the average property price, plus the average conveyancing fee and stamp duty

based on the property details provided. The Gross Yield displayed on the map assumes individuals have applied for a mortgage.

Net rental income was calculated by taking the annual rental income and minusing it by the sum of the associated costs. Associated costs were calculated by taking 1% of the property price.

Net yield was calculated by taking the net rental income and dividing it by the property purchase price.

Locations with a small sample size has been excluded, but will be updated when more data is more available.