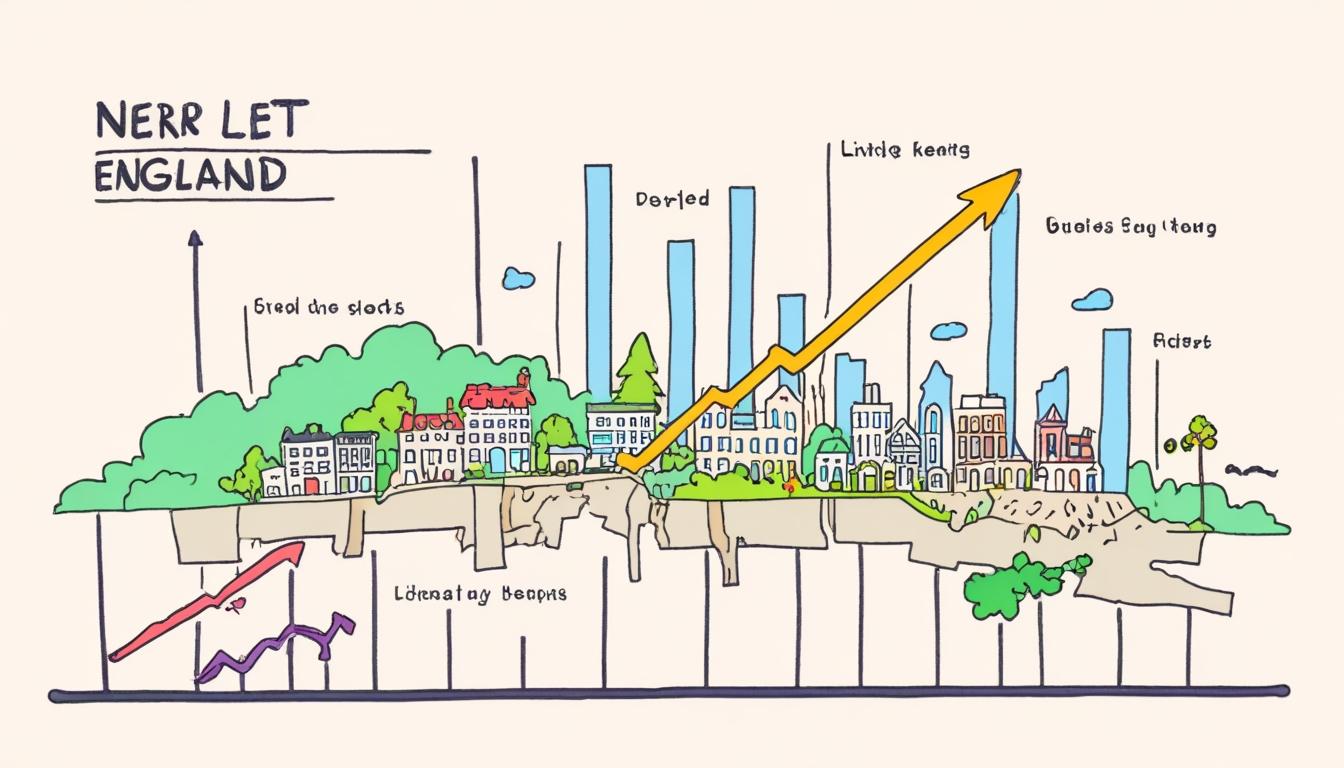
# Buy-to-let investors pivot north as yields soar and prices halve compared to the South



Buy-to-let investors are increasingly focusing their attention on the northern regions of England and the Midlands, driven by a combination of higher rental yields and lower property prices. Recent research from Hamptons indicates a significant transformation in the investment landscape, where nearly 39% of buy-to-let purchases in Britain during the early months of 2025 were concentrated in these areas. This figure represents a notable rise from just 24% in 2007, showing a clear trend towards northern investment as landlords seek more lucrative opportunities.

The average price for properties acquired in the Midlands and North stands at £150,480, markedly lower than the £292,240 average paid in the South. This price discrepancy is significant and, combined with the potential for higher rental yields, makes these regions appealing for investors seeking better returns. Indeed, Hamptons highlights several budding hotspots for buy-to-let investment over the past six months, including Redcar and Cleveland, Darlington, and Derby, all of which illustrate this northward migration trend.

Aneisha Beveridge, head of research at Hamptons, noted, “Buy-to-let investment is gradually grinding to a halt in some markets where higher purchase and mortgage costs take their toll.” She highlighted how some landlords are adapting by seeking cheaper properties with better yields further afield, particularly in northern England. The implications for the South could be significant; as supply becomes constrained and financial pressures intensify for tenants, landlords in traditional hotbeds may face diminishing returns.

In contrast to the burgeoning market in the North, the profitability of buy-to-let investments in many southern regions is under increasing scrutiny. The rise in mortgage rates and tighter regulatory frameworks pose substantial challenges for landlords in these areas. Although some spots, such as Burnley, can still offer appealing rental yields, investors are increasingly warned that risk is prevalent across many markets, and alternatives—including high-interest savings accounts and diversified portfolios—may offer more reliable returns.

The shift towards limited companies for buy-to-let acquisitions has also been noteworthy. Growth in this area has surged by 165% over the past five years, primarily due to tax and regulatory shifts, including the gradual removal of mortgage interest relief for higher-rate taxpayers. Purchasing through limited companies now presents financial advantages that make it a more attractive structure for new investments.

Moreover, larger cities like Leeds are emerging as prime buy-to-let locations, particularly appealing due to their large student populations. The city has a remarkable ratio of available properties to demand at 1:5, allowing landlords to command higher rents. Leeds has shown strong performance in the property market, with a 4.4% increase in average house prices reported in 2021 and rental yields averaging around 5%. Notably, some postcodes in the area even see yields climb as high as 12.8%.

Further enhancing this northern ascent is a significant shift in investor behaviour. Recent figures suggest that approximately 65% of London-based investors purchasing buy-to-let properties this year have chosen to look beyond the capital. This shift is indicative of a broader realignment in the market as affordability issues force investors to reconsider their strategies.

Despite these trends, some analysts caution against overlooking investment opportunities in the South. With the potential for rent increases and the prospect of capital growth returning to more traditionally lucrative areas, savvy investors might still find profitable opportunities available.

The evolving landscape of the UK buy-to-let market is complex, with striking disparities emerging between regions. As landlords adapt to ongoing shifts in policy, financial structure, and market demand, the north continues to stake its claim as a burgeoning haven for buy-to-let investment, while the south grapples with its own challenges and opportunities.

### Reference Map

1. Paragraphs 1, 2, 3, 4, 5, 6, 7
2. Paragraphs 4, 5, 6
3. Paragraphs 4, 6
4. Paragraphs 1, 5
5. Paragraph 6
6. Paragraph 6
7. Paragraph 4

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

* <https://www.inkl.com/news/buy-to-let-hotspots-revealed-as-landlords-look-north> - Please view link - unable to able to access data
* <https://www.ft.com/content/1c0b0d08-a6a5-47b6-a3db-a47624213388> - This article discusses the diminishing profitability of buy-to-let investments in the UK, highlighting challenges such as increased mortgage rates and stricter regulations. It notes that while areas like Burnley offer high rental yields, many regions face obstacles that make rental investments riskier. The piece suggests that alternative investments, including high-interest savings accounts and diversified portfolios, may be more profitable for investors.
* <https://www.ft.com/content/f727bd07-921e-4f2e-a47f-aa287464db0e> - The article reports a significant rise in buy-to-let landlords using limited companies to acquire rental properties, with purchases increasing by 165% over five years. This trend is attributed to tax and regulatory changes, particularly the phased withdrawal of mortgage interest relief for higher-rate taxpayers. The shift towards limited companies offers tax and financial benefits, making it more favorable for new purchases.
* <https://www.mortgagestrategy.co.uk/news/rent-slowdown-and-budget-change-sees-landlords-heading-north-hamptons/> - Hamptons' research indicates that landlords are increasingly investing in northern England due to lower stamp duty costs and higher rental yields. The article highlights that since the introduction of a stamp duty surcharge in 2016, investor purchases have declined in the south, while the North East has seen a rise in buy-to-let purchases, with Sunderland topping the list where 45% of homes were bought by investors during the first half of the year.
* <https://www.northpropertygroup.co.uk/news/the-hottest-buy-to-let-spots-in-the-uk/> - This article identifies Leeds as a prime buy-to-let destination, emphasizing its large student population and strong rental demand. It notes that the ratio between available properties and demand is 1:5, allowing landlords to increase rental prices. The city's property market has been performing well, with average house prices increasing by 4.4% in 2021 and rental yields averaging around 5%.
* <https://moneyweek.com/investments/buy-to-let/best-buy-to-let-property-hotspots-in-the-uk> - The article lists top buy-to-let property postcodes in the UK, with Leeds' LS3 area topping the list with a 12.8% average rental yield. Other notable areas include Bradford's BD1 and Manchester's M14. The piece provides details on average asking prices, rental yields, and the appeal of these locations for investors seeking high returns.
* <https://www.theguardian.com/money/2025/mar/17/buy-to-let-firms-become-biggest-single-type-of-business-in-uk-data-shows> - The article reports that the number of companies holding buy-to-let property in the UK has surpassed 400,000, marking a significant increase since 2016. This surge is attributed to landlords moving their portfolios from personal ownership to limited companies to reduce tax payments, following the withdrawal of full mortgage interest tax relief for higher-rate taxpayers.