



# WHAT ARE THE BEST PLACES IN THE UK TO INVEST IN PROPERTY?

**RW**invest



# THE BEST UK INVESTMENT AREAS FOR AFFORDABILITY

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When thinking about investing in property, it's likely that you will have set yourself a personal budget to stick to. If you're just starting out in property as a beginner investor, you may not have a huge amount of money available to make the investment, so will want to explore the best places to buy property for a low price. Even if you're not a beginner and you're simply looking to build up your portfolio, affordability is still an important element to consider. While affordability doesn't necessarily indicate a good investment, it's definitely worth identifying the areas where property prices are lower before exploring their potential further. Here are some of the most affordable places to buy property in the UK.

*'it's definitely worth identifying the areas where property prices are lower before exploring their potential further.'*



# LIVERPOOL

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Liverpool comes out on top as one of the UK's most affordable investment cities. With an average property price of £178,668 according to Zoopla, this Northern gem is a favourite for those seeking the best places in the UK to buy property if you're looking to keep costs low while reaping the full benefits of your investment.

Some of the most affordable buy to let postcodes in Liverpool include L1, L2, and L6. In these postcodes, average property prices are lower than the overall average for the city, and investment prospects are very strong. The average property price currently stands at £110,012 in L1, £117,892 in L6, and £138,727 in L2.

*'Liverpool comes out on top as one of the UK's most affordable investment cities.'*





# SHEFFIELD

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Another of the most up and coming areas in the UK for buy to let, Sheffield is a fantastic city to consider if you want to invest in low-priced property. With an average house price of £202,605 according to Zoopla, Sheffield comes just after Liverpool on the affordability scale.

As with other average house price rates, the price of properties in Sheffield gets lower depending on the property type you look at. For instance, the average cost of a one-bedroom flat in Sheffield stands at just £97,317 while the average for a two-bedroom house is £144,225. Again, the average costs of property in Sheffield highlight how the North of the country boasts some of the best places to buy in the UK.



*'The average costs of property in Sheffield highlight how the North of the country boasts some of the best places to buy in the UK'*

# NEWCASTLE

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The vibrant and historic city of Newcastle is another of the best areas for buy to let in the UK, and a great choice if you want to know where to invest in property without breaking your budget. Zoopla area guide statistics for Newcastle reveal that the city's average property price stands at £210,141 - just over the average in Liverpool and Sheffield.

Property investors who want to know where to invest in property in Newcastle for lower prices should look to postcodes such as NE4 in the West of the city. Here, one-bedroom flats have an average of just £75,717. It's important to keep in mind, however, that you may be likely to benefit from higher levels of rental demand in the city centre, despite the higher prices.

*'A great choice if you want to know where to invest in property without breaking your budget.'*







# MANCHESTER

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Considered one of the best places to invest in property in the UK for 2019 and 2020, Manchester remains a firm favourite for buy to let investment. One of the reasons that Manchester stands out for its investment potential is the affordability of property prices in the city. While Manchester's average of £232,118 is a little higher than the average property price in the city's Northern neighbour, Liverpool, the city still offers great prices for such a prominent UK hotspot.

In Manchester city centre, the average price for a one-bedroom flat comes to around £182,166 according to Zoopla. However, with the city centre generating such high and ongoing levels of rental demand from desirable tenant groups, along with offering a range of fantastic developments, paying a slightly higher amount than you would in other Northern cities is justifiable.



*'Manchester remains a firm favourite for buy to let investment'*

# BIRMINGHAM

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A city that's definitely becoming one of the most prevalent property growth areas, UK investors should consider Birmingham as a hotspot for capital appreciation. If you want to know where to invest in property for high growth, but you don't want to focus on the North of England for your investment, Birmingham is a good choice. Based in the West Midlands region, Birmingham has displayed property price growth of 5.54% over a period of twelve months.

Like all the key buy to let cities, Birmingham has attracted attention from UK investors due to ongoing regeneration and demand from both students and young professionals. In regards to property price predictions, however, the West Midlands region is expected to grow by 18.2%, which is still a high amount but not as impressive as the North West's 24% prediction.

*'UK investors should consider Birmingham as a hotspot for capital appreciation.'*





# THE BEST UK INVESTMENT AREAS FOR CAPITAL GROWTH

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Aside from generating regular returns in the form of rental income, part of the beauty of UK buy to let investment is the ability to benefit from an attractive return on investment thanks to capital appreciation. Capital appreciation, or capital growth, is a term that's used to describe a rise in property values over time. The more your investment property grows in value, the larger return you will have when you choose to sell the property further down the line. This is why, when researching where to invest in property, cities with a high level of capital growth are key. If you want to know the best place to invest in property, UK investments in the following cities should be top of your list.



*'Cities with high level capital growth are key'*

# LIVERPOOL

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When researching property price growth over twelve months, statistics from Zoopla reveal that Liverpool has seen a 4.34% growth in property value. With Liverpool's reputation as one of the most up and coming areas in the UK, this increase comes as no surprise. Liverpool's property market has been growing for several years, with house prices boasting an increase of 22.11% in just five years.

Not only has Liverpool displayed signs of high growth over previous years, but the city also boasts some of the highest capital growth predictions in the UK. According to Savills, property prices in the North West region are expected to grow by 24% from 2020 to 2024. This is a higher increase than any other UK region, including the predicted growth level of the country as a whole which is 15.3%.







# MANCHESTER

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Manchester offers very similar capital growth potential to Liverpool. With a twelve-month growth percentage of 5.14% and long-term regional growth of 24% by 2024, Manchester is a great area to look into if you want to find the best place to invest in property in the UK. While Manchester does share similar growth rates with Liverpool, The city's rate of growth over the last five years actually exceeds that of Liverpool's, boasting a percentage increase of 31.44%.

# NEWCASTLE

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When analysing Zoopla house price statistics, Newcastle comes out on top as one of the best places to buy property if your focus lies with capital growth. The average property price in Newcastle has increased by 6.32% in the last twelve months, resulting in a value change of £12,878. This highlights the appeal of Newcastle as one of the top destinations for property investments.

When looking at future property growth predictions for the city, Newcastle's capital growth prospects remain promising. Savills predictions for long-term growth reveal an expected increase of 19.9% in the North East of England. While this is an attractive rate, this is, however, lower than predictions for the North West. When you also look at Zoopla statistics over the last five years, Newcastle's property price growth was lower than that of Liverpool's at 19.90%, so it might be worth exploring your options.





# BIRMINGHAM

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# THE BEST PLACE TO INVEST IN THE UK FOR RENTAL YIELDS

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So we've talked about affordability and capital growth, but what about rental yields? Rental yields are a big factor to keep in mind when deciding where to invest in the UK. In the same way that capital growth dictates the level of return on investment that you'll receive thanks to added value, rental yields indicate the amount of rental income you can expect. For a lot of investors, the best place in the UK to buy an investment property is an area with high average rental yields to ensure the most significant returns possible.

Based on the average rental yields for each of our top eight buy to let cities according to Go Compare, here are the best places in the UK to invest in property for high rental returns.

*'the best place in the UK to buy an investment property is an area with high average rental yields'*





# LIVERPOOL

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Coming out on top for affordability and being one of the best property growth areas in the UK, Liverpool is also considered one of the best places to buy property for high yields. Liverpool's average rental yield is 5.05%, which is higher than all of the other eight cities aside from Manchester.

Thanks to Totally Money's buy to let yield map, Liverpool has been considered one of the best places in the UK to invest in property for 2018, 2019, and 2020. The city has been featured on both the 2018/19 and 2019/20 list. Currently, Liverpool's L1 postcode ranks number one out of a list of 25 areas, boasting yields of 10%. A total of six Liverpool postcodes appear in the Totally Money list, which is more than any other city.



# MANCHESTER

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When looking for the best place to invest, property in the UK's second city is one to watch for rental yields as well as affordability and capital growth. The average rental yield for Manchester is just above that of Liverpool's with a yield of 5.55%. In research by Property Data, it was revealed that certain Manchester postcodes are capable of generating yields that exceed this overall average for the city. The M14 postcode, for example, has an average yield of 8.4%, while the M50 postcode which is home to Salford Quays and MediaCityUK offers rental yields of 6.8% on average. This is highlighted with the current Salford Quays development, Bridgewater Wharf, which comes with 6% projected net yields.

# SHEFFIELD

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With average rental yields of 4.61% according to Go Compare's guide to the top cities to be a landlord, Sheffield offers a lot of potential for investors wondering where to invest in property. Sheffield has been gaining attention as one of the best places to invest in property in the UK in 2018, 2019 and 2020, and this is partly thanks to the growing rental yields in the city. Sheffield's S1 postcode made the most recent Totally Money buy to let yields list due to its 7.83% yield. Covering parts of the city centre and inner-city Sheffield districts, S2 is a popular spot for renters, attracting demand from plenty of young professional tenants and boosting average rental costs for the area.

While Sheffield does have some high yields, however, there are certain areas that should be avoided. The S7 postcode in Sheffield made the Totally Money list of the 10 worst buy to let postcodes in the UK due to yields of just 2.19%. Before going ahead with a Sheffield investment, be sure to do your research first.

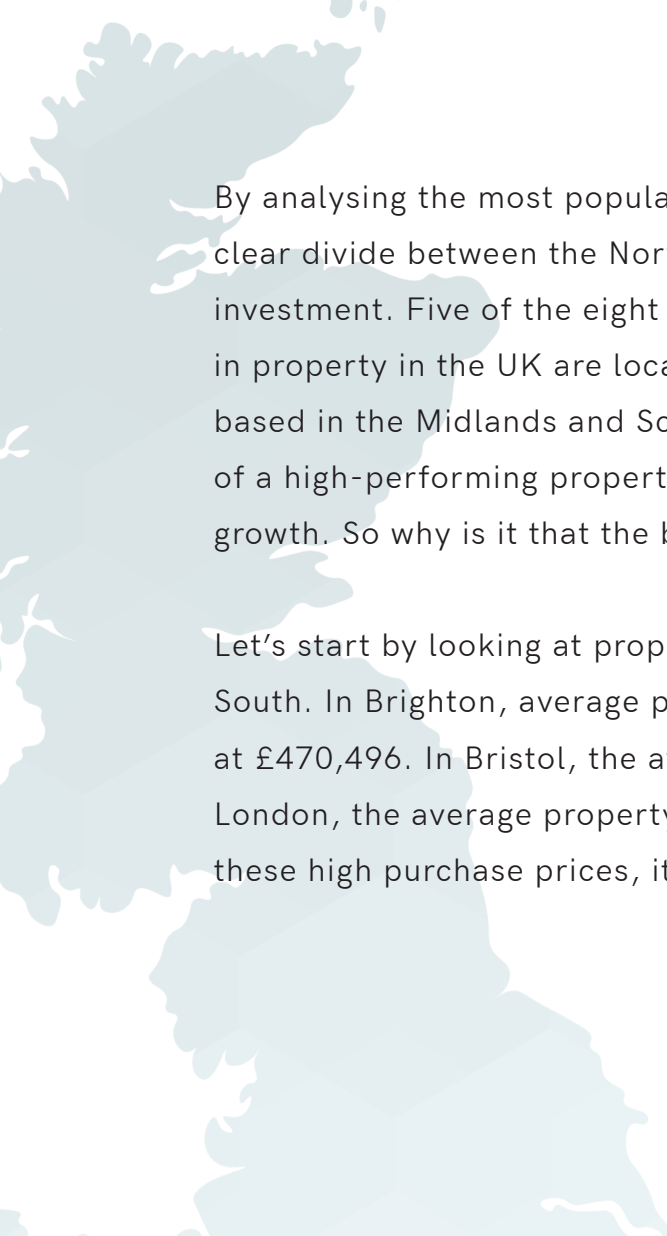
# EDINBURGH

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With the lowest average yield out of our top picks for UK investment areas, you might not automatically consider Edinburgh as a good choice for the best places in the UK to invest in property for rental returns. While the overall average rental yield of 4.01% for the Scottish capital may not be as impressive as those in other locations, the potential is still there when you explore certain parts of the city.

In Edinburgh city centre, Zoopla states the average purchase price of a one-bedroom flat as £187,225, while the average rent costs £991 pcm. This would mean that average yields for Edinburgh city centre come to around 6.35%. Evidence also suggests that rental costs in Edinburgh are rising rapidly, with a reported growth of 46.3% between 2010 and 2019.





By analysing the most popular buy to let cities, it's evident that there's a clear divide between the North and the South when it comes to property investment. Five of the eight cities in this list to the best place to invest in property in the UK are located in the North. The remaining cities are based in the Midlands and Scotland, with no Southern cities offering signs of a high-performing property market in terms of yields, affordability and growth. So why is it that the best areas for buy to let tend to be up North?

Let's start by looking at property prices in three of the top cities in the South. In Brighton, average property prices according to Zoopla stand at £470,496. In Bristol, the average is a little lower at £330,443, and in London, the average property price is a whopping £979,200. Because of these high purchase prices, it's difficult to generate high rental yields.

*'it begs the question as to why you would spend so much on a London investment when you could spend a lower amount and benefit from higher yields in the North.'*

# NORTH VS SOUTH

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In Totally Money's buy to let guide, London's WC1X postcode is home to the number one worst rental yield at 2.28%. In this postcode, average rental costs for a one-bedroom flat are around £2,635 per month according to Zoopla data. Pair this with the average purchase price of £743,390 for the same property, and you end up with a yield of around 4.25%. While this isn't as low a figure as some, it begs the question as to why you would spend so much on a London investment when you could spend a lower amount and benefit from higher yields in the North.

Capital growth is also typically low in the South, with London property prices having grown by only 3.31% in the last twelve months compared to 5.14% in Manchester. Savills also predicts that house prices in London will have increased by just 4% by 2024. In the South East and South West, predictions for capital growth are a little stronger, with an increase of up to 13.1% expected. If you're adamant not to look up North for your investment, these regions are probably the best places to buy property in the South when it comes to capital gains.

# HOW HAS THE UK PROPERTY MARKET CHANGED FROM 2018 TO 2020?

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So we know that Northern cities offer some of the best opportunities for capital growth, rental yields and low-prices, but how has the market changed over recent years? Here's a timeline with information on key events throughout the UK property market from 2018 to 2020.





**4TH JANUARY 2018**

The West Midlands region was reported as the highest performing UK region for house price growth in 2017, having risen by 5.2% on average. (Nationwide)

**29TH MARCH 2018**

Rental returns were recorded as having decreased by 2.3% year on year. The lowest rental yields in the country were reported to be in London, the South East and the South West, where low yields have brought down the country's average. (Financial Adviser)

**16TH APRIL 2018**

Liverpool, Leeds, and Manchester were named 'ones to watch' in the UK property market. Due to ongoing growth, investment, and regeneration, these cities were considered the best places to invest in property in 2018. (Buy Association)

**18TH JUNE 2018**

Landlords in the UK were urged to consider Liverpool as the best place to buy property for investments. This is due to high yields in Liverpool's L1, L6 and L7 postcodes. (Telegraph)

**5TH JULY 2018**

Despite low growth rates, property prices in London are seeing a slight improvement. In the twelve months to the end of June 2018, the annual fall in house prices reached 3.8%, which was less than the previous 4.2% decrease. (Property Wire)

**14TH SEPTEMBER 2018**

Savills predict that North West property prices will rise by 18.1% by 2022, while London will see an increase of 7.1% during the same period. Other regions expect attractive growth, with an increase of 17.6% predicted for the North East and Yorkshire, and 17% growth for Scotland. (Buy Association)

**26TH DECEMBER 2018**

Edinburgh's property market displays strength, with the highest rate of house price growth in over a decade at 10.6%. Properties in the Scottish capital were also selling at a quicker rate compared to the previous year. (Financial Times)

**28TH FEBRUARY 2019**

Figures from Nationwide revealed that property prices in the UK had dropped by 0.1% in February 2019. Experts remained hopeful that the housing market would improve, however, due to the fact that unemployment rates were falling and wage growth was increasing. (Mirror)

**25TH APRIL 2019**

An analysis revealed that the number of property sales in the South of England had decreased by 13% since 2015. During the same period, however, sales in Northern England had grown by 6%. (Independent)

**21ST JUNE 2019**

Due to its thriving university scene, Newcastle was named the best university city in the UK for property investment, followed by Nottingham, Leeds, Sheffield and Manchester. (Property Investor Today)

**30TH AUGUST 2019**

JLL reported a rise in demand for properties in Manchester due to a 117% growth in the number of people moving to the city in July 2019 compared to the previous year. (Buy Association)

**25TH OCTOBER 2019**

An updated Totally Money guide to the best places to invest in property in the UK for 2019/20 was released, showcasing Liverpool as the best location for buy to let yields with six postcodes making the list. (Buy Association)

**14TH NOVEMBER 2019**

Savills predicted that over the next five years, property prices in the North West will grow six times faster than that of London. In the same report, it was predicted that the number of first-time buyers in the UK would drop following the withdrawal of the Help to Buy Scheme. (Property Industry Eye)

**13TH DECEMBER 2019**

After Boris Johnson's win at the general election on 12th December, property experts had predicted a boost in the UK housing market thanks to increased certainty. (Your Mortgage)

**11TH FEBRUARY 2020**

The North of England remains the best area for buy to let rental yields due to demand outpacing supply during the final quarter of 2019. (Landlord News)



# HOW IS BREXIT EXPECTED TO AFFECT THE UK PROPERTY MARKET?

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While we know that property prices in a number of UK cities are currently performing highly, with some fantastic rental yields and property growth areas in the UK, the issue of property prices after Brexit is one that still leaves many investors feeling uncertain.

After leaving the EU officially on the 31st of January, the UK has entered into a transition period that will last until the end of 2020. During this period, the UK will negotiate with the EU until a final deal has been reached. The main reason that Brexit has affected the UK property market over recent years has been due to uncertainty brought on by the vote. Following Boris Johnson's election victory in December 2019, however, things have massively improved in what's been named the 'Boris Bounce'.

Because Johnson was elected with such a high majority, the UK regained a lot of confidence in both the property market and economy. Immediately following the general election result, the GBP reached the highest rate it had been at since May 2018, investment sectors saw a growth in share prices, and property prices jumped by 1.8% in one month.

Due to this boost in market confidence, experts are predicting that both property prices and rental values are set to see a rise over the coming years, even with some remaining uncertainty around the Brexit deal. Specifically, the best places to buy in UK areas are expected to continue to be those in the North West, with JLL predicting a 3% growth in rental costs for Liverpool and Manchester. Rightmove has also suggested that UK property prices as a whole will increase by 2% on average during 2020.

# WHAT IS THE BEST CITY TO INVEST IN PROPERTY?

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While this guide has offered an in-depth analysis of the best places to invest in property, UK investors should take time to think about the locations that best meet their specific goals. Think about what it is that you care about most when investing in a buy to let property to understand where the best place to invest in property is.





If your main motive is to find a property that will significantly grow in value, best UK cities for capital growth are considered to be Liverpool, Manchester, Birmingham and Newcastle. On the other hand, if rental yields are more important to you, the best investment areas to consider are Liverpool, Manchester, Sheffield and Edinburgh. When thinking about UK property investment on a broader scale, however, the best places to invest in property are normally areas that tick multiple criteria instead of just one. This way, you're able to benefit from the maximum rate of return through both rental income and capital appreciation. So, with this in mind, where is the best place to buy an investment property if you want to benefit from these returns?

When thinking about the best place to invest in property, UK investors should definitely look towards Liverpool and Manchester. These two cities tick all three boxes for affordability, rental yields, and capital growth, and have been hailed the best places to invest in property in 2018, 2019 and 2020. With a high and growing population of students and young professionals, ongoing regeneration, and predictions for some of the strongest capital growth over the next five years, it's easy to see why these North West cities are hotspots for buy to let.

## **EXPLORE RW-INVEST**

Explore RWinvest Opportunities in Liverpool and Manchester

If you're ready to make your UK investment, be sure to explore our current investment opportunities. Here at RWinvest, we focus on high property growth areas in the UK such as Manchester and Liverpool, offering investments in only the very best postcodes for growth and rental yields. Contact us today, and our expert property team will help you secure your ideal UK investment.

**RWinvest**

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