Buy-to-Let Hotspots Revealed: Cardiff, Plymouth, and Loughborough Lead Investor Interest

August 2, 2025
— Categories: Real Estate

Download IPFS

Paragon Bank's latest buy-to-let (BTL) lending figures have identified the UK's most active areas for landlord investment over the 12 months to the end of June. The data reveals a clear trend: investors are favouring postcodes with strong student populations and proximity to large local employers, particularly within the education and healthcare sectors.

Cardiff's CF24 postcode has emerged as the most popular BTL area, rising from fifth position last year to the top of the list. With privately rented homes accounting for 42% of the local housing stock and average rental yields reaching 8.9%, the appeal for landlords is apparent. The area is strategically located near the University Hospital of Wales, St David's Hospital, and Cardiff Royal Infirmary, and boasts access to several higher education institutions including Cardiff University, Cardiff Metropolitan University and the University of South Wales. Over a quarter (27%) of CF24's population is made up of students, contributing to consistent rental demand.

The second most popular location was PL4 in Plymouth, a new entry on the list. The postcode benefits from the presence of three universities – Arts University Plymouth, Plymouth Marjon University, and the University of Plymouth – as well as key healthcare facilities such as Mount Gould Hospital. In addition to a strong tenant base, PL4 offers landlords the highest average annual rental yields of any area on the list at 10.2%, supported by relatively low property prices averaging £216,000, according to Office for National Statistics (ONS) data. This is significantly below the England average of £286,000, providing an attractive proposition for investors seeking strong returns.

Taking third place is LE11 in Loughborough, climbing from eighth place in the previous year. Landlord interest here is driven largely by Loughborough University, the town's major employer, alongside Loughborough Hospital. Average annual rental yields stood at 8.0%, consistent with other high-performing locations benefiting from large student populations and local employment hubs.

Nottingham's NG7 postcode retained fourth place, while several postcodes saw continued interest for a second year. These include ST4 in Stoke-on-Trent, B29 in Birmingham, and M14 in Manchester – though the latter dropped from the top spot in 2024 to eighth position this year.

Louisa Sedgwick, Managing Director at Paragon Bank, noted the recurring themes behind landlord strategies: "Looking at our lending data covering the 12 months to the end of June, we can see similarities in landlord investment strategies. Our data also shows that landlords typically purchase properties in larger towns or cities and within relatively proximity to universities or large local employers, benefitting from strong and stable demand."

She also highlighted the broader economic contribution of the private rented sector (PRS): "This support of higher education and healthcare, in addition to important sectors such as software, manufacturing and logistics, highlights the often-overlooked contribution of the PRS to the UK economy.”

According to Paragon’s findings, terraced houses were the most frequently purchased property type in all hotspot locations. These homes, often more affordable than other housing types, appeal to both new landlords and those expanding their portfolios. Houses in multiple occupation (HMOs), commonly classified as terraced properties, also remain attractive due to their capacity for higher yields through multiple tenancy arrangements.

The data underscores a consistent investment focus on affordability, yield potential, and access to reliable tenant markets, especially students and essential workers. As demand for rental housing remains robust, these findings offer a clear view of where investor interest is concentrated in today’s BTL landscape.