



CPC FINANCE

COMMERCIAL, INVESTMENT
AND BUY TO LET MORTGAGES

Introducing... 2023's HMO Valuation Calculations

We have collated the data from almost 90 completed HMO investment surveys by different valuers all across the country. Our aim was to give property investors an idea of what a realistic valuation of their property could be.

Generally, to calculate a probable valuation, we calculate number of rooms X the average annual net rent charged per unit X of the net yield. Of course, this is only a rough guide based on the data as valuers will base their figures on the market rent rather than a premier rent based on the quality of the property's furnishings etc.

For example:

If someone is receiving a rent of £100 per week for 6 rooms outside of London, this gives an annual gross rent of £31,200 and an annual net rent of £26,261.04. To calculate the probable valuation, divide this by the net yield average of 7.95 and multiply it by 100, which gives a value of £330,327 for the property.

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Broken down, the calculation is as follows:

6 rooms X £100 weekly gross rent X 52 weeks = £31,200 annual gross rent

£31,200 annual gross rent - 15.83% management fees = £26,261.04 annual net rent

**£26,261.04 annual net rent divided by 7.95% net yield average X 100 = HMO valuation of
£330,327**

All of the 89 reports come from properties located outside of London. Below are averages we calculated from the surveys analysed.

	Non-London averages (89 properties)
Value per unit	£569,687
Gross yield	9.54%
Net yield	7.95%
% of management fees deducted	15.83%
Annual gross rent charged per unit	£43,238
Annual net rent charged per unit	£34,239
Weekly gross rent per room	£138
Weekly net rent per room	£109

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