

# Investment shifting to regional cities in commercial and hotel sector

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London was the most attractive location for foreign investors in 2017 but now the increase in price and volatile returns have diverted investors to seek options in some of the other growing regions in the Northern England. These cities are, especially, attractive to overseas buyers who are unfamiliar with the local issues of UK property market. These companies are looking towards cities such as Manchester – which is one of the fastest growing regions and largest, in terms of, GDP and population. A number of UK offices have opened branches in Manchester, where there exist a number of local universities – that is, indispensable to the growing population as children in the cities require universities to study.

Also, travellers are attracted to the city, which raises the demand for hotels or holiday homes, and some local homebuyers are trying to get deals in such situations. In terms of rentals – West Midlands and North Wales (Wrexham) tenants are facing maximum increase in rent up to £150- 155 per year (Walsall), where more than 70 per cent are paying on an average £161 a year. Some of the highest rise in rents in the UK was seen in 2018 in St Albans (64 per cent – £424 per annum), Portsmouth (61 per cent – £316 per annum) and Leicester (59 per cent – £227 per annum). At the same time, the rents of commercial property reduced in the year by 0.2 per cent (as per CBRE UK monthly index), even though, the demand for office space is very high in the UK and there exists a shortage of supply.

The leading causes for such reductions in the rents of office space at some foremost cities and regions are – the risks of potential insolvencies of the some of the leading companies, market volatility, and trade war related

issues, and poor market sentiments over Brexit inflation, where the price rise was more as compared to wage.

A number of investors are searching opportunities outside London- as London faces above average rental growth as the demand and supply ratio has been disrupted in the region. Some buyers of commercial properties are looking for opportunities in Edinburgh which provides opportunities as a growing hotel sector. Hotel sectors investment is the new inclination in UK properties where the new Knight Frank Research claim the number of hotel built in the year has been rising at a steady pace of 37 per cent – which has increased the UK hotel supply and as the new proportion of the hotels are increasing, it constitutes about 66 per cent of new rooms.

In 2018, it is estimated about 21, 000 new rooms will be opened in the UK hotel sector and this indicates a growth of 3. 3 per cent. The sector is widely dominated by budget hotels, which constitute about 70 per cent of the total hotel stock. The highest growth in new hotel opening was seen in London where the increase was up to 70 per cent and the regional markets represent 62 per cent the total stock. To find out some more about buying properties in the commercial and hotel sector, click Hamilton International Estates.