



# Top 5 investment cities 2022

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## UK buy-to-let market overview

In the midst of all of the economic uncertainty over the last few years, one investment class has not only weathered the storm but actually reached new levels throughout the pandemic – UK property.

As markets around the world stalled, staggered and even plummeted, UK property - in particular buy-to-let property - saw its reputation soar as the market performed better than anyone could have ever anticipated.

The aftermath of the national lockdown brought about a shift in people's priorities when it came to their living situations. This shift, paired with

government incentives such as the stamp duty holiday and the introduction of 5% mortgages, resulted in a huge increase in activity in the market.

As a result of this increase in demand, house prices and rents soared to new heights throughout the year. In the 3 months to the end of November 2021, house prices increased by **3.4%** and were up an impressive **8.2%** from the year prior. This three-month increase is the largest in over 15 years according to Halifax, as the market ended an already impressive year in an extremely strong way.

The rental market also fared extremely well through the year. Strong tenant demand across the country, in particular in Northern areas, resulted in a huge increase in average rents. UK average rents actually reached a record high when they broke the **£1,000 per month** barrier for the first time in July 2021. By the end of November 2021, the average UK rent stood at **£1,058 pcm** as the market somewhat stabilised after such an immense period of growth.

The forecast for 2022 and beyond is equally as impressive according to JLL. In their UK residential forecasts for 2022-2026, it is estimated that house prices will increase by **4.5%** in 2022 and continue in a similar vein all the way until 2026, with a cumulative growth of **27.7%**. Rental values are set to follow a similar trend, with a **2.5%** increase in 2022 paving the way for a cumulative increase of **15.4%** from now until 2026.

With house prices and rents expected to increase year-on-year for the next 5 years and beyond, 2022 is the perfect year to expand your property portfolio. With this in mind, we've taken a look at the top 5 buy-to-let hotspots to invest in for 2022.



# Manchester



**Manchester is one of the most renowned cities, not just in the UK, but in the whole world. Home to Manchester United, The Smiths and Coronation Street to name a few, Manchester is one of the UK's leading cities when it comes to its economy and in turn, the property market in the region.**

The city is one of the most attractive places to live in the entire world, with Time Out naming Manchester as the 3rd best city in the world (only bettered by San Francisco and Amsterdam) and top of the charts in terms of creativity, community spirit, friendliness and nightlife. Manchester was also ranked as the best city for business in Europe last year by the Financial Times, and this perfect balance of great opportunities and a desirable lifestyle has seen demand in the region soar in recent times.

Despite the years of disruption in the UK thanks to Brexit and the pandemic, Manchester has always remained resilient. In their October 2021 House



Price Index, Zoopla found that house prices in Manchester had increased by 8.7% over the 12 months prior – the second highest growth in the UK. Rental demand is also still looking strong in the city, with ARLA Propertymark revealing that the wider North West region saw the highest average number of new prospective tenants registered per estate agency – with Manchester no doubt one of the most popular places in the region.

The future is equally bright for the unofficial capital of the North, with JLL forecasting impressive growth in terms of both house prices and rental values over the next 5 years. In their aforementioned UK Residential Forecasts 2022 – 2026, JLL forecast that house prices are set to increase by 6% in 2022, followed by sustained growth over the next 5 years culminating in an impressive 25.8% growth. Rental values are also set to grow in the same time period, with a 4% increase in 2022 followed by a 15.9% cumulative growth over the stated time period.

In addition to this, Manchester is set to see the highest rate of economic growth amongst all major UK cities over the next five years according to Oxford Economics, with a GVA growth of 16.4%. With a rapidly rising economy and impressive house price and rental value forecasts, Manchester is set to continue to solidify its status as one of the UK's leading buy-to-let markets.



# Liverpool

Located on the River Mersey in the North West of England, Liverpool is famous around the world as a shipping port and former Capital of Culture. The city benefits from a young and extremely exciting population that is consistently growing thanks to the plethora of opportunities that the waterside city has to offer.

Ever since the city was named as the European Capital of Culture, Liverpool has experienced extensive regeneration throughout the city and looks set to continue to do so for the foreseeable future. Developments such as the Liverpool ONE Shopping Centre, the Echo Arena and the £5.5 billion Liverpool Waters regeneration project have already contributed to the city's transformation, whilst the massive £14 billion regeneration led renaissance currently underway in the city, will no doubt continue to enhance its already impressive investment reputation. The scheme will deliver 10,000 new homes, a brand new, state-of-the-art football stadium for Everton FC, a new cruise terminal, a new TV and Film hub as well as £250m of road infrastructure and 2 million sq ft of commercial office space – all of which will massively benefit both the local economy and property market.

Speaking of the property market, there are few cities throughout the country that have performed as well as Liverpool has over the last few years. In their October House Price Index, Zoopla revealed that Liverpool led the way when it came to annual house price growth, with prices increasing by an impressive 6.9% in the 12 months prior. Rents have also increased in the city in the last few years, even out-performing the capital for large parts of the year. Six Liverpool postcodes were also featured in Totally Money's Top 25 buy-to-let areas ranking – with L1 ranking as number 1.



The market looks set to continue with this upward trajectory over the next few years, according to JLL. In their aforementioned Residential Forecast report, JLL forecast that in 2022 alone, house prices in the city are set to increase by 5%, before continuing this trend for the coming years to produce a cumulative increase of 21% in the period between 2022-2026. Rental values are also set to increase in the same period, starting with a 3% increase throughout 2022 that will pave the way for a cumulative increase of 13.7%.

It's no surprise to see such an impressive increase in house price growth and rental values over the next few years given the vast amount of investment that is set to be made into the city. As Liverpool continues its transformation, more and more opportunities will arise for young professionals and industry specialists that will not only boost the economy but also see a sustained increase in tenant demand which – paired with the rising prices and rents – offers an extremely prosperous market for property investors.



# Sheffield



**Whilst not as glamorous or well known as some of our previous entries, Sheffield has been quietly building up its reputation as one of the UK's leading buy-to-let locations. The Steel City is famous for its historical industrial prowess that paved the way for the highly skilled workforce of today which forms the backbone of the booming business sector in the city.**

Located in the heart of South Yorkshire, Sheffield is one of the most up-and-coming regions in the UK thanks to the extremely desirable lifestyle in the city. Residents can enjoy an enviable mix of stunning natural landscapes and outdoor activities paired with a compact city centre featuring amenities like shopping malls, markets, bars, restaurants and more.

According to Zoopla, house prices in Sheffield increased by an impressive 7.9% in the 12 months leading to October last year, bettering the likes of Birmingham, Bristol, Glasgow and London to name a few. The rental market



in Sheffield is equally as buoyant, no doubt spurred on by the high number of students who decide to remain in the city following the completion of their studies. According to Knight Frank's Student Accommodation survey, 40% of respondents indicated that they plan to remain in the city post-graduation, putting further pressure on the already in-demand rental market.

Speaking of students, Sheffield is home to one of the finest student property markets in the country. Home to two of the UK's leading universities in the form of the University of Sheffield and Sheffield Hallam University, the city is one of the most popular locations when it comes to higher education – with over 60,000 people currently studying in Sheffield. One could argue that Sheffield is the ultimate student city - it benefits from a lower cost of living than most (10% lower than the country's national average and 25% lower than the capital's) as well as a high employment rate for graduates that only boosts both the student and residential markets. The universities in the city are unable to deal with the ever-rising number of students, meaning that privately owned purpose-built student accommodation in the city is in record demand.

The forecast for Sheffield and the greater Yorkshire region is incredibly positive. House prices in the Yorkshire region are set to increase by 3.5% in 2022 and continue in this vein, cumulating to a 15.9% increase in the 2022-2026 period. With substantial investment into the city expected in coming years in the form of the 'Heart of the City II' regeneration scheme, paired with the already booming residential and student markets, Sheffield is set to be one of the go to cities for UK property investment.





As one of the major players in the ‘Northern Powerhouse’, Leeds is home to one of the UK’s strongest economies as well as an equally impressive property market. The city is the third most populated in the UK, with an estimated 800,000+ people now living in Leeds.

According to Leeds City Council, Leeds is the UK’s fastest growing city and is the main driver of the city region with a £64.6 billion economy. Over the next 10 years the economy is set to continue this impressive growth with an estimated 21% increase that is heavily led by the financial and business services market.

Thanks to the city’s thriving economy and substantial growth in recent years, more and more people are moving to Leeds for the numerous career opportunities available. This influx of people and economic expansion in recent times has resulted in an increase in demand for property in the region, something that is clear to see when looking at house prices and rents in the city.

In the last 5 years, house prices in Leeds have risen by over 18.6% according to Zoopla, increasing at a quicker rate than places such as London and Birmingham, and look set to continue to do so for the next few years. JLL predict that house prices in the city will increase by 5% in 2022, above the Yorkshire average of 3.5%, before experiencing a 22.8% cumulative increase in the period between 2022-2026.

Rental values are also set to increase at an average of 2.6% per annum in the coming years, rising by 3% in 2022 and 13.7% over the course of the aforementioned 2022-2026 period. With below national average house prices paired with impressive forecasts for house price and rental growth in the UK’s fastest growing city, Leeds has all of the hallmarks of an ideal buy-to-let location.



# Bradford



**Bradford is a city that probably doesn't spring to mind when thinking of leading UK cities for property investment, but the West Yorkshire city is currently on an extremely impressive trajectory that could transform itself into one of the most accessible yet prosperous property markets in the UK.**

As previously mentioned, Yorkshire is one of the leading regions in the UK when it comes to house price forecast – on par with the North West. According to Savills residential market forecast, house prices in Yorkshire and The Humber are set to increase by 4.5% in 2022, followed by an impressive 18.8% increase in the 5 years to 2025.

The Yorkshire region has had something of a renaissance in recent times that has well and truly transformed the economy in the area, and in turn, the property market. Whilst Sheffield and Leeds have been at the forefront of this growth, Bradford has been quietly blossoming into one of the regions best buy-to-let locations, emulating the growth seen in Sheffield over the last few years.

The rental market in Bradford has no doubt been boosted by the city's young population. According to data from Bradford City Council, nearly 70% of the district's population are aged under 50 - the prime age for those looking for rental properties - and more than 30% aged under 20.

Bradford benefits from a perfect mix of a young and growing population, lower-than-average house prices and higher-than-average house price growth that offers the potential for impressive rental yields and strong capital appreciation for those who invest in property in the city.



## Bradford growth statistics

House price increase over the next 5 years

18.8%

Proportion of population within prime renting age

70%



Knight Knox make investing in property simple. We specialise in the sale of off-plan buy-to-let properties for the private investor market, and with over 200 years of combined experience, we offer an unparalleled service when it comes to investing in property.

Specialising in both residential and student property, we have sold over 11,000 properties to over 5,500 individual buyers in excess of 110 countries. We strive to ensure that our clients see the best-possible returns in a competitive market sector.

Knight Knox are pioneers in providing high yielding, fully managed properties designed for both tenants to live in and investors to own.



*"Knight Knox are agents that should be considered by anyone looking to enter the buy to let market. I have bought 4 properties through this agent and would highly recommend them. The properties available are guaranteed to be those sought after in the rental market. They provide a seamless service from reservation through to completion and thereafter the management of the property once let is again second to none"*

Leanne Skekton, 5\* Google Review



### Our most popular investment hotspots

Manchester	Glasgow
Liverpool	Newcastle
Sheffield	Sunderland
Bradford	Middlesbrough
Staffordshire	Stockport
Leeds	Plymouth
Chatham	Wigan
Nottingham	Bolton
Chester	Lancaster
Birmingham	Preston
York	Rotherham





# Property investment made simple.

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