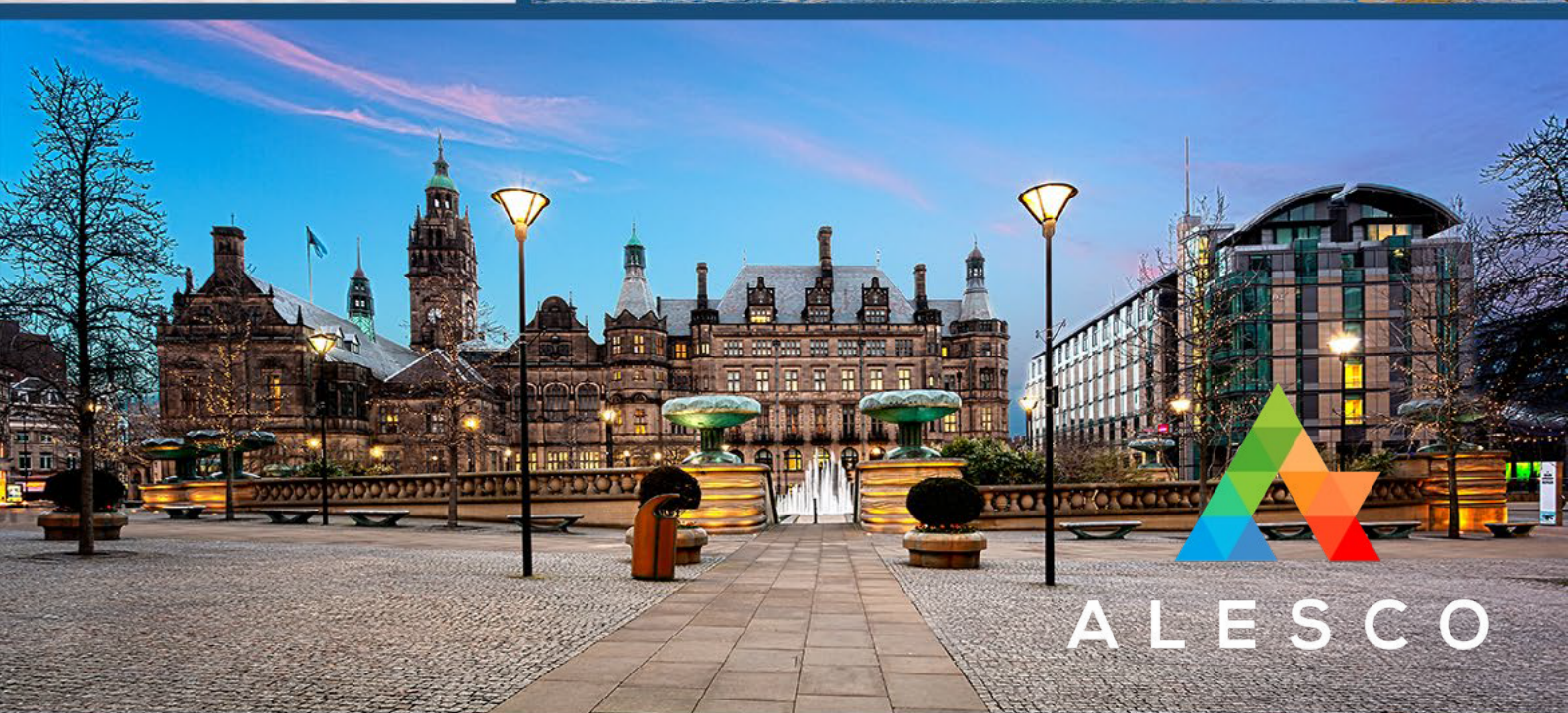




THE UK'S NORTHERN POWERHOUSE: A PROPERTY INVESTMENT HOTSPOT



ALESCO

INTRODUCTION

Massive investment in the UK's Northern Powerhouse - an area in the North of England that includes Manchester, Liverpool and Birmingham - has resulted in significant growth in property prices and rental yields in recent years.

The demand for quality rental accommodation throughout the region is high and continues to increase as infrastructure projects further improve connectivity, and regeneration initiatives create even more job opportunities and amenities for residents.

With supply considerably lacking, many new housing developments are being constructed. The considerable savings from buying off-plan mean these developments offer an excellent opportunity for private investors to build their buy-to-let portfolio.

In this white paper, you'll learn precisely what is meant by the "Northern Powerhouse" and discover the unique strengths of the cities within it that offer the highest potential returns for property investors.

ABOUT **ALESCO**

Founded in 2016 by property investment experts with over 20 years of experience in the field, Alesco is dedicated to helping private investors grow their portfolio and ensure their long-term financial security.



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WHAT IS THE **NORTHERN POWERHOUSE**?

Launched in 2014 by the UK's then Chancellor of the Exchequer George Osborne, the Northern Powerhouse is a government-led initiative to fully realise the economic potential of the North of England.

It focuses on the cities of Manchester, Liverpool, Leeds, Sheffield, Birmingham, Hull and Newcastle, as well as the surrounding towns and rural communities. If the Northern Powerhouse region were a country, it would be the eighth-largest economy in the Europe Union. It delivers over a quarter of the UK's total manufacturing output, nearly half of all medicinal exports and a third of the country's renewable energy.

The Northern Powerhouse



“If the Northern Powerhouse region were a country, it would be the eighth-largest economy in the Europe Union

The UK government has invested heavily in local skills, innovation, transport and culture, including:

£13bn

in building modern transport links to improve connections within the Northern region and to destinations outside of it;

£3.4bn

to equip local people with the opportunities they need to drive growth;

£70m

in the dedicated Northern Powerhouse Schools Strategy to improve education and skill levels;

£150bn

in health initiatives.

Despite these strengths, growth and employment rates in these regions have fallen behind the rest of the UK since the 2008/09 recession. As a result, significant regeneration and infrastructure projects are taking place across the region, using existing strengths to set new standards for growth and opening up prime investment opportunities.

Furthermore, the government is working with local stakeholders to create a revolutionary new style of governance whereby directly elected local mayors can make decisions for their community to ensure the power of the north remains in the north.

The combined force of this government investment and devolution of powers has meant that the cities within the Northern Powerhouse are prime locations for property investment and buy to let.

Property prices have enjoyed higher growth and rental yields than anywhere else in the UK recently. With a combined GDP of £300bn, a 15m-strong consumer economy, and a wealth of targeted financial support from the government, demand for high-quality housing in the Northern Powerhouse is expected to continue to increase significantly over the coming years.

HS2

The biggest infrastructure project in the region is HS2 - a multi-billion-pound high-speed railway line that will connect major cities within the Northern Powerhouse to one another and the capital.

The first phase, which will cut journey times between London and Birmingham to just 48 minutes, is expected to open in 2026. The second phase extends the line to Manchester, Leeds and Liverpool, and is expected to be completed by 2033 - again, cutting journey times dramatically. £43.7bn in economic benefits are projected to be created by HS2, while the London-Birmingham section alone will create around 40,000 jobs.





BIRMINGHAM

Birmingham is a city in transformation. It is the largest in the UK after London, and was named as the most improved city in the country due to strong job growth and raft of regeneration.



The most improved city in the country

BIRMINGHAM

OVERVIEW

In the 1960s, average wages were higher than in London. It was at the heart of UK manufacturing and had the lowest unemployment rates in the country.

But this came with problems, and a chronic shortage of labour led to firms moving elsewhere in the country in the 1970s. After the car industry imploded, the city fell into decline. Over the next two decades, unemployment rose from virtually zero to nearly 20%.

Thankfully, the city has undergone a renaissance in the last decade. In 2017, HSBC moved their headquarters to Birmingham, bringing with them more than £200m in investment and 1,000 head office roles from London. Other multinationals, such as Deutsche Bank and PwC, have followed suit and expanded their operations to the city.

Birmingham now has the highest growth in manufacturing and technology jobs in the UK outside London, and it was the most popular destination for people relocating out of London in 2015.

7%

rental yields in 2018

↑ 6.5%

price growth in 2018

↑ 151%

population growth
between 2002 and 2015Most improved city
in the UKYoungest city
in EuropeSelected to
host the 2022
Commonwealth
games



Named as the most improved city in the country due to strong job growth and a raft of regeneration

At Alesco, we consider Birmingham to be one of the best locations in the UK for property investment. And we're not alone! PwC recently ranking Birmingham as the sixth best city for investment in the whole of Europe and the best for property investment in the UK.

BIRMINGHAM

REGENERATION AND **DEVELOPMENT**

The £700m, city-centre Paradise project is one of Birmingham's most important development in a generation. It will bring 1.8m sq ft of modern new office, retail and leisure space as well as a 250-bedroom hotel. PwC has taken on the whole eight-storey building at One Chamberlain Square – the first building completed as part of the project. In Spring 2020, a 49-storey tower named 'Octagon' was revealed as the newest addition to the project. Set to complete in 2024, it will

reach 509ft in height. The rest of the project is set to be completed in 2026. Another significant development is Smithfield - a 34-acre site located between the city's Chinese quarter, Eastside district and the main city centre shopping area. This £1bn development will create new shops, hotels, a public square and 2,000 new homes. The project, set to commence in 2019, will bring 3,000 new jobs and £470 million to the city economy.

In December 2017, the city was selected to host the 2022 Commonwealth Games, which will be the largest sporting event in the UK since the 2012 Olympics. The Games are set to put Birmingham under a huge global spotlight and bring an estimated £750-million boost to the city's economy.



BIRMINGHAM

CONNECTIONS

Situated in the heart of the UK, 90% of the population can drive to Birmingham in under four hours. London is just 100 miles away.



Birmingham Airport serves 150 destinations globally and welcomes nearly 13 million people through its doors annually. In November 2018, plans for a £500m investment were unveiled, which has the potential to increase passenger numbers to 30 million a year.

HS2 - Europe's biggest infrastructure project - is set to arrive in the centre of Birmingham in 2026. The project will cut travel times between Birmingham and London to under one hour. Furthermore, it will bring £1 billion in investment to the Eastside area of Birmingham where the HS2 station is going to be situated.

90%

of the population can
drive to Birmingham
in under four hours

BIRMINGHAM

EDUCATION

Birmingham is Europe's youngest city with 45% of the population under the age of 30. This includes around 65,000 students across five top universities. Within a one-hour radius of the city, you'll find 20 more universities - including three Russell Group institutions.

By 2039, Birmingham's population is expected to rise by 171,000 to 1.3 million. This means there is a vast pool of talent for employers to choose from. But it also means there is a massive opportunity for buy-to-let investors to provide accommodation for this influx of people.

45%

of the population
under the age of 30

20

universities within a
1-hour radius of the city

65K

students across five
top universities





Westminster Works

BIRMINGHAM

PROPERTY

Average house prices in the city are still at around £197K, and with prices set to rise by 20-30% over the next four years, Birmingham property investment is very attractive.

With the highest quality of life in the UK after London – but with a cost of living that is 60% less – Birmingham is expected to see rapid growth over the next few years. The demand for high-quality city centre living and a lack of residential properties has created a strong buy-to-let market. As an investor, this is the perfect time to sow the seeds of a lucrative investment.

£197K

average house price

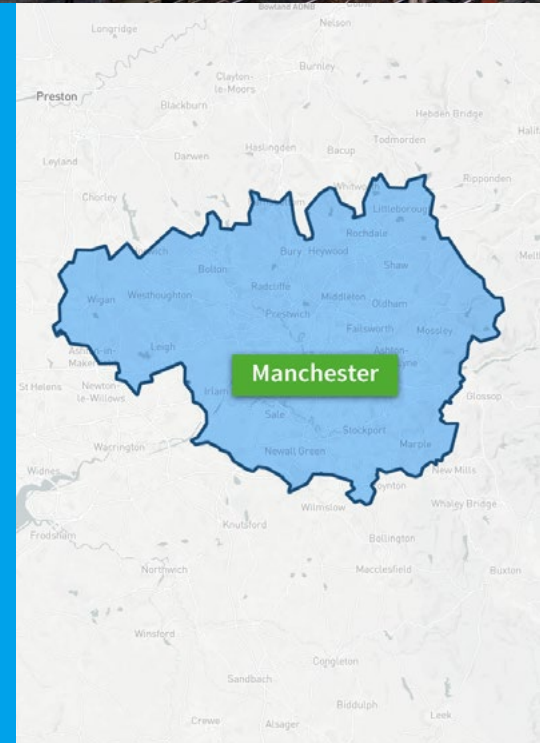
prices set to rise by

20-30%



MANCHESTER

Manchester is the UK's capital of the North: a modern, vibrant city with a hugely diverse population and culture.



Named as the best UK city to live in

MANCHESTER

OVERVIEW

The city transformed from a powerhouse of the industrial revolution through its cotton industry in the 18th and 19th centuries to be one of the UK's main digital hubs in the 21st.

Thanks to intensive regeneration, investment and development over the last decade, Manchester has become the second-largest economy in the UK and been ranked as the best city to live in the UK.

10.1%

rental yields in 2018

↑ 6.2%

price growth in 2018

↑ 149%

population growth
between 2002 and 2015

Home to the biggest
purpose-built media
location in Europe



Second largest city
region economy in
the UK



Highest job
growth in the UK



MANCHESTER

ECONOMY

Greater Manchester represents the second largest city region economy in the country, with a Gross Value Added (GVA) of £62.8 billion.

The city has been growing faster than any other in the UK: between 2002 and 2015 the population increased by 149% and jobs by 84%. Key to this growth has been the tourism sector and the significant regeneration and development projects that have led to countless companies relocating from elsewhere in the UK.

As the third most visited city in the UK by overseas tourists, Manchester's tourism sector is worth £7.9bn and supports over 94,000 jobs.

Meanwhile, "Northshoring" – where companies move or open an office in North England to avoid the high costs of London and the south – is becoming an increasingly common practice, with the likes of AstraZeneca, Siemens, Barclays, BBC, Google, Kellogg's and RBS establishing a presence in Manchester in recent years.

£62.8bn

Gross Value Added (GVA)

↑ 84%

Increase in jobs

£7.9bn

Tourism sector

MANCHESTER

EDUCATION

One hundred thousand students attend Great Manchester's four universities, attracted by the city's unique combination of world-class education, excellent graduate job opportunities and low living costs. Campuses are based around Oxford Road in the south of the city, making this one of the key investment areas.





MANCHESTER

CULTURE

Manchester is renowned for its musical and sporting prowess. Take That and Oasis both hail from the city, as do the likes of M People and The Hollies.

Football is a massive part of Manchester city life thanks to Premiership powerhouses Manchester City and Manchester United. Art and history lover? Whether you're looking for exciting contemporary art galleries, specialist museums or collections of world-renowned artists, the city has something for everyone. Highlights include the Museum of Science and Industry, Imperial

War Museum North, Whitworth Art Gallery, The Lowry, HOME and the Manchester Art Gallery. In the The Economist's Global Liveability Index 2019, Manchester was named as the best UK city to live in. The index ranks 140 global cities on factors including political and social stability, crime rates, education and access to healthcare.

MANCHESTER

REGENERATION AND **DEVELOPMENT**

The media and creative industries play a vital part of this thoroughly modern metropolis. The city has become the second largest creative hub in Europe, thanks to £3.5bn of investment in recent years.

The hub includes MediaCityUK in Salford, a 200-acre site home to the likes of the BBC, ITV, Ericsson and Salford University. In fact, it's the biggest purpose-built media location in Europe, with over eighty creative and digital companies. The £800m NOMA scheme is one of the largest development projects in North West England and aims to transform 20 acres of Manchester City Centre, creating

4 million square foot of office, retail, residential and leisure spaces. The first phase – One Angel Square, the new headquarters of the Co-operative Group – opened in 2013. In January 2020, Amazon opened its Manchester headquarters in the Hanover building. The entire scheme is set to be completed by 2029.

MediaCityUK is home to likes of the BBC, ITV, Ericsson and Salford University



MANCHESTER

CONNECTIONS

Manchester is easily accessible by road. The main motorways include the M66, M60, M56, M61, M62 and M67, providing access from all areas of the UK.

The city has two major railway stations, Victoria and Piccadilly, serving routes across the UK. The hotly anticipated high-speed train service – HS2 – will cut journey times between London and Manchester to just 68 minutes. Manchester Airport is the third largest in the UK, offering flights all around the world.





Bridgewater Wharf

MANCHESTER

PROPERTY

Despite its unique blend of culture, media, education and liveability, Manchester's house prices are surprisingly low.

While the national average house price in the UK is now around £280K, prices in Manchester and Salford stay well under that at just over £190K. As a result, both investors and prospective homeowners can achieve real 'bang for their buck' in the city.

£280K

average house price in the UK

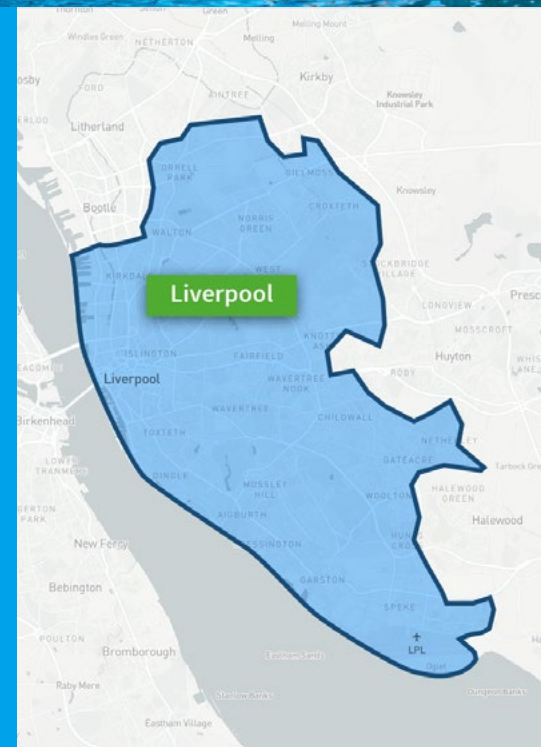
prices in Manchester

£190K



LIVERPOOL

Since being awarded the title of European Capital of Culture in 2008, Liverpool has thrived as a consistently desirable location with great opportunities for savvy property investors.



Liverpool's economy is growing at an impressive 15% a year



LIVERPOOL

OVERVIEW

For generations, Liverpool was one of the world's greatest port cities. In its prime, 40% of all world trade was passing through its docks.

But in the second half of the 20th century, the rise of mechanised container shipping resulted in fewer jobs and bigger ships meant most of the modern shipping trade went to other ports in the UK.

Liverpool went into steep decline in the 70s and 80s, with the population halving. However, since the 90s, the city has benefited from millions in EU regional development funds and has once again started to establish itself as a major city power. The previously derelict docks are being transformed and a new shipping terminal – one of the most advanced in northern Europe – looks to bring back its maritime glory days.

Liverpool has now become the UK's second-largest regional economy, worth more than £149 billion. Due to an influx of new businesses and a thriving tourism sector, the economy is growing an impressive 15% year-on-year.

11.8%

rental yields in 2018

↑ 6.9%

price growth in 2018

↑ 181%

population growth
between 2002 and 2015



90,000-strong
student population



Fourth most visited
city in the UK



Second largest
regional economy in
the UK

LIVERPOOL

REGENERATION AND **DEVELOPMENT**

The £1bn Liverpool ONE – the nation's largest open-air shopping centre – opened in 2008, cementing Liverpool as one of Europe's leading retail and leisure destinations. Built around the waterfront, this 1.65m sq ft complex includes 170 shops, bars and restaurants, an 18-screen cinema, an indoor adventure golf course and a five-acre park.

The £5.5bn Liverpool Waters project will transform the city's derelict docks into a sprawling commercial and residential waterfront space to rival the very best in Europe. When complete, the development will include 23,000 apartments and four hotels across 21m sq ft. It's set to deliver 17,000 full-time jobs and bring the city's much-loved docklands back to life.

In the north of the city, the £150m Great Homer Street development will bring new supermarkets and homes, as well as up to 1,000 jobs to this previously neglected area of Liverpool. Over 100 residential properties have already been built and the famous Groatie market given a new home.

The £2bn Knowledge Quarter plan will regenerate a huge swathe of Liverpool's city centre, stretching from Lime Street to Kensington. Paddington Village is a key component of the plan, housing 1.8m sq ft of science, technology, education and health space. The world-renowned Royal College of Physicians is setting up their only centre of excellence outside London here.



“
The £5.5bn Liverpool Waters project
will transform the city’s derelict
docks into a sprawling commercial
and residential waterfront space



LIVERPOOL

CULTURE

Offering an abundance of art, culture and history, the birthplace of the Beatles attracts tourists in their droves, with a thriving year-round entertainment scene and a waterfront that was recently designated as a UNESCO World Heritage Site. As the fourth most-visited city in the UK, the number of overseas visitors to Liverpool rose by a quarter from 2016 to 2017 with 839,000 visitors boosting the city's economy by £358 million and supporting more than 50,000 jobs.

839,000 visitors boosting
the city's economy by

£358m



LIVERPOOL

EDUCATION



With four leading universities and a 90,000-strong student population, Liverpool offers a thriving and stable buy-to-let market with consistent healthy rental income and strong returns.

“A thriving year-round entertainment scene and a waterfront that was recently designated as UNESCO World Heritage Site.”



Parliament Square

LIVERPOOL

PROPERTY

The average house price in Liverpool is around £173K, compared to the UK average of £310K.

The city centre is the main attraction for developers. In particular, the L1, L2 and L3 postcodes. These cover the university, waterfront and “Three Graces” – a trio of early 20th-century buildings that includes the Grade 1-listed Royal Liver Building.

According to research by TotallyMoney, Liverpool has three of the top 10 most profitable postcodes for buy-to-let landlords, with annual yields of 11.79%, 11.59% and 9.36%. The vast levels of recent investment combined with a large student population and consistently high rental yields make Liverpool ideal for property investment.

£173K

average house price

£310K

average house price in the UK



LEEDS

Boasting a rich industrial heritage, billions in investment and a central UK location in West Yorkshire, Leeds is one of the most attractive cities in the UK for buy-to-let property investment.



The fastest growing city in the UK

LEEDS

OVERVIEW

It was the textiles industry – woollen cloth in particular – that propelled Leeds onto the world scene in the 19th century; the city's Temple Works Mill was the largest of its kind at the time.

Increased automation and jobs moving abroad saw the city experience a decline in the 20th century. However, this has been reversed. The city is now the fastest growing city in the UK and has the largest legal and financial centre in the nation outside of London.

7%

rental yields in 2018

↑ 4.3%

price growth in 2018

↑ 151%

population growth
between 2002 and 2015



Second-largest
legal and financial
centre in the UK



Highest private
sector jobs growth
in the UK



Fastest growing
city economy in
the UK

LEEDS

REGENERATION AND **DEVELOPMENT**

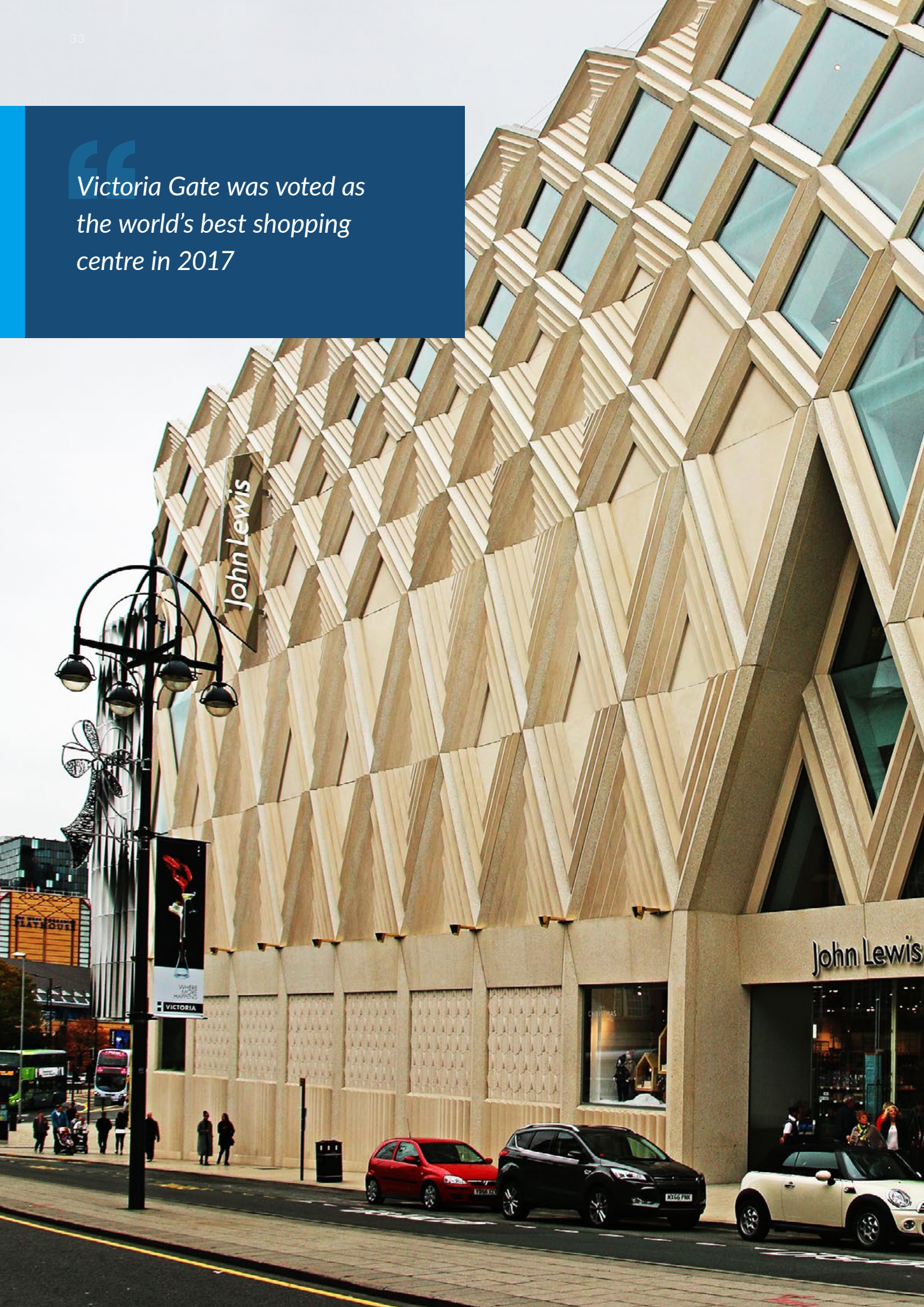
Over the last decade, large-scale development projects have received £3.9 billion in investment, with a further £7.3 billion worth of development under construction and in the pipeline.

A significant portion of this investment has gone into making Leeds a premier shopping destination. Recently completed projects include the largest premium retail venue in Northern England – Victoria Gate. Built to resemble a Victorian shopping arcade in homage to

the surrounding architecture, Victoria Gate was voted as the world's best shopping centre in 2017. Then there is the £350m Trinity Leeds development that opened in 2013, offering 1m sq ft of prime retail space and bringing nearly 3,000 jobs to the area.



“
Victoria Gate was voted as
the world's best shopping
centre in 2017



LEEDS

EDUCATION



The continuous supply of top talent from notably the largest concentration of Higher Education Institutions outside of London has meant businesses are flocking to the city. Leeds has the highest growth in private sector jobs in the UK and is one of the top five cities for attracting foreign direct investment. The likes of the Asda Group, First Direct and BT all have more than 1,000 employees based in the city. As a consequence, Leeds's economy is projected to grow by 21% over the next ten years, with over half of this growth coming from finance and business services.

“Leeds's economy is projected to grow by 21% over the next ten years”

LEEDS

CONNECTIONS

Located in the middle of the UK, Leeds is just 175 miles from London, and over 7 million people live within a 1-hour drive.

It is a stone's throw away from the picturesque Yorkshire Dales and North Yorkshire Moors, offering plenty of opportunities for weekend breaks to the countryside for residents and visitors.

Leeds train station is the busiest in the North of England and is currently undergoing a £500m upgrade, promising to further establish Leeds as a northern gateway hub. The upgrade is expected to be completed by 2033 when the first HS2 trains arrive in the city.

HS2, a planned high-speed rail link, will dramatically cut travel time from Leeds to

other major UK cities. The link will bridge the north-south divide, free up congested rail lines and improve reliability; increasing productivity, tourism and employment rates exponentially as result. The train station initiative exists as part of the groundbreaking South Bank project – the most significant development in the city in over 100 years, delivering more than 35,000 jobs and 8,000 homes. This 253-hectare regeneration area south of the River Aire will double the size of Leeds city centre. The project will cement the city as an esteemed and celebrated global destination for investment, living, learning, and working.





X1 Southbank

LEEDS

PROPERTY

With so much to offer and so many projects in the pipeline, it is no surprise the Leeds property investment market is thriving.

The highest rental yields – 7.43% – are found in the trendy and well-located LS6 postcode, a suburb of Headingley with excellent commuter links to both main universities. Properties in Leeds cost an average of £215,000, well below the UK average of £310,000.

Leeds is experiencing exceptional growth and opportunity, driven by a high supply of talent and a booming commercial property market; more than 32,000 jobs have been created since 1998, and the population grew 151% between 2002 and 2015, second only to Manchester. With the average property increasing in value by £44,000 over the last five years, there has never been a better time to get into Leeds property investment.

£215K

average house price in Leeds

£310K

average house price in the UK



Idyllically situated on the edge of the Peak District in South Yorkshire, Sheffield has evolved from a powerhouse of the steel industry in the 19th century to a leading manufacturing and engineering hub in the 21st.



Leading manufacturing and engineering hub

SHEFFIELD

OVERVIEW

Sheffield earned its nickname 'Steel City' as one of the world's foremost steel manufacturers, pioneering new production methods and inventing what is today known as 'stainless steel'.

Global competition in the steel industry led to the city's decline in the 20th century but it has since reinvented itself. Fueled by its two leading universities, the city's professional, scientific and technical sectors have seen tremendous growth in recent years. It has become a thriving modern city and a leading destination for sports, culture, and business.

7.6%

rental yields in 2018

↑ 5.8%

price growth in 2018



The most advanced
R&D centre for physical
activity in the world



Highest ratio of
trees to people of
any city in Europe



Second largest
theatre complex
in the UK

SHEFFIELD

REGENERATION AND **DEVELOPMENT**

The city has attracted tremendous investment from both government and industry in recent years.

The £480M Sheffield Heart of the City II project will see the development of the flagship HSBC building – securing nearly 3,000 jobs – along with new commercial spaces over an area stretching 1.5 million sq ft. The project focuses on preserving the city's historic architecture alongside the new developments for a modern city with a unique personality and aesthetic.

Elsewhere in the city, the Council has pledged nearly £800,000 to revamp the Castlegate Quarter – the oldest part of Sheffield. The plan is to create a new green corridor and transform derelict shops and buildings into spaces for businesses and tech startups. Work on the development began in 2020. When it comes to transport connections, the planned HS2 high-speed rail link will reduce travel times between Sheffield and London to 87 minutes.





SHEFFIELD

CULTURE

With a third of the city in the Peak District and the highest ratio of trees to people in Europe, the Steel City has become the Outdoor City.

Those looking for culture and history are spoilt for choice. Highlights include the largest theatre complex outside London, the Millennium Galleries – which is the North's most visited free attraction – and the popular Kelham Island Museum, which showcases Sheffield's impressive industrial past.

Sheffield is also a haven for sports lovers. The city hosts the annual World Snooker Championship and has two major football teams – Sheffield Wednesday and Sheffield United. This diverse cultural and leisure scene combines with an affordable lifestyle and outstanding job opportunities to make Sheffield a prime property investment location.

“*Sheffield has the highest household spend on outdoor equipment in the country.*”

SHEFFIELD

INDUSTRY

Sheffield has a global reputation for innovation, delivering research-led, technology-based solutions that create new opportunities for trade and investment.

The city's large pool of skilled labour and infrastructure improvements has meant an influx of major engineering companies. In 2018, supercar manufacturer McLaren opened a £50m innovation and manufacturing facility while Boeing, the world's largest aerospace company, opened a new factory – their first in Europe.

Sheffield Hallam University is building on this reputation with their £14m Advanced Wellbeing Research Centre, set to become the most advanced R&D centre for physical activity in the world.

The centre will sit alongside Sheffield's Innovation District – a major business hub and home to brands including Boeing, Rolls-Royce and Toshiba. The district was born out of a unique partnership between Sheffield's two universities, private business and local government.

The resulting rush of talent to the city and increased graduate employment opportunities are opening up the property investment market in new, exciting ways.



“
The city's large pool of skilled labour
and infrastructure improvements
has meant an influx of major
engineering companies





Queen's House

SHEFFIELD

PROPERTY

Sheffield's significant regeneration has meant property prices are growing by over 5% a year, the highest in the UK by some estimates.

Its current population of 560,000 is expected to grow to 633,000 by 2037, increasing the demand for high-quality properties even further.

Sheffield's S2 postcode is currently ranked 8th in the UK for the best buy-to-let areas with an average property asking price of £125,483 and rental yields of 8.16%. The average house price for Sheffield sits at around £200k, compared to the national average of £310K.

Its recent investments and great potential for high growth and high yields make Sheffield a logical choice for buy-to-let investments.

£200K

average house price

£310K

average house price in the UK

GET IN TOUCH

Whether you are looking for immediate returns, consistently high yields or strong capital growth, we have the right opportunity for you. Our wide-ranging portfolio includes buy to lets, commercial investments and secured loan notes.

By focusing on building long-term relationships, we can offer developers a high volume of repeat business. Consequently, we can secure properties at up to 20% below market value, exclusively for Alesco clients.

We have a strong track record of delivering for our diverse global client base, which ranges from new and seasoned private investors to funds and institutions looking to diversify their portfolios.

Speak to our a member of our expert team today to see how you could build your portfolio with Alesco.

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ALESCO

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