



INVESTING BEYOND LONDON

Opportunities for overseas
investors in the UK's regional
commercial markets

 **GRAHAM
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Investing beyond London

Opportunities for overseas investors in the UK's regional commercial markets

The UK's regional office and industrial markets offer significant opportunities for investment. However they can sometimes be overlooked particularly by overseas buyers. We consider the case for investing in the UK's 'Big Six' regional office and industrial markets: Birmingham, Bristol, Edinburgh, Glasgow, Leeds and Manchester.

Overseas investors remain heavily committed to the UK and its regional markets. We have analysed overseas investment levels in the 'Big Six' cities since the end of the pandemic. This shows that overseas buyers have purchased £6.1 billion of office and industrial assets (amounting to more than 38 million sq. ft.) in these locations over this period. This accounts for around 44% of the £14 billion invested in total in these regional markets (including UK buyers).

North America has been the dominant source of overseas investment into business space sectors in the 'Big Six' cities since 2022 at £4.2 billion. This accounts for 69% of the overseas office and industrial total, whilst only 18% (£1.1 billion) of the capital invested has been of European origin (see Figure 1).

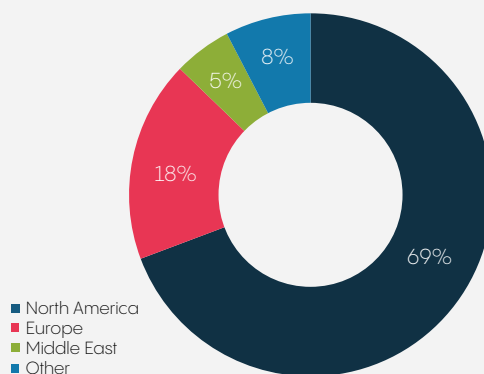
Figure 2 shows the breakdown of European investors in 'Big Six' offices and industrials by country, since the start of 2022. European investment has been dominated by France, which has seen just under £500 million invested, accounting for a significant 45% of European investment into these markets (and 8% of the total overseas investment into the 'Big Six'). French SCPIs have been particularly significant purchasers, including Corum, Remake Asset Management and La Française.

Investors from Spain were also major contributors to European investment in the 'Big Six' office and industrial markets, making up 23% of the total European volume.

Taking the period since the start of 2025, the total purchased by overseas buyers has been £1.7 billion, with £320 billion of this [19%] being purchased by European buyers.

Big Six: Source of Overseas 'Big Six' investment – 2022 to 2026

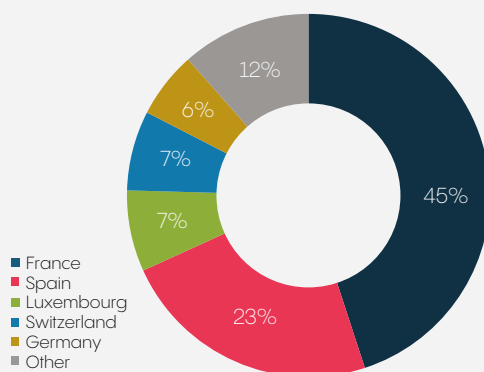
Source: RCA, CoStar, Graham + Sibbald



Note: 2026 data is year to September

Big Six: Source of European 'Big Six' investment – 2022 to 2026

Source: RCA, CoStar, Graham + Sibbald



Note: 2026 data is year to September

The average lot size of purchases by European investors compared with those from the rest of the world is almost identical, with both averaging around £25 million.

Looking at the split between offices and industrials, 66% (circa £4 billion) of the total value of 'Big Six' purchases by overseas investors since 2022 was for industrial property, compared with 34% (£2 billion) in the office sector. However, non-European buyers heavily favoured the industrial sector, accounting for 75% of the value purchased, with 25% in offices, whilst European buyers favoured the office sector, with the percentages reversed (25% in industrials and 75% in offices).

The case for investing in the UK's regional markets

Should more overseas investors consider buying in the UK's key regional markets? We think there is a strong case:

- **Pricing** in the UK's major regional markets is highly attractive compared with equivalent markets in Europe (as well as with London).

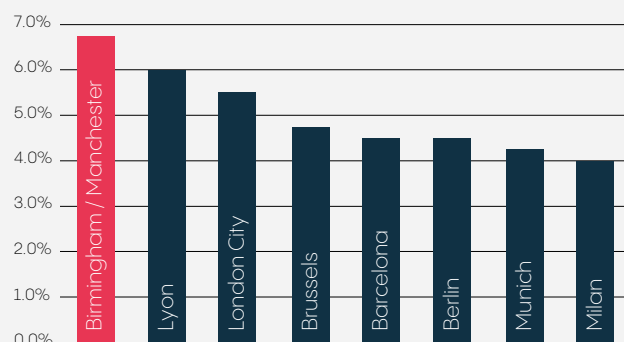
Figure 3 compares prime office yields in the 'Big Six' markets of Birmingham and Manchester with the City of London and selected European locations. The current prime office yield in Birmingham and Manchester of 6.75% is markedly higher than yields in most regional European cities. The examples cited in the chart range from Lyon's 6.0% to Milan's 4.0%, and this range is typical of European office markets. Similar differentials apply to the industrial sector.

Therefore, the UK's regional markets potentially offer better value, stronger income, and more upside for yield compression.

- **Rising global bond yields:** The higher yields associated with the UK's 'Big Six' markets mean a more attractive spread over government bond yields compared with London and many European cities. As gilts continue to reprice globally, this wider yield gap is likely to become increasingly important.
- **Occupational market fundamentals:** Development levels in the UK have remained low in both the office and industrial sectors. This is particularly acute in the regional markets where rising construction costs have resulted in severe viability constraints in many locations. In addition, the planning system and securing a connection to the electricity grid are creating further challenges to development activity. With limited new supply, the focus of corporate occupiers on high quality, energy efficient buildings supports rental performance in the prime office and industrial sectors. It is also worth noting that the regional markets have historically also seen a less pronounced development and rental growth cycle.
- **Devolution:** UK Prime Minister Andy Burnham is steering the government's policy agenda further towards regional empowerment with the aim of boosting economic growth in areas outside of London and the South East. Regional cities are likely to see more control over transport, skills, planning, and economic development – accelerating a process that was already underway with major devolution deals in areas such as Greater Manchester, the West Midlands, and West Yorkshire.

Comparison of Prime Office Yields

Source: Graham + Sibbald



- **Market dynamics:** The 'Big Six' cities boast a diverse occupier base as well as significant opportunities for economic growth and regeneration:
 - Birmingham offers major future infrastructure improvements, including the HS2 high-speed rail link to London and the Midlands Metro expansion, alongside significant regeneration opportunities around the new HS2 Curzon Street station.
 - Bristol is a high value tech and creative hub with a young, skilled workforce. Amongst its key industries are AI, aerospace and defence.
 - Edinburgh combines a strong financial and professional services base with significant public-sector strength as the seat of the Scottish Government, supported by a growing fintech cluster.
 - Glasgow provides a large, diversified occupier mix and regeneration opportunities including the Glasgow City Innovation District.
 - Leeds is underpinned by the education, government and digital sectors, reinforced by major public sector relocations and a growing fintech sector.
 - Manchester is the UK's largest regional office market and has flagship regeneration schemes including Spinningfields, NOMA and St John's, plus an increasingly high profile at the national political level.

If you're looking for a property team that gets the job done, Graham + Sibbald offers a level of personal service, specialist skills, local knowledge and commitment that is second to none.

Local network, national resources

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Find out more www.g-s.co.uk

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