

The Ultimate Buy-to-Let Guide: Part One

MANCHESTER, GREATER MANCHESTER, UK, December 4, 2020

/EINPresswire.com/ -- Stuart Marshall of specialist mortgage broker, Liquid Expat Mortgages, offers his experience and insight into [buy-to-let](#) mortgages with part 1 of a buy-to-let guide that will help you navigate the wide range of products and see which best suits your own personal objectives.

The UK is still reporting consistent increases in house prices despite the COVID-19 pandemic. This week, Nationwide, the largest building society in the world reported that UK house prices are 6.5% higher than a year ago

- the sharpest rise for nearly six years. "Buy-to-let investment is one of the main beneficiaries from the COVID-19 period" says Stuart Marshall. "We have seen a huge increase in demand from UK expats looking to enter the UK property market. The new entrants have added to the

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Buy-to-Let.

A buy-to-let property is one purchased with the intent of renting out to a tenant. Revenue is then



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demand from the more seasoned overseas investors looking to take advantage of this highly robust sector. We have over 13 years experience in working with [overseas buyers](#) and UK expats buying property through mortgages and this year we have had a 42% increase in applications from first time buy-to-let purchasers.” For many first time buyers, and even the more seasoned investors, there are many factors to take into consideration when obtaining a buy-to-let mortgage. “There is a constantly changing mortgage product landscape and many buy-to-let mortgagees have benefited from [utilising a specialist mortgage broker](#) to help them through the large amount

made through the rental yields paid to the owner by the tenant. However, with the right property, money can also be made through capital growth whereby the value of the property grows over time. Because of this, buying a property in an area like Manchester, which is currently projected to experience a massive rise in property prices, can pay huge dividends in the future.

The lucrative nature of buy-to-let has led to the growing popularity of this type of mortgage. Between 2004 and 2007, the number of buy-to-let mortgages increased from half a million to over a million. This increased prevalence has led to the reputation of buy-to-let that we see today: as a tried and tested investment strategy.

As noted above, money is made in two ways with a buy-to-let mortgage: rental yields and capital growth. Given that these are the two ways in which money is made, they are the two most important things to bear in mind when deciding where to buy your buy-to-let investment property. A rental yield is the return that you're likely to receive in rents on the purchase price of the property. For a lucrative investment, it's best to look for the highest possible rental yield as this will indicate a better investment. But, it's also good to consider whether your property is likely to appreciate in value as this can mean huge returns once you've paid off your property through your rental yields.

Indicators of a Potentially Profitable Buy-to-Let Investment.



More and more people are choosing to rent properties longer - both out of necessity and as part of a lifestyle choice - so a buy-to-let property in the right area will almost certainly be desirable.



Manchester is predicted to experience huge capital growth. Buying a property in a city like this could prove to be a lucrative investment in the future.

As mentioned in our first section, the first thing to look for is a high rental yield. But what constitutes a high rental yield? Usually, a rental yield of between 5 and 6% are thought to be good, while 7 or 8% is thought to be more desirable. Rental yields that are higher than 8% are indicative of an incredibly lucrative property and highly desirable.

When looking to invest in a property with high rental yields, it can sometimes be worth looking to a property company who often assure rental yields for a fixed number of years. This means that your investment income will be guaranteed for some amount of time. An expert mortgage broker, like Liquid Expat Mortgages, will usually help you to find a property or property company to best suit your needs.

Tenant demand is another important indicator for how your buy-to-let investment will perform. Without a demand for your property, you are likely to encounter longer periods of vacancy in your property – meaning loss of income. As a general rule, cities are usually highly desirable as there is a shortage of property available and many younger people gravitate towards cities for work or study. Further, younger people are struggling to buy their own house which means that they will rent for longer. Population statistics are usually a good indication of how your property will perform. If your investment location has a high population with a high youth population, then it generally suggests that demand will be high and long-term growth will also be strong.

In the next part of this series, Stuart will look at how capital growth affects investment decisions and also looks at some of the UK's current demand hotspots.

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