

Strong Rental Growth Indicating a Great Time to Invest for UK Expats and Foreign Nationals

We look at how strong rental growth in the UK should influence the decisions of potential UK expat and foreign national investors.

MANCHESTER, GREATER MANCHESTER, UK, June 22, 2021 /EINPresswire.com/ -- UK rents outside of London are rising at their fastest rate in over four years. With the current boom in the rental market, we look at what this means for UK expats and foreign nationals looking to invest in UK property.

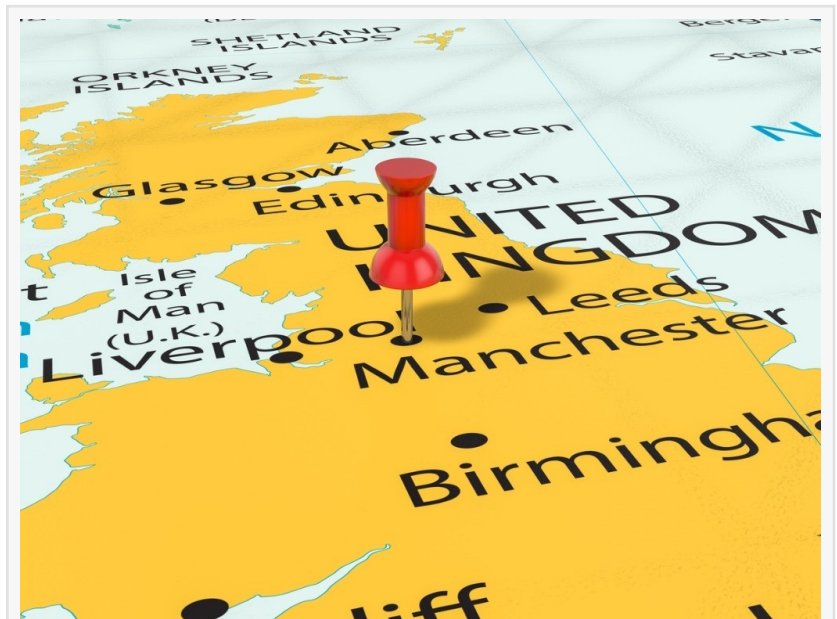
Growth in the Rental Market.

In the first three months of 2021, rents in the UK rose 3% compared to the same period in 2020.

The only area in the UK that is [bucking the trend for this rapid rental growth is London](#). In fact, rents in London are down by 9.4% compared to the same point last year. This two-speed market has been emerging for a while and, like many other trends that have emerged over the pandemic and its associated lockdowns, the two-speed market looks like it has been cemented as we move into a new, post-lockdown world. 'However, there is evidence that this trend is reaching a plateau as offices open and life in the capital begins to resume some semblance of normality' says Stuart Marshall, CEO of Liquid Expat Mortgages.

'Put bluntly, rental growth is booming' says Stuart Marshall. 'The North East is currently performing strongest, with rents sitting 5.5% higher in 2021 than they did at the same point in 2020.'

Why is the Rental Market Growing?



Cities in the North West like Manchester and Liverpool are incredibly popular choices for UK expat and foreign national investors because of their relative affordability and high profitability.

The pace of rental growth in the UK is currently buoyed by strong demand as UK residents find their feet in the new normal. Excluding London, tenant demand in April 2021 is 32% higher across the UK than it was in April 2020. Compared to 2019, it is 59% higher across the country. 'There are a number of factors contributing to the strong tenant demand for rental property' says Stuart Marshall. 'For one, the pandemic has [prompted a search for space](#). Many renters are opting to move instead of renewing the lease on their existing rental property which is, in turn, adding to demand in the rental market. Another factor contributing to the increase in rental demand is the number of people



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choosing to stay in the rental market instead of purchasing their own homes. People are reluctant to buy due to the economic uncertainty they are expecting because of the pandemic. There have also been significant constraints to the affordability of homes as a lack of available

housing stock is applying upwards pressure on house prices.'

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Stuart Marshall

'As well as this, there is a fall in the supply of homes available to rent. In the first quarter of 2021, the supply of rental homes fell by 5% compared to the first quarter of 2020.'

The Picture for UK Expat and Foreign National Investors.

So, there is currently strong growth in rental prices driven by high demand, and a shortage of supply in the rental

market. But what does this mean for UK expats and foreign national investors looking to invest in UK property?

'High demand and low supply typically mean that, if you are a UK expat or foreign national landlord with a rental property, your property is likely to be let quite quickly and at a higher price than you could expect in more depressed markets. [Hamptons International](#) reports that buy-to-let properties which were bought last year are achieving higher yields than the buy-to-let properties which were sold last year. The current average yield for a rental property bought in

the last year is 6.2%. This is compared to an average yield of only 5.2% for those that were sold. Further, 55% of buy-to-let properties purchased by investors last year achieved yields above 5%, compared to 35% of those sold last year. This research points to the idea that buy-to-let properties are currently a strong investment.

Of course, investing in the right area is still of vital importance. We're generally seeing some resistance against investing in London. However, there are exceptions to this rule and speaking to a broker about your investment goals will help to decide

whether or not you fall into this category. But one reason why rental yields might be skewing higher on rental properties that have been purchased more recently is because landlords are favouring Northern regions when making their investments – and these areas are delivering higher profit returns. The average yield for those selling a property in an area like Yorkshire & the Humber, for example, was 5.9%, while people who bought in this area was 7.4%.'

'Ultimately, investing in UK property is still incredibly profitable for UK expats and foreign nationals, especially if you invest in the right areas. Supply is low and demand is high meaning that you are likely to let your property quickly if you invest in an area with high rental demand.'

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