

Rental Market Still a Magnet for UK Expats

A stock shortage in the housing market is leading to an incredibly profitable rental sector - good news for UK expat and foreign national investors.

MANCHESTER, GREATER MANCHESTER, UK, August 26, 2021 /

EINPresswire.com/ -- Despite the many sales and purchases in the housing market throughout 2020 and 2021, the rental market is still proving to be a very profitable place for UK expats and foreign nationals who own rental properties.

Stock Shortage and the Rental Market.



With a stock shortage creating upwards pressure on rental prices, UK buy-to-let property is still a magnet for UK expat investors.

'The stock shortage has put upwards pressure on house prices throughout the pandemic' says Stuart Marshall. 'With many homeowners having sold their homes for greatly inflated prices during the peak of the stamp duty holiday, there is now a resultant stock shortage which is

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Stuart Marshall

contributing to a surge in new tenancies in the rental market. [In July of 2021, there were 27% fewer homes on the market](#) than at the same time in the previous year. For those that sold their homes during the pandemic, this stock shortage has created difficulties in finding a new home. Because of this, 10% of new tenancies on rental properties in 2021 have been taken by someone who is selling their home.'

The Areas of Interest.

'What's really interesting about this growing trend is the areas where sellers are more likely to rent. The three areas

which have seen the highest number of new tenancies from those that have sold their homes are Scotland, Wales, and the North West. These areas consistently crop up in our conversations with UK expats who are looking to purchase a rental property. Because of their high profitability from strong rental yields and capital growth, these areas are incredibly popular with UK expat

and foreign national buy-to-let investors looking to make a foray into the UK property market. It is no surprise that in Scotland, Wales, and the Northwest, 16.4%, 15.3% and 11.8% respectively of new tenancies in 2021 have been taken by those who have sold their homes. The increased competition for properties in these areas means fewer homes are available for buyers. For discerning UK expat and foreign national investors, these areas will continue to turn profits in many ways long into the future, especially with the wide range of competitive buy-to-let mortgage products currently available to UK expats and foreign nationals.'

The rise in the numbers of tenants who have sold homes means that the rental market has become more competitive. This has led to 43% fewer homes in the rental market compared to this time last year. In turn, the lack of rental stock is pushing up the price of renting properties – rents in the UK rose by 6.2% in July 2021 compared to July 2020.

The stock shortage in rental properties is also in part due to the numbers of people who have been unable to graduate from the rental market into home ownership because of the inflated prices of property or the economic uncertainty that has been caused by Covid-19. For these people, staying in the rental market is the only option.

The Upshot.

'So, we have a number of factors at play in the rental market. A stock shortage caused by ex-homeowners unable to find a new home and existing renters being unable to afford a property of their own. We also have [rising rents](#) which are being caused by the high demand for rental property and the stock shortage. What this means is that owning a rental property is an incredibly profitable investment for UK expats and foreign nationals.'



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With the numbers of those in the rental market unlikely to diminish any time soon, UK expats and foreign nationals looking to invest are likely to join the market at a great time.

Owning a UK rental property is generally considered to be a strong investment as UK property is relatively stable and offers strong returns over the course of a mortgage term. What's more, lenders have recognised that in a difficult home market with so much employment uncertainty, UK expats and foreign nationals looking to buy UK property are a strong target market with many looking to invest in one of the home nations. Properties in the most desirable areas are generally more affordable than many overseas destinations, with the average price of a property in the Northwest and Wales at £189,000 and £188,000 respectively.

These lower purchase prices make them an excellent choice for prospective UK expat and foreign national investors.



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With the numbers of those in the rental market unlikely to diminish any time soon, UK expats and foreign nationals looking to invest are likely to [join the market at a great time](#). 'There is bound to be a change on the horizon,' says Stuart Marshall. 'As we go into the Autumn, the prices of properties are bound to fall as the UK begins to feel the economic after-effects of the pandemic and the inevitable wave of redundancies and closures start to be felt with the end of the government's incentives. With this uncertainty, the uptake of properties will be slower from first-time buyers and leave more properties available for UK expat buy-to-let investors. With the time taken to let a property also having fallen to only 8.9 days, the demand is there to start making instant returns from your investment too.'

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