

Manchester Rental Market Booming for UK Expat and Foreign National Investors

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/EINPresswire.com/ -- The UK rental market is currently booming with rents outside of London rising at their fastest rate since 2008. But, with so many choices, it can be difficult to decide where to use a UK expat or foreign national mortgage. Here, we examine one of the most promising options for UK expat and foreign national buy-to-let investors – Manchester.



The North West is still a consistent favourite for UK expat and foreign national investors.

The Manchester Rental Market for UK Expat and Foreign National Investors.

‘While rental market demand is

booming in general, there are certain areas which are performing exceptionally well’ says Stuart Marshall. ‘One of those areas is Manchester. Recent research from Urbanbubble is reporting that the number of properties available to rent in the city centre of Manchester stands at only 427.

This is the first time that this figure has fallen below 500.’

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The demand for rental property in Manchester is 5 times higher than the available supply of rental property in the city centre, leading to higher rental prices.”

Stuart Marshall

The high demand for rental property in Manchester is making sure that supply stays incredibly low, and consequently this is driving up prices and increasing rental yields for UK expat and foreign national investors. But properties are being let at an extraordinary rate too. In the third quarter of 2021, there were more than 2,750 lettings agreed in Manchester, 10.3% higher than we saw in the same period of 2019. The speed at which properties are letting means that UK expats’ and foreign nationals’

investments are far more profitable – minimising costly void periods. Many expat and foreign national investors are taking advantage of [buy-to-let mortgages](#) and [re-mortgages](#) to maximise these opportunities.

'All of the factors that contribute to high rental yields – that is the high consumer demand and low supply – are visible when looking at Manchester rental property, pointing to the financial opportunity that's available to UK expat and foreign national investors. Many customers worldwide still see the UK as a stable and safe environment to invest in. A good number of customers, whether first-time buyers or seasoned landlords, utilise buy-to-let mortgages and buy-to-let re-mortgages to achieve their needs. Looking at the figures that we are now seeing for Manchester, the profitability that's available for UK expat and foreign national investors is clear to see. Zoopla is reporting that the average rental price in Manchester city centre currently sits at £1,505pcm, around £500 higher than the UK average. Furthermore, there is no sign of a decline for this figure. Average rents for studio and two-bed apartments have risen 6% in the last 3 months as a result of the constraint on supply, meaning that UK expat and foreign national investors are seeing higher rental yields and a quicker return on investment for Manchester rental properties in particular. With all of this in mind then, it's not surprising that the average rental yield in Manchester sits at 8.55%, which is more than double the UK average.'

Youth Population Driving Demand.

'Much of the demand for rental property in Manchester is due to the younger and professional population that continues to thrive there. We've noted in [previous articles](#) that the shift in mindset and worldview amongst the younger age group is drastically changing the rental market. In short, young people are less likely – and more importantly, often less willing – to buy property. Instead, they are looking to rental property to facilitate a more fluid way of living that can accommodate changing jobs, will allow them to reject a more rigid routine to their working



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With the attraction of employment hubs like Media City, Manchester is set to continue growing its reputation as an investment hotspot.

life, and allow more regular travel. Because of this change, city centre rental property is coming out on top as young people look toward city centre property to be near work, bars, restaurants, clubs and other social hubs.'

The London Exodus.

Another important factor to take into consideration is the fact that Manchester has attracted many businesses to relocate to the city and its immediate suburbs. Many businesses have moved – and continue to move – out of London. One of the largest groups gravitating away from London is foreign-born residents.

'There's an increasing number of young professionals who are choosing to move out of the capital to elsewhere in the UK because of strong job prospects and lower costs of living' says Stuart Marshall. 'Areas like Manchester and Greater Manchester have lower house prices and rental costs. As such, they can provide real value for money when compared to London – and without the need to sacrifice a varied and vibrant city experience.'

Further, businesses are not only relocating to Manchester, but many start-ups are choosing Manchester as their preferred start up destination, enticed by lower office costs and a wealth of available talent. Established businesses such as the BBC, TalkTalk, ITV, and M&S have moved many of their operations to Salford Quays on the outskirts of Manchester city centre.

It's no surprise that the rental market in Manchester is thriving. Manchester's population is rapidly growing and is now in excess of 500,000 people. 37% of this population is aged between 18 and 34. With younger people more willing to rent, the constraint on supply and the high demand that we've noted above is set to continue. And, all of these factors are contributing to



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There is a wide range of property choice available off-plan, particularly in popular rental hubs like Manchester, where there are currently 16,000 apartments under construction and 1,700 awaiting planning permission.

Manchester's cementing reputation as an excellent investment location for UK expats and foreign nationals, many of whom use an expat mortgage to start their property journey.

'Knowing the demographic for the area in which you're investing is incredibly important' adds Stuart Marshall. 'When taking out a buy-to-let mortgage to invest in a property, you need to know what your target audience are going to want out of that property. With such a strong proportion of renters in the Manchester area coming from a younger demographic, it's important to purchase a buy-to-let property that caters for the specific needs of these people. This is going to reduce the time it takes for your property to let, minimise void periods, maximise the asking rent, and make sure that the profitability of your investment remains as high as possible'.

Don't Sleep on Off-Plan.

'The demand that we're currently seeing in Manchester for rental property isn't surprising to us – or anyone that's been paying attention, for that matter' says Stuart Marshall. 'We've seen a consistently growing demand for buy-to let mortgages and re-mortgages for the last five years. Many lenders have responded to the increased demand from good quality applicants by expanding and extending the range of products available to would-be borrowers.'

In 2020, Zoopla reported that the demand for rental property in Manchester was 5 times higher than the available supply of rental property in the city centre. 'The state of affairs that we're seeing now has been building for a while. Savills, a leading worldwide estate agency, forecasts that the Northwest will lead UK house price growth in the coming years with prices expected to rise by 28.8% across the five years to 2025. This means that homebuyers and investors could potentially earn strong capital appreciation if they act now. Buying the right type of rental property can be a minefield and is very much dependent on what your needs and objectives are. Our advice, as always, is to speak to a specialist expat and foreign national mortgage broker, who can help you to navigate the UK buy-to-let market. One other thing that we're currently advising many UK expat and foreign national investors is to keep an eye on off-plan investment properties.'

'Off plan properties can be more accessible and more affordable than properties that already exist in the market, with payment plans and expat mortgages available on these purchases. There is a wide range of property choice available, particularly in popular rental hubs like Manchester, where there are currently 16,000 apartments under construction and 1,700 awaiting planning permission. Buying off-plan can be a much simpler way to enter UK buy-to-let market and, with access to a wide range of buy-to-let expat mortgage products, you can begin building your investment portfolio as a UK expat or foreign national investor.'

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