Investing for Capital Growth as a UK Expat or Foreign National

Liquid Expat Mortgages examines the best locations to choose when investing for capital growth as a UK expat or foreign national investor.


Investing in a property for its capital growth potential is a great way to invest for a long-term purpose like retirement or for an inheritance.

MANCHESTER, GREATER MANCHESTER, UK, March 21, 2022 /EINPresswire.com/ -- Investing in a property using a UK expat or foreign national mortgage for its capital growth potential is a great investment strategy, especially if it's for a specific purpose such as saving for retirement or for your children's inheritance.

Why Invest for Capital Growth?
Treating investing in UK property as a long-term savings vehicle is a great way to go about property investment and having this clear goal in mind before choosing a property will help to more clearly define the location and type of property you choose.

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>
> *Stuart Marshall*

'If the purpose of the investment is to save for retirement or for an inheritance, then look no further than investing for capital growth' advises Stuart Marshall. 'This is the percentage amount that the property increases over a defined period of time. Investing in a property with strong capital growth potential will mean that the investor can take a larger lump sum when they come to sell the property.'

But predicting the areas where property is most likely to appreciate can be difficult as there are many factors that contribute to property price growth. In general, choosing a property which has the following characteristics is a good indicator for strong capital growth:
-	A desirable location (usually indicated by the tenant demand for rental properties in the

area).
- High average rental yields in the area.
- High population growth. Population growth indicates that an area is popular and that people are both moving and staying there, all of which will help to push prices upwards.
- A type of property which has high demand (for example, over the pandemic this was larger family properties in commuter zones).

While all of the above factors will be important to consider, it's also worthwhile looking at a range of different predictions from market analysts, which will help to determine the areas of interest.

Which Areas Have High Capital Growth Predictions?
'Capital growth is almost guaranteed over a long enough period' says Stuart Marshall. 'For example, over the duration of a mortgage, property will grow in value as a result of inflation and as population numbers grow and constrain supply. But some areas are predicted to grow more quickly and much higher than others. Using the current [capital growth predictions from Savills](), we will examine some potential areas of interest for those using a UK expat or foreign national mortgage.'

The North West currently has the joint highest prediction for capital growth over the next five years in the UK (18.8%), bolstered by the performance of capital growth hotspots within the region like Manchester and Liverpool.


Yorkshire and The Humber benefits massively from the presence of major cities like Leeds and Sheffield, which are continually popular as places to live, work and study.

'The general picture for the UK is that UK house prices are set to increase by 13.1% over the next five years to 2026. This is an important figure to bear in mind when assessing the capital growth predictions in specific regions as anything above this figure will be considered a stronger capital growth prediction while those areas with figures below this figure will be weaker.'

Joint Highest Capital Growth: The North West and Yorkshire & The Humber.

The North West currently has the joint highest prediction for capital growth over the next five years in the UK – 18.8%. 'The North West is an excellent choice when it comes to investing with a UK expat or foreign national mortgage for the purpose of capital growth. The general picture for the region is one of incredibly strong capital growth over the next five years, bolstered by the performance of capital growth hotspots within the region like Manchester and Liverpool. Manchester has consistently outperformed other cities in the UK over the last twenty years, while Liverpool has seen incredible growth in recent history. Further, the workplace revolution that happened over the pandemic has led to many continuing to work from home which has bolstered the growth of properties in commuter areas around major North West cities too. With the returning popularity of city centre rentals, the concentration of key UK hotspots in the North West stands the region in good stead when it comes to growth of all kinds.'

The North East has a capital growth prediction of 17.6% and is also one of the most affordable areas to buy property in the UK.

Wales is gaining serious investment kudos in its fast-rising rental yields, status as a popular holiday let, and a predicted capital growth figure of 18.2% over the next five years.

Yorkshire and The Humber shares the accolade of highest capital growth prediction with the North West, also predicted to grow by 18.8%. Yorkshire and the Humber presents a more varied investment proposition, containing many residential and holiday let hotspots. Yorkshire and The Humber benefits massively from the presence of major cities like Leeds and Sheffield, which are continually popular as places to live, work and study. Meanwhile, other parts of the region, like Whitby and Filey, are booming as locations for holiday lets, adding to the varied appeal of the Yorkshire and The Humber region. 'It's not surprising to see Yorkshire and The Humber as one of the top regions for its projected capital growth then.'

Wales.

Wales is another area which is growing in its profile as a location for investment using a UK expat or foreign national mortgage. 'Wales is gaining serious investment kudos in its fast-rising rental yields, status as a popular holiday let, and in its capital growth potential, only slightly trailing the North West and Yorkshire and the Humber with a predicted capital growth figure of 18.2% over the next five years.'

'While Wales is home to many holiday let hotspots which are set to continue growing as a result of the staycation boom, urban areas are really starting to gain traction with more and more looking to Wales' cities for both living and investment. Wales' population has something to do with this. It's currently at 1.1 million but predicted to grow by 20% by 2035. As a result of this demand, there are many developments currently under construction, offering excellent investment opportunities for buy-to-let investors looking towards the future. In fact, Cardiff has the UK's largest waterfront development, with a projected £500 million coastal development which is sure to contribute to demand and a further increase in prices. Even without Cardiff's projected growth, it remains an attractive investment prospect with average rental yields of 6% and a 240% rise in house prices over the last 20 years.'

North East.

'The North East has gained prominence as an excellent choice for investment, largely because of its strong rental yields. However, with a capital growth prediction of 17.6%, the North East is no slouch when it comes to long-term investment either. The continued popularity of cities like Newcastle and Durham for rental purposes is contributing to development in the area that is driving up growth figures for the region. Property is also highly affordable in the North East, making it incredibly attractive for investors who want to reap the maximum possible reward from smaller investments. Not only is the average price of a property in the North East (£203,830) cheaper than the North West (£234,807) and Yorkshire and The Humber (£235,709), but depending on the type of property, there are even bigger deals to be found. For example, according to Rightmove, in 2021 the average terraced property sold in the North East for £138,751, while the average semi-detached property sold for £169,696. The affordability and accessibility of properties in the North East makes it an incredibly attractive proposition for long-term investment when you consider its strong capital growth projection. This is especially true for those investing with some of the great UK expat and foreign national buy-to-let mortgage deals that are available at the moment.

London.

According to Savills, capital growth in London is predicted to be 5.6% by 2026. While London's capital growth prediction falls well below many of the other areas we have looked at and, indeed, below the UK average, it's still important to analyse. London remains an incredibly popular area for those using UK expat and foreign national mortgage products but, without a specific reason for doing so, investing in London over other regions in the UK is ill-advised if investing for capital growth.

'Despite the resurgence in the popularity of rental properties in London, if the purpose of your investment is as a savings vehicle for retirement or as an inheritance then London will not appreciate in the same way that properties in other regions of the country will. That said, the overall price of the property will be higher, meaning a greater lump sum when the mortgage has been repaid. And while this may be appealing, buying multiple properties in a number of more affordable regions with better capital growth prospects will ultimately yield higher returns.'

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