

Post Covid Rental Revival Benefitting UK Expat and Foreign National Investors

An imbalance in supply and demand along with a return to cities means the rental market is booming for UK expat investors.

MANCHESTER, GREATER MANCHESTER, UK, April 18, 2022 /EINPresswire.com/ -- With post-Covid life in full swing, the rental recovery continues to gain pace, which is good news for UK expat and foreign national investors using UK expat and foreign national mortgages.

What's Happening in the Rental Market?

'The rental market is currently soaring' says Stuart Marshall. 'This is

contributing to huge profits for UK expat and foreign national mortgage holders. There are a number of reasons for this but one of the main reasons is due to a mismatch between the supply and demand for property. According to Zoopla, demand is 43% higher than the five-year average, while the supply of homes available is 43% lower. This rift between supply and demand has contributed to rental prices reaching their highest level in 13 years, with the average cost of renting outside of London now at £809pcm. Rents are also predicted to rise a further 4.5% in 2022.'

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'The growth in the rental market is also partly due to an increasing desire to rent across many age groups. While first-time buyers are prevented from exiting the rental market by difficult domestic conditions including a rising cost of living, rising energy prices and higher interest rates,

older people are more likely to rent now too. The number of renters between 55 and 64 has

doubled in the last 10 years, with 11% of that age group now in the rental market. The proportion of 45 to 54-year-olds has also grown – from 11% in 2011 to 16% in 2021.'

With such a competitive market for rental properties at the moment, [even room rents have grown at a rapid pace](#), rising 8.4% in January alone. This is the fastest growth rate in two years for rooms, with the average cost of a room exceeding the pre-pandemic high of £622pcm in January 2020. Room rental growth is also predicted to continue, with the number of rooms available to rent down 31% from the same time last year.

'With such strong rental growth, it's an excellent time to utilise a UK expat or foreign national mortgage to secure a slice of the highly lucrative UK rental market.'

Rejuvenated City Rental Markets.

'Another area that is really contributing to the growth of the rental market is the [resurgence of city centre markets](#).

The adjustment to post-pandemic life has enabled travel and restored

confidence to many with regards city living, as workplaces return to some semblance of normal. As a result, Savills reports that city centre rental values in the back half of 2021 had their best six-month performance in seven years. Major cities are benefitting most from the rise in rental prices as the demand that emerged for rental properties in commuter zones waned after work and social scenes returned in city centres. Accordingly, inner Manchester saw year on year rental growth of 9.7%, while inner Birmingham and Leeds saw growth of 9.6%.'

'Rental growth in the capital has also been particularly strong with the annual growth in rents 10.3% higher than the previous year. While this growth in capital rents is high, it is largely due to the tremendous fall in capital rents during the pandemic and subsequent recovery that London rents have made since the resumption of office-based working and city living.'



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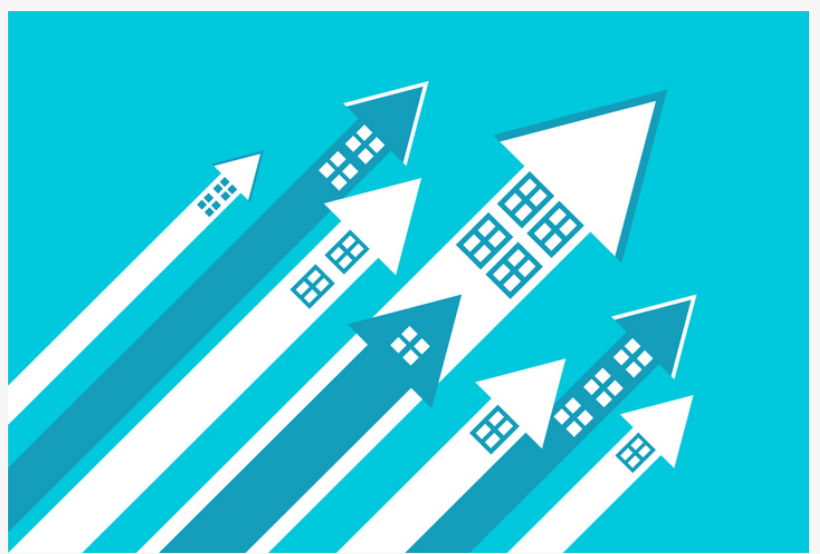
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The Future of Rental Growth.

As always, it's impossible to predict with certainty how the rental market will perform throughout the rest of 2022. However, as noted above, rents are predicted to rise a further 4.5% during 2022. 'If the supply of rental properties through the early part of the year is an indicator for patterns that will happen in the remainder of the year, rental growth is all but guaranteed. The number of homes available to rent in January 2022 was 39% lower than is typical for the start of the year. This is partly due to the incredible 76% growth in demand, but there has also been a 15% reduction in the flow of supply of new homes available to rent. This situation has created a fast-moving rental market, where homes are taking an average of 14 days to let (compared with 21 days at the end of 2020).'

For existing UK expat and foreign national mortgage holders, returns will continue to grow as prices skyrocket as a result of demand. The 76% growth in demand in the New Year has put upwards pressure on rental prices and resulted in renters paying an average of £969 a month. This average is up by £62 a month (or £744pa) compared to the start of the pandemic, while the final three months of 2021 was 8.3% higher than the previous year. Further, property portal Zoopla reports that private renters are now spending 31% of their household income on rent each month. This is compared to only 18% of household income that owner-occupiers spend each month.

'With all the current data we're seeing, it's likely that 2022 will continue to be an incredibly profitable year for those owning UK rental properties with a UK expat or foreign national mortgage.'



The fast-rising rents contributed to house prices rising at their fastest rate in a January for 17 years in 2022, with Nationwide reporting an 11.2% rise year-on-year.



Rental properties are in short supply at the moment. The high demand for these types of property means landlords are experiencing shorter void periods, quick lets and high rents.

The Upshot.

'It's a great time to own an investment property in the UK with a UK expat or foreign national mortgage. Existing investors are seeing high returns as a result of the massive demand and low supply. For prospective UK expat and foreign national investors, there are a range of UK expat and foreign national mortgages available to capitalise on the current conditions. There is also a lack of competition from domestic investors because of the current market conditions. Domestic investor confidence has been hampered by rising inflation and interest rates along with increasingly punitive legislation. The incoming rules surrounding EPC ratings also mean that many domestic investors are not prepared to make sure their properties are up to spec in a dangerous marketplace where mortgage rates are prone to increase, and the cost of living is rising.'

'Another incentive to invest right now is the impact that rising rents will have on the capital value of properties. The fast-rising rents contributed to house prices rising at their fastest rate in a January for 17 years in 2022, with Nationwide reporting an 11.2% rise year-on-year.'

'In short, because of the current conditions in the marketplace, UK expat and foreign national landlords are likely to see quick lets, shortened void periods and high demand for the right property. The return to workplaces and education combined with the lessening of travel restrictions will only contribute to further rental growth throughout 2022 and mean strong profits for anyone investing using a UK expat or foreign national mortgage.'

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