

Off-Plan Properties Stand Out for Investors as Supply of Second-Hand Homes Remains Low

Off-plan homes are an increasingly alluring option as investors try to satisfy consumer demand amidst dwindling second-hand home supply.

MANCHESTER, GREATER MANCHESTER, UK, April 18, 2022 /EINPresswire.com/ -- According to Hamptons, 37% of new homes in the UK in 2021 were sold before completion. Previously, the purchases of off-plan homes had been trending downwards – having fallen for the last four years. However, pressure on the supply of existing homes has reversed this trend and forced buyers to look towards off-plan. This move has



More and more investors are turning to off-plan properties as the supply of available rental homes continues to fall.

been particularly fuelled by off-plan houses rather than flats, likely because the available stock of houses is so low at the moment. While new detached home completions rose from 21% in 2020 to 24% in 2021, semi-detached properties rose from 31% to 33% and terraced homes rose from

41% to 45%. In contrast, the percentage of flats sold off-plan fell from 50% to 44%.



New builds are cheaper to run as they are more energy-efficient – a very appealing attribute in the current landscape, as this will attract tenants looking to offset the rising cost of energy."

Stuart Marshall

Off-Plan a Good Option.

The demand for rental property is currently 43% higher than the five-year average. With the desire for rental properties far exceeding the supply, off-plan properties that satisfy the type of product that consumers are demanding could prove to be highly profitable. This is especially true for those using the excellent range of UK expat and foreign national mortgage products that are available at the moment.

Buying off-plan has always been a good way to respond to consumer demand for rental property and UK expat and foreign national investors have long used this method to get the

exact right property for their 'ideal tenant'. However, the benefits of this strategy are even stronger now that the energy efficiency of a property is more important than ever. **Energy** efficiency has increasingly become a hot topic of discussion amongst both consumers and investors. Investors are scrambling to respond to incoming rules which mean that any property with an EPC rating below a C will not be able to accept new tenants from 2025 and will not be able to house existing tenants from 2028. Investors with existing properties will need to get their properties in line to satisfy the new eco-friendly regulations. While prospective investors are looking for the best investments that don't require any 'green-proofing'.

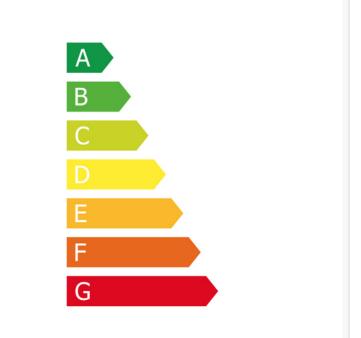
Tenants are increasingly looking for energy efficient properties both to save money amidst spiralling energy prices and also as consumers become more environmentally conscious. Typically, new builds are cheaper to run as they are more energy-efficient – a very appealing attribute in the current landscape, as this will likely attract tenants and create a highly competitive property in the marketplace.

Space Race Still On.

One important thing that UK expat and foreign national investors need to take note of is that the desire for off-plan seems to, at least in part, point to a continued interest in the space race that we saw emerge over the



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Off-plan properties are an even more attractive option with the incoming legislation surrounding EPC ratings, as they tend to be more energy-efficient.

pandemic. Typically, the world of off-plan has been dominated by flats, which in 2016 had a 53% market share of off-plan purchases, having peaked at a share of 69% in 2008. It's an important pattern to take note of as UK expat and foreign national investors using UK expat and foreign

national mortgage products will have a higher likelihood of profitability if their investment is an in-demand product in the current marketplace.

Make it Mortgage Friendly!

'So, off-plan properties can help investors to keep ahead of current and future trends as well as bypass the current fight for existing properties that is happening in the market. But it's important to make sure that any off-plan property is 'mortgage friendly" advises Stuart Marshall. 'This is largely achieved by conducting an adequate amount of due diligence. Good due diligence will maximise mortgage eligibility and also do the same for future buyers, future-proofing the property in the process. Good due



The process of making sure an off-plan investment property is mortgage friendly will be made far easier by using an expert broker who can help to navigate the marketplace to find the best deal and make sure that the mortgage offer made on the property doesn't expire.

diligence will involve thinking about the developer's reputation and customer satisfaction rate; thinking about whether the developer has insurance to safeguard against their failure to complete the property; and whether any deal can be struck with the developer.'

The process of making sure an off-plan investment property is mortgage friendly will be made far easier by using an expert broker. An expert mortgage broker can help to navigate the marketplace to find the best deal and, crucially, help to make sure that the mortgage offer made on the property doesn't expire. Further, during the process, an expert broker can help to make sure that the borrower isn't beyond the limit of the lender's exposure; help to identify any issues with the plans, building materials and method of construction; and advise on the future of the investment, for example the asking price for the rent once the property is on the market.'

'So, while purchasing an off-plan buy-to-let property can seem like a simple process, there is a lot to dig into once you scratch the surface. As always, using an expert broker will make sure that the process will be as smooth and efficient as possible, helping to discuss the options fully and iron out any issues early in the process.'

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