

Student Rental Sector Set to Continue Growth for UK Expat and Foreign National Investors

The Student Rental Sector continues to grow and is becoming increasingly enticing for UK Expats investing with specialist mortgage products.

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/EINPresswire.com/ -- With many students starting or returning to university this week to start the 2022/23 academic year, Liquid Expat Mortgages examines the growing popularity of [investing in purpose-built student accommodation](#) (PBSA).

What are the Current Conditions in the Student Rental Market?

The appetite for students to study in the UK is incredibly strong. In the 2020/21 academic year, the UK's full-time student population grew by 8%, with UCAS applications in 2021 reaching a record figure of 750,000. The year also saw the second-highest number of university acceptances – 560,000. [According to Savills](#),

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and these record-breaking figures mean that there will be 1.75 million full-time undergraduate students in the UK in 2022. Clearly numbers like this mean that there is a huge demand for student accommodation. And this demand cannot be met by universities, which means that private sector investors are having to make up the shortfall in student accommodation. The numbers of investors in the PBSA sector are testament to this with investors having spent £4.1 billion in the PBSA sector in 2021. This presents an excellent investment opportunity for UK expat and

foreign national investors to profit from this incredibly popular and lucrative sector of the UK rental market.

Why Should UK Expat and Foreign Nationals Invest in Student Property? 'Investing in purpose-built student accommodation is a great way for UK expat and foreign national investors to start or add to an existing property portfolio' says Stuart Marshall of Liquid Expat Mortgages. 'This is largely due to the huge demand for student rental property and the lack of available supply offered by universities.'

Surging demand from students has contributed to [incredible growth in the student rental sector](#). Like the long-term rental sector, a mismatch between supply and demand has meant that some areas – such as the East Midlands - have seen student market rental growth of 26% in the last five years. The North West and the Yorkshire and the Humber have also seen impressive growth over the same period, rising by 23% and 21% respectively. And with Savills reporting the continued increase in both student numbers and student applications, UK expat and foreign national investors who invest in student accommodation using UK expat or foreign national mortgages stand to make huge profits.

'Student properties are also attractive to UK expat and foreign national investors for their accessibility. Student properties are typically more affordable than a more conventional long-term let. This is good news given the increased affordability criteria that comes with UK expat and foreign national mortgages because of the slightly higher interest rates. Further, it also makes them a good candidate for diversifying a UK expat or foreign national investment portfolio. For example, an existing UK expat and foreign national investor might opt to re-mortgage an existing property, lock in a lower fixed rate in the current climate of rising interest rates, and also raise some extra capital to invest in a student property and simultaneously capitalise on one of the most profitable areas of the UK rental market. This is often a great



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investment decision, especially considering that many student rental properties consistently achieve yields above 8% for UK expat and foreign national investors.'

'One final thing to add about student property is that it is often a very favourable choice for UK expat and foreign national investors looking for a fairly hands-off investment. This is because many student property investments are run by student management companies who will take over most of the traditional landlord responsibilities that come with a more conventional buy-to-let property.'



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Where to Invest?

Using Savills PBSA development table, it's easy to see where the areas of interest might lie for UK expat and foreign national investors interested in the student accommodation sector. When investing in student accommodation, it's important to try and find an area with the following attributes:

- Strong student population growth
- A high student to bed ratio
- A limited flow of new beds

This will ensure that the investment property is likely to remain profitable for many years to come as it shows a demand from students to study there and a mismatch between the supply and demand of available student property that is likely to continue.

Bristol had an annual growth of undergraduate applications of 0.6% and has moved into Savills PBSA top tier, as a result of its continued popularity amongst students and the university's well documented difficulties in accommodating first year students locally. Other areas that stand out in Savills PBSA development table are Bath, Birmingham, and Manchester. The year-on-year percentage growth of undergraduate applications for these areas grew by 4.9%, 5.4% and 4.6% respectively, all incredibly strong growth figures and showing a serious desire for students to study there. Birmingham and Manchester are of particular note too as these areas already have some of the highest numbers of full-time students in the country with 72,505 and 66,155 respectively. Of course, the location of the investment will vary dependent on a lot of factors, including whether this is the investors only rental property or whether it is part of a larger portfolio. A UK expat or foreign national mortgage broker will be in the best position to help UK expat and foreign nationals decide which route to take, as well as helping with securing the best possible mortgage deal and making the purchase process run as smoothly as possible.

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