

# How to Make a Bulletproof Investment as a UK Expat or Foreign National Landlord

*Liquid Expat Mortgages look at how maximising rental yields and capital growth can mean a bulletproof investment for UK expat investors.*

MANCHESTER, GREATER MANCHESTER, UK, December 19, 2022

/EINPresswire.com/ -- Some Background.

In Jeremy Hunt's first statement as chancellor, there was one announcement that jumped out to UK expat and foreign national landlords. This was the move to decrease the capital gains tax threshold from its current tax-free threshold of £12,300 to £6,000 in April 2023 and to £3,000 in April 2024. 'This generated a lot of talk in our office and in our conversations with existing and prospective UK expat and foreign national landlords' says Stuart Marshall, CEO of Liquid Expat Mortgages. 'Much of the talk centred around the ever-changing legislative changes eating into landlords' profits. And it made us ask, 'how would a UK expat and foreign national landlord make their investment bulletproof?'



With changing legislation, investors must work hard to make sure their property investment is as bulletproof as possible.

The latest change to the capital gains threshold essentially reduces the capital gains profits of UK expat and foreign national investors, which is a blow to long-term investors who are looking to make their money from capital growth over a long period. 'And this is not the first legislative change that has eaten into the profitability of UK expat and foreign national landlords over the years' says Stuart Marshall. 'But what is important to remember is that a good quality investment will always be worthwhile, even with difficult legislation. We are always trying to tell our customers to consider how to maximise the quality of their investment and make the future prospects of the investment as strong as possible. To do this, UK expat and foreign national

investors need to focus on a number of things: the area of the investment, the type of property, their target market, their potential rental yield, and their capital growth potential.'

'On first glance, this might seem like too many things to consider' says Stuart Marshall. 'However, many of these decisions will actually be informed by other decisions. With our customers, we always urge them to first consider the purpose of their investment. If they are investing to save for their retirement, for example, it's likely that they will need a property

with strong capital growth potential, which will inform the area and property type that they buy. Of course, the purpose of most investment ventures is to make money and punitive legislative changes can endanger that. So, what can be done about this? Well,' says Stuart Marshall 'the

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*Stuart Marshall*

bottom line is that for UK expat and foreign national landlords to make their investment bulletproof, they need to maximise their rental yields and capital growth!'

Maximising Rental Yields.

To maximise the rental yield on an investment property, UK expat and foreign national investors will need to make sure that they're choosing the right type of property in the right area. Namely, an area with incredibly high rental demand. In 2022, city centres have been the big winners. 'If you're wanting big rental yields at the moment, then look

no further than city centres' says Stuart Marshall. [Rents are rising fastest in these areas](#) with Manchester, Glasgow, and London recording the highest rental growth in the last year. London recorded the highest change in year-on-year rental growth of 17%. This is followed by Manchester (15.6%), Glasgow (14.1%), Bristol (12.9%) and Birmingham (12.3%). Big cities are likely to continue this growth trajectory too as there is a shortage of available rental homes and big demand from people to live there. A shortage of student rentals and growing student populations means that many students are being forced into the private rental sector which is also contributing to higher rental growth in city centre areas.'

Further, many city centre rental properties have stronger EPC ratings as they are newer properties, or they are easier to renovate and make greener. This is of massive benefit to UK expat and foreign national investors as new legislation sets out certain environmental standards

# WHAT IS YOUR WHY?

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that landlords must meet if they want to continue renting their property to tenants.

Zoopla predicts that rental growth will land between 4% and 5% in 2023, meaning UK expat and foreign national investors can continue to reap big profits from their rentals. More affordable regions with high rental growth are the ticket for UK expat and foreign national success here, as they will more quickly recoup the cost of the property and have a quicker path to profitability. Regions like Wales, the Midlands, Yorkshire and the Humber, and the North West all have incredibly strong rental growth but are more affordable for both renters and UK expat and foreign national investors. 'Sheffield is one area that's been attracting a lot of attention from UK expat and foreign national investors recently' says Stuart Marshall 'as it is currently incredibly affordable and one of the most affordable cities in which to rent (an average of £735 a month). However, it has also seen some of the highest rental growth of 12.4% in the last year. Other popular choices include Manchester, Newcastle, and Liverpool. Discussing these options with an expert UK expat or foreign national mortgage broker will help investors to decide which area is best to satisfy their ideal tenant and also benefit from strong rental yields.'

Maximising Capital Growth.

[Capital growth is a more difficult attribute to predict](#), but one good indicator of future growth is high demand in a more affordable area. For example, even if there is extremely high demand in the capital, there's unlikely to be massive amounts of growth as the price of property can't climb by huge amounts. Further, high demand in the rental sector will likely translate to high demand for property purchases too. And if the area is more affordable, then property prices have more room to appreciate. For example, as noted in the previous section, Sheffield is seeing extremely



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According to Savills, the North West and Yorkshire and the Humber have the highest capital growth forecast over the next five years – 18.8%.

strong rental growth caused by high demand. This means that Sheffield is likely a candidate for strong capital growth too and will make a great investment as it is affordable, will benefit from strong rental yields, and high demand in the area will ultimately contribute to great capital growth.

When it comes to determining the capital growth potential of an area, researching predictions by other analysts also comes in handy. According to Savills, the North West and Yorkshire and the Humber have the highest capital growth forecast over the next five years – 18.8%. The North West is bolstered by the consistently high performance of cities like Manchester and Liverpool, while Yorkshire and the Humber has high performances from Sheffield and Leeds, while also benefitting from excellent holiday let destinations like Whitby and Filey.

‘Capital growth is always more difficult to predict’ says Stuart Marshall. ‘When it comes to analysing rental yields, the data is all there for UK expat and foreign national investors to utilise. However, the big picture is that every area of the UK will appreciate over the length of a mortgage term and this will obviously mean big profits for investors. Further, while it’s not a certainty, investing in an area that is popular now with strong rental demand is a good indicator that people will continue to live and move there, and this will contribute to capital growth over the long term. To maximise the quality of an investment, the best thing a UK expat or foreign national investor can do is talk to an expert UK expat or foreign national mortgage broker. These brokers can help UK expat and foreign national investors to decide on the best investment property for their specific needs and also have access to exclusive deals with lenders, which can also contribute to the profitability of an investment venture.’

Summing Up.

‘Ultimately,’ concludes Stuart Marshall ‘there will always be factors working against UK expat and foreign national investors. But for investors who make considered choices and well-planned investment decisions, it will be difficult for any legislative change to erode the profitability of an investment property. UK property is a highly desirable asset, and over time it will only continue to appreciate. The rental market is likely to grow busier as increasing property prices mean that first-time buyers delay their purchases later and later or put them off completely. UK expat and foreign national investors who make wise choices now, especially with the help and [guidance of an expert UK expat mortgage broker](#), can make a truly bulletproof investment that will pay dividends long into the future.’

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