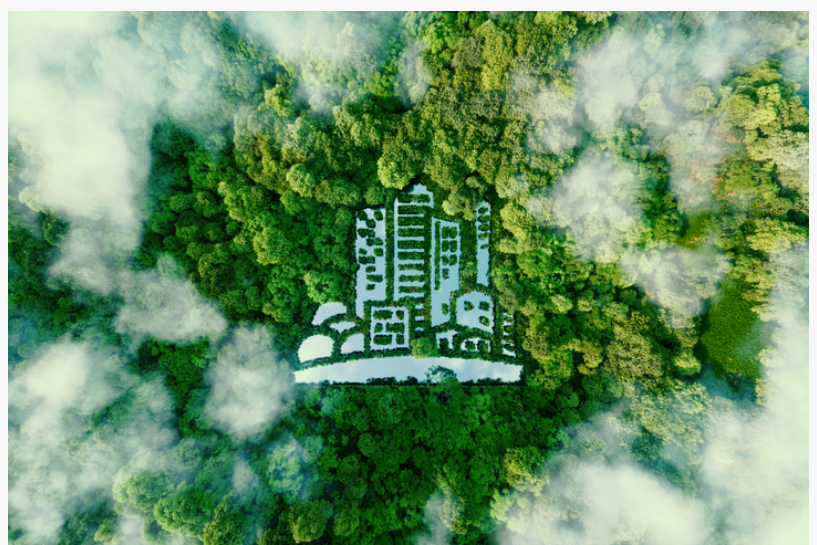


UK Expat and Foreign National Investors Using Remortgages to Future Proof the Energy Efficiency of Properties

We look at how EPC ratings might change and how remortgages can be used to future-proof investment properties for UK Expat property investors.

MANCHESTER, GREATER MANCHESTER, UK, June 19, 2023 /EINPresswire.com/ -- Environmental Considerations are Here to Stay.

There has been a lot of talk about the energy efficiency of properties in the UK expat and foreign national mortgage market in recent times. This is largely in response to the incoming legislation around EPC ratings for UK [rental properties](#), making it vital for current and would-be investors to consider these ratings.



Environmental considerations are here to stay when it comes to rental properties. They are going to continue to be a key factor in the success or failure of a property investment venture moving forward.

‘Like it or not’ says Stuart Marshall, CEO of Liquid Expat Mortgages, ‘environmental considerations are here to stay when it comes to rental properties. They are going to continue to be a key factor in the success or failure of a property investment venture moving forward. Currently, we’re advising UK expat and foreign national investors to consider EPC ratings because strong environmental efficiency is enticing a lot of the desirable tenants. For one, environmental efficiency means lower utility bills and running costs, a very valuable asset with high energy costs. Further, many younger tenants are becoming increasingly conscious of their carbon footprint, so a high EPC rating is desirable from an ethical perspective.’

The Benefits of Green Properties.

‘As we’ve already mentioned, green properties are attracting desirable tenants in the rental market both for their cost-saving implications and their ethical desirability. However, the benefits of investing in green properties go even further for UK expat and foreign national investors.’ [A recent report by Zoopla](#) indicates that properties that perform well environmentally are going to

be the properties that perform best in the housing market going forward. 60% of estate agents reported that homes with high energy efficiency ratings were holding their value compared to other properties in challenging market conditions. Meanwhile, 40% of estate agents said that they were seeing more interest in energy efficient homes from buyers. A similar number noted that sellers were attaching premium prices for these energy efficient properties. 'What these figures show' says Stuart Marshall 'is that environmental efficiency is likely to be a feature of major importance going forward in the sales market. It's not surprising as homebuyers become increasingly value conscious. Average household

energy bills have increased from £1,277 per year at the start of 2022 to £2,500 now. This is predicted to increase to £3,000 in April when the Energy Price Guarantee ends. It's no surprise then that properties with better energy efficiency are likely to perform better in the housing market.'

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By re-mortgaging a property, UK expat and foreign national investors can utilise some of their existing equity to conduct costly green renovations to make the property more energy efficient.”

Stuart Marshall

'This is very important for UK expat and foreign national investors as the long-term reward of a property investment comes from the capital growth of the property. This is how portfolio investors use property investments as a substitute for pensions or as an inheritance to pass onto their children. To maximise the capital growth of a property, it will be important to find an energy efficient property or – even better – to renovate an inefficient property as this will add heaps of value to the investment. Another important consideration for UK expat and foreign

national investors is that mortgage lenders are factoring in energy costs when conducting their affordability checks, meaning an inefficient property will likely have a smaller buyer pool and reduce the potential return on investment.'

Futureproofing the Energy Efficiency of a Property Investment.

We've looked at why environmentally efficient properties are performing well and why they are likely to continue to be the standout properties in the future. But how can UK expat and foreign national investors make sure that their property's environmental efficiency is future proof? While



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EPC compliance is currently a key concern for any property investor who's conducting green renovations, the future of energy compliance is likely to look very different in the investment market. According to Savills, many experts are forecasting future EPCs to be weighted more towards in-use energy performance. What this means is that EPC ratings are likely to start incorporating many aspects from other energy performance systems like, for example, NABERS.

The big difference between EPC energy rating systems and systems like NABERS is that EPC ratings rely on a theoretical energy performance prediction rather than a measured one. This has created a huge gap between the designer's intended performance and the real-world building operation. On the contrary, NABERS uses the energy use intensity metric, which measures how a building performs in-use. Carbon factors are also likely to change for EPCs as the electricity grid increasingly decarbonises and the government moves away from fossil fuels. Reduction in the validity periods of EPCs is also likely to change in order to keep up with green legislation and technology.

'EPC ratings are bound to change as their results do not correlate with their actual energy usage figures' says Stuart Marshall. 'And UK expat and foreign national investors will have to work diligently to make sure their assets do not become obsolete. Since EPC ratings are now being used to drive improvements in energy efficiency, they will have to be increasingly refined to prevent them from doing more harm than good.'



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'The way in which EPC ratings are currently not fit for purpose was exemplified by Savills, who note that rural properties in Scotland are equipped with 700mm thick stone walls, which are excellent insulators. However, these properties would be marked down by current EPC standards as the EPC rating will simply measure whether the cavity wall is insulated or not, without any consideration of the efficiency of the materials. Further, some renovations could damage properties, as EPC ratings are not adequately accounting for the original construction of a building when making recommendations for how to achieve a better EPC rating. These are just some of the reasons why EPC ratings are likely to be heavily altered in the near future. For UK expat and foreign national investors who want to future proof the energy efficiency of their property, it will be vitally important to make sure that they devote as much attention to the in-use performance of their property as they do to the theoretical performance.'



Many UK expat and foreign national investors find that re-mortgaging is a great way to renovate their property and also take advantage of some exclusive mortgage deals offered by expert UK expat and foreign national mortgage brokers like Liquid Expat Mortgages.

Expert Mortgage Brokers Helping to Future-Proof Investments.

'When we've talked to UK expat and foreign national investors about the environmental efficiency of their properties or a property's failure to meet future EPC standards, most of the time we end up discussing the [possibility of a re-mortgage](#)' says Stuart Marshall. 'By re-mortgaging a property, UK expat and foreign national investors can utilise some of their existing equity to conduct costly green renovations to make the property more energy efficient. As many UK expat and foreign national investors have far more equity in their property now than when they first invested, many find that re-mortgaging is a great way to renovate their property and also take advantage of some exclusive mortgage deals offered by expert UK expat and foreign national mortgage brokers like Liquid Expat Mortgages. This is especially true for investors who take advantage of favourable fixed-rate mortgage products, which can help them to plan their finances better, manage cashflow and protect against turbulent standard variable rates.'

'With EPC ratings set to continue evolving, UK expat and foreign national investors who renovate their property now will be best-positioned to react and adapt to changing environmental legislation in the future. By utilising an expert UK expat or foreign national mortgage broker, UK expat and foreign national investors will be able to conduct vital environmental renovations

which will help to secure both the short-term and long-term success of their investment venture.'

Liquid Expat Mortgages
Ground Floor, 3 Richmond Terrace,
Ewood, Blackburn
BB1 7AT
Phone: 0161 871 1216
www.liquidexpatmortgages.com

Any media enquiries please contact Ulysses Communications.
sergio@ulyssesmarketing.com
+44 161 633 5009

Sergio Pani
Ulysses
+44 7811 326463

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