

Rental Market Indicates Long-Term Profitability of UK Expat and Foreign National Investment Properties

With would-be buyers struggling to buy a house, the rental market is booming and indicates long-term profitability for UK expat investors.

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Some Background on Rental Habits. 'At Liquid Expat Mortgages, we've talked for a long time about the shift in rental habits and buyer prospects for younger would-be buyers' says Stuart Marshall. 'It's these younger, first-time buyers that tend to drive the housing market as they're the least settled and the most likely to jump onto the

housing ladder or move to bigger homes. But over recent years, we've seen it grow more and more difficult for these renters to become homeowners. And with that, we've even seen a growing reluctance to buy properties as 'generation rent' becomes more comfortable with the idea of renting and the opportunities it presents in terms of flexibility, compared with being 'tied in' to property ownership.'

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Stuart Marshall



The rental market is booming because of the increasing difficulties associated with buying a property for many young people in the UK.

How are UK Expat and Foreign National Investors Affected?

But how does this relate to UK expat and foreign national investors in the UK property market? 'Well,' says Stuart Marshall, 'lower numbers of young buyers mean that there are more renters in the rental market. Greater numbers of renters increase rental demand, and this competition puts

upward pressure on rental prices, which creates higher profits for UK expat and foreign national

investors. The greater choice in tenant also means that it's likely easier for UK expat and foreign national investors to secure their ideal tenant.'

'Fewer first-time buyers mean there is also [reduced competition for UK expat and foreign national investors](#) in the UK property market as there are fewer competitive buyers, which can often help UK expat and foreign national investors to secure a better deal on a property. This also leads to higher rental yields because rents account for a larger percentage of a cheaper property.'

What Does the Future Hold?

This situation doesn't show any signs of changing, as young would-be buyers increasingly commit to the idea of renting for the foreseeable. In fact, according to a [recent report from property portal Zoopla](#), 42% of adults who don't own a home between the ages of 18 and 39 have given up on the idea of buying a home in the next decade. This data seems to confirm a trend that has been emerging for some time – with only 22.5% of those aged 25-34 owning a home in the UK at the moment. The despair around home ownership is a result of several factors including the cost-of-living crisis, increasing house prices, and higher mortgage rates. What's striking is that this does not even appear to be related to income, with even 38% of the 18-39 year-olds earning over £60,000 a year having given up on owning a home.

'This would mean that UK expat and foreign national investors are likely to see continued long-term profitability from their rental property as the number of renters in the rental market continues to grow. This presents good prospects for both the short-term profitability in rental yields and the long-term profitability with the capital growth of a property.'



It's becoming increasingly difficult for young people to buy properties, leading to much higher numbers in the rental market.



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Further, while renting might seem expensive, it still presents a more affordable prospect than buying for most. Because of the increase in property prices and mortgage rates, the typical price of monthly rent is now [9.5% cheaper than mortgage repayments for the same rental property](#) (this amounts to £122 less).

'This is another factor that is limiting the opportunities of would-be first-time buyers' says Stuart Marshall.

'These buyers make up a third of the property market and their forced absence is creating a lot of opportunities for UK expat and foreign national investors to negotiate a better deal from sellers because of a lack of market competition. This is especially

true for UK expat and foreign national investors who have utilised specialist UK expat and foreign national mortgage brokers to secure preferential mortgage deals.



Fewer first-time buyers mean there is also reduced competition for UK expat and foreign national investors in the UK property market as there are fewer competitive buyers, which can often help UK expat and foreign national investors to secure a better deal.

'Investing in a UK rental property as a UK expat or foreign national investor is an incredibly lucrative decision at the moment. Not only can this increase monthly incomes, but it can contribute to a retirement fund, an inheritance, or simply as a long-term savings option. The situation in the UK means that rental numbers are unlikely to decline any time soon – in fact, they are more likely to increase. This pressure on the supply of rental properties is meaning short void periods and increased profits for UK expat and foreign national investors. Further, UK expat and foreign national investors have access to specially tailored mortgage products through expert UK expat and foreign national mortgage brokers, who are also able to make the purchase process as quick and easy as possible.'

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