

UK Expat and Foreign National Investor Rental Market Review

Liquid Expat Mortgages' CEO Stuart Marshall analyses the state of the UK rental market for UK expat and foreign national investors.

MANCHESTER, GREATER MANCHESTER, UK, April 16, 2024 /EINPresswire.com/ -- The State of the Rental Market

According to [Zoopla's rental market report](#), year-on-year rents have risen again – this time by +7.8% – to bring the average UK rent to £1,223 a month. While this is still a staggering growth figure, it's actually the lowest year-on-year growth in 2 years, after previous growth of +8.2% and +8.7%. This is

likely due to the rental market approaching the point of topping out, with renters struggling to afford any more rental increases. As a result, demand for new rental properties is softening a bit. While this means that the rental market will be a bit slower than it has been recently, it is unlikely

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to be detrimental to UK expat and foreign national property investors, who will still see high enough demand to assure quick lets and high rental yields. Rents on new lets are likely to rise at a slower rate this year, but with the continued lack of supply constraining rental affordability, UK expat and foreign national investors will still see lucrative investments.

Rental Supply the Big Factor

The available supply of rental homes remains the most important factor in the rental market at the moment. This is unlikely to change any time soon, with a distinct lack of new investment from private landlords. As a result, the

average letting agent has 12 properties for rent. While this is 20% higher than last year, it is still

28% below the pre-pandemic average of 16 homes.

Even with softening demand for rental properties, the lack of supply is enough to make sure that there is still upwards pressure on rental market prices. As a result, there are still more than 15 enquiries for every home listed for rent – double the pre-pandemic rate, but a drop from the rate of over 40 enquiries that we saw in 2021. The supply-demand imbalance has definitely narrowed, but it is still very far from being even, and this will maintain very strong investment conditions for UK expat and foreign national investors.

Regional Factors

As always, it's important for UK expat and foreign national investors to notice the regional patterns too, with the slowdown in rental growth affecting some regions more than others. As per usual, London is the worst affected region for rental growth, with year-on-year rental growth only reaching 5.1%. 'This further cements our advice to UK expat and foreign national investors to only invest in London if they have very strong reasons or desires to do so for a particular purpose' says Stuart

Marshall, CEO of Liquid Expat Mortgages. 'There have been much better performing areas – and for much more affordable prices – in other areas of the country for a while. Scotland is the region performing best at the moment, with YoY rental growth of 11.6%. The North East and the North West are the next best performing regions, with YoY rental growth figures of 9.9% and 9.8% respectively. Wales is lagging just behind these regions with 9.5% rental growth. These regions have become the usual suspects when it comes to rental hotspots over the last few years and with their still-impressive growth, they are likely to continue their justified popularity for UK expat and foreign national investors.'

'Looking a little more closely, it's the popularity of city centre rentals that are propping up regional rental markets. The top performing cities for annual rental growth are Edinburgh



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(11.5%), Glasgow (10.9%), Newcastle (10.6%), Southampton (10%), Manchester (9.6%), Cardiff (9.2%), Birmingham (8.6%), and Liverpool (8.3%). This provides UK expat and foreign national investors with a wide range of options for investment, depending on their long-term goals and investment purposes. UK expat and foreign national investors will find that many of these locations are incredibly mortgage-friendly for the range of UK expat and foreign national mortgage products available at the moment.'



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Lasting Pandemic Effects

'The pandemic has definitely been the main driver for change in the rental market' says Stuart Marshall. 'The average UK rent has jumped by 29% since January 2020. This means that more than half of rented homes in the UK are now in markets with average rents over £1,000 pcm. Compared to five years ago, there are double the number of rental homes in £1000+ markets. Obviously, this is not shocking for properties in the Southern regions, which have been lingering around or over £1000 a month for some time. However, what's striking is the rise in £1000+ rents in more affordable regions. 20% of rented homes in Scotland, the North West and the Midlands are now in areas with average rents above £1000. This may not seem too dramatic, but only 3 years ago, nowhere outside of the South of England had average rents higher than £1000. The North East remains the only region with no £1000+ average rental markets, [making it a good choice for investment as the properties are affordable](#) and it is likely that rents will grow more here since there is more room to do so.'

The Rest of 2024

[Rents are likely to remain unaffordable for much of 2024](#). This is due to the strong demand for rental properties, no increase in supply and high mortgage rates which continue to hinder first-time buyers from accessing properties. Even with rental growth slowing, renters will still face affordability issues. Because of the rate of rental inflation and average earning growth, there is little prospect for UK rental properties to become more affordable in 2024. UK expat and foreign national investors will continue to enjoy a profitable rental landscape, especially for those using some of the quality UK expat and foreign national mortgage products available at the moment. City centres are still the ticket for many investors, due to their popularity for renters and the opportunity to get guaranteed newbuilds or off-plan investments. Without the imminent prospect of any increase in supply, it's likely that there is room for even more rental growth in the market, good news for UK expat and foreign national investors looking to get involved in the UK property investment market.

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