

High Cost of Buying Keeping Rental Profits High for UK Expat and Foreign National Investors

With high property prices and interest rates stopping renters from buying, the rental market is booming, meaning high UK expat rental profits.

MANCHESTER, GREATER MANCHESTER, UK, July 9, 2024 /EINPresswire.com/ -- 'Higher interest rates, compounded by high house prices post-pandemic, have made it difficult for buyers who have small deposits' says Stuart Marshall, CEO of Liquid Expat Mortgages. 'The problem is that rents have gone up too and made it difficult for buyers to save more money for deposits. This means that many are stuck in the rental market – something that has been a consistent contributor to the success of UK expat and foreign national investors with UK buy-to-let properties.'



Rental properties have been incredibly lucrative in recent years, bolstered by a busy rental market and a strong labour market.

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Stuart Marshall

What's the Situation for Renters?

For many, renting remains the most cost-effective way to have a place to live. Rents have risen more than 6% year-on-year, but even with rises like this, the cost of buying is even greater. This is largely a result of high mortgage rates, which have pushed buyers with small deposits out of the market and meant that they are forced into renting for longer. To see how great this problem is in practice, [a buyer with a 5% deposit would face paying £300 more a](#)

[month](#) in mortgage repayments when compared with rent. This is because the average mortgage rate offered to a buyer with a 5% deposit is 6.1% according to the Bank of England. This would have to fall by over 4% to make the cost of renting and buying with a small deposit

similar. As always, this varies region to region and those in the South of England are hit harder by buying a home compared to renting. For example, a would-be buyer in London would have to find an average of £775 a month - £9,300 a year - to even out the cost of renting and buying. Meanwhile, in the North of England and Scotland, the difference is below £100 a month, meaning that properties are certainly more accessible in the more affordable regions.

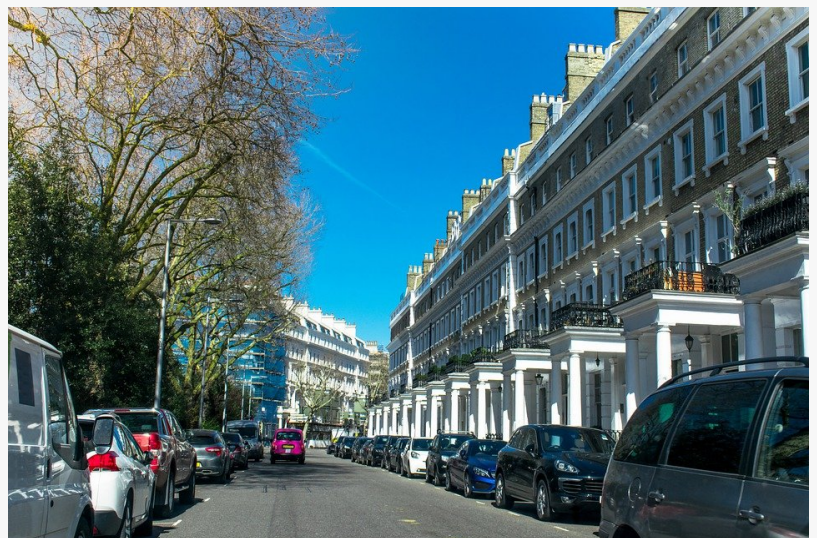
Why is This Relevant for UK Expat and Foreign National Investors?

With the cost of buying as expensive as it is, the impact is that many renters are unable to leave the rental market and purchase their own property. This is relevant to UK expat and foreign national investors because first-time buyers are usually one of the driving forces of the housing market, and with them being stuck in the rental market, they are having a huge effect on both the rental sector and the housing market. Usually, three quarters of first-time buyers move from the private rental market into home ownership. But, as noted above, would-be buyers with smaller deposits struggle to make this jump. The issue at the moment is that high rents are eroding renters' abilities to save for bigger deposits and meaning that they are unable to secure mortgages for their desired properties with high interest rates, high house prices and rigorous stress tests all having a great deal of impact.

As a result, the rental market is very busy and, consequently, competitive. This is pushing up rental prices and contributing to bigger profits for UK expat and foreign national investors. Further, would-be investors are facing far less competition in their search for properties, which means that they are getting cheaper prices and greater chances for a discount when negotiating



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What Should UK Expat and Foreign National Investors Do?

'With such a good forecast for profitability and strong availability at the moment, it's a [great time for UK expat and foreign national investors](#) to get involved in the UK's lucrative buy-to-let market' says Stuart Marshall.

'Rental market profits are very high at the moment and they're likely to remain so because of competition in the marketplace. This competition is unlikely to diminish any time soon as tenants are incentivised to stay where they are due to the rising cost of new

rents, which might tempt people to renew their current tenancy rather than search for a new one – adopting a 'better the devil you know' approach. In turn, renters staying put only further constrains rental market supply, while landlords selling up and cashing in are also reducing the supply of available rental properties.'

'UK expat and foreign national investors also have access to a range of excellent specialist mortgage brokers, which can be accessed through specialty brokers like Liquid Expat Mortgages. These mortgage products are offering preferential rates for UK expat and foreign national investors who are an attractive sector of the market because of their high earnings and desire for UK investment properties. An expert UK expat or foreign national mortgage broker can also help UK expat and foreign national investors to decide how best to invest their money. This can be vital for the success of an investment and can help investors to tailor their property purchase to different needs, such as generating additional income or saving for retirement.'

'In the current market, the best path to success for many is to cater to the group that are currently driving the rental market – precisely those we have mentioned who are 'stuck' in the rental market. These young professional, would-be homeowners are usually very reliable tenants, earn enough to pay competitive rental fees and will struggle to jump onto the property ladder in the near future. Further, many of these types of renter are actually choosing to rent to facilitate a more flexible lifestyle. A good tactic to cater to such buyers in the recent past has been to invest in city centre properties and [environmentally friendlier properties like flats](#). However, it's worth talking to an expert UK expat or foreign national mortgage broker who can help investors to decide the best place to put their money.'



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