

# Future of the Rental Market Looks Strong for UK Expat Investors in Expensive Domestic UK Property Market

*With an expensive domestic property market, the UK expat rental market is fulfilling the need for properties - and making big profits too.*

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A new report from property portal, Zoopla, seems to cement the idea that investing in the UK's rental market will continue to be profitable long into the future, as the affordability of housing for would-be domestic buyers in the UK continues to hamper affordability.

Domestic Buyers Priced Out of Home Ownership.

'Investing in the rental market has had a lot of bad press over recent months, as Labour's legislative changes in the form of the renters rights bill sparked panic for many existing and prospective investors. In reality though, while there will always be legislative challenges for buy-to-let property owners, the pros far outweigh the cons' says Stuart Marshall, CEO of Liquid Expat Mortgages.

[According to Zoopla's report](#), the affordability of housing is the main factor shaping trends in the housing market – something which has huge implications for many different sectors. The report finds that 40% of full-time workers in the UK are unable to buy an average priced 2 or 3 bed house at the moment. The main reason behind the inaccessibility of properties is due to the limited supply of smaller sized homes to buy and the problem is most acute for single earner households and those on low incomes.

'Renting More Accessible than Buying.'



A new report from property portal, Zoopla, seems to cement the idea that investing in the UK's rental market will continue to be profitable long into the future, as the affordability of housing for would-be domestic buyers in the UK continues to hamper affordability.

Because of the expense of buying property, renting is far more accessible than buying, which means that there will continue to be greater numbers of renters and more competition for rental property. Because of the lack of availability of rental property, those that do try to meet some of the demand for rentals are seeing big profits due to rental competition. This is especially true for those that invest in in-demand properties, like green properties or city centre flats.

'The accessibility of rental properties is amazing given the fact that private rents have risen by over 30% in the last 3 years. This is partly due to the

strength of the labour market and heightened earnings, as well as due to the greater availability of smaller sized homes in the private rented sector. This again highlights the importance of supplying smaller, more affordable rental homes – which are also very accessible for UK expat

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*Stuart Marshall*

and foreign national investors using specialist UK expat and foreign national mortgage products. These smaller, newer properties are both very mortgageable and very desirable for renters looking for affordable properties.'

Location More Important Than Ever for Investment Success.

Paying attention to the areas where the problem is most acute will be important for discerning UK expat and foreign national investors who want to meet demand in the most lucrative areas. The problem is worst in London and Southern England where more than half of workers can't

afford to buy an average priced 2- or 3-bed property. Even buying smaller homes gives minimal gains to buying power, with the importance of equity becoming the key factor in being able to buy a home.

'The divide in property accessibility is not just confined to the differences in the North and South either' adds Stuart Marshall. 'There is also an emerging problem with affordability across regional cities in the UK as growth in jobs and incomes pushes property prices higher. As a result, there are now 18 local authority areas outside the South of England where more than 40% of workers can't buy a property. Buyers in York fare worst, with 61% of full-time workers



Despite Labour's recent legislation causing panic among buy-to-let investors, the UK rental market remains a reliable method of investment for those who choose quality, marketable rentals.

currently unable to buy an average priced 2- or 3-bedroom home. The next worst area is Trafford in Greater Manchester (57%), followed by Leicester (46%) and Edinburgh (45%).'

Purchasing investment properties in locations where people want to live but cannot afford to buy could be a very lucrative strategy for UK expat and foreign national investors. It's likely that tenant demand in these areas will be high, leading to rental competition and, consequently, high profits for UK expat and foreign national investors.

'Similarly, investor success can also come from investing in affordable rentals in areas where renters struggle to afford rent. This list is led by Manchester, where 56% of workers are unable to rent a 2/3 bed home. Other areas like this include Edinburgh (48%), Nottingham (38%), Salford (36%), and Glasgow (35%). Investing in affordable, smaller properties in areas like this is a good way to grow a portfolio and bring a highly valuable rental property to market. These properties are also great candidates for utilising specialist buy-to-let mortgage products.'

#### Changing the Narrative.

'Some of the only ways that the current difficulties could be alleviated would be through the building of more, smaller homes to buy; adding more rental properties to the market; and radical initiatives like a government backed market for long-term fixed rate loans. Many of these will be difficult to achieve – especially given the UK's historic lack of building. However, UK expat and foreign national investors are certainly in a position to [add more rental properties to the market](#), especially with the availability of quality UK expat and foreign national mortgage products. There is clearly a demand for more affordable, smaller rental properties in in-demand areas. UK expat and foreign national investors are the perfect candidates to satisfy some of this demand and [invest in more affordable, greener properties](#). Discussing this investment venture with an expert UK expat or foreign national mortgage broker will help UK expat and foreign national investors to decide where to invest and how to maximise the quality and profitability of



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their investment with a specialist mortgage product.'

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