

Residential Mortgage or Buy-To-Let: Which is Best for Expats?

As an expat or foreign national, where should you buy? And should you buy with a residential or buy-to-let mortgage? Liquid Expat Mortgages helps you decide...

MANCHESTER, GREATER MANCHESTER, UK, October 13, 2020
/EINPresswire.com/ -- The UK Property Market.

According to HM Land Registry, the average UK home costs £247,355. Of course, this varies depending on where you buy. For example, in London – where house prices are higher – the average property cost is £476,588, compared to the average house price in the North East of £126,592.

According to Stuart Marshall, CEO of Liquid Expat Mortgages, “the point is this: if you’re a UK expat or foreign national, you’re probably going to need to borrow money or take out a mortgage if you are to buy property in the UK. Rates have never been so consistently low as they

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A Buy-to-Let Mortgage offers buyers greater flexibility than a residential mortgage as the property owner can rent the property to a tenant or a family member as well as live in it themselves.”

Stuart Marshall



Information from Rightmove shows that searches have doubled for homes in small towns and villages, whilst seaside resorts have seen the biggest rise in sales - by over 20%.

have been recently, with both expat mortgage residential and buy-to-let rates as low as 2.79% from high quality, specialist lenders. Because of these historically low rates, the demand for UK mortgages from overseas buyers is still incredibly strong and shows no signs of slowing down.”

A number of incentives introduced by the UK government during the pandemic have helped drive demand. Key amongst these is the stamp duty holiday which has incentivised many expats and foreign nationals to dip their toes in the UK property market. “With so much uncertainty in the world due to the economic ramifications of COVID-

19, property has become a safe bet for many looking to make a major move or invest in property

whilst rates and UK expat mortgage availability remains good” continues Stuart Marshall.

Escaping the City.

According to Rightmove, the UK's largest online property portal and website, homebuyers are looking to escape crowded cities and big towns by moving to the country or the coast.

“Coronavirus has caused more people to work from home and being at home 24/7 has made them realise they want more space. As the pace of life has slowed because of enforced rules about travel and movement, many UK expats have also had the opportunity to evaluate their long term goals. As a result, we have seen an increased demand from UK expats in [Dubai](#), Abu Dhabi, [Hong Kong](#) and Australia. These expats are usually looking to buy property with an expat residential mortgage or an expat buy-to-let mortgage, especially in smaller towns and coastal areas” says John Squires, Head of Mortgages at Liquid Expat. In support of this, the information from Rightmove shows that searches have doubled for homes in small towns and villages, whilst seaside resorts have seen the biggest rise in sales - by over 20%. John Squires continues to say: “it's no surprise that demand for mortgages in seaside towns is

increasing in the way we've seen. The change in lifestyles has led to people re-evaluating their personal circumstances and what they want from life.”

Residential or Buy-to-Let Mortgage?
If you're looking to buy a property with an expat residential mortgage, you or a member of your family must live in it – either now or in the near future. Essentially, it's a home. However, as a foreign national, a UK residential mortgage isn't straightforward. Residential mortgages are regulated by the Financial Conduct Authority (FCA) so lenders who want to provide mortgages to



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overseas customers have stricter criteria. And what this translates to is fewer options. As a result, many non-UK buyers tend to use buy-to-let mortgages to buy their property.

“This product offers buyers greater flexibility as the property owner can rent the property to a tenant or a family member as well as live in it themselves. Overseas buyers in territories such as [Hong Kong, Singapore, and the USA](#) have continued to make buy-to-let mortgages the preferred product choice.”

Buying a UK property with a buy-to-let mortgage is a great option for non-UK expats. While you live and work elsewhere, you can get another stream of revenue from renting your property to a tenant in the UK. In the future, you can sell this property as part of a retirement fund or you could even move into it. If your child wants to study in the UK, owning a property is a great opportunity for them to have a UK base. A UK property can also serve as a great starting point for a larger investment portfolio. In short, a buy-to-let mortgage offers breadth of choice and it facilitates adaptation to changing circumstances.

Buy-to-let mortgages are also more flexible than residential mortgages. For example, you can move into a home bought on a buy-to-let mortgage. However, you cannot rent out a home bought on a residential mortgage without getting permission from your mortgage provider and switching your mortgage to a buy-to-let which, in some cases, can be expensive and not always guaranteed by your current lender. There is far more choice available for customers looking for a buy-to-let mortgage since they aren't as regulated as residential mortgages.

Making a Decision.

Summing up, Stuart Marshall adds “While it's obvious that we would usually advocate a buy-to let mortgage, it's always worthwhile speaking with a specialist expat mortgage broker. They will be able to offer you insight into what type of mortgage is available and what best suits your overall needs and objectives. What's more, a specialist broker will be independent and will be able to offer no obligation advice on your specific enquiry. A UK based broker will also have a very good idea of the current housing market so can offer added value to any mortgage enquiry.”

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