

A Perfect Storm For Hong Kong Investors

With the ongoing stamp duty holiday, a weak pound and changes regarding BNO passport holders, it's the perfect time for Hong Kong investors to buy in the UK.

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/EINPresswire.com/ -- Buying conditions remain good in the UK for international investors. This is reflected in the number of foreign and UK expat investors currently looking to buy in the UK. A weak pound, the UK's stamp duty holiday, and a keen desire for [UK property](#) from Middle Eastern and Far Eastern investors is leading to a surge in inquiries from these regions and in particular from [Hong Kong](#).



Political instability, a weak pound, and the UK's stamp duty holiday are leading to the perfect storm for Middle Eastern and Far Eastern investors, particularly from Hong Kong.

Politics & the Fallout Effect.

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John Squires

Political instability in Hong Kong means that many Hong Kong residents are uneasy about increased interference from the Chinese government. With the UK announcing that BNO passport holders in Hong Kong are also eligible for a fast-track to UK citizenship, it's no surprise that more and more eyes from Hong Kong are turning towards the UK.

‘The UK offers many attractive amenities for Hong Kong residents’ says Stuart Marshall, of specialist expat broker Liquid Expat Mortgages. ‘These include prestigious universities at which their children can study; and a tried and tested housing market, which offers relative stability. As well as this, the increasing cosmopolitanism of key UK cities like London, Manchester, Birmingham and Nottingham means that many Far Eastern investors see the UK as a rounded, attractive proposition for both investment and residential reasons.’

The UK's Buying Conditions.

Current buying conditions in the UK are also very attractive for foreign investors. Due to political uncertainty in the UK – largely caused by the government's ongoing poor handling of the COVID-19 crisis and Brexit – domestic confidence in the market is low and the value of sterling is relatively weak when compared with other top currencies.

Much of the recent talk about the UK housing market has also centred on the UK's stamp duty holiday. 'Essentially, this unprecedented stamp duty break offers buyers the chance to save up to £15,000' says Stuart Marshall. 'Ending in April 2021, the stamp duty holiday has created a rush from prospective buyers to take advantage of this once in a lifetime offer.' This rush to capitalise on the stamp duty holiday has become even more pressing with the impending 2% foreign buyer surcharge being introduced in April 2021.

A Word of Caution.

'With such a huge influx of buyers looking to take advantage of the temporary conditions in the UK property market, we're starting to see rates creep steadily up in an effort to deter new enquiries' says Stuart Marshall. 'Lenders are struggling to cope with the amount of applications that are coming across their desks. So, to help stem the flow of these applications, lenders will be looking to increase interest rates, tighten credit score criteria, and implement higher minimum loan levels. In some cases, lenders may even remove products completely.'

'What we're advising is that people need to be aware of this fact and work closely with a [specialist mortgage broker](#) to lock in their rates as fast as possible. Chances are, the deals you see today might be gone tomorrow. The time for Hong Kongers to invest is now as the current



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Still Giving Strong Returns.

A great indicator for where to buy is the percentage rental yield. Usually, a rental yield of between 5 and 6% is thought to be good, while 7 or 8% is thought to be excellent. Rental yields that are higher than 8% are indicative of an incredibly lucrative property and highly desirable. According to Enterprise Finance, the five highest rental yields on 2 bed properties (the most popular expat buy to let mortgage option for investors) are between 7.6% and 7.7% in cities and towns such as Middlesbrough, Inverclyde and Glasgow, with two-bed properties averaging between £69,959.00 and £130,000.

'Nottingham also continues to deliver strong yields of 7.3% with a two-bed property investment of £130,000' adds Stuart Marshall. 'The city has a large student population, consistently strong rental demand and promising capital growth. It's no surprise Nottingham continues to be one of the top investment prospects for Far Eastern investors and UK expats'.

London – A Great Time to Buy.

Despite London offering lower yields than much of the UK, it is still one of the best times to buy in the nation's capital. This is especially true if you are in the market for a premium property investment.

'Because of the stamp duty holiday, buyers are currently saving £14,573 when purchasing the average London property' says John Squires, head of mortgages at Liquid Expat Mortgages. 'When you take into consideration the 2% surcharge for overseas buyers which comes into force in April, the average cost of stamp duty will reach £38,579. It's clear that, for those buying from overseas, the time to buy is now, especially if you are considering buying property at the top end of the UK property market.' As an example of the savings that John talks about, those looking to buy in premium London areas would currently be paying an average of £110,243 in stamp duty, compared to a whopping £153,165 as of April 2021. This amounts to a massive saving of almost £43,000!

Up until recently, London house prices had actually fallen by over £60,000 on average. But, with supply again becoming outstripped by consumer demand, prices are set to climb again. What this means is that the present moment will no-doubt offer the best investment opportunity for foreign investors and UK expats alike.

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