

Is Everything As It Seems in the Buoyant UK Housing Market?

With so many applications flooding in because of the UK's Stamp Duty Holiday, lenders are taking measures to deter applications and stem demand.

MANCHESTER, GREATER MANCHESTER, UK, November 10, 2020

/EINPresswire.com/ -- "One of the things that many found surprising in the aftermath of the UK's first Coronavirus lockdown was the buoyant recovery of the UK's housing market. It's been a keen topic of discussion here in the office and with our expat mortgage lenders" says Stuart Marshall of specialist expat mortgage broker, Liquid Expat Mortgages. "There are many factors for the V-shaped recovery that we've seen over the last few months within the property sector. Chief amongst these is the UK's unprecedented stamp duty holiday."



Time is of the essence for those looking to lock in rates before and take advantage of the Stamp Duty Holiday.

The stamp duty holiday has provided a potential saving of up to £15,000 for investors and has encouraged many foreign and [UK expat](#) buyers to [invest in the UK housing market](#). Stuart Marshall continues by saying, "There are yet more factors contributing to the swathes of mortgage applications from abroad. These range from the UK's new rules for BNO passport holders, a relatively stubborn weak sterling compared to many top currencies, low domestic market confidence, and perceived political instability from the UK government's handling of Brexit and COVID-19. Add in low set up fees, the lowest UK expat mortgage rates coupled with favourable LTVs and it's clear that this is the perfect storm for any UK expats and [foreign national](#) looking to invest in UK property."

Here One Minute, Gone the Next.

Most of the talk about the UK property market has been very upbeat. The majority of coverage is focusing on the huge appetite from consumers. However, there is a downside that any potential investor needs to be very aware of.

“We’re hearing from many lenders that the number of mortgage applications they are receiving is vastly outstripping the number they can comfortably process” says Stuart Marshall*1. “In some cases, we’ve been told that the number of applications is double the capacity that they normally manage, with many lenders seeing the fiercest appetite for mortgage applications since before the 2008 crash.”



Buyers are in a race against time to file their mortgage applications with lenders reaching the limit of their capacity.

‘Caveat Emptor or buyer beware’ is the warning being sounded by Liquid Expat Mortgages. There are clear indicators from lenders that, with demand currently soaring, lenders are increasing interest rates to deter potential buyers. A number of products have disappeared overnight, such as Santander removing its 85% LTV two-year fixed rate product. There’s no doubt that removing products will become more widespread as more and more lenders reach their capacity for processing applications. In essence, lenders are starting to become extremely nervous about the potential “overheating” of the property market.

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Stuart Marshall

John Squires, head of Mortgages at Liquid Expat Mortgages, points to recent interest rates rises. “In the last

month alone,” he says “we’ve seen major lenders including Yorkshire Bank, NatWest, Halifax and Nationwide increase their interest rates. Just last week, Santander increased interest rates on some deals by up to 0.35%. With the Bank of England’s base rate remaining at the record low of 0.1%, lenders are increasing their interest rates in an attempt to control consumer demand.*2”

Stuart Marshall agrees. He urges prospective buyers to note that “while increasing interest rates to stem demand will be the most common change, lenders will no doubt employ other methods too. Methods can range from tougher credit score criteria to raising minimum loan levels so that some applications will not even be considered. These changes are literally being made to

products overnight so it's important to lock in your rates immediately and act decisively or you could miss out completely, despite your expat broker's best efforts."

'Speed is of the Essence'.

Stuart goes on to say that "The most constructive conversations we're having are with those customers who recognise the dynamics of the current UK expat mortgage market. They appreciate the unique investment conditions will not be around forever and are keen to progress their applications quickly as the current

demand for mortgages will need to be slowed down." Moneyfacts, the money comparison expert, reports that the average rates on a two-year fixed mortgage at 65% LTV have increased from 1.66% to 1.96% from July 1st to October 22nd. In the same period, the average rates on a two-year fixed mortgage at 65% LTV have increased from 1.77% to 2.19%. So a specific rate you rely on today may not be around tomorrow. "Things can change that quickly!"

"Working with an experienced expat mortgage broker means that a customer can receive all the help and advice they need to ensure they complete their purchase before the end of the stamp duty holiday.*3" A specialist expat mortgage broker will help you to act quickly to ensure you don't miss out on your preferred product. "We try and make the process as quick and efficient as possible. In situations like this - where the market is on the precipice of huge change - securing the services of an expert can really make all the difference between securing your original best product offer or, if you delay too long, missing out and having it replaced with one that isn't as strong."

"Given that the full impact of the COVID-19 crisis on the UK property market is not yet clear, lenders no longer want to be the cheapest in the marketplace. This means investors who exhibit uncertainty about committing to an investment via a favourable UK expat mortgage rate can potentially miss out on the best deals they're likely to see for a long time."

*1, 2, 3, Disclaimer: Please note that Liquid Expat Mortgages has no direct control over the timescales relating to either the processing of mortgage applications or mortgage offers being issued by lenders. Liquid Expat Mortgages has no control of the legal process and CANNOT accept any responsibility nor liability should your application not be processed prior to current Stamp Duty Land Tax rules expiring on 31st March 2021 or any extension of that date.



Investing in UK property offers relative stability and can be a wise financial decision.

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