

# UK Expats and Foreign Nationals Look Toward Re-Mortgages

*With a predicted rise in interest rates, re-mortgaging is increasing in popularity. However, re-mortgaging has more benefits than just lower interest rates.*

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'Remortgaging has long been a financial strategy used by UK expat and foreign national investors. There are a number of benefits that UK expat and foreign national investors can gain from re-mortgaging,' says Stuart Marshall. ['We're always talking to customers about re-mortgaging,](#) but the current uptick in re-mortgages that's happening is prompting more conversations about the benefits of re-mortgaging.'



According to Habito research, anyone who re-mortgaged in September made an average saving in mortgage payments of around £235. That's approximately £2,800 a year.

Re-mortgaging is often used to avoid paying the higher standard rate your lender offers (if you signed up to a fixed rate mortgage for a limited time). It is also used to negotiate a lower interest

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*Stuart Marshall*

rate, such as if your property is worth far more than when you bought it. Further, if your LTV is lower than when you bought the property, you can re-mortgage to take out some cash as a lump sum and fuel other purchases. You are allowed to borrow up to 85% of the value of your property, and with the current interest rates this is likely to be the cheapest way to borrow money.

Re-mortgages Rising.

According to the LMS re-mortgage snapshot, re-mortgages more than doubled in September 2021, with half of the re-mortgaged rates fixed for five years. A

further 40% of re-mortgagers chose to fix the rate for two years and 2% of re-mortgagers fixed their rate for 10-years. But what's driving these re-mortgages?

The obvious factor driving re-mortgages is the predicted rise in interest rates that consumers are currently hearing about. 55% of consumers surveyed in the LMS re-mortgage snapshot are expecting mortgage interest rates to rise in the next year. And for good reason. [According to reports in The Guardian](#), interest rates are expected to rise back to pre-pandemic levels at some point in 2022 with rises predicted to start rising as early as the next few weeks. The Bank of England held interest rates at their current rate in November's meeting but the signals for an imminent rate increase are all there according to the current economic climate.

For those who re-mortgaged, there are already some obvious savings. According to Habito research, anyone who re-mortgaged in September made an average saving in mortgage payments of around £235. That's approximately £2,800 a year.

'What's interesting,' says Stuart Marshall 'is that 45% of those who re-mortgaged in September also opted to increase the size of their loan. This resulted in an average loan increase of £21,584. This figure points to another motivating factor for re-mortgages – that is releasing equity. This lump sum can be used to refurbish your home, to add to your savings, help to buy property for your children, or to purchase other properties.'

With the predicted rise in interest rates, specialist brokers and discerning expat mortgage seekers are on the lookout for good, fixed-rate deals to ensure that they will be protected from the increasing cost of mortgage payments.



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Expats and Foreign Nationals Take Note.

'At the moment, the most obvious reason for UK expats and foreign nationals to re-mortgage is to avoid the rise in interest rates that most market analysts are predicting over 2022. However, as we noted above there are so many great reasons to consider re-mortgaging your property as a UK expat or foreign national investor. With the buy-to-let market as strong as it is, it could be a good idea to re-mortgage to lock in lower interest rates and in some cases - and depending on an expat's longer-term objectives - to perhaps fund a further purchase.'

'There are a number of purchase types in the UK market that are currently worthwhile considering. The one that currently jumps out from all the data available is buy-to-let property.'

New data from Hamptons showed that landlords sold off 131,900 properties last year, which is the smallest sell-off since 2013, when 105,830 properties were sold. The research also revealed that the average gain was 42% more than they paid for it, while the property had been owned for an average of 9.1 years.

The demand for rental property has increased again with a resurgence in demand, especially in UK cities. As the economy started to open during the summer and university students looked for accommodation for the new academic year, rents also started to rise. Average rents across the UK outside London rose by over 5% in the 12 months to the end of July, the biggest increase since Zoopla's index began in 2008. The rental growth picture seems to repeat itself across the whole of the UK as rental growth hit 10-year highs in the East Midlands (+6.8%), the North East (+6.5%), the South West (+7.6%), Wales (+6.4%) and Yorkshire & the Humber (+4.9%) in July. Meanwhile, rental growth in some cities and towns rose even further, with rental growth in



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Wigan and Mansfield reaching double figures, at 10.5% and 10% respectively. Hastings, Blackburn, Barnsley, and Norwich are also registering growth of 9.4% or more.

'With the rental market booming in the way that it is, owning a rental property can be an attractive proposition offering good rental returns and potentially good price growth, particularly in Northern cities like Manchester. What's more, lenders have responded to the growth in demand for expat buy-to-let mortgages by offering a wider range of products with incentives such as fixed fees, free valuations, and interest only options.'

'So, re-mortgaging your property to purchase a buy-to-let is a highly worthwhile endeavour. However, another sector worthy of consideration is [UK Holiday Homes](#). The number of expat holiday let mortgage enquiries – and confirmed mortgage offers to Liquid Expat customers – have doubled in the last year. We have also seen a substantial increase in demand from second homeowners who have changed their homes into holiday lets to take advantage of the increased holiday rental demand. According to renowned real estate adviser, Altus Group, over 11,000 second home have converted their second home into a holiday let property this year. And the availability of mortgage products is growing to meet this demand too. In September 2021, lenders were able to offer 186 holiday let mortgage deals compared with 74 on offer in August 2020. Accordingly, there is also a growing number of expat lenders entering this marketplace as they start to realise that many expats and foreign nationals are looking to make use of this sector.'

Whilst it might seem strange to buy a holiday let during the winter months, this could allow for enough time to get your holiday let in order before the surge for UK stays begins for the 2022 window throughout the spring and summer. This could prove to be an extremely lucrative endeavour, with holiday lets able to collect in several days, the equivalent of 1 month's rent in a long-term let. And this is a perfect time to get your slice of the UK's staycation market with the rental yields on holiday lets predicted to rise to 14% in 2022. Further, provided your holiday let is rented for a minimum of 105 days a year, it will qualify as a business instead of a buy-to-let, meaning that you're able to claim mortgage interest tax relief (which you are not able to do as a landlord).

'In re-mortgaging now, UK expats and foreign nationals can both save money on their mortgage re-payments by locking in a low interest rate and grow their investment portfolio by purchasing other properties. By speaking to an expert mortgage broker like Liquid Expat Mortgages, you can make sure that you are finding the best deal available and also gain some shrewd financial advice on how to grow your investment portfolio. Our advice, as always, is that if you see rates that you like the look of, you need to lock them in as quickly as possible because the deals that are out there today might not be available tomorrow.'

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