

Domestic Buyer Conditions Act as Buoy for UK Expat and Foreign National Investors

Liquid Expat Mortgages looks at how domestic buyer conditions will create opportunities for those utilising a UK expat or foreign national mortgage.

MANCHESTER, GREATER MANCHESTER, UK, March 10, 2022 /EINPresswire.com/ -- With the cost of living rising in the UK, Liquid Expat Mortgages looks at how the market conditions for domestic buyers might act as a buoy for those utilising a UK expat or foreign national mortgage.



Rising Cost of Living to Increase

Availability for UK Expats and Foreign Nationals. The bank of England has increased its base rate to 0.5% in their second interest rate rise within three months. The rise is of particular interest to the two million homeowners on variable rate mortgages who will see a sharp rise in their mortgage payments with immediate effect.

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Rising cost of living will lessen domestic buyer power, allowing discerning overseas investors to utilise the incredible range of UK expat and foreign national mortgage deals available at the moment.”

Stuart Marshall

The cost of living in the UK is also rising more generally with food prices soaring as a result of inflation reaching 5.4%. Further, Ofgem increased the cap on prices that energy companies can charge meaning that energy bills will [rise by 54% to an average of £1,971](#). The pressure will continue to rise for those living in the UK with inflation set to peak at above 7% in April.

‘With increasing energy rates, the rising cost of living and rising interest rates, some homeowners will have no choice

but to sell’ says Stuart Marshall. ‘This means that there will be an increased supply of properties, lowering prices and increasing availability for those utilising UK expat and foreign national mortgages as they’re excluded from the effects of the rising cost of living.’

No Way Out for First Time Buyers. House prices also saw their fastest annual rise for a January [in 17 years in January 2022](#). According to Nationwide, house prices rose by 11.2% between January 2021 and 2022; and by 0.8% between December 2021 and January 2022. This steep rise at the start of the year is adding layers of difficulty to an already tough situation for prospective buyers and first-time buyers. 'House prices have consistently risen faster than wages over the course of the pandemic but the rising cost of living and continued high house prices will only add to the difficulties for first-time buyers living in the UK. In fact, Nationwide reports that a 10% deposit on a first-time buyer home would now account for a record 56% of their gross annual wage. Meanwhile, average house prices are remaining robust, leaving little ability for first-time buyers to graduate from the rental market into home ownership, especially as they battle the rising cost of living in other areas.'

'It's something we discussed last year but the situation is only worsening for domestic first-time buyers. Further, there are still those who sold houses during the heights of the lockdown housing market that are struggling to find a property to move onto, often caught out by the inflated prices of properties and the stiff competition from those with more buying power. This lack of mobility means that there are record numbers in the rental market at the moment and this is creating astonishing rental price growth and contributing to big profits for those utilising UK expat and foreign national mortgages.'

UK Expats and Foreign Nationals Shielded from Difficult Domestic Conditions. Meanwhile, UK expat and foreign national investors using UK expat and foreign national



Ofgem increased the cap on prices that energy companies can charge meaning that energy bills will rise by 54% to an average of £1,971, increasing the cost of living and further diminishing domestic buyer confidence.



With increasing energy rates, the rising cost of living and rising interest rates, some homeowners will have no choice but to sell increasing the supply of homes and driving down prices for UK expat and foreign national investors.

mortgages will be shielded from many of the inhibiting factors that are affecting domestic buyers. 'First of all,' continues Stuart Marshall 'UK expats and foreign nationals investing in the UK property market are slightly sheltered from the concerns of domestic buyers by the fact they are not paid in sterling. We have seen this in the past when a weaker pound has reduced domestic buying power compared to non-UK buyers, who are often paid in dollars. The current inflation rate and the 7% rate anticipated in April then will not affect UK expat and foreign national investors in the same way that it will affect those in the UK, thereby increasing their comparative buying power.'

'Another important factor to take note of is the rising interest rate. A lot of the lenders that are currently in the UK expat and foreign national mortgage marketplace are [not passing on the rising base rate to the consumer](#). This is likely because the UK expat and foreign national mortgage market has proven itself to be an incredibly lucrative place for lenders. Consequently, lenders need to remain competitive to stand out from the crowd and attract business in a growing pool of offers. Because of this, UK expat and foreign national mortgage rates aren't likely to increase in the same way that domestic rates will. Many existing UK expat and foreign national mortgage holders will also be able to take advantage of these deals by re-mortgaging when their loan reverts to a higher standard variable rate.'

Summing Up.

The stock of UK houses is currently extremely low. This is one of the main contributors to the upwards pressure on house prices and the lack of availability for investment. With the current



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market, demand for property and uptake from domestic buyers will start to fall and those listing their homes for sale will likely rise. Rising stock numbers will push prices down and enable accessibility for UK expats and foreign nationals who aren't subject to the same gloomy outlook that domestic buyers are. While the increased accessibility and more modest house price growth should enable first-time buyers to graduate to homeownership or movers to break their chain, other inhibiting factors will carry more weight. The rising cost of living, exorbitant rise in energy prices and growing interest rates will seriously dampen buyer confidence and lessen domestic buyer power, allowing for discerning overseas investors to utilise the incredible range of UK expat and foreign national mortgage deals available at the moment.

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