

UK Expat and Foreign National Investment Market Roundup

Due to the market, there are an incredible amount of buy-to-let opportunities for UK expat and foreign national investors using specialist mortgage products.

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Domestic Buyers Still Struggling.

The Spring Budget focused on stimulating the economy and jobs but had little to say about the housing market in any direct way. The chancellor's plan for the housing market seems to be to indirectly boost it through stimulating the labour market.



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High mortgage rates have been [hurting the prospects of would-be home buyers](#). While mortgage

“

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Stuart Marshall

rates have been falling – now standing at 4.5% for new home buyers and down from the 6% that was common at the end of 2022 – it is still more than double the rate of a year ago. Unfortunately for would-be home buyers, [Zoopla reports](#) that sub-5% mortgage rates will not lead to big house price falls. This means that potential buyers are still contending with high house prices which are being compounded by high mortgage rates. All of this means that new buyers have 20% less buying power than last year.

Mortgage rates are expected to remain between 4% and 5% in the remainder of 2023, so buyers need to adjust and adapt to this ‘new normal’. But these difficult conditions mean that there are far more people in the rental market than normal, and this is likely to continue in the future. Consequently, this competition for rental properties is

pushing up rents, which are rising incredibly fast, now up 11% compared to earnings growth of 6.7%. This will mean that those in the rental market have less money to put towards a house purchase, exacerbating the issue of a deposit for many would-be buyers.

Buy-to-Let Opportunities Recovering Well.

However, the picture is much more positive for investors, with the choice for buy-to-let mortgage deals rising massively. According to MoneyFacts, there are now over 2400 different deals for buy-to-let investors. This is the highest level of available mortgage deals since before the disastrous mini-Budget.

However, the interest rates on buy-to-let mortgages have suffered similarly to residential mortgages, with the average two-year fix rising from 2.14% in March 2021 to 5.81% today. 'Of course, these are only the average rates' says Stuart Marshall. 'Strong customers will be able to find a better deal, especially with the help of an expert mortgage broker. UK expat and foreign national investors are typically a very strong buyer group as they benefit from high incomes, favourable currency strengths and specially tailored deals. Expert UK expat and foreign national mortgage brokers like Liquid Expat Mortgages are also incredibly useful in finding and negotiating a better deal.'

Buyer Discounts and Improved Choice.

While the higher interest rates on mortgages have made the cost of investing in UK property more expensive, UK expat and foreign national investors do have good buyer power in a market

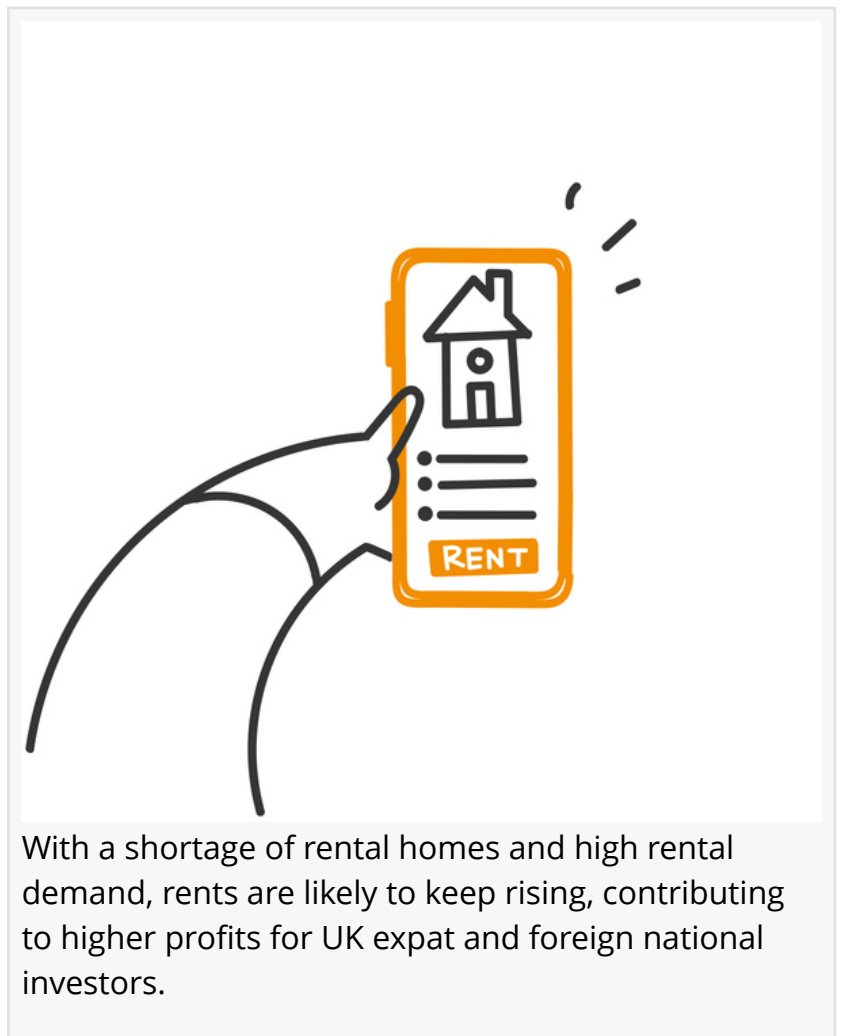


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which is dominated with hindered domestic buyers. With domestic buyers struggling to contend with the higher interest rates and high housing costs, sellers are accepting discounts as they struggle to sell their property. Sellers are accepting an average discount of 4.5% off their asking price in order to sell their property – this is the highest in five years. This average discount amounts to £14,100 – a significant saving for UK expat and foreign national investors. ‘This is a massive shift compared to the pandemic times’ says Stuart Marshall. ‘The market was competitive, and we were advising many of our clients that they should probably expect to pay the asking price or over the asking price if it was a highly desirable property. Conversely, negotiating lower prices is now commonplace and to be expected.’



With a shortage of rental homes and high rental demand, rents are likely to keep rising, contributing to higher profits for UK expat and foreign national investors.

‘In addition to the potential discounts available, UK expat and foreign national investors are also looking at a housing market with far more choice than usual. This is partly as a result of the slower flow of sales but there are also more homes coming to market. As a result, the stock of homes for sale is 60% higher than last year. UK expat and foreign national investors are able to benefit from both discounted prices and increased choice, which will go some way toward offsetting the impact of higher average house prices and higher mortgage rates.’

Renters Stuck in the Rental Market.

‘UK expat and foreign national investors have many reasons to be positive then, as domestic buyers continue to be hindered by difficult conditions, while staying in the rental market and adding to investors’ rental profits. They will also benefit from potential discounts on their chosen property and increased choice when shopping for the property that will suit their investment goals. In addition, rental market competition is unlikely to go anywhere as the difficult conditions in the housing market mean that it is currently cheaper to rent a home than to buy one.

[According to estate agent, Hamptons International](#), a buyer with a 10% deposit and a 25-year mortgage will pay on average £1,603 per month. The same home would currently cost £1,191 for someone renting. It’s clear to see why swathes of people in the rental market would continue renting then. But with a shortage of rental homes and high rental demand, rents are likely to

keep rising, contributing to higher profits for UK expat and foreign national investors.'

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