

Property Investment Shines When Banks Fail

With the collapse of Silicon Valley Bank, we look at how property investment can perform where banks fail for UK expat investors.

MANCHESTER, GREATER MANCHESTER, UK, May 15, 2023 /EINPresswire.com/ -- Some Background – Collapsing Banks. 'At Liquid Expat Mortgages, our team have spent a lot of time talking about the pros and cons of property investment compared to other forms of investment or savings recently' says Stuart Marshall, CEO of Liquid Expat Mortgages. 'This was prompted by the collapse of the Silicon Valley Bank on

March 10th. For those that don't know, this was the biggest failure of a US bank since the 2008 financial crisis. This caused a domino effect, collapsing a second bank – Signature Bank – and resulting in the propping up of a third. In addition, Credit Suisse has been bought out by UBS,

saving it from becoming the first major international bank to collapse since 2008. This crisis has caused the US Federal Reserve to spend over \$140 billion to guarantee deposits and stop the crisis spreading further, with more than \$400 billion being spent overall in response.'

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Stuart Marshall

'It's always topical events that get us talking at Liquid Expat Mortgages, but a banking crisis of this scale is something that we haven't seen for a long time. Naturally, it made us ask 'is it safe to invest money with banks?' The situation has made many investors ask the same question too. And

prognosticators and market analysts predict that the situation we've seen with the [Silicon Valley bank will not be the last](#). But how can investors secure large sums of money if not with banks? One answer we always present to our UK expat and foreign national clients is the [UK property market](#).'

Property Investment.



Silicon Valley Bank collapsed on March 10th. This was the biggest failure of a US bank since the 2008 financial crisis.

The UK property market is one of the most tried and tested locations for investment. Historically, money that has been put into the UK property market has performed very well and it has proven to be a very secure investment or savings vehicle compared to many other assets or savings options.

Investing in UK property also has many other desirable attributes compared to other forms of savings or investment. For one, it's a physical asset. This might seem obvious, but it affords property some key advantages. For one, it's a tangible asset and can be managed accordingly. Investors can manipulate or change how they manage their asset to achieve different goals at different times. For example, a UK expat or foreign national investor could change a buy-to-let property into a residential property if they ever wanted to return the UK. Or, if their child decided to study at a UK university, they could make a buy-to-let a student property, so that their child has somewhere to live while they study.

Further, property is a finite asset. Because of this, the supply of property is naturally controlled. The supply of property is not likely to increase dramatically in a short space of time, so property prices are unlikely to fall massively as a result. Further, if demand for property is very high, this will mean supply is constrained and contribute to big rises in property prices. This is what happened during the pandemic, when property prices rose dramatically. Accordingly, large changes in property prices happen slowly and give UK expat and foreign national investors ample time to adjust and change course.

Big Profits for UK Expat and Foreign National Investors.

The attractiveness of property investment compared to savings accounts is not just limited to its comparative stability. Property investment also comes with a number of advantages. One



Investing in the UK property market often functions like an excellent savings account at a bank.



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obvious advantage of property investment compared to saving in a bank is the income it affords the investor. Buy-to-let property is a tried-and-tested income generator and delivers two forms of profit: rental income and capital gains. The rental income is month-to-month income, and the capital gains are the growth in the value of the asset over time. 'The monthly rental income from a property will often cover the cost of the investment month-to-month, even exceeding the investor's costs in many cases' says Stuart Marshall. 'This means that UK expat or foreign national investors will make monthly profits and also profit long-term as the asset appreciates. This is in contrast to in a savings account where the account holder will only earn through interest'.



By utilising some of the excellent UK expat or foreign national mortgage products available, UK expat or foreign national investors can massively increase the amount of money they save.

'To put in perspective just how lucrative buy-to-let investment can be in comparison to a savings account, one only has to look at the latest buy-to-let figures. According to Fleet Mortgages' Buy-to-Let Rental Barometer, average rental yields rose from 6% in 2022 to 6.5% in Q1 of 2023. Clearly, these rental yield figures vastly outstrip the performance of even the best interest rates offered by savings accounts. And this is only the average figure. [Some regions perform to even higher standards](#). The North East, for example, has an average rental yield of 8.8%. Further, this doesn't even factor in the capital growth of properties. This puts both the stability and profitability of property investment far beyond what can be offered by banks.'

'By utilising some of the excellent UK expat or foreign national mortgage products available, UK expat or foreign national investors can massively increase the amount of money they save. Instead of locking this money into a savings accounts and only earning from interest, UK expat and foreign national investors can use UK expat and foreign national mortgage products to tie their money up into a secure asset and multiply their savings a few times over' says Stuart Marshall. 'An expert UK expat or foreign national mortgage broker can help to smooth the process and get the best possible deal for UK expat and foreign national investors looking to purchase UK property.'

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