The Autumn Statement Has No Big Surprises for UK Expat and Foreign National Investors

The Autumn Statement had nothing to worry UK Expat and Foreign National investors, who are still looking at a very profitable rental market.

For many, there were no huge surprises in the Autumn Statement.

MANCHESTER, GREATER MANCHESTER, UK, January 9, 2024 /EINPresswire.com/ -- 'The first thing to say about the autumn statement is that there were no huge surprises' says Stuart Marshall, CEO of Liquid Expat Mortgages.

'There had been rumours that the chancellor might implement a stamp duty cut to try and stimulate the housing market. It's likely that this policy would have had some effect on the market. However, these rumours proved to be just that – rumours. Instead, the main attempt to stimulate the market came in the form of an extension to the mortgage guarantee scheme – the scheme launched in 2021, which encouraged lenders to offer 95% LTV mortgages for those with a 5% deposit. These mortgages are backed by the government so that if the buyer defaults, the government will step in to cover the shortfall and protect the buyer.'

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>
> *Stuart Marshall*

'The scheme, which was due to end in December but will now run until June 2025, is clearly a bid to stimulate buyer activity in a slow housing market, particularly among young and first-time buyers who are more strapped for cash. Typically, first-time buyers make up about a third of the housing market and they help to keep it moving, with their activity leading to higher demand and steadily regulating supply. Currently, these buyers are not able to behave in the way they normally would, and this is meaning that they are staying put in the rental market and demand for property is low. This is having two major effects: one, the rental market is incredibly expensive because of strong demand and competition, and two, property prices are falling because of little movement in the housing market.'

'Despite the extension of the mortgage guarantee scheme then, it's unlikely that this will do much to properly bolster the prospects of young buyers. It hasn't done so yet and both mortgage rates and property prices remain high enough to dissuade first-time buyers from stepping onto the ladder. For UK expat and foreign national investors, this remains good news – rental properties are likely to continue their unprecedented period of profitability and property prices are likely to stay where they are or climb a little bit lower, meaning there is more chance for savvy investors to grab a bargain.'

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Will Increased Wages and National Insurance Cuts Change the Market?
Because of the effect of a lack of buyer activity, it's clear that the government's focus is on stimulating buyers and trying to get those first-time buyers moving again. These buyers are the engine of the housing market, so it makes sense that the market needs activity from this sector to change the overall picture. 'With this in mind,' says Stuart Marshall 'the chancellor has tried to boost affordability for households by increasing the national living wage and cutting national insurance. The hope is that this will lessen the squeeze of the cost of living that is hindering first-time buyers' funds. Whether this moderate increase will actually move the needle though, is another matter. Just like with the extension to the mortgage guarantee scheme, it's unlikely that a small change in household incomes will be enough to overcome the difficulties caused by high property prices and untenable mortgage rates.'

'The chancellor will hope that with the Bank of England predicting inflation to fall to its 2% target by 2025, that mortgage rates will start to fall in 2024, and that this fall along with increased household wages could start to get first-time buyers moving again. However, this is a remote hope. Changes take a long time to filter down into the day-to-day market and first-time buyers will take some time to build up their deposits and to have confidence that the market is secure enough for them to invest. In the meantime, UK expat and foreign national investors have the requisite available liquidity to take advantage of lower rates as soon as they are available in the market.'

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Increased Supply of Homes.
The other way that the chancellor is hoping to stimulate activity in the housing market is through his investment in new homes. In the autumn statement, the chancellor pledged £110 million to building new homes – which should translate into 40,000 new properties. These new homes are intended to increase supply and reduce the cost of property more generally, while delivering affordable homes for first-time buyers and making sure that supply is replenished if the market picks up again. Whether this scheme will come to fruition is to be seen. There is undoubtedly a need for new homes, but high demand for properties is usually highly localised and whether the new homes that are being built will alleviate this is up for debate. Further, while 40,000 new homes will be welcomed, it's unlikely to do much to alleviate the strain on housing in the UK. According to the centre for cities, the UK has a backlog of 4.3 million houses missing from the national housing market. The National Housing Federation estimates that the UK needs to provide 340,000 new homes a year – something that the 40,000 new homes will not achieve, even if added to the 233,000 built in 2021/22.

So, while this might be a step in the right direction, it's unlikely to really change much of the bigger picture. The likelihood then is that UK expat and foreign national investors will still be investing in a very busy and competitive rental market. And this can only mean that they're likely to see big profits as would-be buyers continue to be barred from property ownership.

UK Expat and Foreign National Buyers.
'The picture remains unchanged for UK expat and foreign national investors, then. It's the same outlook for these investors that there's been for a while: would-be first-time buyers are struggling to get on the ladder, and this is leading to a sluggish housing market while also contributing to massive growth in the rental market. This is good news for UK expat and foreign national investors, who have the strong possibility of negotiating a hefty discount in a slow sales market. Further, with a fall in the number of properties selling, there is much higher availability

and choice for UK expat and foreign national investors, so it will be easier for UK expat and foreign national investors to find their ideal investment property.'

'The potential fall in mortgage rates will also be welcome news for UK expat and foreign national investors. While it will take some time for these effects to be noticeable to the wider market, UK expat and foreign national investors are perfectly positioned to take advantage of these lower rates, often having more cash on hand to pay higher deposits, and also benefitting from favourable exchange rates. An expert UK expat or foreign national mortgage broker also allows these buyers to negotiate better deals and to move quickly when they find the right property. This is just one reason why an expert UK expat or foreign national mortgage broker is indispensable for overseas investors. These brokers can also help to decide on the best investment strategy for their client and to help and find a property which satisfies their needs and is likely to yield good returns.'

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