

2023 UK Expat and Foreign National Property Roundup

We look back at the biggest investment property headlines for UK expat and foreign national investors in 2023.

MANCHESTER, GREATER MANCHESTER, UK, January 10, 2024
/EINPresswire.com/ -- High Mortgage Rates – the Story of 2023.

‘High mortgage rates are the big takeaway from the UK property market in 2023. This is as a result of the [five bank rate rises](#) which saw domestic mortgage rates peak at 6.44% for a two-year fix, at 75% LTV. It’s especially notable because of the prolonged period of historically low interest rates that we’ve seen in the market in recent history. The rise in mortgage rates has been the driving factor in the market throughout 2023, with house prices falling as a result of falling demand while would-be buyers struggle with the mortgage rates.’

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‘Standard variable rates were the worst affected. As a result, for UK expat and foreign national investors who were on standard variable rates, controlling the cost of monthly repayments has been the most important goal. This could be accomplished through securing a re-mortgage deal and locking in a lower rate or by overpaying on the mortgage to reduce the amount of capital on which the interest is charged. For UK expat and foreign national investors who didn’t address this, it should be a priority in

the new year to make sure that the investment is as lucrative as possible. With the average standard variable rate now at 8.74%, it’s plain to see why switching to a better fixed rate deal or reducing the capital is so important. At Liquid Expat Mortgages, one of our main jobs as

specialist mortgage brokers has been to try and combat these higher rates for our clients throughout 2023.'

House Prices Respond to Mortgage Rates.

During 2023, UK house prices fell by 1.2% on average. This might not sound too drastic but the degree to which prices have fallen varies greatly by the type and location of the property.

What's even more astonishing is the average seller discount, which now stands at 5.5% (£18,000) but is much higher in some cases. This has meant UK expat and foreign national expats have had access to [better deals than most regular homebuyers](#) since UK expat and foreign national buyers typically have more money upfront and are usually in a better position to move more quickly when they find a property. Because of how high house prices were inflated by the demand during the pandemic, it's likely that, as high mortgage rates continue, house prices will continue to come down as domestic buyers face difficulties purchasing property. For UK expat and foreign national investors, this is likely to mean bigger discounts and better all-round deals on properties.



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'The price falls that we're seeing aren't doing much to move the needle for domestic buyers' says Stuart Marshall. 'High rents mean that UK buyers don't have the available funds to save a big deposit and this means that high house prices and interest rates are prohibiting them from buying. Further, because so many of the house price reductions are happening through sellers accepting lower offers, the reductions aren't helping would-be domestic buyers who need to secure a mortgage for the full asking prices. UK expat and foreign national investors have the help of expert mortgage brokers who can help them to find preferential mortgage deals and also utilise the favourable exchange rate that they often benefit from.'

The Rental Market Remained Strong.

The strong rental market is the most obvious reason for UK expat and foreign national investors

to [invest in UK property](#). It seems like every year, the rental market just goes from strength to strength for investors, with sky high demand seeming to only grow further every year. 2023 has only seen continued rises in rents – especially for new lets, where rents have consistently risen at 10% or more for 20 consecutive months. The rising cost of new lets has meant that more and more renters are staying put for fear of higher costs. This is only exasperating the situation in the rental market and reducing the flow of new supply further, which in turn increases the cost of renting. This is reflected in the high demand for rental properties



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– 51% above the five-year average. The high mortgage rates have, of course, had an effect here too as would-be first-time buyers remain in rented accommodation for longer. And all of this makes the buy-to-let proposition incredibly enticing for UK expat and foreign national investors.

This situation is likely to continue into 2024, with falling numbers of private landlords, and a lack of new homes being built. This means that UK expat and foreign national investors will see continued massive profits from UK buy-to-let properties. However, while prices have been consistently rising, it's probable that this trend will start to taper off as prices push affordability to the limits and landlords begin to keep prices where they are for fear of driving business away. To maximise the effectiveness of an investment, UK expat and foreign national investors will need to find the right properties. And because of the high cost of renting and the high cost of living, many renters are looking to smaller properties, in close proximity to employment hubs. For that reason, city centre flats are proving very popular, as are terraced houses in commuter zones. While these types of property are popular for renters, they are also more affordable for investors and so provide a more accessible, mortgageable investment with a quicker path to profitability, especially when bought with the help of an expert UK expat or foreign national mortgage broker.

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