

Spring Budget Maintains Status Quo for UK Expat and Foreign National Investors

The Spring Budget has done very little to change the fruitful investment landscape for UK Expat investors - here's why...

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'The Budget is always a massive moment of anticipation for anyone working in the property market' begins Stuart Marshall, CEO of Liquid Expat Mortgages. 'The policies in the budget can often have a massive impact on the housing market in the UK and this, in turn, affects non-domestic investors. The Spring Budget was the last chance for an ailing conservative government to boost its popularity in advance of a

looming general election. However, the chancellor made it clear that younger voters and first-time buyers were not amongst the conservatives' targets for votes. There had been rumours that a 99% mortgage scheme could be announced, but this idea was ultimately absent from the final

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Stuart Marshall

budget. The lack of any policies to help first-time buyers has basically maintained the status quo in the domestic housing market.'

What's the Status Quo?

[Without any policies to change the current situation](#) in the domestic housing market, the chancellor has sustained the conditions that have been so fruitful for [UK expat and foreign national investors](#). There are several reasons that

the investment market has been [good for UK expat and foreign national investment](#) in recent history, but the biggest factor has been the falling house prices and availability of discounts for investors. Property prices are coming down in the UK precisely because many people can't get on the ladder at the moment – something the chancellor's budget failed to address. Because



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there are fewer buyers in the market, properties that are coming to market are taking longer to sell and this means there are more properties available. This increases buyer choice and contributes to lower property prices. UK expat and foreign national investors are coming into the property market with these lower prices and because they are in a strong negotiating position, they are able to negotiate hefty discounts.

In short, without any changes from the budget, there will be no big increases in buyer activity. This will mean that homes stay on the market longer, there is more availability from buyers, property prices will come down, and buyers can negotiate discounts. This is especially true for UK expat and foreign national investors who are in an excellent position to benefit from the slower UK property market. These investors usually have the benefit of higher wages and are able to pay the deposits that domestic buyers can't. Further, these investors have a range of excellent specialist mortgage products available to them, which are obtained through expert brokers that can help with the process of both securing a mortgage and investing in the right property.

Other Details in the Budget.

Some of the detail in the budget could even help to improve the situation for UK expat investors and foreign national investors. This is thanks to some beneficial changes to capital gains tax that were in the spring budget. The chancellor has scrapped the current 28% rate of capital gain tax that was charged for those who sell a residential property that is not their main home. From April 2024, the new rate will be charged at 24% instead. It is thought that this could encourage people to sell second properties, increasing the supply of homes available. This will mean even more availability for UK expat and foreign national investors.



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Further, this has been coupled with an abolition of tax breaks for holiday lets, which makes holiday lets even less attractive when compared to conventional buy-to-lets. This is likely to contribute to an increase in the numbers of holiday let properties being sold, especially considering the beneficial cut to capital gains tax. 'The other impact of this change in policy is that we are now dissuading many UK expat and foreign national investors from investing in holiday let properties unless they have very specific reasons to do so. With conventional buy-to-let properties performing so well, it's hard to recommend another form of investment over this!'



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The Spring Budget: In Short.

'A lot of commentators are rightly saying that the chancellor has missed an opportunity to boost both supply of new homes and mortgage availability and accessibility for domestic buyers. This is likely a correct assessment. While the chancellor has tried to free up properties through punitive taxation on holiday lets and beneficial cuts to capital gains tax, this isn't going to free up enough supply to change the general picture of the market. Instead, this will just mean there is a slight increase in choice for a select section of the market, namely those that are in the privileged position of being able to pay the deposits and secure a mortgage – such as UK expat and foreign national investors.'

'The failure to provide a way for younger buyers or those with smaller deposits to access homes – such as a government supported, long-term fixed rate mortgage or more funding for social/affordable homes – is only going to make sure that the rental market remains massively profitable for UK expat and foreign national investors. It's also likely to continue the current set of conditions that have been so beneficial for UK expat and foreign national investors, especially those utilising quality specialist mortgage products through expert brokers.'

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