

A New Government Won't Adversely Affect the Housing Market for UK Expat and Foreign National Investors

Unless radical policies are put into practice, a new government won't change the housing market negatively for UK expat investors.

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With Rishi Sunak's shock announcement of a general election for 4th July 2024, many are predicting the end of the conservative government, with the polls suggesting a near-certain victory for labour. But the team at Liquid Expat Mortgages is predicting that no matter the outcome of the General Election, the housing market won't be adversely effected for UK expat and foreign national investors. This is because neither party has any radical policies which are likely to change the status quo; especially the situation for first-time buyers, which are the driving force of the housing market.



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Labour and the Conservatives.

There's no huge policy divide between labour and the conservatives so the election won't be huge for the housing market. However, it's likely that even the brief period of inactivity in the sales market, caused by people holding off during the election, will mean that the number of completed sales will [skew slightly lower than predicted for 2024](#). It's likely that people close to agreeing a sale will want to push it through as quickly as possible while those who are just starting to look for a home may hold back

until the new government is in place. Activity has been picking up in the housing market in recent months but with a huge political change almost inevitable and the slower summer period ahead,

it's likely that the pace of the housing market will now start to slow again.

Of the two parties, the labour party seem most committed to reforming the rent market, with an alleged commitment to building new homes. Adding properties to the sales market and the rental market is imperative if any new government wants to make the rental market more affordable and make housing accessible to first-time buyers. However, the sheer amount of property required by the market means that the need is unlikely to be met. Consequently, UK expat and foreign national investors are likely to see the continuation of circumstances that have been so fruitful for them in recent history. The key to this is the way that first-time buyers have been affected by changes in the housing market. Without first-time buyers having access to good quality, desirable housing stock, the current rental-market is unlikely to look very different, even with a new government.

The First-Time Buyer Dilemma.

'For the market to really change, the election's winning party would have to make some pretty radical policy changes, particularly with relation to first-time buyers' says Stuart Marshall, CEO of Liquid Expat Mortgages. 'This is

because first-time buyers are one of the key drivers in the sales market and a group that are currently, in many cases, stuck in the rental market. Because three quarters of first-time buyers move from the private rental market into home ownership, the relative cost of renting compared with buying is incredibly important. The issue is that rising rents have eroded first-time buyers' ability to save for a deposit. Further, first-time buyers also have to prove that they can afford a higher mortgage rate than they will actually be paying. This stress-testing has proved to be very damaging to first-time buyers with high house prices and interest rates.'



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'To change this, policies like long-term fixed interest rates and guaranteed mortgages with deposit amounts as low as 1% would have to be considered. However, there's no reasonable likelihood that [any policies like this will be forthcoming](#). As a result, the property market is likely to look pretty similar come July.'

The Recipe for Success in the Current Market.

'In order to be successful in the current marketplace, UK expat and foreign national investors need to make sure that their investment is catering to the driving force in the rental market.

Namely, they need to cater for young professionals, or the would-be homeowners who are currently struggling to get onto the property ladder. In recent history, the key to this has been to invest in city centre properties and environmentally friendly properties like more modern flats. This is because of a number of factors. For one, younger workers are returning to their workplaces in order to have more separation from their domestic environments. They also want to be in close proximity to social hubs like bars and restaurants, and they are increasingly conscious about the environment and their energy bills so are favouring [smaller, more efficient homes with lower carbon emissions](#). Many UK expat and foreign national investors that we have helped in recent history have seen great returns from these properties, especially in growing economic centres outside of the capital, such as Manchester or Liverpool.'

It is always difficult to predict how a new government might change the marketplace. After all, no one could have predicted Liz Truss' disastrous mini budget which changed the entire face of the property market overnight. However, the current incarnations of the labour and conservative parties seem to both favour 'safe' policies, with no one offering anything that would radically alter the state of the market. Regardless, much activity in the domestic market will be dampened as buyer confidence dips while people wait for the dust to settle with the new government. As a result, it could be a good time for UK expat and foreign national investors to take advantage of the specialist mortgage products that they have access to and capitalise on a quiet market in order to get the best deal. Retaining the services of an expert, specialist mortgage broker will help UK expat and foreign nationals to make sure that they are in the best position to do exactly this.



UK Expat and Foreign National Investors need to cater for young professionals - the would-be homeowners who are currently struggling to get onto the property ladder.

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