Property Investment Provides a Great Alternative to Pensions for UK Expat and Foreign National Investors

Property Investment offers significant advantages instead of-, or in addition to- pensions for UK Expat Investors saving for retirement.

The most obvious short-term benefit is the rental income that buy-to-let properties offer UK expat and foreign national investors.

MANCHESTER, GREATER MANCHESTER, UK, June 26, 2024 /EINPresswire.com/ -- ‘For many of the UK expat and foreign national investors that we talk to, one of the key considerations is their retirement’ says Stuart Marshall of Liquid Expat Mortgages. ‘It’s no surprise considering the well-earned reputation of UK property as a very strong asset class. But is investing in UK property a good alternative to a pension for UK expat and foreign national investors?’

UK Property as an Investment Vehicle.

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>
> *Stuart Marshall*

UK property has historically been very bullish – there have been occasional slumps but over the long-term, [UK property has appreciated massively](), and property values continue to soar. This alone makes investing in property a noble goal for UK expat and foreign national investors looking to fund their retirements. However, while investing in a property can be a good way to build up savings for a retirement in the form of assets, there are also many short-term benefits to investing in property. The most obvious short-term benefit is the rental income that buy-to-let properties offer UK expat and foreign national investors. The demand for rental property in the UK has been at record highs in recent years, with the expense of buying a property and the low supply of available rentals putting a lot of upwards pressure on prices in the rental market.


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Capital growth is obviously the main consideration for investors with long-term goals, like retirement, in mind. But it's difficult to talk about this without also mentioning that rental income usually services both the repayments on the value of the loan and the interest on the loan – meaning that UK expat and foreign national investors who buy a UK investment property with a UK expat or foreign national mortgage own a valuable asset while having spent very little of their own money. Even if the property hasn't appreciated at all over the term of a mortgage – something that is very unlikely – then UK expat and foreign national investors will still have a valuable asset that they have spent almost no money on.


Speaking to an expert is the best way to decide whether investing in a buy-to-let property is the right thing to do in order to save for retirement as a UK expat or foreign national investor.

Some Considerations When Investing in Property.

Of course, investing in property also carries some risk. But this is the case with any asset. The main thing UK expat and foreign national investors need to focus on is how to minimise this risk. There are many things that UK expat and foreign national investors can do to minimise risk. For one, picking a property that is likely to have a good rental yield. A strong rental yield will minimise the risk of investing in a property because it will make it more likely that the rental income will service the cost of the property's mortgage and the interest on the mortgage.

Of course, there are definite downsides to owning an investment property: the added risk, the difficulty of being a landlord or the cost of allowing a rental agency to manage the property, and the taxes that are due on both the rental income and the profits from the sale of the property. But investing in the right property in the right location will do a lot of the heavy lifting for the success of a UK expat or foreign national's investment venture. This will usually mean that rental yield is high, the capital growth is maximised, and void periods are kept to a minimum. An expert UK expat or foreign national mortgage broker can help expat and foreign national investors to decide where is best to put their money given their goals and desired tenant. They can also help them to secure the best mortgage product possible – which will help to minimise monthly rents and spread the cost of the investment.

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'Speaking to an expert is the best way to decide whether investing in a buy-to-let property is the right thing to do in order to save for retirement as a UK expat or foreign national investor' says Stuart Marshall. 'But, adding a UK investment property or a portfolio of properties to a retirement pot is a great way save for later years. Whether it's in addition to or an alternative to a pension, UK investment properties provide a relatively low risk method of investing that almost always provides a great return from an asset that has historically appreciated hugely in value. While we'd still recommend speaking to an expert, here's a brief list of the pros and cons of investing in property for retirement:

Pros:
- Earning through rental income can add another revenue stream to finances.
- Rental payments mean that the value of the asset is paid by someone other than the investor.
- Capital growth is historically very good for housing.
- Insurance can cover against things like loss of rental income and void periods.

Disadvantages:
- Rental income will be subject to taxation.
- The investor will have to pay stamp duty costs, insurance and for general renovations on the property.
- Responsibility of being a landlord.

How Does Investing in a Property Compare to Investing in a Pension?
The most obvious advantage of a pension compared to investing in a property is the tax benefits offered by a pension. In the run-up to the election, there has been a lot said about this. In short,

pensions offer pretty attractive tax relief as some of the money that would have been paid to the government in the form of tax goes into the pension pot instead. This makes a pension a very efficient investment vehicle. Of course, pensions are limited in their flexibility – namely, they can only be used for retirement and accessed from a certain age. This differs from property investment which can obviously be accessed any time by selling or re-mortgaging the property. While there is an element of risk to a pension – because pensions are invested in stocks and shares – it is relatively low compared to other assets and the tax relief that pensions get offsets a great deal of this risk. On the other hand, tax benefits on property have been getting less generous.

While this might seem like a clear reason to choose investing more heavily in a pension over a property investment, the returns on an investment property alone are a good reason to look at investing in property instead of or as well as investing in a pension. Investing in property offers huge returns on investment as property values have seen phenomenal growth over the years. This is unlikely to change in the future, as consistent demand for property coupled with a consistent lack of available supply continue to push up property prices. This will be a very difficult problem to address, with the rate of new homes being built far below where it would need to be to start bringing down property prices. Further, with the advent of specialist mortgage products available to UK expat and foreign national borrowers, investing in a property is very accessible and being able to spread the cost of borrowing with these products is very useful. Further, whereas pensions simply offer a quality savings vehicle, investment properties offer the opportunity to use the asset to grow further wealth. For example, if a property has appreciated substantially in value, the owner could utilise a UK expat or foreign national re-mortgage product to raise some capital which could be used to invest in another property and start to build a portfolio. This makes investment properties a very powerful tool for growing wealth and saving a large sum for retirement.

Liquid Expat Mortgages
Suite 4b, Link 665 Business Centre,
Todd Hall Rd,
Haslingden, Rossendale
BB4 5HU
Phone: 0161 871 1216
www.liquidexpatmortgages.com

Any media enquiries please contact Ulysses Communications.
sergio@ulyssesmarketing.com
+44 161 633 5009

Sergio Pani
Ulysses
+44 7811 326463
email us here

Visit us on social media:
Facebook
X
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