

# Domestic Investor Woes Lead UK Expat and Foreign National Investors to Invest in 2025

*The buyer's market, lack of domestic competition, and housing availability means that first-time UK expat investors should invest in 2025.*

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[/EINPresswire.com/](https://www.einpresswire.com/) -- With the new year comes new year's resolutions and, for many, investing in UK property is one of the best new year's resolutions. This is especially true for new investors. 2025 is a brilliant time for UK expat and foreign national investors to start their investment journey in [UK buy-to-let property](#), for a number of key reasons.



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## Domestic First-Time Buyers and the UK Property Market.

The first thing to understand about the UK's housing market is the role of first-time buyers in the overall picture. Namely, a lot of the inertia in the housing market is determined by first-time buyers, as a third of homes sold in the UK are bought by this sector of the market. If first-time buyers aren't buying this many homes, then the overall number of sales will be far lower, leading to lower prices, lower competition and better deals available for those who are willing to take the plunge on a UK property. With this in mind, UK expat and foreign national investors should recognise that the spike in mortgage rates has made it very difficult for domestic first-

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*Stuart Marshall*

time buyers to get onto the property ladder at the present moment. This is despite mortgage rates falling from 5.7% to 4.5% in the last year – a reduction which amounted for around a £4,000 cut to the average deposit needed for a first-time buyer.

The first-time buyers who are buying have either saved bigger deposits or bought a smaller property, with many pausing their search entirely for the time being. With a lot of first-time buyers still unable to get onto the property ladder, the number of would-be first-time buyers in the rental market is much higher than it has been in previous years. Though the situation has improved for first-time buyers, affordability will be an ongoing problem, and with mortgage rates expected to remain over 4%, many first-time buyers will continue to struggle. This is especially true for those unwilling to look further afield, meaning UK expat and foreign national investors who invest in in-demand areas where affordability is a constraining factor for would-be first-time buyers will stand to make bigger profits. Further, the upcoming cut to stamp duty relief for first-time buyers is going to add to the difficulties that this sector of the market faces in jumping onto the property ladder.

Affordability Constraining House Price Growth.

[With affordability remaining a problem for first-time buyers](#), house price

growth is constrained somewhat, and

this is positive for UK expat and foreign national investors looking to invest. If property prices are lower and rental demand is high, this is a great recipe for better rental yields for UK expat and foreign national investors. Annual house price inflation has finally turned positive, but it is sluggish due to affordability constraining the accessibility of properties for first-time buyers. Further, there is a greater availability of homes, with the supply of homes 12% higher than the same point last year. This increased availability is positive for UK expat and foreign national investors. The lower prices of property will make investment properties very mortgageable using the UK expat and foreign national mortgage products that are available.

Buyer's Market Continues into 2025.



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[Property portal, Zoopla](#), is predicting the buyer's market to continue as domestic buyers became increasingly price sensitive throughout Q4 of 2024. 'The price sensitivity exhibited by buyers is a great indicator of where house price inflation is going to go' says Stuart Marhsall, CEO of Liquid Expat Mortgages. The smaller the gap between asking price and sale price, the quicker prices will rise. On the other hand, if the gap is bigger, prices are likely to rise more slowly. Before the pandemic, the average gap between sale and asking price was 4%, with an average house price growth of 2% a year. During the pandemic, buyers were frequently paying over the asking price and as a result, UK house price inflation peaked at 10%. More recently, buyers' price sensitivity has increased again, and buyers are paying 3.6% below asking price, which is predicted to pair with the greater choice of homes to keep price inflation under control in 2025. These conditions are good for UK expat and foreign national buyers who can take advantage of the favourable negotiating conditions in conjunction with strong, specialist mortgage products to secure a very profitable investment.'



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#### Where to Invest.

'For UK expat and foreign national investors, taking notice of which properties are in-demand will be key. For the would-be first-time buyers who are unable to get onto the ladder, it is likely that they will be looking to rent properties in the same areas that they're hoping to buy. This can help UK expat and foreign national investors decide where to invest and which type of property to buy.'

'There is also a big trend towards workers returning to the office, so city centre flats are again a very in-demand rental property, allowing renters to take advantage of good transport links, close proximity to their workplaces, and social hubs. These properties also fit the bill for the rental demand that's there for more energy efficient and environmentally friendly properties.'

'For UK expat and foreign national investors looking to invest for long-term, capital growth gains, looking towards Northern regions is a great strategy. The North-South divide in the UK's housing market means that prices in the North have far more room to rise than houses in the South of England. In the recovery after the financial crisis in 2008/2009, house prices in London have risen 83%, with prices rising 70% across southern regions of England. Meanwhile, prices have risen 66% across the Midlands, 56% in Wales, 41% in northern regions, and 30% in Scotland. This is

compared to household income growth of 58% over the same period. This gives much more room for property prices to grow over the long-term in regions with property prices that have lagged behind income growth, which is key for UK expat and foreign national investors who are looking to invest for longer term purchases like saving for retirement or leaving an inheritance for their children. Talking to an expert UK expat or foreign national mortgage broker can help UK expat and foreign national investors to decide where is best to invest based on their specific investment goals.'

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