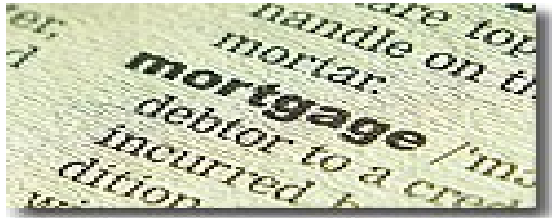


Is The Time Right for Expats to Invest in UK Property?

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With news just in that one of the leading lenders in the UK is now offering better terms to buy-to-let landlords, is it time to buy in to the Great British property market rollercoaster and chance your luck on a property investment in UK?



The British property market is a rollercoaster ride, as anyone who's in it will tell you. Historically it booms and then the bubble bursts before it booms all over again - and yet the property market seemingly underpins the economy hugely, because whenever it stalls the government does what it can to get it rolling again.

There is certainly a strong appetite for home ownership in the UK – yet affordability issues and insecurity in the workplace currently mean that there is also a strong desire for homes to rent too. All this has created a situation where many buy-to-let landlords in the UK have been doing quite well from their property portfolios even in these troubled economic times.

However, it was a case until recently that if you wanted to join the buy-to-let landlords you'd have a real job on your hands because the lending situation in Britain was just so bad. Good news on that front came from the Nationwide Building Society last week however, when they announced that they are not only lending again, but they have increased their loan-to-value percentage. So, is the time right for expats to invest in UK property? We take a look...

So much has been written about the great British housing boom – in fact, it's reached the point where people think it has bottomed out and due a period of improvement once again. However, that is a very idealistic view because the fundamentals that need to be in place to kick-start the real estate economy are just not there. There is no confidence in the employment marketplace therefore fewer people are interested in trading up or buying their first home.

Interest rates on savings remain close to record lows so no one's saving very far or very fast towards a deposit to buy. At the same time, mortgage interest rates are very far from cheap, making a mortgage an expensive commodity that people are less interested in signing up for. Rental rates are not increasing as there is nothing to base an increase on – so how can a landlord justify it when tenants can't pay it and there is no rental housing stock shortage anyway.

Average wages have not increased anywhere near enough to make affording the average home affordable – and so as you can see, there is nothing to suggest that the British property market can or will return to rude health any time soon. And that's good news for any would-be buy-to-let investor! If there is no competition to buy then prices can be haggled and pushed down, any vendor keen to sell will take an offer if it comes - even if it is a less favourable one than they dreamed of. There is healthy demand for rental property – meaning a landlord has a good chance of getting a favourable rate of return. What's more, if you buy in now and hold, hold, hold for the long-term you may well one day enjoy the ups and the peaks of the UK's great British property rollercoaster ride yourself.

So, as the Nationwide have stated that they are willing to lend up to 80% loan to value on buy-to-let properties in the UK, perhaps it is a good time for expatriates to get in on the market and buy a property in Britain to rent out. In terms of what the Nationwide is offering, their specialist lending division The Mortgage Works is now offering a 2-year fixed rate of 5.99% with a 2.5% arrangement fee, or a 3-year fixed at 5.99% with a 3% arrangement fee.

If you shop around you'll see there aren't many other lenders back in the market yet - Shephed Building Society and Nottingham Building Society are perhaps the only notable exceptions – but expect others to follow Nationwide soon.