

Stamp Duty changes spur rise in interest from overseas buyers, Legal & General Mortgage Club data reveals

Data from Legal & General Mortgage Club's SmartrCriteria tool shows 'visas' was the most searched term by advisers in the last week of July

Buy-to-let (BTL) searches for applicants on a visa have risen by 146% since the announcement of a Stamp Duty surcharge for overseas buyers, which will take effect in April 2021

Legal & General Mortgage Club has revealed new data showing a significant rise in mortgage searches by advisers around 'visas' and non-UK residents. Data from the SmartrCriteria tool, which helps advisers to determine whether a particular lender would consider a mortgage application from their client, shows that criteria searches related to 'visas' were the fourth most searched term by advisers during the first week of June and by 27th July, ranked as the most searched term by advisers.

Throughout July, mortgage searches by advisers for 'expats not in the UK' also featured in the top 10 search terms, while a search combination of 'expat not in the UK' and 'foreign income' has remained in the top 5 searches by advisers. One in every 22 residential searches is for a query relating to an applicant currently on a visa or an expat not based in the UK.

The rise in visa-related enquiries coincides with increased interest from Hong Kong-based buyers as they turn their attention to the UK housing market amidst growing political uncertainty in the territory. Recent industry data has shown a surge in demand from Hong Kong based buyers¹, which could grow further following the Government's announcement on 22nd July of a new route to citizenship for 300,000 British National Overseas (BNO) passport holders.

However, the data also suggests that a growing number of overseas buyers are also reacting to recent changes to Stamp Duty, which include a 2% surcharge for non-UK buyers beginning in April 2021 and the Stamp Duty holiday on properties up to £500,000. SmartrCriteria searches related to applicants on a visa showed a 146% for buy-to-let

¹ <https://www.mortgagestrategy.co.uk/news/london-sees-surge-in-demand-from-hong-kong-buyers/>

searches, as well as 97% for residential criteria enquiries since May 2020. Of the residential visa searches made in July 2020 by advisers, 88% of applicants have a tier 2 or other working visa and the majority (71%) have been in the UK for two years or more.

Interestingly, the SmartrCriteria data also shows that two thirds (66%) of non-UK applicants would be looking to borrow between 80-90% of the property value.

Kevin Roberts, Director, Legal & General Mortgage Club, said:

"Britain's housing market is bucking the trend and has faced unprecedented levels of demand since reopening in May, and now figures show that a growing number of overseas buyers are also taking interest in UK property. Our SmartrCriteria tool is tracking some of the key industry trends in the mortgage market's new normal and shows recent announcements from the Government have clearly gained the attention of non-UK based buyers. Many are now looking to take advantage of the Stamp Duty holiday while also investing in the market before the 2% surcharge for overseas customers takes effect."

"Our latest figures also coincide with increased interest from Hong Kong buyers, who are now looking to the UK housing market as a 'safe haven' amidst political uncertainty in the territory.

"There is an opportunity for advisers to support many of these buyers, particularly if they have little to no credit history in the UK. Lending criteria is changing every day in the mortgage market at the moment, and advisers will be key in helping these borrowers and others to cut through the noise and find the best product for their particular circumstances."

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FURTHER INFORMATION (JOURNALISTS ONLY)

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