

Overseas Mortgage Finder

Monthly Overseas Mortgage Report

August 2011

Highlights

- New type of 100% mortgages now available in France.
- USA mortgage rates fall as the Fed freezes interest rates.
- Turkey looks set to benefit from Euro fears.
- More people abroad are looking to buy a property in the UK.

Commentary

Against a backdrop of increasingly gloomy world economic data, there is still some good news for would be and existing investors in overseas property and interestingly an increasing number of foreign nationals seeking opportunities to buy property in the UK.

After last month's welcome U turn by the French government not to tax foreign property owners on notional rental income, we can now report that 100% mortgages are available for foreign property buyers with rates from 3.65% fixed. If there is a catch, borrowers have to lodge a minimum of 20% of the property's purchase price into a savings account, but with the savings rate currently higher than the mortgage rate (currently 4.1%); this could prove to be a very popular option, especially for short term loans.

In the USA, investors should take note that interest rates on smaller loans from \$50,000 have fallen by 1% over the past two months and are now offered at around 4%. For those who have been watching property prices fall in the US, particularly in areas where there is greater demand for rented accommodation, this is particularly welcome news as it would boost yields notably over the medium to long term. Mortgages over 100,000 GBP have generally remained the same over this period with interest rates continuing to be offered from 3.69%. The recent news that the Federal Reserve will not be raising interest rates for at least the next two years is also very positive news for investors and may mean lenders might continue to drop interest on mortgages in the coming months.

Moving back to Europe, Turkey is currently being seen by many investors as a safer platform for property investment than others linked to the Eurozone and there are a number of reasons behind this analysis. Turkey's growing attractiveness as a tourist destination, the relative strength of its economy, cheap property and probably most striking its stability in relation to those countries within the Eurozone, such as Italy, Portugal, Spain and Ireland whose problems with sovereign debt make investment in property more risky. Being outside the Euro at a time when analysts are predicting a fall in the value of the Euro over the coming months, means Turkey is being seen as attractive to investors for holiday lets and second homes. Mortgages are currently available to foreign investors in Turkey up to 75% of the property's purchase price with interest rates starting from 4.45% Variable and 7.2% Fixed. Mortgage lending starts from 23,000 Euros and is currently available for investment and holiday home purchases, like for like remortgages and equity release over terms up to 20 years.

There has been a notable increase in mortgage enquiry demand from foreign property buyers wanting to buy in the UK. On our mortgage enquiry chart, the UK has now moved up to 5th. This can be attributed to the perception that the UK has a stable economy and independent currency, a growing number of cheap/BMV properties, and more lenders who are now starting to cater for this demand and offer foreign national and expat mortgages as part of their proposition. These mortgages are currently available up to 75% LTV with interest rates that start from 3.19% Variable and 3.99% Fixed. Loans start from £50,000 GBP for foreign buyers (£25,000 GBP for expats) and loans are available for the purpose of residential purchases, buy to Let purchases, new builds, purchase and renovation, buy to let remortgages and equity release, with loan terms available up to 30 years.

Statistics

Top 10 Countries By Enquiries			
Chart Position	Country	Mortgage Enquiries	Monthly Chart Change
1	USA	13.54%	-
2	Spain	10.93%	-
3	Turkey	8.33%	Up 1
4	France	6.25%	Up 1
5	Italy	5.73%	Down 2
6	United Kingdom	5.21%	Up 7
7	Caribbean	4.68%	Up 9
8	Ireland	4.16%	-
9	Germany	3.51%	Up 12
10	South Africa	3.13%	Down 1

Top 10 Countries By Highest Loan To Value (LTV)			
Chart Position	Country	LTV Available	Monthly Chart Change
1	Poland	100%	-
-	Portugal	100%	-
-	Spain	100%	-
-	France	100%	Up 1
2	India	85%	-
3	Italy	80%	-
4	Romania	75%	-
-	USA	75%	-
-	Turkey	75%	-
-	Ireland	75%	-

Top 10 Countries By Lowest Interest Rate			
Chart Position	Country	Initial Interest Rate	Monthly Chart Change
1	Australia	2.09%	-
-	Singapore	2.09%	-
-	Canada	2.09%	-
-	France	2.09%	-
-	Hong Kong	2.09%	-
2	United Kingdom	3.19%	Up 4
3	Spain	3.25%	Up 2
4	Ireland	3.25%	Up 7
5	Malta	3.28%	Down 1
6	Italy	3.31%	Down 3

Graph

