

UK brokers set sights on international growth – where do the opportunities and challenges lie?



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RAW Capital Partners research report, Q1 2025

Mortgage brokers operating across the UK property market have been forced to navigate a number of pronounced challenges in recent years. The pandemic was followed by a cost-of-living crisis, which in turn led to a sharp increase in interest rates, all significantly impacting brokers and their clients.

In addition to these macroeconomic trends, there have been significant regulatory and tax reforms introduced in the past 12 months, such as changes to Stamp Duty Land Tax (SDLT) rates and revisions to non-dom tax rules. These shifts have required brokers to remain agile and adaptable in recent months.

One key consideration for brokers as they navigate the ever-changing property market and mortgage landscape is which clients they work with. From the main residential homebuyers to the more specialist groups including investors, landlords and overseas buyers, there are many interested stakeholders looking to for finance on residential property.

International demand, in particular, is on the rise; according to data from Benham and Reeves, an estimated 200,000 properties in the UK are now owned by foreign buyers, and the number of investors entering the UK market continues to grow year-on-year.

Such figures highlight the growing demand for bricks-and-mortar investments in the UK among overseas investors, as well as the important role that these buyers play in contributing to market activity and brokers' businesses.

However, despite the increasing prevalence of overseas buyers in the UK market, when it comes to securing mortgages or specialist finance products, these borrowers bring a great deal of complexity.

But to what extent is this trend impacting brokers? Do they see international markets as a target growth area for their business and, furthermore, what difficulties are they currently encountering when securing products for overseas clients?

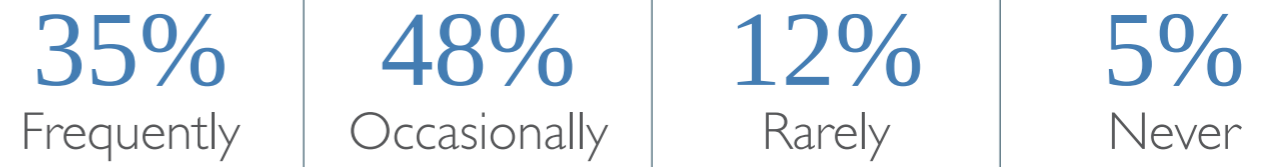
To find out, RAW Capital Partners has commissioned an independent survey of 300 mortgage brokers in the UK. In this report, we will reveal the findings of our research, exploring the experiences of brokers working with international clients, where overseas demand is coming from and the challenges they are facing when finding finance for them.



The key findings

In late January 2025, RAW Capital Partners commissioned leading market research agency Censuswide to survey 300 mortgages brokers in the UK. Here are the key findings...

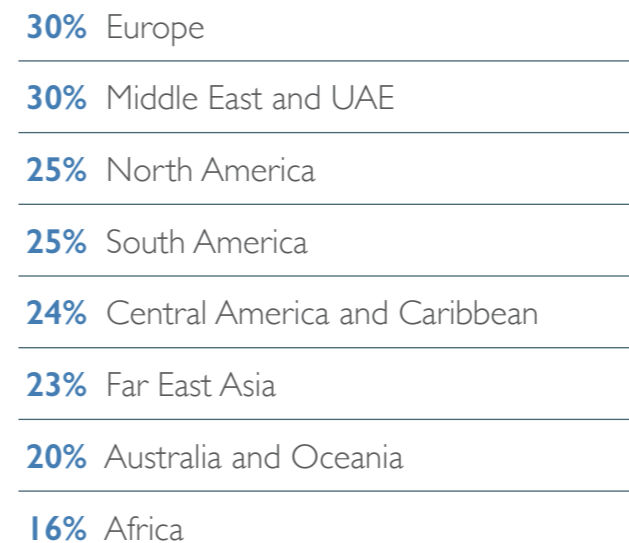
In the past five years, how often have UK mortgage brokers worked with clients who are non-UK resident?



Broker sentiment towards overseas buyers



Where does overseas demand come from?



What challenges do brokers face when finding finance for overseas clients?

- 61% feel there are too few lenders willing to lend to non-UK residents
- 36% lack a strong understanding of which lenders they can turn to when looking for a mortgage for a non-UK resident
- 66% say that since Labour came to power, there has been greater discussion and support required for non-UK clients regarding government policy.

High demand from international investors



First and foremost, RAW Capital Partners' research shows that the overwhelming majority of UK mortgage brokers have experience in working with overseas property investors.

Just 5% of the brokers surveyed said that they have had no international clients in the past five years, while only 12% say that they have 'rarely' worked with non-UK borrowers. By comparison, almost half (48%) have 'occasionally' worked with international clients and more than a third (35%) have 'frequently' done so since 2020.

The findings underscore the desirability of UK property among global investors, whether they intend to use it as a second home when living or working in the UK, or as an out-and-out investment asset. Such demand is easy to understand: the UK property market has a reputation for its stability, potential for capital growth and solid rental yields. Meanwhile, international investors are often drawn to the UK due to its transparent legal framework, strong financial infrastructure, and relative economic resilience.

In addition, economic and political turbulence in recent years has caused the value of the Pound to fluctuate significantly against other currencies, at times creating favourable exchange rates for investors with holdings in other currencies. As a result, investors have been able to pick up relative discounts on some properties. This was demonstrated immediately after Brexit, but more recently following the "mini-budget" of September 2022, as well as the Bank of England's recent rate cuts, which have seen an uptick in the number of buyers from overseas entering the UK market.

Evidently, the demand is there for mortgage brokers keen to work with non-UK residents. But where exactly is this demand coming from, and to what extent are they able to capitalise on it?

Where is demand coming from?

We asked respondents to select all the regions in which their international clients have come from over the past five years – it revealed that demand is remarkably broad.

While traditional hotspots such as Europe (30% of mortgage brokers said they have worked with clients from this region since 2020), and the Middle East and UAE (30%) remain key sources of investment, the data also shows that there has been significant interest from North America (25%), South America (25%), Central America and the Caribbean (24%), and East Asia (23%).

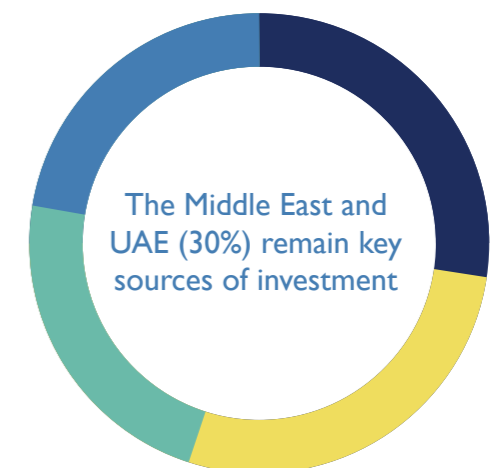
Meanwhile, 20% of brokers said they have worked with clients from Australia and Oceania in the past five years. Furthermore, although often overlooked in discussions around the foreign investment coming into the UK market, Africa also represents a significant proportion of the international clientele that UK brokers are working (16% have worked with clients from this region).

These figures challenge the common perception that overseas demand is solely driven by Middle and Far Eastern investors. Rather, our research indicates that there is a much more widespread appeal, which is being driven by a variety of economic and financial motivations.

For instance, a particularly interesting trend is the rise in demand from Africa, and the RAW Capital Partners team has specifically seen increased interest from African investors. This aligns with a broader global shift in economics – as their economies have grown at pace in countries such as Nigeria or Turkey, and then entered into periods of high inflation, high-net-worth-individuals (HNWIs) have increasingly sought the stability offered by foreign real estate markets.

And it is not only HNWIs who are making this shift. The growing global middle class is a crucial driver of this trend. As more countries mature economically, more individuals and families are increasing looking beyond their domestic markets for investment opportunities, with the UK proving a popular choice due to its aforementioned qualities.

Ultimately, this demonstrates the diverse nature of the international demand that exists for UK-based real estate assets.



- 25% significant interest from North America
- 25% South America
- 24% Central America and the Caribbean
- 23% East Asia

Brokers eye up international growth

RAW Capital Partners' research shows that brokers are not only aware of the rising demand from overseas, but are actively seeking it out.

A majority (62%) of brokers said that they are proactively seeking out international clients through webinars, events, advertising, and other marketing and sales efforts. Meanwhile, the same number (62%) say that they are consistently educating themselves about overseas markets to make sure they are well placed to win and serve clients outside the UK. This demonstrates that respondents have earmarked overseas clients as a potential avenue to grow their brokerages.

Moreover, 60% of brokers have observed an increase in demand from international buyers over the past five years, reinforcing the idea that this is not a short-term trend but a sustained shift in market dynamics. Looking further ahead, 63% expect demand from overseas investors to remain strong over the next five years, signalling further confidence in the long-term viability of an overseas client base.

However, while the opportunities are vast, success in this area requires more than just attracting international investors – brokers who can access the right products and support this with additional guidance for non-UK residents will be best positioned to convert this growing demand into sustainable business. This is where our research exposed several challenges.



60% of brokers have observed an increase in demand from international investors



What challenges are brokers facing?

RAW Capital Partners' study uncovered two notable challenges that UK mortgage brokers encounter when working with international clients.

1. A lack of financial options

Despite the notable demand from overseas investors, brokers continue to face significant challenges in securing financing options on their behalf. According to our data, a key issue is the limited number of lenders willing to take on cases from international clients – 62% of brokers reported that too few lenders cater to non-UK borrowers. This can make it difficult to secure competitive mortgage products (if at all), especially for clients who may also have a unique financial profile.

One of the most common obstacles that brokers face is in proving the creditworthiness of international clients to the mainstream lending market, with most of the high-street mortgage lenders unwilling to lend to such individuals. For instance, many international clients do not have a UK credit score or verifiable income history in the UK – these are critical factors for most traditional lenders when assessing mortgage applications. As a result, brokers must look beyond high-street banks and work with specialist lenders who understand the complexities of facilitating purchases by overseas buyers.

However, 36% of brokers say they do not have a strong understanding of which lenders to approach when working with a non-UK resident buying a UK property. This suggests that many brokers still struggle to navigate the specialist lending sector effectively, highlighting the need to develop relationships with lenders that are able to take on more complex cases.

After all, these lenders often have the flexibility to assess international clients on a case-by-case basis. This means that they can accept alternative proof of income, consider assets held abroad, or offer solutions tailored to investors with unusual financial circumstances.

CASE STUDY: RAW Capital Partners helps overseas investors secure a mortgage

RAW Capital Partners recently provided a buy-to-let (BTL) mortgage to a Chinese couple purchasing their first UK property – an apartment in the heart of Manchester. The couple had a single income source and no prior experience in property investment, making it difficult for the broker to secure financing through mainstream lenders.

As many high-street banks turn away applications from first-time landlords and foreign nationals, securing a mortgage was a challenge for the broker. However, RAW Capital Partners reviewed the case individually, conducting additional due diligence and Know Your Client (KYC) checks before approving a £300,000 BTL mortgage at a 50% LTV.

This case demonstrates the importance of specialist lenders for brokers working with overseas clients. However, it is not just financing deals that is creating issues.



What challenges are brokers facing?

2. Government policies adding complexity

Our research also found that, since Labour came to power in July 2024, there has been an increased need for guidance and support for non-UK clients navigating government policies related to the property sector. In fact, two thirds (66%) of mortgage brokers said that overseas buyers now require greater assistance in understanding the changes that have and will be made.

One of the most immediate concerns is the elevated Stamp Duty (SDLT) that investors are now required to pay. Overseas investors already have a 2% surcharge on any property that they purchase, while those buying a second home previously had to pay a 3% surcharge. But the Autumn Budget's immediate implementation of an additional 2% charge on anyone buying a second property is further impacting overseas investors' purchasing power.

Add to this the upcoming changes to the SDLT thresholds in April 2025, and the picture becomes more complicated still. As such, it is not surprising that overseas clients are seeking greater support.

Beyond taxation, stricter Energy Performance Certificate (EPC) requirements are due to be implemented by 2030, placing additional financial pressures on those overseas investors who will need to make energy efficient upgrades to their properties. Further, the Renters' Rights Bill – which is expected to become law in the coming months – will fundamentally change how landlords manage their tenants and BTL portfolios. Reforms to the rules governing how much tax non-UK domiciled individuals must pay – also known as non-dom taxes – are also prompting extra questions.

Keeping pace with these changes is particularly difficult for property investors based outside of the UK. Brokers are clearly having to plug this gap, providing more educational support to their non-UK clients, and this is something that is likely to increase as these reforms take shape. However, with specialist lenders like RAW Capital Partners on their side, this task will be a lot easier.

The thoughts of our CEO...

“The demand for UK property from overseas investors remains perennially high, and brokers are clearly responding to this by actively seeking out ways to grow their client base internationally. Indeed, with economic turbulence commonplace across many countries around the world, we've seen investors shifting focus to the UK to reap the benefits of its historically strong, stable and resilient property market.

“However, the inability or reluctance of mainstream mortgage providers to lend to non-UK residents, typically because of the extra due diligence required or perceived extra risk, has left brokers and international buyers in a difficult position. Now, with many brokers expecting interest from international buyers to rise in the coming years, it is more important than ever that the specialist finance sector fills this gap.

“This sentiment is echoed in the difficulties that brokers are facing amidst the changes that the Labour government are making from a tax and regulatory perspective within the UK property sector. With stamp duty reforms coming in early April this year, and tighter rules governing the private rental sector (PRS), lenders can play an important role in providing the resources and support that brokers need to, in turn, properly support their clients and answer queries as to how their investments will be affected.

“That is why, at RAW Capital Partners, as experts in working with UK expats and foreign nationals, we are committed to offering tailored solutions and expert guidance to help brokers assist their international clients to the best of their ability. By providing access to specialist finance products, we want to equip brokers with the tools they need to grow their business and ensure that overseas investors can continue to benefit from the strength of the UK property market.

“As we move further into 2025, we are excited to collaborate with brokers and their clients, allowing them to adapt to the changing landscape and seize the opportunities that lie ahead. Get in touch with the team to find out how we could support your next investment opportunity.”



Tim Parkes
CEO of RAW Capital Partners



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