

Buying a Property Abroad

The ultimate guide to
foreign exchange

Small changes can make a big difference when exchanging large amounts of currency meaning that the real-terms cost of your property purchase could change as the rates do.

Understanding the **currency market**

Protecting your **budget**

Why you should use a **currency specialist**





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Welcome

When buying an overseas property, the complexities of navigating international markets and foreign exchange can often leave you vulnerable to changing costs due to currency exchange rate fluctuations meaning that the real-terms cost of your property purchase could change as the rates do.

Our dedicated team of market specialists support our clients on a daily basis with overseas property transactions, helping them seamlessly navigate the different stages of the journey while also managing their budget through market guidance, supported by our range of tailored products and solutions.

Whether you're purchasing a property abroad for the first time or looking to expand your foreign real estate portfolio, we can help you at any stage of the process with service that is fast, focused and fuelled by real value. This guide will help you get familiar with currency markets, understand how volatility can affect your budget, and provide you with comprehensive tools you can use to protect yourself and your international transactions.

Our tailored solutions will give you a consistent experience across time zones and borders to ensure you can capitalise on global opportunities before you've set foot on the plane to see your first property.

Understanding the currency market

And with so many factors affecting the currency market, it's impossible to predict how the market will move. This could leave you in an uncomfortable position taking on a 50/50 risk that the rate will move against you. That's why it's essential to plan ahead and secure a reliable, experienced foreign exchange service to exchange your money at the beginning of the process – so you don't get any nasty surprises.

That's why it's essential to plan ahead and secure a reliable, experienced foreign exchange service to exchange your money at the beginning and through the property purchase process so you don't get any nasty surprises.





Buying your currency

When it comes to larger sums of money – such as when you’re buying a property abroad - things become more complicated.

The two most common ways people transfer large amounts of money are:



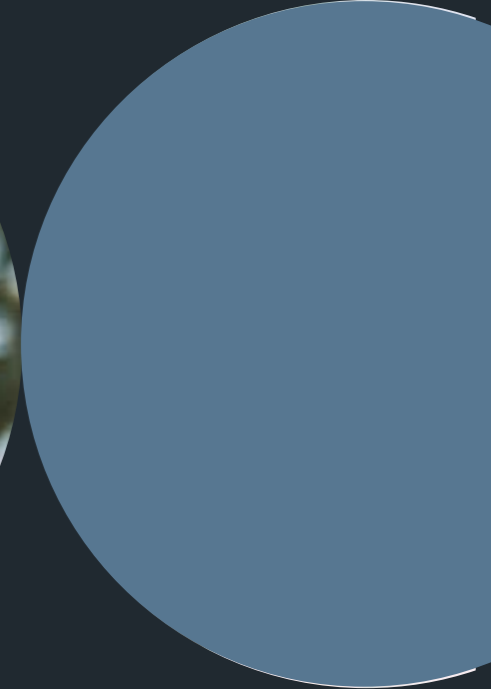
The bank



A foreign exchange specialist

What’s the difference?

	High Street Banks	Foreign Exchange Specialists
Fees	Often charge up to £30 per transaction	No fees on transactions
Rates	Bound by their own rates	Source the most competitive rate from a panel of liquidity providers
Products	Basic currency exchange	Specialist currency exchange and a range of products to help you reduce your risk and optimise your budget
Customer Service	Generic customer service	Dedicated account manager to guide you through your options throughout the process
Expertise	Generic banking knowledge	Expert guidance from FX specialists'



How the market moves

The currency market trades 24 hours a day, for five and a half days a week. During this time, currencies move up and down in value against each other. You can also see significant fluctuations over the course of a week or a month or even a day. This is because currency traders buy and sell large amounts of currency in response to political and economic news.

Positive news about a country will usually affect its currency positively, and vice versa which is why it's important to familiarise yourself with the currency you're looking to buy or sell.

While one can often have an expectation of when and how they might move – especially if there is major event like a general election coming up – it's important to remember that we can never know whether they will move up or down, or by how much.

Let us help you get started:



Get familiar with the currency

Look at what's changed over the last 12 months and get comfortable with the idea of spending in the currency.



Get in touch with a foreign exchange specialist

Our team has a constant eye on the market and its fluctuations meaning that we can give you the most competitive rate. We regularly help our clients with property purchases, so we are well-positioned to give you guidance on what to expect and what options are available to you during the process.



Define your budget for fluctuations in rates

We can help you understand how all of these factors might impact your budget. We'll look at the difference between exchanging when the rate is in your favour vs. when it isn't and assess a range that is appropriate for your unique budget and risk appetite.

Top tip

Find your 'comfortable range'. Once you're familiar with the exchange rate, choose an aspirational rate and a rate you can't afford to fall below. This will help you maintain total confidence and control when you go to exchange.

Interesting Fact

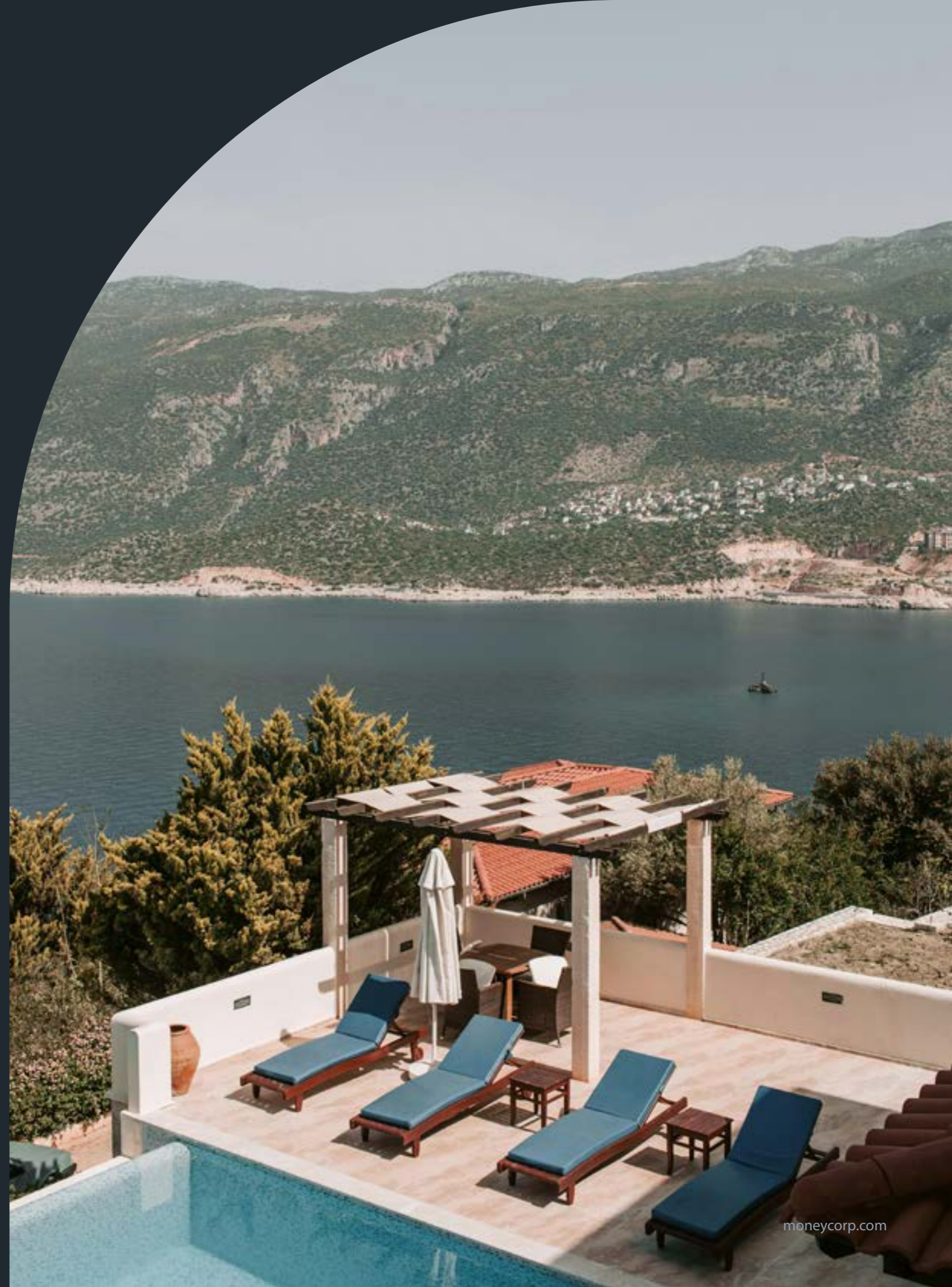
If the US were to fall into a recession, the risk of a worldwide recession could drive the dollar higher. This is because investors tend to flock to relative 'safe-haven' currencies at times of global uncertainty.

What to do once you've found your dream home away from home

The first point at which you will need to know the exact exchange rate of the property price in your home currency is when you are ready to make an offer.

Top tip

Make a note of the exchange rate when you make an offer. This will give you a benchmark to help you make decisions later on.



The next steps



Purchase Agreement

There will usually be a variation on a purchase contract. This is a legally binding commitment to buy the property.

Deposit

The deposit is your first payment and will usually require at least a 5-10% payment wherever you are buying your property.

Completion

This can take 2-3 months, depending on the country you are purchasing in. At this point, you'll also pay any outstanding taxes and fees associated with the purchase.

Buying Off-Plan

In some countries, there is the option to buy off-plan (before the property has been built). In cases like these, you will probably need to pay for the property in instalments. Depending on whether you are purchasing an apartment or a house, the payment percentages due at each stage will vary. Here is a rough guide to how your instalments might work:

01.

Foundation
(Apartment - 35% | House - 20%)

02.

Superstructure
(Apartment - 35% | House - 25%)

03.

Final completion
(Apartment - 25% | House - 40%)

04.

Handover
(Apartment - 5% | House - 15%)

Top tip

Have a look at the market, and compare the rate when you pay your deposit to when you made your offer. At this point, you can:

- Fix the rate for the total price ahead of completion, effectively reducing the risk of adverse market volatility.
- If the rate has improved, use a forward contract to help you to maximise your budget. The rate will be fixed but you won't need to send the funds until the completion date.
- Try to target a better rate through a market order.

Top tip

Finalising an off-plan purchase can take up to two years. This means that the risk is higher when it comes to exchanging your money. You can help manage that risk by using a forward contract and fixing your preferred rate for up to two years.



A circular photograph of a man and a woman sitting on a boat, looking out at the water. The woman is in the foreground, wearing a brown jacket, and the man is behind her, holding a smartphone. The background shows a calm body of water and a distant shoreline under a clear sky.

Protecting your budget

Because exchange rates can fluctuate significantly, the time period between when you paid your deposit and when your final payment is due can be unsettling.

Fluctuations in the exchange rate can't be controlled but you can plan for all eventualities. This means weighing up your alternatives and your preferences to make the right decision depending on your requirements, budget, and your attitude to risk.



Forward Contracts

A forward contract* allows you to fix the rate of exchange for up to two years. This can give you certainty over your budget.

*A Forward contract may require a deposit

Forward contracts are an agreement between two parties to exchange two designated currencies at a specific rate or delivery or payment in the future. These are very popular among property buyers as it allows buyers to fix the exchange rate as soon as the purchase is agreed upon, so the property's price is not affected during those months between deposit and completion. It could also be used to take advantage of a favourable rate movement that could allow you to maximise the initial budget. Fixing the rate means that you can develop a clear budget plan and be certain that any required payments can be made in full and will be affordable within your budget.

What could happen if you don't fix the rate?

Between January and November 2024, the GBP/EUR rate has fluctuated between 1.1489 and 1.2108. To put this in perspective, purchasing a property for €500,000 in January 2024, is over £22,000 more expensive than purchasing in November 2024.





Other currency exchange options

01.



Spot Contract

This is the simplest contract. The price is quoted and booked for immediate delivery. Buyers will often use this method when they need to make a one-off smaller payment or their time-frame is limited to make the payment. Your deposit – for example.

02.



Market orders

These allow you to set up a target rate at which you are willing to complete the transaction, whether it be a buy or sell. It is a good tool for those buyers who are optimistic that the exchange rate might improve.

03.



Stop loss orders

They allow you to manage the risk of your transaction from going below a specific rate. This tool could be handy for property buyers who have calculated their price considering a range below which the purchase price might become unaffordable or too costly.

04.



Regular Payment Plans

These allow you to set up a direct debit and even fix the rate on frequent small payments for a period of up to two years. These are great for mortgage payments or even if you're anticipating making regular maintenance or redecorating payments.

Making the most of your money once you've made the move

It's important to remember that foreign exchange doesn't stop just because you're holding the keys to your new property, there are still things to consider even when you've completed your purchase. Our dedicated team will provide ongoing support for your foreign exchange requirements, ensuring we meet your needs at every stage of your journey.

Whatever your circumstances are when you've settled in a new country, whether you own property in the UK that may need maintenance, renting out a property, holiday lets or longer term rentals back in the UK, you'll have both income and costs in different currencies that you will need to pay.

Whether you're living in your new home permanently or as a holiday home, it is important to consider your living costs. With a reputation for resilience, we can give you guidance on your options, help you manage the risk when you're moving money, and automate payments when necessary.

Here are some of the ongoing payments you might need to consider:

01.

Running costs

There are likely to be some ongoing maintenance expenses, from utility bills to local taxes or management fees.

02.

Renovations

Renovation can get expensive, so it's important to take into account when and how you exchange those funds.

03.

Mortgage payments

We can provide you with guidance on how to manage this long-term by helping you fix the rate and set up automated payments.

04.

Thinking about letting your home out as a holiday home

If you plan to let out your property, you will most likely need to pay management fees to the estate agents. You might also need support bringing your rental income back to the UK.

05.

Thinking about moving abroad permanently

Perhaps you have decided to retire abroad, but your pension is still being paid into your UK account. We can help you exchange this monthly in a cost-effective way.

Moneycorp Group is fully licensed across multiple jurisdictions, so if you're thinking of becoming a resident overseas, we will still be able to support you with your global transactions seamlessly.





Why should you use a currency specialist?



Specialist products and services



No transfer fees



Experts in the Foreign exchange elements of an overseas property transaction



Dedicated account manager



Access to 120+ currencies and 190+ countries



Available online and on the phone



Competitive exchange rates

Why Moneycorp?



Expert support

Your dedicated account manager will design a bespoke solution aligned with your requirements, risk appetite, and investment objectives.



Safeguarding of funds

Safeguarding of relevant funds in accordance with FCA's safeguarding guidance.



Cost-effective

Competitive exchange rates sourced through our panel of 16 liquidity providers and no transfer fees.

How to get started

You can start your journey with Moneycorp in four easy steps:

You'll need a few personal details to set up a transfer, including your name and account number, the name and account number for your beneficiary, an IBAN or BIC/ SWIFT Number, and details of the banks in each country. You will also need to state your reason for trading.

STEP 01



Sign up.

Sign up for a Moneycorp personal account: it's free, quick, and easy, and we'll set you up with a dedicated account manager.

STEP 03



Arrange a transfer.

Tell us who to pay, which currency you need, and how much to send.

STEP 02



Discuss your requirements with your account manager.

Your dedicated account manager will discuss your options with you and give you guidance to help you make a robust plan for your payments.

STEP 04



Make a payment.

Moneycorp will exchange and deliver it safely, and on time.



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We look forward to being part of your journey to buying a property abroad

Mar Bonnin Palmer, Head of Partnerships, Moneycorp UK



Get in touch

Let's chat about your
international property
purchasing requirements

✉ Partners@moneycorp.com

☎ 020 7828 7000 | Monday-Friday 07:30-18:00

For the last four decades Moneycorp has been helping clients from all over the world streamline the complexity of international property purchase with tailored solutions that ensure smooth, hassle-free payments so that you can make the most of your money throughout your buying journey.

Moneycorp Group is licenced and regulated across multiple key jurisdictions and offers over 90 currencies across 190 countries, partnering with some of the world's largest banks to give our clients access to comprehensive coverage and the most competitive rates enabling them to maintain total confidence and control over every payment.

Be aware of currency risk

All rates sourced from Bloomberg
Forward contracts may require a deposit*

None of the information contained in this guide constitutes, nor should be construed as financial advice. TTT Moneycorp Limited (company number 738837) is registered in England. Its registered office is at Floor 5, Zig Zag Building, 70 Victoria Street, London, SW1E 6SQ. Moneycorp is a trading name of TTT Moneycorp Limited which is authorised and regulated by the Financial Conduct Authority for the provision of payment services (firm reference number 308919. Date of approval 14/01/2025).

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