

Nov 08	Euro €		£ Stg		
	Bid	Ask	Bid	Ask	Bid
1 year	3.93	3.96	5.46	5.49	2.13
2 year	3.94	3.97	5.37	5.40	2.27
3 year	3.92	3.95	5.32	5.35	2.36
4 year	3.92	3.95	5.26	5.29	2.42
5 year	3.92	3.95	5.20	5.23	2.46
6 year	3.92	3.95	5.14	5.17	2.51
7 year	3.92	3.94	5.08	5.11	2.54
8 year	3.94	3.94	5.02	5.05	2.58
9 year	4.00	4.00	4.96	4.99	2.60
10 year	4.02	4.02	4.90	4.93	2.62
12 year	4.02	4.02	4.91	4.94	2.64
15 year	4.07	4.07	4.85	4.88	2.67
20 year	4.07	4.08	4.53	4.56	2.70
25 year	4.05	4.02	4.39	4.52	2.71
30 year	4.04	4.04	4.29	4.42	2.70

- London property enjoys consistent price rises
- Selective banks coming back into the market
- Successful purchasers required to move quickly

December 21st 2009

## London finds a new economic wave



Every economic indicator would suggest that the London property market should be in deep recession. Yet residential prices in Prime Central London have risen by 6.4% since March. Prices rose by 1% in August alone, traditionally a slow month for Prime real estate. Sales volumes have increased by 90% since the start of the year and sealed bids have now become commonplace. So what appears to be driving this new economic wave and how long will it last?

### Market Indicators

#### Sterling Base

rate: 0.50%

#### UK 3 month Libor

rate: 0.62%

#### Average available

#### Residential rates

from: 1.5% over

3 month Libor.

#### Commercial Rates

from: 2.3% over

3 month Libor.

#### LTV's between

50% - 70%

"The actual rates we can obtain for clients depend on and are determined by individual circumstances and what can be negotiated with individual lenders

### London property market showing activity

Unlike previous property slumps that were caused by an alignment of downward indicators, today's market is unique in being driven by conflicting trends. On the one hand the global banking crisis gave rise to the sudden withdrawal of credit and an acute slump in prices, which placed many property loans in breach of their covenants. Under normal circumstances this would have led to a flooding of the market and a further deepening of prices. But a combination of low interest rates and Government driven quantitative easing appears to have supported the market and potentially created an artificial environment. Further more the sustained low cost of borrowing is forcing those that are liquid to look at alternative means of generating income from their capital. Commercial returns at 6% and even residential returns at 3% are significantly better than those offered by the banks for funds on deposit.

### Brazilian pied-a-tere in London

Such a buoyant market provided a tough environment for a recent Brazilian client wishing to buy a pied-a-tere in London. Without an existing UK banking relationship, the client was finding it difficult to source credit at competitive levels within a timeframe that enabled them to purchase quickly. Working with a select group of Private banks, W. Coleman & Co. were able to leverage their existing relationships in order to provide a platform for the Brazilian client to discuss openly their requirements for purchasing and borrowing in the UK market. In such a feverish market, where there is clearly a mismatch between the appetite of lenders and the needs of purchasers, our clients find that working with an intermediary helps them move quickly and competitively.

"Your home is at risk if you do not keep up payments on your mortgage"