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‘The Realists View from the Armchair’

Dear Reader,

I am starting to feel that my armchair is that of a sea fairing Captain rather than a London financier;…albeit one at the helm of a super yacht!

Market indicators appear to change quicker than the tide, with appetite and sentiment harder to predict than the wind. The recent IPD index climbed 1.9% in October, quarterly annualised at 16%, while CBRE’S rival index had its strongest ever month.

This growth, which seems contradictory to market forecasts, is being driven by highly capitalised funds and companies looking to invest in a market predicted to be at its lowest in ten years. The UK listed sector alone raised £3bn in equity, initially to stave off problems with debt, now refocused on investment; bankers predict more to come in the New Year.

With a market awash with liquidity the lack of investment opportunities, particularly in property is proving challenging for those with cash to spend against a few willing sellers. How sustainable this position will be and the long-term effects are unknown. Some predict continued growth, others a double dip recession.

My personal view, as one asked daily to navigate these tempestuous waters, is one of opportunity tempered with caution. I don’t believe that we have started to see a recovery, in part because there is still too much stock under water. Equally the full impact of the recent budget has yet to really filter through into the market. Certainly we are seeing a market that has been dormant for too long and is keen to see some activity. Lenders and borrowers alike are finally coming to the table with an agenda to find practical solutions; thus enabling us to facilitate interesting discussions which would not have been possible even a month ago. Hopefully this will continue…the New Year promises to be an interesting one to observe.

So until the future reveals itself, which will now be into the New Year, may I take this opportunity to wish you all a very Happy Christmas and a healthy, happy and prosperous New Year.

Wayne Coleman