

# Just how good is your Bank representation?

Wayne Coleman of Property Finance Broker, W Coleman & Co. Private & Structured Finance, reports on the effects in today's market of the credit crisis and the importance of having relationships with the right Banks/Lending Institutions.



There is no doubt that the current landscape has changed for achieving finance with the same degree of flexibility, choice and competitiveness. In the first quarter the market was in denial of the changes, that however is no longer the case. The banks that are actively pursuing new business across all sectors of the real estate market have diminished considerably. Many banks today will state that they are concentrating on servicing their existing clients however, does this concentrate on servicing their target clients only?

In the UK retail mortgage market the consumer has had an enormous choice of products to refer to when purchasing or refinancing. It was not that long ago that mortgage lenders were offering loss leading products, from which their returns were non-

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existent. The obvious question being, “why would a lender offer terms on this basis?”, in short in an aggressively competitive mortgage market, lenders need to maintain market share. The choice of available mortgage products has more than halved according to recent statistics.

Pricing, according to the Bank of England, the spread between 2 year fixed rates for 75% of the purchase price and similar borrowing of 95% there is now a 0.88% of a percentage point difference. This is in contrast to how mortgage lenders have previously aggressively driven pricing for the higher percentage borrower in order to maintain competitive mortgages to ensure their market share! This is a clear sign that risk is now more than ever the key component to a lender being able to offer not only competitive terms but to achieve a credit approval.

In the commercial property sector and development finance sector the rationalisation of available Lending Institutional finance is even greater than the domestic market. Rental yields in the commercial property sector remain low and with heightened Money Market rates and lenders working to higher profit margins the lenders that have available funds are only able to offer debt at relatively low ratios. The market for development finance is similarly affected however with the added caution to future values.

Since the pinnacle of the ‘Sub Prime’ catastrophe in the US raised its ugly head last August, we have had an onslaught of ‘doom and

gloom’, which has aggressively built momentum to date. Contrary to the experiences in the broader UK property economy, the £5m plus market continues to show price growth, with values rising by 1.7% in the quarter. The

relationship with a Bank that can actively lend, however the assurance that your options are not restricted today, is now more than any other time since the 1970’s of key importance. At W. Coleman & Co. we continue to enhance our

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relaxing of the non doms tax legislation, and in particular the measures introduced to ensure that the legislation will not be retrospective in nature, means that there will be a filter of ultra high net worth non doms who relocate from London rather than a flood as purported in the press.

It is fact that super prime London property remains a low commodity and for this very reason the expectation is that values will hold at this end of the market.

W. Coleman & Co. offers private and structured property finance services, nurturing exceptionally highly developed relationships with others in business so that we are able to put deals for financial loans through in a rapid period, bypassing all the many complex hurdles over which prospective borrowers would need to jump without experienced assistance.

The significance of having not only a

lending relationships and ensure that our knowledge of the market is at the forefront of change. Our historical lending relationships hold incalculable value for our clients. The key to our continued client success is our ability to offer the very best representation.



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