

In the current mortgage lending market, solution based advice is the way forward

Wayne Coleman of property finance broker, W Coleman & Co, Private & Structured Finance, reports on the continued effects in the current mortgage market and how to navigate you through the process to obtain the best results!



Although the adjustment in the lending market in response to the 'Liquidity Crisis' continues to restrict Banks and alike ability to lend, we have recently seen some softening in money market rates that have allowed for some reductions in retail mortgage lending products. These products however have reduced capacity and it is often a case of survival of the quickest, to ensure that the mortgage product is secured to avoid disappointment. This is however simply the first step of the two prong approach, being 1. to secure competitive terms and 2. lender formal agreement.

As lender criteria requirements continue to tighten, their risk assessment in analysing the underline client is very much a key component for a lender to be able to offer not only competitive terms but to achieve a credit approval. The later can be a laborious process if without concentrated guidance!

Contrary to the experiences in the broader UK property economy, the super-prime £10m plus market continues to show price growth. Sales of properties at this level and beyond are 40% higher over the last three months compared to what they were during the same period last year. There could be a downturn change in this market, but the insatiable appetite for trophy properties together with the overall lack of supply in central London is still attracting the

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international high net worth client to the capital.

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.

Within the mortgage market for residential/commercial investment and development, in broad terms lender appetite for new business is scarce, the lender interest driven towards existing 'target' clients. Yesterday's market allowed for huge lender appetite and an aggressive approach to making funds available. Today's market has everything to do with representation and knowing the 'lay of the land'. When a lender is presented with a new proposition today, as the recipient faced with limited options, you may have one opportunity to present well. No matter how well weathered you may be in presenting to Banks, it is often easier for an intermediary that can offer strong representation to act on your behalf to ensure that you have the very best chance of a positive response.

In the commercial property sector and development finance sector the rationalisation of available lender institutional finance is even greater than the domestic market. Rental yields in the commercial property sector remain low and with heightened money market rates (albeit with recent gradual softening) and lenders working to higher profit margins, the lenders that have available funds are only able to offer debt at relatively low ratios. That said, on the back of the steady effects of more realistic values we are now seeing early signs of improved rental yields returning to the market. The market for development finance is similarly affected

however, with the added caution to future values. Once again another trend found amongst lenders is the importance of the underline client. Development finance projects are no longer assessed on their "stand alone" viability as it was some months ago, when we had a dynamic market and property sales were booming. Lenders

W. Coleman & Co offers private and structured property finance services, nurturing exceptionally highly developed relationships with major private banks and lending institutions. This enables us to broker deals for financial loans in a rapid period, bypassing the many complex hurdles over which prospective borrowers would need to jump

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will lend, but the importance of the underline client is now crucial as far as their lending criteria, rather than isolated to the project.

The correct representation is now more important than it has ever been. Many deals and rates can be negotiated to a best possible outcome, but only if the clients circumstances are not only represented by a trusted source, but also presented to a bank in the correct manner. When approaching the process with such caution, we ensure that we are not closing the door to a proposal and on the contrary we are enhancing the ability of the correct credit sanction.

In a time where banks profits have been reduced substantially, banks are less driven to compete for market share on what they might deem as 'dry lending', this is lending without the prospect of additional banking business. They are therefore more conscious of looking to other ways of increasing profit and diversifying risk. So the question is, how can I improve my offering from a Private Bank, the answer is to look for solution based advice!

without experienced assistance.

The importance of having the adequate representation, not only facilitates a relationship with a bank that can actively lend, but it also makes sure that your options are not restricted today. At W. Coleman & Co. we continue to enhance our 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 of their interests.



W. COLEMAN & CO
PRIVATE & STRUCTURED FINANCE

170 Brompton Road, Knightsbridge,
London SW3 1HW

T | +44 (0)20 7581 8121

F | +44 (0)20 7823 7153

E | wpc@w-coleman.com

www.w-coleman.com