THE LOAN ARRANGER

The rich are not really so different — even they need mortgages. And when they do, Wayne Coleman is their go-to guy, says ***Ross Clark***

In giving me the directions to his Knightsbridge office, Wayne Coleman tells me that it lies directly opposite the Emporio Armani store. What he doesn't tell me is that it lies discreetly up a little staircase above a series of shops which include two Knightsbridge real estate agents as well as the bookmakers William Hill. Given the nature of his business — arranging loan finance from private and corporate banks for HNWs playing the casino that is the London property market — I find it rather funny.

You can't judge a business by its neighbours, of course, but people do choose their neighbourhoods, which is why Coleman's clients opt to spend their money in Knightsbridge and prime central London, rather than, say, Tottenham or Chipping Sodbury. His clients have done better over the past year than perhaps any of them could have hoped. Depending on who you ask, prime property prices in central London have rebounded over the past 12 months to reach levels last seen in the summer of 2007, or are well on their way back to peak prices.

Not that the days of easy credit have returned quite yet. For most buyers the mortgage market remains in the deep freeze. Never mind the 125 per cent mortgages handed out willy-nilly at the height of the madness, if you go down to a high street lender now and ask for a 90 per cent loan you are likely to be turned away with thinly disguised contempt — or quoted an exorbitant rate of interest.

If you have a good amount of capital, however, and want to buy a £20 million house in London, the door to credit is still a bit open. Coleman's role is likened to that of a steering committee, introducing wealthy borrowers to the banks: he helps them to 'understand the nuances'. Clients often need to have their expectations rebalanced: too many imagine that because they are wealthy, they are automatically a 'compelling lending proposition', whereas the truth is that they need someone who is familiar with the changes in lending policies and in market liquidity to talk to the banks for them.

Loan interest rates for multimillionaires are little more than half the rate that the Britannia is quoting first-time buyers with a 10 per cent deposit

Aged 43, Coleman has been around long enough to remember the bad times of the early 1990s. But his appearance harks back to an earlier property boom and crash: that of the early 1970s. His golden hair, worn long at the back, is reminiscent of Michael Heseltine in his prime.

Compared with the last crash, this one has been relatively kind to top-end London homeowners, who, says Coleman, have mostly been able to hang on to their homes. Although values plummeted in 2008, much to everyone's surprise the market recovered — in prices if not in volumes — almost exactly at the moment that quantitative easing began in the spring of 2009. The two are not unconnected. The liquidity pumped into economy made it easier — at least for the wealthy — to obtain loans.

Wealthy individuals taking out multimillion-pound mortgages used to have to pay a higher rate of interest than your home-buyer taking out a bog-standard loan at a high-street lender, but, says Coleman, 'the tables are now turned'. Coleman's clients typically pay between 1.5 and 2.5 per cent over the LIBOR rate. On the day we meet, the LIBOR is at 0.58 basis points — which makes loans for multimillionaires little more than half the cost of the 5.49 per cent interest rate that the Britannia is quoting first-time buyers with a 10 per cent deposit. Looking at these figures it isn't hard to see why prices of top-notch properties in London have been rising over the past year while in many places they continue to fall.

The existence of a multimillion-pound mortgage market might come as a surprise to some people. Talk to an upmarket estate agent and you might easily gain the impression that the super-wealthy all buy their homes with cash. But it is not the case, says Coleman: in truth, wealthy homebuyers are just as likely to have a mortgage as other people — and a whopping one at that. Coleman says that the average loan he arranges is in the region of £15 million, but the wealthy do not take mortgages out of need — rather, it gives them greater liquidity and allows for a quick reaction

Illustration by Jeremy Leasor

to investment opportunities. In an all-time low interest rate environment, one can conceive of arbitraging the cost of finance against the return on an investment.

Mega-loans for private individuals are a bespoke industry that Coleman insists escaped the worst excesses of the property boom. When the tide went out on the great apartment-building bubble in northern and Midlands city centres, huge frauds were uncovered: gangs who took out vast loans on overvalued properties and then vanished — this in spite of the onerous legislation on professionals in the property business to report suspicious transactions. Has Coleman ever had to hand over a dodgy-looking borrower to the anti-money-laundering police? He says not.

The extent to which many wealthy buyers are up to their eyeballs in debt was revealed briefly last June when No 14 Charles Street, Mayfair, was repossessed. Cevdet Caner, the Austrian owner of the £15 million property, had just spent £5 million renovating it. That repossession sparked predictions that there would be an avalanche of them, but so far they have failed to materialise — or at least the banks have kept quiet about them. While in the early 1990s recession properties were sold off quickly, says Coleman, this time around the banks are holding on to them so as to avoid having to sell at a fire-sale price. 'Once it gets out that a property has been repossessed, the vultures begin to circle.'

So does Coleman arrange loans for the vultures, too?

'I wouldn't personally refer to clients who are savvy enough to have read the market and to be in a position to capitalise on it as vultures,' he says.

'I call them speculators.'