



W. Coleman & Co would like to wish you a very Happy New Year and best wishes for 2013 - January 2013

2012 - London's year but not necessarily Britain's finest

In Q1 real estate sales in Prime Central London continued to rise as the 'flight to safety' for many investors looking to escape the Eurozone crisis. We at last saw residential real estate gain proper recognition as a serious asset class which was endorsed by a number of institutional funds assuming investment positions in the sector.

Q2 saw the Government propose changes to the rate of Stamp Duty Land Tax, Capital Gains Tax and the introduction of an Annual Residential Property Tax for properties worth over £2m. Prices continued to rise in locations such as Chelsea, Mayfair, Belgravia and Knightsbridge and overseas investors continued to account for one third of buyers of all prime London property.

In Q3 the Olympics hit London. The markets took a step back and soaked up the spectacle. Yet the buyers from Russia, Italy, France, China and India kept on coming. The very wealthy ensured that sales of £5 million+ property remained strong, despite a lack of urgency among buyers in other parts of the prime market.

Q4 saw the government publish the results of the consultation paper regarding the residential real estate taxes. The reforms were not as all encompassing as initially publicised where the original plans were effectively diluted and the repercussions less severe. The rules come into force on Monday 1st April 2013.

2013 - The year of the poacher turned gamekeeper

There is little doubt that we will witness a big shift in the balance of power toward the investor turned financier. Real estate development and investment will attract more equity providers into the market place and

therefore a by product will emerge, of a more prevalent availability of credit in the form of stretched senior debt.

The Libor scandal will continue to play out and many borrowers will not necessarily trust the indicative rates, so playing into the poachers' hands. The mis-selling of swaps is highly likely to replace Libor as the scandal of the year and could end up costing the banking industry more than the PPI scandal at more than an estimated £10bn.

The large pools of capital held by sovereign wealth funds, insurers and pension funds will allow the umbrella companies to step into the breach and lend directly, often in partnership with the banks. Availability of credit will become increasingly problematic through the varying degrees of red tape and loan to value ratios on offer. Borrowers that previously relied on banks for a loan will be looking elsewhere and this will be never more so relevant than to residential developers.

These new forms of finance will nibble away at mainstream providers and knowing our way round these alternative routes, as well as we do, W. Coleman & Co are extremely well placed to assist you with your real estate financing requirements during 2013.