W. COLEMAN & CO

PRIVATE & STRUCTURED FINANCE

170 Brompton Road
Knightsbridge
London SW3 1HW

T | +44 (0)20 7581 8121
info@w-coleman.com
www.w-coleman.com

'W Coleman & Co 'The Realist's view from the armchair'

Dear Reader,

Irrespective of the deliberations that ensue as a consequence of ill conceived tax reforms, with key factors open for discussion, thankfully there is a real feeling of safety in numbers as homeowners, investors and developers alike still concentrate attentions on Prime London real estate. Without exception, all of my sources continue to report that supply for prime property in London remains low, yet the demand is ever increasing with the FT reporting £5.2bn spent on London property in 2011 by foreign buyers alone.

On the whole the UK creates a very clear environment to conduct business in and provides safety from a legal and regulatory perspective. It will be interesting to note the real impact of the recent Budget on this dynamic, alas we will have to wait for the interpretation of the government's consultation paper once concluded. The general feeling is that it will not make a huge difference, but the introduction of 15% stamp duty on the acquisition of shares for property owned by a company, and uncertainty over key aspects of taxation for non-doms may deter some international buyers. It must be remembered, however, that in many respects this is a 'must have' acquisition for a home and as such increases in associated costs will ultimately be absorbed in to the process.

London also offers another platform of security for the very wealthy as they are more likely to enjoy the increased opportunity to procure credit, albeit on terms which might not suit them (e.g. offering their assets for management in lieu of low interest rates). As I mentioned in my previous blog, financial institutions are still highly risk adverse and protecting their balance sheets with extreme caution. Thus the liquidity crisis continues relatively unabated for the masses. For UHNWIs who have the ability to navigate their way around the credit markets, the door is open to capitalise on the historically low interest rate environment.

London, like any major international city, works extremely hard to compete for business, but it is easy to be critical of The City and indeed view the economic challenges as working to dispirit our motivation.

Our capital city gives us many reasons to be proud, this year in particular with the Olympics and the Queen's Diamond Jubilee celebrations. But let us not forget that despite the difficulties and uncertainties we face with the economy, London is still one of the most desirable and effective places in the world to conduct business.

Best Regards,

W. C

Wayne Coleman