

## **E-news Content for Sept 2007 Edition:**

Sable Property is the in-house Mortgage broking and Property Investment business for Sable Private Wealth Management. Mike Abbott talks through the latest issues affecting the UK residential property market and shares some news of the developments at Sable Property:

### **Interest rates:**

At Sable Property we use the UK Gilt Yield Curve as a proxy for expectations on UK interest rates. This curve along with daily inter-bank borrowing rates gives something like a forward view of rate expectations in the UK. Over the past few months UK interest rate expectations have moved around considerably. Our view is that we are either at the top of the interest rate curve or very near the top. There is a distinct possibility the MPC might raise rates to 6% in the near term (next 6 months) but the expectation is that rates will not hold that level too long before they start to come down.

### **Lenders and lender products:**

With all of our client recommendation we always look at the spread between 'best' fixed and 'best' tracker before recommending to our client. This spread is taken in context with the clients overall financial position. Recently fixed rates have started to come down from what were certainly inflated levels a few weeks back. We expect more lenders to re-price fixed rates downwards on the back of an avalanche of business into tracker deals. 5 yr fixed deals have not yet come down enough to really justify the potential opportunity cost of year 3,4, and 5 on those deals. This is also true in the buy to let market and persists as an issue for our investor clients who are moving back home.

### **HIPS:**

At Sable Property we are in favour of the concept of HIPS. As of Aug 1 HIPS have been introduced for houses with more than 4 bedrooms. The concept is sound and the intention behind the concept is admirable. UK buyers and sellers are letting each other down as a vicious circle of playing multiple hands is making the purchase process overly stressful and expensive. This market dynamic is also clogging up lenders processes worsening what are already very poor service levels from the major lenders. This was particularly true in London in the first half of this year. However, our enthusiasm for the HIP is dampened considerably by the botched attempts by the Government to roll this scheme out. Currently the HIP is less understood and far less useful that was first hoped. It remains to be seen if these HIP's will ever become effective enough to reduce the deal fall-through rate that gave rise to them.

### **New Developments at Sable Property:**

Sable Property New Zealand has recently launched. Managed by Jodi Cottle our NZ division provides mortgage and property advice for UK based clients wishing to purchase in NZ. Jodi is also a UK regulated mortgage broker and is looking after the UK mortgage requirements for our clients. Contact Jodi on [jcottle@sablewealth.com](mailto:jcottle@sablewealth.com) if you have any NZ mortgage or UK mortgage requirements.

### **European Mortgages:**

We have recently now added Austria to our list of European countries where we are able to provide mortgages. Sable Property is now in a position to advise you on your mortgage requirements in most European countries. Continued cross border expansion by large Pan-European banks is opening up credit markets across Europe. We see this liberalization of mortgage finance as a potential growth factor in less developed European markets moving forward.

If you have any mortgage enquiries please contact a member of our team at [mortgages@sablewealth.com](mailto:mortgages@sablewealth.com) or 0845 373 6865.