



www.robsonswb.com

ROBSONS

RESIDENTIAL SALES

A MARKET COMMENT

THE BALLOON GOES UP

In the same month that a helium balloon in Colorado made its famous flight - without its supposed young passenger - the balloon also went up in the UK regarding mortgage lending, not that this generated quite so much global publicity. The news that the Financial Services Authority was to hold banks and other mortgage lenders responsible for their conduct in providing funds for house buyers was, however, met at the same time with both partial agreement and sharp criticism.

Some were pleased that no one would now be able to borrow beyond their means. Others were anxious that this would be yet another factor to help stall the market – along with VAT going up, the Stamp Duty holiday coming to an end, the general election next year and a new taste for austerity that might deter buyers from moving up market.

Some commentators predicted that the market would go into the dreaded double dip and there were even those that predicted Armageddon – especially, like the builders of the Colorado balloon, those that wanted to seek some extra publicity for themselves.

The reality will probably be less headline-making. All the above factors may have a slowing effect on the market. There may be less choice and this could keep prices high. But even the most pessimistic headline grabber must agree that the market shouldn't return to its position of last year. The factor that the doomsayers always seem to neglect is human nature! We are an ambitious species and those in our islands are an ambitious people. We like to better ourselves. We like to invest for the future and, if possible, for our children's future.

As for the FSA, not to agree that some sort of onus should be put on the banks to lend in a responsible manner rather suggests that they should act irresponsibly. It was irresponsible banks with irresponsible lending policies that partly got us into all this

financial mess in the first place. As the banks seem to have forgotten how to demonstrate fiscal responsibility it must surely then be up to others to ensure they do.

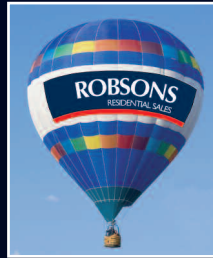
Banks and building societies telling us what we could and couldn't borrow served us well for hundreds of years before the customers' financial wellbeing was overtaken by greed. That we return to those days of responsible banks and lending should be a comforting frustration for most house buyers, even if it does mean some may have to save a little longer and the steam will be taken out of the market for a while.

But the problem with this new regulation is that it may well go too far: It will make it harder for the self-employed to obtain a mortgage without established proof of earnings. This is unhelpful at a time when we should surely be encouraging brave new initiatives and entrepreneurs. Those with self-certification mortgages - which made up 10% of all mortgages agreed in 2007 - will find it harder to re-mortgage when their fixed terms come to an end. Perhaps just as importantly first time buyers will certainly have to jump through a great many more hoops to buy a property than those

who bought over the past twenty years. Cold comfort that their parents may well have experienced the same difficulties, but they at least have had the advantage of seeing their bricks and mortar assets accumulate at an extraordinary rate – albeit with a couple of glitches on the way.

We are entering a new era of mortgage lending. It will take a while for things to settle down but one thing does seem certain: for those with the funds and the ambition investing in property is still one of the soundest investments we will make for ourselves and our families, and that is worth getting the balloons out for.

NEILA, RET Partner - Pinner Office



ROBSONS

RESIDENTIAL SALES



MOOR PARK OFFICE
01923 820622

PINNER OFFICE
0208 866 8083

NORTHWOOD OFFICE
01923 835355