

Homeowners using mortgages to invest in riskier assets

by: Mortgage Solutions

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Well-off homeowners are taking advantage of record low mortgage rates to borrow against their property to invest in bonds, equities or even Bitcoin, according to a report.

Simon Gammon, director at mortgage broker Knight Frank Finance, outlined that the low cost of debt, with mortgages at less than 2% on two-and five-year loans, was tempting homeowners to leverage their homes in a bid to profit from riskier investments.

In an article in the *Financial Times* Gammon said: "We're a specialist lender at the top end but we're seeing up to a dozen of these deals a month."

"This is something that has come about because of the current environment of low rates."

Mark Pattanshetti, mortgage manager at broker Largemortgageloans.com suggested this trend had risen by roughly 50% since 2009.

He said debt-free homeowners used to raise cash to reinvest in property and expand portfolios, but since the tax changes and with slowing house price rises investors were looking elsewhere.

Brokers said borrowers were investing in everything from bonds and private equity to commercial property, Bitcoin and fine wines.