

## ABOUT BRIDGING INDEX METHODOLOGY

West One Loans analyses detailed data based on their own Management Information and industry sources to create the index. In some cases, where stated, three-month moving averages are employed to help reveal trends more clearly.

In May 2013, the West One Loans Bridging Index was recognised by [Wikipedia](#) as a key measurement tool of the UK Bridging industry.

The commentary provided in this piece are opinions only and should not be depended on as financial advice.

## ABOUT WEST ONE LOANS

West One Loans is a specialist provider of short-term bridging finance for residential and commercial properties. Established in 2007, the group is now one of the biggest privately funded short-term secured lenders in the UK, having completed deals in excess of £2.5bn to date.

In 2017, West One Loans diversified into a wider range of specialist lending, with the launch of longer-term second charge mortgage lending, followed by development finance in quarter 1 2018.

West One Loan Ltd is a member of the Association of Short Term Lenders (ASTL), Partner of the Financial Intermediary and Broker Association (FIBA) and a Patron of the National Association of Commercial Finance Brokers (NACFB).

West One Loans would be grateful for any hyperlinks you could provide. For ease, we've provided these links: [West One Loans short-term loans](#) or, preferably, [bridging lender](#) which you can copy and paste directly into the articles.

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# **BRIDGING SECTOR SEES HIGHEST COMPLETIONS SINCE RECORDS BEGAN**



**GROSS BRIDGING LENDING INCREASES**



# HIGHEST COMPLETION LEVELS

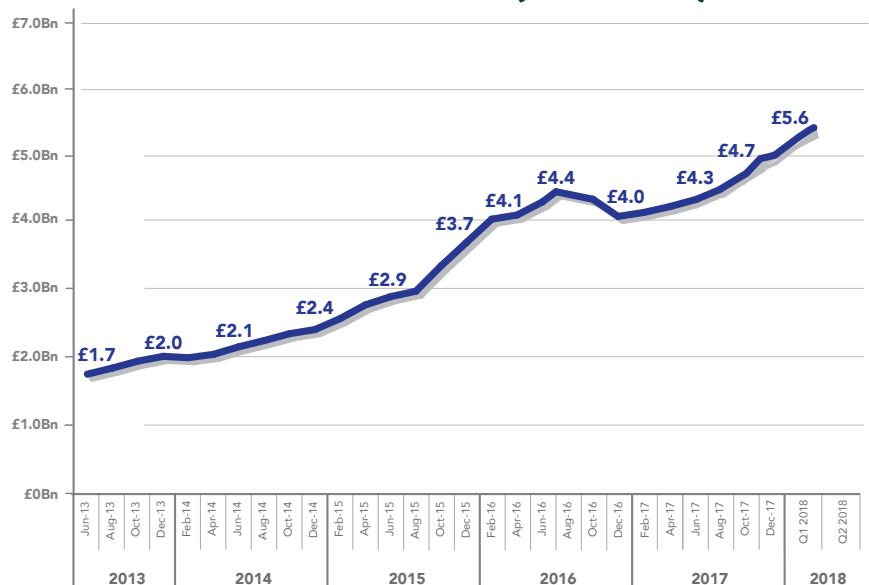
- GROSS ANNUALISED BRIDGING LENDING REACHED £5.69BN BY THE END OF Q3 2018
- FOURTH CONSECUTIVE QUARTER OF 3-MONTH LENDING VALUES OVER £1BN
- APPLICATIONS, LOAN BOOKS AND LOANS WRITTEN ALL PERFORMING STRONGLY AGAINST THE SAME PERIOD IN 2017

Latest edition of the West One Loans Bridging Index shows gross annual bridging lending hit £5.69bn at the end of Q3.

The UK's bridging sector returned to its solid growth trajectory in the third quarter of 2018, according to findings from West One Loan's Bridging Index. The latest edition of the quarterly report shows a return to growth following the slight dip in Q2. It's the fourth consecutive quarter of 12-month lending values of over £5bn – with data for this quarter suggesting a new peak of £5.69bn.

The findings from this issue of the Bridging Index consolidate the position the bridging sector has established in the market as a critical source of funding - and is showing resilience to continued uncertainty around the outcome of Brexit. The latest figures from our Bridging Index reveal that gross lending from reached £1.08bn in the three months to September – a fall against the previous quarter - but still the fourth largest quarter by volume on record.

## GROSS BRIDGING LENDING (£ BILLIONS)



## TRENDS IN THE BRIDGING MARKET

According to data from the members of the Association of Short Term Lenders (ASTL), the value of loans written for the quarter ending 30 September 2018 revealed a small decrease of 0.6% compared to the previous quarter. Annual completions rose by 21.2% compared to the year ended 30 September 2017. In comparison to the same quarter last year, the value of loans written in the quarter has increased by 12.6%.

Significantly – and which has been the case since Q1 – the sector has seen the average case size continue to fall. We believe that the higher number of transactions and the lower average loan size is indicative of the broader appeal of bridging finance. There is an increasing awareness of the way in which short term finance can provide the flexibility required when speed of funding is critical to the transaction.

Our calculations for the whole market predict that gross lending over the previous 12 months reached £5.69bn, with gross lending in the period of July to September at just over £1bn.

### WIDER PROPERTY MARKET ANALYSIS

A broad view of the property market in the UK shows that house prices increased by 3.5% over the past year, but take a deeper look and it's mainly regional areas such as Scotland, Wales and the West Midlands performing strongly.

These areas are not historically prime bridging territory, so this regional growth has relatively little impact on the sector. In fact, prices in London – bridging's historical home – fell by 0.3% in the same 12-month period.

The Bank of England reported that the number of mortgages approved fell slightly in September – by 1.3% - compared to the previous month.

The HMRC also reported that in the three months to September, house sales were unchanged from the previous three months, also indicating a flat property market.

Many economists predicted a crash after the Brexit vote and the fact this hasn't occurred to date demonstrates the strength of the UK property market and provides an optimistic outlook for the future of property finance. Until Brexit is agreed, the economy has been in a state of uncertainty. If property can stay relatively stable during this period, then no matter the terms of the Brexit deal, the property market will continue to be viable, and will need specialist short term finance to keep it moving.

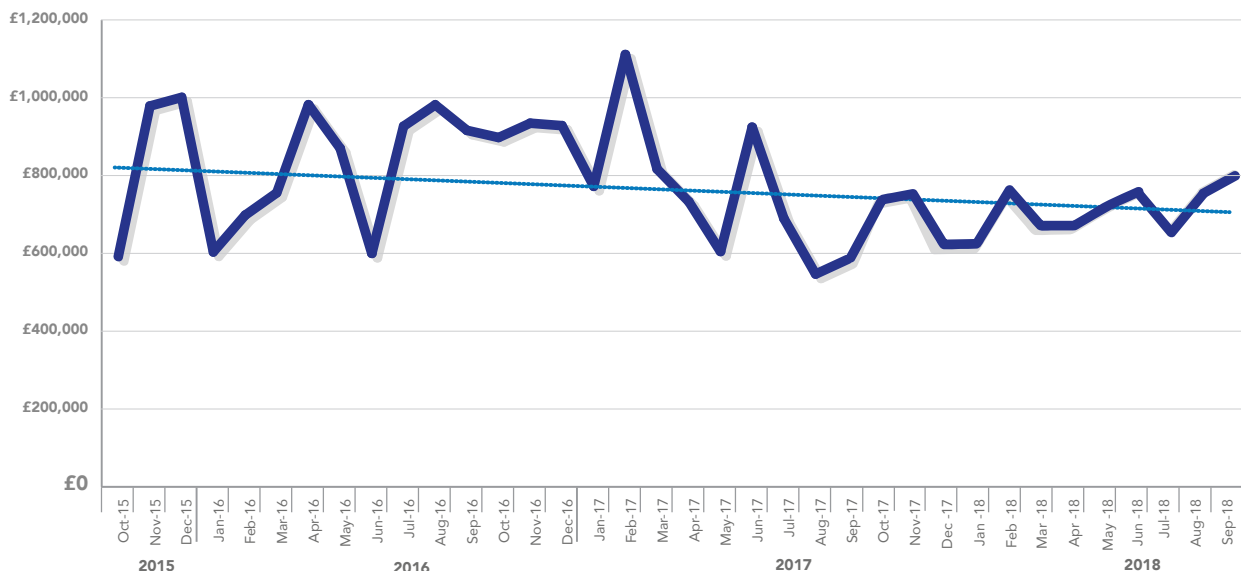
### MARIE GRUNDY, SALES DIRECTOR OF WEST ONE LOANS, COMMENTS:

“ The third quarter of the year has again shown the strength of the bridging market. While the value of applications was down across the sector compared to Q2, it's encouraging to see such strong figures when comparing to this time last year. This is perhaps testament to the increasing knowledge of brokers and introducers, who are more equipped than ever before to recognise when bridging might be the right solution for their client, working with lenders such as ourselves. While average loan sizes fell at a macro-level, here at West One Loans, September saw our largest average transaction size since June 2017.

This is why we created and launched our Premier Loan Team, to support brokers and borrowers with a bespoke, dedicated service for larger loans.

Regarding the property market showing growth in areas typically outside the bridging hotbed of London and the south east, it's interesting to note that it is the large number of new-build properties being constructed in these regions that are stimulating the price rises - according to many experts - and not second-hand homes. This is very positive news, as clearly development and bridging finance are useful resources in the developer's toolkit – so we can expect to see an increase in demand from these regions.”

## AVERAGE BRIDGING LOAN SIZE



# BRIDGING INTEREST RATES

The average interest rate across the quarter was 0.98% and ended in September on the same number. This was the fourth consecutive month of sub-1% interest rates, as strong competition in the sector continues to deliver good value for borrowers. As these competitive rates continue, we anticipate that more borrowers will continue to take advantage of the benefits of fast, flexible bridging finance in the future. As always, providers who can deliver excellent customer service, coupled with competitive rates will thrive in this sector of the specialist finance market.

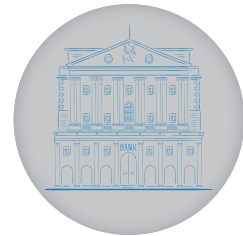


**INTEREST RATE**  
**0.98%**

## DANNY WATERS, CHIEF EXECUTIVE OF ENRA GROUP CONCLUDES:

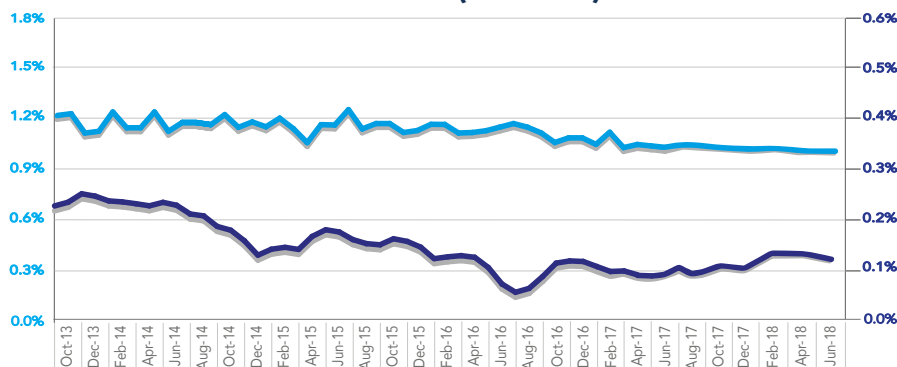
“The sector continues to go from strength to strength. Despite a flat property market, we are still seeing property professionals using alternative finance to keep projects on track or help realise the full value of their property.

More and more we are seeing borrowers taking advantage of the flexibility that bridging offers – for example, we are seeing an increase in demand to use bridging as a ‘development finance exit’ product to provide developers with additional time to realise the full value of property units. These features of specialist finance will ensure it stays in the armoury of developers and professionals for many, many years to come.”



**GILT YIELDS AT**  
**0.13%**

**INTEREST RATE (MONTHLY) VS 10 YEAR ZERO COUPON GILT YIELD (MONTHLY)**



**INTEREST RATE (MONTHLY)**

