

BRIDGING LENDING GROWS BY MORE THAN A THIRD WHILE MORTGAGE MARKET SHRINKS

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- BRIDGING LENDING INCREASES BY 35% IN YEAR TO APRIL 2015; WHILE MAINSTREAM MORTGAGE MARKET CONTRACTS BY 4% OVER THE SAME PERIOD
- ANNUAL GROSS BRIDGING LENDING NOW EXCEEDS £2.7BN AS SECTOR DEFIES ELECTION UNCERTAINTY
- VOLUME OF LOANS RISES BY 13% FROM APRIL 2014
- TYPICAL LOAN SIZES SOAR PAST HALF-MILLION MARK

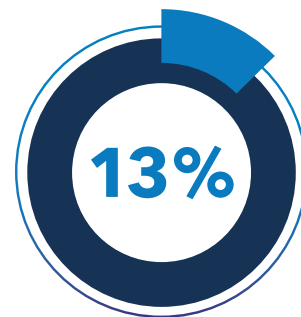
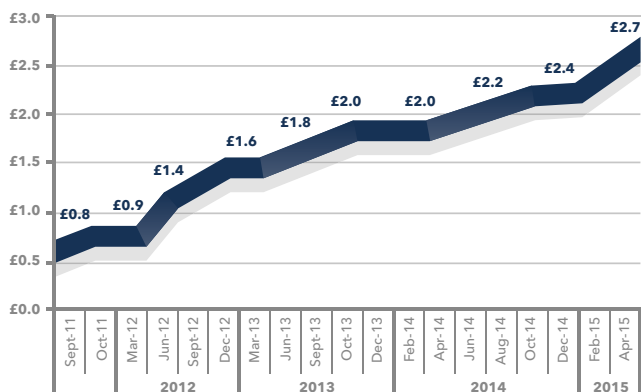
Annual gross bridging lending soared by **35%** in the twelve months to the end of April, the latest West One Bridging Index has revealed.

This huge increase is placed into even sharper focus when compared to mainstream mortgage lending, which shrunk by **4%** over the same period, according to figures from the Council of Mortgage Lenders.

It means short-term lenders are providing more than **£2.7bn** of finance on an annual basis, up from just over **£2bn** in April 2014.

The sizeable annual uptick is due in part to a prolific start to 2015 by bridging lenders, with **£1bn** lent in the first four months of the year alone - **£418.9bn** in January and February, followed by **£582.8m** in the months of March and April.

GROSS BRIDGING LENDING (£ BILLIONS)



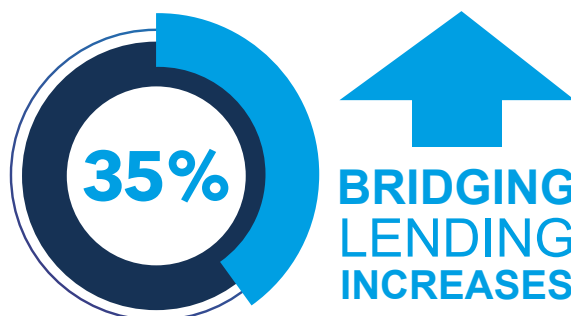
VOLUME OF LOANS RISES

DUNCAN KREEGER,
DIRECTOR OF WEST ONE LOANS, SAYS:

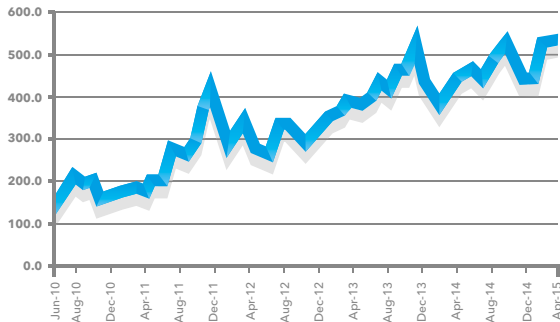
“While the mortgage market never looked like recreating its strong start to 2014 in 2015 – due in no small part to the uncertain economic climate created by the election – such worries didn’t plague the bridging sector to the same extent – enabling it to continue on its upward trajectory.

In fact, just as all the election hype was reaching fever pitch in March and April, bridging lenders were beavering away recording one of their busiest and most profitable periods ever, with more than half a billion of short-term finance lent.

The market has continued in a similar vein since then, with records being broken left, right and centre and the latest annual gross lending figure confirming that the **£3bn** milestone is now firmly in the crosshairs. There is a real buoyancy and can-do attitude about the sector at the minute, with lenders and brokers keen to get deals done and competitive rates helping add to the attractiveness of short-term finance. As we head into summer and the weather warms up, there is certainly no sign of the bridging market losing heat.”



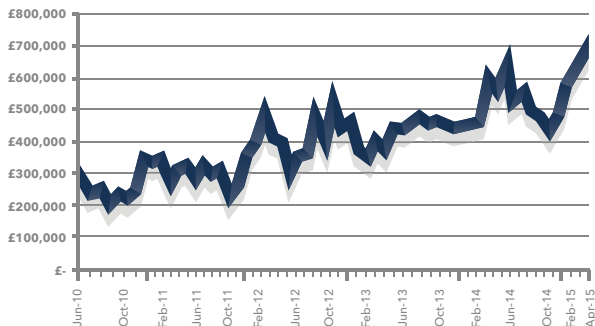
**INDEX OF LOAN VOLUMES
(3 MONTH MOVING AVERAGE)**



The number of bridging loans transacted on a monthly basis fell away slightly at the start of 2015, but a strong March and April means volumes are up by **13%** year-on-year.

Typical loan sizes have continued to grow throughout 2015 after trending downwards in the second half of last year. This means that the average loan for the year to April 2015 now stands at **£555,483**, a **24%** increase on the **£447,196** witnessed in the previous twelve-month period.

AVERAGE BRIDGING LOAN SIZE

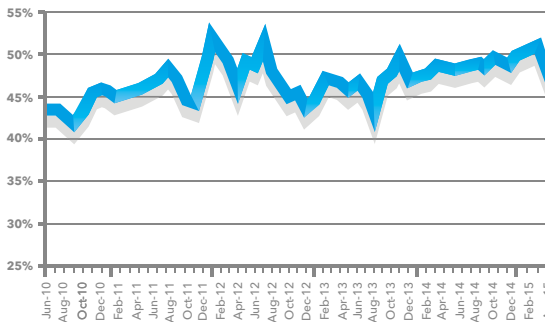


DUNCAN KREEGER ADDS:

“ *The usual seasonal slowdown in volumes was actually postponed into the New Year rather than occurring before Christmas, but the increase in transactions since then has more than made up for this.*

But what is really buoying the market and supporting annual growth is the appetite from bridging borrowers for increasingly large loans. Typical transactions are now above half a million pounds and it speaks volumes that eyebrows are barely raised by big-ticket deals now as they are so commonplace. Developers and businesses seeking large loans now have confidence that short-term lenders can tailor to their needs. **”**

LOAN TO VALUE - 1ST CHARGE



LOAN TO VALUE RATIOS

Average bridging loan to value ratios are up by **2.2%** for the year to April 2015 from the previous twelve-month period, rising from **47%** to **49.2%**. Typical ratios edged above **50%** in the first few months of the year, but settled back down to **48.2%** in April.

DUNCAN KREEGER COMMENTS:

DESPITE GROWING DEMAND FOR LARGER BRIDGING LOANS, THIS HASN'T LED TO A SIMULTANEOUS INCREASE IN LOAN-TO-VALUE RATIOS, MEANING THAT BORROWERS STILL HAVE SIGNIFICANT AMOUNTS OF THEIR OWN CAPITAL INVESTED IN PROJECTS AND AREN'T OVERBURDENING THEMSELVES WITH LOANS THEY ARE UNABLE TO AFFORD THE REPAYMENTS ON.



**ANNUAL GROSS
BRIDGING
EXCEEDS**

**£2.7
BILLION**

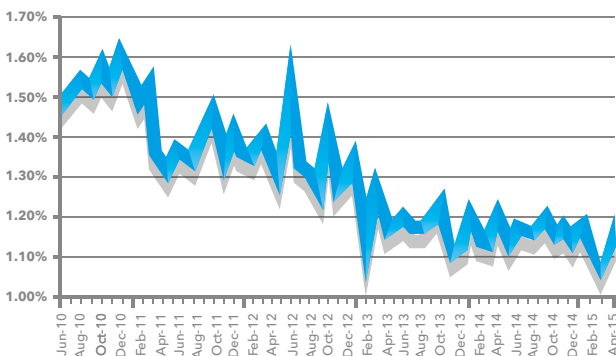
BRIDGING INTEREST RATES



1.15%

THIS YEAR TO APRIL 2015

INTEREST RATE (MONTHLY)



DUNCAN KREEGER ADDS:

Interest rates continue to head south, with typical charges averaging **1.15%** for the year to April 2015, down from **1.18%** in the preceding twelve months. They fell as low as **1.05%** in March, the keenest average witnessed for two years.

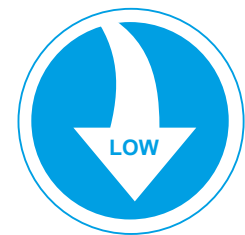
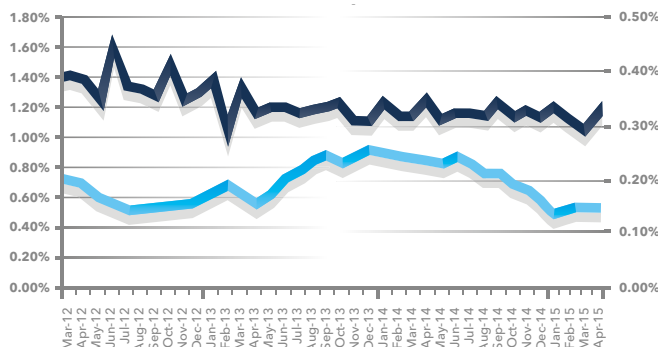
Despite interest rates remaining low to entice borrowers, bridging continues to be a sound opportunity for investors, with the spread between returns from backing bridging and 10-year Government bonds currently standing a whole percentage point better at **1.01%**.

DUNCAN KREEGER CONCLUDES:

“As with the mainstream mortgage market, just when you think interest rates have bottomed out, they edge that little bit further downwards. We’re unlikely to see them decrease too much further now though, with lenders instead focusing on innovation and flexibility rather than erode margins any further.

One thing that is for sure is that the foundations underpinning the bridging sector’s growth are deep and strong and we are poised for further growth throughout 2015. As the market continues to expand there are bound to be more sources trying to accurately capture the sector’s performance, but the West One Bridging Index remains the original and authoritative voice on all short-term finance matters.”

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



1.05%

THE KEENEST AVERAGE FOR TWO YEARS



NOTES FOR EDITORS

Director Duncan Kreeger is available for interview and comment on a variety of industry-related topics.

Please get in touch for more information.

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BRIDGING INDEX METHODOLOGY

West One 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.

ABOUT WEST ONE LOANS

West One Loans is a specialist provider of short term bridging finance for residential and commercial properties. Established in 2005, the group is now one of the biggest privately funded short-term secured lenders in the UK, having completed deals in excess of £500 million to date.

The company is authorised and regulated by the FCA for unregulated collective investment schemes, a founder member of the Association of Bridging Professionals, patron of the National Association of Commercial Finance Brokers and member of the Association of Short Term Lenders. Company registration number: 5385677

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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