



*£2 BILLION LENDING RECORD
FOR BRIDGING LOAN INDUSTRY*

*Economic
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- *Industry consolidates expansion with **gross bridging lending of £2 billion in 2013***
- *Annual lending growth is driven by extra projects, with the **total number of loans up by a third***
- *Bridging **interest rates reach record lows**, averaging 1.11% over two months to 1st January*

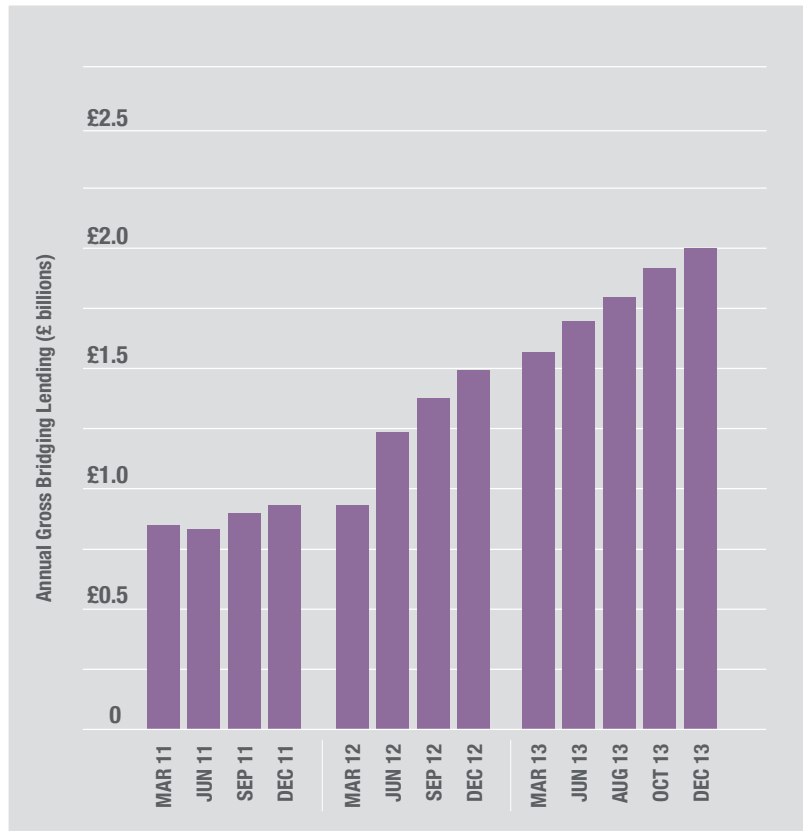
Gross bridging lending totalled £2.0 billion in the twelve months to 1st January, up 3.3% from the annual figure in November 2013.

This brings annual growth in gross bridging lending to 27% - up from £1.57 billion in gross bridging lending in 2012.

In the two month period from 1st November to 1st January 2014, industry gross bridging lending was £419 million, up 5.5% from £397 million in the previous two months.

If lending continued at this rate for a year, gross lending in the next twelve months would be £2.51 billion per year.





● Annual Gross Bridging Lending (£ billions)

Duncan Kreeger comments: *“Economic progress feels more solid by the week, and it’s branching out across every area of business. By securing vital projects against property, firms and individuals stand to make the most from a year of great opportunity.”*

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“Bridging has grown up from the industry it once was, and it’s still evolving in 2014. Lenders are expanding and opening their doors to different types of borrower. An economy on the move needs rapid finance that can really get projects started – and short-term secured lending is moving to fill that gap.”



Trends in the Bridging Industry

The most significant factor powering the expansion of gross lending is growth in the number of deals agreed.

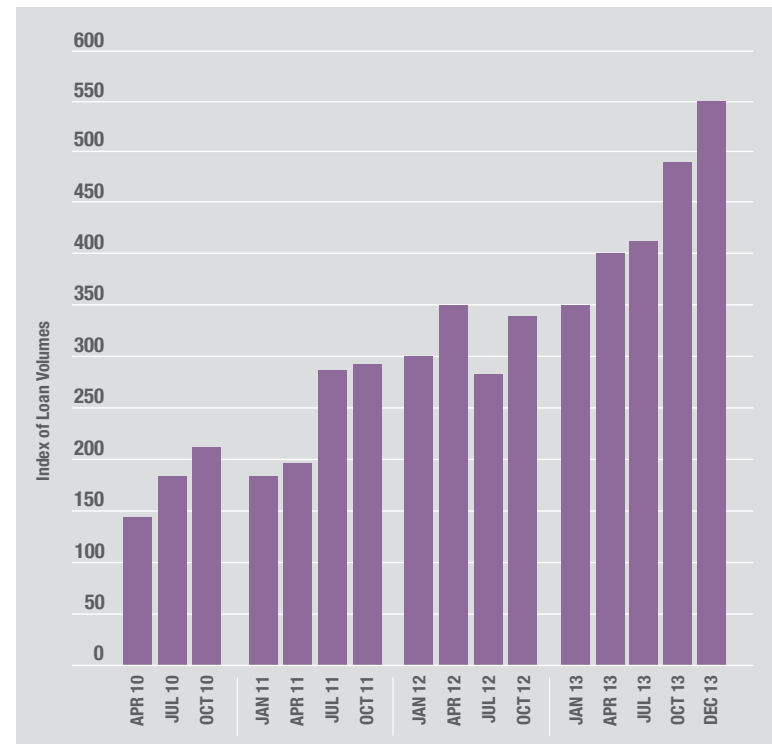
Industry loan volumes during the two months ending 1st January increased by 10.8% compared to the previous two month period. This brings loan volumes for the whole of 2013 to levels one third (33%) higher than the preceding twelve months.

Meanwhile, the average value of a bridging loan was largely static. The average loan is now worth £459,000, representing a slight drop of 1.4% from the two months ending 1st November.

On an annual basis, loans in 2013 were larger than the previous twelve months, in line with the long term trend. For the last twelve months as a whole, loans averaged £430,000, or 5.2% more than the average loan in 2012.

Duncan Kreeger continues: *“Just a few years ago the average bridging loan was worth half what it is now. Since then, the biggest transformation has been a growing interest from bigger property developers, professional investors and small businesses looking for more significant funds.*

“The last few months have seen growth focused on volumes as enquiries are coming in thick and fast. But the long-term trend in terms of loan sizes is also moving upwards. Multi-million pound deals aren’t uncommon anymore, and as 2014 unfolds, even the most ambitious ideas are becoming ever more possible.”



● Index of Loan Volumes (3 month moving average)

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Loan to Value Ratios

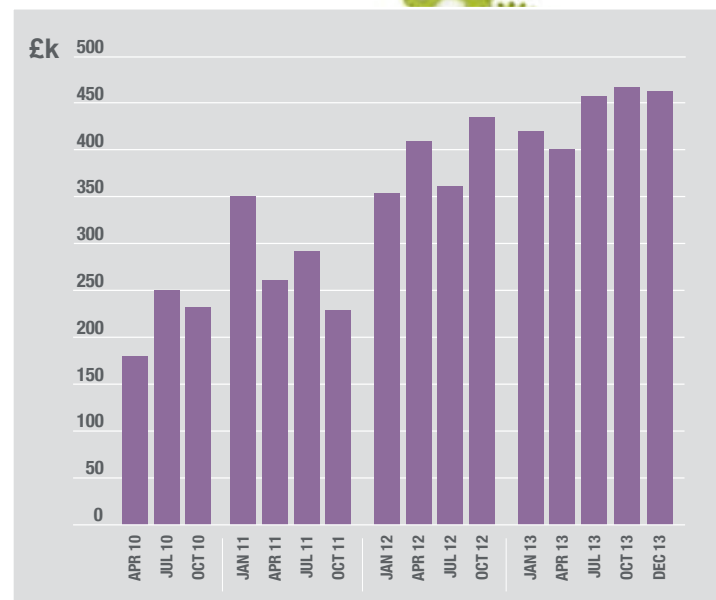
Loan-to-value ratios across the bridging industry have risen by almost one percentage point in recent months. In the two months to 1st January the average LTV was 48.1%, or 0.9 percentage points higher than LTVs of 47.2% in the previous two month period to 1st November.

On an annual basis loan to value ratios are still lower than previous highs. The average LTV across all twelve months of 2013 was 46.4% - down from 48.0% in 2012.

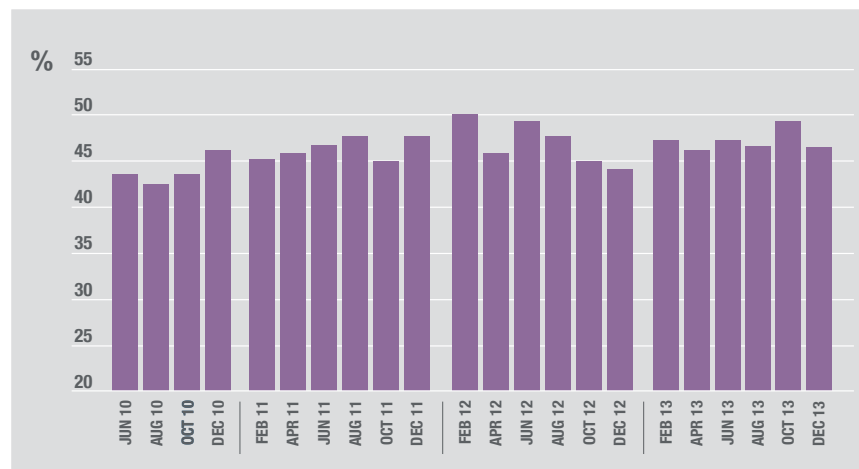
“Proper underwriting and a “safety first” approach have always been cornerstones of the best bridging lenders”

Duncan Kreeger comments: *“Proper underwriting and a “safety first” approach have always been cornerstones of the best bridging lenders. Higher LTVs are completely consistent with that principle, but as properties grow in value more gearing is not always necessary.*

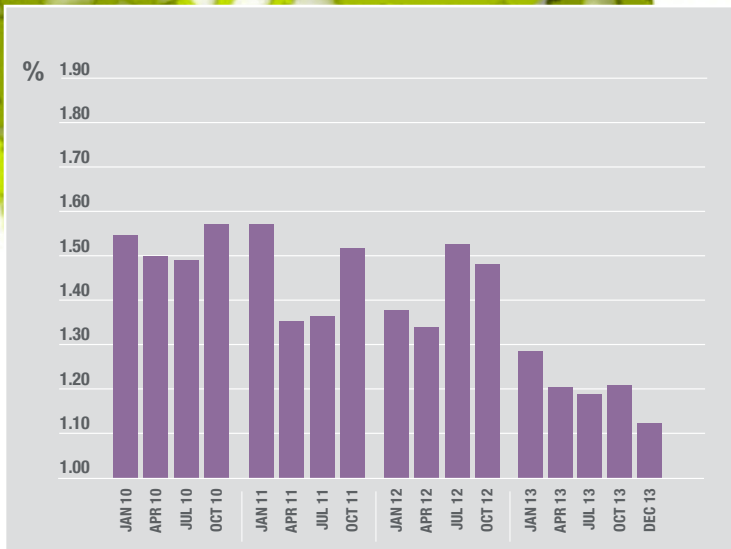
“There is certainly space to lend at higher loan ratios this year, and the industry definitely has capacity to fund bigger loans where needed. Just as business and investment opportunities are opening up, the property market is putting the pedal to the floor. Alongside rates that look set to stay low for some time, slightly higher LTVs could mean more projects will have access to the finance they deserve.”



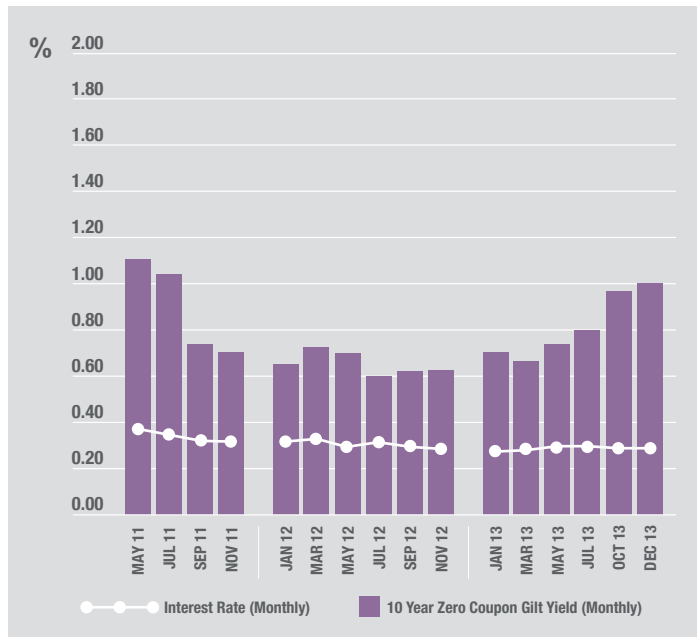
● Average Bridging Loan Size



● Loan to Value 1st Charge



● Interest Rate (monthly)



● Interest Rate (monthly) & 10 Year Coupon Gilt Yield

Bridging Interest Rates

As a whole, 2013 witnessed the lowest interest rates on record for the bridging industry, averaging just 1.10% across the entire year. This compares to 1.37% in 2012 and an average interest rate of 1.55% in 2010, the first year of the West One Bridging Index.

On bi-monthly basis, rates have also fallen to a record low. In the final two months of 2013, bridging loans cost on average 1.11% per month, down from 1.22% in the two months ending 1st November.

By comparison with other asset classes, potential returns for those funding bridging loans remain several times the total return of mainstream investment classes. Monthly product rates currently stand at 4.5 times those of 10 year government bonds, with a monthly spread of 0.87 percentage points.

“Nearly seven years on from the financial crisis, markets are still shaking with volatility”

Mark Abrahams, CEO of West One Loans, concludes: *“Nearly seven years on from the financial crisis, markets are still shaking with volatility.”*

“Equities of all kinds are far too risky to form a large portion of most investors’ portfolios, and most fixed income products are set for years of trauma as central banks begin to wind up artificial bond-buying programmes like quantitative easing.”

“As mainstream lenders already feel the first withdrawal symptoms from artificial stimulus and special measures, money from normal investors will be more in demand in 2014. And from a lending perspective, that will also be a serious advantage for privately funded lenders.”

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 company is now one of the biggest privately funded lenders in the UK, having completed deals in excess of £300 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.

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.

Company registration number: 5385677

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Notes for Editors:

Director Duncan Kreeger and CEO Mark Abrahams are available for interview and comment on a variety of industry-related topics. Please get in touch for more information.

Please get in touch for more information.

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