



West One

ISSUE
33

ANOTHER RECORD-BREAKING QUARTER AS 2018 REACHES NEW PEAK





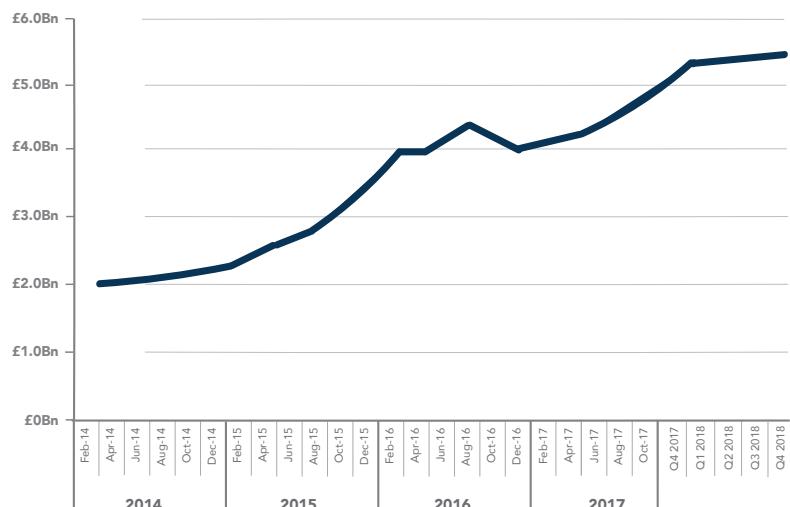
GROSS BRIDGING LENDING INCREASES



HIGHEST COMPLETION LEVELS

- **GROSS ANNUALISED BRIDGING LENDING REACHED £5.7BN BY THE END OF Q4 2018**
- **FIFTH CONSECUTIVE QUARTER OF 3-MONTH LENDING VALUES OVER £1BN**
- **APPLICATIONS, LOAN BOOKS AND LOANS WRITTEN ALL PERFORMING STRONGLY AGAINST THE SAME PERIOD IN 2017**

GROSS BRIDGING LENDING (£ BILLIONS)



TRENDS IN THE BRIDGING MARKET

Higher volumes of smaller transaction sizes were key themes in previous editions of the Bridging Index this year. Average loan sizes remained between £400,000 and £600,000 throughout the year – in stark contrast to the £600,000 to £800,000 averages reported this time last year.

In Q4 volumes dropped marginally on Q3 – but of course are still high in comparison to previous years - and the increase in average loan size helped see the sector push through to reach a predicted £5.7bn – a record high.

West One Loans data shows that the average term of a loan contracted with borrowers was 11 months upon redemption.

Latest edition of the West One Loans Bridging Index also shows gross annual bridging lending hit £5.7bn at the end of Q4.

The UK's bridging sector finished a strong 2018 with a powerful final quarter's performance, yielding a new high of £5.7bn according to findings from West One's Bridging Index. The year-end edition of the quarterly report revealed that gross annualized lending continued its upward trajectory from in Q3 and be 3.3% above the same period in 2017.

The findings from this iteration of the Bridging Index provide further evidence that the bridging sector has had a robust 2018, in spite of a comparatively flat wider housing market.

The higher volume of smaller-sized transactions that characterised the first three quarters of the year was reversed in Q4, as the average value increased for the first time since quarter one and represents an increase in the average loan size of 14% compared to Q3 2018.

WIDER PROPERTY MARKET ANALYSIS

Property prices have been a hot topic in the media throughout the year, and Q4 was no exception. Various residential property price indices regularly report that UK house prices have fallen, and/or that the growth overall has been minimal.

From a transaction perspective, HMRC's year-ending report shows that in December 2018, the seasonally adjusted estimate of the number of residential property transactions decreased by 0.1% between November 2018 and December 2018. In brighter news, the month's seasonally adjusted figure is 3.6% higher compared with the same month in 2017.

And building on this, it's interesting to see that the seasonally adjusted estimate of the number of non-residential property (i.e. commercial property) transactions increased by 5.5% between November 2018 and December 2018. The December figure is also 5.4% higher compared with the same month last year.

The Royal Institution of Chartered Surveyors (RICS) UK commercial property market survey shows industrial sector is performing well, and "remains in stark contrast to that of retail, driven by the structural shift in consumer spending habits."

Our brokers are telling us the same, too. Their clients are increasingly moving away from traditional 'vanilla' properties and looking at more complex buy-to-let, with rents on commercial property tending to be higher, offering a better yield for landlords.

Could these figures have the potential to forecast a change in the ratio of residential and commercial bridging loans through 2019?

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

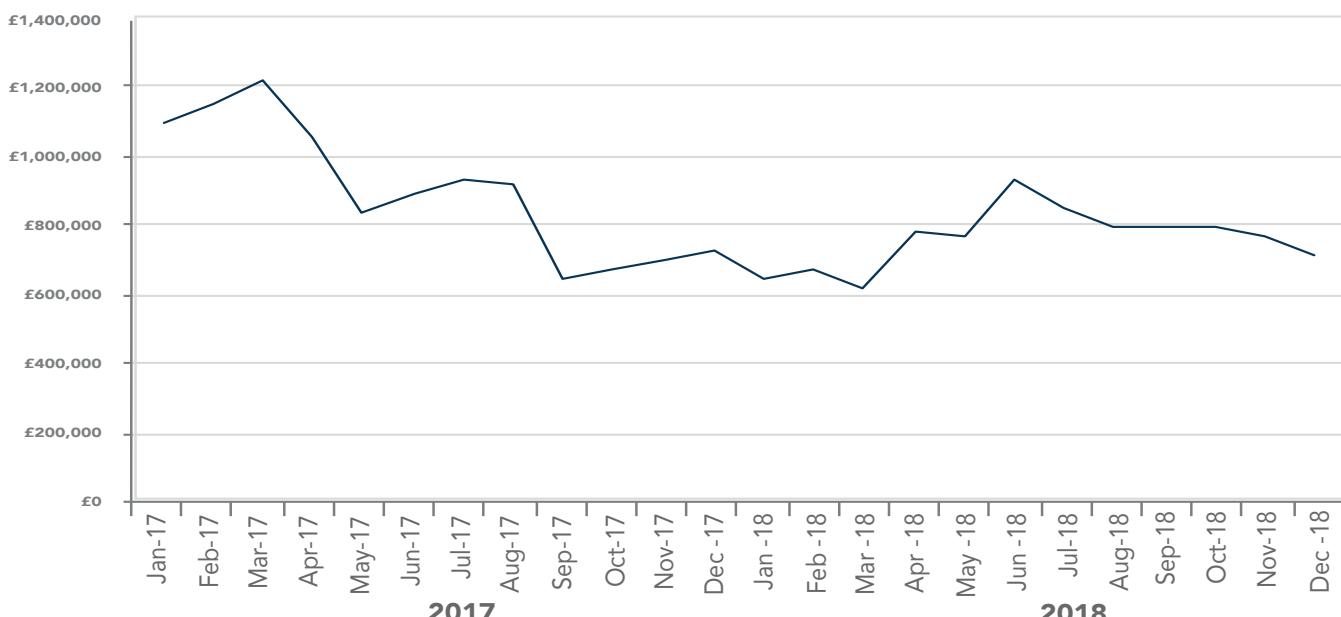
"2018 has proven to be a strong year for bridging finance, with increased completions and total loan values compared to 2017.

As discussed many times before – but it's particularly pertinent as we're due to leave the European Union this month - the general feeling is that Brexit will cause property prices to fall, which may give rise to increased scrutiny around the plausibility of exit strategies for bridging where it is contingent upon the sale of property. But we remain as positive as ever about the future of bridging. It's increasingly an important instrument in the broker's toolkit (as transaction volumes show), and property owners will need specialist advice – and specialist finance solutions - more than ever.

And if the Association of Short Term Lenders (ASTL) sentiment survey is anything to go by, this feeling of positivity is felt across the industry, too.

At West One, we've seen robust growth in our bridging this year. It is positive to see the average loan size for the market increase for the first time since Q1. Aside from a slight dip in Q3, we have also experienced growth in average loan size across 2018. This was a driving factor in the decision to launch our Premier Loan Team earlier this year to provide a more bespoke service for high net worth clients with more complex borrowing needs."

AVERAGE BRIDGING LOAN SIZE

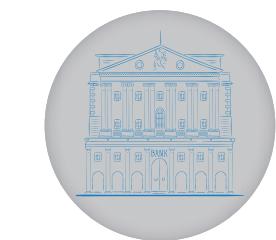


BRIDGING INTEREST RATES

The average interest rate across the quarter was 0.95% and ended in December on 0.94%. This was the sixth 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.

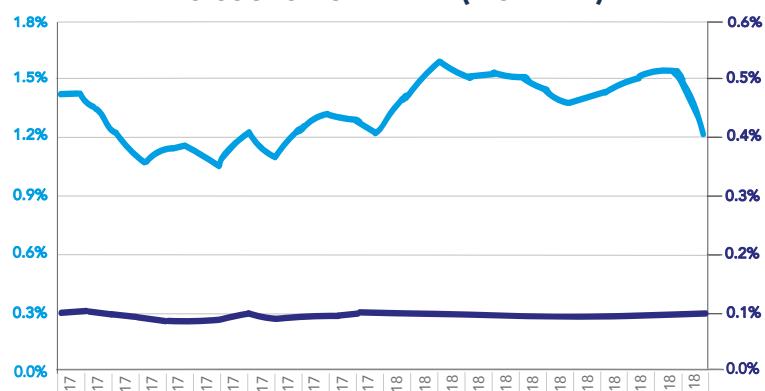


INTEREST RATE
0.95%

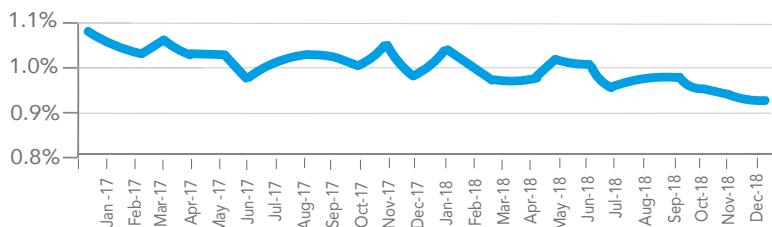


GILT YIELDS AT
0.11%

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



INTEREST RATE (MONTHLY)



DANNY WATERS, CHIEF EXECUTIVE OF ENRA GROUP CONCLUDES:

“ In the last few months the bridging sector has seen some changes to the marketplace, with one or two lenders leaving the market – and this has led to plenty of discussion in the media about business models of bridging lenders - and the stability of their funding lines. As an experienced bridging lender with longevity in the market, and established relationships with high net worth individuals, we're perfectly placed to continue to perform strongly in this market.”

ABOUT 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.

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 2005, the group is now one of the biggest privately funded short-term secured lenders in the UK, having completed deals in excess of £2bn to date.

West One Loan Ltd is a founder member of the Association of Bridging Professionals 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.

West One Loan Ltd is authorised and regulated by the Financial Conduct Authority. Firm Reference Number: 510024. Certain types of loans are not regulated, for example loans for business purposes or certain buy-to-lets.

West One Loan Ltd is registered with the Information Commissioners Office. Registration Number: Z2651210.

West One Loan Ltd is registered in England and Wales. Company Number: 05385677. West One Capital is an unregulated subsidiary of West One Loan Ltd, and is registered as a limited company in England and Wales. Company Number: 08880521. Registered Office Address: 3rd Floor, Premiere House, Elstree Way, Borehamwood, Hertfordshire. WD6 1JH.

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.

For further information, please contact:

**CHRIS ROGERS
HEAD OF MARKETING
020 8731 5333**

COPYRIGHT NOTICE

© West One Loan Limited, 2011-18

West One Loan Limited consents to the reproduction of this material only under the conditions specified below. The enclosed statistical research and written material remains the sole intellectual property of West One Loan Limited. All use of these materials must be attributed to "West One Loans" or the full name of this piece of research, "West One Bridging Index". Consent for reproduction of the enclosed material is also limited to an immediate timeframe appropriate to the date of issue. Aside from this conditional consent, all rights are reserved and subject to the continued permission of West One Loan Limited.

Aside from such immediate use for news purposes, as specified above, no part of this press release or any of its contents may be reproduced, copied, modified or adapted, without the prior written consent of the author, West One Loan Limited, unless otherwise indicated in stand-alone, written communication with either the author or its representatives.



West One

