

Between May and September the government's Help to Buy equity guarantee scheme has provided only one quarter of the lending made possible by alternative forms of finance

*Help
to Buy
overshadowed
by
alternative
finance*



- *Help to Buy overshadowed four times over by alternative finance in first five months*
- *Equity loans provide £208 million, compared to £878 million in short-term secured loans*
- *On an annual basis, gross bridging lending reaches £1.93 billion in year to November*

Help to Buy equity loans have so far provided £208 million in gross lending, according to official statistics for the period between May and September this year.

Meanwhile, over the same five month period, alternative finance in the form of short-term secured loans provided £878 million in gross lending, according to the latest West One Bridging Index. This equates to more than four times the total lending achieved via the first phase of Help to Buy over the same five month period.

Duncan Kreeger, director at West One Loans comments: *“So far, the first phase of Help to Buy has only helped a few thousand cases of first-time buyers struggling to get onto the property ladder. The real elephant in the room is the sheer lack of homes available on the market.*

It's becoming increasingly obvious that heating up the pressure cooker of consumer demand will do little to ease the worsening bottleneck of supply.

“The real elephant in the room is the sheer lack of homes available on the market”

“But while those in the property industry are desperate to tackle the supply shortage, the real barrier is a lack of finance to create more homes. Conversions, renovations and new developments are all vital in the struggle to keep up with demand. But while mainstream finance is slipping behind, alternative finance is making it easier to find the backing for schemes that can make a solid difference on the ground. Short-term secured loans are often the best way for property professionals to bring these projects to life.”

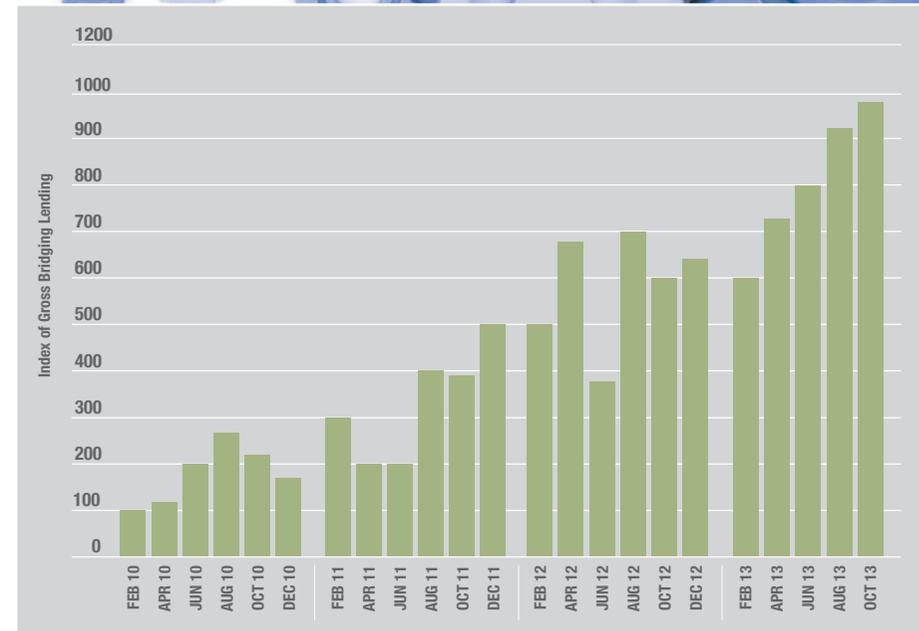
Annual Gross Bridging Lending

In the twelve months to 1st November, industry gross bridging lending totalled £1.93 billion, up 5.5% since standing at £1.83 billion only two months ago.

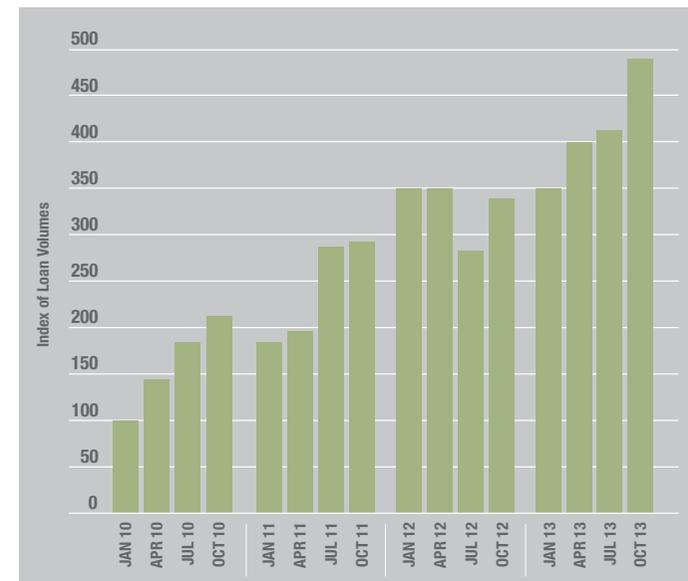
On an annual basis, this brings growth to 29% compared to the previous twelve months to November 2012, when gross bridging lending was £1.49 billion.

In the two month period from 1st September to 1st November, industry gross bridging lending was £397 million, up 6.3% from £374 million in the previous two months. On an annualised basis this is equivalent to gross lending of £2.34 billion.

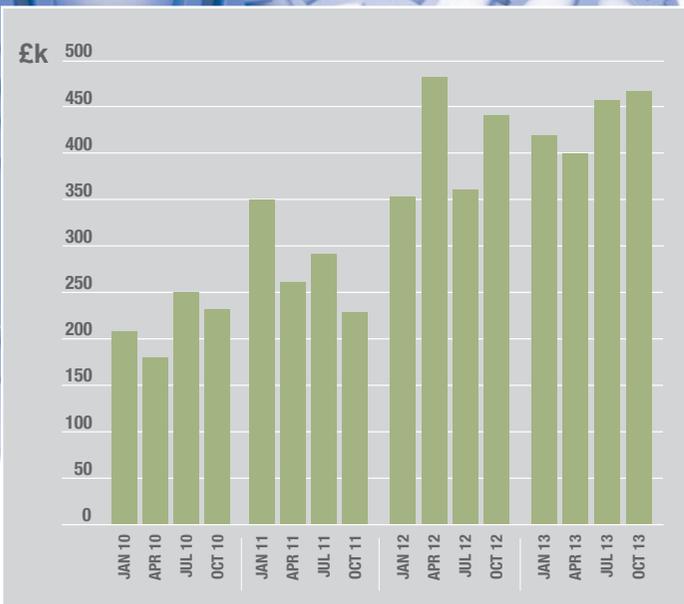
“Conversions, renovations and new developments are all vital in the struggle to keep up with demand”



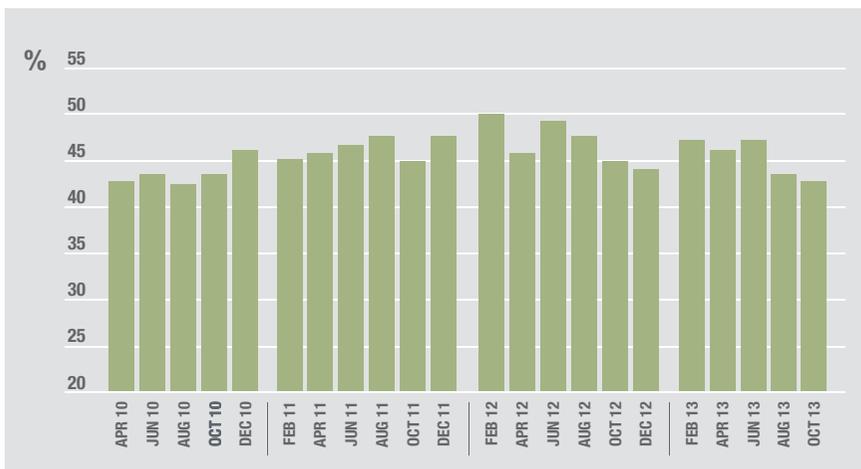
● Gross Bridging Lending (Indexed, 3 month moving average)



● Index of Loan Volumes (3 month moving average)



● Average Bridging Loan Size



● Loan to Value 1st Charge

Duncan Kreeger continues: *“This industry provides vital support for some of the most central pillars of economic recovery. By doing things differently we can expand the supply of homes to let and to buy. We can provide the liquidity for large firms to get million-pound deals done. And critically, we can support SMEs too – forgotten and left out in the cold by so many high street lenders.*”

“Most importantly, bridging finance is about collaboration. Short-term secured finance can get things moving. Often, mainstream finance will step in once the ball’s rolling – but more often than not, bridging lenders are the ones taking the difficult free kick.”

“Often, mainstream finance will step in once the ball’s rolling – but more often than not, bridging lenders are the ones taking the difficult free kick”

Trends in the Bridging Industry

Since September, gross lending has expanded for the most part due to a greater number of loans. Over the last two months, loan volumes have increased by 6.1% compared to the previous two month period. Meanwhile the average loan is worth 3.4% more than in the previous two months to 1st September.

However, on an annual basis, the expansion of the bridging industry is due more equally to larger loans and to greater volumes.

In the twelve months to 1st November loan volumes were 16.9% ahead of the previous twelve months. Meanwhile, the size of the average loan grew by 17.1% over the same period, averaging £465,000 compared to £449,600 in the preceding twelve months.

Duncan Kreeger comments: *“With more ambition for bigger projects, and steadily expanding volumes, this feels like a healthy expansion. The bridging industry is still growing much more quickly than mainstream mortgage lending – and going in a completely different direction to retreating mainstream business finance. Growth has settled into a sustainable pattern.*

“Bridging isn’t here for a sprint. The industry’s in good condition for a marathon. And with the UK economy still in its current state, it’s a marathon we’re all facing.”

Loan-to-value ratios have fallen over the last two months. Compared to the previous two month period, when the average LTV was 44.3%, loan ratios are down by 1.5 percentage points.

This leaves the average LTV in the bridging industry at 42.8%, or 3.2% lower than at the same point a year ago.

Duncan Kreeger concludes: *“Properties are worth more than last year – or even a few months ago. And the effects are very real when it comes to loans. More valuable security can underwrite a larger loan. And higher values have helped bridging lenders make larger deals.*

“But lower LTVs mean there’s actually even more spare capacity to lend – without making loans any less appealing to potential investors. Credit-worthy borrowers are even more worthy of support than a few months ago, which is great news for everyone.”

Notes for Editors:

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

• Adam Kirby, The Wriglesworth Consultancy
020 7427 1440

• Andy Mossack, Marketing Director, West One Loans
0333 1234 556

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

Copyright notice: © West One Loan Limited, 2011-13

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.



WIKIPEDIA
The Free Encyclopedia

The West One Bridging Index was launched in 2011.

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