



Second charge Bridging lending at record high



- *Short-term lending reaches £778 million per year in second charge loans*
- *Average second charge loan size grows 31% year on year to £260,000*
- *Second charge monthly interest rates follow first charge rates, reaching low of 1.26%*

Short-term second charge lending is at a record high, according to the first analysis of the second charge bridging industry from West One Loans.

Annual lending of £778 million brings short-term second charge loans to a record high in 2013. An additional £229 million in gross lending in the twelve month period represents growth of 42% in annual short-term secured lending since the start of 2013, when this stood at £549 million.

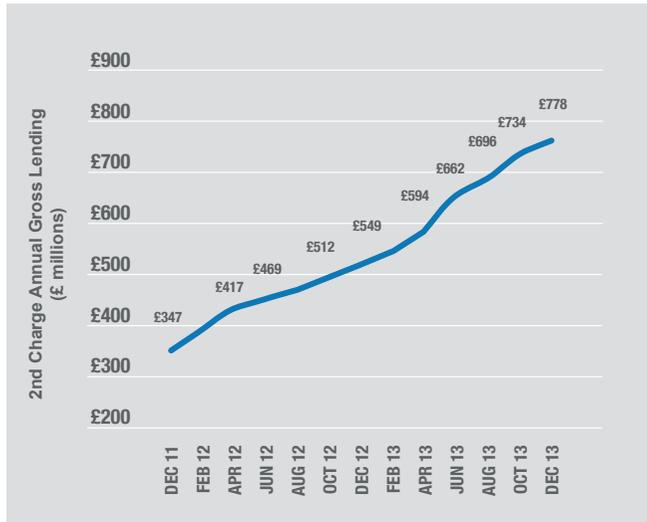
Over the last two years, short-term second charge lending has increased by 124%, more than doubling gross lending of £357 million in the twelve months ending January 2012.

Duncan Kreeger, director at West One Loans, comments: *“Consumer confidence is driving a surge in secured loans for consumables, which is good news for the wider economy and stimulates our collective spending power.”*

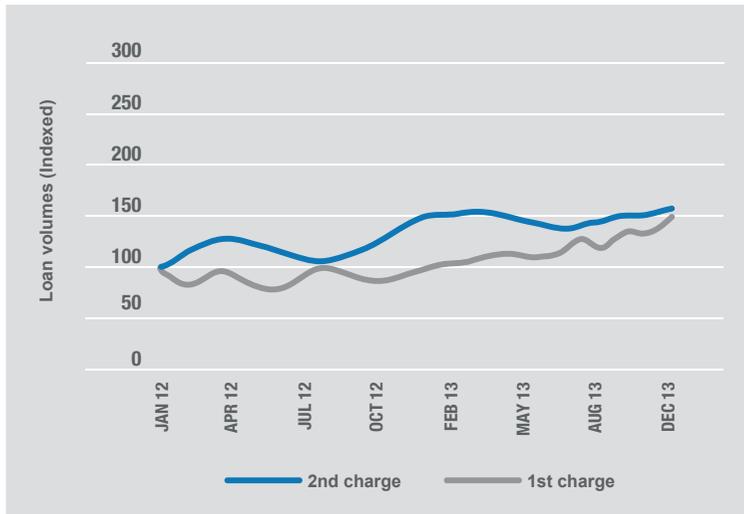
“But by contrast, short-term secured loans tend to be focused on capital investment. Businesses are expanding, and want to capitalize on opportunities with fast and flexible finance.”

“Property investors and developers have formed a growing portion of the frenzy for new loans in recent months – Britain’s property market is a prime example of this escalating demand for short-term finance.”





● Second charge short-term lending (Annual £ millions)



● Loan volumes: 1st and 2nd charge short-term secured loans

Trends in Short-Term Lending: 1st and 2nd Charge

Over the last two years volumes of second charge short-term loans have outpaced traditional first charge bridging loans.

Second charge loan volumes have increased by 57% since January 2012 compared to 51% growth in lending volumes for 1st charge loans.

However, 2013 saw faster volume growth in the first charge market. Second charge short-term loans increased in number by 14% between January 2013 and January 2014. This compares to stronger growth in first charge loan volumes, up 67% over the last twelve months.

Second charge short-term loans are considerably smaller on average than first charge short-term loans.

The average short-term second charge loan has increased in value to reach £260,000, up 31% compared to an average of £199,000 in the twelve months to January 2013.

By contrast, the average traditional short-term bridging loan (acting as the primary charge against a property) was for £457,000 – or 76% more than the second charge equivalent.

“Over the last two years volumes of second charge short-term loans have outpaced traditional first charge bridging loans”





Interest rates

Short-term interest rates have fallen to a record low for second charge loans.

In line with increasingly competitive rates across the short-term lending markets, the average monthly interest rate on a short-term second charge loan now stands at 1.26%, down from 1.49% in January 2013.

Mark Abrahams, CEO of West One Loans, concludes: *“As we shed the gloom that has hung over the UK for far too many years, opportunities to invest are becoming more competitive.*

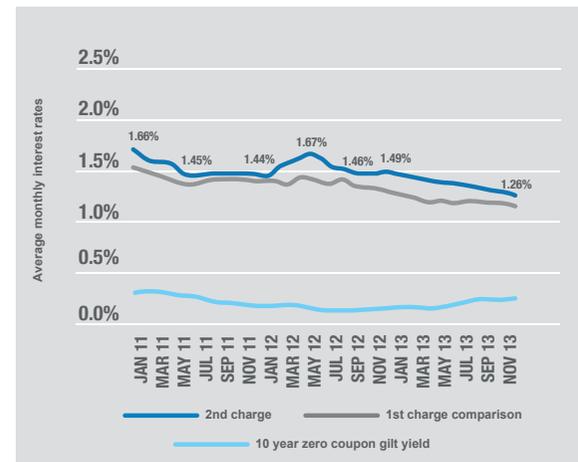
“In many areas this is starting to inch up the cost of capital. But a new appetite for the most immediate and lucrative projects is still opening up new markets and partnerships for UK lenders.

“Meanwhile investors are hungry for new opportunities. They want to be involved in tangible projects that add serious value. The best lenders are making those connections with credit-worthy opportunities in business and property in the UK.”

“Investors are hungry for new opportunities. They want to be involved in tangible projects that add serious value”



● Loan size: 1st and 2nd charge short-term secured loans



● Interest rates: 1st and 2nd charge short-term secured loans





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.

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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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