

- *Gross bridging lending grows 26% year-on-year, reaching £2.02 billion in twelve months to 1st March*
- *Number of bridging loans increased by more than one third (35%) over course of twelve months*
- *Bridging interest rates increase slightly to 1.19%, while loan to value ratios dip to six month low*

Gross bridging lending now totals £2.02 billion in the twelve months to 1st March. This represents an increase of more than one quarter (26%) compared to the previous twelve months, according to the latest West One Bridging Index.

When measured on a bi-monthly basis, annual growth contrasts with a slight seasonal drop. Gross bridging lending of £343 million in the last two months is down 18% compared to November and December, when gross lending totalled £419 million.

Despite such seasonal factors, lending in this two month period, from 1st January to 1st March 2014, is up 23% compared to just £280 million in the same two months in 2013.

Duncan Kreeger comments: *“Just as the UK economy has turned a corner, demand for the right type of finance is on an exciting new path. In the last few months the market for bridging loans has been dramatically busier than at the same point last year. Businesses need finance to invest and expand, and every element of the property industry is gaining momentum by the week.*

“In relative terms, the winter months are often the quietest time of the year for the property market. But this year bridging activity has been powering ahead regardless. And now the property market is showing the first signs of the usual spring bounce – on top of all the energy that’s already in the system. So we are set for a formidable few months, and the best bridging lenders will be at the forefront, making the most of every opportunity.”

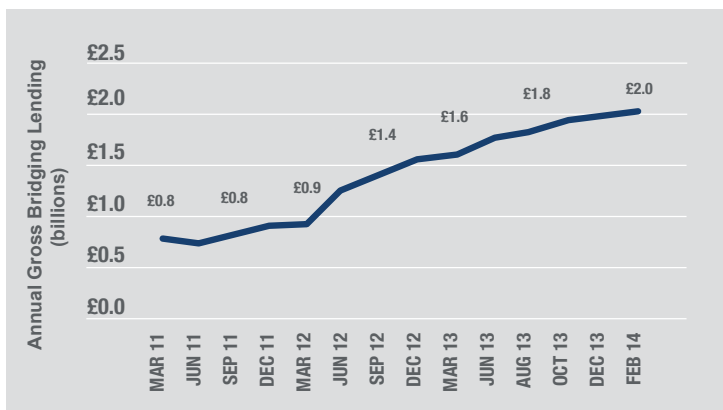


*Bridging
industry
cements
growth
as lending
grows
by one quarter*





“Bigger deals are always exciting, and as property prices grow so will the size of loans”



● Annual Gross Bridging Lending (£ billions)

Trends in the Bridging Industry

A greater number of loans in terms of volume is the main factor behind annual growth in gross bridging lending. Loan volumes in the twelve months ending 1st March were 34% higher than in the previous twelve months.

This comes despite a seasonal fall in volumes of 16% between the final two months of 2013 and the first two months of 2014. This dip in January and February is responsible for the recent bi-monthly seasonal slowdown in gross bridging lending when measured by value.

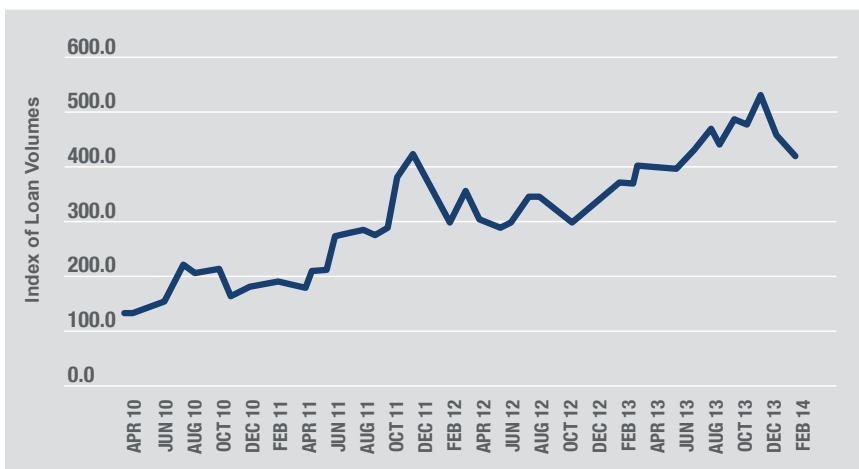
Meanwhile, the average size of a bridging loan was largely unchanged, up 4.4% on an annual basis but down slightly by 3.3% in the last two months compared to the final two months of 2013.

This leaves the value of the average bridging loan at £444,000 over the first two months of 2014.

Duncan Kreeger continues: *“Bigger deals are always exciting, and as property prices grow so will the size of loans. But the biggest factor behind the industry’s expansion is definitely the sheer volume of deals.*

“That’s great for lenders and particularly good news for brokers. But it matters most to those property professionals and business people who depend on alternative finance to make their projects reality.

“The most exciting aspect of the last six months is the spare capacity for bigger loans – on top of all the latest expansion in volumes. So as confidence spreads through the economy and the property community reacts, this will be another source of significant growth for the amount of lending by value.”



● Index of Loan Volumes (3 month moving average)





Bridging Interest Rates

On a bi-monthly basis, bridging interest rates averaged 1.19% between 1st January and 1st March. This is slightly higher than was seen in the final two months of 2013, when the average interest rate had reached a low of 1.11%.

However, interest rates remain significantly lower than a year ago. Average monthly interest rates also stand at 1.19% over the twelve months to 1st March 2014 while previously over the twelve months ending 1st March 2013, bridging interest rates were 1.34% per month.

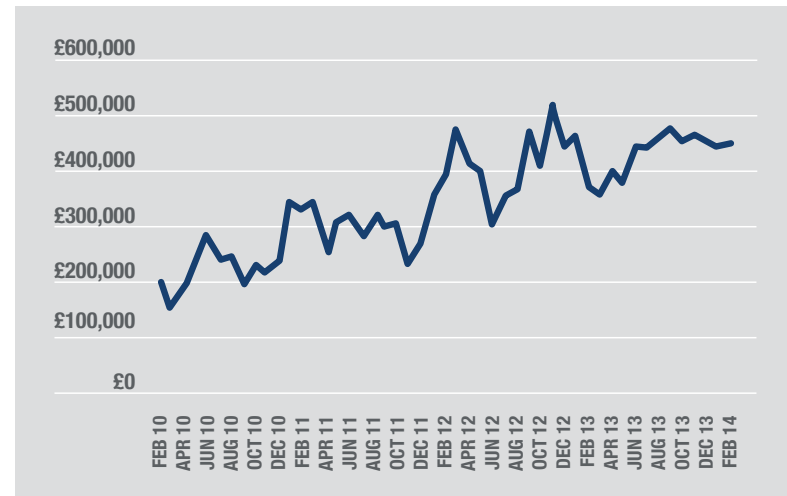
Potential returns for investors funding bridging loans remain several times the total return of mainstream investment classes. Monthly product rates currently stand at 4.9 times those of 10 year government bonds, with a monthly spread of 0.90 percentage points.

Mark Abrahams, CEO of West One Loans, concludes: *“Bridging is becoming ever more competitive – in stark contrast to more traditional forms of finance.”*

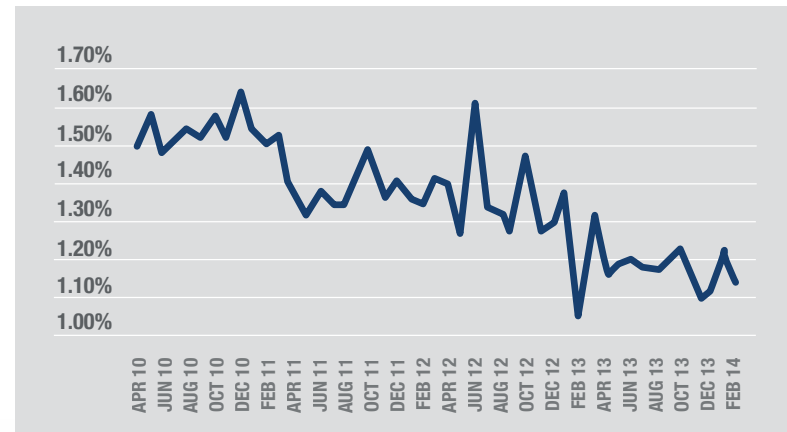
“For example, standard variable rates in the mainstream mortgage market have been rising since April 2012, according to the Bank of England. But our analysis shows that bridging rates have fallen steadily over the last two years.”

“Despite this competition, investors in bridging loans can still earn up to five times the monthly interest available elsewhere. And lower LTVs mean investors’ money is secured more safely than ever.”

“Bridging is becoming ever more competitive – in stark contrast to more traditional forms of finance”



● Average Bridging Loan Size

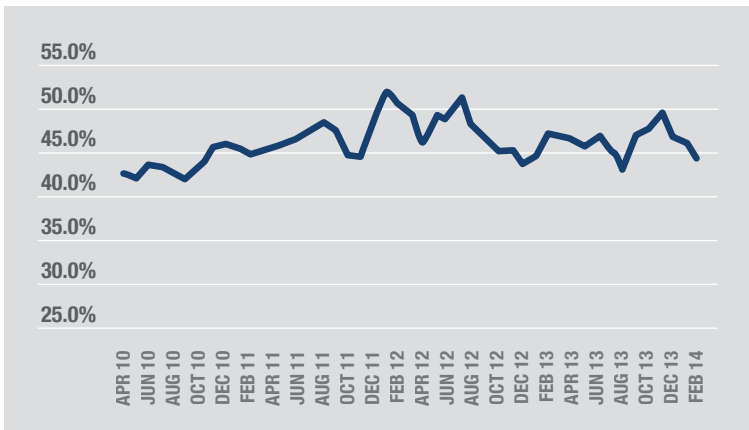


● Interest Rate (monthly)





● Interest Rate (monthly) showing 10 year zero coupon gilt yield (monthly)



● LTV 1st Charge

Loan to Value Ratios

Loan to value ratios in the bridging industry have fallen on both an annual basis and more recently on a bi-monthly basis. In the two months to 1st March the average LTV was 45.2%, 2.9 percentage points lower than in the preceding two months when LTVs stood at 48.2%.

On an annual basis, loan to value ratios have fallen by 0.8 percentage points, to 46.3% in the year to February 2014, compared to 47.1% in the year to February 2013.

Duncan Kreeger comments: *“As the economy heats up and the property market goes from strength to strength, demand for bridging loans keeps growing. Meanwhile, these same factors mean the security underpinning loans is becoming more valuable – forming a virtuous circle.”*

“Bridging has even further to go, and it’s clear the value of properties used as security will be less of a restraint as we move through 2014. Lower loan to value ratios mean the growth of the bridging industry is underpinned more solidly than ever before.”

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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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 £325 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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