

# ON THE RISE: A REVIEW OF THE UK BRIDGING MARKET

When the global financial crisis struck in 2008, property investors were confronted by a challenging set of circumstances. To minimise risk, mainstream lenders – particularly high street banks – adopted stringent regulations, meaning the process of acquiring a loan became more time-consuming, bureaucratic and complex. In response, bridging lenders like Market Financial Solutions (MFS) doubled their efforts, offering bespoke bridge loan solutions that could be assessed, approved and deployed within a matter of days.

Since then, the bridging market has grown substantially in size, with lenders offering tailored bridging finance to brokers and borrowers in a range of different financial circumstances, including buy-to-let investments. The Association of Short-Term Lenders (ASTL) has been vital to the market's success, providing a forum to discuss pertinent industry trends and benchmarking the high standard of professional service underpinning the bridging loans market.

Under the leadership of Benson Hersch, who became Chief Executive in 2012, the ASTL is recognised as one of the leading bodies within the specialist finance space. Now, with Hersch stepping down in September 2019, MFS has created an infographic charting the performance of the bridging sector over the past decade and celebrating the rise of short term finance in the UK.

## Annual bridging completions in the UK



(Source: ASTL)

## Top uses for a bridging loan



(Source: EY)

## 2018 was a standout year for bridging

- Over **£4 billion** worth of bridging loans written
- 14.8%** year-on-year increase in the value of loans completed
- £21.5 billion** increase in the value of bridging applications received
- 3.6%** year-on-year increase in loan books

(Source: ASTL)

## 2019: A year of new highs

- £1 billion** in new loans reached in Q2 2019
- In the **12 months** to June 2019:
  - Value of bridging applications reached **£22.13 billion**
  - Total outstanding loans reached **£4.62 billion** – an industry record

(Source: ASTL)

## August 2019

MFS completes its largest bridging loan to date, with a **£17.64 million** deal

## Reflecting on a decade of growth

### “ Benson Hersch CEO of the Association of Short Term Lenders ”

The second quarter of this year has delivered some very strong results for bridging lending, with record values both for applications over a 12-month period and total outstanding loan books.

In fact, nearly all measures were higher than last quarter and the same period in 2018. The wider political and economic environment remains uncertain and the challenge for the industry now is to continue this level of activity whilst maintaining high standards of underwriting and customer focus.



### “ Paresh Raja CEO of Market Financial Solutions ”

Since our launch in 2006, Market Financial Solutions has been offering specialist finance loans tailored to the demands of UK brokers and property investors. We are one of a handful of lenders who has witnessed first-hand the rise in demand for bridging loans over the past decade, which has involved weathering some difficult political and economic periods.

MFS' recent achievements show that demand for bridging loans looks likely to remain high. We have now began offering bridging loans starting from £100,000 to £10 million-plus. What's more our sales team has been rapidly expanding to meet inbound enquiries – in the first six weeks of 2019, MFS received over £100 million worth of bridging applications, while in August 2019 we issued our largest loan to date (£17.64 million).

Based on the growth of the bridging sector as a whole, I look forward to seeing what new records will be broken over the coming months. Importantly, the ASTL will remain key player of the bridging sector, and I'd like to personally thank Benson Hersch for this role in leading this body over the past seven years.



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