



BESPOKE BRIDGING LOANS
MADE SIMPLE

COVID-19 & THE UK PROPERTY MARKET: AN UPDATE FROM MARKET FINANCIAL SOLUTIONS

www.mfsuk.com



COVID-19 AND THE UK PROPERTY MARKET: AN UPDATE FROM MARKET FINANCIAL SOLUTIONS

It has been over two months since the UK Government announced the implementation of social distancing measures to contain the COVID-19 outbreak. Since then, businesses have been forced to reorganise the way they operate and ensure they are in a position to continue serving the needs of their clients. This has proved challenging for some, particularly those operating in the property sector.

Importantly, though, the lockdown has successfully reduced the spread of infection – the number of COVID-19 cases has been dropping from mid-April onwards. The Government has responded by announcing plans to slowly relax certain social distancing measures, allowing non-essential businesses to once again return to the workplace should the number of COVID-19 cases continue to decrease.

Furthermore, following the Government's revised strategy, activity in the property sector is being allowed to start-up once again. Property viewing and valuations can go ahead as long as social distancing measures are adhered to, meaning transactions are likely to rise, as are the number of enquiries lenders receive from prospective buyers.

At this critical point in time, this report provides Market Financial Solutions' (MFS) network of investors, intermediaries and clients with an update on how the real estate market is reacting to a potential post-pandemic recovery. It also discusses the latest changes MFS has implemented to ensure we are able to deliver our bridging loans with the same speed and exceptional customer service as normal.



A MARKET IN RECOVERY

April proved to be a difficult month for lenders and property buyers alike. As a result of the uncertainty surrounding the pandemic, the surge in demand for real estate witnessed at the beginning of the year was swiftly curtailed; hesitancy set in. In response, a large proportion of mortgage providers and big banks announced they would no longer be accepting new enquiries.



The result: Residential property transactions in April 2020 were 53.4% lower than April 2019 and 46.1% lower than March 2020.

“April proved to be a stressful period for buyers in the middle of transactions – lenders were taking longer to deploy loans, while others were not accepting new enquiries, putting property sales at risk of collapsing.”

Paresh Raja, CEO, MFS

However, with the number of new COVID-19 cases dropping, the Government announced its plans to ‘re-start’ England’s property market by relaxing certain lockdown rules. This meant that on the 13th May, buyers and renters were once again able to move properties. Onsite valuations and physical property viewings could also take place.



In the weeks that have followed, there has been a noticeable surge in enquiries from buyers and sellers. Zoopla notes that in the week, estate agents were told they could resume viewings, it recorded an 88% increase in buyer demand. With an estimated £82 billion worth of sales put on hold as consequence of the coronavirus outbreak, there is evidently pent-up demand for real estate across the country.

Moreover, Savills still maintains that house prices in the UK will rise by as much as 15% over the coming five years, despite the immediate disruption caused by COVID-19. Furthermore, since online auctions have been taking place, auction house Allsops have reported that properties are exceeding their reserve prices. This further shows the pent-up demand for property.

Should the Government successfully follow through on its intentions to lift the lockdown further over the coming weeks, we should expect a slow but steady return of buyer demand for property. Rates and fees will be reviewed, and lenders who had once retreated from the market will be considering a return. This is positive news and could symbolise the beginning of a wider property market recovery.



Recovery should also begin to be seen in the retail market, with high street shops able to re-open and welcome customers from mid-June. Although shops will need to be taking measures to ensure that social distancing can be maintained, the easing of restrictions is sure to be allowing owners to start breathing slightly easier.



BRIDGING FINANCE IS FILLING THE VOID LEFT BY MORTGAGE PROVIDERS

With high street banks withdrawing some of their mortgage products during the lockdown period, demand for specialist finance has risen significantly. The retreat of some mortgage providers meant that buyers in the middle of a transaction were at risk of their purchases falling through, leaving them in need of other lenders who had the ability to adapt to the current market conditions.

The flexibility and responsiveness of bridging lenders has proven vital for those who have suffered delays or rejections from mortgage providers during this trying period. That being said, the virus outbreak is also consolidating the market – it is testing the capabilities of existing lenders who are, in turn, adapting their services to meet everchanging conditions.

For new lenders who have recently entered the bridging loan market, the coronavirus pandemic has put their capabilities and expertise to the ultimate test. For some, this could mean a reduction in the services offered. On the other hand, established lenders who have forged strong relationships with their brokers have been able to deploy bridging loans right in the midst of this pandemic, even for the most complex of cases.

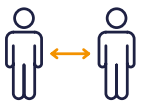
Market Financial Solutions (MFS) has continued to receive new enquiries and deploy loans during the lockdown period. Whilst the country has been in lockdown, we have successfully deployed £27M worth of loans to our clients.

Just like we saw in the aftermath of the global financial crisis 13 years ago, bridging lenders have stepped up to fill the void left by mortgage providers. Their ability to quickly adapt and deliver tailored loan products has been vital in ensuring deals are completed with minimal delay. As such, the coronavirus pandemic has served to underline the value and importance of short-term finance in keeping the property market active – the ability for bridging lenders to step up during the crisis could place them in a stronger position in the long-term.



PREPARING FOR THE 'NEW NORMAL'

The 'new normal' is a term used to describe what life could look like following the coronavirus pandemic. While acknowledging that things will return to something resembling normality in the months ahead, we must also accept that things will never go back to exactly how they were before – the lockdown has forever changed the behaviours of both businesses and consumers. At MFS, we have used the opportunity to identify our strengths and refine our services to further improve our professional standard of services.



Importantly, MFS has mapped out its strategy for the 'new normal' in preparation for when the pandemic will soon subside. The office has had some changes made to ensure the safety of staff when they return to work. Social distancing has been made possible by the installation of screens and the reorganisation of desks. Hand sanitiser stations have also been erected, and a temperature checking device is now ready to be used by staff to make sure they are healthy. We have also sourced UVC devices to allow for the sanitation of equipment such as desktops, keyboards, and computers.



We have also enhanced our CRM system so that we can responsively manage the needs of our brokers and private clients, even when the team is working remotely. As well as helping us work from home in the current circumstances, the CRM has been launched primarily to ensure that we are able to offer a more tailored and personalised experience to our brokers and clients, even if they have yet to transact with us.



What's more, our experienced team of underwriters have also been running webinars to offer their expertise to clients and brokers on the current state of the property market, as well as the immediate and long-term impact COVID-19 will have on brokers. The response to these webinars has been overwhelmingly positive, and it is something we will continue to run over the course of the year.



All these changes reflect MFS' long-term strategy to adapt to the 'new normal'. We remain committed to all of our stakeholders and will ensure that regardless of what transpires over the coming weeks and months, MFS will be ready to arrange and deploy bridging loans within days of receiving enquiries.

If you would like to find out more about MFS' bridging loan services and products, please do not hesitate to get in touch with a member of the team today. We are on hand to assist with all your specialist finance needs.





Market Financial Solutions

Berkeley Square House,
Berkeley Square, Mayfair,
London W1J 6BD,
United Kingdom

Call us on: 020 7060 1234

Email: info@mfsuk.com

www.mfsuk.com



Twitter @MFSUK1



LinkedIn www.linkedin.com/company/market-financial-solutions

www.mfsuk.com