

# Bridging Loans – UK – 2021

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## This report looks at the following areas:

- The impact of COVID-19 on bridging loans and how lenders and borrowers will react to the new market conditions.
- How the bridging loans market will adapt to the post-COVID-19 environment?
- The value of individual segments in the market in 2020.
- Small business owner attitudes towards and interest in bridging loans.

The circumstances surrounding the need for bridging loans has changed. Deadlines are tight, and in this competitive market where demand for residential real estate is rising, buyers are keen for fast and flexible finance. In this respect, the ability to quickly turn around loans from application to deployment has become even more important for borrowers.

At the onset of the COVID-19 pandemic, bridging lenders were put to the test with underwriters and legal professionals having to quickly deal with enquiries even when working remotely, whilst at the same time, having to ensure there were strong, stable funding lines in place so loans could be issued without delay.

With the end of the coronavirus business support schemes on the horizon, it is expected that more borrowers, developers and businesses alike, will turn to bridging to provide them with the means to complete projects and to boost cash flow levels.

Despite recording a 10% fall in value in 2020, MBD believes that the value of the bridging loans market has risen by 24% over the last five years from £6.25 billion in 2017 to £7.73 billion in 2021.

Excluding the 2020 decline, annual growth has averaged almost 15% since 2017, highlighting the continued significant development of the industry.



“With the end of the coronavirus business support schemes on the horizon, it is expected that more borrowers, developers and businesses alike, will turn to bridging to provide them with the means to complete projects and to boost cash flow levels.”

– Lewis Cone, Senior B2B Analyst

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According to both the ASTL and MT Finance, the industry was significantly hit by the coronavirus pandemic shutdown in Q2 and Q3 2020 but still managed to complete some significant deals even through lockdown.



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- **Residential loans now dominant as commercial loans affected by current market**

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- National Landlord Investment Show (Manchester)
- The Finance Professional Show



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