



MARKET MOMENT

BRIDGING FINANCE

APRIL
20
25

INTRODUCTION



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Director of Mortgages

Drawing on comprehensive research and strategic insights from Precise, our key partner, this analysis offers a detailed overview of the UK bridging finance landscape.

The first two months of 2025 in terms of mortgage activity has seen the market demonstrate notable activity and confidence. Data from Barclays revealed that confidence in the housing market grew to 30% throughout the month, its highest level since October 2024, up from 24% in January, despite the upcoming tax changes in England and Northern Ireland.

Rent and mortgage spending increased 7.7% year-on-year in February, as more homeowners moved from lower fixed-rate mortgages onto higher rates, data from Barclays Property Insights has revealed.

Such positivity is also seen in average house prices as they have risen by 0.7% in January, reaching a record high of £299,138.

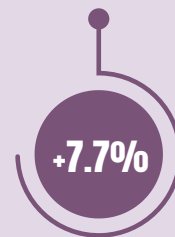
This increase is driven by strong demand and a limited supply of properties, leading to heightened competition among buyers.

To coincide with this confidence and positivity, mortgage product availability reached a new record of 25,090 in February, Twenty7tec data reveals. The latest figures show that this was the first time there have ever been more than 25,000 products available. It also shows the month end total was up by 2.33% on January 2025.

**CONFIDENCE IN
HOUSING MARKET**



**RENT & MORTGAGE
SPENDING**



**AVERAGE HOUSE
PRICE**

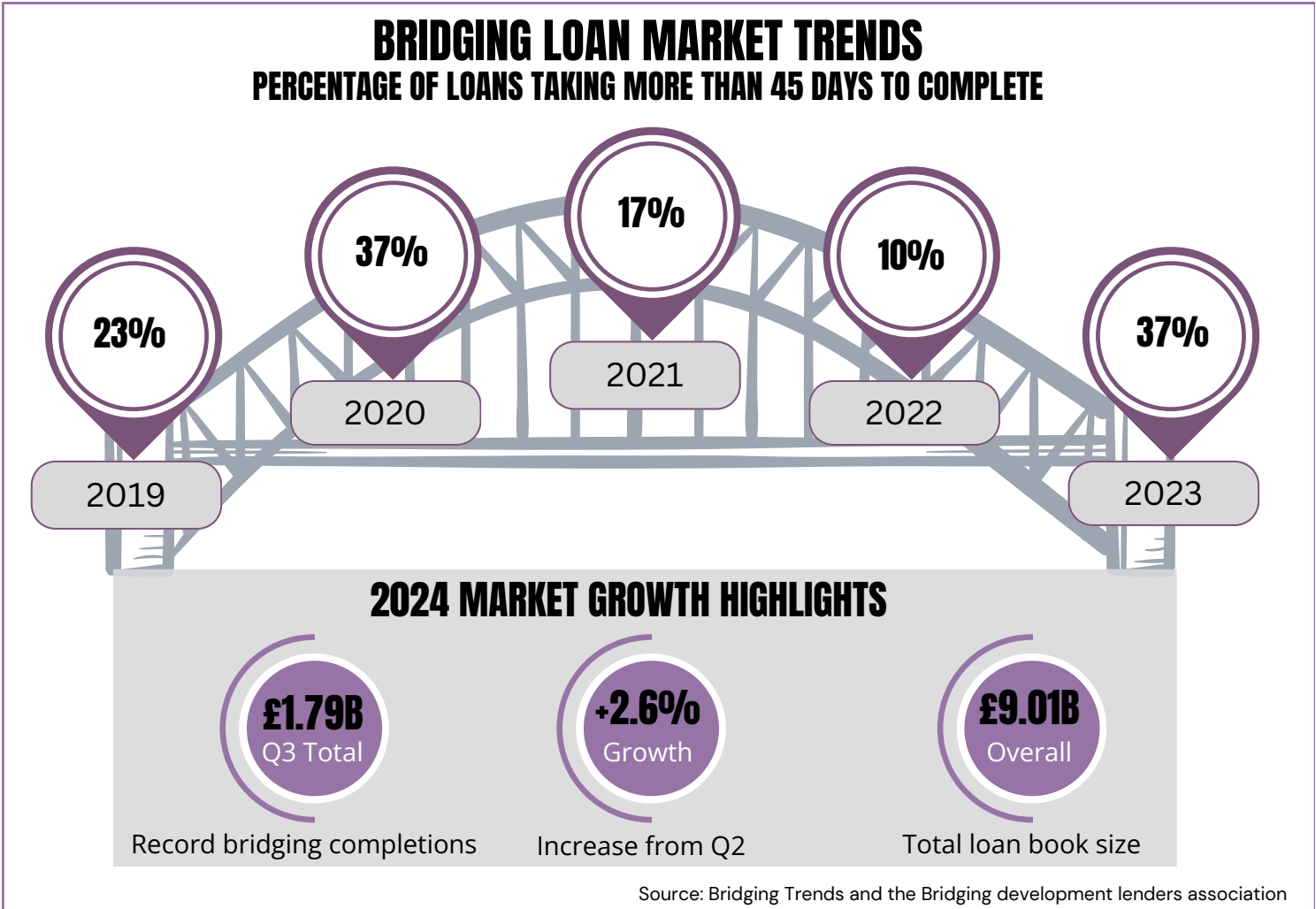


Whilst it is great news the market is fairly buoyant currently I think it is always relevant and business savvy to have a plan B! Indeed the plan in this context is not proving to be a plan B but more like part of your plan A!

Often ignored, or seen as a last resort the UK bridging finance market has been growing in recent years such that it is now forming part of a mainstream proposition feature for many Paradigm firms. Indeed many feel the bridging market is poised for significant growth in 2025, driven by a combination of economic indicators and evolving investor needs.



Over the past five years, the UK's bridging loan market has experienced significant growth, with key milestones highlighting its expansion:



- 2019** Completion times for bridging loans averaged around 10 days, with a notable 23% of loans taking more than 45 days to complete.
- 2020** The COVID-19 pandemic led to increased completion times, with 37% of loans taking over 45 days.
- 2024** Completion times improved with 17% of loans exceeding 45 days.
- 2022** Further improvements saw 10% of loans taking more than 45 days to complete.
- 2023** Completion times increased again, with 37% of loans taking over 45 days.
- 2024** The market reached a new record, with bridging completions totalling £1.79 billion in Q3, a 2.6% increase from Q2. This growth pushed the overall loan book size to exceed £9 billion, reaching £9.01 billion.



Looking Ahead

Many commentators are forecasting continued growth, with expectations of a

25%

market expansion over the next five years

Forecasts suggest a robust year for property transactions, with Savills projecting

1.14 MILLION

deals in 2025

Up from

1.05 MILLION

in 2024

Source: Bridging Trends and the Bridging development lenders association

These figures underscore the robust expansion of the UK's bridging loan market, reflecting its increasing importance in property financing over the past half-decade.

If clients require flexible, short-term property finance; whether it's facilitating time-sensitive transactions, supporting development projects, or unlocking opportunities that traditional funding cannot, bridging finance is becoming an essential tool in the property market and is growing in importance.

WHY SHOULD YOU CONSIDER THE BRIDGING MARKET?



THERE IS A GROWING DEMAND FOR SHORT-TERM FINANCING

As the property market becomes more dynamic, especially in 2025, there's an increasing need for quick and flexible financing solutions. Bridging loans are ideal for property investors and developers needing short-term funding for acquisitions, refurbishments, or to navigate liquidity gaps. You can tap into this growing demand.



HIGH-YIELD OPPORTUNITIES

Bridging finance often comes with higher interest rates compared to traditional long-term loans, explaining and working with clients to explore and commit to bridging is not the same as presenting a residential mortgage. As a result lenders in this space can reward brokers for the work, time and effort put into it making it a lucrative space for brokers to explore.



MARKET INSTABILITY AND AN INCREASE IN PROPERTY TRANSACTIONS

With economic fluctuations, such as property market volatility and regulatory changes (like stamp duty adjustments), bridging loans help clients navigate challenges quickly. You can position yourself as an expert in providing solutions for those facing time-sensitive property deals by linking in with lenders who offer these solutions.



FLEXIBILITY FOR CLIENTS

Clients in need of quick solutions, whether they're property developers, investors, or homeowners, are increasingly turning to bridging loans due to their fast processing times and flexible terms. Brokers who specialise in bridging finance can offer a valuable service by providing tailored solutions that traditional lenders might not offer. It is estimated there are currently over 500,000 properties in the conveyancing system, not all of them will complete in time for vendors etc, so when the pressure comes on to complete or get funds over the line, bridging could be that short term solution to keep the chain alive.



THE POTENTIAL IN PROPERTY DEVELOPMENT

The government's focus on boosting housing supply in 2025 means there will be greater demand for refurbishment and development financing. You can capitalise on this by connecting property developers with bridging lenders who offer short-term finance for development projects.



A LARGER PRODUCT RANGE

It's all part of the service! We know if you offer a wider range of products (including bridging loans) you become attractive to potentially more clients and introducers. With bridging finance, you can diversify your proposition and increase business opportunities.

WHEN SHOULD YOU CONSIDER THE BRIDGING MARKET?



BROKEN PROPERTY CHAINS

When a buyer pulls out, the offer your customer has made on their chosen property and the deposit can be put in jeopardy. A Bridging Loan can tide your clients over until their home is back on the market and under offer once again.



SHORT LEASE

This could also be used if, for example, your client wanted to buy a property with a short lease. The bridging loan can be used to buy the property, then add value by extending the lease. This would provide a valid exit strategy.

BUYING A SECOND PROPERTY BEFORE SELLING THE FIRST:



AUCTIONS

Usually, once an offer is accepted at an auction and a 10% deposit has been paid, there is a 28-day period to complete the purchase. However, clients may go in to the auction without setting up their finance. A bridging loan can be organised so clients can pay for the house within the 28 days and buy themselves time to sort out a longer term loan.



REFURBISHMENT PROJECTS

Your clients can use a residential bridging loan to refurbish a property before the full capital required is available.

Despite the many economic uncertainties

in 2022 through to 2024 fuelled by the anticipated general election, budget and other macroeconomic factors, the bridging finance market has shown remarkable resilience.

From a bridging perspective, the market saw a modest increase from 2023 to today. This reflected a measured adjustment to the broader economic environment while maintaining competitive pricing for borrowers.

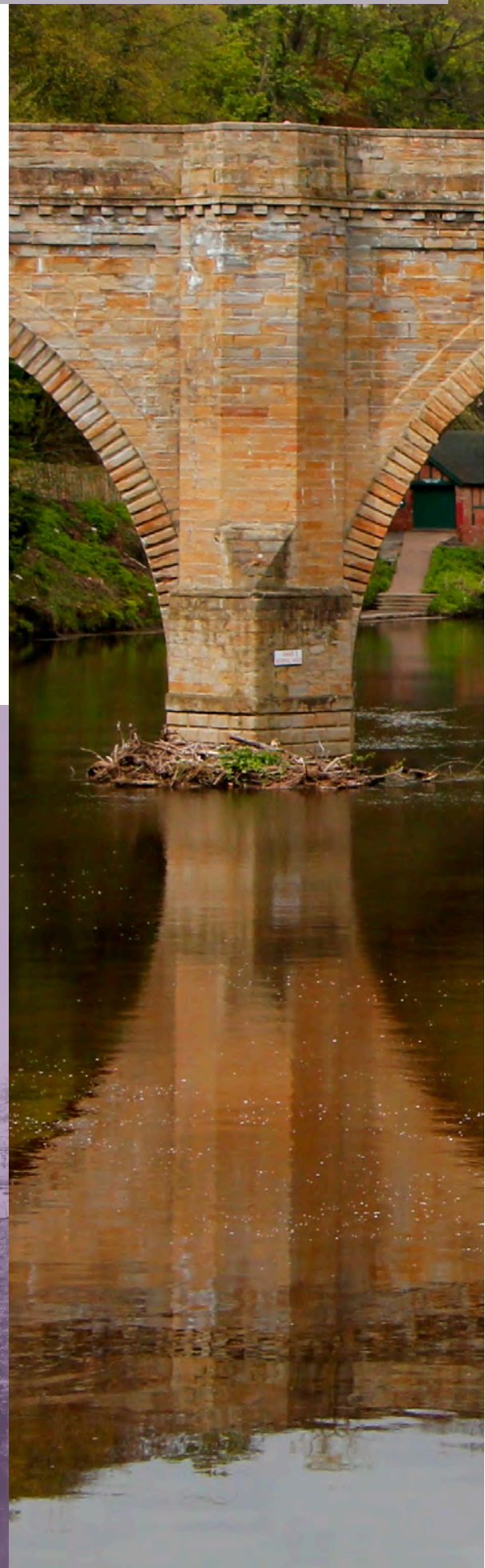
However, as competition between Lenders increases there will, I am sure, be opportunities for greater flexibility in pricing, risk, criteria and overall proposition for the benefit of the broker and customer which can only be a good thing.

While interest rates saw a slight increase, the market maintained a balance between regulated and unregulated lending, indicating favourable market conditions. Notably, the market witnessed changes in borrowing patterns, with auction purchases increasing from 7% to 11% of total loans, chain-break financing decreasing to 20% from 22%, and re-bridge falling to 7% from 9%.

Industry experts anticipate that the bridging market will thrive in 2025, with increased capital investment and a focus on data-driven decision-making and disciplined underwriting. This growth presents opportunities for both brokers and clients to have solutions to issues which may in the past have prevented the solutions they require and desire.

Included in this Market Moment are further details on the bridging market from Precise one of Paradigms Key Lending Partners, including details on their proposition, but also and as importantly, looking at solutions for your clients.

I hope you enjoy reading it.



How to bridge your customers' funding gap with short-term finance

Emily Hollands, Group Head of Distribution at Precise, takes a look at the rise in popularity of short-term lending, and how both buy to let investors and residential customers can make the most of it.

Short-term (or bridging) finance may have been considered "more difficult", expensive to repay and off-putting to many borrowers, but it's now become a widely accepted solution.

In fact, bridging loan books in the UK reached £10.3bn in Q4 2024, a record high, and applications increased by 28.6% on the previous quarter.

The bridging market has grown substantially, and it's a slice of a pie that brokers can't afford to miss out on. Products are now more widely available, and savvy investors are looking to their brokers to know which lenders to turn to.

Our rates start from 0.62%, making it an affordable option for those in need.

PRECISE.



Emily Hollands
*Group Head of
Distribution*

1. THE BDLA - <https://thebdla.org/index.php/2025/02/26/bridging-loan-books-break-through-10bn/>

SHORT-TERM LENDING AS A SOLUTION

There are many ways short-term lending can be utilised; from buying or developing a property to investing in buy to let opportunities. We highlight some of the most common we see, and how [Precise](#) could help.



STANDARD BRIDGING

Chain Break Finance
Cash Flow Funding
Auction Purchases
Quick Transactions
Landlord Negotiations



REFURBISHMENT BUY TO LET

HMO Conversions
Property Renovations
EPC Rating Improvements
Auction Property Refurb
Maximize Rental Yield
Tier 1 (Light) Refurb
Tier 2 (Heavy) Refurb



DEVELOPMENT EXIT

Sale Completion Delays
Long-Term Finance
Project Overruns
Budget Exceeding
Capital Release

STANDARD BRIDGING

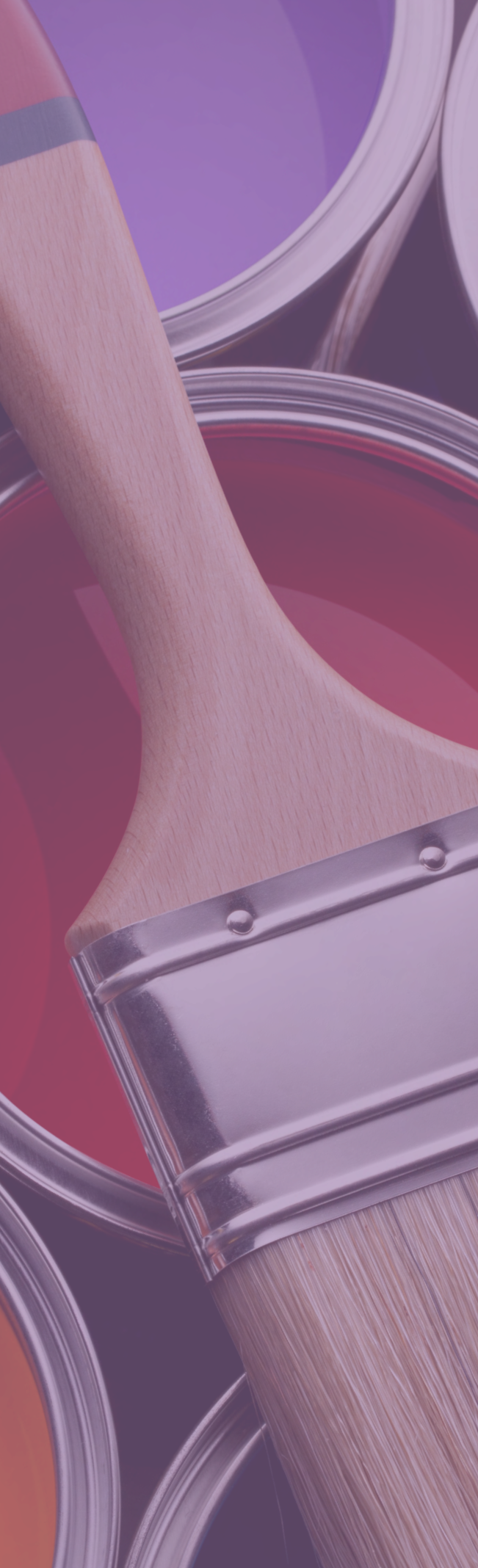
Used by customers where short-term finance is secured on a property that's in a habitable condition and doesn't require any improvement work.

Examples include:

- Chain break finance (the most popular use for bridging in 2024 at 20%).
- Cash flow, funding for short-term requirements.

- Buying a property at auction.
- Meeting tight transaction deadlines.
- Landlords who want to make a quick purchase to give additional negotiating power.

These applications would be assessed on the total loan amount.



REFURBISHMENT BUY TO LET

Our refurbishment buy to let products can enable customers to purchase properties currently unmortgageable in a way that is both convenient and cost effective. They might want to convert a standard house into an HMO or MUF, or a property has been damaged by fire or water and has no useable kitchen or bathroom. If it's structurally sound, your customers can use a bridging loan to purchase a property quickly and cheaply, before renovating and increasing the asset value and rental return. They'll then have a guaranteed exit product at the start, ensuring they won't need an extended reliance on the bridging loan.

This is suitable for landlords who need to undertake light refurbishment to properties before renting them out. Typically, the work needs to be completed in under 12 weeks, and there's no change to the "footprint" (or intended use) of the property.

The funding can be used to:

- Change the use of a residential property to a small HMO up to six lettable bedrooms (up to 10 bedrooms considered but will require a long form valuation).
- Change the use of a garage to a habitable room.
- Undertake works to meet EPC ratings.
- Refurb properties purchased at auction requiring works to be acceptable to mortgage purposes.
- Refurb to maximise rental yield and/or increase value.

REFURBISHMENT BUY TO LET CONTINUED...

Tier 1

Refurbishment can be split by its level. Light is where, as mentioned above, building regulations are required, there's no change to the overall use/nature of the property and no change to property footprint.

Tier 2

Heavy is where planning permission is required, there's a change to the property footprint and/or a change to the use or overall nature of the property.

This can be used for:

- Extensions.
- Loft conversions.
- Single unit to multi-unit and vice versa.
- Multi-unit properties currently at 'wind and watertight' stage that require completion.
- Commercial unit conversion to up to four individual units.

Precise can release monies in stages where the money is not needed all at once.

DEVELOPMENT EXIT

Our development exit range could be ideal for property developers who need more time to sell their property or organise long-term finance. Or those who want to release capital to move on to another project. It could also be used by house builders who want to refinance their existing development facility to extend the sales period and/or save money.

Examples include:

- If there are delays in the sale completion or in securing long-term finance.
- If a project overruns and funding can't be extended.
- When development project costs have exceeded budget.
- To release additional capital from a completed project.

Our development exit products include:

- Tier 1 – Up to 60% LTV gross, up to a maximum of six units, no maximum value per unit.
- Tier 2 – Up to 75% LTV gross, no limit on the number of units, no maximum value per unit.





PRECISE BRIDGING PROPOSITION

Whatever your customer's situation, we could help. Alongside our no-nonsense approach to lending, all Precise bridging products have the following features:

- No exit fees or ERCs.
- Daily interest calculations (minimum interest charge is one month). Only charged interest for the period used.
- Regulated and non-regulated bridging accepted.
- Retained interest for full term of the loan is available for regulated and non-regulated bridging (monthly payment options available for non-regulated bridging but is subject to affordability checks).
- Non-regulated applications for limited companies accepted.

- AVMs are free of charge.
- Stage payments are available on Tier 1 light & Tier 2 heavy refurbishment products.
- BMV are acceptable on a case-by-case basis where we can lend either 75% LTV gross (standard or light refurb) or 90% of the purchase price, whichever is lower.
- Competitive rates (when comparing our current range with average market rates of 0.86%).

3. Bridging Trends data - <https://www.bridgingtrends.com/>



If you're anticipating a bridging drive in 2025, take a look at our [dedicated page](#) for more information.

GET IN TOUCH



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