

# BRIDGING LOANS – UK – 2024

With property market performance still being challenged by stubborn inflation and a high Base Rate, bridging loans continue to offer a viable alternative for many borrowers looking to complete transactions.



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# Bridging Loans – UK – 2024

## This report looks at the following areas:

- The impact of the economic climate on bridging loans and how lenders and borrowers have reacted to changes
- The estimated and forecast values of individual segments in the market between 2019 and 2029
- Recent market trends and how they are affecting the use of loans
- Lenders' competitive strategies and recent industry developments
- The opportunities and threats facing providers in bridging loans



With property market performance still being challenged by stubborn inflation and a high Base Rate, bridging loans continue to offer a viable alternative for many borrowers looking to complete transactions.

## Overview

### **Bridging rates have crept up as the Base Rate remains unchanged, but lender competition has maintained demand for bridging**

The bridging finance industry carries a higher risk profile than other forms of lending and this additional risk has been priced into product offerings – particularly as the Base Rate remains at a 16-year high. However, increased lender competition provides borrowers with more choice and some lenders have placed greater focus on asset quality and loan book performance.

### **Property market stagnation will drive lenders diversification into new lending areas**

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Despite the industry's substantial growth over the last decade, it accounts for only a small part of the total UK mortgage lending market. [UK Finance](#) expects gross mortgage lending to fall by some 6% in 2024, but it has forecast a slight increase in activity levels in 2025 alongside a modest improvement in affordability.

### **Speed and flexibility remain key drivers for bridging growth**

The range of uses for bridging finance shows how borrowers and homeowners are becoming more aware of bridging's versatility. Slow loan completion times continue to be a barrier for some transactions and this is where bridging finance can deliver a variety of quick financing options for both purchase and refinance purposes by utilising facilities such as automated valuations, internal solicitors and title insurance options.

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# Report Content

## EXECUTIVE SUMMARY

### Opportunities for the bridging loans market

- Promote variety of solutions bridging can provide to property buyers
- Improve broker knowledge of bridging loans to maximise borrowing potential

### Market dynamics and outlook

- Market size and forecast
- Market predictions
- Bridging continues to perform well in difficult market conditions
  - Graph 1: market size and forecast for bridging loans market, in aggregated loans balances, 2019-29
- Residential loans continue to account for largest proportion of the market
  - Graph 2: bridging loans market value, in aggregated loan balances, by sector, 2024
- Loan purpose – 2024
- Bridging continues to outperform wider mortgage market growth
  - Graph 3: ASTL gross mortgage lending estimates, 2020-24
- Bridging rates rise to nine-year high with demand placing pressure on completions

## MARKET DYNAMICS

### Market size

- Current market situation
- Bridging steers through tough property market...
- ...to expand market value once again
- Property downsizing providing new avenue of demand

### Market segmentation

- Residential property challenges could lead to greater product diversification...
- ...but residential sector will still account for largest proportion of the market
  - Graph 4: bridging loans market value, in aggregated loan balances, by sector, 2020-24
- Chain breaks maintain position as most common loan purpose
- Loan purpose – 2023
  - Graph 5: bridging loans market value segmentation, by loan purpose, 2023
- Loan purpose – 2024
  - Graph 6: bridging loans market value segmentation, by loan purpose, 2024

## Market forecast

- Bridging value expected to continue growing until 2029
  - Graph 7: forecast UK bridging loans market value, in aggregated loan balances, 2025-29
- Lender competition and product expansion should dampen impact of rate rise
- Residential loans will continue to dominate the market, but commercial loans expected to recover
  - Graph 8: forecast UK bridging loans market value, by sector, 2025-29
- Commercial loans to record highest five-year growth
- Segmented forecast analysis
- Increase in property repurposing and sustainability drive will offer sales opportunities

## Market trends

- Residential property prices continue to stagnate...
- ...but homebuyer confidence remains providing bridging opportunities
- House price indices show tentative signs of recovery
  - Graph 9: Halifax and Nationwide house price indices, by annual change per quarter, Q1 2015-Q1 2024
- Bridging reaches all-time high share of total mortgage lending
- Bridging continues to outperform wider mortgage market growth
  - Graph 10: ASTL gross mortgage lending estimates, 2020-24
- Boom in auction purchases provides bridging sales opportunities
- Regulated loan use rises whilst second charge use declines
- Bridging rates rise to nine-year high with demand placing pressure on completions

## Macroeconomic factors

- UK exits recession in Q1 2024...
- ...although growth is expected to remain sluggish in 2024
  - Graph 11: real GDP first quarterly estimates, Q1 2022-24
- Bank rate remains at 5.25%
- Bank Rate stands at 16-year high
  - Graph 12: Bank Rate, 2008-23
- Impact on the industry
- Economic outlook

## Market drivers

- Residential property market outlook remains uncertain as interest rate cut expectations change...
- ...although optimism remains over sales activity that will provide lending opportunities
- Residential property transactions overview
- Residential property transactions fall for second year in a row
- Non-residential property transactions
- Non-residential property transactions also decline for the second successive year

- Graph 13: number of non-residential property transactions, SA, 2019-20 to 2023-24

- Company insolvencies hit 30-year high as debt and cashflow issues peak...
- ...providing bridging lenders with potential routes of support
- Company insolvencies continue to rise in England and Wales

- Graph 14: company insolvencies in England and Wales, 2019-23

- Consumer Duty has increased focus on meeting customer need

## COMPETITIVE LANDSCAPE

### Industry structure

- Industry background
- Industry background (cont.)
- Yada Yada Finance aims to improve industry messaging and connect clients with borrowers
- Lenders seek further funding facilities...
- ...to widen product availability and expand growth
- Major industry movements
- Major industry movements (cont.)
- Lender overview
- Lender overview (cont.)

### Competitive strategies

- London Credit's 'Best 4 U' permits brokers to select the best offer for their clients
- Lenders extend offerings to other parts of the UK
- Together partners with Ncino to update its mortgage and lending operations
- Title insurance limits raised by some lenders
- Hope Capital improves and streamlines service proposition

### Launch activity

- BLEND launches exit bridge product for developers
- Catalyst launch 'Go Dutch' initiative
- KIS Finance launches packager division
- Castle Trust Bank's 'bridge the gap' product targets borrowers nearing the end of current loan
- MS Lending's 'day rate' product offers new short-term solution
- LendInvest Mortgages reveals new 'house flip bridge' product and cuts rates
- Funding 365 relaunches stepped bridging rates

### Company profiles

- Aspen Bridging
- Recent company activity

- Financial information
- Market Financial Solutions Ltd
- Recent company activity
- Financial information
- MT Finance Group
- Recent company activity
- Financial information
- Shawbrook Bank
- Recent company activity
- Financial information
- Together Commercial Lending
- Recent company activity
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- West One Loan
- Recent company activity
- Financial information

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- Market definition
- Market definitions (cont.)

### Data sources

- External data sources

### Abbreviations

- Abbreviations (cont.)

### Methodology

- B2B research methodology

### Further sources and contacts

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- Trade magazines
- Trade magazines (cont.)
- Trade events

- Trade events (cont.)



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