QUARTERLY NEWS

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Most of us start 2024 with a degree of optimism – if only due to the hope it must surely be better than the one we've just left behind!

The dark cloud on the horizon has to be the ongoing unease in The Middle East, an escalation of hostilities could quickly scupper market positivity around inflation and interest rate cuts, now inextricably linked due to the clear strategy employed by BoE. A few optimistic forecasters are predicting inflation to fall to around 2% as soon as April, such levels could result in interest rates falling earlier than expected with the possibility of sub 4% rates by the year end - the more mainstream suggesting a slower decline in inflation and interest rates not falling until Q3 with rates ending the year 1%-1.25% lower than current levels.

At least they are all agreeing on rates reducing which is injecting some much needed positivity in the market, backed-up by a wave a mortgage rates reductions.

Whilst homeowners with fixed rates expiring this year are still facing an inevitable increase in monthly costs, this will be considerably more manageable than rates available last year.

Enough to stimulate the housing market? Only time will tell.

Certainly, the first-time buyers need some assistance so eyes and ears will be focused on the budget on March 6th to see what rabbits Jeremy Hunt pulls out of his hat – rumours of a 99% mortgage plan, but as ever the devil will be in the detail.

One thing is certain, property developers and investors will continue to seek out opportunities and BBA Finance will be on hand to offer professional, practical and structured funding advice.

Our funding partners continue to report a strong appetite to fund the right schemes, they have plenty of cash available to deploy and we can help you access the most competitive funding packages through our specialist contacts.

Whether you are seeking funding for a new development, needing help to exit an existing funder and freeing up cash for new projects, or looking for those land opportunities we can help.

Please get in touch today to discuss your plans for 2024 and beyond.

Know Your Exit:
A crucial aspect of property development

Laura Hayward
Marketing Executive

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Understanding how you will exit your development facility is as vital as the physical construction itself.

It requires careful planning well in advance, integrated into your project plan. Once you've chosen your exit option, detailed planning and effective execution are essential. This involves creating a realistic timeline and budget for completion, marketing, and the disposal or leasing of your property.

Additionally, it's crucial to have a contingency plan for potential delays or challenges.

Your exit strategy could be a sale or refinance, each requiring a specific timeframe for execution.

Sale: In the initial stages of your financial journey, engaging with local agents to discuss plans and agree on Gross Development Values (GDVs) is crucial.

At this point, start planning your sales strategy and incorporate it into your project plan. Early marketing, selling off-plan, and generating interest can secure sales by the time of practical completion, saving on loan interest costs and freeing up capital for future projects. We have a strong relationship with a UK-wide agent who can assist you throughout this process.

Refinance: The choice of refinancing options at the end of a project depends on your goals. Different timeframes are required for various financing types:

BTL Mortgage: If you plan to retain your assets, allocate approximately 2 - 5 months to secure a Buy-to-Let (BTL) mortgage. The BTL mortgage process can be complex and time-consuming, so initiating it early is advisable to avoid defaulting on your development facility.

Development Exit: If you haven't achieved the desired sales or need more time as your project nears completion, development exit finance offers a way to pay off your existing development loan at a lower interest rate. This helps manage sales deadlines, reduce costs, and release additional capital ahead of time, facilitating a smoother transition to your next project.

The importance of having an exit strategy from the beginning provides direction and clear goals, answering questions like What if? Should I? Could I?

Know Your Goals: What is your end goal? Is it short-term or long-term? Is it to make a specific amount of money? Do you aim to have enough to buy another property or retire?

Understanding these aspects will help you plan your exit strategy. With thorough research and meticulous planning, you can effectively navigate your property development investment, reaping the rewards of your hard work.

Finance News | Mortgage & Finance

In a surprising turn of events, UK house prices displayed remarkable stability throughout December. Concluding the year with a modest total value change of -1.8%, according to Nationwide.

However, beneath this national average lies a tapestry of regional dynamics, with East Anglia witnessing the most substantial annual drop at -5.2%, while Scotland emerged as a bastion of resilience with a 0.6% annual growth.

Fueling this stability is the fortitude of the housing market amid falling mortgage rates.

Lenders, competing in a sluggish market, strategically reduced rates in anticipation of an earlier reduction in the Bank of England base rate, now expected in May according to Oxford Economics.

Economic indicators, including revised GDP figures and a faster-than-expected decline in inflation, have shifted focus from inflationary concerns to recessionary risks.

Notably, rising demand, spurred by falling mortgage rates, has become a focal point. While demand is still below pre-Covid levels, November saw an increase in surveyors reporting higher demand, a trend reflected in a 9-month high in sales agreed in December, according to TwentyCI. Despite a narrowing gap with supply, completed transactions, as of November, remained -21% below the 2017-19 average.

The good news is demand in the housing market has risen in response to the falling mortgage rates, although it is still below pre-Covid levels.

Sunnier days to come?? A positive start to 2024.

Development Exit:
Unlocking your capital, sooner!

Andy Gray
Property Finance Broke

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When discussing 'bridging' with our clients for the first time, it is often labelled as 'overwhelming' and 'excessive' due to the volume of types available.

As a Finance Broker, I don't disagree, that on face value, the short term lending space can feel overly complex at times.

This is often driven by lenders wanting to reinvent the wheel with a catchy new name or slogan. In this piece I want to simplify that for you by focusing on one key aspect of bridging finance and that piece is Development Exit Bridge.

Let's start with what a bridging loan is; a bridging loan is a short-term, quickly accessible financing option. Now, the options within that banner are broad and wide-reaching which is great for you as a client, as it creates variety, flexibility and innovation.

Such innovation in recent years has been in the way of a Development Exit Bridge. This enables you to exit your existing refurbishment or development facility, at the point of reaching practical completion (sometimes earlier, separate product for next time!) releasing your capital prior to any sales being completed.

Why is this beneficial? Our strategic partnership with Thomas Mae gives us great insight into consented sites. In the month of December 2023, there were 118 newly consented sites with planning ready to go across the South East and South West. This was a total 3,763 waiting to be built If you have to wait 3-9 months for your sales to complete in order to replenish your capital, how many sites are your potentially missing out on?

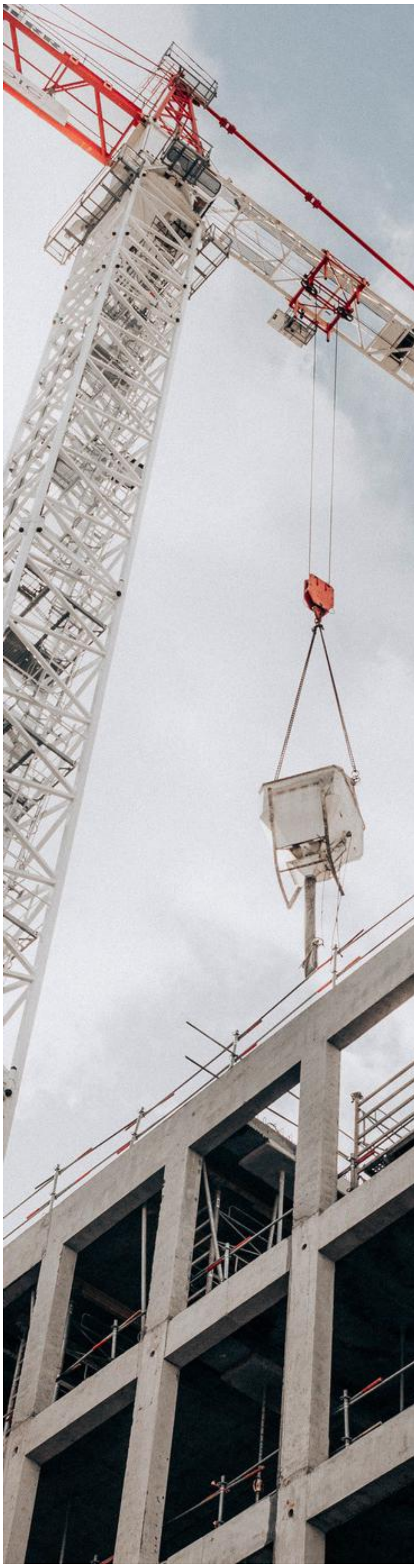
A recent example of this; a newly developed site of 7 x 3 bed houses, each worth £350,000 within the surveyors report, giving the client a total GDV of £2,450,000. We achieved a net loan of 68% over 9 months which put £300,000+ into the clients bank account. They now have the ability to go and buy the next site, knowing they have the capital for the deposit + purchase costs.

The choice made here by the client was that spending some capital towards a new facility, to unlock cash to purchase a new site was more financially advantageous than waiting until all units had sold and missing further land opportunities.

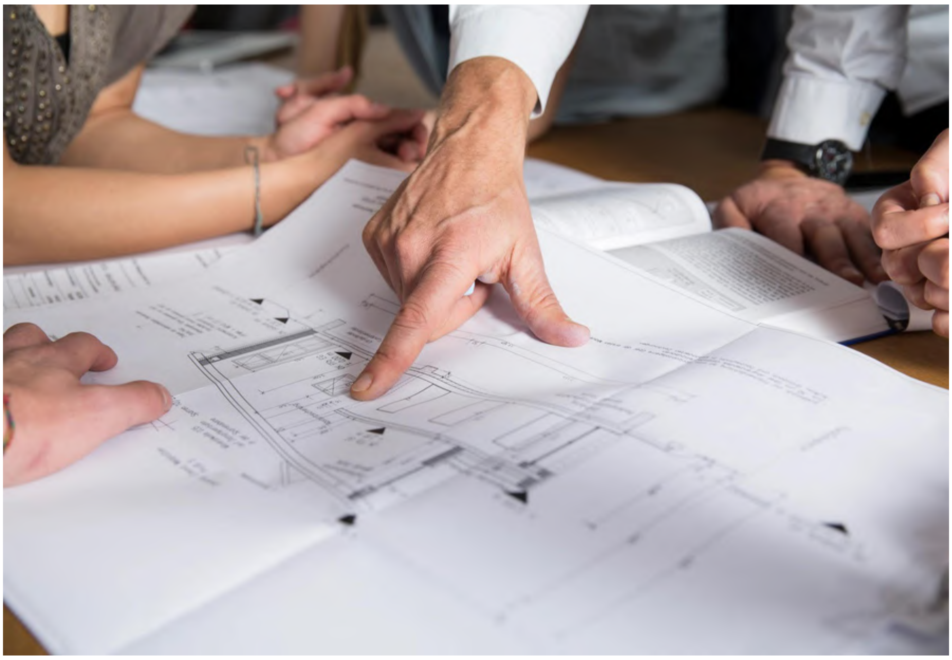
Why should you bother? In short, because it can keep your business moving forward! Overlapping your site completion and start date of a new site keeps your contractors aligned to you as you always have an active project and ensures that you don't have periods of time without anything happening.

The benefit we can deliver here at BBA Finance is certainty of funding and speed of deliverance through the strong relationships we have built within the specialist finance market.

> ***"With our wide range of flexible and solution driven lenders, we can always identify the best lender partner for your needs"***



Asset Management Plus



Matthew Anderson
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If 2023 was a year for establishing and solidifying existing relationships, then 2024 will be about collaboration.

Despite inflation coming under greater control, and a downward pressure on mortgage rates, world events continue to dominate with recent events in the Red Sea adding to further supply issues, which in turn could reignite inflationary pressures.

Issues around the planning process continue unabated, and I have little faith in the current Government or any new government finding a solution.

Indeed, the Opposition's potential "use it or lose it" stance on consented sites will only add to a very confused situation.

In recent times, the major house builders have either opted for smaller density sites, if at all, and I am told one of the major four Housing Associations has decided they will only concentrate on contracted sites with no new acquisitions contemplated until 2025 - at the earliest.

If you are a lender with borrowers sitting either on consented sites looking for a sale, or very speculative sites seeking a consent, the avenues to repayment are becoming less and less by the day.

With the increase in the number of contractors failing, my sense is we will see an increase in part completed sites coming to a standstill- with all the inherent issues that will raise with lenders.

Experience will be key. And the access to the right professionals in the very complex planning arena even more so.

I have access to the following:

- Experienced property professionals specialising in planning.
- Access to a specialist legal team versed in all areas of planning law and disputes.
- Direct access to a top London Chambers, again specialising in property law, and specifically failed appeals.
- Access to a team of experienced professionals e.g. architects, highways specialists, landscape, etc who can review and support any application.
- A polling company that focuses on researching local views on more significant contentious applications.
- In conjunction with Thomas Mae Land and New Homes, an audit of the current marketing strategy can be undertaken.
- And of course, myself and my colleagues at BBA Finance can work with borrowers to find alternative funding solutions, with access to a variety of lenders as well as mainstream players.

In addition to the above, and in conjunction with my own experience viewing developments from a lenders perspective, I am also working with a number of contractors/ site managers who can review and assess any ongoing site.

A combination of any of the above can be a significant benefit to any lender as part of their asset management strategy.

There are never and magic solutions as far as the planning process is concerned but with the right assessment, a lender has a significantly better opportunity to assess likely outcomes and react accordingly earlier in the life of a loan.

This will not necessarily completely resolve a situation but could significantly reduce any potential loss.

Clearly discretion is assured and there are clearly costs involved to improve you position re realising more money for an asset rather than accepting large losses .

Please contact me directly if for more information, or for a general discussion around any problematic sites you may have.

Keep up to date with BBA Finance

Click or scan the QR code to check out our **NEW** YouTube Channel, where you will be able to find insightful videos from our team.

Quarter 1 Events

Networking and more...

in association with

THOMAS MAE

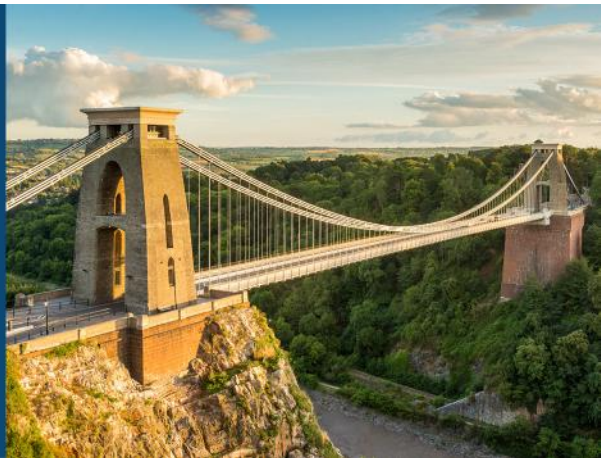
LAND & NEW HOMES NETWORK

The Bristol Breakfast

The Bristol Golf Club, BS10 7TP

Thursday 27th February

Click or scan

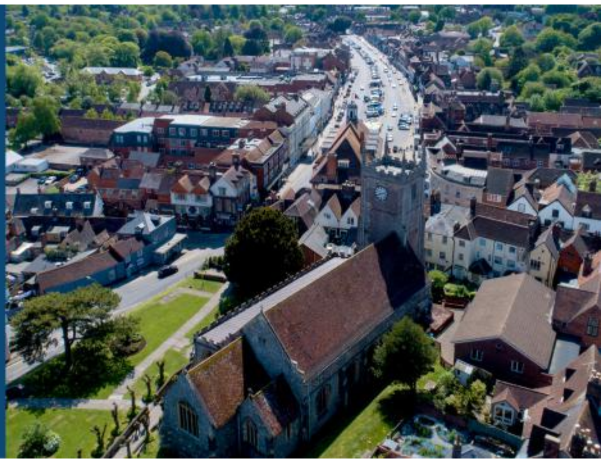


Wessex Property Club Lunch

at Marlborough Golf Club

Thursday 7th March

Click or scan

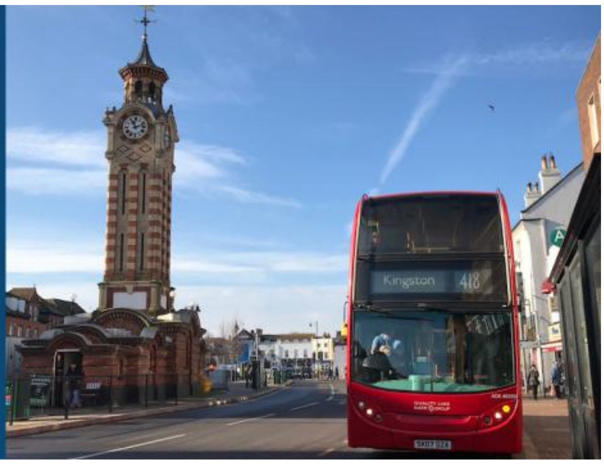


The Epsom Breakfast

Horton Golf Club, KT19 8QG

Tuesday 19th March

Click or scan



Visit the event page on our website to see new and upcoming events...

Our Offices

We operate a network of satellite offices across the United Kingdom, strategically positioned to comprehensively serve the entire region, including Wales and Ireland. These offices are centrally managed by our Head Office located in Marlborough, Wiltshire.

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We are a specialist commercial finance brokerage offering bespoke funding solutions for all your property needs.

We have been established for over 35 years and are based in our own offices in Marlborough, Wiltshire.

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