

The Development Finance Market



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Market overview – a changed market

- Pre credit crunch funding was readily available
- Property was a safe investment as prices continued to rise month on month
- Lending criteria was relaxed
- The choice in providers was vast – high street to specialist lenders depending on your requirement
- A borrowers main concern was finding the cheapest rate



Market overview – a changed market

- High street lenders have almost completely stopped supporting development
- Initial view as this would be temporary
- Many developers decided to wait
- House prices are beginning to stabilise
- More confidence in achievable end values
- Still affected by fragile mortgage market



New specialist lenders

- Is lending available?
- Who is lending?
- Specialist lenders – new market experts
- Demand for finance is high
- Specialist lenders are looking to grow
- Still a demand for new quality housing



How lenders assess your development

- All types of developers supported
- Lenders will be interested in...
 - Client's experience
 - Development team behind the project
 - Financial standing of the client
 - The professionalism of the application
 - The strength of the exit strategy
 - The security on offer
 - Valuation
 - The type of development



LTVs available and costs

- Maximum exposure
- Advance or arrears
- Set up fees
- Interest rates
- Exit fees
- Professional fees:-
 - BuildStore
 - Legal costs
 - Valuation
 - Warranty
 - Site insurance
 - Selling agent fees



Additional security

- Lenders need some form of contribution
- Cash
- Land/property to be developed is unencumbered
- Use equity in your home and/or property portfolio



Why use BuildStore?

- Expertise and experience
- We know the lenders and they know us
- Lenders appreciate our experience
- We'll make sure you're partnered with the right lender
- We'll negotiate the best rate for your project
- We'll get it right first time:-
 - Present your project in the best light
 - Pre-empt the questions that will be asked
 - Understand why questions are asked
 - Ability to question decisions



Any questions?

Thank you for your time today

Any questions?

