BALANCE

Bridging Market Update – Q3 2025

What Developers and Business Borrowers Need to Know

The latest Bridging Trends data for Q3 2025 provides a clear picture of where the UK bridging market is heading. With the Autumn Budget approaching and the property market moving at varying speeds across segments, developers and investors are adapting their strategies - and bridging finance continues to play a key role.

Below is a breakdown of the key movements this quarter, why they are happening, and what they mean for you:

Market Overview: Q3 2025 vs Q2 2025

The bridging sector saw a noticeable uplift in activity this quarter:

• Transaction volumes rose to £209.4 million, a 4.9% increase from Q2's £199.7 million.

• 20% of loans were used to fund investment purchases, signalling that developers and landlords are acting quickly ahead of possible Budget-related tax changes.

• Average completion times improved, falling from 48 days to 41 days, highlighting renewed urgency among borrowers.

• Re-bridges increased sharply from 7% to 12%, reflecting slower property sale timelines.

• Refinance activity fell significantly:

• Regulated refinance dropped from 18% to 12%.

• Unregulated refinance fell from 11% to 6%.

• Average monthly interest rates edged up from 0.81% to 0.85%.

• Second charge bridging loans increased from 10% to 12%, often used to release equity.

• Average LTVs remained stable, rising slightly from 54% to 55%.

Why These Shifts Are Happening

Budget uncertainty driving faster transactions

Speculation around potential Stamp Duty changes and uncertainty regarding future base rate movements are prompting developers and investors to move quickly. Bridging finance, with its speed and flexibility, is proving particularly attractive in this environment.

Slower sales market extending exits

The resale market remains sluggish in many regions, and more developers are turning to re-bridges to extend timelines or complete projects while waiting for favourable sale conditions.

Stable LTVs show cautious optimism

Lenders appear open for business, but prudently so. The slight increase in second-charge activity suggests more developers are turning to equity-release strategies to support new opportunities or cover rising costs.

Refinances dropping as borrowers wait for clarity

Many borrowers have already taken advantage of earlier refinancing opportunities. Others are now holding back, hoping for another base rate cut before locking anything in - which explains the sharp fall in both regulated and unregulated refinances.

What This Means for Developers & Business Borrowers

1. Speed is an advantage again

With competition rising for quality assets, being able to move quickly is becoming a key differentiator. Pre-packaged finance and well-prepared documentation now matter more than ever.

2. Build-to-sell projects need more robust exit planning

Longer sales cycles mean developers should factor in contingencies - including the possibility of re-bridging - as part of their project strategy rather than a fallback solution.

3. Second-charge funding is becoming a useful tool

For developers sitting on equity but needing liquidity, second-charge bridging is increasingly popular. It enables progress or acquisition without disturbing existing first-charge facilities.

4. Modest rate pressure may continue

With demand rising and refinancing subdued, there may be slight upward pressure on pricing. For time-sensitive deals, acting sooner rather than later may help secure better terms.

5. If you are refinancing, timing is everything

Those waiting on potential interest rate movements or tax changes may benefit from reassessing their timelines as the Autumn Budget approaches.

As the market continues to shift, timing is becoming a crucial factor in securing the right bridging finance. Whether you are moving quickly on a new acquisition, navigating extended sale timelines, or looking to release equity mid-project, having a flexible and well-structured bridge in place can give you a clear advantage. If you are considering a bridging loan or want to explore your options for the months ahead, get in touch with our team. We can help you assess the best route forward and arrange the funding you need to keep your plans moving.

Get in touch

Have a question or need help? Get in touch with us. If you want support with your next project, our team is here to help.

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