

AUGUST 2021 | COMMERCIAL VIEW



COMMERCIAL SOLUTIONS

Fiducia Commercial Solutions' Monthly Newsletter For
Introducers, Network ARs and Partners



COMMERCIAL OWNER-OCCUPIER MORTGAGES

Is Your Client Considering The Roof Over Their Business?

Is your client a Trading Business looking to Buy or Refinance Commercial premises?

- To purchase the commercial premises they already operate from under a lease
- To buy a new or additional commercial premises to operate from
- The purchase of a new business which includes a freehold commercial property
- To re-mortgage their commercial property from the existing mortgage provider

The last year has caused a lot of businesses to review their finances, including the leases that they pay to a landlord, and whether they are paying £16k or £60k annually the comment is the same: they will be better off owning their own space than paying all that rent.

With so much having changed in the economy it could pay to see what is available from the whole of market, and not just what the incumbent lender can offer. We are supporting clients from every sector of the economy to source suitable commercial mortgages, and achieve the best outcome for their requirements.

THIS MONTH:

- **Commercial Owner-Occupier Mortgages**
- **Commercial View with Allica Bank**
- **"It Ain't Heavy, It's Just Refurb"**
- **Recovery Loan Scheme - An Update**

FIDUCIA'S COMMERCIAL VIEW

This Month:

Ben Green - Business Relationship Manager - Allica Bank

Q: What reaction have you seen to Allica Bank's limited-time Commercial Owner-Occupier mortgage rate deals, and what has that told you about SME's appetite to move from leasing to ownership in this environment?

"Over the last 4 weeks we've seen a huge amount of interest in this product, and we've already received well over £55M of enquiries. This gives me great comfort that UK SMEs are swiftly gaining confidence again and looking to drive their plans forward. Many are investing in their businesses, as well as looking to acquire their own premises.

There are some fantastic businesses in the UK that have endured some tough times, so to be able to support them at a time they need it most is really rewarding and demonstrates Allica's unwavering dedication to the very businesses that will drive economic growth."

“IT AIN'T HEAVY – IT'S JUST REFURB...”

Not As Catchy As The Hollies' Original - But A Hit With Property Investors!

It makes sense that while the residential property market is HOT, investors are not looking at asking prices of completed properties for value – but at property where they can make capital gain through adding value to the condition and quality of a property, before either selling or letting out.

Refurbishment and Conversions are a common reason to take a Bridging Loan - converting a commercial space to residential, a single space into an HMO, or improving, refurbishing or extending an existing property.

Terms available vary according to the initial value of the property, the cost of works, the projected value of the completed development and the client's previous experience.

- **Light Refurbishment** - Cosmetic refurbishment with no structural changes
- **Heavy Refurbishment** - Contains cosmetic work, but usually renovation work including structural changes or changes to the property footprint
- **Ground Up Development** - Commonly starts from vacant land, can include demolition and rebuild

Why not weigh up your client's refurb project with us to discuss their options?

THE RECOVERY LOAN SCHEME

It's 4 Months Since The RLS Launched, But Have You Heard Much About It?

It's 4 months since the Recovery Loan Scheme launched, but compared to its predecessors it has been muted, and the lack of weekly fanfare on take up statistics probably bears that out.

We ARE seeing innovative applications of RLS from some lenders who view the scheme as an opportunity for clients:

- Forward facing assessment, not assessing impact in the rear view mirror
- Help on owner-occupier mortgage requirements to improve cash flow with owning over leasing
- Emphasis on liquidity and cash flow requirement evidence from the business

We are realistic though, and have been through Covid lending from the beginning - the RLS isn't a magic wand. It's a full underwrite, with the Government guarantee supporting the lender where they might not have lent due to Covid impact.

Could the RLS help your client's business:

- refinance term loan debt over 6 years to improve cash flow?
- access commercial mortgages with a smaller deposit to conserve cash flow?
- refinance BTL and investment properties / portfolios where there has been impact from Covid to rental income
- have the working capital to recover and meet opportunities?

The Recovery Loan Scheme provides access for companies to business loans, commercial and investment property funding, asset finance and trade / supply chain finance.

We are helping businesses to access the scheme where it is suitable – and to source alternative solutions where it isn't.

Why not talk to us about funding your client's business?

THE OPENWORK PARTNERSHIP AND THE FIDUCIA NETWORK



We value the long standing and close working relationship that we have with The Openwork Partnership, and all of our introducing partners in the network.

The Fiducia Network gives you the opportunity to work more broadly with commercial finance opportunities - by becoming a Fiducia Commercial Finance AR.

In addition to Commercial, Investment and Development property finance, The Fiducia Network allows you to source Business Loans, Asset Finance and Leasing, Invoice Finance, Trade and Supply Chain Finance and much more for your clients.