

Case Study: How our property team can help with financing for developers

GETTING THE RIGHT ADVICE

With tough economic conditions in the property sector, finding the finance you need for property development at a good rate is becoming increasingly difficult. We can help property developers secure finance at market leading rates.

THE ISSUE

A client owned a site unencumbered with planning to convert into 85 flats with a small portion of commercial. All were speculative, although the client was contemplating holding onto the completed scheme as a long term investment.

Property Value: 7.5m
Development Costs: £15m
Other Associated Costs: £1m
Total Costs: £23,500 000
Projected Gross Development Value: £30,000
Projected Return on Cost: 27.66%

THE SOLUTION

We, in conjunction with our FSA authorised and regulated brokers, made approaches to eight different lenders, many of whom felt such a scheme too risky in the current climate. We secured interest at 100% of the development costs for the client with a long term commercial investment mortgage to take out the development loan on completion and once the units have been let. The lender also agreed to waive their standard exit fee if the client holds the investment loan with them for a period of five years.

ABOUT KINGSTON SMITH'S PROPERTY TEAM

Kingston Smith is a top 20 firm of Chartered Accountants. Our property team has considerable experience in the property sector and works with clients in development, construction, investment and management. We help these clients run their businesses more successfully by providing practical advice such as planning ownership structures to minimise their tax exposure, accounting services ranging from bookkeeping and management accounts to the preparation and audit of year end financial statements and helping source alternative methods of funding.

To find out more about Kingston Smith's bespoke services to the sector click [here](#)

CONTACT US

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