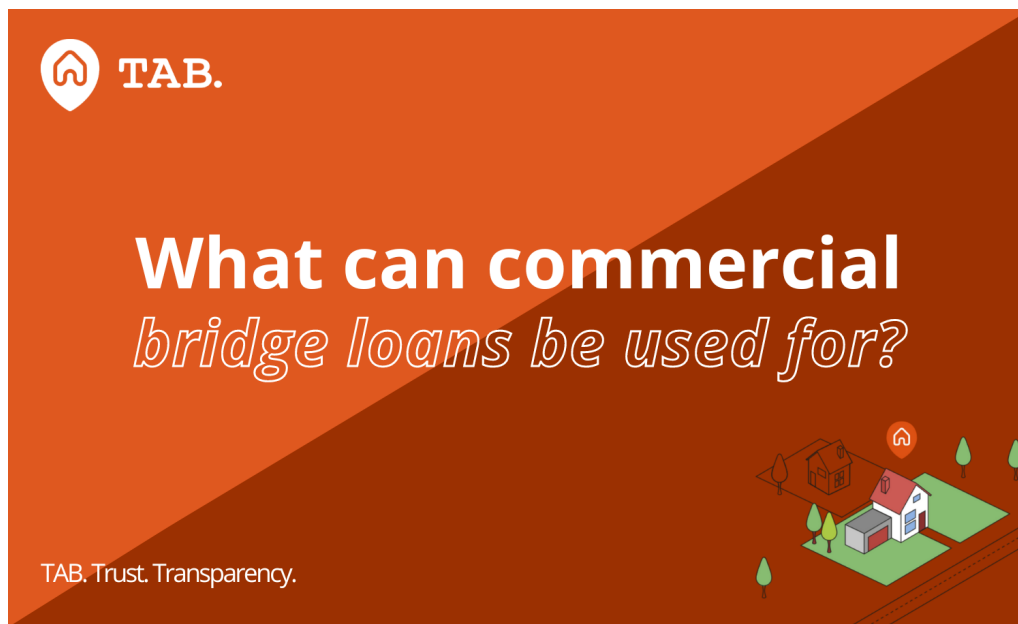


# What can commercial bridge loans be used for?

Education

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Have you heard of bridging finance? You may have used a bridging loan to fund the purchase of a residential property. However, if you're a business owner or are interested in becoming involved in commercial property it may feel as if traditional lenders don't offer the products needed to acquire the capital you need. Fortunately, alternative finance providers like TAB can provide you with the funding for your commercial needs. It's not just facilitating purchasing property that we can help with, [commercial bridge loans](#) has a number of uses, find out more below.

## What is a commercial bridging loan?

Bridging finance isn't just for buying residential properties, nor are bridging loans always secured against homes, they can be backed by commercial properties too.

As the name suggests, commercial bridging loans are used for commercial purposes. This could be purchasing new offices for your expanding business or wanting to move your successful startup out of your home. A bridging loan can provide you with the short-term finance to cover a commercial property purchase until a mortgage, or longer term financial solution can be arranged. Just like residential bridging, these loans can also be used to bridge the gap between buying a new commercial property and selling your current one.

## **Is commercial bridging finance strictly for commercial properties only?**

Whilst bridging loans can be used to purchase bricks and mortar business premises this is not their only purpose. From brownfield sites and run-down commercial premises to funding a startup – the money from a commercial bridging loan can be used to support a myriad of different entrepreneurial endeavours.

You can use the acquired capital to also:

- Cover a short-term cash flow issue
- Finance tax liabilities such as vat
- Invest and grow an existing SME
- Pay for renovation work
- Buy a property at auction

## **Can commercial bridge loans be used for residential property?**

Despite the business emphasis attached to commercial bridge loans, they can be used against residential property to some extent. If you're wishing to purchase an investment property you may be in a position to utilise commercial bridging finance.

For example, a commercial bridge loan can be used to purchase land or a property that is over 40% commercial use. This will need to be detailed in development plans during the application process or the current building will need to have retail units or office space making up over 40% of the property's total floor space. Complexes of this nature tend to be blocks of flats with retail units or office space included, typically on the ground or lower floors.

A case study example of a completed commercial loan with both residential and commercial use can be found on TAB U case studies, [here](#).

## What is a first charge commercial bridging loan?

TAB offers different types of commercial bridging finance options. First charge loans are secured against commercial properties that have no outstanding loans on them and are typically used when finance is needed quickly. This could be to purchase an investment property, rebuild a chain breakdown, cover refurbishment costs, or refinance a business property.

We offer up to 70% of the value of your project, with a minimum loan of £100,000 all the way up to £5,000,000. The maximum term is 24 months.

## What is a second charge commercial bridging loan?

[Second charge bridge loans](#) are also secured against commercial properties, but in this instance, they already have an outstanding loan on the property and there is additional equity that can be released. This means you could take out another loan on a property, such as to finance redevelopment or fund business expansion, providing there is enough equity to repay your existing first charge, and the second charge from TAB. Just like our first charge bridging loans, you could borrow up to £5,000,000 in capital.

Our experience of the property market, and our expert team means we can consider financing projects that other traditional lenders would not. This makes TAB ideally placed if you're a borrower seeking finance for a commercial pursuit. Find out more about [bridging finance](#) with us. Our friendly team is also available on 0208 057 9070 or via email at [sales@tabhq.com](mailto:sales@tabhq.com).



TAB loans are unregulated. Each loan application is assessed on its own merits. Any property used as security is at risk of repossession if you do not keep up with your payments.

**Capital is at risk.** Property values can go down as well as up. Borrowers may default and investments may not perform as expected. Interest and income are not guaranteed. Returns may vary. You should not invest more than you can afford to lose. TAB is not authorised by the Financial Conduct Authority. Investments are not regulated and you will have no access to the Financial Services Compensation Scheme (FSCS) or the Financial Ombudsman Service (FOS). Past performance and forecasts are not reliable indicators of future results and should not be relied on. Forecasts are based on TAB's own internal calculations and opinions and may change. Investments are illiquid. Once invested, you are committed for the full term. Tax treatment depends on individual circumstances and may change.

You are advised to obtain appropriate tax or investment advice where necessary. Understand more about the key risks [here](#).

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