

# Understanding loan to gross development value (LTGDV)

Education

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Loan to gross development value (LTGDV) is a ratio used to measure the amount of debt financing that is being used to fund a property development, compared to the total estimated value of the completed development. It is calculated by dividing the total loan amount by the estimated GDV.

This is an important criteria used by lenders when determining whether to provide [development finance](#). As noted above, the GDV is based on future value and properties are subject to appreciation or depreciation based on various factors. Unexpected costs, macro economic changes, interest rate risk and other factors may affect the value of your property, leading to a developer requiring higher levels of funding.

A lower LTGDV indicates that less debt is being used to fund the project as a percentage of the end value, and therefore there is less risk for the lender. A higher LTDGV indicates that more debt is being used, and therefore more risk would be associated with the project to the lender.

## **LTGDV and TAB**

TAB provides [development finance](#) at a LTGDV of up to 65%. The maximum loan to cost can be up to 100%.

We understand the value of keeping things simple and transparent, and our experience with lending means we can be flexible. What this means is that we are able to look at every project individually and adjust the terms according to what the borrower is asking for.

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

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