

Record property lending for the Development of Wales

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The Development Bank of Wales has reported record investment into residential and commercial development schemes.

For its financial year to the end of March this year, the development bank provided loans totalling £48.8m for 37 property developments.

This represents an increase of 43% compared to the previous year with support provided for 402 new homes and 70,892 sq ft of commercial space.

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Led by director Cenydd Rowlands, the team of specialist

property investment executives has recently expanded from 14 to 18 across Wales with the appointment of four new property investment executives to respond to the increase in demand for funding. Together, they manage a total fund value of £157m that is financed by the Welsh Government. This includes an additional £30m from the Welsh Government that was added to the managed funds in early 2021.

These funds comprise the £47m Wales Property Fund and the £55m Wales Commercial Property Fund along with the £55m Stalled Sites Fund. They can make loans ranging from £150,000 to £5m for Welsh small and medium-sized developers for residential and mixed-use schemes in Wales.

Recent deals have included a seven-figure property development loan to help Abbey Construction build 10 three-bedroom, semi-detached homes in Churchstoke, Montgomeryshire.

In Rumney, Cardiff, Propco Developments has completed the second phase of Waterside Business Park with all eight units now fully let or sold.

Mr Rowlands said: "From one-off single residential builds to larger developers like Lewis Homes and more complex developments with listed buildings like Woodlands House in Malpas, we are maximising our support for the property sector across Wales.

"The combination of our exit from the European Union and the economic impact of Covid-19 means that developers are facing unprecedented challenges with their supply chains and material costs.

"Our specialist team understands these challenges and is able to work with developers to create a tailored approach with flexibility to offer longer terms if needed. Importantly, our funds can go further because all the money received from our investments can be reinvested into more property schemes. This increases our impact without the need for additional funds.

“Our support for Propco’s Waterside Business Park is a great example of the difference that our funding can make. The scheme is now fully occupied and our loan fully repaid in just eight months enabling us to reinvest the funds for the benefit of future developers. Indeed, we are seeing increasing demand for more speculative smaller industrial and office funding.

“The record levels of take up and shortage of supply have been well reported at the larger end of the scale but this is something we’re seeing right throughout the market, all the way down to small lock up units. Some of our developers have substantial waiting lists of would-be purchasers/tenants, meaning in many cases they could sell or let their completed schemes several times over.”

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