



Ads by Google

Stop seeing this ad

Why this ad?

HOME

NEWS▼

PROPERTY

IFISA▼

VIDEO

OPEN BANKING

CRYPTOCURRENCY

FEATURES▼

COMMENT & ANALYSIS

WHAT IS P2P?

PARTNERS

EVENTS▼

P2P POWER 50▼

SIGN UP TO OUR E-NEWSLETTERS

MAGAZINE

DIRECTORY

JOBS

MY ACCOUNT▼

SUBSCRIBE



🔍 Search

A red rectangular banner with white text and a white icon of a calendar with a pencil. The text reads: "SIGN UP TO OUR DAILY AND WEEKLY NEWS BULLETIN TO GET ESSENTIAL P2 NEWS DELIVERED STRAIGHT TO YOUR INBOX".

Strong foundations

AUGUST

12

2021

CONTRIBUTOR

NATTALIE WEEKS

FEATURES JOINT VENTURES AND PROMOTED CONTENT

KUFLINK

Shortages of raw materials and manpower can elongate property-backed projects, but responsible platforms should have sufficient procedures in place, explains Nattalie Weeks, head of collections at Kuflink

POPULAR POSTS:

[The top 10 things the FCA is focusing on](#)
[Two more lenders accredited to recover loans](#)

[Insolvency Service shuts down two firms fraudulently...](#)

[Funding Circle seeks head of card products](#)

During the run-up to Brexit there was plenty of doom-mongering about supplies of vital materials being choked off if the UK left the European Union. Since we left, the dire predictions of imminent disaster have failed to come true.

However, in our market, maintaining a healthy balance between supply and demand is being severely affected on the supply side because availability of cement, wood and other building basics is not currently meeting demand. This is not specifically linked to Brexit, but is due to the explosion of house building, renovation and development.

Consequently, this has led to shortages which can elongate project completion times and affect profitability, as scarcity of these raw materials produce price spikes.

You might wonder how that potentially affects you as an investor or would-be investor through P2P platforms that lend money on your behalf for property development or renovation projects.

Simply put, when a property deal is being planned, which might be a full ground up rebuild, a renovation or development project, the developer needs to consider both the increasing costs of raw materials and the concern that they are currently more difficult to source. When a new deal is put to us, it is important therefore that the developer has taken these factors into account.

Without doing so, there is a danger that the project will overrun in terms of time and also be over budget, which will have a direct effect on profitability. As the funder, Kuflink and other platforms like ours have a greater degree of responsibility to you, as investors, to ensure, as much as is possible, that project proposals are realistic and achievable.

A major factor is whether there is a difference between the borrower's expectations of how much the finished project is worth and the real value, especially when cost estimates in terms of materials and wages have been found to be too optimistic. Valuers have been under extensive

Kuflink calls full time on partnership
Southampton FC

Crowstacker still pursuing "a full...



The image is a promotional graphic for Kuflink. It features a dark blue background with a satellite view of a city at night. The Kuflink logo is in the top left. The text 'up to £4,000 CASHBACK*' is prominently displayed in white and yellow. Below this, there are three checkmarks with the following text: 'Earn up to 7.44% gross pa†', 'Kuflink invests up to 5% with you', and 'Secured against UK property*'. A fourth checkmark says 'Secondary market available'. At the bottom, there are two footnotes: '*Capital is at risk. T&C's apply.' and '†Based on compound'. In the top right corner, there is a small logo for 'IF-15' and the text '£10,000 transfer'.

pressure due to the sheer volume of work they have been asked to undertake as a result of the explosion in buying activity since the third quarter of last year, partly fuelled by the stamp duty holiday.

Our contacts in the trade keep in touch with us about material shortages, as well as other factors including difficulties in finding and retaining workers. We therefore test new projects extensively.

In the case of existing projects, a handful of our development customers have approached us for term extensions. So far, we haven't been seeing cost overruns, but time will tell. With new development applications we are building longer terms into our offers and monitoring the need for imposing either lower loans-to-value (to allow headroom should costs overrun) or by building in a comfortable cushion (around 20 per cent) to provide for any contingencies while these issues play out.

Certainly, in the case of Kuflink, there are no causes for concern. We will continue to have plenty of availability for our investors, either on new deals or drawdowns, but we could see loan extensions, especially on development loans. We believe that the procedures we have in place, along with proactive management of all the projects in which we have a stake on your behalf, are sufficient to ensure satisfactory outcomes for borrowers and investors alike.

P2P default rates near zero after
pandemic year

Kuflink introduces instant bank
transfers using open banking

RELATED POSTS



Simply Asset Finance accredited to recovery loan scheme



JustUs readies for Seedrs crowdfunding campaign



Robocash Group sees first-half revenues soar to £104m



Ads by Google

Stop seeing this ad

Why this ad? ▶

Home

Contact

About

Team

Advertising

Subscribe

Privacy

T&Cs

Disclaimer

FOLLOW US ON SOCIAL
MEDIA



© Peer2Peer Finance News 2020

• Additional design by 

