

# 3827 - £290,000 loan against airspace leases - London

Case studies

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## 3827 - £290,000 loan against airspace leases - London

**Loan amount:** £290,000

**LTV:** 52.25%

**Term:** 23 months

**Security:** 1st charge

TAB completed a £290,000 [first charge residential loan](#) secured against two airspace leases with planning permission for the construction of two apartments valued at £555,000. TAB has further security over the freehold of the nine unit development the airspace sits above. The property below was a development already built out by the client, who wanted to raise capital and refinance existing debt.

The client intends to exit through the sale of another recently finished site or move on to development funding.

Lending on [airspace](#) can often have added difficulties and is less common than other short term loans. TAB offered the funding on this unique asset given the credibility of the borrower and their background as a developer. The strong exit - the sale of another development which was already listed - was another factor TAB considered.



This is an interesting asset which had some careful considerations to understand when underwriting. TAB had to put together a timeline of sales to ensure that the flats in the development below had been offered first rights to buy over the airspace lease. Fortunately this did not present an issue, as the lease for the airspace was granted prior to sales of the units, meaning that any new tenants will be aware that there is an airspace lease in place. The other consideration that we had to take into account was if we would be comfortable with only taking an equitable charge over the freehold in order to complete quickly, which could reduce our ability to effectively gain control of the main building if required. On balance, it was decided the project and borrower held enough merits that it was deemed an acceptable risk when weighed against the bigger picture.

**Danny Scoltock, Head of Underwriting**

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