

The Commercial Bridging Finance Guide

Loan to values, valuations, semi-commercial property, conversions and exits.

A practical guide for UK property investors and business owners · August 2026

Before anything else

What value is the lender applying its percentage to? That question decides more commercial deals than the rate does, and most people never ask it.

For general information only. Lending criteria, rates, fees, valuations and planning rules all change. This guide isn't financial, legal, tax, planning or valuation advice.

1. What commercial bridging is, and why there's so much of it about

Commercial bridging is short-term secured borrowing against commercial or mixed-use property. You use it when you need speed, or flexibility, or a temporary answer while a longer-term exit gets sorted out.

And there are more opportunities in commercial every year. Walk down your local high street and count them. How many banks have closed? How many coffee shops have opened in the last couple of years? That churn is where the deals are.

What counts as commercial

The high street is the obvious bit. Shops, the bank, the estate agents, the coffee places.

But commercial is broader than that. It's an office block, whether you're buying it to let out or you've got your own business in there. It's industrial units and warehouses. It's hotels, restaurants, spas, bars. It's a cinema.

If there's a trading business in there, yours or somebody else's, it's commercial.

Specialist assets are more lender-specific, so the property type matters from the very first conversation.

When people use one

- To complete a commercial purchase quickly.
- To buy at auction, or meet a contractual completion date.
- To buy something vacant or unusual that isn't yet suitable for a mainstream commercial mortgage.
- To refurbish, reconfigure or change the use of a building before refinancing or selling.
- To refinance an existing facility while a longer-term answer gets arranged.
- To raise capital against a commercial property you already own.

A bridge solves a short-term funding problem. It doesn't remove the need for a plan.

2. Commercial and semi-commercial aren't the same thing

A fully commercial building and a mixed-use one don't get treated the same way.

A building with a shop below and flats above will usually sit in a lender's semi-commercial or mixed-use criteria. But the definitions differ from lender to lender. And the percentage of residential floor area that tips a building from one category into the other isn't standard either.

That catches people out, so it's one of the first things I check.

Property type	Example	Why it matters
Commercial	Shop, office, warehouse	LTV and valuation are more conservative. Use and saleability drive it.
Semi-commercial, mixed use	Shop with flats above	The residential proportion affects appetite, LTV and which product you're on.
Owner-occupied commercial	A business trading from its own premises	The valuer and lender may look at the property on a vacant possession basis rather than at what the business is worth.

Never assume one lender's definition applies everywhere. It's one of the first things worth checking.

3. Why the loan to values are lower

If you're used to residential bridging, commercial leverage comes as a surprise.

You're looking at 70% gross, maybe 65% gross. There's a good reason for it, and it's worth understanding rather than just accepting.

Walk down that high street again. There's a lot of empty commercial property.

That's the lender's problem. If you weren't converting it, or you didn't get the planning to convert it, and you ended up with an empty unit nobody would rent from you, what happens next? The lender has to repossess it. Then it has to sell it. And it's going to struggle to sell it, for exactly the same reason you struggled to let it. Round and round it goes.

Commercial property is more specialist, takes longer to sell and has a smaller pool of buyers. Tenant quality, lease terms, location, use and alternative-use value all feed into it.

So they lend less. That's all it is.

The question nobody asks

Here's where commercial deals actually go wrong, and it's got nothing to do with the percentage.

Don't ask "what LTV will the lender do?" Ask "what value are they applying that to?"

The gap	Figure
What you think the property is worth	£1,000,000
The bridge you're asking for	£700,000
The LTV you think you're asking for	70%
The value the lender is prepared to work from	£800,000
The LTV you're actually asking for	87.5%

You think you're asking for 70%. The lender sees 87.5% and declines it, and you've no idea why. The valuation basis matters more than the headline LTV. That's the whole of section 4.

4. How commercial property actually gets valued

Commercial valuation isn't "what did the one next door sell for?", and this is the bit I spend most of my time explaining.

RICS sets out three broad approaches. Market, income and cost, with several methods underneath them. Which one you get depends on the asset, what it's being used for, and what the valuation is actually for.

You don't need to be a valuer. You do need to know which one is coming, because it decides your loan.

The comparable approach

Recent sales and rental evidence, adjusted for the differences between one building and another. Straightforward enough in principle.

The problem in commercial is that there often aren't many comparables to work from. Houses sell every week. A parade of shops doesn't.

The investment approach

For a tenanted investment property, the rent and the yield do most of the work.

Which means the lease does most of the work. Lease length, the passing rent against the market rent, break clauses, rent reviews, and how strong the tenant is. All of it moves the number.

So if you're buying something tenanted, read the lease before you fall in love with the yield.

Vacant possession

This one asks what the building is worth without the current occupier or their lease.

It matters most on owner-operated businesses, and it's what lenders commonly use on a trading business. It's also what you'll get on an empty unit, for obvious reasons.

Here's where people come unstuck. A profitable business doesn't automatically mean a valuable building. The value of the business and the value of the property are two completely different things, and the lender is looking at the second one. I've had that conversation more times than I can count.

The profits method, and specialist property

RICS notes that specialist trading properties, so hotels, golf courses, petrol stations, care homes and some restaurants, may be valued on a profits method. That's based on maintainable trading performance rather than bricks.

And specialist assets need specialist lenders. That's a much shorter list, so tell your broker what it is early.

Restricted marketing periods

Some lenders ask for a value based on a shorter marketing period. Say 90 days, or 180 days, or on other special assumptions.

And if the figure they're working from is lower than the market value you had in your head, your loan drops with it. Sometimes sharply.

So check the valuation instructions, and check the figure your LTV is actually being calculated against. That's the whole game.

5. Vacant, tenanted or owner-occupied

The situation	What the lender wants to know
Vacant unit	How saleable and lettable is it? What's the alternative use? What's the exit?
Tenanted investment	Who's the tenant? What's the rent, the lease length, the breaks? Any arrears? How does the rent compare to market?
Owner-occupied business	What's the property worth on the relevant basis? Is the exit a commercial mortgage, and can the business support it?

A strong tenant on a long lease supports the whole proposition. A weak tenant, a short lease or arrears changes the risk completely, and it's the sort of thing worth knowing before you offer rather than after the valuation lands.

6. Using a bridge to convert

Commercial bridging is also a way into a building that isn't going to stay commercial.

Buy a mixed-use property, get the planning or permitted development position sorted, do the works, then refinance or sell the finished residential units. Planning has become somewhat more relaxed on commercial to residential, and you can see the results of it. Go to Liverpool and drive along the docks. All those empty warehouses turning into blocks of flats. That end of it is more development finance than bridging, but the concept is identical.

A real deal: one shop and one flat, into four flats

A client came to me a couple of years ago with a commercial unit and one flat above it. Semi-commercial, so roughly half and half.

The shop downstairs was completely empty and the flat upstairs was empty too. So we were on vacant possession for both parts, which is what lenders do most of the time anyway.

The deal	
Purchase price	£415,000
Property at purchase	Ground floor shop plus one flat above
Facility	65% gross
Net advance, approximately	about £235,000
Term	12 months
Bought in	a limited company

His plan was a conversion. The flat upstairs was big enough to split into two. Downstairs was near enough the same shape, a square rectangle, so he'd split that title and turn it into two more.

Four flats. And not four flats under one freehold either. Four individual flats on four separate titles.

The outcome

Value per flat, approximately	£175,000
Combined value	about £700,000
Uplift on a £415,000 purchase	about £285,000
Exit	Residential refinance, each flat individually, at around 75%
Available at 75% of £700,000	£525,000

Don't get hung up on the figures, they're a couple of years old. It's the structure that matters. The bridge bought him a semi-commercial building and gave him twelve months to convert it, and the exit came off the finished flats rather than leaving a commercial bridge sitting there with nothing to repay it.

He looked at an empty shop with a flat over it, got his crystal ball out, and saw four flats and four rents.

The detail that made it work

The property was on a residential street. One of those roads that's residential, has a bit of commercial in the middle of it, then goes back to being residential.

Try that on a proper high street, where it's all commercial with flats above, and converting the ground floor into flats is much harder. Not impossible. It depends on your local authority and what they're trying to do with the area. But be mindful of it.

The tip worth the whole guide

If you're driving down a street and you see a shop that looks like it used to be a house, you'll know exactly what I mean. House shape, corner shop downstairs, flat upstairs.

If it used to be a house, and it's on a residential street next to other houses, that's a very good indication. I'm not telling you you'll get planning to turn it back, because nobody can tell you that. But if it was once a house and it's sitting next to houses, the local authority is more likely to be comfortable with it going back to being one.

Check their recent decisions before you offer. They're public.

None of that means yours will work the same way. Planning, building regs, the title structure, how lettable the finished units are, what the conversion actually costs and whether the refinance stacks up all have to be checked on your project, not mine. And never assume you'll get a change of use just because something similar worked down the road.

7. It doesn't have to be a conversion

Plenty of clients aren't converting anything. They find a commercial property that's been run down and needs a lot of work.

And because it needs a lot of work, the people selling want it gone quickly. Why do they want it gone quickly? Maybe they're struggling to let it. That's for you to find out, and that's your due diligence.

We've bridged a hotel that was in bad condition where the owner wanted out. A private investor came in on a bridge, did the works, got it back to a workable commercial proposition, and flipped it to a company that was buying hotels at the time.

Buying below market value, and why speed is the same as cash

This one comes up constantly.

A property is on the market at one price. The vendor wants it gone, so they'll take considerably less for a cash purchase. Cash is cash, but what that discount is actually buying is speed.

So if you haven't got the cash, what's the next best thing they'll accept? Bridging. We've completed a bridge in four days before now. You can go back to a vendor and say you can't do cash but you can guarantee completion in a fortnight, and for a lot of sellers that does the job.

One of the people who taught me this industry told me something I've never forgotten. You make money when you purchase the property. Buy below market value and you've made money on day one.

There's a mechanic worth knowing. Some lenders work from the purchase price, some will look at the open market value as well. If a lender will lend against open market value rather than what you're paying, that changes how much you need to put in. It varies by lender, and picking the right one is most of the job.

Two things to watch. Bridging isn't cheap, so the discount isn't all profit once the fees are run. And a refinance at 75% of open market value won't always repay the bridge in full, so check the exit clears the debt before you commit.

8. The exit strategy

Anyone who knows me knows that all I really care about is the exit strategy.

A bridging lender needs a credible route to repayment. On commercial that's usually a sale, a refinance onto a commercial mortgage, letting the building and refinancing it improved, or converting it and then selling or refinancing the finished units.

Answer these before you take the bridge, not after

- Who's expected to refinance this?
- What LTV is likely on the exit product?
- Does the property need to be occupied, let or refurbished first?
- If the exit relies on rent, is the expected rent realistic?
- If the exit relies on a conversion, is the planning position established?
- What happens if the works overrun, the tenant doesn't materialise, or the valuation comes in low?
- Is there enough time and contingency in the term?

I'd work the exit at the same time as the bridge, not at the end of it. While the bridge is going through I'll be talking to the refinance lenders, telling them the client bought with a bridge because they got a discount for buying quickly. Every lender sees that and every lender understands it. Then the application goes in within a day or two of completion.

A bridge solves a timing problem. It can't make an unworkable exit work.

Twelve months, and I'd say that anyway

Don't go shorter than twelve months on commercial.

It takes longer to get a commercial tenant in than a residential one, and if you're refurbishing on top of that there's more to do. Twelve months is standard and on commercial it's the sensible minimum, not something to negotiate down.

9. Gross and net: how much actually arrives?

The gross facility isn't the money that turns up on completion. The retained interest comes out of it, the arrangement fee comes out of it, and so does everything else.

We all know the difference between gross and net by now. If you don't, I've got a whole piece on it.

As a rough shape on commercial, 70% gross nets down to around 60%, and 65% nets down to around 55%. Give or take, depending on the term and the fees.

So compare offers on the money you actually need to complete. Not the headline LTV, and not the gross loan. Ask how the interest is treated, how the fees get charged, whether there's a minimum interest period, what the valuation and legals cost, and what the redemption figure looks like at the end of it.

10. The commercial bridging checklist

Before you approach a lender or commit to a purchase, have answers to these.

- ☐ What exactly is the property: fully commercial, mixed use, or owner-occupied?
- ☐ Purchase price, and what's it worth today?
- ☐ Is it vacant, tenanted or trading?
- ☐ If tenanted: rent, tenant, lease expiry, breaks, arrears?
- ☐ What valuation basis is going to apply?
- ☐ What value is the lender's percentage being applied to?
- ☐ How much gross borrowing do I need?
- ☐ How much net cash do I actually need on completion?
- ☐ Where's the deposit or equity coming from?
- ☐ Are works or a change of use proposed?
- ☐ What do the works cost, and what's the contingency?
- ☐ What planning and building regulation consents are needed?
- ☐ What's it worth after the works?
- ☐ What's the primary exit?
- ☐ What's Plan B if the primary exit is delayed?
- ☐ What completion deadline am I working to?

11. Quick answers

Can I bridge a vacant commercial property?

Potentially, yes. The lender will look at the property, the value, how saleable and lettable it is, what you're proposing to do with it, and the exit. Vacant property needs a particularly clear plan.

Can I bridge a shop with flats above?

Potentially. It'll usually be treated as semi-commercial or mixed use, but the definitions and maximum LTVs vary by lender.

Can commercial bridging fund a conversion to residential?

Potentially, depending on the planning position, the works, your experience, the valuation and the exit. Heavier projects are often better suited to refurbishment or development finance.

Is commercial bridging always capped at 70%?

No. Maximums vary by lender and by case, and the valuation basis matters as much as the percentage. A published maximum isn't a promise that your property will achieve it.

Does a high-turnover business make the property more valuable?

Not automatically. The value of the business and the value of the property are different things, and on owner-operated assets lenders often focus on vacant possession value.

Can I refinance onto a commercial mortgage?

Often, yes, and that's a common exit. But test it before you take the bridge. Property suitability, LTV, the rent or the business affordability and the lender's criteria all matter.

Give us a call

Commercial is one of my favourite subjects because there's so much you can do with it. Empty units, tired hotels, offices where you occupy one floor and sublet the rest, shops that used to be houses.

There are so many options that it's honestly quicker to talk it through than read about it.

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Important information

This guide is for general information only. It isn't personal financial, legal, tax, planning or valuation advice.

Bridging finance is short-term secured borrowing and it can be expensive. Rates, fees, loan to values, valuation requirements and lending criteria vary by lender and change over time. Your property, or any other asset offered as security, may be at risk if the loan isn't repaid in line with its terms.

Nothing here is a recommendation of a particular lender or product, and no lending is offered or implied. Seek appropriate professional advice before entering into a transaction.

The client transaction described in section 6 is a real one. Some figures are approximate and are recalled rather than taken from the file. No client is identified. The terms available on another case may be different, and planning outcomes are decided by the local authority and can't be guaranteed by any lender or broker.

Sources

RICS Property Journal, valuation approaches and methods (6 March 2026). The market, income and cost approaches, and the comparable, investment and profits methods beneath them.

RICS Property Journal, what to know about valuation (24 October 2025). The investment method, rent and yield.

RICS, discounted cash flow valuation guidance. The use of DCF in investment property valuation.

Accessed August 2026.

Talk it through with a broker. Every deal in this guide turns on detail a document cannot see: the title, the valuation, the exit. If you want a real number on a real deal, call 0330 133 4442 or email support@bridgingfinancebroker.co.uk.

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