

# Post-election finance and leasing opportunities



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With the stability offered to the UK economy for the next five years, following the election into power of a majority Conservative Government, the market will be extremely buoyant.

The majority of businesses will welcome the election result, which, combined with interest rates remaining the same and the negative inflation, creates a perfect environment for capital purchases.

Many companies have been waiting to replace capital items they need, until they knew the outcome of the election. So now they will go ahead with expansion plans, modernisation, and potential acquisitions they may have been considering and replacement of equipment that is old and more costly to run.

The result is also good news for those lenders looking to increase their funding lines. The BBBI has been doing a really good job generating additional block facilities and this was potentially under threat, had the Conservative Government not been re-elected. It will also create greater stability across all the UK Finance Institutes, thus offering support to the smaller lenders.

Lenders will have greater access to funds and customers will be looking to buy. A very positive economic position, creating a large growth opportunity. Leasing and HP providers, with their specialist knowledge of asset funding, should enjoy some very buoyant times. These products, predominantly self-secured against the asset, remain an efficient way for businesses to fund their capital purchases, leaving bank lines available for the more intangible items and stock.

Re-finance and sale and leaseback will also be a very valuable facility: as businesses look to expand and make acquisitions, this can provide a perfect mechanism to enable them to finance this growth. Many clearing banks still have policies of not funding acquisitions which is a very hard concept to understand! Re-finance of hard assets can also provide a very useful financial solution for businesses looking to fund more difficult items, such as refurbishment costs, IT software etc - items that a business may need to invest in to move forward,

but which create more of a challenge to the lender.

In terms of asset finance providers, the customers are in a great position, as there are probably more lenders now than there have been in 30 years. The 2008 credit crunch created an all-time low, but since the recovery, more and more lenders have entered the UK market. Brokers have never had things so good, as they have lenders queuing out the door to offer them facilities. With a growing order book, factoring companies should continue to prosper. Contract hire providers should also enjoy a successful period with greater demand for operating lease facilities and for ease of management on controlling growing fleet sizes.

The market is in a very positive place following the election result. Customers now have confidence to buy and build their businesses. There are more lenders than ever looking to offer them funding lines to do this. The smaller lenders are better placed to raise additional monies via the BBBI and other block providers. There are more brokers out there with lines to offer for supporting SMEs.

Renaissance as a lender, backed predominately by the Bank of London and the Middle East (BLME), as well as providing finance lease and hire purchase facilities, also has a real specialism in offering re-finance. This means we are best placed to offer finance solutions for the more complex requirements of the SME market. Despite the many new lenders outlined above, this area is still under-provided for and one which can be extremely useful to businesses looking to expand.



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