

PROPERTY DEVELOPMENT FINANCE CAPITAL STACK: DEBT ACROSS THE PROJECT LIFECYCLE

Developers can use debt at every stage of bringing about a scheme from inception to practical completion and exit.

Stage	Source of Debt	Use of Funds
Inception / Pre-Planning	Friends & Family / Personal Loans / Credit Cards	Bootstrap funding for early costs like planning consultants, feasibility studies, site sourcing, legal option agreements
Pre-Application	Bridging Loan / Personal Overdraft / JV Partner Loan	Pay for search fees, architects, planning submissions, legal fees, and land option premiums
Planning Secured	Bridging Finance / Mezzanine Debt / Specialist Pre-Planning Lenders	Secure the site with a short-term acquisition loan or refinance earlier debt at lower cost
Land Acquisition	Senior Development Loan (land-only tranche) / Bridging	Purchase of land (with or without planning), usually interest-only facility
Infrastructure & Enabling Works	Senior Development Finance / Infrastructure Loans / Local Authority Loans	Funding for roads, drainage, utilities, site clearance, groundworks before vertical build starts
Construction Phase	Senior Development Finance (drawdown in tranches)	Funding of hard construction costs, materials, labour, professional team, contractor payments
Equity Gap Funding	Mezzanine Finance / Junior Debt / Private Investor Loans	Top-up funding where senior lender covers ~65% and developer can't bridge the rest from equity alone
Sales Period (Exit Debt)	Sales Period Facility / Developer Exit Loan	Allows time for sales or rental without pressure to repay full development facility immediately
Retain and Refinance	BTL Mortgage / Commercial Term Loan	Used to repay development debt and hold the asset long term (especially for PRS / HMO / commercial conversions)