

News

BCLP PARTNERS WITH IEIF IN FIRST STUDY ON FINANCING OF PROFESSIONAL REAL ESTATE IN FRANCE

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SUMMARY

Global law firm Bryan Cave Leighton Paisner has partnered with the *Institut de l'épargne immobilière et foncière* (IEIF) in the first market study on real estate financing for professionals on the French market, conducted alongside Strategy&, PwC's strategy consulting practice.

In line with the Montfort study, carried out successfully in the United Kingdom, and in a context dominated by particularly high real estate investment volumes in France, the debt market plays a key role that will become crucial in the economic context resulting from the health crisis linked to COVID-19. Lessons learned by the study reflect the financing strategies implemented by both institutions and finance players. They cover a significant sample of 55 billion euros of outstanding debt and the 2018 production of 20 billion euros.

In another similarity to Montfort's study of the British market, this survey has collected a large amount of data on the French market for real estate financing for professionals and analyses the market from several angles: client segments, types and locations of the financed assets, levels of covenants for financing granted and consideration of the environmental dimension.

"We are very pleased to have partnered with the IEIF for the publication of the first market study on real estate financing for professionals in France. This is perfectly in line with the specific nature of our firm, which has a unique task force in the main financial and real estate markets," comments BCLP Paris Finance Partner David Blondel.

Main findings identified by the study "which reflect the financing strategies implemented by the institutions and financiers in our sample":

- *The professional real estate financing market is very active and functions smoothly.*
- *It has all the characteristics of a very secure and homogeneous market, by type of product (senior debt), by location, by type of asset and also through its characteristics in terms of size,*

term and level of covenants.

- *Debt funds favour the most "core" financing in terms of location, type of assets and loan characteristics. As they are less constrained than banks over time, they invest in sometimes longer-term financing.*
- *Compared with the British and German markets, the French market presents significant differences: very high proportion of the Greater Paris region, predominance of office real estate and low private institutional investment in housing, limited share devoted to alternative assets, very secure debt in terms of leverage and highly concentrated around senior debt.*
- *A margin policy with little differentiation according to the different levels of covenants (LTV, ICR, DSCR) and a relatively standardised practice.*

The BCLP Paris team has approximately 30 lawyers practising in the real estate sector, including 6 partners, supplemented by more than 680 real estate lawyers firmwide. This includes more than 150 partners in Europe, the USA, and the Middle East. Made up of experienced professionals, BCLP advises real estate companies, real estate funds, French and foreign developers, industrial groups and financial institutions.

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