



# Property Lending Barometer 2022

**Pavel Dolák**

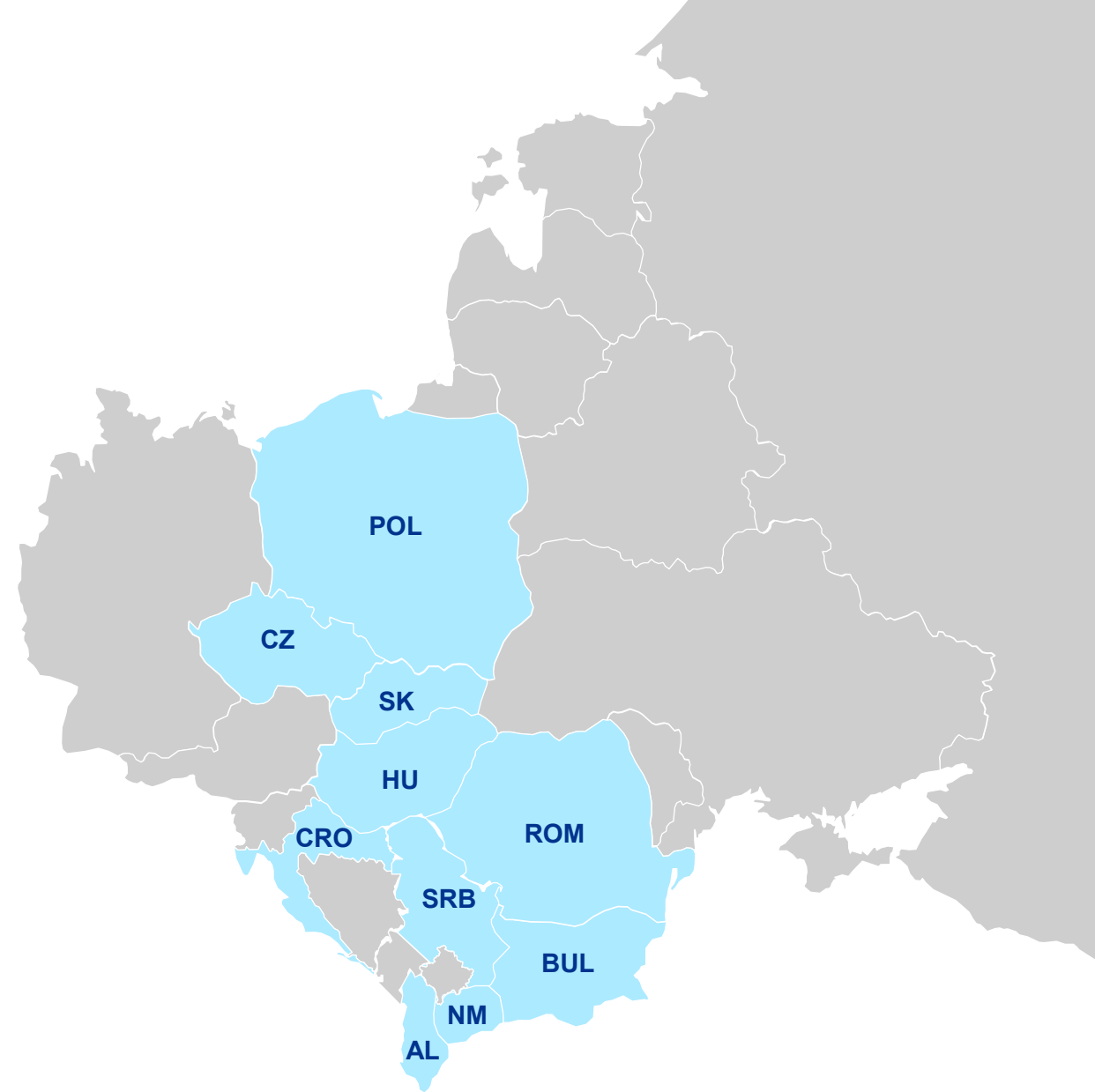
—

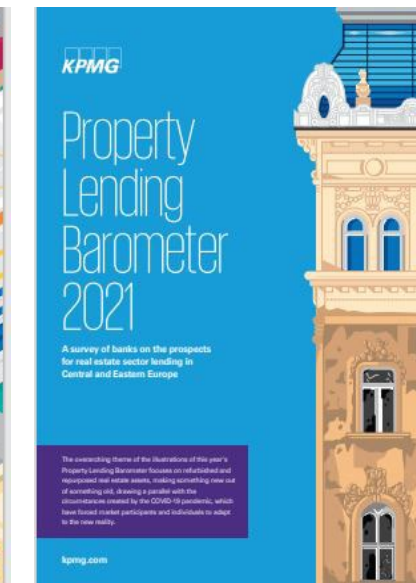
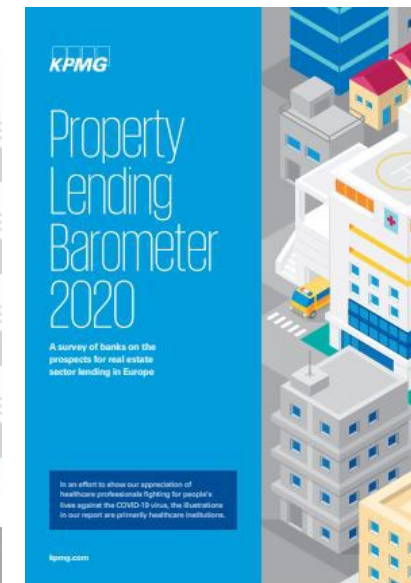
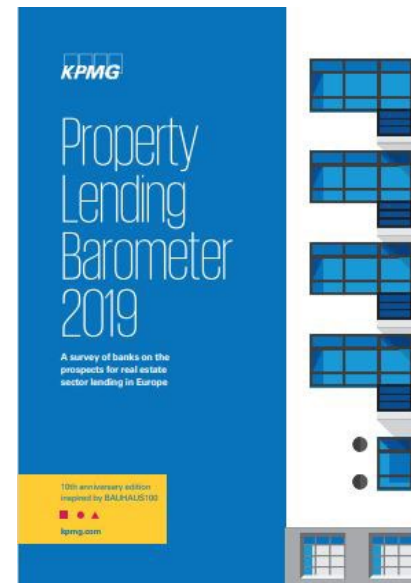
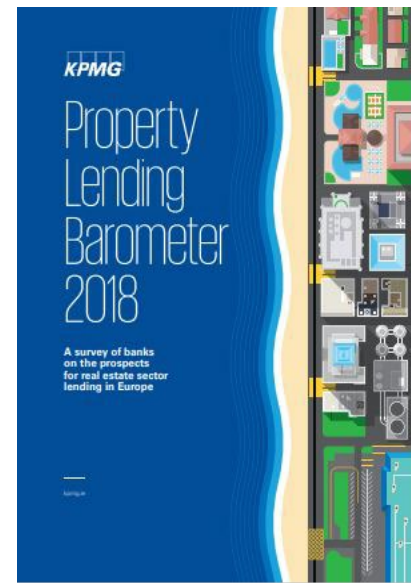
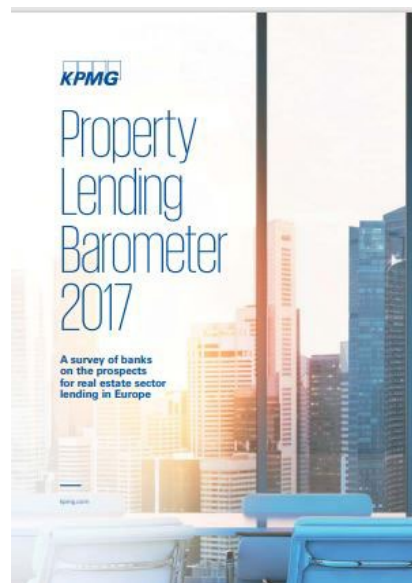
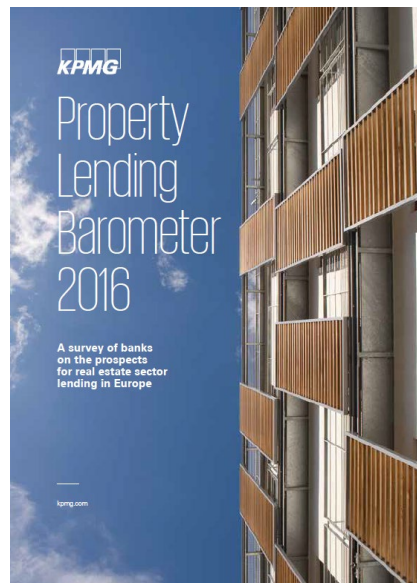
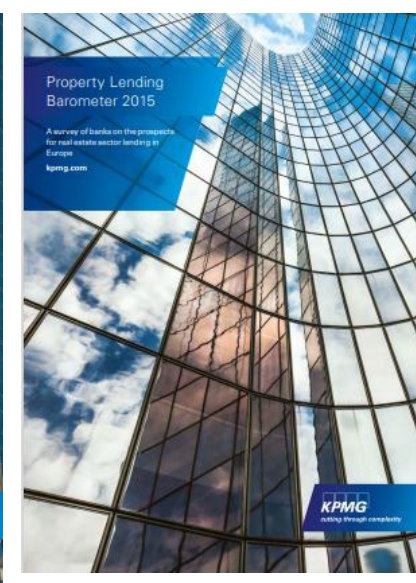
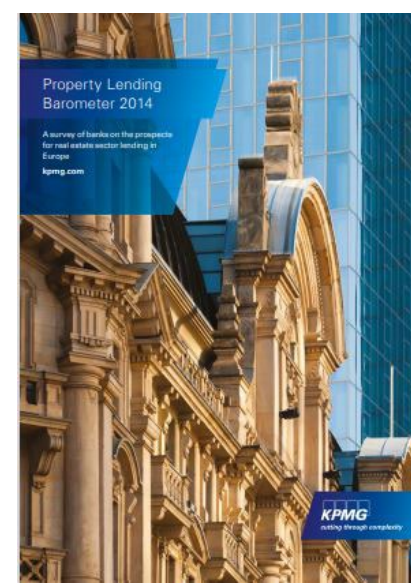
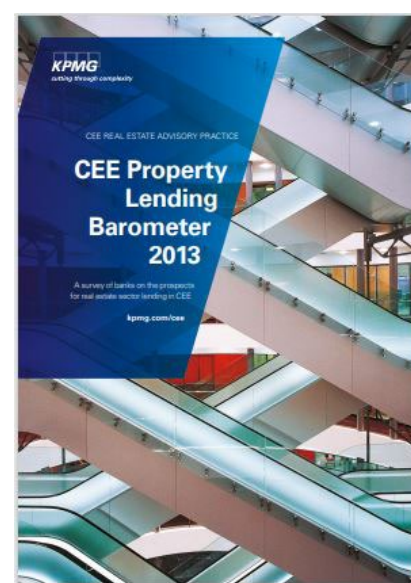
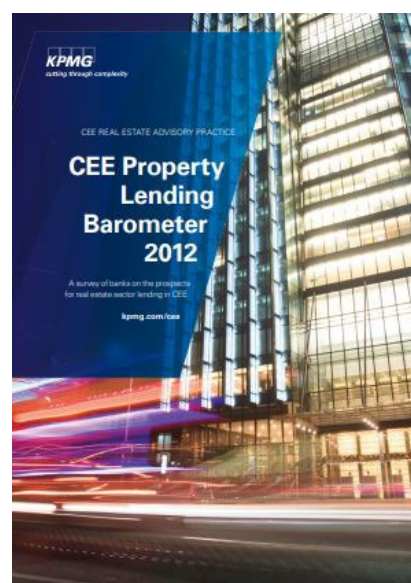
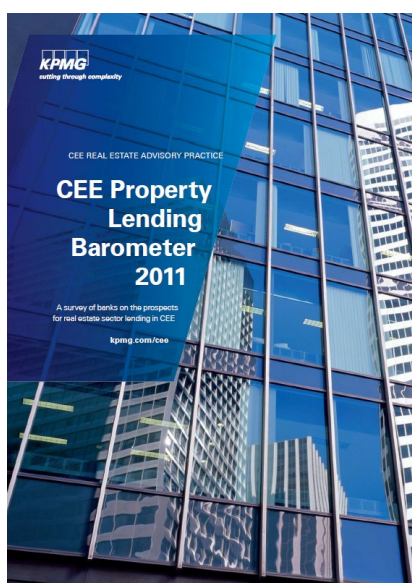
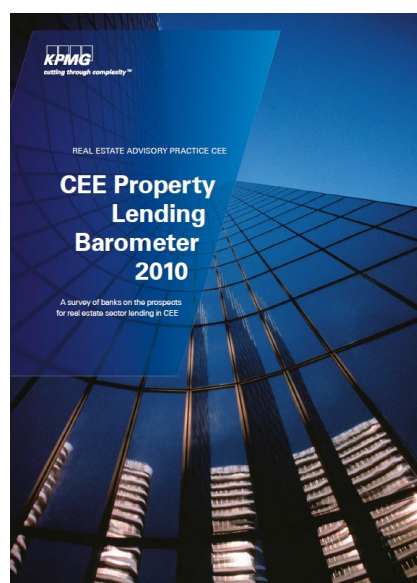
7 December 2022



# About the survey

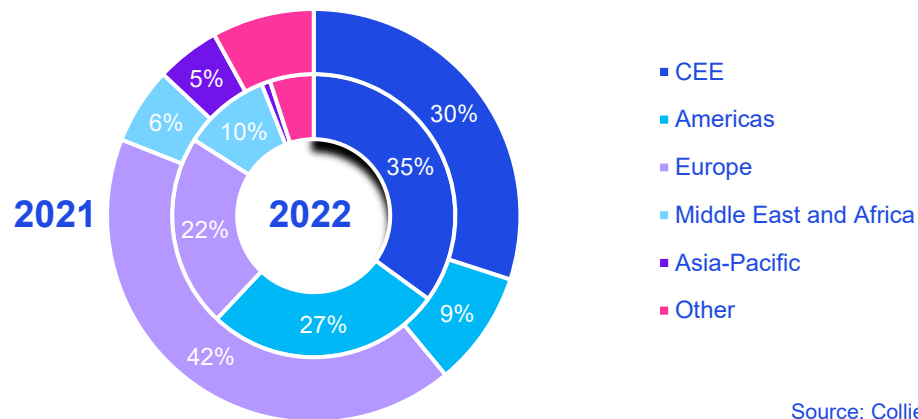
- The **13th** edition of the survey on the prospects for real estate sector bank lending
- **41 banks** participated from **10 countries** from CEE region
- Responses collected **in June – July 2022** primarily via online questionnaires
- Special focus **on ESG** (Sustainable finance)





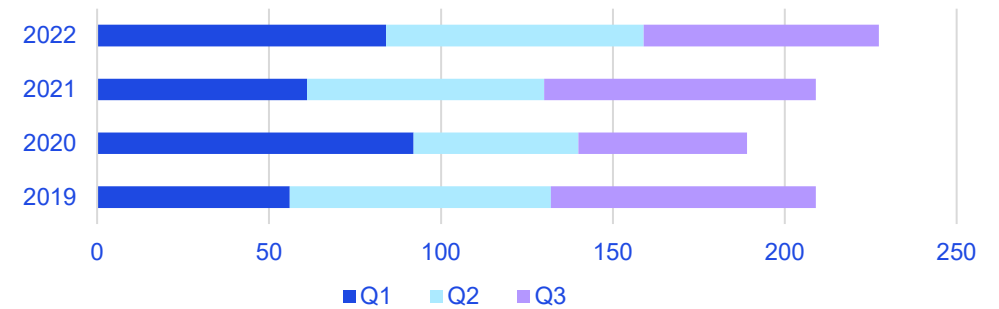
# Real estate market (Q1-3 / 2022)

## CROSS-BORDER INVESTMENTS IN CEE REGION



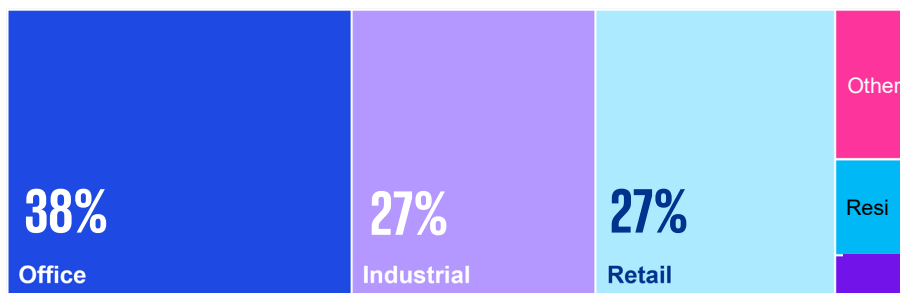
Source: Colliers

## INVESTMENT TRANSACTION - EUROPE (BIL.EUR)



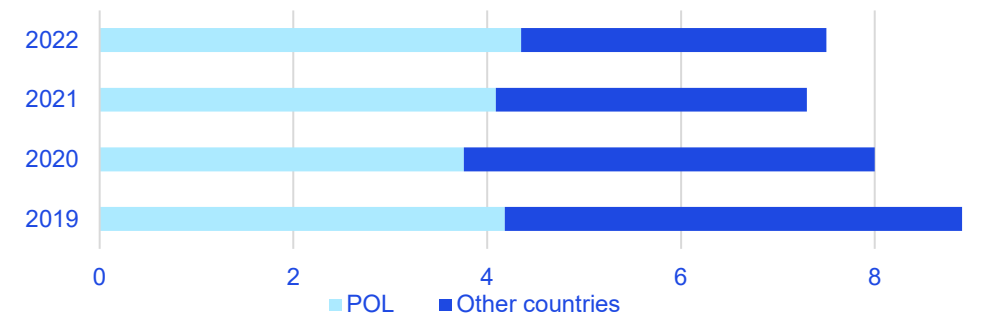
Source: CBRE

## INVESTMENT BY ASSET TYPE – CEE REGION



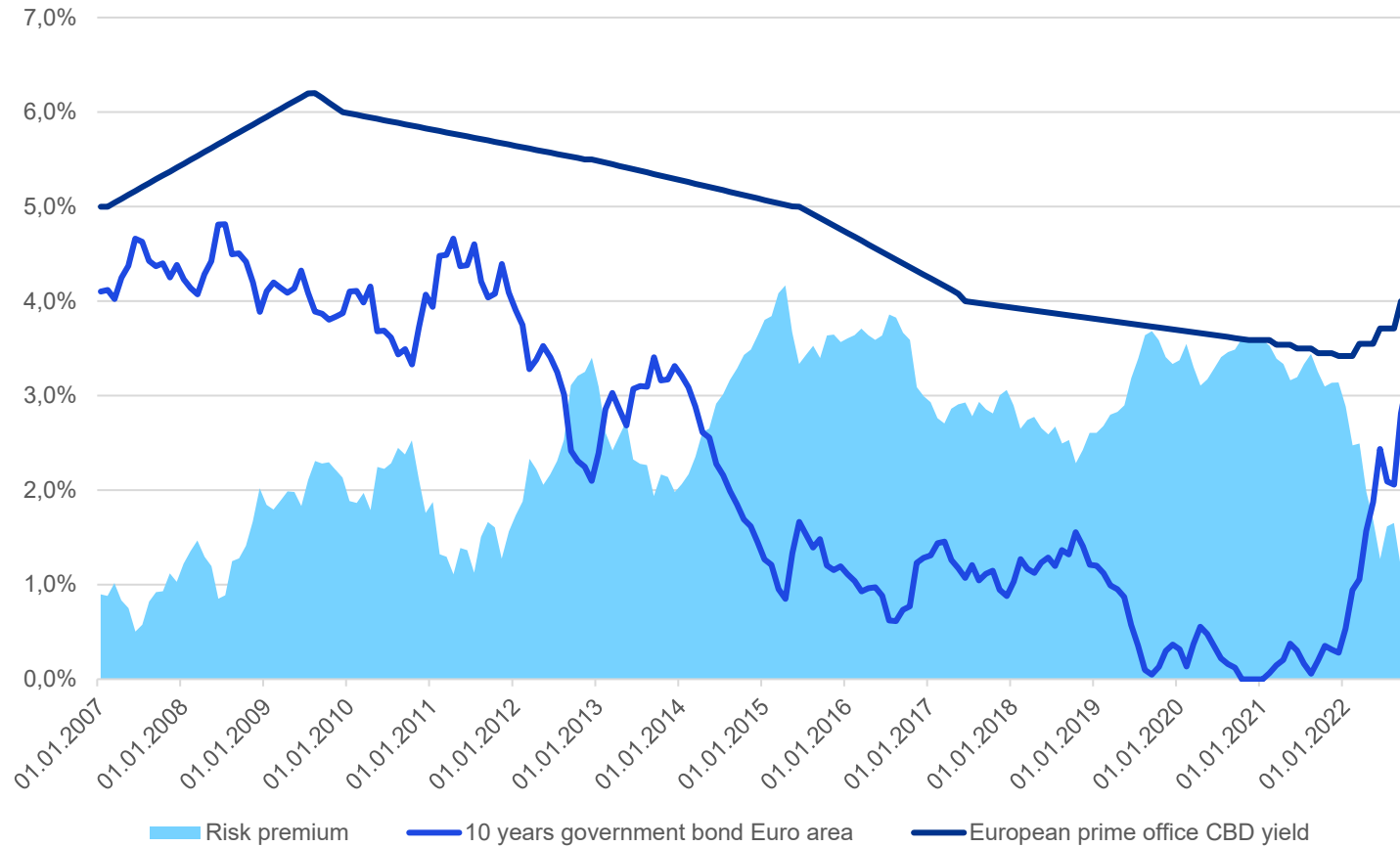
Source: Colliers

## INVESTMENT TRANSACTION - CEE EUROPE (BIL.EUR)



Source: Colliers

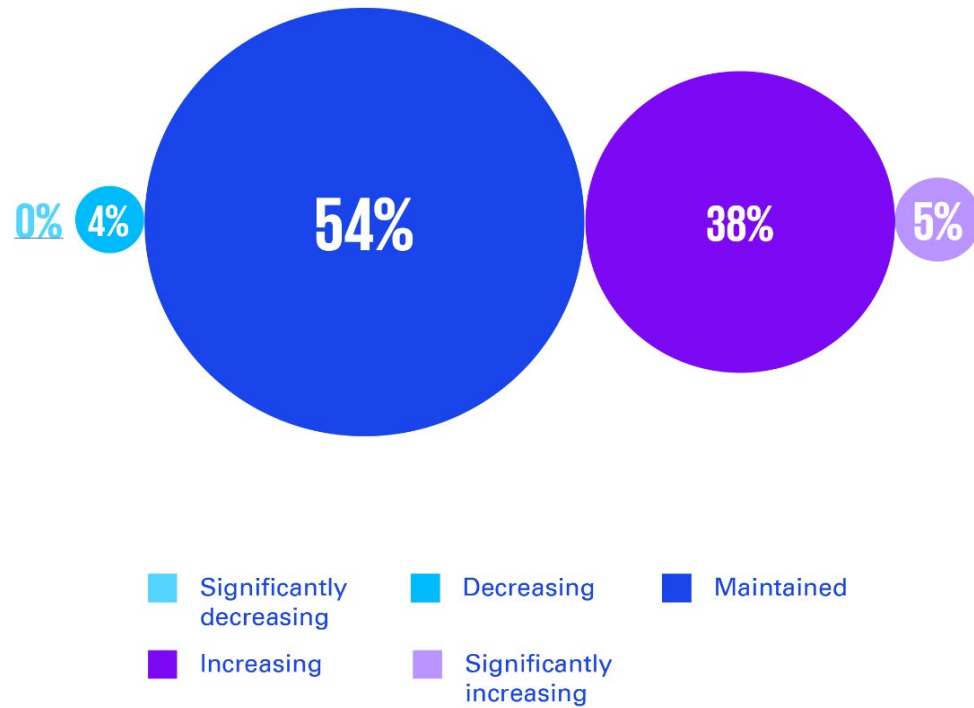
# Risk premium for prime European offices



Source: ECB, Savills Q3/2022

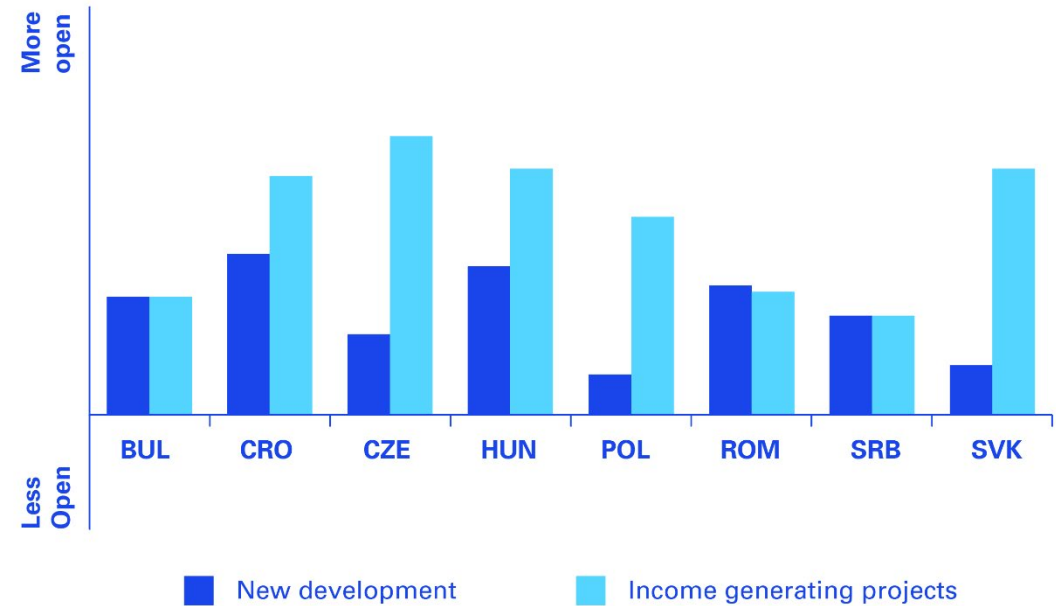
# Prospects for real estate loan portfolios

FOCUS ON REAL ESTATE FINANCING WITHIN THE BANK'S LENDING ACTIVITY COMPARED TO ONE YEAR AGO



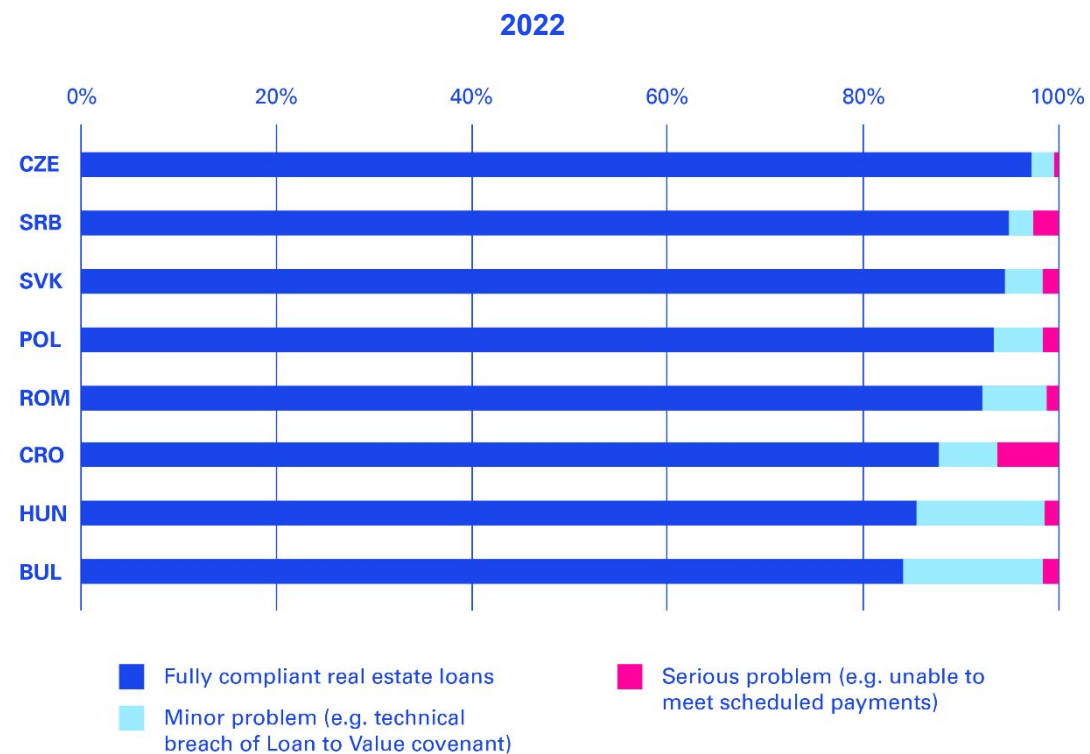
Source: Property Lending Barometer 2022

OPENNESS OF BANKS TO FINANCE NEW DEVELOPMENT/INCOME-GENERATING PROJECTS

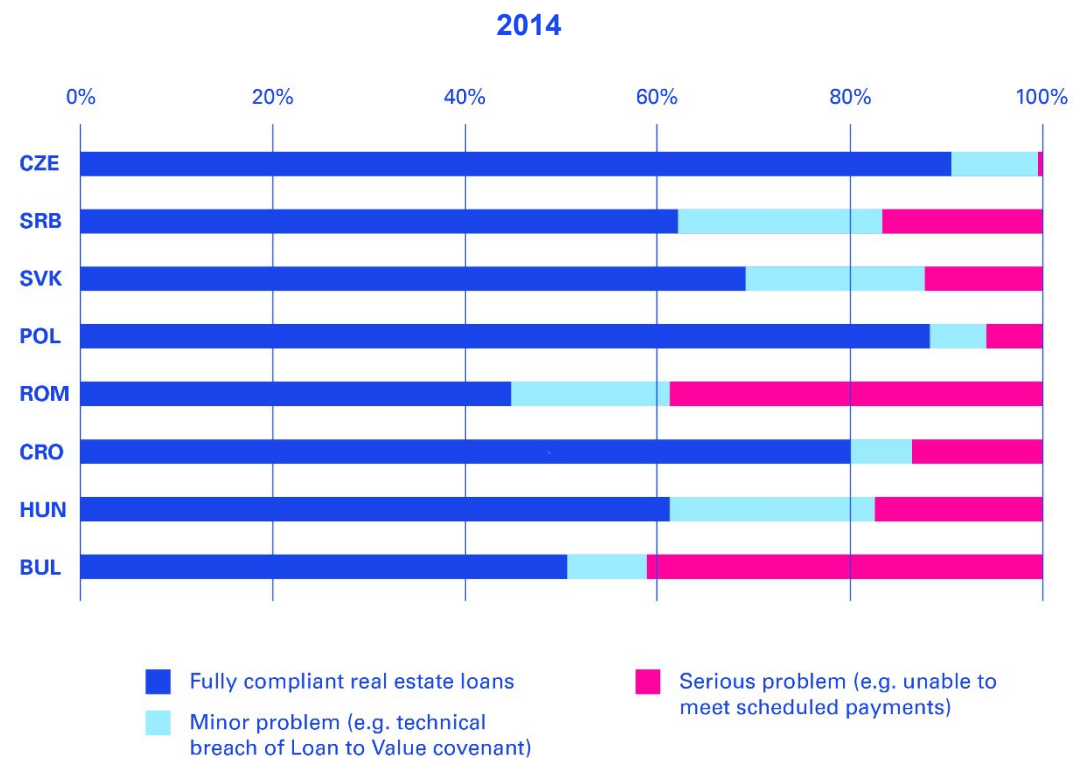


Source: Property Lending Barometer 2022

# Proportion of impaired real estate loans



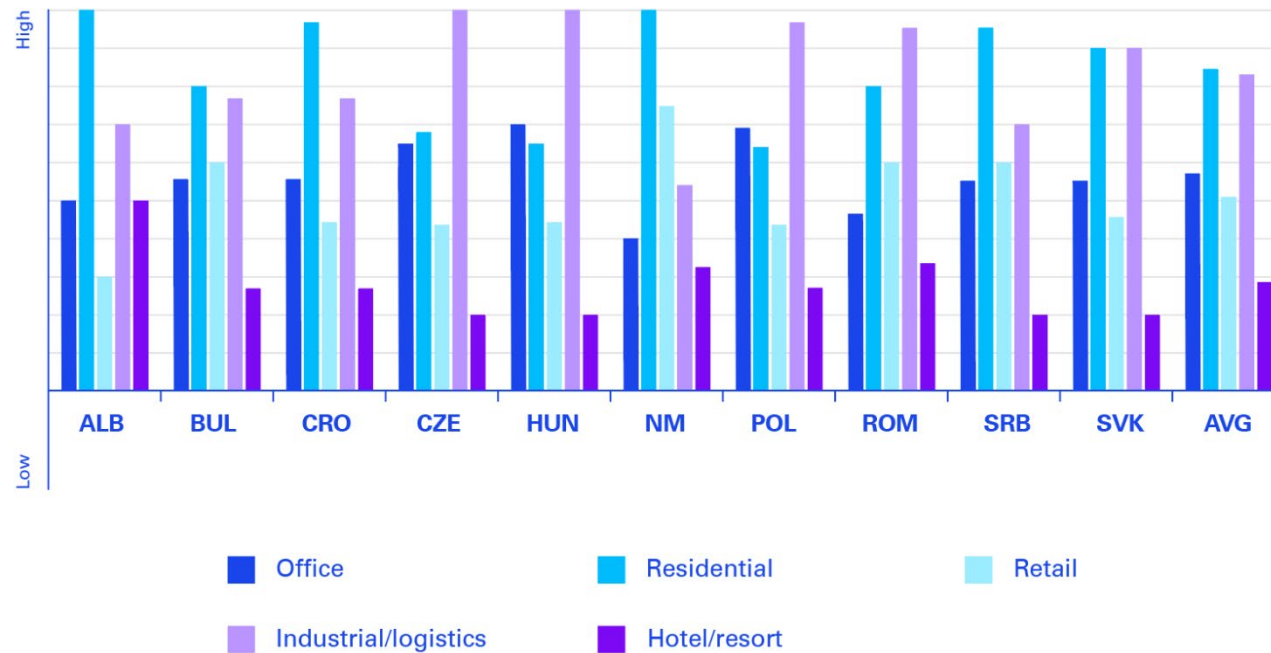
Source: Property Lending Barometer, 2022



Source: Property Lending Barometer, 2014

# Bank's preferences

**BANKS' SECTOR PREFERENCES IN PROVIDING DEVELOPMENT FINANCING BY ASSET CLASS**



Source:KPMG Property Lending Barometer 2022

**MOST PREFERRED ASSET CLASS (CZ)**

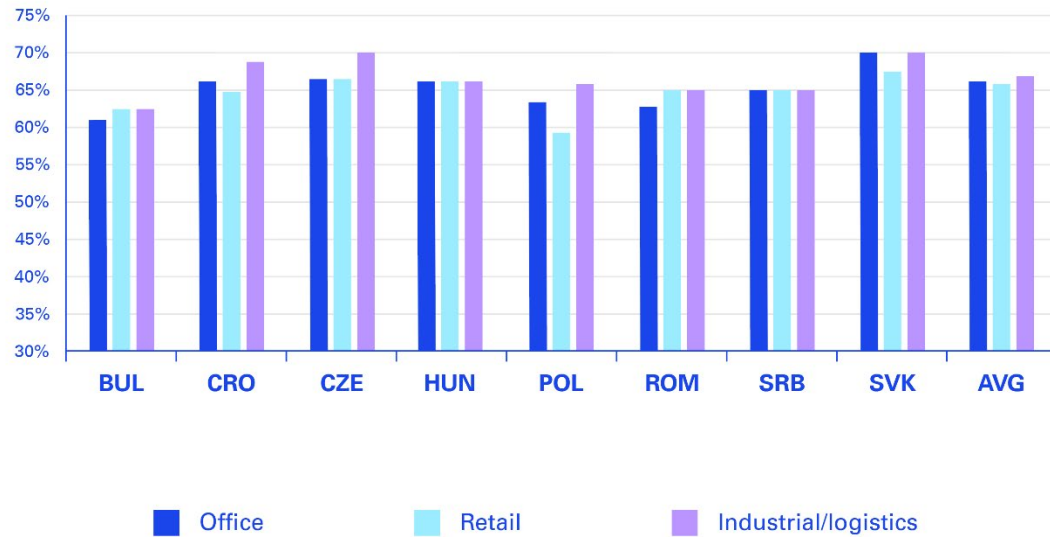
2010	Retail	2017	Residential
2011	Office	2018	Industrial/logistics
2012	Office	2019	Office
2013	Office	2020	Industrial/logistics
2014	Retail	2021	Industrial/logistics
2015	Residential	2022	Industrial/logistics
2016	Residential		

Source:KPMG Property Lending Barometer 2022



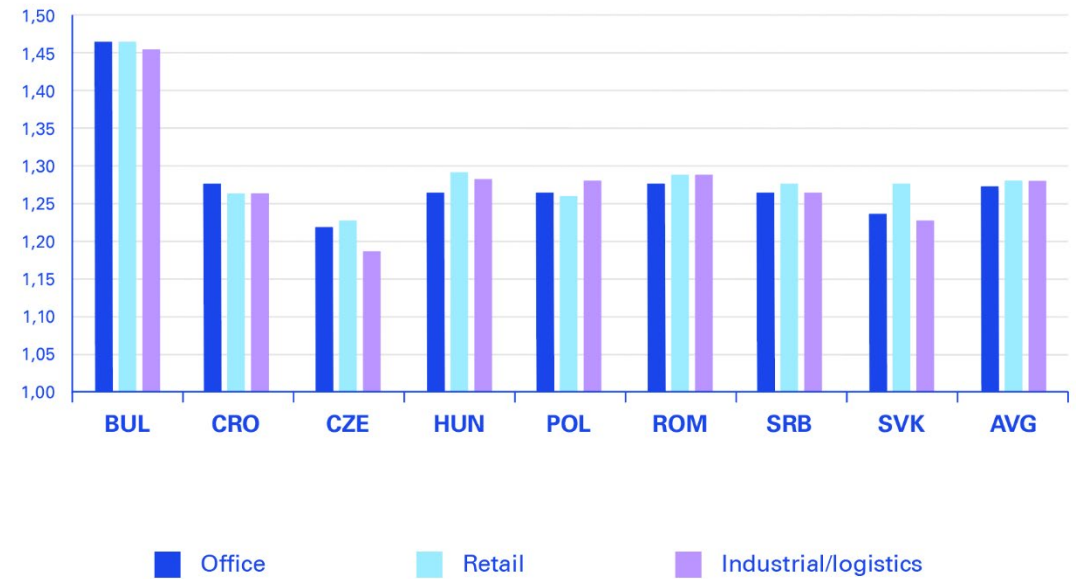
# Criteria for financing: Income generating projects

LOAN-TO-VALUE (LTV) RATIO EXPECTATIONS FOR FINANCING HIGHLY RATED INCOME GENERATING PROJECTS



Source: Property Lending Barometer, 2022

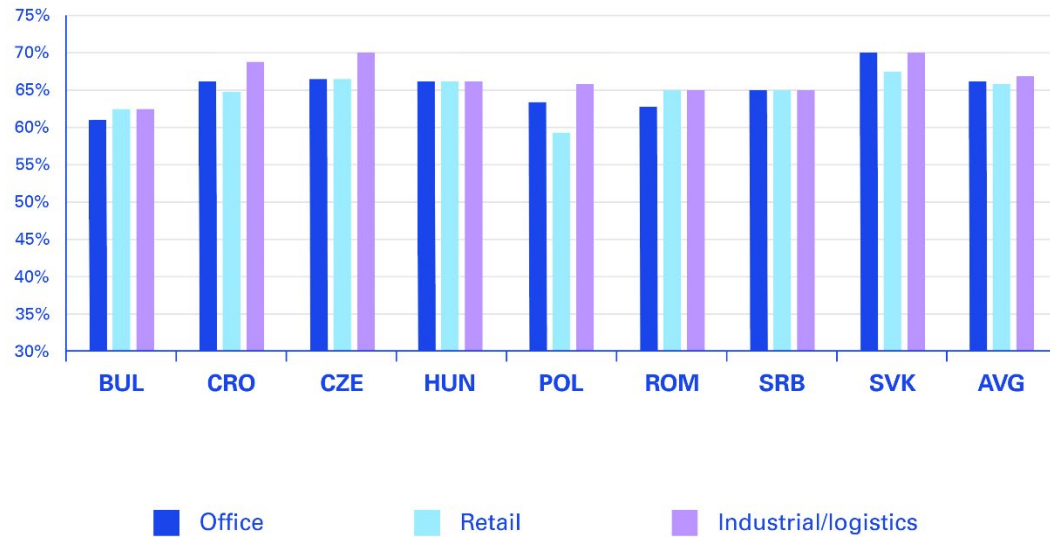
DEBT SERVICE COVERAGE RATIOS



Source: Property Lending Barometer, 2022

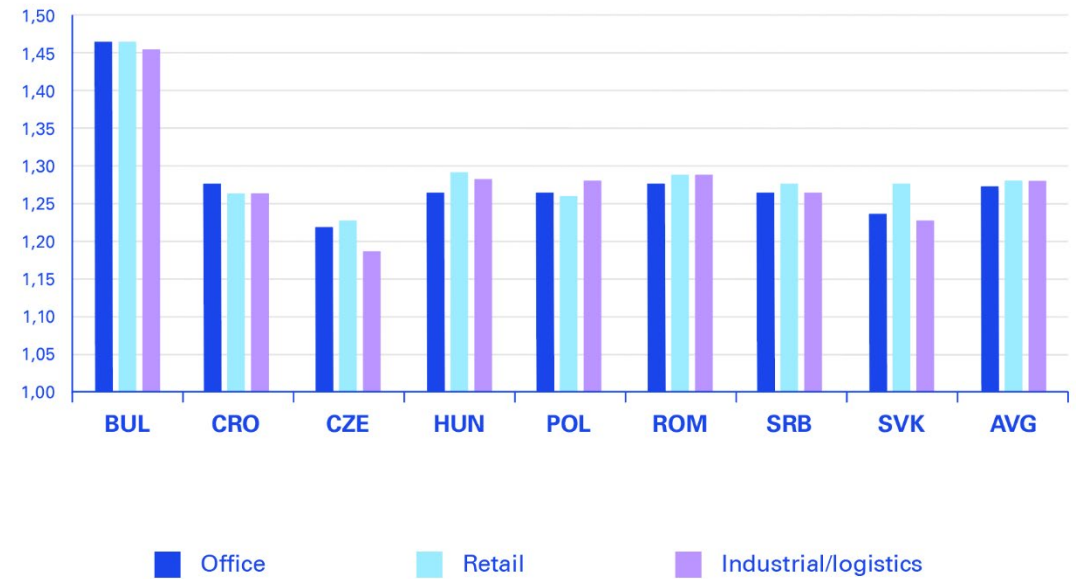
# Criteria for financing: Income generating projects

LOAN-TO-VALUE (LTV) RATIO EXPECTATIONS FOR FINANCING HIGHLY RATED INCOME GENERATING PROJECTS



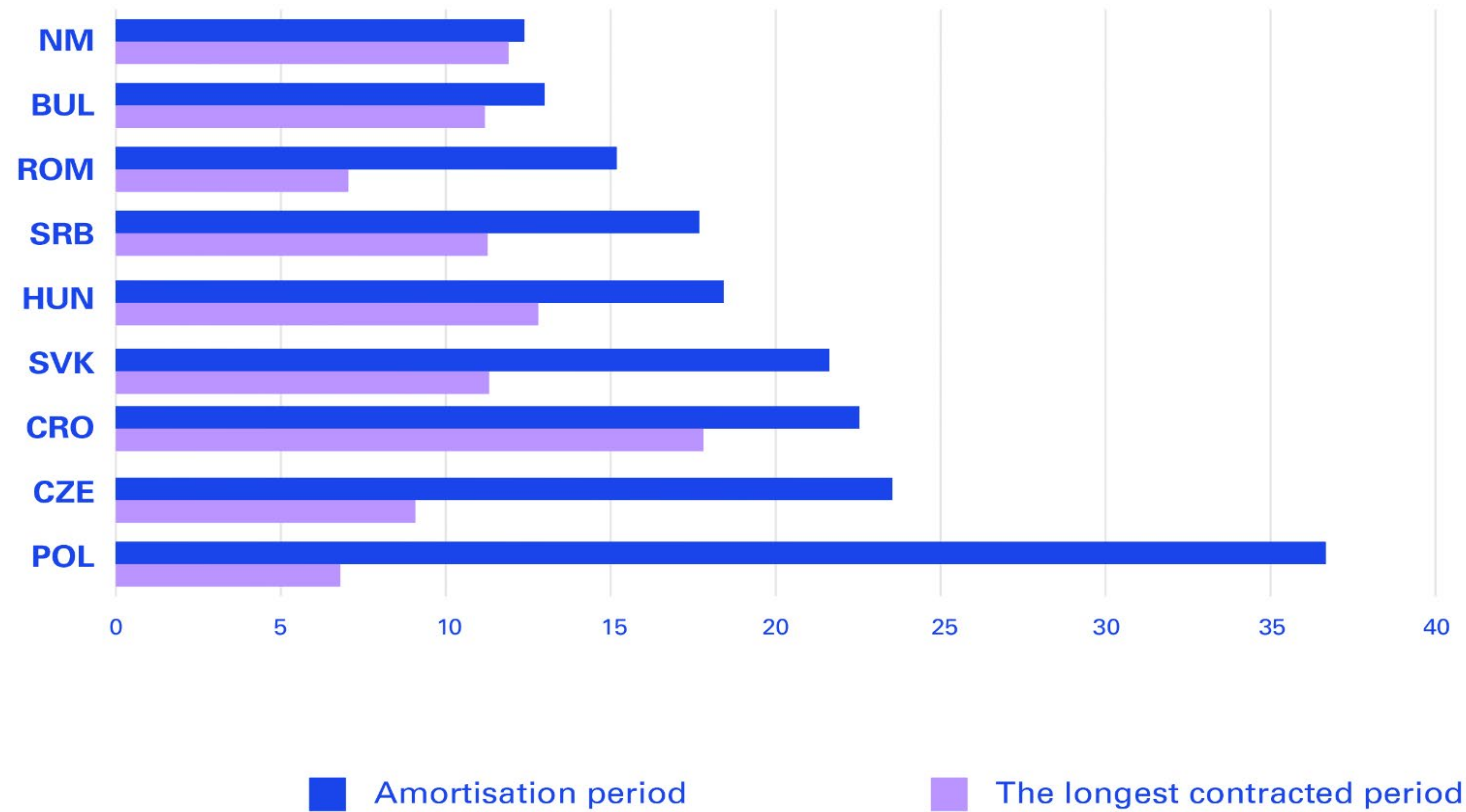
Source: Property Lending Barometer, 2022

DEBT SERVICE COVERAGE RATIOS



Source: Property Lending Barometer, 2022

# Maximum amortization period and longest contracted term



Source: Property Lending Barometer, 2022

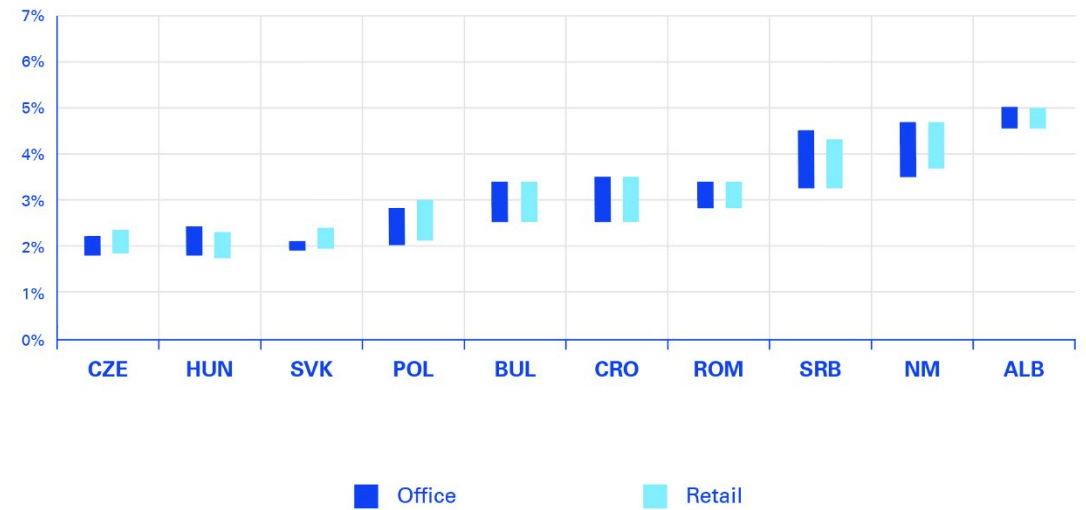
# Interest premium

LOAN INTEREST PREMIUM FOR HIGHLY RATED REAL ESTATE DEVELOPMENT PROJECTS



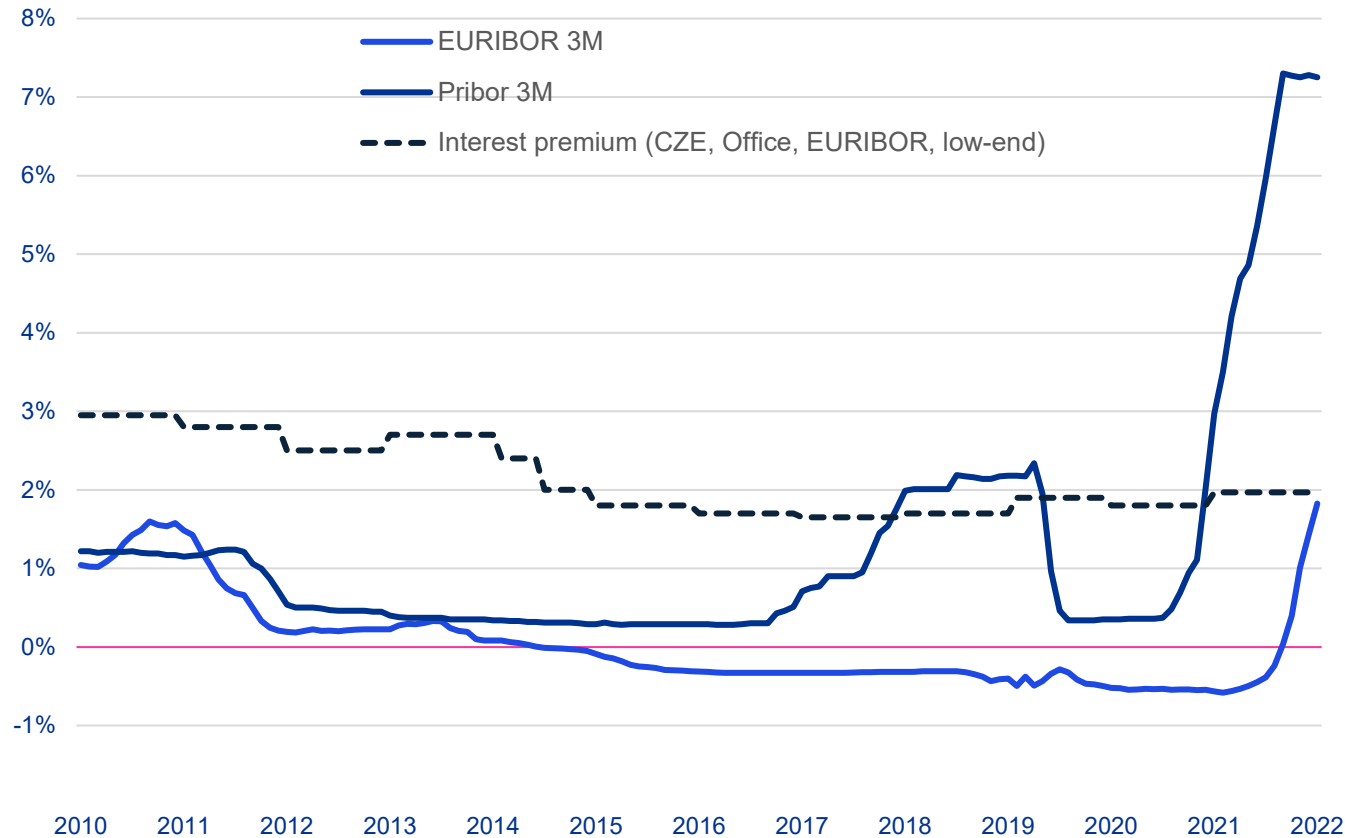
Source: Property Lending Barometer, 2022

LOAN INTEREST PREMIUM FOR HIGHLY RATED INCOME GENERATING PROJECTS



Source: Property Lending Barometer, 2022

# Interest rate development

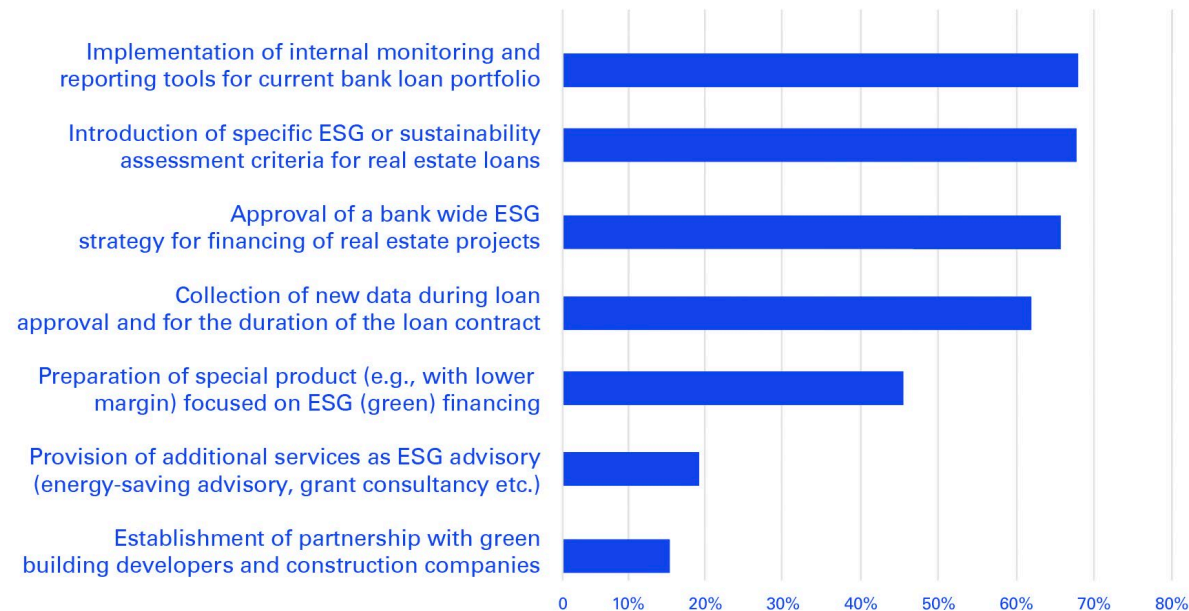


Source: ECB, Czech National Bank, KPMG Property Lending Barometer

- Over 70% loan in the foreign currency (EUR), exception is Bulgaria.
- Hedging of the interest rate risk associated with variable interest rates to more than **50% of the bank loan** volume, exception Albania, Bulgaria and North Macedonia.
- **Higher interest premiums for development projects** than for Income generating projects.

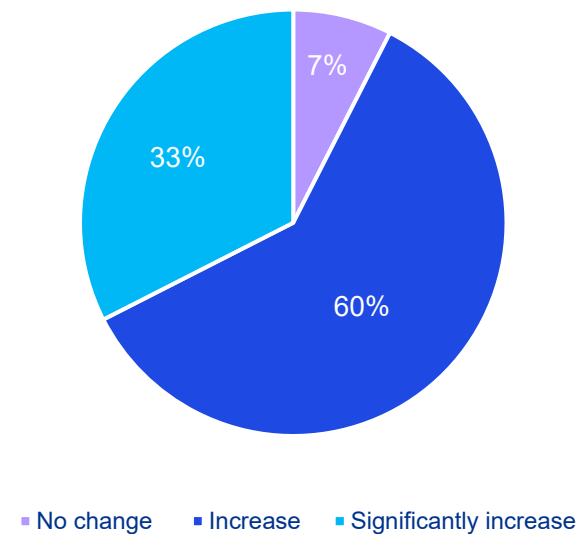
# Banks, real estate financing and ESG

## CURRENT STATUS OF ESG IMPLEMENTATION



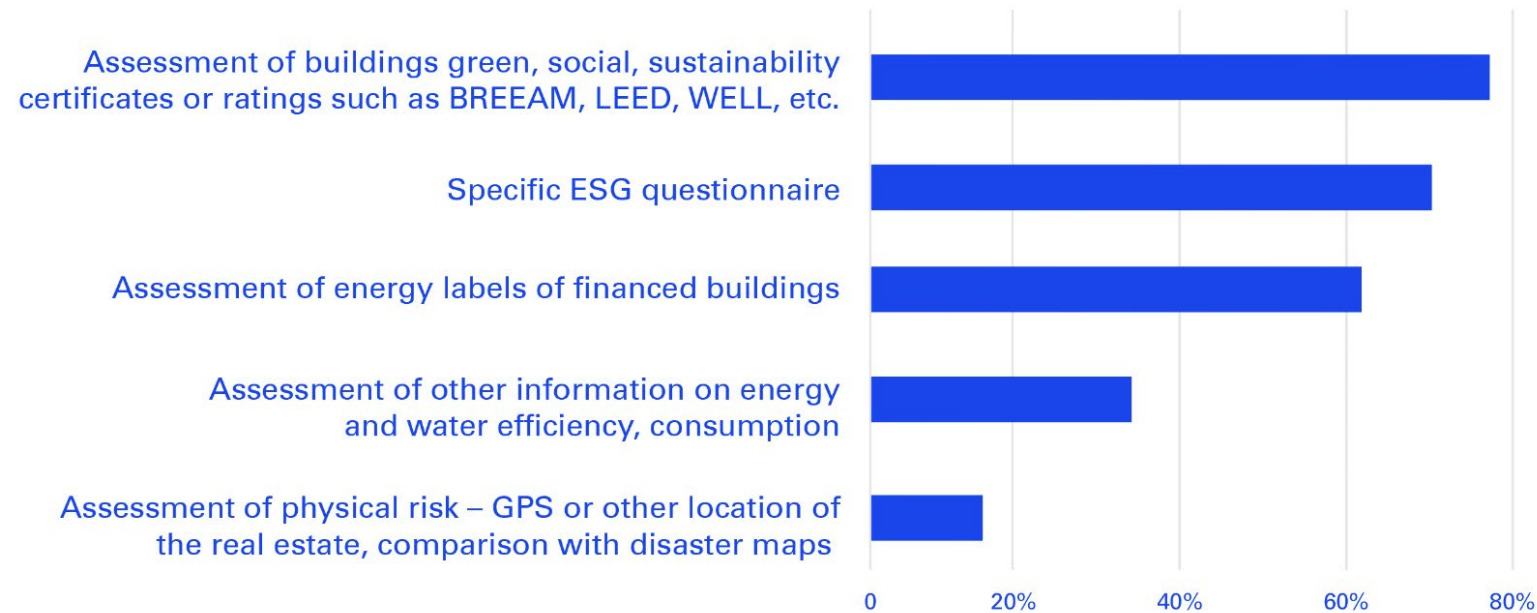
Source: Property Lending Barometer, 2022

## CHANGE IN FOCUS ON ESG AND REAL ESTATE FINANCING



Source: Property Lending Barometer, 2022

# Specific evaluation criteria for loans considering ESG



**PRŮKAZ ENERGETICKE NAROČNOSTI BUVODY**

Průkaz energetické náročnosti budovy		Průkaz energetické náročnosti budovy	
Průkaz energetické náročnosti budovy	Průkaz energetické náročnosti budovy	Průkaz energetické náročnosti budovy	Průkaz energetické náročnosti budovy
Průkaz energetické náročnosti budovy	Průkaz energetické náročnosti budovy	Průkaz energetické náročnosti budovy	Průkaz energetické náročnosti budovy
Průkaz energetické náročnosti budovy	Průkaz energetické náročnosti budovy	Průkaz energetické náročnosti budovy	Průkaz energetické náročnosti budovy



Source: Property Lending Barometer, 2022

# Contact

**Pavel Dolák**

Director

KPMG Czech Republic

+420 222 123 452

pdolak@kpmg.cz

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

