

Crédit Agricole CIB eyes an opportunity to whet investor appetites for real estate debt

The arrival of new investors is breathing life into the real estate financial market. Crédit Agricole CIB is focusing on innovative financing.

by KRYSTÈLE TACHDJIAN

Translated by Crédit Agricole CIB

Crédit Agricole CIB plans to make the most of the arrival of new investors in the real estate market in order to strengthen its positions and round out its “toolbox” of financing solutions. *“We are looking to emerge in the real estate investment market, primarily in institutional and debt funds,”* says Laurent Chenain, Global Head of Real estate and Lodging for Crédit Agricole CIB. *“Real estate is a safe haven investment that performs well and offers an attractive premium compared with other asset classes. For the past 18 to 24 months, we have been seeing significant trading of resources, which had previously been allocated to sovereign debt or stocks, shifting over to real estate debt, which is less volatile and consumes less equity.”*

Banks feel that the wall of real estate debt is no longer a major cause for concern. In Europe, where bank credit is contracting, the funding gap is estimated at around USD 100 billion, but it is expected to decline due to the increase in new investors, particularly through partnerships with banks.

Crédit Agricole CIB claims a 25% share of the real estate development finance market in France and has a strong international presence, with operations in Southern Europe, the United States, and Asia. Two new locations are planned in the medium term. In 2012, the Bank was active in France through several property development bond issues (Mercialys, Unibail, Gecina, etc.). It also helped its customers launch private institutional loans and acted as sole arranger for the private placement of EUR 100 million for Altarea Cogedim. Crédit Agricole CIB also worked as a bookrunner alongside J.P. Morgan and Natixis on the first private placement from a property developer on behalf of Nexity.

The Bank now plans to take part in the development of mortgage bonds – an innovative source of financing that has so far been used on only two occasions by Foncière des Murs and Tishman Speyer to refinance the Lumière building. The Crédit Agricole subsidiary is preparing for two mortgage-backed issuances, each ranging between EUR 200 million and EUR 300 million, on behalf of two clients.

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