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(formerly Cass)

Bayes CRE Lending Survey – YE 2025

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Contents

- Overview of the Bayes Lending Report and its role as an industry benchmark
- Current lender appetite, risk pricing, covenant behavior and restructuring activity
- Default, breach and recovery trends across sectors (including recent movements)
- implications for valuation sensitivity analysis, exit assumptions and debt driven value shifts
- Forward view on refinancing pressure points and loan book composition in 2026

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History

- Started in 1999 as the De Montfort Report by Bill Maxted,
- Independent academic project, financed by the industry
- c70 lenders contributing to the survey, this includes banks, insurers and since 2012 alternative lenders
- Bi-annual survey, with reports published in April and October
- Used by lenders , investors, regulators, tax advisors, HMRC, BoE, debt advisors as benchmarking, competitor analysis

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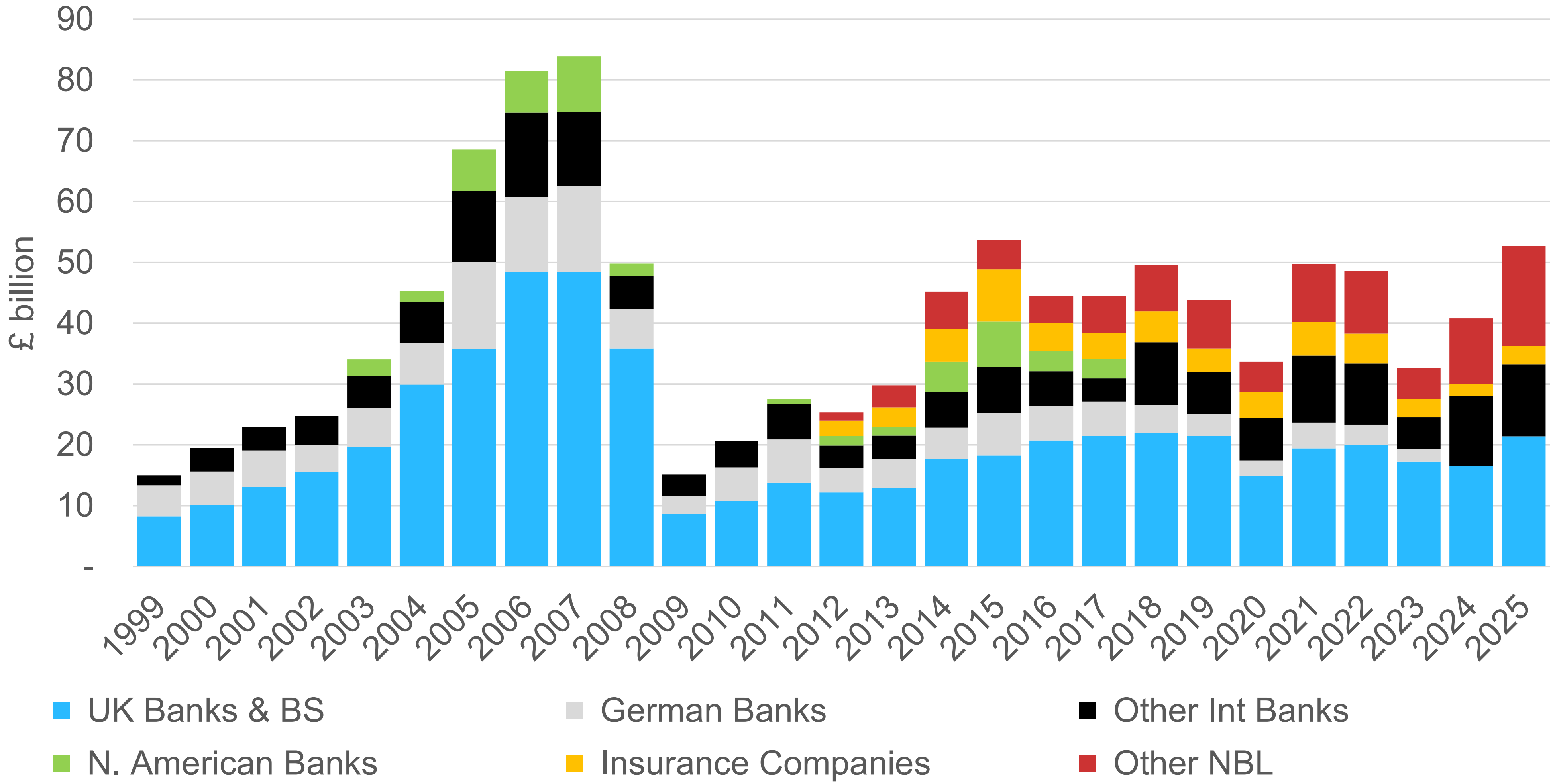
What is included?

- CRE debt market cycle since 1997 and the financial system – tracking, for example, the loan delinquencies and defaults through the last major cycle.
- Total annual CRE lending volumes, active lenders, loan sizes, development finance, and investment finance.
- Loan volumes originated across regions and property sectors, highlighting points such as the recent growth in lending on private rented residential schemes.
- A detailed picture of current lending terms for senior, junior, and debt - loan to value ratios, interest rates, and fees – across a range of property types and types of loan.
- Specifically, tracks fixed/variable-rate, fixed-term senior & junior loans that are made by and held in the investment portfolios ("on balance sheet") of institutional lenders such as life insurance companies, pension funds, and banks.
- Detailed data statistics, including percentile ranges and breakdowns by sectors, lenders etc.

History of origination and lender distribution



- £52.7bn new loan origination, or 29% y-o-y increase

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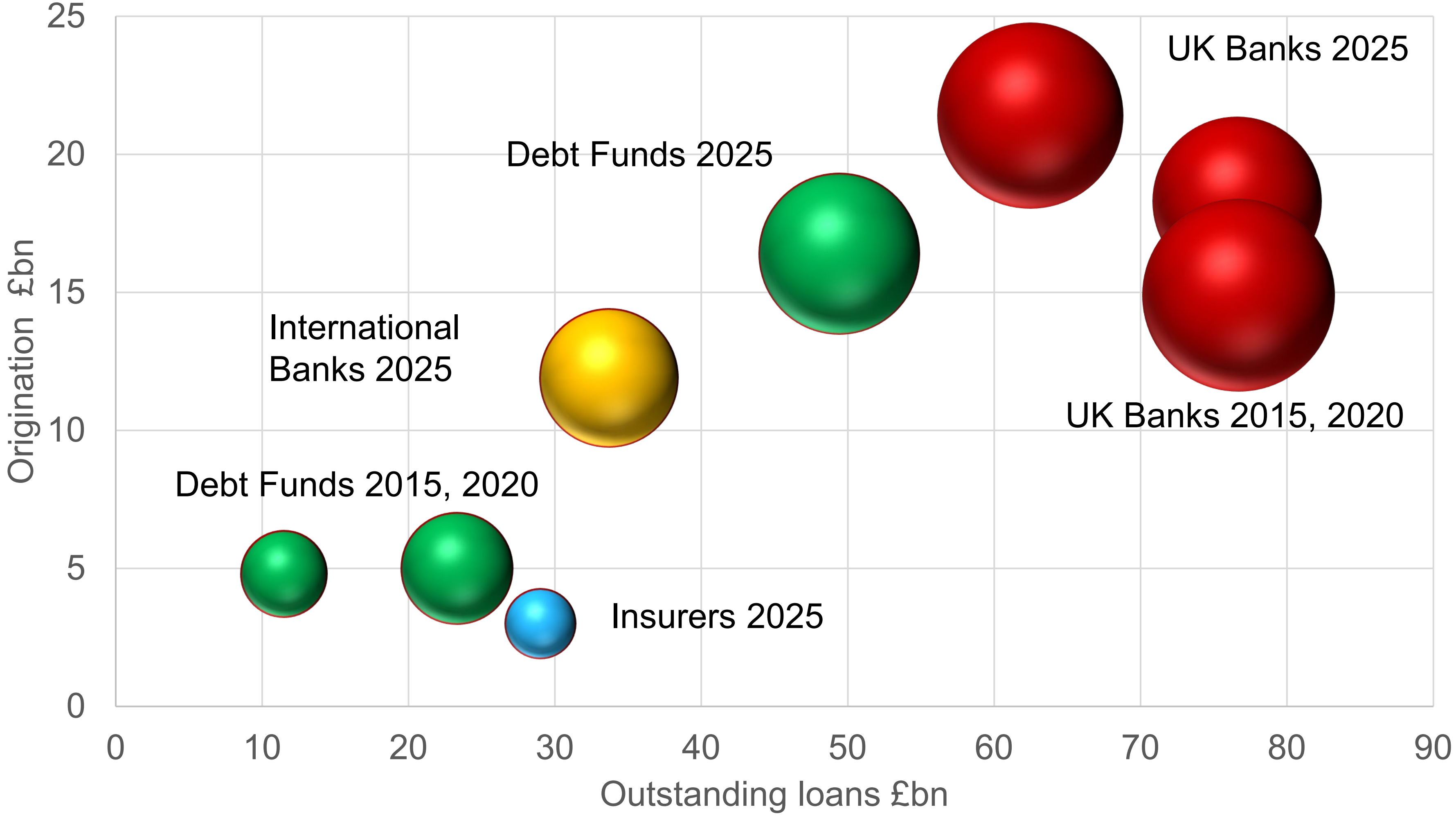
Distribution of key players over time



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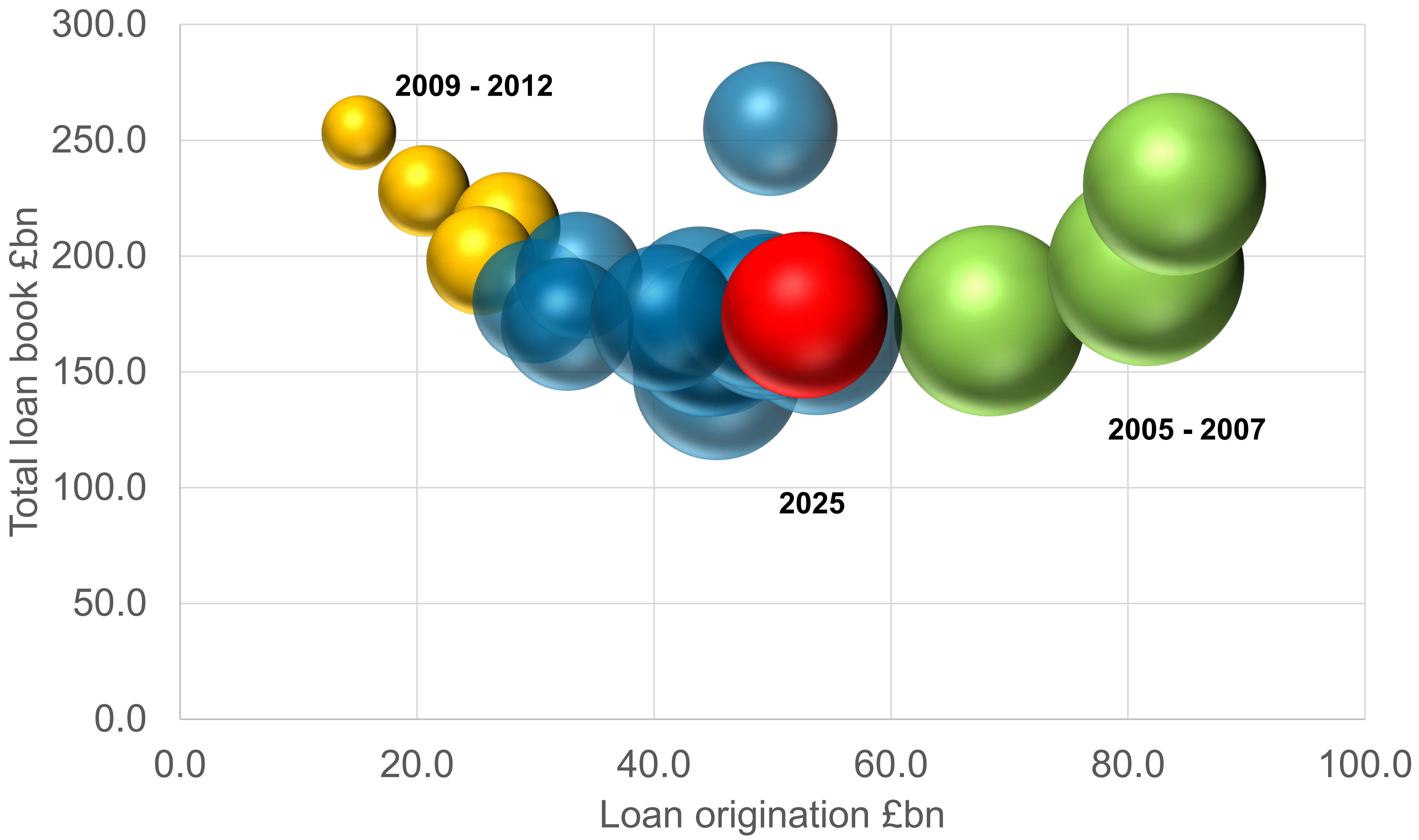
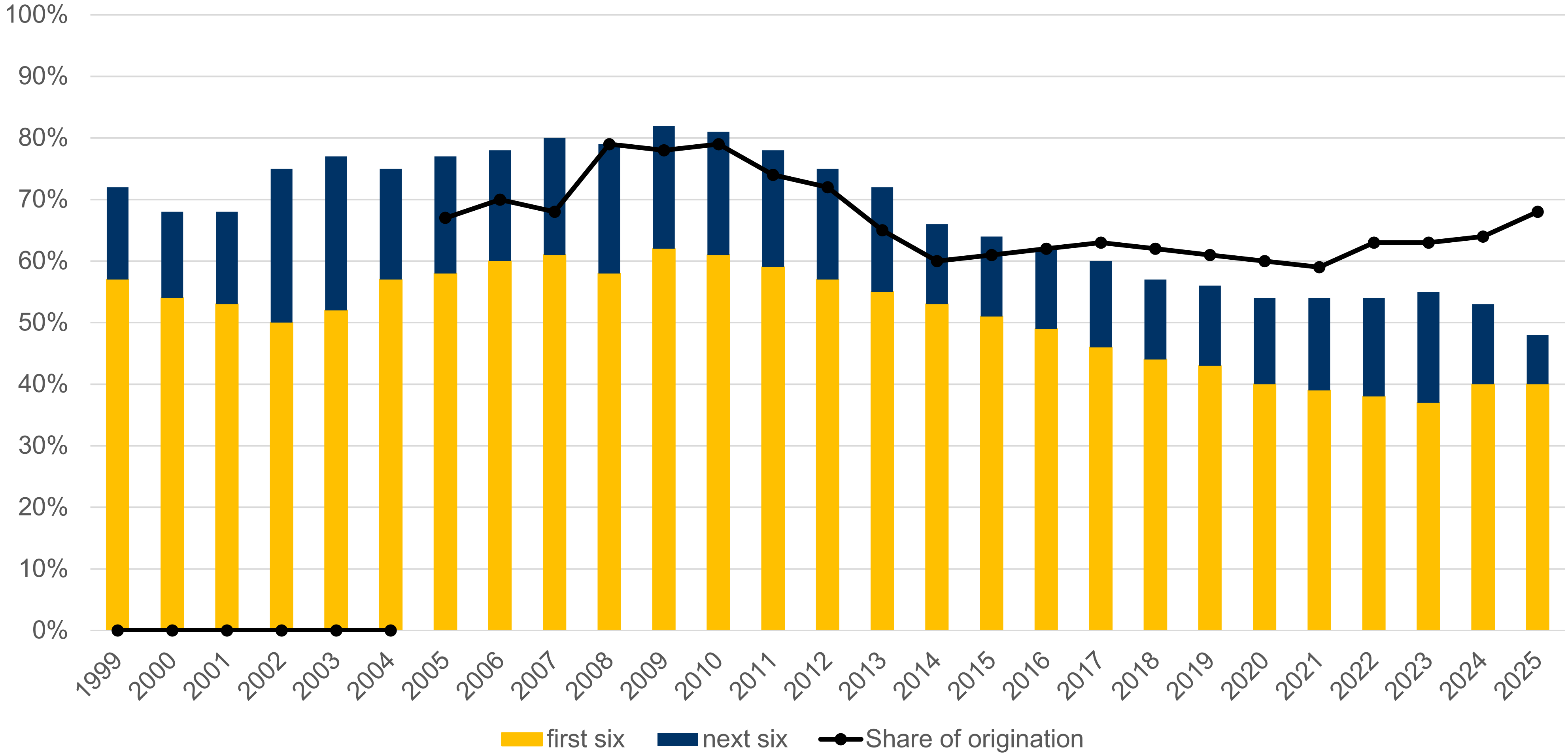
Loan origination & book share distribution



Loan origination & book share of largest 12 lenders



- the largest 12 originators by total volume were 5 UK Banks, 3 International Banks, and 4 Debt Funds. Combined, they were responsible for 68% of total loan origination, and they hold 49% of total outstanding loans.

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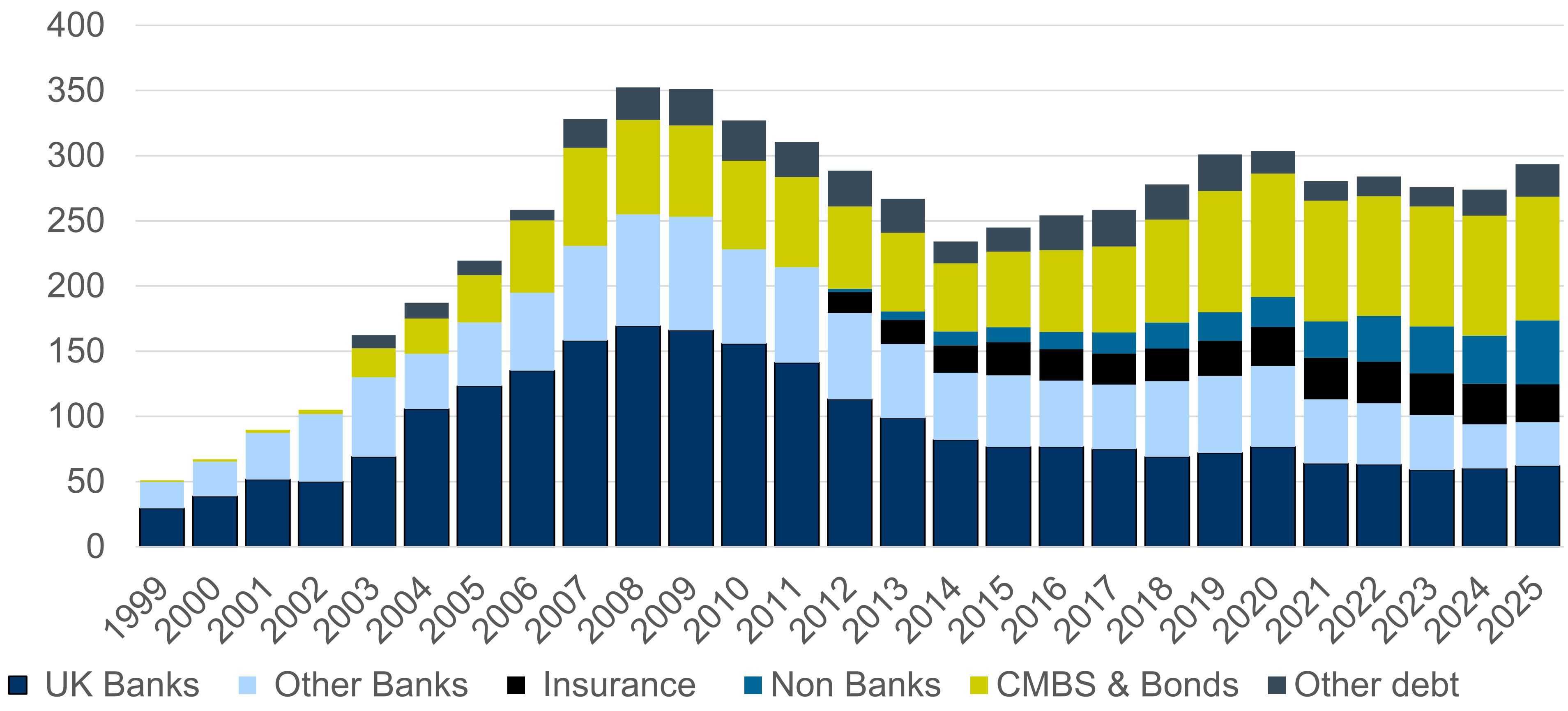
Systemic risk: Total outstanding CRE debt



- £174bn of outstanding total CRE loans + £27bn undrawn loan facilities,. Corporate debt takes a share of 34% in the UK CRE lending market

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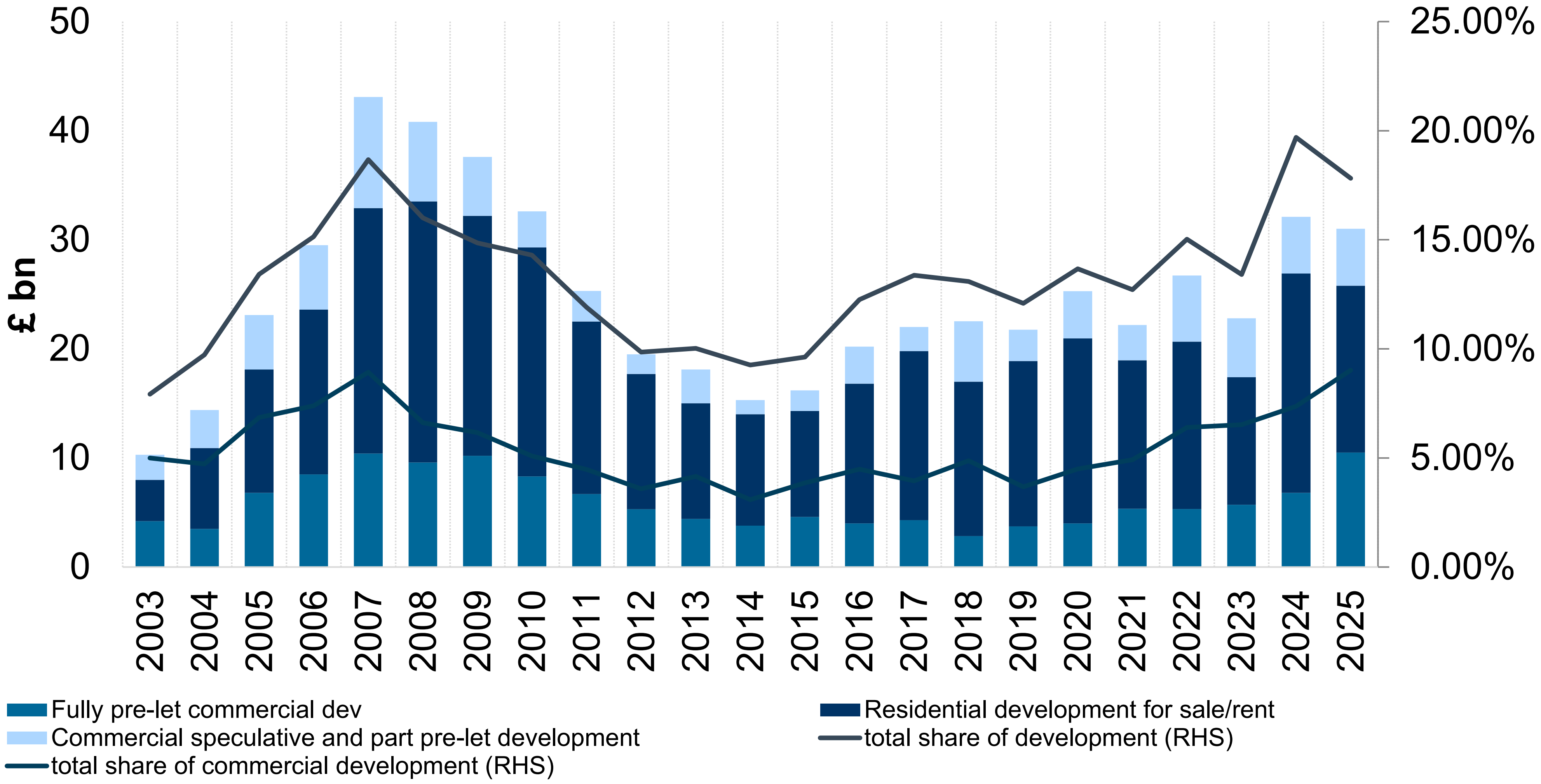
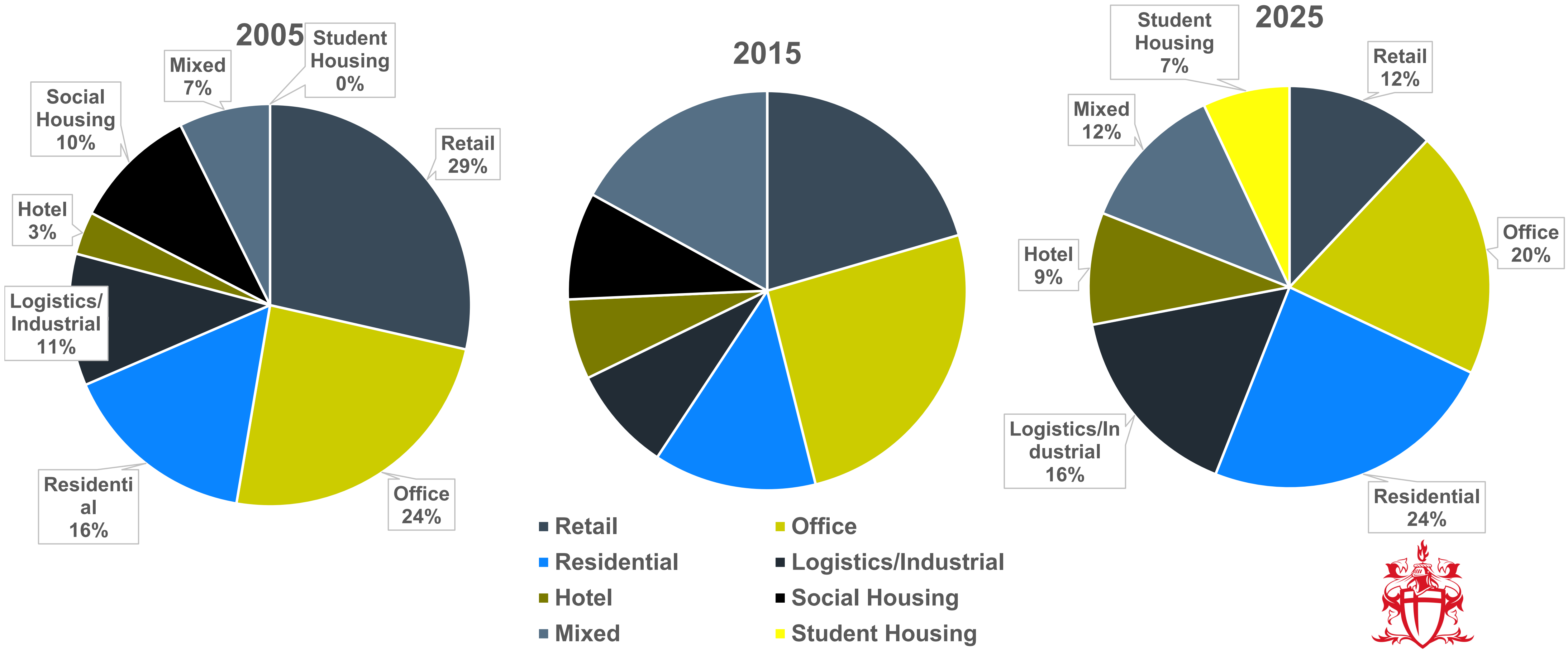
Historic development finance cycle



- Overall development cycle has remained strong reaching a historic peak of £31bn

Asset financing, property sector distribution



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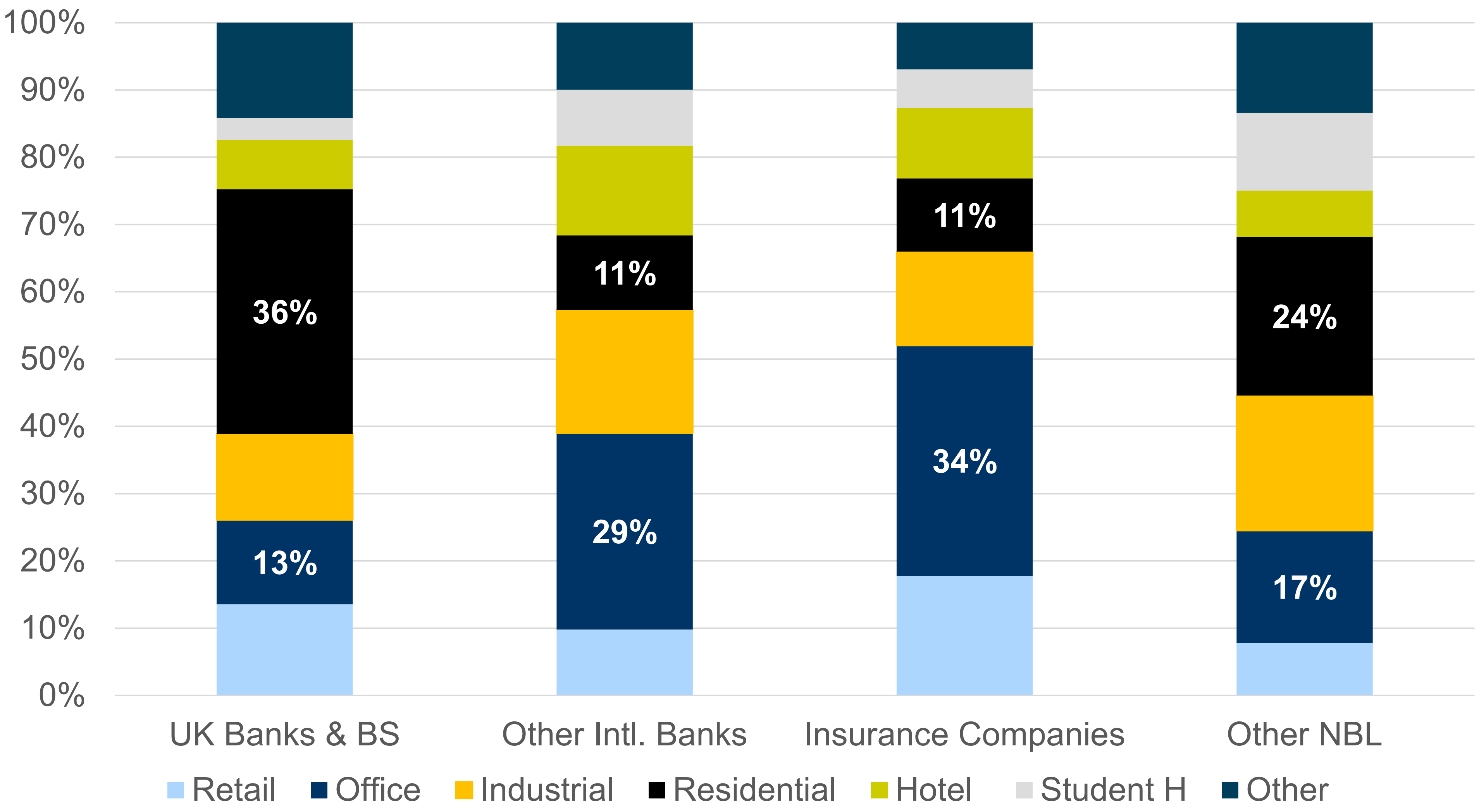
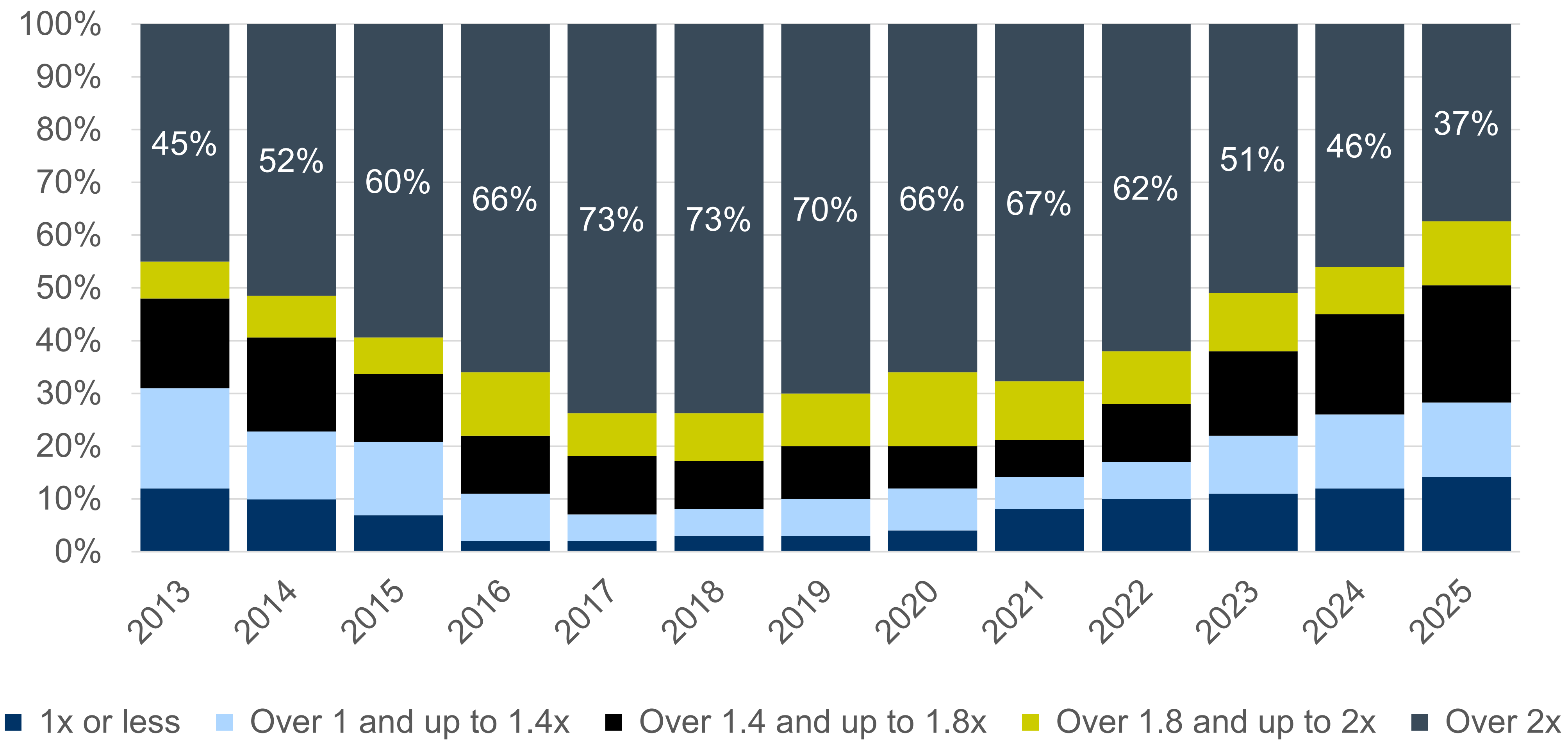
- growth of residential and logistic assets vs decline of office & retail

Asset types, lender distribution



- UK Banks hold 36% of their book in residential assets, Insurance Companies 34% in offices

Long-term ICR cover on loan books



- loans with an ICR coverage ratio >2x have reduced significantly from 73% in 2018 to only 37% in December 2025

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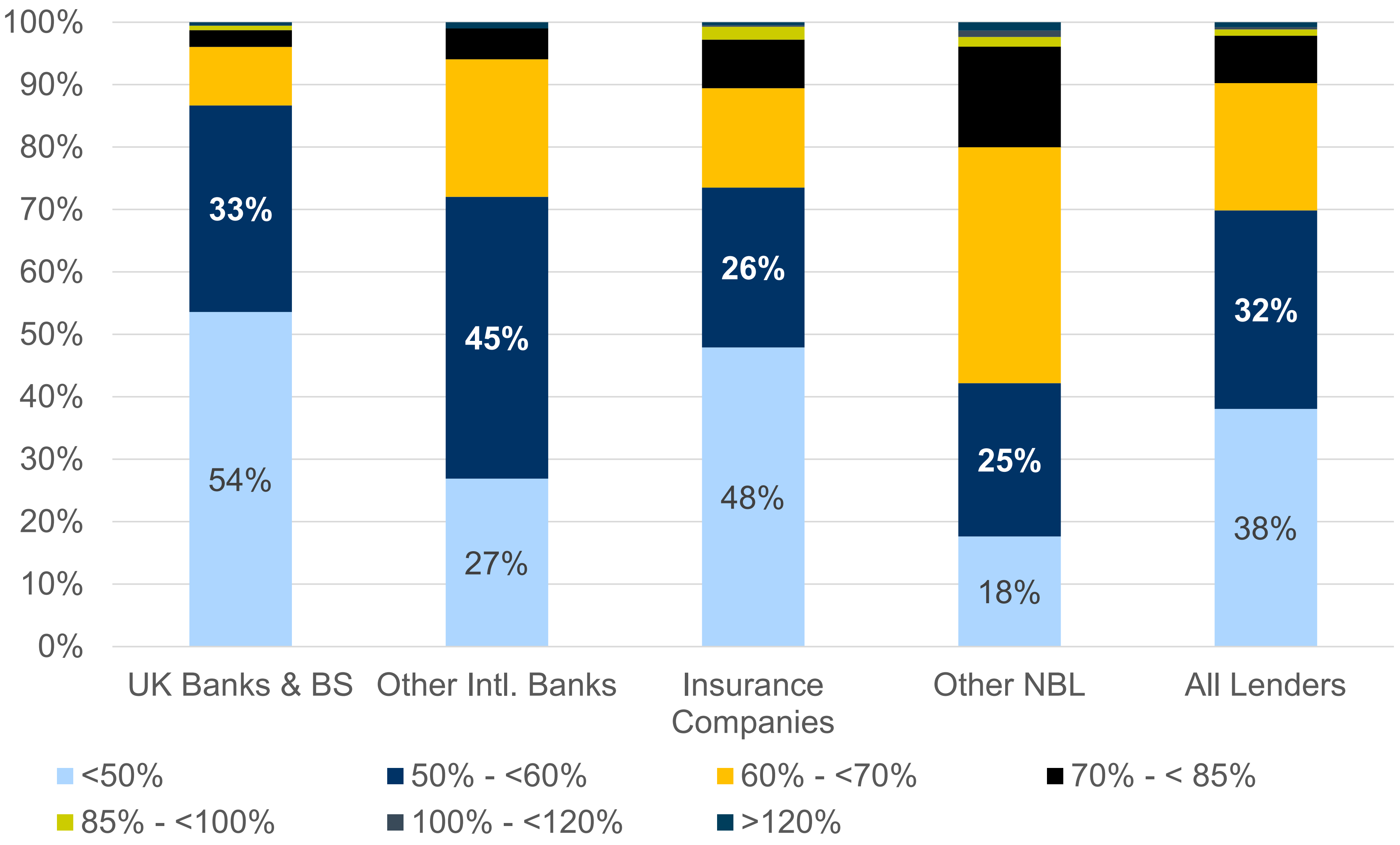
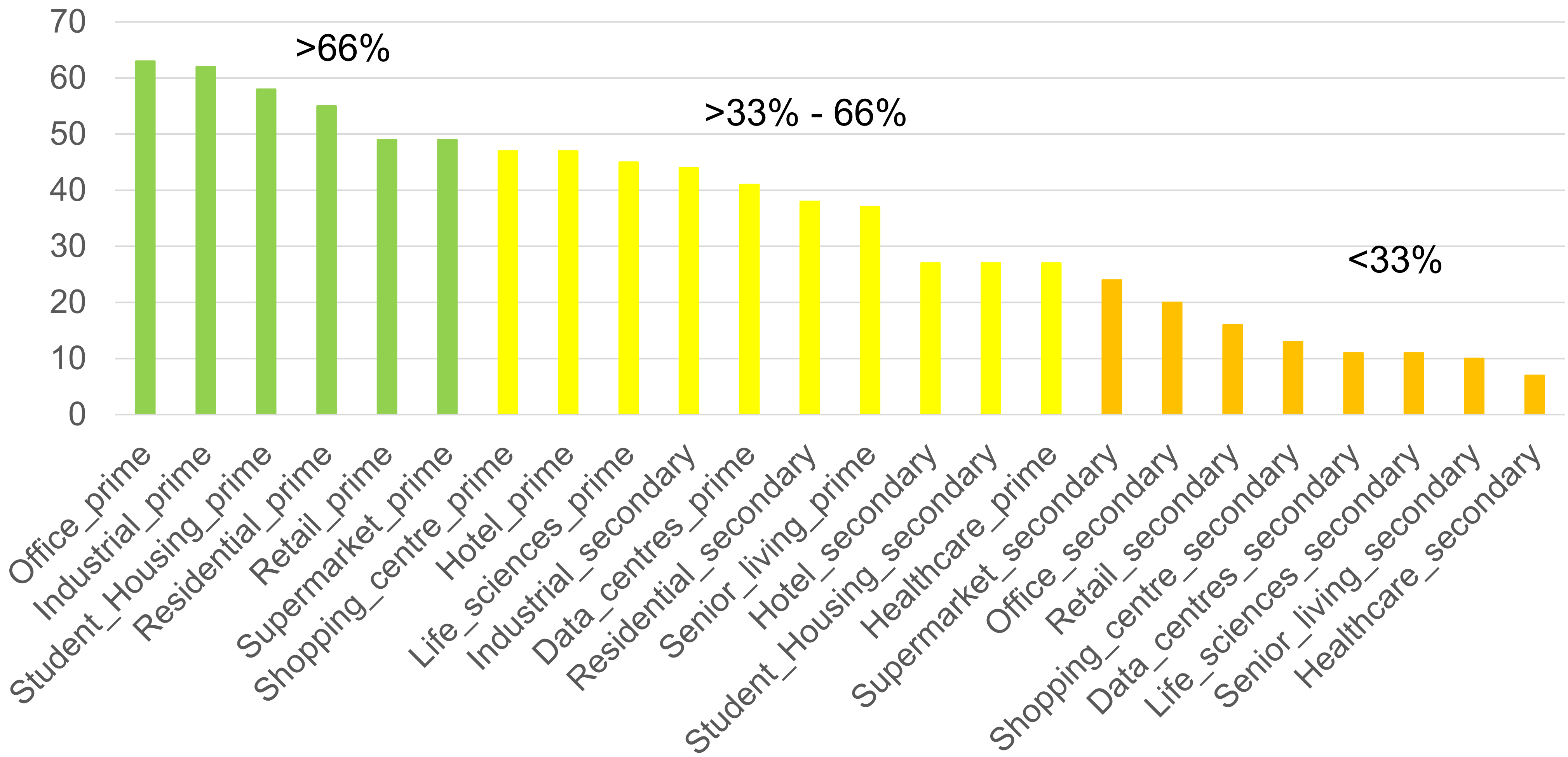
LTV distribution across loan books



- Debt Funds hold 57% of their loan book in loans above 60% LTV

Lending policies sector rankings - investment



- The top five sector to finance are prime assets in the key traditional sectors

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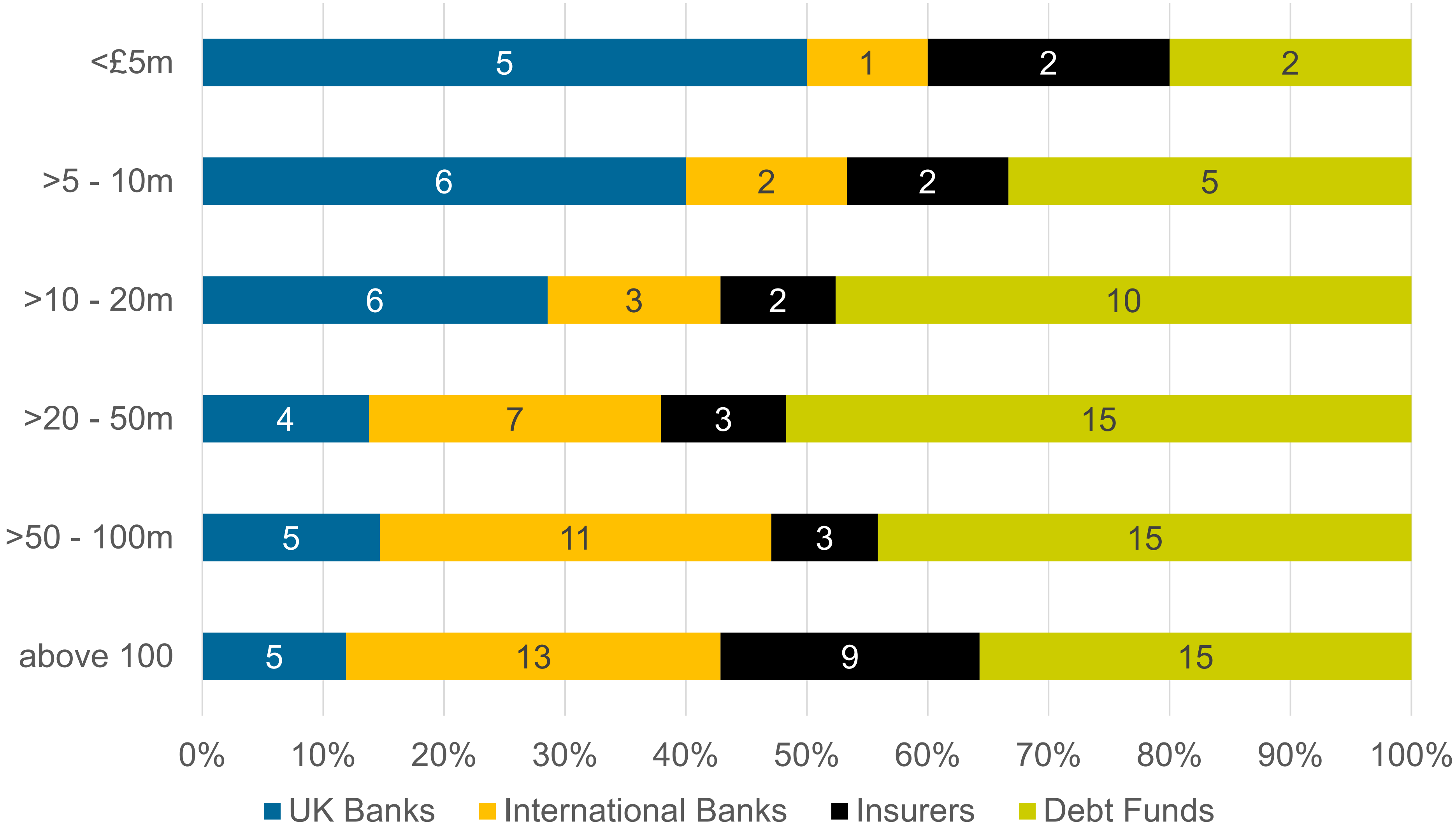
Lending policies loan size- investment



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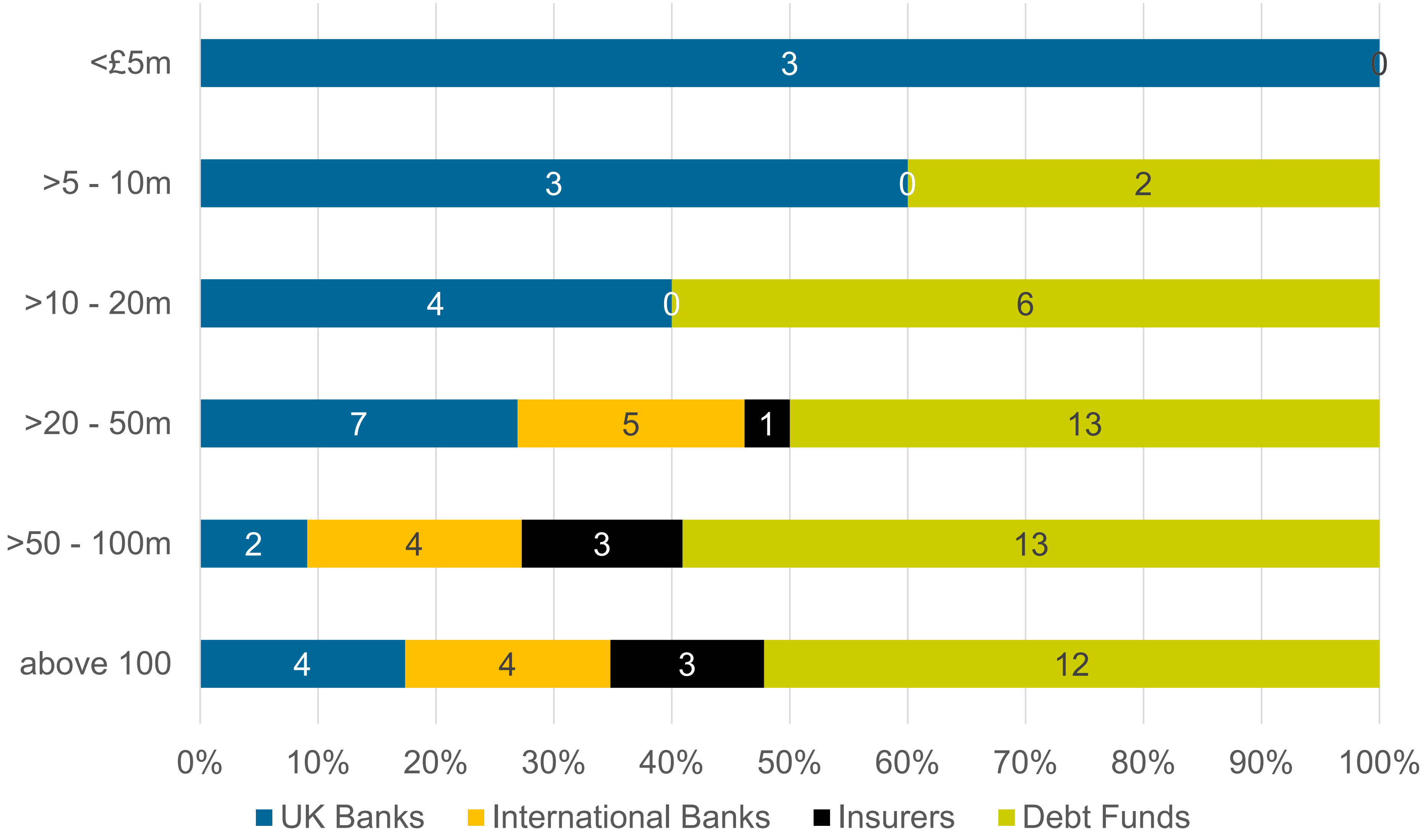
Lending policies loan size- development



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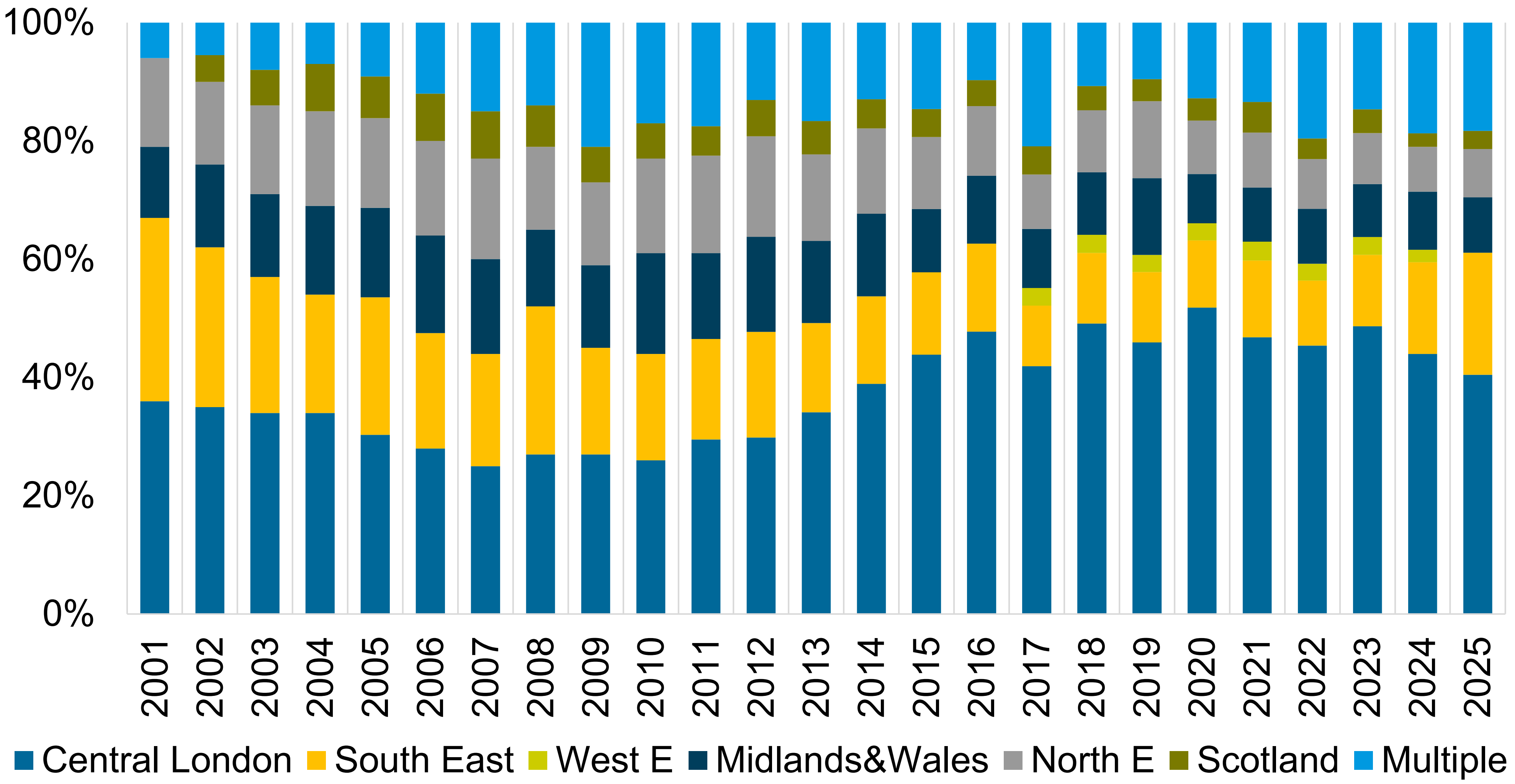
Geographic distribution



- Central London and Rest of SE account for 61%.

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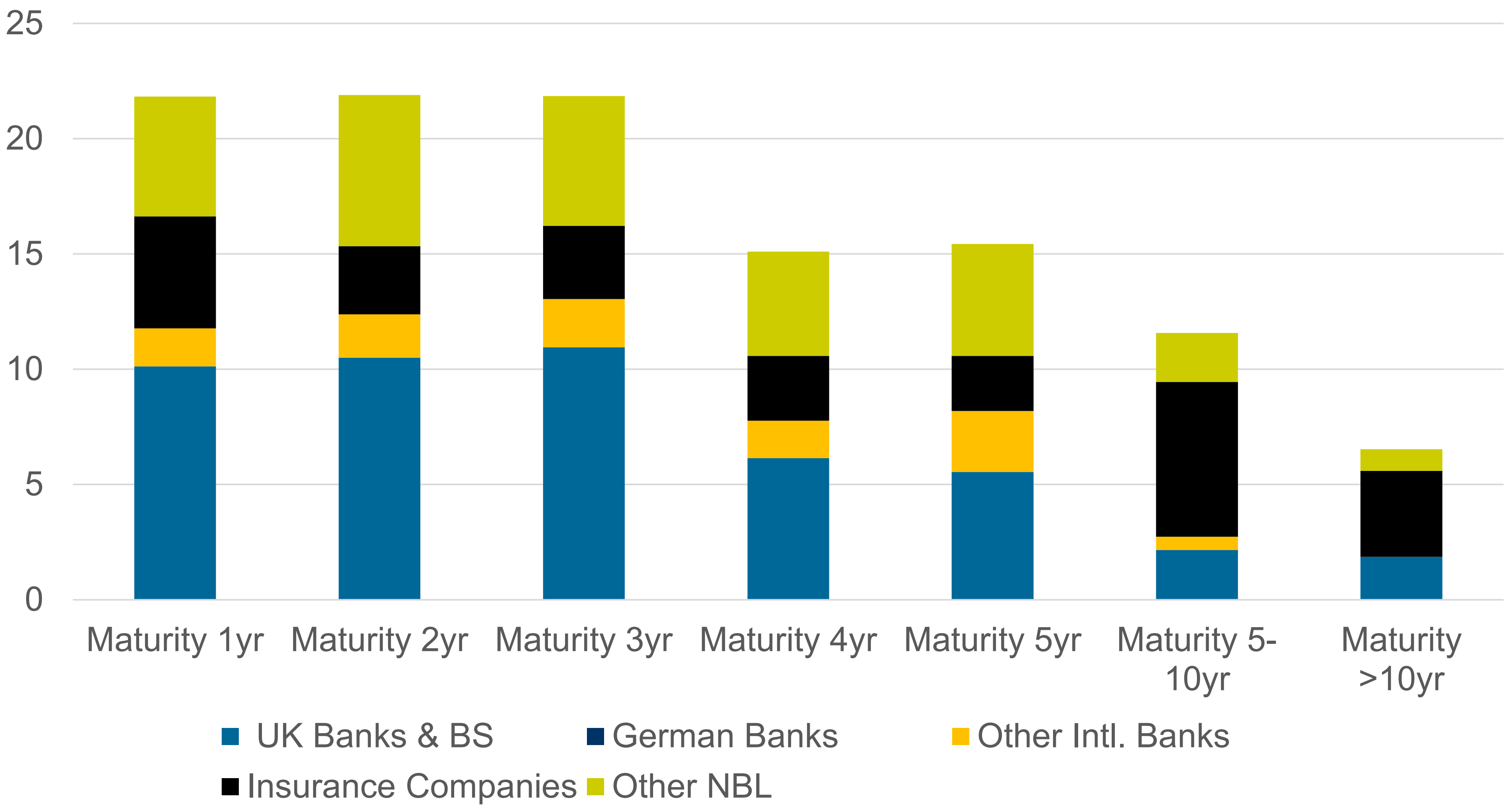
Maturity profile



- 57% of loans expire within the next 3 years., c£33bn per year

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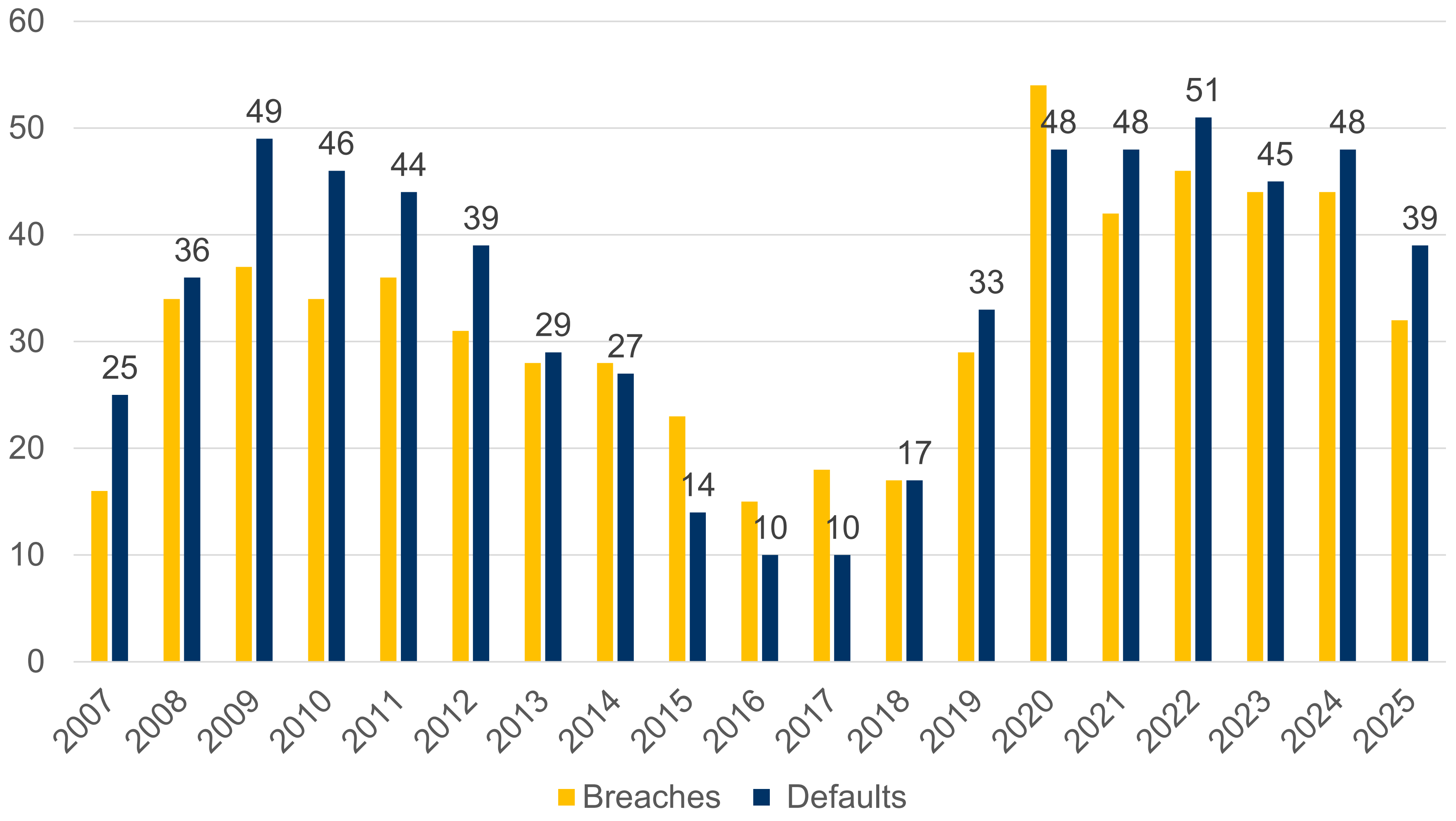
Number of lenders reporting breaches & defaults



- Lenders have reduced their defaulted loan book over 12 months in 2025

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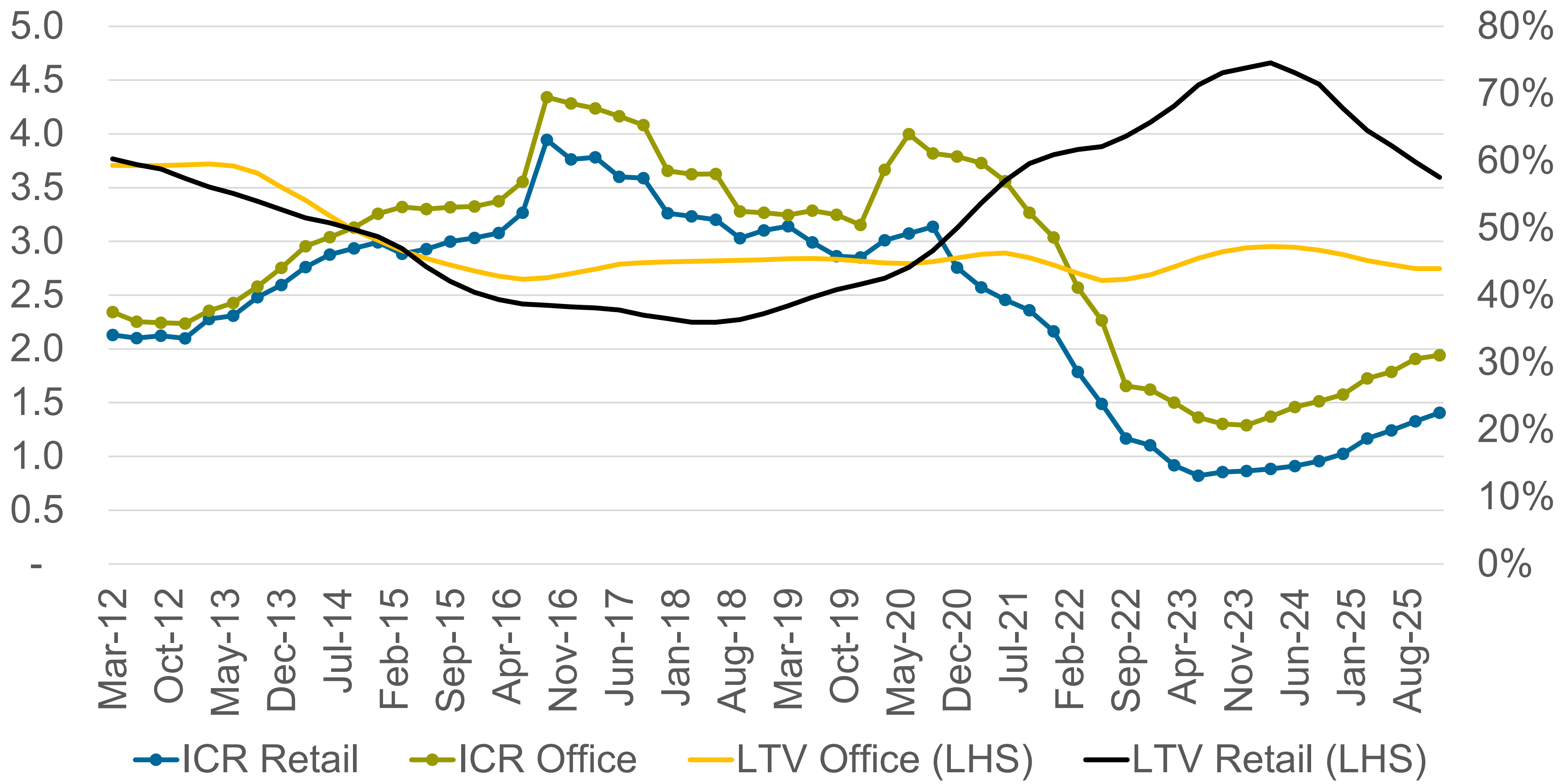
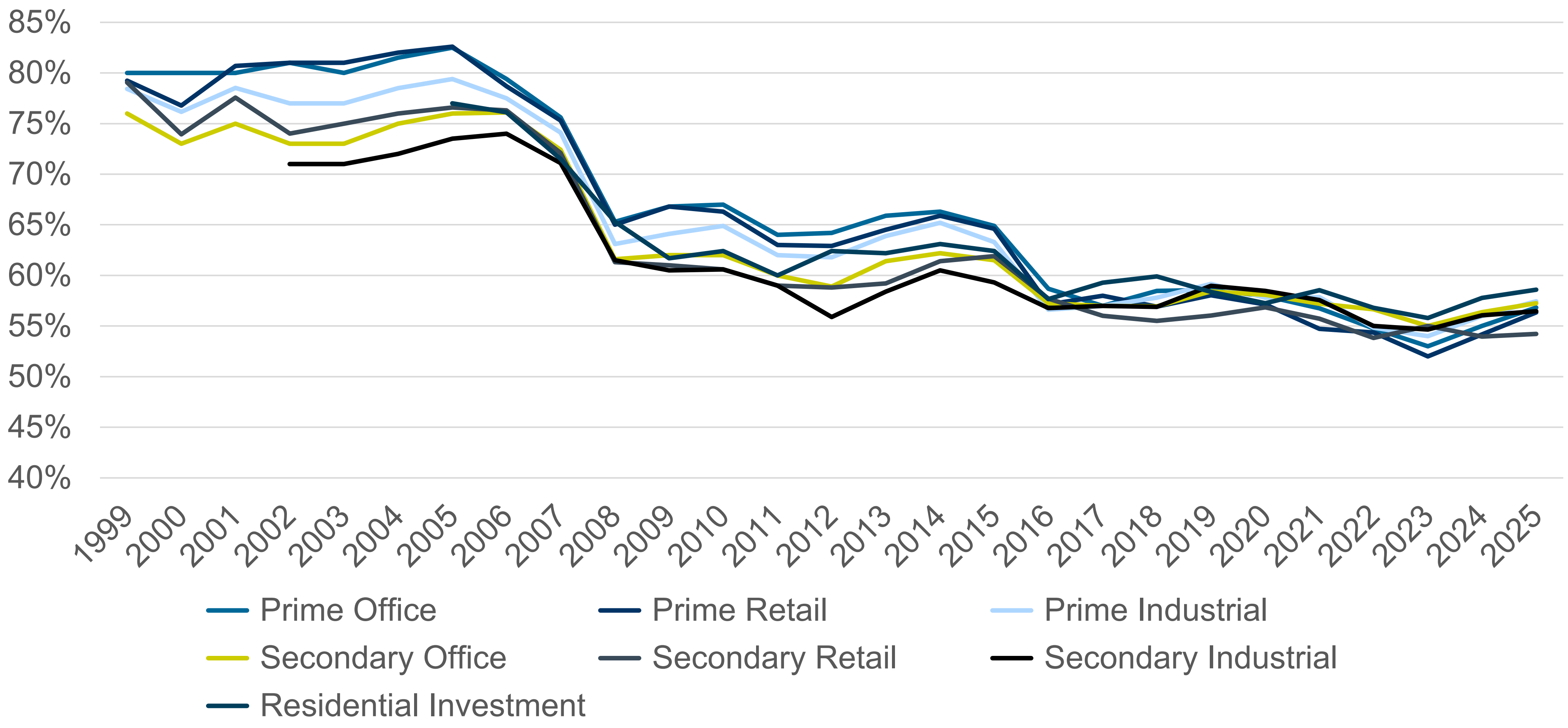
ICR & LTV for loan originated in 2012



Source: PMA, Bayes

- A prime office loan of 60% LTV & 2.5x ICR in 2012, ending in 2025 with 44% LTV & 1.9x

Historic lending LTV's for new loans



- Loan-to-value for new acquisition lending have moved up to further in 2025, lenders are offering 60% LTV across property sectors

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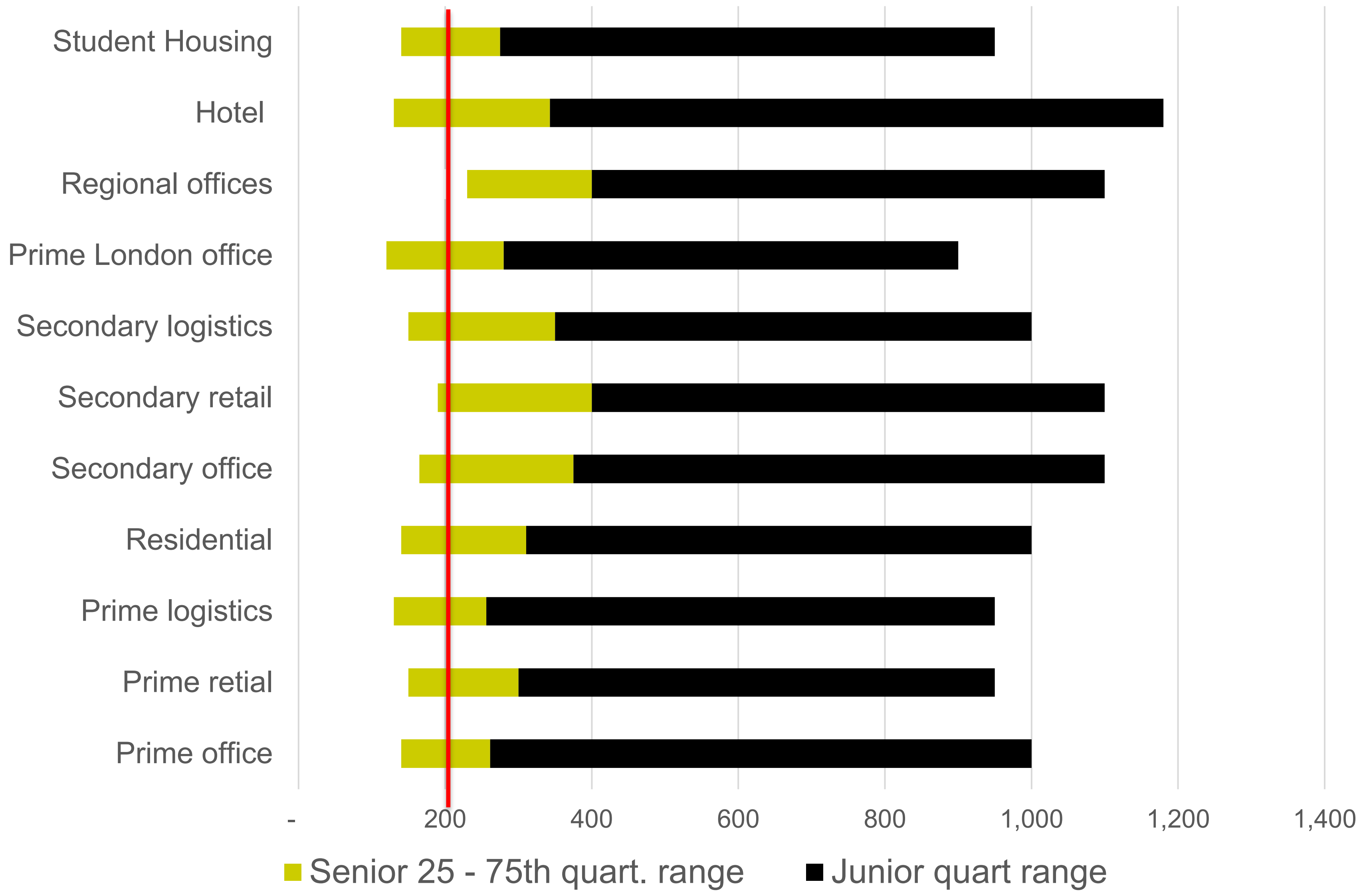
Loan pricing ranges (bps spreads over 5yr Sonia)



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UK senior loan pricing spreads

Sector	Pbs change y-o-y	Margin , Bps 2025	Average LTV 2025	ICR yo-y change	ICR
Prime Office	↓ -24	226	56.8%	↑	1.6x
Prime Retail	↓ -43	267	56.3%	↑	1.3x
Prime Logistics	↓ -25	225	57.4%	↑	1.8x
Secondary Office	↓ -29	314	57.3%	↑	1.8x
Secondary Retail	↓ -25	337	54.2%	↑	1.5x
Secondary Logistics	↓ -29	285	56.5%	↑	1.5x
Hotel	↓ -54	295	56.9%	↑	1.3x
Student Housing	↓ -34	249	57.3%	↑	1.4x
Residential	↓ -25	282	58.6%	↑	1.2x
Prime London Office	↓ -8	182	56.7%	↑	1.4x
Regional City Offices	↓ -38	303	57.0%	↑	1.7x

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UK CRE DEBT FACT SHEET

Loan Books

+1% 2025: £174.6bn

New Lending

+29% 2025: £52.7bn

Default loan book

-39.6% 2025: 3.8%

Development book

-4% 2025: £30.7bn

10 largest lenders

1% 2025: 53% Market share

Alternative lenders share

0% 2025: 45%

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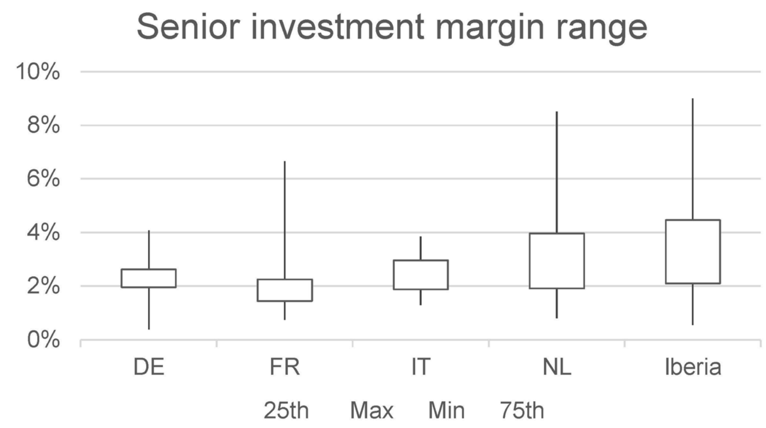
Upcoming European results Q1 2026 – 20th May 2026

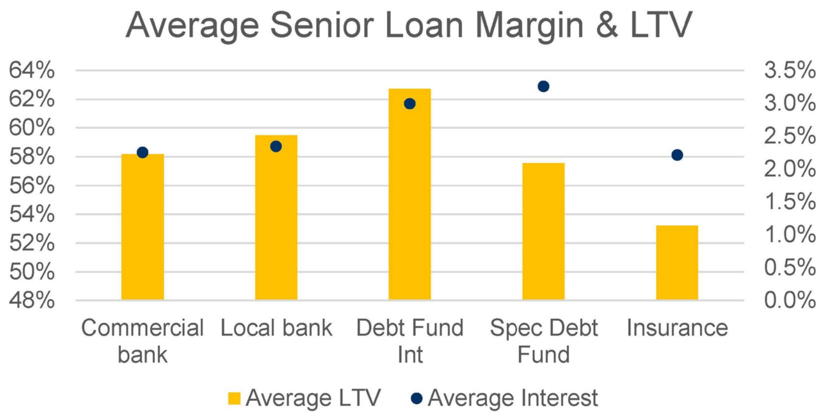
- Date: 20th May 2026Time: 2pm, Webinar, Host: Winston&Strawn

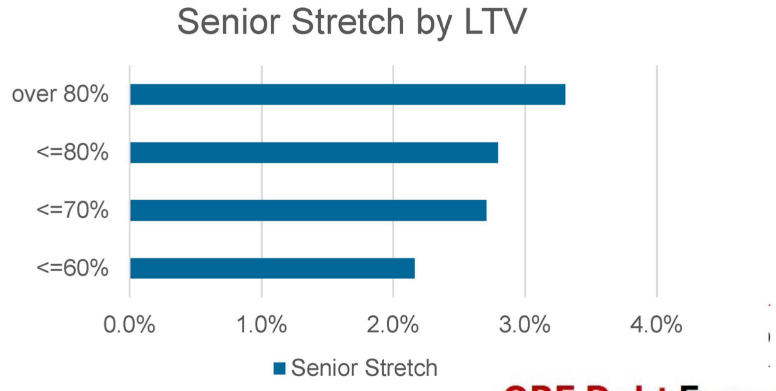
What does it cost to finance European CRE?



Average margin over Euribor for prime assets

Sector	Senior margin	Senior LTV	Junior margin	Junior LTV
Office	2.3%	54%	6.8%	66%
Retail	2.4%	57%	8.0%	68%
Industrial	2.4%	62%	7.1%	73%
Hotel	2.8%	55%	8.5%	71%
Student H	2.7%	65%	8.8%	71%
Residential	2.3%	64%	6.6%	76%





Source: FinLoop, CRE Debt Project, December 2025

CRE Debt Europe

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Additional Information

- The full report & data are available for purchase from Cass Business School:

  https://www.bayes.city.ac.uk/faculties-and-research/centres/real-estate/research

- More about Bayes Business School real estate research & consulting:
  - Ask for bespoke data extracts
  - Peer group analysis reporting for lenders
  - Bespoke statistical loan modelling & further analysis

- Contact: Nicole.Lux@city.ac.uk

The Panel

- **Jessica Tomlinson, Head of Real Estate and Housing, Lloyds Bank**
  - Jess has more than 20 years' experience in real estate and housing, gained in banking, private equity and law firms. She joined Lloyds in August 2024 as Managing Director, Head of Real Estate & Housing.
- **Charlotte Foster, Head of Commercial Real Estate, NatWest**
  - As Head of Commercial Real Estate, Charlie has responsibility for driving the strategy behind how NatWest supports customers in the UK Real Estate sector across a broad range of banking needs.
- **Arron Taggart, Head of Investment, Cheyne Capital**
  - Arron has ca .30 years' experience in the real estate markets. He is Head of UK Real Estate at Cheyne Capital, responsible for a book of c. £5 billion of UK real estate loans as well as selected equity situations.
- **Nick Harris, Head of Valuation, Savills**
  - Nick has considerable experience in UK and International valuations, having specialised in this area for the past 20 years, and has undertaken and coordinated work in over 25 countries.
- **John Coburn, Global Head of Real Estate Finance , A&O Shearman**
  - John has broad experience acting for borrowers and lenders across different and diverse product lines. He has particular focus on cross-border real estate finance.

Moderator: Neil Odom-Haslett, Mount Street

Focused on business development across commercial real estate and Private Credit. Previously Neil was Head of Private Credit at Aberdeen plc (incorporating Commercial Real Estate Lending, Infrastructure Debt, Private Corporate debt and Fund Financing)