

**PRESS RELEASE**

**BF.Quarterly Barometer:  
More German banks consider real estate financing market to be  
more progressive**

- Barometer score rises slightly in Q2 2017 from 0.11 to 0.49.
- Sentiment of real estate financiers signals a balanced market.
- Risk and quality awareness increases in importance for financiers.
- More than 50 percent of respondents finance existing properties in the field of student micro-apartments / student housing.

**Stuttgart, 25 April 2017** – Sentiment among German real estate financiers is improving slightly. Around one-third of the banks surveyed consider the market to be more progressive. The BF.Quarterly Barometer has thus moved sideways with a slight upward tendency and increased from 0.11 to 0.49. A positive barometer score indicates a high propensity for banks to provide financing and a good supply of credit to the real estate industry, while a negative barometer score signifies the opposite. When the barometer is close to zero, as is currently the case, this suggests a balanced market.

An important trend in this quarter is that the proportion of respondents who consider the current situation on the financing market to be more progressive has increased to one-third (+10.6 percentage points).

Another key result is that “the risk or quality awareness of respondents has increased,” explains Manuel Köppel, CFO of BF.direkt AG. This is demonstrated by the question about priorities in new business. Maximising income and returns is declining in significance (-2.2 percentage points), while minimising risk is gaining weight (+1.0 percentage points). “The increased risk awareness is also reflected in lending decisions. The new business department plays a significant role in only 4.5 percent of lending decisions. In contrast, the risk department gets its way on a quarter of lending decisions (+2.1 percentage points),” Köppel continues.

The banks’ selective financing is also demonstrated by the response to the question as to why loans have not been granted. Around 60 percent of all respondents indicated that

financing was not provided because project risks were too high, the borrower had a poor track record or the borrower's equity share was too low.

Other findings of the Quarterly Barometer include the fact that, in existing financing, margins have fallen (from 135 to 131 basis points), while LTVs (loan-to-values) have increased to 71.3 percent (+1.2 percentage points). In the financing of development projects, margins have risen slightly to 185 basis points (previous quarter: 181 basis points) and the average loan-to-cost (LTC) has climbed to 73.2 percent (+0.4 percentage points).

There was no great shift in usage types in the financing of existing properties. Around 96 percent finance both office and residential properties. The largest change was seen in the niche usage type micro-apartments / student housing. While only around 46 percent financed properties of this type in Q1 2017, it was already 52 percent in Q2 2017. Manuel Köppel says that "the greater financing of niche usage types is the banks' reaction to the intense competition. We have been observing increases activity in specialist segments such as micro-apartments / student housing for some time."

BF.direkt AG, the specialist for real estate project financing, publishes the BF.Quarterly Barometer as prepared by bulwiengesa AG every quarter. The index offers a detailed insight into the sentiment and business climate among real estate financiers in Germany. The quarterly barometer is calculated as the composite of various individual scores.

## **Methodology**

The BF.Quarterly Barometer surveys more than 120 experts, most of whom are directly responsible for lending to real estate companies. The panel comprises representatives of different banks and other financiers.

The BF.Quarterly Barometer score is a composite of various components of the survey. The components analysed include the respondents' assessment of changes in financing conditions, new business development, the volume of loan tranches newly granted, the risk propensity for lending by asset class, LTV/LTC scores, margin development, the relevance of alternative financing options and the development of liquidity costs.

## **Download**

The full Quarterly Barometer for Q2 2017 can be downloaded in German from the following link: <https://www.bf-direkt.de/unternehmen/quartalsbarometer/>

**Press contact**

**c/o RUECKERCONSULT GmbH**

Daniel Sohler

Tel.: +49 30 28 44 987 49

E-mail: [sohler@rueckerconsult.de](mailto:sohler@rueckerconsult.de)

**Contact at BF.direkt AG**

Manuel Köppel, CFO

Tel.: +49 711 22 55 44 136

E-mail: [m.koeppel@bf-direkt.de](mailto:m.koeppel@bf-direkt.de)

**Contact at bulwiengesa AG**

Andreas Schulten, Board of Directors

Tel.: +49 30-278768-0

E-mail: [schulten@bulwiengesa.de](mailto:schulten@bulwiengesa.de)

**About BF.direkt AG**

BF.direkt AG is an independent specialist for financing residential and commercial real estate projects. As a leading financing consultant, BF.direkt develops innovative financing strategies and identifies suitable financing partners. BF.direkt knows all financing components available on the market – debt, equity, or mezzanine. BF.direkt also invests in projects directly if required. Customers of BF.direkt include well-known developers and project developers as well as publicly-traded real estate companies, real estate funds, pension funds and family offices at home and abroad. BF.direkt brokered total lending of more than €1 million in the past financial year and supported over €1.5 billion in transactions.

**About bulwiengesa**

bulwiengesa is one of the largest independent real estate analysis companies in continental Europe. We have supported our partners and clients on matters relating to the real estate industry and location and market analysis for over 30 years. We offer in-depth data services, strategic consulting and bespoke reports. Our clients include project and property developers, institutional investors, banks, municipalities and asset managers.