

Transcript: The outlook for European real estate debt

Why is now a good time to be a lender?

I think it really comes down to risk adjusted returns. We're really starting to see return profiles that very much make sense relative to the risk that we're taking, and I think what's really driving that is realistic borrower expectations. We're seeing borrowers who are willing to commit to and support assets and we're seeing borrowers who are putting capital into their assets, which really allows for a holistic solution across the entire capital structure from both the lender and the borrower perspective.

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How has the investment environment changed over the last few years?

What we've started to see is increasing transaction volumes, particularly over the course of this year, and we've really seen an attractive pricing dynamic as well. We're seeing lower loan-to-value attachment points and we're seeing much more attractive pricing around those levels. That's really been driving a revaluation of assets and we're starting to see willing borrowers and willing sellers start to come back to the table.

Do you expect this trend to continue?

I do expect this trend to continue. Banks are retrenching and there is a funding gap. There's a number of maturities that are due to happen, and that's coupled with an increase in transaction volumes of willing buyers and sellers who are coming to the table and completing transactions. And I really think that established platforms, those who are able to offer certainty of execution, who bring capital to the table, will really benefit from that across both those new transactions and ongoing refinancings.

What part will firms like LaSalle play in this new environment?

I think firms like LaSalle really benefit from resources and platform. And so having a team that spans 25 people, not just the investment team, but asset management, portfolio management, legal, finance, research and strategy and ESG as well as capital markets really gives us an edge in terms of our ability to:

1. provide certainty of execution,
2. provide creative solutions to complex business plans and needs of our borrowers, and
3. be able to transact on those in a timely manner with a very quick decision-making process in place.

We've been established since 2010, we're known within the market, and we have every ability to go out and source, execute, asset manage, and realize throughout Europe.

What considerations should borrowers have when selecting private credit lenders?

Absolutely. I think first and foremost, a borrower's needs need to be met by their lender and an ability to provide bespoke solutions is absolutely critical.

The second concern that I would expect to see is really certainty of execution, which I've mentioned time and time again. Understanding the nuance of real estate lending in today's environment; how do we think about valuing real estate? How do we think about leverage within a capital structure? All of those thought processes need to be thought about and certainly something that borrowers as well should be concerned about and ultimately a mutual understanding of value: Thinking about how we are structuring around a business plan and supporting our borrowers as they embark on that business plan is absolutely critical.

What opportunities are you seeing today?

I think the opportunity today exists on a macro and micro level. The macro level, of course, we're seeing increasing lending opportunities both in the continent, in the Nordics and throughout the United Kingdom. We're seeing more and more needs for complex solutions and we're seeing needs for solutions at scale. So having a platform, a wide range of lending solutions is absolutely critical, and really being able to work with our borrowers to create those solutions really brings it all together.



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