

Commercial Mortgages: Inc Impact of COVID-19 - UK - July 2020

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This report looks at the following areas:

- The impact of COVID-19 on the commercial mortgages markets.
- How the pandemic has shifted the property investment landscape for retail and office property.
- How Brexit has slowed economic growth and compounded productivity issues.
- How lenders will respond to the COVID-19 recession and the opportunities and threats.

The commercial property market is facing a period of extreme disruption. Low occupancy and tightening budgets due to COVID-19 will leave tenants questioning the benefit of their office space, while retail tenants will seek to reduce or defer

rent or mortgage payments. Lenders will therefore exercise extreme caution in new loan origination, with tighter credit conditions and a shift towards securitised loans expected until the economic outlook suggests a stable and positive trajectory.

The slow recovery of revenues as businesses reopen may not be enough to meet existing debt obligations. Without adjustments to loan terms, many businesses are at risk of insolvency. Current loan and mortgage holidays serve as a crucial stopgap but there is also a need for a longer-term plan to extend loan maturities in order to reduce the potential for a wave of defaults and job losses.



"The COVID-19 pandemic has significantly altered the lending and investment landscape.

Lenders will exercise extreme caution moving forward when it comes to new lending, but will also need to support existing customers under distress."

– Francesco Salau, B2B Analyst

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- CoStar
- The Institute of Chartered Accountants in England and Wales
- National Association of Commercial Finance Brokers
- RICS
- Trade magazines
- Bridging & Commercial
- Business Matters
- Commercial Reporter
- Loans Insider
- Mortgage Finance Gazette
- Trade events
- Financial Services Expo London 2020/21
- NACFB Commercial Finance Expo 2021

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