

Greenwich Commercial Lending Market Insight - Q4 2021

Lenders are Still Cautious in Their Move to SOFR

November 3, 2021

Executive Summary:

Data observations from Greenwich Commercial Loan Analytics (CLA) clients show that:

- More than half of CLA clients originated a SOFR or BSBY loan in September
- Libor-based transactions still account for a majority of C&I volume
- SOFR volume increased 16% from August to September
- SOFR pricing displays wider spreads vs. Libor on limited deal flow, especially for transactions < \$5MM

The year-end mandate to cease Libor-based lending is fast approaching. This deadline has not been lost on regulators, as the Alternative Reference Rates Committee (ARRC) released an October 14 statement recommending that banks slow their use of U.S.-based Libor contracts. They also used this announcement to again recommend that banks adopt the secured overnight financing rate (SOFR) as the preferred alternate base rate of choice.

Methodology:

Greenwich Commercial Loan Analytics is a unique offering backed by our market-leading dataset of commercial loan transactions used to help measure a bank's relative performance compared to independent, third-party metrics. Our experience in cleansing and standardizing commercial loan data, combined with our strong business knowledge and analytical methods, enables us to understand detailed pricing levels and trends nationwide. Our clients are principally top 40 U.S. commercial banks by asset size, with Coalition Greenwich collecting data on nearly 1.3 million loans monthly from bank contributors.

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