



CHILTERN RESEARCH · THE DEBT MONITOR · Q4 2026

What “Lender Appetite” Actually Means

The difference between published lending criteria and live appetite, and how borrowers can test lender capacity, priority and execution in the first three weeks.

04

KEY FIGURE

72%

of surveyed European lenders expect to increase origination in 2026. Headline appetite is not appetite for your facility.

KEY FINDINGS

- 01 Criteria establish eligibility. Capacity, priority and execution decide whether a lender actually completes.
- 02 The costliest outcome is a soft stall: weeks of engagement with no hold amount, written terms or credit path.
- 03 The first three weeks of a process should prove appetite, not assume it.

INDEPENDENT UK REAL ESTATE DEBT ADVISORY

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THE DEBT MONITOR · NO. 4 · LENDER COVERAGE · Q4 2026

What "Lender Appetite" Actually Means

Published lending criteria describe what a lender says it can do. Direct qualification shows whether it has the capacity, priority and decision bandwidth for a particular facility this quarter. Confusing the two is a common cause of lost time in refinancing.

Criteria establish eligibility rather than probability

A lender's criteria are useful for the first cut. Sector, geography, ticket size, leverage and product identify whether an enquiry is broadly eligible. They do not show how the lender's book, pipeline or internal priorities have changed since the document was published. Nor do they show whether the relevant team has the capacity to underwrite and close within the borrower's timetable.

This distinction matters in a market that appears liquid at headline level. CBRE's survey of 134 Europe-based lenders found that 72% expected to increase origination in 2026, 89% would underwrite senior loans and 61% expected no change in underwriting requirements. Those findings describe broad market intent. They do not mean every lender is equally motivated to finance every eligible asset at every point in the year.

72% expect higher origination in 2026	61% expect underwriting requirements to stay unchanged	89% will underwrite senior loans
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Source: CBRE European Lender Intentions Survey 2026. The survey was conducted between 18 March and 28 April 2026 and reports Europe-wide intentions, not facility-specific availability.

Appetite combines four separate tests

Eligibility is the policy test. Capacity asks whether the lender can add the exposure now. Priority asks whether the expected return and relationship justify allocating resource ahead of other deals. Execution asks whether a team, credit sponsor and committee path exist for the proposed timetable. A credible lender route must pass all four.

The tests can move independently. A logistics facility may remain inside published policy while two recent closings reduce the available hold. A lender may retain appetite for offices but restrict it to high-quality, well-leased assets. A non-bank lender may still offer the required leverage while its own funding cost changes the return hurdle and pricing. None of these movements requires a published criteria update.

FROM PUBLISHED CRITERIA TO EXECUTABLE APPETITE

01 ELIGIBILITY Policy fit for sector and structure	02 CAPACITY Current hold and concentration limits	03 PRIORITY Return target, pipeline and relationship	04 EXECUTION Named team, credit route and timetable
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Published criteria answer whether a lender might consider the transaction. Live appetite answers whether it is likely to allocate capital and complete within the required window.



How appetite moves within a quarter

The main changes are usually internal rather than public. Deals close, concentration limits tighten, quarterly targets are met, funding costs move and teams become busy. The published box can stay the same while the probability, price or speed of execution changes. A lender map therefore needs a date and a facility context; otherwise it is only a longlist.

THE FIVE DIMENSIONS OF LIVE APPETITE

Dimension	What changes inside the lender	Evidence that matters
Eligibility	Sector, geography, leverage, ownership and product remain within policy	A clear fit against current criteria and any exceptions required
Capacity	Sector, sponsor, geography and product exposure move as deals close	Realistic hold amount, concentration position and syndication need
Priority	Origination targets, return hurdles, relationship value and pipeline compete for attention	A named originator with internal support and a reason to allocate resource
Credit conviction	Asset quality, location, income, capex and sponsor strength shape committee confidence	Specific underwriting questions and conditions for credit approval
Execution	Underwriting, valuation, legal, KYC and committee calendars determine speed	Named workstreams, owners, decision dates and unresolved conditions

Where borrowers lose time

The expensive outcome is often a soft stall rather than a clear rejection. The lender remains polite and engaged, asks for more information and may keep the enquiry alive, but does not establish a firm hold amount, written terms or a route to credit approval. Six weeks can pass before the borrower accepts that the process has not advanced.

DWS describes a market with no systemic shortage of debt capital but greater selectivity by asset quality, location and sponsor. It also reports materially longer execution timelines for value-add and capex-intensive assets. That is why a general statement of appetite is not enough: the borrower needs observable progress against the next internal decision.

SIGNALS THAT APPETITE HAS WEAKENED

Early signal	What it may indicate	Borrower response
Response time drifts	The enquiry is below other priorities or lacks an internal sponsor	Ask for the next decision, owner and date; keep another route active
Hold amount shrinks	Capacity is lower than the published ticket range suggests	Confirm the executable hold and whether syndication is required
Conditions multiply	Credit fit is weaker than the initial interest implied	Separate genuine approval conditions from exploratory requests
Pricing will not firm	Funding cost, return hurdle or internal conviction is moving	Revalidate the economics and set a deadline for written terms
No committee path emerges	The process may be informational rather than executable	Do not grant exclusivity without a credible route to approval
Questions repeat without decisions	Execution capacity or internal alignment may be weak	Time-box the workstream and decide whether to redirect resource

These signals are diagnostic rather than conclusive. A slow response can have a valid cause, but it should lead to a specific explanation, revised milestone and decision on whether to keep committing time.



The first three weeks should test appetite

A borrower cannot observe every internal constraint, but it can design the process to reveal them early. The shortlist should be qualified before launch against recent activity, likely hold amount, ownership structure and credit route. Once materials are issued, each week should produce evidence that the lender is moving toward a decision.

The timetable below is an indicative diagnostic for a prepared refinancing, not a promise that credit approval will take three weeks. Complex assets, portfolios, development exposure and offshore ownership can require longer. The point is to distinguish progress from activity while there is still time to redirect the process.

AN INDICATIVE THREE-WEEK APPETITE TEST

Stage	Evidence to obtain	Decision
Before launch	Recent sector activity, realistic hold size, ownership fit, return range and credit route	Place the lender on the primary list, reserve list or outside the process
Days 1 to 5	Prompt acknowledgement, relevant questions, data access and confirmation of the decision-maker	Continue, clarify the fit or redirect the enquiry
Week 2	Written pricing range, leverage, covenants, conditions and proposed underwriting timetable	Compare full terms and identify points requiring credit support
Week 3	Named credit sponsor, committee path, information gaps and a credible date for approval	Advance the route, retain it as contingency or replace it

Protect the second route

The strongest negotiating position comes from keeping more than one executable route alive until the preferred lender has demonstrated credit support and a realistic closing path. That does not require approaching a broad panel. It requires a small number of lenders selected for current fit, then managed against the same information, milestones and commercial questions.

- Agree the evidence required at each decision point: hold amount, pricing range, covenants, conditions, credit sponsor and committee timing.
- Set clear break points for a route that does not progress. A lender should not remain primary solely because its published criteria still fit.
- Keep the incumbent, specialist lenders and higher-flexibility capital in the comparison where each could provide a credible solution, even if their economics differ.

The Chiltern view

Chiltern provides independent UK real estate debt advice to international owners and acquirers, and to the investment and asset managers acting for them. A Position Review creates a facility-specific lender map: current sector appetite, realistic hold amount, leverage, ownership fit, pricing range and likely path to credit approval.

During Financing Execution, Chiltern tracks each route against written milestones and compares the complete terms, conditions and execution risk. The borrower receives a current shortlist and a clear basis for advancing, retaining or replacing each lender. Chiltern acts for the borrower and approaches no lender without written approval.

NEXT STEP

Discuss lender coverage

Five facts. A written Initial Finance View within 48 hours. No fee, no obligation.

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Sources and basis

CBRE, European Lender Intentions Survey 2026, 16 June 2026, 134 Europe-based respondents; DWS, Europe Real Estate Debt Strategic Outlook, May 2026. Market-wide survey evidence is combined with Chiltern's practitioner interpretation of facility-level lender appetite and execution.

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