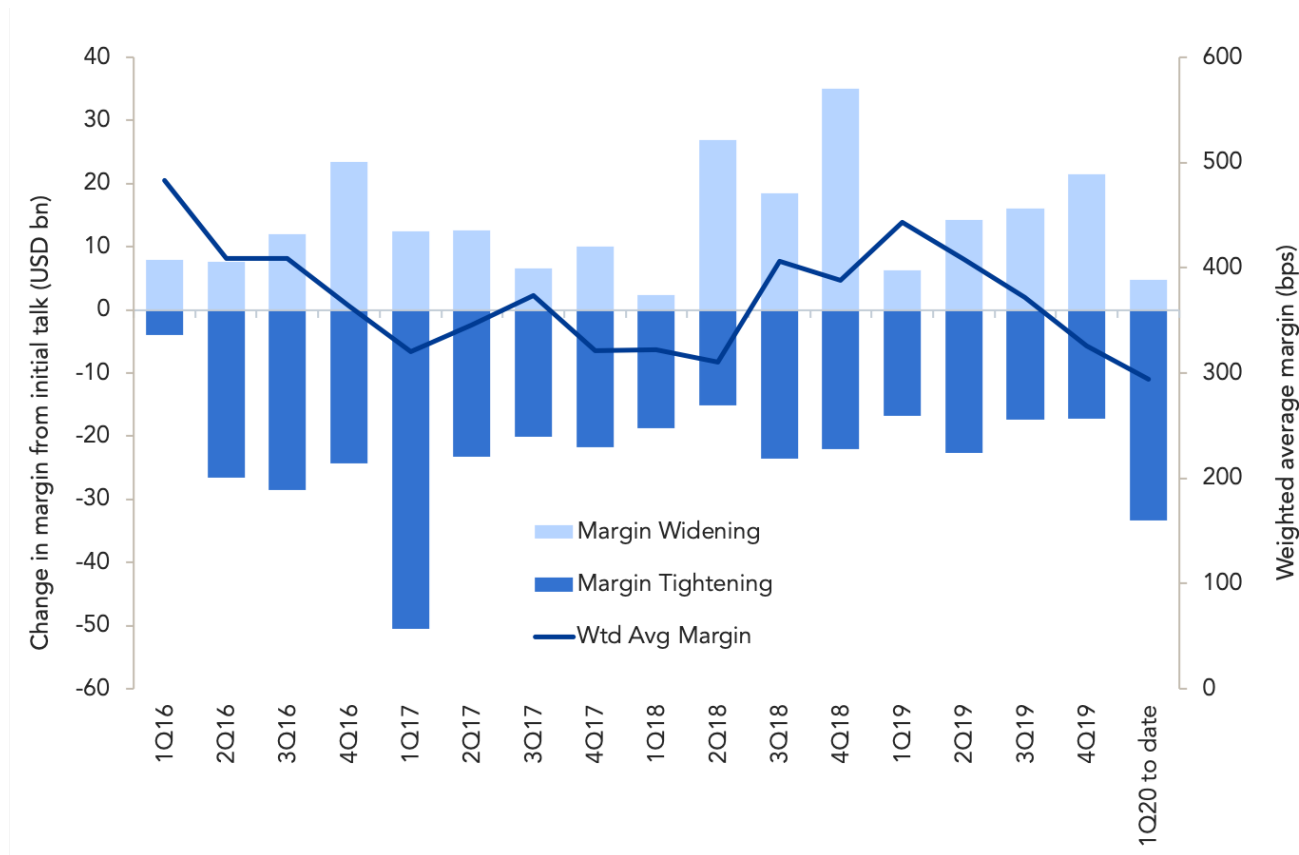


# Margin tightening drives institutional loan spreads lower

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Source: Debtwire Par

So far in 2020, issuers have taken advantage of welcoming market conditions to gain attractive pricing on their loans. In the syndication phase, 28 deals totaling USD 33.4bn have seen margins tighten from initial talk, versus only three deals worth USD 4.7bn being forced to offer higher spreads. Overall institutional term loan spreads have tightened an average of 42bps over this time, with roughly 68% of tightened facilities shaving 25bps off initial talk.

A shining example of the aggressive pricing environment was the **Lamar Media** refinancing which priced at L+150bps / OID=99.75, tight of initial talk at L+ 175bps, helped no doubt by its Baa3/BBB- facility rating.

Given the healthy appetite from investors and the lack of new money supply, weighted average margins tightened considerably for lower rated credits, causing the pricing premium for single-B's over Ba's to narrow considerably from their recent 4Q19 high. Overall, weighted average margins tightened approximately 10% from 4Q19 levels, to 294bps so far in 1Q20.

At the other end of the market, **iHeart** saw pricing widen by 25bps on its USD 2.1bn TLB, as did **NFP Corp** (USD 1.85bn TLB) and **Mister Car Wash** (USD 796m TLB).

Contact: [Vincent Daigger](#)