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More deals get done with a Libor floor in April

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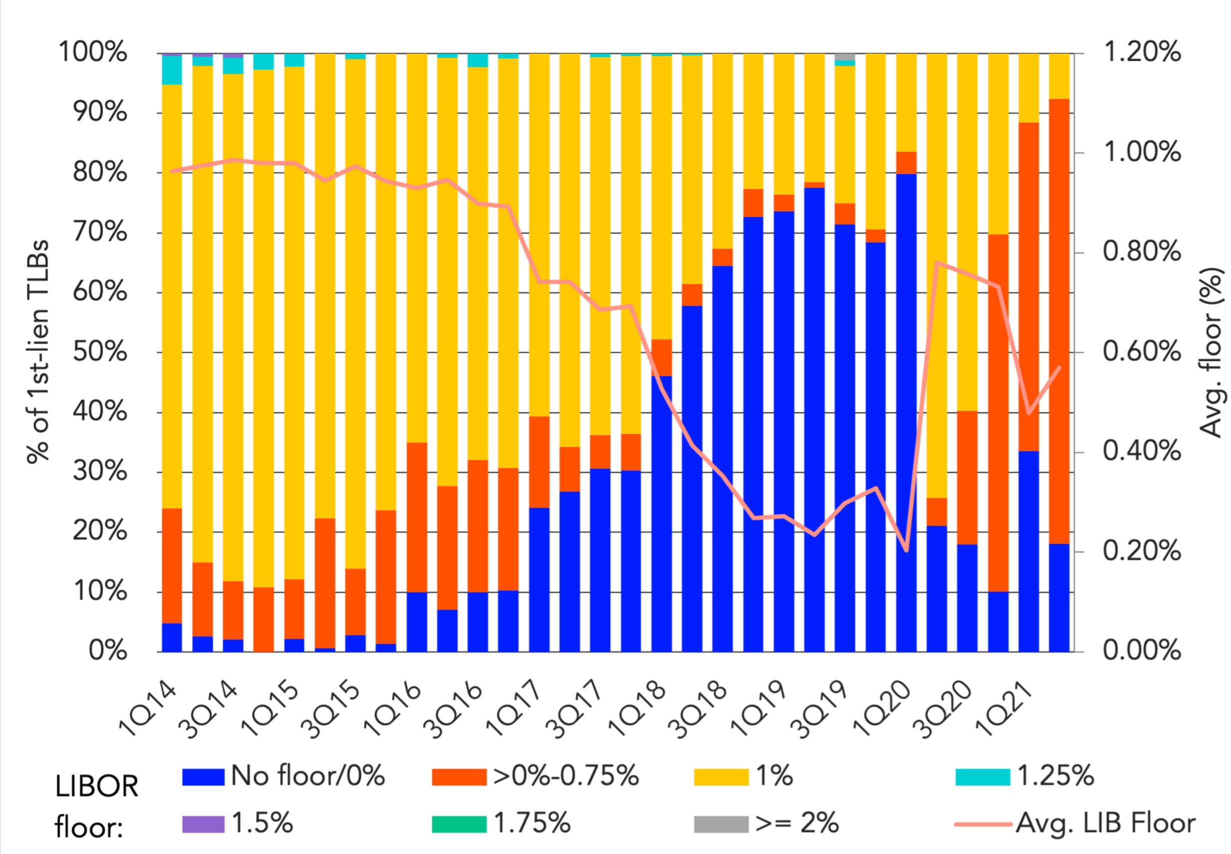

There has been a shift in the institutional market in April as more new money loans hit the market. In 1Q21, limited supply led to issuer friendly terms and low pricing. Downward price flexes dominated in 1Q21, and issuers took advantage to reprice their loans.

In turn, the average yield, assuming a three-year term to repayment, dropped to a record low of 4.32% in 1Q21. In 2Q21, many deals have had to tighten terms during syndication and yields have widened to 4.76%. While most of the increase comes from higher spreads, there has also been some pushback on floors. So far in 2Q21, 19% of first-lien institutional term loan Bs have been done with no floor or a 0% floor.

This is down from over a third of the deals last quarter. Half of the deals that have hit the market in April have a 0.75% floor while 25% have a floor 5% floor. The average floor is 0.57% so far in 2Q21, up from 0.48% last quarter.

(Past performance is no guarantee of future results.)