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Vendor Finance

In May 2012, NAMA announced plans to advance, over the years 2012 to 2016, vendor finance to purchasers of commercial property securing its loans, mainly in Ireland.

This initiative had the potential, based on funding levels of up to 75%, to generate new investor equity in the Irish market. Vendor finance was provided to new investors for periods of up to seven years but typically for three to five years, with the expectation that it would be refinanced by the banking sector when more normal market conditions return.

NAMA's first vendor finance transaction, involving the sale of an office building, One Warrington Place in Dublin, was completed in April 2012. NAMA also concluded a number of other transactions including Edward Square Shopping Centre in Galway, Croydon Hotel in London and Project Aspen.

NAMA advanced €384m in Vendor Finance in total in order to facilitate investment in Irish commercial property.

Vendor finance was first introduced in 2012 at a time when many potential investors were constrained by a lack of access to bank finance. A number of developments during 2013 led to a reduction in the need for vendor financing. These included the prevalence of international investors with ready access to capital, a gradual increase in domestic bank lending and the introduction of Irish REITs as an alternative investment mechanism