Bond Case Briefs

Municipal Finance Law Since 1971

S&P 2021 Sustainable Finance Outlook: Large Growth In Green, Social, Sustainable Labels As Municipal Market Embraces ESG

Key Takeaways

- We expect the municipal sustainable debt market to grow in 2021, building on momentum and substantial growth in social and sustainability labeled bonds. We estimate municipal green-labeled debt issuance of about \$18 billion and total municipal sustainable debt issuance potentially surpassing \$30 billion.
- Low interest rates, increasing market embrace of ESG concepts, and the coronavirus pandemic drove robust sustainable debt issuance growth in the municipal markets during 2020.
- More municipal market issuers are adding green, social, and sustainability labels to bonds, but concentration remains: The 10 largest sustainable debt issuers accounted for more than 50% of total issuances in 2020.
- With an average par amount of \$103.6 million in 2020, 2.8x the average U.S. municipal issuance, sustainable debt issuances are larger and more heavily focused on new money (75%) than the overall municipal market.
- Investor appetite for use of proceeds verification is increasing, and 2020 was the first year that most sustainable debt issuances carried some form of external review.

Continue reading.

16 Feb, 2021

Copyright © 2024 Bond Case Briefs | bondcasebriefs.com