



Catella: Future still bright

In the June 2014 issue of Catella's Real Estate Debt indicator (CREDI) the main index continues to signal an improving real estate credit market despite a 1.4 point drop to 66.3. A majority of lenders and borrowers polled think that the access to financing has improved in the past three months and expect that it will continue to improve in the coming three months.

The Main index remains comfortably within the zone between 50 and 100 that indicates a further relaxation of loan terms and improved access to financing. However, the Current Situation index recorded its first negative q/q change since the inception of the CREDI survey in 2012 while the Expectations index moved sideways to 59.8 (59.7) which lead the combined Main index to slide marginally from 67.7 to 66.3.

"Although the Main index has been contracting slightly in the first the first two quarters of 2014 the CREDI survey still signals a strong financing sentiment where all the CREDI headline indices (Main, Current and Expectations) and all the sub-indices (Loan terms) are well within growth territory. We find additional support for our positive credit market outlook in the increase in deals involving leveraged buyers and the increasing average size of leveraged deals in 2014", says Daniel Anderbring, partner at the Swedish property advisory services at Catella.

In the listed property sector covered by CREDI average gearing increased in Q1 2014 while the average cost of debt decreased supporting both profitability and transaction activity among the listed companies. The alternative financing trend continues with the share of interest-bearing debt comprised by bonds increasing from 10 to 15 percent in the past twelve months.

"Corporate bonds and secured bonds represent an increasing share of the total interest-bearing debt in the listed property sector and we expect this trend to continue. In 2014 year-to-date some SEK 8 billion of bonds have been issued by the companies covered by CREDI. Klöver and Hemfosa have in 2014 each made single issues of more than SEK 1 billion, a testament to the current strength of the market," says Niclas Forsman, capital markets analyst at Catella.

The eighth edition of the Catella Real Estate Debt Indicator (CREDI) is attached and can be downloaded from catellaproperty.se. The next CREDI will be published in September 2014. CREDI consists of two parts: one is a survey and the other a set of indices. [Read more about the method here.](#)

Catella's property advisory services comprise three service areas: Sales and Acquisitions, Financing, as well as Analysis and Evaluation. The business is established in 11 European countries and has more than 200 employees.

For more information, please contact:

Daniel Anderbring
Partner at Swedish Property Advisory Services
+46 8 463 33 60, +46 70 846 47 86
daniel.anderbring@catella.se

Press contact:

Ann Charlotte Svensson
Head of Communications
+46 8 463 32 55, +46 72 510 11 61
anncharlotte.svensson@catella.se