



## Catella: Peak debt?

In the October 2014 issue of Catella's Real Estate Debt Indicator (CREDI) the Main Index dropped 9.7 points from June, to 56.6. The underlying indices confirm that both lenders and borrowers have experienced improved financing sentiment over the past three months, but also that the availability of financing is not expected to further improve over the next three months.

During October, the majority of both borrowers and lenders felt that access to finance has improved over the past three months. At the same time, the CREDI Main Index shows a contraction of 9.7 points. Both the Current Situation index and the Expectations index for the coming three months fell, the former from 72.8 to 63.1 and the latter from 59.8 to 50.00. This indicates that lenders and borrowers have seen an improved financing sentiment during the past three months, but also that the availability of financing is not expected to further improve in the near term.

"With a contraction of almost 10 index points, the CREDI Main Index has dropped significantly. This was mainly due to a level of unease according to the Expectations index, which indicates that the climate for financing is not expected to continue to improve over the next three months. The results correlate with October's general market sentiment, including both stock market decline and signs of a weakened outlook for the euro area," says Martin Malhotra, Project Manager at Catella.

The trend for listed property companies continued as it has done since 2013. During the second quarter, both the fixed credit term and the fixed interest term decreased, but the fixed interest term is still above the average level for 2000–2014. Listed companies meanwhile upped their loan to value, to approximately 60 percent, an increase of 3.5 percentage points over a year earlier.

"The Swedish property market still offers favourable financing terms through both traditional bank financing and a growing number of alternatives, including bonds," says Britt-Marie Nyman, Project Manager at Catella.

The ninth edition of the Catella Real Estate Debt Indicator (CREDI) is attached and can also be downloaded from [catella.com](http://catella.com). The next CREDI will be published at the end of 2014. CREDI consists of two parts: one is a survey of listed property companies and active banks, and the other a set of indices based on publicly available data. Read more about the methodology [here](#).

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