



Catella: Summer turbulence weathered?

The Main index in the Catella Real Estate Debt Indicator (CREDI) for Sweden increased by 2.1 index points to 56.6, compared to 54.5 in June 2015. The increase was driven by both lenders and borrowers experiencing good financing conditions over the past three months. Meanwhile, forward-looking sub-indices confirm another slowdown and that financing conditions are expected to remain unchanged over the coming three month period.

"The summer was marked by increased volatility in the financial markets. Even though the turmoil continued into September, the Catella Real Estate Debt Indicator (CREDI) suggests good access to financing. Real estate companies continue to finance themselves through preference shares – in total real estate companies have issued preference shares for SEK 3.8 billion this year alone. However, market participants indicate increased caution for the coming three months, and CREDI's forward-looking index has fallen to the turning point of 50.0," says Martin Malhotra, Director at Catella.

The CREDI Main index shows overall improvement of 2.1 index points, to 56.6. The increase is due to strong growth in the sub-index for the past three months, with an increase of 4.5 points since June, to 63.1 in September. In this current survey, the divergence between the two sub-indices, Current Situation and Expectations for the coming three months, increased to 13.1 points.

"The Swedish economy is currently growing rapidly from an international perspective. But the performance of the global economy is becoming increasingly uncertain, and there are indications that the slowdown we are seeing right now in emerging economies is the beginning of a global recession. Sentiment in the Swedish debt market is still robust and is being maintained by the strong economic growth," says Arvid Lindqvist, Head of Research at Catella.

If we look at the listed real estate companies, average interest reached a new record low level in the second quarter of 2015, at 2.8 percent. The average loan to value is also following a downward trend, and fell to 53.0. This is also approaching a record low, even though the proportion of bonds outstanding increased during the period. At the same time, companies' reported values showed growth in excess of the growth in value that the listed sector experienced in Q2 2015.

The twelfth edition of the Catella Real Estate Debt Indicator (CREDI) is attached and can also be downloaded from catella.se/credi. CREDI consists of two parts: one is an index based on 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](#). This edition also includes an analysis of preferred shares and an overview of the property market.

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Catella is a financial advisor and asset manager with specialist expertise within property, fixed income and equities. We have a leading position in the property sector and a strong local presence in Europe, with some 500 employees in 12 countries. Catella is listed on First North Premier at Nasdaq in Stockholm. Read more at catella.com.