



Catella: Banks and corporates agree - access to financing has worsened

In the June edition of the Swedish “Catella Real Estate Debt Indicator”, banks and corporates are in agreement on the current financing climate. Unfortunately, the consensus is that access to financing in the property sector has worsened over the past three months, with the Current Situation index falling to an all-time low of 35.4. As such, the property debt financing market is still in contraction.

“Our most recent CREDI survey shows that the views of lenders and borrowers are much more in line with one another, compared to the March survey. The Main index has seen a relatively small decrease of 0.2 points to 41.0. However, the components that make up the Main index have seen rather significant ups and downs. The Current Situation index has fallen to an all-time low of 35.4, while the Expectation index has increased to 46.7. This means that although the market has experienced a worsened financing climate, there is a belief that the worst part is over,” says Martin Malhotra, Project Manager at Catella.

The Current Situation index fell by 5.6 points to 35.4, which is the lowest point since the CREDI surveys began in May 2012. The historically low figure is partly caused by increasing credit margins over the past three months, something that both banks and corporates agree on. In contrast, the Expectation index increased from 41.4 to 46.7, its highest point since September 2015.

“During the first quarter of 2016, Sweden has had a historically strong growth rate of 4.2 per cent, driven by household consumption and investments. However, global economic growth is expected to remain weak during the coming year, as is the Swedish stock market. Catella believes that the property market will be affected by worsened access to debt financing, as observed in the CREDI survey. As a result, we will see increasing yields for properties in secondary locations,” says Arvid Lindqvist, Head of Research at Catella.

The fifteenth 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 at catella.se/credi. This edition also includes an analysis of preferred shares and an overview of the property market.

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