



## CREDI indicates continued rising credit margins and an otherwise relatively stable credit market

In the June issue of the Catella Real Estate Debt Indicator (CREDI) the Main index decreases from 46.5 to 41.8, showing that both banks and property companies consider that the financing climate has worsened.

“In this year’s second CREDI survey we see a deterioration in CREDI’s Main Index, from 46.5 to 41.8. The main reason for the deterioration is a decline in the sub-index measuring credit margins. The view of the banks remains more restrained compared to the listed property companies. One reason for this may be that banks have become more selective in their lending to smaller and new borrowers, and that the tightening has therefore not affected listed property companies to an equal extent,” says Martin Malhotra, Project Manager at Catella.

“The development the CREDI Expectation index suggests that we can expect a slowdown in bank lending and also in the volume of transactions in the property market over the next 9–12 months. At the moment there is clear selling pressure outside the major metropolitan regions as more and more players focus on large and regional cities. Thanks to the combination of a worsening financing climate and the increased liquidity outside the major cities, knowledgeable players with access to finance are currently able to invest with limited competition,” says Arvid Lindqvist, Head of Research at Catella.

“While access to bank loans has deteriorated, we have had a strong quarter for corporate bonds. During the first quarter of 2017, property companies listed on Nasdaq OMX Nordic Main Market issued SEK and EUR bonds for almost SEK 17 billion, increasing the outstanding volume by a whole 33 percent. At the end of the second quarter, bonds made up almost 21 percent of the interest-bearing debt of the property companies, which is the highest proportion ever,” concludes Martin Malhotra.

The nineteenth edition of the Catella Real Estate Debt Indicator (CREDI) is attached and can also be downloaded from [catella.com/credi](http://catella.com/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.com/credi](http://catella.com/credi). This edition also includes an analysis of preference shares and an overview of the property market.

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