



CREDI indicates a stabilized credit market, but the future is uncertain

In the December issue of the Catella Real Estate Debt Indicator (CREDI), the Main index increases from 49.8 to 50.3. This is the first time the Main index crosses the 50.0 turning point since September 2015.

“In this year’s fourth CREDI survey, we see a stabilized credit market where the Main index increases from 49.8 to 50.3. This is the first time the Main index crosses the 50.0 turning point since the autumn of 2015. Listed property companies have a very positive view of the development of the credit market, which is not surprising considering the strong bond market this past autumn, while banks have a more balanced view of the credit market. Moreover, property companies and banks agree that financing conditions are likely to worsen in the coming quarters,” says Martin Malhotra, Project Manager at Catella.

“We are observing a gap in credit availability between the large, well-established property companies and smaller investors who lack a strong track record, and we believe that this gap might increase in the future. Furthermore, we are seeing signs of a repricing of the property market, where properties in the best locations will retain their value, while price expectations will decrease for properties outside attractive locations in the large cities,” says Arvid Lindqvist, Head of Research at Catella.

“We are also observing that property companies increasingly are focusing on bonds instead of preference shares. The most noticeable example is Balder, which during the year has redeemed all of its outstanding preference shares, amounting to nearly SEK 3 billion, while it has issued nearly SEK 20 billion in bonds,” Martin Malhotra concludes.

The twenty-first edition of the Catella Real Estate Debt Indicator (CREDI) is attached and can also be downloaded from catella.com/en/news-and-pressreleases/research. 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. This edition also includes an analysis of preference shares and an overview of the property market.

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