



CREDI indicates increased optimism among banks as well as improved credit terms

In the July issue of the Catella Real Estate Debt Indicator (CREDI), the Main index increases from 50.5 to 54.3, which is the strongest index score since September 2015. Property companies and banks have a positive view of the development of the credit market, while the bond market is showing signs of levelling out.

“In this year’s second CREDI survey, we see an increased optimism among banks. For the first time since March 2014, banks have a higher Current Situation index than property companies. Credit availability has improved while credit margins have fallen, which has benefitted borrowers. Property companies on Nasdaq Stockholm Main Market currently has the lowest average interest rate observed in the history of CREDI,” says Martin Malhotra, Project Manager at Catella.

“The CREDI Current Situation index is a good leading indicator for Swedish banks’ lending. Accordingly, the Main index increasing to 54.3 indicates that banks will increase their lending slightly in the coming quarters. Furthermore, we are seeing a continued strong interest in centrally located office properties in Stockholm, Gothenburg and Malmö, as well as an increased yield gap compared to properties in B and C locations,” says Arvid Lindqvist, Head of Research at Catella.

“In the latest issue of CREDI, we also make an important observation regarding the bond market. After a record year in 2017, where the volume of outstanding bonds among property companies listed on Nasdaq Stockholm Main Market increased by 80 per cent, from SEK 51 billion to SEK 91 billion, bonds’ share of interest bearing debt has levelled out around the 25 per cent mark. It is likely that banks have acknowledged the increasing popularity of bonds by offering better credit terms for borrowers, which is also the reason for the strong results in the latest CREDI survey,” Martin Malhotra concludes.

The twenty-third 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. CREDI also includes an analysis of preference shares and an overview of the property market.

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