



Improved credit market sentiment and historically high premiums

In the July issue of CREDI, the Main index increases from 53.5 to 57.9 as optimism rises following improved credit availability and reduced credit margins.

“The market for real estate financing has clearly improved during the second quarter and CREDI's Main index is now at the highest level since February 2015. It is especially the banks' view of the credit market that has strengthened; however, the real estate companies remain positive”, says Jacob Bruzelius, Head of Debt Advisory at Catella.

“It is mainly due to increased credit availability and reduced credit margins that the market remains optimistic. The availability of loans with longer maturities has also increased somewhat, but the loan-to-value ratio for new loans, according to CREDI's index, remains unchanged”, Jacob Bruzelius continues.

“We see a record volume in terms of issued real estate bonds during the past quarter. Additionally, the property related shares on the stock market have experienced large price increases, especially for companies that focus on residential, public, logistic and industrial properties”, says Arvid Lindqvist, Head of Research at Catella.

“The strong equity price development for property-related shares is a result of the declining real interest rates, that have been falling since March this year. The record-high premium for property-related shares of approximately 35 per cent indicates continuously high activity in the transaction market during the autumn”, Arvid Lindqvist concludes.

The Catella Real Estate Debt Indicator (CREDI) is attached and can also be downloaded from catella.com/en/sweden/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 and analyses based on publicly available data.

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