



CREDI indicates a stable credit market, despite growing pessimism among banks

In the October issue of the Catella Real Estate Debt Indicator (CREDI), the Main index falls slightly from 54.3 to 49.6, following three straight quarters of improving credit terms. Property companies remain positive, while the banks' view of the credit market has worsened. Furthermore, the bond market is showing clear signs of levelling out.

"This year's third CREDI survey indicates a stabilization in the credit market, following three quarters with noticeably improved sentiments. The banks' optimism from the last survey has shifted to a more pessimistic view of the credit market, while property companies remain positive. Credit margins have decreased and credit terms have been extended, but going forward the market believes we will see increased credit margins and reduced access to debt financing. However, the current situation remains positive with the average interest rate for property companies on Nasdaq Stockholm Main Market falling to a record low 2.1 per cent," says Martin Malhotra, Project Manager at Catella.

"Low market interest rates and tight interest margins have made it possible for property companies to be competitive in bidding processes. However, we have entered the final phase of the economic cycle and the direction going forward is gradually higher rates from the central banks, who will also reduce their purchasing of securities. For property companies, this will entail slightly higher market interest rates in general and higher interest margins for companies with higher-risk business models in particular," says Arvid Lindqvist, Head of Research at Catella.

"We are also observing a stabilization in the bond market. Last year was a record year for property-related corporate bonds on Nasdaq Stockholm Main Market, as the volume of outstanding bonds increased by 80 per cent from SEK 51 billion to SEK 91 billion. However, we are now seeing that the bonds' share of interest-bearing debt has levelled out around the 25 per cent mark for the second straight quarter, while the outstanding volume has increased by merely 4 per cent," Martin Malhotra concludes.

The twenty-fourth 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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Catella is a leading specialist in property investments, fund management and banking, with operations in 14 countries. The group has assets under management of approximately SEK 200 billion. Catella is listed Nasdaq Stockholm in the Mid Cap segment. Read more online at catella.com.