



## CREDI: Real estate companies increasingly upbeat about the credit market

The March issue of the Swedish Catella Real Estate Debt Indicator shows an improvement in the CREDI Main Index from 44.4 to 46.5, driven by more positive perceptions among property companies, which believe access to debt finance has significantly improved. However, the banks still believe there is a tightening in the market.

“This year’s first CREDI survey once again shows an improvement in the CREDI Main Index, from 44.4 to 46.5. This is the best outcome since September 2015, strongly driven by a more positive perception of the credit market among listed real estate companies. It also shows that the perceptions of banks and property companies have diverged. This indicates that banks have become more selective in their lending to small and new borrowers,” says Martin Malhotra, Project Manager at Catella.

“We are seeing a clear correlation between real estate companies’ perceptions of the credit market and the performance of equity markets, with the latter being a leading indicator. We are likely to see continued improvement in the CREDI Main Index over the coming six months. The required yield has risen in the transaction market, which is probably because buyers and sellers are increasingly meeting in secondary locations. Most big companies are streamlining their portfolios and focusing on large metropolitan areas, making it possible for players that want to enter the market to bid for properties in secondary locations without facing too much competition,” says Arvid Lindqvist, Head of Research at Catella.

“After equity prices rose in the third quarter the stocks of the listed property companies fell back significantly in the fourth which, when combined with continued rises in book values, has now almost entirely eliminated the stock market premium to net assets for real estate companies. However, we are now seeing greater interest in real estate companies’ bonds. Bonds had a record year in 2016, and these now account for almost 16 percent of property companies’ interest-bearing debt,” concludes Martin Malhotra.

The eighteenth 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.

**For more information, please contact:**

Martin Malhotra	Arvid Lindqvist
Project Manager	Head of Research
+46 8 463 34 05	+46 8 463 33 04
<a href="mailto:martin.malhotra@catella.se">martin.malhotra@catella.se</a>	<a href="mailto:arvid.lindqvist@catella.se">arvid.lindqvist@catella.se</a>

**Press contact:**

Ann Charlotte Svensson
Head of Group Communications
+46 8 463 32 55, +46 72 510 11 61
<a href="mailto:anncharlotte.svensson@catella.se">anncharlotte.svensson@catella.se</a>