Press Release
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Falling credit sentiments indicate higher credit margins ahead

In the February issue of CREDI, the Main index decreases from 57.1 to 44.6 indicating a significant deterioration in the market for real estate debt. Increasing bond spreads show a similar development in the bond market.

"Our survey suggests a large shift for the worse. Above all, it is the banks that see tougher times ahead in the market for real estate debt due to higher credit margins", says Jacob Bruzelius, Head of Debt Advisory at Catella.

"Higher credit margins for bank debt going forward will, in combination with the already elevated swap rates and bond spreads, lead to higher average interest rates in the Swedish real estate sector", Jacob Bruzelius continues.

"The extremely expansionary monetary policy will probably have to be tightened quite a bit in the future if central banks are going to bring down inflation. The risk is that this leads to falling asset prices, which in turn can lead to a recession. The most likely development going forward is that the monetary tightening will not be that forceful. However, inflation will not be curbed either. Real estate as an asset class is a traditional hedge against inflation, which leads to capital flows into the sector if inflation takes hold", says Arvid Lindqvist, Head of Research at Catella.

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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About Catella

Catella is a leading specialist in property investments and fund management, with operations in 14 countries. The group has over EUR 10 billion in assets under management. Catella is listed on Nasdaq Stockholm in the Mid Cap segment. Read more at catella.com.

Attachments

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