

Nordic property managers face green crossroads

Nordic Credit Rating (NCR) said today that it expects the regional green bond market to continue to develop separately if technical screening criteria for sustainable investments under the EU Taxonomy prove too stringent.

To date, the Nordic green bond market has been dominated by issuers in the real estate sector, a key target of the taxonomy because of its high emission levels.

Inconsistent sustainability requirements across the EU could skew environmentally sound investments, NCR said in a new report.

“Thresholds for energy performance certificates are different across the EU and the current technical screening criteria for the taxonomy are both too stringent and not objective enough. If this results in market distortion, it is highly likely that the Nordic green bond market will continue to grow outside the taxonomy and the EU Green Bond Standard,” said NCR analyst Mille O. Fjeldstad.

“We do not assess whether or not an issuer is sustainable but rather how environmental factors impact credit drivers, such as access to funding, competitive position, industry risk, and operational efficiency,” Fjeldstad said.

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About Us

Nordic Credit Rating AS is a credit rating agency headquartered in Oslo with a branch in Stockholm. The company provides credit ratings to companies and financial institutions in the Nordic region, and bases its analysis on local insights. Nordic Credit Rating is registered with the European Securities and Markets Authority (ESMA).

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