



## Stable credit market as property companies' shares reach new high

In the July issue of CREDI, the Main index increases from 50.3 to 50.8 indicating a slightly improved credit market. Property companies maintain a positive view of the credit market, while banks are increasingly pessimistic about the future.

“This year’s second CREDI survey reflects a stable credit market, where improved access to credit and extended credit durations counteract expectations of higher credit margins. The CREDI Main index is boosted in particular by an improved perception of the current situation among banks. However, banks are increasingly pessimistic going forward as their Expectations index falls to its second-lowest point in the history of CREDI. Furthermore, the average interest rate of listed property companies increased slightly to 2.0 per cent, marking the end of the trend of decreasing interest rates that lasted for 21 quarters,” says Martin Malhotra, Project Manager at Catella.

“The equity market has rebound strongly this year, with the total return of the Stockholm OMX 30 index being nearly 20 per cent. The main driver has been the U-turns of the major central banks and the expectation that we will see lower interest rates and more quantitative easing from the central banks going forward. The Swedish equity market is a reasonably good leading indicator of the CREDI Main index, and its development suggests that we will see stable credit sentiments during the coming quarters,” says Arvid Lindqvist, Head of Research at Catella.

“The reduction in long-term interest rates has also been reflected in property companies’ preference shares, where the average dividend has fallen to 6.1 per cent since the turn of the year. Also, as the volume-growth of outstanding bonds continues to slow down, the bond market’s share of the listed property companies’ debt has remained at 28 per cent,” Martin Malhotra concludes.

The Catella Real Estate Debt Indicator (CREDI) is attached and can also be downloaded from [catella.com/en/news-and-pressreleases/research](http://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 and analyses based on publicly available data.

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