



## Property companies enters new territory as policy turns dovish

In the October issue of CREDI, the Main index increases from 50.8 to 56.3 indicating a substantially improved credit market. Property companies maintain an even stronger view of the credit market while banks improve their view of the future.

“This year’s third CREDI survey reflects a substantially improved credit market with improved access to credit, reduced credit margins and extended credit durations. The CREDI Main index is increased due to an uncommonly high perception of the current situation among property companies and a somewhat enhanced outlook in the banks future expectations. Pivotal post-quarter developments within monetary policy have not yet been materialized in the half-year reports but can be expected to have great influence going forward,” says Martin Malhotra, Partner at Catella.

“During the previous half year the number of transactions on the property market has declined while the average transaction volume per deal has increased. This is usually an indication of a forthcoming repricing on the market. Consensus among investors is now that the low interest rates will remain for a long period of time, which makes property investments attractive when compared to other asset classes,” says Arvid Lindqvist, Head of Research at Catella.

“The dovish turn in monetary policy has been reflected in property companies’ preference shares, where the average dividend has fallen to 5.8 per cent. Due to the post-quarter price surge, common shares of property-related companies now appears to be trading at a record-high premium. Also, as the volume of outstanding bonds increases slightly, the bond market’s share of the listed property companies’ debt is now at 29 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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