



## Credit market improves as optimism rises among property companies

In the March issue of CREDI the Main index increases from 48.6 to 50.3, indicating a slightly improved credit market. Property companies maintain a positive view of the credit market as interest rates fall to a new record low.

“This year’s first CREDI survey shows a positive shift in the credit market, where improved access to credit and extended credit durations counteract slightly higher credit margins. The CREDI Main index is boosted in particular by increased optimism among property companies. In fact, the property companies’ Expectation index is at its highest level in nearly four years. Furthermore, the average interest rate of listed property companies continues to fall, hitting a new record low of 1.9 per cent,” says Martin Malhotra, Project Manager at Catella.

“The stock market has rebound during the first quarter of 2019, with OMX 30 up 12 percent. This is mainly a result of more dovish central banks, which have responded to weakening growth in the United States and the rest of the world. Going forward, property companies in Sweden should be able to enjoy continued low real interest rates for an extended period of time,” says Arvid Lindqvist, Head of Research at Catella.

“The reduced long interest has also been reflected in property companies’ preference shares, where the average dividend has fallen to 6 per cent since the turn of the year. Also, the limited growth of outstanding bonds means the bond market’s share of the listed property companies’ debt has levelled out,” Martin Malhotra concludes.

The twenty-sixth edition of 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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