

Investments - Flash



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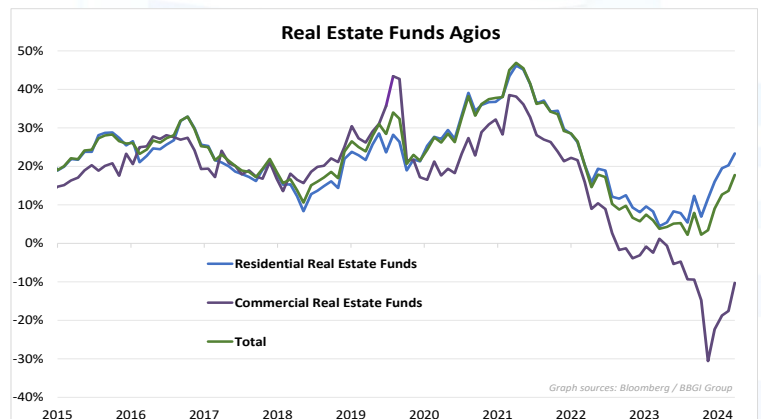
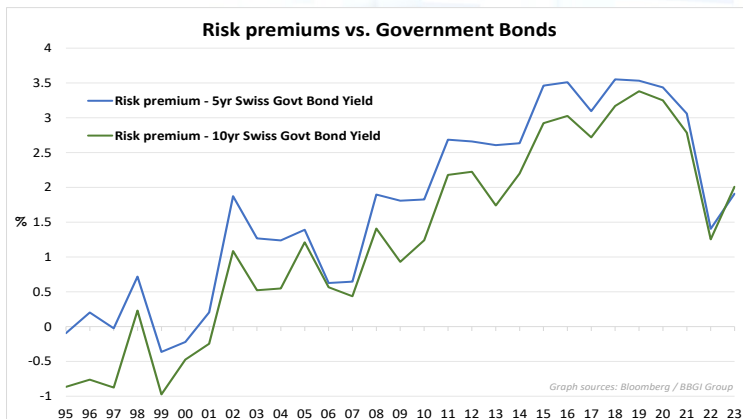
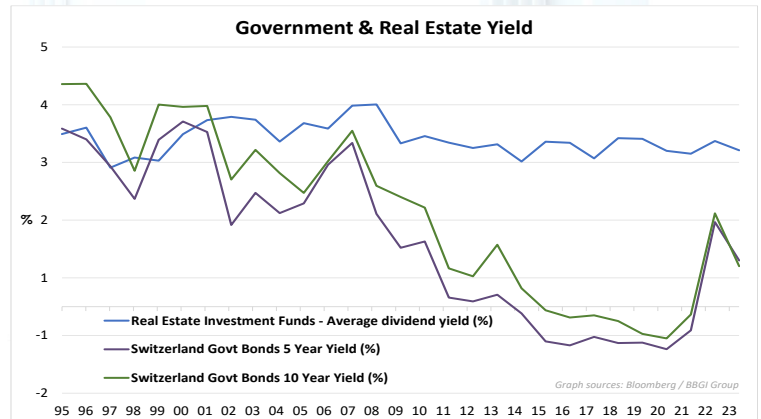
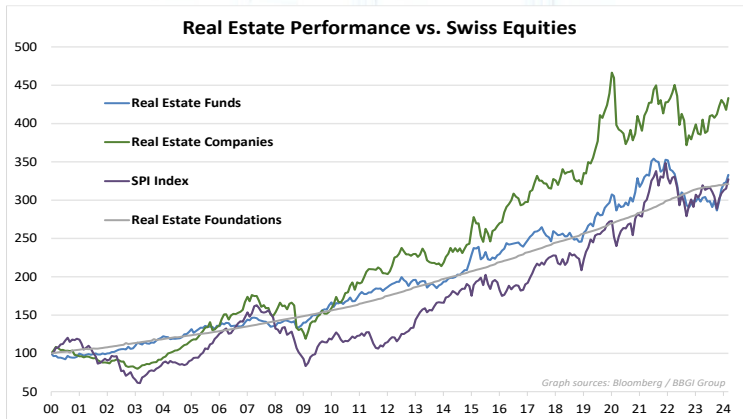
SNB REINFORCES INTEREST IN SECURITIZED REAL ESTATE

Attractive yields, risk premiums and agios

In November 2023, we highlighted the exceptional opportunity offered by the Swiss securitized real estate markets against the backdrop of an expected further fall in inflation in our country, and the strong likelihood of the Swiss National Bank (SNB) lowering its key rates by becoming the first central bank to change its policy in the first quarter of 2024. Logically, we believed that these developments would be highly favorable for Swiss securitized real estate, which at the time offered very attractive yields, risk premiums and premiums. Five months on, we note with satisfaction the SNB's change of monetary policy and the 18% rise in real estate funds and 6% rise in real estate companies. Funds rose by 5.93% in the first quarter, making it five months of positive performance in a row, following an already impressive November (+4.26%) and December (+5.26%) 2023.

The picture for real estate companies is similar. The quarterly increase of 0.24% followed rises of 2.99% and 2.12% respectively. With the rise in prices, the average agio of funds (22.7%) has risen back above its historical average (20%), and while not at the extreme level reached in 2022 (40%), it is slightly higher in the spectrum of historical valuation measures. For real estate companies, an average discount (-1%) remains.

On the other hand, fund yields logically slipped from 2.7% to 2.5%, while corporate yields remained more stable, falling only from 3.79% to 3.5%. Compared with the Swiss Confederation's ten-year yield (0.7%), the risk premium for funds is 182 basis points and 282 basis points for companies. We now expect real estate companies to outperform.



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