



Low transaction activity indicates that the cycle has turned

The activity on the transaction market has been low during the autumn. The volume ended up at SEK 7.4 billion during November, which can be compared to SEK 26.5 billion and SEK 10.6 billion during the same month in 2015 and 2016, respectively.

The rolling 12-month transaction volume fell to SEK 127 billion in November, compared to SEK 146 billion in October. So far in 2017, institutions are the main net-investors. However, a number of listed property companies have stepped up their investments during the autumn (mainly Balder and FastPartner). The sentiments on the property market have changed lately and transaction processes outside the attractive locations in the major cities are going slower. Over time, there is a strong negative correlation between trans-

action volume and the average yields for commercial properties (when the volumes are increasing the average yields go down and vice versa). In recent months, however, average yields have fallen in line with the transaction volumes. The most probable explanation for this is that the market is in the midst of a re-pricing process. Buyers and seller are generally meeting up in good locations in the major cities, while their view of the pricing differs in other locations. Catella expects the average yields for commercial properties to increase over the coming 6–12 months (mainly through increasing yield spreads between A, B and C locations).

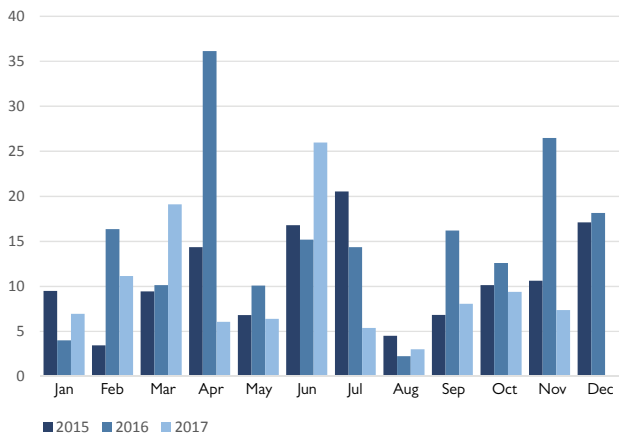
The year-to-year change in condominium prices in Stockholm has fallen into negative territory. Housing prices are a strong leading indicator of GDP growth (around 6 months ahead), and the lower housing prices indicate falling residential investments and lower private consumption growth in 2018. Lower GDP growth (combined with

somewhat less expansive monetary policy) is expected to push the market towards a cyclical slowdown in 2018–2020. This will affect the commercial property sectors with lower rental growth, higher vacancies and more risk averse investors and banks.

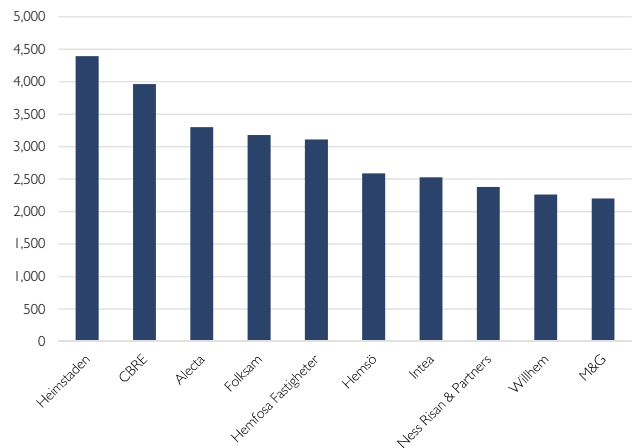
The underlying fundamentals for Swedish property, however, remain good with strong rental growth for well-located, modern offices in the major cities (over time) and continuously low or negative real interest rates. There will also be a strong demand for well-located properties in the major cities from institutions and well-consolidated private investors going forward.



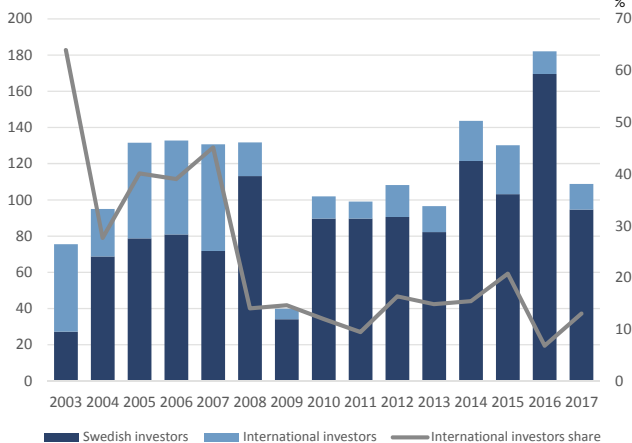
TRANSACTION VOLUME PER MONTH, BSEK



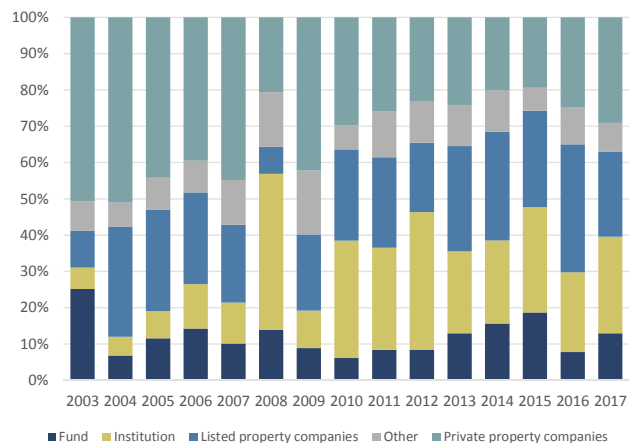
TOP 10 INVESTORS 2017 (YTD), MSEK



TOTAL SWEDISH TRANSACTION VOLUME, BSEK



INVESTOR TYPE AND REGION





Top 20 transactions rolling 12 months

Date	Object	Municipality	Seller	Buyer	Type	Area (sq.m.)	Price (MSEK)	Price (SEK/sq.m.)	Yield
1/11/2017	Mixed portfolio (10 properties)	Nacka	Carlyle	Alecta	Mix commercial	143,533	2,300	16,024	
1/13/2017	Bleholmen 1	Stockholm	NIAM	M&G	Office CBD	34,000	2,200	64,706	Conf.
2/20/2017	Bromma Blocks	Stockholm	Starwood Capital	CBRE	Retail centre	55,320	2,200	39,769	5.2*%
6/16/2017	Residential portfolio (28 properties)	Helsingborg	Akelius	Folksam	Residential	85,774	1,948	22,711	Conf.
6/16/2017	Residential portfolio (34 properties)	Helsingborg	Akelius	Wilhem	Residential	101,946	1,862	18,265	Conf.
12/6/2016	Public portfolio (132 properties)	Jönköping, Karlstad, Mellerud etc.	Private	Samhällsbyggnadsbolaget	Public	89,599	1,800	20,090	Conf.
8/22/2017	Retail portfolio (11 properties)	Linköping, Södertälje, Gothenburg etc.	NREP	SPP	Retail grocery store	62,897	1,600	25,438	Conf.
12/6/2016	Development project (~4,000 apartments)	Botkyrka	Stockholm municipality	Botkyrka municipality	Development		1,585	N/A	N/A
3/15/2017	Residential portfolio (7 properties)	Uppsala & Norrköping	Henry Ståhl Fastigheter	Heimstaden	Mix including residential	87,775	1,544	17,590	6.0%
4/23/2017	Logistics portfolio (3 properties)	Nyköping, Norrköping & Jönköping	Invesco	Bråviken logistik	Industrial	143,907	1,515	10,528	5.8%
12/6/2016	Public portfolio (35 properties)	Norrköping, Norrköping & Karlshamn etc.	Hemsö	Samhällsbyggnadsbolaget	Public	177,889	1,500	8,432	5.5*%
2/9/2017	Public portfolio (44 properties)	Tranås, Arboga, Köping	Balder	D. Carnegie	Residential	155,821	1,420	9,113	5.0*%
9/29/2017	Timret 1	Norrköping	Rusta	Ness Risan & Partners	Logistics	66,820	1,400	20,952	Conf.
7/7/2017	Building rights in Södra Ånggården, Gothenburg (550 building rights)	Strängnäs	Platzer	Bonava	Development		1,376	N/A	N/A
3/24/2017	Lindholmen 30:1	Gothenburg	Blackstone	Atrium Ljungberg	Office core plus	37,035	1,260	34,022	
3/8/2017	IKEA Centres	Uppsala, Uddevalla, Borlänge etc.	Ikano	Pradera	Retail big-box	67,036	1,250	18,647	6.0*%
12/6/2016	Kuststaden Fastigheter AB	Danderyd	Private	Samhällsbyggnadsbolaget	Mix commercial	130,943	1,200	9,164	5.5*%
6/11/2017	57,000 sqm. in Halmstad	Norrköping	Private	Hemfosa Fastigheter	Public	57,084	1,066	18,674	5.5%
6/15/2017	Eldaren 6	Kalmar	Skanska	Intea	Education	29,500	Conf.	Conf.	Conf.
12/6/2016	Gimmel Fastigheter AB	Söderhamn, Bollnäs & Sundsvall	Private	Samhällsbyggnadsbolaget	Mix including residential	115,869	Conf.	Conf.	5.5*%

Top 10 transactions November 2017

Date	Object	Municipality	Seller	Buyer	Type	Area (sq.m.)	Price (MSEK)	Price (SEK/sq.m.)	Yield
11/8/2017	Uppfinnaren 1	Stockholm	Oscar Properties	FastPartner	Office core plus	16,023	934	58,291	Conf.
11/27/2017	Hallonbergen Centrum	Sundbyberg	Sundbyberg municipality	Balder	Mix commercial	25,085	840	33,486	
11/21/2017	Rosengård 130:401	Malmö	Skånska travsällskapet	MKB	Development		775	N/A	N/A
11/30/2017	Lybeck 2 & 3, Ladugårdsgärdet 1:51	Stockholm	Oscar Properties	CapMan	Office core plus	29,983	746	24,881	Conf.
11/17/2017	Carl Gustaf 4	Malmö	SEB	Volito	Mix commercial	7,608	275	36,146	
11/24/2017	Lärlingen 6	Kalmar	CA Fastigheter	Kalmar County Council	Public	8,876	220	24,786	Conf.
11/30/2017	Residential portfolio (7 properties)	Borås	Bo i Borås	Pulsen	Mix including residential	14,848	Conf.	Conf.	
11/9/2017	Wenströmska skolan 1	Västerås	Västerås Stad	Hemsö	Development		Conf.	N/A	N/A
11/30/2017	Quality Hotel	Gothenburg	Strawberry Properties	Midstar	Hotel	30,900	Conf.	Conf.	
11/17/2017	Residential portfolio (7 properties)	Haparanda	Rikshem	Fastighetsmästaren i Kiruna	Residential central	8,236	Conf.	Conf.	

* Estimated by Catella

Source: Catella and Datscha