



April volume falls significantly as the Norrporten deals fall out of the 12-month figures

The monthly transaction volume in April amounted to SEK 5.8 billion. This was significantly lower than the SEK 36.1 billion and SEK 14.3 billion recorded in April 2016 and April 2015, respectively.

The rolling 12-month volume fell to SEK 152 billion in April, compared to SEK 182 billion in March. Private property companies are the biggest investors so far in 2017. Although there are many foreign investors active in the market (foreign investors represented over 25 per cent of all investments during the first quarter of 2017), the market was almost entirely dominated by Swedish investors in April. There is a good chance that the market has now reached the end of the increasing trend that started in the autumn of 2014. One reason for this is that the volume during the spring of 2016 was boosted by a number of

large deals (including Castellum's acquisition of Norrporten). In addition, uncertainty regarding new tax regulation that may be implemented in mid-2018 might also have a negative impact on volumes going forward.

The rolling 12-month average yield for commercial property transactions (office and retail) increased from a low of 5.6 per cent in February 2016 to 6.1 per cent in December 2016, driven by an increasing number of transactions involving commercial properties outside the major cities (in several cases poorly performing retail properties). Long-term interest rates have, however, fallen back during the spring of 2017 and leading indicators for the manufacturing industry is signalling a pick-up in exports and industrial production during the rest of 2017. In addition, the inflation figure for April was a disappointment for the Riksbank, which has decided to resume their asset purchases during the second half of 2017. Although credit

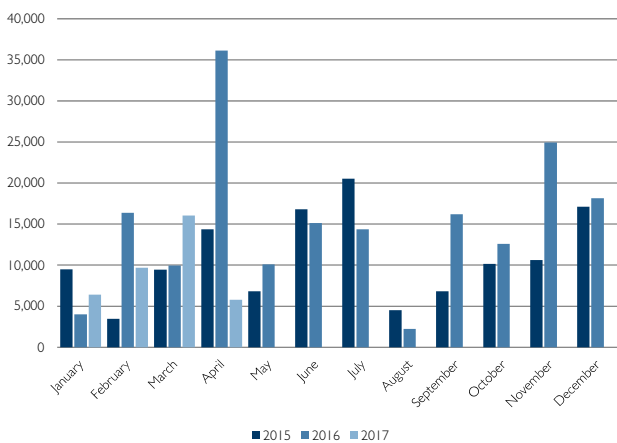
access is still limited for small investors without a strong track-record, these macro factors are pushing yields and yield spreads downwards. As a result, the rolling 12-month average yield for all office and retail transactions have fallen back somewhat in recent months, from 6.1 per cent in December 2016 to 5.9 per cent in April 2017. The average yield for office properties is now back at historically low 5.2 per cent.

However, Catella expects this to be temporary. The Swedish GDP growth is slowing down and moving towards its potential rate of around 2 per cent (which is decided by the increase in labour force and productivity) during 2017–2018, while inflation and long-term interest rates are expected to increase gradually. These are all factors that indicate increasing average yields and higher yield spreads between A, B and C locations for commercial properties in the coming years.

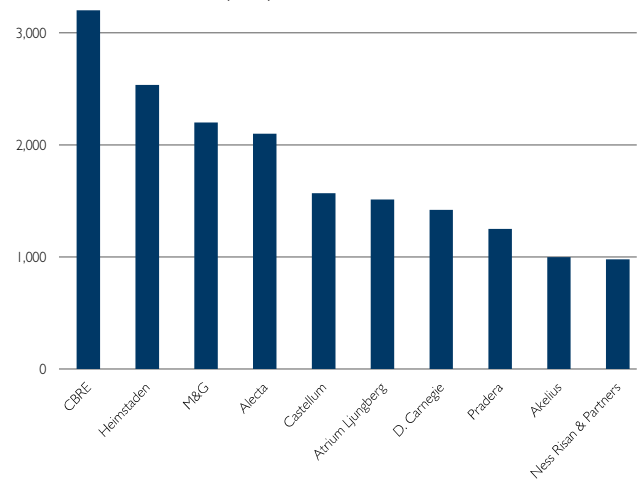


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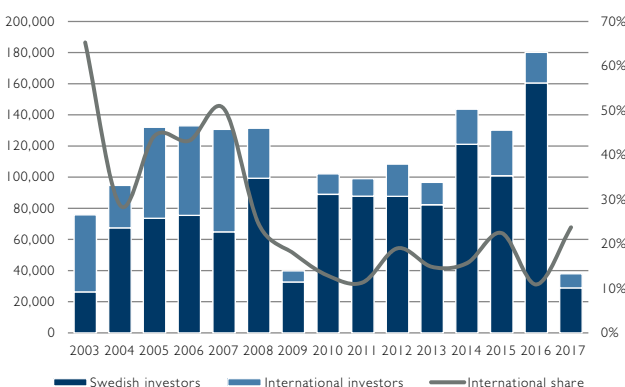
TRANSACTION VOLUME PER MONTH, MSEK



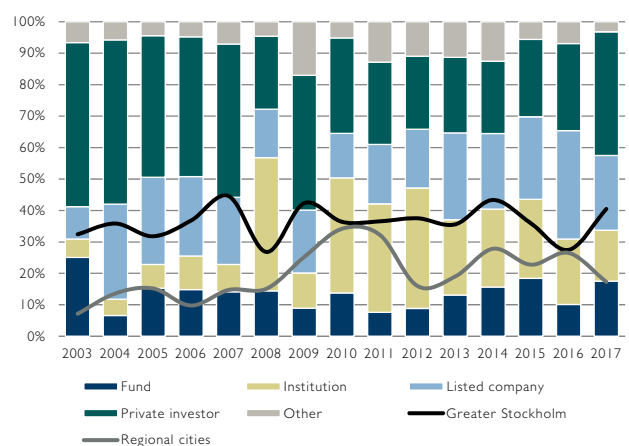
TOP 10 INVESTORS 2017 (YTD), MSEK



TOTAL SWEDISH TRANSACTION VOLUME, MSEK



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
2016-11-28	Project portfolio (7,000 apartments)	Stockholm, Malmö	Magnolia	Slättö Förvaltning	Development	450,000	5,000	N/A	N/A
2016-11-22	Office portfolio (33 properties)	Sundsvall, Umeå & Luleå	Castellum	Diös	Office	235,249	4,500	0	5.2%*
2016-09-19	Commercial portfolio (46 properties)	Stockholm, Gothenburg, Malmö etc.	User	Balder	Retail	278,277	4,150	14,913	
2016-07-11	Retail portfolio (10 properties)	Gothenburg, Malmö, Uppsala etc.	Starwood Capital	Trophie	Retail	148,103	3,100	20,931	6.3%*
2016-06-01	Smedstad 1:21 & Artilleristen I	Linköping, Östersund	Blackstone	Intea	Public	132,601	2,900	21,870	conf.
2016-10-14	Residential portfolio (31 properties)	Eskilstuna, Halmstad	Akelius	Wilhem	Residential	128,573	2,800	21,778	conf.
2016-10-21	Mixed portfolio (10 properties)	Gothenburg	Volvo	Platzer	Mix commercial	338,000	2,800	8,284	7.2%
2017-01-13	Blekkholmen I	Stockholm	Niam	M&G European Property Fund	Office	34,000	2,200	64,706	conf.
2017-02-20	Bromma Blocks	Stockholm	Starwood Capital, Vencom	CBRE	Retail	55,320	2,200	39,769	5.25%*
2017-01-11	Commercial portfolio (10 properties)	Nacka	Carlyle Group	Alecta	Mix commercial	143,533	2,100	16,024	
2016-06-30	Residential portfolio (20 properties)	Stockholm, Malmö, Helsingborg etc.	Aberdeen	Balder & AP3	Residential	71,234	2,000	28,076	3.8%*
2016-07-14	Residential portfolio (22 properties)	Karlskrona & Malmö	PBA	Victoria Park	Residential	138,166	1,800	13,028	4.6%*
2016-12-06	Public portfolio (132 properties)	Jönköping, Karlstad, Mellerud etc.	Private	Samhällsbyggnadsbolaget	Public	89,599	1,800	20,090	conf.
2016-11-07	Residential portfolio (7 properties)	Karlstad, Stockholm, Örebro, Umeå, Jönköping	Slättö Förvaltning	Lansa	Residential	41,078	1,600	0	conf.
2016-12-06	Development project (~4,000 apartments)	Botkyrka	Stockholm municipality	Botkyrka municipality	Development		1,585	N/A	N/A
2017-03-15	Retail & office portfolio (7 properties)	Uppsala & Norrköping	Ståhl Fastigheter	Heimstaden	Mix incl. residential	87,775	1,544	17,590	conf.
2016-06-27	Kåkenhuset 37	Stockholm	GIC Real Estate	Folksam	Mix commercial	16,581	1,510	91,068	conf.
2017-02-09	Residential portfolio (44 properties)	Tranås, Arboga, Köping	Balder	D. Carnegie & Co	Residential	155,821	1,420	9,113	5.0%*
2016-05-13	Hammar 9:151	Kristianstad	Hammarhus-konsortiet	Eurocommercial	Retail	40,600	1,325	32,635	6.0%*
2016-05-16	Torp retailcenter	Uddevalla	Steen & Ström	Olav Thon	Retail	32,459	1,285	39,588	conf.

Top 10 transactions April 2017

Date	Object	Municipality	Seller	Buyer	Type	Area (sq.m.)	Price (MSEK)	Price (SEK/sq.m.)	Yield
2017-04-23	Logistics portfolio	Nyköping, Norrköping & Linköping	Invesco	Bråviken Logistik	Industrial	143,907			conf.
2017-04-12	Lybeck 2, Lybeck 3 & Ladugårdsgården 1:51	Stockholm	AFA	Oscar Properties	Office	29,983	700	23,347	N/A
2017-04-07	Örja 1:20	Landskrona	DSV	Logistea	Logistics	40,003	685	17,124	conf.
2017-04-26	Norslunda 1:6	Sigtuna	Unibail-Rodamco	Arlandastad Holding	Hotel & retail	41,419	conf.		conf.
2017-04-20	Piren 2 (Lindhölm 39:3)	Göteborg	Skanska	Platzer	Office	9,000	410	45,556	4.7%*
2017-04-27	Svea Artilleri 7	Stockholm	MHS-Bostäder	Sigillet	Hotel	5,630	350	62,167	
2017-04-12	Oppen 3:12	Tanum	Oppen Fastighets AB	Olav Thon	Retail	32,000	conf.		conf.
2017-04-13	Residential & commercial portfolio (7 properties)	Gotland, Nyköping & Oskarshamn	Samhällsbyggnadsbolaget	-	Mix commercial	15,124	216	14,282	conf.
2017-04-05	Commercial portfolio (7 properties)	Huddinge	Sjödalen Fastigheter	Vincero Fastigheter	Mix commercial	10,500	179	17,000	
2017-04-13	Rosersberg 11:101 & Rosersberg 11:92	Sigtuna	Stendörren	Kilenkryss	Logistics	6,550	135	20,611	
2017-04-05	Rivan 1, Nordanvinden 3 & Gustavshem 6	Lund	Klövern	Genova Fastigheter	Mix commercial	8,679	129	14,863	
2017-04-06	Bottenhavet 4	Örebro	Örebrobostäder	Svenska Studenthus	Residential	10,015	125	12,481	conf.

* Estimated by Catella

Source: Catella and Datscha