



Transaction volumes at historical high in November – but the average yield is increasing

Transaction volumes ended up at historically strong levels in November. The monthly volume amounted to SEK 24 billion, compared to SEK 10.6 billion and SEK 15 billion for the same month in 2015 and 2014, respectively.

The rolling 12-month transaction volume increased to SEK 170 billion in November, from SEK 156 billion in October. Listed property companies remain the largest investors, but private investors have increased their investments significantly. However, listed property companies and institutions are the only major net-investors on the market. Office and residential property transactions have dominated the market this year.

The 12-month average yield for Swedish office and retail properties increased from the historically low 5.6 per cent in mid-2016 to 5.8 per cent in November. The yield increase has been specifically pronounced for retail properties, for which the average yield has increased from around 6.0 per cent to 6.6 per cent. This is an indication that price expectations of buyers and seller are converging in secondary locations. The average yield for office properties has increased from 5.1 per cent this summer to 5.3 per cent.

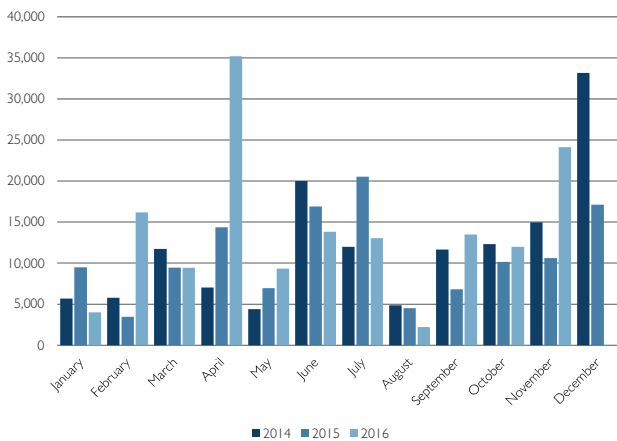
Transaction volumes and property yields for commercial properties are negatively correlated and follow GDP growth. Accordingly, the recent month's development where average yields and transaction volumes both increased simultaneously is unusual. If the trend

of slightly increasing long-term interest rates and slowing GDP growth continues, the 12-months rolling transaction volume is expected fall back towards the long-term average of around SEK 110 billion. In that process the average yield for office and retail properties is expected to increase by around 40–50 basis points in the coming 12–18 months. This increase is mainly expected to materialise through higher spreads between A, B and C locations.

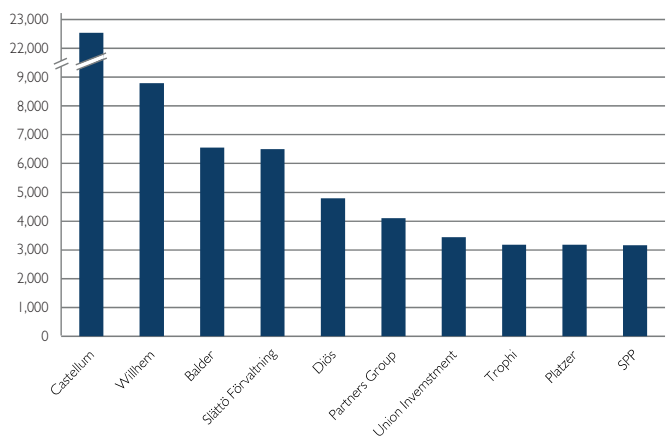


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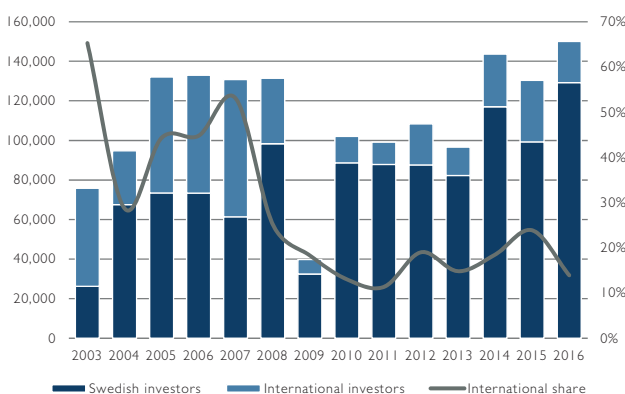
TRANSACTION VOLUME PER MONTH, MSEK



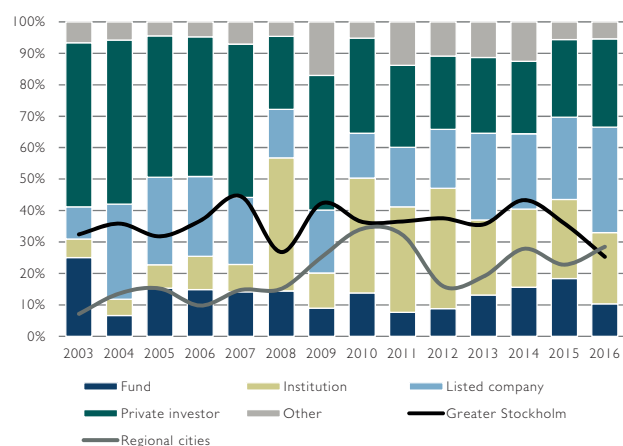
TOP 10 INVESTORS 2016 (YTD), MSEK



TOTAL SWEDISH TRANSACTION VOLUME, MSEK



INVESTOR TYPE AND REGION





Top 20 transactions 2016

Date	Object	Municipality	Seller	Buyer	Type	Area (sq.m.)	Price (MSEK)	Price (SEK/sq.m.)	Yield
2016-04-13	Commercial portfolio (117 properties)	Mix	Norrporten	Castellum	Mainly office	1,140,094	21,500	18,858	5.3%*
2016-04-07	Residential portfolio (112 properties)	Gothenburg	Akelius	Willhem	Residential	310,101	5,000	16,124	4.8%*
2016-11-28	Project portfolio (7,000 apartments)	Stockholm & Malmö	Magnolia	Slättö Förvaltning	Development	450,000	5,000	38,462	
2016-11-22	Office portfolio (33 properties)	Sundsvall, Umeå & Luleå	Castellum	Diös	Office	235,249	4,500	6,898	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	Trophi	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	Willhem	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%
2016-02-19	Commercial portfolio (63 properties)	Stockholm, Kalmar, Malmö, Norrköping etc.	Sveafastigheter	Partners Group	Mix commercial	166,154	2,500	15,046	
2016-02-04	Uarda 5	Solna	Fabege	Union Investment	Office	44,269	2,257	50,984	conf.
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%*
2016-11-07	Residential portfolio (7 properties)	Karlstad, Stockholm, Örebro, Umeå, Jönköping	Slättö Förvaltning	Lansa	Residential	41,078	1,600	38,950	conf.
2016-02-09	Mixed portfolio (10 properties)	Solna, Stockholm, Täby	Profi Fastigheter	Partners Group	Public and office	99,965	1,600	16,006	6.1%*
2016-06-27	Käkenhuset 37	Stockholm	GIC Real Estate	Folksam	Mix commercial	16,581	1,510	91,068	conf.
2016-02-17	Haga 2:8	Solna	KLP	Mengus	Office	41,854	1,400	33,450	6.0%*
2016-10-28	Share of Hammar 9:151	Kristianstad	Private investors	Eurocommercial	Retail	40,600	1,325	32,635	6.0%
2016-03-16	Logistics portfolio (21 properties)	Gothenburg, Stockholm, Jönköping etc.	Estancia Fastigheter	Corem	Industrial	168,040	1,315	7,826	conf.
2016-11-08	Retail park (6 properties)	Uddevalla	Steen & Ström	Olav Thon	Retail	32,459	1,285	NA	conf.

Top 10 transactions November 2016

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	11,111	N/A
2016-11-22	Office portfolio (33 properties)	Sundsvall, Umeå & Luleå	Castellum	Diös	Office	235,249	4,500	19,129	5.2%
2016-11-07	Residential portfolio (7 properties)	Karlstad, Stockholm, Örebro, Umeå, Jönköping	Slättö Förvaltning	Lansa	Residential	41,078	1,600	38,950	conf.
2016-11-08	Retail park (6 properties)	Uddevalla	Steen & Ström	Olav Thon	Retail	32,459	1,285	39,588	conf.
2016-11-17	Uarda 7	Solna	Fabege	Union Investment	Office	17,514	1,184	67,603	3.9%*
2016-11-14	Eldaren I	Kalmar	Sveafastigheter	Private	Public	23,000	conf.	NA	conf.
2016-11-08	Tumba 7:150	Botkyrka	Starwood Capital	Profi Fastigheter	Office	78,568	conf.	NA	conf.
2016-11-08	Borgarfjord 2	Stockholm	Starwood Capital	Profi Fastigheter	Office	44,000	conf.	NA	conf.
2016-11-25	Residential portfolio (4 properties)	Eslöv	Mälö Fastigheter	Brinova	Residential	47,641	685	14,378	conf.
2016-11-25	Development project (~500 apartments)	Nacka	Carlyle	Oscar Properties	Development		584	NA	N/A

* Estimated by Catella

Source: Catella and Datscha