



Transaction volumes remain high in October – strong yield compression for residential properties

Transaction volumes have remained strong in October. The monthly volume amounted to SEK 11.6 billion, compared to SEK 10.1 billion and SEK 12.3 billion for the same month in 2015 and 2014, respectively.

The rolling 12-month transaction volume increased to SEK 156 billion in October, from SEK 154 billion in September and SEK 148 billion in August. Listed property companies remain the largest investors, but institutions and private investors have also made major investments. Office property transactions dominate the market and make up more than 30 per cent of the transaction volume (as a result of Castellum's acquisition of Norrporten), up from around 20–25 per cent in recent years. Investor demand for residential properties is particularly high and the

rolling 12-month transaction volume exceeds SEK 40 billion, which is in line with the peak levels of 2011.

There has been a strong negative correlation between transaction volumes and average property yields on the residential market since the second half of 2010 (the correlation coefficient between September 2010 and October 2016 was -0.8). Average yields for residential property transactions outside the major cities have decrease by around 50 basis points during the past six months and is currently around 4.9 per cent. Institutionally backed companies and listed property companies are the major buyers of residential property, with Willhem, Balder, Victoria Park and Slättö being the major investors so far in 2016.

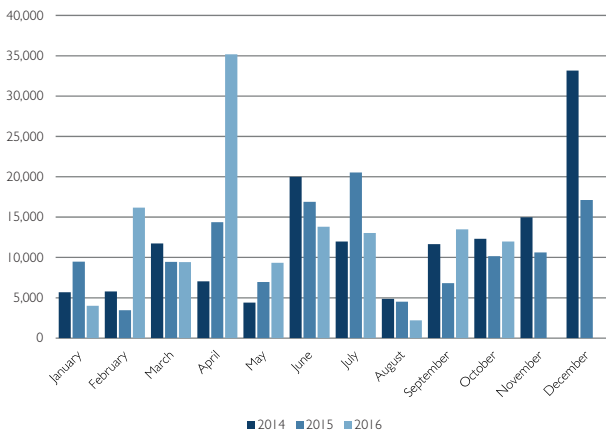
Transaction volumes and average yields on the residential market follow GDP growth. If the trend of slightly

increasing long-term interest rates continues in 2017, combined with a slowdown in GDP growth and the weakened credit market sentiment, the average property yield on the residential market is expected to increase by around 20-40 basis points in 2017. The increase is mainly expected to materialise through higher spreads between A, B and C locations during the first half of 2017. However, because of stable rents and low vacancies, Swedish residential properties will remain highly attractive to investors in the coming years.

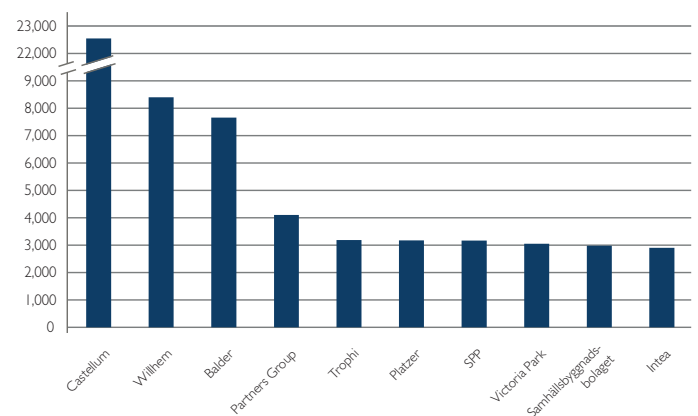


Arvid Lindqvist, Head of Research
arvid.lindqvist@catella.se

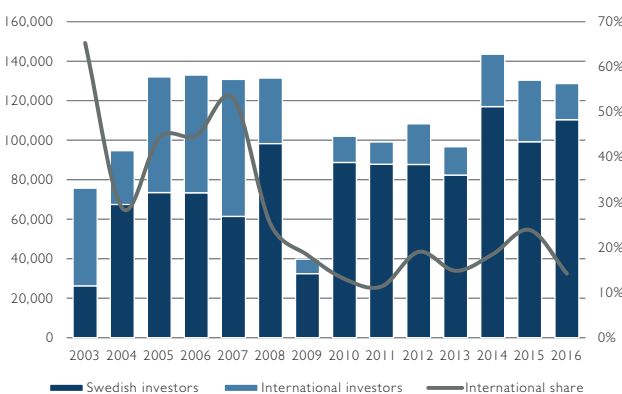
TRANSACTION VOLUME PER MONTH, MSEK



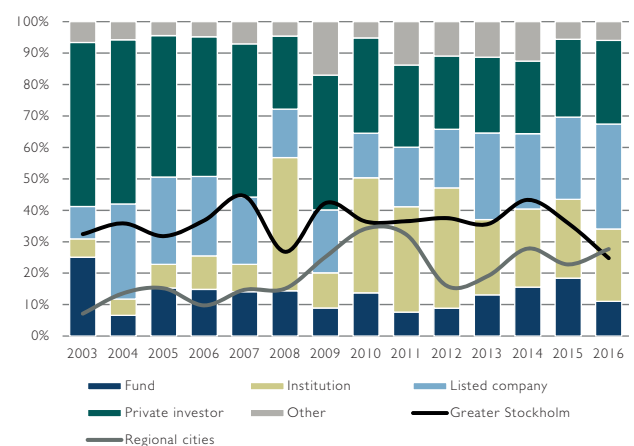
TOP 10 INVESTORS 2016 (YTD), MSEK



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%*
2016-09-19	Commercial portfolio (46 properties)	Stockholm, Gothenburg, Malmö etc.	Egenanvändare	Balder	Retail	278,277	4,150	14,913	conf.
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 1	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%*
2016-02-09	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	Kåkenhuset 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.
2016-05-24	Gårda 13:6	Gothenburg	NIAM	Technopolis	Office	34,300	1,177	34,315	conf.
2016-02-10	Residential portfolio (28 properties)	Östersund	Kommunen	Rikshem	Residential	133,507	1,144	8,569	5.0%*
2016-10-07	Residential portfolio (10 properties)	Malmö	MKB Fastighets AB	Balder	Residential	140,175	1,100	7,847	conf.
2016-07-07	Eken 6	Sundbyberg	Areim	Atrium Ljungberg	Office	28,500	1,059	37,158	conf.

Top 10 transactions October 2016

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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%
2016-10-28	Share of Hammar 9:151	Kristianstad	Private investors	Eurocommercial	Retail	40,600	1,325	32,635	6.0%
2016-10-07	Residential portfolio (10 properties)	Malmö	MKB	Balder, Heimstaden, Victoria Park	Residential	140,175	1,100	7,847	conf.
2016-10-19	Commercial portfolio (28 properties)	Malmö, Lund	Briggen	Klövern	Mix commercial	113,657	893	7,857	conf.
2016-10-20	Mixed portfolio (28 properties)	Ystad	H-P Hockey-Pokey	Heimstaden	Residential and office	40,565	768	18,933	3.8%*
2016-10-27	Residential portfolio (5 properties)	Sundsvall	Gimmel	Samhällsbyggnadsbolaget	Residential	54,762	600	10,957	5.5%*
2016-10-28	Share of Hammar 9:151	Kristianstad	Private investors	Eurocommercial	Retail	20,500	350	17,073	6.5%
2016-10-06	Söderbyholm 3:468	Haninge	Stena Fastigheter	Profi Fastigheter	Public and office	34,666	325	9,375	
2016-10-17	Public portfolio (20 properties)	Stockholm, Haninge, Upplands Väsby etc.	Rikshem	Höggkullen	Public	11,000	210	19,091	

* Estimated by Catella

Source: Catella and Datscha