



Increasing transaction volumes and falling yields in September – how close is the yield-bottom?

The transaction volume picked up in September and the monthly volume ended up at SEK 13.5 billion, which can be compared to SEK 11.5 billion and SEK 7 billion for the same periods in 2014 and 2015 respectively.

The rolling annual volume increased to SEK 154 billion in September from SEK 148 billion in August and SEK 150 billion in June. Listed property companies remain the largest investors, but institutions and private investors are also major investors. Office transactions dominate the market and stand for over 35 per cent of the transaction volume (as a result of Castellum's acquisition of Norrporten), up from a market share of around 20–25 per cent during recent years.

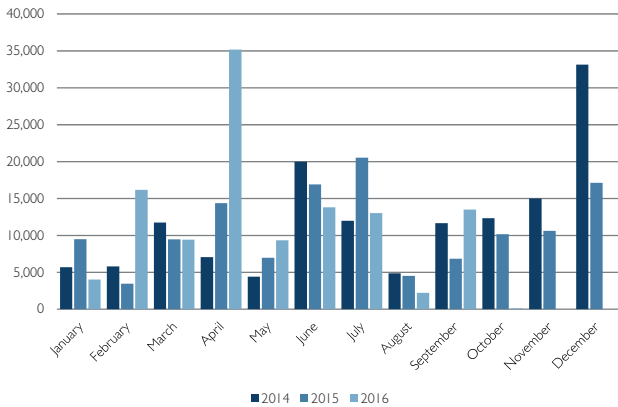
The 12-months average yield for Swedish office and retail properties increased from the historically low levels of 5.6 per cent in February to 5.8 per cent in April, but has since that declined back to 5.6 per cent again.

During the last six months the market has been driven by high risk willingness, low or negative bond yields and well performing equity markets. However, several factors now indicate that we are closing in on the yield-bottom. The international transaction volume (the aggregate volume of foreign investors' investments and divestments) is a leading indicator of property yields that is approximately 9–12 months ahead of average yields for commercial property. The current weakening of foreign investors' buying and selling activity that has been ongoing since late-

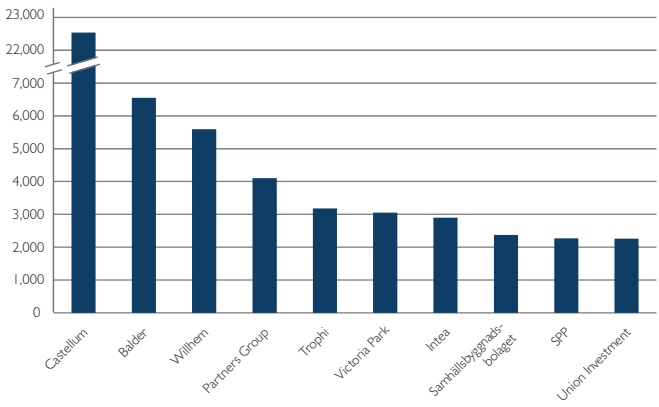
2015 is signaling a shift in the market, with rising property yields and higher spreads between A, B and C locations during the first half of 2017. This development is also in line with the current decline in Swedish GDP growth and the weakened credit market sentiment. Yields for well-located properties in the major cities will, however, stay low as the demand for property investments remains high, especially among institutions.



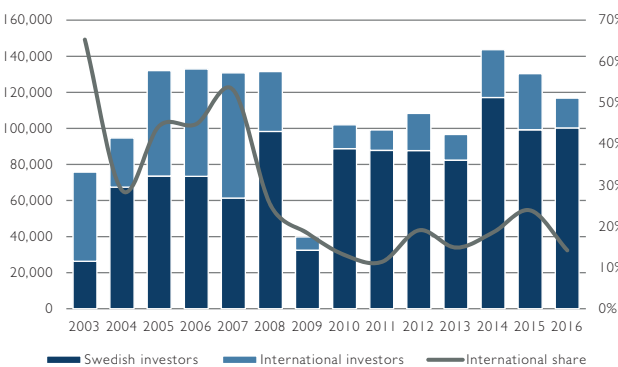
TRANSACTION VOLUME PER MONTH, MSEK



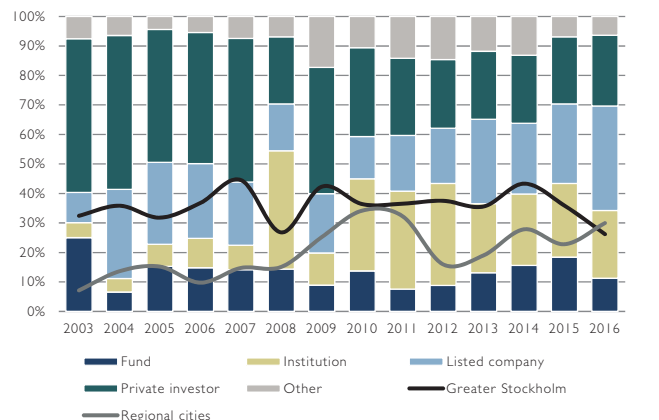
TOP 10 INVESTORS 2016 (YTD), MSEK



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.	Hedin invest	Balder	Retail	278,277	4,150	14,913	6.3%*
2016-07-11	Retail portfolio (10 properties)	Gothenburg, Malmö, Uppsala etc.	Starwood Capital	Tropho	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.
2016-02-19	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%*
2016-03-16	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	Östersund municipality	Rikshem	Residential	133,507	1,144	8,569	5.0%*
2016-07-07	Eken 6	Sundbyberg	Areim	Atrium Ljungberg	Office	28,500	1,059	37,158	conf.
2016-03-08	Office portfolio (23 properties)	Linköping & Norrköping	Heimstaden	Castellum	Office	162,685	1,042	6,402	
2016-04-25	Residential portfolio (8 properties)	Landskrona	Landskronahem	Stena Fastigheter	Residential	88,398	1,015	11,482	4.8%*
2016-08-25	Logistics portfolio (9 properties)	Malmö, Västerås, Lidköping etc.	NLI Eiendominvest	Round Hill Capital	Logistics	227,548	1,000	4,395	
2016-05-26	Pulpeten 1	Malmö	Skanska	IKANO	Office	19,000	1,000	52,632	4.3%*

Top 10 transactions September 2016

Date	Object	Municipality	Seller	Buyer	Type	Area (sq.m.)	Price (MSEK)	Price (SEK/sq.m.)	Yield
2016-09-19	Commercial portfolio (46 properties)	Stockholm, Gothenburg, Malmö etc.	Hedin invest	Balder	Retail	278,277	4,150	14,913	6.3%*
2016-09-01	Kvadraten 2	Huddinge	Niam	Capman, Varma & Cavendo	Retail	45,930	930	20,248	conf.
2016-09-15	Retail portfolio (9 properties)	Östersund, Salem etc.	Aberdeen	Tristan	Retail	61,563	900	14,619	conf.
2016-09-30	Retail & industrial portfolio (4 properties)	Stockholm, Sollentuna, Sigtuna & Uppsala	Upplands motor holding	Mälaråsen	Retail & industrial	33,449	875	26,159	6.2%*
2016-09-30	Bladet 3	Solna	CapMan	Solnaberg Property	Office	31,325	858	27,390	5.7%
2016-09-23	Residential portfolio (9 properties)	Växjö	Växjöbostäder	Victoria Park	Residential	65,566	830	12,659	conf.
2016-09-23	Residential portfolio (11 properties)	Växjö	Växjöbostäder	Heimstaden	Residential	57,662	735	12,747	conf.
2016-09-29	Public portfolio (12 properties)	Stockholm, Solna, Tyresö etc.	Actus Fastigheter	Storebrand (SPP)	Public	19,150	710	37,076	
2016-09-29	Public portfolio (16 properties)	Nacka	Nacka municipality	Hemsö	Public	25,200	621	24,643	
2016-09-14	Nätet 7 & 8	Eskilstuna	Magnolia	Slättö Förvaltning	Residential	18,000	450	25,000	conf.

* Estimated by Catella

Source: Catella and Datscha