



Strong pick-up in volumes in February – the market is driven by international investors

There was a clear rebound in the transaction volume on the property market in February. The monthly transaction volume ended up at almost SEK 16 billion, which can be compared to SEK 6 billion and SEK 3.5 billion during the same month 2014 and 2015 respectively. As a result the rolling twelve-month transaction volume bounced back to SEK 137 billion, from SEK 125 billion in January – however, still significantly lower than the peak of almost SEK 160 billion that was recorded last summer.

International investors have done a number of large deals in February, where the largest ones were Partners Group’s acquisition of a mixed retail and hotel portfolio spread throughout Sweden from Sveafastigheter, and Union’s acquisition of the Vattenfall headquarters in Arenastaden (Solna) from Fabège. International investors have significantly increased their activity since early 2015 – from an annual

investment volume of SEK 10–20 billion in 2010–2014, to an annualised SEK 30–40 billion in 2015–2016 – a trend that seems resilient given the significant interest in Swedish real estate, particularly among Nordic, German and Anglo-Saxon investors. So far in 2016, foreign investors have acquired properties for around SEK 7 billion. Most of the foreign investors that have been active are funds, and therefore funds have increased their share of the market to over 40 per cent so far in 2016, compared to below 20 per cent for the full-year 2015.

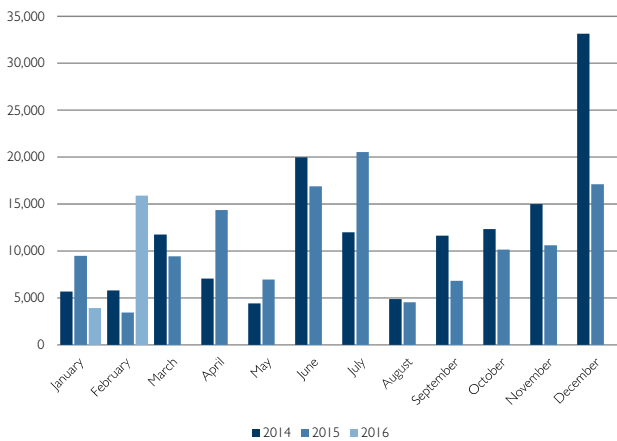
Average yields for commercial properties have hit historically low levels, and are driven by Sweden’s internationally strong GDP growth and low interest rates. However, there is plenty to suggest that the global economy will grow slowly in the coming years. Even if the sharply slowing GDP growth of recent years in emerging economies were to stabilise in 2016, we are

now seeing signs that GDP growth will weaken in the euro area and Japan – and eventually probably also in Sweden. In this scenario, stock markets are likely to be volatile and weak, while property values will stabilise and eventually fall back somewhat. In today’s market the timing is good for disinvestment in secondary locations in major cities as well as in smaller cities whereas liquidity is currently good in these locations. Generally, investor demand in these segments is only strong at the top of the investment cycle.

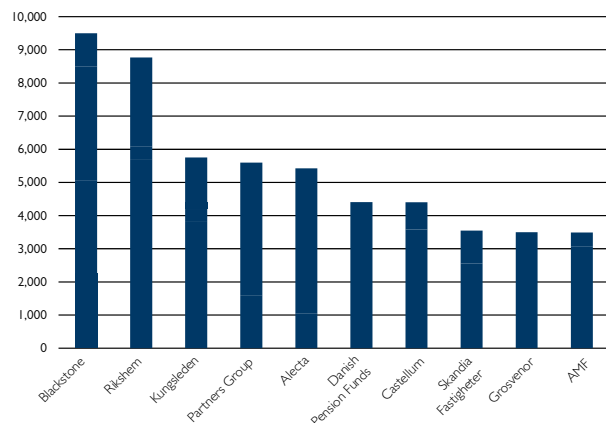


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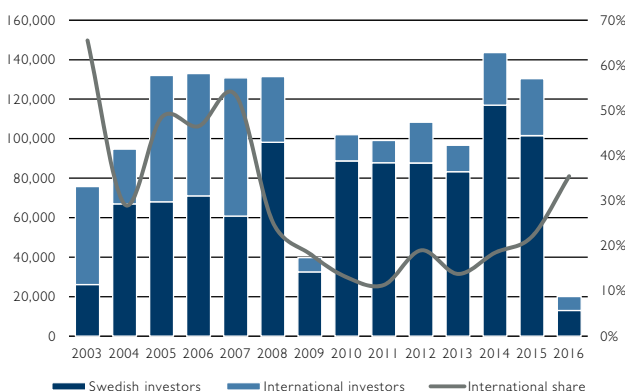
TRANSACTION VOLUME PER MONTH, MSEK



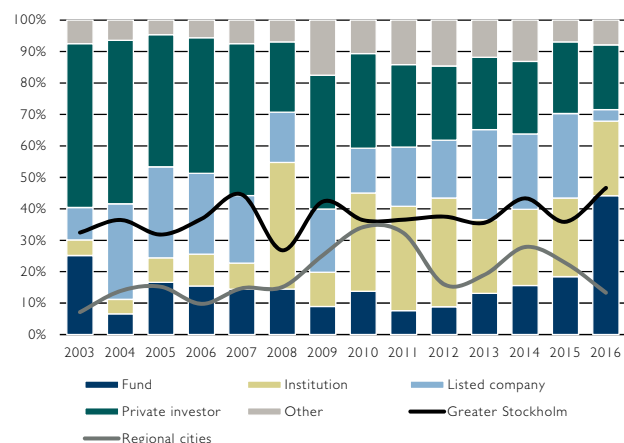
TOP 10 INVESTORS 2015–2016 (YTD), MSEK



TOTAL SWEDISH TRANSACTION VOLUME, MSEK



INVESTOR TYPE AND REGION





Top 20 transactions 2015–2016

Date	Object	Municipality	Seller	Buyer	Type	Area (sq.m.)	Price (MSEK)	Price (SEK/sq.m.)	Yield
2015-07-22	Mixed portfolio	Stockholm, Gothenburg, Malmö, Linköping etc.	Obligo	Blackstone & Areim	Office, logistics	659,000	9,500	14,416	
2015-05-20	NREP Logistics together with 3 additional properties	Stockholm, Gothenburg, Jönköping, Luleå etc.	NREP	Danish pension funds	Logistics	467,303	~4,410	~9,000	6.1-6.4%
2015-06-01	Swedavia's Airport Portfolio	Stockholm, Gothenburg & Malmö	Swedavia	Alecta	Other	260,000	3,950	15,192	
2015-01-16	Skärholmen Centrum (Hästhölm 1, 16, 19, 22, 24 & 29)	Stockholm	Centeni	Grosvenor Fund Management	Retail	98,382	3,500	35,576	5.0%*
2015-12-09	Fatburssjön 10	Stockholm	Aareal Bank	AMF	Office	46,000	3,060	66,522	~4.0%*
2015-10-16	Rotterdam 1, Tegeludden 13, Stettin 5 & Stettin 6	Stockholm	Djurgårdsstadens Fastigheter	Kungsleden	Mix incl. office	95,990	3,050	31,253	
2015-07-08	Retail portfolio (44 properties)	Luleå, Boden, Katrineholm, Södertälje, Gävle	Areim	Svenska Handelsfastigheter	Retail	180,363	2,700	14,970	conf.
2016-02-19	Commercial portfolio (63 properties)	Stockholm, Jönköping, Norrköping etc.	Sveafastigheter	Partners Group	Commercial	166,154	2,500	15,046	
2016-02-04	Uarda 5	Solna	Fabege	Union Investment	Office	44,269	2,257	50,984	conf.
2015-04-13	Office portfolio (23 properties)	Norrköping, Linköping	Heimstaden	Corallen	Office	162,510	1,994	12,270	
2015-11-20	Residential portfolio (47 properties)	Östersund, Umeå, Haparanda	Akelius	Rikshem	Residential	121,159	1,878	15,500	4.0%*
2015-12-10	Radison Blu Waterfront & Congress Centre	Stockholm	DNB	KLP	Hotel	34,244	1,750	51,104	~4.0%*
2015-03-05	Nova Lund (Företaget 7, 13 & 14)	Lund	Unibail-Rodamco	Henderson	Retail	25,984	1,635	62,923	5.5%
2016-02-09	Office and public portfolio (10 properties)	Stockholm, Täby, Solna	Profi Fastigheter	Partners Group	Office	99,965	1,600*	16,006	6.1%*
2015-07-09	Mixed portfolio	Luleå	Lulebo	Rikshem	Residential, public	24,710	1,600	12,092	conf.
2015-12-10	Torsplan 2	Stockholm	NCC	Castellum	Office	23,000	1,600	69,565	~4.1%*
2015-08-31	Mixed portfolio	Gothenburg, Stockholm, Umeå, Boden etc.	Sveafastigheter	Partners Group	Mix	70,481	1,500	21,282	
2015-05-28	Haga Norra (Stora Frösunda 2 & Hagalund 2:2)	Stockholm	Catena	Fabege	Development project	40,873	1,450	35,476	NA
2015-09-29	Solna Port (Brahelund 2)	Solna	Commerz Real	Areim	Office	43,782	1,350	30,835	
2015-12-11	Residential portfolio	Helsingborg	Wallenstam	Willhem	Residential	25,242	1,300	51,501	

Top transactions February 2016

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2016-02-09	Office and public portfolio (10 properties)	Stockholm, Täby, Solna	Profi Fastigheter	Partners Group	Office	99,965	1,600*	16,006	6.1%*
2016-02-10	Residential portfolio (28 properties)	Östersund	Östersund municipality	Rikshem	Residential	133,507	1,144	8,569	5.0%*
2016-02-29	Neapel 3	Stockholm	Vasakronan	NIAM	Commercial	47,081	925	19,647	NA
2016-02-16	Hotel portfolio (8 properties)	Östersund, Karlstad, Skövde, Umeå etc.	Pandox	Midstar	Hotel	44,921	850	18,922	
2016-02-08	Medicinaren, Technology for Health (50%)	Huddinge	TKV	Hemsö	Public	20,000	762	38,100	4.5%*
2016-02-17	Haga 2:8	Solna	KLP	Mengus	Office	41,854	725	17,322	6.0%*
2016-02-02	Commercial portfolio (8 properties)	Södertälje, Uppsala	Aberdeen	AP3	Commercial	38,284	600	15,672	
2016-02-19	Lasarettet 2 & 6-8	Vänersborg	CLS Holdings	Bengt Linden	Office and public	38,876	590	15,176	

* Estimated by Catella