



# Strong pick-up in volumes in April – but the declining trend is expected to resume

Castellum's purchase of Norrporten in mid-April reversed the last six months' declining trend in the rolling 12-month transaction volume. The annual volume increased to SEK 160 billion in April from SEK 135 billion in March, touching the historical highs reached in August 2015.

The monthly transaction volume in April ended up at SEK 38 billion, which can be compared to SEK 7 billion and SEK 14.5 billion during the same month 2014 and 2015 respectively. The Norrporten transaction reversed the declining trend seen since December 2015 for investments by the listed property companies. The total rolling 12-months transaction volume for the listed property companies ended up at SEK 55 billion in April, up from SEK 34 billion in March. However, over the past ten years there has been a clear correlation between market premiums and net investments, where the listed property companies' market premiums are a leading indicator that is approximately one year ahead of their net investments. These premiums peaked in 2015 and have fallen from an average of around 40 per cent in Q1 2015 to 22 per cent

today. If the market premiums keep on falling, the listed property companies will gradually decrease their net-investments and start to offload properties in non-strategic locations, i.e. properties in secondary locations in larger cities and properties in smaller cities.

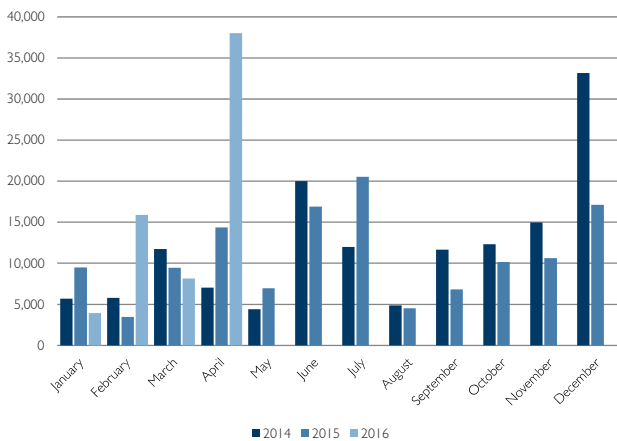
Yields for commercial properties are at historically low levels. However, the 12-months average yields for Swedish office and retail properties has increased slightly during recent months – from 5.5 in November 2015 to 5.7 per cent in April. Both average yields and transaction volumes are strongly correlated to GDP growth. Although there has been a recovery-phase on the equity market since mid-February (due to further monetary stimulations by the big central banks) global GDP growth will remain weak in 2016–2017, and the Swedish stock market indicate an economic slowdown during the second half of 2016. If GDP growth slows down, the twelve-month transaction volumes will most likely move towards the historical average of around SEK 115 billion – whereby average yield for office and retail properties will increase to 6–6.5 per cent. An increase that

will affect commercial properties in secondary locations in the major cities, and properties in smaller cities in particular.

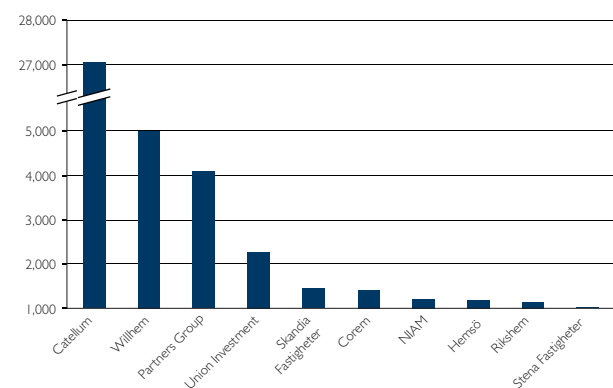
Prime yields will, however, stay low as the demand for property investments remain high among institutions. They have had a stable net-investment rate of around SEK 15–20 billion per year since 2010, and are expected to increase their exposure to the property market further during coming years. Their focus is residential properties, public properties and well-located commercial properties in major cities.



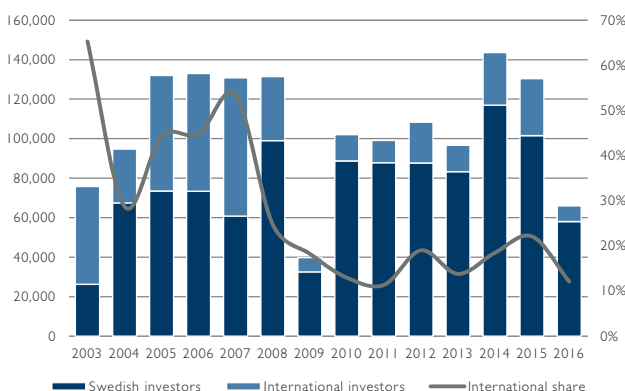
TRANSACTION VOLUME PER MONTH, MSEK



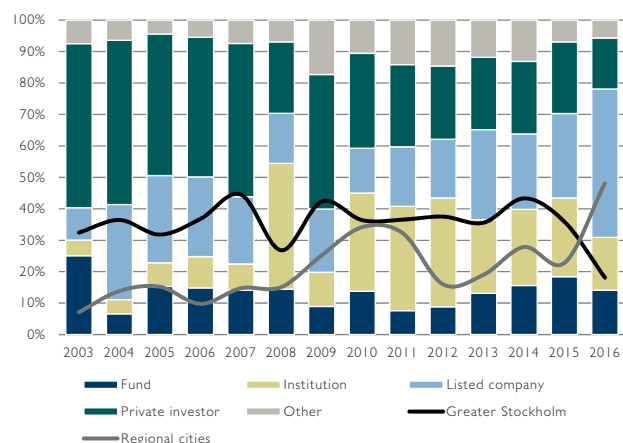
TOP 10 INVESTORS 2016 (YTD), MSEK



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
2016-04-13	Office Portfolio (112 properties)	Stockholm, Copenhagen, Norrporten Sundsvall etc.		Castellum	Office	1,140,094	26,000	22,805	5.3%*
2015-07-22	Mixed portfolio	Stockholm, Gothenburg, Obligo Malmö, Linköping etc.		Blackstone & Areim	Office, logistics	659,000	9,500	14,416	
2016-04-07	Residential Portfolio (112 properties)	Gothenburg	Akelius	Willhem	Residential	310,101	5,000	16,124	4.8%*
2015-05-20	NREP Logistics together with 3 additional properties	Stockholm, Gothenburg, NREP Jönköping, Luleå etc.		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

## Top transactions April 2016

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2016-04-13	Office Portfolio (112 properties)	Stockholm, Copenhagen, Norrporten Sundsvall etc.		Castellum	Office	1,140,094	26,000	22,805	5.3%*
2016-04-07	Residential Portfolio (112 properties)	Gothenburg	Akelius	Willhem	Residential	310,101	5,000	16,124	4.8%*
2016-04-25	Residential Portfolio (8 properties)	Landskrona	Landskronahem	Stena fastigheter	Residential	88,398	1,015	11,482	4.5%*
2016-04-11	Vårdshuset 4 & 5 (50 % share)	Malmö	Annhem	Volito	Hotel & Development	15,000	777	37,667	N/A
2016-04-20	Residential Portfolio (21 properties)	Luleå	Lulebo	Nordhalla	Residential	77,058	710	9,214	conf.
2016-04-07	Residential Portfolio (14 properties)	Katrineholm	L E Lundberg	D. Carnegie	Residential	56,931	532	9,345	5.5%*
2016-04-29	Dragarbrunn 10:3	Uppsala	L E Lundberg	Skandia fastigheter	Mix commercial	14,700	436	29,660	4.0%*
2016-04-12	Residential Portfolio (3 properties)	Skellefteå	Skelleftebostäder	Riksbyggen	Residential	39,046	422	10,808	4.8%*
2016-04-13	Borgarfjord 3	Stockholm	Areim	Atrium Ljungberg	Office	13,550	325	23,985	
2016-04-18	Tygeln 1	Solna	Bavaria	Skanska	Office	18,940	300	15,839	
2016-03-31	Partille 11:24	Partille	Catena	Svenska Hus	Industrial	19,587	186	9,496	

\* Estimated by Catella