

High transaction activity in December lifts the full-year volume for 2017

Activity on the transaction market picked up significantly during December after a weak November. The transaction volume reached SEK 26 billion during December, which can be compared to SEK 17.1 billion and SEK 19 billion during the same month in 2015 and 2016, respectively.

The full-year transaction volume for 2017 amounted to SEK 142.4 billion, up from SEK 135.4 billion (rolling 12-month volume) in November. The full-year volume was, however, significantly below the peak of SEK 189.3 billion (in rolling 12-month volume) reached in March 2017. Compared to previous months, the activity in December picked up within the residential, retail and office segments in particular. D. Carnegie made two major residential deals in the Stockholm region and Västerås during the month,

and there were a number of transactions comprising big box and shopping centre portfolios. There were also three large office deals in attractive locations in Stockholm and Gothenburg made during the month. Swedish institutions were the main net-investors in 2017. However, a number of listed property companies picked up their activity during the autumn (mainly D. Carnegie, Hemfosa, FastPartner, Balder and Klövern).

Over time, there is a strong negative correlation between transaction volume and the average yields for commercial properties. During the past six months, however, average yields have fallen in line with the transaction volumes. Buyers and sellers are generally meeting up in good locations in the major cities, where there is a lack of high-quality objects. Outside the major cities, however, there are lots of sellers while buyers are generally more selective. The pick-up in transaction volume for big box and shopping centres in December indicates,

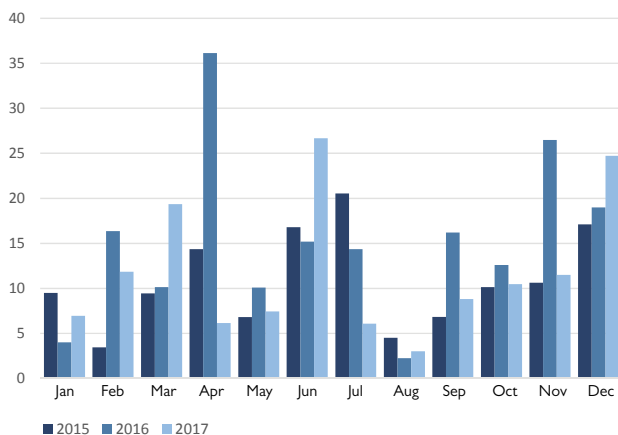
however, that buyers and sellers are starting to meet up in these segments as well. The average yield for retail transactions stabilized in 2017, around 50 basis points above the lows reached in mid-2016.

Catella expects continuously low real interest rates in the coming years. Office rental growth is, however, expected to slow down significantly in 2018–2019 due to lower GDP and employment growth and an increasing amount of new construction projects that are coming out on the market. Average yields for commercial properties are now low compared to both GDP growth and the development on the equity market. Catella expects the average yields for commercial properties to increase over the coming 6–12 months (mainly through increasing yield for properties in less attractive locations).

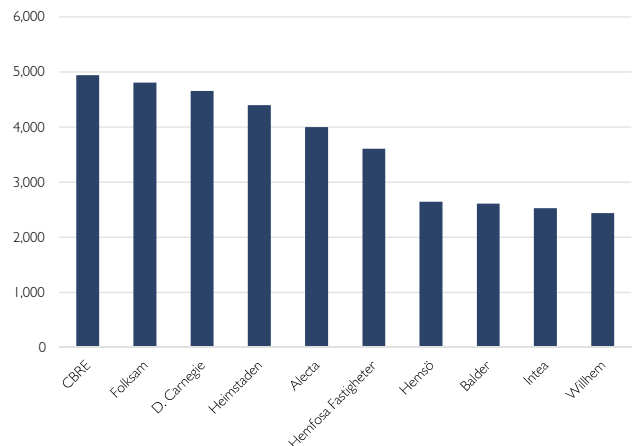


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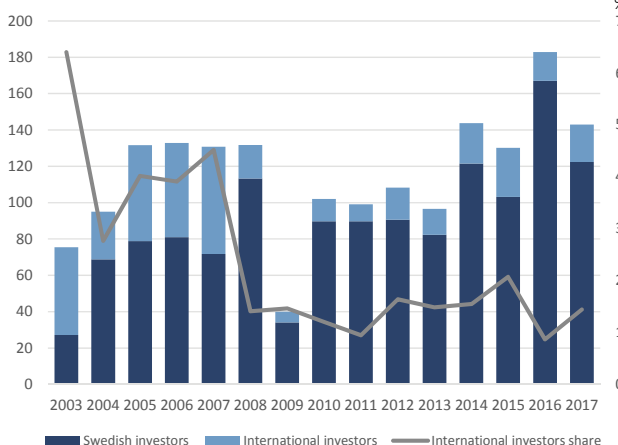
TRANSACTION VOLUME PER MONTH, BSEK



TOP 10 INVESTORS 2017 (YTD), MSEK



TOTAL SWEDISH TRANSACTION VOLUME, BSEK



INVESTOR TYPE AND REGION

