



# Transaction volume remains at record levels, but fundamentals are changing in 2017

The monthly transaction volume in January amounted to SEK 5.7 billion. This was just above the SEK 4.0 billion recorded in January 2016, but significantly below the SEK 9.5 billion for the same month in 2015.

The transaction volume of the Swedish property market remains at record levels in January, with a rolling 12-month volume of SEK 182 billion. Institutions and property companies are the biggest investors, although institutions and listed property companies are the only ones that buy more than they sell over the long term. There have been relatively few transactions in January and the volume is concentrated to Alecta's acquisition of a commercial portfolio in Nacka Strand (Greater Stockholm) from Carlyle, and M&G's purchase of the office property Blekholmen 1 in Stockholm from Niam.

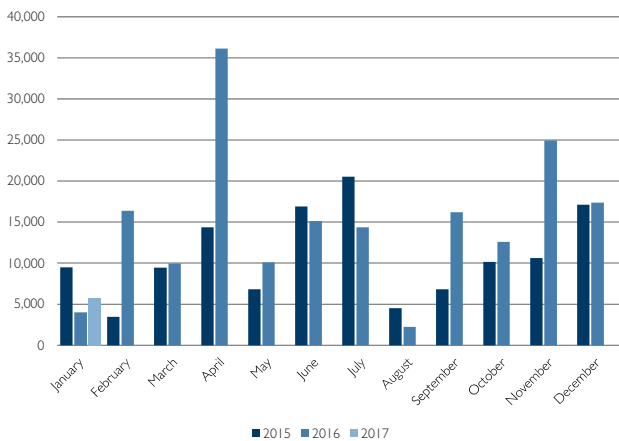
There is, however, a good chance that the rolling 12-month volumes will fall significantly during the spring, as the volume from February to April 2016 was boosted by a number of large deals, including major investments by Castellum, Willhem and Partners Group.

In 2017, the fundamental macro-economic prerequisites of the property market will be different compared to past decades. There are many indications that the market peaked during the last quarter of 2016. At that point, it became clear that inflation and long-term interest rates were no longer decreasing, and that we will see higher levels of inflation and interest rates in the coming years. In addition, the Swedish economy reached its full capacity utilization in 2016. This means that GDP growth is moving towards its highest potential rate, which is around 1.5–2.0 per cent annually.

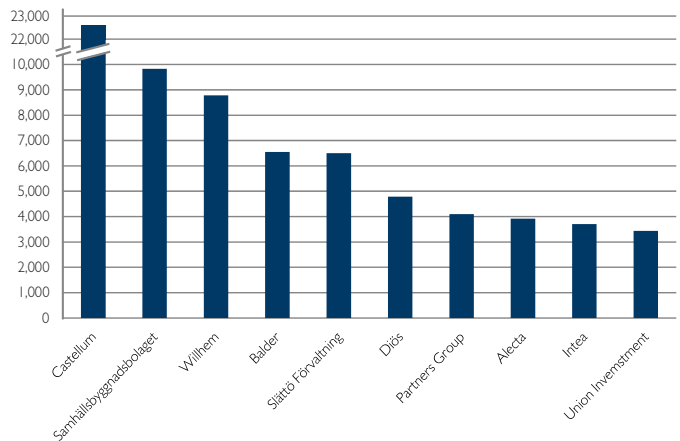
Furthermore, we will see a number of regulatory changes that can have a large impact on the property market, such as the use of shares in property-owning companies in property transactions and deductions for interest payments. In addition, amendments to capital requirement regulations for the banks could also affect the property market in the years to come. Nevertheless, there are still good prerequisites for property investments, although it is unlikely that properties will still be viewed as the only asset class that produces stable and attractive returns.



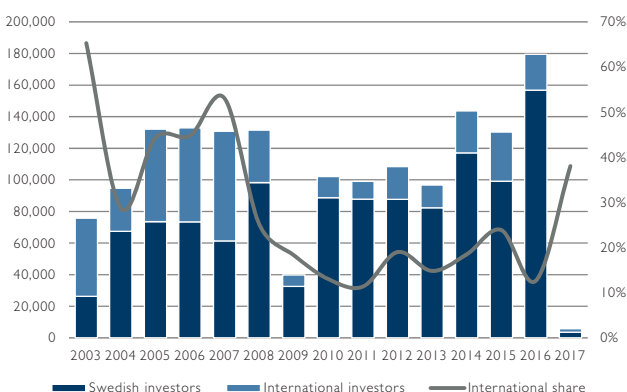
TRANSACTION VOLUME PER MONTH, MSEK



TOP 10 INVESTORS 2016–2017 (YTD), MSEK



TOTAL SWEDISH TRANSACTION VOLUME, MSEK



INVESTOR TYPE AND REGION

