Transaction volume stabilises at record levels in December

The monthly transaction volume in December amounted to SEK 18 billion. This was significantly weaker than the SEK 25 billion recorded in November and can be compared to SEK 17.1 billion and SEK 33 billion for December in 2015 and 2014, respectively.

The full-year volume ended up at SEK 180 billion in 2016, which was in line with the rolling 12-month volume in November. Listed property companies and institutions remain the major net buyers on the market. However, private investors have increased their investments significantly lately and ended up as the biggest gross investor in 2016. The major private investors were Samhällsbyggnadsbolaget (to be listed on Nasdaq First North in January), Slättö Förvaltning and Heimstaden.

However, private investors have also been major sellers and have sold for over SEK 68 billion during the year.

The property market is now experiencing changing macroeconomic fundamentals. Long-term interest rates and inflation are increasing while GDP growth has slowed down to a quarterly rate of around 0.5 per cent in Q1–Q3 2016 (representing an annual rate of around 2 per cent). Although leading indicators have improved lately, especially the sentiment in the manufacturing industry, Catella expects GDP growth to remain in the interval 1.5–2 per cent in 2017. The changing macroeconomic fundamentals will slow down transaction volumes in 2017. However, they are expected to remain over the long-term average of around SEK 120 billion as the changing macroeconomic fundamentals will drive transaction activity.

The Swedish institutions will continue to be major net buyers of properties in prime locations in growth cities, while the listed property companies are expected to keep on upgrading the quality of their portfolios (and sell properties in secondary locations). This may create opportunities for new investors to enter the market in B and C locations in 2017.

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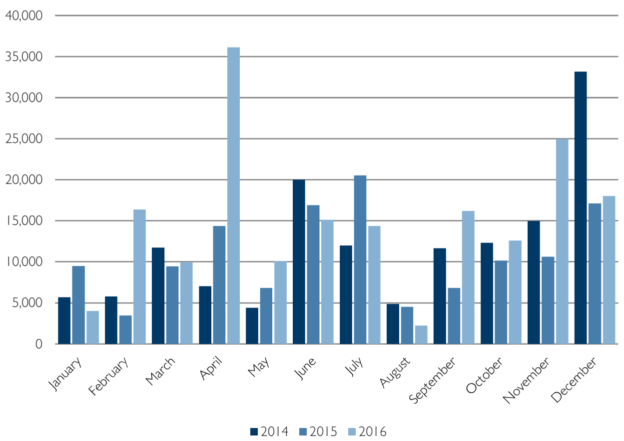
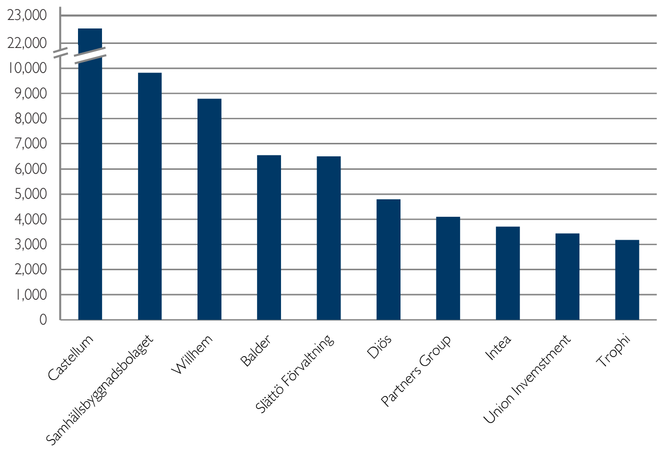
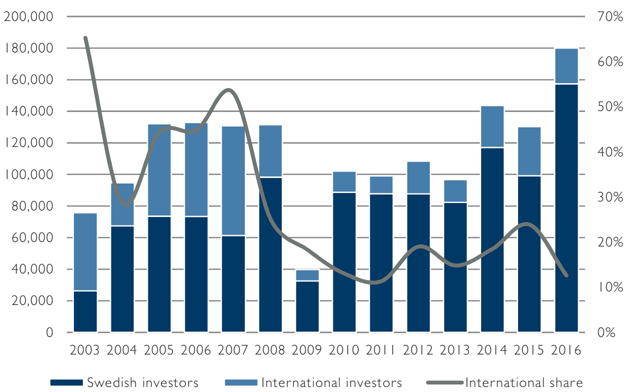
TRANSACTION VOLUME PER MONTH, MSEK



TOP 10 INVESTORS 2016 (YTD), MSEK



TOTAL SWEDISH TRANSACTION VOLUME, MSEK



INVESTOR TYPE AND REGION