



March volumes at record highs, but we are approaching the end of the increasing trend

The monthly transaction volume in March amounted to SEK 16 billion. This was significantly higher than the SEK 9.5 billion and SEK 10 billion recorded in March 2016 and March 2015, respectively.

The rolling 12-month volume increased to SEK 182 billion in March, compared to SEK 176 billion in February. Private and listed property companies are the biggest investors, but there are also many foreign investors active in the market. Foreign investors represented over 25 per cent of all investments in Q1 2017 (~10 per cent in 2016). Although foreign investors were net investors during the first quarter, they are still net-sellers over the last 12 months. There is a good chance that the market is about to reach the end of the increasing

trend that started in the autumn of 2014. One reason is that the volume during the spring 2016 was boosted by a number of large deals. In addition, uncertainty regarding the new tax regulations that may be implemented from mid-2018 might also have a negative impact on volumes going forward.

There were a number of big transactions in the major cities in March and several medium sized transactions in regional and smaller cities. As for commercial properties, the majority of large property investors focus on the same office/retail locations in the major cities. Low priority locations are characterised by many sellers and relatively few buyers. As a result of the increased supply more commercial property transactions have taken place outside the major/regional cities lately, where yields are generally higher. The rolling 12-month

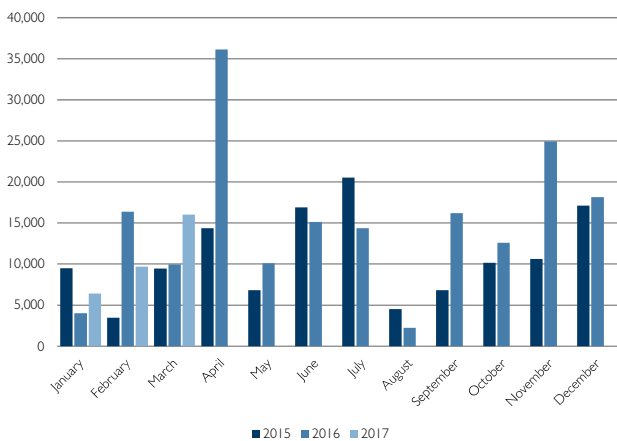
average yield for all office and retail transactions have increased accordingly, in line with the lower GDP growth and higher interest rates since mid-2016.

The Swedish GDP growth is slowing down (towards ~2 per cent) during 2017–2018, while inflation and long-term interest rates are gradually increasing. Residential new construction is increasing rapidly and oversupply may bring down housing prices and hamper GDP growth in a few years' time. It is likely that new construction will decrease when the residential market goes from balance to oversupply in 2018–2019. Stabilizing or falling housing prices could reduce the major cities total dominance as the country's growth engines during the coming five-year period.

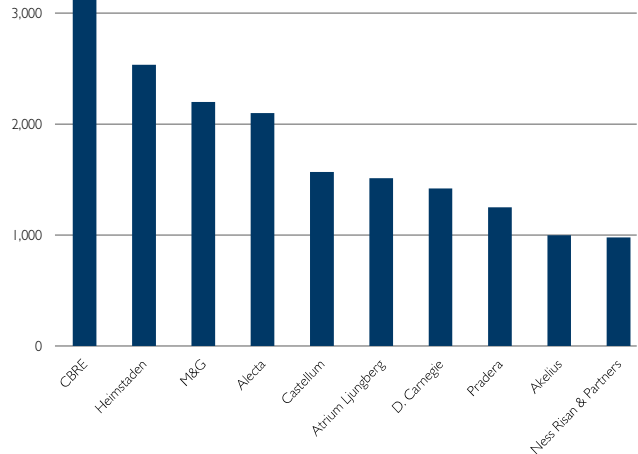


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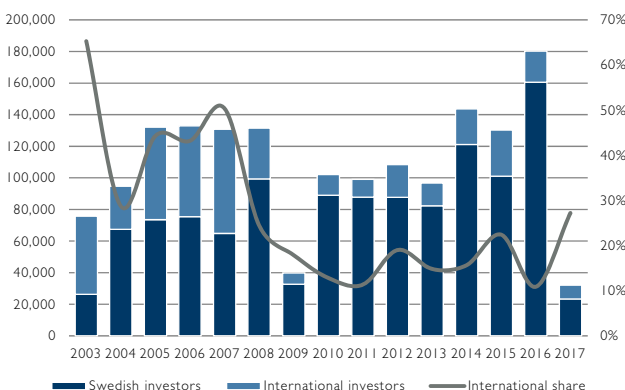
TRANSACTION VOLUME PER MONTH, MSEK



TOP 10 INVESTORS 2017 (YTD), MSEK



TOTAL SWEDISH TRANSACTION VOLUME, MSEK



INVESTOR TYPE AND REGION

