MARKETBEAT

SWEDEN

Investment Q4 2022

	YoY Chg
3.5% Prime Yield Office	▲
50.1bn Total Volume Q4 (SEK)	▼
13.9bn Office Volume	▼
9.4bn Industrial Volume	▼
3.6bn Residential Volume	▼
4.8bn Retail Volume	▲

ECONOMIC INDICATORS

	YoY Chg	12-Mo. Forecast
2.5% GDP Growth Q3 2022 (working-day adjusted, y/y)	▼	▼
9.5% Inflation (CPIF, y/y, November 2022)	▲	▼
2.5% 10-Yr Government bond yield (31st December 2022)	▲	▲

Source: Statistics Sweden

ECONOMIC OVERVIEW: Swedish economy heading for a recession in the first half of 2023

Swedish economy has continued to face headwinds in the last quarter of 2022, a situation which is expected to continue throughout 2023. The inflation reached its highest level in 30 years at 9.7% and is forecasted to stay on a high level in the coming months, with the peak expected to be reached in the first half of 2023. Construction costs have also been on the rise, outpacing inflation in the past year, which has been further exacerbated by increasing energy prices. In addition, the Swedish krona has depreciated sharply against the US Dollar in the past few months, losing nearly 20% of its value since the beginning of the year. In response to the worsening economic situation the central bank of Sweden has decided to rise the interest rate by further 75bp in November. Thus, the interest rate has reached 2.5%. Further increases are expected this year, with interest rate projected to reach nearly 3% by the summer of 2023. The Bank of Sweden expects the higher rate to continue throughout the year and stabilise at around 2% in 2024. In addition, Swedish GDP is forecasted to contract by around 1%. The economy is expected to remain in a slowdown through 2024, with forecasted GDP growth of 1.3 %, with a stronger recovery projected to begin in 2025.

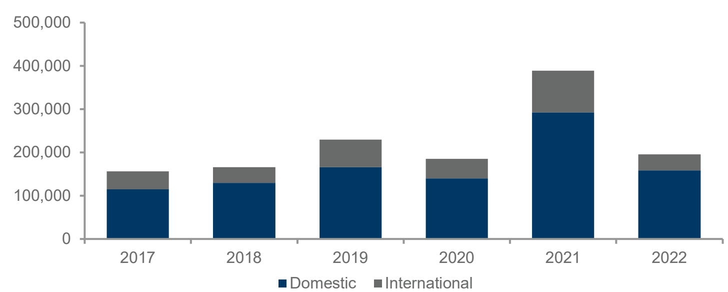
INVESTMENT OVERVIEW: Q4 volume below the 10-year average, 2022 with fourth largest volume on record

After a strong first half of 2022, the investment market has slowed down significantly in the latter part of the year. The investment volume for the last quarter of 2022 slightly exceeded SEK 50 billion, dipping below the 10-year average for the period. The largest volume was registered in the office sector (28% of the total volume), followed by education (25%) and industrial (19%). International investors have captured around 35% of the volume in the final quarter of the year, which is the highest quarterly share since the beginning of the year.

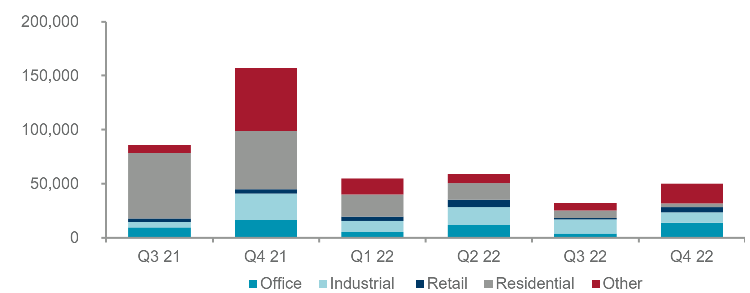
As for the whole year 2022, the total volume neared SEK 200 billion, making it the fourth largest volume on record. Transactions representing a quarter of the investment volume have been conducted within the industrial sector. Residential has been the second largest sector capturing 23% of the total volume, followed by office with 17% share. 2022 has seen less activity from the international investors, when compared to the last five years, with nearly 81% of the volume comprised of transactions conducted by a Swedish purchaser.

As investors face increased financing and transaction cost the yields continued decompress across the Swedish real estate market, reaching 3.5% (Office), 4.15% (Shopping Centres) and 4.4% (Logistics).

INVESTMENT SALES VOLUME, MSEK



INVESTMENT SALES VOLUME BY SECTOR, MSEK



Source: Cushman & Wakefield Sweden

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CUSHMAN & WAKEFIELD

INVESTMENT ACTIVITY

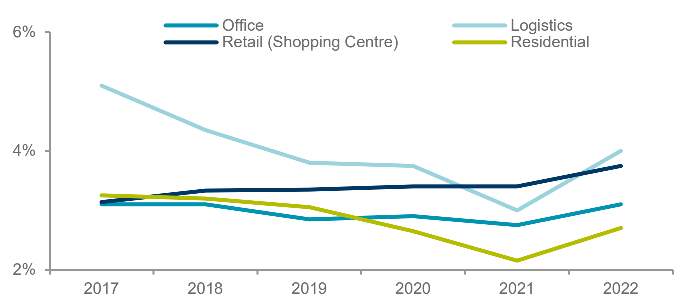
PROPERTY TYPE	NO. OF TRANSACTIONS	SALES VOLUME, MSEK	SQM
Office	12	13,840	130,000
Industrial	17	9,375	700,000
Residential	20	3,555	110,000
Retail	11	4,760	240,000
Other	20	18,560	220,000
TOTAL	**71**	**50,090**	**1,400,000**

SIGNIFICANT SALES

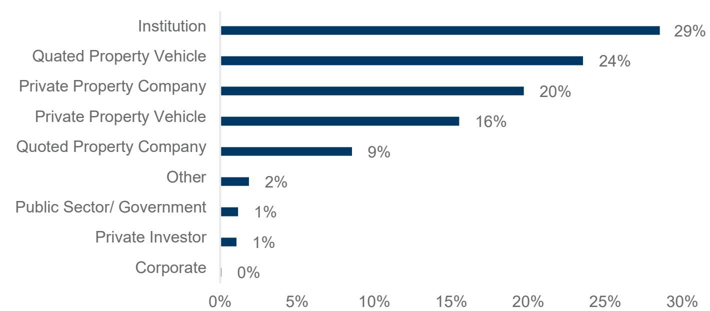
PROPERTY NAME	TYPE	BUYER	SELLER	TOTAL SQM	PURCHASE PRICE (MSEK)	PRICE / SQM (SEK)	MARKET
Portfolio, 585 properties	Education	Brookfield	SBB	-	11,800	-	Multi-regional
Svenska Myndighetsbyggnader (JV), 50% share	Office	Kåpan	SBB	-	8,000	-	Multi-regional
Portfolio, 47 properties	Mixed-Use	Blackstone	Corem	357,000	5,350	15,000	Multi-regional
Portfolio, 30 properties, 50% share	Mixed-Use	Delcore (JV)	ICA Fastigheter	150,000	2,525	16,500	Multi-regional
Vasahuset	Office	Folksam	DNB	22,000	3,035	140,000	Stockholm
Gullbergsvass 703:57	Mixed-Use	Niam	Areim JV Blackstone	68,000	1,850	27,000	Gothenburg

Sources: Cushman & Wakefield Sweden & RCA/Datscha

PRIME YIELD TREND



TOTAL ACQUISITIONS BY CAPITAL SECTOR



Source: Cushman & Wakefield Sweden

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