

MARKETBEAT SWEDEN

Retail Q4 2022



Source: Statistics Sweden, Cushman & Wakefield Sweden
* Concerns Shopping Centres Segment

OVERVIEW

Retail is expected to be amongst the most affected by the high inflation and upcoming economic slowdown. With consumer spending decreasing, the retail tenants are expected to be heavily impacted. As a result, the prime rents for most retail asset types have been decreasing since 2019. Similarly, prime yields have continued to decompress in Q4 reaching the highest levels in five years, at 3.5 percent for high-street assets, 4.15 percent for the shopping centre and 5.75 percent for both retail parks and big-box assets. Meanwhile, the investment volume has reached SEK 17 billion in 2022, decreasing some 20% year-on-year and falling below the five-year average.

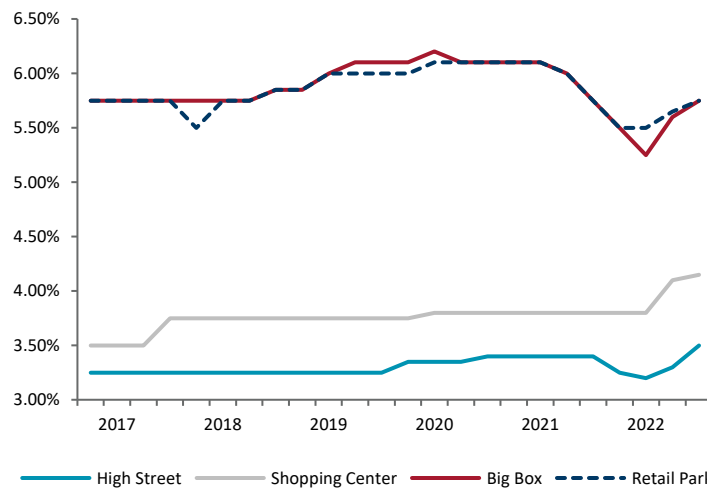
The challenges for retail are expected to continue throughout 2023, as household finances are being constricted by the worsening economic outlook, high inflation and increasing interest rates. On another hand, the unemployment rate is expected to remain low.

ECONOMIC INDICATORS



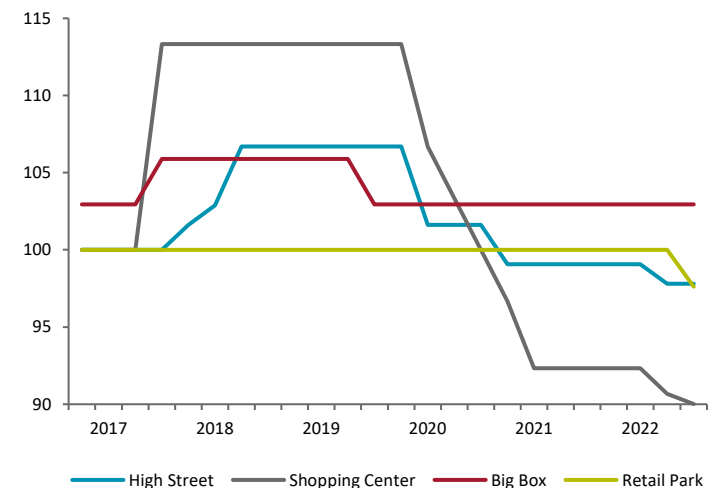
Source: Statistics Sweden, Swedish Public Employment Service

PRIME YIELD TREND



Source: Cushman & Wakefield Sweden

PRIME RENT TREND, INDEX 2016=100

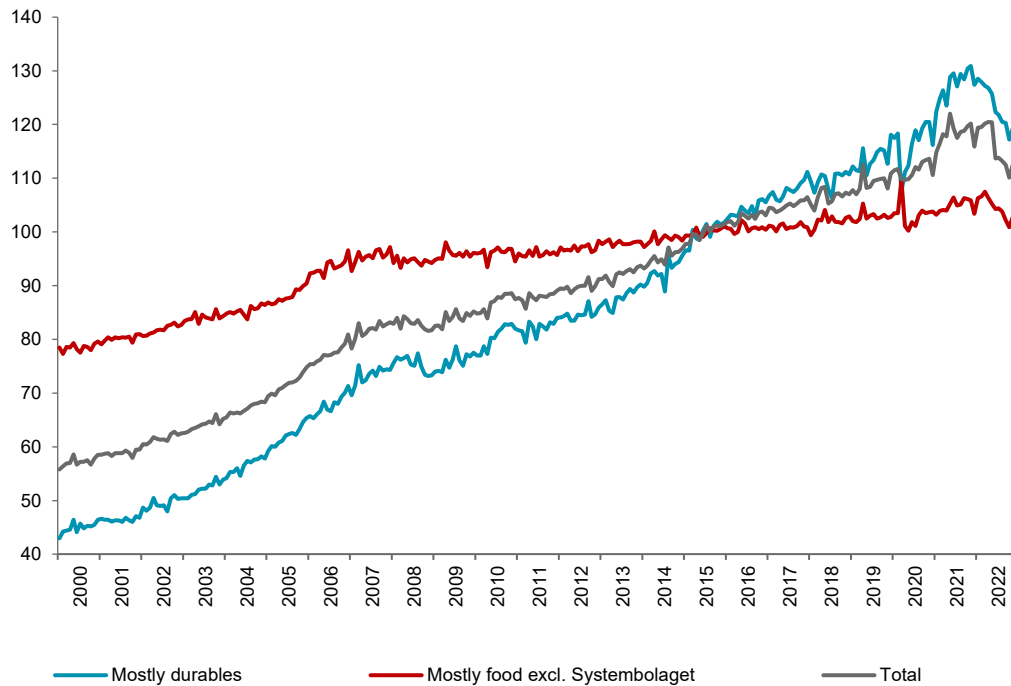


MARKETBEAT SWEDEN

Retail Q4 2022



RETAIL SALES (SEASONALLY ADJUSTED), INDEX 2015=100, NOVEMBER 2022



Source: Statistics Sweden

KEY LEASE TRANSACTIONS

PROPERTY / PROJEKT	MARKET	TENANT	PROPERTY OWNER	SQM
Pål Ljungs Hage	Nyköping	EKO Stormarknad	Regio	8,000
Flygaren 16	Stockholm	Normal	Senator	850
Brunogallerian	Stockholm	Arket	SEB Trygg Liv	480
Brunogallerian	Stockholm	& Other Stories	SEB Trygg Liv	420
Stumpen 15	Stockholm	Patagonia	Vasakronan	260

Source: Cushman & Wakefield Sweden

RETAIL SALES

After several months of negative development, the retail sales volume increased slightly in November 2022, some 2.2 percent when compared to October. On a monthly basis, retail sales in consumables (excluding Systembolaget, the state-owned chain of liquor stores) increased by 1.9 percent and retail sales in durables increased by 1.8 percent. On a yearly basis the dynamic continues to be negative. In November, the retail sales volume decreased by 6.3 percent in working-day adjusted figures. Retail sales in durables decreased by 8.4 percent and retail sales in consumables (excluding Systembolaget) decreased by 2.8 percent.

OCCUPIER MARKET

Q4 has seen further decrease in rental levels with rents for shopping centres decreasing around 2 percent when compared to the previous quarter, rents for high street decreasing between 2 and 6 percent and rents for retail parks decreasing around 3 percent. The only segment with stable rents remains Big Box retail. Several major leases have been signed on the high streets of Stockholm in Q4. Normal has rented out an 850 sqm unit on Sveavägen, Arket and & Other Stories have both leased a space in Brunogallerian on Götgatan, and Patagonia announced plans to open its first flagship store in Sweden at Stureplan. Elsewhere, ECO Stormarknad has leased a large 8,000 sqm unit in Pål Ljungs Hage galleria in Nyköping.

INVESTMENT MARKET

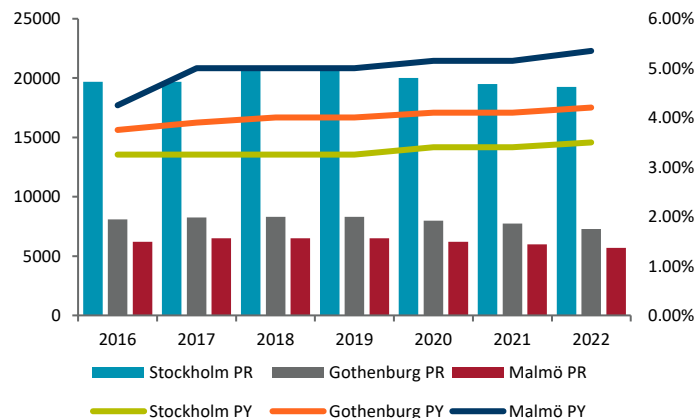
Nearly SEK 5 billion of retail properties have transacted in the fourth quarter of 2022. The largest transaction conducted in Q4 was a joint venture formed between AMF Fastigheter and ICA Fastigheter (Delcore) for a portfolio of 30 grocery stores, with an estimated value of around SEK 5 billion. ICA Fastigheter has divested a 50 percent share of the portfolio. Another notable transaction was the acquisition of Nova Lund shopping centre, valued at SEK 1.2 billion by Skandia Fastigheter.

The investment volume for retail properties has reached SEK 17 billion, putting it slightly below the five-year average. Nearly all of the transactions have been conducted by a Swedish buyers (98 percent of the total volume).

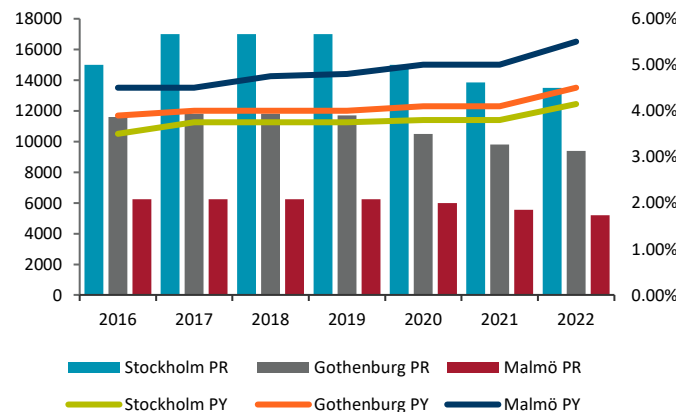
KEY SALE TRANSACTIONS

PROPERTY	MARKET	SELLER / BUYER	SQM	PRICE (MSEK)/ PRICE PSQM
Portfolio, 30 properties (JV, 50%)	Multi-city	ICA Fastigheter / Delcore (JV)	ca. 150,000	ca. 2,500 / ca. 16,500
Nova Lund	Lund	Nuveen Real Estate / Skandia Fastigheter	26,000	ca. 1,200 / ca. 46,000
Lexby 11:242, 11:4	Partille	Nordika / Logistea	18,000	292 / 16,200
Portfolio, 5 properties	Multi-city	Castellum / N/A	12,200	219 / 18,000

HIGHT STREET RETAIL INDICATORS



SHOPPING CENTRE INDICATORS



MICHAL TOPOROWSKI

Senior Research Analyst

+46 73 052 65 56

michal.toporowski@cushwake.com

MARIIA POHORILA

Research Analyst

+46 76 104 76 96

mariia.pohorila@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in 400 offices and 60 countries. In 2020, the firm had revenue of \$7.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©2022 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

cushmanwakefield.com