

Q1 2022

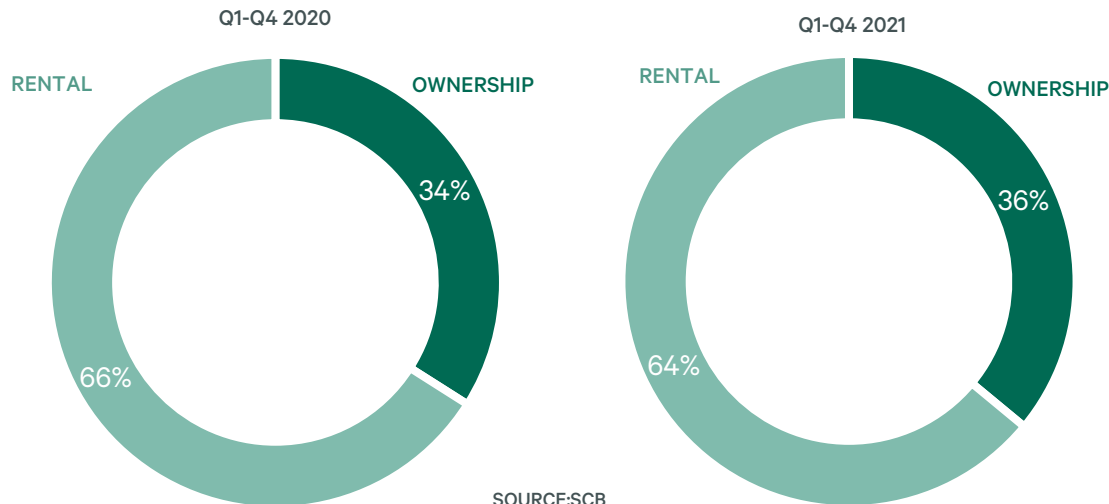
Sweden Multifamily Market Q1 2022

CBRE RESEARCH
NORDICS REAL ESTATE MARKET SNAPSHOT

KEY PERFORMANCE INDICATORS (Q1 2022)



CONSTRUCTION STARTS SHARE OF NEW APARTMENTS IN SWEDEN BY OWNERSHIP TYPE



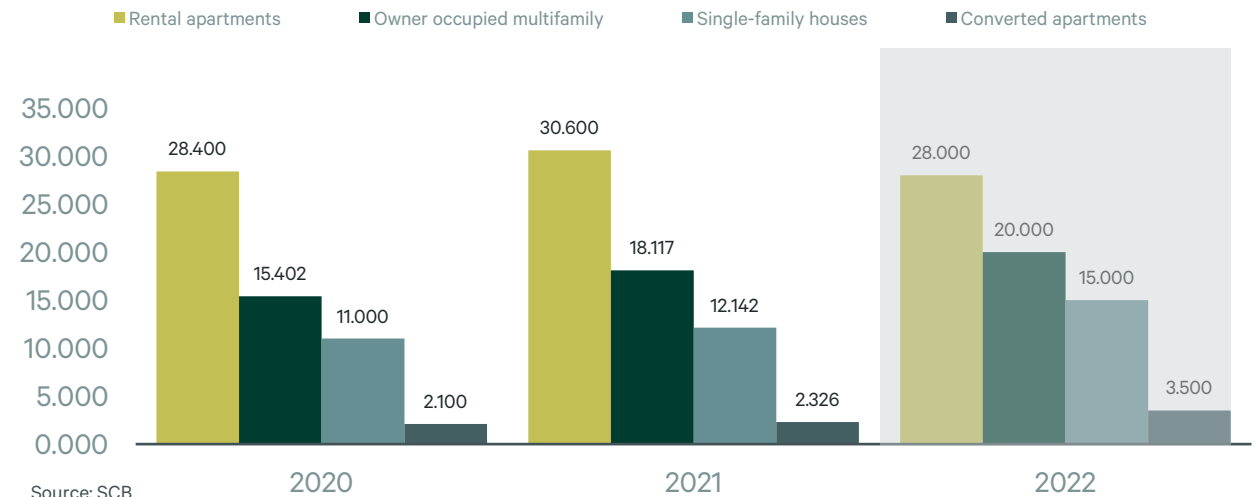
Occupier Market Overview

Year 2022 has started with challenges on the supply side. The abolishment of the government investment support for development of rental, student apartments and elderly homes is expected to impact the supply of residential units downwards. There was a significant difference in average construction prices for rental apartments with investment support (SEK 28,000/sqm) and without investment support (SEK 39,700/sqm). As the result of that the supply of rental apartments using Swedish government investment support was growing each year and accounted for 25% of total supply of rental apartments during 2020.

On the other side there is the war in Ukraine, increasing fuel and electricity prices, increasing inflation, supply chain constraints, lack of some construction materials and increasing prices on raw materials worldwide, which lead to substantially increasing construction prices and delay in the construction starts. All that affects the supply side negatively.

The demand for residential properties in Sweden has been stable at least until February 2022. The war in Ukraine has caused a wave of Ukrainian refugees seeking shelter in the EU and in Sweden in practically, leading to the increased demand for residential properties across the country. Sweden has received by now approximately 30,000 Ukrainian refugees. If that number increases to the number of refugees received by Slovakia (307,770), Hungary (408,650) or Romania (671,330), it will put extreme pressure on the residential market and substantial residential resources will need to be provided in form of refugee homes and multifamily rental apartments. Residential units in Sweden for refugees from Ukraine were provided by municipalities, private persons, Swedish migration board and real estate companies. Further pressure on the residential demand will depend on the length of the war in Ukraine.

Construction starts per residential type (2022 – forecast figures)



Cautious start for the residential investment market

The Swedish residential investment market remains very attractive for investors. In terms of the investment volume in 2021, Swedish residential market is the second largest in the EMEA region. High interest for the residential assets continues to put pressure on the residential prime yield, which is expected to continue to decrease to levels below 3%.

The share of residential investments out of the total real estate investments have decreased during Q1 to 16%. The decrease of the residential percentage share is explained by the decrease of the investment volume by 50% on a yearly basis. The share is expected to bounce back to more normal levels of 30%-36% in Q2-Q4.

The number of transactions in Q1 2022 was 38% lower than during Q1 2021. Compared to the previous quarter, the number of transactions in the residential market has decreased by 59%. Normally, the number of transactions at the beginning of the year is lower than during any quarter in Q2-Q4. Investments in the residential market in terms of the volume and the number of transactions are expected therefore to increase during the rest of the year.

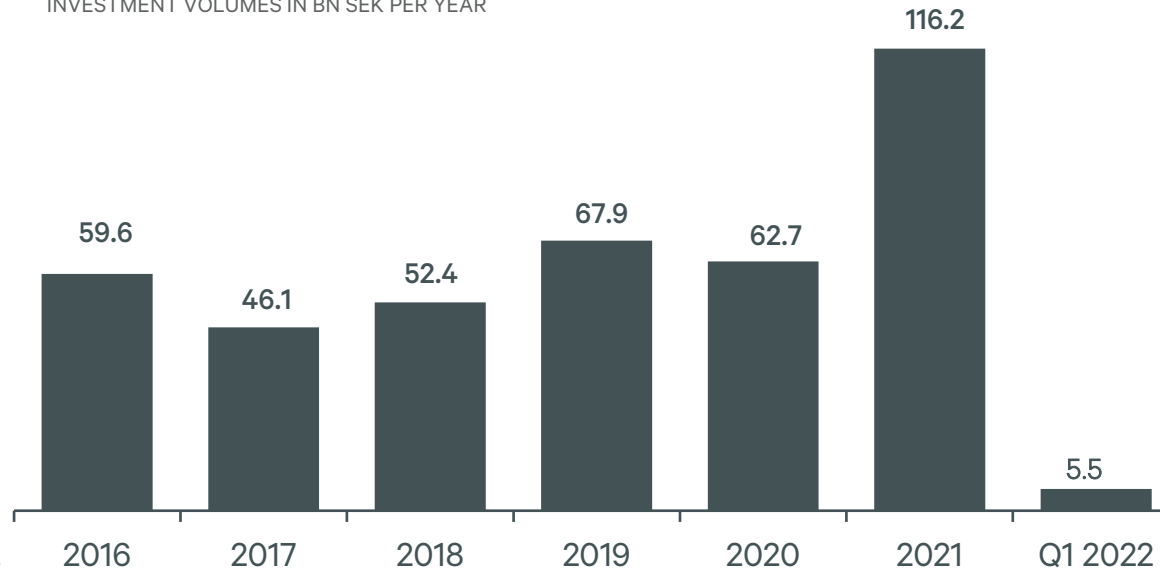
TRANSACTION VOLUME

SEK 5.5 bn 2022

SEK 5.5 bn Q1/2022

▼ -50% Y-o-Y

INVESTMENT VOLUMES IN BN SEK PER YEAR



KEY PERFORMANCE INDICATORS (Q1 2022)

NUMBER OF TRANSACTIONS

28

▼ -38% Y-o-Y

LARGEST SINGLE TRANSACTION

SEK 1.7 bn

ALL INVESTMENT VOLUME IN 2022

SEK 33.592 bn

▲ +13% Y-o-Y

SHARE OF TOTAL ALL SECTOR VOLUME

16%

CROSS BORDER INVESTMENTS

SEK 0.43 bn

▼ -85% Y-o-Y

PRIME YIELD*

3.00%

▼ -50bps Y-o-Y

Top largest transactions in the residential market

Swedish regional cities and smaller cities located nationwide across Sweden have become increasingly more attractive for investors to invest in. Jönköping municipality alone has attracted 35% (SEK 1.946 bn) of all residential investments during Q1. The largest single residential transaction stands for 31% of all residential investments during Q1. It was Heimstaden Bostad who acquired Vätterbygdens Byggnads AB (“VBAB”) for the price of SEK 1.17 bn. The acquired portfolio is in Jönköping and consists of 806 multifamily apartments and 21 planned apartments.

Another notable residential investment in the regional cities is the acquisition of 21 multifamily properties located in Tranås and Årjäng by SBF from Trabo Fastigheter. Transaction is worth SEK 0.65 bn.

While the investments in the regional cities have increased on a yearly basis by 403%, investments in the residential properties in major cities like Stockholm and Malmö have gone down by 86% and 40% respectively. Investments in the residential market in Gothenburg have increased on a yearly basis but are still at a very low level of MSEK 45 compared to investments in Stockholm and Malmö.

| PORTFOLIO NAME | SELLER | BUYER | TOTAL PRICE, (MSEK) | PRICE, SEK/m2 |
|---|---------------------------|-------------------------|---------------------|---------------|
| Portfolio (38 multifamily properties) | VBAB | Heimstaden | 1,700 | 27,208 |
| Portfolio (21 multifamily properties) | Trabo Fastigheter AB | SBF | 650 | 14,516 |
| Multifamily project Tora in Bromstenstaden (4 properties) | Skanska | NREP | 580 | 63,736 |
| Portfolio (12 properties) | Mecastell Förvaltnings AB | Diös | 564 | 16,383 |
| Portfolio (21 properties) | Heimstaden | Akka Egendom | 485 | 14,946 |
| Portfolio (19 properties) | Doteviksgruppen AB | ADR Fagersta Holding AB | 293 | 12,000 |
| Hisingstorp 1:1 | Asplunds | Nivika Fastigheter | 246 | n/a |
| Älmsta 1:30, 1:109 & 1:110 | Private investor | Vernum AB | 125 | 28,000 |

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