

The Logistics Market

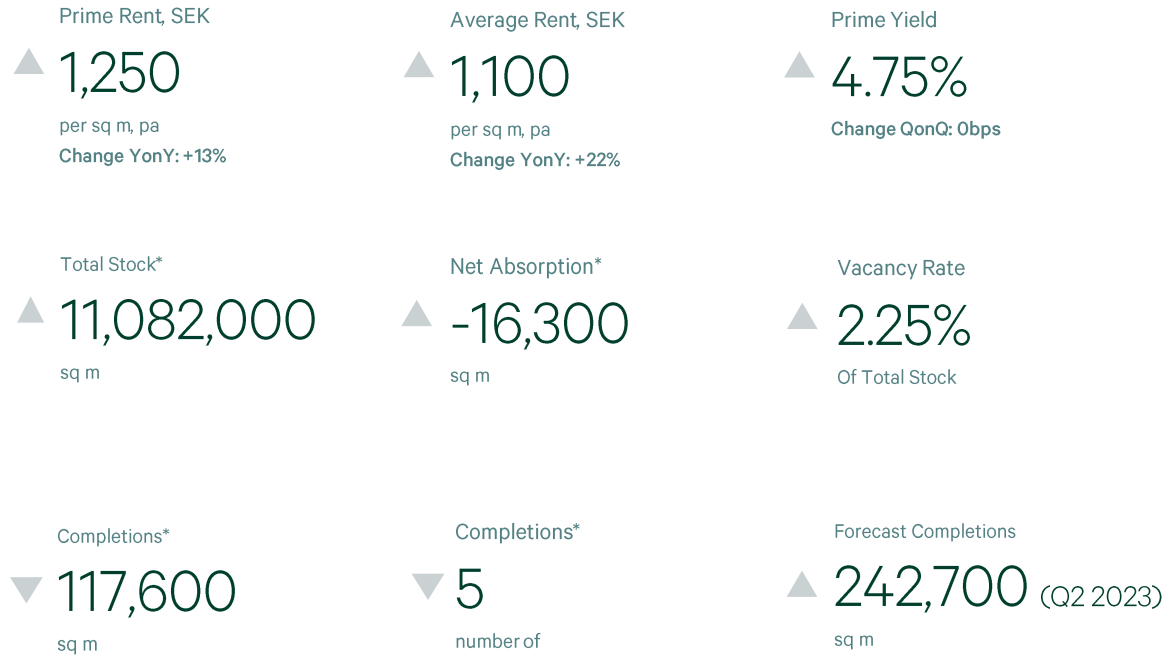
Sweden

Q1 2023

CBRE RESEARCH

NORDICS REAL ESTATE MARKET SNAPSHOT

KEY PERFORMANCE INDICATORS (Q1 2023)



Occupier Overview

The occupier market for logistics remains stable, with average vacancy rising slightly to 2.25% in the first quarter of the year (1% in Q4). Available space has increased in the northern areas of the Stockholm region due to high construction volumes built on speculation reaching the market. The national pipeline is, however, expected to be slightly smaller in 2023 compared to 2022.

A total of 117,600 sqm modern logistics space was completed in Sweden in Q1. The forecasted completions for Q2 2023 total 242,700 sqm, which is higher than actual completions in Q1 yet considerably lower compared to the fourth quarter 2022 at 473,000 sqm. Adding of new space led to a negative net absorption in the first quarter of 2023.

Among notable leases during the quarter is Barings' lease of 23,000 sqm in Örebro. The warehouse project has a construction start February 2023 with expected completion in December 2023. The premises will house Mitsubishi Electric's Nordic central warehouse and target a rating of Miljöbyggnad Silver, subsequently BREEAM Excellent In Use.

In Gothenburg Platzer let a total of 31,000 sqm space in three deals to NTEX, including 21,500 sqm logistics in Torslanda, a 7,000 sqm terminal building in Arendal and the rest offices.

The local Kalmar developer, Kvarnstad, signed a contract in January to develop 16,000 sqm in Kalmar for the online cap retailer Hatstore. The premises will comprise 12,000 sqm warehouse with the rest lounge and training facilities. Solar panels are to be installed on the roof together with a running track. The tenant is planned to move in January 1st 2025.

* Modern Logistics stock in major hubs in the logistics triangle

Investment market

The investment market has in general across all segments been having a wait and see approach in the first quarter of 2023, and this trend is also seen in the industrial and logistics segment. All the same, 18 deals transacted within the sector and there is still a strong interest from national and international investors.

CBRE deem the prime yield remaining stable since last quarter at 4.75%, as investor demand in this segment remains strong and the sector has had a swifter yield correction than other sectors during the past year.

One of the most notable deals during the quarter was Corem divesting 17 assets to Invela for SEK 949 million. The properties are located in the Stockholm region, in Täby, Älvsjö, Upplands-Väsby and Botkyrka, and consists of warehouse buildings. Total lettable area is 65,000 sqm.

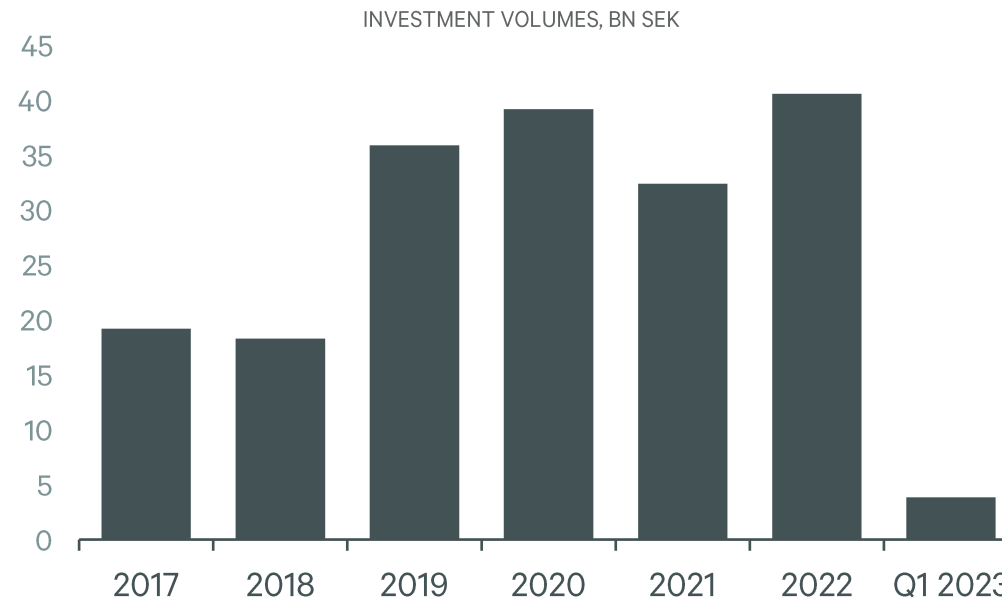
Also notable is BlackRock acquiring a logistics portfolio comprising of two properties under construction, totalling 48,000 sqm in Eskilstuna and Vaggeryd. The assets are acquired from developer Inlog and BlackRock will take possession when buildings are completed which is expected in Q3 2023. Both buildings have modern specifications, are fully let and will have roof solar panels.

I&L TRANSACTION VOLUME

SEK 40.6 bn FY 2022*

SEK 3.85 bn Q1/2023

▼ -53% Y-o-Y



Source: CBRE Research

KEY PERFORMANCE INDICATORS (Q1 2023)

NUMBER OF TRANSACTIONS

18

▼ -45.5% Y-o-Y

ALL INVESTMENT VOLUME IN 2022 (FY)

SEK 159 bn

▼ -52% Y-o-Y

SHARE OF TOTAL ALL SECTOR VOLUME 2022

25%

▲ vs. 10% in 2021

CROSS BORDER I&L INVESTMENTS 2022

SEK 13.6 bn

33.6% of total volume

LARGEST SINGLE TRANSACTION

SEK 949 mn

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