

# Sweden

# Multifamily Market

# Q1 2023

CBRE RESEARCH  
NORDICS REAL ESTATE MARKET SNAPSHOT

KEY PERFORMANCE INDICATORS (Q1 2023)



# Overview

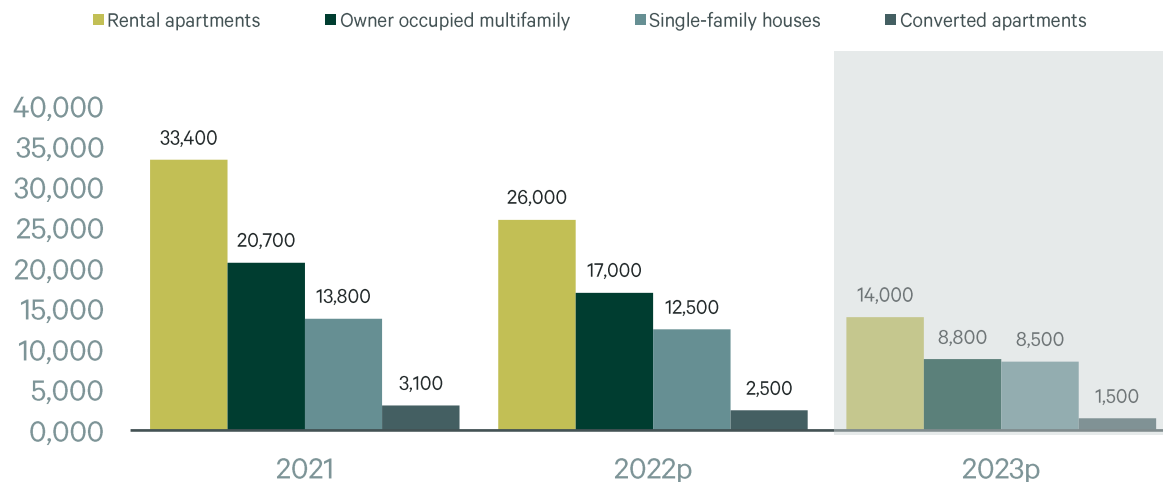
Increasing construction and financing costs during the past one and a half years have together with weaker owner occupier and professional investor demand affected the new supply of all residential apartments negatively. According to Boverket, there were approximately 57,000 construction starts in 2022 (including single-family houses). Numbers are expected to fall to 32,000 in 2023 and furthermore in the years ahead. According to Boverket, 63,400 residential units should be supplied in Sweden yearly between 2022–2030 in order to meet the demand. This estimation is to be focused on the growing main and regional cities, as the demand in rural areas are lower with already higher vacancies.

The construction starts of residential units have decreased with 28% in February compared to one year earlier and also now fallen the past 19 months. The development divert from construction on a general which continue to increase driven by demand for community properties and offices. According to Boverket the construction of both rental and owner-occupied apartments is expected to continue to decrease, both 2023 and 2024 are prognosed to have shortage in new supply coming to the Swedish market.

The Swedish inflation rate (CPI) is turning down in March to 10.6%, from the February level at 12.0%. This is a positive development after a small increase between January and February. Higher than normal inflation continue to push living costs and interest rates for households in Q1 2023 and beyond with a falling disposable income development as adjusted for inflation.

Record high rental increases in the current rent-controlled stock, with negotiated levels generally between 3 and 4,75% are becoming public after a longer negotiation period than normal. Due to increased property management costs many landlords still demand higher rents by filing complaints for a second increase 2023. This is unusual and the outcome still unclear.

Construction starts per residential type (2022 – forecast figures)



Source: Boverket & SCB

# Investment market

The Swedish Residential Investment Market continues to show slow activity with only a few deals transacting in Q1. The total volume is lower than the same period 2022, which was however prior to the invasion of Ukraine and the economic effects since then. The first quarter had no cross-border deals in this segment and the number of transactions was 45% lower than the year before.

On a positive note, we have noticed increased interest from both domestic and international investors to yet again actively evaluate residential deals in 2023, a clear improvement compared to the autumn of 2022. The activity in the residential investment market is expected to increase as soon as the inflation rate and the interest rate have stabilized, and repricing taken place.

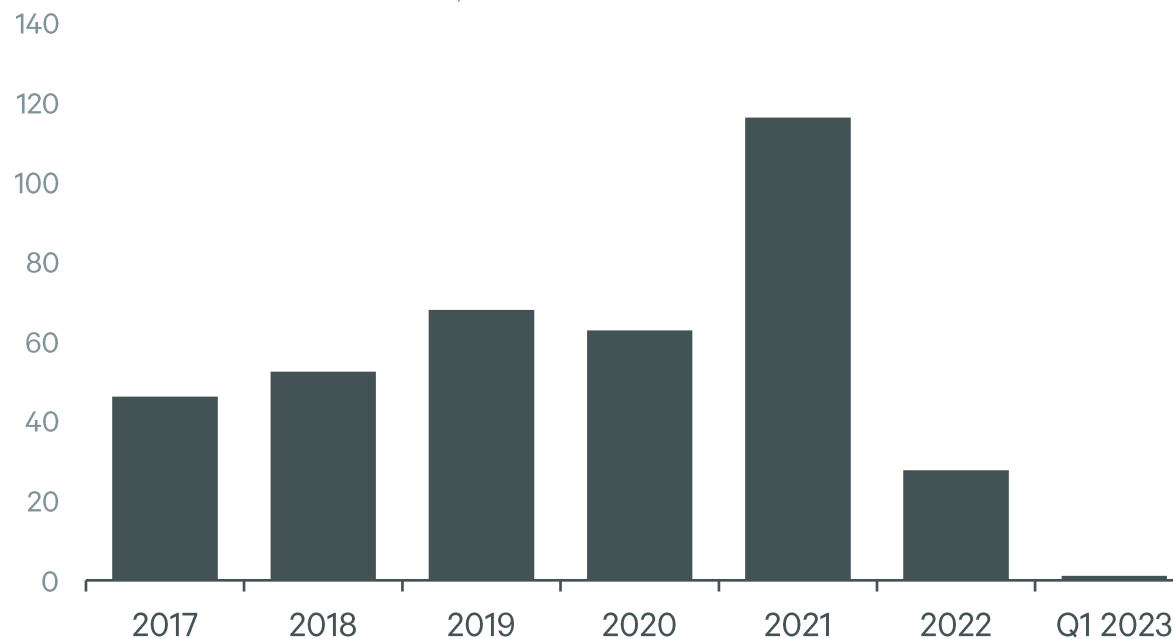
A notable transaction was the JM sell of a 12,121 sqm project portfolio in Järfälla to Resinova in March. Construction is to be finalized in 2024 and the price was 676 MSEK corresponding to 55,771 SEK/sqm.

RESIDENTIAL TRANSACTION VOLUME (Q1 2023)

**SEK 1.665 bn**

▼ -69,9% Y-o-Y

INVESTMENT VOLUMES, BN SEK PER YEAR



Source: CBRE Research

## KEY PERFORMANCE INDICATORS

### NUMBER OF TRANSACTIONS Q1

11

▼ -45% Y-o-Y

### LARGEST SINGLE TRANSACTION Q1

SEK 0.676 bn

### ALL INVESTMENT VOLUME IN 2022

SEK 159.5 bn

▼ -50,6% Y-o-Y

### SHARE OF TOTAL ALL SECTOR VOLUME Q1

12.4%

### CROSS BORDER INVESTMENTS Q1

0% (SEK 0 bn)

### PRIME YIELD\*

4.15%

▲ +115 bps Y-o-Y

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