

Q4 2022

Sweden Multifamily Market Q4 2022

CBRE RESEARCH
NORDICS REAL ESTATE MARKET SNAPSHOT

KEY PERFORMANCE INDICATORS (Q4 2022)



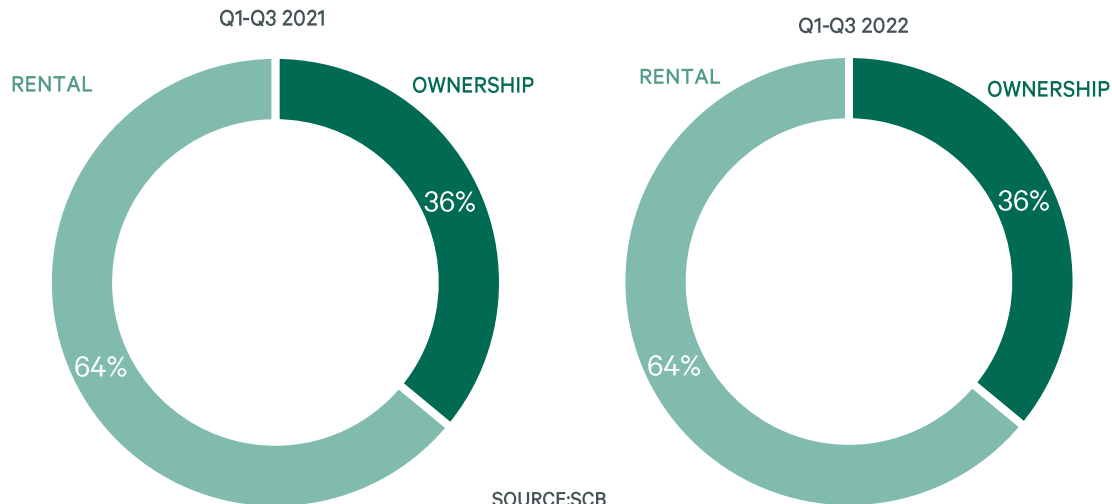
Occupier Market Overview

The Swedish inflation rate (CPI) is sticking on a high level with 12.3% in December and continue to push living costs and interest rates for households in Q4 2022. New rents are becoming public with record high increases. Especially the south of Sweden is affected by increasing energy costs for older buildings heated with electricity.

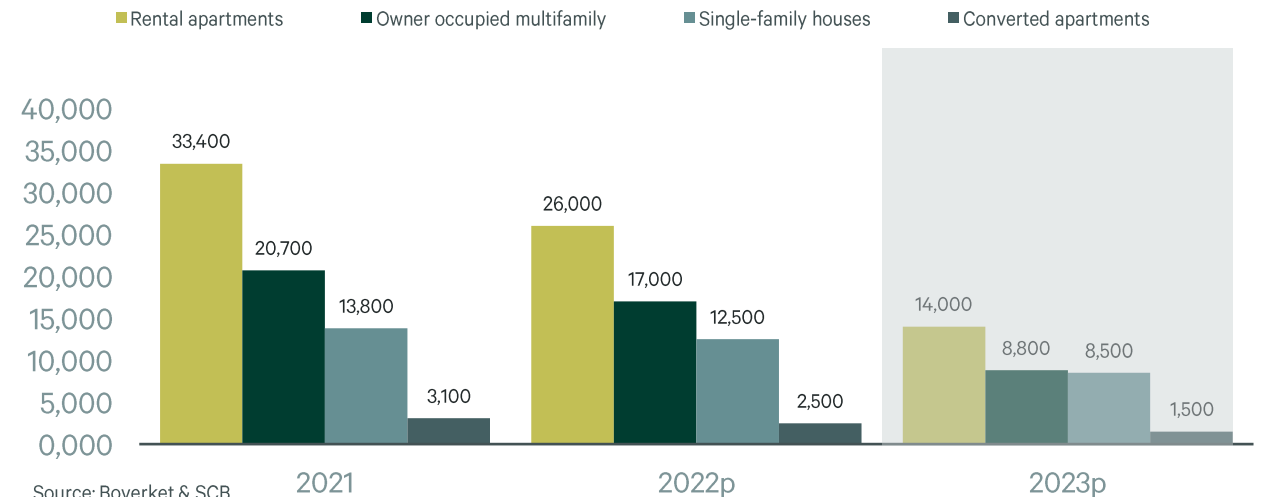
Increasing construction and financing costs during the past one and a half years have together with weaker owner occupier demand affected the new supply of residential apartments negatively. According to Boverket, there were approximately 57,000 construction starts in 2022 (including single-family houses), which is expected to fall to 32,000 by 2023. According to Boverket, 63,400 residential units should be supplied in Sweden yearly between 2022–2030 in order to meet the demand.

The construction starts of residential units have decreased with 23,7% in December compared to one year earlier and has fallen the past 16 months. According to Boverket the construction of both rental and owner-occupied apartments is expected to continue to decrease. Both 2023 and 2024 are expected to have shortage in new supply coming to the market.

CONSTRUCTION STARTS SHARE OF NEW APARTMENTS IN SWEDEN BY OWNERSHIP TYPE



Construction starts per residential type (2022 – forecast figures)



2022 slow for residential investments

The Swedish Residential Investment Market had a slow year in 2022 with volume decreasing 94% in Q4 compared to Q4 the record year before. The residential investment market has been affected by both increasing interest rates and increasing construction costs.

Worth noting is that there were no cross-border deals in this segment during the last quarter of 2022. The number of transactions in Q4 2022 was 67% lower than the year before.

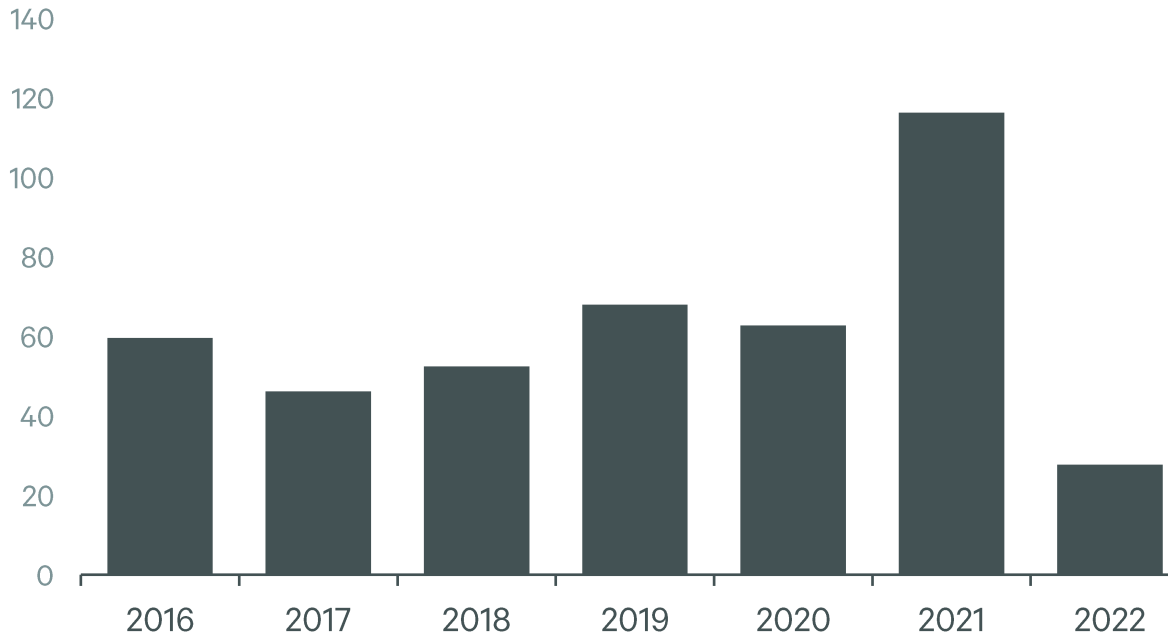
The activity in the residential investment market is expected to increase as soon as the inflation rate and the interest rate have stabilized, and repricing taken place.

RESIDENTIAL TRANSACTION VOLUME

SEK 27.76 bn 2022
SEK 2.6 bn Q4/2022

▼ -94% Y-o-Y

INVESTMENT VOLUMES IN BN SEK PER YEAR



KEY PERFORMANCE INDICATORS

NUMBER OF TRANSACTIONS Q4

16

▼ -67% Y-o-Y

LARGEST SINGLE TRANSACTION 2022

SEK 3.6 bn

ALL INVESTMENT VOLUME IN 2022

SEK 159.5 bn

▼ -50,6% Y-o-Y

SHARE OF TOTAL ALL SECTOR VOLUME 2022

17%

▼ -38% Y-o-Y

CROSS BORDER INVESTMENTS Q4

SEK 0 bn

▼ -100% Y-o-Y

PRIME YIELD*

4.00%

▲ +100 bps Y-o-Y

* New Production in Greater Stockholm

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