

Sweden Real Estate Investment Volumes Q2 2023

Investments in Q2 had a 54% decline compared to Q2 2022. But the volume more than doubled compared to Q1 and landed at SEK 29.3bn, with 30% cross-border investors. Residential performed best with 28% of total investment volume, followed by community properties at 22% and Retail on 21%. I&L volumes were 16% and office transaction activity fell to 10%. Roughly 70% of the transactions were nationwide, with Stockholm still the best performing city (13%), followed by Gothenburg (9.4%) and Malmö with 8% share.

Notable deals were a nationwide portfolio of 30 ICA occupied assets, 150,000 sqm, sold by ICA Fastigheter into the new ICA and AMF co-owned company Delcore for approx. SEK 5 bn in April. Altura (NREP) invested in a care portfolio comprising 99,500 sqm (20 care and 2 preschool properties) from Vectura for approx. SEK 5 bn in June. The new constructed assets are situated in 18 municipalities in Stockholm, middle and west Sweden. Axis Communications acquired two office properties, Forskaren 2 and Stockholmsledet 8 in Lund for SEK 1.5 bn from Castellum. Axis was already the largest tenant of the total 51,000 sqm. Platzer acquired a three assets logistics portfolio, 90,927 sqm, from Söderreds logistikpark, a joint venture between them and Bockasjö, for SEK 1.478 bn in June.

Foreign Capital



Domestic Capital

-48%

Y-on-Y Change Q2

-67%

Y-on-Y Change TTM

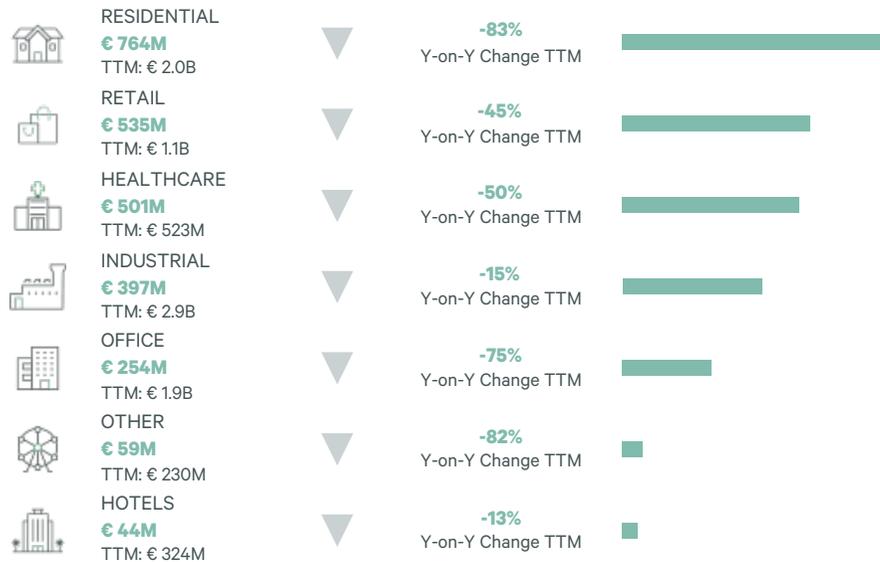
Nr. of Transactions

72

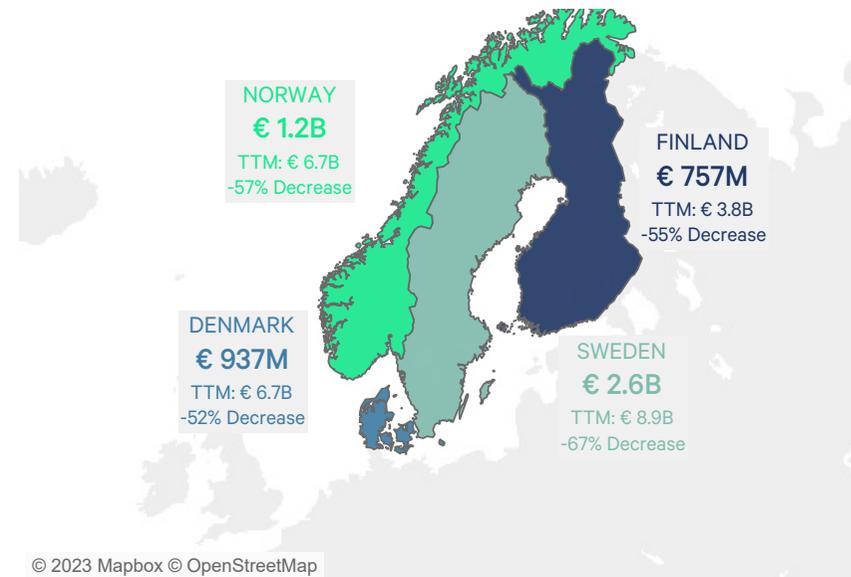
266 TTM

Y-on-Y: Year on Year
TTM: Trailing Twelve Months

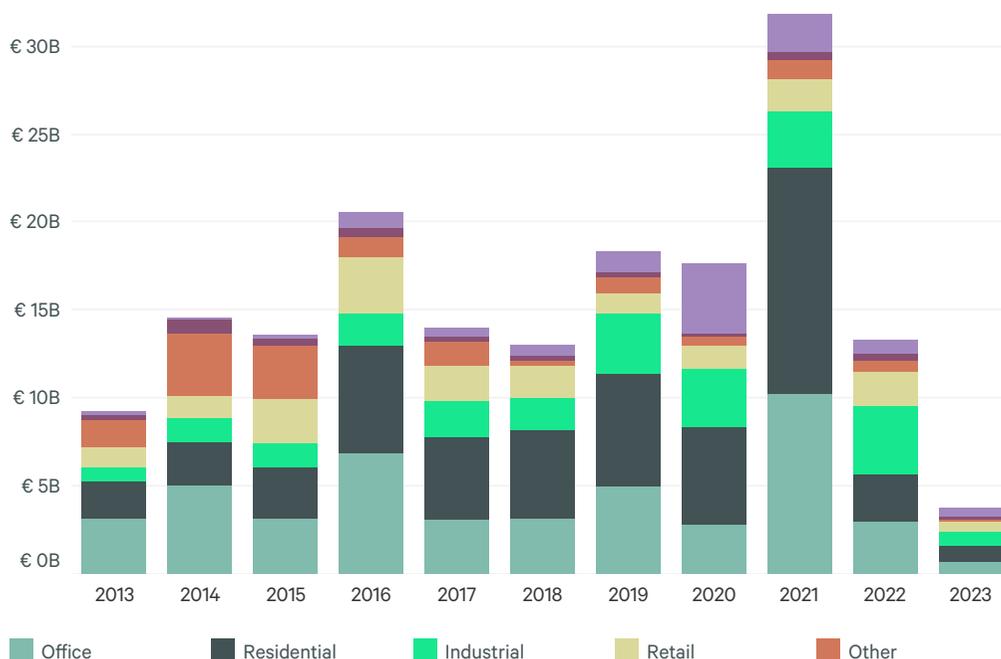
Investment Volumes by Sector (Sweden)



Investment Volumes in Nordics region



Investment Volumes Annual by Sector (Sweden)



Note: 2023 annual numbers account till 6/30/2023

Macro-economic challenges continue to impact financing possibilities on the real estate market, leading to significant reductions in transaction activity in general, both 2022 and continuing 2023. The impact has hit low-yielding segments most as the Swedish Central bank try to manage the sticky core inflation with increased interest rate. The current central bank rate is 3.75% and expected to have at least one more increase before 2024. Official reports in June state record company bankruptcies in Sweden, with the construction sector being one of the most challenged industries together with restaurants and retail. Financial institutes continue to be cautious also after the previous SVB and Credit Suisse situations.

International interest in the Swedish real estate market has been strong this year, comprising approx. one third of the total investment volume in Q2. CBRE has seen stabilized yields in the industrial segment in strong locations. In other segments yields have continued to decompress in 2023 and are still trending upwards. Residential new development projects continue to struggle with inflated costs and low demand. The repricing of residential and community properties during the past six months has opened for more deals within these segments in the past quarter, a welcome situation since the activity in these segments has been low during the last year.

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