

Sweden - Stockholm

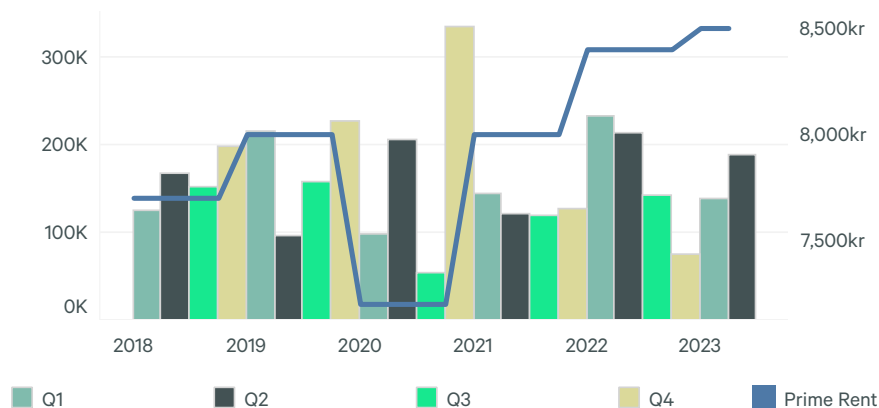
Key Performance Indicators (Q2 2023)

<p>Prime Yield</p> <p>4.10%</p> <p>Expected Investment Returns Change YoY: 85 bps</p>	<p>Prime Rent</p> <p>8,500kr</p> <p>Yearly, per sq m Change YoY: 1.2%</p>	<p>Average Rent</p> <p>7,000kr</p> <p>Yearly, per sq m Change YoY: 0.0%</p>
<p>Take Up</p> <p>189K</p> <p>Square Meter 665K Year2Date</p>	<p>Vacancy Rate</p> <p>6.32%</p> <p>Percentage of Stock vacant Change YoY: 70 bps</p>	<p>Typical Lease Terms</p> <p>3-5 years</p> <p>Typical Rent Free Period 0-3 months</p>
<p>Completions</p> <p>OK</p> <p>Square Meter 28K Year2Date</p>	<p>Total Stock</p> <p>11,466K</p> <p>Square Meter 10,741K Occupied Stock</p>	<p>Forecast Completions</p> <p>207K (2023)</p> <p>Square Meter 348K (2024) // 553K (2025)</p>

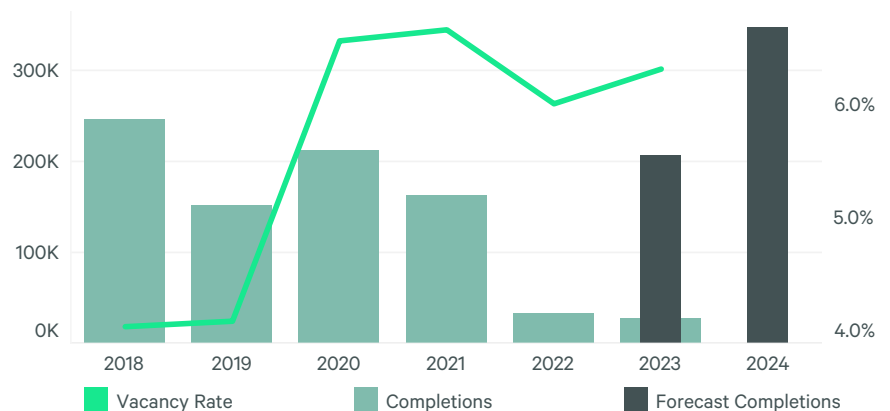
Prime rent in Stockholm CBD increased in the second quarter of 2023 to SEK 8,500/sqm, as demand for high quality space in central locations continues to be strong. Occupiers are looking to attract talent with premises suitable for onsite and hybrid collaboration in combination with sustainability aspects such as easy commute and environmental and sometimes also even social certifications in place. This trend is also reflected in the vacancy rates which are decreasing for both CBD 3.7% (4.5% in Q1) and Inner city 6.5% (7.5% in Q1). Actual availability is however larger with an additional 2.5% in CBD and 2% in Inner city as additional sublease availability or vacant coworking space. Secondary locations and lower quality buildings are a bit more challenged in the current market environment. The rental levels for the Stockholm submarkets are all stable, yet vacancy levels are increasing for Solna/Sundbyberg which now exceeded 7% for the first time since Q4 2020.

Most notable news is the LOI that Fabege signed with a secret tenant of 66,000 sqm in the Solna Strand property Nöten 4. If the deal goes through it would be the largest office lease in Swedish history and with the relocation and expansion plans of many Swedish state entities the possibility for one of them as the tenant is substantial. Notable actual and public leases during the second quarter were 4,500 sqm in Ackordet 1 in Solna by Coor. Landlord is Fabege and the contract on 7 years. Vasakronan signed a 5-year lease with Ellevio in the 4,400 sqm property Tre vapen 2 on Östermalm. In Stockholm CBD Alecta leased 4,000 sqm to Sandvik in Terminalen 3.

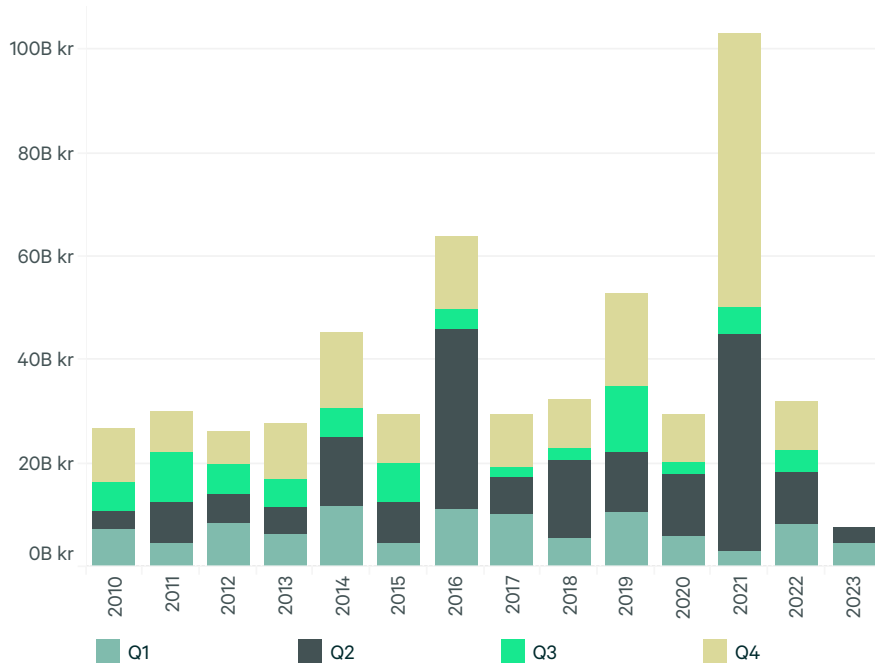
Market Trend (Take-Up | Prime Rent)



Development Activity (Completions | Vacancy Rate)



Sweden Office Investment Volumes



Note: 2023 annual numbers till 6/30/2023

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Macro-economic challenges have continued to impact the financing possibilities on the real estate market, leading to significant reductions in transaction activity in general. The Swedish Central bank is trying to manage the sticky core inflation with increased interest rate, currently at 3.75% and expected to have another increase before the year is over. Financial institutes continue to be cautious also after the previous regional Silicon Valley Bank and Credit Suisse situations.

The Stockholm office prime yield trend is following other major cities in Europe and decompress to 4.1% in CBD in Q2 2023 with further decompressions for the other submarkets within the city. The uncertainty connected to office assets in the US is currently having an impact on the rest of the world, yet the Swedish situation is currently much more robust with lower vacancy rates and a low proportion of speculative developments.

The investment situation has picked up somewhat in activity in terms of the number of ongoing discussions. Price expectations are still challenging for buyers and sellers to agree upon. There has however been one large office deal in Stockholm where Fortifikationsverket (Government owned company for Armed Forces properties) acquired the 22,600 sqm asset in Kista from M2-gruppen in June. A smaller office building, 1,999 sqm on Östermalm, was acquired by Spiltan, who are also relocating their headquarters to the address. Seller was Kvalitena.

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