

FIGURES | DENMARK MULTIFAMILY | Q4 2022

# Pricing is expected to adjust further

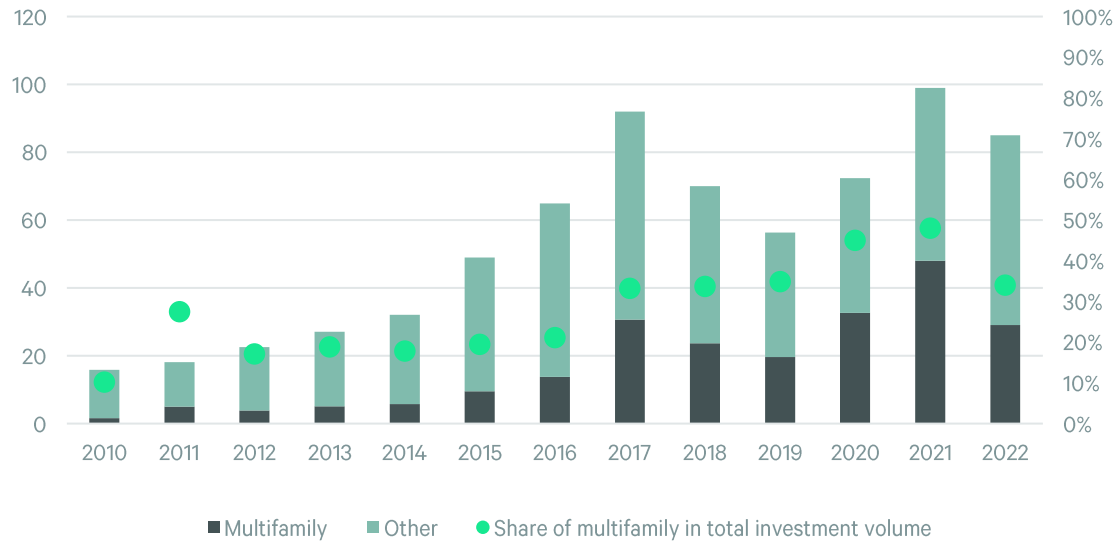
MULTIFAMILY INVESTMENT MARKET KEY FIGURES Q1-Q4 2022



Note: Arrows indicate change y-o-y, except for prime yield (q-o-q)

- Investors’ interest in Danish MFH has contracted in H2 2022, resulting in total 2022 investment activity in this segment landing 39% below the result recorded in 2021. This is in line with the situation in Europe, where, on a regional level, residential investment volume contracted by 46% y-o-y in 2022.
- Increased construction costs and financing expenses have created less favourable conditions for new construction projects. As a result, construction activity is expected to decrease, impacting thus the supply of residential units. This is likely to result in a heightened demand for existing properties, particularly in urban areas such as the city of Copenhagen.
- Further shift in pricing and investment volumes could be expected in the first year-half of 2023.

INVESTMENT VOLUME (DKK billion)



Source: CBRE Research

The largest transaction was Orange Capital Partners' acquisition of seven residential blocks (1,220 units) from NREP. Properties total 110,000 sq m and are located in Copenhagen and Aarhus.

Second largest deal was the sale of BoStad, Danish residential property company with approximately 1,750 rental units in major cities across Denmark, to AP Pension. CBRE acted as sole financial and real estate advisor to Castlelake for this transaction.

Other large transactions include NREP's acquisition of nation-wide portfolio from Tetris; JV between AP Pension and Randers Municipality on developing Flodbyen Randers; and Danica Ejendomme's sale of MFH portfolio to Thylander Gruppen.

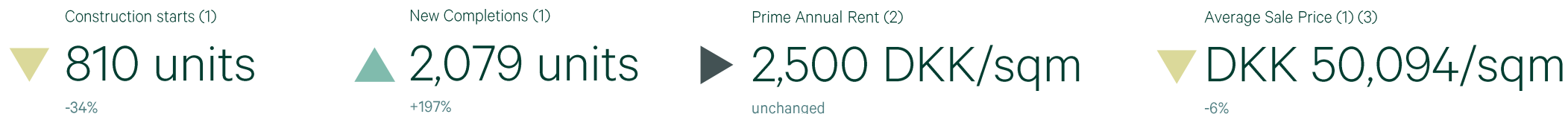
The prime net yield moved out by 50bps to 3.50% as of Q4 2022. Higher borrowing costs are making investors more cautious with reports of price softening on yields that had previously looked to contract further.

## SELECTED DEALS DURING Q1-Q4 2022

PROPERTY/PORTFOLIO	CITY/REGION	BUYER	SELLER
Portfolio	Copenhagen, Aarhus	OCP / GIC	NREP
Portfolio	Nation-wide	AP Pension	Castlelake LP
Portfolio	Nation-wide	NREP	Tetris
JV - Flodbyen Randers	Randers	AP Pension	Randers Municipality
Portfolio	Zealand	Thylander Gruppen	Danica Ejendomme
Portfolio	Nation-wide	OCP / GIC	Ares Management
Vestre Teglgade	Copenhagen SV	Aviva Investors	PKA
Bella Tower	Copenhagen S	DWS	Sampension/AkademikerPension

## DENMARK MULTIFAMILY

### COPENHAGEN AND FREDERIKSBERG KEY FIGURES Q4 2022



(1) Q3 2022;

(2) Rental apartment buildings. No conversion to co-ops;

(3) Subregion Copenhagen City; Transaction price realized, owner-occupied flat;

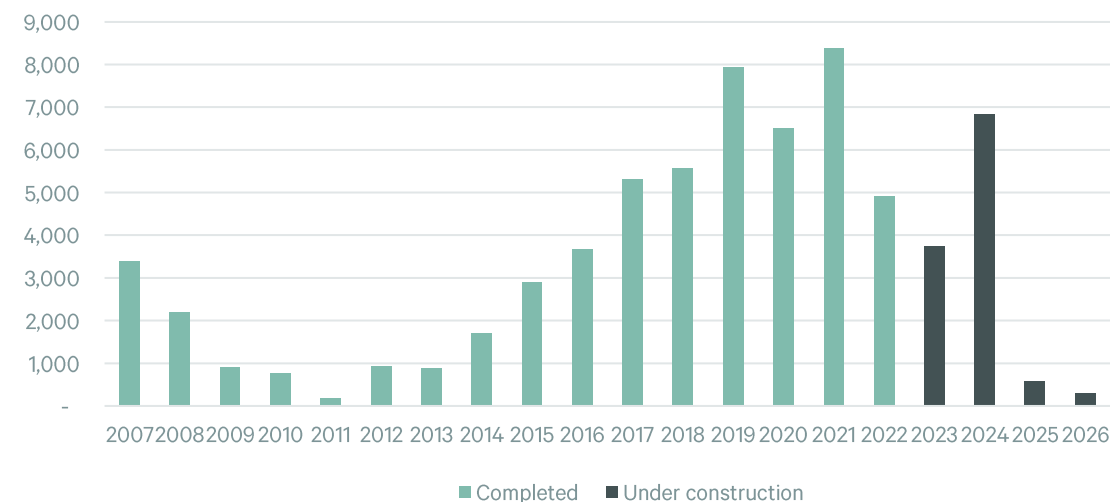
Note: Arrows indicate change q-o-q, except for Construction Starts and New Completions (y-o-y)

Because of the extraordinarily high inflation, the Danish government capped the rent regulation at 4% per year for a two-year period in August 2022. It is estimated that 160,000 Danish households will be covered by this regulative cap.

The rising cost of living combined with decreasing affordability of home ownership have made renting a more viable option for many individuals. This trend is particularly pronounced in regions where property prices have increased significantly, such as Copenhagen.

Additionally, the flexibility offered by renting, as opposed to the commitment of a long-term mortgage, is particularly desirable in an uncertain economic environment with the potential for declining property values. As a result, we anticipate a positive trend in the demand for rental units throughout 2023, as renting may be viewed as a more favourable option.

### APARTMENTS UNDER CONSTRUCTION AND COMPLETED



Copenhagen and Frederiksberg; Source: CBRE Research

---

## CONTACTS



DRAGANA  
MARINA

HEAD OF RESEARCH  
& DATA INTELLIGENCE

[dragana.marina@cbre.com](mailto:dragana.marina@cbre.com)



CHRISTIAN  
BRO JANSEN

HEAD OF CAPITAL MARKETS

[christian.jansen@cbre.com](mailto:christian.jansen@cbre.com)



CHRISTOPHER  
BAILEY

HEAD OF VALUATION,  
DENMARK AND NORDICS

[christopher.bailey@cbre.com](mailto:christopher.bailey@cbre.com)

© Copyright 2023 All rights reserved. Information contained herein, including projections, has been obtained from sources believed to be reliable, but has not been verified for accuracy or completeness. CBRE, Inc. makes no guarantee, warranty or representation about it. Any reliance on such information is solely at your own risk. This information is exclusively for use by CBRE clients and professionals and may not be reproduced without the prior written permission of CBRE's Global Chief Economist.

Photos herein are the property of their respective owners. Use of these images without the express written consent of the owner is prohibited.

CBRE and the CBRE logo are service marks of CBRE, Inc. All other marks displayed on this document are the property of their respective owners, and the use of such logos does not imply any affiliation with or endorsement of CBRE.