

Q4 2021

Sweden Office Market Q4 2021

CBRE RESEARCH
NORDICS REAL ESTATE MARKET SNAPSHOT

Sweden - Stockholm

Key Performance Indicators (Q4 2021)

Prime Yield

3.25%

Expected Investment Returns
Change YoY: -0.15% pts

Prime Rent

8,000kr

Yearly, per sq m
Change YoY: 10.00%

Average Rent

6,200kr

Yearly, per sq m
Change YoY: 6.45%

Take Up

127K

Square Meter
511K Annual2Date

Vacancy Rate

6.67%

Percentage of Stock vacant
Change YoY: 0.10% pts

Typical Lease Terms

3-5 years

Typical Rent Free Period
0-3 months

Completions

106K

Square Meter
163K Annual2Date

Total Stock

11,364K

Square Meter
10,607K Occupied Stock

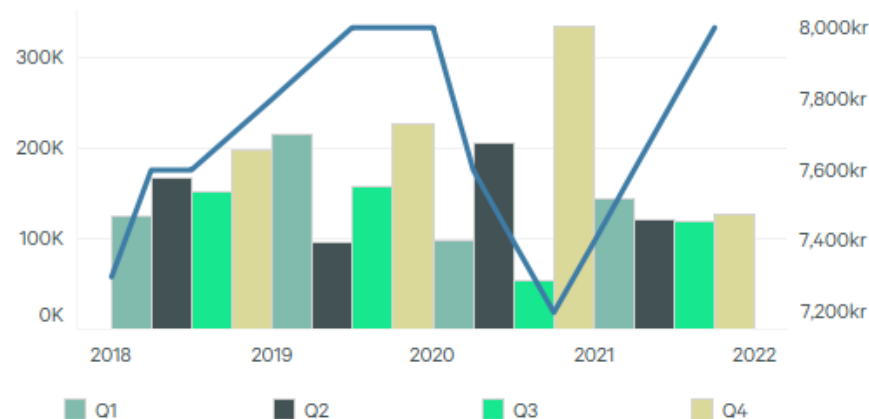
Forecast Completions

87K (2022)

Square Meter
149K (2023) // 141K (2024)

Net absorption has reached the new negative level of -45 462 sqm during 4th quarter 2021, mainly due to increased gap between negative and positive figures in Stockholm Inner City (-44 755sqm) and in Solna/Sundbyberg (-18 640sqm). On yearly basis Stockholm office net absorption for whole year 2021 (-98 973) has improved dramatically compared to net absorption 2020 (-255 843). Vacancy Rate was at 6,7%, 40 bps higher than it was during Q3 2021 (6,3%). The increase is explained by increase in vacancy rate in Solna/Sundbyberg (from 5,4% to 6,1%) and in Inner City (from 5,8% to 6,9%). It is still an elevated level compared to pre-covid level of 4% in the 4th quarter 2019. Prime Rent in Stockholm CBD has reached the pre-pandemic historical highest level of SEK 8 000 /sqm/pa during fourth quarter 2021. The Stockholm CBD Prime Rent has grown equally during each quarter of the year. From Q4 2020 level Prime Rent has grown by 11% during the year 2021. Stockholm Prime Rent growth is second largest in the EMEA region after Prime Rent growth in London which is a good motivating factor for investors. Office market in Stockholm was recovering much faster than expected during Q4 2021 and over the whole year, bringing good incentive for investment and new deals in the office market. Prime Rent in Stockholm CBD is expected to continue to grow during first quarter 2022 at normal speed than during 2021. The Prime Rent growth rate forecast for whole year 2022 can be expected as high as 5%. Notable lease: Roundhill Capital letting 10 400 sqm to Alstom in Västerås. That is third largest office lease during 2021. Convendum, which develops co-working office space, leases 4 000 sqm from Fabege at Drottninggatan 29 and 5 800 sqm from Skandia Fastigheter, in Stockholm CBD.

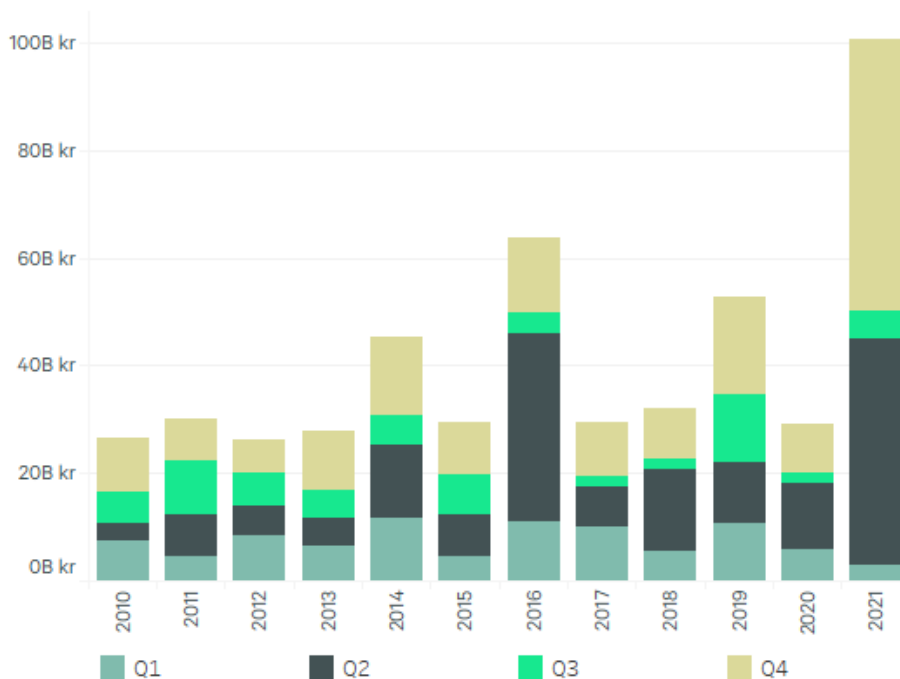
Market Trend (Take-Up | Prime Rent)



Development Activity



Sweden Office Investment Volumes



Year 2021 has been a record year for office transaction market. The transaction volume has almost doubled previous historic volume record. Swedish Office transaction market has won market share even among other countries and has become 4th largest office transaction market in the EMEA during 2021. Previous year Sweden was 8th and during 2019, before pandemics, 6th office transaction market respectively. Swedish office transaction market has been highly dominated by domestic investors during 2021. On yearly basis the share of foreign investments decreased from historic high 26% previous year to just around 5% during 2021. During pre-pandemic year 2019 the share of foreign investment volume was approximately 12%. We expect foreign investors to be more active on Swedish office transaction market during year 2022. The number of transactions in Q4 2021 has more than doubled compared to Q3 2021. On yearly basis number of transactions increased by 17% to a new historic record level of 77 transactions. The number of transactions during 2021 is also larger than pre-pandemic levels during 2019 (75 transactions) and 2018 (66 transactions). We observe that by almost the same number of transactions during 2021 (77) and 2019 (75), the transaction volume has doubled from SEK 53 bn during 2019 to over SEK 101 bn during 2021. Year 2022 is expected to be at least as strong as year 2021. Some large investment deals in the fourth quarter include finalization of the acquiring of 91,9% Kungsleden shares by Castellum, worth SEK 43,18 bn. This transaction is also Sweden's largest transaction deal during 2021 among all real estate segments. KPA Pension owned by Folksam group has acquired three centrally located office real estates in Stockholm from AMF Fastigheter for SEK 23bn.

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