SWEDEN MULTIFAMILY MARKET Q4 2020

CBRE RESEARCH NORDICS REALESTATE MARKET SNAPSHOT

MULTIFAMILY MARKET KEY FIGURES

LARGE INTEREST CONTINUES

Multifamily was the largest segment in terms of transaction volumes in 2020. Despite tough comparison figures in the record year of 2019, and despite Corona, 2020 volumes are only down -15%, and volumes are up compared to 2018.

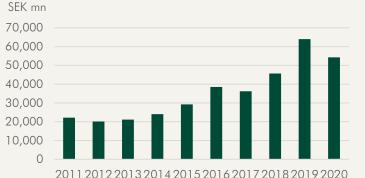
There was also a higher number of deals, +31% compared to the number of deals in 2019. The average deal size was thus lower, 260 mSEK vs 400 mSEK, which makes sense as 2019 saw some very large M&A deals.

Share of total investment volume was slightly below 2019 level but not by much, with 30% versus 33%.

Investment volume LTM SEK 54.2 bn

▼ -15 % (Y-o-Y %)





Residential





Number of transactions 208 **▲** + 31%



Largest single transaction SEK 5 bn



Prime yield¹⁾ 3.50%

Source: CBRE Research

THE INVESTMENT MARKET DURING THE QUARTER

ACTIVITY DURING THE QUARTER

A lot of capital continues to be allocated towards the segment. For the year as such, however, the source of capital was predominantly domestic, compared to last year when foreign capital dominated.

The largest deals include the sale of Masmästaren AB, with several residential properties in regional cities, to Balder. Sveafastigheter Bostad was also divested to SBB during the quarter, both with a deal value of an estimated SEK 5,000 mn.

Another much discussed deal includes Balder's investment in a 50% stake of Karlatornet in Gothenburg. Total deal value is estimated at SEK 3,200 mn and apart from the residential project also includes several building rights.

LARGEST DEALS DURING THE QUARTER

Properties	Total Price (SEK mn)	Price (SEK/m²)	Buyer	Seller
Masmästaren AB, regional cities	5,000*	20,300	Balder	Masmästaren
Sveafastigheter Bostad AB, Mälardalen	5,000*	25,900	SBB	Sveafastigheter
Karlatornet 50%, Gothenburg	3,200*	33,500	Balder	Serneke
405 apartments in central Malmö	1,400*	37,000	Willhem	Haga-gruppen
11 properties in Skellefteå	1,300	18,000	SBB	Skebo
Valhall 1 & 3 in Hyllie, Malmö	1,100	51,950	Patrizia	Slättö
New JV	1,060	42,700	JV	JM
Söderbymalm 3:541-3:543, Haninge, Stockholm	850	40,500	Heimstaden	Magnolia
Kromosomen 3-4, Stockholm	780	99,600	Lars Edman	Ikano

CONSTRUCTION STARTS EXCEEDING COMPLETIONS ROLLING 12 MONTHS FOR FIRST TIME IN 2 YEARS

Residential investments are forecasted to decline with -1% in 2021 (KI). Longer-term, the increase in prices should mean that more money is allocated towards the sector. As construction starts exceeded completions for the first time in a long while, this might indicate that construction has now bottomed out and trend will change to up.

In the last 12 months (ending Nov), co-ops prices nationwide increased +7% and houses with +11.4%. Vacation homes and cottages are up +12%. Low interest rates for longer and a temporary removal of the amortization rules has weighed heavier than an increasing unemployment rate. One possible explanation is that it's low-income jobs in the service sector that has seen the largest hit.

APARTMENT CONSTRUCTION STARTS AND COMPLETIONS (TOTAL, ALL KINDS) Last 4 guarters, thousands



2020 Q3/Q4 Sweden Nationwide Key Figures Y-o-Y Change



New Completions, Q3 8,944 units V- 18% (quarterly, y-o-y)





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1) New production, Greater Stockholm

2) Rental apartment buildings, Stockholm county. No conversions to co-ops included



THANK YOU!

PLEASE DON'T HESITATE TO CONTACT US



Patrik Kallenvret Managing Director CBRE Sweden +46 76 763 33 41 amanda.welander@cbre.com



Amanda Welander Head of Research, Nordics and Sweden +46 73 349 87 57 amanda.welander@cbre.com Daniel Holmkvist Head of Valuation CBRE Sweden +46 70 979 27 71 daniel.holmkvist@cbre.com

Bojan Ticic Senior Director Capital Markets CBRE Sweden +46 70 315 51 18 bojan.ticic@cbre.com

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