

Sweden - Stockholm

KEY PERFORMANCE INDICATORS (Q3 2021)

Prime Rent

7,800kr (↑)

Yearly, per sq m
Change YoY: 5.13%

Average Rent

6,200kr (↑)

Yearly, per sq m
Change YoY: 3.23%

Prime Yield

3.35% (↓)

Lifetime investment
Change YoY: -0.05%

Typical Lease Term

3-5 years

Typical Rent Free Period
0-3 months

Take Up

119K (↑)

Thousand sq m
Annual2Date

Vacancy Rate

6.27% (↑)

Of Total Stock
Change YoY: 1.22%

Completions

36K (↓)

Thousand sq m
140K Annual2Date

Total Stock

11,364K (↑)

Thousand sq m
10,652K Occupied Stock

Forecast Completions

163K (2021)

Thousand of sqm
65K (2022) // 154K (2023)

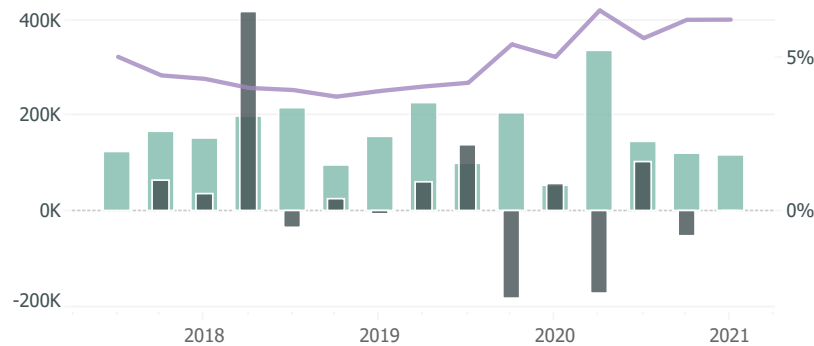
Negative net absorption was negative during 3rd quarter 2021: -655 sqm. Nevertheless the gap between negative and positive figures have decreased dramatically since 2nd quarter when net absorption was - 52 856 sqm.

Vacancy Rate was at 6,3% - the same level as during second quarter 2021. It is still an elevated level compared to pre-covid level of 4% in the 4th quarter 2019.

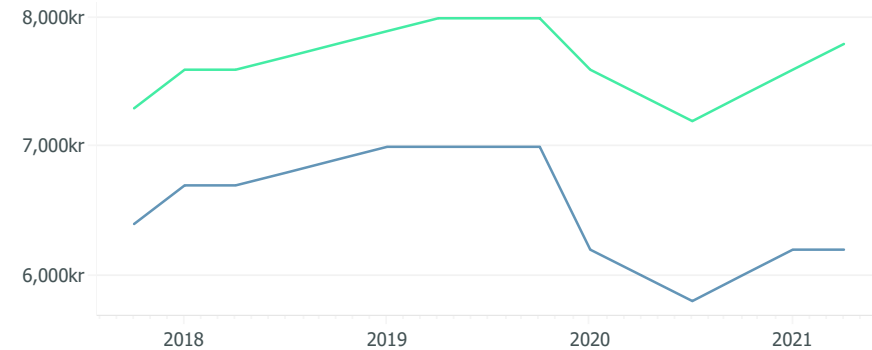
Prime Rent in Stockholm CBD has grown by 8% during first three quarters of 2021. This growth was equal during each quarter. Prime Rent in Stockholm CBD is expected to continue to grow during fourth quarter and it is expected to reach pre-Covid level of 8000 SEK / sqm / pa, which was historical highest level during first quarter 2020. The Prime Rent growth rate forecast was 5% for the whole year 2021. That means the Office market is recovering much faster than expected and brings good incentive for investment and new deals in the office market. 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.

Some large investment deals in the third quarter include the sale of an area of properties on Kungsholmen from Invesco to Folksam Group for SEK 2.3bn as well as the sale of Mimo project in Mölndal from NCC to Platzer for the value of just over SEK1.5bn.

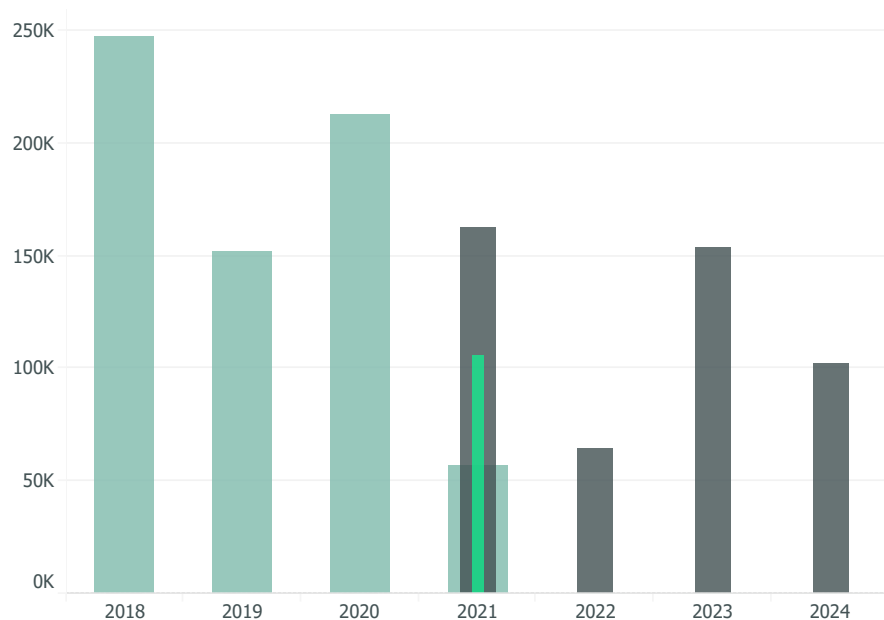
Market Trend (Net Absorption | Take-Up | Vacancy)



Rent Development (Prime | Average rent (Yearly/SEK/sq m))



Stock Development (Completions | Forecast | Forecast UC)



Approximately 78% were vaccinated with two doses and 84% with one dose against Covid-19 at the end of 3rd Quarter, which led to abolishment of Covid-19 restrictions on 29th of September in Sweden. The date was announced in advance and many companies and organizations announced "back to office" dates for their employees. Swedish public health agency Folkhälsomyndigheten does not longer recommend to work from home after 29th of September. As a result of high vaccination rate and abolishment of restrictions employees started returning to office from the middle of August.

Hybrid working is the new normal now and is here to stay. Many companies and organizations tried to figure during August - September how their employees prefer to work after the Covid-19 restrictions are abolished. To find it out companies interviewed their employees about working preference. Many companies allow their employees hybrid working as a result, that means working part of the week from home and part of the week at the office.

Hybrid work will require a hybrid workplace and will lead to more consumer-oriented offices. In CBRE's 2021 Occupier Sentiment Survey just 9% of companies anticipated making a significant decrease in their office space holdings, which marked a 30% point drop from what was initially anticipated in march 2020.

High vaccination rate during Q2-Q3, low infections rate, abolishment of Covid-19 restrictions have cleared uncertainties in the underwriting. This is expected to act as a stimulant for the amount of office deals and leasing decisions during Q4.

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