HOTEL MARKET UPDATE

June/23

*We wish all our readers
a great summer!*

Annordia
HOSPITALITY CONSULTING

Illustration: Marge Arkitekter

Hotel operator search for Uppsala's new destination The Gardener

This is a rare opportunity to lease a destination hotel in one of the best locations in Uppsala. The property owner Epic Development plans to redevelop the well-known restaurant and entertainment venue Flustret, one of Uppsala's oldest venues with 175 years in business. Together with the redevelopment of the adjacent historical building "Svettis" into a spa and the addition of a new hotel building, the aim is to create Uppsala's new destination, The Gardener.

The Gardener will cover about 17,700 square meters, comprising 208 guest rooms, multiple restaurants and bars, an extensive spa, and excellent meeting and event facilities. It will also have three rooftop terraces with stunning views.

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HOTEL MARKET UPDATE

Welcome to Annordia's monthly market snapshot Hotel Market Update. In this report you'll find important statistical information in respect of the Swedish and Nordic hotel markets.

Annordia has undertaken significant research and analysis of every aspect of the hospitality industry. Over time, we have built comprehensive databases with the latest market information in order to support our consultancy services. We therefore have a unique insight into current market dynamics that we gladly share and which we hope helps to grow your interest in the hotel sector.

TALKING POINTS OF THE MONTH

Some of the key indicators in the hotel market have exhibited a negative trend in April 2023 compared to the previous year. Out of the 25 major municipalities in Sweden, 15 have witnessed a decline in the number of occupied rooms, while 19 have experienced a decrease in their occupancy rates. However, amidst these unfavorable conditions, there are also positive developments to note. The ADR in Sweden at large has increased by 6.9 percent, and 15 out of 25 municipalities have shown a positive growth in their RevPAR.

When examining the macroeconomic indicators, there are both positive and negative trends. Business and household confidence indicators have improved, indicating increased optimism and the unemployment rate has continued to decrease. However, the Swedish Krona has further depreciated against the Euro, reaching its lowest value as per the earliest available statistics.

- Both the confidence indicator for businesses and households increased in May 2023 - see confidence indicators on page 2.

- The value of the Swedish Krona compared to the Euro exhibits the lowest value as per the earliest available statistics – see exchange rates on page 2.

- The unemployment rate has continuously subsided for 42 months – see the unemployment rate on page 2.

- 19 of the 25 largest municipalities had a lower occupancy rate in April 2023 compared to the previous year – see expectations on page 4.

MACRO INDICATORS IN SWEDEN

In May, the confidence indicators saw positive trends. Specifically, the household indicator exhibited a significant growth of 6 percent, whereas the indicator for businesses experienced a more modest increase of 2 percent. However, the business indicator is still significantly higher with a margin of 21 units.

The depreciation trend of the Krona against the Euro persisted throughout May 2023, with the exchange rate reaching a new low of 11.37 Krona per Euro. This value represents the lowest recorded level as per the earliest available statistics from the Swedish central bank.
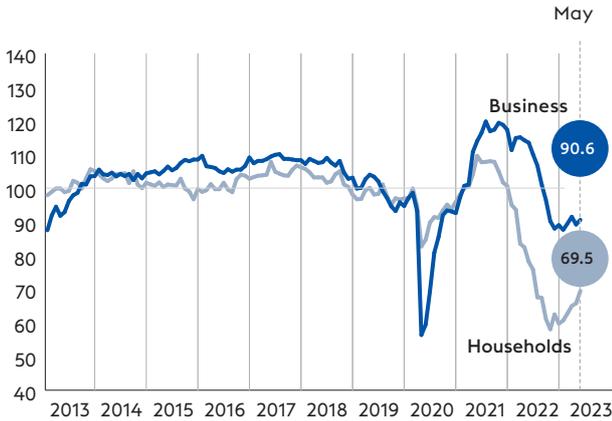
Confidence indicators for business and households in Sweden, up to and including May.
Source: The National Institute of Economic Research
Confidence indicators are an overall measure of the overall perceptions and expectations of business and households.
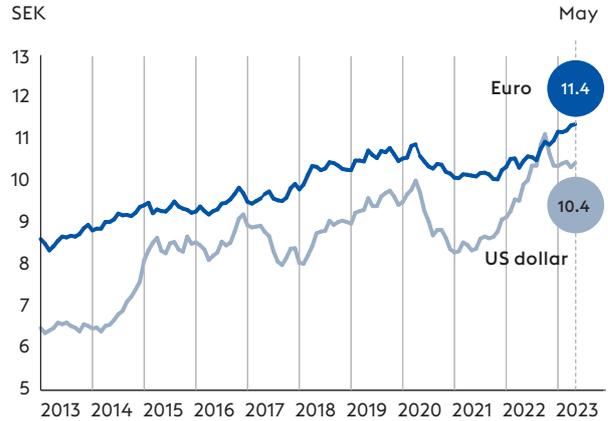
The development of the Swedish Krona against the Euro and the US dollar, up to and including May.
Source: The Central Bank of Sweden

The rate of price increase, according to CPI, continued to subside in May 2023 and is now exhibiting a value of 9.7 percent. Since the onset of this decline, the inflation has receded by 2.3 percental units.

The unemployment rate, according to trend, continued to decrease in April 2023 to roughly 7.2 percent which is the 42nd consecutive month of continued decline.
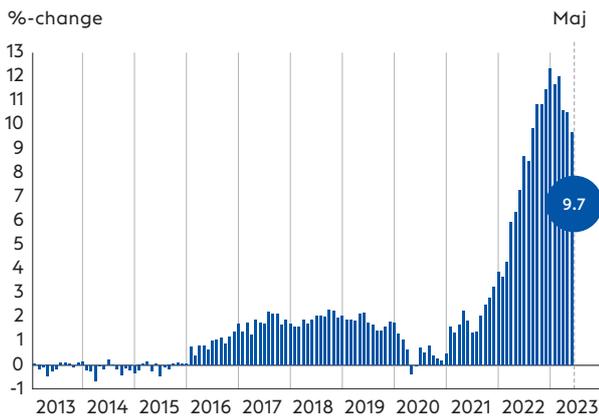
The inflation rate (CPI) in the Swedish economy, up to and including May.
Source: Statistics Sweden
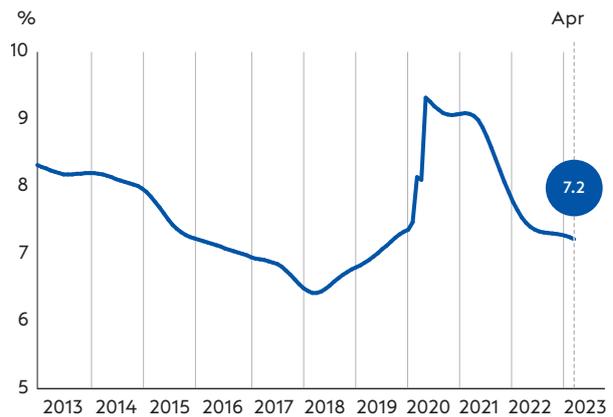
Unemployment (trend) as a percentage of the Swedish market up to and including April.
Source: The laborforce survey (Statistics Sweden)

9.7%

MAY INFLATION RATE

SWEDISH HOTEL MARKET SUMMARY

The anticipated demand for hotel services has shown a slight improvement compared to the previous month. Approximately 40 percent of hotels foresee an upturn in demand, while around 30 percent expect a decline.

Net balance

Seasonally adjusted
Smoothed seasonally adjusted
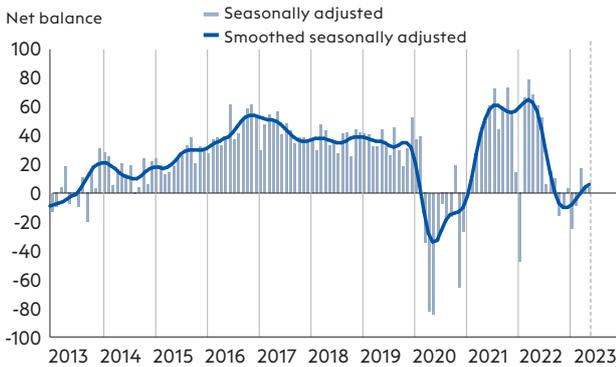
Swedish hotel companies' expectations of demand for their services in the next 3 months, up to and including May.
Source: The National Institute of Economic Research
Net balance: See definitions on page 8

The GDP is forecasted to increase in the 3rd quarter of 2024, signaling the onset of an economic recovery subsequent to the projected recession in 2023/2024. Historically, the connection between GDP and the hotel industry has been strong.

%-change

Rooms sold
GDP volume seasonally adjusted

Forecast NIER
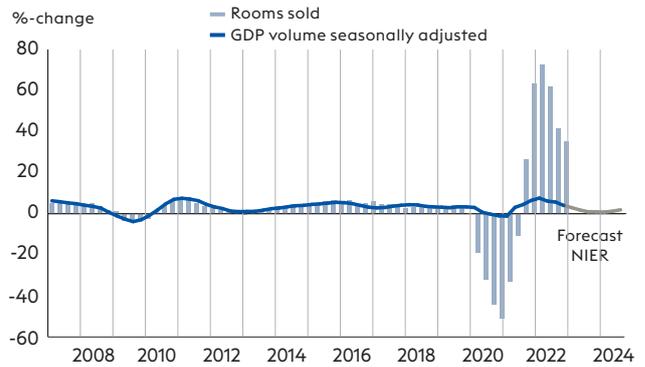
Development of occupied hotel rooms and GDP (volume) in Sweden, 4-quarter rolling averages.
Source: The Swedish Growth Agency/Statistics Sweden & the National Institute of Economic Research

In the period January to April 2023, the RevPAR experienced a notable increase of 29.4 percent, while the number of rooms sold saw a substantial rise of 21.2 percent compared to the same period in 2022.

%-change

Rooms sold   Occupancy
Rooms available   ADR
                    RevPAR
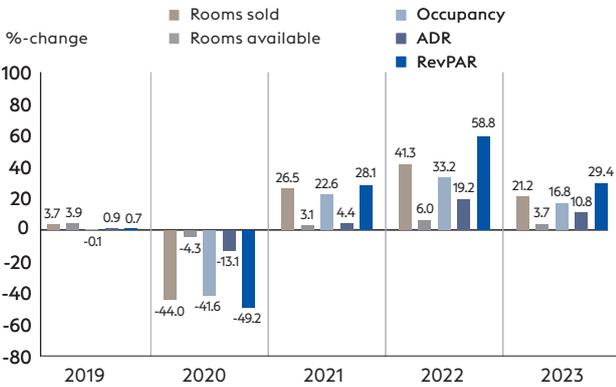
Development of key performance indicators in the Swedish hotel market, compared with the previous year, up to and including April.
Source: The Swedish Growth Agency/Statistics Sweden

The conference segment year-to-date 2023 compared to the same period in 2022 increased by 68.1 percent which mainly can be derived from Covid-19 restrictions. Compared to the same period in 2019, the conference segment decreased by 5.1 percent.

%-change   Corporate   Conference   Leisure
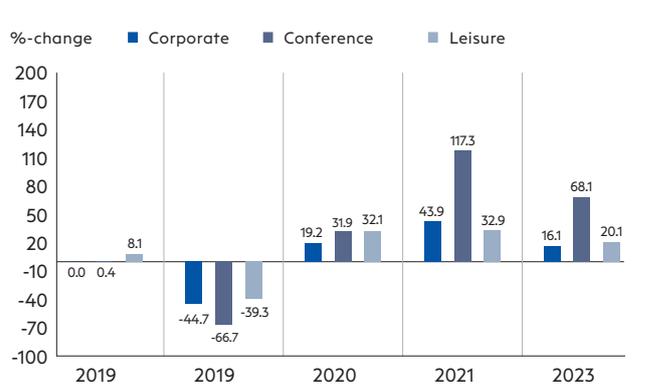
Percentage change of occupied hotel rooms by demand segmentation in the Swedish hotel market compared with the previous year, up to and including April.
Source: The Swedish Growth Agency/Statistics Sweden

Leisure Guests:
3,722,000 (48.4%)

Corporate Guests:
3,327,000 (43.2%)

Conference Guests:
646,000 (8.4%)
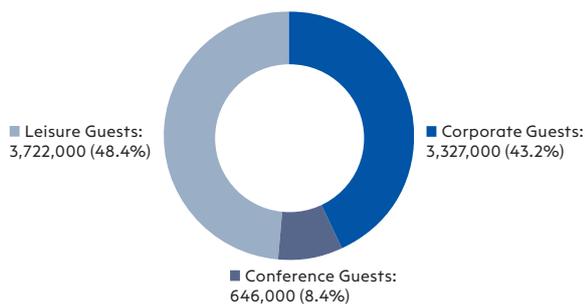
The business segment accounted for 51.6 percent of the occupied rooms in Sweden year-to-date 2023.

Distribution of occupied hotel rooms between different demand segments in the Swedish hotel market, Jan-Apr 2023.
Source: The Swedish Growth Agency/Statistics Sweden

TRENDS IN SWEDEN'S 25 LARGEST HOTEL MUNICIPALITIES

					MONTH APRIL								
	ROOMS SOLD			OCCUPANCY			ADR			REVPAR			
	2023	2022		2023	2022		2023	2022		2023	2022		
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE	SEK	SEK	%-CHANGE	
STOCKHOLM	439	442	-0.6	64.3	65.2	-1.3	1,305	1,179	10.7	839	768	9.2	
GOTHENBURG	194	181	7.1	63.0	64.7	-2.7	1,113	1,076	3.5	701	696	0.7	
MALMÖ	103	93	10.4	63.6	59.6	6.8	955	898	6.5	608	535	13.7	
SIGTUNA	57	59	-4.6	57.3	59.6	-3.9	1,018	946	7.7	583	563	3.5	
SOLNA	44	43	3.4	50.9	45.9	10.9	969	943	2.8	493	433	14.0	
JÖNKÖPING	34	35	-5.3	50.5	59.0	-14.5	1,053	1,017	3.5	531	601	-11.5	
HELSINGBORG	35	31	13.9	55.9	53.7	4.1	1,007	970	3.8	563	521	8.0	
UMEÅ	33	35	-5.6	52.7	62.4	-15.6	885	819	8.0	466	511	-8.8	
UPPSALA	33	34	-3.9	60.9	64.7	-5.8	1,056	907	16.4	643	587	9.6	
LINKÖPING	32	35	-10.0	51.7	58.6	-11.9	917	824	11.3	474	483	-2.0	
LUND	26	26	1.2	49.7	48.4	2.6	1,051	939	11.9	522	455	14.8	
KARLSTAD	25	25	1.4	60.5	61.0	-0.8	1,031	977	5.5	624	596	4.7	
ÖREBRO	31	29	9.0	63.9	61.4	4.1	1,130	1,002	12.8	722	615	17.4	
VÄSTERÅS	30	32	-5.5	68.0	71.5	-4.8	1,093	1,016	7.6	743	726	2.4	
SUNDSVALL	26	28	-5.9	49.0	52.7	-7.0	896	855	4.9	439	450	-2.5	
NORRKÖPING	24	26	-6.5	50.7	53.7	-5.5	1,059	1,012	4.7	537	543	-1.1	
LULEÅ	16	19	-14.2	44.2	51.5	-14.2	967	841	15.0	427	434	-1.4	
GOTLAND	16	17	-5.8	35.6	42.0	-15.3	890	858	3.7	317	360	-12.1	
NACKA	21	19	9.1	49.8	53.3	-6.6	1,298	1,337	-2.9	647	713	-9.3	
HALMSTAD	21	23	-12.2	46.1	54.2	-14.8	1,136	1,101	3.3	524	596	-12.1	
GÄVLE	20	18	10.2	64.3	58.3	10.3	999	957	4.4	643	558	15.2	
ÖSTERSUND	14	15	-4.5	50.9	53.8	-5.4	932	845	10.3	475	455	4.4	
VÄXJÖ	16	17	-8.4	56.8	61.2	-7.2	1,029	971	6.0	584	594	-1.7	
KALMAR	15	16	-3.2	57.0	60.1	-5.2	940	880	6.9	536	529	1.4	
SÖDERTÄLJE	17	14	17.3	53.1	53.5	-0.8	1,017	910	11.8	540	487	10.8	
SWEDEN	2,019	2,027	-0.4	52.1	54.0	-3.5	1,113	1,041	6.9	580	563	3.1	

The most positive rates of change for each respective variable are highlighted in grey.

Source: The Swedish Agency for Economic and Regional Growth/Statistics Sweden

	YEAR-TO-DATE JANUARY – APRIL											
	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2023	2022		2023	2022		2023	2022		2023	2022	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE	SEK	SEK	%-CHANGE
STOCKHOLM	1,600	1,270	26.0	59.4	47.3	25.5	1,236	1,055	17.2	734	499	47.1
GOTHENBURG	736	520	41.4	60.1	46.8	28.4	1,095	993	10.3	659	465	41.7
MALMÖ	372	274	35.7	59.1	45.0	31.3	938	841	11.6	554	378	46.6
SIGTUNA	227	183	24.2	57.6	46.2	24.5	1,098	903	21.6	632	418	51.4
SOLNA	169	120	39.9	46.4	32.9	41.2	1,022	863	18.4	475	284	67.3
JÖNKÖPING	117	100	17.2	45.8	42.9	6.7	1,008	971	3.8	462	417	10.7
HELSINGBORG	116	93	25.4	47.6	40.8	16.8	950	898	5.8	452	366	23.6
UMEÅ	143	136	5.4	57.0	61.3	-6.9	925	823	12.3	527	505	4.5
UPPSALA	127	109	17.0	59.8	51.9	15.3	959	878	9.3	574	456	26.0
LINKÖPING	126	108	16.3	51.9	46.2	12.4	888	788	12.6	460	364	26.5
LUND	96	79	20.6	47.8	39.1	22.4	1,003	862	16.4	480	337	42.5
KARLSTAD	98	82	18.6	58.2	50.3	15.7	973	906	7.5	566	455	24.3
ÖREBRO	113	86	32.1	58.5	49.5	18.2	1,046	963	8.7	613	477	28.4
VÄSTERÅS	113	107	6.3	65.2	60.7	7.4	1,071	916	16.9	698	556	25.5
SUNDSVALL	104	94	10.7	49.2	43.9	11.9	918	858	7.0	451	377	19.7
NORRKÖPING	85	75	13.8	46.2	40.5	14.0	980	937	4.5	452	379	19.2
LULEÅ	103	73	40.4	63.3	49.7	27.3	990	836	18.5	627	416	50.8
GOTLAND	46	42	10.1	32.2	34.5	-6.9	791	810	-2.2	255	280	-9.0
NACKA	77	57	37.0	46.4	40.8	13.9	1,418	1,344	5.5	659	548	20.2
HALMSTAD	75	67	11.2	45.7	40.3	13.3	1,080	1,045	3.3	494	422	17.1
GÄVLE	79	70	13.2	62.0	55.6	11.6	983	930	5.7	610	517	18.0
ÖSTERSUND	71	54	30.1	64.0	50.9	25.7	956	838	14.0	612	427	43.4
VÄXJÖ	65	55	16.8	59.2	51.1	16.0	1,028	941	9.3	609	480	26.7
KALMAR	52	47	9.8	51.0	46.8	9.1	932	837	11.4	476	392	21.5
SÖDERTÄLJE	55	41	35.8	44.4	39.8	11.6	1,020	864	18.0	453	344	31.6
SWEDEN	7,694	6,356	21.1	50.6	43.3	16.8	1,093	987	10.8	553	427	29.4

The most positive rates of change for each respective variable are highlighted in grey.

Source: The Swedish Agency for Economic and Regional Growth/Statistics Sweden

	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2023	2022		2023	2022		2023	2022		2023	2022	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE	SEK	SEK	%-CHANGE
STOCKHOLM	5,620	3,812	47.4	67.9	48.5	39.9	1,332	999	33.3	904	485	86.5
GOTHENBURG	2,519	1,732	45.4	69.3	51.7	34.0	1,298	1,035	25.4	899	535	68.1
MALMÖ	1,276	906	40.9	66.1	49.0	35.0	977	840	16.3	646	411	57.0
SIGTUNA	764	495	54.4	62.9	40.9	53.8	1,048	874	20.0	660	357	84.6
SOLNA	573	344	66.4	51.3	32.0	60.3	1,010	798	26.5	518	255	102.8
JÖNKÖPING	441	340	29.7	57.1	49.8	14.6	1,104	948	16.5	631	472	33.5
HELSINGBORG	436	341	27.7	57.7	49.0	17.7	1,122	947	18.5	648	464	39.5
UMEÅ	462	424	9.0	63.2	62.8	0.7	905	773	17.1	572	485	17.9
UPPSALA	423	334	26.6	65.1	52.0	25.3	977	806	21.2	636	419	51.8
LINKÖPING	429	359	19.6	58.4	50.8	15.0	903	756	19.5	527	384	37.3
LUND	344	272	26.5	54.1	45.0	20.2	1,028	856	20.2	556	385	44.4
KARLSTAD	332	260	27.7	65.7	52.4	25.3	1,019	877	16.2	670	460	45.6
ÖREBRO	362	283	27.8	62.6	53.6	16.9	1,072	926	15.8	671	496	35.4
VÄSTERÅS	371	324	14.5	69.5	61.2	13.6	1,043	930	12.2	725	569	27.5
SUNDSVALL	365	323	13.0	56.4	50.1	12.5	907	825	9.9	511	414	23.6
NORRKÖPING	326	274	18.7	56.4	50.3	12.1	1,141	1,050	8.7	643	528	21.8
LULEÅ	298	245	21.4	63.9	55.7	14.7	928	818	13.5	593	456	30.2
GOTLAND	291	268	8.6	52.9	52.6	0.5	1,329	1,228	8.3	703	646	8.8
NACKA	282	193	46.4	57.6	44.1	30.7	1,425	1,319	8.0	821	582	41.1
HALMSTAD	285	255	12.0	55.3	51.4	7.5	1,211	1,166	3.8	669	599	11.7
GÄVLE	255	242	5.5	65.6	63.1	3.9	1,021	935	9.2	670	590	13.5
ÖSTERSUND	224	185	20.9	67.5	56.0	20.4	958	834	14.8	646	467	38.3
VÄXJÖ	213	176	20.9	62.8	53.9	16.5	1,020	906	12.6	640	488	31.2
KALMAR	206	184	11.8	64.3	58.9	9.1	1,050	950	10.5	675	559	20.6
SÖDERTÄLJE	180	127	42.1	52.4	43.4	20.7	989	820	20.5	518	356	45.5
SWEDEN	26,812	20,924	28.1	58.0	47.1	23.1	1,147	977	17.4	665	460	44.6

12-MONTH ROLLING AVERAGE MARCH – APRIL

The most positive rates of change for each respective variable are highlighted in grey.
Source: The Swedish Agency for Economic and Regional Growth/Statistics Sweden

NORDIC HOTEL MARKET – COUNTRIES AND CAPITAL CITIES

MONTH APRIL												
	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2023	2022		2023	2022		2023	2022		2023	2022	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE*	SEK	SEK	%-CHANGE*
SWEDEN	2,019	2,027	**-0.4**	52.1	54.0	**-3.5**	1,113	1,041	**6.9**	580	563	**3.1**
DENMARK	1,097	1,047	**4.7**	56.0	56.0	**0.0**	N/A	N/A	**N/A**	N/A	N/A	**N/A**
FINLAND	770	781	**-1.4**	44.7	45.7	**-2.2**	1,148	1,004	**4.2**	513	459	**1.9**
NORWAY	1,134	1,140	**-0.5**	43.3	45.5	**-4.7**	1,208	1,222	**7.5**	524	556	**2.5**
STOCKHOLM	439	442	**-0.6**	64.3	65.2	**-1.3**	1,305	1,179	**10.7**	839	768	**9.2**
COPENHAGEN	498	429	**16.0**	69.0	62.0	**11.3**	N/A	N/A	**N/A**	N/A	N/A	**N/A**
HELSINKI	167	164	**1.8**	45.4	47.5	**-4.4**	1,206	1,035	**6.2**	548	492	**1.5**
OSLO	253	225	**12.7**	55.3	55.5	**-0.4**	1,321	1,353	**6.2**	730	751	**5.7**

Source: The Swedish Agency for Economic and Regional Growth/Statistics Sweden, Statistics Norway, Statistics Denmark, Statistics Finland
*Changes in ADR and RevPAR are as per the respective changes in local currencies

YEAR-TO-DATE JANUARY – APRIL												
	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2023	2022		2023	2022		2023	2022		2023	2022	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE*	SEK	SEK	%-CHANGE*
SWEDEN	7,694	6,349	**21.2**	50.6	43.3	**16.9**	1,093	988	**10.7**	553	427	**29.4**
DENMARK	3,649	3,058	**19.3**	48.2	42.8	**12.6**	N/A	N/A	**N/A**	N/A	N/A	**N/A**
FINLAND	3,359	2,733	**22.9**	48.7	40.7	**19.5**	1,239	1,052	**7.3**	603	429	**28.2**
NORWAY	4,722	3,986	**18.5**	45.7	39.7	**15.3**	1,189	1,149	**12.5**	544	456	**29.7**
STOCKHOLM	1,600	1,270	**26.1**	59.4	47.3	**25.6**	1,236	1,055	**17.2**	734	499	**47.1**
COPENHAGEN	1,592	1,179	**35.1**	55.6	44.2	**25.7**	N/A	N/A	**N/A**	N/A	N/A	**N/A**
HELSINKI	683	449	**52.0**	46.0	33.3	**38.2**	1,204	1,027	**6.8**	554	342	**47.5**
OSLO	985	718	**37.1**	53.9	43.0	**25.4**	1,241	1,192	**13.3**	669	512	**42.0**

Source: The Swedish Agency for Economic and Regional Growth/Statistics Sweden, Statistics Norway, Statistics Denmark, Statistics Finland
*Changes in ADR and RevPAR are as per the respective changes in local currencies

12-MONTH ROLLING AVERAGE MARCH – APRIL

	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2023	2022		2023	2022		2023	2022		2023	2022	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE*	SEK	SEK	%-CHANGE*
SWEDEN	26,812	20,917	**28.2**	58.0	47.1	**23.1**	1,147	977	**17.4**	665	460	**44.6**
DENMARK	13,663	10,511	**30.0**	59.0	47.4	**24.3**	N/A	N/A	**N/A**	N/A	N/A	**N/A**
FINLAND	10,960	8,827	**24.2**	52.2	44.1	**18.3**	1,220	1,003	**10.8**	636	442	**31.1**
NORWAY	16,729	13,155	**27.2**	52.6	44.5	**18.1**	1,211	1,164	**13.1**	637	518	**33.7**
STOCKHOLM	5,620	3,812	**47.4**	67.9	48.5	**39.9**	1,332	999	**33.3**	904	485	**86.5**
COPENHAGEN	5,818	3,575	**62.8**	67.0	44.9	**49.3**	N/A	N/A	**N/A**	N/A	N/A	**N/A**
HELSINKI	2,505	1,505	**66.4**	55.6	37.3	**48.9**	1,281	998	**16.9**	712	373	**74.1**
OSLO	3,434	2,104	**63.2**	63.4	45.5	**39.4**	1,344	1,147	**27.4**	853	522	**77.6**

Source: The Swedish Agency for Economic and Regional Growth/Statistics Sweden, Statistics Norway, Statistics Denmark, Statistics Finland
*Changes in ADR and RevPAR are as per the respective changes in local currencies

DEFINITIONS

Net balance: Net balance is the difference between the number of positive versus negative responses received from hotels regarding their demand expectations for their services.

Occupancy: Rooms sold/Available rooms.

ADR: Accommodation revenue/Rooms sold.

RevPAR: Occupancy x ADR.

N/A: Not available.

9.2%

INCREASE IN REVPAR
IN STOCKHOLM, APRIL 2023/2022

ROOMS SOLD IN THE NORDICS IN APRIL

%-change compared
to the corresponding
month last year.

FINLAND
-1.4

SWEDEN
-0.4

NORWAY
-0.5

DENMARK
+4.7

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