

# HOTEL MARKET UPDATE

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NORDIC HOTEL MARKET TRENDS AND ECONOMIC INDICATORS

Nov/20



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# Valuation and The Good Hotel Investment

Annordia carries out valuations of hotel properties, portfolios of hotels and hotel development projects. Our unique expertise and market knowledge differentiates us from other valuation providers. As hotel specialists rather than generalists that may value a mere handful of hotels annually, we have a deep understanding of the underlying value drivers and have a host of data to draw upon. We provide property valuations for a variety of purposes, including acquisitions, year-end accounting and secured lending.

Give us a call and we'll tell you more.

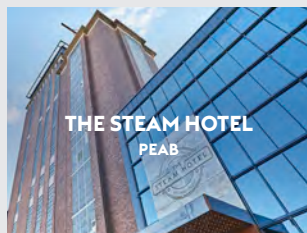
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**PHILIP RIST, DIRECTOR, MRICS.**

RICS REGISTERED VALUER AND MEMBER OF SAMHÄLLSBYGGARNA.

15 YEARS' PROFESSIONAL EXPERIENCE OF VALUING HOTELS ACROSS THE EMEA REGION AND PREVIOUS EXPERIENCE FROM CBRE, COLLIERS AND DTZ.



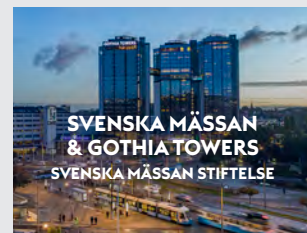
## Market analysis

Establish the feasibility of a potential hotel investment.



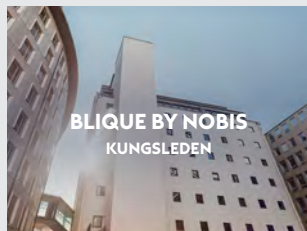
## Concept development

Hotel planning and optimisation based on market characteristics.



## Lease advisory

Adding value in rent review, lease renewals and valuations.



## Operator search

Recruitment of suitable hotel operators on favourable terms.



## Valuation

For acquisitions, year-end accounting and secured lending.



## Transaction advisory

For owners and operators in the hospitality industry.

## 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, which we hope helps to grow your interest in the hotel sector.

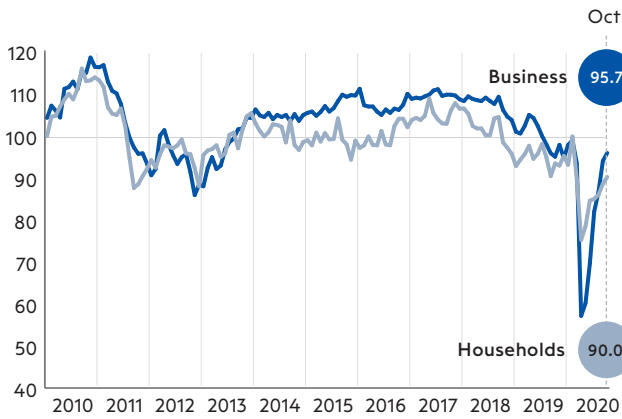
### POINTS OF THE MONTH

Demand for hotel rooms in Sweden suffered a slight setback in September compared to July and August. This development was expected due to reduced leisure travel after the traditional summer holiday period, whilst restrictions on meeting sizes and recommendations to work from home remain in place. The Covid-19 pandemic continues to have a less severe impact on hotel room demand in regional cities than in Stockholm, Gothenburg and Malmö.

- The confidence indicators of both businesses and households increased in October. Since the publishing of the confidence indicators, several Swedish regions have rolled out local Covid-19 measures. See confidence indicators on page 2.
- Hotel companies' expectations of demand for hotel services over the forthcoming three months was positive in October. A larger proportion of hotel companies believed in higher demand than the proportion who believed in lower demand - see hotel companies' expectations on page 3.
- The regional cities continue to perform better than the larger cities relative to last year. Gävle recorded a RevPAR decrease of -12 percent in September, which was the least negative development of all 25 largest hotel municipalities - see page 4.
- Demand for hotel rooms across the Nordic countries fell by 41 percent in September compared with September 2019 - see page 7.
- Helsinki's RevPAR dropped by more than 80 percent in September compared to September 2019 - see page 7.

## MACRO INDICATORS IN SWEDEN

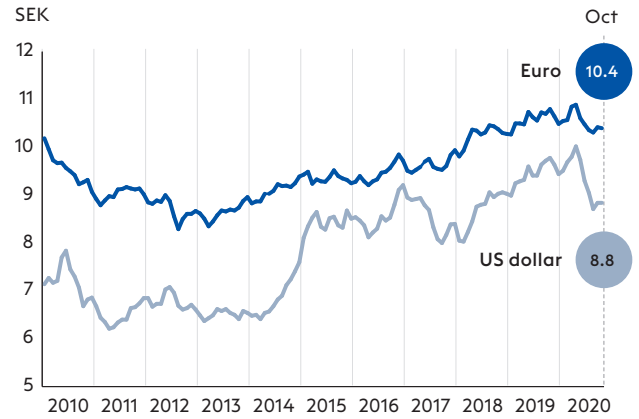
In October, the confidence indicators of both the businesses and the households continued to increase towards their respective historical average. In November, several Swedish regions have rolled out local measures to prevent the spread of Covid-19.



Confidence indicators for business and households in Sweden, up to and including October.

Source: The National Institute of Economic Research  
Confidence indicators are an overall measure of the overall perceptions and expectations of business and households.

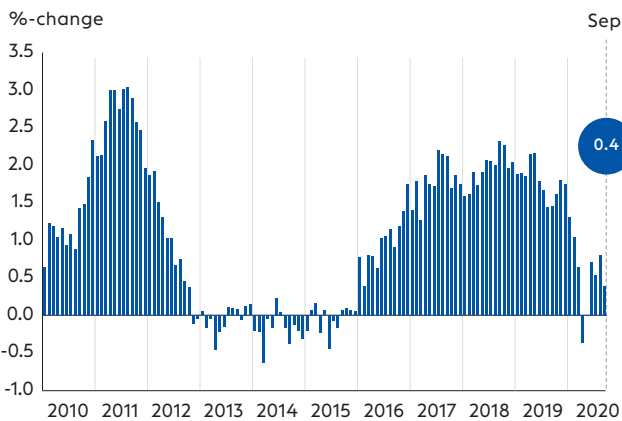
The Swedish crown has strengthened compared to both the US dollar and the Euro during the Covid-19 pandemic. The exchange rates against both currencies only changed marginally in October compared to September.



The development of the Swedish krona against the Euro and the US dollar, up to and including October.

Source: The Central Bank of Sweden

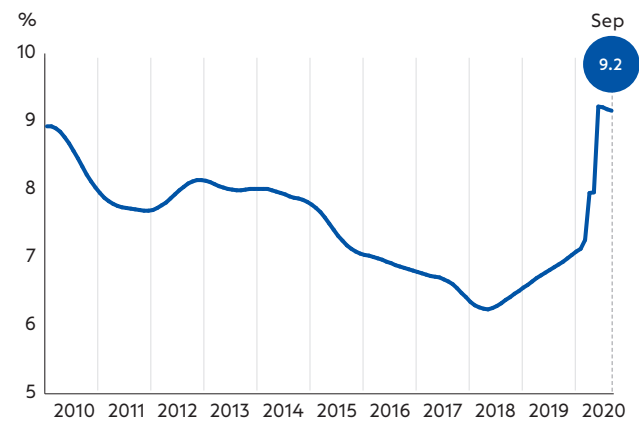
Inflation continues to be well below the central bank's target level of two percent. Inflation was 0.4 percent in September compared with the corresponding month last year.



The inflation rate (CPI) in the Swedish economy, up to and including September.

Source: Statistics Sweden

The Swedish unemployment rate has gone down slightly since the increase between March and June this year. All in all, the unemployment has increased by 2.1 percentage points during 2020.



Unemployment (trend) as a percentage of the Swedish market up to and including September.

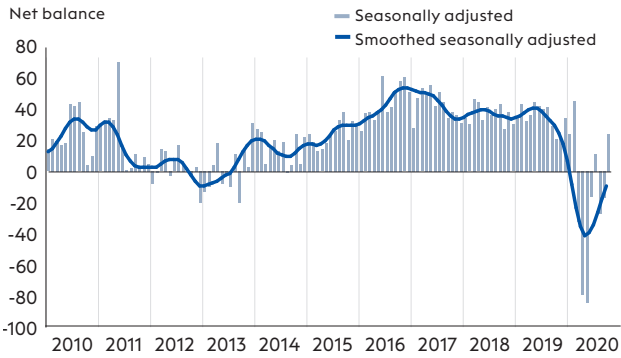
Source: The laborforce survey (Statistics Sweden)

0.4%

SEPTEMBER INFLATION LEVEL

## SWEDISH HOTEL MARKET SUMMARY

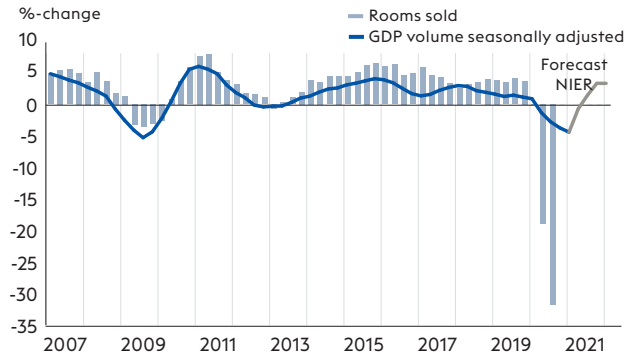
The net balance of the Swedish hotel companies' expectations for demand over the forthcoming three months was positive in October. The surveys were carried out before local Covid-19 measures were rolled out in several regions.



Swedish hotel companies' expectations of demand for their services in the next 3 months, up to and including October.

Source: The National Institute of Economic Research  
Net balance: See definitions on page 8

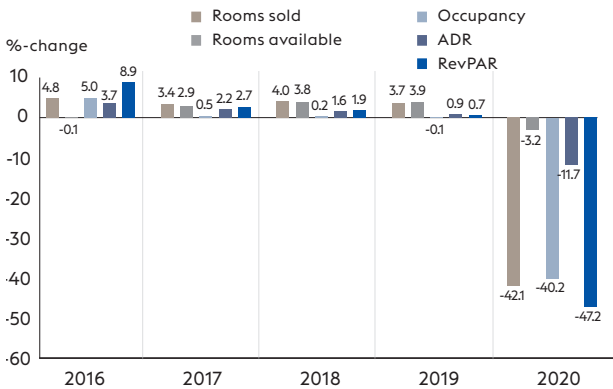
The decline in the hotel market as a result of the Coronavirus pandemic continues to be dramatic in relation to developments in the overall Swedish economy. This is clear from the diagram below.



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

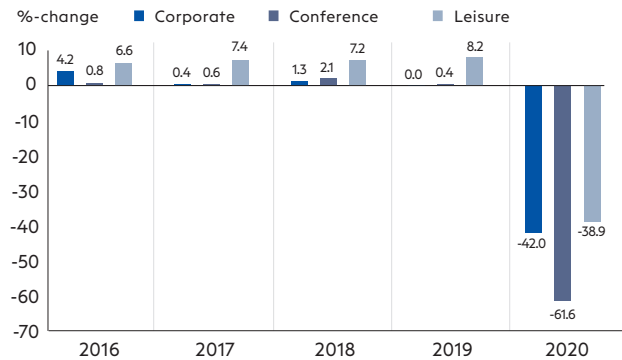
In the first nine months of 2020, RevPAR in Sweden declined by 47 percent compared with 2019. The decline in RevPAR in Stockholm, Gothenburg and Malmö was recorded at 62 percent altogether.



Development of key performance indicators in the Swedish hotel market, compared with the previous year, up to and including September.

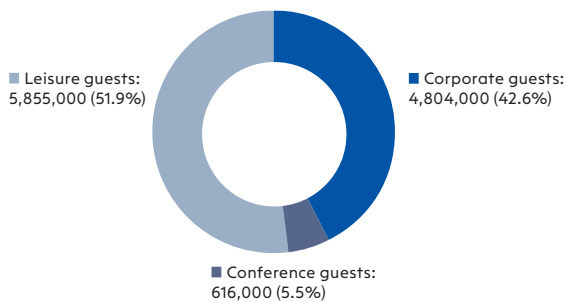
Source: The Swedish Growth Agency/Statistics Sweden

Demand for rooms from corporate and leisure guests has decreased by around 40 percent in the first nine months of 2020. For hotel rooms linked to overnight conferences, the decline was more than 60 percent during the same period.



Percentage change of occupied hotel rooms by demand segmentation in the Swedish hotel market compared with the previous year, up to and including September.

Source: The Swedish Growth Agency/Statistics Sweden



During the pandemic, the share of rooms occupied by the conference segment has declined the most. Just above 600,000 rooms have been occupied by conference guests up to and including September.

Distribution of occupied hotel rooms between different demand segments in the Swedish hotel market, Jan-Sep 2020.

Source: The Swedish Growth Agency/Statistics Sweden

## TRENDS IN SWEDEN'S 25 LARGEST HOTEL MUNICIPALITIES

MONTH SEPTEMBER

	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2020	2019		2020	2019		2020	2019		2020	2019	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE	SEK	SEK	%-CHANGE
STOCKHOLM	213	562	-62.0	32.8	79.9	-58.9	878	1,431	-38.6	288	1,143	-74.8
GOTHENBURG	98	219	-55.1	38.4	78.7	-51.2	862	1,217	-29.2	331	957	-65.4
MALMÖ	54	117	-53.6	37.8	76.2	-50.4	789	955	-17.4	298	728	-59.0
SIGTUNA	27	65	-57.8	27.9	76.5	-63.5	781	1,129	-30.8	218	864	-74.8
SOLNA	24	48	-49.6	37.7	76.6	-50.8	739	1,118	-33.9	278	857	-67.5
JÖNKÖPING	28	41	-32.2	50.4	71.0	-28.9	836	1,068	-21.8	422	758	-44.4
HELSINGBORG	24	38	-35.8	47.2	74.0	-36.3	844	900	-6.3	398	666	-40.2
UMEÅ	30	36	-16.6	55.0	63.0	-12.7	737	862	-14.5	406	544	-25.4
UPPSALA	24	35	-32.8	46.5	69.8	-33.4	826	1,011	-18.2	384	705	-45.6
LINKÖPING	27	38	-27.4	48.7	66.6	-26.9	777	917	-15.3	378	611	-38.1
LUND	20	34	-40.4	46.2	72.2	-35.9	840	1,054	-20.3	388	760	-49.0
KARLSTAD	20	31	-34.6	51.0	77.0	-33.8	816	937	-12.9	416	721	-42.3
ÖREBRO	24	33	-26.4	54.2	72.5	-25.2	840	957	-12.2	455	694	-34.4
VÄSTERÅS	22	30	-27.6	51.9	69.9	-25.8	931	1,004	-7.3	483	702	-31.2
SUNDSVALL	25	28	-8.1	52.2	60.5	-13.7	768	904	-15.0	401	546	-26.6
NORRKÖPING	20	27	-25.7	44.8	57.2	-21.5	999	1,032	-3.2	448	590	-24.0
LULEÅ	16	22	-24.5	49.6	64.8	-23.3	787	893	-11.9	391	578	-32.4
GOTLAND	23	25	-11.4	44.9	53.6	-16.3	914	1,003	-8.9	410	537	-23.7
NACKA	12	23	-48.3	35.1	66.4	-47.2	1,161	1,360	-14.7	407	903	-54.9
HALMSTAD	18	21	-12.6	53.3	62.5	-14.8	1,122	1,195	-6.1	597	747	-20.0
GÄVLE	18	20	-7.2	58.7	63.6	-7.6	904	944	-4.3	531	601	-11.6
ÖSTERSUND	13	19	-29.4	46.8	65.9	-28.9	712	895	-20.4	333	590	-43.5
VÄXJÖ	13	18	-29.2	50.3	64.6	-22.0	808	949	-14.9	407	613	-33.6
KALMAR	16	19	-15.5	62.7	71.5	-12.4	881	923	-4.6	552	660	-16.4
SÖDERTÄLJE	9	16	-41.9	41.0	64.9	-36.9	765	1,070	-28.5	313	694	-54.9
SWEDEN	1,443	2,361	-38.9	40.3	64.4	-37.4	886	1,121	-20.9	357	721	-50.5

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 – SEPTEMBER

	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2020	2019		2020	2019		2020	2019		2020	2019	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE	SEK	SEK	%-CHANGE
STOCKHOLM	1,823	4,576	-60.2	31.7	72.2	-56.0	964	1,245	-22.5	306	898	-65.9
GOTHENBURG	876	1,846	-52.6	37.6	73.4	-48.8	917	1,116	-17.8	344	818	-57.9
MALMÖ	507	970	-47.7	37.7	70.4	-46.5	794	845	-6.0	299	595	-49.7
SIGTUNA	237	504	-53.0	28.1	68.9	-59.2	888	1,034	-14.1	250	713	-65.0
SOLNA	196	389	-49.6	33.2	68.4	-51.4	784	963	-18.6	260	659	-60.5
JÖNKÖPING	201	327	-38.5	40.6	63.0	-35.5	842	887	-5.1	342	558	-38.7
HELSINGBORG	200	305	-34.6	43.4	66.4	-34.6	862	892	-3.4	374	592	-36.8
UMEÅ	212	315	-32.8	43.2	60.6	-28.8	750	812	-7.6	324	492	-34.2
UPPSALA	162	275	-41.0	37.9	60.0	-36.8	836	943	-11.4	317	566	-43.9
LINKÖPING	189	295	-35.8	37.9	59.3	-36.1	771	858	-10.2	292	508	-42.6
LUND	148	263	-43.6	39.2	62.7	-37.5	844	949	-11.0	331	595	-44.4
KARLSTAD	151	262	-42.6	41.6	71.5	-41.9	789	841	-6.2	328	602	-45.5
ÖREBRO	170	270	-37.2	44.8	67.6	-33.7	848	904	-6.2	380	611	-37.8
VÄSTERÅS	184	252	-27.1	47.4	64.9	-27.1	922	973	-5.3	436	632	-31.0
SUNDSVALL	178	228	-22.0	41.2	55.9	-26.3	806	878	-8.2	332	490	-32.3
NORRKÖPING	158	236	-33.2	40.1	58.1	-31.0	963	1,040	-7.4	386	604	-36.1
LULEÅ	123	197	-37.7	40.8	65.3	-37.4	810	873	-7.3	331	570	-42.0
GOTLAND	150	223	-32.7	39.9	56.4	-29.3	1,108	1,183	-6.4	442	667	-33.8
NACKA	93	177	-47.8	35.5	58.9	-39.7	1,183	1,242	-4.7	420	732	-42.6
HALMSTAD	136	174	-22.1	43.6	58.8	-25.8	1,228	1,222	0.5	536	718	-25.4
GÄVLE	133	174	-23.5	46.9	62.3	-24.7	882	914	-3.5	414	570	-27.4
ÖSTERSUND	104	164	-36.9	40.8	66.2	-38.4	820	947	-13.4	334	627	-46.7
VÄXJÖ	99	150	-34.5	42.4	58.6	-27.7	857	890	-3.7	364	522	-30.3
KALMAR	112	157	-28.9	50.3	65.2	-22.9	906	968	-6.4	456	631	-27.8
SÖDERTÄLJE	69	131	-47.7	31.7	59.0	-46.2	791	917	-13.8	251	541	-53.6
SWEDEN	11,276	19,460	-42.1	35.5	59.4	-40.2	918	1,040	-11.7	326	618	-47.2

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

## 12-MONTH ROLLING AVERAGE OCTOBER – SEPTEMBER

	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2020	2019		2020	2019		2020	2019		2020	2019	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE	SEK	SEK	%-CHANGE
STOCKHOLM	3,319	6,032	-45.0	42.2	71.8	-41.2	1,076	1,235	-12.9	454	886	-48.8
GOTHENBURG	1,465	2,430	-39.7	46.2	72.7	-36.5	989	1,110	-11.0	456	807	-43.5
MALMÖ	817	1,254	-34.9	45.1	69.0	-34.7	824	847	-2.7	371	584	-36.5
SIGTUNA	403	664	-39.3	36.9	68.6	-46.2	967	1,048	-7.8	357	719	-50.4
SOLNA	324	512	-36.8	41.4	68.0	-39.1	887	976	-9.2	367	664	-44.7
JÖNKÖPING	296	421	-29.7	44.6	61.0	-26.9	893	911	-2.0	398	556	-28.4
HELSINGBORG	290	392	-26.2	47.1	64.2	-26.7	867	878	-1.2	409	564	-27.6
UMEÅ	316	419	-24.6	47.7	60.8	-21.6	780	826	-5.6	372	502	-25.9
UPPSALA	256	370	-30.7	44.0	60.3	-27.1	887	958	-7.4	391	578	-32.5
LINKÖPING	284	386	-26.4	42.6	58.9	-27.6	822	876	-6.2	351	516	-32.1
LUND	234	347	-32.5	45.2	62.5	-27.7	918	959	-4.3	415	600	-30.8
KARLSTAD	230	343	-32.9	47.5	70.2	-32.4	806	845	-4.6	383	594	-35.6
ÖREBRO	256	355	-28.0	49.7	67.0	-25.9	880	910	-3.4	437	610	-28.4
VÄSTERÅS	274	336	-18.5	52.6	65.3	-19.5	944	973	-2.9	497	635	-21.8
SUNDSVALL	255	302	-15.6	44.5	55.3	-19.4	839	880	-4.6	374	486	-23.1
NORRKÖPING	228	305	-25.1	42.9	57.6	-25.4	951	1,004	-5.3	409	578	-29.3
LULEÅ	185	265	-30.3	46.0	66.0	-30.3	838	869	-3.6	385	574	-32.9
GOTLAND	187	261	-28.4	38.6	52.4	-26.3	1,038	1,126	-7.9	401	590	-32.1
NACKA	151	235	-35.6	41.6	58.4	-28.8	1,223	1,250	-2.1	509	730	-30.3
HALMSTAD	183	221	-17.2	44.9	56.7	-20.8	1,200	1,204	-0.3	540	683	-21.0
GÄVLE	193	232	-16.8	51.2	62.0	-17.4	893	911	-1.9	457	565	-19.0
ÖSTERSUND	159	213	-25.3	47.0	64.8	-27.5	860	931	-7.7	404	603	-33.1
VÄXJÖ	149	201	-26.0	46.9	59.0	-20.5	885	903	-2.0	415	532	-22.1
KALMAR	156	202	-22.4	52.0	62.5	-16.7	899	949	-5.3	468	593	-21.1
SÖDERTÄLJE	111	173	-35.8	37.8	58.2	-35.0	869	917	-5.3	329	534	-38.5
SWEDEN	17,281	25,295	-31.7	40.6	58.6	-30.8	958	1,037	-7.6	389	608	-36.1

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



## NORDIC HOTEL MARKET – COUNTRIES AND CAPITAL CITIES

### MONTH SEPTEMBER

	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2020	2019		2020	2019		2020	2019		2020	2019	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE*	SEK	SEK	%-CHANGE*
<b>SWEDEN</b>	1,443	2,361	<b>-38.9</b>	40.3	64.4	<b>-37.4</b>	886	1,121	<b>-20.9</b>	357	721	<b>-50.5</b>
<b>DENMARK</b>	603	1,073	<b>-43.8</b>	38.0	71.0	<b>-46.5</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>FINLAND</b>	574	971	<b>-40.9</b>	37.1	59.4	<b>-37.5</b>	880	1,113	<b>-18.8</b>	326	661	<b>-49.3</b>
<b>NORWAY</b>	902	1,567	<b>-42.4</b>	36.0	60.5	<b>-40.5</b>	927	1,071	<b>-3.7</b>	334	648	<b>-42.7</b>
<b>STOCKHOLM</b>	213	562	<b>-62.0</b>	32.8	79.9	<b>-58.9</b>	878	1,431	<b>-38.6</b>	288	1,143	<b>-74.8</b>
<b>COPENHAGEN</b>	162	490	<b>-67.0</b>	27.0	85.0	<b>-68.2</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>HELSINKI</b>	66	254	<b>-74.2</b>	25.1	82.6	<b>-69.6</b>	911	1,479	<b>-36.7</b>	229	1,222	<b>-80.8</b>
<b>OSLO</b>	125	343	<b>-63.6</b>	29.0	76.8	<b>-62.2</b>	833	1,201	<b>-22.8</b>	241	922	<b>-70.8</b>

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 – SEPTEMBER

	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2020	2019		2020	2019		2020	2019		2020	2019	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE*	SEK	SEK	%-CHANGE*
<b>SWEDEN</b>	11,276	19,460	<b>-42.1</b>	35.5	59.4	<b>-40.2</b>	918	1,040	<b>-11.7</b>	326	618	<b>-47.2</b>
<b>DENMARK</b>	4,373	8,430	<b>-48.1</b>	31.4	63.4	<b>-50.5</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>FINLAND</b>	4,890	8,446	<b>-42.1</b>	39.6	56.7	<b>-30.1</b>	976	1,044	<b>-4.0</b>	387	592	<b>-32.9</b>
<b>NORWAY</b>	7,786	12,977	<b>-40.0</b>	40.8	57.8	<b>-29.4</b>	966	1,065	<b>1.0</b>	395	616	<b>-28.6</b>
<b>STOCKHOLM</b>	1,823	4,576	<b>-60.2</b>	31.7	72.2	<b>-56.0</b>	964	1,245	<b>-22.5</b>	306	898	<b>-65.9</b>
<b>COPENHAGEN</b>	1,455	3,831	<b>-62.0</b>	27.0	77.3	<b>-65.1</b>	N/A	N/A	N/A	N/A	N/A	N/A
<b>HELSINKI</b>	783	2,067	<b>-62.1</b>	39.2	74.8	<b>-47.6</b>	1,019	1,218	<b>-14.1</b>	400	911	<b>-55.0</b>
<b>OSLO</b>	1,212	2,705	<b>-55.2</b>	40.1	71.3	<b>-43.8</b>	881	1,139	<b>-13.9</b>	353	812	<b>-51.6</b>

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 OCTOBER – SEPTEMBER

	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2020	2019		2020	2019		2020	2019		2020	2019	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE*	SEK	SEK	%-CHANGE*
SWEDEN	17,281	25,295	-31.7	40.6	58.6	-30.8	958	1,037	-7.6	389	608	-36.1
DENMARK	6,939	10,899	-36.3	37.7	62.2	-39.4	N/A	N/A	N/A	N/A	N/A	N/A
FINLAND	7,583	11,043	-31.3	43.8	55.8	-21.5	1,012	1,045	-0.6	443	583	-21.9
NORWAY	11,442	16,360	-30.1	43.3	55.9	-22.5	957	1,056	0.9	415	590	-21.8
STOCKHOLM	3,319	6,032	-45.0	42.2	71.8	-41.2	1,076	1,235	-12.9	454	886	-48.8
COPENHAGEN	2,706	5,020	-46.1	37.9	76.6	-50.6	N/A	N/A	N/A	N/A	N/A	N/A
HELSINKI	1,479	2,724	-45.7	50.2	75.0	-33.0	1,123	1,210	-4.8	564	908	-36.2
OSLO	2,082	3,441	-39.5	48.1	70.5	-31.8	928	1,134	-8.9	447	800	-37.9

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.

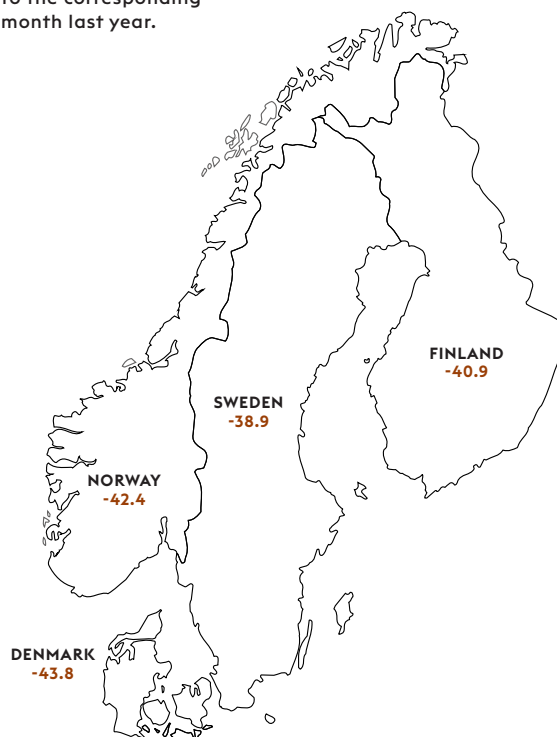
**ADR:** Accommodation revenue/Rooms sold.

**RevPAR:** Occupancy x ADR.

**N/A:** Not available.

## ROOMS SOLD IN THE NORDICS IN SEPTEMBER

%-change compared to the corresponding month last year.



**-81%**

DECREASE IN REVPAR IN  
HELSINKI, SEPTEMBER 2020

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Please contact us if you want to know more.

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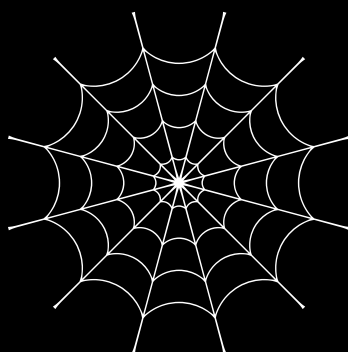
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