

HOTEL MARKET UPDATE

NORDIC HOTEL MARKET TRENDS AND ECONOMIC INDICATORS

Dec/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.

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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.



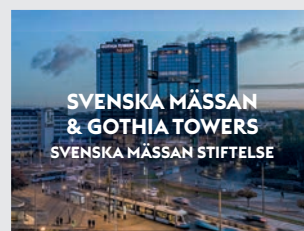
Market analysis

Establish the feasibility of a potential hotel investment.



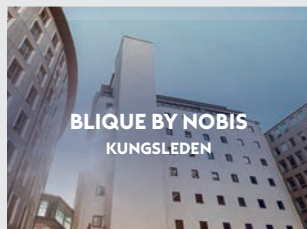
Concept development

Hotel planning and optimisation based on market characteristics.



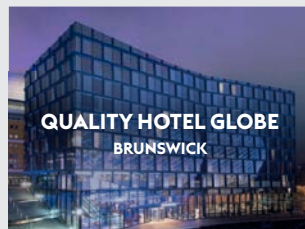
Lease advisory

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.

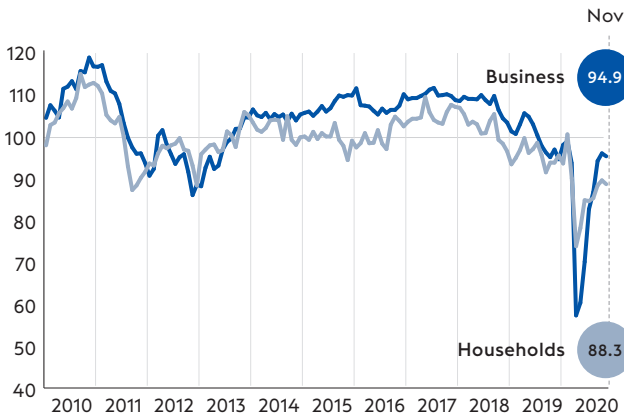
POINTS OF THE MONTH

The autumn holidays contributed to increased travel in October and slightly improved demand for hotel rooms in Sweden compared to the previous month. However, the restrictions on meeting sizes and recommendations to work from home are still in place which continues to have a negative impact on demand for travel and hotel rooms.

- The confidence indicators of both businesses and households remained unchanged in November compared to October. See confidence indicators on page 2.
- Hotel companies' expectations of demand for hotel services over the forthcoming three months was very negative in November. This development was expected due to an increased spread of Covid-19 and further measures imposed by the Swedish authorities – see hotel companies' expectations on page 3.
- The autumn holidays increased travel to Gotland which as a result recorded a RevPAR increase of 17 percent in October compared with the corresponding month last year. It was the most positive development of all 25 largest hotel municipalities - see page 4.
- Norway witnessed an increase in ADR of 0.5 percent in the first ten months of 2020, despite the ongoing pandemic - see page 7.
- Demand for hotel rooms in Helsinki fell by 74 percent in October compared to October 2019 - see page 7.

MACRO INDICATORS IN SWEDEN

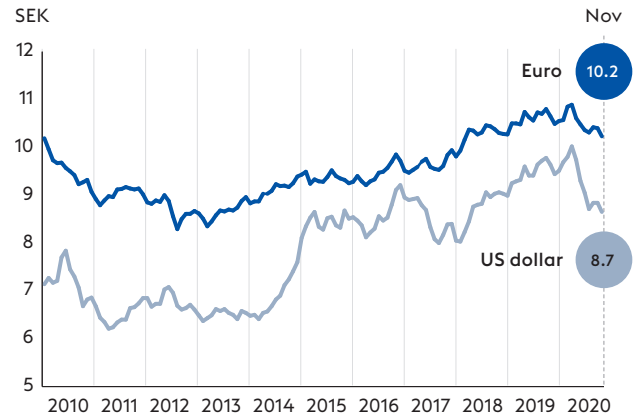
In November, the confidence indicators of both businesses and households suffered a slight setback from the previous month. The level for households is still well below the historical average.



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

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

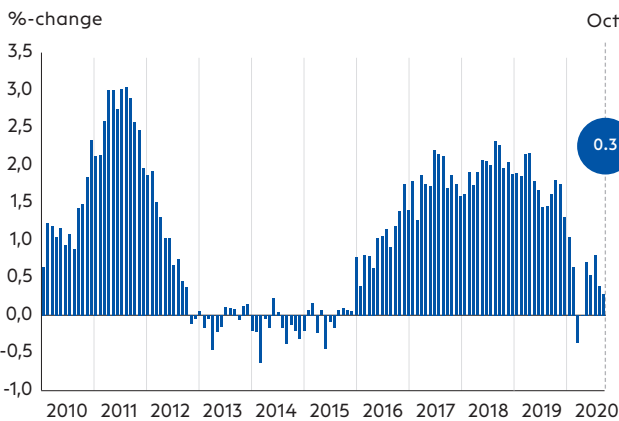
The Swedish crown has strengthened compared to both the US dollar and the Euro during the Covid-19 pandemic. The exchange rates against both currencies only changed marginally in November compared to October.



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

Source: The Central Bank of Sweden

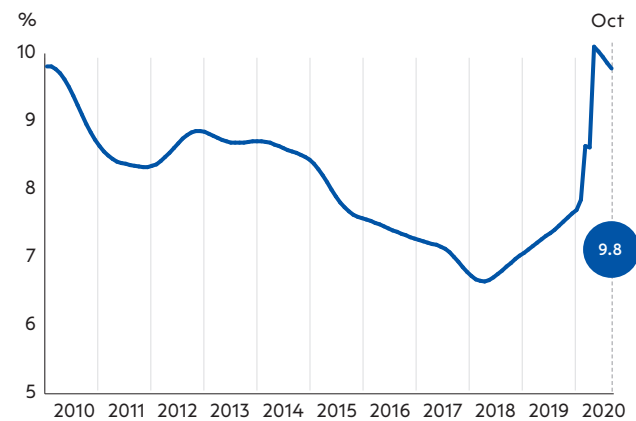
Inflation was 0.3 percent in October compared with the corresponding month last year and continues to be well below the central bank's target level of two percent.



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

Source: Statistics Sweden

The Swedish unemployment rate has slightly improved in October compared to September. However, the unemployment rate remains at a high level of 9.8 percent.



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

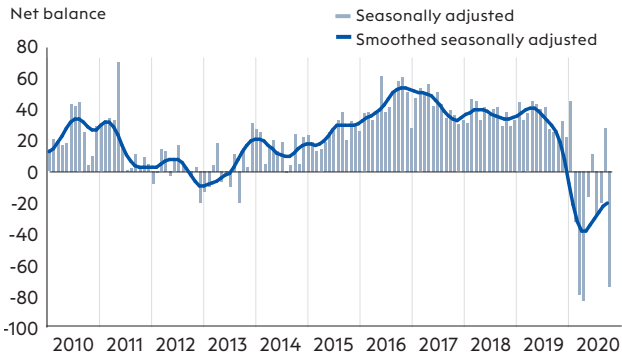
Source: The laborforce survey (Statistics Sweden)

0.3%

OCTOBER INFLATION LEVEL

SWEDISH HOTEL MARKET SUMMARY

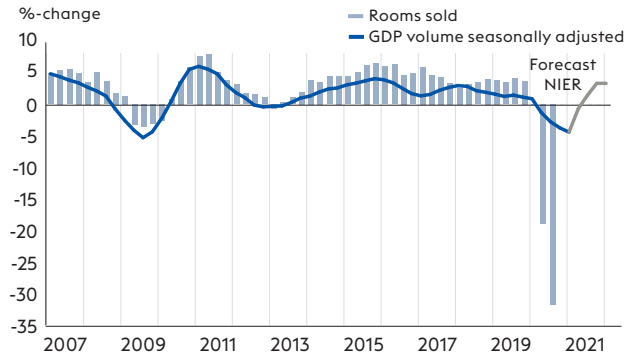
The net balance of the Swedish hotel companies' expectations for demand over the forthcoming three months was very negative in November, as a result of the increased spread of Covid-19 and the further measures that were rolled out.



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

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

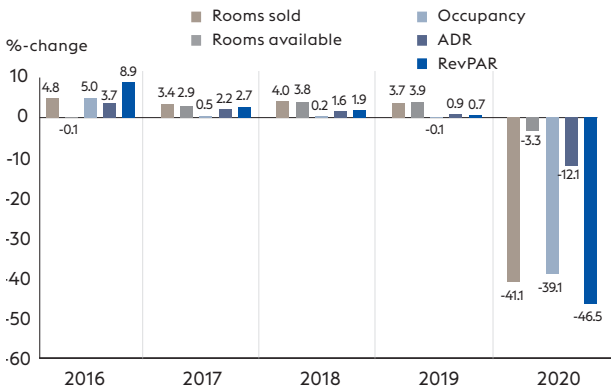
The decline in the hotel market as a result of the Coronavirus pandemic continues to be dramatic in relation to developments in the overall Swedish economy. This is clear from the diagram below.



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

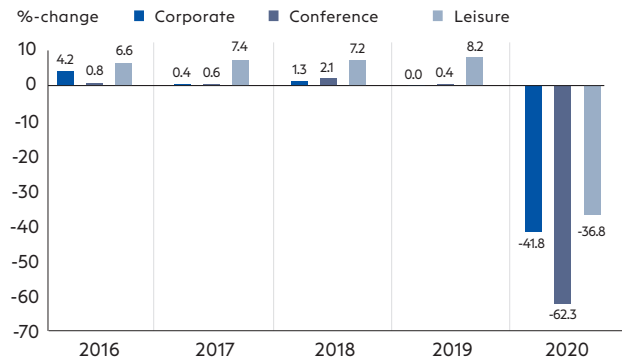
Occupied hotel rooms fell in October by 33 percent compared with the corresponding month last year. As a result of the ongoing pandemic, RevPAR in Sweden declined by 47 percent in the first ten months of 2020.



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

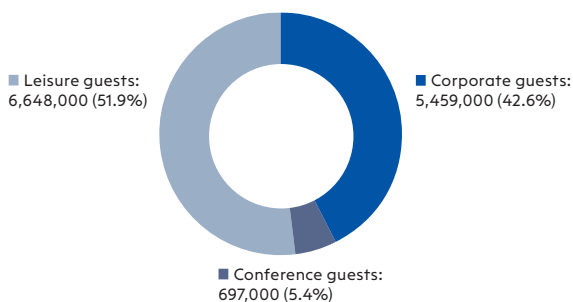
Source: The Swedish Growth Agency/Statistics Sweden

Demand for rooms from leisure guests has decreased by around 37 percent in the first ten 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 October.

Source: The Swedish Growth Agency/Statistics Sweden



The share of rooms occupied by the leisure segment has been the largest during 2020. Just above 6.6 million rooms have been occupied by leisure guests up to and including October.

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

Source: The Swedish Growth Agency/Statistics Sweden

TRENDS IN SWEDEN'S 25 LARGEST HOTEL MUNICIPALITIES

MONTH OCTOBER

	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2020	2019		2020	2019		2020	2019		2020	2019	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE	SEK	SEK	%-CHANGE
STOCKHOLM	252	556	-54.7	37.6	76.6	-50.9	862	1,238	-30.4	324	948	-65.8
GOTHENBURG	122	214	-42.9	47.0	74.4	-36.8	862	1,052	-18.0	405	783	-48.2
MALMÖ	65	117	-44.5	43.4	74.3	-41.6	785	898	-12.6	341	667	-48.9
SIGTUNA	32	63	-49.3	32.9	70.4	-53.3	827	1,108	-25.3	272	780	-65.1
SOLNA	28	47	-40.8	40.4	73.0	-44.7	738	1,082	-31.8	298	790	-62.3
JÖNKÖPING	27	36	-25.7	48.6	62.0	-21.6	852	986	-13.6	414	612	-32.3
HELSINGBORG	24	32	-24.5	46.1	61.0	-24.4	826	863	-4.3	381	526	-27.6
UMEÅ	31	41	-24.2	55.7	69.6	-20.0	726	863	-15.9	404	601	-32.7
UPPSALA	22	37	-39.1	43.6	69.8	-37.5	755	1,032	-26.9	329	720	-54.3
LINKÖPING	30	37	-20.4	51.0	64.0	-20.3	826	937	-11.8	422	600	-29.7
LUND	21	33	-35.4	47.0	68.6	-31.5	836	1,092	-23.4	393	749	-47.6
KARLSTAD	23	30	-23.7	54.3	71.0	-23.5	801	863	-7.1	435	613	-28.9
ÖREBRO	26	33	-21.5	55.7	70.2	-20.7	832	976	-14.7	463	685	-32.4
VÄSTERÅS	26	33	-22.5	60.3	74.7	-19.3	941	1,044	-9.9	567	781	-27.3
SUNDSVALL	29	30	-2.6	57.1	61.8	-7.6	814	919	-11.4	465	568	-18.2
NORRKÖPING	26	27	-2.8	54.4	56.1	-3.0	1,060	948	11.8	576	532	8.4
LULEÅ	17	22	-20.7	50.5	62.3	-18.9	774	875	-11.5	391	546	-28.3
GOTLAND	21	17	21.7	44.8	39.5	13.5	805	778	3.4	361	307	17.3
NACKA	14	23	-39.6	39.3	63.9	-38.5	1,231	1,284	-4.1	484	820	-41.0
HALMSTAD	17	19	-10.1	50.6	56.6	-10.5	1,238	1,129	9.6	627	639	-1.9
GÄVLE	20	24	-15.6	63.2	75.0	-15.7	861	969	-11.2	545	727	-25.1
ÖSTERSUND	13	19	-31.0	44.9	64.8	-30.7	704	873	-19.3	316	566	-44.1
VÄXJÖ	15	19	-20.1	53.9	65.0	-17.1	858	958	-10.5	462	623	-25.8
KALMAR	15	18	-16.3	58.4	67.3	-13.2	859	899	-4.5	502	605	-17.1
SÖDERTÄLJE	10	16	-39.1	41.9	62.9	-33.4	764	1,067	-28.4	320	671	-52.3
SWEDEN	1,532	2,270	-32.5	41.9	60.8	-31.1	874	1,039	-15.8	366	631	-42.0

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 – OCTOBER

	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2020	2019		2020	2019		2020	2019		2020	2019	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE	SEK	SEK	%-CHANGE
STOCKHOLM	2,076	5,132	-59.6	32.4	72.6	-55.4	952	1,244	-23.5	308	903	-65.9
GOTHENBURG	998	2,060	-51.5	38.6	73.5	-47.4	909	1,109	-18.0	351	815	-56.9
MALMÖ	571	1,088	-47.5	38.3	70.8	-45.9	790	851	-7.1	302	602	-49.8
SIGTUNA	262	567	-53.8	28.6	69.1	-58.6	887	1,042	-14.9	254	720	-64.8
SOLNA	224	437	-48.6	34.0	68.8	-50.7	792	976	-18.9	269	672	-60.0
JÖNKÖPING	228	363	-37.2	41.4	62.9	-34.1	843	897	-6.0	349	564	-38.0
HELSINGBORG	224	337	-33.7	43.7	65.8	-33.7	857	890	-3.7	374	586	-36.2
UMEÅ	243	357	-31.8	44.5	61.6	-27.8	747	818	-8.6	332	503	-34.0
UPPSALA	184	312	-40.8	38.5	61.0	-36.9	827	954	-13.3	318	582	-45.3
LINKÖPING	220	332	-33.8	39.4	59.8	-34.0	776	867	-10.4	306	518	-40.9
LUND	170	296	-42.5	40.2	63.3	-36.5	838	965	-13.2	337	611	-44.9
KARLSTAD	173	292	-40.6	42.9	71.5	-40.0	791	844	-6.3	339	603	-43.8
ÖREBRO	195	303	-35.5	46.0	67.8	-32.2	846	912	-7.2	389	619	-37.1
VÄSTERÅS	210	285	-26.5	49.1	66.0	-25.5	924	982	-5.9	454	648	-29.9
SUNDSVALL	205	257	-20.4	42.8	56.5	-24.3	808	883	-8.5	345	499	-30.7
NORRKÖPING	184	263	-30.2	41.6	57.9	-28.1	977	1,031	-5.2	407	596	-31.8
LULEÅ	140	218	-36.0	41.8	65.0	-35.7	805	873	-7.8	336	567	-40.7
GOTLAND	172	240	-28.2	41.1	54.7	-24.9	1,077	1,154	-6.7	443	632	-30.0
NACKA	106	200	-46.8	36.0	59.4	-39.4	1,189	1,247	-4.6	428	741	-42.2
HALMSTAD	154	194	-20.7	44.6	58.5	-23.8	1,230	1,213	1.4	549	710	-22.7
GÄVLE	154	198	-22.1	49.0	63.6	-23.0	885	921	-3.9	434	586	-25.9
ÖSTERSUND	117	183	-36.3	41.2	66.1	-37.7	807	939	-14.1	332	621	-46.4
VÄXJÖ	113	169	-33.1	43.7	59.3	-26.3	867	898	-3.5	379	532	-28.9
KALMAR	127	175	-27.6	51.1	65.4	-21.9	901	961	-6.3	460	629	-26.8
SÖDERTÄLJE	79	147	-46.6	32.8	59.4	-44.8	787	934	-15.7	258	554	-53.5
SWEDEN	12,804	21,731	-41.1	36.3	59.5	-39.1	914	1,040	-12.1	331	619	-46.5

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

12-MONTH ROLLING AVERAGE NOVEMBER – OCTOBER

	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2020	2019		2020	2019		2020	2019		2020	2019	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE	SEK	SEK	%-CHANGE
STOCKHOLM	3,015	6,054	-50.2	38.6	71.8	-46.2	1,028	1,236	-16.8	397	887	-55.3
GOTHENBURG	1,374	2,429	-43.4	43.7	72.6	-39.7	967	1,105	-12.5	423	802	-47.3
MALMÖ	763	1,265	-39.7	42.4	69.3	-38.9	807	849	-5.0	342	589	-41.9
SIGTUNA	365	666	-45.2	33.9	68.3	-50.3	936	1,049	-10.7	318	717	-55.7
SOLNA	304	514	-40.8	38.7	67.9	-42.9	853	981	-13.1	330	665	-50.4
JÖNKÖPING	287	420	-31.8	43.4	61.0	-28.8	877	909	-3.5	381	554	-31.3
HELSINGBORG	281	391	-28.0	45.8	63.8	-28.2	863	880	-1.9	395	561	-29.6
UMEÅ	306	417	-26.6	46.4	60.5	-23.3	763	820	-6.9	354	496	-28.6
UPPSALA	242	369	-34.6	41.6	60.3	-31.0	853	956	-10.8	355	577	-38.4
LINKÖPING	277	387	-28.5	41.7	59.0	-29.4	805	875	-8.0	335	516	-35.0
LUND	223	348	-35.9	43.3	62.5	-30.7	880	966	-8.9	381	604	-36.9
KARLSTAD	223	342	-34.8	46.0	69.8	-34.1	798	844	-5.4	367	589	-37.6
ÖREBRO	249	354	-29.7	48.3	66.6	-27.4	862	908	-5.1	417	604	-31.1
VÄSTERÅS	267	339	-21.2	51.7	65.5	-21.0	931	976	-4.5	482	639	-24.6
SUNDSVALL	253	303	-16.6	44.1	55.4	-20.4	828	881	-6.0	365	488	-25.1
NORRKÖPING	227	305	-25.4	42.8	57.2	-25.2	965	1,009	-4.4	413	577	-28.5
LULEÅ	180	261	-30.9	44.9	64.9	-30.8	827	868	-4.7	372	563	-34.0
GOTLAND	192	261	-26.4	39.7	51.8	-23.4	1,041	1,121	-7.2	413	581	-28.9
NACKA	142	237	-39.9	39.2	58.8	-33.3	1,214	1,250	-2.9	476	735	-35.2
HALMSTAD	182	222	-18.2	44.7	56.8	-21.3	1,213	1,204	0.7	542	684	-20.8
GÄVLE	191	233	-18.2	50.6	62.3	-18.8	885	913	-3.0	448	568	-21.2
ÖSTERSUND	153	215	-28.5	45.2	65.0	-30.4	845	929	-9.1	382	604	-36.7
VÄXJÖ	144	201	-28.2	45.9	58.9	-22.2	880	903	-2.6	403	532	-24.2
KALMAR	153	201	-23.9	51.2	62.7	-18.3	895	949	-5.7	458	595	-23.0
SÖDERTÄLJE	105	173	-39.5	36.0	58.3	-38.3	828	928	-10.8	298	541	-44.9
SWEDEN	16,539	25,351	-34.8	38.9	58.5	-33.5	940	1,037	-9.4	366	607	-39.7

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 OCTOBER

	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2020	2019		2020	2019		2020	2019		2020	2019	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE*	SEK	SEK	%-CHANGE*
SWEDEN	1,532	2,270	-32.5	41.9	60.8	-31.1	874	1,039	-15.8	366	631	-42.0
DENMARK	520	982	-47.1	32.0	63.0	-49.2	N/A	N/A	N/A	N/A	N/A	N/A
FINLAND	525	931	-43.6	33.4	56.1	-40.5	858	1,069	-16.7	286	600	-50.4
NORWAY	851	1,398	-39.1	34.0	54.3	-37.4	880	1,032	-4.2	299	560	-40.0
STOCKHOLM	252	556	-54.7	37.6	76.6	-50.9	862	1,238	-30.4	324	948	-65.8
COPENHAGEN	135	460	-70.7	22.0	77.0	-71.4	N/A	N/A	N/A	N/A	N/A	N/A
HELSINKI	64	249	-74.1	22.7	77.7	-70.8	900	1,333	-29.9	204	1,036	-79.5
OSLO	114	331	-65.5	27.0	72.7	-62.9	783	1,131	-22.3	212	822	-71.1

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 – OCTOBER

	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2020	2019		2020	2019		2020	2019		2020	2019	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE*	SEK	SEK	%-CHANGE*
SWEDEN	12,804	21,731	-41.1	36.3	59.5	-39.1	914	1,040	-12.1	331	619	-46.5
DENMARK	4,894	9,413	-48.0	31.0	63.4	-51.0	N/A	N/A	N/A	N/A	N/A	N/A
FINLAND	5,415	9,377	-42.3	38.9	56.6	-31.2	963	1,056	-5.3	375	598	-34.9
NORWAY	8,638	14,375	-39.9	40.1	57.5	-30.3	943	1,053	0.5	378	605	-29.9
STOCKHOLM	2,076	5,132	-59.6	32.4	72.6	-55.4	952	1,244	-23.5	308	903	-65.9
COPENHAGEN	1,582	4,291	-63.1	26.7	77.2	-65.4	N/A	N/A	N/A	N/A	N/A	N/A
HELSINKI	847	2,316	-63.4	37.2	75.1	-50.5	1,008	1,240	-15.6	375	932	-58.2
OSLO	1,326	3,037	-56.3	38.5	71.5	-46.2	859	1,129	-14.6	331	807	-54.0

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 NOVEMBER – OCTOBER

	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2020	2019		2020	2019		2020	2019		2020	2019	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE*	SEK	SEK	%-CHANGE*
SWEDEN	16,539	25,351	-34.8	38.9	58.5	-33.5	940	1,037	-9.4	366	607	-39.7
DENMARK	6,478	10,957	-40.9	34.7	62.2	-44.3	N/A	N/A	N/A	N/A	N/A	N/A
FINLAND	7,177	11,097	-35.3	41.7	56.0	-25.5	996	1,063	-2.6	415	595	-27.5
NORWAY	10,895	16,471	-33.8	41.4	55.9	-26.1	939	1,050	0.4	388	587	-25.8
STOCKHOLM	3,015	6,054	-50.2	38.6	71.8	-46.2	1,028	1,236	-16.8	397	887	-55.3
COPENHAGEN	2,375	5,053	-53.0	33.6	76.4	-56.1	N/A	N/A	N/A	N/A	N/A	N/A
HELSINKI	1,295	2,742	-52.8	44.5	75.0	-40.6	1,078	1,240	-9.7	480	930	-46.4
OSLO	1,865	3,499	-46.7	43.4	70.7	-38.6	888	1,130	-11.8	385	799	-45.9

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.

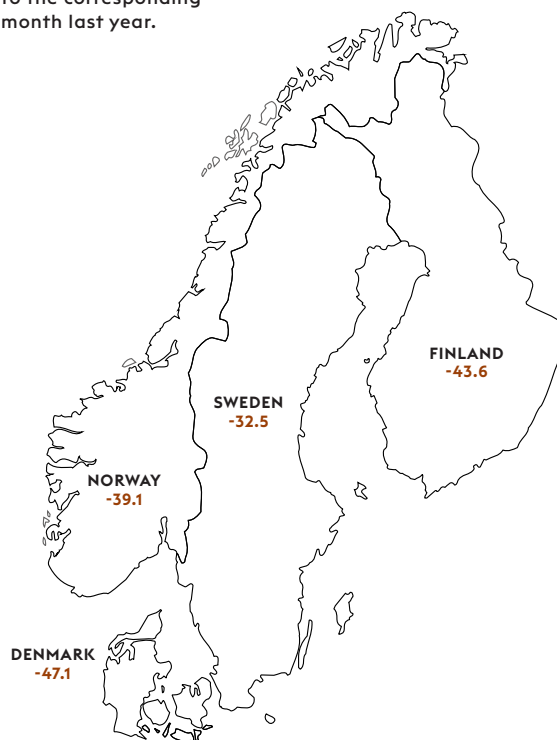
ADR: Accommodation revenue/Rooms sold.

RevPAR: Occupancy x ADR.

N/A: Not available.

ROOMS SOLD IN THE NORDICS IN OCTOBER

%-change compared to the corresponding month last year.



-74%

DECREASE IN ROOMS SOLD
IN HELSINKI, OCTOBER 2020

Annordia was born from a passion for hotels. Thirty years on, we're proud to be the Nordic region's leading hotel investment and development consultancy. We are a full-service advisor that assists clients across the Nordics through every phase of the investment cycle – from market analysis, concept development and operator search to valuations as well as lease and transaction advisory.

Please contact us if you want to know more.

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