HOTEL MARKET UPDATE

NORDIC HOTEL MARKET TRENDS AND ECONOMIC INDICATORS

Feb/21

An injection of hope!

Annordia
HOSPITALITY CONSULTING

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.

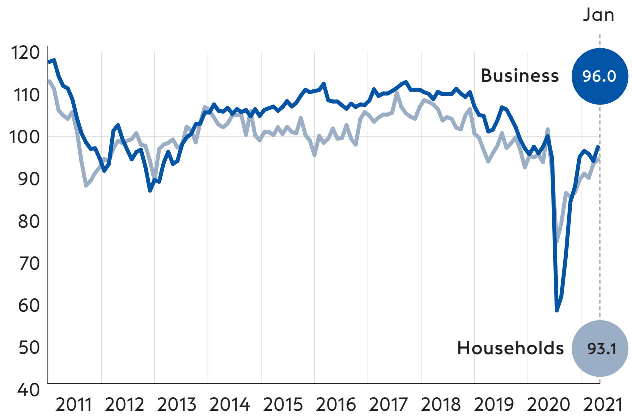
TALKING POINTS OF THE MONTH

The Swedish hotel market was, unsurprisingly, marred by the impact of the global Covid-19 pandemic during 2020, which resulted in an unprecedented decline in demand for hotel rooms. However, there was great variation between different regions of the country. The major cities have fared the worst, whilst coastal areas as well as spa hotels and resorts have performed significantly better. The path to recovery is being led by the global roll out of vaccines and we expect hotel markets to start rebounding by the summertime.

- The confidence indicators of households and businesses was almost back at the historical average by the end of January - see confidence indicators on page 2.
- Hotel companies' expectations of demand for hotel services over the forthcoming three months remains negative after the second wave of the pandemic in Sweden – see hotel companies' expectations on page 3.
- Demand for hotel rooms in 2020 was extremely low across all cities in Sweden compared to 2019. However, the least negative rate of change out of the 25 largest hotel cities was recorded in Sundsvall (-23 percent), whilst the worst performing was Stockholm, which declined by 62 percent - see page 5.
- Norway recorded a decline in demand for room nights of 42 percent in 2020 compared to 2019, which was the least negative market in the Nordics. The worst performing hotel market by country was Denmark, where total demand fell by 50 percent - see page 7.

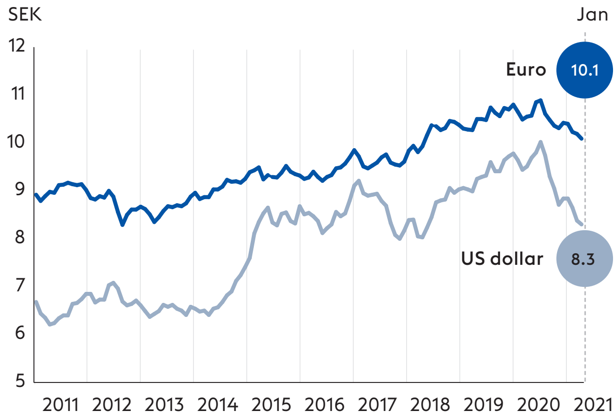
MACRO INDICATORS IN SWEDEN

Both business and household confidence indicators have recovered gradually after the pandemic struck in mid-March last year. The levels were almost back to the historical average by the end of January. The second wave of the virus has not had a negative impact on expectations.



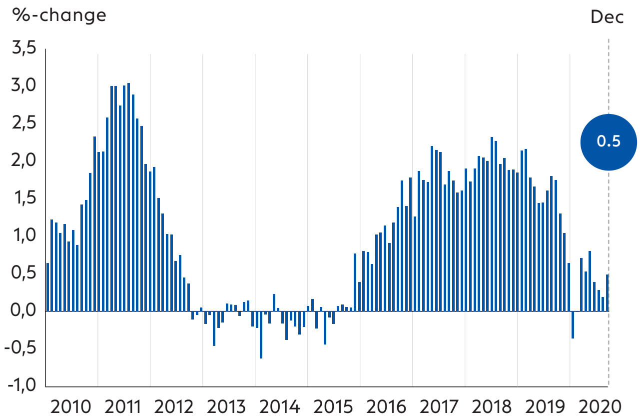
Confidence indicators for business and households in Sweden, up to and including January.
Source: The National Institute of Economic Research
Confidence indicators are an overall measure of the overall perceptions and expectations of business and households.

After the Swedish krona's value against both the Euro and the US dollar weakened in trend since 2013, there was a marked strengthening during the course of 2020.



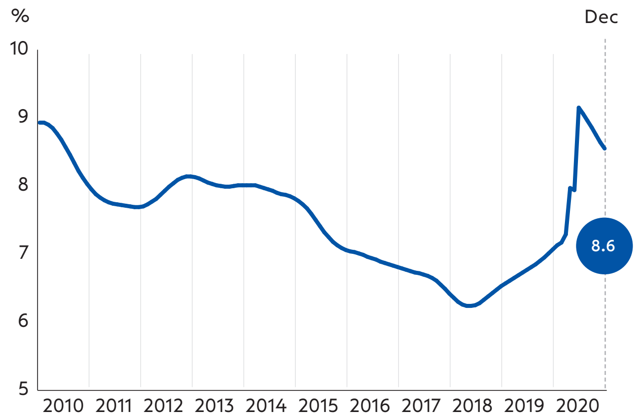
The development of the Swedish krona against the Euro and the US dollar, up to and including January.
Source: The Central Bank of Sweden

Inflation was low in 2020 with growth rates of less than one percent in all months except January. Hotel services is a small part of the consumer price index but made a negative contribution to price developments during the year.



The inflation rate (CPI) in the Swedish economy, up to and including December.
Source: Statistics Sweden

Unemployment in Sweden rose sharply as the corona pandemic struck in the spring of 2020. Nevertheless, a gradual recovery of the Swedish economy during the second half of the year led to a subsequent decline in unemployment.



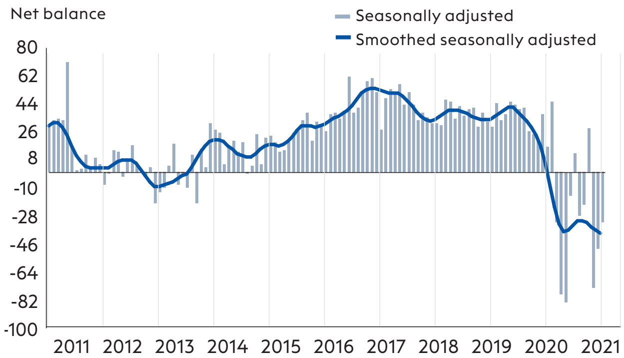
Unemployment (trend) as a percentage of the Swedish market up to and including December.
Source: The laborforce survey (Statistics Sweden)

0.5%

DECEMBER INFLATION LEVEL

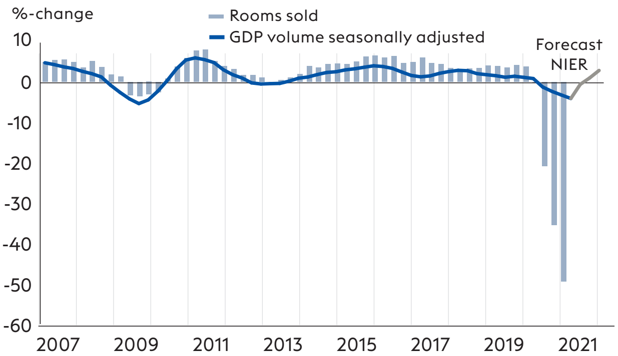
SWEDISH HOTEL MARKET SUMMARY

The second wave of the virus has meant that Swedish hotels do not expect any recovery in demand in the immediate term. Optimism is, however, significantly improved when taking a six-month view.



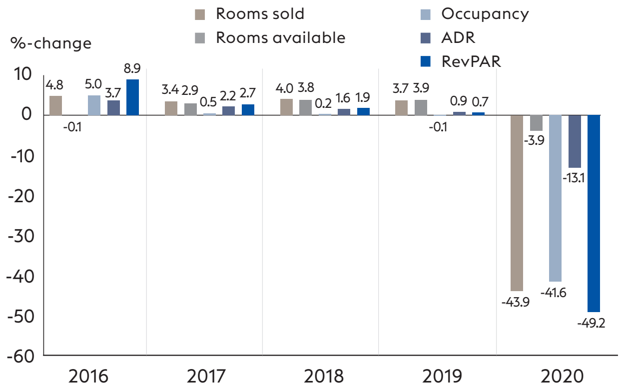
Swedish hotel companies' expectations of demand for their services in the next 3 months, up to and including January.
Source: The National Institute of Economic Research
Net balance: See definitions on page 8

Growth in the Swedish economy is expected to be strong in 2021 and 2022. The availability of effective vaccines gives optimism of an end to the pandemic and hope that a recovery in the Swedish hotel market can begin in earnest in the first half of 2021.



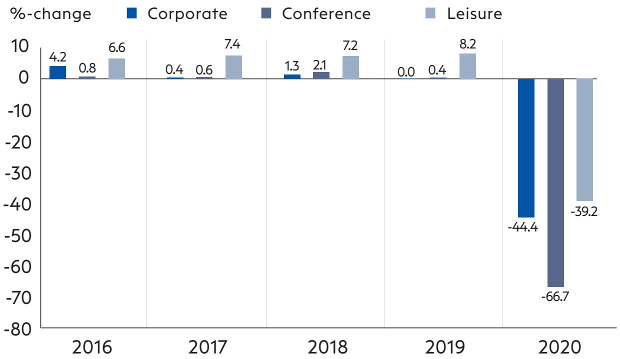
Development of occupied hotel rooms and GDP (volume) in Sweden, 4-quarter rolling averages.
Source: The Swedish Growth Agency/Statistics Sweden & the National Institute of Economic Research

The Covid-19 pandemic has impacted upon the Swedish hotel market in an unprecedented way. RevPAR declined by almost 50 percent in 2020, from SEK 606 to SEK 308.

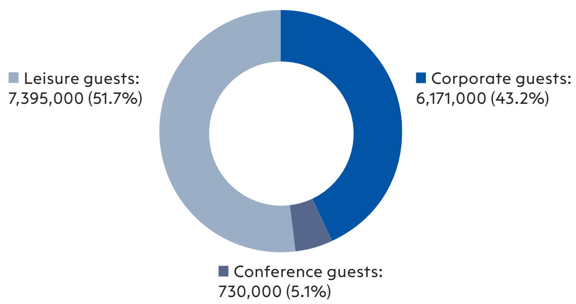


Development of key performance indicators in the Swedish hotel market, compared with the previous year, up to and including December.
Source: The Swedish Growth Agency/Statistics Sweden

Demand for hotel rooms in Sweden has fallen dramatically across all customer segments. However, the greatest decline in demand was felt in overnight stays from conference guests.



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



For the first time since statistics began to be published in 2002, the proportion of rooms occupied by private guests is greater than 50 percent for a full year.

Distribution of occupied hotel rooms between different demand segments in the Swedish hotel market, Jan-Dec 2020.
Source: The Swedish Growth Agency/Statistics Sweden

TRENDS IN SWEDEN'S 25 LARGEST HOTEL MUNICIPALITIES

MONTH DECEMBER

	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2020	2019		2020	2019		2020	2019		2020	2019	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE	SEK	SEK	%-CHANGE
STOCKHOLM	130	411	-68.3	21.1	59.2	-64.4	761	1,132	-32.8	160	670	-76.1
GOTHENBURG	48	163	-70.8	19.8	58.6	-66.2	774	1,058	-26.8	154	620	-75.2
MALMÖ	28	81	-64.7	20.5	51.4	-60.2	687	796	-13.7	141	410	-65.6
SIGTUNA	18	45	-60.7	23.3	58.0	-59.8	728	1,008	-27.8	170	585	-71.0
SOLNA	15	34	-56.5	22.6	54.2	-58.3	628	937	-33.0	142	507	-72.0
JÖNKÖPING	9	22	-58.1	17.9	40.8	-56.1	758	797	-4.9	136	325	-58.2
HELSINGBORG	10	25	-59.4	20.8	48.2	-56.8	842	878	-4.0	175	423	-58.5
UMEÅ	16	26	-38.9	28.9	46.3	-37.7	691	808	-14.6	199	375	-46.8
UPPSALA	11	24	-53.4	22.8	48.0	-52.4	623	882	-29.4	142	424	-66.4
LINKÖPING	11	21	-49.0	20.5	41.0	-49.9	676	822	-17.7	139	337	-58.8
LUND	11	23	-53.0	24.9	49.6	-49.8	700	975	-28.2	174	483	-64.0
KARLSTAD	8	19	-60.5	20.1	48.4	-58.5	672	720	-6.7	135	348	-61.3
ÖREBRO	10	22	-56.0	23.2	49.7	-53.2	759	856	-11.3	176	425	-58.5
VÄSTERÅS	12	26	-55.2	27.0	56.4	-52.1	879	945	-7.0	238	533	-55.4
SUNDSVALL	13	20	-37.0	26.6	43.3	-38.5	750	923	-18.7	200	399	-50.0
NORRKÖPING	9	17	-43.5	24.0	39.2	-38.9	949	874	8.5	227	343	-33.7
LULEÅ	8	17	-55.5	23.8	50.7	-53.0	706	872	-19.1	168	443	-62.0
GOTLAND	4	8	-47.1	17.2	29.5	-41.8	695	720	-3.5	119	212	-43.8
NACKA	5	14	-61.6	17.2	44.2	-61.2	1,231	1,276	-3.5	211	564	-62.5
HALMSTAD	6	11	-47.9	20.3	36.5	-44.3	1,073	1,108	-3.2	218	405	-46.1
GÄVLE	*	16	*	*	49.8	*	*	841	*	*	419	*
ÖSTERSUND	6	17	-63.3	24.7	61.5	-59.8	683	1,009	-32.3	169	621	-72.8
VÄXJÖ	6	12	-54.1	20.8	45.1	-53.8	748	890	-16.0	156	402	-61.2
KALMAR	6	11	-48.8	24.7	42.9	-42.5	762	830	-8.1	188	356	-47.2
SÖDERTÄLJE	5	10	-46.9	25.2	39.1	-35.6	662	902	-26.6	167	353	-52.8
SWEDEN	**685**	**1,593**	**-57.0**	**20.5**	**45.0**	**-54.4**	**824**	**999**	**-17.4**	**169**	**449**	**-62.3**

* Not displayed due to errors in reporting from hotels to Statistics Sweden

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 – DECEMBER

	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2020	2019		2020	2019		2020	2019		2020	2019	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE	SEK	SEK	%-CHANGE
STOCKHOLM	2,336	6,072	-61.5	30.6	71.7	-57.3	930	1,236	-24.8	285	887	-67.9
GOTHENBURG	1,105	2,435	-54.6	35.9	72.5	-50.5	898	1,111	-19.2	322	805	-60.0
MALMÖ	633	1,280	-50.5	35.7	69.3	-48.5	779	851	-8.5	278	590	-52.9
SIGTUNA	298	670	-55.5	27.6	68.3	-59.6	872	1,045	-16.6	241	714	-66.3
SOLNA	256	517	-50.4	32.3	68.0	-52.5	771	983	-21.6	249	669	-62.7
JÖNKÖPING	248	422	-41.1	37.9	61.3	-38.2	831	912	-8.9	315	559	-43.7
HELSINGBORG	245	395	-38.1	40.1	64.3	-37.6	850	889	-4.4	341	572	-40.3
UMEÅ	279	419	-33.5	42.5	60.6	-29.8	741	819	-9.5	315	496	-36.4
UPPSALA	209	369	-43.4	36.1	60.2	-40.1	806	951	-15.3	291	573	-49.2
LINKÖPING	244	389	-37.3	36.7	58.7	-37.4	764	874	-12.6	281	513	-45.2
LUND	194	349	-44.2	38.3	62.4	-38.6	815	973	-16.2	312	607	-48.6
KARLSTAD	190	342	-44.3	39.6	69.9	-43.3	783	841	-6.9	310	588	-47.2
ÖREBRO	218	356	-38.8	42.7	66.4	-35.7	840	913	-8.1	358	607	-40.9
VÄSTERÅS	237	342	-30.7	46.4	65.7	-29.3	916	978	-6.3	426	642	-33.7
SUNDSVALL	235	305	-23.0	40.8	55.6	-26.6	800	888	-9.9	326	493	-33.9
NORRKÖPING	205	307	-33.3	39.1	56.3	-30.5	971	1,014	-4.2	380	571	-33.4
LULEÅ	158	259	-38.9	39.7	64.3	-38.2	795	878	-9.5	315	564	-44.1
GOTLAND	185	260	-28.9	38.9	51.7	-24.7	1,046	1,122	-6.8	407	580	-29.9
NACKA	120	236	-49.2	33.2	58.4	-43.2	1,191	1,253	-4.9	396	732	-46.0
HALMSTAD	168	222	-24.5	41.4	56.4	-26.6	1,218	1,201	1.5	505	678	-25.5
GÄVLE	*	235	*	*	62.8	*	*	915	*	*	575	*
ÖSTERSUND	130	220	-41.0	38.7	66.0	-41.4	813	944	-13.9	315	623	-49.5
VÄXJÖ	126	200	-37.4	40.1	58.8	-31.8	862	902	-4.5	345	530	-34.9
KALMAR	139	202	-31.3	47.1	63.2	-25.5	891	949	-6.1	419	600	-30.1
SÖDERTÄLJE	91	173	-47.4	32.2	58.0	-44.5	774	936	-17.4	249	543	-54.2
SWEDEN	**14,295**	**25,466**	**-43.9**	**34.1**	**58.3**	**-41.6**	**903**	**1,039**	**-13.1**	**308**	**606**	**-49.2**

* Not displayed due to errors in reporting from hotels to Statistics Sweden

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 JANUARY – DECEMBER

	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2020	2019		2020	2019		2020	2019		2020	2019	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE	SEK	SEK	%-CHANGE
STOCKHOLM	2,336	6,072	-61.5	30.6	71.7	-57.3	930	1,236	-24.8	285	887	-67.9
GOTHENBURG	1,105	2,435	-54.6	35.9	72.5	-50.5	898	1,111	-19.2	322	805	-60.0
MALMÖ	633	1,280	-50.5	35.7	69.3	-48.5	779	851	-8.5	278	590	-52.9
SIGTUNA	298	670	-55.5	27.6	68.3	-59.6	872	1,045	-16.6	241	714	-66.3
SOLNA	256	517	-50.4	32.3	68.0	-52.5	771	983	-21.6	249	669	-62.7
JÖNKÖPING	248	422	-41.1	37.9	61.3	-38.2	831	912	-8.9	315	559	-43.7
HELSINGBORG	245	395	-38.1	40.1	64.3	-37.6	850	889	-4.4	341	572	-40.3
UMEÅ	279	419	-33.5	42.5	60.6	-29.8	741	819	-9.5	315	496	-36.4
UPPSALA	209	369	-43.4	36.1	60.2	-40.1	806	951	-15.3	291	573	-49.2
LINKÖPING	244	389	-37.3	36.7	58.7	-37.4	764	874	-12.6	281	513	-45.2
LUND	194	349	-44.2	38.3	62.4	-38.6	815	973	-16.2	312	607	-48.6
KARLSTAD	190	342	-44.3	39.6	69.9	-43.3	783	841	-6.9	310	588	-47.2
ÖREBRO	218	356	-38.8	42.7	66.4	-35.7	840	913	-8.1	358	607	-40.9
VÄSTERÅS	237	342	-30.7	46.4	65.7	-29.3	916	978	-6.3	426	642	-33.7
SUNDSVALL	235	305	-23.0	40.8	55.6	-26.6	800	888	-9.9	326	493	-33.9
NORRKÖPING	205	307	-33.3	39.1	56.3	-30.5	971	1,014	-4.2	380	571	-33.4
LULEÅ	158	259	-38.9	39.7	64.3	-38.2	795	878	-9.5	315	564	-44.1
GOTLAND	185	260	-28.9	38.9	51.7	-24.7	1,046	1,122	-6.8	407	580	-29.9
NACKA	120	236	-49.2	33.2	58.4	-43.2	1,191	1,253	-4.9	396	732	-46.0
HALMSTAD	168	222	-24.5	41.4	56.4	-26.6	1,218	1,201	1.5	505	678	-25.5
GÄVLE	*	235	*	*	62.8	*	*	915	*	*	575	*
ÖSTERSUND	130	220	-41.0	38.7	66.0	-41.4	813	944	-13.9	315	623	-49.5
VÄXJÖ	126	200	-37.4	40.1	58.8	-31.8	862	902	-4.5	345	530	-34.9
KALMAR	139	202	-31.3	47.1	63.2	-25.5	891	949	-6.1	419	600	-30.1
SÖDERTÄLJE	91	173	-47.4	32.2	58.0	-44.5	774	936	-17.4	249	543	-54.2
SWEDEN	**14,295**	**25,466**	**-43.9**	**34.1**	**58.3**	**-41.6**	**903**	**1,039**	**-13.1**	**308**	**606**	**-49.2**

* Not displayed due to errors in reporting from hotels to Statistics Sweden

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 DECEMBER

	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2020	2019		2020	2019		2020	2019		2020	2019	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE*	SEK	SEK	%-CHANGE*
SWEDEN	685	1,593	-57.0	20.5	45.0	-54.4	824	999	-17.4	169	449	-62.3
DENMARK	233	667	-65.0	15.0	46.0	-67.4	N/A	N/A	N/A	N/A	N/A	N/A
FINLAND	368	847	-56.6	24.0	50.3	-52.3	926	1,152	-17.2	222	579	-60.5
NORWAY	456	922	-50.5	24.0	39.9	-39.8	865	1,001	-6.3	208	399	-43.6
STOCKHOLM	130	411	-68.3	21.1	59.2	-64.4	761	1,132	-32.8	160	670	-76.1
COPENHAGEN	87	365	-76.2	14.0	62.0	-77.4	N/A	N/A	N/A	N/A	N/A	N/A
HELSINKI	51	203	-74.7	18.8	64.2	-70.7	902	1,129	-17.7	170	725	-75.9
OSLO	58	227	-74.6	19.0	55.2	-65.6	756	1,017	-19.4	144	562	-72.2

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 – DECEMBER

	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2020	2019		2020	2019		2020	2019		2020	2019	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE*	SEK	SEK	%-CHANGE*
SWEDEN	14,295	25,466	-43.9	34.1	58.3	-41.6	903	1,039	-13.1	308	606	-49.2
DENMARK	5,517	10,997	-49.8	29.3	61.9	-52.6	N/A	N/A	N/A	N/A	N/A	N/A
FINLAND	6,238	11,138	-44.0	36.8	56.1	-34.4	934	1,039	-7.3	343	582	-39.3
NORWAY	9,647	16,632	-42.0	37.6	55.8	-32.7	941	1,025	-0.5	353	572	-33.0
STOCKHOLM	2,336	6,072	-61.5	30.6	71.7	-57.3	930	1,236	-24.8	285	887	-67.9
COPENHAGEN	1,790	5,083	-64.8	24.9	75.7	-67.1	N/A	N/A	N/A	N/A	N/A	N/A
HELSINKI	957	2,763	-65.4	33.8	74.5	-54.6	975	1,207	-16.8	330	899	-62.2
OSLO	1,462	3,576	-59.1	35.5	70.1	-49.4	854	1,094	-15.3	303	767	-57.2

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 JANUARY – DECEMBER

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SWEDEN	14,295	25,466	**-43.9**	34.1	58.3	**-41.6**	903	1,039	**-13.1**	308	606	**-49.2**
DENMARK	5,517	10,997	**-49.8**	29.3	61.9	**-52.6**	N/A	N/A	**N/A**	N/A	N/A	**N/A**
FINLAND	6,238	11,138	**-44.0**	36.8	56.1	**-34.4**	934	1,039	**-7.3**	343	582	**-39.3**
NORWAY	9,647	16,632	**-42.0**	37.6	55.8	**-32.7**	941	1,025	**-0.5**	353	572	**-33.0**
STOCKHOLM	2,336	6,072	**-61.5**	30.6	71.7	**-57.3**	930	1,236	**-24.8**	285	887	**-67.9**
COPENHAGEN	1,790	5,083	**-64.8**	24.9	75.7	**-67.1**	N/A	N/A	**N/A**	N/A	N/A	**N/A**
HELSINKI	957	2,763	**-65.4**	33.8	74.5	**-54.6**	975	1,207	**-16.8**	330	899	**-62.2**
OSLO	1,462	3,576	**-59.1**	35.5	70.1	**-49.4**	854	1,094	**-15.3**	303	767	**-57.2**

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.

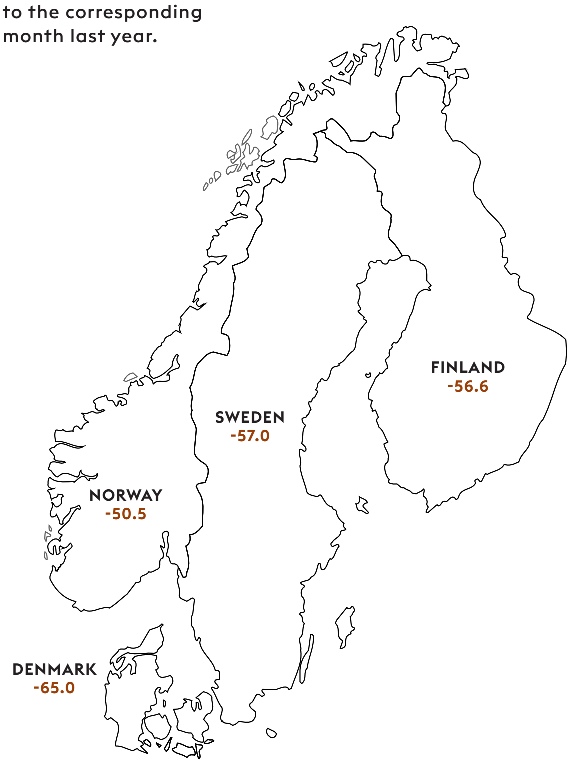
N/A: Not available.

-72.2%

DECREASE IN REVPAR
IN OSLO, DECEMBER 2020

ROOMS SOLD IN THE NORDICS IN DECEMBER

%-change compared to the corresponding month last year.



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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