HOTEL MARKET UPDATE

NORDIC HOTEL MARKET TRENDS AND ECONOMIC INDICATORS

Dec/22

*Warmest Holiday Greetings,
soon this year will end.*

*This report to you
we hereby gladly send.*

*The figures will unwrap
and like magic form the trend.*

Annordia
HOSPITALITY CONSULTING

We wish you all a Merry Christmas and a Happy New Year.

Christmas holiday is approaching and we can look back on 2022 which, despite dark clouds on the horizon, has offered a welcome recovery for the hotel market, increased transaction activity and new exciting hotel openings, which makes us start the new year with confidence.

We would like to thank our new and old customers, partners and stakeholders, for the great trust you have shown us over the past year. We look forward to all the new opportunities in the form of various hotel projects and transactions that we hope 2023 will bring.

Hans Åke Petersson, CEO Annordia

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A selection of our completed lettings and transactions in 2022.

Advisor to Anders Bodin Fastigheter on the acquisition of the property with Hotel Diplomat in Stockholm.

The lease of a hotel in Katarinahuset in Stockholm to Citybox on behalf of Atrium Ljungberg.

The lease of a new hotel in Uppsala to Nordic Choice on behalf of Alma Property Partners and Mässing Properties.

Advisor to Jonas Olsson, Meditron Holding AB, on the acquisition of Treehotel in Norrbotten.

The sale of the business of Båsenberga Hotell & Konferens on behalf of Talentus Invest.

The sale of the business of Hotell Heden in Gothenburg to Ekman Hotels on behalf of Liseberg.

Annordia
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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.
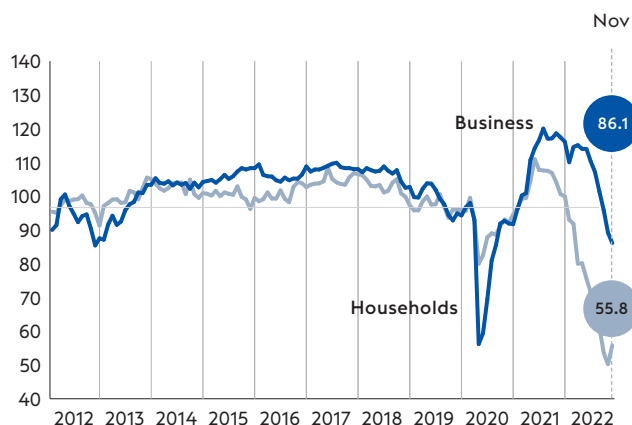
TALKING POINTS OF THE MONTH

The statistics from the hotel market in October show a continued recovery from the pandemic years. Looking at the 12-month rolling average, both the Swedish municipalities and the Nordic countries display strong values. Furthermore, the inflation level reached 11.5 percent in November which is the highest reached inflation in over 30 years. However, even though the outlook is unfavorable, the household confidence indicator, which has had a substantial period of decline since May 2021, did have a positive development.

- The household confidence indicator, which has been on a downfall the last year and a half, has now subsided slightly and increased from 50.2 to 55.8 in November – see confidence indicators on page 2.

- In November 2022, the inflation increased to 11.5 percent which is the highest observed inflation rate in over 30 years - see inflation rate on page 2.

- The Swedish Krona, whose value has fallen in the last couple of months compared to the USD and the Euro, strengthened during November - see exchange rates on page 2.

- The expectations of demand shown by hotel companies in three months' time have declined further, where not even 1 out of 10 companies expect increased demand – see hotel companies' expectations on page 3.

- Although the outlook for economic growth is meager in 2023, the forecasts for the beginning of 2024 displays a recovery in economic growth – see growth forecasts on page 3.

MACRO INDICATORS IN SWEDEN

The confidence indicators for businesses continued to decline during November, contrary to the indicators of the households, which slightly recovered. This is the first occasion since May 2021 that the household indicators have had a significant positive development.
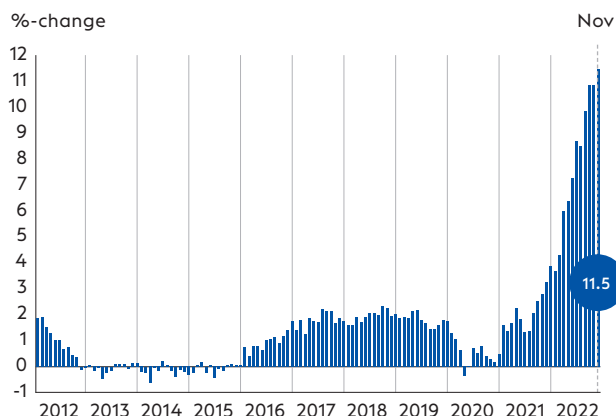
The exchange rates of November show an increased value of the Swedish Krona compared to the Euro and USD following a period of comprehensive decline. The most significant increase in the value of the Krona was against the USD which decreased from corresponding to 11.13 Krona to 10.67 Krona.

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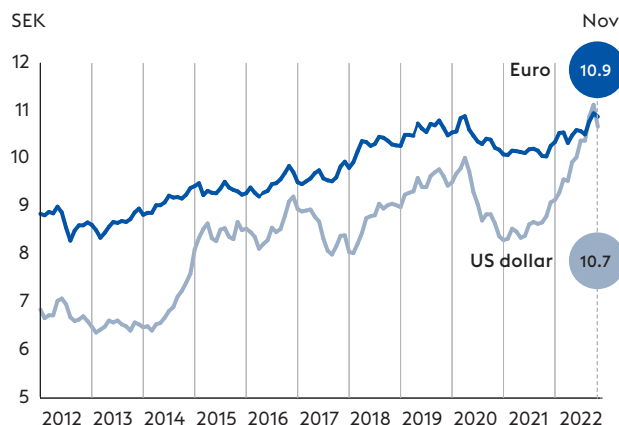
The development of the Swedish Krona against the Euro and the US dollar, up to and including November.
Source: The Central Bank of Sweden

According to CPI, the rate of price increase developed further to 11.5 percent during November which is the highest reached inflation in over 30 years.

The unemployment rate, according to the trend, continued to decline during October to 7.2 percent. This is the 19th month in a row where the unemployment rate has recessed.

The inflation rate (CPI) in the Swedish economy, up to and including November.
Source: Statistics Sweden
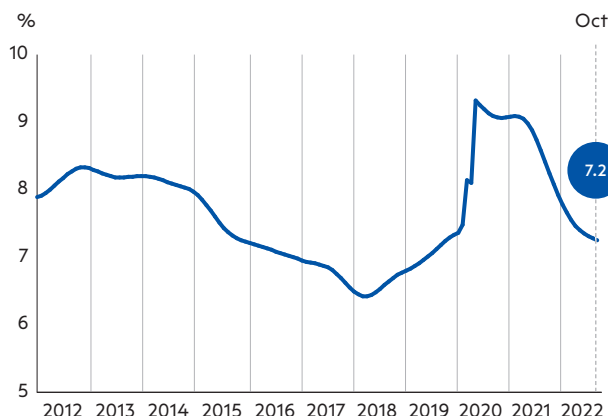
Unemployment (trend) as a percentage of the Swedish market up to and including October.
Source: The laborforce survey (Statistics Sweden)

11.5%

NOVEMBER INFLATION RATE

SWEDISH HOTEL MARKET SUMMARY

Statistics show a continued decline in the expectations of demand, expressed by the hotel companies for the next three months. Less than 1 out of 10 hotels expect increased demand during the said period.

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

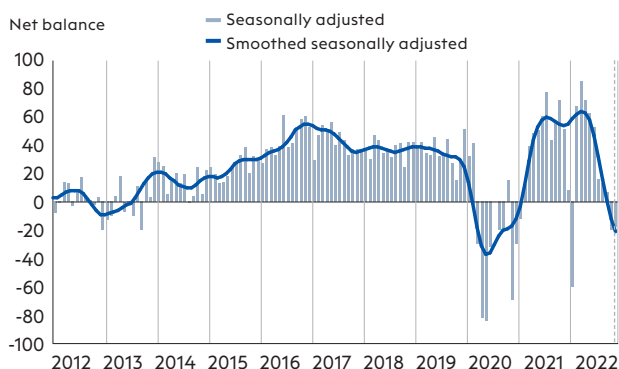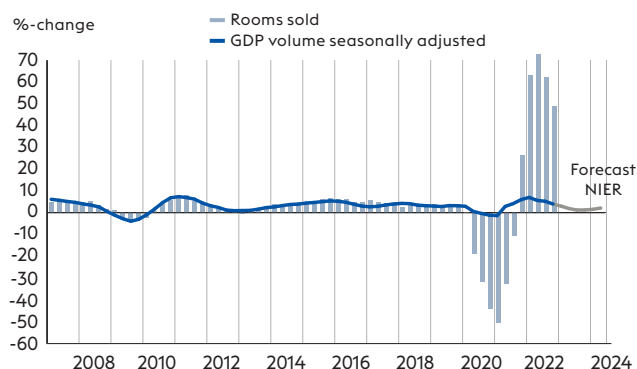The Swedish economy is expected to grow by 0.1 percent in 2023. However, statistics show a forecasted recovery with stronger growth during 2024. Historically, the connection between GDP and the hotel industry has been strong.

%-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

The RevPAR level was 70 percent higher year-to-date this year compared to the corresponding period in 2021 and 3 percent higher than in 2019. Additionally, all key figures display strong results in October.

%-change

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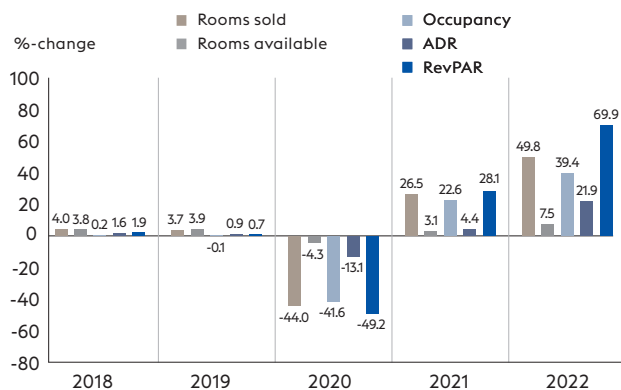
Development of key performance indicators in the Swedish hotel market, compared with the previous year, up to and including October.
Source: The Swedish Growth Agency/Statistics Sweden

The number of occupied rooms generated by corporate and conference guests combined was 64 percent higher during Jan-Oct 2022 compared to the corresponding period 2021.

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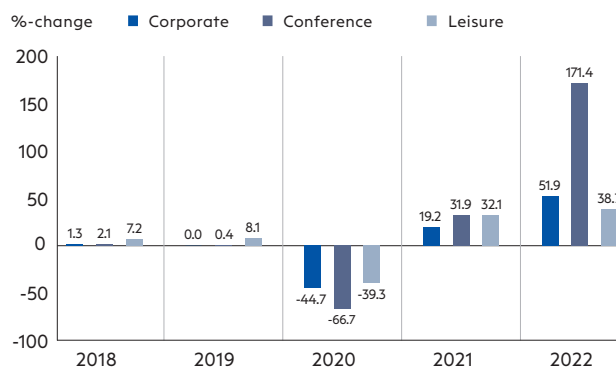
Percentage change of occupied hotel rooms by demand segmentation in the Swedish hotel market compared with the previous year, up to and including October.
Source: The Swedish Growth Agency/Statistics Sweden

Leisure Guests:
11,148,000 (51.5%)

Corporate Guests:
8,777,000 (40.5%)

Conference Guests:
1,724,000 (8.0%)
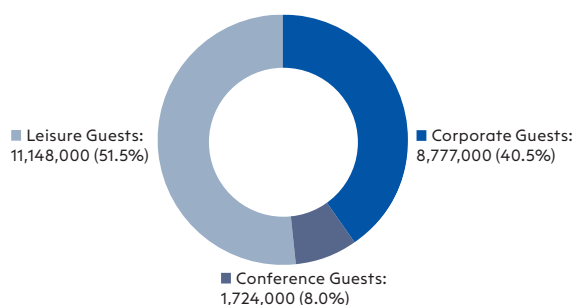
The corporate segment alone accounted for 40.5 percent of the occupied hotel rooms in the country during Jan-Oct 2022.

Distribution of occupied hotel rooms between different demand segments in the Swedish hotel market, Jan-Oct 2022.
Source: The Swedish Growth Agency/Statistics Sweden

TRENDS IN SWEDEN'S 25 LARGEST HOTEL MUNICIPALITIES

MONTH OCTOBER

	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2022	2021		2022	2021		2022	2021		2022	2021	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE	SEK	SEK	%-CHANGE
STOCKHOLM	514	408	25.9	71.5	59.9	19.3	1,349	1,023	31.9	964	613	57.4
GOTHENBURG	225	175	28.7	73.6	61.1	20.6	1,300	1,055	23.3	958	644	48.6
MALMÖ	105	97	8.4	64.1	60.5	6.0	988	926	6.7	634	560	13.1
SIGTUNA	68	50	36.2	62.1	48.1	29.1	1,083	897	20.7	672	432	55.8
SOLNA	53	36	45.9	54.8	38.8	41.3	1,089	832	30.9	597	323	85.0
JÖNKÖPING	37	32	14.0	56.4	55.5	1.6	1,123	941	19.3	633	523	21.2
HELSINGBORG	34	32	5.1	52.0	53.4	-2.7	971	918	5.7	504	490	2.9
UMEÅ	42	45	-6.4	71.9	77.0	-6.6	874	779	12.2	628	600	4.8
UPPSALA	40	35	14.6	71.6	64.1	11.6	1,067	794	34.3	763	509	49.9
LINKÖPING	40	36	10.3	64.3	59.4	8.3	921	774	19.0	592	460	28.9
LUND	30	30	-0.6	53.0	55.2	-3.9	1,128	894	26.2	598	493	21.3
KARLSTAD	28	26	5.6	65.3	61.7	5.8	1,029	887	16.0	671	547	22.7
ÖREBRO	36	33	10.6	71.0	70.9	0.2	1,118	1,001	11.6	794	709	11.9
VÄSTERÅS	33	31	6.9	72.3	68.6	5.4	1,118	970	15.3	808	665	21.5
SUNDSVALL	33	34	-2.0	59.8	56.9	5.0	909	823	10.5	543	468	16.0
NORRKÖPING	30	27	9.5	59.4	57.9	2.5	1,102	978	12.6	654	567	15.5
LULEÅ	25	23	8.1	61.6	61.4	0.4	950	812	16.9	585	499	17.4
GOTLAND	22	20	12.5	47.2	46.9	0.6	927	906	2.2	437	425	2.9
NACKA	27	21	31.1	62.2	55.5	12.1	1,500	1,330	12.8	934	738	26.5
HALMSTAD	23	25	-5.5	51.3	58.1	-11.7	1,149	1,090	5.4	589	633	-6.9
GÄVLE	22	23	-4.6	66.9	71.0	-5.8	1,038	964	7.7	695	685	1.4
ÖSTERSUND	19	18	1.7	66.0	63.3	4.3	908	835	8.8	599	528	13.5
VÄXJÖ	20	18	10.0	66.7	61.3	8.8	1,055	894	17.9	704	548	28.4
KALMAR	18	17	5.1	63.9	63.1	1.2	961	870	10.5	614	549	11.8
SÖDERTÄLJE	16	12	24.7	57.1	50.1	14.0	1,018	847	20.2	581	424	37.0
SWEDEN	**2,344**	**2,063**	**13.6**	**59.5**	**53.9**	**10.5**	**1,142**	**970**	**17.7**	**680**	**523**	**30.0**

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		
	2022	2021		2022	2021		2022	2021		2022	2021	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE	SEK	SEK	%-CHANGE
STOCKHOLM	4,424	2,339	89.1	63.6	38.0	67.4	1,284	874	46.8	817	332	145.7
GOTHENBURG	1,928	1,111	73.6	66.3	41.5	59.9	1,311	971	35.0	869	403	115.8
MALMÖ	988	596	65.8	62.6	39.6	58.1	958	797	20.2	599	315	90.0
SIGTUNA	592	280	111.7	58.2	28.7	102.6	993	796	24.7	578	229	152.6
SOLNA	431	220	96.3	46.1	27.0	70.9	982	681	44.3	453	184	146.5
JÖNKÖPING	341	237	43.5	58.0	43.4	33.6	1,087	887	22.6	631	385	63.8
HELSINGBORG	356	253	40.6	57.8	44.7	29.2	1,139	926	23.0	658	414	58.9
UMEÅ	380	281	35.1	66.9	50.9	31.4	881	717	22.8	589	365	61.3
UPPSALA	339	214	58.1	62.8	40.7	54.4	978	721	35.6	614	293	109.4
LINKÖPING	350	252	38.9	57.7	44.0	31.1	874	714	22.3	504	314	60.3
LUND	275	196	40.4	51.5	42.1	22.2	989	810	22.2	509	341	49.4
KARLSTAD	267	178	50.3	64.4	43.9	46.7	1,000	809	23.6	644	355	81.3
ÖREBRO	291	197	47.3	60.1	45.5	32.1	1,052	858	22.7	632	390	62.1
VÄSTERÅS	308	220	39.8	68.4	51.5	32.8	986	905	8.9	674	466	44.7
SUNDSVALL	300	235	28.0	55.5	46.5	19.3	886	775	14.3	492	361	36.4
NORRKÖPING	270	198	36.3	55.3	45.5	21.6	1,157	1,038	11.5	640	472	35.5
LULEÅ	225	169	33.7	59.2	48.4	22.2	879	776	13.2	521	376	38.4
GOTLAND	268	229	17.0	57.7	52.9	9.2	1,393	1,290	8.0	804	682	17.9
NACKA	207	130	59.6	57.0	40.1	41.9	1,409	1,292	9.0	802	519	54.7
HALMSTAD	233	191	22.3	53.5	51.4	4.0	1,249	1,181	5.7	668	607	9.9
GÄVLE	207	176	17.4	64.5	56.0	15.1	1,014	898	12.9	654	504	29.9
ÖSTERSUND	173	133	30.1	63.4	48.6	30.4	927	773	20.0	588	376	56.4
VÄXJÖ	170	117	45.5	60.0	44.7	34.2	986	875	12.8	592	391	51.4
KALMAR	173	145	19.8	65.2	56.4	15.7	1,049	951	10.3	684	536	27.6
SÖDERTÄLJE	137	89	53.4	52.1	39.6	31.5	933	748	24.8	486	296	64.1
SWEDEN	21,649	14,448	49.8	56.4	40.5	39.4	1,130	926	21.9	637	375	69.9

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		
	2022	2021		2022	2021		2022	2021		2022	2021	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE	SEK	SEK	%-CHANGE
STOCKHOLM	5,181	2,603	99.0	62.4	35.3	76.9	1,255	865	45.1	783	305	156.7
GOTHENBURG	2,258	1,216	85.6	65.1	38.3	69.8	1,286	956	34.6	837	366	128.6
MALMÖ	1,153	657	75.5	61.0	36.8	66.0	947	789	20.0	578	290	99.2
SIGTUNA	692	311	122.7	56.5	27.4	106.4	982	791	24.1	555	217	156.2
SOLNA	501	249	100.9	44.7	26.5	68.6	967	672	43.9	432	178	142.6
JÖNKÖPING	395	259	52.4	56.5	39.8	42.1	1,076	877	22.7	608	349	74.3
HELSINGBORG	407	275	48.1	55.7	41.5	34.2	1,113	916	21.5	620	380	63.0
UMEÅ	455	314	44.8	67.0	47.6	40.6	868	716	21.2	581	341	70.4
UPPSALA	403	239	68.8	62.2	38.1	63.2	957	713	34.2	595	272	118.9
LINKÖPING	412	279	47.8	57.1	40.9	39.5	860	714	20.5	491	292	68.1
LUND	319	217	47.1	50.0	39.5	26.6	974	799	21.9	488	316	54.3
KARLSTAD	312	195	60.1	63.0	40.5	55.5	990	801	23.6	623	324	92.2
ÖREBRO	341	220	55.0	59.7	42.3	40.9	1,040	850	22.4	621	360	72.5
VÄSTERÅS	367	248	48.0	67.9	48.5	39.9	985	903	9.1	669	438	52.5
SUNDSVALL	355	265	34.2	54.1	44.0	23.0	883	771	14.4	478	339	40.7
NORRKÖPING	319	218	45.9	55.0	42.4	29.9	1,143	1,027	11.3	629	435	44.6
LULEÅ	268	189	41.4	58.8	44.8	31.5	873	770	13.3	514	345	48.9
GOTLAND	290	242	19.7	55.0	49.3	11.5	1,349	1,256	7.4	742	619	19.7
NACKA	240	142	68.9	55.0	37.6	46.4	1,412	1,294	9.1	777	486	59.7
HALMSTAD	269	205	31.7	51.7	47.5	8.9	1,224	1,175	4.2	633	558	13.5
GÄVLE	249	200	24.2	64.5	53.1	21.5	1,004	887	13.2	648	471	37.6
ÖSTERSUND	206	148	39.1	62.5	45.3	38.0	931	765	21.7	582	346	67.9
VÄXJÖ	201	129	56.3	59.4	41.0	44.7	973	866	12.3	578	355	62.6
KALMAR	200	157	27.1	62.8	51.8	21.2	1,022	938	9.0	642	486	32.1
SÖDERTÄLJE	160	102	57.1	50.9	38.0	33.9	923	741	24.5	470	282	66.7
SWEDEN	**25,227**	**15,953**	**58.1**	**55.1**	**37.6**	**46.4**	**1,112**	**915**	**21.5**	**613**	**344**	**77.9**

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		
	2022	2021		2022	2021		2022	2021		2022	2021	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE*	SEK	SEK	%-CHANGE*
SWEDEN	2,344	2,063	**13.6**	59.5	53.9	**10.5**	1,142	970	**17.7**	680	523	**30.0**
DENMARK	1,179	1,146	**2.9**	59.0	60.0	**-1.7**	N/A	N/A	**N/A**	N/A	N/A	N/A
FINLAND	901	815	**10.6**	51.0	47.7	**6.9**	1,102	922	**10.4**	562	440	**18.0**
NORWAY	1,380	1,347	**2.4**	52.4	52.0	**0.8**	1,242	1,034	**15.1**	651	537	**16.1**
STOCKHOLM	514	408	**25.9**	71.5	59.9	**19.3**	1,349	1,023	**31.9**	964	613	**57.4**
COPENHAGEN	489	411	**18.9**	66.0	60.0	**10.0**	N/A	N/A	**N/A**	N/A	N/A	**N/A**
HELSINKI	225	160	**40.4**	57.9	45.5	**27.3**	1,203	956	**16.3**	697	435	**47.9**
OSLO	300	250	**19.9**	64.0	62.0	**3.2**	1,449	1,084	**28.0**	927	672	**32.2**

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 – OCTOBER

	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2022	2021		2022	2021		2022	2021		2022	2021	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE*	SEK	SEK	%-CHANGE*
SWEDEN	21,649	14,448	**49.8**	56.4	40.5	**39.4**	1,130	926	**21.9**	637	375	**69.9**
DENMARK	11,174	6,789	**64.6**	59.0	37.0	**59.6**	N/A	N/A	**N/A**	N/A	N/A	**N/A**
FINLAND	8 613	6,012	**43.3**	49.8	38.4	**29.5**	1 127	902	**15.5**	561	346	**49.5**
NORWAY	13,695	9,030	**51.7**	53.2	40.5	**31.5**	1,257	1,071	**12.5**	669	434	**47.9**
STOCKHOLM	4,424	2,339	**89.1**	63.6	38.0	**67.4**	1,284	874	**46.8**	817	332	**145.7**
COPENHAGEN	4,522	2,022	**123.6**	64.4	31.4	**105.2**	N/A	N/A	**N/A**	N/A	N/A	**N/A**
HELSINKI	1,871	903	**107.3**	51.9	30.0	**72.7**	1,212	894	**25.1**	629	269	**116.1**
OSLO	2,644	1,194	**121.5**	61.0	37.1	**64.7**	1,405	987	**36.5**	858	366	**124.8**

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		
	2022	2021		2022	2021		2022	2021		2022	2021	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE*	SEK	SEK	%-CHANGE*
SWEDEN	25,227	15,953	**58.1**	55.1	37.6	**46.4**	1,112	915	**21.5**	613	344	**77.9**
DENMARK	12,794	7,486	**70.9**	56.8	34.9	**62.7**	N/A	N/A	**N/A**	N/A	N/A	**N/A**
FINLAND	10,166	6,834	**48.8**	49.1	36.5	**34.4**	1,132	897	**16.5**	556	328	**56.6**
NORWAY	15,667	10,038	**56.1**	50.7	38.0	**33.5**	1,238	1,052	**12.8**	628	400	**50.5**
STOCKHOLM	5,181	2,603	**99.0**	62.4	35.3	**76.9**	1,255	865	**45.1**	783	305	**156.7**
COPENHAGEN	5,204	2,222	**134.2**	62.4	29.0	**114.8**	N/A	N/A	**N/A**	N/A	N/A	**N/A**
HELSINKI	2,197	1,012	**117.1**	51.1	28.5	**79.4**	1,206	892	**24.9**	616	254	**124.1**
OSLO	3,012	1,329	**126.6**	58.4	34.1	**71.0**	1,380	963	**37.3**	806	329	**134.7**

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

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.

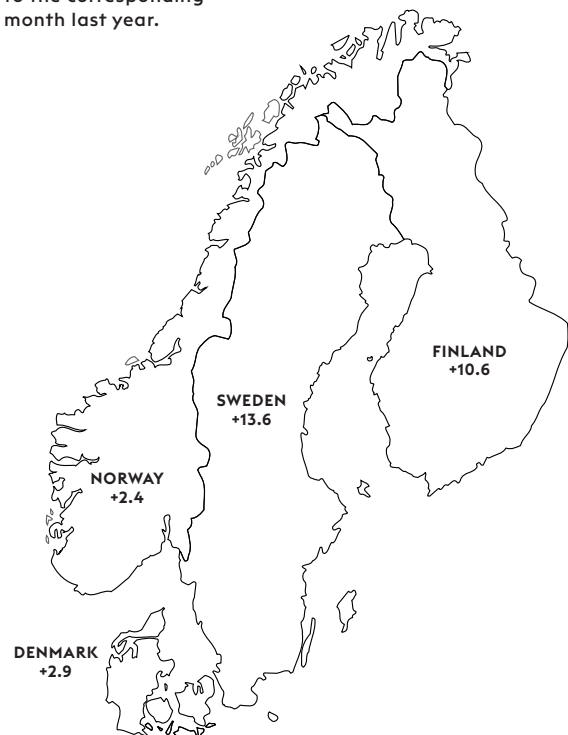ADR: Accommodation revenue/Rooms sold.

RevPAR: Occupancy x ADR.

N/A: Not available.

57·4%

INCREASE IN REVPAR
IN STOCKHOLM, OCTOBER 2022

ROOMS SOLD IN THE NORDICS IN OCTOBER

%-change compared
to the corresponding
month last year.

FINLAND
+10.6

SWEDEN
+13.6

NORWAY
+2.4

DENMARK
+2.9

Annordia was born from a passion for hotels. Thirty years on, we're proud to be one of the Nordic region's leading hotel investment and development consultancies. 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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Best wishes for a Happy New Year.
See you again in January 2023.

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