HOTEL MARKET UPDATE

NORDIC HOTEL MARKET TRENDS AND ECONOMIC INDICATORS

Jan/23

We're back on the ball, here are the latest figures.

Annordia
HOSPITALITY CONSULTING

# A full-service advisor for hotel investments in real estate

Annordia is 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.

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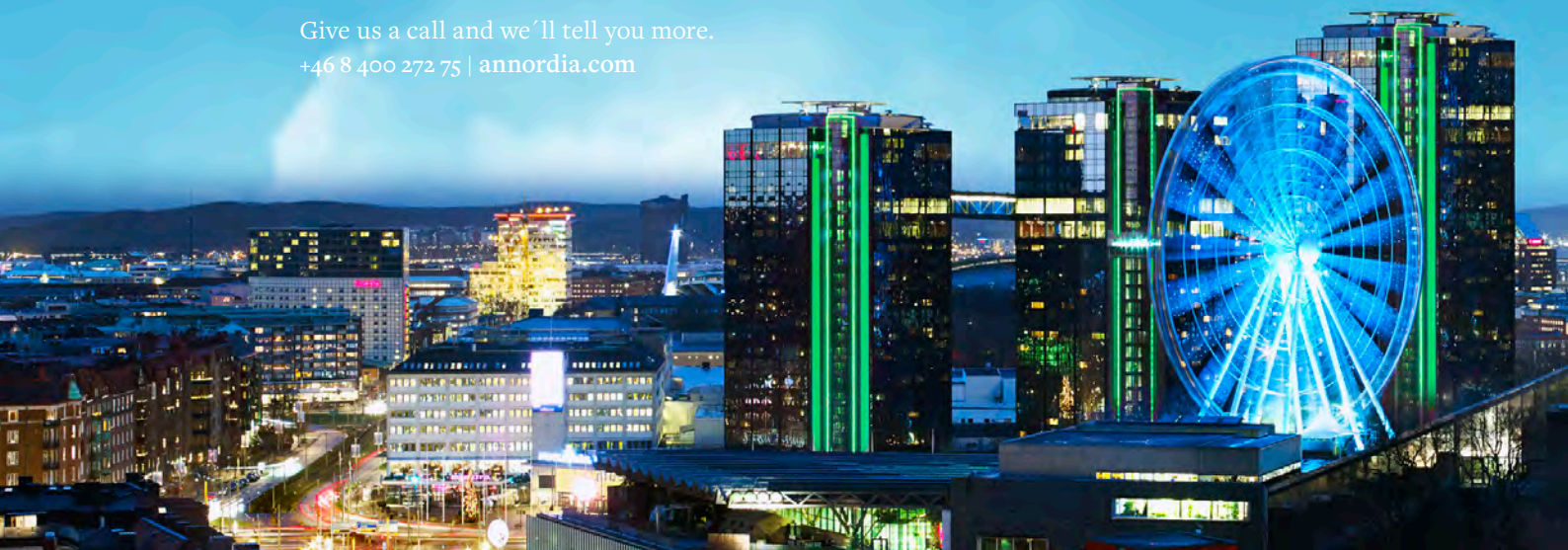
A selection of our completed lettings and transactions in 2022.

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.

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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.
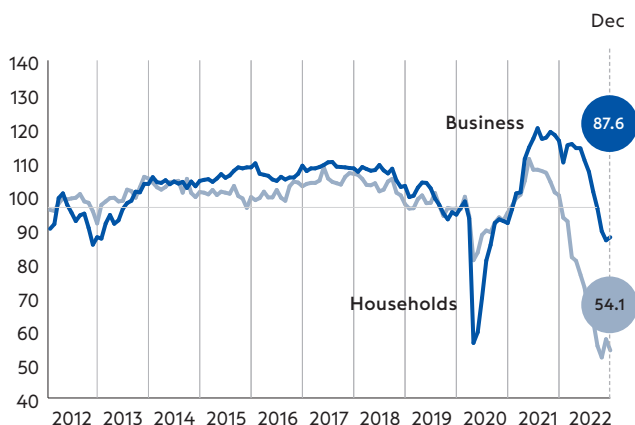
TALKING POINTS OF THE MONTH

The inflation rate, according to CPI, continued to rise in December 2022 and has now reached the 2:nd highest value in over 40 years. Only the peak inflation level during the financial crisis in the early 1990's was higher. Furthermore, the development of the Swedish GDP, which historically has had a strong connection with the hotel market, is expected to be negative during 2023. The hotel market trend for November 2022 compared to November 2021 is also induced by negative percental changes for key figures such as occupancy rates and the number of rooms sold. There is however not only a negative outlook, the confidence indicator for businesses slightly recovered during November and the Year-to-date and 12-month rolling average trends are still showing strong figures.

- The confidence indicator for businesses subsided following a 9-month period of decline – see confidence indicators on page 2.

- The rate of price increase continued to rise in December and is now the 2:nd highest level reached in over 40 years - see the inflation rate on page 2.

- The Swedish economy is expected to decrease by about 0.9 percent during 2023 – see the development of occupied hotel rooms and GDP on page 3.

- 13 out of 25 municipalities have had a negative percental change for November 2022 compared to November 2021 regarding occupancy rates – see trends in Sweden's largest hotel municipalities on page 4.

MACRO INDICATORS IN SWEDEN

The confidence indicator for households, which slightly recovered last month, have declined again, almost down to the same level as in October 2022 which was historically low. However, statistics show an improvement in the confidence indicator for businesses in Sweden following a comprehensive decline.
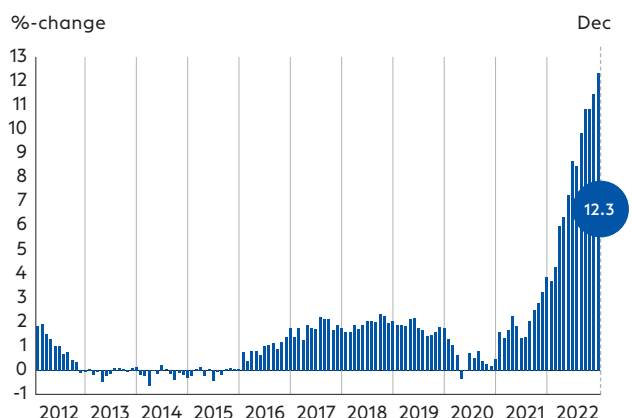
The exchange rates show a continued increase in the value of the Swedish Krona compared to the US Dollar. This is contrary to the development of the Swedish Krona against the Euro which decreased. The Euro has developed from corresponding to 10.88 Krona in November to 10.98 Krona in December.

Confidence indicators for business and households in Sweden, up to and including December.
Source: The National Institute of Economic Research
Confidence indicators are an overall measure of the overall perceptions and expectations of business and households.
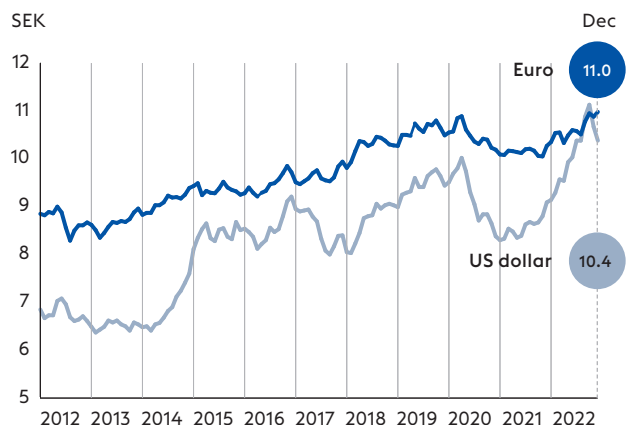
The development of the Swedish Krona against the Euro and the US dollar, up to and including December.
Source: The Central Bank of Sweden

The rate of price increase, according to CPI, increased in December to 12.3 percent. This level of inflation is the 2:nd highest in over 40 years, during which time, only the inflation peak of the financial crisis in the 1990's was higher at 12.6 percent.

According to trend, the unemployment rate continued to decline in November to 7.2 percent, which is a decrease from the previous month by 0.03 percental units. This is the 21:st consecutive month where the unemployment rate has recessed.

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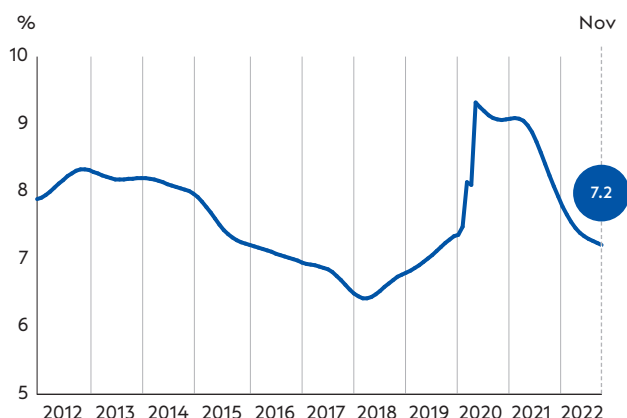
Unemployment (trend) as a percentage of the Swedish market up to and including November.
Source: The laborforce survey (Statistics Sweden)

12.3%

DECEMBER INFLATION RATE

SWEDISH HOTEL MARKET SUMMARY

The expectations of demand, expressed by the hotel companies for the next three months, show a continued decline with now only 4 percent of the hotels expecting increased demand.

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

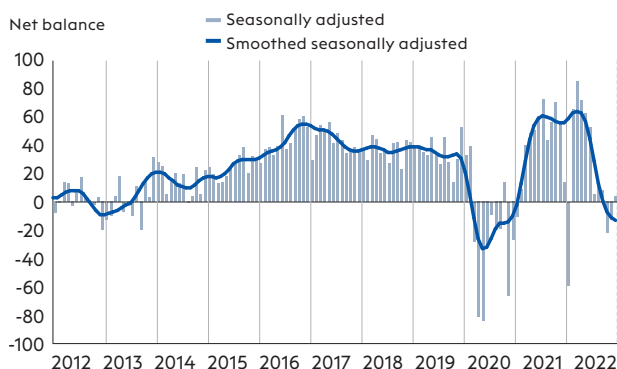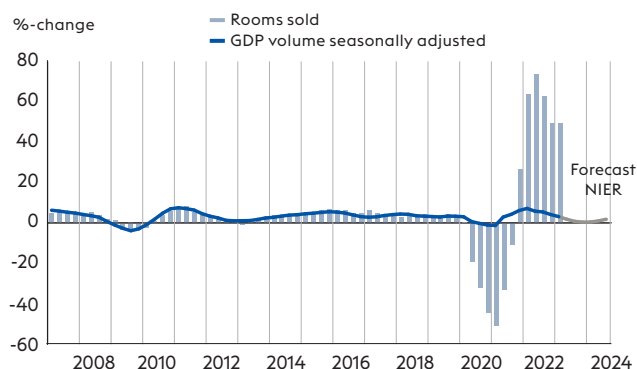The development of the Swedish economy is expected to be negative during 2023 and decrease by about 0.9 percent. Historically, the connection between GDP and the hotel industry has been strong.

%-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 about 63 percent higher year-to-date 2022 compared to the corresponding period in 2021 and the occupancy rate was about 35 percent higher during the same comparison period.

%-change

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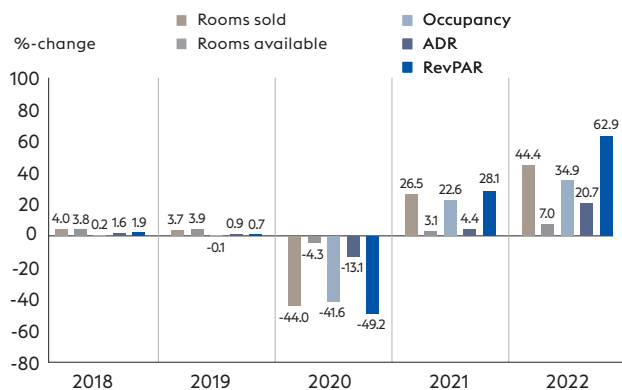
Development of key performance indicators in the Swedish hotel market, compared with the previous year, up to and including November.
Source: The Swedish Growth Agency/Statistics Sweden

The number of occupied rooms generated by corporate and conference guests combined was 64 percent higher during Jan-Nov 2022 compared to the corresponding period 2021 and about 6 percent lower than the same period in 2019.

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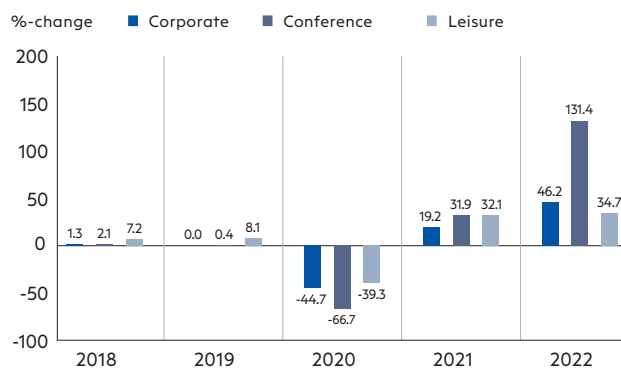
Percentage change of occupied hotel rooms by demand segmentation in the Swedish hotel market compared with the previous year, up to and including November.
Source: The Swedish Growth Agency/Statistics Sweden

■ Leisure Guests:
12,092,000 (50,6%)

■ Corporate Guests:
9,808,000 (41.1%)

■ Conference Guests:
1,980,000 (8.3%)
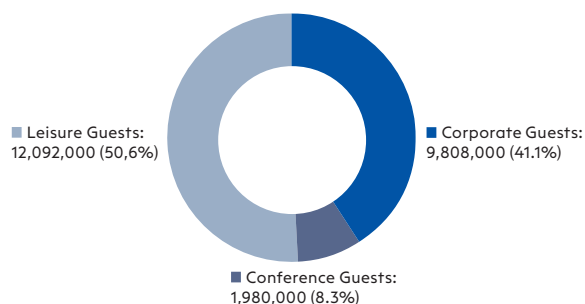
The leisure segment alone accounted for 50.6 percent of the occupied hotel rooms in the country during Jan-Nov 2022.

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

TRENDS IN SWEDEN'S 25 LARGEST HOTEL MUNICIPALITIES

MONTH NOVEMBER

	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2022	2021		2022	2021		2022	2021		2022	2021	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE	SEK	SEK	%-CHANGE
STOCKHOLM	491	434	13.2	71.5	65.1	9.8	1,371	1,100	24.7	980	716	36.9
GOTHENBURG	210	193	9.2	68.1	68.8	-1.0	1,222	1,152	6.1	832	793	5.0
MALMÖ	105	100	4.7	66.1	65.2	1.5	979	877	11.7	648	571	13.4
SIGTUNA	67	55	22.2	64.8	52.8	22.7	1,076	897	19.9	697	474	47.1
SOLNA	54	44	24.9	58.6	47.8	22.7	1,071	911	17.5	627	435	44.2
JÖNKÖPING	39	34	15.9	61.7	60.3	2.2	1,279	1,104	15.9	789	666	18.4
HELSINGBORG	32	30	7.5	51.7	52.5	-1.6	1,000	914	9.4	517	480	7.7
UMEÅ	43	44	-2.7	66.6	78.0	-14.7	944	815	15.9	629	636	-1.1
UPPSALA	34	38	-10.4	64.9	70.8	-8.4	1,006	867	16.0	653	614	6.3
LINKÖPING	38	39	-3.7	61.5	65.6	-6.3	927	797	16.4	570	523	9.0
LUND	29	27	8.0	54.4	51.2	6.3	1,053	892	18.1	573	457	25.5
KARLSTAD	27	27	1.8	65.1	65.4	-0.5	1,065	980	8.7	694	641	8.2
ÖREBRO	33	31	5.7	66.6	69.6	-4.3	1,116	976	14.4	743	679	9.5
VÄSTERÅS	33	33	-1.1	73.3	74.8	-2.0	1,086	972	11.7	797	727	9.5
SUNDSVALL	31	31	-0.7	57.9	54.3	6.7	921	846	8.8	533	459	16.1
NORRKÖPING	28	30	-7.8	58.1	64.7	-10.1	1,068	1,010	5.8	621	653	-4.9
LULEÅ	25	25	-1.0	67.3	68.3	-1.5	861	844	2.0	579	576	0.5
GOTLAND	14	14	-3.1	37.7	40.6	-7.0	832	797	4.4	314	323	-2.8
NACKA	26	21	22.2	61.2	57.2	7.0	1,443	1,361	6.0	884	778	13.5
HALMSTAD	24	22	11.2	55.3	49.9	10.7	1,059	1,089	-2.8	586	544	7.7
GÄVLE	22	25	-11.6	68.5	77.9	-12.1	1,007	983	2.4	689	766	-10.0
ÖSTERSUND	19	19	1.8	70.0	66.8	4.7	980	973	0.8	686	650	5.5
VÄXJÖ	20	19	9.5	71.1	65.4	8.8	1,055	894	18.0	750	585	28.4
KALMAR	17	16	1.7	60.9	61.7	-1.3	936	863	8.5	570	532	7.1
SÖDERTÄLJE	16	14	16.9	61.1	55.3	10.4	1,036	864	19.8	633	478	32.3
SWEDEN	**2,231**	**2,094**	**6.6**	**58.8**	**56.5**	**4.1**	**1,135**	**1,002**	**13.3**	**668**	**566**	**17.9**

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

YEAR-TO-DATE JANUARY – NOVEMBER

	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2022	2021		2022	2021		2022	2021		2022	2021	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE	SEK	SEK	%-CHANGE
STOCKHOLM	4,915	2,773	77.3	64.3	40.7	58.2	1,292	910	42.1	831	370	124.8
GOTHENBURG	2,139	1,304	64.1	66.5	44.0	50.9	1,302	998	30.5	865	440	96.9
MALMÖ	1,093	696	57.0	62.9	41.9	50.0	960	808	18.7	604	339	78.0
SIGTUNA	659	335	97.0	58.8	31.1	89.4	1,001	813	23.2	589	253	133.3
SOLNA	486	263	84.5	47.3	29.1	62.4	992	719	38.0	469	209	124.2
JÖNKÖPING	380	271	40.1	58.4	45.0	29.7	1,107	914	21.1	646	411	57.1
HELSINGBORG	388	283	37.1	57.2	45.5	25.9	1,128	925	21.9	645	420	53.5
UMEÅ	423	325	30.0	66.9	53.5	25.1	887	730	21.4	593	390	52.0
UPPSALA	373	253	47.8	63.0	43.5	44.9	980	743	32.0	617	323	91.2
LINKÖPING	388	291	33.2	58.1	46.1	26.1	879	725	21.2	510	334	52.7
LUND	304	223	36.5	51.7	43.0	20.2	996	820	21.5	515	353	46.0
KARLSTAD	295	205	44.0	64.4	45.9	40.5	1,006	832	21.0	648	381	70.0
ÖREBRO	323	228	41.6	60.7	47.7	27.1	1,059	874	21.2	642	417	54.1
VÄSTERÅS	341	253	34.5	68.8	53.6	28.3	995	914	8.9	685	490	39.7
SUNDSVALL	331	266	24.6	55.7	47.3	17.8	889	784	13.5	496	371	33.7
NORRKÖPING	298	228	30.5	55.6	47.4	17.3	1,149	1,034	11.1	639	490	30.4
LULEÅ	250	194	29.2	59.9	50.3	19.0	877	785	11.7	526	395	33.0
GOTLAND	282	243	15.8	56.3	52.0	8.4	1,366	1,262	8.2	769	656	17.3
NACKA	233	151	54.3	57.4	41.9	37.1	1,412	1,302	8.5	811	545	48.7
HALMSTAD	257	212	21.2	53.6	51.3	4.6	1,231	1,172	5.1	660	601	9.9
GÄVLE	229	201	13.9	64.9	58.0	11.8	1,013	909	11.5	657	527	24.6
ÖSTERSUND	193	152	26.6	64.0	50.3	27.2	933	797	16.9	597	401	48.7
VÄXJÖ	191	136	40.6	61.0	46.7	30.6	993	877	13.3	606	410	47.9
KALMAR	190	161	18.0	64.8	56.9	13.9	1,039	942	10.3	673	535	25.7
SÖDERTÄLJE	153	103	48.6	52.9	41.2	28.5	944	763	23.7	499	314	58.9
SWEDEN	23,880	16,542	44.4	56.6	42.0	34.9	1,130	936	20.7	640	393	62.9

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 DECEMBER – NOVEMBER

	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2022	2021		2022	2021		2022	2021		2022	2021	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE	SEK	SEK	%-CHANGE
STOCKHOLM	5,238	2,897	80.8	62.9	39.0	61.2	1,279	904	41.5	805	353	128.0
GOTHENBURG	2,276	1,351	68.4	65.0	42.3	53.8	1,292	990	30.5	840	419	100.6
MALMÖ	1,158	725	59.8	61.1	40.3	51.7	956	804	18.9	584	324	80.5
SIGTUNA	704	349	102.0	57.5	30.3	89.8	998	811	23.1	574	246	133.6
SOLNA	511	276	85.2	45.6	28.6	59.5	982	714	37.7	448	204	119.5
JÖNKÖPING	400	281	42.7	56.7	42.9	32.2	1,094	909	20.4	620	390	59.1
HELSINGBORG	409	293	39.7	55.6	43.8	27.0	1,119	922	21.4	622	404	54.2
UMEÅ	454	339	33.8	66.0	51.3	28.8	880	729	20.8	581	374	55.5
UPPSALA	399	264	51.3	61.7	41.9	47.4	969	737	31.5	598	309	93.8
LINKÖPING	410	302	35.7	56.7	44.1	28.6	872	724	20.5	495	319	54.9
LUND	321	232	38.3	50.3	41.5	21.2	989	814	21.5	497	338	47.3
KARLSTAD	313	212	47.4	62.9	43.9	43.5	998	826	20.8	628	362	73.3
ÖREBRO	343	238	44.1	59.5	45.7	30.0	1,053	869	21.2	627	398	57.6
VÄSTERÅS	366	265	38.4	67.8	51.6	31.3	995	913	9.0	674	471	43.1
SUNDSVALL	355	278	27.5	54.4	45.7	19.1	889	782	13.7	484	357	35.5
NORRKÖPING	316	237	33.3	54.5	45.6	19.5	1,149	1,031	11.5	627	470	33.2
LULEÅ	268	202	32.3	58.8	47.9	22.6	874	782	11.8	514	375	37.0
GOTLAND	289	248	16.9	54.7	50.2	9.1	1,352	1,252	8.0	740	628	17.8
NACKA	245	157	56.4	55.4	40.5	36.9	1,419	1,303	8.9	787	528	49.2
HALMSTAD	272	218	24.8	52.2	49.3	5.8	1,221	1,169	4.4	637	576	10.4
GÄVLE	246	211	16.5	63.7	55.8	14.2	1,007	903	11.5	642	504	27.2
ÖSTERSUND	206	158	30.1	62.7	48.4	29.7	932	793	17.5	584	384	52.4
VÄXJÖ	203	141	44.1	59.9	44.6	34.2	989	873	13.3	592	389	52.0
KALMAR	200	167	20.2	62.7	54.5	15.2	1,028	936	9.9	645	510	26.5
SÖDERTÄLJE	162	108	49.6	51.4	40.1	28.2	939	759	23.7	482	304	58.6
SWEDEN	25,364	17,211	47.4	55.3	40.3	37.1	1,123	932	20.6	621	376	65.3

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 NOVEMBER

	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2022	2021		2022	2021		2022	2021		2022	2021	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE*	SEK	SEK	%-CHANGE*
SWEDEN	2,231	2,094	6.6	58.8	56.5	4.1	1,135	1,002	13.3	668	566	17.9
DENMARK	1,089	1,039	4.8	57.0	57.0	0.0	N/A	N/A	N/A	N/A	N/A	N/A
FINLAND	884	810	9.2	51.5	48.7	5.7	1,198	1,003	11.7	617	488	18.2
NORWAY	1,368	1,315	4.0	53.7	53.0	1.3	1,279	1 068	15.3	687	566	16.8
STOCKHOLM	491	434	13.2	71.5	65.1	9.8	1,371	1,100	24.7	980	716	36.9
COPENHAGEN	472	421	12.1	66.0	64.0	3.1	N/A	N/A	N/A	N/A	N/A	N/A
HELSINKI	220	182	20.9	58.4	53.7	8.8	1,361	1,102	15.5	795	592	25.6
OSLO	302	251	20.4	66.3	60.9	9.0	1,453	1,174	19.2	964	715	29.9

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

YEAR-TO-DATE JANUARY – NOVEMBER

	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2022	2021		2022	2021		2022	2021		2022	2021	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE*	SEK	SEK	%-CHANGE*
SWEDEN	23,880	16,542	44.4	56.6	42.0	34.9	1,130	936	20.7	640	393	62.9
DENMARK	12,266	7,828	56.7	64.0	38.8	65.2	N/A	N/A	N/A	N/A	N/A	N/A
FINLAND	9,498	6,821	39.2	49.9	39.4	26.7	1,144	932	14.8	571	367	45.5
NORWAY	15,062	10,345	45.6	53.3	42.8	24.6	1,257	1,074	12.8	670	459	40.4
STOCKHOLM	4,915	2,773	77.3	64.3	40.7	58.2	1,292	910	42.1	831	370	124.8
COPENHAGEN	4,994	2,444	104.3	64.6	34.4	87.6	N/A	N/A	N/A	N/A	N/A	N/A
HELSINKI	2,091	1,084	92.8	52.5	32.4	61.9	1,238	946	22.4	650	307	98.1
OSLO	2,947	1,445	103.9	61.6	39.7	55.0	1,408	1,022	32.7	867	406	105.7

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

12-MONTH ROLLING AVERAGE DECEMBER - NOVEMBER

	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2022	**2021**		**2022**	**2021**		**2022**	**2021**		**2022**	**2021**	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE*	SEK	SEK	%-CHANGE*
SWEDEN	25,364	17,211	**47.4**	55.3	40.3	**37.1**	1,123	932	**20.6**	621	376	**65.3**
DENMARK	12,847	8,098	**58.6**	56.8	37.3	**52.3**	N/A	N/A	**N/A**	N/A	N/A	**N/A**
FINLAND	10,241	7,189	**42.5**	49.3	38.2	**29.3**	1,153	932	**15.8**	569	356	**49.7**
NORWAY	15,719	10,801	**45.5**	51.0	42.0	**21.4**	1,250	1,067	**12.9**	638	449	**37.0**
STOCKHOLM	5,238	2,897	**80.8**	62.9	39.0	**61.2**	1,279	904	**41.5**	805	353	**128.0**
COPENHAGEN	5,255	2,530	**107.7**	62.5	32.8	**90.7**	N/A	N/A	**N/A**	N/A	N/A	**N/A**
HELSINKI	2,235	1,136	**96.7**	51.6	31.4	**64.2**	1,235	944	**22.3**	636	296	**100.8**
OSLO	3,063	1,503	**103.9**	58.8	38.1	**54.4**	1,398	1,013	**32.9**	822	386	**105.2**

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.
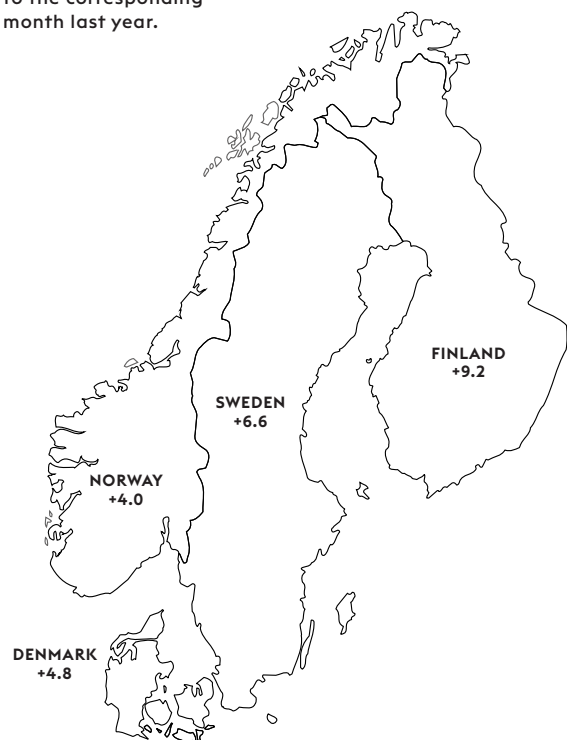
Occupancy: Rooms sold/Available rooms.

ADR: Accommodation revenue/Rooms sold.

RevPAR: Occupancy x ADR.

N/A: Not available.

ROOMS SOLD IN THE NORDICS IN NOVEMBER

%-change compared
to the corresponding
month last year.

47.1%

INCREASE IN REVPAR
IN SIGTUNA, NOVEMBER 2022

FINLAND
+9.2

SWEDEN
+6.6

NORWAY
+4.0

DENMARK
+4.8

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.
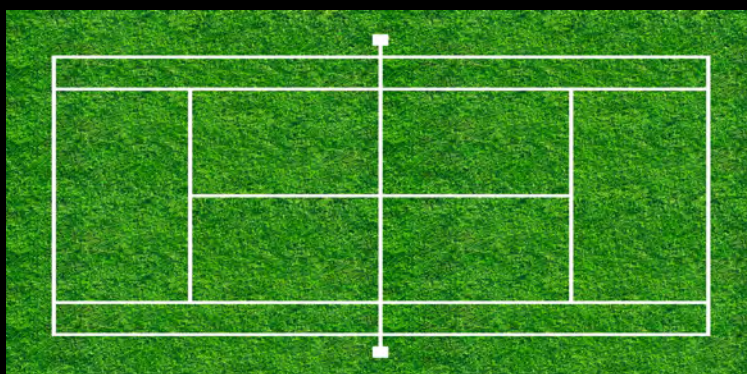
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