HOTEL MARKET UPDATE

Dec/23
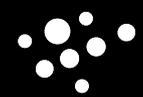
Warm Holiday greetings as the year nears its end,

With this report, our message we send,

Unveiling figures of the market trend.

Annordia

HOSPITALITY CONSULTING

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

As we approach the Christmas holiday, reflecting on 2023 unveils a resilient hotel market. Despite economic challenges and uncertainties, the sector has exhibited robust performance, highlighted by the openings of captivating new hotels, which leaves us expectant for the upcoming year.

We extend our sincere thanks to our cherished new and long-standing customers, partners, and stakeholders for their confidence in us over the past year. We eagerly anticipate the upcoming hotel projects and transactions that 2024 will bring.

Hans Åke Petersson, CEO Annordia

+46 8 400 272 75 | annordia.com

Four hotel openings during the year where we previously have participated as advisors

Four hotels, which are especially dear to us, have opened this year. Our involvement in several cases extends all the way back to the analysis stage.

Liseberg Grand Curiosa Hotel, Gothenburg, opened in April 2023. Carried out a feasibility study on behalf of **Liseberg.**

Hotell Billingehus, Skövde, re-opened partly in May 2023. Advisor to **Host Property AB** on the sale of First Hotel Billingehus.

Foto: Bert Leandersson. Erséus Arkitekter.

Clarion Hotel Draken, Gothenburg, opened in October 2023. Advisor to **Folkets Hus Göteborg** on the operator recruitment.

Best Western Plus Kungens Kurva, opened in November 2023. Advisor to **AB Properties** on the operator recruitment.

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

This month's statistics reveal a persistent strain on the hotel market aligning with a lingering pessimism for future demand. During the past month, the unemployment rate reached the highest value in 11 months, the confidence indicator for businesses continued to decline and the expectations for future demand amongst hotel companies remain at a negative level. Currently, only 5 percent of the surveyed companies expect an increased demand coming 3 months while almost 45 percent expect a decline. Nevertheless, amid the negative outlook, there are a few positive developments. The confidence indicator for households increased and the value of the Swedish Krona has strengthened against both the Euro and the US Dollar.

- The confidence indicator for households increased by 2.2 units in November 2023 – see confidence indicators on page 2.

- The value of the Swedish Krona continued to increase relative to both the Euro and the US Dollar – see exchange rates on page 2.

- The unemployment rate reached 8 percent which is the highest value in almost two years – see the unemployment rate rates on page 2.

- 15 out of the 25 largest municipalities had a negative development of their number of sold rooms while Sweden at large increased by 0.6 percent – see key figures on page 4.

MACRO INDICATORS IN SWEDEN

Similar to the previous month, the confidence indicator for businesses continued to decline in November while the indicator for households improved. Businesses registered an indicator of 85.2 units, marking its lowest value since the summer of 2020, amidst the height of the pandemic.

In November, the Swedish Krona continued to increase against both the Euro and the USD. Currently, 1 Euro is valued at 11.55 Krona, while 1 USD is equivalent to 10.7 Krona, reflecting increases of 0.1 and 0.3 Krona, respectively.
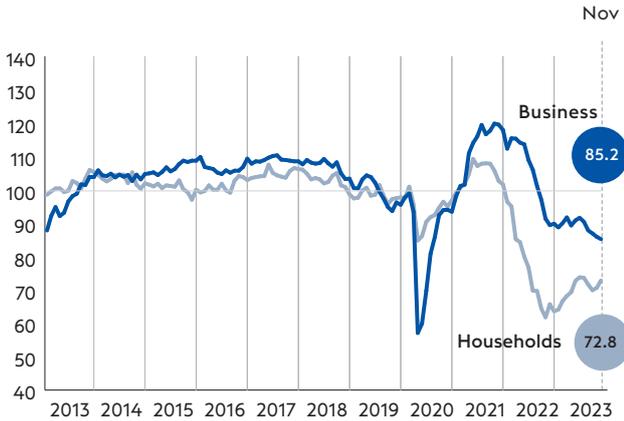
Confidence indicators for business and households in Sweden, up to and including November.
Source: The National Institute of Economic Research
Confidence indicators are an overall measure of the overall perceptions and expectations of business and households.
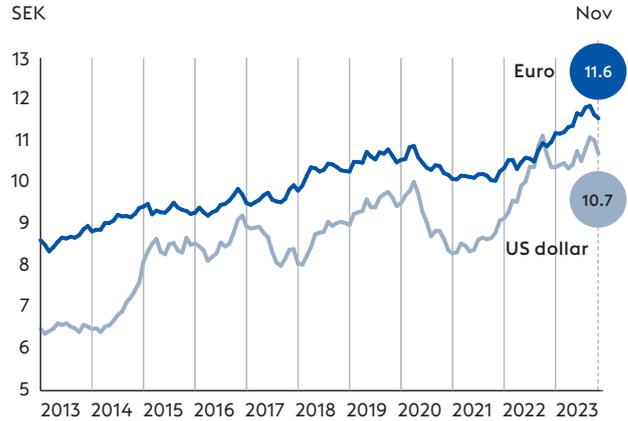
The development of the Swedish Krona against the Euro and the US dollar, up to and including November.
Source: The Central Bank of Sweden

The downward trend of the CPIF observed over the past months has reversed, increasing from 4.0 to 4.2 percent. Simultaneously, the CPI was unchanged at 6.5 percent.

The unemployment rate, according to trend, continued to rise in October, reaching 8 percent. This markes the 11th consecutive month of continued increase.
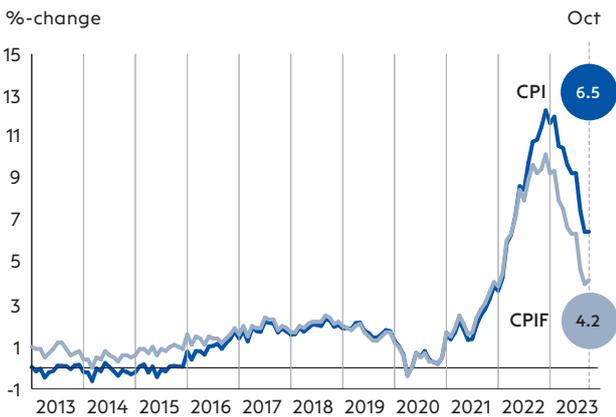
The inflation rate (CPI and CPIF) in the Swedish economy, up to and including October.
Source: Statistics Sweden
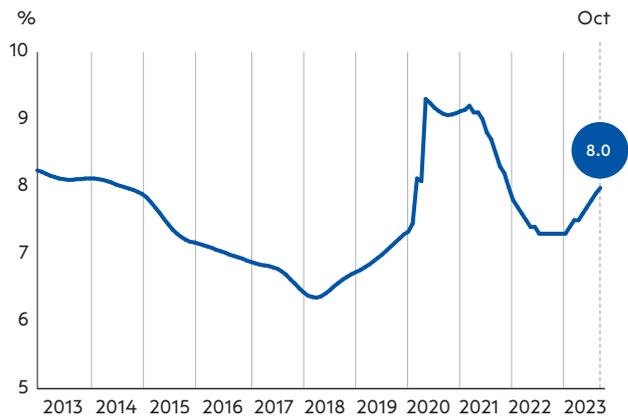
Unemployment (trend) as a percentage of the Swedish market up to and including October.
Source: The laborforce survey (Statistics Sweden)

8.0%

UNEMPOYMENT IN OCTOBER.

SWEDISH HOTEL MARKET SUMMARY

The pessimism which has been steadily increasing in recent months subsided slightly in November. The seasonally adjusted expectations for demand over the next three months improved from -15 to -6 units.

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 GDP forecast anticipates that the height of the economic recession will occur in the 1st quarter of 2024. Following this period, a gradual recovery is expected. Historically, the connection between GDP and the hotel industry has been strong.

%-change — Rooms sold — GDP volume seasonally adjusted

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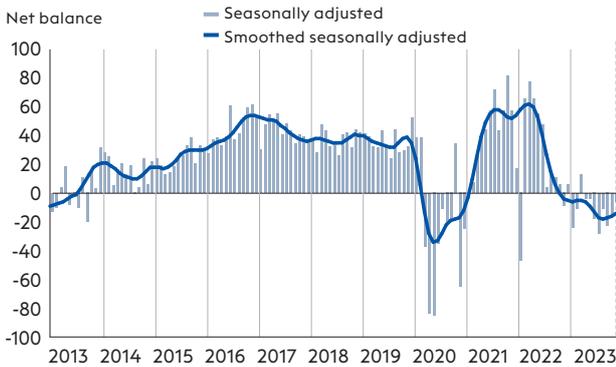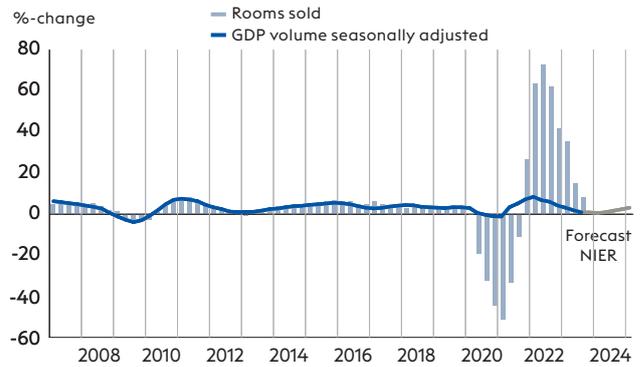Source: The Swedish Growth Agency/Statistics Sweden & the National Institute of Economic Research

Similar to previous months, the RevPAR-level continues to exhibit the strongest key figures year-to-date in 2023 compared to the same period last year. Specifically, RevPAR saw a notable increase of 9.4 percent this month.

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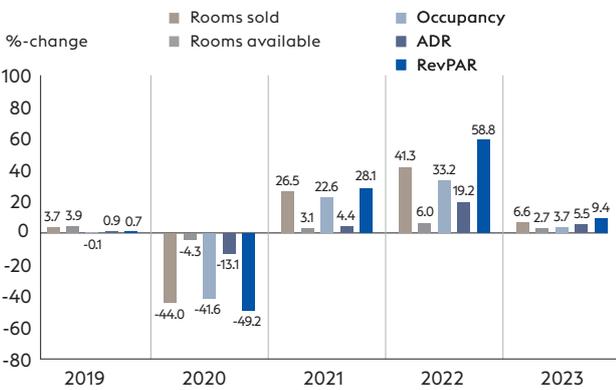
Development of key performance indicators in the Swedish hotel market, compared with the previous year, up to and including October.
Source: The Swedish Growth Agency/Statistics Sweden

In October, all three segments continued to show a positive development year-to-date compared to 2022. This can partially be attributed to the restrictions which still were in place during the first two months of 2022.

%-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: 12,066,000 (52.5%)
Corporate Guests: 9,081,000 (39.5%)
Conference Guests: 1,835,000 (8.0%)
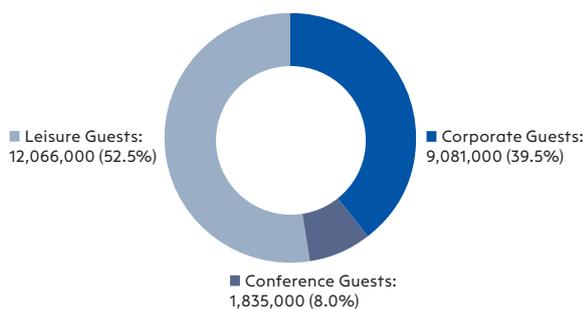
The leisure segment accounted for 52.5 percent of the occupied rooms in Sweden year-to-date 2023.

Distribution of occupied hotel rooms between different demand segments in the Swedish hotel market, Jan-Oct 2023.
Source: The Swedish Growth Agency/Statistics Sweden

TRENDS IN SWEDEN'S 25 LARGEST HOTEL MUNICIPALITIES

MONTH OCTOBER

	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2023	2022		2023	2022		2023	2022		2023	2022	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE	SEK	SEK	%-CHANGE
STOCKHOLM	502	512	-1.9	71.9	71.7	0.3	1,462	1,356	7.8	1,052	973	8.2
GOTHENBURG	238	224	6.1	69.8	73.6	-5.1	1,200	1,303	-7.9	838	959	-12.5
MALMÖ	115	107	7.7	68.9	64.1	7.5	1,046	989	5.8	720	633	13.7
SIGTUNA	75	71	5.2	66.7	65.0	2.6	1,089	1,059	2.8	726	689	5.5
SOLNA	53	54	-2.0	58.3	55.8	4.4	1,105	1,070	3.3	644	598	7.8
JÖNKÖPING	37	39	-3.9	53.9	56.7	-4.9	1,096	1,122	-2.4	591	637	-7.2
HELSINGBORG	34	33	3.2	52.0	50.5	3.0	1,023	992	3.2	533	501	6.3
UMEÅ	45	45	-1.8	67.9	68.9	-1.5	949	895	6.1	644	616	4.5
UPPSALA	39	40	-4.0	68.6	71.8	-4.5	1,102	1,046	5.4	756	751	0.7
LINKÖPING	40	40	-1.1	62.1	64.2	-3.3	970	921	5.3	602	591	1.8
LUND	33	30	10.6	61.1	53.5	14.2	1,098	1,125	-2.4	671	602	11.5
KARLSTAD	34	28	24.5	79.1	65.3	21.2	1,073	1,028	4.3	849	671	26.5
ÖREBRO	37	34	8.5	72.3	71.1	1.7	1,160	1,117	3.9	839	794	5.6
VÄSTERÅS	35	33	5.9	76.8	71.9	6.8	1,131	1,114	1.5	869	801	8.5
SUNDSVALL	35	33	6.5	63.5	59.9	6.0	988	904	9.2	628	542	15.8
NORRKÖPING	30	30	1.8	60.8	59.5	2.2	1,160	1,102	5.3	705	655	7.6
LULEÅ	22	26	-16.3	61.5	62.8	-2.1	1,032	949	8.8	635	596	6.6
GOTLAND	21	21	-3.6	45.7	46.6	-2.0	985	964	2.1	450	450	0.1
NACKA	26	27	-2.8	63.9	63.3	0.9	1,777	1,498	18.7	1,136	949	19.8
HALMSTAD	23	24	-1.3	51.3	52.7	-2.6	1,224	1,125	8.8	628	593	6.0
GÄVLE	22	22	-1.1	65.9	67.5	-2.4	1,053	1,028	2.5	694	694	0.0
ÖSTERSUND	19	19	-0.6	67.3	67.3	0.0	971	898	8.1	653	605	8.1
VÄXJÖ	18	19	-4.7	63.8	66.1	-3.5	1,126	1,055	6.8	718	697	3.0
KALMAR	17	18	-7.8	60.5	65.0	-6.9	983	952	3.2	595	619	-3.8
SÖDERTÄLJE	15	15	-4.7	52.3	56.1	-6.8	1,138	1,007	13.0	595	565	5.2
SWEDEN	**2,362**	**2,349**	**0.6**	**59.2**	**59.9**	**-1.2**	**1,179**	**1,141**	**3.3**	**698**	**684**	**2.1**

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

YEAR-TO-DATE JANUARY – OCTOBER

	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2023	2022		2023	2022		2023	2022		2023	2022	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE	SEK	SEK	%-CHANGE
STOCKHOLM	4,805	4,418	8.8	69.8	64.0	9.1	1,417	1,288	10.0	989	824	20.0
GOTHENBURG	2,212	1,925	14.9	69.2	66.3	4.4	1,323	1,311	0.9	915	869	5.3
MALMÖ	1,113	994	11.9	68.5	62.6	9.4	1,008	961	4.9	691	602	14.7
SIGTUNA	661	600	10.0	64.2	59.3	8.2	1,065	987	8.0	684	585	16.8
SOLNA	493	434	13.7	55.2	46.4	18.9	1,036	969	6.9	571	450	27.1
JÖNKÖPING	372	359	3.8	55.7	58.0	-3.9	1,039	1,091	-4.8	579	633	-8.5
HELSINGBORG	378	355	6.4	59.5	57.7	3.3	1,120	1,143	-2.0	667	659	1.2
UMEÅ	402	384	4.6	62.8	66.8	-6.0	937	867	8.1	589	579	1.6
UPPSALA	352	342	2.9	64.5	63.2	2.2	1,032	958	7.7	666	605	10.1
LINKÖPING	364	351	3.7	58.6	57.8	1.5	920	875	5.2	539	505	6.7
LUND	310	275	13.0	59.2	51.7	14.3	1,035	987	4.8	612	511	19.8
KARLSTAD	288	267	7.7	67.8	64.4	5.3	1,003	1,000	0.3	679	644	5.6
ÖREBRO	319	279	14.7	64.3	60.5	6.2	1,086	1,053	3.1	698	637	9.5
VÄSTERÅS	300	307	-2.2	68.6	68.8	-0.2	1,072	985	8.8	735	678	8.5
SUNDSVALL	304	300	1.3	56.1	55.4	1.1	944	884	6.8	529	490	8.0
NORRKÖPING	275	269	2.1	56.9	55.5	2.6	1,145	1,154	-0.8	651	640	1.7
LULEÅ	244	223	9.4	63.5	59.5	6.8	1,030	878	17.2	654	522	25.2
GOTLAND	254	264	-3.8	53.1	57.3	-7.3	1,372	1,384	-0.9	729	793	-8.1
NACKA	242	214	12.9	58.2	56.8	2.4	1,498	1,408	6.4	872	800	9.0
HALMSTAD	243	237	2.2	55.7	54.6	2.1	1,296	1,228	5.5	721	670	7.7
GÄVLE	209	207	0.9	64.6	64.2	0.7	1,018	1,014	0.4	658	650	1.1
ÖSTERSUND	185	174	6.4	66.4	63.5	4.6	983	925	6.3	653	588	11.2
VÄXJÖ	173	170	2.1	61.8	60.0	3.0	1,048	987	6.2	647	592	9.4
KALMAR	176	174	1.5	66.1	65.4	1.0	1,147	1,047	9.5	758	685	10.7
SÖDERTÄLJE	157	137	14.7	50.4	52.0	-3.0	1,051	931	12.9	530	484	9.5
SWEDEN	**22,982**	**21,573**	**6.5**	**58.7**	**56.6**	**3.7**	**1,186**	**1,124**	**5.5**	**696**	**636**	**9.4**

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		
	2023	2022		2023	2022		2023	2022		2023	2022	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE	SEK	SEK	%-CHANGE
STOCKHOLM	5,676	5,175	9.7	68.8	62.7	9.8	1,403	1,259	11.4	966	789	22.4
GOTHENBURG	2,590	2,254	14.9	67.9	65.0	4.3	1,305	1,287	1.4	886	837	5.9
MALMÖ	1,297	1,159	11.9	66.6	61.1	9.0	999	950	5.1	665	581	14.6
SIGTUNA	780	700	11.4	63.3	57.4	10.2	1,062	977	8.6	672	561	19.7
SOLNA	584	503	16.1	54.1	45.0	20.3	1,028	955	7.6	556	430	29.4
JÖNKÖPING	438	413	6.0	54.7	56.5	-3.2	1,055	1,080	-2.3	578	611	-5.4
HELSINGBORG	435	405	7.3	57.5	55.6	3.3	1,102	1,116	-1.3	633	621	2.0
UMEÅ	472	459	2.8	61.7	66.9	-7.8	934	857	8.9	576	573	0.5
UPPSALA	414	405	2.2	63.7	62.5	2.0	1,019	940	8.4	649	588	10.5
LINKÖPING	425	412	3.1	57.4	57.1	0.5	916	861	6.4	526	492	6.9
LUND	363	319	13.6	57.5	50.3	14.3	1,035	973	6.4	594	489	21.6
KARLSTAD	337	312	7.9	66.1	63.0	4.9	1,006	990	1.6	664	623	6.6
ÖREBRO	376	329	14.1	63.1	60.0	5.1	1,081	1,040	4.0	682	624	9.3
VÄSTERÅS	357	365	-2.2	67.9	68.2	-0.6	1,070	984	8.8	726	672	8.1
SUNDSVALL	358	355	1.0	55.2	54.0	2.1	941	881	6.8	519	476	9.1
NORRKÖPING	321	318	1.0	55.7	55.2	1.0	1,129	1,141	-1.1	629	629	0.0
LULEÅ	289	266	8.8	62.9	59.1	6.6	1,007	872	15.5	634	515	23.0
GOTLAND	277	286	-3.2	50.8	54.6	-6.9	1,327	1,341	-1.0	674	731	-7.9
NACKA	289	248	16.6	57.8	55.0	5.1	1,484	1,411	5.2	858	776	10.6
HALMSTAD	283	274	3.5	54.4	52.6	3.4	1,264	1,207	4.8	688	635	8.4
GÄVLE	248	248	-0.2	63.9	64.2	-0.4	1,011	1,004	0.6	646	645	0.2
ÖSTERSUND	219	206	6.2	65.7	62.6	5.0	976	930	5.0	641	582	10.3
VÄXJÖ	207	201	3.0	61.7	59.3	4.0	1,047	974	7.4	646	578	11.7
KALMAR	204	200	1.9	63.5	63.0	0.9	1,116	1,021	9.4	709	643	10.4
SÖDERTÄLJE	186	160	16.4	50.3	50.8	-1.1	1,048	921	13.8	527	468	12.6
SWEDEN	**26,882**	**25,150**	**6.9**	**57.5**	**55.2**	**4.1**	**1,176**	**1,108**	**6.2**	**676**	**612**	**10.6**

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		
	2023	2022		2023	2022		2023	2022		2023	2022	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE*	SEK	SEK	%-CHANGE*
SWEDEN	2,362	2,349	0.6	59.2	59.7	-0.8	1,179	1,141	3.3	698	681	2.5
DENMARK	1,214	1,180	3.0	60.0	59.0	1.7	N/A	N/A	N/A	N/A	N/A	N/A
FINLAND	885	901	-1.8	50.4	51.0	-1.2	1,178	1,109	-0.1	594	565	-1.3
NORWAY	1,413	1,380	2.4	52.6	51.1	2.8	1,250	1,242	5.7	657	635	8.7
STOCKHOLM	502	512	-1.9	71.9	71.7	0.4	1,462	1,356	7.8	1,052	972	8.2
COPENHAGEN	534	470	13.7	72.0	63.3	13.7	N/A	N/A	N/A	N/A	N/A	N/A
HELSINKI	216	225	-3.9	55.9	57.9	-3.5	1,235	1,211	-4.1	690	701	-7.4
OSLO	317	300	5.7	68.0	64.0	6.3	1,411	1,448	2.3	960	927	8.8

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

YEAR-TO-DATE JANUARY – OCTOBER

	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2023	2022		2023	2022		2023	2022		2023	2022	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE*	SEK	SEK	%-CHANGE*
SWEDEN	22,982	21,566	6.6	58.7	56.5	3.7	1,186	1,125	5.5	696	636	9.4
DENMARK	11,739	11,173	5.1	59.8	58.8	1.6	N/A	N/A	N/A	N/A	N/A	N/A
FINLAND	9,313	8,613	8.1	53.1	49.8	6.8	1,240	1,135	2.8	659	565	9.8
NORWAY	14,601	13,695	6.6	54.8	52.1	5.0	1,299	1,257	8.5	711	655	14.0
STOCKHOLM	4,805	4,418	8.8	69.8	64.0	9.1	1,417	1,288	10.0	989	824	20.0
COPENHAGEN	5,100	4,515	12.9	69.9	64.3	8.8	N/A	N/A	N/A	N/A	N/A	N/A
HELSINKI	2,146	1,871	14.7	57.1	51.9	10.0	1,298	1,219	0.1	741	633	10.1
OSLO	3,038	2,644	14.9	65.7	61.0	7.7	1,455	1,405	8.7	957	858	17.1

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

12-MONTH ROLLING AVERAGE NOVEMBER – OCTOBER

	ROOMS SOLD			OCCUPANCY			ADR			REVPAR		
	2023	2022		2023	2022		2023	2022		2023	2022	
	000s		%-CHANGE	%	%	%-CHANGE	SEK	SEK	%-CHANGE*	SEK	SEK	%-CHANGE*
SWEDEN	26,882	25,143	**6.9**	57.5	55.2	**4.1**	1,176	1,108	**6.2**	676	612	**10.6**
DENMARK	13,638	12,793	**6.6**	58.3	56.7	**2.8**	N/A	N/A	**N/A**	N/A	N/A	**N/A**
FINLAND	11,034	10,166	**8.5**	52.4	49.1	**6.8**	1,256	1,140	**3.6**	659	559	**10.7**
NORWAY	16,899	15,667	**7.9**	53.0	49.9	**6.1**	1,288	1,238	**9.2**	682	618	**15.8**
STOCKHOLM	5,676	5,174	**9.7**	68.8	62.7	**9.8**	1,403	1,259	**11.4**	966	789	**22.4**
COPENHAGEN	5,989	5,197	**15.2**	68.4	62.2	**9.9**	N/A	N/A	**N/A**	N/A	N/A	**N/A**
HELSINKI	2,547	2,197	**15.9**	56.3	51.1	**10.1**	1,308	1,214	**1.3**	736	620	**11.6**
OSLO	3,561	3,012	**18.2**	64.2	58.3	**10.1**	1,441	1,380	**9.7**	926	805	**20.8**

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

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.

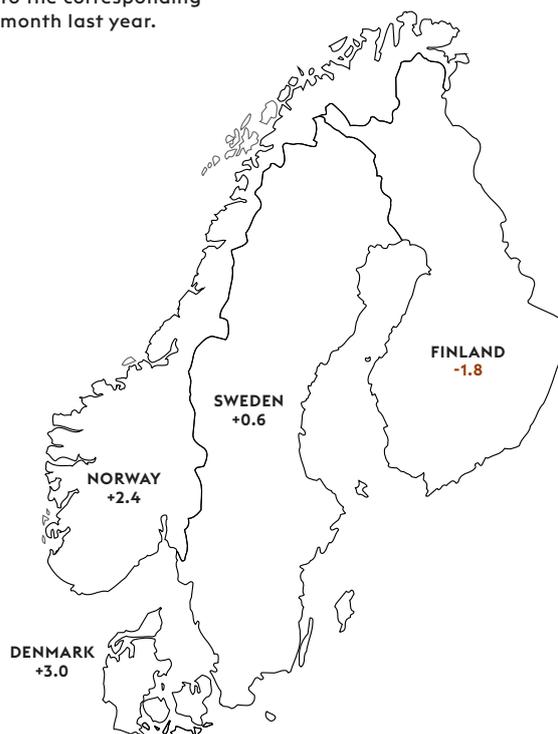RevPAR: Occupancy x ADR.

N/A: Not available.

24.5%

INCREASE IN ROOMS SOLD
IN KARLSTAD, OCTOBER 2023/2022

ROOMS SOLD IN THE NORDICS IN OCTOBER

%-change compared
to the corresponding
month last year.

FINLAND
-1.8

SWEDEN
+0.6

NORWAY
+2.4

DENMARK
+3.0

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.

CONTACT

Hans Åke Petersson
CEO & Partner
hansake.petersson@annordia.com
+46 70 699 37 51

We'll be back again in January 2024.

*Sign up for our newsletter at annordia.com
and you will receive our HMU, Cyclical Barometer and
other information on the Nordic hotel markets -
direct to your inbox.*

Annordia
HOSPITALITY CONSULTING