

# INDUSTRIAL REPORT 2023

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REAL ESTATE PARTNER

# DEFINITIONS

Industrial properties		Refers to all the properties located in each municipality of which at least 50% of the area is assessed as industrial properties (type code 400 series). Includes terminal buildings (type code 829) that has been estimated by Croisette. The data in the report includes all industrial properties built until year 2021 – the latest year for public available data for commercial properties from the authorities.
Vacant premises		Vacancies are based on information from public sources as well as in-depth research when necessary to eliminate data errors or outdated public information (e.g. expired/old vacancy listings). <i>The data does not include project vacancies.</i>
Active municipalities		Municipalities with at least one publicly advertised vacant premise per quarter.
Inactive municipalities		Municipalities with less than at least one publicly advertised vacant premise per quarter.
Transaction volume		Includes transactions over SEK 40 million where the purchase price is known.
The Metropolitan regions		The Greater Stockholm region, The Greater Gothenburg region, The Greater Malmö region.
The Greater Stockholm region		The following municipalities are included in the region: Botkyrka, Danderyd, Ekerö, Haninge, Huddinge, Järfälla, Lidingö, Nacka, Norrtälje, Nykvarn, Nynäshamn, Österåker, Salem, Sigtuna, Södertälje, Sollentuna, Solna, Stockholm, Sundbyberg, Täby, Tyresö, Upplands Väsby, Upplands-Bro, Vallentuna, Vaxholm and Värmdö.
The Greater Gothenburg region		The following municipalities are included in the region: Ale, Alingsås, Bollebygd, Borås, Gothenburg, Härryda, Kungälv, Kungsbacka, Lerum, Mölndal and Partille.
The Greater Malmö region		The following municipalities are included in the region: Helsingborg, Landskrona, Lund, Malmö and Trelleborg.
Regional cities		The following municipalities are defined as regional cities: Borlänge, Eskilstuna, Falkenberg, Gävle, Halmstad, Jönköping, Kalmar, Linköping, Norrköping, Nyköping, Sundsvall, Umeå, Uppsala, Varberg, Västerås, Växjö, Örebro, Östersund.

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**From the beginning of 2022, Croisette maps the industrial stock across the whole country, providing a unique insight into how the stock is evolving. Furthermore, as the vacancies are tracked on a weekly basis, Croisette can provide you with the latest vacancy data. The report covers a total of 128,000,000 sq m spread across Sweden. In total, the report is based on data collected from over 48,000 properties.**

In this report you can read about the aggregate growth of the total industrial stock in Sweden as well as in the metropolitan regions. In Sweden, the industrial stock has grown by 1.1% and the metropolitan regions has had a slightly stronger growth. Croisette's data concludes that approximately 25% of the total stock is clustered in only 15 municipalities of which 14 are in the southern parts of the country.

Notable is that the largest industrial stock in total is found in Västra Götaland county, however the growth in terms of area during the year has been largest in Skåne county, but in percentage terms, the growth has been strongest in Stockholm county. However, this is a rather unusual phenomenon as over both a 5- and 10-year period Västra Götaland has had the strongest growth in terms of added industrial stock.

As previous years, we continue to see a centric pattern in the Stockholm region where the growth is taking place in the outskirts of the county while the city centre is experiencing a decline.

In the Greater Gothenburg and the Greater Malmö region we see a clear contrast compared to Greater Stockholm. Here the growth rather takes place in more centrally located industrial areas, near important infrastructure such as ports, airports and alongside motorways.

When it comes to vacancy levels in the industrial stock, Croisette can conclude that the vacancy levels have been stable throughout the year with little to no changes compared to previous years, indicating no signs of weakness. In fact, in the 15 largest industrial areas in the metropolitan regions, vacancy levels have dropped from 4.6% to 3.6%. In the 15 largest industrial areas in the regional cities, vacancies on an aggregate level have increased slightly from 2.9% to 3.1%. It should however be emphasized that the vacancies are moving from already very low levels below the metropolitan areas.

Digging deeper into the data on vacancies in specific industrial areas we conclude that often when vacancies shift abruptly or is unusually high it is due to a single or a few large vacancies that have a large impact on the overall vacancy as the total stock in specific areas are relatively low. Another interesting conclusion from the vacancy data is that a larger proportion of the vacancies belong to the older stock, when compared to the overall age distribution of the industrial stock. ►►



# Industrial report

Croisette's unique and nationwide coverage shows a continued stable growth rate, vacancy rate as well as an attractive rental market



As for the rental market, Croisette's observation is that there is continued high demand for industrial and warehouse space. We see continued upward pressure on rents, primarily driven by newly constructed premises. On the other hand, the overall picture is that negotiations are taking longer, which is linked to increased uncertainty in pricing, both from tenants' side as well as from the property owners' side.

The transaction market had a general slowdown in 2022 regardless of segment. Industrial and logistics, however, accounted for a larger share relative to other segments, reflecting increased investor interest in the segment. The transaction market did in fact also offer an all time high – as the average purchase price per square meter in Stockholm reached a new record level.

Although we continue to note uncertainties on the economic and political scenes, Croisette note that this is already starting to unwind, and that the uncertainty is less apparent than it was in 2022. Croisette believes that 2023 is likely to offer increased transaction volumes as both national and international investors, with a lot of capital, are seeking new investments within the segment.

This is a comprehensive report describing the industrial market in the country at a general level. If you are interested in a deeper dive into a specific region, an individual area, or have any questions about the content of the report, please contact one of us and we will be happy to share our findings with you.

Enjoy the reading!



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# MACROECONOMIC INSIGHTS



# The market uncertainty continues, but for how long?



**The industrial real estate market has undergone a significant transformation due to the past year's macroeconomic and geopolitical events. The last years' stable market conditions, marked by high growth, transparent transaction environment, and yield compression have volatilized and are now characterized by increased uncertainty with higher inflation and interest rates. This has, in turn, imposed a re-evaluation of financial operations by market participants. As a result, there has been a decrease in market activity compared to previous years.**

The Swedish market has largely followed the same trends as the rest of the EU countries with high levels of inflation and rising interest rates. These conditions have caused companies and consumers to revise financial priorities, further reflecting on the market during the second half of the year.

In 2022, costs for housing and food increased drastically, which led to lower consumption levels compared to previous years. Additionally, Swedish consumers tend to have a relatively high debt-to-income ratio and 80% of the total household debt in Sweden has a fixed rate shorter than a year. This makes the Swedish consumer especially sensitive to changes in these costs.

The same trend has also been observed for real estate companies, where flourishing capital markets and continuous yield compression have allowed for a relatively higher degree of debt in nominal terms and relative to GDP.

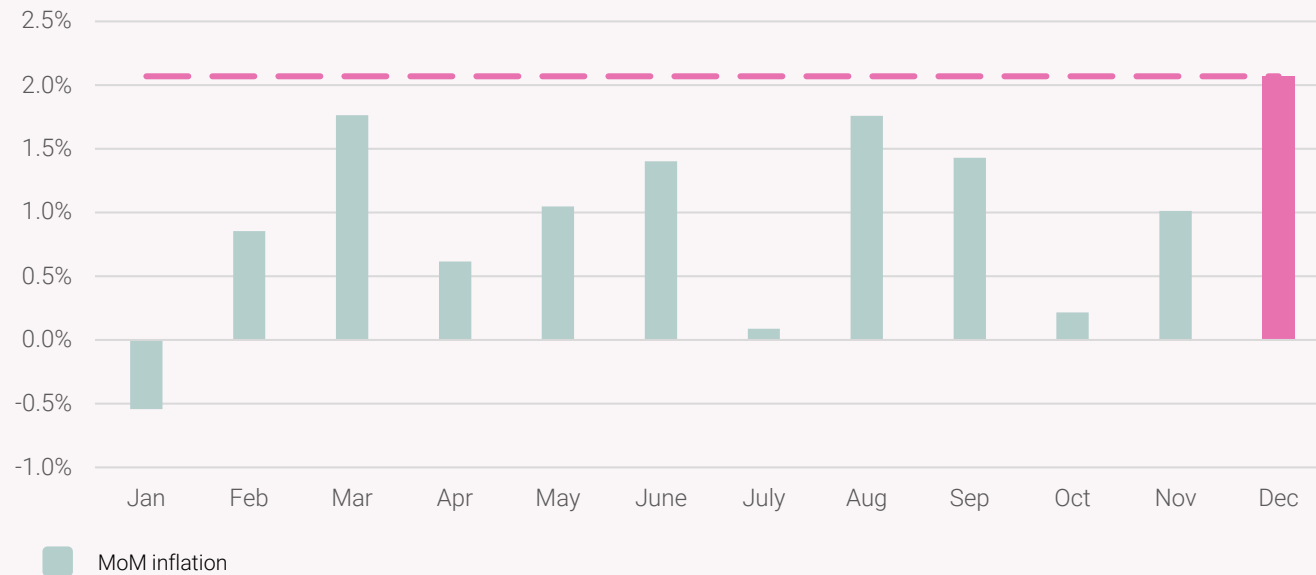
Hence, the sudden movements in interest rates have had an impact on the whole sector, particularly the bond market, for which liquidity decreased significantly. This trend can be observed by comparing the amount of capital raised on the bond market in the second quarter of 2022, which decreased by 35% compared to the same quarter in 2021. Instead, refinancing has gradually moved towards conventional bank loans where the sector still has lasting credit facility agreements with the banks for up to SEK 190 billion.

As a result of the elevated interest rates, there is also an expectation for yields to expand. Although property valuations have not yet been significantly affected, Croisette predicts a short-term decline in property values before once again increasing. One main reason for this trend lies in the expectation that safer and more liquid alternative assets, such as government bonds, become more competitive while the industry strengthens its financial balance sheets, partially by divesting.





### CPI Inflation per month, Sweden 2022



### Key takeaways

- The HICP inflation figures for Sweden in 2022 resulted in 10.8%
- In comparison, the HICP inflation in Europe was 10.4%
- The Swedish inflation increased significantly between November and December, partially due to a weaker Swedish krona

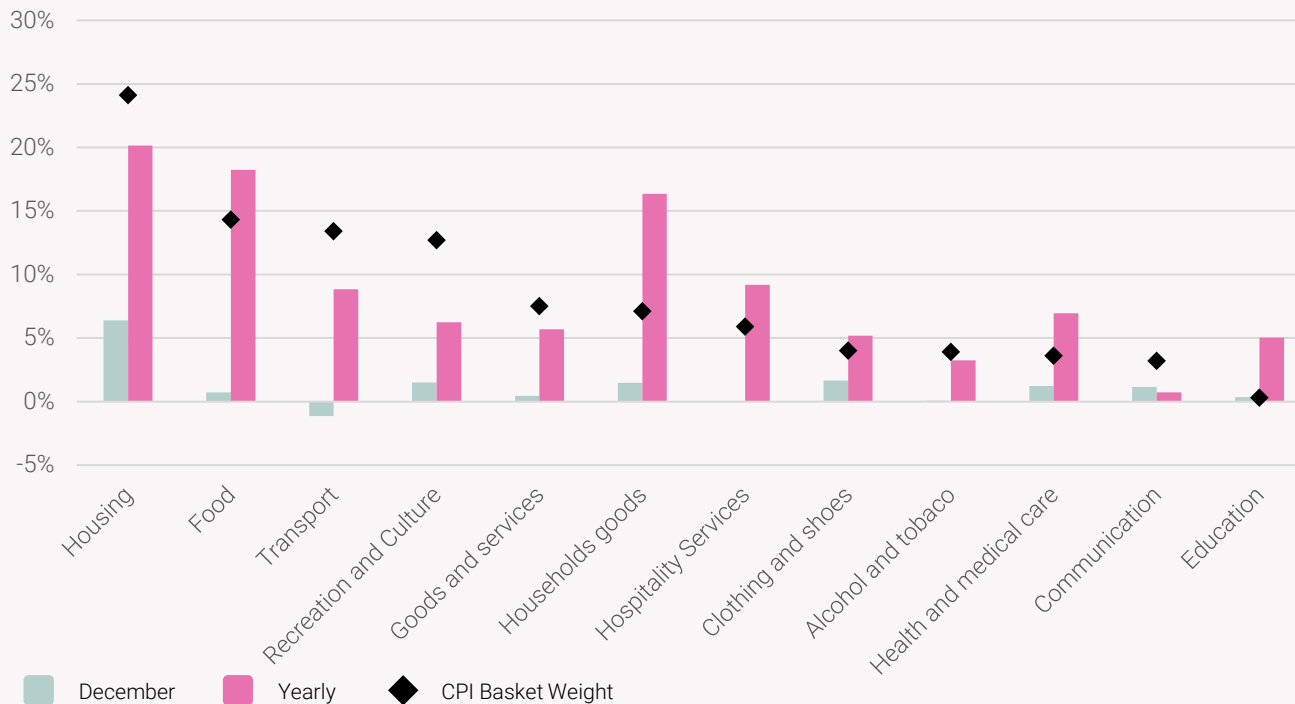
In 2022, Sweden experienced a surge in inflation, with the Harmonized Index of Consumer Prices (HICP) reaching a double-digit figure of 10.8%, the highest level since the 1990s. This increase highlights the impact of various global factors, including escalating energy prices and the lingering effects of the preceding pandemic.

Data from ECB shows that Sweden was one of only two EU countries that experienced an increase in inflation between November and December, with the Consumer Price Index (CPI) for December recording 2.1%, the highest monthly inflation number since the start of the year as seen in the graph to the left. The recent figures are partly explained by the decreasing value of the Swedish krona, which has depreciated against the euro and the US dollar since May 2021.

The inflationary trend was not limited to Sweden but was a global phenomenon. According to the HICP, Europe experienced an average inflation rate of 10.4%, with the highest rates recorded in the Baltic States and Hungary, ranging from 17.5% to 25%. These countries are small and open economies, with Russia traditionally serving as one of their main trading partners. In contrast, countries such as Spain, Luxembourg, and France had the lowest inflation rates, ranging between 5.5% and 6.7%.



### Inflation components and corresponding measured weight



### Key takeaways

- In 2023, inflation is predicted to decline rapidly back to the 2% target by 2024
- Base effects have large implications in January if last years' January deflationary figures will be replaced by inflationary figures in January 2023
- Key components of Swedish CPI are housing, food and transportation, all of which increased rapidly in 2022

According to the forecasts by the central bank of Sweden, the Riksbank, inflation in Sweden is expected to decline rapidly in 2023 and stabilize at its target rate of 2% as early as January 2024. This projection aligns with the estimates of the National Institute of Economic Research (Konjunkturinstitutet), which anticipate inflation to decrease to levels as low as 1% during the same period.

Furthermore, inflation is calculated in a manner that gives rise to a phenomenon known as base effects. This effect becomes evident when one removes the oldest data point for each month from the updated figures. As a result, this effect is significant since the deflationary figures reported in January 2022 will no longer factor into the calculation when compiling inflation figures for January 2023. Therefore, if January 2023 does not exhibit a corresponding deflation, it is reasonable to expect a significant increase in the annual inflation rate.

Another analysis of the inflation figures for December indicates that housing costs, which carry the greatest weight (24.1%) in the Consumer Price Index (CPI) basket, were the product group that contributed the most to the inflationary uptick. However, it is worth noting that this increase can largely be attributed to the inclusion of electricity and gas costs in this category. When excluding these factors, housing costs rose by 2.89%, primarily driven by higher prices for water and other housing-related services.





### Bond Yields in Sweden, A comparative analysis of 10-year and 3-month Government bonds



### Key takeaways

- The high Inflation has caused a global increase in interest rates, particularly short-term rates
- Many of the global rates reached a new high in February 2023 including the Swedish government bonds
- The Federal Reserve has adopted a "higher-for-longer" stance that investors are slowly adjusting to

In response to the persistent inflationary pressures, central banks across the globe have implemented a policy of raising interest rates. In Sweden, short-term rates have been particularly impacted, having increased by 2.25 percentage points since the beginning of 2022. Long-term rates have also shifted, albeit to a lesser degree. The difference between the long and short-term rates, known as the spread, serves as a gauge of market expectations. A negative spread indicates that the market anticipates a future rate reduction, typically in response to an impending economic slowdown. In November and December, the spread between the 10-year and 3-month rates reached its lowest values compared to the rest of the year.

Over the year, a strong correlation has been observed between global interest rates, with several of them peaking in February 2023. For example, in 2022, the correlation between the Swedish government bond and the 10-year US bond was as high as 86%.

The Federal Reserve has maintained its commitment to a high-interest rate monetary policy throughout the year to curb inflation expectations. This "higher-for-longer" stance has been recently adopted by the market, which had previously priced in a potential decrease in rates. The market now suggests an increase of 50 basis points to achieve a target rate of 500-525 basis points by December 2023.

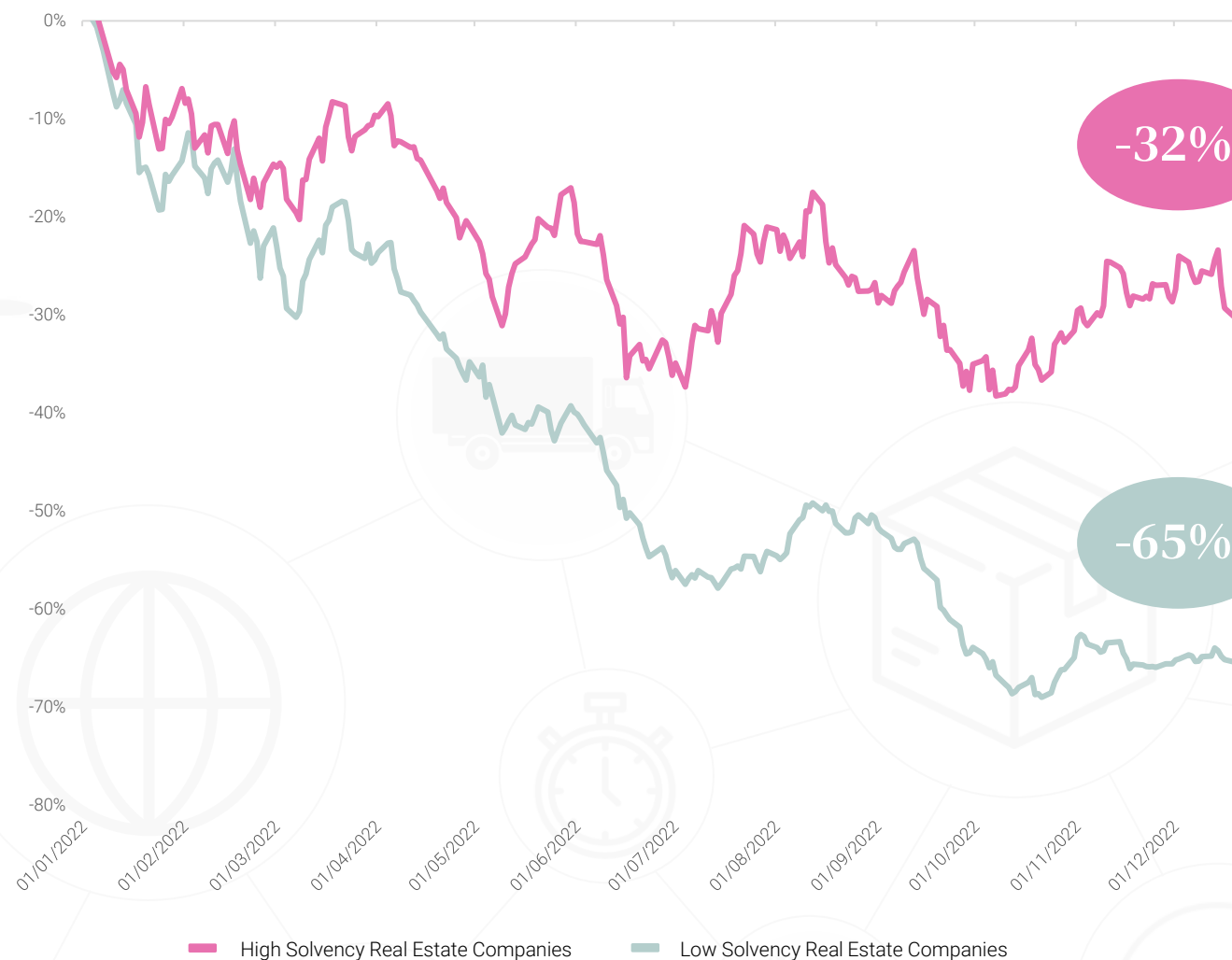


The increased rates have also focused attention on capital structures among companies and investors. This has been reflected in the stock market where prices of highly leveraged companies decreased significantly relative to their less leveraged peers. For example, a 2022 comparison between Swedish real estate companies with different levels of debt, showed that stock prices of leveraged firms experienced a cumulative drawdown of -65% compared to companies on the other side of the spectrum. Instead, these companies had a relatively small drawdown of -32%.

Another measure used to quantify the increased attention toward debt levels is to compare the frequency of words like "rates" or "solvency rates" in earnings reports. This analysis shows that similar words increased by 113% between 2019 and 2022, suggesting a heightened focus on this aspect of their financial operations.

The risks associated with leverage tend to be twofold. First, companies with high levels of debt are likely to face higher monetary repercussions compared to their less-leveraged peers, secondly, alterations in solvency ratios may also impact the company's credit rating. A downgrade in ratings will further increase the companies' cost of debt. For example, the bond spread between an average AAA-rated company and a BB-rated company was 1.71 percentage points in January 2023.

**2022 Cumulative Return Comparison,** High Solvency vs. Low Solvency Companies within Real Estate



# Bankruptcies

Rising bankruptcies since 2021



The credit and business information company UC reports that Swedish bankruptcies have surged to record levels during the end of the year. As of early 2023, the rate of bankruptcies remains high, currently standing at 47% - a decade-long record. Meanwhile, the number of newly established companies has witnessed a decline of 46% compared to the corresponding period of the previous year.

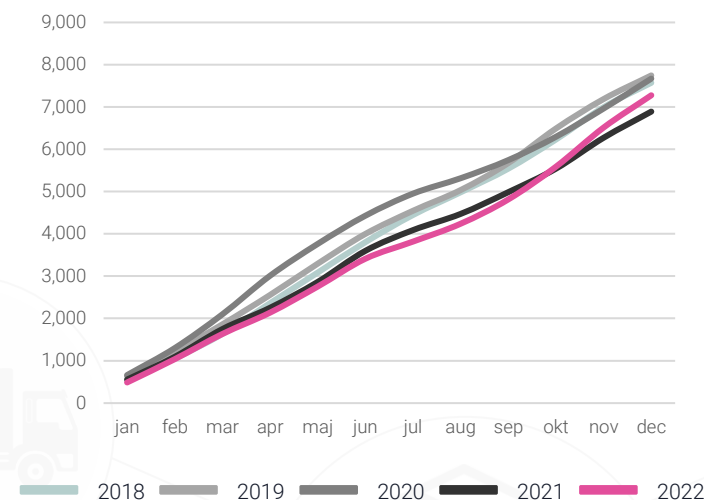
Upon examining bankruptcies by sector, property management services are amongst the hardest hit. In the transportation sector, bankruptcies have surged 41% in Q4 2022, and further 150% during January 2023. Similarly, construction companies have experienced bankruptcy levels of 25% in Q4 and 49% in January, the highest January figures observed in a decade. Conversely, even though the hospitality industry recorded an increase in bankruptcy levels of 44% in Q4, the trend has reversed in January, declining by 9% compared to the same timeframe last year.

However, based on an overall comparison of the yearly number of bankruptcies for the past five years, it becomes apparent that 2022 did not surpass any abnormal levels. Instead, the number of bankruptcies only increased in comparison to 2021, while remaining well below the figures recorded for the years 2018 to 2020.

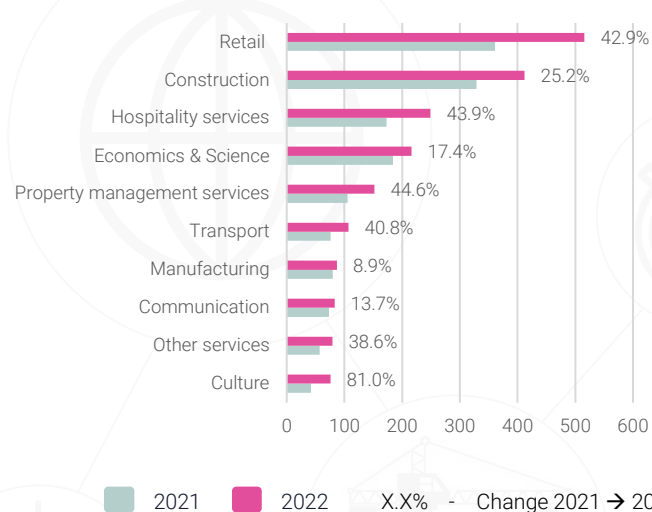
### Bankruptcies per county | Q4



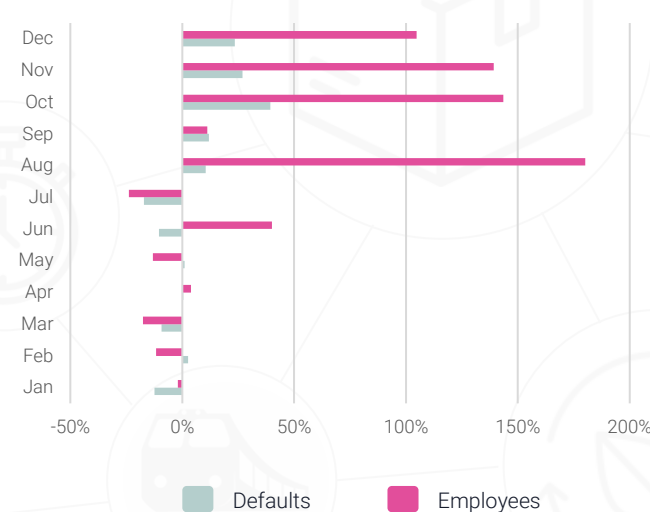
### Cumulative Bankruptcies | 2022



### Bankruptcies per sector | Q4



### Change 2021-2022 | Month







**The year 2022 has posed significant challenges for both consumers and companies alike. The current conditions have been characterized by a surge in interest rates and an unexpectedly high level of inflation. In our macro briefing, we have attributed the escalation in interest rates to the ongoing era of elevated inflation. As a result, central banks have taken centre stage in the markets and are now tasked with the formidable challenge of steering the economy through a narrowing path, with the potential for a looming recession on one shore and the threat of hotter inflation on the other.**

Beginning with a positive perspective, it is noteworthy that as per the forecasts provided by both Riksbanken and Konjunkturinstitutet, the inflation rate is expected to decrease rapidly during 2023 and 2024. This is primarily attributed to the stabilization of energy prices, reduction in shipping costs, as well as a decline in supply chain pressures and consumer demand. Furthermore, the unexpectedly warm winter in Europe and record-breaking levels of energy generated by wind turbines have contributed to easing the pressure on the flexible energy component of inflation.

On the contrary, the sturdy labour markets of Sweden and the United States, the latter being the strongest it has been since 1968, are anticipated to sustain inflationary forces on core prices throughout 2023. It is concerning that the core inflationary component has persisted in recent inflation metrics.

The Federal Reserve's considerable influence on the global financial landscape makes it a crucial entity to monitor in 2023 for several reasons. Firstly, since the US constitutes roughly 45% of the worldwide equity market capitalization, its economic policy decisions hold immense importance in shaping investment trends. Moreover, as observed over the past year, fluctuations in the American Consumer Price Index (CPI) and Federal Open Market Committee (FOMC) rate decisions significantly impact the Swedish markets. However, the most significant aspect to consider is the Federal Reserve's current first-mover position in its monetary policy tightening cycle, as it offers valuable insight to other central banks in deciding their respective monetary policy decisions.



# 2 CURRENT INDUSTRIAL STOCK





**Croisette has been mapping the industrial stock in our three metropolitan regions and in selected regional cities for several years. As of 2022, Croisette has started mapping the industrial stock across the whole country, providing a unique insight into how the stock is evolving. In the following pages, we present the results of this survey.**

The industrial stock in Sweden has grown by around 1.1% since the start of 2022. In the metropolitan regions, growth is slightly stronger, ranging between 1.3% and 1.7%.

Looking at the 15 largest municipalities in terms of total industrial stock, we conclude that the aggregate growth is slightly stronger in these municipalities as well, at 1.3%. Approximately 25% of the total industrial stock is found in these 15 municipalities. 14 of these 15 municipalities are found in the south of Sweden and all are situated along one of the major motorways. Of course, this has several explanations, and many things are interrelated, for example the fact that the municipalities are growing, has a strong business community and often has a strong academic community. These municipalities are also important infrastructure nodes with ports, airports or other type of critical infrastructure.

Looking at where the growth is taking place, we see that more than half of the growth of new industrial stock is concentrated to 15 municipalities.

Norrköping, followed by Gothenburg, Lund, Haninge and Trelleborg, has by far the most significant growth. The general trend is a positive net growth around Sweden - only 49 out of 290 municipalities show a negative net growth.

As last year, we continue to see a strong growth in the Stockholm region, especially in the outskirts of the region in municipalities with logistics hubs such as Haninge, Sigtuna, Upplands-Bro and Södertälje. Looking at the growth of specific industrial areas, however, we note that areas in the top 5 strongest growth are in the northern part of Greater Stockholm. As in previous years, we also see a clear net decrease of industrial area in the municipality of Stockholm.

In the Gothenburg region, we continue to see a strong growth in Gothenburg municipality, and especially in the logistics focused areas near the port. Also Viared, the main logistics hub in Borås, shows a strong growth.

In the Skåne region, the largest growth is in Malmö, Helsingborg, Lund and Trelleborg. Malmö is an important metropolitan region and a node in the Öresund region. In Helsingborg and Trelleborg, there are two large ports, which contribute to freight flows and growth. In Lund, the growth of industrial area is mainly due to the construction of a materials research facility by the European Spallation Source (ESS).

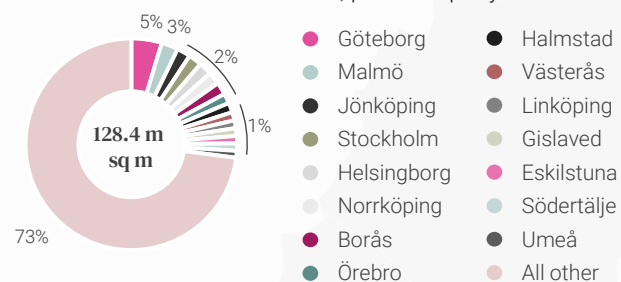


# Industrial stock

14 of Sweden's 15 largest industrial municipalities are located in the southern parts of Sweden and all of the 15 are located alongside the major highways



Distribution of total industrial stock, per municipality



Municipality	Total stock 2023, sq m	Total stock 2022, sq m	Growth 2022 – 2023, % (sq m)
1 Göteborg	5,974,756	5,899,339	1.3% (75,417)
2 Malmö	3,296,029	3,257,575	1.2% (38,454)
3 Jönköping	2,655,370	2,632,195	0.9% (23,175)
4 Stockholm	2,632,929	2,641,361	-0.3% (-8,432)
5 Helsingborg	2,541,345	2,497,208	1.8% (44,137)
6 Norrköping	2,468,059	2,351,365	5.0% (116,694)
7 Borås	2,420,765	2,399,821	0.9% (20,944)
8 Örebro	1,952,160	1,929,448	1.2% (22,712)
9 Halmstad	1,897,226	1,881,330	0.8% (15,896)
10 Västerås	1,616,531	1,610,891	0.4% (5,640)
11 Linköping	1,524,331	1,518,588	0.4% (5,743)
12 Gislaved	1,522,289	1,522,384	-0.0% (-95)
13 Eskilstuna	1,456,292	1,449,018	0.5% (7,274)
14 Södertälje	1,438,895	1,411,999	1.9% (26,896)
15 Umeå	1,347,966	1,310,530	2.9% (37,486)
TOTAL	34,744,943	34,313,052	1.3% (431,900)
A The greater Stockholm region	11,244,200	10,967,000	2.5% (277,200)
B The greater Gothenburg region	12,592,300	12,436,300	1.25% (156,000)
C The greater Malmö region	8,777,100	8,562,600	2.4% (214,450)
Sweden	128,445,100	127,108,800	1.1% (1,336,200)

The table on the left lists the 15 largest municipalities in terms of industrial areas in Sweden. The metropolitan regions are listed separately, and these include a composite of all municipalities considered to be part of the metropolitan regions (see definitions on page 2).

Notable is that 14 of these 15 are in the southern parts of the country, apart from Umeå, which ranks 15th. All the larger municipalities are located near the major motorways, which of course also has a strong correlation with several other factors that are interrelated such as growing population, growing businesses, strong academic connections, important infrastructure etc.

The total industrial stock in Sweden amounts to about 128 million sq m and more than 25% of this area is in one of these 15 municipalities. Approximately 40% of the stock is in either one of these 15 municipalities or one of the metropolitan regions.

# Industrial stock

Approx. 1,3 m sq m of industrial area was added on an aggregate level during 2022 in Sweden corresponding to approx. 1.1% in total growth



## Strongest growth

	Municipality	Total stock 2023, sq m	Total stock 2022, sq m	Growth 2022 – 2023, % (sq m)
1	Norrköping	2,468,059	2,351,365	5.0% (116,700)
2	Göteborg	5,974,756	5,899,339	1.3% (74,400)
3	Lund	952,842	881,790	8.1% (71,000)
4	Haninge	899,764	843,471	6.7% (56,300)
5	Trelleborg	575,766	525,793	9.5% (50,000)

## Strongest decrease

	Municipality	Total stock 2023, sq m	Total stock 2022, sq m	Growth 2022 – 2023, % (sq m)
6	Karlskoga	614,179	629,612	- 2.5% (- 15,433)
7	Bjuv	465,574	484,707	- 4.0% (- 19,133)
8	Gällivare	310,493	335,447	- 7.4% (- 24,954)
9	Olofström	477,386	506,677	- 5.8% (- 29,291)
10	Oskarshamn	514,155	545,711	- 5.8% (- 31,556)

## Metropolitan regions

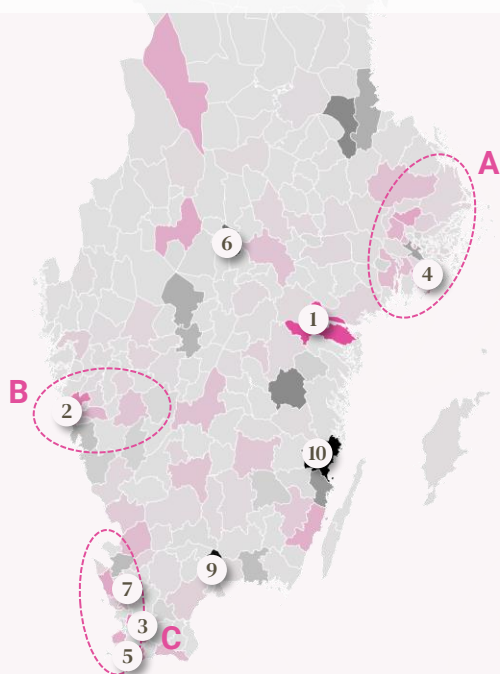
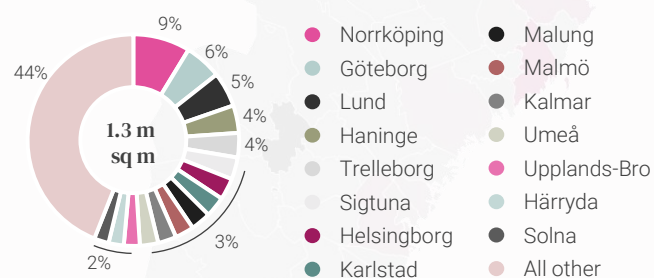
	Municipality	Total stock 2023, sq m	Total stock 2022, sq m	Growth 2022 – 2023, % (sq m)
A	The greater Stockholm region	11,244,200	10,967,000	2.5% (277,200)
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C	The greater Malmö region	8,777,100	8,562,600	2,4% (214,450)

The tables on the left show the municipalities with the strongest growth and the largest decrease of area during the year. The growth in each municipality is visualized in the map, where a strong pink color indicates large growth while a strong black color indicates a strong decrease. At a total level, the total stock in Sweden has grown by almost 1.3 million sq m, corresponding to a total growth of the industrial stock at 1.1% of which more than half can be concentrated to 15 municipalities which is shown in the graph to the left.

The strong growth in Norrköping is mainly explained by two separate establishments, with the properties for Rusta's and Martin & Servera's new warehouses being added to the stock since last year's survey. The two properties are adding just over 100,000 sq m themselves.

In Lund, the growth is mainly due to the construction of a completely new materials research facility by the European Spallation Source (ESS).

## Distribution of added industrial stock, per municipality

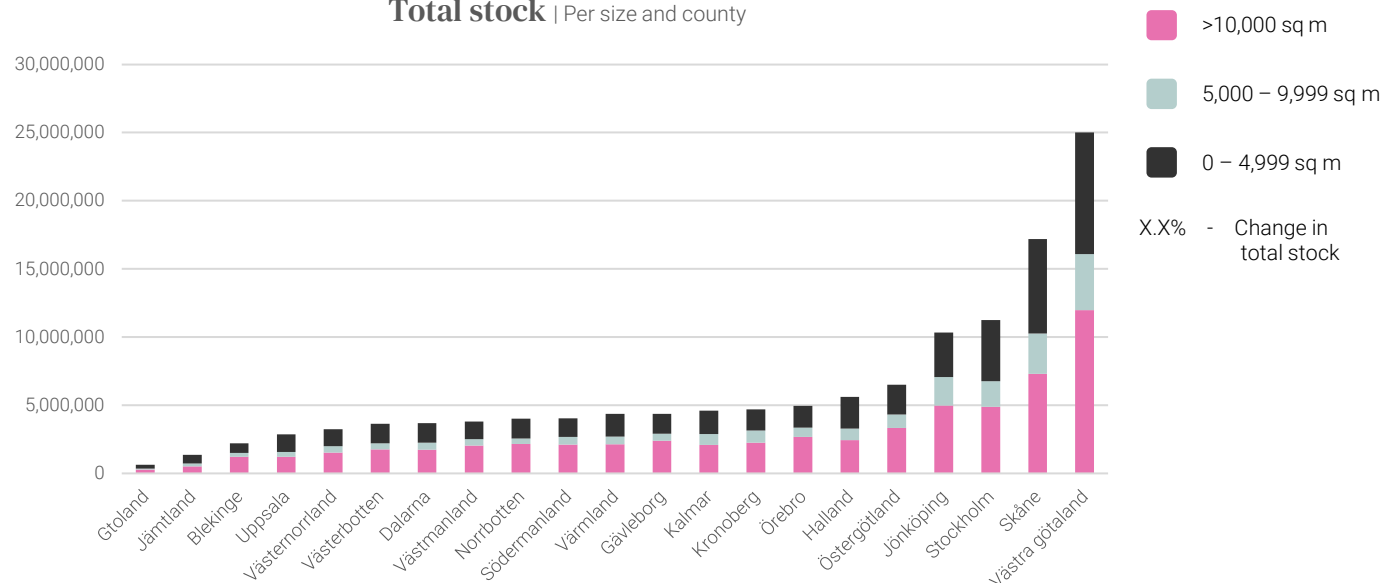


# Industrial stock

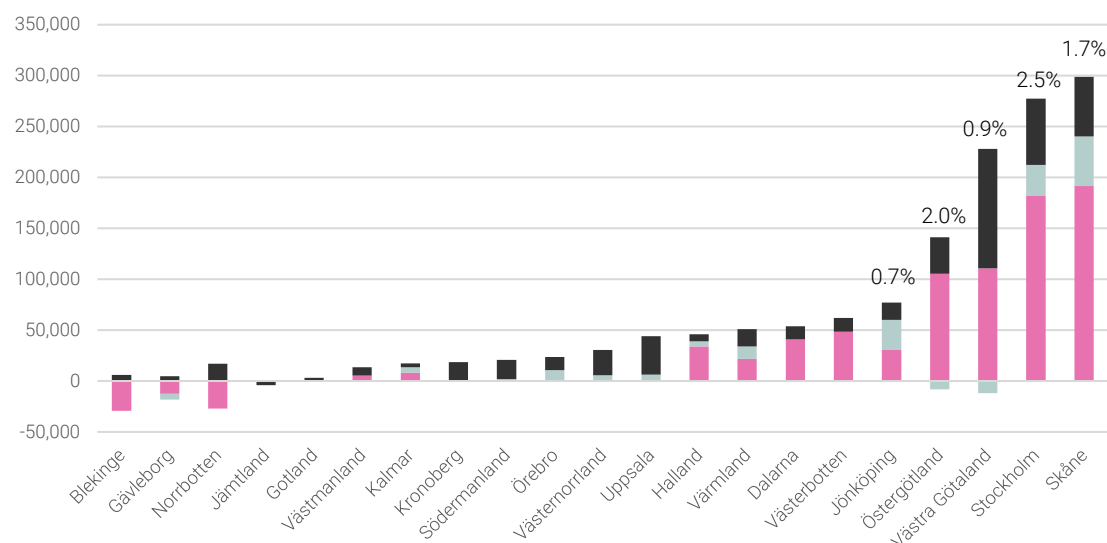
Västra Götaland has the largest stock both in terms of total size as well as properties over 10,000 sq m. In terms of growth, Skåne county ranks first.



**Total stock** | Per size and county



**Added stock 2022** | Per size and county

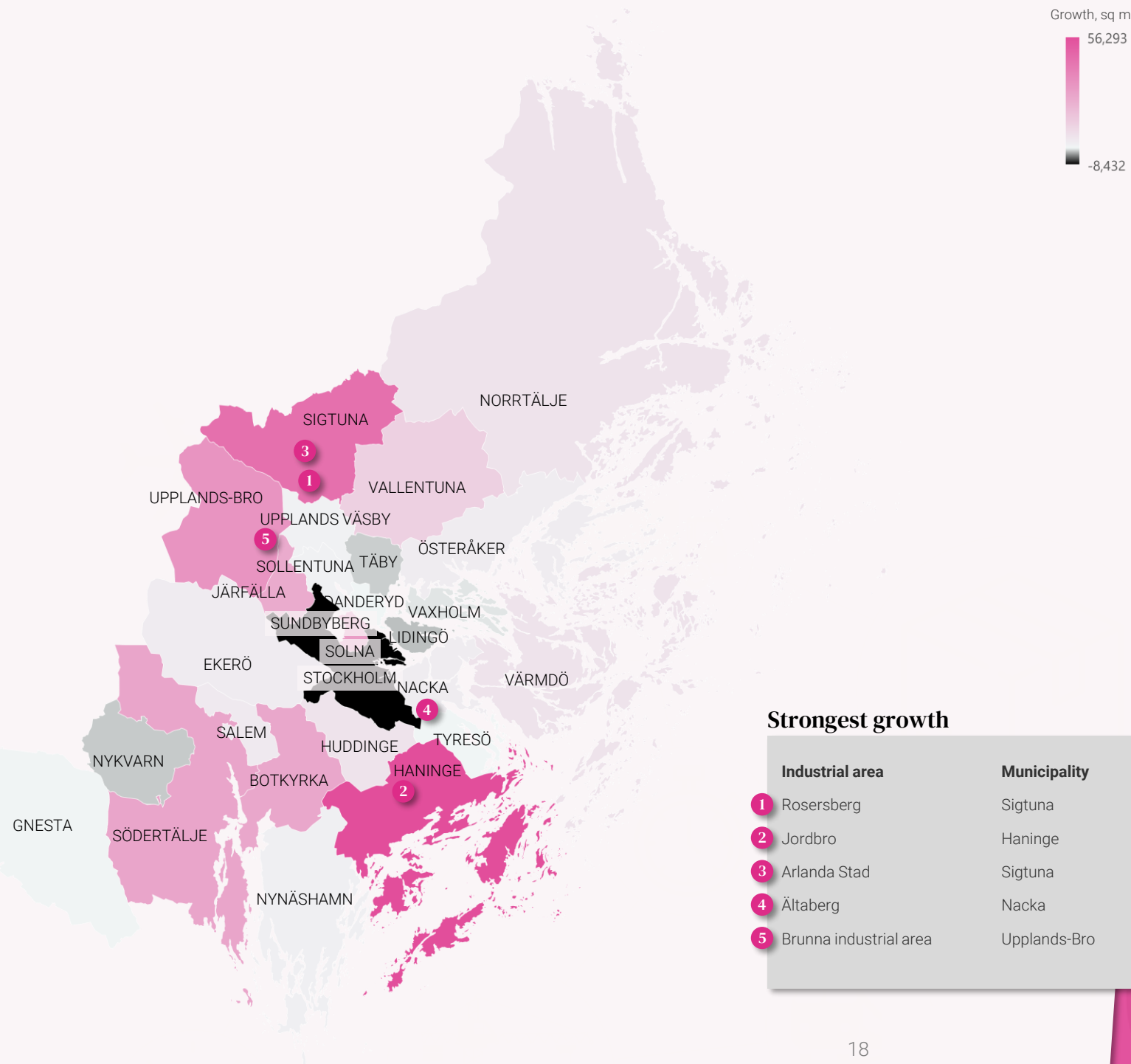


The upper graphs show the distribution of total industrial stock per size category and county. We can conclude that Västra Götaland is by far the largest county in terms of industrial stock with approximately 25 million sq m in total distributed between 49 municipalities. There are 12 properties in total with a total area of + 100,000 sq m of which 4 are in Gothenburg. In total, there are approximately 450 properties with an area above 10,000 sq m located in the county of which 103 of them are in Gothenburg.

The bottom graph illustrates the distribution of total added area in 2022 per size and county. Approximately 53% of all the area added to the industrial stock during 2022 is larger than 10 000 sq m, 10% of the added stock is between 5 000 and 9 999 sq m and the rest, 37%, is smaller than 4 999 sq m.

Skåne County has both the highest overall growth as well as the highest growth of larger properties over 10,000 sqm in terms of area. The premises added consists of 13 properties, 6 of which are new constructions and 7 of which have been reclassified from, for example, the 300 series (office and/or retail) to the 400 series (industrial use). However, looking at a longer time period such as 10 or 5 years, Västra Götaland has had the strongest growth. The highest growth in terms of percentage was recorded in Stockholm county.

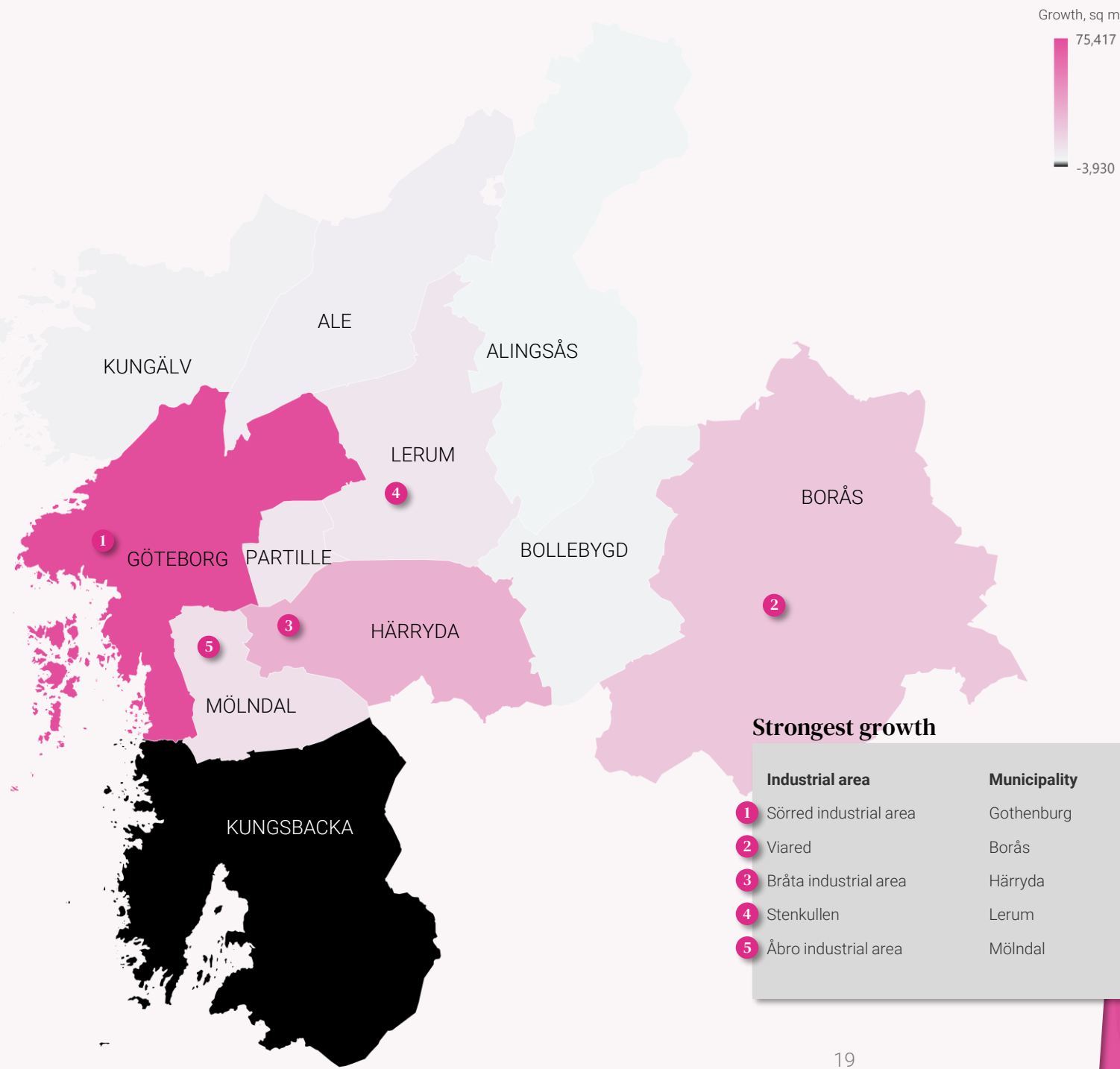




As in previous years, we mainly observe a net decrease in area in the municipality of Stockholm (apart from a small decrease in Täby, Vaxholm and Lidingö). This is not particularly surprising given the urban development currently ongoing in the municipality with the transformation of, for example, Slakthusområdet, Sickla, Ulvsunda and others. This trend is expected to continue for the upcoming years as ongoing developments continue, and as future expected transformations are about to start, for example in Vinsta.

Strongest growth

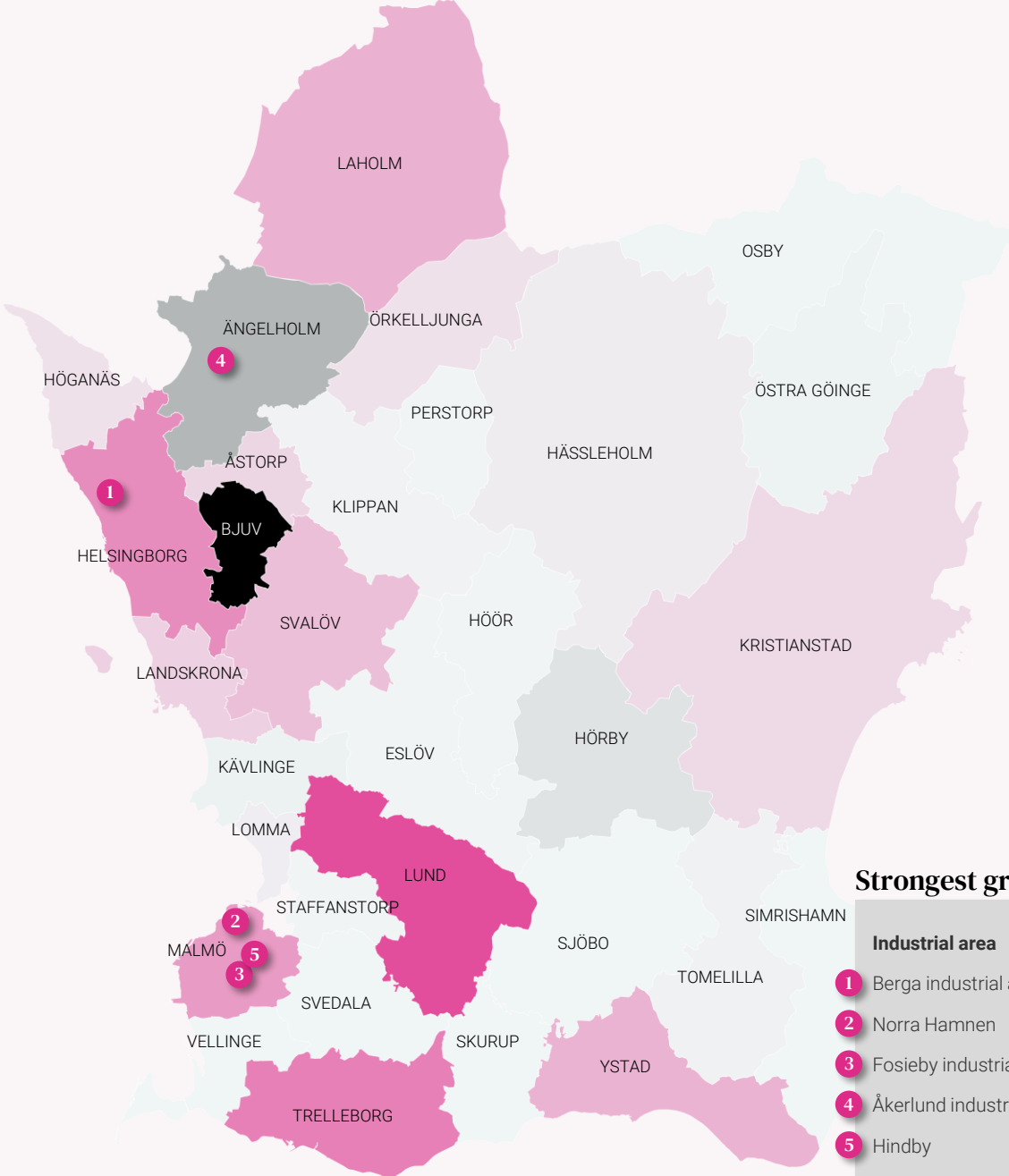
Industrial area	Municipality	Total stock 2023, sq m	Total stock 2022, sq m	Growth 2022 – 2023, sq m (%)
1 Rosersberg	Sigtuna	480,243	438,586	41,657 (9.5%)
2 Jordbro	Haninge	649,715	608,880	40,835 (6.7%)
3 Arlanda Stad	Sigtuna	389,016	381,759	7,257 (1.9%)
4 Ältaberg	Nacka	37,661	34,479	3,182 (9.2%)
5 Brunna industrial area	Upplands-Bro	332,741	330,561	2,180 (0.7%)



Gothenburg is highly dependent on the harbor and the Volvo industrial area, so it is not surprising that we find the biggest growth (sq m) of the stock here. Ongoing infrastructure projects and further dredging of the harbor will make Sörred and the areas around even more attractive in the near future. We also find a lot of new square meters along the RV40 between Gothenburg and Borås, which is in the corridor of where a high level of goods travel. Lower land prizes and a municipality who has been aware of a good logistic location has put Borås on the map for both investors and tenants. Kungsbacka is the only municipality in the region who has a decrease of I&L-space. The change is small and is probably temporary.

Strongest growth

Industrial area	Municipality	Total stock 2023, sq m	Total stock 2022, sq m	Growth 2022 – 2023, sq m (%)
1 Sörred industrial area	Gothenburg	1,348,168	1,284,957	63,211 (4.9%)
2 Viared	Borås	933,234	913,410	19,824 (2.2%)
3 Bråta industrial area	Härryda	107,895	95,219	12,676 (13.3%)
4 Stenkullen	Lerum	166,902	161,638	5,264 (3.3%)
5 Åbro industrial area	Mölndal	431,355	426,093	5,262 (1.2%)



In the Skåne region, the largest recorded growth is in Malmö, Helsingborg, Lund and Trelleborg. Malmö is an important metropolitan region and a node in the Öresund region, where the expansive industrial area that is Berga industrial area had the greatest recorded growth in terms of sq m. In Helsingborg and Trelleborg there are two large ports, which contribute to freight flows and growth. In Lund, the growth of industrial area is mainly due to the construction of a materials research facility by the European Spallation Source (ESS).

Strongest growth

Industrial area	Municipality	Total stock 2023, sq m	Total stock 2022, sq m	Growth 2022 – 2023, sq m (%)
1 Berga industrial area	Helsingborg	396,537	386,660	9,877 (2.6%)
2 Norra Hamnen	Malmö	261,539	255,119	6,420 (2.5%)
3 Fosieby industrial area	Malmö	769,420	764,566	4,854 (0.6%)
4 Åkerlund industrial area	Ängelholm	79,079	77,179	1,900 (2.5%)
5 Hindby	Malmö	72,109	70,831	1,278 (1.8%)



3

**VACANCIES**

# Vacancies

The vacancy levels have been stable over the year with little to no changes to previous years, indicating no signs of weakness



**Croisette does not observe any particular trend in the 15 largest industrial municipalities (in terms of industrial stock), which together accounts for 25% of Sweden's total industrial stock. Vacancy levels have gone from 2.5% at the beginning of 2022 to 2.6% at the end of 2022. The weekly trend shows that the vacancy rates have barely shifted at all. In each metropolitan region, fluctuations have been slightly more significant, but nothing that is striking in either direction, positive nor negative. This has also been the case for smaller regional cities where vacancy levels have largely remained the same. Hence the leasing market remains yet resilient despite economic and political turbulence.**

In the metropolitan regions, it is noted that the total vacancies in the greater Stockholm region and the greater Malmö region are made up of a larger proportion of premises larger than 10,000 sq m compared to the greater Gothenburg region. In the 15 largest industrial areas in the three metropolitan regions, the vacancy rate on an aggregate level has fallen from 4.6% to 3.6% during 2022.

When measuring the vacancy levels in areas with a smaller total stock such as specific industrial areas, there is a possibility for vacancies to shift significantly in a sudden occurrence.

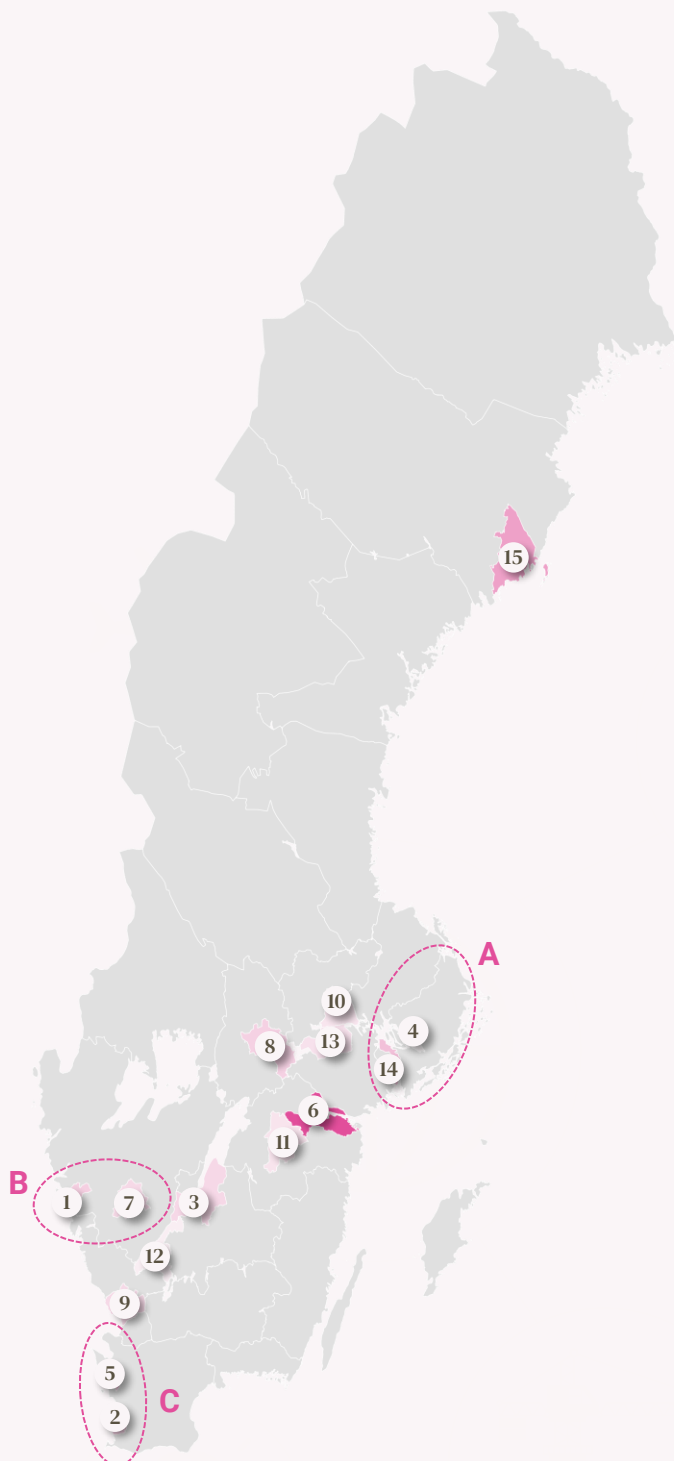
The reason for large fluctuations are mainly due to single vacancies of a few larger properties that considering the size have a major effect on the vacancy level for the whole region or industrial area. For example; when examining specific industrial areas in the metropolitan regions, some industrial areas will stand out. For example, in Jordbro industrial area (Haninge) where the vacancy rate is 10.7% (10.5%). This is mainly due to a few large vacancies that have a large impact on the overall vacancy level. In Östra hamnen (Malmö), the vacancy rate is 14.0% (16.7%) and in Brunna (Upplands-Bro), the vacancy rate is 8.3% (6.6%). As we dig deeper into these vacancies as well, we note the same pattern; there are a few large vacancies contributing to the overall vacancy.

In the regional cities, the vacancy rate has risen slightly in the 15 largest industrial areas from 2.7% in Q1 to 2.9% at the end of the year. Out of these industrial areas, Pilängen (Örebro) experienced the highest increase in vacant space from 6.6% in Q1 to 8.5% in Q4 while Brunnsta (Eskilstuna) have remained at full occupancy during the whole year.

From the data, it is concluded that the market remains strong throughout the country with no signs of a slowdown.

# Vacancies

Vacancy levels across the country are remarkably low and do not indicate a general upward trend that is cause for concern



Municipality	Total area 2023, sq m	Vacancy rate, Q4 2022, %	Vacancy rate, Q1 2022, %
1 Göteborg	5,974,756	2.8% ↑	2.7%
2 Malmö	3,296,029	5.4% ↓	6,1%
3 Jönköping	2,655,370	2.2% ↑	1,6%
4 Stockholm	2,632,929	4.4% ↑	3,1%
5 Helsingborg	2,541,345	3.7% ↑	2,7%
6 Norrköping	2,468,059	2.2% ↓	2,4%
7 Borås	2,420,765	3.3% ↓	4,1%
8 Örebro	1,952,160	2.2% ↑	1,8%
9 Halmstad	1,897,226	2.7% ↑	1,9%
10 Västerås	1,616,531	1.9% ↑	1,7%
11 Linköping	1,524,331	2.5% →	2,5%
12 Gislaved	1,522,289	2.6% ↑	1,9%
13 Eskilstuna	1,456,292	2.6% ↓	3,5%
14 Södertälje	1,438,895	1.0% ↓	1,1%
15 Umeå	1,347,966	0.8% ↓	1,8%
<b>TOTAL</b>	<b>34,744,943</b>	<b>2.9%</b>	<b>2.7%</b>
<b>A</b> The greater Stockholm region	11,244,200	3.2% →	3.2%
<b>B</b> The greater Gothenburg region	12,592,300	2.8% ↓	3.1%
<b>C</b> The greater Malmö region	8,777,100	4.0% ↑	3.9%
<b>Sweden</b>	<b>128,445,100</b>	<b>2.6% ↑</b>	<b>2.5%</b>

The table on the left lists the 15 municipalities with the largest industrial stock in the country. The metropolitan regions are listed separately, and these include a composite of all municipalities considered to be part of the metropolitan regions (see definitions on page 2).

Looking at the vacancy levels in these municipalities and regions, we conclude that there is no single trend, with vacancy levels going both up and down, compared to the beginning of 2022, indicating a natural variation that is likely to be explained by normal relocation vacancies.

The variations in the metropolitan regions and the country are marginal and the only significant change is in the Gothenburg region where vacancy rates are down 0.3%.

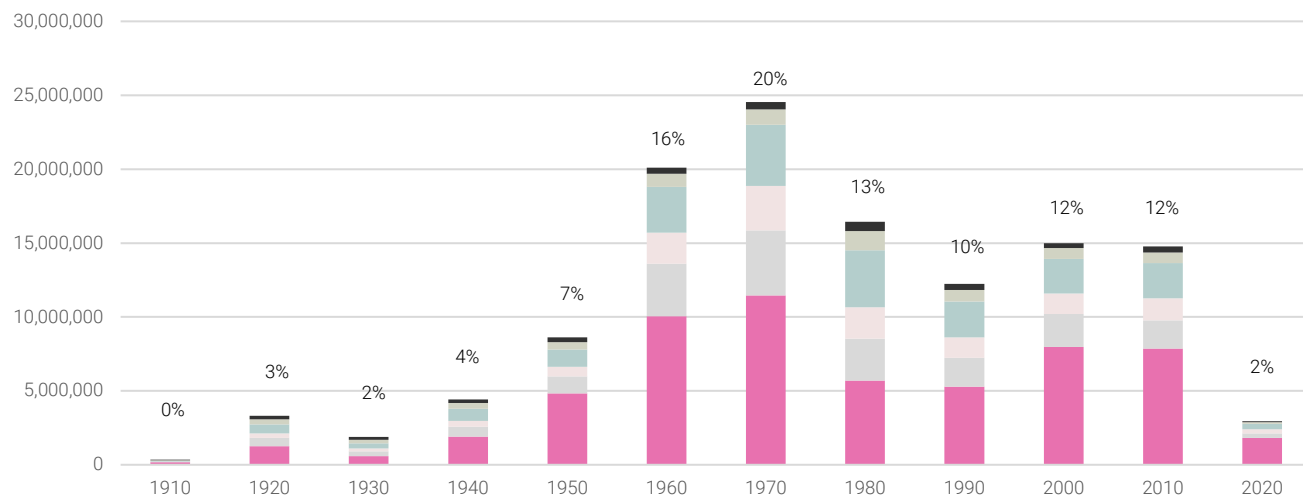
The vacancy level in Sweden is 2.6%, which is a slightly higher vacancy compared to the beginning of 2022. However, the levels are still remarkably low and looking at the trend over the year on a weekly basis, it can be concluded that the vacancies remain stable without any major fluctuations.

# Vacancies

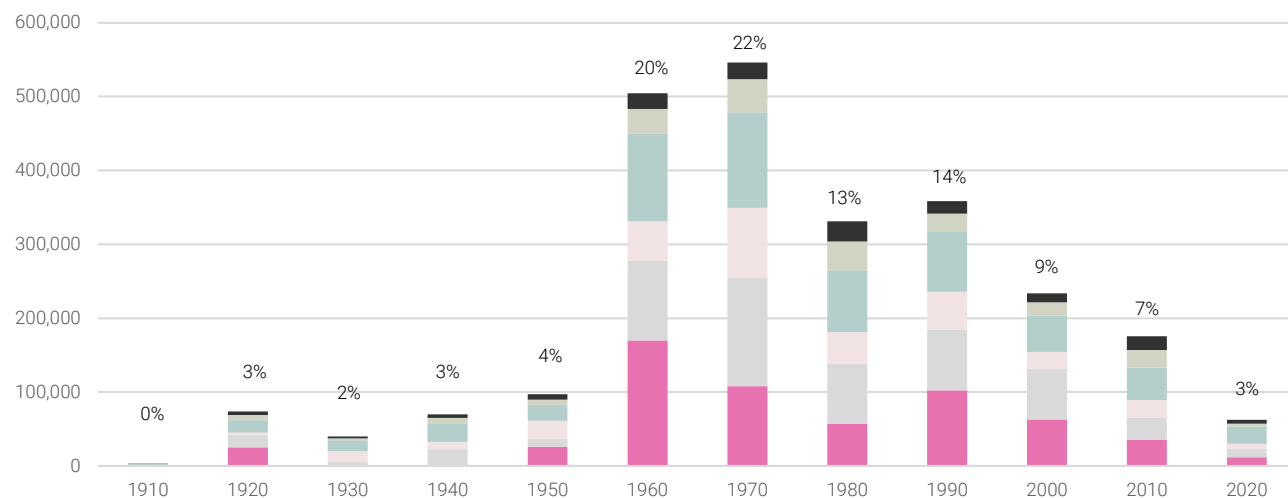
It is noticeable that a larger proportion of the vacancies belong to the older stock when compared to the overall distribution of the stock



**Total stock** | per building year and size



**Vacant stock** | per building year and size



■ >10,000 sq m 
 ■ 5,000 – 9,999 sq m 
 ■ 3,000 – 4,999 sq m 
 ■ 1,000 – 2,999 sq m 
 ■ 500 – 999 sq m 
 ■ < 499 sq m

The two graphs to the left show the distribution of total industrial stock and vacant industrial stock by year of construction and size. We can conclude that a preponderance of the vacant stock is observed towards the older stock where 81% is older than 2000 compared to the total stock where only 74% is older than 2000. In terms of size, we note that a significantly higher proportion of the vacant stock consists of smaller premises, regardless of the year of construction.



# Vacancies

Large fluctuations in single industrial areas due to single properties with large vacant premises, contributing to increasing the overall vacancy in the areas



The table to the right show the development of vacancy rates in the 15 largest industrial areas in the three metropolitan regions.

On an aggregate level, vacancy levels are down 1% compared to the beginning of 2022. In terms of specific industrial areas, the vacancies varies.

In Jordbro (Haninge) for example, there are a few large vacancies that have a large impact on the overall vacancy level. These properties have also remained vacant throughout the year keeping the overall vacancy rate high. In contrast, Scania/Södra industrial area (Södertälje) has remained low, further decreasing to a record low 0.3% in the start of 2023.

In Östra hamnen (Malmö), two vacancies contributes to almost 10% of the vacancy and in Brunna two vacancies contribute to 6.5% of the total vacancy.

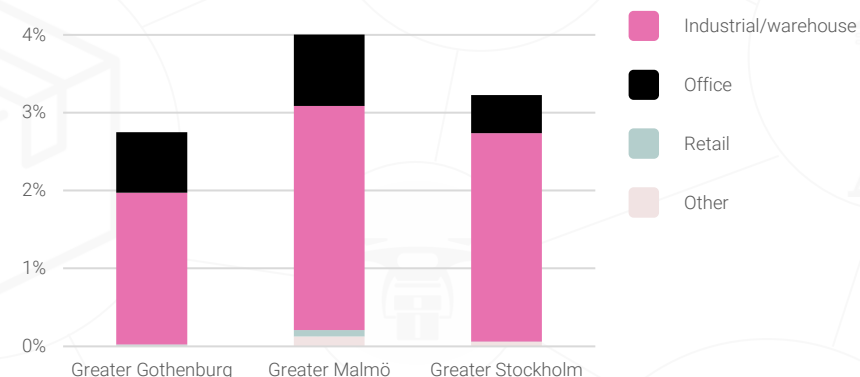
## Development of vacancy rates in the 15 largest industrial areas in the metropolitan regions, 2022-2023

Area	Total area, sq m	Vacancy Q1 2023 %	Vacancy Q1 2022, %
Sörred industrial area	1,348,168	0.5% ↓	1.5%
Viared	933,234	2.4% ↑	2.2%
Fosieby industrial area	769,420	6.4% ↓	8.1%
Arendal industrial area	719,190	1.5% ↑	1.3%
Jordbro	649,715	10.7% ↑	10.5%
Scania/Södra industrial area	630,723	0.3% ↓	1.0%
Backadalens industrial area	621,901	5.4% ↓	6.6%
Högsbo industrial area	503,803	4.7% ↑	3.9%
Rosersberg	480,243	0.5% ↓	4.4%
Åbro industrial area	431,355	0.9% ↓	3.0%
Arlanda stad	389,016	2.5% ↓	6.7%
Berga industrial area	396,537	3.0% ↑	2.7%
Veddesta	372,775	2.4% ↓	3.0%
Östra hamnen	360,607	14.0% ↓	16.7%
Brunna	332,741	8.3% ↑	6.6%
<b>Total</b>	<b>8,910,846</b>	<b>3.6% ↓</b>	<b>4.6%</b>

## Distribution of the vacancy in the metropolitan regions | breakdown per size



## Distribution of the vacancy in the metropolitan regions | breakdown per use



# Vacancies

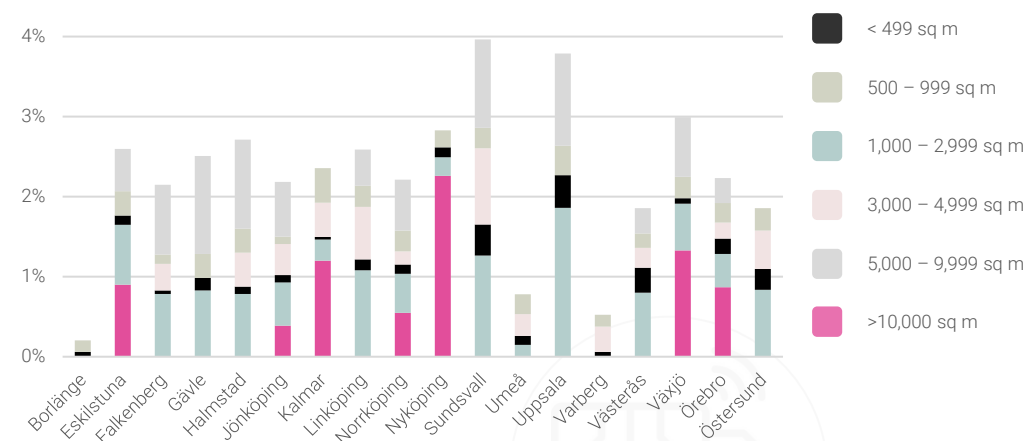
In the 15 largest industrial areas in the Regional cities, the vacancy level have increased slightly but remains at a low level on an aggregate level and does not raise concerns



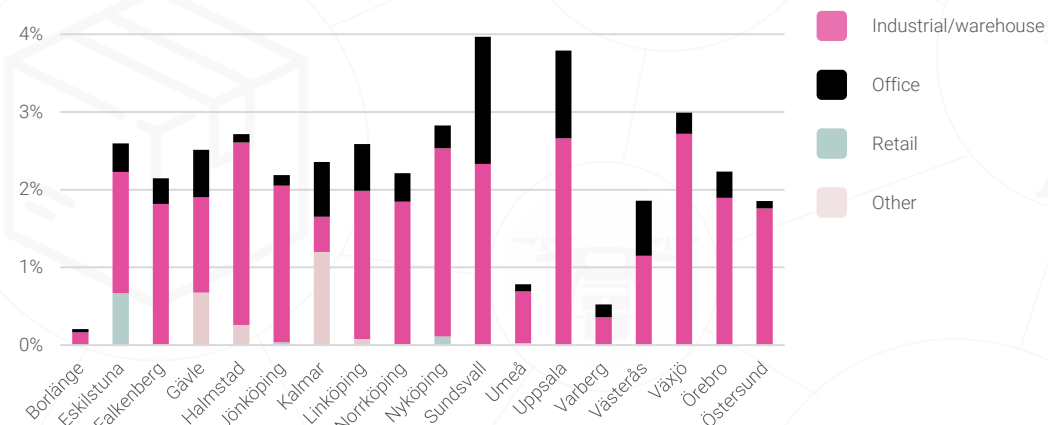
## Development of vacancy rates in Swedens 15 largest industrial areas, 2022-2023

Area	Municipality	Total area, sq m	Vacancy Q1 2023 %	Vacancy Q1 2022 %
Torsvik	Jönköping	1,136 447	1.2% ↑	1.1%
Tornby	Linköping	512,242	3.0% ↑	2.4%
Västra mark	Växjö	434,779	3.8% ↑	2.8%
Ingelsta	Norrköping	418,899	6.2% ↓	10.2%
Stenby/Finnslätten	Västerås	414,381	1.2% ↑	1.2%
Sythen	Norrköping	408,086	4.6% ↑	4.1%
Ljungarum Southern industrial area	Jönköping	362,126	3.0% ↑	1.3%
Pilängen	Örebro	353,447	8.5% ↑	6.6%
Boländerna	Uppsala	346,624	6.1% ↑	5.8%
Aspholmen/Nasta/Ladugårdsängen	Örebro	331,950	3.3% ↑	2.6%
Hamnen	Halmstad	306,281	1.4% ↑	1.2%
Brunnsta/Folkesta industrial area	Eskilstuna	283,634	0.0% →	0.0%
Fyrislund	Uppsala	280,460	4.2% ↑	3.9%
Vilsta industrial area	Eskilstuna	278,200	1.6% ↑	0.2%
Hacksta	Västerås	251,203	0.1% ↓	0.2%
<b>Total</b>		<b>5,292,172</b>	<b>3.1%</b>	<b>2.9%</b>

## Distribution of the vacancy in the regional cities, breakdown per size



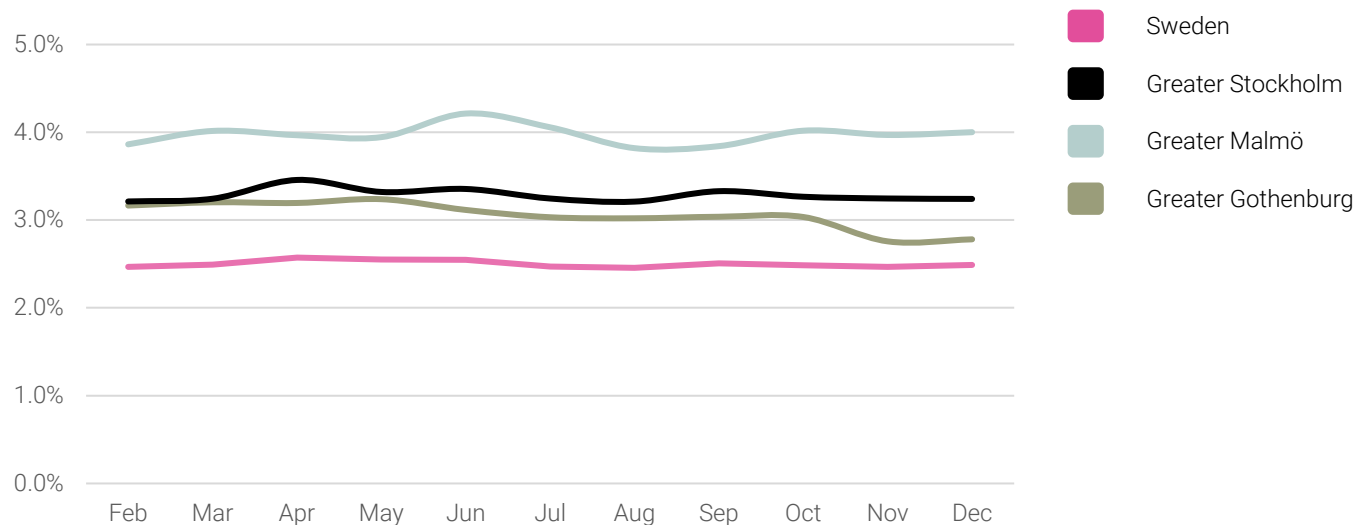
## Distribution of the vacancy in the regional cities, breakdown per use





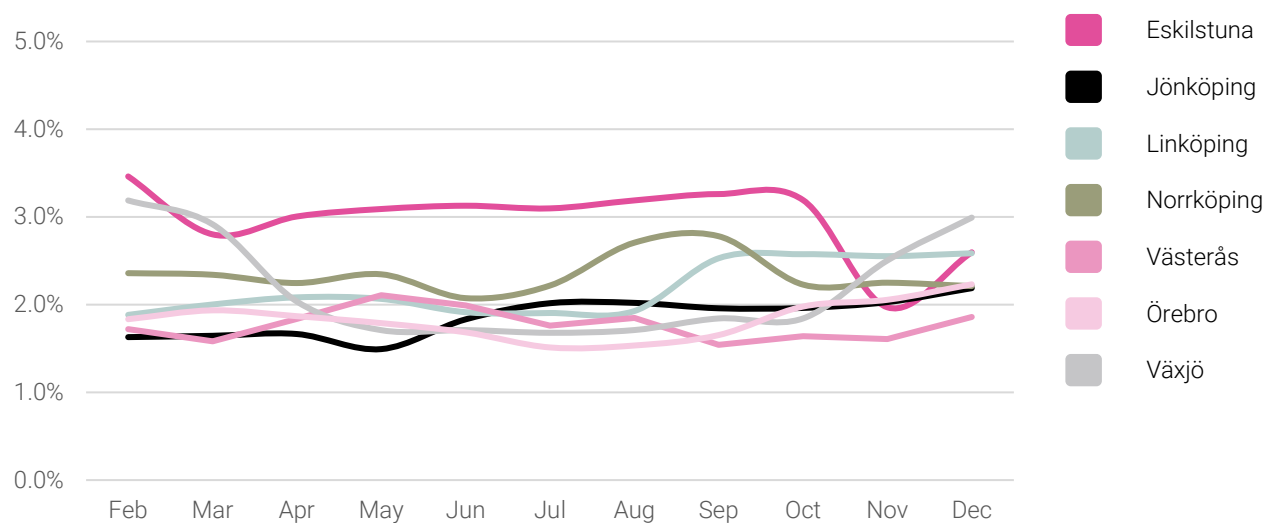
## Development of vacancy rates in Sweden

February 2022 – December 2022



## Development of vacancy rates in selected regional cities

February 2022 – December 2022



Croisette maps the vacancy rate on a weekly basis in all Swedish municipalities. However, the municipalities included in the vacancy data presented (i.e., are a part of "Sweden" in the top graph) are those that are defined as "active", which we define as having at least one publicly advertised vacant premise per quarter. Otherwise, the municipalities are defined as "inactive", in which we assume that vacant premises are let off market.

The overall vacancy rate for Sweden on an aggregate level is approximately 2.6%. In the metropolitan areas the vacancy is slightly higher. However, the vacancy level is still considered low since it ranges between 3-4%. During the year, the vacancy has dropped in the Greater Gothenburg region (3.1 → 2.8%) while the vacancy in the Greater Stockholm region (3.5 → 3.6%) and the Greater Malmö region (3.9 → 4.0%) have increased slightly.

The bottom graph illustrates the trend in a few selected municipalities indicating a similar side-stepping as for the rest of the country. The vacancy has been stable between 1.5 – 3.0% during the year indicating no signs of weakness in the fundamentals of the market. However, some of the municipalities experienced some fluctuations in its levels when larger vacancies were announced or occupied. This was the case for Eskilstuna between October and November when a larger vacant premises of 18,000 sq m was removed.



4

## THE RENTAL MARKET

# The Rental Market

Rental levels continues to increase, although somewhat extended discussions based mainly on pricing uncertainty



**At this point, we have established that the low vacancy rate has been stable during the year, despite the drastic changes in the economic and political landscape over the year. In general, the rental market remains strong with continued high demand for industrial and warehouse premises. We continue to see upward pressure on the rents, primarily driven by higher construction costs. Another driving factor is the establishment of B2C operators, particularly in new developments (such as car servicing and inspection, restaurants, external retail and services in industrial areas).**

On the other hand, we can see that the time for negotiating new leases has increased during the year. From a tenants' perspective, requirements for board decisions when signing new leases has become more stringent, requiring them to a larger extent to await their board meetings. From the perspective of property owners and developers, uncertainty around construction costs has contributed to difficulties in providing offers that are valid over a longer period of time. Thus, when an approval from the tenant comes, changes to the lease term might be necessary from the property owner, why negotiations must continue. This is trend that we observe all over Sweden.

Croisette believes that the existing stock will benefit from the rising construction costs as existing premises provides less uncertainty around pricing.

Existing premises usually requires minor tenant improvements, why it simply drastically lowers the risk of changes in construction costs.

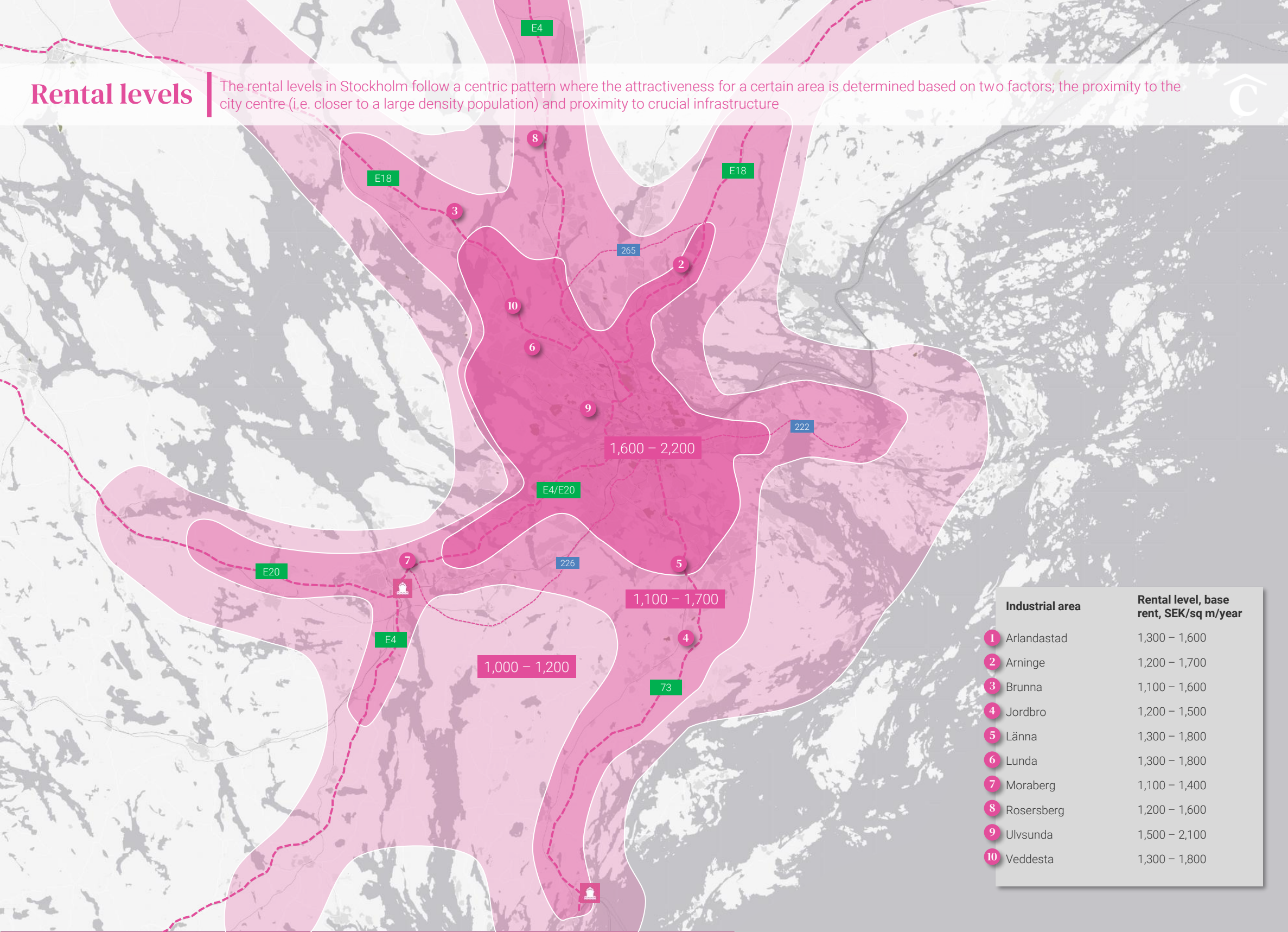
However, the bigger picture needs to be considered, with rising operating costs and increased sustainability requirements from the market still putting pressure on new entrants to consider their premises carefully. In general, many businesses want something that is fit for purpose, sustainable and something that is also somewhat long-term for the business.

Croisette's observation is that new construction is contributing to an increase in overall rent levels in the areas. This is the case in both metropolitan regions as well as the regional cities, where Växjö and Kalmar among others are clear examples of this. Increased rents on newly constructed stock can be explained by rising construction prices - simply to make the economics add up. However, this is often combined with long leases and discounts initially and then slowly tapering off to approach agreed base rents further down the line. This is likely to have a positive effect on existing stock over time both in terms of increased attractiveness as well as rising rental levels generally.

Lastly, an interesting observation from our regional office in Jönköping is that the transition to an electric car fleet also has an impact as more and more companies are valuing areas with proximity to the city rather than more peripheral locations.

## Rental levels

The rental levels in Stockholm follow a centric pattern where the attractiveness for a certain area is determined based on two factors; the proximity to the city centre (i.e. closer to a large density population) and proximity to crucial infrastructure



Industrial area		Rental level, base rent, SEK/sq m/year
1	Arlandastad	1,300 – 1,600
2	Arninge	1,200 – 1,700
3	Brunna	1,100 – 1,600
4	Jordbro	1,200 – 1,500
5	Länna	1,300 – 1,800
6	Lunda	1,300 – 1,800
7	Moraberg	1,100 – 1,400
8	Rosersberg	1,200 – 1,600
9	Ullsunda	1,500 – 2,100
10	Veddesta	1,300 – 1,800



# In depth analysis of rental levels in Uppsala

The rental market in Uppsala received a major boost when new property owners and developers, primarily from Stockholm, entered the market

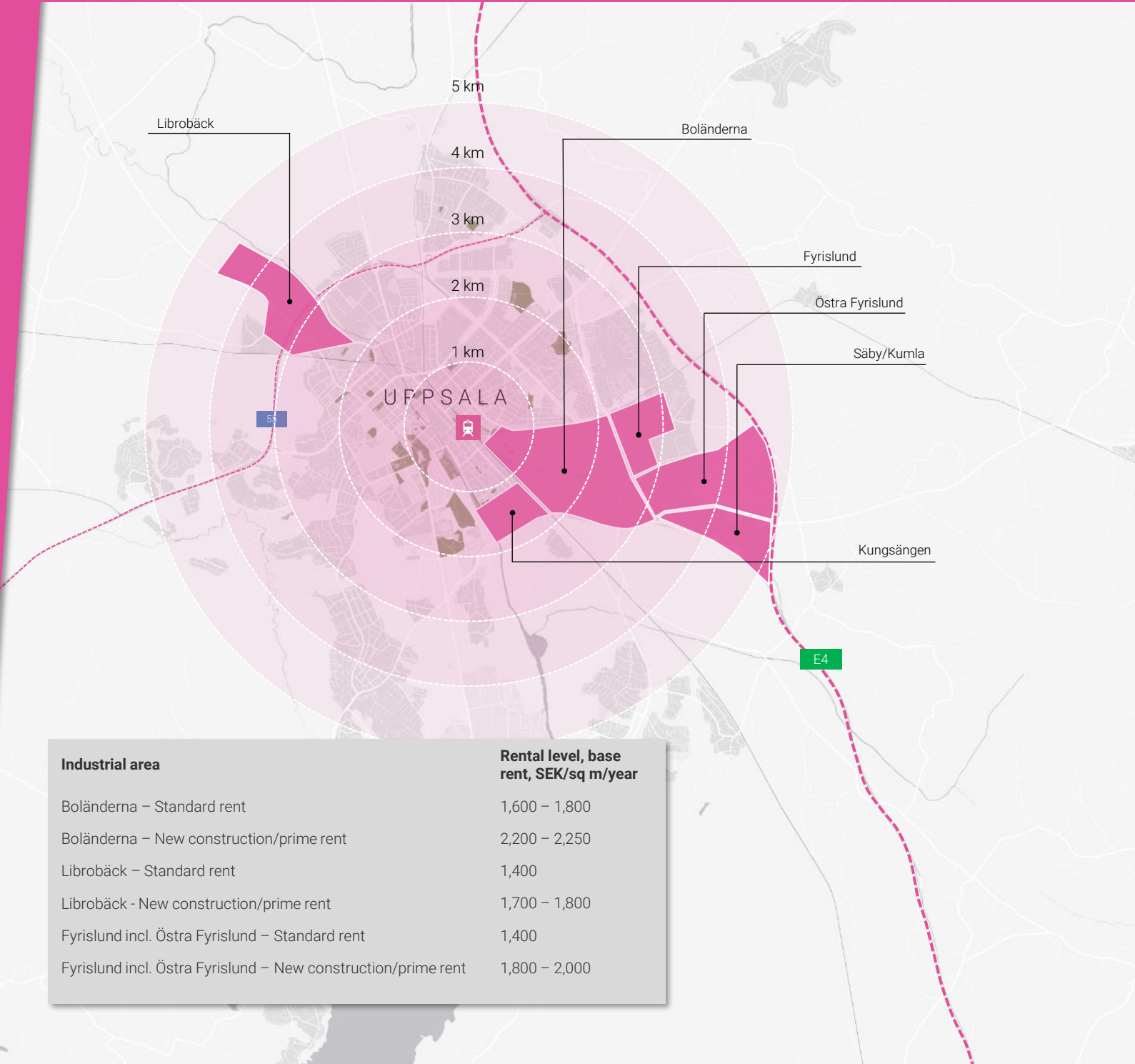


Uppsala Municipality is growing rapidly and according to the latest population forecast, the population is expected to increase at a rapid rate of around 35% by 2050. Uppsala Municipality has presented a strategy where housing, workplaces and services will be concentrated around nodes and routes. This will make it easier for both residents and other visitors to get around the city, the ambition is that people no longer will need a car to do so. Already today, this has a major impact on Uppsala's industrial market as practically all major industrial areas are located within bike distance, which is a significant difference to other cities (including Stockholm).

The map to the right illustrates the major industrial areas in Uppsala and their proximity to the city centre. All of which are located within less than 5 kilometres from the central station in Uppsala city centre.

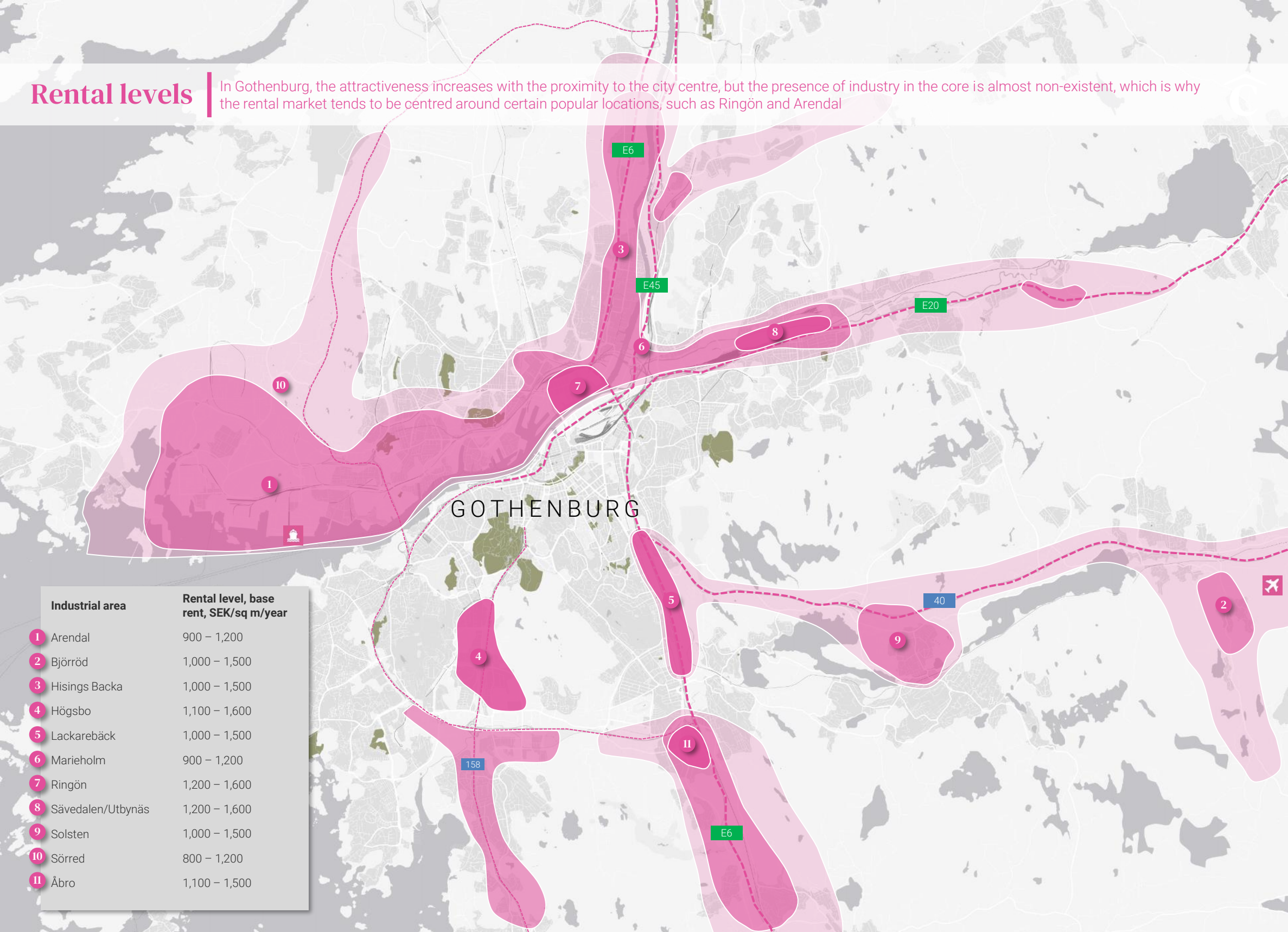
As we can see elsewhere, it is new construction that helps to drive rents overall, but tenants are often prepared to pay significantly higher rents for newly constructed premises as existing stock is generally in disrepair.

A noticeable difference in rental levels is noted around 2019-2020 when many property owners, primarily those who usually operated in Stockholm, entered the market.



# Rental levels

In Gothenburg, the attractiveness increases with the proximity to the city centre, but the presence of industry in the core is almost non-existent, which is why the rental market tends to be centred around certain popular locations, such as Ringön and Arendal



## Industrial area

## Rental level, base rent, SEK/sq m/year

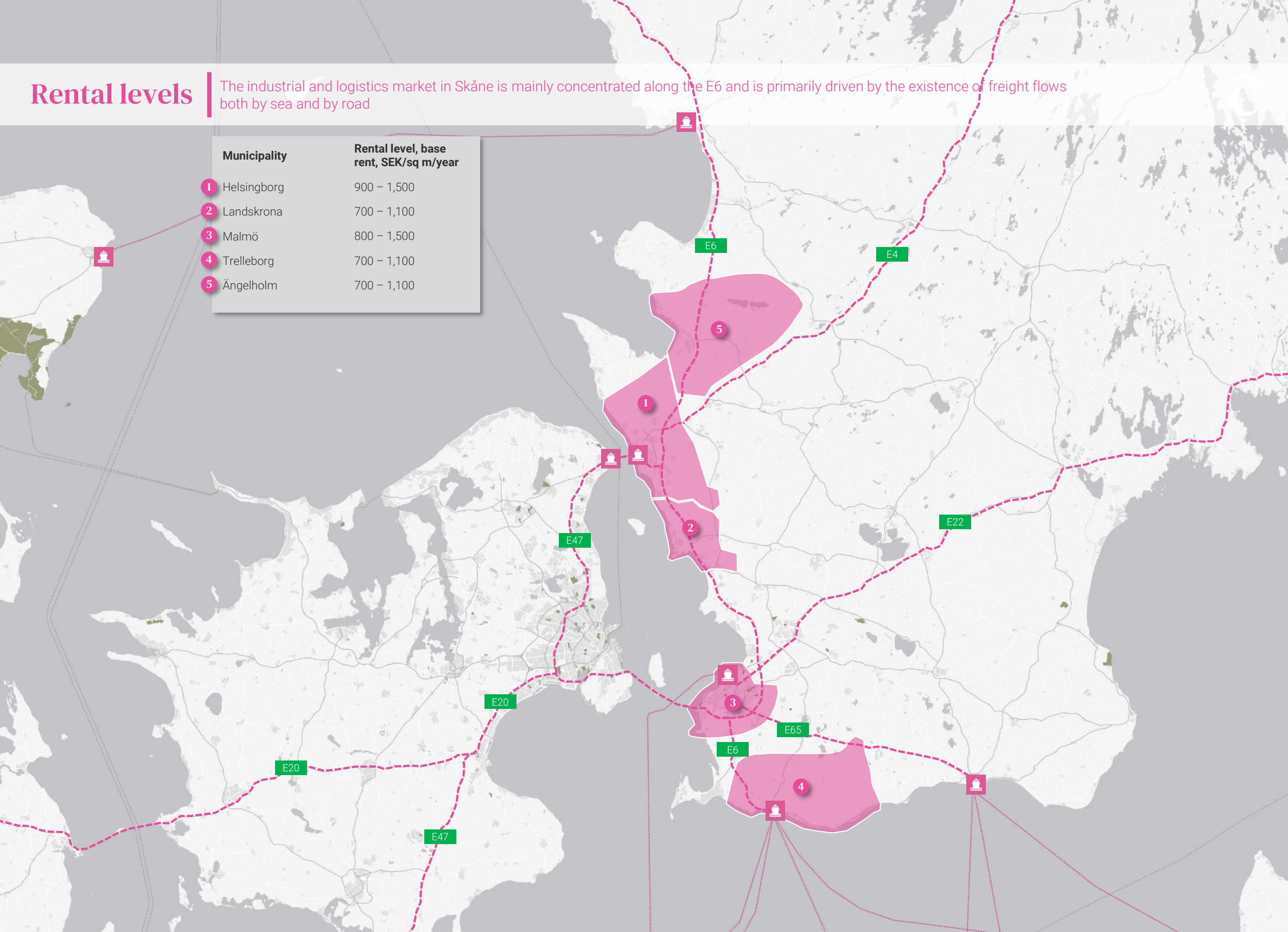
1	Arendal	900 – 1,200
2	Björred	1,000 – 1,500
3	Hisings Backa	1,000 – 1,500
4	Högsbo	1,100 – 1,600
5	Lackarebäck	1,000 – 1,500
6	Marieholm	900 – 1,200
7	Ringön	1,200 – 1,600
8	Sävedalen/Utbynäs	1,200 – 1,600
9	Solsten	1,000 – 1,500
10	Sörred	800 – 1,200
11	Åbro	1,100 – 1,500



# Rental levels

The industrial and logistics market in Skåne is mainly concentrated along the E6 and is primarily driven by the existence of freight flows both by sea and by road

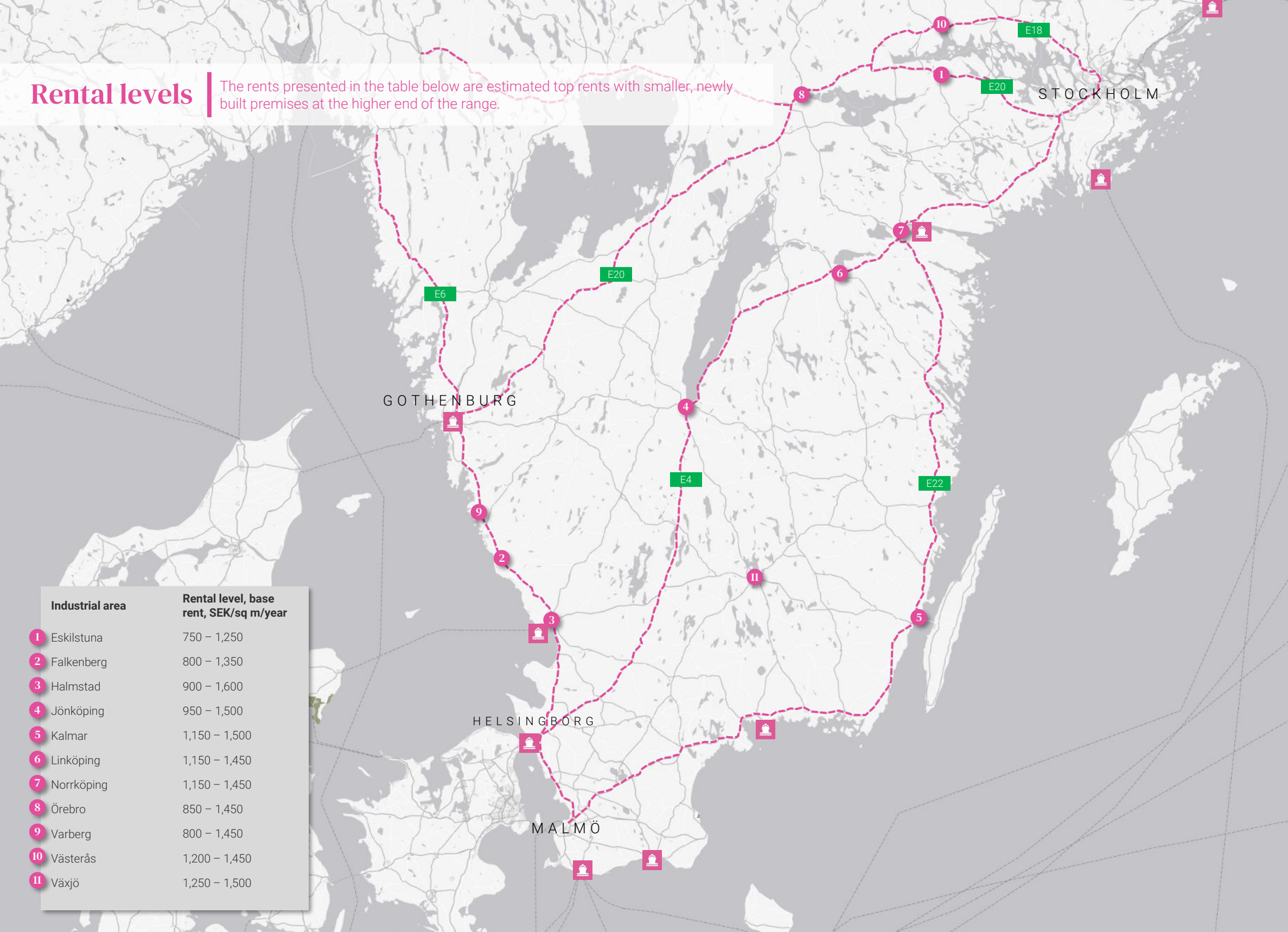
Municipality	Rental level, base rent, SEK/sq m/year
1 Helsingborg	900 – 1,500
2 Landskrona	700 – 1,100
3 Malmö	800 – 1,500
4 Trelleborg	700 – 1,100
5 Ängelholm	700 – 1,100



# Rental levels

The rents presented in the table below are estimated top rents with smaller, newly built premises at the higher end of the range.

Industrial area	Rental level, base rent, SEK/sq m/year
1 Eskilstuna	750 – 1,250
2 Falkenberg	800 – 1,350
3 Halmstad	900 – 1,600
4 Jönköping	950 – 1,500
5 Kalmar	1,150 – 1,500
6 Linköping	1,150 – 1,450
7 Norrköping	1,150 – 1,450
8 Örebro	850 – 1,450
9 Varberg	800 – 1,450
10 Västerås	1,200 – 1,450
11 Växjö	1,250 – 1,500





# 5 THE TRANSACTION MARKET



**In 2022, industrial and logistics accounted for a significantly larger share of total volume compared to 2021 and previous years. However, the total volume has declined, as we experienced a significant overall slowdown in transaction volume in 2022. The interest for the industrial and logistics segment continues to be strong relative to other segments, as market fundamentals such as low vacancy rates and rental growth, together with a favourable macro trend, stands out.**

In Sweden as a whole, there was a slight drop in the average purchase price compared to previous years. On the other hand, rising average purchase prices are recorded in the Greater Stockholm region as well as in the selected regional cities (see definition on page 2).

After a 2021 characterized by several large portfolio deals, increasing both deal volumes as well as a significant yield compression, a clear slowdown is noted on this point. As the portfolio deal volume has plummeted, single-asset increases in volume compared to 2021. The low interest rate environment was favourable for larger portfolio deals, to quickly build critical volume, whilst when the market shifted investors has been more selective in their acquisitions. At the same time as buyers and sellers are trying to navigate in this new environment as the increase of interest rates have had a direct impact on the required returns the investors need.

Last year, listed companies were net-buyers, although by a small margin, while in Stockholm and Gothenburg, listed companies were strong net sellers. In times of uncertainty, the market tends to look for more liquid assets, and what we can observe in the Stockholm and Gothenburg region is a classic example of “flight-to-quality” among investors.

The outlook for 2023 is that we will continue to see an increased amount of single-asset deals, or smaller portfolios, especially where there is some sort of value-add potential. Croisette believe that we will see a gap in the market for stabilised light industrial properties as most of the listed companies tends to be net sellers, and most of the buyers having a more opportunistic approach. This implies that these assets probably will be traded for a higher yield compared to if the listed companies were to be net buyers. For an agile investor seeking a stabilised cash-flow there might very well be a window of opportunity for 2023.

Croisette's general view is that we will see more activity in the industrial and logistics segment compared to 2022 as both existing and new, often foreign, well-funded investors are seeking opportunities in the market. The price discovery will still be an important part of 2023 as there are still some uncertainty in the market, but still less uncertain than 2022 which should imply increasing deal volumes.

# The Transaction Market

In Sweden, the industrial and logistics segment accounts for a significantly larger share in total transaction volume during 2022



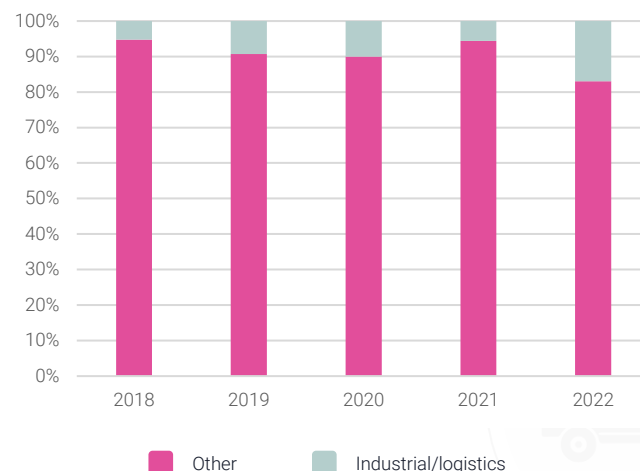
SWEDEN

In 2022 the total investment volume decreased with nearly 45%, which is slightly better than the average for the entire Swedish market, which also can be seen as the industrial and logistics segment increased its share compared to 2021. After a strong first quarter the market activity dropped rapidly and was at a slow pace until the last quarter when a few larger industrial and logistics portfolios were traded.

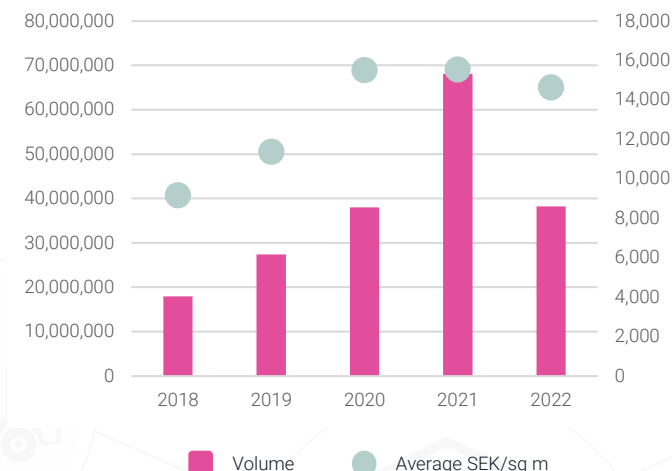
Listed companies and private real estate owners were the big net sellers last year. The listed companies were also strong buyers last year, but predominantly during the first quarter. Looking at the second half of the year real estate funds were most active – a trend we do believe will remain in 2023 as well.

As the market conditions is becoming clearer for both buyers and sellers and with a lot of capital seeking investments, we do expect a much more active 2023. Buyers will however be much more selective in their acquisitions, hence why we expect that individual assets and smaller portfolios will be most desirable.

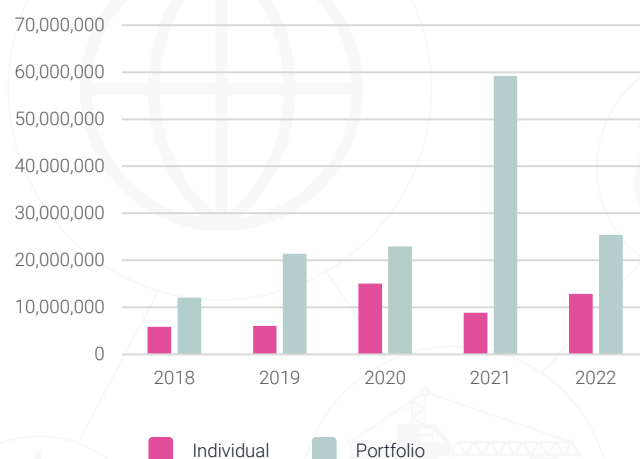
**Transaction volume 2018 - 2022,**  
breakdown by segments | Sweden



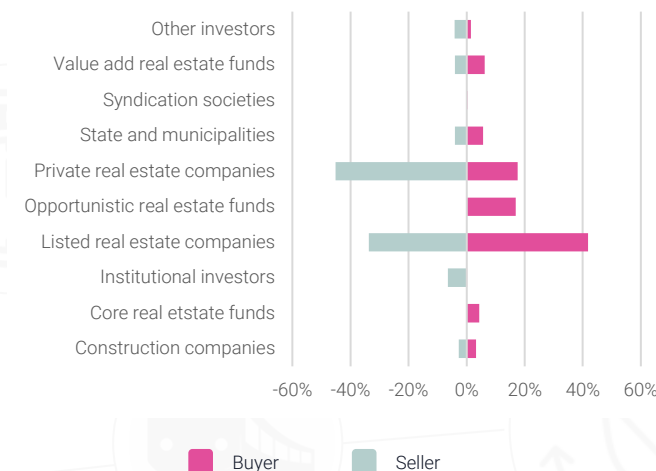
**Transaction volume 2018 - 2022,**  
industrial/logistics | Sweden



**Transaction volume 2018 - 2022,**  
portfolio and individual transactions among the  
industrial and logistics segment | Sweden



**Transaction volume 2022,**  
breakdown by buyer and seller category | Sweden



# The Transaction Market

Average selling price/sq m in the Greater Stockholm region were at an all time high during 2022

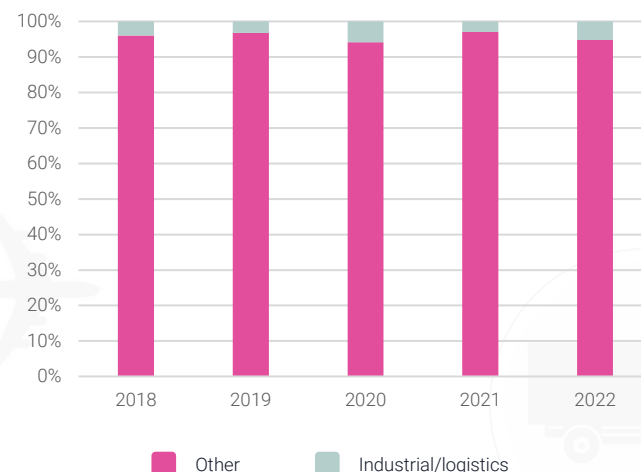


STOCKHOLM

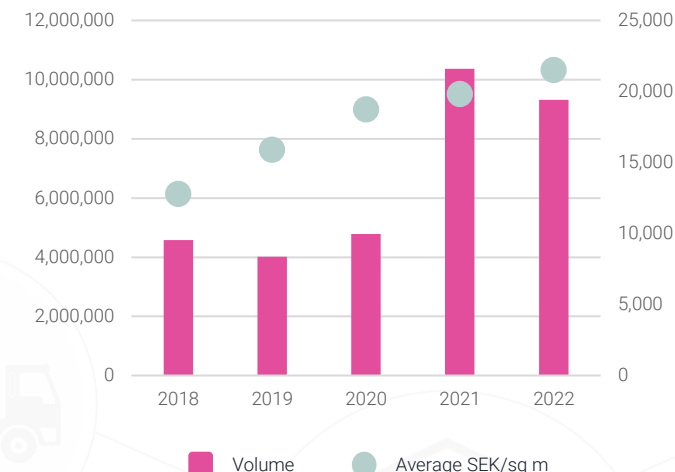
The interest for industrial and logistics remained at a strong level in the Stockholm region despite a difficult 2022. With strong market fundamentals and both domestic and foreign investors seeking investment opportunities, a core market such as Stockholm did perform well in terms of investment volume. Interesting is also that the average square meter price continues to increase, but as the rents has increased at a steady pace for the last few years, we expect that trend to continue. Listed companies were net sellers in the region, mostly linked to Blackstone's large acquisition at the end of the year.

For 2023 Croisette believe that we will continue to see high activity on the market, but with more focus on individual asset deals or smaller portfolios. As rental levels continues to increase, we also expect more deals to near the 30,000 SEK/sq m threshold.

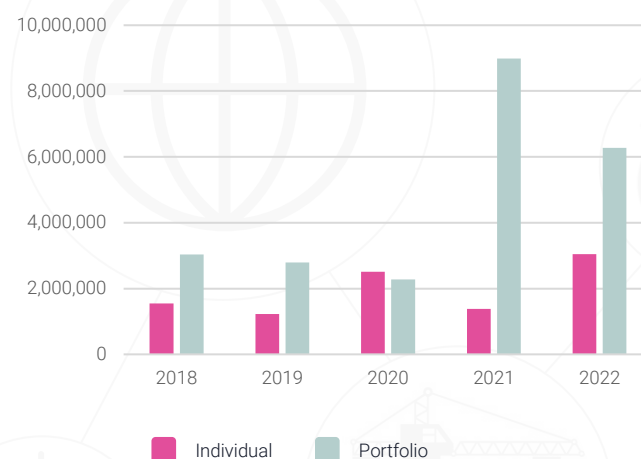
**Transaction volume 2018 - 2022,**  
breakdown by segment | Stockholm



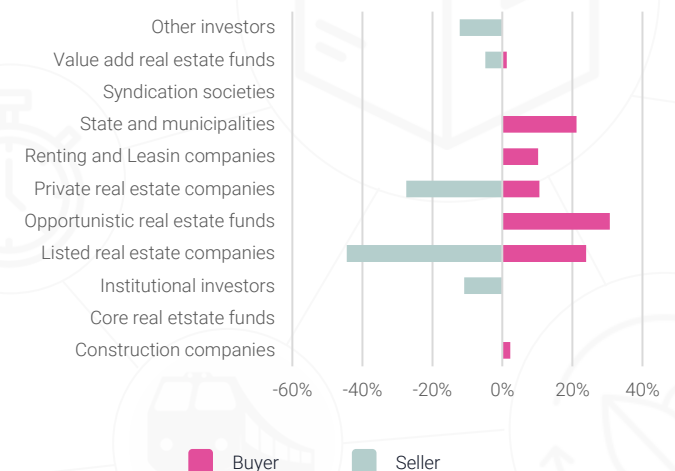
**Transaction volume 2018 - 2022,**  
industrial/logistics | Stockholm



**Transaction volume 2018 - 2022,**  
portfolio and individual transactions among the  
industrial and logistics segment | Stockholm



**Transaction volume 2022,**  
breakdown by buyer and seller category | Stockholm





# The Transaction Market

Listed real estate companies are strong net sellers in the region and accounts for more than 50% of total volume

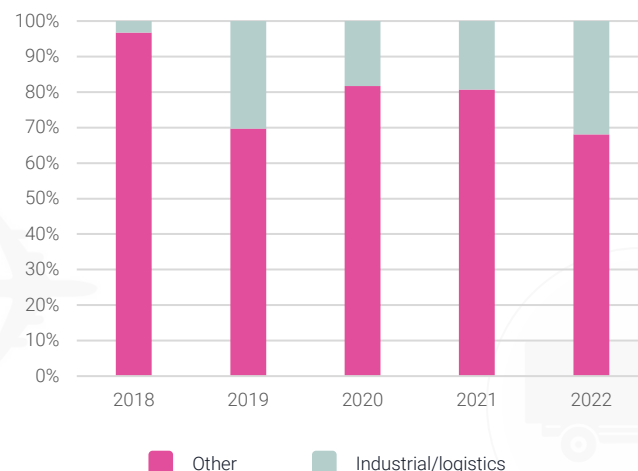


GOTHENBURG

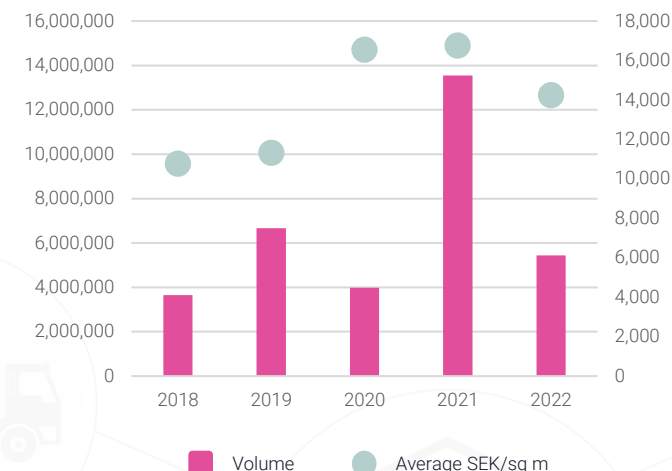
Demand for industrial/logistic assets and portfolios continues to be high, even though the transaction volume decreased from the record year 2021. The demand is widely spread among local, domestic and international investors which makes the competition hard. Gothenburg recently manage to recapture the title as "the best logistic location" in Sweden from Helsingborg, according to the journal Intelligent Logistik, which tells a lot of the importance of the region.

As of 2023 we expect about the same transaction volume as 2022 but this is depended on whether buyers and sellers can "find" each other. We do not expect the average SEK/sq m to be higher than the past three years.

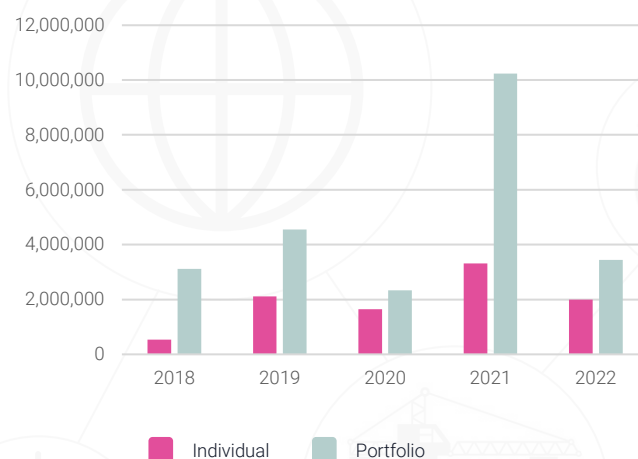
**Transaction volume 2018 - 2022,**  
breakdown by segment | Gothenburg



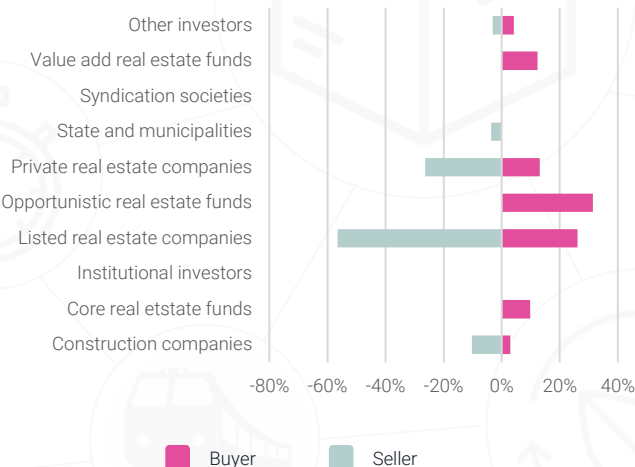
**Transaction volume 2018 - 2022,**  
industrial/logistics | Gothenburg



**Transaction volume 2018 - 2022,**  
portfolio and individual transactions among the  
industrial and logistics segment | Göteborg



**Transaction volume 2022,**  
breakdown by buyer and seller category | Gothenburg



# The Transaction Market

Total volume during 2022 decreased compared to 2020 and 2021 but remain on high levels compared to previous years

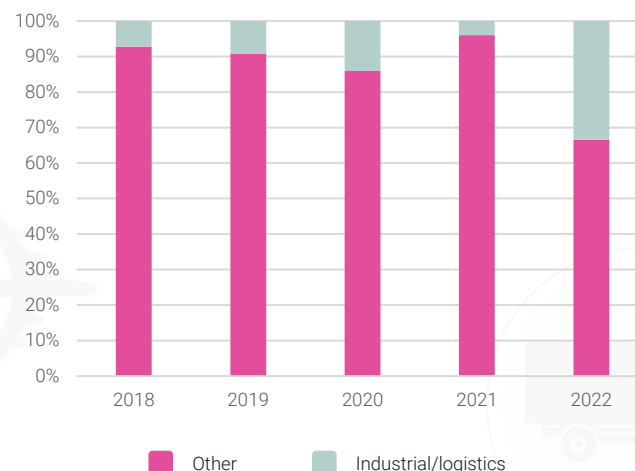


SKÅNE

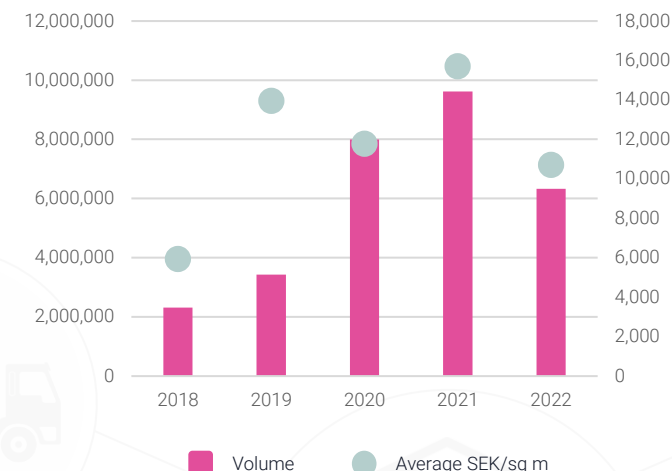
The transaction market in the Skåne region regarding properties in the industrial and logistics segment, like the transaction market in general, came to a standstill after almost six months into 2022. In terms of the total transaction volume during 2022, it decreased compared to 2020 and 2021, but remained on a high level compared to 2019 and before. The demand and interest for industrial and logistics properties in Skåne has been protected by its rather high-yielding-nature (see p. 42), which is shown by the segments large share of the total transaction volume 2022. The segment is still considered an attractive investment opportunity by local and domestic investors as well as foreign investors, considering Skåne's location in the Öresund Region and its proximity to the rest of continental Europe.

As of 2023 Croisette is convinced that there will be a higher activity on the transaction market of industrial and logistics properties in Skåne compared to 2022, but with more focus on individual asset deals and smaller portfolios, provided that the market players finds common ground in the new market conditions.

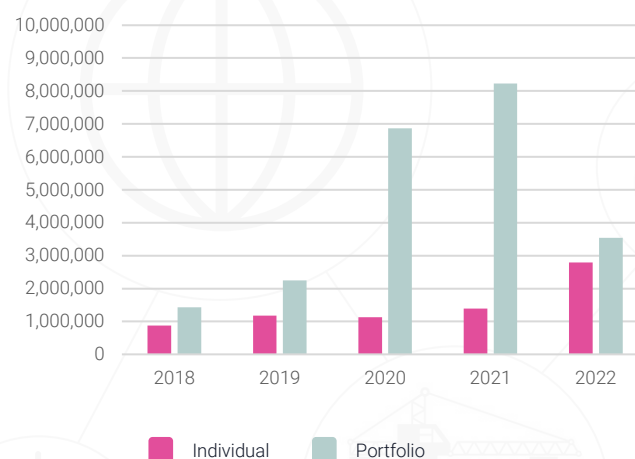
**Transaction volume 2018 - 2022,**  
breakdown by segment | Skåne



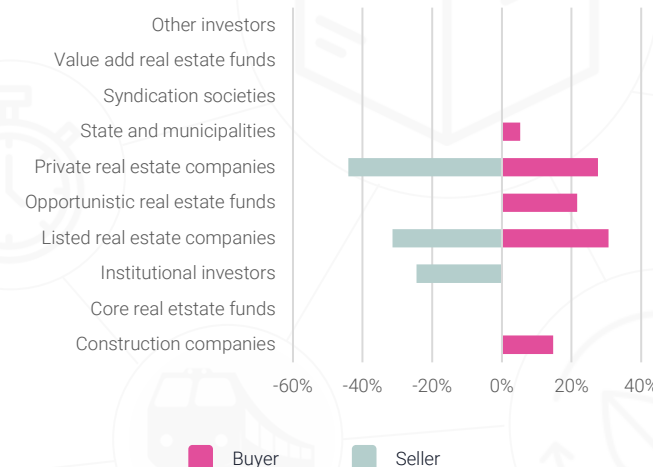
**Transaction volume 2018 - 2022,**  
industrial/logistics | Skåne



**Transaction volume 2018 - 2022,**  
portfolio and individual transactions among the  
industrial and logistics segment | Skåne



**Transaction volume 2022,**  
breakdown by buyer and seller category | Skåne



# The Transaction Market

The average purchase price in the regional cities remains at 2020 and 2021 levels, however total volume has decreased significantly



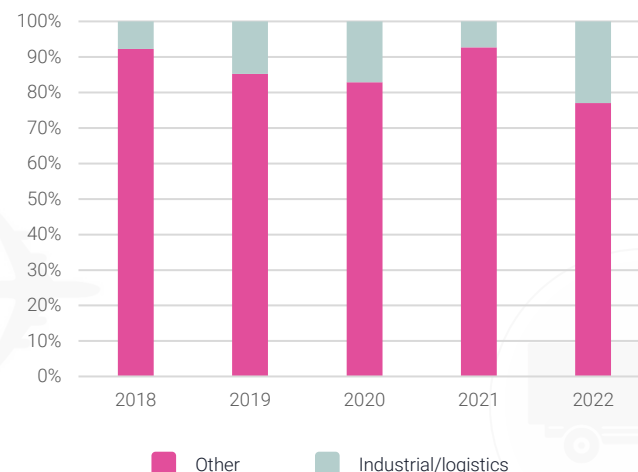
## REGIONAL CITIES

Over the past five years, investors interest for industrial and logistics properties in regional cities has never been so strong relative to other property types. Like the rest of Sweden and the metropolitan regions, we note a decline in total volume, but average purchase prices appear to remain in line with 2020 and 2021.

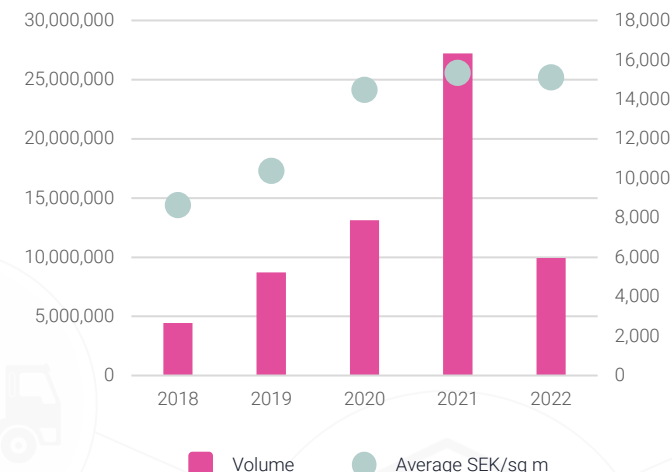
Another interesting aspect to be highlighted is that the listed companies were net buyers in the regional cities, which can be compared to the activity in the metropolitan regions.

Croisette believes that there are good opportunities to invest in industrial and logistic properties in the regional cities as many of them have strong underlying fundamentals such as population growth and a thriving business community. It is becoming increasingly common for companies to relocate their production to Sweden which calls for more production facilities as well as warehouses. Companies often motivate their relocation as the sustainability perspective is becoming more important for the consumers where they can observe the production chain. Another reason for relocating their production is because they want to ensure the availability of their goods in order to guarantee deliveries to their customers, due to an increased uncertainty regarding ocean shipments, for example. Either way, this will have a huge impact for the future of this segment.

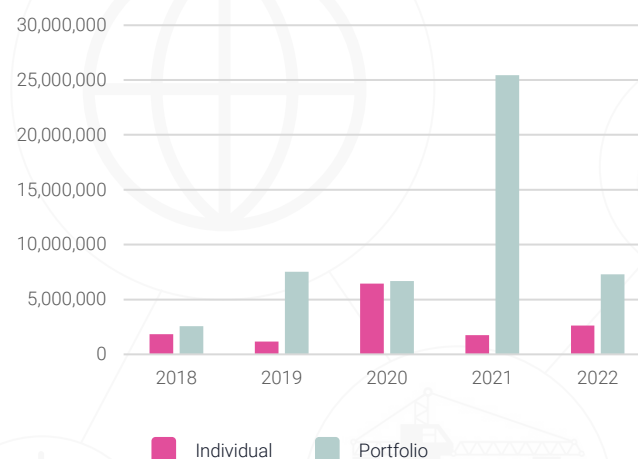
**Transaction volume 2018 - 2022,**  
breakdown by segment | Regional cities



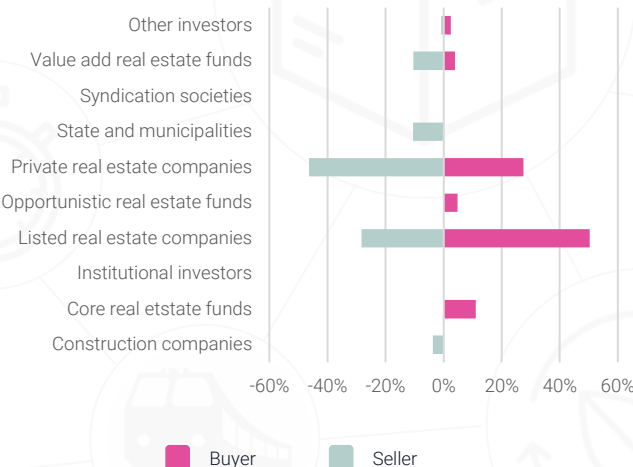
**Transaction volume 2018 - 2022,**  
industrial/logistics | Regional cities



**Transaction volume 2018 - 2022,**  
portfolio and individual transactions among the  
industrial and logistics segment | Regional cities



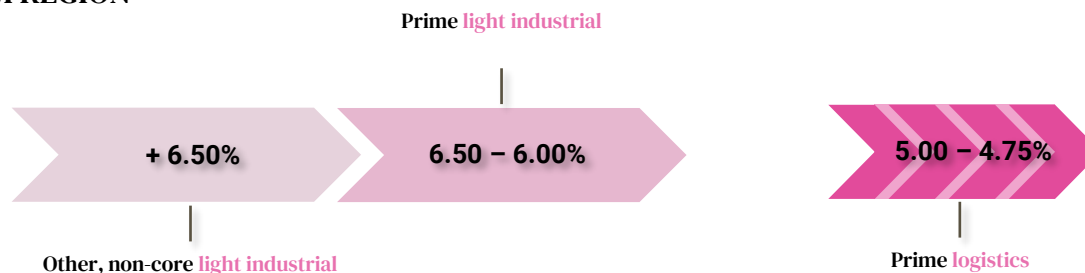
**Transaction volume 2022,**  
breakdown by buyer and seller category | Regional cities



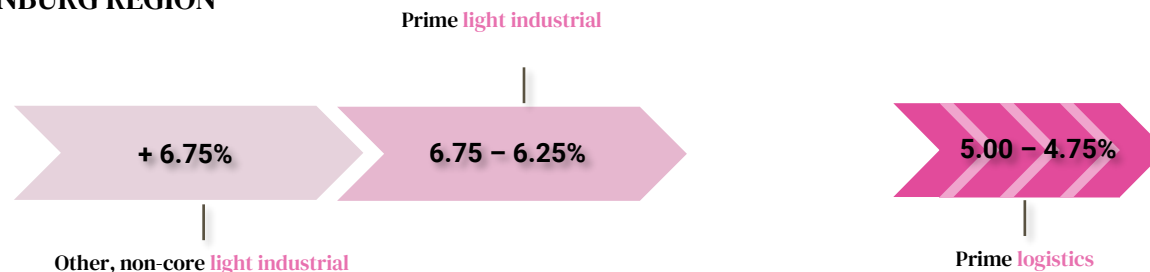
# The Transaction Market

Estimation of market yields for light industrial and logistics 2023

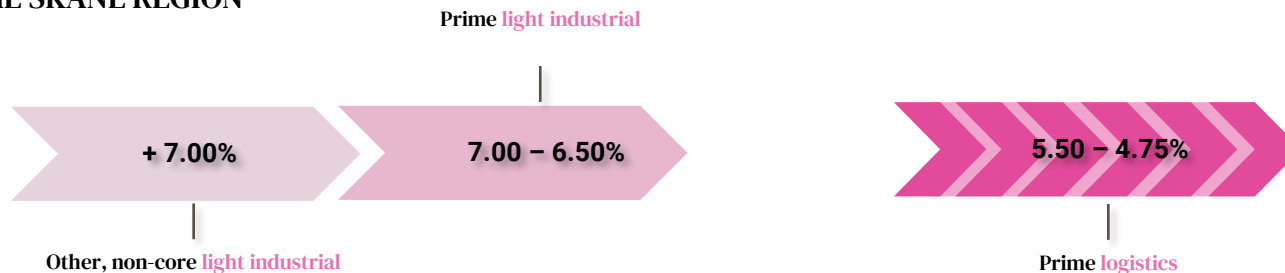
## THE STOCKHOLM REGION



## THE GOTHENBURG REGION



## THE SKÅNE REGION



Since our last report, a major yield shift has occurred on the Swedish market. Rising inflation has forced central banks around the world to increase policy interest rates, which has had an immediate effect on yields.

Looking at the logistics segment we estimate the prime yield at 5% or just below if enough requirements are met in terms of investor criteria. Outside the strongest logistics hubs, we estimate the yield to be around 5.5%. This implies that the prime yield will have increased with 100-150 bps from the all-time low.

For the light industrial segment, we have seen a similar yield shift, and expect the yield to stabilize between 6 and 6.75% in our core markets during 2023. Net initial yields will be lower if there is a solid potential in terms of vacancies, reversionary potential and/or building rights that can be utilized in a short-term perspective.

Crucial for our estimates are that location, building characteristics and/or tenants are strong.

There is currently a significant yield gap between prime logistics and prime light industrial that, in Croisette's opinion, cannot be explained by fundamentals but rather investor categories. Croisette therefore believes that there is room for a new investor segment consisting of smaller warehouses (up to 10,000 sqm) in strong locations, so called last mile units. While such units do not fully meet the criteria of core logistics investors, they offer attractive investment opportunities thanks to strong underlying market fundamentals. We think this segment merits a lower yield than light industrial and more interest from institutional capital.



# 6 CONTACT DETAILS



35

Offices

5

Countries

Over

280

Employees

Iceland



1



6

Sweden



30



265

Finland



1



7

Denmark



1



4

Spain



1



5

7

business areas

Property Transactions

Valuation &amp; Analysis

Leasing

Human Capital

Digital Property Management

Insurance Advisory

Real Estate Agency



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**Halmstad**  
Storgatan 19

**Uppsala**  
Björkgatan 79

**Jönköping**  
Huskvarnavägen 82

**Kalmar**  
Bredbandet 1

**Västerås**  
Kopparbergsvägen 10

**Täby**  
Boulevarden 58

**Copenhagen**  
Gammel Mønt 4

**Reykjavík**  
Katrínartún 2

**Helsinki**  
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