

Stockholm Hotel Investment Guide 2023



Welcome to Stockholm

The Capital of Scandinavia

Stockholm is the economic growth engine of Sweden and one of the fastest-growing regions in Europe. As highlighted in this guide, growth in demand for hotel rooms has been very strong over the last decade and the hotel market in Stockholm is thriving. With this guide we wish to welcome you as a potential investor to the Stockholm hotel market. We hope to help you discover the opportunities in this market and advance Stockholm's status as a leading global destination for business and travel. This investment guide contains information and explanations intended to help you in the early phases of your planning process of entering this market.

Cover photo: Zzz Dreamscape Hotel.

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Five reasons to invest in Stockholm

- 01** Long track record of strong growth in demand from both business and leisure guests that has not been matched by adequate increases in room capacity.
- 02** Very strong growth in international travel is creating diverse demand and new opportunities for international investors.
- 03** A small number of strong domestic operators and property owners dominate supply, and many of the global brands are still absent.
- 04** Stockholm is a frontrunner in technology and business development.
- 05** Rapidly growing region with several ongoing major development projects that will have a positive effect on future demand for commercial accommodation.



Convendum coworking space on Södermalm. Photo: Fond & Fond/mediabank.visitstockholm.com

Market Analysis





Connectivity

Three airports in close proximity

The main international airport in Sweden, Stockholm Arlanda (ARN), is a world leading sustainable airport appointed “Eco-Innovation Airport of the Year” in 2021 by Airport Council International Europe (ACI Europe). Located just 18 minutes from the city center by train, the airport connects Stockholm with over 100 destinations all around the world. Air accessibility to the capital is even greater thanks to two additional airports serving the city, Stockholm Bromma Airport (BMA) and Stockholm Skavsta Airport (NYO). Despite the heavy impact of the global Covid-19 pandemic, a robust recovery took place and these airports together had some 20 million passengers in 2022. Although it marked a nearly 35 percent decrease compared with 2019.

The node in Sweden’s railway network

Located in the midst of central Stockholm, Stockholm Central Station stands as one of the busiest train stations within the Nordic region and the main transport hub in the Swedish capital. It is connected to Cityterminalen that is serving both international and regional bus traffic, thereby enhancing sustainable connectivity to other cities.

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Stockholm Arlanda Airport

Sweden’s the largest airport. Appointed “ECO-Innovation Airport of the Year” in 2021

18.4

million passengers in 2022
(25.6 million in 2019).

107

direct routes, of which 87 are international and 20 are domestic.

18

minutes by train from the city center.



Bromma Stockholm Airport

The Stockholm area’s most central airport.

1.1

million passengers in 2022
(2.4 million in 2019).

9

kilometres from the city centre.



Flight time to Stockholm

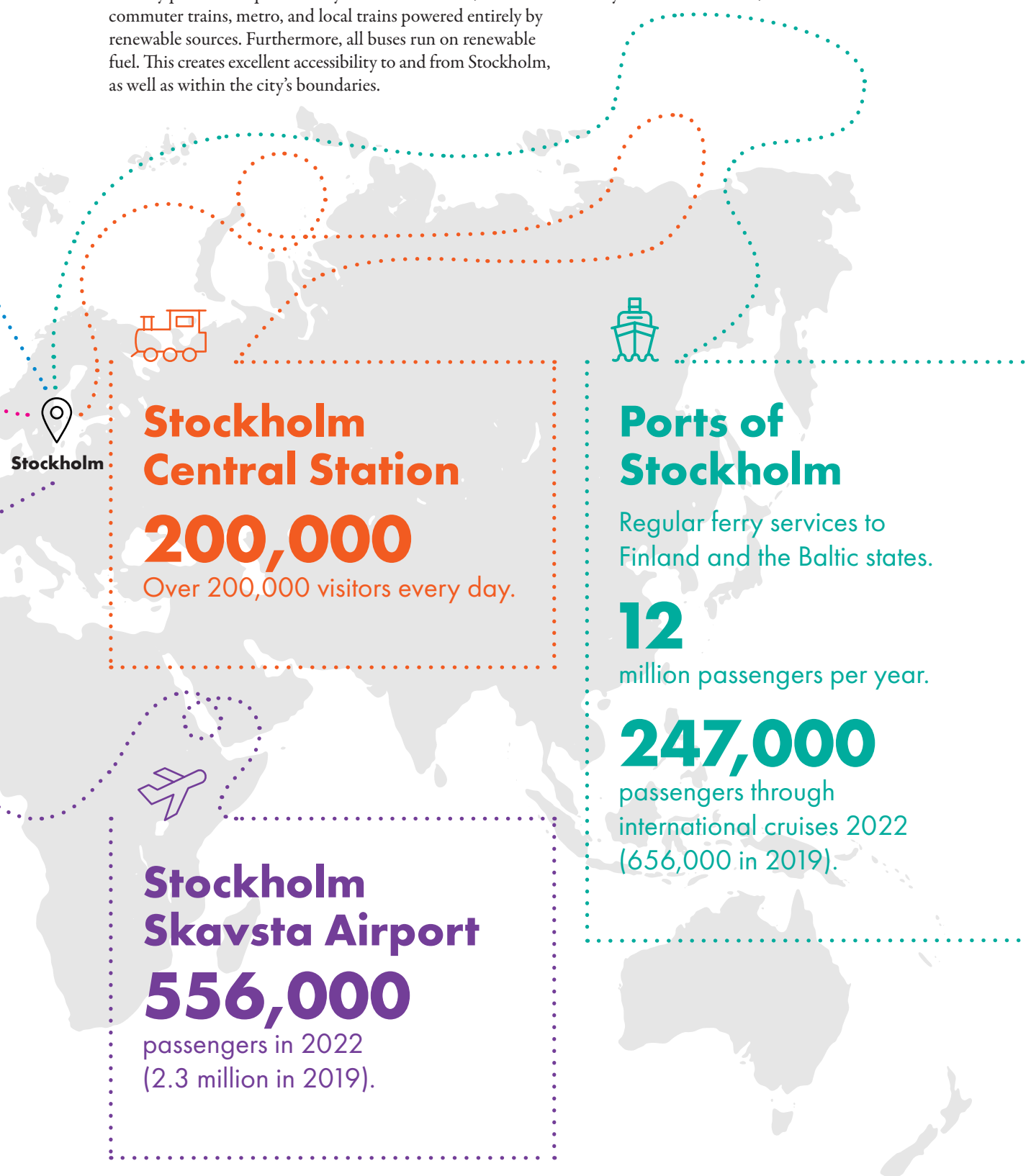
London	2h 30 min
Paris	2h 30 min
Amsterdam	2h
Frankfurt	2h 10 min
Madrid	4h

Extensive local transport system

Given Stockholm's compactness it is very easy to explore by foot, allowing visitors to intimately experience the city's diversity and charm. Nevertheless, Stockholm boasts an extensive public transport system that ranks among the best in Europe. Additionally, it is one of the most environmentally friendly public transportation systems in the world, with commuter trains, metro, and local trains powered entirely by renewable sources. Furthermore, all buses run on renewable fuel. This creates excellent accessibility to and from Stockholm, as well as within the city's boundaries.

Several major ferry lines

Ports of Stockholm is one of the world's largest passenger ports with several major ferry lines run by Tallink Silja, Polferries, Finnlines, Viking Line and Destination Gotland, who serves the countries around the Baltic sea. The ports in Stockholm, Kapellskär and Nynäshamn together holds regular ferry services to Finland, Poland and the Baltic States.



Tourism

With its rich blend of history, nature and culture, Stockholm has something for every taste.

Strong tourist destination

Beautifully situated on 14 islands where Lake Mälaren meets the Baltic Sea, Stockholm's unique setting makes it a place well worth a visit. The proximity to water and the Stockholm archipelago positions it as an attractive destination for both domestic and international travelers. On top of that, the city boasts over 100 museums, castles, and attractions.

Major arenas for sports and events

Stockholm is also a strong event region, with large arenas such as Avicii Arena, Tele2 Arena and the national arena Friends Arena (Solna) just 10 minutes from the city center. These major arenas have been visited by many of the world's biggest performers. The city hosts a mix of recurring major events spread throughout the year, which creates a significant demand for accommodation.



**STOCKHOLM'S
major events create
a significant demand
for accomodation.**

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T1:1 Selection of recurring major events in Stockholm

Source: Invest Stockholm

Event	Month	Category	Place
Stockholm Furniture & Light Fair/Design Week	February	Design	Stockholmsmässan/City
Stockholm Swim Open	April	Sports	Eriksdalsbadet
Bauhausgalan	May	Sports	Stockholms Stadion
Elitloppet	May	Sports	Solvalla
Lollapalooza	June	Music/Culture	Gärdet
Global Champions Tour/Stockholm Horse Week	June	Sports	Stockholms Stadion
Stockholm Marathon	June	Sports	City
Stockholm Pride	August	Other	City
Stockholm Open	October	Sports	Kungliga Tennishallen
Stockholm International Film Festival	November	Music/Culture	City



Popular tourist attractions in Stockholm

Visitors 2022

1	Skansen	1,333,000
2	Gröna Lund	1,291,000
3	The Vasa Museum	945,000
4	The Royal Palace	800,000
5	The Swedish Museum of Natural History	623,000

Source: Stockholm Visitor Insight



Business

Stockholm is renowned as a world-leading tech and innovation hub and is recognized globally for having one of the best startup ecosystems.

Vibrant tech and innovation hub

In Resonance's annual ranking of the world's best cities of 2024, Stockholm was ranked 29th, above cities like Sydney, Zürich and Brussels. Stockholm's educated citizens and ambitious tech scene was especially highlighted as significant contributors to the high ranking. And according to the European innovation scoreboard, Stockholm is among the most innovated regions in Europe. As a matter of fact, it is only Silicon Valley in the USA that has produced more billion-dollar companies per capita globally than Stockholm. Klarna, Spotify, Skype, King, Mojang and iZettle are all unicorns founded in Stockholm. With leading universities such as KTH Royal Institute of Technology, Stockholm University, Stockholm School of Economics and Karolinska Institutet, there is a clear link between academia and business in the region. Investing in Stockholm therefore means gaining access to a well-educated and open-minded workforce.



1st

**European Hub by
impact funding.**

Source: Dealroom. 2017-2023 HT.

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Home to many global headquarters

The capital of Sweden is also a hub for global corporate headquarters. Multinational companies such as Ericsson, H&M and Spotify all have their base in the city.



Photo: Klarna

T1.2 The largest company's in the City of Stockholm by number of employees

Source: Invest Stockholm

Company Name	No. of employees
Ericsson	9,362
H&M	6,435
Södersjukhuset	5,026
DH Logistics Sweden	2,937
Samhall	2,842
Avarn Security	2,821
Svenska Handelsbanken	2,769
Klarna	2,674
Capio S:t Görans Sjukhus	2,662
Skanska Sverige	2,649
Brukarkooperativet JAG Personlig Assistans	2,487
Meet your future Studenter	2,237
SWECO Sverige	1,962
Tele2 Sverige	1,930
Cool Company Skandinavien	1,912
PostNord Sverige	1,888
Ernst & Young	1,824
MTR Tunnelbanan	1,811
Spotify	1,811
Securitas Sverige	1,771

T1.3 The largest companies based in Stockholm County by total number of employees, 2021

Source: Invest Stockholm

Company Name	No. of employees, total ¹	Annual Turnover (000s), SEK ¹	Municipality (HQ)
Securitas	282,286	107,700,000	Stockholm
H&M	107,375	198,967,000	Stockholm
Ericsson	100,757	232,314,000	Stockholm
Electrolux	51,590	125,631,000	Stockholm
Assa Abloy	50,935	95,007,000	Stockholm
Scania	48,382	146,146,000	Södertälje
Essity	46,275	121,867,000	Stockholm
Atlas Copco	41,272	110,912,000	Nacka
Skanska	30,051	143,865,000	Stockholm

¹Regards the company's total number of employees and annual turnover.

Meetings

Stockholm hosts a wide variety of meetings and events each year.

Inspiring place to meet

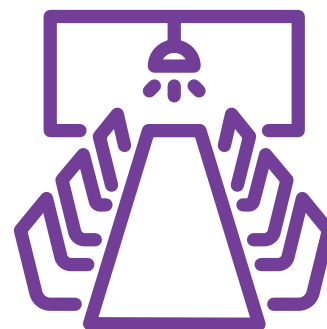
Stockholm is a popular meeting place for both small gatherings and large international congresses thanks to its wide selection of conference venues, great accessibility and multiple activities and attractions that makes it an all-year-round destination. In addition, Stockholm is one of the world's most digital and knowledge-intensive regions.

Many versatile venues

There are multiple conference venues and meeting places that contributes to the strong hotel market in the City of Stockholm. For example, the Nordic region's largest exhibition center, Stockholmsmässan, is located less than 10 minutes from the city centre. Other major venues are for example, Stockholm Waterfront Congress Centre in direct connection to Stockholm Central Station and Kistamässan in the northern part of the City of Stockholm.

Top 20 in the world

According to the International Congress and Convention Association (ICCA), Stockholm is ranked 18th in the world regarding number of international meetings. Even though it was an improvement from 2019 when Stockholm was ranked 22nd, the number of meetings was far less due to the pandemic.



Stockholm has a wide selection of conference venues spread throughout the city.



Photo: Henrik Trygg/mediabank.visitstockholm.com

T1.4 Examples of international congresses held in 2019

Source: Invest Stockholm

Name	Date	Venue	Delegates
Congress of the European Committee for Treatment and Research in Multiple Sclerosis	11-13/9-2019	Stockholmsmässan	9,360
World Water Week	25-30/8-2019	Tele2 Arena	3,800
UITP Global Public Transport Summit	9-12/6-2019	Stockholmsmässan	2,700
16th European Congress on Advanced Materials and Processes	1-5/9-2019	Stockholm City Conference Centre, CCC	2,085
STOCKHOLMIA Congress	29/5-2/6-2019	Stockholm Waterfront Congress Centre	2,000
Microsoft TechDays	22-24/10-2019	Kistamässan	2,000
30th International Training Equipment Conference and Exhibition	14-16/5-2019	Stockholmsmässan	1,900
4th Nordic Data Innovation Summit	14-15/3-2019	Kistamässan	1,800
SIME, Scandiavian Interactive Media Event	13-14/11-2019	Epicenter	1,600
23rd Undersea Defence Technology Conference and Exhibition	13-15/5-2019	Stockholmsmässan	1,500
EBAday 2019	18-19/6-2019	Stockholmsmässan	1,500
Women in Tech	8/3-2019	Stockholm City Conference Centre, CCC	1,400
18th Annual AOC Electronic Warfare Europe	13-15/5-2019	Stockholmsmässan	1,200
15th Wikimania Conference	14-18/8-2019	Aula Magna	1,200
Nordic.js Conference	10-11/10-2019	Magasin 9	1,200
19th Annual Meeting and European Seed Trade Meeting	13-15/10-2019	Stockholm Waterfront Congress Centre	1,100
14th Embedded Conference Scandinavia	5-6/11-2019	Kistamässan	1,000

T1.5 Examples of international congresses held in 2022

Source: Invest Stockholm

Name	Date	Venue	Delegates
58th Annual Meeting of the European Assoc. for the Study of Diabetes	19-23/9-2022	Stockholmsmässan	8,000
Stockholm+50 (UN Conference), a healthy planet for the prosperity of all	2-3/6-2022	Stockholmsmässan	4,000
SIME Stockholm, Scandiavian Interactive Media Event	30/11-1/12-2022	Epicenter	1,600
World Water Week (online and in Stockholm)	28/8-1/9-2022	Stockholm City Conference Centre, CCC	1,400
9th European Academy of Forensic Science Conference	30/5-3/6-2022	Stockholm City Conference Centre, CCC	1,200
57th Annual Meeting of the Scoliosis Research Society	14-17/9-2022	Stockholm Waterfront Congress Centre	1,200
33rd Congress of the International Council of the Aeronautical Sciences	4-9/9-2022	Stockholm Waterfront Congress Centre	1,100
Planet Network Forum (Stockholm+50)	1/6-2022	Stockholmsmässan	1,000

*The representation of international congresses in the tables above is limited to the years 2019 and 2022 due to the significant impact of the global Covid-19 pandemic on events in 2020 and 2021.



Urban & Infrastructure Development

Several extensive development projects that will, among else, add new housing, workplaces and improve accessibility in the region.

A rapidly growing capital

The City of Stockholm is growing rapidly and there are currently several extensive development projects ongoing in the region. Many of the projects aims to meet the great demand for housing, however, they will also comprise large office spaces which enables new corporate establishments in the city. For example, Stockholm Royal Seaport, Hagastaden and The Meatpacking District together are expected to have some 100,000 workplaces. The areas that are currently being transformed into new meeting places also holds great potential for the establishments of new hotels.

Big investments are also made in infrastructure development. The expressway Stockholm Bypass and the new metro extensions will make accessibility exceptional, facilitating corporate establishments in new areas.

1M

Population is expected to exceed one million in 2025 in the City of Stockholm.

The Stockholm Bypass is a new route for the European highway (E4) currently under construction that will connect the southern and northern regions of Stockholm. Construction started in 2015 and it will take approximately 15 years to complete. It is estimated to be used by some 140,000 vehicles per day.

Metro extensions are ongoing and will expand the Stockholm Metro with 30 kilometers of new tracks and 18 new stops. The expansion will connect the bordering municipality Nacka to the city center and improve accessibility to Solna (Arenastaden) and Järfälla (Barkarbystaden). New stops are also planned in Hammarby Sjöstad, the Meatpacking District and Älvsjö.

2030

Our city aims to be 100% climate neutral year 2030. (Mayor of Stockholm announcement 2022).





Hotel Market



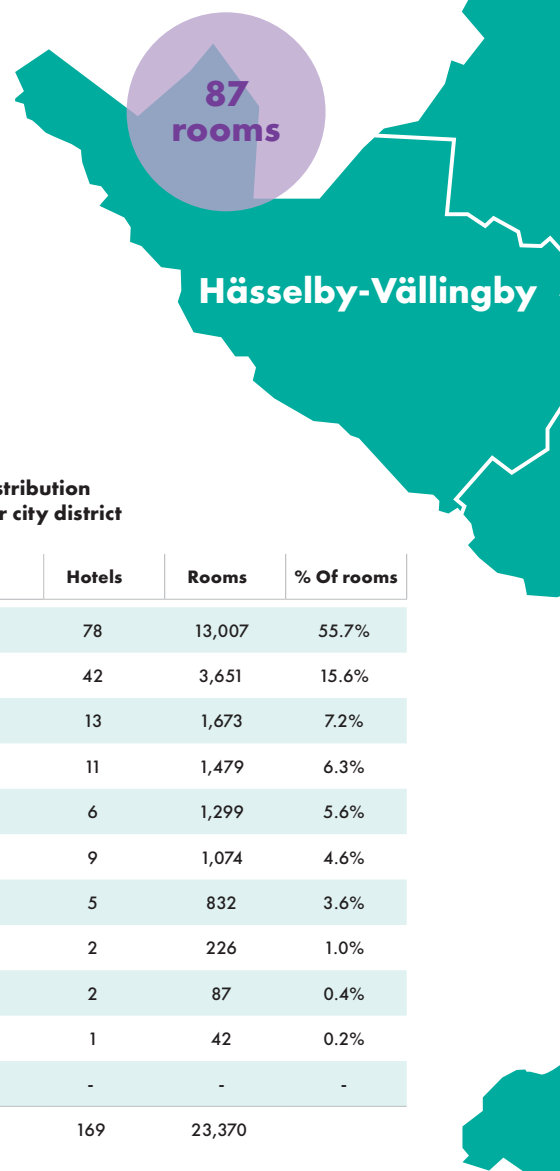


Current Supply

The hotel market supply in the City of Stockholm consists of some 23,400 rooms distributed over 169 hotels.

Concentrated in the city center

The City of Stockholm currently boasts 169 hotels with a total room supply of some 23,400 rooms. Significantly, the concentration of room capacity is located within the city center. Stockholm inner city, comprising the city districts Norra Innerstaden, Kungsholmen and Södermalm, accounts for almost 80 percent of the total room supply. Notably, Norra Innerstaden has the largest concentration of hotels, which is natural as it is home to numerous corporate headquarters, major transportation hubs and key tourist attractions. In the suburban districts of Stockholm, hotel clusters have been formed near the Bromma Stockholm Airport, Stockholmsmässan and the internationally renowned technology hub of Kista.



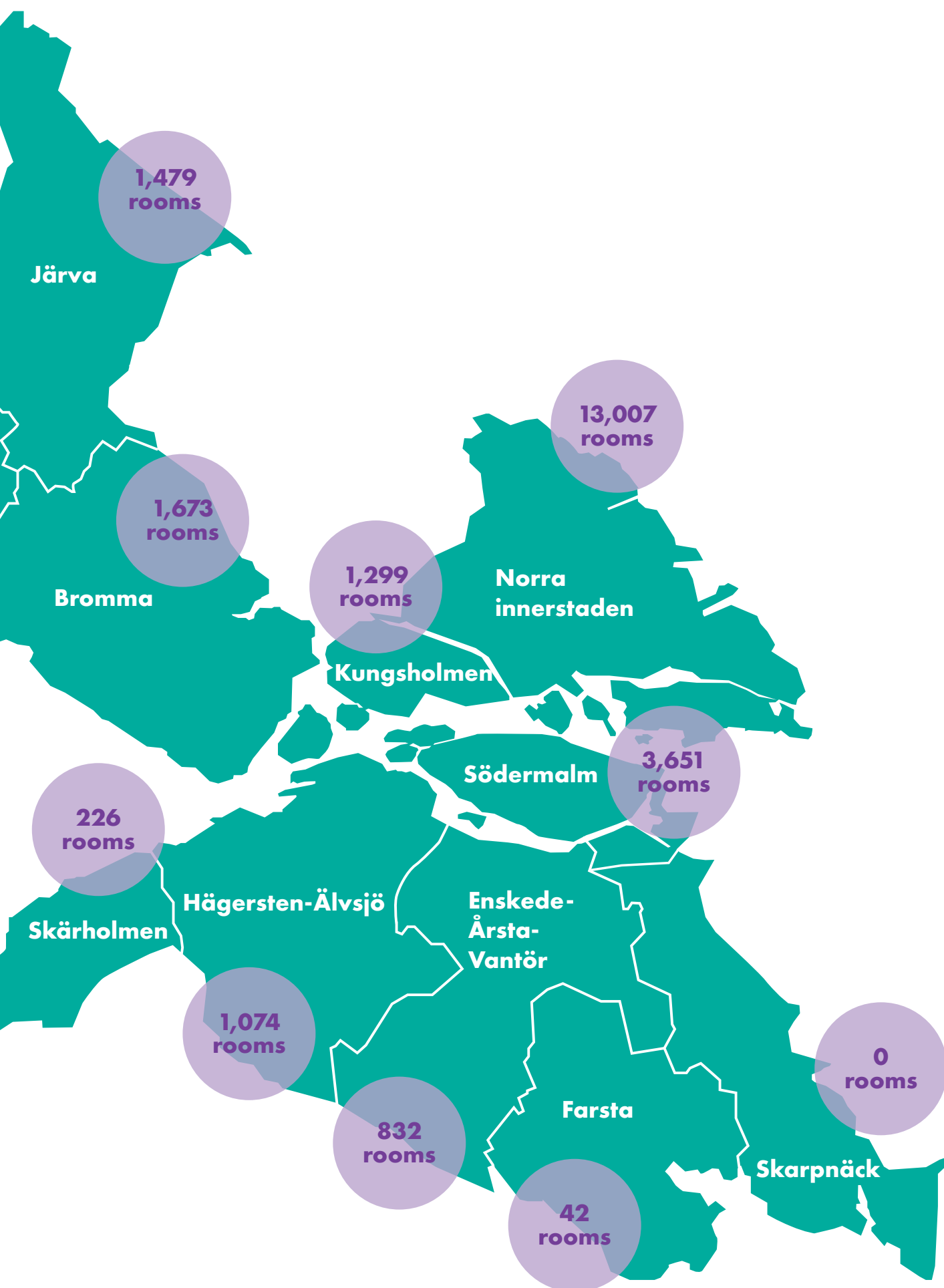
Zzz Dreamscape Hotel.



**T2.1 Geographical distribution
Hotels and Rooms per city district**

City District	Hotels	Rooms	% Of rooms
Norra innerstaden	78	13,007	55.7%
Södermalm	42	3,651	15.6%
Bromma	13	1,673	7.2%
Järva	11	1,479	6.3%
Kungsholmen	6	1,299	5.6%
Hägersten-Älvsjö	9	1,074	4.6%
Enskede-Årsta-Vantör	5	832	3.6%
Skärholmen	2	226	1.0%
Hässelby-Vällingby	2	87	0.4%
Farsta	1	42	0.2%
Skarpnäck	-	-	-
Total	169	23,370	

*Stockholm's inner city is divided into the districts of Kungsholmen, Södermalm and Norra innerstaden. The suburban districts are Bromma, Hässelby-Vällingby, Järva, Skärholmen, Hägersten-Älvsjö, Enskede-Årsta-Vantör, Farsta and Skarpnäck.



Supply and Demand

The City of Stockholm's track record of strong growth in demand has not been matched by adequate increases in room capacity.

Strong growth in demand

Demand for hotel rooms increased significantly in the City of Stockholm before the Covid-19 pandemic. In 2019, occupied rooms amounted to almost 6.1 million which was an increase by 34 percent since 2013. As almost any other metropolitan area in the world, the hotel market in Stockholm was severely affected by the global pandemic that broke out in March 2020. Although recovery has been strong, statistics shows that demand is still not entirely back at pre-pandemic levels.

Very limited supply growth

In the last decade, supply increased by approximately 4,200 hotel rooms which is equivalent to an annual average increase of about 2.3 percent. Notably, many of the rooms were added in the record year 2017. Since 2019, only 12 hotels have opened with a total of about 990 rooms.



T2.3 Available rooms and occupied rooms, 2013-2022 City of Stockholm

Source: Swedish Agency for Economic and Regional Growth/Statistics Sweden

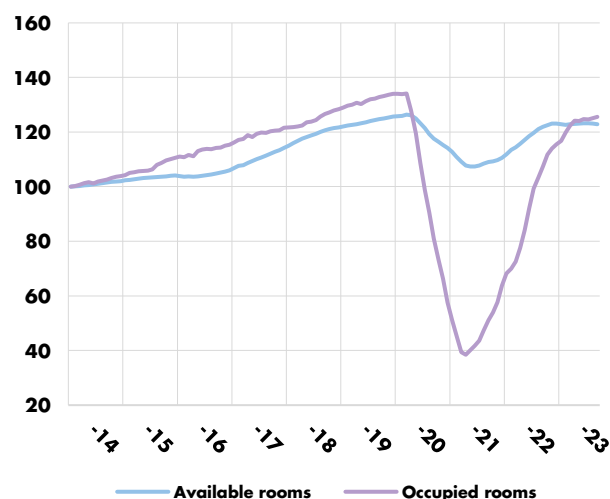
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD 2023 ²	CAGR ³
Available rooms ¹	18,429	18,856	19,130	19,637	21,191	22,486	23,189	20,718	20,551	22,649	22,639	2.3%
Occupied rooms ¹	12,413	12,940	13,780	14,379	15,108	16,008	16,636	6,346	8,481	14,491	15,532	1.7%

¹Presented as averages per day. ²The statistics for 2023 refer to the period January-August. ³CAGR between 2013-2022.

D2.1 Growth in available and occupied rooms

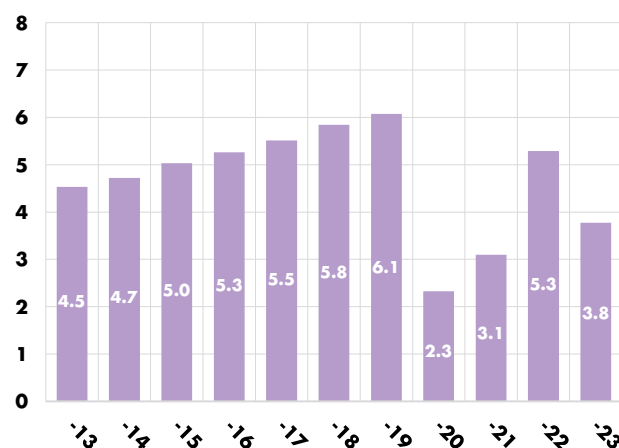
Index dec 2013=100, 12-months rolling average.

Source: Swedish Agency for Economic and Regional Growth/Statistics Sweden



D2.2 Occupied hotel rooms per year, millions

Source: Swedish Agency for Economic and Regional Growth/Statistics Sweden



¹The statistics for 2023 refer to the period January-August.



+26%

**Increase in supply
between 2013 and 2019.**

+34%

**Increase in demand
between 2013 and 2019.**

T2.2 Hotels that opened between 2019-August 2023, City of Stockholm

Source: Swedish Agency for Economic and Regional Growth/Statistics Sweden/Annordia Research

Opened	Hotel ¹	Segment	Rooms	City district
Apr 2019	Hotel Gamla Stan	Select service	81	Södermalm
May 2019	Blique by Nobis	Full service	249	Norra innerstaden
Sep 2019	Hotell Skeppsbron	Limited service	13	Södermalm
Oct 2019	Zzz Dreamscape Hotel	Limited service	17	Norra innerstaden
Jan 2020	Optimal Apartments Skärholmen	Long stay	18	Skärholmen
Feb 2020	Best Western Hotel At 108	Full service	90	Norra innerstaden
May 2021	Villa Dagmar	Full service	70	Norra innerstaden
Sep 2021	Biz Apartment Bromma	Long stay	177	Bromma
Nov 2021	Old Town Stay Hotel	Limited service	36	Södermalm
Nov 2021	Unity Hammarby Sjöstad	Long stay	139	Södermalm
Dec 2021	Sure Hotel Studio by Best Western Bromma	Long stay	60	Bromma
Jan 2022	Liljeholmens Stadshotell	Select service	44	Hägersten-Älvsjö
TOTAL			994	

¹Hotels that have been rebranded are not included.

Key Figures

Strong key figures with occupancy rates exceeding 70 percent five years in a row in the last decade.

Occupancy rates bouncing back from the decline

A strong growth in demand in combination with a modest increase in supply led the occupancy rate to improve by 4.4 percentage points between 2013 and 2019. The pandemic's negative impact on demand resulted in a dramatic decline from an occupancy rate of almost 72 percent in 2019, to some 31 percent the following year. Since then, the trend has been very positive with significant improvements each year.

ADR surpassed pre-pandemic levels in 2022

ADR in the City of Stockholm has been recorded continuously at a high level. Over the last 10-year period, ADR increased by some 15 percent and reached SEK 1,294 in 2022, thus exceeded the pre-pandemic levels.

RevPAR increased during the period

The most important hotel key figure, RevPAR, increased by an annual average of 2.7 percent between 2013 and 2019. Remarkably, even amid the challenges of the pandemic in the end of the period, RevPAR showed a slight improvement over the past decade. Nevertheless, despite ADR exceeding pre-pandemic levels in 2022, RevPAR was recorded slightly lower than in 2019 due to the occupancy rate.

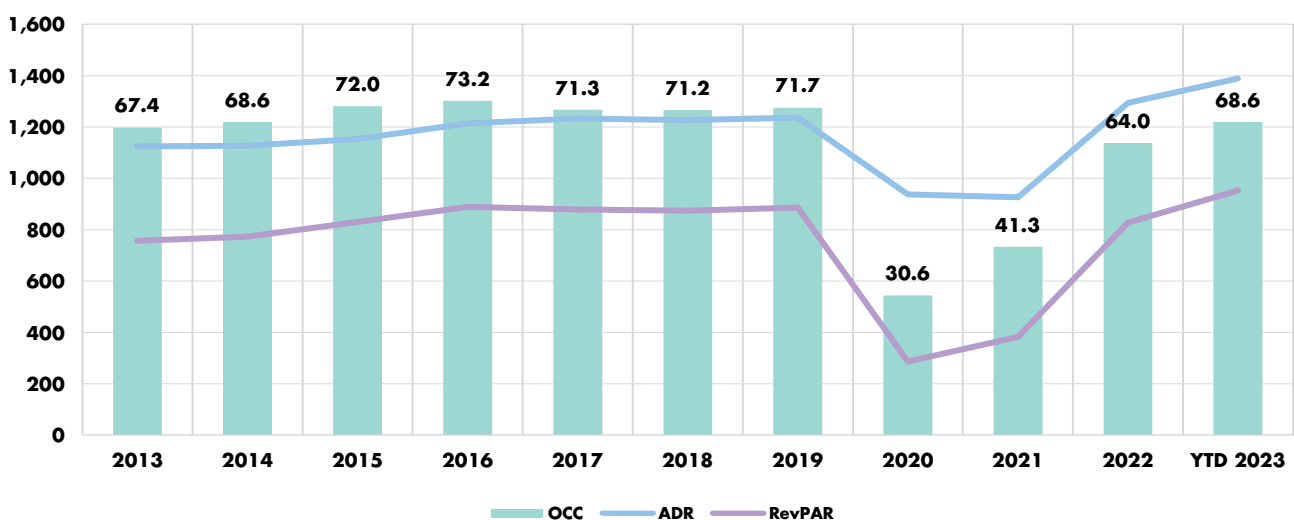


The hotel market in the City of Stockholm recorded continuously strong key figures prior to the pandemic.

22

D2.3 Occupancy rate, Average Daily Rate and RevPAR, City of Stockholm

Source: Swedish Agency for Economic and Regional Growth/Statistics Sweden

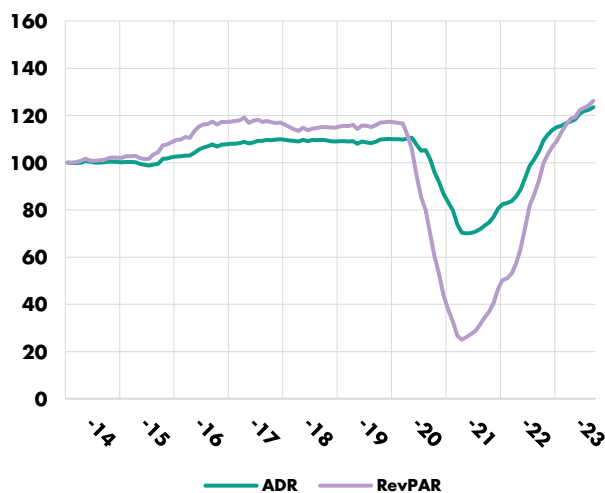


*The statistics for 2023 refer to the period January-August.

D2.4 Development of ADR and RevPAR, City of Stockholm

Index dec 2013=100, 12-months rolling average.

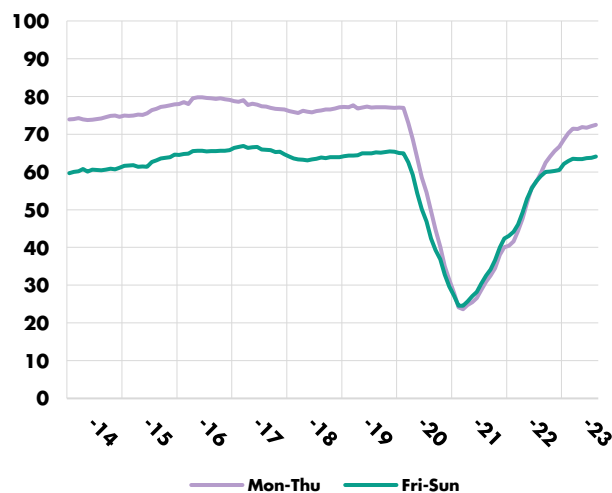
Source: Swedish Agency for Economic and Regional Growth/Statistics Sweden



D2.5 Occupancy rate, percent, City of Stockholm

Index dec 2013=100, 12-months rolling average.

Source: Swedish Agency for Economic and Regional Growth/Statistics Sweden



T2.4 Occupancy rate, Average Daily Rate and RevPAR, City of Stockholm

Source: Swedish Agency for Economic and Regional Growth/Statistics Sweden

Year	Occupancy rate, %	ADR, SEK	RevPAR, SEK
2013	67.4	1,125	757
2014	68.6	1,127	774
2015	72.0	1,153	831
2016	73.2	1,215	890
2017	71.3	1,233	879
2018	71.2	1,227	874
2019	71.7	1,236	887
2020	30.6	937	287
2021	41.3	927	383
2022	64.0	1,294	828
YTD 2023 ¹	68.6	1,388	953

¹The statistics for 2023 refer to the period January–August.

T2.5 Nordic comparison, 2022

Source: Swedish Agency for Economic and Regional Growth/Statistics Sweden/Statistics Finland/Statistics Norway/Statistics Denmark

	Rooms sold, 000s	Occupancy rate, %	ADR, SEK ¹	RevPAR, SEK ¹
Sweden	25,466	55.7	1 124	626
Denmark	13,072	57.5	N/A ²	N/A ²
Finland	10,334	49.6	1,122	557
Norway	15,993	50.7	1,260	639
Stockholm	5,289	64.0	1,294	828
Copenhagen	5,404	63.7	N/A ²	N/A ²
Helsinki	2,271	52.0	1,195	621
Oslo	3,167	60.3	1,411	850

¹The Average Daily Rates and RevPAR in the table above have been converted from the local currency to Swedish krona by using the average exchange rate for 2022.

²Statistics Denmark does not provide Average Daily Rates.

Target Groups

The City of Stockholm hotel market has transitioned from being largely a corporate market to a dynamic blend of business and leisure.

Strong growth in demand from the leisure segment

The demand for hotel rooms coming from the leisure segment has grown considerably since 2013 in the City of Stockholm as can be seen in figure D2.7. Alone, it accounted for some 90 percent of growth in occupied rooms between 2013 and 2019 and the segment increased by some 80 percent over the period. After that, demand for hotel rooms declined from all segments due to the pandemic. Both the corporate and leisure segment have shown robust recoveries, although there has been a stronger rebound in demand coming from the leisure segment.

Change in market structure

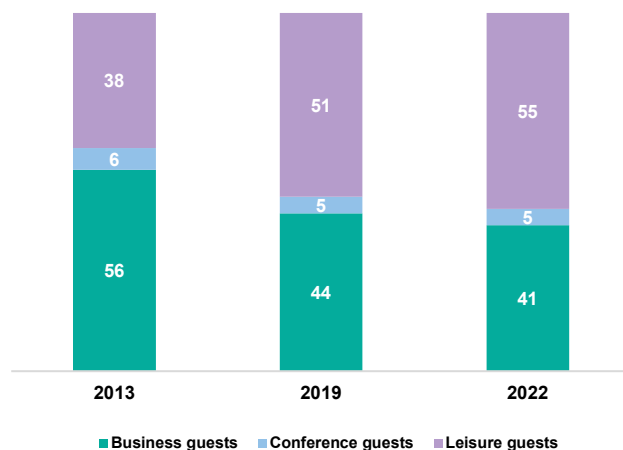
The strong growth in demand from the leisure segment over the last ten years has changed the target group's shares. Figure D2.6 shows that the business guests share of demand has decreased from 56 percent in 2013 to 41 percent in 2022 while the leisure segments share has increased from 38 percent to 55 percent. The conference guests market share has remained relatively stable, albeit with a small decrease.

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D2.6 Share of occupied rooms per target group, City of Stockholm

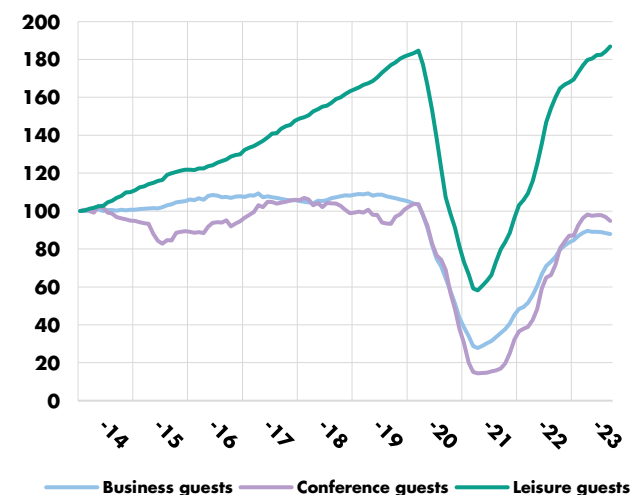
Source: Swedish Agency for Economic and Regional Growth/Statistics Sweden



D2.7 Development of occupied rooms per target group, City of Stockholm

Index dec 2013=100, 12-months rolling average.

Source: Swedish Agency for Economic and Regional Growth/Statistics Sweden





Downtown Camper by Scandic.

1.2M

More rooms were occupied by leisure guests in 2022 compared with 2013.



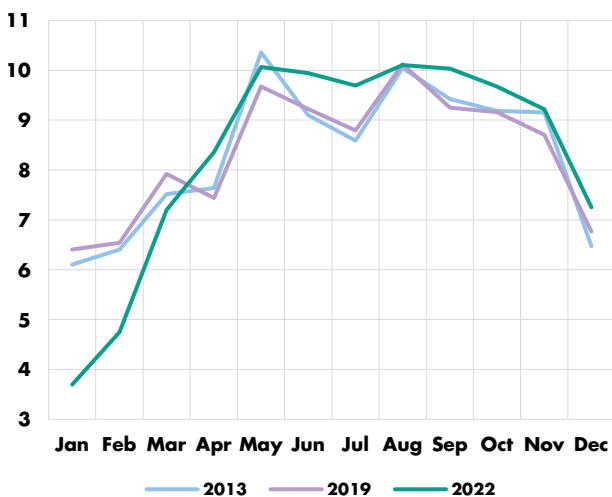
Seasonality

Demand for hotel rooms in the City of Stockholm is especially high between May and November.

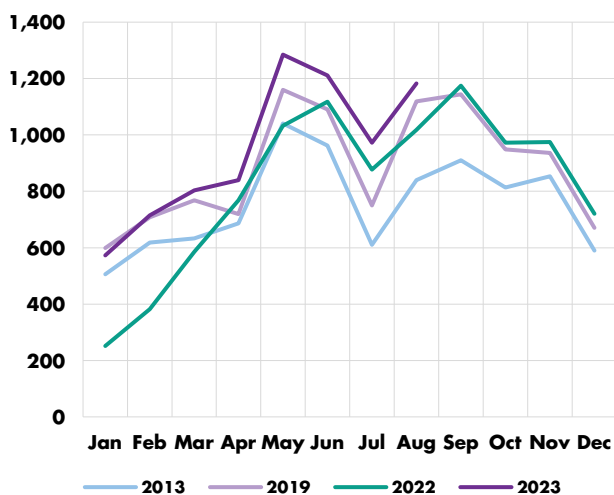
Unchanged seasonality

Demand for hotel rooms in the City of Stockholm varies over the year, with clear peaks in May and August and an overall higher share of occupied rooms between May and November. As can be seen in figure D2.8, the Covid-19 pandemic still had a negative effect on demand the first four months of 2022. Apart from the pandemic years, the distribution of occupied rooms over the year has remained relatively unchanged in the past decade. As the leisure segment grows and gains a larger market share, variations begin to level off somewhat. RevPAR follows a similar pattern as the seasonality for demand, however, with a larger drop in July when the price sensitive leisure segment is more active.

D2.8 Share of occupied rooms per month, percent, City of Stockholm



D2.9 RevPAR per month, SEK, City of Stockholm



Source: Swedish Agency for Economic and Regional Growth/Statistics Sweden





Photo: /mediabank.visitstockholm.com

Nationalities

Domestic travellers accounts for the largest market share in the City of Stockholm, however, there is a great potential to attract more international visitors to the city.

Relatively stable domestic share

The share of domestic guests at hotels in the City of Stockholm has remained relatively stable between 2013 and 2022, albeit a slight increase due to the pandemic's negative effect on international travelling. The difference in number of international guest nights pre- and post the pandemic is significant with almost one million fewer international guest nights 2022 compared to 2019.

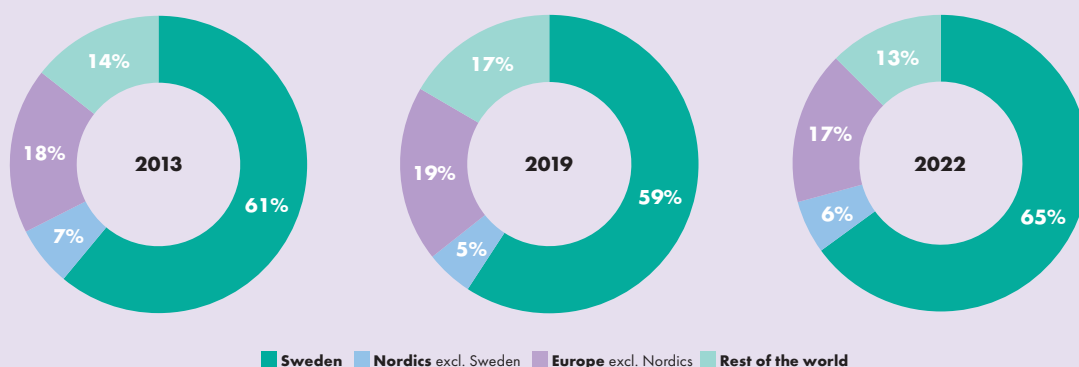


2.9M

The total number of international guest nights at hotels in the City of Stockholm in 2022.

D2.10 Origin of visitors, share of total number of guest nights

Source: Swedish Agency for Economic and Regional Growth/Statistics Sweden



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T2.6 Guest nights by nationality, hotels, City of Stockholm

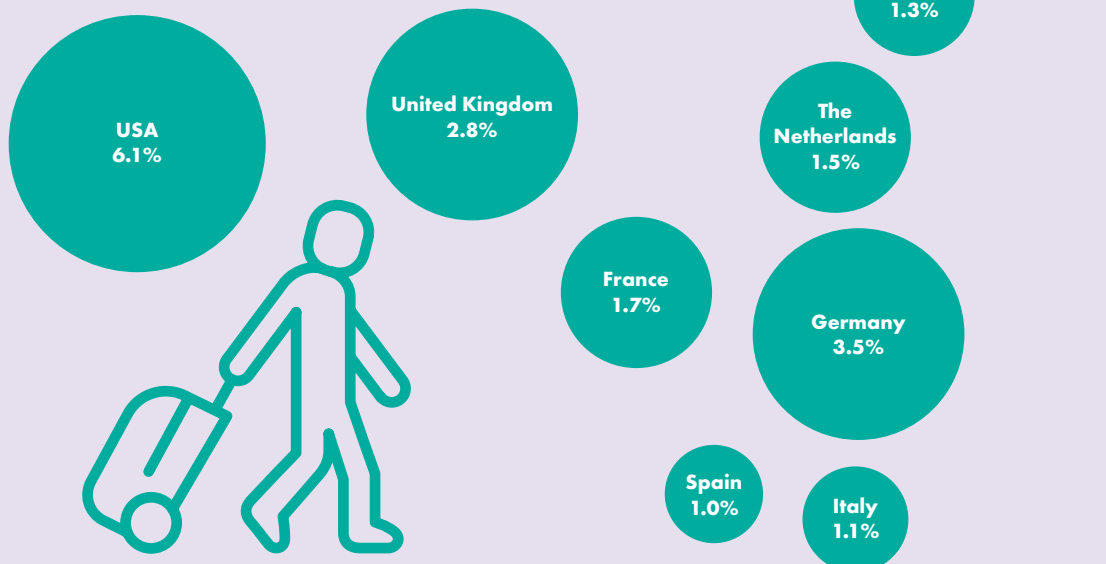
Source: Swedish Agency for Economic and Regional Growth/Statistics Sweden

Nationality		2013	2022	Growth, %	CAGR, %
Sweden		4,138,633	5,371,696	+29.8	+2.9
Outside of Sweden		2,642,995	2,896,518	+9.6	+1.0
Total		6,781,628	8,268,214	+21.9	+2.2
10 largest visitor countries to the City of Stockholm, 2022					
1	USA	243,603	501,118	+105.7	+8.3
2	Germany	244,019	290,577	+19.1	+2.0
3	United Kingdom	242,070	230,428	-4.8	-0.5
4	Norway	197,448	195,009	-1.2	-0.1
5	Finland	140,349	164,409	+17.1	+1.8
6	France	99,569	137,760	+38.4	+3.7
7	The Netherlands	67,799	122,006	+80.0	+6.7
8	Denmark	95,622	110,066	+15.1	+1.6
9	Italy	102,575	87,280	-14.9	-1.8
10	Spain	60,346	82,101	+36.1	+3.5



2022

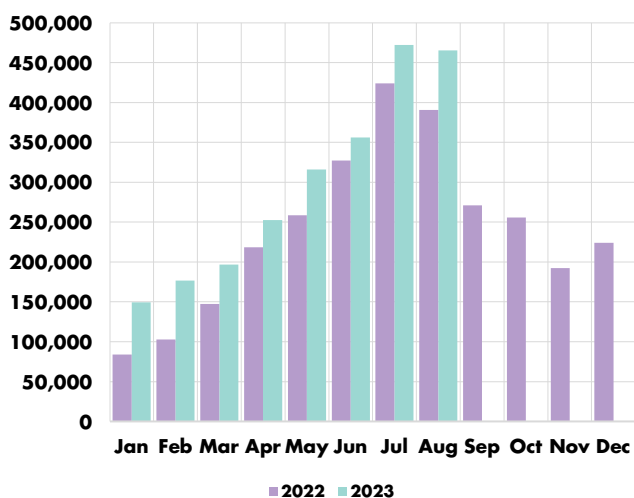
Share of total number of guest nights, per country.



Source: Swedish Agency for Economic and Regional Growth/Statistics Sweden

D2.11 Distribution of international guest nights, City of Stockholm

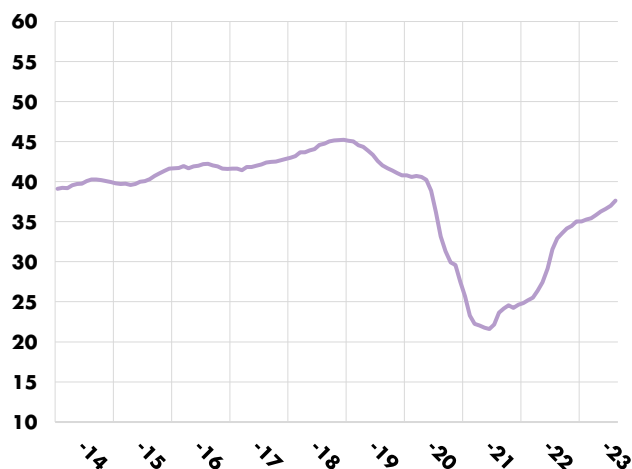
Source: Swedish Agency for Economic and Regional Growth/Statistics Sweden



D2.12 Development of share of international guest nights, percent, City of Stockholm

Index dec 2013=100, 12-months rolling average.

Source: Swedish Agency for Economic and Regional Growth/Statistics Sweden



Future Supply

The addition of new hotel establishments will enhance and broaden the existing supply.

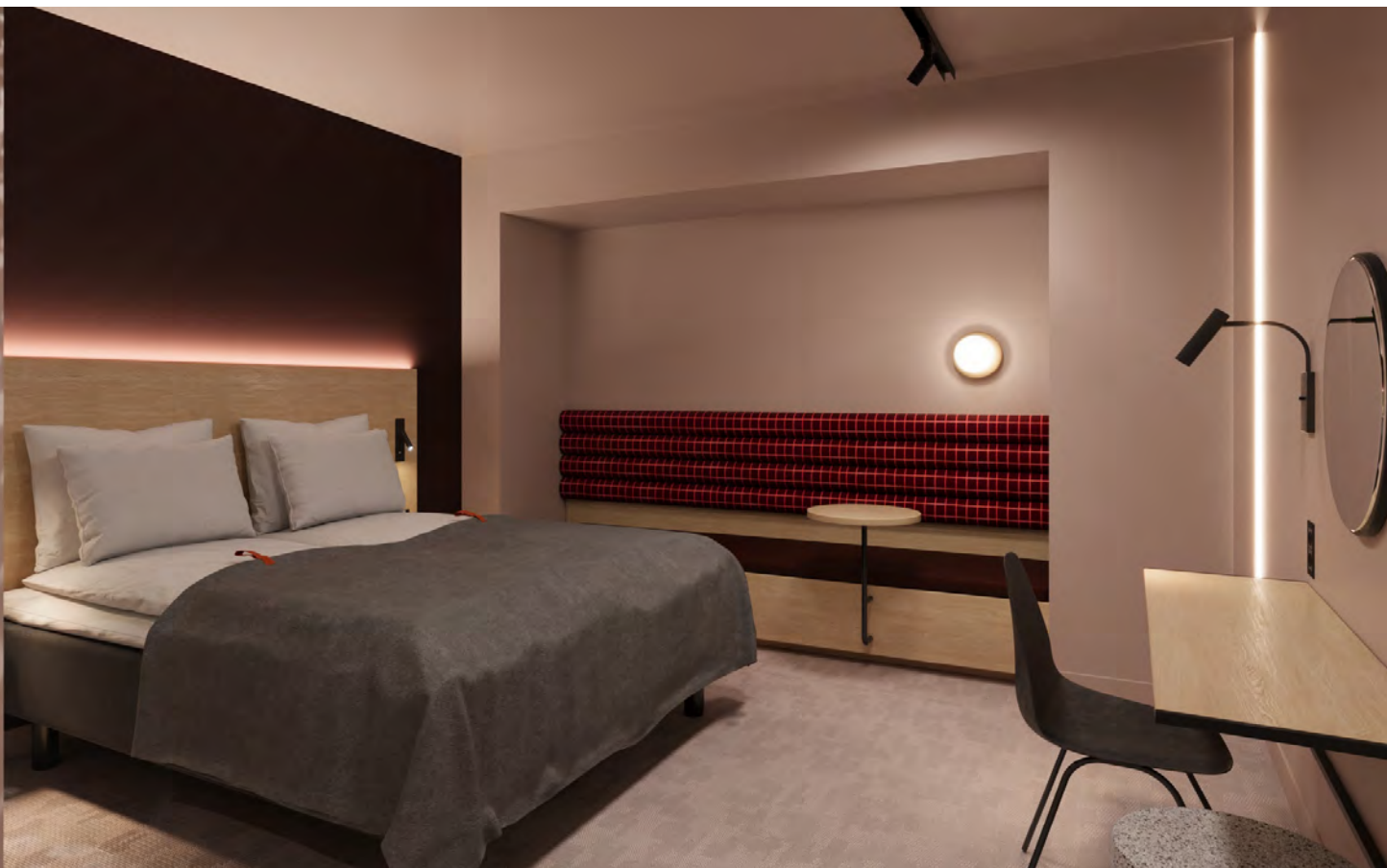
Limited pipeline

A relatively weak supply growth is expected in the coming five years as there are few projects in the pipeline. Currently, there are 14 confirmed changes to supply in the municipality, of which only eight are new establishments. Scandic Ariadne, Clas på Hörnet and Scandic Norra Bantorget are set to reopen after a renovation and expansion and the remaining three projects are expansions of existing hotels. In total, these confirmed changes to supply are expected to add some 1,800 rooms until 2027. However, in addition to the confirmed supply changes, there is also a possibility that up to 620 rooms will be added to the city's hotel market through planned and known but currently unconfirmed projects, see D2.14.

Planned changes to supply

In table T2.7 on the next page, the confirmed new hotel openings and expansions in the City of Stockholm are listed. Almost all of the confirmed changes to supply will happen in the inner city of Stockholm. Next year, the hotel market will be complimented by four new hotels. The Stockholm region's second hotel operated under Marriott's brand AC Hotel by Marriott, Stockholm Stadshotell, Citybox's first hotel in Sweden and former Hotell Tegnérslunden which will be a sister hotel to Hotel Diplomat and Villa Dagmar.

Citybox will open their first hotel in Sweden in the iconic Katarinahuset on Södermalm, 2024.
Rendering: Citybox



T2.7 Confirmed changes to supply 2023-2027, City of Stockholm

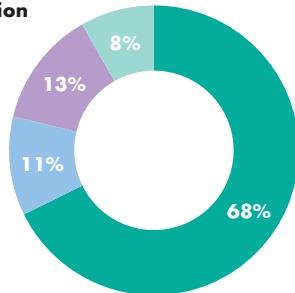
Source: Annordia Research

Opening	Hotel	Type	Rooms	City district
2024	AC Hotel by Marriott Kista	New hotel	201	Järva
2024	Confidential	Expansion	30	Norra innerstaden
2024	Citybox Stockholm	New hotel	104	Södermalm
2024	Scandic Ariadne	Reopening + expansion	323	Norra innerstaden
2024	Former Hotell Tegnérslunden	New hotel	103	Norra innerstaden
2024	Stockholm Stadshotell	New hotel	32	Norra innerstaden
2024	Elite Palace Hotel	Expansion	100	Norra innerstaden
2024/2025	Clas på Hörnet	Reopening + expansion	43	Norra innerstaden
2025	Scandic Norra Bantorget	Reopening + expansion	260	Norra innerstaden
2025	Former Hotel Terminus	New hotel	155	Norra innerstaden
2026	Long-stay hotel in Västertorp	New hotel	150	Hägersten-Älvsjö
2026	Elite Hotel Stockholm Plaza	Expansion	57	Norra innerstaden
2026	Gasklocka 1	New hotel	160	Norra innerstaden
2027	Hotell Sippel	New hotel	100	Södermalm
TOTAL			1,818	

* A confirmed project indicates a signed agreement between the property owner and a hotel operator or other information suggesting that the project is likely to be carried out.

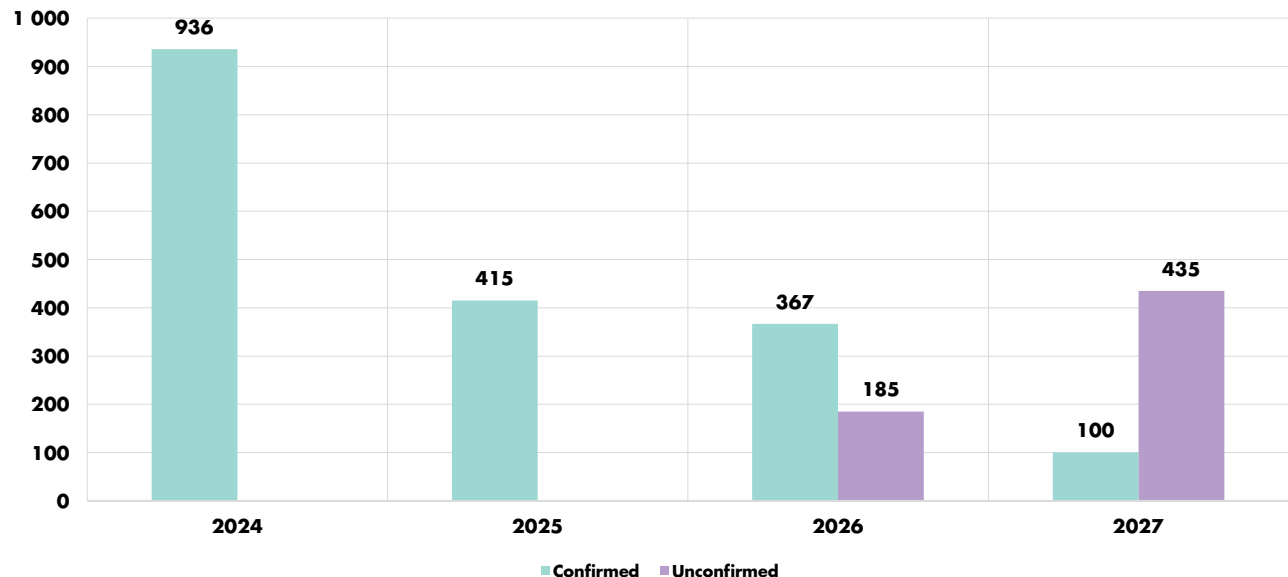
D2.13 Distribution of total addition of rooms by city district

Source: Annordia Research



D2.14 Confirmed and unconfirmed changes to supply, number of rooms, City of Stockholm

Source: Annordia Research



Recent Transactions

Increasing interest from non-hotel specialists as more investors start to include hotels as part of their real estate portfolio.

Confidence in the Stockholm hotel market

Interest in hotel properties in Stockholm was strong prior to the global pandemic, owing to a stable growth trend in rents and ample access to financing options. Investors were able to secure funding at favorable terms, which facilitated the acquisition and development of hotel properties. Most lease contracts in Sweden are also structured so that a portion of the turnover accrues to the property owner which could point to that financial institutions and investors alike were confident in the sector's ability to deliver reliable and attractive returns, thus making it an appealing investment opportunity in the Stockholm real estate market. The implication is also that dedicated property owners can unlock additional value in an acquired hotel by collaborating more closely with its tenants.

Still a high demand for attractive hotel properties

Notably, rising interest rates, an energy crisis and overall concerns in the world following the pandemic have made the prerequisites on the real estate market in Sweden highly uncertain. However, recent activity on the market shows that there is, despite the temporary downturn, a great demand for hotel properties in strategic locations and with stable tenants. The table below outlines all hotel property transactions in the City of Stockholm since 2019. The majority of the transactions regards hotel properties in central Stockholm.

T2.9 Hotel real estate transactions since 2019, City of Stockholm

Source: Annordia Research/MSCI Property Intel

Year	Property/Hotel	Rooms	Buyer	Seller	Price (kSEK)
2019	Dykaren 33/Connect Hotel City	100	Humlegården Fastigheter AB	Connect City Property AB	-
2019	Hasselbacken 1/Hotell Hasselbacken	113	Pop House Sweden AB	Pandox Fastighets AB	480,000 ³
2019	Trafikflyget 4/Best Western Plus Sthlm	202	Midstar Fastigheter AB	Concentus i Kalix Holding AB	-
2020	Piperska Muren 2/Clarion Hotel Amaranten	461	NREP AB	Strawberry Forever AB	1,500,000 ³
2020	Knarrarnäs 10/Connect Hotel Kista	112	Nyfosa AB	Estea Sverigefastigheter 3 AB	2,500,000 ⁴
2020	Grinden 21 & 27/Hotell Fridhem	57	Stadsrum Fastigheter AB	Vasaparken	-
2021	Akka 10/Forenom Aparthotel Alvik	182	Studentbostäder i Sverige AB	Estea AB	300,000
2021	Blasieholmen 54/Grand Hôtel	273	FAM AB	Vectura AB	3,600,000
2021	Överkikaren 19/Second Home Apartments	-	Ulf Gustafsson & Jan Leuhusen	Gothemhammar Aktiebolag	-
2021	Fotsacken 1/Good Morning+ Hägersten	206	Botrygg AB	Fersen Fastighets AB	188,000
2021	Riddaren 13 & Östermalm 2:47/Villa Dagmar	70	Ramsbury Invest AB	The City of Stockholm	524,500 ³
2022	Klippan 10/Hotell Diplomat	130	Anders Bodin Fastigheter AB	Hotell Diplomat AB	-
2022	Kortbyrån 19&20/Nordic Light Hotel	169	Folksam Fastighet Holding AB	DNB Invest Sweden AB	3,039,000 ²
2023	Pennfåktaren 10/Hotel C Stockholm	367	DNB Scandinavian Property Fund AB	DNB NOR	1,100,000 ²
2023	Lavetten 14/ Best Western Hotel Fridhemsplan	221	Pandox Fastighets AB	Hyresgästföreningen	-
2023	Trollhättan 33/Hobo Hotel & At Six ¹	544	Sjunde AP-fonden	AMF Tjänstepension AB	7,400,000 ⁴
2023	Uggleborg 5/Hotel Terminus	155	Olav Thon Gruppen AS	Private individual	-

¹ AP7 acquired 33 percent of the block Urban Escape where Hobo and At Six are located. ² Estimated purchase price. ³ Assessed purchase price. ⁴ The transaction includes several properties.



Hotel Diplomat. Photo: iStock

Market Participants



Miss Clara by Nobis.



Operators

The City of Stockholm's hotel market is characterized by Scandinavian operating companies.

Growing trends in international travel paves the way

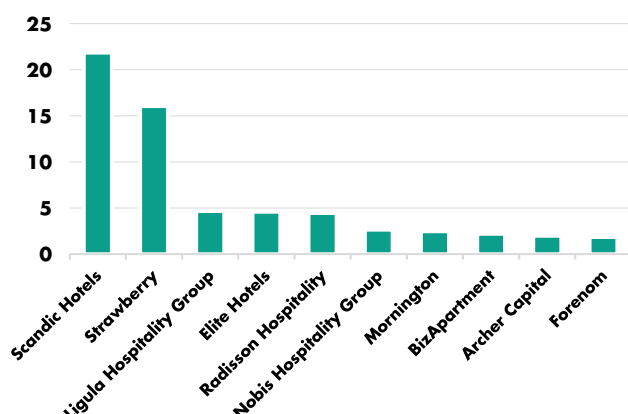
There are currently two operators that stand out as they together comprise almost 40 percent of the total room supply in the city. The publicly traded company Scandic who operates 19 units with a total of about 5,100 rooms and Strawberry (formerly Nordic Choice Hotels) with 11 hotels and some 3,800 rooms. The hotel market in the City of Stockholm is dominated by Scandinavian operating companies. However, growing trends in international travel and guest preferences are improving conditions for foreign operators to break into Stockholm.



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D3.1 Share of total room supply in the City of Stockholm, percent

Source: Annordia Research



38%

of the total room supply is operated by Scandic Hotels and Strawberry.

T3.1 The 10 largest operators based on the number of rooms, City of Stockholm

Source: Swedish Agency for Economic and Regional Growth/Statistics Sweden, Annordia Research

No.	Operator	Hotels	Rooms	Average size
1	Scandic Hotels	19	5,104	269
2	Strawberry	11	3,749	341
3	Ligula Hospitality Group	8	1,088	136
4	Elite Hotels	6	1,075	179
5	Radisson Hospitality	3	1,043	348
6	Nobis Hospitality Group	4	620	155
7	Mornington	3	580	193
8	BizApartment	3	520	173
9	Archer Capital	1	465	465
10	Forenom	3	432	144



Downtown Camper by Scandic.

Brands

The ten largest hotel brands in the City of Stockholm account for a quarter of the hotels on the market.

An evolving market demands greater diversity

In terms of biggest hotel brands in the City of Stockholm, Scandic Hotels has a leading position both in terms of number of hotels and rooms. This is partly because a majority of their hotels are grouped under a single, self-named brand. On second place are the Clarion brand that belongs to Strawberry. Additionally, Strawberry has two more brands on the list of the largest hotel brands in the City of Stockholm. However, in response to the increasingly diverse preferences among today's travelers, the current brand landscape could benefit from an infusion of greater diversity.

T3.2 The 10 largest hotel brands based on the number of rooms, City of Stockholm

Source: Swedish Agency for Economic and Regional Growth/Statistics Sweden, Annordia Research

No.	Brand	Group	Hotels	Rooms
1	Scandic ¹	Scandic	16	4,085
2	Clarion Hotel ²	Strawberry	3	1,551
3	Elite Hotels	Elite Hotels	6	1,075
4	Best Western	Best Western	7	978
5	Radisson Blu	Radisson Hotels	2	873
6	Quality Hotel	Strawberry	1	527
7	BizApartment	BizApartment	3	520
8	Sheraton	Marriott	1	465
9	Comfort Hotel	Strawberry	2	451
10	Forenom Aparthotel	Forenom	3	432

¹Downtown Camper by Scandic, Haymarket by Scandic and Scandic Go are not regarded as part of the Scandic brand in the summary above.

²Excluding Clarion Collection branded hotels.

Hotel real estate owners

Growing interest in hotel real estate has diversified property ownership, yet it remains relatively uniform.

Hotel properties draw interest from more types of actors

Hotel specialists own a great amount of hotels in the City of Stockholm. For example, Pandox, who is the single largest hotel real estate owner, own approximately eight percent of the total room supply. On second and third place are two institutional investors, which also have significant ownership in the city. However, recent trends indicate that other actors, such as general property companies, are venturing into the specialized hotel sector.

More knowledgeable property owners

The increasing breadth of property owners could unlock opportunities for international operators to forge new ties to emergent hotel property investors. In tandem with increasing interest in hotel properties, the overall understanding of hotel operations among property owners has improved substantially. More knowledgeable property owners tend to adopt a more hands-on approach to property management. Furthermore, it allows them to better assess operating risk. They can thus confidently make broader contractual commitments associated with assuming a greater share of the total risk and reward of the hotel investment.



T3.3 The 10 largest hotel real estate owners based on the number of rooms, City of Stockholm

No.	Owner	Hotels	Rooms	Average size
1	Pandox	8	1,797	225
2	KLP Fastigheter	3	1,264	421
3	Afa Fastigheter	6	1,191	199
4	AB Invest	2	857	429
5	Castellum	5	770	154
6	Botrygg	5	755	151
7	Balder	6	755	126
8	Axfast Holding	2	675	338
9	Investeringsaktiebolaget Montefeltro	3	580	193
10	The City of Stockholm	6	568	95



Bank Hotel. Photo: Stureplansgruppen.

Visit Stockholm

Visit Stockholm is the official tourism promotion agency of Stockholm. Visit Stockholm works with the marketing and development of Stockholm as a travel destination under the brand Stockholm – The Capital of Scandinavia. Visit Stockholm is a subsidiary of Stockholm Business Region, owned by the City of Stockholm.

www.visitstockholm.com

Stockholm Business Region

Stockholm Business Region is the official business office for the city of Stockholm, responsible for the strategic development and international promotion of the city, as well as the brand Stockholm – The Capital of Scandinavia.

www.stockholmbusinessregion.com

Invest Stockholm

Invest Stockholm is the City of Stockholm's investment promotion agency whose main task is to contribute to increased sustainable growth by attracting investments and establishments to the Stockholm region. Invest Stockholm is also marketing Stockholm as an attractive city under the brand Stockholm – the Capital of Scandinavia, and provide services to the business community. The services aim to improve the conditions of running, starting and establishing companies in Stockholm and the region.

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Annordia is a full-service advisor for investments in hotel properties. As a full-service advisor, Annordia assists its clients through every phase of the investment cycle – from market analysis and concept development to operator search and lease and transaction advisory.

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